

High resilience of its prime positioning

Colonial closes 2022 with revenues of €354m, the highest in its history

- Revenues of €354m, +13% vs. the previous year
- Increase in revenues of +7% like-for-like, among the highest growth rates in the sector
- Group EBITDA of €283m, +14% vs. the previous year
- Recurring Net Profit of €161m, +26% vs. the previous year
- 176,895 sqm of letting volume, the 2nd largest volume in Colonial's history
- Occupancy levels of 96% (~100% in Paris)
- Disposals of more than €500m, confirming the valuation
- Portfolio Gross Asset Value (GAV) of €13bn, +5% vs. the previous year (+1% like-for-like)
- Net Tangible Assets (NTA) of €6,384m, corresponding to €11.83/share
- A strong balance sheet post disposals with a LTV of 36.9% and a liquidity position of €2.645m
- Colonial proposes to increase its dividend by +4%

Annual Results 2022

Madrid, 28 February 2023

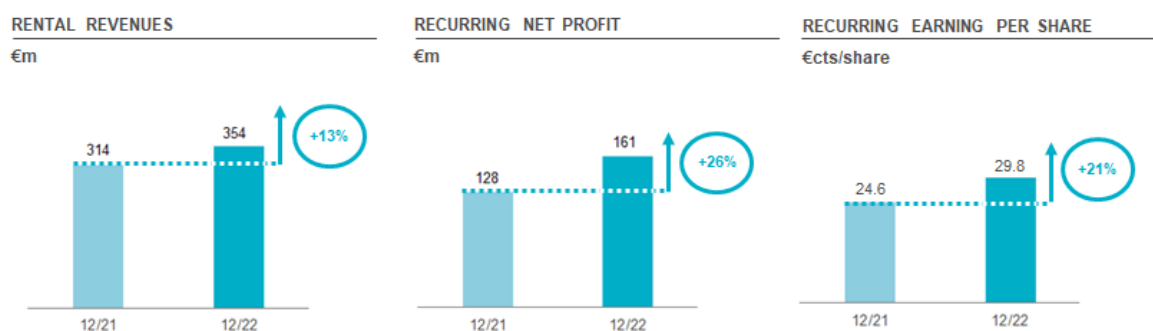
The Colonial Group closed 2022 with a strong increase of +26% in recurring profit, reaching €161m. This increase is based on the revenue growth of Colonial's asset portfolio, which thanks to its prime positioning is able to capture the impacts of indexation, as well as rental growth in signed contracts. Additionally, the successful delivery of projects has allowed to obtain relevant additional revenues.

"In an environment of macroeconomic uncertainty and rising interest rates, Colonial has shown the high resilience of its prime model to continue driving growth and value generation", explains Juan José Brugera, Chairman of Colonial. "Our ability to capture above-market rent increases and the successful development of our project pipeline have led us to achieve the highest revenues in our history and double-digit growth in our main business indicators," adds Pere Viñolas, CEO of Colonial. "At the same time, the company has strengthened its balance sheet even more, with an appropriate divestment policy that the market has recognized in its fair value and that has allowed us to increase our already remarkable liquidity position", explains Viñolas.

1. Recurring Net Profit of €161m, +26% compared to the previous year

The Colonial Group closed 2022 with a strong increase in the recurring results driven by the double-digit growth in rental income.

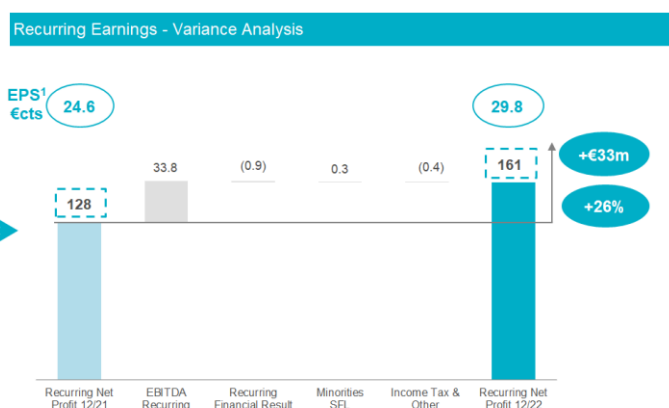
- Rental revenues of €354m, +13% compared to the previous year
- Net recurring profit of €161m, +26% compared to the previous year
- Net recurring EPS of €29.8cts per share, +21% compared to the previous year



The **significant increase in the Recurring Net Profit** is mainly due to **the growth in rental income driven by Colonial's asset portfolio**. Thanks to its **prime positioning**, it is able to capture the indexation impacts, as well as a growth in rental prices on signed contracts. In addition, the **successful project delivery** has enabled the Company to obtain significant additional income.

The efficient management of operating costs has resulted in an **EBITDA growth of +14% year-on-year** which, together with controlled financial costs, has led to an increase of +26% in the net recurring result, reaching €161m for 2022.

Results analysis - €m	2022	2021
Gross Rents	354	314
Recurring EBITDA	283	249
Recurring financial result	(81)	(80)
Income tax expense & others - recurring	(13)	(12)
Minority interests - recurring	(28)	(29)
Recurring Earnings	161	128
Change in fair value of assets & provisions	(148)	444
Non-recurring financial result & MTM	(4)	(30)
Income tax & others - non-recurring	13	(3)
Minority interests - non-recurring	(13)	(65)
Profit attributable to the Group	8	474



(1) Recurring Earnings Per Share

The **Gross Asset Value** amounted to **€13,005m** as of **31 December 2022** and remained stable in **like-for-like terms (1+% like-for-like)**, consequently the net profit of the Colonial Group amounted to €8m.

2. Gross rental income of €354m, +13% vs the previous year

Colonial closed 2022 with €354m of Gross Rental Income, +13% vs. 2021, thanks to the **high Pricing Power** of Colonial's portfolio and **the successful delivery of projects** together with a clear **Prime focus** on quality in Paris, Madrid and Barcelona.

Income growth - Pricing Power & Projects

Three growth drivers delivered **+€56m** in additional rents compared to 2021, contributing **+18%** to income growth:

1. Pricing Power – a contribution of +6% to global growth

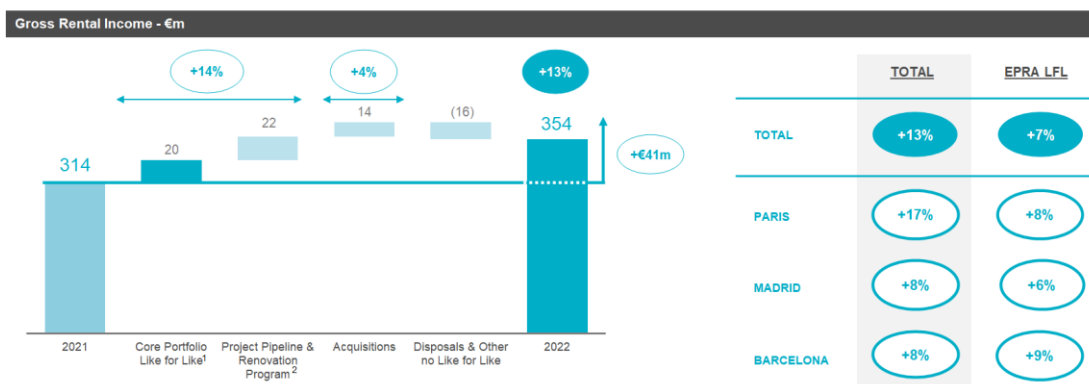
The Core portfolio contributed +€20m to income growth based on a solid like-for-like growth of +7% due to the strong Pricing Power, enabling to fully capture the **indexation** impact and to achieve maximum **market rents**.

2. Project deliveries – a contribution of +7% to global growth

Project deliveries and the renovation program **have contributed +€22m to income growth** (a contribution of +7% to overall growth). Highlighted is the income contribution from Marceau and Biome in Paris, as well as from Velázquez 86D, Miguel Ángel 23 and Ortega & Gasset in Madrid.

3. Acquisition of Prime Assets – a contribution of +4% to global growth

The acquisitions of the **Amundi headquarters in Paris** and the **Danone headquarters in the CBD of Barcelona** have contributed **+€14m** to income growth.



- (1) Includes the €0.7m like-for-like asset variation from the renovation program
 (2) Excludes the €0.7m like-for-like asset variation from the renovation program

4. Disposal program - Flight to Quality

The **disposal of non-strategic assets and other non-comparable impacts** have led to a **(5%) decrease year-on-year** in the rental income of 2022.

The Group's annual income growth is solid, in absolute terms at +13%, as well as in comparable terms, with an increase of +7% like-for-like, proving the strength of Colonial's Prime positioning.

December cumulative - €m	2022	2021	Var	LFL
Rental revenues Group	354	314	13%	7%
<i>Rental revenues Paris</i>	205	175	17%	8%
<i>Rental revenues Madrid</i>	102	95	8%	6%
<i>Rental revenues Barcelona</i>	48	44	8%	9%

The **+7% increase in like-for-like income** is among the highest in the sector and shows clear evidence of the market polarization towards the best offices product.

1. **The largest growth in rental income was in the Paris market**, with an increase of **+17% in total terms and +8% like-for-like**.
2. **In the Madrid portfolio, the rental revenue increased +8% in absolute terms**. The comparable perimeter of assets registered an **increase of +6% like-for-like**.
3. **In Barcelona, the rental revenue increased +8%** for the entire portfolio, driven by a strong increase of **+9% like-for-like**.

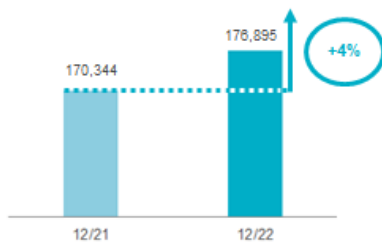
Significant acceleration in the operating fundamentals

1. Record take-up volume – Polarization and greater market share

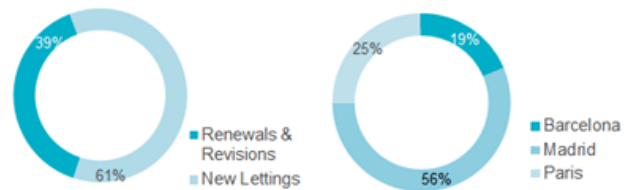
At the close of 2022, the Group has signed more than **176,000 sqm**, reaching the **second highest take-up volume in its history** and exceeding by +4% the previous year, which already was a record year in letting activity.

The solid results are a clear evidence of the polarization trend in the office markets, characterized by a demand that prioritizes top-quality Grade A products in the best locations. **Colonial's prime portfolio clearly benefits in this context and is capturing additional market share** in the rental markets in which it operates.

SQM SIGNED



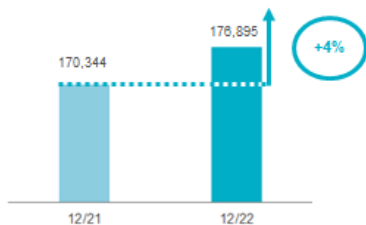
BREAKDOWN OF LETTING ACTIVITY



2. 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%**.

SQM SIGNED



EPRA OCCUPANCY



3. Rental Increase – Polarization & Pricing Power

Pricing Power – Capturing the highest rental prices on the market

In an environment of rental demand polarization and given the scarcity of Grade A product, **Colonial's prime portfolio attracts clients that sign at maximum rental prices.**

The maximum rents signed in the portfolio of the Group reached **€1,000/sqm/year in Paris**, as well as **€40/sqm/month in Madrid** and **€28/sqm/month in Barcelona.**

With these pricing levels, Colonial's portfolio clearly sets the benchmark for prime assets in each of the markets in which it operates.

Pricing Power - Indexation captured in all contracts with an average growth of +5%

The **Colonial Group's asset portfolio captures the impact of the indexation on rents**: The Colonial Group has applied in all the contracts the corresponding indexation of the rental price.

As a result of the indexation on the contract portfolio in 2022, the annualized passing rents of the corresponding contracts have increased by +5% (+7% in Spain and +3% in Paris).

Pricing Power – Rental income growth above market rent²

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

The greatest increases in rental prices were signed on the **Paris portfolio with a +5% increase (+6% for the office portfolio)**, and in **Madrid, prices were signed +5% higher than the market rents of 31/12/21**.

Pricing Power - Increase in rent renewals, release spreads¹ of +6%

Rent increases in renewals: Colonial has increased the rents with current clients by +6% compared to the previous rents (release spreads). These ratios highlight the reversionary potential of Colonial's contract portfolio with significant room for improvement on the current rents.

(1) Signed rents on renewals vs previous rents

(2) Signed rents vs ERVs at 31/12/2021 (ERV12/21)

Resilient Asset Values

1. Disposal program of more than €500m – Flight to Quality

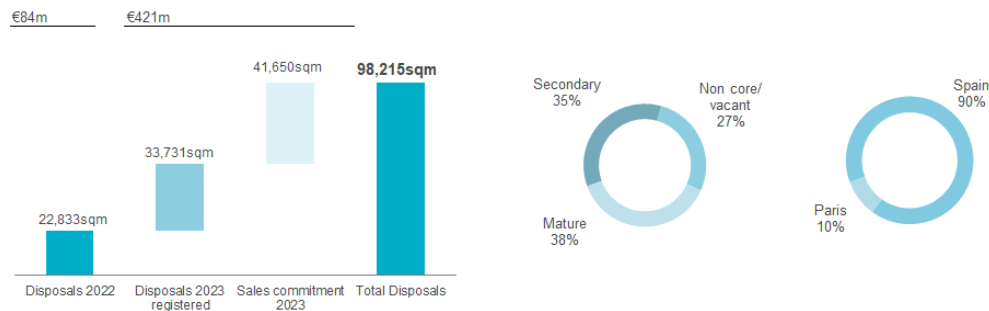
At the closing date of this document, the Colonial Group is finalizing a disposal program of more than €500m with prices in line with the appraisal.

Of the total disposal program, €84m was made in 2022. Additionally, during the first half of 2023, the disposal of 6 assets is expected to be finalized amount €421m. It is important to highlight that 3 of the assets have already been sold and the rest of the disposals program is expected to be finalized during the 1H 2023.

The disposal program includes 10 assets with a total surface area of 98,215 sqm with no further value creation potential. Of the almost 100,000 sqm of the disposal program, 27% corresponds to land plots of land and/or non-strategic assets with high vacancy levels, another 35% to buildings in secondary locations and the rest correspond to mature assets without long-term value creation potential.

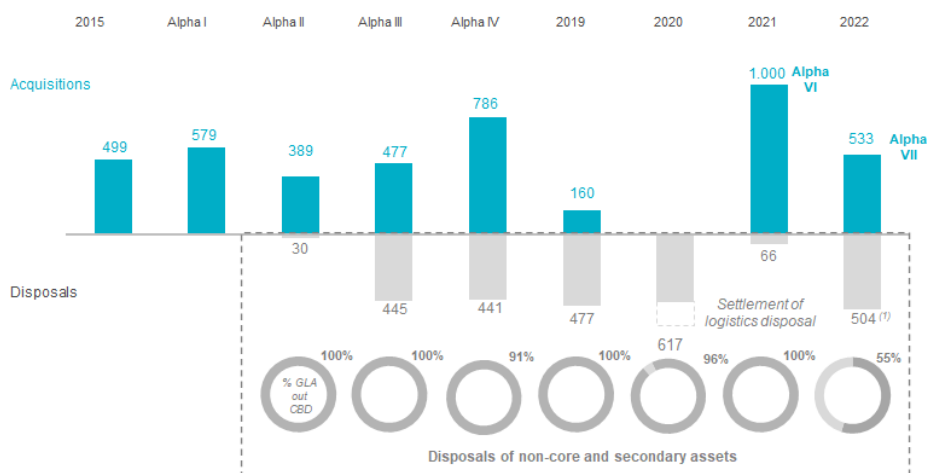
The sale price of the program implies an initial yield (EPRA Net Initial Yield) below 2.6% and the CBD assets in Madrid were disposed of for a capital value of more than €9,000/sqm.

DISPOSAL PROGRAM



The disposal program is part of the flight to quality strategy, which, through the active management of the portfolio, divests mature and/or non-strategic assets in order to recycle capital for new opportunities of value creation and to continually improve the risk return profile of the Group.

NET INVESTMENTS SINCE 2015 - €m

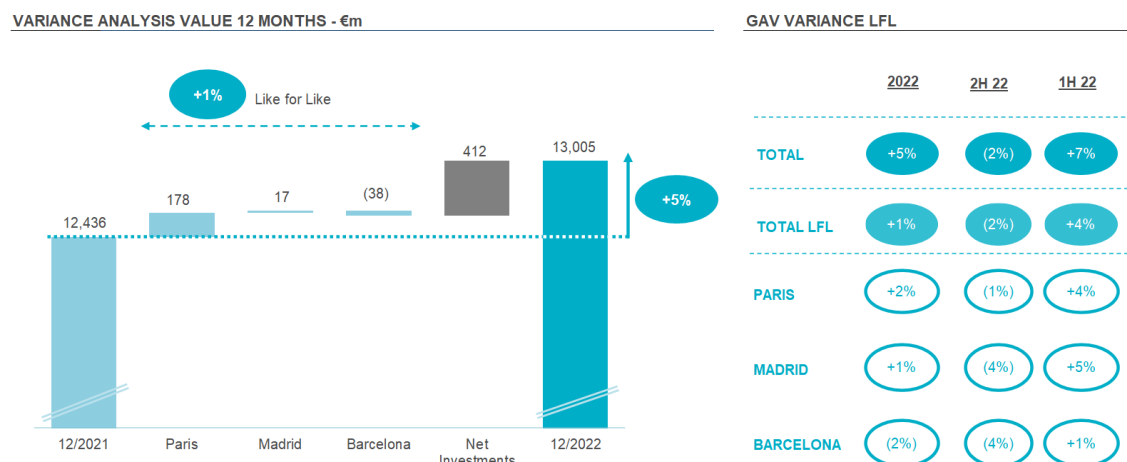


1) Out of €500m, 84€m correspond to assets already divested in 2022. The remaining amount is attached to disposal of 6 assets, of which 3 already have been sold in January 2023 and the rest is expected to be signed during 1H 2023.

2. Resilient asset values - Polarization & Prime Positioning

The gross asset value of the Colonial Group at the close of 2022 amounted to €13,005m (€13,727m including transfer costs), showing an increase of +5% compared to the previous year.

In like-for-like terms, Colonial's portfolio was revalued by +1% compared to the previous year.



Polarization & Prime Pan-European Positioning

In a highly volatile environment with interest rate hikes, the value of the asset portfolio has shown defensive performance, thanks to its Pan-European Prime Positioning. The Colonial Group's successful bet on Paris is reflected in the solid results. **The Paris portfolio has registered the best growth** in the Group's portfolio with **year-on-year growth of +2% like-for-like**. **Madrid and Barcelona have remained stable thanks to the focus in CBD and city centre locations**, which have shown a much more defensive nature than secondary areas.

Alpha Value Creation: "Pricing Power" & Projects

In a market environment of interest rate hikes, the valuation of Colonial's assets have been impacted by an expansion in the valuation yields¹ (25bps¹ in 12 months). However, it is important to highlight that those impacts have been offset by two Alpha value creation drivers: (1) Pricing Power: the improvement in the cash flows due to the capture of the indexation impact, as well as higher market rents (ERVs) and (2), the successful delivery and progress of projects that have enabled the crystallization of double-digit value creation margins.

Resilient Net Asset Value (NTA)

The Net Asset Value as of 31 December 2022 amounted to €6,384m corresponding to €11.83/share. Including the dividend paid of €0.24/share, the Net Asset Value for Colonial's shareholders was €12.07/share, in line with the NTA 2021 of €12.04/share.

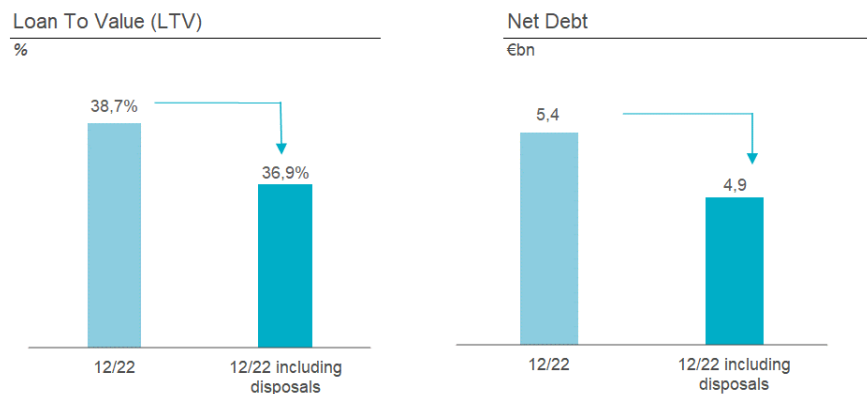
In an environment with high volatility and an energy crisis, the quality positioning together with the active management of Alpha value creation has enabled Colonial to maintain a stable Net Asset Value.

1. Like-for-like variance of the valuation yield of the portfolio in operation

Capital Structure

1. A strong balance sheet for future growth

At the close of 2022, the Colonial Group had a solid balance sheet, both in terms of LTV and liquidity, specifically taking into account the disposal program.



Including the disposal program impact for more than €500m, the debt profile of the Colonial Group considerably improves in all metrics:

- **The net debt will decrease by €421m¹ to €4,934m and the liquidity increases up to €2,645m.**
- **The LTV will decrease by (180bps) to 36.9%.**

The current liquidity, between cash and undrawn credit lines, enables the Colonial Group to cover all their debt maturities until 2027.

Likewise, the Colonial Group's debt has a high level of interest rate coverage thanks to a high volume of fixed-rate bonds together with hedging instruments contracted for long-term maturities.

- 100% of the Group's net debt is a fixed interest rate (post disposals).
- 70% of the Colonial Group's debt has maturities from 2025 onwards.
- 53% of the future issues of the Group's debt have interest rate pre-hedging instruments at a 0.6% strike rate, significantly limiting the impact of the interest rate hikes after the bond maturities.
- At the close of 2022, the market value (Mark-to-Market) of the interest rate coverage contracted by the Colonial Group amounts to €293m.

Thanks to the successful hedging strategy, the Colonial Group has closed the year with a Net Disposal Value (NDV) of €6,862m corresponding to €12.72/share, an increase of +15% vs. the previous year, driven by the positive Mark-to-Market impact in the debt.

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.

1- Asset disposals signed and pending to be closed in 1H 2023 amounting to €421m, from which €0.2m have been employed to cancel mortgage debt as of February 2023

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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