

Resilient Asset Valuations

Colonial increases its Recurring Net Profit per share by +14%

- Recurring Net Profit of €87m, +14% vs. the previous year
- Revenues of €183m, +8% vs the previous year
- Net Rental Income like for like growth of +13%, among the highest of the sector
- Group EBITDA of €152m, +18% vs the previous year
- More than 97,000 sqm of letting volume, repeating historically high levels
- Occupancy levels of 97%, with full occupancy in Paris
- Portfolio Gross Asset Value (GAV) of €12,209m, -3% like-for-like in 6 months
- NTA including dividends paid: €11.12/share, -6% in 6 months
- Total disposals to date close to €550m, in line with appraisals
- Liquidity of €2.9bn, with 100% of det debt at fixed cost with a 1.69% spot interest rate

2nd Quarter Results 2023

Madrid, 27th July, 2023

The Colonial Group closed the first half of 2023 with a Recurring Net Profit of €87m, +14% vs. the previous year and a +25% adjusted by the impact of asset disposals. The significant increase in the Recurring Net Profit is mainly due to the growth in rental income of the Colonial's Group asset portfolio. Thanks to its prime positioning, the Group is able to capture the indexation impacts, as well as a growth in rental prices on signed contracts. In addition, the successful project deliveries, as well as the acquisitions conducted, have enabled the Group to obtain significant additional revenues.

"In an environment of uncertainty in the investment market, Colonial is demonstrating the strength of its business model and achieving record operating results through rental growth and increased occupancy, capturing the effect of indexation, and successfully delivering projects, which means that the asset correction in Colonial's portfolio is performing resiliently," said Pere Viñolas, CEO of the company.

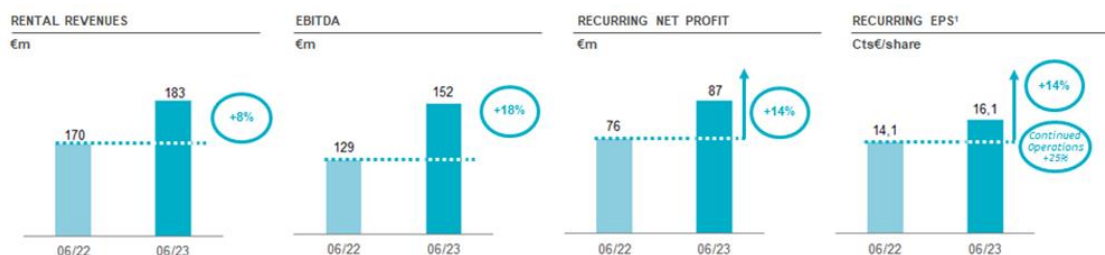
Juan José Brugera, Chairman of Colonial, stated that "regardless of the performance of the investment market, Colonial's good results are allowing us to increase our recurring net income per share by double digits".

The strong increase in EBITDA drives the Net Profit per Share

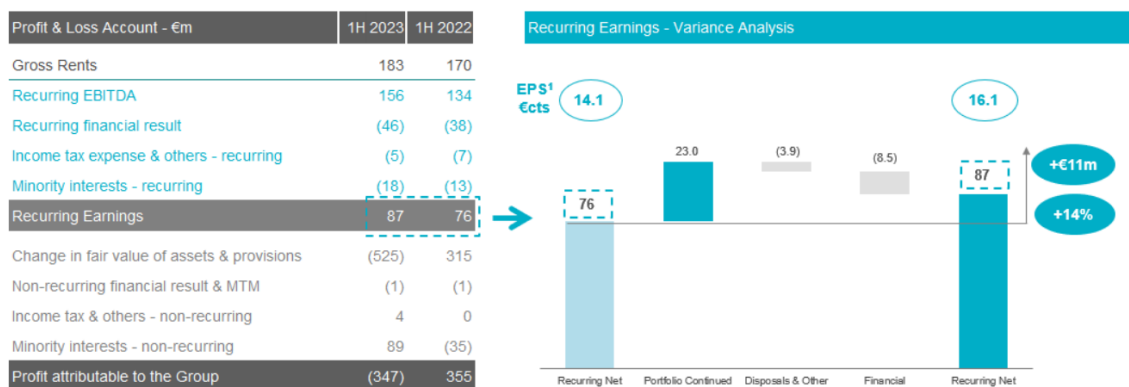
1. Recurring EPS on continued operations² with +25% growth

The Colonial Group closed the first half of 2023 with an increase in the Recurring Results driven by the strong growth in rental income.

- Rental revenues of €183m, +8% vs the previous year
- Group EBITDA of €152m, +18% vs the previous year
- Recurring Net Profit of €87m, +14% vs. the previous year
- Recurring Net Profit per share of €16.1cts, +14% vs. the previous year
- Recurring Net Profit of continued operations² per share, +25% vs. the previous year



The execution of the disposal program for non-strategic assets has meant that the increase in the net results was lower. Excluding this impact of the active management of the portfolio, **the Recurring Net Profit of the continued operations² has grown +25% compared to the previous year.**



The valuation of the asset portfolio shows a resilient performance with an adjustment of (3%) like-for-like, resulting in a Net Profit of the Group of (€347m). It is worth highlighting that the value variation does not imply a cash outflow.

(1) Recurring Earnings Per Share

(2) Adjusted for the impact of asset disposals

2. Gross Rental Revenues and EBITDA rents with strong growth

Income Growth: Polarization & Pan-European Prime Positioning

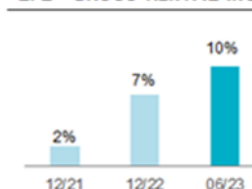
Colonial closed the first half of 2023 with **€183m of Gross Rental Income, and a Net Rental Income of €170m.**

The Group's income growth is solid, in absolute terms at **+8%**, as well as in comparable terms, with an **increase of +10% like-for-like**, demonstrating the strength of Colonial's prime positioning.

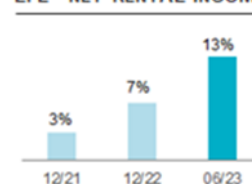
The **+10% increase in like-for-like income** is among the highest in the sector and is a clear reflection of the **market polarization towards the best offices product**. Particularly worth highlighting are the portfolios in **Madrid (+13% like-for-like)** and in **Paris (+10% like-for-like)**.

June cumulative - €m	2023	2022	Var	LFL
Gross Rental Income Group	183	170	8%	10%
<i>Gross Rental Income Paris</i>	111	98	14%	10%
<i>Gross Rental Income Madrid</i>	50	48	4%	13%
<i>Gross Rental Income Barcelona</i>	22	24	(6%)	2%
Net Rental Income Group	170	153	11%	13%
<i>Net Rental Income Paris</i>	105	92	14%	10%
<i>Net Rental Income Madrid</i>	45	40	15%	23%
<i>Net Rental Income Barcelona</i>	20	21	(6%)	4%

LFL – GROSS RENTAL INCOME



LFL – NET RENTAL INCOME



EBITDA rents increased +11%, and in like-for-like terms, net rents increased by +13%.

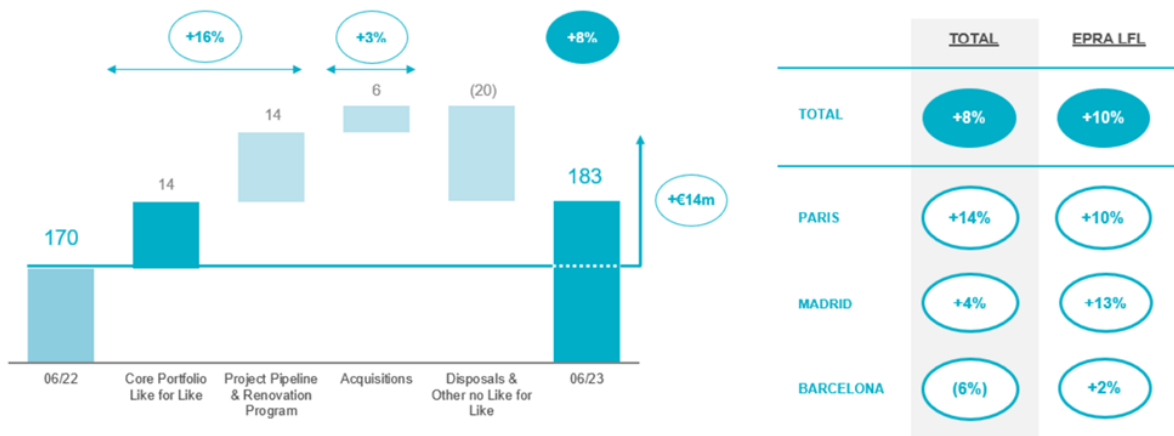
Income growth derived from multiple drivers

The **€14m increase in income** is based on a business model with multiple growth drivers.

1. Pricing Power: Growth in signed rents + capturing of indexation – a contribution of +8% to total growth

The Core portfolio contributed +€14m to income growth deriving from a solid like-for-like growth of +10% due to the strong Pricing Power, enabling the full capture of the **indexation** impact and maximum **market rents**.

Gross Rental Income - €m



2. Project deliveries – a contribution of +8% to total growth

Project deliveries and the renovation program **contributed +€14m to income growth** (a contribution of +8% to overall growth). Highlighted is the income contribution from Biome, Cézanne Saint-Honoré and Washington Plaza in Paris, Velázquez 86D and Miguel Ángel 23 in Madrid, as well as Diagonal 530 and Wittywood in Barcelona.



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

The acquisition of the **Amundi headquarters in Paris** in April 2022 **contributed +€6m to income growth** in the first half of 2023.

4. Disposal program - Flight to Quality

The **disposal of non-strategic assets and other non-like-for-like impacts** have led to a **(12%) year-on-year decrease** in the rental income.

Solid operating fundamentals in all segments

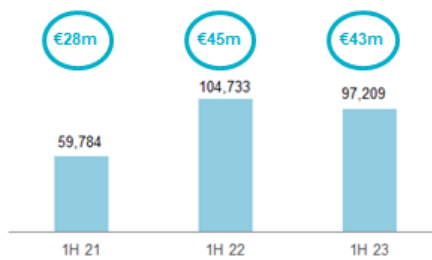
1. Strong Letting Performance

The **prime asset portfolio** once again captured a **historic high volume** of signed contracts, **54 office rental contracts**, corresponding to **97,209 sqm**.

The signed contracts correspond to **annualized rents of €43m**, of which **more than 50%** correspond to clients in the **luxury, media and technology sectors**, as well as **consultancy and advisory services**.

These solid commercial results are clear evidence of the polarization trend in the office markets, marked by a demand that prioritizes top-quality Grade A products in the CBD.

SQM SIGNED



BREAKDOWN OF LETTING ACTIVITY



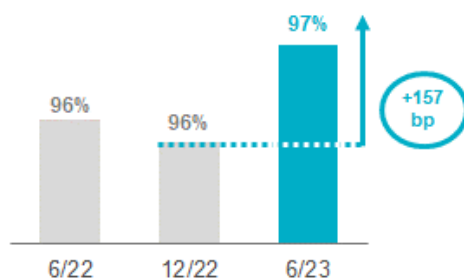
2. Solid occupancy levels

The **occupancy of the Colonial Group stands at 97%**, reaching **one of the highest ratios in the sector**. Of special mention is **the Paris portfolio with full occupancy** at 100%, followed by the **Madrid portfolio at 97%**.

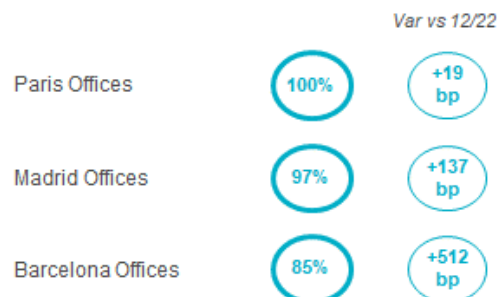
Since the beginning of the year, **portfolio occupancy has increased by more than 150 bps**, boosted by an improvement in occupancy in all segments. The most significant progress in the first half took place in Barcelona with an improvement in occupancy of more than 500 bps in 6 months.

EPRA OCCUPANCY

GROUP



BY MARKETS



It is worth mentioning that the current vacancy in the Barcelona portfolio is concentrated on the recent entries into operation of the renovation programs of Diagonal 530 and Torre Marenosturm, as well as the secondary building in Sant Cugat. Excluding these three assets, the occupancy of the rest of the Barcelona portfolio is at 95%.

3. Rental Increase – Polarization & Pricing Power

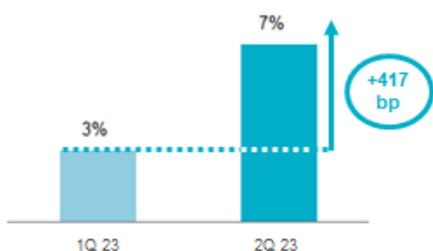
Pricing Power – Acceleration of growth in market rents²

The **Colonial Group** registered in the second quarter a **growth of +7% in signed office rents compared to the market rents (ERV) as of 31 December 2022**. The highest increases in rental prices were signed on the **Paris portfolio with an +11% increase compared to the market rents at 31 December 2022**.

Worth mentioning is the **accelerated growth in rents of 400 bps in the office contracts signed in the second quarter of the year**. Specifically, growth increased from +3% in the first quarter up to +7% in the second quarter.

Highlighted is the progress of the Paris market with a growth of +11%, boosted by the signing of a contract with a luxury company of more than 9,000 sqm at rental levels above €940/sqm/year.

RENTAL GROWTH VS ERV



Strong price increases	Rental growth vs ERV ²		
	1Q 2023	2Q 2023	TOTAL
Paris Offices	+1%	+11%	+5%
Madrid Offices	+8%	+4%	+6%
Barcelona Offices	+2%	+8%	+4%
TOTAL OFFICES	+3%	+7%	+5%
TOTAL	+2%	+6%	+4%

Pricing Power - Increase in rental renewals, Release spreads¹ of +7%

During the second quarter of 2023, the **Colonial Group increased the office rents with current clients by +7% compared to the previous rents (release spreads)**.

These increases highlight the reversionary potential of Colonial's contract portfolio with significant improvement margins on the current rents.

Worth mentioning is the **Paris office portfolio with a release spread of +13% in the second quarter of 2023**.

Strong price increases	Release Spread ¹		
	1Q 2023	2Q 2023	TOTAL
Paris Offices	+10%	+13%	+11%
Madrid Offices	+0%	+2%	+1%
Barcelona Offices	+3%	(0.5%)	flat
TOTAL OFFICES	+6%	+7%	+7%
TOTAL	+6%	+5%	+5%

(1) Signed rents on renewals vs previous rents

(2) Signed rents vs ERVs at 31/12/2022 (ERV 12/22)

Project Pipeline

1. Project pipeline almost fully delivered and pre-let

The Colonial Group has a **project pipeline of 183,885 sqm across 8 assets**.

In July 2023, the Louvre Saint Honoré project was delivered. This delivery took place before the estimated delivery date and at maximum returns, thanks to the controlled construction costs and high rents. This ambitious project was commissioned to the award-winning architect Jean Nouvel together with the prestigious architecture studio B. Architecture. This historic, iconic building, with exceptional views of the Louvre, is rented to the Cartier Foundation, of the Cartier Group, for 40 years of which 20 years of mandatory compliance and at maximum rental prices.



During this semester, the **Plaza Europa 34 project was delivered, fully let to the Puig Group**, with a mandatory 10-year contract. The asset will have the **LEED Gold** environmental certification and is considered a **Nearly Zero Emissions Building (NZEB)**.

At the date of publication of these results, **7 out of the 8 projects in the project pipeline have been fully delivered**. The only ongoing project is the Méndez Álvaro Campus (located in the South of the Castellana in Madrid) with an estimated delivery date at the beginning of 2024.

Project	City	Let / Pre-let	Delivery	GLA (sqm)	Total ¹ Cost €m	Yield on Cost
1 Diagonal 525	Barcelona CBD	100%	✓	5,706	41	≈ 5%
2 83 Marceau	Paris CBD	100%	✓	9,600	154	≈ 6%
3 Velazquez 86D	Madrid CBD	93%	✓	16,318	116	> 6%
4 Miguel Angel 23	Madrid CBD	100%	✓	8,155	66	> 5%
5 Biome	Paris City Center	100%	✓	24,500	283	≈ 5%
6 Plaza Europa 34	Barcelona	100%	✓	13,735	42	≈ 7%
7 Louvre SaintHonoré	Paris CBD	100%	✓	16,000	215	7- 8%
8 Mendez Alvaro Campus	Madrid CBD South	On track	1H 24	89,871	323	7- 8%
CURRENT PIPELINE				183,885	1,241	6- 7%

¹ Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex



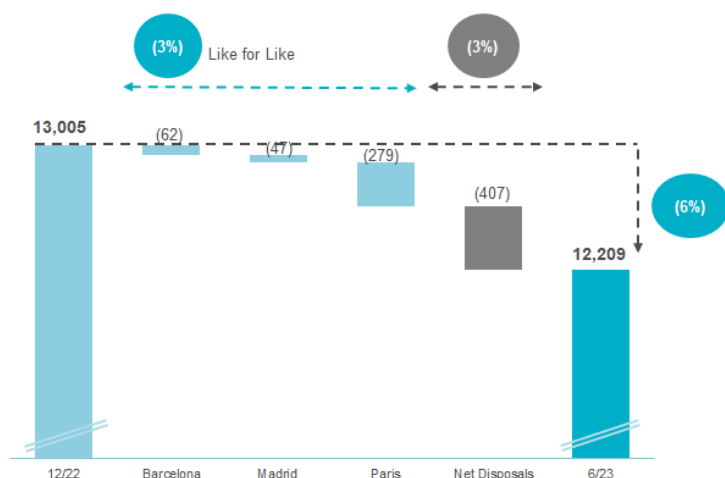
Asset Valuation and Capital Structure

1. Asset values - Polarization & Prime Positioning

The Gross Asset Value of the Colonial Group at the close of the first half of 2023 amounted to €12,209m (€12,880m including transfer costs), 6% less than the value at December 2022, specifically due to the sale of non-strategic assets carried out in the first half of 2023 and the value adjustments of 3%.

In like-for-like terms, Colonial's portfolio was adjusted by 3% in 6 months.

VARIANCE ANALYSIS VALUE 6 MONTHS - €m



GAV VARIANCE

	6 MONTHS	12 MONTHS
BARCELONA	(4%)	(8%)
MADRID	(2%)	(5%)
PARIS	(3%)	(5%)
TOTAL LFL	(3%)	(5%)
NET DISPOSALS	(3%)	(3%)
TOTAL VAR	(6%)	(8%)

Polarization & Pan-European Prime Positioning

In a highly volatile environment with interest rate hikes, the value of Colonial's asset portfolio has been impacted by an increase in the valuation yields¹ (+30 bps in 6 months).

Increases in rental cash flow due to the indexation and rental growth, together with successful project delivery, have led to an Alpha capital value creation offsetting partially the value adjustment due to the expansion of yields.

Likewise, the CBD and city centre locations have been much more defensive in nature than the secondary areas, resulting in the most moderate adjustments of the sector.

Resilient Net Asset Value (NTA)

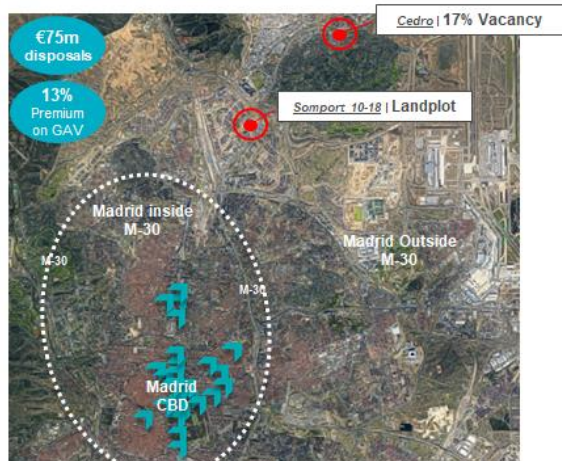
The Net Asset Value at the close of the first half of 2023 amounted to €5,870m corresponding to €10.88/share. Including the dividend paid of €0.25/share, the total Net Asset Value for Colonial's shareholders was €11.12/share, registering an adjustment of (6%) in 6 months. In an environment with increased interest rates, the quality positioning together with the active management of Alpha value creation have enabled Colonial to maintain a resilient Net Asset Value.

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

2. Additional disposals strengthening the capital structure

After the close of the first half of the year, the Colonial Group registered asset disposals for €75m. Specifically, the disposals were closed on two non-strategic assets in peripheral locations in the north of Madrid: the land plot Puerto Somport in the sub-market of Las Tablas, and the Cedro building, located in the secondary area of Madrid in Alcobendas, with a vacancy of 17%.

Disposal of CEDRO & final settlement of Puerto Somport 10-18¹



Asset Sales

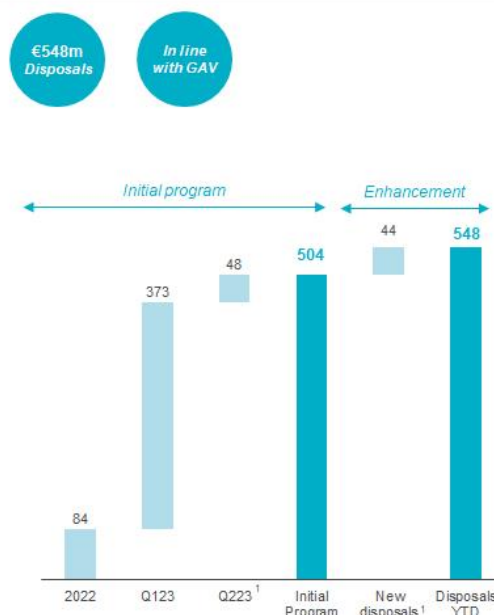
- ▶ Land plot in Madrid's Periphery
- ▶ 17% vacant asset in Madrid secondary

Buyers

- ▶ Institutional investors
- ▶ Multinational for own use

¹ Disposals of Puerto Somport & Cedro in July 2023

ENHANCEMENT OF DISPOSAL PROGRAM



These two disposals complete the delivery of the disposal program of €500m announced at the beginning of the year together with an enhancement of the divestment volume by more than €40m, reaching a total amount of sales of €548m. Colonial will remain in a net divestment position during the coming months, as long as interesting disposal opportunities arise.

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.

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 million sqm of GLA and assets under management with a value of more than €12bn.



"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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