Colonial

2023

Integrated Annual Report

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COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Summary

1. Key highlights

1.1. | Key highlights

1.1.1 Key highlights

€377M
Gross Rental Income, +6% vs. the previous year

€316M
Group EBITDA, +12% vs. the previous year

€172M
Recurring Net Profit, +7% vs. the previous year

€32 cts./share
Recurring EPS

€11.3bn
Gross Asset Value of the portfolio, –6% vs. the previous year

€9.95/share
Net Tangible Assets (NTA)

> €700M[1]
Disposal programs in line with valuation

158,225 sqm
Signed in 2023

Growth
in signed rent and indexation capturing

97% occupancy
Solid occupancy levels (100% in Paris)

100%
of the current debt hedged at a fixed rate

100%
Portfoliio with BREEAM & LEED certification

–9%
Energy intensity reduction 23/22

88%
Renewable energy +1,462 bp

–15%
GHG[2] emissions intensity (Scopes 1 & 2) 23/22

–25%
2023 total GHG emissions of 75,236 $TnCO_2e$

+33%
Hours of training

42% women
Non-executive director

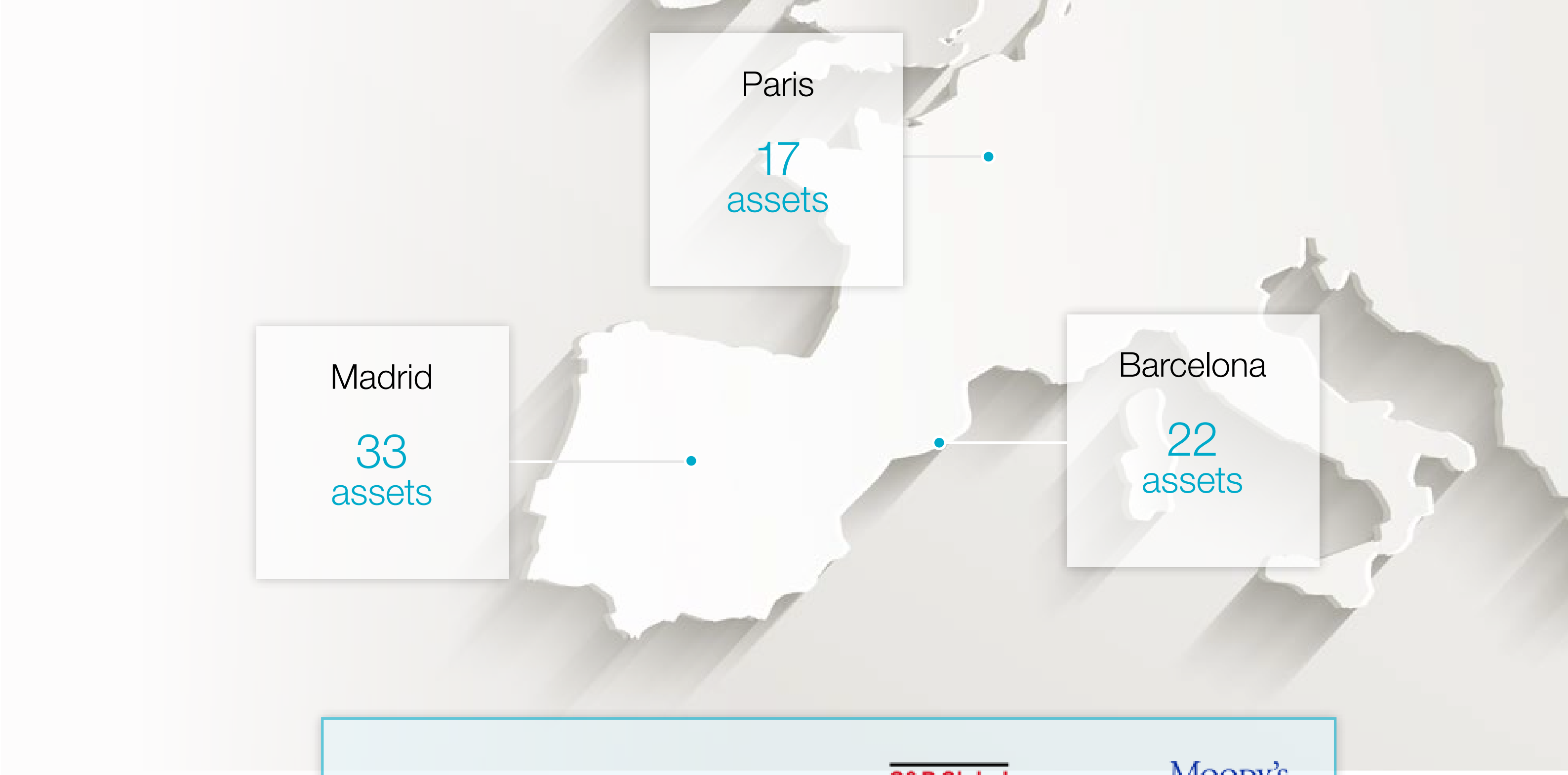
Rating A in CDP: leadership in the IBEX 35 and globally

Rating 6,2 in Sustainalytics: #1 on IBEX 35 & Top 26 globally

Gresb 2023 Rating in “5-Star” level

(1) Out o €723m, €574m have been r carried out during 4Q22 and the first nine months of 2023 and €150m during the last quarter of 2023 and the first months of 2024.
(2) GreenHouse Gas (GHG).

Note: Non-stategic premises are not included.



S&P Global Ratings

Moody's

The Colonial Group continues to maintain a solid financial profile enabling the Company to maintain a BBB+ credit rating by Standard & Poor's, the highest rating in the Spanish Real Estate sector.

BBB+ Stable | BBB+ Stable | Baa2 positive

■ Colonial ■ SFL

Consolidated Group

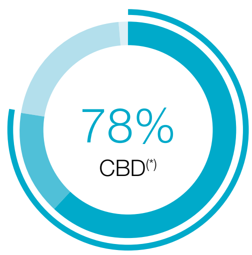
VALUATION - BY USE

■ Offices ■ Retail ■ Others

VALUATION - BY MARKET

■ Barcelona ■ Madrid ■ Paris

OFFICES VALUATION - BY AREA



■ Prime CBD ■ CBD ■ BD ■ Others

(*) CBD Barcelona, includes the 22@ market segment assets.

1.1.2 EPRA performance measures - Summary Table

At 31 December

	12/2023		12/2022	
	€m	€ per share	€m	€ per share
EPRA Earnings	171	0.32	155	0.29
EPRA NTA	5,372	9.95	6,496	11.83
EPRA NDV	5,292	9.81	5,957	12.72
		2023		2022
EPRA Net Initial Yield		3.1%		2.7%
EPRA "topped-up" Net Initial Yield		3.9%		3.3%
EPRA vacancy rate		3.2%		4.4%
EPRA Cost ratio (including vacancy costs)		18.5%		21.9%
EPRA Cost ratio (excluding vacancy costs)		17.0%		20.1%

EPRA: European Public Real Estate Association: Association of listed European property companies that sets best market practices for the sector (www.epra.com)

Colonial captures rental growth and increases the EBITDA by

+12%

1.1.3 Financial, operational and ESG highlights

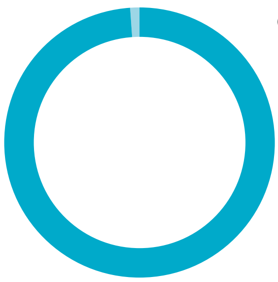
The Recurring Net Earnings per Share grow by +7%

Financial Highlights

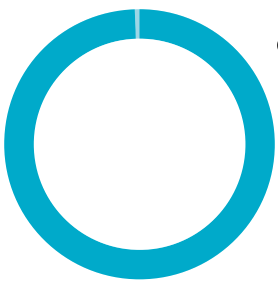
	2023	2022	Var.	LFL
Net Tangible Assets (NTA) – €/share	9.95	11.83	*(8%) 6 months*	
Recurring EPS – €Cts/share	31.9	29.8	*+7%*	
Recurring EPS Continued Op. – €Cts/share[1]	31.3	26.4	*+18%*	
Net Tangible Assets (NTA) – €m	5,372	6,384	*(8%) 6 months*	
GAV Group – €m	11,336	13,005	*(6%) LFL 6 months*	
Gross Rental Income – €m	377	354	*+6%*	*+8%*
EBITDA – €m	316	283	*+12%*	
Recurring Net Profit – €m	172	161	*+7%*	
Attributable Net Profit – €m	(1,019)	8	–	

Portfolio Grade A Prime

GAV 12/23 €11,336m



City Center 99%
CBD 78%



Energy Certification 99.7%[2]

Operational Highlights

EPRA Occupancy	**97%**
Indexation YTD	**+5%**
Madrid & Barcelona	+4%
Paris	+6%
Rental Growth - Offices[3]	**+7%**
1Q 23	+3%
2Q 23	+7%
3Q 23	+9%
4Q 23	+11%

(1) Adjusted for the impact of asset disposals.
(2) Portfolio in operation.
(3) Signed rents vs ERV 31/12/22.

Recurring Net Profit growth

- Net Rental Income of €353m, +9% like-for-like.
- Group EBITDA of €316m, +12%.
- Recurring Net Profit of €172m, +7%.
- Recurring EPS (Earnings Per Share) of €32 cts/share, +7%.
- Recurring EPS of continued operations(1), +18%.

Solid operating fundamentals

- More than 158,000 sqm of letting volume, repeating historically high levels.
- Occupancy levels of 97% (full occupancy in the Paris portfolio).
- Rental growth of +7%(2) in office contracts signed during the year.
- Acceleration in rental growth of +11%(2) in 4Q 2023.

Asset valuation

- Portfolio Gross Asset Value (GAV) of €11,336m, (9%) like-for-like in 12 months.
- Net Asset Value (NTA) of €5,372m corresponding to €9.95/share.
- Net profit of the Group impacted by the asset value adjustment.

Active management of the portfolio and capital structure

- Total disposals to date of €150m(3), in 4Q 2023 with a premium on appraisals.
- Disposal programs of €723m, executed at prices in line with appraisals:
  - €574m were realized during Q4 2022 and the first nine months of 2023.
  - €150m(3) during the last quarter of 2023 and the first months of 2024.
- Increase in liquidity up to €2,903m(4), +€503m vs. the previous year.
- 100% of the current debt is hedged at a fixed rate. Spot financial cost of debt of 1.75% & a Proforma LTV of 39.5%(5).

Leadership in ESG and Decarbonization

- Leader on Sustainalytics: #1 on IBEX 35 & Top 26 out of 15,536 globally.
- CDP "A" rating for the 3rd consecutive year: leadership in the IBEX 35 and globally.
- GRESB 94/100(6): Top 3 of the listed Real Estate companies in Europe.
- Portfolio(7) with 100% BREEAM & LEED Certificates: leader in Europe.

(1) Adjusted for the impact of asset disposals.
(2) Signed rents vs ERV 31/12/22.
(3) Binding disposal commitments subject to final settlement in 2024.
(4) Cash and undrawn balances.
(5) LTV including the sales agreements already signed and the sale agreement for the Méndez Álvaro residential complex (Excluding the sales commitments for 2024, the LTV stands at 39.9%).
(6) GRESB Standing Investments Benchmark.
(7) Portfolio in operation.

1.2. | Highlights 2023

1.2.1 Annual results 2023

1. Recurring EPS on continued operations[1] with +18% growth

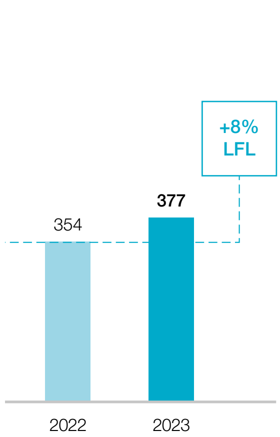
The Colonial Group closed 2023 with an increase in the Recurring Results driven by the strong growth in rental income.

- **Gross Rental Income of €377m, +8% vs. the previous year.**
- **Group EBITDA of €316m, +12% vs. the previous year.**
- **Recurring Net Profit of €172m, +7% vs. the previous year.**

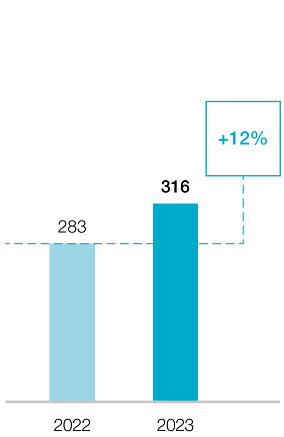
The double-digit increase in EBITDA boosts the recurring EPS

- **Recurring EPS of €32cts, +7% vs. the previous year.**
- **Recurring EPS on continued operations[1], +18% vs. the previous year.**

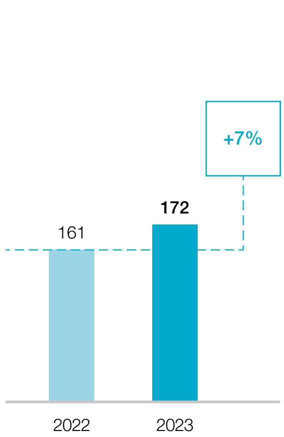
Gross rental income
€m



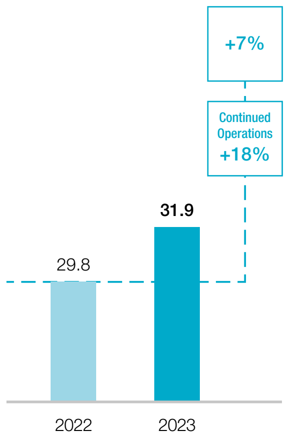
EBITDA
€m



Recurring net profit
€m



Recurring EPS(*)
Cts€/share



(*) Recurring Earnings Per Share.

The **Recurring Results have increased based on solid growth in rental income**. The **growth in income** was achieved through a combination of factors: 1) the capacity to **capture the indexation impact**, 2) the **growth in rental prices and an increase in occupancy**, complemented by 3) additional income from **project deliveries**.

The efficient management of operating costs has resulted in an **EBITDA growth of +12% year-on-year**, which has led to an increase of +7% in the Recurring Net Profit, reaching €172m.

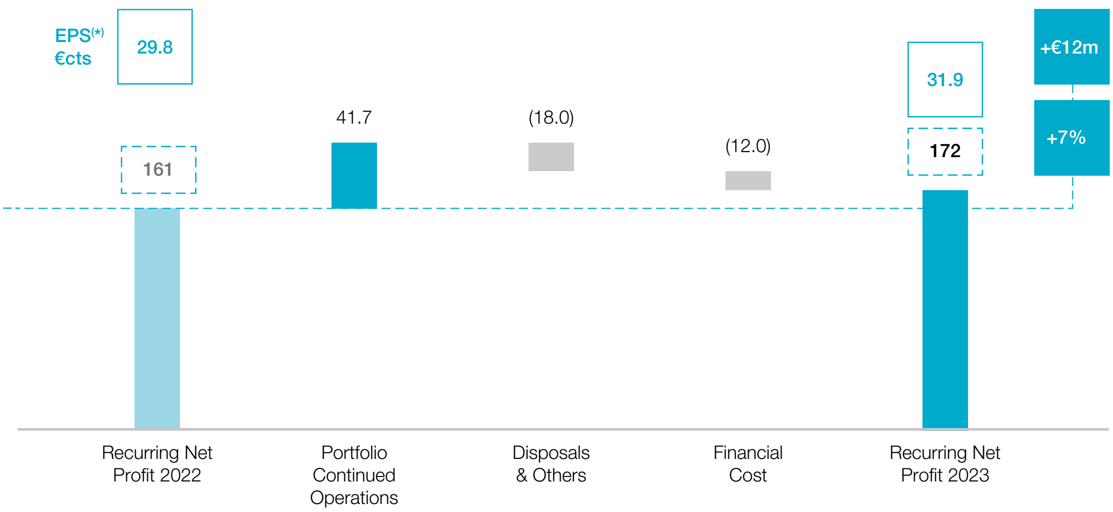
The execution of the disposal program has meant that the increase in the net results was lower. Excluding this impact of the active management of the portfolio, **the Recurring EPS of the continued operations[1] has grown +18% compared to the previous year**.

(1) Adjusted for the impact of asset disposal.

Profit & Loss Account

€m	2023	2022
Gross Rents	**377**	**354**
Recurring EBITDA	316	283
Recurring financial result	(93)	(81)
Income tax expense & others – recurring	(15)	(13)
Minority interests – recurring	(35)	(28)
Recurring Earnings	**172**	**161**
Change in fair value of assets & provisions	(1,427)	(148)
Non-recurring financial result & MTM	(2)	(4)
Income tax & others – non-recurring	43	13
Minority interests – non-recurring	194	(13)
Result attributable to the Group	**(1,019)**	**8**

Recurring Earnings - Variance Analysis



(*) Recurring Earnings Per Share

The valuation of the asset portfolio shows a like-for-like adjustment, resulting in a negative result of the Group of (€1,019m). It is worth highlighting that the value variation does not imply a cash outflow.

2. Gross Rental Income and Net Rental Income with strong growth

Income Growth: Polarization & Pan-European Prime Positioning

Colonial closed 2023 with **€377m of Gross Rental Income, and a Net Rental Income of €353m**.

The Group's income growth is solid, in absolute terms growing at +6%, compared to the previous year, and in comparable terms, with an increase of +8% like-for-like, demonstrating the strength of Colonial's prime positioning.

The **+8% 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 office product**.

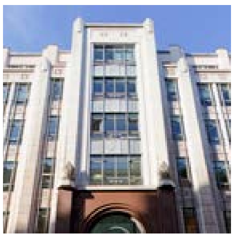
Particularly worth highlighting are the portfolios in **Madrid (+9% like-for-like) and in Paris (+8% like-for-like)**.

Net Rental Income increased by +8%, and in like-for-like terms, it increased by +9%.

1. **The Net Rental Income in the Paris portfolio** increased by **+15% in absolute terms and +8% in like-for-like terms.** This like-for-like increase is mainly due to the higher rents and occupancy levels in the Édouard VII, #Cloud, Louvre Saint Honoré, Washington Plaza and 103 Grenelle assets, among others.
2. **In the Madrid portfolio, the rental revenue remained stable in absolute terms. In like-for-like terms, the net rental income increased by +14%**, mainly due to higher rents on the Recoletos 37, Ortega y Gasset 100, Castellana 163, Santa Engracia and The Window assets, among others, based on a combination of higher rents and improved occupancy levels. These increases have compensated for the fewer rents obtained as a result of the disposal program carried out in previous quarters.
3. **In the Barcelona portfolio, the Net Rental Income decreased in absolute terms compared to the previous year**, mainly due to the entry into renovation of the Parc Glories II and Diagonal 197 assets. In **like-for-like terms, rental income increased by +4%**, highlighting the increase in rental income on the Diagonal 682, Diagonal 409 and Diagonal Glories assets, among others. These increases have compensated for part of the entries into renovation of the above assets.

Louvre Saint Honoré

Washington Plaza



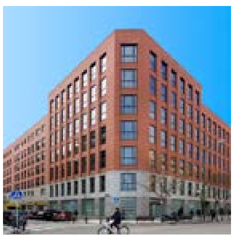
Édouard VII

#Cloud

Recoletos, 37-41

Castellana, 163

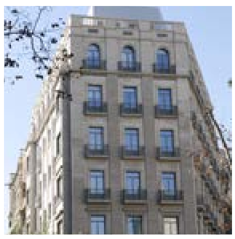
Ortega y Gasset 100



The Window

Diagonal, 682

Diagonal, 409



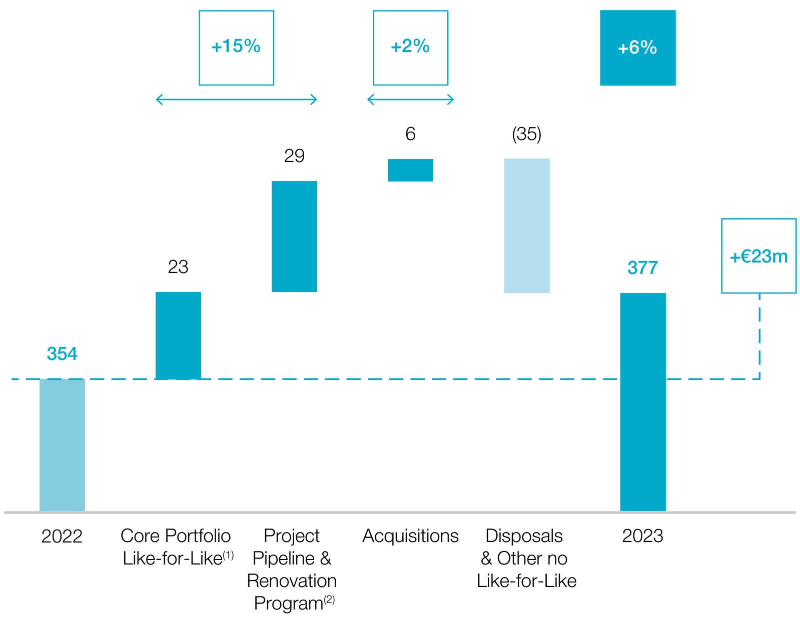
December cumulative

€m	2023	2022	Var.	Var. LFL
Gross Rental Income Group	**377**	**354**	**6%**	**8%**
Gross Rental Income Paris	*234*	*205*	*15%*	*8%*
Gross Rental Income Madrid	*96*	*102*	*(6%)*	*9%*
Gross Rental Income Barcelona	*46*	*48*	*(3%)*	*3%*
Net Rental Income Group	**353**	**326**	**8%**	**9%**
Net Rental Income Paris	*223*	*194*	*15%*	*8%*
Net Rental Income Madrid	*90*	*90*	*(1%)*	*14%*
Net Rental Income Barcelona	*40*	*42*	*(3%)*	*4%*

Income growth derived from multiple drivers

The +€23m increase in income is based on a business model with multiple growth drivers.

Gross Rental Income
€m



	Total	EPRA LFL
Total	**+6%**	**+8%**
Paris	**+15%**	**+8%**
Madrid	**(6%)**	**+9%**
Barcelona	**(3%)**	**+3%**

(1) Includes the like-for-like variation of assets in the renovation program.
(2) Excludes the like-for-like variation of assets in the renovation program.

1. **Pricing Power: Growth in signed rents + capturing of indexation – a contribution of +6% to total growth**

   The Core portfolio contributed +€23m to the increase in income, deriving from a solid like-for-like growth of +8% due to the strong Pricing Power, enabling the full capture of the **indexation** impact and **maximum market rents**.

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

   Project deliveries and the renovation program **contributed +€29m to income growth** (a contribution of +8% to overall growth). Highlighted is the income contribution from the Biome, Cézanne Saint-Honoré, Louvre Saint Honoré and Galeries Champs-Élysées assets in Paris, the Velázquez 86D and Miguel Ángel 23 assets in Madrid, as well as the Diagonal 530, Plaza Europa 34, and Wittywood assets in Barcelona.

3. **Acquisition of Prime Assets – a contribution of +2% to total growth**

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

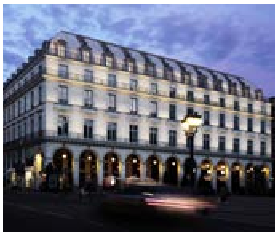
4. **Disposal program – Flight to Quality**

   The **disposal of non-strategic assets and other non-like-for-like impacts** have led to a **(10%) year-on-year decrease** in the rental income.

Biome

Cézanne Saint-Honoré

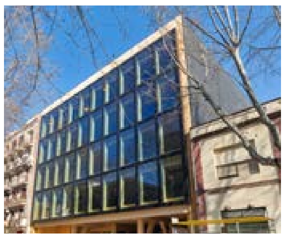
Louvre Saint Honoré



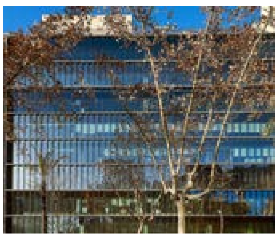
Velázquez, 86

Miguel Ángel, 23

WittyWood



Diagonal, 530



1.2.2 Solid operating fundamentals in all segments

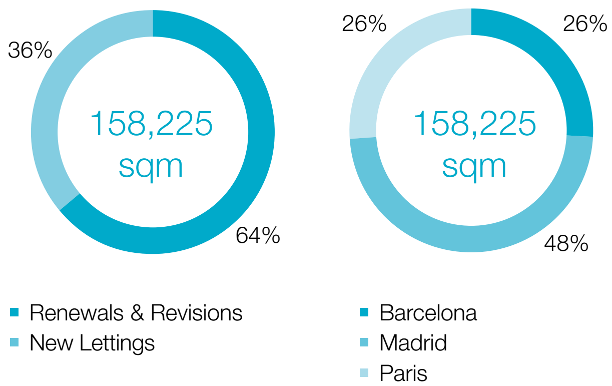
1. Strong letting performance

The prime asset portfolio once again captured a **historic high volume** of signed contracts, amounting to **105 rental contracts, corresponding to 158,225 sqm,** which is +7% above the average letting figure reached in the last three years.

Letting activity remains solid at the end of the year

Letting performance	# contracts	Signed sqm	GRI €m
Paris	33	41,248	35
Madrid	38	75,339	21
Barcelona	34	41,639	11
Total Group	**105**	**158,225**	**68**

Breakdown of letting activity



Of the total letting activity, highlighted is the high volume signed in the Madrid market which rose to 75,339 sqm. In the Barcelona market, 41,639 sqm were signed, of which 55% (22,743 sqm) correspond to new contracts, improving the occupancy of the portfolio.

In Paris, a total of 41,248 sqm were signed, with 49% in renewals and 51% in new contracts.

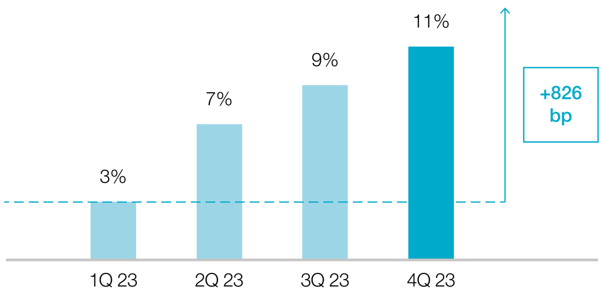
2. Rental Increase – Polarization & Pricing Power

Pricing Power – Acceleration of growth in market rents[1]

The **Colonial Group** closed 2023 with a **+7% growth in signed office rents compared to market rents (ERV) as at 31 December 2022**.

In 2023, the growth in rental prices of the office portfolio accelerated, starting the year with a +3% increase and ending the fourth quarter of the year at +11%. The growth in rents achieved is clear evidence of the polarization trend in the office markets, characterized by a demand that prioritizes top-quality Grade A products in the CBD.

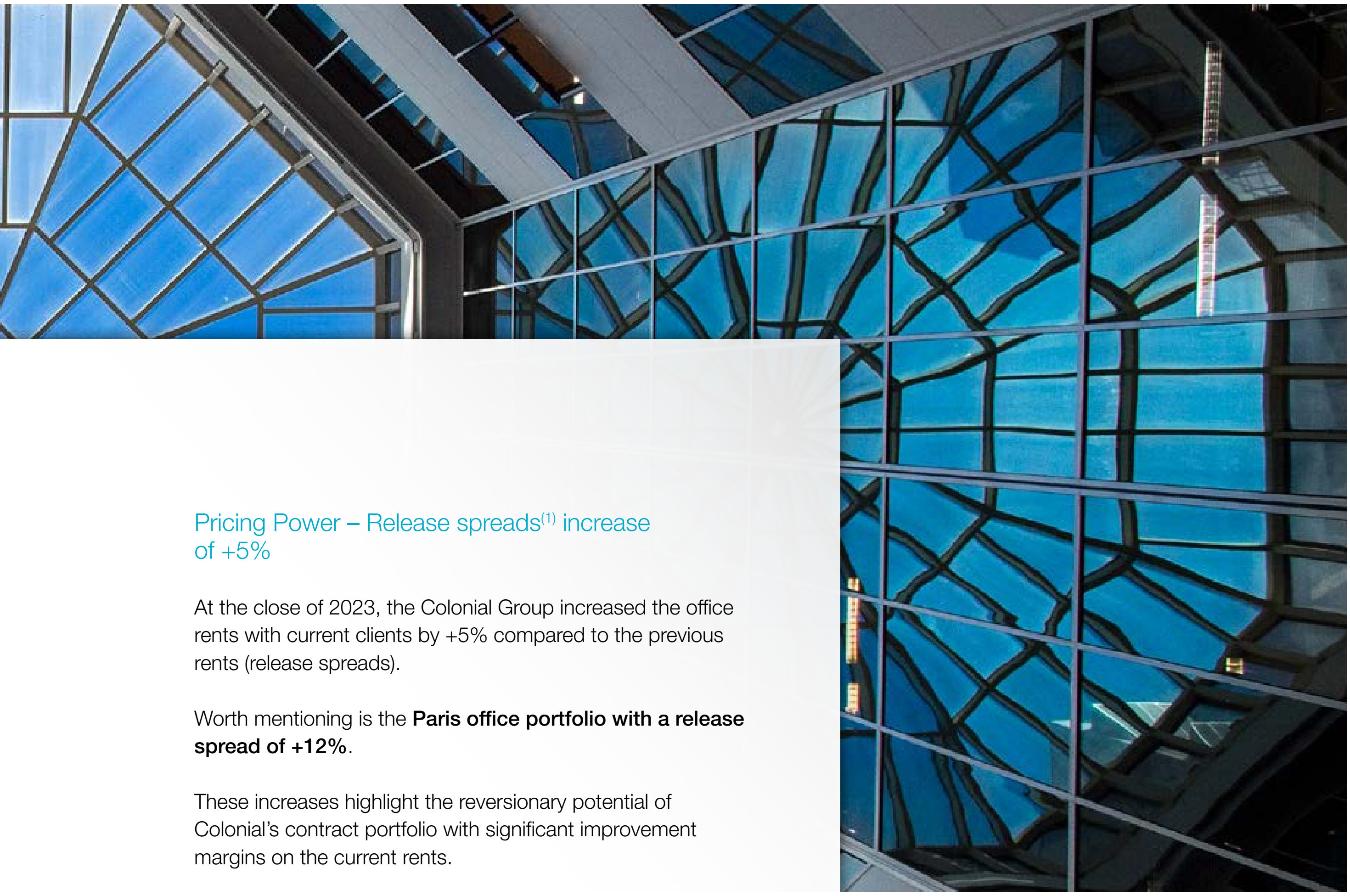
Rental growth vs. ERV
Offices



Rental growth vs. ERV[1]

Strong price increases	1Q 2023	2Q 2023	3Q 2023	4Q 2023	TOTAL
Paris Offices	+1%	+11%	+12%	+6%	+6%
Madrid Offices	+8%	+4%	+8%	+19%	+10%
Barcelona Offices	+2%	+8%	+2%	+12%	+6%
TOTAL OFFICES	**+3%**	**+7%**	**+9%**	**+11%**	**+7%**
TOTAL	**+2%**	**+6%**	**+11%**	**+10%**	**+6%**

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



Pricing Power – Release spreads[1] increase of +5%

At the close of 2023, the Colonial Group increased the office rents with current clients by +5% compared to the previous rents (release spreads).

Worth mentioning is the **Paris office portfolio with a release spread of +12%**.

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

Release Spread[1]

Strong price increases	1Q 2023	2Q 2023	3Q 2023	4Q 2023	TOTAL
Paris Offices	+10%	+13%	n. a.	+15%	+12%
Madrid Offices	*flat*	+2%	(2%)	(1%)	flat
Barcelona Offices	+3%	(0,5%)	n. a.	flat	flat
TOTAL OFFICES	**6%**	**+7%**	**(2%)**	**+4%**	**+5%**
TOTAL	**+6%**	**+5%**	**+3%**	**+4%**	**+5%**

(1) Signed rents on renewals vs previous rents.

Pricing Power – Capturing of the indexation in all contracts with an average growth of +5%

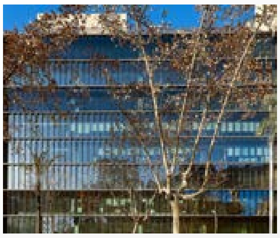
Thanks to its prime client portfolio, the **Colonial Group has captured the impact of the indexation on rental prices**, applying the corresponding update on rents.

As a result of the indexation on the contract portfolio, at the close of 2023, the annualized passing rents of the corresponding contracts had increased by +5% (+4% in Spain and +6% in Paris).

#Cloud

Velázquez, 86

Diagonal, 530

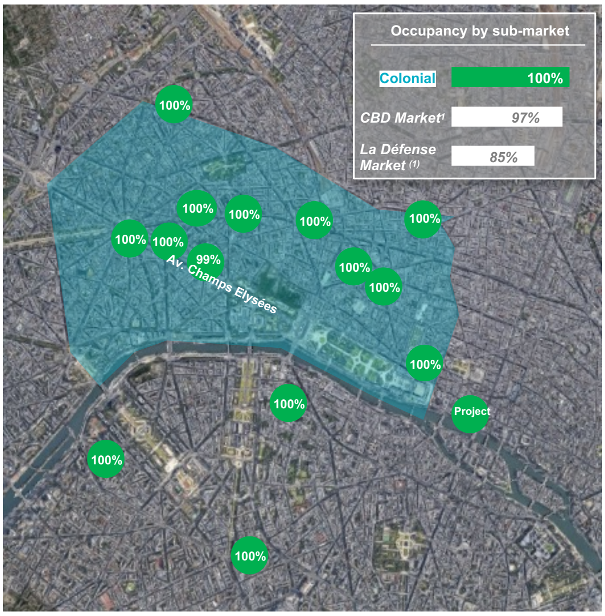


These results show the strong Pricing Power of Colonial's Prime portfolio. Both the quality of the clients and the nature of the Colonial Group's contracts enable the Group to capture the full indexation impact, providing clear protection of the cash flow of the assets in inflationary environments such as the current ones.

3. 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 96%**.

Paris



(1) Source of Market data: CBRE Research.

Madrid

In 2023, **portfolio occupancy has increased by 122 bp**, boosted by an improvement in occupancy in all segments.

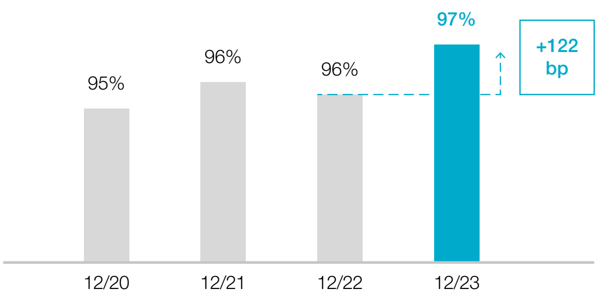
The most significant progress took place in Barcelona with an improvement in occupancy of more than +390 bp in the last 12 months.

It is worth mentioning that the current vacancy in the Barcelona portfolio is concentrated on the entries into operation of the renovation programs of Torre Marenostrum and Illacuna, as well as the client rotation in a secondary asset located in Sant Cugat.

Excluding these three assets, the occupancy of the rest of the Barcelona portfolio is at 98%.

EPRA offices occupancy

Group



By markets		Var. vs. 12/22
Paris Offices	100%	+17 bp
Madrid Offices	96%	+71 bp
Barcelona Offices	84%	+390 bp

1.2.3 Project Pipeline

1. The project pipeline is almost fully delivered and pre-let

The Colonial Group has a **project pipeline of 154,228 sqm across 8 assets**.

In 2023, the **Louvre Saint Honoré project was delivered in Paris**. **This delivery took place before the estimated delivery date and at maximum profitability**, thanks to the controlled construction costs and high level of rents. This historic, iconic building, with exceptional views of the Louvre, is rented to the Cartier Foundation of the Cartier Group, with a contract for 40 years, of which 20 years are of mandatory compliance and at maximum market rental prices.

Louvre Saint Honoré

Plaza Europa, 34

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

At the close of 2023, **7 out of the 8 projects in the project pipeline have been fully delivered and rented, confirming a yield on cost around 7%**.

	Project	City	Let / Pre-let	Delivery	GLA (sqm)	Total Cost[1] €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	Velázquez, 86D	Madrid CBD	100%	✓	16,318	116	> 6%
4	Miguel Ángel, 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 (Prime Commercial)	Paris CBD	100%	✓	16,000	215	7- 8%
8	**Méndez Álvaro Offices**	**Madrid CBD South**	**On track**	**2Q-3Q24**	**60,214**	**224**	**> 8%**
	Current pipeline				**154,228**	**1,141**	**≈ 7%**

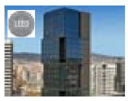
(1) Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex.

Diagonal, 525

Marceau

Biome

Pl. Europa, 34



Velázquez, 86D

Miguel Ángel, 23

Louvre-St.Honoré

Méndez Álvaro C.

Méndez Álvaro

The only ongoing project is **Méndez Álvaro Offices**, located in the South of the Castellana in Madrid, a unique complex that is generating a lot of market interest, **with an estimated yield on cost above 8%**.

1.2.4 Asset Valuation and Capital Structure

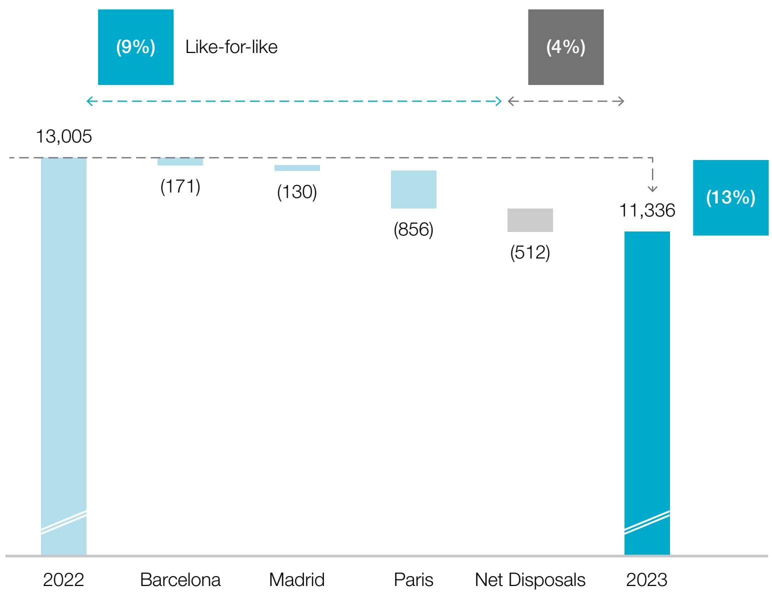
1. Asset values - Polarization & Prime Positioning

The Gross Asset Value of the Colonial Group at the close of 2023 is **€11,336m (€11,944m including transfer costs)**, 13% less than its value as of December 2022, specifically due to the sale of non-strategic assets carried out in 2023 and the value adjustments of 9%.

In **like-for-like terms, Colonial's portfolio was adjusted by 9% compared to the previous year (correction of 6% in the second half of the year)**.

Variance analysis value 12 months

€m



GAV variance LFL

	2023	2H 23	1H 23
Barcelona	(11.4%)	(7.5%)	(4.1%)
Madrid	(4.6%)	(3.1%)	(1.6%)
Paris	(10.5%)	(7.3%)	(3.4%)
Total LFL	(9.3%)	(6.4%)	(3.1%)
Net Disposals	(3.6%)	(0.8%)	(3.0%)
Total Var.	(12.8%)	(7.1%)	(6.1%)

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 yields[1] (+47 bp in the second half of the year).

Increases in rental cash flow are due to the indexation and rental growth, together with successful project delivery. The increases have led to an Alpha capital value creation partially offsetting 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 2023 amounted to €5,372m corresponding to €9.95/share. Including the dividend paid of €0.25/share, the total Net Asset Value for Colonial's shareholders was €10.20/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. Disposal Program – Active management of the portfolio

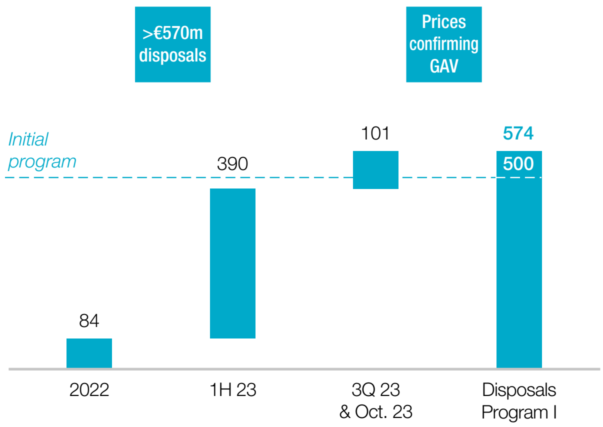
In the last quarter of 2023, and the beginning of 2024, the Colonial Group closed disposals for €150m with a premium of +5% over the last appraisal.

The disposals were carried out in Madrid and correspond to the residential part of the Méndez Álvaro Campus (Madnum Residential) with almost 30,000 sqm (binding agreement subject to final settlement) and the sale of 3 floors in a building on the Paseo de Recoletos, asset acquired by Colonial in 2019 (disposal already completed).

These transactions are included in the Colonial Group's new disposal program that will continue in 2024 with additional asset sales, in order to recycle capital and maximize value creation for its shareholders.

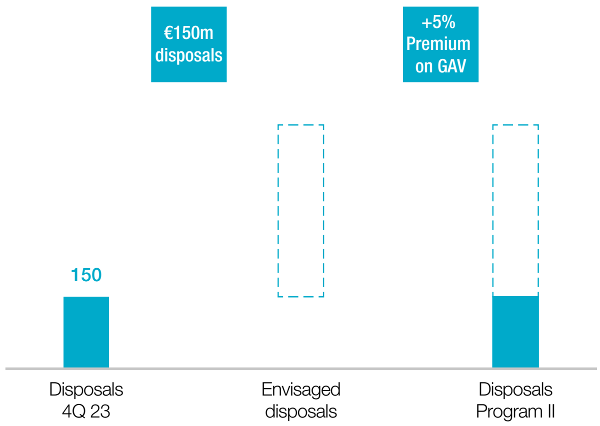
1st completed disposal program

€m



New disposal program

€m



Colonial launched an initial program in late 2022 with the aim of achieving disposals exceeding €500m. This program has been successfully completed, reaching a total amount of €574m, of which €84m were realized at the end of 2022 and the rest during the first nine months of 2023.

Additionally, Colonial has initiated a second disposal program, reaching a total amount of €150m to date (divestment agreed between end of 2023 and beginning of 2024). The final settlement of Méndez Álvaro is scheduled for 2024.

The total disposal volume of the disposal program amounts to €723m to date.

Méndez Álvaro (Madnum Residential)

The disposal volume of €723m comprises the sale of 12 assets in Madrid, 1 small retail unit in Barcelona and 2 assets in Paris, corresponding to more than 150,000 sqm above ground.

In total, the following disposals have been carried out:

- In Madrid, the sales of 8 mature and/or secondary assets were finalised (Alcalá 506, Josefa Valcárcel 24, Sagasta 27, Almagro 9, José Abascal 56, Miguel Ángel 11, the Cedro building and Ramírez Arellano 15), the sale of a plot of land located in the sub-market of Las Tablas (Puerto Somport 10-18), the sale of the Viapark asset (commercial/logistic use), and the partial sale of various floors of the Recoletos 27 asset, as well as the sale commitment of the Méndez Álvaro residential complex.
- In Paris the sales of two mature assets were finalised: the sale of the non-strategic Le Vaisseau asset, and the sale of Hanovre, a historic building located very close to the Opera building, with a surface area of 4,600 sqm. This asset is also considered non-strategic due to its small size and real estate limitations, being less competitive than other buildings in Colonial's Paris portfolio.
- In Barcelona, the sale of a small non-strategic asset was finalised in Sant Antoni María Claret.

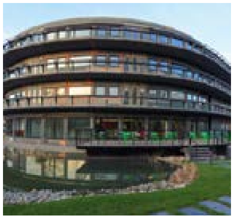
The disposal program is part of the flight to quality strategy, which, through the active management of the portfolio, divests mature and/or non-strategic assets in order to recycle capital for new opportunities of value creation, continually improving the risk-return profile of the Group.

J. Valcárcel, 24
Madrid

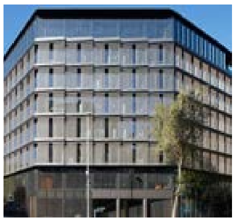
Alcalá, 506
Madrid

Sagasta, 27
Madrid

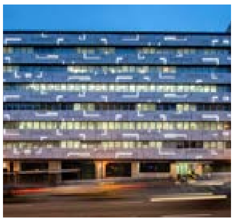
Le Vaisseau
Paris



Almagro, 9
Madrid



José Abascal, 56
Madrid



Miguel Ángel, 11
Madrid

Hanovre, 6
Paris

Viapark
Madrid

P. Somport, 10-18
Madrid

Cedro
Madrid

R. Arellano, 15
Madrid

Recoletos, 27
Madrid

CMA Residencial
Madrid

3. Capital Structure

At the current date, the Colonial Group has a solid balance sheet, with an LTV Proforma of 39.5%(1) and a liquidity of €2,903m.

In 2023, the Group executed a large part of its disposal program, as well as other financial protection measures that have allowed it to reduce its net debt by €491m and expand its average maturity, increasing its liquidity by c.€500m, totally eliminating the mortgage-secured debt, reaching a fixed/hedged debt ratio of 100% and maintaining the same financial costs in an environment of interest rate hikes by the Central European Bank.

The liquidity of the Colonial Group amounts to €2,903m between cash and undrawn credit lines, enabling the Colonial Group to cover all its debt maturities until 2027.

In a market environment characterized by interest rate hikes, the Colonial Group has maintained its financial cost at very stable levels (1.75% vs 1.71% in December 2022), thanks to its interest rate risk management policy:

- Debt 100% at fixed cost or 100% hedged.
- A portfolio of interest rate hedges for debt at variable rate.
- Pre-hedged portfolio, enabling the Group to ensure a rate under 2.5% for the current debt volume over the next 3 years.

At the close of 2023, 100% of the Colonial Group's net debt was at a fixed or hedged interest rate, and the reasonable value of the derived financial instruments, registered in net equity, was positive at €215m.

1.2.5 Leadership in ESG and Decarbonization

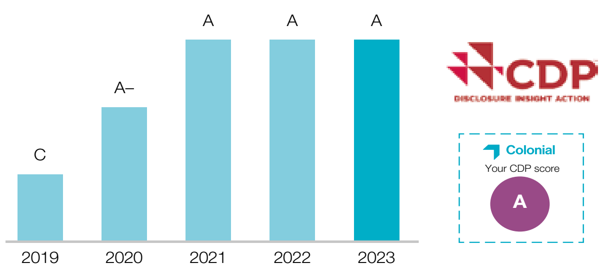
1. Leader in Sustainalytics – No.1 company in the IBEX 35 and Top 26 of 15,536 globally

- Sustainalytics score of 6.2 (top percentile).
- Top 5 of the 443 listed Real Estate companies analyzed. (European REIT).
- Colonial is positioned in the **Top 0.7%** of the Real Estate companies rated (7th out of the 1,052 companies covered).
- Globally, Colonial is positioned in the **Top 0.2%** of the companies analyzed (Top 26 of the 15,536 companies in total).

2. CDP: "A" rating for the 3rd consecutive year – leader in the IBEX 35 and globally

- Colonial leads the IBEX 35 with the maximum rating (only 9 companies on the IBEX have achieved this rating).
- Globally, Colonial is positioned in the top 1.5% of the companies analysed with an "A" rating (only 346 companies out of 23,000 in the world have an "A" rating).
- Only 8 Real Estate companies in Europe have achieved an "A" rating.

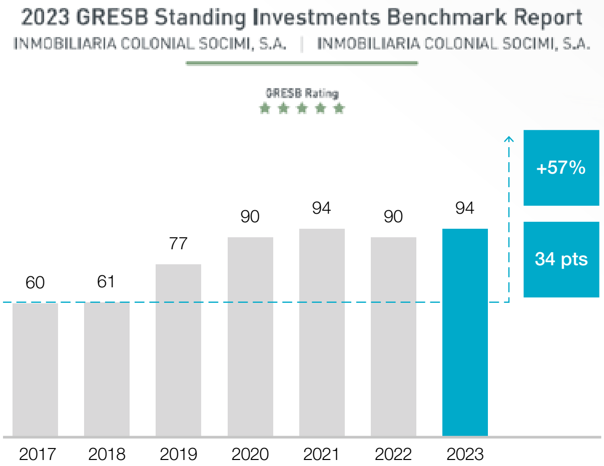
Score Evolution CDP



(1) LTV including the sales agreements already signed and the sale agreement for the Méndez Álvaro residential complex (Excluding the sales commitments for 2024, the LTV stands at 39.9%).

3. GRESB: Score 94/100 - Top 3 of the listed Real Estate offices in Europe

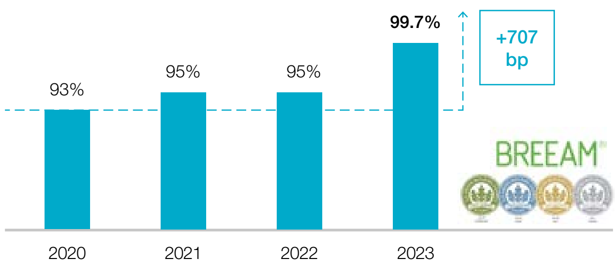
- Continuous improvement in GRESB, increasing the rating from the previous year by 4 points.
- Rising to third place among the 100 listed European Real Estate companies included in the Standing Investments Benchmark.



4. Office portfolio with 100% BREEAM and LEED certificates

- European leadership in eco-efficient buildings.
- Improvement of more than 700 bps since 2020.

Portfolio with LEED/BREEAM(1)



(1) Office Portfolio in operation.

2. Interview with the Chairman and CEO

2. | Interview with the Chairman and CEO

Juan José Brugera
Chairman

Pere Viñolas
CEO

2023 has been a year characterised by complicated macroeconomic environments. How has Colonial performed in this environment?

J. J. Brugera:

In a macroeconomic environment still marked in 2023 by instability and rising interest rates, which clearly affected investment deactivation, Colonial's business model has demonstrated not only its resilience but also its capacity to grow its operating fundamentals above the market average.

Occupancy of its buildings is close to full occupancy at 97%, rising to 100% in Paris, resulting in rental income growth of €377m. These increases have also been achieved by capturing the highest rents in the market, above the market average in renovations and new assets placed on the market.

Supported by these growth levers, Colonial has surpassed the most optimistic forecasts for this year to take its recurring earnings per share EPS to 0.32 euros, which means raising the highest recurring profit in the company's history to €172m.

At the same time, the Group's EBITDA grew in double digits to €316m, a record in absolute terms but also as a percentage of revenues. The extraordinary performance of the recurring profit will, in turn, allow Colonial's Board to propose to the Annual General Meeting an increase in the dividend (+8%) to €0.27 per share, bringing the dividend to €144m, to be distributed to its shareholders.

The solid operating fundamentals of Colonial's asset portfolio have become a key element in containing the adjustment in the value of its assets in an environment of declines on a general trend that began in the second half of 2022 with the rise in interest rates and the consequent impact on value and investment. The higher cash flows achieved through indexation and rent growth, together with the successful delivery of projects, created Alpha value creation, which partially offset the value correction due to the yield expansion.

Throughout 2023, the resilience of the value of Colonial's assets and their attractiveness for investment has been evidenced by Colonial's high capacity to recycle capital through divestments all closed at prices in line with valuation. In total €723m, bringing the company's liquidity to €2,900m, reinforcing the extraordinary solidity of its liabilities and its future investment capacity.

Looking ahead to 2023, as CEO, what points would you add to those mentioned by the chairman?

P. Viñolas:

First of all, the strong performance of the operating business should once again be highlighted: the prime asset portfolio has captured a high volume of contracts at record high levels, 7% above the average volume of the last three years. Rental prices in these contracts have accelerated to levels of +11% in the last quarter of the year. These rental growth rates are a clear reflection of the trend of market polarisation, characterised by a demand that prioritises top quality Grade A product in the CBD.

Our portfolio's occupancy level is 97%, one of the highest in the sector. The Paris portfolio, in particular, reached full occupancy with a ratio of 100%.

Secondly, I would highlight the increase in recurrent earnings for the year driven by high revenue growth: the recurrent result has increased on the back of solid revenue growth. This increase is the result of a combination of several factors: 1) the ability to capture the effect of indexation, 2) rent growth and occupancy increase complemented by 3) additional revenues from project delivery.

I would also like to highlight that the Colonial Group, during the last quarter of 2023 and the beginning of 2024, has closed divestments for a volume of €150m with a premium of +5% over the last valuation. These operations are part of a new Colonial Group divestment programme to continue through 2024 with additional asset sales in order to recycle capital and maximise shareholder value creation.

In terms of your decarbonisation strategy, how do you think the implementation of a decarbonisation strategy can benefit your company's competitiveness and success?

P. Viñolas:

The most important trend is undoubtedly climate change: being able to proactively adapt to the challenges involved will not only mitigate their risks but also offer great business opportunities.

Our commitment to quality has meant that Colonial has been ahead of the sector in this area for many years, and today we have undoubtedly one of the most sustainable property portfolios in Europe. Our commitment to contribute to carbon neutrality is firm, aspiring to maintain a clear leadership in sustainability.

This leadership is reflected in the scores achieved in the different ESG ratings: Sustainalytics has awarded us a score of 6.2 points, placing us in the Top 5 of the 443 listed real estate companies analysed, and CDP (Carbon Disclosure Project), one of the most demanding ratings in climate change management, has once again awarded us the highest rating and placed us among the top 1.5% of companies in all sectors worldwide and as one of the main leaders in the real estate sector.

The Colonial Group's strategy involves a firm commitment to the decarbonisation of its portfolio, a progressive reduction of its consumption and a responsible and efficient use of resources, resolutely promoting a circular economy throughout the real estate value chain.

In 2023, the Colonial Group developed a new climate strategy, which was much more ambitious than the previous one, not only in terms of emission reduction targets, but also in terms of scope, developing and identifying actions for the entire carbon footprint of the Group's entire value chain.

This strategy acts on three main strands:

- Pillar A – Reduce emissions: Consists of reducing the company's carbon footprint for all categories by developing and identifying actions to reduce emissions across the Group, reaching maximum energy efficiency.

- Pillar B – Avoid emissions: Consists of helping avoid third party carbon footprint emissions by offering products/buildings with features that offer an efficient option to avoid carbon emissions.

- Pillar C – Carbon removal through the development of sinks, i.e. natural elements or processes that absorb and store carbon, thus helping to mitigate climate change by absorbing carbon dioxide from the atmosphere.

Colonial also wishes to show its continued support for the United Nations Global Compact, signed in 2019, as well as for renewing its commitment to the 10 principles relating to human rights, labour rights, the environment and the fight against corruption.

From a more strategic point of view, what are the company's main challenges and opportunities?

J. J. Brugera:

2023 has been a year of value adjustment for the whole sector; in this context, Colonial has maintained an excellent operating performance.

We closed the year with strong cash flow growth based on a portfolio of assets with high occupancy levels that allow us to capture rent increases in the high end of the market. Our commitment to creating high-end products in the city centre has once again enabled us to achieve operational results significantly above those of other European real estate companies.

In an environment of macroeconomic uncertainty and rising interest rates, Colonial has demonstrated the high resilience of its prime model to continue driving growth and generating value.

Committing to a strategy of long-term sustainability excellence is a clear competitive advantage and a catalyst for value creation: properties with high sustainability standards rent earlier, at higher rents, and generate more interest in the investment market, thus generating a value premium.

3. Corporate Strategy

3.1. | Colonial's strategy: Mission, Vision and Values

The Group's strategy is focused on generating a long-term sustainable return and thus creating long-term value for shareholders, investors, employees, clients and all stakeholders.

I. Colonial Group's Mission

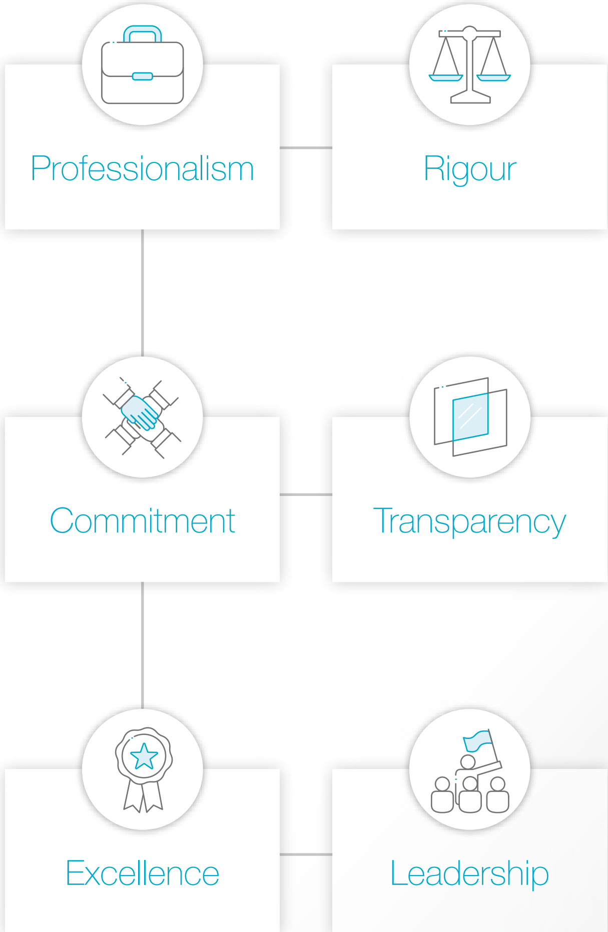
To create long-term value for shareholders, investors, employees and all stakeholders by investing in and managing office buildings that allow our clients to reach their full potential.

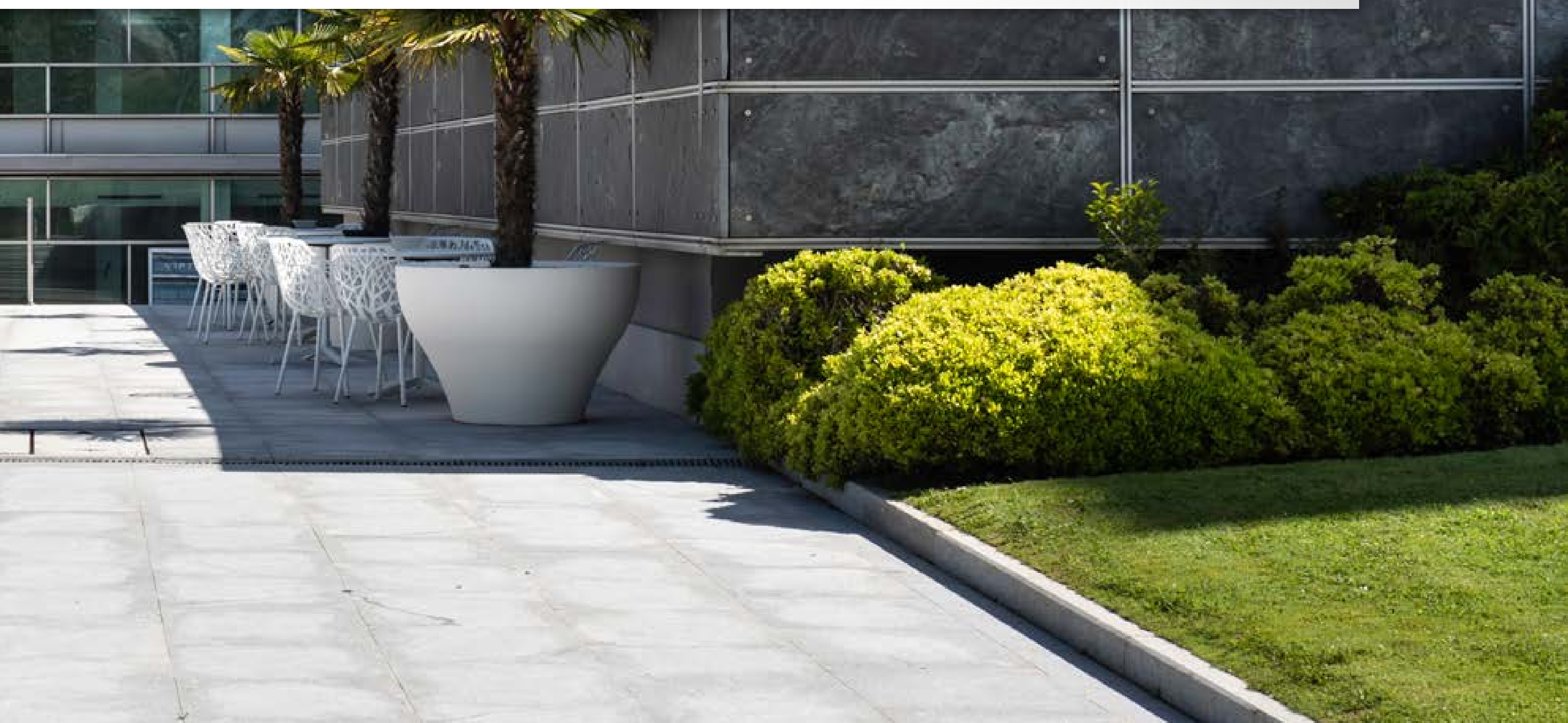
II. Colonial Group's Vision

To be leaders in the European office market, recognised for our experience and professionalism, for our solidity and profitability, while always providing excellent, sustainable property solutions tailored to our clients' needs.

III. Values

To achieve its purpose, Colonial prioritises six values that should guide the behaviour of all team members.





3.2. | Business model and value creation

3.2.1 Business model

The implementation of the strategy prioritises a long-term sustainable return based on the highest quality and excellence in all areas and is reflected in the following pillars of our business model:

1. Focused on the highest quality prime offices business to achieve maximum returns with minimum risk.

   Colonial is a property management company focused on the prime office sector. Its portfolio consists of 72 assets (22 in Barcelona, 33 in Madrid and 17 in Paris) and it has an EPRA occupancy rate of 97% at 31 December 2023.

   Our clients, with more than 100,000 users spread across the Group's properties, enjoy the best office buildings and best locations in the city. Most buildings are located just a few minutes walking from the public transport network, providing the best connections to all parts of the city, the airports and the train stations.

In addition, the unbeatable locations of our property portfolio allow our employees, clients and other stakeholders to enjoy all the services of the city centre, such as, housing, leisure, restaurants and professional or medical services.

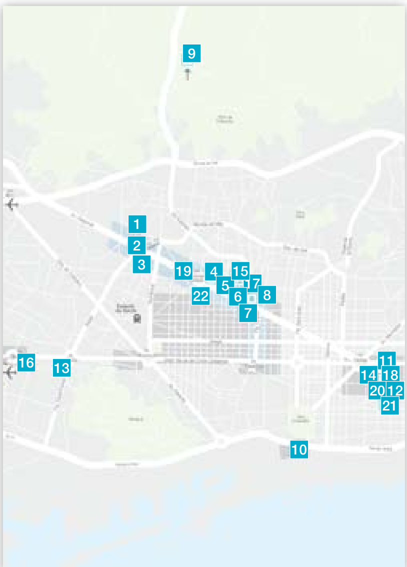
The Colonial Group has a unique and unrivalled office portfolio, 99% of which is located in the centre of Barcelona, Madrid and Paris, a fact that sets it apart from any other European listed company, as can be seen in the following maps:

The CBD locations optimise travel to the offices and reduce the carbon footprint.

Colonial's decarbonisation strategy is focused on improving the eco-efficiency performance indicators and the carbon footprint and decarbonisation of its prime office portfolio in CBD locations, as well as on offering its clients a more environmentally and economically efficient office option.

Barcelona

Colonial Portfolio – max rent signed



Madrid

Colonial Portfolio – max rent signed

Paris

Colonial Portfolio – max rent signed

In the office rental real estate business, the location of offices is one of the key factors in differentiating the type of assets. There is greater demand for central locations, they tend to attract top-tier clients and also offer the highest rents.

A prime location also reduces the carbon footprint of the clients' travel, due to the reduction in travel distance from their homes, as well as the method of transport used for this purpose.

2. Commitment to offer and create the best office product through the active management of the properties aspiring to the highest standards of sustainability and efficiency.

   100% of our operating office portfolio meets the highest LEED and BREEAM energy certification standards. Colonial therefore guarantees one of the most eco-efficient portfolios in the eurozone.

3. Strong commitment to climate change and, in particular, to the decarbonisation of the real estate sector based on efficient portfolio management.

   The Colonial Group is committed to becoming a company with a carbon-neutral branch portfolio by 2030 by establishing emission reduction targets aligned and confirmed with the Science Based Target Initiative (SBTi) and limiting the increase in the Earth's average temperature to below 1.5ºC.

   At year-end 2023, the Colonial Group has reduced the carbon footprint intensity for scopes 1 (direct emissions) and 2 (indirect emissions) of our portfolio by 78% like-for-like from the base year 2018, which has accelerated the strategic decarbonisation plan.

4. Maximum levels of loyalty, satisfaction and commitment to our clients, offering the best solutions.

   The Colonial Group's occupancy rate is 97%, one of the highest in the sector, with high trading volumes in the three markets in which the Group operates.

5. Development of one of the best teams in the sector, by attracting and retaining talent and continuous training of our employees.

   The Colonial Group continues to work on a strategic human resources plan in order to accelerate and consolidate the leadership of its teams.

6. Highest standards of corporate governance at national and international level.

   The Colonial Group is among the companies with the highest standards in the sector, implementing international recommendations and best practices with the highest level of transparency.

7. Maximum financial discipline to ensure an attractive risk-adjusted return which is sustainable in the long term.

   - Profitability based on the generation of a stable cash flow from prime portfolio rentals in conjunction with value creation through real estate transformation and new prime product creation.

   - Financial discipline with a solid capital structure and a clear vocation to maintain the highest credit rating standards and an Investment Grade financial structure.

   - Solid and sustainable long-term capital structure, committed to sustainable financing, being the first IBEX 35 company with all its bonds being green.

Colonial has a product strategy that is based on the "3 Es", which stand for efficiency, experience and environmental.

Efficiency: this is sought in the type of product. Colonial invests in real estate spaces with horizontal buildings and spacious floor plans. This type of asset offers greater efficiency and is a competitive advantage over other types of assets, such as towers, as their areas save space and therefore rents for their clients. In addition, more efficient product design allows for multi-tenant buildings with a high degree of client diversification.

Experience: a satisfactory workplace experience is sought. According to the latest research, future demand for branches is expected to focus on two main areas: the optimization of commuting times and having a satisfactory **experience** in the workplace and its surroundings.

Environmental setting: a key part of Colonial's strategy is based on how its activity affects the environment and therefore pursues excellence in ESG and decarbonisation by developing and operating sustainable assets that minimise the carbon footprint of the entire value chain. For this reason, Colonial seeks to meet the highest standards of efficiency, social policy and governance; proof of this is the constant improvement in the different ESG ratings in which the company participates, such as GRESB, CDP, MSCi and Vigeo.

The result of the entire Colonial team applying the “3 Es” strategy is that the Group has a high volume of contract renewals. A high percentage of our clients remain in Colonial assets for more than five years. This enormous client retention capacity confers solid resilience and creates recurring revenue for the company.

In addition, this prime asset portfolio allows us to attract the best clients with a high degree of creditworthiness.

Colonial is committed to being at the forefront of the real estate sector and to further innovation as a driver of value generation, mainly through flexible spaces and the digitalisation of our buildings.

3.2.2 Excellence along the real estate value chain

Colonial has been improving its processes and procedures to create an efficient organisation focused on creating long-term value for its shareholders, investors, employees, clients and stakeholders.

Colonial has significant know-how in the company that allows it to achieve excellence in the various phases of the value chain of an office building: purchase, refurbishment, marketing, management of the building and sale, where applicable.

Through its own employees, Colonial controls all phases of the value chain, paying particular attention to those areas aimed at customer satisfaction. Identifying the location, product design, client handling and management, as well as offering new services, are very relevant aspects of our value chain and are therefore managed internally.

In the same way, we also rely on the best professionals and external partners in those cases where it is more efficient to do so with the help of third parties, as shown in the following table:

	Acquisition	Refurbishment	Commercialization	Property management	Disposal
Colonial Teams	Investment, corporate and legal team	Project Teams	Commercial and legal team	Property, project and legal management team	Investment, corporate and legal team
Collaborators	Shareholders, brokers, capital markets	Architects, Engineers, Construction Companies	Clients, Brokers	Clients, service and maintenance companies	Shareholders, brokers, capital markets

3.3. | ESG strategy and decarbonisation

3.3.1 Double materiality and stakeholder analysis

Colonial Group's ESG strategy is based on optimising value for its shareholders and all its stakeholders, reinforcing a relationship of trust and quality by assessing their expectations and concerns. In order to identify and respond to these key issues, the Colonial Group carried out a double materiality analysis in 2023. The concept of materiality is fundamental, as this analysis allows the Colonial Group to focus its strategy and business objectives on the issues with the greatest impact.

It also establishes a dialogue with key stakeholders on the organisation's strategic issues, creating transparency and commitment on both sides and identifying stakeholder needs in order to reorient the company's strategy in that direction. This communication is key to ensuring that our stakeholders can understand how the different relevant issues relate to and integrate with our strategy.

For a clear analysis in line with future legislation and industry priorities, it is essential to monitor the main trends and potential challenges that industry players must face in the global real estate market.

The double materiality analysis is a fundamental starting point for sustainability decision-making and a key element in ESG reporting. European regulators have promoted this double materiality approach as an evolution of the traditional concept of materiality, considering it the best methodological approach to define which issues are relevant for companies in the field of sustainability.

This approach entails assessing materiality from two perspectives: impact materiality and financial materiality. The double materiality is the result of the combination of these two aspects.

Impact materiality: Impact that the company causes or could cause on people, the environment and other stakeholders, whether in the short, medium or long term. The impact perspective encompasses the entire value chain, not limited to direct contractual relationships. Considering both the impacts caused directly by the company and those to which the company contributes through its operations, products and services.

Financial materiality: Effect that the environment has or could have on the economic value of the company. The financial perspective allows the analysis of those sustainability issues that generate or could generate risks and opportunities for the company in the short, medium or long term, which could influence the company's cash flows and have a financial impact.

In this regard, the Colonial Group has carried out an initial double materiality exercise based on the new European reporting legislation that will apply in the future to the company, taking into account the general principles established by the ESRS and some methodological bases included in EFRAG's draft double materiality implementation guide regarding the evaluation of impacts, risks and opportunities (IRO):

a) **Assessment of the company's current situation**: The company has conducted an external and internal analysis to understand all potentially material issues. This analysis has taken into account both current and future regulations, the risk analysis previously carried out by Colonial, the sectoral issues specific to the Group's activity (own operations and a first approach to the value chain) and the ESG priorities of stakeholders (based on internal information available in this respect).

b) **Identification of IRO and their assessment**: The main IRO associated with the potentially material issues identified in the previous phase have been analysed and defined.

c) **Evaluation of the IRO**: The IRO have been assessed considering the thresholds defined for each of the perspectives.

d) **Development of the double materiality matrix**: The double materiality matrix has been developed based on the results obtained during the assessment of the IRO.

Methodological issues in the evaluation of IRO:

For each of the perspectives, a specific evaluation methodology has been followed:

- **The impact perspective** has made it possible to determine which issues are material to Colonial by considering the scale, scope, remediability and likelihood of impacts.(1)

- **The financial perspective** has made it possible to determine which issues are material to Colonial considering the magnitude and likelihood of risks and opportunities affecting the company's financial statements.(2)

Once evaluated, they have been consolidated at the subtopic and topic level.

(1) The impacts defined for each of the potentially material issues have been classified according to whether they are actual positive, potential positive, actual negative or potential negative. Based on this classification, the scale, scope, remediability and likelihood of each of the impacts has been assessed.

(2) The assessment scales for the magnitude and likelihood of risks and opportunities have been aligned with Colonial's risk methodology and, wherever possible, the effects of risks and opportunities have been financially quantified.

Colonial Group's double materiality matrix

The double materiality analysis carried out throughout 2023 by the Colonial Group has enabled it to define which ESG issues are and will be material for the company. This prioritisation of relevance is reflected in the double materiality matrix developed as part of the analysis.

In this analysis, 15 ESG aspects have been integrated, which in turn cover 22 sector-specific sub-topics. These topics have been selected based on the internal and external analysis carried out in the first phase of the work and take into account a selection of sustainability topics and sub-topics defined by the ESRS. The issues shown in the matrix will be reviewed periodically with the objective of ensuring an optimal approach to the company's strategy in a dynamic manner, in line with the relevant context and as assessed by relevant stakeholder concerns.

Specifically, looking ahead to the upcoming year, Colonial will carry out an exhaustive review of the current double materiality analysis, with the aim of fully aligning it with the contents of the ESRS and the implementation guide of EFRAG's double materiality, once it is approved.

These analysis points are directly linked to the Sustainable Development Goals, known as SDGs, and are classified according to the company's three pillars:

Environmental

Resilience & low-carbon future

"Built to last"

Development of future-proofed buildings & efficiency in operations

- Energy and carbon in buildings' operations
- Embodied carbon in projects and purchases
- Low-carbon destinations and mobility
- Circular economy
- Climate change adaptation and portfolio resilience
- Water management
- Biodiversity and ecosystems
- Pollution prevention and mitigation

Social

Office buildings with a positive social impact

"Built to gather"

Offer to our tenants the areas and the premises they want to work in

- Tenants relation, wellbeing and satisfaction
- Human capital
- Contribution to urban development and cultural heritage
- Social responsibility in the value chain

Governance

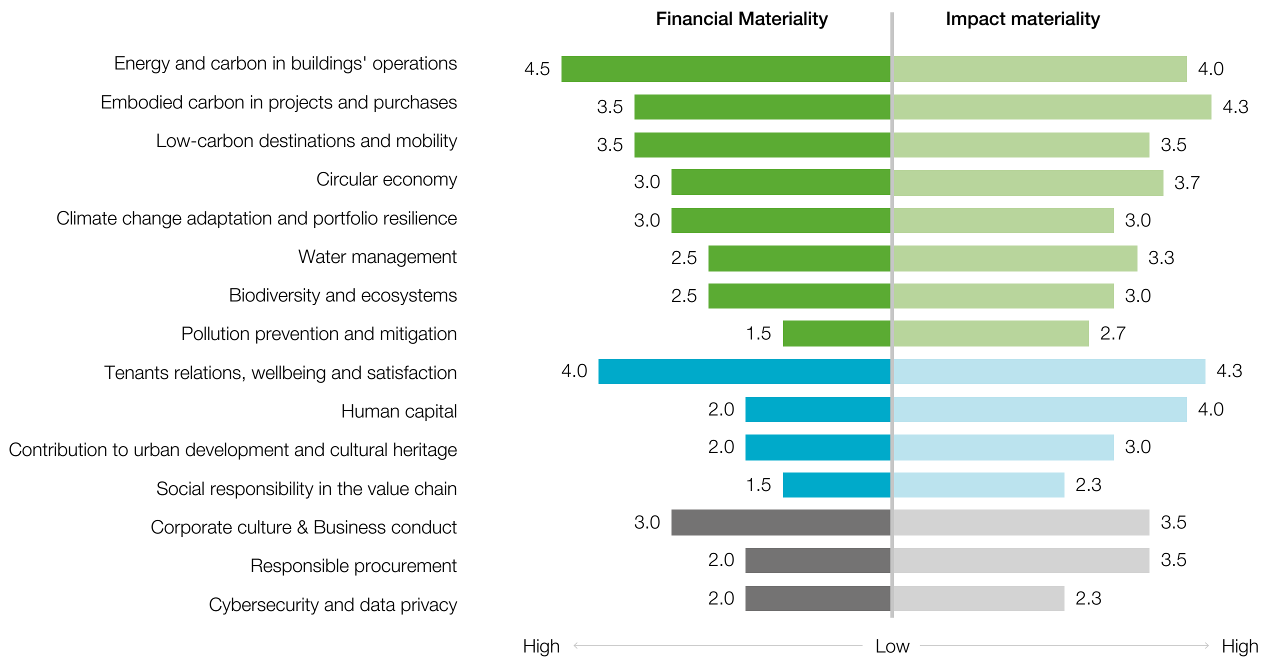
Responsible practices across the value chain

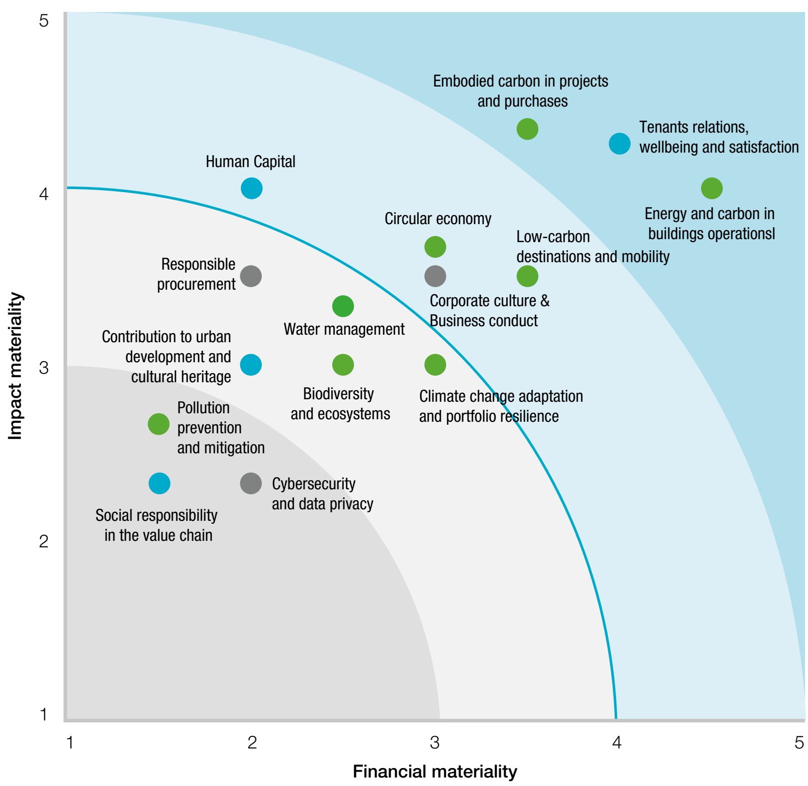
"Built together"

Commit to the highest standards of corporate governance and transparency

- Corporate culture and business conduct
- Responsible procurement
- Cybersecurity and data privacy

All of these aspects have been examined to identify actual and potential material risks and opportunities, and to assess their financial materiality and impacts. The following graph details the specific results for each topic:





The relevance of the assessed topics is determined by their position in the double materiality matrix. This matrix is composed of two axes: the horizontal axis represents the financial perspective and the vertical axis represents the impact perspective.

Of the fifteen topics analysed, seven have reached the materiality threshold for the Colonial Group, located in the blue areas of the graph. These strategic topics have dedicated action plans and objectives, and the disclosure of their impacts, risks and opportunities are highlighted in this report.

The issues that fall into the following light grey areas of the matrix, although not considered strategic, may be important issues for certain stakeholders. Therefore, although in less detail, Colonial's strategy for its management is also covered throughout the report. The remaining issues in the dark grey area of the matrix are considered non-material. Likewise, these remaining issues of lesser relative impact continue to be assessed by the Colonial Group and their materiality will be reassessed on a regular basis.

The issues classified as strategic are explained in detail below:

- **Energy and carbon in buildings' operations**: energy consumption (fuels and electricity), energy efficiency measures and investment in renewable energy (self-consumption).

  Climate change mitigation refers to efforts to reduce or prevent man-made greenhouse gas (GHG) emissions that contribute negatively to global warming.

- **Tenant relations, wellbeing and satisfaction**: a set of initiatives undertaken to build relationships with customers in order to identify their needs, concerns and expectations, and thus ensure their safety, wellbeing and satisfaction.

- **Embodied carbon in projects and purchases**: set of measures and initiatives put in place to reduce Scope 3 emissions, such as emissions related to embodied carbon. This includes all measures implemented to offset residual carbon emissions and reduce carbon-related emissions arising from the construction, operation and maintenance of properties.

- **Low-carbon destinations and mobility**: prioritise the development of properties with easy access to environmentally friendly transport options (prime location, installation of electric chargers, etc.) and encourage sustainable transport.

- **Circular economy**: efficient use of raw materials and waste management, promoting sustainable practices such as the reuse of materials and the use of low-carbon materials.

- **Corporate culture and business conduct**: A set of corporate practices and values that promote ethical, upright and sustainable behaviour in compliance with applicable regulations.

- **Human capital:** encompasses different material sub-topics such as diversity and equal opportunities, human rights, training and talent development, occupational health and safety, among others.

Of these most relevant points raised in the analysis, during the 2023 financial year the Colonial Group has made significant progress that shows the commitment and effectiveness of Colonial's strategy in these areas, establishing specific objectives to address them.

Energy and carbon in buildings' operations

- GHG intensity(1) (scopes 1 and 2) of 4 kgCO_2e/sqm, 18% reduction compared to 2022.

- GHG emissions(1) (scopes 1, 2 and 3 partial) of 12,681 tCO_2e, showing a reduction of 32% compared to the previous year.

- Intensity of energy consumption of 152 kWh/sqm, a reduction of 9% in the entire portfolio compared to the previous year.

- Optimisation of the conductive maintenance of building installations and improved environmental performance through the implementation of Royal Decree Law 14/2022.

- 88% green power supply, an increase of 1,462 b.p. year-on-year.

- Main areas of work to reduce carbon impact:

  - Control, restraint and balance in the operation of the common and private areas of the assets.

  - Development of a circular economy and the reduction of embodied carbon in projects.

  - Support for the deployment of new forms of mobility for employees and users of Group assets.

Tenant relations, wellbeing and satisfaction

- The Colonial Group has a high volume of renewals of its rental contracts, the result of the work, the Group's professional specialisation and the long experience of the entire Colonial team.

- Customer satisfaction surveys to meet customer needs.

(1) Greenhouse Gases (GHG).

Embodied carbon

- Creation of a Group-specific Life Cycle Assessment (LCA) standard.
- 2030 target of embodied carbon intensity(2) of major retrofit projects equal to or less than 500kgCO_2e/sqm during the production and construction phases.
- 2030 target of embodied carbon intensity(2) of major retrofit projects equal to or less than 700kgCO_2e/sqm throughout the asset's life cycle.

Low-carbon destinations and mobility

- CBD locations that optimise travel to offices, both in terms of time and carbon footprint. 99% of Colonial's portfolio is located in the city centre (78% of Colonial's portfolio is located in the CBD and the remaining 22% in consolidated business markets).
- 100% of assets in France are within six minutes of a metro, bus or tram station.
- Efficient designs, flexible product and top-quality energy efficiency.

Circular economy

- Waste recovery target of 97% by 2030.

Corporate culture and business conduct

- Code of Ethics applicable to the entire Group and available to all stakeholders.
- Dissemination of the Ethical Channel to all Colonial and Utopicus employees, without recording any complaints.
- Anti-Corruption policy.
- Whistleblower protection.

Human capital

- 100% of employees have received training.
- A total of 10,447 hours of training have been provided to employees (a 33% increase compared to 2022).
- Commitment to diversity and inclusion, as reflected in the framework of our Equality Plan.
- 61% of employees are women.
- 38% of the Board of Directors members are women.
- Best Workplaces 2023 certification according to the Great Place to Work survey, for the third consecutive time.

(2) Calculations based on the Colonial Group's life cycle calculation principles aligned with market best practices and with a life cycle assumption of 50 years.

Stakeholders

Colonial Group's ESG strategy aims to maximise value for its shareholders together with all its stakeholders, as well as to ensure a trusting and sustainable relationship with them.

In this respect, a stakeholder management model has been defined, based on international best practices, considering in particular the standards of the Global Reporting Initiative (GRI) and ISO 26000.

This model ensures adequate identification of the expectations and the significant economic, social and environmental impacts of Colonial's activities on its stakeholders.

Our model for the identification of stakeholders is divided into three phases:

1. **Identification and categorisation of stakeholders**: identifying, together with Colonial's management, the tasks and operations carried out by the organisation and its interaction with the environment.

2. **Prioritisation in view of objectives and impacts**: assessing the influence of the stakeholder on the achievement of Colonial's strategic objectives, as well as the impact that the activities have on each stakeholder considered.

3. **Categorisation of the type of relationships**: the relationship framework makes it possible to categorise the type of relationship with each stakeholder and to define the most appropriate management and communication channels.

Internal stakeholders	External stakeholders
Employees and workers' representatives	Clients and tenants
Shareholders and investors	Financers
	Suppliers and contractors
	Society

Communication with stakeholders

Within the framework of communication of economic/financial, non-financial and corporate information, the company has the following communication with its stakeholders:

Stakeholders	Products	Channels
Employees	▪ "Colonial counts on you" platform ▪ Employee Portal Platform "MyOrbital"	▪ Company intranet ▪ Points of contact ▪ Human resources email ▪ Complaints channel ▪ Compliance training channel ▪ CG Training Channel ▪ Horizontal and vertical informal communication channels
Clients and tenants	▪ Quarterly newsletter publication ▪ LED screens in building lobbies ▪ User guide on best practices in environmental management ▪ Special events for building users ▪ Biannual newspaper in Washington Plaza	▪ Property managers ▪ Space Manager and Community Front (coworking spaces) ▪ Surveys and programmes ▪ "Coffee with the Manager" programme ▪ Satisfaction surveys ▪ Paris Workplace barometer ▪ Colonial-Utopicus initiatives ▪ Customer portals ▪ Newsletter ▪ Blog and social media ▪ Colonial Intranet: inmuebles.inmocolonial.com ▪ Customer management points of contact +34 93 404 79 00 www.inmocolonial.com
Suppliers and contractors	▪ Supplier selection process	▪ Supplier approval questionnaire ▪ Supplier management platform ▪ Points of contact with purchasing managers: proveedores@inmocolonial.com

Stakeholders	Products	Channels
Shareholders and investors	▪ Quarterly earnings reports and respective webcast presentations ▪ Press releases ▪ Integrated Annual Report ▪ Shareholders' Meeting ▪ Direct communication through visits, telephone and video calls and email communication ▪ Relevant fact: IP / OIR	▪ Shareholder services office: accionistas@inmocolonial.com ▪ Investor services office: inversores@inmocolonial.com ▪ Colonial website ▪ General Shareholders' Meeting ▪ Investor roadshows ▪ Meetings and events with shareholders: Capital Market Day, Field Trip ▪ Spanish National Stock Market Commission (Comisión Nacional Mercado de Valores - CNMV) ▪ Mailing to shareholders and investors ▪ Online results presentation event (webcast) ▪ Press release distribution via communication agency
Financers	▪ Quarterly earnings reports and respective webcast presentations ▪ Press releases ▪ Integrated Annual Report ▪ Multiple ESG interviews with Colonial executives	▪ Inmobiliaria Colonia points of contact: Switchboard ▪ Colonial website ▪ Shareholders' Meeting ▪ Spanish National Stock Market Commission (Comisión Nacional Mercado de Valores - CNMV) ▪ Other Communication Channels
Society	▪ Quarterly earnings reports and respective webcast presentations ▪ Press releases ▪ Integrated Annual Report ▪ Multiple ESG interviews with Colonial executives	▪ Inmobiliaria Colonia points of contact: Switchboard ▪ Colonial website ▪ Shareholders' Meeting ▪ Spanish National Stock Market Commission (Comisión Nacional Mercado de Valores - CNMV) ▪ Social Media

3.3.2 Governance model and conceptual framework

Our ESG strategy pursues an integrated holistic approach to the three dimensions of E, S and G, prioritising all initiatives focused on enhancing value creation for the company and for the Group's shareholders.

In this respect, the Group's corporate strategy and ESG strategy are fully integrated and managed in a way that creates long-term sustainable value for all stakeholders.

Board of Directors

The Board of Directors establishes and determines the Company's general strategies and policies, particularly, strategic development in terms of ESG and policies on this subject.

Seeking the best interests of the Company, and in compliance with laws and regulations and conduct based on good faith, ethics and respect for uses and commonly accepted good practices, the Board of Directors strives to reconcile corporate interests with the legitimate interests of its employees, suppliers, clients and any other stakeholders that could be affected, and the impact of the company's activities on the community as a whole and on the environment.

Sustainability Committee

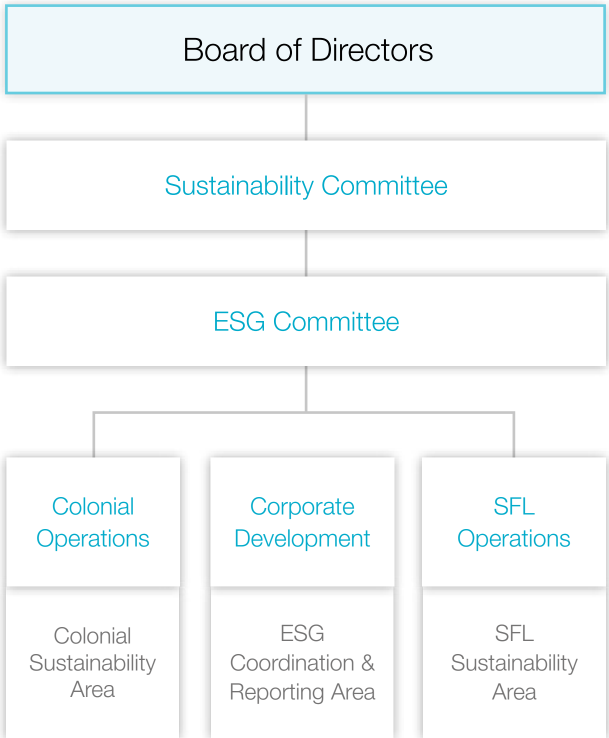
In order to accelerate strategic leadership in ESG matters, at the end of 2020 Colonial set up the Sustainability Committee, a committee of the Board of Directors to which it attributed the following functions, among others:

i. Evaluate and review on a regular basis the environmental and sustainable development policies approved by the company's Board of Directors and check that the company's environmental and sustainable development practices are in compliance with those policies.

ii. Assess and monitor proposals for the company to form part of the most widely acknowledged international sustainability indexes.

iii. Advise the Board of Directors regarding the environment and sustainable development in accordance with internationally accepted best practices.

ESG governance model



iv. Analyse preliminary draft legislation, voluntary initiatives and recommendations on environmental and sustainable development issues and their possible effects on the company's activities, as well as report on the possible impact on company of European regulations and national, regional and local legislation on environmental and sustainable development issues, with a view to adopting the appropriate decisions.

v. Analyse the indices and measurement tools commonly accepted in international practice to assess and measure the company's environmental and sustainable development positioning and to provide recommendations for improving the company's positioning.

vi. Issue reports and carry out the corresponding actions in environmental and sustainable development matters.

The Sustainability Committee met four times in 2023. The Committee is composed of four members of Colonial's Board of Directors, specifically Ms Silvia Alonso-Castrillo Allain, Ms Ana Bolado Valle, Ms Ana Peralta Moreno and Mr Luis Maluquer Trepat.

ESG Committee: Committee composed of members of Colonial Group's Management Committee

At the end of 2018, Colonial Group created the ESG Committee to ensure the operational implementation of the strategic guidelines of the Board of Directors and, in turn, of the Sustainability Committee.

The functions assigned to the ESG Committee and the Sustainability Committee enable the monitoring of measures to manage climate change risks and opportunities.

The ESG Committee meets at least quarterly, but met seven times in 2023 and discussed the following topics:

- Monitoring and analysis of Colonial's position in the sustainability indices.
- Update of the strategic decarbonisation plan: Decarbonisation Plan 2.0.
- Creation of a Group-specific Life Cycle Assessment (LCA) standard.
- CRREM analysis of the Group's portfolio.
- Energy certifications.
- Analysis of taxonomy implications.
- Social and Governance Action Plan.
- Drawing up the 2023 Integrated Annual Report.

Operational implementation areas

Within the Corporate Development Department, the new ESG Coordination and Reporting area was created in 2021, whose functions include the coordination of all ESG areas, as well as the analysis of the company's business plan and its return in value.

This area collaborates with all areas of the company, although in order to monitor, update and comply with the ESG business plan and it relies in particular on the **sustainability areas of Colonial Spain and SFL**.

3.3.3 ESG Policy and Strategic Plan

A core element of the Colonial Group's corporate strategy is its commitment to excellence and leadership in ESG, as this is the basis for ensuring sustainable long-term returns for the company, i.e. for the Group's shareholders and all stakeholders.

The Colonial Group understands the ESG area and its corporate strategy as an integrated approach that seeks to achieve maximum levels in each of the three dimensions: (1) E for "Environmental", i.e. sustainable management of the entire real estate value chain; (2) S for "Social", by enhancing the contribution to employees and society; and (3) G for "Governance", by committing to the highest standards of corporate governance and transparency.

We believe that this integrated approach will bring sustainable returns in the long term for both the company in general and also for our shareholders.

Our ESG commitment is reflected in our ESG policy (or Corporate Social Responsibility - CSR, a term also used in the markets and in various forums) applicable to all our stakeholders.

In particular, our ESG policy is grouped into five main areas of action that allow us to focus our efforts in a methodical and efficient manner.

Environmental
Environmental commitments

Social
Social commitments

Governance
Governance and transparency commitments

Eco-efficient management

Client satisfaction and loyalty

Value generation

Ethics and compliance

Talent management & people development

Strategic Plan

The Colonial Group aspires to clear leadership in ESG, which is an essential element in the Group's strategy, prioritising a long-term sustainable return based on a model where quality is paramount. In this respect, the corporate strategy has at its core the highest standards of excellence in the areas of governance, social and sustainable investment.

The company continued to work on the implementation of a strategic decarbonisation plan to be able to reach increasingly ambitious targets, given the current relevance of sustainability issues. This plan is based on the Colonial Group's commitment to achieve carbon neutrality in its entire office portfolio by 2030, and to be fully aligned with the Paris agreement, signed in December 2015, establishing emission reduction targets aligned with the Science Based Target Initiative (SBTi) and with limiting the increase in the Earth's average temperature to below 1.5 ºC.

During the 2023 financial year, the Colonial Group developed a new climate strategy. This increases the scope and ambition of the Group's actions, thus enhancing the company's carbon strategy through a holistic approach and identifying concrete actions for all categories. This in turn allows the definition of specific targets for each of the sources of carbon emissions that make up the Group's carbon footprint.

The framework of this new climate strategy is based on three main pillars:

1. Reduce the Group's emissions for all categories by developing and identifying actions across the value chain and achieving maximum energy efficiency.

2. Avoid emissions from third parties (stakeholders, customers, etc.), setting targets to encourage improvements and other necessary actions.

3. Removal of CO_2 from the atmosphere, with the development of natural elements or processes that absorb and store carbon, thereby helping to mitigate climate change by absorbing carbon dioxide from the atmosphere.

In addition to this strategy, the company has an internal carbon price as a key element for prioritising and determining the most efficient actions in decarbonisation. Each tonne of CO_2 would have an associated price which would be passed on to the activity and serve to manage activities from the point of view of the most efficient energy production and consumption possible.

In this respect, the internal carbon price set by the company was €100/tCO_2e, approved by the Sustainability Commission and applicable to any new investment to be carried out.

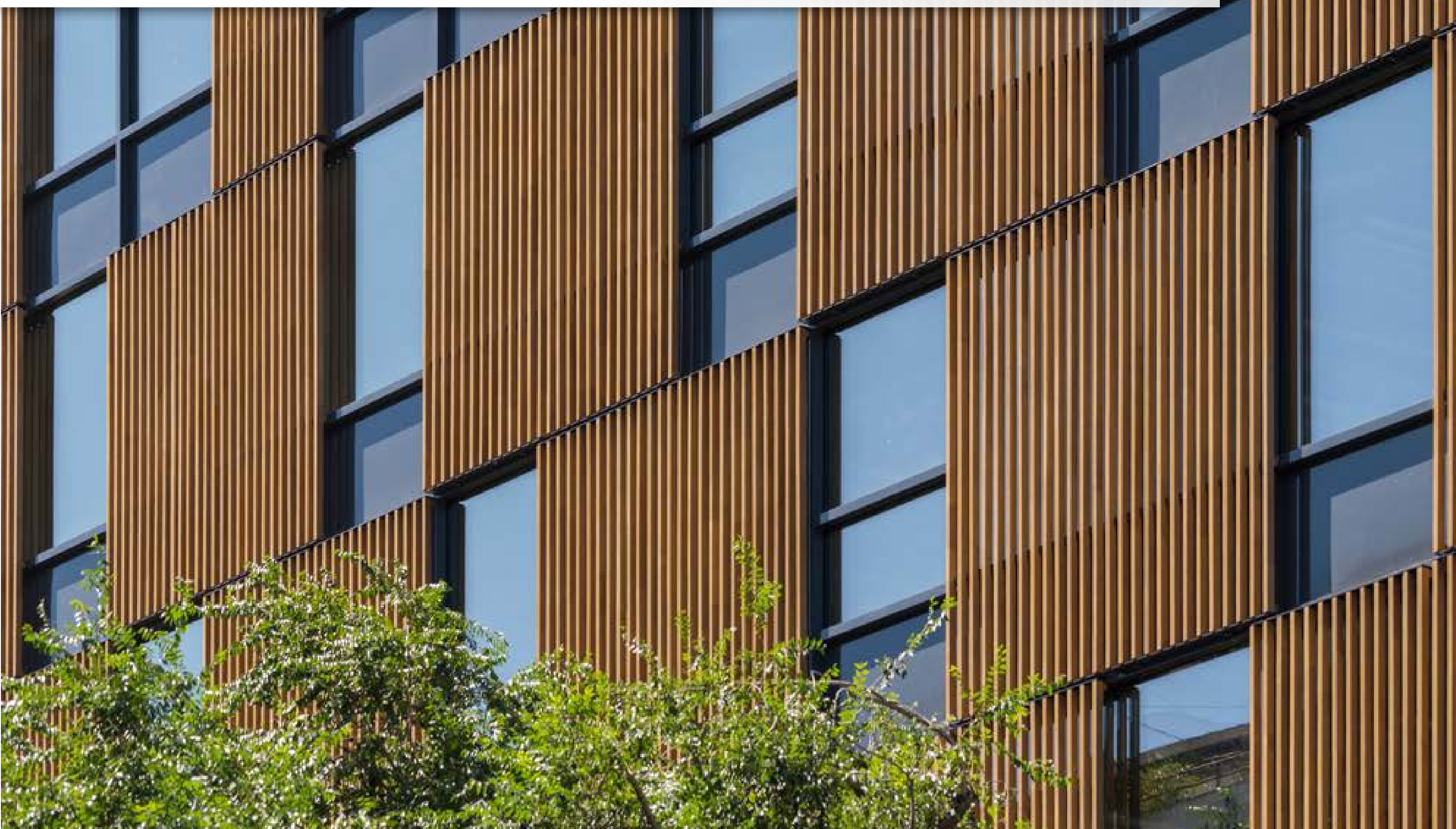
During 2023, the Colonial Group continued working to achieve maximum reductions in its carbon footprint and has reached the lowest levels in the European sector.

Sustainable Development Goals

In line with its strategy focused on long-term sustainability, the Colonial Group is committed to the 2030 Agenda adopted by the United Nations (UN) in September 2015 for sustainable development, which established a total of seventeen global goals (known as Sustainable Development Goals or SDGs).

Therefore, the Colonial Group has carried out an analysis of its contribution to achieving the SDGs and all the actions included in the ESG strategic plan have been examined in detail. Based on this analysis, the main goals on which the organisation can generate a greater positive impact have been identified, as well as other interrelated SDGs to which the Colonial Group also contributes. The different sections of the report detail the Group's specific contribution to each objective through the monitoring of key indicators.


Colonial
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION



3.4. | Value created by Colonial and its stakeholders

At Colonial, we focus on creating value for our stakeholders in undertaking our activity in the long term and in a sustainable way.

Shareholders and investors (shareholders)

Recurring net profit growth

- Net rental income of €353m, +9% like-for-like compared to the previous year.
- Group EBITDA of €316m, +12% compared to 2022.
- Recurring net profit of €172m, +7% year-on-year.
- Recurring earnings per share of €31.9 cts, +7% year-on-year.
- Recurrent net profit from continued operations,[1] +18%.

Solid operating fundamentals

- More than 158,000 sqm of letting volume, continuing at historically high levels.
- Occupancy levels of 97% (full occupancy in the Paris portfolio).
- Rental growth of 7%[2] in office contracts signed during the year.
- Acceleration in rental growth of +11%[2] in Q4 2023.

Asset valuation

- Portfolio Gross Asset Value (GAV) of €11,336 m, (9%) like-for-like in 12 months.
- Net Asset Value (NTA) of €5,372m, corresponding to €9.95/share.
- Net profit of the Group impacted by the asset value adjustment.

Active management

- Total disposals to date of €150m[3] in 4Q 2023 with a premium on appraisals.
- Disposal programs of €723m executed at prices in line with appraisal:
  - €574m were realised during 4Q 2022 and the first nine months of 2023.
  - €150m during the last quarter of 2023 and the first months of 2024.

Society (community)

Commitment to decarbonisation of the portfolio

- Decarbonisation plan of the asset portfolio validated by the international organisation Science Base Target Initiative (SBTi).
- Global net zero target for the Group's entire value chain by 2045.
- Existence of an internal price of €100/tCO_2e for carbon as a key element to prioritise and determine the most efficient actions in decarbonisation.

Climate change mitigation and energy efficiency

- GHG emissions[4] (Scopes 1 and 2) of 4 kgCO_2/sqm, a reduction of 18% compared to 2022 (–19% like-for-like).
- 72% like-for-like reduction compared to base year 2018.
- Energy consumption intensity of 152 kWh/sqm, 9% reduction across the portfolio compared to 2022 (–5% like-for-like).
- 88% green energy supply, 1,462 b.p. compared to the previous year.

(1) Portfolio in operation.
(2) Signed rent vs. market rent at 31/12/2022 (ERV 12/22).
(3) Binding disposal commitments subject to final settlement in 2024.
(4) Greenhouse Gases (GHG).

Leadership in ESG and decarbonisation

- Leader in Sustainalytics: 1st IBEX 35 company and Top 26 out of 15,536 companies in the world.
- CDP 2023 Rating A, top rating for the third consecutive year: leadership in the IBEX 35 and globally.
- GRESB 2023: rating at "5-Star" level, "Standing Portfolio" 94/100 in the Top 3 of the best listed real estate companies in Europe.
- Portfolio with 100% BREEAM & LEED certifications: Leader in Europe.

Revitalisation of urban areas

- Major building refurbishments have been delivered in the centre of Madrid, Barcelona and Paris, with a significant improvement in their carbon footprint.
- The design and execution of all projects are oriented towards the well-being of the building users and their community.
- Implementation of circular economy policies in all projects.

Investors, financial backers and other stakeholders

Composition and functioning of the Board

- Appropriate size (thirteen members).
- Separation of positions between CEO and Chairman. The Chairman has no executive functions.

Colonial's strategy is aligned with that of its shareholders

- Majority support for all items on the agenda at the June 2023 General Meeting with 78% attendance.
- Including approval of the dividend for the 2022 financial year.

Independence and diversity of the Board

- Degree of independence: 38.46%.
- Independence level of 53.85%, according to international standards (including microdominical as independent).[5]
- Gender diversity: 42% of non-executive directors are women.
- All Board committees are chaired by women.

Improvements in transparency

- Long-term Board remuneration plan in line with international best practice, with ESG-related targets.
- Evaluation of the Board's performance with the collaboration and intervention of an independent third party.
- Reviewing and updating of the anti-corruption policy.
- Development of several ethics and compliance actions.

Excellence in corporate governance

- Leading proxy advisors, ISS and Glass Lewiss, acknowledge the Group's good corporate governance practices.
- The main indices that evaluate ESG recognise Colonial's excellence in corporate governance.

(5) Under international standards, two of the current proprietary directors representing two shareholders with less than 10% of the share capital (Micro-Dominical) would qualify as independent directors.

Clients and tenants

User experience is key to user loyalty

- Improvements to the added services of the buildings.
- Improvements in the catering offer.
- Creation of new communal and lounge areas.
- Conversion of technical terraces to practicable terraces.

Continuous improvement of customer service

- Real-time measurement of client needs thanks to the PROPNET proprietary tool.
- Improvement of incident recovery times.
- Digitalisation of communication channels between clients and Colonial.

Safe and healthy spaces

- Bureau Veritas Global Safe Site certification.
- Zero incidents recorded for compliance with health and safety regulations.

Our people

Promoting equality among employees

- Commitment to diversity and inclusion to raise awareness of situations of discrimination in the workplace, as reflected in the framework of our Equality Plan.
- The performance appraisal process is professionalised by two main tools: Colonial Career Conversations (CCC) and Performance & Potential Picture (PPP).
- Commitment to gender equality:
  - 50% of the Management Committee is made up of women.
  - More than 60% of the Group's employees are women.

A good company in which to grow

- Colonial is included in the Best Workplaces 2023 according to the Great Place to Work survey, the third consecutive time it has achieved the certification.

High level of training for employees

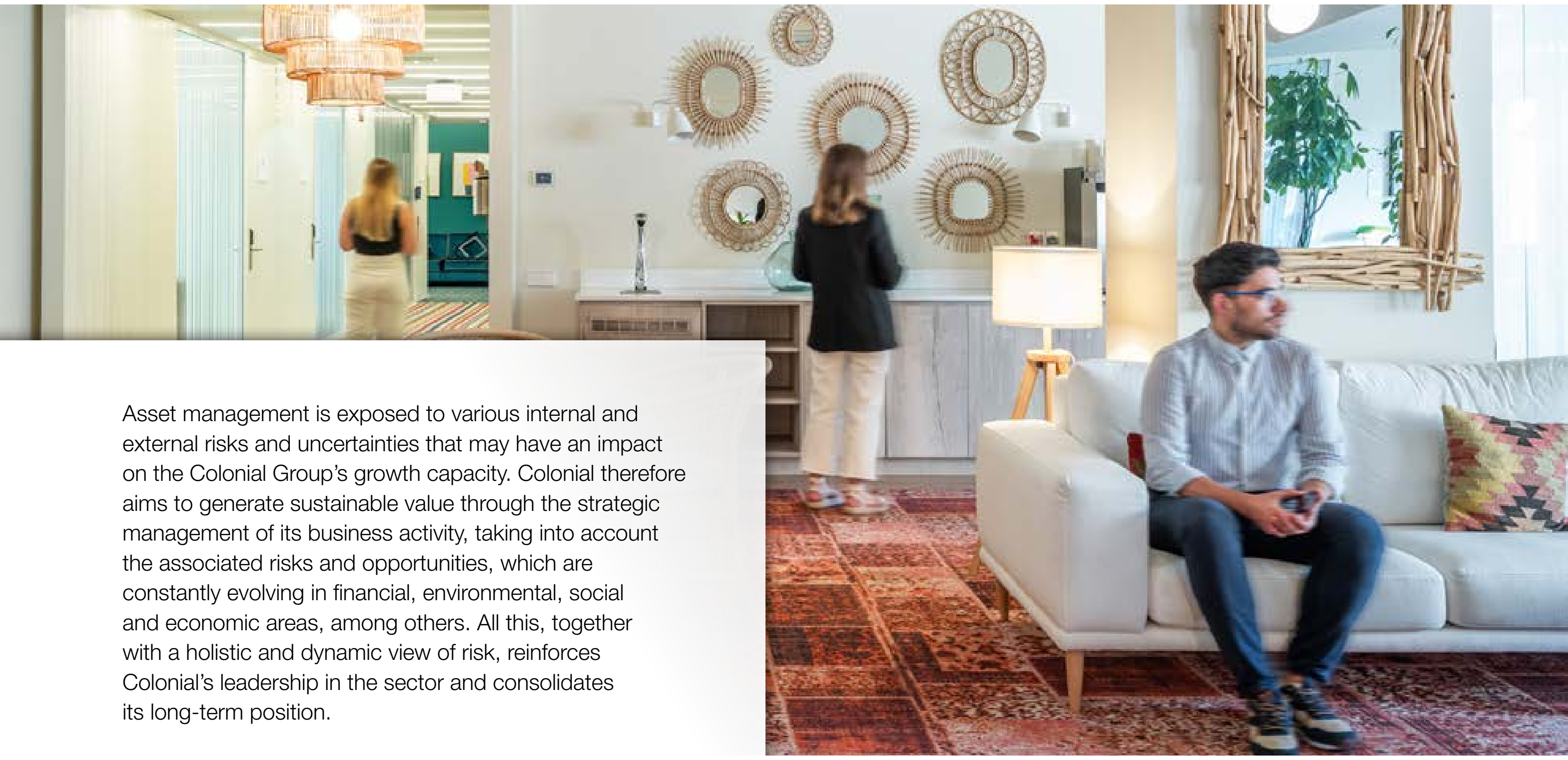
- Individual training plan per employee.
- 42.2 training hours per employee, +30% compared to 2022.
- 100% of employees have received training.

Value generated and distributed

Thousand euros	2023	2022
Generated value	**(1,022,596)**	**229,362**
Revenue	387,282	361,613
Other income	12,400	9,304
Net gain on sales of assets	3,542	5,938
Changes in value of investment properties	(1,425,820)	(147,493)
Distributed value	**(309,596)**	**(358,841)**
Personnel expenses	(31,098)	(36,219)
Other operating expenses	(55,974)	(55,298)
Income tax expense	37,678	7,626
Dividends paid	(143,235)	(168,474)
Interest paid	(116,801)	(106,309)
Donations	(166)	(167)
Retained value	**(1,332,192)**	**(129,479)**
Amortisations	8,828	8,988
Retained earnings	(1,341,020)	(138,467)
Retained value without incl. changes in value of investment properties	**93,628**	**18,014**
Amortisations	8,828	8,988
Retained earnings	84,800	9,026

4. Risk management

4.1. | Our risk management approach



Asset management is exposed to various internal and external risks and uncertainties that may have an impact on the Colonial Group's growth capacity. Colonial therefore aims to generate sustainable value through the strategic management of its business activity, taking into account the associated risks and opportunities, which are constantly evolving in financial, environmental, social and economic areas, among others. All this, together with a holistic and dynamic view of risk, reinforces Colonial's leadership in the sector and consolidates its long-term position.

Main highlights of 2023

- The first double materiality analysis has been carried out for the Group.
- The definition of the internal control system over non-financial reporting has been finalised in order to ensure the quality of the information published by the Group.
- Corporate risks have been updated and include climate and ESG risks identified by the Group.
- Environmental risk analysis has been integrated into the risk management model, as well as the analysis of opportunities in accordance with TCFD (Task Force on Climate-related Financial Disclosure) best practices.
- The Group continued to promote the risk culture within the Group, especially with the governing bodies, involving all members of senior management and the Board of Directors in risk management.

Priorities for 2024

- Integrate the management and monitoring of the internal control system over non-financial information into a digital tool.
- Carry out the taxonomy compliance analysis for the Colonial Group's asset portfolio.
- Conduct analysis of the implications for adaptation to new CSRD (*Corporate Sustainability Reporting Directive*) legislation.
- Continue to improve the detail of impacts, risks and opportunities in relation to the double materiality analysis.

4.2. Our risk management model

Risk and opportunity management is a key aspect of the organisation's culture and focuses on preserving the Group's value. In this regard, the Group has a **risk control and management policy** approved by the Board of Directors, which is developed more broadly through Colonial's **Risk Management and Control System (hereinafter RMCS)**, establishing the bases for efficient and effective risk management throughout the organisation. This system is based on the main guidelines and elements of the risk management structure defined by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

4.2.1 Bodies responsible for risk management

The main responsibilities for the RMCS are assigned to the Board of Directors, the Audit and Control Committee, the Management Team and the Internal Audit Unit. The RMCS also explicitly determines the responsibilities of senior management, operational management and risk owners in relation to risk management.

- **Board of Directors**: the Board of Directors is responsible for establishing the risk management and control policy, identifying the company's main risks and overseeing the internal information and control systems in order to ensure the Group's future viability and competitiveness.
- **Audit and Control Committee**: the Audit and Control Committee, as a body delegated by the Board of Directors, performs the following functions, among others, related to the supervision of risk management and control systems:
    - Submit a report on risk policy and risk management to the Board for approval.
    - Periodically review risk management and control systems to identify, manage and report key risks.
    - Oversee the preparation process, the integrity and presentation of the mandatory public information reporting (both financial and non-financial).
- **Management Team**: among other functions, it performs half-yearly reviews of risks in terms of impact and probability, analyses the need to include new risks (previously identified by each area) and eliminates those risks that are considered to be of little relevance.
- **Business units**: responsible for identifying operational risks in their respective areas of activity, as well as continuously reviewing and implementing controls to mitigate them.
- **Regulatory Compliance Unit**: responsible for ensuring proper compliance with regulations and laws that may affect the Group in the course of its business.
- **Internal Audit Unit**: responsible for carrying out the monitoring activities set out in its annual plans approved by the Audit and Control Committee to assess the effectiveness of the risk management processes, action plans and controls implemented by the relevant departments to mitigate the risks identified.

The Colonial Group has a risk management framework that allows for a comprehensive approach to risks from a top-down strategic viewpoint and from a bottom-up operational point of view, applying the three lines of defence model for the proper identification, mitigation and supervision of risks.

Top-down

Implement the RMCS and monitor the Group's risk exposure level

Board of Directors

- Approve risk management and control policy.
- Approve corporate risk map.

Heads of departments

- Identify operational risks in their department.
- Monitor risk events affecting their department.
- Monitoring of mitigating controls in place and their efficiency.

Risk Management and Oversight Committee

- Identify and monitor risks in each area.
- Periodically assess the criticality of their risks.
- Define an action plan.
- Define the corresponding controls.
- Monitor the risk indicators.

Audit and Control Committee

- Supervise the risk control and management systems.
- Corporate risk map analysis and monitoring.
- Supervise the preparation of financial and non-financial information.
- Directly supervise units with control functions (internal audit and regulatory compliance).

Business Areas

- Identify each unit's operational risks.
- Review of risk events under their responsibility.
- Implementation and ongoing review of mitigating controls.

Regulatory Compliance Unit

- Analyse regulatory compliance.
- Establish regulatory risk prevention system.

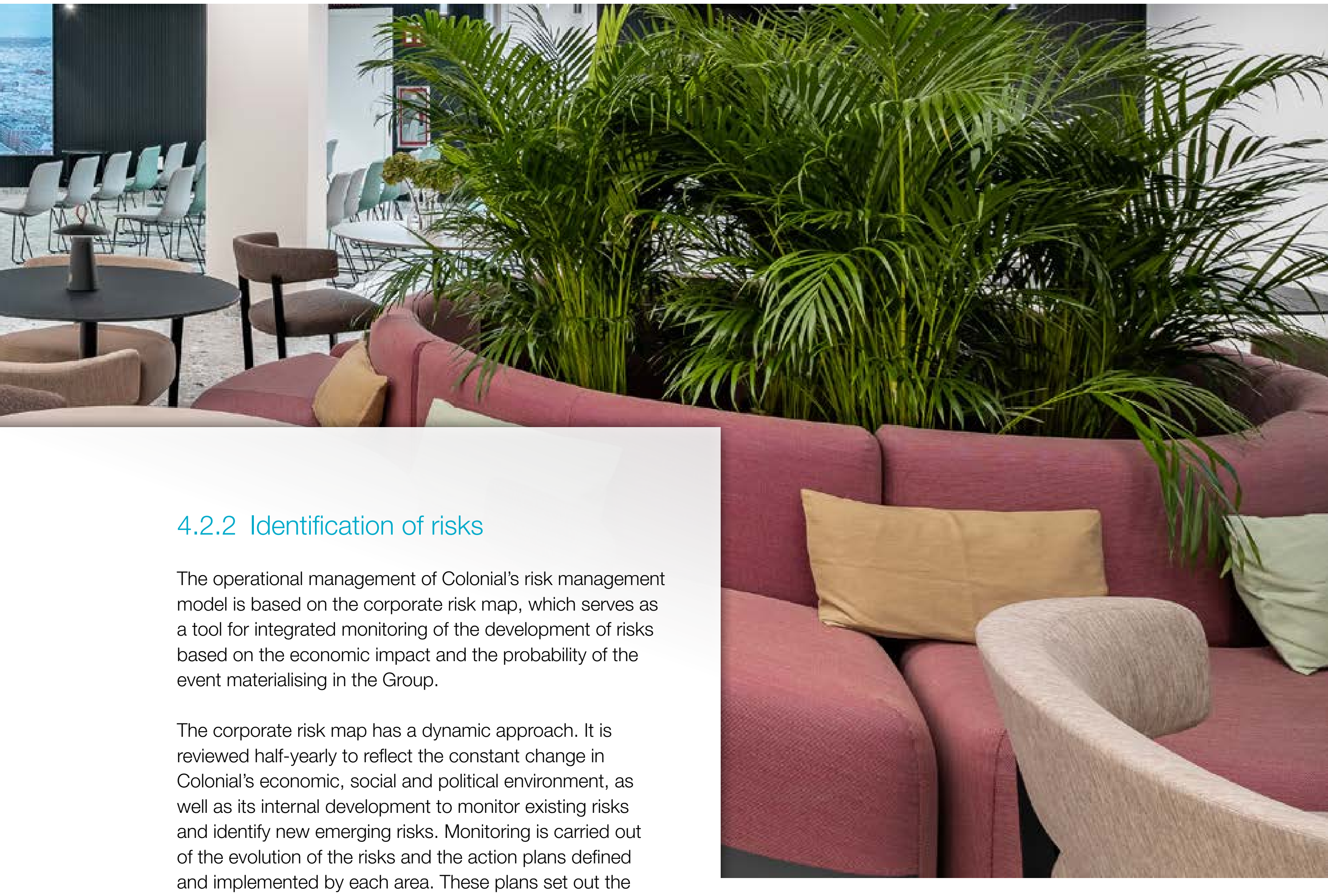
Internal Audit Unit

- Supervise RMCS effectiveness.
- Coordinate risk map assessment.

Bottom-up

Assess risks and implement operational controls

1st line of defence	2nd line of defence	3rd line of defence



4.2.2 Identification of risks

The operational management of Colonial's risk management model is based on the corporate risk map, which serves as a tool for integrated monitoring of the development of risks based on the economic impact and the probability of the event materialising in the Group.

The corporate risk map has a dynamic approach. It is reviewed half-yearly to reflect the constant change in Colonial's economic, social and political environment, as well as its internal development to monitor existing risks and identify new emerging risks. Monitoring is carried out of the evolution of the risks and the action plans defined and implemented by each area. These plans set out the necessary controls to mitigate each of the risks overseen by each area.

Colonial distinguishes between different types of risks to which it is exposed by their origin:

1. **External risks**: all those factors that arise from the environment in which Colonial carries out its activity and which influence and condition the company's operations.

2. **Internal risks**: all factors that arise from the performance of its activity and the day-to-day management of the company and its different areas.

Colonial identifies both internal and external environmental, social and governance (ESG) risks that are integrated together with the rest of the Group's corporate risks, as well as climate risks that are integrated within the environmental risks identified in the corporate risk map. Managing ESG risks allows Colonial to transform them into opportunities for improvement, which helps to manage the company's assets more efficiently and creates a positive environmental and social impact.

4.2.3 Risk assessments

Risk assessments are carried out on a six-monthly basis through reviews with the members of the Management Team (risk owners). In these reviews, risks are assessed in terms of impact and probability, and categorised according to their inherent level (risk level without assessing control measures) and residual level (risk level after assessing mitigating control measures), resulting in the main risks to which the Group is exposed, and which may threaten its business model and development.

It also analyses the need to include new risks identified by each area that could pose a threat to the Group and its activities, as well as the need to eliminate those risks whose exposure or influence on the Group's activities is considered to be of little significance after several review periods. In addition, risks are compared with respect to the last review and the factors that have influenced their variation are analysed in order to identify possible risk indicators for subsequent monitoring. Finally, the review includes an analysis of the action plan and specific controls to mitigate each risk.

4.2.4 Risk management

Risks are managed by each business unit, and these are led by the members of the Management Team. Each member is responsible for the risks in their area and their exposure to them, being responsible for defining to what extent the activities in their area are exposed to risk. To ensure that the Group's activities are within a tolerable level of risk and an acceptable degree of exposure, they must establish and ensure the proper functioning of the controls in place for mitigating the risks and that these are within the defined risk appetite.

The Internal Audit Department is responsible for verifying the correct functioning of the controls established by the different areas and that the mitigation measures are sufficient and appropriate to maintain an adequate level of exposure as established by the Board of Directors.

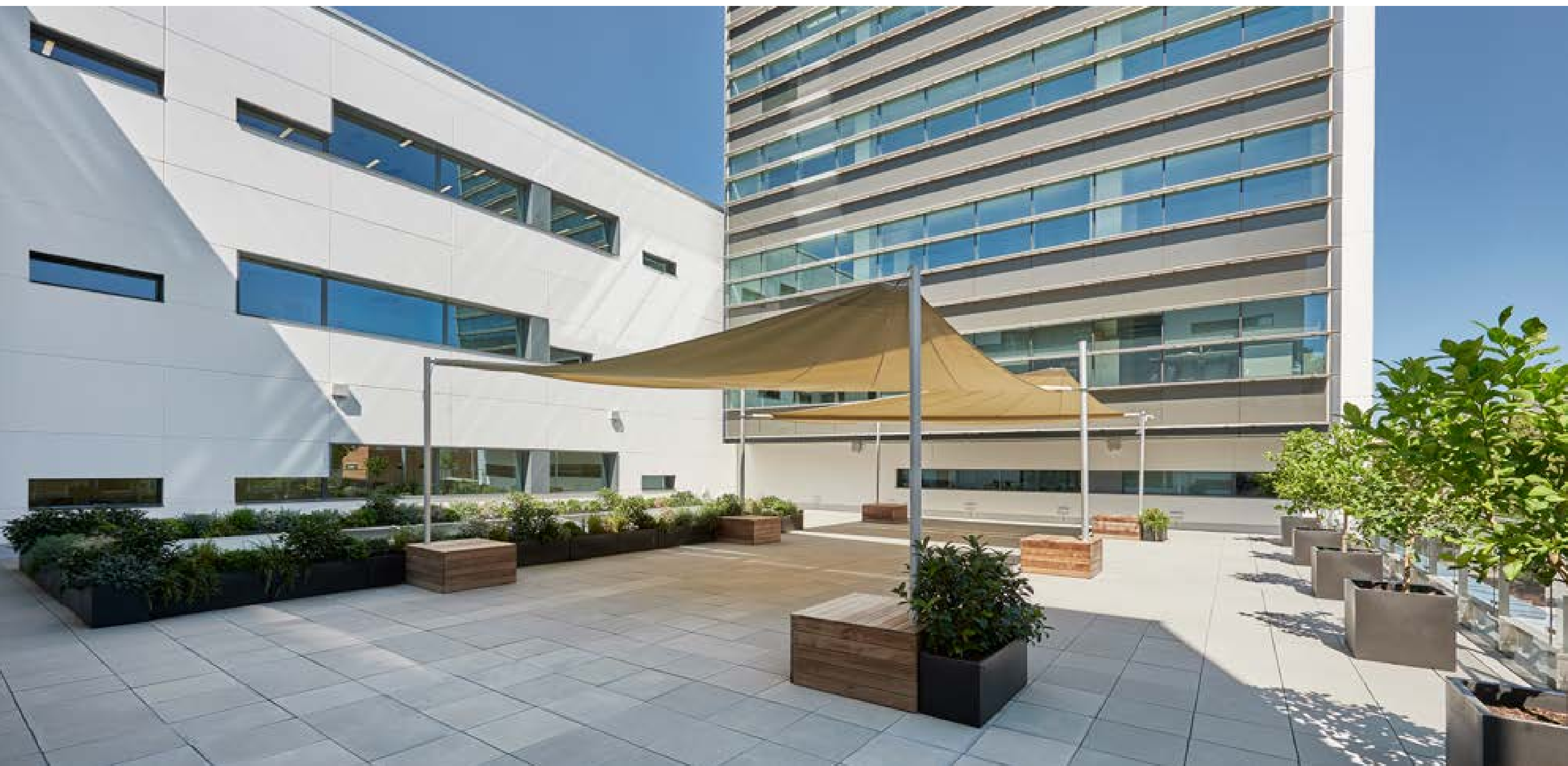
4.2.5 Risk exposure

In accordance with the framework defined in the RMCS, it is the responsibility of the Chief Executive Officer and the Corporate General Management to assess the Group's exposure to the risks identified, in order to achieve the objectives and strategy defined by the Group, as well as to preserve the Group's value, and to consider the expectations of its different stakeholders.

A half-yearly report is submitted to the Audit and Control Committee concerning the evolution of the risks, in order to monitor them with the governing bodies and review the Group's exposure to risks and define an action plan if necessary.

The Audit and Control Committee also reviews the Group's main activity indicators on a quarterly basis to ensure that the organisation's activities are not affected by an excessive exposure to risks, thus ensuring that its strategy is achieved, and that the degree of exposure to risks is adapted to changes in the business and its environment.

The Board of Directors approves the corporate risk map on an annual basis, analysing the information available and the most significant risk factors in each period. In this way, the Governance Body is aware of the Group's risks and that its exposure is appropriate through the Group's dynamic risk management and approach.



4.3. Main risks identified in 2023: description, impact and control measures implemented

Colonial's commitment in relation to the public information reported is to guarantee its transparency and integrity, a true and fair view and to ensure a robust control environment for the activities that make up the Group's Risk Control and Management System.

In order to achieve this commitment, the purpose of this section is to present the Group's main risks according to the assessment made by the management team, as well as the changing influence of each risk with respect to the previous year.

In 2022, a greater perception of risk was consolidated given the geopolitical and macroeconomic situation, marked by the context of high inflation and a sharp rise in interest rates, with an impact on property valuations. This situation led to the implementation of a strategy of divestments of mature assets and the prioritisation of the management of the financial structure and the level of indebtedness in such an environment.

Geopolitical tensions continued in 2023, mainly due to the prolongation of the conflict between Russia and Ukraine, as well as the outbreak of the war in the Gaza Strip, which led to a further deterioration in the macroeconomic situation and maintained uncertainty about the recovery of certain Eurozone economies. In this context, the volume of investment in the real estate sector has fallen by 60% at the European level, which has made it difficult to divest non-strategic assets.

Furthermore, in 2023 there was a high impact on the risk linked to the fluctuation of the real estate cycle, which has been materialised in a significant decrease in the valuation of the Group's real estate portfolio, as a result of the historical increase in interest rates adopted by the European Central Bank with the aim of trying to contain the high inflation that characterised the 2022 financial year and which has continued into 2023, albeit in a more contained manner. As a result of this sharp rise in interest rates, managing debt levels, liquidity and maintaining credit rating levels continued to be a priority for the Group, in order to have a robust financial structure to face the coming year and increase investment capacity in the face of opportunities that may arise in the sector.

The physical and transitional risks linked to climate change have led to the implementation of policies and strategies in this area, through the decarbonisation plan approved by the Group, as well as specific actions aimed at improving the quality of buildings and measuring their energy consumption levels, in order to optimise their environmental impact.

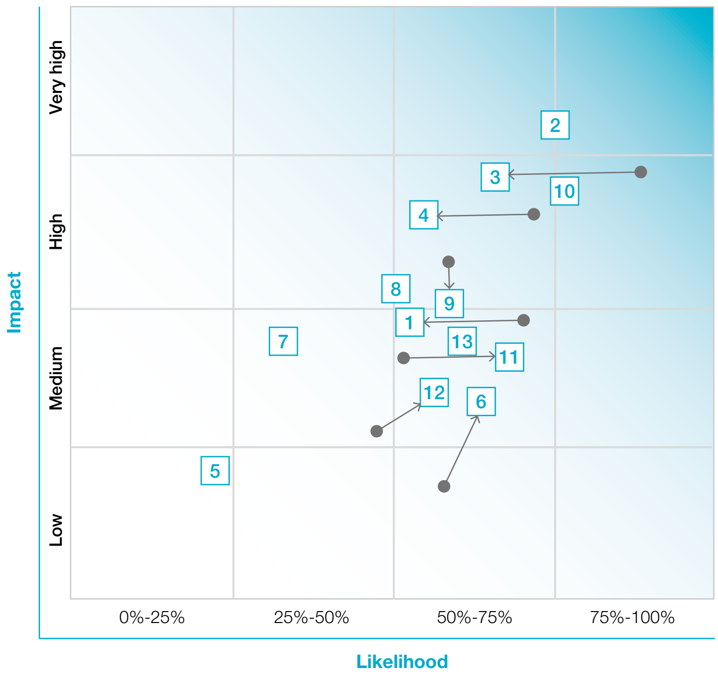
Adaptation to the growing requirements for non-financial information from the different stakeholders has led to a review of compliance with these requirements and the definition and implementation of control systems to respond to this increasingly demanding environment with the objective of the Group's commitment and compliance in this area. Furthermore, in this area of ESG, the uncertainty generated by the impact that the European taxonomy may have, as well as by the future application of the Corporate Sustainability Reporting Directive (CSRD), requires analysis and monitoring for adaptation and compliance with these requirements.

Human capital management and talent development in this complex environment are a priority in order to face the changes and new challenges in the business model, manage the risks mentioned above, as well as the new growth and development opportunities for the Group.

In this context, Colonial has reviewed and monitored the evolution of these risks, which have shown a high level of resilience, particularly in the strategic, operational and financial areas, and the proper functioning of the control systems in place, which has enabled it to manage and mitigate these risks adequately and to guarantee operations and preserve the Group's value.

Below is a graphical representation of the situation of the Group's main risks at the end of 2023 and their variation compared to the end of 2022:

External risks	Variance
Market	
1. New trends in the business model	↓
2. Real estate cycle fluctuation	=
Economic	
3. Political and/or macroeconomic uncertainty	↓
Financial	
4. Liquidity and cost of financing	↓
5. Quality of the client portfolio	=
ESG	
6. Physical risks of climate change	↑
7. Crises and extraordinary events	=
Internal risks	
Strategic	
8. Investment strategy and profitability	=
Operational	
9. Lease management	↓
10. Financial structure	=
11. IT system failure and cybersecurity	↑
ESG	
12. Human Capital	↑
13. Climate change transition risks	=



Annual change

↑ Increase

= Steady

↓ Decrease

● Risk in 2022

□ Risk in 2023

A description of these risks, their impacts and the control and management measures implemented for each risk, as well as the opportunities available to the Group through appropriate management of these risks, are set out below.

I. External risks

Market risks: risks associated with the real estate market.

1. New trends in the business model

<table>
<tr><th>Risk</th><th>Description and impact</th><th colspan="2">Control measures</th><th>Variation in risk over the year</th></tr>
<tr><td rowspan="4">New trends in the business model</td><td rowspan="2">The failure to anticipate or meet the needs and expectations of our customers due to the changing and competitive environment in which the Group operates may lead to structural changes in business models and affect the demand for space with a direct impact on revenues.</td><td colspan="2">Mitigation:</td><td></td></tr>
<tr><td colspan="2">▪ Recurrent analysis and monitoring of new trends in collaboration with expert innovation advisors.
▪ Market studies to identify new trends and analyse the supply of services to adapt them to new customer demand.
▪ Participation in sector projects linked to innovation and digitalisation.
▪ Investing in innovation and sustainability for the Group's properties and maintaining the quality of the prime portfolio.
▪ Satisfaction questionnaires among clients to identify their degree of satisfaction and their requirements.</td><td rowspan="2">▪ The trend is for companies to relocate to city centre offices in search of greater comfort, added value, variety of services and user experience for employees, fostering a sense of belonging and company culture. Prime offices with a high range of services are a focus for attracting talent.</td></tr>
<tr><td>Main KRIs:
▪ Average number of telework days adopted by companies.
▪ New customer/market requirements.
▪ Investment in repositioning.
▪ Average number of sqm per tenant for new leases or renewals.</td><td>Inherent risk:
▪ Impact: high.
▪ Likelihood: high.</td><td>Residual risk:
▪ Impact: medium.
▪ Likelihood: high.</td></tr>
<tr><td colspan="4">Opportunities: The analysis of new business opportunities, the excellent location of the property portfolio, the rapid adaptation to new trends, the implementation of new technologies and the offer of services in its properties allow the Group to maintain and increase its competitive advantage.</td></tr>
</table>

2. Real estate cycle fluctuation

<table>
<tr><th>Risk</th><th>Description and impact</th><th colspan="2">Control measures</th><th>Variation in risk over the year</th></tr>
<tr><td rowspan="4">Real estate cycle fluctuation</td><td rowspan="2">The cyclical nature of the real estate market, closely linked to the economic cycle and customer demand, has a direct impact on property valuations and the complexity of acquiring, managing or selling assets at the optimal time in the real estate cycle.</td><td colspan="2">Mitigation:</td><td>=</td></tr>
<tr><td colspan="2">▪ Periodic analysis of Colonial's portfolio to review the maturity of assets, their profitability, their development capacity and their compliance with the business plan.
▪ Portfolio concentration in prime areas with high growth potential.
▪ Searching for and analysing off-market operations.
▪ Monitoring of the evolution of yields by city and area for the office market.
▪ Review of lease expiry risks for the repositioning of real estate.</td><td rowspan="2">▪ Interest rate volatility has stabilised in 2023 with expectations of a slight decline.
▪ High value adjustment impact in 2023, with some correction expected to continue in the first half of 2024 and some uncertainty for subsequent periods.</td></tr>
<tr><td>Main KRIs:
▪ Level of demand for office space in the market.
▪ Volume of investments in the office market.
▪ Real estate yield vs fixed income or bond yields.</td><td>Inherent risk:
▪ Impact: very high.
▪ Likelihood: very high.</td><td>Residual risk:
▪ Impact: very high.
▪ Likelihood: high.</td></tr>
<tr><td colspan="4">Opportunities: Cyclical fluctuations may present investment opportunities, for which the Group has a high financial capacity.</td></tr>
</table>

Economic risks: risks associated with the political and economic situation.

3. Political and macroeconomic uncertainty

Risk	Description and impact	Control measures		Changes to risk during the year
Political and macroeconomic uncertainty	The geopolitical and economic context directly affects the real estate cycle and the performance of our clients. Political and economic uncertainty in the Eurozone may negatively influence job creation, legal certainty, investor and consumer confidence, and business activity in the countries in which the Group operates, resulting in a decline in demand for space.	**Mitigation:** ◉ ○ ○ ▪ Monitoring of macroeconomic data (GDP growth, unemployment rate and inflation rate) to anticipate a change in the economic environment. ▪ Sensitivity testing of the business plan to ensure that the Group's structure is resilient to adverse changes in the economic environment. ▪ Analysis of possible impacts of new regulations and legislation on the business. ▪ Constant contact with public authorities and advisers in the public sector to ensure compliance with regulations.		↓ ▪ After a three-year period of political and macroeconomic turmoil and a difficult geopolitical situation, the Group has been able to adopt a resilient and economically healthy position. However, this risk remains at a high level, given the uncertainty about growth expectations in certain Eurozone countries.
	Main KRIs: ▪ GDP growth rate (Spain, France and EU). ▪ Unemployment rate (Spain, France and EU). ▪ Inflation rate (Spain, France and EU). ▪ Interest rate evolution (ECB). ▪ Business confidence index (Spain and France). ▪ Geopolitical changes and new laws and regulation (Spain, France and EU).	**Inherent risk:** ▪ Impact: high. ▪ Likelihood: very high.	**Residual risk:** ▪ Impact: high. ▪ Likelihood: high.	
	Opportunities: Macroeconomic and/or political changes may generate opportunities in new sectors in which the Group is not present.			

Financial risks: risks arising from market liquidity and solvency.

4. Liquidity and cost of financing

<table>
<tr><th>Risk</th><th>Description and impact</th><th colspan="2">Control measures</th><th>Variation in risk over the year</th></tr>
<tr><td rowspan="4">Liquidity and cost of financing</td><td rowspan="2">Lack of liquidity in the financial markets may result in the Group being unable to obtain or refinance its debt at competitive interest rates, resulting in higher financing costs.</td><td colspan="2">Mitigation:</td><td></td></tr>
<tr><td colspan="2">▪ The Group’s rating and its size allow it to access multiple sources of financing and to have uncommitted lines of credit available to it to ensure the necessary liquidity in case of need.
▪ Constant monitoring of the liquidity of the debt markets and the trends in interest rates in order to design the optimal long-term financial structure for the Group.
▪ Contracting hedging instruments to mitigate the financial cost in the event of interest rate rises.
▪ Search for new financing tools (green bonds, green loans etc.).
▪ Roadshows with leading financial institutions to maintain investor confidence in the Group.</td><td rowspan="2">▪ Investor caution in financial markets due to the current situation has reduced liquidity and tightened access to financing; the real estate sector is one of the most penalised given the macroeconomic situation.
▪ The Group has improved its liquidity levels in 2023 and continues to prioritise interest rate management, so the risk remains high, although it has high levels of hedging or fixed rate debt. In the first half of 2023 interest rates were still perceived to be highly volatile, but in the second half of 2023 rates have stabilised and are expected to start declining slightly in the coming months.</td></tr>
<tr><td>Main KRIs:
▪ Loan to Value.
▪ ICR (interest coverage ratio).
▪ % of fixed rate debt or hedged (5-year plan).
▪ Volume of hedging instruments.
▪ Interest rate developments (ECB).</td><td>Inherent risk:
▪ Impact: very high.
▪ Likelihood: very high.</td><td>Residual risk:
▪ Impact: high.
▪ Likelihood: high.</td></tr>
<tr><td colspan="4">Opportunities: The Group’s size and rating allow it to obtain and renegotiate debt at highly competitive costs and to access highly liquid financial markets.</td></tr>
</table>

5. Quality of the client portfolio

Risk	Description and impact	Control measures		Variation in risk over the year
Quality of the client portfolio	A scenario of economic weakness may affect several economic sectors of the Group's customers, weakening their income statements and their solvency.	**Mitigation:**		=
		▪ Diversified customer portfolio across various sectors and focused on large AAA-rated companies. ▪ Analysis and monitoring of client concentration to avoid individual exposure. ▪ Analysis of new clients' solvency and regulatory compliance to ensure their soundness and reduce the probability of defaults. ▪ Proactive search for potential customers to replace, if necessary, existing customers whose business or sector may be experiencing difficulties. ▪ Periodic analysis of the degree of satisfaction of our customers through surveys.		▪ The Group tries to manage and anticipate more specific situations of possible default by reaching agreements. ▪ High quality of the customer portfolio, with a low level of non-performing loans.
	Main KRIs: ▪ Monitoring of the Group's delinquency level. ▪ GDP growth rate (Spain, France and EU). ▪ Business confidence index (Spain and France).	**Inherent risk:** ▪ Impact: low. ▪ Likelihood: medium.	**Residual risk:** ▪ Impact: low. ▪ Likelihood: low.	
	Opportunities: A client portfolio composed of AAA clients and diversified in various sectors.			

ESG risks: risks arising from the management of environmental, social and governance issues.

6. Physical risks of climate change

Risk	Description and impact	Control measures	Variation in risk over the year
Physical risks of climate change	The physical risks of climate change can be classified as acute or chronic. Acute risks can include extreme weather events, such as floods, storms, or hurricane-force winds, which can cause direct damage to real estate assets and affect the activity of their occupants. Chronic risks may include long-term changes in weather patterns, such as rising average temperatures, rising sea levels or increased periods of drought, which may diminish the quality of life in certain areas and affect property values. **See further details in section *4.4 of this chapter TCFD***	**Mitigation:** ▪ Climatic resilience in the designs of the Group's assets to ensure the maximum comfort and well-being of their occupants and the physical integrity of the assets in case of adverse effects on the climate. ▪ Preparation of contingency and emergency plans for each property to respond adequately to incidents caused by extreme weather events.	▪ Risk events related to the effects of climate change have increased in frequency in 2023. ▪ The impact of climate change in large cities may have long-term consequences for the real estate sector, as well as high environmental demands. Non-compliance with global agreements can have irreversible consequences and lead to further climate impacts.

Main KRIs:	Inherent risk:	Residual risk:
▪ Development of the frequency of extreme weather events. ▪ Development of the intensity of extreme weather events. ▪ Number of days with high air pollution episodes. ▪ Asset-based assessment of environmental risks.	▪ Impact: high. ▪ Likelihood: high.	▪ Impact: medium. ▪ Likelihood: high.

Opportunities: The Group is highly committed to combating climate change by repositioning its assets to the best environmental standards and incorporates climate resilience analysis in the design of its buildings.

7. Crisis – Extraordinary events

<table>
<tr><th>Risk</th><th>Description and impact</th><th colspan="2">Control measures</th><th>Variation in risk over the year</th></tr>
<tr><td rowspan="4">Crisis – extraordinary events</td><td rowspan="2">Failure to react to an unexpected event involving the Group’s assets or activities may result in a loss of stakeholder confidence, a reputational impact or a financial loss as a result of an erroneous or delayed response.</td><td colspan="2">Mitigation:</td><td>=</td></tr>
<tr><td colspan="2">▪ Our Business Continuity Plan contemplates multiple scenarios caused by extraordinary events, in order to ensure a rapid and adequate response in the event of a possible unexpected event that could have an impact on the Group’s assets or operations.
▪ Definition of roles and responsibilities of the different emergency teams responsible for evaluating and coordinating situations caused by unexpected events.
▪ Supervision of the Health and Safety Committee to ensure the well-being of employees at all times.
▪ The Client Solutions Department draws up a specific emergency plan for each of the Group’s assets.</td><td rowspan="2">▪ High resilience to crisis situations in recent years.
▪ The Ukraine-Russia and Israel-Palestine conflicts have so far not had a significant impact on the Group.</td></tr>
<tr><td>Main KRIs:
▪ National Security Level (DSN).
▪ Health alerts (WHO, Ministry of Health).
▪ Number of incidents reported in Group buildings (employees, clients and suppliers).</td><td>Inherent risk:
▪ Impact: high.
▪ Likelihood: medium.</td><td>Residual risk:
▪ Impact: medium.
▪ Likelihood: medium.</td></tr>
<tr><td colspan="4">Opportunities: Constant work to review vulnerabilities and ensure the safety and integrity of assets and their occupants.</td></tr>
</table>

II. Internal risks

Strategic risks: risks derived from the company's strategic plan.

8. Investment strategy and profitability

<table>
<tr><th>Risk</th><th>Description and impact</th><th colspan="2">Control measures</th><th>Variation in risk over the year</th></tr>
<tr><td rowspan="4">Investment strategy and profitability</td><td rowspan="2">The lack of a return on investments or the failure to achieve strategic results can be caused by an incorrect approach to the investment strategy and disinvestment at the right time in the cycle, selecting an inappropriate sector, lack of or over-exposure in one or several markets (cities), unexpected delays and cost increases in investment projects, etc.</td><td colspan="2">Mitigation:</td><td>=</td></tr>
<tr><td colspan="2">Alignment of the strategic investment plan with the level of risk and return set by the Board of Directors.
Analysis of potential operations by the Investment Committee to evaluate possible risks and expected returns, and their submission to the Board of Directors for approval.
Analysis of the Group's main indicators compared to competitors in the sector, to identify possible corporate transactions.
Constant monitoring of new asset classes and markets in search of new growth opportunities.
Definition of the strategy based on concentrating its portfolio on high quality offices in the CBD and BD of the cities of Barcelona, Madrid and Paris, thus ensuring a minimum value and return on its assets.</td><td rowspan="2">Despite the sharp drop in 2023 in the volume of real estate transactions in Europe (60%) to 2010 levels, the Group was able to successfully execute its divestment plan by capturing the full value of these transactions.
The Group is prioritising compliance with the plan to divest non-strategic assets, repositioning, and strengthening the strategy for the CBD product and quality prime. Possible investment options continue to be analysed, through access via joint ventures, as well as innovation opportunities through the development of a mix of uses for our assets.
Colonial has adequate exposure in the coworking market with its differentiation towards the corporate client, offering new services to its portfolio.</td></tr>
<tr><td>Main KRIs:
Monitoring investments under implementation.
% portfolio under rehabilitation and/or under construction.
Analysis of economic studies of large projects.
Co-working market exposure.</td><td>Inherent risk:
Impact: high.
Likelihood: medium.</td><td>Residual risk:
Impact: medium.
Likelihood: medium.</td></tr>
<tr><td colspan="4">Opportunities: Our strategic position ensures profitability in investment projects, as well as the growth expected for the Group by taking advantage of the opportunities that appear.</td></tr>
</table>

Operational risks: risks derived from the company's day-to-day operations.

9. Lease management

<table>
<tr><th>Risk</th><th>Description and impact</th><th colspan="2">Control measures</th><th>Variation in risk over the year</th></tr>
<tr><td rowspan="3">Lease management</td><td>An increase in the vacancy levels, influenced by an unfavourable economic-political outlook and the appearance of new disruptive trends for the business model, may increase the downward pressure on occupants' income levels, leading to a fall in the Group's revenue and profitability.</td><td colspan="2">Mitigation:
• Analysis of commercial transactions in the market to set appropriate rent levels.
• Recruitment of commercial agents to increase the capacity to attract customers and ensure the level of rental income in accordance with the market situation.
• Customer satisfaction surveys to identify customer needs and adjust the investment and maintenance plan for each building.
• Proactive search for potential customers to replace, if necessary, existing customers whose business or sector may be experiencing difficulties.</td><td rowspan="2">• In 2023, the Group has improved its performance by reaching high occupancy and rental levels in the Madrid and Paris markets. Some difficulty remains in relation to occupancy in certain areas of the Barcelona market, mainly in 22@ due to the large supply of office space.
• While there is some uncertainty in the medium-term performance of demand in the office sector, the Group plans to capture the full rental value of projects entering into operation in the coming months, given the positioning and quality of these projects.</td></tr>
<tr><td>Main KRIs:
• Level of rents relative to ERV from independent expert valuation.
• Levels of employment/ unemployment.
• Average maturity of break options and average life of contracts.
• Number of visits in vacant areas.</td><td>Inherent risk:
• Impact: high.
• Likelihood: high.</td><td>Residual risk:
• Impact: medium.
• Likelihood: high.</td></tr>
<tr><td colspan="4">Opportunities: High demand in the prime office market forces the Group to maintain a high level of quality in the spaces and services offered, to ensure high occupancy and adequate rent levels.</td></tr>
</table>

10. Financial structure

Risk	Description and impact	Control measures		Variation in risk over the year
Financial structure	An inadequate financial structure could lead to the Group becoming over-indebted, thus increasing the risk of debt default, increased financing costs, difficulties in debt issuance and/or refinancing and the consequent downgrading in rating.	**Mitigation:**		=
		▪ Monthly analysis of the level of indebtedness to ensure a solid position and balanced financial structure according to the value of our assets (Loan to Value). ▪ Active Liability Management to search for opportunities, diversify funding sources, renegotiate and increase debt maturities and optimise the cost of funding. ▪ Monitoring the counterparty risk of the financial institutions with which the Group works. ▪ The Group's size, quality and financial structure allow it to obtain the highest credit rating in the sector (Standard & Poor's: BBB+, Moody's: Baa2). ▪ Regular analysis of compliance with covenants and financial KPIs.		▪ The macroeconomic and real estate market situation has generated the need to reduce the level of leverage and to manage and control the level of the Group's LTV, in an unfavourable situation given the high drop in the value of real estate and the high impact of the increase in the cost of financing. ▪ In 2023 the credit ratings have been renewed and the net debt level has been reduced.
	Main KRIs: ▪ Loan to Value. ▪ Average maturity of debt. ▪ Average cost of debt. ▪ % of debt at a fixed or covered rate.	**Inherent risk:** ▪ Impact: very high. ▪ Likelihood: very high.	**Residual risk:** ▪ Impact: high. ▪ Likelihood: very high.	
	Opportunities: Maintaining an adequate financial structure is vital to execute the Group's strategic plan and ensure the creation of value. The Group maintains sufficient liquidity to take advantage of any investment opportunities that may arise.			

11. IT system failure and cybersecurity

Risk	Description and impact	Control measures		Variation in risk over the year
IT system failure and cybersecurity	Disruption of systems due to a failure or cyber-attack may result in the loss of sensitive data and disruptions to the Group's operations leading to reputational impacts, financial loss or regulatory sanctions (in the area of privacy).	**Mitigation:** ◯◯◯ ▪ Outsourced DPC server with a high level of availability of the Tier IV service with a backup system on a secondary server. ▪ The IT department keeps the systems updated and patched in order to mitigate vulnerability risk. ▪ Regular cybersecurity diagnostic tests to detect potential vulnerabilities and new threats. ▪ Random audits and testing of IT controls to verify their operation and effectiveness. ▪ Regular monitoring by the internal Security Committee of possible incidents and the implementation of the various action plans.		↑ ▪ Given the unstable geopolitical situation, the emergence of artificial intelligence and the increased digitisation of processes, attention remains focused on the degree of exposure of systems and the need to continue to strengthen cybersecurity levels. The need to adapt to upcoming technological changes means increased exposure.
	Main KRIs: ▪ System vulnerability test results. ▪ Ratio of neutralised attacks over attacks received. ▪ Number of system incidents. ▪ Average incident resolution time.	**Inherent risk:** ▪ Impact: high. ▪ Likelihood: high.	**Residual risk:** ▪ Impact: medium. ▪ Likelihood: high.	
	Opportunities: The constant evolution of information systems, as well as cyber-attacks, forces us to maintain a high level of investment in technology and innovation to ensure the correct functioning of the systems. Investing in digitalisation in our buildings gives us a high competitive advantage.			

ESG risks: risks arising from the management of environmental, social and governance issues.

12. Human capital

Risk	Description and impact	Control measures		Variation in risk over the year
Human capital	Inability to attract, develop and retain appropriate personnel with the skills and knowledge required to achieve the Group's objectives can negatively impact employee performance and effectiveness, causing inefficiencies in the Group's activities and operations. The concentration of critical processes in certain key roles can lead to loss of essential knowledge and even disruptions to the Group's operations.	**Mitigation:** ●●○ ▪ Searching for key personnel through specialised headhunting companies. ▪ Attracting and retaining talent through competitive salaries, flexible working and social benefits. ▪ Approved equality plan. ▪ Training plan, which includes language learning for the entire company. ▪ The *Colonial takes care of you* programme promotes the health and wellbeing of employees through wellbeing practices. ▪ The *Colonial Career Conversation* programme for monitoring personalised objectives and performance. ▪ Conducting the *Great Place to Work* survey to measure the level of trust and satisfaction of employees.		↑ ▪ Despite low levels of turnover, a complex environment for the real estate sector increases the risk of losing key personnel and retaining talent, as well as the need to develop skills in a changing environment.
	Main KRIs: ▪ Employee turnover. ▪ Hours of training per employee and training expenditure as a percentage of the total wage bill. ▪ Employee performance results.	**Inherent risk:** ▪ Impact: high. ▪ Likelihood: high.	**Residual risk:** ▪ Impact: medium. ▪ Likelihood: high.	
	Opportunities: By developing our employees in different environments we obtain the necessary know-how to continue improving the Group's business model.			

13. Climate change transition risks

<table>
<tr><th>Risk</th><th>Description and impact</th><th colspan="2">Control measures</th><th>Variation in risk over the year</th></tr>
<tr><td rowspan="3">Climate change transition risks</td><td rowspan="2">The transition to a lower carbon economy implies substantial changes in policies and regulations developed by governments, as well as changes in technology and market dynamics to meet climate change mitigation and adaptation requirements. The speed, focus and extent of these changes will determine the degree of transition risks the Group may face, potentially representing financial and reputational impacts.

See details in section 4.4 TCFD</td><td colspan="2">Mitigation:</td><td>=</td></tr>
<tr><td colspan="2">▪ Monitoring by the ESG Committee of performance on climate and ESG objectives.
▪ Decarbonisation strategic plan (net zero buildings).
▪ Green CapEx.
▪ Establish an internal carbon price target.
▪ Supplier approval system.
▪ Use of low carbon intensive materials.
▪ Life cycle analysis of materials.
▪ Analysis of the life cycle of real estate.
▪ Green energy supply.
▪ Green finance linked to ESG indicators.</td><td rowspan="2">▪ Adequate positioning of the Group by adapting to mitigate the adverse environmental effects of its activities. High commitment to the decarbonisation plan for buildings, monetisation of CO_2 from projects and optimisation of energy consumption. In addition, the Group will have to adapt and contribute to the risk of water scarcity.
▪ The envisaged new regulation may generate significant impacts on the taxonomy compliance rating of assets, mainly in France, as well as higher requirements resulting from the CSRD directive. The Group is prioritising the analysis of these impacts, as well as the assessment criteria for EPC energy certifications, which currently differ from one European country to another.</td></tr>
<tr><td>Main KRIs:
▪ Group GHG emissions.
▪ % carbon embedded in projects.
▪ Consumption metrics.
▪ % renewable energy use.
▪ Portfolio energy certifications.</td><td>Inherent risk:
▪ Impact: high.
▪ Likelihood: high.</td><td>Residual risk:
▪ Impact: medium.
▪ Likelihood: high.</td></tr>
<tr><td></td><td colspan="4">Opportunities: Improving real estate efficiency and adapting to changing customer and investor demand (see further details in section 4.4 TCFD).</td></tr>
</table>

4.4. | Our strategy for managing climate change risks and opportunities

In October 2023, the **Task Force on Climate-related Financial Disclosure (TCFD)** was disbanded and replaced by the International Sustainability Standards Board (ISSB), which has the role of promulgating standards in the area of sustainability disclosure. However, the Colonial Group has maintained its recommendations in the sustainability and climate change reporting schemes and standards.

I. Governance

Colonial integrates climate risk assessment and monitoring into its Risk Management model (for more details, see chapter *4.2. Our risk management model*) so that the Group's governance bodies are involved in the process of assessing and monitoring these risks.

In this regard, the Board of Directors approves the Group's decarbonisation plan and monitors compliance with ESG targets. In relation to this last point, the Appointments and Remuneration Committee is responsible for reviewing the degree of compliance with the ESG objectives linked to the remuneration systems of the CEO and the Management Committee. The Audit and Control Committee is also responsible for reviewing the results of external and internal audits on ESG issues. Additionally, for climate risks, the Sustainability Committee has also been responsible for analysing, evaluating and promoting the Group's policies and practices in the area of sustainable and environmental development, including actions associated with the management of climate risks and opportunities, and the ESG Committee, as the committee responsible for leading the evaluation, implementation and monitoring of the development of the ESG strategy. In addition, the latter also has functions related to the analysis of risks and opportunities derived from climate change, as well as the implementation of internal control systems (for more details, see chapter *3.3. ESG strategy and decarbonisation*).

Main highlights of 2023

- **Board of Directors**: The Board approved the integrated annual report and monitored the Group's carbon neutrality plan. It also monitored the evolution of the corporate risk map.

- **Audit Committee**: It reviewed the outcome of the external audit work on the 2022 independent limited assurance reports on ESG indicators, the greenhouse gas emissions inventory and the Green Financing Report; it reviewed the update of the evolution of the corporate risk map, which includes ESG risks, and supervised the definition of the Group's non-financial reporting control system.

- **Appointments and Remuneration Committee**: It has reviewed compliance with the ESG objectives for 2022 linked to the remuneration of the CEO and the Management Committee.

- **Sustainability Committee**: It supervised compliance with the Group's climate strategy and decarbonisation plan; supervised the integrated annual report; monitored the Group's carbon footprint emissions, the updating of the reporting mechanisms of the new GRI standards, the analysis of the impact on the Group of regulatory trends and developments, as well as the EU taxonomy and ESG regulations.

- **ESG Committee**: The ESG Committee has supervised the Group's materiality analysis, as well as the analysis of climate change risks and opportunities; it has implemented the climate strategy approved by the Group's governing bodies, as well as the corresponding measures in order to continue with the strategy and compliance with the decarbonisation and carbon footprint emissions reduction plan; supervised the implementation of the Deepki tool for monitoring the carbon footprint; reviewed compliance with GRI standards; analysed the impact of adaptation to new developments and trends, particularly in relation to the EU taxonomy, and promoted ESG training.

Future projects

In 2024 we will seek:

- Analyse the adaptation to new reporting requirements established by the new applicable regulations (CSRD, ESRS, EU Taxonomy).
- Develop aspects of climate change improvement and monitoring controls and tools to improve the Group's climate change performance.
- Continue to develop knowledge at board, management and departmental level to ensure that the treatment and management of climate-related risks and opportunities are better identified.

II. Strategy

The Colonial Group pays special attention to the identification of risks and opportunities arising from climate change that may have a current and future impact on its activity, assets, investments, clients, employees and users of its real estate portfolio.

With the aim of informing our stakeholders with internationally recognised criteria, the Colonial Group has been aligning this report since 2019 with the recommendations of the **Task Force on Climate-related Financial Disclosure (TCFD)**. Colonial also became a TCFD Supporter, thereby demonstrating its support for TCFD and its recommendations.

Governance	Strategy	Risk management	Metrics and objectives
a) Roles of the Board of Directors in assessing and managing climate-related risks and opportunities. Pages 47-48, 58-60, 63-64, 121-122, 270, 297-299	a) Climate-related risks and opportunities that have been identified by the organisation in the short, medium and long term. Pages 63-77, 81-85	a) Processes to identify and assess climate-related risks. Pages 61-62, 80-82	a) Metrics used to assess climate-related risks and opportunities. Pages 91, 132-157, 170-171, 172-173,190, 363-368
b) Management control over climate-related risks and opportunities. Pages 47-48, 59-60, 63-64	b) Impact of climate-related risks and opportunities on business, strategy and financial planning. Pages 65-77, 132-157, 169-171	b) Processes to manage climate-related risks. Pages 65-77, 132-151, 158, 172-177, 204-206, 254-256	b) Scopes 1, 2 and 3 of GHG emissions and related risks. Pages 176-183, 363-368
	c) Resilience of the strategy taking into account different climate-related scenarios. Pages 81, 132-157	c) Integration of these processes into the organisation's general risk management. Page 90	c) Targets used to manage climate-related risks and opportunities. Pages. 169-171

Our climate strategy

Colonial, a leading group in the European prime office market with a presence in Paris, Madrid and Barcelona, is exposed to a variety of climate risks, both physical and transitional, and the decarbonisation of buildings is one of the major challenges for the sector and for the Group.

In response to this, Colonial has been integrating climate change issues into the definition and evaluation of its business strategy for years. Since 2015, Colonial has defined a sustainability business plan, specifying our climate commitment with quantitative objectives and an associated investment plan that guarantees the necessary funds to achieve them. This sustainability business plan is monitored on a recurring basis, starting in 2018 as the base year for the targets and setting 2030 as the target year for becoming carbon neutral. In addition, the Group has set a price on carbon (€100/tCO2e), which will enable the financial impact of the emissions associated with the assets to be assessed and the various sustainability actions to be prioritised appropriately.

It should also be noted that the Group has set targets to reduce emissions aligned with the science approved by SBTi (ambition 1.5ºC). With this goal in mind, the SSP1-1.9 scenario has been incorporated as the reference scenario into our analysis of climate change risks and opportunities, which projects a future in which the temperature increase is kept below 1.5ºC.

Furthermore, the commitment to prime assets in the CBD of the large cities in which the group operates guarantees a high resilience to physical risks. Efficiency and innovation also form the pillars of our strategy, enabling us to continuously reduce our environmental impacts and actively manage transition risks. Examples of this are the sustainable certifications of 95% of the assets or the implementation of PropTech (for more information on our initiatives, see points *5.4. Transition to carbon neutrality* and *5.5. Eco-efficiency and decarbonisation results*).

In addition, excellence in managing the value chain allows the company to have a high level of knowledge of its impacts in order to avoid and manage them.

Finally, with the aim of aligning the Group's financing strategy with its sustainability objectives, Colonial developed a green financing reference framework that enabled all of the Group's outstanding bonds to be converted into green bonds in 2022, with a total aggregate amount of €4,580m at 31 December 2023. In addition, at that date, the Group had 8.1% of the remaining financial liabilities indexed to ESG indicators.

Main highlights of 2023

- **EPC analysis**: The Group has conducted an analysis of the EPC energy label rating levels for the assets in its portfolio and the actions to be taken to improve these ratings, gradually integrating them into the refurbishment and asset management programme.
- **Mitigation**: Continue to implement *green CapEx* to optimise the facilities in the asset portfolio.
- **Carbon footprint calculation**: The level of collaboration with customers using the buildings has been increased in order to obtain better quality data on consumption and origin of energy sources.
- **Digitalisation**: The Group has implemented the Deepki tool for improved carbon footprint monitoring, control and tracking.

Future projects

In 2024 we will seek:

- Continue to develop our carbon removal projects.
- Extend collaboration with our customers to assist them in supplying and covering their consumption with renewable energy sources for the spaces they occupy in the Group's assets.
- Gradually implement an asset management strategy focused on improving EPC ratings, including specific plans for an upgrade of our assets.
- Analyse water consumption in private areas, in order to have a more granular level of information and monitoring to identify improvements in water consumption.
- Continue with the plan for the gradual implementation of photovoltaic power generation systems *in situ* (in each building) over the next few years.

Our approach to analysing climate change risks and opportunities

To carry out the analysis of the risks and opportunities linked to climate change, Colonial has used two scenarios based on the Shared Socioeconomic Pathways (SSP), which have been used by the Intergovernmental Panel on Climate Change (IPCC). In this case, the most pessimistic scenario (SSP5-8.5) and the most optimistic scenario (SSP1-1.9) were selected, with the focus on the consequences in Spain and France. For each of the risks, Colonial has identified in which scenario each risk is most likely to materialise and has analysed both the financial and reputational impacts.

SSP1-1.9 – Sustainability

The only IPCC scenario that meets the objective of the Paris Agreement and attempts to limit global warming to a 1.5°C increase by 2100.

A net zero world in terms of GHG emissions is achieved by 2050. Net emissions could even be negative between 2050 and 2100.

Sea level rise is limited to 0.28-0.55 m by 2100. Extreme weather events are more frequent, but significant global impacts are avoided.

Significant investments are made in green technologies which, together with various financial stimuli, lead to greater efficiency in the use of resources (materials and energy) and to the extensive development of renewable energies.

Customers, regulators, investors and most stakeholders demand high sustainability standards from companies due to increased awareness and greater environmental and social commitment.

SSP5-8.5 – Fossil-fueled development

This is the most pessimistic scenario in terms of greenhouse gas emissions. Current emissions would triple by 2075, leading to an average temperature increase of 2.4°C in 2050 and 4.4°C in 2100.

Actions to mitigate climate change are limited, the global economy is growing rapidly, but this growth is fuelled by the exploitation of fossil fuels and energy-intensive lifestyles. It is hoped that technological developments and human progress will lead to sustainable development.

The sea level rises by 0.63 to 1.01 metres by 2100. Weather phenomena are extreme and constant, with an increase in storms, floods and heat waves.

Faced with limited policy, regulatory and legal responses to mitigate climate change, companies will be forced to adapt their assets and operations in order to stay in business.

On the other hand, as contemplated in the TCFD recommendations, Colonial acknowledges that the horizons used to assess non-climatic risks may not be the most appropriate for assessing climatic risks. Colonial has therefore established the following time horizons to assess at what point in time each risk with a significant impact is most likely to materialise:

- Short term: 0-2 years. This horizon is aligned with the one used for the rest of the risks.
- Medium-term: 2-10 years. In this case, it covers the medium and long-time horizons used for the other risks.
- Long-term: beyond 10 years. This horizon is specific to the climate risks and allows Colonial to more accurately assess the potential physical impacts of climate change even up to the middle of the century.

The results of our analysis of climate change risks and opportunities

The Colonial Group assesses climate risks in terms of impact and probability in accordance with the corporate risk management methodology.

Climate risks have been classified according to their nature into two groups:

- **Climate change transition risks:** risks linked to the process of transition to a low-carbon economic model.
- **Physical risks of climate change**: risks linked to the physical effects of a change in weather and climate patterns.

In 2022, the Group carried out an initial assessment to identify the most significant climate risks to which it is exposed in order to evaluate the impact and probability of material risks for Group companies and to identify those risks that must be monitored in order to follow their evolution, taking into account the SSP scenarios and the horizons contemplated by the Group. In 2023, the Group monitored these risks and estimated the potential impact.

The climate risks identified in the analysis are listed below according to their materiality, group and category:

	Group	Category	Risk
Material risks	Transition	Legal & regulatory	New regulation on energy requirements of existing buildings (EU taxonomy & EPC)
	Transition	Legal & regulatory	Carbon price regulation
	Transition	Market	Change in customer behaviour
	Transition	Reputational	Increased cost of capital
Risks to monitor	Transition	Market	Increased costs of raw materials
	Transition	Market	Increased costs of energy and water supplies
	Physical	Chronic	Average temperature increase
	Physical	Acute	Increased severity and frequency of extreme weather events
	Physical	Acute	Floods

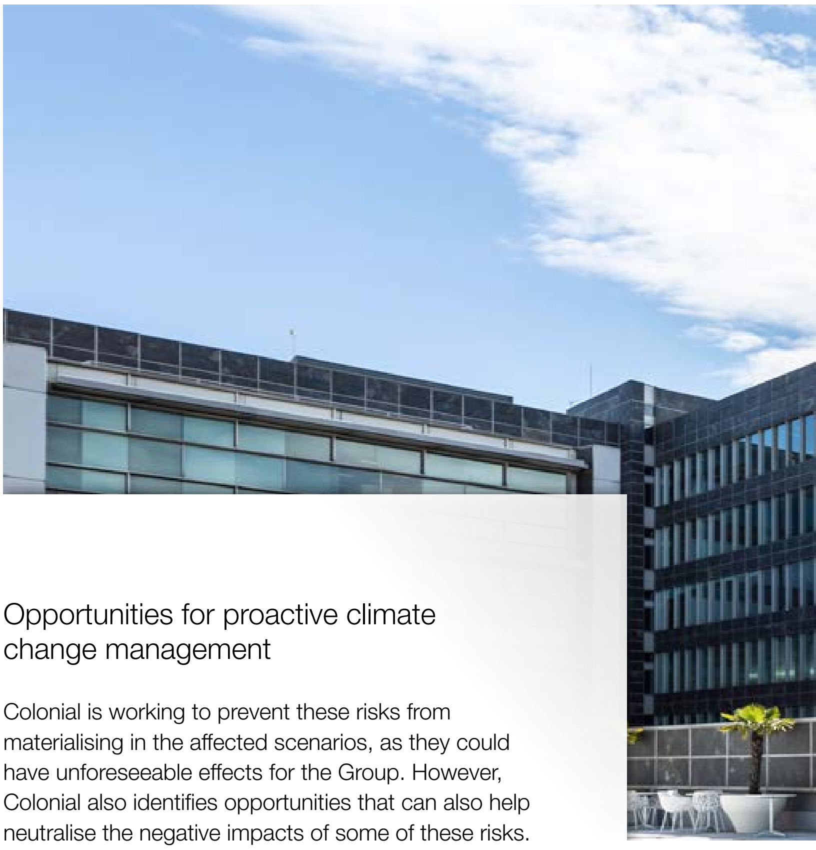
The most relevant material risks for the Group are detailed below:

#	Group	Category	Risk	Risk description	Horizon
1	**Transition**	**Legal & regulatory**	New energy efficiency regulation and reporting requirements (EU taxonomy & EPC)	The EU taxonomy project and the EPC standards, focused on energy improvement and carbon reduction of buildings, will require the Group to make new investments in its asset portfolio to comply with the newly approved regulation. Likewise, the different EU member states are starting to apply new regulations in the real estate sector with the aim of reducing carbon emissions and applying specific energy efficiency measures in the sector (Spain): NZEB France: Tertiary decree).	S/T
2	**Transition**	**Legal & regulatory**	Carbon price regulation	The EU's overall target of at least 55% emissions reduction by 2030 (vs. 1990) cannot be achieved without significant emission reductions in buildings and road transport. To support other policy measures related to construction and transport, the Commission proposes a new EU-wide emissions trading system, which will put a price on emissions from the Real Estate and road transport sectors, thereby increasing the Group's costs due to the need to purchase these allowances. The new system is designed to start in an orderly, smooth and efficient manner from 2026.	M/T
3	**Transition**	**Market**	Change in customer behaviour	In the customer market, the transition to a more sustainable and low-emission economic model has led to changes in customer requirements and increased polarisation in the office market, increasing demand for buildings with sustainable spaces and higher green certifications and penalising spaces in the least sustainable buildings (Brown Discount). In the investment market, the obsolescence of assets due to the lack of adaptation and transition of assets towards a low-emission model can lead to a depreciation of their value due to their unattractiveness in the investment market.	S/T, M/T
4	**Transition**	**Reputational**	Increased cost of capital	Investors in both debt and equity markets are increasingly looking for companies with sustainable portfolios, which are committed to sustainability goals and are transparent. Failure to invest in sustainability and to disclose comprehensive, robust and credible ESG information may result in a loss of investors, making it difficult to access financing.	M/T, L/T

Scenario	Potential impact	Estimation of the potential impact	Impact	Likelihood
SSP1 and SSP5	▪ CapEx increase	The cost of maintaining high sustainability standards in the asset portfolio is estimated at €35m of CAPEX per year, including €12.6m per year from the decarbonisation plan.	VERY HIGH	VERY HIGH
SSP1	▪ Increased costs for the purchase of emission allowances	Taking into account the internal carbon price established by the Colonial Group of €100/tCO_2e, the cost of emissions for the Group is estimated at €1.3m, taking as a reference for the calculation the 2023 carbon emissions for scopes 1, 2 and 3 - category 13 "marked based".	LOW	HIGH
SSP1	▪ Demand reduction ▪ Income level reduction ▪ Depreciation of asset value	The potential impact of not maintaining high sustainability standards in the portfolio is estimated at €21.3m of lower rental income, corresponding to 5% of annualised passing rents.	HIGH	MEDIUM
SSP1	▪ Loss of competitiveness due to restricted access in the debt market and in the equity market ▪ Reduced liquidity	The potential impact of not maintaining high sustainability standards for debt is estimated at approximately 10 basis points higher financing cost, which on gross debt at 31 December 2023 equates to a potential impact of €5.3m.	LOW	HIGH

The Group also establishes that it must monitor the development of the following risks:

- **Transition risks**: the Group regularly monitors changes in the cost of raw materials and energy prices.
  - Raw materials may experience an increase in cost due to the use of new, more sustainable and carbon-neutral materials and construction methods in order to meet energy efficiency and sustainability requirements during the construction and retrofitting process. This implies additional costs for the use of these new materials and construction methods, for which demand is expected to increase in the coming years.
  - The cost of energy may increase due to the investments needed to decarbonise national energy systems. In addition, to disincentivise fossil fuels, taxes associated with GHG emissions are likely to be increased. This, along with other factors, could increase the price of electricity during the transition to a low-carbon economic model.
- **Physical risks**: Currently, the physical risks identified do not pose a material risk to the Group's assets due to their geographical location and their current low probability; however, the Group closely monitors the evolution of weather patterns and assesses the impact and exposure of the risks on an asset-by-asset basis each year.
  - The increase in average temperature may lead to an increase in energy consumption and is estimated to represent a 4% increase in consumption for each degree of temperature increase, resulting in higher operating costs. In addition, in the event of a breakdown of any cooling equipment, it could hamper the operation of the buildings involved and affect the well-being of their occupants or even temporarily interrupt their activity.
  - Increased intensity or frequency of extreme weather events could cause damage to some elements of buildings and increase the cost of repairs to damaged elements.
  - Moreover, less likely, but with greater impact than the physical risks described above, the risk of flooding could cause damage and temporarily disrupt activity at the exposed assets should it materialise.



Opportunities for proactive climate change management

Colonial is working to prevent these risks from materialising in the affected scenarios, as they could have unforeseeable effects for the Group. However, Colonial also identifies opportunities that can also help neutralise the negative impacts of some of these risks.

#	Group	Category	Opportunity
1	**Transition**	**Resource efficiency**	Improvement of the energy efficiency of buildings.
2	**Transition**	**Resource efficiency**	Increased competitiveness for low-carbon real estate.
3	**Transition**	**Products and Services**	Increasing demand and rents for sustainable and low-carbon intensive buildings.
4	**Transition**	**Market**	Increased access to capital and financial cost competitiveness.

Description	Opportunity estimation
Compliance with energy regulations allows us to continue to innovate and improve the Group's buildings to achieve maximum efficiency and reduced energy consumption.	The Group estimates a return of between 10% and 12% of the CapEx invested in decarbonisation over the next five years, which represents between €5m and €6m of reduction in property OpEx and therefore efficiency and cost improvements for tenants.
As part of the Group's decarbonisation plan, Colonial has set an internal carbon price (€100/TnCO_2) which it uses internally in planning studies for new developments and new projects. In this way, the Group can estimate the impact of embedded carbon emissions and incentivise the reduction of emissions emitted in its projects to reduce the theoretical cost of offsetting the carbon emissions embedded in each project.	
The polarisation of the office market makes it possible to differentiate high-quality assets from the rest of the market. With most companies adopting their sustainability and decarbonisation plans, those assets certified with the highest environmental certifications and with higher degrees of efficiency will experience an increase in demand and consequently an increase in the level of rents (*Greenium*).	The potential positive impact of maintaining high sustainability standards in the portfolio is estimated at an opportunity of €21.3m of increased rental income, corresponding to 5% of annualised passing rents.
The adaptation of the assets makes it possible to show investors in the financial markets the transition carried out by Colonial towards a more sustainable and carbon-neutral business model that is valued by the Group's various stakeholders and that facilitates the access to capital and reduces the cost of the same.	The potential positive impact of maintaining high sustainability standards on debt is estimated to be an improvement opportunity of approximately 10 basis points of lower financing cost, which on gross debt at 31 December 2023 equates to a positive impact of €5.3m.

Impact on the strategic plan

Colonial is firmly committed to being part of the solution to the changes caused by climate change.

The Colonial Group's leadership in the energy efficiency of its portfolio and management of carbon emissions reduction represents a clear opportunity: Offers the Group a clear competitive advantage in the office market, enabling the company to crystallise the opportunities described in the table below and without materialising, to date, any impact of the associated risks.

Overall, these impacts have not changed significantly compared to 2022, although the Group is aware that they may evolve and vary in the future depending on the scenario that finally materialises.

Opportunity	Risk	Impact on business strategy	Impact on sustainability Business Plan
Improvement of the energy efficiency of buildings	**New energy efficiency regulation and reporting requirements (EU taxonomy & EPC)**	The Group's strategic plan includes a decarbonisation and sustainability plan in which it is committed to achieving carbon neutrality by 2030. In order to achieve carbon neutrality, the Group's strategic objective is to reduce energy intensity (<10%) and purchase green energy (>70%), in addition to the energy and environmental certification of its entire portfolio and obtaining the highest certifications for new projects. All of these objectives are aligned with compliance with the new emerging energy regulations and are focused on improving energy efficiency for compliance with EPC standards.	The Group's Business Plan includes the necessary investments that the Group must make in order to adapt its assets to the new emerging energy regulations and to comply with EPC standards. The individualised master plan for each asset includes the necessary adaptation actions for each building.
Increased competitiveness for low-carbon real estate	**Carbon price regulation**	The Group's decarbonisation plan aims to achieve neutrality in GHG emissions Scopes 1 and 2. Furthermore, in order to highlight the value of the decarbonisation plan and reaffirm its strategic importance, Colonial has established an internal price for embedded carbon (€100/tCO_2) for new projects. This action encourages sustainable development and the pursuit of carbon neutrality in the Group's new projects.	For each new project, the carbon emissions of the project itself (embodied carbon) are analysed, as well as the carbon emissions of the entire life cycle of the asset. To assess its economic impact, the internal carbon price of €100/tCO_2e, established by the Group.
Increasing demand and rents for sustainable and low-carbon intensive buildings	**Change in customer behaviour**	The Group has set various sustainability targets for project development. Project life cycle analysis is applied to all of Colonial's assets, involving all suppliers with sustainability objectives (design, demolition, construction and maintenance) to achieve high quality and environmentally efficient buildings. The Group also has ESG clauses with all its significant suppliers. In addition, Colonial aims to apply green clauses with all its new clients (100%), aligning its sustainability objectives with those of its customers and placing value on investment in developing more sustainable spaces.	The Group plans to undertake new projects with the aim of achieving the highest environmental and energy certifications (LEED and BREEAM) and complying with EPC standards. The economic studies of each project include specific items to ensure that the sustainability objectives of each project are met.
Increased access to capital and financial cost competitiveness	**Increased cost of capital**	The Colonial Group considers the reporting of ESG information to investors and analysts to be of strategic importance. The Group has implemented an internal control system to ensure the reliability and veracity of the ESG data reported, with particular emphasis on environmental (E) and social (S) indicators.	The Group has integrated ESG indicators into its financial strategy as key performance indicators (KPIs) because of their importance in accessing and trading capital in the financial markets.

Resilience of the business model

Resilience in the short and medium term (2020-2030):

Transition risks:

The Group's business model has been adapted to show its resilience to the climate risks identified in the short and medium term. The Group is in the process of transitioning its portfolio towards a carbon neutral one through its strategic decarbonisation plan (2018-2030). In addition, the sustainability objectives established for new developments, with a clear focus on reducing CO_2 emissions and improving the energy efficiency of the assets to comply with EPC standards and the regulations that may be set by the EU taxonomy, as well as local regulations in the different EU member states, allow the transition of Colonial's portfolio towards a more sustainable model aligned with the new demands of customers and investors.

Physical risks:

Colonial's current strategy, based on prime assets located in the CBD, means that these are largely located in urban areas with a high resilience to the physical risks of climate change, so that the Group's assets are not exposed to significant damage over this time horizon, especially for possible extreme weather events or flooding.

Long-term resilience (>2030):

Transition risks:

The Group is aware that it will have to readapt its business model and increase its adaptation measures for the effects of climate change and the impacts of climate risks in the long term.

Physical risks:

In an SSP1 scenario, in which the temperature increase is contained below 1.5°C, the Group's portfolio will maintain its current resilience, as no major investments are expected to mitigate the effects of the identified physical risks that are expected to occur in the long term.

In an SSP5 scenario, with an average temperature increase above 4.4°C, the Colonial Group will need to increase its investments in mitigation measures for extreme weather events, as well as to reduce the risk of flooding in assets located in vulnerable areas. In addition, the Group should exclude from its acquisition strategy assets located in risk areas and include in its divestment plan existing assets in such areas, in order to minimise its exposure to climate risks.

III. Risk management

Methodology for identifying and assessing climate risks and opportunities

The responsibility for identifying risks and opportunities lies with the Business Area and the Corporate Development Area (responsible for ESG coordination and reporting) whose teams are also responsible for their risk management. Colonial collaborates with external advisory services (Upcycle and EY) to further identify these risks.

To identify them, Colonial analyses each of the scenarios in the short, medium and long term. Based on these scenarios, the risks identified for each scenario and time horizon are listed. Transition risks are grouped into the following categories: Regulatory and Legal, Technology, Market and Reputational. The physical ones are classified as: Acute and Chronic.

For the opportunities, the same methodology is followed, but classifying them into: Resource efficiency, Energy source, Products and services and Market.

It should be noted that each review analyses the need to include new climate risks that may pose a threat to the Group and its activities.

Once identified, climate risks are assessed in terms of likelihood and impact. Each of these fields has been quantified from 1 to 4, with 1 being very unlikely or a very low impact and 4 being very likely or a very high impact, respectively. To measure the impact, both the direct and indirect financial impact (e.g. caused by reputational damage), have been taken into account.

Integration into the risk matrix

Climate risks (both physical and transitional) are integrated into the corporate risk matrix, which is updated semi-annually through reviews with risk owners. Furthermore, the climate risks are assessed by the members of the ESG Committee (risk owners). (For more details, see section *4.2 Our risk management model*).

Currently, climate risks are integrated in an aggregated form in the matrix through risks no. 6. Physical risks of climate change and number 13. Transition risks of climate change. The first integrates the risks outlined above linked to the physical, social and economic consequences of climate change that may impact Colonial's assets and stakeholders. Conversely, the second integrates the risks linked to the impacts arising from the transition to adapt to climate change, especially legal, regulatory and reputational risks.

Main highlights of 2023

- Update on impacts of climate change risks and opportunities.
- Incorporate the results of climate risk analyses into our management of new projects.
- For the management of the assets in operation, an individual analysis of climate change risks and vulnerabilities, as well as the corresponding adaptation and mitigation measures, is carried out for each property.

Future projects

In 2024 we will seek:

- Incorporate the impact of ESG ratings and spending on improving EPC certifications into portfolio valuation.
- Review the Group's risk registers to ensure that they reflect all material climate-related risks of the Group.
- Continue to develop and analyse the risks and opportunities identified in the double materiality analysis related to climate aspects.

IV. Metrics and Objectives

The Colonial Group's Decarbonisation Business Plan is the Group's transition plan towards a carbon neutral future. It integrates several strategic objectives, most of them directly or indirectly linked to climate change and the associated risks and opportunities. The most relevant goal in this respect is carbon neutrality by 2030. Thanks to improvements in energy efficiency and, in particular, the contracting of electricity from renewable sources, Colonial has continued to reduce the carbon footprint intensity for Scopes 1 and 2 by 21% in 2023 compared to 2022 in like-for-like terms, having also reduced it by 25% in 2022 compared to 2021, which means continuing to advance at an accelerated pace towards the total decarbonisation of its portfolio. For the progress of the Business Plan, see section *5.4. Transition to carbon neutrality*.

Colonial is also paying increasing attention to GHG emissions in its value chain. Therefore, from 2021 onwards, it has calculated and published its scope 3 emissions for the categories that apply to the Group's business. Colonial also actively measures the embodied carbon of new projects.

In order to make further progress in achieving these objectives, Colonial has an action plan (the Sustainability Master Plan) with an associated calendar and budget that are approved annually. As part of this Plan, the Colonial Group has approved a series of improvement works with an expected CapEx of €63m over five years, which will entail a reduction in energy and CO_2 emissions in the portfolio.

The achievement of the objectives of the Business Plan is periodically supervised by Colonial's ESG Committee and by the Sustainability Committee. In the event that a deviation is identified that may pose a risk to the achievement of these objectives, the ESG Committee takes the necessary measures.

For more details, see chapter *5.5. Eco-efficiency and decarbonisation* results in this report and Appendix *8.2. GRI & EPRA BPR'S Key Sustainability Indicators*, present the metrics (and targets) used to measure progress in managing climate change related risks and opportunities.

The Colonial Group has defined management objectives and indicators in order to monitor the Group's achievement and performance in complying with the Business Plan in the climate area (for further details see section *5.4.7 of this report*).

5. Performance

5.1. | Office markets

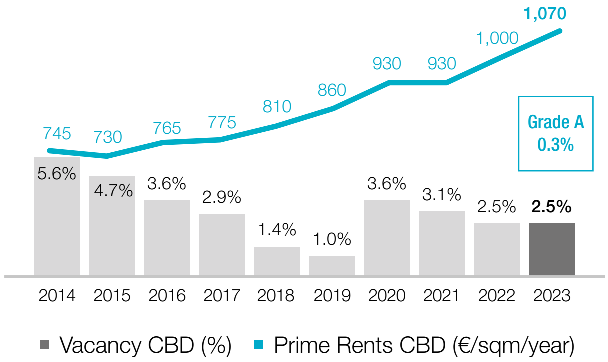
5.1.1 Rental markets

In the Paris office market, take-up in 2023 reached 1,932,000 sqm. **The CBD and City Centre represented approximately 52% of the market absorption, reaching 1,000,000 sqm. This figure, although slightly lower than that of 2022, is in line with the average over the last 10 years**. Likewise, the **vacancy rate in the CBD remains low at 2.5%, with Grade A availability at 0.3%. Prime rents for the best buildings in the CBD stood at €1,070/sqm/year**.

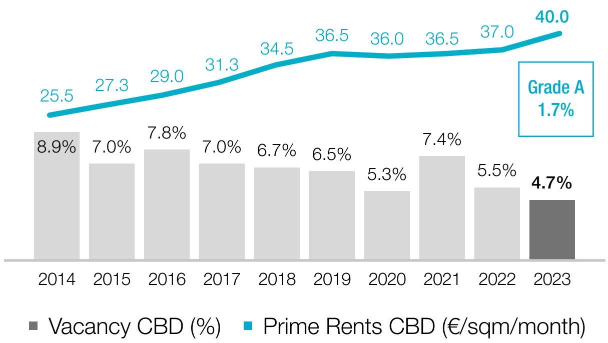
The demand in the Madrid offices market reached 389,000 sqm in 2023. **Regarding market occupancy, worth highlighting is the increase in the gap between the central and peripheral markets**. Although the **total market vacancy increased 41 bps compared to 2022, reaching 11.6%, the vacancy rate in the CBD and City Centre decreased from 4.7% to 3.5%**, respectively (1.7% and 0.3% for Grade A buildings). Approximately **85% of the available office space in Madrid is outside of the M-30. Prime rents increased to €40/sqm/month**.

The take-up in the Barcelona offices market was 232,000 sqm in 2023. **The CBD too 14% of the demand**, which, together with limited **availability** of stock **(5%, 0.5% for Grade A buildings)** resulted in **an increase in prime rents to €28.50/sqm/month**.

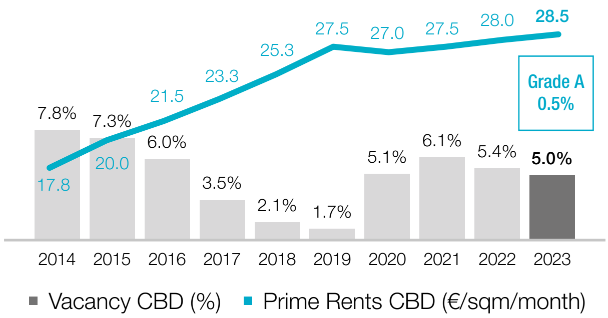
Paris



Madrid



Barcelona



5.1.2 Investment market

The investment volume in the Paris office market reached €4.7bn in 2023: which represents a decrease of 57% compared to 2022. 56% of the transactions were carried out in the City Centre and the CBD. Likewise, worth highlighting is the high number of transactions carried out by companies acquiring their own offices, particularly in the luxury sector, which dominated various significant transactions throughout the year in the Golden Triangle of Paris. Prime yields stood at 4.25%.

In **Madrid**, investment reached €860m, with private national investors being the most active. Prime yields in Madrid stood at 4.75%. In **Barcelona**, the investment volume reached €261m. Prime yields in Barcelona stood at 4.90%.

Sources: Savills, CBRE.

5.2. | Financial and operational results

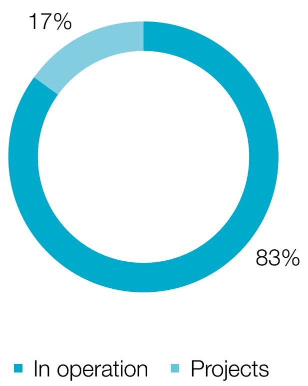
5.2.1 Management of the contract portfolio

Breakdown of the current portfolio by surface area

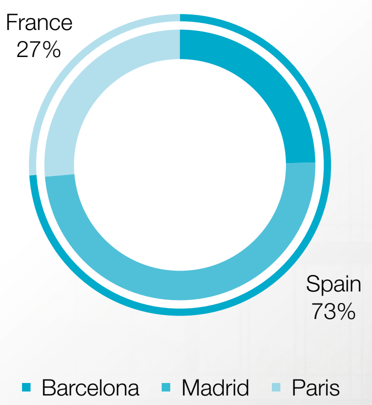
At the close of 2023, the Colonial Group's portfolio amounted to 1,584,233 sqm, mainly concentrated in office assets, which correspond to 1,455,988 sqm.

83% of the total surface area of offices was in operation at the close of 2023 and the rest corresponded to an attractive portfolio of projects and renovations.

Offices Surface – by condition



Offices Surface – by market



Signed leases

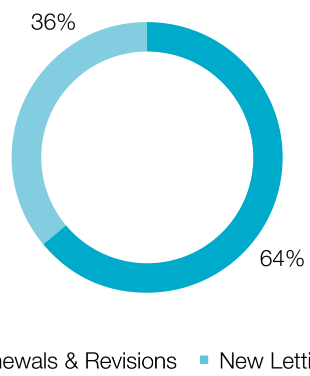
At the close of 2023, the Colonial Group formalized leases for a **total of 158,225 sqm**. 74% (116,977 sqm) corresponded to contracts signed in Barcelona and Madrid and the rest (41,248 sqm) were signed in Paris.

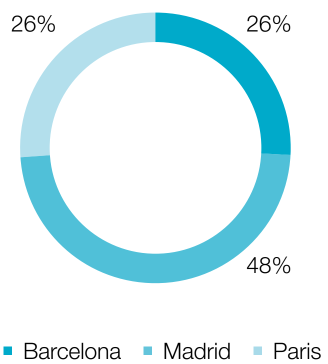
Renewals: Out of the total office letting activity, 64% (101,330 sqm) are lease renewals, highlighting the 62,373 sqm renewed in Madrid.

New lettings: New leases relating to 56,895 sqm were signed, highlighting the 22,743 sqm signed in Barcelona and the 21,187 sqm signed in Paris.

Letting Performance

December cumulative – sqm	2023	Average maturity	% New rents vs. previous	Offices
Renewals & revisions – Barcelona	18,896	4	*(0%)*	*0%*
Renewals & revisions – Madrid	62,373	3	*(1%)*	*(0%)*
Renewals & revisions – Paris	20,062	7	*12%*	*12%*
Total renewals & revisions	**101,330**	**5**	***5%***	***5%***
New lettings – Barcelona	22,743	5		
New lettings – Madrid	12,966	4		
New lettings – Paris	21,187	7		
New lettings	**56,895**	**7**	**n. a.**	
Total commercial effort	**158,225**	**6**	**n. a.**	





The new rents stood at +5% above previous rental prices: highlighting the **Paris market up +12%**.

Colonial's total letting activity is spread across the three markets in which the Company operates.

In Spain, 116,977 sqm were signed in 2023, corresponding to 72 contracts. In Paris, 41,248 sqm were signed, corresponding to 33 contracts.

Of special mention is the large commercial activity of the office portfolio in Madrid, where rental agreements have been signed for a total surface area of 75,339 sqm across 38 transactions, of which 83% were renewals. These include the renewal of 15,935 sqm on the Martínez Villergas building with an important Spanish airline, the renewal of 14,051 sqm on the EGEO asset with a structural engineering company, the renewal of more than 4,600 sqm on the Santa Engracia asset with a transport company, and the renewal of more than 7,600 sqm and 5,500 sqm on the Arturo Soria and Recoletos 37 assets, respectively, both with various tenants. Regarding new contracts signed, worth mentioning is the signing of 2,298 sqm on the Velázquez 86D asset and the signing of 1,910 sqm on Recoletos 37, as well as the signing of 1,691 sqm on the Ortega y Gasset asset, among others.

In the office portfolio in Barcelona, rental contracts were formalized with a surface area of 41,639 sqm across 34 transactions. Of special mention are the new contracts signed on the Plaza Europe 34 asset for 6,299 sqm, Diagonal 530 for 6,088 sqm, Diagonal 609-615 for 3,077 sqm, and the assets Wittywood and Sant Cugat on almost 2,500 sqm in both assets. Regarding renewals, of special mention is the renewal of 5,061 sqm on the Travessera 47 asset with an editorial group, as well as the renewals of 2,400 sqm and 2,279 sqm on the Torre BCN and Dau Retail assets, with various tenants.

In the office portfolio in Paris, contracts were signed for an amount of 41,248 sqm across 33 transactions. Regarding new contracts signed, worth highlighting is the signing of 10,447 sqm on the #Cloud asset, as well as the signing of 4,774 sqm and 3,266 sqm on the Washington Plaza and Edouard VII assets, respectively. Regarding renewals signed, of special mention is the renewal of 7,759 sqm on Edouard VII, as well as the renewal of 7,150 sqm on the 131 Wagram asset with an international television network.

Stability in the portfolio occupancy

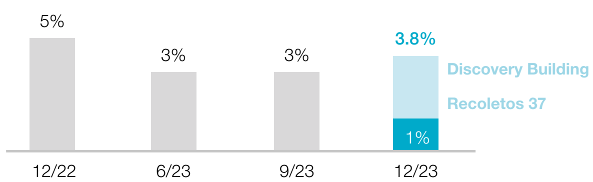
At the close of 2023, the total vacancy of the Colonial Group stood at 2.9%, a higher vacancy rate compared to the same period of the previous year and in line with the last quarter reported.

Epra vacancy(1)

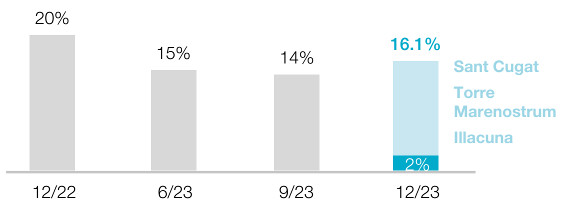
Office & Total Vacancy – Evolution of Colonial's Portfolio

Paris

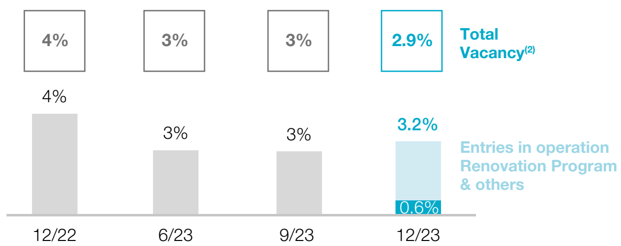
Madrid



Barcelona



Total



(1) EPRA vacancy: financial vacancy according to the calculation recommended by EPRA (1- [Vacant floorspace multiplied by the market rent/operational floor space at market rent]).
(2) Total portfolio including all uses: offices, retail, and others.

The Paris office portfolio is at full occupancy, thanks to the successful implementation of the renovation program and the strength of the prime market of Paris.

The Madrid office portfolio has a vacancy rate of 3.8%, a rate in line with the last quarter reported, but an improvement compared to the same period of the previous year, mainly due to the new lettings on the Velázquez 86, Ortega & Gasset, Ramón de la Cruz, Alfonso XII, and Ribera de Loira assets, among others. The vacant surface area mainly corresponds to the Discovery Building and Recoletos 37 assets.

The Barcelona office portfolio has a vacancy rate of 16.1%, a rate slightly higher than the last quarter reported. This is mainly due to the entry into operation of the renovated surface area in the Illacuna asset in the 22@ area, but lower compared to the same period of the previous year, mainly due to the new contracts signed on the Diagonal 530, Diagonal 609-615, Sant Cugat and Diagonal 682 assets, among others.

The vacancy rate of Barcelona mainly corresponds to the **entry into operation** of the renovated surface area in the **Torre Marenostrum** and **Illacuna** assets, as well as the **client rotation** in the **Sant Cugat** asset. **Excluding the entries into operation of these three assets, the vacancy rate of the Barcelona office portfolio stands at 2.3%**.

Contract portfolio and reversionary potential

Commercial lease expiry

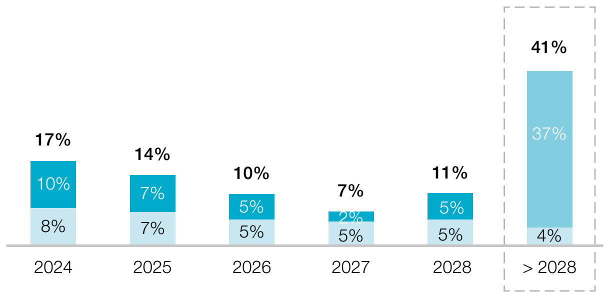
The following graphs show the contractual rent roll for the coming years.

The **first graph** shows the **commercial lease expiry** dates for the **Colonial Group's entire portfolio**. If the tenants choose to end the contract at the first possible date in 2024 (break option or end of contract), it will correspond to 17% of the contract portfolio. If the tenants remain until the contract expires in 2024, the figure is reduced to 12%.

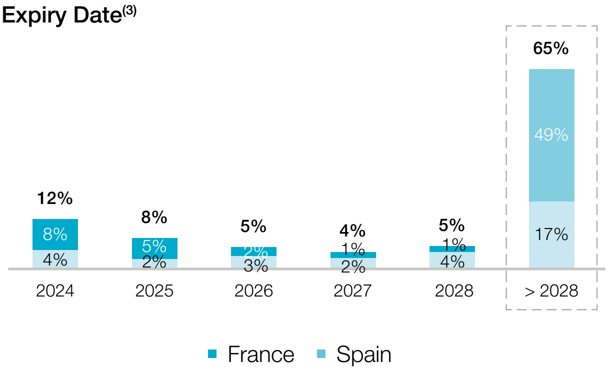
Colonial Group

Commercial lease expiry dates in economic terms[1]
(% passing rent of surfaces to be leased)

First Potential Exit[2]



Expiry Date[3]



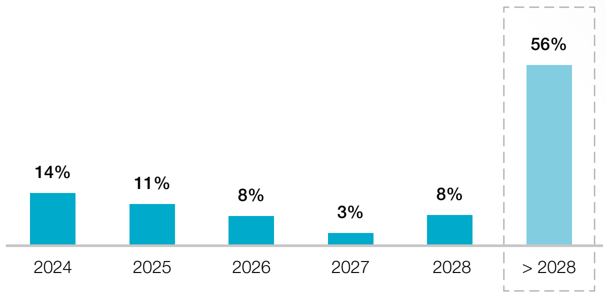
(1) % = surface to rent x current rents / current rental revenues.
(2) Renewal dates based on first potential exit of the current contracts.
(3) Renewal dates based on the expiry date of the current contracts.

The **second graph** shows the **commercial lease expiry** dates of the assets **in France** if the tenants choose to end the contract at the first possible date (break option or end of contract), or if the tenants remain until the contract expires. In France, the contract structure is over the long term.

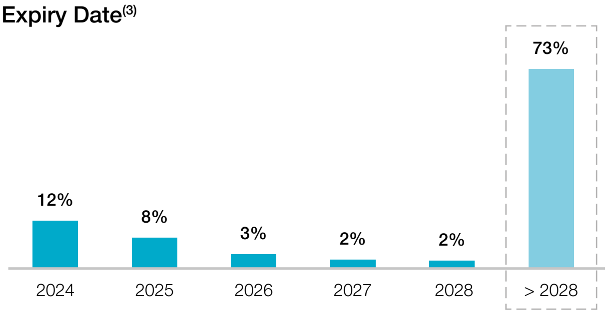
France

Commercial lease expiry dates in economic terms[1]
(% passing rent of surfaces to be leased)

First Potential Exit[2]



Expiry Date[3]



(1) % = surface to rent x current rents / current rental revenues.
(2) Renewal dates based on first potential exit of the current contracts.
(3) Renewal dates based on the expiry date of the current contracts.

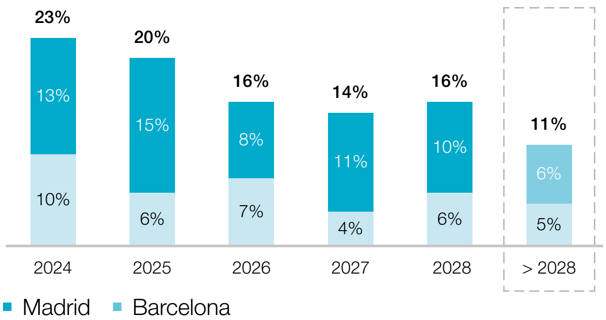
The **third graph** shows the **commercial lease expiry** dates of the assets **in Spain** if the tenants choose to end the contract at the first possible date (break option or end of contract) or if the tenants remain until the contract expires.

It is worth mentioning that the contract structure in Spain is over a shorter term than the contract structure in France.

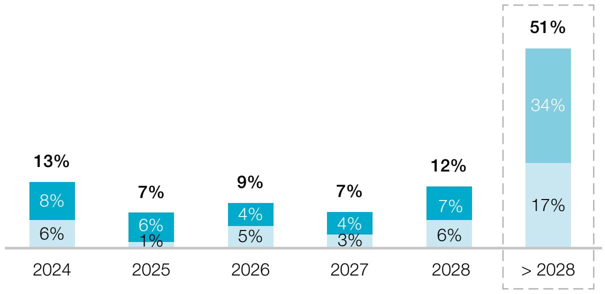
Spain

Commercial lease expiry dates in economic terms[1]
(% passing rent of surfaces to be leased)

First Potential Exit[2]



Expiry Date[3]



Reversionary potential of the rental portfolio

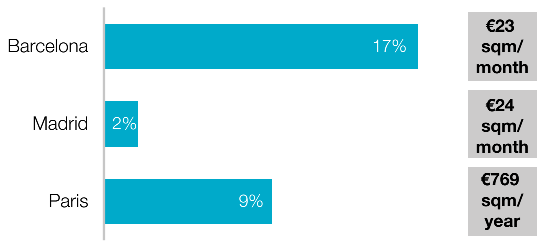
The Colonial Group's rental portfolio has significant reversionary potential. This reversionary potential is the result of comparing the rental income of the current contracts (contracts with current occupancy and current rents) with the rental income that would result from letting the total surface at the market prices estimated by independent appraisers at the close of 2023 (not including the potential rents from the projects and significant renovations underway).

The static reversionary potential (assets at 100% occupancy applying current market rents without considering future indexation impacts and rental growth) of the rental revenues of the office portfolio stood at:

- +17% in Barcelona
- +9% in Paris
- +2% in Madrid

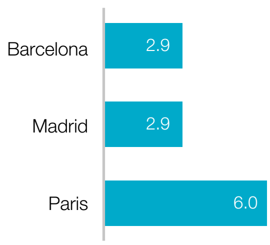
Figures at December 2023

"Reversionary potential" *Current passing rent*[4]

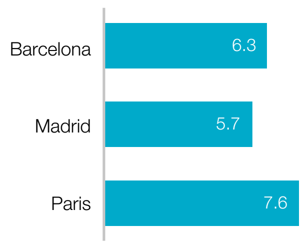


Average maturity of the contracts (years)

First Potential exit



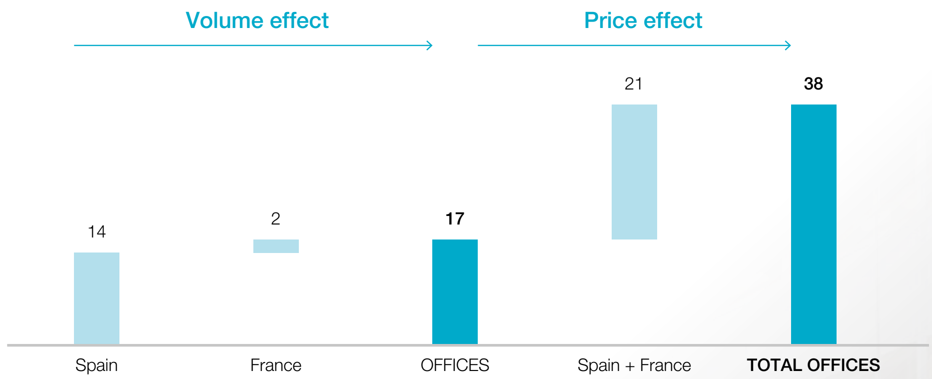
Expiry date



(1) % = surface to rent x current rents / current rental revenues.
(2) Renewal dates based on first potential exit of the current contracts.
(3) Renewal dates based on the expiry date of the current contracts.
(4) Current office rent of occupied surfaces.

Specifically, the static reversionary potential of the current portfolio **would result in approximately €38m of additional annual rental income**.

Reversionary potential-rental income
€m



5.2.2 Project Pipeline

Project Pipeline

The Colonial Group has a **project pipeline of 154,228 sqm across 8 assets**.

At the date of publication of this report, both the pre-let levels and project execution levels were very high: 7 out of the 8 projects are complete and pre-let. The only ongoing project is Méndez Álvaro (located in the South of the Castellana in Madrid) with an estimated delivery date in 2024.

	Project	City	Let / Pre-let	Delivery	GLA (sqm)	Total Cost[(1)] €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	Velázquez, 86D	Madrid CBD	100%	✓	16,318	116	> 6%
4	Miguel Ángel, 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 (Prime Commercial)	Paris CBD	100%	✓	16,000	215	7- 8%
8	**Méndez Álvaro Offices**	**Madrid CBD South**	**On track**	**2Q-3Q 24**	**60,214**	**224**	**> 8%**
	Current pipeline				**154,228**	**1,141**	**≈ 7%**

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

Diagonal, 525

Marceau

Biome

Pl. Europa, 34

Velázquez, 86D

Miguel Ángel, 23

Louvre-St.Honoré

Méndez Álvaro C.

In 2023, the **Louvre Saint Honoré project in Paris 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, with a contract for 40 years of which 20 years are of mandatory compliance and at maximum rental prices.

In addition, in Spain, the **Plaza Europa 34 project was delivered, fully let to the Puig Group**, with a mandatory 10-year contract. The asset has the **LEED Gold** environmental certification and is considered a ***Nearly Zero Emissions Building (NZEB)***.

Louvre St. Honoré

Plaza Europa, 34

In addition, the following are of special mention:

- In **Paris** at the end of 2022, the renovation works were finalised on the **Biome** building of 24,500 sqm, and it entered into operation fully let to the Banque Postale and SFIL Paris. The transaction covers the entire space of offices, as well as the adjacent areas (restaurant, facilities, conference centre, etc.). Two contracts for a term of 10 years have been signed at rental prices at maximum market levels.

- In **Miguel Ángel 23**, one of the first Net Zero buildings in the CBD in Madrid, an agreement was reached to rent the entire surface area of the building to McKinsey. The contract term is for 10 years, with a rent higher than the market rent. The project was delivered in October 2022.

- In the second half of 2022, the **Velázquez 86D** asset, with a surface area of 16,318 sqm, was delivered and is currently fully let to top-tier clients, such as Bain & Company, AON, White & Case and Sagardoy Abogados. All the contracts were signed at maximum rental prices, establishing the prime benchmark in the Madrid market.

Biome
Paris City Centre

Miguel Ángel, 23
CBD Madrid

Velázquez, 86D
CBD Madrid

- In addition, the Diagonal 525 project (the new headquarters of Naturgy) in the Barcelona CBD and the 83 Marceau project (the headquarters of Goldman Sachs) in the Paris CBD were delivered in 2021. Both assets are 100% let at maximum market rents.

Diagonal, 525
CBD Barcelona

Marceau
CBD Paris

5.2.3 Active portfolio management

Disposal Program

In the last quarter of 2023, and the beginning of 2024, the Colonial Group closed disposals for €150m with a premium of +5% over the last appraisal.

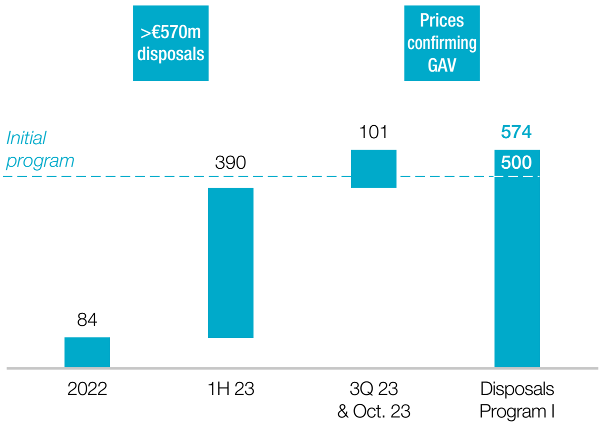
The disposals were carried out in Madrid and correspond to the residential part of the Méndez Álvaro Campus (Madnum Residential) with almost 30,000 sqm (binding agreement subject to final settlement) and the sale of 3 floors in a building on the Paseo de Recoletos, asset acquired by Colonial in 2019 (disposal already completed).

These transactions are included in the Colonial Group's new disposal program that will continue in 2024 with additional asset sales, in order to recycle capital and maximize value creation for its shareholders.

Méndez Álvaro (Madnum Residential)

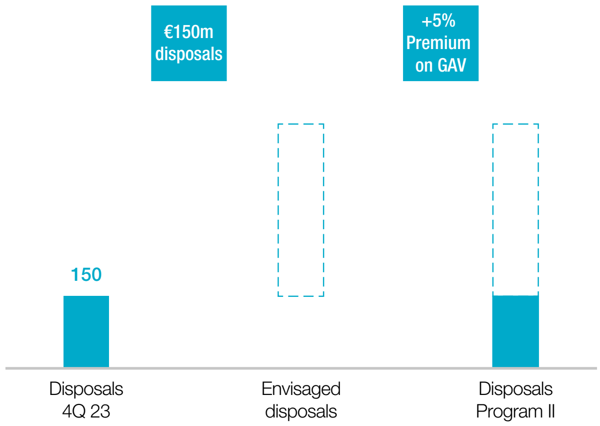
1st completed disposal program

€m



New disposal program

€m



Colonial launched an initial program in late 2022 with the aim of achieving disposals exceeding €500m. This program has been successfully completed, reaching a total amount of €574m, of which €84m were realized at the end of 2022 and the rest during the first nine months of 2023.

Additionally, Colonial has initiated a second disposal program, reaching a total amount of €150m to date (divestment agreed between end of 2023 and beginning of 2024). The final settlement of Méndez Álvaro is scheduled for 2024.

The total disposal volume of the disposal program amounts to €723m to date.

The disposal volume of €723m comprises the sale of 12 assets in Madrid, 1 small retail unit in Barcelona and 2 assets in Paris, corresponding to more than 150,000 sqm above ground.

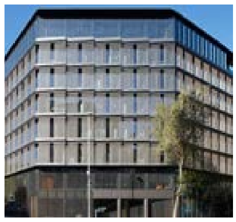
J. Valcárcel, 24
Madrid

Alcalá, 506
Madrid

Sagasta, 27
Madrid

Le Vaisseau
Paris

Almagro, 9
Madrid



José Abascal, 56
Madrid

Miguel Ángel, 11
Madrid

Hanovre 6
Paris

Viapark
Madrid

P. Somport, 10-18
Madrid

Cedro
Madrid

R. Arellano, 15
Madrid

Recoletos, 27
Madrid

CMA Residencial
Madrid

In total, the following disposals have been carried out:

- In Madrid, the sales of 8 mature and/or secondary assets were finalised (Alcalá 506, Josefa Valcárcel 24, Sagasta 27, Almagro 9, José Abascal 56, Miguel Ángel 11, the Cedro building and Ramírez Arellano 15), the sale of a plot of land located in the sub-market of Las Tablas (Puerto Somport 10-18), the sale of the Viapark asset (commercial/logistic use), and the partial sale of various floors of the Recoletos 27 asset, as well as the sale commitment of the Méndez Álvaro residential complex.

- In Paris the sales of two mature assets were finalised: the sale of the non-strategic Le Vaisseau asset, and the sale of Hanovre, a historic building located very close to the Opera building, with a surface area of 4,600 sqm. This asset is also considered non-strategic due to its small size and real estate limitations, being less competitive than other buildings in Colonial's Paris portfolio.

- In Barcelona, the sale of a small non-strategic asset was finalised in Sant Antoni María Claret.

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, continually improving the risk-return profile of the Group.

5.2.4 Gross Rental Income and EBITDA of the portfolio

Colonial closed 2023 with **Gross Rental Income of €377m, a figure +6% higher than the previous year, mainly due to the high like-for-like increase of the portfolio**, the acceleration of the renovation program and the entries into operation of the Group's pipeline projects, as well as the new acquisitions carried out.

In like-for-like terms, adjusting for disposals and variations in the project pipeline and renovation program, and other extraordinary items, **the rental income increased by +8% compared to the same period of the previous year**.

In **France**, the rental income increased **+15% in absolute terms and +8% like-for-like**, mainly due to higher rents and increased occupancy in the Édouard VII, #Cloud, Louvre Saint Honoré offices, Washington Plaza and 103 Grenelle assets.

In Spain, the rental income increased by **+7% like-for-like**.

The increase in income of +9% like-for-like in Madrid was mainly due to a combination of higher rents and increased occupancy in the Recoletos 37, Ortega y Gasset 100, Castellana 163, Santa Engracia and The Window assets, among others. In **Barcelona, the like-for-like rental income increased by +3%**.

The like-for-like variance in rental income by market is shown below:

	Barcelona	Madrid	Paris	Total
Rental revenues 2022R	**48**	**102**	**205**	**354**
EPRA like-for-like(*)	**1**	**7**	**15**	**23**
Projects & refurbishments	(2)	3	12	12
Acquisitions & Disposals	0	(15)	4	(11)
Indemnities & others	(0)	0	(1)	(1)
Rental revenues 2023R	**46**	**96**	**234**	**377**
Total variance (%)	***(3%)***	***(6%)***	***15%***	***6%***
Like-for-like variance (%)	**3%**	**9%**	**8%**	**8%**

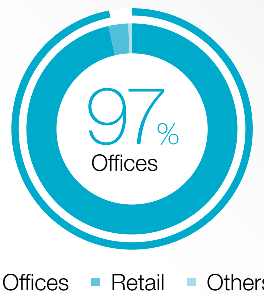
(*) EPRA like-for-like: Like-for-like calculated according to EPRA recommendations.

Rental income breakdown: 97% of the Group's rental income comes from the office portfolio. Likewise, the Group maintains its high exposure to CBD markets, with 73% of the income.

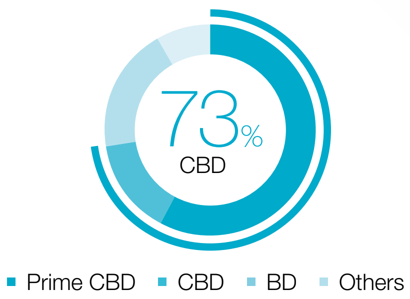
In consolidated terms, **62% of the rental income (€234m), came from the subsidiary in Paris** and 38% was generated by properties in Spain. **In attributable terms, 58% of the rents were generated in Paris** and the rest in Spain.

Consolidated Group

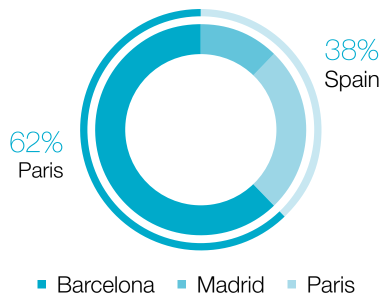
Revenues – by use



Revenues – by area

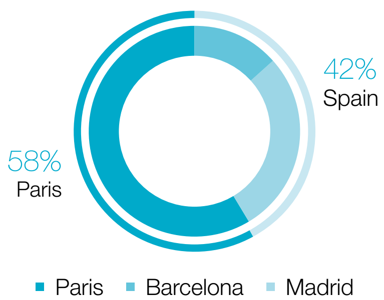


Revenues – by market



Attributable

Revenues – by market



The Net Rental Income of the properties at the close of 2023 reached €353m, an increase of +8% compared to the same period of the previous year. In like-for-like terms, the Net Rental Income increased +9%. This increase was driven by a strong increase in the Madrid market.

Property portfolio

				EPRA Like-for-like[1]	
December cumulative – €m	2023	2022	Var. %	€m	%
Rental revenues – Barcelona	46	48	(3%)	1.2	3%
Rental revenues – Madrid	96	102	(6%)	6.7	9%
Rental revenues – Paris	234	205	15%	14.9	8%
Rental revenues Group	**377**	**354**	**6%**	**22.7**	**8%**
Net Rental Income – Barcelona	40	42	(3%)	1.5	4%
Net Rental Income – Madrid	90	90	(1%)	9.7	14%
Net Rental Income – Paris	223	194	15%	12.6	8%
Net Rental Income Group	**353**	**326**	**8%**	**23.8**	**9%**
Net Rental Income/Rental revenues – Barcelona	*87%*	*87%*	*(0.1 pp)*		
Net Rental Income/Rental revenues – Madrid	*93%*	*88%*	*4.6 pp*		
Net Rental Income/Rental revenues – Paris	*95%*	*95%*	*0.3 pp*		

pp = percentages points.
(1) EPRA like for like: like for like calculated with EPRA recommendation.

5.2.5 Analysis of the Profit and Loss Account

The Colonial Group closed **2023 with a recurring net profit of €172m, representing net recurring earnings per share of €32cts/share, +7% higher than the previous year**.

December cumulative – €m	2023	2022	Var.	Var. %[1]
Rental revenues	377	354	23	6%
Net operating expenses[2]	(24)	(28)	4	16%
Net Rental Income	353	326	27	8%
Other income[3]	11	4	7	–
Overheads	(48)	(48)	(1)	(1%)
EBITDA	**316**	**283**	**33**	**12%**
Change in fair value of assets, capital gains & others exceptional items	(1,424)	(147)	(1,276)	–
Amortizations & provisions	(13)	(8)	(4)	(53%)
Financial results	(95)	(85)	(10)	(11%)
Profit before taxes & minorities	**(1,215)**	**42**	**(1,257)**	**–**
Income tax	38	8	30	–
Minority Interests	159	(42)	200	–
Net profit attributable to the Group	**(1,019)**	**8**	**–**	**–**

Results analysis – €m	2023	2022	Var.	Var. %
Recurring EBITDA	316	283	33	12%
Recurring financial result	(93)	(81)	(12)	(15%)
Income tax expense & others – recurring result	(15)	(13)	(2)	(19%)
Minority interest – recurring result	(35)	(28)	(7)	(24%)
Recurring net profit - post company-specific adjustments[4]	**172**	**161**	**12**	**7%**
NOSH (million)[5]	*539.6*	*539.6*	–	–
EPS recurring (€cts/share)	31.9	29.8	2.2	7%

(1) Sign according to the profit impact.
(2) Invoiceable costs net of invoiced costs + non invoiceable operating costs.
(3) Reinvoiced Capex & EBITDA of the Coworking centers.
(4) Recurring net profit = EPRA Earnings post company-specific adjustments.
(5) Average number of shares outstanding without considering treasury stock adjustments.

Analysis of the Profit and Loss Account

- Colonial closed 2023 with a Gross Rental Income of **€377m, a figure +6% higher than the same period of the previous year. In like-for-like terms, the gross rental income increased by +8%**.

- Net Rental Income amounted to **€353m, a +8% higher than the same period of the previous year. In comparable terms, Net Rental Income increased +9% like-for-like**.

- **The EBITDA of the Group amounted to €316m, a +12% higher than the same period of the previous year**.

- **The impact on the Profit and Loss account, as a result of the revaluation at 31 December 2023 together with the margin** from the disposals of assets and other exceptional items, **amounted to (€1,424m)**. The value adjustment, which was registered both in France and Spain, does not imply a cash outflow.

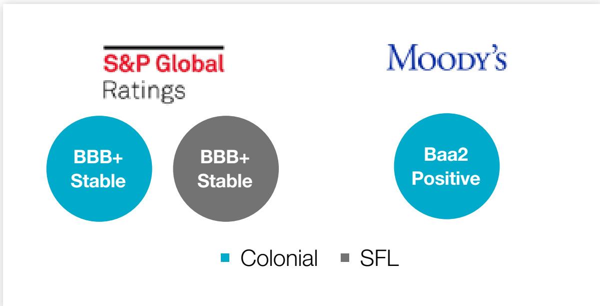
- The net financial result of the Group amounted to (€95m), a figure €10m higher compared to the financial result of the previous year, mainly due to higher interest rates (comparable average cost at the end of 2023 of 1.75%, compared to 1.71% in the same period of the previous year).

- **Result before taxes and minority interests** at the close of 2023 **amounted to (€1,215m)**.

- Finally, following the inclusion of the minority interests of €159m, as well as corporate income tax of €38m, the **Net Result attributable to the Group amounted to (€1,019m)**.

5.2.6 Financial structure

The Colonial Group continues to maintain a solid financial profile enabling the Company to maintain a BBB+ credit rating by Standard & Poor's, the highest rating in the Spanish Real Estate sector.



In 2023, the Group executed a large part of its disposal program, as well as other financial protection measures which have enabled the Group to reduce its net debt by 9% and increase its average maturity. This has also enabled the Group to increase its liquidity by €503m, fully cancel the mortgage-secured debt, obtain a 100% fixed/hedged debt ratio, and maintain its financial cost in an environment of interest rate hikes by the European Central Bank.

The Colonial Group maintains high liquidity levels, which have been strengthened in 2023 by extending the maturity of the credit lines and the formalization of a new credit line for the amount of €835m. This loan increases the Group's liquidity, simplifies the financial structure of the Group and improves and extends the maturity of the Group's liquidity lines. This new credit line matures in 5 years, extendible to 7 years, and includes three ESG performance indicators. At the close of 2023, the Colonial Group's liquidity amounted to €2,903m between cash and undrawn credit lines. This liquidity enables the Group to cover its debt maturities until 2027.

In a market environment characterized by interest rate hikes (a 309 basic points increase in the cost of the Euribor 3M in 2023, compared to 2022), the Colonial Group has maintained its spot financial cost at 1.75% compared to 1.71% in 2022, which represents an increase of only 4 bps, thanks to its interest rate risk management policy:

i. Debt 100% at fixed cost or 100% hedged.

ii. A portfolio of interest rate hedges for debt at variable rates.

iii. Pre-hedged portfolio which enables the Group to ensure a rate under 2.5% for the current debt volume over the next 3 years.

In this respect, with the aim of mitigating interest rate risks, the Colonial Group has a long-term hedging strategy based on:

i. An ongoing, liquid pre-hedging portfolio in the amount of €2,607m with an execution schedule aligned with the debt maturity, enabling the Group to cover 53% of the nominal value of its refinancing. The strike rate of 0.6% and the average maturity is 5.4 years from the date of execution.

ii. A hedging portfolio (IRS) for the current variable interest rate for debt in the amount of €524m. The strike rate is 2.45% and the average maturity is 6.5 years.

At the close of 2023, 100% of the debt was covered at a fixed rate and/or hedged. The reasonable value of the derivative instruments, registered in equity, was positive at €215m.

The table below shows the main debt figures of the Group:

Colonial Group

€m	Dec.-23	Dec.-22	Var.
Gross Debt	5,302	5,515	*(3.9%)*
Net Debt	4,864	5,355	*(9.2%)*
Total liquidity(1)	2,903	2,400	*21%*
% debt fixed or hedged	100%	96%	*4%*
Average maturity of the debt (years)(2)	4.2	4.6	*(0.4)*
Cost of current Net Debt(3)	1.55%	1.69%	*(14) bps*
Cost of current Gross Debt(3)	1.75%	1.71%	*4 bps*
LtV Group (DI)(4)	39.5%	38.7%	*78 bps*
Secured Debt	0.0%	1.4%	*(1.4%)*
Fair value of derivatives instruments	215	293	*(26.7%)*

(1) Cash & Undrawn balances.
(2) Average maturity based on available debt.
(3) Including hedges.
(4) Including sales commitments that will be formalized during Q1 24 and sale commitment of Méndez Álvaro Residential.

The net financial debt of the Group at the close of 2023 stood at €4,864m, the breakdown of which is as follows:

Net financial debt

	December 2023			December 2022			Var.	
€m	Colonial	SFL	Total	Colonial	SFL	Total	Total	Average Maturity[1]
Unsecured debt	129	300	430	120	400	520	(90)	4.1
Secured debt	–	–	–	76	–	76	(76)	–
Bonds Colonial	2,882	1,698	4,580	2,812	1,698	4,510	70	4.4
Issuances notes	–	292	292	–	409	409	(117)	0.2
Gross debt	**3,011**	**2,290**	**5,302**	**3,008**	**2,507**	**5,515**	**(213)**	4.2
Cash & Equivalents	(341)	(97)	(438)	(91)	(69)	(160)	(278)	
Net Debt (exc. Intercompany)	**2,670**	**2,194**	**4,864**	**2,917**	**2,438**	**5,355**	**(491)**	
Intercompany loan	(345)	345	–	–	–	–	–	
Net Debt (inc. Intercompany)	**2,325**	**2,539**	**4,864**	**2,917**	**2,438**	**5,355**	**(491)**	
Total liquidity[2]	**1,236**	**1,667**	**2,903**	**1,091**	**1,309**	**2,400**	**503**	
Cost of debt – Spot (%)[3]	**1.67%**	**1.85%**	**1.75%**	**1.67%**	**1.76%**	**1.71%**	**4 pb**	

(1) Cash & Undrawn balances.
(2) Average maturity calculated based on available balances.
(3) Average Maturity calculated based on the available debt.

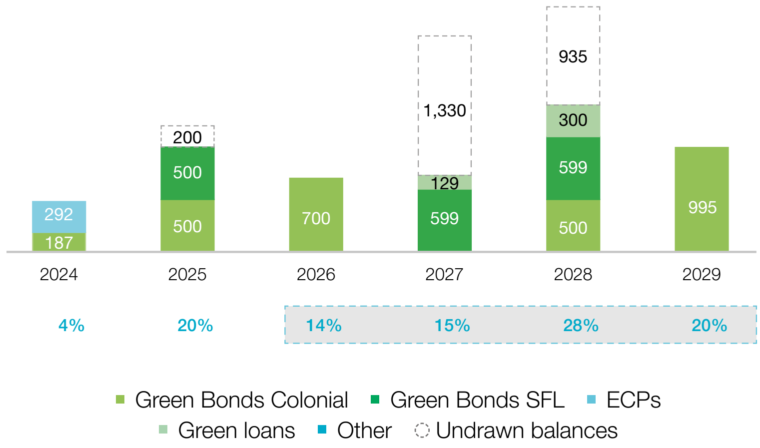
The Group is mainly financed on the securities market. 86% of the Group's debt corresponds to bond issuances, 6% to ECPs and the rest to bank financing.

In addition, lines of credit were formalized with financial entities in the amount of €2,465m which are fully undrawn.

All mortgage guarantees were cancelled during the first quarter of 2023. Excluding the ECPs issued, 77% of the debt will mature as of 2026.

Debt maturity in years

€m



Financial results

The main figures of the financial result of the Group are shown in the following table:

December

€m	COL	SFL	2S 2023	2S 2022	Var.%
Spain	*(44)*	–	*(44)*	*(56)*	*21%*
France	–	*(58)*	*(58)*	*(35)*	*(67%)*
Recurring Financial Exp.	**(44)**	**(58)**	**(102)**	**(90)**	**(12%)**
Capitalized interest expenses	6	3	9	9	(2%)
Recurring Financial Result	**(38)**	**(55)**	**(93)**	**(81)**	**(15%)**
Non-recurring financial exp.	(1)	(1)	(2)	(5)	(68%)
Financial Result	**(39)**	**(56)**	**(95)**	**(86)**	**(10%)**

- The recurring financial expenses of the Group increased by +12% compared to the previous year, mainly due to the impact of the interest rate hikes.
- The spot financial cost of debt was 1.55%, 14 bps lower than the spot financial cost at December 2022. Including formalization costs, accrued over the life of the debt, the financial cost amounted to 1.87%.

Main debt ratios and liquidity

The undrawn balances of the Group at the close of 2023 amounted to €2,903m. The average life of these credit lines amounts to 3.9 years. This liquidity enables the Group to guarantee its financing needs in the coming years.

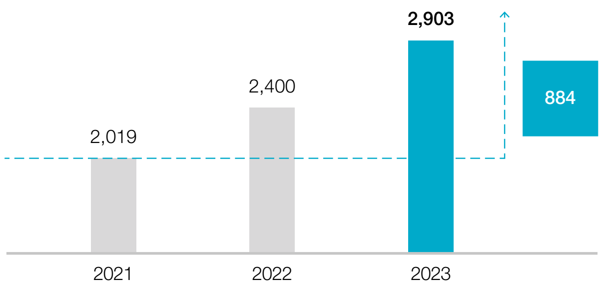
The breakdown of balances is shown in the following graph:

Cash & undrawn balances

€m	Colonial	SFL	Group
Current accounts	341	97	438
Credit lines available	895	1,570	2,465
Total	**1,236**	**1,667**	**2,903**

Undrawn balances evolution

€m



5.2.7 Portfolio valuation

The Gross Asset Value of the Colonial Group at the **close of 2023 amounted to €11,336m (€11,944m including transfer costs)**, showing a decrease of 13% compared to the previous year, specifically due to the disposal of non-strategic assets carried out in 2023. **In like-for-like terms, Colonial's portfolio was adjusted by 9% compared to the previous year (an adjustment of 6% in the second half of 2023)**.

The assets in Spain and France have been appraised by Cushman & Wakefield and CB Richard Ellis. The appraisal values are updated half-yearly, following the best market practices, in compliance with the Regulation Standards of the Royal Institution of Chartered Surveyors (RICS) comprised in the Red Book – the valuation manual.

The market valuations defined by the RICS are internationally recognized by advisors and accountants of investors and corporations that own real estate assets, as well as The European Group of Valuers (TEGoVA) and The International Valuation Standards Committee (IVSC). The appraisers' fees are determined by the volume for the specific workout of each assignment.

Gross Asset Values – Excluding transfer costs

				Dec 23 vs. Jun 23		Dec 23 vs. Dec 22	
Asset valuation (€m)	31-Dec-23	30-Jun-23	31-Dec-22	Total	LfL [1]	Total	LfL [1]
Barcelona	1,187	1,209	1,261	(2%)	(7%)	(6%)	(11%)
Madrid[2]	2,054	2,268	2,753	(9%)	(6%)	(25%)	(10%)
Paris	7,135	7,116	7,525	0%	(8%)	(5%)	(12%)
Portfolio in operation[3]	**10,375**	**10,594**	**11,539**	**(2%)**	**(7%)**	**(10%)**	**(11%)**
Projects	**961**	**1,616**	**1,466**	**(41%)**	**1%**	**(34%)**	**3%**
Colonial Group	**11,336**	**12,209**	**13,005**	**(7%)**	**(6%)**	**(13%)**	**(9%)**
Spain	4,004	4,300	4,759	(7%)	(5%)	(16%)	(7%)
France	7,332	7,909	8,246	(7%)	(7%)	(11%)	(10%)

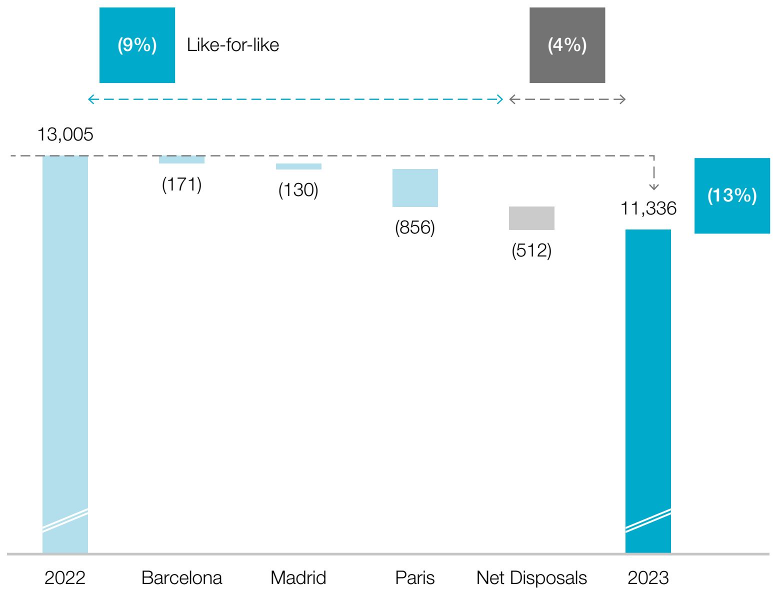
Gross Asset Values – Including transfer costs

Colonial Group	**11,944**	**12,880**	**13,727**	**(7%)**	**(7%)**	**(13%)**	**(10%)**
Spain	4,127	4,431	4,904	(7%)	(5%)	(16%)	(7%)
France	7,817	8,449	8,823	(7%)	(7%)	(11%)	(11%)

(1) Portfolio in comparable terms.
(2) Includes other assets corresponding to retail non core in Spain.
(3) Portfolio in operation: current rental portfolio as well as new entries into operation of completed projects.

The value variance analysis is as follows:

Variance analysis value 12 months
€m



GAV variance LFL

	2023	2H 23	1H 23
Barcelona	(11.4%)	(7.5%)	(4.1%)
Madrid	(4.6%)	(3.1%)	(1.6%)
Paris	(10.5%)	(7.3%)	(3.4%)
Total LFL	(9.3%)	(6.4%)	(3.1%)
Net Disposals	(3.6%)	(0.8%)	(3.0%)
Total var.	(12.8%)	(7.1%)	(6.1%)

In like-for-like terms, Colonial's portfolio decreased by 9% compared to the close of the previous year. In the second half of 2023, an adjustment of 6% was registered.

There were adjustments in all sub-sectors in which the Group operates, with a higher adjustment in the Barcelona market.

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 yields[1] (+47 bps in 6 months).

Increases in rental cash flow due to indexation and rental growth of the Group's portfolio, together with successful project delivery in 2023, have led to a value increase partially offsetting the value adjustment because of expansion of yields.

The Colonial Group's successful bet on prime positioning is reflected in the results. The CBD and City centre locations have been much more defensive play than the secondary areas, resulting in lower adjustments.

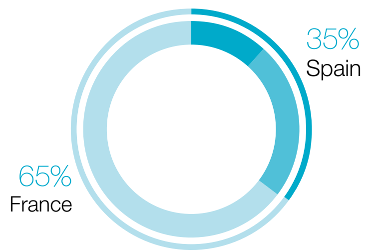
(1) Like-for-like variance of the valuation yield of the portfolio in operation.

The breakdown of the valuation of the Group's rental portfolio by use, market and type of product is shown below:

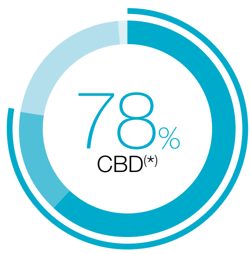
Consolidated Group

Valuation – by use

Valuation – by market



Offices Valuation – by area



(*) CBD Barcelona, includes the 22@ market segment assets.

Regarding the valuation of the portfolio in operation, the main value parameters are as follows:

Main parameters of Asset appraisal

Portfolio in operation	€m	sqm above ground(*)	€/sqm(*)	Valuation Yield	
Barcelona	1,187	234,450	5,061	5.0%	Gross Yields
Madrid	2,050	327,462	6,261	4.7%	Gross Yields
Paris	5,936	328,367	18,078	4.3%	Net Yields

(*) In Barcelona, the sqm for the calculation of the capital value correspond to the surface above ground of all Barcelona assets, excluding the Diagonal 197 asset, and the Sancho de Ávila asset.

In Madrid, the sqm correspond to the surface above ground of all assets in Madrid, excluding the Méndez Álvaro complexes, Luca de Tena 7, the Puerto Somport 10-18, and Sagasta 31-33 projects, as well as the surface area of non-strategic premises.

In France, the sqm correspond to the office surface above ground in operation, excluding the main commercial assets and including certain rentable surfaces below ground in the portfolio not corresponding to parking units.

When **comparing the valuation parameters of Colonial's appraisal values with market data**, the following must be taken into consideration:

1. **In Spain, consultants publish gross yields in their market reports.**
   (Gross yield = gross rent/value excluding transfer costs).

2. **In France, consultants publish net yields in their market reports.**
   (Net yield = net rent/value including transfer costs).

The appraisal certificate is as follows:

CONSEJO DE ADMINISTRACIÓN

INMOBILIARIA COLONIAL, SOCIMI S.A.

Av. Diagonal 532, 08006 Barcelona

Barcelona, 31st December 2023

Dear Sirs,

In accordance with your instruction, **Cushman & Wakefield RE Consultants Spain, S.L.** and **CBRE Valuation Advisory S.A.**, as valuers of the **Inmobiliaria Colonial** portfolio in Spain, and **Cushman & Wakefield Valuation France S.A.** and **CBRE Valuation**, as **SFL** valuers in France; have carried out the valuation reports of the freehold interest of the portfolio of properties of Inmobiliaria Colonial (Spain and France) as at 31st of December 2023 for internal use of the company.

According to the aforementioned reports, the Net Market Value of the company's portfolio is:

€ 11,336,298,614

(Eleven billion, three hundred thirty-six million two hundred ninety-eight thousand six hundred fourteen Euros)

The breakdown is as follows:

Unit	Market Value (Excl. Transfer Costs)	Gross Value (Incl. Transfer Costs)
Madrid	2,667,653,419 €	2,741,917,086 €
Barcelona	1,336,310,000 €	1,384,617,649 €
Rest Of Spain	204,000 €	210,921 €
Total Colonial (Spain)	**4,004,167,419 €**	**4,126,745,656 €**
Total SFL (París)	**7,332,131,195 €**	**7,817,008,927 €**
Total Colonial + SFL	**11,336,298,614 €**	**11,943,754,583 €**

Definitions:

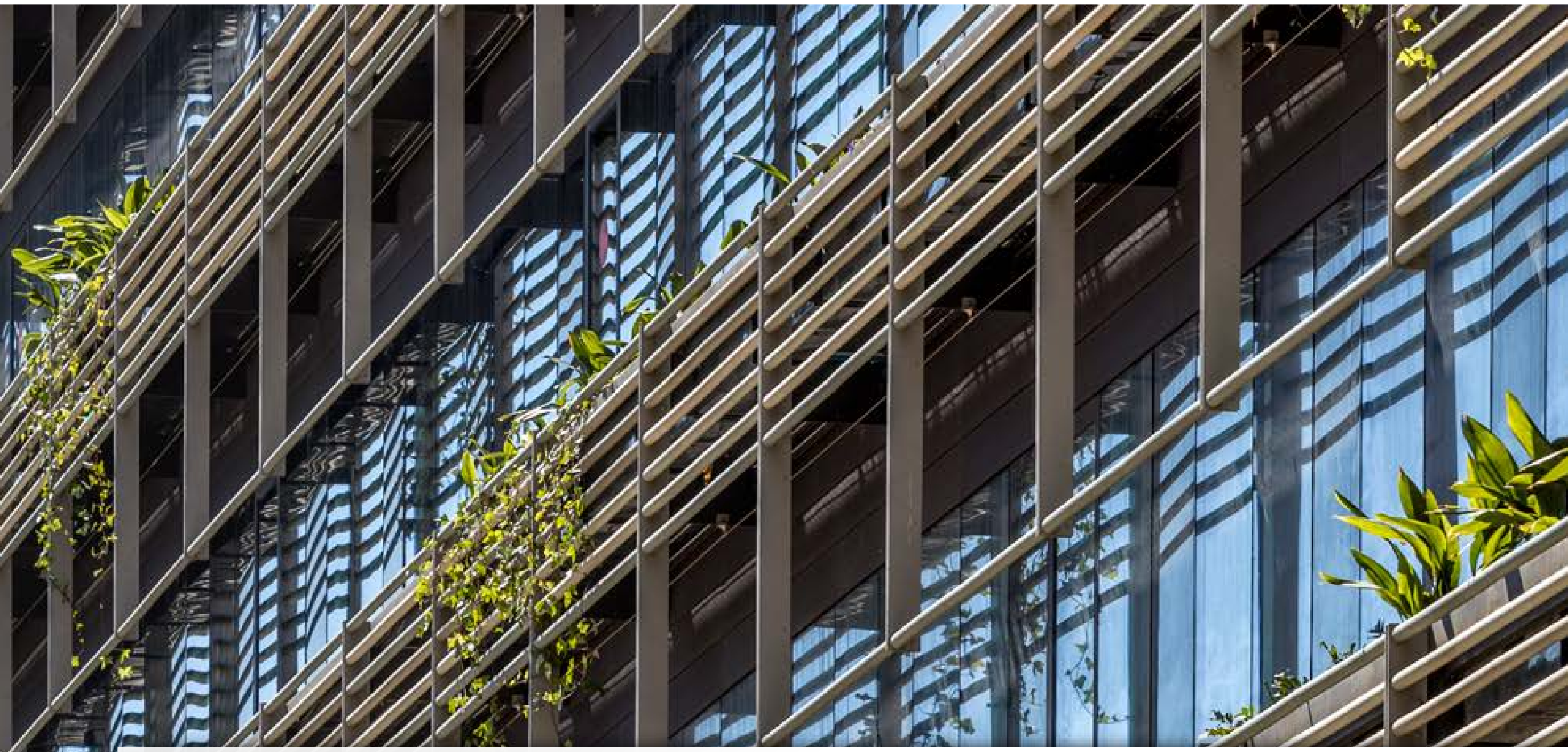
- **Market Value = Net Market Value**
- **Net Market Value** of the Properties: Market Value, net of purchaser's cost (typically IAJD taxes, notary and agent and legal/ technical advisors costs.
- **Gross Market Value** of the Properties: Market Value, plus purchaser's costs (typically IAJD taxes, notary and agent and legal/ technical advisors costs).

For the avoidance of doubt, each valuer company and valuer individual only accept responsibly for the assets that they have valued within the portfolio.

The portfolio value assumes 100% ownership for all properties.

The valuation has been prepared in accordance with the RICS Valuation - Global Standards (current edition), as stated in the "the Red Book" published by the Royal Institution of chartered Surveyors by a valuer acting as an External valuer, as defined within the Red Book.

Mr. Tony Loughran MRICS	Ms. Laura Casillas MRICS	Mr. Fernando Fuente MRICS	Mr. Josep Carrió MRICS		Mr. Marc Guillaume MRICS
Partner Head V&A Spain	Partner V&A Spain	Vicepresident	Director	Président-CEO	Partner V&A France
Cushman & Wakefield RE Consultants Spain, S.L.	Cushman & Wakefield RE Consultants Spain, S.L.	CBRE Valuation Advisory S.A.	CBRE Valuation Advisory S.A.	CBRE Valuation	Cushman & Wakefield Valuation France S.A.



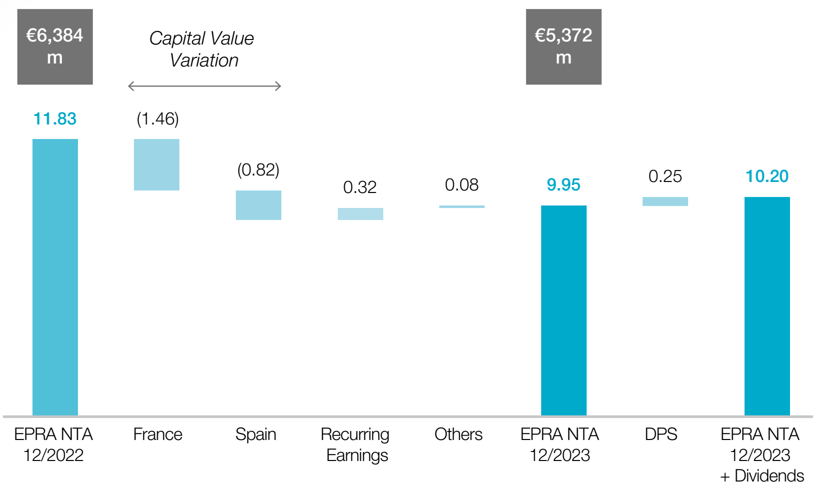
5.2.8 EPRA Net Tangible Assets (NTA)

The Net Asset Value at 31 December 2023 amounted to €5,372m corresponding to €9.95/share.

In an environment with rate increase, the positioning in prime quality together with the active management of Alpha value creation have enabled Colonial to maintain a resilient Net Asset Value.

At the close of 2023, the Net Disposal Value (NDV) amounted to €5,292m corresponding to €9.81/share.

EPRA NTA €/share



Total Shareholder Return[1]

	12 months
NTA Growth per share	(16%)
Dividend per share	+2%
Total Return per share	(14%)

(1) Total return understood as NTA (NAV) growth per share + dividends.

The EPRA Net Tangible Assets (EPRA NAV – NTA) is calculated based on the Group's consolidated equity and adjustments of specific items following EPRA recommendations.

EPRA Net Tangible Assets

€m (Net Asset Value)		12/2023	12/2022
IFRS Equity attributable to shareholders		**4,936**	**6,159**
Include:			
(i)	Hybrid instruments	–	–
Diluted NAV		**4,936**	**6,159**
Includes:			
(ii.a)	Revaluation of investment properties (if IAS 40 cost option is used)		
(ii.b)	Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)		
(ii.c)	Revaluation of other non-current investment	124	147
(iii)	Revaluation of tenant leases held as finance leases	–	–
(iv)	Revaluation of trading properties	13	14
Diluted NAV at Fair Value		**5,073**	**6,321**
Excludes:			
(v)	Deferred tax in relation to fair value gains of IP	289	339
(vi)	Fair value of financial instruments	10	(276)
(vii)	Goodwill as a result of deferred tax	–	–
(viii.a)	Goodwill as per the IFRS balance sheet	–	–
(viii.b)	Intangible as per the IFRS balance sheet	–	–
Includes:			
(ix)	Fair value on fixed interest rate debt	n. a.	n. a.
(x)	Revaluation of intangibles to fair value	n. a.	n. a.
(xi)	Real estate transfer tax	–	–
EPRA NAT (NAV) – €m		**5,372**	**6,384**
Nº of shares (m)		***539.6***	***539.6***
EPRA NTA (NAV) – Euros per share		***9.95***	***11.83***

Calculation of the EPRA NTA (NAV). Following the EPRA recommendations and starting from the consolidated equity of €4,936m, the following adjustments were carried out:

1. Revaluation of other investments: registry at fair value of several investments of the Group registered in the balance sheet at acquisition cost, mainly treasury shares and assets dedicated to own use.
2. Revaluations of assets held for sale. Registry of the unrealized gain of the properties posted under this heading.
3. Adjustment of deferred taxes: adjustment of the amount of deferred taxes associated with the revaluation of the property assets registered on the balance sheet.
4. Market value of financial instruments: adjustment of the market value (mark to market) of derivative instruments.

5.2.9 Tax information

5.2.9.1 Tax Strategy

Colonial's Board of Directors approved its Tax Strategy on 10 December 2015, taking into account the changes laid down by the Limited Liability Companies Act on matters of tax governance and being aware of the importance of tax in matters of social responsibility and good corporate governance. This strategy is reviewed periodically to include the necessary modifications, and compliance is mandatory for all Colonial employees.

Colonial will strive to apply its Tax Strategy and Tax Risk Management and Control Policy in relation to the group's investee companies except in cases where said companies have their own tax strategy or their own tax risk management and control policy due to their specific characteristics.

The Tax Strategy includes the guidelines on which Colonial's tax governance model pivots. It focuses mainly on reducing tax risk in collaboration with the tax authorities, both to comply with its tax obligations and to facilitate the information required in the framework of any tax procedure and in compliance with regulations. In this regard, the Group acts in accordance with a reasonable interpretation of tax legislation and according to its economic capacity and business situation.

Promoting tax transparency, responding to the concerns of its stakeholders, and Colonial's commitment to contributing to public finances are all essential values of its culture. For this reason, business decisions are in line with the principles of its Tax Strategy and all Group companies are domiciled in the countries where they operate, i.e. Spain and France. For this reason, it has set up a space on its website (https://www.inmocolonial.com/en/social-responsibility/transparency-complying-tax-legislation) in which it states its position on different issues related to its Tax Strategy, the management and control of its tax risks, its tax contribution, the status of its main tax inspections and litigation, among other aspects.

5.2.9.2 Tax Risk Management and Control Framework

Colonial has a Risk Control and Management System through which the corresponding risks, including tax risks, are identified, analysed, managed, controlled, evaluated and updated, thereby contributing to achieving the Group's business objectives. For this purpose, it has structured a corporate risk map to allow it to evaluate the corresponding risks based on their impact, measured in economic terms, and their probability (i.e. potential for the risk event to occur over time). A model has been designed to ensure the integrity, reliability, correct presentation and validity of Colonial's financial information (ICFR), including tax aspects.

All of the above has been established by Colonial's Board of Directors which, through the Audit and Control Committee and with the support of Internal Audit, regularly performs the necessary supervision activities to evaluate the effectiveness of the risk management processes and the controls implemented to mitigate risk, and performs the relevant tests necessary to verify the operational effectiveness of the ICFR's organisational model.

The Tax Risk Management Policy, approved on 10 December 2015 by Colonial's Board of Directors, is the base document detailing the corresponding principles, criteria and good practices to be followed to achieve correct management and control of its tax risks.

Colonial has a tax risk management and control framework that develops its tax strategy and complements the Group's global risk control and management system. It is configured as a procedure of mandatory compliance for all Colonial employees (extending to any collaborators or third parties with which Colonial has a relationship) and covering, principally, the following areas:

- Description of the structure, organisation and management of the Group's tax function.
- Collaboration on tax matters between the Organisation's different departments.
- Storage, administration and management of documentation generated by interactions with the different tax authorities (including any resulting from management of the tax function).
- Building on the tax-related knowledge acquired in the past.
- Updating, monitoring and dissemination of tax expertise.

- Management of possible litigation, tax audits and inspections.
- Criteria for delimiting the Group's tax risk in line with that established in the management and supervision system for other risks, factors for its identification and assessment, and protocol for action.
- Definition of transactions of special tax significance and their approval by the Group's governing bodies.
- Reporting of information relating to the tax attributes of the Group's banks.
- Periodic controls of the efficiency and compliance with the tasks necessary to settle and file those taxes to which it is subject in Spain.
- Monitoring of the application requirements of the REITs (governing listed real estate investment companies), SIIC (Sociétés d'Investissement Immobilier Cotées) or similar regimes.

Moreover, Colonial's tax function is leveraged on the Group's transversal systems governing the selection of members of the organisation, communication regarding personnel-related policies, employee performance control and remuneration levers, training plans, third-party hiring and approval controls and remaining internal and external due diligence procedures.

Finally, it should be noted that Colonial has developed its fiscal risk management and control framework taking account of best practices in the market on fiscal governance (as recommended by the Tax Administration itself, by NGOs, by experts in the area or by any other stakeholder). These practices are monitored and based on the principle of continuous improvement. Following those criteria, any updates or improvements needed are gradually introduced to strengthen the control procedure.

The Group has set up a Whistleblowing Channel so any employee or third party can report any concerns related to unethical or illegal conduct that may affect the integrity of the organisation in relation to taxation, among other issues.

The tax information was obtained from the Group's audited consolidated financial statements or verified by the Group's external auditor in the context of a limited assurance framework.

5.2.9.3 Co-operative Relationship with Tax Administrations

On 10 December 2015, Colonial's Board of Directors decided to adhere voluntarily to the Code of Good Tax Practices drawn up by the Spanish Ministry of Finance, assuming a series of commitments based on transparency, mutual trust and preventive actions of assistance and collaboration.

During 2023, Colonial filed the Annual Tax Transparency Report for 2022, following the proposal for the reinforcement of good corporate tax transparency practices of the companies adhering to the Code of Good Tax Practices.

Furthermore, with regard to the tax governance compliance behaviours encouraged by the Code, Colonial states that it has adopted them satisfactorily:

- The Board of Directors has established and documented a tax strategy.
- The Board of Directors has approved the operations and investments of particular tax risk.
- The Company's risk management policy includes measures to mitigate identified tax risks and has established internal corporate governance rules in this area.
- The Company has used effective internal control and reporting systems for tax risks in that their design and operation is fully integrated into the overall internal control systems of the business it conducts.

In any case, the Group continues to work on building an even closer relationship with the tax authorities, using the cooperative relationship instruments available in each of the jurisdictions in which it operates, such as prior consultations, prior assessment or valuation agreements or other similar instruments.

Colonial attempts to respond to all tax matters raised by stakeholders through the various communication channels in place.

5.2.9.4 Breakdown of tax information

Adequately explaining the importance of the Colonial Group's tax contribution is a priority for Colonial from the point of view of transparency and corporate social responsibility.

Non-financial information of a tax nature

The list of entities that make up the Group, their name and principal activity, as well as their tax residence, are included in the Appendix to the consolidated financial statements for 2023.

The number of employees of the Group and their calculation basis are detailed on page 218 of the Integrated Annual Report 2023.

The reporting period for the Group corresponds to the calendar year.

The Group's revenues from sales to third parties are presented by jurisdiction in the table below:

Revenues from sales to third parties

€m	2023	2022
Spain	152.8	157.1
France	234.4	204.5
Total	**387.2**	**361.6**

There have been no intra-group transactions between tax jurisdictions.

The consolidated profit before tax attributable to each jurisdiction is presented in the following table:

Accounting profit before tax

€m	2023	2022
Spain	–400.4	–136.3
France	–814.9	178.3
Total	**–1,215.3**	**42.0**

The Colonial Group applies the fair value through profit or loss method to the accounting records of its investment property and, therefore, the consolidated results include the impact of the change in value recorded during the year. These results do not have an impact on the tax payable in each country since (i) they are either treated as deferred taxes as they are deferred unrealised capital gains, or (ii) do not generate such deferred tax as they are properties that have met the minimum maintenance requirements laid down by the REIT Law, or (iii) are French assets subject to the SIIC regime for which the Group has already paid the corresponding tax (exit tax) and, therefore, no additional taxation is associated with them.

The amount of investment property revaluations recorded for the financial year 2023 in Spain and France amounts to EUR 465.5 million and EUR 960.3 million of losses, respectively (2022: 186.1 million euros loss and 38.6 million euros income, respectively). These amounts do not include the effect of possible deferred taxes associated with them, nor the portion of such results attributable to non-controlling interests.

The Group's consolidated accounting profit before tax, excluding the effect of recording its investment property at fair value through profit or loss, is shown in the table below:

Accounting profit before tax

€m	2023	2022
Spain	65.2	49.8
France	145.4	139.7
Total	**210.6**	**189.5**

Given the Group's activity, tangible assets other than cash and cash equivalents basically correspond to property investments owned by the Group. The following table shows property, plant and equipment and investment property (including those classified as non-current assets held for sale) by jurisdiction:

Property, plant and equipment and investment property

€m	2023	2022
Spain	3,868.3	4,625.5
France	7,179.5	8,128.2
Total	**11,047.8**	**12,753.7**

Most of the group's companies, both Spanish and French, form part of so-called REITs (Real Estate Investment Trust), which are real estate companies listed on official national markets that generate income for their shareholders through the exploitation, development and sale of their real estate assets. Investors in this type of entity (be they small investors or institutional investors) can invest in a listed real estate company in the same way as in other listed entities, and instead of investing in individual properties, they can invest collectively in a portfolio of assets.

Since the purpose of the REIT is to channel the collective investment in real estate assets, the profits generated by these companies are not taxed from the REIT, and in fact, it is the shareholder who is taxed on these profits when they are distributed via dividends. Spanish REITs and French SIICs are legally obliged to distribute as dividends the following gains/losses that have benefited from these tax regimes:

	REIT	SIIC
Net gain/(loss) on leasing of properties	80%	95%
Net gain/(loss) on sales of assets	50%(*)	70%
Net gain/(loss) on dividends from REIT companies	100%	100%

(*) The remaining 50% must be reinvested in new assets subject to the REIT regime within 3 years from the date of the transfer, and if not reinvested, the net gain must be distributed as a dividend.

Taxation of net rental income and sales of real estate assets is passed on to its shareholders to ensure that such gains are only taxed once and not twice (first by the REIT and then by the shareholder). This creates an incentive for investing in property through REITs, as they are accessible, transparent and liquid.

In addition to the Spanish REIT and French SIIC companies, there are companies under the general Spanish and French corporate income tax regimes. Some of the results in REIT companies are also included in the general regime, such as sales of assets where the minimum holding period of three years required by the REIT Law has not been met or the inclusion of certain adjustments from years prior to the adoption of the REIT regime, which Colonial opted for, effective from 1 January 2017 onward.

Details of the accrued income tax recognised in the Group's consolidated accounts, as well as a reconciliation between nominal and effective corporate tax, are set out in note 18 to the Group's consolidated financial statements for 2023.

The following table shows the amount of tax on profits paid in 2023 and 2022:

Profit tax paid

€m	2023	2022
Spain	(7.5)	(0.2)
France	(4.2)	(4.5)
Total	**(11.7)**	**(4.7)**

Tax contribution report

Colonial publicly breaks down the main tax payments in those countries in which it operates. This reflects the importance attached by Colonial to tax matters, as well as its level of commitment to the main stakeholders. To view this information, access the tax transparency section on the corporate website (https://www.inmocolonial.com/en/social-responsibility/transparency-complying-tax-legislation).

Total Tax Contribution 2023

Total Tax Contribution of the Group

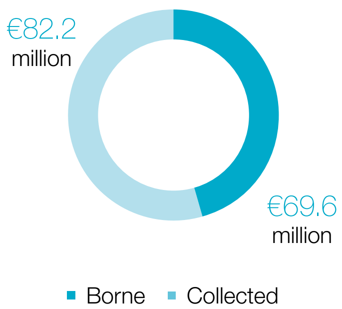
Total taxes generated by the Group's activity in all the territories in which it operates **amounted to €151.8m**, of which **46% refers to taxes borne** and **54% refers to taxes collected**.

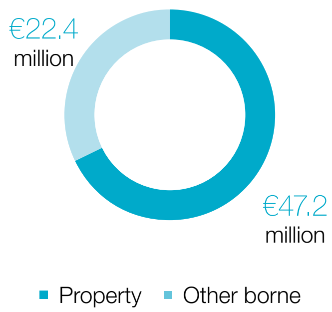
Taxes borne in 2023

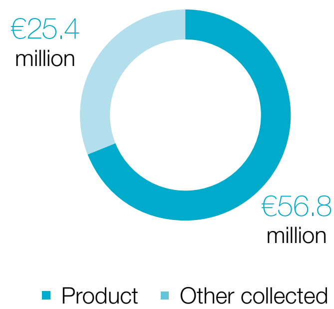
The taxes borne by the Colonial Group in 2023 amounted to 69.6 million euros. Property taxes are of particular importance, representing 68%.

Taxes collected in 2023

The taxes collected by the Colonial Group in 2023 amounted to 82.2 million euros, the most significant of which are the taxes on products and services, mainly VAT, which represent 69% of the total taxes collected.







Source: Prepared in-house.

Colonial's Tax Contribution with respect to 2023 turnover

For every 100 euros of the Group's revenue, 39 euros are used to pay taxes. Of that amount, 18 euros are taxes borne and 21 euros are taxes collected.

Total Tax Contribution Rate in 2023

During 2023, the Total Tax Contribution Ratio of the Colonial Group represents 27% of the profits before taxes borne (the profit before taxes borne is adjusted for the impact of revaluations).

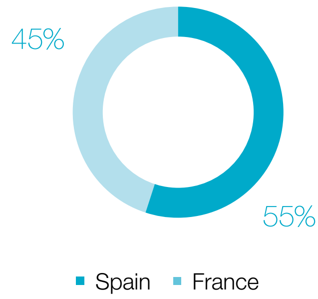
Distributed tax value in 2023(*)

Of the value generated by the Colonial Group while carrying out its business activities, 151.8 million euros has been paid to the Public Treasury through taxes borne and collected. Thus, of every 100 euros of value generated by the Group in 2023, 39 euros were used to pay taxes.

(*) The value generated by the company is calculated as the sum of taxes (borne and passed on), net withholding dividends, net interest and wages and salaries net of taxes collected on behalf of employees.

Geographical distribution of the tax contribution in 2023

Of every 100 euros that the Colonial Group pays in taxes throughout the world, 55 euros are paid in Spain.



Source: Prepared in-house.

Total amount of payments to Public Administrations

Total Tax Contribution (TTC)

151.8 million euros in Total Tax Contribution (TTC).

Property taxes

47.2 million euros in property taxes, all of which are borne.

Taxation of products and services

57.2 million euros, of which 56.8 million euros corresponded to VAT collected by the various Group companies.

Source: Prepared in-house.

Taxes paid to the Public Treasury

	Spain		France		Total	
€m	Taxes borne	Taxes collected	Taxes borne	Taxes collected	Taxes borne	Taxes collected
Corporation tax	**9.7**	**16.5**	**4.3**	**–**	**14**	**16.5**
Corporate tax	7.5	–	4.2	–	11.7	–
Other	2.2	16.5	0.1	–	2.3	16.5
Property tax	**23.2**	**–**	**24**	**–**	**47.2**	**–**
Property tax	16.2	–	23.2	–	39.4	–
Other	7	–	0.8	–	7.8	–
Taxes associated with employment	**2.2**	**5.4**	**5.7**	**3.2**	**7.9**	**8.6**
Payments to Social Security	2.2	0.5	4.1	1.8	6.3	2.3
Earned income withholdings	–	4.9	0.6	1.4	0.6	6.3
Other	–	–	1	–	1	–
Taxes on products and services	**0.4**	**26**	**–**	**30.8**	**0.4**	**56.8**
VAT settled	–	26	–	30.8	–	56.8
Other	0.4	–	–	–	0.4	–
Environmental taxes	**0.1**	**0.3**	**–**	**–**	**0.1**	**0.3**
Subtotal of taxes paid	**35.6**	**48.2**	**34**	**34**	**69.6**	**82.2**
Total	**83.8**		**68**		**151.8**	

5.3. | ESG Ratings

Important advances in the indexes

The Colonial Group continues to consolidate its leadership in sustainability, a fundamental element of its corporate strategy, achieving the highest ratings in ESG.

1. **Sustainalytics – Rating of 6.2 (Top percentile)**

SUSTAINALYTICS

Sustainalytics has granted Colonial a rating of 6.2 in ESG risk, showing an improvement of 36% compared to the previous rating given.

- Colonial is positioned in the Top 5 of the 443 listed Real Estate companies analyzed (European REITs), only behind Unibail Rodamco.
- Colonial is positioned in the Top 0.7% of the companies rated (7th out of the 1,052 companies covered).
- Globally, **Colonial is positioned in the Top 0.2% of the companies analyzed** (Top 26 of the 15,536 companies in total).

2. **CDP: Maximum rating in the leading carbon index – "A" rating**

Colonial has maintained an "A" rating from CDP, **the highest category for the third consecutive year**, confirming its leadership in decarbonization.

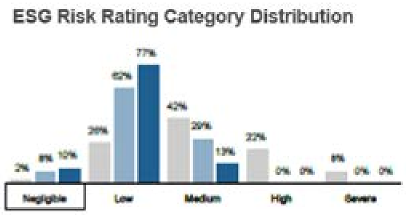
This rating far exceeds the European regional average as well as the financial services sector average and has led to a strong year-on-year boost.

Of special mention:

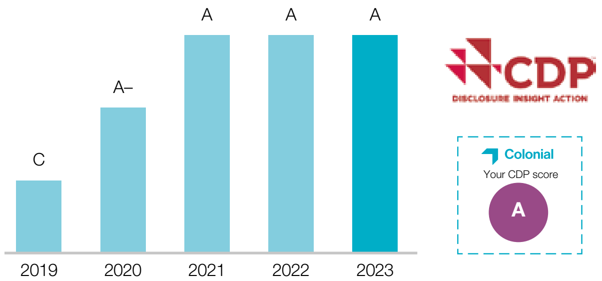
- Globally, **Colonial is positioned in the top 1.5% of the companies analysed** with an "A" rating (only 346 companies out of 23,000 in the world have an "A" rating).
- **Colonial leads the IBEX 35 with the maximum rating** (only 9 companies on the IBEX have achieved this rating).
- **Only 8 real estate companies in Europe have achieved an "A" rating** (the real estate sector in Europe is catching up, especially French Real Estate companies).
- This rating is increasingly more demanding with strict requirements regarding climate change strategies.

ESG Risk Rating Ranking

UNIVERSE	RANK (1st = lowest risk)	PERCENTILE (1st = lowest risk)
Global Universe	26/15929	1st
Real Estate INDUSTRY	7/1052	2nd
REITs SUBINDUSTRY	5/443	2nd



Score evolution CDP



3. **The Colonial Group obtained the EPRA Gold sBPR rating for the 8th consecutive year,** which certifies the highest reporting standards in ESG**.**

4. **The Colonial Group's alignment to the Science Based Target initiative (SBTi).**

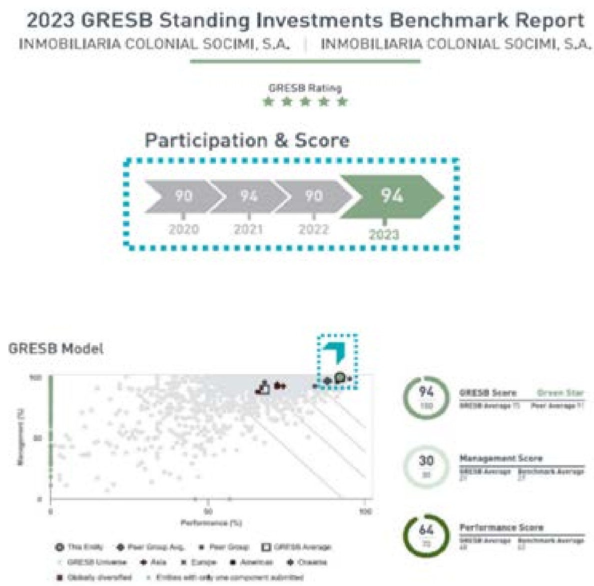
SBTi has validated and approved the target of Colonial's decarbonization plan to significantly reduce its emissions by 2030.

This target is aligned with the trajectory towards neutrality which involves limiting the increase in the Earth's average temperature to below 1.5ºC (Business Ambition for 1.5ºC).

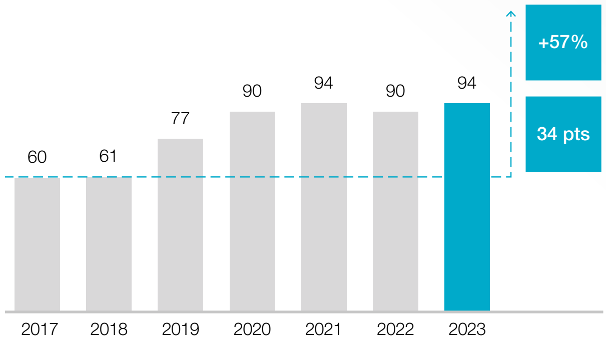
SBTi is the result of a partnership between CDP, the UN Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF).

5. **GRESB: Leader among the listed office companies in Western Europe - Score 94/100**

Colonial has obtained a rating of 94 out of 100 from the Global Real Estate Sustainability Benchmark (GRESB) for its property portfolio, improving its previous rating by 4 points and rising to third place among the 100 listed European Real Estate companies included in the "Standing Investments Benchmark".

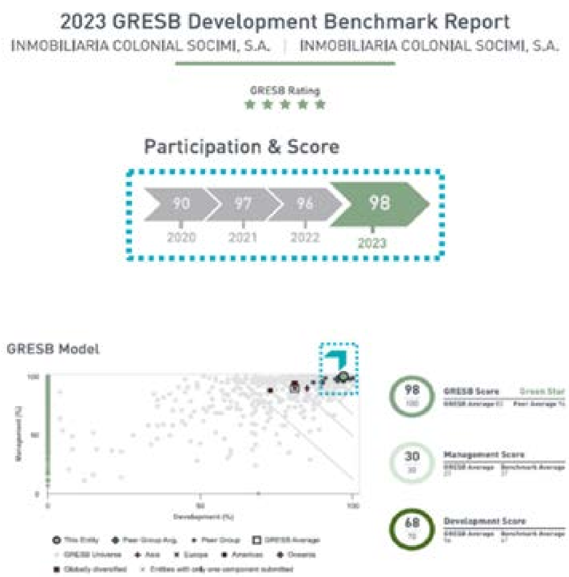


Since 2017, Colonial has continuously improved its ratings, scaling 34 points in the "Standing Investments Benchmark".



In the "Development Benchmark", Colonial obtained a rating of 98/100, improving its previous rating by 2 points.

In both benchmarks, Colonial received a 5-star rating for the fourth consecutive year, a fact which evidences its leadership together with the best companies in the index, with a rating equal to or higher than 90/100.



6. **Low Carbon Building Award:** Evidence of the Colonial Group's firm commitment to decarbonization in the real estate sector. Colonial's French subsidiary received the Low Carbon Building Award at the SIBCA event, held in Paris.

This award is recognition of the Group's firm commitment to reducing the environmental impact of its portfolio and its ambitious strategy to achieve its targets for low carbon emissions.

The obtention of the BBCA certificate in 2022 for 100% of the urbanization projects of SFL, the French subsidiary, reflects the Colonial Group's capacity to achieve its commitment. In Paris, the Colonial Group is one of the first companies to obtain the BREEAM certificate for all the assets in operation in its portfolio.

BÂTIMENT BBCA BAS CARBONE

7. **Colonial now forms part of the IBEX ESG:** As a result of the Group's good performance in relation to sustainability and ESG in its entire scope, Colonial is one of the players that has been included in the new IBEX ESG index, a BME (Bolsas y Mercados Españoles) initiative. The objective of the initiative is to become a global benchmark in sustainability for the Spanish Stock Market and to drive investments under a sustainable focus. This new index selects its members following certain specific sustainability criteria.

Colonial's inclusion in the IBEX ESG reflects its strong commitment to sustainability, social aspects and good corporate governance.

IBEX 35

5.4. | Transition to carbon neutrality

5.4.1 Climate strategy and decarbonisation

Environmental sustainability policies

The Colonial Group's environmental sustainability policy, approved in 2017, is a key element for the sustainable management of its properties in accordance with its strategy. The policy sets targets on a range of environmental issues, all of which are aligned with the UN Sustainable Development Goals (SDGs).

Colonial's environmental policy is materialised in the *Good Environmental Management Practices Manual* as a management tool that provides specific guidelines for the buildings, aimed at managing the activities of its facilities in a manner consistent with Colonial's sustainability criteria. This manual is organised around the three main areas of environmental management of the buildings (Colonial, maintenance companies, clients and users of the premises).

In addition, a series of environmental policies were developed and are available on the company's corporate website:(1)

- Corporate social responsibility policy.
- Environmental policy.
- Biodiversity policy.
- Climate change policy.
- ESG criteria policy to choose suppliers.
- Renewable energy policy and Nearly Zero Energy Buildings (NZEB).
- Well-being policy.

Environmental sustainability policies are regularly reviewed to ensure high standards of eco-efficiency and sustainable management.

(1) Company policies are available at https://www.inmocolonial.com/en/social-responsibility/social-responsibility.

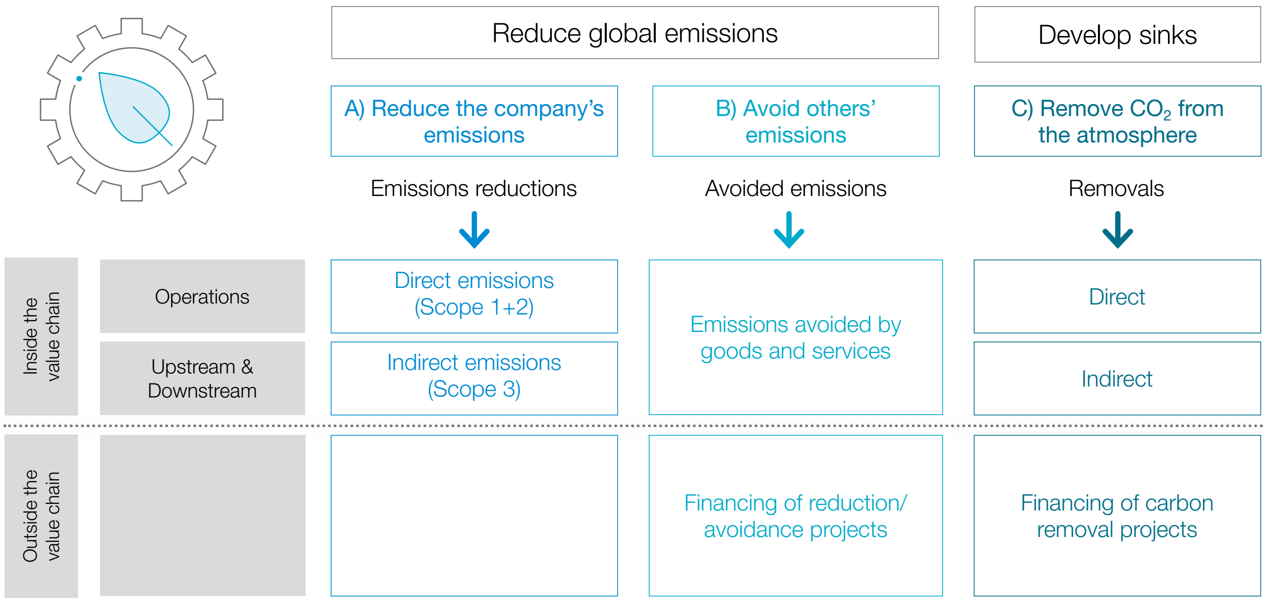
Ambitious plan for a comprehensive climate change strategy

The Colonial Group aspires to maintain a clear leadership in sustainability, which is a key element in its corporate strategy to generate a long-term sustainable return based on a model where quality is a priority.

The Colonial Group's strategy involves a firm commitment to the decarbonisation of its portfolio, a progressive reduction of its consumption and a responsible and efficient use of resources, resolutely promoting a circular economy throughout the real estate value chain.

In 2023, the Colonial Group developed a new climate strategy, which was much more ambitious than the previous one, not only in terms of emission reduction targets, but also in terms of scope, developing and identifying actions for the entire carbon footprint of the Group's entire value chain.

This strategy acts on three main strands:



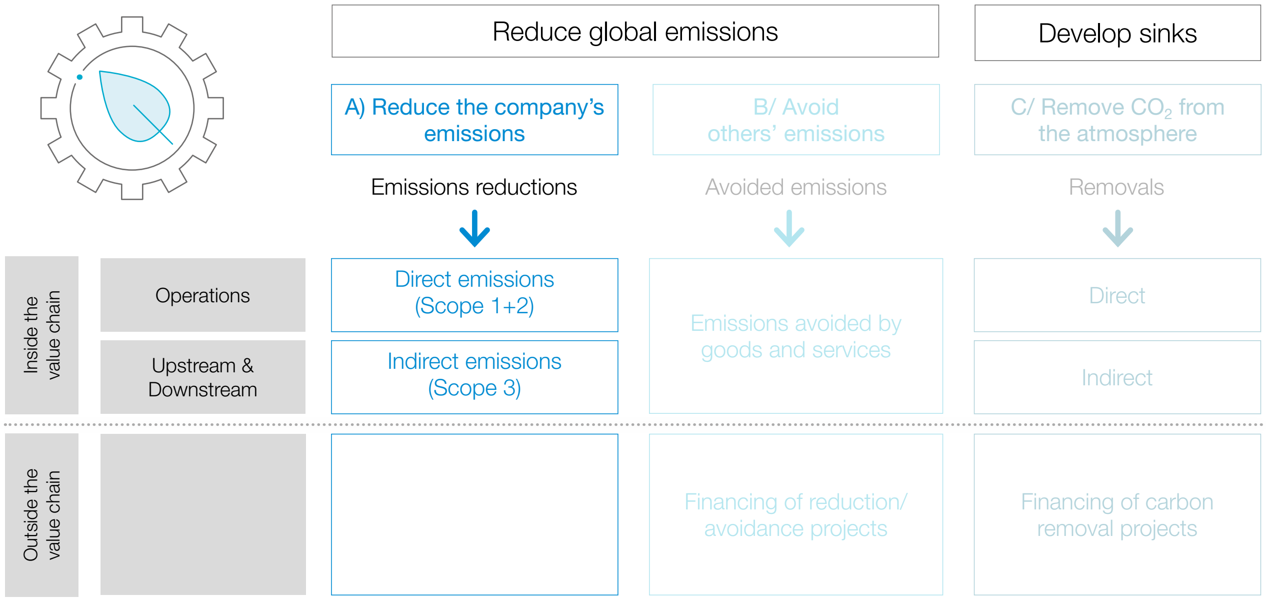
Pillar A – Reduce emissions: Consists of reducing the company's carbon footprint for all categories by developing and identifying actions to reduce emissions across the Group and achieve maximum energy efficiency.

Pillar B - Avoid emissions: Consists of helping to avoid third-party carbon footprint emissions, with products and buildings with features that offer an efficient option to avoid carbon emissions.

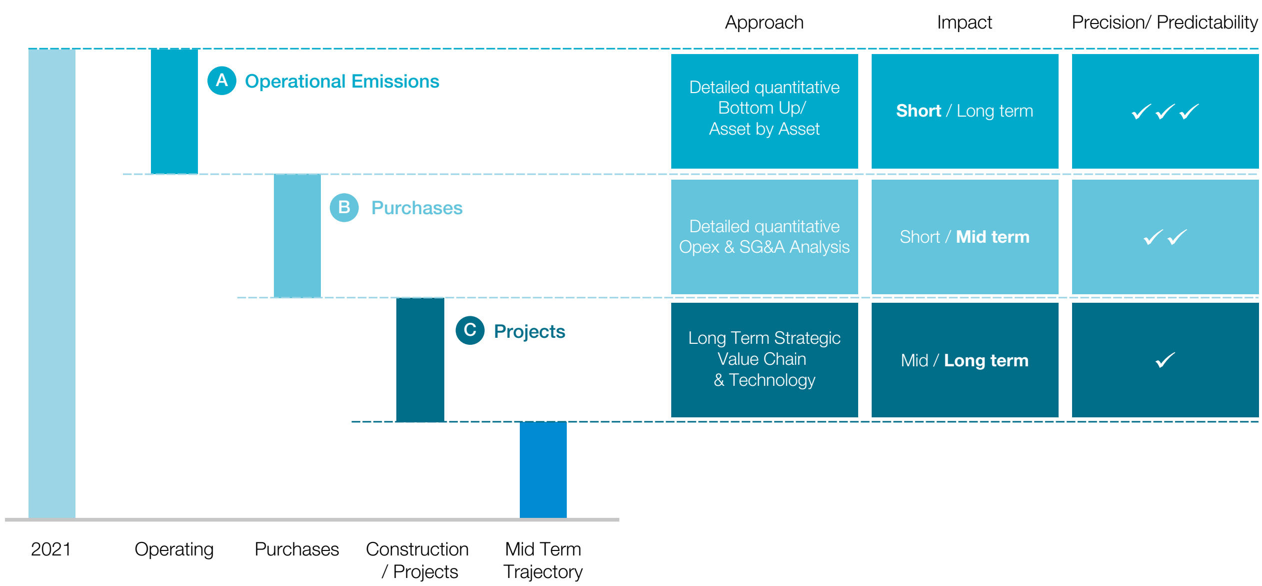
Pillar C - Carbon removal: by developing sinks, i.e. natural elements or processes that absorb and store carbon, which will help mitigate climate change by removing carbon dioxide from the atmosphere.

5.4.2 Pillar A: Carbon reduction plan – Reduction

One of the essential pillars of the Colonial Group's climate strategy is the reduction of its carbon footprint, through the reduction of both direct and indirect emissions.



To this end, actions have been developed and identified for the entire carbon footprint covering the three main areas into which it is divided:



- **Operational emissions:** Includes all emissions associated with the operational part of the Group's portfolio. Consists of reducing the need for energy by optimising the energy systems available, through an energy transition from conventional energy sources to more sustainable and renewable sources.
- **Purchases:** Includes all emissions from purchased goods and services (operating expenses of all assets and structural costs). Consists of reducing and optimising carbon emissions in relation to operational and structural costs, with an appropriate choice of all suppliers, using the necessary tools to obtain these reductions.
- **Projects:** includes all emissions associated with the Group's construction and major refurbishment projects.

To implement this climate strategy, we have worked on a Decarbonisation Plan based on understanding all segments of the real estate value chain through the best technical teams in the Paris, Madrid and Barcelona markets. This strategy is based on the identification of potential actions based on four driving factors for each of the areas into which our action is divided.

This capacity is applied efficiently in terms of managing the consumption of resources and energy through more sustainable suppliers, which ensure that the different activities are carried out in the best and most sustainable manner.

Levers to identify carbon reduction potentials

Lever/ Driver		Action/ Objective
1. Sufficiency	→	▪ Reduce energy needs ▪ Optimize/ reduce energy demand
2. Efficiency	→	▪ Reduce the amount of energy to satisfy the same need ▪ Analyze how to optimize system/ reduce losses of energy
3. Low Carbon Substitution	→	▪ Produce and use low carbon materials ▪ Analyse how to switch materials and/ or energy
4. Involvement	→	▪ Employees: training/ awareness/ tools for carbon management ▪ Clients/ Suppliers: training/ awareness/ tools for carbon management

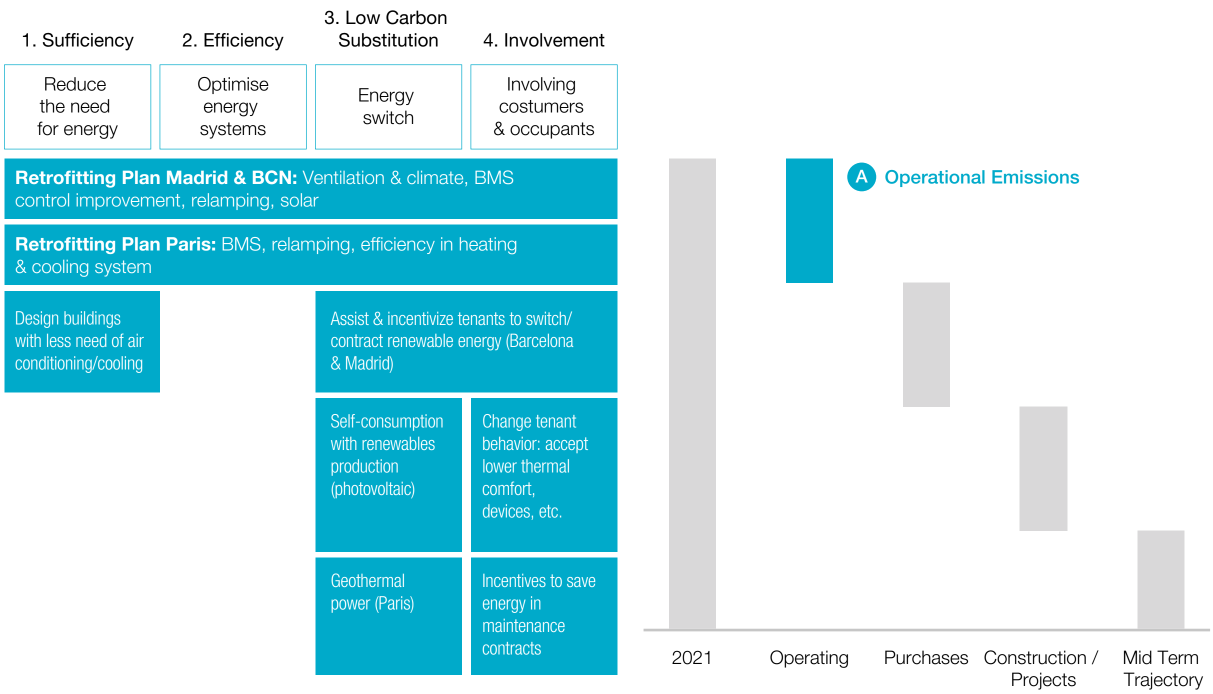
5.4.2.1 Carbon reduction pathway in operational emissions

Operational emissions comprise all greenhouse gas (GHG) emissions linked to the operational part of the Group's portfolio, both direct and indirect.

This approach involves reducing energy demand by optimising available energy systems. This is achieved through an energy transition, which involves a shift from conventional energy sources to more sustainable and renewable sources.

By focusing on efficiency and adopting more sustainable practices, we seek to mitigate the environmental impact of our operations, while promoting a more sustainable and environmentally friendly approach in all our operational activities.

Operational Carbon Reduction Roadmap



I. Retrofitting plan – Portfolio actions

In order to reduce energy needs and move towards an energy transition, the Colonial Group has drawn up a Decarbonisation Plan as an integral part of the strategic plan for the asset portfolio, establishing the main financial and non-financial KPIs for each of the assets, analysed year by year.

To this end, during the 2023 financial year, the Colonial Group has continued to develop and update the 2018-2030 Decarbonisation Business Plan, approved by the Board of Directors.

This Decarbonisation Plan, with a baseline year of 2018, was implemented to monitor reductions in consumption (in particular, energy and carbon footprint) and to chart a path towards carbon neutrality, in response to the Colonial Group's commitment to achieve carbon neutrality by 2030.

This Decarbonisation Plan is very ambitious, not only in terms of emission reduction targets, but also in terms of asset scope. The two main KPIs are carbon intensity (total carbon footprint of the portfolio in terms of ratio per square metre) and energy intensity (kWh/sqm).

In addition, the company has established an internal carbon price as a key element to prioritise and determine the most efficient actions in decarbonisation. Each tonne of CO_2 would have an associated price which would be passed on to the activity and serve to manage activities from the point of view of the most efficient energy production and consumption possible. The internal carbon price was €100/tCO_2e, which is a very ambitious price approved by the Sustainability Commission and applied to all new investments.

Specific actions

The Decarbonisation Plan was developed by the ESG Committee and approved by the Sustainability Committee and the Board of Directors of the Colonial Group at the end of the 2021 fiscal year.

Work has been carried out on a Decarbonisation Plan, in which asset-by-asset data has been analysed in each of the cities where the Group operates, analysing the current status and characteristics individually and assessing their potential for energy efficiency and carbon emission reductions.

In order to carry out this Decarbonisation Plan, the current status and characteristics of each asset were analysed individually, assessing their energy efficiency potential, with the aim of identifying all options for improvement, as well as the possibilities of implementing renewable energies and other decarbonisation mechanisms.

The master plan, which analyses the different actions in terms of decarbonisation, has been approved with an investment of €63m in CapEx linked to the Decarbonisation Plan to be distributed over the next five years.

The Colonial Group has approved a series of improvements in four major areas of activity:

A. Ventilation and climate: replacement of air-conditioning systems and installation of more efficient equipment.

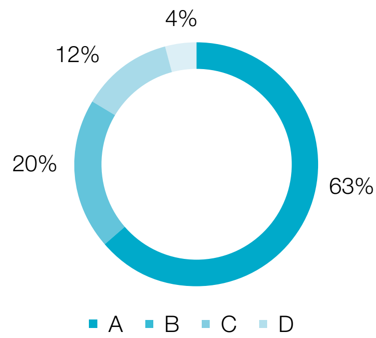
B. Improved building automation and control: PropTech 2.0.

C. Relamping: LED lighting and lighting control and dimming systems.

D. Photovoltaic solar panels: installation of solar photovoltaic systems for self-consumption.

These actions will lead to a reduction in energy consumption and CO_2 emissions throughout the portfolio.

Group		
A	Ventilation and climate	63%
B	BMS control improvement	20%
C	Relamping	12%
D	Solar photovoltaic	4%
Total		**100%**



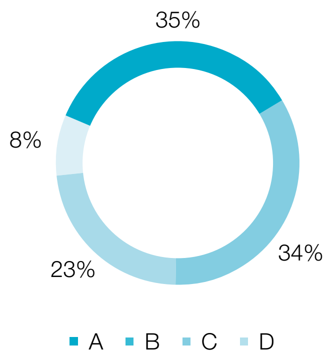
This Decarbonisation Plan is intended to act on a perimeter of 61 assets, 19 in Barcelona, 27 in Madrid and 15 in Paris, which represent 833,400 sqm and a market value of €9,348m.

The distribution of actions by market is as follows:

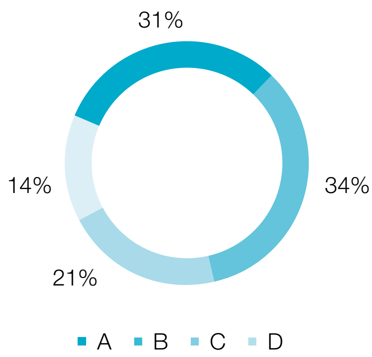
	Barcelona	Madrid	Paris	Grupo
Action A	11	18	14	43
Action B	15	23	12	50
Action C	9	11	7	27
Action D	13	14	0	27
No. Assets per action	**48**	**66**	**33**	**147**

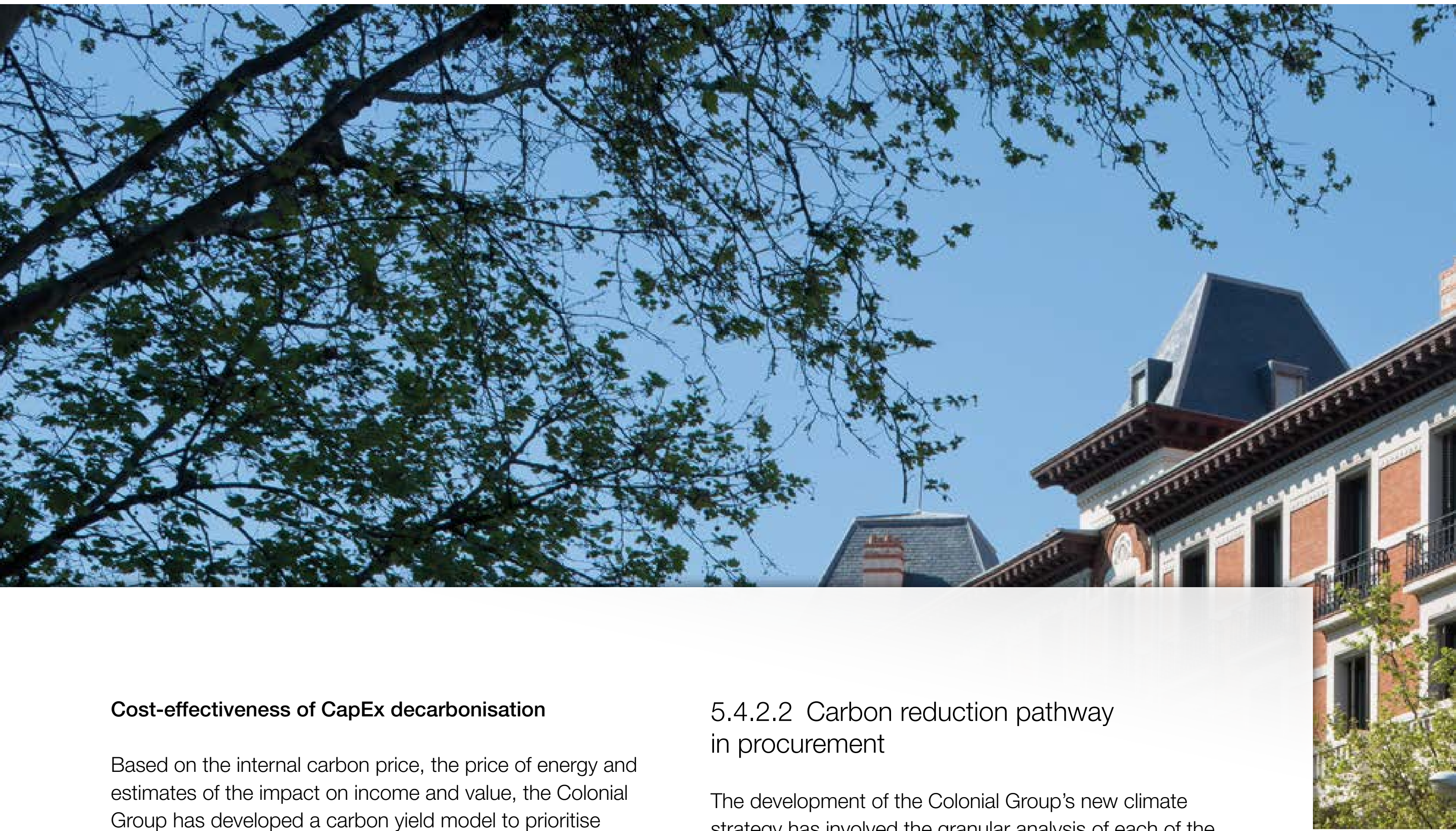
Breakdown by action

Market Value



Surface





Cost-effectiveness of CapEx decarbonisation

Based on the internal carbon price, the price of energy and estimates of the impact on income and value, the Colonial Group has developed a carbon yield model to prioritise sustainability actions appropriately.

For new acquisitions, projects and refurbishments, in addition to the traditional IRR, the Colonial Group calculates a sustainability IRR ("green IRR") that includes all the costs and benefits of improving the eco-efficiency of the asset analysed.

II. Management of customers' private consumption

One of the main pillars of the Group's strategy to achieve carbon neutrality by 2030 is to mitigate emissions as much as possible.

The contracting of Renewable Guarantee of Origin (REGO) certificates from 100% renewable sources allows the Colonial Group to have a low level of impact in terms of carbon footprint for Scope 2 and a significant part of Scope 3, in those buildings where electricity is supplied through Colonial.

During 2023, the Colonial Group implemented an action plan to make progress together with single-user customers in optimising consumption and contracting renewable energy. The result of this initiative has been very satisfactory, with a very significant reduction in category 13 of scope 3. The project started during 2023 will continue to expand its scope in the coming years.

5.4.2.2 Carbon reduction pathway in procurement

The development of the Colonial Group's new climate strategy has involved the granular analysis of each of the categories that make up the indirect emissions within the value chain (Scope 3 emissions), with the aim of focusing efforts on those types of emissions with the greatest impact. As a result of this assessment, we have identified procured goods and services as one of the most significant categories.

For this reason, a key area within the reduction plan of the climate strategy is the reduction of the carbon footprint generated by all the purchases made by the company for the development of its activity.

This item aims to reduce all emissions related to the purchase of goods and services, which includes both the operating expenses of all assets and the company's structural costs. To this end, different areas of action are established:

- Increased knowledge and traceability of the origin of all acquisitions.
- Improvement in the calculation methodology used.
- Choosing low-carbon suppliers and service companies.

The objective is to internalise the emissions derived from our contribution to the activity of the supplier companies, generated by all the Group's OpEx and structural costs. Therefore, with an optimal choice of suppliers and the right technical tools, a significant reduction of the Group's carbon footprint can be achieved.

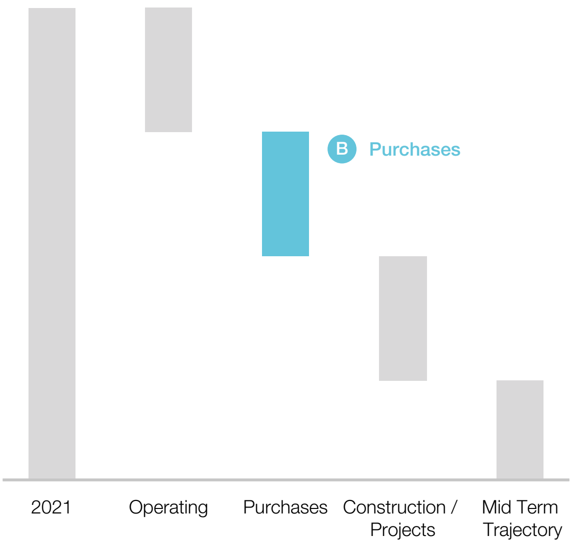
Purchases Carbon Reduction Roadmap

Purchasing emissions basically are generated by two different drivers:

1. Operational expenses (suppliers) of all the assets.
2. SG&A Costs (suppliers/ advisory) in Spain & France.

Purchases Carbon Reduction - Actions

1. Sufficiency	2. Efficiency	3. Low Carbon Substitution	4. Involvement
Reduce Opex & SG&A costs	Optimise Opex & SG&A Costs	Choice of the suppliers	Training, Awareness & Low Carbon Construction Tools
Empower team in carbon knowledge about purchases			
	Easily repairable & technol. user-friendly buildings (low-tech)	Choose low carbon suppliers and services companies	



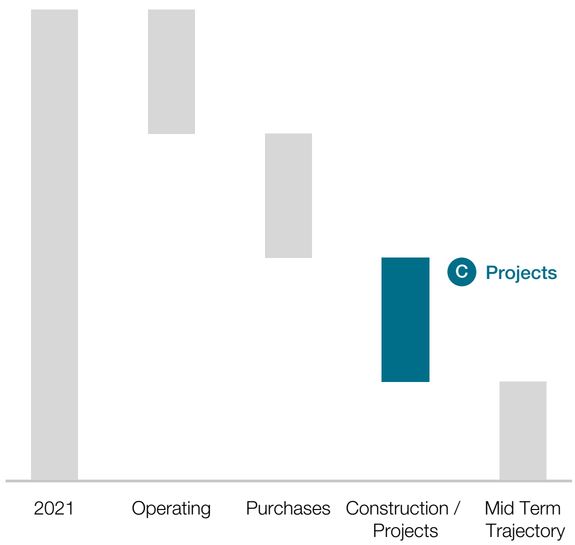
5.4.2.3 Construction projects and major refurbishments

Carbon emissions related to new asset development activities and comprehensive refurbishment projects are of particular relevance to the Group's carbon footprint, as they make up the largest category of total emissions, accounting for around 60% of the total footprint.

This impact should be monitored as accurately as possible, and its results should guide investment decisions and construction processes. For this reason, the Colonial Group has developed a specific strategy to reduce the emissions derived from this asset transformation activity.

Projects Carbon Reduction Roadmap

1. Sufficiency	2. Efficiency	3. Low Carbon Substitution	4. Involvement
Design	Renovation, rehabilitation	Choice of the materials	Training, Awareness & Low Carbon Construction Tools
Empower your team in carbon knowledge/ accounting on supply chain			
Adapt buildings for less refurbishments	Reuse materials	Use of low-carbon concrete	Laboratory on ancestral constr. methods
Modular design	No new constructions, more refurbishments	Use of bio-based materials	Limiting deconstruction
Industrialization of the process	Industrialization of the process		Perform LCA during concept phase
			Set carbon threshold per area of operation
			Internal carbon price



I. Asset Life Cycle Carbon Footprint Management

The Group's aim to promote a circular economy is to develop and manage real estate assets by limiting the consumption of natural resources and the production of waste.

It contributes to reducing the carbon footprint through different actions and elements:

- The rational use of resources in the construction phase, through the ecological design and reuse of materials.
- Adaptation of assets for greater sufficiency, reducing the need for recurrent renewals.
- The study of the feasibility of more efficient processes, such as modular design and industrialisation.
- The recovery and recycling of waste related to building development and operations.
- Control and reduction of energy and water consumption in the operating estate.
- The use of low-carbon materials.

As part of its decarbonisation strategy and with the aim of optimising the eco-efficiency of the entire value chain, the Colonial Group applies to renovation projects and new asset developments, the integrated life cycle analysis (LCA).

For all new building acquisitions and renovations or major refurbishments, the Colonial Group carries out an exhaustive analysis of each of the phases established in the useful life of the asset to be considered (acquisition, construction and refurbishment, renovation and remodelling, management of properties in operation and repositioning or sale of the property) beyond the current situation.

It is also important to highlight that the Colonial Group involves design teams, suppliers, contractors, maintenance providers and technical managers in the building's life cycle strategies. Their involvement in the strategic sustainability plan is key for a sustainable and integrated value chain.

In this context, the focus of the analysis is on the greenhouse gas emissions associated with the non-operational phase of an asset, i.e. emissions released through the extraction, manufacture, transport, assembly, maintenance, replacement, deconstruction, disposal and end-of-life of the materials and systems that make up a building. All these emissions form the **embodied carbon** and are present in all parts of the asset's life cycle.

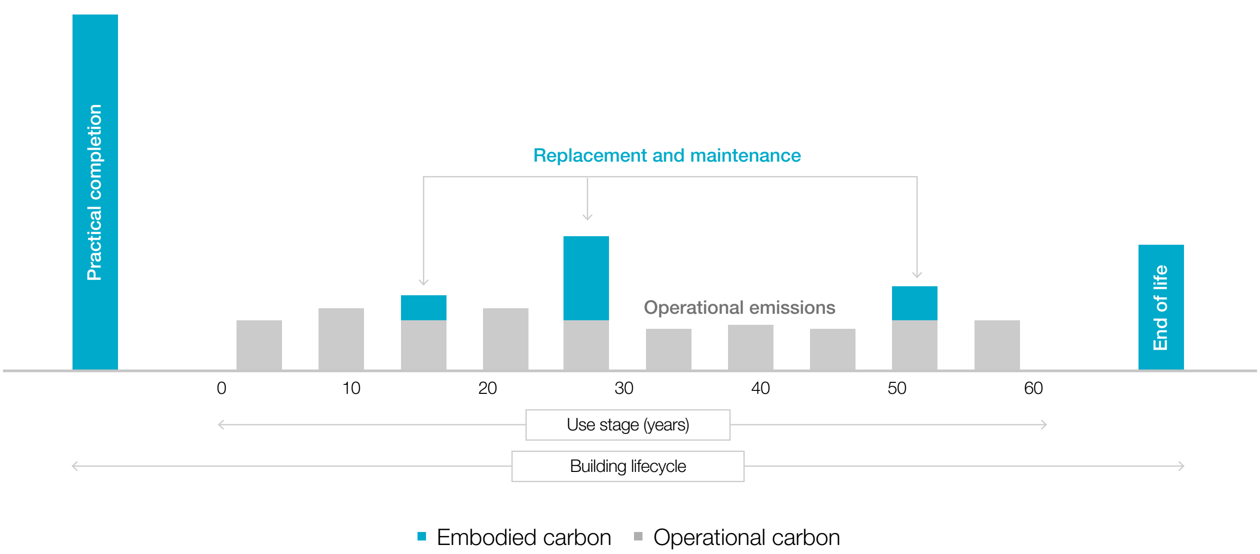
II. Life cycle analysis for all renovation projects, new asset developments and major refurbishments

The Colonial Group carried out life cycle analyses for all renovation projects, development of new assets and major refurbishments.

The life cycle analysis considers, in all its phases, the various processes of the value chain to assess environmental impacts, as well as the role of the owner in the community and the future benefit for the clients' operations.

The study of the entire life cycle allows for a more specific optimisation and management of the dynamics of the different buildings in terms of carbon equivalent emissions into the atmosphere. As reflected in the graph below, emissions related to embodied carbon account for a high percentage of the carbon emitted in the operational phases of the asset's life cycle. Likewise, efforts in energy efficiency improvements have traditionally been focused on the operational phase of the life cycle, given the increased awareness of the sector and more restrictive regulation, so the impact of embodied carbon on total emissions is expected to become increasingly significant. This highlights the need to effectively address this share of emissions in order to achieve the established decarbonisation target.

Carbon emissions ($kgCO_2$)



Note: Illustration from the LETI Embodied Carbon Primer.

III. Creation of a Group-specific Life Cycle Assessment (LCA) standard

Given the high importance of life cycle analysis for the achievement of carbon footprint reduction targets, this year 2023 the Colonial Group has developed a standard specifying the methodological principles to be followed to carry out the different LCA in a comparable manner, taking into account best practices and the requirements of the different stakeholders.

The creation of this standard makes it easier to compare different projects and to analyse their environmental impact. The main characteristics are summarised in the following table:

Colonial

1	Scope of LCA stages	"Cradle to Grave" approach: ▪ (A1-A5) Product & Construction ▪ (B1-B7) Use stage ▪ (C1-C4) End-of-life
2	Project phases	Phases to review the LCA estimations: ▪ Concept design phase ▪ Technical design phase ▪ Construction phase ▪ Post-completion phase
3	Reference study period	Calculation with two reference study periods: ▪ 50 years: European Comission, Taxonomy & LCBI methodology. Consistent with European stakeholders' standpoint ▪ 60 years: RICS and Hines best practices. Consistent with Anglo-Saxon stakeholders' standpoint
4	Reference area	▪ Gross internal area
5	Renewable energy production	▪ Renewable energy produced and consumed on-site deducted from the total use stage energy
6	Biogenic carbon	▪ Consideration of additional carbon sinks in case of carbon removal elements included in the project work ▪ Separate calculation on a pro memoria basis but not deducted in the carbon performance calculation
7	Emission factors operational stages	Location-based Emission Factors 1. Static approach: constant emission factor in order to directly capture the impacts of the company's actions and efforts 2. Dynamic approach: dynamic emission factors with grid decarbonization based on governments or designated bodies projections
8	Embodied carbon emission factors (EPDs)	▪ Consistent EPDs sources (country specific) ▪ For missing EPDs, use OneClick LCA tool to calculate those emission factors based on default features of the EPDs
9	Calculation tools	▪ Most suitable tool: OneClick LCA software
10	Carbon footprint reduction impact analysis	▪ Carbon footprint reduction impact through Asset Transformation

The scope of the life cycle stages followed by the LCAs of the Colonial Group's projects corresponds to the cradle-to-grave approach, which considers from the design phase to the end of the building's life cycle.

Stages in the life cycle of buildings	Carbon at the beginning of the life cycle		Operations			Carbon at the end of the life cycle
			Embodied carbon	Operational carbon		
Cycle	Design	Building	Maintenance, repairs and renovations	Energy use	Water use	Demolition, transport and disposal of waste
Definition	Phases of production and construction of materials prior to building use		Materials and processes needed to maintain the building during use	Use during the building's operational period		Demolition and demolition of a building after use
	A1 to A3	A4 to A5	B1 to B5	B6 to B7		C1 to C4
	Embodied carbon					**Embodied carbon**

In addition, determining the reference study period that establishes the lifecycle of a building is key to be able to compare the results obtained. There is some disparity in the baseline study period between stakeholder groups:

- European Commission, taxonomy and LCBI consider a life cycle of 50 years, in line with the view of European stakeholders.
- RICS and Hines are focused on a 60-year life cycle, consistent with the view of Anglo-Saxon stakeholders.

The Group has determined in its standard the calculation of LCAs using both periods, in order to provide useful and comparable indicators for all its stakeholders. For more specific details on the Group's standard, see the corporate website.

Therefore, the analysis of the integral life cycle through a common standard allows the Colonial Group to implement a broader vision of its decarbonisation strategy and to have a holistic vision of reducing the carbon footprint involved in developing a project from design to sale, or to obsolescence.

Decisions made through the life cycle analysis enable operational sustainability benefits to be realised in both the short and long term. Therefore, the life cycle analysis of an asset is essential to be able to implement improvements at each stage of the value chain in order to achieve the carbon targets set by the company.

As a sign of the Group's commitment to reducing the carbon footprint of the portfolio in its broadest sense, the Colonial Group is committed to maintaining the lowest emission intensity ratios resulting from the LCAs carried out. In order to prepare Colonial's life cycle analysis policy, a study of the most relevant best practices and standards in the sector (RICS, Hines, LCBI and Level(s) - European Commission) was carried out.

		RICS Sept-23	Hines Apr-22	LCB Initiative Apr-23	Level(s) European Commission Jan-21
1	Scope of LCA stages	Whole Life Cycle: A - D stages	"Cradle to Grave" (A-C) most common	Three performance indicators: A - C stages (D separate)	Cradle to Grave A - C stages
2	Project phases	✓	✓	Not applicable	✓
3	Reference study period	60 years	60 years	50 years	50 years
4	Reference area	Gross internal area (GIA)	Total gross built floor area	IPMS 3 area (similar to GIA)	Lettable area above ground (IPMS3)
5	Renewable energy production	For reporting and benchmarking purposes included	Not applicable	✓	Not applicable
6	Biogenic carbon	✓	✓	✓	Not applicable
7	Emission factors operational stages	✓	Not applicable	✓	Not applicable
8	Embodied carbon emission factors (EPDs)	BECD Eco Platform Eco Portal North American PCR Catalog EC3 tool inies	Type III EPDs verified EC3 tool Carbon Leadership Forum One Click LCA NRMCA	Product specific EPDs prioritized Importance of the tool used to cover missing EPDs (One Click LCA)	Not applicable
9	Calculation tools	Not applicable	✓	✓	Not applicable
10	Carbon footprint reduction impact analysis	Not applicable	Not applicable	Not applicable	Not applicable

The Group's standard is consistent with these four main sector benchmarks and allows projects to be analysed against both the most common parameters in the Anglo-Saxon world (RICS and Hines) and Western European best practice (LCBI and Level(s) - European Commission). Therefore, the Group's methodology aims to standardise the approaches presented, based on the consideration of ten general characteristics.

In this sense, the creation of this standard responds to the need to improve knowledge and analogy between embodied carbon and life cycle calculation procedures. This is a pioneering initiative in the sector and represents a significant step forward in this field.

		Peer 1	Peer 2	Peer 3	Peer 4	Peer 5	Peer 6	Peer 7	Peer 8	Peer 9	Peer 10
1	Scope of LCA stages	✓	A-C (Only A-B stages disclosed)"	✓	✗	✓	A- B stages	A-D stages	A1-A5 stages	Not specified	Not specified
2	Project phases	✗	✗	✗	LCA guide for design phase	✗	Early design stage and update onwards	✗	✗	✗	✗
3	Reference study period	60 years	60 years	60 years	50 years	50-60 years (not LCA specific)	60 years (not LCA specific)	50 years	✗	✗	✗
4	Reference area	GIA	GIA	GIA	GLA for offices	✗	GLA (not LCA specific)	Lettable area	✗	✗	✗
5	Renewable energy production	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
6	Biogenic carbon	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗
7	Emission factors operational stages	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8	Embodied carbon emission factors (EPDs)	Produced in line with RICS	✓	Primary supplier data, DEFRA and RICS	✗	✗	Specific EPDs (purchasing policy)	✗	✗	✗	✗
9	Calculation tools	✗	✓	✗	✗	✗	Internal LCA methodology	✗	✗	✗	✗
10	Carbon footprint reduction impact analysis	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗

IV. Optimisation and limitation of embodied carbon

Embodied carbon mitigation is a major challenge for the real estate sector. The urgent need to limit global warming and reduce emissions makes it essential to look for the most effective abatement strategies to mitigate embodied carbon, given its importance in total emissions. This need is compounded by other factors such as the prospect of increasingly stringent regulations on building development and materials used, as well as the potential increase in natural resource scarcity and stress on market prices with rising material prices. Given these circumstances, the strategies proposed to reduce the embodied carbon of our activity are as follows:

- Commitment to accurate monitoring of emissions throughout the value chain (relevant GHG Protocol Scope 3 categories).
- Improving knowledge on the climate impacts of projects through generalising the life cycle analysis.
- Widespread use of development certifications as a way to anticipate emerging building regulations.
- Strong partnership with construction companies to include higher standards in the use of materials.
- Preliminary studies to limit destruction in renovation and restructuring projects.
- Monitoring of construction materials used and their associated impacts.
- Re-use of materials on site or from other sites (materials markets).
- Increased use of bio-based alternatives (wood, low-carbon concrete, etc.).
- Promotion of industrialisation in projects and implementation of highly efficient management models, such as Lean methodology.

After exploring such reduction strategies at the design stage, the teams continue to look for further potential improvements.

Life cycle analyses are updated between the design and completion stages of the project.

Once the results have been analysed, construction elements and life cycle phases with the greatest potential for improvement are observed. For these elements, improvements are proposed that have an impact on at least one of the following:

- Improves the performance of the operational phase of the building, i.e. less energy is needed to run the building according to the established needs.
- Reduced maintenance of materials and elements.
- Increased lifetime of infrastructure or systems.
- Improved disassembly or recycling of components at the end of their useful life.

V. Embodied carbon reduction case studies

Life cycle analysis Miguel Ángel, 23

The life cycle analysis has identified aspects to optimise the level of sustainability of the property and, consequently, maximise value creation.

In terms of sustainability, material recovery has been chosen, thus reducing pollution, and targets have been set to reduce the building's CO_2 emissions to near-zero levels. This makes this project one of the first near-zero energy office buildings in Madrid, aspiring to the highest energy rating and obtaining the BREEAM New Construction Excellent rating. To achieve this, all development has been underpinned by life-cycle cost-optimal studies. In addition, the project has complied with the requirements of the *Responsible Product Procurement Guide*.

This year, the calculation of the project's life cycle analysis was carried out following the indications of the Group's new Life Cycle Analysis standard, and the result has been the embodied carbon corresponding to both 50 years (5,474 tCO_2) and 60 years (5,495 tCO_2). In terms of intensity per gross internal area, the figures are 599 $kgCO_2$/sqm and 601 $kgCO_2$/sqm respectively.

It is worth noting that, thanks to its near-zero energy building design, the reduction of its carbon footprint is significant:

Miguel Ángel, 23

- **Operational emissions**: If we compare the intensity of operational emissions that the building would have had if the project had not been carried out, this figure is reduced by around 60% thanks to the measures implemented.

- **Lifetime emissions**: the carbon footprint of the full life cycle analysis, even taking into account the embodied carbon involved in the development of any project, is reduced by 41% for 60-year LCA and 36% for 50-year LCA.

This reduction is attributable to the excellence in asset transformation processes, incorporating factors such as wood and various renewable energy sources. These include an extensive photovoltaic and solar thermal installation on the roof, which will enable a high percentage of the building's energy consumption to be met from renewable sources, thus greatly reducing the building's carbon footprint and making the asset a sustainable and energy efficient product.

Biome life cycle analysis

SFL acquired the building in 2017 with the ambition to transform it into an iconic building, without equivalent in Paris, by conducting an analysis of future economic and sustainability value creation and technical and environmental due diligence.

Given the importance of this heritage site and its unprecedented urban and landscape context, the restructuring operation goes beyond a simple transformation. The architect-designer teams considered the project in a participatory approach to urban renewal and a benevolent reinterpretation of the architectural and aesthetic history of the existing building. They committed to an ambitious, humane project, part of the future of tertiary architecture. The great use of materials, avoiding about 2,500 tCO_2e, together with an exceptional

Biome

restructuring of the building and an important re-vegetation, stand out.

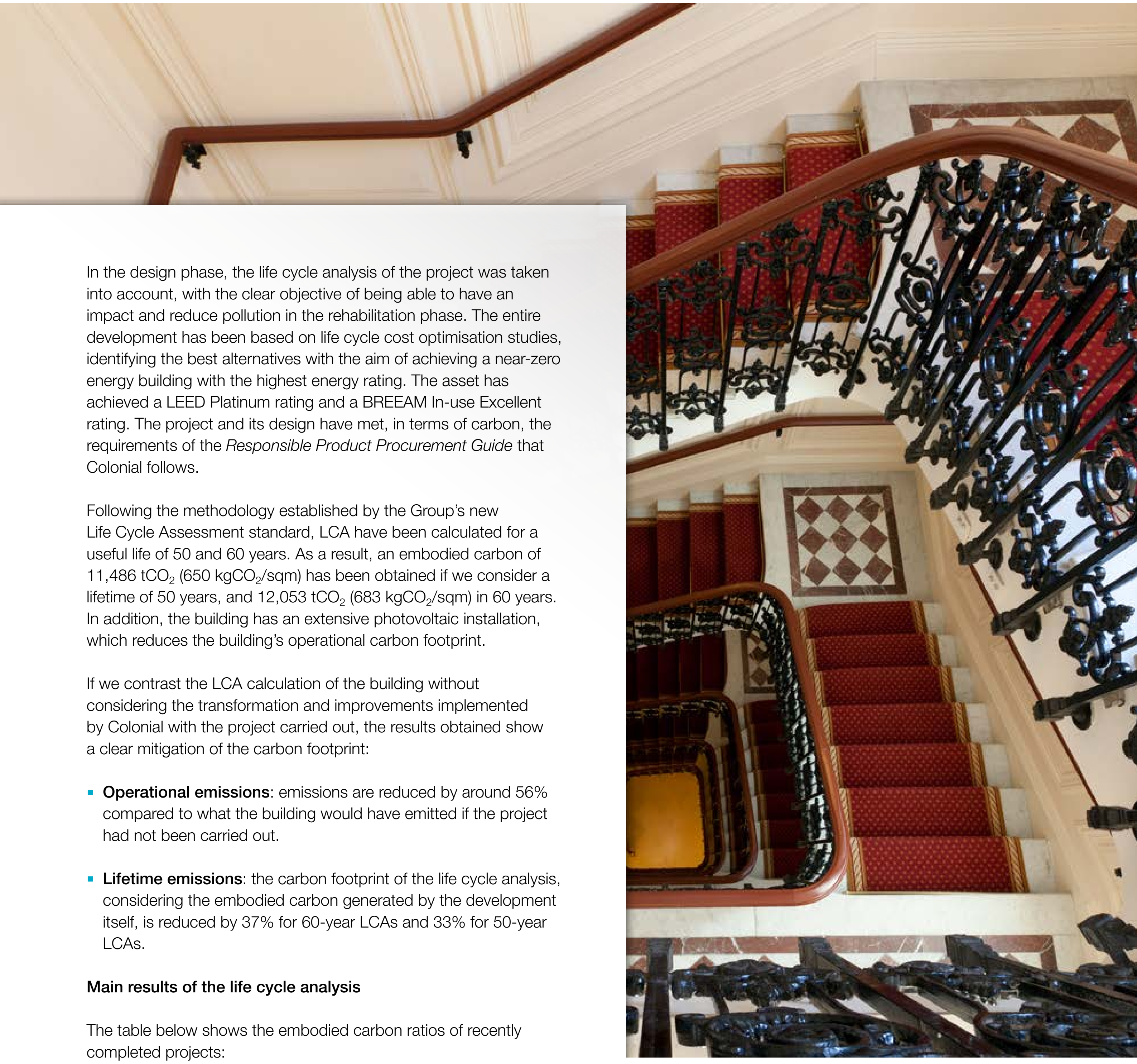
Biome was delivered at the end of 2022 and is a clear example of a sustainable building with triple certification: HQE Exceptional, BREEAM Rehabilitación Excelente and LEED Gold. It was also selected as one of the first buildings in Paris to obtain the BBCA (Low Carbon Building) Renovation label and will also be labelled as Biodivercity Excellent, highlighting the important revegetation efforts made.

Velázquez life cycle analysis

Prime office building located on a prominent corner in the heart of the exclusive Salamanca neighborhood, in Madrid's CBD. Standout features include its floors of over 2,000 sqm, something uncommon in its area, as well as an underground parking with 155 spaces. Its advantageous corner location provides the building with an excellent level of natural light and very good visibility.

The Velázquez, 86 project in Madrid is an active space designed to be lived by users as an experience, placing value on open, dynamic and flexible places.

Velázquez, 86



In the design phase, the life cycle analysis of the project was taken into account, with the clear objective of being able to have an impact and reduce pollution in the rehabilitation phase. The entire development has been based on life cycle cost optimisation studies, identifying the best alternatives with the aim of achieving a near-zero energy building with the highest energy rating. The asset has achieved a LEED Platinum rating and a BREEAM In-use Excellent rating. The project and its design have met, in terms of carbon, the requirements of the *Responsible Product Procurement Guide* that Colonial follows.

Following the methodology established by the Group's new Life Cycle Assessment standard, LCA have been calculated for a useful life of 50 and 60 years. As a result, an embodied carbon of 11,486 tCO_2 (650 $kgCO_2$/sqm) has been obtained if we consider a lifetime of 50 years, and 12,053 tCO_2 (683 $kgCO_2$/sqm) in 60 years. In addition, the building has an extensive photovoltaic installation, which reduces the building's operational carbon footprint.

If we contrast the LCA calculation of the building without considering the transformation and improvements implemented by Colonial with the project carried out, the results obtained show a clear mitigation of the carbon footprint:

- **Operational emissions**: emissions are reduced by around 56% compared to what the building would have emitted if the project had not been carried out.
- **Lifetime emissions**: the carbon footprint of the life cycle analysis, considering the embodied carbon generated by the development itself, is reduced by 37% for 60-year LCAs and 33% for 50-year LCAs.

Main results of the life cycle analysis

The table below shows the embodied carbon ratios of recently completed projects:

Main results of the life cycle analysis

			Embodied Carbon ($TnCO_2e$)		Embodied Carbon ($kgCO_2e$/sqm)		Operational intensity post-project ($kgCO_2e$/sqm/year)
Asset	Location	sqm LCA	50 years	60 years	50 years	60 years	
Miguel Ángel, 23	Madrid	9,140	5,474	5,495	599	601	7
Velázquez, 88	Madrid	17,660	11,486	12,053	650	683	7

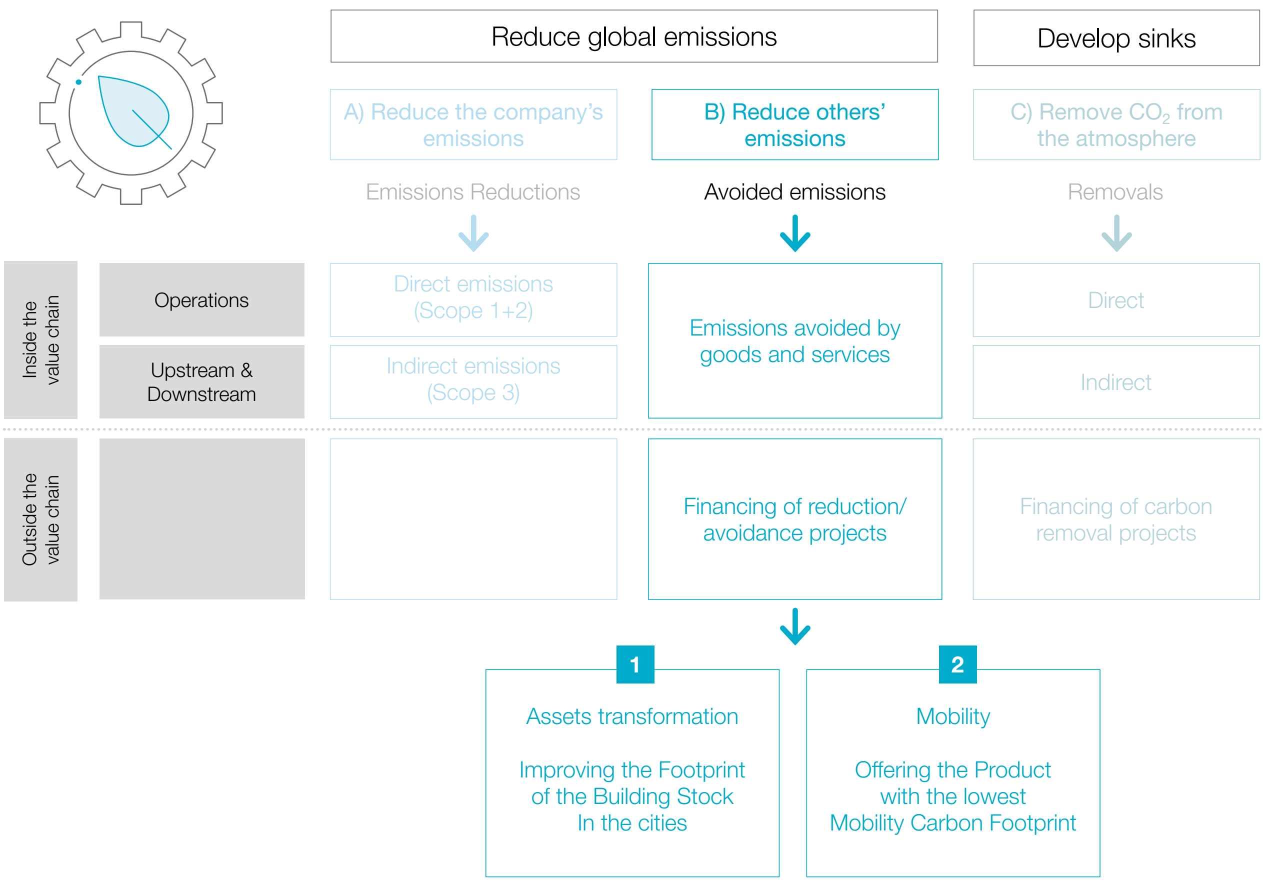
5.4.3 Pillar B: Plan to avoid carbon emissions – Avoidance

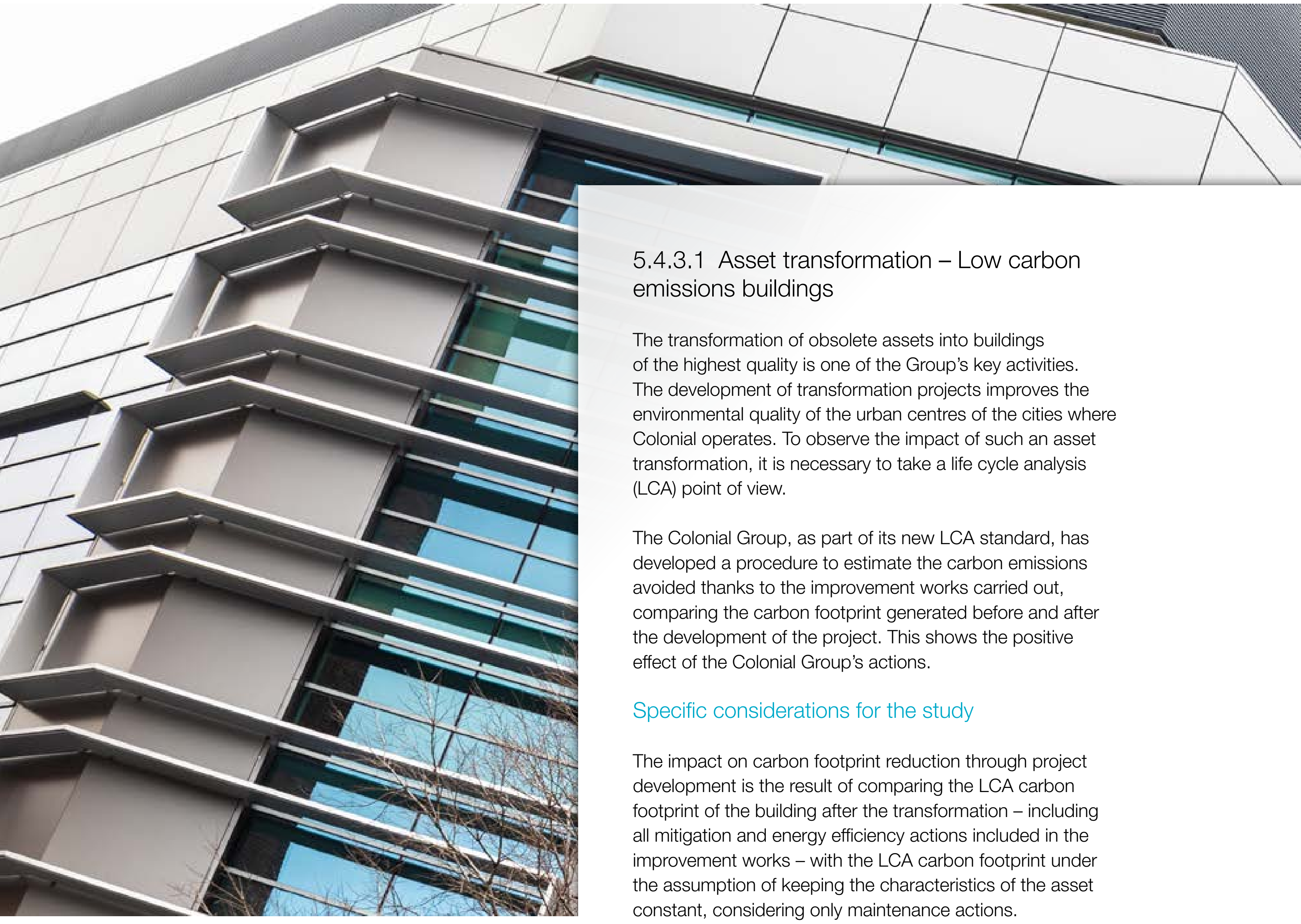
The second pillar of the Colonial Group's climate strategy is to offer solutions to the cities and markets where it operates in order to avoid third-party emissions.

The Colonial Group's activity offers two ways to avoid third-party emissions. Firstly, through asset transformation, improving the city's building stock and creating low-emission products. Secondly, the location of Colonial's assets in the city centre offers the lowest mobility carbon footprint due to an optimal mix of connectivity.

To the extent that interested customers choose our product and discard inefficient products, Colonial contributes to avoiding third-party emissions.

The Colonial Group, with the development of its activity, enables asset renovations that improve the energy efficiency of the building stock in the cities where it operates. This not only helps to renovate assets but also promotes low-carbon destinations in terms of sustainable mobility.





5.4.3.1 Asset transformation – Low carbon emissions buildings

The transformation of obsolete assets into buildings of the highest quality is one of the Group's key activities. The development of transformation projects improves the environmental quality of the urban centres of the cities where Colonial operates. To observe the impact of such an asset transformation, it is necessary to take a life cycle analysis (LCA) point of view.

The Colonial Group, as part of its new LCA standard, has developed a procedure to estimate the carbon emissions avoided thanks to the improvement works carried out, comparing the carbon footprint generated before and after the development of the project. This shows the positive effect of the Colonial Group's actions.

Specific considerations for the study

The impact on carbon footprint reduction through project development is the result of comparing the LCA carbon footprint of the building after the transformation – including all mitigation and energy efficiency actions included in the improvement works – with the LCA carbon footprint under the assumption of keeping the characteristics of the asset constant, considering only maintenance actions.

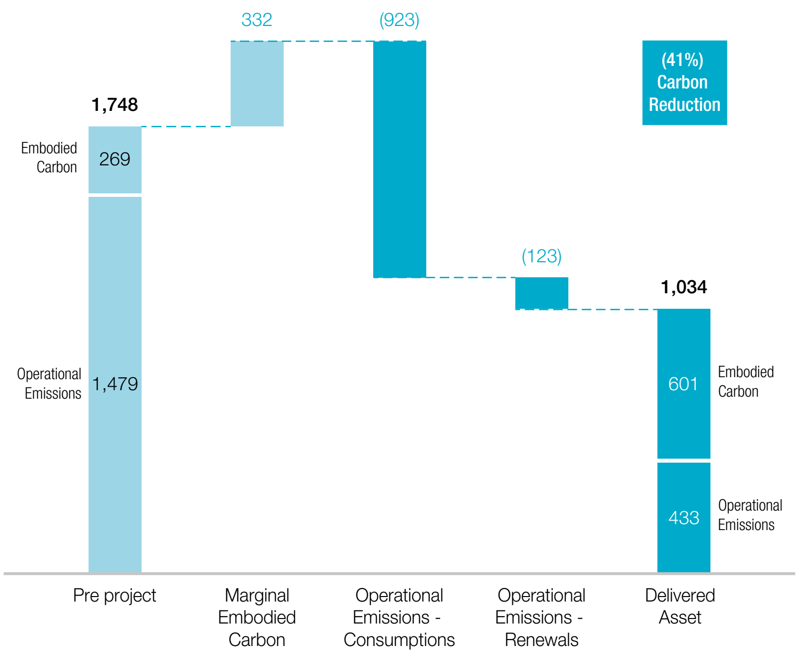
Impact on carbon footprint reduction through asset transformation	=	LCA Carbon footprint after transformation	–	LCA Carbon footprint before transformation

This analysis makes it possible to quantify the extent to which the development of the project has reduced the emissions that would have been generated by the asset if the Group had not taken the initiative to transform it. It is worth mentioning that the development of transformation projects inherently entails an increase in embodied carbon emissions due to the construction phase itself, which is an opportunity cost for achieving future improvements. As a result of the company's continuous efforts to improve its environmental performance throughout the life cycle of its assets and the improvement strategies explained above, the latest projects have been carried out following the best standards and methodologies, resulting in an improvement in both the amount of embodied carbon generated by the project itself, which is at the lowest level in the sector, and the subsequent carbon intensity that will be emitted during the future operational phase of the asset. In order to properly consider the impact of the project, emissions must be assessed on a full life cycle basis, as this increase is countered by the improvement of the asset during its use phase.

The impact of the main transformations is detailed below, following the methodology explained above.

Marginal Impact Analysis (60 years)

$KgCO_2e/sqm$



Note: calculations assuming constant emission factor through full life cycle.
The surface used for intensity KPIs is the Gross Internal Area (LCA methodology): 1,940 sqm.

Miguel Ángel, 23

In the case of Miguel Ángel, 23, due to the excellent transformation process of the asset, a 41% reduction in carbon dioxide emissions over its entire useful life (60-year reference period) has been achieved compared to the asset before the transformation process, going from an intensity of 1,748 $kgCO_2e/sqm$ to 1,034 $kgCO_2e/sqm$. The increase in embodied carbon resulting from the project is offset by the significant decrease in operational emissions due to energy efficiency improvement, thanks to the consumption reduction and the installation of renewable energy sources in the building itself. This reduction translates into 109 tCO_2e avoided each year, equivalent to a total of more than 6,000 tCO_2e over the lifetime of the asset.

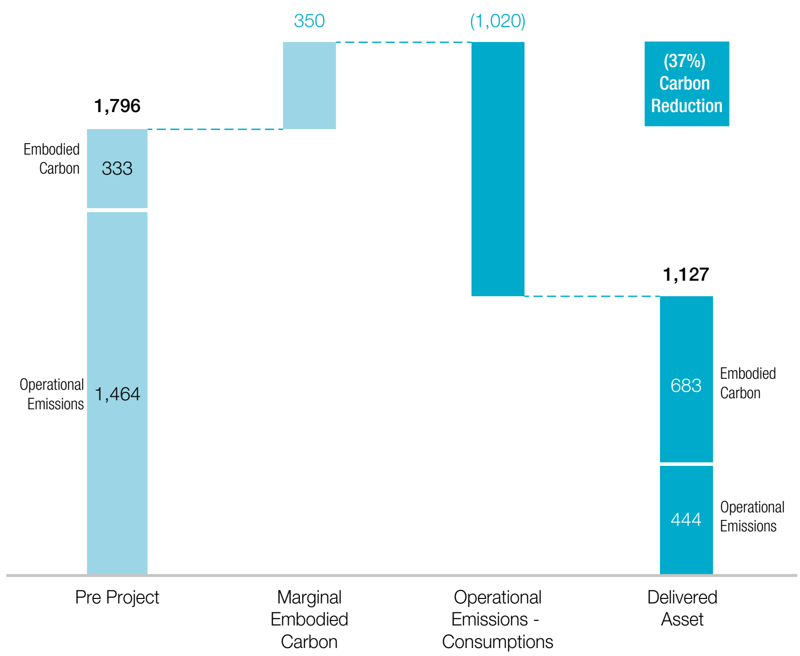
Velázquez, 86

The Velázquez, 86 transformation project has led to a significant reduction in the emissions generated over the entire life cycle of the asset (60-year reference period). Starting from an emissions intensity of 1,796 $kgCO_2e/sqm$, a 37% reduction has been achieved, reaching an intensity of 1,127 $kgCO_2e/sqm$. In absolute terms, 197 tCO_2e per year have been avoided, which means a total of 11,000 tCO_2e avoided over the lifetime of the asset.

Therefore, as the above examples show, this excellence in project development made possible by LCA analysis increases the efficiency of the Group's assets as a whole, while improving the quality of the cities' building stock. This achieves a significant reduction in the carbon footprint generated, taking into account the entire operational phase of the asset.

Marginal Impact Analysis (60 years)

$KgCO_2e/sqm$



Note: calculations assuming constant emission factor through full life cycle.
The surface used for intensity KPIs is the Gross Internal Area (LCA methodology): 17,660 sqm.

5.4.3.2 Mobility – Low carbon emissions destinations

The mobility of users from their homes to their workplaces is a major source of carbon emissions from an asset, which can reach levels of up to 60% of total emissions according to the Observatoire de l'Immobilier Durable. In this context, real estate companies have an important role to play in implementing levers of action to encourage the decarbonisation of occupant mobility, such as:

- Strategic positioning: central locations with proximity to different public transport alternatives.
- Establish facilities that promote active mobility, as well as charging stations for electric vehicles.

Strategic positioning and carbon emissions

One of the main pillars of the Colonial Group's strategy is to offer top-quality offices in prime locations, which is why all of the company's assets are in the best areas of the cities where it operates. This important feature of our portfolio allows employees and clients to benefit from city-centre services, while optimising travel to office and reducing the carbon footprint and well-being of the user.

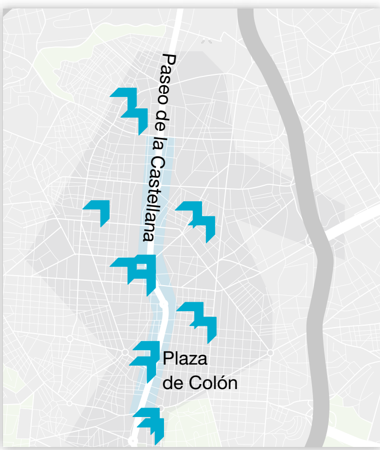
The Colonial Group has 99% of its portfolio located in city centres and 78% in business centre areas (CBD). It also prioritises positioning around important transport hubs such as major train and metro stations. In particular, one of the major projects in Madrid is located next to Atocha station and three major assets in Paris are located next to the stations Gare de Lyon, Gare Montparnasse and Gare du Nord. This positioning optimises the commute time for all users of Colonial's assets.

This excellent accessibility characteristic of CBD areas allows for a reduction in commuting-related emissions, mainly due to two factors: firstly, it greatly affects users' choice of mode of transport, reducing the percentage of people who choose to use transport with a higher carbon footprint, and secondly, it reduces the distance from their homes to the company's buildings.

In order to illustrate this impact, a specific case study has been carried out for two assets in Barcelona, one located in a prime CBD location and the other in a secondary area. Comparing both cases, a clear difference can be observed in the typology of carbon emissions according to the means of transport used, with a much higher percentage of private transport in secondary locations. As private transport is the mobility alternative with the highest associated carbon dioxide emissions, this is directly reflected in the commuting carbon footprint generated by the total number of occupants. Specifically, in a central location, the annual carbon footprint per user decreases by approximately 33%.

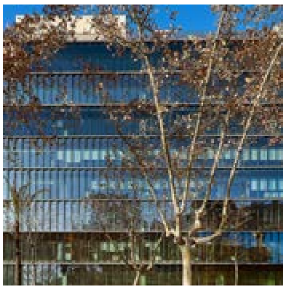
Paris

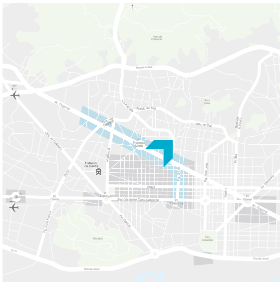
Madrid



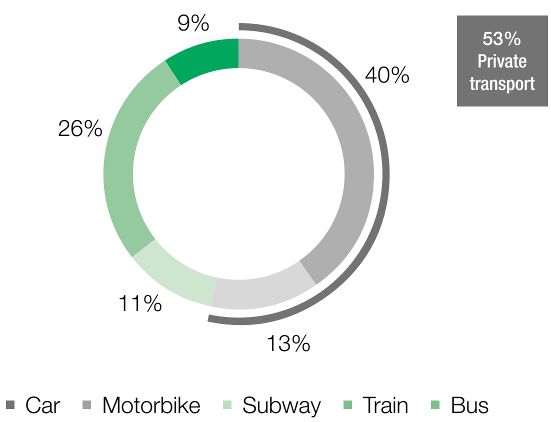
Barcelona

Prime CBD

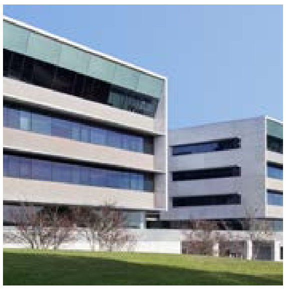


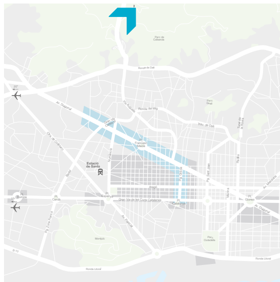


Carbon emissions by mean of transport

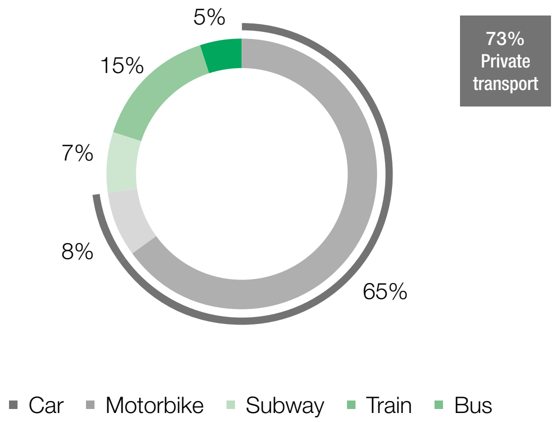


Secondary



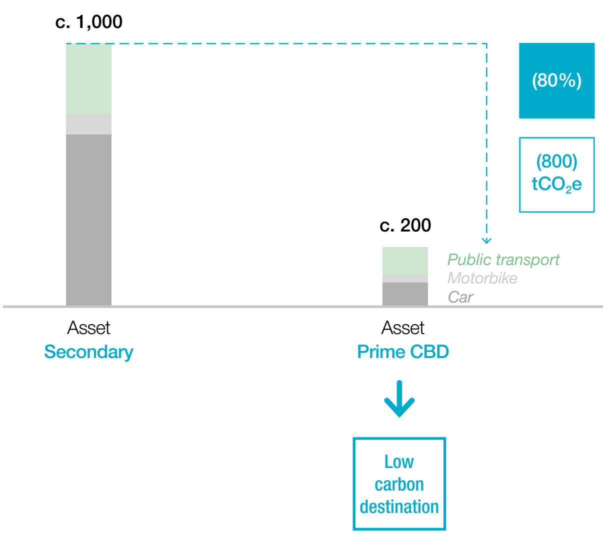


Carbon emissions by mean of transport



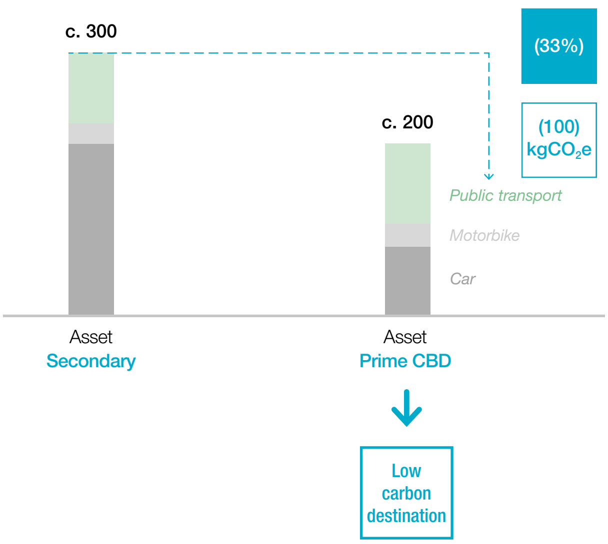
Total absolute carbon emissions

tCO_2e / year

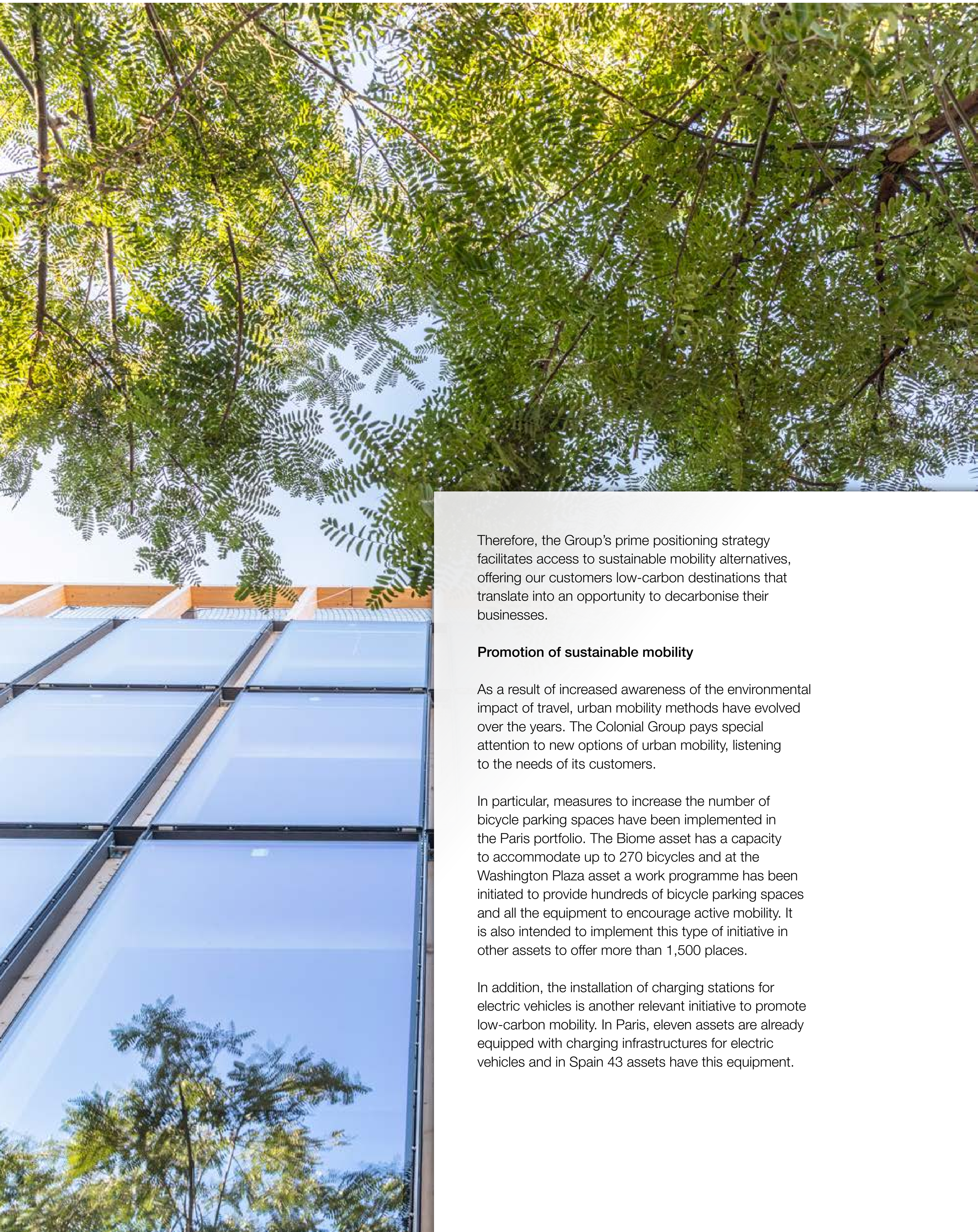


Carbon emissions intensity

$kgCO_2e$ / user / year



Note: Study based on the number of parking spaces for each asset, cross-checked with statistical data from the report *Institut d'Estudis Regionals i Metropolitans de Barcelona (2021). La mobilitat per motiu de feina a la província de Barcelona*.



Therefore, the Group's prime positioning strategy facilitates access to sustainable mobility alternatives, offering our customers low-carbon destinations that translate into an opportunity to decarbonise their businesses.

Promotion of sustainable mobility

As a result of increased awareness of the environmental impact of travel, urban mobility methods have evolved over the years. The Colonial Group pays special attention to new options of urban mobility, listening to the needs of its customers.

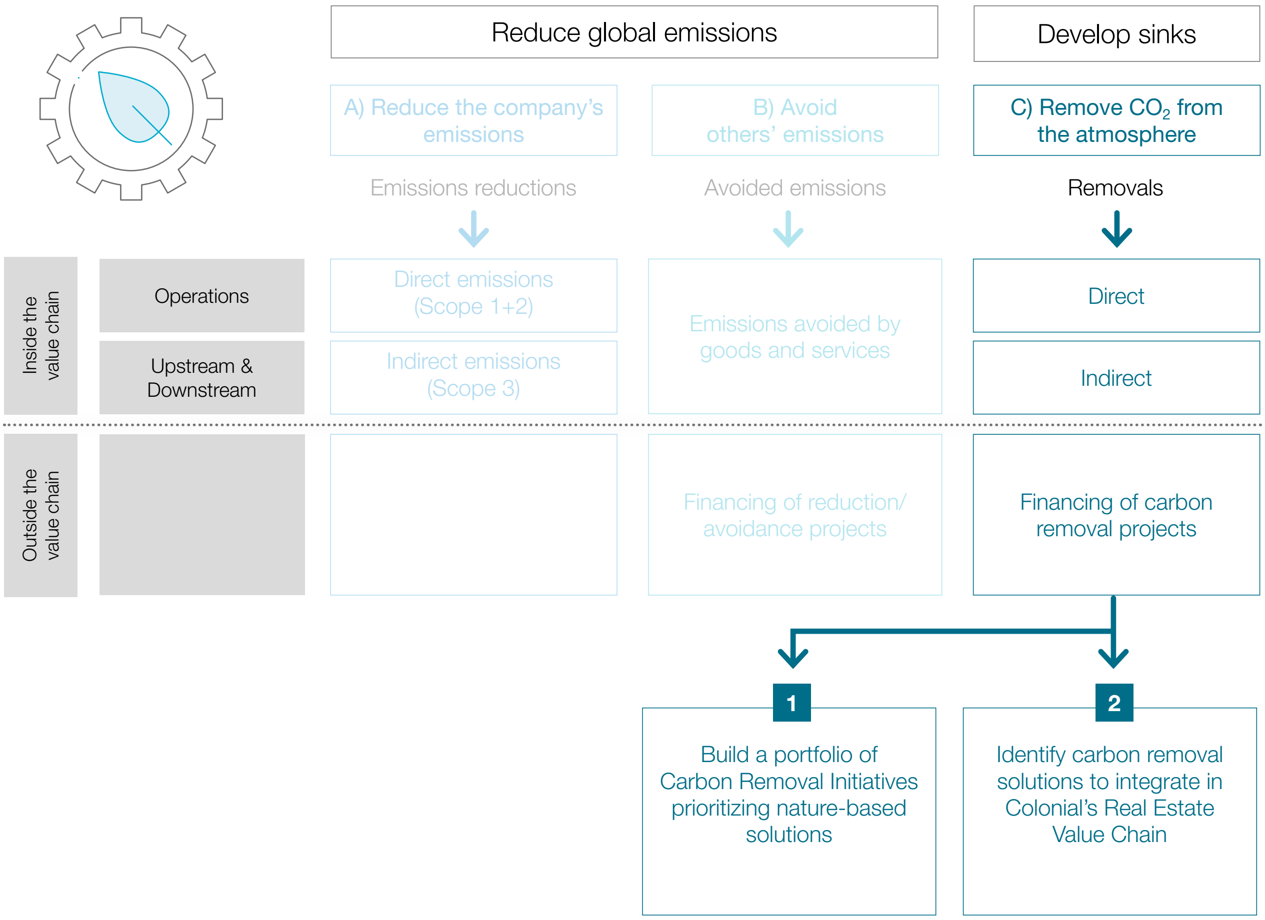
In particular, measures to increase the number of bicycle parking spaces have been implemented in the Paris portfolio. The Biome asset has a capacity to accommodate up to 270 bicycles and at the Washington Plaza asset a work programme has been initiated to provide hundreds of bicycle parking spaces and all the equipment to encourage active mobility. It is also intended to implement this type of initiative in other assets to offer more than 1,500 places.

In addition, the installation of charging stations for electric vehicles is another relevant initiative to promote low-carbon mobility. In Paris, eleven assets are already equipped with charging infrastructures for electric vehicles and in Spain 43 assets have this equipment.

5.4.4 Pillar C: Carbon absorption plan – Removal

The third essential pillar of the Colonial Group's climate strategy is carbon removal.

This is done through the development of sinks, i.e. natural elements or processes that absorb and store carbon, thus helping to mitigate climate change by removing carbon dioxide from the atmosphere.



There is an imperative need for the real estate industry to decarbonise, thus supporting the most innovative ideas in climate technology is a natural move for a real estate company that wants to lead the industry in the coming years.

In addition to the company's continuous efforts to reduce its emissions and mitigate the effects of its activity on the environment, it is important to highlight the need to carry out a comprehensive action plan to absorb the residual emissions inherent to the real estate activity, in order to reach a carbon neutrality objective.

I. Carbon Removal Strategy – Principles for building a portfolio of initiatives

Colonial is designing a strategy to create a portfolio of robust, quality carbon removal initiatives - targeting those emissions that cannot be avoided - by simultaneously assessing three dimensions:

1. Assessing the quality of existing removal solutions

   For the distinction of the highest quality initiatives, a number of essential requirements must be met. For example, carbon absorption must be ensured in the long term, without causing any negative impacts on biodiversity and local communities, or displacing carbon leakage outside the project boundaries. In addition, the solution needs to present a rigorous method for calculating the stored emissions.

2. Assessment of the initiative's provider or partner

   The initiative provider must provide transparency in both the methods and results of the project, as well as comply with the strategic and timetable objectives of the project, with proper management of the non-climate impacts that could be generated by the development of the initiative.

3. Specific portfolio design considerations

   A comprehensive price/cost analysis of the solutions, their degree of alignment with the Group's existing Decarbonisation Plan, the exposure to the company and the potential co-benefits that could be derived will be carried out.

II. Carbon removal projects as part of the value chain

Poplac

POPLAC

The Colonial Group has approved the incorporation of the company Industria Circular TNP SL, – company headed by Juan Molins – with the aim of developing a new insulating construction material to reduce the carbon footprint on site.

The company will operate under the Poplac brand, which will be the first product to be manufactured by Industria Circular TNP SL, a company created with the aim of innovating sustainable products and solutions for the construction sector through circular economy projects.

Poplac is a material made from organic matter of natural origin, mainly from the waste of marine plants such as posidonia and sargassum. This material has fire-retardant, water-repellent and insulating properties, both thermal and acoustic.

Its many applications include the construction of partition walls and interior façades, the manufacture of industrialised construction elements such as modules, sandwich panels or prefabricated bathrooms.

III. Carbon removal projects outside the value chain

Nactiva

The Colonial Group is aware of the need to reverse the negative externalities produced by most economic activities, which is why it is very interested in the possibility of becoming an active agent of change by investing in strategic projects with a positive impact on the environment. For this reason, the Colonial Group has contacted Nactiva to work towards achieving this objective, thus helping to mitigate climate change by absorbing carbon dioxide from the atmosphere.

Nactiva is a collective platform for the protection and regeneration of natural capital in the Mediterranean. This platform designs, accelerates and obtains private, public and philanthropic funding for projects and companies with the aim of generating ecological, social and economic impact in the territory, connecting key actors to promote the development of business projects with a cross-cutting impact objective with scale and value generation.

As a collective platform, it integrates all types of private, technical, academic and institutional actors to foster cooperation in order to accelerate and maximise impact, promote scalability and replicability of solutions, reduce risks and share investments.

Nactiva is an innovative instrument capable of catalysing the development of the natural capital market for the protection and regeneration of the Mediterranean. And it does so with a long-term impact strategy acting on the main sectors of activity and with the vision of transforming our economy into a regenerative model.

Nactiva works with several programmes:

Nactiva Forest	Nactiva Water	Nactiva Land	Nactiva Coast
Protection, conservation, conservation, forest management and regeneration of Mediterranean forests.	Regeneration of water basins, rivers and aquifers, as well as the recovery of renewable fresh water.	Recovery and regenerative use of agricultural soils and all agricultural by-products of the food value chain.	Restore of marine biodiversity (flora and fauna), as well as initiatives for the protection and conservation of coastal protection and conservation initiatives.

5.4.5 Digital transformation as an eco-efficiency accelerator

The business plan for environmental sustainability is largely underpinned by digitisation. Accordingly, the Colonial Group maintains a strong commitment to innovation through the development and implementation of PROPNET technology, which is enabling the use of the spaces managed by the company to be optimised.

Within the Group there is the Innovation Committee that monitors those points that could be more cutting-edge in this area. Operationally, there are also multidisciplinary teams of professionals focused on innovation and digitisation of assets, in order to monitor the results of those measures already implemented that allow for continuous improvement, as well as to set new developments, always focusing on the following optimisation objectives:

- Environmental.
- Occupant well-being.
- Cost control.

This has materialised thanks to the initiatives carried out in recent years, which are explained below.

I. PropTech Project – Portfolio digitisation

The properties operated by Colonial have a standardised Building Management System (BMS). This digitalisation allows to **measure the energy efficiency of properties**, as well as to control, in situ and also remotely, all the installations that represent significant energy consumption in buildings, providing predictive alerts about possible anomalous behaviour in the operation of the installations, and facilitating automated decision-making for their solution.

The systems integrate equipment for measuring energy and water consumption, accounting in real time for the general demand of each building, as well as the partial demands of each type of installation that are most representative.

The energy consumption information is collected in a management system, known as Energy Management System (EMS), allowing to monitor and remotely manage consumption in real-time in a general and detailed manner. With these tools, together with internal and external management and control by the various work teams involved, it is guaranteed to detect inefficiencies generated by deviations in the operation of the installations, or optimisable patterns of behaviour by building maintenance workers and users.

Currently, 3,098 electricity meters are monitored within the EMS, which, together with the monitoring of other energy sources, water and the environmental sensors detailed below, collect a total of 8,023 variables to ensure the monitoring of sustainability and the well-being of customers.

All historical data since 2015 are kept in order to analyse in detail the improvement in energy and environmental performance.

Monitoring buildings in great detail provides a large amount of data which can be used to analyse the energy performance, and it is also used as a learning tool in order to make better design and planning decisions.

This project has also extensively reinforced the security systems of the assets (access control, surveillance and anti-intrusion systems, image recognition, license plate readers, etc.), thus enhancing the security of users and the building. Security professionals carry out remote and continuous monitoring 24 hours a day, 365 days a year.

It should be noted that Colonial, together with other leading companies in the real estate sector, has invested in Fifth Wall, the first European fund focused on technologies for the global real estate industry. Fifth Wall aims to accelerate the adoption of European PropTech innovation by investing in high-potential European startups and providing co-investment opportunities alongside the firm's leading North American real estate technology funds.

Added value for the customer with a strong focus on sustainability

In order to continue innovating and providing proactive value to manage clients, Colonial has brought the technologies mentioned in the previous section closer by making a series of services available to the client and end user, supported by all the digital transformation it has carried out in recent years. To this end, it has launched the ED-I service solution, created to meet the needs of this particular stakeholder group within buildings. ED-I is the name chosen to familiarise users with it in a user-friendly way, previously it was called PROPNET Project.

ED-I is an internal initiative of Colonial together with its service providers through which it directs its entire portfolio management strategy towards the client. By collecting and centralising data on a single platform, this use of technology enables Colonial to:

- Better understand and measure client needs.
- Improve its decision-making process in its value chain.

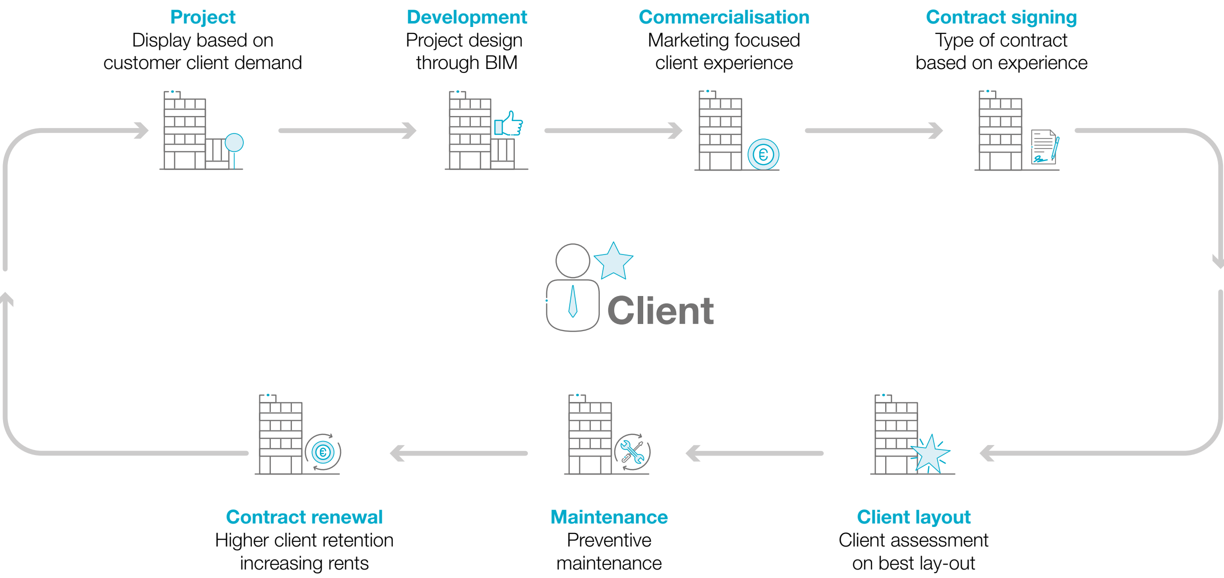
With ED-I, Colonial manages, through artificial intelligence, to foresee the client's needs according to their behaviour patterns, as this solution makes it possible to measure the user's or client's comfort in the space they occupy and to control all the installations that affect their comfort.

As an example, with environmental sensors distributed in various areas of the workspaces on a floor, different comfort variables (temperature, relative humidity and CO_2) and automatically and precisely adjust the installations to keep them at the optimum level of comfort and therefore maximum energy efficiency throughout the working day.

The implementation of this platform allows us to better understand our clients based on their current experience and thus meet their needs more efficiently and quickly.

ED-I also prioritises the sustainability of Colonial's buildings. This tool makes it possible to measure the building's carbon footprint, control the use of resources to reduce and optimise energy consumption, and continue learning in order to be able to design new assets and spaces as efficiently as possible. From the clients' point of view, the first direct consequence is their own improved ESG performance and rating.

This set of services, which are an accomplice of digitalisation, is a reality that is transversal to all those properties that the company operates and manages directly, having gradually carried out this transformation to the complete coverage that is currently available. All of Colonial's new projects will be ready to offer ED-I from the outset.


Project
Display based on customer client demand
Development
Project design through BIM
Commercialisation
Marketing focused client experience
Contract signing
Type of contract based on experience
Client
Client layout
Client assessment on best lay-out
Maintenance
Preventive maintenance
Contract renewal
Higher client retention increasing rents


PropNet
by Colonial
CASTELLANA 52
23ºC
21%
27%
8%
THE WINDOW BUILDING
24ºC

II. Digitisation of the portfolio – Second phase

Innovation processes at Colonial are continuous, actively seeking new digitalisation and transformation solutions to improve processes, environmental performance and occupant experiences.

The second phase of the digitisation of Colonial's portfolio includes the following actions:

1. New environmental sensors:

Monitoring of a larger number of environmental parameters, in order to have a broader spectrum coverage of indoor air conditions in workspaces, thanks to the installation of new state-of-the-art probes that allow continuous monitoring of physical particles (PM2.5, PM1 and PM10), volatile organic compounds (VOCs) and noise level.

This new measuring equipment complements the sensors already installed in all the buildings managed by Colonial and which were installed years ago, making it possible to record temperature, relative humidity and humidity conditions and CO_2 in real time. Thanks to the combination of both probes (the existing ones plus the latest generation), up to eight environmental variables of the workspaces will be controlled. The latest generation probes were installed in seven buildings in 2022, rising to a total of twenty-nine assets in 2023, thus representing a very significant advance in the level of implementation within the portfolio.

These initiatives respond to the recommendations of international organisations of recognised prestige in the field of air conditioning, ventilation and wellbeing, such as ASHRAE and the International Well Building Institute (IWBI). It is worth noting that all these actions increase both the efficiency and productivity of our clients' activities and the resilience of the property portfolio in the face of possible climate risks.

2. Energy Management System 2.0 (EMS 2.0):

In 2022, the energy consumption monitoring system was updated, which increased the performance and application of the tool, thanks to the integration of new systems for measuring the main consumption of the buildings and the processing of information based on a programming algorithm that improves the quality of the data, making it comparable and verifiable.

3. Digital twin:

In four of the portfolio's buildings in Spain (Discovery, Tucumán, Ciudad de Granada and Diagonal, 409) an energy and environmental simulation model (temperature, relative humidity and CO_2) based on different variables (outdoor and indoor temperatures, occupancy and internal loads) has been developed, which runs on a programme tested for more than 25 years in other sectors such as aeronautics and nuclear and thermal generation. This modelling is supported by more than 25,000 equations on average per building, of which a significant part are differential equations. This parameterisation, in turn, has been defined according to their façade characteristics and their main air-conditioning systems.

There is a roadmap to set up a simulation for the rest of the buildings in the coming years, in order to make known the most efficient building use guidelines from a theoretical and practical point of view, achieving the best energy and environmental performance.

4. Uninterruptible power supply systems (UPS):

One of the main pillars of the PropTech project has been the improvement of asset security systems (access control, surveillance and anti-intrusion systems, image recognition, number plate readers, etc.). During 2022 and 2023, the integration of uninterruptible power supply systems has been implemented, which has significantly increased the coverage in the event of a power supply failure by the utility company, enabling the associated risks to be managed in advance and thus increasing the resilience of the portfolio.

5. Intelligent engines:

Most of the energy consumption is used to power electric motors, which is a very important area for energy improvements.

In this regard, a revolutionary motor technology has been identified based on a revolutionary design that offers low magnetic reluctance, is controlled by customised software and dynamically manages the motor's operation, thereby achieving high efficiencies.

In view of the good results, the focus will continue to be on the gradual replacement of conventional electric motors in the coming years.

6. Industrialisation under construction:

The innovative process of industrialisation in construction provides competitive advantages in terms of deadlines, quality of execution and greater respect for the environment, as it considerably reduces waste generation and the use of resources.

As part of the Méndez Álvaro project (CMA I), 444 bathrooms have been industrialised and transported to the site for subsequent installation and connection, with results that are fully in line with the advantages mentioned above.

7. System certification:

During 2023, the certification body Bureau Veritas was commissioned to conduct an external audit of the PropTech ecosystem in order to further strengthen data quality and excellence in customer service quality. This label covers the three most significant parts of the PropTech project:

- Building Management System (BMS) - Metasys.
- Energy Management System (EMS) - MED 2.0
- Security services.

The certification is comprehensive for all the properties that make up the project, and it will be a quality system that will be maintained on an annual basis.

III. Data management and monitoring platform – Deepki

With the aim of digitalising the management and monitoring of data relating to the main sustainability indicators, the digital tool Deepki, recommended by both EPRA and GRESB and specialised in the real estate sector, was implemented in 2022. This provides a number of operational advantages for the company, including the following: an extensive database of the sector that allows the development of different benchmarks, the ability to develop short-term estimates based on the data collected by the platform itself, predictive models that allow the detection of anomalies and potential savings, centralisation of all the information in different dashboards adapted to our strategy and an analysis of the resilience of assets in the face of climate change, among others. In addition, it brings an international focus due to the widespread use of the tool in the European real estate sector. These functions enable the Group to optimise the implementation of its strategy and accelerate the achievement of the targets set by the company and carbon neutrality.

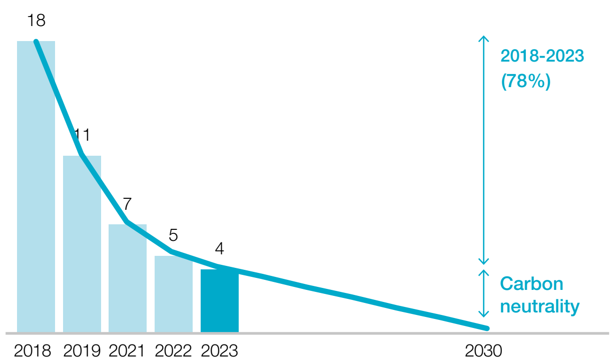
5.4.6 Operational emissions trajectory

I. Group Decarbonisation Plan

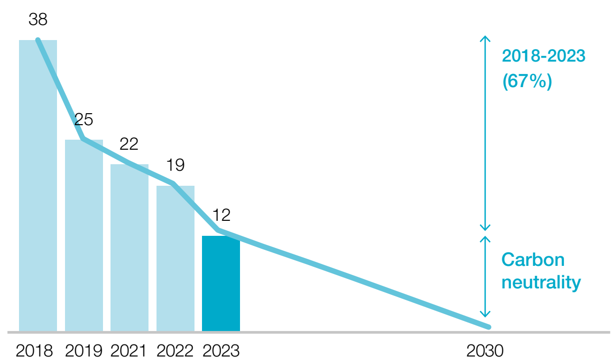
The approved Decarbonisation Plan sets forth the road map to make the Colonial Group's entire office portfolio carbon neutral by 2030 and, therefore, to be able to contribute to meeting the objectives established in the Paris Agreement, signed in December 2015, achieving the maximum reductions in carbon footprint and reaching the lowest levels in the European sector. The Colonial Group aspires to achieve this carbon neutrality through the specific actions indicated above.

In terms of the Carbon Intensity KPI Scope 1 and 2 (KPI that allows comparison with other companies in the sector), the Colonial Group has achieved a substantial reduction in carbon intensity reaching a level of 4 $kgCO_2e/sqm$, one of the lowest ratios in the sector (equivalent to a 78% reduction since the new base year (2018).

Intensity Scopes 1 & 2 ($kgCO_2e/sqm$)



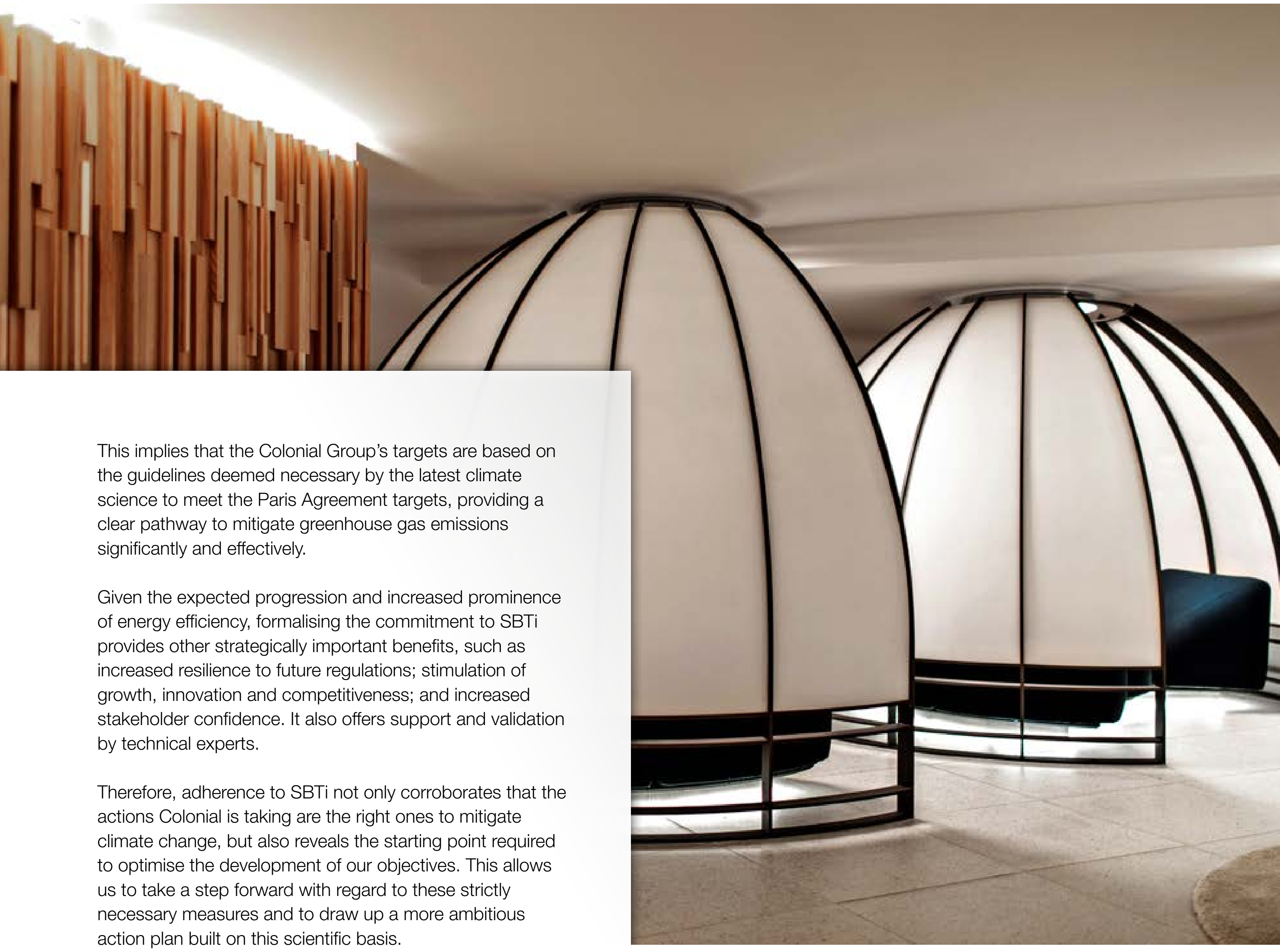
Intensity Scopes 1, 2 & 3 ($kgCO_2e/sqm$)



II. Science Based Targets initiative (SBTi)

To strengthen the Group's commitment to the Paris Agreement, Colonial committed to the Science Based Targets initiative (SBTi) to establish emission reduction targets aligned with science and with limiting the increase in the Earth's average temperature to below 1.5°C, a very ambitious goal.

Our decarbonisation pathway has been endorsed by SBTi, which has reinforced this commitment. Therefore, our target is compatible with a 50% reduction in Scope 1 and Scope 2 (market-based) emissions in absolute tonnes of CO_2e between 2018 and 2030, as set out in the SME approach developed by SBTi.

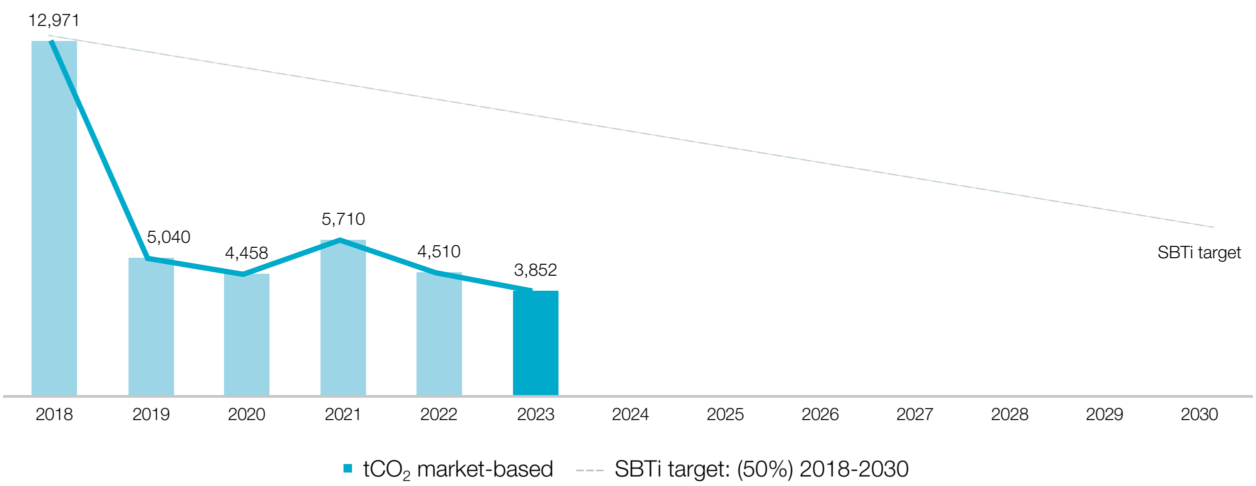


This implies that the Colonial Group's targets are based on the guidelines deemed necessary by the latest climate science to meet the Paris Agreement targets, providing a clear pathway to mitigate greenhouse gas emissions significantly and effectively.

Given the expected progression and increased prominence of energy efficiency, formalising the commitment to SBTi provides other strategically important benefits, such as increased resilience to future regulations; stimulation of growth, innovation and competitiveness; and increased stakeholder confidence. It also offers support and validation by technical experts.

Therefore, adherence to SBTi not only corroborates that the actions Colonial is taking are the right ones to mitigate climate change, but also reveals the starting point required to optimise the development of our objectives. This allows us to take a step forward with regard to these strictly necessary measures and to draw up a more ambitious action plan built on this scientific basis.

CO_2e scope 1 and 2 (market-based) emissions
tCO_2e market-based



III. Carbon Risk Real Estate Monitor (CRREM)

The Carbon Risk Real Estate Monitor (CRREM) initiative has been developed by different universities together with GRESB, with the support of the European Union's Horizon 2020 innovation programme, to achieve the goal of decarbonising the real estate sector by 2050, following the objectives set out in the Paris Agreement to limit global warming to below 1.5ºC compared to pre-industrial levels.

CRREM consists of a tool to assess the energy performance of assets and calculate the carbon footprint generated, as well as to analyse the degree of alignment of the portfolio with respect to compliance with established objectives, greater regulatory requirements in terms of efficiency and future market expectations, avoiding a misalignment of assets and the potential depreciation that could result.

The tool provides specific decarbonisation trajectories for each type of use and according to the country where the asset is located. This distinction allows Colonial to accurately analyse its office assets, differentiating between the two countries in which the company operates. Therefore, it allows a specific study of the risk of obsolescence for each asset, facilitating the detection of buildings that are more carbon or energy intensive and pose a greater risk of transition and makes it possible to optimally allocate the investment needed to reverse it.

CRREM is also aligned and collaborates with other international initiatives and organisations such as SBTi, GRESB and TCFD, among others, which implies a greater harmonisation in the measures carried out by companies to mitigate the carbon footprint linked to real estate activity. It should be noted that as a result of the technical collaboration between SBTi and CRREM, the trajectories shown have been developed jointly between the two initiatives, thus ensuring consistency of the different global standards that are key to achieving the objectives.

During 2023, the Colonial Group, together with the collaboration of independent experts for both countries, has carried out an exhaustive analysis of the resilience of its assets by applying the tool to its portfolio, thus reinforcing the Group's decarbonisation strategy and facilitating the achievement of the carbon neutrality objective in 2030. Specifically, the strategic assets of the Group's operating portfolio have been analysed, excluding assets under development or subject to improvement works, as the tool is designed to address emissions generated during the operational phase of the buildings. It should be noted that the study covers only the portfolio's operational emissions, without considering embodied carbon emissions.

The integration of CRREM allows for a better perspective of the level of preparedness of Colonial's assets as a whole in the face of the climate and energy demand forecasts that will affect our company, thanks to the individual positioning of the assets that has been carried out.

In particular, 50 assets in the Spanish portfolio and 16 assets in the Paris portfolio were analysed. Following the most recent CRREM methodological guidelines, energy consumption in 2022 has been considered as the starting point for the analysis. In those buildings where actual consumption was not available, either because they were just delivered after renovation processes or recently acquired, consumption data has been estimated considering full occupancy. In order to obtain more representative results, the study process was carried out in two phases:

1. Current status of the portfolio without considering improvement actions.

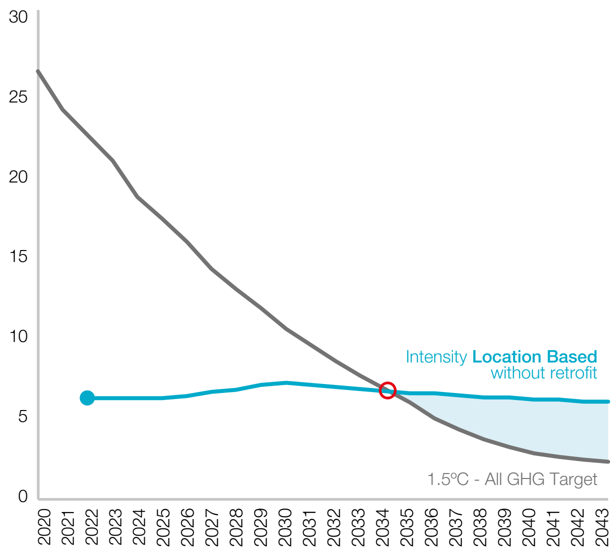
2. Evolution of the portfolio, incorporating in the analysis the improvement actions considered in the Group's Decarbonisation Plan. These savings have been entered into the tool to identify their ability to improve the resilience of each asset.

The assets analysed show an optimum level of compliance with the requirements set out in the CRREM trajectory. Taking into account a medium-term time horizon and considering the improvements of our sustainability Business Plan, only 14% of the assets value will have to be revised from 2030 onwards.

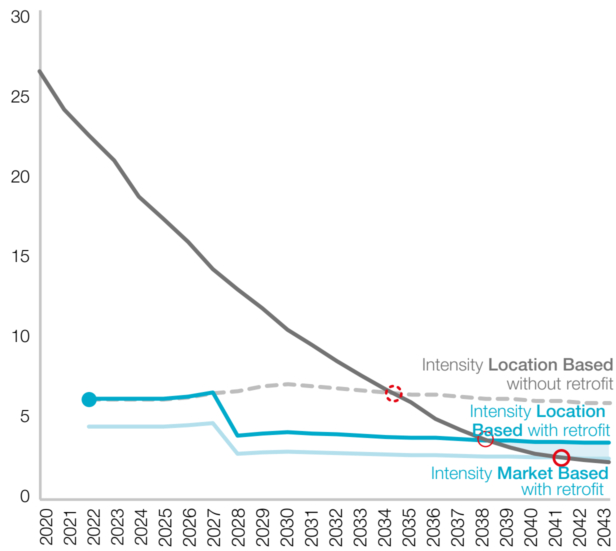
In addition to the overall portfolio study, three specific graphical examples of the asset-by-asset analysis are presented, comparing both location-based and market-based emissions after implementing the improvement actions of the Decarbonisation Plan.

Case study Barcelona – GHG intensity projection
($kgCO_2e$/sqm/year)

Diagonal 682, Barcelona – Current Situation

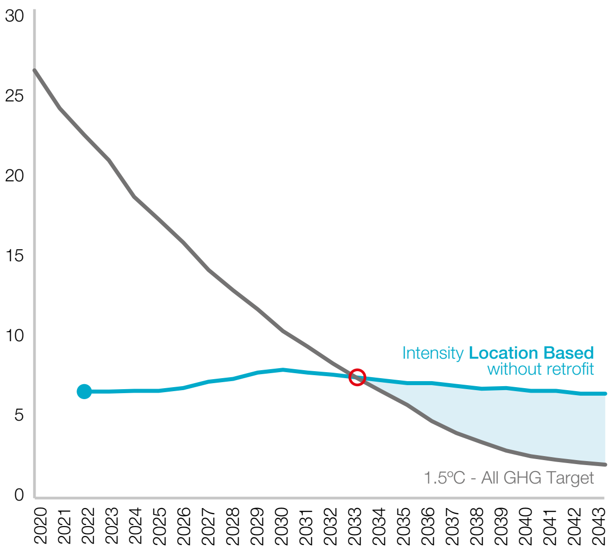


Diagonal 682, Barcelona – Pro-Forma post Decarbonization Plan

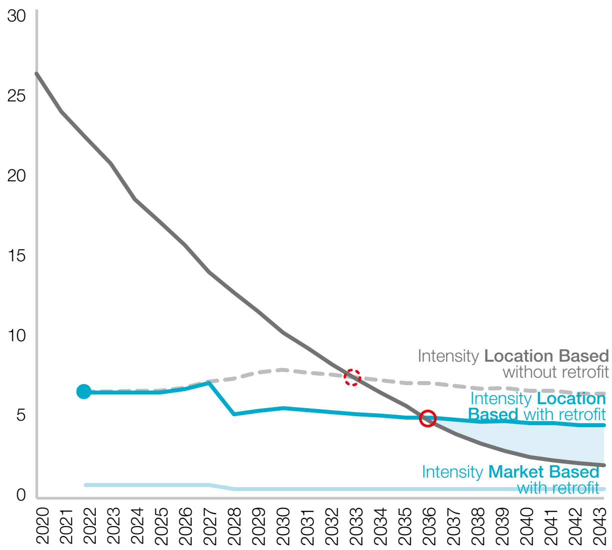


Case study Madrid – GHG intensity projection
($kgCO_2e$/sqm/year)

Recoletos 37, Madrid – Current Situation

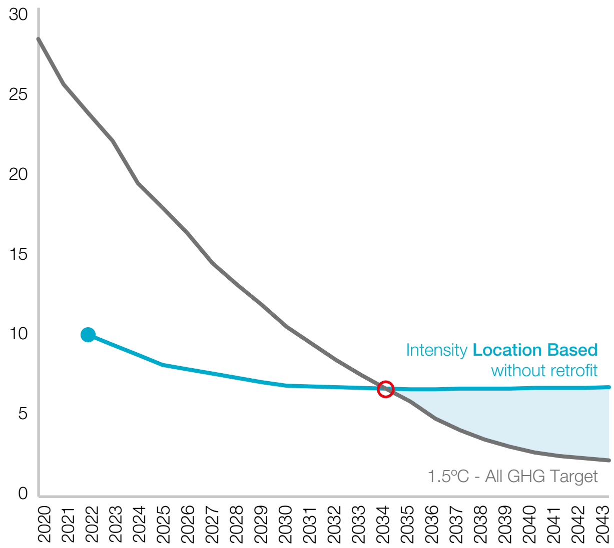


Recoletos 37, Madrid – Pro-Forma post Decarbonization Plan

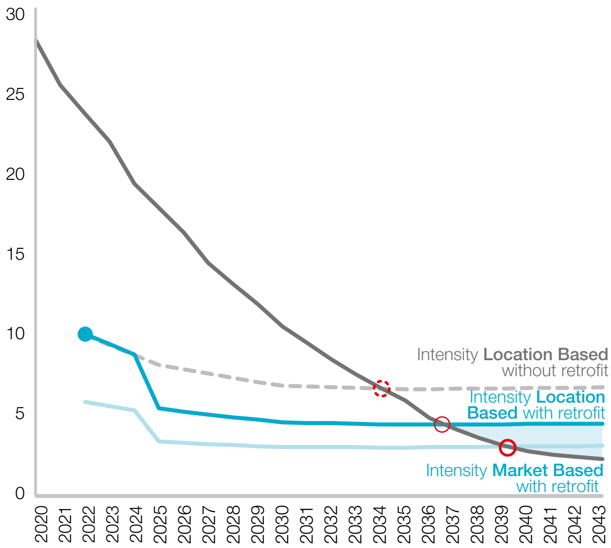


Case study Paris – GHG intensity projection
($kgCO_2e$/sqm/year)

Édouard VII, Paris – Current Situation



Édouard VII, Paris – Pro-Forma post Decarbonization Plan



The above examples show how the energy savings from the Decarbonisation Plan allow to postpone the year of obsolescence by reducing their carbon footprint. If we also take into account the company's efforts to increase the purchase of green energy, the market-based projection shows a significant reduction in the building's carbon intensity curve, improving the asset's carbon emissions trajectory.

This granular analysis thus makes it possible to distinguish both those Group buildings that require greater investment and more intensive efforts to improve their energy efficiency, as well as those assets that are currently already aligned with the 1.5ºC target. This distinction facilitates the consideration of additional measures to those in the plan that allow for a more effective distribution of the investment and prevent the portfolio from failing to comply with the trajectory established by CRREM.

The integration of such a study as part of our strategy strengthens the completeness of our analysis, which facilitates a better understanding of the degree of conditioning of each asset and, in turn, provides greater convergence with the methods that govern global standards. Therefore, this integration work enhances the resilience of Colonial's assets to future regulation and reinforces the existing Decarbonisation Plan.

5.4.7 Strategic objectives and metrics

The Colonial Group is aware of the important role of the real estate sector in the transition towards a carbon-free economy and in preventing the consequences of climate change in its broadest sense. This means that action is not only limited to the field of energy efficiency and carbon emissions, but that beyond the specific objectives of the Decarbonisation Plan.

The Colonial Group has a climate strategy that is based on science-backed reduction targets, aligned with a trajectory that seeks to limit global temperature rise to 1.5°C. This perspective reflects a commitment to sustainability and mitigating the impacts of climate change.

On the road to sustainability, the Colonial Group has established the following objectives:

1. **“Net Zero” Global Target**. This ambitious target involves the total elimination of net greenhouse gas (GHG) emissions across the entire value chain by 2045, with a baseline year of 2021. This long-term vision demonstrates the determination to make a significant contribution to climate change mitigation and create a positive impact on the environment.

2. **Short-term “Net Zero” objective**. This objective focuses on short-term actions. In this regard, the Colonial Group is committed to significantly reducing absolute GHG emissions in Scopes 1, 2 and 3 by 45% by 2030, compared to the base year 2021. This target represents a tangible and urgent step in our sustainability journey, setting the pace for more ambitious targets in the future.

3. **Long-term “Net Zero” objective**. This target implies an even more significant reduction, with a commitment to reduce absolute GHG emissions in Scopes 1, 2 and 3 by 90% by 2045, starting from the base year 2021. This long-term approach reflects an understanding of the need for bold and sustainable action to address global environmental challenges and contribute effectively to climate stability.

In this regard, the Colonial Group has established ten key performance indicators (KPIs) grouped into four main areas:

a) Indicators of mitigation and, in particular, of optimisation of energy consumption and reduction of operational carbon emissions of buildings.

b) Circular economy and embodied carbon in projects, to mitigate the environmental impact of projects and therefore in the real estate value chain.

c) Water and biodiversity management, preserving limited resources essential for well-being.

d) Adaptation to climate change by improving buildings’ resilience to future needs arising from climate change.

Each indicator presents its short-term objective, its long-term objective, the situation at the end of 2023, as well as its progress in the transition.

The monitoring matrix for both long-term and short-term sustainability objectives shows the following KPIs:

Colonial's Climate Strategy Ambition

Our Climate Strategy is based on Science Based ReductionTargets aligned with a 1.5 degree trajectory

Overall Net Zero Target	Near-Term Reduction Target	Long-Term Reduction Target
We commit to reach **net-zero** greenhouse gas (GHG) **emissions accros the full value chain by 2045**	We commit to reduce absolute Scope 1, 2 & 3 GHG emissions by **(45%) by 2030 from our 2021 base year**	We commit to reduce absolute Scope 1, 2 & 3 GHG emissions by **(90%) by 2045 from our 2021 base year**

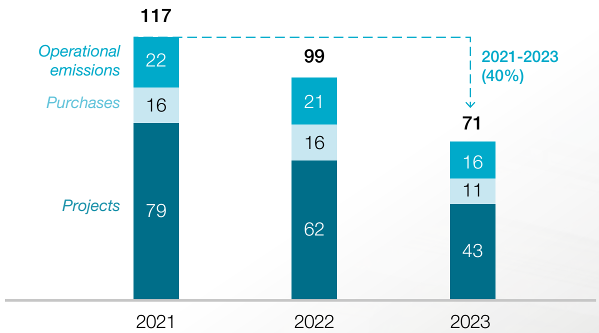
	Key Performance Indicator	Near Term Target 2030	Delivery 2023 YTD	Progress on Transition
	Energy and carbon in buildings' operations			
1a	Operational Carbon – Scopes 1 & 2 / Reduction[1] in carbon intensity in $kgCO_2e/sqm$	(80%) vs. 18	(72%) vs. 18	
1b	Operational Carbon – Scopes 1, 2 & 3 downstream / Reduction[1] in carbon intensity in $kgCO_2e/sqm$	(70%) vs. 18	(61%) vs. 18	
2	Energy consumption – Reduction[3] in energy intensity in kWh/sqm	(30%) vs. 18	(23%) vs. 18	
3a	Energy mix – % of renewable electricity	95%	88%	
3b	Energy mix – Renewable electricity sourcing through PPAs and on-site generation	50%	0%	
3c	Energy mix – Renewable energy – On-site generation capacity	4x vs. 21	2.7x vs. 21	
	Circular Economy & Embodied carbon in projects			
4	Waste management – % of waste recovered	97%	95%	
5a	Embodied carbon – Large refurbishment projects – Intensity target stages (A1-A5)[2]	≤ 500 $kgCO_2e/sqm$	≤ 500 $kgCO_2e/sqm$	
5b	Embodied carbon – Large refurbishment projects – Intensity target all stages[2]	≤ 700 $kgCO_2e/sqm$	≤ 710 $kgCO_2e/sqm$	
	Water management & Biodiversity			
6a	Water reuse – % major renovations equipped with water reuse systems	100%	n. a.	
6b	Water consumption – Reduction[3] in water intensity in m^3/sqm	(35%) vs. 18	(31%) vs. 18	
7a	Biodiversity – Biodiversity gain in new refurbishment projects	100%	n. a.	
7b	Biodiversity – Zero use of phytosanitary products in green spaces	100%	n. a.	
	Climate change adaptation			
8	Smart Buildings – Proptech Technologies Roll-Out %	100%	54%	
9	Green buildings – % of buildings with Breeam / LEED / HQE certifications	> 95%	99.7%	
10	Portfolio resilience – % of buildings with climate physical risks assessment	100%	100%	

(1) Reduction of carbon intensities like for like market based.
(2) Calculation based on Colonial's Group Life Cycle Calculation Principles aligned with best market practice and with 50 year life cycle assumption.
(3) Reduction like for like.

At the current date, the balance of achievements is highly positive, demonstrating that the Group's efforts have led to significant progress towards carbon neutrality.

Scopes 1, 2 and 3 emissions

$TnCO_2e$(1)



(1) Figures reported in Location-Based and Market-Based in the case of operational emissions, taking into account the company's purchase of renewable energy.

5.5. | Eco-efficiency and decarbonisation results

5.5.1 Progress on eco-efficiency and decarbonisation

Rising greenhouse gas emissions are radically changing the climate, and the latest study by the Intergovernmental Panel on Climate Change (IPCC) stresses more than ever the need to limit warming to 1.5ºC. The risks associated with the effects of climate change and its consideration are becoming increasingly marked for the Colonial Group's activity, whether they result in the multiplication of exceptional physical factors or in the strengthening of market expectations and the development of more ambitious environmental regulations.

The Colonial Group's sustainability strategy is reflected in a very solid ESG governance scheme, an analysis of physical risks and advanced transition risks, an action strategy and objectives supported by the management and monitoring of specific indicators.

In order to respond to the climate emergency and the ambition of a low-carbon future, the Colonial Group's strategy focuses on two aspects in particular: firstly, to reduce greenhouse gas emissions and, secondly, to improve the resilience of our assets.

1. Reducing greenhouse gas emissions:

    i. The construction sector is responsible for a large part of greenhouse gas emissions and, therefore, represents a major challenge in the fight against climate change.

    ii. Reference scenarios, such as the revised national low-carbon strategies, or the Science Based Targets initiative (SBTi), also foresee an almost complete decarbonisation of the real estate sector by 2050.

    iii. The Colonial Group assumes its responsibility and has developed a certified greenhouse gas emissions reduction target aligned with a 1.5 ºC trajectory and validated by SBTi.

    iv. This objective requires, first and foremost, a control of energy efficiency and a transition to non-carbon-intensive energies.

    v. The strategy to reduce emissions also involves a more rational use of resources, control of waste and water consumption and continuous engagement with architects, construction partners, operational partners and office users.

2. Improving the property resilience:

    i. The Colonial Group's strategy prioritises investment in sustainable buildings of the highest quality and is committed to sustainable transformation and improvement.

    ii. The lifespan of buildings, their suitability to clients' needs and their coherence with the urban fabric, and the long-term challenges related in particular to accessibility, rational use of resources and adaptation to climate change.

    iii. This strategy is completed with an analysis of the physical, environmental and health risks of the portfolio with a focus on continuous monitoring and necessary prevention and adaptation measures.

    iv. It also encourages employees' efforts to cope with the effects of climate change, in particular the gradual rise in temperatures and the resulting increase in exceptional climatic events.

In 2023, an analysis of the social risks and opportunities arising from climate change was carried out in the assets Diagonal, 532, Estébanez Calderón, 3-4, Ortega y Gasset, 100 and Velázquez, 86d, with the aim of finding out how climate change affects the environment in order to understand the implications for the community and to analyse what measures are necessary to mitigate the risks and take advantage of the opportunities. This provides a solid basis for the implementation of adaptation and improvement strategies for the benefit of its users and the environment.

Measuring the impact of carbon emissions throughout the Colonial Group's value chain is a crucial element in the emissions reduction strategy.

The monitoring and measurement of the properties aims at the maximum scope (as broad and detailed as possible) in order to highlight the impact of the Group's activities on the three scopes defined by the GHG protocol.

5.5.1.1 Energy

Energy efficiency is one of the key levers of the strategic plan for the asset portfolio by accelerating a progressive reduction of the portfolio's consumption and, ultimately, its decarbonisation.

A key factor in reducing carbon emissions in the Group as a whole is the improvement in energy efficiency of the buildings that make up its portfolio, together with the increasing implementation and transformation of renewable energies, both "on-site" by installing renewable technologies in the buildings themselves, and "off-site" through the purchase of 100% renewable energy.

The great rise in demand in recent years for the purchase of 100% renewable energy, through recognised mechanisms such as the Renewable Guarantee of Origin (REGO) system, has led to a tightening in the supply of this type of product, which could lead to the unavailability of this type of certificate.

Having 100% renewable energy labelling is strategic for the company. For this reason, in 2023 it was decided to hold a tender to contract and guarantee the provision of such green energy generation of national origin for the next five years (2024-2028).

The awarded generator is Grupo Opyce, which will provide a direct contract with the agent that produces renewable energy in the electricity market and will guarantee a PPA-type formula.

Another key factor in relation to the energy management of the asset portfolio is the governance of the energy management system which simultaneously combines **top-down** and **bottom-up** management approaches.

In terms of the top-down management approach, the ESG committee sets the strategy, objectives and guidelines for the energy management of the asset portfolio. In this regard, all members of the ESG committee coordinate the corporate areas under which the business units report that are responsible for implementing the guidelines and ensuring compliance with the energy management objectives.

Furthermore, a bottom-up management approach also coexists through the implementation of robust reporting systems that enable internal and external reporting as well as detecting any significant deviations from the asset portfolio's energy management strategy.

All energy and water consumption is collected and processed in accordance with the Non-Financial Information Internal Control System (NFIICS). In summary, the consultant specialising in environmental matters is responsible for collecting, aggregating and processing data, which is then thoroughly reviewed by the Group's various areas.

Over the last few years, the Colonial Group has implemented a series of energy saving and efficiency measures, such as improvements in the automation and control of building management systems and changes in lighting and air conditioning systems, which have helped to reduce energy consumption.

Residential and tertiary buildings are one of the largest sources of energy consumption, so improving energy efficiency is an important issue. For this reason, very ambitious targets have been set to reduce energy consumption. Their achievement requires targeted investments and continuous improvement of the technical management of assets. It also means taking into account new client needs that may impact the intensity of use of buildings.

In France, an important work of dialogue and analysis has thus been initiated with tenants to understand and reduce the total energy consumption of their buildings by integrating the energy consumed in private areas.

I. Transition to low-carbon energies

Controlling energy consumption and the associated carbon impact also means optimising the energy mix and choosing less carbon-intensive energy sources.

The Colonial Group aims to improve the energy mix, in particular through the following actions:

1. Gradual reduction in the use of the most carbon-intensive energies, especially those related to air conditioning.

2. Favouring energies with low-emission factors, through a gradual extension of the choice of the district cooling network (network benefiting from a low emission factor) and through negotiations with suppliers to gradually increase the share of energy from renewable sources, in particular for electricity and district heating.

II. Renewable energy

As part of the Colonial Group's carbon neutrality objective, priority is given to gradually increasing the supply of renewable (emission-free) energy, which relies on two factors: purchasing green energy and renewable energy installations in the portfolio.

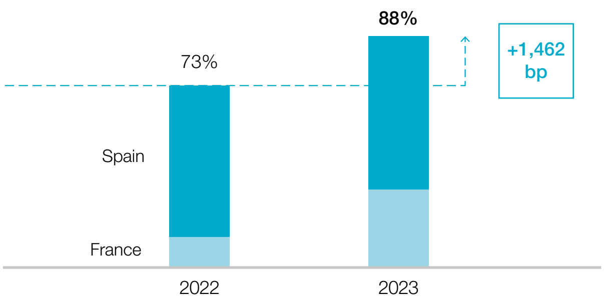
1. Purchase of green energy

The Colonial Group acquires its energy from different sources, and therefore exhaustive control of its origin is carried out to ensure that it is generated in a green way.

In 2023, the purchase of green energy accounted for 88% of the energy contracted(1) by the Colonial Group, which represents an increase of 1,462 b.p., highlighting the increase in France of 3,000 b.p.

In Spain, the purchase of green energy is 98%, mainly due to the fact that 100% of electrical energy has Renewable Guarantee of Origin (REGO) certificates, which ensure its correct labelling of origin thanks to the redemption of the CNMC.

It should be noted that the high demand in recent years for the purchase of 100% renewable energy from Renewable Guarantee of Origin (REGO) certificates may lead to a more limited availability of this type of certificate, so an agreement has been reached via PPA with a local generator that will provide a direct contract with the agent that produces renewable energy in the electricity market.



	2023	2022	Var.
Spain	98%	96%	+166 bp
France	60%	30%	+3,000 bp
Group	**88%**	**73%**	**+1,462 bp**

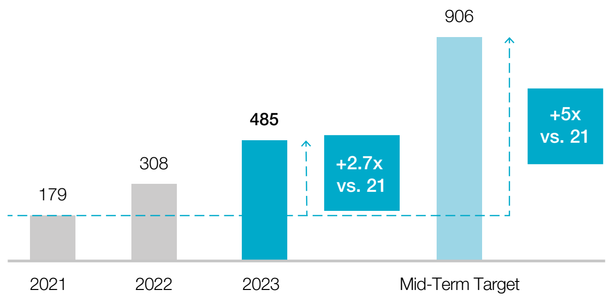
(1) Includes electricity and district heating and cooling (DHC) network consumption.

2. Green on-site renewable energy installations

The Group currently has on-site solar photovoltaic installations on several assets with a cumulative installed capacity of approximately 485 kWp. Colonial is aware of the importance of decentralised production with renewable energy sources, which is why it plans to implement this type of installation in practically all of the properties it manages and where its installation is technically feasible, as well as in all of the large projects.

The following graph shows the evolution of the photovoltaic park installed in Colonial's portfolio of buildings in Spain. In 2023, 485 kWp were installed, 2.7 times the number installed in 2021, and it is planned to continue on this path of implementation of this type of technology up to 906 kWp in the medium term, which will be 5 times the energy generated on-site in 2021.

Energy kWp generated on-site



III. Analysis of energy consumption 2023 in absolute terms

The Group's energy consumption in 2023 was 154,312 MWh, 86,823 MWh in Spain and 67,489 MWh in France.

This MWh consumption is below the 2022 consumption, with a reduction of 6% at Group level. In Spain, there has been a 15% reduction in energy consumption, with a 25% reduction in the Barcelona market. In Paris, there has been an increase in energy consumption, mainly due to the entry of new buildings into operation, which has increased the perimeter of assets analysed.

The analysis of energy consumption is as follows:

Energy – Absolute

			Var.		Var. LFL	
MWh	2023	2022	MWh	%	MWh	%
Barcelona	30,590	41,006	–10,416	–25%	–4,363	–13%
Madrid	56,233	60,634	–4,400	–7%	–2,263	–4%
Paris	67,489	62,567	4,922	8%	–206	–0.4%
Total	**154,312**	**164,206**	**–9,894**	**–6%**	**–6,833**	**–5%**
Spain	86,823	101,639	–14,816	–15%	–6,627	–8%
France	67,489	62,567	4,922	8%	–206	–0.4%
Total	**154,312**	**164,206**	**–9,894**	**–6%**	**–6,833**	**–5%**

In like-for-like terms, energy consumption in MWh decreased by 6,833 MWh (reduction of 5%), driven by the 8% decrease in energy consumption in Spain.

The main aspects that have led to a reduction in energy consumption are as follows:

a) Improved environmental performance due to the implementation of Royal Decree Law 14/2022 of 1 August. This law lays down mandatory energy saving measures aimed at a responsible use of energy by promoting energy saving and energy efficiency, such as limiting the cooling and heating temperature of a building to 19°C in heated rooms and 27°C in cooled rooms.

b) Good track record in the energy saving measures implemented, together with a further optimisation of the conductive maintenance of the building's installations, i.e. easy-to-make installation adjustments that help to improve energy savings, such as adjusting equipment switch-on times, reducing the building's air-conditioning hours, etc.

c) More moderate climate requirements in 2023 compared to 2022.

IV. Analysis of energy consumption 2023 in terms of energy intensity

In order to allow comparability of the assets in our portfolio, regardless of their size, the Colonial Group monitors energy consumption intensity ratios.

The Colonial Group's energy performance or intensity indicator for 2023 is 152 kWh/sqm, with 138 kWh/sqm in Spain and 174 kWh/sqm in France.

This indicator shows an improvement compared to 2022, with a reduction of 9%. In Spain, there has been a reduction of 14% and in France, 4%. Of note was the 26% reduction in the Barcelona portfolio.

The analysis of the energy performance or energy intensity indicator is as follows:

Energy - Intensity

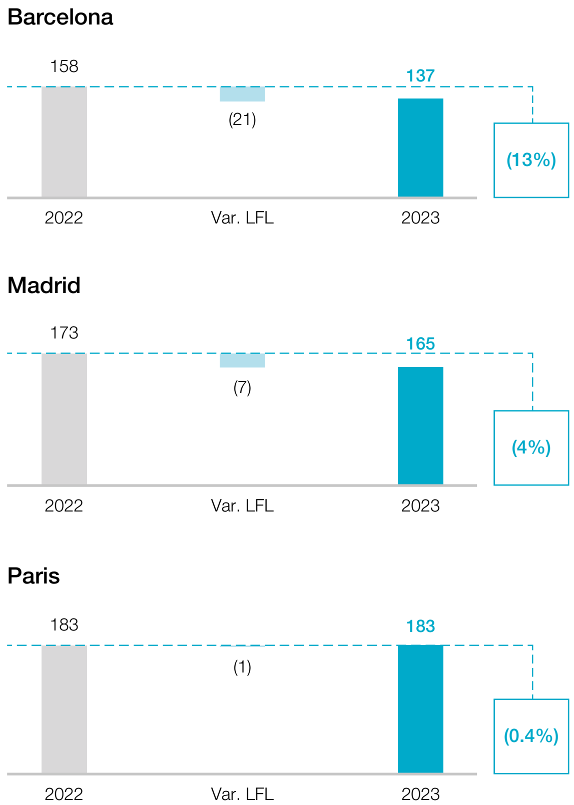
			Var.		Var. LFL	
kWh/sqm	2023	2022	kWh/sqm	%	kWh/sqm	%
Barcelona	121	163	–42	–26%	–21	–13%
Madrid	149	157	–8	–5%	–7	–4%
Paris	174	181	–7	–4%	–1	–0.4%
Total	**152**	**167**	**–15**	**–9%**	**–8**	**–5%**
Spain	138	160	–22	–14%	–13	–8%
France	174	181	–7	–4%	–1	–0.4%
Total	**152**	**167**	**–15**	**–9%**	**–8**	**–5%**

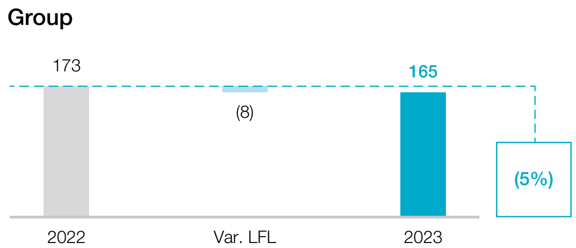
Note: 2022 intensities have been recalculated due to a change in the surfaces of the assets considered.

In **like-for-like terms**, if we compare the **2023 period with the previous year, the Colonial Group's energy intensity decreases by 5%**.

In Spain, there has been a 8% reduction, with the Barcelona market standing out with a decrease of 13%. In France it has decreased by 0.4%.

LFL Intensity 2023 vs. 2022 - Energy
kWh/sqm



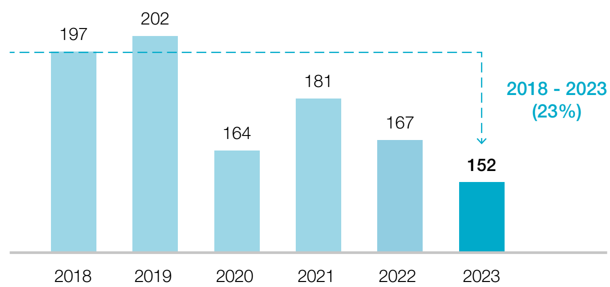


V. Continuous improvement of energy intensity since base year

The Colonial Group works continuously to improve energy intensity.

In the current scope, the reduction of energy intensity reached 23% between 2018 and 2023, from 197 kWh/sqm in 2018 to 152 kWh/sqm in 2023.

Energy Intensity
kWh/sqm



5.5.1.2 CO_2 emissions in the 2023 portfolio

I. Carbon emissions

From 2021, the Colonial Group reports the emissions of all categories based on the GHG Protocol standards, applicable to the Group's business, reporting scope 1 (direct emissions), scope 2 (indirect emissions) and within scope 3 (other indirect emissions), the eight categories applicable to Colonial's business.

According to the *Global Status Report on Buildings and Construction 2022*, within the United Nations Environment Programme (hereafter *UN*), a very high percentage of CO_2 emissions come from buildings and the construction sector.

However, the environmental impacts and emissions associated with construction projects are very different.

The 2023 GHG emissions of the Colonial Group, with a maximum measurement criterion (i.e. including **scopes 1 and 2 and all applicable categories of scope 3** for the Group) reached **75,236 tCO_2e.**

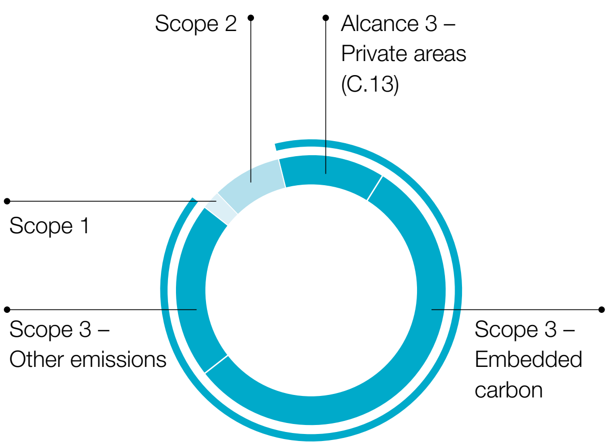
Of the total carbon emissions, 72% (54,456 tCO_2e) were generated in Spain and the rest (20,779 tCO_2e) in the Paris portfolio.

Scopes 1, 2 and 3 Emissions

	2023	2022	Var.	
$TnCO_2e$	Group	Group	($TnCO_2e$)	%
Scope 1	1,803	2,338	–535	–23%
Scope 2	6,192	5,900	293	5%
Scope 3 – Private areas (cat.13)	9,356	9,439	–83	–1%
Scope 3 – Other categories	57,885	82,094	–24,209	–29%
Group Emissions – Location Based	**75,236**	**99,770**	**–24,534**	**–25%**
Market Based In-Use Impact	**–4,656**	**–576**	**–4,080**	**708%**
Group Emissions – Location Based & Market Based In-Use	**70,580**	**99,194**	**–28,614**	**–29%**

On a year-on-year basis, the Group's carbon emissions have decreased by 24,534 tCO_2e, falling from 99,770 tCO_2e in 2022 to 75,236 tCO_2e en 2023.

In particular, there has been a significant decrease in greenhouse gas emissions related to renovation and restructuring projects (42,953 tCO_2e), which in 2023 represent 57% of the Group's overall footprint.



They highlight three main areas of work to reduce carbon impact:

- The most efficient use of common and private areas of assets.
- The development of a circular economy and the reduction of embodied carbon in projects.
- Support for the deployment of new forms of mobility for employees and users of Group assets.

Measuring the carbon impact throughout the value chain is the first step in the emissions reduction strategy, which allows the main sources of greenhouse gas emissions to be identified and their impacts to be understood.

Along these lines, the Colonial Group distinguishes between:

1. emissions associated with the operational part of the assets in the portfolio and
2. emissions associated with the Group's construction and major refurbishment projects.

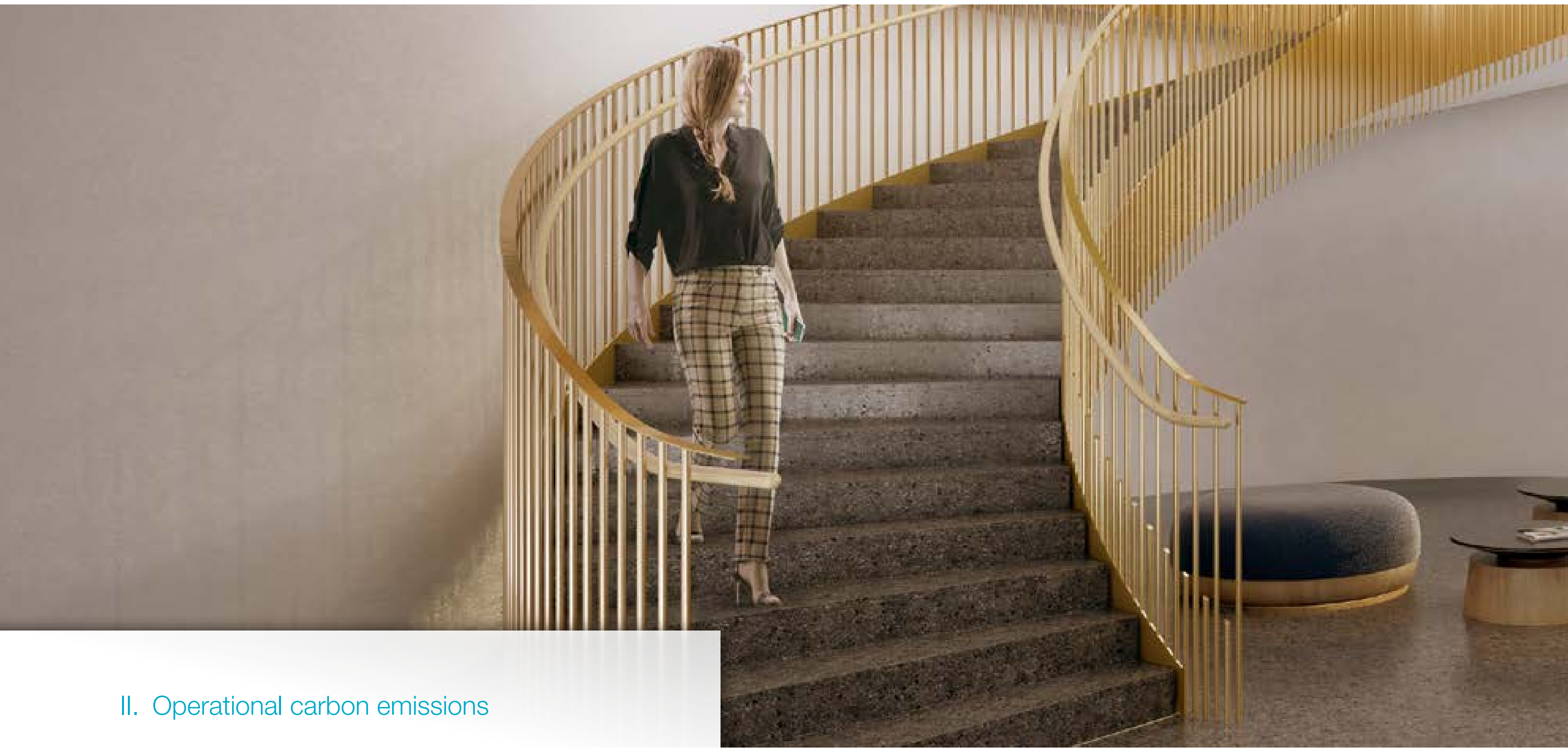
Below there is a breakdown of these aspects and the different categories of Scope 3 (based on GHG Protocol standards):

Scope 3 Categories[1]

	2023			2022	Var.	
($TnCO_2e$)	Portfolio in operation	Projects & refurb.	Total	Total	($TnCO_2e$)	%
1. Purchased goods and services	11,458	0	**11,458**	**16,116**	–4,659	–29%
2. Capital goods	0	40,875	**40,875**	**58,418**	–17,543	–30%
3. Fuel- and energy-related activities	2,647	0	**2,647**	**2,894**	–247	–9%
4. Upstream transportation and distribution	0	733	**733**	**1,288**	–554	–43%
5. Waste generated in operations	608	1,344	**1,952**	**3,178**	–1,226	–39%
6. Business travel	129	0	**129**	**109**	20	18%
7. Employee commuting	92	0	**92**	**91**	1	1%
13. Downstream leased assets	9,356	0	**9,356**	**9,439**	–83	–1%
Total Scope 3	**24,288**	**42,953**	**67,241**	**91,532**	**–24,292**	**–27%**

(1) The location-based methodology is used in order to be homogeneous with the calculation method of the rest of the categories.

The total of Scope 3 categories amount to 67,241 tCO_2e. This figure is 27% lower than the previous year. This decrease has mainly occurred in category 2 (capital goods), which includes virtually all greenhouse gas emissions related to renovation and restructuring projects.



II. Operational carbon emissions

II.a. Comparative analysis of scopes 1, 2 and partial scope 3 (market-based)

If we focus on the emissions associated with the operational part of the assets in the portfolio and calculated under a market-based approach, **the 2023 GHG emissions corresponding to scopes 1, 2 and partial scope 3 – that is, including only the energy consumption of the private areas (category 13 of the GHG Protocol) –** reach 12,681 tCO_2e, 5,960 tCO_2e less than the emissions of the previous year (–32% compared to 2022).

In France, there has been a general increase in the emission factors applicable to energy consumption, which has led to an increase in GHG emissions. It should be noted that this increase has been offset by a 51% decrease in Spain's emissions.

In **like-for-like terms**, a 25% reduction can be observed, with a 44% reduction in Spain.

This reduction is mainly due to the increase in the contracting of renewable energy (electricity supply with guarantee of origin from a renewable source, REGO), as well as the significant decrease in energy consumption for heating due to the application of Royal Decree Law 14/2022, with an effort for a more efficient use, as well as a favorable meteorological context.

Absolute GHG emissions

	2023	2022	Variance		LFL Variance	
tCO_2e	Scopes 1, 2 & 3	Scopes 1, 2 & 3	Scopes 1, 2 & 3		Scopes 1, 2 & 3	
			tCO_2e	%	tCO_2e	%
Barcelona	2,891	5,822	–2,931	–50%	–1,678	–37%
Madrid	4,589	9,593	–5,004	–52%	–3,783	–48%
Paris	5,201	3,226	1,974	61%	1,658	54%
Total	**12,681**	**18,641**	**–5,960**	**–32%**	**–3,803**	**–25%**
Spain	7,480	15,414	–7,934	–51%	–5,461	–44%
France	5,201	3,226	1,974	61%	1,658	54%
Total	**12,681**	**18,641**	**–5,960**	**–32%**	**–3,803**	**–25%**

II.b. Comparative analysis scopes 1 and 2 (market-based)

The company focuses its targets on consumption in the areas of direct action, those where it can act on the carbon footprint, i.e. scopes 1 and 2. The Group has achieved a significant reduction of the carbon footprint in these scopes, as well as in intensity ratio.

Specifically, **the company's GHG emissions in 2023 corresponding to scopes 1 and 2** reached 3,970 tCO_2e, of which 1,847 tCO_2e correspond to Spain and 2,123 tCO_2e to France (these figures are 15% lower than the previous year).

In like-for-like terms, the reduction was 19%, with a 35% reduction in the Spanish portfolio, mainly due to the significant reduction in energy consumption for heating due to the application of Royal Decree Law 14/2022, with an effort towards more efficient use, as well as more moderate climatic needs.

Absolute GHG emissions

	2023	2022	Variance		LFL Variance	
tCO_2e	Scopes 1& 2	Scopes 1& 2	Scopes 1& 2		Scopes 1& 2	
			tCO_2e	%	tCO_2e	%
Barcelona	587	906	–320	–35%	–316	–37%
Madrid	1,260	1,700	–440	–26%	–552	–35%
Paris	2,123	2,056	67	3%	31	2%
Total	**3,970**	**4,662**	**–693**	**–15%**	**–837**	**–19%**
Spain	1,847	2,607	–760	–29%	–868	–35%
France	2,123	2,056	67	3%	31	2%
Total	**3,970**	**4,662**	**–693**	**–15%**	**–837**	**–19%**

GEI Intensity. Scope 1 and 2 (market-based)

The Colonial Group's 2023 carbon footprint performance indicator or GHG emissions intensity for scopes 1 and 2 (market-based) is 4 $kgCO_2e/sqm$, 3 $kgCO_2e/sqm$ in Spain and 5 $kgCO_2e/sqm$ in France, 18% lower than the figure achieved in the previous year (–28% in Spain and –8% in France).

In like-for-like terms, the ratio reaches 4kg CO_2e, one of the lowest in the sector both in Europe and worldwide.

If we compare this ratio with the previous year, 2023 GHG intensity for Scopes 1 and 2 is reduced by 19%. This decrease is mainly due to the 35% reduction in consumption in Spain due to the increase in the contracting of electricity with a renewable energy guarantee of origin certificate (REGO).

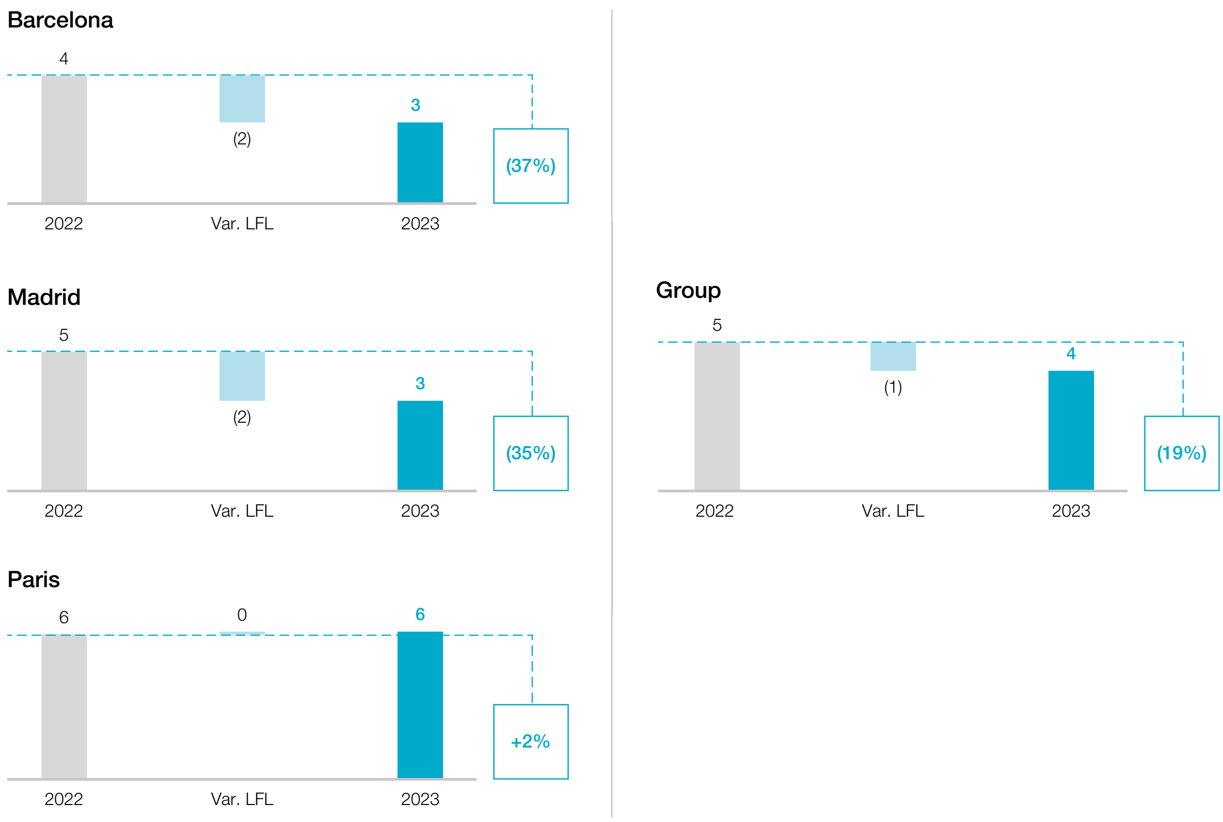
Intensity GHG emissions

	2023	2022	Variance		LFL Variance	
$kgCO_2e/sqm$	Scopes 1& 2	Scopes 1& 2	Scopes 1& 2		Scopes 1& 2	
			$kgCO_2e/sqm$	%	$kgCO_2e/sqm$	%
Barcelona	2	4	–1	–36%	–2	–37%
Madrid	3	4	–1	–24%	–2	–35%
Paris	5	6	–1	–8%	0	2%
Total	**4**	**5**	**–1**	**–18%**	**–1**	**–19%**
Spain	3	4	–1	–28%	–2	–35%
France	5	6	–1	–8%	0	2%
Total	**4**	**5**	**–1**	**–18%**	**–1**	**–19%**

Note: The 2022 intensities have been recalculated, due to a change in the criteria for taking into account the surface areas of the properties.

LFL Intensity 2023 vs 2022- Scopes 1 & 2

$kgCO_2e/sqm$



5.5.1.3 Water

I. Water consumption management

The Colonial Group is committed to the responsible management of water, a scarce resource, especially in countries located in the South, such as Spain. Consequently, it designs the facilities in its asset portfolio to favour the optimisation of water use by tenants in its buildings.

In this regard, it should be noted that the Colonial Group only consumes water from the local supply company in each of the communities of its properties. The measures aimed at ensuring responsible water consumption in the Colonial Group buildings include installing efficient sanitary fittings, automatic leak detectors, rainwater storage tanks, grey water recovery in some buildings, efficient irrigation systems and green areas with low water requirements in many assets, and the management of the facilities by maintenance companies and users.

All of the above measures are designed to reduce the water stress on the planet. According to the World Risk Atlas, there are 17 countries, home to a quarter of the world's population, which are subject to very high water stress. It has thus been identified that, in the three cities in which the Colonial Group operates, Madrid (with 36 assets and €95m in rental income) and Barcelona (with 21 assets and €46m in rental income) are at extremely high risk and Paris (with 17 assets and €234m in rental income) is at low-medium risk.

In the new projects, more zoned water meters are installed to achieve a more detailed degree of water monitoring to identify by zones the most efficient and inefficient uses, as well as to raise client awareness of their water use. By 2023 and 2024, all assets in the portfolio have or will have smart water meters that allow remote monitoring of water consumption at all times.

The management and supervision of the correct use of water is carried out by the same team of experts that monitors energy and carbon footprint impact. This indicator is treated, in terms of documentation and analysis, with the same rigour as the other environmental metrics mentioned.

Consumption of recycled and reused water

The Colonial Group recycles and reuses water in its entire asset portfolio through two actions:

1. **Reusing grey water** from sinks for flushing toilets and urinals.

2. **Collecting rainwater** for watering green spaces and cleaning terraces.

The table below shows the most important water recycling and reuse actions in our portfolio:

Property	Total volume of recycled and reused water (m^3)	% of total consumption	Comments
Av. Diagonal, 409	214	30%	Grey water from sinks reused for toilet flushing. There is a specific meter.
Sant Cugat	1,668	23%	Rainwater collected for irrigation of green spaces. There is a meter for irrigation water, with a separate meter for rainwater and mains water.
Martínez Villergas, 49	277	4%	Rainwater collected for irrigation of green spaces. There is a specific meter for rainwater consumption.
Travessera de Gràcia, 11	121	5%	Grey water from sinks for flushing toilets and urinals. There is a specific meter.
Washington Plaza	258	2%	Rainwater is collected and used for watering the planter wall.

II. Water consumption in 2023

In 2023, **the Colonial Group's water consumption was 363,141 m³**, 217,748 m³ in Spain and 145,392 m³ in France, showing an increase in water consumption of 8% over the previous year.

Water Abolute

			Variance		LFL Variance	
m³	2023	2022	m³	%	m³	%
Barcelona	67,550	86,983	–19,433	–22%	–12,040	–18%
Madrid	150,198	124,772	25,426	20%	28,321	28%
Paris	145,392	124,355	21,037	17%	–8,255	–7%
Total	**363,141**	**336,111**	**27,030**	**8%**	**8,026**	**3%**
Spain	217,748	211,756	5,992	3%	16,281	9%
France	145,392	124,355	21,037	17%	–8,255	–7%
Total	**363,141**	**336,111**	**27,030**	**8%**	**8,026**	**3%**

In France, there has been an increase in water consumption, mainly due to the entry of two new buildings into operation, which has increased the perimeter of assets analysed. In like-for-like terms, water consumption has been reduced by 7%.

In Madrid, water consumption has increased compared to the previous year, mainly due to increased use of the properties, as well as an expansion in the scope of measurements. This increase is offset by the improvement in water consumption in Barcelona.

The Colonial Group is working to ensure that users of its assets have the option of consuming this resource responsibly. As in the case of energy, this variable is also included in the standardised system for monitoring consumption for all buildings under the Colonial Group's management.

Colonial's buildings are supplied with water from the urban networks. This comes from groundwater and river water, is made potable and then transported to the supply points of the buildings.

Furthermore, recent droughts – and in particular the drought that started in the summer of 2022 – are increasing vigilance in this regard, and Colonial is striving to develop rainwater harvesting where this solution is technically possible, environmentally relevant and economically profitable.

Studies on restructuring projects are systematically carried out and major projects recently delivered or under construction incorporate these recovery systems.

The Colonial Group continues to work to reduce the water needs of its buildings.

III. Intensity of water consumption

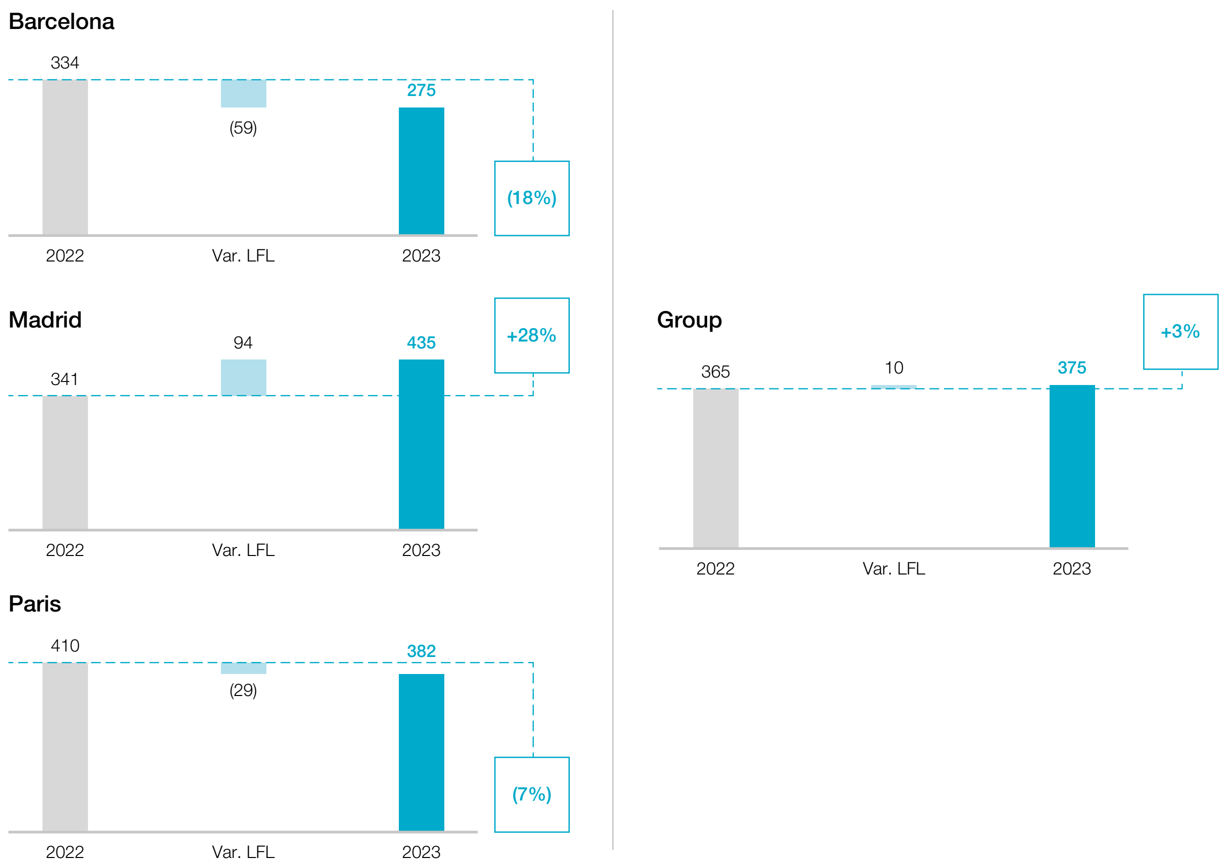
The intensity of water consumption in 2023 amounted to 361 litres/sqm, 352 litres/sqm in Spain and 375 litres/sqm in France, which was 2% higher than 2022.

In **like-for-like terms, i.e. adjusting for divestments and variations in the project and refurbishment portfolio**, water intensity grew by 3%, mainly due to the Madrid market, due to increased use of the properties.

Water Intensity

			Variance		LFL Variance	
l/sqm	2023	2022	l/sqm	%	l/sqm	%
Barcelona	268	346	–78	–23%	–59	–18%
Madrid	409	332	77	23%	94	28%
Paris	375	388	–13	–3%	–28	–7%
Total	**361**	**355**	**6**	**2%**	**10**	**3%**
Spain	352	338	14	4%	32	9%
France	375	388	–13	–3%	–28	–7%
Total	**361**	**355**	**6**	**2%**	**10**	**3%**

LFL Intensity 2023 vs. 2022
l/sqm



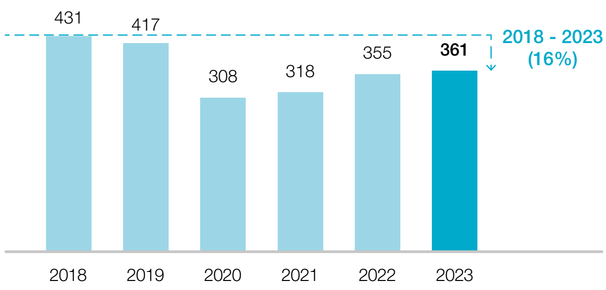
IV. Evolution of water consumption intensity since base year

The Colonial Group works continuously to improve the management of water consumption intensity in its buildings.

In the current scope, the reduction of water consumption intensity reached 16% between 2018 and 2023, from 432 l/sqm in 2018 to 361 l/sqm in 2023.

Water Intensity

l/sqm



5.5.2 Certifications - Eco-efficiency level of the portfolio

I. Energy efficiency/environmental certifications

Colonial Group is firmly committed to obtaining sustainable certification for the assets in its portfolio. Over the last few years, the Group has promoted the certification of the buildings in its portfolio and has managed to maintain a sustained increase in the ratings obtained.

Currently, 99.7% of the value of the Colonial Group's operating office portfolio has LEED or BREEAM sustainable certification, a figure higher than the ratio of previous years, reaching almost the entire certified portfolio. In terms of rent and surface area, the ratio shows a clear majority of the portfolio.

This high level of certifications makes Colonial a leader in terms of energy efficiency.

Portfolio with LEED / BREEAM(1)

(1) Office Portfolio in operation.

The Colonial Group is committed to the highest standards of certification:

- At the end of 2023, Colonial Group had 9,079 million euros of assets in value with **BREEAM certification**. In this regard, the Group has introduced a guideline in the Paris portfolio to apply BREEAM-aligned design criteria in all refurbishments.

  At the end of 2023, fifteen operating assets of SFL were BREEAM certified.

  For all certified buildings and in view of the renewal of these certifications, Colonial has analysed the measures required for each certified building to improve the ratings obtained in future certification renewals.

  As part of the actions carried out in 2023, in line with the analysis for the improvement of the classification levels in the certificate renewals, as well as with its Environmental Policy and the *Good Practices Manual*, Colonial has taken measurements of the interior and exterior lighting in some of the buildings in its portfolio, in order to control that the lighting levels are adequate and improved with respect to the regulations. These controls are carried out on a regular basis and will be extended to the rest of the asset portfolio. After being analysed, reports are issued by technical specialists in which it is supervised that the improved values established for each room are achieved, also contributing to the well-being of the occupants and users of the buildings.

- The Colonial Group has 1,858 million euros of assets in value certified with **LEED certification**. By the end of 2023, six assets had Platinum status and eleven had Gold status.

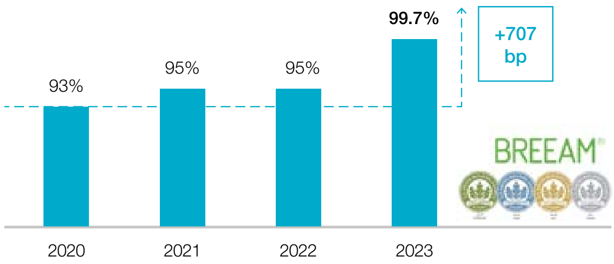
- The building at Francisca Delgado, 11 (Oblicua) has been WELL CORE Gold certified since 2022 and is the first building in the portfolio to be certified with this seal.

- **The Haute Qualité Environnementale** is a certificate awarded to real estate properties in France. This certification assesses buildings according to their energy, environmental and health and user comfort performance.

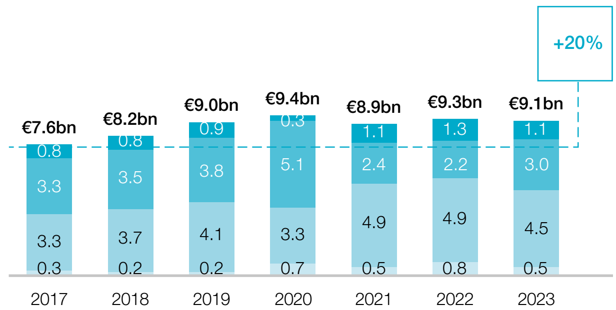
For more detailed information per asset, please refer to the appendices.

Since 2017, the Group has increased the level of certifications in its portfolio with a 20% increase in the value of BREEAM-certified assets and a 119% increase in LEED-certified assets.

Portfolio with LEED / BREEAM – Value

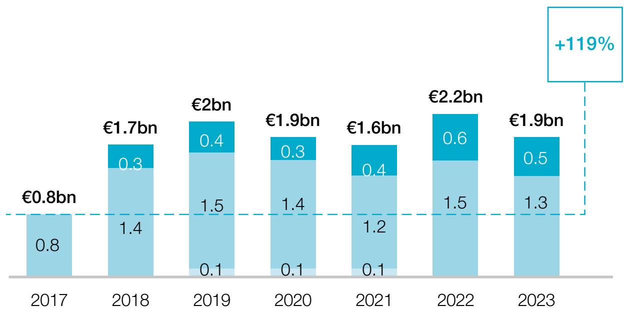


BREEAM Certificates – Value



Good ▪ Very Good ▪ Excellent ▪ Outstanding

LEED Certificates – Value



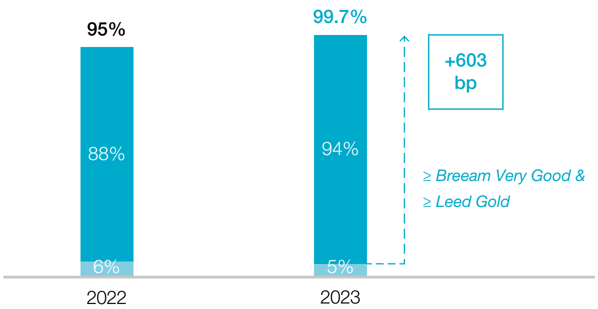
Silver ▪ Gold ▪ Platinum

Note: Appraisal value 12/23, offices in operation.

This level of certification is clearly above average in the sector. The progress made over the years shows the company's clear commitment to improving the efficiency of its assets. The strategic sustainability plan is committed to continuous improvement asset by asset, implementing energy efficiency initiatives and biodiversity measures, including PropTech for digital transformation, water saving measures and greater control in waste management, among other actions. This in turn makes possible a qualitative improvement of the qualification in the certifications of each asset.

The high quality of the Colonial Group's portfolio is reflected in this high level of asset certification. It should be noted that in 2019 BREEAM/GRESB recognised Colonial Group as the sole European leader in responsible investment through the Award for Responsible Real Estate Investment in the large portfolios category.

Portfolio with LEED / BREEAM[1] – Value



(1) Office Portfolio in operation.

Certificate details according to property value

Following the EPRA Best Practices, the following table shows the percentage of total portfolio value and the level of certification achieved:

	Nº of certified assets		% certified value	
EPRA Cert-Tot	2022	2023	2022	2023
BREEAM				
≥ Excellent	26	27	23%	27%
Very Good	17	15	45%	47%
Good	5	4	6%	5%
Total BREEAM	**48**	**46**	**74%**	**79%**
LEED				
Platinum	1	0	2%	0%
Gold & Silver	2	1	4%	1%
Total LEED	**3**	**1**	**6%**	**1%**
BREEAM & LEED (Double Certification)				
BREEAM Outstanding & ≥ LEED Gold	5	4	4%	3%
≤ BREEAM Excellent & ≥ LEED Gold	7	12	10%	17%
BREEAM Good & ≤ LEED Gold	3	0	1%	0%
TOTAL	**66**	**63**	**95%**	**100%**

II. Energy ratings (European Performance Certificate)

In France, all the Group's buildings hold energy certificates and in Spain all buildings must have an energy rating in accordance with Royal Decree 390/2021. In this sense, all assets in operation on the Colonial Group's office property portfolio hold energy efficiency certification.

The Colonial Group has implemented a system that allows it to manage the environmental aspects of its activity and the energy it consumes. It also guarantees continuous monitoring of the organisation's energy uses and the direct and indirect factors that affect environmental management.

The system covers maintenance activities associated with proper technical operation of the building to ensure customer satisfaction and the comfort of the company's employees at its corporate headquarters.

The benchmarks used for the implementation of the integrated environmental and energy management system are the international standards ISO 50001 and ISO 14001. These provide a suitable framework to develop its integrated environmental policy and organise both energy and environmental aspects (including analysis of the energy and environmental planning process, energy and environmental review, energy, environmental and legal aspects, objectives, targets and action plans, risks and opportunities).

The environmental management system is integrated into the Energy Management System in the Avenida Diagonal buildings, 532 in Barcelona as well as in the Paseo de la Castellana, 52 property in Madrid, and every three years renews its certification through the mandatory External Audit performed by a certification body of renowned prestige and accredited by the National Accreditation Entity (ENAC).

III. BBC-Effinergie Rénovation and BBCA Rénovationi

The BBC-Effinergie label® aims to identify new buildings or parts of buildings with very low energy needs that contribute to achieving the 2050 targets set by the French SNBC (National Low-Carbon Strategy): to reduce greenhouse gas emissions from buildings by up to four-fold. The Pasteur and 83 Marceau assets have this certification. In 2018, SFL received the BBCA Rénovation label for the Biome project (low carbon building) and became one of the first buildings in Paris to be renovated with this label. The Biome project was notable for its low carbon footprint throughout the life cycle of the asset, with exemplary embodied carbon thanks to the use of low carbon concrete across much of its surface.

Notably, SFL received the BBCA Low Carbon Intensity Award at the SIBCA Low Carbon Buildings exhibition in September 2023. The award recognises the company's strong commitment to reducing its environmental impact through its ambitious strategy to meet its carbon targets and by achieving BBCA certification for 100% of its redevelopment projects by 2022.

IV. Well-being

The Colonial Group's well-being policy aims to optimise user comfort and health by recognising the relationship between buildings and their occupants, as user well-being is directly related to factors such as natural light, green spaces and social areas, among others.

The Colonial Group has a set of measures implemented in its buildings for clients to certify their office spaces with the WELL certification, either because they are located in an environment that is already adapted to the requirements of this certification or one that facilitates its application.

For example, Francisca Delgado, 11, obtained the International WELL Building certificate with a Gold rating in 2022.

Furthermore, health and well-being are an integral part of a broader vision of sustainability and, as such, are also present in the requirements of the sustainable certifications held by the portfolio's buildings such as BREEAM and LEED.

5.5.3 Circular economy and materials management

I. Colonial Group's circular economy model

The Group has implemented a circular economy model to reduce the input of primary materials and the production of waste by closing economic and ecological resource flows.

Colonial Group's circular economy model is based on the following three principles:

1. Reducing waste

Promoting sustainable procurement of materials and equipment, such as reusable packaging or materials, and establishing indicators for their control.

The Group monitors the amount of waste generated in its buildings, and responsible procurement of materials with a high content of pre- and post-consumer recycled and recyclable materials is encouraged and monitored. This requirement applies, inter alia, to the environmental compliance of 70% of the contract execution price for sustainable procurement in new construction, refurbishment, minor corrective actions and waste generated both by maintenance activity and in common areas of buildings.

2. Reusing items that cannot be recycled

Reusing items to make them reusable and reduce purchasing new material by giving the discarded product the same or a different use. In France, SFL is also committed to:

- Reuse existing building materials on site.
- Reuse materials resulting from renovations through digital market platforms (when this reuse is not possible on site).
- Recover demolition waste.
- Use natural or alternative materials with lower carbon content.

The impact of the circular economy model at Colonial is finally translated into an efficient embodied carbon ratio.

3. Recycling as much waste as possible

The Group facilitates the correct entry of waste into the recycling chain by providing containers in all its buildings for recycling cardboard and paper, plastics, glass and other waste, as well as hazardous waste such as batteries and fluorescent bulbs.

These initiatives have led to a considerable improvement in the monitoring of generated waste and its management in the portfolio, which explains the significant increase in the amount of waste managed in recent years.

However, Colonial Group is aware that it must continue contributing, insofar as possible, to the transition towards a model based on a circular economy. To this end, the Colonial Group has extended the scope of environmental monitoring, promoting the acquisition of sustainable materials, as well as the sustainable management of waste generated for maximum use.

The 2020-2023 reporting and compliance indicators for new construction, rehabilitation or major refurbishment work are presented below:

Responsible sourcing

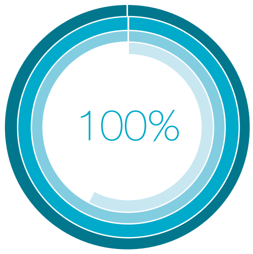
Report

Fulfilment
> 70%

Year	Report	Fulfilment
2020	100.00%	92.42%
2021	100.00%	92.18%
2022	100.00%	96.73%
2023	**100.00%**	**99.30%**

Hazardous waste management

Report



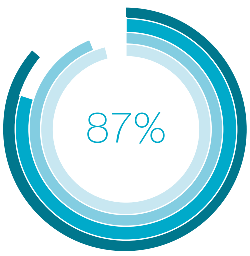
Fulfilment
> 80%

Year	Report	Fulfilment
2020	58.00%	74.47%
2021	100.00%	73.75%
2022	100.00%	90.41%
2023	**100.00%**	**89.89%**

Non-hazardous waste management

Report

Fulfilment
> 80%



Year	Report	Fulfilment
2020	100.00%	96.31%
2021	100.00%	93.95%
2022	100.00%	80.06%
2023	**100.00%**	**86.56%**

Land Management

Report

Fulfilment
> 80%

Year	Report	Fulfilment
2020	100.00%	99.97%
2021	100.00%	100.00%
2022	100.00%	96.40%
2023	**n. a.**	**n. a.**

II. Sustainable waste management

The Colonial Group is committed to ensuring sustainable waste management with the aim of improving procurement, management and processing, involving construction companies and other stakeholders to achieve this objective, in line with the environmental policy.

The company tracks the quantities of hazardous waste, non-hazardous waste and soil generated, and requests from those involved the supporting documentation that justifies both the quantity of each type of waste collected by the authorised waste manager (collection and delivery notes to the treatment centre), and the type of processing applied in each case (recycling, reuse or recovery certificates) to this waste.

With reference to the waste generated in the common areas of the buildings, as well as most of the waste produced by maintenance activities, a procedure is in place to ensure the correct weighing of the non-hazardous waste generated by means of scales and recording tables for correct periodic reporting. In the Group's own managed properties, the separation and weighing control of the waste generated in day-to-day operations, such as paper and cardboard, plastic, glass, organic waste, batteries and fluorescent lamps, is carried out. In addition, regular visits supervise the correct storage of hazardous waste, which is managed by the building maintainer through an authorised waste manager, who carries out the weighing.

Sustainable waste management is encouraged by monitoring the quantities generated both in new construction work, renovations and minor corrective actions, maintenance activities and common areas of buildings. It requires that 80% of the usable waste generated – non-hazardous, hazardous and soil – be managed by recycling plants for revalorisation. In addition, environmentally-friendly management of non-usable hazardous waste in accordance with current regulations and best environmental practices is required and controlled.

III. Waste generation in 2023

In 2023, more than 80% of the waste has been used. Recycling is the most widely used disposal method with more than 63%, followed by energy recovery with more than 17%, thus meeting the target set for 2023 of 80% waste recovery. On the flip side, the amount of waste going to landfill has been 10%.

A decrease in waste generation has been achieved in 2023 compared to 2022, mainly due to the completion of various construction and demolition projects that took place during the previous year (e.g. the construction of Wittywood). Waste from "construction and demolition" and "concrete" have decreased year-on-year by 56% and 88% respectively. In addition, we also highlight a process of continuous improvement and awareness-raising among contractors in terms of reporting and justification of information.

Type of waste[*]	2022 Waste generated (kg)	2022 % valued	2023 Waste generated (kg)	2023 % valued
Non-hazardous waste				
Construction and demolition	7,790,586	77.96%	3,393,181	85.84%
Wood	359,467	95.16%	170,491	96.81%
Metal	117,193	94.76%	167,520	85.89%
Concrete	1,831,533	93.91%	215,037	96.09%
Glass	39,175	98.01%	24,290	80.54%
Paper and cardboard	274,814	97.16%	249,881	98.63%
Organic/compost	62,017	98.91%	84,407	98.79%
Plastic	89,825	89.00%	20,730	87.14%
Textile	–	n. a.	20	100.00%
Pruning and gardening	–	n. a.	–	–
Other non-hazardous waste	1,901,943	64.51%	1,300,012	54.61%
Total Non-hazardous waste	**12,466,553**	**79.57%**	**5,625,569**	**80.10%**
Hazardous waste				
WEEE	739	70.39%	1,715	93.31%
Luminaires	2,495	71.77%	1,410	59.38%
Coolants	840	3.93%	365	0.00%
Contaminated metal and plastic packaging	1,376	72.67%	2,985	55.21%
Batteries	1,903	19.23%	312	100.00%
Fuel and oils	–	n. a.	4,300	76.74%
Other hazardous waste	4,289	31.64%	2,568	19.37%
Non-reusable hazardous waste	4,597	0.00%	21,574	0.00%
Total hazardous waste	**16,239**	**31.20%**	**35,229**	**23.26%**
Soil				
Uncontaminated soil	21,652	96.21%	300	0.00%
Contaminated soil	–	n. a.	–	–
Total soil	**21,652**	**96.21%**	**300**	**0.00%**
TOTAL WASTE	**12,504,444**	**79.54%**	**5,661,098**	**79.74%**

(*) Waste generated in new construction works, refurbishments, minor corrective actions and waste generated both by maintenance activities and in the common areas of buildings, with the exception of buildings in France, for which waste generated in new construction works or comprehensive refurbishments is not included, but only waste generated in the buildings that are operational is included.

Waste generated by tenants is not included because the organisation has no control over it, except for buildings in France where it is managed jointly (with the exception of single-user assets, whose waste is managed directly by them).

The list of waste may be amended in the event that other representative wastes are notified.

Only very unusual and unrepresentative waste types will be included in the "Other" category.

5.5.4 Biodiversity and impact in urban areas

5.5.4.1 Biodiversity

I. Biodiversity Policy and Good Practice Manual

The sustainability master plan includes actions aimed at protecting and enhancing biodiversity. These actions focus on two aspects: 1) minimise the negative impact of the Group on biodiversity and 2) to promote biodiversity in urban spaces to the greatest extent possible.

Biodiversity policy

The Group's biodiversity policy sets out the framework for action, priorities and commitments in this regard. This policy includes the commitment to:

- Preserve existing habitats on the sites of its buildings (urban and peri-urban environments).
- Create new habitats and mitigate the risk of species reduction.
- Reduce the heat island effect.
- Reduce the consumption of water for irrigation by selecting indigenous plant species with very low water requirements.

Biodiversity good practices manual

The Biodiversity Good Practices Manual has been developed as a tool to complement the policy. It is a design and maintenance guide on biodiversity for planners, builders and maintainers, applicable to new construction, refurbishment and minor corrective actions. The manual includes concrete measures to minimise the negative impact on biodiversity as much as possible by protecting it and favouring new habitats. This is achieved by using, insofar as possible, indigenous species that have edible fruit for birds as well as species that favour pollinators, as they provide sustenance. The reason behind this is that providing sustenance in the urban environment is one of the most urgent measures identified to support the survival of local fauna in the urban environment, the area of which is becoming increasingly large.

In line with the sustainability master plan and continuing with the efforts made in 2019, 2020, 2021 and 2022, this has also been pursued in 2023. One of the Group's priorities is to continue working in the coming years to increase the percentage of green areas in buildings, focusing on designing gardens and green roofs, as well as promoting new habitats for native flora and fauna.

II. Recurrent monitoring of biodiversity impacts

Quantification of the effects of biodiversity measures

The Colonial Group has analysed and quantified the negative impacts produced on local biodiversity by the implementation of the building in the urban space and its operation, and the positive impacts produced by the biodiversity support measures implemented by Colonial in its buildings based on the recommendations of the ecological reports carried out.

The Colonial Group explains, in each of the reports, the measurement methodology (or mitigation hierarchy) adopted in most corporate environments. The explanation is accompanied by quantitative data for each individual building. These measurements take into account the current plants on the property and distinguish between the impacts attributable to the initial situation of the property before the measures were implemented and those attributable to the measures themselves. It also analyses the effects these measures are having on the company, the assets, users and the community. As conclusions, the achievements are highlighted, of a very different nature, whether due to technical, urban, spatial, operational or design difficulties, in order to achieve the objectives set out in the ecological reports for this building. The discussions reflect on how collateral benefits and synergies have arisen with other building uses and functions, such as the improvement of rest areas, the creation of visual value or providing an identity to building spaces that were previously residual. A collateral effect of the biodiversity measures are very relevant and valuable benefits for users. These include better psychophysical health, as well as improved well-being indicators and productivity due to the stimulation of biophilia. Other benefits result from enhancing the sense of community, providing areas for users to rest and share and the fact that these biodiversity measures are of interest in themselves.

Identification of risks and opportunities for biodiversity measures

In the identification of risks and opportunities of biodiversity measures, special attention is paid to the implementation procedure of the measures and the starting situation of the properties, two circumstances from which most of the identified risks originate.

It is important to note how the complexity of the procedure varies from one implementation phase to another. 1) Phase I: The approach to the procedure is linear and consists in ecologists proposing measures based on Colonial's policy, which are then implemented literally. 2) Phase II: The accumulated experience reveals possibilities and synergies for the implementation of biodiversity measures with multiple approaches from a variety of company areas, which contribute added value to the projects.

Firstly, in Phase I the procedure was simpler and more rigid, and a number of risks were identified that could be mitigated in Phase II. These risks were mitigated by a more complex procedure, involving more actors and providing greater flexibility and adaptability to the particular circumstances of each building, leading to more ambitious results.

Although the current procedure is less agile, the results are more resilient, as it has sought to involve the participation and consensus of more actors, as shown in the conclusions of these reports.

III. Implementation of biodiversity measures

Colonial has defined strategies and objectives to reduce the impact generated by occupation of the land and the materials used in construction, and to extend its environmental commitment.

At the start of the project, a group of ecologists drew up the reports for the enhancement of biodiversity, which set out a set of measures tailored to the reality of each building in the portfolio.

New ecological reports are currently being drafted, in parallel with the completion of new construction or major renovation work on 6,300 sqm of roofs and green areas, as well as the installation of planters both inside and outside the buildings.

Impact and risk management reports are enabling procedures to be reviewed and learning from success stories and best practice, and learning from other buildings in the portfolio is incorporated into each new intervention.

Providing a residual space with personality: Sagasta, 31

Habitat for pollinators: Príncipe de Vergara

Fruiting and aromatic species to encourage pollinators: Ribera del Loira, 28

These actions positioned Colonial's buildings as footholds for wildlife species and acted as nodes to promote biodiversity in the cities. Thus, birds will ensure the transportation of the propagules of flora species planted on buildings, thereby enriching the natural spaces around cities with species of high ecological value.

In 2021, clients were sent information on the biodiversity measures implemented in the buildings, and for this purpose a marketing data sheet was designed to explain the benefits of having implemented them in an entertaining way. These sheets are being expanded as new projects are implemented and have been addressed since 2021.

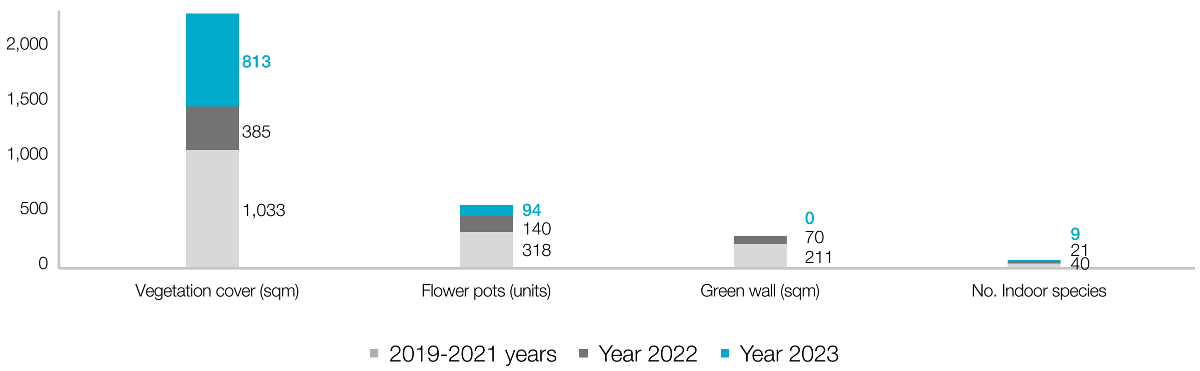
The Group has made a major effort with more than seven types of measures implemented, including the following: (1) the installation of landscaping elements such as drainage and sustainable irrigation systems; (2) planting of species in flower beds, outdoor areas and interior courtyards; (3) indoor and outdoor planters; (4) green roofs; (5) green walls; (6) promotion of habitats for native flora; (7) promotion of native fauna with the installation of bird nesting boxes and insect hotels; (8) installation of dry stone habitats and other measures tailored to the realities of the buildings following visits by environmental consultants and ecologists.

The Colonial Group, as a leader in the office markets of Paris, Madrid and Barcelona, intends to take advantage of the capacity of numerous locations in each of the three cities to generate synergies that will allow it to have a deeper impact on their biodiversity and, in this way, turn the Colonial Group into a promoter of biodiversity in the urban environment.

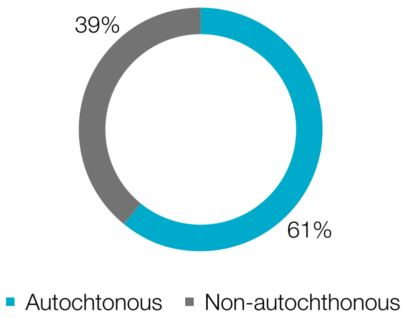
Complementary measures have been designed between nearby buildings to have an exponential effect on flora and fauna species (pollinators, birds, chiroptera and reptiles such as geckos in particular), as well as to establish relationships with the natural spaces in and around the city. The ecological corridors defined by regional organisations through cities have also been analysed with the aim of designing measures to support this essential ecological infrastructure.

The quantitative performance indicators of the biodiversity measures implemented in the portfolio are shown in the following graphs, for a total of 49 buildings:

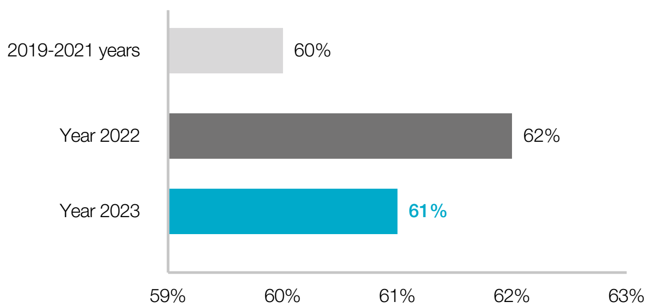
Biodiversity measures implemented



Percentage of native species planted in 2023



% native species



IV. Significant biodiversity protection actions in 2023

In order to protect and enhance biodiversity at risk, due to the high level of soil artificialisation, different measures have been implemented. In France, to limit this artificialisation, a specific framework has been established to place assets in a dense urban environment, uses and services have been concentrated on previously built-up areas and the restoration of open land surfaces is encouraged. Also noteworthy is the increase in revegetation of assets. Overall, in the Paris portfolio, by the end of 2023, vegetated areas (both flat and vertical) have accounted for almost 9,800 sqm, equivalent to 10% of the total area owned.

Furthermore, all biodiversity measures are implemented on an ad hoc basis for each asset in the portfolio, taking into account the risks and opportunities it presents. In this sense, although they do not establish specific objectives referring to assets, the actions seek to fulfil the commitments and priorities set out in the Colonial Group's biodiversity policy.

In 2023, an external audit was conducted by a specialist to assess the conservation status of the biodiversity programmes undertaken in the past and to identify possible corrective actions. As a result of this audit and its reports, opportunities for improvement have been identified.

Furthermore, a call for tenders has been launched to award services for the maintenance of biodiversity from January 2024, with the intention of securing the existing natural capital, in which a more demanding basis for certain sustainability requirements has been prescribed. One of the ways to measure this natural capital that Colonial will use during 2024 will be through biodiversity net gain (BNG). This tool is designed to calculate the potential gain in biodiversity following the implementation of some kind of human activity such as the creation of infrastructure, allowing us to implement strategies to enhance or mitigate biodiversity loss in that area.

Listed below are the most relevant recent biodiversity actions carried out in 2023 in Colonial's portfolio:

Ribera del Loira, 28 (Madrid)

Among the measures carried out in 2023, this building has been built on the lowest roof, specifically three landscaped flowerbeds have been installed, occupying a surface area of 170 sqm, together with a custom-made metal planter of 50 sqm. Within these spaces you can find fifteen different plant species, all of which are native species adapted to our climate and with a low water requirement.

It is also important to mention that an exhaustive study has been carried out of the species that help to increase and improve the biodiversity of the environment, among which aromatic species stand out, those that favour the presence of pollinators – whose population has been reduced in recent decades and is in critical danger – and, finally, those that have fruit, to encourage and provide food for fauna, especially birds.

Aromatic species Ribera del Loira, 28

Arturo Soria, 336 (Madrid)

The measures carried out in this building have required a detailed study of the environment given the particularity of the situation, as it is a shaded area, generally unsuitable for the native species that are common in the Mediterranean climate. Therefore, 66 specimens of seven different species that can adapt to these conditions have been carefully selected and placed in five separate flowerbeds in the outer lobby of the building.

Tucumán (Madrid)

This building consists of several outdoor spaces where different measures have been implemented. On the first floor there are two terraces where the vegetation is installed in planters which follow a careful aesthetic, as well as the terrace on the fifth floor. These areas share the same species.

Furthermore, the most outstanding implementation is on the ground floor of the building, as it consists of a landscaped area with more than 1,700 specimens, more than 60% of which are autochthonous, in line with Colonial's environmental policy. This part of the project especially promotes the biodiversity of the ecosystem because there are more than thirty different species of flora, including aromatic plants, pollinators and those with edible fruits for wildlife.

Furthermore, this building is located in a largely built-up area – with the exception of the Juan Pablo II Park – which, together with the measures implemented in this building, allows the heat island effect to be reduced, thus creating natural corridors of vegetation within an urban area.

Campus de Méndez Álvaro I (Madrid)

One of Colonial's major commitments to promote the connectivity of natural habitats and to conserve and even increase biodiversity in cities has been materialising during 2023 at the Méndez Álvaro I Campus in Madrid. The project envisages the transformation of a plot of land of low ecological value into a green space representative of natural ecosystems through a unique and innovative design of the exterior spaces and the roofs of the buildings. This project is in line with the Habitats Directive 92/43/CEE, for the conservation of natural habitats and of wild fauna and flora, through the construction of green infrastructures that contribute to the promotion of biodiversity.

In this case, the buildings in this project have been planned along the perimeter of the plot, leaving 2,000 sqm of common space in the central area, accessible to users and visible from the buildings. In total, the landscaped area

of the project will be more than 6,000 sqm, in which more than 29,000 specimens of more than 55 different species will be planted, including trees, shrubs and herbaceous plants (more than 60% of which are native species), making it a project with a great impact on the conservation of biodiversity. Through the creation of a green infrastructure, the Méndez Álvaro I Campus will be positioned as an enclave of high ecological value and with multiple functions, including reversing the loss of biodiversity, reducing the fragmentation of natural habitats for wild flora and fauna, reducing the heat island effect of cities, so pressing in a context of climate change like the one we are experiencing, without neglecting the benefit for the health of citizens that comes with being in naturalised environments. This phase of the project is scheduled for completion in 2024.

Biome

In the Biome project, a major restoration of the green surfaces has been carried out. The planted area has almost doubled to 2,500 sqm, with more than thirty trees in its green areas and 25 lawns. As proof of the project's firm commitment to biodiversity restoration, Biome has obtained Biodivercity certification at the Excellent level thanks to the revegetation.

Cézanne Saint-Honoré and Rives de Seine

In the case of Cézanne Saint-Honoré, two green walls had previously been installed in the interior courtyards and the latest renovation allowed for the creation of new green terraces, with 100 sqm of vegetation on the roof of the building. In the Rives de Seine project, the landscaping options selected should make it possible to increase the surface revegetation coefficient from 14% to 42% and the biotope coefficient from 11% to 30%. This increase will be possible thanks to the creation of new green areas and tree areas, with landscaped roofs and the creation of a garden at the rear.

This increased commitment to biodiversity and revegetation of the surface area of Paris assets, in addition to being a climate change mitigation measure, also responds to a strong expectation from tenants, who can benefit from new outdoor spaces that are more pleasant and improve the well-being of users.

5.5.4.2 Revitalisation of Urban Areas – Social Impact on the Environment

The Group prioritises projects in prime areas of Madrid, Barcelona and Paris, i.e. in areas with a consolidated urban fabric. This model therefore deprioritises greenfield projects, which would also have much greater environmental impacts. In fact, the Group has not carried out any projects of this type in the last ten years.

Colonial's projects also contribute to urban revitalisation. They boost the transformation of areas previously dedicated to industrial use and replace them with dynamic office space areas that are also home to residential buildings and significant commercial activity. In recent years, four projects have been developed in these locations. Two examples of how Colonial contributes to changes of use in cities are the Méndez Álvaro Campus in Madrid and 22@ in Barcelona.

Furthermore, given SFL's strategic positioning in Paris and in particular in the first ring, the company seeks to reinvent its heritage or develop new operations while ensuring that the history of the buildings and their original architecture are maintained and applying the highest standards of sustainability. To this end, internal teams dialogue with architects and stakeholders to define work plans that preserve existing structures and avoid demolition and consequent new construction.

Méndez Álvaro Campus

The Méndez Álvaro Campus represents a commitment to the regeneration and renewal of the urban fabric in a former industrial area of Madrid once occupied by large industrial warehouses. This Colonial project will offer mixed uses (housing, offices and commercial) and facilitate low-impact mobility on foot or by bicycle for users, neighbours and businesses in the area. When completed, the built area will total approximately 169,500 sqm, occupied by over 7,000

office users, some 1,600 residents, about 190 shops and another 1,300 items of public use. It will also respond to the growing concern for the environment and ecology by creating an ecosystem consisting of buildings with a low carbon footprint, near-zero energy consumption, high digitalisation and extensive green areas. There will be two public areas and landscaped interior areas (covering a surface area of 6,400 sqm), whose design includes green roofs and planters in both the residential and office areas. The plant species have been selected with the support of ecologists to ensure that they are not invasive. These will be predominantly native, with low water requirements and aromatic for pollination species and bear fruit for birds. Nest boxes and insect hotels have also been included. This will meet BREEAM and LEED requirements. In addition, rainwater will be used in the residential area by installing a cistern in the basement.

Area of 22@

Barcelona's 22@ neighbourhood is located in what used to be the most industrial area of Poblenou. Innovation, creativity, design and technology are the driving force that has replaced the old factories with a new model to propel Barcelona towards balanced and sustainable renovation. Colonial has contributed to this urban development with an iconic building in the most prime area of 22@. The building, designed by Batlle & Roig, is destined to become an emblem of the city, with a surface area of more than 24,000 sqm distributed over 17 floors. The property stands out for its 1,800 sqm of open-plan floors and for being located in the heart of the city's newest and most modern business district. It has also been awarded the highest LEED sustainability certification (Platinum) and the highest energy rating.

Clara Campoamor Gardens, Barcelona

The Clara Campoamor gardens, next to the Diagonal, in Les Corts de Barcelona, will be completely remodelled in an initiative that will be mainly carried out by a public-private partnership with the collaboration of Colonial, an innovative formula in Barcelona's public space.

This space to be remodelled is between Avenida Diagonal, from where it has the main access, and the streets Joan Güell, Gandesa and Europa. Two of its sides are flanked by office buildings and shops. The Colonial building is Diagonal, 609-115 (known as DAU-PRISMA). This boost will make the site more attractive on many levels for the people who work in and use it. The initiative will generate a great event for the citizens, who will see how the quality of life in the neighbourhood will increase, while at the same time generating an economic return and creating jobs.

This green area, with a surface area of around half a hectare, was inaugurated in 1994. At the entrance and surrounded by a small pond with water jets, the sculpture Citerea, by the artist María Luisa Sierra Catalán, stands out. The aspects taken into account in the remodelling include improving the space with criteria of sustainability and optimal maintenance and mobility, providing the gardens with better accessibility from the various entrances, reinforcing the existing sides and eliminating the current architectural barriers and the differences in height from the Diagonal. The idea is to promote the use of the area by the public and to create areas for people to stay, rest and socialise, as well as to improve the children's play area and the furniture, manage the trees and the new landscaping, and adapt the lighting. The aim is also to highlight the sculpture's surroundings as a tribute to Clara Campoamor and to integrate it better into the whole.

5.6. | Green financing and sustainable investment

Colonial leads the real estate sector in terms of eco-efficiency and decarbonisation. Its portfolio of high quality offices is among the most sustainable in Europe, with more than 100% of the portfolio in operation with maximum energy efficiency certificates and a carbon footprint of 4 $kgCO_2$/sqm, leading the industry in Europe.

The Group is a clear leader in various ESG ratings in the European real estate industry, with top ratings in the GRESB (Global Real Estate Sustainability Benchmark) index, the main ESG benchmark in the real estate industry, as well as in CDP, and is placed among the top three best-rated listed real estate companies in Europe.

Over the last few years, Colonial's ESG strategy has obtained the recognition of the main entities in this field in Europe, making the Colonial Group a European leader in the real estate industry.

With one of the most eco-efficient and "green" portfolios in the industry, Colonial and SFL have aligned their financing strategy with their corporate mission and in particular with their sustainability objectives and decarbonisation strategy. As a result, as of 2022, all of the Group's outstanding bonds are rated as green in accordance with the Green Bond Framework. Specifically, the Colonial Group has a portfolio of environmentally sustainable investments with a value equal to or greater than €4,580m of its bond financing.

The Group's commitment is that all future emissions of the Group will be qualified as green to the extent that there are eligible assets allocable to such emissions.

I. Green Bond Framework

Green bonds are an alternative to Group financing in an environment where sustainability is becoming more and more important and increasingly demanding.

The Group defined a Green Bond Framework, which established certain Key Performance Indicators (KPIs) linked to the energy certificates and CO_2 emissions of the Group's asset portfolio. This framework was developed in alignment with the International Capital Markets Association Green Bond Principles (ICMA Green Bond Principles), which promote transparency, accuracy and integrity of the information disclosed and reported by emitters and was validated in a Second Party Opinion by Vigeo Eiris.

This general framework therefore implies that the Group allocates an equivalent amount of its outstanding green bonds to eligible green assets booked on its own balance sheet (*Eligible Green Portfolio*).

Rationale for the green bond framework

The *Green Bond Framework* complies with the four Green Bond principles:

a) Use of funds

The use of funds from any green bonds under this framework will be subject to the eligibility criteria set out below, which will apply to new or existing assets (the **"eligible green assets"**).

Eligible green assets aim to address the EU's environmental objective of climate change mitigation through the following economic activities:

- Acquisition and ownership of buildings.
- Construction and renovation of buildings.

The emission thresholds presented below as eligibility criteria should be interpreted as GHG emission intensity factors, expressed in $kgCO_2$ per sqm per year, covering Scopes 1 and 2 controlled by the owner, according to the market-based methodology of the GHG protocol[(1)].

(1) GHG Protocol, World Resources Institute.

Eligible green assets	Eligibility criteria
Green buildings	**Buildings that have received at least one (or more) of the following certifications:** ▪ LEED "Gold" or higher ▪ BREEAM in use "Very good" or higher ▪ HQE "Excellent" or higher Or: **Buildings that do not exceed the following emission thresholds:** ▪ 2020-2023 < or = 20 kg of CO_2/sqm per year ▪ 2024-2025 < or = 15 kg CO_2/sqm per year ▪ 2025 and onwards < or = 10 kg CO_2/sqm per year

b) Project evaluation and selection process

This function will be carried out by Colonial's ESG Committee, which will verify compliance of the selected set of eligible assets with the eligibility criteria defined by this framework. It will also be responsible for approving the allocations of such assets with the outstanding bonds.

In addition, it will monitor the eligible green portfolio of each issuing entity over the life of the bonds and manage potential ESG risks identified as potentially associated with the eligible assets. The ESG Committee shall also replace, if appropriate, an asset that is removed from the eligible green portfolio with another appropriate eligible green asset.

This framework will be in line with EU taxonomy at all times and could be updated by the ESG Committee. This dynamism in the eligibility criteria is a sign of the Group's constant intention to improve its ESG performance.

c) Fund Management

The eligible green portfolio will be allocated an amount equal to all outstanding green bond issues of the Group, in line with the section entitled "Use of funds". The eligible green portfolio will be verified each year by an independent external auditor to assess the number of eligible green assets that meet the defined criteria.

Any future green bonds will be submitted primarily by the relevant Issuer to the ESG Committee, which will verify the alignment of the shortlisted eligible green portfolio with the total amount of green bonds issued.

d) Reports

The Group will provide investors with an annual green bond allocation and impact report linked to the green bond framework, specifying the relevant measurement methodologies.

External assurance

In terms of external verification, the Group appointed Vigeo Eiris to provide a Second Party Opinion on the framework, its transparency, governance and alignment with the green bond principles. Should this framework be updated in the future, the Group undertakes to update the independent opinion. This document is available to the public on the Group's website.

In addition, as of 31 December each year (until full allocation and thereafter in case of material changes), an independent auditor will verify that each eligible green portfolio has at least a value equal to the current value of the outstanding green bonds and meets the criteria.

II. New sustainable financing

The Colonial Group has signed a five-year €835m revolving credit facility, which includes three ESG performance indicators. In this way, international banks demonstrate their confidence in Colonial, while the Group increases its liquidity, simplifies its financial structure and improves and lengthens the maturity of its credit lines.

With this five-year credit line, which offers two one-year extension options, the Group extends the maturities of its existing lines and increases its liquidity. The new credit line includes a mechanism based on three ESG indicators, linked to the Group's objectives and strategy in terms of carbon emissions reduction, certification of its assets and GRESB rating (Global Real Estate Sustainability Benchmark, which analyses and compares the ESG performance and best practices of companies active in the sector). In addition, Colonial's positive risk assessment has allowed the group's liquidity to increase at very competitive margins.

A banking group of 10 market-leading institutions participated in the credit line. BNP Paribas and CaixaBank acted as sustainability coordinators, while BNP Paribas also acted as Coordinating Bank and Agent Bank.

5.7. | Responsible supply chain

I. Responsible management of the supply chain

The Colonial Group is aware that its social responsibility goes beyond its business activities and that it must demand an exemplary attitude from the suppliers it works with. The company therefore extends the commitments and basic principles of its code of ethics to suppliers and ensures that they are applied at every stage of its activity. Specifically, the organisation strives to ensure that both its employees and suppliers respect the conventions established by the International Labour Organization (ILO) regarding:

- Freedom of association and collective bargaining.
- Elimination of any type of discrimination in access to employment and occupation.
- Eradicating the use of forced and/or compulsory labour.
- Elimination of any form of child exploitation.

The Colonial Group extends its ethical, sustainable and social commitment to its entire supply chain, with the aim of ensuring that all its operations are carried out in accordance with the social responsibility criteria set.

The Group therefore extends the following points to its entire supply chain:

- Inclusion of ESG policy for Colonial supplier selection.
- Efficient use of resources to guarantee maximum sustainability in its operations.
- Suppliers' adherence to Colonial's corporate social responsibility policy (ESG policy).
- Creation of value in the local communities where Colonial operates, by contracting local suppliers as far as possible.
- In this respect, our French subsidiary SFL encourages local employment in agreements with contractors for new projects, where, as part of the contract, the contractor undertakes to carry out actions to integrate unemployed people from the local community into the workforce.
- Health and safety in all operations, with special focus on preventive measures.
- Compliance with the Colonial Code of Ethics in all phases of the collaboration.
- Payment period of around 33 days.
- Our French subsidiary SFL sets a maximum of two subcontracting levels to avoid abusive subcontracting.
- Compliance with conventions established by the International Labour Organisation (ILO).

In the event of non-compliance with any of these points, Colonial may unilaterally cancel the collaboration agreement.

With regard to the inclusion of ESG criteria in the selection of its suppliers and the adherence of suppliers to its social responsibility policy, and within the framework of the ESG strategic plan, the Colonial Group has developed the ESG criteria policy for the selection of suppliers and a questionnaire that adds further requirements in this regard. It is worth highlighting the importance given from 2020 onwards to the distance between the main contractor's and subcontractors' headquarters and Colonial's headquarters in order to reduce the scope 3 carbon footprint, as well as to the organisations' own or external ESG resources.

To avoid any illegal employment situation and fulfil its documentation gathering duties, as in previous years, our French subsidiary SFL has outsourced this process by using a collaborative platform (E-attestation). This platform manages all administrative documents deposited by suppliers, checks that they are complete and, if necessary, issues reminders. In the case of Spain, the SGS Portal is used to control these aspects.

From an organisational point of view, technical proposals are issued to encourage responsible behaviour, particularly in the following areas:

- Optimisation of energy and liquid consumption.
- Use of environmentally friendly cleaning products.
- Reduction in packaging and waste volume.
- Improved occupant comfort.
- Increased level of building operation certifications (BREEAM In-Use).

The Colonial Group has also adopted special measures with construction service providers during the remodelling, refurbishment and improvement works of the properties with a dual objective: ensure the smooth progress of the works and guarantee the safety of the people involved in these processes. Therefore, the health and safety procedure includes:

- Environmental training and information. Identification of personnel by means of badges. Preventive measures to ensure collective protection.
- Presence of first aid teams on site.
- An incident log book.
- Instructions on personal protective equipment and rest breaks in accordance with the regulations.
- During the pandemic, an annex to the risk assessments was added to the procedure, and an annex related to COVID-19 was included in the self-protection plans.

The Group's suppliers are divided into three main categories based on the type of services and goods provided:

- Maintenance and service providers.
- Different types of consultancy firms (architectural, engineering, control bodies, etc.).
- Construction companies in new construction, remodelling, refurbishment, renovation and property improvement.

Colonial is committed to local suppliers in order to be able to help generate value in the community where it operates. Therefore, of the 858 suppliers that Colonial worked with in Spain in 2023, 92.31% were local, headquartered in Spain, with 99.2% of the volume of purchases made by Colonial coming from this group of suppliers. With regard to suppliers in France, in 2023, 84% of the suppliers (91% in terms of purchasing volume) with whom we have worked are local, i.e. they are based in Paris or in the Ile-de-France region (within a radius of approximately 100 kilometres).

In 2023, the average supplier payment period was 41 days, below the legal maximum of 60 days established in Law 31/2014 of 3 December, which establishes measures to prevent late payment in commercial transactions.

II. Supplier approval questionnaire

In line with the ESG criteria policy, in 2019 the Colonial Group approved a supplier approval survey with ESG criteria that will be sent from 2020 to regular and sporadic suppliers from different areas, such as construction companies, maintenance companies, manufacturers, service companies and consultants of different types (architects, engineering firms, control bodies, etc.) These surveys have been updated in 2023, in accordance with Colonial's policy, which requires them to be updated periodically. As it is embedded in the selection process of any supplier for the company, it is part of a supplier ESG scoring system. The aim of this mechanism is to comply with the ESG criteria policy for the selection of suppliers, ensuring that the companies that make up the supply chain share the values and apply them in each phase of the activity linked to Colonial, while seeking to increase the positive impact throughout the value chain. Therefore, the questionnaires includes environmental, social and governance aspects:

- Evaluation criteria for choosing suppliers from an environmental perspective and for determining their position on issues such as the environment, climate change, energy, water, biodiversity, pollution, waste, responsible procurement and sourcing, among others.
- Evaluation criteria for the selection of suppliers from a social perspective, analysing their commitment to their employees, health and safety, diversity, reconciliation, human rights, subcontracting, etc. With regard to subcontracting and as a general criterion, the work teams in the different areas (maintenance, construction, consultancy, etc.) are made up of the companies' own personnel, and any type of subcontracting is subject to Colonial's authorisation.

- Evaluation criteria for selecting suppliers from a governance perspective, taking into account key aspects such as ethics, corruption prevention, risk management and corporate social responsibility, etc.

The questionnaire model with ESG criteria has been revised and extended during 2023, to cover new relevant and sensitive aspects for Colonial and its stakeholders. The current survey has 60 questions, whereas the previous years' survey collected information on 36 questions, an expansion of 67%. The following table shows the details of the evolution of the three dimensions:

Surveys	Earlier version	Current version	Dif. (%)
E	16	27	69%
S	10	15	50%
G	10	18	80%
	36	**60**	**67%**

A greater focus has been placed on:

- The particular calculation of your organisation's carbon footprint.
- The existence of GHG reduction targets and their scope.
- Knowledge of whether these reduction targets are compatible with 1.5°C and their scope, as well as whether they are SBTi certified.
- The existence of a renewable energy development plan.
- Willingness to collaborate with Colonial on innovative environmental initiatives.
- Human rights due diligence covering both its own operations and those of its direct or indirect suppliers.
- The provision of codes of conduct or ethics, as well as whistleblowing channels for employees and third parties.

A massive re-evaluation of our suppliers has been requested, collected and analysed during the current financial year. As Colonial's demands have increased in terms of the aspects evaluated, the average scores in the three parts show room for improvement, and the results obtained, weighted out of 100 percentage points, are environment 33.4%, social 60.7% and governance 47.4%.

Of the surveys sent to re-evaluate suppliers, 55% were received and analysed with ESG criteria, as of the closing date of this report. The average score of the companies surveyed was 43.9 out of 100 points, 66% being below 50 points.

These results show the change in the scales used to evaluate Colonial's suppliers, making more demands on ourselves when evaluating suppliers.

Currently, suppliers are not being rejected due to having a low score. An action plan will be developed to try to influence and raise awareness among suppliers. This plan will be implemented once a higher percentage of responses to the new version of the qualification surveys have been received, in order to have a more comprehensive understanding of the status of the different suppliers.

One of the points that we wanted to strengthen was to find out in greater detail about the social performance of our suppliers, for which a screening was carried out, requesting information on issues such as:

- Respect for employees' labour rights.
- Provision of mechanisms to ensure compliance with the previous point.
- Provision of control methods to avoid discrimination in access to jobs.

- Implementation of work-life balance policies that balance the personal and professional lives of employees.
- Monitoring methods to eliminate all forms of labour and child exploitation.
- Respect for freedom of association.
- Details of the number of total and specific ESG employees.
- Monitoring of diversity, equality and inclusion metrics.
- Details of the subcontracting chain.
- Occupational risk prevention systems.
- Training of employees on occupational hazards.
- Execution of periodic safety inspections.
- Details of incidents in the area of ORP.
- Social risk assessments.
- Community engagement programmes.

From 2021, all works and service contracts include specific clauses to ensure ESG performance, including the possibility for Colonial to carry out audits to verify the veracity of the information provided. In addition, ways will be explored to strengthen the audit strategy of these suppliers and help them to drive positive change in the weaknesses identified.

With regard to human rights risks in the supply chain, the risk is considered to be low or very low, given that most of the suppliers are national and, furthermore, construction equipment, materials, and installations are purchased from leading brands from companies of recognised prestige, as corroborated in the supplier approval surveys with ESG criteria and in the environmental monitoring carried out in works and maintenance. Furthermore, in relation to the labour rights of its employees established by the International Labour Organisation (ILO), no risks were detected in the questionnaires carried out or through other Colonial communication channels.

III. Sustainable procurement of materials

The consumption of materials and consumables is one of the most relevant indicators for the Group, which is why, since 2018, the Group has worked to obtain a better performance in this area, which has been consolidated in 2020, and has continued this trend during 2023.

Similarly, thanks to the implementation of the environmental policy, since 2018, extensive work has been carried out to monitor the data on the supply of materials in collaboration with the different business partners of the organisation through the environmental monitoring procedure: (1) new construction, refurbishments and large renovation projects; (2) small renovation projects and (3) maintenance work in existing buildings.

As a result of these efforts, good purchasing practice requirements have been established to ensure that materials and products have environmental certificates, such as environmental labels type III, DAP or ECV, FSC or PEFC certified wood, local sourcing and supply (<800 km from the point of distribution), high recycled and recyclable content, or low emissions of volatile organic compounds.

In 2019, the *List of approved manufacturers* was drafted and implemented in order to promote the selection of materials, products and equipment in compliance with environmental criteria.

At present, the list of products includes at least 2,366 (84%) materials, products and equipment that meet the environmental requirements defined in Colonial's environmental policy, as well as another 426 that do not meet these requirements.

The list of approved manufacturers has proved to be effective and has greatly facilitated compliance with the responsible procurement of the different works and services for designers, and especially for contractors and maintainers.

This list is updated periodically with the aim of increasing the alternatives of materials, goods and equipment that meet the established requirements, as well as to continuously add new categories to the assessment.

The relevant indicators on material consumption during 2023 are listed below:

Purchase of materials

	2023						2022					
	Total	Responsible sourcing	Recycled material	Recyclable material	Renewable material	Regional material	Total	Responsible sourcing	Recycled material	Recyclable material	Renewable material	Regional material
Type of material	kg	% of each mat.	% of each mat.	% of each mat.	% of each mat.	% of each mat.	kg	% of each mat.	% of each mat.	% of each mat.	% of each mat.	% of each mat.
Stone and ceramics	679,834	98.52%	3.16%	1.68%	0.00%	97.85%	5,738,984	87.29%	1.66%	75.53%	0.00%	98.82%
Concrete and mortar	35,145,757	99.17%	2.49%	45.13%	0.00%	91.48%	57,535,078	97.87%	3.96%	16.88%	0.00%	99.97%
Glass	6,053,817	99.91%	7.48%	0.00%	0.00%	99.98%	1,204,949	99.54%	11.84%	24.85%	0.00%	99.81%
Plastics and rubbers	7,432	90.79%	39.12%	29.70%	0.00%	91.51%	16,037	92.38%	0.04%	3.05%	0.00%	92.94%
Metal	1,515,505	99.34%	1.73%	8.55%	0.00%	99.28%	3,657,803	97.68%	34.34%	53.37%	0.00%	99.73%
Wood	52,328	96.59%	38.10%	5.60%	100.00%	95.05%	1,260,493	99.69%	21.86%	62.36%	99.8%	99.37%
Plaster	517,219	99.96%	3.18%	28.67%	0.00%	98.48%	618,514	98.39%	1.55%	76.85%	0.00%	98.58%
Insulation/waterproof	135,289	90.17%	28.77%	67.93%	0.00%	96.05%	1,098,061	82.97%	18.89%	13.87%	0.00%	97.94%
Paints and varnishes	26,847	89.07%	0.04%	0.06%	0.00%	71.32%	64,452	94.66%	0.03%	0.03%	0.00%	83.51%
Installations-light fixtures	31,649	96.43%	0.00%	0.34%	0.00%	98.64%	28,387	89.86%	0.00%	25.65%	0.00%	92.68%
Installations-toilets	10,746	96.69%	0.00%	0.01%	0.00%	98.34%	23,530	97.68%	0.00%	0.00%	0.00%	73.02%
AC/ventilation installations	105,475	97.26%	0.52%	0.74%	0.00%	98.17%	175,551	96.81%	0.00%	0.02%	0.00%	98.47%
Coolants	–	–	–	–	–	–	20.2	100.00%	0.00%	0.00%	0.00%	0.00%
Adhesives and sealants	4,047	97.99%	0.00%	0.05%	0.00%	72.39%	77,871	99.65%	0.00%	0.13%	0.00%	98.76%
Oils and lubricants	39	76.10%	0.00%	5.08%	0.00%	100.00%	4.20	26.19%	0.00%	0.00%	0.00%	100.00%
Cleaning products	26,995	88.56%	0.88%	2.41%	18.58%	95.94%	6,554	57.29%	1.13%	1.63%	0.39%	58.55%
Gardening products	628	33.08%	0.00%	0.00%	0.00%	100.00%	6,691	98.43%	0.90%	0.00%	0.00%	98.49%
Soil and gravel	27,595	7.19%	0.00%	0.00%	0.00%	32.20%	1,249,697	81.59%	81.30%	96.18%	0.00%	99.50%
Textiles and papers	1,491	73.08%	0.00%	0.00%	0.00%	97.65%	5,897	97.44%	28.50%	82.31%	0.00%	99.61%
Vegetation species	2,454	24.90%	0.00%	0.00%	0.00%	41.44%	12,153	87.62%	1.90%	0.01%	0.00%	73.36%
Furniture	2,444	61.84%	0.54%	1.09%	0.00%	78.52%	16,125	48.37%	0.38%	5.21%	0.00%	85.62%
Other	464,797	98.50%	1.42%	3.52%	0.22%	99.33%	528,474	95.37%	3.88%	0.12%	0.00%	99.62%
Total	**44,812,390**	**99.15%**	**3.26%**	**36.30%**	**0.13%**	**93.14%**	**73,325,326**	**96.56%**	**7.23%**	**25.81%**	**1.72%**	**99.76%**

Note: Includes materials for new construction and large reforms, small reforms, and maintenance of communal areas. Materials purchased by tenants are not included because the organisation has no control over them. In the case of France, this information is not available as the purchase of materials is carried out by a third party.

The list of materials may be modified if other representative materials are reported.

The category “Other” includes rarely used and non-representative materials.

It is worth highlighting Colonial's efforts to acquire materials in the region where these data are to be used, with **a result of 93% of the total materials used that met this criterion, which considerably reduces the carbon footprint linked to transport and distribution**.

With regard to responsible sourcing, Colonial strives to ensure that most of the materials **purchased are sourced responsibly through the *Guide to Procurement of Products, Materials and Equipment*, which is why 96% of its materials complied with this guideline in 2023**. Wood is one of the most significant materials, as Colonial monitors its origin comprehensively, with the aim of ensuring that most of the wood purchased has a certificate of sustainability or good practices. In 2023, out of a total of 49 tonnes of wood purchased (1,253 t in 2022), 93.93% was certified (99.41% in 2022).

On the other hand, in line with the provisions of this guideline, it should be noted that 99.17% of the concrete and mortar poured in the different works carried out in Spain during 2023 come from alternatives with a lower carbon impact, as they comply with the ANEFHOP Expert concrete certificate and/or ISO 14001 of the manufacturing process, in addition to other requirements in terms of recycled and recyclable material.

Percentage of wood certified by standards

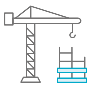
	2023		2022	
Certification system/standard	Quantity (kg)	Percentage (%)	Quantity (kg)	Percentage (%)
FSC (Forest Stewardship Council)	48,444	92.50%	485,305	38.50%
PEFC (Program for the Endorsement of Forest Certification Schemes)	17,003	32.49%	767,781	60.91%
SFI (Sustainable Forestry Initiative)	667	1.27%	0.00	0%
CSA (Canadian Standards Association)	0.00	0.00%	0.00	0%
Other (specify)	351	0.67%	0.00	0%
Total certified wood	**49,152**	**93.93%**	**1,253,086**	**99.41%**

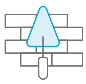
IV. Integrated supply management model

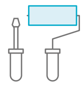
Colonial's environmental policy establishes the following commitments:

- Responsible procurement of materials.
- Sustainable waste management.
- Reduction of its carbon footprint through the two activities above.

The environmental monitoring procedure discussed above is explained below:







A1
New construction works
Major refurbishments
Major renovations
(CEP(*) > €500,000)

A2
Minor renovations in existing buildings
(1,000 < CEP(*) < €500,000)

A3
Maintenance work: general gardening and cleaning services

Monitoring tool:
Environmental monitoring and reporting tables

Responsible sourcing
+
Sustainable management of RSD
+
Energy efficiency improvements
+
BREEAM certification improvements
+
Inventory updating
+
Carbon footprint control and reduction

A1
Managers
Design team
Main Contractor
Project Manager

A2
Managers
Contractor
Facility Manager

A3
Managers
Maintainers of general services, gardening and cleaning

Environmental consultant

(*) CEP = contract execution price.

In order to manage, oversee and report on environmental issues according to the procedures described, the Group regularly monitors the following aspects:

- Advice to contractors and maintenance providers in the use of sustainable products and in the sustainable management of waste.
- Update of the list of approved products.
- Review of projects and budgets for actions and works.
- Recommendations to improve eco-efficiency and for BREEAM In-Use.
- The data and the documentation of the environmental monitoring tables of all actions carried out in Colonial buildings are verified.
- Environmental monitoring visits are carried out to supervise new construction, renovation or major refurbishment projects (1).
- Regular environmental monitoring visits are made to existing buildings to supervise minor renovations (2) and maintenance tasks (3).
- Inventories of facilities are updated and coordinated with the actions.
- Exhaustive monthly monitoring is carried out to ensure that the contractors and maintainers of all the actions underway follow the circular economy model implemented by Colonial.
- All of Colonial's environmental information is collected and reported for the annual integrated report and sustainability indices.

In order to approve compliance with responsible sourcing, environmental requirements must be proven for materials, products and equipment amounting to 70% of the contract execution price (PEM/CEP) of the works (in the case of maintenance, 70% of the total).

In addition, with regard to sustainable waste management, it must be proven that at least 80% of the waste generated (including hazardous and non-hazardous waste that can be used) is managed for recovery, and therefore a maximum of 20% is processed without any recovery.

These objectives are achieved through the environmental monitoring procedure established according to the scale of the actions:

- **A1: New construction, comprehensive renovation and major refurbishment projects (refurbishments of floors of office modules, lobbies, and/or toilets, or other refurbishments of similar scope, with a PEM > €500,000 or a lower price but of this type)**

  The subcontractor must justify the environmental requirements for responsible procurement of materials and sustainable waste management on the construction site.

- **A2: Any minor action/refurbishment (€1,000 < CEP < €500,000)**

  The subcontractor or industrial contractor must justify the environmental requirements for responsible procurement of materials and sustainable waste management in each of the actions they carry out in the buildings.

- **A3: Any actions derived from the continuous maintenance of general services, gardening and cleaning**

  The general services, gardening and cleaning maintainer must justify on a quarterly basis the environmental requirements for responsible procurement of materials and sustainable waste management.

The parties responsible for the actions must verify all the environmental aspects established in the *Guide to contracting products, materials and equipment*, which establishes the requirements for the final review of compliance with the requirements by the environmental consultant.

CO_2 emissions from the transport of supplies and waste to and from the building are also considered, along with the ones derived from coolant gas leaks, trips by the maintenance services personnel and consumption in the head offices of the maintenance companies.

In 2023, awareness and sensitisation workshops continued to be held with the various agents involved, project designers, project managers, facility managers, contractors and maintenance personnel, to establish the environmental criteria to be met and to inform them of the Group's objectives.

The Colonial Group continues to be committed to environmental monitoring of all the actions carried out in the buildings in its portfolio. This year has seen an increase in the number of large-scale works and comprehensive refurbishments as well as smaller projects, where environmental monitoring control has been carried out, together with eco-efficiency consultancy and the updating of inventories.

5.8. Team of professionals

This chapter describes Colonial's actions to enhance the skills, motivation and health of the team. **Excellence and professionalism** are key pillars of the Group's people strategy and also ensure long-term sustainable growth with value creation for shareholders and all its stakeholders.

Colonial's employees aspire to continuous personal and collective development, guided by our values of transparency, excellence, professionalism, rigour, leadership and commitment.

Human Resources Strategic Plan

The Colonial Group is clearly committed to creating a corporate culture of well-being for its employees. In this respect, our main areas of focus and dedication of resources are focused on achieving excellent results in the coming years with a continued contribution of value to the corporation.

Our greatest asset is the people who make up this team, which is why our strategy focuses on nurturing our people, developing and growing their skills and rewarding their achievements. For this reason, the Human Resources strategic plan is focused on driving sustainable value creation through the social component. To support the strategic plan, we have equality plans and different policies that ensure the creation of diverse and multidisciplinary work teams, while promoting a culture of high contribution demands and client orientation.

The policies, projects and actions of the People and Culture Area are structured in these five dimensions:

1. **Organisational system**: This includes all organisational policies and processes that ensure we have a human structure capable of responding to the company's present and future strategy. This covers all recruitment and selection policies, on-boarding, career plans, succession plans and contingency plans, as well as the processes and tools around which we organise work.

2. **Total reward**: Colonial understands total reward as everything its employees receive for their contribution and input. This involves both financial remuneration and emotional compensation. The principles of fairness govern our policies tailored to each of our companies.

   For this reason, excellence drives our remuneration strategy as a group, tailoring each total rewards package and placing value on every element of remuneration. Thus, while fixed salary is the fixed amount of money that an employee receives for performing the duties of his or her job, variable remuneration is linked to measurable objectives over a given period of time. This contributes to an optimal wage structure adapted to the needs and the economic situation.

3. **Human capital and talent development**: Understanding the value contribution of each employee is key for the organisation and the employee. Our corporate culture establishes a leadership model based on continuous and honest feedback through annual conversations about each employee's performance and value contribution, as well as career and professional and personal development plans. In order to do this, we have the **Colonial Career Conversations** tool and process.

4. **Human rights and equality, equity and diversity policies**: These policies ensure that our values are consolidated in an equal, social environment, and therefore support and ensure diversity, equal opportunities and inclusion, which are values included in our equality plans.

5. **Culture, socialisation and communication**: Colonial understands work as a system that integrates and enhances individual capacities, allowing us to grow, to be inspired, to continue learning and to contribute value to our community. Colonial ensures that the culture of work and contribution of value occurs in a collaborative and rewarding environment, where individuals achieves fulfilment and satisfaction. We have developed some tools that allow us to channel the interests of employees, teams and the entire organisation:

   - *Colonial Takes Care of You* groups together policies and measures to protect the physical and emotional health of our staff.

   - *Colonial Counts on You* brings together internal communication and corporate culture policies to anchor our values, focus our efforts, drive our ambitions and enjoy our successes in a shared framework of knowledge, fun and information.

All of the above is complemented and fed by the actions of our French subsidiary, SFL, detailed in the text. Colonial adapts its business approach and human resources policies to the location, focusing on practices of higher cultural and social value. The Colonial Group's 2020-2030 commitments are as follows:

> 2% of payroll dedicated to training

Annual consultation on quality of life at work

100% of employees, suppliers and service providers covered by the code of ethics

5.8.1 Organisational system

a) Changes in the workforce

This year, the Colonial Group experienced a slight decrease in the number of employees, from 241 in 2022 to 238 in 2023. Despite this, the focus remains on strengthening the team. We are firmly committed to gender diversity, with an outstanding 61% of our workforce being women. This achievement reflects our priority to create an inclusive and equitable working environment.

In line with our commitment, we maintain an Equality Plan that guides our internal policies and practices. It is encouraging to note that, in line with our inclusive philosophy, Colonial has the contribution of three employees with functional diversity in 2023, indicating a slight but significant decrease from the five employees in 2022. This data reaffirms our conviction that diversity, in all its forms, enriches our work environment and improves our performance as a team.

Diversity of the Colonial Group

144 women

94 men

238 employees

Colonial Group employees

68% Spain

32% France

Training

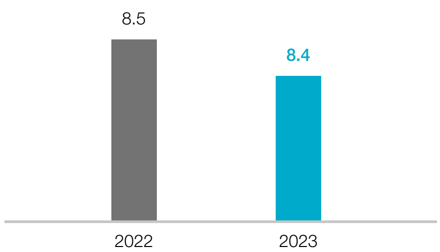
10,447 hours of training in 2023

33% more than in 2022

96% full-time contracts

98% permanent contracts

Average seniority



The Colonial Group is committed to creating quality employment, reflected in the fact that 96% of our workforce has permanent contracts, in line with the 2022 financial year. Temporary contracts have been used on an ad hoc basis, thus providing stability in the jobs generated by our business. For further details, see the tables in appendix *8.2. GRI & EPRA BPR'S key sustainability indicators*.

In terms of working hours, 98% of our employees are full-time, with only five cases of part-time employees in 2023. See tables in Appendix 8.2 for more information on the GRI & EPRA BPR'S Key Sustainability Indicators.

New employees by age, gender and country

Below are the details of the new additions to Colonial's workforce:

New hires	2023 Total	2023 Percentage of new hires	2022 Total	2022 Percentage of new hires
Gender				
Female	14	9.7%	30	19.7%
Male	13	13.8%	21	23.6%
Age				
Under 30	18	46.2%	33	75.0%
30-50	7	5.3%	17	13.1%
Over 50	2	2.9%	1	1%
Country				
Spain	13	7.8%	41	24.6%
France	14	18.7%	10	13.5%
Total	**27**	**11.2%**	**51**	**21.2%**

Number of employees by age, gender and professional category

The distribution of employees by age, gender and professional category is presented below, showing that 61% of employees are women.

	2023					2022					Change	
	Total	Male	Female	% male	% female	Total	Male	Female	% male	% female	Male	Female
Colonial Management Committeel(*)	**8**	**4**	**4**	**50%**	**50%**	**8**	**4**	**4**	**50%**	**50%**	**0%**	**0%**
Job category												
CEO, General and Area managers	16	9	7	56%	44%	18	10	8	56%	44%	–10%	–13%
Technical Graduates and middle managers	79	38	41	48%	52%	82	37	45	45%	55%	3%	–9%
Administrative Staff and others	143	47	96	33%	67%	141	42	99	30%	70%	12%	–3%
Total Group	**238**	**94**	**144**	**39%**	**61%**	**241**	**89**	**152**	**37%**	**63%**	**6%**	**–5%**
Age												
Under 30	39	14	25	36%	64%	44	11	33	25%	75%	27%	–24%
30-50	131	56	75	43%	57%	130	53	77	41%	59%	6%	–3%
Over 50	68	24	44	35%	65%	67	25	42	37%	63%	–4%	5%
Total	**238**	**94**	**144**	**39%**	**61%**	**241**	**89**	**152**	**37%**	**63%**	**6%**	**–5%**

(*) Executive directors are excluded.

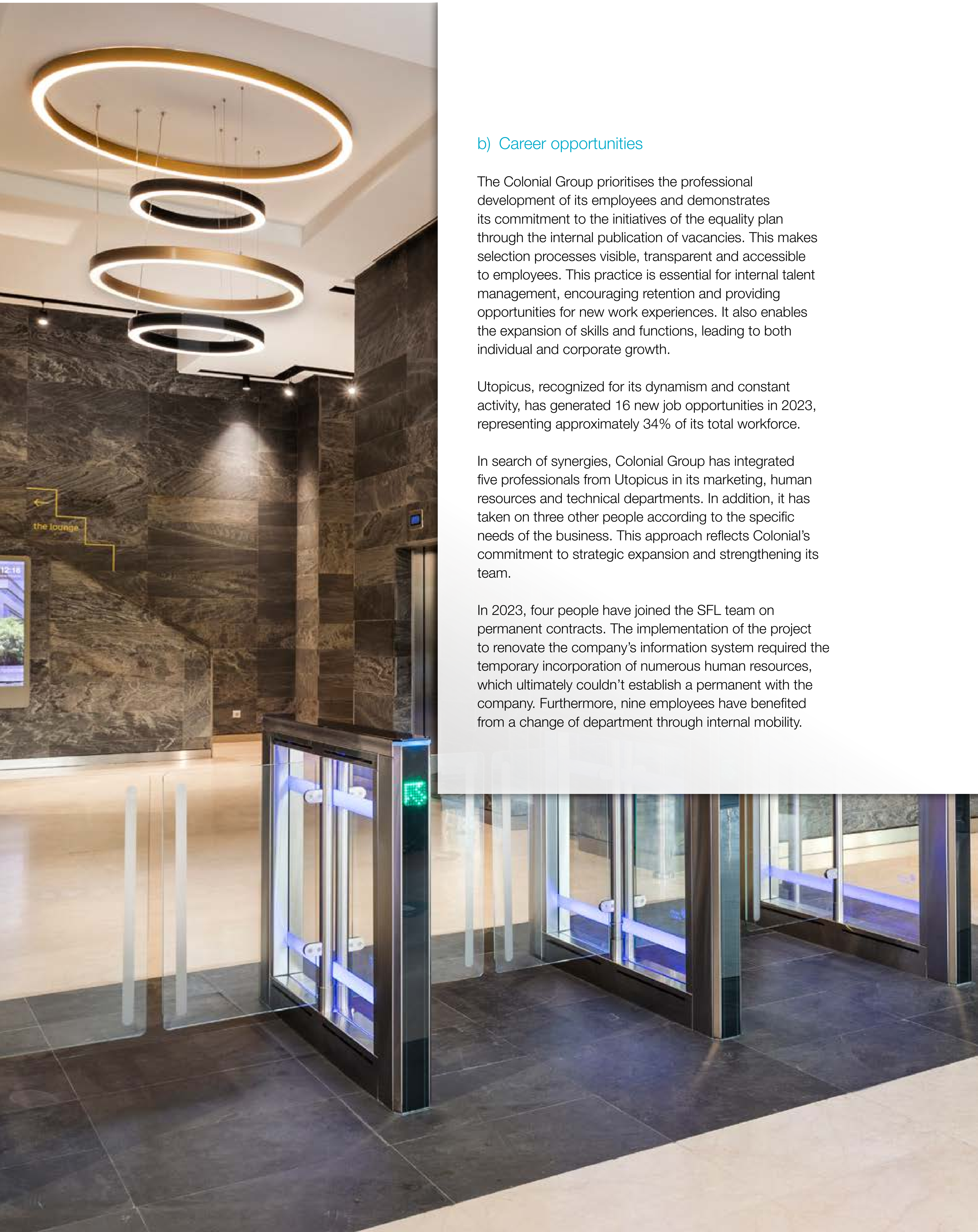
Turnover and turnover rate by age, gender and professional category for Colonial Spain and SFL

In relation to employee turnover (employees leaving), we have registered 42 leavers, two more than in 2022, representing a turnover rate of 18% at Group level. It is important to note that the turnover rate of the property business, which includes Colonial Spain and SFL (representing 80% of employees), was 10%, much lower than that of the flex business, comprising Utopicus (representing 20% of employees). This is because the flex business is still consolidating. This decrease brings us closer to our goal of empowering and retaining professionals who share the company's current and future values and aspirations.

	2023		2022	
Turnover	Total	Turnover rate	Total	Turnover rate
Gender				
Female	11	10%	5	5%
Male	8	11%	6	8%
Age				
Under 30	6	28%	2	12%
30-50	8	8%	6	6%
Over 50	5	8%	3	5%
Country				
Spain	4	4%	6	6%
France	15	20%	5	7%
Total	**19**	**10%**	**11**	**6%**

Terminations

	2023	2022
Job category		
CEO, General and Area managers	2	0
Technical graduates and middle managers	0	1
Administrative staff and others	2	0
Age		
Under 30	1	0
30-50	3	1
Over 50	0	0
Gender		
Female	3	0
Male	1	1
Total	**4**	**1**



b) Career opportunities

The Colonial Group prioritises the professional development of its employees and demonstrates its commitment to the initiatives of the equality plan through the internal publication of vacancies. This makes selection processes visible, transparent and accessible to employees. This practice is essential for internal talent management, encouraging retention and providing opportunities for new work experiences. It also enables the expansion of skills and functions, leading to both individual and corporate growth.

Utopicus, recognized for its dynamism and constant activity, has generated 16 new job opportunities in 2023, representing approximately 34% of its total workforce.

In search of synergies, Colonial Group has integrated five professionals from Utopicus in its marketing, human resources and technical departments. In addition, it has taken on three other people according to the specific needs of the business. This approach reflects Colonial's commitment to strategic expansion and strengthening its team.

In 2023, four people have joined the SFL team on permanent contracts. The implementation of the project to renovate the company's information system required the temporary incorporation of numerous human resources, which ultimately couldn't establish a permanent with the company. Furthermore, nine employees have benefited from a change of department through internal mobility.

c) Active and dynamic organisation

Colonial Group adapts to the client's pace to offer the best service thanks to our organisational and business management. Our solutions are materialised through the company's team, which is made up of employees with various levels of experience and knowledge in the sector. Beyond attracting talent in the early stages of their careers, we focus on accompanying and fostering the growth of employees throughout their entire profesiional cycle, including the final stages of their careers.

Colonial forms alliances with external suppliers that guarantee advice aimed at boosting the professional development of its employees. This initiative provides specific benefits designed to assist employees in times of separation by offering specific advantages to ease their transition to new career projects. These benefits include strengthening labour market knowledge and exploring more viable career alternatives within the company. Specifically, the initiative offers:

- Specialised, individual support.
- Implementation of job search methodologies.
- Increased networking with respect to recruitment agencies and head hunters.
- Organisation of training sessions: The candidate will be able to attend individual and team training sessions. Examples include:
  - Personal branding.
  - Networking.
  - Interim management.
  - Competency-based interviews.
  - LinkedIn Advance.
- Online training: The person will have thirty hours of training based on the following concepts:
  - Interpersonal skills.
  - Leadership and management skills.
  - Sales skills.
  - Business skills.

To support people who wish to move from Colonial to a new project, we offer the following benefits:

- **Emotional assistance**: To overcome disengagement with a positive attitude.
- **Orientation**: Defining personal objectives and designing strategies to achieve them, always bearing in mind the reality of the employment market.
- **Optimising the value of each individual**: Empowering and valuing people, selecting the right market channels.
- **Self-awareness**: A self-assessment exercise to identify strengths and establish opportunities and areas for improvement.

d) Analysis and digitisation of human resources

This project is based on the optimisation of processes and times in the management of the different human resources functions, taking advantage of the benefits and facilities offered by this digital technology.

The SAP SuccessFactors application, to be launched in January 2024, will help elevate employees' experience of their personal and company information, such as their contract details, salary, withholding tax data, work schedule, holiday and rest period requests, working hours, etc. It will also facilitate two-way communication through an employee suggestion box. In addition, the employee portal will communicate news and internal procedures and make available to employees all kinds of documentation that may be of interest to them.

e) Industrial relations and works councils

The Colonial Group is committed to complying with the provisions of the International Labour Organisation (ILO) conventions, including respect for freedom of association and the right to collective bargaining.

In accodance with current legislation, there is an employee representative body in all Group companies that is ready to collaborate in circumstances where the needs and concerns of the employees of each company so require.

Colonial has two employee representation bodies depending on the number of employees at each of its work centres and in accordance with the regulations that govern them: In Barcelona, there is a works council, composed of five members elected in an election process held in 2022, while at the Madrid site, employees are represented by an employee delegate. In practice, the operation is that they come together and coordinate as a single works council representing both offices and propose global actions for Colonial.

In Spain, Colonial's employees are covered by the provincial collective bargaining agreements for the construction sector. In September 2023, the 7th General Collective Bargaining Agreement for the construction sector was registered and published.

Over the course of 2023, a number of successful agreements have been reached:

In Colonial, after several years of negotiation, an agreement has been reached with the employees' representatives on variable remuneration, professionalising the system and covering new parameters of interest that include ESG objectives for managers. In addition, the process of setting annual objectives has been materialised in the CCC performance assessment tool.

This agreement culminated in July with a general assembly of all employees in which 87% of the employees participated voluntarily and actively and, of that group, 95% expressed their approval of the proposed agreement. Finally, a collective agreement was signed by 100% of the employees concerned. In this way, Colonial confirms its commitment to involve the social side in all matters that have an impact on it.

Furthermore, Utopicus continues with its employees' delegation, which last year consisted of four female employees: three representing Madrid and one representing Barcelona. On a quarterly basis, this body, together with the company's representatives, meets to discuss issues of common interest, and during this year a number of benefits for employees in terms of remuneration have been negotiated with the aim of implementing them in 2024. The agreement governing activity at Utopicus is the advertising agreement for employees in both cities.

At SFL, the employees' delegation to the CSE (Economic and Social Committee) is composed of six employees representing all departments of the company. The role of this body is to submit individual or collective complaints to the employer (wages, legal provisions, agreements and arrangements applicable in the company) and to contribute to the promotion of health, safety, quality of work and working conditions in the company. The CSE also ensures that employees can express their views collectively. Thus, employees' interests are taken into account in decisions on the following points: management, economic and financial development of the company, work organisation, vocational training, etc. Finally, the ESC is informed and consulted on issues relating to the organisation, management and general running of the company.

In 2023, several agreements were concluded with the trade union delegation in the framework of a rich and permanent social dialogue: wages, teleworking, sustainable mobility package and employee savings schemes.

In addition to the collective agreements signed within the company, SFL's collective statute is governed by two collective agreements: *Convention collective nationale de l'immobilier* and *Convention collective nationale des gardiens, concierges et employés d'immeubles*.

98% of the Group's employees are covered by a collective bargaining agreement. The table below shows the percentage of employees covered by collective bargaining agreements by country:

% of employees covered by collective agreement

	2023	2022
Spain	98%	99%
France	100%	100%
Group	**98%**	**99%**

The relations of each subsidiary with their respective works councils are close and daily, as we consider these bodies as a source of coordination, creation and promotion of our values and culture, which are key to promoting a more social and egalitarian company.

f) Reorganisation management

In the event of a reorganisation of the company, the company is willing and committed to continue to involve its social partners and employees' representatives, located in the Works Council, in order to find the best solution between the parties. There are tools that have been used in these cases, such as early retirement, internal mobility programmes and outplacement services, for example.

5.8.2 Human capital and talent development

a) Recruitment and selection initiatives

Attracting and retaining talent is another key aspect of managing our human capital within the group. This is why we implement a variety of recruitment and selection initiatives each year, adapting to the specific needs, which often differ from one subsidiary to another within the group.

Furthermore, the various initiatives for incorporating young talent allow us to actively participate in their integration into the world of work. In addition, it is a factor of cohesion and belonging to the team thanks to the involvement and support of the tutors. It is an excellent opportunity for them to put into practice the theoretical knowledge acquired in their schools, to become professional and to have a concrete and tangible vision of the business world.

- **Job fairs and collaboration with universities:**

  A shared activity between Colonial and Utopicus is to attend different annual job fairs attended by university and/or educational institutions and students. We would like to present the group, the subsidiaries and the various career opportunities we offer. Specifically, in 2023 we attended two job fairs at Pompeu Fabra University and IE Business School (Real Estate Career Day).

  Moreover, Colonial collaborated with ESADE in the 14th edition of the "Innovation Quest", the largest event organised by the ESADE Foundation for the top 300 students, both national and international. A cross-company team, including three managers, took part in this great event that we sponsored.

  Colonial participates in this event along with thirty other companies with the common and social objective of stimulating students' strategic vision of different businesses.

  Over the course of a whole day, a series of events take place to accompany the students in this consultancy project, with the aim of helping them develop and propose solutions that reflect their vital moment, their concerns and their way of seeing and understanding the future of work.

Specifically, the event opens with a presentation of the company to the students by the Colonial team, followed by an explanation of a business case that they will have to solve over the next six hours. After a lunch with the students, during which impressions are exchanged and doubts are discussed, the presentations of the resolutions of the cases and their defence before the jury take place.

The winning team will have the opportunity to participate in an internship at Colonial and will become part of our "young talent" pool.

Finally, and also with ESADE, we participated in the "Skills Development Week". Over the course of a week, a series of practical sessions, workshops and events take place on talent-related topics that enhance students' career management and employability: CV *Review*, the interview, the selection process or Linkedin, among others.

All these initiatives, as well as the scholarships offered each year, are the actions that allow us to maintain our pool of talent. This past year we have signed collaboration agreements with the Autonomous University of Barcelona (UAB), ESADE, the Instituto de Empresa (IE), ESCP Business School and the Carlos III University of Madrid.

As evidence of the above, two trainees were promoted in 2023: one of them to take up a junior position in the Corporate Development area at Colonial and another one at Utopicus who was awarded a position in our *Summer Programme.*

- **Summer programme and commitment to young talent: integrating university and business**

Throughout the year, various career opportunities are offered to students. However, Utopicus focuses more specifically on the summer months, the time of year when young talents from different universities in Madrid and Barcelona participate in this project to respond to the needs of this business.

The programme focuses on offering a holistic and complete vision of the company so that these young people can choose and direct their professional career towards the area in which they are most motivated to develop.

In this way, the participants carry out various tasks, among which direct customer service and space management predominate, both under the supervision of the respective managers. In addition, each participant is given the opportunity to collaborate individually with any other department on their own projects (e.g. Marketing, Finance, Human Resources, etc.) if these are of interest to their future career.

In addition, as a group, they are given a business challenge to research and develop proposals and solutions to present at the end of the programme. For this challenge, they are continuously trained in project management.

Finally, to complete the experience and make it 360º, each student has a tutor who accompanies him/her during the programme in the development of competences and skills. These tutors are voluntary employees with whom we have previously worked to identify and define competences in order to be able to act as guides.

Thus, our summer programme includes the development of both hard skills and soft skills in an integrated manner, which allows us to give these young people a competitive advantage in terms of experience and personal and professional growth in the market. The remuneration granted in this programme is above any internship offered by our competitors, a factor that acts as an impulse to generate employment from the beginning of the working career and prevents students from dropping out and becoming demotivated.

This programme also extends to the well-being of our teams, as it provides a balanced rest for our professionals during the summer season. For Utopicus it is important to achieve a good balance between family and social interests and our social commitment to generate value in the communities and localities in which we operate.

This is also the case for SFL, which each year welcomes students under work-study contracts or professionalisation contracts to support them in the world of work and to promote the real estate sector in the schools and universities that train their future professionals. As part of the work-study programme, young people benefit from theoretical learning and its practical application in business and acquire a state-recognised certification.

In 2023, SFL hired two young people under an apprenticeship or professionalisation contract.

Furthermore, experienced profiles find Colonial Group an attractive place to work due to its prestige and leadership in the prime office sector. Being a Great Place To Work (GPTW) company endorses us as such and through different forums such as conventions, meetings, social media, etc. we disseminate this information to attract the most interesting profiles for our organisation.

b) Performance assessment tools and career plans: Colonial Career Conversations and Performance & Potential Picture

The performance appraisal process is professionalised by two main tools:

- **Colonial Career Conversations (CCC)**, based on the conversational coaching method. Aims to empower each individual by providing them with freedom to manage their personal and professional development and growth in a constructive way. The process starts in Colonial and Utopicus at the beginning of the year with a key conversation between the person being evaluated and the evaluator about these aspects. At mid-year, a check point is held, where these people discuss again the progress of the achievement of objectives, possible obstacles and readjustment if necessary.

  On the basis of the CCC, objectives and projects are determined and distributed for all company employees, unifying the criteria and ensuring professional challenges for all employees. Training needs are also identified, which are prioritised in order to train employees both technically and in terms of skills. This tool also enables the performance evaluation process to be carried out.

  Every year, both business areas train all employees in what performance appraisal is, how it is carried out thanks to the CCC tool and some basic aspects such as feedback or the SMART methodology for goal setting. The annual repetition of this process since its implementation is allowing employees to increasingly internalise the performance appraisal policy and the use of the tool. Employees work to deliver value through their objectives and thus have a benchmark of the value they bring to the company during the financial year.

- **Performance & Potential Picture (PPP)**: Human Resources updates its tool for internal use to identify organisational talent, development capabilities and key business positions. The aim of this instrument is to have a talent matrix via an interactive organisation chart showing organisational actuality with respect to different criteria: performance, potential, emergency cover, retention, succession and talent. This tool is the basis for implementing action plans, as well as for managing the organisation's capacities.

  At the end of 2023, we launched the tool in accordance with the annual talent process schedule and it has been used as a fundamental instrument for gaining in-depth knowledge of the workforce.

In our French subsidiary, as part of its employee skills development policy, individual interviews are organised to assess the achievements and skills of each employee and to determine their training needs. Every two years they are supplemented by professional interviews that allow an individualised approach to the employee's planned professional development and are subject to a review every six years. The digitisation of this process facilitates the conduct of these interviews and ensures the traceability of these exchanges and their follow-up.

c) Supporting programmes: coaching

For Colonial, talent development is one of its priorities. For this reason, each year we implement processes to support our employees. These initiatives can arise both from the employee, who requests this support in his or her CCC, and from Human Resources, which identifies, together with managers and directors, those people who are at a key moment in their professional career.

Specifically, four coaching processes were launched in 2023 with employees of different categories (directors, managers and non-managers).

As for the process itself, it is part of the PDP (Personal Development Plan) programme, an internal development programme at Colonial that allows the coachee, before the coaching process, to become aware of their strengths and areas for improvement, promoting self-knowledge and awareness of the areas of work to progress in their professional career.

In addition, participants in these processes are provided with psycho-technical tools to help them understand, from an objective and functional perspective, how and where to direct improvement efforts.

d) Training

The Colonial Group fosters a culture of continuous learning and individual responsibility for careers. In this way, employees are encouraged to become aware of their strengths and areas for improvement, and empowered to create an action plan that enables them to be resilient to their professional goals.

All training that takes place within the group's subsidiaries is based on the commitment to improvement and learning expressed by the employee in the corresponding evaluation tool.

The group adapts training plans to the needs and circumstances of each of its subsidiaries, thus adapting resources to strategic plans while monitoring market trends in the acquisition of new skills and competencies and fostering peer learning, based on individual knowledge and the group's best practices.

As the purpose of the Training Plan is to enable employees to perform their current and future jobs in such a way that they can contribute value and meet the strategic challenges, the training needs that will make up the plan are set out each year. These needs are approved by the area managers and the CEO, to be subsequently driven by each manager or director according to priorities and always in line with the company's current strategy.

Human Resources monitors the progress of training actions and provides support.

The Group's Training Plan has a two-pronged approach:

1. **Group training of employees**: This is complementary to the functions of each position and aims to align knowledge between the different working groups within the organisation. It allows people to acquire transversal knowledge.

2. **Individualised training**: It is determined through each employee's CCC and is closely related to the technical knowledge of the position.

In 2023, all new hires at Colonial and Utopicus received training in three subjects as part of the onboarding programme: occupational risk prevention, data protection and crime prevention.

Occupational risk prevention: For the Colonial Group, the health and safety of its employees is of paramount importance, which is why everyone who joins Colonial or Utopicus is required to take a course on occupational risk prevention. In addition, during 2023, each Colonial employee was provided with information on the risks of their job in order to avoid any accidents.

The first intervention teams are familiar with and trained according to the company's Emergency-Self-Protection Plan. During the year, several drills were carried out to put it into practice by applying the points of the general action plan. In addition, the members of this team have taken a first aid course to learn how to assist an injured person, how to perform basic CPR and how to respond to the most common injuries until the arrival of specialised personnel.

At Utopicus we have provided specific training in the use and handling of defibrillators to new staff in the operations area who had not previously received it.

With regard to our French subsidiary, the health and safety training programme has been developed in collaboration with the Economic and Social Committee (CSE), with the following actions: fire risk prevention, electrical qualification and first aid.

Data protection and crime prevention: in the same way, we focus on compliance and new hires complement their initial training with two courses: data protection and crime prevention.

These are mandatory training courses aimed at providing employees with the necessary knowledge to carry out their tasks in accordance with the regulations, guaranteeing compliance with the code of ethics and other internal regulations, as well as respect for the confidentiality of the information handled in the course of their duties.

Finally, and related to new hires and their onboarding programme, it should be noted that in 2023, in compliance with regulations, we have created an online course on workplace harassment which, in addition to having been given to all employees, will also form part of the mandatory courses for new hires. This course has been created ad hoc on the basis of Colonial's protocol on psychological, sexual and gender-based harassment and violence in the digital environment.

Moreover, as part of our commitment to health, we have launched ***Healthy Pills***, a programme aimed at promoting the wellbeing of our employees in the office, giving them the opportunity each year to receive training in areas such as first aid, ergonomics and emotional management.

Special mention should also be made of the training **provided internally** in the company, which has enabled the sharing of the expert knowledge that employees possess in certain areas. This year in particular, training has been given in the areas of CapEx, OpEx and European taxonomy.

In the same vein, SFL also developed an innovative programme in 2023 called *Tous Formateurs* (all trainers). The aim of this initiative, which promotes internal training, is to make SFL a learning organisation: in addition to traditional training systems, employees enrich each other by training in their respective competencies and learn from each other. These customised training courses respond to an internal need while promoting the individual skills of employees and strengthening their bonds.

In the framework of this system, the sessions organised during the past year focused in particular on the following topics: commercial leasing (licensing and renting), climate change, taxonomy and carbon footprint, office automation, fundamentals of financial modelling and digital strategy.

Focusing on the main topics of collective training, in 2023 we can highlight the following:

Diversity and inclusion

As reflected in the framework of our Equality Plan, our commitment to diversity and inclusion is another of our priorities, which is why every year we implement training actions to support our employees in this area.

In 2023, ***Initiating the Inclusive Path training*** was given by the **National Federation of Lesbians, Gays, Trans, Bisexuals, Intersex, and more**. The objective was to incorporate the gender perspective in our professional lives and to provide conceptual and practical tools for a better understanding of sexual and gender diversity and the LGTBI+ collective, as well as to raise awareness of situations of discrimination in the workplace.

ESG

ESG is another key pillar in our annual training plan. With a clear purpose of awareness and training, we continue to implement different actions that promote a sustainable culture and help our employees to continue acquiring knowledge in this area.

In 2023, training has been carried out in line with the group's best practices with the aim of disseminating knowledge on subjects less accessible to other functions, but relevant to the group strategy and individual awareness. These would be the ESG materiality matrix, environmental performance, recent biodiversity projects or sustainable mobility.

SFL collaborates in the creation of the Label'ID system, created by the OID (Sustainable Real Estate Observatory) with the aim of building a relevant and operational knowledge and skills base on sustainable development for all professions in the real estate sector in areas such as energy, carbon, materials, resources, biodiversity, sustainable finance, social impact, etc.

For yet another year, we continue to show our firm commitment to sustainability and seek maximum alignment with the company's strategic plan.

Leadership and team management

Colonial's entire Technical Department team, which represents almost 18% of the workforce, has taken part in a training process in leadership and team management with the aim of improving their operations on construction sites. In this respect, the incorporation of the Lean methodology has meant a paradigm shift at many levels and, above all, in terms of the leadership exercised on a day-to-day basis. This Lean approach provides the conceptual framework and tools to achieve a substantial improvement in overall effectiveness.

The training process started with the DISC assessment, which aimed to facilitate self-awareness and identify different people management styles and development challenges, and continued with the training sessions, which aimed to enhance the related skills through effective tools and guidelines.

Office skills

Word, Excel and PowerPoint are key tools that most employees use on a daily basis and therefore continue to be recurrent training within the Group.

Language skills

For its part, and continuing the work of previous years, Colonial continues to support and encourage the linguistic development of all its employees, with the aim of equipping them with the communication skills that will enable them to transcend borders, cultures, languages and ways of working.

For this reason, Colonial's entire workforce has the possibility of receiving training in English and French, financed 100% by Colonial. The format of the classes is mixed, combining a group part with an individual part.

In addition, high potential or high performers will have access to private language lessons based on the co-payment method: 80% financed by Colonial.

This language programme was also developed by SFL to enable employees to be trained in English and Spanish and to facilitate their exchanges with their counterparts at Colonial.

Cybersecurity training

Cybersecurity is very high on the list of training priorities every year. We create a culture of security in the company so that employees are responsible for information and take proactive measures to minimise risks.

The main objective of cyber security training is to help employees quickly identify and respond to potential security threats, which can minimise the impact of an attack and reduce downtime. This ranges from cyber security and the creation of secure passwords to the identification of suspicious emails and messages. They are also trained in the company's security policies and procedures and how to report security incidents.

The IT department carries out two types of actions on a monthly basis: training pills through a newsletter with specific content and a final question and phishing and ransomware mail: 33% of randomly selected employees receive a phishing mail (mail to try to obtain our private information) and a ransomware mail (simulation of the installation of a malicious file to steal and encrypt information).

Disability and awareness-raising

As part of the revision of its ethical charter, 70% of SFL's employees received awareness training on the values and principles that govern the company's activities, but also on the commitments it expects its managers, employees and partners to honour: innovation, performance, respect and social responsibility.

In addition, SFL has initiated a reflection on the implementation of a specific session to train its employees on diversity and inclusion issues.

Regarding individual training, we have had several trainings focused on specific technical needs of employees, such as, for example:

- Internal Control Accreditation Programme COSO.
- Training in Industrialised Construction New Build and Refurbishment.
- Postgraduate in Controlling.
- Introductory course on energy efficiency and application of the CE3X - Strategy for Listed Real Estate tool.
- Real Estate Specialisation Programme: Valuation, Modelling and M&A.
- Practical Course on Labour Law.
- Online Programme Economics and Finance in the Real Estate Sector.
- EMEA Investment Banking Training Course Outline.
- GCIP - Global Compensation Immersion Programme (World at Work).
- Bayes CPD course: Understanding the REIT Price.

Both collective and individualised training sessions have been carried out by experts in different fields such as Morgan Stanley, Universidad Politécnica de Madrid, INSEAD, EPRA, People Matters, ESADE, Instituto de Empresa or City University of London, among others.

In addition, Utopicus has tripled the number of training hours compared to the previous year, prioritising the collective modality so that no worker is left out of this process. This training has focused on business-critical topics such as customer service, sales techniques, team management, productivity and wellbeing and OHS.

In this context, the Group intends to devote more than 2.5% of its payroll to training each year. This year, 10,447 hours of training were provided to employees, 33% more than in 2022.

Ultimately, our group training policies aim to:

- Ensure access to continuous training for all employees.
- Anticipate technical, legal and environmental developments in the sector to improve the professionalism of employees and enable them to perform their duties to the best of their ability.

Total participation in training 2023

SDG 4: Quality education

	Trend in indicators		
	2023	2022	Var.
With the goal of empowering its employees, Colonial invests heavily in the development of its human capital with training and evaluation plans. Ensuring that all employees have professional growth objectives is vital to make teams motivated and ambitious.	10,447 hours of training	7,828 hours of training	33%
	42.2 hours of training per employee	32.5 hours of training per employee	30%
Strategies/Lines of Action ▪ Training Plan	101%(1) employees trained	96% employees trained	+5 pp

(1) All the employees who were part of the company in 2023 have been considered.

Colonial is distinguished by its people, a knowledgeable and experienced team within an organisation that is sensitive to the technical development of professions and the technological progress of tools. Our social commitment invites us to raise our teams' awareness of the environment and generate value in the environment in which we operate. This translates into a commitment to continuous, innovative and responsive learning. With a medium and long-term vision, to adapt technically and intellectually to new challenges. The whole organisation is involved in identifying learning needs: the employee from the CCC tool, the manager in the performance appraisal process and professional development conversation, and the works council, with whom we share annual training plans. This has meant a 33% increase in our training hours and an 30% increase per employee.

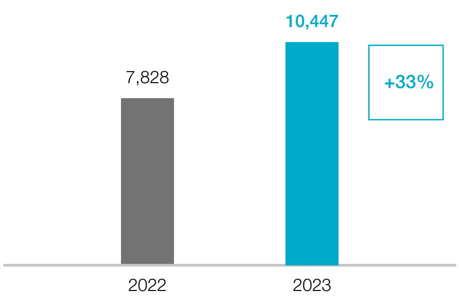
Each year, the Group is committed to training and strives to find new solutions to strengthen the development of its people. This firm commitment to training has resulted in a total of 10,447 training hours in 2023, of which 6,492 hours correspond to Colonial Spain, 1,235 hours correspond to Utopicus and 2,721 hours correspond to SFL. This translates into an average of 42.2 hours of training per employee, equivalent to 5.3 working days. The data demonstrates the Group's commitment to the training and professional development of its workforce, as well as the continued success of the Group's Human Resources Strategic Plan.

Hours of training by professional category, gender and country

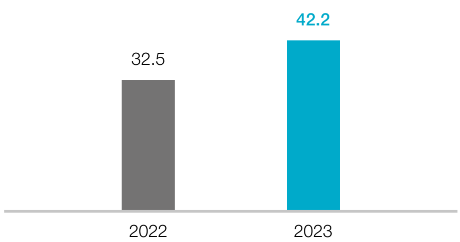
	2023			2022			Change		
	Spain	France	Group	Spain	France	Group	Spain	France	Group
Job category									
General and Area Managers	342	116	457	290	183	473	18%	–37%	–3%
Technical graduates and middle managers	1,157	1,567	2,724	961	1,017	1,977	20%	54%	38%
Adminustrative staff	6,228	1,039	7,267	5,085	294	5,378	22%	253.8%	35%
Total	**7,727**	**2,721**	**10,447**	**6,335**	**1,493**	**7,828**	**22%**	**82%**	**33%**
Gender									
Male	2,711	907	3,618	2,329	577	2,906	16%	57%	25%
Female	5,016	1,814	6,830	4,006	916	4,922	25%	98%	39%
Total	**7,727**	**2,721**	**10,447**	**6,335**	**1,493**	**7,828**	**22%**	**82%**	**33%**

Hours of training

Provided



Per employee



The hours of training by subject, country, and gender in 2022 and 2023 are shown below.

This year, the Group has dedicated efforts to expand and offer more training in equality and diversity. For this reason, we have decided to reflect in the table a new training category focusing on equality, diversity and inclusion.

Hours of training by subject, country and gender – 2023

	Spain			France			Group		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total general training	**2,075**	**3,510**	**5,585**	**359**	**687**	**1,045**	**2,433**	**4,197**	**6,630**
Environmental sustainability	26	42	68	0	0	0	26	42	68
Equity, diversity and inclusion	46	78	124	0	0	0	46	78	124
Ethics and compliance	124	190	313	0	0	0	124	190	313
Languages	1,544	2,487	4,031	285	515	800	1,829	3,002	4,831
Occupational health and safety	70	174	244	53	70	123	123	244	367
Social Skills	181	348	529	0	95	95	181	443	624
Technology, Data and IT	84	192	276	21	7	28	105	199	304
Other	0	0	0	0	0	0	0	0	0
Total technical training	**636**	**1,506**	**2,142**	**549**	**1,127**	**1,676**	**1,185**	**2,633**	**3,818**
Total	**2,711**	**5,016**	**7,727**	**907**	**1,814**	**2,721**	**3,618**	**6,830**	**10,447**

Hours of training by subject, country and gender – 2022

	Spain			France			Group		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total general training	**1,930**	**2,986**	**4,915**	**479**	**663**	**1,142**	**2,409**	**3,649**	**6,057**
Environmental sustainability	12	0	12	14	7	21	26	7	33
Ethics and compliance	70	186	255	0	0	0	70	186	255
Languages	1,784	2,655	4,439	270	495	765	2,054	3,150	5,204
Occupational health and safety	64	145	209	56	70	126	120	215	335
Social Skills	0	0	0	98	56	154	98	56	154
Technology, Data and IT	0	0	0	14	28	42	14	28	42
Other	0	0	0	27	7	34	27	7	34
Total technical training of the position	**323**	**901**	**1,224**	**98**	**253**	**351**	**421**	**1,154**	**1,575**
Total	**2,253**	**3,887**	**6,139**	**577**	**916**	**1,493**	**2,830**	**4,803**	**7,632**

As a result of the focus and drive on the professional development of the Group's employees, €345,842 was invested in training activities in 2023. Investment in training as a proportion of total expenditure on remuneration was 1.5% in Spain and 1.4% in France.

A large number of professionals are trained annually in the Colonial Group's service. In 2023, 240 employees were trained, equivalent to 101% of the Group's workforce, an increase of 5% compared to 2022. When calculating the training hours, all employees who were part of the company in 2023 were considered. For this reason, the number of trained employees is slightly higher than the number of the registered workforce as at 31 December 2023.

Number of employees trained by the Group by gender and country

	2023			2022			Change		
	Spain	France	Total	Spain	France	Total	Spain	France	Total
Gender									
Male	64	26	90	61	20	81	5%	30%	11%
Female	105	45	150	113	37	150	–7%	22%	0%
Total	**169**	**71**	**240**	**174**	**57**	**231**	**–3%**	**25%**	**4%**
% employees trained	**104%**	**95%**	**101%**	**104%**	**77%**	**96%**	**–1%**	**23%**	**5%**

5.8.3 Total Reward

By total rewards we refer to all those aspects that form part of the Colonial Group's employee remuneration package: fixed salary, variable salary, social benefits, recognition, development and well-being. During the first quarter of 2023, our remuneration model was further analysed in depth, following market practice and the principles of fairness and equality.

Supported by external advisors, all business units were examined in depth in order to understand our competitiveness in increasingly sophisticated talent attraction and retention markets. As a whole, fixed remuneration, variable remuneration, long-term retention plans, social benefits and recognition, development and well-being policies are designed to provide Colonial with competitive policies to attract, retain, engage and motivate our employees. The fixed part of the salary is reviewed annually to ensure that it is in line with the pillars of the Total Reward Policy, the market and the Equality Plan.

The analysis and creation of a competitive total rewards package is a key aspect that is worked on every year from a gender equality perspective, taking into account internal and external equality along with the following points:

- For each employee: contribution, value addition and impact on results.
- Principle of equal remuneration for men and women.
- Market salary data, from national surveys or the industry.

Moreover, the Colonial Group's total reward policy is structured on the following pillars:

- The suitability of remuneration for each position. Tools are used to assess the contribution (CCC), alongside market surveys for the sake of objectivity.
- Equal opportunities. The remuneration policy is based on the recommendation of external experts who are continuously advising the Group on market practices.
- Competitiveness with respect to the market. Colonial looks outwards and wants its offer of employment, development, compensation, professional and personal growth to be competitive in the market.

Colonial has a wage review process in place that runs from December to March this year. This process, for the two companies in Spain, involves the CCC employee assessment tool, meetings with each of the managers of the different areas, as well as with the CEO. Each year, in this process, pay equity is worked on and refined, as well as the management of any gender or diversity gaps.

In terms of remuneration, 2023 was a year in which actions were implemented as a result of the reflection carried out in 2022, a year of reflection, understanding the market and questioning whether our variable remuneration models meet the best standards of salary guarantees, employee satisfaction, adaptation of costs to the evolution of the market and contribution of value.

This is a year in which we have focused mainly on the variable remuneration of the Group and of each business unit with the main objective of ensuring its alignment with the company's strategic objectives, our remuneration principles of fairness, market and business relevance, contribution of value and commitment to the organisation and the project.

a) Aligning value and contribution in our property management business

In 2023, the variable remuneration model for employees has been rethought with the help of the Works Council. Negotiations were concluded in June with a new variable remuneration policy whose main feature is to maximise the alignment of managers' objectives with financial and non-financial (ESG) objectives, complemented by the enhancement of the individual contribution:

1. Business results.
2. Annual ESG performance.
3. Individual contribution.

b) Aligning value and contribution in our flexible business

Utopicus adjusts its variable remuneration model to the new business needs following recent organisational and strategic changes. The objectives of this model are based on turnover and customer satisfaction criteria, fundamental pillars for the success of the business, and always responding to market parameters.

Furthermore, the flexible office subsidiary is setting up a remuneration system with the aim of retaining talent and is launching the first CV Referral Programme, in which employees can benefit from a financial reward if they recommend a candidate when a vacancy arises.

c) Aligning value and contribution in our French subsidiary

In order to encourage the professional development and commitment of its employees, SFL has implemented a fair, attractive and motivating remuneration policy, the competitiveness of which is ensured in particular by a sector study in which the company participates every two years.

All employees receive a fixed salary and an individual variable component, as well as collective remuneration schemes (profit-sharing, incentive schemes, etc.) based on company results and performance. It may be supplemented by the allocation of bonus shares, the number of which also depends on the company's performance in its sector of activity. Finally, it includes various financial benefits for all employees (matching contributions to the retirement savings plan, monetisation of fixed-term savings accounts, universal service employment vouchers, sustainable mobility package, meal vouchers, etc.).

d) Social benefits

The third means of compensation is made up of the social benefits available to the workforce. Along these lines, the Colonial Group offers some general benefits and specific benefit plans for each area of business and country. In 2023, these benefits were maintained and distributed as follows:

Common social benefits in Colonial Spain and SFL

Thousands of euros	2023	2022	Change
Health insurance	350	318	10%
Life and accident insurance	204	181	12%
Meal vouchers	305	249	22%
Total	**859**	**749**	**15%**

Specific social benefits of Colonial Spain

Thousands of euros	2023	2022	Change
Parking Places	0	0	0%
Christmas hamper, Christmas dinner, gift baskets, company events and others	165	206	–20%
Total	**165**	**206**	**–20%**

SFL specific social benefits

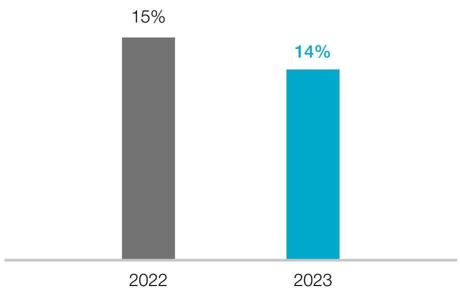
Thousands of euros	2023	2022	Change
Pension plan – PERCO(*)	256	262	–2.2%

(*) PERCO stands for "Plan d'épargne pour la retraite collectif", a business savings system used in France.

e) Commitment to closing the pay gap

The Colonial Group is committed to reducing the gender pay gap. This commitment is defined within Colonial's Equality Plan, which provides for equal pay for men and women for equal work and a salary review with common criteria for both sexes. For more details, see the section on Equality, equity and diversity policies.

Colonial Spain global pay gap



Pay gap by professional category (Colonial Spain)

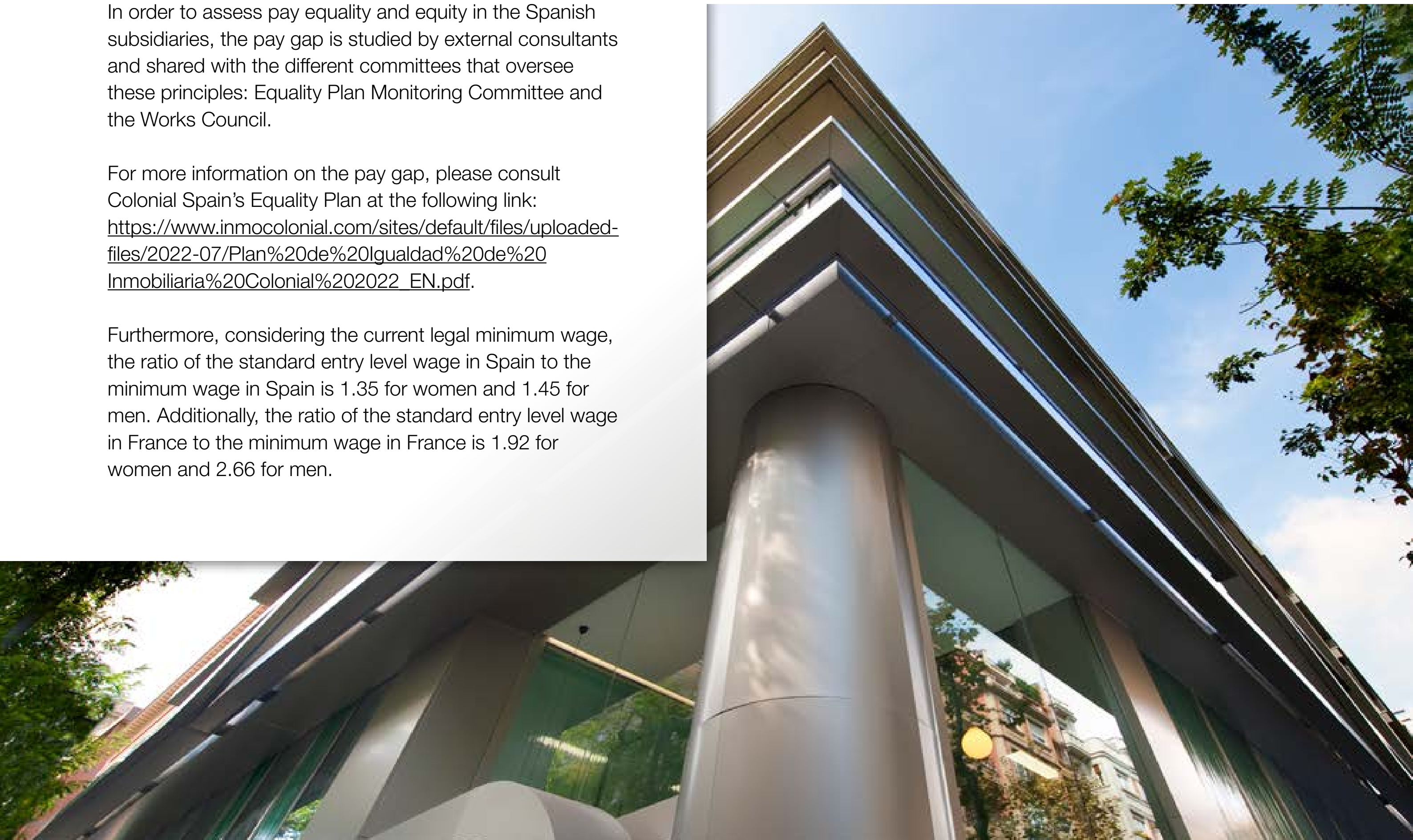
Professional category	2023	2022	Trend
General and area management(*)	–45%	–67%	22
Technical graduates and middle managers	25%	23%	2
Administrative and other	9%	15%	–6

(*) Executive Directors excluded.

In order to assess pay equality and equity in the Spanish subsidiaries, the pay gap is studied by external consultants and shared with the different committees that oversee these principles: Equality Plan Monitoring Committee and the Works Council.

For more information on the pay gap, please consult Colonial Spain's Equality Plan at the following link: https://www.inmocolonial.com/sites/default/files/uploaded-files/2022-07/Plan%20de%20Igualdad%20de%20Inmobiliaria%20Colonial%202022_EN.pdf.

Furthermore, considering the current legal minimum wage, the ratio of the standard entry level wage in Spain to the minimum wage in Spain is 1.35 for women and 1.45 for men. Additionally, the ratio of the standard entry level wage in France to the minimum wage in France is 1.92 for women and 2.66 for men.



5.8.4 Equality, Equity and Diversity Policies

a) Equality Plans

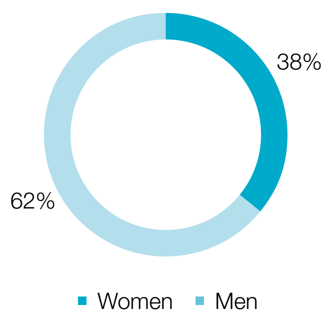
The Colonial Group's relationship with its employees (and that of its employees with each other) is based on mutual respect and equal treatment and opportunities.

The following table shows the gender diversity in the Colonial Group broken down by employment group:

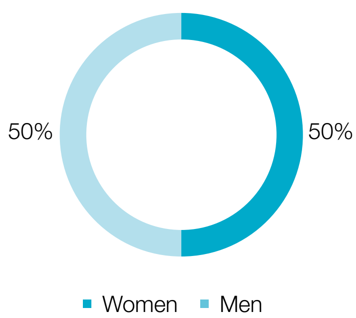
	2023				2022			
	Women		Men		Women		Men	
	N.º	%	N.º	%	N.º	%	N.º	%
Board of Directors	5	38%	8	62%	4	36%	7	64%
Colonial Management Committee	4	50%	4	50%	4	50%	4	50%
Group Managers(*)	44	51%	42	49%	49	54%	42	46%
Rest of the staff	96	67%	47	33%	99	70%	42	30%

(*) This includes the heads of SFL and Utopicus, as well as the Group's technical graduates and middle management.

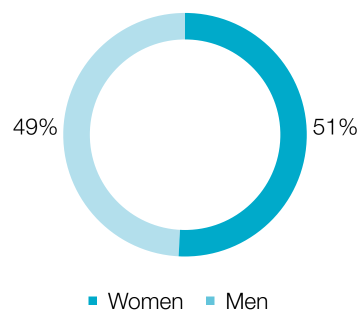
Board of Directors



Colonial Management Committee



Group Managers



The Colonial Group has an equality plan for each of the companies that make up the Group, and each plan has been drawn up under the same criteria and has the same strategies.

The Colonial Group maintains a very strict approach to compliance with the policies of equity, generational diversity and intellectual diversity.

The objective is to incorporate a gender equality perspective in order to eliminate discrimination. In keeping with its Code of Ethics and Sustainable Development Goals (SDGs), the Colonial Group rejects any kind of discrimination in relation to personal, physical or social issues. It also supports equal treatment for men and women in terms of access to employment, training, promotion and working conditions.

General objectives of the plans:

- Ensure equal treatment and opportunities for women and men in the company.
- Integrate a gender perspective into the company's culture.
- Homogenise equality and gender perspective criteria in all areas of the company.

Specific objectives of the plans:

- Ensure equal pay for all posts: equal value, equal pay.
- Facilitate a work-life balance for employees.
- Encourage the incorporation of women into the company and their access to positions of responsibility.
- Commit to ensuring equal pay where gender inequalities are identified.
- Promote the occupational health of female employees from a gender perspective.
- Foster recurrent evaluations of the principle of equality and its application in the company.
- Use gender-neutral forms of internal and external communication.

Commitments acquired by the Colonial Group:

- Ensure that collaborating companies have equality plans in line with regulations.
- Striving to obtain, as possible, the same number of female and male candidates in recruitment processes.
- Encourage greater diversity (gender, age, ethnicity, etc.) in the workforce across all professional categories.
- Guarantee equal access to training opportunities for women and men.
- Equal paternity and maternity rights with the aim of protecting the interests of newborns and children.
- Define the training actions necessary to reintegrate employees into the company after maternity or paternity leave.
- Ensure that pay differentials are based on performance, contribution, knowledge and impact on the organisation.
- Colonial expressly prohibits any manifestation of violence, abuse of authority or any kind of harassment, whether physical, psychological or moral, as well as any other conduct that may generate an intimidating, offensive or hostile working environment for people. To this end, Colonial has an internal protocol for dealing with situations of harassment in the workplace, which is available to all employees and included in its Equality Plan.

Each equality plan remains in force for four years. Reports are made to a joint monitoring committee comprised of employee representatives from each company. Monitoring is carried out on a quarterly basis.

SDG 5: Gender equality / SDG 10: Reduced inequalities

	Trend in indicators		
	2023	2022	Var.
In line with its Code of Ethics, the Colonial Group rejects any kind of discrimination in relation to personal, physical or social characteristics of its employees. It also supports equal treatment for men and women in terms of access to employment, training, promotion and working conditions.	61% women in the Group	63% women in the Group	–2 pp
Strategies/lines of action ▪ Encouraging greater diversity (gender, age, origin, etc.) in the workforce across all professional categories. ▪ Guaranteeing equal access to training opportunities for women and men and ensuring that pay differences are based only on performance, contribution, knowledge and impact on the organisation. ▪ Equalising paternity and maternity rights with the aim of protecting the interest of newborns and children.	38% women on the Board	36% women on the Board	2 pp

Furthermore, through its code of ethics that is applicable to the entire Group, Colonial is committed to maintaining a work environment free of any discrimination based on gender, race, sexual orientation, religious beliefs, political opinions, nationality, social origin, disability, age or any other personal, social or physical condition of its professionals.

In addition, new actions of the equality plans have been implemented:

- Inclusive language training.
- Co-responsibility and work-life balance training.
- Training in preventive measures against sexual and moral harassment.
- Psychological support for parents, pregnancy terminations and adoptions.

More than 75% of these measures were fulfilled in the first year after they were published.

Utopicus Equality Plan

In 2023, the Utopicus Equality Plan has been monitored through regular meetings between the Equality Committee and the company. In addition, work has been carried out to carry out a new action that was not contemplated the previous year: redefinition of the professional classification to adapt it to the new organisational model and to ensure there are no gender differences. Thus, 100% of the actions reflected in the Plan are fulfilled.

SFL Equality Plan

In accordance with the values of the Colonial Group, SFL subscribes to various commitments in terms of professional equality and support for people with disabilities.

In 2020, the company signed a new three-year agreement on professional equality between women and men that includes a set of measures accompanied by targets and progress indicators in the following three areas:

- Recruitment and access to employment.
- Professional training.
- Actual remuneration.

As an extension of this agreement by which it sought to reaffirm its commitment to respect the principle of non-discrimination between women and men, SFL confirms its commitment to the promotion of professional equality through the index that it calculates and publishes each year on the basis of four indicators:

1. Pay gaps.

2. Differences in the rate of increase.

3. Percentage of female employees who received a raise in the year following their return from maternity leave.

4. Number of employees of the under-represented sex among the ten highest paid employees.

In 2023, the index thus calculated yielded a score of 91 points out of 100, an increase of 4 points over the previous year's result. Also, this year, the company's internal regulations were amended to include the appointment of a sexual and moral harassment representative.

In addition, the French company supports the professional integration of people with disabilities through an annual grant to LADAPT and has also signed a leasing contract with a company that employs and trains disabled employees. In addition, in recent years, various works have been carried out in order to adapt the spaces to people with reduced mobility, which has meant that 98% of the assets in operation are accessible to people with these difficulties.

SFL also undertakes to respect the principle of non-discrimination on grounds of age. The average age within the company is 43: by 31 December 2023, employees aged 30 and over represent 84% of the registered workforce, compared to 16% of those under 30.

As part of its policy to support the professional integration of employees with disabilities, SFL renewed in 2023 its financial support for the operation of the activities of LADAPT (association for the social and professional integration of people with disabilities) within the framework of an annual grant and the allocation of part of its apprenticeship tax for the year in question.

In 2023, it also renewed its membership in the ARPEJEH association, which aims to promote the training, qualification and employment of people with disabilities by supporting students from 15 to 30 years of age in their training and the construction of their professional project. SFL has also allocated part of its apprenticeship levy to ARPEJEH to help finance its actions.

b) Equity, diversity and inclusion

The Colonial Group recognises that each employee has unique experiences, a plurality of skills and perspectives, which enrich the results of our work and our working relationships. We promote an environment where these differences are valued and encouraged to foster creativity, innovation and customer satisfaction, as well as a culture of mutual respect and zero tolerance for any form of discrimination or harassment. We create safe spaces, where everyone's opinions and experiences are valued and respected. In this regard, any employee who wishes to report a situation of inequality can do so through our whistleblowing channel, following our harassment protocol.

We recognise that diversity alone is not enough, and we ensure that all employees have equal opportunities. Thus, following the actions reflected in our equality plans, we strive for equal pay, where all employees performing the same work receive fair remuneration, regardless of their gender, race, ethnicity, age or other protected characteristic. In addition, we will ensure that there are equal opportunities for promotion and career development for all employees.

Our commitment to equality is not only focused on employees, but also on society and the new generation of students. For this reason, Colonial has collaborated this year with **Inspiring Girls**, a foundation whose aim is to raise the aspirations of young women and girls by putting them in contact with inspirational women who serve as role models and references. Thus, ten hard-working women from Colonial, with professional experience, talent and an inspiring biography to tell, have met in different schools in Barcelona and Madrid to tell their story.

These volunteers have explained their professional and life experiences to students to encourage their professional careers without gender prejudice and promote equal training for boys and girls.

Finally, we are responsible for removing physical and social barriers to ensure the full inclusion of people with disabilities. This includes not only accessibility in workspaces but also collaboration with special employment centres and companies whose main objective is the integration of people with disabilities in the workplace. For the Colonial Group, it is very important to achieve the incorporation of this group into the workplace and make it a more inclusive, empathetic and efficient group.

c) Human rights

Colonial wants to base its development and growth on the basic principles of human rights, integrity and transparency, which is why it signed the United Nations Global Compact in 2019 and supported the ten principles concerning human rights, labour rights, the environment and anti-corruption, and committed to integrating these principles into the company's strategy, culture and day-to-day management, as well as in its sphere of influence.

Basic principles of compliance by Colonial

- Principle 1: Colonial must support and respect the protection of basic human rights recognised internationally, within its sphere of influence.
- Principle 2: Colonial must ensure that its companies are not accomplices to the infringement of human rights.

Employment regulations

- Principle 3: Colonial must support the freedom of association and effective recognition of the right to collective bargaining.
- Principle 4: Colonial must support the elimination of all kinds of forced labour or work carried out under duress.
- Principle 5: Colonial must support the eradication of child labour.
- Principle 6: Colonial must support the abolition of discriminatory practices in employment and occupation.

Environment

- Principle 7: Colonial must maintain a preventive approach that favours the environment.
- Principle 8: Colonial must encourage initiatives to foster greater environmental responsibility.
- Principle 9: Colonial must foster the implementation and dissemination of environment-friendly technologies.
- Principle 10: Colonial must work against corruption in all its forms, including extortion and bribery.

The Group also undertakes to observe the national and international regulations in force in all countries in which it operates. In this way it ensures compliance with labour standards and the core conventions of the International Labour Organisation (ILO), allowing freedom of association and the right to collective bargaining, eliminating discrimination in employment and occupation, and eliminating all forms of forced or compulsory labour and child labour.

Through its code of ethics, applicable to the entire Group, Colonial is committed to maintaining a working environment free of any discrimination based on gender, race, sexual orientation, religious beliefs, political opinions, nationality, social origin, disability or any other personal, social or physical condition of its professionals.

There is also an express ban on any manifestations of violence, abuse of authority or any kind of physical, psychological or moral harassment, or any other kind of conduct that may generate an intimidating, offensive or hostile environment for people. As mentioned above, Colonial has an internal protocol for dealing with situations of harassment, of which all employees have been informed and trained. It details all the steps to be followed, from the first contact to the resolution of the conflict.

Colonial extends these commitments to its entire supply chain.

5.8.5 Culture, well-being and communication

The team and human quality are of essential importance to the Colonial Group and for this reason we carry out different social and group actions in which our mission and values show our faithful commitment and act as a guide in each one of them:

Excellence

Professionalism

Leadership

Commitment

Rigour

Transparency

a) Internal communication

Through different communication channels, we get as close as possible to our employees so that they can learn first-hand about the company's news and share and listen to their ideas and perceptions.

We carry out different actions:

- **Results presentation**: regular meetings at Colonial presented by the CEO on business results.
- ***Allhands* Utopicus**: virtual meetings are held on a monthly basis where, from management, the progress of the business is shared with all the company's employees. In addition, various departments participate by sharing new projects or ongoing functions. They end with a question-and-answer session where employees can answer questions or contribute ideas of value to the company.
- **Suggestions mailbox**: so that employees can freely ask questions or make suggestions for improvement. The space to respond to them is in the allhands and through the works councils, to which we respond.
- **Newsletters**: different e-mails are periodically sent to employees with information about new employees, changes in working hours (e.g. summer), latest news, etc.

b) Cultural actions

- **Visit to Montserrat**: Colonial brings its employees closer to the world of art through two visits to the Monastery of Montserrat where the private collection of Byzantine and Slavic icons of our Chairman, Mr Juan José Brugera, who is passionate about Byzantine art, is located, followed by a lunch with the whole group in a privileged setting.

- **NenDéu charity concert**: NenDéu Foundation organised the concert "Rock amb tu" to support the social inclusion of people with intellectual disabilities. Colonial employees were able to attend the concert organised by Fundación NenDéu, together with Acidh and the Boscana Foundation, thanks to our sponsorship of this action.

- **RC Padel Interempresas League**: Interested in the health and well-being of our employees, specifically in generating healthy lifestyle habits, both Colonial and Utopicus participated in the 21st National Mixed Paddle Tennis League RC Interempresas Primavera 2023 in Barcelona and Madrid. With this initiative, not only did we promote sport among the employees, but these matches also provided a meeting place to expand the network of contacts and knowledge of the business world by creating a community.

- **Design thinking session: Utopicus New Age**: topicus redesigns its mission, vision and values giving voice to the key positions of the organisation in a day where ideas, knowledge, impressions and wishes about the company were shared. With a well-defined session structure and an impartial external partner to energise the session, the team concluded with the new strategic purpose for the organisation.

- **Teambuildings**: At Colonial we want to transmit a culture that motivates people to adapt to the future of work and achieve more agile, liquid and flexible organisations. We create our events so that together we can share quality time and ideas to continue building our organisation. That is why two events have been held:

  - **Utopicus New Age**: Utopicus transforms itself from a cultural and business point of view and holds a teambuilding in order to start this new stage in the company.

    In addition, the awards ceremony of the first *"Be ambassador"* contest took place, where before the event, employees became ambassadors of the brand through professional social networks where they interacted and published news and information of interest about Utopicus.

  - **Christmas Event**: the Colonial and Utopicus Christmas dinner is an event conceived to celebrate and share together the moments lived during the year, in a relaxed, exciting and informal atmosphere.

    This year we move to the atmosphere of the Christmas markets creating the illusion of a temporary pause between the Christmas melodies in an environment where people seem to return to their childhood.

- **Utopicus furniture auction**: Utopicus spaces are designed in collaboration with the best architectural studios, who work to make each space unique. The furniture of each centre is the essence of Utopicus; however, flexibility and innovation are part of the company's idiosyncrasy and, therefore, so is the change in layouts, designs and organisation of the centres. This means that some of the furniture is outdated, although still functional and in perfect condition, which is why, as a sustainable company that cares for its employees, in July this year the first successful auction was held at Utopicus, in which each participating employee was able to bid for those items that were of interest to them, thus giving them a second life for a symbolic price. This process was carried out while ensuring the anonymity of the staff and was extended to the Colonial workforce.

- **Madnum Visit**: the Colonial Group wants to involve its employees in all its projects, which is why several site visits have been made to the company's largest space: Madnum. It is the first office, housing, retail and green space complex to be united in one place. Madnum anticipates the latest trends in working and living, prioritising energy efficiency measures, space distribution and mix of uses and PropTech initiatives. Part of the Utopicus team, together with some key employees in this Colonial plan, visited the construction sites of the different buildings of the complex. The employees were instructed in different topics related to the construction site and enjoyed the day with a lot of involvement.

- **Design of the christmas card**: this Christmas we wanted to send out an inclusive and innovative Christmas greeting with the voluntary collaboration of some of our employees. Therefore, we have designed together a different kind of Christmas with the help of La Casa de Carlota, a design studio where creative people work with people with Down syndrome and autism. The experience was very gratifying, and all the participants were enthusiastic about the project, allowing the creativity of each one of them to emerge spontaneously.

c) Well-being and health in the workplace

As discussed throughout this chapter, our staff is an essential pillar that ensures the smooth running of the company. For this reason, Colonial seeks to implement measures to improve the professional life of its employees.

In this respect, it has implemented two programmes:

- **Reduction of working hours**: there is the option to reduce working time for those employees who need to take care of a family member. In accordance with the collective bargaining agreement, the salary is pro-rated accordingly.
- **Intensive full-time**: this measure, included in the Equality Plan, makes it possible to compact the working day into a single shift, which makes the working day more flexible.

Moreover, both Colonial and Utopicus continue to implement remote working, thus enhancing the work-life balance culture and moving towards a more flexible and hybrid working model.

Well-being in the office

Colonial offers the best conditions and facilities for employees to carry out their work activities in a safe and healthy manner. Diagonal, 532 has new changing rooms designed to contribute to the well-being of the building's clients. In addition, this year, in the buildings in Madrid and Barcelona where Colonial employees are located, an agreement has been reached with an external company to offer a personalised physiotherapy service for all those users who wish it.

Utopicus takes Colonial as an example and optimises its spaces to achieve maximum well-being for clients and employees in private offices and common areas, as well as promoting sustainability in each of them. All centres have ergonomic furniture, recycling points, reused materials and taps with purified water. In addition, some of them offer bicycle parking facilities, natural vegetation, terraces, spacious changing rooms with showers and rest areas (with nap pods) or wellness areas.

Combined with our dynamic and sustainable personality, physical activity is encouraged at each site to improve the health of our employees.

In addition, SFL is also committed to strengthening internal cohesion and promoting a good working climate among its employees. Therefore, as every year, a survey on quality of life at work has been carried out to measure the job satisfaction of employees. The survey involved a total of 21 employees, distributed as follows: ten participants in the working groups, five interviewees and six employees in the steering committee. This diverse representation allowed for a comprehensive analysis of perspectives, opinions and experiences, which contributed to a complete understanding of the overall work environment and employee satisfaction. Integrated into SFL's strategy, improving quality of life at work promotes a better balance between professional and private life, while preserving the organisation of work and the social link with the company.

More specifically, to improve the quality of the workplace, SFL has renovated its offices by extending the "cafeteria" as a break area. The offices have also benefited from more natural light and green spaces.

Great Place to Work (GPTW)

The aim of the Colonial Group is to create a work culture where employees feel that they are part of a group that cares for them and is concerned about their well-being. To this end, we have implemented various tools, including – and one of the most important tools that allows us to measure the level of trust and satisfaction with the organisation – Great Place to Work, a methodology based on measuring levels of trust in the organisation and its leaders. In 2023 we have been re-certified as a Great Place to Work, which makes us proud and reflects our firm commitment to continue working to make Colonial the best place to work.

The top three dimensions rated by Colonial employees in the survey conducted at the end of 2022 were again pride, camaraderie and credibility.

- **Pride**: Colonial's employees are proud of their team, of belonging to the company and of the work they do. The various achievements are lived with satisfaction, which reinforces the intention of wanting to work in Colonial for a long time to come. The team, the workspaces and the projects make employees like to come to work every day at Colonial. Finally, excellence is considered a key aspect in assessing the service offered to our clients.

- **Camaraderie**: The relationship with colleagues and the feeling of teamwork was another of the most highly valued dimensions. The Colonial team emphasises the feeling of freedom to express oneself as one is, as well as the collaboration of co-workers, highlighting the welcome during the initial onboarding or after a change of department.

- **Credibility**: This refers to the employees' perception of their superiors and their integrity. Thus, honesty and ethics in running the business, as well as a clear vision of the direction of the business and competence in managing it, are aspects valued by employees.

  The confidence of the managers in the teams to do a good job, as well as the accessibility of the teams, have been highlighted: Any questions are welcome, and you will receive a straight answer.

The feedback collected in this survey is presented to the employees, analysed and integrated into the Group's strategy in order to implement two-year action plans. These plans are aimed at achieving greater employee satisfaction and contribution.

Health and safety: occupational risk prevention

In order to provide a safe and stable environment for its professionals, the Colonial Group complies with all current health and safety regulations, and also has sophisticated and protective occupational risk prevention measures in place to prevent and minimise any incidents.

The external prevention service (SPA) is responsible for carrying out the occupational risk assessment of all workstations, as well as the rest of the office spaces, and plans and proposes corrective measures if necessary to prevent accidents. The assessment of occupational risks is carried out in accordance with current legislation, taking into account the nature of the activity and the characteristics of the jobs and the employees who perform them. This establishes priorities for courses of action to reduce, eliminate and control the hazards identified.

As previously mentioned, Colonial provides a course in occupational risk prevention (ORP) to all new hires and ensures that external empployees who collaborate through temporary employment agencies have also taken this course.

With regard to psychological, sexual and gender-based harassment and violence in the digital sphere, Colonial has updated its protocol taking into account the new legislative measures published in 2023. The protocol has been reviewed by a technician specialising in psychosocial risks from Quirón Prevención, our external prevention service. It is very important for Colonial to prevent, detect and eradicate possible conduct that could lead to harassment and, in the event that such cases occur, to adopt corrective and protective measures for the victims. In 2023, all employees were trained on the new protocol and procedures to be followed. This document is available to all employees via the company's intranet.

In 2023, SFL implemented an active policy to protect the health and safety of its employees, which included:

- Continuation of the first aid at work (OSH) training programme.
- Renewal of fire risk prevention training in coordination with APAVE.
- Renewal of electrical accreditation training for affected employees.

In 2023, SFL had no cases of occupational diseases or work-related incidents.

In addition, as part of its approach to promoting quality of life at work, SFL initiated a new study in 2023 that took the form of working group discussions and a joint steering committee comprising employees, management and staff representatives.

This approach pursues several objectives:

- Draw up an objective map of occupational issues, risk factors and protective factors.
- Engage teams in a collective dynamic to improve quality of life at work.
- Support the steering committee in a project to improve team well-being and performance and in the construction of an action plan aimed at promoting quality of life at work and employee engagement.

In Spain, Colonial has a Health And Safety Committee, made up of four people (two representing the company's management and two representing employees) representing 100% of the organisation's workforce. The committee ensures the measures focusing on safety and the prevention of occupational hazards are correctly implemented and guarantees a healthy working environment.

In 2023, there were two meetings with the Health and Safety Committee at Colonial. The most important topics at these meetings focused on risk prevention in each of the workplaces, and each employee was provided with the preventive cards to avoid accidents. The roles of the First Response Team have also been consolidated and all members of the team have received specific training to effectively follow the company's Emergency Plan. In addition, to complement this training, they have completed a basic first aid course.

Health and safety indicators

SDG 3: Health and well-being

	Trend in indicators		
	2023	2022	Var.
Colonial is committed to ensuring the health and well-being of its employees, in addition to their safety. Going beyond the requirements demanded by law, Colonial aims to create environments and facilities that are conducive to a healthy lifestyle in and out of work for its people.	0 incidents of non-compliance concerning health and safety	0 incidents of non-compliance concerning health and safety	0 pp
Strategies / Lines of action: ▪ Training in occupational risk prevention ▪ Medical check-ups ▪ Well-being measures: flexible working hours, ergonomic spaces, workshops for Mindfulness sessions etc.	0 accidents with sick leave	0 accidents	0 accidents
	0 workplace illnesses	0 workplace illnesses	0 pp

In its commitment to the safety of its employees, the Colonial Group monitors the main indicators in this area.

The table below shows the number of accidents at the workplace, the number of accidents on the way to and from work, and the frequency and severity rates by gender:

Accident Rate

	2023			2022		
	Men	Women	Total	Men	Women	Total
Accidents	0	0	0	0	0	0
Accidents *to and from work*	1	5	6	0	2	2
Frequency rate[(1)]	0	0	0	0	0	0
Frequency rate of accidents with serious consequences[(2)]	0	0	0	0	0	0
Severity rate[(3)]	0	0	0	0	0	0

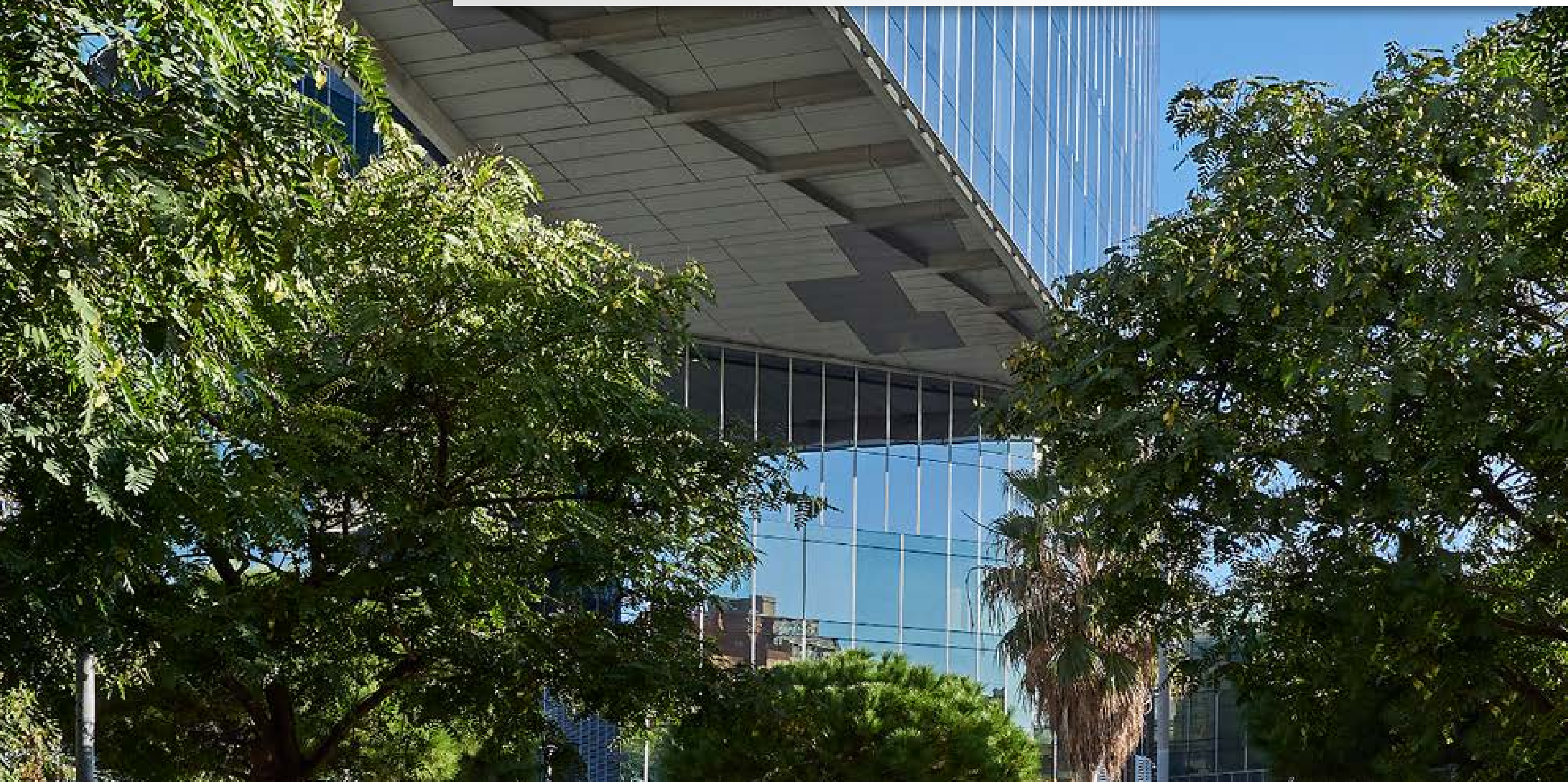
(1) (No. of accidents with sick leave/total hours worked) * 1,000,000.
(2) (No. of accidents with serious consequences/total hours worked) * 1,000,000.
(3) (No. of days off work/total hours worked) * 1,000.

No occupational illnesses were reported during the same period, showing the efforts to prevent psychosocial hazards and an improvement in quality of life in the workplace. Employees also undergo health checks every two years.

Finally, as can be seen in the following table, Colonial Spain's absenteeism rate in 2023 was 1.7% (4.5% in 2022). This absenteeism is mostly caused by maternity and paternity leave. Specifically, Colonial Spain has a total of 3,310 hours of absenteeism (5,504 hours in 2022, a decrease of 40%). The total number of absentee hours for the Colonial Group in 2023 was 18,059, compared to 18,793 in 2022.

Absenteeism – Colonial Group

2023	Number of absenteeism hours	Absentee rate
Colonial Spain	3,310	1.7%
SFL	9,316	8.7%
Utopicus	5,433	6.7%
Total Group	**18,059**	**4.7%**



5.9. | Clients

5.9.1 Prime client portfolio

Prime client portfolio with solvency

The Colonial Group's operational strategy focuses on accompanying and meeting the needs of its clients so that they achieve high levels of satisfaction with the spaces, as well as with the services and treatment received.

The Colonial Group has a high volume of renewals of its rental contracts, the result of the work, the Group's professional specialisation and the long experience of the entire Colonial team.

From a financial point of view, this high client retention capacity should be seen as conferring a high resilience and recurrence to the company's revenues and thus a sustainable business in the long term.

The Colonial Group's asset portfolio consists of grade A assets in the top locations in the Paris, Madrid and Barcelona markets. Our client portfolio is highly diversified across many sectors, which provides great robustness to revenues given the low client rotation. In addition, across different sectors, of special mention are those that require quality offices in central business districts due to the nature of their businesses.

5.9.2 Value-added services

The Colonial Group continues to place customer relations at the heart of its business strategy. That is why we continue to work with the aim of building relationships of trust with our clients to ensure the highest level of satisfaction by promoting constant and fluid communication, joint work, innovation and sustainability of the spaces. That is why we continue to want to know and understand the current and future needs of our clients, so that we can exploit the spaces in a much more efficient way. To this end, the Colonial Group has two key pillars: personalised attention in the day-to-day management of relations through a single point of contact (Client Solutions Manager) and the measurement, improvement and monitoring of the satisfaction of its clients and users. We are based on four important aspects: well-being, mobility, accessibility and technology and innovation.

Client satisfaction is measured through different satisfaction surveys on a recurring basis in its three operating markets: Paris, Madrid and Barcelona. These surveys monitor and follow up on how their needs evolve and evaluate how Colonial responds to them.

5.9.2.1 Anticipating trends and client needs

I. Paris

As part of client satisfaction monitoring, every two years, SFL conducts a satisfaction survey for all the employees of its clients in Paris to measure their level of satisfaction and their expectations in terms of working methods, services and environment. In the last survey, carried out at the end of 2023, 1,340 people participated.

The user profile of Paris buildings is that of a 40-year-old executive, who lives in the city centre, takes around 30 minutes to get to work by public transport and has a well-being score of 7.6 out of 10 (compared to 7.0/10 for executives in Île-de France according to our benchmark Paris Workforce). More than 91% of respondents say they are satisfied with their facilities, with the percentage of very satisfied respondents increasing from 26% to 56% since 2015. Consequently, the target of 85% has been well exceeded.

Furthermore, SFL launches the Workplace Barometer every year to analyse employees' perceptions of their offices. The various episodes of confinement in 2020 and 2021, the generalisation of teleworking, the polarisation of the office market in Ile-de-France, and recruitment difficulties in some sectors have provoked and continue to provoke specific debates on the role of workspaces.

In this latest edition of the WorkPlace barometer, a large proportion of respondents said that, compared to 2019, their companies are making more effort and/or incentivising them to act more sustainably. In 2023, 75% of respondents (70% in 2019) said that their company encourages waste sorting, 74% (72% in 2019) that it encourages print reduction and 74% (57% in 2019) that it encourages limiting energy consumption.

This year, emphasis was also placed on the respondents' opinion as to whether companies will soon no longer need offices. In 2020, 43% of respondents said yes, while in 2023 this percentage has been reduced to 34%. In fact, the survey found that 30% of employees who telework consider that teleworking makes it more difficult to eat lunch and that 65% of Ile-de-France residents are against the idea of being forced to telework several days a week.

II. Barcelona and Madrid

Colonial considers it essential to make different communication channels available to its customers in order to create a fluid relationship of trust that allows it to know their needs, which in turn helps Colonial to detect opportunities and possible areas for improvement in the management of the properties. Within these channels, a satisfaction and quality survey is carried out every three years in Barcelona and Madrid among the customer portfolio. The aim of this survey is to capture the opinions, wishes and concerns of customers about the spaces, services and facilities that Colonial provides in its properties.

In the last survey, carried out in 2022, it was recorded that 82% of customers rated the management carried out by Colonial as positive or very positive, with 56% of customers responding positively.

As it does every year, Colonial continues to carry out a series of planned improvement actions in accordance with the continuous renovation programme of its portfolio, with the aim of modernising the communal spaces for the enjoyment of users as a complement to the environmental policy implemented by the company.

Of all the actions carried out, the most relevant have been the following:

1. Opening of changing rooms in several buildings: Torre Marenostrum and Llacuna, 56 in Barcelona, and Puerto de Somport, 8-10 in Madrid, where customers can already make use of this new space. The opening of changing rooms in a new building located at Avenida Diagonal, 609-615 in Barcelona is planned for next year.

2. Creation of micro-mobility zones with the incorporation of bicycle racks in several buildings: at Francisca Delgado, 11 (Madrid), customers already use this service. The action in Francisco Silvela, 42 (Madrid) has been postponed for execution within the next year. With regard to Barcelona, in the buildings located at Avenida Diagonal, 532 and Avenida Diagonal, 682, the incorporation of a micromobility zone is planned for next year. Torre Marenostrum will have a new micromobility area from 2023.

3. Creation of a new lounge area with vending in the Torre BCN building in Barcelona, the area is prepared for vending machines.

4. Conversion of technical terraces into practicable terraces in the Torre Marenostrum building in Barcelona. This will give the building two spaces on the 8th and 13th floors for outdoor access. In the same building, a project is being developed for the urban development of the external area of the Torre A building.

5. Start of a new physiotherapy service offered by FISIOREACT in some buildings, such as Avenida Diagonal, 532, Travessera de Gràcia, 11 / Amigó, 11 in Barcelona, and Paseo de la Castellana, 52, Ortega y Gasset, 100 and Don Ramón de la Cruz, 84 in Madrid.

6. New locker service offered by Columat in the city of Barcelona in buildings such as Torre BCN, Travessera de Gràcia, 11/Amigó, 11, Sant Cugat del Vallès, Ciutat de Granada, 150 and Llacuna, 56. In the city of Madrid they are located in Alfonso XII, 62, López de Hoyos, 35, Santa Engracia, 120, Castellana, 163, Edificio Egeo, Don Ramón de la Cruz, 84, Velázquez, 86, Recoletos, 37, Arturo Soria, 336, José Abascal, 45, Francisca Delgado, 11, Príncipe de Vergara, 112, Edificio Discovery and Ortega y Gasset, 100.

7. Installation of a new vending service through the company Vitaliz in locations such as Recoletos, 37, Ortega y Gasset, 100 and Alfonso XII, 62. The installation of this service is being studied in more properties, such as Avenida Diagonal, 197, Torre Marenostrum, Llacuna, 56 and Torre BCN in Barcelona, and in the López de Hoyos, 35 building in Madrid during the coming year.

8. In the building located in Velázquez, 86 in Madrid, this year the Comunidad del Jardín de Velázquez has been launched, a space that allows the celebration of events, a work area, etc., which is used by the building's clients.

In addition to these actions, Colonial is developing an ambitious Sustainable Mobility Plan in the buildings located at A2, which is expected to be implemented over the next year and which can be carried out jointly with all those customers who share the firm commitment to reducing the carbon footprint and improving the well-being of its employees.

This Sustainable Mobility Plan is a set of actions aimed at improving people's movements with criteria to improve sustainability, time and quality of life. It is made up of two phases: Diagnosis and Mobility Plan.

The Diagnosis has been carried out by means of a survey sent to all employees and companies, with the aim of identifying travel patterns, as well as possible needs and preferences for the measures to be developed, in addition to the analysis of all available mobility resources.

The Mobility Plan has been drawn up with the calculation of the total carbon footprint and per building/employee, priorities and a set of measures to be implemented in relation to improving mobility and employee satisfaction.

In addition, Utopicus, as an expert in the user experience of the Group's flexible spaces, also conducts a recurring satisfaction survey among its users and clients. The Utopicus management team considers the results of the survey to be essential for the proper design of its space and client management strategy.

This survey is carried out on a half yearly basis, which makes it possible to continuously monitor the degree of satisfaction and at the same time check the acceptance of the new measures that are being implemented.

In the last consultation carried out in November 2023, the responses of 697 users and clients in the different centres in Madrid and Barcelona were taken into account. All the centres have a score of more than 8 out of 10 in terms of satisfaction with the service offered by Utopicus, while the assessment of the space also received a B+. Finally, customers rated the Utopicus staff working directly in the spaces with more than 9, up 0.50 from the 2022 survey.

Clients can report incidents on a management platform or via their centre's community front.

5.9.2.2 Value-added services: coworking & PROPNET

Hybrid product. Colonial/Utopicus

In the office market, one of the main trends to adapt to the increasingly demanding needs of clients and users has been the creation of offices that also offer flexible spaces (coworking).

Since the acquisition of Utopicus, Colonial has boosted its growth and establishment in Barcelona and Madrid by launching different initiatives that have consolidated this brand as one of the main operators in the sector, and currently has eleven centres: six in Madrid and five in Barcelona, with a total of 36,800 sqm.

Three centres were closed in 2023, Utopicus Orense and Utopicus Gran Vía in Madrid, and Utopicus Clementina in Barcelona (the latter was a single-user centre). During this year, the objective of Utopicus is to align its positioning and offer with that of Colonial, focusing on a prime-corporate product, and not so much on the traditional or historical user profile of Utopicus. Businesses need greater flexibility, higher product and service quality, in CBD locations that guarantee representativeness, security and accessibility. This change also involves aligning locations, making decisions such as no longer operating in buildings where prime cannot offer this service.

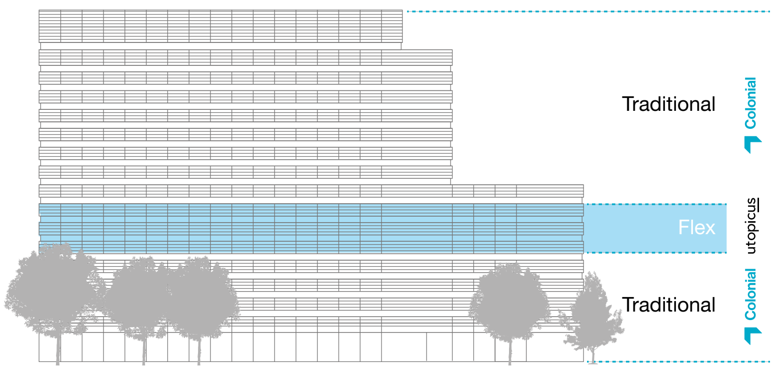
Utopicus is leading the transformation process of the flexible spaces market in Spain. The proposal it proposes to the market moves away from the image traditionally associated with coworkings. They offer flex extensions of a Colonial office space: prime, efficient, spacious and sustainable spaces in prime locations designed by renowned architectural firms, with a range of all-inclusive services.

Utopicus attaches great importance to the experience of the users of the buildings, to putting them totally at the centre. This has a very high value, and everything it does and the offer we propose to you has a tangible meaning and justification. People want to have services around them.

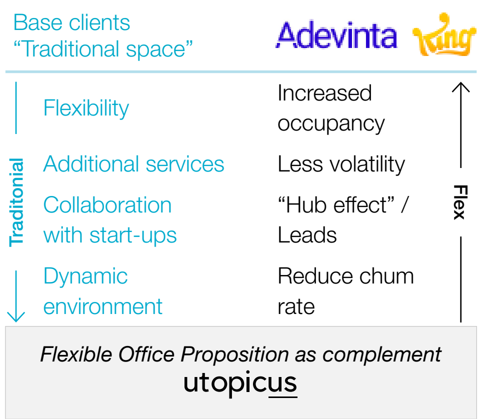
Based on the experience in managing the Utopicus coworking spaces, in 2019 the Group started to develop a product hat best adapts to the new needs by offering a new type of "hybrid" real estate service. This model involves having traditional offices and coworking offices coexisting on different floors in the same building, a product that allows office clients to gain flexibility in their implementation. In the same building they can have additional space for their teams, meetings and events, as well as benefit from all the digital content and courses offered by Utopicus. For their part, clients and users of flexible spaces benefit from being in a more professional environment and benefiting from the hub effect of companies in the same sector.

The hybrid product allows Utopicus to access the best locations in the city centre in Colonial's buildings, as well as to incorporate the know-how of Colonial's teams in works and installations and to benefit from framework contracts with approved suppliers.

The case for Parc Glòries Barcelona



Benefits of hybrid products



In line with the strategy of aligning the Utopicus offer with Colonial's positioning, refurbishment work is being carried out at the Príncipe de Vergara, 112 centre, specifically on floors 0 and 1, adapting and optimising the quality of the product to the new market demands. In order to be able to offer office suites, which are larger offices with workspaces, meeting rooms and phone booths. This optimisation has been very well received, and 80% of it has been marketed before its opening.

Development of a new flex service

In 2023, Utopicus reviewed its services associated with flexible offices in order to respond to the needs of its clients and anticipate the progress of office use in the future. This is the origin of the office suite concept, a new flex service consisting of large modules with flexible workspaces, ergonomic furniture, offices, meeting rooms, coffee corners and phone booths. These modules have private access and can be customised with the company's brand image. In addition, they can use both the services and the common areas of the Utopicus space where they are.

Technological innovation to improve our clients' sustainability

Within the framework of innovation in managing clients and their needs, Colonial has launched the ED-I platform, previously referred to as the PROPNET projecta, n initiative which, by collecting and centralising data in a single platform, makes it possible to better understand and measure the needs of clients, and also to improve decisions in the value chain.

With ED-I, Colonial can measure, control and add artificial intelligence to its client management, as it can measure the clients' comfort, control all the installations that affect this comfort and foresee their needs according to behavioural patterns.

ED-I focuses on the sustainability of Colonial's buildings: it can measure the building's carbon footprint, control the use of resources to reduce and optimise energy consumption, as well as design the most efficient future spaces and assets possible and boost the client's own ESG rating.

The ED-I system is audited by an independent certifying body such as Bureau Veritas, with coverage also within flexible spaces.

5.9.2.3 Sustainability proposal

The Colonial Group aims to maintain a proactive service in constant communication with clients in order to improve its degree of satisfaction and intensify long-term relationships. As such, it assures the quality, technical safety and environmental values of its properties.

To this end, and in line with the Group's well-being policy, the following goals have been set:

- Promote innovation and be at the forefront in the range of services available in the common areas (by fitting out spaces such as rest areas or installing equipment such as water dispensers for the use of tenants), and in client well-being and accessibility.

- Involve tenants in strategies to improve the environmental performance of properties.

- Encourage the inclusion of the environment and social dimensions in the satisfaction surveys, as well as the design of other surveys on specific elements that may concern its clients (e.g. environment, accessibility, services, etc.)

I. Wellness

The objectives of the well-being policy are aligned with the improvement actions at the levels of sustainable certifications, the eco-efficiency targets and the requirements of the Group's environmental monitoring procedure. Through these objectives, the Group implements measures to achieve healthy, safe and comfortable environments with optimal indoor conditions.

Recognising that clean air is critical to health, Volatile Organic Compounds (VOCs) emitted by finishing materials and cleaning products, which would pollute indoor air, are limited and CO_2 levels are controlled in both outdoor air and air generated inside office spaces, as well as other physical conditions such as temperature and relative humidity. In addition, the Colonial Group avoids carcinogenic or toxic cleaning products and those with side effects.

The Group monitors water quality with the necessary analyses and treatments, as well as the accessibility of water sources, by installing dispensers connected to the supply network in the common areas of the buildings.

In terms of the spaces, the elimination of architectural barriers in buildings is monitored. In compliance with current legislation on universal accessibility, all our buildings have accessibility measures for people with disabilities. Where space permits, communal seating areas have been provided for all occupants (indoor areas include seating and vending machines and outdoor areas are sheltered from wind and rain).

The numerous biodiversity measures implemented in the buildings also contribute to the physical and psychological well-being of the users, as plant species help to oxygenate the environment and maintain the humidity level, which also reduces the dust accumulated in the air and creates a pleasant atmosphere.

The indoor environment should be a space that promotes comfort, productivity and the physical and psychological well-being of people. For this reason, the Group guarantees transparent and open spaces that enable maximum flexibility in implementation works, adequate natural and artificial lighting, as the buildings have high percentages of glazing in their façades, which allow natural light to pass through and accessibility to exterior views. In addition, most of the facilities are equipped with LED lighting for visual comfort. Daylight sensors are installed in the renovations to automatically regulate the artificial lighting for optimal illumination.

The Building Management Systems (BMS) implemented homogeneously in the buildings ensure that the air conditioning elements are working in accordance with the indoor comfort strategies, monitor and make certain that the indoor conditions are in line with the objectives of the Colonial Group's wellbeing policy.

In 2020, the Works Action Plan (WAP) was implemented for works that could affect clients and users of the buildings. The purpose of the WAP is to study the works carried out by Colonial, identifying the effects they may have on users (tenants, user companies, visitors, etc.) and adopting the necessary preventive, protective and corrective measures to eliminate or, at least, minimise these effects. These measures are complementary to those included in the Health and Safety Plan, in order to guarantee the comfort and wellbeing of all users during the works.

Furthermore, Colonial Group has a set of measures implemented in its buildings for clients to certify their office spaces with the WELL certificate, either because they are located in an environment that is already adapted to the requirements of this certification or one that facilitates its application.

For example, Francisca Delgado, 11 was awarded the International WELL Gold certificate in 2022.

INTERNATIONAL WELL BUILDING INSTITUTE™

Furthermore, health and wellbeing are an integral part of a broader vision of sustainability and, as such, are also present in the requirements of the sustainable certifications held by the portfolio's buildings, such as BREEAM and LEED.

The spaces are equipped with cardioprotection by means of AEDs, which ensures the safety of employees and visitors to the buildings.

II. Good practices in environmental management

As part of these services, he User's Manual for Good Practices in Environmental Management has been developed, which provides specific guidelines on the building, aimed at ensuring that the tenants manage their implementation works and the maintenance of their offices in a manner consistent with the sustainability criteria of the Colonial Group's environmental policy.

It is a proactive, bidirectional and transparent document between the different clients and the Colonial Group, and is accessible for consultation and dissemination.

The new client contracts signed from the beginning of 2021 include green clauses, in such a way that the tenant undertakes to cooperate with Colonial and the other occupants of the building to achieve efficient environmental management of the building, energy and water savings, aligning with waste management initiatives and using materials derived from sustainable resources for the implementation or adaptation of private spaces.

In the case of SFL, all office rental contracts signed since 2016 include an environmental annex, which includes a guide for building occupants, with all the necessary information on accessibility and technical management, including energy, water and waste management. In addition, at least once a year, a meeting is held with the main users to discuss issues of use, accessibility, investment or environmental impacts.

III. Sustainable mobility

As indicated above, sustainable mobility is one of the key aspects of smart cities and the quality of life of urban citizens.

The Colonial Group continues to work proactively to provide services that favour the use of more environmentally friendly transport, such as electric cars, bicycles and scooters. An example in this respect would be the programmes initiated at Washington Plaza, 103 Grenelle and Édouard VII to design specific facilities dedicated to sustainable mobility, extending bicycle parking spaces and the installation of showers, changing rooms and repair areas. SFL's objective is to extend this type of facility to other assets.

Following the Paris Workplace 2023 survey, location and accessibility by public transport remain key criteria.

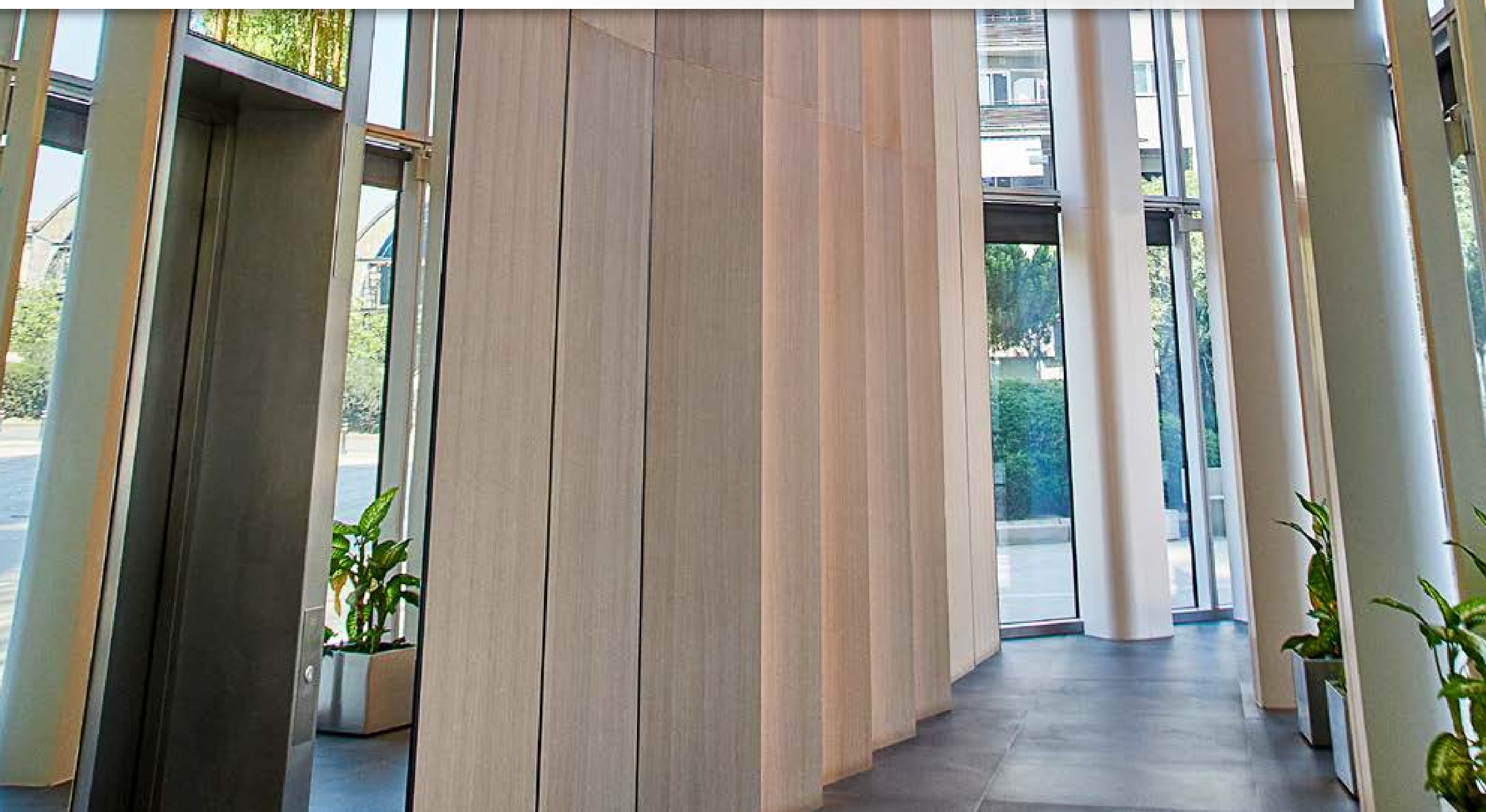
The possible deployment of a mobility survey of tenants of portfolio buildings in Spain is being studied, similar to the ones carried out by SFL. These surveys have been providing them useful results for years in terms of activity planning and strategy.

With the aim of encouraging sustainable mobility for both Colonial's employees and the users of its assets, the initiatives mentiones in the following paragraphs have been carried out in recent years, many of which are linked to new trends in urban transport.

It is worth highlighting the installation of numerous electric charging stations for vehicles in practically all the buildings in the portfolio of properties maintained directly by Colonial. A short-term objective was set for multi-user buildings to have electrical pre-installation to meet the demand for up to 20% of existing parking spaces, providing flexibility and resilience in the face of the expected increase in this type of demand.
In 2023, as in 2022, there will be 361 units installed in buildings in Madrid and Barcelona.

Likewise, the existing number of bicycle racks in the buildings' car parks has continued to increase, with 500 units currently installed in the buildings in Madrid and Barcelona. Also, in 2023, 193 electric bike racks were available in various buildings, as well as a few boxes for folding bicycles.

The Group plans to provide more parking spaces for conventional and folding bicycles as well as electric scooters.



5.9.2.4 Personalised service and satisfaction management

In recent years, the Colonial Group has opted to implement tools that enable it to communicate more directly with its clients, as well as to involve them in the management of the buildings, particularly in ESG issues.

I. Personalised attention: Client Solutions Manager and Space Managers

The Colonial Group is aware that a personalised service is required in order to resolve all questions and doubts that arise in the day-to-day running of the properties. As such, it has created the Client Solutions Manager position to manage each of the properties and perform the following functions:

- **Customer service** as a direct point of contact between the client and the Colonial Group.
- **Control of the commercial activities**, analysing the profitability and economic viability of the property.
- **Sustainability and the environment**, promoting, together with the client, the environmental measures and actions that can be implemented in each circumstance. These professionals are trained in sustainability issues, specifically in relation to the requirements of BREEAM certification and the company's sustainability policies.
- **Maintenance and upkeep of buildings**, keeping clients informed of any significant action or work carried out on their properties.

The coworking spaces that the Colonial Group makes available to its clients through Utopicus have a specific team assigned to them, made up of a Space Manager and a Community Front, to ensure a more personalised service.

II. Actions to engage users and clients with the spaces

The Colonial Group has a policy of regular communication with its clients and users to involve them in the management of its buildings and thus improve their experience. To this end, the following actions have been established through three channels:

- **Focus group communications**. In order to develop a closer relationship with clients, both in Spain and in France, the following are promoted:
  - Tenant Operating Committees (Paris):

    A meeting with the "main users" is held at least once a year.

    These address questions of use, accessibility, investment or environmental issues (certifications, energy and water consumption, waste management, etc.).
  - Events (Paris):

    Events are held twice a year to bring our clients together in a different environment to forge long-term relationships. We try to hold them in our properties to show the progress of our projects and the know-how of our teams.
  - Special activities (Paris):

    Events for the users of our Paris buildings are increasingly popular. Specific activities for each client, and competitions between companies in sports complexes or outdoor "pétanque" competitions, ecological product tasting events, among others.
  - "A coffee with a Client" (Spain):

    This programme promotes meetings with clients in a relaxed atmosphere in order to obtain their suggestions, comments and expectations. After three years in which the pandemic situation has prevented us from holding these meetings with clients due to the restrictions imposed on interpersonal relations, these meetings were reactivated in 2023. 23% of the customers contacted have offered interesting information to the Clients Solution Manager.

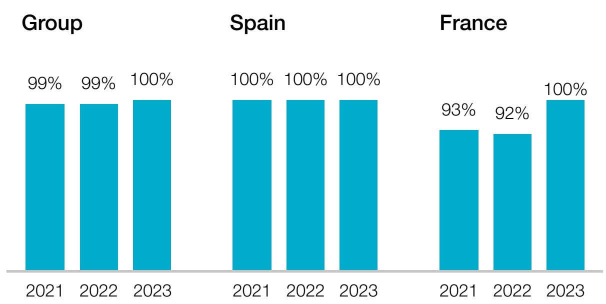
- **Online communication**. Colonial's clients can communicate with Colonial and the Clients Solutions Managers of its offices via the following tools:
  - Property intranet: through this platform they can electronically manage different aspects related to the use of the building, its services and facilities, as well as consult a database of documents.
  - The Colonial blog and social media: Since 2013, its content has been showing and informing clients about trends in the real estate sector, the areas of sustainability and wellbeing and their gradual implementation in the properties.
- **Written communication**. Users and customers are provided with different publications and brochures to facilitate and update their experience and use of the Colonial Group's spaces:
  - Biannual newspaper at Washington Plaza: This comes out twice a year with information on new features at the building.
  - Welcome brochures: Addressed to the occupants of their buildings, both in Spain and in France, to help find all the information related to the building and its operation.

Another channel that allows Colonial to know customer needs is the intranet, through which customers can submit complaints. This year there have been two complaints made by the same customer located at Avenida Diagonal, 409. One was received in March and the second in June, and both were related to the temperatures that appeared on the thermostats, which generated discomfort in the office. In both cases, we responded as quickly as possible, and the problem was solved satisfactorily. Likewise, all incidents arising from the operation of its facilities and spaces have been managed and resolved during the year by means of the procedures established for this purpose as part of the asset management processes.

5.9.3 Client and user health and safety

In keeping with the commitment to guarantee the wellbeing of its employees, the Group takes this commitment beyond its own staff, carrying out safety and health assessments of all its assets to prevent any risks before they even materialise. In 2023, 100% of Group assets underwent a safety and health assessment.

% of assets that are assessed to detect health and safety risks



Incidents of non-compliance concerning health and safety

	2021	2022	2023
Spain	0	0	0
France	0	0	0

In this vein, with the commitment to provide the best working conditions for both workers and clients, the Colonial Group is going beyond the legal requirements, already promoting a series of initiatives to make its buildings healthier, thereby reducing its risk in relation to COVID-19, as well as the risk of contamination and impact on people.

Some of the main practices are as follows:

- Guidelines and procedures to manage and control safety and hygiene risks.
- Global Safe Site certification by Bureau Veritas in relation to compliance with safety and health measures and assessment of the protocols established by the authorities for SARS-CoV-2. Renewable every six months, it ensures compliance with the new health and safety measures resulting from the COVID-19 pandemic. In 2020, 2021 and 2022, the Global Safe Site certification has been obtained in all the operating buildings in Spain managed by the Colonial Group. In total, four complete renovation cycles have been carried out. During the COVID-19 pandemic in France, SFL obtained Bureau Veritas RESTART certification for nine of the buildings in Paris.
- Risk assessments of safety conditions in buildings.
- *Manual for coordination of economic activities*, for the occupational safety and health of employees and other users of buildings.
- Self-protection plans for the buildings, on the basis of which evacuation and fire drills are carried out in all multi-user buildings.
- Indoor air quality analysis, based on the UNE 171330-2:2014 and UNE 100012:2005 standards, s in relation to indoor air quality, physico-chemical and microbiological aspects.
- Compliance with Royal Decree 352/2004, for the prevention and control of Legionnaire's Disease, and studies for the replacement of open cooling towers to prevent any risk of Legionnaire's Disease.
- Elimination of materials and products containing asbestos.
- Establishment of lead exposure risk assessments before work is carried out.
- Elimination of PCB transformers.
- Elimination of all equipment containing HCFC coolants, especially R22.
- Elimination of fuel oil boilers.

In addition, since the start of the COVID-19 pandemic, measures have been taken to protect the safety of both Group employees and building users (clients and suppliers). These measures have been modulated throughout 2023 according to the health stress and the obligations and recommendations of the administration, always with the aim of continuing to provide service in the company's buildings and activity.

Globally, since 2020, the company has had a business continuity plan that was presented to the Audit and Control Committee. The purpose of this plan is to identify the most critical processes and their maximum downtimes, identifying the different people responsible for this plan and the roles and functions of the different users. At the same time, it identifies possible alternative solutions for each of these processes in order to guarantee the service.

5.10. | Social contribution

Colonial's contribution to society is reflected through all those activities carried out by the company in the areas of diversity, equality, human rights, human capital, product responsibility and community investment.

In the search for an impact that goes beyond the financial results of the business, we recognise the importance of being an active agent of change in the communities where we operate, which translates not only into a conscientious social and work ethic but also into fostering stronger relationships with all our stakeholders, thus generating a complete and integral company. Through well-targeted and well-managed social initiatives, our company generates a positive impact on society and also contributes to building a more inclusive, equitable and sustainable business and social environment.

In this context and with a proactive attitude, Colonial has integrated the guidelines of the 2030 Agenda and its 17 Sustainable Development Goals (SDGs) into its corporate strategy to join the most ambitious action plan in favour of people, the planet and prosperity, aligning its actions within "The 5 Ps of Development" (people, planet, prosperity, peace and partnership), areas where their impact is direct and significant.

To approach this section more precisely, we can group the actions into two main groups: partnerships and sponsorships and donations.

Partnerships and sponsorships

With regard to **partnerships**, we consider them to be fundamental pillars for creating strategic collaborations that allow both parties to strengthen our impact on society, the environment and the economy, generating synergies that transcend the individual limits of each organisation. We have therefore collaborated with various organisations and associations to learn about the main developments in the real estate and economic sector in order to understand the needs of the company's stakeholders.

Colonial has stood out as one of the most important office owners in Paris through its subsidiary SFL. Its pan-European strategy in the Barcelona, Madrid and Paris office markets has led to collaborations with various organisations and associations that strengthen relations between France and Spain, especially in the European context.

The most prominent alliances include the **Dialogue Association**, whose mission is to promote the construction of Europe through the Spanish-French link. Large French companies with interests in Spain and Spanish companies with interests in France share the same vision of the potential and responsibility of civil society to disseminate knowledge, encourage bilateral reflection and promote connections between companies and people with closeness and tolerance. It is also worth mentioning the union with **the French Chamber of Commerce**, a privileged centre for exchanges and professional relations between companies with French capital operating in Spain and Spanish companies that maintain commercial links with the French market through thematic meetings that deal with different economic and business areas.

In addition, it is essential for Colonial to build inclusive partnerships at regional, national and local levels based on shared principles and visions, as well as people and planet-centred goals. It is therefore part of several associations in the real estate sector to create alliances, strengthen resources and share knowledge.

Examples of this are the **European Public Real Estate Association (EPRA)**, the main non-profit association in charge of promoting, developing and representing the European real estate industry, which integrates companies, investors and suppliers, and the **Association of Real Estate Companies with Rental Property (ASIPA)**, which, in a context where the rental market is so broad (housing, shopping centres, local offices or logistics areas) plays a fundamental role in promoting debate, the exchange of ideas, training and the defence of the interests of its members in the sector, as a decisive actor in the search for alternatives and proposals for its progress and consolidation. Colonial joins ASIPA in its commitment to fostering a highly professional and responsible real estate sector, promoting transparency in this industry and encouraging a stable legal framework.

The Group also participates in various relevant initiatives in the real estate sector, such as the **Global Real Estate Sustainability Benchmark (GRESB)**, the main actor for assessing the environmental and social performance of real estate players, which is awarded the Green Star label every year. Another relevant initiative in the context of environmental impact is the **Science-Based Targets initiative (SBTi),** which aims to encourage companies to set greenhouse gas emission reduction targets aligned with the latest scientific work to limit the increase in global warming.

The French subsidiary SFL is also involved in various initiatives to promote sustainable development and mitigate the environmental impact of the real estate sector, such as:

- The **BBCA Association**: created in 2015, it brings together the main actors in the construction process. It is dedicated to deepening knowledge about low carbon buildings and promoting best practice with the BBCA label. The first BBCA label was introduced in 2016, followed by the BBCA Rénovation label in 2018. SFL received the BBCA Rénovation label for the Biome project in 2022. This year, SFL was also awarded the BBCA Low Carbon Intensity Award at the SIBCA Low Carbon Buildings event.

- The **"Observatoire de l'Immobilier Durable" (OID)**: a space for the exchange of knowledge and debate on sustainable development and innovation, with the aim of promoting the environmental, social and societal performance of the French real estate sector. SFL is a member of the Strategic Committee for the Development of Climate Change Adaptation Related Tools developed by OID.

- The **C3D Association**: it brings together sustainable development and CSR managers to promote the transformation towards more responsible companies and societies.

- **"Booster du Réemploi"** alliance: A4MT designs and implements a variety of participation programmes for its clients, in particular to encourage the reuse of materials from construction worksites. SFL has joined the Booster community, affirming its commitment to the recovery and reuse of materials.

Support for culture and architecture

One of the Group's initiatives in support of culture, the result of Colonial's interest in and sensitivity to the arts, is its collaboration with **Piramidón Centre d'Art Contemporani**, which aims to unite artistic practice and business activity in order to give visibility to creativity. Colonial has kept this partnership with Piramidón stable over 2023. Every year, works of art are installed in the common areas of its buildings, bringing well-being and beauty to the users of the buildings. A total of eight properties from the Colonial's portfolio currently house works within this framework of collaboration: Castellana 52, José Abascal 45, Ortega y Gasset 100, Castellana 163, Recoletos 37, Alfonso XII 62, en Madrid; and Torre BCN and Diagonal 532 in Barcelona.

Piramidón is a space created in 1990 with the aim of providing the necessary infrastructure for the development of artists' work and research. A hybrid space between a creative factory and an art gallery, Piramidón merges the world of artistic production with the world of dissemination, exhibition and sale of works of art.

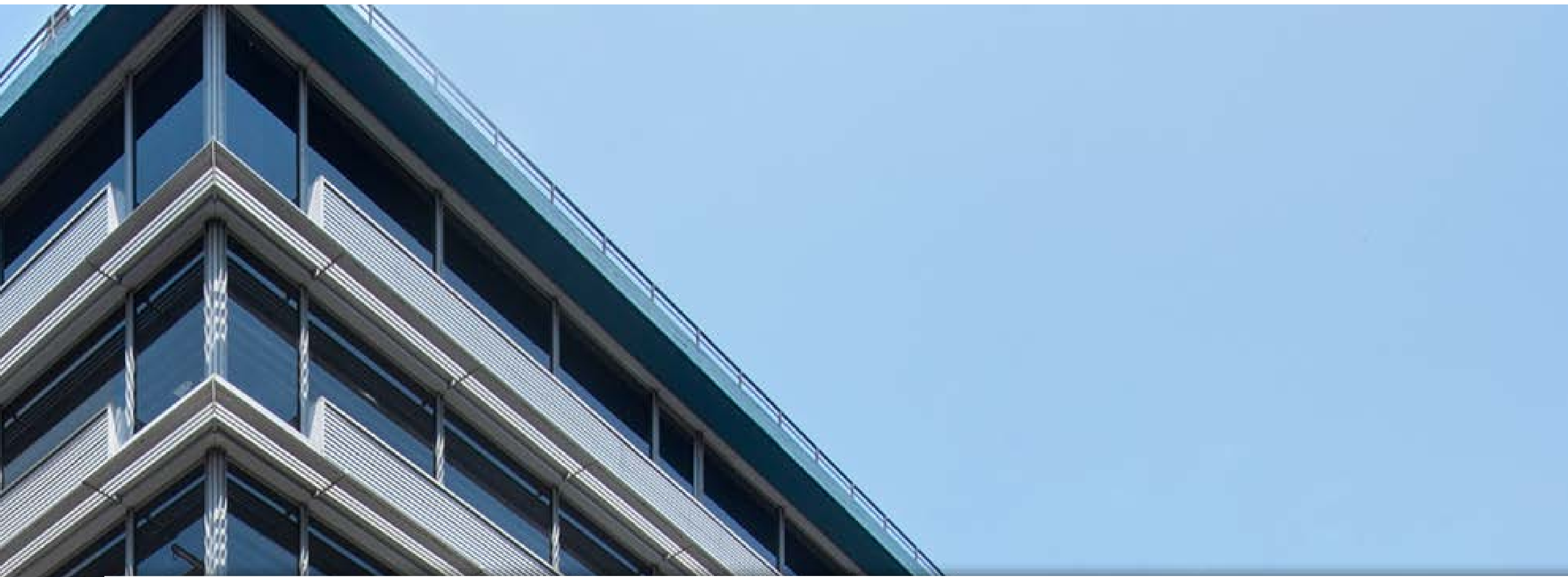
Furthermore, SFL has supported cultural activities such as the event **Ciudad de París - Noche Blanca**. This event, which celebrated its 21st edition in 2023, aims to give a large public free access to a multidisciplinary artistic offer, presented in the French capital.

Piramidón Centre d'Art Contemporani

Furthermore, the company is committed to supporting architecture through various initiatives of which SFL is a member: **Pavillon de l'Arsenal**, Palladio Foundation and AMO. Pavillon de l'Arsenal is a not-for-profit organisation that promotes information and knowledge among specialists and the general public about the architectural heritage and urban landscape of the city of Paris and its metropolitan area. The **Palladio Foundation** brings together companies from the real estate sector to promote reflections on urban planning and the strengthening of their communities. The different initiatives of the Palladio Foundation aim to promote processes of open dialogue for the necessary complementarity and mutual enrichment through the perspectives of economic actors, politicians, managers, experts, students and professionals in these fields. SFL is a sponsor-partner for the ninth consecutive year and supports the commitment of the Palladio Foundation: to create the conditions for real estate and city actors to be even better able to respond to major current and future challenges, be they economic, environmental or social. SFL is also a member of **AMO**, an association that promotes effective and inspired cooperation between project owners and main contractors, as well as all other stakeholders in the construction process.

It is also worth highlighting the alliances established by Colonial between various stakeholders to mobilise and share knowledge, expertise, technology and financial resources with the aim of supporting the achievement of the Sustainable Development Goals (SDGs) in all countries, particularly in developing countries. In this context, Colonial has **sponsored** various events aimed at promoting inclusive and sustainable economic growth that fosters progress, generates decent employment for all and improves living standards. These actions are framed within the scope of Prosperity, with the aim of ensuring that each individual can live a full life in balance with the natural environment.

European Public Real Association (EPRA) Conference is the most important event of the year for the European listed real estate sector. Colonial sponsored the EPRA Conference in London which brought together all the European leaders in the listed real estate sector to network and discuss the latest trends underpinning our industry. Moreover, EPRA and Iberian Property held, for the fourth time in Madrid, the **Iberian Reit & Listed Conference**, an in-depth debate aimed at the national and international investment community on the role of listed real estate companies and SOCIMIs, which Colonial, among other companies in the sector, sponsored.



With the mission of economic growth and prosperity, Colonial was also present at the 2nd edition of **The District**, an international event dedicated to real estate from the perspective of the capital and investment markets, a great opportunity for Spain to place itself on the international real estate map.

Likewise, Colonial together with Rockfon and Steelcase sponsored the **AEO Spanish Association of Offices Round Table, Workspaces and Talent**, whose collaboration allowed the AEO to develop initiatives and meetings of interest for professionals working in our economic sector.

Finally, with the aim of building prosperous and equitable societies, Colonial is one of the sponsors of one of the largest events organised at **ESADE**.

ESADE is an academic institution that maintains close ties with the business world and is renowned for the quality of its education, its international scope and a clear focus on the holistic development of the individual.

ESADE Innovation Quest includes workshops with top companies, teambuilding activities and a consulting case competition in which participants have to solve a business challenge posed by the various participating companies.

It is an event that shows a clear commitment to innovation and to the young talent that in a few years will join the labour market, as well as to strengthen the relationship with business schools and maintain contact with the managers of the companies participating in the event.

Colonial's financial contributions in terms of sponsorship are outlined below:

Institution	Item	Amount
IBERINMO	Iberian Reit & Listed Conference Main Sponsor	€5,000
Assoc. ESADE Alumni	Real Estate Club Sponsorship	€4,000
Association of Spanish Offices	AEO Round Table Sponsorship, workspaces	€1,100
eJoventut Business Association	Partner IQ 2023 Sponsorship	€3,500
Piramidón	Piramidón Project several buildings and partnership	€2,400
Barceloneta Football Club	FC Barceloneta season 23/24	€2,100
EPRA	Conference Platinum Sponsor	€25,000
Next Business Exhibitions	THE DISTRICT 2023 Sponsor	€24,000
Novumprop	Organisation of dinner for outstanding participants SQUARE	€1,069
Román y Asociados, SA	Sponsorship of the El Economista Conference	€5,000
		€73,169

Donations

Through the Sustainable Development Goals (SDGs), Colonial sets short and long-term targets ranging from eradicating poverty (SDG 1) to promoting peace, justice and social inclusion (SDG 17). Our donations include gender equality, quality education, health, decent work, sustainable economic growth, reduction of inequalities and protection of biodiversity and natural resources.

Our company is committed to ensuring healthy lives and promoting well-being for all at all ages, recognising the essentiality of sustainable development. People are at the heart of our organisation, which drives us to implement projects that promote equality and dignity for all people. The following projects are grouped in the "People" sphere, which aims to end poverty and hunger in all their forms and to ensure the dignity and equality of all individuals. In this way we are proud of the following actions:

Support in solidarity and enthusiastically support the EPRA team in the *"Run&Walk Brussels 2023"*, an annual 20 km run in the streets of Brussels. This event is not only a test of physical endurance, but also a symbol of empathy and community involvement as the ultimate goal was to help Foundation 45, a children's cancer charity.

Encourage actions that promote inclusive and quality education, a fundamental factor for economic growth and sustainable development, as well as the social, economic and political inclusion of all people, regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status. Today's society has experienced in recent years an accumulation of changes in values, attitudes and practices that are reflected in educational approaches and in the reality of schools. One of these changes refers to the recognition of the diversity of the student body, which forces the search for didactic alternatives in education and in school practice: from the explicit recognition of the right to education for all to the development of education on the basis of equal opportunities, where diversity is an enriching and positive value for all.

The Educo Foundation offers education and specialised care for children, young people and adults with intellectual disabilities. Through the collaboration of Colonial and Educo, we wanted to support the team of people who work to accompany, care for and educate people with intellectual disabilities throughout their life cycle, as well as their families, so that they can achieve the highest level of autonomy possible, taking into account their abilities and their physical, mental, emotional and spiritual health. They fight for their rights and the coverage of their needs by providing them with tools that enable their social integration.

The French subsidiary also supports the professional integration of disabled employees, contributing in particular to the European Week for the Employment of People with Disabilities (SEEPH), created by ADAPT in 1997, of which SFL is a partner. Held in November 2023, this annual event aims to raise awareness and facilitate their access to employment.

Moreover, the premises of the Galerie des Champs Elysées (8th arrondissement of Paris) were offered free of charge to the **Emmaüs** charity for use as a training centre.

Participation in the Beca Comedor programme throughout the 2023-2024 school year through the Educo Foundation, which runs the programme in Spain to guarantee dining room space for children who do not receive public aid or who belong to families in a vulnerable economic situation.

Committing ourselves to talent and diversity together with ESADE Business School by participating for another year in the ESADE scholarship programme for the 2022-2023 academic year, supporting the development of the best talent. We work to attract the best students, regardless of their financial situation, background, culture or religious beliefs. In this way, we contribute to the formation of innovative, socially responsible and academically excellent future leaders. This year, two international students have been awarded scholarships. Diversity and inclusion as a value and as a way of working together.

Education is as important as social inclusion. For this reason, this year we have also collaborated with the concert “Rock amb tu” organised by the Nen Déu Foundation (together with the Boscana Foundation) to support the integration of people with intellectual disabilities. Through a charity concert, money was raised to provide education and specialised care. Thus, with this initiative, we also promote work in the currently very precarious sector of musicians and artists.

In line with education and within the framework of our Equality Plan, Colonial has contributed and become an agent of change in society.

One of the actions that have been carried out during this year 2023 has been to help promote equal education for children through Inspiring Girls and to collaborate in its programme “One hour a year for the women of the future”.

INSPIRING Girls for the FUTURE

During this year, ten women from different professional profiles belonging to the Colonial staff attended the different educational centres for this purpose: share their professional and personal experiences with the children in order to inspire them and break down gender barriers. By providing them with role models, it helps them to gain self-confidence and to opt for a better professional future.

Colonial has a firm statement of commitment to the establishment and development of policies that integrate equal treatment and opportunities between women and men, without discriminating directly or indirectly on the basis of gender, as well as the promotion and encouragement of measures to achieve real equality within its organisation, establishing equal opportunities between women and men as a strategic principle of its corporate and human resources policy.

FUNDACIÓN Ana Bella | RED DE MUJERES SUPERVIVIENTES

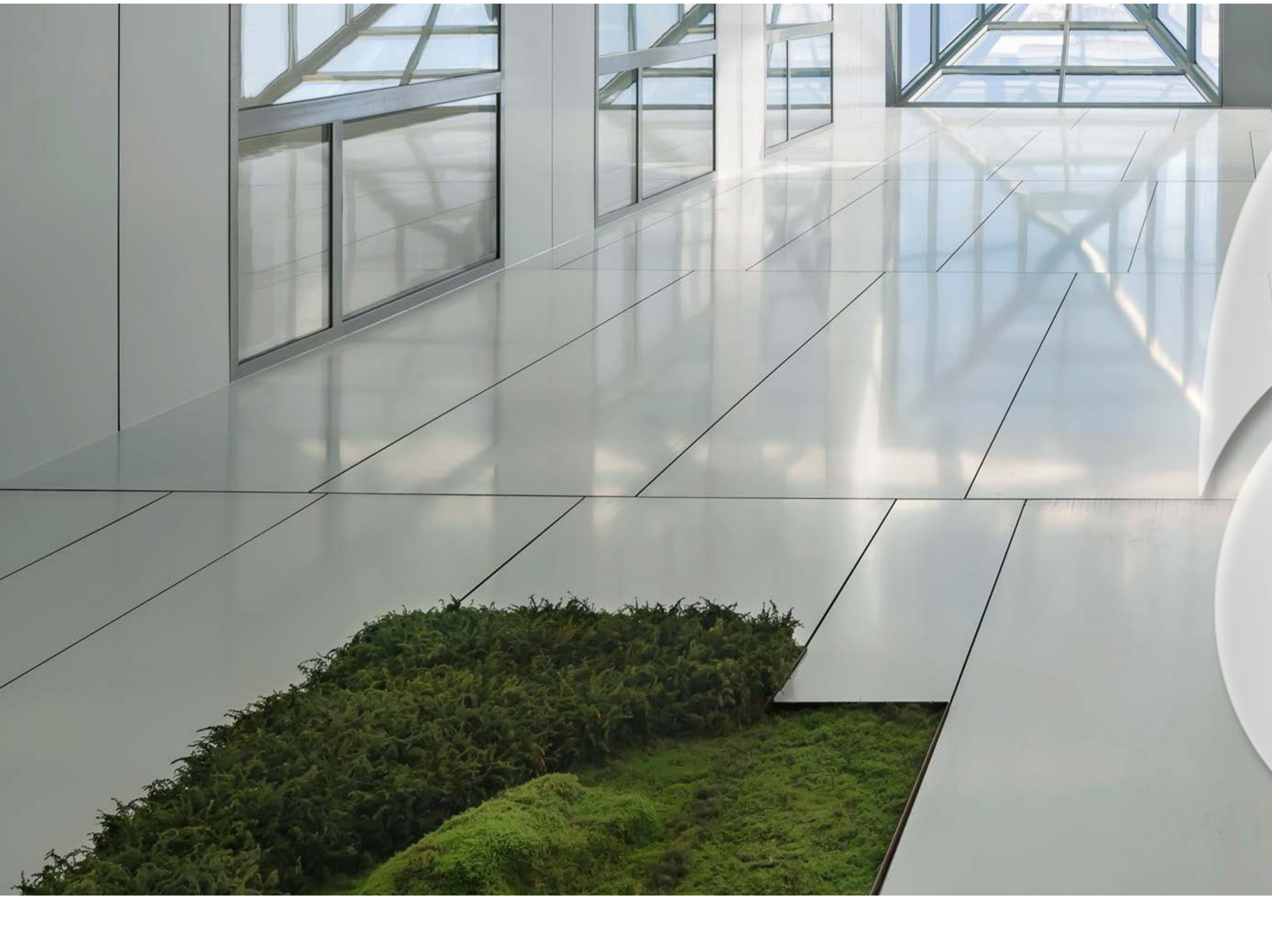
Colonial helps the Ana Bella Foundation to spread a message of awareness and support for abused women.

This is a network of women survivors operating in 82 countries as a global solution to violence against women. It channels the empathy and experience of survivors to help the 80% of invisible victims, complementing and sometimes replacing available public resources. They co-create with companies, educational institutions and public and private entities. Colonial is involved and is an agent of change against gender violence.

Finally, part of our commitment not only focuses on supporting long-term projects, but we also bring value in emergency situations, environmental disasters and conflicts, which require immediate assistance such as the earthquake in Morocco. The Colonial Group and SFL have donated a total of 25,000 euros to the Spanish Red Cross to support the Red Crescent organisation in Morocco, in response to the humanitarian crisis caused by the earthquake that shook the country.

Colonial's financial contributions to social initiatives (local associations and foundations) are detailed below:

Institution	Item	Amount
Creu Roja	Morocco earthquake aid	€25,000
Fundació ESADE	Scholarship programme collaboration	€20,000
Fundació Lluita contra esclerosis	Annual quota	€2,000
Fundació NEN Deu	Concert sponsorship	€1,000
Fundación Ana Bella		€15,000
Fundació Princesa de Girona	Donation FPdGi 2023	€33,000
Fundació privada Kalida		€5,000
Fundación 1957		€300
Fundación Educación y Cooperación	Dining room scholarship donation 23-24	€3,000
Fundación Inspiring Girls		€15,000
IESE (University of Navarra)	Collaboration Agreement	€12,000
King Baudoiung_EPRA RUNS the Brussels		€400
UNICEF Comité Español Ucrania	Ukraine Donation	€25,000
Universitat Ramón Llull	Donation for sponsorship of the ETHOS Chair	€9,000
		€165,700



6. Corporate Governance

Inmobiliaria Colonial's mission is to create long-term value for shareholders, investors, employees and all stakeholders, and to achieve this it has a solid corporate governance system that continues to evolve with the aim of remaining a benchmark in the European market. In this respect, Colonial's commitment includes both carrying out its activities with professionalism and excellence and following the highest ethical and transparency standards in its management.

6.1. | Main highlights

In order to continue consolidating its leadership in corporate governance best practices, the Colonial Group has implemented a series of actions in both the design and operation of corporate governance.

Composition of the Board of Directors and its committees:

1. Appointment of two new directors at the General Shareholders' Meeting on 15 June 2023: Ms Miriam González-Amézqueta as an independent director and Mr Manuel Puig as a proprietary director. The meeting also ratified and appointed D.ª Begoña Orgambide as a proprietary director.

2. Increased presence of women and independent directors on the Board of Directors with the appointment of D.ª Miriam González-Amézqueta as an independent director.

    - 38% of the directors of Inmobiliaria Colonial, SOCIMI, SA are women.

    - 42% of the non-executive directors of Inmobiliaria Colonial, SOCIMI, SA are women.

    - 38% of the directors of Inmobiliaria Colonial, SOCIMI, SA are independent.

3. Increase in the percentage of independent directors, as well as of women on the Audit and Control Committee (CAC). On 11 July 2023, Ms Miriam González-Amézqueta was appointed member of the CAC. As a consequence:

    - 80% of CAC members are independent.

    - 80% of CAC members are female.

Functioning and strategy of the Board of Directors and its committees during 2023

1. Evaluation of the functioning of the Board of Directors, the committees, the Chairman of the Board of Directors, the Chief Executive Officer and the Secretary of the Board with the advice of an external and independent expert: Georgeson.

2. The Training and Updating of Knowledge Plan for directors continued to be promoted and, at the proposal of the Sustainability Committee, specific sessions were held on ESG issues.

3. The degree of compliance with the decarbonisation targets of the company's assets in the short and long term has been monitored, within the framework of the goal of carbon neutral emissions by 2030.

4. With respect to risks, the Audit and Control Committee oversaw the updating of the corporate risk map, which was subsequently approved by the Board of Directors.

5. The reasonableness and consistency of the dividend proposed to the General Meeting has been assessed and the dividend has been paid.

6. The recommendations of the *Good Governance Code of Listed Companie*s have been monitored and, following a favourable report from the Audit and Control Committee, the Colonial Group's Ethics Channel General Policy and the Ethics Channel Procedure have been approved.

6.2. Corporate Governance Structure

Grupo Colonial corporate governance structure follows the guidelines established by Royal Legislative Decree 1/2010, of 2 July, approving the consolidated text of the Corporate Enterprises Act (LSC), as well as the provisions of the articles of association, the Rules of Procedure of the General Shareholders' Meeting, and the Regulations of the Board of Directors and its committees with powers.

As regards its hierarchical organisation, it is shown below:

General Shareholders' meeting

Articles of Association and Rules of Procedure of the General Shareholders' Meeting

Board Regulations

Board of Directors

Strategic plan, management objectives and setting of corporate policies

AUDIT AND CONTROL COMMITTEE

INTERNAL AUDIT

REGULATORY COMPLIANCE UNIT

- Overseeing, preparing and reporting financial information.
- Proposing the external auditor and liaising with them.
- Monitoring ethical issues.
- Providing information on related transactions.
- Oversight of the risk management and control system.

APPOINTMENTS AND REMUNERATION COMMITTEE

CORPORATE GOVERNANCE UNIT

- Monitoring of selection and diversity policy.
- Proposing and monitoring the remuneration policy.
- Proposing and monitoring the training plan for board directors.
- Overseeing compliance with corporate governance rules and regulations.

SUSTAINABILITY COMMITTEE

ESG COMMITTEE

- Assessing and reviewing the environmental and sustainable economy policies.
- Assessing and monitoring the sustainability indices.
- Advising the Board of Directors on environmental and sustainable development issues.
- Issuing reports on environmental and sustainable development issues.

The company's documents are available on the corporate website at the following : www.inmocolonial.com

6.3. | Share capital

At 31 December 2023, Colonial's share capital consisted of a total of 539,615,637 shares, all belonging to a single class and giving all holders the same rights, which are fully subscribed and paid up.

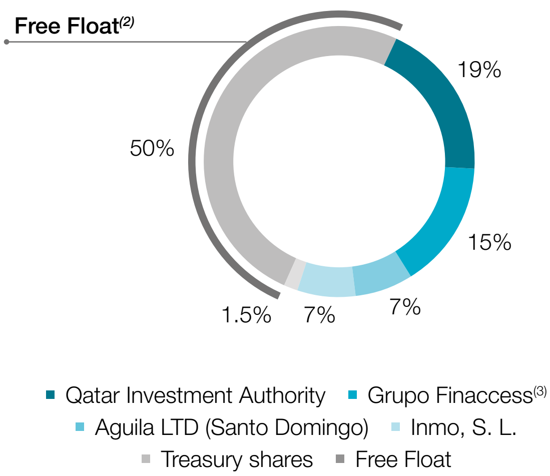
As regards the equal treatment of shareholders, this is enshrined in the articles of association, which in turn do not set any limit on the number of votes that can be cast by the same shareholder. In addition to the above, Colonial has a policy for reporting economic, financial, non-financial and corporate information to shareholders, institutional investors and proxy advisors in accordance with the recommendations of the *Good Governance Code for Listed Companies*.

Colonial's communication policy can be consulted here: **www.inmocolonial.com**

Capital structure

The share capital structure as at 31 December 2023 is as follows:

Shareholder structure 31-12-2023[1]



Likewise, updated information on the share capital structure is always available, both on the website of Inmobiliaria Colonial, SOCIMI, SA and on the website of the Spanish National Securities Market Commission (CNMV).

Colonial's share price and share performance in real time: **www.inmocolonial.com**

(1) According to reports in the CNMV and notifications received by the company.
(2) Free float: shareholders with minority stakes and without representation on the Board of Directors.
(3) Through Hofinac BV, Finaccess Capital, S.A. de C.V. and Finaccess Capital Inversores, S.L.

6.4. | General Shareholders' Meeting

The General Shareholders' Meeting is a meeting of Colonial's shareholders, in compliance with the formalities and requirements laid down by law under the Corporate Enterprises Act, to deliberate and decide by majority vote on matters within its competence, thus expressing the company's will in the form of a resolution. For these purposes, in order to facilitate the exercise of the rights to attend and participate in the General Shareholders' Meeting under equal conditions, Colonial permanently publishes on its website the requirements and procedures for participation, as well as the system for adopting resolutions, which is the same as that set out in the Capital Companies Act.

In this respect, it should be borne in mind that in order for the General Meeting to validly resolve to increase or reduce capital and any other amendment of the Articles of Association, the issue of debentures convertible into shares or debentures granting bondholders a share in the company's profits, the abolition or limitation of the pre-emptive right to acquire new shares, as well as the transformation, merger, demerger or global transfer of assets and liabilities, the transfer of the registered office abroad or any other matter determined by law, if the capital present or represented exceeds fifty per cent, it shall be sufficient for the resolution to be adopted by an absolute majority. However, the favourable vote of two-thirds of the capital present or represented at the General Meeting shall be required when, at second call, shareholders representing twenty-five per cent or more of the subscribed capital with voting rights, without reaching fifty per cent, are present.

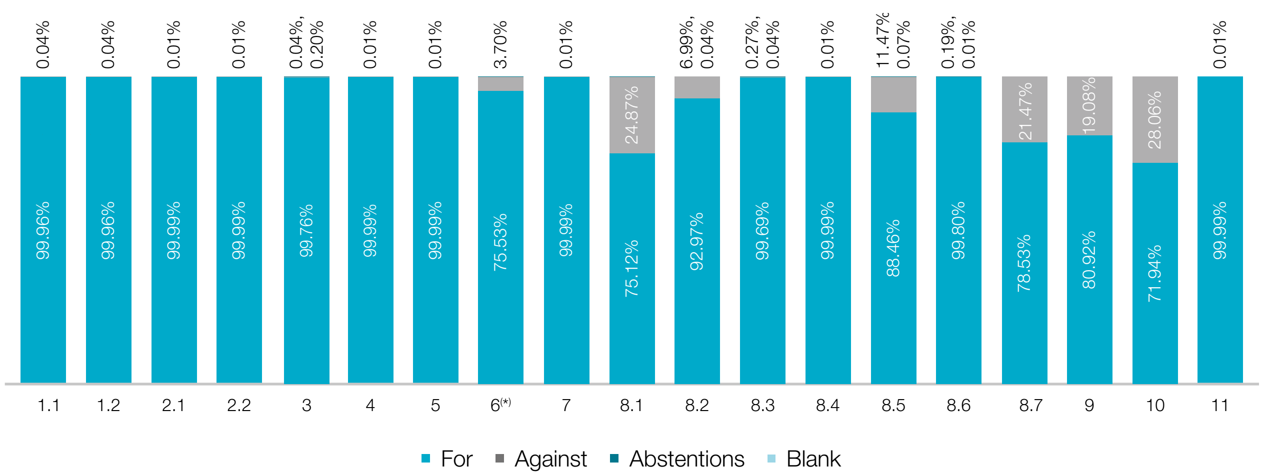
Results of the General Meeting of Shareholders held in 2023

In 2023, the General Meeting of Shareholders held an ordinary meeting on 15 June, at which all the resolutions submitted for approval by the Board of Directors were passed. Without prejudice to the fact that all the documentation relating to the content of the proposals submitted for approval and the results of the votes are available on Colonial's website, the main indicators are as follows:

AGM 15 June 2023

Attendance figures	189 shareholders: 78.04% of the share capital
Main resolutions	Link to the agenda
Additional proposals made by shareholders	No
Shareholders' remarks	Two shareholders spoke
Live webcast	Yes
Average vote in favour	The average vote in favour was 92.37%. The details of each of the points can be seen in the graph below.

Voting results Ordinary General Meeting 2023



(*) According to Article 515 of the Capital Companies Act, this percentage is calculated on the basis of the total voting share capital.

Notwithstanding the fact that all the proposals submitted to the AGM were approved by a large majority, the proposals that received the highest percentage of dissenting votes are listed below:

- Proposal 8.1, corresponding to the ratification and appointment of Ms Begoña Orgambide as a director of the company, was opposed by 24.87%.
- Proposal 8.7, corresponding to the appointment of Mr Manuel Puig Rocha as a director of the company, was opposed by 21.47%.
- Proposal 9, corresponding to the approval of the directors' remuneration policy for the financial years 2024, 2025 and 2026, was opposed by 19.08%.
- Proposal 10, corresponding to the advisory vote on the Annual Remuneration Report for the 2022 financial year, was opposed by 28.06%.

In relation to the appointment of Ms Begoña Orgambide (proposal 8.1) and Mr Manuel Puig (proposal 8.7), the shareholders were provided with a report from the Appointments and Remuneration Committee justifying the proposals and including a detailed description of their academic and professional profiles, which concluded that both have the specific knowledge, skills and competencies, as well as the necessary experience and merits and meet the requirements of respectability, suitability, solvency, availability and commitment to the duties inherent to the position of director of Colonial. In addition, during the 2023 financial year, the Appointments and Remuneration Committee verified compliance with Colonial's selection and diversity policy and carried out an analysis of the composition of the Board of Directors, its needs and the company's shareholding structure.

With regard to proposals 9 and 10, in 2023 the Appointments and Remuneration Committee carried out an in-depth review of the directors' remuneration policy to further align it with Colonial's strategic priorities, the recommendations of the main shareholders and proxy advisors, and market practice, and a consultation process was undertaken with proxy advisors and institutional shareholders in order to actively listen to their comments and suggestions on the directors' remuneration policy and the *Annual Report on Directors' Remuneration*, mainly identifying, as an action plan, the improvement of pay for performance transparency. As a result, the Appointments and Remuneration Committee, at its meeting of 17 October 2023, agreed to revise the structure and content of the report to provide clearer and more comprehensive information to the various stakeholders.

6.5. Board of Directors

6.5.1 Highlights

Colonial has a balanced, diverse and effective board of directors and committees that apply practices that ensure the proper functioning of the various management bodies.

I. Composition and functioning

Adequate size: 13 members.

Term of office: 4 years.

Separation of chairman and CEO positions.

Non-executive chairman.

Individual attendance level of over 98%, showing high commitment of the directors.

Ongoing training and induction programmes for directors.

II. Independence of the Board of Directors

- Level of independence: 38.46%.
- Level of independence considering a director as micro-proprietary: 53.85%.(*)

Audit, Appointments and Remuneration, and Sustainability Committees: 100% non-executive and chaired by independents.

Committees with a high percentage of independence:

- Audit Committee: 80% independent directors.
- Appointments and Remuneration Committee: 75% independent directors/100% independent directors including micro-proprietary director.
- Sustainability Committee: 100% independent directors.

Average length of service of independent directors: 5.9 years.

III. Diversity

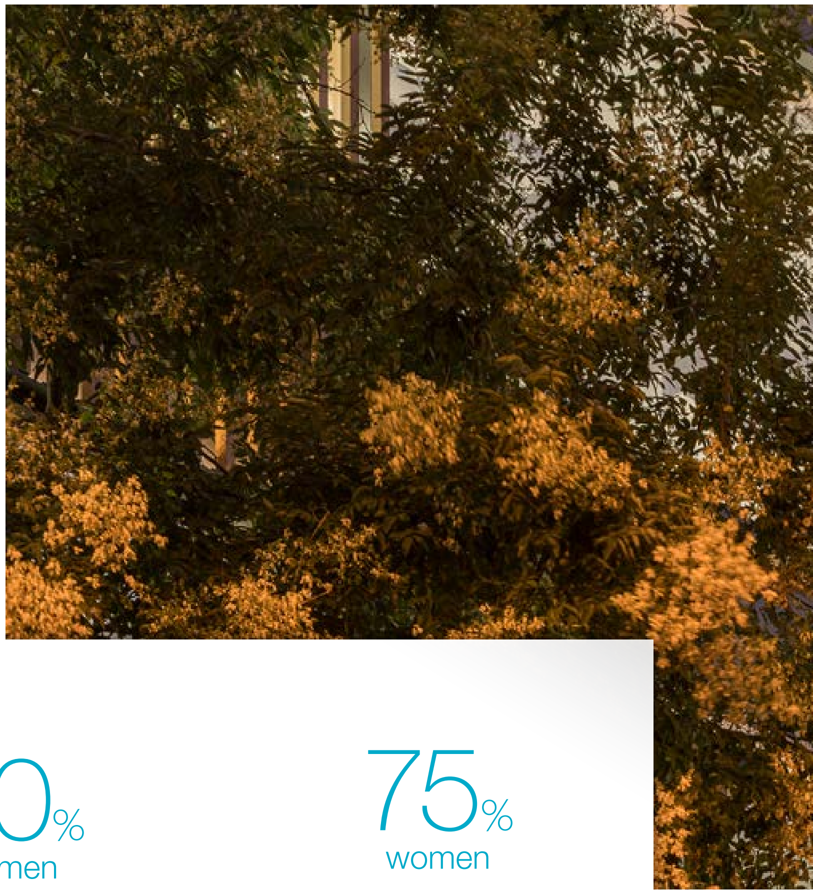
Gender diversity: 42% of non-executive directors are women.

All advisory committees of the Board are chaired by women.

Appropriate balance of diversity of knowledge and expertise in the Board.

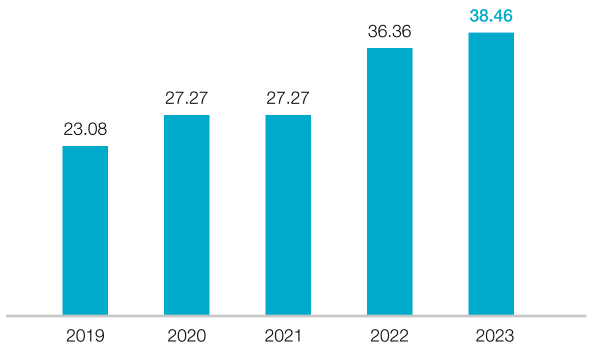
Seven different nationalities.

(*) By international standards, two of the current proprietary directors representing two shareholders with less than 10% of the share capital (micro dominee) could qualify as independent directors.



Board of Directors

% Women out of total directors



50% women

Appointments and Remuneration Committee

Chaired by a woman

80% women

Audit and Control Committee

Chaired by a woman

75% women

Sustainability Committee

Chaired by a woman

Likewise, the percentage of women out of the total number of non-executive directors is 42%.

6.5.2 Internal Regulations

The **Board of Directors of Inmobiliaria Colonial**, in accordance with the company's articles of association, is vested with the broadest powers for all matters related to the administration, representation and management of the company, as well as with all the powers not attributed by law or by the articles of association to the General Shareholders' Meeting.

By virtue of the foregoing, the Board of Directors' Regulations lay down that the Board of Directors is responsible, without the possibility of delegation, for determining the Company's general policies and strategies, including the corporate social responsibility policy; approving the investment and financing policy, the strategic or business plan, the annual management and budget objectives and the policy relating to treasury shares, as well as determining the Company's and the Group's corporate governance policy and the dividend policy. The Board of Directors shall also determine the risk control and management policy, including tax risks, identify the company's main risks and implement and supervise the internal information and control systems, in order to ensure the future viability and competitiveness of the company, and adopt the most relevant decisions for its best development.

The composition of the Board of Directors, as well as the procedure for the appointment of its members, the evaluation of their performance and the proposals and measures for improvement in the management and administration of the company, are determined by the Capital Companies Act and the Articles of Association, without prejudice to the commitment to the recommendations on good corporate governance issued by the National Securities Market Commission (CNMV).

In exercising its duties, the Board acts with unity of purpose and independence of judgement, and treats all shareholders in the same position equally. It is guided by the Company's interest, understood as the achievement of a profitable and sustainable business in the long term, promoting its continuity and the maximisation of the company's economic value. Seeking the Company's best interests, in compliance with laws and regulations and a conduct based on good faith, ethics and respect for uses and commonly accepted good practices, the Board of Directors strives to reconcile corporate interests with the legitimate interests of its employees, suppliers, clients and any other stakeholders that could be affected, and the impact of the company's activities on the community as a whole and on the environment.

In relation to the above, Colonial has the following documents available on its corporate website:

- Articles of Association
- Rules of Procedure of the General Shareholders' Meeting
- Regulations of the Board of Directors
- Selection and Diversity Policy
- Criminal compliance and prevention policy
- Policy on reporting economic-financial, non-financial and corporate information to shareholders, institutional investors, and proxy advisors
- Requirements and procedures for proving ownership of shares, the right to attend the General Shareholders' Meeting and the exercise or delegation of voting rights
- Code of Ethics
- Treasury Stock Policy
- Policy on processing and dissemination of inside information and other relevant information
- Corporate social responsibility policy
- Equality Plan
- Colonial Group's Ethics Channel General Policy
- Ethics Channel Procedure
- Compliance policy
- Anti-Corruption policy
- ESG policy for supplier selection

6.5.3 Classification of Directors

As at 31 December 2023, Colonial's Board of Directors was made up of:

- **46% proprietary directors, 6 of 13.**

  Two of which represent Qatar Investment Authority (19% of Colonial's share capital), two represent Finaccess (15% of Colonial's share capital), and one represents Águila LTD (7% of Colonial's share capital).

- **38% independent directors, 5 out of 13.**

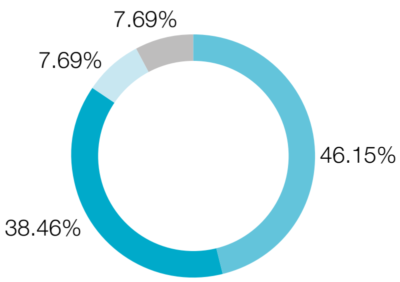
  54% of independent directors by international standards (independent + micro-proprietary[1]).

  According to international standards, two of the current proprietary directors representing a shareholder with less than 10% of the share capital (micro-proprietary) could be qualified as an independent director; thus, the number of independent directors in the company would rise to 54% and would exceed the number of proprietary directors.

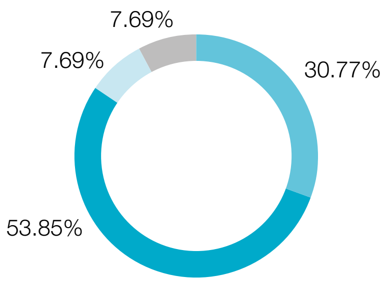
- **8% executive directors, 1 out of 13.**

- **8% of other external directors, 1 out of 13.**

Director categories



Director categories (including micro-proprietary director)



▪ Proprietary ▪ Independent Directors ▪ Other external ▪ Executive

(1) According to international standards, one of the current dominical directors representing a shareholder with less than 10% of the share capital (micro-propietary) should be qualified as an independent director.

6.5.4 Composition of the Board of Directors

As provided for in current legislation, directors are appointed by the General Shareholders' Meeting, or, in the event of an early vacancy, directly by the Board of Directors in the exercise of its power of co-option, until the next general meeting is held. In accordance with the foregoing, the procedure and criteria to be followed in the appointment and re-election of candidates for director is subject to the provisions of Royal Legislative Decree 1/2010, of 2 July, approving the consolidated text of the Corporate Enterprises Act (LSC), the articles of association and the Regulations of the Board of Directors.

At 31 December 2023, the composition of the Board of Directors of Inmobiliaria Colonial, SOCIMI, S.A. was as follows:

Name	Director category	Position on the Board	Date of first appointment	Date of last appointment
Mr. Juan José Brugera Clavero	Other external	Chairman	19/06/2008	21/06/2022
Mr. Pedro Viñolas Serra	Executive	Chief Executive Officer and Vice-Chairman	18/07/2008	21/06/2022
Mr. Luis Maluquer Trepat	Independent	Director	31/07/2013	21/06/2022
Ms. Ana Peralta Moreno	Independent	Director	14/06/2019	15/06/2023
Ms. Ana Bolado Valle	Independent	Director	14/06/2019	15/06/2023
Ms. Silvia Mónica Alonso-Castrillo Allain	Independent	Director	24/01/2019	15/06/2023
Ms. Miriam González-Amézqueta	Independent	Director	15/06/2023	15/06/2023
Mr. Sheikh Ali Jassim M. J. Al-Thani	Proprietary	Director	12/11/2015	30/06/2020
Mr. Giuliano Rotondo	Proprietary	Director	18/10/2023	18/10/2023
Mr. Carlos Fernández González	Proprietary	Director	28/06/2016	30/06/2020
Ms. Begoña Orgambide García	Proprietary	Director	27/09/2022	15/06/2023
Mr. Juan Carlos García Cañizares	Proprietary/ Micro-proprietary	Director	30/06/2014	21/06/2022
Mr. Manuel Puig Rocha	Proprietary/ Micro-proprietary	Director	15/06/2023	15/06/2023
Mr. Francisco Palá Laguna		Non-Director Secretary	13/05/2008	13/05/2008
Ms. Nuria Oferil Coll		Non-Director Vice-Secretary	12/05/2010	12/05/2010

On 15 June 2023, the appointment of Ms Miriam González-Amézqueta as a new independent director and Mr Manuel Puig as a new proprietary director was approved after being submitted to the General Shareholders' Meeting.

At the Board of Directors meeting held on 18 October 2023, Mr Giuliano Rotondo was co-opted onto the Board of Directors of the Company, following a favourable report from the Appointments and Remuneration Committee, as a new member with the status of proprietary director, at the proposal of Qatar Investment Authority, in order to fill the vacancy on the Board of Directors following the resignation of Mr Adnane Mousannif, due to strictly professional reasons, as a result of leaving his position at Qatar Investment Authority.

6.5.5 Diversity and competence matrix of the members of the Board of Directors

The appointment or re-election of candidates to the Board of Directors is carried out in compliance with Colonial's selection and diversity policy and is based on the principles of diversity and balance in the composition of the Board of Directors, within the overarching objective of making the operation of this body more effective and professional and increasing the quality of corporate management.

In accordance with the selection and diversity policy, the selection of candidates for directorship requires a prior analysis of the company's needs, carried out by the Board of Directors, following a report from the Appointments and Remuneration Committee (ARC). In this process, individuals will be sought who meet the requirements of ability, qualifications and professional and personal integrity set out in the policy. Once these requirements have been met, care shall be taken to ensure that the selection processes favour the integration of directors on the Board of Directors with a diversity of training and professional experience, skills, knowledge, age and gender, and that they do not suffer from any implicit bias that could imply any discrimination on grounds of gender, age or different abilities, among others. This shall always be done in the Company's best interests.

As part of the verification of compliance with Colonial's selection and diversity policy, in 2023 the Appointments and Remuneration Committee analysed the composition of the Board of Directors, its needs and the company's shareholding structure, in order to assess the conditions that the directors should meet while exercising their positions and the dedication necessary for proper performance. This shall all be done within the framework of different selection processes. By virtue of the foregoing, in order to continue promoting a diverse and appropriate composition for the needs of the Board of Directors, the Appointments and Remuneration Committee proposed to the Board of Directors the appointment of Ms Miriam González-Amézqueta as an independent director of the company and reported favourably on the appointment of Mr Manuel Puig as a proprietary director. In this way, the number of women represented on the Board of Directors has continued to increase to 38%.

It should be noted that the Audit and Control Committee, the Appointments and Remuneration Committee and the Sustainability Committee are chaired by female directors, and their participation in these committees amounts to 80%, 50% and 75%, respectively. In addition, the Appointments and Remuneration Committee analysed the qualification of the members of the Board of Directors in accordance with the provisions of the corporate texts, the Corporate Enterprises Act and the corporate governance recommendations.

It should be added that, although as of 31 December 2023 the directive was pending its transposition into Spanish law, Colonial complies with the objectives set by (EU) Directive 2022/2381 of the European Parliament and of the Council of 23 November 2022 in Article *5: Gender balance targets for Boards of Directors*:

a) Members of the under-represented sex should occupy at least 40% of the non-executive director positions ➜ **Colonial reaches 42% of women**.

b) Members of the under-represented sex should hold at least 33% of the total number of directorships, including both executive and non-executive directorships ➜ **Colonial exceeds the minimum, with a 38.46% female shareholding**.

Below is the matrix of competencies of the members of the Board of Directors:

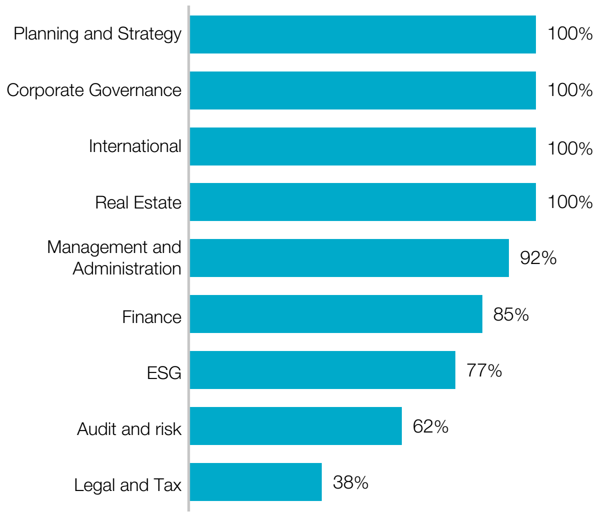
Areas of knowledge

Director	Classification	Real Estate	Internat.	Manag. and Admin.	Finance	Audit and risk	ESG	Corporate Govern.	Legal and Tax	Planning and Strat.
J. J. Brugera Chairman	Other external	✓	✓	✓			✓	✓		✓
P. Viñolas CEO & Vice-Chairman	Executive	✓	✓	✓	✓	✓	✓	✓		✓
Sheikh Ali Jassim	Proprietary	✓	✓	✓	✓			✓		✓
G. Rotondo	Proprietary	✓	✓	✓	✓			✓		✓
J. C. García	Proprietary/ Micro-proprietary(*)	✓	✓	✓	✓			✓	✓	✓
C. Fernández	Proprietary	✓	✓	✓	✓	✓	✓	✓		✓
B. Orgambide	Proprietary	✓	✓	✓	✓	✓		✓		✓
M. Puig	Proprietary		✓	✓	✓		✓	✓		✓
S. Alonso-Castrillo	Independent	✓	✓	✓	✓		✓	✓	✓	✓
L. Maluquer	Independent	✓	✓			✓	✓	✓	✓	✓
A. Bolado	Independent	✓	✓	✓	✓	✓	✓	✓		✓
A. Peralta	Independent	✓	✓	✓	✓	✓	✓	✓		✓
M. González-Amézqueta	Independent	✓	✓	✓	✓	✓	✓	✓		✓

(*) Under international standards, one of the current proprietary directors representing a shareholder with less than 10% of the share capital (micro-proprietary) would qualify as an independent director.

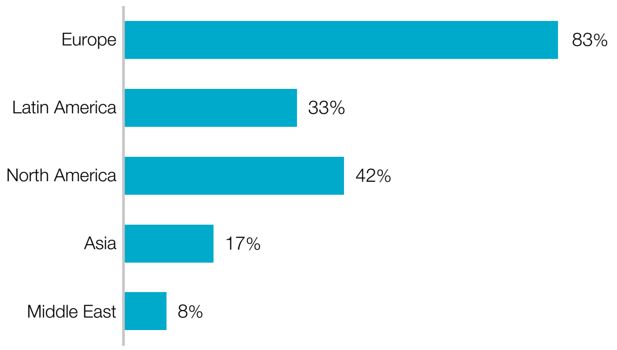
From the above skills matrix, it can be seen that the expertise/knowledge that Colonial's directors have most in the areas of planning and strategy, corporate governance and sector (real estate) and international, followed by experience in management and business management and sustainability.

Field of expertise / knowledge



In terms of international experience, Europe and the Americas (North America and Latin America) are the continents with the most work experience.

International experience



6.5.6 Functioning of the Board of Directors

At 31 December 2023, Colonial had an executive director, who held the position of Chief Executive Officer, who is also Vice-Chairman of the Board of Directors. The Chairman of the Board of Directors has all the powers set out in the law and the Board of Directors' Regulations; the CEO has all the powers that can be delegated in accordance with the law, and in his capacity as Vice-Chairman may perform the duties of the Chairman in his absence.

The academic and professional profiles of the directors, as well as their shareholdings in the company's share capital, are permanently available on the company's website and can be accessed by entering each of the directors' names on the colonial website www.inmocolonial.com.

6.5.7 Directors' right to information

The directors of the Colonial Group are vested with the broadest powers to inquire into any aspect of the company, to examine its books, records, documents and other background information on corporate operations, and to inspect all of its facilities. In this respect, they have at their disposal, among other means, applications and information tools where they can access at any time all the information relating to the Board of Directors, its committees, update plans, information pills, approved and signed minutes, and legislative news, among other contents.

6.5.8 Plan for the updating and training of board members

In order to develop and enhance the collective knowledge of the highest governing body on economic, environmental and social issues, the Colonial Group has the **Refresher Plan for the Board**. It is developed under the leadership of the chairman of the Appointments and Remuneration Committee in collaboration with the Corporate Governance Unit, with the aim of informing on new trends that have arisen in the sector and are having a disruptive effect on the real estate business.

In this regard, an annual refresher and training plan is established for the company's directors, which sets out its dates, content, recipients and speakers.

The refresher training sessions, depending on the subject matter, are given by members of the Colonial management team or by external professionals of recognised prestige.

During 2023, the following training sessions have been held:

- "Macroeconomic Situation" (20 February 2023).
- "ESG. Annual challenges. Colonial's strategy and positioning" (25 April 2023).
- "Debt markets. Financial management at Colonial" (23 May 2023).
- "ChatGPT and Artificial Intelligence: impact on Colonial and the real estate sector" (12 July 2023).
- "Trends in urban planning and the future of cities: Paris" (19 September 2023).

6.5.9 Evaluation of the performance of the Board of Directors and the committees

In keeping with the spirit of continuous improvement that Colonial pursues in the performance of its corporate governance duties, and extending the requirements that by rule or best practice recommendation are applicable to listed companies, the Board of Directors evaluates once a year its quality and efficiency, the functioning and composition of its committees, the diversity in the composition and competencies of the Board, and the performance of the Chairman, the Chief Executive Officer and the Secretary of the Board.

With regard to the evaluation process, Colonial has entrusted Georgeson, in its capacity as independent expert, with the evaluation of the Board and its committees in terms of their composition, functioning and competencies. Georgeson sent an evaluation questionnaire to the members of the Board of Directors, which was answered by the directors. Georgeson has prepared a report of conclusions which analyses the responses of the directors and suggests recommendations for improvement. Following the evaluation, the Board of Directors approved the corresponding evaluation reports to the Board, the Appointments and Remuneration Committee and the Sustainability Committee.

6.5.10 Conflicts of interest

In relation to the regulation of potential conflicts of interest, Colonial is subject to the provisions of the Capital Companies Act, which establishes that directors must abstain from participating in the deliberation and voting on resolutions or decisions in which they or a related person have a direct or indirect conflict of interest. Votes from directors affected by a conflict of interest who are required to absent themselves from the meeting shall be deducted from the calculation of the majority of votes necessary. The above obligation to abstain shall not apply to resolutions or decisions that affect them as directors, such as their appointment or revocation for positions on the administrative body or others of similar significance.

Likewise, also in accordance with the provisions of the Capital Companies Act, directors must adopt the necessary measures to avoid incurring in situations in which their interests, whether on their own behalf or on behalf of others, may conflict with the corporate interest and with their duties to the company. In particular, the director must refrain from:

a) Conducting any business transactions with the company, except in the case of ordinary transactions, made on standard terms for clients and of little significance, i.e., transactions whose information is not necessary to give a true and fair view of the company's assets, financial position and profitability.

b) Using the name of the company or invoking their status as a director to improperly influence private transactions.

c) Making use of corporate assets, including confidential information of the company, for private purposes.

d) Taking advantage of the company's business opportunities.

e) Obtaining advantages or remuneration from third parties other than the company and its Group in connection with the performance of their duties, except in the case of mere courtesy.

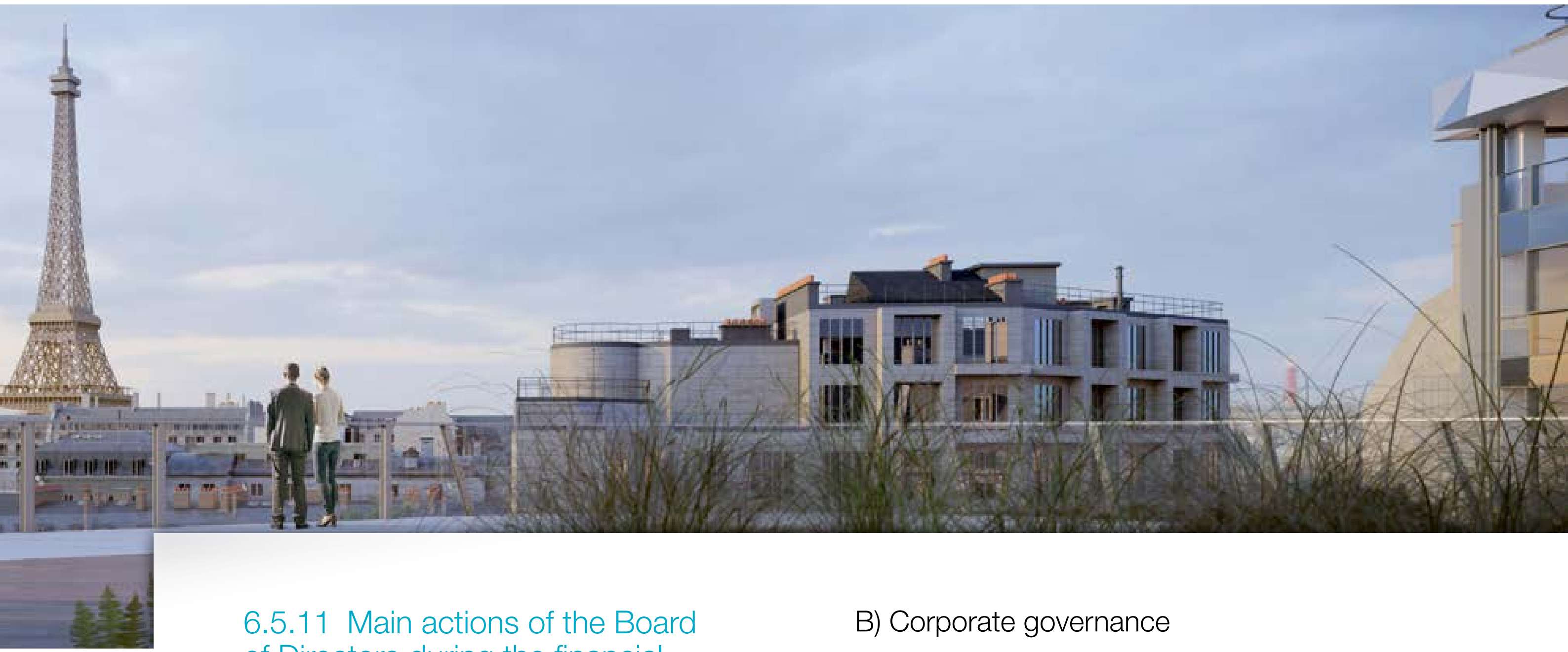
f) Engaging in activities on their own account or on account of others which entail an effective competition, whether actual or potential, with the company or which are otherwise in permanent conflict with the interests of the company. The above shall also apply if the beneficiary of the prohibited acts or activities is a person related to the director, as defined by law.

The above is mandatory and cannot be modified by the company in its articles of association; however, the law also provides for a waiver regime whereby the company may waive the above prohibitions in individual cases by authorising a director or related person to enter into a particular transaction with the company, to use certain company assets, to take advantage of a particular business opportunity, to obtain an advantage or remuneration from a third party.

Such authorisation must necessarily be approved by the general meeting if it is intended to waive the prohibition on obtaining an advantage or remuneration from third parties, or if it concerns a transaction whose value exceeds ten per cent of the company's assets. In other cases, the authorisation may also be granted by the board of directors provided that the independence of the members granting the authorisation from the exempted director is guaranteed. In addition, the safety of the authorised operation for the Company's assets or, where appropriate, its implementation under market conditions and the transparency of the process shall be ensured.

Finally, the obligation not to compete with the company may only be waived if no harm to the company is to be expected or if the expected harm is outweighed by the expected benefits to the company. The waiver shall be granted by express and separate resolution of the General Shareholders' Meeting.

On an annual basis, the directors report on possible situations of conflict of interest that either they themselves or persons related to them may have with the company and, if any, these are reported in the financial report, within the *Annual Corporate Governance Report*. As far as the 2023 financial year is concerned, no conflict of interest situations have arisen.



6.5.11 Main actions of the Board of Directors during the financial year 2023

In relation to the exercise of its functions during 2023, the Board has carried out, among others, the following activities:

A) Ordinary management

- Monitoring the day-to-day management of the company and the development of business and projects.
- Coordinating the development of the activity in the interests of the company and its subsidiaries.
- Analysing and, if appropriate, approving transactions for the acquisition and sale of real estate.
- Proposing the dividend to the General Meeting of Shareholders, after assessing its reasonableness and consistency, and proceed with the execution of the payment.
- Monitoring the company's institutional relations, meetings with analysts and investors, as well as its share price performance.
- Approving and monitoring the annual budget for the 2023 financial year.
- Promoting the ESG (Environment, Social and Governance). The company continues to maintain ESG ratings that certify the highest standards of ESG reporting.

B) Corporate governance

- Convening the Ordinary General Shareholders' Meeting for 2023.
- Presenting the proposed resolutions and reports which, in accordance with the provisions of the current Capital Companies Act and the Articles of Association, must be drawn up by the Board of Directors for the knowledge and approval, if appropriate, of the General Shareholders' Meeting.
- Approving, following a favourable report from the Audit and Control Committee, the *Annual Corporate Governance Report* for the 2022 financial year.
- Follow up on the recommendations of the Code of Good Governance.
- Approving, following a favourable report from the Appointments and Remuneration Committee, the Annual Directors' Remuneration Report for the 2022 financial year.
- Approving, subject to a favourable report from the Audit and Control Committee, the adaptation of the texts of the Ethics Channel policy and its procedure. Likewise, designate the Regulatory Compliance Unit as responsible for the Ethics Channel and its procedure.
- Evaluating and approving, following a report from the Appointments and Remuneration Committee, the functioning of the Board of Directors, the Appointments and Remuneration Committee and the Sustainability Committee, as well as the performance of their duties by the chairman, the chief executive officer and the secretary of the Board of Directors. Likewise, evaluate suggestions for improvement.
- Approving the report of the Audit and Control Committee on its own functioning. Likewise, evaluate suggestions for improvement.

C) Appointments of directors

- Proposing or reporting favourably to the General Meeting on the ratification, appointment or re-election, respectively, of Ms Begoña Orgambide García, Ms Ana Bolado Valle, Ms Ana Peralta Moreno, Ms Silvia Mónica Alonso-Castrillo Allain, Mr Manuel Puig Rocha and Ms Miriam González-Amézqueta López as directors of the company.

- Approving the report justifying the competence, experience and merits of the directors Ms Begoña Orgambide García, Ms Ana Bolado Valle, Ms Ana Peralta Moreno, Ms Silvia Mónica Alonso-Castrillo Allain, Mr Manuel Puig Rocha and Ms Miriam González-Amézqueta López, for their ratification, appointment or re-election, respectively, as directors by the General Meeting of the company.

- Approving, following a favourable report from the Appointments and Remuneration Committee, the appointment by co-option of Mr Giuliano Rotondo as proprietary director at the proposal of Qatar Investment Authority, after taking note of the resignation of the proprietary director Mr Adnane Mousannif.

- Approving the appointments of Ms Begoña Orgambide García and Ms Miriam González-Amézqueta López as new members of the Audit and Control Committee.

- Agree, at the proposal of the Appointments and Remuneration Committee, the appointment of Mr Giuliano Rotondo as a new member of the Executive Committee.

D) Remuneration of directors and senior managers

- Proposing to the General Meeting a new remuneration policy for the company's directors for the 2024, 2025 and 2026 financial years.

- Approving, subject to a favourable report from the Appointments and Remuneration Committee, the variable remuneration of the chairman (corresponding to the period in which he performed executive duties) and of the chief executive officer in respect of the 2022 financial year.

- Approving, following a favourable report from the Appointments and Remuneration Committee, the metrics, weightings and objectives for setting the chief executive's variable remuneration for the 2023 financial year.

- Approving, subject to a favourable report from the Appointments and Remuneration Committee, the fixed and variable remuneration of the company's management team.

- Approving, in accordance with the proposal of the Appointments and Remuneration Committee, the number of shares that beneficiaries will be entitled to receive in the third cycle of the share delivery plan, within the maximum limit set by the General Meeting.

- Agreeing, at the proposal of the Appointments and Remuneration Committee, on the determination of the metrics relating to the third cycle of the share plan.

E) Financial and non-financial information

- Preparing and submitting to the General Shareholders' Meeting for approval, subject to a favourable report from the Audit and Control Committee, the annual accounts, the individual and consolidated management reports, and the proposed appropriation of profits for the year ended 31 December 2022.

- Approving, subject to a favourable report from the Audit and Control Committee, the interim consolidated financial statements and the interim management report for the first half of the 2023 financial year.

- Acknowledge the financial information relating to the first and third quarter of 2023.

- Approving, subject to a favourable report from the Audit and Control Committee and the Sustainability Committee, the integrated annual report.

F) Risk management and control systems

- Approving the risk management and control policy report.

- Approving, subject to a favourable report from the Audit and Control Committee, the updating of the company's risk map.

G) Other

- Agreeing to the renewal of the company's promissory note programme for a maximum outstanding amount of 500 million euros.

- Taking note of the renewal of the Euro Medium Term Notes programme, maintaining the limits approved by the Governing Council, i.e. for a maximum outstanding amount of 5 billion euros.

- Monitoring functional integration with SFL in the best interest of the Group.

- Authorising, subject to a favourable report from the Audit and Control Committee, a related party transaction relating to intra-group financing.

- Validating the appointment of Mr Pedro Viñolas as an independent director of Banco de Sabadell, SA.

6.5.12 Directors' individual attendance

The following table shows the percentage of attendance in person or by proxy of the members of the Board of Directors of Colonial at the meetings of the Board of Directors itself, the Executive Committee, the Appointments and Remuneration Committee, the Audit and Control Committee and the Sustainability Committee during the 2023 financial year. The results shown below highlight the strong commitment of each of the directors. The average attendance was 98%.

	Board	Executive Committee	ARC[1]	Audit and Control Committee	Sustainability Committee
Number of meetings	11	1	12	10	4
Director					
Mr. Juan José Brugera Clavero	100%	100%	–	–	–
Mr. Pedro Viñolas Serra	100%	100%	–	–	–
Mr. Sheikh Ali Jassim M.J. Al-Thani	100%	–	–	–	–
Mr. Adnane Mousannif[2]	100%	–	100%	–	100%
Mr. Giuliano Rotondo	100%	0%[3]	–	–	–
Mr. Juan Carlos García Cañizares	91%[4]	100%	100%	–	–
Mr. Carlos Fernández González	100%	0%[5]	–	–	–
Ms. Silvia Mónica Alonso-Castrillo Allain	100%	–	100%	–	100%
Mr. Luis Maluquer Trepat	100%	100%	100%	100%	100%
Ms. Ana Bolado Valle	100%	–	100%	100%	100%
Ms. Ana Peralta Moreno	100%	–	–	100%	100%
Ms. Begoña Orgambide García	100%	–	–	100%[6]	–
Ms. Miriam González-Amézqueta[7]	100%	–	–	100%	–
Mr. Manuel Puig Rocha	67%[8]	–	–	–	–

(1) ARC: Appointments and Remuneration Committee.

(2) Mr Adnane Mousannif stepped down on 18 October 2023 and attended 100% of the meetings of the Board of Directors, the Appointments and Remuneration Committee and the Sustainability Committee held up to that date.

(3) Mr Giuliano Rotondo was appointed director on 18 October 2023 and a new member of the company's Executive Committee. He has attended all meetings of the Board of Directors held in 2023 since his appointment. He did not attend the executive meeting on 30 November, having delegated his vote to the chairman.

(4) Mr Juan Carlos García Cañizares attended all the meetings held, with the exception of the Board of Directors' meeting of 27 July 2023, having delegated his vote to the chairman.

(5) Mr Carlos Fernández González did not attend the executive meeting on 30 November, having delegated his vote to the chairman.

(6) Ms Begoña Orgambide was appointed a member of the Audit and Control Committee on 21 January 2023 and has attended all meetings.

(7) Ms Miriam González-Amézqueta López was appointed director on 15 June 2023 and has attended all Board meetings held in 2023 since her appointment. She was appointed to the CAC on 11 July and has attended all meetings since her appointment.

(8) Mr Manuel Puig Rocha was appointed a director on 15 June 2023 and has attended all Board meetings held in 2023 since his appointment, with the exception of those held on 15 June and 27 July, having delegated his vote to the chairman.

6.6. Committees of the Board of Directors

The Board of Directors has set up four committees: the Executive Committee, the Audit and Control Committee (ACC), the Appointments and Remuneration Committee (ARC) and the Sustainability Committee.

6.6.1 Executive Committee

Making use of the powers conferred by the applicable regulations, Colonial's Board of Directors has set up the Executive Committee, to which it permanently delegates all or part of its powers, except those that cannot be delegated.

This Committee is governed by the provisions of the Regulations of the Board of Directors and has the following composition:

Name	Position	Capacity
Juan José Brugera Clavero	Chairman	Other external
Pedro Viñolas Serra	Board Member	Executive
Juan Carlos García Cañizares	Board Member	Proprietary/micro-proprietary(*)
Carlos Fernández González	Board Member	Proprietary
Luis Maluquer Trepat	Board Member	Independent
Giuliano Rotondo	Board Member	Proprietary

(*) Under international standards, one of the current proprietary directors representing a shareholder with less than 10% of the share capital (micro-proprietary) would qualify as an independent director.

- One meeting of the Executive Committee was held during 2023 via videoconference.
- Following the resignation of Mr Adnane Mousannif as proprietary director of Colonial, at the proposal of the Appointments and Remuneration Committee, the Board of Directors appointed Mr Giuliano Rotondo as a new member of the Executive Committee.

6.6.2 Audit and Control Committee (ACC)

The main function of the Audit and Control Committee is to support the Board of Directors in all its supervisory tasks through regular reviews of the process of preparing economic and financial information, and the effectiveness of the company's internal control, internal audit and risk management systems. It is also tasked with discussing with the auditor any significant weaknesses in the internal control system detected in the course of the audit, all without infringing its independence.

This includes submitting to the Board of Directors a report on the risk management and control policy, identifying at least the different types of financial and non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks. The function of monitoring the rules of internal codes of conduct and environmental and social policies and rules also includes the assessment of non-financial risks, including those related to compliance with the Code of Ethics.

On 31 December 2023, the Audit and Control Committee (ACC) was composed of the following directors:

Name	Position	Capacity
Ana Peralta Moreno	Chairwoman	Independent
Luis Maluquer Trepat	Board Member	Independent
Ana Bolado Valle	Board Member	Independent
Begoña Orgambide García	Board Member	Proprietary
Miriam González-Amézqueta	Board Member	Independent

On 30 January 2023, the Board of Directors of Colonial agreed to appoint, at the proposal of the Appointments and Remuneration Committee, Ms Begoña Orgambide García, proprietary director of the company, as a new member of the Audit and Control Committee.

On 12 July 2023, the Board of Directors of Colonial agreed to appoint Ms Miriam González-Amézqueta López, an independent director of the company, as a new member of the Audit and Control Committee.

As regards the preparation and conduct of the meetings, the chairman of the Committee convenes them with adequate notice, and the directors attend them regularly and, in cases where, for justified reasons, they are unable to attend, delegate their vote to another director, including instructions to the proxy. In this respect, during the 2023 financial year, all the members of the Committee attended 100% of the meetings in person. Moreover, Committee members are provided, prior to each meeting, with information on the matters to be discussed, thus encouraging their active participation and the informed adoption of resolutions.

In addition to the members of the Committee, the internal audit manager and the director of legal affairs and deputy secretary of the Board of Directors, the advisor to the Committee, the chief executive officer, the general corporate manager, the chief financial officer and the data protection officer, among others, attended as guests where necessary. In addition, representatives of the external auditor PricewaterhouseCoopers (PwC) have attended certain Committee meetings.

In 2023, the Committee met on nine occasions. All these meetings were held in person, with the exception of one meeting which was held by videoconference (Teams), in accordance with the company's internal rules, and at which the secretary acknowledged the identity of all the members of the Committee attending the meeting.

All members of the Audit and Control Committee also attended a joint meeting with the Sustainability Committee.

Accordingly, the Committee has fulfilled its duty to meet as often as necessary to carry out its functions effectively.

The main activities carried out by the Audit and Control Committee during 2023 are detailed below:

A) Economic and financial information

- The Committee discussed, prior to its presentation to the Board of Directors, the process of developing: (i) the annual financial information for the year ended 31 December 2022 comprising, inter alia, the annual individual and consolidated financial statements and management reports; (ii) the financial information for the first and third quarters of 2023; and (iii) the half-yearly financial report for the first half of 2023.

- In this process, the Committee has been supported by the corporate chief executive, the chief financial officer, the director of internal audit, the Committee's advisor and representatives of the external auditor.

- The Committee has performed its financial oversight function through a continuous process throughout the year, monitoring the evolution of the main milestones and magnitudes of the balance sheet, as well as the income statement and financial reporting. The Committee has supervised the processes of preparing the corresponding financial information in accordance with the prescribed accounting criteria, the applicable regulations and any supplementary information that may be necessary or appropriate.

B) Internal control systems

- The Committee, within the framework of its duties, has supervised the correct functioning and implementation of the internal control systems established and presented by the company's internal audit director, as well as the risk management systems, in the process of preparing the financial information, including tax risks.

- The focus of its analysis has been, inter alia, on the control of financial reporting, as well as the control of non-financial reporting. In this respect, the Committee has considered the conclusions received to be favourable and in accordance with the requirements established by the applicable regulations, thus helping to ensure that the financial and non-financial information has been drawn up correctly, with the necessary procedures and controls in place for this purpose. The Committee has submitted the relevant reports to the Board of Directors with its favourable opinion.

- In relation to the above, the Committee has been duly informed about the system of internal control over financial reporting (ICFR) and the reports that have been prepared for this purpose. In this respect, after the corresponding controls had been carried out and no incidences or weaknesses were detected, the internal control system over financial reporting was considered to have functioned correctly.

- The Committee has supervised during the 2023 financial year the update of the corporate risk map presented by the internal audit director, the evolution of the different risks and the controls adopted to mitigate these risks. The Committee also proposed the report on the risk management and control policy to the Board of Directors for approval.

- Throughout the 2023 financial year, the Committee was duly informed by the internal audit director of the most relevant facts, updates and recommendations revealed in the work carried out, in particular, the implementation of the new tools that enable the most significant controls to be monitored and followed up.

C) Relations with the external auditor

- In order to ensure the quality and integrity of the financial information, the Committee has established the necessary links with the company's external auditor, PricewaterhouseCoopers (PwC). In exercising its duties, the Committee has served as a channel of communication between the Board of Directors and the company's external auditor, assessing the findings of audit work.

- To this end, representatives of the external auditor have attended five meetings of the Committee, and at all times the Committee has had direct access to information on its work plan, the progress of its work and its significant findings.

- Similarly, the external auditor has provided non-audit services, including reporting on the ESG indicators contained in the integrated annual report, the inventory of greenhouse gas indicators, and on the Green Bonds Report. These services and the amounts accrued for them were approved by the Committee following the internal procedure established for this purpose.

- Furthermore, the Committee has confirmed the independence of the external auditor on the basis of the relevant favourable report on the independence of the external auditor prepared by internal audit and the external auditor's own declaration of independence.

- Finally, the Committee approved the proposal for the re-election of the external auditor for the 2024 financial year, taking responsibility for the re-election process in accordance with the provisions of the regulations in force, as well as for the terms and conditions of his engagement.

D) Internal audit

- The Committee approved the Internal Audit Plan foreseen for 2023 and has monitored progress and compliance and has been regularly informed of the adjustments being made to the plan.

- The Committee also had the opportunity to analyse the results of the most significant tasks performed by the internal audit manager, including the monitoring of the financial reporting control system, the definition of the internal control system for non-financial reporting, audits related to the indexation of customer rental contract rents, audits of the control systems for financial hedging instruments and the audit of the carbon footprint calculation process, among other tasks. In addition, the Committee analysed the results of specific work carried out in the area of cybersecurity and monitored the degree of compliance with the recommendations made by the internal audit director in the rest of his work.

- Likewise, the Committee has supervised the coordination of Colonial's internal audit with that of Société Foncière Lyonnaise and has made the corresponding proposals to promote this coordination in the best interest of the Colonial Group.

- Finally, the internal audit manager has provided the Committee with several reports on the independence of the external auditor in relation to the audit and non-audit services provided by PwC to the Colonial Group during 2023.

E) Fiscal risks

- The Committee has monitored on a recurring basis during 2023 the main issues related to tax risks, supervising at all times the tax management carried out by the different areas responsible and, in particular, the implementation of a new tool for the control of tax compliance. For the purposes of this analysis, the financial management of the company presented to the members of the Committee the tax report for 2022, detailing the total tax contribution of the Group for that year, information on taxes borne and collected by geographical area and for each type of tax, as well as compliance with the requirements of the special SOCIMI tax regime.

- In addition, on the basis of the report submitted by the company's financial management, the Committee analysed the map of the main tax risks and the controls in place in this area.

F) Related party transactions

- The Committee is responsible for reporting on related-party transactions to be approved by the General Meeting or the Board of Directors and for supervising the company's internal procedure for those whose approval has been delegated.

- Throughout the 2023 financial year, the Committee has been duly informed about potentially related-party transactions and, in particular, about intra-group financing transactions and leasing contracts. Following its analysis, the Committee reported favourably to the Board of Directors on a related-party transaction involving intra-group financing.

G) Corporate governance

- The Committee reported favourably, prior to its approval by the Board of Directors, on the *Annual Corporate Governance Report* for the 2022 financial year.

- The Committee has also monitored compliance with the company's internal policies and promoted and fostered a culture of compliance with the company's rules and corporate texts throughout the organisation.

H) Regulatory compliance

- The Committee has been in regular contact with the Regulatory Compliance Unit, which is responsible, among other duties, for monitoring legislative developments, as well as assessing the applicable regulations and the adequacy and effectiveness of internal regulations. In addition, the Regulatory Compliance Unit is also responsible for monitoring Colonial's obligations in terms of privacy, prevention of criminal risks, prevention of money laundering and management of the internal information system (Ethics Channel).

- In particular, during the year, the Committee monitored the criminal risk prevention work, took note of the external expert's monitoring report on internal control procedures for the prevention of money laundering, monitored privacy, as well as compliance with the multi-year training plan and corporate policies, in particular the policy on the treatment and dissemination of inside information and other relevant information, and the anti-corruption policy.

- The Committee has also taken note of the new features introduced by Law 2/2023, on the protection of persons who report regulatory breaches in the fight against corruption, and has reported favourably to the Board of Directors on the approval of the General Policy of the Colonial Group's Ethics Channel and the Ethics Channel Procedure. In this regard, the Committee proposed to the Board of Directors the designation of the Regulatory Compliance Unit as responsible for Colonial's internal information system.

- Finally, the Committee has carried out, in the best interests of the Colonial Group, an analysis of Société Foncière Lyonnaise's situation and level of compliance with regulations, particularly in the areas of anti-money laundering and ethics.

I) ESG

- The Committee has had the role of monitoring the non-financial information contained in the integrated annual report, with a particular focus on ESG indicators and progress in the digitisation and centralisation of environmental data.

- Likewise, at the joint meeting held with the Sustainability Committee, the integrated annual report was approved and it was agreed to submit it to the Board of Directors for approval for publication and dissemination to the market.

- Furthermore, the Committee has been duly informed about the preparation of the ESG reports that have been prepared during the year and the status of the carbon footprint audit. The Committee was also briefed by the external auditor on the main ESG developments.

J) Treasury shares

- The Committee has been duly informed during the year about the number of treasury shares.

6.6.3 Appointments and Remuneration Committee (ARC)

The Appointments and Remuneration Committee (ARC) is responsible for reporting to the Board of Directors on proposals for the appointment of proprietary and executive directors, and for proposing the appointment of independent directors, following the relevant assessment of the skills, knowledge and experience required, always taking into account the principles of diversity and balance in its composition. The Committee is also responsible for proposing to the Board the remuneration policy for directors, managers and persons performing senior management functions.

With regard to its functioning, the ARC meets whenever requested by at least two of its members or upon agreement by its Chairman, who is responsible for convening it. The call notice shall be valid provided it is sent by any means that allow acknowledgement of its receipt. The Appointments and Remuneration Committee is validly constituted when a majority of its members are present or represented. Its resolutions are adopted by a majority of those present or represented and the chairman has the casting vote in the event of a tie.

At **31 December 2023**, the Appointments and Remuneration Committee was composed of the following Directors:

Name	Position	Capacity
Ana Bolado Valle	Chairwoman	Independent
Luis Maluquer Trepat	Board Member	Independent
Silvia Mónica Alonso-Castrillo Allain	Board Member	Independent
Juan Carlos García Cañizares	Board Member	Proprietary/Micro-proprietary

On 18 October, Mr Adnane Mousannif resigned as a director of the company and, consequently, from the Appointment and Remuneration Committee of which he was a member.

In terms of the preparation and conduct of the meetings, the chairperson convenes them with adequate notice, and the directors attend regularly and, in cases where, for justified reasons, they are unable to attend, they delegate their vote to another director, including instructions to the proxy. In this regard, during 2023 all members of the Committee attended 100% of the meetings, either in person or by proxy. Moreover, Committee members are provided, prior to each meeting, with information on the matters to be discussed, thus encouraging their participation and the informed adoption of resolutions.

In addition to the members of the Committee, the Chief Executive Officer, the Chairman of the Board of Directors, the Head of the Legal Department, the Head of Human Resources and General Services, and representatives of Willis Towers Watson, among others, were invited to attend.

The Committee meetings were held by videoconference via computer applications such as “Teams”, in accordance with the company’s internal rules. One of the twelve sessions was held in a face-to-face format. At each of these meetings, the secretary confirmed the identity of all attending Committee members.

In exercising its duties, which are set out in the Articles of Association and the Regulations of the Board of Directors, the ARC carried out the following activities during 2023, among others:

A) Appointments

- Reporting favourably to the Board of Directors on the proposed ratification and appointment of Ms Begoña Orgambide García as proprietary director of the company at the proposal of the Finaccess Group.
- Proposing to the General Meeting the re-election of Ms Ana Bolado Valle, Ms Ana Peralta Moreno and Ms Silvia Alonso-Castrillo as independent directors of the company.
- Proposing to the General Meeting that Ms Ana Bolado Valle be released from the obligation not to engage in activities that may involve effective competition with the company as a member of the Board of Directors of Metrovacesa, SA.
- Proposing to the General Meeting, after receiving advice from Seeliger y Conde, the appointment of Ms Miriam González-Amézqueta as a new independent director of the company.
- Reporting favourably to the Board of Directors on the proposed appointment of Mr Manuel Puig Rocha as a new proprietary director of the company at the proposal of Puig, SA.
- Reporting favourably to the Board of Directors on the proposed appointment of Mr Giuliano Rotondo as a new proprietary director of the company at the proposal of the Qatar Investment Authority, after taking note of the resignation of Mr Adnane Mousannif.
- Proposing to the Board of Directors the appointment of Mr Giuliano Rotondo as a member of the Executive Committee of the company.
- Proposing to the Board of Directors the appointment of Ms Begoña Orgambide García and Ms Miriam González-Amézqueta López as a member of the company’s Executive Committee.

B) Remuneration

- Proposing to the Board of Directors, with the advice of WTW, a new remuneration policy for directors for the years 2024-2026.
- Drawing up the report justifying the new directors' remuneration policy submitted for approval by the General Meeting of Shareholders.
- Reporting favourably and proposing to the Board of Directors the approval of the *Annual Report on Directors' Remuneration*.
- Analysing the results of votes on remuneration policy and directors' remuneration at the General Meeting of Shareholders.
- Proposing to the Board of Directors the variable remuneration of the chairman (corresponding to the period in which he performed executive duties) and of the chief executive officer for the 2022 financial year.
- Determining the metrics, weightings and objectives for setting the chief executive's variable remuneration for the 2023 financial year.
- Reporting favourably on the fixed and variable remuneration of the company's management.
- Agreeing on the structure of the targets for determining the variable remuneration of the management team for the 2023 financial year.
- Proposing to the Board of Directors, with the advice of WTW, the new metrics and parameters of the third cycle (2023-2025) of the long-term incentive plan approved by the 2021 General Shareholders' Meeting.
- Proposing, on the basis of compliance with the indicators and the achievement of certain milestones, the number of shares that the beneficiaries of the share delivery plan will be entitled to receive, within the maximum limit set by the General Meeting.
- Ensuring compliance with the remuneration policy established by the company.
- Analysing and discussing Société Foncière Lyonnaise's (SFL) remuneration and long-term incentive system in order to align it with that of the company, the approval of which is the responsibility of SFL's corporate bodies.

C) Corporate governance

- Analysing and reporting favourably on the appointment of Mr Pedro Viñolas Serra as a member of the Board of Directors of Banco de Sabadell, SA.
- Analysing the degree of compliance with the corporate governance recommendations, as set out in the *Annual Corporate Governance Report*.
- Reviewing the succession plan for the Chairman of the Board of Directors and the Chief Executive Officer of the company.
- Ratifying the current matrix of competences of the members of the Governing Board.

D) Ordinary management

- Coordinating and submitting to the Board the reports on the evaluation of the Board of Directors, the Committee and the Sustainability Committee, as well as on the performance of their duties by the Chairman of the Board, the Chief Executive Officer and the Secretary of the Board, with the advice of Georgeson, as well as the recommendations and suggestions for improvement of all the directors contained in the evaluation questionnaires.
- Promoting the plan for training and updating the knowledge of directors. Training sessions during the year covered debt markets, financial management, the company's ESG strategy and positioning, the situation and outlook for the energy market, and trends in urban planning.
- Analysing the qualification of the members of the Board of Directors in accordance with the provisions of their corporate texts, the Corporate Enterprises Act and the corporate governance recommendations.
- Overseeing human resources strategy and management.
- Analysing the civil liability insurance for directors and officers of the company and SFL.

6.6.4 Sustainability Committee

The Sustainability Committee was established by resolution of the Board of Directors on 17 December 2020 and has the following functions, among others:

i. Evaluating and periodically reviewing the environmental and sustainable development policies approved by the company's Board of Directors, as well as ensuring that the company's environmental and sustainable development practices are in line with these policies.

ii. Evaluating and monitoring any proposals for the company's inclusion in the most widely recognised international sustainability indices.

iii. Advising the Board of Directors on environmental and sustainable development issues in accordance with internationally accepted best practice.

iv. Analysing preliminary draft legislation, voluntary initiatives and recommendations on environmental and sustainable development issues and their possible effects on the company's activities, as well as to report on the possible impact on company of European regulations and national, regional and local legislation on environmental and sustainable development issues, with a view to adopting the appropriate decisions.

v. Analysing the most commonly accepted measurement instruments and indexes in international practice to gauge and measure the position of the company in relation to the environment and sustainable development, and issue recommendations to improve the company's position.

vi. Issuing reports and carry out the corresponding actions in environmental and sustainable development matters.

In the exercise of its functions, during the 2023 financial year, the Sustainability Committee has carried out the following activities, among others:

ESG

- Analysing, evaluating and promoting environmental and sustainable development policies and practices of the company.
- Overseeing and approving, together with the Audit and Control Committee, of the company's *Annual Integrated Report*, for the purposes of submitting it to the Board of Directors for its subsequent publication and dissemination to the market. In addition, the Committee has carried out an analysis of the ESG aspects and progress of the *Integrated Annual Report*, its impact on the market and the company's position vis-à-vis its competitors.
- Analysis of the linking of part of the variable remuneration of executive directors and the management team to the fulfilment of ESG objectives.
- Review of the report on the company's ESG indicators, as well as the limited assurance reports on the GHG 2022 inventory (Greenhouse Gas Emissions Inventory) and on *Green Bonds* prepared without qualification by the company's external auditor.
- Quantitative analysis of the most relevant sustainability metrics, such as total energy consumption, consumption intensity or carbon emissions.
- Monitoring of compliance with quantitative and qualitative ESG criteria set by certain independent agencies (GRESB, CDP, MSCI), as well as with energy certification standards (LEED and BREEAM) for the office portfolio.
- Monitoring the degree of compliance with the company's climate strategy.
- Review and monitoring of the degree of compliance with the strategy and decarbonisation objectives of the company's assets in the short and long term, as well as the application of the tool Carbon Risk Real Estate Monitor (CRREM).
- Analysis of progress in monitoring the carbon footprint emissions of scope 1 *(Scope 1: direct emissions)*, scope 2 *(Scope 2: indirect emissions)*, and scope 3 *(Scope 3: other indirect emissions)*, according to global standards (GHG).
- Oversight of the updating of the reporting mechanisms to the new GRI standards, improving traceability between the results of the materiality analysis and the content reported by the company in ESG matters, and the adaptation of the GRI content index to the new requirements of the GRI standard.
- Analysis and monitoring of progress in the development of the company's risk control and management system (SCGR), highlighting, in particular, the classification of the most important ESG risks and the integration of climate and environmental risks, as well as the implementation of digital tools (Deepki) for the purpose of optimising their control and management.
- Monitoring the development and implementation of an internal control system to enhance the reliability of data related to non-financial information.
- Analysis of the impact on Colonial of regulatory trends and new developments, green taxonomy and Spanish ESG regulations set out by the company's external auditor.
- Promoting training and updating the knowledge of Colonial's employees and its directors in sustainability matters through training sessions.
- Monitoring the improvement of the Group's diversity, human rights and non-discrimination programmes.

The composition of the Sustainability Committee is as follows, with no changes during 2023:

Name	Position	Capacity
Silvia Mónica Alonso-Castrillo Allain	Chairwoman	Independent
Ana Peralta Moreno	Board Member	Independent
Ana Bolado Valle	Board Member	Independent
Luis Maluquer Trepat	Board Member	Independent

On 18 October, Mr Adnane Mousannif resigned as a director of the company and, consequently, from the Sustainability Committee of which he was a member.

During the 2023 financial year, the Sustainability Committee met four times and all its meetings were attended by all its members. Two sessions were held in person and the other two sessions were held by telephone or videoconference via computer applications such as Teams, in accordance with the company's internal rules. At these remote meetings, the secretary acknowledged the identity of all the members of the Committee attending the meetings.

With regard to the preparation and development of the meetings, the chairperson of the Committee convenes them with adequate advance notice and the members of the Committee are provided, prior to each meeting, with information on the matters to be discussed, thus encouraging their participation and the informed adoption of agreements.

In addition to the members of the Committee, the Chairman of the Board of Directors, the CEO, the Director of Corporate Development, the Director of Human Resources and General Services, the Director of Internal Audit and representatives of PwC, among others, attended as guests.

6.7. | Corporate units with an impact on Corporate Governance reporting to a committee

6.7.1 Corporate Governance Unit

In the specific area of corporate governance, on 27 July 2016, the Colonial Board of Directors agreed to amend the Regulations of the Board of Directors so that the Appointments and Remuneration Committee would be responsible for supervising compliance with the rules of corporate governance and other related matters.

In addition, in order to advise and propose to the Appointments and Remuneration Committee the necessary actions to keep Colonial's corporate governance in line with the best national and international practices and recommendations, the Appointments and Remuneration Committee agreed to create the Corporate Governance Unit. This unit is headed by the Deputy Secretary of the Board together with the Chairman of the Appointments and Remuneration Committee and has the financial independence to seek external advice as it deems necessary.

In the exercise of its duties, the Corporate Governance Unit leads the plan for updating the Board of Directors, referred to above, and has implemented a Welcome Plan for new directors.

New director onboarding plan

Colonial makes a welcome programme available to **new directors** through the directors' portal, which aims to provide them with prompt and sufficient information about the company and the Group, as well as of the corporate governance rules, so that they can actively perform their duties as soon as they are appointed. In particular, the following, inter alia, are made available to the new directors: (i) general information on the company; (ii) presentation of the company's governing bodies and organisational structure; (iii) Code of Ethics; (iv) Articles of Association; (v) General Shareholders' Meeting Regulations; and (vi) Regulations of the Board of Directors. In addition, meetings are held with the management team and members of the Management Committee to inform them about the functioning of the company.

6.7.2 Regulatory Compliance Unit (RCU)

On 28 July 2011, the Board of Directors approved the creation of the Regulatory Compliance Unit, which reports directly to the Audit and Control Committee and is made up of the director of the company's Legal Services and the director of Internal Audit.

The functions entrusted by the Board of Directors to the Regulatory Compliance Unit include the following:

- Keeping the regulations applicable to Inmobiliaria Colonial, SOCIMI, S.A. up to date and available to the Audit and Control Committee.
- Being informed of any new legislation that may be applicable to Inmobiliaria Colonial, SOCIMI, S.A. and to implement the procedures that may be necessary to comply with it.
- Regularly assessing compliance with applicable regulations, as well as the adequacy and effectiveness of internal regulations.
- Establishing, implementing and maintaining appropriate procedures to detect and seek to correct non-compliance with the obligations imposed by the applicable regulations.
- Performing the functions assigned to it by the corporate policies in force at any given time, as well as the Code of Ethics of Inmobiliaria Colonial, SOCIMI, S.A. and any other rules that make up the company's corporate governance.
- Preparing an annual report on the results of its activities, which shall be submitted to the Audit and Control Committee.

In addition, the RCU is also responsible for monitoring the company's obligations in the areas of privacy, prevention of criminal risks and prevention of money laundering, as well as for monitoring and updating those corporate policies for which the Audit and Control Committee has been assigned responsibility and for which the RCU acts as a support. Furthermore, as agreed by Colonial's Board of Directors at its meeting of 8 November 2023, RCU is responsible for the internal information system of the companies belonging to the Colonial Group that are registered in Spain (Ethics Channel).

During 2023, the RCU met formally on eighteen occasions and its decisions were documented in the relevant minutes of the meeting. As regards the preparation and conduct of meetings, they are convened by either the director of legal services or the director of internal audit, with adequate advance notice and regular attendance by all members. In addition, those people who have been considered as appropriate by the RCU have also participated in the meetings.

In addition to the above meetings, during 2023, RCU has maintained recurrent contact between all its members for the management of the functions assigned by the Board of Directors and the Audit and Control Committee.

During 2023, RCU has had the assistance and advice of different multidisciplinary teams depending on the actions to be developed, both staff belonging to the company itself and external personnel.

In accordance with the above, it can be concluded that during 2023 RCU has continued to have an adequate composition for the performance of its functions and to have its own financial autonomy and economic resources for the fulfilment of its purposes.

In relation to RCU's participation in the Audit and Control Committee, Ms Nuria Oferil and Mr Carles Escosa have attended five of the ten meetings of the aforementioned Committee on behalf of the RCU and have reported specifically on matters within their competence at the meetings of 15 March, 10 May, 26 July, 10 October and 7 November.

As a good practice and following Deloitte's recommendations, two meetings of the Audit and Control Committee were held during 2023 on non-financial matters, specifically on 26 July and 10 October.

Recurrent contact has also been maintained with the Chairperson of the Audit Committee, Ms Ana Peralta, throughout 2023. In this regard, prior to the meetings of the Audit and Control Committee, the heads of the Regulatory Compliance Unit held meetings with the Chairman to inform her of any issues that had to be analysed by the aforementioned Committee, specifically on 9 March, 25 May, 21 June, 12 July, 29 September, 4 October and 6 November.

Mr Escosa and Ms Oferil have also participated in all the meetings of Colonial's Management Committee held during 2023.

The main actions carried out by the RCU during 2023 were the following:

Criminal risks prevention

- With the support of Deloitte, work has been carried out to update the criminal risks. The process consisted of individual interviews with members of Colonial's management team, including the CEO and the Corporate General Manager, as well as with the heads of the different areas. The purpose of the interviews was to review and update the criminal risks to which each area or department is exposed due to its activity and to raise awareness of the functions and responsibilities of the directors and managers of each area in relation to Colonial's criminal risk prevention model.

  In the case of Utopicus, its CEO and all its managers were interviewed.

  During 2023, the monitoring of criminal risk controls continued through a GRC (Governance Risk & Compliance) tool. This tool contains 32 criminal risks, and 72 control assessments were launched in the 2023 financial year, with support for the persons concerned in managing the tool.

- In accordance with the anti-corruption policy, approved in 2021, donations and sponsorships have been monitored in the corporate policy monitoring report presented to the Audit Committee on 15 March 2023.

Processing and dissemination of inside information and other relevant information policy and Treasury stock policy

- Notifications of market abuse and treasury stock policies have been made to the new Colonial incorporations that are considered to be affected persons. This is not the case for the incorporations of Utopicus, as it is not a listed company.
- The list of affected persons has been kept up to date.
- The list of persons related to Colonial's senior management has been updated.
- Reminders of the *blackout periods* have been made at Colonial Management Committee level.
- In connection with the Processing and dissemination of inside information and other relevant information policy, the following letters have been prepared and sent out in February 2023:
  - Information letters to Colonial employees on the policy for the processing and dissemination of inside information and other relevant information.
  - Information letters to certain employees, members of the Management Committee and directors of Colonial, on the obligation to report transactions involving the subscription, purchase or sale of Colonial shares or other securities or financial instruments of Colonial or its group.
  - Information letters to the directors and members of the Management Committee of SFL regarding their obligation to notify transactions involving the subscription, purchase or sale of Colonial shares.
- The mandatory training session for all employees on the new Processing and dissemination of inside information and other relevant information policy has been prepared and was held on 26 January 2023.

Ethics

- **Ethics Channel**: In accordance with Law 2/2023, which regulates the protection of persons who report regulatory violations and the fight against corruption, the necessary improvements have been made to the Colonial and Utopicus Ethics Channel:
  - On 8 November 2023, the Board of Directors of Colonial approved the *Colonial Group Ethics Channel General Policy* and the *Ethics Channel Management Procedure*. Both documents are available on the corporate website www.inmocolonial.com.
  - Appointment by the Board of Directors of the person responsible for the Internal Information System: the Board of Colonial has appointed the Regulatory Compliance Unit.
  - The purpose of this channel is to facilitate the reporting of possible irregularities that may constitute a serious or very serious criminal or administrative offence.
  - It facilitates the reporting of infringements and increases the guarantees of whistleblower protection.
  - It allows for the possibility of anonymous and verbal complaints.
  - In addition to the company's internal channel, infringements may also be reported through external channels set up by the relevant competent authorities.
  - Referral of the complaint to the competent authority (Public Prosecutor's Office) when the facts could be indicative of a crime.
  - The investigation of the information shall have a maximum duration of three months, extendable to six months.
  - A specific sanctioning regime is established.
  - It complies with ESG rating best practices.
    - Ethics Channel available 24/7 in all languages.
    - The Ethics Channel tool has been outsourced.
    - The Ethics Channel Policy, the first group policy (Colonial/SFL), has been drafted. Available on the corporate website.
    - The Colonial Ethics Channel Procedure has been created. Available on the corporate website.

Meetings have been held with the Director of Human Resources and General Services and with the Chairman of the Company's Works Committee to report on the approval by the Board of Directors of Colonial's Ethics Channel.

On 1 December 2023, all Colonial and Utopicus employees were provided with a training pill on the update of the Ethics Channel.

During 2023, the management of communications received through the Ethics Channel has continued. No communication was processed during 2023.

- **Code of Ethics**: It has been handed over to the new employees of Colonial and Utopicus, who have signed it, and have been informed of their obligation to comply with it and with the rest of the internal regulations.

- On 15 December 2023, and in compliance with the 2022-2024 multi-year training plan, **ethics training** was provided for all Colonial and Utopicus employees. As a sign of Colonial's commitment to ethics, the CEO introduced and closed the training session, which was attended by more than one hundred Colonial and Utopicus employees.

- **Conflicts of interest/related party transactions**: Of the transactions analysed during 2023, no related party transactions or conflicts of interest were considered to exist. This is without prejudice to those operations which have been directly analysed by the Audit and Control Committee.

Monitoring of corporate policies

- During the 2023 financial year, RCU has monitored its obligations under each of the corporate policies. In this respect, a scorecard has been drawn up with a description of the actions to be carried out, and on 15 March 2023 the corresponding report on the monitoring of these corporate policies was submitted to the Audit Committee.

Prevention of money laundering

- Although no deficiencies were detected in the expert report for 2022, as a follow-up to the external expert's recommendations, communication and dissemination actions have been carried out on the ethics channel, the list of countries that are considered non-cooperative jurisdictions by virtue of order HFP/115/2023 of 9 February has been updated, and training work has continued on compliance matters, as well as on updating regulations.

- The external expert's report on the internal control and communication procedures and bodies established to prevent money laundering for 2022 was submitted to the Audit and Control Committee at its meeting of 15 March 2023.

- Anti-money laundering identification tasks have been carried out in eight disposal operations and a leasing operation.

- Support has been given to the meetings of the Internal Control and Communication Body (OCIC).

Data protection

- With regard to the activity of the data protection officer, during the year he carried out the functions inherent to his position, participating in the monthly meetings of the Security Committee and reporting at a meeting of the Audit and Control Committee.

- In addition to the above, recurring advice has been provided on privacy matters, and as a result of its work, 34 follow-up meetings have been held, four reports have been drawn up on the state of compliance of the different areas, 56 legal and technical queries have been resolved (40 Colonial and 16 Utopicus), and a data protection impact assessment has been carried out, as well as a legal impact assessment.

- In compliance with the Multiannual Training Plan 2022-2024, on 20 November 2023, a training pill on data protection on video surveillance was distributed to all Colonial and Utopicus employees. In addition, the Safety Committee randomly sends safety pills to different groups of Colonial and Utopicus employees, with a total of 22 during 2023.

Regulatory update

- In 2023, the head of the Legal Advice department has provided recurring information on the legal framework applicable to Colonial at the meetings of the Management Committee. Among the various issues reported on, the committee discussed the Law on the Right to Housing 2023 and Barcelona's *Urban Mobility Plan*.

- In addition to the above, either directly from the Regulatory Compliance Unit or from the company's legal services, consultations from the different departments have been resolved, including Utopicus, and various communications have been sent regarding different regulatory updates.

ESG

- The RCU has fed into the content of the *Integrated Annual Report* published during the 2023 financial year, under the ethics and compliance part.

  - The RCU has participated in the evaluations carried out by the different indices that have analysed the company's ESG in terms of ethics and compliance.

6.8. Remuneration of the Board of Directors

In the 2023 financial year, the Appointments and Remuneration Committee carried out an in-depth review of the directors' remuneration policy to bring it into line with Colonial's strategic priorities, the recommendations of the main shareholders and proxy advisors, and market practice. Also during 2023, Colonial undertook a consultation process with proxy advisors and institutional shareholders in order to actively listen to their comments and suggestions on the directors' remuneration policy.

As a result of the above work, Colonial has drawn up a new remuneration policy for the 2024, 2025 and 2026 financial years and has revised the structure and content of the annual directors' remuneration report for the 2023 financial year, which are included in this Integrated Annual Report as an appendix and are also available on the corporate website.

6.9. | Business ethics

Colonial has had a robust regulatory compliance model in place since 2011 and is continuously improving.

Highlights 2023

Code of Ethics

- The Code of Ethics and Corporate Policies were provided to new employees.
- All employees have reaffirmed their commitment to the principles of the Code of Ethics.
- Since 2023, SFL has had its Code of Ethics.

Ethics Channel

- Dissemination of the Ethics Channel to all Colonial and Utopicus employees.
- No complaints were processed in 2023.
- The Colonial Group's (Colonial/SFL) Ethics Channel General Policy was approved on 8 November.
- The Ethics Channel Procedure was approved on 8 November.
- Ethics Channel available 24/7 in all languages.
- The Ethics Channel tool has been outsourced.

Crime prevention

- Update on criminal risks and controls.
- Monitoring of risk controls through the GRC tool.
- Employees have reaffirmed their commitment to compliance with the anti-corruption policy.
- All donations and sponsorships have been jointly approved by the Chairman and CEO.

Prevention of money laundering

- External expert report on internal control and communication procedures and bodies established to prevent money laundering.

Prevention of market abuse

- Processing and dissemination of inside information and other relevant information policy.
- Treasury stock policy.

Multi-year training plan

- Sessions held in 2023:

Subject	Trainer	For employees
Data protection/Video surveillance	RCU	Colonial and Utopicus
Ethics	External	Colonial and Utopicus
Market abuse/Processing and dissemination of inside information and other relevant information policy	External	Colonial and Utopicus
Ethics Channel	RCU	Colonial and Utopicus

6.9.1 Code of Ethics

- Approved in 2011.
- Available on the corporate website for all Colonial's stakeholders.
- The Code of Ethics and Corporate Policies are provided to new employees of Colonial and Utopicus.
- All Colonial and Utopicus employees have this year ratified their commitment to the principles of the Code of Ethics.
- Since 2023, SFL has had its Code of Ethics.

In 2011, the company's **Code of Ethics** was approved, in line with the good governance recommendations generally recognised in international markets and the principles of social responsibility accepted by the company. This document embodies Colonial's commitment to the principles of business ethics and transparency, and establishes the basic values that should guide the activities of Colonial's professionals.

Principles of the Code of Ethics

Action lines	Relations with and between the Group's professionals	Commitments to third parties and the market
▪ Respect for the law ▪ Professional integrity ▪ Respect for the environment	▪ Non-discrimination, mutual respect and equal treatment ▪ Equal opportunities ▪ Work-life balance ▪ Right to privacy ▪ Health and safety at work	▪ Free competition ▪ Integrity in management ▪ Client relations ▪ Relations with contractors and suppliers ▪ Shareholder relations ▪ Restricted and confidential information ▪ Protection of corporate assets ▪ Conflicts of interest ▪ Neutrality ▪ Company commitment ▪ External activities

The Code of Ethics is provided to all employees as part of the welcome program. On an annual basis, training sessions are held on the subject and a commitment is made to comply with their content. During the 2023 financial year, a total of 22 contracts have been signed in Spain and in all of them the Code of Ethics has been delivered and the corresponding acceptance of its content and compliance commitment were included.

The Code of Ethics is available to all Colonial's stakeholders on its website, and its contents include the following commitments, which in turn are developed through the various corporate policies that are updated on a recurring basis:

- In relation to the **principle of neutrality**, Colonial develops its business model without interfering or participating in the political processes of the countries and communities in which it operates. Any relationship between Colonial and governments, authorities, institutions and political parties is based on the principles of legality and political neutrality. In this regard, in accordance with the Code of Ethics and the anti-corruption policy, Colonial is prohibited from making donations to political parties and their related foundations.
- With regard to **free competition**, Colonial is committed through the Code of Ethics and its development policies to compete fairly in the markets in compliance with the antitrust regulations applicable in the countries where it carries out its activities. Likewise, there shall be no misleading or disparaging advertising of its competitors or third parties.
- With regard to **professional integrity**, both the Code of Ethics and the anti-corruption policy prohibit the direct or indirect acceptance of any gift of any amount, the purpose of which is to favour a person or entity in the procurement of goods or services.
- In relation to the principle of **management integrity**, the Board of Directors is committed to accurate, valid, timely, relevant and complete financial reporting. The company has a general policy regarding the publication of economic-financial, non-financial and corporate information that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders (www.inmocolonial.com).

6.9.2 Ethics Channel

- Created in 2011. Improvements have been made over time: This extends to directors, employees, shareholders, suppliers, contractors and subcontractors.
- Managed by the Regulatory Compliance Unit (RCU): a financially independent body reporting directly to the Audit and Control Committee (ACC).
- In 2023:
  - The Ethics Channel Policy, the first group policy (Colonial/SFL), has been approved. Available on the corporate website.
  - The Colonial Ethics Channel Procedure has been created. Available on the corporate website.
  - Ethics Channel available 24/7 in all languages.
  - The Ethics Channel tool has been outsourced.
- No complaints were received in 2023.

Colonial has had the Ethics Channel since 2011. It is open to receive all types of communications and queries regarding the Code of Ethics from Colonial, Utopicus and SFL employees, directors, shareholders, suppliers, contractors and subcontractors.

In accordance with Law 2/2023, which regulates the protection of persons who report regulatory violations and the fight against corruption, the necessary improvements have been made to the Colonial and Utopicus Ethics Channel:

- On 8 November 2023, the Board of Directors of *Colonial approved the Colonial Group Ethics Channel General Policy and the Ethics Channel Management Procedure*. Both documents are available on the corporate website www.inmocolonial.com
- Appointment by the Board of Directors of the person responsible for the Internal Information System. The Board of Colonial has appointed the Regulatory Compliance Unit.
- The purpose of this channel is to facilitate the reporting of possible irregularities that may constitute a serious or very serious criminal or administrative offence.

- It facilitates the reporting of infringements and increases the guarantees of whistleblower protection.
- It allows for the possibility of anonymous and verbal complaints.
- In addition to the company's internal channel, infringements may also be reported through external channels set up by the relevant competent authorities.
- Referral of the complaint to the competent authority (Public Prosecutor's Office) when the facts could be indicative of a crime.
- The investigation of the information shall have a maximum duration of three months, extendable to six months.
- A specific sanctioning regime is established.
- It complies with ESG rating best practices.
- Ethics Channel available 24/7 in all languages.
- The Ethics Channel tool has been outsourced.
- The Ethics Channel Policy, the first group policy (Colonial/SFL), has been drafted. Available on the corporate website.
- The Colonial Ethics Channel Procedure has been created. Available on the corporate website.

Meetings have been held with the Director of Human Resources and General Services and with the Chairman of the Company's Works Committee to report on the approval by the Board of Directors of Colonial's Ethics Channel. The meetings were held on 6 November 2023 and 8 November respectively.

On 1 December 2023, all Colonial and Utopicus employees were provided with a training pill on the update of the Ethics Channel.

During 2023, the management of communications received through the ethics channel has continued. No communication was processed during 2023.

In accordance with the provisions of the Ethics Channel procedure, all communications and complaints received will be managed by a unit that is organically and financially independent from the executive management, which is the Regulatory Compliance Unit. Communications or complaints can be submitted anonymously and will be treated confidentially by the body.

The Ethics Channel is available 24/7 and persons who make any kind of query or complaint, provided they do so in good faith, are protected against any form of reprisal, threat, extortion, discrimination or criminalisation on the basis of the disclosures made. Colonial will sanction any kind of retaliation against the interested party in good faith. In addition, the Regulatory Compliance Unit is the body responsible for processing and managing any other facts of which it becomes aware by any other means, with the advice and legal assistance of external counsel if necessary. Likewise, as established in the regulation, the Ethics Channel is set up fully in accordance with the different legally established data protection requirements, in order to duly protect the privacy and intimacy of the persons involved and, in particular, to guarantee the confidentiality of the person making a complaint. In this regard, the Data Protection Officer (DPO) is responsible for its continuous compliance and may rely on specialised external advice.

6.9.3 Crime prevention

- A criminal risk prevention manual has been available since 2015.
- Update on criminal risks and controls.
- Monitoring of criminal risk controls through a GRC tool.

Within the framework of Colonial's compliance model, which was established in 2011, it has had a *Criminal Risk Prevention Manual* since 2015, which is reviewed on a recurring basis by the Regulatory Compliance Unit in order to adapt it to new circumstances as they arise. Likewise, in 2020 the Audit and Control Committee approved a compliance policy (available on the corporate website at this www.inmocolonial.com) the purpose of which is to formally ratify Colonial's commitment to promote a culture of regulatory compliance that allows for the development of honest, upright and transparent professional conduct, as well as to show its commitment to zero tolerance and firm condemnation of the commission of any kind of illegal act, particularly in the criminal sphere, without, under any circumstances, its commission being justified on the basis of a benefit for the company. This policy defines the control mechanisms established by the company.

In 2023, with the support of Deloitte, work has been carried out to update the criminal risks. The process consisted of individual interviews with members of Colonial's management team, including the CEO and the Corporate General Manager, as well as with the heads of the different areas. The purpose of the interviews was to review and update the criminal risks to which each area or department is exposed due to its activity and to raise awareness of the functions and responsibilities of the directors and managers of each area in relation to Colonial's criminal risk prevention model.

In the case of Utopicus, its CEO and all its managers were interviewed.

During 2023, the monitoring of criminal risk controls continued through a GRC (Governance Risk & Compliance) tool. This tool contains 32 criminal risks, and 72 control assessments were launched in the 2023 financial year, with support for the persons concerned in managing the tool.

In addition to the above, on a recurring basis, Colonial reviews the internal and external regulations applicable to it, through the Regulatory Compliance Unit, as well as external advisors and lawyers, in order to ensure full and correct compliance.

6.9.3.1 Anti-Corruption Policy

- In accordance with Colonial's commitment to managing its assets with integrity, the company has an Anti-Corruption Policy applicable to all its employees.
- Colonial and Utopicus employees have ratified their commitment to comply with Colonial's anti-corruption policy.
- The anti-corruption policy sets out a clear procedure for the acceptance of gifts.

Colonial, in line with the Sustainable Development Goals (SDGs), and more specifically SDG 16, aims to promote just, peaceful and inclusive societies and to radically reduce corruption and bribery in all its forms by 2030.

In this regard, Colonial's anti-corruption policy was formalised in 2021, approved by the Board of Directors at its meeting on 7 October. In 2022 Colonial implemented an annual procedure to ensure that all Colonial and Utopicus employees are aware of and accept both the Code of Ethics and the anti-corruption policy.

In accordance with Colonial's Code of Ethics and anti-corruption policy, any form of corruption is totally contrary to its principles and values, and any kind of behaviour related to any form of bribery is prohibited. In accordance with the above, Colonial expressly rejects bribes to authorities and public officials and prohibits its employees from giving to third parties or receiving from third parties undue payments of any kind, or gifts, handouts or favours that are outside market usage or which, due to their value, characteristics or circumstances, may reasonably alter the development of commercial, administrative or professional relations involving the Group's companies.

Furthermore, within the anti-corruption policy, a procedure has been established in relation to the delivery and acceptance of gifts:

It is forbidden to accept, directly or indirectly, any gift of any amount whose purpose is for the subject person to favour, directly or indirectly, the person or bank that grants it in the contracting of goods or services.

For the acceptance of gifts:

(i) The value of the gift may not exceed 250 euros and must be in accordance with social customs and sectoral standards.

(ii) Exceptionally, for gifts exceeding the aforementioned amount of 250 euros, authorisation may be requested from the Regulatory Compliance Unit when there are circumstances that justify it.

In addition to the aforementioned precepts for the fight against corruption, the company has a model of segregation of duties and a purchasing authorisation system, to increase controls in this area which are applied throughout the Group. No significant corruption-related risks have been identified during 2023 through the mechanisms described above.

6.9.3.2 Grants, sponsorships and donations

- Donations to political parties and their related foundations are prohibited.
- All donations and sponsorships have been jointly approved by the Chairman and CEO.

Colonial's anti-corruption policy, approved by the Board of Directors at its meeting of 7 October 2021, regulates the processing of donations, sponsorships and subsidies.

The term donation shall be understood as any voluntary contribution (monetary or otherwise) made by the Colonial Group to an entity or legal person with no intention of receiving anything in return and for the sole purpose of participating in and contributing to the activities of the done, i.e. without expecting to obtain any profit in return. Donations must be justified by the Colonial Group's activity and be in line with the lines of action set by the company and/or its ESG commitments. The chairman of the Board of Directors and the Chief Executive Officer shall be responsible for deciding on donations and the amounts to be donated. The Board of Directors shall also be informed annually of all donations made, if any, during the financial year.

The term *sponsorship* refers to any agreement whereby the Colonial Group provides financial (or other) support to an entity or legal person or a specific initiative, in exchange for promoting, directly or indirectly, the name of the Colonial Group as a sponsor in its activities. Strategic alignment of sponsorships will be ensured and appropriate procedures will be put in place. The chairman of the Board of Directors and the Chief Executive Officer shall decide on the amounts and activities to be sponsored. The Board of Directors shall also be informed annually of all sponsorships made during the financial year.

In this regard, donations to political parties and their related foundations are prohibited and any relationship between Colonial and governments, authorities, institutions and political parties will be based on the principles of legality and political neutrality; furthermore, in accordance with the provisions of the anti-corruption policy, the Chairman of the Board of Directors and the Chief Executive Officer shall jointly decide on the amounts and activities subject to sponsorship, as well as on the donations and the amounts allocated to them.

With regard to the 2023 financial year, RCU has monitored the donations and sponsorships contained in the corporate policy monitoring report presented to the Audit Committee on 15 March 2023. All sponsorships and donations granted by Colonial have the formal approval of the Chairman and CEO jointly.

In this regard, within the framework of the Colonial Group's ESG Strategy, the company plans to increase its involvement in specific actions that promote social integration, philanthropic activities and greater participation of society in Colonial's activities. These initiatives are consistent with Colonial's commitment to promote and achieve the Sustainable Development Goals (SDGs), more specifically SDG 17: "Revitalising the global partnership for sustainable development", indispensable for the success of the UN 2030 Agenda for Sustainable Development.

6.9.4 Prevention of money laundering and financing of terrorism

- An anti-money laundering and terrorist financing prevention manual is available.
- An independent expert has issued the *External expert's report on the internal control and communication procedures and bodies established to prevent money laundering.*

With regard to the prevention of money laundering and the financing of terrorism, although Colonial's main activity is the leasing of real estate, which it carries out in Spain (mainly in Barcelona and Madrid) and in Paris, (through its subsidiary Société Foncière Lyonnaise), and the performance of this activity as such does not make it a regulated entity, Colonial also carries out real estate development activities. This activity consists of purchasing buildings for refurbishment and subsequent leasing, and can therefore be considered a regulated entity for the purposes of Article 2.1 l) of the Money Laundering Prevention Act.

In this regard, Colonial has an anti-money laundering and terrorist financing prevention manual and a system for the prevention of money laundering and the financing of terrorism aligned with the applicable regulatory requirements and the Internal Control and Communication Body (OCIC) in which all of Colonial's business areas are represented. Specifically, Colonial has computerised money laundering tools that are ideal for risk mitigation, which allow for the appropriate identification of clients and it has external advice from reputable law firms, which allows it to reinforce its surveillance work, as well as a system for classifying clients according to risk.

Although no deficiencies were detected in the external expert's report for the 2022 financial year, in 2023, and following the recommendations of the external expert, communication and dissemination actions were carried out for the Ethics Channel, the list of countries that are considered non-cooperative jurisdictions by virtue of order HFP/115/2023 of 9 February was updated, and training work continued on compliance matters, as well as updating regulations.

Finally, within the framework of its activity, in 2023, identification tasks were carried out in the area of anti-money laundering prevention in eight divestment transactions and one lease transaction carried out by the company this year, with the assistance of an external advisor, and training was provided in this area.

6.9.5 Market abuse

- Processing and dissemination of inside information and other relevant information policy.
- Treasury stock policy.
- Both policies:
  - Are available on the company's corporate website.
  - Apply to all employees.
  - Have been communicated to all employees.
  - All employees have received training in this area.

During the 2023 financial year, the market abuse and treasury share policies were communicated to Colonial's new hires that were considered to be persons concerned. This is not the case for the incorporations of Utopicus, as it is not a listed company.

These two policies apply to all employees and are available on the corporate website.

All employees were informed about both policies and received training on these matters.

As explained in the section on "Multi-year training plan", training on the Policy for the processing and dissemination of inside information and other relevant information was given on 26 January 2023 by Ramón y Cajal Abogados. 105 employees attended, and evidence of evaluation has been received from 81 of them.

Furthermore, in accordance with this policy, on 2 and 3 February 2023, the RCU sent communications to the company's employees with reporting obligations, as well as to the Management Committee and the directors of the company and SFL. Finally, a reminder about *blackout periods* was sent on 1 February.

6.9.6 Privacy

- The company has a number of procedures in place to comply with the GDPR (General Data Protection Regulation).
- It has had a DPO (Data Protection Officer) since 2020, who holds regular follow-up meetings with an external advisor (EY) to review policies and other aspects, and also with Colonial's Security Committee.

Since 2018, the company has had a number of procedures in place to comply with the GDPR (General Data Protection Regulation) including:

- Information security policy.
- Information access control policy.
- Information Security Incident Management Policy.
- Information classification policy.
- Asset and resource use policy.
- Security breach management procedure.
- Non-automated data processing procedure.
- Affected person management procedures.

In addition, since 2020, the company has had a DPO (Data Protection Officer), who holds regular follow-up meetings with an external advisor (EY) to review policies and other aspects. In addition, the DPO also forms part of Colonial's Security Committee, which meets monthly to deal with different aspects related to the company's cybersecurity.

During 2023, the DPO has participated in 34 follow-up meetings with the external advisor, four reports have been prepared on the compliance status of the different areas and 56 legal and technical queries have been resolved (40 Colonial and 16 Utopicus). The relevant data protection impact assessments and legal impact assessments have also been carried out.

6.9.7 Multi-year training plan

- Multi-year training plan for 2022, 2023 and 2024 for all Colonial employees. Approved by the el ACC (Audit and Control Committee) on 22 March 2022.

In 2022, Colonial formally established a multi-year compliance training plan for its employees. This plan covers 2022, 2023 and 2024, was approved by the Audit and Control Committee at its meeting held on 22 March 2022, and contains annual training courses on ethics, market abuse, prevention of money laundering, crime prevention (including corruption and bribery) and privacy for all Colonial employees.

During 2023, the following training sessions assigned to the 2023 financial year were carried out:

- On 26 January 2023, training was held on the processing and dissemination of Inside Information and other relevant information policy, which is mandatory for all Colonial and Utopicus employees. This training was provided by the law firm Ramón y Cajal Abogados.
- On 20 November 2023, a training pill on data protection on video surveillance was distributed to all Colonial and Utopicus employees. The Safety Committee also randomly sends out safety pills to different groups of Colonial and Utopicus employees, with a total of 22 having been sent out.
- On 15 December 2023, ethics training was provided to all Colonial and Utopicus employees by an external trainer of recognised prestige.

  As a sign of Colonial's commitment to ethics, the CEO introduced and closed the training session, which was attended by more than one hundred Colonial and Utopicus employees.

Summary of training sessions held in 2023:

Subject	Trainer	Aimed at employees
Data protection/Video surveillance	RCU	Colonial and Utopicus
Ethics	External	Colonial and Utopicus
Market abuse/Processing and dissemination of Inside Information and other relevant information policy	External	Colonial and Utopicus
Ethics Channel	RCU	Colonial and Utopicus

6.9.8 Engagement in lobbying activities

Colonial has a corporate social responsibility policy that must be complied with by all the Group's employees, as well as by the Group's directors and representatives. One of the commitments set out in the policy is that Colonial's activities are carried out ethically, transparently and in line with regulatory requirements.

For all these reasons, Colonial has developed a regulatory compliance system with instruments such as the Code of Ethics, the Regulatory Compliance Unit and a series of Policies that develop Colonial's commitment to ethics and compliance. Under this system, Colonial develops its business model without interfering or participating in the political processes of the countries and communities where it operates. Any relationship with governments, authorities, institutions and political parties is always based on the principles of legality and political neutrality.

Colonial is therefore committed to transparency and integrity in its possible lobbying activities, which involves actions such as the following:

- Follow-up of international conventions and treaties on the subject.
- The rejection of any form of corruption in the development of its business activity, whether in the public or private sector.
- Prohibition of committing illegal acts or acts that violate existing regulations under the justification that the person is acting in the best interests of the company.
- Information disclosed by the company to shareholders, investors, analysts and the market should be truthful and complete, and should accurately describe the company and the group and its business activities and strategies.
- Prohibition of donations to political parties and their related foundations.

Finally, and as a sign of our commitment, it should be noted that Colonial has never invested any sum of money in this type of activity.

6.10. | Organisation of the Group

COLONIAL GROUP

Colonial

GAV 12/23: **€11,336m**
GAV incl. transfer costs 12/23: **€11,944m**

50%
Inmocol Torre Europa, S.A.

100%
Spain Assets

98.4%
SFL

100%
Utopicus Innovación Cultural, S. L.

100%
Washington Plaza

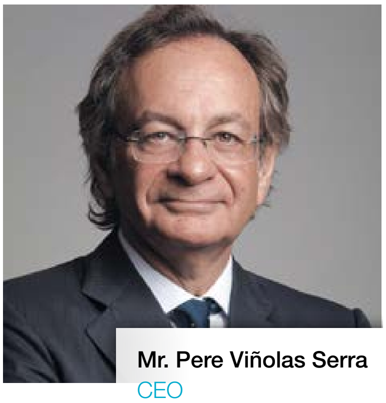
100%
Parholding

51%
Joint Ventures

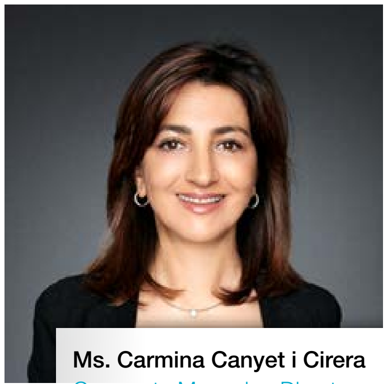
49%
PREDICA

6.11. | Management Team

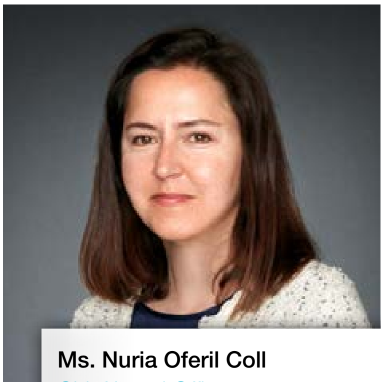
Mr. Juan José Brugera Clavero
Chairman



Mr. Pere Viñolas Serra
CEO

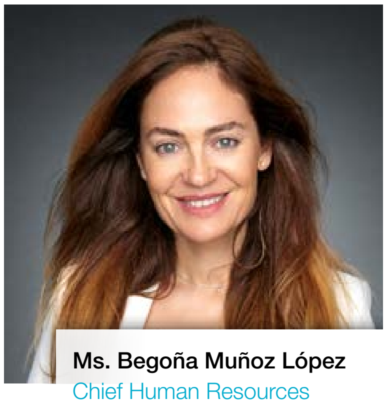


Ms. Carmina Canyet i Cirera
Corporate Managing Director



Ms. Nuria Oferil Coll
Chief Legal Officer

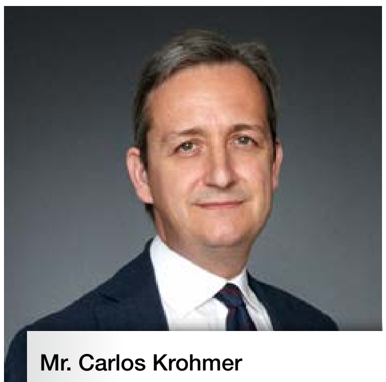
Mr. Albert Alcober Teixidó
Chief Operating Officer



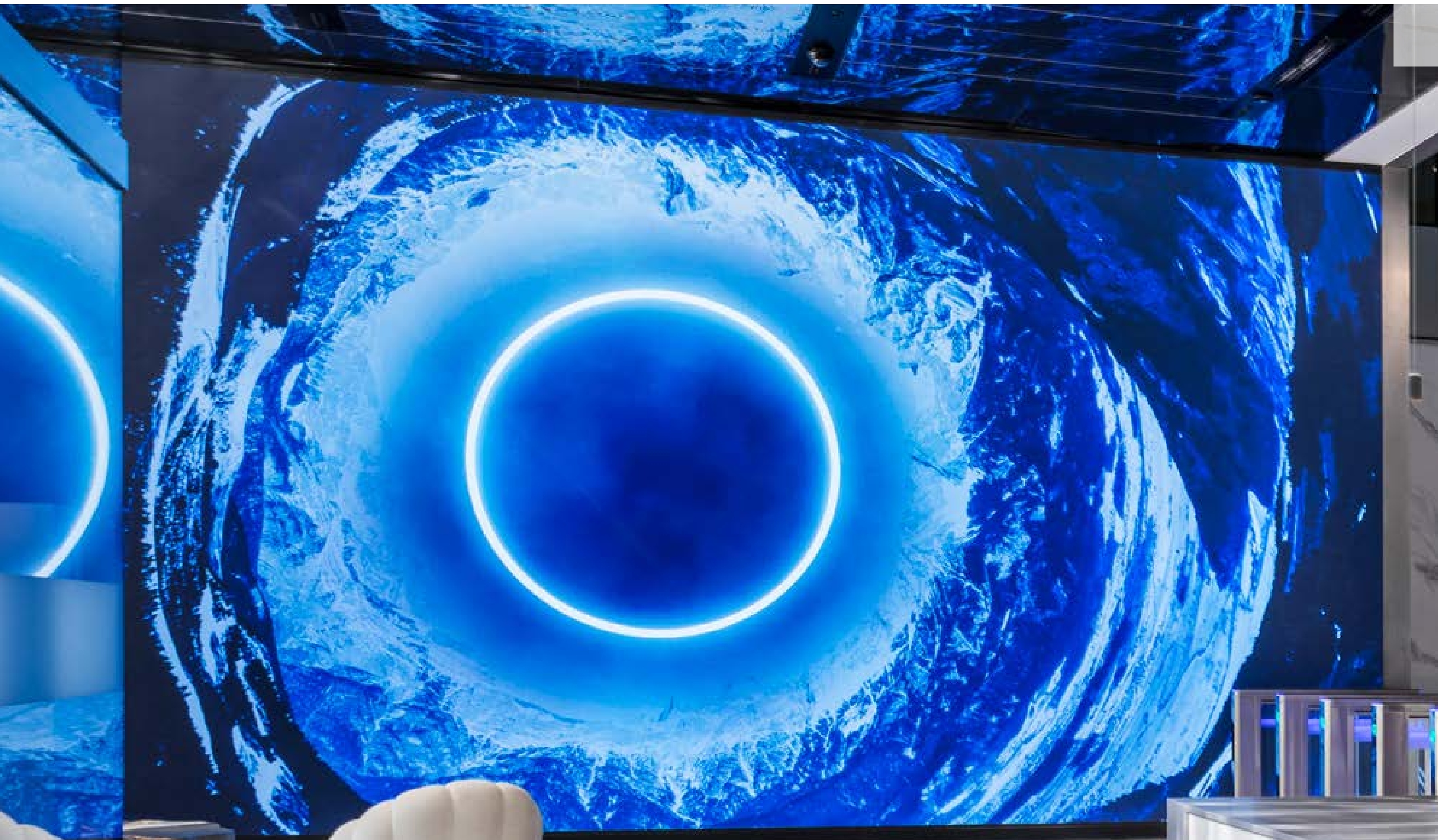
Ms. Begoña Muñoz López
Chief Human Resources

Ms. Àngels Arderiu Ibars
Chief Financial Officer

Mr. Juan Manuel Ortega Moreno
Chief Investment Officer



Mr. Carlos Krohmer
Chief Corporate Development Officer



7. Colonial portfolio

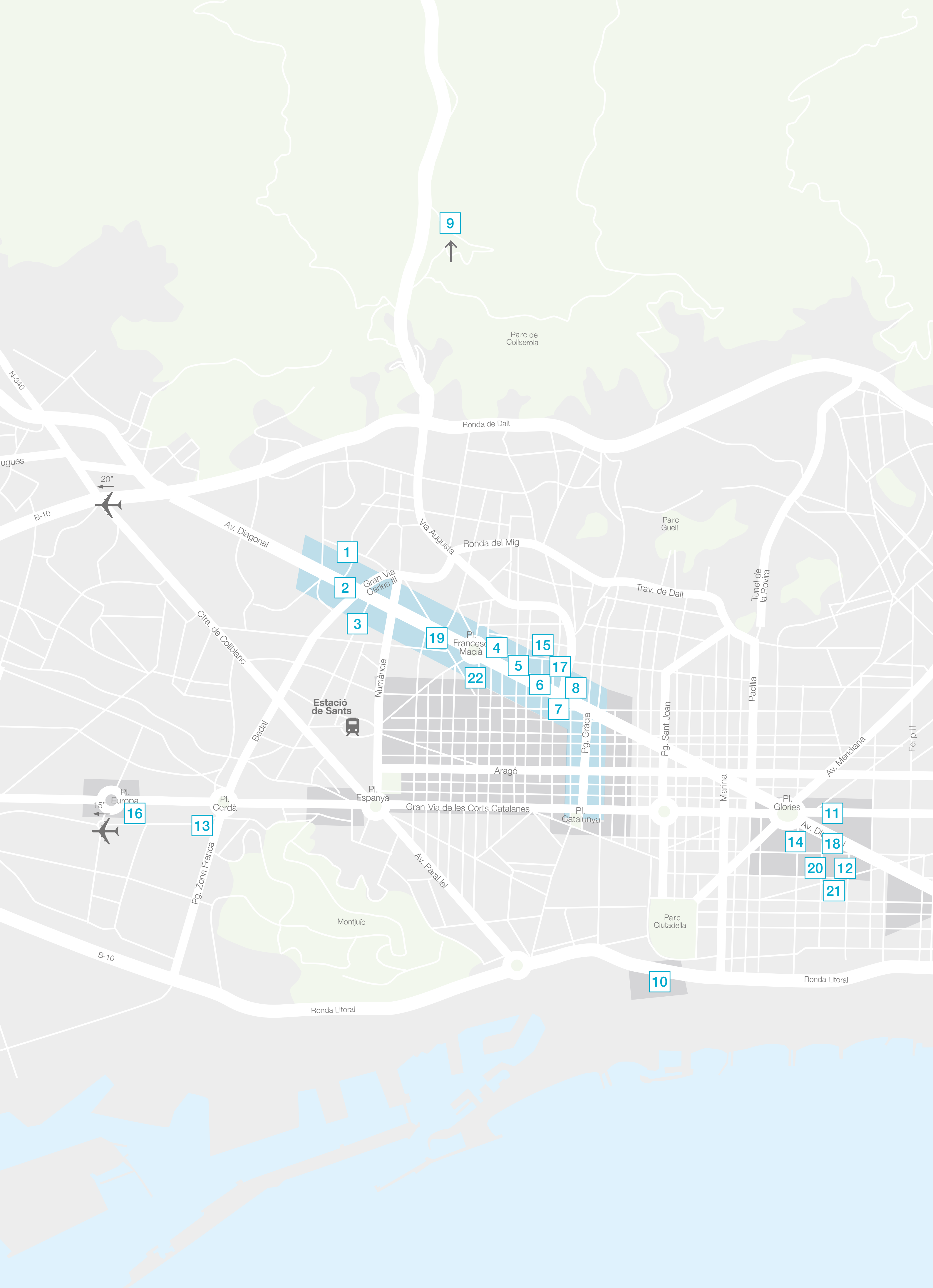
7.1. | Location of assets

Barcelona

1. Paseo de los Tilos, 2-6
2. Av. Diagonal, 682
3. Av. Diagonal, 609-615
4. Travessera de Gràcia, 11
5. Amigó, 11-17
6. Av. Diagonal, 530-532
7. Av. Diagonal, 409
8. Vía Augusta, 21-23
9. Complejo de oficinas Sant Cugat Nord
10. Torre Marenostrum
11. Diagonal Glòries
12. Complejo de oficinas Illacuna
13. Torre BCN
14. Parc Glòries (Ciutat de Granada, 150)
15. Travessera de Gràcia, 47-49
16. Plaza Europa, 34
17. Gal·la Placídia
18. Av. Diagonal, 197
19. Av. Diagonal, 523-525
20. Sancho Ávila, 110-130
21. WittyWood (Llacuna, 42)
22. Buenos Aires, 21

Prime Central Business District

Business District



Parc de Collserola
Ronda de Dalt
Av. Diagonal
Via Augusta
Ronda del Mig
Parc Guell
Trav. de Dalt
Tunel de la Rovira
Gran Via Carles III
Pl. Francesc Macià
Numància
Ctra. de Collblanc
Estació de Sants
Badal
Pg. Gràcia
Pg. Sant Joan
Padilla
Marina
Av. Meridiana
Felip II
Aragó
Gran Via de les Corts Catalanes
Pl. Catalunya
Pl. Espanya
Pl. Cerdà
Pl. Europa
Pl. Glories
Av. Paral.lel
Pg. Zona Franca
Montjuïc
Parc Ciutadella
Ronda Litoral
B-10
N-340
20"
15"
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22

Madrid

MADRID – City Center & CBD

1 Paseo de Recoletos, 37-41

2 Génova, 17

3 Paseo de la Castellana, 52

4 Paseo de la Castellana, 43

5 Santa Engracia

6 Poeta Joan Maragall, 53

7 Discovery Building

8 López de Hoyos, 35

9 The Window

10 Francisco Silvela, 42

11 Ortega y Gasset, 100

12 Ramírez de Arellano, 37

13 MV49 Business Park

14 Alfonso XII, 62

15 José Abascal, 45

16 Serrano, 73

17 Santa Hortensia, 26-28

18 Paseo de la Castellana, 163

19 Arturo Soria, 336

20 Campus Méndez Álvaro

21 Manuel de Falla, 7

22 Sagasta, 31-33

23 Miguel Ángel, 23

24 Velázquez, 86D

25 Don Ramón de la Cruz, 84

26 Paseo de Recoletos, 27

NORTH MADRID
Arroyo de la Vega & Las Tablas

27 Francisca Delgado, 11

28 Puerto de Somport, 8

EAST MADRID
Campo de las Naciones & A2

29 Ribera del Loira, 28

30 Tucumán

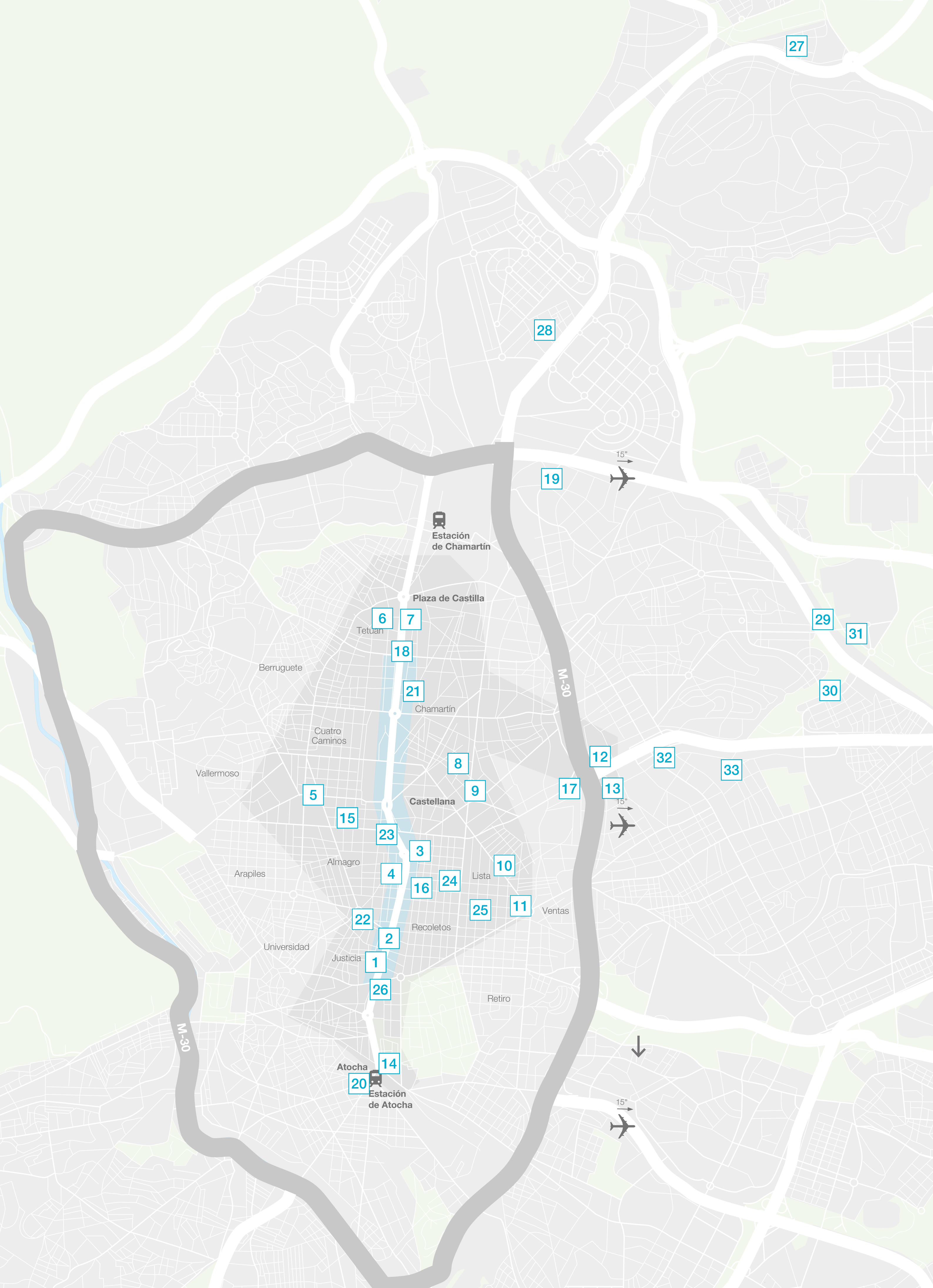
31 EGEO – Campo de las Naciones

32 Josefa Valcárcel, 40 bis

33 J.I. Luca de Tena, 7

Prime Central Business District

Business District

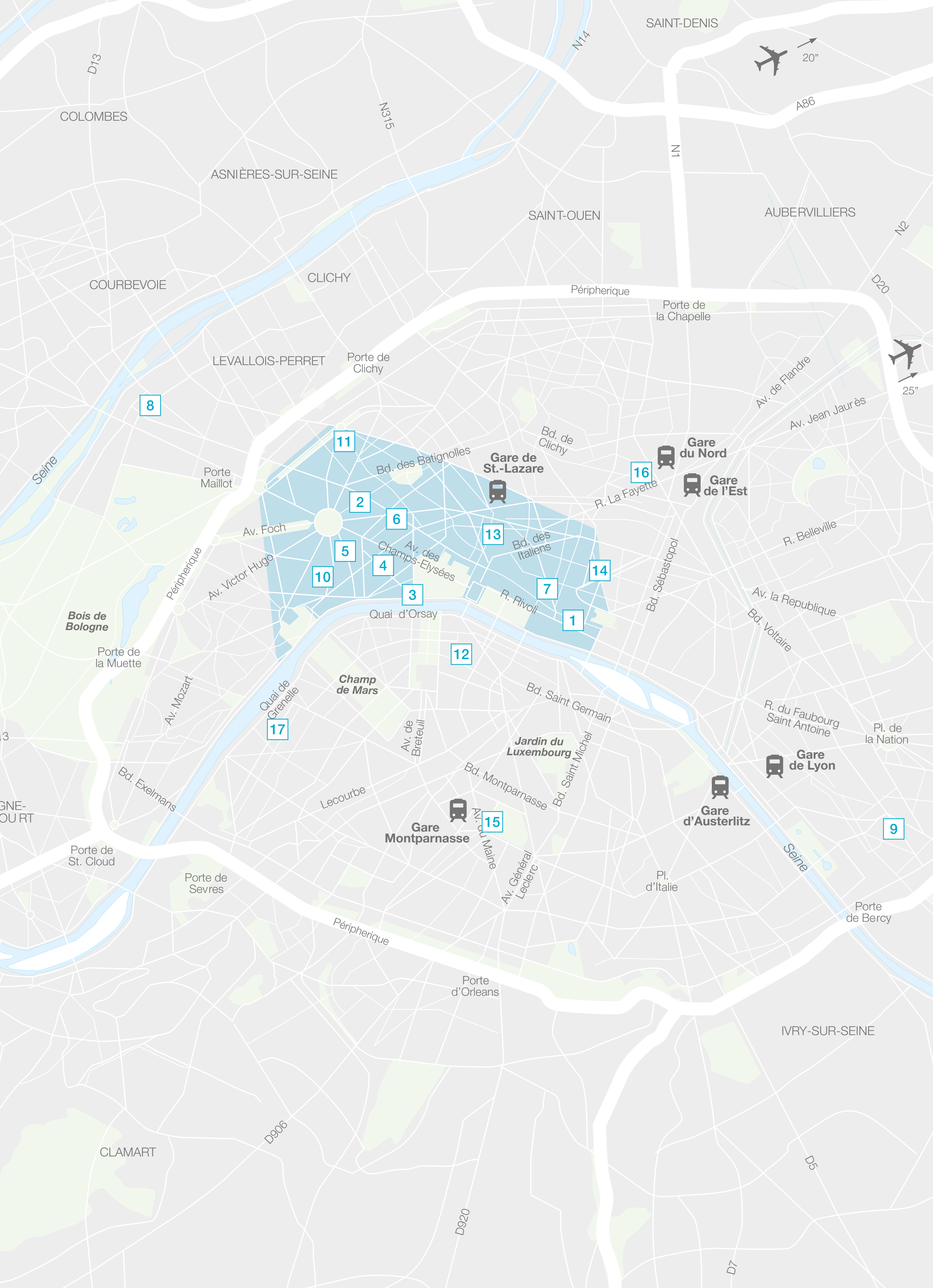

27
28
19
15"
Estación
de Chamartín
Plaza de Castilla
6
7
Tetuán
18
29
31
Berruguete
21
30
M-30
Chamartín
Cuatro
Caminos
12
32
33
8
Vallermoso
17
13
5
9
Castellana
15"
15
23
3
Almagro
10
Arapiles
4
24
Lista
16
25
11
Ventas
22
Recoletos
2
Universidad
Justicia
1
26
Retiro
M-30
Atocha
14
20
Estación
de Atocha
15"

Paris

1. Louvre Saint-Honoré
2. Washington Plaza
3. Galerie des Champs-Élysées
4. 90 Champs-Élysées
5. 92 Champs-Élysées Ozone
6. Cézanne Saint-Honoré
7. Édouard VII
8. 176 Charles de Gaulle
9. Rives de Seine
10. Marceau
11. 131 Wagram
12. 103 Grenelle
13. 104-110 Haussmann Saint-Augustin
14. #Cloud
15. Pasteur
16. 4-8 Rue Condorcet
17. Biome

Prime Central Business District

Business District


SAINT-DENIS
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25”
A86
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COLOMBES
ASNIÈRES-SUR-SEINE
SAINT-OUEN
AUBERVILLIERS
COURBEVOIE
CLICHY
Péripherique
Porte de
la Chapelle
LEVALLOIS-PERRET
Porte de
Clichy
Av. de Flandre
Av. Jean Jaurès
8
11
Bd. des Batignolles
Gare de
St.-Lazare
Bd. de
Clichy
Gare
du Nord
16
Gare
de l’Est
R. La Fayette
Seine
Porte
Maillot
2
6
13
Av. Foch
Bd. des
Italiens
R. Belleville
5
Av. des
Champs-Elysées
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14
10
Av. Victor Hugo
Péripherique
3
7
1
R. Rivoli
Bd. Sébastopol
Av. la Republique
Quai d’Orsay
Bois de
Bologne
Porte de
la Muette
12
Bd. Voltaire
Champ
de Mars
Bd. Saint Germain
Quai de
Grenelle
Av. Mozart
17
Av. de
Breteuil
Jardin du
Luxembourg
Bd. Saint Michel
R. du Faubourg
Saint Antoine
Pl. de
la Nation
Gare
de Lyon
Bd. Exelmans
Lecourbe
Bd. Montparnasse
Gare
d’Austerlitz
15
Av. du Maine
Gare
Montparnasse
9
Porte de
St. Cloud
Seine
Porte de
Sevres
Av. Général
Leclerc
Pl.
d’Italie
Porte
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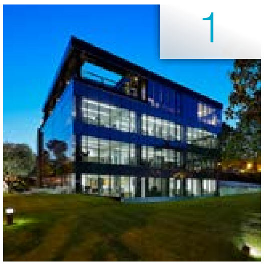
D7

Barcelona



1

Paseo de los Tilos, 2-6

A fully refurbished office building located in one of Barcelona's most exclusive residential neighborhoods. Due to its proximity and easy access to the Ronda de Dalt and the Diagonal business district it is has excellent transport links, it is close to Av. Diagonal and just 20 minutes from the airport. The building has five open-plan floors and a total leasable area of 5,143 sqm, in addition to two underground floors with its own parking garage. Floors with high-quality interiors and finishes, offering an average per-floor area above 1,000 sqm.

2

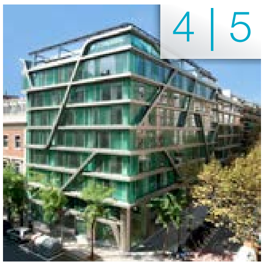
Av. Diagonal, 682

Diagonal 682 is a fully refurbished building which offers a modern and functional work environment. It has an open structure, completely street-facing and with well-lit areas and spectacular views of Barcelona. The building is located in one of the city's major business districts, making it an ideal base for company offices. The standard layout offers a leasable area of 644 sqm, divisible into two independent modules of 322 sqm each. The building has its own parking area and two commercial premises on the ground floor with direct street access.

3

Av. Diagonal, 609-615

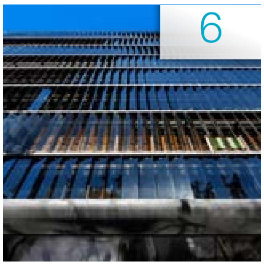
The Diagonal 609-615 office building is in one of the most cosmopolitan parts of Avenida Diagonal, in an area that combines financial and commercial activity. Very good transport links both with the center of Barcelona and the train station and airport. Of particular note in this complex is the building popularly known as "El Dau", along with the "Prisma" building. Known as "El Dau" due to its straight architectural lines, it has nine completely street-facing floors, divided into eight modules with leasable areas of 217 sqm and up. The "Prisma" building has nine completely street-facing floors, divided into four modules with leasable areas of 124 sqm and up. These buildings are constructed and decorated with the highest quality materials. They have access control from the lobby with security services and their own parking area.



4 | 5

Travessera de Gràcia, 11 / Amigó

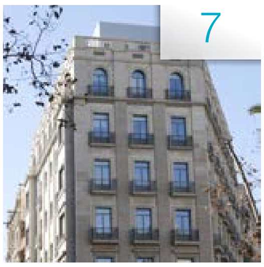
Located at the intersection of Travessera de Gràcia and Amigó, this building is in a busy commercial area, with excellent transport connections, being just a few meters away from Av. Diagonal and Plaza Francesc Macià. It holds a LEED GOLD environmental certification and consists of 2 buildings accessible from Travesera de Gràcia and Amigó. The two buildings share four underground floors of parking. The building's façade stands out for the special Geoda glass which changes color tone depending on the exterior light. The interior is characterized by spacious areas with steel-encased raised floors, metallic false ceilings and quality curtains installed in the façade. State-of-the-art elevators are in operation, which aim to reduce waiting time. The building is lit by LED lighting adjustable in relation to the amount of external light.



6

Av. Diagonal, 530-532

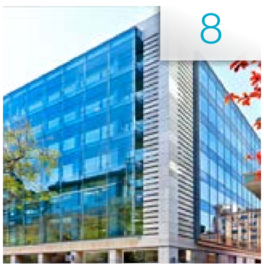
The Diagonal 532 office block is located on Avenida Diagonal between Aribau and Tuset. It comprises nine completely street-facing and open-plan floors of up to 1,397 sqm, divisible into modules of 268 sqm and up; it also offers elegant and stylish communal areas. It has undergone a profound transformation, with a total remodeling of facilities, façades, and incorporation of innovations in the field of technology and sustainability. On the 2nd and 3rd floors of the building are the flexible spaces of Utopicus, which offer a 5-star experience to users. The building is BREEAM certified and has hi-tech installations, including a modular climate- control system and a vertical access core of three elevators and a freight elevator. The building also has its own parking area.



7

Av. Diagonal, 409

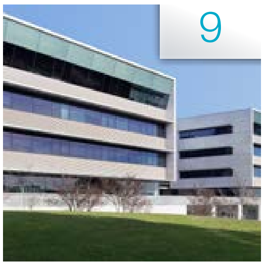
Architecturally-unique building with seven open-plan floors, which are completely street- facing, thanks to its design, providing office space from 500 sqm upwards. Recently renovated building, which has plenty of light and is conveniently located at the intersection of Av. Diagonal and Balmes. It has been awarded the LEED GOLD certificate and is an ideal option for companies wishing to combine classic elegance with the functionality of the most modern office building.



8

Vía Augusta, 21-23

Located a few meters from the intersection of Vía Augusta and Av. Diagonal, in a busy commercial area, with excellent transport connections. High-quality facilities and finishes, with raised access floors. Open-plan floors with 215 sqm to 670 sqm of leasable space, easily adaptable to the client's needs. Highly emblematic commercial premises with direct access from Vía Augusta. Concierge service. Parking in building annex.



9

Complejo de oficinas Sant Cugat Nord

The Sant Cugat Nord office complex is located within the Barcelona metropolitan area and comprises 3 modern buildings offering leasable office space, all with a BREEAM rating of Very Good. This complex, surrounded by an extensive garden area, stands out for its high- quality provision: over 27,000 sqm, with paddle tennis courts, fitness rooms, restaurant service and parking. Every floor has 3,000 sqm modulable according to the needs of each client and containing the latest technology. A simple and elegant design has been chosen for the communal areas, making it the perfect place to set up a corporate headquarters or office.

10

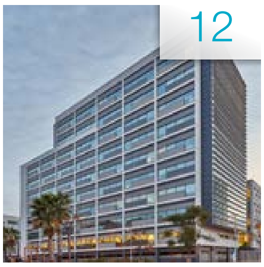
Torre Marenostrum

Torre Marenostrum is one of the most unique and significant buildings erected in the city. What makes this building so spectacular is its location, on the city's waterfront, along with its sinuous, modern architecture, and its rocky, crystal shape, inspired by the wind and water of the Mediterranean shore. All of these features make it a landmark of the Barcelona skyline. In building B of Torre Marenostrum, you will find Utopicus, flexible spaces to work with sea views, a 3,856 sqm space with flexible offices. This centre represents the integration between the city and the sea.

11

Diagonal Glòries

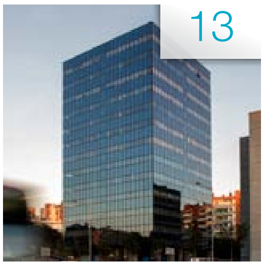
Located in Avenida Diagonal, just a few meters from Plaza de las Glorias and right in the middle of the 22@ district. It consists of three separate buildings and has a total of 11,672 sqm of leasable office space. Distributed over four floors, the office spaces range from 324 sqm to 2,918 sqm per floor. The area is easily accessible, and in the immediate vicinity major urban projects are being carried out, further raising the area's profile within the city. The building has a large number of amenities, as it is located above the Glòries shopping mall. Parking area within the building.



12

Complejo de oficinas Illacuna

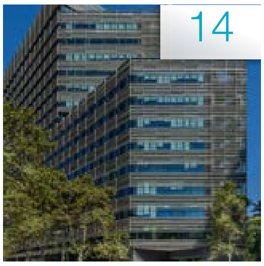
The Illacuna office complex is located in the heart of the 22@ district, in the Eix Llacuna neighborhood. With an area of 20,500 sqm, it comprises three buildings offering different standard layouts that house offices with an avant-garde design. The combination of different sizes in the split-level building gives a sensation of lightness and visual dynamism to this spacious building, which stands out for its originality and grandeur. The complex also has a special storage area for documents, which helps free up work space in the offices. The high ceilings give a sense of spaciousness and the decoration was done using quality, durable and elegant materials. The complex has its own parking area and a 24-hour concierge service.



13

Torre BCN

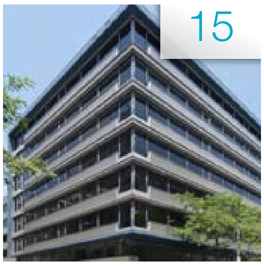
Torre BCN is an office building situated in the Plaça Ildefons Cerdà immediately on the point of entry to Barcelona. Its spectacular four-sided façade, with a completely glass curtain wall, stands out on the urban skyline. It consists of twelve open-plan floors, which are spacious and light, and offer a total modulable area of 800 sqm along with its own parking area. Spaces upwards of 155 sqm can be leased. The refurbishment process enabled this emblematic building to be updated with the latest installations and to be redecorated in a simple and functional style.



14

Parc Glòries (Ciutat de Granada, 150)

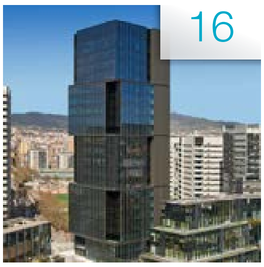
Emblematic office building in the most sought-after location of the 22@ district, with highly sustainable and top grade finishes and technical specifications. Ciutat de Granada 150 will become an important landmark in the city, designed by Batlle and Roig it offers 24,000 square metres distributed over 17 floors. The building, stands out for open floors each measuring 1,800 square metres. Located at the heart of Barcelona's newest and most modern business district, next to Plaza Glòries and adjacent to Avenida Diagonal.



15

Travessera de Gràcia, 47-49

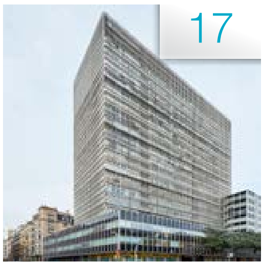
An 8-story building above ground, located in the neighborhood of the Eixample in Barcelona, a few metres away from Avenida Diagonal and Vía Augusta, two of the main arteries of the city. It is a corner-shaped building with an interior patio, with great visibility and a privileged location. With an impressive façade to Travessera de Gràcia, the entire perimeter of the office area is external, guaranteeing natural light on all of the floors. Due to its privileged location, it benefits from proximity to all the basic services, public transportation, connections and infrastructures and commercial urban life.



16

Plaza Europa, 34

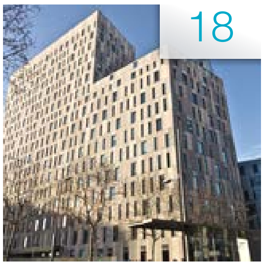
Singular project of a new office building, located in the dynamic area of Plaza Europa, in L'Hospitalet del Llobregat. It has been designed by the architecture studio GCA Architects, to become a new reference in its environment for its visual identity and versatility, it will have a total of approximately 15,000 sqm, distributed in 20 floors plus a low level, and 171 parking spaces. Plaza Europa area has excellent communications to the center of Barcelona and El Prat Airport, and it's 2 minutes away from the access to the new Metro Line, nº 9 (direct to El Prat Airport). The building has obtained LEED Gold environmental certification.



17

Gal·la Placídia

The Gal·la Placídia Building is located a few meters from the confluence of Vía Augusta and Avda. Diagonal, on a corner with very good visibility, in an area of intense commercial activity and excellent communication. It is an emblematic building of more than 4,000 sqm and a ground floor of 277 sqm, it also has an original 854 sqm terrace and its own parking. This property fully houses the complete Utopicus coworking space, designed by Proyecto Singular, and includes meeting and training rooms, private offices, event spaces and flexible work areas.



18

Av. Diagonal, 197

Singular office tower located on Avenida Diagonal, the main artery of Barcelona. Located in the 22@ district, very close to the strategic Plaça de les Glòries and the Glòries commercial hub, it enjoys excellent transport connections and impressive views of the city of Barcelona and the Mediterranean Sea. This impressive 17-storey building was designed by David Chipperfield and has a 15,531 sqm GLA and 222 parking spaces distributed over three underground floors, as well as 29 motorcycle parking spaces.

19

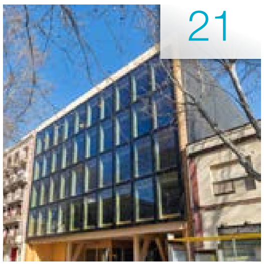
Av. Diagonal, 523-525

Office building located in Barcelona's prime CBD at Avenida Diagonal 525, at the Avenida Sarriá intersection. It's 5,800 sqm above ground and 1,200 sqm below ground are arranged over a ground floor and nine upper floors. Its recent comprehensive refurbishment, designed by the Sanzpont architectural studio, has been widely recognised internationally with various awards, and has led it to become one of the most emblematic office buildings in Barcelona's central business district, standing out for its high performance in terms of sustainability. Located in a point of intense business and commercial activity, it has numerous services in the same area and public transport connections to all areas of the city.

20

Sancho de Ávila, 110-130

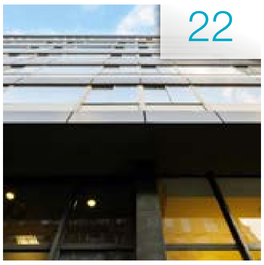
The office building sits in one of Barcelona's most bustling and well-known centres of activity, the 22@ District. This area offers the ideal balance between its facet as a hub of innovation and its quality as a place with its own unique personality, featuring public spaces, green zones and matchless connections with both public and private transport. A building that currently houses the headquarters of the company T-Systems, with large terraces on the uppermost floors, and where innovation, technology and sustainability are the pillars of a new conception of space to the service of the people.



21

WittyWood (Llacuna, 42)

WittyWood is the first office building built in wood in the city of Barcelona. A new project with a signature design that gives rise to the future of new workspaces, with prime finishes, the latest innovations in sustainability and technology, totally efficient in terms of surfaces, and with great luminosity in all its spaces. A 4,100 sqm building equipped with the latest technologies in one of the most dynamic and forward-looking areas of Barcelona, which will be built exclusively in wood, creating a natural working environment focused on the user's wellbeing. These aspects allow the building to obtain LEED Platinum, BREEAM Excellent and WELL Platinum ratings.



22

Buenos Aires, 21

The asset has a surface area of 8,784 sqm above ground and is located in the prime area next to Diagonal in Barcelona. The asset is the headquarters of the food multinational Danone with a mandatory contract until 2029. The acquisition of the asset includes a renovation project for the façade and the common spaces of the building that will enable an improvement in energy efficiency of the asset.

Madrid

1

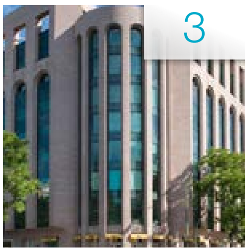
Paseo de Recoletos, 37-41

This office building with more than 17,000 sqm distributed among the floors with spaces of up to 1,910 sqm, is located in one of the central points of Madrid. A unique setting characterised by its thriving economic activity and for the abundance of unique office buildings representing multinational companies, four and five star hotels and luxury residential buildings. The exquisite complete renovation of this building has converted it into an architectural benchmark along the Recoletos-Prado thoroughfare, as well as a privileged site to house offices of the highest quality.

2

Génova, 17

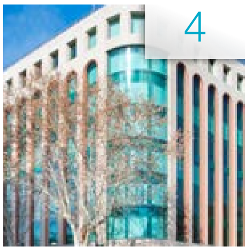
The office building at Génova 17 is located on one of the most central streets of Madrid, with excellent links, parking for cars and an area specifically for bicycles. It is an avant-garde building, recently fully renovated with the best quality materials and an internal design and functioning, bringing it more in line with what a latest generation office building would be. Génova 17 has utilities that can be monitored and accessible by the users, efficient and flexible spaces, an entrance with a height of over five metres and open plan offices, with no columns to make maximum use of the work spaces. The maple drop-ceiling comes with built-in low energy consumption light fittings, high efficiency and low-glare lighting. The flooring is raised to facilitate the laying of cables for workstations. The air conditioning system is of the latest generation VRV variety, which makes it possible to have different temperatures in different areas of the office.



3

Paseo de la Castellana, 52

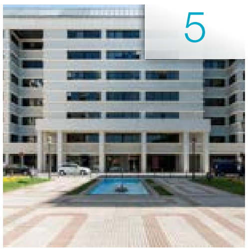
Unique building at Paseo de la Castellana 52, one of Madrid's main financial and commercial thoroughfares. Its corner façade stands out for is large vertical windows, crowned by semicircular arches, and are suggestive of an architectural line inspired by a combination of art deco and futurism. The spaces, wide, open and bright, can be divided into modules to adapt to the needs of each customer, with spaces to let ranging from 407 to 928 sqm.



4

Paseo de la Castellana, 43

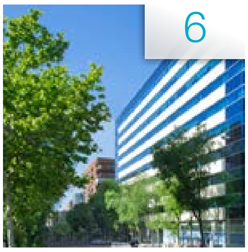
Renovated office building, with LEED GOLD certification, located on the main business thoroughfare of the city, boasting excellent public and private transport links. Its excellent location on the chamfered corner of Paseo de la Castellana and General Martínez Campos, and its wide and elegant façade combining granite and glass, make this building a mandatory visual point of reference on the Glorieta de Emilio Castelar. The floors are open plan with spaces to let of up to 765 sqm, both flexible and functional, which, as a result of the high level of brightness, allow for a very efficient distribution on the spaces. It also has its own car park.



5

Santa Engracia

Office building right in the heart of the Madrid business district, with an above grade surface area of more than 13,430 sqm and 180 parking spaces. The floors of the building vary between 1,500 sqm and 2,000 sqm and its uniqueness and location make it a highly visible property in the Madrid business centre. Colonial has made a significant investment in the refurbishment of the building. It now commands a strong market positioning, with maximum energy efficiency and sustainability.



6

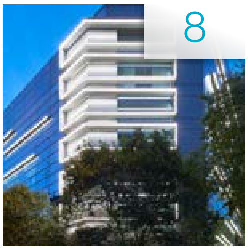
Poeta Joan Maragall, 53

Exceptional office building located in the Madrid business district, next to Paseo de la Castellana. Rectangular building with breathtaking façades. Fully exterior open plan floors with spaces to let of 1,315 sqm. Attractive and quality facilities and finishes. Offers excellent infrastructures and communications, as well as parking spaces in the same building. There is also an independent annex building accessible from the main entrance hall. There are also two ground floor commercial premises with street access.

7

Discovery Building (Estébanez Calderón, 3-5)

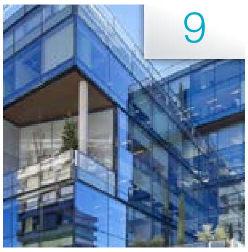
New office building with characteristics of prime quality, created by the prestigious Estudio de Arquitectura Lamela. A unique space of more than 10,000 sqm, with open plan and flexible floors, located on the Castellana Norte thoroughfare, in the established heart of the Madrid business district. Estébanez Calderón, 3-5 is a building aimed at housing companies looking for the best location, maximum comfort for their employees and the best energy efficiency for their corporate headquarters. It boasts optimum brightness with 22 meters between its north and south façade, maximum flexibility in the creation of modules and an original roof top terrace with a garden area for common use. By perfectly balancing aesthetics and efficiency, it offers a floor of 1,100 sqm as well as completely open plan floors with a single line of central pillars. This new, exceptional property has also two ground floor commercial premises with direct access to the street as well as 101 parking spaces.



8

López de Hoyos, 35

The offices to let at López de Hoyos 35 are located in an area combining residential properties and offices of the most important companies. The building, with its six floors and surface area of 7,000 sqm, stands out for its impressive artificial stone façade and curtain walling profile. The building has a modern reception and an interior patio designed to offer flexible spaces and comfort to the users of the property. With no adjacent buildings, all the floors enjoy bright, natural light. There are large gardens next to the building. Equipped with the latest technology, the interior lines of the López de Hoyos, 35 building are simple, elegant and modern. The floors can be divided into modules ranging from 575 sqm to 1,383 sqm.

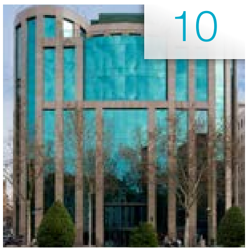


9

The Window (Príncipe de Vergara, 112-114)

The Window Building is an office building located in the East business district of Madrid, with prime quality characteristics, designed by the prestigious Estudio de Arquitectura Ortiz y León.

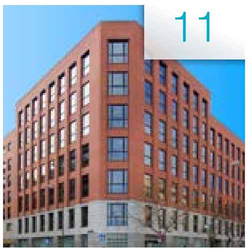
This is a property with a GLA of 11,300 sqm and 115 parking spaces. It consists of completely open plan floors with a single line of central columns, with optimum brightness and façades facing all four directions. It is a detached building, with large terraces for private use, and with an interesting combination of traditional and flexible work spaces due to the presence of the Utopicus coworking center.



10

Francisco Silvela, 42

Office building that stands out for its impressive glass curtain walling. The seven floors at Francisco Silvela, 42 have up to 981 sqm of floor space to let, distributed in open plan format with top of the range installations and finishes. Its façade on three streets results in an extraordinarily bright interior. The building also has its own parking lot and an innovative Utopicus coworking center, measuring more than 3,000 sqm, with private offices, meeting and training rooms, and all the services for the development of organizations of all sizes, in an inspiring environment with its own personality.



11

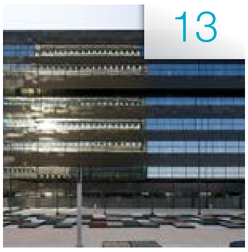
Ortega y Gasset, 100

Completely refurbished office building, located in the business district of Madrid, in the heart of the Salamanca district, in the area with the highest commercial prestige in the city. Its unique façade and its seven floors, measuring a total area of 7,800 sqm, makes this building ideal for office space. Perfectly connected by bus and metro and with an exit close to the M-30, it has its own parking.

12

Ramírez de Arellano, 37

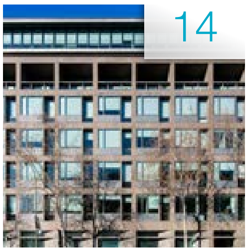
A perfectly located building at the junction of the M-30 with Avenida de América, a well established area just minutes away from the airport and city centre. Its configuration, architectural design and strategic location are, without a doubt, a point of reference of Madrid's urban landscape. It offers fully open plan spaces, which are functional and totally exterior, as well as its own car park, which makes it ideal as a corporate headquarters.



13

MV49 Business Park

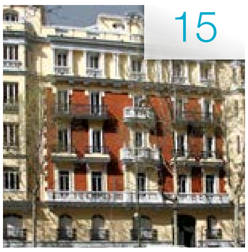
At calle Martínez Villergas, 49, next to the junction of the M-30 with Avenida América, stands this property complex comprising two independent buildings, M and V, separated by an open air square. The breathtaking façades of this Business Park, exposed to the four winds, exalt the privileged position of this office complex in Ciudad Lineal. With gardens, world class sports facilities, its own parking spaces and a strategic location a few minutes from the airport. Furthermore, the offices to let at the Business Park at calle Martínez Villergas 49 have been constructed using material compliant with current regulations, with first class functionalities and open plan spaces that stand out from other architectural groups in the zone. As a result of the complete retrofit of building M and the construction of building V, a complex equipped with finishes and technical characteristics of the highest quality has been achieved.



14

Alfonso XII, 62

This unique office building is located in the very heart of Madrid, opposite the Retiro park and scarcely a few metres from the Castellana thoroughfare. Its large windows, in addition to offering breathtaking views of Madrid, guarantee natural light in an open and versatile space, designed to create an optimum working environment. The eight floors at Alfonso XII, 62 offer multiple and excellent possibilities: the first four can be subdivided into two modules, thus creating two independent office zones. It's structure allows the space to be distributed according to the current and future needs of each company. The common areas, crowned by a magnificent glass atrium, are attractively designed using materials of the highest quality. These offices to let also have a car park in the same building.



15

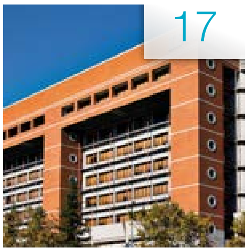
José Abascal, 45

Located in the Chamberí district between calle Modesto Lafuente and calle Fernández de la Hoz, scarcely 350 metres from the Paseo de la Castellana and just 11 minutes from the airport by car, this office building has a surface area of 5,300 sqm divided up between eight floors above ground and two below. The classic, stately building has been fully refurbished. The original façade and stained glass windows have been maintained, providing the José Abascal 45 with a unique personality. There is an inside, 2-storey car park with 54 spaces with changing rooms and showers.

16

Serrano, 73

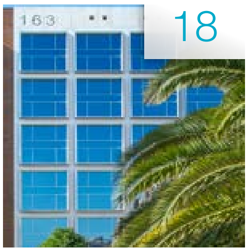
The Serrano 73 building, located on one of the Spanish capital's most emblematic streets and in the heart of the Salamanca district, is renowned for its avant-garde design, with lights on three façades. Its strategic location affords panoramic views of the calle Serrano and the Paseo de la Castellana. Refurbished in 2004, the building is noted for its elegant and balanced designed, top-quality materials involving wood and natural stone. It has 4,242 sqm of surface area on six above-ground floors of offices and a ground-floor for commercial use. The building has a private underground car park with 89 spaces for cars and 11 for motorcycles.



17

Santa Hortensia, 26-28

Located in downtown Madrid in an area adjacent to Avenida de América, Santa Hortensia is one of Madrid's seven largest buildings. It is currently home to IBM's headquarters in Spain. Built in 1989, it has a surface area of 46,928 sqm divided up between 10 above-ground floors and nearly 950 parking spaces in three below-ground floors. The Santa Hortensia building is ideally located, just five minutes by car from the Paseo de la Castellana, Madrid's main artery, 10 minutes by car from the airport and 5km from the Atocha railway station. The building has 13 lifts, four of which are central lifts.



18

Paseo de la Castellana, 163

Building recently refurbished, in the CBD area of Madrid, with an H-shaped floor plan with two entrances, one with a façade to Castellana and the other to Poeta Joan Maragall. It has a surface area above ground of 11,000 sqm distributed between 12 completely open-plan office floors, a terrace, and a ground floor with two retail units. Located in the business hub of Castellana, with excellent communications by public transport and the main accesses to the city. Currently, the property houses an interesting combination of traditional and flexible workspaces, since there is an Utopicus flexible space.

19

Arturo Soria, 336

Arturo Soria 336 has an excellent location in an iconic Street in Madrid, near transport links to the city centre and the main arteries in Madrid. It is surrounded by extensive green areas and a wide variety of services. The white exterior gives it visibility and representativeness. In addition, the spacious interior patio as well as the four glass façades bring great luminosity into the interior areas. The size and design of the floors, with a surface area of 1,045 sqm, enables the optimization of space.

20

Campus Méndez Álvaro

The Méndez Álvaro Campus is a Colonial project that incorporates all of the latest real estate trends in terms of energy efficiency, layout, mix of uses and PropTech initiatives. Located in the south of Madrid's CBD and just a stone's throw from Atocha train station, the project comprises an above-ground area of 90,000 sqm. The area benefits from excellent public and private transport links – it is within walking distance of Madrid city centre, is served by several train lines and bus routes, and also boasts easy access to the M-30.

21

Manuel de Falla, 7

This independent office building, located in the Madrid central business district, very close to Paseo de la Castellana, has floor-ceiling windows that provide excellent natural light. The building was recently completely renovated. It has a GLA of 6,252 sqm distributed over four floors, as well as an underground area with 41 parking spaces. This singular building with 91 metres of façade, has been designed with the highest standards by architect Gabriel Allende and has obtained the LEED Gold certificate. It offers spacious, flexible and rectangular floors with an average surface area of 1,600 sqm.

22

Sagasta, 31-33

Prime office building, located in one of the most exclusive areas of Madrid's CBD, just 8 minutes from Plaza de Colón. It consists of two adjoining buildings, with independent accesses from the street and a total of five floors per building. It has a GLA of 7,054 sqm and two floors of underground parking with 93 parking spaces. It has plenty of natural light thanks to its corner location, its large number of windows and its three interior courtyards.

23

Miguel Ángel, 23

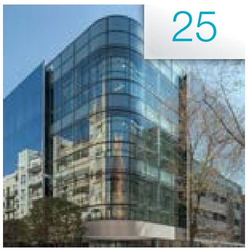
Prime office building, under refurbishment, with a GLA of 8,057 sqm distributed over seven open floors and a standard surface area of 1,050 sqm. It has 100 underground parking spaces and a commercial premises of more than 800 sqm. It is located in the Madrid central business district, and its corner location gives it excellent visibility from Paseo de la Castellana.

The building has obtained BREEAM Excellent certification.

24

Velázquez, 86D

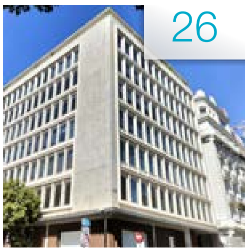
Prime office building located on a prominent corner in the heart of the exclusive Salamanca district of Madrid's CBD. Particularly strong points are its floors with more than 2,000 sqm, unusual in the area, as well as an underground car park with 155 spaces. Its interesting corner location gives the building an excellent level of natural light, very good visibility and great potential for corporate headquarters.



25

Don Ramón de la Cruz, 84

A large corner office building with high visibility, it has a GLA of 9,339 sqm, as well as an underground car park with 91 parking spaces. Large areas per floor of 2,100 sqm and 3.4 m free height per floor. Exceptional building in central Madrid, close to Serrano, Velázquez and Paseo de la Castellana. The building was completely restored in the first half of 2017 and is LEED Platinum environmentally certified. Its characteristic curtain wall façade provides floor- to-ceiling windows that provide abundant natural light.



26

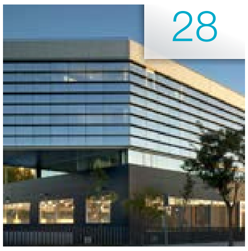
Paseo de Recoletos, 27

2,000 sqm of offices have been acquired in Recoletos 27, a prime area of the CBD in Madrid. This acquisition corresponds to three floors of 700 sqm with great luminosity in a corner building close to Plaza Colón.

27

Francisca Delgado, 11

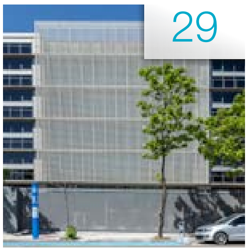
Complex built in 2001 consisting of three interconnected buildings. It has five floors and provides flexible office space with modules from 300 to 3,000 sqm. The car park is distributed in two underground floors and has 334 parking spaces, with another 77 outside. The building has great visibility and is located in the Madrid office area of Arroyo de la Vega on the A1 motorway.



28

Puerto de Somport, 8

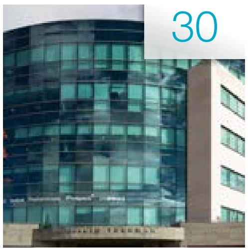
A singular, independent building built in 2011. The offices are located on the first, second and third floors, while the ground floor hosts a car dealership. Located in the area of Las Tablas in Madrid, with an excellent location and surroundings with residential properties and business areas.



29

Ribera del Loira, 28

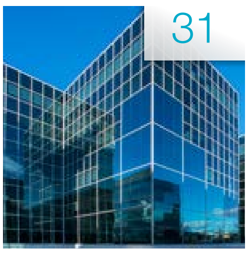
Modern office building built in 2002 and located in a prominent area off the M40 ring road in Madrid's Campo de las Naciones office area. The six-storey building has 12,822 sqm of U-shaped space distributed around a central atrium. It is equipped with 370 parking spaces distributed in two underground floors.



30

Tucumán

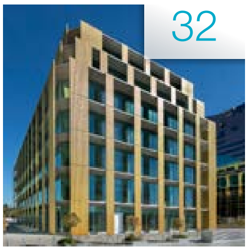
Independent office building built in 2006, located in the Campo de las Naciones area. It has five floors of offices of approximately 1,000 sqm each, as well as a large commercial area of 1,241 sqm and an underground car park with 170 parking spaces. The building enjoys excellent visibility and a good level of natural light due to its outstanding corner position.



31

EGEO – Campo de las Naciones

The Egeo building has been recently refurbished and is located at 4-6 Partenón Avenue, an excellent location in the periphery of Madrid. It is also well-connected by public transport. It is distributed in two independent wings connected by an attractive central hall, which provides a lot of light to all of the common areas and the interior of the entire building, thanks to a large glass dome. In this luminous central hall where both wings come together, the elevator and escalator halls are located, which provide access to all the floors in the building. The fully glazed façade enables natural light to reach the interior of the offices, and the spaciousness and flexibility of the floors, divisible into up to 8 modules, make it possible to accommodate various users.



32

Josefa Valcárcel, 40 bis

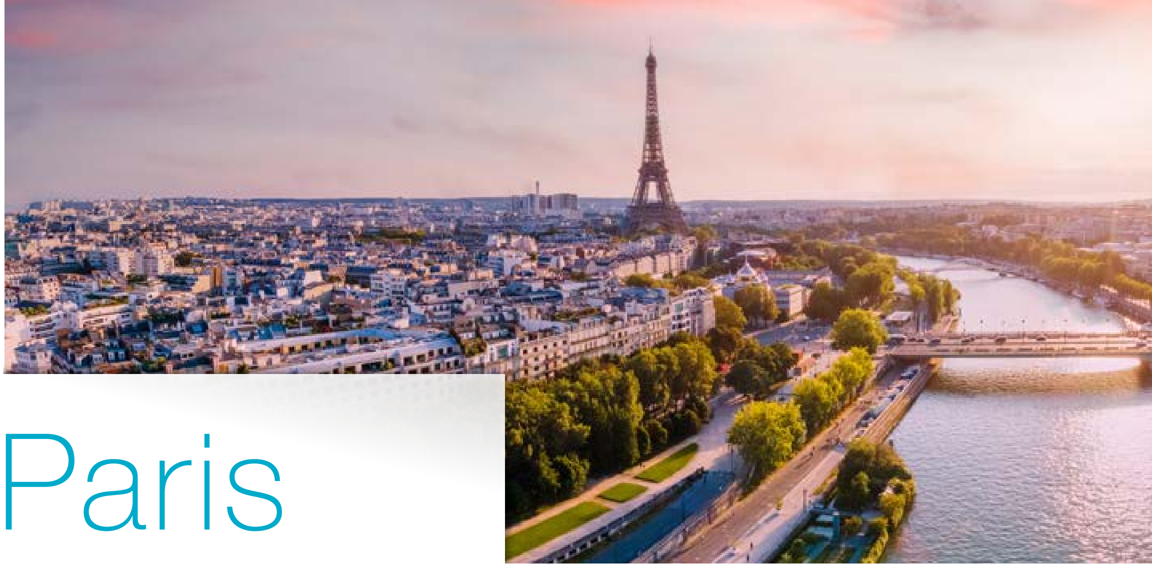
New seven-floor independent office building, with 8,824.70 sqm of total surface area above ground level. Located between the M-30 and M-40 ring roads, with a façade on the A-2 and access from Josefa Valcárcel and Telémaco streets. It is a consolidated strategic office environment, which stands out due to its visibility from the A-2 motorway. The building has a classical façade composition, and has floors which are stepped upwards. The plot has landscaped areas on both sides of the building, and a parking lot for visitors on the south side of the plot. It has prime finishes and LEED Platinum sustainability certification.

33

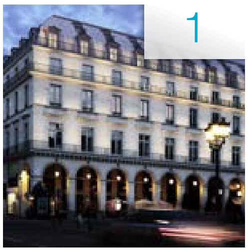
J.I. Luca de Tena, 7

This exceptional building, which hosts the headquarters of Vocento, the Spanish communications group, has a GLA of 10,147 sqm. It is made up of three sections joined together; two of them with three floors and a basement and another one with a mezzanine floor (library), the connecting section between them is the main communication hub with the central staircase and the lifts. The building offers excellent visibility from the A2 motorway and a strategic location due to its proximity to the city centre and the airport.


miguel angel 23



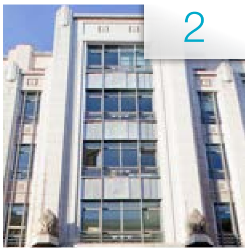
Paris



1

Louvre Saint-Honoré

“A prime location”. This building offers large, 5,400 sqm functional units in a prime location near the Louvre museum. Since extensive renovations were completed in late 2010, the property delivers a technical performance in line with the highest international standards along with premium amenities including a staff restaurant and round-the-clock security. SFL is part of the initiative of the process “The new Louvre des Antiquaires”, presented to antique dealers to reinvent the Louvre des Antiquaires in a more focused and prestigious way to make it an attractive place for life and trade.



2

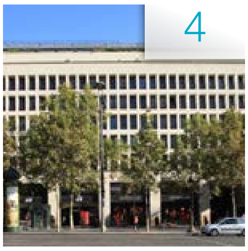
Washington Plaza

“In the heart of the Central Business District”. Located just off the Champs-Elysées on an 8,000 sqm plot, Washington Plaza is one of the capital’s finest office complexes, standing out for the quality of its amenities and the functionality of its units. Inside the complex, the Monceau and Artois buildings can be divided into open floor plates of 1,100 sqm, allowing a variety of possible layouts. Particular attention was paid to the services and amenities. In line with the current requirements of the Paris rental market, these include a staff restaurant, a cafeteria, reception and concierge services, an onsite property manager, a large parking garage and a building management system (BMS).

3

Galerie des Champs-Élysées

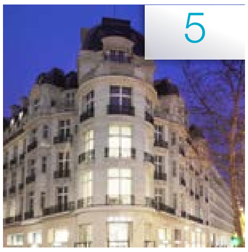
“A symbol for renovated space in Paris”. The Galerie des Champs-Elysées shopping arcade enjoys one of the most prestigious locations in Paris, on the sunny side of the Champs- Elysées in the most well-patronized section of the avenue. Redesigned by Jean Nouvel, the fully renovated property has been given a sleek new look based on a stripped back Haussmann style brought right up to date with modern black light fittings and escalators. It has been chosen by H&M for their 2,800 sqm international flagship store.



4

90 Champs-Élysées

“Strong value creation potential”. Located above the Galerie des Champs-Élysées shopping arcade, this contemporary building features a freestone façade over its original skin of the type used for the most stunning Haussmann-style buildings recently transformed by Jean Nouvel. Each floor offers 1,200 sqm of bright, spacious offices. Soon to be redeveloped, the finished building will feature an exterior lighting system designed by Yann Kersalé.



5

92 Champs-Élysées (Ozone)

“An emblematic building”. Home to Thomas Jefferson during his 1785-1789 stay in Paris, this is one of the best-situated buildings on the Champs-Elysées, on the corner of rue de Berri. It comprises retail units on the ground floor and offices on the upper floors. Extensive renovation work began in May 2010 to restore the building to its former glory and create HQE®-certified.

6

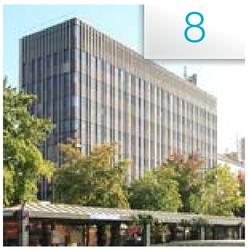
Cézanne Saint-Honoré

“A private street a stone’s throw from Place de l’Étoile”. This exceptional office, retail and residential complex is comprised of two separate buildings located across from one another on either side of a 100-metre long, 15-metre wide private street in the heart of the capital’s historic business district. Delivered in March 2005 after exemplary restoration work, the 1930s building has the advantage of longer load bearing spans that obviate the need for internal structural walls and allow for large, functional units. The Cézanne Saint-Honoré complex was honoured by two awards in 2004 and 2005 and is one of SFL’s finest assets.

7

Édouard VII

“One of the capital’s business landmarks”. Built on a 1.5-hectare plot, the Haussmann- style Édouard VII complex is located between Ópera Garnier and La Madeleine, just off the boulevard des Capucines. Its location in the heart of one of Paris’s liveliest neighbourhoods and its impressive architectural style – the result of extensive remodelling – make this property a fabulous showcase. The complex features several independent buildings with a private reception area, staff restaurant and upscale restaurant and lounge bar.



8

176 Charles de Gaulle

“An outstanding site”. Located on the thoroughfare linking the Étoile to La Défense, this building has a courtyard-facing façade looking out over landscaped gardens. The building comprises office space and a large retail space on the ground floor.

9

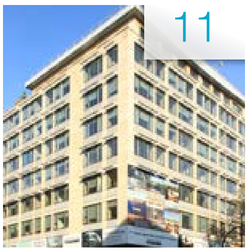
Rives de Seine

“Effortless access”. Located on the banks of the Seine close to the Gare de Lyon train station and public transport hub, this property is emblematic of the revival of the Eastern Paris commercial property market. Built in 1974, it features 16 floors rising above a vast lobby that overlooks the river. The building was extensively renovated in 2000 to create modern, well-lit and highly modular 1,200 sqm office units. The extension of the lease with Natixis in 2009 has secured future revenues from the investment.

10

83 Marceau

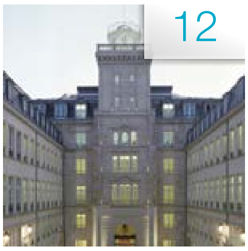
“An unparalleled view of the Arc de Triomphe”. This six-storey property in a prime location just off the Place de l’Étoile boasts an interior courtyard and terraces offering exceptional views of the Arc de Triomphe. The site’s uniqueness is augmented by three street-facing façades, affording it a rare degree of visibility. With its highly-functional, flexible units of around 1,200 sqm, the Iéna building has it all. The lease with Générale de Santé was renewed in 2009. Main tenants: Générale de Santé.



11

131 Wagram

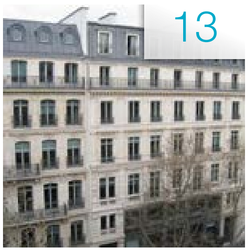
“A media centre”. The 131 Wagram building is located halfway between Parc Monceau and Place de l’Étoile on the corner of rue de Prony. Completely renovated in 1992, this property, which has a terrace and an interior garden, has 9 levels of offices on 5 basements. The office floors consist of bright 800 sqm units with modular fixtures, and the building also comprises an auditorium and a staff restaurant. The whole of the building’s interior was fully renovated in 2004-2005.



12

103 Grenelle

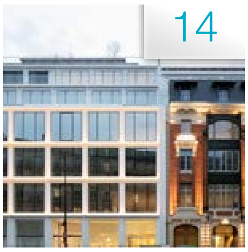
“A new business centre on the Left Bank”. Located in the Left Bank district that is home to many government offices, this historical complex is dominated by a tower that housed the first Chappe telegraph system in the 19th century and, until recently, the headquarters of the French Telephone and Telegraph Administration. Delivered in mid-2009 following its extensive two-year renovation, the building represents nearly 20,000 sqm of prime rental office space with HQE® certification. It offers a choice between more traditional partitioned areas and larger units of more than 1,500 sqm in the tower, suitable for an open plan or mixed layout. The complex also offers high-level amenities.



13

104-110 Haussmann Saint-Augustin

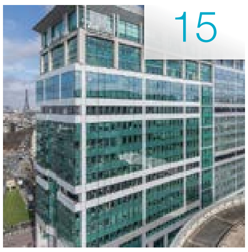
“A very high quality office complex”. Through a two-year redevelopment project completed in 2007, SFL transformed four separate buildings on boulevard Haussmann into a luxury office complex offering optimum working conditions. With a total surface area of around 13,000 sqm on seven floors, the complex is designed around a vast central entrance hall flooded with natural light from a glass roof. It also features an 82-metre long freestone façade. The use of natural, noble materials creates warmth and architectural beauty, while the elegant interior decoration scheme blends classic and contemporary design.



14

#Cloud

“Refurbishment project underway”. “A unique three-building complex”. #Cloud.paris is a threebuilding complex within short walking distance of the Palais Brongniart and Palais Garnier in Paris’s financial district. This complex encompasses a unique working environment based on modern, flexible office space and prestigious services and amenities such as a business centre, concierge, a restaurant and fitness rooms.



15

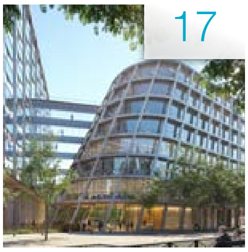
Pasteur

Pasteur property is located in the heart of Paris’ Left Bank in the 15th arrondissement. Situated right next to Montparnasse train station, one of Paris’ main hubs, the building has excellent transport links. It is served by four metro lines, directly connecting it to the centre of the capital and to the city’s major business districts. Spanning approximately 40,000 sqm, the office building was designed in 1965 and was renovated in 2012. The property offers 2,100 sqm floor plates; a rare find in a 17-storey high-rise, and unique 360-degree views over Paris. Pasteur projects a modern feel that its tenants will find both functional and satisfying. It offers an array of amenities including a brasserie, cafeteria, gym, concierge service and business centre. Attesting to its energy performance, the property is certified under the HQE Renovation, HQE Operation, BBC - Effinergie and BREEAM labels.

16

4-8 Rue Condorcet

Located within the 9th district, the property is situated in Paris Centre West in close proximity to the Central Business District of Paris and important transport hubs. The property was constructed at the end of the XIXth century and comprises 7 buildings. It benefits from a visible location bordered by 4 streets: rue de Maubeuge, rue Condorcet, rue Pétrelle, and rue du Faubourg Poissonnière. The overall character of the property is still heavily influenced by these historical features. The interior of the buildings includes a large number of neoclassical features, such as sculpted columns, painted ceilings, marble coated walls and wood paneling. The quality of the buildings is enhanced by the historic staircase of central building and the large accessible inner courtyard. Constructed in 1863 under the architect Léon-Armand Darru, the building benefits from a rich architectural heritage and is the historical site of the GDF Group which has occupied it since its construction.



17

Biome

At the beginning of 2017, The Colonial Group completed a transaction for €165m, though its French subsidiary, to acquire the historical headquarters of the SMA Group. This building stands at a prime location at 112-122 Avenue Emile Zola, in the centre of district 15 in Paris. The building has a surface area of approximately 21,000 sqm. In BIOME, an iconic building is planned of more than 24,500 sqm in the Central-Western area of Paris with natural light, efficient floors of 1,400 sqm to 3,500 sqm and a green area surrounding the building.

7.2. | Surface area of assets – details

Rental portfolio Barcelona

sqm	Acquisition year	Floor space above ground: Offices	Floor space above ground: Retail	Floor space above ground	Floor space below ground	Total surface	Parking units
Av. Diagonal, 409	2001	3,680	851	4,531		4,531	
Av. Diagonal, 532	1992	10,321	2,555	12,876	4,708	17,584	99
Av. Diagonal, 609-615	1997	21,996		21,996	18,839	40,835	431
Av. Diagonal, 682	1997	8,050	250	8,300	1,795	10,095	50
Dau Retail	1997	36	7,695	7,731	151	7,882	
Av. Diagonal, 523-525	2018	5,706		5,706	1,179	6,885	10
Diagonal - Glòries	2000	11,672		11,672	536	12,208	40
Illacuna	2006	19,639	812	20,451	13,606	34,057	481
Paseo de los Tilos, 2-6	2000	5,143		5,143	3,081	8,224	69
Travessera de Gràcia, 47-49	2016	8,939		8,939	1,620	10,559	36
Vía Augusta, 21-23	1999	2,670	218	2,888		2,888	
Travessera de Gràcia, 11	1994	4,105	410	4,515	1,994	6,509	61
Amigó, 11-17	1994	2,960	608	3,568	1,778	5,346	87
Torre BCN	2000	9,600	235	9,835	3,194	13,029	88
Torre Marenostrum	2003	21,856		21,856	19,204	41,060	606
Ciutat de Granada, 150	2016	24,450		24,450	5,444	29,894	162
Sant Cugat	1999	27,904		27,904	20,626	48,530	690
Gal·la Placídia	2018	4,285		4,285	1,555	5,840	29
Av. Diagonal, 197	2014		385	385		385	
Buenos Aires, 21	2021	8,784		8,784		8,784	
WittyWood	2020	2,476		2,476	585	3,061	34
Plaza Europa, 34	2017	13,406	329	13,735	6,664	20,399	170
Portfolio in operation		**217,677**	**14,348**	**232,025**	**106,561**	**338,586**	**3,143**
Sancho de Ávila, 110-130	2019	17,860		17,860	4,776	22,636	180
Av. Diagonal, 197	2014	14,525	448	14,973	9,080	24,053	282
Surface underway		2,810		2,810	1,950	4,760	
Projects underway		**35,195**	**448**	**35,643**	**15,806**	**51,449**	**462**
Total Barcelona		**252,872**	**14,796**	**267,668**	**122,367**	**390,035**	**3,605**

Note: In order to facilitate the analysis of the portfolio, part of the office buildings have been specified to be dedicated to retail/commercial use (generally on the ground floors). The assets in the Barcelona rental portfolio are 100% owned by Colonial, with the exception of the plot of land at Plaza Europa 34 which is held through a joint venture with Inmo, S.L.

The assets in the Madrid rental portfolio and the rest of Spain are 100% owned by Colonial.

Rental portfolio Madrid & others

sqm	Acquisition year	Floor space above ground			Floor space above ground	Floor space below ground	Total surface	Parking units
		Offices	Retail	Others				
Castellana, 52	1998	6,496	1,027		7,523	2,615	10,138	49
Castellana, 163	2016	10,729	533		11,262	1,927	13,189	61
Recoletos, 37-41	2005	13,642	3,560		17,202	5,316	22,518	175
Recoletos, 27	2019	695			695		695	
Castellana, 43	2005	5,455	543		5,998	2,441	8,439	81
Génova, 17	2015	3,638	1,038		4,676	2,440	7,116	70
José Abascal, 45	2016	5,324			5,324	1,858	7,182	54
Serrano,73	2016	4,242			4,242	3,176	7,418	104
Alfonso XII, 62	2002	13,135			13,135	2,287	15,422	78
Santa Engracia	2015	13,444	220		13,664	5,562	19,226	180
Francisco Silvela, 42	1999	4,893	500		5,393	3,926	9,319	105
José Ortega y Gasset, 100	2000	6,870	922		7,792	2,563	10,355	96
Poeta Joan Maragall, 53	2001	13,685	2,330		16,015	9,668	25,683	295
Discovery Building	2015	9,496	656		10,152	4,663	14,815	99
López de Hoyos, 35	2005	7,140			7,140	4,105	11,245	111
Arturo Soria, 336	2017	8,363	300		8,663	5,655	14,318	191
Martínez Villergas, 49	2006	24,135			24,135	16,194	40,329	496
Ramírez de Arellano, 37	1999	5,988			5,988	4,923	10,911	160
Santa Hortensia, 26-28	2016	40,029			40,029	32,567	72,596	946
Egeo	2018	17,866			17,866	9,691	27,557	350
The Window	2015	10,842	525		11,367	4,524	15,892	115
Manuel de Falla, 7	2015	6,252			6,252	1,640	7,892	41
Sagasta, 31-33	2016	1,047			1,047	240	1,287	93
Miguel Ángel, 23	2017	7,320	835		8,155	1,353	9,508	115
Velázquez, 86D	2015	14,435	1,883		16,318	5,960	22,278	152
Don Ramón de la Cruz, 84	2015	9,339			9,339	3,584	12,923	91
Francisca Delgado, 11	2014	14,959	245		15,205	17,734	32,938	395
Puerto de Somport, 8	2017	2,414			2,414	9,104	11,518	369
Ribera de Loira, 28	2014	9,924	629		10,553	16,988	27,541	370
Tucumán	2015		782		782		782	176
Josefa Valcárcel, 40 bis	2017	8,718			8,718	7,566	16,284	259
Méndez Álvaro I – Oficinas	2017					24,027	24,027	
Lagasca, 88	n. a.	480			480	185	665	3
Surface underway			380		380		380	

Rental portfolio Madrid & others

sqm	Acquisition year	Floor space above ground			Floor space above ground	Floor space below ground	Total surface	Parking units
		Offices	Retail	Others				
Portfolio in operation		**300,997**	**16,909**		**317,906**	**214,484**	**532,390**	**5,880**
Méndez Álvaro I – Campus	2017	54,640	3,633		58,273	7,118	65,392	605
Méndez Álvaro I – Residencial	2017			29,658	29,658		29,658	297
Méndez Álvaro II	2017	20,276			20,276		20,276	
J.I. Luca de Tena, 7	2016	10,145			10,145	13,400	23,545	335
Autovía de Toledo	2017			23,557	23,557		23,557	
Tucumán	2015	5,650	494		6,144	7,040	13,184	
Puerto de Somport, 8	2017	4,452			4,452	4,380	8,832	
Rest of assets		6,438		78	6,516	5,221	11,738	
Projects underway		**101,601**	**4,127**	**53,293**	**159,020**	**37,160**	**196,180**	**1,757**
Total Madrid		**402,598**	**21,036**	**53,293**	**476,927**	**251,644**	**728,570**	**7,637**
Total Spain		**655,470**	**35,832**	**53,293**	**744,595**	**374,010**	**1,118,605**	**11,242**

Note: In order to facilitate the analysis of the portfolio, part of the office buildings have been specified to be dedicated to retail/commercial use (generally on the ground floors). The assets in the Barcelona rental portfolio are 100% owned by Colonial, with the exception of the plot of land at Plaza Europa 34 which is held through a joint venture with Inmo, S.L.

The assets in the Madrid rental portfolio and the rest of Spain are 100% owned by Colonial.

Rental portfolio France

sqm	Acquisition year	Floor space above ground: Offices	Floor space above ground: Retail	Floor space above ground: Others	Floor space above ground	Floor space below ground	Total surface	Parking units
Louvre Saint-Honoré	1995	22,883	16,276		39,159	3,053	42,212	237
Édouard VII	1999	27,866	15,302	8,711	51,879	9,838	61,717	523
#Cloud.Paris	2004	29,875		246	30,121	4,984	35,105	211
Condorcet	2014	20,376		2,863	23,239	2,457	25,696	50
Galerie Champs-Élysées	2002		4,984		4,984	3,832	8,817	125
90 Champs-Élysées	2002/ 2009	7,817	932		8,749		8,749	
92 Champs-Élysées	2000	4,110	3,084		7,194		7,194	
Cézanne Saint-Honoré	2001/ 2007	24,136	1,849		25,986	3,433	29,419	128
131 Wagram	1999	8,007			8,007	2,798	10,804	114
83 Marceau	2001/ 2007	8,737	690		9,427	2,387	11,814	128
Washington Plaza	2000	38,252	406	2,557	41,215	12,253	53,467	662
106 Haussmann	2002/ 2004	11,683	791		12,474	2,650	15,124	104
176 Charles de Gaulle	1997	5,546	1,196		6,742	1,774	8,516	123
Pasteur	2022	38,531	915		39,446	7,377	46,823	443
Biome	2017	22,452		1,870	24,322	1,678	26,000	84
103 Grenelle	2006	15,585	258	1,011	16,854	1,691	18,545	100
Portfolio in operation		**285,856**	**46,684**	**17,258**	**349,798**	**60,205**	**410,003**	**3,032**
Rives de Seine	2004	20,270		1,760	22,030	6,589	28,619	366
Louvre Saint-Honoré	1995	2,323			3,076	6,495	9,571	
Surface underway		3,933	145		4,078	13,359	17,436	
Projects underway		**26,526**	**146**	**2,513**	**29,184**	**26,442**	**55,626**	**366**
Total France		**312,381**	**46,829**	**19,771**	**378,982**	**86,647**	**465,628**	**3,398**
Total Colonial Group		**967,852**	**82,662**	**73,063**	**1,123,577**	**460,657**	**1,584,233**	**14,640**

Colonial has 98,4% of the share capital of SFL. SFL has 100% ownership of the totality of its rental portfolio with the exception of Cézanne Saint-Honoré, 103 Grenelle, #Cloud and 92 Champs Élysées of which it owns 51%, assets which have been created new "Joint Ventures" together with Predica.

8. Appendices

8.1. | EPRA ratios

1) EPRA Earnings

EPRA Earnings

€m	2023	2022
Earnings per IFRS Income statement	**(1,019)**	**8**
Earnings per IFRS Income statement – €cts/share	***(188.83)***	***1.48***
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	1,427	148
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	(4)	(6)
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	0	0
(iv) Tax on profits or losses on disposals	(9)	0
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	2	4
(vii) Acquisition costs on share deals and non controlling joint venture interests	0	0
(viii) Deferred tax in respect of EPRA adjustments	(32)	(13)
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	0	0
(x) Minority interests in respect of the above	(194)	13
EPRA Earnings	**171**	**155**
Company specific adjustments:		
(a) Extraordinary provisions & expenses	1	6
(b) Non recurring financial result	(0)	0
(c) Tax credits	0	0
(d) Others	0	0
(e) Minority interests in respect of the above	(0)	(0)
Company specific adjusted EPRA Earnings	**172**	**161**
Average Nº of shares (m)	***539.6***	***539.6***
Company adjusted EPRA Earnings per Share (EPS) – €cts/share	***31.9***	***29.8***

Note: Diluted earnings per share: average shares of the period, including variations due to capital operations, without adjusting for the impact of treasury shares.

2) EPRA Net Asset Value - New methodology

EPRA Net Asset Value – December 2023

€m		NAV previous methodology	Net Reinstatement Value	Net Tangible Assets	Net Disposal Value
IFRS Equity attributable to shareholders		**4,936**	**4,936**	**4,936**	**4,936**
Include:					
(i)	Hybrid instruments	–	–	–	–
Diluted NAV		**4,936**	**4,936**	**4,936**	**4,936**
Include:					
(ii.a)	Revaluation of investment properties (if IAS 40 cost option is used)				
(ii.b)	Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)				
(ii.c)	Revaluation of other non-current investment	124	124	124	124
(iii)	Revaluation of tenant leases held as finance leases	–	–	–	–
(iv)	Revaluation of trading properties	13	13	13	13
Diluted NAV at Fair Value		**5,073**	**5,073**	**5,073**	**5,073**
Exclude:					
(v)	Deferred tax in relation to fair value gains of IP	298	298	289	n. a.
(vi)	Fair value of financial instruments	10	10	10	n. a.
(vii)	Goodwill as a result of deferred tax	–	–	–	–
(viii.a)	Goodwill as per the IFRS balance sheet	–	n. a.	–	–
(viii.b)	Intangible as per the IFRS balance sheet	–	n. a.	–	n. a.
Include:					
(ix)	Fair value on fixed interest rate debt	–	n. a.	n. a.	219
(x)	Revaluation of intangibles to fair value	–	–	n. a.	n. a.
(xi)	Real estate transfer tax	n. a.	531	–	n. a.
EPRA NTA (NAV) – €m		**5,381**	**5,912**	**5,372**	**5,292**
Nº of shares (m)		***539.6***	***539.6***	***539.6***	***539.6***
EPRA NAV – Euros per share		***9.97***	***10.96***	***9.95***	***9.81***

EPRA Net Asset Value – December 2022

€m		NAV previous methodology	Net Reinstatement Value	Net Tangible Assets	Net Disposal Value
IFRS Equity attributable to shareholders		**6,159**	**6,159**	**6,159**	**6,159**
Include:					
(i)	Hybrid instruments	–	–	–	–
Diluted NAV		**6,159**	**6,159**	**6,159**	**6,159**
Include:					
(ii.a)	Revaluation of investment properties (if IAS 40 cost option is used)				
(ii.b)	Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)				
(ii.c)	Revaluation of other non-current investment	147	147	147	147
(iii)	Revaluation of tenant leases held as finance leases	–	–	–	–
(iv)	Revaluation of trading properties	14	14	14	14
Diluted NAV at Fair Value		**6,321**	**6,321**	**6,321**	**6,321**
Exclude:					
(v)	Deferred tax in relation to fair value gains of IP	339	339	339	n. a.
(vi)	Fair value of financial instruments	(276)	(276)	(276)	n. a.
(vii)	Goodwill as a result of deferred tax	–	–	–	–
(viii.a)	Goodwill as per the IFRS balance sheet	–	n. a.	–	–
(viii.b)	Intangible as per the IFRS balance sheet	–	n. a.	–	n. a.
Include:					
(ix)	Fair value on fixed interest rate debt	–	n. a.	n. a.	541
(x)	Revaluation of intangibles to fair value	–	–	n. a.	n. a.
(xi)	Real estate transfer tax	n. a.	631	–	n. a.
EPRA NAV – €m		**6,384**	**7,014**	**6,384**	**6,862**
Nº of shares (m)		***539.6***	***539.6***	***539.6***	***539.6***
EPRA NAV – Euros per share		***11.83***	***13.00***	***11.83***	***12.72***

3) EPRA Net Initial Yield & Topped-Up Net Initial Yield

D. EPRA Net Initial Yield & "Topped-up" Net Initial Yield

€m		Barcelona	Madrid	Paris	Total 2023	Total 2022
Investment property – wholly owned		1,286	2,664	7,332	11,283	12,942
Investment property – share of JVs/Funds		50	n. a.	n. a.	50	43
Trading property (including share of JVs)		n. a.	n. a.	n. a.	n. a.	n. a.
Less: developments		(150)	(651)	(354)	(1,154)	(1,715)
Completed property portfolio	**E**	**1,187**	**2,014**	**6,979**	**10,179**	**11,270**
Allowance for estimated purchasers' costs		43	56	471	569	620
Gross up completed property portfolio valuation	**B**	**1,229**	**2,069**	**7,450**	**10,748**	**11,890**
Annualised cash passing rental income		49	98	202	348	337
Property outgoings		(6)	(9)	(5)	(20)	(22)
Annualised net rents	**A**	**43**	**88**	**197**	**328**	**315**
Add: notional rent expiration of rent free periods or other lease incentives		4	2	84	89	72
"Topped-up" net annualised rent	**C**	**47**	**90**	**281**	**417**	**388**
EPRA Net Initial Yield	**A/B**	**3.48%**	**4.27%**	**2.64%**	**3.05%**	**2.65%**
EPRA "Topped-Up" Net Initial Yield	**C/B**	**3.79%**	**4.36%**	**3.77%**	**3.88%**	**3.26%**
Gross Rents Total Reversion	F	63	104	312	479	448
Property outgoings Total Reversion		(3)	(7)	(5)	(15)	(16)
Annualised Net Rents Total Reversion	**D**	**60**	**97**	**307**	**465**	**433**
Net Initial Yield Total Reversion(1)	**D/B**	**4.87%**	**4.70%**	**4.13%**	**4.32%**	**3.64%**
Gross Initial Yield Total Reversion(1)	**F/E**	**5.30%**	**5.18%**	**4.48%**	**4.71%**	**3.98%**

(1) 100% occupied at market rents.

4) EPRA Vacancy Rate

EPRA Vacancy Rate – Offices Portfolio

€m	2023	2022	Var. %
Barcelona			
Vacant space ERV	9	12	
Portfolio ERV	55	59	
EPRA Vacancy Rate Barcelona	**16%**	**20%**	**(4 pp)**
Madrid			
Vacant space ERV	4	5	
Portfolio ERV	93	104	
EPRA Vacancy Rate Madrid	**4%**	**5%**	**(1 pp)**
Paris			
Vacant space ERV	0	0	
Portfolio ERV	242	220	
EPRA Vacancy Rate Paris	**0%**	**0%**	**(0 pp)**
Total Portfolio			
Vacant space ERV	12	17	
Portfolio ERV	391	383	
EPRA Vacancy Rate Total Office Portfolio	**3%**	**4%**	**(1 pp)**

Note: Annualized figures.

EPRA Vacancy Rate – Total Portfolio

€m	2023	2022	Var. %
Barcelona			
Vacant space ERV	9	12	
Portfolio ERV	57	61	
EPRA Vacancy Rate Barcelona	**16%**	**19%**	**(4 pp)**
Madrid			
Vacant space ERV	4	5	
Portfolio ERV	93	106	
EPRA Vacancy Rate Madrid	**4%**	**4%**	**(1 pp)**
Paris			
Vacant space ERV	1	1	
Portfolio ERV	300	249	
EPRA Vacancy Rate Paris	**0%**	**1%**	**(0 pp)**
Total Portfolio			
Vacant space ERV	13	18	
Portfolio ERV	450	416	
EPRA Vacancy Rate Total Portfolio	**3%**	**4%**	**(1 pp)**

Note: Annualized figures.

5) EPRA Cost Ratios

E. EPRA Cost Ratios

€m			12/2023	12/2022
(i)	Administrative/operating expense line per IFRS income statement		51	55
(ii)	Net service charge costs/fees		24	28
(iii)	Management fees less actual/estimated profit element		0	0
(iv)	Other operating income/recharges intended to cover overhead expenses less any related profits		0	0
(v)	Share of Joint Ventures expenses		0	0
Exclude (if part of the above):				
(vi)	Investment Property depreciation		n. a.	n. a.
(vii)	Ground rent costs		n. a.	n. a.
(viii)	Service charge costs recovered through rents but not separately invoiced		(6)	(7)
EPRA Costs (including direct vacancy costs)		**A**	**69**	**76**
(ix)	Direct vacancy costs		(6)	(6)
EPRA Costs (excluding direct vacancy costs)		**B**	**63**	**70**
(x)	Gross Rental Income less ground rent costs – per IFRS		377	354
(xi)	Less: service fee and service charge costs components of Gross Rental Income (if relevant)		(5)	(5)
(xii)	Add: share of Joint Ventures (Gross Rental Income less ground rents)		n. a.	0
Gross Rental Income		**C**	**372**	**349**
EPRA Cost Ratio (including direct vacancy costs)		**A/C**	**18.5%**	**21.9%**
EPRA Cost Ratio (excluding direct vacancy costs)		**B/C**	**17.0%**	**20.1%**

6) EPRA CAPEX disclosure

Property-related CAPEX

€m	12/2023	12/2022
Acquisitions[1]	0	0
Development (ground-up/green field/brown field)	148	166
Like-for-like portfolio	38	40
Other[2]	18	20
Capital Expenditure	**204**	**227**

(1) Does not include contribution of assets in exchange of shares.
(2) Includes capitalised interest relating to projects, tenant incentives, letting fees and other capitalised expenses.

7) EPRA LTV

In million euros	Group as reported 2023	Proportionate Consolidation: Share of joint venture	Proportionate Consolidation: Share of material associates	Proportionate Consolidation: Non controlling interest	Combined 2023
Include:					
Borrowings from Financial Institutions	430	–	–	(17)	412
Commercial paper	292	–	–	(5)	287
Hybrids	–	–	–	–	–
Bond Loans	4,580	–	–	(28)	4,552
Foreign Currency Derivatives	–	–	–	–	–
Net Payables	99	–	–	12	111
Owner-occupied property (debt)	–	–	–	–	–
Current accounts (Equity characteristic)	–	–	–	–	–
Exclude:	**–**	**–**	**–**	**–**	**–**
Cash and cash equivalents	438	–	–	(35)	403
Net Debt (a)	**4,963**	**–**	**–**	**(4)**	**4,959**
Include:					
Owner-occupied property	83	–	–	(1)	82
Investment properties at fair value	11,013	–	–	(1,049)	9,964
Properties held for sale	133	–	–	–	133
Properties under development	108	–	–	–	108
Intangibles	5	–	–	(0)	5
Net Receivables	–	–	–	–	–
Financial assets	–	–	–	–	–
Total Property Value (b)	**11,341**	**–**	**–**	**(1,050)**	**10,291**
LTV (a/b)	**43.8%**				**48.2%**
Proforma LTV (a/b)(1)	***42.8%***				***47.3%***
LTV Droits Inclus (DI)	***41.5%***				***45.5%***
Proforma LTV Droits Inclus (DI)(1)	***40.6%***				***44.6%***

(1) Proforma including divestments commitments already formalized and the divestment commitment of Méndez Álvaro residencial.

8) EPRA Sustainability tables

Energy consumption and GHG emissions

Energy consumption and GHG emissions in 2023-2022

EPRA Energy-Int, EPRA GHG-Int
EPRA GHG-Dir-Abs & EPRA GHG-Indir-Abs

Sustainability Indicators		Unit of measurement	Cons. 2023	Cons. 2022	Variation
Electicity Consumption (*Elec-Abs*)		MWh	119,375	128,536	–7%
Fuel Consumption (*Fuels-Abs*)		MWh	13,227	13,239	0%
Heating & Cooling Consumption (*DH&C-Abs*)		MWh	21,352	22,284	–4%
Green Energy Consumption		MWh	359	147	144%
Total Energy Consumption		**MWh**	**154,312**	**164,206**	**–6%**
Intensity – Energy-Int		**kWh/sqm**	**152**	**167**	**–9%**
Direct CO_2 emissions / Scope 1 *(GHG-Dir-Abs)*		TeqCO_2	1,803	2,338	–23%
Indirect emissions / Scope 2 *(GHG-Indir-Abs)*	Market-based method	TeqCO_2	2,167	2,325	–7%
	Location-based method	TeqCO_2	6,192	5,900	5%
Total emissions / Scopes 1 & 2	**Market-based method**	**TeqCO_2**	**3,970**	**4,662**	**–15%**
	Location-based method	**TeqCO_2**	**7,995**	**8,237**	**–3%**
Intensity – GHG-Int	**Market-based method**	**KgCO_2e/sqm**	**4**	**5**	**–18%**
	Location-based method	**KgCO_2e/sqm**	**8**	**8**	**–6%**
Other indirect CO_2 emissions (Scope 3) *(Private areas)*	Market-based method	TeqCO_2	8,711	13,978	–38%
	Location-based method	TeqCO_2	9,356	9,439	–1%
Total emissions / Scopes 1 & 2 & 3	**Market-based method**	**TeqCO_2**	**12,681**	**18,641**	**–32%**
	Location-based method	**TeqCO_2**	**17,351**	**17,676**	**–2%**
Intensity – GHG-Int	**Market-based method**	**KgCO_2e/sqm**	**12**	**19**	**–34%**
	Location-based method	**KgCO_2e/sqm**	**17**	**18**	**–5%**
Area covered		sqm	1,016,644	982,445	
Coverage		# assets	74	72	

Note: Of the electricity consumption in 2023, 41,830MWh correspond to common areas and shared services, and 77,545MWh, to private areas. Also, of the electricity consumption in 2022, 50,955MWh correspond to common areas and shared services, and 77,581MWh, to private areas. Green energy consumption represents 0.23% of the total.

In some cases, the Group only has the control of the consumption of the common areas, so as part of the effort made to report total consumption, the Group has made an estimate of consumption data for tenants to whom it does not have access.

The estimated data for tenant consumption accounts for 16% of the electricity consumption and 3% of the total reported fuel consumption.

No estimation made for DH&C as it is obtained through telemetry, manual readings and invoices.

Energy consumption and emissions in own-use offices

Sustainability Indicators		Unit of measurement	Cons. 2023	Cons. 2022	Variation
Electricity Consumptiom		MWh	185	232	–20%
Fuel Consumptiom		MWh	70	65	9%
Total Energy consumption		**MWh**	**256**	**296**	**–14%**
Intensity – Energy-Int		**kWh/sqm**	**45**	**53**	**–15%**
Direct CO_2 emissions		$TeqCO_2$	12	12	–2%
Indirect CO_2 emissions	Market-based method	$TeqCO_2$	5	5	1%
	Location-based method	$TeqCO_2$	15	15	5%
Direct & Indirect emissions	**Market-based method**	**$TeqCO_2$**	**17**	**17**	**–1%**
	Location-based method	**$TeqCO_2$**	**27**	**32**	**–15%**
Intensity – GHG-Int	**Market-based method**	**$KgCO_2e/sqm$**	**3**	**3**	**–3%**
	Location-based method	**$KgCO_2e/sqm$**	**5**	**6**	**–16%**
Area covered		sqm	5,654	5,546	
Coverage		# assets	3	3	

Energy consumption and emissions in leased properties with control over the consumption of the properties

EPRA Elec-LfL, EPRA Fuels LfL & EPRA DH&C-LfL
EPRA GHG-Dir-Abs & EPRA GHG-Indir-Abs

Sustainability indicators		Unit of measurement	Cons. 2023	Cons. 2022	Variation
Electicity Consumption (*Elec-LfL*)		MWh	105,237	110,849	–5%
Fuel Consumption (*Fuels-LfL*)		MWh	11,726	11,736	0%
Heating & Cooling Consumption (*DH&C-LfL*)		MWh	18,621	20,045	–7%
Green Energy Consumption		MWh	359	147	144%
Total Energy Consumption		**MWh**	**135,943**	**142,776**	**–5%**
Intensity – Energy-Int		**kWh/sqm**	**165**	**173**	**–5%**
Direct CO_2 emissions / Scope 1 *(GHG-Dir-Abs)*		$TeqCO_2$	1,537	2,185	–30%
Indirect emissions / Scope 2 *(GHG-Indir-Abs)*	Market-based method	$TeqCO_2$	2,015	2,204	–9%
	Location-based method	$TeqCO_2$	5,446	5,218	4%
Total emissions / Scopes 1 & 2	**Market-based method**	**$TeqCO_2$**	**3,552**	**4,389**	**–19%**
	Location-based method	**$TeqCO_2$**	**6,983**	**7,403**	**–6%**
Intensity – GHG-Int	**Market-based method**	**$KgCO_2e/sqm$**	**4**	**5**	**–19%**
	Location-based method	**$KgCO_2e/sqm$**	**8**	**9**	**–6%**
Other indirect CO_2 emissions (Scope 3) *(Private areas)*	Market-based method	$TeqCO_2$	8,166	11,131	–27%
	Location-based method	$TeqCO_2$	8,386	7,868	7%
Total emissions / Scopes 1 & 2 & 3	**Market-based method**	**$TeqCO_2$**	**11,717**	**15,520**	**–25%**
	Location-based method	**$TeqCO_2$**	**15,368**	**15,271**	**1%**
Intensity – GHG-Int	**Market-based method**	**$KgCO_2e/sqm$**	**14**	**19**	**–25%**
	Location-based method	**$KgCO_2e/sqm$**	**19**	**19**	**1%**
Area covered		sqm	825,282	825,282	
Coverage		# of assets	58	58	

Notes: These tables show the consumption and emissions generated in the Colonial buildings included in the sustainable like-for-like scope, following the recommendations of EPRA Best Practices on Sustainability Reporting. The calculation of the like-for-like indicators has been carried out separately for each type of consumption (electricity, fuel and water), including those buildings that have been in continuous operation in the last two years (2023 and 2022) and for which complete consumption data is available for the last two years. Also included are those assets in which the Group has control over the consumption of supplies and single-user assets, except for properties in project status and plots of land, as they do not generate consumption. The Scope 1 and 2 carbon footprint has been calculated based on the energy consumption of the buildings, leakage and refrigerant gas recharges.

For Scope 3, these tables contain data on category 13 as established by the GHG Protocol, corresponding to GHG emissions from energy consumption in the private areas of tenants. Being aware that most of its emissions come from this area, out of the 15 categories established in the GHG Protocol, the Colonial Group caculates the emissions of the 8 categories applicable to the Group's business, as can be seen in detail in the chapter *5.5.1 Progress in eco-efficiency and decarbonisation*.

Of the electricity consumption in 2023, 37,272 MWh correspond to common areas and shared services, and 67,965 MWh, to private areas. Also, of the electricity consumption in 2022, 43,632 MWh correspond to common areas and shared services, and 67,217MWh, to private areas. Green energy consumption represents 0.26% of the total.

In some cases, the Group only has the control of the consumption of the common areas (landlord-obtained consumption) so, as part of the effort made to report total consumption, the Group has made an estimate of energy and fuel consumption data for tenants to whom it does not have access. The estimated data for private tenant areas (tenant consumption) accounts for 18% of the electricity consumption and 4% of the total reported fuel consumption.

No estimation made for DH&C as it is obtained through telemetry, manual readings and invoices.

Water consumption

Water consumption in 2023-2022

EPRA Water-Int

Sustainability Indicators	Unit of measurement	Total 2023 Cons. 2023	Total 2023 Intensity 2023 *(Water-Int)* (l/sqm)	Total 2022 Cons. 2022	Total 2022 Intensity 2022 *(Water-Int)* (l/sqm)	Variation Consum.	Variation Intensity
Water consumption *(Water-Abs)*	m^3	363,141	361	336,111	355	8%	2%
Surface	sqm	1,006,500		947,417			
Coverage	# assets	73		70			

Notes: 1% of the water comes from recycled and reused water. The rest is supplied by water mains. Data consumption of water is obtained through telemetry, manual readings and invoices.

In some cases, the Group only has the control of the consumption of the common areas (landlord-obtained consumption) so, as part of the effort made to report total consumption, the Group has made an estimate of the consumption for tenants to whom it does not have access. The estimated data for private tenant areas (tenant consumption) accounts for 17% of reported water consumption.

Water consumption in own use offices

Sustainability Indicators	Unit of measurement	Cons. 2023	Cons. 2022	Variation	Intensity 2023 (l/sqm)	Intensity 2022 (l/sqm)	Variation
Water consumption	m^3	1,867	1,608	16%	330	290	14%
Surface	sqm	5,654	5,546				
Coverage	# assets	3	3				

Note: No estimates have been made.

Water consumption in leased properties with control over the consumption of the properties

EPRA Water-LfL

Sustainability Indicators	Unit of measurement	Cons. 2023	Cons. 2022	Variation	Intensity 2023 (l/sqm)	Intensity 2022 (l/sqm)	Variation
Water consumption *(Water-LfL)*	m^3	299,802	291,775	3%	375	365	3%
Surface	sqm	800,398	800,398				
Coverage	# assets	57	57				

Notes: 1% of the water comes from recycled and reused water. The rest is supplied by water mains.

In some cases, the Group only has the control of the consumption of the common areas (landlord-obtained consumption) so, as part of the effort made to report total consumption, the Group has made an estimate of the consumption for tenants to whom it does not have access. The estimated data for private tenant areas (tenant consumption) accounts for 19% of reported water consumption.

Waste

Waste by type and disposal

EPRA Waste-Abs. EPRA Waste-LfL

Sustainability Indicators	Type of Waste	Total Waste 2022 kg	Total Waste 2022 % of the total	Total Waste 2023 kg	Total Waste 2023 % of the total
EPRA Waste-Abs GRI 306-2	**Hazardous Waste**				
	Reuse	0	0.00%	228	0.65%
	Recycling	5,989	39.89%	3,876	11.00%
	Composting	0	0.00%	0	0.00%
	Recovery (including energy)	2,874	14.69%	1,252	3.55%
	Land-land improvement, backfilling and drainage	0	0.00%	0	0.00%
	On-site storage(1)	94	0.58%	4,164	11.82%
	Non-reusable hazardous waste	4,678	28.81%	22,439	63.70%
	Incineration (not reused)	0	0.00%	22	0.06%
	Deep well injection (not reused)	0	0.00%	0	0.00%
	Landfill (not reused)	172	1.06%	1,819	5.16%
	Other disposal method	2,432	14.98%	1,429	4.06%
	Total hazardous waste generated	**16,239**	**100.00%**	**35,229**	**100.00%**
	Non-hazardous Waste(2)				
	Reuse	717,771	5.75%	182,380	3.24%
	Recycling	9,729,602	77.48%	3,573,214	63.51%
	Composting	55,370	0.44%	36,326	0.65%
	Recovery (including energy)	1,653,068	13.66%	980,593	17.43%
	Land-land improvement, backfilling and drainage	19,442	0.16%	0	0.00%
	On-site storage(1)	298	0.00%	167,074	2.97%
	Non-reusable hazardous waste	0	0.00%	1	0.00%
	Incineration (not reused)	340	0.00%	0	0.00%
	Deep well injection (not reused)	0	0.00%	0	0.00%
	Landfill (not reused)	305,462	2.45%	379,711	6.75%
	Other disposal method	6,852	0.05%	306,569	5.45%
	Total non-hazardous waste generated	**12,488,205**	**100.00%**	**5,625,869**	**100.00%**

(1) The "on-site storage" consists of temporary storage at the waste managers' facilities and has increased compared to 2022 due to a specific action in the Ribera de Loira building and the regrouping of waste treatment typologies generated from SFL.

(2) Non-hazardous waste includes the amount of waste corresponding to uncontaminated land.

Note: Waste generated in new construction works, refurbishments, minor corrective actions and waste generated both by maintenance activities and in the common areas of buildings, with the exception of buildings in France, for which waste generated in new construction works or comprehensive refurbishments is not included, but only waste generated in the buildings that are operational is included.

Waste generated by tenants is not included because the organisation has no control over it, except for buildings in France where it is managed jointly (with the exception of single-user assets, whose waste is managed directly by them).

Waste by type and disposal

EPRA Waste-Abs. EPRA Waste-LfL

Sustainability Indicators	Type of Waste	Total Waste 2022 kg	Total Waste 2022 % of the total	Total Waste 2022 2023 kg	Total Waste 2022 2023 % of the total
EPRA Waste-LfL	**Hazardous Waste**				
	Reuse	0	0.00%	225	1.85%
	Recycling	3,653	51.00%	3,590	29.45%
	Composting	0	0.00%	0	0.00%
	Recovery (including energy)	2,103	29.36%	846	6.94%
	Land-land improvement, backfilling and drainage	0	0.00%	0	0.00%
	On-site storage	92	1.28%	4,164	34.16%
	Non-reusable hazardous waste	210	2.93%	865	7.10%
	Incineration (not reused)	0	0.00%	21	0.17%
	Deep well injection (not reused)	0	0.00%	0	0.00%
	Landfill (not reused)	172	2.40%	1,051	8.62%
	Other disposal method	932	13.01%	1,429	11.72%
	Total hazardous waste generated	**7,162**	**100.00%**	**12,191**	**100.00%**
	Non-hazardous Waste				
	Reuse	51	0.00%	8,079	0.43%
	Recycling	1,158,002	56.89%	506,985	26.71%
	Composting	55,125	2.76%	19,302	1.02%
	Recovery (including energy)	416,274	24.73%	737,442	38.85%
	Land-land improvement, backfilling and drainage	192	0.01%	0	0.00%
	On-site storage	298	0.01%	167,068	8.80%
	Non-reusable hazardous waste	0	0.00%	1	0.00%
	Incineration (not reused)	0	0.00%	0	0.00%
	Deep well injection (not reused)	0	0.00%	0	0.00%
	Landfill (not reused)	305,456	15.27%	265,982	14.01%
	Other disposal method	6,388	0.32%	193,659	10.20%
	Total non-hazardous waste generated	**1,941,786**	**100.00%**	**1,898,519**	**100.00%**

Note: Waste generated in new construction works, refurbishments, minor corrective actions and waste generated both by maintenance activities and in the common areas of buildings, with the exception of buildings in France, for which waste generated in new construction works or comprehensive refurbishments is not included, but only waste generated in the buildings that are operational is included.

Waste generated by tenants is not included because the organisation has no control over it, except for buildings in France where it is managed jointly (with the exception of single-user assets, whose waste is managed directly by them).

8.2. | Key sustainability indicators GRI & EPRA BPR'S

8.2.1 Table of contents GRI, EPRA BPR'S

Statement of use	Colonial has reported in accordance with the GRI Standards for the period from 1st January 2023 to 31st December 2023.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Construction and Real Estate (CRE)

GRI STANDARD	DISCLOSURE	LOCATION / RESPONSE	OMISSION
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	Inmobiliaria Colonial, SOCIMI, S.A. Location: Paseo de la Castellana no 52 (Madrid, Spain) Operations in Spain and France	
	2-2 Entities included in the organization's sustainability reporting	316 Annual Accounts 2023. There are no adjustments of the information for minority interests, there have been no mergers, acquisitions and spin-offs of entities or parties. If there are any adjustments to the scope has been indicated in each of the published contents.	
	2-3 Reporting period, frequency and contact point	397, 409 This report, as well as Annual Accounts, corresponds to the fiscal year from January 1st to December 31st, 2023 and is published annually. Its publication date is May 10, 2024.	
	2-4 Restatements of information	They have been indicated in each case by direct notes.	
	2-5 External assurance	406 The contents included in this index have been verified by an independent external third party, PricewaterhouseCoopers Auditores, S.L.	
	2-6 Activities, value chain and other business relationships	6-7, 94-109, 115-118, 189-191, 320-351 Annual Accounts 2023	
	2-7 Employees	54, 216-249 Annual Accounts 2023	
	2-8 Workers who are not employees		Information not available: No information is available for workers who are not employees of Colonial.
	2-9 Governance structure and composition / EPRA-Gov-Board	47-56, 270-305, 383 ACGR 2023	

GRI STANDARD	DISCLOSURE	LOCATION / RESPONSE	OMISSION
GRI 2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body / EPRA-Gov-Select	294-295, 383 ACGR 2023	
	2-11 Chair of the highest governance body	279 ACGR 2023	
	2-12 Role of the highest governance body in overseeing the management of impacts	58-62, 270-279	
	2-13 Delegation of responsibility for managing impacts	58-62, 270-279	
	2-14 Role of the highest governance body in sustainability reporting	285-287, 297-299	
	2-15 Conflicts of interest / EPRA-Gov-Select	284, 383	
	2-16 Communication of critical concerns	308-309 No critical concerns have been reported ACGR 2023	
	2-17 Collective knowledge of the highest governance body	281-282 ACGR 2023	
	2-18 Evaluation of the performance of the highest governance body	283	
	2-19 Remuneration policies	305	
	2-20 Process to determine remuneration	286 ACGR 2023.	
	2-21 Annual total compensation ratio		This content is not presented for confidentiality reasons
	2-22 Statement on sustainable development strategy	78-91	
	2-23 Policy commitments	49, 132, 302-304, 310-311, 313, 315	
	2-24 Embedding policy commitments	307, 315	
	2-25 Processes to remediate negative impacts	308-315	
	2-26 Mechanisms for seeking advice and raising concerns	291-293, 308-315	
	2-27 Compliance with laws and regulations	There have been no significant instances of non-compliance with laws and regulations and no fines have been paid during the reporting period.	
	2-28 Membership associations	260-267	
	2-29 Approach to stakeholder engagement	44-46, 52-55	
	2-30 Collective bargaining agreements	222-223	

GRI STANDARD	DISCLOSURE	LOCATION / RESPONSE	OMISSION
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	38-46	
	3-2 List of material topics	40-42, 398-399	
ENVIRONMENT			
1. Adaptation to climate change and portfolio resilience			
GRI 3: Material Topics 2021	3-3 Management of material topics	78-91	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	59-62, 70, 77	
2. Energy and operational carbon			
GRI 3: Material Topics 2021	3-3 Management of material topics	132-157, 163-168, 172-178, 180-183	
GRI 302: Energy 2016 / GRI G4 Construction and Real Estate / EPRA	302-1 Energy consumption within the organization	172-173, 363-365, 379, 381, 389, 394-396	
	302-3 Energy intensity	176-177, 363, 379, 381	
	302-4 Reduction of energy consumption	172-175	
	EPRA - Elec-Abs Total energy consumption	363, 365, 379, 381	
	EPRA - Elec-LfL Like-for-like energy consumption	379, 381	
	EPRA - DH&C-Abs Total heating and cooling consumption	363, 379, 381	
	EPRA - DH&C-LfL Like-for-like heating and cooling consumption	365, 379, 381	
	EPRA - Fuels-Abs Total fuel consumption	363, 365, 379, 381	
	EPRA - Fuels-LfL Like-for-like fuel consumption	379, 381	
	CRE1 building energy intensity/ EPRA – Energy-Int	363-365, 379, 381	
GRI 305: Emissions 2016 / GRI G4 Construction and Real Estate / EPRA	305-1 Direct (Scope 1) GHG emissions / EPRA-GHG-Dir-Abs	363, 365, 379, 381	
	305-2 Energy indirect (Scope 2) GHG emissions / EPRA - GHG-Indir-Abs	363, 365, 379	
	305-4 GHG emissions intensity	182-183, 363-365, 379, 381	
	305-5 Reduction of GHG emissions	180-183	
	CRE3 Greenhouse gas emissions intensity from buildings/ EPRA – GHG - Int	182-183, 363-365, 379, 381	

GRI STANDARD	DISCLOSURE	LOCATION / RESPONSE	OMISSION
GRI G4 Construction and Real Estate Sector Disclosures / EPRA	CRE8 Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment / EPRA – Cert-Tot	187-191, 380-381	
3. Embodied carbon in projects and procurement			
GRI 3: Material Topics 2021	3-3 Management of material topics	132-157, 163-168, 178-180	
GRI 302: Energy 2016 / GRI G4 Construction and Real Estate / EPRA	302-2 Energy consumption outside of the organization	172-175, 363-365, 379, 381, 389, 394-396	
	302-5 Reductions in energy requirements of products and services	174-175	
GRI 305: Emissions 2016 / GRI G4 Construction and Real Estate / EPRA	305-3 Other indirect (Scope 3) GHG emissions	178-180, 363, 365	
4. Low carbon destinations and mobility			
GRI 3: Material Topics 2021	3-3 Management of material topics	152-154	
5. Circular Economy			
GRI 3: Material Topics 2021	3-3 Management of material topics	192-195, 210-212	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	211-212 Includes materials for new constructions, large and small renovations, and the maintenance of common areas. Materials purchased by tenants are not included because the organisation has no control over them.	Incomplete information: In the case of France, this information is not available, as the purchase of materials is carried out by a third party.
	301-2 Recycled input materials used	211 Includes materials for new constructions, large and small renovations, and the maintenance of common areas. Materials purchased by tenants are not included because the organisation has no control over them.	
GRI 306: Waste 2020 / EPRA	306-1 Waste generation and significant waste-related impacts	192-194	Incomplete information: Waste generated in new construction works, refurbishments, minor corrective actions and waste generated both by maintenance activities and in the common areas of buildings, with the exception of buildings in France, for which waste generated in new construction works or comprehensive refurbishments is not included, but only waste generated in the buildings that are operational is included.
	306-2 Management of significant waste-related impacts/ EPRA Waste-Abs	192-194, 367, 379, 381	
	306-3 Waste generated	195, 367-368, 379- 381	
	306-4 Waste diverted from disposal	367-368, 379-381	
	306-5 Waste directed to disposal	367-368, 379-381	
	EPRA Waste-LfL	368, 380-381	

GRI STANDARD	DISCLOSURE	LOCATION / RESPONSE	OMISSION
6. Water management			
GRI 3: Material Topics 2021	3-3 Management of material topics	184-187	
GRI 303: Water and Effluents 2018 / EPRA	303-1 Interactions with water as a shared resource	184-187	
	303-2 Management of water discharge-related impacts	This is not relevant for Colonial, as the water is used for sanitary purposes and is discharged into the sewage system in compliance with the established discharge parameters. The discharged wastewater is subsequently treated in Urban Wastewater Treatment Plants.	Incomplete information: Only information from Spain is available.
	303-3 Water withdrawal	Colonial's water withdrawal is entirely fresh water from the urban network.	Incomplete information: Only information from Spain is available.
	303-4 Water discharge	All of the water collected and consumed by Colonial is discharged into the public sewer.	Incomplete information: Only information from Spain is available.
	303-5 Water consumption/ EPRA - Water-Abs	184, 185, 366, 367, 379, 381	
	EPRA - Water-LfL Like-for-like Water consumption	366, 367, 379, 381	Properties considered like-for-like Sustainable.
	CRE2 Building water intensity/ EPRA - Water-Int	366, 379, 381	
7. Biodiversity and ecosystems			
GRI 3: Material Topics 2021	3-3 Management of material topics	196-203	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	As Colonial's assets are located in consolidated urban areas, there are no operations near protected areas or areas considered to be of high biodiversity value. However, the Group sees biophilia as an opportunity to reconnect with nature through the architecture of buildings, thus promoting the protection of biodiversity in urban spaces.	
	304-2 Significant impacts of activities, products and services on biodiversity	196-198 Colonial's activities do not generate significant impacts on biodiversity. However, the Group seeks to promote biodiversity in urban areas in its projects.	
	304-3 Habitats protected or restored	196-203	
SOCIAL			
8. Customer relations, well-being and satisfaction			
GRI 3: Material Topics 2021	3-3 Management of material topics	250-259	

GRI STANDARD	DISCLOSURE	LOCATION / RESPONSE	OMISSION
GRI 416: Customer Health and Safety 2016 /EPRA	416-1 Assessment of the health and safety impacts of product and service categories/ EPRA-H&S-Asset	258-259	Incomplete information: Only assets over which Colonial exercises operational control are included.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services/ EPRA H&S-Comp	There have been no incidents of non compliance.	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No complaints were received.	
9. Contribution to urban development and cultural heritage			
GRI 3: Material Topics 2021	3-3 Management of material topics	260-267	
GRI 413: Local Communities 2016 / EPRA	413-1 Operations with local community engagement, impact assessments, and development programs/ EPRA-Comty-Eng	172, 383 5.6% of the buildings. It should also be noted that Colonial has made contributions, sponsorships and donations amounting to €238,869	
	413-2 Operations with significant actual and potential negative impacts on local communities	141, 260-267 No significant negative impacts on local communities.	
10. Human Capital			
GRI 3: Material Topics 2021	3-3 Management of material topics	43, 76, 215-249	
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	Paragraph A IAR 2023	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	236	
	202-2 Proportion of senior management hired from the local community	21,4% of directors are foreigners.	
GRI 401: Employment 2016 / EPRA	401-1 New employee hires and employee turnover/ EPRA-Emp-Turnover	218-219	
GRI 401: Employment 2016 / EPRA	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	234-235	
	401-3 Parental leave	In 2023, 17 people took paternity/ maternity-related leave in the organization, 8 women and 9 men. Of these people, 13 returned to their place of work after taking parental leave (6 women and 7 men). 13 people (8 women and 5 men) are still with the company at the end of 2023.	

GRI STANDARD	DISCLOSURE	LOCATION / RESPONSE	OMISSION
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Colonial follows the notice periods established in labour legislation or those included, where applicable, in the agreements applicable to each business, and no minimum notice periods have been defined at corporate level.	
GRI 403: Occupational Health and Safety 2018 / EPRA	403-1 Occupational health and safety management system	247	
	403-2 Hazard identification, risk assessment, and incident investigation	247	
	403-3 Occupational health services	248-249	
	403-4 Worker participation, consultation, and communication on occupational health and safety	247	
	403-5 Worker training on occupational health and safety	In compliance with the law, all employees are trained in job-related risks and preventive measures.	
	403-6 Promotion of worker health	247	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	247-249	
	403-8 Workers covered by an occupational health and safety management system	100% of employees.	Incomplete information: Only the coverage of the management system regarding company employees is reported.
	403-9 Work-related injuries/ EPRA-H&S-Emp	248-249, 382	Incomplete information: Only the coverage of the management system regarding company employees is reported.
	403-10 Work-related ill health/ EPRA-H&S-Emp	248-249, 382	Incomplete information: Only the coverage of the management system regarding company employees is reported.
GRI 404: Training and Education 2016 / EPRA	404-1 Average hours of training per year per employee/ EPRA-Emp Training	54, 230-233, 382	
	404-2 Programs for upgrading employee skills and transition assistance programs	223-233	
	404-3 Percentage of employees receiving regular performance and career development reviews/ EPRA Emp-Dev	382 Reference is made in section *5.8.2 Development of human capital and talent*.	

GRI STANDARD	DISCLOSURE	LOCATION / RESPONSE	OMISSION
GRI 405: Diversity and Equal Opportunity 2016 / EPRA	405-1 Diversity of governance bodies and employees/ EPRA-Diversity Emp	216-217, 237, 239, 275, 280, 382	
	405-2 Ratio of basic salary and remuneration of women to men/EPRA- Diversity-Pay	236, 382	Incomplete information: This information is not available for Utopicus and SFL.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There have been no incidents of discrimination in the Colonial Group.	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	In the Group's own operations and those of its suppliers, the proximity criterion is applied, with the activity being located in Spain and France, so the risk in this area is minimal.	
GOVERNANCE			
11. Corporate culture and conduct			
GRI 3: Material Topics 2021	3-3 Management of material topics	78, 121-123, 285-287, 306-317	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	55	
	201-4 Financial assistance received from government	No significant aid of this nature has been received.	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	9-10, 18-19	
	203-2 Significant indirect economic impacts	No significant indirect economic impacts have been identified.	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	312	
	205-2 Communication and training about anti-corruption policies and procedures	310-313	
	205-3 Confirmed incidents of corruption and actions taken	There is no record of incidents of corruption.	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	313 There are no legal actions for anticompetitive behaviour.	
GRI 207: Tax 2019	207-1 Approach to tax	121-127	
	207-2 Tax governance, control, and risk management	121-122, 292	
	207-3 Stakeholder engagement and management of concerns related to tax	52-54, 121-122	
	207-4 Country-by-country reporting	94, 123-125	
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	No significant fines or penalties have been received, including significant fines or penalties for noncompliance with water legislation.	

GRI STANDARD	DISCLOSURE	LOCATION / RESPONSE	OMISSION
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures		Not applicable: The proximity criterion is applied to the Group's own operations and those of its suppliers as the activity is located in Spain and France, so the risk in this area is minimal.
GRI 415: Public Policy 2016	415-1 Political contributions	311 No contributions have been made to political parties.	
GRI 417: Marketing and Labelling 2016	417-3 Incidents of non-compliance concerning marketing	There have been no incidents of noncompliance.	
GRI 419: Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	No significant fines or penalties were Received.	
SUPPLY CHAIN			
12. Responsible procurement			
GRI 3: Material Topics 2021	3-3 Management of material topics	207-214	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	208	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	208-209 II. Supplier approval survey.	
	308-2 Negative environmental impacts in the supply chain and actions	208-209 II. Supplier approval survey.	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		Not applicable: The proximity criterion is applied to the Group's own operations and those of its suppliers as the activity is located in Spain and France, so the risk in this area is minimal.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		Not applicable: The proximity criterion is applied to the Group's own operations and those of its suppliers as the activity is located in Spain and France, so the risk in this area is minimal.
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples		Not applicable: The proximity criterion is applied to the Group's own operations and those of its suppliers as the activity is located in Spain and France, so the risk in this area is minimal.

GRI STANDARD	DISCLOSURE	LOCATION / RESPONSE	OMISSION
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments		Not applicable: The proximity criterion is applied to the Group's own operations and those of its suppliers as the activity is located in Spain and France, so the risk in this area is minimal.
	412-2 Employee training on human rights policies or procedures	Considering the Group's type of activity of the Group, the place where it is carried out (Spain and France) and the fact that the vast majority of suppliers are local, the training provided periodically in Compliance, which includes training on the Code of Ethics and the Whistleblower Channel, covers the relevant human rights aspects.	
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	In any investment agreement or contract, the Group monitors compliance with applicable laws and regulations. All agreements and contracts take place in Spain or France, where the human rights risk is minimal.	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	208-209 II. Supplier approval survey.	
	414-2 Negative social impacts in the supply chain and actions taken	208-209 II. Supplier approval survey.	

8.2.2 Environment

EPRA Tables Environment Portfolio

Office and retail portfolio

Indicator	EPRA Code	Unit of measurement	2022	Coverage	2023	Coverage	Variation
Total electricity consumption	Elec-Abs	kWh	128,535,912	100%	119,374,799	100%	–7%
		% from renewable sources	74%		89%		n. a.
Like-for-like electricity consumption	Elec-LFL	kWh	110,848,581	100%	105,237,339	100%	–5%
Total heating & cooling consumption	DH&C-Abs	kWh	22,283,863	100%	21,351,625	100%	–4%
		% from renewable sources	74%		77%		n. a.
Like-for-Like heating & cooling consumption	DH&C-LFL	kWh	20,044,615	100%	18,620,818	100%	–7%
Total fuel consumption	Fuels-Abs	kWh	13,239,418	100%	13,226,687	100%	–0%
		% from renewable sources	0%		0%		n. a.
Like-for-Like fuel consumption	Fuels-LFL	kWh	11,736,109	100%	11,726,191	100%	0%
Building energy intensity	Energy-Int	kWh/sqm	167	100%	152	100%	–9%
Direct GHG emissions (Scope 1)	GHG-Dir-Abs	tCO_2	2,338	100%	1,803	100%	–23%
Indirect GHG emissions from energy generation (Scope 2)	GHG-Indir- Abs	tCO_2 (market based)	2,325	100%	2,167	100%	–7%
		tCO_2 (location based)	5,900		6,192		5%
GHG emissions intensity	GHG-Int	tCO_2/sqm	0.005	100%	0.004	100%	–18%
Total water consumption	Water-Abs	Total m³	336,111	100%	363,141	100%	8%
Like-for-like water consumption	Water-LFL	m³	291,775	100%	299,802	100%	3%
Building water intensity	Water-Int	m³/sqm	0.35	100%	0.36%	100%	2%
Total weight of waste per disposal method	Waste-Abs	Tonnes	12,504	95%	5,661	95%	–55%
		% reused	5.75%		3.23%		–2.5 pp
		% recycled	78.30%		63.19%		–14.2 pp
		% composted	0.44%		0.64%		0.2 pp
		% energy recovery	12.78%		17.34%		3.7 pp
		% sent to incineration	0.00%		0.00%		0 pp
		% other - landfill	2.45%		6.74%		7.6 pp
		% other	0.27%		8.86%		8.6 pp

EPRA Tables Environment Portfolio (continuation)

Office and retail portfolio

Indicator	EPRA Code	Unit of measurement	2022	Coverage	2023	Coverage	Variation
Weight of waste (Like-for-Like) per disposal method	Waste-LFL	Tonnes	1,949	92%	1,910	93%	–5%
		% reused	0.00%		0.43%		0.4 pp
		% recycled	59.60%		26.73%		–30.1 pp
		% composted	2.83%		1.01%		–1.7 pp
		% energy recovery	21.47%		38.65%		13.9 pp
		% sent to incineration	0.00%		0.00%		0 pp
		% other - landfill	15.68%		13.97%		–1.3 pp
		% other	0.42%		19.21%		18.8 pp
Type and number of certified properties (Like-for-Like)	Cert-LfL	% of certified LfL portfolio	100%		100%		0%
Type and number of certified properties (total)	Cert-Tot	% of certified portfolio	95%		100%		5%

EPRA Offices for Own Use Environment

Indicator	EPRA Code	Unit of measurement	2022	Coverage	2023	Coverage	Var.
Total electricity consumption	Elec-Abs	kWh	231,848	100%	185,341	100%	–20%
		% from renewable sources	46%		76%		0%
Like-for-Like electricity consumption	Elec-LFL	kWh	184,780	100%	132,746	100%	–28%
Total heating & cooling consumption	DH&C-Abs	kWh	n. a.	100%	n. a.	100%	n. a.
		% from renewable sources	n. a.		n. a.		n. a.
Like-for-like heating & cooling consumption	DH&C-LFL	kWh	n. a.	100%	n. a.	100%	n. a.
Total fuel consumption	Fuels-Abs	kWh	64,522	100%	70,307	100%	9%
		% from renewable sources	0		0		0
Like-for-Like fuel consumption	Fuels-LFL	kWh	20,650	100%	20,334	100%	–2%
Building energy intensity	Energy-Int	kWh/sqm	53.44	100%	45.21	100%	–15%
Direct GHG emissions (Scope 1)	GHG-Dir-Abs	tCO_2	12	100%	12	100%	–2%
Indirect GHG emissions from energy generation (Scope 2)	GHG-Indir-Abs	tCO_2 (location based)	15	100%	15	100%	5%
		tCO_2 (market based)	5		5		1%
GHG emissions intensity	GHG-Int	tCO_2/sqm	0.003	100%	0.003	100%	–3%
Total water consumption	Water-Abs	m^3	1,608	100%	1,867	100%	16%
Like-for-like water consumption	Water-LFL	m^3	590	100%	612	100%	4%
Building water intensity	Water-Int	m^3/sqm	290	100%	330	100%	14%
Total weight of waste per disposal method	Waste-Abs	Tonnes	104	100%	179	100%	72%
		% recycled	63.03%		20.54%		–67%
		% sent to incineration	0.00%		0.00%		n. a.
		% other	36.97%		79.46%		115%
Weight of waste (Like-for-Like) per disposal method	Waste-LFL	Tonnes	12.87	100%	65.75	100%	411%
		% recycled	65.23%		54.35%		–17%
		% sent to incineration	0.00%		0.00%		n. a.
		% other	34.76%		45.65%		31%
Type and number of total certified properties	Cert-Tot	% certified portfolio	100%	100%	100%	100%	0%

8.2.3 Social and governance

Social and governance EPRA Table

Indicator	EPRA Code	Scope	Unit of measurement			2022	2023
Gender diversity	Diversity-Emp	Corporate operations	% employees	Board	M	64%	64%
					F	36%	36%
				Management Committee	M	50%	50%
					F	50%	50%
				General and Area Managers	M	56%	49%
					F	44%	51%
				Technical graduates and middle managers	M	45%	48%
					F	55%	52%
				Admin.	M	30%	33%
					F	70%	67%
Remuneration by gender	Diversity-Pay	Corporate operations	Ratio	Management		–67%	–45%
				Responsables		23%	25%
				Managers		15%	9%
Training and development	Emp-Training	Corporate operations	Average hours			32.5	42.2
			Average hours women			32.4	45.0
			Average hours men			32.6	37.8
			General Managers			26.3	28.0
			Technical graduates and middle managers			24.1	31.5
			Admin.			39.8	50.2
Performance evaluations	Emp-Dev	Corporate operations	% of total staff			100%	99%
New hires	Emp-Turnover	Corporate operations	Total number			51	27
		Corporate operations	Ratio			21.2%	11.3%
Turnover		Corporate operations	Total number			40	42
		Corporate operations	Ratio			17.2%	17.5%
Injury rate	H&S-Emp	Corporate operations	Per 200,000 hours worked			0.00	0.00
Rate of lost days		Corporate operations	Per 200,000 hours worked			0.00	0.00
Absentee rate		Corporate operations	Ratio			4.9%	4.7%
Number of fatal accidents		Corporate operations	Total number			0	0
Health and safety impact assessments	H&S-Asset	Office portfolio	% properties			99%	100%
		Residential portfolio				n. a.	n. a.
Number of defaults	H&S-Comp	Office portfolio	Total number			0	0
		Residential portfolio				n. a.	n. a.

Social and governance EPRA Table (continuation)

Indicator	EPRA Code	Scope	Unit of measurement	2022	2023
Programmes with the community	Comty-Eng	Office portfolio	% of properties	1.27%	5.56%
		Residential portfolio		n. a.	n. a.
Composition of the Board of Directors	Gov-Board	Corporate	Total number of executive directors	1	1
			Total number of independent directors	4	5
			Average service	6.5	6.5
			Independent/non-executive members of governing bodies with competences related to social or environmental issues	4	4
Board of Directors nominatuon and selection process	Gov-Select	Corporate	Description	Section 6.5.4, 6.5.5 and 6.5.6 of IAR	Section 6.5.4, 6.5.5 and 6.5.6 of IAR
Conflicts of interests	Gov-Col	Corporate	Description	Section 6.5.10 of IAR	Section 6.5.10 of IAR

Number of employees by type of contract, job category, age, gender and country as of 31 December

Contract type	2023 Permanent contract	2023 Temporary contract	2022 Permanent contract	2022 Temporary contract	Variation Permanent contract	Variation Temporary contract
Professional category						
CEO, General and Area Managers	16	0	18	0	–11%	0%
Technical graduates and middle managers	76	3	80	2	–5%	50%
Administrative and other	137	6	133	8	3%	–25%
Age						
Under 30	34	5	38	6	–11%	–17%
30–50	129	2	126	4	2%	–50%
Over 50	66	2	67	0	–1%	0%
Gender						
Female	138	6	146	6	–5%	0%
Male	91	3	85	4	7%	–25%
Country						
Spain	161	2	161	6	0%	–67%
France	68	7	70	4	–3%	75%
Total	**229**	**9**	**231**	**10**	**–1%**	**–10%**

Average number of employees by type of contract, job category, age, gender and country

Contract type	2023 Permanent contract	2023 Temporary contract	2022 Permanent contract	2022 Temporary contract	Variation Permanent contract	Variation Temporary contract
Professional category						
CEO, General and Area Managers	16.3	0.0	18.4	0.0	–11%	0%
Technical graduates and middle managers	83.0	3.4	78.9	0.6	5%	466%
Administrative and other	137.3	7.6	128.8	4.1	7%	85%
Age						
Under 30	33.0	4.8	33.7	3.6	–2%	33%
30–50	134.9	3.7	125.5	1.1	7%	236%
Over 50	68.7	2.5	66.8	0.0	3%	0%
Gender						
Female	145.3	6.6	143.9	2.7	1%	143%
Male	91.3	4.4	82.1	2.0	11%	120%
Country						
Spain	160.5	3.3	156.2	3.9	3%	–16%
France	76.1	7.7	69.8	1.0	9%	668%
Total	**236.6**	**11.0**	**226.0**	**4.7**	**5%**	**133%**

Number of employees by type of workday, job category, age, gender and country as of 31 December

	2023		2022		Variation	
Type of workday	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Professional category						
CEO, General and Area Managers	16	0	18	0	–11%	0%
Technical graduates and middle managers	78	1	82	0	–5%	0%
Administrative and other	140	3	138	3	1%	0%
Age						
Under 30	39	0	44	0	–11%	0%
30–50	130	1	130	0	0%	0%
Over 50	65	3	64	3	2%	0%
Gender						
Female	141	3	150	2	–6%	50%
Male	93	1	88	1	6%	0%
Country						
Spain	162	1	166	1	–2%	0%
France	72	3	72	2	0%	50%
Total	**234**	**4**	**238**	**3**	**–2%**	**33%**

Average number of employees by type of workday, job category, age, gender and country

	2023		2022		Variation	
Type of workday	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Professional category						
CEO, General and Area Managers	16.3	0.0	18.4	0.0	–11%	0%
Technical graduates and middle managers	85.8	0.6	79.2	0.3	8%	104%
Administrative and other	83.78	3.4	129.2	3.7	–35%	–8%
Age						
Under 30	37.7	0.1	37.3	0.0	1%	0%
30–50	138.1	0.5	125.9	0.7	10%	–24%
Over 50	67.8	3.4	63.5	3.3	7%	0%
Gender						
Female	148.9	3.0	143.9	2.7	3%	12%
Male	94.7	1.0	82.8	1.3	14%	–23%
Country						
Spain	162.8	1.0	159.1	1.0	2%	0%
France	80.8	3.0	67.7	3.0	19%	0%
Total	**243.6**	**4.0**	**226.7**	**4.0**	**7%**	**0%**

8.3. | Other appendices

I. Sustainable certifications per building

The environmental certifications for the Group's properties are detailed below.

Environmental certifications of the Group's properties (EPRA Cert-Tot)

	Name of the building	BREEAM In-Use PART 1	BREEAM In-Use PART 2	ISO 50001	ISO 14001	LEED BD + C	BREEAM New Construction
Barcelona							
1	Paseo de los Tilos, 2-6	Very Good				Gold	
2	Av. Diagonal, 682	Very Good	Outstanding				
3	Av. Diagonal, 609-615	Very Good	Excellent				
4	Travessera de Gràcia, 11	Very Good	Outstanding			Gold	
5	Amigó 11-17	Very Good	Outstanding			Gold	
6	Av. Diagonal, 532	Very Good	Excellent	✓	✓		
7	Av. Diagonal, 409	Very Good	Excellent			Gold	
8	Via Augusta, 21-23	Very Good	Excellent				
9	Sant Cugat	Excellent	Outstanding				
10	Torre Marenostrum	Very Good	Outstanding(*)				
11	Diagonal - Glòries	Very Good	Excellent				
12	Illacuna	Very Good	Outstanding				
13	Torre BCN	Very Good	Outstanding				
14	Ciutat de Granada, 150	Excellent	Outstanding			Platinum	
15	Travessera de Gràcia, 47-49	Very Good	Excellent				
16	Gal·la Placídia	Very Good					
17	Av. Diagonal, 523-525	Excellent				Gold	
18	Buenos Aires, 21	Very Good					
19	Plaza Europa, 34					Gold	
20	WittyWood	Excellent				Platinum	

(*) Rating applicable to the Marenostrum Tower Aircraft Carrier building (Portaviones de Torre Marenostrum).

Environmental certifications of the Group's properties (EPRA Cert-Tot) (continuation)

	Name of the building	BREEAM In-Use PART 1	BREEAM In-Use PART 2	ISO 50001	ISO 14001	LEED BD + C	BREEAM New Construction
Madrid							
1	Recoletos, 37-41	Very Good	Outstanding				
2	Génova, 17	Very Good	Excellent				
3	Castellana, 52	Very Good	Excellent	✓	✓		
4	Castellana, 43	Very Good				Gold	
5	Santa Engracia, 120	Very Good	Excellent				
6	Poeta Joan Maragall, 53	Very Good	Excellent				
7	Discovery Building	Excellent	Excellent			Platinum	
8	López de Hoyos, 35	Very Good	Excellent				
9	The Window	Very Good	Outstanding			Gold	
10	Francisco Silvela, 42	Very Good	Outstanding				
11	Ramírez de Arellano, 37	Good					
12	Martínez Villergas, 49	Excellent	Outstanding				
13	Alfonso XII, 62	Very Good	Outstanding				
14	José Abascal, 45	Very Good	Outstanding				
15	Serrano,73	Good					
16	Santa Hortensia, 26-28	Good					
17	Castellana, 163	Very Good	Outstanding				
18	Arturo Soria, 336	Very Good	Excellent				
19	Manuel de Falla, 7	Very Good	Very Good			Gold	
20	Velázquez, 86D	Excellent	Excellent			Platinum	
21	Miguel Ángel, 23						Excellent
22	Don Ramón de la Cruz, 84	Excellent	Very Good			Platinum	
23	Francisca Delgado, 11	Very Good	Very Good				
24	Puerto de Somport, 8	Very Good					
25	Ribera del Loira, 28	Very Good	Very Good				
26	Egeo	Very Good	Excellent				
27	Josefa Valcárcel, 40 bis	Very Good				Platinum	
28	José Ortega y Gasset, 100	Excellent	Excellent				

Environmental certifications of the Group's properties (EPRA Cert-Tot) (continuation)

	Name of the building	HQE	BREEAM In-Use PART 1	BREEAM In-Use PART 2	ISO 50001	ISO 14001	LEED BD + C	BREEAM New Construction
Paris								
1	92 Champs-Élysées	✓	Very Good					
2	83 Marceau	Exceptional	Excellent				Gold	Excellent
3	103 Grenelle	✓	Very Good	Excellent				
4	106 Haussmann		Good					
5	131 Wagram		Very Good	Very Good				
6	176 Charles de Gaulle		Very Good					
7	Édouard VII		Very Good					
8	Galerie des Champs-Élysées		Very Good					
9	Washington Plaza		Very Good					
10	Condorcet		Very Good	Very Good				
11	90 Champs-Élysées		Very Good					Good
12	#Cloud	Exceptional	Excellent	Excellent			Gold	Excellent
13	Pasteur	Exceptional						Very Good
14	Biome	Exceptional						Excellent
15	Cézanne St Honoré		Very Good					Very Good

II. Coverage and Methodology applied

I. Coverage of consumption: scope

During 2023, the Colonial Group calculates the energy consumption of all its assets, leaving only those assets that are projects and that do not yet generate operating energy consumption out of its scope.

In this sense, if we consider the offices assets in operation, in 2023 the Colonial Group is covering 100% of the energy consumption, carbon emissions (scopes 1 and 2) and water consumption of its portfolio in its reporting coverage.

In **Barcelona**, information on the consumption of **21 assets** is reported in 2023, corresponding to 100% of the value of the Barcelona portfolio in operation. In the **Madrid** portfolio, information on the consumption of **36 assets** is reported in 2023, corresponding to 100% of the value of the Madrid portfolio in operation.

In **Paris**, information on energy consumption and GHG emissions is reported on **17 assets** in 2023, corresponding to 100% of the value of the Madrid portfolio in operation.

Coverage of consumption of the portfolio of office assets in operation in value terms - 2023

	Energy	Scope 1 & 2	Water
Spain	100%	100%	100%
France	100%	100%	100%
Total	100%	100%	100%

II. Method applied: carbon footprint

The reporting of greenhouse gas (GHG) emissions has been developed in accordance with the calculation methods of the Greenhouse Gas Protocol (GHG Protocol) and the World Resources Institute (WRI).

GHG emissions have been broken down into three scopes:

- **Scope 1**. These are the **direct GHG emissions** that belong to or are controlled by the Group, which are released directly into the atmosphere.
  - Fuel consumption.
  - Fugitive emissions of refrigerant gases.
- **Scope 2**. These are the **indirect GHG emissions** derived from electricity consumption and heat generation off-site consumed by Colonial.
  - Purchase of electricity for communal areas and shared services.
  - Cold and heat from district heating and cooling systems.
- **Scope 3. Other indirect GHG emissions** caused by Group activities, but controlled by other organisations.

GHG emissions have been reported in tonnes of carbon dioxide equivalent (tCO_2e). KPIs are also included that consider area adjusted for occupancy to measure the impact of each individual asset and collectively with the aim of reducing GHG emissions.

Scope 1 and 2 GHG emissions data have been obtained from energy consumption bill data and refrigerant gas recharges.

To calculate our carbon footprint and Scope 2 in particular, the market-based and location-based calculation methods have been used. The **market-based** method includes the emission factors of the electricity traders (or the residual mix emission factors when the electricity company information is not available). Following the best international practices, Colonial prioritises the market-based method in monitoring consumption over the location-based method as, even though it is more sophisticated, it more accurately reflects carbon reduction performance by taking into account the specific characteristics of the company's asset portfolio and shows the continuous efforts being made to reduce the carbon footprint and environmental impact, in this case through the purchase of green energy.

The **location-based** method calculates emissions taking into account the emission factors of the national electricity mix without reflecting the specific situations of Colonial's eco-efficiency policy, in particular in the procurement of green energy.

In the case of scope 3, the categories covered, the methodology and the data source is the following:

Scope 3 category	Applicability	Methodology or justification for exclusion	Activity data source	Emission factor(s) source
1. Purchased Goods and Services	Yes	Spend-based method: upstream emissions for goods and services are estimated by collecting the economic value of OPEX internal categories and multiplying them by relevant secondary emission factors. Fees and taxes are excluded.	OPEX and corporate expenses data from Colonial Group.	▪ Spain: DEFRA. ▪ France: Base carbone ADEME.
2. Capital Goods	Yes	**Hybrid method:** **In Spain:** 1. Average-product method (when LCA has been performed): for new construction and major renovations in Spain, Grupo Colonial develops LCAs (Life Cycle Assessment) with One-Click software. Although emissions are calculated for all building phases, only embodied carbon is included in this category. Emissions are distributed across the years the project last based on actual executed Budget. 2. Average spend-based method (when LCA data is not available): € of CAPEX invested in renovation, refurbishments and construction works (excluding company fees) multiplied by the relevant secondary emission factors. **In France** 1. Method based on the type of renovations and refurbishments made developed with a specific consultancy firm. a. The type of renovations and its associated carbon impacts are differentiated based on the main type of materials used (concrete, low-carbon concrete, wood…). Each material used is associated to a specific area and then multiplied by an emission factor in $kgCO_2e/sqm$ based on the associated constructive mode. b. For the refurbishments, once again the types of works made have been differentiated based on the technical lots (roofing, facades, floor covering, plumbing…) for each operation. These lots are then associated to specific emission factors.	LCA results, technical data and CAPEX data from Colonial Group (when LCA is not performed).	▪ Spain: DEFRA (This only applies when emissions are calculated based on CAPEX). ▪ France: Base carbone ADEME and Carbone 4 consultancy.

Scope 3 category	Applicability	Methodology or justification for exclusion	Activity data source	Emission factor(s) source
3 Fuel- and Energy-related activities	Yes	**Hybrid method:** 1. Average-data method (fuels, electricity and district heating in Spain): emissions are estimated by using secondary emission factors for upstream emissions per unit of consumption. 2. Supplier-specific method: (district heating in France): emissions are estimated by using specific emission factors calculated by the district heating and cooling providers.	Primary energy-related data (fuels, district cooling and heating, electricity…) from Colonial Group.	▪ Spain: DEFRA/IEA (electricity); Base carbone ADEME (gas); DEFRA (district heating and cooling). ▪ France: Base carbone ADEME (electricity and gas); Base Carbone ADEME as well with specific emission factors for every district heating and cooling urban network.
4. Upstream Transportation and Distribution	Yes	Upstream transport-related emissions are considered in the emission factors used for scope 3 categories 1 and 2.	LCA results and technical and CAPEX data of the Colonial Group (when no LCA is performed).	▪ Spain: Values obtained from the averages resulting from the LCA conducted.
5. Waste Generated in Operations	Yes	Waste-related emissions of new construction and major renovations in Spain and France are included under categories 1 and 2. GHG emissions resulting from waste generated in operations are calculated through quantities and types of treatment on the buildings on which the data is available. On a few buildings, the waste is directly handled by city services, without access to quantity and types of treatment. On these buildings, the emissions have been estimated by extrapolation.	LCA results and technical and CAPEX data of the Colonial Group (when no LCA is performed).	▪ Spain: Values obtained from the averages resulting from the LCA conducted. ▪ France: Base carbone ADEME.
6. Business Travel	Yes	**Transport:** Distance-based method: based on travel agency data. **Hotel:** Hotel-related emissions are calculated by using a standard emission factor in Spain and by travel agency data in France. **Taxis:** based on travel agency data in Spain and on invoices in France using a standard emission factor.	Travel agency data.	▪ Spain: Primary supplier data (transport) and DEFRA (hotels). ▪ France: Primary supplier data (transport and hotels) and Base carbone (taxis).
7. Employee Commuting	Yes	Distance-based method: emissions are estimated by multiplying data from employees on commuting patterns (distance travelled and mode used for commuting) by appropriate emission factors for the modes used.	Commuting surveys results.	▪ Spain: DEFRA, excluding electric scooter which is based on a typical manufacturer. ▪ France: Base carbone ADEME.

Scope 3 category	Applicability	Methodology or justification for exclusion	Activity data source	Emission factor(s) source
8. Upstream Leased Assets	No	Colonial Group owns all buildings where the Group operates, so there are no emissions to report under this category.	n. a.	n. a.
9. Downstream Transportation and Distribution	No	Colonial Group develops and manages property assets, so there are no emissions to report under this category.	n. a.	n. a.
10. Processing of Sold Products	No	Colonial Group develops and manages property assets, so there are no emissions to report under this category.	n. a.	n. a.
11. Use of Sold Products	Yes, but only when newly developed assets are sold	Colonial Group has not sold any assets that were newly developed in 2022, so Colonial considers there are no emissions to report under this category this year according to sectoral approaches.	n. a.	n. a.
12. End-of-Life Treatment of Sold Products	Yes, but only when newly developed assets are sold	Grupo Colonial has not sold any assets that were newly developed in 2021, so Colonial considers there are no emissions to report under this category this year according to sectoral approaches.	n. a.	n. a.

Scope 3 category	Applicability	Methodology or justification for exclusion	Activity data source	Emission factor(s) source
13. Downstream Leased Assets	Yes	Equivalent to scope 1 and 2 calculations with both location and market-based approaches for electricity.	Primary energy-related data from private/tenant areas.	**Fuels:** ▪ Spain: MITECO. ▪ France: Base carbone ADEME. **District cooling and heating:** ▪ Spain: Districlima (district heating and cooling supplier in Barcelona). ▪ France: Base carbone ADEME (in case it's required in the future). **Electricity:** ▪ Spain: AIB (market-based without guarantee of origin) / CNMC (location-based & market-based with guarantee of origin). ▪ France: Tenants' energy providers or AIB (market-based) / Base carbone ADEME (location-based).
14. Franchises	No	Colonial Group does not have franchises, so there are no emissions to report under this category.	n. a.	n. a.
15. Investments	No	Colonial Group does not perform any investments in addition to the investment in our own property portfolio (already reported under categories 1 & 2), so there are no emissions to report under this category.	n. a.	n. a.

Breakdown of consumption monitoring by property

		Electricity	Fuels	District clima	Water	GHG emissions	Like-for-like
Barcelona							
1	Paseo de los Tilos, 2-6	✓			✓	✓	✓
2	Av. Diagonal, 682	✓	NG		✓	✓	✓
3	Av. Diagonal, 609-615	✓	NG		✓	✓	✓
4	Travessera de Gràcia, 11 /Amigó, 11-17	✓			✓	✓	✓
5	Av. Diagonal, 532	✓	✓		✓	✓	
6	Av. Diagonal, 409	✓			✓	✓	✓
7	Via Augusta, 21-23	✓	NG		✓	✓	✓
8	Sant Cugat	✓	NG		✓	✓	✓
9	Torre Marenostrum	✓			✓	✓	✓
10	Diagonal - Glòries	✓			✓	✓	✓
11	Illacuna	✓		✓	✓	✓	✓
12	Torre BCN	✓	NG		✓	✓	✓
13	Ciutat de Granada, 150	✓		✓	✓	✓	✓
14	Travessera de Gràcia, 47-49	✓	NG		✓	✓	✓
15	Plaza Europa, 34	✓			✓	✓	
16	Gal·la Placídia	✓			✓	✓	✓
17	Diagonal, 523-525	✓	NG		✓	✓	✓
18	Sancho de Ávila, 110-130	✓	NG		✓	✓	
19	WittyWood	✓		✓	✓	✓	
20	Buenos Aires, 21	✓			✓	✓	✓
21	Dau Retail	✓	NG		✓	✓	✓

NG: natural gas used at the building.

Breakdown of consumption monitoring by property (continuation)

		Electricity	Fuels	District clima	Water	GHG emissions	Like-for-like
Madrid							
1	Recoletos, 37-41	✓			✓	✓	✓
2	Génova, 17	✓	NG		✓	✓	✓
3	Castellana, 52	✓	NG		✓	✓	✓
4	Castellana 43	✓	NG		✓	✓	✓
5	Miguel Ángel, 11	✓	NG		✓	✓	
6	José Abascal, 56	✓	NG		✓	✓	
7	Santa Engracia, 120	✓	NG		✓	✓	✓
8	Poeta Joan Maragall, 53	✓	NG		✓	✓	✓
9	Discovery Building	✓	NG		✓	✓	✓
10	Lopez de Hoyos, 35	✓	NG		✓	✓	✓
11	The Window	✓			✓	✓	✓
12	Francisco Silvela, 42	✓			✓	✓	✓
13	José Ortega y Gasset, 100	✓			✓	✓	
14	Ramírez de Arellano, 37	✓			✓	✓	✓
15	Martínez Villergas, 49	✓			✓	✓	✓
16	Alfonso XII, 62	✓			✓	✓	✓
17	José Abascal, 45	✓			✓	✓	✓
18	Serrano,73	✓	NG		✓	✓	✓
19	Santa Hortensia, 26-28	✓	NG		✓	✓	✓
20	Castellana, 163	✓	NG		✓	✓	✓
21	Arturo Soria, 336	✓	NG		✓	✓	✓
22	Ramírez de Arellano, 15	✓			✓	✓	
23	Manuel de Falla, 7	✓	NG		✓	✓	✓
24	Sagasta, 31-33	✓			✓	✓	
25	Almagro, 9	✓			✓	✓	
26	Miguel Ángel, 23	✓			✓	✓	
27	Velázquez, 86D	✓	NG		✓	✓	
28	Don Ramón de la Cruz, 84	✓			✓	✓	✓
29	Francisca Delgado, 11	✓	NG		✓	✓	✓
30	Cedro	✓	NG		✓	✓	
31	Puerto de Somport, 8	✓	NG		✓	✓	
32	Ribera de Loira, 28	✓	NG		✓	✓	✓
33	Tucumán	✓	NG		✓	✓	✓
34	Egeo	✓	NG		✓	✓	✓
35	Josefa Valcárcel, 40 Bis	✓	NG		✓	✓	✓
36	J.I. Luca de Tena, 7	✓				✓	

NG: natural gas used at the building.

Breakdown of consumption monitoring by property (continuation)

		Electricity	Fuels	Distict Clima	Water	GHG emissions	Like-for-like
Paris							
1	Louvre Saint-Honoré	✓		✓	✓	✓	✓
2	Washington Plaza	✓			✓	✓	✓
3	Galerie des Champs-Élysées	✓		✓	✓	✓	✓
4	90 Champs-Élysées	✓		✓	✓	✓	✓
5	92 Champs-Élysées	✓		✓	✓	✓	✓
6	Cézanne Saint-Honoré	✓		✓	✓	✓	✓
7	Édouard VII	✓		✓	✓	✓	✓
8	176 Charles de Gaulle	✓	NG		✓	✓	✓
9	83 Marceau	✓		✓	✓	✓	✓
10	131 Wagram	✓			✓	✓	✓
11	103 Grenelle	✓		✓	✓	✓	✓
12	106 Haussmann	✓		✓	✓	✓	✓
13	6 Hanovre	✓		✓	✓	✓	
14	#Cloud.Paris	✓		✓	✓	✓	✓
15	Pasteur	✓		✓	✓		
16	Condorcet	✓	✓		✓	✓	✓
17	Biome	✓		✓	✓		

NG: natural gas used at the building.

8.4. | About the Report

Colonial's Integrated Annual Report 2023 represents the integration of the contents of its business strategy, corporate governance, current performance, and future projections, as well as the organisation's ninth publication covering ESG matters.

Characteristics of the Report:

Standards taken into account for the development of the *2023 Integrated Annual Report*

The Colonial Group has prepared the *2023 Integrated Annual Report* by including, in addition to the information included in the annual reports from previous years, all the information regarding performance in Environmental, Social and Governance matters, as well as a comparison with 2022 in order to be able to see the company's progress.

To this end, the company has prepared this report in accordance with the Global Reporting Initiative (GRI) Standards and the latest version of the EPRA (European Public Real Estate Association) Sustainability Best Practices Recommendations Guidelines. Moreover, the Colonial Group's 2023 Integrated Annual Report has been prepared on the basis of the principles established by the International Integrated Reporting Council (IIRC).

To prepare the report, the double materiality analysis carried out in 2023 was taken into account by considering all environmental, social and governance aspects that may influence the company and, above all, its stakeholders, paying special attention to the company's commitments to them.

The main objective of the Integrated Annual Report is to inform all stakeholders about the Group's ESG performance in 2023 as well as its objectives for 2024.

Material aspect	Stakeholder	GRI Indicators	EPRAs BPR	Scope	Chapter
Environment					
1. Sustainable investment	Shareholders and Investors	GRI 201-1 GRI 201-2 GRI 201-3 GRI 201-4 GRI 203-1 GRI 203-2 GRI 207-1 GRI 207-2 GRI 207-3 GRI 207-4		Internal and External	5.6 Green financing and sustainable investment
2. Energy and carbon efficiency	Society Clients	GRI 302-1 GRI 302-2 GRI 302-3 GRI 302-4 GRI 302-5 CRE1 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-5 CRE3	Elec-Abs Elec-LFL DH&C-Abs DH&C-LFL Fuels-Abs Fuels-LFL Energy-Int GHG-Dir-Abs GHG-Indir-Abs GHG-Int	Internal and External	5.5. Ecoefficiency and decarbonisation results
3. Sustainable buildings	Society Clients	GRI 301-1 GRI 301-2 CRE8	Cert-tot	Internal	5.5. Ecoefficiency and decarbonisation results 5.7. Responsible supply chain
4. Circular Economy	Society Clients Suppliers Persons Employed	GRI 303-1 GRI 303-2 GRI 303-3 GRI 303-4 GRI 303-5 GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5	Waste-Abs Waste-LFL Water-Abs Water-LFL Water-Int	Internal	5.5. Ecoefficiency and decarbonisation results
5. Biodiversity	Society	GRI 304-1 GRI 304-2 GRI 304-3		Internal and External	5.5. Ecoefficiency and decarbonisation results

Material aspect	Stakeholder	GRI Indicators	EPRAs BPR	Scope	Chapter
Social					
6. Client relations and satisfaction	Clients	GRI 416-1 GRI 416-2 GRI 418-1	H&S-Asset H&S-Comp	Internal and External	5.9. Clients
7. Attractive product	Shareholders and Investors Clients			Internal and External	5.9. Clients
8. Community impact	Society	GRI 413-1 GRI 413-2	Comty-Eng	Internal and External	5.10. Social contribution
9. Human capital	Persons Employed	GRI 202-1 GRI 202-2 GRI 401-1 GRI 401-2 GRI 401-3 GRI 402-1 GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-8 GRI 403-9 GRI 403-10 GRI 404-1 GRI 404-2 GRI 404-3 GRI 405-1 GRI 405-2 GRI 406-1 GRI 407-1	H&S-Emp Diversity-Emp Diversity-Pay Emp-training Emp-Dev Emp-turnover	Internal	5.8. Team of professionals
Governance and value chain management					
10. Ethics and transparency	Society Clients Persons Employed Shareholders and Investors	GRI 204-1 GRI 205-1 GRI 205-2 GRI 205-3 GRI 206-1 GRI 307-1 GRI 410-1 GRI 411-1 GRI 412-1 GRI 412-2 GRI 412-3 GRI 415-1 GRI 417-1 GRI 419-1	Gov-Board Gov-Select Gov-Col	Internal	6. Corporate Governance
11. Responsible value chain	Suppliers	GRI 308-1 GRI 308-2 GRI 408-1 GRI 409-1 GRI 414-1 GRI 414-2		Internal and External	5.7. Responsible supply chain

8.5. | Glossary & alternative performance measures

8.5.1 Glossary

Earnings per share (EPS): Profit from the year attributable to the shareholders divided by the basic number of shares.

BD: Business District.

Market capitalization: The value of the Company's capital obtained from its stock market value. It is obtained by multiplying the market value of its shares by the number of shares in circulation.

CBD: Central Business District (prime business area). Includes the 22@ market in Barcelona.

Property company: A company with rental property assets.

Portfolio (surface area) in operation: Property/surfaces with the capacity to generate rents at the closing date of the report.

EBIT: Calculated as the operating profit plus variance in fair value of property assets as well as variance in fair value of other assets and provisions.

EBITDA: Operating result before net revaluations, disposals of assets, depreciations, provisions, interests, taxes and exceptional items.

EPRA: European Public Real Estate Association: Association of listed European property companies that sets best market practices for the sector.

Free float: The part of share capital that is freely traded on the stock market and not controlled in any stable way by shareholders.

GAV excl. transfer costs: Gross Asset Value of the portfolio according to external appraisers of the Group, after deducting transfer costs.

GAV incl. transfer costs: Gross Asset Value of the portfolio according to external appraisers of the Group, before deducting transfer costs.

GAV Parent Company: Gross Asset Value of directly held assets + Value JV Plaza Europa + NAV of 98.3% stake in SFL + Value of treasury shares.

Holding: A company whose portfolio contains shares from a certain number of corporate subsidiaries.

IFRS: International Financial Reporting Standards, which correspond to the *Normas Internacionales de Información Financiera (NIIF)*.

JV: Joint Venture (association between two or more companies).

Like-for-like valuation: Data that can be compared between one period and another (excluding investments and disposals).

LTV: Loan to Value (Net financial debt/GAV of the business).

EPRA Like-for-like rents: Data that can be compared between one period and another, excluding the following: 1) investments and disposals, 2) changes in the project pipeline and renovation program, and 3) other extraordinary items, for example, indemnities from tenants in case of anticipated leave. Calculation based on EPRA Best Practices guidelines.

EPRA NTA: EPRA Net Tangible Assets (EPRA NTA) is a proportionally consolidated measure, representing the IFRS net assets excluding the mark-to-market on derivatives and related debt adjustments, the mark-to-market on the convertible bonds, the carrying value of intangibles as well as deferred taxation on property and derivative valuations. It includes the valuation surplus on trading properties and is adjusted for the dilutive impact of share options.

EPRA NDV: EPRA Net Disposal Value (EPRA NDV) represents NAV under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

EPRA Cost Ratio: Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.

Physical Occupancy: Percentage: occupied square meters of the portfolio at the closing date of the report/surfaces in operation of the portfolio.

Financial Occupancy: Financial occupancy according to the calculation recommended by the EPRA (occupied surface areas multiplied by the market rental prices/surfaces in operation at market rental prices).

EPRA Vacancy: Vacant surface multiplied by the market rental prices/surfaces in operation at market rental prices. Calculation based on EPRA Best Practices guidelines.

Reversionary potential: This is the result of comparing the rental revenues from current contracts (contracts with current occupancy and current rents in place) with the rental revenues that would result from 100% occupancy at market prices, estimated by independent appraisers. Projects and renovations are excluded.

Projects underway: Property under development at the closing date of the report.

RICS: Royal Institution of Chartered Surveyors.

SFL: Société Foncière Lyonnaise.

Take up*:* Materialized demand in the rental market, defined as new contracts signed.

Valuation Yield*:* Capitalization rate applied by the independent appraisers in the valuation.

Yield on cost*:* Market rent 100% occupied/Market value at the start of the project net of impairment of value + invested capital expenditure.

Yield occupancy 100%: Passing rents + vacant spaces rented at the market prices/market value.

EPRA net initial yield (NIY): Annualised rental income based on passing rents as at the balance sheet date, reduced by the non-recoverable expenses, divided by the market value, including transfer costs.

EPRA Topped-Up Net Initial Yield: EPRA Net Initial Yield, eliminating the negative impact of the lower rental income.

Gross Yield: Gross rents/market value excluding transfer costs.

Net Yield: Net rents/market value including transfer costs.

€m: In millions of euros.

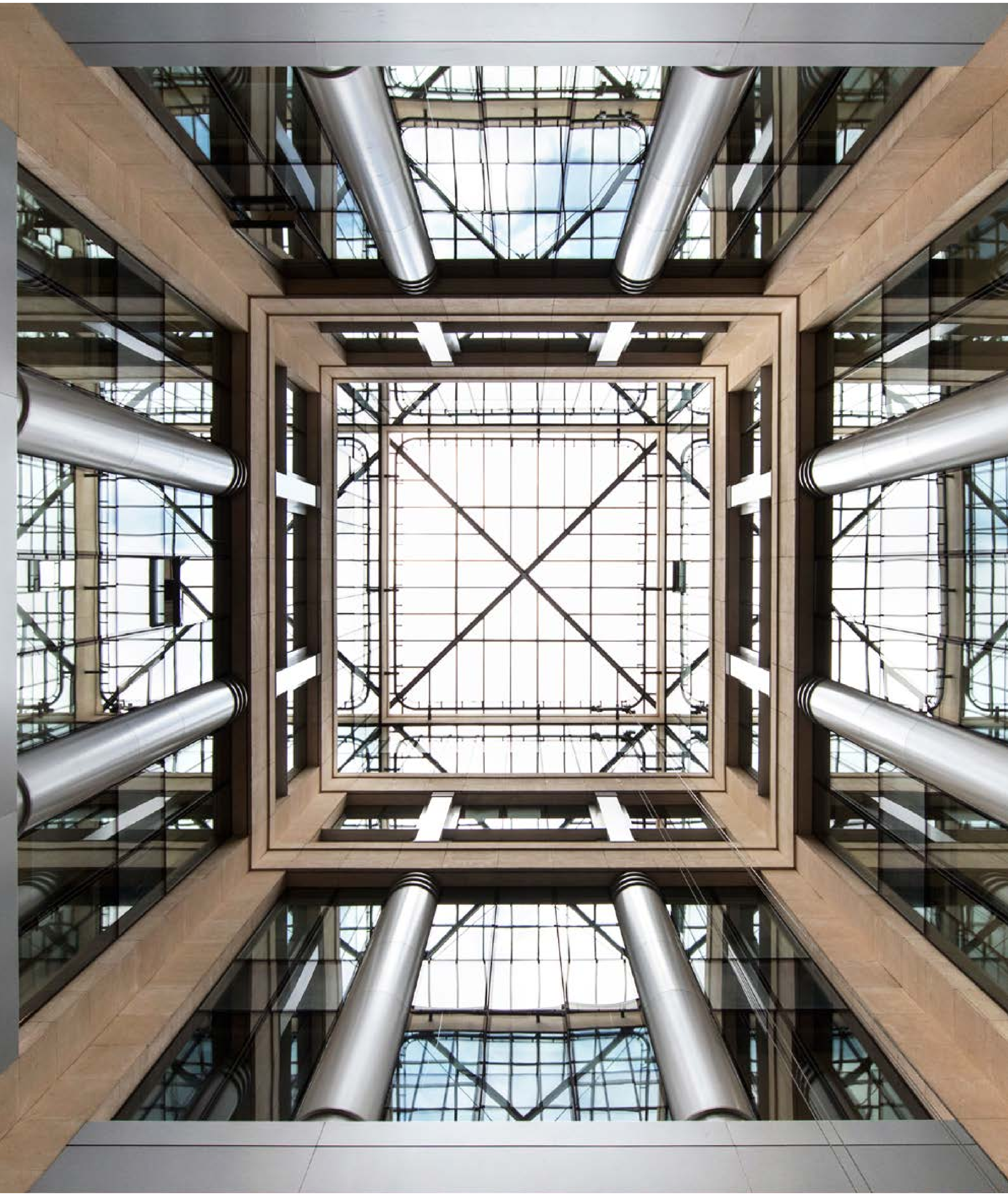
8.5.2 Alternative performance measures

Alternative performance measure	Method of calculation	Definition/Relevance
EBITDA (Analytic P&L) ***(Earnings Before Interest, Taxes, Depreciation and Amortization)***	Calculated as the "Operating profit" adjusted by "Depreciation/Amortization" "Value variations in real estate investments", "Net changes in provisions" and "Result for variations in asset value or impairments" and the costs incurred in the "Amortization" and "Financial Result" deriving from the registration of "IFRS 16 on financial leases", associated with flexible business.	Indicates the Group's capacity to generate profits only taking into account its economic activity, eliminating allocations to depreciation/amortization, and the effect of debt and taxes.
EBITDA rents	Calculated as the analytical EBITDA adjusted by the "general" and "extraordinary" expenses, unrelated to the "operation" of the properties.	Indicates the Group's capacity to generate profits only taking into account its leasing activity, before allocations to amortization, provisions and the effects of debt and taxes.
Other analytical income	Calculated as the item "Other income" from the Consolidated income statement, adjusted by "Other business income", "Net equity", "Personnel costs" and "Other operating expenses related to the flexible business, eliminated in the consolidation process", "Net equity related to the flexible business, eliminated in the consolidation process", Amortization from the registration of IFRS 16 on financial leases" and the "Financial result from the registration of IFRS 16 on financial leases".	Relevant figure for analysing the results of the Group.
Analytical structural costs	Calculated as the total of the items "Other income", "Personnel costs" and "Other operating expenses" on the Consolidated income statement and adjusted by "Net analytical operating costs", "Personnel costs" and "Other operating expenses related to income generation from the flexible business", "Personnel costs" and "Other extraordinary operating expenses not related to the flexible business", "Variation in net provisions", "Other operating expenses related to the flexible business, eliminated in the consolidation process", and "Other income related to the letting business".	Relevant figure for analysing the results of the Group.
Analytical extraordinary items	Calculated as the total of the items "Personnel costs" and "Other operating expenses" on the Consolidated income statement and adjusted by "Net analytical operating costs", "Personnel costs", and "Other operating business expenses" "Personnel costs" and "Other operating expenses related to income generation from the flexible business". "Other operating expenses related to the flexible business, eliminated in the consolidation process" and "Net variation in provisions".	Relevant figure for analysing the results of the Group.
Revaluations and sales margins of analytical properties	Calculated as the total of the items "Net profit for asset disposals" and "Value variations in real estate investments" on the Consolidated income statement.	Relevant figure for analysing the results of the Group.

Alternative performance measure	Method of calculation	Definition/Relevance
Analytical Amortizations and Provisions	Calculated as the total of the items “Amortizations” and “Result for variations in asset value or impairments” of the Consolidated income statements and adjusted by “Amortization deriving from the registration of “IFRS 16 on financial leases” and “Net changes in provisions”.	Relevant figure for analysing the results of the Group.
EPRA Earnings and Recurring Net Profit	Calculated in accordance with EPRA recommendations by adjusting certain items in the financial year net result attributable to the parent company.	Standard analysis ratio in the real estate sector and recommended by EPRA.
Financial result	Calculated as the total of all items under “Financial income” and “Financial expenses” of the consolidated income statement and adjusted for the “Financial result” deriving from the registration of IFRS16 on financial leases.	Relevant figure for analysing the results of the Group.
Gross financial debt	Calculated as the total of all items under “Bank borrowings and other and other financial liabilities” and “Issues of debentures and similar securities”, excluding “Interest (accrued), “Origination fees” and “Other financial liabilities” from the consolidated statement of financial position.	Relevant figure for analysing the financial situation of the Group.
Net financial debt	Calculated adjusting in the Gross financial debt, the item “Cash and equivalent means”.	Relevant figure for analysing the financial situation of the Group.
EPRA(1) NTA (EPRA Net Tangible Asset)	Calculated based on the Company’s capital and reserves, adjusting certain items in accordance with EPRA recommendations.	Standard analysis ratio in the real estate sector and recommended by EPRA.
EPRA(1) NDV (EPRA Net Disposal Value)	Calculated adjusting the following items in the EPRA NTA: the market value of financial instruments, the market value of financial debt, the taxes that would be accrued with the sale of the assets at their market value, applying the tax credit recognized in the balance sheet, considering a going concern assumption.	Standard analysis ratio in the real estate sector recommended by EPRA.
Market value excluding transaction costs or Gross Asset Value (GAV) excluding Transfer costs	Measurement of the totality of the Group’s asset portfolio carried out by independent appraisers of the Group, less transaction or transfer costs.	Standard analysis ratio in the real estate sector.
Market value including transaction costs or GAV including Transfer costs	Measurement of the totality of the Group’s asset portfolio carried out by external appraisers of the Group, before deducting the transaction or transfer costs.	Standard analysis ratio in the real estate sector.

(1) EPRA (European Public Real Estate Association) or European Association of listed property companies which recommend the standards of best practices to be followed in the real estate sector. The method of calculation of these APMs is carried out following the indications established by EPRA.

Alternative performance measure	Method of calculation	Definition/Relevance
Like-for-like rental income	Amount of the rental income included in the item “Revenues” comparable between two periods. To obtain the calculation, the income from investments or disposals carried out in both periods are excluded, as well as the income deriving from assets included in the projects and refurbishments portfolio and other atypical adjustments (for example, penalties for early termination of rental contracts).	It enables a homogeneous comparison of the evolution of rental income of an asset or group of assets.
Like-for-like measurement	Amount of the ERV excluding the transaction costs or of the ERV including the transaction costs comparable between two periods. To obtain the calculation, the income from investments or disposals carried out in both periods are excluded.	It enables a homogeneous comparison of the evolution of the ERV of the portfolio.
Loan to Value, Group or LTV Group	Calculated as the result of dividing the gross financial debt (reduced by the amount in the item “Cash and cash equivalents”) by the market valuation including the transaction costs of the Group’s asset portfolio plus the treasury shares of the Parent Company at EPRA NAV.	It enables the analysis of the ratio between the net financial debt and the valuation of the Group’s asset portfolio.
LTV Holding or LTV Colonial	Calculated as the result of dividing the gross financial debt (less the amount in the item “Cash and cash equivalents”) of the Parent Company and 100% owned subsidiary companies by the market valuation, including transaction costs, of the parent company’s asset portfolio and the EPRA NAV of all financial stakes in subsidiary companies.	It enables the analysis of the ratio between the net financial debt and the valuation of the parent company’s asset portfolio.



8.6. | PwC independent limited assurance Report

Free translation from the original in Spanish.
In the event of a discrepancy, the Spanish language version prevails.

Independent limited assurance report on the ESG indicators

To the management of Inmobiliaria Colonial, SOCIMI, S.A.

We have undertaken a limited assurance engagement on the Environmental, Social and Governance indicators contained in the 'Table of contents GRI, EPRA BPR'S' of the 2023 Integrated Annual Report (hereinafter 'ESG indicators') of Inmobiliaria Colonial, SOCIMI, S.A. (the Parent company) and its subsidiaries (hereinafter, Inmobiliaria Colonial or the Group) for the year ended 31 December 2023, prepared in accordance with the contect proposed in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter, 'GRI Standards') and the Construction and Real Estate Sector Disclosures of the GRI G4 Guidelines (hereinafter, 'Construction and Real Estate Sector Disclosures').

Responsibility of the management of Inmobiliaria Colonial, SOCIMI, S.A.

The management of Inmobiliaria Colonial, SOCIMI, S.A. is responsible for the preparation, content and presentation of the Integrated Annual Report, in accordance with the GRI Standards and the Construction and Real Estate Sector Disclosures. Management's responsibility includes establishing, implementing and maintaining the internal control required to ensure that the ESG indicators are free from any material misstatement due to fraud or error.

The management of Inmobiliaria Colonial, SOCIMI, S.A. is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the ESG indicators, is obtained.

Our Independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Inscrita en el R.O.A.C. con el número S0242 - NIF: B-79031290

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Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of a limited assurance engagement is substantially less extensive than the scope of a reasonable assurance engagement and thus, less security is provided.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling tests. The general procedures employed are described below:

- Meetings with Inmobiliaria Colonial's personnel from various units who have been involved in the preparation of the 2023 Integrated Annual Report.
- Analysis of the procedures used for obtaining and validating the data presented in the ESG indicators.
- Analysis of the Inmobiliaria Colonial's ESG indicators adaptation to the requirements established by the GRI Standards for the preparation of sustainability reports and to the Construction and Real Estate Sector Disclosures.
- Verification, through random sampling tests revisions and substantive tests, on the cuantitative and cualitative information used to determine Inmobiliaria Colonial's ESG indicators. We have also verified whether they have been appropriately compiled from the data provided by the Group's sources of information.
- Obtainment of a management representation letter from the Parent company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Inmobiliaria Colonial's ESG indicators have been prepared, in all material respects, in accordance with the GRI Standards and the Construction and Real Estate Sector Disclosure.

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Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Limited assurance conclusion

Based on the procedures we have performed and the evidence obtained, nothing has come to our attention that causes us to believe that the ESG indicators of Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries for the year ended 31 December 2023, are not prepared, in all material respects, in accordance with the GRI Standards and the Construction and Real Estate Sector Disclosure.

Restriction on distribution and use

This report, including the conclusion, has been prepared solely for the management of Inmobiliaria Colonial, SOCIMI, S.A. as a body, to assist them in reporting on the Group's ESG indicators. We permit the disclosure of this report within the 2023 Integrated Annual Report, to enable the management to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the 2023 Integrated Annual Report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the management as a body and Inmobiliaria Colonial, SOCIMI, S.A. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Margarita de Rosselló Carril

8 May 2024

Corporate Publications

This report forms part of the transparency exercise undertaken by the Colonial Group and is made available along with five other reports published by Colonial providing information on the initiatives undertaken in 2023.

2023 Colonial Group Corporate Governance Report

http://www.inmocolonial.com/

2023 Annual Results

http://www.inmocolonial.com/

Résultats Annuels 2023

http://www.fonciere-lyonnaise.com/

2023 Non-Financial Information SFL

http://www.fonciere-lyonnaise.com/

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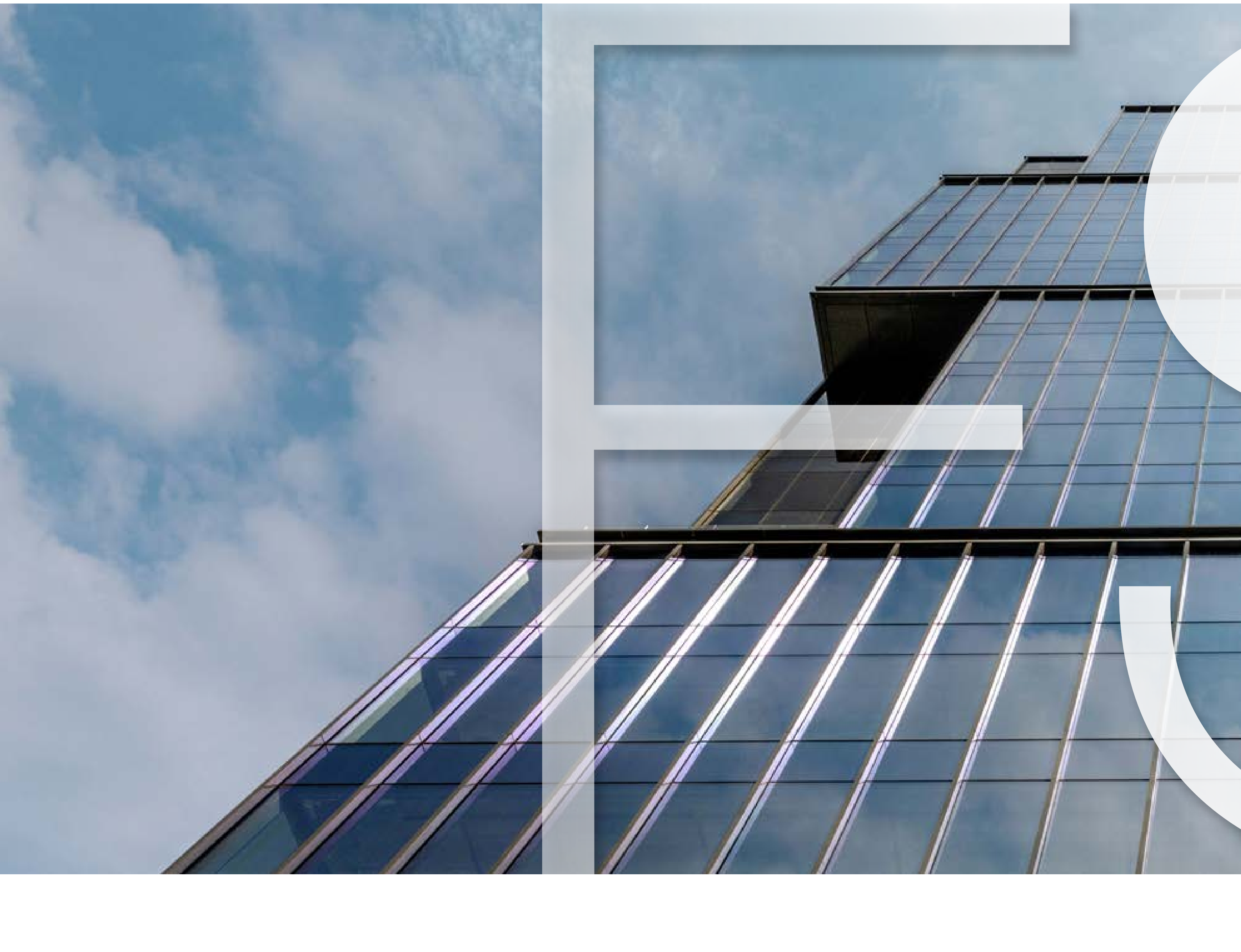

Consolidated Financial Statements
2023

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated financial statements for the year ended 31 December 2023, prepared in accordance with international rules on financial information adopted by the European Union and consolidated management report

Translation of Consolidated financial statements for the year ended 31 December 2023, prepared in accordance with international financial reporting standards and consolidated management report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the consolidated financial statements

To the shareholders of Inmobiliaria Colonial, SOCIMI, S.A.:

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Inmobiliaria Colonial, SOCIMI, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the financial statement as at 31 December 2023, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2023, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated financial statements in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matters	How our audit addressed the key audit matters
Valuation of Investment Properties	
The Group has real estate assets which are recognized mainly under the heading Investment properties, at an amount of EUR 10,869,018 thousand at 31 December 2023, using the fair value model in accordance with IAS 40 Investment properties, and represent 92% of total assets. Similarly, in 2023 the heading Changes in value of investment properties reflects a loss of EUR 1,425,820 thousand in respect mainly of these assets, having a significant impact on consolidated results for the year. Information on the assets included in this heading is disclosed in notes 4.4, 9 and 19.7 to the accompanying consolidated financial statements. In order to obtain the fair value of these assets, the Group requests independent expert valuations. The fair value is determined according to the discounted cash flow method in accordance with standard market practice. These valuations are based on significant judgements and estimates. We therefore focused on this area given the materiality of investment properties with respect to total assets and the effect of its valuation on the Group's results and the significant judgements and estimates assumed by management. Changes in such assumptions could lead to a significant variation in the fair value of those assets and their impact on the consolidated income statement, the consolidated statement of comprehensive income and the consolidated financial statement.	We obtained the valuations of all investment properties performed at year end by independent experts and assessed them in terms of the requirements of competence and independence. We checked that the valuations were performed in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS) of Great Britain and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC). In this regard, we held meetings with the valuers together with our internal experts, analyzing for a sample of those valuations the reasonableness of the variables used, such as the discount rate, rent and the rent increase considered, as well as other variables necessary to complete the valuations such as the market return, the term of the rental agreements and type and age of the buildings, their location and occupancy rates. Similarly, for a sample of assets, we checked through the sales and purchase deeds, the technical specifications considered by the independent experts when determining the market value of those assets. Lastly, we assessed the corresponding disclosures in notes 4.4, 9 and 19.7 to the accompanying consolidated financial statements. We consider that we have obtained sufficient and adequate audit evidence in the course of our work concerning the reasonableness of the valuation of the Group's investment properties.

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

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2023 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated financial statements as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated financial statements for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit and control committee for the consolidated financial statements

The Parent company's directors are responsible for the preparation of the accompanying consolidated financial statements, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Parent company's audit and control committee is responsible for overseeing the process of preparation and presentation of the consolidated financial statements.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent company's audit and control committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit and control committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Inmobiliaria Colonial, SOCIMI, S.A. and its subsidiaries for the 2023 financial year that comprise an XHTML file which includes the consolidated financial statements for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Inmobiliaria Colonial, SOCIMI, S.A. are responsible for presenting the annual financial report for 2023 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Committee (hereinafter the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration have been incorporated by reference in the consolidated management report.

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated financial statements included in the aforementioned digital files completely agrees with that of the consolidated financial statements that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been affected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

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

Report to the audit and control committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit and control committee of the Parent company dated 29 February 2024.

Appointment period

The General Ordinary Shareholders' Meeting held on 21 June 2022 appointed us as auditors of the Group for a period of one year, for the year ended 31 December 2023.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of three years, and we have audited the accounts continuously since the year ended 31 December 2017.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 24 to the consolidated financial statements.

PricewaterhouseCoopers Auditores, S.L. (S0242)

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Alfredo Aguilera Sanz (22290)

29 February 2024

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated financial statements for the year ended 31 December 2023

Thousands of Euros

Assets	Note	31 December 2023	31 December 2022
Intangible assets		5,226	4,882
Right-of-use assets	7	14,557	16,899
Property, plant and equipment	8	56,675	55,310
Investment property	9	10,869,018	12,231,952
Non-current financial assets	10	25,703	29,360
Derivative financial instruments	15	3,024	277,249
Non-current deferred tax assets	18	504	510
Other non-current assets	12	148,595	83,865
Non-current assets		**11,123,302**	**12,700,027**
Inventories	11	94,677	87,128
Trade and other receivables	12	35,766	36,763
Financial assets		679	9
Derivative financial instruments	15	676	13
Tax assets	18	19,534	19,236
Cash and cash equivalents	14	437,790	159,957
Current assets		**589,122**	**303,106**
Assets classified as held for sale	**23**	**122,173**	**466,480**
Total assets		**11,834,597**	**13,469,613**

The accompanying Notes 1 to 25 and the Appendix are an integral part of the consolidated statement of financial position for the year ended 31 December 2023.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated financial statements for the year ended 31 December 2023

Thousands of Euros

Equity and liabilities	Note	31 December 2023	31 December 2022
Share Capital		1,349,039	1,349,039
Share premium		1,463,600	1,491,773
Treasury shares		(64,928)	(66,374)
Other reserves		462,272	523,648
Retained earnings		1,725,573	2,861,375
Equity attributable to shareholders of the Parent		**4,935,556**	**6,159,461**
Non-controlling interests		**1,011,646**	**1,183,199**
Equity	**13**	**5,947,202**	**7,342,660**
Bank borrowings and other financial liabilities	14	420,483	511,722
Issue of debentures and similar securities	14	4,361,616	4,475,897
Derivative financial instruments	15	7,672	–
Lease liabilities	7	14,585	16,162
Non-current deferred tax liabilities	18	305,992	348,156
Long-term provisions	17	1,355	1,555
Other non-current liabilities	16	82,262	80,921
Non-current liabilities		**5,193,965**	**5,434,413**
Liabilities associated with assets classified as held for sale	23	–	75,700
Bank borrowings and other financial liabilities	14	1,870	2,139
Issue of debentures and similar securities	14	203,505	17,494
Issue of promissory notes	14	292,000	409,000
Derivative financial instruments	15	5,067	233
Lease liabilities	7	1,867	3,404
Trade and other payables	16	176,365	168,954
Tax liabilities	18	9,219	11,421
Current provisions	17	3,537	4,195
Current liabilities		**693,430**	**692,540**
Total liabilities and equity		**11,834,597**	**13,469,613**

The accompanying Notes 1 to 25 and the Appendix are an integral part of the consolidated statement of financial position for the year ended 31 December 2023.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2023

Thousands of Euros

Income statement	Note	2023	2022
Revenue	19.1	387,282	361,613
Other revenue	19.2	12,400	9,304
Personnel expenses	19.3	(31,098)	(36,219)
Other operating expenses	19.4	(55,974)	(55,298)
Depreciation and amortisation		(8,828)	(8,988)
Net gain/(loss) on sales of assets	19.5	3,542	5,938
Changes in value of investment property	19.7	(1,425,820)	(147,493)
Gains/(losses) on changes in value of assets due to impairment	19.6	(883)	(631)
Operating profit		**(1,119,379)**	**128,226**
Finance income	19.8	5,922	657
Finance costs	19.8	(101,798)	(86,891)
Profit/(Loss) before tax		**(1,215,255)**	**41,992**
Company tax	18	37,678	7,626
Net consolidated income		**(1,177,577)**	**49,618**
Net profit for the year attributable to the Parent	5	(1,018,973)	7,979
Net result attributed to non-controlling interests	13.6	(158,604)	41,639
Basic earnings per share (Euros)	5	(1.92)	0.02
Diluted earnings per share (Euros)	5	(1.92)	0.02

The accompanying Notes 1 to 25 and the Appendix are an integral part of the consolidated income statement and consolidated global statement of financial position for the year ended 31 December 2023.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2023

Thousands of Euros

Statement of comprehensive income	Note	2023	2022
Net consolidated income		**(1,177,577)**	**49,618**
Other components of comprehensive income recognised directly in equity		**(78,909)**	**277,074**
Gains/(losses) on financial instrument hedges	13.4	(75,148)	279,650
Transfer to the statement of comprehensive income of financial instrument hedges	13.4	(3,930)	(2,124)
Tax effect on prior years' profit or loss	13.4	169	(452)
Consolidated comprehensive income		**(1,256,486)**	**326,692**
Comprehensive profit/(loss) for the year attributable to the Parent		(1,097,173)	283,972
Comprehensive income attributable to non-controlling interests		(159,313)	42,720

The accompanying Notes 1 to 25 and the Appendix are an integral part of the consolidated income statement and consolidated global statement of financial position for the year ended 31 December 2023.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated statement of changes in equity for the year ended 31 December 2023

Thousands of Euros

	Note	Share Capital	Share premium	Treasury shares
Balance at 31 December 2021		**1,349,039**	**1,584,454**	**(66,657)**
Total recognised income and expense for the year		**–**	**–**	**–**
Transactions with shareholders:				
Own share portfolio		–	–	283
Distribution of profit/(loss)		–	(92,681)	–
Share-based remuneration payments		–	–	–
Changes in scope		–	–	–
Other changes		–	–	–
Balance at 31 December 2022	**13**	**1,349,039**	**1,491,773**	**(66,374)**
Total recognised income and expense for the year		**–**	**–**	**–**
Transactions with shareholders:				
Own share portfolio		–	–	1,446
Distribution of profit/(loss)		–	(28,173)	–
Share-based remuneration payments		–	–	–
Changes in scope		–	–	–
Other changes		–	–	–
Balance at 31 December 2023	**13**	**1,349,039**	**1,463,600**	**(64,928)**

The accompanying Notes 1 to 25 and the Appendix described in the consolidated report are part of the consolidated statement of changes in equity for the year ended 31 December 2023.

	Other reserves	Retained earnings	Equity attributable to shareholders of the Parent	Non-controlling interests	Equity
	239,398	**2,892,540**	**5,998,774**	**1,185,655**	**7,184,429**
	275,993	**7,979**	**283,972**	**42,720**	**326,692**
	–	(789)	(506)	–	(506)
	3,873	(38,728)	(127,536)	(40,938)	(168,474)
	5,071	–	5,071	72	5,143
	(687)	–	(687)	(4,313)	(5,000)
	–	373	373	3	376
	523,648	**2,861,375**	**6,159,461**	**1,183,199**	**7,342,660**
	(78,200)	**(1,018,973)**	**(1,097,173)**	**(159,313)**	**(1,256,486)**
	–	(237)	1,209	–	1,209
	11,633	(116,333)	(132,873)	(10,362)	(143,235)
	4,678	–	4,678	61	4,739
	477	(14)	463	(1,944)	(1,481)
	36	(245)	(209)	5	(204)
	462,272	**1,725,573**	**4,935,556**	**1,011,646**	**5,947,202**

The accompanying Notes 1 to 25 and the Appendix described in the consolidated report are part of the consolidated statement of changes in equity for the year ended 31 December 2023.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated statement of cash flows for the year ended 31 December 2023

Thousands of Euros

Cash flows from operations	Note	2023	2022
1. Cash flows from operating activities			
Net consolidated income		(1,177,577)	49,618
Adjustments to profit/(loss):			
Depreciation and amortisation (+)		8,828	8,988
Provisions (+/–)	19.4	5,327	520
Changes in value of investment property (+/–)	19.7	1,425,820	147,493
Gains/(losses) on changes in value of assets due to impairment (+/–)	19.6	883	631
Other		(2,305)	880
Gains/(losses) on sale of investment property (+/–)	19.5	(3,542)	(5,938)
Net financial profit (+)	19.8	95,876	86,234
Company tax (+/–)	18	(37,678)	(7,626)
Adjusted profit/(loss)		**315,632**	**280,800**
Taxes refunded / (paid) (+/–)		(2,721)	(5,157)
Interest received (+)		5,922	657
Increase/(decrease) in current assets and liabilities			
Inventories (+/–)		(7,167)	(26,049)
Increase / (decrease) in receivables (+/–)		14,986	5,260
Increase / (decrease) in payables (+/–)		1,745	8,126
Increase/(decrease) in other assets and liabilities (+/–)		(63,389)	(8,244)
Total net cash flows in operating activities		**265,008**	**255,393**
2. Cash flows from investing activities			
Investments in (–)			
Intangible assets		(3,533)	(2,145)
Property, plant and equipment	8	(5,851)	(4,043)
Investment property	9	(197,255)	(703,098)
Non-current financial assets and others	10	(3,172)	(3,064)
		(209,811)	**(712,350)**
Divestments in (+)			
Investment property and assets classified as held for sale	9 and 23	475,285	81,936
Financial assets	10	6,829	–
Receipts from government grants		5	–
		482,119	**81,936**
Total net cash flows from investing activities		**272,308**	**(630,414)**

The accompanying Notes 1 to 25 and the Appendix are an integral part of the consolidated statement of cash flows for the year ended 31 December 2023.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated statement of cash flows for the year ended 31 December 2023

Thousands of Euros

Cash flows from operations	Note	2023	2022
3. Cash flows from financing activities			
Dividends paid (–)	13	(143,235)	(168,474)
Debt repayment (–)	14	(392,700)	(505,300)
Interest paid (+/–)		(116,801)	(106,309)
Redemption of financial instruments (–)		214,754	15,135
Purchase of non-controlling interests (–)		(1,481)	(5,000)
Own share transactions (+/–)	13.4 and 13.5	1,446	283
Obtainment of new financing (+)	14	179,200	1,085,701
Other proceeds/(payments) for current financial investments and other (+/–)		(666)	–
Total net cash flows in financing activities		**(259,483)**	**316,036**
4. Net increase/decrease in cash and cash equivalents			
Cash flow for the year	**14**	**277,833**	**(58,985)**
Cash or cash equivalents at beginning of year	**14**	**159,957**	**218,942**
Cash or cash equivalents at end of year	**14**	**437,790**	**159,957**

The accompanying Notes 1 to 25 and the Appendix are an integral part of the consolidated statement of cash flows for the year ended 31 December 2023.

Notes to the consolidated financial statements for the year ended 31 December 2023

1. Colonial Group business activity

Inmobiliaria Colonial, SOCIMI, S.A. (hereinafter "the Company") was formed as public limited company in Spainfor an indefinite period on 8 November 1956. Its registered office is located at Paseo de la Castellana, 52 de Madrid (Spain).

On 29 June 2017, the Parent's General Shareholders' Meeting resolved to adopt the REIT tax system. On 30 June 2017, the Parent submitted a request to the tax authorities to be included in the REIT tax system, applicable as of 1 January 2017.

The Parent's 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 the bylaws;
- the ownership of interests in the share capital of other resident or non-resident entities in Spain, the main corporate purpose of which is the acquisition of 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 the bylaws 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 they generate income representing less than 20%, taken as a whole, of its 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, restoration 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 natural persons or legal persons other than this parent Company.

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 referred to as the "SFL subgroup" or "SFL" for the subsidiary) listed on the Euronext Paris market.

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 2023, the Parent maintains the credit rating obtained from *Standard & Poor's Rating Credit Market Services Europe Limited*, "BBB+" at long term and "A-2" at short term, both with a stable outlook. In addition, the Parent obtained a "Baa2" credit rating with a positive outlook from Moody's. In 2023, the subsidiary SFL also maintained its credit rating of "BBB+" 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 explanatory notes. However, the Group does apply an active environmental policy in relation to urban processes of construction and maintenance and the preservation of its property portfolio.

2. Basis of presentation of the consolidated financial statements

2.1 Basis of presentation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (EU-IFRSs) as adopted by the European Union, taking into account all mandatory accounting policies and rules and measurement bases, the Spanish Code of Commerce, the Spanish Limited Liability Companies Law, the Spanish Securities Markets Law and other applicable company law, as well as regulations laid down by the Spanish National Securities Market Commission (CNMV), to present a true and fair view of the Group's consolidated equity and financial position at 31 December 2023 and of the income from its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended.

The consolidated financial statements of Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries for the year ended 31 December 2023 were prepared from the accounting records kept by the Parent and by the other Group companies, and they were authorised for issue by the Parent's directors at the Board of Directors' meeting held on 29 February 2024.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements at 31 December 2023 may differ from those used by certain Group companies, the required adjustments and reclassifications were made on consolidation to unify the policies and bases used and to make them compliant with EU-IFRSs.

In order to present on a consistent basis the various items that make up the consolidated financial statements, the accounting principles and measurement bases used by the Parent were applied to all the companies included in the scope of consolidation.

The Group's consolidated financial statements for the year ended 31 December 2022 were approved by the shareholders of the Parent at the General Meeting held on 15 June 2023.

2.2 Adoption of International Financial Reporting Standards

The Group's consolidated financial statements are presented in accordance with EU-IFRS, pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002. In Spain, the obligation to present consolidated financial statements under European IFRS is also regulated in final provision eleven of Law 62/2003, of 30 December, on tax, administrative and social measures.

The main accounting principles and measurement bases adopted by the Group are detailed in Note 4.

2.2.1 Standards and interpretations effective this year

New accounting standards came into force in 2023 and were accordingly taken into account when preparing these consolidated financial statements. These new standards are as follows:

- IFRS 17 "Insurance Contracts" (replaces IFRS 4 "Insurance Contracts").
- IFRS 17 (Amendment) "Initial Application of IFRS 17 and IFRS 9 – Comparative Information".
- IAS 1 (Amendment) "Breakdown of accounting policies".
- IAS 8 (Amendment) "Definition of accounting estimates".
- IAS 12 (Amendment) "Deferred tax relating to assets and liabilities arising from a single transaction".
- IFRS 12 (Amendment) "International Tax Reform: Second Pillar model standards".

These standards were taken into account with effect from 1 January 2023, and their impact on these consolidated financial statements was not material.

2.2.2 Standards and interpretations issued and not in force that can be adopted in advance

At the date of authorisation for issue of these consolidated financial statements, the following standards, amendments or interpretations were published by the IASB and the IFRS Interpretations Committee, but have not yet come into force, although they can be adopted in advance:

- IFRS 16 (Amendment) “Lease liability on a sale and leaseback”. The effective date of this amendment is 1 January 2024, though their early application is permitted.

- IAS 1 (Amendment) “Classification of liabilities as current or non-current” and IAS 1 (Amendment) “Non-current liabilities with conditions”. This amendment is effective for periods beginning on or after 1 January 2024 and is applied retrospectively in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. Early adoption is allowed.

The Parent’s directors have reviewed the potential impacts of the future application of these standards and consider that their entry into force will not have a material effect on the consolidated financial statements.

2.2.3 Standards, interpretations and amendments to existing standards which cannot be adopted in advance or which have not been adopted by the European Union

At the date of preparation of these consolidated financial statements, the following standards, amendments and interpretations have been published by the IASB and the IFRS Interpretations Committee and are pending adoption by the European Union:

- IFRS 10 (Amendment) and IAS 28 (Amendment) “Sale or contribution of assets between an investor and its associate or joint venture”. The IASB took the decision to postpone the effective date and there is still no concrete date.

- IAS 7 (Amended) and IFRS 7 (Amended) “Supplier financing arrangements (reverse factoring)”. Amendment effective for years beginning on or after 1 January 2024. Earlier application of the amendment is permitted, although approval by the European Union is pending.

- IAS 21 (Amendment) “Lack of Interchangeability”. This amendment effective for years beginning on or after 1 January 2025. Earlier application of the amendment is permitted, although approval by the European Union is pending.

The application of new standards, amendments and interpretations will be considered by the Group once they have been ratified and adopted, as the case may be, by the European Union.

The Parent’s directors have reviewed the potential impacts of the future application of these standards and consider that their entry into force will not have a material effect on the consolidated financial statements.

2.3 Functional currency

These financial statements are presented in the Group’s functional currency, the euro, as this is the currency of the main economic area in which the Group operates.

2.4 Responsibility for the information provided and accounting estimates and judgements made

The information in these consolidated financial statements is the responsibility of the Parent’s directors. Management of the Parent has made estimates based on objective data in order to quantify certain assets, liabilities, income, expenses and commitments reported herein. The relevant estimates and criteria relate to:

- The market value of property for own use, investment properties and inventories (Notes 8, 9 and 11). The market value was obtained from the appraisals periodically made by independent experts. These appraisals were prepared on 31 December 2023 and 2022, applying the methods described in Notes 4.3, 4.4 and 4.21.

- Measurement of deferred tax liabilities recognised in the consolidated statement of financial position (Notes 4.14 and 18).

- The classification and measurement of assets classified as held for sale (Notes 4.20 and 23).

- Market value of derivative financial instruments (Notes 4.12, 4.22 and 15).

Although these estimates were made on the basis of the best available information at the date of authorising these consolidated financial statements for issue, events that take place in the future might make it necessary to change these estimates (upwards or downwards). Changes in accounting estimates would be applied prospectively and would be recognised in the consolidated income statement.

2.5 Basis of consolidation

The accompanying consolidated financial statements were prepared from the accounting records of Inmobiliaria Colonial, SOCIMI, S.A. and of the companies controlled thereby, whose financial statements were prepared by each Group company's management. The Parent is considered to have effective control in the circumstances outlined below.

The results of the subsidiaries acquired or sold during the year are included in consolidated income from the effective date of acquisition and are no longer included from the date of disposal, as appropriate.

All accounts receivable and payable and other transactions between the consolidated companies have been eliminated on consolidation.

Where necessary, the financial statements of the subsidiaries are adjusted to ensure uniformity with the accounting policies applied by the Parent. All subsidiaries have the same reporting date as the Parent, i.e., 31 December.

All Group companies were fully consolidated, as outlined below:

- Subsidiaries are fully consolidated and are considered to be all entities in which the Group directly or indirectly controls the financial and operating policies such that power is exercised over the investee. This is generally accompanied by an ownership interest of more than half of an entity's voting rights. In addition, to evaluate whether the Group controls another entity, it considers the power over the investee; the exposure or rights to variable returns of the investment; and the ability to use this power over the investee to affect the amount of the investor's returns. When evaluating whether the Group exercises control over an entity, the existence and the effect of any potential voting rights, both those held by the Parent and by third parties, are taken into consideration, provided they are of a substantive nature.

- Subsidiaries are accounted for using the acquisition method. The acquisition cost is the fair value of the assets delivered, the equity instruments issued and the liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and identifiable liabilities and contingencies incurred in a business combination are measured initially at fair value at the acquisition date, regardless of the effect of non-controlling interests. When the acquisition cost is higher than the fair value of the Group's interest in the identifiable net assets acquired, the difference is recognised as goodwill. If the acquisition cost is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement (details of the companies consolidated at 31 December 2023 and 2022 and are included in the Appendix).

The accompanying consolidated financial statements do not include the tax effect, if any, of transferring the reserves of the consolidated companies to the Parent's equity, since it is considered that these reserves will be used to finance the operations of each company and any potential distributions will not represent a significant additional tax cost.

Non-controlling interests are stated at the proportion of the fair values of the identifiable assets and liabilities recognised. Non-controlling interests in:

- Investees' equity: recognised in equity under "Non-controlling interests" in the consolidated statement of financial position.

- Profit or loss for the year: recognised under "Net profit attributable to non-controlling interests" in the consolidated income statement.

2.6 Changes in the scope of consolidation

The following changes occurred in the scope of consolidation in 2023:

- During October 2023, the Parent Company acquired a total of 20,350 SFL shares, giving it a 98.38% interest (Note 21).

The following changes occurred in the scope of consolidation in 2022:

- On 25 April 2022, 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 485,145 thousand euros (Note 9).

- 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 (Note 13.6).

At 31 December 2023, the subsidiaries Colonial Tramit, S.L.U., Inmocol One, S.A.U., Inmocol Two, S.L.U., SAS SB2, SAS SB3 and SCI SB3 are dormant. At 31 December 2022, the subsidiaries Colonial Tramit, S.L.U., Inmocol One, S.A.U., Inmocol Two, S.L.U., Colonial LAB, S.L.U (previously Inmocol Three, S.L.U.), SAS SB2, SAS SB3 and SCI SB3 are dormant.

2.7 Comparison of information

The information relating to 2023 included in these notes to the consolidated financial statements is presented, for comparison purposes, with the information relating to 2022.

2.8 Aggregation of items

Certain items in the consolidated statement of financial position, the income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows are grouped together to make them easier to understand; however, whenever the amounts involved are material, the information is broken down in the related notes to the consolidated financial statements.

2.9 Correction of errors

No significant errors have been found in the preparation of the consolidated financial statements that would require a restatement of the amounts included in the consolidated financial statements for 2022.

2.10 Climate change

Climate change brings with it major changes in the economy, making it necessary to be increasingly aware of its impacts on the financial and non-financial performance of companies. The major issues associated with these changes have led to very ambitious objectives that imply radical transformations, framed within the framework of European pacts and regulations, also resulting from the different conferences organised by the United Nations and agreements at international level with the aim of aligning commitments and action plans to mitigate the effects of climate change, the latest being the one held in Dubai (COP28) in November 2023.

The purpose of this note is to present the impact of these changes on the Group's business and performance, as well as the main accounting impacts on the consolidated accounts.

Effects of climate-related changes on the Group's financial position

The property sector accounts for a significant share of greenhouse gas emissions in Spain and France. For this reason, the Group has put a strategy in place to ensure that the risks and impacts of climate change and the measures to address them are monitored.

The main effects on the consolidated annual accounts linked to climate-related changes have been considered. These impacts are not exact figures, as it is very difficult to dissociate the impacts from other factors that have influenced the performance of the period. On this basis, the major impacts on the financial data are as follows:

- A positive impact on the valuation of the Group's properties that have been recognised as environmentally friendly (as evidenced by the certifications obtained).
- An increase in the investment and operating costs of property to anticipate regulatory developments and adapt to changes in customer demand for more sustainable spaces. These include, for example, the installation of LED technology in lighting systems, the selection and implementation of more efficient air-conditioning systems and the digitisation of buildings to optimise energy consumption.
- Various expenses, such as the costs of environmental certification of properties, costs linked to the publication of ESG data, and elements of remuneration of certain employees or directors linked to the achievement of ESG objectives.
- Increased green energy procurement costs. Green energy certificates of origin have experienced a large increase in demand, making the purchase price of such certificates more expensive.
- Increased cost of materials due to the use of new, more sustainable materials with a lower impact on the carbon footprint.

Other potential impacts on the consolidated accounts

Other potential impacts of climate change, which do not have an impact on the consolidated financial statements, are as follows:

- Risks associated with financial instruments (IFRS 7): At the closing date of these consolidated financial statements, all of the Group's bonds are rated as green bonds amounting to 4,580 million euros (31 December 2022: 4,510 million euros).

- In addition, as of 31 December 2023, the Group has 8.1% of its remaining drawn down financial liabilities indexed to ESG indicators (8.9% as at 31 December 2022), the interest rates of which may vary depending on the development of these indicators. During 2023, the Group repaid 176 million euros of two loans and drew down 105 million euros of a credit facility, all of which are indexed to sustainability indicators.

- Fees and taxes related to environmental regulation (IAS37): the investments made by the Group have enabled it to be in line with the regulations in force regarding climate change. As a result, the Group has not received any sanctions for non-compliance with these regulations. The Group has also implemented a monitoring system to anticipate regulatory developments in this area and to take the necessary actions to ensure compliance. As at 31 December 2023, no provision has been recorded for penalties for non-compliance with current environmental regulations.

- The depreciation of assets (IAS36) or the re-estimation of the useful lives and residual values of fixed assets (IAS16): the Group's assets are mainly recorded at fair value and therefore the Group's financial statements do not include any significant impact arising from these standards.

3. Distribution of Parent's profit

The proposal for application of the profit for 2023 formulated by the board of directors of the parent company to be submitted for approval by the general meeting of shareholders consists of (i) the allocation of the legal minimum of 10% to the legal reserve, in the amount of 21,287 thousand euros, (ii) the proposed distribution of a dividend of 0.27 euros per share, which, based on the current number of shares issued, would mean a maximum total dividend of 145,696 thousand euros, with the remaining amount going to reserves. The final amount of the dividend and reserves would be determined prior to the shareholders' meeting on the basis of the shares outstanding at that time.

The proposed appropriation of profit for 2022 approved by the shareholders' meeting held on 15 June 2023 was approved without amendment.

In the past five years, the Parent has distributed the following dividends:

Thousands of Euros	2018	2019	2020	2021	2022
Amounts distributed	101,567	101,551	111,087	127,536	132,873

4. Measurement bases

The main measurement bases used to prepare the consolidated financial statements, in accordance with EU-IFRS and the interpretations in force when these consolidated financial statements were prepared, are as follows:

4.1 Business combinations

Business combinations are accounted for by applying the acquisition method.

The cost of the business combination is allocated at the acquisition date by recognising, at fair value, all assets, liabilities and contingent liabilities of the acquired entity that meet the criteria for recognition established in IFRS 3. The excess of the cost of a business combination over the acquiree's allocated assets, liabilities and contingent liabilities is recognised as goodwill, which, accordingly, represents advance payments made by the Colonial Group for future economic benefits generated by the assets of the acquiree that are not individually and separately identifiable and recognisable.

The negative difference, if any, between the cost of the business combination and the allocation to assets, liabilities and contingent liabilities of the acquired entity is recognised as a gain or loss in the year in which it arises.

If a business combination is achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at fair value at the acquisition date and recognises any resulting gain or loss in the consolidated statement of comprehensive income or under other consolidated comprehensive income, where appropriate.

4.2 Intangible assets

As a general rule, intangible assets are initially measured at their acquisition or production cost. They are then measured at cost less the corresponding accumulated amortisation and, where applicable, less any impairment losses. These assets are amortised over their useful life.

4.3 Property, plant and equipment

Land and buildings intended for own use as well as other property, plant and equipment are recognised at historical cost less accumulated depreciation and impairment losses.

Historical cost includes the acquisition price at the date of recognition of the asset and expenses directly attributable to the acquisition of those assets. Possible impairment losses on properties are recorded in accordance with the same measurement assumptions as those described in Note 4.4.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when they can be measured reliably and it is probable that future economic benefits associated with them will flow to the entity. The remaining costs of day-to-day servicing of assets are charged to the consolidated income statement in the year in which they are incurred.

Group companies depreciate their property, plant and equipment for own use and other property, plant and equipment using the straight-line method, distributing the cost of the assets over the years of estimated useful life and provided that the residual value does not change or changes insignificantly.

The Parent has revised the estimated useful lives of certain items of property, plant and equipment by extending their useful lives. The breakdown of the useful life of property for own use located in Spain and France is as follows:

Years of estimated useful life	Spain	France
Property for own use:		
Buildings	50 to 100	105 to 118
Facilities	10 to 20	5 to 29
Other tangible fixed assets	10 to 20	2 to 20

Gains or losses arising on the sale (Note 19.5) or derecognition of an asset (Note 19.6) under this heading are determined as the difference between the selling price and its carrying amount and are recognised in the consolidated income statement.

4.4 Investment property

"Investment property" in the consolidated statement of financial position reflects the values of the land, buildings, considered in whole or in part or both and other constructions held to earn rents or for capital appreciation upon disposals due to future increases in their respective market prices.

The acquisition of an asset or group of assets through a partnership that does not represent a business combination as defined in IFRS 3 – Business Combinations shall be recognised in the statement of financial position as investment property.

In accordance with the option provided by IAS 40 – Investment Property, the Group chooses to present the investment property is presented at fair value at the end of the reporting period and is not depreciated.

Profit or loss arising from changes in the fair value of investment property is included in the profit of the period in which it occurs and recognised under "Changes in value of investment property" in the consolidated income statement (Note 19.7).

Gains or losses resulting from the derecognition or disposal of an investment property are determined as the difference between the net proceeds from the transaction and the carrying amount of the asset and are recognised in the consolidated income statement for the period in which the derecognition occurs (Note 19.5).

When the Group recognises as an increase in fair value of an investment property the cost of an asset that replaces another already included in such amount, the Group reduces the value of the property by the fair value of the asset replaced, recognising the impact under "Gains/(losses) on changes in value of assets due to impairment" in the consolidated income statement (Note 19.6). When the fair value of the replaced asset cannot be identified, it is recorded by increasing the fair value of the property, and subsequently revalued periodically by reference to independent external valuations carried out in accordance with the valuation and appraisal standards published by the Royal Institute of Chartered Surveyors (RICS) of Great Britain, and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC).

Assets are transferred from investment property in progress to investment property when they are ready for use. The classification of an investment property to investment property in progress takes place only when the rehabilitation or renovation project will exceed one year in length.

Investment property whose disposal is highly probable is reclassified as "Assets classified as held for sale" and measured at fair value in accordance with IFRS 5 – Non-current assets held for sale and discontinued operations.

In accordance with IAS 40, the Group determines the fair value of investment property every half year, i.e. at 30 June and 31 December of each period. This fair value is determined by taking as reference values the valuations carried out by independent third party experts (level 3 fair value hierarchy) at the date of the consolidated statement of financial position, CB Richard Ellis Valuation and Cushman & Wakefield for the financial years 2023 and 2022 in both Spain and France, such that, at the end of each period, the fair value reflects the market conditions of the investment property elements 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 to the comprehensiveness and accuracy of the information provided by the Group.

The *Discounted Cash Flow* (hereinafter "DCF") method was primarily used to determine the market value of the Group's investment property in 2023 and 2022.

The DCF method applied over a 10-year horizon is used, in accordance with current market practices, unless the specific characteristics of the investment suggest another course of action. The cash flow is considered throughout the period on a monthly basis to reflect increases in the CPI, the timetable for future rent reviews, the maturity of operating leases, etc.

With regard the increases in the CPI, the generally accepted forecasts are normally adopted.

Given that the appraiser does not know with certainty whether there will be periods of vacancy in the future, nor their duration, their forecasts are prepared based on the quality and location of the building, and they will generally adopt an average lease period if there is no information about the future intentions of each tenant. The assumptions determined in relation to the periods of vacancy and other factors are explained in each valuation.

The resulting profitability or *Terminal Capitalisation Rate* (hereinafter "TCR") adopted in each case refers not only to the market conditions forecast at the end of each cash flow period, but also to the rental conditions that are expected to be maintained and the physical location of the property, taking into account any possible improvements planned for the property and included in the analysis.

With regard to acceptable discount rates, conversations are regularly held with various institutions to assess their attitude towards different investment rates. This general consensus, together with the data on any sales made and market forecasts relating to variations in the discount rates, serve as starting points for the appraisers to determine the appropriate discount rate in each case.

The properties were assessed individually, considering each of the lease agreements in force at the end of the reporting period. Buildings with unlet floor space were valued on the basis of future estimated rental income, net of an estimated letting period.

The most relevant key inputs of this method for the purposes of sensitivity analysis are the determination of net income and the rate of return, especially as it is a 10-year discounted cash flow model. 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.

The estimated yields are mainly determined by the type, age and location of the properties, by the technical quality of the asset, as well as the type of tenant and occupancy rate, etc.

The yields and other assumptions used in determining future cash flows in 2023 and 2022 are set out in the tables below:

Gross

Weighted Yields (%) – Offices	31 December 2023	31 December 2022
Barcelona – Prime Yield		
Operating portfolio	4.97	4.44
Total portfolio	5.02	4.46
Madrid – Prime Yield		
Operating portfolio	4.74	4.26
Total portfolio	4.61	4.22
Paris – Prime Yield		
Operating portfolio	4.13	3.30
Total portfolio	4.14	3.27

Assumptions made at 31 December 2023

Rent increases (%) – Offices	Year 1	Year 2	Year 3	Year 4	Year 5 and thereafter
Barcelona					
Operating portfolio	0.5	1.80	2.5	2.5	2.5
Total portfolio	0.5	1.80	2.5	2.5	2.5
Madrid					
Operating portfolio	1.3	2.0	2.5	2.5	2.5
Total portfolio	1.3	2.0	2.5	2.5	2.5
Paris					
Operating portfolio	2.0	2.0	2.0	2.0	2.0
Total portfolio	2.0	2.0	2.0	2.0	2.0

Assumptions made at 31 December 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	2.0	3.0	2.5	2.5	2.5
Total portfolio	2.0	3.0	2.5	2.5	2.5
Paris					
Operating portfolio	3.0	2.0	2.0	2.0	2.0
Total portfolio	3.0	2.0	2.0	2.0	2.0

In addition, developments in progress were valued using the dynamic residual method as the best approximation. This method begins with an estimate of the income yielded by the developed and fully leased property; from this value, development, planning, construction and demolition costs, professional fees, permit and marketing costs, borrowing costs and development profit, among other items, are then deducted, in order to arrive at a price that a developer might pay for the asset under development.

Sensitivity analysis of the hypotheses

A change of one-quarter of one point in yields has the following impact on the valuations used by the Group at 31 December 2023 and 2022, 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 rates of return	Measurement	Decrease of one quarter of a point	Increase of one quarter of a point
December 2023	11,336,299	714,497	(635,145)
December 2022	13,005,183	960,997	(826,582)

A reconciliation between the valuations used by the Group and the carrying amounts of the headings of the statement of financial position where the valued assets are recognised, is as follows:

Thousands of Euros	31 December 2023	31 December 2022
Headings of the consolidated statement of financial position		
Property, plant and equipment – Own use (Note 8)	37,502	37,538
Investment property (Note 9)	10,869,018	12,231,952
Inventory (Note 11)	94,677	87,128
Assets classified as held for sale (Note 23)	122,173	466,480
Lease incentives (Note 12)	149,473	104,437
Trade and other receivables – Acquired lease rights	47	73
Total headings of the consolidated statement of financial position	**11,272,890**	**12,927,608**
Other adjustments made to the valuation	4,940	18,600
Unrealised gains on assets recognised in property, plant and equipment	45,045	44,603
Unrealised gains on assets recognised in Inventory	13,424	14,372
Measurement	**11,336,299**	**13,005,183**

The income earned in 2023 and 2022 from the rental of investment property in the property segment (traditional business) amounted to 369,512 thousand euros and 347,287 thousand euros (Note 19.1), respectively, and are recognised under “Revenue” in the consolidated income statement.

The bulk of repair and maintenance expenses incurred by the Group in connection with the operation of its investment properties is passed on to the respective tenants (Note 4.18).

Direct operating expenses associated with investment properties which generated rental income in 2023 and 2022, included under “Operating profit” in the consolidated income statement amounted to 101,835 thousand euros and 100,742 thousand euros, respectively, prior to deducting the costs passed on to the lessees. Expenses incurred in connection with investment properties that did not generate rental income were not material.

4.5 Impairment of plant, property and equipment

At each reporting date, the Group assesses the carrying amounts of its property, plant and equipment to determine if there are indications that the assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of the fair value of the asset less costs to sell or otherwise dispose of the asset and value in use. Where the asset does not generate cash inflows that are independent of those from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount; however, the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

4.6 Financial assets and liabilities

4.6.1 Financial assets

Classification

The Group classifies its financial assets in the following valuation categories:

- those that are subsequently measured at fair value (either through profit or loss or other comprehensive income); and
- assets measured at amortised cost.

The classification depends on the entity's business model for managing financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in the income statement or in other comprehensive income. For investments in equity instruments not held for trading, this depends on whether the Group made an irrevocable election at initial recognition to account for the investment in equity at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when it changes its business model to manage those assets.

Recognition and derecognition

Conventional purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group undertakes to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets expire or are transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

On initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset that is not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of financial assets recognised at fair value through profit and loss are recognised as an expense in the income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are only the payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and on the characteristics of the asset's cash flows. There are three measurement categories in which the Group classifies its debt instruments:

- Amortised cost: Assets held for the collection of contractual cash flows when those cash flows represent only principal and interest payments are measured at amortised cost. Interest income on these financial assets is included in interest income in accordance with the effective interest rate method. Any gain or loss arising when they are derecognised is recognised directly in profit and loss. Impairment losses are presented as a separate line item in the consolidated income statement.
- Fair value through other comprehensive income: Assets held for the collection of contractual cash flows and for the sale of financial assets, when the cash flows from the assets represent only principal and interest payments, are measured at fair value through other comprehensive income. Changes in the carrying amount are taken to other comprehensive income, except for

the recognition of impairment losses, interest income and exchange gains or losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit and loss and recognised in finance costs. Interest income on these financial assets is included in interest income in accordance with the effective interest rate method. Exchange gains and losses are presented in finance costs and the impairment expense is presented as a separate line item in the consolidated income statement.

- Fair value through profit or loss: Assets that do not meet the criteria for measurement at amortised cost or at fair value through other comprehensive income are recognised at fair value through profit or loss. A profit or loss on a debt investment that is subsequently recognised at fair value through profit or loss is recognised in profit or loss and presented net in the consolidated income statement within finance costs in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. When Group management has chosen to present gains and losses in the fair value of investments in equity in other comprehensive income, there is no subsequent reclassification of gains and losses in the fair value to income following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive the payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in finance costs in the consolidated income statement when applicable. Impairment losses (and reversals of impairment losses) on investments in equity measured at fair value through other comprehensive income are not presented separately from other changes in fair value.

Impairment

The Group evaluates on a prospective basis the expected credit losses associated with its assets at amortised cost and at fair value through other comprehensive income. The method applied for impairment depends on whether there has been a significant increase in credit risk.

For trade receivables, given the composition of the Group's portfolio, which is made up of companies of acknowledged prestige and proven financial solvency, the low history of losses from debtor balances over the last 10 years, including the years of financial crisis, the Group has considered that the expected impairment of these financial assets is immaterial (Note 12).

4.6.2 Financial liabilities

Financial liabilities are accounts payable by the Group that have arisen from the purchase of goods and services in the course of the Company's business and those which, not arising from trading activities, cannot be considered to be derivative financial instruments.

Classification

The Group classifies its financial liabilities in the following valuation categories:

- Financial liabilities at amortised cost: accounts payable are initially recognised at the fair value of the consideration received, adjusted for directly attributable transaction costs. These liabilities are subsequently carried at amortised cost.

- Financial liabilities at fair value through profit or loss: these are liabilities that are acquired for the purpose of selling them in the short term. These financial liabilities are initially and subsequently measured at fair value, with changes in fair value recognised in the consolidated income statement for the year.

Recognition and derecognition

The Group derecognises financial liabilities when the obligations giving rise to them cease to exist.

The Group classifies as short-term trade payables the retentions made to regular suppliers in construction projects, which are normally due within 12 months from the completion of the projects, as they are considered to be liabilities that are incurred in the normal operating cycle of the Group's business.

4.7 Receivables

Trade receivables are carried at recoverable value, i.e., net, where applicable, of the allowances recognised to cover balances of a certain age (Note 4.6), whose circumstances reasonably warrant their consideration as doubtful receivables.

4.8 Cash and cash equivalents

This heading includes bank deposits, carried at the lower of cost or market value.

Financial investments that are readily convertible into a known amount of cash and that are not subject to any significant risk of changes in value are deemed to be cash equivalents.

Bank overdrafts are not considered to be cash and cash equivalents.

4.9 Own equity instruments

An equity instrument represents a residual interest in the assets of the Parent after deducting all of its liabilities.

Equity instruments issued by the Parent are recognised in equity at the proceeds received, net of direct issue costs.

Any treasury shares of the Parent acquired during the year are recognised directly as a deduction from equity at the value of the consideration paid. Any gains or losses on the acquisition, sale, issue or retirement of own equity instruments are recognised directly in equity and not in the consolidated income statement.

4.10 Provisions and contingent liabilities

When preparing the consolidated financial statements, the Parent's directors make a distinction between:

- Provisions: creditor balances covering obligations arising as a consequence of past events which could give rise to liabilities at the Group companies, the nature of which is certain but the amount and timing of which cannot be determined, and

- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of consolidated companies.

The consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised, but are disclosed in Note 17.

Provisions, which are quantified taking into consideration the best information available concerning the consequences of the events on which they are based, and which are revised at each reporting close, are recognised in order to cover the specific and likely risks for which they were originally recognised, and are fully or partially reversed if and when said risks cease to exist or are reduced.

4.11 Employee benefits

4.11.1 Termination benefits

Under current Spanish legislation, the Group is required to pay termination benefits to employees terminated under certain conditions. Severance payments which can be reasonably quantified are recorded as an expense in the year in which the decision to terminate the contract is taken and a valid expectation regarding termination is transmitted to third parties. On 31 December 2023 and 2022, the Group did not record any provisions in this connection.

4.11.2 Pension obligations

The Parent assumed a commitment with executive directors and one member of senior management to make a defined contribution to an external pension plan that meets the requirements established by Royal Decree 1588/1999, of 15 October.

SFL maintains several defined benefit pension plans. Defined benefit obligations are calculated on a regular basis by independent actuarial experts. The actuarial assumptions used to calculate these liabilities are adapted to the situation and to applicable French legislation, in accordance with IAS 19. The actuarial cost recorded in the consolidated statement of comprehensive income in relation to these plans is the sum of the service costs for the period, the interest expense and actuarial gains and losses.

4.11.3 Share-based payments

The Group recognises the goods and services received as an asset or an expense, depending on their nature, when they are received, along with an increase in equity if the transaction is settled using equity instruments or the corresponding liability if the transaction is settled at an amount based on the value of the equity instruments.

In the case of transactions settled with equity instruments, both the services rendered and the increase in equity are measured at the fair value of the services received, unless that of the equity instruments transferred is more reliable, by reference to the grant agreement date. If, on the other hand, they are settled in cash, the goods and services received and the corresponding liability are recognised at the fair value of the goods and services received as of the date on which the recognition requirements are met. In the case of the plans described in Note 20, it has been decided to measure them at the amount of the equity instruments transferred.

4.12 Derivative financial instruments

The Group uses financial derivatives to manage its exposure to variations in interest rates. All derivative financial instruments, whether or not they are designated as hedging instruments, are carried at fair value, market value in the case of listed securities, or using option valuation methods or discounted cash flow analysis for non-listed securities. The fair value of the derivative financial instruments is determined based on the valuations made by independent experts (Solventis A.V., S.A. in 2023 and 2022).

In accordance with IFRS 13, the Group estimated its own credit risk and that of the counterparty in the measurement of its derivative portfolio.

The Group's use of financial derivatives is governed by a set of approved risk management policies and hedges.

The following measurement base was used to recognise each of the following:

- Cash flow hedges: positive or negative changes in the valuation of transactions with hedge accounting treatment are recognised, net of tax, directly in "Other reserves" in equity until the committed or expected transaction occurs, at which time they are reclassified to "Finance costs" in the consolidated income statement. Any valuation gains and losses on the ineffective portion of the hedge are recognised directly as financial profit or loss in the consolidated income statement.

- Treatment of financial instruments that are not allocated to a specific liability and do not qualify for hedge accounting: gains or losses arising from the restatement at fair value of these financial instruments are recognised directly as financial profit or loss in the consolidated income statement.

Hedge accounting is discontinued when a hedging instrument expires or is sold or exercised, or when the hedge no longer qualifies for hedge accounting. Gains or losses on hedging instruments recognised in consolidated comprehensive income remain under this heading until the related transaction is performed. Once the related cash flow occurs, any cumulative gain or loss recognised in consolidated comprehensive income is transferred to consolidated net profit or loss for the year. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other consolidated comprehensive income is transferred to consolidated comprehensive net profit or loss for the year.

Prospective and retrospective testing for hedging instrument effectiveness is carried out on a monthly basis:

- Retrospective tests measure how effectively the derivative instrument would have hedged the liability over its life, using historical interest rates to date.

- Prospective tests measure the instrument's expected effectiveness on the basis of forward interest rates as published by Bloomberg at the measurement date. This is adjusted monthly from the inception of the hedge on the basis of the historical interest rates already established.

The method used to determine the effectiveness of hedging financial instruments consists of calculating the statistical correlation between the reference interest rates at each fixing date of the derivative and the related hedged liability.

4.13 Current/non-current

The ordinary operating cycle is defined as the period from the acquisition of the assets used to carry on the Group's lines of business to the date that they are turned into cash or cash equivalents.

The Group's main business is its rentals business, for which it is considered that the normal cycle of its operations corresponds to the calendar year; hence, assets and liabilities maturing at less than one year are classified as current and those maturing at over one year are classified as non-current.

Bank borrowings are classified as non-current if the Group has the irrevocable right to make payments after twelve months from the end of the reporting period.

4.14 Company tax

The expense for Spanish corporate income tax and similar taxes applicable to consolidated foreign operations is recognised in the consolidated statement of comprehensive income, except when the tax expense is generated by a transaction whose gains or losses are taken directly to equity, in which case the corresponding tax is also recognised in equity.

Income tax expense is the sum of the tax payable on profit for the year and the variation in recognised deferred tax assets and liabilities.

Corporate income tax expense for the year is calculated based on taxable profit for the year, which differs from the net profit or loss presented in the consolidated statement of comprehensive income because it excludes certain taxable profit and deductible expenses from prior years, as well as other exempt items. The Group's current tax liabilities are calculated using tax rates that have been enacted or substantively enacted by the reporting date.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised in the consolidated statement of financial position to the extent that it has become probable that they will be recovered through future taxable profits. In accordance with IAS 12, changes in deferred tax assets and liabilities caused by changes in tax rates or tax laws are recognised in the consolidated statement of comprehensive income for the year in which these changes are approved.

In accordance with IAS 12, when measuring deferred tax liabilities the Group reflects the tax consequences that would arise from the manner in which the carrying amount of its assets is expected to be recovered or settled. In this regard, for deferred tax liabilities that arise from investment properties that are measured using the IAS 40 fair value model, there is a rebuttable presumption that their carrying amount will be recovered through their sale (Note 18.6).

Until 31 December 2016, the Parent was the head of a group of companies filing consolidated tax returns under tax group no. 6/08.

4.14.1 REIT regime

Effective as of 1 January 2017, the tax system of the Parent and the majority of its Spanish subsidiaries is governed by Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, governing listed real estate investment trusts (REITs). Article 3 establishes the investment requirements of this type of company, namely:

1. REITs must have invested at least 80% of the value of their assets in urban properties earmarked for lease, in land to develop properties to be earmarked for that purpose, provided that development begins within three years following their acquisition, and in equity investments in other companies referred to in Article 2.1 of the aforementioned Law.

   The value of the asset is calculated based on the average of the quarterly individual balance sheets of the year. To calculate this value, the REIT may opt to substitute the carrying amount for the fair value of the items contained in these balance sheets, which will apply to all the balance sheets of the year. Any money or collection rights arising from the transfer of the aforementioned properties or investments made in the year or in prior years will not be included in the calculation unless, in the latter case, the reinvestment period referred to in Article 6 of the aforementioned Law has expired.

   This percentage must be calculated on the average of the consolidated balances if the company is the parent of a group, in accordance with the criteria established in Article 42 of the Spanish Commercial Code, regardless of its place of residence and of the obligation to formally prepare consolidated financial statements. Such a group must be composed exclusively of the REITs and the other entities referred to in Article 2.1 of the aforementioned Law.

2. Similarly, at least 80% of the rental income from the tax period corresponding to each year, excluding the rental income arising from the transfer of the ownership interests and the properties used by the company to achieve its main corporate purpose, once the holding period referred to below has elapsed, should be obtained from the lease of properties and dividends or shares of profits arising from the aforementioned investments.

   This percentage must be calculated based on the consolidated balances if the company is the parent of a group, in accordance with the criteria established in Article 42 of the Spanish Commercial Code, regardless of its place of residence and of the obligation to formally prepare consolidated financial statements. Such a group must be composed exclusively of the REITs and the other entities referred to in Article 2.1 of the aforementioned Law.

3. The properties included in the REIT's assets should remain leased for at least three years. The time during which the properties have been made available for lease will be included in calculating this term, with a maximum of one year.

The term will be calculated:

a) For properties that are included in the REIT's assets before the company avails itself of the regime, from the beginning of the first tax period in which the special tax regime set forth in this Law is applied, provided that the property is leased or offered for lease at that date. Otherwise the following shall apply.

b) For properties developed or acquired subsequently by the REIT, from the date on which they were leased or made available for lease for the first time.

c) In the case of shares or ownership interests in the companies referred to in Article 2.1 of this Law, they should be retained on the asset side of the REIT's balance sheet for at least three years following their acquisition or, as appropriate, from the beginning of the first tax period in which the special tax regime set forth in this Law is applied.

As established in transitional provision one of Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, governing listed real estate investment companies, these companies may opt to apply the special tax regime under the terms and conditions established in Article 8 of this Law, even if it does not meet the requirements established therein, provided that such requirements are met within two years after the date of the option to apply that regime.

Failure to meet this condition will require the REIT to file income tax returns under the general tax regime from the tax period in which the aforementioned condition is not met. The REIT will also be obliged to pay, together with the amount relating to the aforementioned tax period, the difference between the amount of tax payable under the general tax regime and the amount paid under the special tax regime in the previous tax periods, including any applicable late-payment interest, surcharges and penalties.

The corporate income tax rate for REITs is set at 0%. However, where the dividends that the REIT distributes to its shareholders holding an ownership interest equal to or exceeding 5% are exempt from tax or are subject to a tax rate lower than 10%, at the main office of this shareholder, the REIT shall be subject to a special charge of 19%, which shall be considered to be the income tax charge, on the amount of the dividend distributed to these shareholders. If applicable, this special charge must be paid by the REIT within two months after the dividend distribution date.

SOCIMIs are obliged to distribute 80% of ordinary profits, 50% of the profits derived from the transfer of real estate or shares that have met the maintenance requirement, as dividends on an annual basis, provided that the other 50% is reinvested in eligible assets within a period of three years; if the other 50% is not reinvested within this period, such profits must be distributed in full together with "ordinary" profits, if any, arising from the year in which the reinvestment period ends and 100% of the profit from dividends from companies qualifying as qualifying investments (SOCIMIs and/or REITs).

4.14.2 SIIC regime – SFL subgroup

Since 1 January 2003, the SFL subgroup companies have filed tax returns under the French tax regime applicable to listed real estate investment companies ("the SIIC regime"). This regime enabled the assets allocated to the rental business to be recognised at market value at the date on which it availed itself of this tax regime, currently subject to a tax rate of 19% (*exit tax*), payable within a period of four years, on the capital gains recognised.

This regime affects only real estate activities, and is not applicable to companies engaged in sales and services, such as Segpim, S.A. and Locaparis SAS in the SFL subgroup, to properties under finance leases (unless the lease is cancelled early) or to the subgroups and investees in conjunction with third parties.

This regime affords the SFL subgroup an exemption from taxes on earnings generated from its rental business and on capital gains obtained from the sale of properties, provided that 95% of profit from that activity, 70% of the capital gains obtained from property sales of companies under this regime are distributed each year in the form of dividends and 100% of dividends.

4.15 Income and expense

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

However, in accordance with the accounting principles established in the EU-IFRS conceptual framework, the Group recognises revenue when it is earned together with all the necessary associated expenses. The sale of goods is recognised when the goods have been delivered and ownership transferred.

Interest income is accrued on a time proportion basis, according to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts the future cash receipts estimated over the expected life of the financial asset from the asset's carrying amount.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established, i.e. when shareholders at the Annual General Meetings of the subsidiaries approve the distribution of the corresponding dividend.

4.15.1 Property leases

In accordance with IFRS 16, leases are classified as finance leases whenever their terms imply that substantially all the risks and rewards incidental to ownership of the leased asset have been transferred to the lessee. Other leases are classified as operating leases. On 31 December 2023 and 2022, all of the Group's leases qualify as operating leases.

4.15.2 Property leases-Lessor

Revenue from operating leases is recognised as income on a straight-line basis over the term of the lease, and the initial direct costs incurred in arranging these operating leases are taken to the consolidated income statement on a straight-line basis over the minimum term of the lease agreement.

The minimum term of a lease is considered to be the time elapsed from the start of the lease to the first option for renewing the lease.

In relation to the amendment to IFRS 16 arising from the situation generated by the pandemic, the Group has considered the aid granted to lessees as amendments to the initial contract, recording them as a rent incentive, except for minor cases, in which they have been recorded directly against the consolidated income statement, reducing the net amount of the turnover.

4.15.3 Specific lease terms and conditions: lease incentives

Lease agreements include certain specific conditions linked to incentives or rent-free periods offered by the Group to its clients. The Group recognises the aggregate cost of incentives granted as a reduction in rental income of the lease. The effects of the rent-free periods are recognised during the minimum term of the lease on a straight-line basis.

Indemnity payments made by lessees to cancel their leases prior to their minimum termination date are also recognised as income in the consolidated income statement on the date on which they become due and payable to the Group.

4.15.4 Property leases-Lessee

Leases are recognised as a right-of-use asset and the corresponding liability is posted on the date on which the leased asset is available for use by the Group. Each lease payment is allocated between liabilities and interest expense. The financial expense is charged to profit or loss over the term of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The right-of-use asset is amortised over the shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including fixed payments in substance), less any incentive for lease receivables,
- variable lease payments that depend on an index or rate,
- amounts the lessee is expected to pay as residual value guarantees,
- the exercise price of a call option if the lessee is reasonably certain that it will exercise the option, and
- penalty payments on termination of the lease, if the term of the lease reflects the exercise by the lessee of that option.

Lease payments are discounted using the interest rate implied in the lease. If that rate cannot be determined, the incremental rate of borrowing is used, being the rate that the lessee would have to pay to borrow the necessary funds to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost which includes the following:

- the amount of the initial measurement of the lease liability,
- any lease payments made on or before the start date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments under short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less.

In relation to the amendment to IFRS 16 as a result of the situation generated by the pandemic, the Parent has considered the aid received from the lessors of spaces leased by its subsidiary Utopicus as if it were a variable lease payment, recognising its impact directly against the consolidated income statement.

4.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of property developments or inventory (Notes 9, 11 and 19.8.1), which require preparation during a significant period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

4.17 Consolidated statement of cash flows (indirect method)

The following terms are used in the consolidated statement of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to insignificant risk of changes in value.

- Operating activities: the principal revenue-producing activities and other activities that are not investing or financing activities.

- Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.

- Financing activities: non-operating activities that result in changes in the size and composition of equity and liabilities.

4.18 Costs passed on to lessees

In accordance with EU-IFRS, the Group does not consider the costs incurred by lessees from its investment properties as revenue and they are recognised, less the corresponding costs, in the consolidated income statement. The amounts charged for these items in 2023 and 2022 amounted to 73,916 thousand euros and 67,726 thousand euros, respectively.

4.19 Transactions with related parties

All the Group's transactions with related parties are at arm's length. Transfer prices are adequately supported, and consequently the Parent's directors consider that no significant risks exist in this respect from which significant liabilities could arise in the future.

4.20 Assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, the assets are available for immediate sale and the sale is highly probable and will occur no more than twelve months after classification of the asset as held for sale. The Group classifies assets classified as held for sale when there is a formal decision by the board of directors or the executive committee and the sale is expected to be completed within 12 months.

They are measured at the lower of carrying amount and fair value less costs to sell, except for deferred tax assets, assets arising from employee benefits, financial assets, investment property carried at fair value and contractual rights under insurance contracts, which are specifically exempted from this requirement.

Non-current assets (including those that are part of a disposal group) are not depreciated while they are classified as held for sale, but interest and other expenses attributable to the liabilities of a disposal group that is classified as held for sale continue to be recognised.

Non-current assets (or disposal groups) are presented separately from other assets in the consolidated statement of financial position, both assets classified as held for sale and assets of a disposal group classified as held for sale under "Assets classified as held for sale". Liabilities that form part of a disposal group classified as held for sale are also presented separately from other liabilities in the consolidated statement of financial position under "Liabilities associated with assets classified as held for sale". These assets and liabilities shall not be offset or presented as a single amount.

4.21 Inventories

Inventories, consisting of land, developments in progress and completed developments, are stated at cost, with appropriate impairment losses recognised when the net realisable value is lower than cost.

The cost includes the acquisition costs and the direct and indirect costs necessary for their construction, as well as the finance costs incurred in the financing of the works while they are under construction, provided that this process lasts more than one year.

Prepayments made in connection with call options on properties are recognised as inventory prepayments and it is assumed that expectations regarding the conditions enabling their exercise will be met.

The market value is determined periodically through independent expert valuations. Possible valuation results are recorded according to the same valuation assumptions as described in Note 4.4.

4.22 Fair value hierarchy

Financial assets and liabilities measured at fair value are classified according to the following hierarchy established in IFRS 7 and IFRS 13:

- Level 1: Inputs are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs are based on quoted prices for similar assets or liabilities in active markets (not included in level 1), prices quoted for identical or similar assets or liabilities in markets that are not active, techniques based on valuation models for which all relevant inputs are observable in the market or can be corroborated by observable market data.
- Level 3: In general, inputs are unobservable and reflect estimates based on market assumptions to determine the price of the asset or liability. Unobservable data used in the valuation models are significant in the fair values of the assets and liabilities.

In accordance with IFRS 13, the Group estimated the bilateral credit risk in order to reflect both its own risk and the counterparty risk on the fair value of its derivatives (Note 4.12). Credit risk on 31 December 2023 and 2022 was not considered to be material.

The detail of the Group's financial assets and liabilities measured at fair value according to the aforementioned levels is as follows:

31 December 2023

Thousands of Euros	Level 1	Level 2	Level 3
Assets			
Other L/T financial instruments (Note 10)	–	–	3,711
Derivative financial instruments (Note 15):			
Classified as hedges	–	3,700	–
Not classified as hedges	–	–	–
Total assets	**–**	**3,700**	**3,711**
Liabilities			
Derivative financial instruments:			
Classified as hedges	–	12,739	–
Not classified as hedges	–	–	–
Total liabilities (Note 15)	**–**	**12,739**	**–**

31 December 2022

Thousands of Euros	Level 1	Level 2	Level 3
Assets			
Other L/T financial instruments (Note 10)	–	–	2,760
Derivative financial instruments (Note 15):			
Classified as hedges	–	277,262	–
Not classified as hedges	–	–	–
Total assets	**–**	**277,262**	**2,760**
Liabilities			
Derivative financial instruments:			
Classified as hedges	–	233	–
Not classified as hedges	–	–	–
Total liabilities (Note 15)	**–**	**233**	**–**

5. 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 31 December 2023 and 2022, 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 Company are settled with shares that the Parent Company holds as treasury shares in advance. Such deliveries of shares have no relevant or material effect on diluted earnings per share (Note 20).

Details of the calculation of basic and diluted earnings per share are as follows:

	2023	2022
Net consolidated profit attributable to the Parent (Thousands of euros)	(1,018,973)	7,979
Average number of ordinary shares outstanding excluding treasury shares (Thousands)	531,476	531,429
Basic earnings per share (in euros)	**(1.92)**	**0.02**
Net consolidated profit attributable to the Parent (Thousands of Euros)	(1,018,973)	7,979
Average number of potential common shares outstanding (Thousands)	531,476	531,429
Diluted earnings per share (in euros)	**(1.92)**	**0.02**

The calculation of the average number of ordinary shares outstanding or potential shares outstanding is as follows:

Thousands of shares	2023	2022
Ordinary shares outstanding at the beginning of the period (Note 13.1)	539,616	539,616
Average adjustment of treasury shares	(8,140)	(8,187)
Average adjustment for outstanding ordinary shares (excluding treasury shares)	–	–
Average number of ordinary shares outstanding excluding treasury shares	**531,476**	**531,429**
Impact of dilution on the average number of ordinary shares	–	–
Average number of potential common shares outstanding	**531,476**	**531,429**

There have been no transactions involving ordinary shares or potential ordinary shares other than those recorded between the closing date at 31 December 2023 and the preparation of the consolidated financial statements that would significantly change the number of ordinary shares or potential ordinary shares outstanding at the end of the period.

6. Segment reporting

6.1 Segmentation criteria

Segment reporting is organised, first, on the basis of the Group's business segments, and, secondly, by geographical segment.

The business lines described below have been defined in line with the Group's organisational structure at 31 December 2023 and 2022, which has been used by the Group's management to analyse the financial performance of the various operating segments.

The rentals segment (or traditional business) includes activities associated with office rentals, while the flexible business segment includes the activities associated with coworking or flexible office spaces.

6.2 Basis and methodology for business segment reporting

The segment information below is based on monthly reports prepared by Group management, generated using the same computer application that prepares all of the Group's accounting data.

Segment revenue comprises revenue directly attributable to each segment, as well as gains from the sale of investment properties. Segment revenue excludes both interest and dividend income.

Segment expenses comprise operating expenses directly attributable to each segment and losses on the sale of investment properties. Allocated expenses do not include interest, the income tax expense or general administrative expenses incurred in the provision of general services that are not directly allocated to any business segment.

Segment assets and liabilities are those directly related to the segment's operating activities. The Group has no set criteria for allocating borrowings or equity by business segment. Borrowings are attributed in full to the "Corporate Unit".

Segment information for these businesses is as follows:

2023 segment reporting

Thousands of Euros	Rentals (Traditional business)					Flexible business	Corporate unit	Total Group
	Barcelona	Madrid	Paris	Remainder	Total rentals			
Income								
Net turnover (Note 19.1)	42,729	92,363	234,420	–	369,512	17,770	–	**387,282**
Other income (Note 19.2)	–	2	9,092	–	9,094	–	3,306	**12,400**
Net gain/(loss) on sales of assets (Note 19.5)	13	3,687	(158)	–	3,542	–	–	**3,542**
Changes in value of investment property (Note 19.7)	(211,885)	(253,658)	(960,277)	–	(1,425,820)	–	–	**(1,425,820)**
Gains/(losses) on changes in the value of assets and impairment (Note 19.6)	(245)	(750)	–	–	(995)	112	–	**(883)**
Operating profit/(loss)	(176,366)	(166,016)	(733,924)	–	(1,076,306)	10,080	(53,153)	**(1,119,379)**
Financial profit (Note 19.8)	–	–	–	–	–	–	(95,876)	**(95,876)**
Profit/(Loss) before tax	–	–	–	–	–	–	(1,215,255)	**(1,215,255)**
Net consolidated income	–	–	–	–	–	–	(1,177,577)	**(1,177,577)**
Net profit attributable to non-controlling interests (Note 13.6)	–	–	–	–	–	–	158,604	**158,604**
Net profit/(loss) attributable to shareholders of the Parent (Note 5)	–	–	–	–	–	–	(1,018,973)	**(1,018,973)**

The most significant transactions between segments in the year 2023 were as follows:

Thousands of Euros	Traditional business	Flexible business	Corporate unit	Total Group
Revenue	7,583	–	–	**7,583**
Operating profit/(loss)	9,410	(9,410)	–	**–**

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

	Rentals (Traditional business)							
Thousands of Euros	Barcelona	Madrid	Paris	Remainder	Total rentals	Flexible business	Corporate unit	Total Group
Assets								
Intangible assets, right-of-use assets, property, plant and equipment, investment property, assets classified as held for sale and inventories (Notes 7, 8, 9, 11 and 23)	1,306,655	2,622,594	7,157,992	–	11,087,241	26,561	48,524	**11,162,326**
Financial assets	8,419	12,933	849	–	22,201	1,736	443,935	**467,872**
Other non-current assets	–	–	–	–	–	–	149,099	**149,099**
Trade receivables and other current assets	–	–	–	–	–	–	55,300	**55,300**
Total assets	**1,315,074**	**2,635,527**	**7,158,841**	**–**	**11,109,442**	**28,297**	**696,858**	**11,834,597**

	Rentals (Traditional business)							
Thousands of Euros	Barcelona	Madrid	Paris	Remainder	Total rentals	Flexible business	Corporate unit	Total Group
Liabilities								
Bank borrowings and other financial liabilities (Note 14)	–	–	–	–	–	–	422,353	**422,353**
Bonds and similar securities issued (Note 14)	–	–	–	–	–	–	4,565,121	**4,565,121**
Issuance of promissory notes (Note 14)	–	–	–	–	–	–	292,000	**292,000**
Derivative financial instruments (Note 15)	–	–	–	–	–	–	12,739	**12,739**
Lease liabilities (Note 7)	–	–	–	–	–	16,452	–	**16,452**
Operating liabilities (suppliers and payables)	–	–	–	–	–	–	176,365	**176,365**
Liabilities associated with assets classified as held for sale (Note 23)	–	–	–	–	–	–	–	**–**
Other liabilities	–	–	–	–	–	–	402,365	**402,365**
Total liabilities	**–**	**–**	**–**	**–**	**–**	**16,452**	**5,870,943**	**5,887,395**

Thousands of Euros	Rentals (Traditional business) Barcelona	Madrid	Paris	Remainder	Total rentals	Flexible business	Corporate unit	Total Group
Other information								
Investments in non-current assets, intangible assets, property, plant and equipment, investment property, inventories and assets classified as held for sale	37,709	110,464	66,492	–	214,665	1,139	7,227	**223,031**
Depreciation and amortisation	(34)	(12)	(191)		(237)	(4,626)	(3,965)	**(8,828)**
Expenses that do not entail outflows of cash other than the depreciation and amortisation for the year:								
Changes in provisions (Note 19.4)	(193)	93	(5,471)	–	(5,571)	(9)	253	**(5,327)**
Changes in value of investment property (Note 19.7)	(211,885)	(253,658)	(960,277)	–	(1,425,820)	–	–	**(1,425,820)**
Gains/(losses) on changes in the value of assets and impairment (Note 19.6)	(245)	(750)	–	–	(995)	112	–	**(883)**

2022 segment reporting

Thousands of Euros	Rentals (Traditional business) Barcelona	Madrid	Paris	Remainder	Total rentals	Flexible business	Corporate unit	Total Group
Income								
Net turnover (Note 19.1)	44,569	98,201	204,517	–	347,287	14,326	–	**361,613**
Other income (Note 19.2)	–	101	6,065	–	6,166	–	3,138	**9,304**
Net gain/(loss) on sales of assets (Note 19.5)	2	6,376	(440)	–	5,938	–	–	**5,938**
Changes in value of investment property (Note 19.7)	(75,842)	(110,287)	38,636	–	(147,493)	–	–	**(147,493)**
Gains/(losses) on changes in the value of assets and impairment (Note 19.6)	(40)	(657)	–	–	(697)	(677)	743	**(631)**
Operating profit/(loss)	(38,141)	(19,300)	238,209	–	180,768	4,914	(57,456)	**128,226**
Financial profit (Note 19.8)	–	–	–	–	–	–	(86,234)	**(86,234)**
Profit/(Loss) before tax	–	–	–	–	–	–	41,992	**41,992**
Net consolidated income	–	–	–	–	–	–	49,618	**49,618**
Net profit attributable to non-controlling interests (Note 13.6)	–	–	–	–	–	–	(41,639)	**(41,639)**
Net profit/(loss) attributable to shareholders of the Parent (Note 5)	–	–	–	–	–	–	7,979	**7,979**

The most significant transactions between segments in 2022 were as follows:

Thousands of Euros	Traditional business	Flexible business	Corporate unit	Total Group
Revenue	7,185	–	–	**7,185**
Operating profit/(loss)	8,814	(8,814)	–	**–**

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

	Rentals (Traditional business)							
Thousands of Euros	Barcelona	Madrid	Paris	Remainder	Total rentals	Flexible business	Corporate unit	Total Group
Assets								
Intangible assets, right-of-use assets, property, plant and equipment, investment property, assets classified as held for sale and inventories (Notes 7, 8, 9, 11 and 23)	1,481,172	3,195,551	8,109,831	–	12,786,554	31,235	44,862	**12,862,651**
Financial assets	8,654	17,127	15,351	–	41,132	1,988	423,468	**466,588**
Other non-current assets	–	–	–	–	–	–	84,375	**84,375**
Trade receivables and other current assets	–	–	–	–	–	–	55,999	**55,999**
Total assets	**1,489,826**	**3,212,678**	**8,125,182**	**–**	**12,827,686**	**33,223**	**608,704**	**13,469,613**

	Rentals (Traditional business)							
Thousands of Euros	Barcelona	Madrid	Paris	Remainder	Total rentals	Flexible business	Corporate unit	Total Group
Liabilities								
Bank borrowings and other financial liabilities (Note 14)	–	–	–	–	–	–	513,861	**513,861**
Bonds and similar securities issued (Note 14)	–	–	–	–	–	–	4,493,391	**4,493,391**
Issuance of promissory notes (Note 14)	–	–	–	–	–	–	409,000	**409,000**
Derivative financial instruments (Note 15)	–	–	–	–	–	–	233	**233**
Lease liabilities (Note 7)	–	–	–	–	–	19,566	–	**19,566**
Operating liabilities (suppliers and payables)	–	–	–	–	–	–	168,954	**168,954**
Liabilities associated with assets classified as held for sale (Note 23)	–	75,700	–	–	75,700	–	–	**75,700**
Other liabilities	–	–	–	–	–	–	446,248	**446,248**
Total liabilities	**–**	**75,700**	**–**	**–**	**75,700**	**19,566**	**6,031,687**	**6,126,953**

Thousands of Euros	Rentals (Traditional business) Barcelona	Madrid	Paris	Remainder	Total rentals	Flexible business	Corporate unit	Total Group
Other information								
Investments in non-current assets, intangible assets, property, plant and equipment, investment property, inventories and assets classified as held for sale	34,090	103,239	116,587	–	253,916	2,800	2,916	**259,632**
Depreciation and amortisation	(32)	(11)	(326)	–	(369)	(4,629)	(3,990)	**(8,988)**
Expenses that do not entail outflows of cash other than the depreciation and amortisation for the year:								
Changes in provisions (Note 19.4)	(49)	(19)	304	–	236	21	(777)	**(520)**
Changes in value of investment property (Note 19.7)	(75,842)	(110,287)	38,636	–	(147,493)	–	–	**(147,493)**
Gains/(losses) on changes in the value of assets and impairment (Note 19.6)	(40)	(657)	–	–	(697)	(677)	743	**(631)**

7. Leases

The subsidiary Utopicus rents several offices as a lessee. The duration of rental contracts, from the date of signature of the contract and taking into account maximum extensions, is 4 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Leases do not impose covenants, but the leased assets cannot be used as collateral for loans.

7.1 Right-of-use assets

Thousands of Euros	31 December 2023	31 December 2022
Property, plant and equipment	14,557	16,899
Right-of-use assets	**14,557**	**16,899**

7.2 Deferred taxes relating to rights of use

Thousands of Euros	Note	31 December 2023	31 December 2022
Deferred tax assets relating to rights of use	18.5	474	289
Deferred taxes relating to rights of use		**474**	**289**

7.3 Lease liabilities

Thousands of Euros	31 December 2023	31 December 2022
Non-current lease liabilities	14,585	16,162
Current lease liabilities	1,867	3,404
Lease liabilities	**16,452**	**19,566**

7.4 Operating leases as lessee

The subsidiary Utopicus has agreed under contract the following minimum lease payments with the lessors in accordance with the contracts in force, taking into account the impact of expenses, future CPI increases and other agreed rent updates:

Thousands of Euros	2023	2022
Up to 12 months	2,518	2,463
Between 1 and 5 years	5,148	4,177
More than 5 years	–	–
Total minimum operating lease payments – as lessee	**7,666**	**6,640**

These amounts relate to the leases signed by the subsidiary Utopicus for the premises where it carries out its business.

7.5 Impacts on consolidated income statement

The impacts on the consolidated income statement are presented in the following table:

Thousands of Euros	2023	2022
Depreciation and amortisation	(2,906)	(2,780)
Finance costs for updating	(1,139)	(1,233)
Total	**(4,045)**	**(4,013)**

8. Property, plant and equipment

The changes in this caption of the consolidated statement of financial position have been the following:

Thousands of Euros	Note	Property for own use	Other tangible fixed assets	Total
Balance on 31 December 2021		**37,241**	**17,921**	**55,162**
Acquisition cost		*43,404*	*31,831*	*75,235*
Accumulated depreciation and amortisation		*(5,420)*	*(13,910)*	*(19,330)*
Accumulated impairment		*(743)*	*–*	*(743)*
Additions		115	3,928	4,043
Depreciation charge		(561)	(3,374)	(3,935)
Disposals acquisition cost		–	(2,414)	(2,414)
Disposals accumulated depreciation		–	2,414	2,414
Impairment	19.6	743	(703)	40
Balance on 31 December 2022		**37,538**	**17,772**	**55,310**
Acquisition cost		*43,519*	*33,345*	*76,864*
Accumulated depreciation and amortisation		*(5,981)*	*(14,870)*	*(20,851)*
Accumulated impairment		*–*	*(703)*	*(703)*
Additions		302	5,549	5,851
Depreciation charge		(338)	(2,273)	(2,611)
Disposals acquisition cost		–	(4,165)	(4,165)
Disposals accumulated depreciation		–	1,709	1,709
Transfers acquisition cost		–	(122)	(122)
Impairment	19.6	–	703	703
Balance on 31 December 2023		**37,502**	**19,173**	**56,675**
Acquisition cost		*43,821*	*34,607*	*78,428*
Accumulated depreciation and amortisation		*(6,319)*	*(15,434)*	*(21,753)*
Accumulated impairment		*–*	*–*	*–*

On 31 December 2023 and 2022, 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".

On 31 December 2023, it became evident that an impairment reversal in the amount of 703 thousand euros had to be recognised, evidenced by the appraisals performed by independent experts (Note 4.3). In 2022, an impairment loss of 40 thousand was recognised on the value of the assets.

9. Investment property

The changes in this caption of the consolidated statement of financial position have been the following:

Thousands of Euros	Note	2023	2022
Beginning balance		**12,231,952**	**12,183,368**
Additions for subsequent capitalised disbursements		205,037	226,970
Additions to the scope of consolidation	2.6	–	485,145
Sale or disposal by other means	19.5	(33,659)	(26,136)
Transfers to and from “Assets classified as held for sale”	23	(120,488)	(489,205)
Net gain/(loss) from fair value adjustments	19.7	(1,413,381)	(147,493)
Other transfers		552	–
Other entries	19.6	(995)	(697)
Ending balance		**10,869,018**	**12,231,952**

9.1 Movements in 2023

Additions for subsequent capitalised disbursements correspond to investments made in real estate assets, both in development and in operation, amounting to 205,037 thousand euros, including 8,842 thousand euros of capitalised financial expenses (Note 19.8.1).

During 2023, the Parent disposed of an office building in Madrid, two office floors in a building in Madrid and premises in Barcelona for a total sale price of 38,873 thousand euros, which resulted in a gain of 4,158 thousand euros, including indirect costs of sale, being recognised in the consolidated income statement.

In 2023, properties were reclassified to and from the “Assets classified as held for sale” heading in the condensed consolidated statement of financial position, for a net total of 120,488 thousand euros.

The other entries correspond to assets amounting to a total of 995 thousand euros being derecognised due to being replaced.

9.2 Movements in 2022

Additions for subsequent capitalised disbursements corresponded to investments made in real estate assets, both in development and in operation, amounting to 226,970 thousand euros, including 9,017 thousand euros of capitalised financial expenses (Note 19.8.1).

In February, SFL acquired 100% of the shares of SCI Pasteur 123, owner of a property in Paris, resulting in a capital gain of 485,145 thousand euros.

In 2022, the Parent disposed of two properties and one premises in Madrid for a total sale price of 31,624 thousand euros, which resulted in a gain of 4,809 thousand euros in the consolidated income statement, including the indirect costs of the sale.

In 2022, properties were reclassified to the “Assets classified as held for sale” heading in the condensed consolidated statement of financial position, for a total of 489,205 thousand euros.

The other entries corresponded to assets amounting to a total of 697 thousand euros being derecognised due to being replaced.

9.3 Changes in value of investment property

The "Changes in value of investment property" heading in the consolidated income statement includes the results from the revaluation of investment property, according to valuations by independent experts as of 31 December 2023 and 2022 (Notes 4.4 and 19.7).

9.4 Other information

The total surface area (above and under-ground) of investment property and projects under development is as follows:

Total surface area (sqm) of investment property

	Investment property		Investment property in progress(**)		Total	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Barcelona(*)	338,586	356,748	51,449	33,390	390,035	390,138
Madrid	531,695	553,118	146,246	157,997	677,941	711,115
Paris(*)	410,003	391,249	55,625	73,871	465,628	465,120
	1,280,284	**1,301,115**	**253,320**	**265,258**	**1,533,604**	**1,566,373**

(*) For 2023 and 2022, 100% of the surface area of the properties whose companies have been consolidated using the full consolidation method is included.
(**) They do not include 20,276 sqm of surface area of the subsidiary Peñalvento, since the asset is classified under "Inventories" (Note 11), and the areas of 30,353 sqm and 101,501 sqm, relating to 2023 and 2022, respectively, of property assets recorded under "Assets classified as held for sale" (Note 23).

As of 31 December 2023, the Group has no assets pledged as collateral for mortgage loans. As at 31 December 2022, the book value of the asset delivered, as collateral for a mortgage loan of 75,700 thousand euros, amounted to 185,000 thousand euros.

10. Non-current financial assets

The changes in this caption of the consolidated statement of financial position have been the following:

Thousands of Euros	31 December 2022	Inclusions	Disposals	31 December 2023
Deposits and guarantees given	26,600	2,221	(6,829)	21,992
Total non-current financial assets at amortised cost	**26,600**	**2,221**	**(6,829)**	**21,992**
Other financial instruments	2,760	951	–	3,711
Total non-current financial assets at fair value	**2,760**	**951**	**–**	**3,711**
Total non-current financial assets	**29,360**	**3,172**	**(6,829)**	**25,703**

Thousands of Euros	31 December 2021	Inclusions	Disposals	31 December 2022
Deposits and guarantees given	26,296	304	–	26,600
Total non-current financial assets at amortised cost	**26,296**	**304**	**–**	**26,600**
Other financial instruments	–	2,760	–	2,760
Total non-current financial assets at fair value	**–**	**2,760**	**–**	**2,760**
Total non-current financial assets	**26,296**	**3,064**	**–**	**29,360**

Long-term deposits and guarantees basically comprise deposits made with the official bodies in each country for deposits collected for property leases, in accordance with prevailing legislation.

11. Inventories

The composition of this caption in the consolidated statement of financial position is as follows:

Thousands of Euros	31 December 2023	31 December 2022
Beginning balance	**87,128**	**60,689**
Additions	7,549	26,439
Ending balance	**94,677**	**87,128**

Inventories correspond to the office building that the Group is developing for a third party. On 3 October 2018, the Parent entered into a sale and purchase agreement, subject to a condition precedent, for 100% of the shares in the subsidiary Peñalvento. The contract provides for the sale and purchase to be completed during 2024, provided that the conditions precedent have been fulfilled. The Group received a total of 28,287 thousand euros in prepayments (see Note 16.3).

The detail of financial costs capitalised as plus cost of inventories included in additions for disbursements amounts to 382 thousand euros in 2023 (2022: 390 thousand euros) (Note 19.8.1).

12. Trade receivables and other non-current assets

The composition of this current asset heading in the consolidated statement of financial position is as follows:

		31 December 2023		31 December 2022	
Thousands of Euros	Note	Current	Non-Current	Current	Non-Current
Trade receivables for sales and services	12.1	20,295	–	19,220	–
Trade receivables for sale of properties	12.2	119	21,181	225	–
Accrual of lease incentives	12.3	22,059	127,414	20,572	83,865
Other receivables		1,206	–	2,266	–
Other assets		2,840	–	1,941	–
Impairment of receivables					
Trade receivables for sales and services		(9,838)	–	(6,595)	–
Other receivables		(915)	–	(866)	–
Total trade and other receivables		**35,766**	**148,595**	**36,763**	**83,865**

12.1 Trade receivables for sales and services

This mainly includes the amounts receivable from customers, fundamentally from the Group's rentals business, that are billed monthly, quarterly or yearly with no significant overdue balances not provided for at 31 December 2023 and 2022.

12.2 Trade receivables for sales of properties

This mainly includes amounts receivable arising from asset sales that are duly collateralised.

12.3 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 consolidated income statement during the minimum operating lease term.

In 2023, 637 thousand euros relating to the accrual of rental incentives for a property classified as held for sale was transferred to "Assets classified as held for sale" in the consolidated income statement (2022: 789 thousand euros) (Note 23).

13. Equity

13.1 Share capital

On 31 December 2023 and 2022 the share capital comprised 539,615,637 shares, each with a par value of 2.5 euros, fully subscribed and paid up, amounting to 1,349,039 thousand euros.

According to the detail included in section A.2 of the Annual Corporate Governance Report of the Parent for 2023, shareholders owning significant stakes in the Parent's share capital, both direct and indirect, as of 31 December 2023 and 2022, were as follows:

	31 December 2023		31 December 2022	
	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%
Fernández González, Carlos	80,028,647	14.83%	82,488,909	15.29%
Puig, S.A.	39,795,000	7.37%	39,795,000	7.37%
Aguila Ltd.	28,880,815	5.35%	28,880,815	5.35%
Corporación financiera Alba, S.A.	27,012,839	5.01%	–	–
Credit Agricole, S.A.	22,494,701	4.17%	22,494,701	4.17%
BlackRock Inc	16,283,952	3.02%	15,956,812	2.96%

(*) 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.

On 31 December 2023 and 2022, Aguila Ltd. and BlackRock Inc. had formally obtained financial instruments associated with the Parent's shares that, in the event the instruments are exercised, could give rise to an additional interest in the share capital of Colonial. These financial instruments do not and cannot involve the issue of new shares of the Parent.

The Parent has no knowledge of other significant equity interests.

The Annual General Meeting held on 30 June 2021 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 30 June 2021, 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 pre-emption right up to a maximum of 20% of the share capital.

13.2 Share premium

On 15 June 2023, the General Shareholders' Meeting resolved to distribute dividends with a charge to the share premium amounting to 28,173 thousand euros, which were paid to shareholders.

On 21 June 2022, the General Shareholders' Meeting resolved to distribute dividends with a charge to the share premium amounting to 92,681 thousand euros, which were paid to shareholders.

On 31 December 2023, the share premium amounted to 1,463,600 thousand euros (2022: 1,491,773 thousand euros).

13.3 Treasury shares

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

	31 December 2023		31 December 2022	
	No. of shares	Thousands of Euros	No. of shares	Thousands of Euros
Free tranche	7,784,518	63,417	7,915,908	64,494
Liquidity contracts	209,247	1,511	302,462	1,880
Ending balance	**7,993,765**	**64,928**	**8,218,370**	**66,374**

13.3.1 Treasury shares – Free tranche

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

	31 December 2023			31 December 2022	
	Note	No. of shares	Thousands of Euros	No. of shares	Thousands of Euros
Beginning balance		**7,915,908**	**64,494**	**7,943,007**	**64,745**
Delivery of incentives plan shares	20	(43,824)	(213)	(27,099)	(251)
Other acquisitions		17,729	(6)	–	–
Other share deliveries		(105,295)	(858)	–	–
Ending balance		**7,784,518**	**63,417**	**7,915,908**	**64,494**

13.3.2 Treasury shares – Liquidity contracts

The Parent enters into liquidity contracts to enhance the liquidity of its transactions and the regularity of its listed share price.

The number of the Parent's treasury shares under liquidity contracts and their acquisition cost were as follows:

	31 December 2023		31 December 2022	
	No. of shares	Thousands of Euros	No. of shares	Thousands of Euros
Beginning balance	**302,462**	**1,880**	**229,500**	**1,912**
Liquidity contract dated 4 January 2022				
Purchase	18,906,010	110,706	17,945,849	116,688
Sale	(18,999,225)	(111,075)	(17,872,887)	(116,720)
Ending balance	**209,247**	**1,511**	**302,462**	**1,880**

On 4 January 2022, the Parent communicated the termination of the old liquidity contract and replaced it with a new one signed with Banco Sabadell, S.A. The contract is valid for 12 months and can be extended. As at 31 December 2023, this contract has been extended.

13.4 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	Note	Legal reserve	Other reserves	Measurement of financial instrument hedges	Share-based payments	Transactions with non-controlling interests	Total
On 31 December 2021		**54,767**	**141,973**	**17,122**	**12,779**	**12,757**	**239,398**
Revaluation – gross		–	–	279,650	–	–	**279,650**
Deferred tax		–		(452)	–	–	**(452)**
Non-controlling interest in revaluation – gross		–	–	(1,117)	–	–	**(1,117)**
Deferred tax		–	–	–	–	–	**–**
Reclassification to profit – gross		–	–	(2,124)	–	–	**(2,124)**
Non-controlling interest in reclassification to profit/(loss) – gross		–	–	36	–	–	**36**
Deferred tax		–	–	–	–	–	**–**
Other comprehensive income		–	–	275,993	–	–	**275,993**
Transfer to/from retained earnings		3,873	–	–	–	–	**3,873**
Transactions with owners in their capacity as such:							
Share-based payments	20	–	–	–	4,710	361	**5,071**
Transactions with non-controlling interests		–	–	–	–	(687)	**(687)**
On 31 December 2022		**58,640**	**141,973**	**293,115**	**17,489**	**12,431**	**523,648**

Thousands of Euros	Note	Legal reserve	Other reserves	Measurement of financial instrument hedges	Share-based payments	Transactions with non-controlling interests	Total
At 31 December 2022		**58,640**	**141,973**	**293,115**	**17,489**	**12,431**	**523,648**
Revaluation – gross		–	–	(75,148)	–	–	**(75,148)**
Deferred tax		–		169	–	–	**169**
Non-controlling interest in revaluation – gross		–	–	655	–	–	**655**
Deferred tax		–	–	–	–	–	**–**
Reclassification to profit – gross		–	–	(3,930)	–	–	**(3,930)**
Non-controlling interest in reclassification to profit/(loss) – gross		–	–	54	–	–	**54**
Deferred tax		–	–	–	–	–	**–**
Other comprehensive income		–	–	(78,200)	–	–	**(78,200)**
Transfer to/from retained earnings		11,633	–	–	–	–	**11,633**
Subsidies		–	36	–	–	–	**36**
Transactions with owners in their capacity as such:							
Share-based payments	20	–	–	–	4,678	–	**4,678**
Transactions with non-controlling interests		–	–	14	–	463	**477**
At 31 December 2023		**70,273**	**142,009**	**214,929**	**22,167**	**12,894**	**462,272**

13.4.1 Legal Reserve

Under the Consolidated Spanish Companies Law, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, this reserve may only be used to set off losses and provided no other sufficient reserves are available for this purpose.

On 15 June 2023, a general shareholders' meeting was held at which it was approved to transfer 11,633 thousand euros from the profit for the year 2022 to the legal reserve. On 21 June 2022, a general shareholders' meeting was held at which it was approved to transfer 3,873 thousand euros from the profit for the year 2021 to the legal reserve.

On 31 December 2023 and 2022, the legal reserve is not fully constituted.

13.4.2 Other reserves

On 31 December 2023 and 2022, the Parent Company holds 169,439 thousand euros of voluntary reserves. This item also includes the merger reserve generated by the operations carried out in 2019, with a debit balance of 27,466 thousand euros.

13.5 Retained earnings

The changes in retained earnings are as follows:

Thousands of Euros	Note	2023	2022
Balance on 31 December of the previous year		**2,861,375**	**2,892,540**
Net profit for the year attributable to the Parent	5	(1,018,973)	7,979
To legal reserve	13.4.1	(11,633)	(3,873)
Transfer to/from other reserves		–	–
Other items of comprehensive income recognised directly in retained earnings:			
Losses due to transactions using treasury shares		(237)	(789)
Dividends		(104,700)	(34,855)
Changes in scope		(14)	–
Other gains/(losses)		(245)	373
Balance on 31 December		**1,725,573**	**2,861,375**

Gains/(losses) on transactions with treasury shares relate to the deliveries of treasury shares to the beneficiaries of the long-term incentives plan (Note 20), calculated as the difference between the carrying amount of the shares delivered and the amount of the obligation assumed by the Parent (Note 4.11), as well as for transactions carried out by the financial intermediary under the liquidity contract.

13.6 Non-controlling interests

The changes in this caption of the consolidated statement of financial position have been the following:

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 (Note 19.10)	1,107	40,584	(52)	41,639
Dividends and other	–	(40,863)	–	(40,863)
Changes to scope (Note 2.6)	–	–	(4,313)	(4,313)
Financial instrument hedges	678	403	–	1,081
Balance at 31 December 2022	**13,507**	**1,169,692**	**–**	**1,183,199**
Income for the financial year (Note 19.10)	(54)	(158,550)	–	(158,604)
Dividends and other	–	(10,296)	–	(10,296)
Changes to scope (Note 2.6)	–	(1,944)	–	(1,944)
Financial instrument hedges	(318)	(391)	–	(709)
Balance at 31 December 2023	**13,135**	**998,511**	**–**	**1,011,646**

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

Thousands of Euros	31 December 2023	31 December 2022
Dividend paid by the SFL subgroup to non-controlling interests	(7,351)	(3,007)
Dividend paid by subsidiaries of the SFL subgroup to non-controlling interests	(3,011)	(37,931)
Other	66	75
Total	**(10,296)**	**(40,863)**

The SFL subgroup has the following shareholders agreements with Prédica:

- SFL holds non-controlling interests of 49% in the companies SCI Paul Cézanne, SCI 103 Grenelle, SAS Cloud and SAS Champs-Elysées, for which SFL and Prédica have signed a new shareholders’ agreement. On the basis of the shareholders’ agreement, in which the conditions for qualifying these shareholdings as controlling interests are met (the decisions that most significantly affect the companies are controlled by SFL), SFL has sole control over the four companies. As a result, the Group has fully consolidated the four subsidiaries.

13.6.1 Summarised financial information on the main subsidiaries with non-controlling interests

The following table shows the summarised financial information for the main subsidiaries with non-controlling interests:

Thousands of Euros									
Non-controlling	% non-controlling	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Ordinary income	Profit/(loss) for the year	Total comprehensive income	Cash flows
SFL Group	1.6%	7,294,112	135,410	2,207,686	739,695	234,420	(786,872)	(810,734)	27,344
Inmocol Torre Europa(*)	50%	46,638	3,102	25,015	1,967	2,068	613	(25)	(2,518)

(*) Pursuant to the shareholders’ agreement signed between the parties.

14. Bank borrowings, other financial liabilities and bonds and similar securities issued

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

31 December 2023

	Current	Non-current						
Thousands of Euros	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Older than 5 years	Total non-current	Total
Bank borrowings:								
Lines of credit	375	–	–	–	–	–	–	**375**
Loans	–	–	–	24,200	300,000	–	324,200	**324,200**
Syndicated financing	–	–	–	105,000	–	–	105,000	**105,000**
Interest	1,914	–	–	–	–	–	–	**1,914**
Debt arrangement costs	(2,892)	(2,836)	(2,746)	(2,380)	(755)	–	(8,717)	**(11,609)**
Total debts with credit institutions	**(603)**	**(2,836)**	**(2,746)**	**126,820**	**299,245**	**–**	**420,483**	**419,880**
Other financial liabilities	2,473	–	–	–	–	–	–	**2,473**
Total other financial liabilities	**2,473**	**–**	**–**	**–**	**–**	**–**	**–**	**2,473**
Total debts with credit institutions and other financial liabilities	**1,870**	**(2,836)**	**(2,746)**	**126,820**	**299,245**	**–**	**420,483**	**422,353**
Issue of debentures and similar securities:								
Bond issues	187,200	1,000,000	700,000	599,000	1,099,000	995,000	4,393,000	**4,580,200**
Interest	27,046	–	–	–	–	–	–	**27,046**
Debt arrangement costs	(10,741)	(9,938)	(8,470)	(6,990)	(4,091)	(1,895)	(31,384)	**(42,125)**
Total issue of debentures and similar securities	**203,505**	**990,062**	**691,530**	**592,010**	**1,094,909**	**993,105**	**4,361,616**	**4,565,121**
Issue of promissory notes	292,000	–	–	–	–	–	–	**292,000**
Total issuance of promissory notes	**292,000**	**–**	**–**	**–**	**–**	**–**	**–**	**292,000**
Total	**497,375**	**987,226**	**688,784**	**718,830**	**1,394,154**	**993,105**	**4,782,099**	**5,279,474**

31 December 2022

Thousands of Euros	Current Less than 1 year	Non-current Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Older than 5 years	Total non-current	Total
Bank borrowings:								
Loans	–	–	–	–	420,000	–	420,000	**420,000**
Syndicated financing	–	100,000	–	–	–	–	100,000	**100,000**
Interest	2,354	–	–	–	–	–	–	**2,354**
Debt arrangement costs	(2,688)	(2,544)	(2,164)	(2,016)	(1,554)	–	(8,278)	**(10,966)**
Total debts with credit institutions	**(334)**	**97,456**	**(2,164)**	**(2,016)**	**418,446**	**–**	**511,722**	**511,388**
Other financial liabilities	2,473	–	–	–	–	–	–	**2,473**
Total other financial liabilities	**2,473**	**–**	**–**	**–**	**–**	**–**	**–**	**2,473**
Total debts with credit institutions and other financial liabilities	**2,139**	**97,456**	**(2,164)**	**(2,016)**	**418,446**	**–**	**511,722**	**513,861**
Issue of debentures and similar securities:								
Bond issues	–	187,200	1,000,000	700,000	599,000	2,024,000	4,510,200	**4,510,200**
Interest	26,957	–	–	–	–	–	–	**26,957**
Debt arrangement costs	(9,463)	(9,419)	(8,607)	(7,150)	(5,667)	(3,460)	(34,303)	**(43,766)**
Total issue of debentures and similar securities	**17,494**	**177,781**	**991,393**	**692,850**	**593,333**	**2,020,540**	**4,475,897**	**4,493,391**
Issue of promissory notes	409,000	–	–	–	–	–	–	**409,000**
Total issuance of promissory notes	**409,000**	**–**	**–**	**–**	**–**	**–**	**–**	**409,000**
Total	428,633	275,237	989,229	690,834	1,011,779	2,020,540	4,987,619	5,416,252

The changes in net financial debt in 2023, which arose from cash flows, are detailed in the table below:

Thousands of Euros	31 December 2022	Cash flows	31 December 2023
Lines of credit	–	375	375
Loans	420,000	(95,800)	324,200
Liabilities associated with assets classified as held for sale (Note 23)	75,700	(75,700)	–
Syndicated financing	100,000	5,000	105,000
Issue of promissory notes	409,000	(117,000)	292,000
Bond issues	4,510,200	70,000	4,580,200
Gross financial debt (nominal gross debt)	**5,514,900**	**(213,125)**	**5,301,775**
Cash and cash equivalents	(159,957)	(277,833)	(437,790)
Net financial debt	**5,354,943**	**(490,958)**	**4,863,985**

In 2022, the Parent reclassified a mortgage loan of 75,700 thousand euros to "Liabilities associated with assets classified as held for sale" (Note 23.2). This liability has been cancelled in the 2023 financial year.

14.1 Issues of the Parent's straight bonds

The detail of the issues of standard debentures made by the parent company is as follows:

Thousands of Euros

Issue date	Duration	Maturity	Fixed coupon payable annually	Issue amount	31 December 2023	31 December 2022
28-10-16	8 years	10-2024	1.450%	600,000	187,200	187,200
10-11-16	10 years	11-2026	1.875%	50,000	50,000	50,000
28-11-17	8 years	11-2025	1.625%	500,000	500,000	500,000
28-11-17	12 years	11-2029	2.500%	370,000	370,000	300,000
17-04-18	8 years	04-2026	2.000%	650,000	650,000	650,000
14-10-20	8 years	10-2028	1.350%	500,000	500,000	500,000
22-06-21	8 years	06-2029	0.750%	625,000	625,000	625,000
Total issues					**2,882,200**	**2,812,200**

A TAP (Takedown Allocation Process) bond issue is the process of issuing new bonds, based on existing bond issues, to an investor or group of investors. This issue maintains the same maturity date, par value and coupon rate as the original issue, but issued at a price at current market conditions. In November 2023, the parent company has formalised a TAP on the issue of bonds maturing in November 2029 for an amount of 70,000 thousand euros.

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. All outstanding bond issues are subject to the Green Financing Framework, the pillars of which are energy efficiency, prevention and reduction of carbon emissions from the Group's assets.

On 31 December 2023 and 2022, the fair value of the bonds issued by the Parent was 2,706,549 thousand euros and 2,440,714 thousand euros, respectively.

14.1.1 European Medium Term Note Programme

On 5 October 2016, the Parent registered a 12-month European Medium Term Note programme for 3,000,000 thousand euros, which can be extended to 5,000,000 thousand euros, on the Irish Stock Exchange. On 11 July 2023, the Irish Stock Exchange approved the registration of the programme renewal in the official registers of the Parent's Euro Medium Term Note Programme.

14.1.2 Compliance with financial ratios

The simple obligations currently in force stipulate that certain financial ratios must be met by 30 June and 31 December of each year. These ratios had been met at 31 December 2023 and 2022.

14.2 Issuance of straight SFL bonds

The detail of the issues of non-convertible debentures made by SFL is as follows:

Thousands of Euros

Issue date	Duration	Maturity	Fixed coupon payable annually	Issue amount	31 December 2023	31 December 2022
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	599,000
21-10-21	6.5 years	04-2028	0.500%	599,000	599,000	599,000
Total issues					**1,698,000**	**1,698,000**

These bonds constitute non-subordinated debentures and without any preference among them, and have been admitted to trading on the Euronext Paris regulated market.

On 31 December 2023 and 2022, the fair value of the bonds issued by SFL was 1,599,576 thousand euros and 1,470,152 thousand euros, respectively.

14.3 Issue of promissory notes by the Parent

The parent company registered a European Commercial Paper programme on the Irish Stock Exchange in December 2018 for a maximum limit of 300,000 thousand euros with a short-term maturity, subsequently extended to 500,000 thousand euros. This programme has been renewed on 25 October 2023. As of 31 December 2023 and 2022, there are no current issuances.

14.4 Issuing promissory notes by SFL

In September 2018, SFL registered a short-term promissory note (NEU CP) issuance programme for a maximum amount of 500,000 thousand euros with a short-term maturity. This programme was renewed in May 2023. As at 31 December 2023, outstanding issues amounted to 292,000 thousand euros (31 December 2022: 409,000 thousand euros).

14.5 Syndicated financing of the Parent

The detail of the parent company's syndicated financing is detailed in the following table:

		31 December 2023		31 December 2022	
Thousands of Euros	Maturity	Limit	Nominal drawn down	Limit	Nominal drawn down
Syndicated financing	11-2027	1,000,000	105,000	1,000,000	–
Total parent company syndicated financing		**1,000,000**	**105,000**	**1,000,000**	**–**

This line of financing has the status of sustainable as its margin is linked to the rating obtained by the GRESB agency. The fixed interest rate is variable with a margin referenced to the EURIBOR.

14.5.1 Compliance with financial ratios

On 31 December 2023 and 2022, the Parent complied with all financial ratios.

14.6 SFL syndicated financing

The detail of SFL's syndicated financing is detailed in the following table:

		31 December 2023		31 December 2022	
Thousands of Euros	Maturity	Limit	Nominal drawn down	Limit	Nominal drawn down
Syndicated financing	06-2024	–	–	390,000	100,000
Syndicated financing	06-2028	835,000	–	–	–
Total SFL syndicated financing		**835,000**	**–**	**390,000**	**100,000**

In June 2023, SFL formalised a new syndicated credit line for 835,000 thousand euros maturing in June 2028 and extendable to 2030. This sustainable rated facility includes three ESG performance indicators. SFL, in turn, has cancelled the 390,000 thousand euro credit line maturing in June 2024.

The interest rate set for the new credit line is variable with a margin linked to EURIBOR.

14.6.1 Compliance with financial ratios

On 31 December 2023 and 2022, SFL complied with the financial ratios stipulated in its financing agreement.

14.7 Other loans

The Group holds unsecured loans. The total limits and balances provided are detailed below:

			31 December 2023		31 December 2022	
Thousands of Euros	Society	Maturity	Limit	Nominal drawn down	Limit	Nominal drawn down
Bilateral loans 1	SFL	06.2025	145,000	–	175,000	–
Bilateral loans 2	SFL	07.2027	140,000	–	200,000	–
Bilateral loans 3	SFL	06.2024	–	–	75,000	–
Bilateral loans 4	SFL	05.2025	100,000	–	150,000	–
Bilateral loans 5	SFL	10.2025	100,000	–	100,000	–
Bilateral loans 6	SFL	12.2028	100,000	–	100,000	–
Bilateral loans 7	SFL	03.2027	100,000	–	100,000	–
Bilateral loans 8	SFL	11.2027	50,000	–	50,000	–
Bilateral loans (Revolving Credit Facility)			**735,000**	**–**	**950,000**	**–**
Other loan 1	Colonial	04.2027	–	–	100,000	100,000
Other loan 2	SFL	12.2027	300,000	300,000	300,000	300,000
Other loan 3	Inmocol	02.2027	24,200	24,200	20,000	20,000
Other loans			**324,200**	**324,200**	**420,000**	**420,000**
Total loans			**1,059,200**	**324,200**	**1,370,000**	**420,000**

Bilateral loans in Revolving Credit Facility (RCF) format

In January 2023, the Parent Company repaid in advance the entire loan from BBVA of 100,000 thousand euros maturing in April 2027.

During June 2023, SFL restructured its credit lines, cancelling the 75,000 thousand euro credit line with Banque Postale, reducing the limit on the BECM credit line from 200,000 thousand euros to 140,000 thousand euros and on the BNP Paribas line from 150,000 thousand euros to 100,000 thousand euros. In addition, in November 2023, the available limit of the CADIF credit line was reduced from 175,000 thousand euros to 145,000 thousand euros and the maturity of the Intesa Sanpaolo loan was extended to December 2028.

Other loans

In May 2023, the loan of the subsidiary Inmocol Torre Europa, S.A. was increased from 20,000 thousand euros to 24,200 thousand euros, with the same conditions.

14.7.1 Compliance with financial ratios

All these SFL loans are subject to compliance with certain financial ratios on a half-yearly basis. At 31 December 2023 and 2022, SFL complied with the financial ratios stipulated in the respective financing agreements.

14.8 Guarantees delivered

On 31 December 2023, the Group has granted guarantees to government bodies, customers and suppliers in the amount of 20,385 thousand euros (8,883 thousand euros at 31 December 2022). Of the total guarantees granted, the principal amount of 13,000 thousand euros corresponds to the guarantee that the parent company has granted to a buyer for the advance payment made by the latter for the future acquisition of a residential complex.

Of the rest of the collateral provided, the main guarantee granted, amounting to 4,804 thousand euros, corresponds to commitments acquired by the company Asentia. In this regard, the Parent and Asentia have signed an agreement whereby, if any of the guarantees are executed, Asentia must compensate the Parent for any loss incurred within a maximum period of 15 days.

14.9 Cash and cash equivalents

Cash and cash equivalents include cash in banks and in hand, as well as highly liquid fixed income and/or money market investments that will be readily convertible to known amounts of cash with maturities of three months or less, as well as highly liquid money market investments and bank deposits with longer maturities, but with maturities or contractual redemption periods of three months or less without penalty. Due to the high credit quality and short term nature of these investments due to their redemption terms there is a negligible risk of change in value. At 31 December 2023 and 2022, this heading includes cash and cash equivalents amounting to 437,790 thousand euros and 159,957 thousand euros, respectively, as follows:

Thousands of Euros	31 December 2023	31 December 2022
Cash in banks and savings banks	181,078	99,957
Fixed income and/or money market investments and bank deposits	256,712	60,000
Total	**437,790**	**159,957**

1,923 thousand euros of the item “Cash in banks and savings banks” are restricted or pledged as at 31 December 2023 (2022: 1,382 thousand euros).

14.10 Debt arrangement costs

In 2023 and 2022, the Group recognised in the consolidated statement income 5,470 thousand euros and 8,636 thousand euros, respectively, corresponding to arrangement costs paid during the year (Note 19.8).

14.11 Financing interest

The Group's average interest rate in 2023 was 1.72% (1.44% in 2022) or 2.01% including the accrual of fees (1.73% in 2022). The average interest rate of the Group's debt at 31 December 2023 (spot) is 1.75% (1.71% at 31 December 2022).

The amount of accrued interest pending payment recorded in the consolidated statement of financial position amounts to:

Thousands of Euros	31 December 2023	31 December 2022
Obligations	27,046	26,957
Bank borrowings	1,914	2,354
Total	**28,960**	**29,311**

14.12 Capital management and risk management policy

Companies that operate in the real estate sector require a significant level of investment to guarantee the development of their projects and the growth of their business through the acquisition of real estate in equity and/or land.

The Group's financial structure requires its sources of financing to be diversified in entities as well as products and maturity, with the objective of ensuring its companies continue to be profitable businesses and being able to maximise shareholder return.

14.13 Financial risk management policy

The Group efficiently manages financial risks with the objective of having an adequate financial structure that allows high levels of liquidity to be maintained as well as minimising financing costs, reducing volatility due to capital changes and ensuring compliance with its business plans.

Interest-rate risk: The risk management policy has the objective of limiting and controlling the impact of variations in interest rates on the result and cash flows, maintaining the level of indebtedness and the overall cost of debt in line with the Group's credit rating.

To achieve this objective, interest rate hedging instruments are contracted, if necessary, to cover possible financial cost fluctuations. The Group's policy is to contract instruments that comply with the provisions of the accounting regulations to be considered as efficient accounting coverage, and thus record its market value variations directly in the Group's other consolidated result. On 31 December 2023, the percentage of hedged or fixed-rate debt as a percentage of the Group's total debt was 100% (as at 31 December 2022 was 96%).

Liquidity risk: In order to manage liquidity risk and meet the diverse needs for funds, based on the annual treasury budget, the Group monitors the treasury forecasts monthly.

The Group considers the following mitigating factors for liquidity risk management: (i) the generation of recurring cash in the businesses on which the Group bases its activity; (ii) the ability to renegotiate and obtain new financing facilities based on long-term business plans and (iii) the quality of the Group's assets.

Occasionally there may be excess cash making it possible to have undrawn credit facilities or highly-liquid deposits with no risk. At 31 December 2023, the Group has sufficient financing facilities to meet its short-term maturities. The Group does not arrange high-risk financial products as a method of investing cash surpluses.

Counterparty risk: The Group mitigates this risk by carrying out financial operations with leading institutions, as well as accessing the debt market through bond issues.

Credit risk: the Group analyses the exposure implied by at-risk accounts receivable on an ongoing basis, monitoring their settlements and recognising charges whenever its receivables are deemed impaired.

15. Derivative financial instruments

The following table details the financial instruments and the fair value of each of them:

Society		Interest rate	Early settlement	Maturity	Nominal (Thousands of Euros)	Fair value – Assets / (Liabilities)(*) (Thousands of Euros)
Cash flow hedges						
Swap	Inmocol	0.8400%	–	2027	20,000	1,126
Swap	Inmocol	3.0273%	–	2027	4,200	(61)
Swap	SFL	2.6250%	–	2027	100,000	(810)
Swap	SFL	2.4920%	–	2029	100,000	(829)
Swap	SFL	2.4240%	–	2029	100,000	(451)
Swap	SFL	2.4925%	–	2029	200,000	(1,662)
Cash flow hedges of planned future transactions						
Swap	Colonial	2.4550%	2024	2029	173,000	(1,730)
Swap	Colonial	2.4562%	2024	2029	165,700	(1,666)
Swap	Colonial	2.4535%	2024	2029	168,050	(1,671)
Swap	Colonial	2.2790%	2025	2030	747,500	(1,818)
Swap	Colonial	2.4500%	2027	2032	173,500	278
Swap	Colonial	2.4173%	2027	2032	173,300	408
Swap	Colonial	2.4820%	2028	2033	213,500	423
Swap	Colonial	2.4709%	2028	2033	213,350	522
Swap	Colonial	2.6400%	2028	2033	102,750	(235)
Swap	Colonial	2.4995%	2028	2033	101,470	327
Swap	SFL	2.3750%	2025	2030	100,000	(1,190)
Total at 31 December 2023					**2,856,320**	**(9,039)**

(*) Including accrued interest on cash flow hedges.

Society		Interest rate	Early settlement	Maturity	Nominal (Thousands of Euros)	Fair value – Assets / (Liabilities)(*) (Thousands of Euros)
Cash flow hedges						
CAP	SFL	2.0000%	–	2023	100,000	13
Swap	SFL	2.6250%	–	2027	100,000	1,762
Swap	SFL	2.4920%	–	2029	100,000	3,162
Swap	SFL	2.4240%	–	2029	100,000	3,603
Swap	SFL	2.4925%	–	2029	200,000	6,322
Collar	Inmocol	0.8400%	–	2027	20,000	1,829
Cash flow hedges of planned future transactions						
Swap	Colonial	0.3460%	2023	2033	25,000	5,841
Swap	Colonial	0.3490%	2023	2033	150,000	35,010
Swap	Colonial	0.5730%	2024	2029	173,000	18,510
Swap	Colonial	0.5673%	2024	2029	165,700	17,752
Swap	Colonial	0.5695%	2024	2029	168,050	17,979
Swap	Colonial	0.6190%	2025	2030	747,500	76,868
Swap	Colonial	0.7075%	2027	2032	173,500	16,035
Swap	Colonial	0.7040%	2027	2032	173,300	16,059
Swap	Colonial	0.7600%	2028	2033	213,500	19,140
Swap	Colonial	0.7570%	2028	2033	213,350	19,188
Swap	Colonial	0.8000%	2028	2033	102,750	8,982
Swap	Colonial	0.7900%	2028	2033	101,470	8,974
Total at 31 December 2022					**3,027,120**	**277,029**

(*) Including accrued interest on cash flow hedges.

During the second half of 2022, the Parent cancelled forward starting hedging instruments for a nominal amount of 1,337,500 thousand euros, maturing in 2034 and 2035 (and initial terms of 7 and 10 years). The Parent applied hedge accounting to these instruments based on forecasted future debt issuance transactions. As the forecast transactions remain probable, the Parent has retained in equity the amount recorded for the change in market value of these hedges up to the time of cancellation (185,752 thousand euros). This amount will be reclassified to the consolidated income statement as of the date on which the initially hedged debt issues were planned. These cancellations had a cancellation cost recorded in the consolidated income statement of 1,992 thousand euros (Note 19.8).

During the second half of 2023, the Parent cancelled forward starting hedging instruments for a nominal amount of 2,232,120 thousand euros, maturing in 2024, 2025, 2027 and 2028 (and 5-year terms). The Parent applied hedge accounting to these instruments based on forecasted future debt issuance transactions. As the forecast transactions remain probable, the Parent has retained in equity the amount recorded for the change in market value of these hedges up to the time of cancellation. This amount will be reclassified to the consolidated income statement as of the date on which the initially hedged debt issues were planned.

In 2023, the Parent collected a total of 211,774 thousand euros for the value of the cancelled foward starting swap and for the maturity of the Natwest hedging instruments for a nominal amount of 175,000 thousand euros. This amount is included in “Cash flows from financing activities” in the consolidated cash flow statement.

In parallel, the Parent has contracted new derivatives with a notional amount of 2,232,120 thousand euros and maturing in 2024, 2025, 2027 and 2028 (all with a term of 5 years).

In addition, SFL has contracted five cash flow hedges for a total nominal amount of 600,000 thousand euros, maturing in 2023, 2027 and 2029. These hedges have an average rate of 2.42%.

On 31 December 2023, 3,930 thousand euros of income was recognised under "Finance costs" in the consolidated income statement for the recycling of cancelled forward starting hedges (see Note 19.8 "Finance costs and similar expenses") and 3,834 thousand euros of income corresponding to interest on hedges in force, as well as 151 thousand euros of costs in cancelling and advising on hedging transactions (see Note 19.8 "Results from derivative financial instruments").

15.1 Hedge accounting

On 31 December 2023 and 2022, the Parent and SFL applied hedge accounting to different derivative financial instruments.

On 31 December 2023, the cumulative impact recognised directly in equity in the consolidated statement of financial position due to hedge accounting amounted to a credit balance of 214,929 thousand euros, after recognition of the tax impact and consolidation adjustments. At 31 December 2022, the impact recorded amounted to a credit balance of 293,115 thousand euros (Note 13.4).

15.2 Fair value of derivative financial instruments

The fair value of the derivatives was calculated by discounting estimated future cash flows based on an interest rate curve and on assigned volatility at 31 December 2023, 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 32,096 thousand euros and –32,293 thousand euros, respectively.

16. Trade creditors and other non-current liabilities

The breakdown of these headings by nature and due dates of the consolidated financial statements is as follows:

		31 December 2023		31 December 2022	
Thousands of Euros	Note	Current	Non-Current	Current	Non-Current
Trade and other payables		45,470	–	42,533	–
Payables for real estate purchases		19,985	–	34,991	–
Advances	11	76,475	–	59,956	–
Guarantees and deposits received		4,200	82,003	4,005	80,562
Debts with Social Security		2,531	–	2,885	–
Advanced income		1,978	–	2,187	–
Other payables and liabilities		25,726	259	22,397	359
Total		**176,365**	**82,262**	**168,954**	**80,921**

16.1 Trade and other payables

This mainly collects the outstanding amounts for trade purchases made by the Group, and their related costs.

16.2 Payables for real estate purchases

Collects debts derived from acquisitions of shares and/or real estate. As of 31 December 2023 and 2022, the amount included in this item corresponds mainly to payments for refurbishment or renovation works on various properties in the development of SFL. The effect of updating deferred payments is not significant.

16.3 Customer advances

Non-current advances mainly include the amount of 28,287 thousand euros on account of the price of the asset being promoted by the Group under the sale and purchase agreement subject to suspensive conditions signed by the Parent and a third party (Note 11), 13,985 thousand euros on account of the price for the sale of two assets recorded under assets classified as held for sale, as well as amounts collected in advance from SFL's customers amounting to 30,970 thousand euros.

16.4 Guarantees and deposits received

This essentially collects the amounts delivered by the tenants as collateral.

16.5 Advanced income

This collects the amounts received by SFL as entry fees, which correspond to amounts billed by tenants to reserve a unique space, and which are recognised as income in a linear manner during the minimum duration of the corresponding lease.

16.6 Average payment period to suppliers and trade creditors

The information required by Law 18/2022, of 28 September, on the incorporation and growth of companies, and by the second final provision of Law 31/2014, of 3 December, which amends the Companies Act to improve corporate governance, and by the third additional provision of Law 15/2010, of 5 July, which amends Law 3/2004, of 29 December, which establishes measures to combat late payment in commercial transactions, is detailed below, all in accordance with the provisions of the Resolution of 29 January 2016 of the Spanish Institute of Chartered Accountants (ICAC) on the information to be included in the notes to the consolidated financial statements regarding the average payment terms to suppliers in commercial transactions of the various Spanish companies that make up the Group.

	2023	2022
	Days	Days
Average period of payment to suppliers	39	41
Ratio of transactions paid	40	41
Ratio of outstanding transactions	31	43
	Amount (Thousands of Euros)	Amount (Thousands of Euros)
Total payments made	188,646	178,185
Total number of invoices paid	20,523	29,008
Total outstanding payments	13,882	10,230
Total payments made within the maximum legal deadline	156,634	145,671
Total payments made within the maximum legal deadline over total payments made	83.00%	82.00%
Total invoices paid within the maximum legal deadline	19,746	26,732
Total invoices paid within the maximum legal deadline as a percentage of total invoices paid	96.00%	92.00%

The data included in the previous table on payments to suppliers refer to those that by their nature are accounts payable for debts with suppliers of goods and services, so that data related to certain items of the “Trade payables and other accounts payable” are included from the consolidated statement of financial position.

On 26 July 2013, Law 11/2013 on measures to support entrepreneurs, stimulate growth and job creation, which modifies the Late Payment Law (Law 3/2004, of 29 December) entered into force. This modification establishes that the maximum period of payment to suppliers, from 29 July 2013, will be 30 days, unless there is a contract between the parties that raises this to a maximum of 60 days.

In relation to payments made outside the maximum legal term set, these correspond mainly to payments related to contracting works and real estate renovation, which are paid within the term established in the corresponding contracts signed with the contractors.

17. Provisions and contingent assets and liabilities

The movement of the headings of the consolidated statement of financial position "Current provisions" and "Non-current provisions" and their corresponding detail is as follows:

	Non-current	Current
Thousands of Euros	Staff provisions	Provisions for risks and other provisions
Beginning balance	**1,555**	**4,195**
Provisions	851	–
Provisions against equity	(132)	–
Other disposals	(71)	(1,494)
Application	(12)	–
Transfers	(836)	836
Ending balance	**1,355**	**3,537**

17.1 Long-term provisions

17.1.1 Personal provision

Includes amounts corresponding to retirement indemnities and long-service bonuses for SFL employees (Note 4.11) amounting to 997 thousand euros on 31 December 2023 (1,036 thousand euros at 31 December 2022).

17.2 Current provisions

Current provisions include an estimate of various future risks of the parent company.

18. Tax situation

18.1 Option for SOCIMI and SIIC Tax Regime

On 30 June 2017, the parent company opted for the REIT tax regime (Note 1). Since 1 January 2003, SFL has been subject to the French tax regime applicable to listed real estate investment companies (hereinafter referred to as the SIIC regime).

18.2 Balances held with public administrations

Details of "Tax assets" and "Deferred and non-current tax assets" in the consolidated statement of financial position are as follows:

		Current		Non-current	
Thousands of Euros	Note	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Public Treasury, debtor for tax concepts		3	9	–	–
Public Treasury, debtor for corporate taxes		10,641	606	–	–
Public Treasury, VAT debtor		8,890	18,621	–	–
Deferred tax assets	18.5	–	–	504	510
Total		**19,534**	**19,236**	**504**	**510**

Details of "Tax liabilities" and "Deferred and non-current tax liabilities" in the consolidated statement of financial position are as follows:

		Current		Non-current	
Thousands of Euros	Note	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Public Treasury, company tax credit		1,952	374	–	–
Public Treasury, creditor for tax concepts		2,835	3,327	–	–
Public Treasury, VAT creditor		4,432	7,720	–	–
Deferred tax liabilities	18.6	–	–	305,992	348,156
Total		**9,219**	**11,421**	**305,992**	**348,156**

18.3 Reconciliation of income tax results

Law 27/2014, of 27 November, on corporate tax, effective 1 January 2015, established in its article 29 that the general tax rate for taxpayers was 25 percent.

On 30 June 2017, the parent company opted for the SOCIMI tax regime, which was applicable with effect 1 January 2017 (Note 1). After the option for the REIT system, the results derived from the REIT activity are taxed at a rate of 0% as long as the requirements for this are met (Note 4.14).

The details of the "Income tax" heading of the consolidated income statement was as follows:

Thousands of Euros	2023	2022
Income tax expense	227	(3,647)
Deferred tax revaluation assets at fair value (IAS 40)	38,281	13,208
Other non-main components	(830)	(1,935)
Company tax	**37,678**	**7,626**

18.4 Reconciliation between income tax expense and prima facie tax

Thousands of Euros	2023	2022
Profit from continuing activities before tax	(1,215,255)	41,992
	(1,215,255)	**41,992**
Taxed at the Spanish tax rate of 25%	303,813	(10,498)
Tax effect of amounts that are not deductible (taxable) in the calculation of the tax benefit:		
IAS 40 application (revaluations and redemptions of depreciation)	(310,138)	4,127
Other adjustments	(2,796)	(2,198)
Subtotal	**(9,121)**	**(8,569)**
Difference in tax rates by REIT and SIIC regime	41,178	19,921
Difference in foreign tax rates	(633)	(971)
Adjustments to current tax for previous years	–	1
Unrecognised tax losses previously used to reduce deferred tax expense	773	773
Unrecognised tax losses previously recovered now to reduce current tax expense	(637)	(637)
Tax losses for the year not recognised in accounting	6,118	(2,892)
Income tax expense	**37,678**	**7,626**

18.5 Deferred tax assets

The detail of deferred tax assets registered by the Group is as follows:

			Recognised in accounting		
Thousands of Euros	Note	31 December 2022	Inclusions	Write-offs	31 December 2023
Leases	7.2	289	586	(401)	474
Other		221	–	(191)	30
Total		**510**	**586**	**(592)**	**504**

18.5.1 Prior years tax losses pending offset

The tax loss carryforwards of Spanish companies accumulated on 31 December 2023 amount to 5,355,277 thousand euros.

The recent ruling of the Constitutional Court of 18 January 2024 (question of unconstitutionality 2577/2023) has declared unconstitutional certain measures on corporate income tax introduced by this Royal Decree-Law. Based on the information available at the date of preparation of the accounts, the Parent estimates that it will obtain a refund of the amount paid in excess of approximately 9 million euros, but classifies this asset as contingent because it does not consider it virtually certain that it will be obtained.

18.5.2 Deferred assets for tax credits through deductions

The Group has various deductions pending application on 31 December 2023 due to insufficient tax liability amounting to a total of 1,858 thousand euros not activated.

18.6 Deferred tax liabilities

The details of deferred tax liabilities along with their movements are detailed in the following tables:

Thousands of Euros	31 December 2022	Inclusions	Write-offs	31 December 2023
Asset revaluation	343,006	(28,957)	(12,848)	301,201
Asset revaluation – Spain	139,512	1,582	(12,848)	128,246
Asset revaluation – France	203,494	(30,539)	–	172,955
Deferral for reinvestment	4,222	(188)	–	4,034
Hedge Instruments	452	(169)	–	283
Other	476	(2)	–	474
Total	**348,156**	**(29,316)**	**(12,848)**	**305,992**

18.6.1 Deferred liability for asset revaluation

This corresponds, essentially, to the difference between the accounting cost of market-valued real estate investments (IFRS base) and their tax cost (valued at acquisition cost, net of amortisation and impairment of the value that would have been deductible).

Asset revaluation – Spain

This includes the amount of deferred taxes associated with the Group's real estate investments located in Spain, which would be accrued if said assets are transmitted at the fair value to which they are registered, using the effective rate that would apply to each of companies taking into account the applicable regulations and the existence of unregistered tax credits.

Following the adoption of the SOCIMI tax regime during 2017, the changes in deferred taxes recorded at the effective rate relate mainly to the properties owned by the companies that did not choose to operate under this regime, i.e. Inmocol Torre Europa, S.A., as well as the deferred taxes prior to the SOCIMI properties opting for this regime. In the calculation of deferred tax liabilities, the Group considers the application of 42,727 thousand euros of deferred tax assets arising from tax loss carryforwards.

Asset revaluation – France

Includes the amount of the deferred taxes associated with the Group's investment property located in France, which would accrue if those assets are sold. It should be recalled that almost all assets in France are subject to the SIIC regime (Note 4.14-m), so they will not generate additional tax at the time of transmission. Only the assets of the companies forming part of the Parholding subgroup would fall outside of that tax regime at 31 December 2023 and 2022.

18.7 Tax years pending verification and inspection actions

The Group has the last four tax years open for inspection for all taxes applicable to it in Spain and France, except for corporate income tax of Spanish companies with negative tax bases to be offset or deductions pending application, in which case the verification period extends to 10 tax years.

On 2 November 2022, the Parent was notified of the commencement of general verification and investigation audits for corporate income tax for 2018 to 2021, and for value added tax, withholdings on account of non-residents and withholdings and payments on account of income from employment, professional activities and economic activities for the period October 2018-December 2021.

No significant additional liabilities are expected to accrue to the Group as a result of ongoing inspections or inspections for the remaining years.

18.8 Disclosure requirements relating to REIT status, Law 11/2009, as amended by Law 16/2012

The information requirements relating to the REIT status of the Parent and its subsidiaries are included in the corresponding notes to the individual financial statements.

18.9 Adherence to the code of good tax practices

On 10 December 2015, the Board of Directors of the Parent agreed to adhere to the Code of Best Tax Practices ("CBPT" hereinafter). This agreement was communicated to management on 8 January 2016. During 2023, the Parent presented the Annual Tax Transparency Report for companies adhering to the CBPT for 2022, following the proposal for the reinforcement of good corporate tax transparency practices for companies adhering to the Code of Good Tax Practices, approved at the plenary session of 20 December 2016.

19. Income and expense

19.1 Revenue

The net amount of turnover corresponds to the ordinary income from contracts with clients for rents derived from the Group's equity activity, which basically focuses on the markets of Barcelona, Madrid and Paris. The net amount of turnover and its distribution by segments is included in the following table:

Thousands of Euros	2023	2022
Barcelona	42,729	44,569
Madrid	92,363	98,201
Paris	234,420	204,517
Total assets (traditional business)	**369,512**	**347,287**
Total flexible business	**17,770**	**14,326**
Total net turnover	**387,282**	**361,613**

The income for 2023 and 2022 include the effect of rental incentives throughout the minimum duration of the contract (Note 4.15). Revenue also includes the accrued amounts received in connection to rights of entry (Note 16.5). At 31 December 2023, the impact of the above accruals led to an increase in turnover of 46,098 thousand euros (25,493 thousand euros for 2022).

The total amount of the minimum future lease charges corresponding to the Group's non-cancellable operating leases, in accordance with the contracts in force on each date, and without taking into account the impact of common expenses, future increases in the CPI or future income updates based on contractually agreed market parameters is as follows:

	Nominal Value(*)	
Thousands of Euros	31 December 2023	31 December 2022
Less than one year	*303,935*	*288,975*
Spain	128,086	132,192
France	175,849	156,783
Between one and five years	*944,304*	*821,644*
Spain	240,336	220,234
France	703,968	601,410
More than five years	*667,875*	*665,585*
Spain	31,212	40,323
France	636,663	625,262
Total	**1,916,114**	**1,776,204**
Spain	*399,634*	*392,749*
France	*1,516,480*	*1,383,455*

(*) Nominal value without taking into account the effect of rental incentives.

19.2 Other operating income

They correspond, fundamentally, to the provision of real estate services. and amounted to 12,400 thousand euros and 9,304 thousand euros on 31 December 2023 and 2022, respectively.

19.3 Personnel expenses

The "Staff costs" heading in the consolidated income statement is as follows:

Thousands of Euros	2023	2022
Wages and salaries	19,543	19,017
Compensation	327	4,790
Social Security expenses borne by the Company	5,952	6,252
Other welfare expenses	6,506	7,388
Contributions to defined benefit plans	183	217
Internal reallocation	(1,413)	(1,445)
Total Employee costs	**31,098**	**36,219**
Spain	*15,584*	*17,836*
France	*15,514*	*18,383*

The item "Other employee benefit expenses" includes the amounts corresponding to the costs accrued in 2023 arising from the cost of the Parent Company's long-term remuneration plan (Note 20.1) and the SFL stock option plan (Note 20.2), for a combined amount of 4,739 thousand euros (5,320 thousand euros in the year 2022).

Contributions to defined benefit plans made by the Parent in 2023 and 2022 amount to 183 thousand euros and 217 thousand euros, respectively. At the end of both years, there are no outstanding amounts to contribute to the mentioned pension plan.

The number of people employed by the Group, as well as the average number of employees during the year distributed by categories and gender, was as follows:

No. employees

	2023		2022		Average headcount 2023		Average headcount 2022	
	Men	Women	Men	Women	Men	Women	Men	Women
General and Area Management	11	7	11	8	11	7	11	8
Qualified technicians and middle managers	43	50	39	45	38	45	36	43
Office clerks	36	90	36	98	39	97	34	94
Other	4	–	5	1	4	1	5	1
Total employees by gender	**94**	**147**	**91**	**152**	**92**	**150**	**86**	**146**
Total Group employees	**241**		**243**		**242**		**232**	

Of the total number of employees of the Group, the number of employees with a disability of 33% or more as at 31 December 2023 is 3 (2022: 4 people).

19.4 Other operating expenses

The "Other operating expenses" heading of the consolidated statement of income is as follows:

Thousands of Euros	2023	2022
External services and other expenses	24,189	27,935
Taxes	31,785	27,363
Total Other operating expenses	**55,974**	**55,298**

19.4.1 Net change in provisions

The movement in the year in the operating provisions included in external services and other expenses is as follows:

Thousands of Euros	2023	2022
Net provision for insolvencies and other provisions	1,644	1,488
Other allocations/(reversals) of provisions	3,683	(968)
Total Net variation of provisions	**5,327**	**520**

19.5 Net gain/(loss) on sales of assets

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

	Spain		France		Total	
Thousands of Euros	2023	2022	2023	2022	2023	2022
Sale price	445,363	56,624	58,296	26,872	503,659	83,496
Asset derecognition (Notes 9 and 23)	(429,680)	(49,650)	(58,033)	(27,035)	(487,713)	(76,685)
Write-off of waiting periods	(251)	(2)	–	–	(251)	(2)
Indirect and other costs	(11,732)	(594)	(421)	(277)	(12,153)	(871)
Net gain/(loss) on sales of assets	**3,700**	**6,378**	**(158)**	**(440)**	**3,542**	**5,938**

19.6 Gains/(losses) on changes in value of assets due to impairment

The detail of the nature of the impairments recorded in the "Result due to changes in asset value and impairment" heading of the consolidated income statement is presented in the following table:

Thousands of Euros	Note	2023	2022
Impairment / (Reversal) of property for own use	8	703	40
Substitute write-offs	9	(995)	(697)
Right-of-use assets		(591)	26
Impairment charges and net gains/(losses) on assets		**(883)**	**(631)**

19.7 Changes in value of investment property

The breakdown of the result of the "Variations in value in real estate investments" heading of the consolidated income statement broken down by type is as follows:

Thousands of Euros	Note	2023	2022
Investment property	9	(1,413,381)	(147,493)
Assets classified as held for sale – Investment property	23	(12,439)	–
Changes in value of investment property		**(1,425,820)**	**(147,493)**
Spain		*(465,543)*	*(186,129)*
France		*(960,277)*	*38,636*

19.8 Income and finance costs

The breakdown of the financial result broken down by type is as follows:

Thousands of Euros	Note	2023	2022
Finance income:			
Other interests and similar income		5,922	657
Total Financial Income		**5,922**	**657**
Finance costs:			
Finance costs and similar expenses		(106,574)	(82,525)
Capitalised financial costs		9,224	9,407
Finance costs for updating	7 and 18	(1,139)	(1,233)
Finance costs associated with debt cancellation and restructuring		(1,522)	(1,912)
Finance costs associated with arrangement costs	14.10	(5,470)	(8,636)
Gains/(losses) on derivative financial instruments	15	3,683	(1,992)
Total Finance Costs		**(101,798)**	**(86,891)**
Total Financial Result (Loss)		**(95,876)**	**(86,234)**

19.8.1 Capitalised interest costs

The detail of financial costs capitalised as plus cost of investment property and inventories is shown in the table below:

	Capitalised in the period		
Thousands of Euros	Investment property (Note 9)	Inventory (Note 11)	Average interest rate
FY 2023			
Inmobiliaria Colonial, SOCIMI, S.A.	5,665	–	1.84%
Inmocol Torre Europa, S.A.	298	–	1.77%
Peñalvento, S.L	–	382	1.84%
SFL Subgroup	2,879	–	1.82%
Total 2023	**8,842**	**382**	
FY 2022			
Inmobiliaria Colonial, SOCIMI, S.A.	5,130	–	1.88%
Inmocol Torre Europa, S.A.	274	–	1.49%
Peñalvento, S.L	–	390	1.88%
Wittywood, S.L.	37	–	1.88%
SFL Subgroup	3,576	–	1.13%
Total 2022	**9,017**	**390**	

19.9 Transactions with related parties

As a result of the restrictions provided for in French legislation in relation to the obligation to hold shares received under SFL stock option plans for a certain period of time, Juan José Brugera Clavero was unable to take part in the tender offer for SFL shares made by Colonial in 2021. During 2023, Juan José Brugera exchanged 14,550 SFL shares for 75,284 shares of the Parent plus 679 thousand euros in cash, applying the same conditions as those agreed for the public tender offer.

There were no significant additional related party transactions in 2023 and 2022.

19.10 Result by company

The contribution of each company included in the scope of consolidation to the consolidated results for the year was as follows:

	Net consolidated income		Net result attributed to non-controlling interests		Net profit for the year attributable to the Parent	
Thousands of Euros	2023	2022	2023	2022	2023	2022
Inmobiliaria Colonial, SOCIMI, S.A.	(396,266)	(134,719)	–	–	(396,266)	(134,719)
SFL Subgroup	(786,871)	181,616	(158,550)	40,584	(628,321)	141,032
Inmocol Torre Europa, S.A.	(108)	2,213	(54)	1,107	(54)	1,106
Peñalvento, S.L.U.	(662)	(127)	–	–	(662)	(127)
Colonial Tramit, S.LU	(2)	1	–	–	(2)	1
Utopicus Innovación Cultural, S.L.	7,088	1,151	–	–	7,088	1,151
Wittywood, S.L.	(751)	(517)	–	(52)	(751)	(465)
Inmocol One, S.A.U.	(2)	–	–	–	(2)	–
Inmocol Two, S.L.U.	(2)	–	–	–	(2)	–
Colonial LAB, S.L.U.	(1)	–	–	–	(1)	–
Total	**(1,177,577)**	**49,618**	**(158,604)**	**41,639**	**(1,018,973)**	**7,979**

20. Stock option plans

20.1 Long-term remuneration plan of the Parent

On 30 June 2021, the General Shareholders' Meeting approved a new long-term incentive plan consisting of the delivery of shares in the Parent, aimed at executives, including the Parent's executive directors, and other employees of the Colonial Group (the "Plan").

The plan has a duration of five years and is divided into three overlapping annual cycles of three years each, independent of each other. The first cycle of the Plan corresponds to the three-year period between 1 January 2021 and 31 December 2023, the second cycle of the Plan to the three-year period between 1 January 2022 and 31 December 2024 and the third cycle of the Plan to the three-year period between 1 January 2023 and 31 December 2025. The maximum number of shares to be delivered to the executive directors in the first cycle of the Plan is 170,196 shares for the executive vice-chairman of the board of directors of the Parent Company and 340,392 shares for the chief executive officer of Colonial.

As a general rule, the maximum total number of shares of the Parent that, in execution of the Plan, will be delivered to the beneficiaries of the Plan at the end of each cycle will be the result of dividing the maximum amount allocated to the corresponding cycle by the weighted average listed price of the Parent's shares in the 30 trading days prior to 1 January 2021. In addition, the number of shares to be received will be increased by a number of shares equivalent to the amount of dividends per share distributed by Colonial to its shareholders during each cycle based on the number of shares assigned to the beneficiary in the cycle. For these purposes, the weighted average of Colonial's share price on the dividend payment dates in each of the years of the cycle will be taken as the reference value of the share.

The delivery of the Parent's shares under the first cycle of the plan will take place in 2024, after the audited financial statements for 2023 have been prepared. The specific date of delivery of the shares will be determined by the Board of Directors.

Exceptionally, on 17 July 2022, following a resolution of the Board of Directors of the Parent (Note 22.1), 41,691 shares were delivered in advance to Juan José Brugera Clavero as accrual of the first cycle of the new plan while he had maintained his employment relationship with the Parent, including 14,592 shares earmarked for the fulfilment of the tax obligations of payment on account. These shares had a market value at the time of delivery of 252 thousand euros.

Shares received under this plan may not be sold or transferred by beneficiaries within the first year of receiving them, except as required to pay any taxes chargeable in this regard.

In 2023, an expense of 984 thousand euros (an expense of 1,019 thousand euros in 2022) has been recorded under the heading "Staff costs" in the consolidated income statement (Note 19.3).

20.2 SFL stock option plans

The subsidiary SFL maintains a free share allocation plan on 31 December 2023, whose details are as follows:

	Plan 5	Plan 6	Plan 6	Plan 7
Meeting date	20.04.2018	15.04.2021	15.04.2021	15.04.2021
Board of Directors Date	11.02.2021	18.02.2022	14.02.2023	14.02.2023
Initial target number	33,460	30,624	4,980	22,500
% initially expected	100%	100%	100%	100%
Number initially expected	33,460	30,624	4,980	22,500
Value per share (euros)	54.59	73.37	72.91	72.91
Options cancelled / outflows	(896)	(584)	(512)	–
% expected at closing	200%	100%	100%	100%
Estimated number at closing	65,128	30,040	4,468	22,500

Each share allocation plan has been calculated based on the expected number of shares multiplied by the unit fair value of those shares. This expected number of shares corresponds to the total number of shares multiplied by the expected purchase attribution percentage. The resulting amount is allocated linearly during the allocation period.

The fair value of the attributed shares is determined by the price at the date of attribution, corrected by the updated value of future dividends paid during the acquisition period, applying the Capital Asset Pricing Model (CAPM) method.

On 31 December 2023, the expected percentage at year-end for the 2021 plan was 200%, while for the 2022 and 2023 plan it was 100%.

During the first half of the financial year 2023, 67,760 bonus shares of the Plan number 5 with board date February 2020 have been delivered.

On 31 December 2023 and 2022, a total of 3,755 thousand euros and 4,301 thousand euros were recognised in the consolidated statement of income relating to these bonus share plans (Note 19.3).

21. Balances with related parties and associated companies

On 31 December 2023 and 2022 the Group did not have any balances outstanding with related parties and associates, with the exception of those detailed below.

The Parent has recorded guarantees received for leases from companies related to Puig, S.A. (Note 13.1), amounting to 498 thousand euros (2022: 281 thousand euros).

22. Director and senior management compensation and other benefits

22.1 Composition of the Parent's Board of Directors

On 31 December 2023, the Board of Directors of the Parent consists of 8 men and 5 women (7 men and 4 women in 2022).

On 31 December 2023, the composition of the Parent's Board of Directors is as follows:

	Position	Director Type
Mr Juan José Brugera Clavero	Chairman	Other external
Mr Pedro Viñolas Serra	Vice-chairman	Chairman
Mr Sheikh Ali Jassim M. J. Al-Thani	Director	Proprietary
Mr Giuliano Rotondo	Director	Proprietary
Mr Carlos Fernández González	Director	Proprietary
Mr Juan Carlos García Cañizares	Director	Proprietary
Mr Manuel Puig Rocha	Director	Proprietary
Ms. Begoña Orgambide García	Director	Proprietary
Mr Luis Maluquer Trepat	Director	Independent
Ms. Silvia Mónica Alonso-Castrillo Allain	Director	Independent
Ms. Ana Lucrecia Bolado Valle	Director	Independent
Ms. Ana Cristina Peralta Moreno	Director	Independent
Ms. Miriam González Amézqueta	Director	Independent

On 15 June 2023, Miriam González Amézqueta was appointed independent director and Manuel Puig Rocha was appointed proprietary director.

In addition, on 18 October 2023, Adnane Mousannif resigned from his position as proprietary director and was replaced by Giuliano Rotondo.

Pursuant to Article 229 of the Spanish Limited Liability Companies Law, at the close of 2023, the directors of the Parent reported that neither they nor any parties related thereto have any direct or indirect conflict with the interests of the Parent.

22.2 Remuneration of the Board of Directors

The breakdown of the remuneration received in 2023 and 2022 by the members of the Board of Directors of the Parent, by item, is as follows:

	31 December 2023			31 December 2022		
Thousands of Euros	Parent	Other group companies	Total	Parent	Other group companies	Total
Remuneration accrued by executive directors(*):	**1,566**	**–**	**1,566**	**6,313**	**–**	**6,313**
Non-executive directors per diems:	**1,030**	**12**	**1,042**	**831**	**27**	**858**
Fixed remuneration for non-executive directors:	**1,337**	**20**	**1,357**	**1,105**	**25**	**1,130**
Directors' remuneration	1,055	20	1,075	838	25	863
Additional compensation audit and control committee	137	–	137	117	–	117
Additional remuneration for the Nomination and remuneration	145	–	145	150	–	150
Remuneration executive directors(*):	**–**	**–**	**–**	**–**	**–**	**–**
Total	3,933	32	3,965	8,249	52	8,301
Amount of the remuneration obtained by the executive directors(*):	1,566	–	1,566	6,313	–	6,313

(*) The amount corresponding to the accrued expense associated with the long-term incentive plan described in Note 20 is not included.

On 31 December 2023 and 2022, the Parent had a civil liability insurance policy covering all of its directors, executives and staff, with a premium of 400 thousand euros and 620 thousand euros, respectively. The aforementioned amount includes, for both years, the civil liability insurance premium paid for damages caused by acts or omissions.

The Annual General Meeting held on 28 June 2016 approved granting the executive directors a defined contribution scheme that covers retirement contingencies and, where appropriate, disability and death. At 31 December 2023 and 2022, the Parent recognised 112 and 150 thousand euros, respectively, in this connection under "Staff costs" in the consolidated statement of income.

On 21 March 2023, following a resolution of the Board of Directors of the Parent Company, a total of 43,824 shares were exceptionally and equally delivered to Mr Brugera Clavero and Mr Pedro Viñolas Serra, as an extraordinary variable, including 17,729 shares earmarked for compliance with the tax obligations of the payment on account. These shares had a market value at the time of delivery of 339 thousand euros.

In addition to that stated in the previous paragraph, the Group has not been awarded loans or taken out pension plans or life insurance for the previous and current members of the Board of Directors of the parent company.

On 31 December 2023 and 2022, one member 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.

On 30 April 2022, Juan José Brugera Clavero terminated his employment relationship with the Parent, resulting in the payment of an indemnity of 3,000 thousand euros, which is included under the heading "Remuneration accrued by executive directors" in 2022.

In 2023 and 2022, 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.

22.3 Compensation to senior management

The senior management of the Parent, excluding the Chief Executive Officer, whose remuneration is included in the remuneration of the members of the Board of Directors, consists of all senior executives and other persons other than the Chief Executive Officer who, reporting directly to the Chief Executive Officer, assume the management of the Company. The Company's senior management team was made up of three men and three women at 31 December 2023 and 2022.

Monetary remuneration received by senior management in 2023 amounted to 2,331 thousand euros (2,375 thousand euros in 2022).

The Board of Directors held on 27 July 2016 approved awarding a member of senior management a defined contribution scheme that covers retirement contingencies and, where appropriate, disability and death. At 31 December 2023 and 2022, the Parent recognised 71 and 67 thousand euros, respectively, in this connection under "Staff costs" in the consolidated statement of income.

On 31 December 2023 and 2022, one member of senior management had signed a golden parachute clause, in the event of termination under certain circumstances or a change of control.

23. Assets classified as held for sale and liabilities associated with assets classified as held for sale

23.1 Assets classified as held for sale

The movements in this section of the statement of financial position have been the following:

		Investment property	
Thousands of Euros	Note	31 December 2023	31 December 2022
Beginning balance		**466,480**	**27,000**
Additions for subsequent capitalised disbursements		1,061	35
Transfers	9 and 12.3	121,125	489,994
Sale or disposal by other means	19.5	(454,054)	(50,549)
Net gain/(loss) from fair value adjustments	19.7	(12,439)	–
Ending balance		**122,173**	**466,480**

23.1.1 Movements in 2023

In 2023, a property in Paris owned by SFL and 6 properties (5 in Madrid and 1 in Almería) owned by the Parent were sold for a total amount of 464,786 thousand euros. The Group recorded a loss of 116 thousand euros in the consolidated income statement, including indirect costs of sale (Note 19.5).

In 2023, the Group transferred two assets and one plant from the consolidated statement of financial position heading "Investment property" in the amount of 173,544 thousand euros, one asset to the consolidated statement of financial position heading "Investment property" in the amount of 53,056 thousand euros, as well as 637 thousand euros from "Trade and other receivables" corresponding to the accrual of lease incentives.

23.1.2 Movements in 2022

In 2022, a property in Paris owned by SFL was sold for 26,872 thousand euros. The Group recorded a loss of 441 thousand euros in the consolidated income statement, including indirect costs of sale.

In 2022, the Group transferred 8 assets from the consolidated statement of financial position heading "Investment property" for 489,205 thousand euros and from "Trade and other receivables" corresponding to the accrual of lease incentives for 789 thousand euros.

In addition, in October 2022, the Parent disposed of a property located in Madrid, Sagasta, 27, for a sale price of 25,000 thousand euros. The Group recorded a profit of 841 thousand euros in the consolidated income statement, including indirect costs of sale.

23.1.3 Changes in the value of investment property classified as held for sale

The “Changes in value of investment property” heading in the consolidated income statement includes the revaluation results of assets classified as held for sale according to independent expert valuations (Note 4.4), as well as additional information available at year-end.

23.2 Liabilities associated with assets classified as held for sale

One of the assets transferred in 2022 from “Investment property” to “Assets classified as held for sale” in the consolidated statement of financial position was associated with a mortgage loan of 75,700 thousand euros and was therefore transferred from “Bank borrowings and other financial liabilities” under non-current liabilities (Note 14) to “Liabilities associated with assets classified as held for sale” in the consolidated statement of financial position. This asset has been disposed of and the associated financial liability cancelled during 2023.

24. Remuneration to auditors

Fees incurred for auditing services in 2023 and 2022 provided to the various companies composing the Group by the principal auditor and other auditors are set forth below:

	2023			2022		
Thousands of Euros	Main auditor	Other companies in the PwC network	Other auditors	Main auditor	Other companies in the PwC network	Other auditors
Audit services	384	369	325	335	359	307
Other verification services	61	–	4	99	–	4
Total audit and related services	**445**	**369**	**329**	**434**	**359**	**311**
Tax advisory services	–	–	29	–	–	170
Other services	106	30	222	68	86	349
Total other professional services	**106**	**30**	**251**	**68**	**86**	**519**
Total services	**551**	**399**	**580**	**502**	**445**	**830**

The principal auditor of the Group for 2023 and 2022 is PricewaterhouseCoopers Auditores, S.L.

The principal auditor’s fees for other assurance services include 61 thousand euros and relate to services provided to the Group for limited reviews, issuance of comfort letters and agreed-upon procedures reports on ratios linked to financing contracts (99 thousand euros in 2022).

During 2023, the principal auditor’s fees for other professional services rendered to the Group amount to 106 thousand euros and correspond to reviews of ESG indicators contained in the integrated annual report, the Green Bonds report, the greenhouse gas inventory, Socimis reports and the report on the compilation of pro forma financial information (68 thousand euros in 2022).

In addition, the companies in the PwC network have provided other professional services to the Group for a total amount of 30 thousand euros corresponding to reviews of English translations of corporate information (86 thousand euros in 2022, which included both technical reviews in cybersecurity and reviews of English translations of corporate information).

The principal auditor’s fees represent less than 1% of the Group’s billings in Spain.

25. Events after the reporting date

From 31 December 2023 to the date on which these consolidated financial statements were authorised for issue, no significant events took place with the exception of:

- As of 1 January 2024 the Parent Company will cease to have control over the subsidiary Inmocol Torre Europa, S.A. according to the joint venture agreement signed between the Parent Company and Inmo, S.L. As from that date, the Parent will consolidate this company using the equity method.

Appendix

Companies included in the scope of consolidation

On 31 December 2023 and 2022, the fully consolidated subsidiaries and the information thereon were as follows:

Spanish subsidiaries

	% shareholding					
	Direct		Indirect			
	2023	2022	2023	2022	Shareholder	Activity
Colonial Tramit, S.L.U. Avda. Diagonal 532 08006 Barcelona (Spain)	100%	100%	–	–	Parent	Inmobiliaria
Inmocol Torre Europa, S.A.(*) Avda. Diagonal 532 08006 Barcelona (Spain)	50%	50%	–	–	Parent	Inmobiliaria
Wittywood, S.L. Avda. Diagonal 532 08006 Barcelona (Spain)	100%	100%	–	–	Parent	Inmobiliaria
Inmocol One, S.A.U. Pº de la Castellana, 52 28046 Madrid (Spain)	100%	100%	–	–	Parent	Inmobiliaria
Inmocol Two, S.L.U. Pº de la Castellana, 52 28046 Madrid (Spain)	100%	100%	–	–	Parent	Inmobiliaria
Colonial LAB, S.L.U. Pº de la Castellana, 52 28046 Madrid (Spain)	100%	100%	–	–	Parent	Inmobiliaria
Peñalvento, S.L.U. Pº de la Castellana, 52 28046 Madrid (Spain)	100%	100%	–	–	Parent	Inmobiliaria
Utopicus Innovación Cultural, S.L.(*) Príncipe de Vergara, 112 28002 Madrid (Spain)	100%	100%	–	–	Parent	Coworking

(*) Company audited in 2023 by PricewaterhouseCoopers.

French subsidiaries

	% shareholding					
	Direct		Indirect			
	2023	2022	2023	2022	Shareholder	Activity
SA Société Foncière Lyonnaise (SFL) 42, *rue* Washington 75008 Paris (France)	98,38%	98,33%	–	–	Parent	Inmobiliaria
SNC Condorcet Holding(**) 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	SFL	Inmobiliaria
SNC Condorcet Propco(**) 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	SNC Condorcet Holding	Inmobiliaria
SCI Washington(*) 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	SFL	Inmobiliaria
SCI 103 Grenelle(*) 42, *rue* Washington 75008 Paris (France)	–	–	51%	51%	SFL	Inmobiliaria
SCI Paul Cézanne(*) 42, *rue* Washington 75008 Paris (France)	–	–	51%	51%	SFL	Inmobiliaria
SA Segpim(*) 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	SFL	Marketing of real estate and provision of services
SAS Locaparis(*) 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	Segpim	Marketing of real estate and provision of services
SAS Maud(*) 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	SFL	Inmobiliaria
SAS SB2(*) 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	SFL	Inmobiliaria
SAS SB3(*) 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	SFL	Inmobiliaria
SCI SB3 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	SFL	Inmobiliaria
SAS Parholding(*) 42, *rue* Washington 75008 Paris (France)	–	–	Merged	100%	SFL	Inmobiliaria
SAS 92 Champs–Elysées(**) 42, *rue* Washington 75008 Paris (France)	–	–	51%	51%	SFL	Inmobiliaria
SAS Cloud(**) 42, *rue* Washington 75008 Paris (France)	–	–	51%	51%	SFL	Inmobiliaria
SCI Pasteur 123(**) 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	SFL	Inmobiliaria

French subsidiaries (continued)

	% shareholding					
	Direct		Indirect			
	2023	2022	2023	2022	Shareholder	Activity
SC Parchamps(*) 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	SFL	Inmobiliaria
SC Pargal(*) 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	SFL	Inmobiliaria
SC Parhaus(*) 42, *rue* Washington 75008 Paris (France)	–	–	100%	100%	SFL	Inmobiliaria

(*) Company audited in 2023 by PricewaterhouseCoopers.
(**) Company audited in 2023 by Deloitte & Associés.

On 31 December 2023 and 2022, the Group companies were audited by PricewaterhouseCoopers Auditores, S.L., except the SFL Group, which was jointly audited by Deloitte and PricewaterhouseCoopers.

Inmobiliaria Colonial, SOCIMI, S.A. and subsidiaries

Consolidated management report for the year ended 31 December 2023

1. Group Status

Rental Market Situation

Barcelona

Take-up in the Barcelona office market reached 232,000 sqm in 2023. The CBD accounted for 14% of demand, which, together with very limited stock availability (5%, 0.5% for Grade A buildings) led to an increase in prime rents to €28.50/sqm/month.

In Barcelona, the volume of investment reached 261 million euros. The prime yield is 4.90%.

Madrid

The demand for office space in Madrid reached 389,000 sqm in 2023. In terms of market occupancy, the gap between the central and peripheral markets has widened: while total market availability increased by 41 basis points over 2022 to 11.6%, the availability rate in the CBD and City Centre markets decreased to 4.7% and 3.5%, respectively (1.7% and 0.3% for Grade A buildings). Approximately 85% of the available office space in Madrid is located outside the M-30. Prime rent increases to €40/sqm/month.

Investment in Madrid amounted to 860 million euros, with private domestic investors being the most active. The prime yield is 4.75%.

Paris

Take-up in Paris amounted to 1,932,000 sqm in 2023. The CBD and the City Centre accounted for approximately 52% of market take-up, reaching 1,000,000 sqm. This figure, although slightly lower than in 2022, was in line with the average of the last 10 years. In addition, vacancy in the CBD remains at a low of 2.5%, with Grade A building availability at 0.3%. Prime rents, corresponding to the best buildings in the CBD, stand at €1,070/sqm/year.

The investment volume in Paris reached 4.7 billion euros in 2023, representing a decrease of 57% compared to 2022. 56% of transactions took place in the City Centre and the CBD. Also noteworthy was the high number of transactions by companies acquiring their own offices, particularly in the luxury sector, which saw several major deals during the year in Paris' Golden Triangle. The prime yield is 4.25%.

Organisational structure and operation

Colonial is the benchmark SOCIMI in the quality office market in Europe and since the end of June 2017 it has been a member of the IBEX 35, which is the reference index of the Spanish stock market.

The company has a stock market capitalisation of approximately 2,800 million euros with a free float of around 60%, and manages an asset volume of more than 11,000 million euros.

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

In particular, the strategy is based on the following pillars:

- A business model focused on the transformation and creation of high-quality offices in prime locations, mainly central business districts (CBD).
- Maximum commitment in creating offices that respond to the best demands in the market, with special emphasis on efficiency and sustainability.

- A diversified pan-European strategy in the Barcelona, Madrid and Paris office markets.
- An investment strategy that combines core acquisitions with prime factory acquisitions and 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 recent years, the Colonial Group has made significant divestments of non-core assets. These divestments are part of the flight to quality strategy which, based on active portfolio management, divests mature and/or non-strategic products in order to recycle capital for new value creation opportunities and continuously improve the Group's risk-return profile.

Furthermore, as part of the improvement of the Group's Prime portfolio, Colonial has acquired more than 4,400 million euros of core CBD properties since 2015, identifying assets with added value potential in market segments with solid fundamentals.

At the close of 2023, the Colonial Group had a robust capital structure with a solid "Investment Grade" rating. The Group's pro forma LTV (Loan to value), including the binding commitments to sell pending deeds in Q1 24 as well as the commitment to sell Méndez Álvaro, was 39.5% at December 2023 (excluding commitments to sell, LTV was 39.9%).

The company's strategy is to consolidate itself as the leader of prime offices 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.
- An attractive return for the shareholder based on a recurring return combined with creating real estate value from value-added initiatives.

Staff management

Colonial professionals are the Group's main asset. At year end 2023, the Colonial Group team comprised a total of 241 employees, divided into 4 categories.

The number of people employed by the Group, as well as the average number of employees during the year distributed by categories and gender, was as follows:

	No. employees				Average headcount, 2023		Average headcount, 2022	
	2023		2022					
	Men	Women	Men	Women	Men	Women	Men	Women
General and Area Management	11	7	11	8	11	7	11	8
Qualified technicians and middle managers	43	50	39	45	38	45	36	43
Office clerks	36	90	36	98	39	97	34	94
Other	4	–	5	1	4	1	5	1
Total employees by gender	**94**	**147**	**91**	**152**	**92**	**150**	**86**	**146**
Total Group employees	**241**		**243**		**242**		**232**	

Of the total number of employees of the Group, the number of employees with a disability of 33% or more as at 31 December 2023 is 3 (2022: 4 people).

2. Business performance and results

Introduction

On 31 December 2023, the Group's revenue totalled 387 million euros, of which 377 million euros relate to the recurring lease business.

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 year were revalued at (1,426) million euros. The change in value, which occurred in both France and Spain, does not represent a cash outflow.

Net financial profit was (95) million euros.

Profit/(loss) before tax and non-controlling interests at the end of 2023 amounted to (1,215) million euros.

Lastly, after subtracting profit attributable to non-controlling interests 159 million euros, and income tax of 38 million euros, the profit after tax attributable to the Group amounted to (1,019) million euros.

2023 results

1. Recurring EPS on continued operations with +18% growth

The Colonial Group closed the 2023 with an increase in the recurring results driven by the strong growth in rental income.

- Gross Rental Income (analytical rental income) of 377 million euros, +8% like for like vs the previous year.
- Group EBITDA (analytical EBITDA) of 315 million euros, +12% vs the previous year.
- Recurring net income (or profit) of 172 million euros, +7% vs to the previous year.
- Recurring EPS per share (recurring net income per share) of €32cts, +7% vs the previous year.
- Recurring EPS on continued operations per share, +18% vs the previous year.

The recurring results have increased based on solid growth in rental income. The growth in income was achieved through a combination of factors: (1) the capacity to capture the indexation impact, (2) the growth in rental prices and an increase in occupancy, complemented by (3) additional income from project deliveries.

The efficient management of operating costs has resulted in an EBITDA growth of +12% year-on-year, which has led to an increase of +7% in the recurring net profit, reaching 172 million euros.

The execution of the disposal program has meant that the increase in the net results was lower. Excluding this impact of the active management of the portfolio, the Recurring EPS of the continued operations has grown +18% compared to the previous year.

The valuation of the asset portfolio shows a like-for-like value adjustment, resulting in a negative result of the Group of (1,019) million euros. It is worth highlighting that the value variation does not imply a cash outflow.

2. Gross Rental Income and Net Income with strong growth

Income growth: Polarisation & Pan-European Prime Positioning

Colonial closed 2023 with analytical rental income of 377 million euros (Gross Rental Income) and Net Rental Income (EBITDA income) of 353 million euros.

The Group's income growth is solid, in absolute terms growing at +6% compared to the previous year, and in comparable terms, with an increase of +8% like for like, demonstrating the strength of Colonial's prime positioning.

The +8% 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 office product.

Particularly worth highlighting are the portfolios in Madrid (+9% like-for-like) and in Paris (+8% like-for-like).

Net Rental Income (EBITDA income) increased by +8%, and on a like-for-like terms, it increased by +9%.

i. The Net Rental Income in the Paris portfolio increased by +15% in absolute terms and +8% in like-for-like terms. The like-for-like increase is mainly due to the higher rents and occupancy levels in the Édouard VII, #Cloud, Louvre Saint Honoré, Washington Plaza and 103 Grenelle assets, among others.

ii. In the Madrid portfolio, the rental income remained stable in adsolute terms. In a like-for-like terms, the net rental income increased by +14%, mainly due to higher rents on the Recoletos 37, Ortega y Gasset 100, Castellana 163, Santa Engracia and The Window assets, among others, based on a combination of higher rents and improved occupancy levels. These increases have compensated for the fewer rents obtained as a result of the disposal program carried out in previous quarters.

iii. In the Barcelona portfolio, the Net Rental Income decreased in absolute terms compared to the previous year, mainly due to the entry into renovation of the Parc Glories II and Diagonal 197 assets. In like-for-like terms, rental income increased by +4%, highlighting the increase in rental income on the Diagonal 682, Diagonal 409 and Diagonal Glories assets, among others. These increases have compensated for part of the entries into renovation of the above assets.

Income growth derived from multiple drivers

The increase in income of +23 million euros is based on a business model with multiple growth drivers.

i. "Pricing Power": Growth in signed rents + capturing of indexation – a contribution of +6% to total growth.

   The Core portfolio contributed +23 million euros in income, deriving from a solid like for like growth of +8% due to strong Pricing Power, enabling the full capture of the indexation impact and maximum market rents.

ii. Projects deliveres – a contribution of +8% to total growth

   Project deliveries and the renovation program contributed + 29 million euros to income growth (a contribution of +8% to overall growth). Highlighted is the income contribution from the Biome, Cézanne Saint-Honoré, Louvre Saint Honoré and Galeries Champs-Élysées assets in Paris, the Velázquez 86D and Miguel Ángel 23 assets in Madrid, as well as the Diagonal 530, Plaza Europa 34, and Wittywood assets in Barcelona.

iii. Acquisition of Prime Asset – a contribution of +2% to total growth

   The acquisition of the Amundi headquarters in Paris in April 2022 contributed +6 million euros to income growth.

iv. Disposal program – "Flight to Quality"

   The disposal of non-strategic assets and other non-like-for-like impacts have led to a (10%) year-on-year decrease in the rental income.

Solid operating fundamentals in all segments

<u>a) Strong leeting performance</u>

The prime asset portfolio once again captured a historic high volume of signed contracts, amounting to 105 rental contracts, corresponding to 158,225 sqm, which is 7% above the average letting figure reached in the last three years.

Of the total letting activity, highlighted is the high volume signed in the Madrid market which rose to 75,339 sqm. In the Barcelona market, 41,639 sqm were signed, of which 55% (22,743 sqm) correspond to new contracts, improving the occupancy of the portfolio.

In Paris, a total of 41,248 sqm was signed in Paris, split 50-50 between renovations and new additions.

<u>b) Rental Increases – Polarisation & Pricing Power</u>

"Pricing Power" – Accelerating of growth in market rents

The Colonial Group closed 2023 with a +7% growth in signed office rents compared to market rents (ERV) as at 31 December 2022.

In 2023, the growth in rental prices of the office portfolio accelerate, starting the year with a +3% increase and ending the fourth quarter of the year at +11%. The growth in rents achieved is clear evidence of the polarisation trend in the office markets, characterized by a demand that prioritizes top-quality Grade A products in the CBD.

"Pricing Power – Release spreads increase of +5%

At the closed of 2023, the Colonial Group increased the office rents with current clients by +5% compared to the previous rents (release spreads).

Worth mentioning in the Paris office portfolio with a release spread of +12%.

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

Pricing Power – Capturing of the indexation in all contracts with an average growth of +5%

Thanks to its prime client portfolio, the Colonial Group has captured the impact of the indexation on rental prices, applying the corresponding update on rents.

As a result of the indexation on the contract portfolio, at the close of 2023, the annualized passing rents of the corresponding contracts had increased by +5% (+4% in Spain and +6% in Paris).

These results show the strong Pricing Power of Colonial's Prime portfolio. Both the quality of the clients and the nature of the Colonial Group's contracts enable the Group to capture the full indexation impact, providing clear protection of the cash flow of the assets in inflationary environments such as the current ones.

c) 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 96%.

In 2023, portfolio occupancy has increased by 122 bp, boosted by an improvement in occupancy in all segments.

The most significant progress took place in Barcelona with an improvement in occupancy of more than +390 bp in the last 12 months.

It is worth mentioning that the current vacancy in the Barcelona portfolio is concentrated on the entries into operation of the renovation programs of Torre Marenostrum and Illacuna, as well as the client rotation in a secondary asset located in Sant Cugat.

Excluding these three assets, the occupancy of the rest of the Barcelona portfolio is at 98%.

Project Portfolio

The project pipeline is almost delivered and pre-let

The Colonial Group has a project pipeline of 154,228 sqm across 8 assets.

In 2023, the Louvre Saint Honoré project was delivered in Paris.

This delivery took place before the estimated delivery date and at maximum profitability, thanks to the controlled construction costs and high level of rents. This historic, iconic building, with exceptional views of the Louvre, is rented to the Cartier Foundation of the Cartier Group, with a contract for 40 years, of which 20 years are of mandatory compliance and at maximum market rental prices.

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

At the close of 2023, 7 out of the 8 projects in the project pipeline have been fully delivered and rented, confirming a yield on cost around 7%.

The only ongoing project is Méndez Álvaro Offices, located in the South of the Castellana in Madrid, a unique complex that is generating a lot of market interest, with an estimated yield on cost above 8%.

Asset Valuation and Capital Structure

a) Asset Values – Polarisation & Prime Positioning

The Gross Asset Value of the Colonial Group at the close of 2023 is 11,336 million euros (11,944 million euros including transfer costs), 13% less than its value as of december 2022, specifically due to the sale of non-strategic assets carried out in 2023 and the value adjustments of 9%.

In like-for-like terms, Colonial's portfolio was adjusted by 9% compared to the previous year (correction of 6% in the second half of the year).

Polarisation & 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 yields (+47 bp in the second half of the year).

Increases in rental cash flow are due to the indexation and rental growth, together with successful project delivery. The increases have led to an Alpha capital value creation partially offsetting 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 (NAV)

The Net Asset Value at the close of 2023 amounted to 5,372 million euros corresponding to €9.95/share. Including the dividend paid of €0.25/share, the total Net Asset Value for Colonial shareholders was €10.20/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.

b) Disposal programme – Active management of the portfolio

In the last quarter of 2023, and the beginning of 2024, the Colonial Group closed disposals for 150 million euros with a premium of +5% over the last appraisal.

The disposals were carried out in Madrid and correspond to the residential part of the Méndez Álvaro Campus (Madnum Residential) with almost 30,000 sqm (binding agreement subject to final settlement) and the sale of 3 floors in a building on the Paseo de Recoletos, asset acquired by Colonial in 2019 (disposal already completed).

These transactions are included in the Colonial Group's new disposal program that will continue in 2024 with additional asset sales, in order to recycle capital and maximize value creation for its shareholders.

Colonial launched an initial program in late 2022 with the aim of achieving disposals exceeding 500 million euros. This program has been successfully completed, reaching a total amount of 574 million euros, of which 84 million euros were realized at the end of 2022 and the rest during the first nine months of 2023.

Additionally, Colonial has initiated a second disposal program, reaching a total amount of 150 million euros to date (divestment agreed between end of 2023 and beginning of 2024). The final settlement of Méndez Álvaro is scheduled for 2024.

The total disposal volume of the disposal program amounts to 723 million euros to date.

The disposal volume of 723 million euros comprises the sale of 12 assets in Madrid, 1 small retail unit in Barcelona and 2 assets in Paris, corresponding to more than 150,000 sqm above ground.

In total, the following disposals have been carried out:

- In Madrid, the sales of 8 mature and/or secondary assets were finalised (Alcalá 506, Josefa Valcárcel 24, Sagasta 27, Almagro 9, José Abascal 56, Miguel Ángel 11, the Cedro building and Ramírez Arellano 15), the sale of a plot of land located in the sub-market of Las Tablas (Puerto Somport 10-18), the sale of the Viapark asset (commercial/logistic use), and the partial sale of various floors of the Recoletos 27 asset, as well as the sale commitment of the Méndez Álvaro residential complex.

- In Paris the sales of two mature assets were finalised: the sale of the non-strategic Le Vaisseau asset, and the sale of Hanovre, a historic building located very close to the Opera building, with a surface area of 4,600 sqm. This asset is also considered non-strategic due to its small size and real estate limitations, being less competitive than other buildings in Colonial's Paris portfolio.

- In Barcelona, the sale of a small non-strategic asset was finalised in Sant Antoni María Claret.

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, continually improving the risk-return profile of the Group.

c) Capital structure

As of today, the Colonial Group has a solid balance sheet with a pro-forma LTV of 39.5% (including the binding sale commitments pending to be notarised in Q1 24 as well as the Méndez Álvaro sale commitment, it stands at 39.5% as of December 2023 - excluding the sale commitments the LTV stands at 39.9%) and liquidity of 2,903 million euros.

In 2023, the Group executed a large part of its disposal program, as well as other financial protection measures that have allowed it to reduce its net debt by 491 million euros and expand its average maturity, increasing its liquidity by c. 500 million euros, totally eliminating the mortgage-secured debt, reaching a fixed/hedged debt ratio of 100% and maintaining the same financial costs in an environment of interest rate hikes by the Central European Bank.

The liquidity of the Colonial Group amounts to 2,903 million euros between cash and undrawn credit lines, enabling the Colonial Group to cover all its debt maturities until 2027.

In a market environment characterized by interest rate hikes, the Colonial Group has maintained its financial cost at very stable levels (1.75% vs 1.71% in December 2022), thanks to its interest rate risk management policy:

- Debt 100% at fixed cost or 100% hedged.

- A portfolio of interest rate hedges for debt at variable rate.

- Pre-hedged portfolio, enabling the Group to ensure a rate under 2.5% for the current debt volume over the next 3 years.

At the close of 2023, 100% of the Colonial Group's net debt was at a fixed or hedged interest rate, and the reasonable value of the derived financial instruments, registered in net equity, was positive at 215 million euros.

Leadership in ESG and Decarbonisation

a) Leader in Sustainalytics: 1st IBEX 35 company and Top 26 out of 15,536 worldwide

  - Sustainalytics score of 6.2 (top percentile).
  - Top 5 of the 443 listed Real Estate companies analyzed (European REIT).
  - Colonial is positioned in the Top 0.7% of the Real Estate companies rated (7th out of the 1,052 companies covered).
  - Globally, Colonial is positioned in the Top 0.2% of the companies analyzed (Top 26 of the 15,536 companies in total).

b) CDP Rating A for the 3rd consecutive year: leadership in the IBEX 35 and globally

  - Colonial leads the IBEX 35 with the maximum rating (only 9 companies on the IBEX have achieved this rating).
  - Globally, Colonial is positioned in the top 1.5% of the companies analysed with an "A" rating (only 346 companies out of 23,000 in the world have an "A" rating).
  - Only 8 Real Estate companies in Europe have achieved an "A" rating.

c) GRESB 94/100: Top 3 of the listed real estate offices in Europe

- Continuous improvement in GRESB, increasing the rating from the previous year by 4 points.
- Rising to third place among the 100 listed European Real Estate companies included in the Standing Investments Benchmark.

d) Portfolio with 100% BREEAM & LEED certificates

- European leadership in eco-efficient buildings.
- Improvement of more than 700 bps since 2020.

3. Liquidity and capital resources

See “Capital management and risk management policy” under Note 14.12 to the consolidated financial statements for the year ended 31 December 2023.

The Average Payment Period (APP) of the Group’s Spanish companies to their suppliers for 2023 was 39 days. In relation to payments made outside the maximum legal term set, these correspond mainly to payments related to contracting works and real estate renovation, which are paid within the term established in the corresponding contracts signed with the contractors.

The Group has set two payment days per month to comply with the requirements established under Law 11/2013 of 26 July. In this regard, the dates of entry are on the 5th and 20th of each month and the corresponding payments are made on the 5th and 20th of the following month.

4. Risk management policies and objectives

Asset management is exposed to various internal and external risks and uncertainties that can impact Colonial’s activity. Colonial therefore seeks to generate sustainable value through the strategic management of its business activity, taking into account the associated risks and opportunities, which helps to strengthen its leadership in the sector and consolidate its position in the long term. Risk management is a key aspect of Colonial’s organisational culture, and for this reason, the Parent has developed the Colonial Risk Control and Management System (hereinafter referred to as RCMS), which establishes the basis for efficient and effective management of financial and non-financial risks throughout the organisation.

To meet these corporate objectives, the risks to which Colonial is exposed are identified, analysed, evaluated, managed, controlled and updated. With the objective of maintaining an effective and updated RCMS, Colonial has prepared a corporate risk map, which identifies the main risks that affect the Group, and evaluates them in terms of impact and probability of occurrence. This map is reviewed and updated periodically every year, with the aim of having an integrated and dynamic risk management tool, which evolves with changes in the environment in which the company operates and 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 RCMS also explicitly determines the responsibilities of senior management, operational management and risk owners in relation to risk management.

The Board of Directors is assigned the function of determining the risk control and management policy, including tax policies, identifying the main risks of the Group and implementing and supervising the internal information and control systems, in order to ensure future viability and competitiveness of the Group, 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 the control and risk management systems, so that the main risks are identified, managed and adequately disclosed.
- Oversee the process of preparing, the integrity and presentation of mandatory (financial and non-financial) public information.

Additionally, Colonial has the regulatory compliance unit and the internal audit unit as tools to reinforce said objective. The regulatory compliance unit is responsible for ensuring adequate compliance with the norms and laws that may affect it to undertake its activity, and the internal audit function is responsible for carrying out the necessary supervision activities, contemplated in its annual plans approved by the Audit and Control Committee, to evaluate the effectiveness of the risk management processes and the action plans and controls implemented by the corresponding management teams to mitigate said risks.

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

- External risks: risks related to the environment in which Colonial carries out its activity and that influence and condition the company's operations.

- Internal risks: risks originated from the company's own activity and its management team.

The main external risks that Colonial faces to achieve its objectives include:

- 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, derived from transformation in the industry and the business model itself, the greater complexity to develop the investment/divestment strategy, and the fluctuation 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, such as those related to crisis management, those arising from regulation and more stringent ESG demands, and mainly those related to physical and transition risks caused by climate change with consequences for the Group's activity.

The main internal risks that Colonial faces to achieve its objectives include:

- Strategic risks in relation with the Group's size and diversification, with the asset portfolio breakdown.

- Diverse operating risks related with the maintenance of occupancy levels of properties and the level of rental agreements, with 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 applicable regulations and contractual obligations, including tax risks related to the loss of the status of REIT by Colonial and the loss by its French subsidiary Société Foncière Lyonnaise of its status as a Real Estate Investment Trust (REIT).

The inherent risks defined in the Colonial Group's business model in accordance with the different activities it carries out are susceptible to materialise during the course of each financial year. The main risks that materialised during the year are highlighted below:

- Geopolitical tensions have persisted in 2023, mainly due to the prolongation of the conflict between Russia and Ukraine, as well as the outbreak of the war in the Gaza Strip, generating a further deterioration of the macroeconomic situation and maintaining uncertainty about the recovery of certain Eurozone economies. In this context, the volume of investment in the real estate sector has fallen by 60% at the European level, which has made it difficult to divest non-strategic assets.

- Furthermore, in 2023 there was a high impact on the risk linked to the fluctuation of the real estate cycle, materialising in a significant decrease in the valuation of the Group's real estate portfolio, as a result of the historical increase in interest rates adopted by the European Central Bank with the aim of trying to contain the high inflation that characterised the 2022 financial year and which has continued into 2023, albeit in a more contained manner. As a result of this sharp rise in interest rates, managing debt levels, liquidity and maintaining credit rating levels continued to be a priority for the Group, in order to have a more robust financial structure to face the coming year and increase investment capacity in the face of opportunities that may arise in the sector.

- The physical and transitional risks linked to climate change have led to the implementation of policies and strategy in this area, through the implementation of the decarbonisation plan approved by the Group, as well as specific actions aimed at improving the quality of buildings and measuring their energy consumption levels, in order to optimise their environmental impact.

- Adaptation to the growing requirements for non-financial information from the different stakeholders has led to a review of compliance with these requirements and the definition and implementation of control systems to respond to this increasingly demanding environment with the objective of the Group's commitment and compliance in this area. Furthermore, in this area of ESG, the uncertainty generated by the impact that the European taxonomy may have, as well as by the future application of the Corporate Sustainability Reporting Directive (CSRD), require analysis and monitoring for adaptation and compliance with these requirements.

- Human capital management and talent development in this complex environment is a priority in order to face the changes and new challenges in the business model, manage the risks mentioned above, as well as the new growth and development opportunities for the Group.

In this context, Colonial has reviewed and monitored the evolution of these risks, showing a high level of resilience, particularly in the strategic, operational and financial areas, and the proper functioning of the control systems in place, which has enabled it to manage and mitigate these risks adequately and to guarantee operations and preserve the Group's value.

5. Events after the reporting date

From 31 December 2023 to the date on which these consolidated financial statements were authorised for issue, no significant events took place with the exception of:

- As of 1 January 2024 the Parent Company will cease to have control over the subsidiary Inmocol Torre Europa, S.A. according to the joint venture agreement signed between the Parent Company and Inmo, S.L. As from that date, the Parent will consolidate this company using the equity method.

6. Outlook

All indications were that 2023 would be a challenging year for the Spanish economy, with forecasts of very modest growth and highlighting the downside risks surrounding the outlook. However, at the end of the year, the Spanish economy surprised with growth of 2.5%, exceeding expectations.

Throughout the year, positive surprises were constant. The economy not only managed to avoid recession, but maintained a remarkable pace of growth. Instead of losing traction, it closed the year with a slight acceleration. In the last quarter, growth rebounded to 0.6 per cent quarter-on-quarter, up from an average of 0.5 per cent in the previous five quarters.

When we compare these figures with those of most developed countries, especially in Europe, the message becomes even more encouraging. Amid an energy crisis, high inflation and rising interest rates, the eurozone's advance was ultimately limited to 0.5 per cent, with some countries, such as Germany, experiencing a slight decline in activity. Unlike the Spanish economy, the European economy closely followed the planned script.

For the 2024 financial year, current parameters suggest that the less strained than expected household financial situation, together with inflation and interest rates likely to decline more rapidly than expected, should support dynamic consumption growth this year. Moreover, it is reasonable to expect that investment will stop falling with the expected interest rate reductions and progress in the deployment of funds.

In the office market, although structural and cyclical uncertainty is weighing on activity, central locations and quality stock are in the forefront, showing positive prospects for yields where the reduction in inflation and the recovery of the economy will help to reduce the yields.

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 Group's own characteristics, its activities and its structure, research and development activities are not usually carried out at Inmobiliaria Colonial, SOCIMI, S.A.

8. Treasury shares

On 31 December 2023, the Parent holds 7,993,765 treasury shares with a par value of 19,984 thousand euros, representing 1.48% of the Parent Company's share capital.

9. Other significant information

On 10 December 2015, the Board of Directors of the Parent agreed to adhere to the Code of Best Tax Practices ("CBPT" hereinafter). This agreement was communicated to management on 8 January 2016. During 2023, the Parent presented the Annual Tax Transparency Report for companies adhering to the CBPT for 2022, following the proposal for the reinforcement of good corporate tax transparency practices for companies adhering to the Code of Good Tax Practices, approved at the plenary session of 20 December 2016.

10. Annual Corporate Governance Report and Annual Report on Remuneration of Directors of Listed Public Limited Companies

Pursuant to the provisions of article 538 of the Capital Companies Act, it is hereby stated for the record that the annual corporate governance report and the annual report on remuneration of directors of listed companies for the 2023 financial year are included in this directors' report in their corresponding separate section.

Alternative Performance Measures (European Securities and Markets Authority)

The following glossary of the Alternative Performance Measures includes the definition and relevance thereof for Colonial in accordance with the guidelines 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 Parent's auditor (Deloitte, S.L.).

Alternative Performance Measure.	Form of calculation	Definition/Relevance
Market Value including transaction costs or GAV including Transfer costs	Valuation of all assets in the Group's portfolio made by appraisers outside the Group, before subtracting transaction costs or transfer costs.	Standard analysis ratio in the real estate sector.
Market Value excluding transaction costs or Gross Asset Value (GAV) excluding Transfer costs	Valuation of all assets in the Group's portfolio made by appraisers outside the Group, deducting transaction costs or transfer costs.	Standard analysis ratio in the real estate sector.
Like-for-like Valuation	Amount of market valuation excluding transaction costs or market valuation including transaction costs comparable between two periods. In order to obtain it, income from rentals from investments or divestitures made between both periods is excluded from both periods.	This permits the changes in the Market Value of the portfolio to be compared on a like-for-like basis.
EPRA NTA (EPRA Net Tangible Assets) EPRA (European Public Real Estate Association) which recommends the standards for best practices to follow in the property sector. The calculation of these APMs follows the instructions set by EPRA.	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 in real estate and recommended by EPRA.
EPRA NDV (EPRA Net Disposal Value) EPRA (European Public Real Estate Association) which recommends the standards for best practices to follow in the property sector. The calculation of these APMs follows the instructions set by EPRA.	Calculated by adjusting the following items in the EPRA NTA: the market value of the financial instruments, the market value of the financial debt, the taxes that would accrue on the sale of the assets at their market value, applying the tax credits available to the Group on a going concern basis.	Standard analysis ratio in real estate and 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 "Interest" (accrued), "Arrangement expenses", "Other financial liabilities" and "Liabilities associated with assets classified as held for sale" in the consolidated statement of financial position.	Relevant indicator for analysing the Group's financial position.
Net financial debt (NFD)	Calculated by adjusting in gross financial debt (GFD) the item "Cash and cash equivalents".	Relevant indicator for analysing the Group's financial position.

Alternative Performance Measure.	Form of calculation	Definition/Relevance
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 makes it possible to analyse the relationship between net financial debt and the valuation of assets in the Group's portfolio.
Holding Company LtV or Colonial LtV	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 company and wholly-owned Spanish subsidiaries", "treasury shares of the parent company" and the EPRA NTA of the remaining financial holdings in subsidiaries".	This makes it possible to analyse the relationship between net financial debt and the valuation of assets in the Group's parent company.
Like-for-like rent or analytical rental income	Amount of rental income for rentals included in "Revenue" comparable between two periods. In order to obtain this amount, income from investments or divestitures made between both periods, those from assets included in the project and renovation portfolio, as well as other atypical adjustments (for example, compensation for early termination of rental agreements) are excluded from both periods.	This makes it possible to compare, on a like-for-like basis, the change in rental income of an asset or group of assets.
Analytical EBITDA (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) on changes in value of assets due to 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 Group's capacity to generate profits considering only its productive activity, eliminating depreciation allowances, the effect of indebtedness and the tax effect.
EBITDA from rents	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 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.	Form of calculation	Definition/Relevance
Spending structure analytics	Calculated as the sum of items "Other revenue", "Personnel expenses" and "Other operating expenses" in the condensed consolidated income statement 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 extraordinary expenses	Calculated as the sum of items "Personnel expenses" and "Other operating expenses" in the condensed consolidated income statement 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.
Revaluations and sales margin of analytical properties	Calculated as the sum of the items "Net gain/(loss) on sales of assets" and "Changes in value of investment property" in the consolidated income statement.	Relevant magnitude for analysing the Group's results.
Analytical depreciation and provisions	Calculated as the sum of "Depreciation and amortisation" and "Gains/(losses) on changes in value of assets due to impairment" in the consolidated income statement 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 result	Calculated as the sum of "Finance income" and "Finance costs" in the consolidated income statement 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.
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 company.	Standard analysis ratio in real estate and recommended by EPRA.

Alternative Performance Measures included in the foregoing table arise from items in the consolidated financial statements and in the consolidated 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.

The following is a reconciliation of those alternative performance measures whose origin does not derive, in their entirety, from items or sub-items of the consolidated annual financial statements of Inmobiliaria Colonial, as provided in paragraph 28 of the aforementioned recommendations.

Market Value including transaction costs or GAV including Transfer costs

Millions of Euros	2023	2022
Total Market Value excluding transaction costs	11,336	13,005
Plus: transaction costs	607	722
Total Market Value including transaction costs	**11,944**	**13,727**
Spain	4,127	4,904
France	7,817	8,823

Market value excluding transaction costs or GAV excluding transfer costs

Millions of Euros	2023	2022
Barcelona	1,187	1,261
Madrid	2,054	2,733
Paris	7,135	7,525
Leased out	**10,375**	**11,519**
Projects	961	1,466
Other	–	20
Total Market Value excluding transaction costs	**11,336**	**13,005**
Spain	4,004	4,759
France	7,332	8,246

Like-for-like Valuation

Millions of Euros	2023	2022
Valuation at 1 January	13,005	12,436
Like-for-like Spain	(301)	(21)
Like-for-like France	(856)	179
Acquisitions and divestitures	(512)	412
Valuation at 31 December	**11,336**	**13,005**

EPRA NTA (EPRA Net Tangible Assets)

Millions of Euros	2023	2022
"Equity attributable to shareholders of the Parent"	**4,936**	**6,159**
Includes/Excludes:		
Adjustments from (i) to (v) with respect to strategic alliance interests	–	–
Diluted NTA	**4,936**	**6,159**
Includes:		
(ii.a) Revaluation of investment assets	–	–
(ii.b) Revaluation of assets under development	–	–
(ii.c) Revaluation of other investments	124	147
(iii) Revaluation of finance leases	–	–
(iv) Stock revaluation	13	14
Diluted NTA at Fair Value	**5,073**	**6,321**
Excludes:		
(v) Deferred taxes	289	339
(vi) Market value of financial instruments	10	(276)
EPRA NTA	**5,372**	**6,384**
Number of shares (millions)	539.6	539.6
EPRA NTA per share	**9.95**	**11.83**

EPRA NDV (Net Disposal Value)

Millions of Euros	2023	2022
"Equity attributable to shareholders of the Parent"	**4,936**	**6,159**
Includes/Excludes:		
Adjustments from (i) to (v) with respect to strategic alliance interests	–	–
Diluted NDV	**4,936**	**6,159**
Includes:		
(ii.a) Revaluation of investment assets	–	–
(ii.b) Revaluation of assets under development	–	–
(ii.c) Revaluation of other investments	124	147
(iii) Revaluation of finance leases	–	–
(iv) Stock revaluation	13	14
Diluted* NDV *at Fair Value	**5,073**	**6,321**
Excluye:		
(v) Impuestos diferidos	–	–
(vi) Valor de mercado de instrumentos financieros	–	–
Incluye:		
(ix) Valor de mercado de la deuda	219	541
EPRA NDV	**5,292**	**6,862**
Número de acciones (millones)	539.6	539.6
EPRA NDV por acción	**9.81**	**12.72**

Loan to Value Group or LtV Group

Millions of Euros	31/12/2023	31/12/2022
Gross Financial Debt (Note 14)	5,302	5,515
Commitments of deferrals for transactions selling real estate assets	–	–
Less: "Cash and cash equivalents" (Note 14.9)	(438)	(160)
(A) Net financial debt	**4,864**	**5,355**
Market Value including transaction costs	11,944	13,727
Plus: Shares in treasury stock of the parent company valued at EPRA NTA	80	98
(B) Market Value including transaction costs and Parent's treasury shares	**12,024**	**13,825**
Loan to Value Group (A)/(B)	**40.5%**	**38.7%**

Holding Company LtV or Colonial LtV

Millions of Euros

Holding Company	31/12/2023	31/12/2022
Gross financial debt	2,987	2,988
Commitments of deferrals for transactions selling real estate assets	–	–
Less: "Cash and cash equivalents" of the parent company and the fully-owned Spanish subsidiaries	(338)	(85)
(A) Net financial debt	**2,649**	**2,903**
(B) Market Value including transaction costs	**8,273**	**9,971**
Loan to Value Holding (A)/(B)	**32.0%**	**29.1%**
SFL Intercompany Loan	(345)	–
(C) Net financial debt	**2,304**	**2,903**
Loan to Value Holding (C)/(B) considering intercompany loan to SFL	**27.8%**	**29.1%**

Like-for-like Rental Income

Millions of Euros	Barcelona	Madrid	Paris	Total
Analytical rental income 2022	**48**	**102**	**205**	**354**
Like-for-like	1	7	15	23
Projects and inclusions	(2)	3	12	12
Investments and divestitures	–	(15)	4	(11)
Other and compensation	(0)	0	(1)	(1)
Analytical rental income 2023	**46**	**96**	**234**	**377**

Analytical EBITDA

Millions of Euros	2023	2022
Operating profit	(1,119)	128
Adjustments: "Depreciation and amortisation"	9	9
Adjustments: "Net gain/(loss) on sales of assets"	(4)	(6)
Adjustments: "Net change in provisions" (Note 19.4.1)	5	1
Adjustments: "Changes in value of investment property"	1,426	147
Adjustments: "Gains/(losses) on changes in value of assets due to impairment"	1	1
Adjustments: "Extraordinary Income"	1	6
Adjustments: "Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard" (Note 7.5)	(3)	(3)
Adjustments: "Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard (Note 7.5)"	(1)	(1)
Analytical EBITDA	**315**	**282**

EBITDA income

Millions of Euros	2023	2022
Net turnover amount	387	362
Adjustments: “Flexible business income” (Note 6)	(18)	(14)
Adjustments: “Revenue eliminated on consolidation associated with the flexible business” (Note 6)	8	7
Analytical rental income	**377**	**354**
Personnel expenses	(31)	(36)
Other operating expenses	(56)	(55)
Adjustments: “Personnel expenses and Other operating expenses associated with the corporate segment”	50	49
Adjustments: “Personnel expenses and Other operating expenses not associated with the flexible business”	5	6
Adjustments: “Personnel expenses and Other extraordinary operating expenses not associated with the flexible business”	1	6
Adjustments: “Other operating expenses eliminated on consolidation associated with the flexible business”	2	2
Adjustments: “Net change in provisions” (Note 19.4.1)	5	1
Analytical net operating expenses	**(24)**	**(28)**
EBITDA income	**353**	**326**

Other analytical income

Millions of Euros	2023	2022
Other revenue	12	9
Adjustments: “Other corporate segment revenues”	(2)	(3)
Adjustments: “Net turnover amount and Personnel expenses and Other operating expenses eliminated on consolidation associated with the flexible business”	15	10
Adjustments: “Revenue eliminated on consolidation associated with the flexible business” (Note 6)	(9)	(9)
Adjustments: ““Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard” (Note 7.5)	(3)	(3)
Adjustments: “Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard” (Note 7.5)	(1)	(1)
Other analytical income	**10**	**4**

Spending structure analytics

Millions of Euros	2023	2022
Other revenue	12	9
Personnel expenses	(31)	(36)
Other operating expenses	(56)	(55)
Adjustments: “Analytical net operating expenses”	24	28
Adjustments: “Personnel expenses and Other operating expenses eliminated on consolidation associated with the flexible business”	2	4
Adjustments: “Personnel expenses and Other extraordinary operating expenses not associated with the flexible business”	1	6
Adjustments: “Net change in provisions” (Note 19.4.1)	5	1
Adjustments: “Other operating expenses eliminated on consolidation associated with the flexible business”	2	2
Adjustments: “Other revenue associated with the leasing business”	(9)	(6)
Spending structure analytics	**(48)**	**(48)**

Analytical extraordinary expenses

Millions of Euros	2023	2022
Personnel expenses	(31)	(36)
Other operating expenses	(56)	(55)
Adjustments: “Analytical net operating expenses”	24	28
Adjustments: “Personnel expenses and Other operating expenses associated with the corporate segment”	50	49
Adjustments: “Personnel expenses and Other operating expenses not associated with the flexible business”	5	6
Adjustments: “Other operating expenses eliminated on consolidation associated with the flexible business”	2	2
Adjustments: “Net change in provisions” (Note 19.4.1)	5	1
Analytical extraordinary expenses	**(1)**	**(6)**

Revaluations and sales margin of analytical properties

Millions of Euros	2023	2022
Net gain/(loss) on sales of assets	4	6
Changes in value of investment property	(1,426)	(147)
Revaluations and sales margin of analytical properties	**(1,422)**	**(142)**

Analytical depreciation and provisions

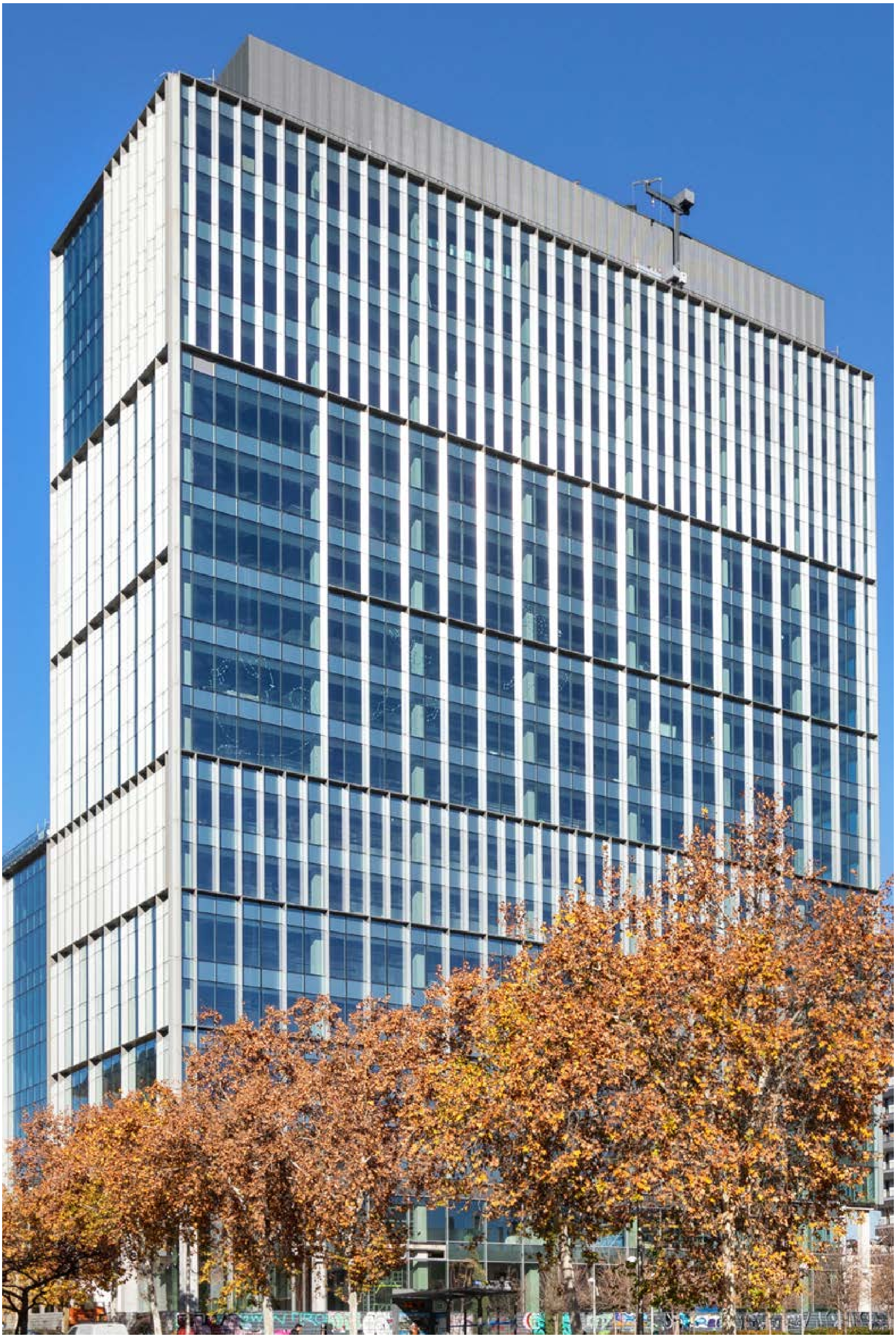
Millions of Euros	2023	2022
Depreciation and amortisation	(9)	(9)
Gains/(losses) on changes in value of assets due to impairment	(1)	(1)
Adjustments: "Depreciation and amortisation arising from the recognition in line with the IFRS 16 Finance lease standard" (Note 7.5)	3	3
Adjustments: "Net change in provisions" (Note 19.4.1)	(5)	(1)
Analytical depreciation and provisions	**(12)**	**(8)**

Analytical financial result

Millions of Euros	2023	2022
Finance income	6	1
Finance costs	(102)	(87)
Adjustments: "Financial profit arising from the recognition in line with the IFRS 16 Finance lease standard" (Note 7.5)	1	1
Analytical financial result	**(95)**	**(85)**

EPRA Earnings and Recurring Net Income

Millions of Euros	2023	2022
Net profit attributable to the Group	**(1,019)**	**8**
Net profit/(loss) attributable to the Group – €cts/share	***(188.83)***	***1.48***
Includes/(excludes):		
(i) Changes in value of investments, investment projects and other interests	1,427	148
(ii) Gains or losses on sales of assets, investment projects and other interests	(4)	(6)
(iii) Gains or losses on sales of assets held for sale including changes in the value of such assets	–	–
(iv) Taxes on sale of assets	(9)	–
(v) Impairment of goodwill	–	–
(vi) Changes in the value of financial instruments and cancellation costs	2	4
(vii) Deferred tax for considered EPRA adjustments	(32)	(13)
(ix) Adjustments (i) to (viii) in respect of strategic alliances (except if included by proportionate consolidation)	–	–
(x) Minority interests in respect of the above items	(194)	13
EPRA Earnings (company-specific pre-adjustments)	**171**	**155**
Company-specific settings:		
(a) Extraordinary contingencies and charges	1	6
(b) Non-recurring profit/(loss)	–	–
(c) Tax credits	–	–
(d) Minority interests in respect of the above items	–	–
Recurring Net Income (post company specific adjustments)	**172**	**161**
Average number of shares (millions)	539.6	539.6
Recurring Net Profit (post company specific adjustments) – €cts/share	***31.9***	***29.8***



Annual Corporate Governance Report
2023

Inmobiliaria Colonial, SOCIMI, S.A.

Annual Corporate Governance Report of listed Spanish companies

A. Ownership structure

A.1 Fill out the following table on the share capital and attached voting rights at year-end, where applicable including those relating to shares with loyalty voting rights:

Indicate whether the Company Bylaws provide for double loyalty voting rights:

No

Date of last change	Share capital (€)	Number of shares	Total number of voting rights
06/09/2021	1,349,039,092.50	539,615,637	539,615,637

Indicate whether there are different types of shares with different associated rights:

No

A.2 Provide details of the direct and indirect holders of significant stakes at year-end, including directors with a significant stake:

Name or company name of the shareholder	% voting rights attached to the shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
AGUILA, LTD	0.00	5.35	0.00	1.75	7.10
BLACKROCK, INC	0.00	3.02	0.00	0.91	3.93
CORPORACIÓN FINANCIERA ALBA, S.A.	5.01	0.00	0.00	0.00	5.01
CREDIT AGRICOLE, S.A.	0.00	4.17	0.00	0.00	4.17
MR CARLOS FERNÁNDEZ GONZÁLEZ	0.00	14.83	0.00	0.00	14.83
PUIG, S.A.	0.00	7.37	0.00	0.00	7.37
QATAR INVESTMENT AUTHORITY	0.00	19.03	0.00	0.00	19.03

Mr Carlos Fernández González has close ties with Finaccess México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, which has an indirect stake of 0.46% in Colonial's share capital. The direct holder of the stake is Latin 10, S.A. de C.V., a fund independently managed by Finaccess México, S.A. de C.V.

Details of the indirect stake:

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attached to the shares	% voting rights through financial instruments	% total voting rights
AGUILA, LTD	PARK, S.A.R.L.	5.35	0.00	5.35
AGUILA, LTD	SIERRA NEVADA (BERMUDA) LP	0.00	1.75	1.75
CREDIT AGRICOLE, S.A.	PREDICA	4.17	0.00	4.17
MR CARLOS FERNÁNDEZ GONZÁLEZ	FINACCESS INMOBILIARIA, S.L.	13.33	0.00	13.33
MR CARLOS FERNÁNDEZ GONZÁLEZ	FINACCESS CAPITAL INVERSORES, S.L.	1.09	0.00	1.09
MR CARLOS FERNÁNDEZ GONZÁLEZ	FINACCESS CAPITAL, S.A. DE C.V.	0.41	0.00	0.41
PUIG, S.A.	EXEA INVERSIONES INMOBILIARIAS, S.L.	7.37	0.00	7.37
QATAR INVESTMENT AUTHORITY	QATAR HOLDING NETHERLANDS BV	14.99	0.00	14.99
QATAR INVESTMENT AUTHORITY	DIC HOLDING LLC	4.04	0.00	4.04
BLACKROCK, INC	BLACKROCK HOLDING	3.02	0.91	3.93

Indicate the most significant changes in shareholder structure during the year:

Most significant changes
1. On 22 December 2023, Corporación Financiera Alba, S.A. informed the Company that the voting rights attached to its shares had gone above 3%.
2. On 23 January 2023, Blackrock Inc. informed the Company that the voting rights attached to its shares had gone above 3%.

A.3 Provide details of the stake, regardless of its percentage, held at year-end by those members of the Board who hold voting rights attached to shares in the company or through financial instruments, excluding the directors identified in section A.2 above:

Name or company name of the director	% voting rights attachedto the shares (including loyalty votes)		% voting rights through financial instruments		% total voting rights	Of the % of total voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR JUAN JOSÉ BRUGERA CLAVERO	0.11	0.00	0.00	0.00	0.11	0.00	0.00
MR PEDRO VIÑOLAS SERRA	0.10	0.00	0.00	0.00	0.10	0.00	0.00
MR LUIS MALUQUER TREPAT	0.01	0.00	0.00	0.00	0.01	0.00	0.00
MS ANA CRISTINA PERALTA MORENO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN	0.00	0.00	0.00	0.00	0.00	0.00	0.00

% of total voting rights held by members of the Board of Directors	15.05

All the directors reported on in this section have voting rights on company shares, although in some cases this stake is less than 0.01% of the share capital of Inmobiliaria Colonial, SOCIMI, S.A.

Details of the indirect stake:

Name or company name of the director	Name or company name of the direct holder	% voting rights attached to the shares (including loyalty votes)	% voting rights through financial instruments	% total voting rights	Of the % of total voting rights that may be transferred through financial instruments
MR LUIS MALUQUER TREPAT	MS MARTA MALUQUER DOMINGO	0.00	0.00	0.00	0.00

Details of the total percentage of voting rights represented in the Board of Directors:

% of total voting rights represented in the Board of Directors	48.55

Shareholdings held by significant shareholders that have Board representation but do not have direct director status:

- Aguila LTD: 7.10%
- Puig, S.A.: 7.37%
- Qatar Investment Authority: 19.03%

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant stakes, insofar as these are known by the company, unless they are insignificant or arise from ordinary trading or exchange activities, except for those reported in section A.6:

Related name or corporate name	Type of relationship	Brief description
No data		

A.5 Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities:

Related name or corporate name	Type of relationship	Brief description
PUIG, S.A.	Corporate	Colonial and the company Inmo, S.L., which belongs to the Puig, S.A. group, jointly own (50% each) a 21-storey building with a surface area of 14,000 m² at Plaza Europa, 34, L'Hospitalet de Llobregat.

A.6 Describe the relationships, unless insignificant for both parties, between the significant shareholders, or their representatives, on the Board, and the directors, or their representatives, when the administrators are a legal entity.

Explain, where appropriate, how the significant shareholders are represented. In particular, specify any directors who have been appointed to represent significant shareholders, those whose appointment was promoted by significant shareholders, or those who were related to significant shareholders and/or entities in their group, indicating the nature of such relationship. Indicate, in particular, the existence, identity and position, if any, of members of the Board, or directors' representatives, of the listed company who are also members of the governing body, or their representatives, in companies with a significant stake in the listed company or in group companies of such significant shareholders:

Name or company name of the related director or representative	Name or company name of related significant shareholder	Company name of the significant shareholder's group company	Description of the relationship/position
MS BEGOÑA ORGAMBIDE GARCÍA	GRUPO FINACCESS S.A.P.I. DE C.V.	FINACCESS INMOBILIARIA, S.L.	Board Member
MS BEGOÑA ORGAMBIDE GARCÍA	GRUPO FINACCESS S.A.P.I. DE C.V.	FINACCESS CAPITAL INVERSORES, S.L.	Board Member
MR JUAN CARLOS GARCÍA CAÑIZARES	AGUILA, LTD	BEVCO LUX, S.A.R.L	Director
MR JUAN CARLOS GARCÍA CAÑIZARES	AGUILA, LTD	PARK, S.A.R.L.	Director
MR JUAN CARLOS GARCÍA CAÑIZARES	AGUILA, LTD	SNI INTERNATIONAL HOLDINGS, S.A.R.L.	Director
MR SHEIKH ALI JASSIM M.J. AL-THANI	QATAR INVESTMENT AUTHORITY	26 CHAMPS ELYSEES	Director
MR SHEIKH ALI JASSIM M.J. AL-THANI	QATAR INVESTMENT AUTHORITY	AL NURAN BANK	Director
MR SHEIKH ALI JASSIM M.J. AL-THANI	QATAR INVESTMENT AUTHORITY	HAPPAG LLOYD	Director
MR SHEIKH ALI JASSIM M.J. AL-THANI	QATAR INVESTMENT AUTHORITY	RAYYAN ISLAMIC BANK	Director
MR GIULIANO ROTONDO	QATAR INVESTMENT AUTHORITY	QATAR INVESTMENT AUTHORITY	Director
MR GIULIANO ROTONDO	QATAR INVESTMENT AUTHORITY	COIMA RES S.P.A.	Director
MR GIULIANO ROTONDO	QATAR INVESTMENT AUTHORITY	NOVA BOCANA BARCELONA, S.A.	Director
MR GIULIANO ROTONDO	QATAR INVESTMENT AUTHORITY	DANUBE HOLDING LLC	Director
MR MANUEL PUIG ROCHA	PUIG, S.A.	PUIG, S.A.	Deputy Chairman

A.7 Indicate whether the Company has been notified of any shareholders' agreements affecting it as provided in Articles 530 and 531 of the Spanish Limited Liability Companies Law. If so, provide a brief description and list the shareholders that are party to the agreement:

No

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable:

No

Expressly indicate any amendments to, or termination of, such covenants, agreements or concerted actions during the year:

A.8 Indicate whether any individual or legal entities currently exercise control or could exercise control over the company pursuant to Article 4 of the Securities Market Law. If so, identify them:

No

A.9 Complete the following tables on the Company's treasury shares:

At year-end:

Number of direct shares	Number of indirect shares(*)	Total % of share capital
7,993,765		1.48

(*) Through:

Name or company name of the direct holder of an ownership interest	Number of direct shares
N/A	

Explain the significant changes that occurred during the year:

Explain the significant changes
Sale and purchase transactions were carried out in 2023 through a financial intermediary (Banco Sabadell) pursuant to a liquidity contract concluded on 4 January 2022. In particular, a total of 18,906,010 shares were purchased, and 18,999,225 sold, in 2023. In addition, a total of 131,390 shares were awarded to Colonial employees in 2023.

A.10 Give details of the applicable conditions and current timeline for the general meeting to authorise the board of directors to issue, buy back or transfer treasury shares.

At its meeting on 21 June 2022, the General Meeting of Shareholders of Colonial granted authorisation to the Board of Directors for the derivative acquisition of treasury shares under item five of the agenda. As to the terms and conditions of the authorisation: i) the nominal value of the shares directly or indirectly acquired, in addition to those already held by the Company and its subsidiaries, may not exceed 10% of the subscribed share capital or any maximum amount that may be established by law; ii) the minimum price or consideration for the acquisition shall be €0.01 per share, and the maximum price or consideration for the acquisition shall be the equivalent of the listing price of the treasury shares acquired on an official regulated secondary market at the time of acquisition plus a maximum of 5%, which may be increased to up to 25% above the share price if the treasury shares are acquired by means of a public offer to all shareholders; iii) the procedure for acquisition may be sale and purchase, swap or any other type of transaction for consideration, as may be advisable in the circumstances; and iv) the authorisation is given for 5 years. The authorisation granted expressly provides that the shares acquired may be used in whole or in part for delivery or transfer to the directors, executives or employees of the Company or Group companies, directly or as a result of their option rights, within the scope of the Company's share price-based remuneration systems.

Regarding the power to issue shares, the General Meeting of Shareholders of Inmobiliaria Colonial, SOCIMI, S.A. held on 30 June 2021 authorised the Board of Directors, under item five of the agenda and in accordance with Article 297.1b) of the Spanish Limited Liability Companies Law, to increase the share capital by means of monetary contributions by up to half the amount of the share capital, within a maximum of five years, on one or more occasions, at the time and in the amounts it may deem appropriate. Within the maximum amount specified, the Board of Directors was given the power to disapply preemptive rights up to a maximum 20 % of the share capital.

In addition to the foregoing, the General Meeting of Shareholders of Inmobiliaria Colonial, SOCIMI, S.A., at its meeting of 30 June 2021, authorised the Board of Directors, under item six of the agenda, to issue on behalf of the Company, once or several times and for a maximum period of five years, new bonds that can be converted into Company shares or other similar securities giving their holder the direct or indirect right to subscribe for shares in the Company, with the express option to disapply shareholders' pre-emptive rights up to a maximum of 20% of the share capital and to increase the share capital as may be necessary to cater for the conversion. As part of the long-term incentive plan consisting of the award of shares in Inmobiliaria Colonial, SOCIMI, S.A. approved at the General Meeting of 30 June 2021, it was resolved to authorise the Board of Directors to acquire the Company's treasury shares under the terms, and subject to the limits, established by law in order to cover the implementation of the Plan.

A.11 Estimated floating capital:

	%
Estimated floating capital	36.86

A.12 Give details of any restrictions (statutory, legal or otherwise) on the transfer of securities and/or voting rights. In particular, detail the existence of any kinds of restrictions that could hinder the company takeover through the purchase of its shares in the market, as well as any prior authorisation or communication rules that, with regard to the purchase or transfer of financial instruments in the company, would be applicable under the industry regulations.

No

A.13 Indicate whether the general meeting has resolved to adopt neutralisation measures to address a takeover bid by virtue of the provisions of Law 6/2007.

No

If applicable, explain the measures approved and the terms under which these restrictions may be lifted:

A.14 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

No

Where applicable, state the various classes of shares, and the rights and obligations attached to each class.

B. General Meeting

B.1 Indicate and state, if any, the differences with respect to the minimums stipulated in the Spanish Limited Liability Companies Law (LSC) with regard to the quorum required for the constitution of the general meeting.

No

B.2 Indicate and, as applicable, describe any differences between the company's system of adopting corporate resolutions and the framework established in the Spanish Limited Liability Companies Law (LSC):

No

B.3 Indicate the rules governing amendments to the company's bylaws. In particular, indicate the majorities required to amend the bylaws and, if applicable, the rules for protecting shareholders' rights when the bylaws are amended.

Under the Company Bylaws, in order for the General Meeting to validly resolve to increase or reduce share capital or make any other amendment to the Company Bylaws, shareholders holding at least 50% of the subscribed capital with voting rights must be present or represented on first call. On second call, shareholders representing 25% of share capital shall be sufficient. As regards the adoption of resolutions, the Bylaws establish that issues that are substantially independent shall be voted on separately, in particular the amendment of any article or group of articles in the Company Bylaws which stand alone.

Furthermore, a vote in favour by more than 50% of the share capital present in person or by proxy shall be sufficient to adopt resolutions with an absolute majority, whereas a vote in favour by two thirds of the share capital present in person or by proxy at the General Meeting shall be necessary when, on second call, the shareholders present represent 25% or more of the subscribed capital with voting rights, but less than 50%.

B.4 Indicate the attendance figures for the general meetings held during the year and those of the previous two years:

Attendance information

			% distance voting		
Date of the General Meeting	% attendance	% attendance by proxy	Electronic voting	Other	Total
28/06/2021	20.89	26.40	0.00	28.72	76.01
Of which floating capital	0.00	26.40	0.00	2.80	29.20
30/06/2021	0.30	83.81	0.00	0.15	84.26
Of which floating capital	0.00	29.59	0.00	0.15	29.74
21/06/2022	12.00	71.73	0.00	0.00	83.73
Of which floating capital	0.14	31.99	0.00	0.00	32.13
15/06/2023	1.88	59.57	0.00	18.10	79.55
Of which floating capital	0.16	25.26	0.00	1.20	26.62

B.5 Specify if there have been any items on the agenda at the General Meetings held during the year that, for whichever reason, were not adopted by the shareholders.

No

B.6 Indicate whether the bylaws contain any restrictions with respect to a minimum number of shares required to attend general meetings or to vote remotely:

Yes

Number of shares required to attend general meetings	500
Number of shares needed to vote remotely	1

In order to facilitate the exercise of the right to vote remotely on General Meeting resolutions, Colonial does not require a minimum number of shares to vote remotely. Under Article 19 of the Company Bylaws, General Meetings of Shareholders may be attended and voted at, in person or by proxy, by shareholders holding, individually or as a group, at least 500 shares, which must be entered in the register of shareholders at least 5 days before the date scheduled for the General Meeting, and provided they can prove this by showing, at the registered office or at the entities specified in the call notice, the relevant authentication certificate or attendance card issued by Colonial or any entities responsible for keeping the register of book entries or any other method allowed by the current legislation. And for the purpose of ensuring adequate exercise of voting rights, shareholders may vote at the General Meeting or grant proxy by remote means (i.e. by post, electronically or any other remote media, provided that the shareholder's identity is guaranteed and, where appropriate, electronic communications are secure). Shareholders who vote remotely will be considered as present for the purposes of quorum of the Meeting (Art. 12 of the Regulations of the General Meeting). The possibility of exercising remote voting rights has been indicated, and shareholders have been duly informed in the notice of the General Meeting.

The Company's Board of Directors may enable, for each General Meeting, remote attendance by the shareholders and proxies by electronic means concurrently. In such event, the Board of Directors will establish the terms, forms and means set for shareholders and proxies to exercise their rights, in accordance with the law, the Company Bylaws and the Regulations of the General Meeting. All this will be included in the meeting notice.

B.7 Indicate if there is a rule establishing that certain decisions, other than those established by law, that involve the purchase, disposal, contribution to another company of key assets, or other similar corporate operations, should be put to the vote at the General Meeting of Shareholders.

No

B.8 Indicate the address and method for accessing corporate governance content on the company's website, as well as other information on general meetings that must be made available to shareholders on the Company website.

https://www.inmocolonial.com/accionistas-e-inversores/accionistas-e-inversores

Through this access, shareholders and the general public are provided with all legally required information, in addition to any that may be considered necessary by the Company for greater transparency and better compliance with good market practices in the area of corporate governance.

C. Structure of the company's governing body

C.1 Board of Directors

C.1.1 The maximum and minimum number of directors stipulated in the Company Bylaws and the number stipulated by the General Meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors stipulated by the General Meeting	13

C.1.2 Fill in the following table with the Board members' particulars:

Name or corporate name of the director	Representative	Category of the director	Position on the board	Date of first appointment	Date of last appointment	Appointment procedure
MS ANA CRISTINA PERALTA MORENO		Independent	DIRECTOR	14/06/2019	15/06/2023	RESOLUTION BY THE GENERAL MEETING OF SHAREHOLDERS
MS SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN		Independent	DIRECTOR	24/01/2019	15/06/2023	RESOLUTION BY THE GENERAL MEETING OF SHAREHOLDERS
MR CARLOS FERNÁNDEZ GONZÁLEZ		Proprietary	DIRECTOR	28/06/2016	30/06/2020	RESOLUTION BY THE GENERAL MEETING OF SHAREHOLDERS
MS ANA LUCRECIA BOLADO VALLE		Independent	DIRECTOR	14/06/2019	15/06/2023	RESOLUTION BY THE GENERAL MEETING OF SHAREHOLDERS
MR PEDRO VIÑOLAS SERRA		Executive	CEO AND VICE-CHAIRMAN	18/07/2008	21/06/2022	RESOLUTION BY THE GENERAL MEETING OF SHAREHOLDERS
MR JUAN JOSÉ BRUGERA CLAVERO		Other External	CHAIRMAN	19/06/2008	21/06/2022	RESOLUTION BY THE GENERAL MEETING OF SHAREHOLDERS
MR LUIS MALUQUER TREPAT		Independent	DIRECTOR	31/07/2013	21/06/2022	RESOLUTION BY THE GENERAL MEETING OF SHAREHOLDERS
MS BEGOÑA ORGAMBIDE GARCÍA		Proprietary	DIRECTOR	27/09/2022	15/06/2023	RESOLUTION BY THE GENERAL MEETING OF SHAREHOLDERS
MR JUAN CARLOS GARCÍA CAÑIZARES		Proprietary	DIRECTOR	30/06/2014	21/06/2022	RESOLUTION BY THE GENERAL MEETING OF SHAREHOLDERS
MR SHEIKH ALI JASSIM M.J. AL-THANI		Proprietary	DIRECTOR	12/11/2015	30/06/2020	RESOLUTION BY THE GENERAL MEETING OF SHAREHOLDERS
MR GIULIANO ROTONDO		Proprietary	DIRECTOR	18/10/2023	18/10/2023	CO-OPTION
MS MIRIAM GONZÁLEZ-AMÉZQUETA LÓPEZ		Independent	DIRECTOR	15/06/2023	15/06/2023	RESOLUTION BY THE GENERAL MEETING OF SHAREHOLDERS
MR MANUEL PUIG ROCHA		Proprietary	DIRECTOR	15/06/2023	15/06/2023	RESOLUTION BY THE GENERAL MEETING OF SHAREHOLDERS

Total number of directors	13

Indicate any resignations from the Board of Directors during the reporting period, whether due to resignation or by resolution of the General Meeting:

Name or company name of the director	Category of director at date of departure	Date of last appointment	Date of departure	Special committees the director was a member of	Indicate whether the director left before the end of their term in office
MR ADNANE MOUSANNIF	Proprietary	21/06/2022	18/10/2023	Mr Adnane Mousannif Executive Committee; Appointments and Remuneration Committee; and Sustainability Committee	Yes

Reason for departure if it occurs before the end of the term in office and other remarks; information on whether the director has sent a letter to the other members of the board and, in the case of the removal of non-executive directors, an explanation or opinion of the director removed by the general meeting.
The departure of Mr Adnane Mousannif was strictly due to professional reasons, as he had left his position at Qatar Investment Authority, which was the direct owner of all the shares in Qatar Holding Netherlands B.V. (a significant shareholder of Colonial, which had put him forward for appointment as a director of Colonial). In this regard, Mr Adnane Mousannif sent a letter to the Board of Directors setting out the reasons for his resignation.

C.1.3 Complete the following tables on board members and their respective categories:

Executive directors

Name or company name of director	Position in the company organisation chart	Profile
MR PEDRO VIÑOLAS SERRA	Vice Chairman and Chief Executive Officer	He is a graduate in Business Management and MBA from ESADE and Universidad Politécnica de Cataluña, and holds a Diploma in Business Management from Universidad de Barcelona, where he also studied Law. In 1990, Pedro Viñolas began to work as Director of the Research Department at the Barcelona Stock Exchange, of which he later became Deputy Managing Director, where he remained until 1997. He then took up duties as Managing Director of FILO, S.A., a listed real estate company, where he remained until 2001. Subsequently, until July 2008, he was Partner and CEO at the Riva y García Financial Group. He has been Chairman of the Urban Land Institute in Spain and a member of the Board of Directors of the Riva y García Financial Group. He was also Chairman of the Spanish Institute of Financial Analysts in Catalonia from 1994 to 2000. He is currently the Chairman of the Board of Directors of Societè Foncière Lyonnaise ("SFL") and sits on its Executive Committee. He is a member of the Board of Trustees of ESADE and of the Boards of Directors of Bluespace, S.A. and the European Real Estate Association (EPRA). In addition, he has been a member of the Board of Directors of Banco Sabadell since 2023.

Total number of executive directors	1
% of the total board	7.69

External proprietary directors

Name or company name of director	Name or company name of the significant shareholder represented or proposing appointment	Profile
MR CARLOS FERNÁNDEZ GONZÁLEZ	GRUPO FINACCESS S.A.P.I. DE C.V.	An industrial engineer, he has followed senior management programmes at Instituto Panamericano de Alta Dirección de Empresa. For more than 30 years he has held positions of substantial responsibility, complexity and skills in the management of companies in various sectors. He was CEO (1997-2013) and Chairman of the Board of Directors (2005-2013) of Grupo Modelo. Between his appointment as CEO and 2013, this Group became the leading beer company in Mexico, the seventh group in the world and the largest beer export company in the world. Furthermore, he has been a Director in international and national companies, including Anheuser Busch (USA), Emerson Electric Co. (USA), Televisa Group (Mexico), Crown Imports, Ltd. (USA), Inbursa (Mexico) and Mexico Stock Exchange. Likewise, he was also a member of the international advisory board of Banco Santander, S.A. (Spain), Director of Grupo Financiero Santander México S.A.B de C.V. and, until October 2019, Director of Banco Santander, S.A. (Spain). He is currently Chairman of the Board of Directors and general manager of Grupo Finaccess S.A.P.I. de C.V. (which he founded), which operates in Mexico, the United States, Europe, China, Australia and New Zealand. This is in addition to his directorship of Restaurant Brands New Zealand Limited.
MS BEGOÑA ORGAMBIDE GARCÍA	GRUPO FINACCESS S.A.P.I. DE C.V.	Ms Orgambide has a Bachelor's Degree in Management and Finance with honours and a Master's Degree in Investment Project Evaluation, both of them from the Panamerican University in Mexico. She has a Diploma in Corporate Reputation and Communication from Anáhuac University and has successfully completed the International Senior Management Programme taught by Instituto Tecnológico Autónomo de México (ITAM) in partnership with Kellogg, Stanford and Ashridge. She has worked mainly in finance, primarily analysing companies' financial situation, project viability and profitability and on the implementation of financial and corporate communication strategies for investors and analysts. Ms Orgambide has been Head of Investor Relations at both Grupo Modelo S.A.B. de C.V. and, afterwards, Grupo Sports World S.A.B. de C.V. In 2015 she joined Walmart de México S.A.B. de C.V. as Head of Strategic Planning and M&A. She is currently Head of Investor Relations at Finaccess Capital, S.A. de C.V., where she has worked on investment analysis, mainly in the restaurant and real estate sector, and on evaluations of returns. She is also responsible for designing and implementing the communication strategy on the financial status and performance of investments for the group of investors. She sits on the Boards of Directors of the companies FCapital Dutch, Finaccess Restauración, Finaccess Inmobiliaria, Finaccess Capital Inversores and Atrides, all of which are subsidiaries of Finaccess Capital and invest directly in restaurant and real estate companies. She is also a member of the Board of Directors of AmRest Holdings SE.

External proprietary directors

Name or company name of director	Name or company name of the significant shareholder represented or proposing appointment	Profile
MR JUAN CARLOS GARCÍA CAÑIZARES	AGUILA, LTD	Industrial Engineer. He also studied management programmes at IMD Switzerland, and holds an MBA granted jointly by the New York University Stern School of Business, London School of Economics and HEC Paris. He is an investor and was previously an investment banker who led mergers and acquisitions and the funding of acquisitions for over $35 billion over a period spanning more than 25 years. He was Vice-Chair of Planeación de Bavaria, one of Latin America's leading breweries, where he was responsible for the $4 billion international brewery acquisition programme and for the subsequent $8 billion merger with SABMiller plc, creating the world's second-largest brewery. He later led negotiations on behalf of the Santo Domingo Group for the conversion of its holding in SABMiller into a stake in Anheuser Busch Inbev as part of the merger between the two companies, an operation that was completed in 2016. Before joining the Santo Domingo Group, he was co-founder and Main Partner of Estrategias Corporativas, an investment bank firm in Latin America. He is currently the Managing Director of Quadrant Capital Advisors, Inc. in New York (a Santo Domingo Group investment company based in New York). He is the head of Quadrant Capital's Strategic Investments Group, including investments in AB InBev and a portfolio of public and private minority investments, primarily in the US and European consumer sectors. He sits on various Boards of Directors including, among others, Bevco Lux S.A.R.L. (Luxembourg), Bavaria, S.A. and Valorem, S.A. (Colombia), and the Advisory Board of the International Finance Center of the Yale School of Management (United States).
MR SHEIKH ALI JASSIM M.J. AL-THANI	QATAR INVESTMENT AUTHORITY	A Qatar national. He has a degree in Economics and Political Science from the University of Portland (Oregon, USA). He has been working in collaboration with the Government of Qatar, mainly in the fields of trade, finance and real estate, for more than 30 years. He has been a Senior Advisor on Strategy and Investments since 2007. He was vice president and member of the Board of Directors and of the Executive Committee of Housing Bank for Trade and Finance of Jordan (the second most important bank in Jordan) until 2016. He was a member of the Board of Directors and vice president of the United Arab Shipping Company in Dubai (UAE) from 2003 to 2016. He has been vice president of the Libyan Qatari Bank since 2007, and in 2009 he was appointed chairman and managing director of Qatar Navigation (where he was a member of the Board of Directors from 2003 to 2016). Qatar Navigation operates in the field of shipping and real estate. Since 2012, he has been a member of the Board of Directors of Qatar Abu Dhabi Investment Company, a company specialising in real estate investments and private equity. In November 2015, he was appointed director of SFL.

External proprietary directors

Name or company name of director	Name or company name of the significant shareholder represented or proposing appointment	Profile
MR GIULIANO ROTONDO	QATAR INVESTMENT AUTHORITY	He graduated magna cum laude in Economics and Financial Market Management at Bocconi University (Milan, Italy) in 2004. He has 20 years of experience in the real estate sector. He joined the QIA group in 2012 and is currently its head of real estate for Europe. Before that, he worked at Morgan Stanley's real estate group, holding a number of roles in the acquisitions and asset management teams. During his career, he has completed real estate transactions for over $15 billion in a variety of territories (Europe, Central and Eastern Europe, the United States and other markets) and industries. During his time at Qatar Investment Authority (QIA), he has led and been responsible for some of that company's major real estate investments.
MR MANUEL PUIG ROCHA	PUIG, S.A.	Manuel Puig holds a degree in Industrial Engineering from Universidad Politécnica de Cataluña (UPC) and has held a variety of executive positions at Puig for over 35 years, where he has created several international subsidiaries and what is now the Puig Group's Derma division. During his time at Puig, he has managed several fashion brands, and in the last ten years, he has been involved in significant acquisition processes. Manuel Puig has been vice president of Puig and a member of its Board of Directors since 2007. He has also been the Chairman of the ESG Committee of its Board of Directors since February 2021. He is also a member of the Boards of Directors of Exea Empresarial, Isdin, Flamagas, Fluidra and RACC, of the Advisory Board of GBI2 (Georgetown University) and of the Supervisory Board of Iris Ventures. He is actively involved in various ESG organisations and working groups of internationally recognised climate forums, and he is a member of the Board of Trustees of Fundación Empresa & Clima.

Total number of proprietary directors	6
% of the total board	46.15

External proprietary directors

Name or company name of director	Profile
MS ANA CRISTINA PERALTA MORENO	Ms Ana Peralta is currently an independent Director of BBVA and Grenergy Renovables, S.A. She has extensive experience in the financial sector. She began her professional career with Bankinter in 1990, where she worked in extremely different areas until late 2008. She headed up Bankinter's first Internet Office and ran the Chairman's Office. During her last years at the bank, she was Chief Risk Officer and a member of the Management Committee. From 2009 to 2012 she sat on the Management Committee at Banco Pastor, where she worked as General Manager of Risk. From 2012 to 2018 Ms Ana Peralta divided her time between a post as Senior Advisor with Oliver Wyman Financial Services and was a member of several boards of directors. She was an independent director at Banco Etcheverría, at Deutsche Bank, SAE and also at Lar Holding Residencial. She holds a degree in Economics and Business Administration from the Madrid Complutense University and a Master's Degree in Financial Management from CEF (1991), and studied the PMD Programme (Program for Management Development) at Harvard Business School (2002) and the PADE programme at the IESE business school (2016).
MS SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN	Holds a degree in Political Sciences from the Sciences Po University (Paris) and a Master's Degree in Spanish and Latin American Studies from the Paris-Sorbonne University. By civil service examination, she became a teacher of Spanish studies in France. She has been teaching and researching for 25 years (1984-2009) in a number of French academic institutions: University of Toulouse, Sciences Po and the ESSEC Business School. Author of several books on history and contemporary Spanish politics. Ms Alonso-Castrillo worked for the French Embassy in Singapore as a science and culture advisor, before being appointed regional director of INSEAD. She supervised the development of two campuses in Singapore: the French Lycée and INSEAD (1996-1999). Upon her return to Europe in 2000, she worked for 15 years with ESSEC, managing international development and fundraising for the business school, which also opened a campus in Singapore. In 2007 she founded the consulting firm Sociedad de Estudios Hispano Franceses, S.L. in Madrid, which she led until 2019 and of which she is the sole shareholder and director. Since 2013, Ms Alonso-Castrillo has run the family farm in the Loire Valley of France. She has served on the Board of the College de Bernardins (Paris) and on the Executive Committee of the Fondation pour les Sciences Sociales (Paris). She was director of SFL from 2017 to January 2019 and from Koiki Home S.L. from 2017 to February 2023.
MS ANA LUCRECIA BOLADO VALLE	She holds a degree in Pharmacy from the Madrid Complutense University, and also a Master's Degree in Business Administration (MBA) from IE Business School. In the course of her professional career, Ms Ana Bolado Valle has held various management positions at Santander Group (1986-2017), managing important business areas both wholesale and retail, digital transformation projects and key areas for the Group such as Corporate Human Resources Division between 2005 and 2010. She has also been a Board member of Parques Reunidos Servicios Centrales, S.A. and Unicaja Banco, S.A. Currently Ms Ana Bolado Valle is a proprietary director of Metrovacesa, S.A., appointed at the proposal of Banco Santander, S.A., Caceis Group and Caceis Bank. With regard to the latter organisation, Ms Ana Bolado is a member of the following committees: Strategy, Audit, Risks and Compliance and Appointments and Remunerations. Furthermore, she is a Senior Advisor for Fellow Funders -an equity crowdfunding platform to support the funding of start-ups and SMEs- and a member of the Instituto de Consejeros y Administradores (ICA, Institute of Directors and Administrators) and of Women Corporate Directors.
MR LUIS MALUQUER TREPAT	He holds a degree in Law from the University of Barcelona and a Diploma in International Institutions from the University of Geneva. Throughout his career, he has advised various national and international organisations in the specialist field of financial, banking and real estate law through his firm. He has also taught financial and banking law at various institutions, such as the Barcelona Chamber of Commerce, and he was a director of the European Society for Banking and Financial Law (AEDBF Paris). He is the founding partner of Despacho Maluquer Advocats, SCP and a Board member and secretary of a number of companies, including SFL, where he was a member of the Board until April 2022. He was Chairman of the Argentinian Chamber of Commerce in Spain until 2019 and is currently a member of its Governing Board.

External proprietary directors

Name or company name of director	Profile
MS MIRIAM GONZÁLEZ-AMÉZQUETA LÓPEZ	She holds a double degree in Law and Economics and Business Studies (E-3) from Comillas Pontifical University (ICADE). Ms Miriam González-Amézqueta embarked on her professional career in 1989 as a financial analyst for Santander Investment S.V.B (BSN), where she stayed until 2000. Following the merger between BSN and BCH, she was equities manager at the resulting brokerage company. Between 2000 and 2008 she was managing director at Lehman Brothers International Europe and, after that, managing director at Lehman Brothers Plc. Branch in Spain. In addition, and among other roles, she was equities manager for the Spanish and Portuguese offices. She was also a member of the European Equities Executive Committee, the Management Committee of Iberia, the Integration and Diversity Committee in London, the European Selection and Recruitment Team, and the “Lehman Faculty”, speaking at internal courses held in London and New York, and chairwoman of the Southern Europe Integration and Diversity Committee. Between 2008 and 2011, following Nomura International Europe’s acquisition of Lehman Brothers, she was Managing Director Head of Equities in Spain for European, American and Asian shares. During 2012, she completed the Digital Business Executive Programme at ISDI. In 2013 she founded Alamir Servicios Financieros, of which she is a shareholder, to invest in start-ups, mainly Fintech companies, with the strategy of being actively involved in their management and subsequent development at a global level. Currently Ms Miriam González-Amézqueta has been an independent Director on the Boards of Deutsche Bank S.A.E. and the MIO Group since February 2017 and June 2021 respectively, and of NH Hotel Group since June 2023. At Deutsche Bank S.A.E., she also chairs the Risk and Remuneration Committees and is a member of the Audit and Appointments Committees. She also chairs the Audit Committee and the Remuneration and Appointments Committee of the MIO Group. Finally, she is also Chair of the Audit and Control Committee of NH Hotel Group.

Total number of independent directors	5
% of the total board	38.46

List any independent directors who receive from the Company or its group any amount or benefit other than standard director remuneration or who currently have or have had in the last year business dealings with the Company or any group company, either in their own name or as a significant shareholder, director or senior officer of an entity that currently has or has previously had such a relationship.

If applicable, include a statement from the board detailing the reasons why it believes this director may carry out duties as an independent director.

Name or company name of the director	Description of the relationship	Reasoned statement
N/A		

Other external directors

Identify the other external directors and explain why these directors may not be considered proprietary or independent directors, and what their connection is with the Company, its officers or its shareholders:

Name or company name of the director	Reasons	Company, officer or shareholder to which this person is linked	Profile
MR JUAN JOSÉ BRUGERA CLAVERO	He was an executive Director of the Company until 30 April 2022.	INMOBILIARIA COLONIAL, SOCIMI, S.A.	Chairman of Inmobiliaria Colonial, SOCIMI, S.A. since 2008, and previously held the position of CEO from 1994 to 2006. He was Chairman of SFL between 2010 and April 2022. Previously he was Chief Executive Officer of Mutua Madrileña, CEO of SindiBank and Deputy General Manager of Banco de Sabadell. Other positions: He has been Chairman of the Board of Trustees of Universidad Ramón Llull (URL); Chairman of the ESADE Foundation, Panrico, Holditex and the Círculo de Economía in Barcelona, and director of El Periódico de Catalunya. He is an Industrial Technical Engineer and holds an MBA from ESADE. PDG from IESE and Honorary Doctorate from the University of Rhode Island.

Total number of external directors	1
% of the total board	7.69

Indicate any changes in the status of each director that may have occurred during the year:

Name or company name of the director	Date of change	Prior category	Current category
N/A			

C.1.4 Complete the following table with the information on the number of female directors over the past 4 years and their category:

	Number of female board members				% of total directors of each category			
	2023	2022	2021	2020	2023	2022	2021	2020
Executive					0.00	0.00	0.00	0.00
Proprietary directors	1	1			16.67	20.00	0.00	0.00
Independent directors	4	3	3	3	80.00	75.00	75.00	75.00
Other External Female Directors					0.00	0.00	0.00	0.00
Total	**5**	**4**	**3**	**3**	**38.46**	**36.36**	**27.27**	**27.27**

C.1.5 Indicate whether the company has diversity policies in place for its Board of Directors with regards to age, gender, disability, education or work experience, among other matters. Small and medium businesses, as described by the Law on Audits of Accounts, should at least report about the policy they have established to ensure gender diversity.

Yes

If this is the case, describe the diversity policies, their targets, measures, and the way they have been implemented and their outcome in the fiscal year. Also indicate the specific measures taken by the Board of Directors and the Appointments and Remuneration Committee to ensure a balanced and diverse ratio of directors.

Should the company not have a diversity policy in place, explain the reasons for it.

Description of policies, targets, measures and way they have been implemented, as well as their outcome
In December 2020, the Company approved its Selection and Diversity Policy, in which strict parameters for its application are laid down. In addition, in recent years it has been developing a specific plan for the implementation of this policy, which had the positive result of tripling the number of female directors in 2019. Their number also increased during 2022 and 2023. Thus, this Selection and Diversity Policy, applicable to the appointment and re-election of candidates to the Board of Directors, is based on the principles of diversity and balance in the composition of the Board of Directors, within the general objective of providing effectiveness and professionalism to the operation of this body and increasing the quality of corporate management. In accordance with the Selection and Diversity Policy, the selection of candidates for directorship will require a prior analysis of the Company's needs, which will be carried out by the Board of Directors based on a report by the Appointments and Remuneration Committee ("ARC"). In this process, individuals will be sought who meet the requirements of professional and personal qualifications and honesty, as well as capacity, set out in the Policy. Upon recruiting such candidates, the Board will make sure that the selection processes foster diversity in age, gender, disability, education and work experience in the Board of Directors. As to diversity, following the most recent modification carried out in 2020, the Policy's aims still include continuing to increase the number of female directors in order to achieve a gender diversity balance on the Board in accordance with the good governance recommendations. Likewise, the Policy also includes as a target that the appointment of Directors should meet the general criteria on the composition of the Board of Directors, in particular, having a balanced number of executive, proprietary and independent Directors, subject to the principles and recommendations listed in the GGC. In 2020, at the proposal of the ARC, a request to modify the Diversity Policy was submitted to the Board for approval to align the policy with the new recommendations of the Good Governance Code for listed companies, approved by the Spanish Securities Market Commission (CNMV) in June 2020. In addition to the above-mentioned modification regarding gender diversity, one of the most significant changes worth highlighting is the inclusion of age as a criterion for the selection of directors. In 2023, following an analysis of the composition of the Board, its needs and the Company's shareholder structure, the Board of Directors proposed the re-election of the following female directors: Ms Silvia Alonso-Castrillo Allain, Ms Ana Peralta Moreno and Ms Ana Bolado Valle; as well as a new member of the Board, Ms Miriam González-Amézqueta López. However, in 2024, the Company intends to increase the number of female directors to 40%.

C.1.6 Explain any measures that may have been agreed by the appointments committee to prevent any implicit bias in selection procedures to hinder the selection of female directors, and for the company to deliberately strive to include women with the professional profile sought as candidates, and that will ensure a balanced ratio of women and men. Also indicate whether these measures include encouraging the company to have a significant number of female senior officers:

Explanation of the measures
The ARC has maintained promoting a higher female presence on the Board as a goal for 2023. This task started a few years ago with the appointment of four new independent female directors to date, all this within the framework of the Company's internal policies, which are in line with international standards and Recommendation 14 of the Code of Good Governance, while also ensuring cultural diversity and the presence on the Board of members with international knowledge and experience. The Company intends to increase the number of female directors to 40% of the Board in 2024. As for the ARC, in 2023, it verified compliance with the Selection and Diversity Policy and reported its findings to the Board of Directors, all this as provided in the Selection and Diversity Policy.

When, despite any measures adopted, there are few or no female directors or senior officers, explain the reasons:

Explanation of the reasons
The year 2023 saw the appointment of Ms Miriam González-Amézqueta López and Ms Begoña Orgambide García as members of the Board of Directors, as well as the re-election of Ms Ana Bolado Valle, Ms Ana Peralta Moreno and Ms Silvia Alonso-Castrillo, thus continuing to increase the number of women on the Board of Directors, where they now account for 38.46% of its members. These appointments have also resulted in women accounting for 80% of the Company's independent Directors. It is also worth noting that the Audit and Control Committee ("ACC"), the ARC and the Sustainability Committee ("SC") are chaired by female directors, and 80%, 50% and 75%, respectively, of the members of those committees are women. Women also held 50% of senior management positions in 2023.

C.1.7 Explain the conclusions of the Appointments Committee on the verification of compliance with the policy aimed at fostering an appropriate composition of the Board of Directors.

As part of verifying that Colonial's Selection and Diversity Policy is being properly complied with, in 2023, the ARC analysed the composition of the Board of Directors, its needs and the shareholding structure of the Company in order to consider the conditions to be met by directors in the exercise of their duties and the dedication required for their adequate performance, all this as part of various selection processes. In view of the above, and in order to continue to promote a diverse composition of the Board of Directors that is appropriate for its needs, the ARC proposed to the Board of Directors the appointment of Ms Miriam González-Amézqueta López as an independent Director and member of the ACC. The Committee also examined the qualifications of the members of the Board of Directors in accordance with the corporate documents, the Spanish Limited Liability Companies Law and the corporate governance recommendations.

C.1.8 Explain any reasons for which proprietary directors have been appointed at the behest of shareholders accounting for less than 3% of share capital:

Name or company name of the shareholder	Justification
N/A	

Provide details of any rejections of formal requests for board representation from shareholders whose shareholding is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been granted.

No

C.1.9 Indicate the powers, if any, including in relation to the issue or buyback of shares, delegated by the Board of Directors to directors or to Board committees:

Name or company name of the director or committee	Brief description
PEDRO VIÑOLAS SERRA	In his capacity as CEO, he has been granted all the powers that may be delegated by the Board of Directors. In addition, as Vice-Chairman of the Board of Directors, he has the powers set out in the Board Regulations.
Executive Committee	This Committee has all the powers of the Board of Directors except for those that cannot be delegated by law, including the power to issue or buy back shares.

C.1.10 Identify any Board members working as managing directors, representatives of managing directors or officers at other companies forming part of the listed company's group:

Name or company name of the director	Group company name	Position	Does the member have executive functions?
MR PEDRO VIÑOLAS SERRA	Société Foncière Lyonnaise	Chairman	NO
MR PEDRO VIÑOLAS SERRA	Inmocol One, S.A.U.	Natural person representing the sole director, Inmobiliaria Colonial, SOCIMI, S.A.	YES
MR PEDRO VIÑOLAS SERRA	Inmocol Torre Europa, S.A.	Director	NO
MR PEDRO VIÑOLAS SERRA	Inmocol Two, S.L.U.	Natural person representing the sole director, Inmobiliaria Colonial, SOCIMI, S.A.	YES
MR PEDRO VIÑOLAS SERRA	Colonial Lab, S.L.U.	Natural person representing the sole director, Inmobiliaria Colonial, SOCIMI, S.A.	YES
MR PEDRO VIÑOLAS SERRA	Colonial Tramit, S.L.	Natural person representing the sole director, Inmobiliaria Colonial, SOCIMI, S.A.	YES
MR PEDRO VIÑOLAS SERRA	Utopicus Innovación Cultural, S.L.	Director	NO
MR JUAN JOSÉ BRUGERA CLAVERO	Société Foncière Lyonnaise	Director	NO
MR SHEIKH ALI JASSIM M.J. AL-THANI	Société Foncière Lyonnaise	Director	NO

C.1.11 Provide details of the positions of director or equivalent, or representative thereof, held in other companies, whether or not they are listed companies, by directors or representatives of directors who are members of the Board of Directors of the company:

Identification of the director or representative	Company name, whether or not it is a listed company	Position
MR JUAN CARLOS GARCÍA CAÑIZARES	Quadrant Capital Advisors, Inc	OTHER
MR JUAN CARLOS GARCÍA CAÑIZARES	Valorem S.A.	DIRECTOR
MR JUAN CARLOS GARCÍA CAÑIZARES	SNI International Holding S.A.R.L.	DIRECTOR
MR JUAN CARLOS GARCÍA CAÑIZARES	Park S.A.R.L.	DIRECTOR
MR JUAN CARLOS GARCÍA CAÑIZARES	Bavaria, S.A.	DIRECTOR
MR JUAN CARLOS GARCÍA CAÑIZARES	Bevco Lux S.A.R.L.	DIRECTOR
MR JUAN CARLOS GARCÍA CAÑIZARES	Blue Clay S.A.R.L.	DIRECTOR
MS ANA LUCRECIA BOLADO VALLE	Metrovacesa, S.A.	DIRECTOR
MS ANA LUCRECIA BOLADO VALLE	CACEIS GROUP	DIRECTOR
MS ANA LUCRECIA BOLADO VALLE	CACEIS BANK	DIRECTOR
MS ANA CRISTINA PERALTA MORENO	Banco Bilbao Vizcaya Argentaria, S.A.	DIRECTOR
MS ANA CRISTINA PERALTA MORENO	Grenergy Renovables, S.A.	DIRECTOR
MS SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN	Sociedad de Estudios Hispano Franceses, S.L.	JOINT AND SEVERAL DIRECTOR
MR PEDRO VIÑOLAS SERRA	Blue Self Storage, S.L.	DIRECTOR

Identification of the director or representative	Company name, whether or not it is a listed company	Position
MR PEDRO VIÑOLAS SERRA	Banco de Sabadell, S.A.	DIRECTOR
MR SHEIKH ALI JASSIM M.J. AL-THANI	26 Champs Elysees	DIRECTOR
MR SHEIKH ALI JASSIM M.J. AL-THANI	AL NURAN BANK	CHAIRMAN
MR SHEIKH ALI JASSIM M.J. AL-THANI	Happag Lloyd	DIRECTOR
MR SHEIKH ALI JASSIM M.J. AL-THANI	Rayyan Islamic Bank	DIRECTOR
MR SHEIKH ALI JASSIM M.J. AL-THANI	Qatar Insurance and re-insurance co.	DIRECTOR
MR SHEIKH ALI JASSIM M.J. AL-THANI	Libyian Qatari Bank	VICE-CHAIRMAN
MR LUIS MALUQUER TREPAT	Filux, S.A.	SOLE DIRECTOR
MS BEGOÑA ORGAMBIDE GARCÍA	FCapital Dutch, S.L.	DIRECTOR
MS BEGOÑA ORGAMBIDE GARCÍA	Finaccess Restauración, S.L.	DIRECTOR
MS BEGOÑA ORGAMBIDE GARCÍA	Finaccess Inmobiliaria, S.L.	DIRECTOR
MS BEGOÑA ORGAMBIDE GARCÍA	Finaccess Capital Inversores, S.L.	DIRECTOR
MS BEGOÑA ORGAMBIDE GARCÍA	Atrides	DIRECTOR
MS BEGOÑA ORGAMBIDE GARCÍA	AmRest Holdings, S.E.	DIRECTOR
MR CARLOS FERNÁNDEZ GONZÁLEZ	Restaurant Brands New Zealand Limited	DIRECTOR
MR CARLOS FERNÁNDEZ GONZÁLEZ	Estudia Mas, S.A.P.I. de C.V. (formerly Promotora de Crédito Educativo, S.A.P.I. de C.V.)	DIRECTOR
MR CARLOS FERNÁNDEZ GONZÁLEZ	Prepárate, S.A. de C.V.	DIRECTOR
MR CARLOS FERNÁNDEZ GONZÁLEZ	Fundación CEPA González Díez	CHAIRMAN
MR CARLOS FERNÁNDEZ GONZÁLEZ	Grupo Finaccess S.A.P.I. de C.V.	CHAIRMAN
MR CARLOS FERNÁNDEZ GONZÁLEZ	Endeavor España	TRUSTEE
MR CARLOS FERNÁNDEZ GONZÁLEZ	Grupo Far-Luca, S.A. de C.V.	CHAIRMAN
MR CARLOS FERNÁNDEZ GONZÁLEZ	Ciniia de México, S.A. de C.V.	CHAIRMAN
MR CARLOS FERNÁNDEZ GONZÁLEZ	Finacprom, S.A. de C.V.	CHAIRMAN
MR CARLOS FERNÁNDEZ GONZÁLEZ	Solidaridad y Trabajo Virgen del Camino, S.L.	CHAIRMAN
MR CARLOS FERNÁNDEZ GONZÁLEZ	Fundación Solidaridad y Trabajo Virgen del Camino	REPRESENTATIVE OF DIRECTOR
MR CARLOS FERNÁNDEZ GONZÁLEZ	Sociedad Mexicana para el Estudio de Movimientos Anormales, A.C.	DIRECTOR
MR CARLOS FERNÁNDEZ GONZÁLEZ	Fundación de Ayuda a la Ancianidad, I.A.P.	TRUSTEE
MS MIRIAM GONZÁLEZ-AMÉZQUETA LÓPEZ	Deutsche Bank S.A.E.U.	DIRECTOR
MS MIRIAM GONZÁLEZ-AMÉZQUETA LÓPEZ	Media Investment Optimization, S.A.	DIRECTOR
MS MIRIAM GONZÁLEZ-AMÉZQUETA LÓPEZ	NH Hotel Group, S.A.	DIRECTOR
MR MANUEL PUIG ROCHA	Lyskamm 1861, S.L.	JOINT AND SEVERAL DIRECTOR
MR MANUEL PUIG ROCHA	Schwarzsee 2018, S.L.	JOINT AND SEVERAL DIRECTOR
MR MANUEL PUIG ROCHA	Exea Empresarial, S.L.	REPRESENTATIVE OF DIRECTOR
MR MANUEL PUIG ROCHA	Inmo, S.L.	JOINT AND SEVERAL DIRECTOR

Identification of the director or representative	Company name, whether or not it is a listed company	Position
MR MANUEL PUIG ROCHA	Whymper 1865, SCR, S.A.	CHAIRMAN
MR MANUEL PUIG ROCHA	Torre Puig LH 4648, S.L.	JOINT AND SEVERAL DIRECTOR
MR MANUEL PUIG ROCHA	Quaestor Investments, S.A.	CHAIRMAN
MR MANUEL PUIG ROCHA	Puig, S.L.	REPRESENTATIVE OF DIRECTOR
MR MANUEL PUIG ROCHA	Puig Brands, S.A.	DIRECTOR
MR MANUEL PUIG ROCHA	Maveinn Inversiones Inmobiliarias, S.L.	JOINT AND SEVERAL DIRECTOR
MR MANUEL PUIG ROCHA	Sociedad Textil Lonia, S.A.	DIRECTOR
MR MANUEL PUIG ROCHA	Tansiluxs, S.L.	JOINT DIRECTOR
MR MANUEL PUIG ROCHA	Casa Fiesta Formentera y Asociados, S.L.	JOINT DIRECTOR
MR MANUEL PUIG ROCHA	Charlotte Tilbury Limited	DIRECTOR
MR MANUEL PUIG ROCHA	Aubelia SAS	DIRECTOR
MR MANUEL PUIG ROCHA	Beijing Yitian Shidai Trading Co., LLC	DIRECTOR
MR MANUEL PUIG ROCHA	Byredo AB	DIRECTOR
MR MANUEL PUIG ROCHA	Cosmetika SAS	DIRECTOR
MR MANUEL PUIG ROCHA	Dries Van Noten Group NV	DIRECTOR
MR MANUEL PUIG ROCHA	Ponteland Distribuiçao, S.A.	DIRECTOR
MR MANUEL PUIG ROCHA	Puig North America, Inc.	DIRECTOR
MR MANUEL PUIG ROCHA	Puig, S.A.	VICE-CHAIRMAN
MR MANUEL PUIG ROCHA	Inmo Montaigne	JOINT AND SEVERAL DIRECTOR
MR MANUEL PUIG ROCHA	Inmo USA Inc.	JOINT AND SEVERAL DIRECTOR
MR MANUEL PUIG ROCHA	Flamasats, S.L.	DIRECTOR
MR MANUEL PUIG ROCHA	Isdin, S.A.	DIRECTOR
MR MANUEL PUIG ROCHA	Exea Capital, SCR, S.A.	CHAIRMAN
MR MANUEL PUIG ROCHA	Real Automóvil Club de Cataluña, S.L.	DIRECTOR
MR MANUEL PUIG ROCHA	Fluidra, S.A.	DIRECTOR
MR GIULIANO ROTONDO	Coima Res S.P.A.	DIRECTOR
MR GIULIANO ROTONDO	Nova Bocana Barcelona, S.A.	DIRECTOR
MR GIULIANO ROTONDO	Danube Holding LLC	DIRECTOR

Based on the information available to the Company, all the positions reported are directly or indirectly remunerated, except for those held in non-profit organisations and those held by Mr Giuliano Rotondo in the companies Nova Bocana Barcelona, S.A. and Danube Holding LLC and the position held by Mr Carlos Fernández González in Restaurant Brands New Zealand Limited.

Indicate any other remunerated activities of any kind carried out by the directors or their representatives, other than those set forth in the above table.

Identification of the director or representative	Other remunerated activities
MR LUIS MALUQUER TREPAT	Partner at Maluquer Advocats, S.C.P.
MS BEGOÑA ORGAMBIDE GARCÍA	Head of Investor Relations at Finaccess Capital

C.1.12 Indicate, and explain where appropriate, whether the company has established rules on the maximum number of company boards the company's directors may sit on, identifying, if any, where these rules are established:

Yes

Explanation of the rules and identification of the document where they are established
In view of its internal principles of organisation and the proper functioning of its administrative and management structure, and always in the Company's best interests, Colonial establishes in its Regulations of the Board of Directors that directors may not sit on more than four boards of directors of Spanish listed companies other than Colonial or companies in its Group. However, the executive Directors of the Company may not sit on more than two boards of directors of listed companies other than Colonial or companies in its Group. If they are members of two or more boards of directors of companies in the same Group, these shall count as a single Board of Directors. The Board of Directors may dispense with this ban in exceptional circumstances. It should also be pointed out that Board Regulations establish that they must carry out their functions and meet the obligations imposed on them by law, the Company Bylaws and other internal regulations with the diligence of an orderly entrepreneur, in due consideration of the nature of the post and the functions assigned to them; their dedication must be appropriate at all times, and they must take the necessary measures for proper management and control of the Company.

C.1.13 Specify the amounts of the following items relating to the global remuneration of the Board of Directors:

Remuneration accrued by the Board of Directors during the fiscal year (thousands of euros)	4,707
Amount of funds accumulated by current directors under long-term savings schemes with vested economic rights (thousands of euros)	
Amount of funds accumulated by current directors under long-term savings schemes with non-vested economic rights (thousands of euros)	850
Amount of funds accumulated by former directors under long-term savings schemes (thousands of euros)	

There are no long-term savings schemes for non-executive Directors: only the CEO has such a scheme.

C.1.14 List any members of senior management who are not also executive directors and state the total remuneration accrued to them during the year:

Name or corporate name	Position(s)
MR ALBERTO ALCOBER TEIXIDÓ	Business Director
MR CARLOS ESCOSA FARGA	Head of Internal Audit
MR JUAN MANUEL ORTEGA MORENO	Head of Sales and Chief Investment Officer
MS NURIA OFERIL COLL	Head of the Legal Department
MS BEGOÑA MUÑOZ LÓPEZ	Head of Human Resources and General Services
MS CARMINA GANYET CIRERA	Corporate General Manager

Number of women in senior management	3
Percentage of total members of senior management	50.00

Total remuneration of senior management (thousands of euros)	**2,519**

In line with section C.1.13 above, the figure includes the total remuneration of senior management at group level.

C.1.15 Indicate whether any amendments have been made to the board regulations during the year:

No

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of directors. Give details of the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

In order to meet the highest standards in the selection of candidates for directors, based on knowledge and experience in the sector and in the management of listed companies, Colonial has developed its procedures for the selection, appointment, re-election and removal of directors through the Selection and Diversity Policy, approved by the Board at the proposal of the ARC, which are regulated in the Regulations of the Board of Directors. In accordance with this policy, the Board of Directors will first analyse the Company's and the Group's needs, with appropriate support from advisors, and will, in any case, base its analysis on the ARC's appointment proposal or mandatory supporting report. The directors are appointed by the General Meeting or, in the event of early vacancies, by the Board, exercising its power to co-opt. The ARC makes proposals for the appointment or re-election of independent directors. In all other cases, the Board is responsible for making proposals. Proposals must be accompanied by a supporting report from the Board that assesses the competence, experience and merits of the proposed candidates, which will be attached to the minutes of the General Meeting or the Board meeting. The proposal for the appointment or re-election of any non-independent director should also be preceded by an ARC report. In order for the shareholders at the General Meeting to have the information necessary for the appointment of directors, from the publication of the call notice and until the General Meeting is held, the Company must continuously post on its corporate website the following information, at least, on the persons proposed for appointment, ratification or re-election as Board members: their identity, CV and category to which each belongs, and the aforementioned proposal and reports and ARC explanatory report containing the findings of the analysis performed beforehand of the Board's needs. Additionally, the Selection and Diversity Policy establishes a series of situations that prevent a candidate from being a director. Directors may be removed from office at any time by the General Meeting, even if the removal is not on the agenda. In addition, directors must place their position at the disposal of the Board of Directors and tender, if the latter deems it appropriate based on a report from the ARC, their resignation, all in accordance with the provisions of the Regulations of the Board of Directors, in the instances set forth in section C.1.19 below. The Board of Directors shall not propose the removal of any independent directors before the expiry of their office as set forth in the Company Bylaws, except where just cause is found by the Board, based on a report by the ARC. It shall be understood that there is just cause when the director takes up a new post or takes on new duties that prevent him/her from devoting the necessary time to the performance of the duties associated with the directorship, when the director fails to carry out the duties inherent to his/her post or when the director is involved in circumstances which cause him/her to lose his/her independent status in accordance with the provisions of the legislation applicable. The removal of independent directors may also be proposed following a takeover bid, merger or similar corporate operation entailing changes in the Company's capital structure, when these changes have been propitiated by the proportionality criterion. Without prejudice to the foregoing, the Board Regulations stipulate that independent directors may not retain their status as such for a continuous period of more than 12 years. In addition, the Board of Directors may propose the removal of other directors prior to the expiry of the statutory period for which they were appointed for exceptional and justifiable reasons as approved by the Board following a report by the ARC. Directors who cease to be directors before the end of their term, either through resignation or as agreed by the General Meeting, shall send a letter to all members of the Board of Directors stating their reasons for resigning or, in the case of non-executive Directors, their opinion on the General Meeting's decision. Without prejudice to reporting all this in the Annual Corporate Governance Report, insofar as it is relevant to investors, the Company shall publish the resignation or removal as soon as possible, including a sufficient reference to the reasons or circumstances provided by the director.

C.1.17 Explain to what extent the annual evaluation of the Board has prompted significant changes in its internal organisation and the procedures applicable to its activities:

Description of changes
The annual assessment of the Board of Directors for 2022 was satisfactory and did not result in any significant changes to the Company's internal organisation and/or the procedures applicable to its activities in 2023.

Describe the assessment procedure and the areas assessed by the Board of Directors with the support, if any, of an external consultant, regarding the performance and composition of the Board and its committees and any other area or aspect that has been assessed.

Description of the assessment procedure and areas assessed
The Board of Directors has assessed its own performance, as well as that of its committees (except for the ACC to the extent that it self-assesses), the Chairman, the CEO and the Secretary to the Board. Under the assessment procedure, which was carried out with the advice of an external consultant (Georgeson), all the directors anonymously completed a set of questionnaires previously validated by the ARC. The answers to the questionnaires were reviewed and analysed by the external consultant to produce its assessment reports. Unlike the other committees, the ACC assesses its own composition and internal organisation, and it reached positive conclusions in 2023.

C.1.18 Detail, as appropriate, for the years in which the assessment was supported by an external consultant, any business dealings that the consultant or any company in its group have with the Company or any company in its group.

In 2023, Georgeson provided the Company with services relating to shareholder identification and proxy solicitation activities at the Annual General Meeting of Shareholders. In addition, it reviewed the Integrated Annual Report for 2022. Computershare, a company in the same group, provides shareholder register services.

C.1.19 Indicate the cases in which the directors must resign.

In order to preserve the independence of Colonial's directors and the best possible performance of their duties, the Company's Regulations of the Board of Directors stipulate that directors must offer their position to the Board of Directors and resign, if deemed appropriate by the Board following a report from the ARC, in the following cases: 1. When they become subject to any incompatibility or prohibition established by law. 2. When they cease to discharge the executive functions associated with their appointment as directors or when the reasons for their appointment cease to exist. Specifically, proprietary directors shall tender their resignation when the shareholder they represent sells off the entire shareholding in Colonial or when the number of shares held requires a reduction in the number of proprietary directors. In cases in which, notwithstanding what had been previously envisaged, the Board of Directors considers that there are reasons justifying the Director remaining in office, the impact that the new circumstances may have on the qualification of the Director will be taken into account. 3. When they have been seriously reprimanded by the ARC for having infringed any of their duties as directors. 4. When their remaining as a board member may adversely affect the operation of the Board or jeopardise the credit or reputation of the Company for any reason. In particular, directors must inform the Board and, if appropriate, resign, in the event of any situations that affect them, regardless of whether or not they are related to their performance in the Company, that could affect the Company's reputation. In particular, they must inform the Board of any criminal case in which they are involved and under investigation as well as of any procedural events in such case. If the Board of Directors has been informed or otherwise been made aware of any of the situations mentioned in the preceding sentence, the Board shall examine the case as soon as possible and shall decide, based on the specific circumstances and after receiving a report from the ARC, whether to take any action.

A reasoned account of this shall be provided in the Annual Corporate Governance Report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. Likewise, Colonial informs its directors who are qualified as independent of the time limit legally established at 12 years, so that once this period has elapsed, the appropriate steps can be taken to comply with the applicable legislation.

C.1.20 Are qualified majorities other than those prescribed by law required for any type of decision?

No

If applicable, describe the differences.

C.1.21 State whether there are any specific requirements, apart from those relating to the directors, to be appointed chairman of the Board of Directors.

No

C.1.22 Indicate whether the Bylaws or the Board regulations set any age limit for directors:

No

C.1.23 Indicate whether the Bylaws or the Board regulations set a limited term of office or other stricter requirements for independent directors other than those established by the regulations:

No

C.1.24 Indicate whether the Bylaws or Board regulations stipulate specific rules to delegate votes on the Board of Directors to other directors, the procedures thereof and, in particular, the maximum number of proxy votes a director may hold. Also, indicate whether there is any limit as to the categories in which it is possible to delegate votes, beyond the limits provided in law. Also indicate whether there is any limit as to the categories in which it is possible to delegate votes, beyond the limits provided in law.

In order to establish a set of operating rules for the Board that allow the effective performance of its functions within the framework of the governance requirements applicable to the Company under both its internal rules and the legislation, the Regulations of the Board of Directors allow, in accordance with the Spanish Limited Liability Companies Law, to confer representation in writing specifically for each meeting, and only in favour of another member of the Board. However, non-executive directors may only assign proxy to another non-executive director.

C.1.25 Indicate the number of Board meetings held during the fiscal year. Also state, if applicable, the number of occasions on which the Board met without its Chairman in attendance. Attendance for this purpose shall also include proxies appointed with specific instructions.

Number of Board meetings	11
Number of Board meetings not attended by the Chairman	0

Indicate the number of meetings held by the Independent Lead Director with the other directors without the attendance, in person or by proxy, of an executive Director:

Number of meetings	0

Indicate the number of meetings of the various Board Committees held during the fiscal year:

Number of audit committee meetings	10
Number of executive committee meetings	1
Number of appointments and remuneration committee meetings	12
Number of sustainability committee meetings	4

The Company ceased to have an Independent Lead Director on 30 April 2022, as the Chairman of the Board is no longer an executive director.

C.1.26 Indicate the number of meetings held by the Board of Directors during the fiscal year and the attendance data of its members:

Number of meetings where at least 80% of directors attended in person	11
% of attendance in person out of the total votes during the fiscal year	98.48
Number of meetings with attendance in person, or by proxy with precise instructions, of all the directors	11
% of votes cast with attendance in person, or by proxy with precise instructions, out of the total votes during the year	100.00

C.1.27 Indicate whether the consolidated and individual annual financial statements submitted to the Board for their preparation are certified beforehand:

Yes

Identify, where applicable, the person(s) who certified the company's individual and consolidated annual financial statements to be drawn up by the Board:

Name	Position
MS ANGELS ARDERIU IBARS	Chief Financial Officer

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the Board of Directors can present the company's annual financial statements to the General Meeting of Shareholders in compliance with accounting standards.

In accordance with the accounting regulations, the ACC shall ensure that the Board of Directors endeavours to submit the financial statements to the General Meeting of Shareholders without limitations or reservations in the audit report. In exceptional cases in which there are reservations, the Chairman of the ACC shall clearly explain to the General Meeting of Shareholders the ACC's opinion on the content and scope of those limitations or reservations, and the shareholders shall be provided with a summary of that opinion, together with all other proposals and reports of the Board of Directors, at the time of publication of the notice of the General Meeting.

In any case, based on the functions granted to it in this regard by Board Regulations, the ACC performs ongoing monitoring in the process of preparing the individual and consolidated financial statements to prevent them from being prepared with reservations in the audit report. In any case, there were no reservations in the year ended 31 December 2023.

C.1.29 Is the secretary to the Board a director?

No

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
MR FRANCISCO PALÁ LAGUNA	

C.1.30 Indicate the specific methods established by the company to protect the independence of the external auditors, as well as the methods, if any, employed to protect the independence of the financial analysis, of investment banks and of credit rating agencies, including how the legal provisions have been effectively implemented.

The obligations of the ACC include the obligation to preserve the independence of the external auditor in the performance of its duties. It also has the following duties in relation to the external auditor: (i) to submit to the Board of Directors the proposals for the selection, appointment, re-election and replacement of the auditor, with responsibility for the selection process as provided in the current regulations and the terms of the contract; (ii) to obtain information from the auditor on a regular basis regarding the audit plan and its execution; (iii) if the external auditor resigns, to examine the circumstances that led to such resignation; (iv) to ensure that the external auditor's integrity and independence are not compromised by the remuneration received for the work carried out; (v) to ensure that the Company reports the change of auditor as "other significant information" to the Spanish Securities Market Commission (CNMV), attaching a statement on the existence of any possible disagreements on its contents with the outgoing auditor; and (vi) to ensure that the Company and the external auditor adhere to the current regulations on the provision of non-audit services as well as to the limits on the auditor's business concentration and, in general, to all other rules on auditor independence.

It is also a function of the ACC to establish the necessary relations with the external auditor in order to receive information on any matters that might jeopardise the auditors' independence, for examination by the Committee, any other matters related to the accounts audit process and, when appropriate, to authorise non-prohibited services on the terms provided in current legislation relating to independence and to communicate with the auditors as provided for in the financial audit legislation and auditing standards. In any case, each year, the external auditors shall be required to furnish a statement of their independence with respect to the Company or entities related directly or indirectly thereto, as well as detailed and separate information on any manner of additional services of any kind provided and the related fees received from these entities by the external auditor or entities related thereto in accordance with the governing accounts audits. The ACC shall also issue, prior to the audit report, an annual report expressing an opinion on whether the independence of the auditors or audit companies has been compromised. This report shall, in any case, contain the evaluation of the provision of each and every additional service referred to in the preceding section, considered individually and as a whole, other than legal audit services in relation to the rules on independence or in accordance with the audit regulations.

C.1.31 Indicate whether the company changed its external auditors during the fiscal year. If so, identify the incoming auditor and the outgoing auditor:

No

Explain any disagreements with the outgoing auditor and the reasons for same:

No

C.1.32 Indicate whether the audit firm performs other non-audit work for the Company and/or its group; and, if so, state the amount of fees received for such work and the percentage that this amount would represent compared to the total fees billed to the Company and/or its group for audit work:

Yes

	Company	Group companies	Total
Amount for non-audit work (thousands of Euros)	167	30	197
Amount of fees of other non-audit work/Amount of audit work (in %)	46.91	7.56	26.16

Regarding non-audit services, €60,500 was for audit-related services provided to the Group involving limited reviews, the issuance of comfort letters and agreed-upon procedure reports on ratios linked to finance contracts.

The rest – €136,353 – was for fees for other professional services to review the ESG indicators in the Integrated Annual Report, the greenhouse gas inventory, the compilation of pro forma financial information, the market study of SOCIMIs in Spain, and reviews of English translations from French of various items of corporate information.

C.1.33 Indicate whether the audit report for the annual financial statements of the previous fiscal year included any qualified opinions. Indicate the reasons given by the chairman of the audit committee to the shareholders of the General Meeting to explain the contents and scope of the qualified opinions.

No

C.1.34 Indicate the number of consecutive years in which the current audit firm has been auditing the Company's individual and/or consolidated annual financial statements. Likewise, indicate for how many years the current firm has been auditing the annual financial statements as a percentage of the total number of years over which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	7	7

	Individual	Consolidated
Number of years audited by the current audit firm/number of years the company or its group has been audited (as a %)	18.92	18.92

C.1.35 Indicate whether there is a procedure for the directors to be able to receive the necessary information to prepare for meetings of the management bodies sufficiently in advance, and if so, give details:

Yes

Details of the procedure
In order to ensure that the directors can adequately meet their obligations as such, Colonial guarantees that all the necessary information is provided for this purpose, and not only that which is legally required. To this end, the Chairman, with the collaboration of the Secretary, ensures that the directors have, beforehand and sufficiently in advance, the necessary information for the deliberation and adoption of resolutions on the matters to be discussed at each meeting, unless the Board of Directors has held a meeting or been convened on an exceptional basis for reasons of urgency. Likewise, any director may, at the request of the Chairman, Managing Director, or Secretary, request and examine the books, records, documents and other background information on corporate transactions, and may also obtain the necessary supplementary information from any interlocutors deemed appropriate. Lastly, there are channels for the members and committees of the Board of Directors to obtain the advice they need to carry out their duties, if necessary including external advice at the Company's expense. In this regard, in view of the functions of the Board Chairman, the directors shall send the Chairman requests for external assistance when they deem this necessary.

C.1.36 Indicate and, where appropriate, provide details of whether the company has established rules requiring directors to report and, where applicable, resign in the event of any circumstances that may affect them, whether or not related to their performance at the company, that could jeopardise the company's credit or reputation:

Yes

Explain the rules
Board Regulations stipulate that directors must tender their resignation to the Board of Directors and resign if the latter deems it appropriate subsequent to a report from the ARC when their continuation as a Board member may adversely affect the operation of the Board or jeopardise the credit or reputation of the Company for any reason. In particular, directors must inform the Board of Directors and, if appropriate, resign, in the event of any situations that affect them, regardless of whether or not they are related to their performance at the Company, that could affect the Company's credit and reputation. In particular, they must inform the Board of any criminal case in which they are involved and under investigation, as well as of any procedural events in such case. If the Board of Directors has been informed or otherwise been made aware of any of the situations mentioned, the Board shall examine the case as soon as possible and shall decide, based on the specific circumstances and after receiving a report from the ARC, whether to take any action. A reasoned account of this shall be provided in the Annual Corporate Governance Report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes.

C.1.37 Indicate, unless special circumstances have arisen and been officially recorded, whether the Board has been informed or has otherwise become aware of any circumstances affecting a director, whether or not related to their performance at the Company, that could jeopardise the Company's credit or reputation:

No

C.1.38 Detail any significant resolutions taken by the company which will come into force, are amended or terminated in the event of a change of control of the company following a takeover bid and the effects thereof.

At 31 December 2023, the Company had in place a sustainable credit facility for €1 billion with a maturity date of 2025 that was subsequently extended to 2027. At 31 December 2023, €105 million of this amount had been drawn down. A change of control could cause this sustainable credit facility to mature early.

In addition, several issues of fixed-income securities have been carried out, providing for the early maturity of the bonds, at the bondholders' option, in the event of a change of control leading to the loss of the Investment Grade rating. The total amount of the issues is €2.882 billion.

C.1.39 Identify, separately when referring to directors, and aggregated when referring to all other cases, and provide detailed information on, agreements between the company and its managers, officers and employees that provide for compensation or guarantee or golden parachute clauses in the event of resignation, unfair dismissal or termination of the contractual relationship as a result of a takeover bid or other operations.

Number of beneficiaries	2
Type of beneficiary	Description of the agreement
CEO and Corporate General Manager	CEO: The CEO shall receive additional remuneration by way of severance payment in the event of unjustified removal or non-renewal or a substantial reduction of his functions. This shall also accrue: (a) if he leaves or resigns from his position due to a change of control in the Company or to a significant change in the composition of the Board; (b) if the terms of his contract are amended without his consent; and (c) in any other cases that may be established by the Board of Directors. The severance payment shall be calculated based on two years of his fixed remuneration (€750,000) and target annual variable remuneration (100% of his fixed remuneration), excluding any other amounts already received and the rights derived from the long-term incentive plan in force at the time. Under the current LTIP approved at the Ordinary General Meeting of 30 June 2021, if he is removed from office without just cause during the term of the plan, the General Meeting fails to extend his term of office or his functions are significantly modified (including losing his executive status), he will be entitled to an early settlement of the plan as follows: (a) if the event that gave rise to the early settlement of the plan takes place within the first 18 months of one of the plan's three cycles, he shall be entitled to receive the target number of shares to which he is entitled in that cycle of the plan prorated for the number of days between the first day of the cycle in which the event took place and the effective date of termination, failure to extend his term or significant change to his functions; (b) if the event takes place in the second half of a cycle's target measurement period, he shall be entitled to receive the target number of shares to which he is entitled for that cycle. In addition, he will lose his right to the delivery of shares for justified dismissal, except for objective causes, termination of his contract with just cause or resignation, and in the event of a breach of contract in respect of confidentiality, non-solicitation of services or competition. Corporate General Manager: If she is dismissed by the Company (with the obligation to give three months' notice) and/or due to a change of control of the Company, she shall receive an amount of gross compensation equal to: (a) twice her annual fixed remuneration in force as at the date on which the contract comes to an end; plus (b) the sum of the amounts of variable remuneration received by her in the two years leading to the date on which the contract comes to an end (in the event of a change of control, provided that the contract comes to an end within three months following the change of control). The severance payment shall be calculated excluding any amounts already received and any rights arising from her participation in the LTIP in force at any given time. In the event of dismissal on disciplinary grounds or unfair dismissal, the same severance pay shall apply as in the case of dismissal by the company. Finally, as a beneficiary of the LTIP approved at the Ordinary General Meeting of Shareholders of 30/06/2021, it is envisaged that she will lose her right to the delivery of shares in the event of justified dismissal except for objective causes, termination of her contract with just cause or resignation on her own initiative, and in the event of a breach of contract in respect of confidentiality, non-solicitation of services, or competition.

Indicate whether, beyond the assumptions envisaged in the legislation, these contracts must be reported to, and/or authorised by, the governing bodies of the company or its group. If this is the case, specify the procedures, assumptions foreseen and nature of the bodies in charge of their approval or their communication:

	Board of Directors	General Meeting
Body which authorises the clauses	√	

	Yes	No
Is the General Meeting informed of the clauses?	√	

The internal rules for the approval of the terms and conditions of contracts concluded by the Company or Group companies with the senior management and directors, which can be found in the Company Bylaws and the Regulations of the Board of Directors, do not deviate from the rules provided by law under the Spanish Limited Liability Companies Law.

The clauses of senior management contracts are approved by the Board of Directors following a favourable report from the Appointments and Remuneration and Sustainability Committees.

The information on these clauses, which are included in the CEO's contract, can be found in the Annual Report on the Remuneration of Directors for 2023, which will be submitted for an advisory vote as a separate item on the agenda at the 2023 Ordinary General Meeting of Shareholders.

C.2 Board Committees

C.2.1 Give details of all Board Committees, their members and the proportion of executive, proprietary, independent and other external directors that form them:

Executive Committee

Name	Position	Category
MR CARLOS FERNÁNDEZ GONZÁLEZ	MEMBER	Proprietary
MR PEDRO VIÑOLAS SERRA	MEMBER	Executive
MR JUAN JOSÉ BRUGERA CLAVERO	CHAIRMAN	Other external
MR LUIS MALUQUER TREPAT	MEMBER	Independent
MR JUAN CARLOS GARCÍA CAÑIZARES	MEMBER	Proprietary
MR GIULIANO ROTONDO	MEMBER	Proprietary

% of executive Directors	16.67
% of proprietary Directors	50.00
% of independent Directors	16.67
% of other external Directors	16.67

Explain the functions delegated or conferred to this Committee other than those already described in section C.1.9, and describe the procedures and rules of its organisation and operation. For each of these functions, indicate the more relevant actions during the fiscal year and how it effectively carried out each of the functions conferred to it in accordance with the law, Company Bylaws, or other corporate agreements.

The Executive Committee shall be made up of at least three and not more than eight members. The Chairman and Secretary to the Committee shall be the Chairman and Secretary to the Board of Directors. The Executive Committee may appoint from among its members a Deputy Chairman who shall act as Chairman in the event of absence. The Board of Directors shall appoint the members of the Executive Committee, ensuring that its membership structure reflects the various types of directors in a similar manner to that of the Board. To be valid, the appointment of directors who constitute the Executive Committee shall require a vote in favour by two thirds of the members of the Board and shall not be effective until it has been entered in the Commercial Registry.

The members of the Executive Committee shall cease to be members when they cease to be directors or when so resolved by the Board. The Executive Committee shall be called by its Chairman on his/her own initiative or when this has been requested by two of its members. The meeting must be convened by letter, telegram, e-mail or fax addressed to each of its members at least 48 hours in advance of the date of the meeting; however, it may be called with immediate effect for reasons of urgency.

The meetings shall be held at the Company's registered office or at any location designated by the Chairman and indicated in the notice. For an Executive Committee meeting to be validly constituted, the majority of its members must attend, either physically present or represented by proxy. The absolute majority of the members of the Committee shall adopt the resolutions. In the event of a conflict of interest, the affected director shall refrain from participating in the transaction to which the conflict refers. The votes of the directors who are affected by such a conflict of interests and who must abstain shall be deducted for the purposes of calculating the necessary majority of votes. In the event of a tie, the matter shall be submitted to the Board of Directors. Through its Chairman, the Executive Committee shall report to the Board on the business transacted and the resolutions adopted by the Committee. In 2023, the Committee met only once.

Sustainability Committee

Name	Position	Category
MS ANA CRISTINA PERALTA MORENO	MEMBER	Independent
MS SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN	CHAIRMAN	Independent
MS ANA LUCRECIA BOLADO VALLE	MEMBER	Independent
MR LUIS MALUQUER TREPAT	MEMBER	Independent

% of executive Directors	0.00
% of proprietary Directors	0.00
% of independent Directors	100.00
% of other external Directors	0.00

Explain the functions conferred to this Committee and describe the procedures and rules of its organisation and operation. For each of these functions, indicate the more relevant actions during the fiscal year and how it effectively carried out each of the functions conferred to it in accordance with law, Company Bylaws, or other corporate agreements.

The SC's functions, procedures and rules of operation are set out in the Regulations of the Board of Directors (Article 34); and in 2023, it carried out the following activities, among others, pursuant to its duties:

- Analysing, assessing and driving the Company's environmental and sustainable development policies and practices.
- Overseeing and approving, together with the Audit and Control Committee, the Integrated Annual Report of the Company in order to submit it to the Board of Directors for approval with a view to its subsequent publication and dissemination to the market. Furthermore, the Committee analysed the ESG aspects and progress of the Integrated Annual Report, its impact on the market and the Company's position with respect to its competitors.
- Analysing the linking of part of the executive Directors' and the management team's variable remuneration to the achievement of ESG targets.
- Reviewing the report on the ESG indicators used by the Company, as well as the limited assurance reports on the 2022 GHG Inventory (Greenhouse Gas Emissions Inventory) and Green Bonds issued without qualification by the Company's external auditor.
- Carrying out a quantitative analysis of the most relevant sustainability metrics, such as total energy consumption, intensity of consumption or carbon emissions.

- Monitoring the fulfilment of the quantitative and qualitative ESG criteria set by certain independent agencies (GRESB, CDP, MSCI), as well as the energy certification standards (LEED and BREEAM) for the office portfolio.
- Overseeing the degree of compliance with the Company's climate strategy.
- Reviewing and monitoring the degree of compliance with the strategy and goals for the decarbonisation of the Company's assets in the short and long terms to achieve carbon neutrality by 2030 (this goal was previously set for 2050), as well as the application of the Carbon Risk Real Estate Monitor (CRREM) tool.
- Analysing the progress made in the monitoring of the Company's Scope 1 (direct emissions), Scope 2 (indirect emissions) and Scope 3 (other indirect emissions) carbon footprint in accordance with global standards (GHG).
- Overseeing the updating of the reporting mechanisms in accordance with the new GRI standards, improving traceability between the results of the materiality analysis and the ESG content reported by Colonial, and adapting the GRI content index to the new requirements of the GRI standard.
- Analysing and monitoring the progress made in the development of the Company's risk management and control system (SCGR), with particular emphasis on the classification of the main ESG risks and the integration of climate and environmental risks, as well as implementing digital tools (Deepki) to optimise management and control.
- Monitoring the development and implementation of an internal control system to enhance the reliability of data relating to non-financial information.
- Analysing how Colonial is affected by regulatory trends and developments, the green taxonomy, and the Spanish ESG regulations specifically mentioned by the Company's external auditor.
- Holding training sessions to promote sustainability training and updating of knowledge among Colonial's staff and directors.
- Monitoring the improvement of the Group's diversity, human rights and non-discrimination programmes.

Audit and Control Committee

Name	Position	Category
MS ANA CRISTINA PERALTA MORENO	CHAIRMAN	Independent
MS ANA LUCRECIA BOLADO VALLE	MEMBER	Independent
MR LUIS MALUQUER TREPAT	MEMBER	Independent
MS BEGOÑA ORGAMBIDE GARCÍA	MEMBER	Proprietary
MS MIRIAM GONZÁLEZ-AMÉZQUETA LÓPEZ	MEMBER	Independent

% of executive Directors	0.00
% of proprietary Directors	20.00
% of independent Directors	80.00
% of other external Directors	0.00

On 23 January 2023, the Board of Directors appointed Ms Begoña Orgambide García, a proprietary Director, as a member of the ACC. In addition, on 11 July 2023, the Board of Directors appointed Ms Miriam González-Amézqueta López, an independent Director, as a member of the ACC. The ACC thus currently has five members, four independent Directors and one proprietary Director.

Explain the functions, including, if applicable, those additional to those provided for by law, conferred to this committee, and describe the rules and procedures of its organisation and operation. For each of these functions, indicate the more relevant actions during the fiscal year and how it effectively carried out each of the functions conferred to it in accordance with law, the Company Bylaws or other corporate agreements.

The ACC's functions, procedures and rules of operation are set out in the Regulations of the Board of Directors and its own regulations. Pursuant to its duties, in 2023, it carried out, among others, the following actions:

- **Economic and Financial Information**: The ACC analysed the process of drawing up: (i) the annual financial information for the year ended 31 December 2022; (ii) the financial information for Q1 and Q3 of 2023; and (iii) the half-yearly financial report for the first half of 2023.

- **Internal Control Systems**: The ACC oversaw the operation and implementation of the Company's internal control systems, as well as its risk management systems, including in relation to tax risks. The analysis focused on the control of financial and non-financial information. The ACC considered the conclusions received to be positive, with the assurance that the financial and non-financial information had been properly drawn up with the necessary procedures and controls in place. The ACC submitted its reports with its favourable opinion to the Board of Directors. The ACC was duly informed of the ICFR and the reports drawn up for this purpose. After carrying out the appropriate controls, the ICFR was thus deemed to be working correctly. The ACC also oversaw the updating of the corporate risk map, the evolution of the various risks and the control measures taken to mitigate them. In addition, the ACC submitted to the Board a report on the risk management and control policy.

- **Relations with the External Auditor**: The ACC established appropriate relations with the external auditor, PwC, acting as a communication channel between the Board and the external auditor and assessing the findings of the audits. It also had access to information about its work plan, the progress made in its work and its significant findings. The external auditor also provided non-audit services. Those services and the related corresponding amounts accrued were approved by the ACC. It also confirmed the external auditor's independence. Finally, the ACC approved the proposal to re-elect the external auditor for 2024.

- **Internal Audit**: The ACC approved the Internal Audit Plan for 2023 and oversaw its progress and degree of compliance. It was also able to examine the outcomes of the most significant tasks carried out by the Head of Internal Audit, including monitoring the ICFR, establishing the ICNFR and carrying out a variety of audits. In addition, it analysed the outcomes of specific tasks in the field of cybersecurity and tracked the degree of compliance with the recommendations made by the Head of Internal Audit. Furthermore, it oversaw the coordination between Colonial's and SFL's internal auditing and put forward the appropriate proposals to foster this coordination. Finally, the Head of Internal Audit provided the ACC with various reports on the external auditor's independence.

- **Tax Risks**: The ACC constantly monitored the main tax risk-related issues, overseeing the tax management carried out by the various departments in charge of such matters and the deployment of a new tool to ensure tax compliance.

- **Related-Party Transactions**: The ACC was duly informed of potential related-party transactions, especially about intra-group financing transactions and lease contracts. After its analysis, the ACC issued a favourable opinion to the Board of Directors regarding a related-party transaction relating to an intra-group financing operation.

- **Corporate Governance**: The ACC issued a favourable opinion on the ACGR for 2022. Furthermore, it oversaw compliance with the Company's internal policies and promoted and fostered a culture of compliance with the texts and regulations applicable to the Company.

- **Regulatory Compliance**: The ACC oversaw the work entrusted to the Regulatory Compliance Unit. It thus monitored the Company's criminal risk prevention, took note of the external expert's monitoring report on the internal control procedures relating to the prevention of money laundering and monitored privacy matters and compliance with the multi-annual training plan and corporate policies. The ACC took note of the new developments arising from Law 2/2023 and issued a favourable opinion to the Board of Directors on the approval of the Colonial Group's General Whistleblowing Channel Policy and Whistleblowing Channel Procedure. The ACC analysed SFL's position and degree of regulatory compliance, particularly in relation to ethics and the prevention of money laundering.

- **ESG**: The ACC oversaw the non-financial information contained in the Annual Remuneration Report (IAR), paying special attention to the ESG indicators and the progress made in the digitalisation and centralisation of environmental data. Moreover, the IAR was approved at the joint meeting held with the SC, at which it was also resolved to submit it to the Board of Directors for approval and announcement to the market. The ACC was also kept duly informed of: the drawing up of the ESG reports and the status of the carbon footprint audit; and (ii) the main new ESG developments.

- **Treasury Shares**: Over the course of the year, the ACC was kept abreast of the number of treasury shares.

Identify the directors who are members of the audit committee appointed with regard to their knowledge and experience in accounting, auditing or both, and indicate the date when the Chairman of the committee was appointed as such.

Names of directors with experience	MS ANA CRISTINA PERALTA MORENO / MS ANA LUCRECIA BOLADO VALLE / MR LUIS MALUQUER TREPAT / MS BEGOÑA ORGAMBIDE GARCÍA / MS MIRIAM GONZÁLEZ-AMÉZQUETA LÓPEZ
Date the Chairman was appointed as such	12/05/2020

Appointments and Remuneration Committee

Name	Position	Category
MS SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN	MEMBER	Independent
MS ANA LUCRECIA BOLADO VALLE	CHAIRMAN	Independent
MR LUIS MALUQUER TREPAT	MEMBER	Independent
MR JUAN CARLOS GARCÍA CAÑIZARES	MEMBER	Proprietary

% of executive Directors	0.00
% of proprietary Directors	25.00
% of independent Directors	75.00
% of other external Directors	0.00

Explain the functions, including, if applicable, those additional to those provided for by law, conferred to this committee, and describe the rules and procedures of its organisation and operation. For each of these functions, indicate the more relevant actions during the fiscal year and how it effectively carried out each of the functions conferred to it in accordance with law, the Company Bylaws or other corporate agreements.

The ARC's functions, procedures and rules of operation are set out in the Regulations of the Board of Directors (Article 33); and in 2023, the Committee carried out the following activities, among others, pursuant to its duties:

Appointments:

- Reporting to the Board of Directors its favourable opinion about the proposed ratification and appointment of Ms Begoña Orgambide García as Proprietary Director of the Company following the proposal of the Finaccess Group.
- Putting forward to the General Meeting the re-election of Ms Ana Bolado Valle, Ms Ana Peralta Moreno and Ms Silvia Alonso-Castrillo as Independent Directors for the Company.
- Suggesting the General Meeting exempts Ms Ana Bolado Valle from the non-compete clause given her status as member of the Board of Directors of Metrovacesa, S.A.
- Putting forward to the General Meeting, following advice from Seeliger y Conde, the appointment of Ms Miriam González-Amézqueta as new Independent Director for the Company.
- Producing a report for the Board of Directors supporting the proposed appointment of Mr Manuel Puig Rocha as new proprietary Director for the Company as put forward by Puig, S.A.
- Producing a report for the Board of Directors supporting the proposed appointment of Mr Giuliano Rotondo as new proprietary Director as put forward by Qatar Investment Authority, after recording the resignation of Mr Adnane Mousannif.
- Putting forward to the Board of Directors the appointment of Mr Giuliano Rotondo as member of the Company's Executive Committee.
- Putting forward to the Board of Directors the appointment of Ms Begoña Orgambide García and Ms Miriam González-Amézqueta López as members of the Audit and Control Committee.

Remuneration matters

- Proposing to the Board, following WTW's advice, and a new Directors' Remuneration policy for the 2024-2026 period.
- Preparing a report justifying the new Directors' Remuneration policy which was put to vote at the General Meeting of Shareholders.
- Issuing a report with a favourable opinion on the Annual Report of Directors' Remuneration, thus proposing its approval by the Board of Directors.
- Analysing the outcome of the votes on the Directors' Remuneration policy and their remuneration at the General Meeting of Shareholders.
- Putting forward to the Board of Directors the variable remuneration of the Chairman (for the time during which he had executive functions) and the CEO for 2022.
- Determining the metrics, weightings and targets for the CEO's variable remuneration for 2023.
- Issuing a favourable report on the fixed and variable remuneration of the Company's management team.
- Agreeing on the structure of the targets to determine the variable remuneration of the management team for 2023.
- Proposing to the Board of Directors, following WTW's advice, the new metrics and parameters for the third cycle (2023-2025) in the 2021 Long Term Incentive Plan approved by the General Meeting of Shareholders.
- Proposing, based on the level of compliance with the indicators and the achievement of certain milestones, the number of shares to be allocated to the beneficiaries of the Long Term Incentive Plan within the limits set by the General Meeting of Shareholders.
- Ensuring compliance with the Remuneration Policy set by the Company.
- Analysing and discussing SFL's remuneration system and long-term incentive plan in order to align it with that of the Company. This must then be approved by SFL's corporate bodies.

Corporate Governance

- Analysing and giving a favourable opinion on the appointment of Mr Pedro Viñolas Serra as member of the Board of Directors of Banco de Sabadell, S.A.
- Analysing the degree of compliance with corporate governance recommendations in accordance with the Annual Corporate Governance Report.
- Reviewing the succession plan for the Chairman of the Board of Directors and the CEO of the Company.
- Confirming the current skills matrix for the members of the Board of Directors.

Ordinary Management:

- Coordinating and submitting to the Board its assessment reports in relation to the Board of Directors, the Committee and the SC, as well as on the performance of the Chairman of the Board, the CEO and the Secretary of the Board, with the advice of Georgeson, as well as the recommendations and suggestions for improvements made by the directors in the assessment questionnaires.
- Promoting the Directors' refresher and training plan. Training sessions held during the year focused on debt markets, financial management, ESG strategy and positioning for the Company, the situation and prospects of the energy market and trends in urban planning.
- Examining the qualifications of the members of the Board of Directors in accordance with their corporate documents, the Spanish Limited Liability Companies Law and the corporate governance recommendations.
- Overseeing the HR strategy and management.
- Analysing the civil liability insurance for Directors and officers in the Company and SFL.

C.2.2 Fill in the following table with the information on the number of female directors sitting on the Board Committees at the end of the last four years:

Number of female board members

	2023		2022		2021		2020	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00
Sustainability Committee	3	60.00	3	60.00	3	60.00	N.A.	N.A.
Audit and Control Committee	2	66.67	2	50.00	1	33.33	1	20.00
Appointments and Remuneration Committee	2	40.00	2	40.00	2	40.00	1	16.67

On 23 January 2023, the Board of Directors appointed Ms Begoña Orgambide García as a member of the ACC. In addition, on 11 July 2023, the Board of Directors appointed Ms Miriam González-Amézqueta López as a member of the ACC. This means that, since that date, the ACC has had five directors, of whom four, i.e. 80% of the Committee, are women. It is worth noting in this regard that the ACC, the ARC and the SC are currently all chaired by women.

C.2.3 State any regulation of Board Committees, the location at which they are available for consultation, and any amendments made during the year. Also state whether any voluntary annual reports have been produced on the activities of each committee.

The rules governing the Board Committees are set out in the Company Bylaws and the Regulations of the Board of Directors, which are available on the corporate website (link). In addition, the Company has a set of ACC Regulations. As to the annual reports on its activities, reports on the operation, structure and functions of the ACC, the ARC and the SC have been produced. The reports on the ACC and the ARC will be made available to shareholders, together with any other appropriate documentation, on the Company's corporate website when convening the Ordinary General Meeting of Shareholders of Colonial. No changes to the regulations governing the committees were made in 2023.

D. Related-party transactions and intracompany transactions

D.1 Explain, if applicable, the procedure and competent bodies for the approval of related-party and intra-group transactions, stating the company's criteria and general internal rules on the obligation for affected shareholders or directors to abstain and providing details of the internal reporting and periodic control procedures stipulated by the company for related-party transactions whose approval has been delegated by the Board of Directors.

In accordance with the Regulations of the Board of Directors, transactions concluded between the Company or Group companies on the one hand, and directors, shareholders holding at least 10% of the voting rights in the Company or who are represented on its Board of Directors, or any other persons that must be considered related parties under international accounting standards on the other, are considered related-party translations (the "Related-Party Transactions"). By way of exception to the above definition, the following will not be considered Related-Party Transactions: (i) transactions carried out between the Company and its fully owned subsidiaries, either directly or indirectly; (ii) the Board of Directors' approval of the terms and conditions of contracts to be concluded with directors who are to carry out executive functions including, if applicable, the CEO or senior officers; as well as the establishment by the Board of the specific amounts or remuneration to be paid under such contracts; and (iii) transactions carried out by the Company with its subsidiaries or investee companies, provided that no other party related to the Company has holdings in such subsidiaries or investee companies.

The General Meeting of Shareholders is the competent body for the approval of Related-Party Transactions in the cases provided for by law, and in particular in relation to Related-Party Transactions for amounts of at least 10% of the total value of assets recorded in the Company's most recently approved annual balance sheet. In such case, the affected shareholder shall lose the right to vote unless the motion has been approved by the Board of Directors without the opposing vote of the majority of the independent Directors.

All other Related-Party Transactions must be approved by the Board of Directors, who may not delegate this power except in relation to Related-Party Transactions: (i) concluded with Group companies in the Company's ordinary course of business and under market conditions; or (ii) concluded under contracts with standard terms that are applied en masse to a large number of clients, at rates or prices established for general application by the party acting as supplier or provider of the goods or services in question, for an amount not exceeding 0.5% of the Company's net turnover. The affected directors or those representing or related to the affected shareholders must refrain from taking part in the deliberation and voting for the relevant resolution.

Regardless of the body that is responsible for approving each Related-Party Transaction, the ACC must issue a preliminary report assessing whether the transaction is fair and reasonable from the Company's point of view and, if applicable, from that of its shareholders other than the related party. It must also report on the budgets on which the transaction is based and on the methods used. Directors who are members of the ACC and are affected by the Related-Party Transaction may not be involved in the preparation of the report. This report is not mandatory for Related-Party Transactions whose approval has been delegated by the Board of Directors in cases permitted by law. In such cases, the Board of Directors itself has a periodic internal reporting and control procedure to verify that transactions are fair and transparent and that the applicable legal criteria are being complied with.

D.2 Provide details of each individual transaction that is either significant due to its amount or relevant due to its subject matter concluded between the company or its subsidiaries and shareholders holding at least 10 % of the voting rights or with representation on the company's Board of Directors, indicating the competent body for its approval and specifying whether any affected director or shareholder abstained from voting. If the competent body was the General Meeting, state whether the proposed resolution was approved by the Board without the majority of independent Directors voting against it:

Name or company name of the shareholder or any of its subsidiaries	Stake %	Name or company name of the company or subsidiary	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director who abstained from voting	The proposal to the General Meeting, if applicable, was approved by the Board of Directors without the majority of independent Directors voting against it
No data						

Name or company name of the shareholder or any of its subsidiaries	Nature of the relationship	Type of transaction and other information required for its assessment
No data		

D.3 Provide details of each individual transaction that is either significant due to its amount or relevant due to its subject matter concluded between the company or its subsidiaries and the company's directors or officers, including transactions concluded with companies that are controlled or jointly controlled by the director or officer, indicating the competent body for its approval and specifying whether any affected director or shareholder abstained from voting. If the competent body was the General Meeting, state whether the proposed resolution was approved by the Board without the majority of independent Directors voting against it:

Name or company name of the directors or officers or their controlled or jointly controlled companies	Name or company name of the company or subsidiary	Link	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director who abstained from voting	The proposal to the General Meeting, if applicable, was approved by the Board of Directors without the majority of independent Directors voting against it
(1) MR JUAN JOSÉ BRUGERA CLAVERO	Société Foncière Lyonnaise	Corporate	1,070	Board of Directors	Juan José Brugera Clavero	NO

Name or company name of the directors or officers or their controlled or jointly controlled companies	Nature of the transaction and other information required for its assessment
(1) MR JUAN JOSÉ BRUGERA CLAVERO	Exchange of shares pursuant to the Takeover Bid for the subsidiary SFL

The shares in SFL belonging to Mr Juan José Brugera Clavero that were exchanged were those that could not be included in Colonial's takeover bid for SFL shares due to the restrictions contained in the French regulations regarding the obligation to hold the shares received under a share option plan for a certain amount of time.

D.4 Provide a breakdown of any intra-group transactions that are either significant due to their amount or relevant due to their subject matter concluded between the Company and its parent company or other companies in the parent company's group, including the listed company's own subsidiaries, unless no other related party of the listed company has a stake in such subsidiaries or they are fully owned, directly or indirectly, by the listed company.

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens:

Corporate name of the company in the group	Brief description of the transaction and other information required for its assessment	Amount (thousands of euros)
Société Foncière Lyonnaise	The Company entered into a framework agreement with SFL, a company in which Colonial has a stake of 98.33%, governing the possibility of structuring intra-group loans with a maturity of up to 1 year, always at market interest rates and at a market price.	600,000

D.5 Provide details of each individual transaction that is either significant due to its amount or relevant due to its subject matter concluded between the company or its subsidiaries and other related parties that qualify as such under the EU's International Accounting Standards that have not been included in the preceding sections.

Company name of the related party	Brief description of the transaction and other information required for its assessment	Amount (thousands of euros)
No data		

D.6 State the mechanisms established to detect, determine and resolve any conflicts of interest between the company and/or the group, directors, officers, significant shareholders or other related parties.

In general, the directors of the Company must take the necessary steps to avoid becoming involved in situations in which their own interests or those that they may share with others could come into conflict with the Company's interests and with their duties to the Company.

Furthermore, under the Company Bylaws and the Regulations of the Board of Directors, directors may not take part in deliberation and voting on resolutions or decisions in which they or a person related to them has a (direct or indirect) conflict of interest, excluding those resolutions or decisions that affect them in their capacity as directors, such as those relating to their appointment to, or removal from, positions on the Board of Directors or others of similar import. In particular, directors must refrain from: a) carrying out transactions with the Company, unless they are ordinary transactions under the standard conditions applied to customers and of scarce relevance; in other words, transactions whose information is not required to produce an image of the shareholders' equity, financial statements or results of the Company; b) using the Company's name or using their position as directors to wrongfully influence private operations; c) making use of corporate assets, including the Company's confidential information, for personal purposes; d) benefiting from the Company's business opportunities; e) gaining advantages or remuneration from third parties other than the Company and its Group on account of the performance of their role, unless they are given as mere gifts or business courtesies; and f) carrying out activities, on an employed or self-employed basis, that are effectively in actual or potential competition with the Company or that place them in any other way in constant conflict with the Company's interests. The foregoing shall also apply if the beneficiary of the actions or prohibited activities is a person related to the director as per the legal definition of related party.

The authorisation must be approved by the General Meeting if its purpose is to waive the prohibition on obtaining an advantage or remuneration from third parties or if it affects a transaction whose value is greater than 10% of the Company's assets. In all other cases, it may be granted by the Board of Directors provided that the members that grant it remain independent from the director who has been excused. It must also be ensured that the authorised transaction is not harmful to the shareholders' equity and that, if appropriate, it is carried out at arm's length and transparently. The Company must also ensure that the authorised transaction does not harm its assets and liabilities and, where applicable, ensure it is carried out under market conditions and that the process is transparent. The General Meeting shall grant dispensation through an express and separate resolution.

D.7 Indicate whether the company is controlled by another listed or unlisted company, as described in Art. 42 of the Spanish Commercial Code and has, directly or through its subsidiaries, business relations with this company or one of its subsidiaries (other than the listed company) or carries out activities related to any of them.

No

E. Risk management and control systems

E.1 Describe the financial and non-financial Risk Management and Control System in place at the company, including in relation to tax risks.

Colonial seeks to generate sustainable value through the strategic management of its business activity, taking into consideration the associated risks and opportunities, which helps to strengthen its leadership in the sector and consolidate its position in the long term. As risk management is a key aspect of Colonial's organisational culture, the Company has developed a Risk Management and Control System (hereinafter "RMCS") that lays down certain bases to efficiently and effectively manage financial and non-financial risks, including tax risks, throughout the organisation.

In order to meet these corporate objectives, the risks to which Colonial is exposed are identified, analysed, assessed, managed, controlled and updated. In order to maintain an effective and updated RMCS, Colonial prepares a corporate risk map identifying the main risks affecting the Group and evaluating them in terms of impact and likelihood of occurrence. This map is reviewed and updated every year in order to provide an integrated and dynamic risk management tool that evolves along with the changes in the environment in which the Company operates and the changes in the organisation itself. Also, Colonial's RMCS establishes monitoring activities by the owners of risk (area managers) by updating the records of the risks in order to verify the effectiveness of the controls in place.

The Internal Audit Unit analyses the corporate risk map and proposes which processes, risks, and controls should be reviewed each year in the Internal Audit Plan.

E.2 Identify the bodies responsible for preparing and implementing the financial and non-financial Risk Management and Control System, including tax risks.

The Board of Directors is responsible for determining the Company's risk management and control policy, including tax risks, identifying its main risks, and implementing and supervising the internal reporting and control systems in order to ensure the future viability and competitiveness of the Company, adopting the decisions best suited to its implementation. The ACC assists the Board of Directors in this regard. The ACC performs, inter alia, the following functions relating to risk management and control:

- Submitting a report on risk policy and management for approval by the Board.
- Conducting a regular review of risk management and control systems, in such a way that the main risks are identified, managed and notified properly.
- Overseeing the preparation, completeness and filing of regulated public information (financial and non-financial).

In addition, the Company has set up a Regulatory Compliance Division (RCD) and Internal Audit Unit to reinforce this objective. The RCD is responsible for ensuring compliance with any laws and regulations that may affect the Company, and the Internal Audit Unit is responsible for carrying out the necessary supervision tasks set forth in its annual plans to assess the efficiency of the risk management and control procedures implemented to minimise risks.

The main responsibilities assigned in relation to the RMCS correspond to the Board of Directors, the ACC and the Internal Audit Unit. The RMCS also explicitly sets out the responsibilities of senior management, operational managers and owners of the risks in relation to risk management.

E.3 Specify the main financial and non-financial risks (including tax risks) and, when significant, those derived from corruption (as described in Spanish Royal Decree 18/2017) that may jeopardise the business targets.

In accordance with adequate risk management and control, in order to avoid possible situations of corruption, bribery or fraudulent actions, Colonial has approved different policies that establish mechanisms and controls to prevent such situations from occurring. Furthermore, for the proper implementation of these policies and other control mechanisms, the Company distinguishes between the different types of risks to which the Group is exposed based on their origin:

- **External risks**: Risks related to the environment in which Colonial operates and that influence and determine the Company's operations.

- **Internal risks**: Risks arising from the Company's own activity and that of its management team.

The main external risks faced by Colonial in achieving its targets include:

- Economic risks arising from the political and macroeconomic situation of the countries in which we operate and from changes to investors' own expectations.

- Market risks arising from the transformation of the sector and the business model itself, the greater complexity involved in implementing the investment/divestment strategy, and the fluctuation of the real estate market with an impact on real estate asset valuation.

- Financial risks related to restrictions in the capital markets, interest rate fluctuations, the impact of changes in tax legislation and client portfolio management.

- Environmental risks, such as those relating to crisis management, those derived from more stringent ESG regulation and demands, and mainly those related to the physical and transition risks caused by climate change with consequences on the Group's activities.

The main internal risks faced by Colonial in achieving its targets include:

- Strategic risks relating to the Group's size and diversification, the composition of the asset portfolio, and the strategy in the co-working market.

- Various operational risks related to lease management, the development of projects in time and within cost parameters, the management of the level of debt and loss of the current credit rating, cyberattacks or failures in information systems, as well as those inherent in the management of the organisational structure and talent.

- Risks arising from compliance with all the regulations and contractual obligations applicable to it, including tax risks concerning the loss of Colonial's SOCIMI status or its French affiliate SFL's loss of its real estate investment trust (SIIC) status.

E.4 State whether the company has risk tolerance levels, including tax risks.

In accordance with the framework defined in the SCGR, Colonial analyses and assesses the Group's risk level and exposure to the various risks identified in accordance with changes in its environment, in order to achieve its goals, carry out the defined strategy and preserve the Group's value.

Operating management of the risk model at Colonial has been structured into a corporate risk map, which is the tool that graphically represents the assessment of risks according to their impact, their effect on Colonial measured in economic terms, and their probability, potential occurrence of the risk event over time.

In this regard, the Company assesses risk from two angles: inherent risk, which is understood to be that to which the Company is exposed in the absence of any mitigating action/controls; and residual risk, which is understood to be the risk remaining after the corresponding prevention and control measures have been taken. As a result, a classification of risks is obtained, although the company's policy is to adequately monitor each of the risks.

E.5 Identify any financial and non-financial risks, including tax risks, that have occurred during the year.

The risks defined in the Colonial Group's business model in accordance with the various activities carried out by it may materialise over the course of each year. The main risks that materialised this year were:

Geopolitical tensions continued in 2023, mainly due to the continuation of the Russia-Ukraine conflict and the outbreak of war in the Gaza Strip, which has further damaged the macroeconomic situation and prolonged the uncertainty regarding the recovery of certain economies in the Eurozone. Against this background, real estate investments in Europe have fallen by 60%, hindering the divestment of non-strategic assets.

Furthermore, a high impact on the risk linked to the fluctuation of the real estate cycle was observed in 2023. This has resulted in a significant fall in the valuation of the Group's real estate portfolio due to the European Central Bank's historical interest rate increase aimed at containing the high inflation that characterised 2022 and continued in 2023, albeit in a less pronounced manner. As a result of this sharp interest rate rise, the management of debt and liquidity levels and the maintenance of the credit rating levels have remained a priority for the Group in order to strengthen its financial structure for the coming year and increase its investment capacity for any opportunities that may arise in the sector.

The physical and transition risks linked to climate change have led to the implementation of policies and strategies in this field through the implementation of the decarbonisation plan approved by the Group and specific actions aimed at improving the quality of properties and the measurement of their energy consumption levels in order to optimise their environmental impact.

The Company's adaptation to various stakeholders' increasing non-financial reporting requirements has led to a review of their compliance and of the design and implementation of control systems to respond to this increasingly demanding environment in accordance with the Group's commitment and compliance in this regard. Similarly, in this field of ESG, the uncertainty resulting from the potential impact of the European taxonomy and the future application of the Corporate Sustainability Reporting Directive (CSRD) requires analysis and monitoring in order to adapt to and comply with their requirements.

In order to face the new challenges and changes to the business model and manage the risks mentioned above and the new growth and development opportunities for the Group, it is a priority to manage human capital and develop talent in this complex situation.

In view of this, Colonial reviewed and monitored the progress of these risks and found that it is very resilient, particularly in relation to strategic, operational and financial matters, and that its control systems work well, enabling it to manage and mitigate these risks appropriately, guarantee operations and preserve the Group's value.

E.6 Explain any response and supervision plans in place for the company's main risks, including tax risks, as well as the procedures followed by the company to ensure that the Board of Directors can respond to coming challenges.

The risk management model implemented sets out the response and monitoring plans for the main risks based on an assessment thereof. The corporate risk map has a dynamic focus and is therefore reviewed annually in order to monitor the evolution of the risks affecting the Group and the action plans defined and implemented by each area, with the necessary controls put in place to mitigate each of the risks owned by them. The results of this analysis are reviewed by the Audit and Control Committee, which reports them to the Board of Directors together with any significant change in the risks included in this risk map. Risks are thus classified into four levels based on their impact and likelihood, ranging from most to least serious, and are then placed in one of the following categories according to the organisation's planned response to each of them:

- Avoid: This entails abandoning activities that generate risks where no response has been identified that could reduce their impact and/or likelihood to an acceptable level.
- Reduce: This entails taking action to reduce the likelihood and/or impact of the risk, thereby reducing the residual risk to the desired level.
- Share: The likelihood or impact of a risk is reduced by transferring or sharing part of the risk to reduce the residual risk to the desired level.
- Accept: No action is taken which may affect the likelihood or impact of the risk, as the residual risk is already at the desired level.

The owners of each risk are responsible for preparing the records of risks in order to report the treatment established to mitigate and/or maintain the level of risk at the threshold accepted by the Company. Each risk record contains the following details: (i) the aim of the action plan; (ii) a description of the course of action; (iii) the owner of the risk; (iv) the cut-off date for taking action; and (v) details of the action to be taken with those responsible for implementation, with start and end dates.

The Internal Audit Unit supervises the response plans for which the risk owners are responsible.

F. Internal risk management and control systems in relation to internal control over financial reporting (ICFR)

Describe the mechanisms that comprise the risk management and control systems in relation to internal control over financial reporting (ICFR) at your company.

F.1 The company's control environment.

Provide information, stating the main features, on at least the following:

F.1.1 The bodies and/or functions responsible for (i) the existence and maintenance of a suitable and effective ICFR system; (ii) its implementation; and (iii) its supervision.

The Board of Directors, as stipulated in the Regulations, is ultimately responsible for the existence and updating of a suitable and effective ICFR system.

Specifically, Article 5 of the Board Regulations ("General Functions and Competences") stipulates, inter alia, the following functions:

- Establishing the Company's general policies and strategies, approving the investment and financing policy, the strategic or business plan, the annual management targets and budget, and the treasury share policy, as well as establishing the corporate governance policy for the Company and the Group, and the dividend policy. The Board of Directors shall also establish the Company's risk management and control policy, including tax risks, identifying its main risks, and implementing and overseeing the internal reporting and control systems to ensure the future viability and competitiveness of the Company, adopting the best decisions for optimal performance.

  To this end, Colonial has drawn up an Internal Risk Management and Control Manual for its ICFR system, approved by the ACC, setting out in detail the method for establishing the materiality of risks, as well as the method for documenting, classifying and assessing risks and the associated control activities.

- Approval of the financial information that all listed companies must periodically disclose.

- Monitoring the effective functioning of the Committees created by the Board and the performance of the delegated bodies and officers designated by the Board.

- Approving and amending Board Regulations.

The ICFR Organisation and Supervision Model, approved by the ACC, establishes the mechanism that the Board of Directors, and by delegation, the ACC, deems appropriate and sufficient to guarantee the completeness, reliability, correct presentation and validity of Colonial's financial information.

Without prejudice to the other functions attributed by law, Article 32 of the Regulations of the Board of Directors states that at least the following functions must be performed by the ACC. In particular, the ACC is tasked with the following functions, among others, regarding the ICFR organisational model:

- Submitting to the Board for approval a report on the risk management and control policy identifying at least: (i) types of financial and non-financial risks faced by the Company, including financial and economic risks, contingent liabilities and other risks not appearing on balance sheets; (ii) a risk management and control model based on different levels, which will include a specialised risk committee whenever sectoral rules provide for it or when the Company deems it appropriate; (iii) the risk level that the Company considers acceptable; (iv) the measures planned to mitigate the impact of identified risks, should they materialise; and (v) the information and internal control systems to be used to control and manage the above-mentioned risks, including contingent liabilities and off-balance sheet risks.

- Supervising the process of preparing and presenting the required financial information and presenting recommendations or proposals to the Board of Directors, aimed at protecting its integrity.

- In relation to the information and internal control systems: (i) supervising the preparation process and integrity of the Company's financial information and, where applicable, of the Group's, reviewing compliance with the regulatory requirements, the proper delimitation of its scope of consolidation and the correct application of accounting principles; (ii) ensuring the independence and effectiveness of the Internal Audit Unit, proposing the election, appointment, re-election and removal of the Head of Internal Audit, as well as proposing the budget for this unit, approving both its orientation and its operating plans, ensuring that its activities are focused mainly on the risks that are relevant to the Company, receiving regular information on activities and verifying that senior management takes account of the conclusions and recommendations of its reports; and (iii) generally ensuring that the internal control systems and policies in place are effectively applied in practice. In addition, the ACC may establish and oversee a mechanism to report any potentially significant irregularities regarding finance, accounting or any other areas related to the Company that may come to its attention within the Company or the Group. Said mechanism must ensure confidentiality and, in any case, provide for cases in which the reporting can be made anonymously, respecting the rights of the whistleblower and the reported party.

- Serving as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results of each audit; and regularly collecting information from the accounts auditor on the audit plan and its execution.

- Reporting, in advance, to the Board of Directors on all matters provided for in the Law, the Company Bylaws and the Regulations and, in particular, on the financial information that the Company must make public periodically.

Minutes shall be taken of all Committee meetings and made available to all board members.

Lastly, the Internal Audit Unit is responsible for drawing up the annual Internal Audit Plan and submitting it to the ACC. The plan includes all the evidence required to prove compliance with the manuals, procedures and policies related to the ICFR. The internal auditor shall carry out these tests and report on the conclusions to the ACC, including any internal control weaknesses identified, recommendations for improvement and the general conclusions of the annual audit plan which specifically includes, among others, those related to the ICFR system.

F.1.2 Whether the following exist, especially in connection with the financial reporting process:

- Departments and/or mechanisms tasked with: (i) devising and reviewing the organisational structure; (ii) clearly defining the boundaries of responsibility and authority, with proper distribution of tasks and functions; and (iii) ensuring that sufficient procedures are in place to spread awareness of this throughout the company:

Responsibility for developing Colonial's ICFR organisational model lies with the Internal Audit Unit and the Financial Department, as they are the two departments most involved in drawing up and subsequently supervising the financial information to be reported.

Nevertheless, all Departments involved to a lesser or greater extent in preparing the financial information must also take responsibility for correctly carrying out the tasks, processes and controls they are involved in.

The organisational model of Colonial's ICFR system is structured as follows:

a) Establishment of a general environment of appropriate control, setting out the main standards for the operation of the ICFR and senior-level roles and responsibilities.

b) Identification of major risk events, which may materially affect financial information if they were to materialise.

c) For risks identified in the relevant processes, specific mitigating controls are implemented to reduce these risks to acceptable levels. The operational Departments concerned are responsible for adequately implementing these procedures.

d) The Financial Department is responsible for maintaining documentation on Colonial's accounting policies and manuals and keeping it up to date as well as preserving an environment that ensures general controls over the IT systems.

e) Lastly, the Internal Audit Unit and the ACC are responsible for overseeing the ICFR system to ensure its operational effectiveness.

- **Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record-keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action:**

The Company's Board of Directors approved Colonial's Code of Ethics on 28 September 2011. This Code of Ethics reiterates Colonial's commitment to the principles of corporate ethics and transparency, and establishes a series of basic principles to which all Colonial personnel, partners and suppliers must adhere at all times, as their behaviour may affect Colonial's reputation.

Specifically, as regards financial information, Article 6.5 of the Code establishes the following:

"Colonial undertakes, as a guiding principle for its corporate behaviour with shareholders, investors, analysts and the market in general, to disclose true and complete information providing a true and fair view of the Company and the Group, its corporate activities and its business strategies.

This information shall always be disclosed in accordance with regulations and within the timeframes established by prevailing legislation. Corporate action and the strategic decisions of Colonial are focused on creating value for its shareholders, transparency in its management, the adoption of best corporate governance practices at its companies and strict compliance with prevailing regulations in this matter."

The internal and external dissemination of the Code of Ethics is the responsibility of Colonial's Regulatory Compliance Unit, which reports to the ACC. This dissemination has been carried out in compliance with the applicable regulations, ensuring receipt and knowledge by each and every Colonial employee.

The Regulatory Compliance Unit is responsible for compiling any irregularities or breaches of the Code of Ethics and informing the Human Resources department so that it may take the necessary disciplinary action based on the fines and sanctions set forth in the collective bargaining agreement or applicable employment legislation.

The ACC is responsible for assessing the degree of compliance with the Code of Ethics and preparing an annual report based on its findings.

The Board of Directors is responsible for reviewing and updating the Code of Ethics based on the report drawn up by the ACC.

- **Whistleblowing channel to report any financial and accounting irregularities to the audit committee, in addition to any breaches of the code of conduct and irregular activities within the organisation, informing, where appropriate, whether it is confidential and whether it allows for anonymous communications while respecting the rights of the whistleblower and the reported party.**

Under Article 32 of Colonial's Board Regulations, the ACC is responsible, inter alia, for:

"Regarding the information and internal control systems: ... (iv) establishing and overseeing a mechanism to report any potentially significant irregularities regarding finance, accounting or any other areas related to the Company that may come to its attention within the Company or the Group. Said mechanism must ensure confidentiality and, in any case, provide for cases in which the reporting can be made anonymously, respecting the rights of the whistleblower and the reported party."

The purpose of this Channel, which is available on the corporate website, is to facilitate the reporting of possible cases of irregular conduct that may constitute a criminal offence or a serious or very serious administrative infringement including, among others, conduct relating to the prevention of money laundering or the financing of terrorism, accounting irregularities and any conduct that infringe the Code of Ethics or the current legislation.

Communications received through the Whistleblowing Channel shall be subject to the principles and guarantees set forth in the Colonial Group's General Whistleblowing Channel Policy, guaranteeing the security and confidentiality of communications.

As noted in the preceding point, the Regulatory Compliance Division, which reports to the ACC, is responsible for managing any irregularities or breaches of the regulations, and specifically, of Colonial's Code of Ethics. The Regulatory Compliance Unit has been designated by the Board of Directors as the body with responsibility for managing the Whistleblowing Channel, which is reviewed on a recurring basis to ensure its confidentiality and compliance with applicable regulations.

- Training programmes and regular refresher courses for personnel involved in the preparation and review of financial information and the assessment of ICFR, covering at least accounting standards, auditing, internal risk management and control:

Colonial has a training plan covering all business areas according to their specific needs. However, the functional business areas themselves, under the coordination and supervision of the Human Resources Department, are responsible for devising and proposing specific training plans for their areas.

For staff involved in preparing and reviewing financial information, training is structured around attending events concerning regulatory updates of financial, accounting and tax regulations, as well as receiving, distributing and analysing documentation from external advisors regarding regulatory developments.

The Regulatory Compliance Unit provides regular training on the prevention of criminal risks in order to keep the Company's personnel up to date with the prevention systems in this area. In addition, the Regulatory Compliance Unit, together with the functional areas, is responsible for identifying and distributing regulatory developments that affect Colonial, so that these can be analysed and implemented.

In the event of any regulatory changes of special relevance to Colonial's financial, accounting or tax departments, the Operations-Finance Department proposes the need for specific training to address these changes.

Furthermore, members of the Internal Audit Unit attended externally organised thematic courses and forums on the evaluation of certain internal risk management and control aspects.

F.2 Assessment of risks in relation to financial information.

Report, at least, on:

F.2.1 The main characteristics of the process for identification of risks, including the risk of error or fraud, as follows:

- Whether the process exists and is documented:

Colonial has a Risk Management and Control System (RMCS), as indicated in section E.1 of this report.

The ACC is in charge of monitoring and controlling risks as delegated by the Company's Board of Directors. To this end, the managers of the various operating units cooperate in identifying and correcting risks by applying the RMCS, as indicated in sections F.1.1 and F.1.2 of this report.

Colonial's ICFR Organisational and Monitoring Model, as well as its ICFR Internal Risk Management and Control Manual, which aims to ensure the preparation and issuance of reliable financial information, are aligned with and form part of Colonial's general risk policy, the RMCS, which have been approved by the ACC.

- Whether the process covers all financial reporting objectives (existence and occurrence, completeness, measurement, presentation, disclosure and comparability, and rights and obligations), whether it is updated and how often:

The ICFR Internal Risk Management and Control Manual provides for the following seven types of risk:

1. Integrity: Transactions, events, assets, liabilities or equity interests that are "not" identified and, consequently, are "not" included in the Company's accounting records. Data entries "not" captured in the ledgers or rejected data entries. Disclosures "not" identified and, consequently, "not" included in the notes to the financial statements or deliberately omitted.

2. Existence: Transactions "not" authorised that are entered into the company's accounting software. Duplicated transactions. Erroneous adjustments in ledgers.

3. Disclosures and comparability: Disclosures "not" identified and, consequently, "not" included in the notes to the financial statements or deliberately omitted. Transactions that have not been recorded consistently over time.

4. Rights and obligations: Incorrect determination of the ability to control the rights arising from an asset or a contract/agreement. Correct determination of the obligations arising from a liability or a contract/agreement.

5. Measurement: Incorrect determination of the value of an asset, liability, income or expense, and which could generate the recording of adjustments in the determination of market values, amortised values, value in use or due to a depreciation error, as well as adjustments made and not properly justified.

6. Classification: incorrect presentation of economic transactions in the financial statements (assets vs. liabilities, income vs. expenses, current vs. non-current, etc.).

7. Transaction cutoff date: incorrect recording of transactions in the accounting period.

The Internal Risk Management and Control Manual for Colonial's ICFR is periodically jointly reviewed and updated by the Internal Audit Unit and the Finance Department at the proposal of either of these and taking into account the suggestions and proposals of the Internal Audit Unit arising from its reviews. The ACC must approve any revision or amendments to the Manual, and the Internal Audit Unit and the Finance Department must be notified and must review them in advance.

- The existence of a process to identify the scope of the consolidated group, considering aspects such as the possibility of complex corporate structures or special-purpose vehicles:

Colonial's Board Regulations and, specifically the section regarding the responsibilities of the ACC, stipulate that the responsibilities of the Committee include, among others:

"In relation to the information and internal control systems: (i) to supervise the preparation process and completeness of the Company's and, where applicable, the Group's, financial and non-financial information, reviewing compliance with regulatory requirements, the scope of consolidation of the group and the correct application of accounting criteria ...".

In this regard, Colonial has a consolidation process that stipulates, as a basic procedure, the determination of the Group's scope of consolidation at the end of every reporting period.

This procedure is carried out by the Accounting and Tax Department, which reports to the Financial Department, and the ACC is informed of any changes made to the scope of consolidation.

- Whether the process takes account of other types of risks (operational, technology, financial, legal, tax, reputational, environmental risk etc.), which may affect the financial statements:

As described in the first item of this section F.2.1, the basic function of the ACC, as delegated by the Company's Board of Directors, is to monitor and control risks, supported by the work done by the executives of each operating unit, which help identify and correct them.

Colonial's ICFR Organisation and Supervision Model, as well as its Internal Risk Management and Control Manual, are aligned with and form part of Colonial's general risk policy (see section E of this report), and have been approved by the ACC.

In the process of identifying risks involving financial information within the ICFR system, all the areas of risk identified in Colonial's risk map have been considered.

- Which of the entity's governing bodies supervises the process:

Colonial's Board Regulations and, specifically the section regarding the responsibilities of the ACC, stipulate that the responsibilities of the Committee include, among others:

"To directly supervise how the internal risk management and control functions are performed by one of the Company's officers or internal departments that has been expressly assigned the following functions: (i) to ensure the proper functioning of the risk management and control systems and, in particular, that all the important risks that affect the Company are adequately identified, managed and quantified; (ii) to actively participate in the development of a risk strategy and to take part in the important decisions concerning risk management; and (iii) to ensure that the risk management and control systems in place adequately mitigate the risks within the framework of the policy defined by the Board of Directors."

In this regard, the ACC is responsible for approving Colonial's ICFR Internal Risk Management and Control Manual.

As indicated in sections F.1.1 and F.1.2 of this report, the Internal Audit Unit is responsible for overseeing the ICFR system in order to ensure its operational effectiveness. The Head of Auditing shall carry out the internal auditing tests and report on its conclusions to the ACC, including any internal control weaknesses identified, recommendations for improvement and the general conclusions of the annual audit plan, specifically including, among others, those related to the ICFR system.

F.3 Control activities.

Provide information, indicating salient features, if available, on at least the following:

F.3.1 Procedures to review and authorise financial information and the ICFR system description to be published on the securities markets, stating those responsible, as well as documentation describing the flow of activities and controls (including those relating to fraud risk) for the different kinds of transactions that may have a material impact on the financial statements, including the procedure for the accounting closure and the specific review of relevant judgments, estimates, measurements and projections.

In relation to procedures for reviewing and authorising the financial information and description of ICFR to be disclosed in the securities markets, as mentioned above, the ACC is responsible for supervising the preparation and disclosure to the market of reliable financial information. In this regard, the Committee approved a Manual for Disclosure of Statutory Information that regulates the procedure for preparing and approving this information.

Furthermore, Colonial's ICFR Internal Risk Management and Control Manual establishes the criteria for identifying the relevant public financial information as follows:

a) Periodic Public Information (PPI):

   1. Quarterly Financial Report.

   2. Half-yearly Financial Report.

   3. Annual Financial Report and Annual Corporate Governance Report (ACGR).

b) Annual Report on the Remuneration of Directors (IAR).

c) Registration document

d) Other relevant information.

Each set of relevant regulated financial information to be published to the market is governed by a preparation and review procedure involving the Operations and Finance Department, the Corporate Development and Management Control Department, both of which report to the General Corporate Department, the Legal Department and, depending on the type of information, the CEO, the Board of Directors and even the General Meeting of Shareholders itself.

In terms of the documentation describing activity flows and controls (including those relating to the risk of fraud) of the various types of transaction that may materially affect the financial statements, Colonial has an ICFR Organisational and Monitoring Model approved by the ACC that structures the specific mechanisms provided to keep an internal control that fosters full, reliable and relevant financial information and predicts the likelihood of irregularities and the ways to detect and repair them.

The Organisational Model of Colonial's ICFR system is based on two distinct areas:

a) The general control environment, where the main guidelines of operation of the ICFR and high-level roles and responsibilities are developed.

b) Specific ICFR controls, where the operating procedures relating to the preparation of financial information are developed.

In addition, Colonial has an ICFR Internal Risk Management and Control Manual that sets out the specific controls established with regard to the risks relating to financial information and formal documentation, whereas the Organisational Model contains high-level methods and controls.

Once the relevant financial information has been determined, the cycles and business processes are identified, which, in both preparation and issue, may have a material impact on the information. Once the processes have been identified, the relevant functional areas and the Internal Audit Unit identify the risks entailed in the processes and the corresponding controls. These processes, risks and controls are formally documented so they can be correctly carried out and monitored.

The Company ensures that the identified risks are consistent with the corporate risk model.

The scope of the processes selected ensures that compliance with them results in complete and reliable financial information.

The Financial Department and the Internal Audit Unit are jointly responsible for the identification of the relevant ICFR processes, risks and control, which is then approved by the ACC. In this process, the Company has specifically considered the potential risk of fraud and has control activities in place to prevent this risk.

The key processes identified at Colonial relating to the ICFR system are:

a) Closing of accounts, including the process of judgements, estimates, measurements and projections.

b) Consolidation and reporting of subsidiaries.

c) Revenue recognition.

d) Asset valuation (determination of the fair value of investment property).

e) Cash, debt and derivatives.

f) Taxes and levies.

g) Reporting systems, including the collection and preparation mechanisms for supporting the financial information to be issued.

h) Investments and asset acquisitions.

i) Purchases of goods and services.

j) Human resources.

All key processes are documented and updated annually to include any potential changes. The key processes at Colonial that have a significant influence on the preparation of financial information are documented through the following:

a) Flow charts of the processes' activities.

b) Descriptions of the processes, risks and controls in place.

c) Risk and control matrices.

The ICFR Internal Risk Management and Control Manual is an internal regulation that is mandatory. It is, therefore, essential that all functions/departments involved monitor all the procedures established and the controls in place to ensure the reliability of Colonial's financial information. The most senior-ranking employee in each of the departments involved in the procedures documented in the internal control model is responsible for ensuring that the processes and controls are correctly applied and documented for each accounting period.

For this purpose, Colonial has software to monitor the responses to the controls defined for the key processes in each accounting period. The Internal Audit Unit monitors and oversees compliance with these controls.

Any transactions with a substantial weight of critical judgements, estimates, measurements and projections are specifically monitored, as is the case with real estate asset valuations.

F.3.2 Internal control policies and procedures for the IT systems (including access security, tracking of changes, system operation, continuity and separation of duties) that support the key Company processes involved in the preparation and publication of financial information.

The Systems function is in charge of Colonial's corporate computer systems. This department reports to the Financial Department, which, in turn, reports to the General-Corporate Department.

At present, the operation and maintenance of Colonial's corporate information systems that support its financial reporting are outsourced. As a result, Colonial's Head of Systems manages the key aspects related to the physical security, continuity and operation of the systems with the external supplier.

Furthermore, the head of IT systems at Colonial is responsible for establishing the IT internal control model regarding secure access, segregation of duties (in coordination with the operating business and support areas) and control of changes, as well as carrying out risk monitoring and control activities arising from the outsourcing of the IT systems.

All Spanish Colonial Group companies operate under one transactional system, SAP. In 2023, the information systems of the subsidiary SFL and its French subsidiaries were not integrated with Colonial, and information was, therefore, exchanged by importing data in files.

Colonial's IT internal control model includes, among others, the following key processes:

a) Security of equipment and data processing centres (in coordination with the external provider).

b) Logical security of the applications (in coordination with the external supplier).

c) Monitoring of Service Level Agreements (SLAs) and Service Level Objectives (SLOs) with external suppliers.

d) Project management, rollouts, developments and upgrades of current systems.

e) Management of operations.

f) Management of infrastructure and communications.

g) Management of back-up and recovery systems (in coordination with the external supplier).

h) Management of users, profiles and accesses.

i) Management of the audits of the IT systems.

F.3.3 Internal control policies and procedures designed to supervise the management of third party subcontracted activities, in addition to any evaluation, calculation or appraisal tasks entrusted to independent experts that may have a material impact on the financial statements.

As described in section F.3.1, Colonial has identified the key processes that may materially affect its financial information. Among the criteria used to identify these processes, the Company has considered criteria for activities with a high level of third-party involvement and also, those that are fully outsourced.

In this regard, the relevant processes involving significant third-party participation are as follows:

a) Valuation of real estate assets: determination of fair value.

b) Financial hedging instruments: effectiveness tests and obtainment of the fair value.

c) IT systems: maintenance and operation.

All processes with substantial third-party involvement have been documented, identifying the risks and controls implemented. The functional areas involved in the various processes are responsible for monitoring them and for implementing the appropriate controls.

F.4 Information and reporting.

Provide information, indicating salient features, if available, on at least the following:

F.4.1 A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the Company's operating units.

Colonial's ICFR Organisational and Monitoring Model, which has been approved by the ACC, stipulates that the Financial Department is responsible for maintaining documentary records of Colonial's accounting policies, which entails resolving queries or settling disputes over their application.

Colonial has a Group Accounting Policies Manual, which has been approved by the ACC, and which must be adhered to by all Group companies. The Financial Department is responsible for preparing and maintaining this manual.

F.4.2 Mechanisms to collect and prepare the financial information with consistent formats, to be implemented and used by all units in the Company or group, supporting the main financial statements and the notes, in addition to any information provided on the ICFR.

Colonial has ensured greater control and security in the process of gathering and preparing financial information by implementing a computer tool to facilitate the financial consolidation and financial and operating budget planning of the Group.

The Group Accounting Policies Manual establishes a chart of accounts and templates of financial statements that all Group companies must follow. These are set up in the tool, thereby guaranteeing the uniformity of the financial information.

The preparation of statutory financial information, as well as the individual financial statements of Colonial's national companies, is coordinated centrally by Colonial's Finance Department and Corporate Development and Management Control Department, thereby guaranteeing uniformity.

A significant portion of the details required to prepare this financial information is obtained directly from the IT tool, since it has been customised to do so. For those cases where certain information must be prepared without this tool, Colonial has control mechanisms in place to ensure its completeness and reliability, as well as a physical archive of the information in an internal repository with access limited to the staff involved in preparing the financial information.

In addition, Colonial uses an IT tool called "Archer" to monitor the information specific to ICFR management relating to compliance with the controls established for the key procedures defined by the Company for the ICFR systems. The Internal Audit Unit monitors and oversees the operation of this tool.

F.5 Supervision of system operation.

Provide information, stating the main features, on at least:

F.5.1 ICFR supervisory activities conducted by the Audit Committee, as well as whether the Company has an internal audit department whose competences include supporting the committee in its oversight of the internal control system, including ICFR. State also the scope of the ICFR assessment during the year and the procedure used by the person in charge to report the results, whether the Company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

The main activities carried out by the ACC in relation to the ICFR system in 2023 consisted of approving the Internal Audit Plan for 2023, which includes monitoring ICFR and being apprised of its degree of implementation, compliance and effectiveness.

In order to learn about the internal control weaknesses detected in the performance of the external auditors' work, as well as relevant aspects or incidents, the ACC has held meetings with the Company's external auditors.

Lastly, the ACC has performed the following main activities relating to the financial information:

- Review of the public financial information.
- Analysis of the consistency of the accounting policies used, as well as an analysis of the observations and recommendations received from the external auditors.
- Review of the management report.
- Review of the information contained in the half-yearly financial statements concerning related-party transactions.
- Monitoring the effectiveness of relevant processes, risks and controls related to internal control systems and IFRS.

Regarding the Internal Audit Unit, Colonial's Regulations of the Board of Directors state, in the section on the responsibilities of the ACC, that the responsibilities of the Committee include, among others:

"Regarding the information and internal control systems: [...] (iii) monitor the independence and efficacy of the internal audit function, proposing the selection, appointment, and removal of the head of internal audit, in addition to proposing the department's budget; [...]; receiving regular reports on its activities, and verifying that senior management is acting on the findings and recommendations of its reports".

In July 2009, the ACC approved the regulations on Colonial's Internal Audit Unit. The main responsibilities of this function include periodically verifying the degree of application of the approved policies and procedures that comprise the internal control system, offering suggestions for improvement.

In addition, the ACC has already approved the Internal Audit Plan for 2024, which includes the necessary actions for overseeing and assessing the internal control procedures and the performance of one-off tasks to verify the operational effectiveness of Colonial's ICFR, with regular reporting of any issues detected and necessary improvement actions and their potential impact on financial information, after checking with the audited areas.

F.5.2 Whether the Company has a discussion procedure whereby the accounts auditor (in accordance with what is set forth in the NTAs), the Internal Audit staff and other experts are able to inform senior management and the Audit Committee or Company directors of any significant weaknesses in internal control identified during the processes of review of annual financial statements or any others entrusted to them. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

Under Article 8 of the Regulations of the Board of Directors ("Relations with the auditor"), the Board of Directors and the external auditor shall communicate with each other through the ACC.

In this regard, Article 32 of the Board Regulations governs the functioning of the ACC and, inter alia, establishes the following functions:

- Serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results of each audit, and in this connection also with the function of regularly collecting information from the auditor on the audit plan and how it is to be carried out.

- Establish the necessary relations with the external auditor in order to receive information on any matters that might jeopardise the auditors' independence, for examination by the Committee, any other matters related to the financial audit process and, when appropriate, to authorise non-prohibited services on the terms provided in current legislation relating to independence and to communicate with the auditors as provided for in the financial audit legislation and auditing standards.

- Oversee the effectiveness of the Company's internal control, the internal audit and the risk management systems, including those for taxation, and discussed with the accounts auditor any significant weaknesses detected in the internal control system during the audit.

All these monitoring activities of the Board of Directors and the ACC are conducted throughout the year and included in the agenda of the various sessions based on the schedule established for each year.

F.6 Other relevant information.

No additional issues to disclose have been identified.

F.7 External auditor report.

Report by:

F.7.1 If the ICFR information supplied to the market has been reviewed by the external auditor, the corresponding report should be attached. If this is not the case, it should explain why.

The ICFR information provided to the markets has not been specifically reviewed by the external auditor. However, the ACC and the Internal Audit Unit perform the ICFR monitoring activities, which they supplement with the external auditor's contributions regarding the identification of any internal control weaknesses identified in the course of their external financial audit. The external auditor has not made any significant recommendations regarding internal control in the audit of the financial statements for 2023.

G. Extent to which the corporate governance recommendations are followed

Please indicate the extent to which the company has followed the recommendations of the Code of Good Governance of Listed Companies.

Should the Company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the Company's behaviour. General explanations are not acceptable.

1. The Bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the Company by acquiring shares on the market.

Compliant

2. When the listed company is controlled, as described in Art. 42 of the Spanish Commercial Code, by another company, whether listed or not, and has, directly or through its subsidiaries, business relations with such entity or one of its subsidiaries (other than the listed company) or carries out activities related to one of them, the listed company must accurately and publicly report the following:

a) The respective business areas and possible business relations between the listed company or its subsidiaries and the parent company or its subsidiaries.

b) The mechanisms in place to solve any conflict of interests that may arise.

Not applicable

3. During the ordinary general meeting, the Chairman of the Board should verbally inform shareholders in sufficient detail of the most relevant aspects of the Company's corporate governance, supplementing the written information circulated in the annual corporate governance report and, in particular:

a) Of the changes that have occurred since the last ordinary general meeting.

b) Of the specific reasons why the company is not following certain recommendations of the Code of Corporate Governance and, if any, the alternative rules applied to this matter.

Compliant

4. The company should draw up and implement a policy of reporting to and contact with shareholders, institutional investors within the framework of their involvement in the company, and with proxy solicitors that complies in full with regulations against market abuse and accords equitable treatment to shareholders in the same position. And that the Company should make this policy public via its website, including information on the way it has been put in practice and identifying the interlocutors or persons responsible for carrying this out.

And notwithstanding the legal obligations on sharing insider information and other types of regulated information, the company should also have a general policy regarding the reporting of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) that contributes to maximising the disclosure and quality of the information available to the market, investors and other stakeholders.

Compliant

5. That the Board of Directors does not submit to the general meeting a proposal of delegation of powers to issue shares or convertible securities excluding the right to preferential purchase, for an amount above 20% of the share capital at the time of delegation.

And that, when the Board of Directors approves any issue of shares or convertible securities excluding pre-emptive rights, the Company should immediately publish the reports on such exclusion on its website as provided in commercial law.

Compliant

6. The listed companies which produce the reports listed below, either in mandatory or voluntary form, publish them on their website well in time before the ordinary general meeting is held, although their dissemination is not:

a) Report on the external auditor's independence.

b) Reports of proceedings of the audit committees and the appointments and remuneration committee.

c) Audit committee report on related-party transactions.

Compliant

7. The Company broadcasts live, via its website, the holding of general meetings of shareholders.

The company should also have mechanisms in place that enable voting directly or by proxy through electronic means and, in the case of large-capitalisation companies, that enable them to attend and actively participate in the General Meeting, insofar as is proportionate.

Compliant

8. The Audit Committee should strive to ensure that the Board of Directors can present the company's annual financial statements to the General Meeting of Shareholders in compliance with accounting standards. In those cases where the auditor has included qualifications in the audit report, the chairperson of the Audit Committee should give a clear account of the opinion of the Audit Committee on their scope and content at the General Meeting. A summary of this opinion should be made available to shareholders when calling the meeting, along with the other Board proposals and reports.

Compliant

9. The Company should make public on its website, permanently, the requirements and procedures it will accept to prove ownership of shares, the right to attend the general meeting of shareholders and the exercise or delegation of voting rights.

And such requirements and procedures facilitate the shareholders' attendance and the exercise of their rights and are applied in a non-discriminatory manner.

Compliant

10. Where any legitimate shareholder has exercised, prior to the holding of the general meeting of shareholders, the right to complete the agenda or to submit new resolution proposals, the Company:

a) Immediately disseminates such additional items and new resolution proposals.

b) Makes public the attendance card model, or the proxy or remote voting form with the required changes so that the new items on the agenda and alternative resolution proposals can be voted on, on the terms proposed by the Board of Directors.

c) Submits all these items or alternative proposals to vote and the same voting rules are applied to them as those made by the Board of Directors, including, in particular, presumptions or inferences about the direction of the vote.

d) Announces, after the general meeting of shareholders, the breakdown of the vote on such additional points or alternative proposals.

Not applicable

11. In the event that the Company plans to pay premiums to attend the general meeting of shareholders, it will previously establish a general policy on such premiums and this policy is stable.

Not applicable

12. The Board of Directors shall perform its duties with unity of purpose and independent judgment and it shall treat all shareholders who are in the same position equally and guide itself by the Company's interests which are understood as achieving a profitable and sustainable long-term business, to promote the Company's continuity and maximize its economic value.

In pursuing the Company's interests, in addition to complying with laws and regulations and acting in good faith, ethically and respecting the commonly accepted uses and good practices, the Board of Directors shall endeavour to reconcile the Company's interests with, where applicable, the legitimate interests of its employees, its suppliers, its customers and those of other stakeholders that may be affected, as well as the impact of the Company's activities on the community as a whole and in the environment.

Compliant

13. The Board of Directors has enough members in order to implement efficient and participative proceedings, which makes it advisable that the Board should have from five to fifteen members.

Compliant

14. The Board of Directors should approve a policy seeking to promote a suitable composition of the Board of Directors, which should:

a) Be specific and verifiable;

b) Ensure that proposals for the appointment or reelection are based on a preliminary analysis of the skills required by the Board of Directors; and

c) Promote knowledge, experience, age and gender diversity. In this sense, measures that encourage a large number of female senior officers in the company will be considered to be measures that promote gender diversity.

The results of the prior analysis of the skills required by the Board of Directors should be written up in the Appointments Committee's explanatory report, to be published when calling a General Meeting of Shareholders where each director is to be ratified, appointed or re-elected.

The Appointments Committee will verify compliance with this policy on an annual basis and report its findings in the Annual Corporate Governance Report.

Compliant

15. The proprietary Directors and independent Directors constitute a significant majority of the Board of Directors and the number of executive Directors is kept to the minimum necessary, having regard to the complexity of the corporate group and the percentage shareholding of the executive Directors in the Company's share capital.

And the number of female directors should represent at least 40% of the members of the Board of Directors by the end of 2022 and onwards, and should not be below 30% before that date.

Partially compliant

The proprietary and independent Directors form a large majority of the Board of Directors (11 out of 13 directors), and the number of executive Directors is the minimum required (1 out of 13). The number of female directors, on the other hand, accounts for 38.46% of the Board, which is very close to the percentage set forth in the good governance recommendation. However, in 2024, the Company intends to increase the number of female directors to 40%.

16. The percentage of proprietary Directors over the total of non-executive Directors is not higher than the proportion between the capital represented by such directors and the remainder of the Company's share capital.

This criterion may be reduced:

a) In large-cap companies where few shareholdings are legally considered significant.

b) In companies where there is a diversity of shareholders represented on the Board of Directors and there are no links between them.

Compliant

17. The number of independent Directors represents at least half of all directors.

However, where the Company is not a large-cap or where, if it is, it has a shareholder or several acting together, who control more than 30% of the share capital, the number of independent Directors should represent at least one third of all directors.

Explain

The Company has five independent Directors out of a total of 13, one less than the number of proprietary Directors and four more than the number of executive Directors. Thus, although the percentage of independent Directors does not reach the 50% set forth in the recommendation, it is estimated in view of the Company's current shareholder structure that the representation of this type of directors is adequate and, therefore, that all interests are properly represented in the management body.

18. Companies should post the following director particulars on their websites, and keep them permanently updated:

a) Professional and biographical profile.

b) Other boards of directors on which they sit, whether or not these belong to listed companies, as well as other remunerated activities in which they may be involved.

c) The category to which the director belongs, where applicable, stating, in the case of proprietary Directors, the shareholder they represent or to whom they have links.

d) Date when they were first appointed as a director of the company, as well as the dates of any subsequent reappointments.

e) Their holdings of company shares and their stock options.

Compliant

19. The Annual Corporate Governance Report, with prior verification by the Appointments Committee, explains the reasons for the appointment of proprietary Directors at the request of shareholders whose shareholding is less than 3% of the share capital; and reasons are given why formal requests for a seat on the board from shareholders with a stake equal to or greater than that of others, at whose request proprietary Directors were appointed, have not been respected.

Not applicable

20. Proprietary Directors tender their resignation when the shareholders they represent sell their entire shareholding. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary Directors, the latter's number should be reduced accordingly.

Compliant

21. The Board of Directors shall not propose the removal of any independent Director before the statutory period for which they were appointed, except where just cause is found by the Board of Directors following a report from the Appointments Committee. It shall be understood that there is just cause when the director takes up a new post or takes on new duties that prevent him/her from devoting the necessary time to the performance of the duties associated with the directorship, when the director fails to carry out the duties inherent to his/her post or when the director is involved in circumstances which cause him/her to lose his/her independent status in accordance with the provisions of the legislation applicable.

The removal of independent Directors from office may also be proposed as a result of public buy-outs, mergers or other similar enterprise-level transactions implying a change in the structure of the Company's capital, where such changes in the Board are due to the proportionality criterion in Recommendation 16.

Compliant

22. Companies establish rules obliging directors to disclose information and, where appropriate, tender their resignation in cases where it is alleged they could harm the company's name and reputation and, in particular, oblige them to inform the Board of Directors of any criminal charges brought against them, as well as any subsequent legal proceedings.

When the Board has been informed of or otherwise been made aware of any of the situations mentioned in the preceding paragraph, it should study the case as soon as possible and, in light of the particular circumstances, decide, based on a report by the Appointments and Remuneration Committee, whether or not to take any action such as opening an internal enquiry, calling on the director to resign or proposing his or her termination. A reasoned account of all this should be given in the Annual Corporate Governance Report, unless there are special circumstances that justify otherwise and which shall be recorded in the minutes. This is without prejudice to the information to be disclosed by the company, where appropriate, when the relevant measures are adopted.

Compliant

23. All directors clearly express their opposition when they consider that a proposal submitted to the Board for Directors for decision could be contrary to the Company's interests. Moreover, independent and other directors in particular, who are not affected by potential conflict of interest, do the same in the case of decisions that could be detrimental to shareholders not directly represented on the Board of Directors.

And when the Board of Directors adopts significant or repeated decisions on matters with regard to which the director has expressed serious reservations and subsequently opts to resign, the ensuing conclusions drawn and reasons for the resignation are explained in the letter referred to in the following

This recommendation also extends to the secretary to the Board of Directors, even if they are not a director.

Compliant

24. Directors who give up their place before their tenure expires, through resignation or as agreed by the General Meeting, should state their reasons, or in the case of non-executive Directors, their opinion on the Board's decision, in a letter to be sent to all members of the Board of Directors.

Without prejudice to the disclosure of all this in the Annual Corporate Governance Report, insofar as it is relevant for investors, the company should publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Compliant

25. In addition, the Appointments and Remuneration Committee shall ensure that non-executive Directors have sufficient time to properly perform their duties.

And that the Board regulations sets the maximum number of boards of which the directors may form part.

Compliant

26. The Board of Directors holds meetings as frequently as required in order to carry out its role effectively, at least eight times a year, following the programme and agenda established at the start of the financial year, with each director able to propose for inclusion alternative items not originally on the agenda.

Compliant

27. Directors' absences should be limited to the bare minimum and quantified in the Annual Corporate Governance Report. And, when they must occur, instructions are given to proxies.

Compliant

28. When the directors or the Company secretary express concerns about a particular proposal or, in the case of the directors, about the Company's progress and such concerns are not resolved within the Board of Directors, this is recorded in the minutes at the request of whoever expressed such concerns.

Compliant

29. The Company shall establish suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the Company's expense.

Compliant

30. In addition, regardless of the knowledge required of the Directors to perform their duties, the Company will also offer Directors refresher programmes when circumstances so warrant.

Compliant

31. The agenda of the sessions clearly indicates the points on which the Board of Directors will adopt a decision or agreement so that directors can study or seek, in advance, the information required for its adoption.

When exceptionally, for reasons of urgency, the Chairman wants to submit to the approval of the Board of Directors any decisions or agreements not included in the agenda, this will require the express prior consent of the majority of the directors present, which will be duly recorded in the minutes.

Compliant

32. Directors should be regularly informed of the movements in shareholders and of the opinion that significant shareholders, investors and rating agencies have on the Company and its group.

Compliant

33. The Chairman, as responsible for the effective proceedings of the Board of Directors, in addition to exercising the functions legally and statutorily assigned to him/her, prepares and submits to the Board of Directors a program of dates and issues to be addressed; organizes and coordinates the periodic evaluation of the board and, where appropriate, the chief executive officer of the Company; is responsible for the management of the board and the effectiveness of its operation; ensures that sufficient time is devoted to discussion on strategic issues, and arranges and reviews refresher programs for each director, when circumstances so require.

Compliant

34. When there is a coordinating director, the Bylaws or regulations of the Board of Directors, in addition to the powers legally entitled, attribute him/her the following: chairing the Board of Directors in the absence of the Chairman and Vice-Chairmen, if any; echoing the concerns of non-executive Directors; maintaining contacts with investors and shareholders to ascertain their views in order to form an opinion about their concerns, particularly in relation to the corporate governance of the Company; and coordinate the Chair´s plan of succession.

Not applicable

35. The Secretary to the Board of Directors shall also ensure that the Board of Directors is aware of recommendations on good governance that apply to the Company and that are part of the Code of Good Governance for listed companies.

Compliant

36. The complete Board of Directors will evaluate, once a year, and adopt, where applicable, an action plan to correct the deficiencies identified with respect to:

a) The quality and efficiency of the Board of Director's performance.

b) The operations and the composition of its committees.

c) The diversity of Board membership and competences.

d) The performance of the Chairman of the Board of Directors and the Chief Executive Officer of the Company.

e) The performance and contribution of each Director, paying particular attention to those who are in charge of the various board committees.

The evaluation of the various committees will be based on the reports they submit to the Board of Directors, and for the latter, evaluation will be based on the one submitted by the Appointments Committee.

Every three years, the Board of Directors will be assisted to carry out the evaluation by an external consultant, whose independence will be verified by the Appointments Committee.

Business relationships that the consultant or any Company in its group have with the Company or any Company of its group should be detailed in the annual corporate governance report.

The process and the evaluated areas will be further described in the annual corporate governance report.

Compliant

37. When an Executive Committee exists, there must be at least two members who are non-executive Directors, at least one of whom must be an independent Director. The secretary of the Board of Directors should also act as secretary to the Executive Committee.

Compliant

38. The Board of Directors is always aware of matters dealt with and decisions adopted by the Executive Committee and all the members of the board receive a copy of the minutes of the meetings of the Executive Committee.

Compliant

39. The members of the Audit Committee, and especially its chairperson, are appointed taking into account their expertise in the field of accounting, audit or financial and non-financial risk management.

Compliant

40. To supervise the division that fulfils the internal audit duties to ensure the proper functioning of the information and internal control systems, which are functionally dependent on the non-executive Chairman of the Board or the Audit Committee.

Compliant

41. The head of the unit handling the internal audit function should present an annual work programme to the Audit Committee for its approval by the Committee or by the Board, report directly to it on its implementation, including any incidents and limitations on its scope, the outcome and follow-up of its recommendations, and submit a report on its performance at the end of each year.

Compliant

42. In addition to those as legally established, the Audit Committee is responsible for the following:

1. With regard to information systems and internal control:

    a) Supervise and assess the preparation and the integrity of the financial and non-financial information as well as the financial and non-financial risk management and control systems regarding the company and, where applicable, the group – including operational, technological, legal, social, environmental, political and reputational risks or those related to corruption – checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

    b) Monitor the independence of the unit handling the internal audit; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or propose to the Board the approval of the internal audit annual work plans, ensuring that its activity focuses primarily on the main risks the company is exposed to (including reputational risks); receive regular reports on its performance; and verify that senior management are acting on the findings and recommendations of its reports.

    c) Establish and supervise a whistleblowing mechanism whereby employees and anyone related to the company such as directors, shareholders, suppliers, contractors or subcontractors, can report any significant irregularities that they detect in their company or group, including financial or accounting irregularities. Said mechanism must ensure confidentiality and, in any case, provide for cases in which the reporting can be made anonymously, respecting the rights of the whistleblower and the reported party.

    d) Ensure that internal control policies and systems put in place are effectively implemented in practice.

2. With regard to the external auditor:

    a) Examine the circumstances behind the resignation of the external auditor, should this occur.

    b) Ensure that the remuneration for the external auditor for his or her work does not compromise his or her integrity or independence.

    c) Ensure that the Company notifies the change of auditor through the CNMV and said notification is accompanied by a statement citing any disagreements the Company may have had with the outgoing auditor and, if any, of their content.

    d) Ensure that the external auditor annually holds a meeting with the full Board of Directors to report on the work done and the evolution of the Company´s accounting and risk situation.

    e) Ensure that the Company and the external auditor adhere to current regulations regarding the provision of non-audit services as well as the limits on the auditor's business concentration and, in general, the other rules on auditor independence.

Compliant

43. The Audit Committee may summon any employee or officer of the Company; this includes appearances without the presence of any other executive.

Compliant

44. The Audit Committee is informed about the operations of structural and corporate changes that the Company plans to carry out, for analysis and preliminary report to the Board of Directors on their economic conditions and their accounting impact, and especially, if any, on the proposed swap equation.

Compliant

45. The risk management and control policy should at least specify or determine:

a) The different types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks, including those related to corruption) that the Company faces, including financial and economic risks, contingent liabilities and other risks not found on balance sheets.

b) A risk management and control model based on different levels with a specialised risk committee, whenever this is foreseen in the sectoral guidelines or when the company deems it appropriate.

c) The level of risk that the Company considers acceptable.

d) The measures foreseen to mitigate the impact of identified risks, should they materialise.

e) The information and internal control systems to be used to control and manage the abovementioned risks, including contingent liabilities or off-balance sheet risks.

Compliant

46. Under the direct supervision of the Audit Committee or, if any, of a specialised committee of the Board of Directors, there is an internal risk management and control function exercised by a unit or internal department of the Company that has expressly attributed the following functions:

a) Ensure the proper functioning of risk management and control systems and, in particular, that all significant risks affecting the Company are adequately identified, managed and quantified.

b) Actively participate in the development of a risk strategy and take part in the important decisions concerning risk management.

c) Ensure that the risk management and control systems in place adequately mitigate risks within the framework of the policy defined by the Board of Directors.

Compliant

47. Members of the Appointments and Remuneration Committee – or both Committees if they were separate – are designated by ensuring that they have the knowledge, skills and experience appropriate to the duties that they are to perform and that most of these members are independent Directors.

Compliant

48. Highly-capitalized companies have an Appointments Committee and a separate Remuneration Committee.

Explain

In view of the Company's structure as at 31 December 2023, in particular the number of employees and officers, as well as its organisation and activity, it is considered appropriate to keep a single ARC.

49. The Appointments Committee should consult with the Company's Chairman of the Board of Directors and chief executive officer of the company, especially on matters relating to executive Directors.

Any Director may request that the Appointments Committee take into consideration potential candidates to fill director vacancies if he/she feels that they are suitable.

Compliant

50. The duties of the remuneration committee must be exercised with independence and include, in addition to those indicated by law, the following:

a) Propose to the Board of Directors the standard conditions for senior officers' employment contracts.

b) Check compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy applied to directors and senior officers, as well as the remuneration systems that include shares and how they are implemented, in addition to guaranteeing that their individual remuneration is proportional to that which is paid to other directors and senior officers of the Company.

d) Ensure that no conflict of interests interferes with the independence of the external advice given to the Appointments and Remuneration Committee.

e) Verify the information on the remuneration of directors and senior officers found in various corporate documents, including the annual report on director remuneration.

Compliant

51. The Remuneration Committee should consult with the Chairman and chief executive officer of the Company, especially on matters relating to executive Directors and senior officers.

Compliant

52. The rules regarding the composition and proceedings of the supervising and control committees are listed in the Board Regulations, are consistent with those applicable to the legally mandatory committees under the foregoing recommendations, and include the following:

a) They should be composed exclusively of non-executive Directors, with a majority of independent Directors.

b) The chairmen should be independent Directors.

c) The Board of Directors should appoint the members of these committees, taking into account the knowledge, skills and experience of the directors and the responsibilities of each committee; deliberate on its proposals and reports; and, at the first plenary session of the Board following their meetings, receive an account of their activity and a report on the work carried out.

d) The committees should seek external advice when they deem it necessary to perform their duties.

e) Minutes of meetings should be taken, and copies sent to all directors.

Compliant

53. Monitoring compliance with the company's policies and regulations on environmental, social and corporate governance as well as the internal codes of conduct should be attributed to one or more committees within the Board of Directors; these committees may be the Audit Committee, the Appointments Committee, a specialised committee on social sustainability or responsibility, or any other specialised committee created specifically for such duties by the Board of Directors by exercising its powers to self-organise. Said committee should be composed solely of non-executive Directors, the majority of whom should be independent and should be specifically assigned the minimum functions indicated in the following recommendation.

Compliant

54. The minimum duties mentioned above are as follows:

a) Monitor compliance with the Company's corporate governance rules and internal codes of conduct, and ensure that the corporate culture fits its purpose and values.

b) Monitor compliance with the general policy on economic-financial, non-financial and corporate reporting, as well as communications with shareholders and investors, proxy advisors and other stakeholders. Monitor the way in which the Company communicates and interacts with small and medium shareholders.

c) Periodic assessment and review of the Company's corporate governance system and environmental and social policy to ensure that they fulfil their mission of promoting its business activity and keep the legitimate interests of other stakeholders in mind.

d) Ensure that the Company's environmental and social practices match the strategy and policy set.

e) Supervising and evaluating relations with different stakeholders.

Compliant

55. That the sustainability policies on environmental and social matters identify and include at least:

a) The principles, commitments, targets and strategy regarding shareholders, employees, clients, suppliers, social and environmental issues, diversity, tax responsibility, respect for human rights and the prevention of corruption and other illegal conducts.

b) The methods or systems used to monitor compliance with the policies and the related risks and the management thereof.

c) Mechanisms used to monitor non-financial risks, including those related to ethical matters and business conduct.

d) The channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that prevent manipulation of information and protect integrity and honour.

Compliant

56. The compensation of the directors is what is necessary to attract and retain directors with a desirable profile, to compensate them for the dedication, qualifications and responsibility that the position entails, and to ensure that to the amount does not interfere with the independence of non-executive Directors' decisions.

Compliant

57. Executive Directors are restricted to variable remuneration linked to the performance of the Company and to their personal performance, as is the compensation in the form of shares, stock options or rights to shares or instruments that are referenced to the value of the stock and long-term savings systems such as pension plans, retirement schemes or other social security systems.

Delivery of shares as remuneration can be contemplated for non-executive Directors on condition that they hold them until they cease to be directors. The foregoing shall not apply to shares that the director needs to dispose of, if appropriate, to meet the costs related to acquisition.

Compliant

58. In the case of variable remuneration, remuneration policies should include precise limits and technical safeguards to ensure they reflect the professional performance of the recipients and not only the general progress of the markets or the company's activity sector or circumstances of this kind.

And in particular, the variable components of remunerations:

a) Should be linked to performance criteria that are predetermined and measurable, and these criteria should consider the risk taken to obtain a result.

b) Should promote the sustainability of the Company and include non-financial criteria that are suitable for creating long-term value, such as compliance with the Company's internal rules and procedures and its policies for risk management and control.

c) Should be set on the basis of a balance between fulfilling short, medium and long term goals, to remunerate the results from continued performance over a sufficient period of time to appreciate their contribution to sustainable value creation, so that the elements that measure the results do not revolve solely around specific, occasional or extraordinary events.

Compliant

59. Payment of variable remuneration components should be subject to sufficient verification to ensure that predetermined performance criteria have effectively been met. Companies must include in the annual directors' remuneration report the criteria regarding the time and methods required for said verification according to the nature and characteristics of each variable component.

In addition, companies should consider introducing a malus clause based on deferring, for long enough, the payment of part of the variable components that implies their total or partial loss in the event that, prior to the time of payment, an event occurs that makes this advisable.

Compliant

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant

61. A significant percentage of the variable remuneration of executive Directors is linked to the delivery of shares or financial instruments referenced to its value.

Compliant

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been allocated, the executive Directors will not be allowed to transfer their ownership or exercise them until at least three years have elapsed.

There is an exception for cases when the director maintains a net economic exposure to the variation in the share price for a market value equivalent to at least twice their annual fixed remuneration through the ownership of shares, options, or other financial instruments at the time of the transfer or exercise of those share options.

The foregoing will not apply to shares that the director needs to sell to meet the costs related to their acquisition or, when supported in its assessment by the Appointments and Remuneration Committee to deal with any extraordinary situations that may arise.

Compliant

63. Contractual agreements include a clause that allows the Company to claim reimbursement of variable components of remuneration when payment has not been adjusted to the return conditions or when they have been paid based on data that are subsequently credited with inaccuracy.

Compliant

64. Payments for contract termination should not exceed an amount equivalent to two years of the total annual remuneration and they should not be paid until the Company has been able to verify that the director has met the criteria or conditions established for payment.

For the purposes of this recommendation, any payments arising from contract termination, whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the Company must be considered, including any amounts from long-term savings schemes that have not been previously consolidated and amounts paid under post-contractual non-competition agreements.

Compliant

H. Other significant information

1. If there are any other relevant aspects of corporate governance at the company or at group companies that have not been set out in the other sections of this report but must be included to provide a more complete and reasoned view of the governance structure and practices of the company or its group, describe them briefly.

2. Any other information, clarification or observation related to the above sections of this report may be included in this section insofar as they are relevant and not repetitive.

Specifically indicate whether the Company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

3. Also state whether the Company voluntarily subscribes to other international, sectoral or other ethical principles or standard practices. If applicable, identify the code and date of adoption. In particular, it will be specified whether the Company has adhered to the Code of Good Tax Practice of 20 June 2010.

1. On 10 December 2015, the Board of Directors of the Company resolved to adhere to the Code of Good Tax Practices. This resolution was communicated to the tax authorities on 8 January 2016.

2. On 27 July 2016, as a result of an amendment to the Regulations of the Board of Directors, it was decided that the ARC would be responsible for supervising compliance with the rules of corporate governance and other related matters. By virtue of the foregoing and to implement best corporate governance practices at Colonial, the ARC created the Corporate Governance Unit, reporting directly to the Committee and composed of the Chairman of the ARC and the Head of the Legal Department at the company. Furthermore, on 17 December 2020, the Board resolved to amend the Board Regulations to align them with the new amendments to the good governance recommendations approved by the CNMV in June 2020. On the same date, the Board created the SC, whose primary duties include periodically ensuring proper compliance with the environmental and sustainable development policies approved by the Company.

3. In 2023, the Company started to implement a strategic decarbonisation plan to achieve increasingly ambitious goals in view of the current relevance of sustainability matters. This ambitious strategic decarbonisation plan, which is in line with the principles of the Paris Agreement signed in December 2015, stems from the Company's commitment to achieve carbon neutrality across its portfolio of offices by 2030, with emission reduction targets that are in line with the Science Based Target Initiative ("SBTi") and with the goal of keeping the increase in the planet's average temperature below 1.5ºC. The SBTi has validated and approved the goal of significantly reducing its emissions by 2030 contained in the Group's decarbonisation plan.

4. Regarding the information on the ACC provided in section C.2.1, the following should be particularly noted in relation to the non-audit services provided by the external auditor in 2023: (i) the issue of reports on the ESG indicators contained in the Integrated Annual Report; and (ii) the inventory of greenhouse gas indicators.

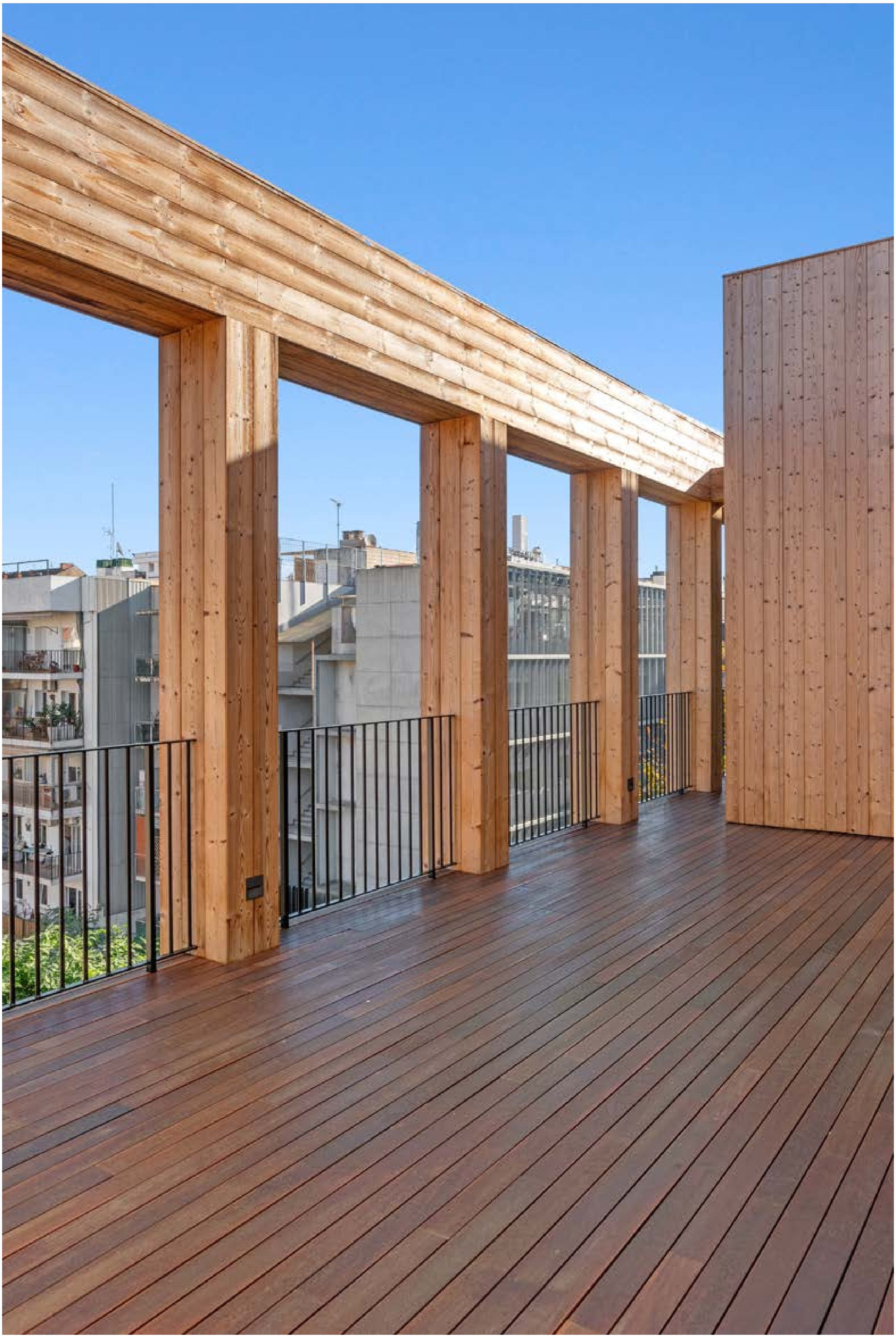
5. In March 2023, the subsidiary Inmocol Torre Europa, S.A. signed two lease agreements with two companies related to the significant shareholder Puig, S.A. The transaction was not considered a related-party transaction because Puig,S.A. did not hold more than 10% of the voting rights in Colonial and was not represented on its Board of Directors. In any case, they were signed under arm's length conditions.

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting of:

29 February 2024

List whether any directors voted against or abstained from voting on the approval of this Report.

No




PHONE BOOTH

Annual Report on the Directors' Remuneration

December 31, 2023

Sections

Introduction

This Annual Report on the Directors' Remuneration (the "Report") includes the **Directors' Remuneration Policy** of Inmobiliaria Colonial, SOCIMI, S.A., (hereinafter referred to either as "Colonial", the "Company" and, along with its subsidiaries, as the "Group") to be applied in the current financial year **2024**, approved by the General Shareholders' Meeting held on 15 June 2023, and the one **applied** in the financial year **2023**, approved by the General Shareholders' Meeting held on 30 June 2021 later amended by the General Shareholders' Meeting held on 21 June 2022.

This Report has been drawn up in a **freely designed format** in accordance with the regulatory authorisation contained in Circular 4/2013, although its contents observe the minimum standards established in the applicable regulations and is accompanied by the standard statistical Appendix.

Colonial's Board of Directors approved this Report for 2023 at its meeting held on 29 February 2024, according to a proposal submitted by the Nomination and Remuneration Committee (hereinafter referred to either as the "Nomination and Remuneration Committee" or the "Committee"), and in accordance with the applicable regulations. It will be submitted to the **next Ordinary General Shareholders' Meeting**, as a separate item on the agenda, for an **advisory vote**.

1. Letter from the Chair of the Nomination and Remuneration Committee

Dear stakeholders,

I am pleased to address you as Chair of Colonial's Nomination and Remuneration Committee to present the Annual Report on the Directors' Remuneration for the financial year 2023.

This Report includes the Directors' Remuneration Policy for the current financial year 2024 (hereinafter referred to as either the "Policy" or the "Remuneration Policy"), and that applied for the closed financial year 2023.

The 2023 General Shareholders' Meeting

The General Shareholders' Meeting held in 2023 approved the 2024-2026 Directors' Remuneration Policy and the Annual Report on the Directors' Remuneration for the financial year 2022 (advisory vote) with 80.92% and 71.94% of votes in favour, respectively.

Both in 2021 and 2023, the Nomination and Remuneration Committee conducted an **in-depth review of the Directors' Remuneration Policy** to further align with Colonial's strategic priorities, the recommendations of the major shareholders and proxy advisors and with market practice.

Also in 2023, Colonial launched a **consultation process with proxy advisors and institutional shareholders** for the purpose of actively listening to them and obtaining their comments and suggestions about the Directors' Remuneration Policy and the Annual Report on the Directors' Remuneration. In this process, improvement of the transparency related to pay-for-performance was mainly identified as an action plan.

As a result, at its meeting held on 17 October 2023, the Committee agreed to **review the structure and contents of the Report** to provide clearer and more complete information to the various stakeholders, particularly on issues relating to the **pay for performance** principle. In this respect, this Report provides the following:

- An **overall vision as well as by remuneration component** of the Remuneration Policy determined for 2024 and the one applied in 2023, specifying the weightings of the various components in the total remuneration in addition to the amounts.
- Development in more **detail of the achievement level of the objectives** related to the Executive Director's **variable remuneration** and the relevant **payout level**.
- Information about the **peer groups** used to determine the Executive Director's remuneration.

The Statistics of the Annual Report on the Directors' Remuneration are included in the last section of this Report (Appendix II), fulfilled according to the provisions in Circular 3/2021, of September 28, of the CNMV.

Outcomes and remuneration accrued in 2023 by the Chief Executive Officer ("CEO")

The real state market in 2023 has continued to be significantly and negatively affected by the consequences in the macroeconomic environment resulting from the onset of geopolitical conflicts in 2022, including high inflation and rising interest rates. In this context, Colonial's results are excellent. Recurring net profit has increased by +7.3% vs. 2022, based on solid like-for-like revenue growth of +7.7%. Efficient cost management resulted in recurring EBITDA growth of +11.6% year-on-year leading to a +7.3% increase in recurring net earnings per share.

The Total Shareholder Return (TSR) of Colonial in 2023 was 13.9%.

Colonial has confirmed its leadership in sustainability, in particular, the sustainable management of its asset portfolio making progress with its track record of carbon neutrality.

Based on the previous results:

- The annual bonus of the Chief Executive Officer for the financial year 2023 amounts to 940,500 euros, equivalent to 125.4% of his base salary and **93.8% of the maximum opportunity**.

- The incentive accrued by the Chief Executive Officer in 2023 corresponding to the first 2021-2023 cycle of the Long-Term Incentive Plan amounts to 48,390 shares, equivalent to **15.8% of the maximum incentive. This result shows the flexibility of the variable remuneration and the alignment between the shareholders' experience and the Chief Executive Officer's remuneration**.

The Remuneration Policy in 2024

- To propose the Remuneration Policy for the period 2024-2026, in 2023 Colonial's Nomination and Remuneration Committee carried out a process of reflection in which it considered the following series of internal and external factors.

  - Regarding the Chief Executive Officer, the Committee conducted an in-depth analysis of all his remuneration components and assessed the need to retain and motivate the Executive Director in a complicated context, with an assessment of his performance in recent years, maintaining his total target remuneration the same from 2021 to 2023 and its greater leverage in the variable remuneration vs. peer companies.

    As a result of this, the Committee proposed 800,000 euros for **his base salary** as of the time the Policy comes into force, which implies an **increase** of 6.7%, **lower** than the **average increase** in remuneration of Colonial's **employees** over the last 3 years. The Committee is finalising the design of the **new Long-Term Incentive Plan** that will be submitted for approval to the Board of Directors and subsequently to the General Shareholders' Meeting as a separate agreement from the Agenda. In case of approval, it will be implemented in 2024.

    The **Policy** for the amounts and design of the rest of the remuneration components is consistent with that approved by the General Shareholders' Meeting held on 30 June 2021, since the latter already **included** the **recommendations of the main shareholders, proxy advisors and practices in the European real estate sector**.

  - Regarding the **Directors in their capacity as such**, it was agreed to **reduce** the **maximum amount** of the annual remuneration for all Colonial's Directors in respect of their membership of the Company's Board of Directors and its committees to 2,700,000 euros.

I would like to conclude this letter by thanking the members of the Committee and all those who have collaborated with this Committee for their commitment and support. Specifically, I would like to thank Mr. Adnane Mousannif, who was a member of the Committee until 18 October 2023, for his dedication and contribution over the years.

Lastly, I would like to express my appreciation for the recommendations and suggestions received from our shareholders and proxy advisors in our consultation process.

Signed: Ana Bolado Valle

Links to the Remuneration Policy:

- 2021-2023 Policy: https://www.inmocolonial.com/sites/default/files/uploaded-files/2021-10/19._colonial_remuneration_policy_2.pdf
- 2024-2026 Policy: https://www.inmocolonial.com/sites/default/files/uploaded-files/2023-05/21.-_COL_JGO%202023_Directors%E2%80%99%20remuneration%20from%202024%20%20to%202026_ENTR_1.pdf

2. | Remuneration at a Glance

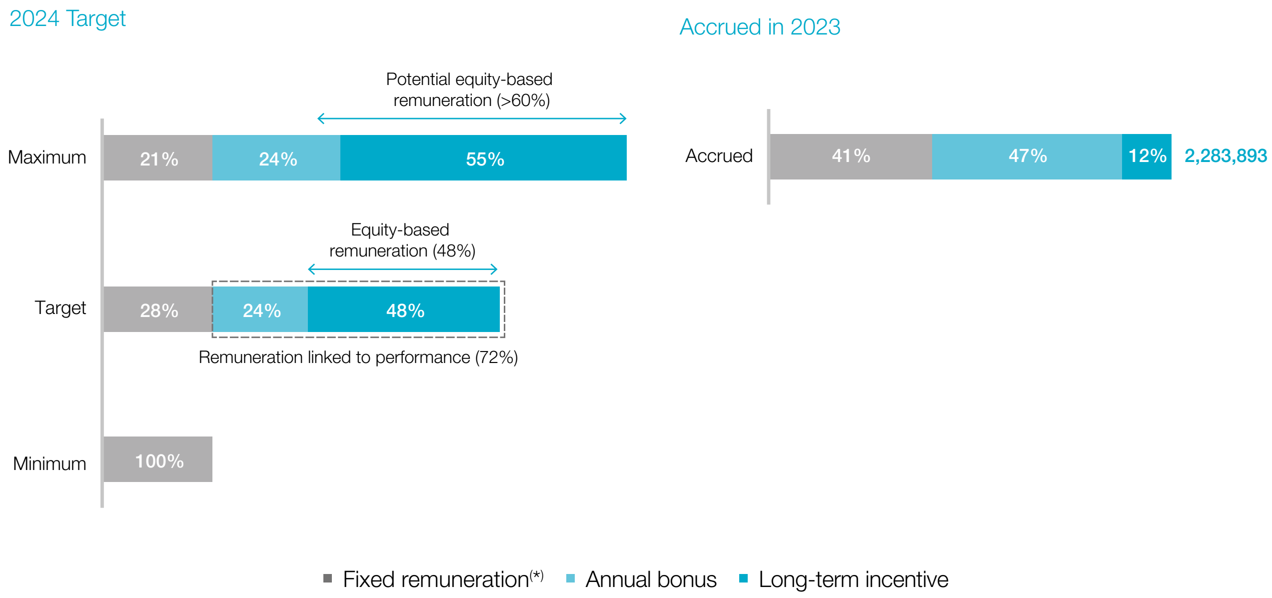
2.1 Features of the Chief Executive Officer's Remuneration

	Target		Accrued
	2024	Features in 2023 which have been modified in 2024 (or pending to approve in 2024)	2023
Fixed remuneration			
Base salary	€800,000	€750,000	€750,000
Social welfare plan	15% of the base salary	No changes	€112,500
Remuneration in kind	Maximum amount: €90,000	Maximum amount: €100,000	€65,609

Annual bonus	Opportunity:
	▪ Annual target incentive: 100% of the base salary.
	▪ Maximum annual incentive: 133.75% of the annual target incentive (150% for earning per share, linked to creation of shareholder value and 125% for the other metrics).
	2024 Metrics:
	▪ 80% Economic-financial and value creation:
	  ▪ 30% Net rental income.
	  ▪ 35% Adjusted earnings per share.
	  ▪ 15% Loan to value (LTV).
	▪ 20% Non-financial:
	  ▪ 10% ESG metrics: (i) achieve excellent ratings (3/3) in the GRESB, CPD and Sustainalytics Risk rating indices; and (ii) achieve the decarbonisation and emission reduction plan objectives.
	  ▪ 10% Assessment of individual performance based on strategic initiatives.
	Possible deferral of part of the payment of the annual bonus that exceeds the target incentive.
		Opportunity: No changes.
		2023 Metrics: No changes.
		Deferral: No changes.
			Payout level: €940,500 (125.4% of the base salary and 93.8% of the maximum annual bonus).
			In 2023 the Chief Executive Officer received 21,912 shares corresponding to the deferral of his annual bonus in 2021 for an amount of €130,815 (share price at the date of delivery: €5.97) plus the equivalent amount in cash of €5,259 corresponding to the dividends (€0.24/share) paid out during the deferral period (2022).
			Details on page 24

	Target		Accrued
	2024	Features in 2023 which have been modified in 2024 (or pending to approve in 2024)	2023
Long-term incentive plan	▪ The Board of Directors, upon proposal from the Nomination and Remuneration Committee, plans to submit to the 2024 General Shareholders' Meeting a new Long-Term Incentive Plan, as a separate item on the Agenda. This new Plan is expected to follow a similar design than the previous one. Its details will be included in the agreement that will be made public with the call of the General Shareholders' Meeting, according to the framework set in the Remuneration Policy in force.	Opportunity: ▪ Target incentive: 200% of the fixed remuneration. ▪ Maximum incentive (share price at grant, excluding the evolution of the share price): 150% of the target incentive (200% for the Total Shareholder Return metrics and 150% for the other metrics). 2023-2025 LTI Metrics: ▪ 50% Total Shareholder Return (TSR): 15% relative TSR vs. a peer group and 35% absolute TSR. ▪ 20% Net tangible assets (NTA) per share: 10% relative NTA and 10% absolute NTA. ▪ 20% Adjusted earnings per share. ▪ 10% Progress in the decarbonisation plan and emission reduction. Instruments: 100% shares. Performance period: 3 years. Holding period: 1 year.	Payout level: 48,390 shares (15.8% of the maximum incentive), equivalent to €279,210 (12.1% of the maximum grant value at the beginning of the 2021-2023 LTI). *Details on page 26*
Shareholding requirement	2 years of base salary (achieved).	No changes.	

The Chief Executive Officer's pay mix:



- The fixed remuneration include the base salary (750,000 euros), the contribution to the social welfare plan (112,500 euros) and the amount of remuneration in kind (65,609 euros).

- In accordance with the instructions of Circular 3/2021, of September 28, of the CNMV the contribution made to the social welfare system is considered non-consolidated and is included in the tables of Statistical Appendix III of the Annual Report on Directors' Remuneration of listed companies as a long-term savings systems with non-consolidated economic rights. Therefore, the total remuneration accrued in 2023 included in table C.1.c), of Statistical Appendix III amounts to 2,172 thousand euros.

- The annual bonus includes the amount accrued for the 2023 results, the deferred shares corresponding to the 2021 variable remuneration that were consolidated in 2023 (21,912 shares valued at 5.97 euros, share price at the date of delivery 21/3/2023) and 5,259 euros, a cash amount equivalent to the dividends generated during the deferral period (0.24 euros/share in 2022).

- The long-term incentive includes 48,390 shares valued at 5.77 euros, weighted average price of the initial 30 trading sessions of the 2024 financial year.

(*) The "Fixed remuneration" includes the social welfare plan and the maximum amount of remuneration in kind.

Process for determining the Chief Executive Officer's Remuneration Policy in 2024

In the context of preparing the Remuneration Policy for the period 2024-2026, in 2023 Colonial's Nomination and Remuneration Committee carried out a reflection process in which the following factors were considered:

Internal factors

- Colonial's strategic priorities in the short and long term, with focus on long-term value creation and sustainability.
- The results achieved by Colonial in recent years.
- Consistency with the remuneration policy of the wider workforce.
- The need to attract, retain and motivate talent a competitive market such as the one in which Colonial operates.
- The Company's corporate governance structure.

External factors

- Changes in the macroeconomic environment.
- Recommendations received from the institutional shareholders and proxy advisors.
- The latest regulatory developments applicable to listed companies.
- The market practice of companies relevant to Colonial due to being competitors in terms of business or talent.
- General corporate governance recommendations at a national and international level.

As a result of the conclusions reached in the reflection process, the Committee has proposed the Remuneration Policy to the Board of Directors, which was approved at the General Shareholders' Meeting in 2023 and is a continuation of the one approved by the General Shareholders' Meeting held on 30 June 2021, since the latter already included the recommendations of the main shareholders, proxy advisors and practices in the European real estate sector.

- In relation to the Executive Director, the Committee analysed in depth all the remuneration elements to assess a possible repositioning both in terms of amount and pay mix. Throughout this analysis, the Committee has considered a holistic and strategic approach, specifically examining the following factors:
  - The need to retain and motivate the Executive Director in a complex context such as that of recent years (among others, pandemic, inflation, rising interest rates, Colonial's publish offering of SFL shares), where his leadership has enabled the Company to obtain positive results.
  - The unchanged amounts of fixed remuneration, annual bonus and long-term incentives for the Executive Director during the term of the policy. At the same time, the positive evolution of the remuneration of Colonial's wider workforce over the last 3 year has been analysed.
  - The positioning of the Executive Director's target total remuneration vs. comparable companies. In this regard, a group of European REITs, comparable in terms of size by market capitalisation, volume of assets, revenues and number of employees has been considered(*).
  - The pay-for-performance principle established in the Remuneration Policy. In this respect, the Executive Director's remuneration package is significantly skewed on the variable remuneration, particularly, to the long-term incentive.

In view of the above, the Committee proposed setting the base salary at 800,000 euros as from the entry into force of this Policy, which represents a 6.7% increase (2.2% in annualised terms since the last increase). This increase is lower than the average increase in the remuneration of Colonial's employees over the last 3 years. On the other hand, the pay mix will remain skewed to variable remuneration (both the annual bonus and the long-term incentive).

(*) Peer group (22 companies): Aedifica, Alstria Office, Aroundtown, Befimmo, British Land, Cofinimmo, Covivio, Derwent London, Deutsche Wohnen, Gecina, Great Portland, Hammerson, ICADE, Klépierre, Land Securities, LEG Immobilien, Merlin Properties, PSP Swiss Property, Segro, Unibail-Rodamco, Vonovia and Warehouses De Pauw.

2.2 Features of the Remuneration of the Directors in their capacity as such

		Policy					Accrued
		2024				Changes compared with 2023	2023
		Member		Chairman			
		Fixed remuneration	Attendance fees	Fixed remuneration	Attendance fees		
Fixed remuneration and attendance fee	Board of Directors	€50,000	€5,000	€500,000	€7,500	No changes	Total remuneration accrued in 2023 for all items and for all the Directors: 2,367 thousand euros.
	Executive Committee	€3,000	–	–	–		
	Nomination and Remuneration Committee	€25,000	€3,000	€50,000	€4,800		
	Audit and Control Committee	€25,000	€3,000	€50,000	€4,800		
	Sustainability Committee	–	€3,000	–	€4,800		

Process to determine the Remuneration Policy for the Directors in their capacity as such in 20244

As a result of the reflection process carried out by Colonial's Nomination and Remuneration Committee in 2023 to propose the Remuneration Policy for the period 2024-2026, it was agreed to reduce the maximum amount of the annual remuneration for all Colonial's Directors in respect of their membership of the Company's Board of Directors and its Committees, which was determined as 2,700,000 euros. This figure is lower than the one applied in the financial year 2023 after the appointment of two additional Non-Executive Directors by the General Shareholders' Meeting held on 15 June 2023, since the limit of 2,500,000 euros stated in the previous Policy was automatically increased by 10% for each new Director, as stipulated in the Policy, thus becoming a limit of 3,000,000 euros.

3. | 2024 Remuneration Policy

3.1 Our remuneration philosophy

We believe our remuneration philosophy promotes an equitable and well governed, long-term approach to remuneration, including pay-for-performance practices that enables to attract and retain top talent, are responsive to and aligned with shareholders.

Our remuneration philosophy provides the guiding principles that drives remuneration-related decisions across all levels of the Company:

ED Pay-for-performance

Ensure that the remuneration received by the Executive Director is commensurate with the overall performance of the Company and their individual performance.

In making remuneration-related decisions, we focus on risk-adjusted performance and reward behaviours that generate sustained value for the Company. This means that remuneration should not be overly formulaic, rigid or focused on the short-term.

ED Alignment with stakeholders' interests

Align the interests of our Executive Director with our shareholders by linking a significant portion of total remuneration to our overall financial and operating performance and the creation of long-term shareholder value. At-risk remuneration is also based on the achievement of designated environmental, social and governance (ESG) objectives linked to our sustainability strategy.

Decisions on the remuneration for the Executive Director are made with consideration of the interests of the wider workforce and other stakeholders, as well as taking account of the external climate.

ED NED Competitiveness

Our long-term success depends on the talent of our employees. Our remuneration philosophy plays a significant role in our ability to attract, properly motivate and retain top talent.

Market-competitive total remuneration with an appropriate balance of reward and upside opportunity allows us to attract and retain the best talent.

Decisions on the design of the Remuneration Policy takes into consideration the remuneration practices of peer companies based on an objective set of criteria.

ED NED Transparency

Transparency to shareholders regarding our Remuneration Policy is important. We disclose material terms of our pay plans and any actions on our part in response to significant events.

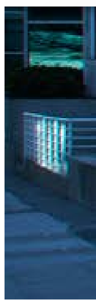
3.2 Our remuneration practices benefit our shareholders

Our executive Remuneration Policy has strong governance processes that further strengthen our pay-for-performance remuneration philosophy, including the following:

What we do

- **Pay at risk:** in a scenario where target objectives are achieved, more than 70% of the total remuneration is linked to performance. In a scenario where maximum objectives are achieved, this proportion is around 80% approximately.

- **Long-term equity incentive based on a multi-year performance period**: in a scenario where target objectives are achieved, almost 50% of the total remuneration is linked to long-term financial and non-financial results and is share-based. 50% of the long-term incentive is generated, if applicable, based on achieving objectives linked to creating value for the shareholders. Accrued shares may not be sold until at least one year has elapsed from delivery thereof.



ED Principles applicable to the Executive Director.

NED Principles applicable to the Non-Executive Directors.

- **Minimum shareholding policy**: the Executive Director is expected to hold Colonial shares worth 2 times his base salary.

- **Proportionality and management of risks**: the Remuneration Policy ensures that the Executive Director has a vested interest in delivering performance over the short and long term. At the same time, it has provisions to mitigate undue risk, including caps on the maximum level of payouts, possible deferral of the portion of the bonus in shares if payout exceeds target, clawback provisions, multiple performance metrics and Board and management processes to identify risk.

- **Robust engagement with shareholders on governance and remuneration.**

- **Malus and clawback clauses.**

- **Retain external advisors.**

What we don't do

- **No** contracts with **guaranteed salary increases** or non-performance bonus arrangements.

- **No hedging, pledging, short sales or derivative transactions in the Company shares** received during the retention period.

- **Non-Executive Directors** are **not** included in the **remuneration** formulae or systems **linked** to the individual or Company's **performance**. They do not participate in any pension plans or any other welfare systems.

- **No above-market excessive perquisites**.

3.3 The Remuneration Policy for the Executive Director

On the date this Report was drawn up, Colonial's Chief Executive Officer was the only Director with executive duties.

I. Remuneration elements for performing executive duties: fixed elements

Base salary	
Purpose	To attract and retain the Executive Director of the calibre required to deliver our strategic goals.
Opportunity	€800,000 in 2024, pursuant to the Remuneration Policy.
Operation	Unlike Non-Executive Directors, the Executive Director does not receive any specific remuneration in respect of his membership of the Company's Board of Directors or its Committees. It is fully paid in cash.
Social welfare system	
Purpose	To provide competitive post-retirement benefits.
Opportunity	The amount of the annual contribution for the financial year 2024 consists of 15% of the base salary (€120,000).
Operation	The Executive Director is the beneficiary of a defined contribution welfare scheme covering retirement, disability and death. The Executive Director's social welfare system scheme recognises the vesting of financial rights should the professional relationship is terminated prior to the occurrence of the eventualities covered, unless such termination occurs with just cause. Furthermore, this social welfare system is compatible with any severance package that may be applicable.
Other benefits	
Purpose	To provide market-competitive benefits.
Opportunity	The amount consists of a maximum of €90,000 in the financial year 2024.
Operation	Benefits include mainly provision of welfare and assistance, which are normal practice in the sector, such as Company car, a life insurance policy, family health, disability and accident medical insurance policy. This is aligned with the benefits policy for senior management. The Executive Director (like Non-Executive Directors and other senior officers at the Company) is beneficiary of a group third-party liability insurance policy underwritten by Colonial that covers liability for the actions and conduct of members of the Board of Directors and executives of the Company as a result of the discharge of his duties, and any losses arising from cyber-attacks or failure in cybersecurity.

II. Remuneration elements for performing executive duties: performance-related elements

Annual bonus

Purpose

To drive and reward performance against annual financial, non-financial and individual objectives, which are consistent with the strategy and aligned to shareholder interests.

Opportunity (according to the 2024 Policy)

- **Target** (this is achieved for on-target performance): 100% of the base salary.
- **Maximum** (in the event of overachievement): 133.75% of the base salary and target incentive, below the limit stipulated in the Remuneration Policy of 140% of the base salary.

Performance metrics

Types of objectives	Weighting	Metrics	Maximum by metric
80% economic-financial and value creation	30%	Net rentals. The target is set in line with the budget approved by the Board for 2024.	125%
	35%	Adjusted earnings per share. The target is set in line with the budget approved by the Board for 2024.	150%
	15%	Loan to Value (LTV). The target is set in line with the budget approved by the Board for 2024.	125%
20% Non-financial	10%	Sustainability metrics:: (i) maintain excellent ratings (3/3) in the following indices: "5 star" in GRESB, "A" in CPD and 7 rating "negligible" in Sustainalytics Risk. (ii) achieve the decarbonisation and emission reduction plan objectives.	125%
	10%	Assessment with a focus on issues such as innovation, organisation, risk management and corporate reputation.	125%

Operation

At the Board of Directors' meeting held on 29 February 2024, according to a proposal made by the Nomination and Remuneration Committee, the metrics, weightings and objectives were agreed for 2024 in order to determine the Chief Executive Officer's annual bonus, pursuant to the criteria and limits stipulated in the Remuneration Policy.

Specifically, to propose the calibration of the metrics, the Nomination and Remuneration Committee considered the targets approved in Colonial's business plan for the financial year 2024:

- In the event the level of achievement of the metric falls below the minimum threshold, the incentive portion associated with that metric will not be generated.
- If the level of achievement of the metric is at the minimum threshold, the payout level will be 50% of the target incentive associated with that metric.
- If the level of achievement of the metric is at or above the maximum, the payout level will be 150% if the metric is linked to the adjusted earnings per share, or 125% of the target incentive for all other metrics.

According to a proposal made by the Nomination and Remuneration Committee, the Board of Directors is allowed to adjust the payout level of the annual bonus to ensure that the result is fair and balanced in view of the Company's overall performance.

The evaluation of performance and the determination of payout levels are done based upon the data and the results provided by the management and which are previously audited. In this evaluation, the Committee also considers any associated risks. In this respect, any positive or negative economic effects arising from any extraordinary events which might introduce distortions into the results of the evaluation, may be removed upon proposing the level of achievement of the quantitative objectives.

Annual bonus (continuation)	
Operation (continuation)	The annual bonus is paid in cash after the end of the financial year to which results is linked. If the earned award exceeds the target bonus, the Board of Director, on the Committee's proposal, may decide to defer the excess over the target incentive into shares for one year. In this case, the shares will be subject to forfeiture if the Executive Director leaves Colonial Group during the one-year deferral period, except if the Executive Director is granted good leaver status. The Chief Executive Officer will be entitled to receive dividend equivalents on deferred bonus share awards which are generated during the deferral period. These will be paid in cash on the same date the deferred bonus share award is delivered. The Board of Directors, at the proposal of the Nomination and Remuneration Committee, has the discretion to apply malus or clawback to a portion of the entire amount of the annual bonus in the event certain circumstances set forth in the Remuneration Policy arise. In the event of leaving the company with no just cause, the Chief Executive Officer will be entitled to receive the target incentive in proportion to the time he had rendered his services. In the event of termination of his contract with just cause or resignation at his own initiative, as well as in the event of breach of contract related to confidentiality, non-solicitation of services or competition, the Chief Executive Officer will forfeit any right to receive the accrued annual bonus.

III. Remuneration elements for performing executive duties: performance-related elements (cont'd.)

Long-term incentive

The Board of Directors, upon proposal from the Nomination and Remuneration Committee, plans to submit to the General Shareholders' Meeting a new Long-Term Incentive Plan, as a separate item on the Agenda. This new Plan is expected to follow a similar design than the previous one. Its details will be included in the agreement that will be made public with the call of the General Shareholders' Meeting, according to the framework set in the Remuneration Policy in force.

Appendix I includes the details of the second Cycle 2022-2024 and third Cycle 2023-2025, in process, of the Long-Term Incentive Plan approved by the General Shareholders' Meeting held on 30 June 2021. In 2023 the first 2021-2023 cycle expired and its details are included in section 4.2.III of this Report.

IV. Malus and clawback provisions

The Board of Directors, on the Nomination and Remuneration Committee's proposal shall have the competence to propose to the Board of Directors the cancellation (malus) and/or refund (clawback) of the payment of the annual bonus and/or the long-term incentives in the following events:

- Significant losses and the Committee considers there is reasonable evidence to prove such downturn arises from significant failure of risk management committed by the Company or by a business unit, to which the wilful misconduct or gross negligence of the Executive Director was a contributing factor;
- Serious breach of the Company's internal regulations and policies by the relevant beneficiary;
- Material restatements of the Company's financial statements, when determined by the external auditor, it is not due to a regulatory change or revision of the accounting legislation and provided that the restatement results in variable compensation to be settled that is lower than that initially accrued or no compensation should have been paid in accordance with the Company's variable compensation system;

- The remuneration has been paid on the basis of data subsequently shown to be manifestly inaccurate and provided that the restatement results in variable compensation to be settled that is lower than that initially accrued or no compensation should have been paid in accordance with the Company's variable compensation system.

The clawback clause can be applied by the Board up to 2 years after the corresponding payment.

V. Minimum shareholding requirement

Our Executive Director is required to build and retain a personal shareholding in Colonial (within five years from the date of appointment with extra time granted if requirements increase significantly) to align his interests with those of Colonial's long-term shareholders. The requirement is equivalent to 2x base salary.

The shareholding guidelines do not count unvested share-based incentives.

The Committee will regularly review compliance with this requirement.

As at 31 December 2023, the Chief Executive Officer holds 555,398 shares in the Company, equivalent to 4 annuities of his base salary in 2023 (considering 5.77 euros, weighted average price of the initial 30 sessions of the financial year 2024).

VI. Main terms and conditions of the contract

The essential terms and conditions of the Executive Director's contract, in addition to those already set out in this Remuneration Policy, are as follows:

Term

It has been stipulated that the term of the contract will be subject to the term of his appointment as CEO. If the appointment of CEO is renewed, the contract will be understood to have been automatically renewed for the period relating to such renewal of office, unless the Board of Directors resolves otherwise, in which case a new contract must be approved.

Severance payments for termination of the contractual relationship

The Executive Director will receive an additional special indemnity as severance payment in the event of unjustified removal or non-renewal of his terms, or a substantial reduction of his respective functions. The Executive Director will be also entitled to the severance payment (i) if he departs or resigns from his posts as a result of a change in control in the Company or a major change in the composition of the Board of Directors; (ii) in the event of an amendment to the conditions agreed in his contract without his consent; and (iii) in any other scenarios established by the Board of Directors.

For the purposes of calculating this severance payment, consideration will be given to 2 times the annual base salary and target annual bonus, excluding any other remuneration and the rights derived from the long- term incentive at any given time. The contract does not provide for the delivery of the severance payment in shares.

In the event of a change of control, significant change in the composition of the Board of Directors or a substantial amendment to the respective functions or amendment of the conditions agreed in the contract without his consent, the Executive Director will have a period (6 months in the event of a change of control and 3 months in the rest of cases), from the effective date of these resolutions or changes to notify the Board of Directors of his resignation or departure, in which case the Executive Director will be entitled to the aforementioned severance payment.

For the purposes of applying the foregoing, the effective date of the change of control or a significant change in the composition of the Board of Directors, will be understood as the date on which such circumstances are published as a regulatory announcement on the CNMV website under the denomination "privileged information" or "relevant facts". In the event that the Board of Directors resolves to substantially reduce the duties of the beneficiary or amend the conditions agreed in his employment contract without the beneficiary's consent, the effective date will be the time when the party concerned receives due notice of the resolution.

Non-compete agreement

The Executive Director will be subject to a noncompete commitment for a period of 6 months from the date of termination of his relationship with Colonial if such termination is voluntary without cause.

The non-competition agreement will be remunerated with a gross amount equivalent to 6 months of the annual base salary, which will be paid on a pro-rata basis during the months of the non-competition agreement.

In case the Executive Director notified his resignation or departure in the event of a change in control, a significant change in the composition of the Board of Directors or a substantial amendment to his functions or amendment of the conditions agreed in his contract without his consent, the remuneration for the non-competition agreement will be considered absorbed (and therefore no additional payment will be made) by the amount of the severance payment received.

VII. Other remuneration items

It is not planned that Colonial's CEO will accrue: (i) any other additional remuneration for providing his services other than those inherent in his position; or (ii) remuneration arising from advances, loans or guarantees being granted.

VIII. Extraordinary remuneration

The Board of Directors, on the Committee's proposal, reserves the right to award special incentives to the Executive Director under extraordinary corporate transactions involving acquisitions, investments, restructuring or any other transaction which generates significant shareholders' value.

In order for the Nomination and Remuneration Committee to propose the appropriateness of the incentive and its amount to the Board, the corporate transaction must generate an economic benefit or a significant increase in equity and, in any case, significant shareholders' value. The Nomination and Remuneration Committee will also consider the relevance, complexity and uniqueness of the corporate transaction as well as the extraordinary effort made by the Executive Director to the successful completion of the corporate transaction.

The Board, on the Committee's proposal, will be responsible for agreeing, as appropriate, and setting the Executive Director's amount, the currency of payment and the settlement date of this extraordinary remuneration.

When proposing the specific amount to be awarded, the Nomination and Remuneration Committee will evaluate, additionally, among others, if the achieved results have already been rewarded with ordinary remuneration elements. Notwithstanding, the maximum amount of any extraordinary incentive per annum is capped at 100% of the Executive Director's annual base salary. Full disclosure would be provided in the relevant Annual Report on the Directors' Remuneration.

3.4 Non-Executive Directors' Remuneration Policy

Non-Executive Directors are rewarded with respect to their effective dedication, qualification and responsibility. As such, the amount of remuneration of Non-Executive Directors is calculated so that it offers incentives to dedication, but at the same time without constituting an impediment to their independence.

Pursuant the Spanish Capital Companies Law and Colonial's Bylaws, the annual remuneration of the Company's Directors in respect of their membership of the Board of Directors and its committees will consist of (i) a fixed annual remuneration; and (ii) attendance fees for meetings of the Board of Directors and its committees. Non-Executive Directors do not participate in any incentive or social welfare systems. Only verified travel and overnight accommodation expense incurred in attending Board meetings and/or any Board committee meetings are reimbursed, upon request from the Director.

The fixed remuneration and attendance fees paid for being members on the Board of Directors and its Committees and for the attendance fees at their meetings, allotted as agreed by the Board of Directors for 2024, will continue to be applicable in exactly the same way as in 2023:

Fixed remuneration	Member	Chair
Board of Directors	€50,000	€500,000
Nomination and Remuneration Committee	€25,000	€50,000
Audit and Control Committee	€25,000	€50,000

Attendance fees per meeting	Member	Chair
Board of Directors	€5,000	€7,500
Executive Committee	€3,000	–
Nomination and Remuneration Committee	€3,000	€4,800
Audit and Control Committee	€3,000	€4,800
Sustainability Committee	€3,000	€4,800

The fixed remuneration items specified above are the only remuneration they receive for being members on Colonial's Board of Directors and its Committees. Regarding this, there is no profit-sharing or bonuses or remuneration schemes or plans that include variable remuneration.

According to the provisions in the Remuneration Policy, the maximum amount of annual remuneration for all the Directors of Colonial in respect of their membership of the Company's Board of Directors and its Committees is established at 2,700,000 euros. If the number of members of the Board of Directors (13) increases, the above-mentioned maximum amount will be increased by 10% for each new member of the Board of Directors that implies an increase in the number of its members.

The Board of Directors, following a proposal by the Nomination and Remuneration Committee, is tasked with the distribution of fixed remuneration and attendance fees for the Board of Directors' meetings for each Director in respect of their membership of the Company's Board of Directors and of its Committees. For the purposes of estimating the fixed remuneration for each Director, consideration will be given to the functions and responsibilities assigned to each of the Directors, their membership of Committees of the Board of Directors and their engagement, in addition to any other objective circumstances that may be deemed relevant, ensuring that this is competitive with the remuneration at other similar companies in terms of their capitalisation, size and geographical breadth of its operations.

Non-Executive Directors, (as the Executive Director and other senior officers at the Company) are beneficiaries of a Directors and Officers liability insurance (D&O) policy underwritten by Colonial that covers liability for the actions and conduct of members of the Board of Directors and executives of the Company as a result of the discharge of their duties, and any losses arising from cyber attacks or failures in cybersecurity.

The cost of this insurance policy is not included in the maximum amount of annual remuneration for all the Directors.

4. | 2023 Remuneration

4.1 Overview of the Remuneration Policy in 2023 and the evolution and impact of the results obtained at the General Shareholders' Meeting

The remuneration accrued in the financial year 2023 was in accordance with the terms of the binding approval of the Remuneration Policy at the General Shareholders' Meeting held on 30 June 2021 and later amended at the General Shareholders' Meeting held on 21 June 2022.

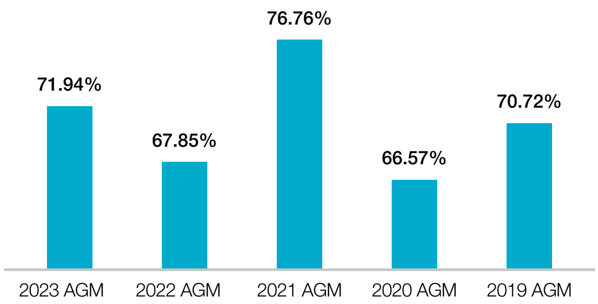
There was no change in the procedure to apply the Remuneration Policy nor was there any temporary exception made to it.

In this respect, the remuneration accrued in 2023 by the Executive Director and the Directors in their capacity as such consisted of the components referred to in the current Remuneration Policy in force in 2023.

The detailed description of the remuneration system for the Directors in 2023 was included in the Annual Report on the Directors' Remuneration corresponding to 2022. Such Report was approved by 71.94% of votes in favour.

The evolution of the voting on the Annual Reports on Remuneration over the recent years is shown in the graph:

Evolution of the % of votes in favour of the recent Annual Reports on the Directors' Remuneration



After the Annual General Shareholders' Meeting was held, the Committee consulted Colonial's main shareholders and considered the information received from the institutional investors and proxy advisors in the regular consultation process to continue making progress in this respect.

4.2 2023 Chief Executive Officer Remuneration

Vision of the last 5 financial years (figures included in the corresponding Annual Reports on the Directors' Remuneration)

In thousand euros	2023	2022	2021	2020	2019
Fixed remuneration	750	750	686	671	665
Social welfare system(1)	112	112	112	105	104
Remuneration in kind	66	60	53	51	46
Annual bonus	941	763	750	537	665
Deferred annual bonus(2)	136	0	0	0	0
Long-term incentives(3)	279	0	786	985	1,524
Other remuneration(4)	0	0	439	61	60
Total accrued remuneration	**2,284**	**1,685**	**2,826**	**2,410**	**3,064**
Fixed components - Total	928	922	915	888	875
Variable components - Total	1,356	763	1,911	1,522	2,189
Annual Total Shareholder Return (%)	**13.87%**	**–24.19%**	**5.30%**	**–27.55%**	**42.58%**
Recurring Net Earning per Share (cts. €/share)	**31.95**	**29.8**	**24.6**	**27.06**	**27.4**

(1) In accordance with the instructions of Circular 3/2021, of September 28, of the CNMV the contribution made to the social welfare system is considered non-consolidated and is included in the tables of Statistical Appendix III of the Annual Report on the Directors' Remuneration of listed companies as a long-term savings systems with non-consolidated economic rights. Therefore, the total remuneration accrued in 2023 included in table C.1.c). of Statistical Appendix III amounts to 2,172 thousand euros.

(2) It includes the deferred shares corresponding to the 2021 variable remuneration that were consolidated in 2023 (21,912 shares valued at 5.97 euros) and 5,259 euros, a cash amount equivalent to the dividends generated during the deferral period (0.24 euros/share in 2022).

(3) The economic value of the shares of the long-term incentive considers a share price of 5.77 euros, the weighted average price of the initial 30 trading sessions of the 2024 financial year.

(4) Other remuneration from 2019 to 2021 includes the remuneration items received for being members on management bodies of other companies in the Group, (specifically Société Foncière Lyonnaise – SFL), and the extraordinary remuneration for the takeover bid by Colonial of SFL's shares owned by minority shareholders.

In the financial year 2023, the Chief Executive Officer did not accrue or receive any remuneration other than those specified above.

CEO Pay Ratio

The total remuneration accrued in 2023 by the Chief Executive Director amounted to 2,284 thousand euros. The average remuneration of the staff, taking into consideration the 117 employees in Colonial Group, amounted to 93 thousand euros. Therefore, the ratio of the Chief Executive Officer's total remuneration is 24.6 times the average remuneration of the staff.

The Statistics Appendix II included at the end of this Report provides a table that explains the development of the Chief Executive Officer's total remuneration, the Non-Executive Directors' total remuneration, the Company's consolidated results and the average remuneration of the staff, (excluding the Directors), over the last 5 financial years.

I. Remuneration elements for performing executive duties: fixed elements

Base salary

The Chief Executive Officer's base salary in 2023 amounted to €750,000, according to the limit stipulated in the Directors' Remuneration Policy, and with no change since 2021.

This amount consists of the remuneration for all the duties he performs at Colonial both in his executive capacity and as a member on the Company's Board of Directors and attending its meetings.

Social welfare system

The Chief Executive Officer was the beneficiary of a defined-contribution welfare scheme covering retirement, disability and death for an amount corresponding to 15% of his base salary, i.e. €112,500.

The Executive Director's social welfare system scheme recognises the vesting of financial rights should the professional relationship is terminated prior to the occurrence of the eventualities covered, unless such termination occurs with just cause. Furthermore, this social welfare system is compatible with any severance package that may be applicable.

Other benefits

The Company grants the Chief Executive Officer remuneration in kind, apart from the social welfare system referred to above, which are normal practice in the sector, such as Company car, a life insurance policy, family health, disability and accident medical insurance policy. In 2023, the amount of this remuneration in kind amounted to €65,609.

No advance, credit or guarantee has been granted by the Company.

Colonial has taken out a group third-party liability insurance policy underwritten by Colonial that covers liability for the actions and conduct of members of the Board of Directors and executives of the Company as a result of the discharge of his duties, and any losses arising from cyber attacks or failures in cybersecurity. The cost of this insurance policy is not included in the maximum amount of annual remuneration for all the Directors in their capacity as such.

II. Remuneration elements for performing executive duties: performance-related elements

Annual bonus

In 2023, the Chief Executive Officer was assigned an annual bonus equivalent to 100% of his annual base salary, in the event of 100% of achievement of the objectives predetermined by the Board of Directors at the beginning of the financial year, at the proposal of the Committee, which could reach up to a maximum of 133.75% of the annual bonus target.

At the Committee's meeting held on 20 February 2023, the metrics, weightings and performance scales were agreed for the financial year 2023, which would determine the Chief Executive Officer's annual bonus in such period. The Committee monitored the achievement of these objectives throughout the year and, once the financial year had ended and the annual accounts had been audited for the financial year in question, an evaluation process was conducted of the achievement of these objectives, for which it relied on the support of the executive team and the Sustainability Committee. In this evaluation, the Committee also considered the positive and negative economic effects of extraordinary events which might introduce distortions into the results of the evaluation and the associated risks.

After a favourable recommendation of the Committee, the Board of Directors is allowed to adjust the payout level of the annual bonus to ensure that the result is fair and balanced in view of the Company's overall performance and the shareholders' experience.

The following table shows the metrics, their weightings, the results achieve and the achievement and payout level, after the evaluation by the Committee at its meeting held on 28 February 2024 to determine the amount of the annual bonus payable.

Type of objectives	Weighting	Metrics	Results achieved	Achievement level	Payout level	Weighted payout level
80% economic-financial and creating value for the shareholders	30%	Net rental incomes	€353.1 million	106.7%	125%	37.5%
	35%	Adjusted earnings per share	31.95 cts. €/share	117%	150%	52.5%
	15%	Loan to Value (LTV)	39.94%	–0.1 p. p.	86%	12.9%
20% Non-financial	10%	ESG goals: (i) to maintain excellent ratings (2/3) in the following indices: GRESB Standing Investment Rating, CPD "A", Sustainalytics; and (ii) to achieve the objectives in the decarbonisation plan.	94 in GRESB, "A" in CDP and 6.2 in Sustainalytics ESG Risk rating See comments below	125%	125%	12.5%
	10%	Assessment of individual performance based on strategic initiatives.		100%	100%	100%
Final weighted payout level (as a % of the target)						**125.4%**

Specifically, in relation to the non-financial objectives, the Committee has considered the following achievements:

- Colonial has achieved an excellent positioning in the following sustainability indices:
  - 94/100 points in GRESB Standing Investments Rating, a continuous improvement in GRESB, climbing 34 points in these last years. 5-star rating (placing Colonial in the top 20) and 3rd out of the 100 participants in the group of European listed companies.
  - "A" rating in CDP, the highest category for the third consecutive year, confirming the Company's leadership in decarbonisation. This rating is well above the regional average for Europe and the financial services sector and has given a strong year-on-year boost. This rating is increasingly demanding with very stringent requirements on climate strategy. The list of companies with an A rating represents 1.5% of all participants. Colonial leads the Ibex-35 with the highest rating (only 9 Ibex-35 companies have achieved an A rating).

- 6.2 in Sustainalytics ESG Risk rating, an improvement of 36% over the previous rating, positioning Colonial as leader in the Ibex-35, being the company with the best score. On a global level, out of 15,536 participating companies from all sectors, Colonial forms part of the select group of the 26 best companies in the world, corresponding to only 0.2% of leading companies. Colonial also leads the real estate sector in Europe: it is among the top European REITs, only behind Unibail-Rodamco and in the top 0.7% of real estate companies covered.

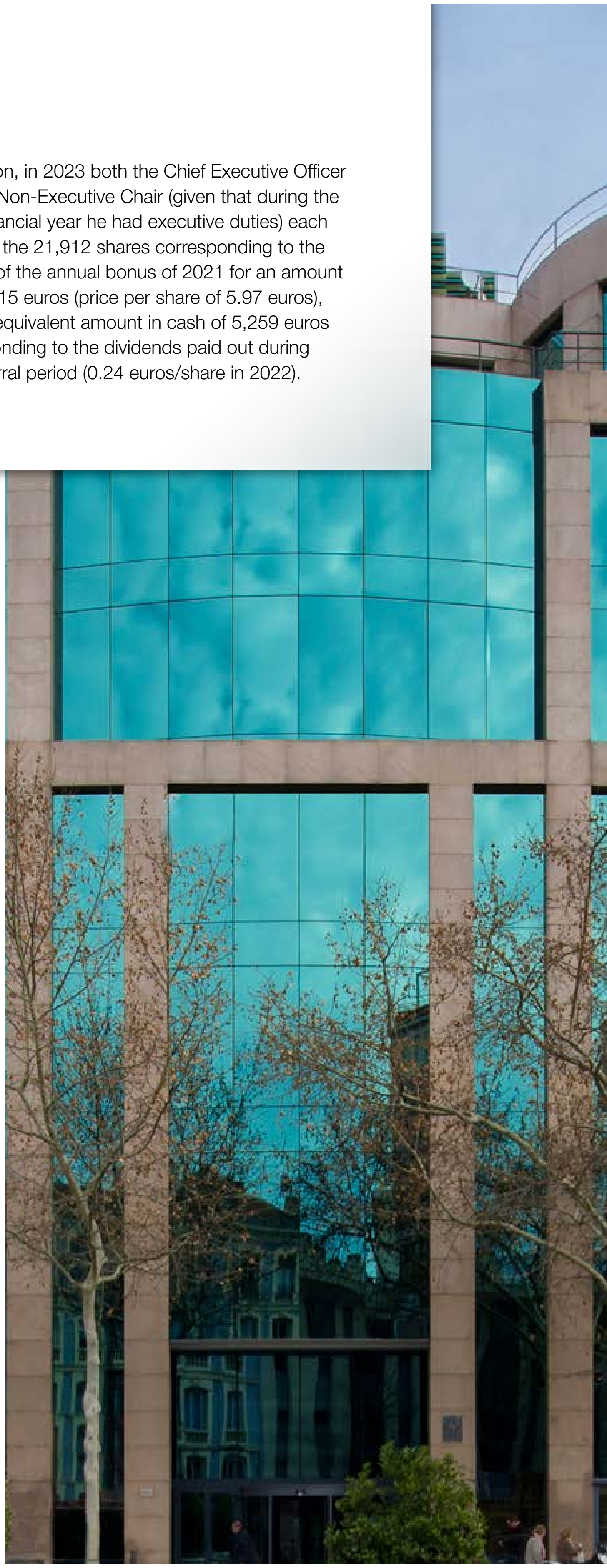
- In terms of emissions reductions, during 2023:
  - The plan on emissions from activities has been revised and, with respect to the initiatives already defined for scopes 1 and 2, specific initiatives on scope 3 have been added.
  - The asset portfolio has been analysed under CRREM (Carbon Risk Real Estate Monitor) criteria and the decarbonisation plan has been aligned with these criteria.
  - A robust embodied carbon approach has been developed, which allows the impact of all projects delivered to be known.
  - As a result, the decarbonisation strategy 2.0 considers a 3-vector approach (reduction, avoidance and elimination) and a roadmap has been established to reduce emissions across the value chain (emissions by activity, sourcing/purchasing and assets and projects).

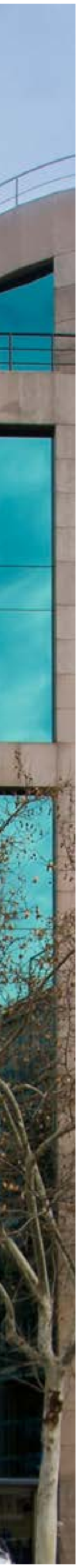
- In the individual assessment of the Chief Executive Officer, the Committee has particularly considered the financial results achieved in a complex macroeconomic environment, the progress in sustainability matters, his leadership within Colonial Group and his relevance at the institutional level in the sector.

Based on the foregoing, the Committee considered a weighted payout level for all the objectives of 125.4% of the target. Therefore, after a favourable recommendation of the Committee, the Board of Directors approved annual bonus for an amount of 940,500 euros (124.4% of the base salary and 93.8% of the maximum annual bonus).

This annual bonus will be paid in cash in March 2024.

In addition, in 2023 both the Chief Executive Officer and the Non-Executive Chair (given that during the 2021 financial year he had executive duties) each received the 21,912 shares corresponding to the deferral of the annual bonus of 2021 for an amount of 130,815 euros (price per share of 5.97 euros), plus an equivalent amount in cash of 5,259 euros corresponding to the dividends paid out during the deferral period (0.24 euros/share in 2022).





III. Remuneration elements for performing executive duties: performance-related remuneration (cont.)

Long-term incentive: 2021-2023 Cycle

The 2021-2023 cycle ended in the financial year 2023.

This cycle consisted of granting shares subject to achieving a series of objectives and remaining in the Company during the performance period.

At the Committee's meeting held on 23 February 2021, the metrics, weightings and performance scales were agreed for the financial year 2023, which would determine the Chief Executive Officer's long-term incentive in such period. The Committee monitored the achievement of these objectives throughout the year and, once the financial year had ended and the annual accounts had been audited for the financial year in question, an evaluation process was conducted of the achievement of these objectives, for which it relied on the support of the executive team. In this evaluation, the Committee also considered the positive and negative economic effects of extraordinary events which might introduce distortions into the results of the evaluation and the associated risks.

After a favourable recommendation of the Committee, the Board of Directors is allowed to adjust the payout level of the incentive to ensure that the result is fair and balanced in view of the Company's overall performance and the shareholders' experience.

To determine the level of achievement of the objectives and to calculate the exact number of shares to be awarded, a performance scale was set for each objective at the start of the cycle. This includes: (i) a minimum threshold below which no incentive is paid and its achievement will result in the award of 50% of the theoretical number of granted shares; (ii) a target level that will result in the award of 100% of the theoretical number of granted shares; and (iii) a maximum level that will imply an award of 150% of the theoretical number of granted shares (200% in the event of Total Shareholder Return).

The following table shows the metrics, their weightings, the results achieve and the achievement and payout level, after the evaluation by the Committee at its meeting held on 28 February 2024 to determine the amount of the long-term incentive payable:

Cycle	Weighting	Metrics	Achievement level	Payout level	Weighted payout level
2021-2023	50%	Total Shareholder Return (TSR) vs. a peer group(*) and adjusted (upwards or downwards) by the absolute TSR	0%	0%	0%
	30%	Net tangible assets (NTA)/share on 31 December 2023	85.8%	0%	0%
	10%	Adjusted earnings per share in 2023	106%	115.1%	11.5%
	10%	Pipeline management: the variation in the appraisal value of the assets included in the pipeline from the start to the end of the cycle, considering the CapEx incurred in the period 2021-2023	110.6%	121.3%	12.1%
Final weighted payout level (as a % of the target)					**23.6%**

(*) Peer group: Gecina, Merlin Properties, Covivio, Icade, Vitura, British Land, Landsec, Great Portland Estates, Aroundtown, Alstria and Prime Swiss Property.

The Committee took the following issues into consideration to propose the achievement level reached and the amount of the long-term incentive:

- The absolute TSR for 2021-2023 amounted to -14.73%, below the minimum threshold determined in the performance scale to receive the incentive. Colonial's relative TSR was 101.49% of the peer group's weighted average TSR. By combining these metrics by multiplication, the incentive accrued for this item is zero.
- The NTA/share on 31 December 2023 amounted to 9.95 euros.
- The adjusted earnings reached 31.95 cts. euros per share.
- Pipeline management: the pipeline of projects has practically been delivered and pre-rented. Of the 9 active projects, 7 have been fully delivered and are pre-rented, which implies a yield-on-cost of 6%-7%. At the end of 2023, only one asset remained available, which began to be marketed at the end of 2022.

Based on the foregoing, the Committee considered a weighted payout level for all the objectives of 23.6% of the target. Therefore, after a favourable recommendation by the Committee, the Board of Directors approved a long-term incentive for the 2021-2023 cycle of 43,392 shares (equivalent to 15.8% of the maximum incentive).

According to the agreement approved by the General Shareholders' Meeting in 2021, this number of shares will be increased by a number of shares equivalent to the amount of dividends per share paid out by Colonial to its shareholders during the accrual period of the cycle. For such purpose, the reference value will be the weighted average of Colonial's share on the dividend payment dates in each of the years of the cycle.

As a result, the total number of shares accrued by the Chief Executive Officer is 48,390 shares. These shares, considering a share price of 5.77 euros, have a final value of 279,210 euros, -88% compared with the initial grant value. This result shows the flexibility of the variable remuneration and the alignment of the shareholders' experience with the CEO's remuneration.

The Chief Executive Officer must hold the earned shares, net of taxes, for at least one year after they are awarded, irrespective of the minimum shareholding requirement equivalent to 2x his base salary.

4.3 Remuneration of Directors in their capacity as such 2023

The overall remuneration of the Directors for being members on the Board of Directors and its committees amounted to 2,367 thousand euros in 2023, which is substantially below the maximum total annual remuneration of 2,5 million euros stipulated in the Directors' Remuneration Policy 2021-2023 for all the Directors in their capacity as such.

The amounts and items for the financial year 2023 are shown in the following table:

Fixed remuneration	Member	Chair
Board of Directors	€50,000	€500,000
Nomination and Remuneration Committee	€25,000	€50,000
Audit and Control Committee	€25,000	€50,000

Attendance fees per meeting	Member	Chair
Board of Directors	€5,000	€7,500
Executive Committee	€3,000	–
Nomination and Remuneration Committee	€3,000	€4,800
Audit and Control Committee	€3,000	€4,800
Sustainability Committee	€3,000	€4,800

The remuneration accrued by the members of the Company's Board of Directors in the financial year 2023, in thousands of euros, individualised by Director, is shown below.

			The Board's Committees					
Name	Title	Category	EC	NRC	ACC	SC	Period	Remuneration (in thousand €)
Mr. Juan José Brugera Clavero	Chair	Other external	C				01/01/2023 - 31/12/2023	633
Mr. Pedro Viñolas Serra	CEO and Vice-Chair	Executive	M				01/01/2023 – 31/12/2023	–
Mr. Sheikh Ali Jassim M.J. Al-Thani	Director	Proprietary					01/01/2023 – 31/12/2023	105
Mr. Giuliano Rotondo	Director	Proprietary	M				18/10/2023 – 31/12/2023	25
Mr. Juan Carlos García Cañizares	Director	Proprietary	M	M			01/01/2023 – 31/12/2023	164
Mr. Carlos Fernández González	Director	Dominical	M				01/01/2023 – 31/12/2023	105
Ms. Silvia Alonso-Castrillo Allain	Director	Independent		M		C	01/01/2023 – 31/12/2023	185
Mr. Luis Maluquer Trepat	Director	Independent	M	M	M	M	01/01/2023 – 31/12/2023	233
Ms. Ana Lucrecia Bolado Valle	Director	Independent		C	M	M	01/01/2023 – 31/12/2023	277
Ms. Ana Cristina Peralta Moreno	Director	Independent			C	M	01/01/2023 – 31/12/2023	210
Ms. Begoña Orgambide García	Director	Proprietary			M(1)		01/01/2023 – 31/12/2023	160
Ms. Miriam González Amézqueta	Director	Independent			M(2)		15/06/2023 – 31/12/2023	82
Mr. Manuel Puig Rocha	Director	Proprietary					15/06/2023 – 31/12/2023	47
Mr. Adnane Mousannif	Director	Proprietary	M	M		M	01/01/2023 – 18/10/2023	141
Total remuneration								**2,367**

Notes:
ACC: Audit and Control Committee; NRC: Nomination and Remuneration Committee; EC: Executive Committee; SC: Sustainability Committee; C: Chair; M: Member.
(1) Ms. Begoña Orgambide García has been a member of the Audit and Control Committee since 23 January 2023.
(2) Ms. Miriam González Amézqueta has been a member of the Audit and Control Committee since 11 July 2023.

The Non-Executive Chair (given that during the 2021 financial year he had executive duties) received the 21,912 shares corresponding to the deferral of the annual bonus of 2021 for an amount of 130,815 euros (price per share of 5.97 euros), plus an equivalent amount in cash of 5,259 euros corresponding to the dividends paid out during the deferral period. There is no supplementary remuneration payable to the Directors as consideration for their services rendered apart from the amount related to their posts or any additional remuneration item other than those explained in the previous sections.

5. | Consistency with the company's strategy, interests and sustainability in the long-term

The Remuneration Policy has the following features that ensure consistency with the Company's strategy, interests and sustainability in the long term.

- The total remuneration for the Executive Director mainly consists of the following components: (i) fixed remuneration elements, (ii) annual bonus and (iii) long-term Incentive. For the Executive Director, this long-term component has a weight no less than 48% of total remuneration in a target scenario.

- This long-term incentive is designed as multi-year scheme to ensure that the evaluation process is based on long-term results and that the underlying economic cycle of the Company is considered. This remuneration is mainly granted and delivered in the form of shares and based on the shareholders' value creation to align Executives' and shareholders' interests. Moreover, it consists of overlapping cycles which, as a general rule, are chained indefinitely, maintaining a permanent focus on the long-term in all decisions.

- A suitable balance between the fixed and variable components of the remuneration. The Executive Director has a variable remuneration scheme that is fully flexible, which includes a minimum threshold below which no incentive is payable.

- The metrics set out in both annual bonus and long-term variable remuneration are linked to the achievement of a combination of financial and non-financial measures, reflecting the Company's strategic priorities at any given time.

- The shares delivered to the Executive Director are subject to a holding period of one year, notwithstanding the minimum shareholding requirement of 2 times his base salary.

- There is no guaranteed variable remuneration.

In addition, the Remuneration Policy has the following features to reduce exposure to excessive risk. The Committee periodically reviews HR and remuneration practices to make the corresponding proposals to the Board of Directors always in the best interest for the company, including:

- How we integrate risk, controls and conduct considerations into key HR practices including performance development, remuneration, promotion and succession planning.

- Measures designed to discourage imprudent risk-taking:

  - Caps to variable remuneration.

  - Possible deferral of the portion of bonus above the target award.

  - Multiple performance metrics, some of which may be adjusted by different risks.

  - Multi-year vesting periods.

  - Retention and minimum shareholding requirements.

  - Malus and clawback clauses.

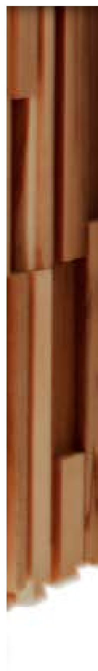
  - Prohibition of hedging, pledging, short sales or derivative transactions in the Company shares received during the retention period.

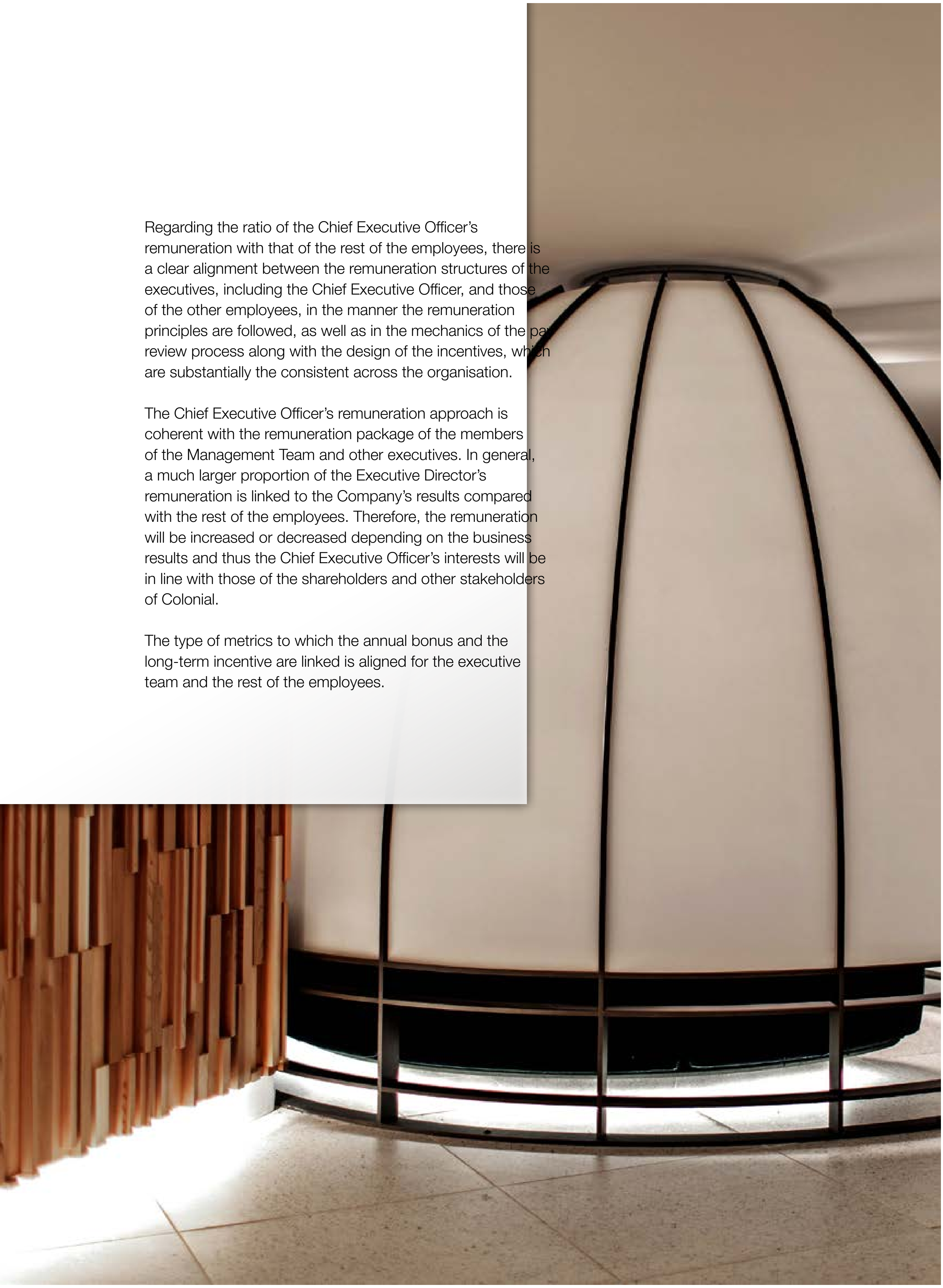
- Regulatory updates which have impacted or may impact HR practices in the future.

- The Committee connects with other committees to ensure that the Colonial's remuneration policies and practices achieve the right balance between appropriate incentives to reward performance and management of the risks linked to remuneration.

The Committee is also provided with information to monitor performance and a summary of risk, controls and conduct assessments.

The specific measures to identify and manage any potential conflict of interest are set in the Regulations of the Board of Directors. These also determine the code of conduct for the members of the Board of Directors.





Regarding the ratio of the Chief Executive Officer's remuneration with that of the rest of the employees, there is a clear alignment between the remuneration structures of the executives, including the Chief Executive Officer, and those of the other employees, in the manner the remuneration principles are followed, as well as in the mechanics of the pay review process along with the design of the incentives, which are substantially the consistent across the organisation.

The Chief Executive Officer's remuneration approach is coherent with the remuneration package of the members of the Management Team and other executives. In general, a much larger proportion of the Executive Director's remuneration is linked to the Company's results compared with the rest of the employees. Therefore, the remuneration will be increased or decreased depending on the business results and thus the Chief Executive Officer's interests will be in line with those of the shareholders and other stakeholders of Colonial.

The type of metrics to which the annual bonus and the long-term incentive are linked is aligned for the executive team and the rest of the employees.

6. | Company procedures and bodies involved in determining, approving and applying the remuneration policy and its terms and conditions

6.1 Composition and experience of the members of the committee

On 31 December 2023 and on the date this Report was approved by the Board of Directors, the Nomination and Remuneration Committee was composed of 4 members, pursuant to the provisions in the Company's Articles of Association and the Board of Directors' Regulations, which state that the Committee must be composed of at least three and a maximum of eight Directors.

All the members of the Committee are Non-Executive Directors, three of them being independent and one proprietary. The Committee is chaired by an independent director, Ms. Ana Bolado Valle, in this way complying with the provisions in Article 33 of the Company's Articles of Association and the Board of Directors' Regulations.

The experience of the members of the Company's Nomination and Remuneration Committee is as follows:

Name	Category	Title	Experience
Ms. Ana Lucrecia Bolado Valle	Independent	Chair	She has a degree in Pharmacy from the Complutense University of Madrid and a Master in Business Administration (MBA) from IE Business School. Throughout her professional career, Ms. Ana Bolado Valle has held various management positions in the Santander Group (1986-2017), managing important wholesale and retail business areas, digital transformation projects and key areas for the Group such as Corporate Human Resources Management between 2005 and 2010. She has also been Director of Parques Reunidos Servicios Centrales, S.A. and Unicaja Banco, S.A. Ms. Ana Bolado Valle is currently a proprietary director of Metrovacesa, S.A., appointed according to a proposal made by Banco Santander, S.A., Caceis Group and Caceis Bank. In relation to the latter institution, Ms. Ana Bolado is a member of the following Committees: Strategy, Audit, Risk and Compliance and Nomination and Remuneration. She is also Senior Advisor at Fellow Funders, an equity crowd funding platform to support the financing of start-ups and SMEs, as well as a member of the Institute of Directors and Directors (ICA) and Women Corporate Directors.
Mr. Luis Maluquer Trepat	Independent	Member	He has a degree in Law from Barcelona University and a Diploma in International Institutions from the Université de Genève. Throughout his professional life, he has advised various national and international enterprises, providing his services in the specialised field of banking, financial and real estate law. He also has teaching experience in banking and financial law at various institutions such as the Barcelona Chamber of Commerce and was a Director of the Association Europeenne pour le Droit Bancaire et Financier (AEDBF Paris). He is a founding partner of the law firm Maluquer Advocats, SCP and Director and Secretary of various enterprises, including Société Foncière Lyonnaise, where he was a Director until April 2022. He was the Chair of the Argentine Chamber of Commerce in Spain until 2019, where he is currently a member of the Governing Board.

Name	Category	Title	Experience
Ms. Silvia Alonso-Castrillo Allain	Independent	Member	She has a degree in political science from Sciences Po University (Paris), a Master's and PhD in Spanish and Latin American studies from the Sorbonne University (Paris). She was admitted by competitive examination to the public teaching of Hispanic studies in France. She has been teaching and conducting research for 25 years (1984-2009) in several French academic institutions: University of Toulouse, Sciences Po and ESSEC Business School. She is the author of several books on contemporary Spanish history and politics. Ms. Alonso-Castrillo worked for the French embassy in Singapore as a science and culture counsellor before being appointed regional director of INSEAD. She oversaw the development of two campuses in Singapore: the French Lycée and INSEAD (1996-1999). On her return to Europe in 2000, she worked for 15 years with ESSEC, managing international development and fundraising for the business school, which also opened a campus in Singapore. In 2007, she founded the consulting firm Sociedad de Estudios Hispano Franceses, S.L. in Madrid, a firm she was a leader until 2019 and where she is sole partner and proxy at present. Since 2013, Ms. Alonso Castrillo has been managing the family estate in the Loire Valley (France). She has served on the Board of the College de Bernardins (Paris) and on the Executive Committee of the Fondation pour les Sciences Sociales (Paris). She was a board member of SFL from 2017 to January 2019 and of Koiki Home S.L. from 2017 to February 2023.
Mr. Juan Carlos García Cañizares	Proprietary	Member	He is an Industrial Engineer who has also completed management programmes at IMD Switzerland and holds a joint MBA from New York University Stern School of Business, London School of Economics and HEC Paris. He is an investor and former investment banker who has led mergers, acquisitions financings worth more than $35 billion for over 25 years. He was Vice-President of Planning at Bavaria, one of Latin America's leading brewery companies, where he was responsible for the $4 billion international brewery acquisition programme and the subsequent $8 billion merger with SABMiller plc, creating the world's second largest brewery. He subsequently led, on behalf of the Santo Domingo Group, the negotiations for the conversion of its stake in SABMiller for a stake in Anheuser Busch Inbev, as part of their merger, a transaction that was completed in 2016. Prior to joining the Santo Domingo Group, he was co-founder and Senior Partner of Estrategias Corporativas, an investment banking firm in Latin America. He currently holds the position of Managing Director of Quadrant Capital Advisors, Inc. in New York (an investment firm of the Santo Domingo Group based in New York). He is responsible for Quadrant Capital's Strategic Investments Group, including investments in AB InBev and a portfolio of public and private minority investments mainly in the consumer sector in the United States and Europe. He is a member of several boards of directors, including Bevco Lux S.A.R.L. in Luxembourg, Bavaria, S.A. and Valorem, S.A. in Colombia, and the Advisory Board of the International Finance Center of the Yale School of Management at Yale University in the United States.

6.2 Number of meetings and attendance

Colonial's Nomination and Remuneration Committee held 12 meetings in the financial year 2023.

The following table shows the percentage of attendance of its members in the financial year 2023. The results in the table show the commitment undertaken by each of its members, since all of them personally attended 100% of the Committee's meetings.

Attendance fees	Attendance
Ms. Ana Lucrecia Bolado Valle	100%
Mr. Luis Maluquer Trepat	100%
Ms. Silvia Alonso-Castrillo Allain	100%
Mr. Juan Carlos García Cañizares	100%
Mr. Adnane Mousannif(*)	100%

(*) He resigned on 18 October 2023.

6.3 The main activities related to remuneration carried out by the committee

In the financial year 2023 and up to the date this Report was approved, the most relevant actions carried out by Colonial's Nomination and Remuneration Committee related to remuneration were as follows.

Activities	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Assessment of the achievement of the objectives linked to the annual bonus 2022 and a proposal for the payout level	✓				
Monitoring achievement of the objectives for the 2021-2023 and 2022-2024 cycles of the Long-Term Incentive Plan approved by the General Shareholders' Meeting in 2021	✓		✓		
Proposal for the metrics, weightings and objectives of the annual bonus of the CEO and the executive team for the financial year 2023	✓				
Proposal for the maximum number of shares and the metrics, weightings and objectives of the 2023-2025 cycle of the Long-Term Incentive Plan, approved by the General Shareholders' Meeting in 2021	✓				
Proposal for the Annual Report on the Directors' Remuneration 2022 to be submitted to the Board of Directors for its approval to then be submitted to Colonial's General Shareholders' Meeting to be held in 2023 (advisory vote)	✓				
Proposal for the Directors' Remuneration Policy for the financial years 2024, 2025 and 2026 to be submitted to the Board of Directors for its approval to then be submitted to Colonial's General Shareholders' Meeting to be held in 2023	✓	✓			
Monitoring and analysis of the results of the General Shareholders' Meeting related to the remuneration			✓		
Analysis of the proposal for the design of a new Long-Term Incentive Plan to be submitted to the Board of Directors for its approval to then be submitted to Colonial's General Shareholders' Meeting to be held in 2024			✓	✓	✓
Assessment of achievement of the objectives linked to the annual bonus 2023 and a proposal for the payout level					✓
Assessment of achievement of the objectives linked to the 2021-2023 cycle of the Long-Term Incentive Plan approved by the General Shareholders' Meeting in 2021 and a proposal for the payout level					✓
Proposal for the Annual Report on the Directors' Remuneration 2023 to be submitted to the Board of Directors for its approval to then be submitted to Colonial's General Shareholders' Meeting to be held in 2024 (advisory vote)				✓	✓

6.4 Procedures and bodies involved

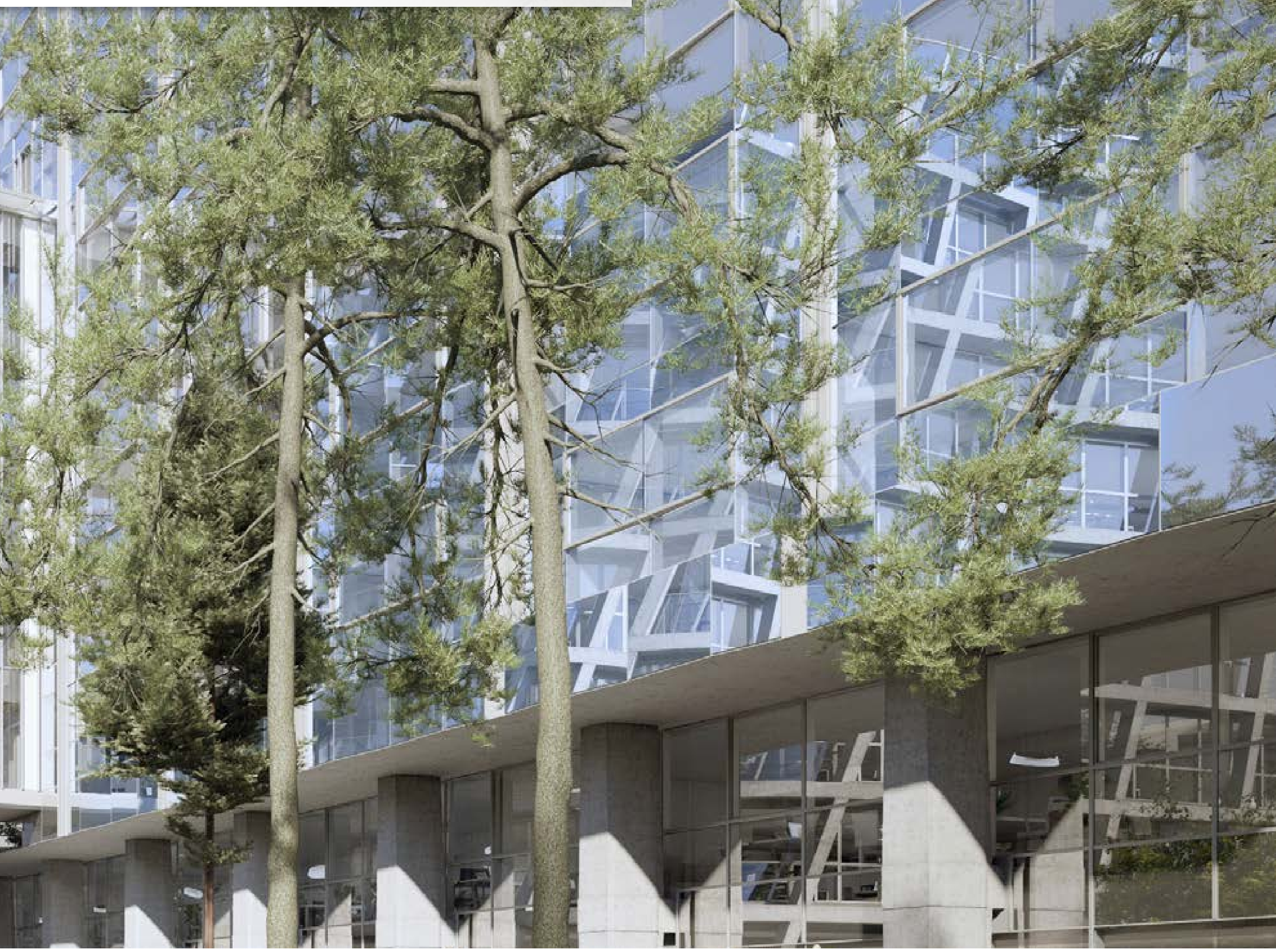
The Company's procedures and the competent bodies for determining and approving the Remuneration Policy and its terms and conditions are described below.

As of the date of submission of this Annual Report on the Directors' Remuneration to the General Shareholders' Meeting, the only Executive Director is the Chief Executive Officer.

	Nomination and Remuneration Committee	Board of Directors	General Shareholders' Meeting
Determining the Policy and its remuneration components	▪ It proposes the Policy to the Board.	▪ It approves the Policy and submits it to the General Shareholders' Meeting for a vote.	▪ It approves the Policy at least every three years. ▪ It approves any modification or replacement of the Policy.
	▪ It proposes to the Board the maximum annual amount to be paid to Directors in their capacity as such and each Director's remuneration.	▪ It proposes to the General Shareholders' Meeting the maximum annual amount to be paid to Directors in their capacity as such. ▪ It determines the remuneration of each Director.	▪ It approves the maximum annual remuneration for all Directors in their capacity as such.
	▪ It proposes to the Board the Directors' remuneration for the performance of their executive functions, along with the terms and conditions of their contract.	▪ It sets the Directors' remuneration for the performance of executive functions, along with the terms and conditions of their contract.	▪ It approves the remuneration systems for the Directors for the performance of executive functions.
Application of the Policy	▪ It proposes the amount of the base salary for the Executive Director and its annual variation. ▪ It proposes the parameters for setting the variable components and evaluates them for payment purposes. ▪ It proposes, as necessary, the cancellation of the payment or the refund of variable components.	▪ It evaluates and, where appropriate, approves the proposals made by the Nomination and Remuneration Committee on implementation of the Policy.	
Review of the Policy	▪ It verifies the compliance with the Policy and regularly reviews its implementation. ▪ It ensures that the individual remuneration is proportionate.		
Transparency of the Policy	▪ It ensures transparency over remuneration and the inclusion of information on the Directors' remuneration in the annual report. ▪ It submits the Annual Report on the Directors' Remuneration to the Board of Directors for approval and verifies the information on Directors' remuneration contained in corporate documents. ▪ It prepares the specific report that underlies the Remuneration Policy.	▪ It approves the Annual Report on Directors' Remuneration to be submitted to the General Shareholders' Meeting for consultation purposes.	▪ It approves (advisory vote) the Annual Report on Directors' Remuneration.

6.5 External advisors involved in the drafting of the policy and other company bodies involved in design and implementation of the Policy

According to the Board of Directors' Regulations, the Directors of the Board and members of its Committees may request external advice on any matters they deem necessary to better perform their duties. In this respect, the Committee has received advice from WTW for the design of the new Remuneration Policy for the financial years 2024, 2025 and 2026 and for drafting this Report.



Appendix I. | Details of the current long-term incentive plans

This Appendix I includes the second 2022-2024 Cycle and third 2023-2025 Cycle currently in force of the Long-Term Incentive Plan approved by the General Shareholders' Meeting held on 30 June 2021.

Long-term incentive: 2022-2024 Cycle

Description	It consists of granting Company to the beneficiaries of the Plan by means of long-term variable remuneration, subject to achieving specific multi-annual objectives.	
Term of the Plan	1 January 2022 to 31 December 2024.	
Maximum number of shares	279,156 shares. The number of shares that the CEO will finally accrue will depend on achievement of the objectives to which the 2022-2024 cycle is linked and such number may be increased by a number of shares equivalent to the amount of the dividends per share paid out by Colonial to its shareholders during the cycle. For such purpose, the reference value will be the weighted average of Colonial's share on the dividends payment dates in each of the years of the cycle.	
Metrics	Weighting	Metrics
	50%	Relative Total Shareholder Return vs. a peer group(*) and adjusted (upwards or downwards) by the absolute Total Shareholder Return.
	30%	Net tangible assets (NTA)/shares on 31 December 2024.
	10%	Pipeline management: The variation in the appraisal value of the assets included in the pipeline from the start to the end of the cycle, considering the CapEx incurred in the period 2022-2024.
	10%	Adjusted earnings per share in 2024.
Operation	Payout levels are determined by the Board of Directors, on the Nomination and Remuneration Committee's proposal, after the performance period ends, based on the level of achievement of the objectives, and may adjust the payout level to ensure a fair and balanced outcome in view of the Company's overall results and considering any associated risks. In this respect, any positive or negative economic impact arising from any extraordinary events which may introduce distortions into the results of the evaluation, may be removed upon proposing the level of achievement of the quantitative objectives. The evaluation of performance for some metrics could be done based upon the data and the results provided by external advisors. In any case, in the event of changes to the number of shares in Colonial due to a decrease or increase in the nominal value of the shares or as a result of a transaction with an equivalent impact, such as a merger, consolidation or spin-off, the maximum number of shares to be awarded will be adjusted, when appropriate, in order to maintain the equivalence of the benefits under the Plan. Moreover, the Board of Directors is authorised, at the proposal of the Committee, to propose the full or partial cancellation (malus) or refund (clawback) of the shares to be awarded to the Plan's beneficiaries. The CEO must hold the earned shares, net of taxes, for at least one year after they are award, irrespective of the minimum shareholding requirement equivalent to 2x his base salary. To determine the result of the peer group, each company is assigned a weighting calculated according to its level of comparability with Colonial depending on its market capitalisation over the last 3 months of 2021. For this purpose, the Board of Directors assigns a weighted value to each company included in the Index and determines the parameters for its calculation, being able to replace the companies in the Index if this is warranted due to the circumstances. To determine the achievement of the objectives and to calculate the exact number of shares to be awarded for these items, the Board of Directors has agreed on a performance scale for each objective at the start of each cycle, according to a proposal made by the Nomination and Remuneration Committee. This will include: (i) a minimum threshold below which no incentive is paid and its achievement will result in the award of 50% of the theoretical number of granted shares; (ii) a target level that will result in the award of 100% of the theoretical number of granted shares; and (iii) a maximum level that will imply an award of 150% of the theoretical number of granted shares (200% in the event of Total Shareholder Return).	

(*) Peer group: Gecina, Merlin Properties, Covivio, Icade, Vitura, British Land, Landsec, Great Portland Estates, Aroundtown, Alstria and Prime Swiss Property.

Long-term incentive: 2023-2025 cycle

Description	It consists of granting Company shares to the beneficiaries of the Plan by means of long-term variable remuneration, subject to achieving specific multi-annual objectives.
Term of the Plan	From 1 January 2023 to 31 December 2025.
Maximum number of shares	376,254 shares. The number of shares that the Chief Executive Officer will finally accrue will depend on achievement of the objectives to which the 2023-2025 cycle is linked and such number may be increased by a number of shares equivalent to the amount of the dividends per share paid out by Colonial to its shareholders during the cycle. For such purpose, the reference value will be the weighted average of Colonial's share on the dividends payment dates in each of the years of the cycle.

Metrics

Weighting	Metrics
50%	Total Shareholder Return (TSR): ▪ 15% relative TSR vs. a peer group(*), and ▪ 35% absolute TSR. Maximum weighting of up to 200% of the target.
20%	Net tangible assets (NTA)/share as of 31 December 2026: ▪ 10% relative NTA and ▪ 10% absolute NTA.
20%	Adjusted earnings per share in the 2024-2026 performance period.
10%	Progress made in the decarbonisation plan and emission reduction.

Operation

Payout levels are determined by the Board of Directors, on the Nomination and Remuneration Committee's proposal, after the performance period ends, based on the level of achievement of the objectives, and may adjust the payout level to ensure a fair and balanced outcome in view of the Company's overall results and considering any associated risks. In this respect, any positive or negative economic impact arising from any extraordinary events which may introduce distortions into the results of the evaluation, may be removed upon proposing the level of achievement of the quantitative objectives. The evaluation of performance for some metrics could be done based upon the data and the results provided by external advisors.

In any case, in the event of changes to the number of shares in Colonial due to a decrease or increase in the nominal value of the shares or as a result of a transaction with an equivalent impact, such as a merger, consolidation or spin-off, the maximum number of shares to be awarded will be adjusted, when appropriate, in order to maintain the equivalence of the benefits under the Plan.

Moreover, the Board of Directors is authorised, at the proposal of the Committee, to propose the full or partial cancellation (malus) or refund (clawback) of the shares to be awarded to the Plan's beneficiaries.

The Chief Executive Officer must hold the earned shares, net of taxes, for at least one year after they are award, irrespective of the minimum shareholding requirement equivalent to 2x his base salary.

To determine the result of the peer group, each company is assigned a weighting calculated according to its level of comparability with Colonial depending on its market capitalisation over the last 3 months of 2022. For this purpose, the Board of Directors assigns a weighted value to each company included in the Index and determines the parameters for its calculation, being able to replace the companies in the Index if this is warranted due to the circumstances.

To determine the achievement of the objectives and to calculate the exact number of shares to be awarded for these items, the Board of Directors has agreed a performance scale for each objective at the start of each cycle, according to a proposal made by the Nomination and Remuneration Committee. This will include: (i) a minimum threshold below which no incentive is paid and its achievement will result in the award of 50% of the theoretical number of granted shares; (ii) a target level that will result in the award of 100% of the theoretical number of granted shares; and (iii) a maximum level that will imply an award of 150% of the theoretical number of granted shares (200% in the event of Total Shareholder Return).

(*) Peer group: Icade, Merlin Properties, Gecina, Covivio, Vitura, Aroundtown and PSP Swiss Property.

Appendix II. | Statistics of the Annual Report on the Directors' Remuneration for listed companies (Circular 3/2021, of September 28, of the CNMV)

B. Overall summary of how Remuneration Policy has been applied during the year ended

B.4 Report on the result of the consultative vote at the general shareholders' meeting on remuneration in the previous year, indicating the number of votes against that may have been cast:

	Number	% of total
Votes cast	421,107,828	78.04

	Number	% of cast
Votes against	118,159,491	28.06
Votes in favour	302,948,337	71.94
Blank ballots		
Abstentions		

C. Itemised individual remuneration accrued by each director

Name	Type	Period of accrual in the financial year 2023
JUAN JOSÉ BRUGERA CLAVERO	Chair Other External	From 01/01/2023 to 31/12/2023
PEDRO VIÑOLAS SERRA	Chief Executive Director	From 01/01/2023 to 31/12/2023
SHEIKH ALI JASSIM M.J. AL-THANI	Proprietary Director	From 01/01/2023 to 31/12/2023
GIULIANO ROTONDO	Proprietary Director	From 18/10/2023 to 31/12/2023
ADNANE MOUSANNIF	Proprietary Director	From 01/01/2023 to 18/10/2023
MANUEL PUIG ROCHA	Proprietary Director	From 15/06/2023 to 31/12/2023
ANA PERALTA MORENO	Independent Director	From 01/01/2023 to 31/12/2023
ANA BOLADO VALLE	Independent Director	From 01/01/2023 to 31/12/2023
SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN	Independent Director	From 01/01/2023 to 31/12/2023
BEGOÑA ORGAMBIDE GARCÍA	Proprietary Director	From 01/01/2023 to 31/12/2023
MIRIAM GONZÁLEZ AMÉZQUETA	Independent Director	From 15/06/2023 to 31/12/2023
CARLOS FERNÁNDEZ GONZÁLEZ	Proprietary Director	From 01/01/2023 to 31/12/2023
LUIS MALUQUER TREPAT	Independent Director	From 01/01/2023 to 31/12/2023
JUAN CARLOS GARCÍA CAÑIZARES	Proprietary Director	From 01/01/2023 to 31/12/2023

C.1 Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration in cash (thousands of €)

Name	Fixed Remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance payment	Other items	Total in 2023	Total in 2022
JUAN JOSÉ BRUGERA CLAVERO	550	83			5				638	3,920
PEDRO VIÑOLAS SERRA				750	946				1,696	1,513
SHEIKH ALI JASSIM M.J. AL-THANI	50	55							105	100
GIULIANO ROTONDO	10	15							25	
ADNANE MOUSANNIF	40	81	20						141	161
MANUEL PUIG ROCHA	27	20							47	
ANA PERALTA MORENO	50	110	50						210	207
ANA BOLADO VALLE	50	152	75						277	262
SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN	50	110	25						185	169
BEGOÑA ORGAMBIDE GARCÍA	50	85	25						160	33
MIRIAM GONZÁLEZ AMÉZQUETA	27	42	13						82	
CARLOS FERNÁNDEZ GONZÁLEZ	50	55							105	95
LUIS MALUQUER TREPAT	50	133	50						233	241
JUAN CARLOS GARCÍA CAÑIZARES	50	89	25						164	147

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments.

		Financial instruments at start of 2023		Financial instruments granted during 2023		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2023	
Name	Name of Plan	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/ consolidated	Price of the consolidated shares	Gross profit from consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
JUAN JOSÉ BRUGERA CLAVERO	2021 Deferred annual variable remuneration	21,912	21,912			21,912	21,912	5.97	131			0
PEDRO VIÑOLAS SERRA	2021 Deferred annual variable remuneration	21,912	21,912			21,912	21,912	5.97	131			0
PEDRO VIÑOLAS SERRA	2021-2023 Cycle	275,399	275,399			43,392	43,392	5.77	250	232,007		0
PEDRO VIÑOLAS SERRA	Dividend equivalents 2021-2023 Cycle			4,998	4,998	4,998	4,998	5.77	29			0
PEDRO VIÑOLAS SERRA	2022-2024 Cycle	279,156	279,156								279,156	279,156
PEDRO VIÑOLAS SERRA	2023-2025 Cycle			376,254	376,254						376,254	376,254

iii) Long-term saving systems

Name	Remuneration from consolidation of rights to savings system
No data	

	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights	
Name	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022
PEDRO VIÑOLAS SERRA			112	112			850	738

iv) Details of other items

Name	Item	Remuneration amount
PEDRO VIÑOLAS SERRA	Remuneration in kind	66

b) Remuneration of the company directors for seats on the boards of other group companies:

i) Remuneration in cash (thousands of €)

Name	Fixed remuneration	Per diem allowances	Remuneration for member ship of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance payment	Other items	Total in 2023	Total in 2022
SHEIKH ALI JASSIM M.J. AL-THANI	20	12							32	38

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments

		Financial instruments at start of 2023		Financial instruments granted during 2023		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of 2023	
Name	Name of Plan	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/ consolidated	Price of the consolidated shares	Net profit from consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
No data												

iii) Long-term saving systems

Name	Remuneration from consolidation of rights to saving systems
No data	

	Contribution over the year from the company (thousands of €)				Amount of accumulated funds (thousands of €)			
	Saving systems with consolidated economic rights		Saving systems with unconsolidated economic rights		Saving systems with Consolidated economic rights		Saving systems with unconsolidated economic rights	
Name	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022
No data								

iv) Details of other items

Name	Item	Remuneration amount
No data		

c) Summary of remunerations (thousand €):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (thousand €).

	Remuneration accrued in the company					Remuneration accrued in group companies					
Name	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2023 company	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2023 group	Total 2023 company + group
JUAN JOSÉ BRUGERA CLAVERO	633	131		0	769					0	769
PEDRO VIÑOLAS SERRA	1,696	410		66	2,172					0	2,172
SHEIKH ALI JASSIM M.J. AL-THANI	105				105	32				32	137
GIULIANO ROTONDO	25				25					0	25
ADNANE MOUSANNIF	141				141					0	141
MANUEL PUIG ROCHA	47				47					0	47
ANA PERALTA MORENO	210				210					0	210
ANA BOLADO VALLE	277				277					0	277
SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN	185				185					0	185
BEGOÑA ORGAMBIDE GARCÍA	160				160					0	160
MIRIAM GONZÁLEZ AMÉZQUETA	82				82					0	82

Name	Remuneration accrued in the company					Remuneration accrued in group companies					
	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2023 company	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration for long term savings systems	Remuneration for other items	Total 2023 group	Total 2023 company + group
CARLOS FERNÁNDEZ GONZÁLEZ	105				105					0	105
LUIS MALUQUER TREPAT	233				233	0				0	233
JUAN CARLOS GARCÍA CAÑIZARES	164				164					0	164
TOTAL	**4,068**	**541**	**0**	**66**	**4,675**	**32**	**0**	**0**	**0**	**32**	**4,707**

C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Year 2023	% Variation 2023/2022	Year 2022	% Variation 2022/2021	Year 2021	% Variation 2021/2020	Year 2020	% Variation 2020/2019	Year 2019
Executive Directors									
PEDRO VIÑOLAS SERRA	2,172	*28.90*	1,685	*–40.38*	2,826	*17.26*	2,410	*–21.34*	3,064
External Directors									
JUAN CARLOS GARCÍA CAÑIZARES	164	*11.56*	147	*–3.29*	152	*–8.98*	167	*32.54*	126
ADNANE MOUSANNIF	141	*–12.42*	161	*–9.04*	177	*5.99*	167	*22.79*	136
GIULIANO ROTONDO	25	–		–		–		–	
CARLOS FERNÁNDEZ GONZÁLEZ	105	*10.53*	95	*–13.64*	110	*0.00*	110	*26.44*	87
BEGOÑA ORGAMBIDE GARCÍA	160	*384.85*	33	–		–		–	
MANUEL PUIG ROCHA	47	–		–		–		–	
ANA PERALTA MORENO	210	*1.45*	207	*–5.91*	220	*17.65*	187	*192.19*	64
ANA BOLADO VALLE	277	*5.73*	262	*18.55*	221	*16.32*	190	*175.36*	69
SILVIA MÓNICA ALONSO-CASTRILLO ALLAIN	185	*9.47*	169	*–6.63*	181	*29.29*	140	*70.73*	82
MIRIAM GONZÁLEZ AMEZQUETA LÓPEZ	82	–		–		–		–	
LUIS MALUQUER TREPAT	233	*–8.63*	255	*–27.97*	354	*15.31*	307	*37.67*	223
JUAN JOSÉ BRUGERA CLAVERO	769	*–83.82*	4,754	*78.12*	2,669	*31.67*	2,027	*–6.93*	2,178
SHEIKH ALI JASSIM M.J. AL-THANI	137	*–0.72*	138	*–8.61*	151	*–5.03*	159	*33.61*	119
Company consolidated results	**–1,215,254**	**–**	**41,992**	***–92.55***	**563,374**	***769.31***	**64,807**	***–93.61***	**1,014,782**
Average employee remuneration	**93**	***6.90***	**87**	***–23.68***	**114**	***22.58***	**93**	***5.68***	**88**

D. Other relevant information

This annual remuneration report has been approved by the Board of Directors of the company on:

29/02/2024

State whether any director has voted against or abstained from approving this report

No

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