



Asset valuations return to positive growth

Colonial increases its recurring net profit by 6%, reaching €92 million

- Gross Rental Income of 192€m, +6% like-for-like, among the highest in the sector
- Recurring EPS (Earnings Per Share) of €17.0cts, +6% year-on-year
- Contracts signed for 65,972m² with an occupancy of 97%
- Gross Asset Value (GAV) of €11,267m, +1% like-for-like increase in 6 months
- Net Profit of €86m, +125% year-on-year
- Disposal programs of €201m at a 11% premium over appraisal values
- Decrease in net debt by €350m and raising the liquidity to €3,345m after the capital increase
- Financial cost of debt of 1.74% with maturities hedged until 2028

First half results 2024

Madrid, July 30th, 2024.- Colonial demonstrates the strength of its business model and continues on the upward growth path of revenue and earnings. The increase in rents is 6% on a like-for-like basis, among the highest in the sector, reaching €192 million. This growth is attributed to near full occupancy (97%) and the ability to capture the highest market rents due to their prime positioning in both renovations and newly delivered projects as well as refurbishments.

All these factors led Colonial to reverse their adjustment in asset values, which are still present in a polarized market, and resume an upward path with a 1% like-for-like growth due to the resilience of their asset portfolio.

The success of new projects and capturing the highest rents offset rents linked to disposal programs, which amounted to €201 million in the first semester, with an 11% premium over appraisals. Recurring net profit increased by 6%, reaching €92 million, while attributable net profit, considering the growth of asset values of €86 million, is 125% higher than the first semester of 2023.

At the close of this semester, Colonial accelerated its future growth foundations with the launch of the Alpha X program through a capital increase of €622 million. This transaction strengthens Colonial's capital structure and launches new investments to capture the recovery of the European real estate cycle. The capital increase improved the LTV to 36.7%, after reducing net debt by €350 million.

“The strength of our business model not only allows us to capture rents above market rates once again, but also to reverse a period of adjustment and initiate a new period of growth reflected in the revaluation of our assets” explains Pere Viñolas, CEO of Colonial.

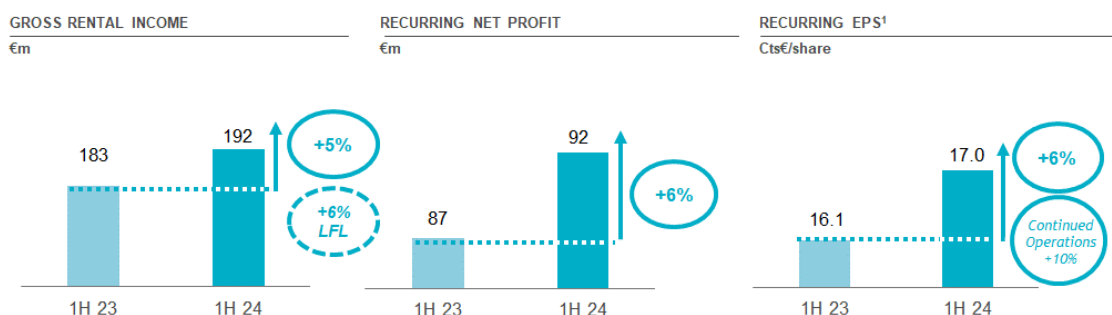
“With these results that continue to grow with almost full occupancy, we have added new partners that reinforce our structure through a capital increase of more than €600 million, which improves our financing while reducing net debt, allowing us to launch new projects to capture the recovery of the real estate market” adds Juan José Brugera, Chairman of Colonial

The Colonial Group closes the first half of the year with a net profit of 86€m

Recurring EPS on continued operations² with +10% growth

The Colonial Group closed the first half of 2024 with an increase in the Recurring Results driven, in part, by the growth in rental income.

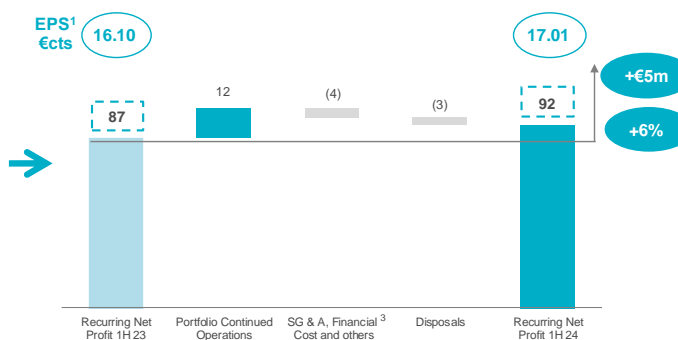
- Gross Rental Income of €192m, +6% like for like vs the previous year
- Recurring Net Profit of €92m, +6% vs. the previous year
- Recurring EPS of €17cts/share, +6% vs. the previous year
- Recurring EPS on continued operations², +10% vs. the previous year



The Recurring Results increased based on solid growth in rental income. The growth in income was achieved through a combination of factors: **(1) the increase in rental prices** in all segments thanks to the prime positioning of the portfolio; **and (2) the successful delivery of projects and renovations**. Of special mention is the Louvre Saint-Honoré, rented to Cartier, as well as the new Adidas flagship store in Galeries des Champs-Élysées.

Profit & Loss Account - €m	1H 2024	1H 2023
Gross Rents	192.1	183.4
Recurring EBITDA	157.1	155.5
Recurring financial result	(40.6)	(46.3)
Income tax expense & others - recurring	(5.7)	(4.7)
Minority interests - recurring	(19.0)	(17.6)
EPRA Earnings	91.8	86.9
Change in fair value of assets & provisions	(12.9)	(524.9)
Non-recurring financial result & MTM	(2.9)	(1.4)
Income tax & others - non-recurring	48.8	3.5
Minority interests - non-recurring	(38.8)	88.6
Result attributable to the Group	85.9	(347.2)

EPRA Earnings - Variance Analysis



These increases in rental revenues have compensated for the impact of the loss in rents from the disposals carried out in 2023 and 2024. The execution of the disposal program has meant that the increase in the net results was lower. Excluding the impact of the active management of the portfolio, **the EPS of continued operations² increased +10% compared to the previous year.**

(1) EPRA Earnings Per Share

(2) Adjusted for the impact of asset disposals

(3) Includes SG&A, financial cost, taxes and minority interests

Gross Rental Income and Net Rental Income with strong growth

Revenue Growth: Polarization & Pan-European Prime Positioning

Colonial closed the first half of 2024 with **€192m of Gross Rental Income**, and a **Net Rental Income of €178m**. **The Group's revenue growth, in absolute terms, is +5% compared to the previous year and, in like-for-like terms, up +6% compared to the previous year**, demonstrating the strength of the Colonial Group's prime positioning.

June cumulative - €m	2024	2023	Var	LFL
Gross Rental Income Paris	127 ⁽¹⁾	111	14%	7%
Gross Rental Income Madrid	42	50	(16%)	3%
Gross Rental Income Barcelona	23	22	5%	9%
Gross Rental Income Group	192	183	+5%	+6%
Net Rental Income Group	178	170	+5%	+4%

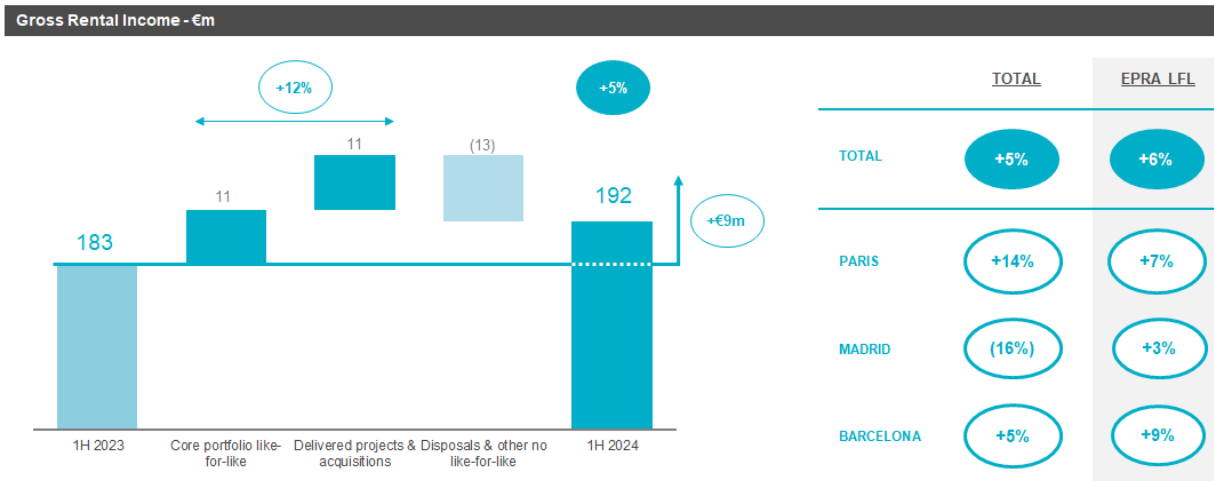
(1) Rental income including the impact of the reversal of provisions in relation to the early termination of a contract

The **like-for-like increase in revenues** is among **the highest in the sector** and is a clear reflection of the **market polarization towards the best office product**.

Revenue growth from strong prime positioning

The **+€9m increase in revenues** is based on a business model with:

- (1) A clear focus on the **best prime product offered in the city center**, and
- (2) The proven capability to generate profit through **urban transformation projects**.



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

The Core portfolio contributed +€11m to the increase in revenue, deriving from a solid like-for-like growth of +6% due to its strong Pricing Power, enabling the full capturing of the **indexation** impact and **maximum market rents**.



#Cloud



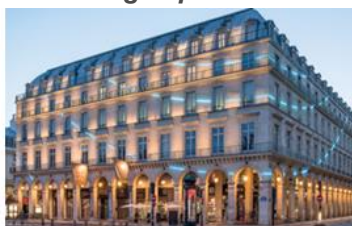
Velázquez 86



Diagonal 609-615

2. Project deliveries – a contribution of +6% to total growth

Project deliveries and the renovation program **contributed +€11m to revenue growth** (a contribution of +6% to overall growth). Highlighted is the income contribution from the **Louvre Saint Honoré in Paris and the Adidas flagship store in Champs Elysees**.



Louvre Saint Honoré



Galleries Champs-Elysées

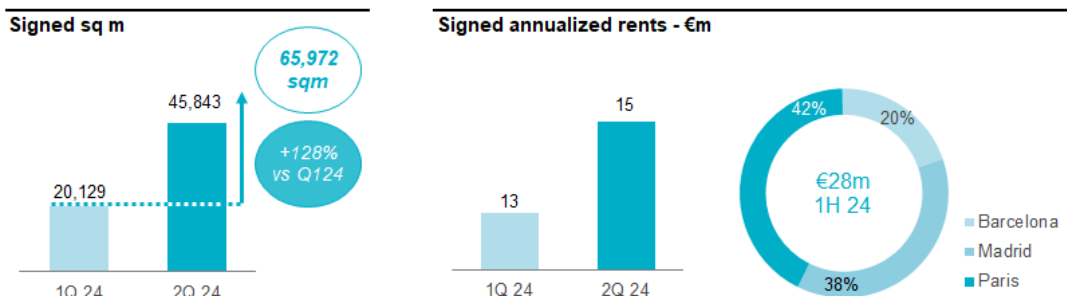
The **disposal of non-strategic assets and other non-like-for-like impacts, mainly the departure of IBM from St. Hortensia in Madrid**, has led to a **(7%) year-on-year decrease** in the rental income.

Solid operating fundamentals in all segments

Significant rental price increases in the contracts signed in 2024

Colonial closed the first half of 2024 with **solid letting activity, capturing significant rental price increases in the contracts signed**.

In particular, contracts were signed for more than 65,972 sqm corresponding to €28m in annualized rents, of which 58% corresponds to the Madrid and Barcelona market and 42% corresponds to the Paris market. Of special mention is the high volume of activity in the second quarter of 2024 with more than 45,000 sqm signed, more than doubling the amount signed in the first quarter of the year.



At the close of the first half of the year, **the release spread on re-let surfaces stood at +9% and exceeded the market rents at 31/12/23 by +6%**, clearly evidencing the pricing power of Colonial's prime assets.

Strong price increases	Max. rent signed	Signed annualized rents €m	Maturity BO (years)	Release Spread ¹			Rental growth vs ERV ²		
				1H 2024	2H 2024	2024	1H 2024	2H 2024	2024
Paris	1,100 €/sqm/year	12€m	9	+22%	+21%	+22%	+9%	+14%	+10%
Barcelona	28 €/sqm/month	6€m	5	(1%)	+2%	+2%	+7%	+2%	+2%
Madrid	40 €/sqm/month	10€m	5	(1%)	(0,8%)	(1%)	+3%	+5%	+4%
TOTAL LETTING PERFORMANCE		28€m	6	+12%	+6%	+9%	+6%	+6%	+6%

¹ Signed rents vs previous rents in re-let spaces
² Signed rents vs ERV 12/23

Of special mention is the **Paris market with a release spread of +22% and an increase of +10% compared to the market rent (+14% in the second quarter of 2024)**. It is worth highlighting that a large transaction was signed with a release spread of +30% and an increase of +15% compared to the market rent.

In the **asset portfolio in Spain**, the **Barcelona portfolio captured an increase in re-let surface areas and a +2% growth compared to the ERV**. In **Madrid**, the increase was up **+4%** compared to the ERV. The signed rents are at maximum rental prices, clearly setting the benchmark for prime product. In **Paris**, two transactions were registered with **rents above €1,000/sqm/year**. The **maximum rents signed in Spain stood at €40/sqm/month for Madrid and €28/sqm/month for Barcelona**.



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%**.

EPRA OFFICES OCCUPANCY



It is worth highlighting that the current vacancy in the Barcelona portfolio is concentrated in the entries into operation of the renovation programs of Torre Marenostum 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 99%.**

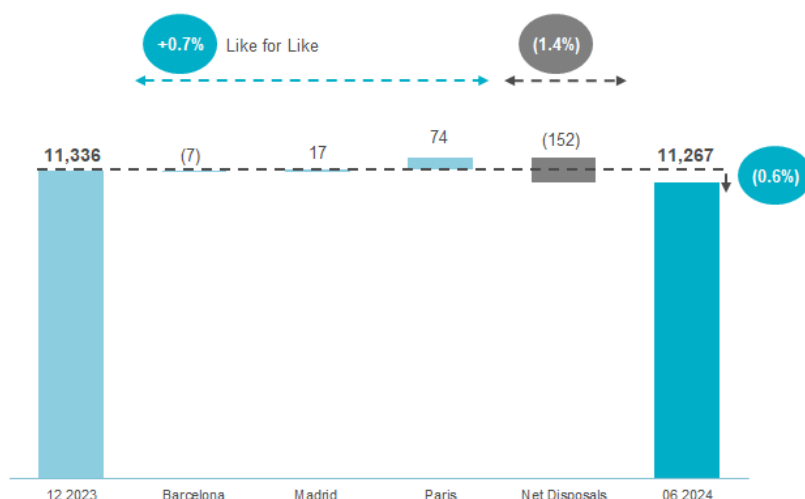
Asset Valuation

Asset values – Polarization and Prime Positioning

The **Gross Asset Value of the Colonial Group at the close of the first half of 2024 was €11,267m (€11,894m including transfer costs)**, showing an increase of **+1% like-for-like in the first half of 2024**.

Including the impact of the disposal of non-strategic assets carried out in the first half of the year, the asset value decreased by (0.6%).

VARIANCE ANALYSIS VALUE 6 MONTHS - €m



GAV VARIANCE

	6 MONTHS	12 MONTHS
BARCELONA	(0.5%)	(8.0%)
MADRID	+0.6%	(2.8%)
PARIS	+1.0%	(6.4%)
TOTAL LFL	+0.7%	(5.8%)
NET DISPOSALS	(1.4%)	(1.9%)
TOTAL VAR	(0.6%)	(7.7%)

Following a period of high volatility and interest rate hikes, the market situation has begun to stabilize, observing a like-for-like growth in asset values during the first half of the year. Higher rental prices, as well as the successful delivery of projects, have offset the impact of the increase in yields.

This growth reflects the robustness and resilience of Colonial's portfolio, as well as its capacity to effectively adapt to changing market conditions. This is mainly due to:

- 1) The high concentration in prime CBD locations with strong fundamentals allows for greater protection in downturn cycles and a better growth profile in upward cycles.
- 2) The superior quality of the buildings that attract clients with high solvency and high levels of loyalty.
- 3) A proven diversification strategy that enables the optimization of the portfolio's risk profile.
- 4) An industrial focus on value creation through the repositioning of assets that create "Alpha" real estate value with a market differential resulting in above-average profitability.

Active portfolio management – Actively driving future growth

Historic pipeline of delivered and pre-let projects

The Colonial Group is near completion of its original project pipeline of 154,228 sqm, spread across 8 assets, with 7 assets fully delivered and let, widely exceeding the expected return with a yield on cost of more than 7%.

In 2024, the last project in progress, the Méndez Álvaro Urban Campus, will be delivered. It is a complex located in the south of the Paseo de la Castellana in Madrid with more than 60,000 sqm of offices and retail space. This project is generating a lot of market interest, with an expected yield on cost of approximately 8%, as well as significant value creation upon completion of the project. In this case, Colonial has not only bet on creating a pioneer Urban Campus project in Madrid, but it has also acted as the catalyst in the urban transformation of one of the neighborhoods in the city with the greatest forecasted business and residential growth.



Complejo Méndez Álvaro

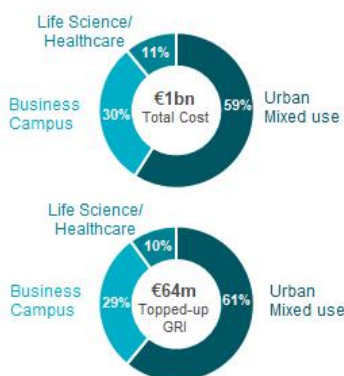
In addition, in 2024 the renovation project will be completed on Diagonal 197, an emblematic office building located in Barcelona with a surface area of 15,000 sqm above ground, distributed across 16 floors, which, once let, will generate additional rental income of €5m.



Launch of the Alpha X Project – New project pipeline

Within the Alpha X Project framework, the Colonial Group has launched a new project pipeline with an investment capex of €380m and an ungeared IRR of more than 9%. This project will transform more than 110,000 sqm of assets in Paris, Madrid and Barcelona, and generate additional annual rents of €64m.

The Alpha X Project is a new, well-diversified, large-volume project portfolio with a high capacity to generate value. It is made up of 4 assets which will be the object of urban regeneration.



Project	Use	Delivery	GLA (sqm)	Total Cost €m ¹	Ungeared IRR
1 Scope <i>Paris City Center</i>	Business Campus	2026	22,000	309	> 9%
2 Sancho de Ávila <i>Barcelona 22@</i>	Life Science/Healthcare	2027	17,860	114	> 7%
3 Condorcet <i>Paris City Center</i>	Urban Mixed-Use	2027	24,000	366	>9%
4 Santa Hortensia <i>Madrid City Center</i>	Urban Mixed-Use	2028	46,928	237	>9%
NEW PIPELINE			110,788	1,026	>9%

¹Total Cost = Asset Value pre project + future Capex



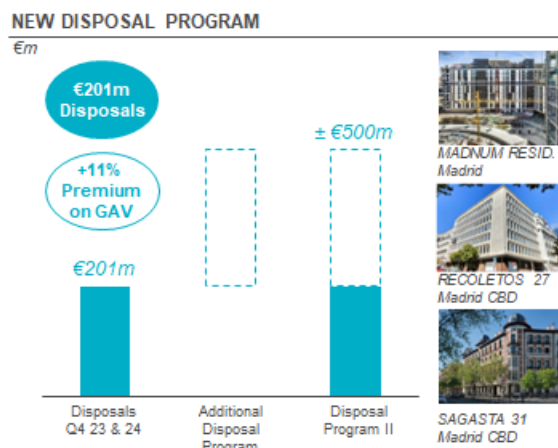
With the launch of this new project portfolio, the Colonial Group is reloading its future growth profile, where it is expecting very interesting returns with yields of more than 9%.

Disposal Program

The Colonial Group continues to advance with its disposal program, and it carried out disposals in the amount of €201m, with a premium of +11% over appraisal.

In particular, the Colonial Group disposed of three non-strategic assets located in the Madrid market: Sagasta 31-33, Recoletos 27, and the residential part of the “Madnum” project in the Méndez Álvaro Campus. Of the total sales, two floors of the Recoletos 37 property were sold at the end of 2023. The rest was sold during the first half of 2024, although the final settlement of the disposal of the residential part of the “Madnum” project has been executed at the beginning of July.

Additionally, in the first half of 2024, the Colonial Group finalized the execution and delivery of the turnkey sale of Catalana Occidente’s new headquarters in Méndez-Alvaro, agreed in 2018, resulting in a cash inflow of €79m.



Colonial’s disposal program will continue with the aim of recycling capital and maximizing the value creation for shareholders. These operations enable Colonial to maintain a competitive position and take advantage of opportunities in the European real estate market.

New Alpha strategy and improvement in capital structure

Alpha X Project – Capital increase and acceleration in new investment

In the first half of 2024, the Colonial Group announced the Alpha X project which has enabled the relaunch of its growth strategy, strengthening its capital structure. This involves the following:

- Strengthening the capital structure with Criteria Caixa as a new key shareholder
- Relaunch of Colonial’s growth profile with a solid capital structure
- An attractive shareholder return, thanks to new growth projects and greater financial flexibility

Colonial has carried out a **capital increase for €622m, strengthening its capital structure** and accelerating the Group’s growth plans. This operation was carried out after the close of the first half of 2024.

Financially, **with this transaction, Colonial has reduced its net debt by €350m**, significantly improving its financial flexibility to capture opportunities for new acquisitions while taking advantage of the recovery of the real estate cycle in Europe. Likewise, the Company will see an increase in market value capitalization by more than €600m and maintain its Earnings Per Share (EPS) forecast of between €30-32 cts/share for 2024.

The close of the Alpha X project, on 3 July 2024, significantly strengthened Colonial’s capital structure, preparing the Company for future growth.

This transaction reduced the Group’s Loan to Value to 36.7% (39.9% at 31 December 2023). Likewise, The Group’s net debt was reduced by €350m, down to €4,542m (€4,892m at 30 June 2024).

Likewise, at the close of the first half of 2024, the liquidity of the Colonial Group amounted to €2,955m between cash and undrawn credit lines, amounting to €3,345 following the capital increase. This has enabled the Colonial Group to cover all its debt maturities until 2028.

In relation to the **financing cost, the spot interest rate at the close of the first half of 2024 remained at 1.74%** (1.75% at the close of 2023) thanks to the Group’s interest rate risk management policy. It is important to point out that no asset included in the Alpha X operation has any associated debt.

At the close of the first half of 2024, 100% of the debt is at a fixed rate and/or hedged, and the fair value of the derivative financial instruments, recorded in equity, is positive at €254m

The Colonial Group has successfully executed two debt issuances of €70m and €130m at November 2023 and April 2024, respectively, on its bond maturing in November 2029. Thanks to the Group's pre-hedging strategy, an effective average interest rate of 1.9% has been fixed on the issuances, compared to an average cost of 4.2%.

In addition, prior to the capital increase, and as proof of Colonial's financial stability, in April 2024, Standard & Poor's confirmed Colonial and SFL's BBB+ rating during its annual review.

About Colonial

Colonial is a Spanish listed REIT company (SOCIMI), leader in the European Prime office market with presence in the main business areas of Barcelona, Madrid, and Paris with a prime office portfolio of more than 1 million sqm of GLA and assets under management with a value of more than €11bn.



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

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