

Best rating in Spanish Real Estate and among the best in Europe

Moody's upgrades Colonial's credit rating to 'Baa1' with stable outlook

- The rating agency highlights the value creation of the Spanish real estate company's portfolio and its financial strength.
- With the reduction in interest rates, it rules out "significant value decreases" in the value of Colonial's Group assets, which already experienced an increase in the first half of the year.
- This rating consolidates Colonial with the best rating in the listed Spanish real estate sector and among the best in Europe.

Barcelona, September 17, 2024.-

The rating agency Moody's has raised Colonial's credit rating to 'Baa1' with a stable outlook, up from 'Baa2' with a positive outlook. This rating solidifies Colonial as having the best rating in the listed Spanish real estate sector and one of the best in Europe.

In its assessment, Moody's highlights:

- Colonial's "leadership position" in the prime office markets of Paris, Madrid and Barcelona, with "high-quality offices and good operational performance".
- The decrease in the debt-to-gross assets ratio of the real estate company after a capital increase and a conservative long-term balance sheet strategy.
- Colonial's strong liquidity management, supported by "good access to debt and equity and a substantial amount of unencumbered assets."

Moody's emphasizes the business model of the European leader in the prime office segment, with a portfolio concentrated in the best locations in Paris, Madrid, and Barcelona, featuring assets with high sustainability standards, near-full occupancy, and rental increases above the sector average.

In this regard, it highlights that its "leadership position in the prime office markets of Paris, Madrid, and Barcelona" allows it to minimize sectoral risk from the rise in remote work, capturing the polarization effect: "Colonial will continue to attract tenants, in contrast to lower-quality and less well-located property owners". Furthermore, it underscores the diversification of tenants in its buildings, with long-term stays and high collection rates.

On the financial side, Moody's emphasizes the reduction in debt and strong liquidity, forecasting that Colonial's long-term debt coverage policy will mitigate the impact of higher interest rates in the coming years.

Additionally, the rating agency highlights that the value of assets increased in the first half of 2024 and does not expect "significant value declines" in its outlook for Colonial's Group assets going forward.

Leadership in Spain and Europe

With this Moody's upgrade, Colonial consolidates itself as the listed real estate company with the best rating in Spain, adding to the positive outlook from Standard & Poor's (S&P) published in May, which places Colonial among the top companies in the sector in Europe.

Colonial was the first Spanish real estate company to receive an 'investment grade' rating. S&P awarded it in 2015, and since 2018, it has continuously placed the socimi in the 'BBB+' segment, even during the pandemic, when Colonial maintained its credit rating in a context of sector downgrades.

Stock market recovery

Colonial's stock price has risen more than 18% in the past month and is now very close to its year-start level (with data up to September 16), having rebounded from the general investor penalty on the real estate sector amid interest rate hikes and fears of an economic slowdown in Europe.

In September, Colonial is attracting renewed interest from investors, especially institutional ones, driven by the downward trend in interest rates and improving real estate market expectations.

About Colonial

Grupo Colonial is a SOCIMI (Real Estate Investment Trust) listed on the Spanish stock exchange and a leader in the prime office market in Europe, with a presence in the main business areas of Barcelona, Madrid, and Paris. It boasts a portfolio of prime offices totaling over 1 million m², with a market value exceeding €11 billion.



"The information included in this document must be read in conjunction with all publicly available information, particularly the information available on Colonial's website www.inmocolonial.com."

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