

Net Profit of €162m, +€188m vs. the previous year

Solid results with a return to growth through prime positioning

- Net profit of €162m, +€188m vs. the previous year
- Recurring EPS of €11,14cts/share
Recurring EPS like-for-like of €16.37cts in line with the previous year
- Asset value of €12,017m, +3% like-for-like year-on-year (+5% like-for-like in Paris)
- Increase in net asset value (EPRA NTA) up to €5,774m, €11.36/share
- Gross Rental Income of €155m, +2% like-for-like vs. the previous year)
- Letting volume of more than 59,500 sqm, +42% vs. the previous year
- Strong growth in signed rent with +14% release spread

Madrid, 29th July 2021

First Half Results 2021

The Colonial Group closed the first half of 2021 with a net profit of €162m, +€188m compared to the previous year. The recurring earnings of €57m, a lower figure compared to the first half of the previous year, reflects the impact of the disposals and the acceleration of the renovation program.

Stable net recurring like-for-like results with an EPS of €16.37cts/share

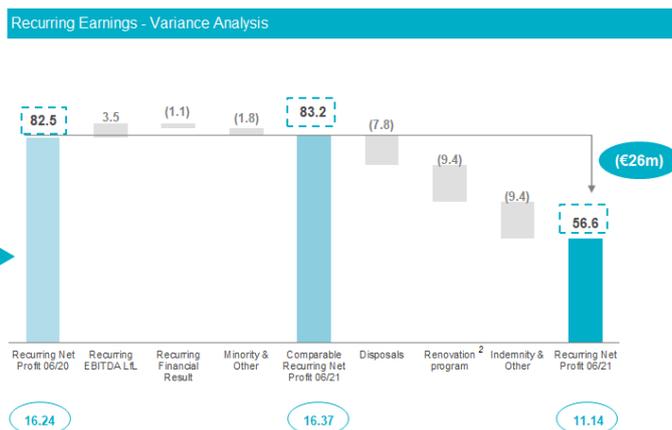
Excluding the effects of the active management of the portfolio, the Comparable Recurring Net Profit amounts to €83m, in line with the previous year.

The recurring results per share in the first half of 2021 amounts to €11.14cts per share. The impact of the decrease in rents due to non-strategic disposals and indemnities was (€3.38cts) per share and the impact of the tenant rotation in the renovation program was (€1.84cts) per share. Consequently, **the Comparable Recurring Net Profit¹ per share was €16.37cts per share, in line with the previous year's recurring result.**

(1) Recurring results excluding non-strategic disposals and the impact of the renovation program tenant rotation and other non-like-for-like items

Profit & Loss Account		
Results analysis - €m	1H 2021	1H 2020
Gross Rents	155	177
Recurring EBITDA	122	146
Recurring financial result	(43)	(42)
Income tax expense & others - recurring	(7)	(5)
Minority interests - recurring	(16)	(17)
Recurring Earnings	57	83
Change in fair value of assets & provisions	147	(105)
Non-recurring financial result & MTM	(27)	(3)
Income tax & others - non-recurring	(4)	(3)
Minority interests - non-recurring	(11)	2
Profit attributable to the Group	162	(26)

⁽¹⁾ Recurring earnings per share
⁽²⁾ Tenant rotation renovation program



Gross Rental Income and Net Rental Income (EBITDA Rents)

Colonial closed the first half of 2021 with **€155m of Gross Rental Income and Net Rental Income (EBITDA rents) of €143m.**

The Gross Rental Income in the first half of 2021 decreased by (13%), mainly due to the disposal of non-strategic assets carried out in 2020 and the beginning of 2021, as well as to the acceleration of the renovation program to reposition assets. This active management of the portfolio has a temporary short-term impact, however it ensures a higher portfolio quality and greater value creation potential, as a result of the repositioning of each asset.

In like-for-like terms, adjusting for investments, disposals and the effect of the projects and assets under repositioning, **the Gross Rental Income has increased by +2% compared to the same period of the previous year.**

The Net Rental Income (EBITDA rents) increased by +2% in like-for-like terms

This increase in Net Rental Income like-for-like was driven by an increase in the Paris portfolio of +5.3%, which compensated for a temporary correction in the Barcelona portfolio.

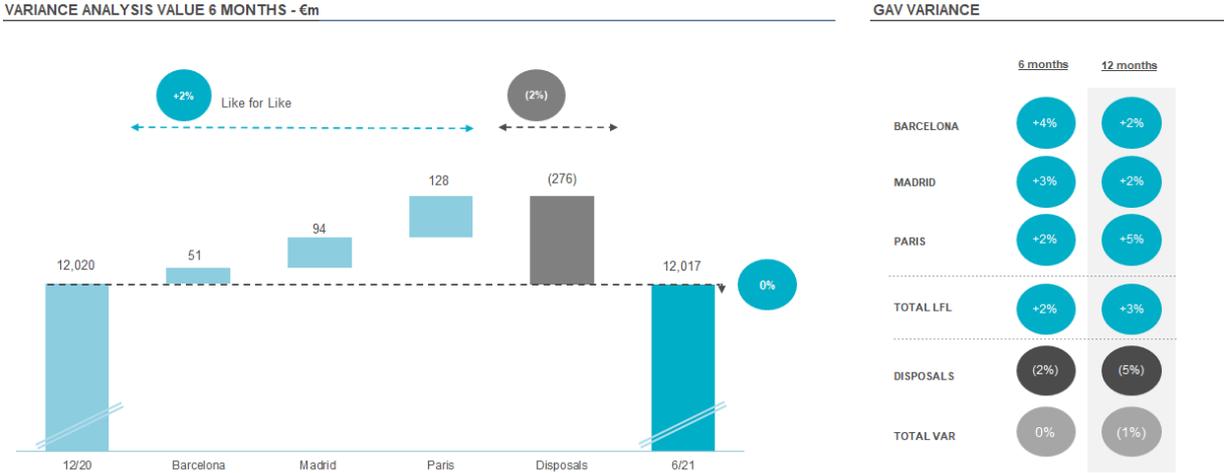
June cumulative - €m	2021	2020	Var	LFL
Rental revenues Group	155	177	(13%)	2%
EBITDA rents Group	143	165	(13%)	2%
<i>EBITDA rents Paris</i>	<i>83</i>	<i>86</i>	<i>(4%)</i>	<i>5.3%</i>
<i>EBITDA rents Madrid</i>	<i>38</i>	<i>51</i>	<i>(25%)</i>	<i>0.3%</i>
<i>EBITDA rents Barcelona</i>	<i>20</i>	<i>24</i>	<i>(16%)</i>	<i>(4.8%)</i>

The Madrid portfolio slightly exceeded the previous year at +0.3% like-for-like.

Gross Asset Value of €12,017m +2% like-for-like in the first half of 2021 (+3% like-for-like year-on-year)

The gross asset value of the Colonial Group at the close of the first half of 2021 amounted to €12,017m (€12,655m including transfer costs), showing an increase of +3% like-for-like compared to the previous year. The growth registered in the first half of 2021 corresponds to +2% like-for-like.

Including the impact of the disposals registered in the first half of 2021, the asset value has remained stable.



In Paris, the value of the portfolio increased +5% like-for-like year-on-year (+2% in 6 months), based on the resilience of the prime portfolio in Paris and the progress in the project pipeline.

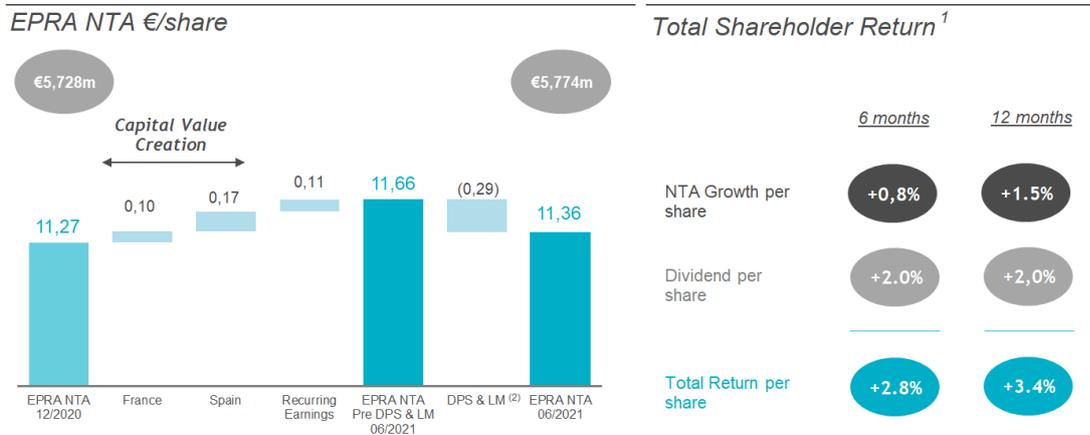
In Spain, the office portfolio increased +2% year-on-year. Of special mention is the increase in value of the portfolio in the first half of 2021, with +4% like-for-like in Barcelona and +3% like-for-like in Madrid. These increases are based on the strong positioning of the portfolio of assets in the city centre and CBD, together with the successful delivery and management of projects.

The first half results set the Colonial Group return to growth with a solid revaluation of its prime assets and like-for-like EBITDA growth

Colonial closed the first half with a **Net Tangible Assets (NTA) of €5,774m**, corresponding to €11.36/share. This figure sets the Colonial Group’s return to growth and reflects the growing polarization of the investment and rental markets towards top quality prime assets, versus secondary assets.

This increase of NTA was based on an significant value creation, both in Paris and Spain, which saw an increase of €0.27/share and a recurring result of €0.11/share, increasing the NTA previous to the payment of dividends and the Liability Management up to €11.66/share (+3.5% vs 12/20 and + 4.1% year-on-year). The NTA in June 2021 was €11.36/share, +1.5% year-on-year once the paid dividend and the Liability Management were deducted.

Including the dividend approved at the Annual General Shareholders Meeting on 30 June 2021, which amounted to €0.22/share (+10% vs the dividend paid the previous year), the Total Shareholder Return amounted to +2.8% in 6 months.



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

(2) Paid dividends, Liability Management, and other impacts

Among the main aspects that explain the growth of the NTA, it is important to highlight:

1. Positive like-for-like growth in the first half of 2021, for the entire portfolio of the Group
2. Successful management of the project portfolio with high levels of pre-letting
3. Resilient execution of the contract portfolio, exceeding ERV's of the previous year
4. A favorable situation in the investment markets for prime assets, enabling disposals with a double-digit premium on GAV.

Resilient operating fundamentals

1. Increase in take-up levels compared to the previous year

At the **close of the first half of 2021**, the Colonial Group had signed 57 rental contracts in the office portfolio corresponding to **59,784 sqm**. This level of activity **exceeded the letting volume of the previous year by +42%**.

If we take into consideration the prices of signed rents, **the volume of annualized rents of the contracts signed in the first 6 months of the year amounted to €28m, an increase of +71%** compared to the volume of rents signed in the same period of the previous year.

LETTING ACTIVITY REMAINS SOLID IN 1H 2021



2. Solid increases in signed rental prices

In the second quarter of the year, the Colonial Group signed high rental prices, continuing with the solid activity reported in the first quarter of the year.

The maximum rents signed in the portfolio of the Group reached **€930/sqm/year in Paris**, as well as **€35/sqm/month in Madrid** and **€28/sqm/month in Barcelona**. With these price levels, Colonial's portfolio clearly sets the benchmark for prime in each of the markets in which it operates.

Strong price increases	Surface sqm	Intensity ³ KgCO2e/ sqm	Maximum rent signed	Release Spread ¹			Rental growth vs ERV ²		
				1Q 2021	2Q 2021	TOTAL	1Q 2021	2Q 2021	TOTAL
Barcelona	24,646	3	28 €/sqm/ month	+21%	+33%	+25%	+0,5%	+4%	+2%
Madrid	17,825	4	35 €/sqm/ month	+18%	+2%	+9%	+3%	+10%	+6%
Paris	17,313	7	930 €/sqm/ year	+7%	+1%	+1%	+11%	+7%	+8%
TOTAL OFFICES	59,784	5		+20%	+8%	+14%	+3%	+7%	+6%

(1) Signed rents on renewals vs previous rents

(2) Signed rents vs ERVs at 31/12/2020

(3) GHG SCOPE 1+2 (Intensity KgCO2e/m2)

Capturing rental prices above market rents as of 12/20

Compared with the market rent (ERV) as of December 2020, signed rents **increased by +6% in the first half of the year**.

Highlighted is the **Paris portfolio**, where the rents increased by **+8% versus market rents**. In Spain, in the **Madrid portfolio**, the rents increased **+6% vs. the market rents (+10% in the second quarter)**, and in **Barcelona**, the prices were signed at **+2% higher than the market rent (+4% in the second quarter)**.

Double-digit increases in release spreads

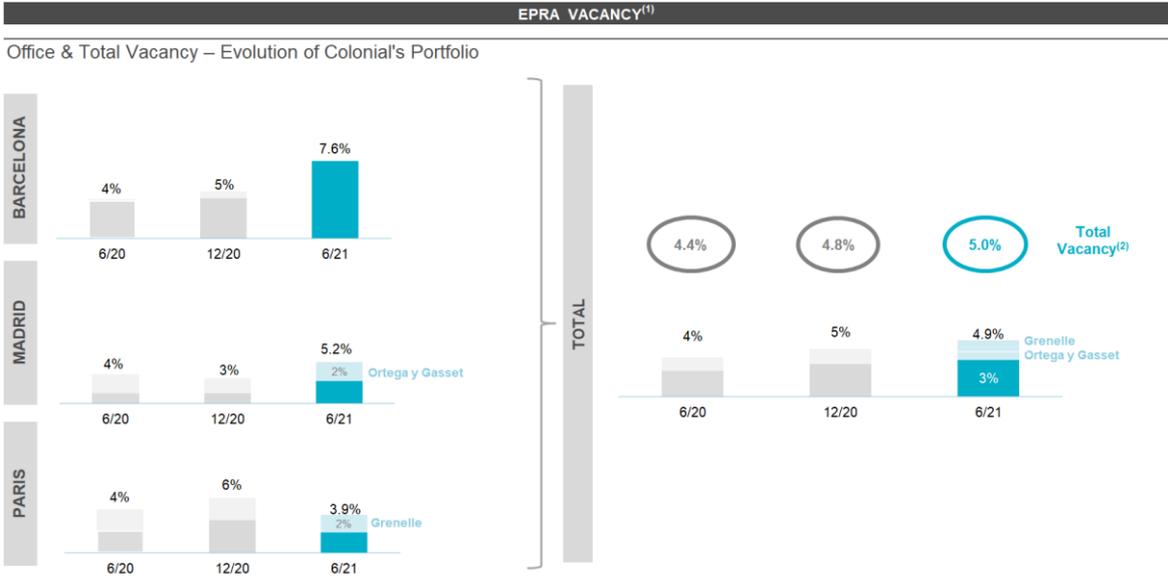
The **release spreads (signed rental prices vs. previous rents) signed in the first half of the year** have reached a **high double-digit level of +14%**. These ratios highlight the reversionary potential of Colonial's contract portfolio with significant improvement gap on current passing rents. Worth mentioning is the high **release spread in the Barcelona portfolio of +25%**, as well as the solid increase in **Madrid of +9%**.

Colonial's portfolio is able to attract maximum rents given the prime location, high quality and efficiency levels of the assets and lowest carbon footprint ratios in the market. Specifically, the average carbon emission intensity of the assets that were signed in the first months of the year reached 5 kgCoe2/m² (carbon intensity in Scopes 1 & 2), one of the most eco-efficient of the sector in Europe.

3. Occupancy stability in the portfolio

The **total vacancy of the Colonial Group** at the close of the first half of 2021 **stood at 5%**, in line with the last reported quarter and the close of 2020. The improvement in vacancy in the Paris portfolio compensated for the temporary increase in vacancy in Barcelona and Madrid, due to the entry into operation of repositioned surfaces and tenant rotation.

The financial vacancy of the Colonial Group’s portfolio is shown as follows:



(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 logistics

The **Barcelona office portfolio** has a vacancy rate of 7.6%, a rate higher than that reported in the last quarter as well as at the close of 2020. This increase is mainly due to tenant rotation in various assets, such as the Sant Cugat, Diagonal 609, and Vía Augusta 21-23 assets.

In the **office portfolio in Madrid** the vacancy rate was 5.2%, a rate that has increased this semester, mainly due to the entry into operation of the Ortega y Gasset 100 asset. Excluding this asset, the vacancy rate of the Madrid portfolio is 2.8%.

The **office portfolio in Paris** has a **vacancy rate of 3.9%**, which has decreased this semester, mainly due to the new contracts signed on the Edouard VII and Washington Plaza assets. A significant part of the vacancy of the Paris portfolio is due to the entry into operation of completed refurbishments on the Grenelle 103 asset.

The new delivered areas offer potential cash flow from additional rents, given that they represent a top-quality offer in the centre of Paris, currently scarce in the market. **Excluding the Grenelle asset, the vacancy rate in Paris is 2%.**

Active management of the portfolio – “reloading” future growth

1. Alpha VI Project – €1,000m increased exposure in Paris CBD

In the first half of 2021, the Colonial Group has approved to enhance its stake in its Paris subsidiary SFL listed on Euronext Paris through the acquisition jointly¹ of Colonial and SFL of the 12.9% stake held in SFL by Predica and the launch of a voluntary mixed tender offer on the remaining 5% held by minority shareholders of SFL

This transaction enables Colonial to increase its stake in the share capital of SFL from 81.7% to a minimum of 94%, including the possibility of acquiring the total SFL capital through a mixed IPO. Colonial will not use the procedure of a forced sale after the completion of the IPO and consequently, the SFL shares will continue to be listed on the Euronext Paris.

The transaction consolidates Colonial’s leadership in the prime office sector in Europe reinforcing its positioning in the French market, the largest European office market.

2. Completion of the 2020 disposal program

In 2020, the Colonial Group completed the disposal program for a total of €617m of mature and non-strategic assets with a double-digit premium on the appraisal value. These disposals include the disposal of 5 mature and/or secondary office assets in Paris, Madrid and Barcelona, as well as non-strategic assets for logistics and commercial use.

A part of this disposal program was registered at the beginning of the first quarter of 2021 amounting to €284m. In particular, two disposals were registered in Paris on mature core assets, 112 Wagram and 9 Percier, with a premium of +16% over valuation and a capital value of €20,000/sqm. These transactions show the investors’ appetite for the Paris market.

In addition, Colonial signed the sale of the retail asset Les Gavarres in Tarragona, coming from the Axiare acquisition.

3. Acceleration of the renovation program for future growth

The Colonial Group currently has **a renovation program on 9 different assets to be repositioned, 4 in Paris, 3 in Barcelona and 2 in Madrid.**

The renovation program covers more than 105,000 sqm in different assets of the portfolio distributed in Barcelona (53,000 sqm), Madrid (25,000 sqm) and Paris (28,000 sqm) with an investment of around €60m in Capex over a period of approximately 36 months, of which €22m have been executed to date.

A solid capital structure

I. A strong balance sheet

At the close of the first quarter of 2021, **the Colonial Group had a solid balance sheet with an LTV of 34.6%, 198 bps lower than the same period of the previous year.**

The liquidity of the Group amounted to €2,438m, between cash and undrawn credit lines. This liquidity enables the Group to assure its financing needs in the coming years.

After a year affected by the exceptional conditions derived from COVID-19, Colonial continues to have a solid financial profile that has enabled the Group to maintain its credit rating by Standard & Poor's of BBB+, the highest in the Spanish real estate sector.

In April 2021, Standard & Poor's reviewed Colonial's credit rating, maintaining the same level as prior to the COVID-19 crisis.

II. Liability Management

In the first half of 2021, the Colonial Group carried out a bond issuance, listed on the Spanish market, amounting €500m which was later extended up to €625m. **The issue has a maturity of 8 years with a coupon of 0.75%, the lowest in the history of the Group.** The markets have widely backed Colonial's issuance, to the point that the demand exceeded almost three times the issuance volume. The issue was supported by the main international institutional investors, also invested in previous issues, which have once again showed their support of the Company.

In parallel, Colonial announced the execution of the buy-back option of the €306m of its remaining bonds maturing in 2023 which accrued an annual coupon of 2.728%. At the close of June 2021, the buyback for a total of €69m was formalized, leaving the amount of €237m pending, which at the date of publication of these results, has already been fully acquired. Additionally, Colonial launched a buyback offer for its bonds maturing in 2024 and a coupon of 1.45%, of which €306m have been repurchased

These debt refinancing operations allowed the average maturity of the Group's debt to be extended to 5.3 years, and also enabled the optimization of the financial cost.

Strategic Prime positioning to maximize value creation

Colonial's strength is based on its strategic prime positioning in offices in the CBD with clients of recognized solvency, and a solid balance sheet of the Group.

The main strengths of the Colonial Group are the following:

A. Pan-European leadership in Grade A offices in the city centre (CBD)

Main owner of top-quality assets in **central locations with 77% of its portfolio in CBD areas** in each of the markets Colonial operates in. An adequate international diversification with a **61% exposure in Paris**, one of the most defensive office markets globally.

B. A strong prime positioning with a top-quality client portfolio which provides an attractive combination of 1) rents at the high end of the market with 2) high loyalty levels and solid maturity profiles.

The contract portfolio of the Colonial Group had a positive “reversionary buffer” in this year, given that the current rents of the portfolio are still below the current market rents. Likewise, to date, the Group has captured high reversion rates with a release spread¹ of +14% at the close of the first half of 2021

C. Excellence in ESG

The Colonial Group pursues a clear leadership in ESG, being a fundamental element of its strategy, prioritizing sustainable long-term returns, based on a business model of high-quality products. Accordingly, the Colonial Group's Corporate Strategy has a central focus on maximum excellence in the fields of governance, social aspects and sustainable investment.

D. An attractive project pipeline located in the best areas of Paris, Madrid, and Barcelona, with significant pre-letting.

Project	City	% Group	Delivery	GLA ¹ (sqm)	Total Cost €m	Yield on Cost
1 Diagonal 525	Barcelona CBD	100%	Delivered	5,706	41	≈ 5%
2 Miguel Angel 23	Madrid CBD	100%	2H 21	8,204	66	5- 6%
3 83 Marceau	Paris CBD	82%	2H 21	9,600	154	5.5- 6.0%
4 Velazquez 88	Madrid CBD	100%	2H 21	16,164	116	6- 7%
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5 Biome	Paris City Center	82%	2H 22	24,500	283	≈ 5%
6 Plaza Europa 34	Barcelona	50%	2H 22	14,306	42	≈ 7%
7 Sagasta 27	Madrid CBD	100%	2H 22	4,896	23	6- 7%
8 Mendez Alvaro Campus	Madrid CBD South	100%	2023	89,872	323	7- 8%
9 Louvré SaintHonoré	 Paris CBD	82%	2024	16,000	215	7- 8%
TOTAL PIPELINE				189,248	1,264	6- 7%

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

Colonial's project portfolio is totally located in the city centres of Barcelona, Madrid and Paris. More than 50% of the value corresponds to 3 big projects in Paris and Campus Méndez Álvaro, which is a mix of office and residential use in the south of the Madrid CBD.

E. A renovation program of more than 105,000 sqm with significant reversionary potential in rents and value

The Colonial Group currently has a renovation program on 9 different assets to be repositioned, 4 in Paris, 3 in Barcelona and 2 in Madrid.

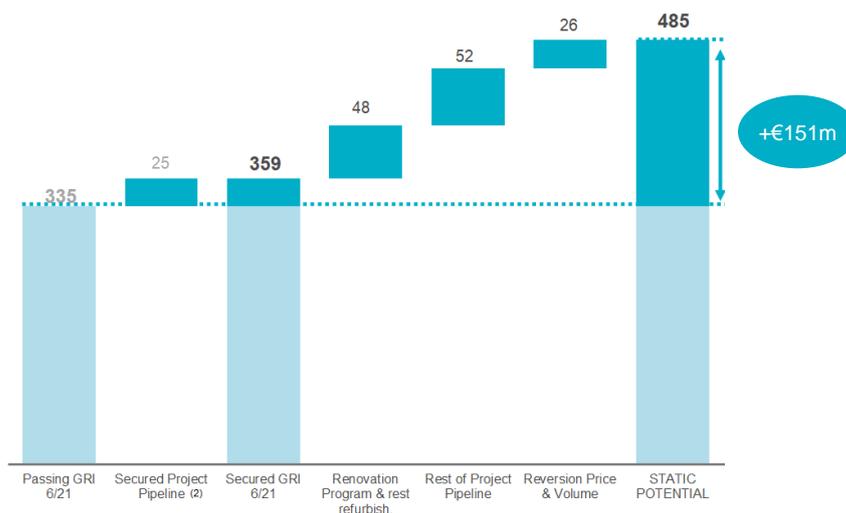
The reversionary potential is at more than €30m of additional rental income. Likewise, a significant value creation is expected once the assets are repositioned.

F. High growth potential and value creation

The portfolio offers significant potential for cash flow growth through its prime positioning, future rents from the project portfolio and the renovation program.

The asset portfolio has the potential to reach annual income (passing rents) of €485m, resulting in an increase of +45% (+€151m) related to the annualized cash flow from the rental income as of 30 June 2021.

Passing Rents⁽¹⁾ & Reversionary Potential as of 30/6/21- €m



(1) "Topped-Up" Passing rents at 30/6/21 excluding future growth and indexation

(2) Does not include income from the Diagonal 525 property, a project delivered during 1H 2021 and fully operational. Considering the rents of Diagonal 525 (included in the passing rents to 6/21) of the Project pipeline of projects, they amount €27m

According to Juan José Brugera, Chairman of Colonial: “The first half results set the Colonial Group return to growth with a solid revaluation of its prime assets and like-for-like growth in rents”.

Likewise, Pere Viñolas, Chief Executive Officer of Colonial says: “The Colonial Group offers an attractive value growth potential based on 1) its project pipeline, 2) the renovation program, 3) an attractive CBD contract portfolio with reversionary potential and 4) the additional acquisition of prime assets such as the Alpha VI transaction”.

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



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“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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