Record Net Profit of €827m, + 58% vs last year

Colonial presents the best results in its history:

- Total Shareholder Return of +16%
- Net Asset Value of €11.5/share, +14% vs. previous year
- Asset value of €12,196m, +9% like-for-like
- Gross rental income of €352m, +4% like-for-like
- Recurring earnings of €139m, +38%

Madrid, 27th February 2020

Annual Results 2019

According to Juan José Brugera, Chairman of Colonial: “2019 has been an outstanding year for Colonial, we have achieved the best results in the nearly 75 years of the history of the company”. Likewise, Pere Viñolas, Chief Executive Officer of Colonial says: “these 2019 Results show the successful delivery of the business plan of the Company and the solid fundamentals of the office markets of Madrid, Barcelona and Paris”.

The Colonial Group closed 2019 with a net profit of €827m, an increase of +€302m, up +58% compared to the previous year and with a net recurring profit of €139m, an increase of +€39m, up +38% compared to the previous year.

<table>
<thead>
<tr>
<th>Results analysis - €m</th>
<th>2019</th>
<th>2018</th>
<th>Var.</th>
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<tr>
<td>Gross Rents</td>
<td>352</td>
<td>347</td>
<td>4% LFL</td>
</tr>
<tr>
<td>Recurring EBITDA</td>
<td>283</td>
<td>280</td>
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<tr>
<td>Recurring financial result</td>
<td>(89)</td>
<td>(101)</td>
<td></td>
</tr>
<tr>
<td>Income tax expense &amp; others - recurring</td>
<td>(15)</td>
<td>(19)</td>
<td></td>
</tr>
<tr>
<td>Minority interests - recurring</td>
<td>(39)</td>
<td>(59)</td>
<td></td>
</tr>
<tr>
<td>Recurring Earnings</td>
<td>139</td>
<td>101</td>
<td>38%</td>
</tr>
<tr>
<td>Asset revaluation &amp; Capital Gains</td>
<td>819</td>
<td>580</td>
<td></td>
</tr>
<tr>
<td>Non-recurring financial result &amp; MTM</td>
<td>(6)</td>
<td>(40)</td>
<td></td>
</tr>
<tr>
<td>Income tax &amp; others - non-recurring</td>
<td>1</td>
<td>(22)</td>
<td></td>
</tr>
<tr>
<td>Minority interests - non-recurring</td>
<td>(126)</td>
<td>(94)</td>
<td></td>
</tr>
<tr>
<td>Profit attributable to the Group</td>
<td>827</td>
<td>525</td>
<td>58%</td>
</tr>
</tbody>
</table>
Annual Results

Total Shareholder Return of +16% based on real estate value creation

Double-digit value creation for shareholders

Colonial closed 2019 with an EPRA Net Asset Value of €11.5/share, in a year-on-year increase of +14%, which, together with the dividend paid of €0.20 per share, led to a Total Shareholder Return of +16%.

In absolute terms, the EPRA NAV amounts to €5,825m.

The outstanding value creation for the shareholders relies on an industrial real estate strategy with a high Alpha returns component. The main aspects are the following:

1. Successful management of the project portfolio: Projects completed as well as the signing of important pre-lettings in the project pipeline and in the renovation program

2. Capturing of important rental growth thanks to excellent fundamentals in the CBD, where Colonial has a unique exposure of 76%

3. A compression of prime office yields, due to an increased demand of the investment market on a framework of decreasing interest rates and scarce supply in CBD

Significant increase in value of the real estate portfolio

The gross asset value of the Colonial Group at the close of 2019 amounted to €12,196m (€12,807m including transfer costs), with a like-for-like increase of +9% compared to the previous year (+5% like-for-like in the second half).
The offices portfolio in **Barcelona**, with an excellent positioning in the CBD and 22@, reached a **like-for-like** growth of **+16% in 2019 (+7% in the second half)** with important growth in all the assets due to a combination of increases in rental prices, the successful delivery of the Pedralbes Centre and Gala Placidia, as well as yield compression.

**Madrid** increased **+6% like-for-like in 2019 (+3% in the second half)**, due to its strong positioning in the City Centre and the CBD in combination with the successful delivery and management of the Discovery, Window and Avenida Bruselas projects in recent months, which have enabled the signing of rental contracts at prices at the high end of the market with top tier clients.

The **Paris portfolio increased +9% like-for-like in 2019 (+5% like-for-like in the second half)** which is underpinned by a high global appeal of the CBD market in Paris in combination with the successful pre-letting of the Louvre St. Honoré project and the Haussmann renovation program.
Significant increase in net recurring profit and net earnings per share

The Colonial Group closed 2019 with a net profit of €827m, an increase of +€302m, up +58% compared to the previous year and with a net recurring profit of €139m, an increase of +€39m, up +38% compared to the previous year.

Net recurring EPS amounted to €27.4cts per share, resulting in an increase of +23% versus the previous year.

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<thead>
<tr>
<th>Profit &amp; Loss Account</th>
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<tr>
<td>Recurring Earnings</td>
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<tr>
<td>Change in fair value of assets &amp; provisions</td>
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<tr>
<td>Non-recurring financial result &amp; MTM</td>
</tr>
<tr>
<td>Income tax &amp; others - non-recurring</td>
</tr>
<tr>
<td>Minority interests - non-recurring</td>
</tr>
<tr>
<td>Profit attributable to the Group</td>
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</table>

The increase in the recurring net profit of +€39m (+38% vs. the previous year) was driven by:

1. An increase in EBITDA of +€11m (+€3m, after the adjustment of the impact of the disposal on non-strategic assets)
2. A reduction in financial costs of €13m
3. A higher attributable profit due to the increase in the SFL stake from 59% up to 82%, (acquired at the end of 2018) which is reflected in the line of minority interests

The disposals of non-strategic assets carried out in 2019 have resulted in an impact of lower rents on the recurring profit of €8m. Consequently, the recurring profit per share, excluding the non-strategic asset sales, would have been €29cts/share, an increase of +30% in comparable terms.

Considering the significant growth in the value of the portfolio in 2019, as well as the capital gain on the disposals and deducting all of the non-recurring impacts, the net attributable results amounted to €827m, up +58% compared to the previous year, equivalent to an increase of +€302m.
Solid revenue growth in Gross Rental Income

Colonial closed 2019 with €352m of Gross Rental Income, up +1% compared to the previous year. The sale of the logistics portfolio and non-core assets reflects the reduction in rent for the disposals carried out.

In like-for-like terms, the rental income from Colonial’s portfolio increased +4% compared to the previous year.

This growth in rental income is based on a significant like-for-like increase across the portfolio in all three markets in which the Colonial Group operates.

This strong like-for-like growth is among the highest in Europe and is mainly due to the capacity of the Colonial Group to capture rental price increases, thanks to its strong positioning in the city center (CBD).

Of note is the Madrid market with an increase of +6% like-for-like.

In terms of the breakdown of the contribution of each of the three markets of the Group’s portfolio, the main aspects to highlight are the following:

1. **Barcelona +2.4% like-for-like**, due to rental price increases across the entire portfolio. Worth highlighting is the increase in rents in the the Avinguda Diagonal 609, Torre BCN, Amigó 11-17, Illacuna and Vía Augusta assets, which are leading the growth in Barcelona.

2. **Madrid +6% like-for-like.** This increase is mainly driven by the market rental review of current prices on the Martínez Villergas, Santa Engracia & Sagasta 31-33 assets, as well as a substantial improvement in occupancy such as in the Egeo & Jose Abascal 56 assets.
3. **Paris +3% like-for-like.** Rental increases rose by €5m. This was due to an increase in prices and new leases, mainly on Cézanne Saint Honoré, Edouard, VII, Washington Plaza and Louvre St. Honoré offices.

Colonial Group rental income was impacted by the disposal of non-strategic assets. These divestments have strengthened the quality of the Group portfolio and correspond to: 1) the of the secondary office portfolio at the end of 2018, 2) the sale of the Centro Norte Hotel and 3) the sale of the logistics portfolio in 2019.

In addition, the rotation of the project portfolio as well as the start of the renovation program in Madrid, resulted in a temporary decrease in rents, specifically due to the start of the projects on the 83 Marceau asset in Paris and the Velázquez and Miguel Ángel 23 assets in Madrid.
Solid operational fundamentals in all segments

Capturing rental price increases

The Colonial Group’s business has performed excellently, with take-up levels moving at a strong pace, achieving levels close to full occupancy. At the close of 2019, the Colonial Group had signed 135 rental contracts on the office portfolio corresponding to 263,301 sqm and annual rents of €93m.

Double digit release spreads:

For the contracts renewed in 2019, the release spread (signed rents vs previous rents) was +14%. Of special mention is the high release spread in the Barcelona portfolio of +31%, as well as a solid increase in Madrid of +9% and in Paris of +7%.

Strong rental growth compared to the market:

Compared with the market rent (ERV) at December 2018, signed rents increased by +6% in 2019. In Barcelona, rents were signed at +9% above market rent 12/18, in the Paris portfolio, the increase in ERVs was +7%, and the Madrid portfolio was up +4%.

In the Madrid portfolio, it is important to highlight that the growth of the rental prices in the Madrid CBD was +6%, a percentage much higher than the +3% of the contracts signed outside the M30.

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

In Spain, in 2019, 207,247sqm were signed across 94 contracts.
In the Madrid portfolio, 142,781 sqm were signed across 53 transactions. The largest transaction relates to the renewal of the entire surface area of Santa Hortensia (more than 40,000 sqm) with a multinational technology company. In addition, there are the renewals of 6,000 sqm on the Ramírez Arellano asset, 5,700 sqm on the Josefa Valcarcel 24 asset, José Abascal and Tucumán, as well as 5,200 sqm on the Alfonso XII asset.

In terms of new contracts, noteworthy is the signing in April 2019 of 100% of the project delivered at Avenida Bruselas 38 for the headquarters of MasMovil, an IBEX35 technology company. In addition, there is the signing of 8,700 sqm on the Josefa Valcarcel 40 building with a leading communication group in Spain, a deal that will result in 100% occupancy of the asset. Also noteworthy are the signing of almost 9,000 sqm on the Virto building with various tenants, as well as the signing of more than 7,600 sqm on the new project in Castellana 163 (a surface area signed with various tenants).

In the Barcelona office portfolio, 64,466 sqm were signed across 41 transactions. Among the highlights is the pre-letting of the entire Diagonal 525 project, which will house the new headquarters of a prestigious company in the electric and gas industry. Also worth noting is the signing of 6,700 sqm on the Torre Marenostrum asset, as well as the signing of 4,300 sqm on the recently delivered Gala Placidia project.

In terms of renewals, worth mentioning is the renewal of 11,800 sqm on the Diagonal 197 asset and the 5,200 sqm on Paseo de los Tilos, both contracts with prestigious solvent clients. With respect to the signing of new contracts, highlighted are the 4,000 sqm on the Sant Cugat building, 2,400 sqm on the Diagonal 682 building and 2,400 sqm on the Berlín/Numancia building.

In the Paris portfolio, 56,054 sqm were signed across 41 transactions. Of special mention is the renewal of 2,700 sqm of office space in the Louvre Saint Honoré building. In terms of new leases, worth noting is the signing of 20,000 sqm with the Cartier Foundation with a 20-year minimum fixed term. In addition, there is the signing of 3,500 sqm on the Edouard VII building, the signing of almost 12,000 sqm on the 106 Haussmann building, as well as signing of 4,800 sqm on 103 Grenelle, among others.

**Solid occupancy levels**

The total vacancy of the Colonial Group’s portfolio (including all uses: offices, retail and logistics) stood at levels of 2.7% at the close 2019.

The financial vacancy of the Colonial Group’s portfolio is shown as follows:
Noteworthy is the office portfolio in Paris, with a vacancy rate of 1.6%.

The Barcelona office portfolio has a vacancy rate of 2%, a ratio that remains at very low levels, in line with the high quality of the portfolio. The variation compared to the previous quarter is mainly due to the rotation of tenants within the portfolio, freeing up top quality spaces and facilitating future income reversion.

The office portfolio in Madrid has a vacancy rate of 4.3%, improving by +619bps compared to December 2018 and by +307bps compared to the third quarter of 2019. The main new leases signed were on assets such as José Abascal 56, Ramirez Arellano 15, Alfonso XII, Avenida Bruselas 38 & Francisca Delgado 11, among others. The 4% vacancy rate is concentrated mainly on portfolio assets coming from Axiare. In particular, the recently delivered Ribera de Loira project, as well as the Francisca Delgado 11 and Josefa Valcárcel 40bis assets are highlighted.

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(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

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Successful delivery of projects – “real estate transformation”

Project Pipeline

During 2019, the Colonial Group successfully delivered 3 large projects: Gala Placidia and Pedralbes Centre in Barcelona and Avenida de Bruselas 38 in Madrid, comprising the three benchmark buildings in their area.

**Gala Placidia** is an asset located in the Barcelona CBD, acquired under the framework of the Alpha III project at the beginning of 2018, which has been completely refurbished with the aim of maximizing coworking initiatives. The asset, which is managed by Utopicus, a company of the Colonial Group dedicated to the management of flexible spaces, has attracted different international companies looking for flexibility in spaces in a CBD location, as well as the community offering and Utopicus services.

**Pedralbes Centre** was the other large project delivered in Barcelona during 2019. This project has enabled 1) the active space to be reorganized, increasing the GLA by +27%, 2) management costs to be optimized and 3) large commercial units to be chosen. This new approach attracted the interest of different top tier tenants, with UNIQLO, a global fashion company, deciding to pre-let the main space at a very attractive rental price.

In Madrid, the **Avenida Bruselas 38** asset was delivered, which is a project initiated by Axiare and executed by Colonial. This is a unique, top quality office building, with one of the best micro-locations in the sub-market of Arroyo de la Vega, and has led to the signing of a 7-year contract of mandatory compliance for the headquarters of a top tier technology company, resulting in 100% occupancy.

The delivery of these projects has provided significant value creation for Colonial's shareholders.

Regarding the progress of the projects, a commercial space of 16,000 sqm is being developed in Louvre Saint Honoré. In 2019, two important milestones were reached for the project: 1) a pre-let agreement was signed with the Richemont Group with very favorable terms and 2) the work permit was received and the project is now in the execution phase, therefore work will commence during the first half of 2020.
**Renovation Program**

The Colonial Group counts on a renovation program accelerating client rotations in the spaces to reposition them in the market and capture the maximum rents. The current program has 3 assets in Spain and 2 in France, of which worth noting is the next delivery in France:

The Haussmann 106 building with 12,000 sqm of offices in the center of Paris is already let to WeWork with a turnkey contract for a 12-year period, in effect as of 6 January 2020. This renovation has enabled an increase in the density of the occupancy and an improvement in the image of the building, key factors that have allowed for the capture of maximum market rental prices.
Active portfolio management

Completion of the Axiare integration

In 2018, a quick and efficient takeover bid was carried out on Axiare, S.A, which completed with a merger in June 2018.

In 2019, Colonial finalized the integration of this Company: (i) in June 2019 the registered goodwill was fully absorbed just one year after the merger and (ii) in August 2019, Colonial signed an agreement for the sale of 18 logistics assets, managing to successfully dispose of these non-strategic assets.

With the sale of the logistics package, Colonial has completed the integration of Axiare, consolidating its leadership in prime offices in Spain and Europe through the creation of a strong growth platform with unique exposure to the CBD in Europe.

Disposals of non-strategic assets

During 2019, Colonial signed an agreement for the sale of 18 logistics assets with a total surface area of 473,000 sqm. At the close of the year, the disposals of 11 facilities materialized immediately, totaling 314,000 sqm. Regarding the rest of the logistics assets, Colonial expects the buyer to exercise the call option on them in the first half of 2020.

In addition, during the first quarter of 2019 the disposal of the Centro Norte Hotel with a GLA of more than 8,000 sqm was executed, as well as the sale of the Parc Central plot in the last quarter of the year.

Consequently, Colonial closed the year with disposals for €477m which has enabled 1) the optimization of the business mix, further increasing the focus on offices, which has reached 94% in terms of asset value, as well as 2) an improvement in the quality of returns with a concentration in prime offices.

(1) Disposal volume including the 2019 sale of the logistics portfolio, the Centro Norte Hotel, the Parc Central plot of land, as well as the potential exercise of the option on the rest of the logistics portfolio in 2020.
Acquisition Program

In October 2019, Colonial announced that it was analysing a pipeline of acquisitions of €1,000m, of which, at the date of this report, €115m have been executed. These investments, together with the acquisition of the 45% of Torre Marenostrum in the first half of 2019, show that the Colonial Group continues executing its acquisition program, investing more than €160m in prime assets in 2019.

1) Torre Marenostrum – Barcelona 22@: At the beginning of 2019, an acquisition was carried out for the remaining 45% of Torre Marenostrum for €45m (representing a discount of 13% over NAV). Full ownership of this unique building located in the 22@ market in Barcelona, a few metres from the beach, has enabled the implementation of a renovation program, creating a “hybrid” complex which integrates an offer of traditional prime offices with more than 3,000 sqm of flexible spaces managed by Utopicus. This renovation and redistribution of space is enabling Colonial to capture important reversionary potential for reformed spaces which are already let (>7,000 sqm).

2) Parc Glories II – Barcelona 22@: In the fourth quarter of 2019, the Colonial Group acquired the Parc Glories II, for an acquisition price of €101m. The building is located in Glories, the best area of the 22@ district in Barcelona, considered to be the new technological CBD of the city. The building has a surface area of 17,860 sqm of offices and stands out architecturally due to its very design-efficient floor plan with more than 2,500 sqm, highly sought after in the market. Parc Glories II is 100% let to a German multinational with a short-term contract and current prices 40% below market rents. This situation highlights the high value creation potential, considering a light capex investment, once the current rents revert to market prices.

3) Recoletos 27 – CBD Madrid: In the fourth quarter of 2019 and during the start of 2020, 2,000 sqm of offices were 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. The investment includes a partial renovation for a subsequent letting at maximum rental prices in the prime district of Madrid.
Leadership in ESG

Colonial pursues a clear leadership in ESG, being a fundamental element of its strategy, prioritizing a sustainable long-term return, based on a business model of high-quality products.

Colonial’s Corporate Strategy is based on pursuing the maximum excellence in the fields of governance, social aspects and sustainable investment.

1. The Colonial Group has increased its GRESB scoring by +26% with very high scores in the areas of Monitoring-EMS, Management & Risk-Opportunities. Likewise, it is important to mention that the Colonial Group’s French subsidiary has received the second best GRESB rating in the offices sector in all of Europe.
2. MSCI, main benchmark for listed companies, has rated Colonial with AA on its ESG rating, one of the highest ratings internationally, in particular due to its very high standards in Corporate Governance.
3. Colonial has obtained the EPRA Gold sBPR rating for the fourth consecutive year, which certifies the highest reporting standards in ESG.
4. Worth highlighting is that Colonial has become part of the ESG Ethibel Sustainability Excellence Europe index, managed by Vigeo Eiris, a clear reference in the financial sector. This index is made up of a group of European companies that show the best performance in the area of corporate social responsibility.
5. In relation to energy efficiency, BREAAM/GRESB recognized Colonial as the number one responsible investor in Europe for having an operational portfolio at that date, where 91% of the assets have maximum energy certificates

Currently 92% of the office portfolio has LEED and BREEAM energy certificates. In particular, €2,011m of the assets have LEED ratings and €9,008m of the assets have BREEAM ratings. This level of certification is above the sector average.

(1) Office portfolio in operation
The Colonial Group is clearly committed with climate change and in proof of this, of special mention are the two new certificates that the BIOME building in Paris will receive:

1. The BiodiverCity Excellence stamp which highlights the significant effort that has been made in the revegetation of the place.
2. The asset will be one of the first buildings in France to obtain the BBCA renovation label (Low Carbon Building) as a result of the efforts made in terms of greenhouse effect gas emissions.

Colonial's leadership in ESG has enabled Colonial to be the first real state company in Spain to sign sustainable loans, formalizing two ESG compliant loans for a total volume of €151m, with ING and CaixaBank.
Digital Strategy and Co-working

At the end of 2017, Colonial acquired Utopicus, a startup founded in 2010, pioneer in the coworking sector in Spain. Since then, Colonial has driven the growth and launched different initiatives to convert Utopicus into one of the leading operators of the sector, with 14 centres under management and approximately 40,000 sqm of surface area.

During 2019, Utopicus focused its efforts in two large areas: firstly, in offering innovative content and services from the Colonial Group and secondly, in expanding its presence in Spain through the properties of the Colonial Group, offering a complementary service through accessible spaces to all corporate clients.

Accordingly, in 2018, a new concept for office buildings was launched, taking advantage of the delivery of the new offices project carried out by Colonial, the “Window”. This property combines a center of Utopicus of 4,000 sqm with traditional office space. The result obtained was a success, increasing the occupancy of the building with rents higher than expected, and positioning Window as the benchmark for companies in the Fintech sector in the city of Madrid.

Throughout 2019, Colonial replicated this “hybrid” building concept in other properties of the Group and six buildings already had flexible office spaces. In particular, of special note is the center opened in the Parc Glories building, located in the best area of the 22@ district in Barcelona. The space provides a combination of flexible uses with traditional office space and has more than 2,000 sqm of surface area for 195 workstations.

Likewise, Colonial has developed an application that, together with the prior “sensorization” of the property, will lead to an improvement in the efficiency and energy consumption of the spaces. The application measures different aspects of a building, such as the heating, air quality, lighting intensity and energy consumption, among others, always looking to increase the comfort and well-being of the Colonial Group’s clients. At the close of 2019, the system had already been implemented in six of Colonial’s buildings in Madrid, with the future aim of implementing it in the rest of the portfolio.
A solid capital structure

A strong balance sheet

At 31 December 2019, the Colonial Group had a solid balance sheet with a LTV of 36% (an improvement of 315 bps compared to the end of the previous year) with a Standard & Poor’s rating of BBB+, the highest rating in the Spanish Real Estate sector.

The liquidity of the Group at the close of 2019 amounts to €2,082m. In terms of debt maturity, it is particularly noteworthy that 79% of the Group’s debt will mature from 2023 onwards.

2019 was marked by the completion of the restructuring of the pending debt coming from Axiare, cancelling various bilateral loans amounting to €162m and refinancing two bilateral loans in the amount of €151m, improving margins and cancelling mortgage securities. The refinanced loans are sustainable loans as their margin will vary according to the rating that Colonial obtains with respect to ESG from the sustainability agency GRESB.

As for SFL, it has restructured a syndicate loan of €390m that has resulted in an improvement both in terms of margins as well as maturity. SFL also carried out short-term note issues throughout the year with existing issuances at the end of the year amounting to €387m.

Solid share price performance

At the end of 2019, Colonial’s shares closed with a revaluation of +40%, outperforming the EPRA & IBEX35 benchmark indices.

The share price performance reflects the support of capital markets for the successful execution of the Colonial Group’s growth strategy. Colonial’s share price trading stands out compared to its peers as one of the securities that is trading the closest to its fundamental value.

At the beginning of 2020, key analysts in the real estate sector such as Goldman Sachs, Morgan Stanley, Bank of America and JP Morgan have updated their recommendation and target prices on Colonial, up to a range between €13 and €13.5 per share.
Growth drivers

The Colonial Group has an attractive growth profile, based on its strategy of industrial value creation with a high Alpha component in returns. In particular, the value creation is based on the following value drivers:

A. Clear leadership in prime offices
Colonial has a high-quality product with an unparalleled exposure to city center locations in Europe with 76% of the portfolio in CBD.

B. An attractive project pipeline: A portfolio of 10 projects corresponding to more than 200,000 sqm to create prime products that offer strong returns and therefore, future value creation with solid fundamentals.

At present, several projects (specifically Castellana 163, Diagonal 525 and Louvre SaintHonoré) already have pre-let agreements in favorable terms, significantly increasing the visibility of future cash flow and value creation.

C. A strong prime positioning with an asset portfolio to capitalize on the cycle
Once again, 2019 has shown the capacity of the Colonial Group’s contract portfolio to capture maximum market rents and obtain significant rental price increases with double-digit release spreads. In the next 24 months, 66% of the contracts in Madrid and Barcelona and 25% of the contracts in Paris will mature, generating an attractive reversionary potential to capture rental price increases.

Renovation Program
The Colonial Group counts on a renovation program that is accelerating tenant rotation in the corresponding spaces to maximize growth in rental prices. This renovation program is mainly focused on the adaptation of common areas and updating facilities, with limited investment.
The renovation program currently includes the Cedro and Ortega & Gasset buildings in Madrid, the Torre Marenosstrum asset in the 22@ technological district in Barcelona and 176 Charles de Gaulle, located in the growing market of Neuilly in Paris.

D. **Solid investment markets:** the direct investment markets maintain high interest in prime products. In this respect, Colonial’s portfolio offers interesting spreads compared to the benchmark reference rates.

E. **Financial discipline in the acquisition and disposal program:** Over recent years, Colonial has successfully delivered the organic acquisition targets announced to the capital markets: asset acquisitions, prioritising off-market transactions and identifying properties with value-added potential in market segments with solid fundamentals.

Since 2015, the Colonial Group has carried out significant investments and disposals. In 2019, the acquisition program has identified and carried out investments for €160m. At the same time, non-strategic product was disposed of for €477m above valuation to optimize the quality of the portfolio returns.

In 2020, Colonial expects to continue with a selective rotation of non-strategic and/or mature assets and at the same time to carry out new acquisitions.
Potential cash flow and future value

The asset portfolio of the Colonial Group (excluding the logistics portfolio to be disposed in 2020) has the potential to reach an annual income (passing rents) of €509m, resulting in an increase of +40% (+€146m) with respect to the current cash flow.

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 sq m of GLA and assets under management with a value of more than €12bn.

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

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