

Recognition of Colonial's solid fundamentals and resilience capacity  
in light of the effects of COVID-19

## Colonial maintains its credit ratings versus the downward revision of the sector

- With an S&P rating of BBB+ and Moody's rating of Baa2, Colonial is consolidated as the Spanish real estate company with the best rating in history
- The good fundamentals of the Company together with a higher resilience to the effects of COVID-19 in the prime offices sector, compared to what is happening in the retail and hotel segments, are key to Colonial's preservation of the rating.
- Colonial increases its good liquidity with a new "sustainable loan" of €200m and reinforces its commitment to ESG policies
- The consensus of analysts following the company remains mainly favourable

**Madrid, 4 May 2020**

S&P and Moody's maintain Colonial's credit rating and stable outlook, which is consolidated as the highest rating in the Spanish real estate sector and one of the best in Europe. The reports issued by both rating agencies directly address the possible effect of COVID-19 on the future evolution of the company. In both cases, Colonial's solid fundamentals and resilience capacity with regards to the effects of the pandemic are highlighted.

### **S&P maintains its BBB+ rating**

In the case of S&P, the agency maintains the rating of BBB+. The stable outlook, which accompanies the rating and is consolidated in the COVID-19 environment, reflects the opinion of S&P Global Ratings that Colonial will withstand the effects of the pandemic *"backed by the high quality of its portfolio, mainly in the CBD of Paris, Madrid and Barcelona, its robust client base and the company's good liquidity"*, as explained in its report. S&P also notes that the economic impact of COVID-19 will be lower in the offices market than in other sectors such as retail or hospitality, a factor that will benefit Colonial, which is solely focused on the offices market. The agency forecasts stable growth of the company over the coming 2 to 3 years, thanks to its current portfolio of projects in progress, some of which are already pre-let.

### **Moody's maintains its Baa2 rating**

Moody's, in turn, maintains Colonial's rating of Baa2 with a stable outlook which it granted in 2019. The rating is mainly based on Colonial's leadership position in the prime offices market in France and Spain, its solid client base and the high occupancy rates of its portfolio, the deleveraging to 38.9% at 31 December 2019 and the strong liquidity of Colonial. *"The stable outlook reflects the expectations of Moody's that the company (Colonial) will continue to maintain high levels of occupancy and stable rents despite the current recession caused by the coronavirus"*, explains Moody's in its report.

Colonial's preservation of the rating is in contrast to the downward revisions of the majority of industry players in the European sector which are seeing a reduction in their perspectives or even their ratings.

## Colonial accesses the bank financing market with an ESG loan of €200m

Colonial, with €1,900m of cash and undrawn credit lines as of 31/03/2020 increases its liquidity with a new sustainable loan of €200m, reinforcing its strong commitment to sustainability. The new loan with a corporate guarantee matures in 2022. Its *Club Deal* format includes the following benchmark institutions, both national and international: BBVA, BNP Paribas, CaixaBank and Natixis. CaixaBank has acted as the Agent Bank and Sustainability Agent.

The loan has a sustainable loan condition as its margin is linked to the rating obtained by Colonial from the GRESB agency, which recognizes the positive impact of the sustainability strategy of the company.

This new loan is in addition to the bilateral sustainable loans signed during the last financial year with CaixaBank and ING, and it reinforces the message of the Colonial Group's commitment to ESG.

### Favourable consensus of analysts

Since the beginning of the pandemic, the consensus of the analysts that follow Colonial remains mainly at a buy recommendation, as reflected in the table below:

Analyst	Recommendation	Date
 Goldman Sachs	Buy	03/04/2020
J.P.Morgan CAZENOVE	BUY	30/04/2020
Morgan Stanley	BUY	25/03/2020
 BofA SECURITIES	Neutral	25/03/2020
 Green Street Advisors	Hold	02/05/2020
 KEMPEN & CO <small>Merchant Bank</small>	BUY	25/03/2020
 Kepler Cheuvreux	BUY	31/03/2020
 BARCLAYS	SELL	15/04/2020
 ODDO BHF <small>CORPORATES &amp; MARKETS</small>	BUY	24/03/2020
 ALANTRA <small>Equities</small>	Neutral	17/04/2020
 JBCapitalMarkets	BUY	25/03/2020
 Santander	BUY	25/03/2020
Analysts Consensus	BUY	

### 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.



2019



"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](http://www.inmocolonial.com)."

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