

## Net Profit of €184m, +€179m vs. the previous year

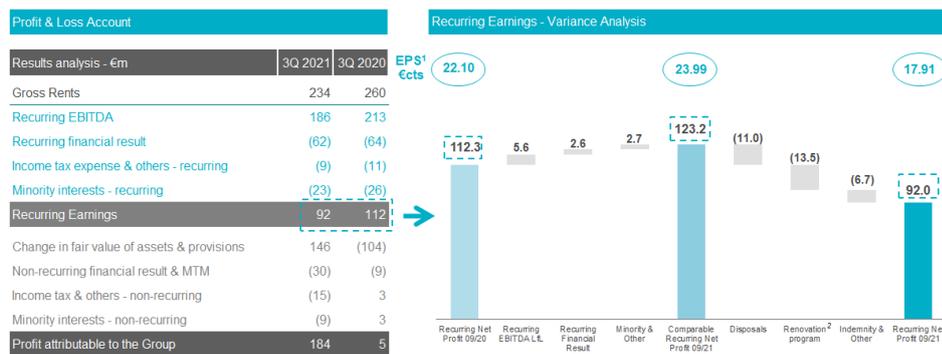
### Signed contracts for more than 117.000 sqm, +71% vs. the previous year

- Net profit of €184m, +€179m vs. the previous year
- Comparable recurring EPS of €23.99cts/share, up +9% compared to the previous year
- Gross Rental Income of €234m, +2% like-for-like
- Net Rental Income of €219m, +2.5% like-for-like (+5% like for like in Paris)
- Strong increase in letting activity, +71% vs. the previous year
- Resilient occupancy levels of 93.4%
- Strong growth in signed rents, +7% release spread
- Liability Management of more than €1.0bn, setting the cost of debt below 1.5%
- LTV of 36.6% with a liquidity of €2,020m

Madrid, 17th November 2021

### Third quarter results 2021

The Colonial Group closed the third quarter of 2021 with a Net Profit of €184m, up +€179m compared to the same period of the previous year.



<sup>1)</sup> Recurring earnings per share  
<sup>2)</sup> Tenant rotation renovation program

### Comparable Recurring Net Profit higher than the previous year, driven by Paris

The recurring net profit of €92m, a figure lower than that of the third quarter of the previous year, reflects the impact of the disposals and the acceleration in the renovation program. Excluding these effects, the **Comparable Recurring Net Profit** amounts to **€123m**, a figure **+10% higher than the result of the previous year**. The **comparable recurring EPS<sup>3</sup>** amounts to **€24cts per share**, a figure **+9% higher** than that of the same period of the previous year

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

## Gross Rental Income of €234m, an increase of +2% like-for-like

Colonial closed the third quarter of 2021 with **Gross Rental Income of €234m**, a figure 10% lower than the previous year.

**In like-for-like terms**, adjusting disposals, indemnities 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.**

## EBITDA rents of €219m, +2.5% like-for-like (driven by Paris with +5% like-for-like)

**Net rental income (EBITDA rents) increased by +2.5% like-for-like and was driven by an increase in the Paris portfolio of +5%** which compensated for the temporary correction of the Barcelona portfolio due to the exit of tenants in secondary assets, which have not been compensated yet by spaces recently let to new tenants.

September cumulative - €m	2021	2020	Var	LFL
Rental revenues Group	234	260	(10%)	2%
<b>EBITDA rents Group</b>	<b>219</b>	<b>245</b>	<b>(10%)</b>	<b>2.5%</b>
<i>EBITDA rents Paris</i>	<i>126</i>	<i>131</i>	<i>(4%)</i>	<i>5.1%</i>
<i>EBITDA rents Madrid</i>	<i>60</i>	<i>73</i>	<i>(18%)</i>	<i>0.4%</i>
<i>EBITDA rents Barcelona</i>	<i>30</i>	<i>36</i>	<i>(16%)</i>	<i>(3.7%)</i>

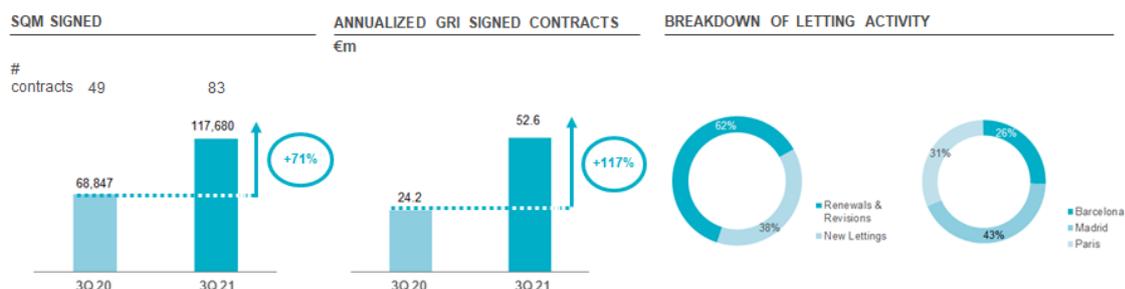
## Solid operating fundamentals

### 1. High take-up levels of more than 117,000 sqm

At the close of the first 9 months of 2021, the Colonial Group has signed 83 rental contracts in the office portfolio corresponding to 117,680 sqm, exceeding the letting volume of the same period of the previous year by +71%.

**In economic terms**, contracts were signed for **€53m of annualized rents**, doubling the figure from the same period of the previous year, +117%.

LETTING ACTIVITY REMAINS SOLID AT THE END OF 3Q 2021



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It is important to highlight that **the third quarter has had an acceleration in the take-up in Colonial's portfolio** of 58,000 sqm, practically doubling the quarterly volume of the first and second quarters of the year, each one with 30,000 sqm signed.

## **2. Solid increases in rental prices**

In the third quarter of the year, the Colonial Group signed contracts with rental prices at the high end of the market.

**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 reference for prime in each of the markets in which it operates.

### ***Capturing rental prices above market rents as of December, 2020***

Compared with the market rent (ERV) as of December 2020, signed rents **increased by +4% at the close of the third quarter of the year.**

Highlighted is the **growth of the Paris portfolio**, where **the rents increased by +7% versus market rents at December 2020.**

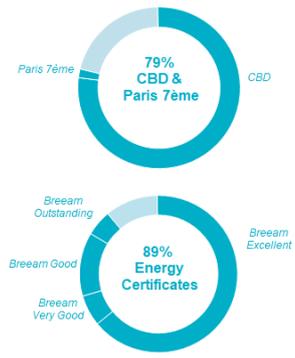
In the **Barcelona portfolio**, the rents increased **+2% vs. the market rents (+4% in the third quarter). Madrid is at (1%)**, due to a contract renewal with a public tenant. Excluding this contract, the rest of the **Madrid portfolio has grown +2% compared to the ERV as of December 2020.**

### ***Double-digit release spreads***

The **release spreads (signed rental prices vs. previous rents) at the close of the third quarter of the year** stood at **+7% in 2021**. These ratios highlight the reversionary potential of Colonial's contract portfolio with a significant upside room on current passing rents. Worth mentioning is the high **release spread of +24% in the Barcelona portfolio.**

**3. Polarization effect: Colonial’s Grade A portfolio captures prime demand**

Colonial's portfolio attracts top tier demand at maximum prices, given the prime locations, the high-quality efficiency levels of the buildings and the fact the carbon footprint ratios are among the lowest in the market. Of the letting activity of the Group at the close of the third quarter of 2021, 79% of the buildings were signed in the CBD in Madrid and Barcelona, as well as in the CBD and the central 7ème district in Paris focused on buildings with maximum eco-efficiency in energy consumption, also by their BREEAM and LEED certifications.



**4. Occupancy – New entries into operation and a like-for-like portfolio at 97% occupancy**

The **total vacancy of the Colonial Group stood at 6.6%** at the close of the third quarter of 2021. This quarter-on-quarter variance is mainly due to the entries into operation from the renovation program in the three markets, and the tenant rotation in an asset in Sant Cugat (a secondary area in Barcelona).

In comparable terms, excluding the entry into operation of assets in the renovation programs, the occupancy remained at 3% (Paris 2%, Madrid 3% and Barcelona 8%).

The **Barcelona office portfolio has a vacancy rate of 8%**, a rate in line with the previous quarter. In the third quarter, highlighted is the entry into operation of the renovated surface in Sant Cugat. Excluding this entry into operation, **the Barcelona portfolio has a vacancy rate of 5%**.

The **Madrid office portfolio has a vacancy rate of 8%**, a rate that has increased with respect to the previous quarters. This increase is mainly due to the entry into operation of the refurbished assets of Cedro and Ortega y Gasset 100 assets. Both repositioned assets are generating a lot of interest in the market. **Excluding these assets, the vacancy rate of the Madrid portfolio is 3%**.

The **Paris office portfolio has a vacancy rate of 5%**, which increased this last quarter, mainly due to the entry into operation of refurbished space on Washington Plaza. A significant part of the vacancy of the Paris portfolio is due to the entry into operation of refurbishments on the 103 Grenelle and Washington Plaza assets. **Excluding the 103 Grenelle and Washington Plaza assets, the vacancy rate in Paris is 2%**.

The new delivered surfaces offer further future cash flow from additional rents, given that they represent a top-quality offer in the centre of Paris, currently scarce in the market.

## Project Portfolio & Renovation Program

The Colonial Group continues with the delivery of its **project pipeline and its renovation program**, repositioning almost 300,000 sqm of its assets located in the best areas of Paris, Madrid and Barcelona.

### Project Portfolio – Early delivery in Paris and first pre-lets in Madrid

- **Paris:** In the **third quarter of 2021 the 83 Marceau project was delivered**, located several meters from the Arc de Triomphe, with a surface area of 9,000 sqm. **The delivery and entry into operation took place one month earlier than expected.** The building has 100% occupancy, with annual rents at the top end of the market. The tenants include the investment bank Goldman Sachs, occupying 6,500 sqm with a 12-year contract (9 years with mandatory compliance), signed on very favourable terms.



The project has transformed the building, providing extremely flexible and efficient office floors of 1,200 sqm, with a central atrium that faces a patio bathed in natural light, as well as new service areas. Its large terraces provide exceptional views over Paris.

- **Velázquez 86D, in the prime market of Madrid** with more than 16,000 sqm, is a unique, large-sized asset with floors of more than 2,200 sqm, distributed over 7 levels.

**As of September 2021, 1,883 sqm of retail surface areas had been pre-let**, equivalent to 11% of the total rent of the building in economic terms. The commercialisation continues with high activity with an increase in the number of clients visits.



### Renovation Program – increasing momentum in Paris CBD

- **Paris - Cézanne Saint Honoré, a renovation program for 9,700 sqm**

The renovation project designed by the architectural office SKA sociés Architectes includes a thoughtful office design with finishing similar to those of luxury hotels, focusing on the users' well-being. With this renovation, which will be completed in the second quarter of 2022 and which includes the renovation of the entrance and common areas, the company ensures the future value growth of the building.

**Only four months after commencing work, 7,033 sqm have been already pre-let, which is 72% of the surface area of the renovation program, signed at top market rents.**



- **Paris – Washington Plaza**

Another important renovation program in Paris is being carried out on a trophy asset located between the Champs-Élysées and the central Boulevard Haussmann. **In September 2021, 7,000 sqm have been pre-let.**



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## Active management of the portfolio – “reloading” future growth

**Alpha VI Project – Colonial successfully completed the SFL transaction, reaching a stake of 98.3%.**

In the third quarter of 2021, Colonial and its subsidiary SFL successfully completed the acquisition of the rest of SFL’s shares, announced under the framework of the Alpha VI project.

On 8 September 2021, the voluntary mixed takeover was completed on the 5% shares in the hands of SFL’s minority shareholders. The IPO launched by Colonial was widely accepted among the minority shareholders of SFL. Finally, after the completion of these operations, Colonial’s stake in SFL increased from 81.7% to 98.3%.

This successful transaction has enabled the Colonial Group to increase its exposure on the best prime office assets in Paris by approximately €1.0bn., including its project portfolio with significant value creation capacity.

Likewise, the Group’s shareholding structure has been simplified, and the capital structure is strengthened with close to €400m in terms of additional net asset value, increasing the free float of the Company.

## A solid capital structure

### I. Liability Management

This year, the **Colonial Group successfully carried out a liability management for more than €1.0bn**, optimizing the average financial cost of debt and improving the mix and the maturity of the financing.

Specifically, the following operations were carried out:

1. In **June and July**, Colonial carried out a bond issuance, **amounting to €500m which was later extended up to €625m**. The issue has a maturity of 8 years and a coupon of 0.75%, the lowest in the history of the Group at that date.  
In parallel, Colonial announced the **buyback of the totality of its bonds, maturing in 2023, amounting to €306m** with an accrued annual coupon of 2.728%. Additionally, Colonial announced a **buyback of €306m for its bonds maturing in 2024**.
2. Likewise, in August and September 2021, **SFL repurchased the totality of its bonds maturing in November 2021, with a pending nominal amount of €250m** and a coupon of 1.88%. Additionally, there was an early cancellation of a mortgage-secured loan **maturing in July 2022 for a total of €196m**.
3. In October 2021, **SFL carried out a bond issuance in the French market, amounting to €500m** and maturing in April 2028. **The issue has a coupon of 0.5%, the lowest level reached in the history of the Group**.

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As at the current date, the **spot Group's financial cost is below 1.5%, 24 bps lower than the cost of the previous year.**

## II. A strong balance sheet

At the close of the third quarter of 2021, the Colonial Group had a **solid balance sheet with an LTV of 36.6%.**

**The liquidity of the Group amounted to €2,020m, between cash and undrawn credit lines.** This liquidity enables the Group to assure its financing needs in the coming years covering the debt maturities through to 2024.

Colonial's **solid financial profile has enabled the Group to maintain its credit rating by Standard & Poor's of BBB+**, the highest in the Spanish real estate sector.

According to Juan José Brugera, Chairman of Colonial: "The third quarter results show a strong commercial activity, currently exceeding the total amount of contracts signed in 2020". Likewise, Pere Viñolas, Chief Executive Officer of Colonial says: "Once the takeover bid on our French subsidiary has been executed, the company is in the correct position for future growth driven by its project pipeline, the renovation programme and its prime contract portfolio."

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## 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.



"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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