

**The success in the Project and renovation portfolio drives the increase in Colonia's profit**

## **The Colonial Group increases its net profit by +32%**

- Recurring net profit of €36m, +26% vs. the previous year
- Recurring Earnings Per Share (EPS) of €6,7cts, +19% vs. the previous year
- Gross Rental Income increase of +4%, a +5% like for like in office portfolio
- Letting volume of more than 51,000 sqm signed, +74% vs. previous year
- High levels of occupancy of 95% with Paris at 99%
- Agreements reached with AAA clients in the top projects in Madrid
- Closing of the Amundi headquarters acquisition amounting €484m in the centre of Paris
- Conversion of all bonds to Green Bonds, the 1<sup>st</sup> and only company in the IBEX35

### **Madrid, 17 May 2022**

The Colonial Group closed the first quarter of 2022 with a strong increase in letting activity, up to +60% compared to the same period in 2019 (pre-Covid). The success of its Project Pipeline and its Renovation program, enables the Group to capture the highest rents in Barcelona, Madrid, and Paris, and boosts Colonial's current result while ensuring an outstanding performance in the future.

The Group's net result reached €28m in the first quarter of 2022, +32% compared to the same period of the previous year. In addition, the net recurring EPS increased +19% compared to the previous year, reaching a level of €6.7cts per share. This significant increase in net results is mainly due to (i) The significant advances in the project portfolio and the renovation program (ii) the solid increase in rental prices of the core portfolio, (iii) a decrease in financial costs thanks to the Liability Management carried out in 2020 and 2021 and (iv) the successful execution of the acquisition of the additional 16.6% stake in Société Foncière Lyonnaise in 2021.

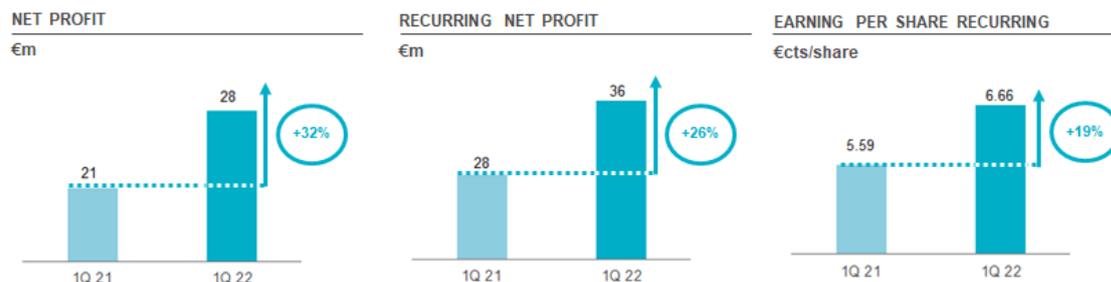
*"The Colonial Group closes the first quarter of 2022 with a double digit growth in net result and recurring net result thanks to the strength of our prime asset portfolio with the best locations and clients in Paris, Madrid and Barcelona as well as a successful delivery of projects, which imply additional contracts in better terms", says Juan José Brugera, Colonial Chairman.*

*"The commercial success of our new buildings in the project portfolio and the renovation program are allowing us to capture the highest rents in Paris, Barcelona and Madrid markets, very close to full occupancy", explains Pere Viñolas CEO and Vice President of Colonial. "The good evolution of our fundamentals, together with the constant improvement of our financing, allow us to grow double digit in our profit and also to expect a continued rise of this growth in the next three years, with the progressive entry into commercialization of new projects and renovations which are currently underway", adds Viñolas.*

## 1. Net profit of €28m, +32% compared to the previous year

The Colonial Group closed the first quarter of 2022 with a strong increase in the results in all metrics:

- Increase in the **net profit of €28m, +32% compared to the same period of the previous year.**
- **The recurring net profit increased by +26% compared to the previous year** and stood at €36m in the first quarter of 2022.
- The **net recurring EPS increased +19% compared to the previous year**, reaching a level of €6.7cts per share.



The significant increase in the net results is mainly due to:

1. The **significant advances in the project portfolio** and the acceleration of the renovation program, substantially improving rental levels. It is important to highlight the additional income from the projects delivered in 2021: the Diagonal 525 asset (headquarters of Naturgy in the Barcelona CBD) as well as the 83 Marceau asset (headquarters of Goldman Sachs in the Paris CBD).
2. **Solid increases in rental prices of the core portfolio**, driven by **solid like-for-like growth** and the indexation impact captured in the contracts.
3. A **decrease in financial costs** thanks to the **Liability Management** carried out in 2020 and 2021, which has resulted in a saving in the average financial cost of the Group's debt.
4. The **successful execution of the acquisition of the 16.6% stake in Société Foncière Lyonnaise** at very attractive terms for Colonial's shareholders.

## 2. Gross rental income of €82m, +4.1% vs the previous year

Colonial closed the first quarter of 2022 with **€82m of Gross Rental Income, a figure +4.1% higher than the same period of the previous year.**

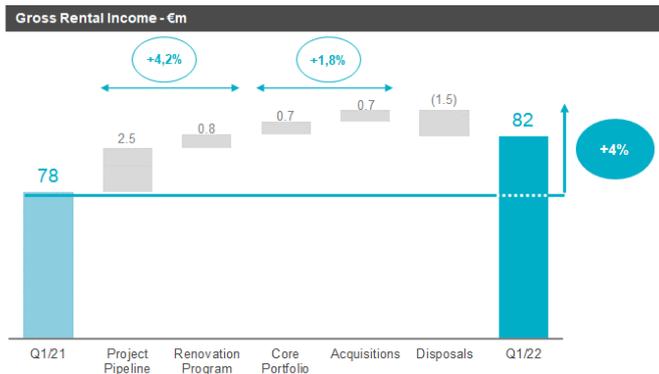
The growth in income is mainly due to:

1. **Income growth of +4.2%** based on the entry into operation of the **projects** and the **renovation program.**
2. **Increase of +1.8%** based on **solid like-for-like rental growth** in the contract portfolio and from the **indexation effect captured in the contracts**, as well as the **acquisition of Buenos Aires 41.**

All the contracts are indexed to CPI<sup>1</sup> in Spain and to ILAT in France.

(1) With the exception of contracts with 2 clients in the public administration where due to Spanish regulation indexation cannot be applied

3. The disposal of non-strategic assets has led to a year-on-year decrease of (1.9%) in the rental income.



In like-for-like terms, adjusting for investments, disposals and the effect of the projects and assets undergoing repositioning, the rental income increased by +3% compared to the same period of the previous year (+4.6% like-for-like for office assets<sup>1</sup>).

## Significant acceleration in the operating fundamentals

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

At the close of the first quarter of 2022, the Colonial Group had signed **27 office rental contracts**, corresponding to **51,661 sqm**, exceeding by **+74%** the letting volume of the first quarter of the previous year.

This significant take-up volume in the first quarter of 2022 surpasses the last three quarters and specifically, **+60% of the surface area signed in the first quarter of 2019 (pre-Covid year)**.



The occupancy of the Colonial Group stands at **95%**. Of special mention is the level of **almost full occupancy in Paris (99%)**.

In the first quarter of 2022, 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 **€940/sqm/year in Paris**, as well as **€37.5/sqm/month in Madrid** and **€28/sqm/month in Barcelona**. With these price levels, Colonial's portfolio clearly sets the benchmark for prime assets in each of the markets in which it operates.

The Colonial Group closed the first quarter of 2022 with a growth of **+4% in rental prices** compared to the market rent (ERV) as of December 2021.

The release spreads (signed rental prices vs. previous rents) at the close of the first quarter were up **+9%**.

(1) Excluding Galerie Champs Elysées, Hotel Indigo, DAU Retail & Viapark Retail

## Significant progress in project letting ups

At the close of the first quarter of 2022, agreements have been reached for more than 22,000 sqm in the Miguel Ángel 23 and Velázquez 86D assets (17,000 sqm after the close of 1Q 2022).

For **Miguel Ángel 23**, an agreement has been reached with a global leading advisory firm to rent the entire building of more than 8,000 sqm. The contract term is for 10 years, at maximum market rents.



Miguel Ángel 23  
CBD Madrid

In **Velázquez 86D**, office building with 16,318 sqm, 86% of the asset has already been pre-let, with only one floor still to be rented. The building captured large demand, over 2,000 sqm, from AAA clients with very high standards. All the contracts were signed at maximum market rents, establishing the prime benchmark in the Madrid market.



Velázquez 86D  
CBD Madrid

In addition, currently, 14,370 sqm were pre-let through the renovation program.

## Active management of the portfolio

### Final settlement of the purchase of the Amundi headquarters in the centre of Paris - 15<sup>eme</sup> Arrondissement

Colonial Group formalized the purchase of the 91 Pasteur building of almost 40,000 sqm located in the centre of Paris (15<sup>th</sup> district). This asset is the 7<sup>th</sup> largest office building in the Paris market and has a floor layout of more than 2,000 sqm, with high luminosity and a very efficient distribution. It currently has HQE and BREEAM energy certifications.



The purchase of the asset was closed at a price of €484m, equivalent to €12,250/sqm, a 26% lower than the capital value for offices in this market segment.



The building is the global headquarters of Amundi, the leading asset manager in Europe, with a 12-year contract signed in February this year.

Considering this contract and the attractive purchase price, this transaction has an initial yield of 3.9%.

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## The Colonial Group converts all its current bonds into Green Bonds

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In February 2022, Colonial and its French subsidiary SFL successfully executed the conversion of all of the Group's bonds for a total amount of €4,602m to Green Bonds, after the approval of its bondholders. With this transaction, Colonial has become the first IBEX-35 company to have the entirety of its bonds qualified as "green", providing a significant competitive advantage when accessing the debt market.

At the close of the first quarter of 2022, the Colonial Group had a **solid balance sheet with an LTV of 36%. The liquidity of the Group amounted to €2,601m, between cash and undrawn credit lines.** This liquidity enables the Group to assure its financing needs in the coming years.

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, as well as a rating of **Baa2 with a positive outlook by Moody's.**

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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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