The best office positioning

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I. **Portfolio Management: Acquisition & Disposals**

II. Case Study Velazquez – The Office 3.0

III. Future Growth through Méndez Álvaro Campus
Portfolio Management Strategy

> **Dynamic acquisition & disposal strategy** since 2014

> Market evolution and growth curve of vital importance to achieve **best results** when executing acquisitions or disposals

> **Portfolio composition** designed by multiple factors:
  
  > Weight on **different cities**
  > **Micro markets**
  > Stock **Quality**
  > **Client Profile**
  > **Yield on Cost**

> Acquisitions through **prime factory** strategies have significantly added value to the portfolio

> Dispositions performed with **premium to GAV** while rotating non-strategic assets.
Portfolio Management
Acquisition & Disposals in Spain

Portfolio Evolution - €m


Acquisitions:
- €174m
- €369m
- €190m
- €1,859m
- €109m
- €10m
- €51m
- €394m
- €167m

Sales:
- €15m
- €441m
- €477m
- €150m
- €86m

Total:
- €1,859m

€4,830m
Portfolio Management
Acquisition & Disposals in Spain

Portfolio Evolution

**Acquisitions**

- **Prime positioning strategy:** increasing exposure in 3.1x

- Focus on the best performers new business districts within Madrid and Barcelona:
  - Mendez Álvaro
  - 22@

- **Alpha creation** through:
  - Prime factory strategy for brand new assets
  - Select strategy for existing assets

**Disposals**

- **Reducing exposure** to secondary locations

- **Maximize sales values** by prior active asset management strategy
Share by cities' stock

**GAV (€m)**
- **2015**
  - Madrid: €1,427m (41%)
  - Barcelona: €1,836m (54%)
  - Others: €28m (5%)
- **2021**
  - Madrid: €4,830m (30%)
  - Barcelona: €18,927m (68%)
  - Others: €345m (2%)

- **Madrid**: 18,362 sqm (32%)
- **Barcelona**: 18,927 sqm (33%)
- **Others**: 2,940 sqm (67%)

**Source:** CBRE
Portfolio Management
Office Portfolio Evolution – June 2015

MADRID

BARCELONA

376,188 sqm
GLA

€ 1,426m
Portfolio Value

31
Assets

June 2015

June 2016

June 2017

June 2018

June 2019

June 2020

June 2021

Dec 2021
Office Portfolio Evolution – June 2017

Portfolio Management

- MADRID
- BARCELONA

546,984 sqm GLA

€ 2,484m Portfolio Value

42 Assets

June 2015 - June 2021

COL pre-2015
Acquisitions
Disposals

Periphery
Office Portfolio Evolution – June 2018

Portfolio Management

MADRID

BARCELONA

1.01M sqm GLA

€ 4,732m Portfolio Value

73 Assets

June 2015

June 2016

June 2017

June 2018

June 2019

June 2020

June 2021

Dec 2021
Office Portfolio Evolution – June 2019

Portfolio Management

1.36M sqm GLA
€ 5,020m Portfolio Value
68 Assets

MADRID

BARCELONA


COL pre-2015
Acquisitions
Disposals

A-1 Axis

Periphery

June
2015

June
2016

June
2017

June
2018

June
2019

June
2020

June
2021

Dec
2021
Office Portfolio Evolution – June 2021

**MADRID**

- A-1 Axis
- COL pre-2015 Acquisitions
- Disposals

**BARCELONA**

- Periphery

**Portfolio Management**

- Portfolio Value: €4,694m
- Assets: 64
- GLA: 847,870 sqm

Timeline:

- June 2015
- June 2016
- June 2017
- June 2018
- June 2019
- June 2020
- June 2021
- Dec 2021
Portfolio Management
Office Portfolio Evolution – Dec 2021

MADRID

BARCELONA

* Alcalá 506 & Josefa Valcárcel 24 have been sold in 2022

855,098 sqm
GLA

€ 4,830m
Portfolio Value

63
Assets

June
2015
June
2016
June
2017
June
2018
June
2019
June
2020
June
2021
Dec
2021
Looking for **location**, quality to focus on **state-of-the-art** clients and users

**MADRID**

- Serrano 73
- Almagro 9
- Príncipe de Vergara 112
- Velázquez 86

**BARCELONA**

- Ciudad de Granada
- Diagonal 525
- Diagonal 197
Offloading Non-Strategic assets: Blended 7% premium to GAV

Portfolio Rebound

Microlocation

281.5 M€

Quality

Park Cugat & A506 & JV 24

59 M€

Hotel C. Norte, Hotel Mojácar & Hotel S.Sebastian

Asset Class

Gavarres, Planetocio & Las Mercedes

Logistics

Hotels, Retail & Logistics

556 M€
I. Portfolio Management: Acquisition & Disposals

II. Case Study Velazquez – The Office 3.0

III. Future Growth through Mendez Alvaro Campus
Outstanding building and performance

- **Pre let of 14,020 sqm** (86%) at maximum market levels. (>37 €/sqm/mo.)
- **Largest deal in prime area** accounting for 5,243 sqm.
- Project redesign to **attract clients** from different sectors proved successful.
- Key focus on:
  - **Design & Quality**
  - **PropTech**
  - **ESG**
  - **Letting strategy:** looking for the suitable clients
> Appealing design to help companies attract and retain talent
> A set of actions included in Colonial’s PropTech technology PropNet to improve client & user comfort and reduce energy consumption
Not only providing common spaces but managing them: space as a service

- New ways to work lead to a **fix and flexible combined strategy** with clients
- Greater user experience motivates “working from office”:
  - High% **natural light** in workspaces and great views from any workspace.
  - Encourages physical activity with the presence of **open stairs and natural outdoor environments** (4 terraces).
  - Community strategy to promote the **generation of engagement and talent**.
Not only a certification but becoming a true ESG partner

Low impact on water footprint with water consumption reduced by up to 70% through utility technology.

Powered 100% by green energies and photovoltaic panels in the building.

Built with high recycled content and low emission materials with carbon footprint reduction certificate.

> Highest level of LEED certification as a result of enhancing the property in five areas:
  > sustainable site
  > water
  > protection and efficiency
  > energy efficiency
  > renewable energy
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Future Growth through Méndez Álvaro Campus

Location

Key Aspects

• Active development area
• Located in the south limit of Madrid’s City Centre
• 5 mins walk to the Spanish most important train station: Atocha
• In the past few years, well-known companies such as Amazon or Repsol established their HQ in the area

1 Colonial office and residential development
2 Colonial office development for Catalana Occidente
Urban Regeneration

> When Colonial focused on Méndez Álvaro, the district was the only area that had large available land plots inside the M-30 highway.

> **Strong fundamentals** have since attracted investors to the area.

> In consequence, the district has been experiencing a **full urban transformation** benefiting both individual investments and the city of Madrid itself.

### Residential Developments

<table>
<thead>
<tr>
<th>Year</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Via Celere 148 Unit Plot</td>
</tr>
<tr>
<td>2018</td>
<td>Acciona 86 Unit Plot</td>
</tr>
<tr>
<td>2019</td>
<td>Pryconsa 59 Unit Plot</td>
</tr>
<tr>
<td>2019</td>
<td>Vivenio 250-unit plot</td>
</tr>
<tr>
<td>2020</td>
<td>Greystar 455 Units</td>
</tr>
<tr>
<td>2021</td>
<td>Libra GP 70 Unit Plot</td>
</tr>
</tbody>
</table>

### Office Developments

<table>
<thead>
<tr>
<th>Year</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Amazon HQ</td>
</tr>
<tr>
<td>2018</td>
<td>Méndez Álvaro Acquisition</td>
</tr>
<tr>
<td>2019</td>
<td>Catalana Occidente HQ</td>
</tr>
<tr>
<td>2020</td>
<td>GMP Buys Office Plot</td>
</tr>
<tr>
<td>2021</td>
<td>Just Eat HQ</td>
</tr>
<tr>
<td>2022</td>
<td>Redevelopment Project End</td>
</tr>
</tbody>
</table>
Future Growth through Méndez Álvaro Campus

Urban Transformation

Colonial has been a pioneer investor in the submarket acquiring the largest available plot in the area at a very early stage and becoming a reference in the area’s urban transformation.

**District’s Residential Capital Value**

**Office Leasing Market**

**Timing:** the residential capital value has grown since the acquisition a 34%.

*Source: Idealista

**Office Market:** The office leasing market is a reflection of the area's full transformation and the increase of demand.

**Source: JLL Office Research 2022**
A Hybrid Project

Only development of different real estate assets will impulse an ecosystem in the neighborhood.

- **Plot Acquisition**
- **Project Development**
- **Forward Sale** of the Catalana Occidente Tower: obtaining a developer’s profit.
- **Commercialization of the Mendez Alvaro Campus**

### Office Campus
- **GLA**: 57,025 sqm
- **Delivery**: June 2024

### Residential
- **GLA**: 28,846 sqm
- **Delivery**: Dec. 2023

### Retail
- **GLA**: 4,000 sqm
- **Delivery**: June 2024

### Catalana Occidente
- **GLA**: 20,275 sqm
- **Delivery**: Dec. 2022