3Q/2023

Quarterly Results January - September 2023
9 November 2023

Colonial

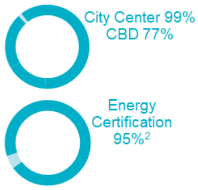
Colonial captures rental growth and increases the EBITDA by +13%

The Recurring Net Profit per Share grows by +8%

Financial Highlights	3Q 2023	3Q 2022	Var	LFL
Recurring EPS - €Cts/share	23.8	22.1	+8%	
Reucrring EPS Continued Op. - €Cts/share[3]	23.8	20.0	+19%	
Gross Rental Income - €m	279	262	+7%	+8%
EBITDA Rents - €m	261	237	+10%	+11%
EBITDA - €m	232	205	+13%	
Recurring Net Profit - €m	129	119	+8%	
Attributable Net Profit - €m	(299)	398	-	

Unique exposure to Prime

GAV 06/23 €12,209m



Operational Highlights	
EPRA Vacancy	97%
Indexation YTD	+5%
Paris	*+6%*
Madrid & Barcelona	*+3%*
Rental Growth[1] 3Q 23	+11%
Paris	*+16%*
Madrid	*+8%*
Barcelona	*+2%*

Recurring Net Profit growth

- Recurring Net Profit of €129m, +8% vs. the previous year
- Recurring EPS (Earnings Per Share) of €23.8 cts/share, +8% vs. the previous year
- Recurring EPS of continued operations[3], +19% vs. the previous year
- Group EBITDA of €232m, +13% vs. the previous year

Revenues with strong year-on-year growth

- Gross Rental Income of €279m: +7% vs. the previous year (+8% like-for-like)
- Net Rental Income of +10% vs. the previous year (+11% like-for-like)
  - ✓ Net Rental Income Paris +8% like-for-like
  - ✓ Net Rental Income Madrid +20% like-for-like
  - ✓ Net Rental Income Barcelona +10% like-for-like

Solid operating fundamentals

- 113,285 sqm of letting volume, repeating historically high levels
- Occupancy levels of 97% (full occupancy in the Paris market)
- Captured indexation of +5%, year to date (Paris +6%)
- Rental growth of +11% in the market rents[1] in the third quarter of 2023
  - ✓ Paris +16% vs. market rents
  - ✓ Madrid +8% vs. market rents
  - ✓ Barcelona +2% vs. market rents

Active management of the portfolio and capital structure

- Total disposals to date of €574m[4], at prices in line with appraisals
- Liquidity of €2,733m[5], +€333m vs 12/22
- Group Loan to Value (LTV) of 39%
- 100% of the current debt is hedged with a cost of debt of 1.72% at 30/09/23

Excellence in ESG

- GRESB 2023 5-star rating, 4th year in a row
- GRESB Standing Investments Benchmark: 94/100 (+4 points vs. the previous year), positioning Colonial in the Top 3 of the listed Real Estate companies in Europe
- GRESB Development Benchmark: 98/100 (+2 points vs. the previous year)
- The Colonial Group has been awarded with the Low Carbon Building Award in France, recognition of its strategy to reduce carbon emissions in its portfolio
- Colonial has become part of the Ibex ESG Index in Spain, an initiative promoted by BME[6]

(1) Signed rents vs ERV 31/12/22
(2) Portfolio in operation
(3) Adjusted for the impact of asset disposals
(4) Includes a divestment during October
(5) Cash and undrawn balances
(6) Special Stock markets owner (Bolsas y Mercados Españoles)

Highlights

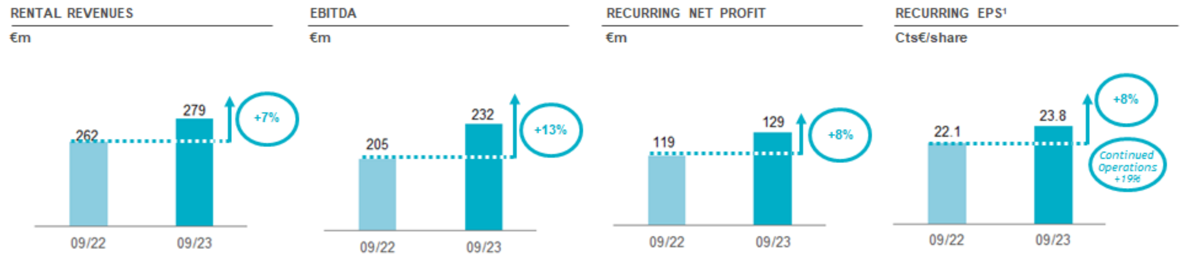
Third Quarter Results 2023

The strong increase in EBITDA boosts the recurring EPS

1. Recurring EPS on continued operations[2] with +19% growth

The Colonial Group closed the third quarter of 2023 with an increase in the Recurring Results driven by the strong growth in rental income.

- **Rental revenues of €279m, +7% vs the previous year**
- **Group EBITDA of €232m, +13% vs the previous year**
- **Recurring Net Profit of €129m, +8% vs. the previous year**
- **Recurring Net Profit per share of €23.8cts, +8% vs. the previous year**
- **Recurring EPS on continued operations[2], +19% vs. the previous year**

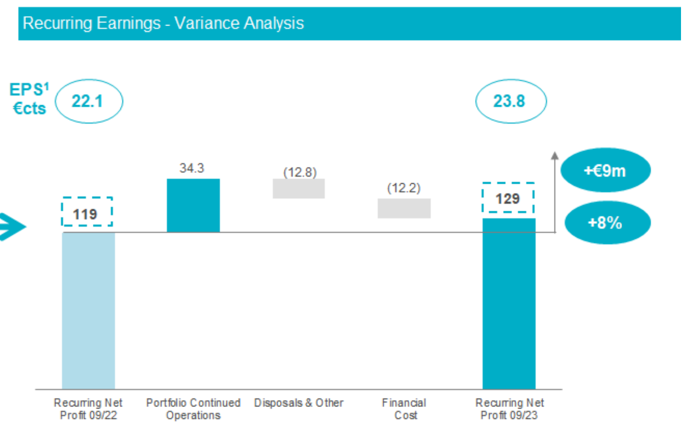


The **Recurring Net Profit increased based on solid growth in rental income**. The ***growth in income*** was achieved through a combination of factors: 1) the capacity to ***capture the indexation impact***, 2) the ***growth in rental prices and an increase in occupancy***, complemented by 3) additional income from ***project deliveries.***

The efficient management of operating costs has resulted in an **EBITDA growth of +13% year-on-year**, which has led to an increase of +8% in the Recurring Net Profit, reaching €129m.

The execution of the disposal program has meant that the increase in the net results was lower. Excluding this impact of the active management of the portfolio, **the Recurring Net Profit of the continued operations[2] has grown +19% compared to the previous year.**

Profit & Loss Account - €m	3Q 2023	3Q 2022
Gross Rents	279	262
Recurring EBITDA	233	207
Recurring financial result	(71)	(58)
Income tax expense & others - recurring	(8)	(9)
Minority interests - recurring	(26)	(21)
Recurring Earnings	129	119
Change in fair value of assets & provisions	(525)	315
Non-recurring financial result & MTM	(1)	(3)
Income tax & others - non-recurring	10	2
Minority interests - non-recurring	89	(35)
Result attributable to the Group	(299)	398



The valuation of the asset portfolio shows a resilient performance with a like-for-like adjustment, resulting in a negative net result of the Group of (€299m). It is worth highlighting that the value variation does not imply a cash outflow.

(1) *Recurring Earnings Per Share*
(2) *Adjusted for the impact of asset disposals*

2. Gross Rental Revenues and Net Rental Income with strong growth

Income Growth: Polarization & Pan-European Prime Positioning

Colonial closed the third quarter of 2023 with **€279m of Gross Rental Income, and a Net Rental Income of €261m.**

The Group's income growth is solid, in absolute terms at +7%, as well as in comparable terms, with an increase of +8% like-for-like, demonstrating the strength of Colonial's prime positioning.

September cumulative - €m	2023	2022	*Var*	*LFL*
Gross Rental Income Group	**279**	**262**	***7%***	***8%***
Gross Rental Income Paris	*172*	*152*	*13%*	*8%*
Gross Rental Income Madrid	*73*	*74*	*(2%)*	*11%*
Gross Rental Income Barcelona	*34*	*36*	*(4%)*	*3%*
Net Rental Income Group	**261**	**237**	***10%***	***11%***
Net Rental Income Paris	*163*	*143*	*14%*	*8%*
Net Rental Income Madrid	*68*	*62*	*8%*	*20%*
Net Rental Income Barcelona	*30*	*31*	*(0.8%)*	*10%*

The **+8% increase in income like-for-like** is **among the highest in the sector** and is a clear reflection of the **market polarization towards the best offices product**.

Particularly worth highlighting are the portfolios in **Madrid (+11% like-for-like) and in Paris (+8% like-for-like).**

Net Rental Income increased by +10%, and in like-for-like terms, increased by +11%.

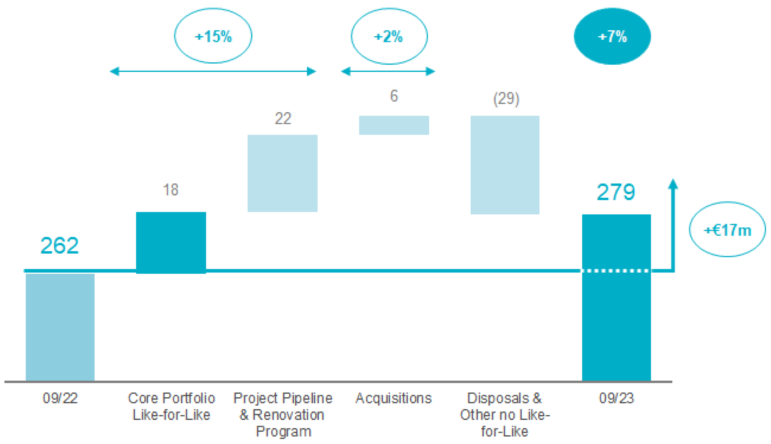
1. **The Net Rental Income in the Paris portfolio** increased by **+14% in absolute terms and +8% in like-for-like terms.** This like-for-like increase is mainly due to the higher rents and occupancy levels in the Édouard VII, #Cloud, Louvre Saint Honoré, Washington Plaza and 103 Grenelle assets, among others.
2. **In the Madrid portfolio, the rental revenue increased by +8%** in absolute terms, **driven by a strong increase of +20% like-for-like.** This like-for-like increase is mainly due to higher rents and occupancy levels on the Recoletos 37, Ortega y Gasset 100, Castellana 163, Santa Engracia and The Window assets, among others. These increases have compensated for the fewer rents obtained as a result of the disposal program carried out in previous quarters.
3. **In the Barcelona portfolio, the Net Rental Income remained stable in absolute terms. In like-for-like terms, they increased by +10%**, highlighting the increase in rental income on the Diagonal 682, Diagonal 409, Diagonal Glories and Torre Marenostrum assets, among others. These increases have compensated for the entry into renovation of the Parc Glories II and Diagonal 197 assets.

Louvre-Saint-Honoré Washington Plaza Édouard VII #Cloud Recoletos, 37-41 Castellana, 163 Ortega y Gasset The Window Diagonal, 682 Diagonal, 409

Income growth derived from multiple drivers

The +€17m increase in income is based on a business model with multiple growth drivers.

Gross Rental Income - €m



	TOTAL	EPRA LFL
TOTAL	+7%	+8%
PARIS	+13%	+8%
MADRID	(2%)	+11%
BARCELONA	(4%)	+3%

1. **Pricing Power: Growth in signed rents + capturing of indexation – a contribution of +7% to total growth**

   The Core portfolio contributed +€18m to income growth deriving from a solid like-for-like growth of +8% due to the strong Pricing Power, enabling the full capture of the ***indexation*** impact and **maximum *market rents.***

2. **Project deliveries – a contribution of +9% to total growth**

   Project deliveries and the renovation program ***contributed +€22m to income growth*** (a contribution of +9% to overall growth). Highlighted is the income contribution from the Biome, Cézanne Saint-Honoré, Louvre Saint Honoré and Washington Plaza assets in Paris, the Velázquez 86D and Miguel Ángel 23 assets in Madrid, as well as the Diagonal 530, Plaza Europa 34, and Wittywood assets in Barcelona.


Biome


Cézanne St. Honoré


Washington Plaza


Velázquez 86


Miguel Ángel 23


Wittywood


Diagonal 530

3. **Acquisition of Prime Assets – a contribution of +2% to total growth**

   The acquisition of the ***Amundi headquarters in Paris*** in April 2022 ***contributed +€6m*** **to income growth**.

4. **Disposal program - Flight to Quality**

   The ***disposal of non-strategic assets and other non-like-for-like impacts*** have led to a **(11%) year-on-year decrease** in the rental income.

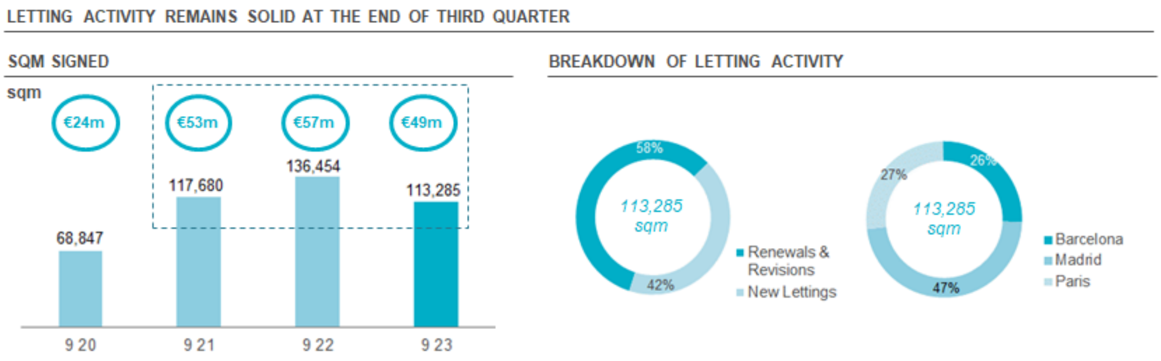
Solid operating fundamentals in all segments

1. Strong letting performance

The prime asset portfolio once again captured a **historic high volume** of signed contracts, **74 rental contracts**, **corresponding to 113,285 sqm**. In economic terms, contracts were signed an annualized value of €49m.

These solid commercial results are a clear evidence of the polarization trend in the office markets, marked by a demand that prioritizes top-quality Grade A products in the CBD.

The volume of contracts signed in 2023 was lower compared to the same period of the previous year. This is mainly due to the 23,000 sqm signed on the Biome asset in 2022. Excluding the pre-letting of Biome, the letting activity of 2023 to date is in line with the previous year.



In cumulative terms, highlighted is the high letting volume signed in the Madrid market, amounting to 53,761 sqm, of which 78% (41,896 sqm) corresponds to renewals, and the rest (11,865 sqm) corresponds to new contracts signed.

In the Barcelona market, a total of 29,244 sqm were signed, of which 74% (21,567 sqm) correspond to new contracts on available surfaces, increasing the occupancy of the Barcelona portfolio by 580 bps since the close of 2022.

In Paris, a total of 30,281 sqm were signed, with 50% signed in renovations and 50% signed in renewals.

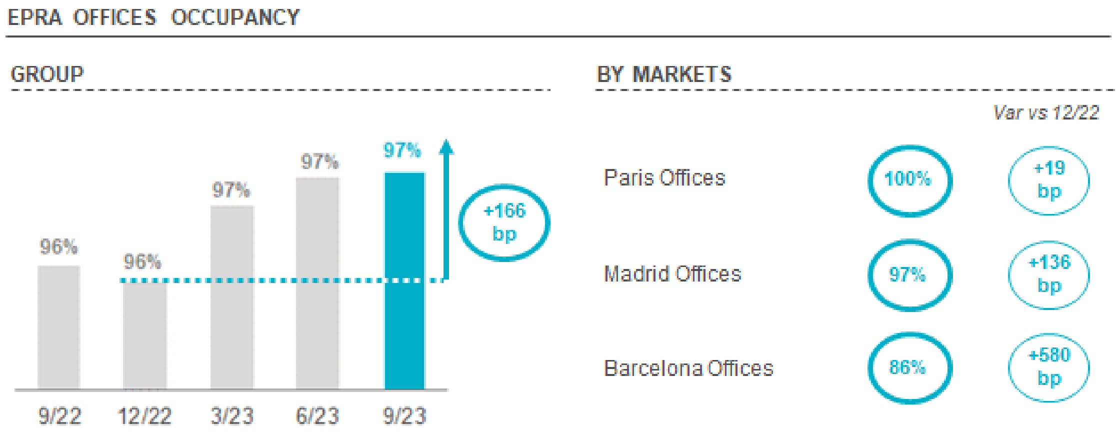
Letting Performance	# contracts	Signed sqm	GRI €m
Paris	21	30,281	€26m
Barcelona	23	29,244	€8m
Madrid	30	53,761	€15m
TOTAL GROUP	74	113,285	€49m

2. Solid occupancy levels

The **occupancy of the Colonial Group stands at 97%**, reaching **one of the highest ratios in the sector**. Of special mention is **the Paris portfolio** with **full occupancy** at 100%, followed by the **Madrid portfolio at 97%.**

Since the beginning of the year, **portfolio occupancy has increased by more than 166 bps**, boosted by an improvement in occupancy in all segments.

The most significant progress so far this financial year took place in Barcelona with an improvement in occupancy of more than 580 bps in these 9 months.



It is worth mentioning that the current vacancy in the Barcelona portfolio is concentrated on the entries into operation of the renovation programs of Torre Marenostrum, Illacuna, and the secondary building in Sant Cugat. Excluding these three assets, the occupancy of the rest of the Barcelona portfolio is at 98%.

3. Rental Increase – Polarization & Pricing Power

Pricing Power – Capturing of the indexation in all contracts with an average growth of +5%

Thanks to its prime client portfolio, the **Colonial Group has captured the impact of the indexation on rental prices,** applying the corresponding update on rents in all contracts.

As a result of the indexation on the contract portfolio, at the close of the third quarter of 2023, the annualized passing rents of the corresponding contracts have increased by +5% (+3% in Spain and +6% in Paris).

These results show the strong Pricing Power of Colonial's Prime portfolio. Both the quality of the clients and the nature of the Colonial Group's contracts enable Colonial to capture the full indexation impact, providing clear protection of the cash flow of the assets in inflationary environments such as the current ones.

Pricing Power – Acceleration of growth in market rents[1]

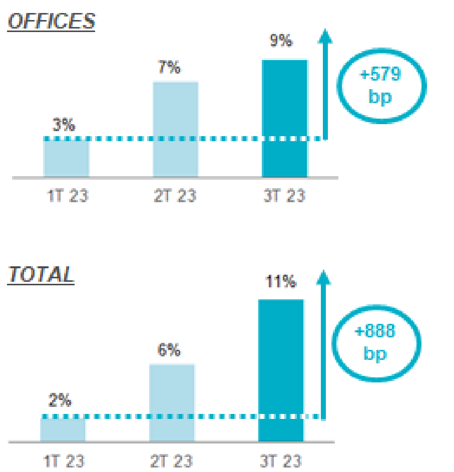
The market rents of the Colonial Group's assets have registered significant growth so far this year.

In the third quarter of 2023, the **Colonial Group** registered a **growth of +11% in signed office rents compared to market rents (ERV) as at 31 December 2022 (+9% on office contracts).**
The highest increases in rental prices were signed on the **Paris portfolio with a +16% increase compared to market rents at 31 December 2022 (up +12% vs. the offices market rents).**

Worth mentioning is the **accelerated growth in rents of 579 bps in the office contracts signed in the last two quarters of the year, compared to the first quarter of 2023** (from +3% in the first quarter up to +9% in the third quarter).

Regarding **the total portfolio growth, the rents of the signed contracts have increased by 888 bps,** from +2% in the first quarter to +11% in the third quarter.

RENTAL GROWTH VS ERV



Strong price increases	Rental growth vs ERV[1]			
	1Q 2023	2Q 2023	3Q 2023	TOTAL
Paris Offices	+1%	+11%	+12%	+6%
Madrid Offices	+8%	+4%	+8%	+6%
Barcelona Offices	+2%	+8%	+2%	+4%
TOTAL OFFICES	+3%	+7%	+9%	+5%
TOTAL	+2%	+6%	+11%	+5%

Pricing Power - Increase in rental renewals, Release spreads[2] of +6%

At the close of the third quarter of 2023, the Colonial Group increased the office rents with current clients by +6% compared to the previous rents (release spreads).

Worth mentioning is the **Paris office portfolio with a release spread of +11%.**

These increases highlight the reversionary potential of Colonial's contract portfolio with significant improvement margins on the current rents.

Strong price increases	Release Spread[2]			
	1Q 2023	2Q 2023	3Q 2023	TOTAL
Paris Offices	+10%	+13%	na	+11%
Madrid Offices	+0%	+2%	(2%)	+0,1%
Barcelona Offices	+3%	(0.5%)	na	*flat*
TOTAL OFFICES	+6%	+7%	(2%)	+6%
TOTAL	+6%	+5%	+3%	+5%

(1) Signed rents vs ERVs at 31/12/2022 (ERV 12/22)
(2) Signed rents on renewals vs previous rents

Project Pipeline

1. The project pipeline is almost fully delivered and pre-let

The Colonial Group has a **project pipeline of 183,885 sqm across 8 assets**.

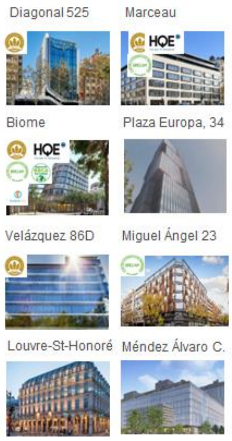
In the third quarter of 2023, the **Louvre Saint Honoré project was delivered. This delivery took place before the estimated delivery date and at maximum returns,** thanks to the controlled construction costs and high rents. This ambitious project was commissioned to the award-winning architect Jean Nouvel together with the prestigious architecture studio B. Architecture. This historic, iconic building, with exceptional views of the Louvre, is rented to the Cartier Foundation, of the Cartier Group, for 40 years of which 20 years are of mandatory compliance and at maximum rental prices.

During the first half of the year, the **Plaza Europa 34 project was delivered, fully let to the Puig Group**, with a mandatory 10-year contract. The asset will have the **LEED Gold** environmental certification and is considered a ***Nearly Zero Emissions Building (NZEB).***

At the close of the third quarter of 2023, **7 out of the 8 projects in the project pipeline have been fully delivered.** The only ongoing project is the Méndez Álvaro Campus (located in the South of the Castellana in Madrid) with an estimated delivery date at the beginning of 2024.

	Project	City	Let / Pre-let	Delivery	GLA (sqm)	Total Cost €m	Yield on Cost
1	Diagonal 525	Barcelona CBD	100%	✓	5,706	41	≈ 5%
2	83 Marceau	Paris CBD	100%	✓	9,600	154	≈ 6%
3	Velazquez 86D	Madrid CBD	100%	✓	16,318	116	> 6%
4	Miguel Angel 23	Madrid CBD	100%	✓	8,155	66	> 5%
5	Biome	Paris City Center	100%	✓	24,500	283	≈ 5%
6	Plaza Europa 34	Barcelona	100%	✓	13,735	42	≈ 7%
7	Louvre SaintHonoré (Prime Commercial)	Paris CBD	100%	✓	16,000	215	7- 8%
8	Mendez Alvaro Campus	Madrid CBD South	On track	1H 24	89,871	323	7- 8%
	CURRENT PIPELINE				183,885	1,241	6- 7%

[1] Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex



- > **High degree of progress in deliveries/entries into operation: 7 out of 8 projects delivered confirming a yield on cost from 6 to 7%**
- > **High degree of pre-letting in the portfolio: 7 out of 8 projects:** Out of the 8 projects in the project pipeline, 7 are already pre-let. After the close of the third quarter, the remaining surface area was signed on the Velázquez 86D asset (1,100 sqm signed at record rental prices). Currently, the only surface still available is Campus Méndez Álvaro, the commercialization of which began at the end of 2022.

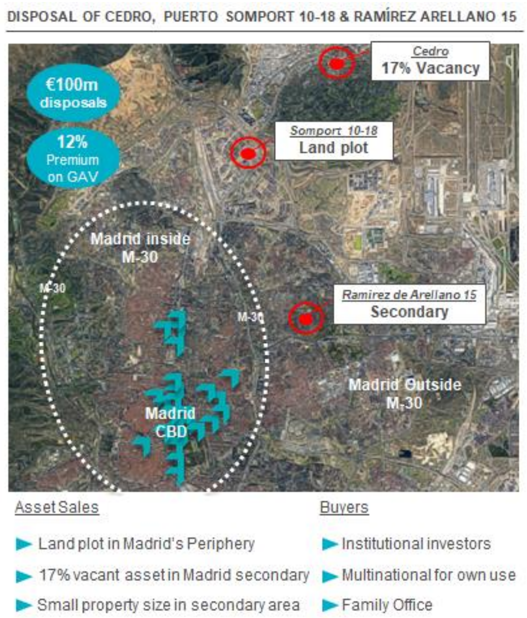
Currently, **a new project** is being analysed on the **Rives de Seine building**, which is located in the Bercy/Gare de Lyon district of Paris, with excellent access to public transport.

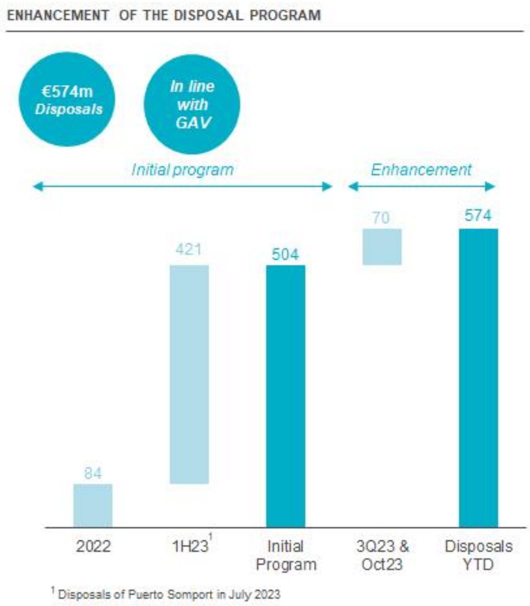
The asset has a surface area of 22,000 sqm and will become a reference building with the highest standards of sustainability, with the most technologically advanced quality infrastructures and architectural and design excellence.

Disposal Program

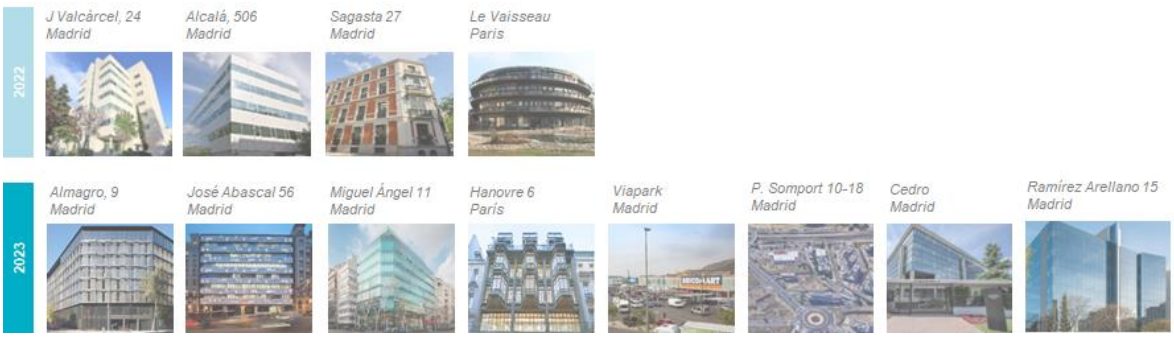
In the third quarter of 2023 and subsequently in October 2023, the Colonial Group **registered asset disposals for €100m.**

Specifically, **the disposals of two non-strategic assets in peripheral locations were closed in the north of Madrid: the land plot Puerto Somport** in the sub-market of Las Tablas, and **the Cedro building**, located in the secondary area of Madrid in Alcobendas, with a vacancy of 17%. In addition, **the disposal of Ramírez Arellano 15 asset was closed.** It is a small, secondary building, in the A2 area of Madrid.





These three disposals complete the delivery of the disposal program of €500m announced at the beginning of the year together with an enhancement of the divestment volume by more than €70m, reaching a total amount of sales of €574m. Colonial will remain in a net divestment position during the coming months, as long as interesting disposal opportunities arise.



The disposal program is part of the flight to quality strategy, which, through the active management of the portfolio, divests mature and/or non-strategic assets in order to recycle capital for new opportunities of value creation and to continually improve the risk-return profile of the Group.

Currently, the Company is analyzing additional disposals in order to recycle capital and maximize value creation for its shareholders.

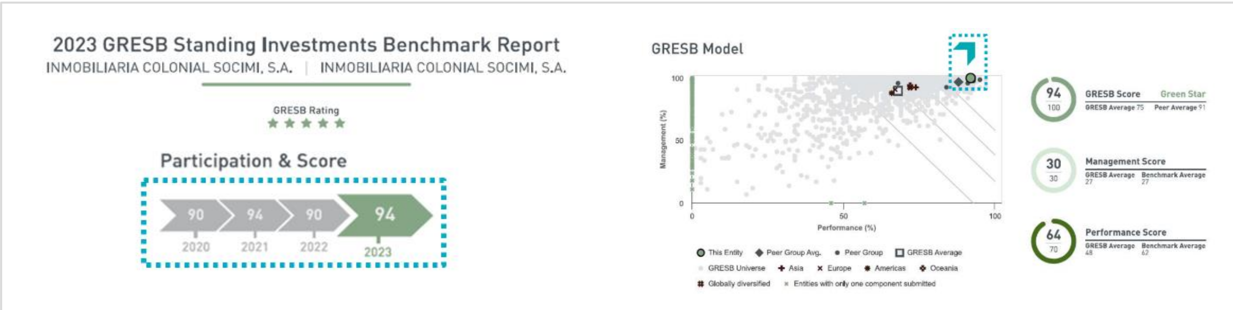
ESG Strategy

The Colonial Group continues to consolidate its leadership in sustainability, a fundamental element of its corporate strategy, achieving the highest ratings in ESG.

Consolidation of leadership in the GRESB rating

Colonial has confirmed its leadership in ESG and specifically the sustainable management of its asset portfolio, which is advancing on the path towards carbon neutrality.

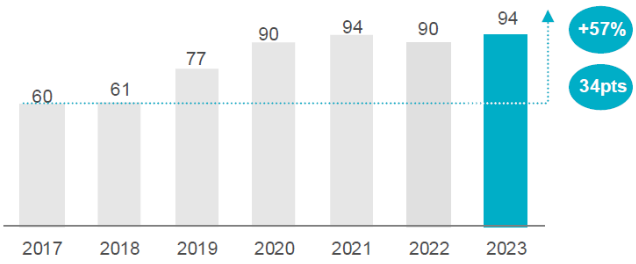
This fact is reflected in the score of 94 out of 100 by the Global Real Estate Sustainability Benchmark index (GRESB) for the real estate portfolio, improving the rating from the previous year by 4 points and rising to third place among the 100 listed European real estate companies included in the Standing Investments Benchmark.



In the area of sustainable project management, Development Benchmark, Colonial has achieved a rating of 98 out of 100, improving its rating by 2 points compared to the previous year.

In both indicators, Colonial has received a 5-star rating for the 4th consecutive year, which demonstrates its leadership together with the other companies in the index, with ratings equal to or higher than 90 out of 100.

Since 2017, Colonial has continuously increased its ratings, scaling 34 points in the Standing Investments Benchmark indicator.



Low Carbon Building Award

Further proof of the Colonial Group's firm commitment to the decarbonization of the real estate sector, is seen by its French subsidiary receiving the Low Carbon Building Award at the SIBCA event held in Paris.

This award acknowledges the firm commitment of the Group to reduce the environmental impact of its portfolio, and its ambitious strategy to meet the objectives of low carbon emissions.

The obtaining of the BBCA certification on 100% of SFL's redevelopment projects in 2022 reflects the capacity of the Colonial Group in the achievement of this commitment. In the French capital, the Colonial Group is one of the first companies to obtain BREEAM certification for all of the assets in its portfolio.

Colonial becomes part of the Ibex ESG Index

As a result of the Group's strong performance in the full scope of sustainability and ESG, Colonial is one of the values that has been included in the new Ibex ESG index, an initiative of BME (Bolsas y Mercados Españoles). The objective is to become a global benchmark in sustainability for the Spanish stock market and promote investments under a sustainable focus. This new index selects its members following specific sustainability criteria.

Colonial's admission to the Ibex ESG index reflets its firm commitment to sustainability, social aspects and good corporate governance.

Capital Structure

At the close of the third quarter of 2023, the Colonial Group had a solid balance sheet, with an LTV of 39% and a liquidity of €2,733m.

In the third quarter of 2023, the Group executed a large part of its disposal program, as well as other financial protection measures that have allowed it to reduce its net debt by €240m and expand its average maturity, increasing its liquidity by c.€300m, totally eliminating the mortgage-secured debt, reaching a fixed/hedged debt ratio of 100% and maintaining the same financial costs in an environment of interest rate hikes by the Central European Bank.

The liquidity of the Colonial Group amounts to €2,733m between cash and undrawn credit lines, enabling the Colonial Group to cover all its debt maturities until 2027.

In a market environment characterized by interest rate hikes, the Colonial Group has maintained its financial cost at very stable levels (1.72% vs 1.71% in December 2022), thanks to its interest rate risk management policy.

- 100% fixed/hedged debt ratio
- A portfolio of interest rate hedges at variable rates
- Pre-hedged portfolio which enables the Group to ensure a rate under 2.5% for the current debt volume over the next 3 years.

At the close of the third quarter, 100% of the Colonial Group's net debt was at a fixed or hedged interest rate, and the reasonable value of the derived financial instruments, registered in net equity, is positive at €312m.

The strong financial profile of the Group is reflected in its BBB+ credit rating, confirmed in the third quarter of 2023, by Standard & Poor's, the highest rating in the Spanish real estate sector.

Appendices

1. Analysis of the Profit and Loss Account
2. Office markets
3. Business performance
4. Coworking and Flexible Spaces
5. Financial structure
6. EPRA ratios
7. Glossary and alternative performance measures
8. Contact details and disclaimer

1. Analysis of the Profit and Loss Account

Consolidated Analytic Profit and Loss Account

The Colonial Group closed **the third quarter of 2023 with a recurring net profit of €129m, representing a net recurring profit per share of €23.8ct/share, +8% higher than the previous year**.

September cumulative - €m	2023	2022	Var.	Var. % [(1)]
Rental revenues	279	262	17	7%
Net operating expenses [(2)]	(18)	(25)	7	28%
Net Rental Income	261	237	24	10%
Other income [(4)]	6	3	3	-
Overheads	(35)	(34)	(1)	(2%)
EBITDA	232	205	27	13%
Change in fair value of assets, capital gains & others exceptional items	(527)	314	(841)	-
Amortizations & provisions	(5)	(5)	(1)	(17%)
Financial results	(72)	(61)	(11)	(17%)
Profit before taxes & minorities	(372)	453	(826)	-
Income tax	11	1	11	2062%
Minority Interests	63	(56)	119	212%
Net profit attributable to the Group	(299)	398	-	-

Results analysis - €m	2023	2022	Var.	Var. %
Recurring EBITDA	233	207	26	13%
Recurring financial result	(71)	(58)	(12)	(21%)
Income tax expense & others - recurring result	(8)	(9)	1	7%
Minority interest - recurring result	(26)	(21)	(5)	(25%)
Recurring net profit - post company-specific adjustments [(3)]	129	119	9	8%
NOSH (million) [(5)]	539.6	539.6	-	-
EPS recurring (€cts/share)	23.8	22.1	1.7	8%

(1) Sign according to the profit impact
(2) Invoiceable costs net of invoiced costs + non invoiceable operating costs
(3) Recurring net profit = EPRA Earnings post company-specific adjustments.
(4) Reinvoiced Capex & EBITDA of the Coworking centers
(5) Average number of shares outstanding without considering treasury stock adjustments

Analysis of the Profit and Loss Account

- Colonial closed the third quarter of 2023 with a Gross Rental Income of **€279m, a figure +7% higher than the same period of the previous year**. In **like-for-like terms**, **the rental income increased by +8%.**

- Net Rental Income amounted to **€261m, a figure +10% higher than the same period of the previous year**. **In comparable terms, Net Rental Income increased +11% like-for-like**.

- **The EBITDA of the Group amounts to €232m**, a figure **+13% higher than the same period of the previous year.**

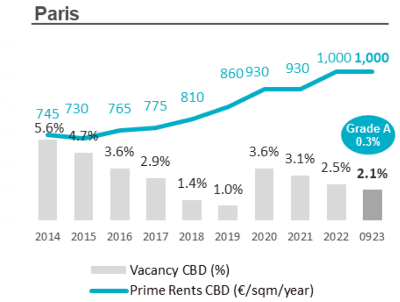
- **The impact on the Profit and Loss account, as a result of the revaluation at 30 June 2023 together with the margin** from the disposals of property investments and other exceptional items, **amounted to (€527m)**. The value adjustment, which was registered both in France and Spain, does not imply a cash outflow.

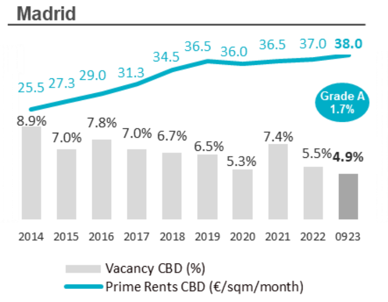
- The net financial result of the Group amounted to (€72m), that increases €11m versus the financial result of the previous year, mainly due to higher interest rates (comparable average cost at the end of 3Q 23 of 1.72% compared to 1.42% in the same period of the previous year).

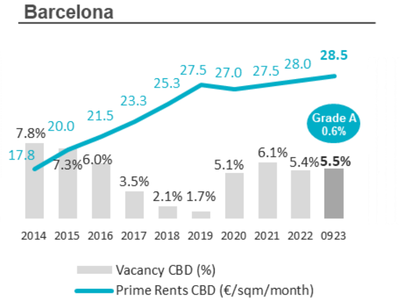
- **Result before taxes and minority interests** at the close of the third quarter of 2023 **amounted to (€372m).**

- Finally, following the inclusion of the minority interests of €63m as well as corporate income tax of €11m, the **Net Result attributable to the Group amounted to (€299m).**

2. Office markets







Rental markets

In the Paris office market, take-up in the first nine months of 2023 reached **1,350,000 sqm**. **The polarization of the Paris market is evidenced by the fact the CBD and City Centre make up 50% of the market absorption**. **Likewise, the vacancy rate in the CBD remains low at 2%, and Grade A availability remains at 0.3%. Prime rents** for the best buildings in the CBD stood at **€1,000/sqm/year.**

The demand in the **Madrid** offices market reached **370,000 sqm in the first nine months of 2023**. **The polarization of the offices market towards the city centre continues.** The CBD and City Centre make up 55% of the demand, which, together with the scarcity of high-quality space, is pushing up prime rental prices. **The vacancy rate in the CBD is of 4.9% (1.7% in Grade A buildings), and prime rents increased to €38/sqm/month.**

The take-up in the Barcelona offices market was 155,000 sqm at September 2023. **The polarization effects continue whereby the CBD and City Centre** increased their weight in demand to 51% of the rental prices, in line with recent quarters. The total market vacancy is of 13.4% while in the **CBD, 5.5% of office space is available (0.6% in the case of Grade A buildings). The prime rents stood at €28.50 /sqm/month.**

Investment market

The **investment volume** in the **Paris** office market **reached €3.8bn** in September 2023: **45% of the transactions were carried out in the city centre and the Paris CBD.** The main investors were investment funds and insurance companies (51% of the total investment volume). Prime **yields stood at 4.1%.**

In Madrid investment reached €651m, with 60% of the transactions within the M-30. **Prime yields in Madrid stood at 4.5%. In Barcelona,** the investment volume reached **€245m,** 100% of the transactions took place in the CBD and 22@. **Prime yields in Barcelona stood at 4.65%.**

Sources: Savills, CBRE

3. Business performance

Gross Rental Income and EBITDA of the portfolio

- Colonial closed the third quarter of 2023 with **Gross Rental Income of €279m, a figure +7% higher than the previous year**, **mainly due to the high like-for-like increase of the portfolio**, the acceleration of the renovation program and the entries into operation of the Group's pipeline projects, as well as the new acquisitions carried out.

  In like-for-like terms, adjusting for disposals and variations in the project pipeline and renovation program, and other extraordinary items, **the rental income increased by +8% compared to the same period of the previous year.**

  In **France**, the rental income increased **+13% in absolute terms and +8% like-for-like,** mainly due to higher rents and increased occupancy in the Edouard VII, #Cloud, Louvre Saint Honoré offices, Washington Plaza and 103 Grenelle assets.

  In Spain, the rental income increased **by +8% like-for-like.**
  The increase in income of +11% like-for-like in Madrid was mainly due to a combination of higher rents and increased occupancy in the Recoletos 37, Ortega y Gasset 100, Castellana 163, Santa Engracia and The Window assets, among others. In **Barcelona**, **the like-for-like rental income increased by +3%.**

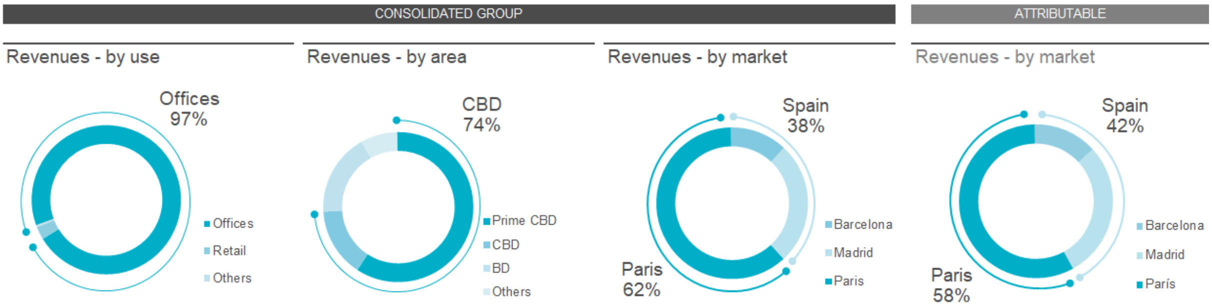
  The like-for-like variance in rental income by market is shown below:

	Barcelona	Madrid	Paris	TOTAL
Rental revenues 2022R	36	74	152	262
EPRA Like-for-Like [1]	1	6	11	18
Projects & refurbishments	(2)	3	4	5
Acquisitions & Disposals	0	(11)	4	(7)
Indemnities & others	(0)	0	1	1
Rental revenues 2023R	34	73	172	279
Total variance (%)	*(4%)*	*(2%)*	*13%*	*7%*
Like-for-like variance (%)	3%	11%	8%	8%

*(1) **EPRA like-for-like:** Like-for-like calculated according to EPRA recommendations.*

- **Rental income breakdown:** 97% of the Group's rental income comes from the office portfolio. Likewise, the Group maintains its high exposure to CBD markets, with 74% of the income.

  In consolidated terms, **62% of the rental income (€172m), came from the subsidiary in Paris** and 38% was generated by properties in Spain. **In attributable terms, 58% of the rents were generated in Paris** and the rest in Spain.



- **The Net Rental Income of the properties at the close of the third quarter of 2023 reached €261m, an increase of +10% compared to the same period of the previous year. In like-for-like terms, the Net Rental Income increased +11%.** This increase was driven by a strong increase in the Madrid market.

Property portfolio

September cumulative - €m	2023	2022	Var. %	EPRA Like-for-like [1]	
				€m	%
Rental revenues - Barcelona	34	36	(4%)	0.9	3%
Rental revenues - Madrid	73	74	(2%)	6.1	11%
Rental revenues - Paris	172	152	13%	10.8	8%
Rental revenues Group	**279**	**262**	**7%**	**17.8**	**8%**
Net Rental Income - Barcelona	30	31	(0.8%)	2.4	10%
Net Rental Income - Madrid	68	62	8%	10.2	20%
Net Rental Income - Paris	163	143	14%	9.5	8%
Net Rental Income Group	**261**	**237**	**10%**	**22.1**	**11%**
Net Rental Income/Rental revenues - Barcelona	*89%*	*86%*	*3.3 pp*		
Net Rental Income/Rental revenues - Madrid	*93%*	*84%*	*8.3 pp*		
Net Rental Income/Rental revenues - Paris	*95%*	*95%*	*0.3 pp*		

Pp: Percentage points

(1) ***EPRA like-for-like:*** *Like-for-like calculated according to EPRA recommendations.*

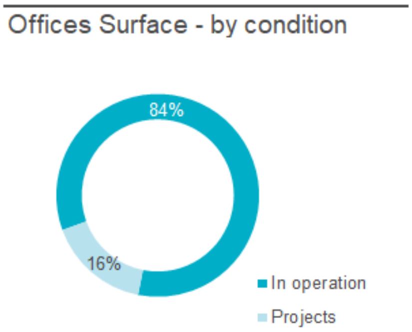
(*) The EBITDA/Rental revenues ratio has been adjusted, deferring the non-computable taxes to the close of the first quarter of 2023

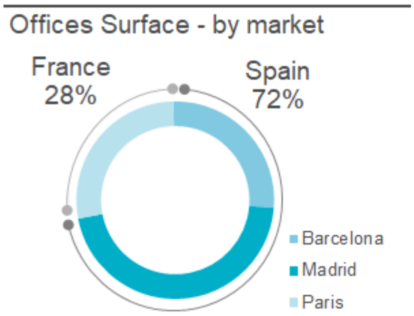
Management of the contract portfolio

- <u>**Breakdown of the current portfolio by surface area:**</u>

  At the close of the third quarter of 2023, the Colonial Group's portfolio amounted to 1,567,769 sqm, mainly concentrated in office assets, which correspond to 1,439,524 sqm.

  84% of the total surface area of offices was in operation at the close of the third quarter of 2023 and the rest corresponded to an attractive portfolio of projects and renovations.

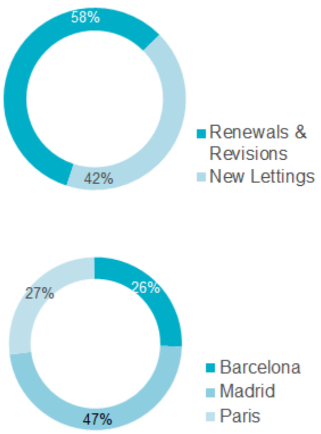




- **Signed leases:** At the close of the third quarter of 2023, the Colonial Group formalized leases for a **total of 113,285 sqm**. 73% (83,004 sqm) corresponded to contracts signed in Barcelona and Madrid and the rest (30,281 sqm) were signed in Paris.

  Renewals: Out of the total office letting activity, 58% (65,221 sqm) are lease renewals, highlighting the 41,896 sqm renewed in Madrid and the 15,649 sqm renewed in Paris**.**

  New lettings: New leases relating to 48,064 sqm were signed, highlighting the 21,567 sqm signed in Barcelona and the 14,632 sqm signed in Paris.



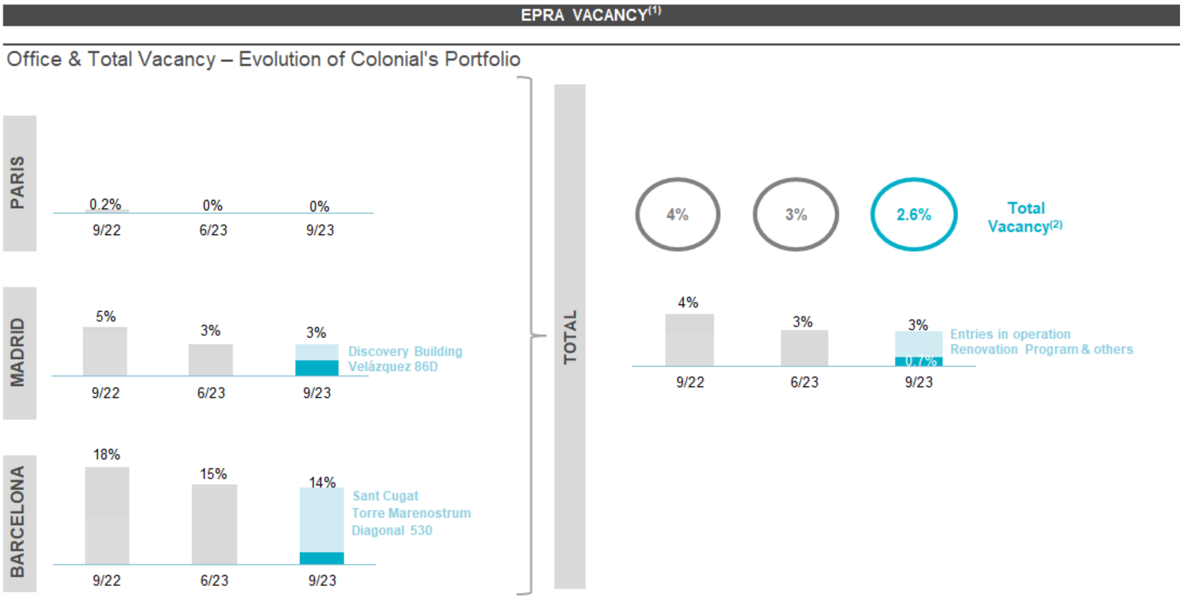
Letting Performance

September cumulative - sq m	2023	Average maturity	% New rents vs. previous	*Offices*
Renewals & revisions - Barcelona	7,677	4	*1%*	*0%*
Renewals & revisions - Madrid	41,896	3	*(1%)*	*0.1%*
Renewals & revisions - Paris	15,649	8	*11%*	*11%*
Total renewals & revisions	**65,221**	**6**	***5%***	***6%***
New lettings Barcelona	21,567	6		
New lettings Madrid	11,865	4		
New lettings Paris	14,632	8		
New lettings	**48,064**	**7**	**na**	
Total commercial effort	**113,285**	**6**	**na**	

The new rents stood at +5% above previous rental prices: highlighting the **Paris market up +11%.** Regarding the office portfolio, **the new rents stood at +6%** above previous rental prices**.**

Stability in the portfolio occupancy

- At the close of the third quarter of 2023, **the total vacancy of the Colonial Group stood at 2.6%, a higher vacancy rate compared to the same period of the previous year and the last quarter reported.**



(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 others*

The Paris office portfolio is at full occupancy, thanks to the successful implementation of the renovation program and the strength of the prime market of Paris**.**

The Madrid office portfolio has a vacancy rate of 3%, a rate in line with the last quarter reported, but an improvement compared to the same period of the previous year, mainly due to the new lettings on the Ortega y Gasset, Recoletos 37, and Ribera de Loira assets, among others.
Subsequent to the close of the third quarter, the vacant surface area of the Velázquez 86D asset was signed, therefore the current vacant surface area mainly corresponds to the Discovery Building asset.

The Barcelona office portfolio has a vacancy rate of 14%, a rate in line with the last quarter reported. This is mainly due to the new contracts signed on the Diagonal 530, Diagonal 609-615, Sant Cugat and Diagonal 682 assets, among others.

The vacancy rate of Barcelona mainly corresponds to the **entry into operation** of the renovated surface area in the **Torre Marenostrum** building, as well as the **client rotation** in the **Sant Cugat** and **Illacuna** assets. **Excluding the entries into operation of the renovated assets, the vacancy rate of the Barcelona office portfolio stands at 2.2%.**

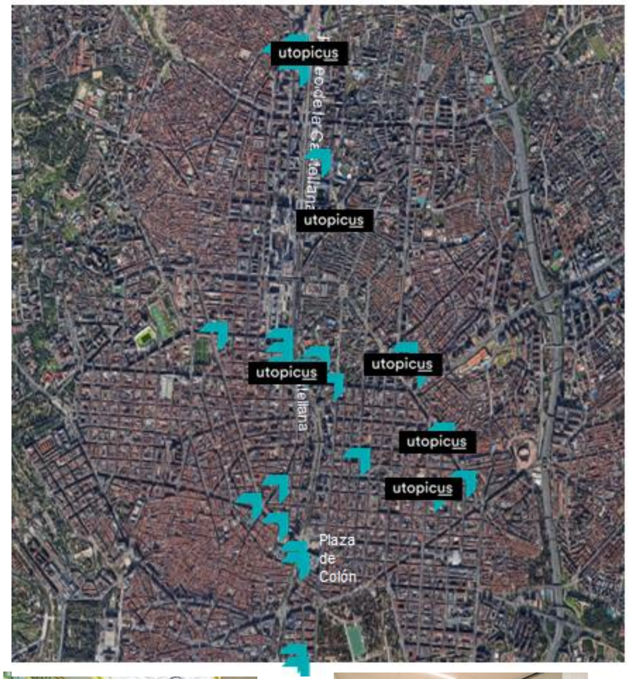
4. Coworking and Flexible Spaces

The Colonial Group, through Utopicus, offers its clients flexible spaces and value-added services to improve the experience of its users in the office spaces of the Group.

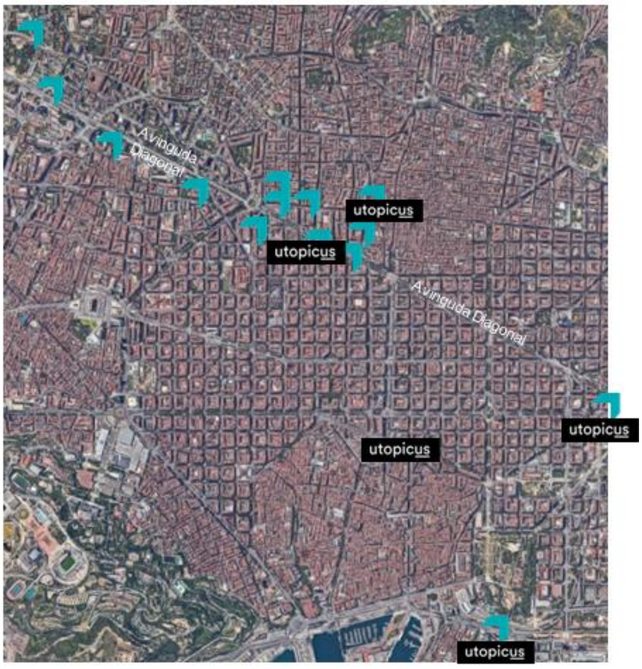
Colonial's ability to offer its clients flex spaces through Utopicus as part of Colonial's portfolio provides its clients with an added value proposition, enabling them to combine traditional office spaces with new services and more flexible solutions.

In this respect, **an increase in demand is being seen from corporate clients for flex spaces under their own corporate identity**. In addition, there is a high market interest in hybrid assets which provide both possibilities, flex and traditional, like in Diagonal 530, D. Ramón de la Cruz 84 and P. de Vergara, 112.

MADRID



BARCELONA



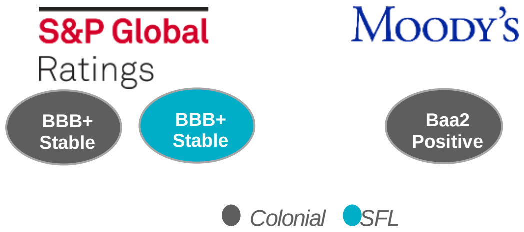
In order to optimize the centres and maintain a portfolio in the best locations, Utopicus closed three non-strategic centres: Orense (1,827 sqm), Gran Via (3,950 sqm) and Clementina (575 sqm).

Therefore, as at the current date, **Utopicus has 11 centres in operation, corresponding to 36,081 sqm**.

At the close of the third quarter of 2023, the **occupancy in the centres was consolidated at 80% levels, in both Madrid and Barcelona**.

5. Financial structure

The Colonial Group continues to maintain a solid financial profile enabling the Company to maintain a BBB+ credit rating by Standard & Poor's, the highest rating in the Spanish Real Estate sector.



The Colonial Group maintains high liquidity levels, which have been strengthened in 2023 by the formalization of a new credit line for the amount of €835m. This loan increases the Group's liquidity, simplifies the financial structure of the Group and improves and extends the maturity of the liquidity lines. This new credit line matures in 5 years, extendible to 7 years, and includes three ESG performance indicators. At the close of the third quarter of 2023, the Colonial Group's liquidity amounted to €2,733m between cash and undrawn credit lines. This liquidity enables the Group to cover its debt maturities until 2027.

In 2023, the Group executed a large part of its disposal program, as well as other financial protection measures which have enabled the Group to reduce its net debt by 4.5% and increase its average maturity. This has also enabled the Group to increase its liquidity by c.€300m, fully cancel the mortgage-secured debt, obtain a 100% fixed/hedged debt ratio, and maintain its financial cost in an environment of interest rate hikes by the European Central Bank.

In a market environment characterized by interest rate hikes (170 bps in the last 12 months, and 88 bps since December 2022), the Colonial Group has maintained its financial cost at very stable levels (1.72% vs 1.71% in December 2022), thanks to its interest rate risk management policy.

i. 100% fixed/hedged debt ratio
ii. A portfolio of interest rate hedges at variable rates
iii. Pre-hedged portfolio which enables the Group to ensure a rate under 2.5% for the current debt volume over the next 3 years.

In this respect, with the aim of mitigating interest rate risks, the Colonial Group has a long-term hedging strategy based on:

i. A pre-hedging portfolio in the amount of €2,407m with an execution schedule aligned with the debt maturity, enabling the Group to cover 53% of the nominal value of its refinancing. The strike rate is at 0.64% and the average maturity is 5.4 years from the date of execution.
ii. A hedging portfolio (IRS) for the current variable interest rate for debt in the amount of €524m. The strike rate is 2.45% and the average maturity is 6.5 years.

At the close of the third quarter of 2023, 100% of the debt was covered at a fixed and/or hedged rate. The reasonable value of the derivative instruments, registered under equity, was positive at €312m.

The table below shows the main debt figures of the Group:

Colonial Group (€m)	Sep-23	Dec-22	Var.
Gross Debt	5,248	5,515	(4.8%)
Net Debt	5,115	5,355	(4.5%)
Total liquidity (1)	2,733	2,400	14%
% debt fixed or hedged	100%	96%	4%
Average maturity of the debt (years) (2)	4.4	4.6	-0.2
Cost of current Debt (3)	1.72%	1.71%	1.2 bp
LtV Group (DI) (4)	39.1%	38.7%	33.3 bp
Secured Debt	0.0%	1.4%	(1.4%)
Reasonable value hedged instruments	312	293	6.5%

(1) Cash & Undrawn balances
(2) Average maturity based on available net debt
(3) Incorporating interest rate hedges
(4) Including sales commitments already formalized

The net financial debt of the Group at the close of the third quarter of 2023 stood at €5,115m, the breakdown of which is as follows:

	September 2023			December 2022			Var	Average Maturity (3)
€m	Colonial	SFL	TOTAL	Colonial	SFL	TOTAL	TOTAL	
Unsecured debt	24	300	324	120	400	520	(196)	4.4
Secured debt	-	-	-	76	-	76	(76)	-
Bonds Colonial	2,812	1,698	4,510	2,812	1,698	4,510	-	4.4
Promissory notes	-	414	414	-	409	409	5	0.1
Gross debt	**2,836**	**2,412**	**5,248**	**3,008**	**2,507**	**5,515**	**(266)**	**4.4**
Cash	(67)	(67)	(133)	(91)	(69)	(160)	27	
Net Debt	**2,770**	**2,345**	**5,115**	**2,917**	**2,438**	**5,355**	**(240)**	
Intercompany loan	(225)	225	-	-	-	-	-	
Net Debt	**2,545**	**2,570**	**5,115**	**2,917**	**2,438**	**5,355**	**(240)**	
Total liquidity (1)	1,067	1,667	2,733	1,091	1,309	2,400	333	
Cost of debt spot (2)	1.58%	1.90%	1.72%	1.67%	1.76%	1.71%	1.2 bp	

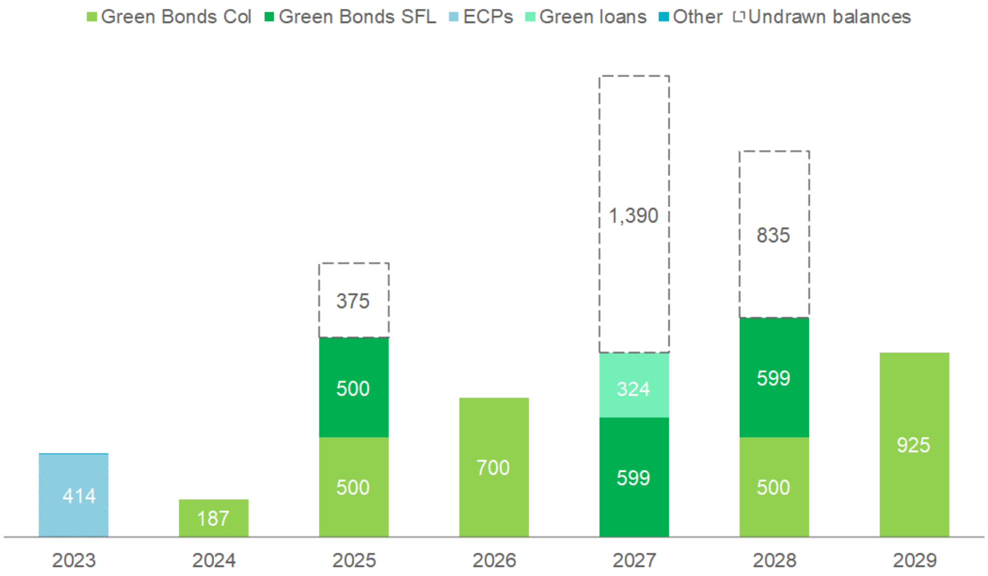
(1) Cash & Undrawn balances
(2) Average maturity calculated based on available balances
(3) Average Maturity calculated based on the available debt

The Group is mainly financed on the securities market. 86% of the Group's debt corresponds to bond issues, 8% to ECPs and the rest to financial entities.

In addition, lines of credit were formalized with financial entities in the amount of €2,600m which are fully undrawn.

All mortgage guarantees were cancelled during the first quarter of 2023. Excluding the ECPs issued, 75% of the debt will mature as of 2026.

Debt maturity in years (€m)



Financial results

- The main figures of the financial result of the Group are shown in the following table:

September - €m	COL	SFL	Q3 2023	Q3 2022	Var. %
Spain	*(34)*	-	*(34)*	*(41)*	*16%*
France	-	*(43)*	*(43)*	*(24)*	*(77%)*
Recurring Financial Expenses	**(34)**	**(43)**	**(78)**	**(66)**	**(16%)**
Capitalized interest expenses	5	2	7	7	(1%)
Recurring Financial Result	**(30)**	**(41)**	**(71)**	**(58)**	**(21%)**
Non-recurring financial exp.	(1)	(0)	(1)	(4)	(66%)
Financial Result	**(31)**	**(41)**	**(72)**	**(62)**	**(16%)**

- The recurring financial expenses of the Group increased by +16% compared to the previous year, mainly due to (i) the impact of the interest rate hikes, and (ii) an increase in the gross debt due to the acquisition of Pasteur in the second quarter of 2022.

- The spot financial cost of debt was 1.72%, 30 bps higher than the spot financial cost at the close of September 2022, and only 1 bps higher than the spot financial cost at the close of 2022. Including formalization costs, accrued over the life of the debt, the financial cost amounted to 2.04%.

Main debt ratios and liquidity

The undrawn balances of the Group at 30 September 2023 amounted to €2,733m. The average life of these credit lines amounts to 3.9 years. This liquidity enables the Group to guarantee its financing needs in the coming years.

The breakdown of balances is shown in the following graph:

Cash & undrawn balances (€m)	Colonial	SFL	Group
Current accounts	67	67	133
Credit lines available	1,000	1,600	2,600
Total	**1,067**	**1,667**	**2,733**

6. EPRA Ratios

1) EPRA Earnings

EPRA Earnings - €m	3Q 23	3Q 22
Earnings per IFRS Income statement	**(299)**	**398**
Earnings per IFRS Income statement - €cts/share	*(55.32)*	*73.70*
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	525	(315)
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	2	(5)
(iii) Profits or losses on sales of trading properties including impairment changes in respect of trading properties	0	0
(iv) Tax on profits or losses on disposals	(4)	0
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	2	3
(vii) Acquisition costs on share deals and non controlling joint venture interests	0	0
(viii) Deferred tax in respect of EPRA adjustments	(11)	(5)
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation	0	0
(x) Minority interests in respect of the above	(89)	36
EPRA Earnings	**127**	**112**
Company specific adjustments:		
(a) Extraordinary provisions & expenses	2	8
(b) Non recurring financial result	(0)	0
(c) Tax credits	0	0
(d) Others	0	0
(e) Minority interests in respect of the above	(0)	(0)
Company specific adjusted EPRA Earnings	**129**	**119**
Average Nº of shares (m)	*539.6*	*539.6*
Company adjusted EPRA Earnings per Share (EPS) - €cts/share	*23.8*	*22.1*

(*) Diluted earnings per share: average shares of the period, including variations due to capital operations, without adjusting for the impact of treasury shares.

2) EPRA Vacancy Rate

EPRA Vacancy Rate - Offices Portfolio

€m	3Q 23	3Q 22	Var. %
BARCELONA			
Vacant space ERV	8	11	
Portfolio ERV	53	58	
EPRA Vacancy Rate Barcelona	**14%**	**18%**	*(4 pp)*
MADRID			
Vacant space ERV	3	5	
Portfolio ERV	94	101	
EPRA Vacancy Rate Madrid	**3%**	**5%**	*(2 pp)*
PARIS			
Vacant space ERV	-	0	
Portfolio ERV	235	219	
EPRA Vacancy Rate Paris	**0%**	**0%**	*(0 pp)*
TOTAL PORTFOLIO			
Vacant space ERV	11	16	
Portfolio ERV	382	378	
EPRA Vacancy Rate Total Office Portfolio	**3%**	**4%**	*(1 pp)*

EPRA Vacancy Rate - Total Portfolio

€m	3Q 23	3Q 22	Var. %
BARCELONA			
Vacant space ERV	8	11	
Portfolio ERV	55	60	
EPRA Vacancy Rate Barcelona	**14%**	**18%**	*(4 pp)*
MADRID			
Vacant space ERV	3	5	
Portfolio ERV	94	103	
EPRA Vacancy Rate Madrid	**3%**	**5%**	*(2 pp)*
PARIS			
Vacant space ERV	1	1	
Portfolio ERV	292	250	
EPRA Vacancy Rate Paris	**0%**	**1%**	*(0 pp)*
TOTAL PORTFOLIO			
Vacant space ERV	11	17	
Portfolio ERV	441	413	
EPRA Vacancy Rate Total Portfolio	**3%**	**4%**	*(1 pp)*

Annualized figures

3) EPRA LTV

September 2023

in million euros	Group as reported 3Q2023	Proportionate Consolidation: Share of joint venture	Share of material associates	Non controlling interest	Combined 3Q23
Include:					
Borrowings from Financial Institutions	324	-	-	(17)	307
Commercial paper	414	-	-	(7)	407
Hybrids	-	-	-	-	-
Bond Loans	4,510	-	-	(28)	4,482
Foreign Currency Derivatives	-	-	-	-	-
Net Payables	118	-	-	5	123
Owner-occupied property (debt)	-	-	-	-	-
Current accounts (Equity characteristic)	-	-	-	-	-
Exclude:	-	-	-	-	
Cash and cash equivalents	133	-	-	(32)	101
Net Debt (a)	**5,233**	-	-	(15)	**5,219**
Include:					
Owner-occupied property	82	-	-	(1)	81
Investment properties at fair value	12,008	-	-	(1,149)	10,859
Properties held for sale	-	-	-	-	-
Properties under development	104	-	-	-	104
Intangibles	5	-	-	(0)	5
Net Receivables	-	-	-	-	-
Financial assets	-	-	-	-	-
Total Property Value (b)	**12,199**	-	-	(1,150)	**11,049**
LTV (a/b)	**42.9%**				**47.2%**
LTV Droits Inclus (DI)	***40.7%***				***44.7%***
Proforma LTV Droits Inclus (DI) [1]	***40.3%***				***44.4%***

(1) Proforma including divestments commitments already formalized

7. Glossary & Alternative Performance Measures

Glossary

Earnings per share (EPS)	Profit from the year attributable to the shareholders divided by the basic number of shares.
BD	Business District
Market capitalization	The value of the Company's capital obtained from its stock market value. It is obtained by multiplying the market value of its shares by the number of shares in circulation.
CBD	Central Business District (prime business area). Includes the 22@ market in Barcelona.
Property company	A company with rental property assets.
Portfolio (surface area) in operation	Property/surfaces with the capacity to generate rents at the closing date of the report.
EBIT	Calculated as the operating profit plus variance in fair value of property assets as well as variance in fair value of other assets and provisions.
EBITDA	Operating result before net revaluations, disposals of assets, depreciations, provisions, interests, taxes and exceptional items.
EPRA	European Public Real Estate Association: Association of listed European property companies that sets best market practices for the sector.
Free float	The part of share capital that is freely traded on the stock market and not controlled in any stable way by shareholders.
GAV excl. transfer costs	Gross Asset Value of the portfolio according to external appraisers of the Group, after deducting transfer costs.
GAV incl. transfer costs	Gross Asset Value of the portfolio according to external appraisers of the Group, before deducting transfer costs.
GAV Parent Company	Gross Asset Value of directly held assets + Value JV Plaza Europa + NAV of 98.3% stake in SFL + Value of treasury shares

Holding	A company whose portfolio contains shares from a certain number of corporate subsidiaries.
IFRS	International Financial Reporting Standards, which correspond to the *Normas Internacionales de Información Financiera (NIIF).*
JV	Joint Venture (association between two or more companies).
Like-for-like valuation	Data that can be compared between one period and another (excluding investments and disposals).
LTV	Loan to Value (Net financial debt/GAV of the business).
EPRA Like-for-like rents	Data that can be compared between one period and another, excluding the following: 1) investments and disposals, 2) changes in the project pipeline and renovation program, and 3) other extraordinary items, for example, indemnities from tenants in case of anticipated leave. Calculation based on EPRA Best Practices guidelines.
EPRA NTA	EPRA Net Tangible Assets (EPRA NTA) is a proportionally consolidated measure, representing the IFRS net assets excluding the mark-to-market on derivatives and related debt adjustments, the mark-to-market on the convertible bonds, the carrying value of intangibles as well as deferred taxation on property and derivative valuations. It includes the valuation surplus on trading properties and is adjusted for the dilutive impact of share options.
EPRA NDV	EPRA Net Disposal Value (EPRA NDV) represents NAV under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.
EPRA Cost Ratio	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.
Physical Occupancy	Percentage: occupied square meters of the portfolio at the closing date of the report/surfaces in operation of the portfolio.
Financial Occupancy	Financial occupancy according to the calculation recommended by the EPRA (occupied surface areas multiplied by the market rental prices/surfaces in operation at market rental prices).
EPRA Vacancy	Vacant surface multiplied by the market rental prices/surfaces in operation at market rental prices. Calculation based on EPRA Best Practices guidelines.

Reversionary potential	This is the result of comparing the rental revenues from current contracts (contracts with current occupancy and current rents in place) with the rental revenues that would result from 100% occupancy at market prices, estimated by independent appraisers. Projects and renovations are excluded.
Projects underway	Property under development at the closing date of the report.
RICS	Royal Institution of Chartered Surveyors
SFL	Société Foncière Lyonnaisse
Take-up	Materialized demand in the rental market, defined as new contracts signed.
Valuation Yield	Capitalization rate applied by the independent appraisers in the valuation.
Yield on cost	Market rent 100% occupied/Market value at the start of the project net of impairment of value + invested capital expenditure.
Yield occupancy 100%	Passing rents + vacant spaces rented at the market prices/market value.
EPRA net initial yield (NIY)	Annualised rental income based on passing rents as at the balance sheet date, reduced by the non-recoverable expenses, divided by the market value, including transfer costs.
EPRA Topped-Up Net Initial Yield	EPRA Net Initial Yield, eliminating the negative impact of the lower rental income.
Gross Yield	Gross rents/market value excluding transfer costs.
Net Yield	Net rents/market value including transfer costs.
€m	In millions of euros

Alternative performance measures

Alternative performance measure	Method of calculation	Definition/Relevance
EBITDA (Analytic P&L) (***Earnings Before Interest, Taxes, Depreciation and Amortization***)	Calculated as the “Operating profit” adjusted by “Depreciation/Amortization” “Value variations in real estate investments”, “Net changes in provisions” and “Result for variations in asset value or impairments” and the costs incurred in the “Amortization” and “Financial Result” deriving from the registration of “IFRS 16 on financial leases”, associated with flexible business.	Indicates the Group’s capacity to generate profits only taking into account its economic activity, eliminating allocations to depreciation/amortization, and the effect of debt and taxes.
EBITDA rents	Calculated as the analytical EBITDA adjusted by the “general” and “extraordinary” expenses, unrelated to the “operation” of the properties.	Indicates the Group’s capacity to generate profits only taking into account its leasing activity, before allocations to amortization, provisions and the effects of debt and taxes.
Other analytical income	Calculated as the item “Other income” from the Consolidated income statement, adjusted by “Other business income”, “Net equity”, “Personnel costs” and “Other operating expenses related to the flexible business, eliminated in the consolidation process”, “Net equity related to the flexible business, eliminated in the consolidation process”, Amortization from the registration of IFRS 16 on financial leases” and the “Financial result from the registration of IFRS 16 on financial leases”.	Relevant figure for analysing the results of the Group
Analytical structural costs	Calculated as the total of the items “Other income”, “Personnel costs” and “Other operating expenses” on the Consolidated income statement and adjusted by “Net analytical operating costs”, “Personnel costs” and “Other operating expenses related to income generation from the flexible business”, “Personnel costs” and “Other extraordinary operating expenses not related to the flexible business”, “Variation in net provisions”, “Other operating expenses related to the flexible business, eliminated in the consolidation process”, and “Other income related to the letting business”	Relevant figure for analysing the results of the Group.

Alternative performance measure	Method of calculation	Definition/Relevance
Analytical extraordinary items	Calculated as the total of the items “Personnel costs” and “Other operating expenses” on the Consolidated income statement and adjusted by “Net analytical operating costs”, “Personnel costs”, and “Other operating business expenses” “Personnel costs” and “Other operating expenses related to income generation from the flexible business”. “Other operating expenses related to the flexible business, eliminated in the consolidation process” and “Net variation in provisions”	Relevant figure for analysing the results of the Group
Revaluations and sales margins of analytical properties	Calculated as the total of the items “Net profit for asset disposals” and “Value variations in real estate investments” on the Consolidated income statement.	Relevant figure for analysing the results of the Group.
Analytical Amortizations and Provisions	Calculated as the total of the items “Amortizations” and “Result for variations in asset value or impairments” of the Consolidated income statements and adjusted by “Amortization deriving from the registration of “IFRS 16 on financial leases” and “Net changes in provisions”.	Relevant figure for analysing the results of the Group.
EPRA Earnings and Recurring Net Profit	Calculated in accordance with EPRA recommendations by adjusting certain items in the financial year net result attributable to the parent company.	Standard analysis ratio in the real estate sector and recommended by EPRA.
Financial result	Calculated as the total of all items under “Financial income” and “Financial expenses” of the consolidated income statement and adjusted for the “Financial result” deriving from the registration of IFRS16 on financial leases.	Relevant figure for analysing the results of the Group
Gross financial debt	Calculated as the total of all items under “Bank borrowings and other and other financial liabilities” and “Issues of debentures and similar securities”, excluding “Interest (accrued), “Origination fees” and “Other financial liabilities” from the consolidated statement of financial position.	Relevant figure for analysing the financial situation of the Group. .
Net financial debt	Calculated adjusting in the Gross financial debt, the item “Cash and equivalent means”	Relevant figure for analysing the financial situation of the Group. .

Alternative performance measure	Method of calculation	Definition/Relevance
EPRA[1] NTA (EPRA Net Tangible Asset)	Calculated based on the Company's capital and reserves, adjusting certain items in accordance with EPRA recommendations.	Standard analysis ratio in the real estate sector and recommended by EPRA.
EPRA[1] NDV (EPRA Net Triple Asset)	Calculated adjusting the following items in the EPRA NTA: the market value of financial instruments, the market value of financial debt, the taxes that would be accrued with the sale of the assets at their market value, applying the tax credit recognized in the balance sheet, considering a going concern assumption	Standard analysis ratio in the real estate sector recommended by EPRA
Market value excluding transaction costs or Gross Asset Value (GAV) excluding Transfer costs	Measurement of the totality of the Group's asset portfolio carried out by independent appraisers of the Group, less transaction or transfer costs.	Standard analysis ratio in the real estate sector.
Market value including transaction costs or GAV including Transfer costs	Measurement of the totality of the Group's asset portfolio carried out by external appraisers of the Group, before deducting the transaction or transfer costs.	Standard analysis ratio in the real estate sector.
Like-for-like rental income	Amount of the rental income included in the item "Revenues" comparable between two periods. To obtain the calculation, the income from investments or disposals carried out in both periods are excluded, as well as the income deriving from assets included in the projects and refurbishments portfolio and other atypical adjustments (for example, penalties for early termination of rental contracts).	It enables a homogeneous comparison of the evolution of rental income of an asset or group of assets.
Like-for-like measurement	Amount of the ERV excluding the transaction costs or of the ERV including the transaction costs comparable between two periods. To obtain the calculation, the income from investments or disposals carried out in both periods are excluded.	It enables a homogeneous comparison of the evolution of the ERV of the portfolio.
Loan to Value, Group or LTV Group	Calculated as the result of dividing the gross financial debt (reduced by the amount in the item "Cash and cash equivalents") by the market valuation including the transaction costs of the Group's asset portfolio plus the treasury shares of the Parent Company at EPRA NAV.	It enables the analysis of the ratio between the net financial debt and the valuation of the Group's asset portfolio.

(1) EPRA (*European Public Real Estate Association*) or European Association of listed property companies which recommend the standards of best practices to be followed in the real estate sector. The method of calculation of these APMs is carried out following the indications established by EPRA.

Alternative performance measure	Method of calculation	Definition/Relevance
LTV Holding or LTV Colonial	Calculated as the result of dividing the gross financial debt (less the amount in the item “Cash and cash equivalents”) of the Parent Company and 100% owned subsidiary companies by the market valuation, including transaction costs, of the parent company’s asset portfolio and the EPRA NAV of all financial stakes in subsidiary companies.	It enables the analysis of the ratio between the net financial debt and the valuation of the parent company’s asset portfolio.

8. Contact details & Disclaimer

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