Inmobiliaria Colonial First Half 2025 Results Presentation

00:00:01.200] - Pere Viñolas

Thank you. This is Pere Viñolas speaking. Good afternoon to everyone. Joining me today, as usual is Carmina Ganyet, Chief Corporate Officer, and also Carlos Krohmer, Chief Corporate Development Officer. I also would like to start by mentioning Samuel Santacreu, Head of Investor Relations, who usually is taking a very active part in these kinds of meetings. He's leaving Colonial because a brighter future is waiting for him, and we are so sorry about him. We would like to thank him publicly for his great job that he has done in all of these years in Colonial and to thank him for his contribution as you will see later on throughout the presentation.

[00:00:59.090] - Pere Viñolas

Let's go to the presentation of the results for the first half. As usual, we like to frame or to put a framework for our results and to share with you some comments about our strategic positioning.

[00:01:18.650] - Pere Viñolas

As you know, our strategic positioning is based on two main pillars. The first pillar is our focus in prime asset class, which is delivering constantly superior growth in our cash flow generation due to its higher pricing power on the back of prime CBD. As you can see on the slide Number 4, this is generating higher and higher cash flows throughout these years, and also, as you will see today in the first half of 2025.

[00:02:00.210] - Pere Viñolas

The second pillar of our activity is to extract maximum value of our prime asset class positioning. Also, through our abilities in urban transformation in delivering pipeline activities and new activities in the field of asset classes next to our office positioning, which are also contributing to our growth.

[00:02:29.530] - Pere Viñolas

Page 5, where do we see current trends in our markets in 2025? First of all, office demand, which is focused on high quality space is growing. The demand is increasing. The occupiers are



expanding as confidence improve after the early 2025 trade tension. This demand remains concentrated in CBD, basically. This is because occupiers prioritize well-located grade A space and enhanced workplace quality for job retention and attraction. Demand is increasing. Supply is not increasing. In fact, supply is shrinking.

[00:03:18.020] - Pere Viñolas

Let me mention a couple of relevant examples. In Paris, the new urban planning known as PLUB is set to convert more than 800 assets into residential in the next few years. In Madrid, in the last year, almost 300,000m² of office stock are being converted also in residential. So the balance between supply and demand where we are, is going in the right direction.

[00:03:58.510] - Pere Viñolas

We would like also to add our initial thoughts on office employment and AI, which should also be benefiting from office employment for the impact of this trend in society. This is the general framework of our strategic positioning and that is translated in our results.

[00:04:22.310] - Pere Viñolas

Our results for the first half of this year are again, quite satisfactory. I'm on Page 6 of our presentation, and you can see here the main KPIs. Number 1 is related to cash flow. You can see a sustainable cash flow growth. Net rental income is growing 6% like-for-like, year-on-year. The EPRA earnings are growing 17%. Our EPRA EPS is 17 cents for the first half that is on track with our guidance. Second angle of our results. Operational performance outperforming. Very solid. Rental growth: 6%, 9% in Madrid as a specific quote. Release spread 9% for the group, 20% in Paris.

[00:05:20.350] - Pere Viñolas

Occupancy remains at 95%. Number 3, after 2022-2023 of asset repricing 2024 of stabilisation, in this first half, we are starting to see asset values back on the growth path. Our gross asset value is growing for the first half, 4% like-for-like, year-on-year. That is a new gross asset value of almost 12 billion.



[00:05:55.960] - Pere Viñolas

The net tangible assets growing 15% year-on-year. Our net tangible assets now at 9.6. As we will explain later, this is also impacted by certain exercises of pre-tax optimisation. Including them, we are growing 1% compared to 6 months ago.

[00:06:19.840] - Pere Viñolas

Finally, we remain as usual, with a solid capital structure, credit rating remaining at BBB+ for S&P, Baa1 for Moody's, loan-to-value on 36.6%, our financial cost remaining at a low level, 1.78% at the end of the first half of this year.

[00:06:45.120] - Pere Viñolas

Slide 7 is a slide that we always like to share because we believe it speaks for itself. Here in a picture, in a map, you can see where our assets are, where the location is, and as a result, you can see both the occupancy for all of the assets. Then we are highlighting the rental growth, which is 7% in Paris in the first half, 9% in Madrid in the first half, 3% in Barcelona. The maximum rent that we are signing now in Paris is €1,125 per square meter per year, €43 per square meter per month in Madrid, 30 in Barcelona.

[00:07:30.600] - Pere Viñolas

Our prime assets, as you can see, are consolidating the recovery cycle with a strong value growth. After this profile of cycle that went through a repricing in 2022 and 2023, we are coming back on track.

[00:07:55.730] - Pere Viñolas

Transaction market is showing signs of recovery. On this Slide 8, we are sharing with you some examples of prime CBD transactions that have been happening or are about to happen recently in Paris or in Barcelona at a very, let's say, normalised yields. That would be my introduction. I will come, as usual at a later stage with final comments. Now, I will ask Carmina to step in to share with you our financial performance.

[00:08:35.850] - Carmina Ganyet

Thank you, Pere. In this section, section two, as usual, we are going to cover the main financial KPIs with more detail. The first one gross rental income basically growing on the back of core



portfolio, 8 million, 4%, positive growth. As well project delivery, 4%, additionally, 7 million. These two positive impacts of 8% have overcompensated the negative impact from Condorcet and Haussmann, as you know, the assets that are now in the project pipeline. Haussmann is going to be delivered in the second half of this year, and Condorcet will take more time. The losses of the rents has been over compensated for this positive growth from the core assets, and as well from the project that has been delivered during second half, especially of the last year.

[00:09:39.300] - Carmina Ganyet

This solid rental income, I'm in Page 11, is growing in all markets, positively in all the three markets, but especially highlighting Madrid and Paris with 7% growth like for like from the last December 2024.

[00:09:59.020] - Carmina Ganyet

As well in the building blocks, you can see how the pricing power has all our portfolios, 2.2% above inflation that has been impacted in the first semester, and as well a positive impact of 1.5 from occupancy. Pricing power, again, we are repeating from the last quarters. These are pricing power above inflation from all our portfolio impacting in the first semester of 2.2%, resulting in a very outstanding 6% like-for-like growth.

[00:10:39.100] - Carmina Ganyet

If we go in Page 12 about EPRA earnings as I mentioned before, these EPRA earnings are growing on the back of a strong operation. Strong performance from the core portfolio, 10 millions, strong performance in positive impact from the project deliveries and acquisition, 4 millions, as well as outstanding growth of 17%, thanks as well to the active debt management, cash management and debt improvement of 10 million positively. All of them overcompensating the negative impact, and I explained before, from Condorcet and Haussmann being now in the project pipeline. Growth outstanding of EPRA earnings, 17%, which is a very strong growth.

[00:11:31.270] - Carmina Ganyet

In terms of EPS, I would remind you that we have been, as you know, last year, increasing the equity 16%. We did a capital increase of 16%, from 540 million of shares to 627. As you know, to reinforce the capital structure, to invest in the broader strategy in Project Alpha X, but the fact



that we have been increasing 16% and the fact that this growth of 17% of EPRA earnings, we could keep the cash flow per share, the EPRA EPS per share in a positive way, remaining the same levels, although we increased 16% in the equity. We keep on track, and we maintain as of today, the guidance for the year-end between €32 and €35 cents per share.

[00:12:32.240] - Carmina Ganyet

In Page 13, you know that every 6 months we update our appraisal, our assets. You can see here the appraisals being updated in June 2025 has been increased almost 2% with a rental with two positive impact. The first is the rental growth and the project delivery, €155 million. The second also as well, impact of slight yield compression, so some improvement in rates, €59 million.

[00:13:07.720] - Carmina Ganyet

In the appendix, you will see the details of the appraisal yields, the valuation yields in every market. Basically, flat in Barcelona and slight yield compression in Madrid & Paris.

[00:13:26.080] - Carmina Ganyet

Consequently, the like-for-like growth in valuation has remained year-on-year very positively 4%, outstanding Madrid 6%, Paris 3.3%, Barcelona, 4.3%. In the second half of the year, 2%, with average standing levels of Madrid to 4%. I would like to remind you and to share with you that the second half, the first half of the year 2025, in Paris, has been included in the appraisal, the impact of increasing transfer tax 50 basis points. So, as a consequence of factoring the price of this new transfer tax in Paris that has been included, approved during the first semester, the Paris has remained positively being impacted or absorbed this negative impact of increasing 50 basis points on the transfer tax as well. Consequently, year-on-year 4% growth, valuation growing. We see a very positive trend in our appraisal as well.

[00:14:39.460] - Carmina Ganyet

In terms of balance sheet. Again, we maintain the investment grade credit metrics. Net debt, 4.6 billion, due to the dividend paid and the CAPEX Alpha X still not crystallised full value from CAPEX that has been invested in the first semester will come the delivery of the project. Loan-to-value, this is why the loan-to-value increased from 36% to 36.6%, and still CAPEX on Alpha X to be crystallised in valuation in the future appraisals. We maintain these rating metrics in the investment grade area, keeping as well solid position of liquidity, covering 1.2 times the future debt maturity in the next years.



[00:15:32.580] - Carmina Ganyet

In Page 15, we would like to highlight or to comment as well the commitment on continually optimising the cash flow. As you know, on the debt side, we have been very actively preserving the solid and the competitive cost of debt thanks to the prehedge, improving the cash flow from our company, from our shareholders. We keep this low cost of debt in the range of 2%. But as well, in the first semester, we have been optimising the tax regime in the remaining two companies in France, 90 Champs-Élysées and Haussmann. They were the two subsidiaries, the only companies that still they didn't elect for the SIIC regime. The fact that we were at the bottom of the price of December 2024, we decided to elect for the SIIC regime to save the taxes for the future on the income producing of these assets.

[00:16:43.070] - Carmina Ganyet

As you know, in Paris for the election to the SIIC regime, it needs to pay an exit tax. We have been committed to pay in 4 years because the law permits you to pay this exit tax in the following 4 years, 67 million. In exchange of that, the benefit is saving in a yearly basis between €3 and €4 million per year. This is a very accretive an interesting IRR investment. Thanks to this election and this optimisation from the tax and as well on the EPS optimisation, now the full activity of Colonial in France and in Spain, all of them are included in the REIT regime.

[00:17:34.480] - Carmina Ganyet

The last Page... In the following Page, sorry, in Page 16, you can see here we show probably more details than in the previous presentations how the NTA has been moved since December 2024.

[00:17:52.440] - Carmina Ganyet

The first point I would like to highlight, this is, the real estate valuation increases 21 cents. From 9.72 to additionally 21 cents. On top the EPRA EPS adds to the NTA 17 cents. The pre-dividend NTA valuation in terms of, I would say, real estate valuation pre-dividend results into a level of €10 per share from 9.62 to €10 per share. Of course we have paid a dividend, €29 cents per share considering the treasury share, so 29 cents per share.



[00:18:41.000] - Carmina Ganyet

Consequently, the NTA, after the dividend paid has been increased 1% from 9.62 to 9.71. But the fact that I explained before about the tax optimisation, which improves the future EPS and improves the NPV, the fact that we are recognising this exit tax to be paid in the following four years, impacting the NTA, which is the real estate NTA, it's thanks to this tax optimisation, impact up to €9.60 per share.

[00:19:21.640] - Carmina Ganyet

This is why we would like, this presentation, we have been added additional more detail to explain how has been the real estate improvement on the valuation, and the fact that this optimisation that will come in the future value and the future growth EPS, remained a stable NTA. Consequently, the NDV improves from 9.45€/share to 9.54€/share because we don't have any more this tax capital gain on the assets that has been elected into the SIIC regime. In the future, this NDV will show no impact on the tax for these assets, because all of them would be, or are already under the REIT regime. Now Carlos Krohmer will cover the following third section.

[00:20:19.450] - Carlos Krohmer

Thank you very much, Carmina. Now let's step into portfolio management. I will start with Page 18. First half has been absolutely outstanding in activity close to 90,000m², one third more than a year before. It's a clear proof that we are having the assets that is attracting the biggest share of demand in the market. If we go more granular, you cannot see it here on the Page and go quarter by quarter. First quarter 2025 was 32,000m². Second quarter has been 55,000m² or 22,000m² more, we have almost doubled the activity in Q2 of 2025 shows not just that we are signing a lot, but we are signing more

[00:21:09.530] - Carlos Krohmer

The activity in Q2 of 2025 shows not just that we are signing a lot, but we are signing more. We are having an acceleration in our activity, and this means basically that as of today, during the first half of the year, we have signed a total activity volume of 34 million that are just partly in our P&L, because this is an annualised number and we are feeding future growth. At what levels of pricing are we doing this? At the top levels. Colonial's assets are really setting the reference in the pricing. You see prices in Paris well above €1,000. Actually, we have signed 11 million of annualised rent in Paris that on a total square meter volume of 11,000m². On average €1,000 per square meter, and quite some examples well above €1,000. In Madrid, Recoletos has been signed at



€43sqm/month. In Barcelona 30. We are really setting the benchmark, signing at the top end of the market.

[00:22:33.230] - Carlos Krohmer

Then we have another driver that is the project activity. We have a strong pricing power as a source of cash flow and then projects that we are delivering. We have here one of our flagship projects in Madnum that you know quite well, is a total square meter of 60,000m² that has been delivered just recently.

[00:23:00.950] - Carlos Krohmer

As of today, we are having already a strong activity and secured. Close to secured 40,000m², 22,000m² signed and 18,000m² in very advanced negotiation or even head of terms status, so quite strong. 70% of the total premise already with secured tenants with a huge project that just has been delivered recently. What is then also important, we are signing at rents well above our initial underwriting. Once this asset is fully stabilised, this will generate a chunk of 20 million of rents per annum, with a yield of cost in excess of 8%.

[00:23:58.270] - Carlos Krohmer

Let me talk on Page 20 about pricing power. This is one of the most distinctive elements for prime business model. As we are in a segment where there is a very scarce supply, and we are providing the best product, we have the ability to deliver on a sustainable permanent basis, a significant extra growth compared to the normal CPI growth. You have seen the section of Carmina that growth was 6% in rents, whereas that CPI was 2%. We have beaten by 400 basis points. The growth here, you see what we have signed year to date. We have signed an ERV growth of 6% in the group, so our rents are 6% higher than the reference market rent as of December 2024, 6% just in 6 months. It's not 12 months, it's 6 months.

[00:24:59.320] - Carlos Krohmer

If we compare this with the current indexation levels, the planet indexation levels of the segments where we are, we have 300 basis points in excess of the indexation that applies to the contracts in the group as of today. In Madrid, even 600 basis points. The main message here, our business model, our assets are delivering, are providing an extra growth between 300 and 400 basis points



on top of inflation. Also, as a consequence, release spread has been quite strong. 9% one of the highest in the European arena, driven in particular by Paris, the 20% release spread.

[00:25:49.370] - Carlos Krohmer

On the occupancy we are remaining, I would say, at the structural, very healthy level to have enough activity in order to capture this rental growth so that we have always some space available to take the upwards trend of the rents. We are at 95%, more or less at the same level that of '24, but it would like to highlight if we compare with the past is that we have things that entered into operation and that were bought last year.

[00:26:27.250] - Carlos Krohmer

The Alpha X portfolio. If we take this out, the more comparable like for like perspective, the occupancy is even a little bit higher, it's around 97%. When we look across segments, the prime segment where we are basically focused is strongest. Then we have secondary in Barcelona (22@). We've always said that Barcelona, we have a positive outlook, so this will gain momentum in the coming quarters.

[00:27:03.370] - Carlos Krohmer

Let me just finish this section with a little bit more forward-looking view. It's on Page 22. I already mentioned this when we look at the two biggest segments of our portfolio, but you can see, is that there is a significant removal of office supply in the Paris market, more than close to 400 assets, 700,000 square meters. This further plays in our favour, making a much better imbalance between strong demand and non-available supply. You can see the playing field of Colonial is high quality assets in the city centre. The availability today in Paris is 1%, and in Madrid we have had a significant improvement of the availability in Madrid market.

[00:28:03.740] - Carlos Krohmer

Improvement in sense for us, there is nothing really available. We are today, for the total CBD, at an availability of 2.6%. If we look at the product, that is a high quality product that gets rents of €40sqm/month, the availability is 0.8%. Almost non-existent, so we have here a quite relevant business to play. In Barcelona, it's not here on the Page. The availability of grade A product in the city centre is 1.2%, so also quite strong.



[00:28:41.550] - Carlos Krohmer

A way to see also the high quality, the underlying high quality of our portfolio, if you want to get some operational KPI, an indirect way to see it is the sustainability level of our activities. We are at the top level. Just to share here on Page 23, that we have been again for the third year in a row, included in a very selected narrow group across industries of climate leaders by Financial *Times*. So we are part of the Climate Leaders 2025 *Financial Times*. With this, I give over to Pere for the concluding chapter. Chapter number 4, Our *Future*.

[00:29:26.630] - Pere Viñolas

Thank you, Carlos. Yes, I would like to go through the last section on future growth. You know that what we are trying to accomplish as a company is the delivery of sustainable growth of cash flows based on our prime positioning in the prime CBD arena and based also on our capabilities in urban transformation that allow for additional value add coming from our different initiatives and projects.

[00:30:08.550] - Pere Viñolas

In slide 25, you can see that at the end of this first half of 2025, we again are delivering this growth which is now 12% CAGR, starting first half of 2022 until first half of 2025.

[00:30:31.240] - Pere Viñolas

If we look forward in the future, how this growth behaviour, how this growth profile looks like, there are several layers that should be shared or discussed. Number 1, what's coming that will be coming from the urban transformation projects, where we expect an impact in EPS of around 11 cents. Number 2, what's coming from prime asset reversion that will deliver superior cash flow growth.

[00:31:08.050] - Pere Viñolas

We are expecting, roughly speaking, €47 million in the midterm. Number 3, new initiatives, in our particular case in the field of science and innovation with third party capital, that should be adding additional 2, 3 cents to the EPS. Finally, what may come from our opportunistic capital recycling.



[00:31:34.450] - Pere Viñolas

These are the pillars of our future growth in our cash flow. Going, more in detail about each of them. Page 27. Urban *transformation*. As you know, we are now developing a few projects for outstanding two in Madrid and two in Barcelona, plus other ones. Madnum project and the last renovations, what we call the Alpha X initiative. You can see here that we will be delivering almost 90,000m², 2025, plus more than 100,000 square meters, '26 to '28.

[00:32:23.890] - Pere Viñolas

These boats that we now have out of the water, when they go back to the water, they should be contributing with roughly speaking, €100 million of rental income. That means an additional EPRA EPS of more than 11 cents, 33% of growth compared to 2004 EPRA EPS. As of today, these projects are going nicely as expected, so we are positive on their delivery for the next few years.

[00:33:09.100] - Pere Viñolas

Number 2 on Page 28, another driver of cash flow growth will come from the prime asset reversion. You can see here a number of examples that will generate cash flow coming from renovation programs that—in the case of Paris, we are talking about of more than 20,000m²—and here you can see a few examples, like Louvre Saint-Honoré, Champs-Élysées in 90, or Cloud Paris. All these could account for €47 million of additional gross rental income.

[00:33:57.700] - Pere Viñolas

Number 3, Page 29. You know that we started this new initiative about science and innovation. Recently, we announced the final execution of our agreements in this partnership with Stoneshield. It's going quite well. We signed a transaction that included an investment of around €200 million. Looking at a target level IRR of 15%, that would mean €2 to €3 cents of contribution to our EPRA EPS.

[00:34:37.580] - Pere Viñolas

On the back of investing into this vertical where we are working on a short-term pipeline of €700 million of new assets under management where we could be investing in the near future. This is another vertical of growth that is enhancing our strategy going forward.



[00:35:06.230] - Pere Viñolas

Finally, a comment on the cycle. Cycle, by definition, is not so easy to track or to define, but it's clear that today we are presenting some results that—for the first time in the last few years, are showing a positive contribution from increased asset valuation, after 2022 and 2023 of repricing and 2024 of bottoming and stabilisation—they are increased transaction activity that are opening for a deal windows. That generates another source of value that would show up soon in the case of prime office assets, and will allow for a stronger delivery of growth for Colonial, for our company. This is basically the outlook for the next few years.

[00:36:15.960] - Pere Viñolas

Finally, let me share a quick comment on our progress on the merger between Colonial and SFL. We are on the final stages for the creation of this pan-European platform. This calendar has been going through the different milestones without any negative remark.

[00:36:48.640] - Pere Viñolas

As of today, at the end of the first half of 2025, the general shareholders meeting of both Colonial and SFL have already approved the merger. As we speak, we are going through the completion of the final regulatory stages. No pending, open issue as of today. Therefore, our expectation is that the merger will be finally executed and the delisiting of SFL will be taking place probably at the beginning of the last quarter of this year. The Colonial SFL as a pan-European platform will start to operate in the last quarter of this year.

[00:37:44.880] - Pere Viñolas

Final comments, just to wrap up on everything we share with you today. Basically, we are happy with the results. As you know, we've been on a strong delivery of cash flow growth for a few years already. A double-digit, year-on-year earnings growth, has been with us for a number of years. This time we also see asset revaluation coming along. There are two value drivers, are becoming a positive.

[00:38:26.690] - Pere Viñolas

This cash flow growth is because ordinary course of business is going very well. You've seen a fantastic leasing commercial activity, rental activity, huge increase compared to last year. This is very important because these stocks... This says a lot, not only about the past but also, and more



importantly, about the future. You've seen that it's not only a commercial activity, it's rental growth, well above inflation, with a fantastic like for like. Occupancy, very strong-

[00:39:10.700] - Pere Viñolas

Then a fantastic management of our debt structure which is super reduced cost that remains with us for the last few years and for the next few years, all of this together means that we can enjoy again fantastic first half in terms of operational activity, in other words, in terms of growth.

[00:39:42.700] - Pere Viñolas

Looking ahead, we shared with you the different sources of growth profile that will be coming with us in the next few years. More than 150 million of future rents through new pipeline and reversion, enhanced urban transformation growth strategy through the Science and Innovation Initiative, with third-party capital and the opportunistic capital allocation that can come further.

[00:40:13.460] - Pere Viñolas

As a final comment. We remain on track with our guidance for strong ongoing growth, the like-for-like revenue growth in line with previous years, a strong EPS growth for the next few years, and short-term EPRA EPS to remain in the range of 32 to 35, as we've been disclosing recently.

[00:40:41.660] - Pere Viñolas

With this, I will end my presentation. Thank you for your attention. Now, as usual, we are open to any questions or comments you may have. Thank you.

[00:40:56.070] - Moderator

Ladies and gentlemen, the Q&A session starts now. If you wish to ask a question, please press star five on your telephone keypad. Thank you. We now move on to the next question, the first question coming from Valerie Jacob. Please go ahead with your question.

[00:41:20.990] - Valerie Jacob

Hello. Good evening. Thank you for the presentation. I've got a quick question, if I may. The first one is on your guidance. You've had a strong first quarter, and the range you gave earlier this year is quite wide. I was wondering if there was a reason why you didn't narrow the range to the



top of the guidance, and if there is anything specific we should know for H2 or if you're just being conservative. That's my first question.

[00:41:52.120] - Valerie Jacob

My second question is on the tax optimisation that you did. I'm not sure I understand, because if I look at the saving versus the 67 million you spent, it's a yield of 5%. That doesn't look very attractive compared to the other opportunity that you're showing on Page 26, or investing in your own shares. I was just wondering if you could give us some explanation of the rationale or why you think it's the best use of this money.

[00:42:24.800] - Valerie Jacob

My last question is on Barcelona. You've had some negative reversion, and you still have some space to let. I was wondering if you could give us an update on what's going on in Barcelona. Thank you so much.

[00:42:40.920] - Pere Viñolas

Thank you. I will cover question number one. Carmina will cover question number 2, and Carlos will cover question number 3. On the guidance, we prefer to remain prudent as of today. It's true that if you look at the results for the first half, they are pointing more at the upper end of the range of the guidance, not at the lower end, but as of now, we remain with the guidance of 32-35. I would say that if I had to provide a comment, would be more confident in the upper range than the lower range. With, let's say, the 6 months ahead, we prefer to remain with this range of guidance for 2025. On the tax optimization story, Carmina.

[00:43:35.560] - Carmina Ganyet

Yes. On the tax, different angles. The first one is that these companies had, in the NDV recognised, and as well in the balance sheet, capital gains, tax liability on the implied capital gain on those assets. What are these amounts, or what was this amount on the capital gain taxable? It was €90 million. The way that we choose now, this is something that we monitor very closely. The way that we have chosen now, the election for the SIIC, for those companies, for those assets, is because the valuation based on the election, based on the price of December 2024, it was at the bottom of the appraisal.



[00:44:30.570] - Carmina Ganyet

It means that now we have been a positive growth on those assets, in the future, will come additional value. The fact that we choose I believe the right moment. Why we believe that this is the right application of this money or this cash, because basically the corporate income tax attached to those assets, it was €90 million and paying now €66 million, so we save €30 million value for our shares.

[00:45:04.180] - Carmina Ganyet

We optimise more than €30 million. On top, we have expected in a yearly basis, €3, €4, €5 million saving tax. It's like basically having an investment of a high, high double-digit IRR. This is why the rationale behind this election and this decision.

[00:45:33.020] - Valerie Jacob

Thank you. That's very clear.

[00:45:35.100] - Carlos Krohmer

I will take the last question. Just to add some point to what Carmina said. If you take 4 million of running savings, or 5 million of running savings on the money invested, is a yield on this investment of 6%, 7%, at least without taking the rental growth that these assets could have on the release spread. In Barcelona, it was 1.7, slightly negative.

[00:46:03.940] - Carlos Krohmer

This is basically that in the first half, there have been some contracts of our residual exposure in a secondary area, that is Sant Cugat and 22@ it's also at the moment a little bit weaker, and therefore there has been this negative release spread.

[00:46:25.380] - Carlos Krohmer

Also, the rents in Spain had gone up much quicker than in Paris. All in all, in the prime, we are performing well. As I said, going forward, we have a positive opinion on Barcelona, and we see the future evolution of the market, with our product positioned there as an opportunity more than a threat.



[00:46:56.310] - Valerie Jacob

Thank you.

[00:47:04.350] - Moderator

Next question, Véronique Meertens. Please go ahead.

[00:47:12.550] - Véronique Meertens

Hi. Good evening all. Thank you very much for taking my questions and the presentation. Maybe first on the Stoneshield transaction. I appreciate you mentioned that there are over 250 accounts that you've done outreach to, several investors already in due diligence. Could you give slightly more colour on how far you are in those processes and how confident you are that you will be able to announce something before the end of the year? Because I believe in the previous presentation, you did mention that you were not intending to consolidate as well, so hoping to get some additional colour here.

[00:47:48.390] - Pere Viñolas

Thank you. Véronique. We are working on several conversations with several investors. As of now, we are in advanced stages of discussions, meaning due diligence, work with lawyers, structuring and so on. I would say that our central scenario would be first closing with new investors stepping in on the last quarter of this year, and also on the back of certain additional pipeline opportunities that would come for the last quarter of this year. Before that, we don't see anything in particular happening.

[00:48:40.160] - Véronique Meertens

That's clear. Thank you. You mentioned capital recycling already as one of the opportunities. Obviously, we've seen you already make some investments, but you mentioned that the market is opening up. I think there were also some market news articles on colonial potentially being in the market is selling lower-yielding assets currently. More top-of-mind are the more interesting opportunities at the moment, and more buyers knocking at your door?

[00:49:07.080] - Pere Viñolas

I think that what we can see across Europe in general is that if we concentrate on the prime CBD, the market is there, meaning that investors are there. What has a question mark is if the sellers



are there or the product is there, for example, as of today in Spain, I would say that it's difficult to invest because of the lack of opportunities in prime CBD.

[00:49:42.530] - Pere Viñolas

In our case, we may do both things. We may be selling and buying. We are going through discussions or through a process of disposals, of the first disposals in France, and also we may consider disposing tactically of some of the residential in Spain. At the same time, we are looking at investment opportunities in our local markets. I would say that by now, we don't have yet a clear positioning for the short term because we'll depend on individual opportunities, but certainly we see the market more open for prime CBD both in Spain, France and across Europe in general.

[00:50:41.330] - Véronique Meertens

Maybe one follow-up because you mentioned you're exploring in local markets. I think it was last year where you mentioned a couple of times that maybe exploring in different markets was also an option, but that's now not really a top of mind?

[00:50:55.330] - Pere Viñolas

No, no, it is. We remain very open to investment opportunities outside our core markets, but of course, going through the normal process of carefully assessing the investment opportunities that may be out there. By definition, yes, we will always have a look at investment opportunities, of course, in France and Spain, but we do not exclude investment opportunities in other countries.

[00:51:26.490] - Véronique Meertens

Okay, that's clear. Thank you very much.

[00:51:33.300] - Moderator

Next question, Ana Escalante. Please go ahead.

[00:51:42.180] - Ana Escalante

I have two questions. The first one is on your EPRA vacancy rate for offices. That has gone up slightly due to the delivery of some of the projects. I was wondering what's the state of that vacancy rate as of now in July? Is that taking into account some of the leasing that you've done



in Madnum or not yet, and where do you expect that trending towards the end of the year based on your ongoing discussions with tenants?

[00:52:10.340] - Ana Escalante

The second question is on the agreement on the joint venture with Stoneshield. You say that you have some quite advanced discussions in terms of third-party capital. Maybe if you could share, of course, respecting the confidentiality. What type of investors are looking at this, and also in the context of improving real estate? Real estate investment markets across Europe.

[00:52:41.030] - Ana Escalante

To what extent do you think there will be appetite to do both, or in terms of Paris offices and also these type of assets, whether the third party that's looking at this is the same or there are some differences across the investors that are looking to invest in the two types of assets, let's call it that way. The prime assets you own and the assets that will fall into this joint venture.

[00:53:06.110] - Pere Viñolas

Yes, I will go through the second question, Ana, and then maybe Carlos can step in with your first question. Look, as of now, we are in advanced discussions with potential investors, but at the same time still maybe too soon to provide additional colour. What I could say as of today, first of all, high-quality names. Names that everyone knows and would be comfortable with. That's the first comment

[00:53:42.150] - Pere Viñolas

The second comment these kinds of investors are sharing our views on this particular adventure of our joint venture with Stoneshield. We believe that there is an opportunity for those sectors and companies operating in those sectors that have a particular profile for growth on the back of innovation and science, and also that because of this activity, this allows for a certain relationship with the landlords that goes beyond the typical real estate relationship, provides a more long term relationship with value added content and a higher stickiness. Let's put it this way.

[00:54:40.520] - Pere Viñolas

All of these providing both higher returns and higher growth. As of today, I would say that the investors we are talking to are buying into this story. It's also the story that they like. As I said at



the beginning, they're basically good names. We expect that, by the end of this year or the last quarter, we will have more clarity. By the way, the other thing that to highlight is that this is already going beyond the Spanish, let's say, borders.

[00:55:24.360] - Pere Viñolas

Spain is a fantastic place to be because it's the highest-growing economy in Europe today. A pan-European approach not to this initiative, is also the strategic bet that these investors are taking now. We are satisfied with where we are. Hopefully by the end of the year we will be able to be more specific. Carlos, if you could step in and comment with the EPRA vacancy rates.

[00:55:59.290] - Carlos Krohmer

The EPRA vacancy rate. A little bit of movement in Madrid. Actually, we are talking about what we had in March 26,600 square meters available. Now we have 27,200. A movement of 600 square meters, a little bit more availability. Typical activity of a little bit of rotation. It's a good asset. Sometimes people change, and we see this more as an opportunity on the other side.

[00:56:27.890] - Carlos Krohmer

All of the head of terms and advanced negotiations that we have in Madnum are contracts that will come in the coming months and that are not part today of the occupied space. We have already today secured a very relevant chunk of current availability. The slight movement, the slight up tick of 600 square meters that are more over located in a very good location, we see this more as an opportunity to then let this now at a very good rent.

[00:57:09.410] - Ana Escalante

Thank you. Maybe as a follow-up to my second question, the one that Pere answered. Could you please remind us what the expectation that you have from the investment in the joint venture with Stoneshield in EPS 27, 28? I think that's the guidance that you provided earlier.

[00:57:29.780] - Carmina Ganyet

As we said, we have an expected EPS in the range of 3 cents per share, but of course it will be subject timing, pipeline, et cetera. Also, the business plan is the expectation that it's included as well in the growth strategy and the growth avenues that we have.



[00:57:56.820] - Ana Escalante

Thank you.

[00:58:06.700] - Moderator

Next question, Pierre-Emmanuel Clouard, please go ahead.

[00:58:13.100] - Pierre-Emmanuel Clouard

Good evening. Thank you for taking my questions. I have several questions. The first one is on France. I see that when I'm looking at the report that has been published by SFL yesterday, the GRI is up 1% year-on-year, but you are saying that it's actually down 3%. Is there anything that we should have in mind that could explain this difference? Just to fully understand the figures, so you have a 6% like-for-like growth in Paris, but your GRI is down 3%. Is it fully attributable to the rent loss due to tenants vacating and assets being put into a strategic vacancy in H1? If we can have the amount of rents it represents, it would be useful.

[00:59:04.830] - Pere Viñolas

Carlos, would you like to take this one?

[00:59:07.870] - Carlos Krohmer

I'm not really sure if I understand clearly the question. I think it's a very detailed, technical question. I have now not here with me to the presentation yesterday. I would suggest we can just clear this in a separate technical call. I don't have specifically the figures.

[00:59:29.750] - Pierre-Emmanuel Clouard

No problem. The second one is on Barcelona. Just to understand, how can you explain a 2.3% like-for-like value growth when the release spread has been negative by 2% and the like-for-like growth is zero? If I'm not mistaken, there has not been any yield compression in the city. How can we explain the value increase?

[00:59:59.830] - Carlos Krohmer

Because the value increase is basically what is the driver is the market rent, not the release spreads. Please keep in mind also that the release spread is a very limited part of the commercial activities, only that contracts, where there have been a renewal that have been affected. When



you look in general at the ERV growth of the portfolio of Barcelona, the ERV growth year to date is 3% just in 6 months. It's a healthy growth.

[01:00:41.320] - Carlos Krohmer

Moreover, as you know, we are also progressing quite successfully with the projects. One of the projects is in Barcelona. Then we had here and there minor refurbs. It's fundamentally driven. The release spread, as I mentioned, is especially affected this first half by contracts that have been one of them in Sant Cugat, another one in 22@ but it represents a super tiny part of our portfolio in the city of Barcelona, so it's not really fully representative. What really counts is the ERV growth that really affects much broader part of our activity. This is the reason.

[01:01:39.520] - Pierre-Emmanuel Clouard

Okay. The final one is on the capital allocation. I see that your EPRA LTV is up to 45% today. Can we have in mind the CAPEX that you are planning to spend in 2025 and 2026, in million euros?

[01:02:10.280] - Carlos Krohmer

As you remind, our project pipeline has roughly a CAPEX deployment of 360 million. What we expect in terms of the project pipeline, that it is not Project Alpha X, and Mendez Álvaro is basically finished, roughly in the amount of 70 million of pending CAPEX for 2025. We have incurred year to date 30 million and something in the range of 140 for 2026.

[01:02:57.370] - Pierre-Emmanuel Clouard

Okay. If we include everything so the refurbishment CAPEX, not only the pure pipeline projects plus Stoneshield, what could be the amount of total CAPEX this time?

[01:03:14.980] - Carlos Krohmer

This additional figure I have is not with me. I would include it together with the other question that you have on the technical part for this call.

[01:03:25.020] - Pierre-Emmanuel Clouard

Okay. Thank you very much.



[01:03:34.140] - Moderator

Next question. Michael Finn, please go ahead.

[01:03:41.860] - Michael Finn

Yes. Hi there. My first question is on the asset in Barcelona that was finished recently, called the Diagonal 197. I believe at the first quarter, it was mentioned that there may be a tenant for that building. I was expecting it to maybe be in the press today. But I'm just curious if you have any update on that. My second question is based on the science fund. In the presentation in April, you mentioned, I believe, eight different cities. I'm just curious which cities are currently screening as the best. Should I assume that it is the three cities included on Page 29? Any other details there, please? Would be great. Thank you.

[01:04:39.340] - Pere Viñolas

Yes. I could not follow the second question. Maybe Carlos could answer better on the first part. No, at this moment. We don't have additional progress on Diagonal 197. There were certain visibility that didn't have additional progress yet. Still, let's say we are where we were last time we talked about this. The second one, Carlos, maybe you can answer that.

[01:05:11.230] - Carlos Krohmer

Sorry. The second one. I did not get it correctly. What was the second question?

[01:05:15.390] - Michael Finn

The second part is out of the eight cities that were in the press back in April, I'm just curious which ones now screened has been the best ones. Which ones do you feel will be the first target?

[01:05:43.590] - Carlos Krohmer

I think this is very much opportunity driven at the end. We will see where the opportunities can come. This is today not so easy to define.

[01:05:57.110] - Pere Viñolas

If I can add something, Carlos, as you are saying a very opportunistic, very driven by individual opportunities. If I may say something. Recently in our core markets, Paris and particularly Madrid



are showing super strong performance. Looking at our, let's say long term experience in these markets, the way we see them recently, particularly in Madrid, I would say it's outstanding.

[01:06:31.280] - Michael Finn

Okay. Okay. Brilliant. Thank you.

[01:06:42.680] - Moderator

Next question. Jonathan Kownator, please go ahead.

[01:06:50.000] - Jonathan Kownator

Good evening. Thank you for taking my question. One question on leasing, please. Obviously, you highlight quite a positive environment, particularly for Madrid and Paris. Beyond, you have quite a number of letting challenges or upcoming projects to be delivered. Can you share with us any interest already for these projects? Obviously you've got I think, scope project for 2026 in Paris. Do you have already conversations on these on this project? Thank you.

[01:07:29.760] - Carlos Krohmer

Maybe I'll start. I think the first very clear case study to this is that you're seeing, when you look at Madnum, it's a large project. 60,000 square meters is super, super large. Just has been delivered. We are today 20,000 square meters left, that is 20,000 square meters let and close to another 20,000 square meters in very advanced conversations. Almost 40,000 square meters secure. This is a perfect case study to show, that our product really is attracting in the market.

[01:08:13.250] - Carlos Krohmer

On the Project X pipeline, you know, that this is a little bit more midterm in terms of delivery, more back-end driven. It's a little bit early. Typically, the commercial activity starts when you start to see and to have a little bit of look and feel. First one that will come into this situation, into this phase is Scope. Scope, probably, the marketing commercial activity will start somewhere around the second half of this year, but it's already generating quite positive momentum in the market. We really believe that our product is attracting sufficiently. Will attract strong. We are positive that the first of the assets that will come close to such a phase where this starts to have appeal is Scope. The other one is more later in the cycle.



[01:09:23.060] - Pere Viñolas

If I may add something, Carlos. Yes, as you say, the scope is the first one. We are starting commercial activities, as Carlos was saying. Now, in the second half, we are prioritising a multi-tenant strategy for this one. We'll have more colour by the end of the year.

[01:09:49.140] - Pere Viñolas

On the other three, as you know, there's one in Barcelona that has already the tenant in place, which is the Sanitas one, which is already identified in Sancho de Ávila. On the Santa Hortensia one the only thing that I can say is that here we are giving a higher priority to a definition of this project more on the living segment, including the student housing and other kind of uses. We've had a huge, huge attraction or interest coming from established operators in this segment that believe that this site could be outstanding.

[01:10:42.980] - Pere Viñolas

Finally, in the case of Condorcet, it's long term. As of today too soon to provide any additional colour on this one.

[01:10:56.580] - Jonathan Kownator

Okay. Thank you. On the Stoneshield project, obviously, I think you had also some leasing challenges or assets to lease there. Are you able to provide any update on that, please?

[01:11:14.350] - Pere Viñolas

Can you repeat, Jonathan, because we could not follow you exactly?

[01:11:19.390] - Jonathan Kownator

The question was the same question whether on the innovation assets, whether you were already leasing in the market and whether you had any discussions already on these assets. Obviously, I think the yield that you gave originally was a target yield on assets would be finished. Just trying to gauge interest already for these assets. Thanks.



[01:11:43.470] - Carmina Ganyet

Yes. Jonathan, this is Carmina. Yes, we have a very interesting of both teams. We are working together in a very interesting pipeline. But the investment thesis and this is the main reason that we have and some of them say deeper conversation and some of them with some exclusivity. We stated the strategy of triple net lease strategy, long term contracts, BBB names, as a corporate credit metrics with a spread, between 400 bps, 300 above the risk-free rate attached to this corporate rate.

[01:12:33.400] - Carmina Ganyet

What does it mean in reality is that we expect stabilised yields at 6.5% and in some cases at 7% stabilised yields with some contracts. We state that the target of leveraged IRR of 15%. There are this kinds of approach and investment opportunity that we are analysing and of course we see if we succeed or not. But this is the investment tests and the conversations we are having in some of the opportunities.

[01:13:09.960] - Jonathan Kownator

Okay. Thank you.

[01:13:32.560] - Pere Viñolas

I understand that there are no more questions.

[01:13:33.720] - Moderator

We have one more question. We do. We have a question from Fernando Abril. Please go ahead.

[01:13:45.360] - Fernando Abril

Hello. Thank you very much for taking my questions. Two quick ones, please. First on the renovation program in Prime Paris. What would be the CAPEX for this program? Also, timing expectations for this plant to capture these extra events. I don't know if you mentioned this. Second, a P&L question, is basically the overhead line. I've seen it is up around 6% in H1, but it is also up 20% in the last couple of years. I don't know if you've had some one-offs. Or do you think this is a fair assumption for the overhead line for the next few years? Thank you.



[01:14:31.570] - Carlos Krohmer

I take the one on the renovations. There's always a little bit of rotation in the assets and then some renovation program opportunities. I would say, as you know, from the past, these are in Paris terms, talking about Paris KPIs of spending minor activities or minor means maybe €1,000, €1,500 per square meter. Sometimes if it's a little bit more ambitious, a little bit more, but this is a little bit the range. It's not like the Project X, full refurbishments. They always have had a very, very interesting payoff because you don't really get a significant, very significant uplift in rents that is not fully reflected here in the reversion. The reversion is that today's ERV, typically when you do such a renovation program, you do it to get an extra premium, to convert the space in an even better one.

[01:15:42.090] - Carlos Krohmer

In terms of timing, I would say the one that will come a little bit more in the shorter term because we are benefiting from finalising also the Cartier premises. Then we've done some things on the entry hall for the office part, is the Louvre building. They're part of the things that have been done in the last quarters have been really fantastic, with a significant pickup in rent. The Louvre part is maybe the one that will come more in the shorter term in a time frame of between 12 and 18 months. The others will then come more progressively. But it has typically a very, very a super high payoff in terms of underlying extra rents that we get compared to the marginal CAPEX to be put on it.

[01:16:37.300] - Carmina Ganyet

And, Fernando, on the overheads, I'm not sure if I understood which kind of series of data you are looking at, but basically the main impacts on the overheads, this one shot, is about what the cost or the fees and the advisory that we have been in court with cross border merger with SFL.

[01:17:05.830] - Carmina Ganyet

You know that during the last 2 years we have been working with the regulator, with the tax administration, with some, let's say, analysis as well, on the independent experts as well, restructuring part of the organisation. This means that it is one shot cost in the overheads that it's impacted between 2024 and 2025. But the rest is organic or the same level that we had in the previous years. But it's true that during the last years, a lot of efforts and I would say cost attached to their restructuring and reorganisation and cross-border measure.



[01:17:57.870] - Pere Viñolas

Okay. Thank you, Carmina.

[01:18:07.790] - Moderator

There are no further questions. Therefore, I give back the floor to Mr. Pere Viñolas. You have the floor.

[01:18:17.350] - Pere Viñolas

Thank you all for your attention. I think that again, we are happy to be sharing with you a nice trend in the performance of this company of Colonial SFL. Hopefully very soon we'll be able to share more of this with you. Nothing more on my side. Thank you very much for your attention. Have a fantastic day. Thank you. Bye-bye.

