3Q/2020

Quarterly results January-September 2020

12 November 2020

Colonial continues with stable financial and operative ratios during the COVID-19 crisis

The COVID-19 situation at Colonial

The COVID-19 pandemic continues to significantly affect the economy in general, in our domestic as well as global markets.

To date, all of the international agencies estimate a significant contraction in the global economy for 2020 in the markets in which Colonial operates.

Economic activity has been interrupted from the second quarter onward due to various waves of contagion. Consequently, Colonial's priority has been to ensure the health and safety of our teams, clients and suppliers.
In this context, Colonial has continued to provide all of its services while maintaining the maximum quality and safety standards.

Our activity has remained stable and the results at the close of the third quarter reflect the strength of Colonial's portfolio and the resilience of its business model.

Since the beginning of the crisis, the management team has carried out a series of measures to strengthen the position of the Group in front of a complex scenario. The following milestones are highlighted to date:

MARCH	APRIL	MAY	JUNE	JULY	SEPTEMBER	OCT / NOV
Implementation of covid-19 protocol within our buildings	Increased liquidity through the signature of 200€m sustainable loan	Rating agencies S&P and Moody's confirm credit rating, BBB+ and Baa2	Pre-letting of Marceau Goldman Sachs	Solid Q2 20 Results	Sale of 2 noncore assets in Barcelona	€500m Bond Issuance Colonial €300m Liability Management
Disposal of 2 non-core assets with >20% premium	More than 3,000 sqm signed, +10% vs ERV +50% release spread	500€m of bond issuance, increasing liquidity above €2,500m	Agreements fully reached with clients in Spain	500€m of bond issuance SFL	€161m Liability Management at SFL level	Signing of a new "Credit facility" financing line of €1000m
Postponement of capex program €60M (Mendez Alvaro)		Release of Q1 results, with vacancy rate at 2%	Stable dividend of 20 €Cts /share approved by AGM	Logistics Disposal Settlement of Call Option signed in 2019		

Recurring EPS of €22.10cts/share, +8% yoy

Financial Highlights	3Q 2020	3Q 2019	Var	LFL
EPS recurring - €Cts/share	22.10	20.49	+8%	
Gross Rental Income - €m	260	263	(0.9%)	+0.4%
Net Rental Income - €m	245	240	+2%	+3%
Recurring Net Profit - €m	112	104	+8%	
Attributable Net Profit - €m	5	393	na	

Unique exposure to Prime

Offices GAV 6/20[4]

Total GAV by market 6/20[4]

Operational Highlights	
EPRA Vacancy	**4%**
"Collection Rate" Ofices [5]	**98%**
Rental Growth[1]	**+5%**
Barcelona	+7%
Madrid	(1.6%)
Paris	+10%
Release Spread[2]	**+25%**
Barcelona	+51%
Madrid	+20%
Paris	+14%

Solid Gross Rental Income and EBITDA

- Stable Gross Rental Income of €260m, (0.9%) & **+0.4% like-for-like**
- EBITDA rents of €245m, +2% & **+3% like-for-like**
- EBITDA office portfolio +6% & **+4% like-for-like**
  - Madrid +36% & **+12% like-for-like**
  - Barcelona +9% & **+10% like-for-like**
  - Paris (6%) & **stable like-for-like (0.6%)**

Increase in recurring results

- ***Recurring EPS of €22.10cts/share, +8%***
- Recurring earnings of €112m, +8%

Stable operating fundamentals

- Collection rates of 98% in offices (100% in Paris)
- Solid occupancy levels of 96% (97% in Madrid)
- Project portfolio with high pre-letting levels
- Capturing rental price increases

  +5% vs ERVs at 12/19[1]

  +25%, release spread[2]

Active management of the portfolio

- Disposals of more than €240m of non-core assets in 2Q and 3Q 2020
- Sales prices with a premium over appraisal
- Estimate of additional disposals of €300m

A strengthened balance sheet

- Bond issuances of €1,000m in Spain and France
- Very favorable issuance terms based on solid ratings by Moody's & S&P
- Liquidity of €2,487m[3], with €447m in cash

(1) Signed rents vs. market rents at 31/12/2019 (ERV 12/19)
(2) Signed rents on renewals vs. previous rents
(3) Liquidity (available lines and cash) as of 30/09/20 including the new credit facility signed in November
(4) Adjusted by residual logistics and 3Q 2020 disposals
(5) Collection rate offices Q3 2020

Highlights

Third quarter results 2020

Increase in Recurring Net Profit of +8%, reaching €112m

An increase in Recurring Net Profit

The **Colonial Group** closed **the third quarter of 2020** with a **net recurring profit of €112m, +8% compared to the same period of the previous year**.

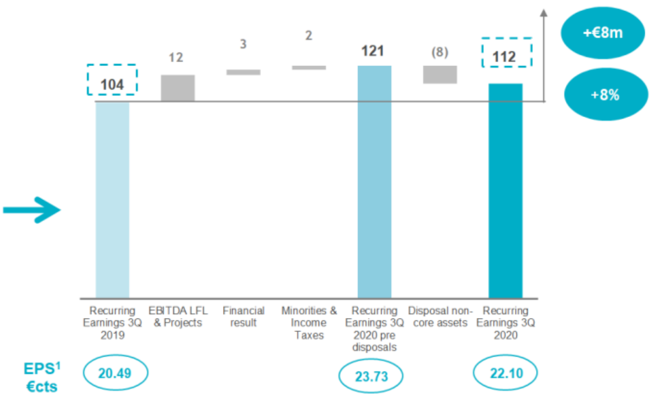
Net recurring EPS amounted to €22.10cts/share, resulting in an increase of +8% compared to the previous year.

Profit & Loss Account

Results analysis - €m	3Q 2020	3Q 2019
Gross Rents	260	263
Recurring EBITDA	213	210
Recurring financial result	(64)	(67)
Income tax expense & others - recurring	(11)	(9)
Minority interests - recurring	(26)	(29)
Recurring Earnings	112	104
Change in fair value of assets & provisions	(104)	362
Non-recurring financial result & MTM	(9)	(7)
Income tax & others - non-recurring	3	(7)
Minority interests - non-recurring	3	(59)
Profit attributable to the Group	5	393

(1) Recurring earnings per share

Recurring Earnings - Variance Analysis



The increase in the recurring net profit of +€8m (+8% vs. the previous year) was driven by:

1. An increase in EBITDA like-for-like and projects of +€12m (+€4m, after the adjustment of the impact of the disposals of non-strategic assets carried out in 2019)
2. In addition, a reduction of €3m in financial costs was obtained

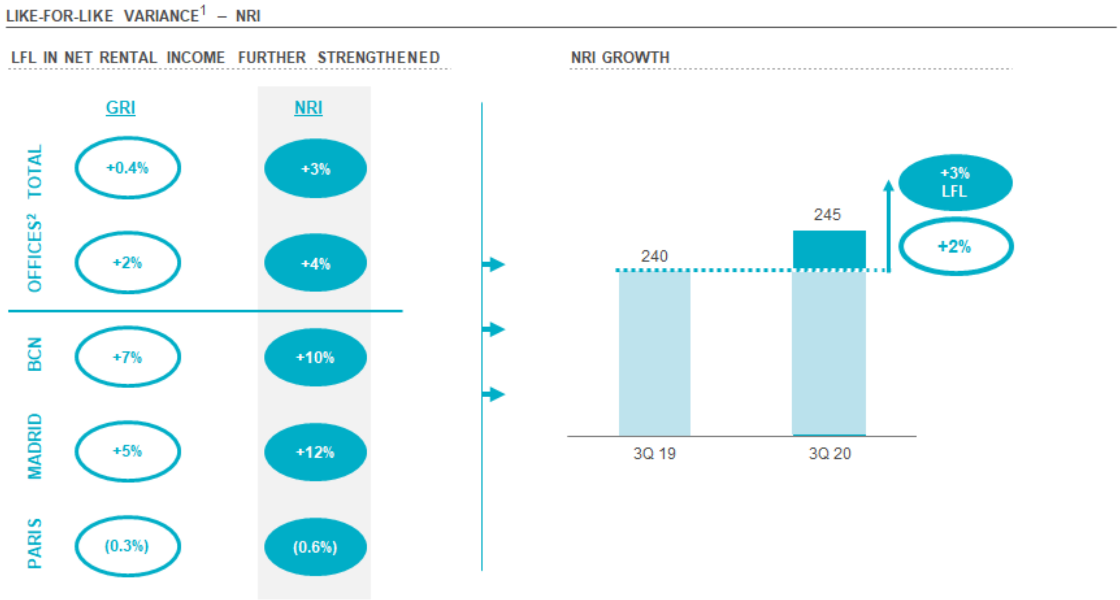
The disposals of non-strategic assets, mainly carried out in the second half of 2019, have resulted in an impact of lower rents on the recurring profit of €8m. Consequently, the recurring profit per share, excluding the above-mentioned non-strategic asset sales, would have been €23.73cts/share, which represents an increase of +16% in comparable terms.

The net result of the Group, deducting the value variation of the assets registered at 30 June 2020 as well as the impact of asset sales and other non-recurring impacts, amounts to €5m.

Solid Gross Rental Income and EBITDA

Colonial closed the third quarter of 2020 with **€260m of stable Gross Rental Income, an increase of +0.4% like-for-like**, although slightly below the previous year, mainly due to the disposals carried out on non-strategic assets in 2019 as well as the current year, 2020.

The rental income EBITDA (net rents) amounts to €245m, corresponding to **an increase of +3% in like-for-like terms.**

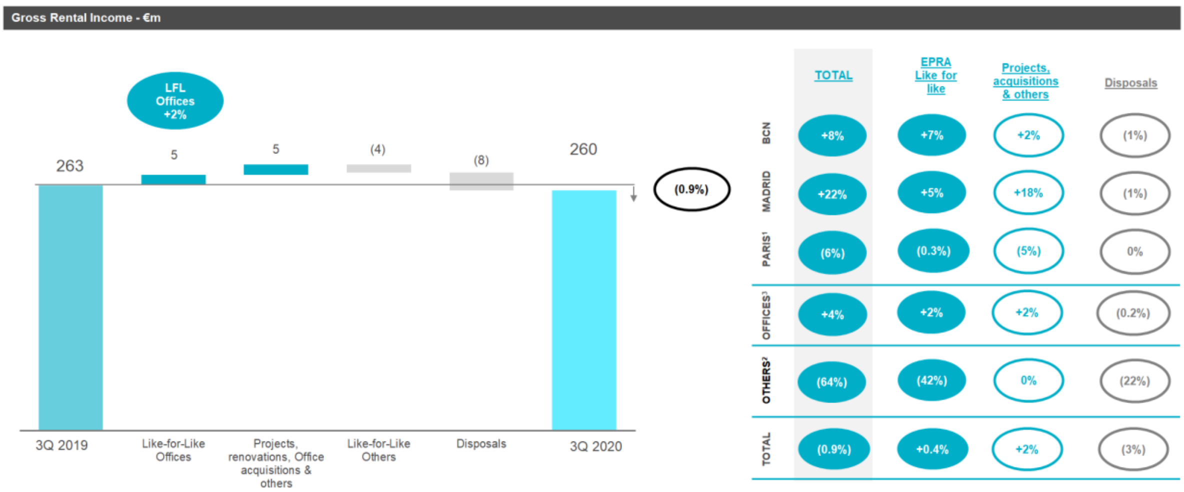


[1] Like-for-like variance calculation based on EPRA best practice methodology
[2] Office portfolio + Prime retail of Galeries Champs Elysées and Dau Pedralbes

GRI= Gross Rental Income NRI= Net Rental Income

Rental income from the office portfolio increases by +4% year-on-year

The increase in rents in the offices portfolio is based on (1) an increase of +2% on the portfolio income like-for-like, complemented by (2) additional growth based on successful project delivery and the acquisition of the Parc Glories II asset the previous year, as well as an indemnity for client rotation in the Madrid portfolio.



(1) Office portfolio including Prime CBD retail of Galeries Champs Elysées and Pedralbes Centre
(2) Residual logistics portfolio, secondary retail of Axiare and Hotel Indigo in Paris

Highlighted is the growth in the office portfolios of both Madrid and Barcelona.

The income from the offices portfolio in **Madrid increased +22%**, based on (1) a **like-for-like increase of +5%** together with (2) an increase in rental income of +17% due to an indemnity for the early exit of a client, as well as a successful delivery of the assets of Avenida Bruselas 38, Castellana 163 and Ribera de Loira.


Av. De Bruselas, 38


Paseo Castellana, 163


José Abascal, 56

The income from the **Barcelona portfolio increased +8%**, this result is mainly due to **a strong like-for-like rise of +7%.** For the rest of the income, highlighted is the acquisition of Parc Glories II, compensating impacts of client rotation in the Diagonal 525 project and other renovation programs such as Diagonal 530.


Av. Diagonal, 530-532


Av. Diagonal, 525


Parc Glories II

The income from the **Paris portfolio decreased by (6%),** mainly due to less income because of the rotation of surfaces in renovation in the 103 Grenelle, Washington Plaza and Édouard VII assets. Excluding this effect, **the comparable rental income was remains stable at (0.3%) like-for-like.**


Édouard VII


Washington Plaza


103, Grenelle

The rest of the portfolio mainly corresponds to the Hotel Indigo in Paris, as well as the three secondary retail assets of Axiare. All these assets are less defensive in the current crisis and have suffered a decrease in rental income amounting to €4m like-for-like.

Solid operational fundamentals in all segments

1. The third quarter maintains solid fundamentals

In the **third quarter, the Colonial Group signed 26,600 sqm** between new contracts and renewals. This volume of contracts is similar to that signed during the second quarter of 2020 and higher than the first quarter of 2020 (pre-COVID period) when 13,539 sqm were signed.

Worth highlighting in the third quarter **is the high volume signed in the Madrid market,** amounting to **more than 20,000 sqm,** of which 16,134 sqm are renewals and 4,316 sqm correspond to new contracts, **increasing the occupancy of the Madrid portfolio up to 97%** (77bps vs June 2020).
In **Barcelona, more than 4,000 sqm were signed, of which 3,329 sqm (more than 80%) correspond to new contracts** on available surfaces.
In Paris, **2,026 sqm were signed in the third quarter,** of which **more than half (1,170 sqm)** correspond **to additional floors in the Marceau project,** with which the level of pre-lettings on this project amounts to 86% in economic terms.

The **rental prices signed** in this third quarter are **in line with pre-COVID-19 levels,** showing the resilience of the portfolio to date.

For the third consecutive quarter, the release spread (signed rents vs previous rents) was in high double digits, reaching +21%, the same level as in the first quarter (pre-COVID). These ratios highlight the defensive nature of Colonial's contract portfolio with significant improvement margins on current rents.

Rental growth: In Barcelona and Paris the signed rents stood at +1% and 2% above market rents. The Madrid portfolio has been affected by a large contract with a small correction with respect to the market rent (despite the double-digit release spread). Excluding this effect, the signed rents in Madrid during the third quarter are in line with the market rents.

Strong price increases	Surface sqm			Release Spread [1]			Rental Growth vs ERV 12/19 [2 4]			
	Pre Covid 1Q 2020	Post Covid 2Q 2020	Post Covid 3Q 2020	Pre Covid 1Q 2020	Post Covid 2Q 2020	Post Covid 3Q 2020	Pre Covid 1Q 2020	Post Covid 2Q 2020	Post Covid 3Q 2020	3Q 20 adjusted[3]
Barcelona	7,024	13,720	4,124	+50%	+54%	+18%	+7%	+9%	+1%	
Madrid	5,374	466	20,450	+15%	na	+22%	+5%	+13%	(3%)	+1.0%
Paris	1,141	14,523	2,026	na	+14%	+0%	+7%	+12%	+2%	
TOTAL OFFICES	13,539	28,709	26,600	+21%	+32%	+21%	+6%	+11%	(2%)	+1.3%

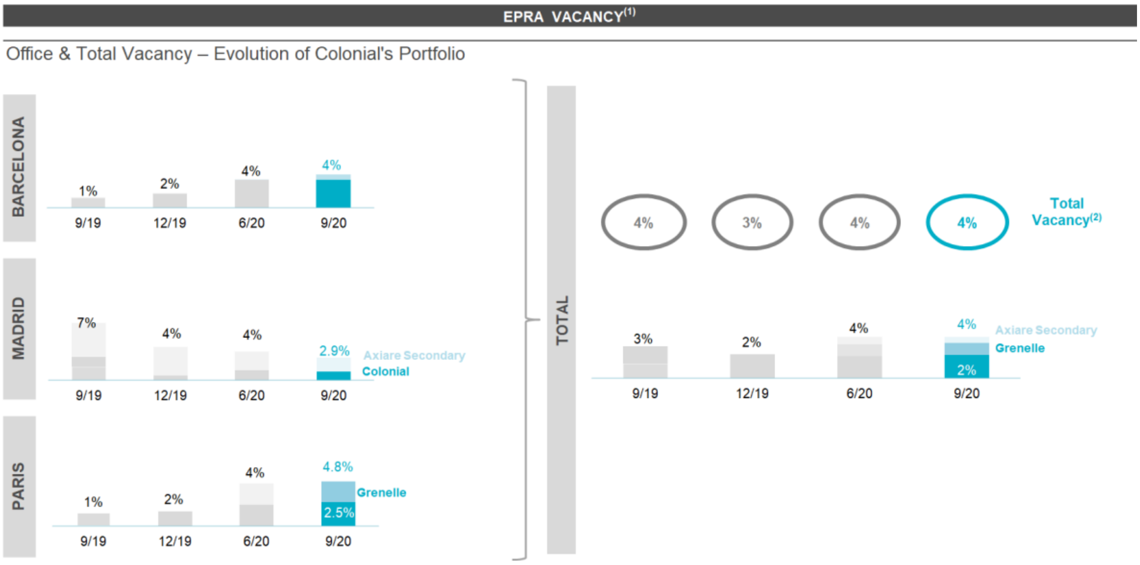
(1) Signed rents on renewals vs previous rents
(2) Signed rents vs market rents at 31/12/2019 (ERV 12/19)
(3) 3Q excluding a contract with a single tenant with a release spread of +21%
(4) There are 2 contracts with cap (1 in Barcelona and 1 in Madrid)

In cumulative terms, the Colonial Group has formalized 49 office rental contracts, corresponding to 68,847 sqm and annual rents of €24m. The cumulative **release spreads are +25% (+51% Barcelona, +20% Madrid, and +14% Paris)** and the rents signed were **+5% above the market rents (+7% Barcelona, -1.6% Madrid and +10% Paris).**

2. Solid occupancy levels

The **total vacancy of the Colonial Group** at the close of the third quarter of 2020 **remained stable at levels of 4%,** a vacancy rate in line with the first half of 2020 as well with that of one year ago. Of special mention is the improvement in the Madrid office portfolio.

The financial vacancy of the Colonial Group's portfolio is shown as follows:



(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 logistics

In the **office portfolio in Madrid** the vacancy rate decreased by **2.9%, improving by +447bps compared to the previous year and by +77bps quarter on quarter**. The quarterly improvement is mainly due to new contracts on the Francisca Delgado 11 asset and the annual improvement is mainly due to the 100% occupancy of the Josefa Valcárcel 40bis asset, among others.

The **Barcelona office portfolio** has a **vacancy rate of 4%**, a rate in line with the last quarter but shows **an increase of +296 bps compared to the rate from the previous year,** mainly due to the client rotation in this portfolio.

The **office** portfolio in **Paris** has a **vacancy rate of 4.8%,** a rate in line with the last quarter but which has increased compared to the other quarters, due to the entry into operation of the 103 Grenelle building. **Excluding the Grenelle asset, the vacancy rate in Paris is 2.5%.**

The vacant office space at the close of the third quarter of 2020 is as follows:

Vacancy surface of offices

Surface above ground (sq m)	Entries into operation (1)	BD area and others	CBD area	2020	EPRA Vacancy Offices
Barcelona	0	5,593	4,977	10,570	4.4%
Madrid	5,022	6,115	2,519	13,656	2.9%
Paris	5,665	6,677	1,235	13,578	4.8%
TOTAL	10,687	18,386	8,731	37,804	4.2%

(1) Projects and refurbishments that have entered into operation

3. Client Portfolio and COVID-19 negotiations

The Colonial Group has a portfolio of clients diversified between sectors with high levels of loyalty, permanency and solvency.

Consequently, **the collection rate levels in the first two quarters of COVID-19 (2Q and 3Q 2020) have remained high at 98% of the office portfolio (100% in Paris)** and 96% including all assets (96% in Paris).

Due to the COVID-19 crisis, the commercial team of the Colonial Group has analysed and negotiated deferral systems or, in exceptional cases, allowances for the payment of rents with a special focus on all of the companies that are having financial difficulties as a result, and in the framework, of the limitation of the development of their activities in the commercial and leisure sectors.

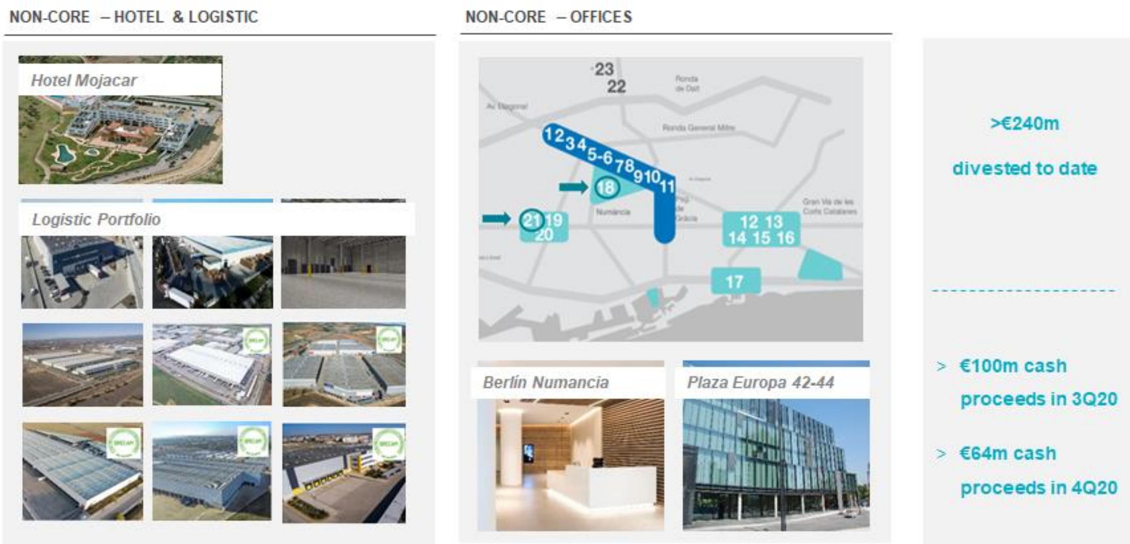
41% of the Colonial Group's clients have spoken to the commercial team, who have reached agreements with 100% of them, thereby closing all of the negotiations in the Spanish client portfolio and with still one file under negation in France. At the date of publication, the impact of the closed negotiations amounted to 3% of the annual rental income for the 2020 profit and loss account, although this number could change due to possible additional impacts resulting from a second wave of contagion.

In addition, it is important to point out that, with the clients most affected by the crisis, short term rental deferral payment agreements have been made in exchange for an extension of the current contracts. The average months that the contracts have been extended by are between 24 and 36 months, which have resulted in 800 additional months in the contract portfolio corresponding to approximately €40m in secured future rents.

Active management of the portfolio

In the second and third quarters of 2020 (in the middle of the COVID-19 period), the Colonial Group divested more than €240m in non-strategic assets corresponding to 11 buildings with a total surface area of 223,543 sqm above ground.

Specifically, the Hotel Mojácar was disposed of, the call option on the logistics portfolio (8 assets with a surface area of 193,590 sqm) was executed, and two secondary office buildings in Barcelona, the Berlín-Numancia and the Plaza Europa, 40-42 assets were sold. The two buildings total 18,150 sqm of surface area.



These transactions are being delivered under the framework of a capital allocation strategy of the portfolio, disposing of mature and/or non-strategic products in order to:

1) Optimize the quality and returns of the portfolio, further increasing the exposure to prime offices with interesting risk-adjusted returns
2) Release capital to strengthen the capital structure and maximize Colonial's Total Shareholder Return

Accordingly, in the coming quarters, the Colonial Group will continue with a policy of rotation of mature assets in the three markets in which it operates.
The estimated volume of further disposals is around €300m to complete the rotation cycle in the coming quarters.

ESG Strategy

1. Corporate Strategy and ESG Excellence

The Colonial Group pursues a clear leadership in ESG, being a fundamental element of its strategy, prioritizing sustainable long-term returns, based on a business model of high-quality products. Accordingly, the Colonial Group's Corporate Strategy has a central focus on maximum excellence in the fields of governance, social aspects and sustainable investment.

2. Strategic Plan on Sustainability & Decarbonization

The strategic plan for decarbonization implies the commitment of the Colonial Group so that by 2050, its entire office portfolio will be neutral in carbon emissions, and totally aligned with the Paris climate agreements of December 2015.

For the Colonial Group, this implies: (i) neutrality in carbon emissions by 2050 (ii) a (75%) reduction in Scopes 1 & 2 by 2030 starting from 2015 as the base year.

With this objective, in 2019 the Colonial Group continued to work on this matter and achieved a (59%) reduction like-for-like in its carbon footprint (Scopes 1 & 2), reaching an intensity ratio of 8 kgCo2e/sqm for Scopes 1 & 2, placing it among the lowest carbon footprints in the European sector.

3. ESG Investment – Decarbonization Laboratory

Colonial will build the first office building in Spain made entirely of wood

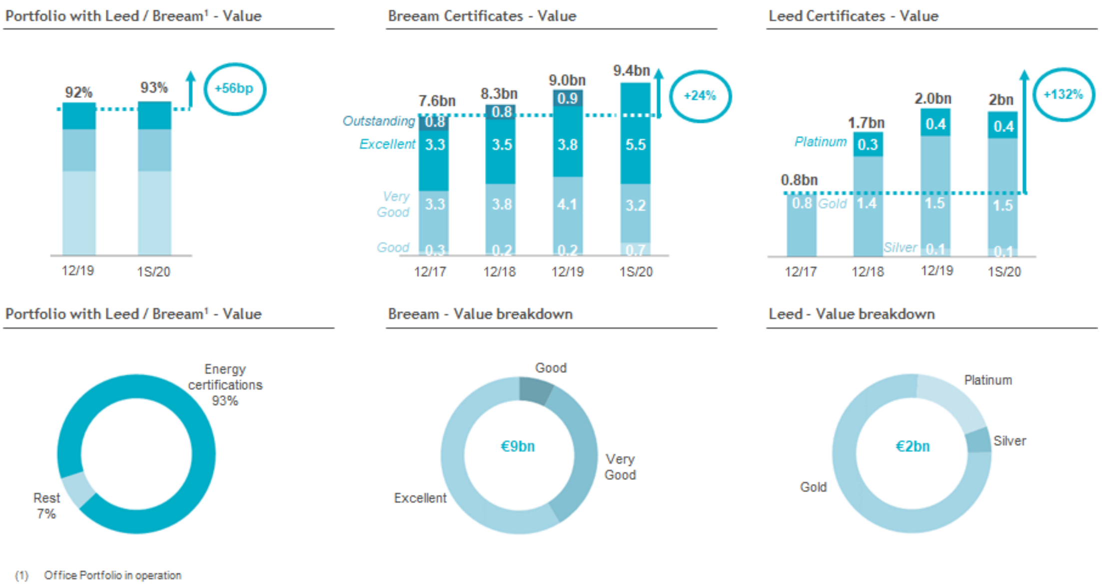
The WittyWood building will have 4,100 sqm destined to office use. The project, which is a unique concept of office building in Spain, will have spaces equipped with the latest technologies. WittyWood is located on 42 Llacuna, in the heart of the 22@ district.

The WittyWood building will be built using wood as the primary material, an unprecedented case in the offices market in Spain. Timber engineering acts as storage for Co2, consequently considerably reducing the emissions that impact global warming. In the construction phase alone, carbon emissions are reduced by 50%. Due to these characteristics, among others, the building will count on the maximum environmental certificates: LEED Platinum and WELL Platinum.

4. Energy efficiency of the Colonial Group's asset portfolio

93% of the office portfolio in operation has LEED or BREEAM energy certificates, an increase of 56 bps compared to the level of certificates at December 2019. This high level of certification places Colonial in a leading position in energy efficiency in Europe.

Notably, €2,000m of the assets have LEED certificates and €9,400m of the assets have BREEAM certificates.



5. Sustainable financing of more than €1,151m

After the close of the third quarter, Colonial signed the refinancing of the two Revolving Credit Facility lines that were available in their entirety for the amount of €875m. The new credit line will be structured in two tranches with maturities at 5 and 5+1+1 years. The new line of credit is sustainable as its margin is linked to the rating obtained by the GRESB agency.

BNP PARIBAS NATIXIS CaixaBank BBVA

Together with the sustainable loans from 2019 which amount to €151m, to date Colonial has issued €1,151m of sustainable financing, reinforcing the message of the Group's commitment to ESG.

A solid capital structure

I. Access to the debt market based on a solid rating

The Colonial Group has tapped the bond and debts markets, obtaining new financing for €2,000m in very favorable terms thanks to the high ratings received by Standard & Poor's and Moody's, which underline the defensive nature of Colonial's business model.

1) In June 2020, the Colonial Group formalized **a bond issuance in the amount of €500m** through its French subsidiary, SFL. **The bond issue has a maturity of 7 years, with a coupon of 1.5%. Demand exceeded four times the issue volume** and was placed with quality European investors.
2) Additionally, after the close of the third quarter, Colonial formalized **a bond issuance for €500m** on the Spanish stock market. The issue has a maturity of **8 years with a coupon of 1.35%,** maturing in October 2028. **Demand exceeded three times the issue volume** and was backed by international investors with an institutional profile.
3) On 10 November 2020, Colonial signed the refinancing of a new line of credit (Revolving Credit Facility - RCF) for €1,000m, replacing the two lines of Revolving Credit Facility (RCF) available in their entirety for the amount of €875m.

II. Liability Management

During the third quarter of 2020, the Colonial Group carried out two Liability Management operations:

1) In September, SFL bought back €100.3m of bonds maturing in 2021 and €60.4m of bonds maturing in 2022 that accrue an annual coupon of 1.875% and 2.25%, respectively.
2) In October, Colonial bought back €194m of bonds maturing in 2023 and €107m of bonds maturing in 2024 that accrue an annual coupon of 2.728% and 1.45%, respectively.

These operations have allowed for an improvement in the average maturity of the Group's debt from 4.7 years to 5.2 years, reducing the average cost of debt.

At 30 September 2020, the Colonial Group had a liquidity of €2,362m between cash and available credit lines (€2,487m after the signing of the new RCF).

The LTV of the Group is at a stable level of 36.5%, 60 bps lower than the LTV of the same period of the previous year.

Strategic Prime positioning with great resilience

Colonial's strength to face the current situation is based on its strategic prime positioning with offices in the CBD and clients with solid solvency, as well as a solid balance sheet.

The main strengths of the Colonial Group are the following:

A. Pan-European leadership in Grade A offices in the city centre (CBD)

Main owner of high-quality products in central locations, **with 76% of the portfolio in the CBD** in each of the markets in which it operates.

An adequate international diversification with **61% of exposure in Paris**, one of the most defensive office markets globally.

BARCELONA

Colonial Portfolio – rentas máximas firmadas

MADRID

Colonial Portfolio – rentas máximas firmadas

PARIS

Colonial Portfolio – rentas máximas firmadas

B. A strong prime positioning with a top-quality client portfolio which provides an attractive combination of 1) rents at the high end of the market with 2) high loyalty levels and solid maturity profiles.

The contract portfolio of the Colonial Group had a positive "reversionary buffer" in the third quarter of the year, given that the current rents of the portfolio were still below the current market rents. Likewise, to date, the Group has captured high reversion rates with a release spread[1] of +25% at the close of the third quarter of 2020.

(1) Signed rents on renewals vs. previous rents

C. Excellence in ESG

The Colonial Group pursues a clear leadership in ESG, being a fundamental element of its strategy, prioritizing sustainable long-term returns, based on a business model of high-quality products. Accordingly, the Colonial Group's Corporate Strategy has a central focus on maximum excellence in the fields of governance, social aspects and sustainable investment.

D. An attractive project pipeline located in one of the best areas of Paris, Madrid and Barcelona, with significant pre-letting**.**

	Project	Committted	City	% Group	Delivery	GLA (sqm)	Total Cost €m [1]	Yield on Cost
1	Castellana, 163	✓	Madrid CBD	100%	Delivered	10,910	52	7.5%
2	Diagonal 525	✓	Barcelona CBD	100%	1H 21	5,710	39	5.1%
3	Miguel Angel 23		Madrid CBD	100%	2H 21	8,036	66	5.9%
4	83 Marceau	✓	Paris CBD	82%	2H 21	9,600	151	5.5- 6.0%
5	Velazquez 88	✓	Madrid CBD	100%	2H 21	17,239	113	7.7%
6	Biome	✓	Paris City Center	82%	2H 22	24,500	283	5.0%
7	Plaza Europa 34		Barcelona	50%	2H 22	14,306	42	7.0%
8	Sagasta 27		Madrid CBD	100%	2H 22	4,481	23	7.0%
9	Mendez Alvaro Campus		Madrid CBD South	100%	2023	89,871	300	7.9%
10	Louvré SaintHonoré	✓	Paris CBD	82%	2023	16,000	208	7.7%
	TOTAL OFFICE PIPELINE					200,653	1,277	6.7%

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

Colonial's project portfolio is 100% located in the city centres of Barcelona, Madrid and Paris. 70% of the value corresponds to 3 big projects in Paris and one in the south of the Madrid CBD, Campus Méndez Álvaro, which is a mix of office and residential use.

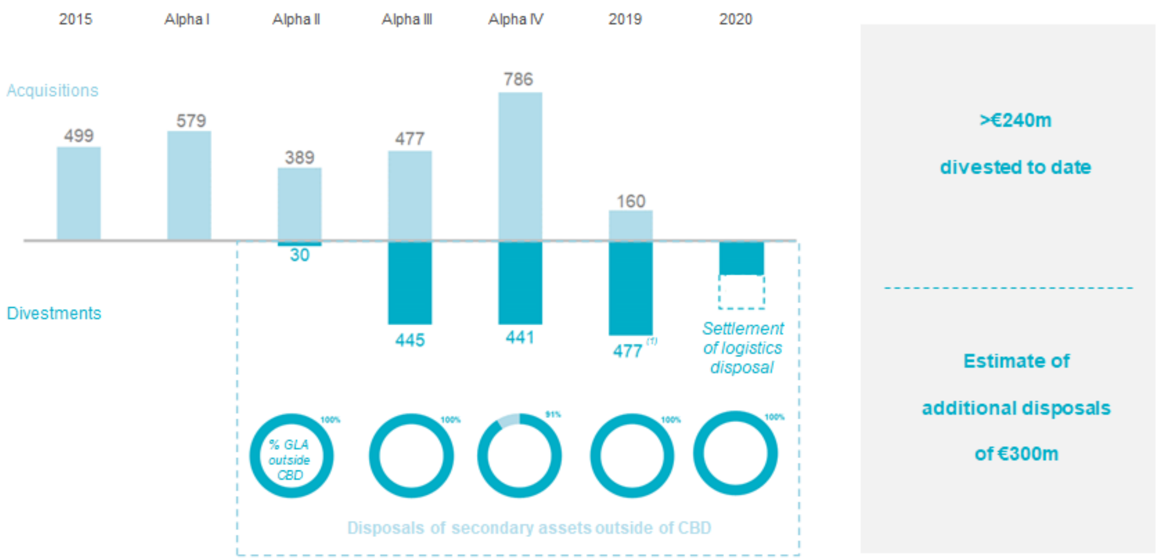
To date, 34% of the project portfolio is already pre-let, corresponding to €29m of rental income. This ratio has increased more than 800 bps compared to the rental levels at the beginning of the year, thanks to the successful pre-letting transaction of the 83 Marceau project in Paris.

E. **Active management of the portfolio**, through the disposals of non-core assets, improving the prime positioning and releasing capital for opportunities of value creation for our shareholders.

Over the last 3 years, the Colonial Group has carried out significant disposals of non-core assets for more than €1,400m, with double digit premiums over the asset valuations at the time of the date of the disposal.

In the second and third quarters of 2020 (in the middle of the COVID-19 period), the Colonial Group divested more than €240m in non-strategic assets. The estimated volume of further disposals is around €300m to complete the rotation cycle in the coming quarters.

NET INVESTMENTS SINCE 2015 - €m



F. **A solid balance sheet with the best rating in the Spanish real estate sector,** confirmed by S&P and Moody's in the middle of the COVID-19 crisis.
One of the highest levels of liquidity in the sector, as well as an LTV of 36% with a collateral of maximum quality core assets.

Appendices

1. Analysis of the Profit and Loss Account
2. Office markets
3. Business performance
4. ESG strategy
5. Digital strategy & Coworking
6. Financial structure
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8. Glossary and alternative performance measures
9. Contact details and disclaimer

1. Analysis of the Profit and Loss Account

Analysis of the Profit and Loss Account

The **Colonial Group** closed **the third quarter of 2020** with a **net recurring profit of €112m, an increase of +8% compared to the same period of the previous year**.

Net recurring EPS amounted to €22.10cts/share, resulting in an increase of +8% compared to the previous year.

September cumulative - €m	2020	2019	Var.	Var. % [1]
Rental revenues	260	263	(2)	(1%)
Net operating expenses [2]	(15)	(22)	7	32%
Net Rental Income	245	240	5	2%
Other income [5]	0	3	(3)	-
Overheads	(34)	(35)	1	2%
EBITDA	211	208	3	1%
Exceptional items	(2)	(3)	2	50%
Change in fair value of assets & capital gains	(108)	436	(544)	125%
Amortizations & provisions [3]	(4)	(62)	58	94%
Financial results	(73)	(74)	1	1%
Profit before taxes & minorities	25	505	(480)	(95%)
Income tax	4	(23)	27	116%
Minority Interests	(23)	(88)	65	74%
Net profit attributable to the Group	5	393	(388)	(99%)

Results analysis - €m	2020	2019	Var.	Var. %
Recurring EBITDA	213	210	4	2%
Recurring financial result	(64)	(67)	3	4%
Income tax expense & others - recurring result	(11)	(9)	(1)	(16%)
Minority interest - recurring result	(26)	(29)	3	11%
Recurring net profit - post company-specific adjustments [4]	112	104	8	8%
NOSH (million)	*508.1*	*508.1*	*0*	*0%*
EPS recurring (€cts)	22.10	20.49	1.6	8%

(1) Sign according to the profit impact
(2) Invoiceable costs net of invoiced costs + non invoiceable operating costs
(3) Includes impairment of goodwill
(4) Recurring net profit = EPRA Earnings post company-specific adjustments.
(5) Reinvoiced capex & EBITDA Utopic'us Centers

Analysis of the Profit and Loss Account

- At the close of the third quarter of 2020, Gross Rental Income of the Colonial group amounted to €260m stable YoY in comparable terms (+0,4% like-for-like), although slightly lower than the previous year mainly due to the non-strategic disposals carried out in 2019 as well as in the current year.

- The EBITDA rents (net rents) amounted to €245m, +2% vs. the previous year. The increase in comparable terms is +3% like-for-like, underpinned by the favorable evolution of the EBITDA of the offices portfolio of +4% like-for-like.

- The Group's EBITDA stands at €211m, up +1% compared to the same period of the previous year.

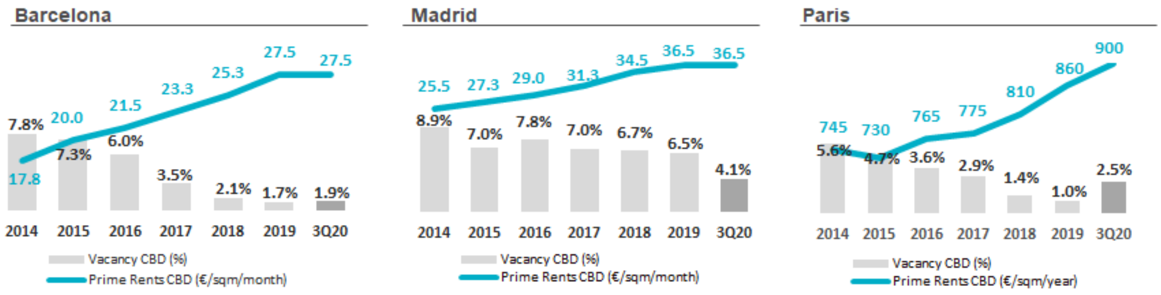
- The impact on the Profit and Loss account from the revaluation at 30 June 2020 and the disposals of property investments amounted to €(105)m. The revaluation, which was registered in France as well as in Spain, does not imply a cash outflow.

- The net financial result amounted to €(73)m, an improvement of 1% compared to the same period of the previous year.
  The recurring financial result of the Group amounted to €(64)m, an improvement of 4% compared to the same period of the previous year.

- Profit before taxes and minority interests at the close of the third quarter amounted to €25m.

- Finally, and after deducting the minority interest of €(23)m, as well as the income tax of €4m, the Net Profit attributable to the Group amounted to €5m.

2. Office markets



Rental markets

Take-up in the **office market in Barcelona was 62,000 sqm** in the third quarter of 2020 (-20% vs 3Q 2019), affected by the COVID-19 crisis. However, it has increased +55% compared to the second quarter of 2020. Scarcity of product keeps **CBD vacancy rates at very low levels, 1.9%** in the third quarter of 2020 and for **Grade A office supply** this situation is further enhanced, reaching a vacancy rate of **0.2% in the CBD.** This situation means rents remained stable, positioning prime rents at €27.5/sqm/month.

During the **third quarter of 2020, 92,000 sqm were signed in the office market in Madrid** (-40% vs 3Q 2019), having slowed down due to the COVID-19 crisis. However, this is an increase of 72% compared to the second quarter of 2020. The **vacancy rate in the CBD** remains at **moderate levels of 4.1%** and available Grade A product is at 1.8%**.** At the close of the third quarter of 2020, prime rents in Madrid remained stable, to stand at €36.5/sqm/month.

In the office market in Paris, take-up in the third quarter of 2020 was 246,000 sqm[2], an historically low figure due to the COVID-19 crisis and the subsequent slowdown of activity. However, scarce quality offering continues to maintain prime rents in the CBD at €900/sqm/year, a figure slightly higher than that of the previous quarter. Grade A product remains scarce with a vacancy rate below 1% in the CBD.

Investment market

In **Spain, investment in the offices sector** reached €1,335m at the close of the third quarter of 2020, of which €882m was in Madrid and €378m in Barcelona. With a year constrained by COVID-19, this figure is 48% less than the volume registered in the same period of the previous year, which in turn was an historic year due to the figures reached in the offices market. Prime yields in Madrid and Barcelona stood at levels of 3.35% and 3.60%, respectively.

The **investment volume in the Paris market** reached €11,650m at the close of 3Q 2020. This figure was lower than that of the previous year, due to a second quarter with a very low investment volume, as a result of the lockdown because of the COVID-19 crisis. Prime yields remained stable at 2.75%.

(1) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield, CBRE, BNP Paribas & Savills

3. Business performance

Gross rental income and EBITDA of the portfolio

- Colonial closed the third quarter of 2020 with **€260m of stable Gross Rental Income,** an increase of **+0.4% like-for-like**, although slightly below the previous year, mainly due to the disposals carried out on non-strategic assets in 2019 as well as the current year, 2020.

- **Rental income from the office portfolio increases by +4% year on year.**

The increase in rents in the offices portfolio is based on (1) an increase of +2% on gross rents on the like-for-like portfolio, complemented by (2) additional growth based on successful project delivery and the acquisition of the Parc Glories II asset the previous year and an indemnity for early rotation of a client in Madrid**.**

Variance in rents (2020 vs. 2019) €m	Barcelona	Madrid	París	Offices[1]	Others[2]	TOTAL
Rental revenues 2019R	34.8	65.1	144.9	244.9	17.8	262.7
EPRA Like-for-Like [3]	2.0	3.1	(0.4)	4.6	(3.6)	1.0
Projects & refurbishments	(1.5)	2.5	(4.7)	(3.7)	0.0	(3.7)
Acquisitions & Disposals	2.2	(0.3)	0.0	1.9	(7.8)	(5.8)
Indemnities & others	0.0	9.4	(3.2)	6.2	0.0	6.2
Rental revenues 2020R	37.5	79.8	136.7	253.9	6.4	260.3
Total variance (%)	*8%*	*22%*	*(6%)*	*4%*	*(64%)*	*(0.9%)*
Like-for-like variance (%)	7%	5%	(0.3%)	2%	(42%)	0.4%

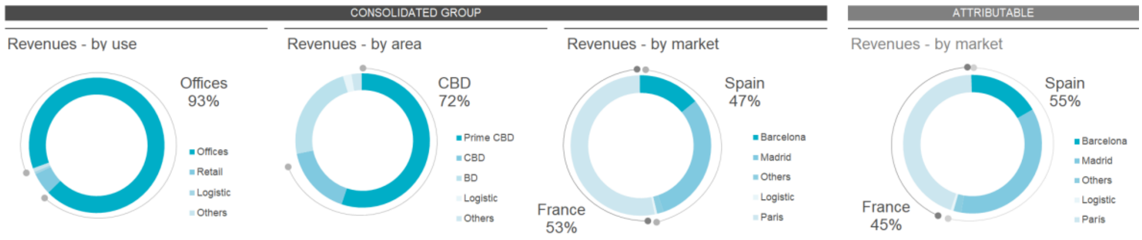
In **Madrid**, this increase was driven by the increase in market rental reviews on properties such as José Abascal 56, Almagro 9 and Recoletos 37. Regarding increases in occupancy levels, worth highlighting are the assets of Ribera de Loira, Francisca Delgado 11, José Abascal 56, Príncipe de Vergara, Alfonso XII, Ramírez Arellano 15 and Francisca Silvela 42.

In **Barcelona**, the positive impact mainly came from rental price increases in Diagonal 197 and Parc Glories, as well as the improvement in occupancy in Sant Cugat Nord.

In **Paris, rental income decreased by (0.3%) like-for-like**, mainly due to the rotation of clients in Haussmann 104 and Galeries Champs Elysées.

(1) Office portfolio + Prime retail of Galeries Champs Elysées and Pedralbes Centre
(2) Residual logistics portfolio and secondary retail of Axiare and Hotel Indigo in Paris
*(3) **EPRA like-for-like:** Like-for-like calculated according to EPRA recommendations*

- **Rental income breakdown:** Most of the Group's rental income, 93%, is from the office portfolio. Likewise, the Group maintains its high exposure to CBD markets, with 72% of the income. In consolidated terms, 53% of the rental income, €138m, came from the subsidiary in Paris and 47% was generated by properties in Spain. In attributable terms, 55% of the rents were generated in Spain and the rest in France.



(1) Includes 6% retail use in the lower levels of office buildings

- **At the close of the third quarter of 2020, EBITDA rents reached €245m, an increase of +3% in like-for-like terms.** Worth highlighting is the Madrid portfolio with an increase of +12% like-for-like, followed by Barcelona with an increase of +10%.

Property portfolio

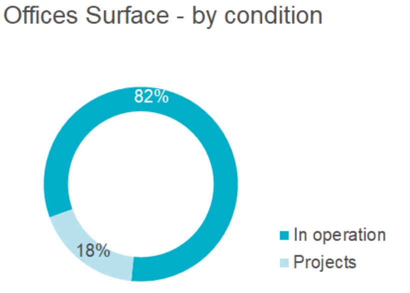
September cumulative - €m	2020	2019	Var. %	EPRA Like-for-like [1] €m	EPRA Like-for-like [1] %
Rental revenues - Barcelona	38	35	8%	2.0	7%
Rental revenues - Madrid	80	65	22%	3.1	5%
Rental revenues - Paris	137	145	(6%)	(0.4)	(0.3%)
Rental revenues - Offices[2]	**254**	**245**	**4%**	**(0.8)**	**2.1%**
Rental revenues - Others[3]	6	18	(64%)	(3.6)	(42%)
Rental revenues Group	**260**	**263**	**(0.9%)**	**1.0**	**0.4%**
EBITDA rents Barcelona	36	33	9%	2.6	10%
EBITDA rents Madrid	73	54	36%	6.1	12%
EBITDA rents Paris	132	140	(6%)	(0.8)	(0.6%)
EBITDA rents - Offices[2]	**241**	**227**	**6%**	**7.8**	**4%**
EBITDA rents Others[3]	4	13	(66%)	(1.5)	(32%)
EBITDA rents Group	**245**	**240**	**2%**	**6.3**	**3%**
EBITDA rents/Rental revenues - Barcelona	*95%*	*94%*	*0.8 pp*		
EBITDA rents/Rental revenues - Madrid	*92%*	*83%*	*9.0 pp*		
EBITDA rents/Rental revenues - Paris	*96%*	*97%*	*(0.4 pp)*		
EBITDA rents/Rental revenues - Logistic & others	*69%*	*73%*	*(3.9 pp)*		

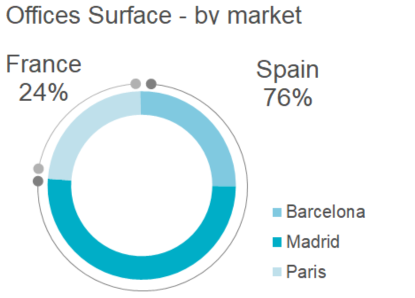
Pp: percentage points

(1) ***EPRA like for like:*** *Like-for-like calculated according to EPRA recommendations*
(2) *Office portfolio + Prime CBD retail of Galeries Champs Elysées and Pedralbes Centre*
(3) *Residual logistics portfolio, secondary retail of Axiare and Hotel Indigo in Paris*

Portfolio letting performance

- **Breakdown of the current portfolio by floor area**: At the close of the third quarter of 2020, the Colonial Group's portfolio totaled 1,809,253 sqm, primarily related to office buildings, which comprised 1,591,280 sqm.
  At the close of the third quarter of 2020, 82% of the office portfolio was in operation and the rest corresponded to an attractive portfolio of projects and renovations.

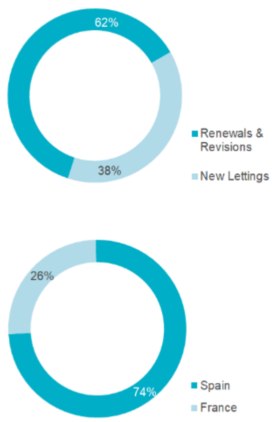




- **Signed leases - Offices:** At the close of the third quarter of 2020, the Colonial Group formalized leases for **a total of 68,847 sqm of offices.** 74% (51,157 sqm) correspond to contracts signed in Barcelona and Madrid and the rest (17,690 sqm) were signed in Paris.

  Renewals: Out of the total office letting activity, 62% (42,475 sqm) are lease renewals, spread over the three markets in which the group operates.

  New lettings: New leases relating to 26,372 sqm were completed, of which 10,479 sqm were in Barcelona and 10,533 sqm were in Paris.



Letting Performance - Offices

September cumulative - sq m	2020	Average maturity	% New rents vs. previous
Renewals & revisions - Barcelona	14,389	2	*51%*
Renewals & revisions - Madrid	20,929	3	*20%*
Renewals & revisions - Paris	7,157	10	*14%*
Total renewals & revisions	**42,475**	**4**	***25%***
New lettings Barcelona	10,479	3	
New lettings Madrid	5,360	3	
New lettings Paris	10,533	8	
New lettings	**26,372**	**5**	**na**
Total commercial effort	**68,847**	**4**	**na**

The release spread stood at +25%: **Barcelona +51%, Madrid +20% and Paris +14%.**

The **cumulative take-up volume in the first 9 months** is broken down as follows:

In the Madrid portfolio, rental contracts with a surface area of 26,289 sqm were signed across 14 transactions. Of special mention is the renewal of almost 14,000 sqm on the Almagro 9 asset with a prestigious law firm, the renewal of almost 2,000 sqm on the Recoletos 37 asset with a large publisher, as well as the renewal of more than 1,100 sqm on the Martinez Villergas asset with a multinational company for office rentals, coworking spaces and virtual offices. Regarding new contracts signed, of special mention is the signing of more than 3,000 sqm on the Francisca Delgado, 11 building with various tenants.

In the **Barcelona office portfolio,** rental contracts with a surface area of 24,868 sqm across 21 transactions were signed. Among the highlights is the signing of 4,000 sqm on the Torre BCN asset and the signing of 1,245 sqm on the Diagonal 609-615 asset, both mainly with banking entities, as well as the signing of almost 1,000 sqm on the Torre Marenostrum building with a communications consultancy firm. In Barcelona, also worth mentioning is the renewal of 10,906 sqm in the building in Sant Cugat, mainly with a banking entity and almost 2,000 sqm with various tenants in the Diagonal 609-615 building.

In the Paris portfolio, rental contracts with a surface area of 17,690 sqm were signed across 14 transactions. Of special mention is the renewal of almost 6,000 sqm on the Edouard VII building, and 1,000 sqm on Washington Plaza, as well as the new contract signed on 83 Marceau for more than 6,000 sqm with Goldman Sachs.

The pre-let contract signed with Goldman Sachs is for 12 years, with a non-cancellable term of nine years. With this transaction, Goldman Sachs, one of the largest investment banking and securities groups in the world, intends to increase its presence in the Gaul country, enabling it to double the workforce of the company in Paris. With these leases signed on the Marceau project, the pre-let levels have reached 86%.

83 MARCEAU – ACTIVO DE GRADO A EN PRIME CBD DE PARIS

Project portfolio and renovation programs

- Colonial has a **project pipeline** of over 200,000 sqm with the aim of creating top quality products to obtain higher returns, and consequently maximize future value creation with solid fundamentals. In the current project portfolio, four of the projects (specifically, Castellana 163, Diagonal 525, 83 Marceau and Louvre Saint Honoré) already have pre-let agreements signed in 2019 and 2020. The other projects in the portfolio continue with positive momentum in prime locations and where there is little new supply.

	Project	Committted	City	% Group	Delivery	GLA (sqm)	Total Cost €m [1]	Yield on Cost
1	Castellana, 163	✓	Madrid CBD	100%	Delivered	10,910	52	7.5%
2	Diagonal 525	✓	Barcelona CBD	100%	1H 21	5,710	39	5.1%
3	Miguel Angel 23		Madrid CBD	100%	2H 21	8,036	66	5.9%
4	83 Marceau	✓	Paris CBD	82%	2H 21	9,600	151	5.5- 6.0%
5	Velazquez 88	✓	Madrid CBD	100%	2H 21	17,239	113	7.7%
6	Biome	✓	Paris City Center	82%	2H 22	24,500	283	5.0%
7	Plaza Europa 34		Barcelona	50%	2H 22	14,306	42	7.0%
8	Sagasta 27		Madrid CBD	100%	2H 22	4,481	23	7.0%
9	Mendez Alvaro Campus		Madrid CBD South	100%	2023	89,871	300	7.9%
10	Louvré SaintHonoré	✓	Paris CBD	82%	2023	16,000	208	7.7%
TOTAL OFFICE PIPELINE						200,653	1,277	6.7%

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

- In addition to the project portfolio, the Colonial Group is currently carrying out a **renovation program** on 5 assets in its portfolio, with the aim of increasing the rents and value of these assets. This renovation program is mainly focused on the adaptation of common areas and updating of the facilities, requiring limited investment volume.

In Spain, of special mention are the renovation programs on the **Cedro** and **Ortega & Gasset** assets in **Madrid** which represent excellent opportunities to optimize cash flow and value. In Barcelona, of special mention is the renovation of the **Diagonal 530** property, as well as the repositioning work on the **Torre Marenostrum asset in the prime 22@**, making it a multi-user asset and combining traditional office spaces with coworking spaces managed by Utopicus, a company of the Group.

In France, highlighted is the **176 Charles de Gaulle** property, an office building located in the flowering district of **Neuilly**, in which the common areas are being repositioned, adding services for the users with the aim of capturing an increase in rents in the area compared to the previous contracts. During the first half of 2020 **the renovation program of Grenelle** was delivered, offering close to an additional 5,000 sqm of maximum quality surface area.

4. ESG[1] Strategy

1. Corporate Strategy and ESG Excellence

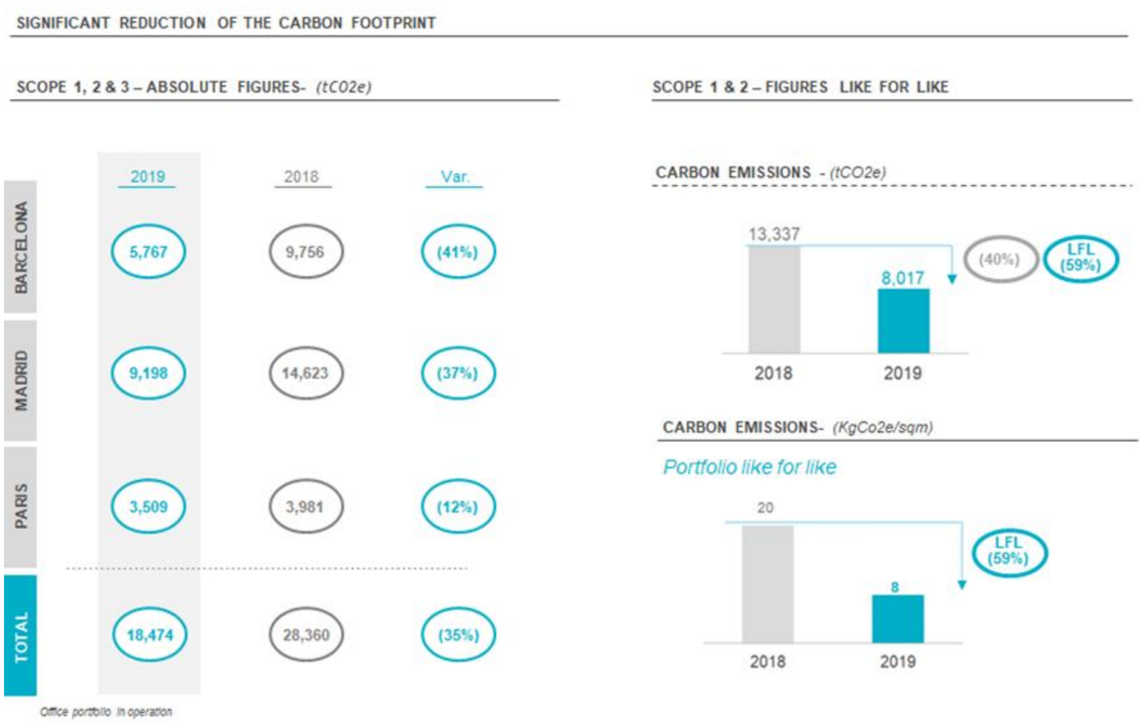
The Colonial Group pursues a clear leadership in ESG, being a fundamental element of its strategy, prioritizing sustainable long-term returns, based on a business model of high-quality products. Accordingly, the Colonial Group's Corporate Strategy is committed with maximum excellence in the fields of governance, social aspects and sustainable investment.

2. Strategic Sustainability and Decarbonization Plan

The strategic plan for decarbonization requires the commitment of the Colonial Group so that by 2050, its entire office portfolio will be neutral in carbon emissions, and totally aligned with the Paris climate agreements made at the conference held in December 2015.

For the Colonial Group, this implies: (i) neutrality in carbon emissions by 2050 (ii) a (75)% reduction in Scopes 1 & 2 by 2030 starting from 2015.

With this objective, in 2019 the Colonial Group continued to work in this area and achieved a (59%) reduction like-for-like in its carbon footprint (Scopes 1 & 2), reaching an intensity ratio of 8 kgCo2e/sqm for Scopes 1&2, placing it among the lowest carbon footprints in the European sector.



(1) *ESG = Environmental, Sustainability and Governance*

3. ESG Investment – Decarbonization Laboratory

Colonial will build the first office building in Spain made entirely of wood

The Witty Wood building will have 4,100 sqm destined to office use. The project, which is a unique concept of office buildings in Spain, will count on spaces equipped with the latest technologies. Witty Wood is located on 42 Llacuna, in the heart of the 22@ district.

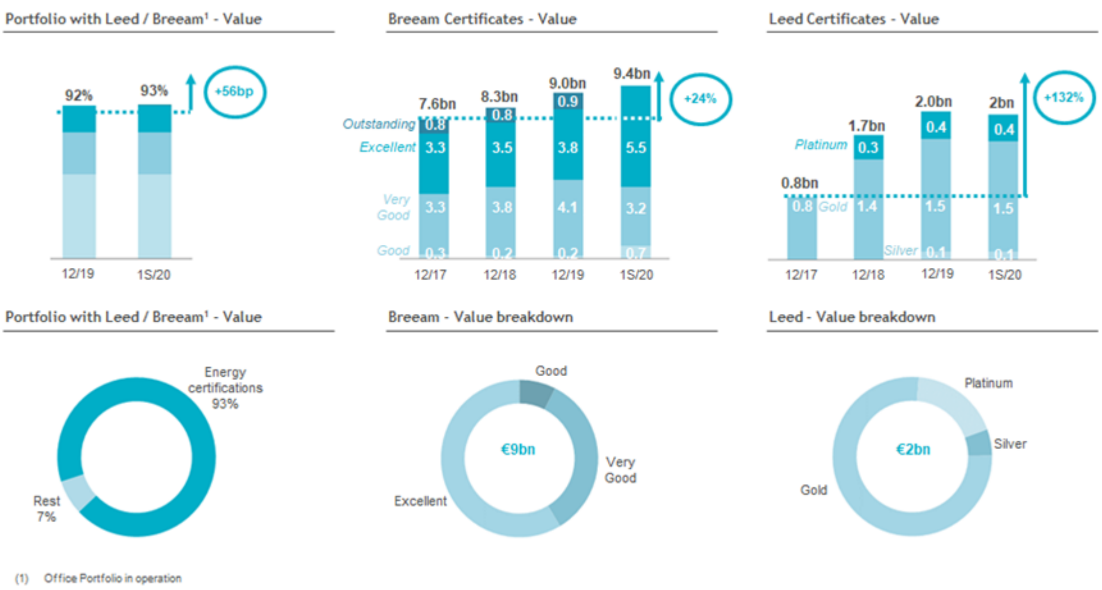
Colonial's new building is a total investment of €12m, covered 50% by Colonial and 50% by its strategic partner and pioneer in this type of construction, Narcís Barceló. Delivery is expected during the second half of 2021.

With the construction of this new building, Colonial has begun to explore industrialized construction and IOT technology (Internet of Things), key tools for the optimization of energy consumption.

The Witty Wood building will be built using wood as the primary material, an unprecedented case in the offices market in Spain. Timber engineering acts as storage for Co2, consequently considerably reducing the emissions that impact global warming. In the construction phase alone, carbon emissions are reduced by 50%. Due to these characteristics, among others, the building will count on the maximum environmental certificates: LEED Platinum and WELL Platinum.

4. Efficiency of the Colonial Group's asset portfolio

93% of the office portfolio in operation have LEED or BREEAM energy certificates, an increase of 56 bps compared to the level of certificates at December 2019. This high level of certification places Colonial in a leading position in energy efficiency in Europe.



5. Sustainable financing of more than €1,151m

After the close of the third quarter, Colonial signed the refinancing of the two Revolving Credit Facility lines that were available in their entirety for the amount of €875m. The new credit line will be structured in two tranches with maturities at 5 and 5+1+1 years. The new line of credit is sustainable as its margin is linked to the rating obtained by the GRESB agency.

BNP PARIBAS NATIXIS CaixaBank BBVA

Together with the sustainable loans from 2019 which amount to €151m, to date Colonial has issued €1,151m of sustainable financing, reinforcing the message of the Group's commitment to ESG.

5. Digital Strategy & Coworking

Co-Working and Flexible Spaces

At the end of the third quarter of 2020, Utopicus, the Colonial Group's flexible spaces operator, had 12 centres in operation, corresponding to 32,856 sqm of surface area.

The Colonial Group, through Utopicus, offers flexible spaces to its clients with the aim of improving the experience of its clients in the office spaces of the Group. Utopicus offers companies an alternative of flexible working spaces, in safe, high quality working environments, without having to commit to long term permanency. Therefore, the centres comply with the top protocols in safety and hygiene recognized by Global Safe Site of Bureau Veritas and the AENOR certificate (The Spanish Association for Standardization and Certification) for best practices regarding COVID-19.

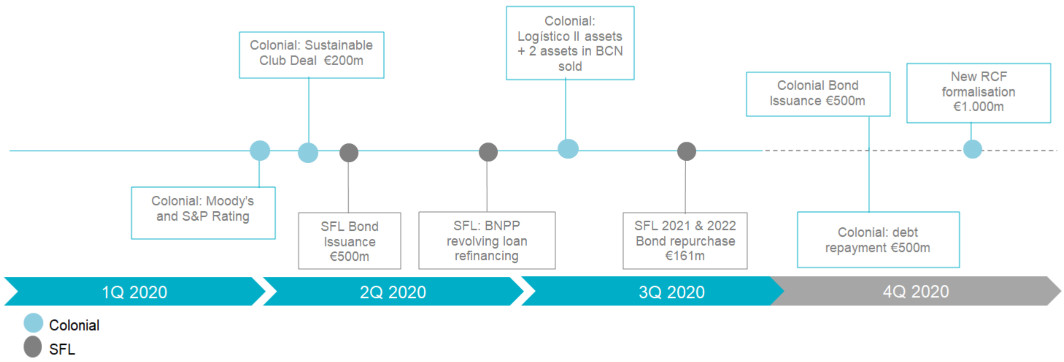
Regarding the development of the activity during the third quarter of 2020, the restrictions on movement caused by the COVID pandemic have negatively impacted occupancy in the centres. Likewise, the business performance of the majority of clients of small and medium-sized businesses in traditional offices has also been negatively impacted. In this respect, at 30 September 2020, occupancy in the centres in Madrid was 35% and in Barcelona it was 56%.

6. Financial structure

In a year with the exceptional conditions deriving from COVID-19, Colonial maintains 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.

Both Standard & Poor's and Moody's reviewed Colonial's credit rating in April 2020, in the midst of a worldwide pandemic, maintaining the same level as prior to the COVID-19 crisis.

The main operations carried out by the Group to date are as follows:



The objective during this period has been to ensure the liquidity of the Group, extending the debt maturity and improving the leveraging. In this respect, the Group has carried out the following operations:

- In April 2020, Colonial formalized a new loan, in Club Deal format, amounting to €200m and maturing in 2022. The loan includes the following benchmark institutions, both national and international: BNP Paribas, Natixis, BBVA and Caixabank. The latter acts as the Agent Bank and the Sustainability Agent. This loan is also a sustainable loan as its margin is linked to the rating obtained by the GRESB agency.

- In May 2020, SFL formalized the refinancing of a revolving credit line with BNP, increasing the nominal value to €150m and extending the maturity until May 2025.

- In June 2020, SFL formalized a bond issuance in the amount of €500m. The bond issue is structured in 7 years, maturing in June 2027 with a coupon of 1.5%. Demand exceeded four times the issue volume. The issue was placed with a broad base of quality European investors, mainly in France, the United Kingdom and Germany with very stable profiles, such as insurance companies and investment funds.

- In September 2020, SFL bought back €100m of bonds maturing in 2021 and €60.4m of bonds maturing in 2022 that accrue an annual coupon of 1.875% and 2.25%, respectively

- Additionally, after the close of the third quarter, Colonial formalized a bond issuance for €500m on the Spanish stock market. The issue has been structured over 8 years with a coupon of 1.35%, maturing in October 2028. Demand exceeded three times the issue volume and was backed by international investors with an institutional profile. At the same time, Colonial bought back €194m of bonds maturing in 2023 and €107m of bonds maturing in 2024, accruing an annual coupon of 2.728% and 1.45%, respectively.

- On 10 November 2020, Colonial signed the refinancing of a new line of credit (Revolving Credit Facility – RCF) for €1,000m, replacing the two lines of RCF available in their entirety for the amount of €875m. The new credit line has two maturities of €500m at 5 and 5+1+1 years each. This new line of credit is sustainable as its margin is linked to the rating obtained by the GRESB agency, adding to the bilateral loans signed last year with Caixabank and ING and reinforcing the message of the Group's commitment to ESG. This new credit line has been backed by 14 financial entities, with Caixabank acting as the Agent Bank and with BBVA, Caixabank and Natixis acting as Sustainability Coordinators.

These operations have allowed for an improvement in the average maturity of the Group's debt from 4.7 years to 5.2 years. Regarding leveraging, after the divestments carried out in the last three years amounting to €1,400m, the LTV ratio stands at 36.5%, 60 bps lower than the same period of the previous year.

At 30 September 2020, the Colonial Group maintained a liquidity of €2,362m, between available cash and undrawn credit lines (€2,487m following the signing of the new RCF).

The main debt figures of the Group at 30 September 2020 are as follows:

Colonial Group (€m)	Sep-20	Dec-19	Var.
Gross financial debt	**5,023**	4,826	*4%*
Net financial debt	**4,576**	4,609	*(0,7%)*
Total liquidity [(1)]	**2,362**	2,082	*13%*
% debt fixed or hedged	**88%**	88%	-
Average maturity of the debt (years)[(2)]	**5.2**	4.9	*0.3*
Cost of currente Debt [(3)]	**1.71%**	1.63%	*8 bp*
Rating Colonial (Moody's)	**BBB+ Stable**	BBB+ Stable	-
Rating Colonial (S&P's)	**Baa2 Stable**	Baa2 Stable	-
Rating SFL (S&Ps)	**BBB+ Stable**	BBB+ Stable	-
LtV Group (including transfer costs)	**36.5%**	36.1%	*45 bp*
Mortgage Debt	**5%**	6%	*(1%)*

(1) Cash & Undrawn balances
(2) Average maturity based on available debt and post issuance and liability management
(3) Cost of current debt including ECPs. Without taking into account the ECPs, the Cost of debt will be of 1.78%.

The net financial debt of the Group at the close of the third quarter of 2020 stood at €4,576m, the breakdown of which is as follows:

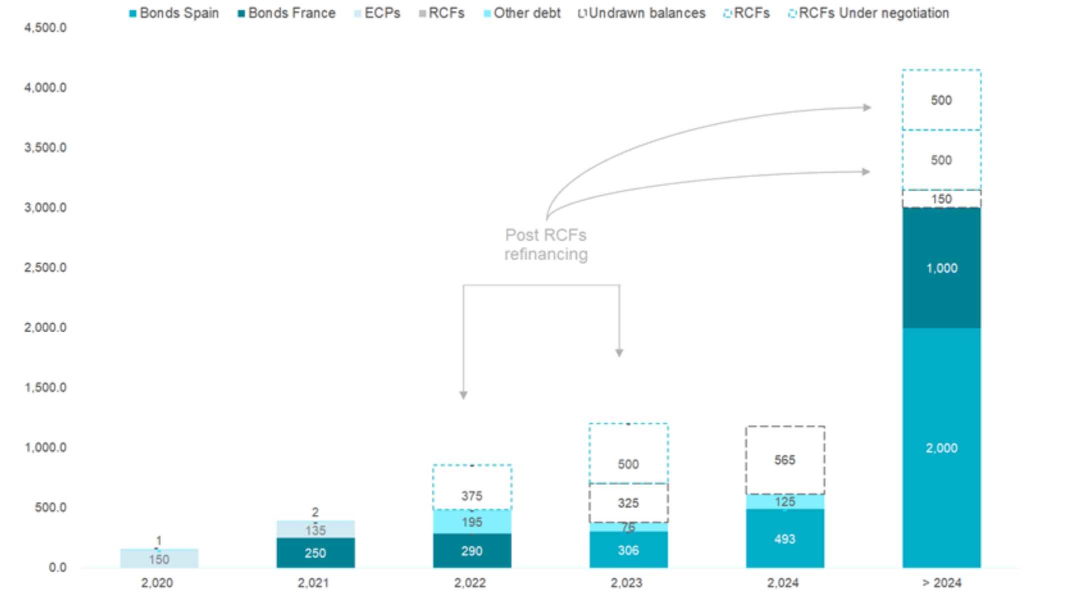
	September 2020			December 2019			Var	
€m	Colonial	SFL	TOTAL	Colonial	SFL	TOTAL	TOTAL	Average Maturity (3)
Syndicate loans	325	-	325	125	-	125	200	3.8
Mortgage debt	76	198	273	76	199	275	(1)	2.1
Bonds Colonial	2,600	1,539	4,139	2,600	1,200	3,800	339	5.2
Issuances notes	70	215	285	240	387	626	(341)	0.3
Gross debt	**3,071**	**1,952**	**5,023**	**3,040**	**1,786**	**4,826**	**197**	4.7
Cash	(369)	(78)	(447)	(163)	(54)	(217)	(230)	
Net Debt	**2,701**	**1,874**	**4,576**	**2,877**	**1,732**	**4,609**	**(33)**	
Total liquidity [(1)]	1,244	1,118	**2,362**	1,038	1,044	**2,082**	**280**	
Cost of debt - Spot (%)	1.85%	1.48%	**1.71%** [(2)]	1.80%	1.34%	**1.63%**	**8 p.b.**	

(1) Cash & Undrawn balances

(2) Average maturity calculated based on available balances

(3) Average Maturity calculated based on the available debt

After the operations carried out subsequent to the close of the third quarter and without taking into account the ECP program, it is particularly noteworthy that 84% of Colonial's debt matures as of 2023 and 63% matures as of 2025. 92% of the drawn debt of the Group is made up of issuances in the bond market, the rest of the debt is financed with credit entities and only 5% have mortgage guarantees.



							TOTAL
Colonial	-	70	-	382	619	2.000	3.071
SFL	151	317	484	-	-	1.000	1.952
TOTAL	151	387	484	382	619	3.000	5.023

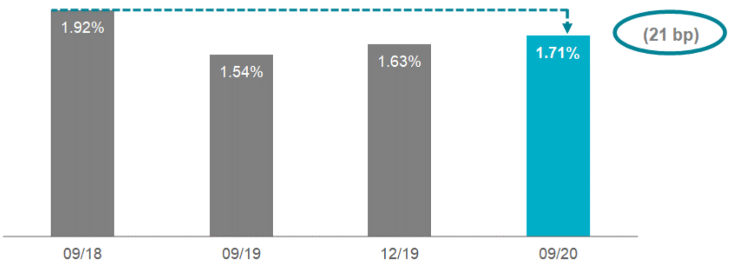
Financial results

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

September cumulative - €m	COL	SFL	2020	2019	Var. %
Recurring financial expenses - Spain	*(47)*	*0*	*(47)*	*(48)*	*2%*
Recurring financial expenses - France	*0*	*(26)*	*(26)*	*(24)*	*(10%)*
Recurring Financial Expenses	**(47)**	**(26)**	**(73)**	**(71)**	**(2%)**
Recurring Financial Income	0	0	0	1	(47%)
Capitalized interest expenses	4	4	8	4	114%
Recurring Financial Result	**(43)**	**(22)**	**(64)**	**(67)**	**4%**
Non-recurring financial expenses	2	(5)	(3)	(5)	(38%)
Non-recurring Financial Income	0	0	0	*0*	0%
Change in fair value of financial instruments	(6)	(0)	(6)	(2)	(142%)
Financial Result	**(47)**	**(27)**	**(73)**	**(74)**	**1%**

- The recurring Financial expense at 30 September 2020 increased by 2% with respect to the same period of the previous year, mainly due to a greater amount of gross debt, although the net debt has decreased by than 0.7%, and an increase in financing cost due to the change of debt from the short-term (ECP program) to long-term debt (new bond issuances).

- The spot financial cost of the drawn debt at 30 September 2020 amounted to 1.71%. Including formalization costs, accrued over the life of the debt, the financial cost amounted to 1.84%. Without taking into account the ECP program, this cost amounts to 1.78% (1.91% including the financing commissions). The increase in the financial cost mainly derives from a reduction in short term issuances substituted by long term debt.



- In the first quarter of 2020, taking advantage of yield curves at historic lows, the Group formalized various pre-hedging instruments amounting €400m in order to cover the interest rates of future debt emissions. The cumulative value of these types of instruments amounts to €1,100m, with different execution dates, adjusted to the debt maturity profile of the Group. All of these comply with the hedging accounting standards.

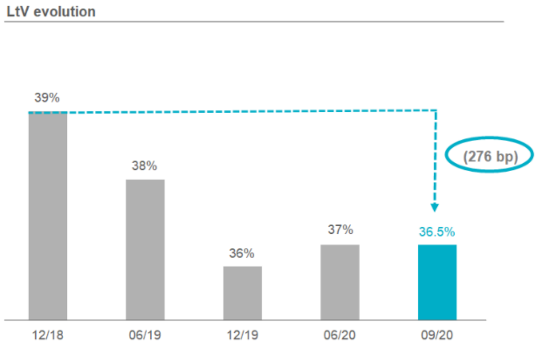
Main debt ratios and liquidity

The undrawn balances of the Group at 30 September 2020 amounted to €2,362m, an increase of almost €300m compared to December 2019. In addition, following the signing of the new Revolving Credit Facility (RCF) the liquidity increased to €2,487m. This liquidity enables the Group to guarantee its financing needs in the coming years.

The Loan to Value (LTV) of the Group, calculated as the ratio of total net debt among the total GAV of the Group, amounted to 36.5%, compared to 37.9% at 30 June 2019. This improvement is mainly due to the divestment of part of the logistics portfolio in the second half of 2019.

The breakdown of balances and LTV evolution is shown in the following graph:

Cash & undrawn balances (€M)	Colonial	SFL	Group
Current accounts	369	78	447
Credit lines available	875	1.040	1.915
Total	**1.244**	**1.118**	**2.362**



7. EPRA Ratios

EPRA Ratios

1) EPRA Earnings

EPRA Earnings - €m	3Q 2020	3Q 2019
Earnings per IFRS Income statement	**5**	**393**
Earnings per IFRS Income statement - €cts/share	*1.01*	*77.28*
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	107	(419)
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	1	(17)
(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	(0)	0
(v) Negative goodwill / goodwill impairment	0	62
(vi) Changes in fair value of financial instruments and associated close-out costs	7	7
(vii) Acquisition costs on share deals and non controlling joint venture interests	1	3
(viii) Deferred tax in respect of EPRA adjustments	(8)	16
(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	(3)	59
EPRA Earnings	**109**	**104**
Company specific adjustments:		
(a) Extraordinary provisions & expenses	1	0
(b) Non recurring financial result	2	0
(c) Tax credits	0	0
(d) Minority interests in respect of the above	(0)	(0)
Company specific adjusted EPRA Earnings	**112**	**104**
Average Nº of shares (m)	*508.1*	*508.1*
Company adjusted EPRA Earnings per Share (EPS) - €cts/share	*22.10*	*20.49*

2) EPRA Vacancy Rate

EPRA Vacancy Rate - Offices Portfolio			
€m	3Q 2020	3Q 2019	Cha. %
BARCELONA			
Vacant space ERV	2	1	
Portfolio ERV	54	54	
EPRA Vacancy Rate Barcelona	**4%**	**1%**	*3 pp*
MADRID			
Vacant space ERV	3	7	
Portfolio ERV	99	100	
EPRA Vacancy Rate Madrid	**3%**	**7%**	*(4 pp)*
PARIS			
Vacant space ERV	9	3	
Portfolio ERV	186	181	
EPRA Vacancy Rate Paris	**5%**	**1%**	*3 pp*
TOTAL PORTFOLIO			
Vacant space ERV	14	11	
Portfolio ERV	339	335	
EPRA Vacancy Rate Total Office Portfolio	**4%**	**3%**	*1 pp*

EPRA Vacancy Rate - Total Portfolio			
€m	3Q 2020	3Q 2019	Cha. %
BARCELONA			
Vacant space ERV	3	1	
Portfolio ERV	57	56	
EPRA Vacancy Rate Barcelona	**5%**	**1%**	*3 pp*
MADRID			
Vacant space ERV	3	7	
Portfolio ERV	99	100	
EPRA Vacancy Rate Madrid	**3%**	**7%**	*(4 pp)*
PARIS			
Vacant space ERV	10	4	
Portfolio ERV	224	221	
EPRA Vacancy Rate Paris	**4%**	**2%**	*3 pp*
LOGISTIC & OTHERS			
Vacant space ERV	-	2	
Portfolio ERV	6	12	
EPRA Vacancy Rate Total Portfolio	**0%**	**16%**	*(16 pp)*
TOTAL PORTFOLIO			
Vacant space ERV	16	14	
Portfolio ERV	385	388	
EPRA Vacancy Rate Total Portfolio	**4%**	**4%**	*1 pp*

Annualized figures

8. 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 capitalisation	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 22@ market in Barcelona.
Property company	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 81.7% 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 and refurbishment portfolio, and 3) other extraordinary items, for example, indemnities from tenants in case of anticipated leave. Calculation based on EPRA Best Practices guidelines.
EPRA NAV	EPRA Net Asset Value (EPRA NAV) is calculated based on the consolidated equity of the company and adjusting some items following the EPRA recommendations.
EPRA NNNAV	The EPRA NNNAV is calculated adjusting the following items in the EPRA NAV: the fair market value of the financial instruments, the fair market value of the debt, the taxes that would be accrued with the sale of the assets at their market value applying tax benefits for reinvestments and the tax credit on balance, considering a going concern assumption.
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 refurbishments 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
EBIT ***(Earnings before interest and taxes)***	Calculated as the "Operating profit" plus "Changes in the value of property investments" and the "Profit/(loss) due to changes in the value of assets"	Indicates the Group's capacity to generate profits, only taking into consideration its economic activity, less the effect of debt and taxes.
EBITDA **(*Earnings Before Interest, Taxes, Depreciation and Amortization*)**	Calculated as the "Operating profit" adjusted by "Depreciation/Amortization" and "Net changes in provisions"	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.
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. .
EPRA[1] NAV **(EPRA Net Asset Value**)	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] NNNAV **(EPRA triple net asset value)**	Calculated adjusting the following items in the EPRA NAV: 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 benefits for reinvestments and 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.

(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/Significance
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	Market measurement (valuation) amount, excluding transaction costs, or market valuation, including transaction costs, comparable between two periods. To obtain the calculation, the rental income coming from investments or disposals carried out between both periods is excluded.	It enables a homogenous comparison of the evolution of the market valuation 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 Nav value.	It enables the analysis of the ratio between the net financial debt and the valuation of the Group’s asset portfolio.
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.

12. Contact details & Disclaimer

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Capital Market registry data – Stock market

Bloomberg: COL.SM
ISIN code: ES0139140042
Indices: MSCI, EPRA (FTSE EPRA/NAREIT Developed Europe and FTSE EPRA/NAREIT Developed Eurozone), IBEX35, Global Property Index 250 (GPR 250 Index) & EUROSTOXX 600.

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Colonial is a Spanish listed REIT company (SOCIMI), leader in the European Prime office market with presence in the main business areas of Barcelona, Madrid and Paris with a prime office portfolio of more than two million sqm of GLA and assets under management with a value of more than €11bn.

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