1H/2020

First half results January-June 2020
29 July 2020

Colonial

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

The COVID-19 situation at Colonial

The COVID-19 pandemic has affected and continues to significantly affect our domestic as well as global markets. At the same time, its impact on Colonial's real estate activity, as well as the economy in general, continues to be uncertain and is difficult to predict.

To date, all of the international agencies estimate a significant contraction in the global economy in 2020 and an important decrease in the GDP in Europe and specifically in the markets Colonial operates in: Spain and France.
There is a majority opinion that in the medium term there will be a recovery of this economic impact, although there is a plurality of opinions about the speed of recovery in each country and region, largely depending on the evolution of the health crisis.

The capital markets reacted in turn in mid-March with a strong correction, and high volatility mainly due to the current reduced visibility on the end of this crisis in the short and medium terms.

In this context, Colonial's priority has been to ensure the health and safety of our teams, as well as the continuity of our activity and services for our clients. To date, the spread of the Coronavirus has not had a significant impact on our employees or management teams.

Our activity has remained stable and the results of the first half reflect the strength of Colonial's portfolio and the resilience of its business model.

Sensitive to its clients' situations and especially to those most affected by the limitation of their activities, Colonial is having individual conversations with them to meet all of their needs. Accordingly, the commercial team of the Group has analysed and negotiated deferrals 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 consequence of and in the framework of the prohibition of the development of their activities in the retail and leisure sectors. To date, the impact of these negotiations amounts to 2% of the rental income of the full year profit and loss account of 2020.

This estimate is the consequence of the composition of Colonial's assets and clients, where the retail sector represents a minority proportion, and large companies are the main clients of the Group.

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
Implementation of **covid-19 protocolo** within our buildings	**Increased liquidity** through the signature of €200m sustainable loan	Rating agencies S&P and Moody's confirm credit rating, BBB+ and Baa2	Pre-letting of Marceau Goldman Sachs	Logistics Disposal Settlement of Call Option signed in 2019
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 100% reached with clients in Spain, 2% impact of 2020 GRI	Solid Q2 Results
Postponement of capex program €60M (Méndez Alvaro)		Release of Q1 results, with vacancy rate at 2%	Stable dividend of €20Cts./share approved by AGM	

The Colonial Group's financial situation is solid, with the Investment Grade rating confirmed at the end of April, taking into consideration the current circumstances of the Group as well as the general context as a whole. This is reflected in the following figures:

1) An LTV of 36.6%
2) A liquidity of more than €2,488m that:
   - Exceeds the debt maturity by more than 6 times for 2020 and 2021 (considering the non-renewal of the ECP program)
   - Of the current liquidity, more than €700m is cash

Lastly, the location of the Group's assets, the diversification of its client portfolio and its financial position allow Colonial to face this crisis from a solid position, with it being still premature to estimate the final impact that the COVID-19 pandemic may have on the future results of the Group.

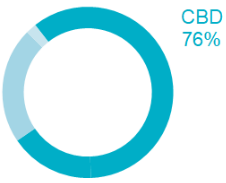
First Half 2020 - Resilient Prime Positioning

Close of first half with an increase of +20% in the Recurring Earnings per Share

1. A portfolio of Prime Offices in the CBD with high occupancy levels and income growth

Unique exposure to Prime

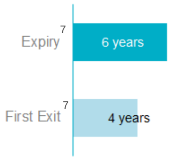
Offices GAV 06/20



GAV	06/20
Like for Like 6 months	
Group	**(0.2%)**
Madrid	(2%)
Barcelona	(2%)
Paris	+1%

Gross Rental Income		1H20
Var. YoY	*Total*	*LFL*
Group	**+2%**	**+1%**
Madrid	+31%	+7%
Barcelona	+11%	+9%
Paris	(5%)	(1%)

2. A diversified portfolio of stable AAA clients with good fundamentals



Rental Growth [1]	1H 20
Group	**+9%**
Barcelona	+8%
Madrid	+6%
Paris	+10%

Release Spread [2]	1H 20
Group	**+29%**
Barcelona	+54%
Madrid	+15%
Paris	+14%

3. A solid balance sheet - S&P and Moody's confirm Colonial's Rating

LTV	36.6%
Liquidity[4]	2.488€m
Cash[5]	773€m
Debt coverage 2020 & 2021	6x[6]

Rating confirmed post Covid-19

STANDARD &POOR'S	***Rating*** BBB+ *Stable Outlook*
MOODY'S	***Rating*** Baa2 *Stable Outlook*

Acces to Debt Markets

€500m bond issuance in May 2020

Syndicate loan of €200m in April 2020

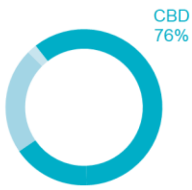
(1) *Signed rents vs market rents at 31/12/2019 (ERV 12/19)*
(2) *Signed rents on renewals vs previous rents*
(3) *Ratio of Top 30 clients of Colonial at 12/19*
(4) *Liquidity (available credit lines and cash)*
(5) *Cash at 6/20*
(6) *Coverage assuming the non-renewal of ECP program*
(7) *Maturity at 06/20*

Increase in income and stable asset value

Recurring EPS of €16.24cts/share (+20% yoy)

Financial Highlights	1H 2020	1H 2019	Var	LFL
EPRA NAV - €/share	11.21	10.52	+7%	
EPS recurring - €Cts/share	16.24	13.51	+20%	
Gross Rental Income - €m	177	174	+2%	+1%
Net Rental Income - €m	165	157	+5%	+4%
Recurring Net Profit - €m	83	69	+20%	
Attributable Net Profit - €m	(26)	338	(108%)	
GAV Group €m	12,164	11,798	+3%	+4%
EPRA NAV €m	5,697	5,348	+7%	

Unique exposure to Prime



Operational Highlights	
EPRA Vacancy	4%
Release Spread[3]	+29%
Barcelona	+54%
Madrid	+15%
Paris	+14%
Rental Growth[2]	+9%
Barcelona	+8%
Madrid	+6%
Paris	+10%

Solid growth in Gross Rental Income

- Gross rental income of €177m, +2% & **+1% like-for-like**
  Office portfolio +7% & **+3% like-for-like**
  > Madrid +31% & **+7% like-for-like**
  > Barcelona +11% & **+9% like-for-like**
  > Paris (5%) & **(0.8%) like-for-like**

Increase in recurring results

- ***Recurring EPS of €16.24cts, +20%***
- Recurring earnings of €83m, +20%
- Net profit of €(26)m, due to the variation in asset value

A prime CBD portfolio with defensive value

- Gross Asset Value of €12,164m, (**0.2%) like-for-like in 6 months** and + 4% like-for-like, year-on-year
- The increase in the value of the Paris portfolio compensates for the light correction in Spain
  > **Paris +1% like-for-like in 6 months** and +6% like-for-like, year-on-year
  > **Madrid (2%) like-for-like in 6 months** and +1% like-for-like, year-on-year
  > **Barcelona (2%) like for like in 6 months and** +5% like-for-like, year on year

Net Asset Value €11.21/share (€11.41/share pre-dividend)

- The Net Asset Value has varied (2.2%) in 6 months and has increased +6.5% year-on-year
- Total Shareholder Return of (0.5%) in 6 months and +8.4% year-on-year

Stable operating fundamentals in the second quarter

Solid occupancy levels of 96%

- Capturing rental price increases in 2Q
  +11% vs ERVs at 12/19[2]
  +32% release spread[3]

A strengthened balance sheet

- Liquidity of €2,488m[4], with €773m in cash
- Moody & S&P confirm Colonial's rating
- LTV of 36.6%

(1) Total Shareholder Return = increase in NAV per share + paid dividend
(2) Signed rents vs. market rents at 31/12/2019 (ERV 12/19)
(3) Signed rents on renewals vs. previous rents
(4) Liquidity (available credit lines and cash)

Highlights

1H Results 2020

Increase in Recurring Net Profit of +20%, reaching €83m

An increase in Recurring Net Profit

The **Colonial Group** closed **the first half of 2020** with a **net recurring profit of €83m, +20% compared to the same period of the previous year**.

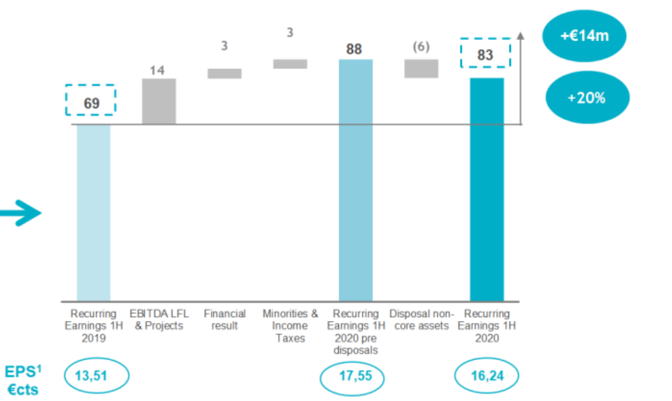
Net recurring EPS amounted to €16.24cts, resulting in an increase of +20% compared to the previous year.

Profit & Loss Account

Results analysis - €m	1H 2020	1H 2019
Gross Rents	177	174
Recurring EBITDA	146	138
Recurring financial result	(42)	(45)
Income tax expense & others - recurring	(5)	(6)
Minority interests - recurring	(17)	(19)
Recurring Earnings	83	69
Change in fair value of assets & provisions	(105)	361
Non-recurring financial result & MTM	(3)	(8)
Income tax & others - non-recurring	(3)	(25)
Minority interests - non-recurring	2	(59)
Profit attributable to the Group	(26)	338

(1) Recurring earnings per share

Recurring Earnigs - Variance Analysis



The increase in the recurring net profit of +€14m (+20% vs. the previous year) was driven by:

1. An increase in EBITDA like-for-like and projects of +€15m (+€8m, 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 €7m. Consequently, the recurring profit per share, excluding the above-mentioned non-strategic asset sales, would have been €17.55cts/share, which represents an increase of +30% year on year in comparable terms.

The value of the portfolio corrected slightly, with a variation of (0.2%) like-for-like compared to December 2019, consequently the net result of the Group after considering the value variation is negative and amounts to €(26)m. It is worth highlighting that this variation does not imply a cash outflow.

Solid growth in Gross Rental Income

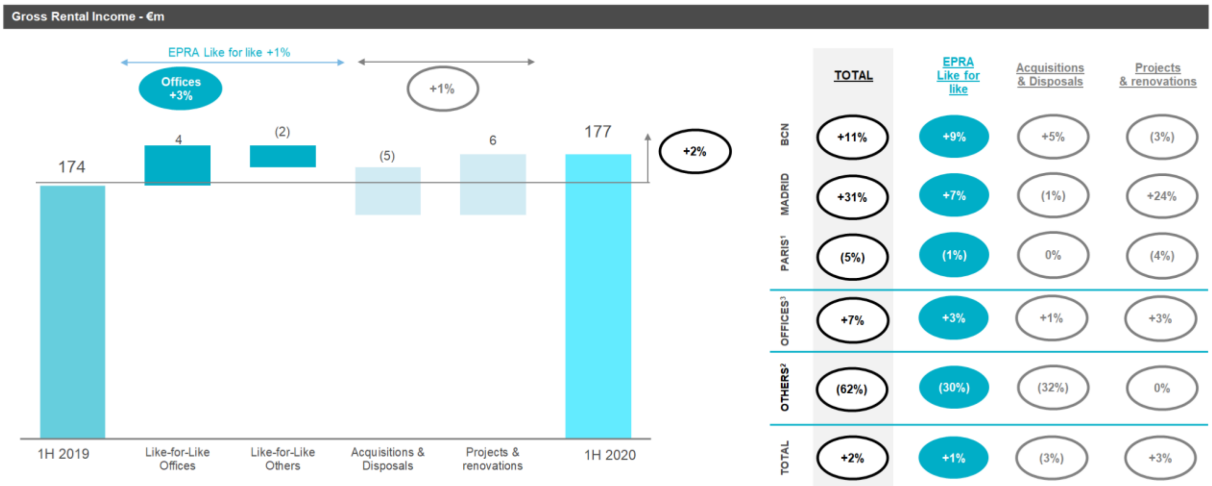
Colonial closed the first half of 2020 with **€177m of Gross Rental Income, an increase of +2% compared to the previous year**.

The **office portfolio has increased +7% year-on-year (+3% in like-for-like terms)** boosted by the increase in income in the portfolios of Madrid +31% and Barcelona +11%.

The income from the offices portfolio in **Madrid increased +31%**, based on (1) a **solid like-for-like increase of +7%** together with (2) an increase in rental income of +24% due to an indemnization 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.

The income from the **Barcelona portfolio increased +11%**, based on (1) **a strong like-for-like increase of +9%** together with (2) an increase in income of +6% for the acquisition of Parc Glories II, compensating for the lower rents due to the client rotation in the Diagonal 525 project and other renovation programs such as Diagonal 530.

The income from the Paris portfolio went down by (5) %, mainly due to less income because of the rotation of surfaces in renovation in the 103 Grenelle and Washington Plaza assets (impact of -4%). Excluding this effect, **the comparable rental income is reduced by (0.8%) like-for-like** due to the Galerie CE and Edouard VII assets.



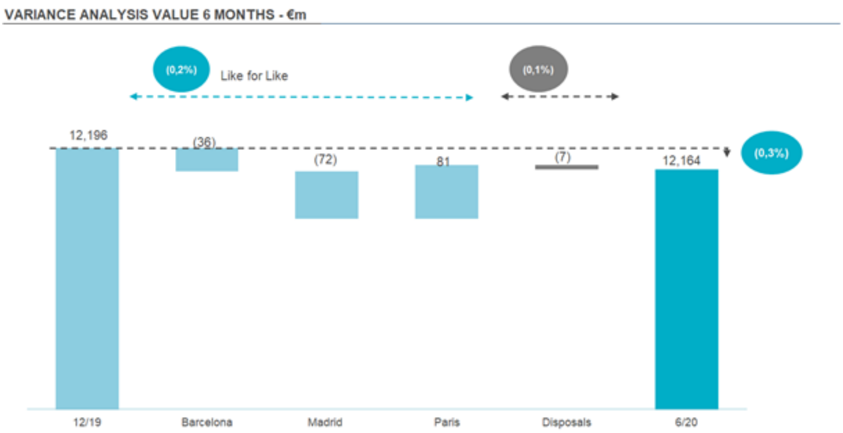
(1) Office portfolio including Prime CBD retail of Galeries Champs Elysées and Pedralbes Centre
(2) Residual logistics portfolio, secondary retail of Axiare and Hotel Índigo in Paris

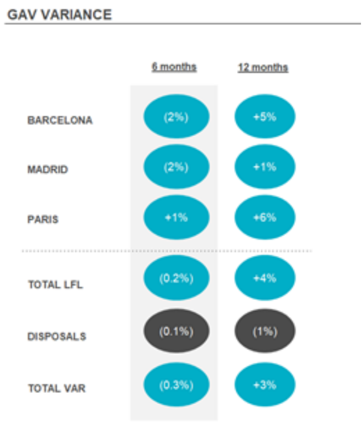
The rest of the portfolio corresponds to the residual logistics portfolio, three secondary retail assets of Axiare and the Hotel Indigo in Paris. All these assets are less defensive in the current crisis, and have suffered a decrease in rental income amounting to €2m like-for-like.

A prime real estate portfolio with defensive value

The gross asset value of the Colonial Group at the close of the first half of 2020 amounted to €12,164m (€12,773m including transfer costs), showing a slight value correction of (0.3%) in 6 months, (0.2%) in like-for-like terms. The year-on-year variation is positive and amounts to +4% like-for-like.

The asset portfolios in Barcelona and Madrid have seen a correction in value of (2%) in 6 months, given the environment of the COVID-19 crisis. In Paris, the value of the portfolio has increased by +1% in 6 months, thanks to the robustness of the prime portfolio in Paris as well as the progress on the project portfolio. Particularly worth highlighting is the pre-letting of 80% of the 83 Marceau project under very favorable conditions having a significant impact on value creation.





The defensive behaviour of Colonial's asset portfolio is due to:

1) The high concentration in Prime CBD locations with strong fundamentals that allows for a higher protection of falls in value in recessive cycles and a better growth profile in upside cycles.

2) The high quality of its buildings that attracts clients with maximum solvency and with high loyalty indices.

3) A successful diversification strategy that optimizes the risk profile of the portfolio, as shown in the first half 2020 results, where the Paris assets have partially compensated for the value evolution in Spain.

4) An industrial approach on value creation through repositioning of assets creating Alpha Real Estate value that makes the difference compared to the market and offers a more defensive positioning.

Shareholder return and Net Asset Value

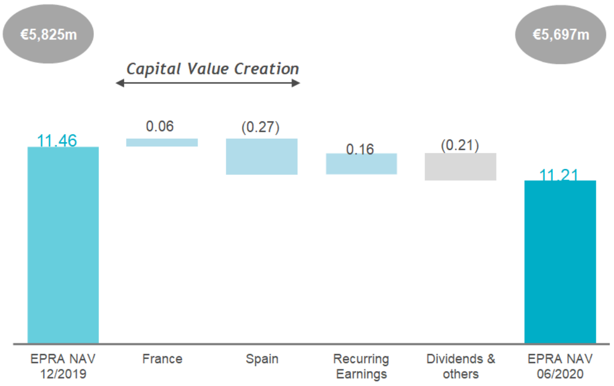
Colonial closes the first half of 2020 with an EPRA Net Asset Value of €11.21/share, which is a decrease of (2.2%), compared to the net value of the assets at December 2019 and a +6.5% year-on-year growth.

The evolution of the Net Asset Value in the first half of 2020 can be broken down into the following effects:

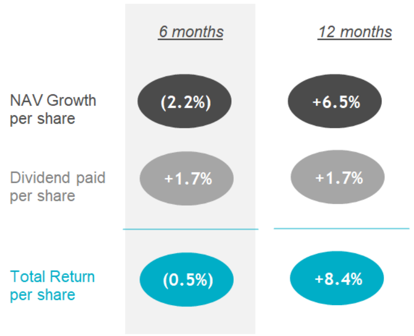
1. The Paris portfolio has contributed an increase in value of €6cts (+0.5% in 6 months) which has partially compensated for the decrease in the value of the Barcelona and Madrid portfolios amounting to €27cts/share
2. The net recurring EPS was €16cts/share (+1.4% of NAV in 6 months)
3. Colonial's dividend and other effects have led to an impact of €(21)cts/share

Including the accrued dividend of €20cts/share in the first half of 2020, the total shareholder return amounts to (0.5%) in 6 months and +8.4% year-on-year.

EPRA NAV €/share



Total Shareholder Return [1]



(1) Total return understood as an increase of NAV per share + dividend
(2) Dividend of €0.2/share and other effects

In absolute terms, the EPRA NAV amounts to €5,697m, a figure 2% lower than that at the close of 2019 (€5,825m) and +6.5% higher than the NAV from the year before.

Solid operational fundamentals in all segments

1. The second quarter maintains solid fundamentals

At the close of the first half of 2020, the Colonial Group had signed 32 rental contracts on the office portfolio corresponding to 42,247sqm and annual rents of €16m.

In the second quarter, the Colonial Group signed more than 28,000 sqm between new contracts and renewals. This volume of contracts is above that of the first quarter of 2020 (pre-COVID period) when 13,500 sqm were signed.

Regarding the letting activity in the second quarter, highlighted are the Barcelona and Paris markets where 13,720 sqm and 14,523 sqm were signed respectively.
In Barcelona, worth highlighting are the contracts signed with Human Resources consultancy firm in Diagonal 609 (1,000sqm) and a technical consultancy company in Tore Bcn (800sqm) and in Paris, highlighted are the signings of more than 6,000 sqm on the 83 Marceau asset and 5,974 sqm on the Edouard VII complex.

In Madrid, it was a period of reduced activity given that some contract maturities were not executed by the clients and the rest of the available surfaces of the portfolio are concentrated in secondary areas more difficult to rent, given that the CBD assets are almost at full occupancy.

			1Q 2020		2Q 2019	
Strong price increases	Surface sqm Q1 20	Surface sqm Q2 20	Release Spread[1]	% Var. vs ERV 12/19[2]	Release Spread[1]	% Var. vs ERV 12/19[2]
Barcelona	7,024	13,720	+50%	+7%	+54%	+9%
Madrid	5,374	466	+15%	+5%	na	+13%
Paris	1,141	14,523	ns	+7%	+14%	+12%
TOTAL OFFICES	13,539	28,709	+21%	+6%	+32%	+11%

(1) Signed rents on renewals vs previous rents
(2) Signed rents vs market rents at 31/12/2019 (ERV 12/19)

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

For **the contracts renewed in the second quarter, the release spread** (signed rents vs previous rents) **was +32%.** In Barcelona, the release spread was +54% and in Paris, the release spread was +14%.

Likewise, **the growth of the signed prices** compared to the market rent at December 2019 remained high in this **second quarter, reaching +11% for all contracts signed.**

In **Barcelona**, the rents signed were **+9% above market rents 12/19, and in Madrid, the increase was +13%.** In the **Paris portfolio, the increase compared to market rents was up +12%.**

Consequently, **the accumulated volume of rental contracts in the first 6 months amounts to 42,247 sqm**, with the following breakdown:

In the Madrid portfolio, rental contracts with a surface area of 5,839 sqm were signed on 6 transactions. Of special mention is the renewal of almost 2,000 sqm on the Recoletos 37 asset with a large publishing company, the renewal of 1,073 sqm on the Egeo asset with a food company, as well as the renewal of almost 1,000 sqm on the Francisca Delgado 11 asset with an international consultancy firm.

In the **Barcelona office portfolio,** rental contracts with a surface area of 20,744 sqm across 17 transactions were formalized. Among the highlights is the signing of 3,200 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 office portfolio**, rental contracts for a volume of 15,664 sqm were signed across 9 transactions. It is worth highlighting the renewal of almost 6,000 sqm on the Edouard VII building, as well as a new contract signed with Goldman Sachs on the Marceau asset for more than 6,000 sqm.
This pre-letting lease signed with Goldman Sachs is for 12 years, with a non-cancellable term of nine years. The let surface area is almost 6,500 sqm, which represents 81% of the building's total office space. With this transaction, Goldman Sachs, one of the largest investment banking and securities companies in the world, intends to increase its presence in the Gaul country, enabling it to double the workforce of the company in Paris.

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

2. Solid occupancy levels

The **total vacancy of the Colonial Group** at the close of the first half of 2020 **stood at levels of 4%.**

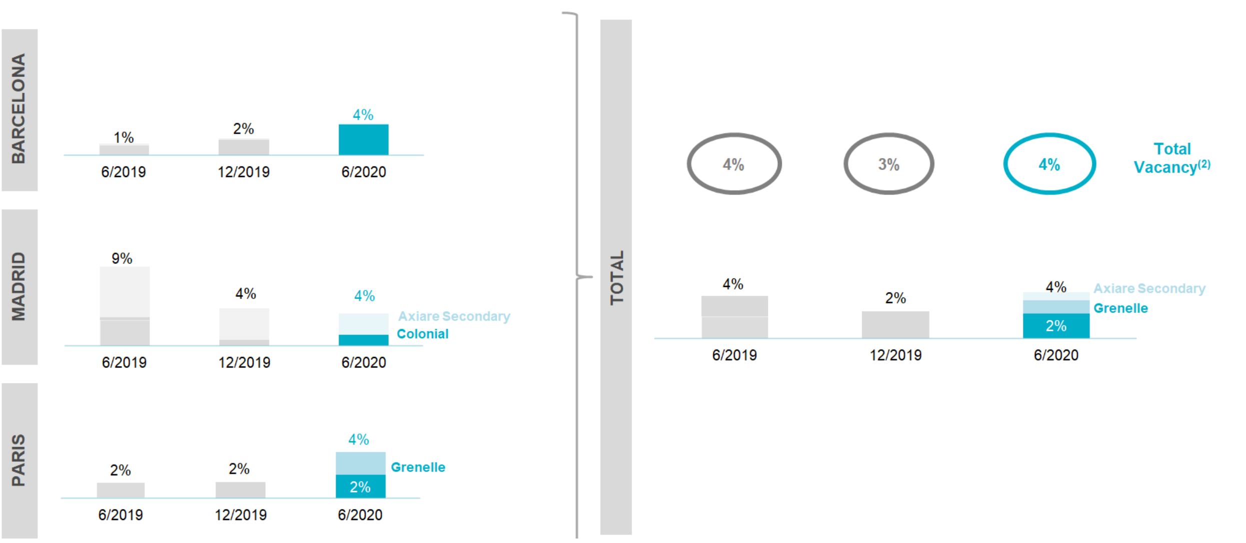
This level of vacancy is in line with levels from one year ago, and it has increased by 200 bps compared to the ratio of the first quarter, due to client rotations in the Barcelona portfolio and to the delivery of the renovation program on the Grenelle asset in Paris.

The like-for-like vacancy of the Colonial Group, excluding the entry into operation of the 103 Grenelle building, is at 3%, an increase of 200 bps compared to the first quarter of 2020.

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

EPRA VACANCY(1)

Office & Total Vacancy – Evolution of Colonial's Portfolio



(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

The **Barcelona office portfolio** has a **vacancy rate of 4%**, a ratio that has been increased over the first half mainly due to an exit of tenants in the Torre BCN asset.

In the **office portfolio in Madrid** the vacancy rate **has remained stable at 4%**, given that there have been no new contracts for empty spaces in the first half, due to the reduced volume of visits in light of the COVID-19 crisis.

The **office** portfolio in **Paris** has a **vacancy rate of 4%.** This ratio has increased because of the entry into operation of the 103 Grenelle asset. Excluding this asset, the **vacancy in Paris is at 2%.**

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.

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 had conversations with the commercial team who have reached agreements with more than 80% of them, having closed all of the negotiations in the Spanish client portfolio.

At the date of this publication, the impact of these negotiations amounted to 2% of the annual rental income for the 2020 profit and loss account.

In addition, it is important to point out that short term rental deferral payment agreements have been made with the clients most affected by the crisis 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.

ESG Strategy

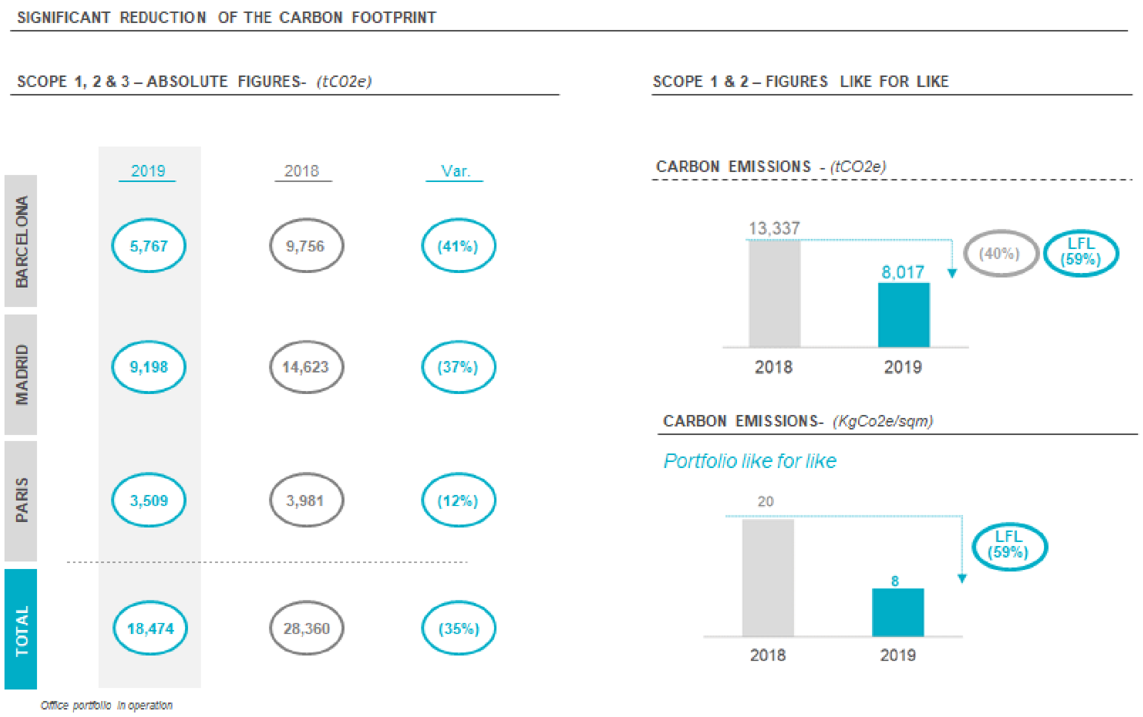
The Colonial Group pursues a clear leadership in ESG, being a fundamental element of its strategy, prioritizing sustainable long-term returns, based on a business model of high-quality products. Accordingly, the Colonial Group's corporate strategy is based on pursuing the maximum excellence in the fields of governance, social aspects and sustainable investment, taking action in different areas:

1. 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 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 the base year 2015.

With this objective, in 2019 the Colonial Group continued to work on this topic 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.



2. 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 buildings in Spain, will count on spaces equipped with the latest technologies. WittyWood is located on calle Llacuna 42, in the heart of the 22@ district.

The new Colonial building will have a total investment cost of €12m, and will be 50% assumed by Colonial together with its strategic partner Narcís Barceló, a pioneer in these types of buildings. The delivery is expected to take place in the second half of 2021.

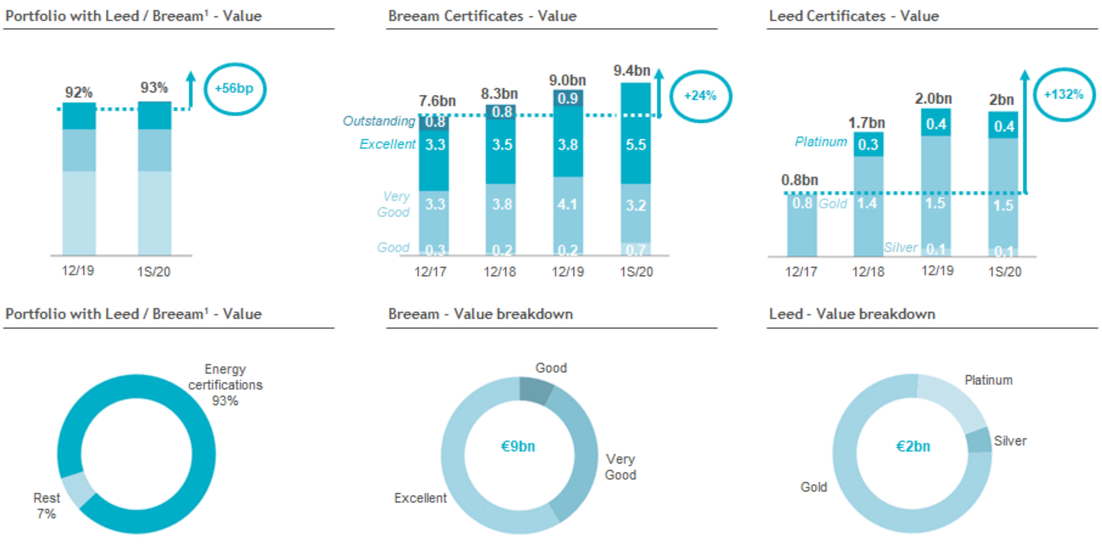
With the construction of this new building, Colonial is starting a new venture on the exploration of industrialized construction, as well as IOT technology (Internet of Things), essential tools for the optimization of energy consumption.

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 envisage the maximum environmental certificates: LEED Platinum and WELL Platinum.

3. Energy 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.

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



(1) Office Portfolio in operation

4. Sustainable financing

Thanks to its high standards in sustainability, in April 2020 Colonial formalized a sustainable loan for €200m with the margin linked to its GRESB rating.

BNP PARIBAS NATIXIS CaixaBank BBVA

Together with the sustainable loans from 2019 which amount to €151m, to date Colonial has issued €351m of sustainable financing.

A solid capital structure

I. A strong balance sheet

At the close of the first half of 2020, the Colonial Group had a solid balance sheet which is reflected in the following figures:

1) An LTV of 36.6%
2) A liquidity of more than €2,488m
   > This liquidity exceeds by more than 6 times the debt maturity available for 2020 and 2021 (considering the non-renewal of the ECP program)
   > Of the current liquidity, more than €700m is cash

II. Investment Grade Rating confirmed during the COVID-19 crisis

Standard and Poor's and Moody's confirmed Colonial's rating in April 2020 in view of the effects of the COVID-19 crisis and under the currently known circumstances.

In particular, they have considered:

> The S&P agency maintains BBB+ rating. The stable perspective, which has been confirmed, reflects the opinion of S&P that Colonial will withstand the effects of COVID-19

> Moody's also maintains Baa2 rating with a stable outlook which it granted in 2019. The rating is mainly based on Colonial's leadership position in the prime offices market in France and Spain, its solid client base and the high occupancy rates of its portfolio, the deleveraging at 31 December 2019 and the strong liquidity of Colonial

Colonial is one of the few European Real Estate companies that have maintained its rating consolidating its positioning as the Real Estate company with the highest rating in the Spanish sector and among the best rated in Europe.

III. Access to the debt market

In the first half of 2020, the Colonial Group successfully closed a debt issuance operation for €500m through its French subsidiary, SFL. The bonds have a 7 years maturity, with an annual coupon of 1.5% interest rate. Demand exceeded up to four times the issue volume and they were to quality European investors.

Additionally, the Colonial Group has formalized a sustainable loan in Spain for €200m. Its Club Deal format includes the following leading banking institutions, both national and international: BBVA, BNP Paribas, Caixabank and Natixis. Caixabank is acting as the Agent Bank and Sustainability Agent.

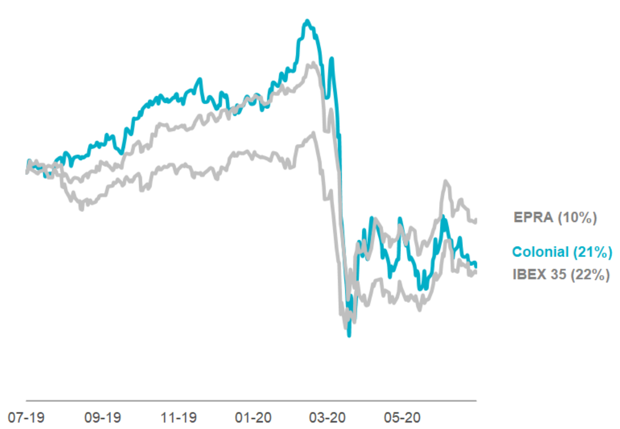
IV. Analyst consensus

In the framework of the COVID-19 crisis, the analysts are progressively revising their assumptions and perspectives on the European listed market.

In the case of the Colonial Group, the analysts' consensus maintains "buy" recommendations and highlights the Company's strength in their analysis, thanks to its strategy of positioning in prime offices. The table below shows the main analysts that have reviewed their recommendations as at the date of this publication:

Analista	Recommendación	Fecha
Goldman Sachs	Buy	08/06/2020
J.P.Morgan CAZENOVE	Overweight	13/05/2020
Morgan Stanley	Neutral	14/05/2020
BofA SECURITIES	SELL	14/05/2020
Green Street Advisors	Hold	01/07/2020
KEMPEN & CO Merchant Bank	Neutral	26/05/2020
Kepler Cheuvreux	BUY	14/05/2020
BARCLAYS	Underweight	04/06/2020
ODDO BHF CORPORATES & MARKETS	BUY	14/05/2020
ALANTRA Equities	Neutral	14/05/2020
JBCapitalMarkets	BUY	14/05/2020
Santander	BUY	25/03/2020

COLONIAL SHARE PRICE PERFORMANCE 2020 YoY*



(*) Share price 30/06/2020

Strategic Prime positioning with great resilience

Colonial's strength to deal with 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. Leadership in Grade A offices in the city centre (CBD)

Colonial has high quality product in city centre locations, with 76% of the portfolio in the CBD.

BARCELONA

Colonial Portfolio - max rent signed

MADRID

Colonial Portfolio - max rent signed

PARIS

Colonial Portfolio - max rent signed

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 has a positive "reversionary buffer" in the first half of the year, given that the current rents of the portfolio are still below the market rents as of December 2019. Likewise, to date, the Group has captured high reversion rates with a release spread[1] of +29% in the first half of 2020.

(1) Signed rents on renewals vs. previous rents

C. A solid balance sheet with the best rating in the Spanish real estate sector, confirmed by S&P and Moody's during April 2020, in the peak of the COVID-19 crisis.

A prudent LTV profile with one of the highest levels of liquidity in the sector, covering more than 6 times the debt maturities in 2020 and 2021 (considering the non-renewal of the ECP program)

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%	1H 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%	1H 21	17,239	113	7.7%
6	Biome	✓	Paris City Center	82%	1H 22	24,500	283	5.0%
7	Plaza Europa 34		Barcelona	50%	2H 22	14,306	42	7.0%
8	Mendez Alvaro Campus		Madrid CBD South	100%	2H 22	89,871	300	7.9%
9	Sagasta 27		Madrid CBD	100%	2H 22	4,481	23	7.0%
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, with 50% of the value attached to 3 projects in Paris.

To date, 33% of the project portfolio is already pre-let, corresponding to €28m 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 and the acquisition of assets located in CBD areas, improving the risk-return profile of the Group.

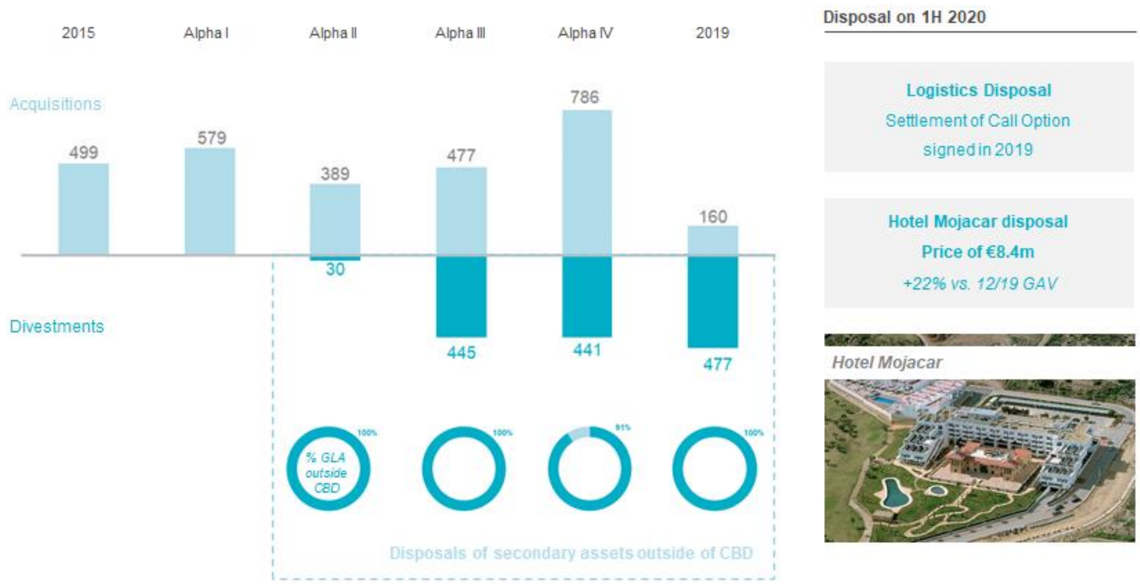
Over the last 3 years, the Colonial Group has carried out significant disposals of non-core assets for €1,400m, with double digit premiums over the asset valuations in process.

In addition, in the framework of improving the Prime portfolio of the Group, since 2015 Colonial has acquired more than €2,900m[1], in core CBD buildings, identifying assets with added value potential in market segments with solid fundamentals.

In the first half of 2020, Colonial divested the Hotel Mojácar (a non-strategic asset) for €8.4m, corresponding to a +22% premium on the appraisal value as of December 2019. In addition, €14m of deferred payments were received related to the disposal of the Hotel Centro Norte in 2019.

After the close of the first half, the call option for the remaining part of the logistics disposal signed in 2019 has been executed.

NET INVESTMENTS SINCE 2015 - €m



Appendices

1. Analysis of the Profit and Loss Account
2. Office markets
3. Business performance
4. Project portfolio
5. ESG strategy
6. Digital Strategy & Coworking
7. Portfolio valuation
8. Financial structure
9. EPRA Net Asset Value
10. EPRA ratios & consolidated balance sheet
11. Glossary and alternative performance measures
12. Contact details and disclaimer

1. Analysis of the Profit and Loss Account

Analysis of the Profit and Loss Account

The net profit attributable to the Group at the close of the first half of 2020 amounted to (€26m).

June cumulative - €m	2020	2019	Var.	Var. % [(1)]
Rental revenues	177	174	3	2%
Net operating expenses [(2)]	(12)	(18)	5	29%
Net Rental Income	165	157	8	5%
Other income	1	1	(0)	-
Overheads	(24)	(23)	(0)	(2%)
EBITDA	142	135	7	5%
Exceptional items	(2)	(2)	(0)	(2%)
Change in fair value of assets & capital gains	(105)	418	(523)	125%
Amortizations & provisions [(3)]	(2)	(60)	58	97%
Financial results	(45)	(53)	8	15%
Profit before taxes & minorities	(13)	437	(450)	(103%)
Income tax	2	(21)	23	108%
Minority Interests	(15)	(78)	63	80%
Net profit attributable to the Group	(26)	338	(364)	(108%)

Results analysis - €m	2020	2019	Var.	Var. %
Recurring EBITDA	146	138	8	6%
Recurring financial result	(42)	(45)	3	7%
Income tax expense & others - recurring result	(5)	(6)	1	14%
Minority interest - recurring result	(17)	(19)	2	10%
Recurring net profit - post company-specific adjustments [(4)]	83	69	14	20%
NOSH (million)	*508.1*	*508.1*	*0*	*0%*
EPS recurring (€cts)	16.24	13.51	2.7	20%

(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.

Analysis of the Profit and Loss Account

- At the close of the first half of 2020, the Colonial Group's Gross Rental Income amounted to €177m, a +2% increase in like-for-like terms compared to the same period of the previous year, +1% in like-for-like terms.

- The Group's EBITDA stands at €142m, up +5% compared to the same period of the previous year

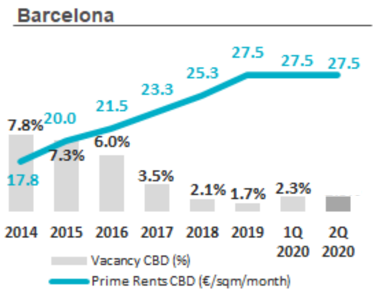
- The impact on the Consolidated Profit and Loss Account from the revaluation and capital gains from disposals of property investments at 30 June 2020 amounted to €(105)m. The revaluation, which was registered in France as well as in Spain, is the result of the decrease in the appraisal value of the assets.

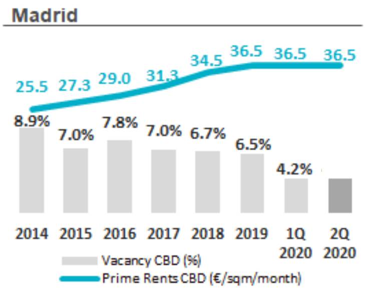
- The net financial cost amounted to €(45)m, an improvement of 15% compared to the same period of the previous year.
  The recurring financial cost of the Group amounted to €(42)m, an improvement of 7% compared to the same period of the previous year, mainly due to the Group's debt refinancing transactions carried out in 2019.

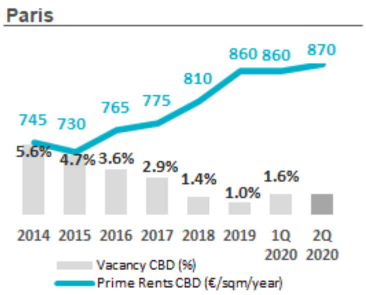
- Profit before taxes and minority interests at the close of the first half of 2020 amounted to €(13)m.

- Finally, and after deducting the minority interest of €(15)m, as well as the corporation tax of €2m, the profit after tax attributable to the Group amounted to €(26)m.

2. Office markets







__Rental markets__

Take-up in the **office market in Barcelona** was low and stood at 68,000 sqm in the first half of 2020. This figure reflects the scarcity of product in the market together with a temporary cease in demand due to the COVID-19 crisis. The vacancy rate was at 2.3% in the CBD as of 03/20. Rents remained stable, due to a lack of quality space, positioning prime rents at €27.5/sqm/month.

During the first half of 2020, 148,000 sqm were signed **in the office market in Madrid**. This figure is lower than that of the previous year due to the COVID-19 crisis. The vacancy rate as of 03/20 in Madrid was 8.1%, with a vacancy rate in the CBD of 4.2%. At the close of the first half 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 first half of 2020 was 667,500 sqm, an historic low. The COVID-19 crisis and the subsequent slowdown of activity have had a considerable impact on these figures. In the CBD, the vacancy rate was 1.6% as of 03/20, at historically low levels. Prime rents stood at €870/sqm/year, a figure slightly higher than that of the previous quarter.

__Investment market__

In **Spain**, **investment in the offices sector** reached €1,300m during the first half of 2020 of which more than €700m was in Madrid and €380m in Barcelona. With a second quarter constrained by COVID-19, this figure is 30% less than the volume registered in the same period of the previous year, a year that, 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 €7,700m at the close of first half 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 imposed 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

- Gross rental income reached **€177m, a figure +2% higher than the same period of the previous year.**

  In **like-for-like terms**, adjusting for investments, disposals and variations in the project and renovation pipeline and other extraordinary items, **the Group's gross rental income increased by +1%, like-for-like.**

  In like-for-like terms, the rental income from Colonial's portfolio increased +3%.

  In Spain, like-for-like rental income increased by +7%. The Madrid portfolio increased by +7%, like-for-like, and the Barcelona portfolio increased by +9%, like-for-like.

  In **Madrid**, this increase was driven by the increase in market rental reviews on properties such as Santa Hortensia, Martínez Villergas and José Abascal 56. Regarding increases in occupancy levels, worth highlighting are Ribera de Loira, Príncipe de Vergara, Francisca Delgado 11, Alfonso XII, Ramírez Arellano and José Abascal 56.

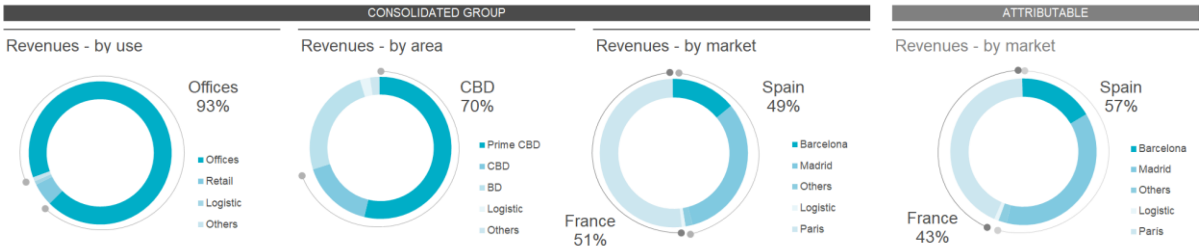
  In **Barcelona**, the positive impact mainly came from rental price increases in Diagonal 197, Parc Glories and Plaza Europa 42-44, as well as the improvement in occupancy in Sant Cugat Nord and Berlín Numancia.

  In **Paris, rental income decreased by (0.5%) like-for-like**, mainly due to the rotation of clients in Haussmann and Galeries Champs Elysées.

Variance in rents (2020 vs. 2019) €m	Barcelona	Madrid	París	Offices[1]	Others[2]	TOTAL
Rental revenues 2019R	22.9	43.3	95.3	161.5	12.8	174.4
EPRA Like-for-Like	1.7	2.9	(0.7)	3.8	(2.1)	1.8
Projects & refurbishments	(0.7)	1.3	(3.5)	(2.8)	0.0	(2.8)
Acquisitions & Disposals	1.5	(0.2)	0.0	1.3	(5.9)	(4.6)
Indemnities & others	0.0	9.2	(0.6)	8.6	0.0	8.6
Rental revenues 2020R	25.4	56.6	90.5	172.5	4.9	177.4
Total variance (%)	*11%*	*31%*	*(5%)*	*7%*	*(62%)*	*2%*
Like-for-like variance (%)	9%	7%	(1%)	3%	(30%)	1%

(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. Furthermore, the Group maintains its high exposure to CBD markets, with 70% of the income.
  In consolidated terms, 51% of the rental income, €91m, came from the subsidiary in Paris and 49% was generated by properties in Spain. In attributable terms, 57% 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 first half of 2020, EBITDA rents reached €165m, an increase of +4% in like-for-like terms.** Worth highlighting is the Madrid portfolio with an increase of +16% like-for-like, followed by Barcelona with an increase of +14%.

Property portfolio

June cumulative - €m	2020	2019	Var. %	EPRA Like-for-like [1]	
				€m	%
Rental revenues - Barcelona	25	23	11%	1.7	9%
Rental revenues - Madrid	57	43	31%	2.9	7%
Rental revenues - Paris	90	95	(5%)	(0.7)	(0.8%)
Rental revenues - Offices[2]	**172**	**162**	**7%**	**3.8**	**3%**
Rental revenues - Others[3]	5	13	(62%)	(2.1)	(30%)
Rental revenues Group	**177**	**174**	**2%**	**1.8**	**1%**
EBITDA rents Barcelona	24	21	13%	2.3	14%
EBITDA rents Madrid	51	35	48%	5.3	16%
EBITDA rents Paris	87	92	(6%)	(0.9)	(1.1%)
EBITDA rents - Offices[2]	**161**	**147**	**10%**	**6.7**	**5%**
EBITDA rents Others[3]	4	10	(62%)	(0.5)	(12%)
EBITDA rents Group	**165**	**157**	**5%**	**6.2**	**4%**
EBITDA rents/Rental revenues - Barcelona	*93%*	*91%*	*1.6 pp*		
EBITDA rents/Rental revenues - Madrid	*90%*	*80%*	*10.4 pp*		
EBITDA rents/Rental revenues - Paris	*96%*	*96%*	*(0.5 pp)*		
EBITDA rents/Rental revenues - Logistic & others	*75%*	*74%*	*0.5 pp*		

Pp: percentage points

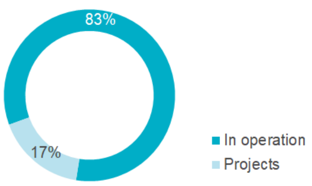
(1) ***EPRA like for like:*** *Like-for-like calculated according to EPRA recommendations*
(2) *Office portfolio + Prime CBD retail of Galeries Champs Elysées and Pedralbes Centre*
(3) *Residual logistics portfolio, secondary retail of Axiare and Hotel Indigo in Paris*

Portfolio letting performance

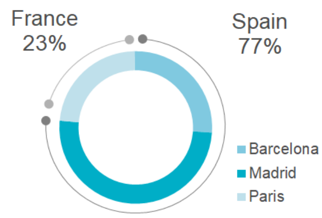
- **Breakdown of the current portfolio by floor area**: At the close of the first half of 2020, the Colonial Group's portfolio totaled 1,929,094 sqm, primarily related to office buildings, which comprised 1,611,822 sqm.

  At the close of the first half of 2020, 83% of the office portfolio was in operation and the rest corresponded to an attractive portfolio of projects and renovations.

Offices Surface - by condition



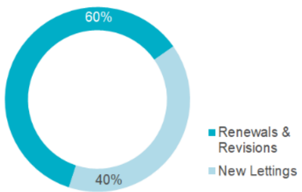
Offices Surface - by market

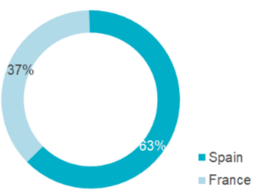


- **Signed leases - Offices:** At the close of the first half of 2020, the Colonial Group formalized leases for a **total of 42,247 sqm of offices**. 63% (26,583 sqm) correspond to contracts signed in Barcelona and Madrid and the rest (15,664 sqm) were signed in Paris. In addition, 2,400 sqm below ground were signed on the Dau Pedralbes complex.

  Renewals: Out of the total office letting activity, a 60% (25,461 sqm) are lease renewals, spread over the three markets in which the group operates

  New lettings: New leases relating to 16,786 sqm were completed, of which 8,592 sqm were in Paris and 7,150 sqm were in Barcelona.





Letting Performance - Offices

June cumulative - sq m	2020	Average maturity	% New rents vs. previous
Renewals & revisions - Barcelona	13,594	2	*54%*
Renewals & revisions - Madrid	4,795	2	*15%*
Renewals & revisions - Paris	7,072	11	*14%*
Total renewals & revisions	**25,461**	**4**	***29%***
New lettings Barcelona	7,150	2	
New lettings Madrid	1,044	3	
New lettings Paris	8,592	8	
New lettings	**16,786**	**5**	**na**
Total commercial effort	**42,247**	**5**	**na**

The new rents were +29% versus the previous rents: **Barcelona +54%, Madrid +15% and Paris +14%**.

Colonial's total letting activity is spread across the three markets in which the Company operates.

In Spain, rental contracts were signed or renewed with a surface area of 26,583 sqm during the first half of 2020, corresponding to 23 contracts and €6m of annualized rents.

In the Madrid portfolio, rental contracts with a surface area of 5,839 sqm were signed on 6 transactions. Of special mention is the renewal of almost 2,000 sqm on the Recoletos 37 asset with a large publisher, the renewal of 1,073 sqm on the Egeo asset with a food company, as well as the renewal of almost 1,000 sqm on the Francisca Delgado 11 asset with an international consultancy firm.

In the **Barcelona office portfolio,** rental contracts with a surface area of 20,744 sqm across 17 transactions were signed. Among the highlights is the signing of 3,200 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.

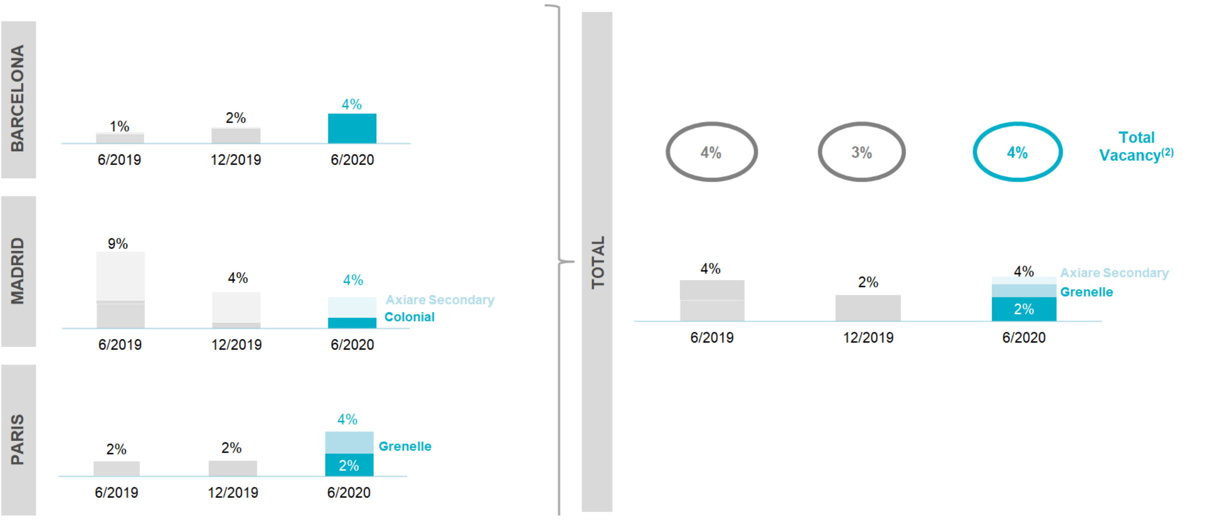
In the Paris portfolio, rental contracts with a surface area of 15,664 sqm were signed across 9 transactions. Of special mention is the renewal of almost 6,000 sqm on the Edouard VII building, as well as the new contract signed on 83 Marceau for more than 6,000 sqm with Goldman Sachs.

A portfolio with solid occupancy levels

- The **total EPRA vacancy[(2)] of the Colonial Group's portfolio at the close of the first half of 2020 stood at levels of 4%[(2)]**.
- The financial vacancy of the Colonial Group's portfolio is shown as follows:

EPRA VACANCY[(1)]

Office & Total Vacancy – Evolution of Colonial's Portfolio



(1) ***EPRA vacancy****: financial vacancy according to the calculation recommended by EPRA (Vacant floorspace multiplied by the market rent/operational floor space at market rent)*

(2) *Total portfolio including all uses: offices, retail and logistics*

The Barcelona office portfolio has a vacancy rate of 4%, a ratio that has been increased over the first half mainly due to an exit of tenants in the Torre BCN asset.

In the **office portfolio in Madrid** the vacancy rate remained stable to stand at 4%.

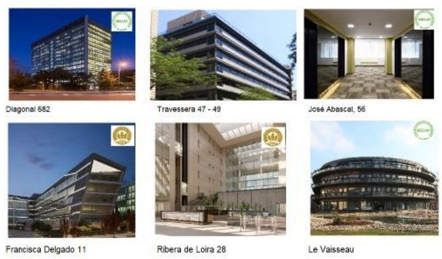
The office portfolio in Paris has a **vacancy rate of 4%.** This ratio has increased because of the entry into operation of the 103 Grenelle asset. **Excluding this asset, the vacancy in Paris is at 2%.**

The vacant office space at the close of the first half 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	6,412	3,108	9,520	4%
Madrid	5,651	9,108	3,175	17,933	4%
París	5,665	6,677	151	12,494	4%
TOTAL	11,316	22,197	6,434	39,947	4%

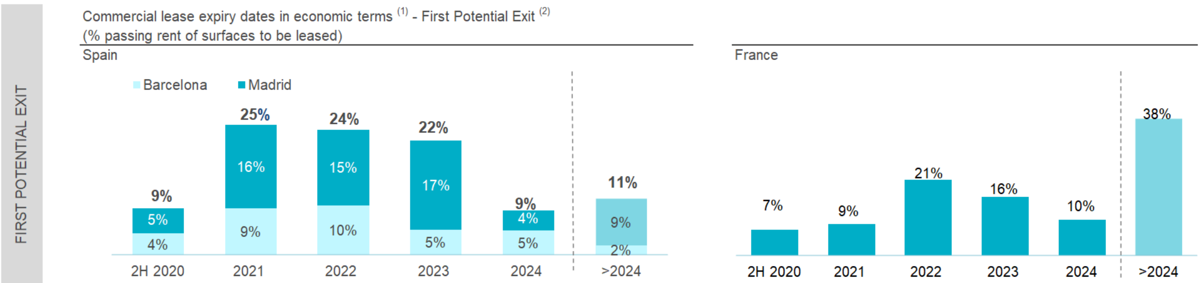
(1) Projects and refurbishments that have entered into operation



Commercial lease expiry and reversionary potential

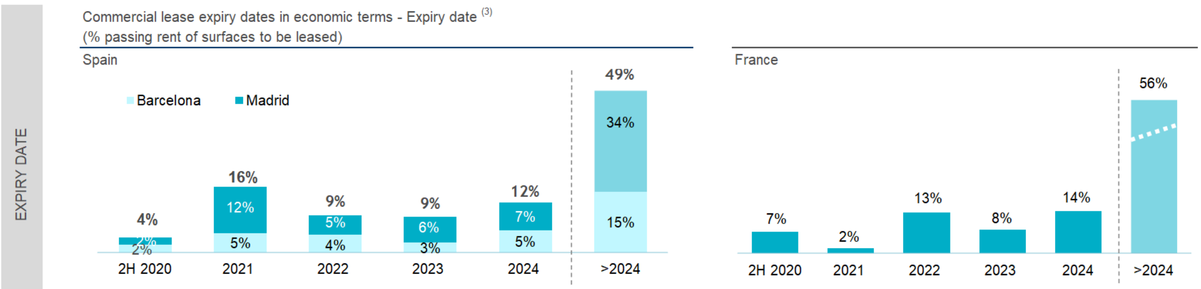
- **__Commercial lease expiry__:** The following graphs show the contractual rent roll for the coming years in the office portfolios in Spain and France.

The **first graph** shows the commercial lease expiry dates if the tenants choose to end the contract at the first possible date (break option or end of contract).



(1) % = surface to rent x current rents / current rental revenues
(2) Renewal dates based on first potential exit of the current contracts

The **second graph** shows the rent roll of the portfolio if the tenants remain until the contract expires. The contract structure in Spain is more short-term than in France.



(1) % = surface to rent x current rents / current rental revenues
(3) Renewal dates based on the expiry date of the current contracts

In **Spain,** the short-term renewals of the contract portfolio in 2020, amount to 9% of the portfolio, in the event the clients terminate the contract at the first possible date.
This figure is reduced by up to 4% if they remain until the end of the contract.

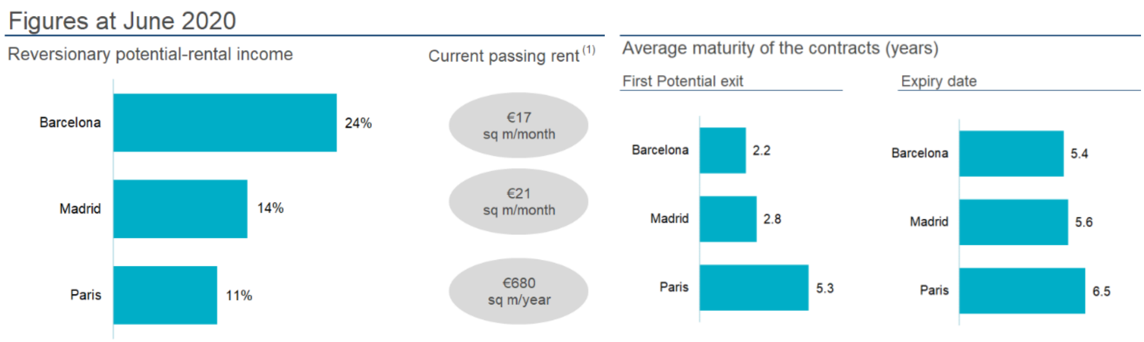
In **France**, the short-term expiries (2020) correspond to 7% of the portfolio.

- **Reversionary Potential of the rental portfolio**

The Colonial Group's contract portfolio has a significant reversionary potential. This reversionary potential is the result of comparing the rental prices of the current contracts (contracts with current occupancy and current rents) with the rental price that would result from letting the total surface at the market prices estimated by independent appraisers as at the first half of 2020 (not including the potential rents from the projects and significant refurbishments underway).

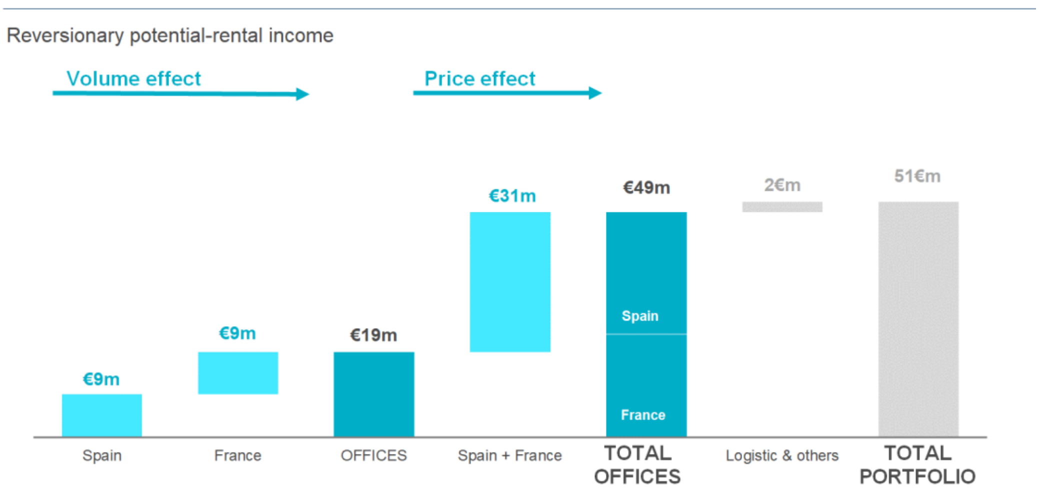
The static reversionary potential of the rental revenues of the offices portfolio stood at:

> +24% in Barcelona (13% of the portfolio matures in the next 18 months)
> +15% in Madrid (21% of the portfolio matures in the next 18 months)
> +11% in Paris (16% of the portfolio matures in the next 18 months)



(1) Current office rent of occupied offices surfaces

Specifically, the static reversionary potential in the current portfolio **would result in approximately €51m of additional annual rental income**.



4. Project portfolio

Project portfolio and renovation program

- Colonial has a **project pipeline** of over 200,000 sqm with the aim of creating top quality products to obtain higher returns, and consequently a higher future value uplift 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 in the first half of 2020. The other projects in the portfolio continue to progress, in prime locations and where there is little new offering.

	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%	1H 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%	1H 21	17,239	113	7.7%
6	Biome	✓	Paris City Center	82%	1H 22	24,500	283	5.0%
7	Plaza Europa 34		Barcelona	50%	2H 22	14,306	42	7.0%
8	Mendez Alvaro Campus		Madrid CBD South	100%	2H 22	89,871	300	7.9%
9	Sagasta 27		Madrid CBD	100%	2H 22	4,481	23	7.0%
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, with 50% of the value attached to 3 projects in Paris.

- To date, 33% of the project portfolio is already pre-let, corresponding to €28m of rental income. This ratio has increased more than 800 bps compared to the pre-let levels at the beginning of the year, thanks to the successful pre-letting transaction of the Marceau project in Paris.

- In **Barcelona**, the Diagonal 525 and Plaza Europa 34 projects are progressing. The Diagonal 525 building has been pre-let by Naturgy, in which it will house its new corporate headquarters. Currently Colonial has completed the project design and is tendering the works which will begin during this year 2020. The Plaza Europa 34 project continues to progress and the work below ground has already begun.

- In **Madrid**, the projects at **Miguel Ángel 23** and **Velázquez** are progressing as planned and the buildings have been fully vacated, facilitating the start of the renovation works.

Work on the **Castellana 163** project has already been completed and the building is in full operation with an occupancy of 90%.

In addition, the design for the **Méndez Álvaro Campus** project continues to progress to become the new building of reference in the south of the Castellana.

- In the **Paris** portfolio, the three current Flagship projects continue progressing: Biome, 83 Marceau and Louvre St. Honoré.

The project at **83 Marceau** will offer one of the best located buildings in Paris – a one-minute walk from the Place de L'Étoile, in one of the most contemporarily designed buildings, providing light to all floors, thanks to the new design of the central atrium. The building will have three certificates: BREEAM, LEED and HQE. In the second quarter of 2020, a pre-letting contract for 6,500 sqm was signed with the investment bank Goldman Sachs, where it will set up its Continental Europe corporate headquarters. The contract includes a non-cancellable term of nine years and was signed at a record rent, setting historical highs in the Paris market.

In **Biome**, an iconic building is planned of more than 24,500 sqm in the Central-Western area of Paris with natural light, efficient floors of 1,400 sqm to 3,500 sqm and a green area surrounding the building.

Finally, it is worth mentioning that the project in the **Louvre Saint Honoré** building remains in progress and continues with the estimated end date of 2023. Likewise, it is important to remember that for this project a pre-letting agreement has been signed with a minimum fixed term duration of 20 years with the Cartier Foundation, a Cartier company, at top market prices.

Renovation Program

- 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 communal common and updating 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.

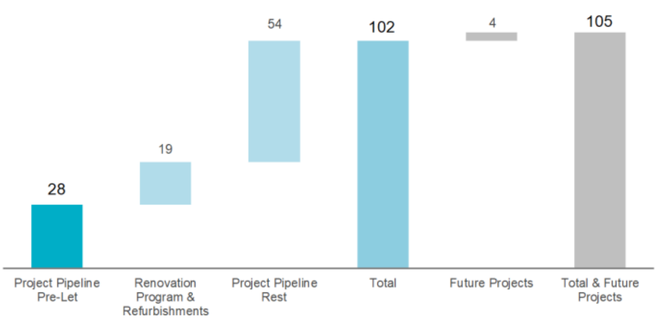
In France, highlighted is the **176 Charles de Gaulle** property, an office building located in the flowering district of **Neuilly**, in which the common areas are being repositioned, adding services for the users with the aim of capturing an increase in rents in the area of close to 30% compared to 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 top-quality surface area.

Project portfolio and renovation program potential

- The project portfolio as well as the renovation program provide potential additional annual rents of more than €100m, of which €86m correspond to the project portfolio.

It should be mentioned that thanks to high level pre-lettings of 33% for the projects, €28m of future rents are already assured. The entry of the renovation program into the market has the potential of €19m in additional rents in the short-term.

Additional rental income from projects and significant refurbishments - €m



5. ESG[1] Strategy – Environmental, Social and Corporate Governance

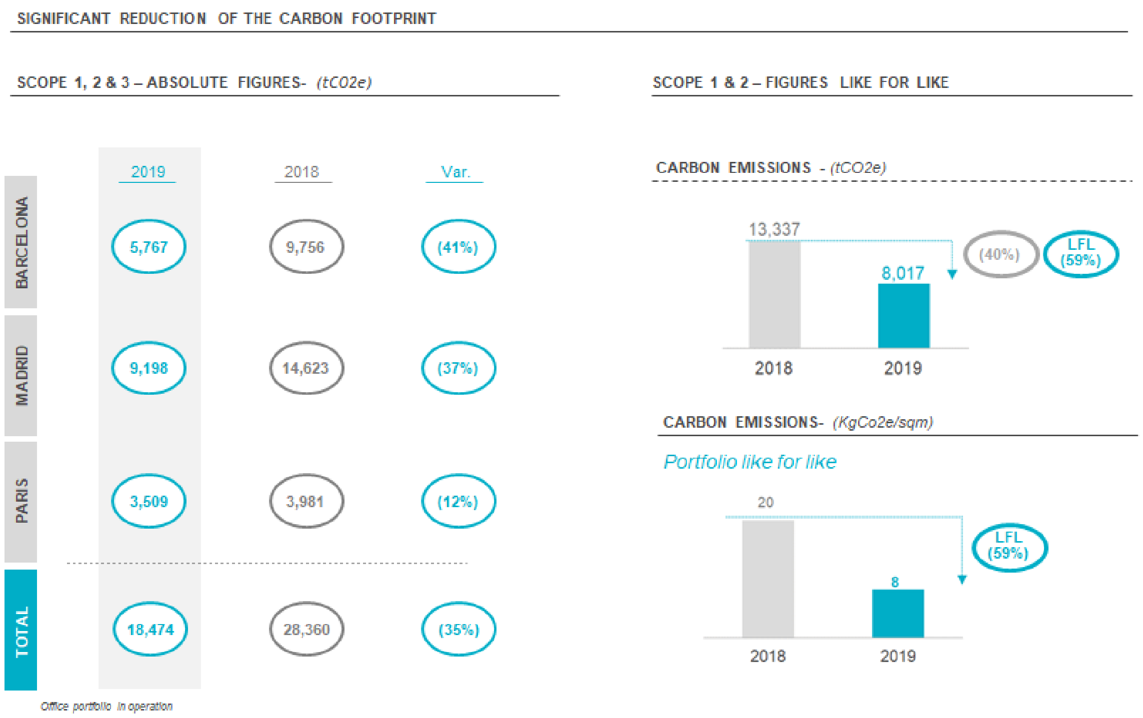
The Colonial Group pursues a clear leadership in ESG, being a fundamental element of its strategy, prioritizing sustainable long-term returns, based on a business model of high-quality products. Accordingly, the Colonial Group's Corporate Strategy is committed with maximum excellence in the fields of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

1. 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.

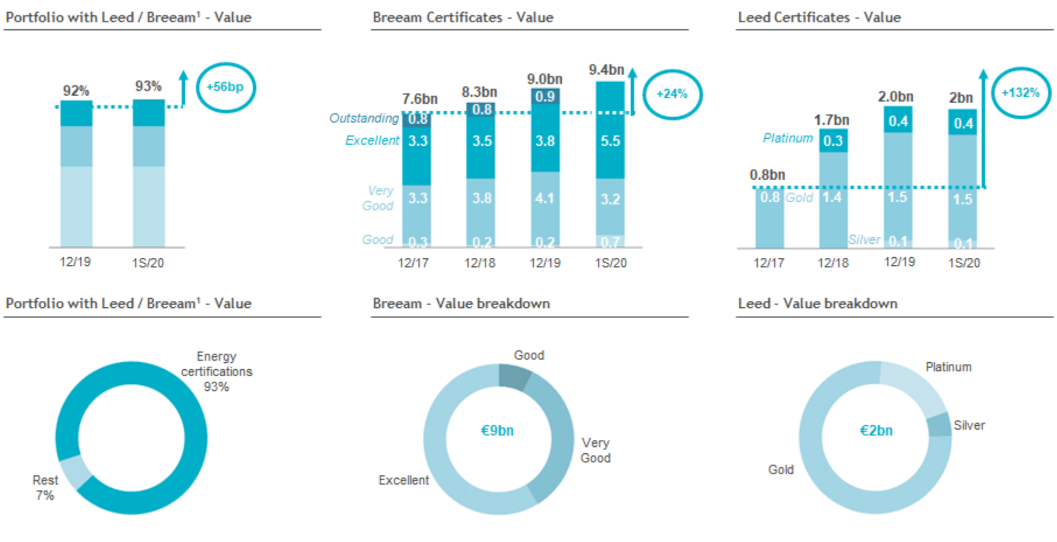
With this objective, in 2019 the Colonial Group continued to work on this and achieved a (59%) reduction like-for-like in its carbon footprint (Scopes 1 & 2), reaching an intensity ratio of 8 kgCo2e/sqm for Scopes 1&2, placing it among the lowest carbon footprints in the European sector.



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

2. 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.



(1) Office Portfolio in operation

3. High standards in ESG

As part of the strong impulse by the Colonial Group in all areas of ESG, in 2019 and in the first half of 2020, highlighted is the improvement in international ESG ratings that are constantly evaluating the strategy and specific actions by Colonial on this matter.

MAXIMUM ENERGY EFFICENY SATNDARDS

INDEX	ACHIEVEMENT / RATING
MSCI	> **AA Rating (up from BBB)** > One of the highest ratings in Europe > Strong scoring on Governance
EPRA sBPR GOLD	> **Gold 4th year in a row** > Gold since 2016 > First mover in Spain
GRESB / GREEN STAR	> +16p improvement in one year > +26% improvement of the rating of the previous year
ETHIBEL	> Inclusion in the **Ethibel Sustainability Excellence Europe Index**, managed by **Vigeo Eiris** > Index composed by a group of European companies that show the best performance in the field of corporate responsibility
FTSE4Good	> **"Good practice" rating** > Index inclusion 2018 > Strong performance on Governance & Supply Chain

4. Sustainable Financing

Thanks to its high standards in sustainability, in April 2020 Colonial formalized a sustainable loan for €200m with the margin linked to its GRESB rating.

BNP PARIBAS NATIXIS CaixaBank BBVA

Together with the sustainable loans from 2019 which amount to €151m, to date Colonial has issued €351m of sustainable financing.

6. Digital Strategy & Coworking

Co-Working and Flexible Spaces

At the end of the first half of 2020, Utopicus, the Colonial Group flexible spaces operator, had 11 centres in operation, corresponding to 29,758 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. Therefore, it has continued expanding the centres of Utopicus in the Colonial Group's own buildings, combining traditional offices with flexible, innovative spaces. Specifically, during the first six months of 2020 two new centres were opened:

- Utopicus Castellana, located in the Castellana 163 building in Madrid has a flexible working space of 3,600 sqm and is located in the CBD of the capital. With two entrances, one through the Castellana façade and the other through Capitán Haya, the space is equipped with meeting and training rooms, private offices and flexible working area.
- Utopicus Torre Marenostrum, located in Barcelona, has a flexible working space of 3,850 sqm in the emblematic neighbourhood of Barceloneta, where working with sea views is possible. The space represents the integration between city and sea and is equipped with all the usual spaces and services of Utopicus.

At the same time, work continues for the opening of 2 new centres in Madrid over the coming months. Once finalised, Utopicus will manage 13 centres with a surface area in operation of close to 40,000 sqm[2] and the capacity for more than 4,500 workstations, strengthening its leadership in the segment of flexible office and coworking spaces in Spain.



Digitalization

In the first half of 2020, the Colonial Group continued to maintain a strong focus on innovation through the development and implementation of Propnet technology, which will enable the use of spaces to be optimized across the entire portfolio of the Group over the coming years.

Colonial has developed an application that, together with the prior sensorization of the property, will lead to an improvement in the efficiency and energy consumption of the spaces. The application measures different aspects of a building, such as the heating, clean air, lights and consumption, among others, always looking to increase the comfort and well-being of the Colonial Group clients.

7. Portfolio valuation

- The gross asset value of the Colonial Group at the close of the first half of 2020 amounted to €12,164m (€12,773m including transfer costs), in line with the valuation of December 2019 showing a slight value correction of (0.3%) in 6 months, (0.2%) in like-for-like terms. The year-on-year variation is positive and amounts to +4% like-for-like.

- The assets in Spain and France have been appraised by Jones Lang LaSalle, Cushman & Wakefield and CB Richard Ellis. The appraisal figures are updated half-yearly, following the best market practices, in compliance with the Regulation Standards of the Royal Institution of Chartered Surveyors (RICS) comprised in the Red Book valuation manual.

- The market valuations defined by the RICS are internationally recognized by advisors and accountants of investors and corporations that own real estate assets, as well as The European Group of Valuers (TEGoVA) and the International Valuation Standards Committee (IVSC). The appraisers' fees are determined by the volume for the specific workout of each assignment.

Gross Asset Values - Excluding transfer costs

Asset valuation (€m)	30-Jun-20	31-dec-19	30-Jun-19	Jun 20 vs Dec 19		Jun 20 vs Jun 19	
				Total	LfL [1]	Total	LfL [1]
Barcelona	1,500	1,534	1,268	(2%)	(2%)	18%	5%
Madrid	2,568	2,543	2,460	1%	(3%)	4%	0%
París	6,455	6,502	6,484	(1%)	(1%)	(0%)	3%
Portfolio in operation [2]	**10,523**	**10,578**	**10,211**	**(1%)**	**(1%)**	**3%**	**3%**
Projects	**1,379**	**1,338**	**1,099**	**3%**	**10%**	**26%**	**17%**
Logistics & others	262	280	488	(6%)	(2%)	(46%)	2%
Colonial group	**12,164**	**12,196**	**11,798**	**(0.3%)**	**(0.2%)**	**3%**	**4%**
Spain	4,925	5,039	4,975	(2%)	(2%)	(1%)	2%
France	7,239	7,158	6,823	1%	1%	6%	6%

Gross Asset Values - Including transfer costs

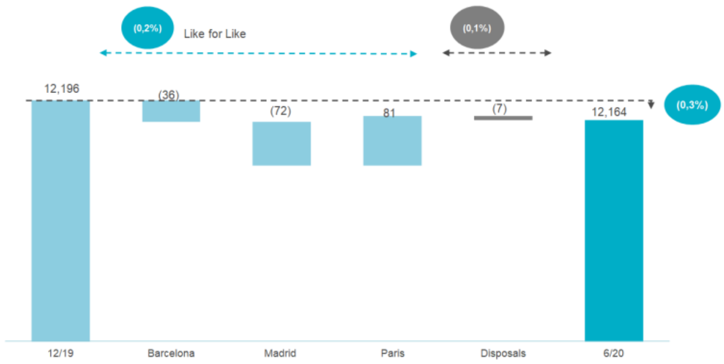
	30-Jun-20	31-dec-19	30-Jun-19	Jun 20 vs Dec 19 Total	Jun 20 vs Dec 19 LfL	Jun 20 vs Jun 19 Total	Jun 20 vs Jun 19 LfL
Colonial group	**12,773**	**12,807**	**12,390**	**(0.3%)**	**(0.2%)**	**3%**	**4%**
Spain	5,058	5,175	5,115	(2%)	(2%)	(1%)	2%
France	7,715	7,632	7,276	1%	1%	6%	6%

(1) Portfolio in comparable terms
(2) Portfolio in operation: current rental portfolio as well as new entries into operation of completed projects

- The asset portfolios in Barcelona and Madrid have seen a correction in value of (2%) in 6 months, given the environment of the COVID-19 crisis. In Paris, the value of the portfolio has increased by +0.8% in 6 months, thanks to the robustness of the prime portfolio in Paris as well as the progress on the project portfolio. Particularly worth highlighting is the pre-letting of 80% of the 83Marceau project under very favorable conditions having a significant impact on value creation.

- The analysis of the value variance is as follows:

VARIANCE ANALYSIS VALUE 6 MONTHS - €m



GAV VARIANCE

	6 months	12 months
BARCELONA	(2%)	+5%
MADRID	(2%)	+1%
PARIS	+1%	+6%
TOTAL LFL	(0.2%)	+4%
DISPOSALS	(0.1%)	(1%)
TOTAL VAR	(0.3%)	+3%

By sub-segments, the evolution of the value of the assets is as follows:

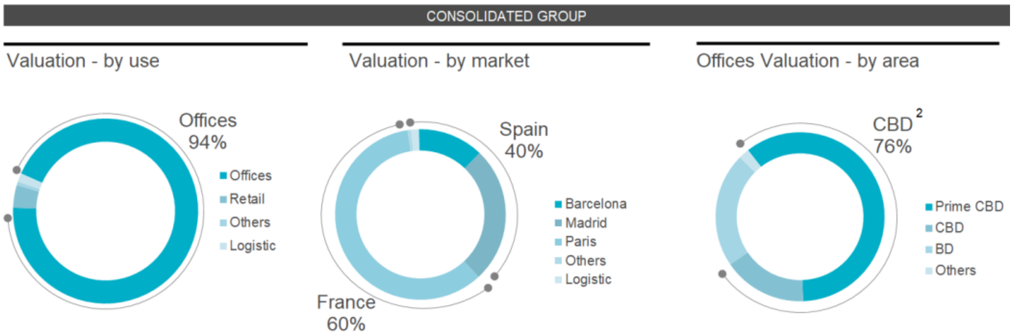
- The Barcelona portfolio value decreased by (2%) like-for-like in 6 months and increased +5% like-for-like year-on-year

- The Madrid portfolio value decreased by (2%) like-for-like in 6 months and increased +1% like-for-like year-on-year

- The Paris portfolio value increased by +1% like-for-like in 6 months and increased +6% like-for-like year-on-year

It is worth mentioning that the increase in the Paris portfolio compensates for the value correction in Spain, resulting in a variation of the Colonial Group's total portfolio of (0.2%) like-for-like, a value in line with the close of 2019. This fact highlights the successful diversification strategy that optimizes the risk profile of the portfolio.

The breakdown of the valuation of the Group's rental portfolio by use, market and type of product is shown below:



(2) *CBD Barcelona, includes the 22@ segment market assets*

- Regarding the valuation of the portfolio in operation, the main value parameters are as follows:

Portfolio in operation	€m	sq m above ground (*)	€/sq m (*)	Valuation Yield	
Barcelona	1,500	270,525	5,545	4.39%	Gross Yields
Madrid	2,568	385,008	6,671	4.25%	Gross Yields
Paris	5,587	312,918	17,856	3.19%	Net Yields

When **comparing the valuation parameters of Colonial's appraisal values with market data**, the following must be taken into consideration:

1. In Spain, consultants publish *gross yields* in their market reports
(Gross yield = gross rent/value excluding transfer costs).

2. In France, consultants publish *net yields* in their market reports
(Net yield = net rent/value including transfer costs).

(*) In Barcelona the sqm for the calculation of the capital value correspond to the surface above ground of all the assets in Barcelona, excluding the Plaza Europa project and the surface area of non-core retail assets.
In Madrid, the sqm correspond to the surface above ground of all assets in Madrid, excluding the Méndez Álvaro complexes, the Puerto Somport 10-18, Sagasta 27, Miguel Ángel 23, Velázquez 80, and Cedro projects, as well as the surface area of non-core retail assets.
In France, the sqm correspond to the office surface above ground in operation, excluding the main commercial assets and including certain rentable surfaces below ground in the portfolio not corresponding to parking units.

8. Financial structure

In a year marked by 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 objective during this period has been to ensure the liquidity of the Group and improve 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 Sustainability Agent. This loan is also a sustainable loan as its margin is linked to the rating obtained by the agency GRESB, being an addition to the bilateral loans signed last year with Caixabank and ING, reinforcing the message of commitment that the Group has in relation to ESG.

- In June 2020, SFL formalized a bond issuance in the amount of €500m. The bond issue is structured at 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 May 2020, SFL formalized the refinancing of a revolving credit line with BNP, increasing the nominal value to €150m and extending the maturing until May 2025.

At 30 June 2020, the Colonial Group maintains a liquidity of €2,488m, between available cash and undrawn credit lines. This liquidity enables the Group to cover more than 6 times the debt maturities from the years 2020 and 2021 (considering the non-renewal of the ECP program).

Regarding leveraging, after the divestments carried out in the last three years amounting to €1,400m, the LTV ratio stands at 36.6%, 133 bps lower than the same period of the previous year. In addition, subsequent to the close of the first half of 2020, Colonial formalized the second phase of the sale of the logistics portfolio to Prologis, with the last phase remaining which is expected to be closed in September 2020, bringing additional liquidity to €160m.

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

Grupo Colonial (€m)	Jun-20	Dec-19	Var.
Gross financial debt	**5,417**	4,826	*12%*
Net financial debt	**4,644**	4,609	*0.8%*
Total liquidity (1)	**2,488**	2,082	*20%*
% debt fixed or hedged	**85%**	88%	*(3%)*
Average maturity of the debt (years)(2)	**4.8**	4.9	*(0.1)*
Cost of current debt	**1.69%**	1.63%	*6 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)	**36.6%**	36.1%	*48 bp*
Equity Debt	**5%**	6%	*(1%)*

(1) Cash & Undrawn balances
(2) Average maturity based on available debt
1.81%

The net financial debt of the Group at the close of the first half of 2020 stood at €4,644m, the breakdown of which is as follows:

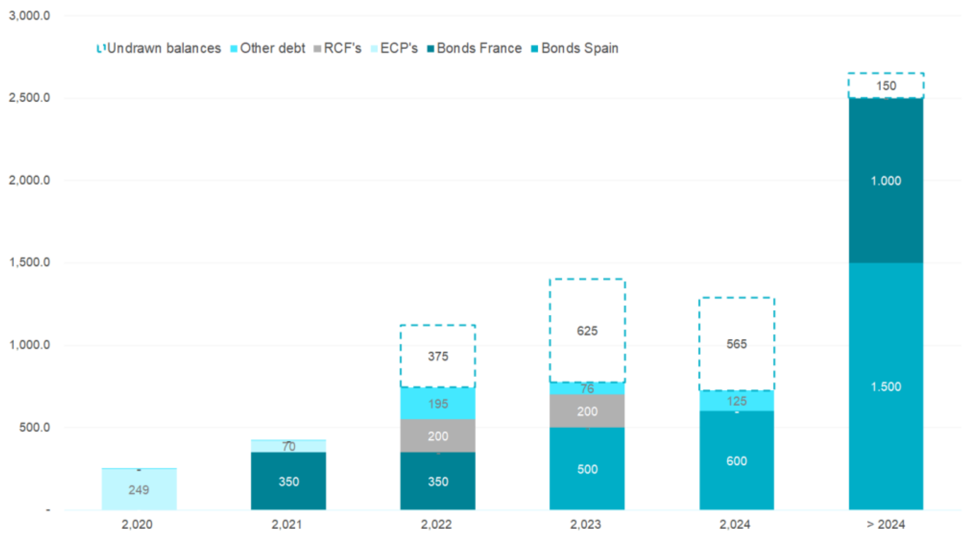
	June 2020			December 2019			Var	Average Maturity (3)
€m	Colonial	SFL	TOTAL	Colonial	SFL	TOTAL	TOTAL	
Syndicate loans	525	-	525	125	-	-	525	3,8
Mortatge debt	76	198	274	76	199	275	(1)	2,4
Bonds Colonial	2,600	1,700	4,300	2,600	1,200	2,600	1,700	5,4
Issuances notes	70	249	319	240	387	626	(308)	0,3
Gross debt	**3,271**	**2,147**	**5,417**	**3,040**	**1,786**	**4,826**	**592**	**4,8**
Cash	(503)	(270)	(773)	(163)	(54)	(217)	(557)	
Net Debt	**2,767**	**1,877**	**4,644**	**2,877**	**1,732**	**4,609**	**35**	
Total liquidity (1)	1,178	1,310	**2,488**	1,038	1,044	**2,082**	**407**	
Cost of debt - Spot (%)	1.82%	1.49%	**1.69%** (2)	1.80%	1.34%	**1.63%**	**3 p.b.**	

(1) Cash & Undrawn balances

(2) Margin + reference type without incorporating commissions

(3) Average maturity calculated based on available balances

Without taking into account the ECP program, it is particularly noteworthy that there are no relevant maturities in the short term since 78% of Colonial's debt matures as of 2023 and 49% matures as of 2025. 84% 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	200	776	725	1.500	3.271
SFL	250	352	545	-	-	1.000	2.147
TOTAL	250	422	745	776	725	2.500	5.417

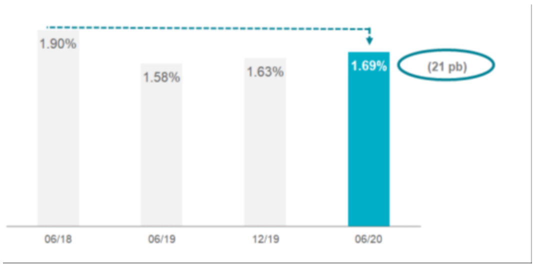
Financial results

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

June cumulative - €m	COL	SFL	H1 2020	H1 2019	Var. %
Recurring financial expenses - Spain	*(31)*	*0*	*(31)*	*(32)*	*4%*
Recurring financial expenses - France	*0*	*(16)*	*(16)*	*(16)*	*(3%)*
Recurring Financial Expenses	**(31)**	**(16)**	**(47)**	**(48)**	**2%**
Capitalized interest expenses	3	2	5	2	106%
Recurring Financial Result	**(28)**	**(14)**	**(42)**	**(45)**	**7%**
Non-recurring financial expenses	(2)	(0)	(2)	(5)	(63%)
Change in fair value of financial instruments	(2)	(0)	(2)	(3)	52%
Financial Result	**(31)**	**(14)**	**(45)**	**(53)**	**15%**

The recurring Financial Result at 30 June 2020 was reduced by 2% with respect to the same period of the previous year, thanks to the effort and dedication made in maintaining a solid financial structure. It is also the result of the active management of the Group debt, in particular the refinancing of the debt coming from Axiare, a process which was finalized in the first quarter of 2019.

- The spot financial cost of the drawn debt at 30 June 2020 amounted to 1.69%. Including formalization costs, accrued over the life of the debt, the financial cost amounted to 1.80%. Without taking into account the ECP program, this cost amounts to 1.81% (1.92% including the financing commissions). The spot financial cost at the close of 2019 amounted to 1.63%, however, the short-term close of the markets in Spain and the increase in the financial cost of this product, both in France and in Spain, have consequently brought about the increase in the spot cost to 1.69%.



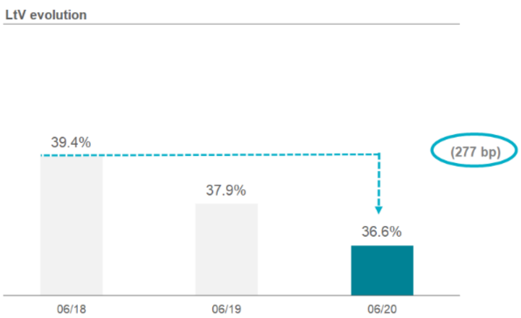
- In the first quarter of 2020, taking advantage of yield curves at historic lows, the Group formalized various pre-hedging instruments of €400m in order to cover the interest rates of future debt emissions. The cumulative value of these types of instruments amounts to €1,100m, with different execution 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 Loan to Value (LTV) of the Group, calculated as the ratio of total net debt among the total GAV of the Group, amounted to 36.6%, 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 undrawn balances of the Group at 30 June 2020 amounted to €2,488m. The breakdown is shown in the following graph:

Cash & undrawn balances (€M)	Colonial	SFL	Group
Current accounts	503	270	773
Credit lines available	675	1,040	1,715
Total	1,178	1,310	2,488



9. EPRA Net Asset Value

EPRA Net Asset Value (NAV)

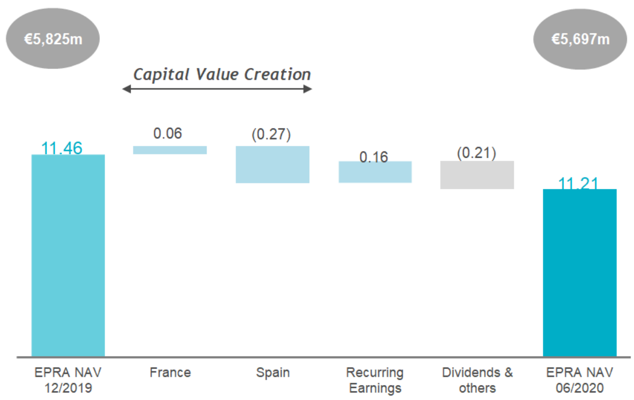
Colonial closes the first half of 2020 with an EPRA Net Asset Value of €11.21/share, which is a decrease of (2.2%), compared to the net value of the assets at December 2019 and a 7% year-on-year growth.

The evolution of the Net Asset Value in the first half of 2020 can be broken down into the following effects:

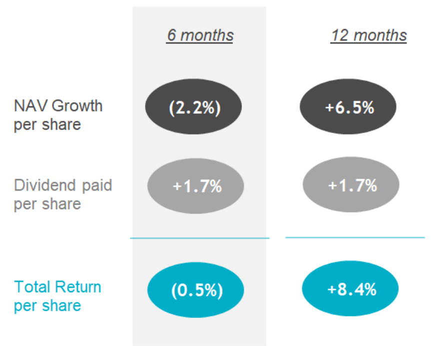
1. The Paris portfolio has contributed an increase in value of €6cts (+0.5% in 6 months) which has partially compensated for the decrease in the value of the Barcelona and Madrid portfolios amounting to €27cts/share
2. The net recurring EPS was €0.16cts/share (+1.4% of NAV in 6 months)
3. Colonial's dividend and other effects have led to an impact of €(21)cts/share

Including the accrued dividend of €20cts/share in the first half of 2020, the total shareholder return amounts to (0.5%) in 6 months and +8.4% year-on-year.

EPRA NAV €/share



Total Shareholder Return [1]



(1) Total return understood as an increase in NAV per share + dividend
(2) Dividend paid of €0.2/share and other effects

In absolute terms, the EPRA NAV amounts to €5,697m, a figure lower than that at the close of 2019 (€5,825m) and 7% higher than the NAV from the year before.

The EPRA Net Asset Value (EPRA NAV) is calculated based on the Group's consolidated equity and adjustments of specific items following EPRA recommendations.

EPRA Net Asset value - €m	06/2020	12/2019
NAV per the Consolidated financial statements	**5,398**	**5,559**
Include:		
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	na	21
(i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)	na	na
(i.c) Revaluation of other non-current investment	38	24
(ii) Revaluation of tenant leases held as finance leases	na	na
(iii) Revaluation of trading properties	8	3
Exclude:		
(iv) Fair value of financial instruments	12	(21)
(v.a) Deferred tax	240	240
(v.b) Goodwill as a result of deferred tax	-	-
Include/exclude:		
Adjustments (i) to (v) above in respect of joint ventures interests	na	na
EPRA NAV - €m	**5,697**	**5,825**
Nº of shares (m)	***508.1***	***508.1***
EPRA NAV - Euros per share	***11.21***	***11.46***

Calculation of the EPRA NAV: Following the EPRA recommendations and starting from the consolidated equity of €5,398m, the following adjustments were carried out**:**

1. Revaluation of investment assets: corresponding to latent capital gains (not accounted for on the balance sheet) of specific assets registered at acquisition cost, mainly own use assets.
2. Revaluation of other investments: register at fair value of several investments of the Group registered in the balance sheet at acquisition cost, mainly treasury shares
3. Adjustment of deferred taxes: adjustment of the amount of deferred taxes associated with the revaluation of the property assets registered on the balance sheet
4. Market value of financial instruments: adjustment of the market value (mark to market) of derivative instruments

At June 2020, the **EPRA NNNAV**(*) amounted to €5,328m, which corresponds to **€10.49/share.**

EPRA Triple Net Asset value (NNNAV) - €m	06/2020	12/2019
EPRA NAV	**5,697**	**5,825**
Include:		
(i) Fair value of financial instruments	(12)	21
(ii) Fair value of debt	(116)	(258)
(iii) Deferred tax	(241)	(240)
EPRA NNNAV - €m	**5,328**	**5,348**
Nº of shares (m)	***508.1***	***508.1***
EPRA NNNAV - Euros per share	***10.49***	***10.52***

For its calculation, the following items have been adjusted in the EPRA NAV: the fair market value of the financial instruments, the market value of the debt and the taxes that would be accrued in the event of the disposal of the assets at their market value.

10. EPRA Ratios & consolidated balance sheet

EPRA Ratios

1) EPRA Earnings

EPRA Earnings - €m	1H 2020	1H 2019
Earnings per IFRS Income statement	**(26)**	**338**
Earnings per IFRS Income statement - €cts/share	*(5.19)*	*66.46*
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	(2)	1
(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	2	8
(vii) Acquisition costs on share deals and non controlling joint venture interests	0	2
(viii) Deferred tax in respect of EPRA adjustments	(4)	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	(2)	59
EPRA Earnings	**75**	**67**
Company specific adjustments:		
(a) Extraordinary provisions & expenses	7	2
(b) Non recurring financial result	1	0
(c) Tax credits	0	0
(d) Minority interests in respect of the above	(0)	(0)
Company specific adjusted EPRA Earnings	**83**	**69**
Average Nº of shares (m)	***508.1***	***508.1***
Company adjusted EPRA Earnings per Share (EPS) - €cts/share	***16.24***	***13.51***

2) EPRA NAV

EPRA Net Asset value - €m	06/2020	12/2019
NAV per the Consolidated financial statements	**5,398**	**5,559**
Include:		
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	na	21
(i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)	na	na
(i.c) Revaluation of other non-current investment	38	24
(ii) Revaluation of tenant leases held as finance leases	na	na
(iii) Revaluation of trading properties	8	3
Exclude:		
(iv) Fair value of financial instruments	12	(21)
(v.a) Deferred tax	240	240
(v.b) Goodwill as a result of deferred tax	-	-
Include/exclude:		
Adjustments (i) to (v) above in respect of joint ventures interests	na	na
EPRA NAV - €m	**5,697**	**5,825**
Nº of shares (m)	***508.1***	***508.1***
EPRA NAV - Euros per share	***11.21***	***11.46***

3) EPRA NNNAV

EPRA Triple Net Asset value (NNNAV) - €m	06/2020	12/2019
EPRA NAV	**5,697**	**5,825**
Include:		
(i) Fair value of financial instruments	(12)	21
(ii) Fair value of debt	(116)	(258)
(iii) Deferred tax	(241)	(240)
EPRA NNNAV - €m	**5,328**	**5,348**
Nº of shares (m)	***508.1***	***508.1***
EPRA NNNAV - Euros per share	***10.49***	***10.52***

4) EPRA NAV – new methodology

EPRA Net Asset value - June 2020

EPRA Net Asset value - €m	NAV previous methodology	Net Reinstatement Value	Net Tangible Assets	Net Disposal Value
IFRS Equity attributable to shareholders	**5.398**	**5.398**	**5.398**	**5.398**
Include:				
(i) Hybrid instruments	-	-	-	-
Diluted NAV	**5.398**	**5.398**	**5.398**	**5.398**
Include:				
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)				
(i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)				
(i.c) Revaluation of other non-current investment	38	38	38	38
(ii) Revaluation of tenant leases held as finance leases	-	-	-	-
(iii) Revaluation of trading properties	8	8	8	8
Diluted NAV at Fair Value	**5.445**	**5.445**	**5.445**	**5.445**
Exclude:				
(v) Deferred tax in relation to fair value gains of IP	240	240	235	n.a.
(vi) Fair value of financial instruments	12	12	12	n.a.
(vii) Goodwill as a result of deferred tax	-	-	-	-
(viii.a) Goodwill as per the IFRS balance sheet	n.a.	n.a.	-	-
(viii.b) Intangible as per the IFRS balance sheet	n.a.	n.a.	-	n.a.
Include:	-	-	-	-
(ix) Fair value on fixed interest rate debt	n.a.	n.a.	n.a.	(116)
(x) Revaluation of intangibles to fair value	-	-	n.a.	n.a.
(xi) Real estate transfer tax	n.a.	473	-	n.a.
EPRA NAV - €m	**5.697**	**6.169**	**5.691**	**5.329**
Nº of shares (m)	***508,1***	***508,1***	***508,1***	***508,1***
EPRA NAV - Euros per share	***11,21***	***12,14***	***11,20***	***10,49***

EPRA Net Asset value - December 2019

EPRA Net Asset value - €m	NAV previous methodology	Net Reinstatement Value	Net Tangible Assets	Net Disposal Value
IFRS Equity attributable to shareholders	**5.559**	**5.559**	**5.559**	**5.559**
Include:				
(i) Hybrid instruments	-	-	-	-
Diluted NAV	**5.559**	**5.559**	**5.559**	**5.559**
Include:				
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)				
(i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)				
(i.c) Revaluation of other non-current investment	**45**	**45**	**45**	**45**
(ii) Revaluation of tenant leases held as finance leases	**0**	**0**	**0**	**0**
(iii) Revaluation of trading properties	**3**	**3**	**3**	**3**
Diluted NAV at Fair Value	**5.607**	**5.607**	**5.607**	**5.607**
Exclude:				
(v) Deferred tax in relation to fair value gains of IP	240	240	239	n.a.
(vi) Fair value of financial instruments	(21)	(21)	(21)	n.a.
(vii) Goodwill as a result of deferred tax	-	-	-	-
(viii.a) Goodwill as per the IFRS balance sheet	n.a.	n.a.	-	-
(viii.b) Intangible as per the IFRS balance sheet	n.a.	n.a.	-	n.a.
Include:	-	-	-	-
(ix) Fair value on fixed interest rate debt	n.a.	n.a.	n.a.	(258)
(x) Revaluation of intangibles to fair value	-	-	n.a.	n.a.
(xi) Real estate transfer tax	n.a.	473	-	n.a.
EPRA NAV - €m	**5.825**	**6.298**	**5.824**	**5.348**
Nº of shares (m)	***508,1***	***508,1***	***508,1***	***508,1***
EPRA NAV - Euros per share	***11,46***	***12,39***	***11,46***	***10,53***

5) EPRA Net initial Yield & Topped-up Net Initial Yield

D. EPRA Net Initial yield & "Topped-Up" Net Initial Yield		Barcelona	Madrid	Paris	Logistic	Total 1H 2020	Total 2019
Figures in €m							
Investment property – wholly owned		1,500	3,151	7,239	258	12,148	12,179
Investment property – share of JVs/Funds		16	na	na	na	16	17
Trading property (including share of JVs)		na	na	na	na	na	na
Less: developments		(131)	(627)	(1,016)	(72)	(1,846)	(1,768)
Completed property portfolio	**E**	**1,385**	**2,524**	**6,223**	**187**	**10,318**	**10,428**
Allowance for estimated purchasers' costs		42	63	427	6	538	541
Gross up completed property portfolio valuation	**B**	**1,427**	**2,587**	**6,650**	**193**	**10,856**	**10,969**
Annualised cash passing rental income		46	84	179	7	316	333
Property outgoings		(4)	(8)	(3)	(2)	(17)	(21)
Annualised net rents	**A**	**42**	**75**	**176**	**6**	**299**	**312**
Add: notional rent expiration of rent free periods or other lease incentives		5	15	21	2	43	34
"Topped-up" net annualised rent	**C**	**47**	**91**	**197**	**8**	**342**	**346**
EPRA Net Initial Yield	**A/B**	**3.0%**	**2.9%**	**2.6%**	**3.0%**	**2.8%**	**2.8%**
EPRA "Topped-Up" Net Initial Yield	**C/B**	**3.3%**	**3.5%**	**3.0%**	**4.0%**	**3.2%**	**3.2%**
Gross Rents 100% Occupancy	F	58	105	211	11	384	383
Property outgoings 100% Occupancy		(3)	(6)	(3)	(1)	(13)	(19)
Annualised net rents 100% Occupancy	**D**	**55**	**98**	**208**	**10**	**371**	**363**
Net Initial Yield 100% Occupancy	**D/B**	**3.8%**	**3.8%**	**3.1%**	**5.4%**	**3.4%**	**3.3%**
Gross Initial Yield 100% Occupancy	**F/E**	**4.2%**	**4.1%**	**3.4%**	**6.0%**	**3.7%**	**3.7%**

6) EPRA Vacancy Rate

EPRA Vacancy Rate - Offices Portfolio

€m	1H 2020	1H 2019	Var. %
BARCELONA			
Vacant space ERV	2	1	
Portfolio ERV	57	54	
EPRA Vacancy Rate Barcelona	**4%**	**1%**	*2 pp*
MADRID			
Vacant space ERV	4	9	
Portfolio ERV	100	98	
EPRA Vacancy Rate Madrid	**4%**	**9%**	*(6 pp)*
PARIS			
Vacant space ERV	8	3	
Portfolio ERV	185	182	
EPRA Vacancy Rate Paris	**4%**	**2%**	*3 pp*
TOTAL PORTFOLIO			
Vacant space ERV	14	13	
Portfolio ERV	341	333	
EPRA Vacancy Rate Total Office Portfolio	**4%**	**4%**	*0 pp*

EPRA Vacancy Rate - Total Portfolio

€m	1H 2020	1H 2019	Var. %
BARCELONA			
Vacant space ERV	3	1	
Portfolio ERV	59	55	
EPRA Vacancy Rate Barcelona	**4%**	**1%**	*3 pp*
MADRID			
Vacant space ERV	4	9	
Portfolio ERV	100	98	
EPRA Vacancy Rate Madrid	**4%**	**9%**	*(6 pp)*
PARIS			
Vacant space ERV	9	3	
Portfolio ERV	223	221	
EPRA Vacancy Rate Paris	**4%**	**2%**	*3 pp*
LOGISTIC & OTHERS			
Vacant space ERV	2	3	
Portfolio ERV	11	-	
EPRA Vacancy Rate Total Portfolio	**16%**	**-**	**-**
TOTAL PORTFOLIO			
Vacant space ERV	17	16	
Portfolio ERV	393	400	
EPRA Vacancy Rate Total Portfolio	**4%**	**4%**	*0 pp*

Annualized figures

Consolidated balance sheet

Consolidated balance sheet

€m	1H 2020	2019
ASSETS		
Consolidated goodwill	0	0
Property investments	11,755	11,797
Other non-current assets	136	136
Non-current assets	11,890	11,933
Inventory	50	48
Debtors and other receivables	138	117
Other current assets	787	226
Assets available for sale	173	176
Current assets	1,149	568
TOTAL ASSETS	13,039	12,502
LIABILITIES		
Equity	5,398	5,559
Minority interests	1,383	1,402
Net equity	6,782	6,960
Bond issues and other non-current issues	4,280	3,781
Non-current financial debt	865	457
Deferred tax	373	377
Other non-current liabilities	94	87
Non-current liabilities	5,612	4,702
Bond issues and other current issues	343	648
Current financial debt	5	6
Creditors and other payables	140	137
Other current liabilities	158	48
Current liabilities	646	839
TOTAL EQUITY & LIABILITIES	13,039	12,502

MARKET VALUE RECONCILIATION - €m	1H 2020
Tangible fixed assets - own use [1]	38
Real estate investment (w/o advances on fixed assets) [2]	11,754
Non-current assets held for sale - Investment properties	173
Inventories	50
Value accounted on balance	**12,015**
Unrealised capital gains - own use	36
Not appraised & other [3]	17
Tangible fixed assets	2
Rent free periods	94
Adjustments	**149**
Appraisal value according to external appraisers	**12,164**

[1] Included in the line of "Other non-current assets"
[2] Included in the line of "Property Investments"
[3] Includes turnkey projects

11. 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 Measures	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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