



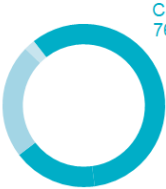
European Property Investment Awards  
**WINNER 2019**



2019

## Colonial closes 2019 with a Total Shareholder Return of +16%

The Net Asset Value increased up to €11.5/share (+14%)

Financial Highlights	2019	2018	Var	LFL	Unique exposure to Prime	Operational Highlights
EPRA NAV - €/share	11.46	10.03	+14%			EPRA Vacancy 3%
EPS recurring - €Cts/share	27.4	22.3	+23%			Release Spread <sup>3</sup> +14%
Gross Rental Income - €m	352	347	+1%	+4%		Barcelona +31%
EBITDA recurring - €m	283	280	+1%	+3%		Madrid +9%
Recurring Net Profit - €m	139	101	+38%			Paris +7%
Attributable Net Profit - €m	827	525	+58%			Rental Growth <sup>2</sup> +6%
GAV Group €m	12,196	11,348	+7%	+9%		Barcelona +9%
EPRA NAV €m	5,825	5,098	+14%			Madrid +4%
						Paris +7%

### Double-digit value creation

- **Total Shareholder Return<sup>1</sup> of +16%**
- Net Asset Value of €11.5/share, +14% vs. previous year
- Asset value of €12,196m, +9% like-for-like

### Acceleration of bottom line results

- **Recurring EPS of €27.4Cts, +23%**
- Recurring earnings of €139m, +38%
- Net profit of €827m, +58%

### Solid growth in Gross Rental Income

- Gross rental income of €352m
- Like-for-like increase of +4%

### Strong operating results

- Capturing rental price increases
  - +14% release spread<sup>3</sup>
  - +6% vs ERVs at 12/18<sup>2</sup>
- Solid office occupancy levels of 98%
- 263,301 sqm signed, corresponding to 135 contracts

### Active portfolio management

- Successful delivery of projects
- Disposal of non-strategic assets for €477m<sup>4</sup> with premium to GAV

### Acquisition program

- Execution of acquisitions for €160m in prime areas
- Pipeline of acquisitions of more than €1,000m, with 12% carried out to date

### A strengthened balance sheet

- S&P rating of BBB+ (highest real estate rating in Spain)
- LTV of 36% with a liquidity of more than €2,000m<sup>5</sup>

(1) Total return = increase in NAV per share + dividend paid

(2) Signed rents vs. market rents at 31/12/2018 (ERV 12/18)

(3) Signed rents on renewals vs. previous rents

(4) Disposal volume including the 2019 sale of the logistics portfolio, the Centro Norte Hotel, the Parc Central plot of land, as well as the potential exercise of the option on the rest of the logistics portfolio in 2020

(5) Cash and undrawn credit lines

# Highlights

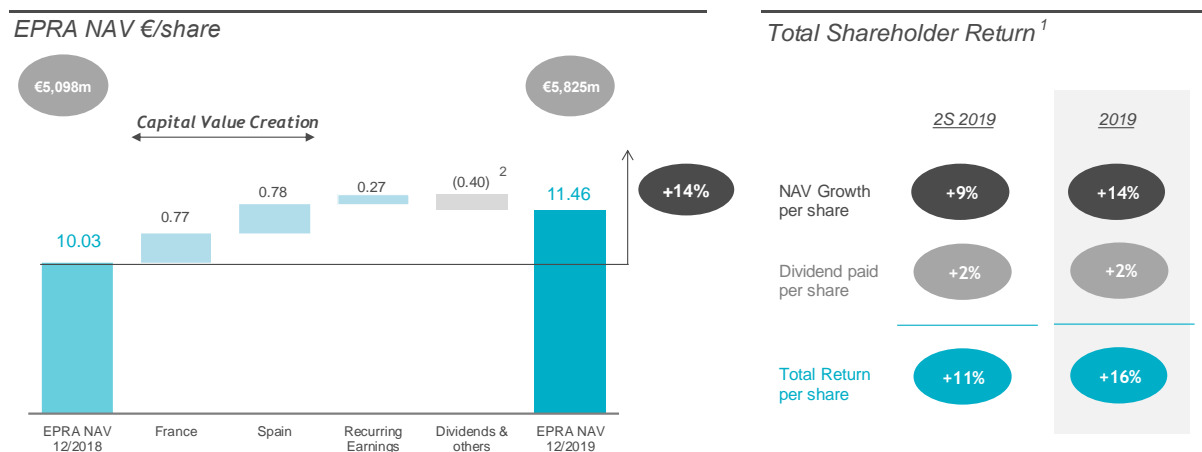
## Annual Results

**Total Shareholder Return of +16% based on real estate value creation**

### Double-digit value creation for shareholders

Colonial closed 2019 with an EPRA Net Asset Value of €11.5/share, in a year-on-year increase of +14%, which, together with the dividend paid of €0.20 per share, led to a Total Shareholder Return of +16%.

In absolute terms, the EPRA NAV amounts to €5,825m.



(1) Total return understood as growth in NAV per share + dividends  
 (2) Dividend of 0.20€/share, Goodwill absorption and other effects

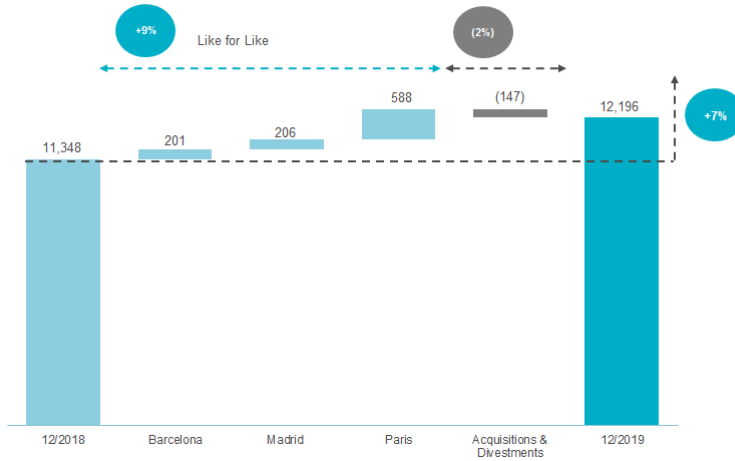
The outstanding value creation for the shareholders relies on an industrial real estate strategy with a high Alpha returns component. The main aspects are the following:

- Successful management of the project portfolio:** Projects completed as well as the signing of important pre-lettings in the project pipeline and in the renovation program
- Capturing of important rental growth** thanks to excellent fundamentals in the CBD, where Colonial has a unique exposure of 76%
- A compression of prime office yields,** due to an increased demand of the investment market on a framework of decreasing interest rates and scarce supply in CBD

### Significant increase in value of the real estate portfolio

The gross asset value of the Colonial Group at the close of 2019 amounted to €12,196m (€12,807m including transfer costs), **with a like-for-like increase of +9% compared to the previous year (+5% like-for-like in the second half).**

VARIANCE ANALYSIS VALUE 12 MONTHS - €m



GAV VARIANCE

	2S 2019	2019
BARCELONA	+7%	+16%
MADRID	+3%	+6%
PARIS	+5%	+9%
TOTAL LFL	+5%	+9%
DISPOSALS	(1%)	(2%)
TOTAL VAR	+3%	+7%

The offices portfolio in **Barcelona**, with an excellent positioning in the CBD and 22@, reached a **like-for-like** growth of **+16% in 2019 (+7% in the second half)** with important growth in all the assets due to a combination of increases in rental prices, the successful delivery of the Pedralbes Centre and Gala Placidia, as well as yield compression.



**Madrid** increased **+6% like-for-like in 2019 (+3% in the second half)**, due to its strong positioning in the City Centre and the CBD in combination with the successful delivery and management of the Discovery, The Window and Avenida Bruselas projects in recent months, which have enabled the signing of rental contracts at prices at the high end of the market with top tier clients.



The Paris portfolio increased **+9% like-for-like in 2019 (+5% like-for-like in the second half)** which is underpinned by a high global appeal of the CBD market in Paris in combination with the successful pre-letting of the Louvre St. Honoré project and the Haussmann renovation program.



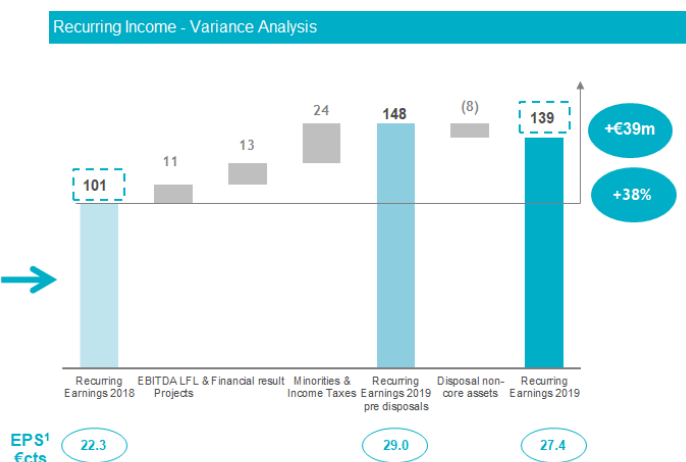
### Significant increase in net recurring profit and net earnings per share

The Colonial Group closed 2019 with a **net profit of €827m, an increase of +€302m, up +58% compared to the previous year** and with a **net recurring profit of €139m, an increase of +€39m, up +38% compared to the previous year.**

**Net recurring EPS amounted to €27.4cts per share, resulting in an increase of +23% versus the previous year.**

Profit & Loss Account		
Results analysis - €m	2019	2018
Gross Rents	352	347
Recurring EBITDA	283	280
Recurring financial result	(89)	(101)
Income tax expense & others - recurring	(15)	(19)
Minority interests - recurring	(39)	(59)
<b>Recurring Earnings</b>	<b>139</b>	<b>101</b>
Change in fair value of assets & provisions	819	580
Non-recurring financial result & MTM	(6)	(40)
Income tax & others - non-recurring	1	(22)
Minority interests - non-recurring	(126)	(94)
<b>Profit attributable to the Group</b>	<b>827</b>	<b>525</b>

<sup>(1)</sup> Recurring earnings per share



The increase in the recurring net profit of +€39m (+38% vs. the previous year) was driven by:

1. An increase in EBITDA of +€11m (+€3m, after the adjustment of the impact of the disposal on non-strategic assets)
2. A reduction in financial costs of €13m
3. A higher attributable profit due to the increase in the SFL stake from 59% up to 82%, (acquired at the end of 2018) which is reflected in the line of minority interests

The disposals of non-strategic assets carried out in 2019 have resulted in an impact of lower rents on the recurring profit of €8m. Consequently, the recurring profit per share, excluding the non-strategic asset sales, would have been €29cts/share, an increase of +30% in comparable terms.

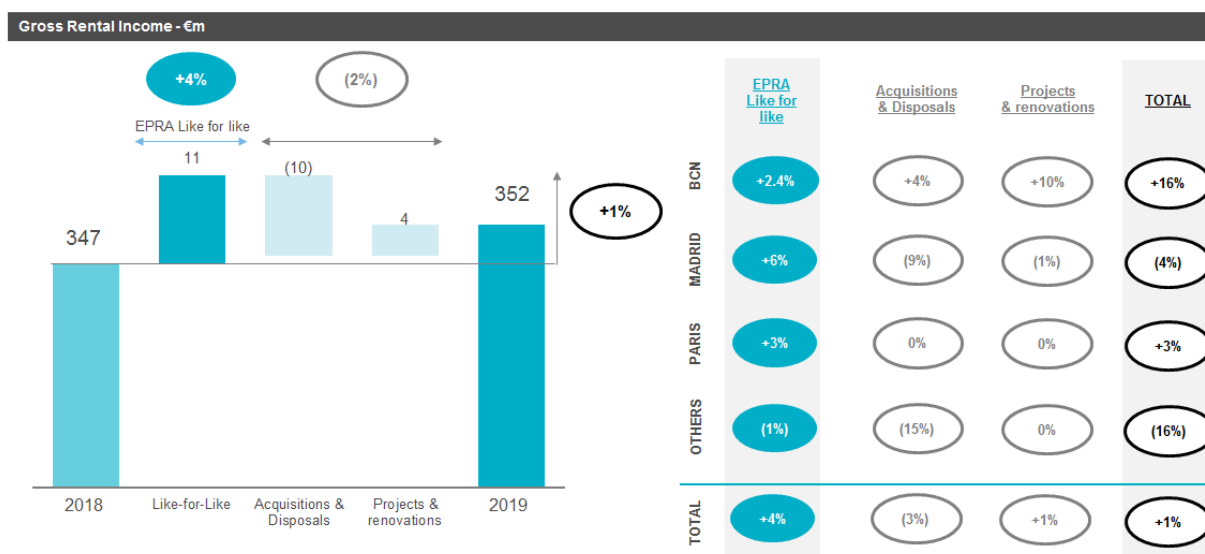
Considering the significant growth in the value of the portfolio in 2019, as well as the capital gain on the disposals and deducting all of the non-recurring impacts, the net attributable results amounted to €827m, up +58% compared to the previous year, equivalent to an increase of +€302m.

**Solid revenue growth in Gross Rental Income**

Colonial closed 2019 with **€352m of Gross Rental Income, up +1% compared to the previous year.**

The sale of the logistics portfolio and non-core assets reflects the reduction in rent for the disposals carried out.

**In like-for-like terms, the rental income from Colonial's portfolio increased +4%** compared to the previous year.



This growth in rental income is based on a significant like-for-like increase across the portfolio in all three markets in which the Colonial Group operates.

This strong like-for-like growth is among the highest in Europe and is mainly due to the capacity of the Colonial Group to capture rental price increases, thanks to its strong positioning in the city center (CBD). **Of note is the Madrid market with an increase of +6% like-for-like.**

In terms of the breakdown of the contribution of each of the three markets of the Group's portfolio, the main aspects to highlight are the following:

1. **Barcelona +2.4% like-for-like**, due to rental price increases across the entire portfolio. Worth highlighting is the increase in rents in the the Avinguda Diagonal 609, Torre BCN, Amigó 11-17, Illacuna and Vía Augusta assets, which are leading the growth in Barcelona.
2. **Madrid +6% like-for-like**. This increase is mainly driven by the market rental review of current prices on the Martínez Villergas, Santa Engracia & Sagasta 31-33 assets, as well as a substantial improvement in occupancy such as in the Egeo & Jose Abascal 45 assets.
3. **Paris +3% like-for-like**. Rental increases rose by €5m. This was due to an increase in prices and new leases, mainly on Cézanne Saint Honoré, Edouard, VII, Washington Plaza and Louvre St. Honoré offices.

Colonial Group rental income was impacted by the disposal of non-strategic assets. These divestments have strengthened the quality of the Group portfolio and correspond to: 1) the of the secondary office portfolio at the end of 2018, 2) the sale of the Centro Norte Hotel and 3) the sale of the logistics portfolio in 2019.

In addition, the rotation of the project portfolio as well as the start of the renovation program in Madrid, resulted in a temporary decrease in rents, specifically due to the start of the projects on the 83 Marceau asset in Paris and the Velázquez and Miguel Ángel 23 assets in Madrid.

## Solid operational fundamentals in all segments

### Capturing rental price increases

The Colonial Group's business has performed excellently, with take-up levels moving at a strong pace, achieving levels close to full occupancy. At the close of 2019, the Colonial Group had signed 135 rental contracts on the office portfolio corresponding to 263,301 sqm and annual rents of €93m.

Strong price increases	# contracts	Surface sqm	GRI €m	2019	
				Release Spread <sup>2</sup>	% Var. vs ERV 12/18 <sup>1 3</sup>
Barcelona	41	64,466	€16m	+31%	+9%
Madrid	53	142,781	€33m	+9%	+4%
Paris	41	56,054	€43m	+7%	+7%
<b>TOTAL OFFICES</b>	<b>135</b>	<b>263,301</b>	<b>€93m</b>	<b>+14%</b>	<b>+6%</b>

(1) Signed rents vs market rents at 31/12/2018 (ERV 12/18)

(2) Signed rents in renewals vs previous rents

(3) There were five leases with a cap, three in Madrid and two in Barcelona

### Double digit release spreads:

For the contracts renewed in 2019, **the release spread** (signed rents vs previous rents) **was +14%**. Of special mention is the high release spread in the Barcelona portfolio of +31%, as well as a solid increase in Madrid of +9% and in Paris of +7%.

### Strong rental growth compared to the market:

Compared with the market rent (ERV) at December 2018, **signed rents increased by +6% in 2019**.

In **Barcelona**, rents were signed at **+9% above market rent 12/18**, in the **Paris portfolio**, the increase in ERVs was **+7%**, and the **Madrid portfolio was up +4%**.

In the **Madrid** portfolio, it is important to highlight that the growth of **the rental prices in the Madrid CBD was +6%**, a percentage much higher than the +3% of the contracts signed outside the M30.

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

In Spain, in 2019, 207,247sqm were signed across 94 contracts.



**In the Madrid portfolio**, 142,781 sqm were signed across 53 transactions. The largest transaction relates to the renewal of the entire surface area of Santa Hortensia (more than 40,000 sqm) with a multinational technology company. In addition, there are the renewals of 6,000 sqm on the Ramírez Arellano asset, 5,700 sqm on the Josefa Valcarcel 24 asset, José Abascal and Tucumán, as well as 5,200 sqm on the Alfonso XII asset.

In terms of new contracts, noteworthy is the signing in April 2019 of 100% of the project delivered at Avenida Bruselas 38 for the headquarters of MasMovil, an IBEX35 technology company. In addition, there is the signing of 8,700 sqm on the Josefa Valcarcel 40 building with a leading communication group in Spain, a deal that will result in 100% occupancy of the asset. Also noteworthy are the signing of almost 9,000 sqm on the Francisca Delgado building with various tenants, as well as the signing of more than 7,600 sqm on the new project in Castellana 163 (a surface area signed with various tenants).

In the **Barcelona office portfolio**, 64,466 sqm were signed across 41 transactions. Among the highlights is the pre-letting of the entire Diagonal 525 project, which will house the new headquarters of a prestigious company in the electric and gas industry. Also worth noting is the signing of 6,700 sqm on the Torre Marenostrum asset, as well as the signing of 4,300 sqm on the recently delivered Gala Placidia project.

In terms of renewals, worth mentioning is the renewal of 11,800 sqm on the Diagonal 197 asset and the 5,200 sqm on Paseo de los Tilos, both contracts with prestigious solvent clients. With respect to the signing of new contracts, highlighted are the 4,000 sqm on the Sant Cugat building, 2,400 sqm on the Diagonal 682 building and 2,400 sqm on the Berlín/Numancia building.

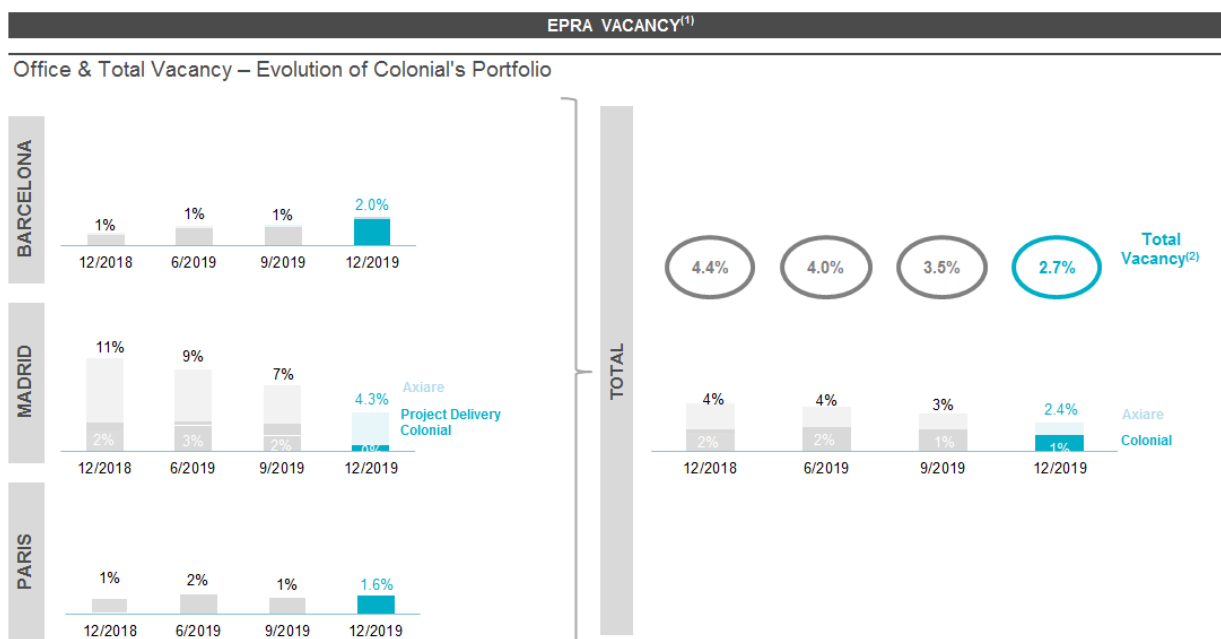
In the **Paris portfolio**, 56,054 sqm were signed across 41 transactions.

Of special mention is the renewal of 2,700 sqm of office space in the Louvre Saint Honoré building. In terms of new leases, worth noting is the signing of 20,000 sqm with the Cartier Foundation with a 20-year minimum fixed term. In addition, there is the signing of 3,500 sqm on the Edouard VII building, the signing of almost 12,000 sqm on the 106 Haussmann building, as well as signing of 4,800 sqm on 103 Grenelle, among others.

Solid occupancy levels

The total vacancy of the Colonial Group’s portfolio (including all uses: offices, retail and logistics) stood at levels of 2.7% at the close 2019.

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



(1) EPRA vacancy: financial vacancy according to the calculation recommended by EPRA (1-[Vacant floorspace multiplied by the market rent/operational floor space at market rent])  
 (2) Total portfolio including all uses: offices, retail and logistics

Noteworthy is the office portfolio in Paris, with a vacancy rate of 1.6%.

The Barcelona office portfolio has a vacancy rate of 2%, a ratio that remains at very low levels, in line with the high quality of the portfolio. The variation compared to the previous quarter is mainly due to the rotation of tenants within the portfolio, freeing up top quality spaces and facilitating future income reversion.

The office portfolio in Madrid has a vacancy rate of 4.3%, improving by +619bps compared to December 2018 and by +307bps compared to the third quarter of 2019. The main new leases signed were on assets such as José Abascal 56, Ramírez Arellano 15, Alfonso XII, Avenida Bruselas 38 & Francisca Delgado 11, among others. The 4% vacancy rate is concentrated mainly on portfolio assets coming from Axiare. In particular, the recently delivered Ribera de Loira project, as well as the Francisca Delgado 11 and Josefa Valcárcel 40bis assets are highlighted.

## Successful delivery of projects – “real estate transformation”

### Project Pipeline

During 2019, the Colonial Group successfully delivered 3 large projects: Gala Placidia and Pedralbes Centre in Barcelona and Avenida de Bruselas 38 in Madrid, comprising the three benchmark buildings in their area.



**Gala Placidia** is an asset located in the Barcelona CBD, acquired under the framework of the Alpha III project at the beginning of 2018, which has been completely refurbished with the aim of maximizing coworking initiatives. The asset, which is managed by Utopicus, a company of the Colonial Group dedicated to the management of flexible spaces, has attracted different international companies looking for flexibility in spaces in a CBD location, as well as the community offering and Utopicus services.

**Pedralbes Centre** was the other large project delivered in Barcelona during 2019. This project has enabled 1) the active space to be reorganized, increasing the GLA by +27%, 2) management costs to be optimized and 3) large commercial units to be chosen. This new approach attracted the interest of different top tier tenants, with UNIQLO, a global fashion company, deciding to pre-let the main space at a very attractive rental price.

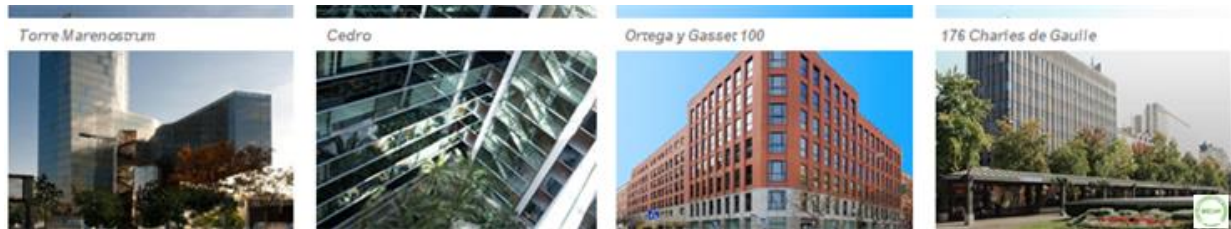
In Madrid, the **Avenida Bruselas 38** asset was delivered, which is a project initiated by Axiare and executed by Colonial. This is a unique, top quality office building, with one of the best micro-locations in the sub-market of Arroyo de la Vega, and has led to the signing of a 7-year contract of mandatory compliance for the headquarters of a top tier technology company, resulting in 100% occupancy.

The delivery of these projects has provided significant value creation for Colonial’s shareholders.

Regarding the progress of the projects, a commercial space of 16,000 sqm is being developed in Louvre Saint Honoré. In 2019, two important milestones were reached for the project: 1) a pre-let agreement was signed with the Cartier Foundation with very favorable terms and 2) the work permit was received and the project is now in the execution phase, therefore work will commence during the first half of 2020.

Renovation Program

The Colonial Group counts on a renovation program accelerating client rotations in the spaces to reposition them in the market and capture the maximum rents. The current program has 3 assets in Spain and 2 in France, of which worth noting is the next delivery in France:



The Haussmann 106 building with 12,000 sqm of offices in the center of Paris is already let to WeWork with a turnkey contract for a 12-year period, in effect as of 6 January 2020. This renovation has enabled an increase in the density of the occupancy and an improvement in the image of the building, key factors that have allowed for the capture of maximum market rental prices.



## Active portfolio management

### Completion of the Axiare integration

In 2018, a quick and efficient takeover bid was carried out on Axiare, S.A, which completed with a merger in June 2018.

In 2019, Colonial finalized the integration of this Company: (i) in June 2019 the registered goodwill was fully absorbed just one year after the merger and (ii) in August 2019, Colonial signed an agreement for the sale of 18 logistics assets, managing to successfully dispose of these non-strategic assets.

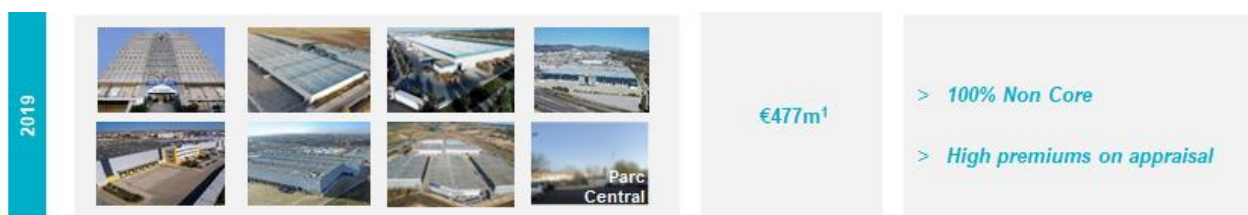
With the sale of the logistics package, Colonial has completed the integration of Axiare, consolidating its leadership in prime offices in Spain and Europe through the creation of a strong growth platform with unique exposure to the CBD in Europe.

### Disposals of non-strategic assets

During 2019, Colonial signed an agreement for the sale of 18 logistics assets with a total surface area of 473,000 sqm. At the close of the year, the disposals of 11 facilities materialized immediately, totaling 314,000 sqm. Regarding the rest of the logistics assets, Colonial expects the buyer to exercise the call option on them in the first half of 2020.

In addition, during the first quarter of 2019 the disposal of the Centro Norte Hotel with a GLA of more than 8,000 sqm was executed, as well as the sale of the Parc Central plot in the last quarter of the year.

Consequently, Colonial closed the year with disposals for €477m<sup>1</sup> which has enabled 1) the optimization of the business mix, further increasing the focus on offices, which has reached 94% in terms of asset value, as well as 2) an improvement in the quality of returns with a concentration in prime offices.



(1) Disposal volume including the 2019 sale of the logistics portfolio, the Centro Norte Hotel, the Parc Central plot of land, as well as the potential exercise of the option on the rest of the logistics portfolio in 2020

## Acquisition Program

In October 2019, Colonial announced that it was analysing a pipeline of acquisitions of €1,000m, of which, at the date of this report, €115m have been executed. These investments, together with the acquisition of the 45% of Torre Marenostrum in the first half of 2019, show that the Colonial Group continues executing its acquisition program, investing more than €160m in prime assets in 2019.

Location	Asset	Value Add	Acquisition Price
BARCELONA	<b>1</b> 45% of Torre Marenostrum Barcelona – 22@	<b>Value Add – Prime factory</b> GLA: 22,394 sq m	<b>Acquisition Price: €45m<sup>1</sup></b> Capital Value: 4,508€/sqm IRR: 7-8% Discount on NAV: 13%
	<b>2</b> Parc Glories II Barcelona – 22@	<b>Value Add</b> GLA: 17,860 sq m	<b>Acquisition Price: €101m</b> Capital Value: 5,655€/sqm IRR: 6-7%
MADRID	<b>3</b> Recoletos 27 Madrid – Prime CBD	<b>Value Add</b> GLA: 2,085 sq m	<b>Acquisition Price: €14m</b> Capital Value: 7,194€/sqm IRR: >6%

(1) Implicit asset value of buying the NAV of the 45% stake

- 1 Torre Marenostrum – Barcelona 22@:** At the beginning of 2019, an acquisition was carried out for the remaining 45% of **Torre Marenostrum** for €45m (representing a discount of 13% over NAV). Full ownership of this unique building located in the 22@ market in Barcelona, a few metres from the beach, has enabled the implementation of a renovation program, creating a “hybrid” complex which integrates an offer of traditional prime offices with more than 3,000 sqm of flexible spaces managed by Utopicus. This renovation and redistribution of space is enabling Colonial to capture important reversionary potential for reformed spaces which are already let (> 7,000 sqm).
- 2 Parc Glories II – Barcelona 22@:** In the fourth quarter of 2019, the Colonial Group acquired the **Parc Glories II**, for an acquisition price of €101m. The building is located in Glories, the best area of the 22@ district in Barcelona, considered to be the new technological CBD of the city. The building has a surface area of 17,860 sqm of offices and stands out architecturally due to its very design-efficient floor plan with more than 2,500 sqm, highly sought after in the market. Parc Glories II is 100% let to a German multinational with a short-term contract and current prices 40% below market rents. This situation highlights the high value creation potential, considering a light capex investment, once the current rents revert to market prices.
- 3 Recoletos 27 – CBD Madrid:** In the fourth quarter of 2019 and during the start of 2020, 2,000 sqm of offices were acquired in **Recoletos 27**, a prime area of the CBD in Madrid. This acquisition corresponds to three floors of 700 sqm with great luminosity in a corner building close to Plaza Colón. The investment includes a partial renovation for a subsequent letting at maximum rental prices in the prime district of Madrid.

## Leadership in ESG

Colonial pursues a clear leadership in ESG, being a fundamental element of its strategy, prioritizing a sustainable long-term returns, based on a business model of high-quality products.

Colonial's Corporate Strategy is based on pursuing the maximum excellence in the fields of governance, social aspects and sustainable investment.

1. The Colonial Group has increased its GRESB scoring by +26% with very high scores in the areas of Monitoring-EMS, Management & Risk-Opportunities.



Likewise, it is important to mention that the Colonial Group's French subsidiary has received the second best GRESB rating in the offices sector in all of Europe.

2. MSCI, main benchmark for listed companies, has rated Colonial with AA on its ESG rating, one of the highest ratings internationally, in particular due to its very high standards in Corporate Governance.



3. Colonial has obtained the EPRA Gold sBPR rating for the fourth consecutive year, which certifies the highest reporting standards in ESG.



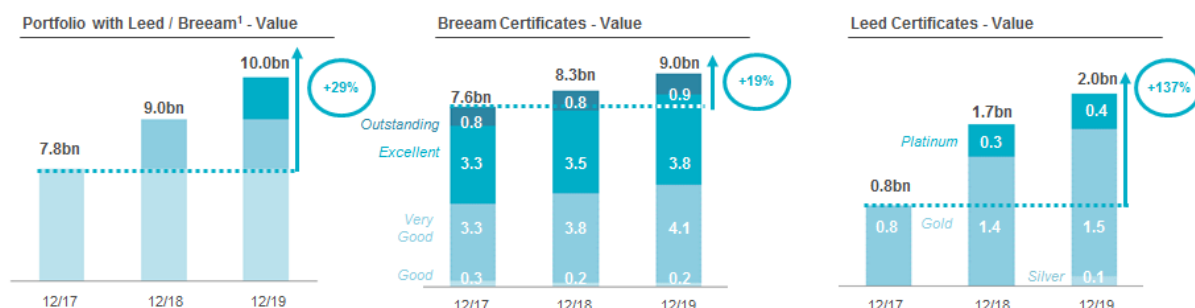
4. Worth highlighting is that Colonial has become part of the ESG Ethibel Sustainability Excellence Europe index, managed by Vigeo Eiris, a clear reference in the financial sector. This index is made up of a group of European companies that show the best performance in the area of corporate social responsibility.



5. In relation to energy efficiency, BREAA/GRESB recognized Colonial as the number one responsible investor in Europe for having an operational portfolio, where 92% of the assets have maximum energy certificates



Currently 92% of the office portfolio has LEED and BREEAM energy certificates. In particular, €2,011m of the assets have LEED ratings and €9,008m of the assets have BREEAM ratings. This level of certification is above the sector average.



(1) Office portfolio in operation

The Colonial Group is clearly committed with climate change and in proof of this, of special mention are the two new certificates that the BIOME building in Paris will receive:

1. The BiodiverCity Excellence stamp which highlights the significant effort that has been made in the revegetation of the place.
2. The asset will be one of the first buildings in France to obtain the BBCA renovation label (Low Carbon Building) as a result of the efforts made in terms of greenhouse effect gas emissions.



Colonial's leadership in ESG has enabled Colonial to be the first real state company in Spain to sign sustainable loans, formalizing two ESG compliant loans for a total volume of €151m, with ING and CaixaBank.

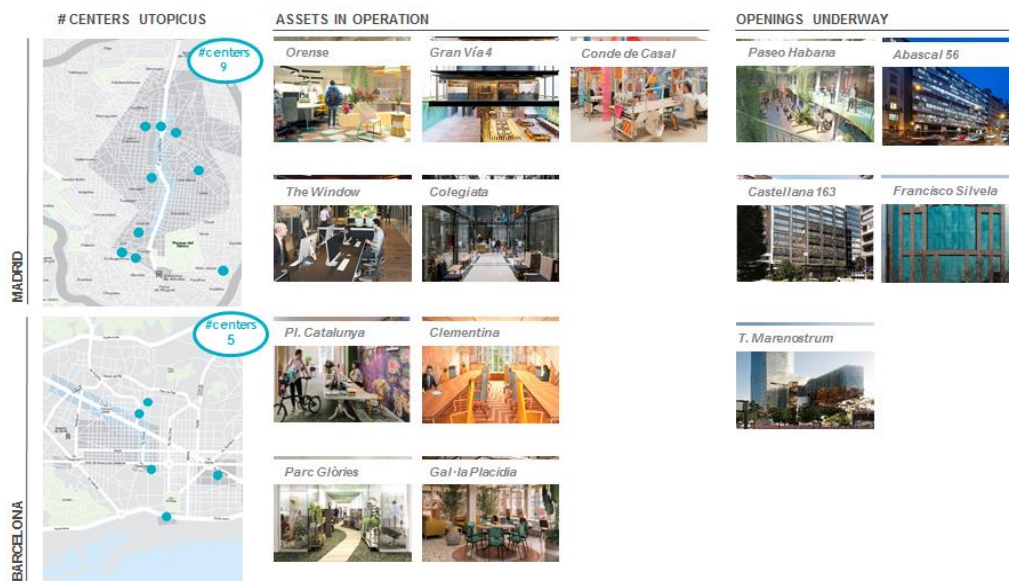




## Digital Strategy and Co-working

At the end of 2017, Colonial acquired Utopicus, a startup founded in 2010, pioneer in the coworking sector in Spain. Since then, Colonial has driven the growth and launched different initiatives to convert Utopicus into one of the leading operators of the sector, with 14 centres under management and approximately 40,000 sqm of surface area.

During 2019, Utopicus focused its efforts in two large areas: firstly, in offering innovative content and services from the Colonial Group and secondly, in expanding its presence in Spain through the properties of the Colonial Group, offering a complementary service through accessible spaces to all corporate clients.



Accordingly, in 2018, a new concept for office buildings was launched, taking advantage of the delivery of the new offices project carried out by Colonial, “The Window”. This property combines a center of Utopicus of 4,000 sqm with traditional office space. The result obtained was a success, increasing the occupancy of the building with rents higher than expected, and positioning Window as the benchmark for companies in the Fintech sector in the city of Madrid.

Throughout 2019, Colonial replicated this “hybrid” building concept in other properties of the Group and six buildings already had flexible office spaces. In particular, of special note is the center opened in the Parc Glories building, located in the best area of the 22@ district in Barcelona. The space provides a combination of flexible uses with traditional office space and has more than 2,000 sqm of surface area for 195 workstations.

Likewise, 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, air quality, lighting intensity and energy consumption, among others, always looking to increase the comfort and well-being of the Colonial Group’s clients. At the close of 2019, the system had already been implemented in six of Colonial’s buildings in Madrid, with the future aim of implementing it in the rest of the portfolio.



## A solid capital structure

### A strong balance sheet

At 31 December 2019, the Colonial Group had a solid balance sheet with a LTV of 36% (an improvement of 315 bps compared to the end of the previous year) with a Standard & Poor’s rating of BBB+, the highest rating in the Spanish Real Estate sector.

The liquidity of the Group at the close of 2019 amounts to €2,082m. In terms of debt maturity, it is particularly noteworthy that 79% of the Group’s debt will mature from 2023 onwards.

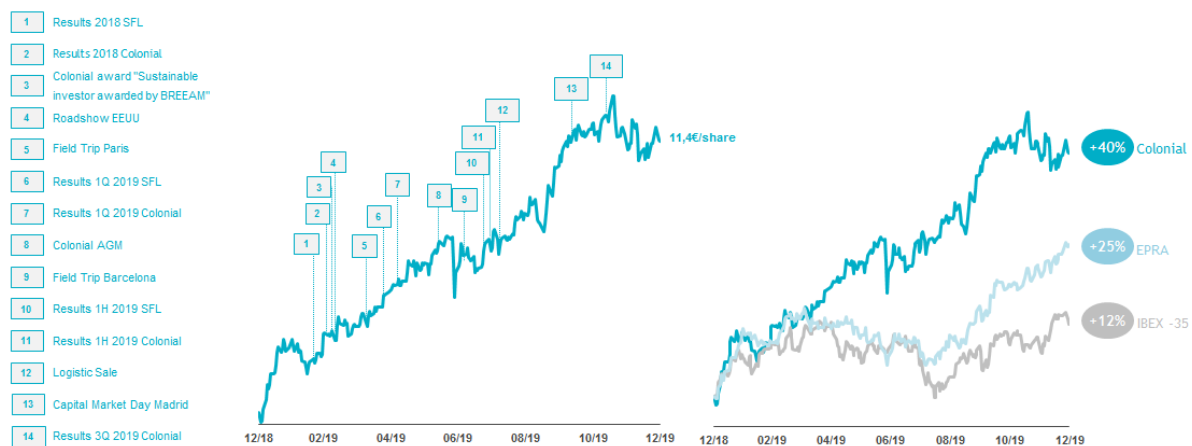
2019 was marked by the completion of the restructuring of the pending debt coming from Axiare, cancelling various bilateral loans amounting to €162m and refinancing two bilateral loans in the amount of €151m, improving margins and cancelling mortgage securities. The refinanced loans are sustainable loans as their margin will vary according to the rating that Colonial obtains with respect to ESG from the sustainability agency GRESB.

As for SFL, it has restructured a syndicate loan of €390m that has resulted in an improvement both in terms of margins as well as maturity. SFL also carried out short-term note issues throughout the year with existing issuances at the end of the year amounting to €387m.

### Solid share price performance

At the end of 2019, Colonial’s shares closed with a revaluation of +40%, outperforming the EPRA & IBEX35 benchmark indices.

COLONIAL SHARE PRICE PERFORMANCE 2019



The share price performance reflects the support of capital markets for the successful execution of the Colonial Group’s growth strategy. Colonial’s share price trading stands out compared to its peers as one of the securities that is trading the closest to its fundamental value.

At the beginning of 2020, key analysts in the real estate sector such as Goldman Sachs, Morgan Stanley, Bank of America and JP Morgan have updated their recommendation and target prices on Colonial, up to a range between €13 and €13.5 per share.

## Growth drivers

The Colonial Group has an attractive growth profile, based on its strategy of industrial value creation with a high Alpha component in returns. In particular, the value creation is based on the following value drivers:

### A. Clear leadership in prime offices

Colonial has a high-quality product with an unparalleled exposure to city center locations in Europe with 76% of the portfolio in CBD.

**B. An attractive project pipeline:** A portfolio of 10 projects corresponding to more than 200,000 sqm to create prime products that offer strong returns and therefore, future value creation with solid fundamentals.

Project	City	% Group	Delivery	GLA (sqm)	Total Cost €m <sup>1</sup>	Total Cost €/ sqm <sup>1</sup>	Yield on Cost
1 Castellana, 163	Madrid CBD	100%	2020	10,910	52	4,803	7.5%
2 Diagonal 525	Barcelona CBD	100%	1H 21	5,710	39	6,778	5.1%
3 Miguel Angel 23	Madrid CBD	100%	1H 21	8,036	66	8,244	5.9%
4 83 Marceau	Paris CBD	82%	1H 21	9,600	151	15,755	5.2%
5 Velazquez Padilla 17	Madrid CBD	100%	1H 21	17,239	113	6,535	7.7%
6 Biome	Paris City Center	82%	2H 21	24,500	283	11,551	5.0%
7 Plaza Europa 34	Barcelona	50%	2H 22	14,306	42	2,909	7.0%
8 Mendez Alvaro Campus	Madrid CBD South	100%	2H 22	89,871	300	3,343	7.9%
9 Sagasta 27	Madrid CBD	100%	2H 22	4,481	23	5,044	7.0%
10 Louvré SaintHonoré	Paris CBD	82%	2023	16,000	208	13,029	7.7%
<b>TOTAL OFFICE PIPELINE</b>				<b>200,653</b>	<b>1,277</b>	<b>6,366</b>	<b>6.6%</b>

<sup>1</sup> Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex

At present, several projects (specifically Castellana 163, Diagonal 525 and Louvre SaintHonoré) already have pre-let agreements in favorable terms, significantly increasing the visibility of future cash flow and value creation.

### C. A strong prime positioning with an asset portfolio to capitalize on the cycle

Once again, 2019 has shown the capacity of the Colonial Group's contract portfolio to capture maximum market rents and obtain significant rental price increases with double-digit release spreads. In the next 24 months, 66% of the contracts in Madrid and Barcelona and 25% of the contracts in Paris will mature, generating an attractive reversionary potential to capture rental price increases.

#### Renovation Program

The Colonial Group counts on a renovation program that is accelerating tenant rotation in the corresponding spaces to maximize growth in rental prices. This renovation program is mainly focused on the adaptation of common areas and updating facilities, with limited investment.

The renovation program currently includes the Cedro and Ortega & Gasset buildings in Madrid, the Torre Marenstrum asset in the 22@ technological district in Barcelona and 176 Charles de Gaulle, located in the growing market of Neuilly in Paris.

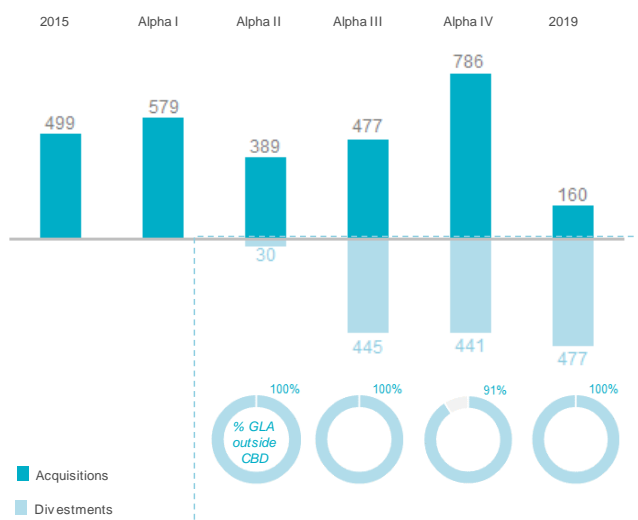


**D. Solid investment markets:** the direct investment markets maintain high interest in prime products. In this respect, Colonial's portfolio offers interesting spreads compared to the benchmark reference rates.

**E. Financial discipline in the acquisition and disposal program:** Over recent years, Colonial has successfully delivered the organic acquisition targets announced to the capital markets: asset acquisitions, prioritising off-market transactions and identifying properties with value-added potential in market segments with solid fundamentals.

Since 2015, the Colonial Group has carried out significant investments and disposals. In 2019, the acquisition program has identified and carried out investments for €160m. At the same time, non-strategic product was disposed of for €477m above valuation to optimize the quality of the portfolio returns.

NET INVESTMENTS SINCE 2015 - €m



**CAPITAL ALLOCATION PRINCIPLES**

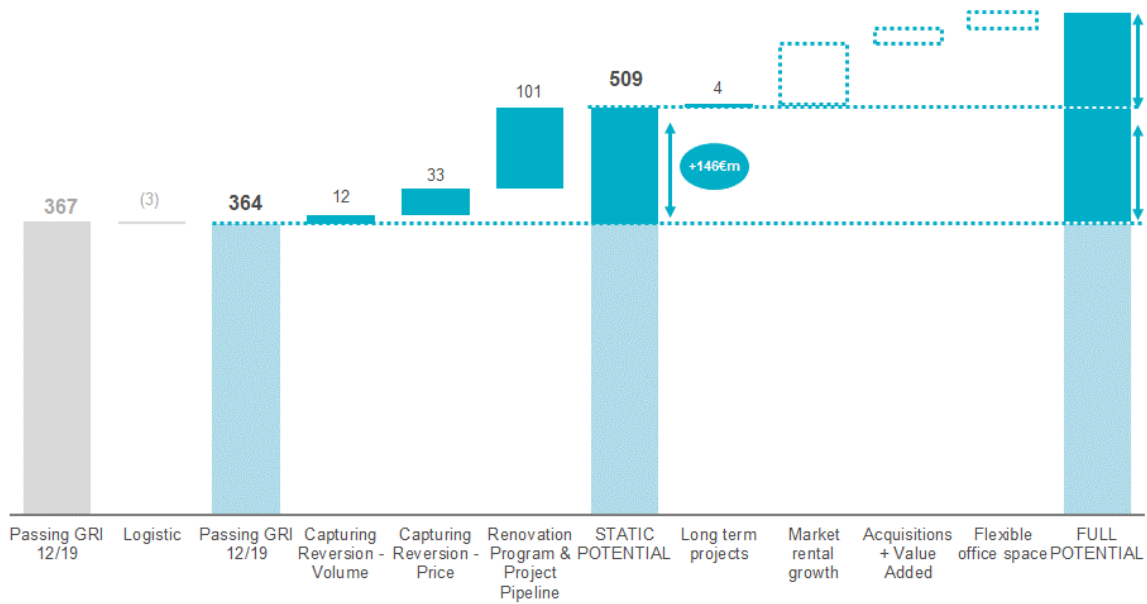
1. Prioritize opportunities in prime
2. Enhance exposure to high quality offices direct or indirectly
3. Maintain capital allocation discipline

*More than €1,000m of potential acquisitions*  
*12% executed YTD*

In 2020, Colonial expects to continue with a selective rotation of non-strategic and/or mature assets and at the same time to carry out new acquisitions.

Potential cash flow and future value

The asset portfolio of the Colonial Group (excluding the logistics portfolio to be disposed in 2020) has the potential to reach an annual income (passing rents) of €509m, resulting in an increase of +40% (+€146m) with respect to the current cash flow.



1 Topped-up passing rental income: annualized cash GRI adjusted for the expiration of rent free periods as per EPRA BPR

## Appendices

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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 & Share price performance
10. EPRA ratios & consolidated balance sheet
11. Asset portfolio – location and details
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13. Group structure
14. Glossary and alternative performance measures
15. 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 2019 amounted to €827m, an increase of +58% compared to the same period of the previous year.

December cumulative - €m	2019	2018	Var.	Var. %
Rental revenues	352	347	5	1%
Net operating expenses <sup>(2)</sup>	(30)	(25)	(4)	(18%)
<b>Net Rental Income</b>	<b>322</b>	<b>322</b>	<b>0</b>	<b>0%</b>
Other income	7	4	3	(76%)
Overheads	(47)	(46)	(1)	(3%)
<b>EBITDA</b>	<b>283</b>	<b>280</b>	<b>2</b>	<b>1%</b>
Exceptional items	(3)	(15)	12	78%
Change in fair value of assets & capital gains	894	714	180	25%
Amortizations & provisions <sup>(3)</sup>	(62)	(132)	70	53%
Financial results	(96)	(142)	46	32%
<b>Profit before taxes &amp; minorities</b>	<b>1015</b>	<b>704</b>	<b>310</b>	<b>44%</b>
Income tax	(22)	(26)	4	15%
Minority Interests	(166)	(153)	(12)	(8%)
<b>Profit attributable to the Group</b>	<b>827</b>	<b>525</b>	<b>302</b>	<b>58%</b>

Results analysis - €m	2019	2018	Var.	Var. %
Recurring EBITDA	283	280	2	1%
Recurring financial result	(89)	(101)	13	12%
Income tax expense & others - recurring result	(15)	(19)	4	21%
Minority interest - recurring result	(39)	(59)	20	33%
<b>Recurring net profit - post company-specific adjustments <sup>(4)</sup></b>	<b>139</b>	<b>101</b>	<b>39</b>	<b>38%</b>
<i>NOSH (million)</i>	<i>508.1</i>	<i>451.7</i>	<i>56</i>	<i>12%</i>
<b>EPS recurring (€cts)</b>	<b>27.4</b>	<b>22.3</b>	<b>5.1</b>	<b>23%</b>

(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 2019, the Colonial Group's Gross Rental Income amounted to €352m, +1% higher compared to the same period of the previous year. In like-for-like terms, the increase stands at +4%.
- The Group's EBITDA stands at €283m, a +1% increase 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 increased up to €894m. The revaluation, which was registered in France as well as in Spain, is the result of the increase in the appraisal value of the assets.

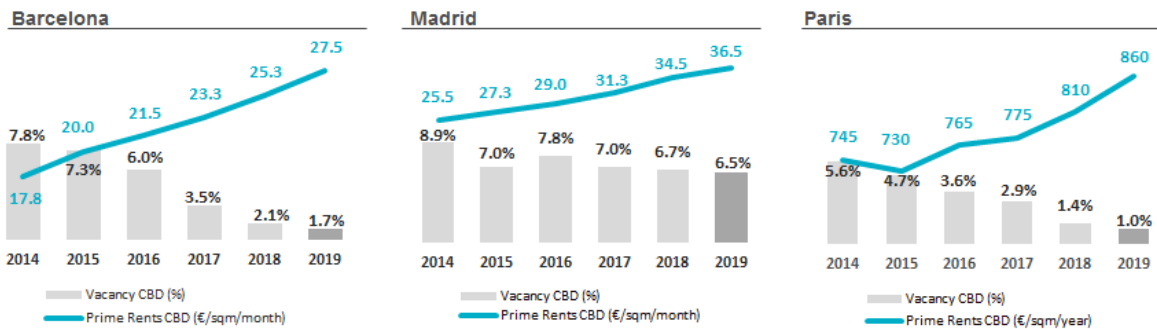
Due to this value creation, Colonial has absorbed the Goodwill of the Axiare acquisition just 12 months after the completion of the merger of both companies in July 2018.

- The recurring financial cost of the Group amounted to €(89)m, a decrease of 12% compared to the same period of the previous year, mainly due to the Group's debt refinancing transactions carried out in 2018 and 2019.  
The net financial cost amounted to €(96)m, which is 32% lower than the same period of the previous year.
- Profit before taxes and minority interests at the close of 2019 amounted to €1,015m, +44% compared to the previous year.
- The corporate tax expense amounted to €(22)m and mainly corresponds to the accounting in France of taxes associated to non-SIIC companies, in particular the Parholding Group.
- Finally, after deducting the minority interest of €(166)m, the profit attributable to the Group amounted to €827m, an increase of +58% compared to the previous year.



## 2. Office markets

### Rental markets



The **office market in Barcelona** closed 2019 with a record cumulative take-up in the historical series of 410,000 sqm, +12% higher than the figure in 2018. The vacancy rate continued on a downward trend to stand at 5% for the entire market, at its lowest in the last decade. In the CBD, the vacancy rate continued to reduce to 1.7%. A lack of future supply together with the strong demand is driving up prime rents to €27.5/sqm/month, which represents an annual increase of +9%. Long-term forecasts continue with growth perspectives, based on the fact that currently 35% of the demand is for new occupancy and 30% of the future supply is already taken up.

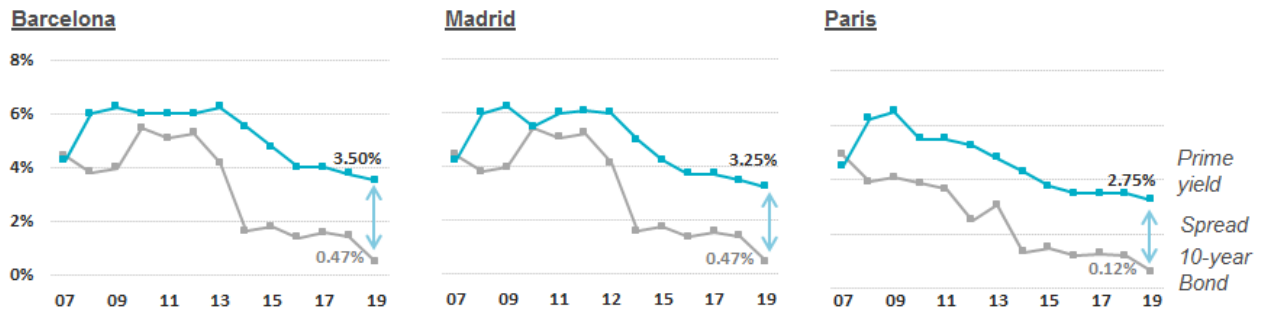
During 2019, more than 600,000 sqm were signed **in the office market in Madrid**. This figure is above the average over the last five years. This high demand positioned the vacancy rate at 8.5%, a 17% decrease compared to the previous year. In turn, the CBD in Madrid had the highest demand, with 35% of the total, resulting in a low vacancy rate of 6.5% in the CBD. A lack of quality product in the City Center continued to put upward pressure on rental prices, resulting in prime rents continuing to rise to a value of €36.50/sqm/month. Likewise, it is worth mentioning that Madrid remains a robust market with a stable net absorption, enabling it to be one of the cities with the greatest rent growth in Europe.

In **the office market in Paris**, take-up in 2019 reached a total of 2,317,000 sqm, a figure higher than the average over the last 10 years. Likewise, it is worth mentioning that 50% of the take up was in spaces in Paris City Centre. Vacancy in the entire market reached an all-time low over the last 10 years to stand at 5%. In the CBD, a lack of supply continued to decrease to reach 2,718,000 sqm, positioning the vacancy rate at 1.0%. As a consequence, prime rents continued to increase, reaching levels above €800/sqm/year.

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

**Investment market**

**Prime Yields <sup>(1)</sup>**



(1) Market analysts in Spain report gross yields and in France net yields (see definition in the glossary in appendix)

The **investment market in Barcelona** continued to show solid fundamentals which led to an increase in investment. This led to 2019 becoming a record year with an investment volume of €1,822m, obtaining prime yields of 3.5% (a spread of 303 bps versus the Spanish bond).

The cumulative volume in the **investment market in Madrid** exceeded expectations, reaching an investment volume of €2,400m in 2019, and surpassing the annual average of the historical series. Particularly noteworthy is the investor appetite for any opportunity in the prime CBD resulting in transactions closing with record capital values, such as, for example, the Axis building in Plaza Colón, that has reached levels around 20,000€/sqm (according to brokers). As a consequence, prime yields reached levels of 3.25% (a spread of 278 bps versus the Spanish bond).

The **investment market in Paris** closed 2019 as a record year in investment volume with a transaction volume of more than €21,200m, an increase of +10% compared to the previous year. This historic record is mainly due to the fact that 69% of the transactions were large transactions (> €100m of investment) in the prime CBD and the centre of Paris. 55% of the transactions were for already mature core assets and there has also been an increase in turnkey projects. Foreign investors continued the trend established in 2018, and were responsible for 36% of the transaction volume, highlighting Asian investors, especially from South Korea. Prime yields stood at 2.75% (a spread of 263 bps versus the French bond).

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

### 3. Business performance

#### Gross rental income and EBITDA of the portfolio

- Gross rental income **reached €352m, a +1% year-on-year increase.**

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 +4% like for like.**

**In Spain, like-for-like rental income increased by +4%: +2% in the Barcelona portfolio and +6% in the Madrid portfolio.** In Madrid, this increase was mainly due to the market rental reviews on properties such as Martínez Villergas, Santa Engracia & Sagasta 31. In addition, income has increased due to greater occupancy levels in certain assets, such as José Abascal 56 and Egeo, among others. In Barcelona, the positive impact mainly came from an increase in rents spread across the entire portfolio, highlighting the Diagonal 609 asset and an increase in occupancy in Torre BCN.

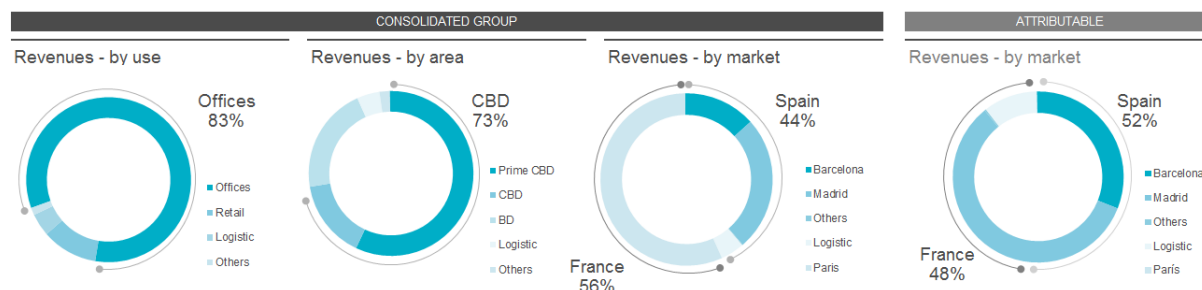
In **Paris, like-for-like rental income rose by +3%**, mainly driven by price increases and new signed leases, in particular on the Cézanne Saint Honoré, Edouard VII, Washington Plaza and Louvre St. Honoré assets.

Variance in rents (2019 vs. 2018) €m	Barcelona	Madrid	Paris	Logistic & others	Total
Rental revenues 2018R	41.4	93.6	193.5	18.6	347.0
<i>(1)</i> EPRA Like-for-Like	0.8	4.5	5.6	(0.1)	10.9
Projects & refurbishments	4.2	(0.0)	(2.9)	0.0	1.3
Acquisitions & Disposals	1.5	(8.5)	0.0	(2.8)	(9.8)
Indemnities & others	0.0	0.1	2.4	0.0	2.5
Rental revenues 2019R	47.9	89.6	198.7	15.6	351.9
Total variance (%)	16%	(4%)	3%	(16%)	1%
Like-for-like variance (%)	2%	6%	3%	(1%)	4%

Of special mention is the decrease in rental income due to 1) the disposal of the secondary office portfolio at the end of 2018; 2) the sale of the Centro Norte hotel; and 3) the sale of the logistics portfolio in 2019 in Madrid. The rotation of the project portfolio has resulted in a temporary decrease in rents, specifically due to the start of the projects on the 83 Marceau asset in Paris and the Velázquez and Miguel Ángel 23 assets, as well as the start of the renovation program in Madrid.

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

- Rental income breakdown:** Most of the Group's rental income, 83%, is from the office portfolio. Furthermore, the Group maintains its high exposure to CBD markets. In consolidated terms, 56% of the rental income (€199m) came from the subsidiary in Paris and 44% was generated by properties in Spain. In attributable terms, 52% of the rents were generated in Spain and the rest in France



- At the close of 2019, EBITDA rents reached €322m, an increase of +4% in like-for-like terms.**

Property portfolio					
December cumulative - €m	2019	2018	Var. %	EPRA Like-for-like <sup>1</sup>	
				€m	%
Rental revenues - Barcelona	48	41	16%	0,8	2%
Rental revenues - Madrid	90	94	(4%)	4,5	6%
Rental revenues - Paris	199	194	3%	5,6	3%
Rental revenues - Logistic & others	16	19	(16%)	(0,1)	(1%)
<b>Rental revenues</b>	<b>352</b>	<b>347</b>	<b>1%</b>	<b>10,9</b>	<b>4%</b>
EBITDA rents Barcelona	44	39	13%	0,7	2%
EBITDA rents Madrid	76	83	(8%)	3,9	6%
EBITDA rents Paris	189	183	3%	6,3	4%
EBITDA rents Logistic & others	13	17	(22%)	(0,6)	(6%)
<b>EBITDA rents</b>	<b>322</b>	<b>322</b>	<b>0%</b>	<b>10,2</b>	<b>4%</b>
<i>EBITDA rents/Rental revenues - Barcelona</i>	<i>92%</i>	<i>94%</i>	<i>(2,7 pp)</i>		
<i>EBITDA rents/Rental revenues - Madrid</i>	<i>85%</i>	<i>88%</i>	<i>(3,5 pp)</i>		
<i>EBITDA rents/Rental revenues - Paris</i>	<i>95%</i>	<i>94%</i>	<i>0,6 pp</i>		
<i>EBITDA rents/Rental revenues - Logistic &amp; others</i>	<i>86%</i>	<i>94%</i>	<i>(7,5 pp)</i>		

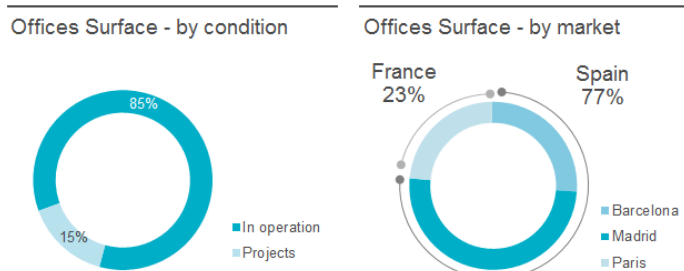
pp = percentages points

(1) EPRA like for like: like for like calculated with EPRA recommendation

## Portfolio letting performance

- **Breakdown of the current portfolio by floor area:** At the close of 2019, the Colonial Group's portfolio totalled 1,940,323 sqm (1,396,311 sqm above ground), primarily related to office buildings, which comprised 1,611,104 sqm.

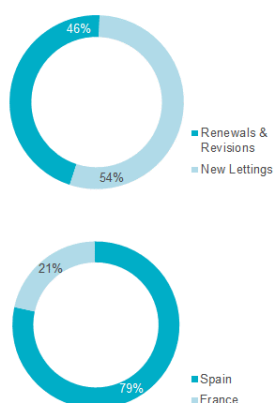
At the close of 2019, 85% of the office portfolio was in operation and the rest corresponded to an attractive portfolio of projects and refurbishments.



- **Signed leases - Offices:** At the close of 2019, the Colonial Group signed leases for a **total of 263,301 sqm of offices**. 79% (207,247 sqm) were signed in Barcelona and Madrid and the rest (56,054 sqm) were signed in Paris.

**New lettings:** Out of the total office letting activity, 54% (143,417 sqm) related to new leases, spread over the three markets in which the group operates.

**Renewals:** Lease renewals relating to 119,884 sqm were completed, of which 81,914 sqm were renewed in Madrid.



### Letting Performance - Offices

December cumulative - sq m	2019	Average maturity	% New rents vs. previous
Renewals & revisions - Barcelona	34,346	2	31%
Renewals & revisions - Madrid	81,914	4	9%
Renewals & revisions - Paris	3,623	4	7%
<b>Total renewals &amp; revisions</b>	<b>119,884</b>	<b>4</b>	<b>14%</b>
New lettings Barcelona	30,120	5	
New lettings Madrid	60,867	5	
New lettings Paris	52,431	12	
<b>New lettings</b>	<b>143,417</b>	<b>8</b>	<b>na</b>
<b>Total commercial effort</b>	<b>263,301</b>	<b>6</b>	<b>na</b>

**Release spreads stood at +14%**, highlighting **Barcelona with +31%** and **Madrid with +9%**. In Paris, the prices signed in renewals **increased +7%** compared to the previous rents.

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

In Spain, in 2019, 207,247 sqm were signed across 94 contracts.

**In the Madrid portfolio**, 142,781 sqm were signed across 53 transactions. The largest transaction relates to the renewal of the entire surface area of Santa Hortensia (more than 40,000 sqm) with a multinational technology company. In addition, there are the renewals of 6,000 sqm on the Ramírez Arellano 37 asset, 5,700 sqm on the assets Josefa Valcarcel 24, José Abascal and Tucumán, as well as 5,200 sqm on the Alfonso XII asset.

In terms of new contracts, noteworthy is the signing in April 2019 of 100% of the project delivered at Avenida Bruselas 38 for the headquarters of MasMovil, an IBEX35 technology company. In addition, there is the signing of 8,700 sqm on the Josefa Valcarcel 40 building with a leading communication group in Spain, a deal that results in 100% occupancy of the asset. Also noteworthy are the signing of almost 9,000 sqm on the Francisca Delgado 11 building with various tenants, as well as the signing of more than 7,600 sqm on a new project in Castellana 163 (a surface area signed with various tenants).

In the **Barcelona office portfolio**, 64,466 sqm were signed across 41 transactions. Among the highlights is the pre-letting of the entire Diagonal 525 project, which will house the new headquarters of a prestigious company in the electric and gas industry. Also noting is the signing of 6,700 sqm on the Torre Marenostrom asset, as well as the signing of 4,300 sqm on the recently delivered Gala Placidia project.

In terms of renewals, worth mentioning is the renewal of 11,800 sqm on the Diagonal 197 asset and the 5,200 sqm on Paseo de los Tilos, both contracts with prestigious solvent clients.

With respect to the signing of new contracts, highlighted are the 4,000 sqm on the Sant Cugat building, 2,400 sqm on the Diagonal 682 building and 2,400 sqm on the Berlín/Numancia building.

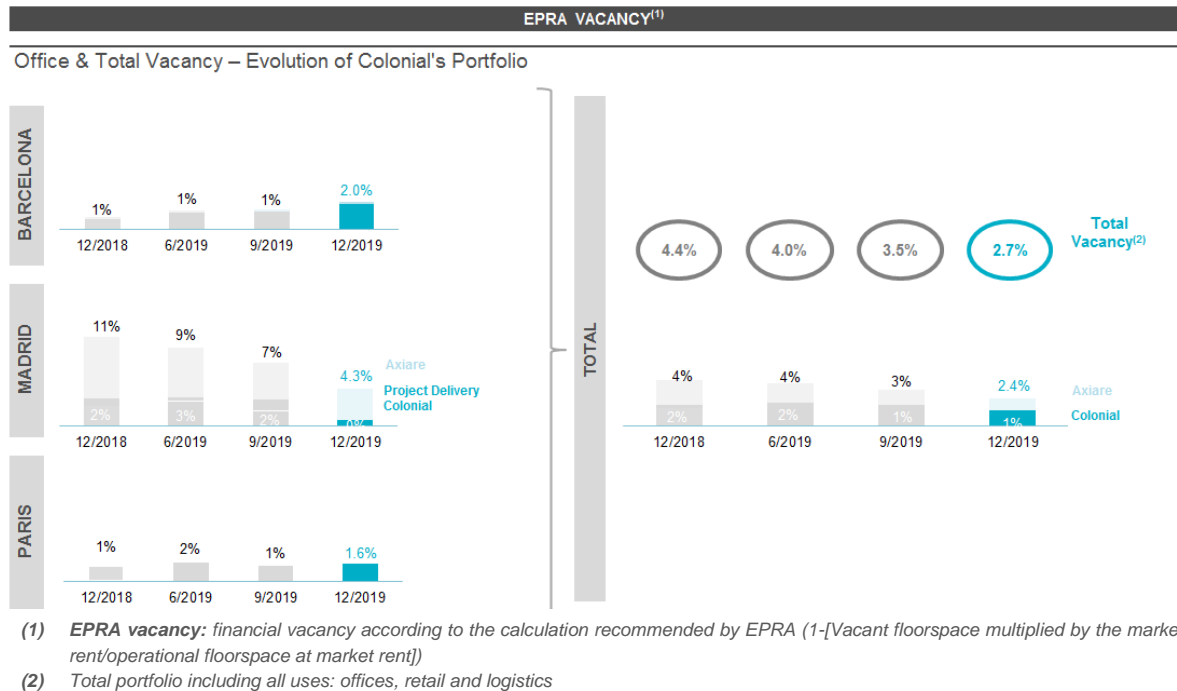
In the **Paris portfolio**, 56,054 sqm were signed across 41 transactions.

Of special mention is the renewal of 2,700 sqm of office space in the Louvre Saint Honoré building. In terms of new leases, worth noting is the signing of 20,000 sqm with the Cartier Foundation with a 20-year minimum fixed term. In addition, there is the signing of 3,500 sqm on the Edouard VII building, the signing of almost 12,000 sqm on the 106 Haussmann building, as well as signing of 4,800 sqm on 103 Grenelle, among others.

The transactions described above were closed with rental prices at the high end of the market.

## A portfolio with solid occupancy levels

- The total EPRA vacancy<sup>(2)</sup> of the Colonial Group’s portfolio stood at levels of 2.7% at the close of 2019.



Particularly noteworthy is the **office portfolio in Paris** with a vacancy rate of 1.6%.

The **Barcelona office portfolio** has a vacancy rate of 2%, a ratio that has stayed very low, in line with the high quality of the portfolio. The variation is mainly due to the rotation of tenants within the portfolio, freeing up top quality spaces and facilitating income reversion.

The **Madrid office portfolio** has a vacancy rate of 4.3%, improving +619 bps compared to December 2018 and +307 bps compared to the third quarter of 2019, mainly due to the new leases signed during the year on assets like José Abascal 56, Ramírez Arellano 15, Alfonso XII, Avenida Bruselas 38 and Francisca Delgado 11, among others.

The 4% vacancy rate is concentrated mainly on portfolio assets coming from Axiare. In particular, the recently delivered Ribera de Loira project, as well as the Francisca Delgado 11 and Josefa Valcárcel 40 assets are highlighted.

The current available GLA represents a supply of maximum quality in attractive market segments, where there is a clear scarcity of Grade A products.

Consequently, this offers significant potential for additional rental income to be captured in the coming quarters.

**Vacancy surface of offices**

Surface above ground (sq m)	Entries into operation <sup>(1)</sup>	BD area and others	CBD area	2019	EPRA Vacancy Offices
Barcelona	0	2,544	2,321	4,865	2.0%
Madrid	6,026	13,442	1,651	21,119	4.3%
Paris	0	6,026	151	6,177	1.6%
<b>TOTAL</b>	<b>6,026</b>	<b>22,012</b>	<b>4,123</b>	<b>32,161</b>	<b>2.4%</b>

*(1) Projects and refurbishments that have entered into operation*



Diagonal 682



Diagonal 409



Castellana 163



Sagasta 31-33



Francisca Delgado 11



Ribera de Loira 28



Sant Cugat



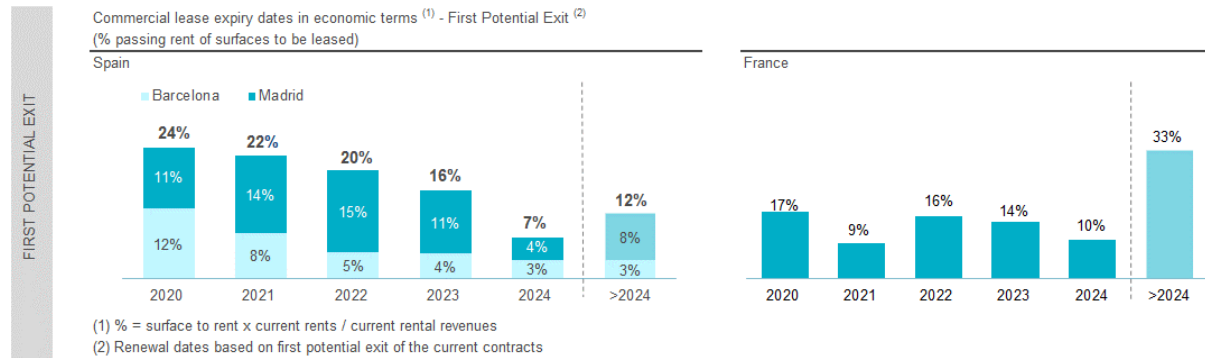
Le Vaisseau



## 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.

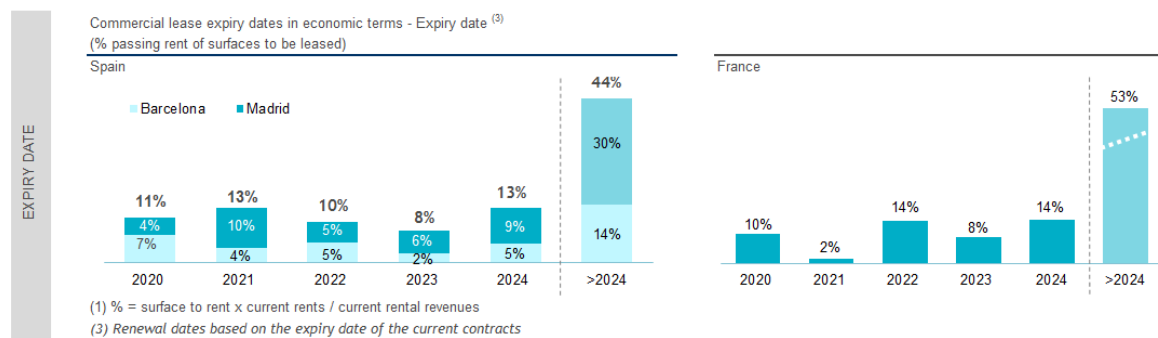
The **first graph** shows the commercial lease expiry dates if the tenants choose to end the contract at the first possible date (break option or end of contract).



In this context, in the next 2 years, in the **Spanish** portfolio, there could be approximately 46% of office contract renewals, which will enable the company to capture the rental growth cycle with one of the best products available in the market.

In **France**, the contract structure is longer term. However, 26% of the contract portfolio expires in the coming 24 months, offering significant reversionary potential to capture rental price increases.

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.



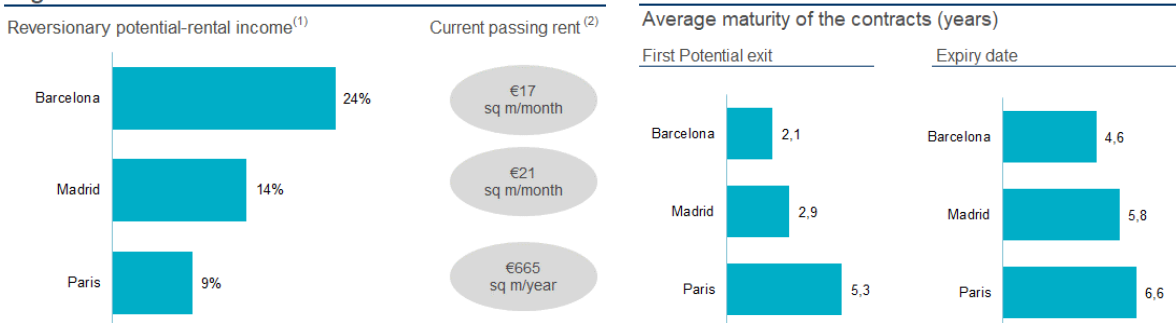
▪ **Reversionary Potential of the rental portfolio**

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 at 31 December 2019 (not including the potential rents from the projects and significant refurbishments underway).

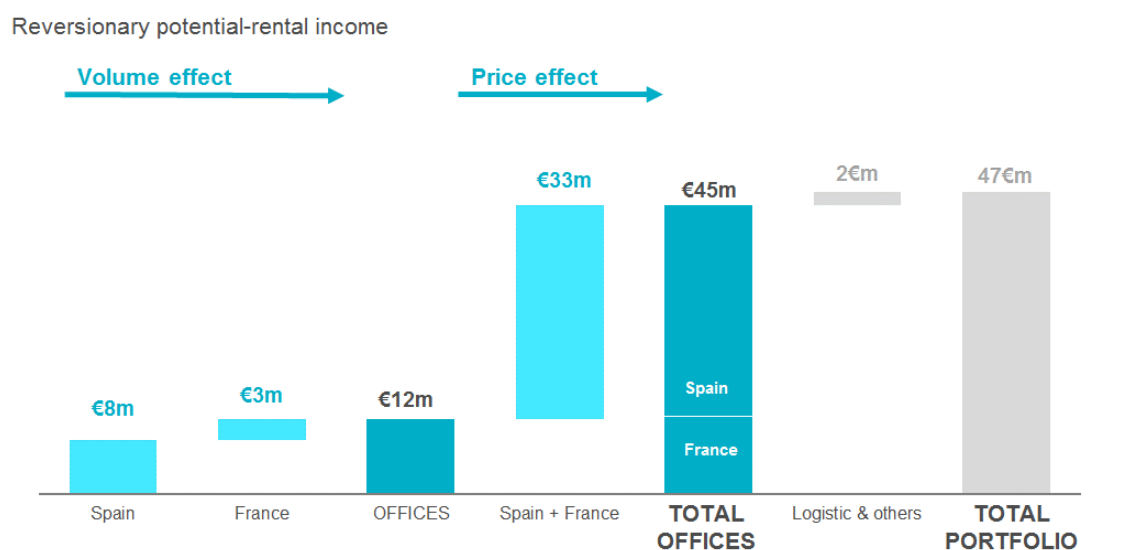
The static reversionary potential<sup>(1)</sup> of the rental revenues of the offices portfolio in operation (considering current rental prices without future impacts from a recovery in the cycle) stood at:

- > +24% in Barcelona (57% of the portfolio matures in the next 24 months)
- > +14% in Madrid (39% of the portfolio matures in the next 24 months)
- > +9% in Paris (26% of the portfolio matures in the next 24 months)

Figures at December 2019



Specifically, the static reversionary potential<sup>(1)</sup> in the current portfolio **would result in approximately €47m of additional annual rental income.**



<sup>(1)</sup> Excluding future rental growth due to cycle recovery

<sup>(2)</sup> Current office rent of occupied offices surfaces

## 4. Project portfolio

### Project portfolio and renovation program

- Colonial has a **project portfolio** of over 200,000 sqm to create top quality products, offering high returns and a future value uplift with solid fundamentals. In the current project portfolio, three of the projects (specifically, Castellana 163, Diagonal 525 and Louvre Saint Honoré) already have pre-let agreements with very favorable terms, significantly increasing the visibility of future cash flow and value creation. The other projects in the portfolio continue to progress and already have very good market prospects. They are in excellent locations where there is little new offering.

Project	City	% Group	Delivery	GLA (sqm)	Total Cost €m <sup>1</sup>	Total Cost €/sqm <sup>1</sup>	Yield on Cost
1 Castellana, 163	Madrid CBD	100%	2020	10,910	52	4,803	7.5%
2 Diagonal 525	Barcelona CBD	100%	1H 21	5,710	39	6,778	5.1%
3 Miguel Angel 23	Madrid CBD	100%	1H 21	8,036	66	8,244	5.9%
4 83 Marceau	Paris CBD	82%	1H 21	9,600	151	15,755	5.2%
5 Velazquez Padilla 17	Madrid CBD	100%	1H 21	17,239	113	6,535	7.7%
6 Biome	Paris City Center	82%	2H 21	24,500	283	11,551	5.0%
7 Plaza Europa 34	Barcelona	50%	2H 22	14,306	42	2,909	7.0%
8 Mendez Alvaro Campus	Madrid CBD South	100%	2H 22	89,871	300	3,343	7.9%
9 Sagasta 27	Madrid CBD	100%	2H 22	4,481	23	5,044	7.0%
10 Louvré SaintHonoré	Paris CBD	82%	2023	16,000	208	13,029	7.7%
<b>TOTAL OFFICE PIPELINE</b>				<b>200,653</b>	<b>1,277</b>	<b>6,366</b>	<b>6.6%</b>

<sup>1</sup> Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex

- In **Barcelona**, the Diagonal 525 and Plaza Europa 34 projects are being carried out. 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 at the beginning of 2020. The Plaza Europa 34 project continues to progress as planned, the architects' design is completed and the work permit has been obtained.



- 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 refurbishment works.



At **Castellana 163** work has been completed on the entrances and the façade. The tenant rotation has been accelerated to refurbish the spaces as they become vacant. It is worth mentioning that 3,600 sqm have been pre-let to Utopicus who will dedicate the building to flexible spaces, enabling a significant increase in value in the short and medium term. Currently 88% of the building is already let and is expected to entry into operation in 2020.

The design for the **Méndez Álvaro Campus** project continues to progress to create the new reference 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.



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. After receiving the work permit in May 2018, the work began in June 2018 and remains on course.

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. Likewise, worth mentioning is the 350 sqm terrace, the façade which will be covered with the same stone as the Arc de Triomphe, located a few metres away, and the building will offer the services of a flexible space to future users of the building.

The refurbishment works started in May 2019 together with the start of the commercialization process.

Finally, of special mention is the project in the **Louvre Saint Honoré** building in which a commercial space of 16,000 sqm will be developed on the floors below ground, the ground floor and the first floor of the building, with top-quality finishes and technical specifications, expected to be finished in 2023. A pre-let agreement has been signed for this space, at top market prices with a minimum fixed term duration of 20 years with the Cartier Foundation, a French company specializing in luxury items.

## Renovation Program

- In addition to the project portfolio, the Colonial Group is currently carrying out a **renovation program** on 4 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 areas and updating the facilities, requiring an adjusted investment.



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

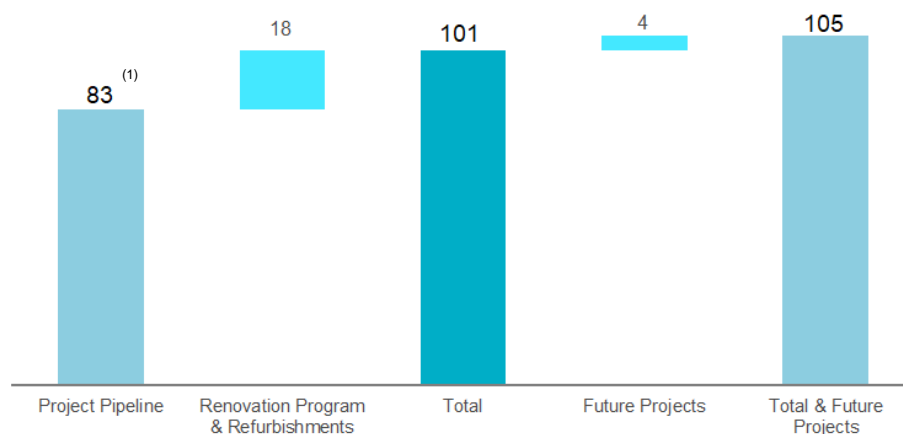
In **France** of special mention is the **176 Charles de Gaulle** property, an office building located in the flowering district of **Neuilly**, in which the communal areas are being repositioned, adding services for the users with the aim of capturing an increase in rents in the area of close to 30% compared to the previous contracts.

Likewise, in **France**, the **Hausmann 106 building has been delivered**. This asset has 12,000 sqm of offices in the centre of Paris and is already rented to WeWork with a turnkey contract for a 12-year period, in effect as of 6 January 2020. This renovation has enabled an increase in the density of the occupancy and an improvement in the image of the building, key factors that have allowed for the capture of maximum market rental prices.

## Potential of the project portfolio and renovation program

- The project portfolio as well as the new acquisitions will result in additional annual rents of approximately €105m.

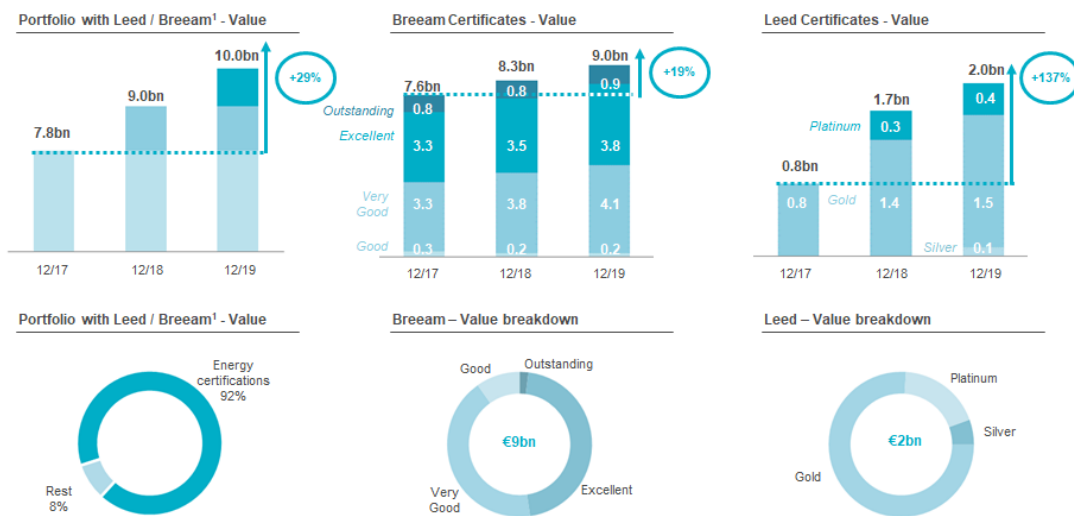
Additional rental income from projects and significant refurbishments - €m



(1) Not including current passing rents in Diagonal 525 of 2€m

## 5. ESG<sup>1</sup> Strategy – Environmental, Social and Corporate Governance

- Colonial has obtained the EPRA Gold sBPR rating for the fourth consecutive year, which certifies the highest reporting standards in ESG.
- The Colonial Group has increased its GRESB scoring by +26% with very high scores in the areas of Monitoring-EMS, Management & Risk-Opportunities. The Colonial Group’s French subsidiary has received the second best GRESB rating in the offices sector in all of Europe.
- Colonial’s MSCI rating is AA, one of the highest ratings in Europe, in particular due to its very high standards in relation to Corporate Governance.
- Colonial pursues a clear leadership in ESG, being a fundamental element of its growth strategy, in which offering maximum quality in its portfolio constitutes a main characteristic. This fact is reflected in the high number of certifications in the Colonial Group’s property portfolio.
- 92% of the portfolio has energy certificates LEED and BREEAM. In particular, €2,011m of the assets have LEED ratings and €9,008m of the assets have BREEAM ratings.



(1) Office Portfolio in operation

- This level of certification is clearly above the sector average. In addition, a strategic plan on sustainability carries out actions on energy efficiency, focusing on continuous improvement asset by asset.
- The high quality of Colonial’s portfolio is reflected in the high level of certification of its assets. In March 2019, BREAAAM/GRESB recognized the Colonial Group as the leader, number one in Europe, in responsible investment through the “Award for Responsible Real Estate Investment” in the large portfolio category.

(1) ESG = Environmental, Sustainability and Governance.

- The Colonial Group is clearly committed to climate change and in proof of this, of special mention are the two new certificates that the BIOME building in Paris will receive: 1) the building will receive the BiodiverCity Excellence stamp which highlights the significant effort that has been made in the revegetation of the place, and 2) the asset will be one of the first buildings in France to obtain the renovation label BBCA (Low Carbon Building) as a result of the efforts made in terms of greenhouse effect gas emissions.
- In addition to the strategy on environmental sustainability, Colonial opts for the highest standards in Corporate Governance and a clear ambition in social aspects and attraction of talent. In this respect, Colonial has adhered to the 10 principles of the United Nations Global Compact referring to Human Rights, Employment Rights, the Environment and the fight against corruption, ensuring that these principles form part of its strategy and culture.
- Colonial has made significant progress in corporate ratings that evaluate all of the non-financial-ESG aspects:

BENCHMARK / INDEX	ACHIEVEMENT / RATING
	<ul style="list-style-type: none"> <li>&gt; <b>GRESB / BREEAM 2019 Award for Responsible Real Estate Investment</b></li> <li>&gt; #1 in the Large Portfolio Category (more than €1bn)</li> <li>&gt; 92% of portfolio with highest energy standards</li> </ul>
	<ul style="list-style-type: none"> <li>&gt; <b>AA Rating (up from BBB)</b></li> <li>&gt; One of the highest ratings in Europe</li> <li>&gt; Strong scoring on Governance</li> </ul>
	<ul style="list-style-type: none"> <li>&gt; <b>Gold 4th year in a row</b></li> <li>&gt; Gold since 2016</li> <li>&gt; First mover in Spain</li> </ul>
	<ul style="list-style-type: none"> <li>&gt; +16p improvement in one year</li> <li>&gt; +26% improvement of the rating of the previous year</li> </ul>
	<ul style="list-style-type: none"> <li>&gt; Inclusion in the <b>Ethibel Sustainability Excellence Europe Index</b>, managed by <b>Vigeo Eiris</b></li> <li>&gt; Index composed by a group of European companies that show the best performance in the field of corporate responsibility</li> </ul>
	<ul style="list-style-type: none"> <li>&gt; <b>"Good practice" rating</b></li> <li>&gt; Index inclusion 2018</li> <li>&gt; Strong performance on Governance &amp; Supply Chain</li> </ul>

- Worth highlighting is that Colonial has become part of the ESG Ethibel Sustainability Excellence Europe index, managed by Vigeo Eiris, frequently referred to in all of the financial industry. This index is made up of a group of European companies that show the best performance in the area of corporate responsibility.



- Colonial's European leadership in relation to sustainability in its sector has enabled Colonial to obtain the first sustainable loan to be granted to a Spanish company in the real estate sector. Issued by ING, the loan is for €76m, maturing in December 2023. The loan is linked to the sustainability strategy of the company and the interest will vary in accordance with the rating that Colonial obtains in relation to ESG from the sustainability agency GRESB.



In May 2019, Colonial signed a second sustainable loan with CaixaBank for the amount of €75m, maturing in July 2024.



- The Window Building has received the 2018 Innovation Prize awarded by the Spanish Association of Offices (AEO). This building constitutes an innovative operation due to the unique architectural solution, representative of an urban fabric complex and high, demanding municipal standards. The building provides an architectural solution which very effectively resolves this equation of urban incognitos, while also possessing an adequate level of efficiency and high-quality equipment in its facilities.



- Colonial forms part of a European Think Tank for Offices made up of 6 companies, all benchmark companies in their countries. This Think Tank drives innovation initiatives in the field of sustainability to develop and establish international standards for best practices in the offices segment.

## 6. Digital Strategy & Coworking

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### Co-Working and Flexible Spaces

At the end of 2017, Colonial acquired Utopicus, a startup founded in 2010, pioneer in the **coworking** sector in Spain. Since then, Colonial has driven the growth and launched different initiatives to convert Utopicus into one of the leading operators of the sector, with 14 centres under management and approximately 40,000 sqm of surface area.

During 2019, Utopicus focused its efforts in two large areas: firstly, in offering innovative content and services from the Colonial Group and secondly, in expanding its presence in Spain through the properties of the Colonial Group.

Accordingly, in 2018, a new concept for office buildings was launched, taking advantage of the delivery of the new offices project carried out by Colonial, the “Window”. This property combines a centre of Utopicus of 4,000 sqm with traditional office space. The result obtained was a success, increasing the occupancy of the building with rents higher than expected, and positioning Window as the benchmark for companies in the Fintech sector in the city of Madrid.

Throughout 2019, Colonial replicated this “hybrid” building concept in other properties of the Group and at the close of 2019, 6 buildings already had flexible office spaces. The new openings carried out in 2019 were as follows:

- **Clementina** (Barcelona) opened in January 2019 and is located in the heart of the Barcelona neighbourhood Gracia. It has 600 sqm and the capacity for 75 workstations in a dynamic area of the city.
- **Gran Vía** (Madrid) opened during the month of March 2019 and is the reference centre of Utopicus in Gran Vía street, the most emblematic street in Madrid. The premise offers more than 5,000 sqm of surface area and the building has offices for up to 100 people, a club, restaurant, innovation rooms and an auditorium.
- **Parc Glories** (Barcelona) opened during the second quarter of 2019 and occupies a part of Colonial’s new building, located in the best area of 22@ in Barcelona, the main technological hub in southern Europe. The space provides a mix of flexible uses with the use of traditional offices and has 2,000 sqm of surface area for 195 workstations.
- **Gala Placidia** (Barcelona) opened in July 2019 and is located in the traditional Barcelona CBD just a few minutes away from Diagonal and has been designed for large companies that look for flexible spaces. The space provides room for more than 500 workstations and areas to carry out events and courses. In addition, there is a spectacular terrace to enjoy the Mediterranean climate of Barcelona.
- **Jose Abascal 56** (Madrid) opened at the end of 2019 and is located on the equator of the Chamberí de Madrid district. It has 2,351 sqm of flexible working space, private offices for any size company, meeting and training rooms and 4 large meeting points which you can discover by strolling through the corridors which are full of rhythm and colour.

Likewise, work continues satisfactorily for the opening of 4 new centres over the coming months. Once finalised, Utopicus will manage 14 centres with a surface area in operation of close to 40,000 sqm and the capacity for 4,700 workstations, strengthening its leadership in the segment of flexible office and coworking spaces in Spain.

Center	City	Status	Entry in operation	Surface	Users MAX	
1	Colegiata	Madrid	In operation	2010	1,222	121
2	Conde Casal	Madrid	In operation	2017	1,089	144
3	Plaça Catalunya	Barcelona	In operation	2018	1,400	197
4	Orense	Madrid	In operation	2018	1,827	239
5	Príncipe Vergara	Madrid	In operation	2018	3,852	500
6	Clementina	Barcelona	In operation	1Q 2019	600	75
7	Gran Vía	Madrid	In operation	1Q 2019	4,990	465
8	Parc Glories	Barcelona	In operation	1Q 2019	2,002	195
9	Gala Placídia	Barcelona	In operation	1H 2019	4,000	532
10	Jose Abascal, 56	Madrid	In operation	2H 2019	2,351	278
11	Castellana, 163	Madrid	Project	1H 2020	3,660	448
12	Torre Marenstrum	Barcelona	Project	1H 2020	3,856	413
13	F Silvela, 42	Madrid	Project	1H 2020	3,098	421
14	Habana	Madrid	Project	2H 2020	5,791	762
<b>Total</b>					<b>39,738</b>	<b>4,790</b>

### Digitalization

In 2019, the Colonial Group continued to maintain a strong focus on innovation through the development and implementation of the technology Propnet, 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 clients of the Colonial Group.

At the close of 2019, the system had already been implemented in six of Colonial's buildings in Madrid, with the future aim of implementing it in the rest of the portfolio.



The project involves the development of new applications, with the aim of obtaining improvements in costs and optimizing operations, fixing objectives to reduce CO2 and creating new products for the clients of the Colonial Group.

## 7. Portfolio valuation

- At the close of 2019, the assets of the Colonial Group were appraised at €12,196m (€12,807m including transfer costs).
- 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)	31-dec-19	30-Jun-19	31-Dec-18	Dec 19 vs Jun 19		Dec 19 vs Dec 18	
				Total	LfL <sup>(1)</sup>	Total	LfL <sup>(1)</sup>
Barcelona	1,534	1,268	1,175	21%	7%	31%	15%
Madrid	2,543	2,460	2,511	3%	3%	1%	7%
Paris	6,502	6,484	6,256	0%	4%	4%	7%
<b>Portfolio in operation <sup>(2)</sup></b>	<b>10,578</b>	<b>10,211</b>	<b>9,942</b>	<b>4%</b>	<b>4%</b>	<b>6%</b>	<b>8%</b>
<b>Projects</b>	<b>1,338</b>	<b>1,099</b>	<b>925</b>	<b>22%</b>	<b>7%</b>	<b>45%</b>	<b>15%</b>
Logistics & others	280	488	480	(43%)	3%	(42%)	5%
<b>Colonial group</b>	<b>12,196</b>	<b>11,798</b>	<b>11,348</b>	<b>3%</b>	<b>5%</b>	<b>7%</b>	<b>9%</b>
Spain	5,039	4,975	4,779	1%	4%	5%	9%
France	7,158	6,823	6,570	5%	5%	9%	9%

### Gross Asset Values - Including transfer costs

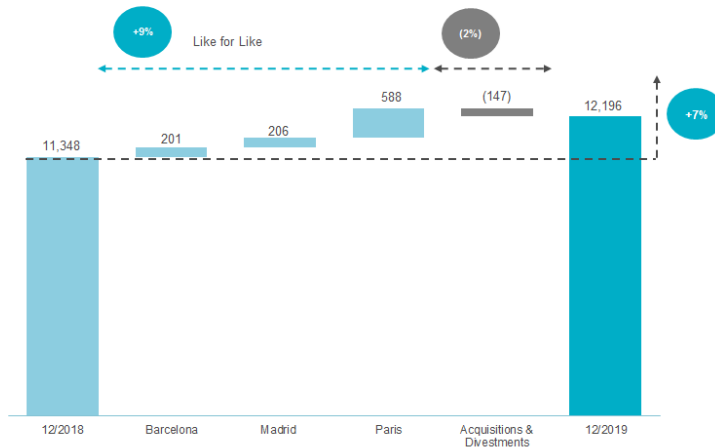
<b>Colonial group</b>	<b>12,807</b>	<b>12,390</b>	<b>11,915</b>	<b>3%</b>	<b>5%</b>	<b>7%</b>	<b>9%</b>
Spain	5,175	5,115	4,910	1%	4%	5%	9%
France	7,632	7,276	7,005	5%	5%	9%	9%

<sup>(1)</sup> Portfolio in comparable terms

<sup>(2)</sup> Portfolio in operation: current rental portfolio as well as new entries into operation of completed projects

- The **Colonial Group's** Gross Asset Value at the close of 2019 amounted to **€12,196m**, a like-for-like increase of **+9%** in 2019 (+5% in the second half of the year).

VARIANCE ANALYSIS VALUE 12 MONTHS - €m



GAV VARIANCE

	2S 2019	2019
BARCELONA	+7%	+16%
MADRID	+3%	+6%
PARIS	+5%	+9%
TOTAL LFL	+5%	+9%
DISPOSALS	(1%)	(2%)
TOTAL VAR	+3%	+7%

This increase in value is a consequence of the rental price increases and the compression of yields throughout the portfolio, complemented by the increases in value obtained through the successful execution of projects.

The offices portfolio in **Barcelona**, with an excellent position in the CBD and 22@, has reached **like-for-like growth of +16% in 2019 (+7% in the second half)** with important growth in all the assets due to a combination of increases in rental prices and yield compression.

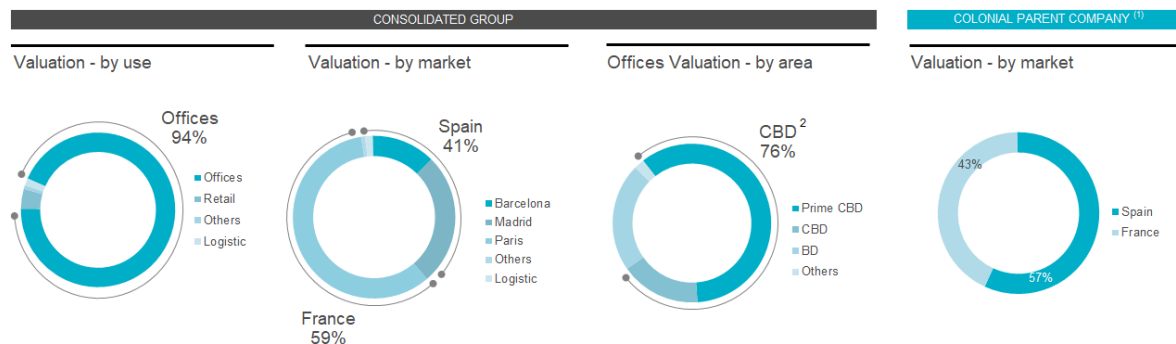
**Madrid** has increased **+6% like-for-like in 2019 (+3% in the second half)**, due to its strong positioning in the urban centre and the CBD in combination with the successful delivery and management of the Discovery, Window and Avenida Bruselas 38 projects in recent months, which have enabled the signing of rental contracts at prices at the high end of the market with top tier clients.

**The Paris portfolio increased +9% like-for-like in 2019 (+5% like-for-like in the second half)** which is underpinned by a high global appeal of the CBD market in Paris in combination with the successful pre-letting of the Louvre St. Honoré project as well as the Haussmann renovation program.

In general terms, the increase in gross asset value is a consequence of three factors:

1. Rental price increases captured in recent quarters by the Colonial Group's portfolio in the three markets
2. The Group's industrial approach that enables superior value creation through portfolio repositioning and Prime Factory projects
3. A growing interest by investors in prime assets, driving down yields, especially in the Paris CBD market, which is one of the core markets that attracts more investors on a global level

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



(1) France: SFL shares valued in NAV. Spain = GAV assets held directly + Value JV Plaza Europa 34  
 (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	1,534	270,479	5,672	4.35%
Madrid	2,543	374,946	6,781	4.27%
Paris	5,584	312,336	17,880	3.21%

Gross Yields (Barcelona, Madrid)  
 Net Yields (Paris)

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

- In Spain, consultants publish gross yields in their market reports (Gross yield = gross rent/value excluding transfer costs).
- 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, Cedro and Castellana 163 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.

- The appraisal certificate is as follows:

CONSEJO DE ADMINISTRACIÓN  
 INMOBILIARIA COLONIAL, SOCIMI S.A.  
 Av. Diagonal 532  
 08006 Barcelona

Madrid, 31<sup>st</sup> January 2020

Dear Sirs,

In accordance with your instruction, JLL Valoraciones, S.A. and CBRE, as valuers of the Colonial portfolio in Spain, and CBRE and Cushman & Wakefield, as SFL valuers in France; have carried out the valuation reports of the freehold interest of the portfolio of properties of Inmobiliaria Colonial (Spain and France) as at 31<sup>st</sup> of December 2019 for internal use of the company.

According to the aforementioned reports, the Net Market Value of the company's portfolio is:

**12,196,429,055 EUROS**

(Twelve Thousand One Hundred and Ninety-Six Million  
 Four Hundred and Twenty-Nine Thousand and Fifty-Five Euros)

The breakdown is as follows:

Unit	Market Value (excl. Transfer costs)	Gross Value (incl. Transfer costs)
Madrid	3,423,466,055 €	3,510,650,222 €
Barcelona	1,551,206,000 €	1,598,404,012 €
Rest of Spain	64,067,000 €	66,405,044 €
<b>Total Colonial (Spain)</b>	<b>5,038,739,055 €</b>	<b>5,175,459,279 €</b>
<b>Total SFL (Paris)</b>	<b>7,157,690,000 €</b>	<b>7,631,913,262 €</b>
<b>Total Colonial + SFL</b>	<b>12,196,429,055 €</b>	<b>12,807,372,541 €</b>

For the avoidance of doubt, each valuer only accepts responsibility for the assets that they have valued within the portfolio. The portfolio value assumes 100% ownership for all the properties.

The valuation has been carried out in accordance with the Practice Statement and the relevant Guidance Notes in the RICS Appraisals and Valuations Manual prepared by the Royal Institution of Chartered Surveyors and with the General Principles adopted in the Preparation of Valuations and Reports.



Signature électronique certifiée  
 Anne DIGARD -FRICS-VR-REV  
 Président -CEO  
 CBRE Valuation & Advisory

Cushman & Wakefield Valuation France SA  
 Tour Opus 12 - 77 Esplanade du Général de Gaulle  
 92081 Paris La Défense Cedex  
 Tél. : +33 (0)1 53 76 92 92  
 Société anonyme au capital de 5 616 304 €  
 RC Siret 332 111 574 00049  
 N° TVA intracommunautaire FR10 332 111 574



## 8. Financial structure

The year 2019 was marked by the completion of the restructuring of the pending debt coming from Axiare, cancelling various bilateral loans amounting to €162m and refinancing two bilateral loans in the amount of €151m, improving margins and cancelling mortgage securities. The refinanced loans are sustainable loans as their margin will vary according to the rating that Colonial obtains with respect to ESG (environmental, social and corporate governance) from the sustainability agency, GRESB. In the month of September these loans obtained a reduction in the margins thanks to an improvement in the GRESB rating, which capitalizes on the efforts of the Group in relation to ESG.

In addition, in January 2019, short-term note issues were initiated under the ECP program registered in December 2018 and were well received by the market. The program aims to obtain greater diversification in financing sources and to optimize the financial cost of the debt given the current market situation of negative rates. At 31 December 2019, the program was drawn at €240m.

As for SFL, it has restructured a syndicate loan of €390m that has resulted in an improvement both in terms of margins as well as maturity. SFL also carried out short-term note issues throughout the year with existing issuances at the end of the year amounting to €387m.

It should be mentioned that the Colonial Group has credit lines available in the amount of €1,865m which enable it to widely cover the maturity of the drawn debt in the short-term.

The main debt figures of the Group are as follows:

Colonial Group	Dec-19	dec-18	Var.
Gross financial debt	4,826	4,748	2%
Net financial debt	4,609	4,680	(2%)
Total liquidity <sup>(1)</sup>	2,082	1,793	16%
% debt fixed or hedged	88%	97%	(9%)
Average maturity of the debt (years) <sup>(2)</sup>	4.9	5.9	(1.0)
Cost of current debt <sup>(3)</sup>	1.63%	1.77%	(15 b.p.)
Rating COL (S&P's)	BBB+	BBB+	-
Rating COL (Moody's)	Baa2 Stable	Baa2 Negative	↑
Rating SFL (S&Ps)	BBB+	BBB+	-
LtV Group (including transfer costs)	36%	39%	(315 b.p.)

(1) Cash & Undrawn balances

(2) Average maturity based on available debt

(3) Cost of debt including promissory notes. Without considering the issues of promissory notes, the cost would amount to 1.80%



The net financial debt of the Group at the close of 2019 stood at €4,609m, the breakdown of which is as follows:

€m	December 2019			December 2018			Var TOTAL	Cost	Average maturity
	Colonial	SFL	TOTAL	Colonial	SFL	TOTAL			
Syndicate loans	0	0	0	70	0	70	(70)	-	4,2
Mortgage debt	76	199	275	314	201	515	(240)	1,29%	2,9
Bonds Colonial	2,600	-	2,600	2,600	-	2,600	-	2,05%	5,8
Bonds SFL	-	1,200	1,200	-	1,200	1,200	-	1,83%	3,7
Issuances notes	240	387	626	-	263	263	364	-0,29%	0,1
Other debt	125	0	125	50	50	100	25	1,11%	4,6
<b>Gross debt</b>	<b>3,040</b>	<b>1,786</b>	<b>4,826</b>	<b>3,034</b>	<b>1,714</b>	<b>4,748</b>	<b>78</b>	<b>1,63%</b>	<b>4,9</b>
Cash	(163)	(54)	(217)	(43)	(25)	(68)	(148)		
<b>Net Debt</b>	<b>2,877</b>	<b>1,732</b>	<b>4,609</b>	<b>2,991</b>	<b>1,688</b>	<b>4,680</b>	<b>(71)</b>		
Total liquidity <sup>(1)</sup>	1,038	1,044	2,082	848	945	1,793	288		
Cost of debt - Spot (%)	1.80%	1.34%	1.63% <sup>(2)</sup>	1.95%	1.46%	1.77%	(15 p.b.)		

(1) Cash & Undrawn balances

(2) Average maturity calculated based on available balances

(3) Margin + reference type without incorporating commissions

In terms of the maturity schedule, it is particularly noteworthy that 79% of the Group's debt will mature as of 2023, not taking into account the ECP program, and 48% will mature as of 2025.



**Financial results**

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

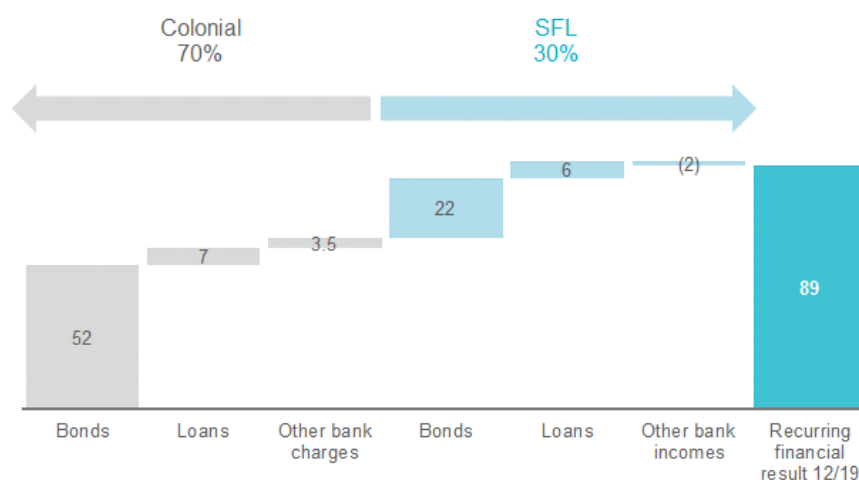
December cumulative - €m	COL	SFL	2019	2018	Var. %
Recurring financial expenses - Spain	(63)	0	(63)	(74)	15%
Recurring financial expenses - France	0	(31)	(31)	(35)	11%
<b>Recurring Financial Expenses</b>	<b>(63)</b>	<b>(31)</b>	<b>(94)</b>	<b>(109)</b>	<b>14%</b>
Recurring Financial Income	0	0	0	2	(96%)
Capitalized interest expenses	0	5	5	5	1%
<b>Recurring Financial Result</b>	<b>(63)</b>	<b>(26)</b>	<b>(89)</b>	<b>(101)</b>	<b>12%</b>
Non-recurring financial expenses	(4)	(1)	(4)	(34)	87%
Change in fair value of financial instruments	(2)	(1)	(3)	(6)	(48%)
<b>Financial Result</b>	<b>(69)</b>	<b>(28)</b>	<b>(96)</b>	<b>(142)</b>	<b>32%</b>

- The debt refinancing operations of the Group carried out in 2018 and in the first quarter of 2019 have resulted in a reduction in the recurring financial result of 14% with respect to the same period of the previous year (or of more than 16% taking into account the financial result of the month of January 2018 of Axiare, not included in the consolidated data of Colonial as the takeover bid materialized with effect from 1 February 2018).

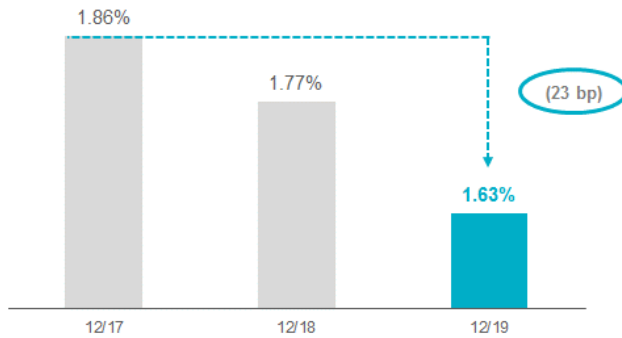
The abovementioned improvement is the result of the debt restructuring that the Group carried out in 2018 and 2019, mainly related to the following:

- Transactions of bond buy-back in Colonial and SFL and new issuances, improving interest rates and maturity
- Cancellation of pending debt coming from Axiare
- Refinancing of loans of Colonial and SFL, improving interest rates and maturity
- Implementation of the short-term note issues program amounting to €1,000m

- The breakdown of the financial cost per product is as follows:



- The spot financial cost of the drawn debt at 31 December 2019 amounted to 1.63%, compared to 1.77% from the same period of the previous year. Including formalization costs, accrued over the life of the debt, the financial cost amounted to 1.74%. Without taking into account the ECP program, this cost amounts to 1.80% (1.91% including the financing commissions). The evolution of the spot financial cost of the drawn debt over the last three years is shown below:



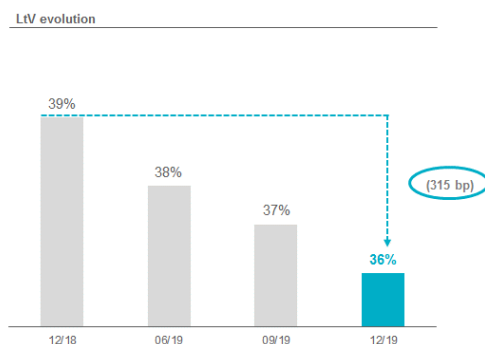
- Given the current situation regarding interest rates in the market which is at historic lows, the Group has formalized various pre-hedging instruments in order to cover the interest rates of future debt emissions of €700m. All of these comply with the hedging accounting standards, the market valuation of which is registered directly in net equity.

**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%, compared to 39% at 31 December 2018. This improvement is mainly due to the divestment of the logistics portfolio in August 2019.

The undrawn balances of the Group at 31 December 2019 amounted to €2,082m. The breakdown of which is shown in the following graph:

Cash & undrawn balances (€M)	Colonial	SFL	Group
Current accounts	163	54	217
Credit lines available	875	990	1,865
<b>Total</b>	<b>1,038</b>	<b>1,044</b>	<b>2,082</b>

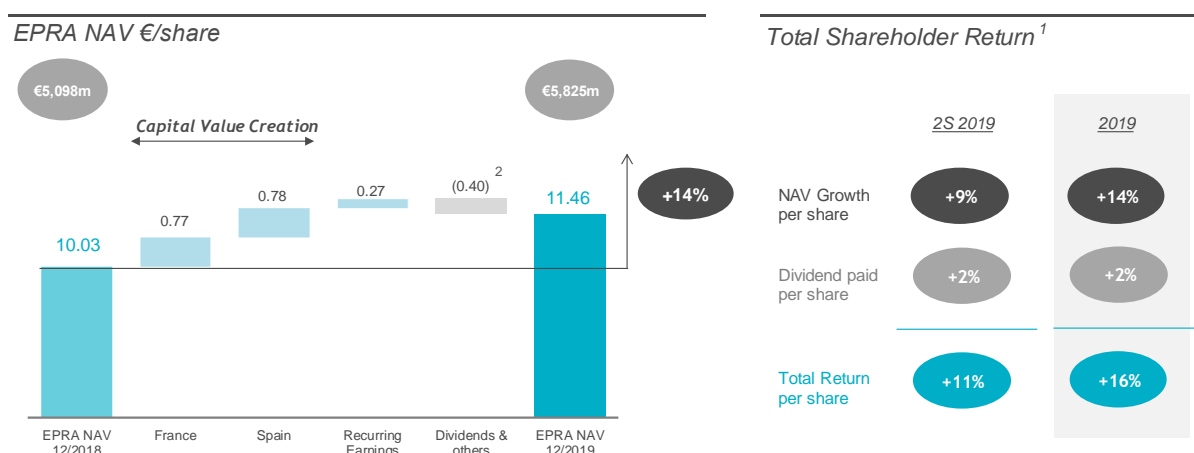


## 9. EPRA Net Asset Value & Share price performance

### EPRA Net Asset Value (NAV)

Colonial closed 2019 with an EPRA Net Asset Value of **€11.5/share** resulting in a year-on-year increase of **+14%** which, together with the paid dividend of €0.20/share, led to a Total Shareholder Return of 16% year-on-year.

In absolute terms, the EPRA NAV amounted to more than €5,825m.



(1) Total return understood as growth in NAV per share + dividends paid

(2) Dividend of 0.20€/share, Goodwill absorption and other effects

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	12/2019	12/2018
<b>NAV per the Consolidated financial statements</b>	<b>5,559</b>	<b>4,811</b>
Effect of exercise of options, convertibles and other equity interests (diluted basis)		
<b>Diluted NAV, after the exercise of options, convertibles and other equity interests</b>		
<b>Include:</b>		
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	21	31
(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	24	19
(ii) Revaluation of tenant leases held as finance leases	na	na
(iii) Revaluation of trading properties	3	7
<b>Exclude:</b>		
(iv) Fair value of financial instruments	(21)	2
(v.a) Deferred tax	240	228
(v.b) Goodwill as a result of deferred tax	-	-
<b>Include/exclude:</b>		
Adjustments (i) to (v) above in respect of joint ventures interests	na	na
<b>EPRA NAV - €m</b>	<b>5,825</b>	<b>5,098</b>
Goodwill	0	(62.2)
<b>Adjusted EPRA NAV - €m</b>	<b>5,825</b>	<b>5,036</b>
<b>N° of shares (m)</b>	<b>508.1</b>	<b>508.1</b>
<b>EPRA NAV - Euros per share</b>	<b>11.46</b>	<b>10.03</b>
<b>Adjusted EPRA NAV - Euros per share</b>	<b>11.46</b>	<b>9.91</b>

**Calculation of the EPRA NAV:** Following the EPRA recommendations and starting from the consolidated equity of €5,559m, 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. Market value of financial instruments: adjustment of the market value (mark to market) of derivative instruments
4. Adjustment of deferred taxes: adjustment of the amount of deferred taxes associated with the revaluation of the property assets (+€240m), registered on the balance sheet

At the close of 2019, the **EPRA NNNAV(\*)** amounted to €5,348m, which corresponds to **€10.5/share**.

EPRA Triple Net Asset value (NNNAV) - €m	12/2019	12/2018
<b>EPRA NAV</b>	<b>5,825</b>	<b>5,098</b>
<b>Include:</b>		
(i) Fair value of financial instruments	21	(2)
(ii) Fair value of debt	(258)	(14)
(iii) Deferred tax	(240)	(229)
(iv) Tax credits on balance	na	na
<b>EPRA NNNAV - €m</b>	<b>5,348</b>	<b>4,853</b>
<i>Goodwill</i>	0	(62.2)
<b>Adjusted EPRA NNNAV - €m</b>	<b>5,348</b>	<b>4,791</b>
<b>N° of shares (m)</b>	<b>508.1</b>	<b>508.1</b>
<b>EPRA NNNAV - Euros per share</b>	<b>10.52</b>	<b>9.55</b>
<b>Adjusted EPRA NAV - Euros per share</b>	<b>10.52</b>	<b>9.43</b>

For its calculation, the following items have been adjusted in the EPRA NAV: 1) the fair market value of the financial instruments, 2) the market value of the debt, and 3) the taxes that would be accrued in case of the disposal of the assets at their market value.

## Share price performance

At the end of 2019, Colonial's shares closed at €11.4 per share with a revaluation of +40%, a figure above the benchmark indices (EPRA & IBEX35). With respect to its main competitors, Colonial is positioned at the top tier of the sector.



There are currently 21 analysts, both national and international, covering the company. It is worth highlighting the reports issued by Bank of America, with a target price of €13.7/share, as well as Morgan Stanley and Kempen & Co with a target price of €13.0/share.

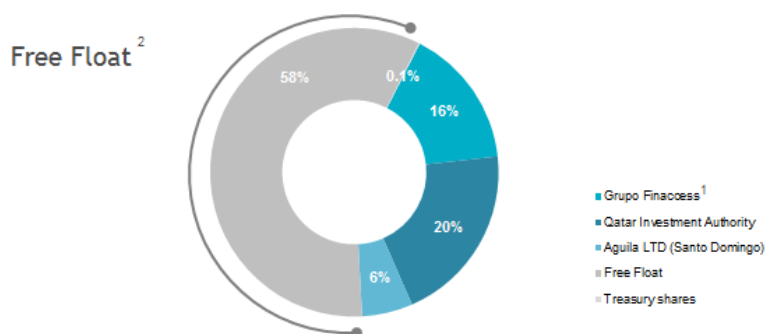
Institution	Analyst	Date	Recommendation
1 Grupo Santander	Jose Francisco Cravo	07/02/2020	Buy
2 Morgan Stanley	Bart Gysens	20/01/2020	Buy
3 Goldman Sachs	Jonathan Kownator	17/01/2020	Buy
4 J.P. Morgan	Neil Green	16/01/2020	Buy
5 Bank of America	Ávaro Soriano De Miguel	14/01/2020	Buy
6 Kempen & Co	Laura Gomezzuleta	14/01/2020	Buy
7 Oddo BHF	Florent Laroche-Joubert	13/01/2020	Buy
8 Barclays	Celine Huynh	16/10/2019	Buy
9 ISS-EVA	Anthony Campagna	03/08/2019	Buy
10 Green Street Advisors	Peter Papadakos	02/01/2020	Neutral
11 InterMoney Valores	Guillermo Barrio	21/11/2019	Neutral
12 Ahorro Corporacion Financiera S	Javier Diaz	20/11/2019	Neutral
13 Kepler Cheuvreux	Mariano Miguel	30/07/2019	Neutral
14 Renta 4	Pablo Fdez De Mosteyrin	24/06/2019	Neutral
15 JB Capital Markets	Daniel Gandoy Lopez	05/02/2020	Sell
16 AlphaValue/Baader Europe	Christian Auzanneau	23/01/2020	Sell
17 CaixaBank BPI	Flora Trindade	25/11/2019	Sell
18 Banco Sabadell	Ignacio Romero	29/10/2019	Sell
19 BankInter SA	Juan Moreno	05/10/2019	Sell
20 Mirabaud Securities	Ignacio Mendez	11/06/2019	Sell
21 Alantra Equities Sociedad de V	Fernando Abril-Martorell	11/06/2019	Sell

Source: Bloomberg & reports of analysts

## Company shareholder structure

Colonial's shareholder structure is as follows:

### Shareholder structure at 31/12/2019 (\*)









(\*) According to reports in the CNMV and notifications received by the company

(1) Through Hofinac BV, Finaccess Capital, S.A. de C.V. and Finaccess Capital Inversores, S.L.

(2) Free float: shareholders with minority stakes and without representation on the Board of Directors

### Board of Directors

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee
Juan José Brugera Clavero	Chairman		Chairman		
Pere Viñolas Serra	Chief Executive Officer		Member		
Sheikh Ali Jassim M. J. Al-Thani	Director				
Adnane Moussanif	Director		Member	Member	
Juan Carlos García Cañizares	Director	Aguilá LTD (Santo Domingo)	Member	Member	
Carlos Fernández González	Director		Member		
Javier López Casado	Director				
Silvia M Alonso-Castrillo Allain	Independent Director				
Carlos Fernández-Lerga Garralda	Independent Coordinator Director		Member	Chairman	Member
Javier Iglesias de Ussel Ordís	Independent Director			Member	Chairman
Luis Maluquer Trepal	Independent Director			Member	Member
Ana Bolado Valle	Independent Director				
Ana Peralta Moreno	Independent Director				
Francisco Palá Laguna	Secretary - Non-Director		Secretary	Secretary	Secretary
Nuria Oferil Coll	Vice-secretary - Non-Director		Vice-secretary	Vice-secretary	Vice-secretary

## 10. EPRA Ratios & Consolidated Balance Sheet

### EPRA Ratios

#### 1) EPRA Earnings

EPRA Earnings - €m	2019	2018
Earnings per IFRS Income statement	827	525
<i>Earnings per IFRS Income statement - €/share</i>	<i>1.627</i>	<i>1.162</i>
<b>Adjustments to calculate EPRA Earnings, exclude:</b>		
(i) Changes in value of investment properties, development properties held for investment and other interests	(875)	(687)
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	(20)	(12)
(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	62	114
(vi) Changes in fair value of financial instruments and associated close-out costs	6	40
(vii) Acquisition costs on share deals and non controlling joint venture interests	3	3
(viii) Deferred tax in respect of EPRA adjustments	12	10
(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	126	96
<b>EPRA Earnings</b>	<b>142</b>	<b>90</b>
<b>Company specific adjustments:</b>		
(a) Extraordinary provisions & expenses	(2)	5
(b) Non recurring financial result	0	0
(c) Tax credits	0	7
(d) Minority interests in respect of the above	0	(2)
<b>Company specific adjusted EPRA Earnings</b>	<b>139</b>	<b>101</b>
<i>Average N° of shares (m)</i>	<i>508.1</i>	<i>451.7</i>
<i>Company adjusted EPRA Earnings per Share (EPS) - €/share</i>	<i>0.274</i>	<i>0.223</i>



## 2) EPRA NAV

EPRA Net Asset value - €m	12/2019	12/2018
<b>NAV per the Consolidated financial statements</b>	<b>5,559</b>	<b>4,811</b>
Effect of exercise of options, convertibles and other equity interests (diluted basis)		
<b>Diluted NAV, after the exercise of options, convertibles and other equity interests</b>		
<b>Include:</b>		
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	21	31
(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	24	19
(ii) Revaluation of tenant leases held as finance leases	na	na
(iii) Revaluation of trading properties	3	7
<b>Exclude:</b>		
(iv) Fair value of financial instruments	(21)	2
(v.a) Deferred tax	240	228
(v.b) Goodwill as a result of deferred tax	-	-
<b>Include/exclude:</b>		
Adjustments (i) to (v) above in respect of joint ventures interests	na	na
<b>EPRA NAV - €m</b>	<b>5,825</b>	<b>5,098</b>
Goodwill	0	(62.2)
<b>Adjusted EPRA NAV - €m</b>	<b>5,825</b>	<b>5,036</b>
<b>N° of shares (m)</b>	<b>508.1</b>	<b>508.1</b>
<b>EPRA NAV - Euros per share</b>	<b>11.46</b>	<b>10.03</b>
<b>Adjusted EPRA NAV - Euros per share</b>	<b>11.46</b>	<b>9.91</b>

## 3) EPRA NNNAV

EPRA Triple Net Asset value (NNNAV) - €m	12/2019	12/2018
<b>EPRA NAV</b>	<b>5,825</b>	<b>5,098</b>
<b>Include:</b>		
(i) Fair value of financial instruments	21	(2)
(ii) Fair value of debt	(258)	(14)
(iii) Deferred tax	(240)	(229)
(iv) Tax credits on balance	na	na
<b>EPRA NNNAV - €m</b>	<b>5,348</b>	<b>4,853</b>
Goodwill	0	(62.2)
<b>Adjusted EPRA NNNAV - €m</b>	<b>5,348</b>	<b>4,791</b>
<b>N° of shares (m)</b>	<b>508.1</b>	<b>508.1</b>
<b>EPRA NNNAV - Euros per share</b>	<b>10.52</b>	<b>9.55</b>
<b>Adjusted EPRA NAV - Euros per share</b>	<b>10.52</b>	<b>9.43</b>

#### 4) EPRA Net initial Yield & Topped-up Net Initial Yield

D. EPRA Net Initial yield & "Topped-Up" Net Initial Yield		Barcelona	Madrid	Paris	Logístico	Total 2019	Total 2018
<i>Figures in €m</i>							
Investment property – wholly owned		1.534	3.223	7.158	265	12.179	11.333
Investment property – share of JVs/Funds		17	na	na	na	17	15
Trading property (including share of JVs)		na	na	na	na	na	na
Less: developments		(17)	(726)	(953)	(72)	(1.768)	(1.354)
<b>Completed property portfolio</b>	<b>E</b>	<b>1.534</b>	<b>2.497</b>	<b>6.204</b>	<b>193</b>	<b>10.428</b>	<b>9.994</b>
Allowance for estimated purchasers' costs		47	63	426	6	541	518
<b>Gross up completed property portfolio valuation</b>	<b>B</b>	<b>1.581</b>	<b>2.559</b>	<b>6.630</b>	<b>199</b>	<b>10.969</b>	<b>10.512</b>
Annualised cash passing rental income		52	87	184	9	333	331
Property outgoings		(4)	(11)	(3)	(2)	(21)	(15)
<b>Annualised net rents</b>	<b>A</b>	<b>48</b>	<b>76</b>	<b>181</b>	<b>7</b>	<b>312</b>	<b>316</b>
Add: notional rent expiration of rent free periods or other lease incentives		5	9	21	0	34	34
<b>"Topped-up" net annualised rent</b>	<b>C</b>	<b>53</b>	<b>84</b>	<b>202</b>	<b>8</b>	<b>346</b>	<b>350</b>
<b>EPRA Net Initial Yield</b>	<b>A/B</b>	<b>3,1%</b>	<b>3,0%</b>	<b>2,7%</b>	<b>3,7%</b>	<b>2,8%</b>	<b>3,0%</b>
<b>EPRA "Topped-Up" Net Initial Yield</b>	<b>C/B</b>	<b>3,3%</b>	<b>3,3%</b>	<b>3,0%</b>	<b>3,9%</b>	<b>3,2%</b>	<b>3,3%</b>
Gross Rents 100% Occupancy	F	60	102	209	11	383	390
Property outgoings 100% Occupancy		(4)	(11)	(3)	(2)	(19)	(12)
<b>Annualised net rents 100% Occupancy</b>	<b>D</b>	<b>57</b>	<b>91</b>	<b>206</b>	<b>10</b>	<b>363</b>	<b>378</b>
<b>Net Initial Yield 100% Occupancy</b>	<b>D/B</b>	<b>3,6%</b>	<b>3,6%</b>	<b>3,1%</b>	<b>4,9%</b>	<b>3,3%</b>	<b>3,6%</b>
<b>Gross Initial Yield 100% Occupancy</b>	<b>F/E</b>	<b>3,9%</b>	<b>4,1%</b>	<b>3,4%</b>	<b>5,9%</b>	<b>3,7%</b>	<b>3,9%</b>

#### 5) EPRA Vacancy Rate

##### EPRA Vacancy Rate - Offices Portfolio

€m	2019	2018	Var. %
<b>BARCELONA</b>			
Vacant space ERV	1	0	
Portfolio ERV	63	53	
<b>EPRA Vacancy Rate Barcelona</b>	<b>2%</b>	<b>1%</b>	<b>1 pp</b>
<b>MADRID</b>			
Vacant space ERV	4	11	
Portfolio ERV	100	103	
<b>EPRA Vacancy Rate Madrid</b>	<b>4%</b>	<b>11%</b>	<b>(6 pp)</b>
<b>PARIS</b>			
Vacant space ERV	3	3	
Portfolio ERV	182	179	
<b>EPRA Vacancy Rate Paris</b>	<b>2%</b>	<b>1%</b>	<b>0 pp</b>
<b>TOTAL PORTFOLIO</b>			
Vacant space ERV	8	14	
Portfolio ERV	345	335	
<b>EPRA Vacancy Rate Total Offices</b>	<b>2%</b>	<b>4%</b>	<b>(2 pp)</b>

##### EPRA Vacancy Rate - Total Portfolio

€m	2019	2018	Var. %
<b>BARCELONA</b>			
Vacant space ERV	1	0	
Portfolio ERV	64	54	
<b>EPRA Vacancy Rate Barcelona</b>	<b>2%</b>	<b>1%</b>	<b>1 pp</b>
<b>MADRID</b>			
Vacant space ERV	4	11	
Portfolio ERV	101	105	
<b>EPRA Vacancy Rate Madrid</b>	<b>4%</b>	<b>10%</b>	<b>(6 pp)</b>
<b>PARIS</b>			
Vacant space ERV	3	3	
Portfolio ERV	222	219	
<b>EPRA Vacancy Rate Paris</b>	<b>1%</b>	<b>1%</b>	<b>0 pp</b>
<b>TOTAL PORTFOLIO</b>			
Vacant space ERV	2	3	
Portfolio ERV	11	-	
<b>EPRA Vacancy Rate Total Portfolio</b>	<b>16%</b>	<b>-</b>	<b>-</b>
<b>TOTAL PORTFOLIO</b>			
Vacant space ERV	11	18	
Portfolio ERV	398	400	
<b>EPRA Vacancy Rate Total Portfolio</b>	<b>3%</b>	<b>4%</b>	<b>(2 pp)</b>

Annualized figures

## 6) EPRA Cost Ratios

E. EPRA Cost Ratios		12/2019
<i>Figures in €m</i>		
(i) Administrative/operating expense line per IFRS income statement		48
(ii) Net service charge costs/fees		30
(iii) Management fees less actual/estimated profit element		0
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits		0
(v) Share of Joint Ventures expenses		0
<i>Exclude (if part of the above):</i>		
(vi) Investment Property depreciation		na
(vii) Ground rent costs		na
(viii) Service charge costs recovered through rents but not separately invoiced		(7)
<b>EPRA Costs (including direct vacancy costs)</b>	<b>A</b>	<b>71</b>
(ix) Direct vacancy costs		(5)
<b>EPRA Costs (excluding direct vacancy costs)</b>	<b>B</b>	<b>66</b>
(x) Gross Rental Income less ground rent costs - per IFRS		352
(xi) Less: service fee and service charge costs components of Gross Rental Income (if relevant)		(6)
(xii) Add: share of Joint Ventures (Gross Rental Income less ground rents)		0
<b>Gross Rental Income</b>	<b>C</b>	<b>346</b>
<b>EPRA Cost Ratio (including direct vacancy costs) (A/C)</b>	<b>A/C</b>	<b>20.4%</b>
<b>EPRA Cost Ratio (excluding direct vacancy costs) (B/C)</b>	<b>B/C</b>	<b>19.1%</b>

## 7) EPRA Capex disclosure

€m	
Property-related CAPEX	12/2019
Acquisitions <sup>(1)</sup>	0
Development (ground-up/green field/brown field)	89
Like-for-like portfolio	17
Other <sup>(2)</sup>	17
<b>Capital Expenditure</b>	<b>123</b>

(1) Does not include contribution of assets in exchange of shares

(2) Includes capitalised interest relating to projects, tenant incentives, letting fees and other capitalised expenses

## Consolidated balance sheet

Consolidated balance sheet		
€m	2019	2018
<b>ASSETS</b>		
Consolidated goodwill	0	62
Property investments	11,797	11,083
Other non-current assets	136	80
<b>Non-current assets</b>	<b>11,933</b>	<b>11,225</b>
Inventory	48	47
Debtors and other receivables	117	100
Other current assets	226	89
Assets available for sale	176	26
<b>Current assets</b>	<b>568</b>	<b>262</b>
<b>TOTAL ASSETS</b>	<b>12,502</b>	<b>11,487</b>
<b>LIABILITIES</b>		
Equity	5,559	4,811
Minority interests	1,402	1,290
<b>Net equity</b>	<b>6,960</b>	<b>6,102</b>
Bond issues and other non-current issues	3,781	3,777
Non-current financial debt	457	724
Deferred tax	377	362
Other non-current liabilities	87	81
<b>Non-current liabilities</b>	<b>4,702</b>	<b>4,943</b>
Bond issues and other current issues	648	284
Current financial debt	6	9
Creditors and other payables	137	107
Other current liabilities	48	42
<b>Current liabilities</b>	<b>839</b>	<b>442</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>12,502</b>	<b>11,487</b>

MARKET VALUE RECONCILIATION - €m		2019
Tangible fixed assets - own use <sup>(1)</sup>		37
Real estate investment (w/o advances on fixed assets) <sup>(2)</sup>		11,796
Non-current assets held for sale - Investment properties		176
Inventories		48
<b>Value accounted on balance</b>		<b>12,058</b>
Unrealised capital gains - own use		35
Not appraised & other <sup>(3)</sup>		13
Tangible fixed assets		2
Rent free periods		88
<b>Adjustments</b>		<b>139</b>
<b>Appraisal value according to external appraisers</b>		<b>12,196</b>

<sup>(1)</sup> Included in the line of "Other non-current assets"

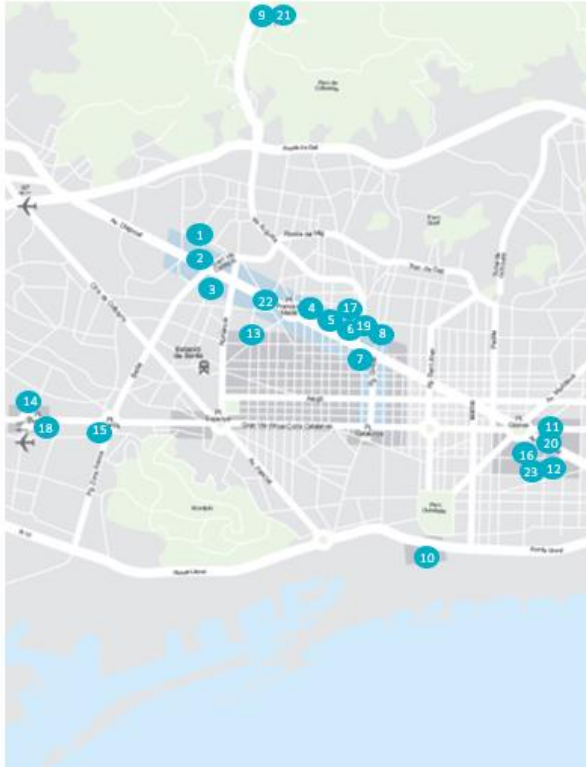
<sup>(2)</sup> Included in the line of "Property Investments"

<sup>(3)</sup> Includes turnkey projects

# 11. Asset portfolio – Location and details

## Location of assets

### Barcelona



1. Paseo de los Tilos, 2-6
2. Av. Diagonal, 682
3. Av. Diagonal, 609-615
4. Travessera de Gràcia, 11
5. Amigó, 11-17
6. Av. Diagonal, 530-532
7. Av. Diagonal, 409
8. Via Augusta, 21-23
9. Complejo de oficinas Sant Cugat Nord
10. Torre Marenostrum
11. Diagonal Glories
12. Complejo de oficinas Illacuna
13. Berlín, 38-48 / Numància, 46
14. Plaza Europa, 42-44
15. Torre BCN
16. Parc Glories
17. Travessera de Gràcia, 47-49
18. Plaza Europa, 34
19. Gal·la Placidia
20. Diagonal, 197
21. Park Cugat
22. Av. Diagonal, 523-525
23. Sancho Àvila, 110-113



1- Paseo de los Tilos, 2-6



2- Av. Diagonal, 682



3- Av. Diagonal, 609-615



4- Travessera de Gràcia, 11



5- Amigo, 11-17



6- Av. Diagonal, 530-532



7- Av. Diagonal, 409



8- Via Augusta, 21-23



9- Sant Cugat Nord



10- Torre Marenostrum



11- Diagonal Glories



12- Complejo Oficinas Illacuna



13- Berlín 38-48/Numancia, 46



14- Plaza Europa, 42-44



15- Torre Bon



16- Parc Glories



17- Travessera Gràcia 47-49



18- Plaza Europa 34



19- Gal·la Placidia



20- Diagonal 197



21- Sant Cugat

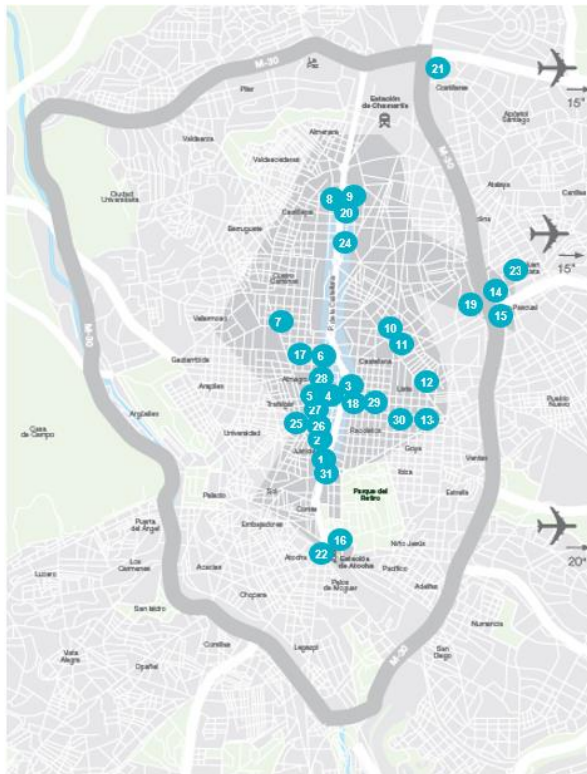


22- Av. Diagonal, 525

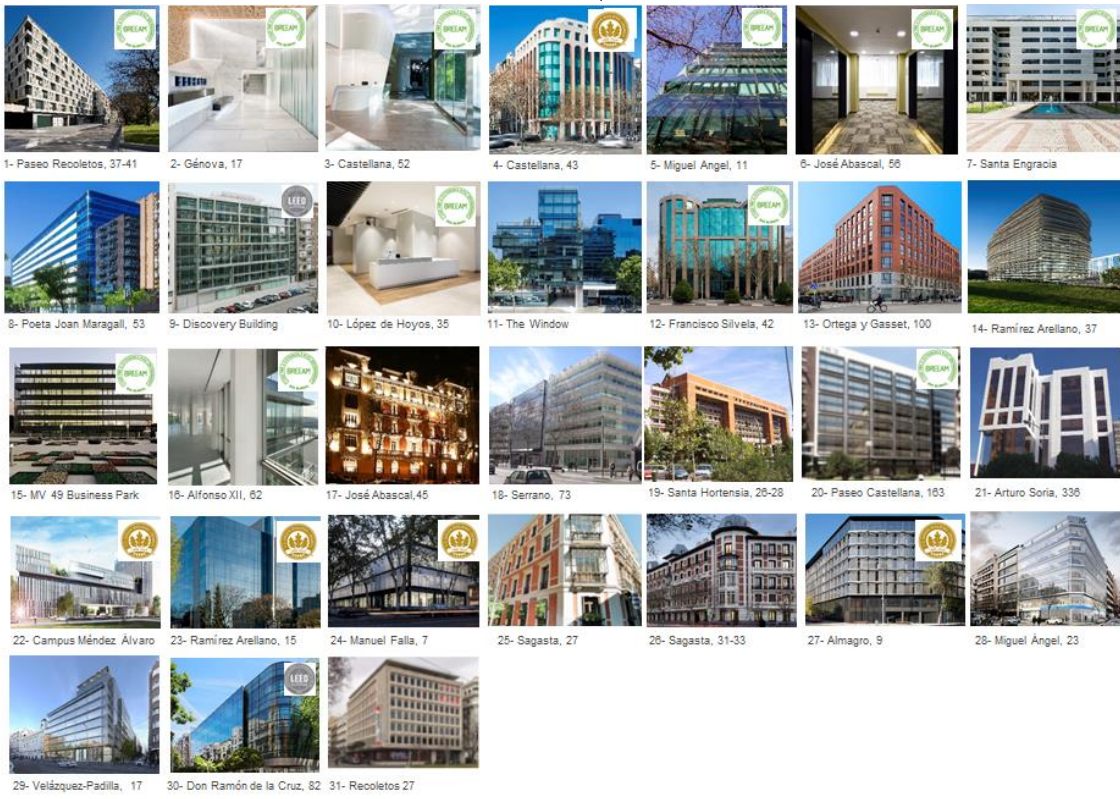


23- Sancho de Àvila, 110-113

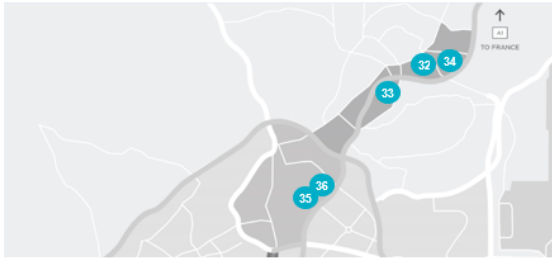
Madrid – Centre & CBD



1. Paseo de Recoletos, 37-41
2. Génova, 17
3. Paseo de la Castellana, 52
4. Paseo de la Castellana, 43
5. Miguel Angel, 11
6. José Abascal, 56
7. Santa Engracia
8. Poeta Joan Maragall, 53
9. Discovery Building
10. López de Hoyos, 35
11. The Window
12. Francisco Silvela, 42
13. Ortega y Gasset, 100
14. Ramírez de Arellano, 37
15. MV 49 Business Park
16. Alfonso XII, 62
17. José Abascal, 45
18. Serrano, 73
19. Santa Hortensia, 26-28
20. Paseo de la Castellana, 163
21. Arturo Soria, 336
22. Campus Méndez Álvaro
23. Ramírez de Arellano, 15
24. Manuel Falla, 7
25. Sagasta, 27
26. Sagasta, 31-33
27. Almagro, 9
28. Miguel Angel, 23
29. Velázquez-Padilla, 17
30. Don Ramón de la Cruz, 82
31. Paseo de Recoletos, 27



**North Madrid – Arroyo de la Vega & Las Tablas**



- 32. Francisca Delgado, 11
- 33. Cedro – Anabel Segura 14
- 34. Av. De Bruselas, 38
- 35. Puerto de Somport, 8
- 36. Puerto de Somport, 10-18



32- Francisca Delgado, 11



33- Cedro-Anabel Segura, 14



34- Av. De Bruselas, 38

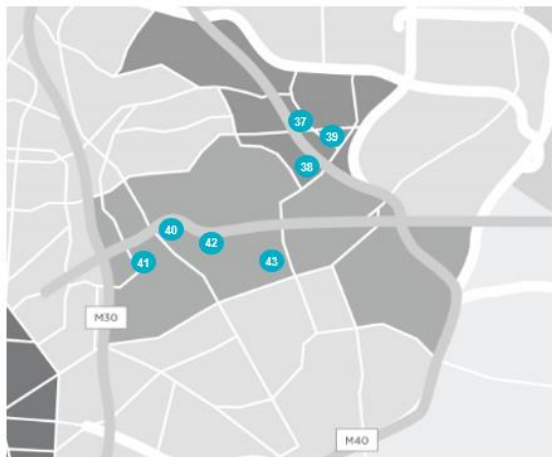


35- Puerto Somport, 8



36- Puerto Somport, 10-18

**East Madrid – Campo de las Naciones & A2**



- 37. Ribera de Loira, 28
- 38. Tucumán
- 39. EGEO - Campo de las Naciones
- 40. Josefa Valcárcel, 40
- 41. Josefa Valcárcel, 24
- 42. Luca de Tena, 7
- 43. Alcalá, 506



37- Ribera de Loira, 28



38- Tucumán



39- EGEO



40- Josefa Valcárcel, 40



41- Josefa Valcárcel, 24

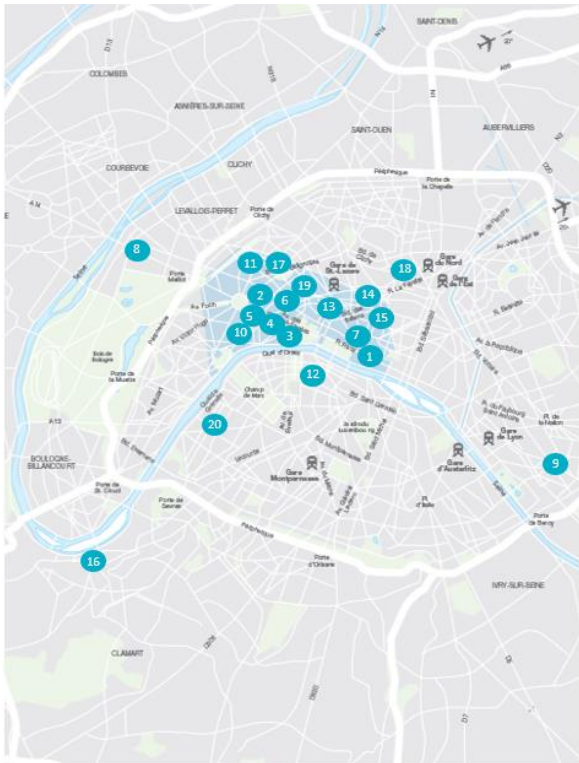


42- Luca de Tena, 7



43- Alcalá, 506

Paris



1. Louvre Saint-Honoré
2. Washington Plaza
3. Galerie des Champs-Élysées
4. 90 Champs-Élysées
5. 92 Champs-Élysées Ozone
6. Cézanne Saint-Honoré
7. Édouard VII
8. 176 Charles de-Gaulle
9. Rives de Seine
10. Marceau
11. 131 Wagram
12. 103 Grenelle
13. 104-110 Haussmann Saint-Augustin
14. 6 Hanovre
15. #Cloud
16. Le Vaisseau
17. 112 Wagram
18. 4-8 Rue Condorcet
19. 9 Avenue Percier
20. Biome



1- Louvre-Saint-Honoré



2- Washington Plaza



3- Galerie de Champs-Élysées



4- 90, Champs-Élysées



5- 92, Champs-Élysées



6- Cézanne Saint-Honoré



7- Édouard VII



8- 176, Charles de Gaulle



9- Rives de Seine



10- Marceau



11- 131, Wagram



12- 103, Grenelle



13- 104 Haussmann St-Augustin



14- 6, Hanovre



15- #Cloud



16- Le Vaisseau



17- 112, Wagram



18- 4-8, Rue Condorcet



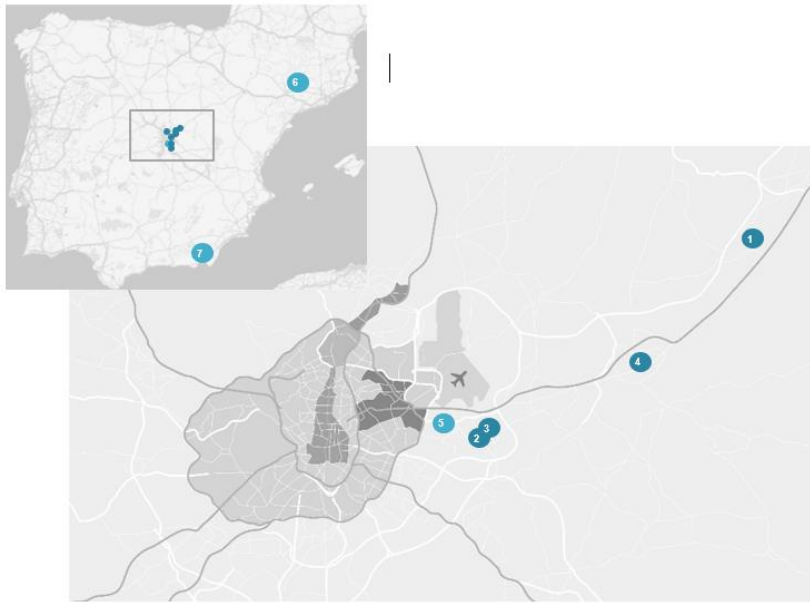
19- 9, Avenue Percier



20- Biome



**Location of logistics & others**



- 1. Azuqueca II
- 2. San Fernando I
- 3. San Fernando II
- 4. Alcalá de Henares
- 5. Las Mercedes Open Park
- 6. Les Gavarres
- 7. Viapark



## Surface area of assets - details

### Barcelona

RENTAL PORTFOLIO BARCELONA	Acquisition year	Floor space above ground				Floor space above ground	Floor space below ground	Total surface	Parking units
		Offices	Retail	Resid.	Hotel				
DIAGONAL 409	2001	3,680	851			4,531	0	4,531	
DIAGONAL 530	1992	9,226	2,555			11,781	4,590	16,371	99
DIAGONAL 609-615 - DAU/PRISMA	1997	21,996				21,996	18,839	40,835	438
AV. DIAGONAL 682	1997	7,728	250			7,978	1,795	9,773	50
PEDRALBES CENTRE	1997	36	4,091			4,127	151	4,278	
AV. DIAGONAL 523-525	1997	5,706				5,706	1,179	6,885	10
BERLIN, 38-48/NUMANCIA, 46	1997	9,644	3,173			12,817	3,608	16,425	99
DIAGONAL 220-240, GLORIES	2000	11,672				11,672	536	12,208	40
ILLACUNA	2006	19,639	812			20,451	13,606	34,057	481
P <sup>a</sup> TILOS, 2-6	2000	5,143				5,143	3,081	8,224	71
TRAVESSERA, 47-49	2016	8,939				8,939	1,620	10,559	36
VIA AUGUSTA, 21-23	1999	4,620	218			4,838	0	4,838	
TRAVESSERA, 11	1994	4,105	410			4,515	1,994	6,509	61
AMIGÓ, 11-17	1994	2,960	608			3,568	1,778	5,346	88
PLZ. EUROPA 42-44	2014	4,869				4,869	2,808	7,677	88
TORRE BCN	2000	9,600	235			9,835	3,355	13,190	88
TORRE MARENOSTRUM	2003	22,394				22,394	19,370	41,764	616
PARC GLORIES	2016	24,450				24,450	5,444	29,894	162
SANT CUGAT	1999	27,904				27,904	20,439	48,343	690
GALA PLACÍDIA	2018	4,285				4,285	1,555	5,840	28
DIAGONAL 197	2014	14,772	385			15,157	9,281	24,438	251
PARK CUGAT	2017	11,999				11,999	21,192	33,191	442
SANCHO DE ÁVILA, 110-130	2019	17,860				17,860	4,776	22,636	202
RESTO LOCALES			103			103	0	103	
<b>CARTERA EN EXPLOTACIÓN</b>		<b>253,226</b>	<b>13,691</b>	<b>0</b>	<b>0</b>	<b>266,918</b>	<b>140,998</b>	<b>407,916</b>	<b>4,020</b>
PLAZA EUROPA 34	2017	14,306				14,306	4,500	18,806	151
PEDRALBES CENTRE	1997	0	3,614			3,614	81	3,695	
RESTO ACTIVOS		644				644	2,034	2,678	
<b>PROYECTOS &amp; REHABILITACIONES</b>		<b>14,950</b>	<b>3,614</b>	<b>0</b>	<b>0</b>	<b>18,564</b>	<b>6,615</b>	<b>25,179</b>	<b>151</b>
<b>TOTAL BARCELONA</b>		<b>268,176</b>	<b>17,305</b>	<b>0</b>	<b>0</b>	<b>285,482</b>	<b>147,613</b>	<b>433,094</b>	<b>4,171</b>

Note: In order to facilitate the analysis of the portfolio, part of the office buildings have been specified to be dedicated to retail/commercial use (generally on the ground floors).

The assets in the Barcelona rental portfolio are 100% owned by Colonial, with the exception of the plot of land at Plaza Europa 34 which is held through a joint venture with Inmo, S.L.

The assets in the Madrid rental portfolio and the rest of Spain are 100% owned by Colonial.

**Madrid**

RENTAL PORTFOLIO MADRID	Acquisition year	Floor space above ground				Floor space above ground	Floor space below ground	Total surface	Parking units
		Offices	Retail	Resid.	Hotel				
CASTELLANA, 52	1998	6,496	1,027			7,523	2,615	10,138	49
P. CASTELLANA, 163	2016	10,846	280			11,127	1,855	12,981	52
RECOLETOS, 37-41	2005	13,642	3,560			17,202	5,340	22,542	175
RECOLETOS, 27	2019	695				695	0	695	
CASTELLANA, 43	2005	5,455	543			5,998	2,441	8,439	81
MIGUEL-ÁNGEL, 11	2005	5,370	930			6,300	2,200	8,500	81
JOSE ABASCAL, 56	2005	9,781	1,468			11,249	6,408	17,657	219
GÉNOVA, 17	2015	3,638	1,038			4,676	2,601	7,277	70
JOSE ABASCAL, 45	2016	5,324				5,324	1,929	7,253	54
SERRANO, 73	2016	4,242				4,242	3,176	7,418	104
ALFONSO XII, 62	2002	13,135				13,135	2,287	15,422	78
SANTA ENGRACIA	2015	13,444	220			13,664	5,562	19,226	180
FRANCISCO SILVELA, 42	1999	4,893	500			5,393	3,926	9,319	105
JOSE ORTEGA Y GASSET 100	2000	0				0	187	187	96
POETA JOAN MARAGALL, 53	2001	13,685	2,330			16,015	9,668	25,683	295
DISCOVERY BUILDING	2015	9,496	656			10,152	4,751	14,903	100
LÓPEZ DE HOYOS, 35	2005	7,140				7,140	4,105	11,245	111
AGUSTÍN DE FOXÁ, 29	2003	0	227			227	0	227	
ARTURO SORIA, 336	2017	8,363	300			8,663	5,598	14,261	191
MARTÍNEZ VILLERGA, 49	2006	24,135				24,135	16,295	40,430	437
RAMÍREZ DE ARELLANO, 37	1999	5,988				5,988	4,923	10,911	160
SANTA HORTENSIA, 26-28	2016	40,029				40,029	32,567	72,596	946
EGEO	2018	18,255				18,255	9,774	28,029	350
PRÍNCIPE DE VERGARA, 112-114	2015	11,367				11,367	4,524	15,892	115
MANUEL FALLA, 27	2015	6,252				6,252	1,640	7,892	41
SAGASTA 27	nd	0	300			300	0	300	
SAGASTA31-33	2016	7,097				7,097	3,720	10,817	93
ALMAGRO 9	2016	15,094				15,094	8,075	23,169	208
MIGUEL-ÁNGEL 23	2017	1,117	835			1,952	4,520	6,472	113
DON RAMÓN DE LA CRUZ 82	2015	9,339				9,339	3,664	13,003	91
FRANCISCA DELGADO 11	2014	15,249	209			15,458	17,977	33,435	395
CEDRO - ANABEL SEGURA 14	2017	2,895				2,895	15,480	18,375	387
PUERTO DE SOMPORT 8	2017	9,280				9,280	14,800	24,080	370
RIBERA DE LOIRA 26	2014	9,824	629			10,553	17,068	27,621	370
TUJUMÁN	2015	5,086	1,321			6,407	6,960	13,367	174
AVENIDA DE BRUSELAS 38	2015	11,089	608			11,697	6,908	18,603	357
RAMÍREZ DE ARELLANO 15	2015	6,670				6,670	4,680	11,350	113
JOSEFA VALCÁRCEL 40	2017	8,718				8,718	7,566	16,284	250
JOSEFA VALCÁRCEL 24	2016	5,652				5,652	3,600	9,252	90
LUCA DE TENA 7	2016	10,145				10,145	13,400	23,545	335
ALCALÁ 506	2015	5,664	595			6,259	8,200	14,459	205
LAGASCA, 88	nd	590				590	0	590	
LOCALES RESTO			860			860	29	889	
<b>CARTERA EN EXPLOTACIÓN</b>		<b>365,282</b>	<b>18,437</b>	<b>0</b>	<b>0</b>	<b>383,719</b>	<b>271,016</b>	<b>654,735</b>	<b>7,641</b>
MÉNDEZ ÁLVARO I - Campus	2017	60,214				60,214	0	60,214	
MÉNDEZ ÁLVARO I - Residencial	2017	0		29,658		29,658	0	29,658	
MÉNDEZ ÁLVARO II	2017	20,276				20,276	0	20,276	
PUERTO DE SOMPORT 10-18	2015	22,000				22,000	0	22,000	
VELAZQUEZ-PADILLA 17	2015	13,820	2,344			16,164	758	16,923	
CEDRO - ANABEL SEGURA 14	2017	14,308				14,308	0	14,308	
JOSE ORTEGA Y GASSET 100	2000	6,870	922			7,792	2,376	10,168	
MIGUEL-ÁNGEL, 23	2017	6,252				6,252	0	6,252	
SAGASTA 27	nd	4,481	115			4,596	0	4,596	
RESTO ACTIVOS		1,088	0			1,088	1,351	2,438	
<b>PROYECTOS &amp; REHABILITACIONES</b>		<b>149,309</b>	<b>3,381</b>	<b>29,658</b>	<b>0</b>	<b>182,347</b>	<b>4,485</b>	<b>186,832</b>	<b>0</b>
<b>TOTAL MADRID</b>		<b>514,590</b>	<b>21,817</b>	<b>29,658</b>	<b>0</b>	<b>566,065</b>	<b>275,502</b>	<b>841,567</b>	<b>7,641</b>

Note: In order to facilitate the analysis of the portfolio, part of the office buildings have been specified to be dedicated to retail/commercial use (generally on the ground floors).

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The assets in the Madrid rental portfolio and the rest of Spain are 100% owned by Colonial.

## Logistics & others

RENTAL PORTFOLIO REST OF SPAIN	Acquisition year	Floor space above ground					Floor space above ground	Floor space below ground	Total surface	Parking units
		Offices	Retail	Resid.	Logistic	Hotel				
HOTEL MOJACAR	2006					11,519	11,519		11,519	
SAN FERNANDO (PHASE I)	2016				69,933		69,933		69,933	
ALCALÁ DE HENARES	2016				8,971		8,971		8,971	
AZUQUECA II	2016				19,064		19,064		19,064	
LES GAVARRES	2014		12,413				12,413	14,080	26,493	352
LAS MERCEDES OPEN PARK	2015		24,649				24,649	21,600	46,249	1,500
VÍAPARK	2016		16,325				16,325		16,325	
<b>CARTERA EN EXPLOTACIÓN</b>		<b>0</b>	<b>53,387</b>	<b>0</b>	<b>97,969</b>	<b>11,519</b>	<b>162,875</b>	<b>35,680</b>	<b>198,555</b>	<b>1,852</b>
SAN FERNANDO (PHASE I)	2016				1,330		1,330		1,330	
AUTOVÍA DE TOLEDO	2017				23,557		23,557		23,557	
<b>PROYECTOS &amp; REHABILITACIONES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>24,887</b>	<b>0</b>	<b>24,887</b>	<b>0</b>	<b>24,887</b>	<b>0</b>
<b>TOTAL LOGÍSTICO &amp; OTROS</b>		<b>0</b>	<b>53,387</b>	<b>0</b>	<b>122,856</b>	<b>11,519</b>	<b>187,762</b>	<b>35,680</b>	<b>223,442</b>	<b>1,852</b>
<b>TOTAL ESPAÑA</b>		<b>782,766</b>	<b>92,510</b>	<b>29,658</b>	<b>122,856</b>	<b>11,519</b>	<b>1,039,309</b>	<b>458,795</b>	<b>1,498,104</b>	<b>13,664</b>

*Note: In order to facilitate the analysis of the portfolio, part of the office buildings have been specified to be dedicated to retail/commercial use (generally on the ground floors).  
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The assets in the Madrid rental portfolio and the rest of Spain are 100% owned by Colonial.*

## France

RENTAL PORTFOLIO PARIS		Floor space above ground					Floor space above ground	Floor space below ground	Total surface	Parking units
		Offices	Retail	Resid.	Logistic	Hotel & others				
LOUVRE SAINT-HONORE	1995	23,551	49			753	24,352	4,110	28,463	236
EDOUARD VII	1999	28,412	15,351	4,509		4,202	52,474	10,145	62,619	523
6 HANOVRE	1958	3,325					3,325	1,246	4,571	0
#CLOUD PARIS	2004	28,192				1,860	30,051	3,164	33,216	99
CONDORCET	2014	20,376		1,562		1,301	23,239	2,457	25,696	50
GALERIE CHAMPS-ELYSEES	2002	0	4,097				4,097	3,828	7,925	125
90 CHAMPS-ELYSEES	2002 / 2009	7,912	932				8,844	0	8,844	
92 CHAMPS-ELYSEES	2000	4,110	3,089				7,199	0	7,199	
CEZANNE SAINT-HONORE	2001 / 2007	24,437	1,663	0			26,101	3,337	29,438	128
131 WAGRAM	1999	7,100				449	7,549	3,119	10,668	124
112 WAGRAM	2008	4,470	892				5,362	546	5,908	29
WASHINGTON PLAZA	2000	38,515	406			2,557	41,478	13,575	55,053	662
HAUSSMANN SAINT-AUGUSTIN	2002 / 2004	11,683	791				12,474	2,650	15,124	104
9 PERCIER	2015	5,126					5,126	427	5,553	14
178 CHARLES DE GAULLE	1997	4,582					4,582	2,623	7,206	145
LE VAISSEAU	2006	6,026					6,026	2,321	8,347	124
RIVES DE SEINE	2004	20,270				1,760	22,030	6,589	28,619	366
103 GRENELLE	2006	8,567	258			1,011	9,836	1,932	11,768	100
<b>CARTERA EN EXPLOTACIÓN</b>		<b>246,655</b>	<b>27,527</b>	<b>6,072</b>		<b>13,892</b>	<b>294,145</b>	<b>62,070</b>	<b>356,215</b>	<b>2,829</b>
BIOME	2017	21,762		719		1,569	24,050	1,866	25,916	89
LOUVRE SAINT-HONORE	1995	1,674	15,951			0	17,625	5,422	23,047	
MARCEAU	2001 / 2007	9,277					9,277	1,773	11,050	90
103 GRENELLE	2006	7,018					7,018	1,704	8,722	
WASHINGTON PLAZA	2000	1,705					1,705	2,177	3,881	
RESTO ACTIVOS		1,985	1,196				3,182	10,206	13,388	
<b>PROYECTOS &amp; REHABILITACIONES</b>		<b>43,420</b>	<b>17,148</b>	<b>719</b>	<b>0</b>	<b>1,570</b>	<b>62,857</b>	<b>23,147</b>	<b>86,003</b>	<b>90</b>
<b>TOTAL FRANCIA</b>		<b>290,075</b>	<b>44,675</b>	<b>6,791</b>	<b>0</b>	<b>15,461</b>	<b>357,002</b>	<b>85,217</b>	<b>442,219</b>	<b>2,919</b>
<b>TOTAL GRUPO COLONIAL</b>		<b>1,072,841</b>	<b>137,185</b>	<b>36,448</b>	<b>122,856</b>	<b>26,980</b>	<b>1,396,311</b>	<b>544,011</b>	<b>1,940,323</b>	<b>16,583</b>

Colonial has 81.7% of the share capital of SFL. SFL has 100% ownership of the totality of its rental portfolio with the exception of Washington Plaza of which it owns 66%, as well as the assets of Champs Élysées 90, Galerie Champs Élysées 82-88 and Haussmann 104-110 of which it owns 50%.

## 12. Historical series

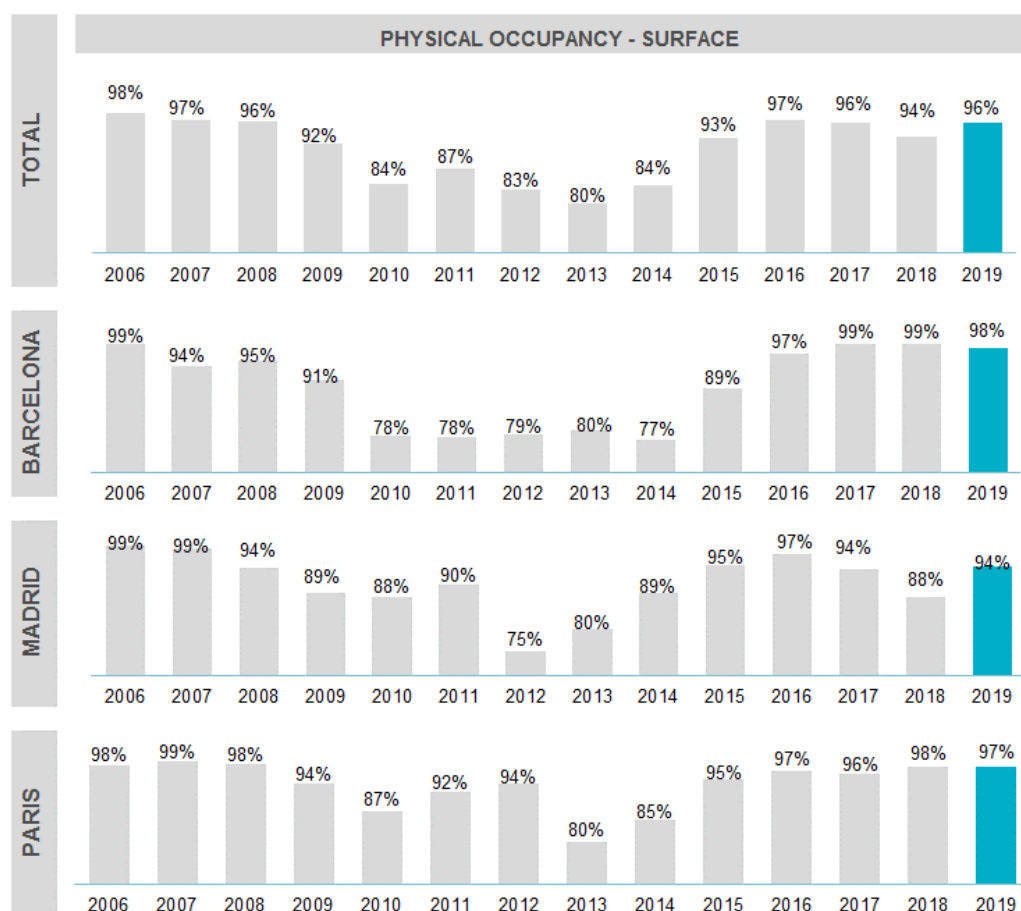
### Offices historical series breakdown <sup>1</sup>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Barcelona</b>																
Physical Offices Occupancy (%)	97%	100%	99%	94%	95%	91%	78%	78%	79%	80%	77%	89%	97%	99%	99%	98%
Rental revenues (€m)	55	53	56	60	51	49	39	32	31	28	28	27	30	35	41	48
Net Rental Income (€m)	53	51	55	58	49	47	37	28	27	25	23	23	28	34	39	44
NRI / Rental revenues (%)	95%	96%	97%	97%	96%	97%	93%	88%	89%	89%	85%	85%	92%	96%	94%	92%
<b>Madrid</b>																
Physical Offices Occupancy (%)	93%	98%	99%	99%	94%	89%	88%	90%	75%	80%	89%	95%	97%	94%	87%	94%
Rental revenues (€m)	37	44	68	70	56	50	47	45	44	35	32	35	43	52	94	90
Net Rental Income (€m)	34	42	66	66	52	46	42	41	40	30	28	31	38	46	83	76
NRI / Rental revenues (%)	93%	94%	96%	95%	92%	92%	90%	90%	90%	86%	85%	88%	88%	88%	88%	85%
<b>Paris</b>																
Physical Offices Occupancy (%)	97%	96%	98%	99%	98%	94%	87%	92%	94%	80%	85%	95%	97%	96%	98%	97%
Rental revenues (€m)	157	153	162	170	182	183	175	152	150	149	152	169	198	196	194	199
Net Rental Income (€m)	147	145	153	162	171	173	162	141	138	137	139	155	188	185	183	189
NRI / Rental revenues (%)	94%	95%	95%	95%	94%	94%	93%	93%	92%	92%	92%	92%	95%	94%	94%	95%

(1) Does not include logistics and others

### Evolution of physical office occupancy

Office Occupancy<sup>(1)</sup> – Evolution of Colonial's Portfolio

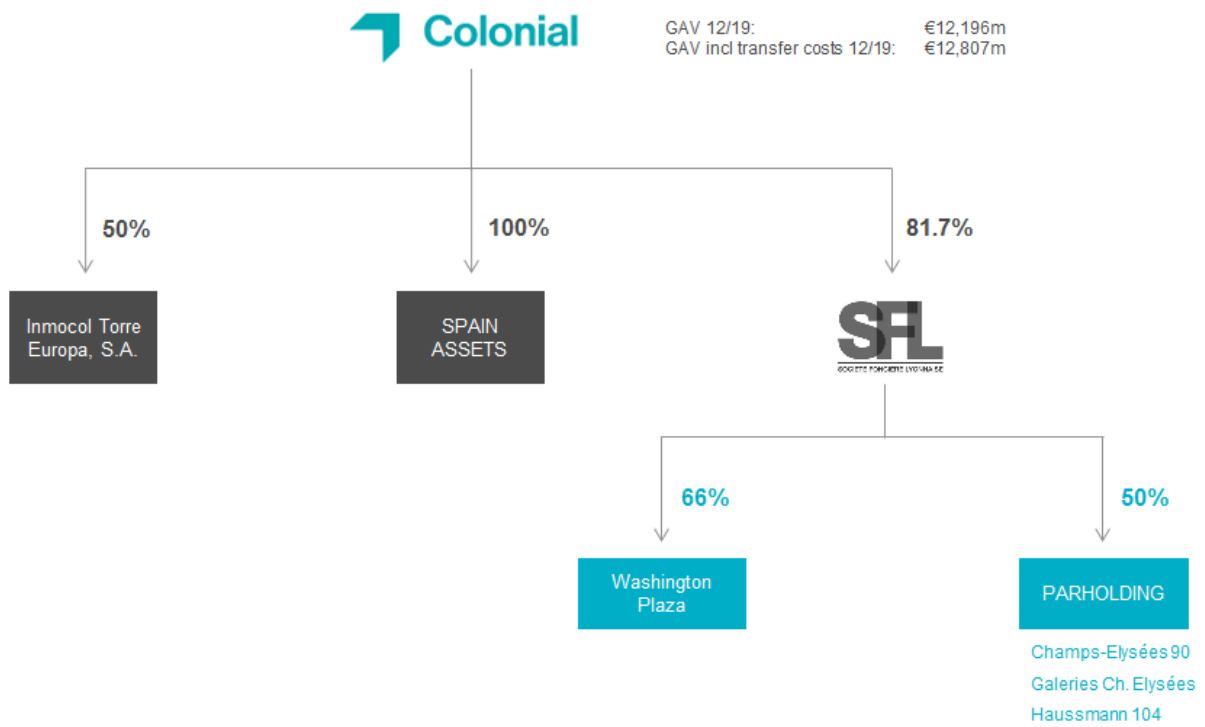


(1) Occupied surfaces /Surfaces in operation

# 13. Group Structure

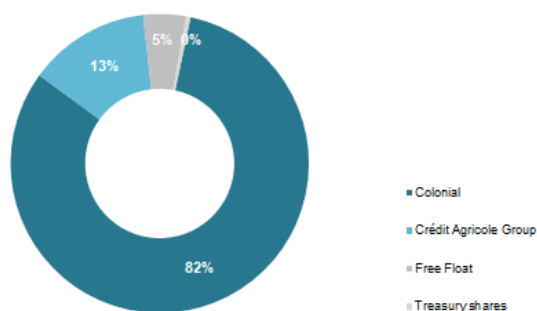
## The Colonial Group Structure

**COLONIAL GROUP**













## Shareholder structure and Board of Directors of SFL

### SFL - Shareholder structure at 31/12/2019



### Board of Directors SFL

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee	Independent Directors Committee
Juan José Brugera Clavero	Chairman	 Colonial	Chairman			
Pere Viñolas Serra	Vice-Chairman - Director	 Colonial	Member	Member		
Carlos Fernández-Lerga Garraida	Director	 Colonial			Chairman	
Carmina Ganyet Cirera	Director	 Colonial	Member		Member	
Angels Arderiu Ibars	Director	 Colonial				
Carlos Krohmer	Director	 Colonial				
Luis Maluquer Trepas	Director	 Colonial				
Nuria Oferill Coll	Director	 Colonial				
Ali Bin Jassim Al Thani	Director					
Jean-Jacques Duchamp	Director		Member		Member	
Chantal du Rivau	Director					
Arielle Malard de Rothschild	Independent Director			Member	Member	Member
Anthony Wyand	Independent Director			Chairman		Member
Alexandra Rocca	Independent Director					Member



## 14. Glossary & Alternative Performance Measures

### Glossary

<b>Earnings per share (EPS)</b>	Profit from the year attributable to the shareholders divided by the basic number of shares
<b>BD</b>	Business District
<b>Market capitalisation</b>	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
<b>CBD</b>	Central Business District (prime business area)
<b>Property company</b>	Company with rental property assets
<b>Portfolio (surface area) in operation</b>	Property/surfaces with the capacity to generate rents at the closing date of the report
<b>EBIT</b>	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.
<b>EBITDA</b>	Operating result before net revaluations, disposals of assets, depreciations, provisions, interests, taxes and exceptional items.
<b>EPRA</b>	European Public Real Estate Association: Association of listed European property companies that sets best market practices for the sector
<b>Free float</b>	The part of share capital that is freely traded on the stock market and not controlled in any stable way by shareholders
<b>GAV excl. transfer costs</b>	Gross Asset Value of the portfolio according to external appraisers of the Group, after deducting transfer costs
<b>GAV incl. transfer costs</b>	Gross Asset Value of the portfolio according to external appraisers of the Group, before deducting transfer costs
<b>GAV Parent Company</b>	Gross Asset Value of directly-held assets + Value JV Plaza Europa + NAV of 81.7% stake in SFL. + NAV stake in Axiare value of the portfolio

<b>Holding</b>	A company whose portfolio contains shares from a certain number of corporate subsidiaries.
<b>IFRS</b>	International Financial Reporting Standards.
<b>JV</b>	Joint Venture (association between two or more companies).
<b>Like-for-like valuation</b>	Data that can be compared between one period and another (excluding investments and disposals).
<b>LTV</b>	Loan to Value (Net financial debt/GAV of the business).
<b>EPRA Like-for-like rents</b>	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.
<b>EPRA NAV</b>	EPRA Net Asset Value (EPRA NAV) is calculated based on the consolidated equity of the company and adjusting some items following the EPRA recommendations.
<b>EPRA NNAV</b>	The EPRA NNAV 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.
<b>EPRA Cost Ratio</b>	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.
<b>Physical Occupancy</b>	Percentage: occupied square metres of the portfolio at the closing date of the report/surfaces in operation of the portfolio
<b>Financial Occupancy</b>	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).
<b>EPRA Vacancy</b>	Vacant surface multiplied by the market rental prices/surfaces in operation at market rental prices. Calculation based on EPRA Best Practices guidelines.

<b>Reversionary potential</b>	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.
<b>Projects underway</b>	Property under development at the closing date of the report
<b>RICS</b>	Royal Institution of Chartered Surveyors
<b>SFL</b>	Société Foncière Lyonnaise
<b>Take-up</b>	Materialized demand in the rental market, defined as new contracts signed
<b>Valuation Yield</b>	Capitalization rate applied by the independent appraisers in the valuation
<b>Yield on cost</b>	Market rent 100% occupied/Market value at the start of the project net of impairment of value + invested capital expenditure.
<b>Yield occupancy 100%</b>	Passing rents + vacant spaces rented at the market prices/market value
<b>EPRA net initial yield (NIY)</b>	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 (estimated purchasing costs)
<b>EPRA Topped-Up Net Initial Yield</b>	EPRA Net Initial Yield adjusted in respect of the expiration of rent-free periods
<b>Gross Yield</b>	Gross rents/market value excluding transfer costs
<b>Net Yield</b>	Net rents/market value including transfer costs
<b>€m</b>	In millions of euros

## Alternative performance measures

<b><u>Alternative performance measure</u></b>	<b><u>Method of calculation</u></b>	<b><u>Definition/Relevance</u></b>
<b>EBIT</b> <i>(Earnings before interest and taxes)</i>	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.
<b>EBITDA</b> <i>(Earnings Before Interest, Taxes, Depreciation and Amortization)</i>	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.
<b>Gross financial debt</b>	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.
<b>EPRA<sup>1</sup> NAV</b> <i>(EPRA Net Asset Value)</i>	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.
<b>EPRA<sup>1</sup> NNAV</b> <i>(EPRA triple net asset value)</i>	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
<b>Market value excluding transaction costs or Gross Asset Value (GAV) excluding Transfer costs</b>	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.
<b>Market value including transaction costs or GAV including Transfer costs</b>	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**

### **Like-for-like rental income**

## **Method of calculation**

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).

## **Definition/Significance**

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.

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## 15. Contact Details & Disclaimer

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### Contact details

#### Investor Relations

Tel. +34 93 404 7898

[inversores@inmocolonial.com](mailto:inversores@inmocolonial.com)

#### Shareholders Office

Tel. +34 93 404 7910

[accionistas@inmocolonial.com](mailto:accionistas@inmocolonial.com)

#### Colonial Website

[www.inmocolonial.com](http://www.inmocolonial.com)

#### Capital Market registry data – Stock market

Bloomberg: COL.SM

ISIN code: ES0139140042

Indices: MSCI, EPRA (FTSE EPRA/NAREIT Developed Europe y FTSE EPRA/NAREIT Developed Eurozone), IBEX35, Global Property Index 250 (GPR 250 Index) & EUROSTOXX 600.

#### About Colonial

Inmobiliaria Colonial, SOCIMI, S.A.

##### Barcelona office

Avenida Diagonal, 532  
08006 Barcelona

##### Madrid office

Pº de la Castellana, 52  
28046 Madrid

##### Paris office

42, rue Washington  
75008 Paris

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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