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RELEVANT INFORMATION ("OTRA INFORMACIÓN RELEVANTE")

Following the Relevant Information published on the 24th of February 2020, with the registered number 228, Colonial publishes the documentation to support the presentation to analysts and investors corresponding to the Results of 2019 that will be held today Thursday 27th of February 2020 at 6:30 PM (CET) through webcast.

The information regarding the presentation is detailed below:

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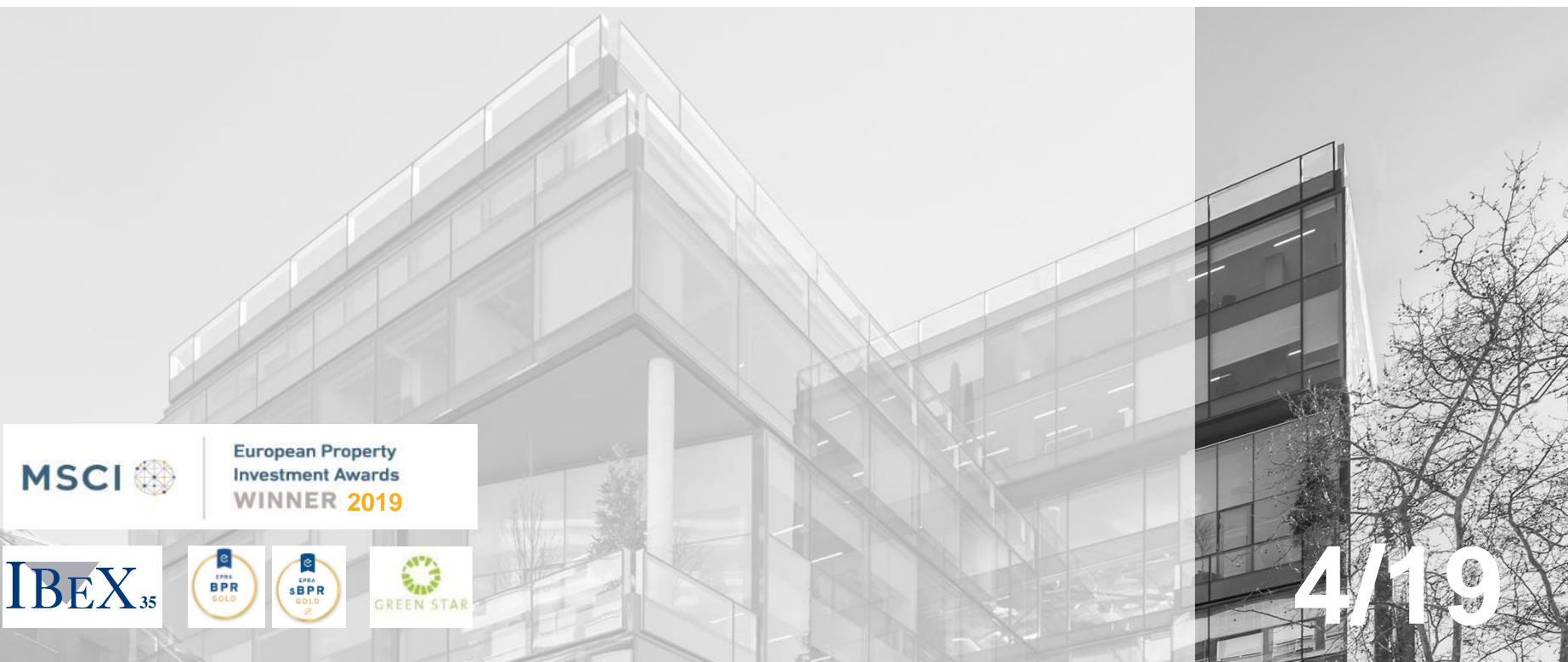
From USA: +1 6467224916 + Pin Code 72332571#

The presentation can be followed online through the following link:

<https://event.on24.com/wcc/r/2190789-1/A04BC4951E137D75892330F14E511CE4?partnerref=rss-events>

In addition, the presentation will be available on the website of the company.

In Madrid, February 27th, 2020



MSCI  **European Property
Investment Awards
WINNER 2019**

IBEX₃₅

 EPRA
**BPR
GOLD**

 EPRA
**SBPR
GOLD**

 **GREEN STAR**

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- 01 Highlights
- 02 Market
- 03 Operational performance
- 04 Financial performance
- 05 Growth drivers
- 06 Conclusion

PRESENTING MANAGEMENT TEAM



Pere Viñolas
Chief Executive Officer



Carmina Ganyet
Corporate Managing Director



Carlos Krohmer
Chief Corporate Development Officer





OUTSTANDING FINANCIAL RESULTS

- > **Total Shareholder Return 2019 of +16%**
- > EPRA NAV of €11.5€ per share: +14%
- > Gross Asset Value of €12.2bn, +9% like-for-like
- > Gross Rental Income of €352m, +4% like-for-like
- > Recurring earnings of €139m, +38%
- > **Recurring EPS of €27.4cts. per share, +23%**
- > **Group Net Profit of €827m, + 58%**

STRONG OPERATIONAL PERFORMANCE

- > Disposals of €477m with +16% premium on GAV¹
- > 263,301 sq m let with top tier clients
- > Vacancy at 2.7%, significant improvement YoY
- > Strong growth in rental prices
 - ✓ Double Digit Release Spread
 - ✓ Strong uplift vs ERV
- > €160m of Value Add Acquisitions
- > €1.3bn project portfolio with 6.6% Yield on Cost

(1) Last reported GAV pre transaction

01 Highlights 2019

Record Net Profit of €827m, +58%

- > Total Annual Shareholder Return of +16%
- > Net Asset Value of 11.5€/share +14%
- > Recurring EPS of 27.4€Cts/ share, +23%

Total Annual Return - € per share	2019	YoY
TOTAL SHAREHOLDER RETURN		+16%
EPRA NAV - €/share growth	11.5	+14%

Strong Capital Value Growth (GAV)	2019	YoY Var
Group like-for-like	€12,196m	+9%
Madrid like-for-like		+6%
Barcelona like-for-like		+16%
Paris like-for-like		+9%

Profit & Loss - €m	2019	YoY Var
Gross Rental Income	€352m	+4% LFL
Recurring Net Profit	€139m	+38%
Recurring EPS	€27.4cts/share	+23%
Group Net Profit	€827m	+58%

Balance sheet - €m	2019	YoY Var
GAV Group	€12,196m	+7%
EPRA NAV	€5,825m	+14%

A solid capital structure	12/19
LTV	36%
Liquidity	€2,082m
Rating S&P	BBB+

Solid fundamentals driving top line growth

- > Group vacancy below 3% with strong fundamentals
- > Outstanding GRI Like for Like growth of +4%
- > Double digit Release Spread & Superior Rental Growth

Solid Fundamentals	2019
EPRA Vacancy	2.7%
Volume of sq m signed	263,301
# transactions signed	135

Outstanding GRI like for like	2019	YoY Var
Group like-for-like³	€352m	+4%
Madrid like-for-like ³		+6%
Barcelona like-for-like ³		+2%
Paris like-for-like ³		+3%

Unparalleled Prime Positioning



Capturing Rental Price Increases

Double-digit release Spread¹	+14%
Barcelona	+31%
Madrid	+9%
Paris	+7%
Strong rental growth²	+6%
Barcelona	+9%
Madrid	+4%
Paris	+7%

(1) Rental prices signed vs previous rents
 (2) Rental prices signed vs ERV 12/18
 (3) EPRA like-for-like variance based on EPRA BPR methodology
 (4) Office portfolio in operation with Leed & Breeam certificates

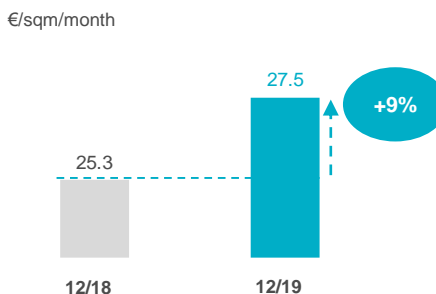
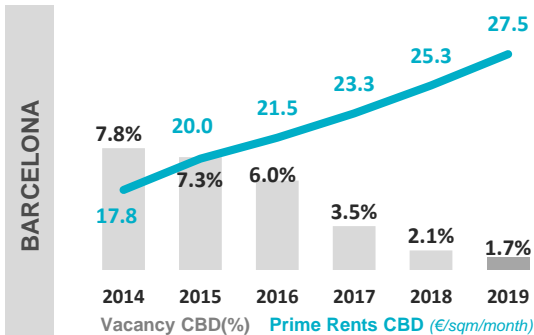


CBD outperforming in the rental market

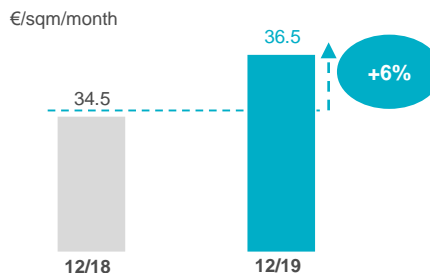
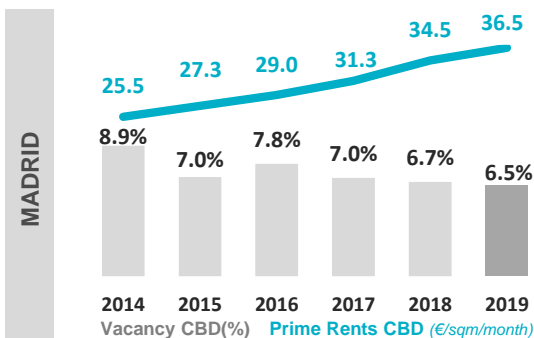
VACANCY %

PRIME ERV

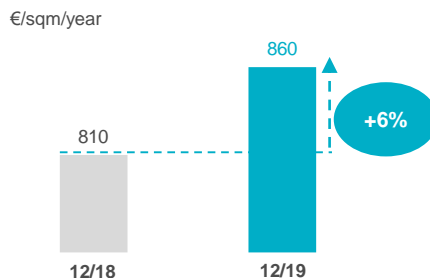
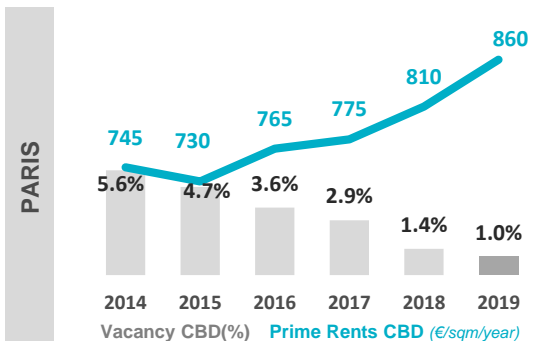
HIGHLIGHTS



- > CBD vacancy at historical lows -> 1.7%
- > Record take-up of 410,000 sq m +12% YoY
- > Prime rents at €27.5/sq m /month, +9% YoY
- > Solid Growth perspectives going forward

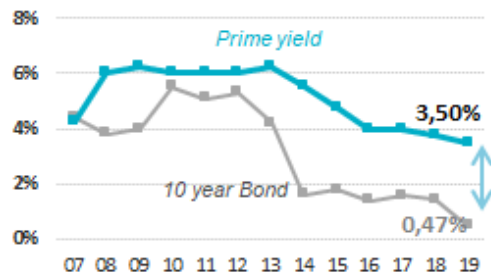


- > CBD vacancy decreased further to 6.5%
- > Strong take-up: of more 600,000 sq m in 2019
 - Above 5 year average
 - CBD segment with the highest demand
- > Prime rents at €36.5/sq m /month, +6% YoY
- > Robust growth perspective

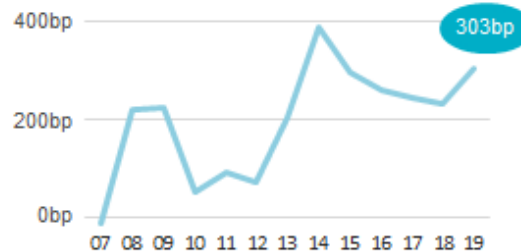


- > CBD vacancy at all time lows: 1.0%
- > Strong take-up of 2,317,000 sq m
 - Above 10 year average
 - 50% of Take-up in Paris City Center
- > Prime rents 12/19 at €860/sq m /year
- Selected recent transactions above €900 sqm/year

Investment Markets with strong fundamentals

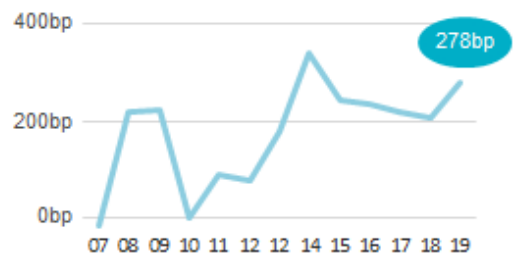
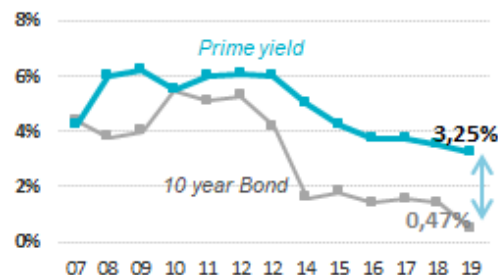
PRIME YIELDS ⁽¹⁾

SPREAD VS 10Y BOND

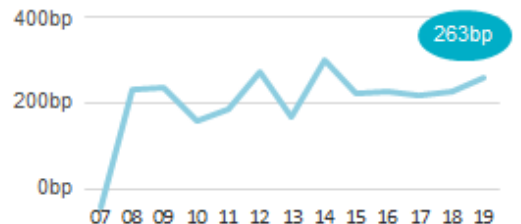
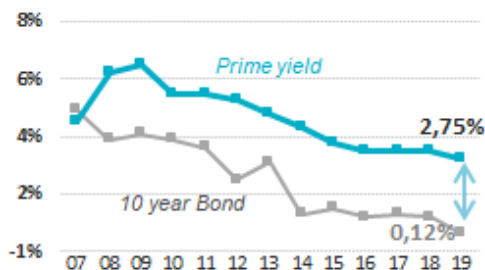


HIGHLIGHTS

- > Record of investment volume
 - More than €1,8bn
 - 4.5x times 2018 volume
- > 22@ district attracting investments focused on grade A assets
- > Prime yield at 3.50%, with healthy spread



- > High investment volume
 - More than €2,4bn
 - Recoletos asset (Foster Project) with a record price
- > Prime Yield at 3.25%
- > Healthy spread of 278 bp above 10 year average of 200 bp



- > Investment volume with historical record
 - 12 €bn, +10% YoY
 - 69% of deals > 100 €m
- > Prime Yield at 2.75%
- > Attractive spread of more than 260 bp vs reference rate

(1) Market consultants in Spain report gross yields and in France they report net yields 10 year Bond as of 31 December 2019

Investment Markets with ongoing support for prime

- > Investor interest for prime product remains very strong
- > Very high willingness to pay for defensive assets
- > Low interest rates environment favouring real estate transactions

BARCELONA

City Center PLAÇA CATALUNYA 16 ⁽¹⁾

Price €100m

Cap. Value €11,723sqm

Prime CBD Diagonal 471

Price €152m

Cap. Value €8,000sqm

22@ CBD SANCHO DE ÁVILA 65

Price €56m

Cap. Value €6,743sqm

New Development

MADRID

Prime CBD EDIFICIO AXIS ⁽¹⁾

Price €100m

Cap. Value €25,000sqm

CBD CASTELLANA 200

Price €250m

Cap. Value €9,360sqm

BD Gran Via 20

Price €44m

Cap. Value €8,150sqm

PARIS

Prime CBD 79 CHAMPS ELYSEES ⁽¹⁾

Price €613m

Cap. Value €59,500sqm

Prime Comercial

Prime CBD 79 HAUSSMANN

Price €142m

Cap. Value €26,296sqm

Prime CBD 2 MONTESQUIEU

Price €86m

Cap. Value €24,000sqm

(1) Includes retail use
Source: Brokers and Public information



Unparalleled exposure to CBD

03 Operational performance

High letting volume with 263,301 sqm signed in very good terms

		<u># CONTRACTS</u>	<u>SQM SIGNED</u>	<u>GRI SECURED¹</u>	<u>EPRA VACANCY²</u>	<u>INCENTIVES³</u>	<u>MAX. RENT SIGNED</u>
BARCELONA		41	64,466	€16m	2.0%	6%	29 €/sqm/month
MADRID		53	142,781	€33m	4.3%	5%	36 €/sqm/month
PARIS		41	56,054	€43m	1.6%	14%	907 €/sqm/year

TOTAL		135	263,301	€93m	2.4%	12%	
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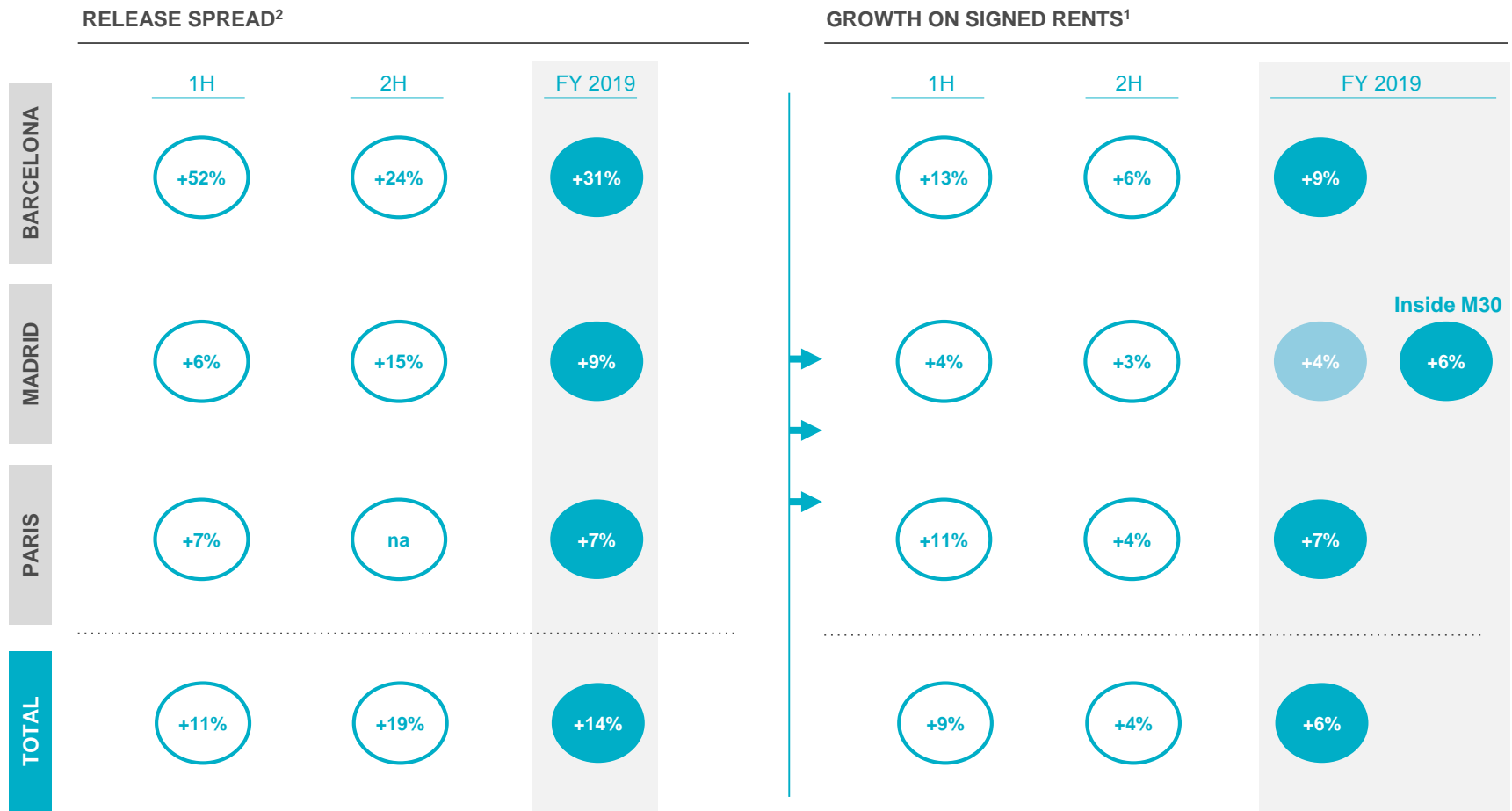
(1) Annualized figures of signed contracts
 (2) Financial vacancy calculated according to EPRA methodology
 (3) Incentive ratio = economic rents/ facial rents -1

03 Operational performance

Strong delivery on rental price increases

- > 2019 with strong price increases in every segment
- > Significant rental growth in every segment
- > High release spreads in every market

SOLID INCREASE IN RENTAL PRICES



(1) Signed rents vs 12/18 ERV (new lettings & renewals)
 (2) Signed rents vs previous contracts (renewals)

03 Operational performance

Strong delivery on rental price increases

- > Renovation program as accelerator for growth
- > Significant rental uplift above ERV
- > Strong capital value impact post execution

CBD
Paris

106 HAUSSMANN



+10%
vs. ERV



Rent above 800 €/sqm/ year: +10% vs ERV

- > Full renovation of entrance and common spaces
- > 100% of pre-letting of full program
- > Long term contract for 12 years (CPI Indexed)

Paris
Neuilly

CHARLES DE GAULLE



+20%
vs. ERV



High double-digit rental price increase: +20% vs ERV

- > Renovation of common spaces and floorplates upgrade
- > 82% of pre-letting while program accelerating
- > Ongoing commercialization with good momentum

22@
Barcelona

TORRE MARENOSTRUM



+25%
Release
Spread



Strong reversion: +25% vs previous rent

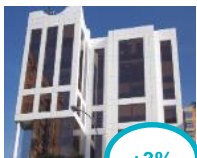
- > Transformation to multitenant and upgrade of common areas
- > High levels of pre-letting due to "hybrid product"
- > Strong interest for the remaining surface (c.15,000 sqm)

(1) Signed rents vs previous contracts
(2) Signed rents vs 12/18 ERV

Strong delivery on rental price increases across the entire portfolio

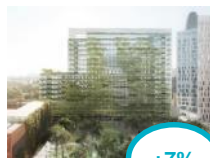
GROWTH ON SIGNED RENTS¹

Arturo Soria, 336



+3%

Ciutat de Granada



+7%

Av. Bruselas 38



+7%

Lopez de Hoyos 35



+8%

L. St. Honoré Offices



+8%

Berlín Numància



+10%

Via Augusta



+10%

Av. Diagonal, 682



+11%

Recoletos 37



+11%

Diagonal 525



+12%

Hausmann



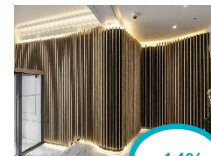
+13%

Francisco Silvela



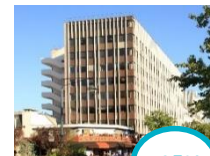
+14%

Diagonal 409



+14%

Charles de Gaulle



+35%

Torre Mareostrum



+16%

Av. Diagonal, 682



+16%

Sant Cugat



+17%

Castellana 163



+17%

Castellana 163



+25%

Edouard VII



+32%

Dau Retail



+135%



(1) Signed rents vs 12/18 ERV (new lettings)

03 Operational performance

Strong delivery on rental price increases across the entire portfolio

RELEASE SPREAD¹

Louvre St Honoré



+8%

Sant Cugat



+19%

Santa Engracia



+20%

Diagonal 197



+21%

Josefa Valcárcel



+24%

Miguel Ángel, 11



+24%

Tucumán



+24%

Illacuna



+25%

Alfonso XII



+25%

Amigó 11-17



+33%

Diagonal 409



+33%

Diagonal 609



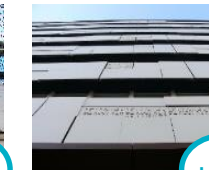
+38%

Berlín Numancia



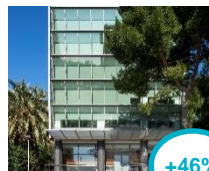
+39%

José Abascal 56



+44%

Diagonal 682



+46%

Berlín Numancia



+51%

José Abascal 56



+51%

Torre BCN



+52%

Illacuna



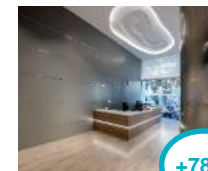
+53%

Diagonal 409



+53%

Via Augusta



+78%



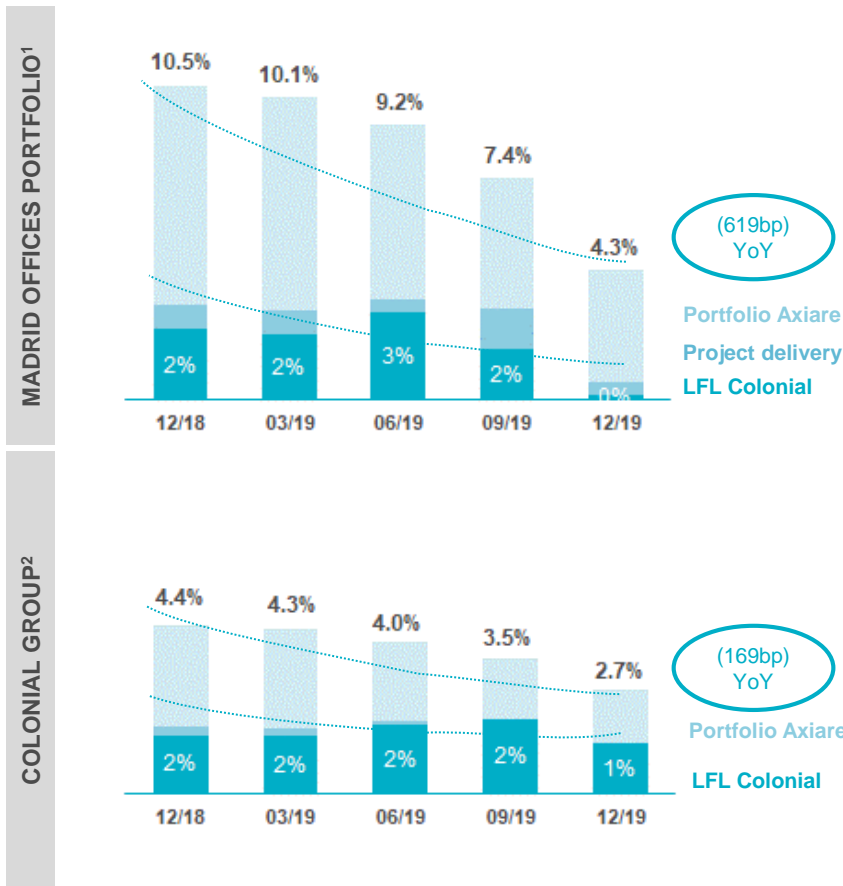
(1) Signed rents vs previous contracts (renewals)

03 Operational performance

Strong delivery on letting-up vacancy

- > More than 600 bp Madrid vacancy reduction YoY
- > Group vacancy from 4.4% down to 2.7%
- > Ongoing strong momentum

EPRA VACANCY



LETTING UP PRODUCT & OFFLOADING NON CORE

Cristalia, 5-6

Luca de Tena, 6

Luca de Tena, 14

De La Vega B. Park

Cristalia, 2-3

Av. De Bruselas, 38

José Abascal, 56

Alfonso XII

Ramirez Arellano 15

PROVIDING NEW PRIME PRODUCT TO THE MARKET

Castellana, 163

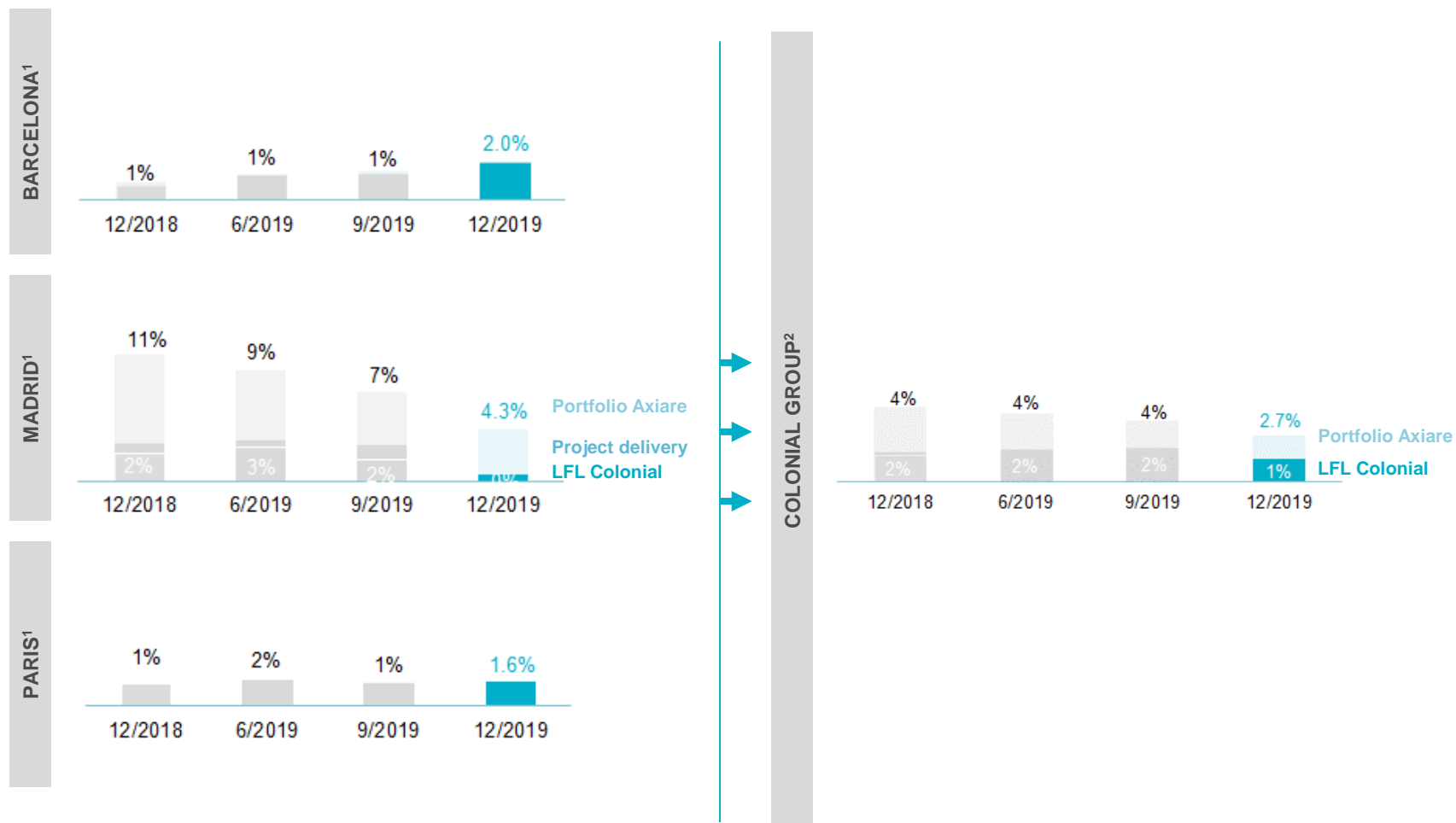
Sagasta 31-33

(1) EPRA Vacancy office portfolio
 (2) EPRA Vacancy including all uses

Vacancy remains at healthy levels

- > Colonial Group vacancy at a healthy 2.7%
- > Barcelona vacancy at 2.0% and Paris vacancy at 1.6%
- > Madrid vacancy at 4.3%

EPRA VACANCY



(1) EPRA Vacancy office portfolio
 (2) EPRA Vacancy including all uses

03 Operational performance

Solid value creation through project delivery

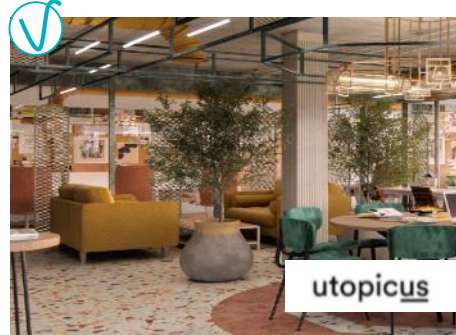
- > Successful delivery of unique projects
- > Capturing highest market rent in each submarket
- > Significant capital value creation

2019 PROJECT DELIVERY

Pedralbes Centre



Gala Placidia



Avenida de Bruselas 38



Josefa Valcárcel 40 bis



STRONG VALUE CREATION

More than 31,800 sq m of real estate transformation:

- Creation of unique products
- Optimal time to market
- Let with high quality clients
- Capturing highest market rent



Capital Value Growth ¹ +41%

Capital Value Growth ¹ - CBD +46%

(1) Gross Asset Value 12/19 vs Total cost (Acquisition price + capex invested)

03 Operational performance ESG Strategy on track

- > Strong ESG momentum in 2019 on every dimension
- > Significant improvement on GRESB
- > Increased scope of portfolio with highest energy certificates

STRONG MOMENTUM

1 GRESB with significant improvement

- > +16 points, +26% YoY
- > 94/100 on Governance
- > Positive momentum going forward



2 Office Portfolio with increasing Breeam & Lead

- > +€1bn with certificates YoY
- > +29% increase in 24 months
- > #1 on GRESB / BREEAM 2019 Award



3 AA Rating on MSCI

- > One of the highest Ratings in Europe
- > Up from BBB in 24 months
- > Strong scoring on Governance



4 First mover on ESG loans

- > €151m signed with two banks
- > Margins linked to ESG rating improvement

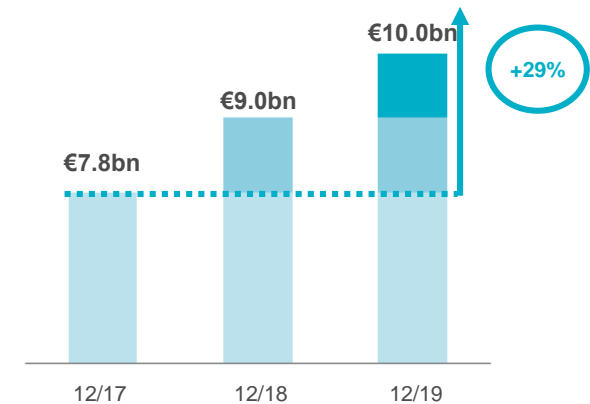


5 Ethibel Sustainability Excellence Europe Index

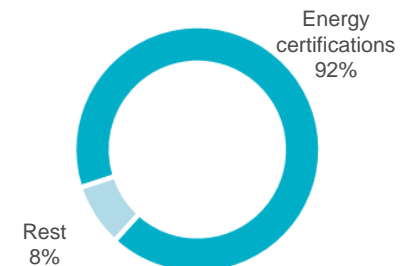
- > Index includes best performers on ESG.
- > Index inclusion of Colonial in 9/19



Portfolio with Leed / Breeam¹ - Value



Portfolio with Leed / Breeam¹ - Value



(1) Office Portfolio in operation





03 Operational performance

ESG Strategy on track

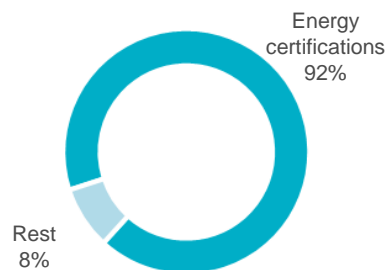
- > ESG excellence at the Core of Strategy
- > ESG Ratings at the high end – MSCI with AA
- > GRESB / BREEAM 2019 Award for Responsible Real Estate Investment

BENCHMARK / INDEX

ACHIEVEMENT / RATING

	<ul style="list-style-type: none"> > AA Rating (up from BBB in 24 months) > One of the highest ratings in Europe > Strong scoring on Governance
	<ul style="list-style-type: none"> > Gold 4th year in a row > Gold since 2016 > First mover in Spain
 	<ul style="list-style-type: none"> > GRESB / BREEAM 2019 Award for Responsible Real Estate Investment > #1 in the Large Portfolio Category (more than €1bn) > 92% of portfolio with highest energy standards

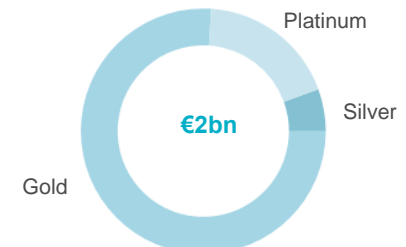
Portfolio with Leed / Bream¹ - Value



Bream – Value breakdown



Leed – Value breakdown



(1) Office Portfolio in operation

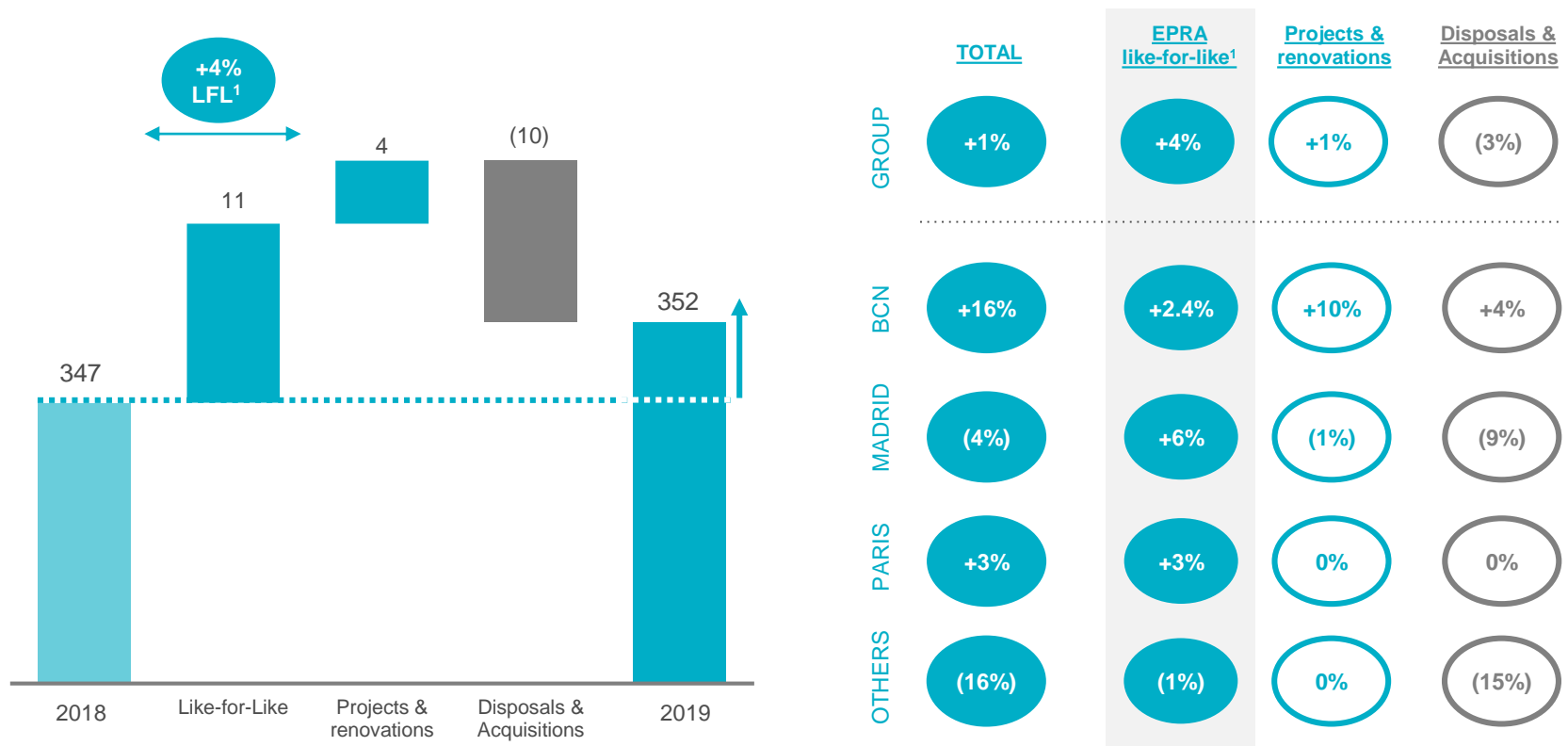


04 Financial performance

Strong top line growth

- > Outstanding +4% like for like
- > Madrid with highest LFL of +6%
- > Paris & Barcelona LFL strong with +3% and +2.4%

GROSS RENTAL INCOME - €M



(1) Like-for-like calculated following EPRA BPR recommendations

Like-for-like rental growth price driven

- > Like-for-like growth largely driven by rental price increases
- > Barcelona and Paris fully price driven
- > Madrid growth driven by a combination of price and volume

GROSS RENTAL INCOME - €M

STRONG EPRA LIKE-FOR-LIKE GROWTH

GRI LIKE-FOR-LIKE OF +4%

- > Madrid with +6% like-for-like
Important rental price increases combined with solid letting up of vacant spaces
- > Barcelona with +2.4% like-for-like
Fully rental price driven
- > Paris with +3% like-for-like
Strong rental price increases the main driver

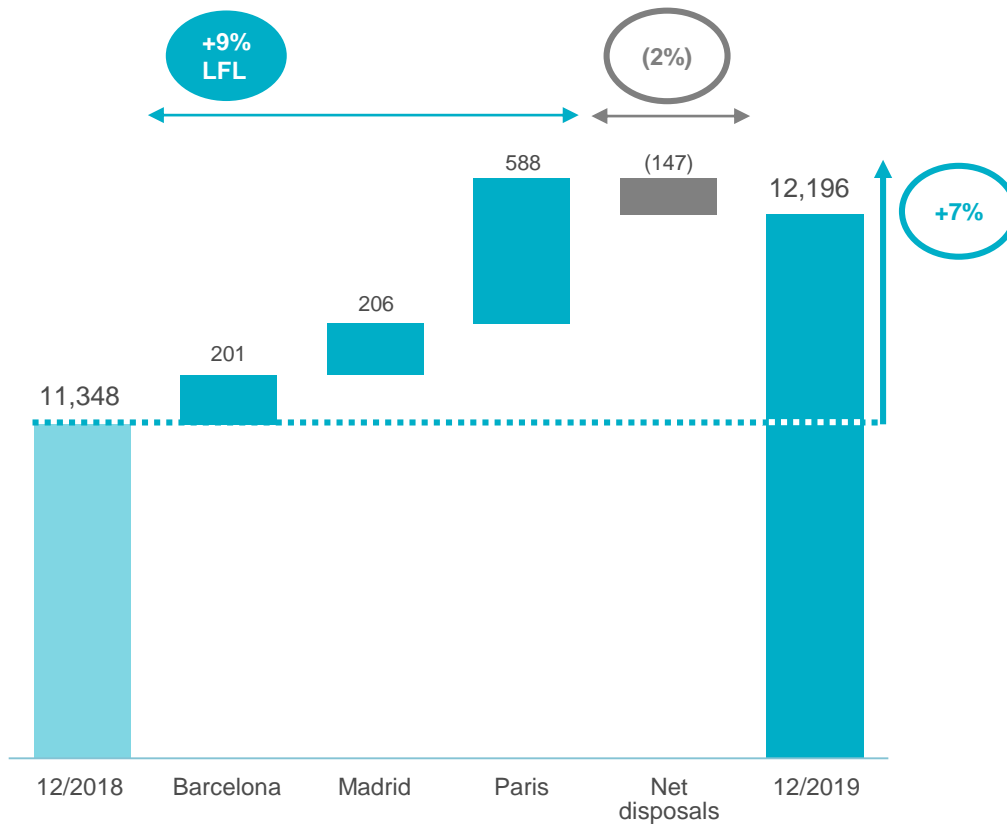
	EPRA like-for-like ¹	Price	Volume
GROUP	+4%	2.5%	1.1%
MADRID	+6%	3.7%	2.4%
BCN	+2.4%	2.1%	0.3%
PARIS	+3%	2.1%	1.0%

(1) like-for-like calculated following EPRA BPR recommendation

Strong underlying growth in Asset Values

- > Gross Asset Value of €12,196m (€12,807m including transfer costs)
- > +9% like for like YoY growth
- > Barcelona outstanding with +16% like for like

GAV 2019 GROWTH



GAV VARIANCE

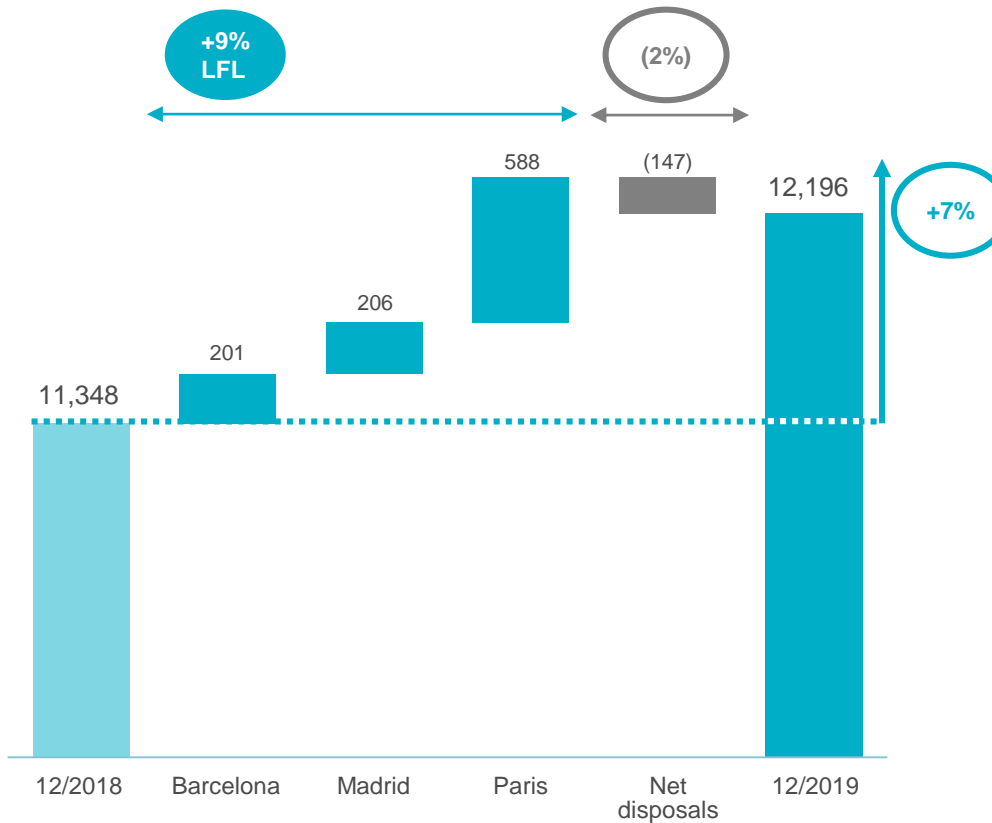
	FY 2019	2H 2019
BARCELONA	+16%	+7%
MADRID	+6%	+3%
PARIS	+9%	+5%
GROUP LFL	+9%	+5%
NET DISPOSALS	(2%)	(1%)
GROUP TOTAL	+7%	+3%

04 Financial performance

Strong underlying growth in Asset Values

- > +9% like for like Capital Value Growth in 2019
- > Strong Alpha component of +5.9% (Project Delivery + Rental Growth)
- > Scarcity factor of prime portfolio adding +2.9%

GAV 2019 GROWTH



LIKE FOR LIKE VARIANCE YoY

	FY 2019	Project delivery	Price	Yield
BARCELONA	+16%	+8.0%	+3.1%	+5.0%
MADRID	+6%	+2.3%	+1.5%	+2.1%
PARIS	+9%	+4.0%	+2.1%	+2.9%
GROUP LFL	+9%	+3.9%	+2.0%	+2.9%
NET DISPOSALS	(2%)			
GROUP TOTAL	+7%			

Selective disposals – Value Creation with high premiums

- > Selective Non-Core disposals
- > Double digit premiums on appraisals
- > Ongoing flight to quality & focus

DISPOSALS 2019¹

Hotel Centro Norte



Parc Central



Logistic Portfolio



VALUE CREATION THROUGH NON-CORE DISPOSALS

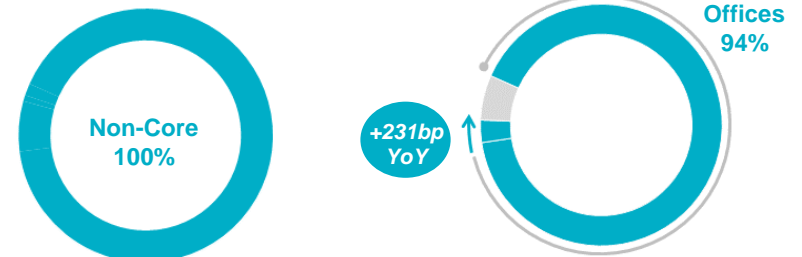
€477m of Non-Core Disposals in 2019¹

+16% premium on GAV²

PORTFOLIO WITH ENHANCED QUALITY

100% NON CORE DISPOSALS

INCREASED FOCUS ON PRIME OFFICES



(1) Disposal volume including the 2019 sale of logistics, the Centro Norte Hotel and Parc Central as well as the potential exercise of the option by the buyer on the rest of the logistics portfolio in 2020
 (2) Price versus last reported GAV pre transaction

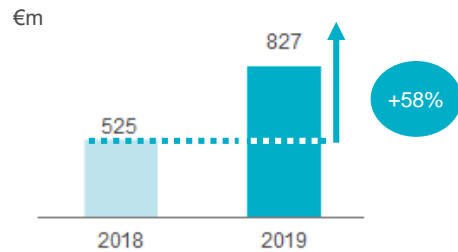
04 Financial performance

Profitable growth with enhanced quality

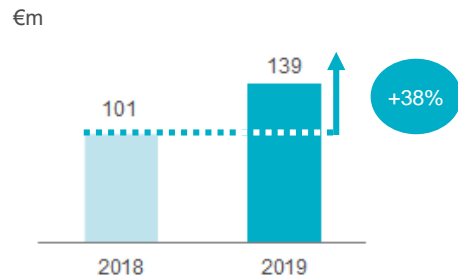
- > Record net profit of €827m, +58%
- > High double digit recurring EPS growth
- > Non-Core Disposals enhancing the quality of returns

STRONG EPS GROWTH

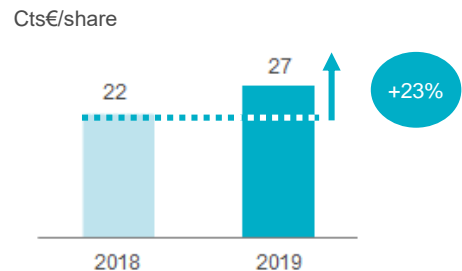
GROUP NET RESULT



RECURRING RESULT



RECURRING EPS



RECURRING EARNINGS – VARIANCE ANALYSIS



(1) Recurring EPS

04 Financial performance

A strong credit profile

- > Highest Corporate Rating in Spanish Real Estate
- > LTV reduction to 36% in line with financial policy
- > Attractive cost of debt of 1.6% and more than €2bn of liquidity²

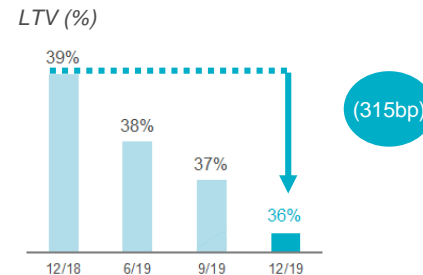
ACTIVE LIABILITY MANAGEMENT ...

- > **Loan to Value at 36%**
 - ✓ Delivering conservative range of guidance
 - ✓ 315 pb decrease in 12 months
- > **Competitive cost of debt: 1.63%**
 - ✓ 33bp decrease since 2016
 - ✓ Annual savings of fin. cost in P/L of €12m
- > **More than €2bn of liquidity**
- > **First mover on ESG loans (€151m signed)**



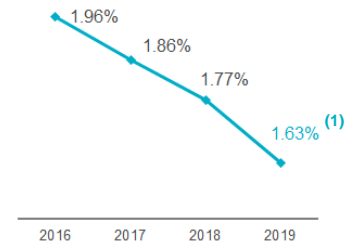
... ENHANCING THE BALANCE SHEET

Solid Capital Structure



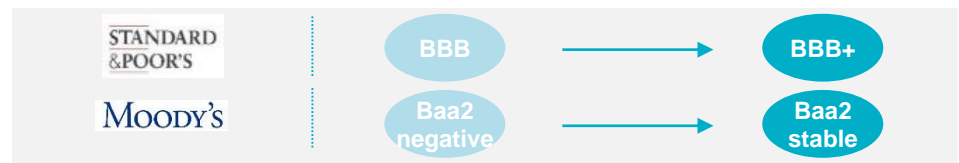
Financial Policy	
<i>Investment Grade Rating</i>	
LTV range	36-40%
ICR	> 2.5x

Spot cost of debt



Liquidity ²	
Cash	€217m
Undrawn balances	€1,865m
Total	€2,082m

Rating improvements



(1) Cost of debt considering ECP Program (1.81% excluding ECP Program) without considering commissions
 (2) Cash and undrawn balances

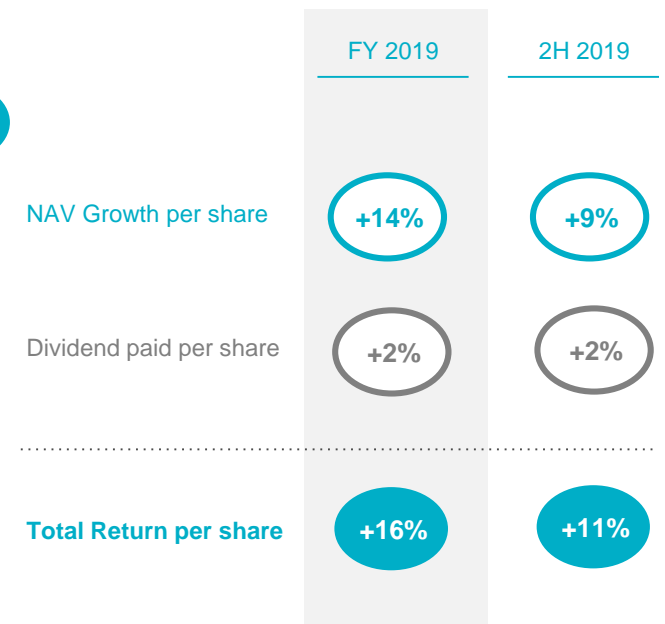
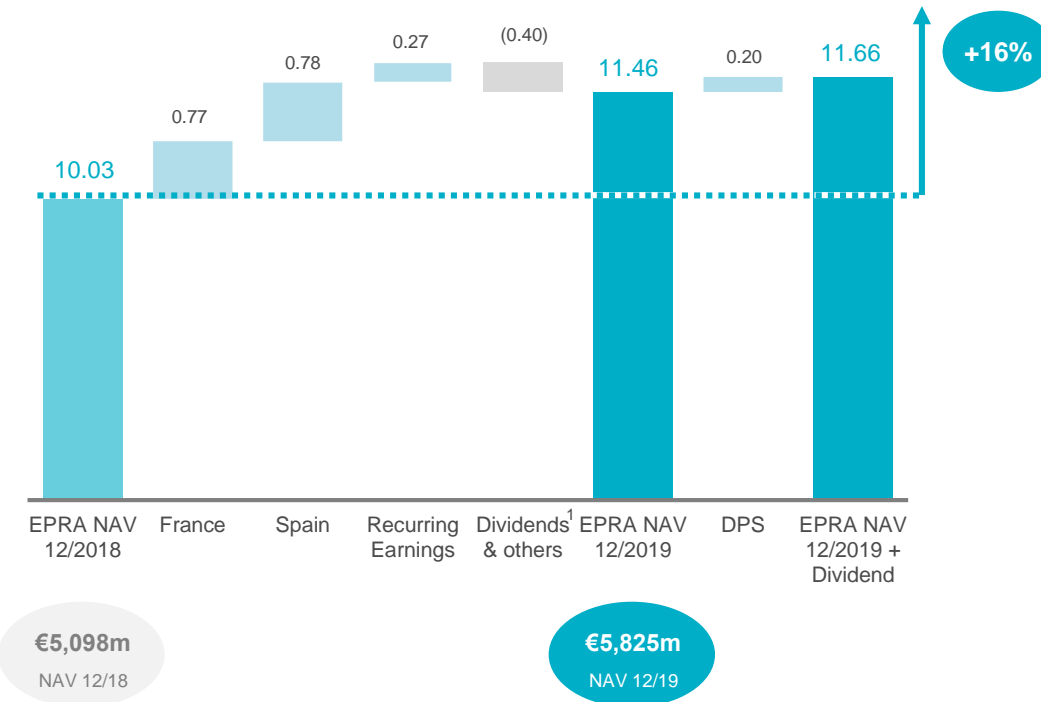
Solid Total Shareholder Return

- > +16% Total Annual Shareholder Return
- > EPRA NAV of 11.5 €/share, +14% YoY
- > Goodwill fully absorbed just one year after merger with Axiare

STRONG MOMENTUM IN NAV GROWTH

TOTAL SHAREHOLDER RETURN

€/share



Total Shareholder Return= NAV growth per share + dividends

1- Dividends paid, Goodwill absorption (0.12 €/share) & others

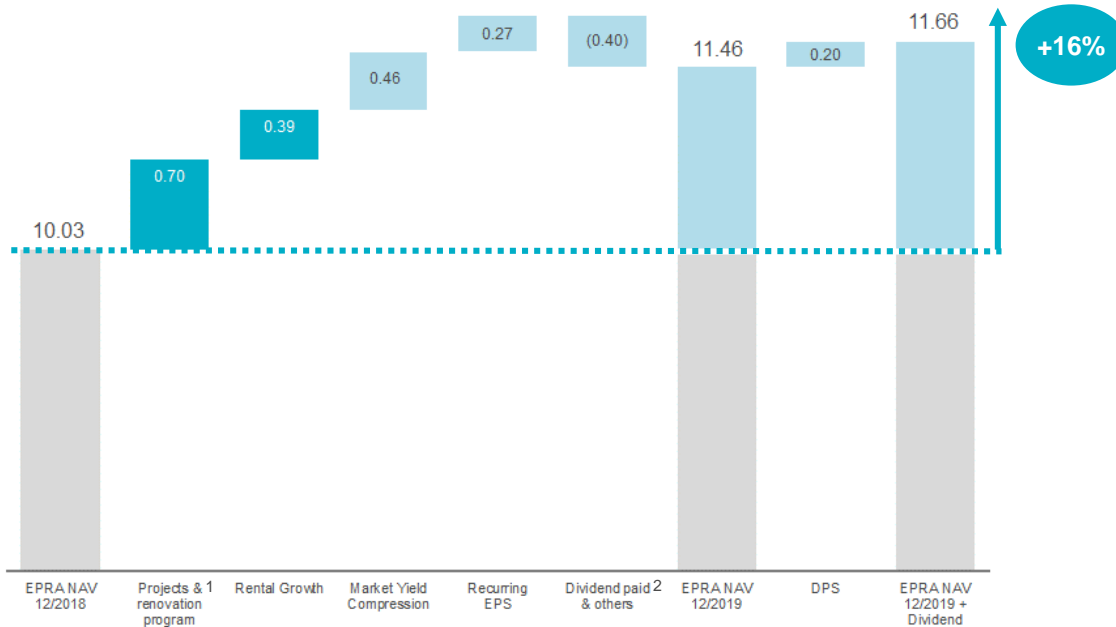
04 Financial performance

“Alpha” as significant driver in value creation

- > +16% Total Shareholder Return relies on “Alpha”
- > More than half of the NAV growth per share through “Alpha” strategies
- > NAV & growth driven by price increases and successful project deliveries

TOTAL SHAREHOLDER RETURN

€/share



€5,098m

NAV 12/18

€5,825m

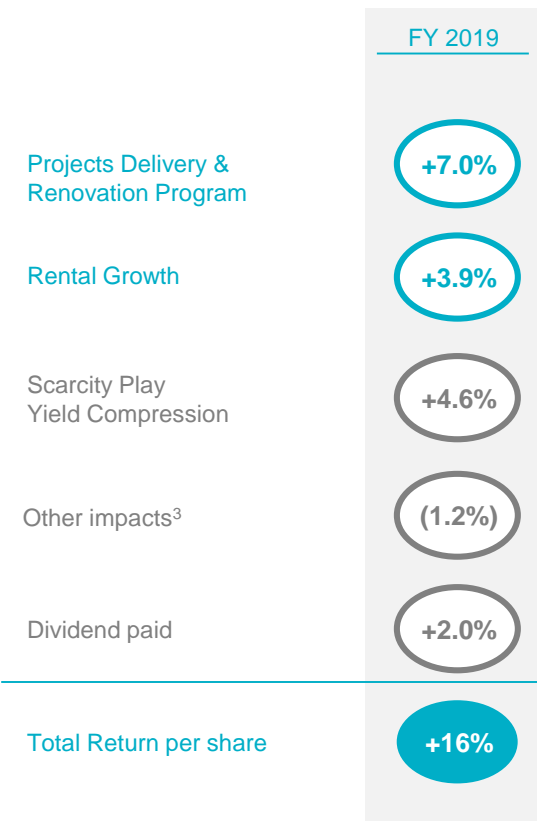
NAV 12/19

1- Includes Acquisitions & Disposals

2- Dividends paid to SFL minorities, Goodwill absorption (0.12 €/share) & others

3- EPS net of dividend paid & goodwill absorption

TOTAL SHAREHOLDER RETURN



04 Financial performance

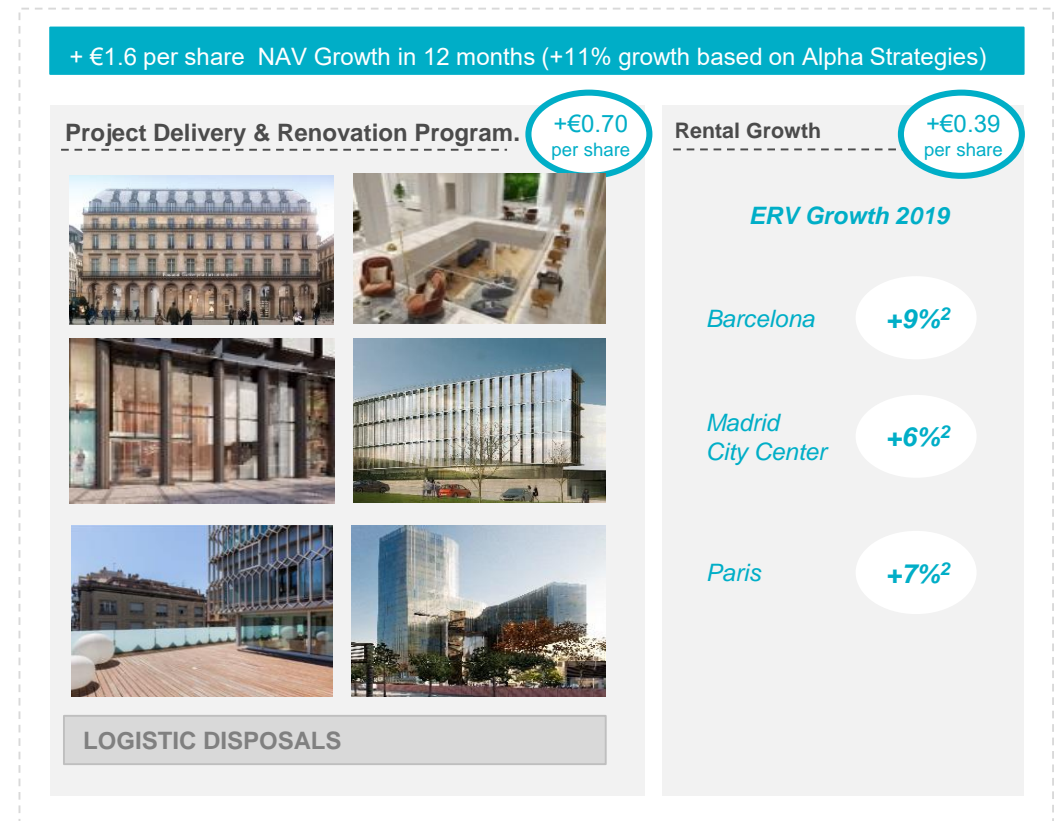
“Alpha” as significant driver in value creation

- > +16% Total Shareholder Return relies on “Alpha”
- > More than half of the NAV growth per share through “Alpha” strategies
- > NAV growth driven by price increases and successful project deliveries

TOTAL SHAREHOLDER RETURN

	FY 2019
Project Delivery Renovation Program	+7.0%
Rental Growth	+3.9%
Scarcity Play Yield Compression	+4.6%
Other impacts ¹	(1.2%)
Dividend paid	+2.0%
Total Return per share	+16%

TOTAL RETURN WITH STRONG “ALPHA” COMPONENT



1- EPS net of dividend paid to SFL minorities & goodwill absorption of 0.12 €/share

2- Signed rents vs 12/18 ERV (new lettings & renewals)



A strong platform for future value creation



FUTURE VALUE CREATION

- 1 Leadership in Prime Offices
- 2 €1.3bn of project pipeline
- 3 Capturing reversion in rents
- 4 Strong investment market
- 5 Disciplined capital allocation

1 Leadership in Prime Offices

- > Colonial as largest office owner in the City Center of Madrid, Barcelona and Paris
- > Strong market share increases negotiation power
- > Colonial best positioned to capture the rental cycle in its markets

BARCELONA

Colonial Portfolio - max rent signed 2019

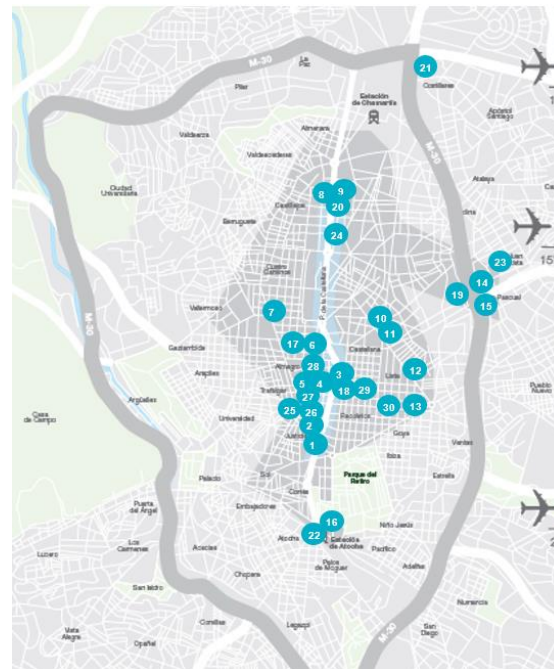
€29 /sq m/month



MADRID

Colonial Portfolio - max rent signed 2019

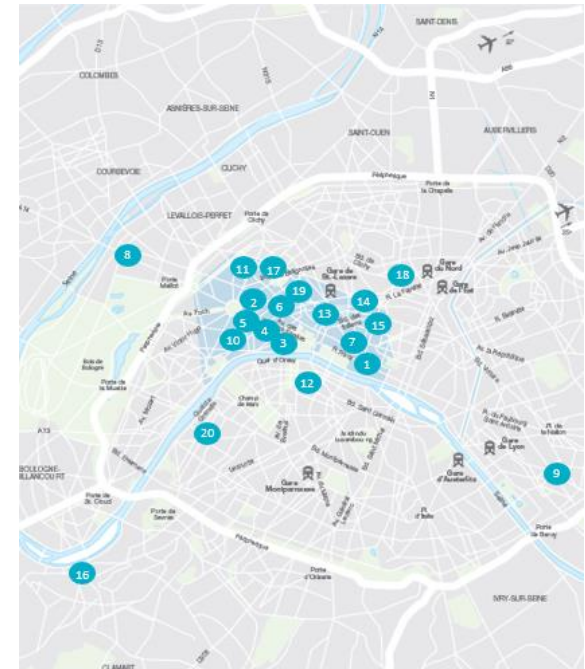
€36 /sq m/month



PARIS

Colonial Portfolio - max rent signed 2019

€907 /sq m/year



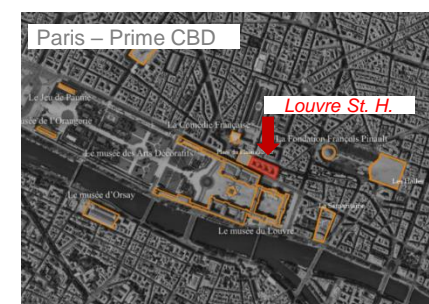
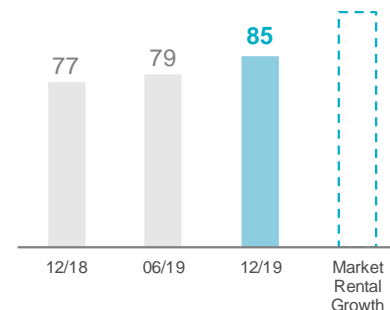
05 Growth drivers

2 €1.3bn of CBD Project Pipeline with high capital value upside

- > €1.3bn of Project Pipeline with 6.6% Yield on Cost
- > Growth momentum on Gross Rental Income of final product
- > 25% per-let YTD in very good terms

Project	City	% Group	Delivery	GLA (sqm)	Total Cost €m ¹	Total Cost €/sqm ¹	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 80	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%
TOTAL OFFICE PIPELINE				200.653	1.277	6.366	6,6%

GRI² – Project Pipeline



¹ Total cost finished product = Acquisition cost / Appraisal Value pre project start + project capex
² Like for Like GRI of current Project portfolio
 Capex excluding indemnities

2 €1.3bn of CBD Project Pipeline with high capital value upside

MENDEZ ALVARO CAMPUS – A new concept of Urban Campus



2 €1.3bn of CBD Project Pipeline with high capital value upside

- > Mendez Alvaro Campus will transform the south of the city centre of Madrid
- > Creation of an Urban Campus with hybrid use of offices and residential leasing
- > A new concept of offices and apartments with services and amenities for the full community

Solid progress on Mendez Alvaro Campus



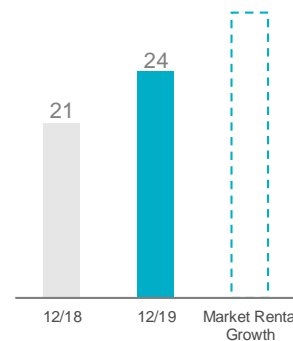
Creation of a unique campus

- > 50,214 sq m Offices
 - > 29,658 sq m High End Residential
 - > 10,000 sq m Retail Amenities
- 89,872 sq m**

Urban Campus creating a new concept

- > Hybrid use
- > Net Zero carbon emission envisaged combined with green parks
- > Strong real estate fundamentals

GRI €m



Strong Return

Yield on Cost ¹	8%
Ungearred IRR ²	10%

¹ Stabilized Yield on Cost

² 10 year ungeared IRR

2 €1.3bn of CBD Project Pipeline with high capital value upside

	PROJECT PIPELINE	FINAL PRODUCT KPIS	PRIME MARKET REFERENCE ²
BARCELONA	<p>Total Cost €80m</p> <p>Diagonal 525 Plaza Europa 34</p>	<p>Total Cost¹ 4,013 €/sqm</p> <p>Yield on Cost 6.1%</p>	<p>Capital Value 9,500 €/sqm</p> <p>Prime Yield 3.50%</p>
MADRID	<p>Total Cost €554m</p> <p>Miguel Angel 23 Mendez Alvaro Castell. 163 Velázquez 88 Sagasta 27</p>	<p>Total Cost¹ 4,246 €/sqm</p> <p>Yield on Cost 7.5%</p>	<p>Capital Value 13,500 €/sqm</p> <p>Prime Yield 3.25%</p>
PARIS	<p>Total Cost €643m</p> <p>Biome Marceau Louvre St. Honore</p>	<p>Total Cost¹ 12,829 €/sqm</p> <p>Yield on Cost 5.9%</p>	<p>Capital Value 31,300 €/sqm</p> <p>Prime Yield 2.75%</p>

Total Cost – Project Pipeline ¹ €1,277m

Total Cost in attributable €/share €2.24/share

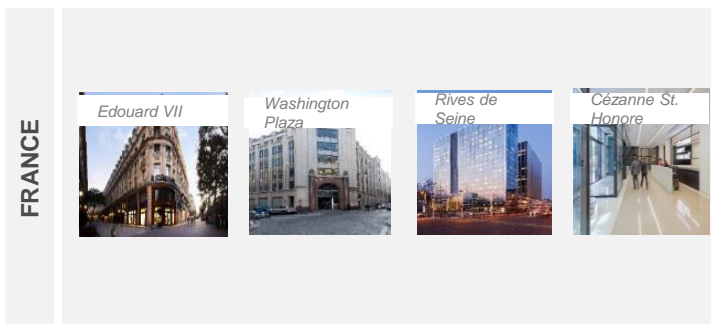
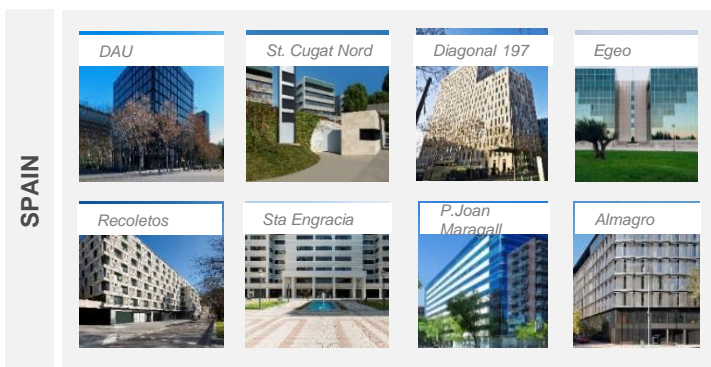
Significant future Capital Value Growth

¹ Total Cost = Acquisition price / Appraisal value pre Project start+ project capex
² According to JLL market research

3 Capturing reversion - Attractive CBD contract portfolio

- > Strong short term reversionary potential - 46% of contracts in Spain & 26% in Paris
- > Contract Portfolio under-rented and well positioned in growing markets
- > Delivery of high release spreads ongoing

PRIME PORTFOLIO FOR STRONG REVERSION



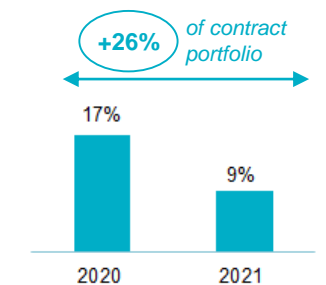
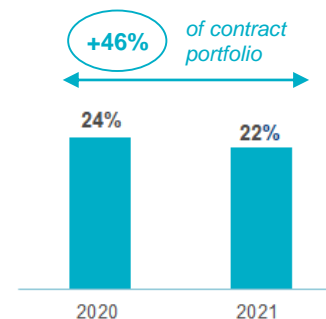
STRONG DELIVERY ON REVERSION

Price Potential Release Spread
Reversion 12/19² captured¹ 2019



ATTRACTIVE RENT ROLL

COMMERCIAL LEASE EXPIRY DATES (12/18)
 First potential exit



1) New rents signed vs previous

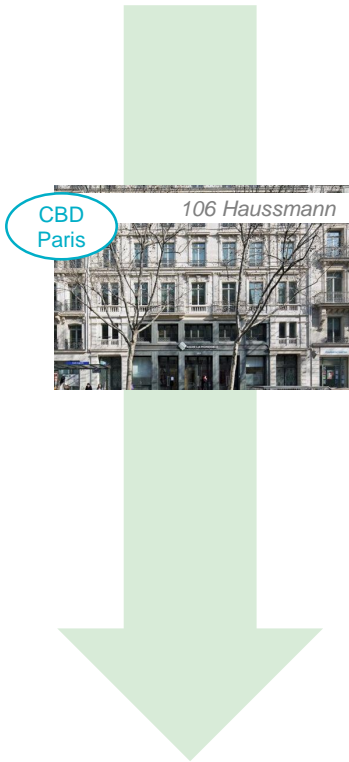
2) Market rents vs current passing rents as of 12/19 without including future rental growth

3 Capturing reversion – Renovation program

- > Renovation programs as rental growth & capital value accelerator
- > Tenant rotation & renovation initiatives to improve rental levels
- > Program reloaded with 30.000 sqm

DELIVERING

> 12,474 sqm of GLA



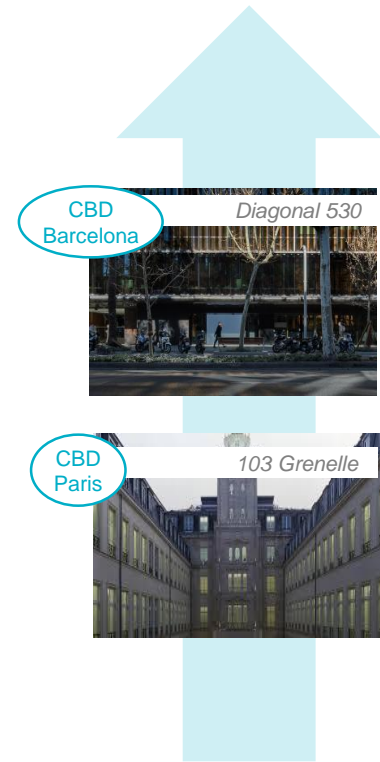
PROGRESSING

> 53,527 sqm of GLA



RE-LOADING

> 28,635 sqm of GLA

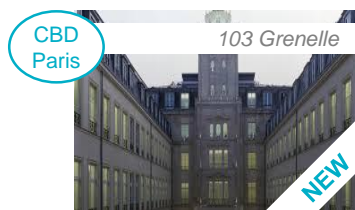
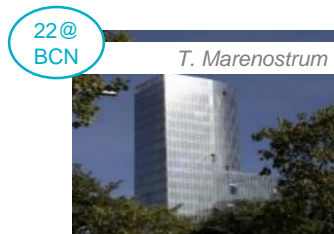


3 Capturing reversion – Renovation program

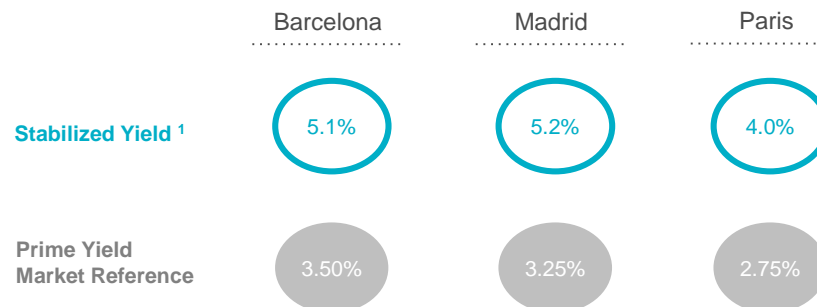
- > Current Program of more than 80,000 sqm
- > €700m of value with upside potential
- > Strong reversionary potential on rents and Capital Value

RENOVATION PROGRAM

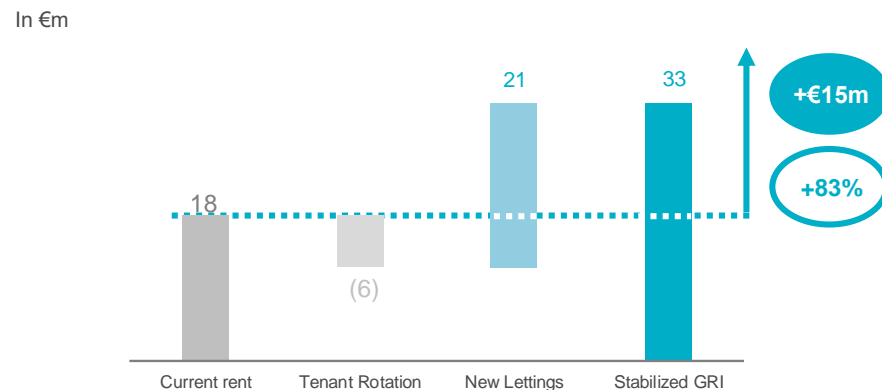
82,162 sqm of GLA
€705m of Current Value



SIGNIFICANT VALUE CREATION POTENTIAL



STRONG REVERSIONARY POTENTIAL ON GRI

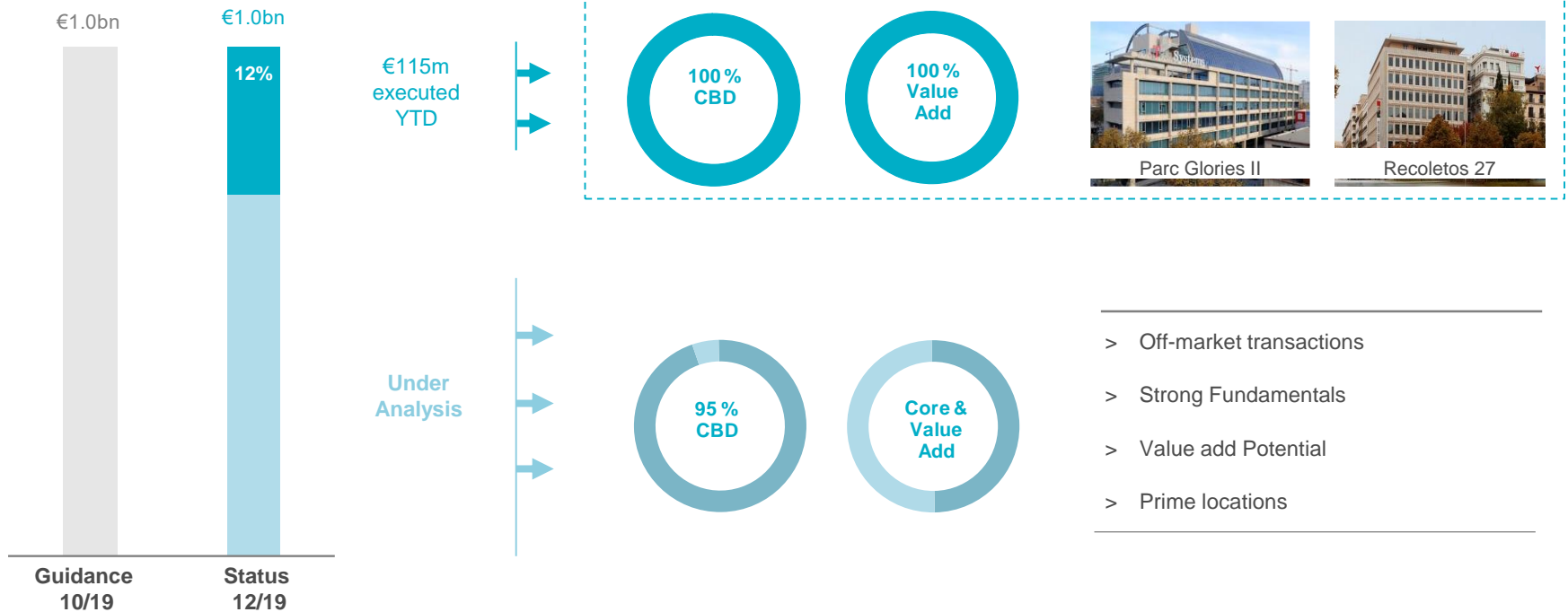


¹ Stabilized Yield = stabilized rent post renovation program execution / current value

4 Acquisition program

- > Acquisition program ongoing
- > Significant pipeline under analysis
- > €115m acquisitions executed YTD

INVESTMENT PIPELINE - €M

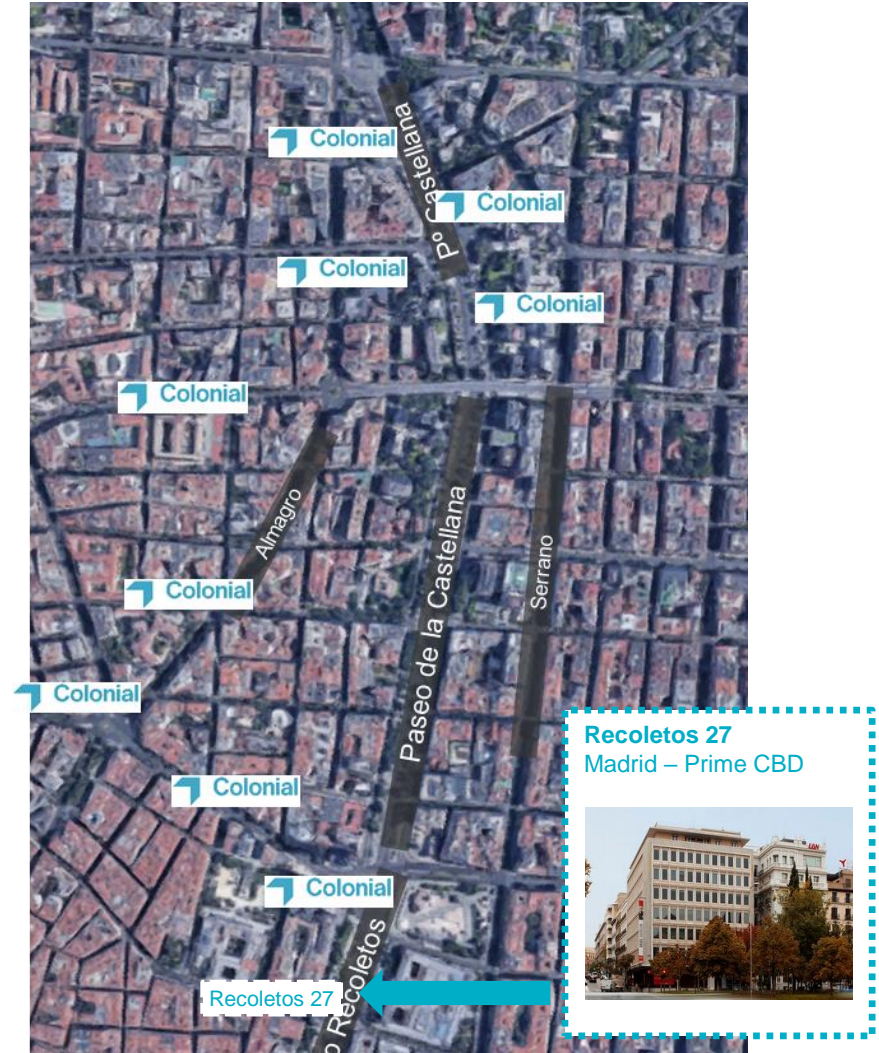


4 Selective organic investment with value added potential

Value Add acquisition in Barcelona 22@ CBD



Value Add acquisition in Prime Madrid



4 Parc Glories II: Reversion potential in a growing market - BCN 22@

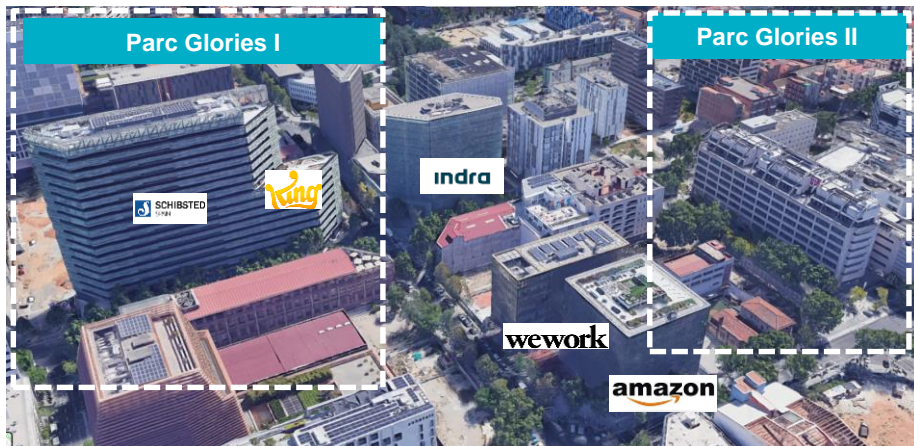
- > Value Add investment with high reversionary potential
- > Efficient lay-out as a competitive advantage
- > Prime asset with transformation potential

REAL ESTATE RATIONALE

- > Prime location of 22@
 - > 150m walking distance from Parc Glories I
 - > Prime market segment with very low vacancy
- > "Horizontal scheme" of 18,000 sqm
- > Big efficient floorplates of 2,200 sq m
- > Consolidating 22@ share with strong footprint
- > Strong anchor tenant inside

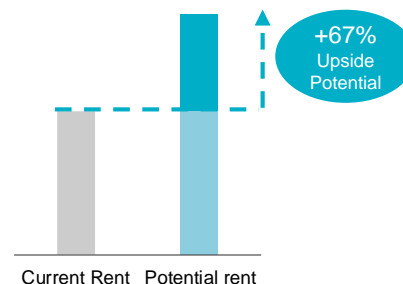
SOURCES OF VALUE CREATION

- > Acquisition price of €5,655/ sq m
- > Asset significantly under-rented
- > Asset undermanaged with significant transformation potential
- > Strong rental and capital value uplift to be captured



High Reversion

In €/sq m/month



Strong Return

Yield on Cost ¹	> 5%
Ungearred IRR ²	6-7%

¹ Stabilized Yield on Cost

² 10 year ungeared IRR

4 Recoletos 27: Opportunistic acquisition in Prime CBD

- > Opportunistic acquisition in Prime Madrid
- > Value added investment
- > High reversion potential through asset management

REAL ESTATE RATIONALE

- > Super prime location – perfect fit with Colonial’s CBD portfolio
- > 3 façade asset with 700 sqm floor plates and efficient lay-out
- > Opportunistic acquisition of floors
- > Off market approach , potential acquisition of other floorplates

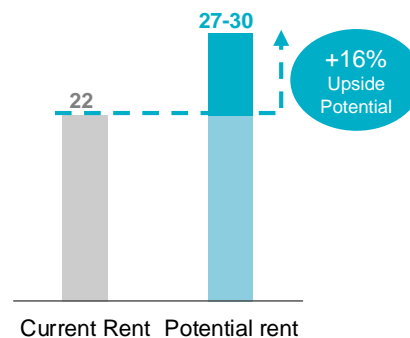
SOURCES OF VALUE CREATION

- > Acquisition price of €7,194/ sq m
- > 46% below prime market reference
- > 71% below latest transaction in the area
- > Asset significantly under-rented at €22/sq m /month



High Reversion

In €/sq m/month



Strong Return

Yield on Cost ¹ 5%

Ungearred IRR ² > 6%

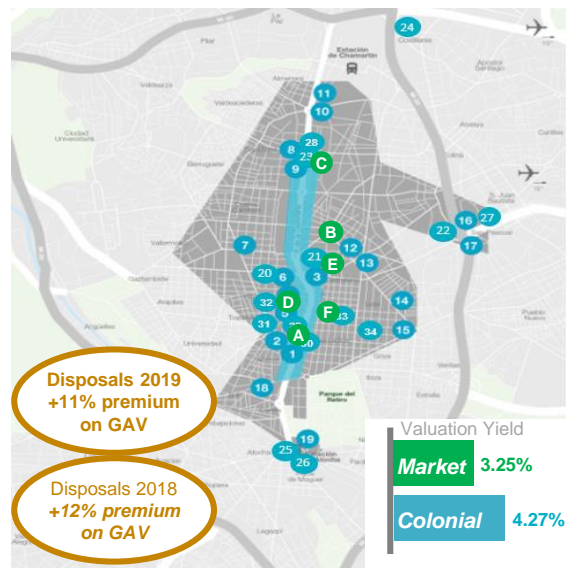
¹ Stabilized Yield on Cost

² 10 year ungeared IRR

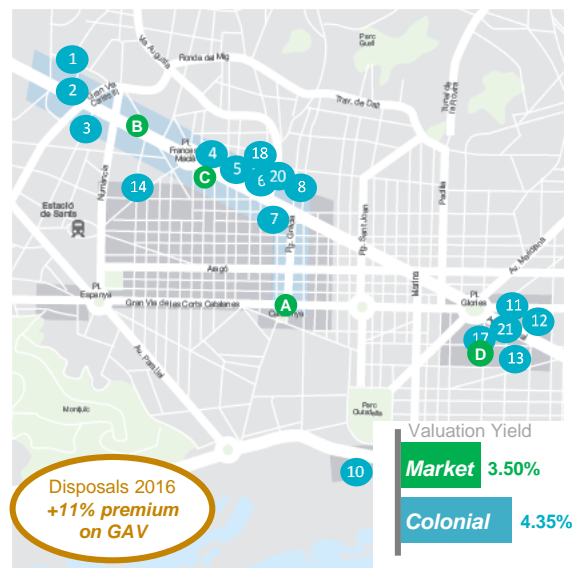
4 Investment Market with ongoing strong support for Prime

- > Investor interest for prime product remains strong
- > Quarterly capital value increases ongoing
- > Colonial's assets with prudent appraisal values

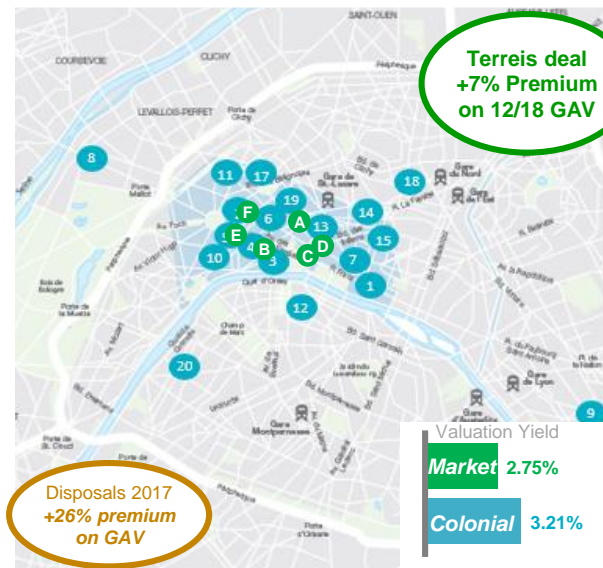
Madrid City Center (inside M30)



Barcelona City Center



Paris CBD



Latest investment transactions inside M30

	Price ⁽²⁾	Cap Value ⁽³⁾
A Edificio AXIS (Pza. Colon) ⁽¹⁾	100	25,000
B Velázquez, 123	21	9,545
C Paseo de la Castellana, 200	250	9,360
D Fernando el Santo, 15	30	9,219
E Velázquez, 94	46	8,498
F Goya, 36	30	8,472
CBD Transactions - Average	477	12,499
Colonial Average (12/19 appraisal)		6,781

Latest investment transactions in city center

	Price ⁽²⁾	Cap Value ⁽³⁾
A Plaça Catalunya 16 ⁽¹⁾	100	11,723
B Avinguda Diagonal, 662	210	8,400
C Diagonal 471	152	8,000
D Sancho de Àvila 65	56	6,747
CBD Transactions - Average	518	8,745
Colonial Average (12/19 appraisal)		5,672

Latest investment transactions in Paris CBD

	Price ⁽²⁾	Cap Value ⁽³⁾
A 79 Haussmann	142	26,296
B 2 Montesquieu	86	24,000
C Rue Pierre Charron, 64-66	187	23,111
D Rue De Teheran, 7-7BIS	149	22,164
E Rue La Boetie, 35	54	22,041
F 22 Anjou	205	22,000
CBD Transactions - Average	823	23,236
Colonial Average (12/19 appraisal)		17,880

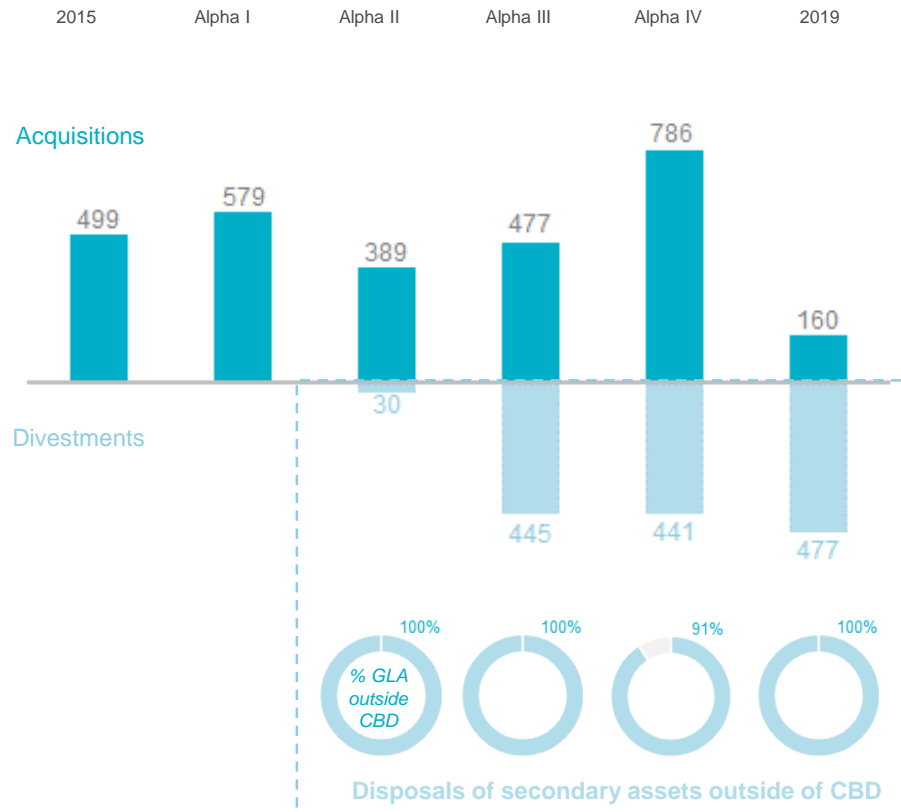
Source: JLL, C&W and public information

(1) Includes retail use (2) €m (3) €/sqm

5 Discipline on Capital Allocation

- > Ongoing flight to quality through disciplined capital allocation
- > Disposal of non-core asset for €1.4bn in the last 26 months
- > Acquisition program ongoing with relevant pipeline under analysis

INVESTMENTS & DIPOSALS 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

Close to €1bn of acquisition pipeline under analysis

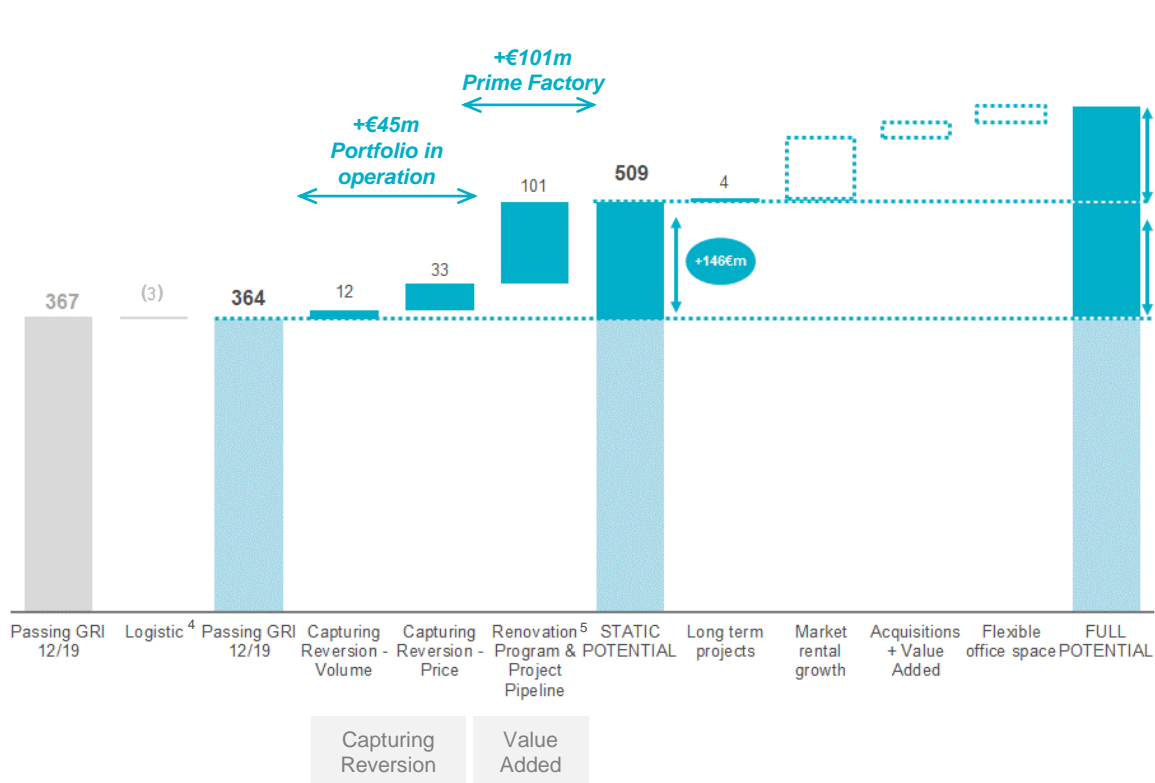
12% executed YTD

05 Growth drivers

A solid platform to capture future growth

- > Solid intrinsic growth profile of CBD portfolio
- > Colonial well-positioned to capture reversion
- > Significant future value creation through CBD Project pipeline

Current Uplift Potential Passing GRI ¹ – (€m)



Potential for Yield compression & reversion

	Topped-up Initial Yield ²	High reversionary potential at current ERVs ³
Barcelona	3.3%	4.7%
Madrid	3.3%	4.4%
Paris	3.0%	3.3%

Project Pipeline	Yield on Cost	Transformation to final product
Yield on Cost	6.6%	Transformation to final product

¹Topped-up passing GRI

²Topped-up Initial Gross Yield for Spain & Net Yield for Paris

³12/19 ERV Gross Yield for Spain & Net Yield for Paris with full reversion (100% occupied and at current market rent)

⁴Logistics portfolio available for sell

⁵Renovation program & GRI under repositioning

06 Conclusion & Outlook





OUTSTANDING FINANCIAL RESULTS

- > **Total Shareholder Return 2019 of +16%**
- > EPRA NAV of €11.5€ per share: +14%
- > Gross Asset Value of €12.2bn, +9% like-for-like
- > Gross Rental Income of €352m, +4% like-for-like
- > Recurring earnings of €139m, +38%
- > **Recurring EPS of €27.4cts. per share, +23%**
- > **Group Net Profit of €827m, + 58%**

STRONG OPERATIONAL PERFORMANCE

- > Disposals of €477m with +16% premium on GAV¹
- > 263,301 sq m let with top tier clients
- > Vacancy at 2.7%, significant improvement YoY
- > Strong growth in rental prices
 - ✓ Double Digit Release Spread
 - ✓ Strong uplift vs ERV
- > €160m of Value Add Acquisitions
- > €1.3bn project portfolio with 6.6% Yield on Cost

(1) Last reported GAV pre transaction



OUTLOOK & GUIDANCE

Operations 2020

- > Madrid vacancy reduction further down
- > Prime Rental Prices with strong momentum
 - Paris Portfolio above 900 €/sqm/y (recent examples signed)
 - Barcelona prime at 30 €/sqm/m
 - Madrid targeting 40 €/sqm/m for high end
- > Solid base for ongoing strong GRI LFL

Portfolio Management

- > Project Pipeline with increasing rents
- > Renovation program reloaded
- > Acquisition program on track
 - €160m acquisitions 2019 with additional value to be captured
 - Significant acquisition pipeline
- > Selective non-core disposals under analysis

Q&A

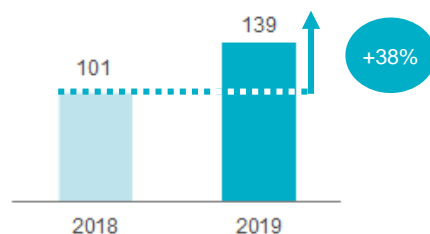


- > Record net profit of €827m, +58%
- > High double digit recurring EPS growth
- > Non-Core Disposals enhancing the quality of returns

STRONG EPS GROWTH

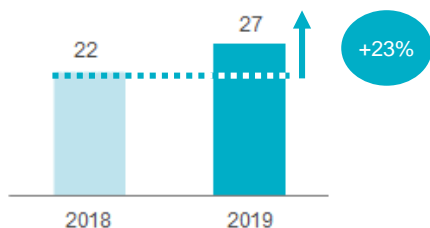
RECURRING RESULT

€m



RECURRING EPS

Cts€/share



PROFIT & LOSS ACCOUNT

Results analysis - €m

	2019	2018	Var.
Gross Rents	352	347	+4% LFL
Recurring EBITDA	283	280	
Recurring financial result	(89)	(101)	
Income tax expense & others - recurring	(15)	(19)	
Minority interests - recurring	(39)	(59)	
Recurring Earnings	139	101	+38%
Asset revaluation & Capital Gains	819	580	
Non-recurring financial result & MTM	(6)	(40)	
Income tax & others - non-recurring	1	(22)	
Minority interests - non-recurring	(126)	(94)	
Profit attributable to the Group	827	525	+58%

Recurring Earnings - €m

Nosh (mm)

EPS recurring - Cts€/share

	2019	2018	Var.
Recurring Earnings - €m	139	101	+38%
Nosh (mm)	508	452	+12%
EPS recurring - Cts€/share	27.4	22.3	+23%

Total Shareholder Return since June 2014

Total Shareholder Return - Colonial (since June 2014)

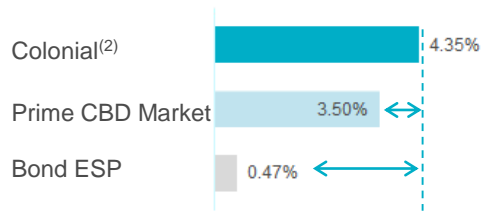
Date	€/share			Return per share			Group LTV
	NAV	Dividend	NAV+ Div.	NAV Growth	Dividend	Total Return	
06-14	4,49	0	4,49	-	-	-	43%
12-14	4,77	0	4,77	6%	-	6%	43%
12-15	6,16	0	6,16	29%	-	29%	42%
12-16	7,25	0,150	7,40	18%	2%	20%	41%
12-17	8,60	0,165	8,77	19%	2%	21%	31%
12-18	10,03	0,180	10,21	17%	2%	19%	39%
12-19	11,46	0,200	11,66	14%	2%	16%	36%
Total Return since 6/14 (NAV per share growth + dividends)						171%	
Dividend Return						15%	
NAV growth						155%	

Solid valuation levels in healthy market

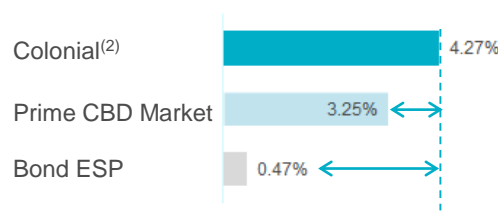
- > Colonial portfolio with additional potential for yield compression
- > Prime market yields & scarcity value as growth driver
- > Prime Yields at very attractive spreads compared to reference rates

VALUATION YIELDS ⁽¹⁾

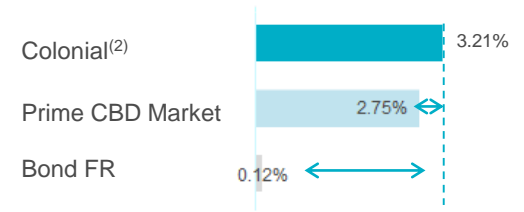
BARCELONA



MADRID



PARIS

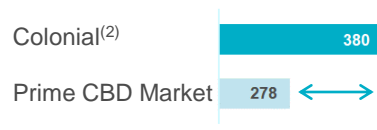


SPREAD VALUATION YIELDS ⁽¹⁾

BARCELONA



MADRID



PARIS



CAPITAL VALUE - €/sq m

BARCELONA



MADRID



PARIS



(1) Market consultants in Spain report gross yields and in France they report net yields

(2) Portfolio in operation (3) According to JLL

BARCELONA – LETTING PERFORMANCE

Solid Performance

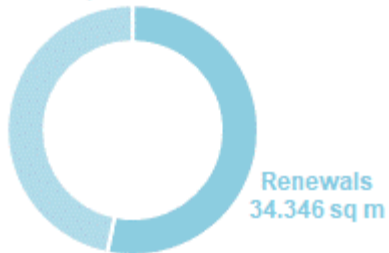
64,466 sq m let

> Max. rent signed **28.5 €/sqm/month**

> ERV growth **+9% ⁽¹⁾**

> Release spread² **+31%**

New Lettings
30.120 sq m



Strong rental growth - Highlights

Dau Retail



Avinguda Diagonal 409



Travesera 11



Torre BCN



Plaza Europa, 42-44



Via Augusta 21-23



(1) Signed rents vs 12/18 ERV (new lettings & renewals)
(2) Signed rents vs previous contracts (renewals)

MADRID – LETTING PERFORMANCE

Solid Performance

142,781 sq m let

> Max. rent signed

35.5
€/sqm/month

> ERV growth

+4%⁽¹⁾

> Release spread²

+9%

New Lettings
60.867 sq m



Renewals
81.914 sq m

Strong rental growth - Highlights

José Abascal 45



+20%
vs ERV¹

Francisco Silvela 42



+14%
vs ERV¹

Castellana 163



+25%
vs ERV¹

Santa Engracia



+20%
release
spread

José Abascal 56



+51%
release
spread

Miguel Ángel 11



+24%
release
spread

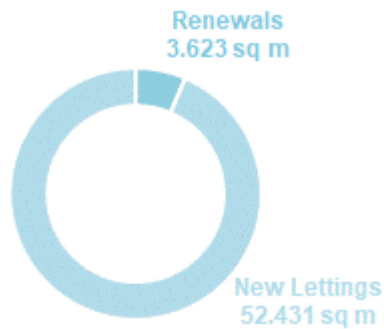
(1) Signed rents vs 12/18 ERV (new lettings & renewals)
(2) Signed rents vs previous contracts (renewals)

PARIS – LETTING PERFORMANCE

Solid Performance

56,054 sq m let

- > Max. rent signed **> 900 €/sqm/year**
- > ERV growth **+7%⁽¹⁾**
- > Release spread² **+7%**



Strong rental growth - Highlights

Washington Plaza



**+32%
vs ERV¹**

Percier



**+21%
vs ERV¹**

Louvre Saint-Honoré



**+8%
release
spread**

176 Charles de Gaulle



**+35%
vs ERV¹**

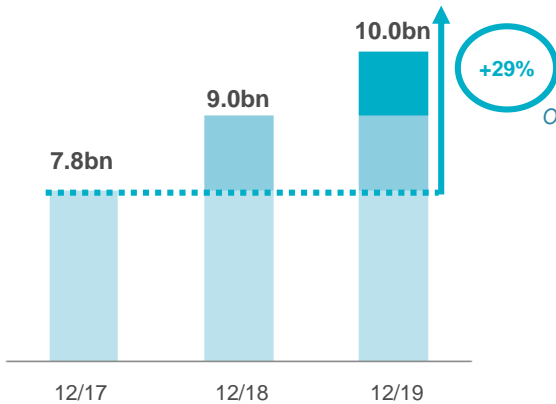
(1) Signed rents vs 12/18 ERV (new lettings & renewals)
(2) Signed rents vs previous contracts (renewals)

APPENDICES

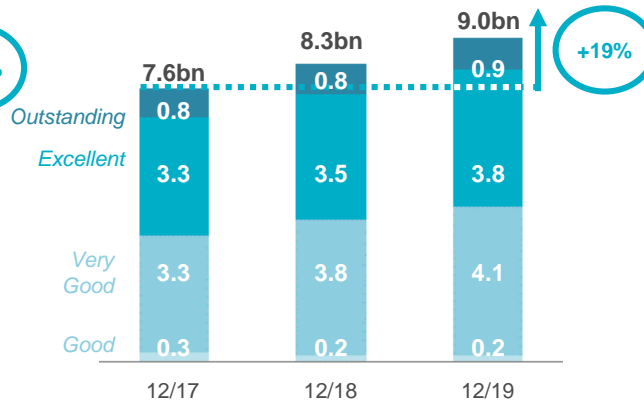
ESG Strategy and tracks

- > 92% of portfolio with Breeam/Leed certificates
- > Significant quantitative and qualitative improvement in energy efficiency
- > €9bn of assets with Breeam and €2bn with Leed

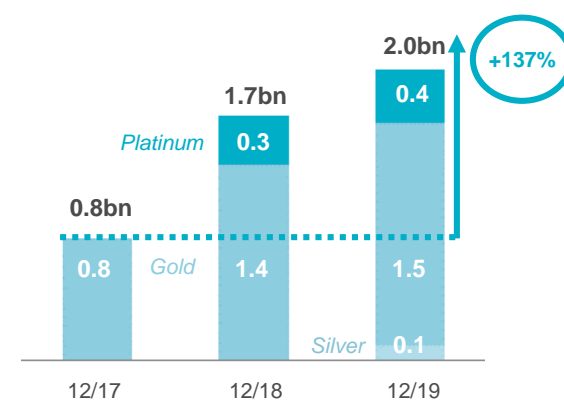
Portfolio with Leed / Breeam¹ - Value



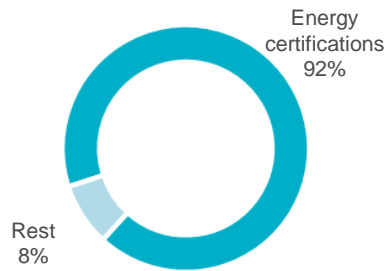
Breeam Certificates - Value



Leed Certificates - Value



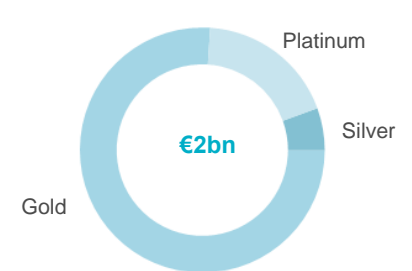
Portfolio with Leed / Breeam¹ - Value



Breeam – Value breakdown



Leed – Value breakdown



(1) Office Portfolio in operation

APPENDICES

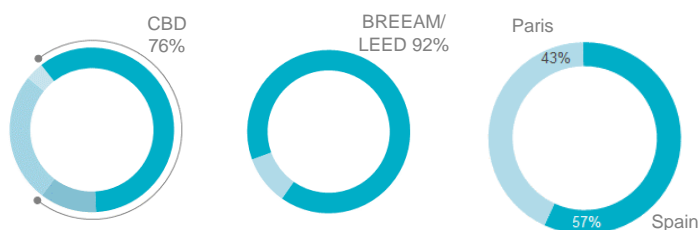
A solid capital structure

- > An unparalleled high-quality collateral diversified in three cities
- > A solid financial structure with competitive financing costs
- > A strong credit profile

FIRST CLASS COLATERAL

More than €12bn of high quality assets

1. Strong CBD exposure with prime product
2. Highest sustainability standards
3. Adequate diversification



Strong credit profile with solid investment grade rating



Rating Standard & Poor's
BBB+ Stable Outlook

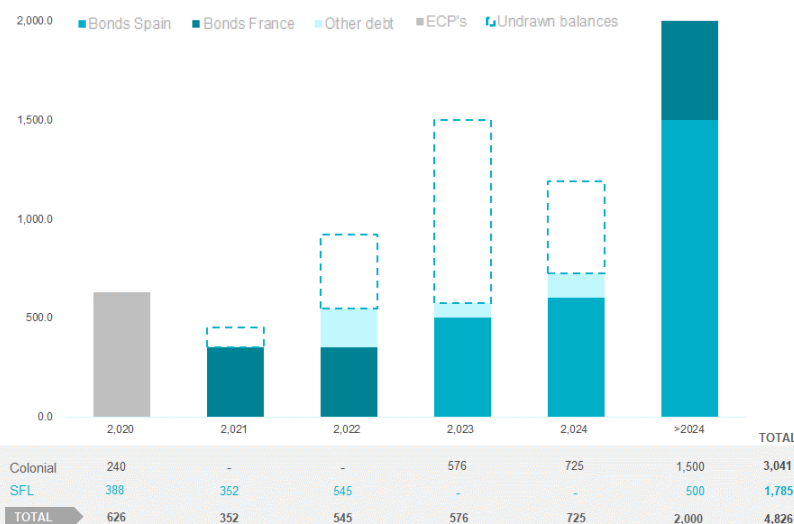


Rating Moody's
Baa2 Stable Outlook

A SOLID FINANCIAL STRUCTURE

<u>Capital Structure</u>	<u>31/12/2018</u>	<u>31/12/2019</u>
Net Debt	€4,680m	€4,609m
Group LTV	39%	36%
Liquidity ⁽¹⁾	€1,793m	€2,082m
Maturity Spain	6.6 years	5.6 years
Maturity Group	5.9 years	4.9 years
Cost of Debt Group	1.77%	1.63%

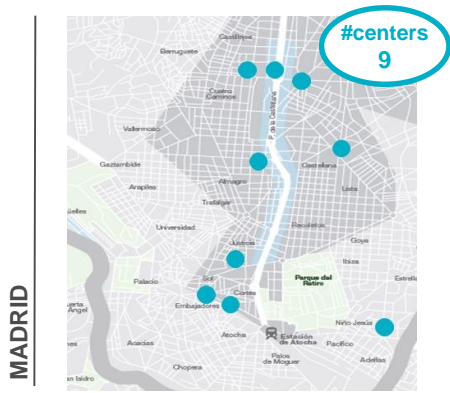
⁽¹⁾ Includes Cash & Undrawn Credit Lines



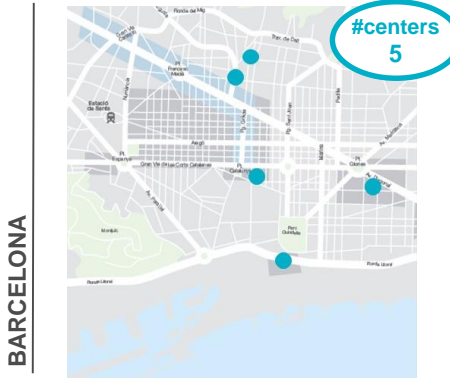
- > Utopicus with consolidated leadership in Spain
- > Strong brand recognition with well positioning in key locations
- > Quick expansion with 14 centers and c.40,000 sqm under operation

CONSOLIDATION OF A COWORKING PLATFORM IN SPAIN

NEW CENTERS 2019



MADRID



BARCELONA



McKinsey&Company



PHILIPS

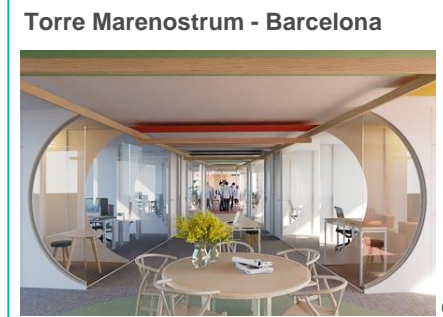
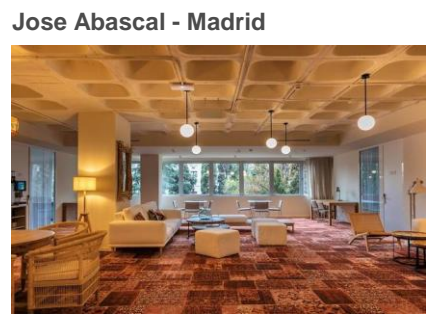
Lighting



NOKIA

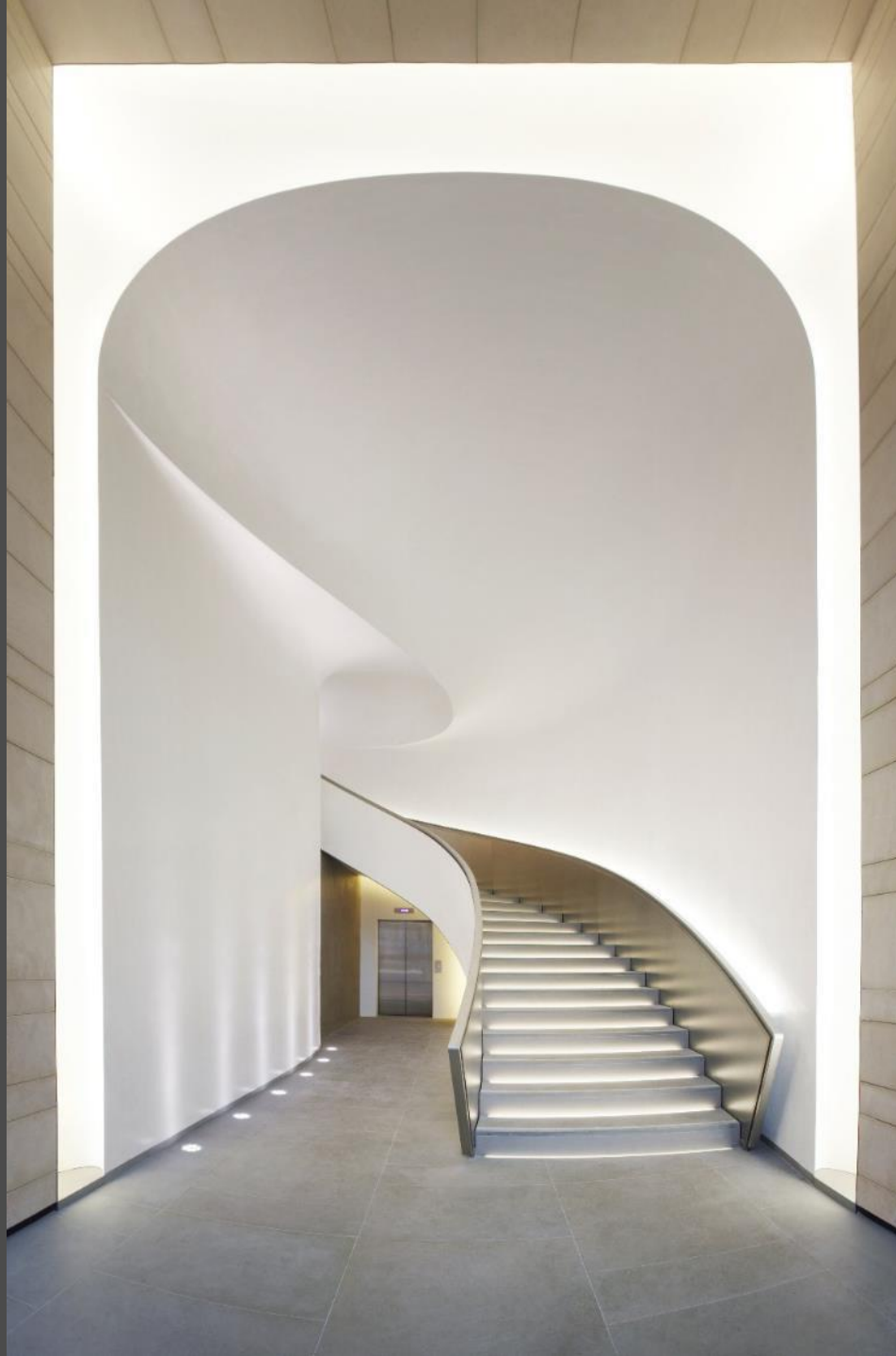


GesNext
an IBM Company



14 centers 40,000 sqm Strong branding

Colonial



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