

Colonial



Colonial – Investor Day
CORPORATE STRATEGY
Mr. Pere Viñolas
Chief Executive Officer



Madrid 17/10/18



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- 01 Introduction & Guidance
- 02 Solid delivery on Strategy
- 03 Superior returns through Alpha
- 04 Creation of a stronger platform for growth
- 05 Future value creation
- 06 Conclusion





GUIDANCE

1 Profit & Loss

- > Top Line GRI 2018 > €346m
- > EPS 2018: €22cts
- > DPS 2018: +10% YoY growth

2 Capital Recycling

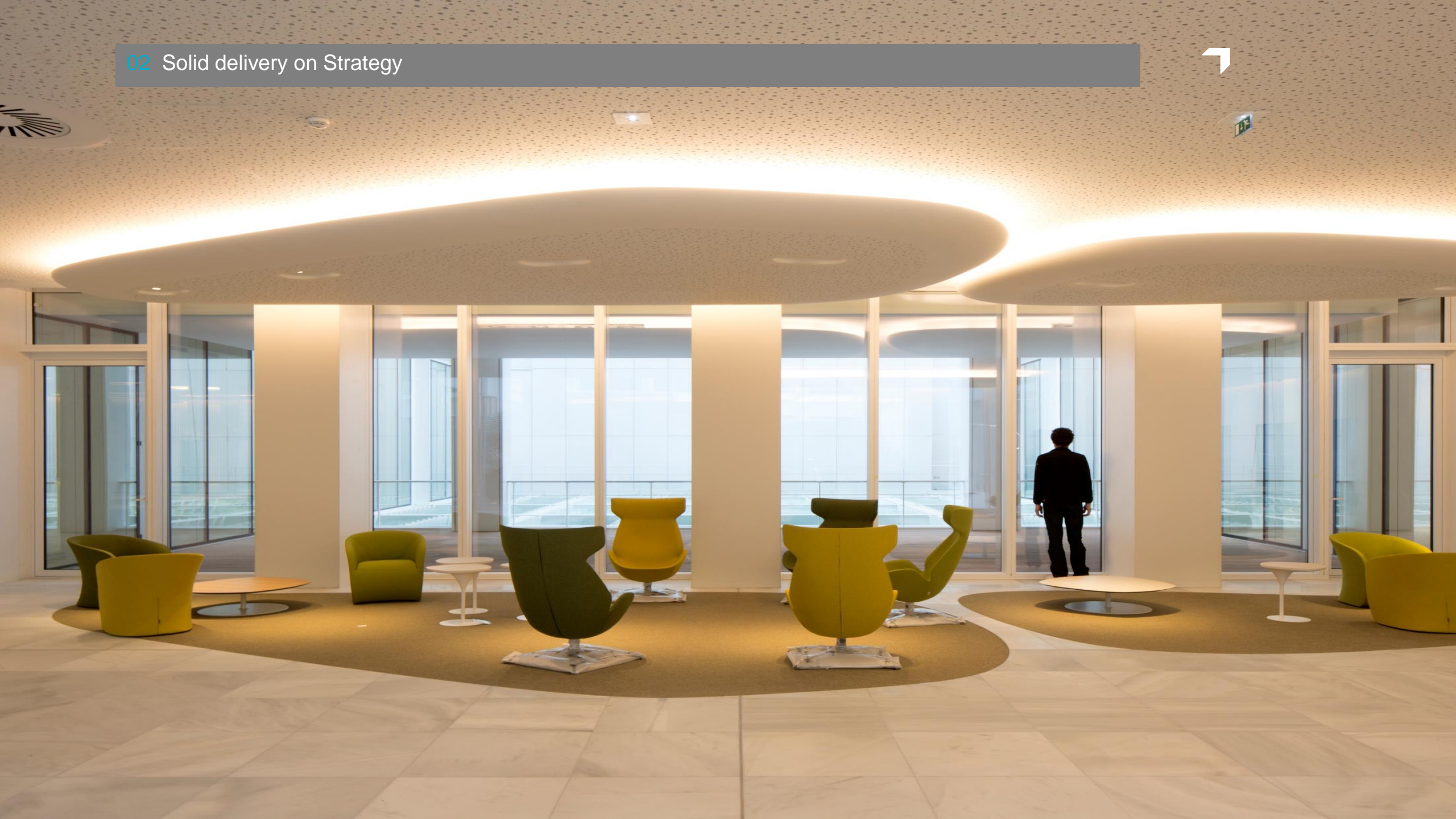
- > 2018 Disposals €441m YTD
- > 2019 Selective divestment of mature assets

3 Organic: Acquisition program ongoing

- > Acquisitions of €250m per annum
- > Prioritize value add opportunities

4 Strong commitment to solid capital structure

- > Investment Grade Rating
- > LTV ~ 40%



Strong delivery on strategic goals

- > Operations with outperformance on every KPI
- > Smart capital allocation maintaining investment discipline
- > Firm commitment to solid capital structure

WHAT WE PROMISED.....

Investor Day 2017

> Consolidation of rental price increases

> Delivery of project pipeline

> Acquisition of new value added

> Proptech enhanced strategies

> Reinforcement of capital structure

> Enhancement of ESG strategy

..... HAS BEEN DELIVERED

2018 YTD

- ✓ Strong price increases in every quarter
- ✓ Capturing high market rental growth
- ✓ Double digit release spreads

- ✓ Successful delivery of 3 projects in 2H18
- ✓ Project pipeline on track

- ✓ Successful Axiare takeover & integration
- ✓ Project Alpha III in 1/2018
- ✓ Project Alpha IV

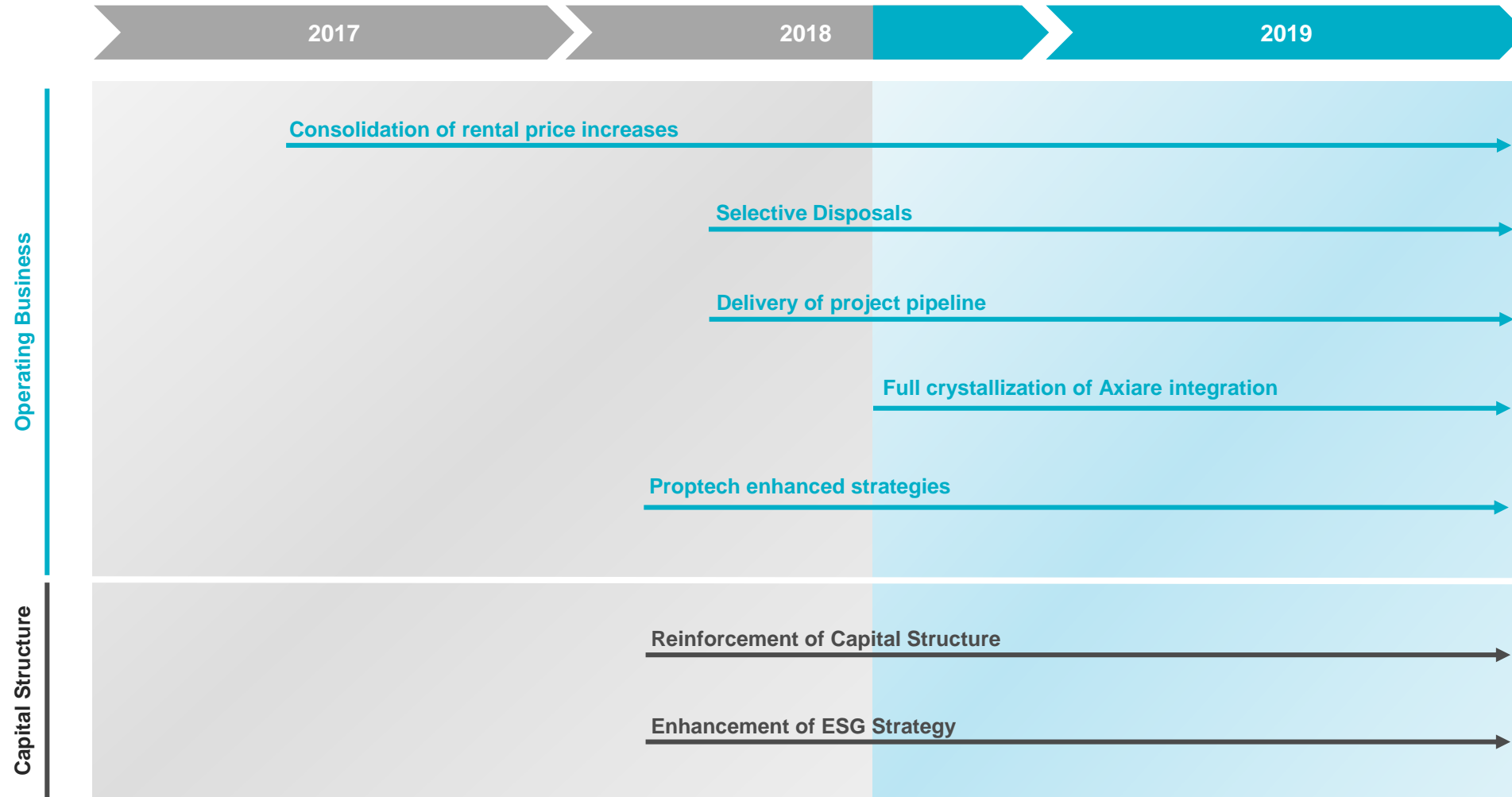
- ✓ Flex office strategy: more than 11 premises by year end
- ✓ Enhancement of Colonial Lab
- ✓ Building a digital strategy and culture

- ✓ More than €675m of liability management
- ✓ Disposal of non-strategic assets & debt reduction
- ✓ Lower LTV with higher maturities

- ✓ Outstanding level of Breeam / Leed certificates
- ✓ Strong progress on Corporate ESG Ratings

A focussed growth strategy that prioritizes quality

- > Unlocking value from current project pipeline
- > Rental price increases driving future capital value growth
- > Active Capital allocation with investment discipline





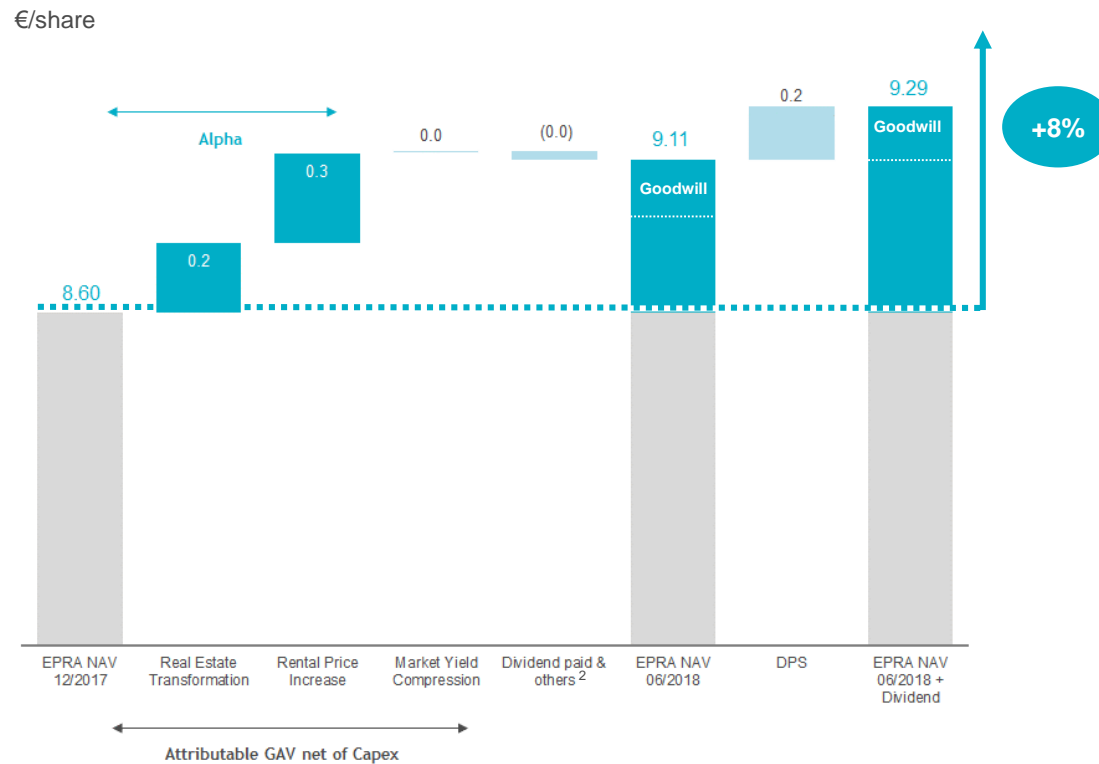
03 Superior returns through Alpha

“Alpha” as significant driver in value creation

Outstanding total shareholder return driven by “Alpha”

- > More than half of the NAV growth per share through “Alpha” strategies
- > NAV growth driven by price increases and successful project deliveries
- > €0.7 per share of value creation in 6 months

TOTAL SHAREHOLDER RETURN – 1H 2018



TOTAL SHAREHOLDER PER SHARE

	6 MONTHS	12 MONTHS
Real Estate Transformation	+3%	+4%
Rental Price Increase	+3%	+7%
Market Yield ¹ Compression	+0.6%	+3%
Dividend per share	+2%	+2%
Total Return per share	+8%	+15%

1) Net of other impacts

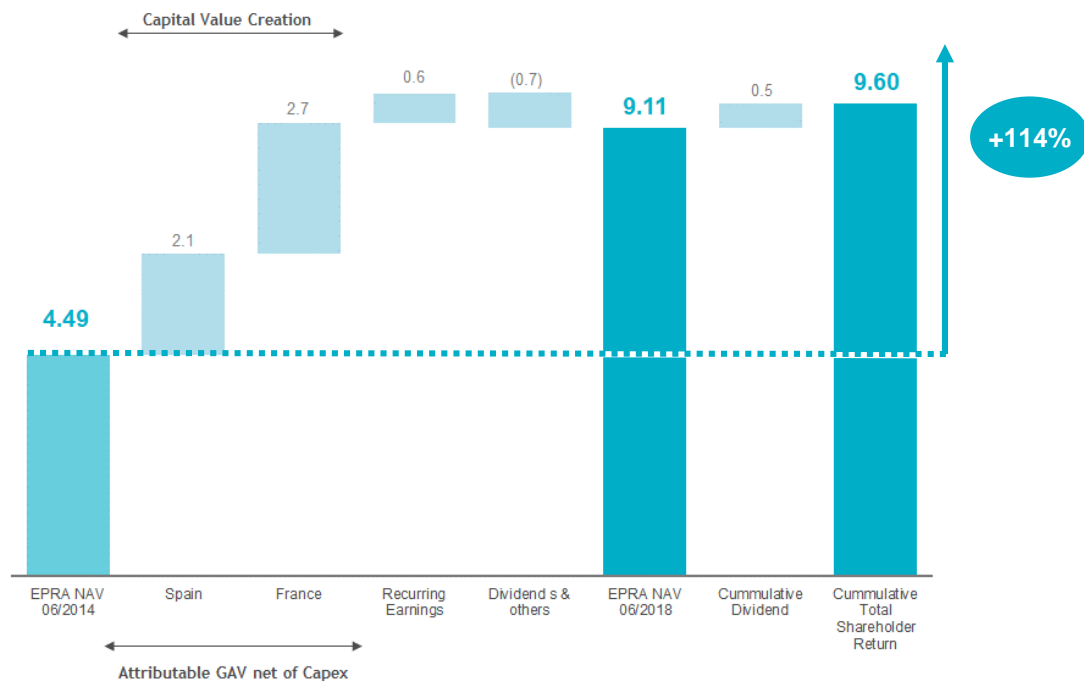
2) Includes SFL dividend payment to minority shareholders in France

Outstanding Total Shareholder Return in 4 years

- > +€5.1 per share in 4 years (+114%)
- > +€1.28 per share per annum (+21% CAGR)

STRONG MOMENTUM IN NAV GROWTH

€/share



TOTAL SHAREHOLDER RETURN

	6/14 – 6/18	CAGR	Value creation contribution
NAV Growth per share	+103%	+17%	
Cum. Dividend paid per share	+11%	+4%	
Total Return per share	+114%	+21%	

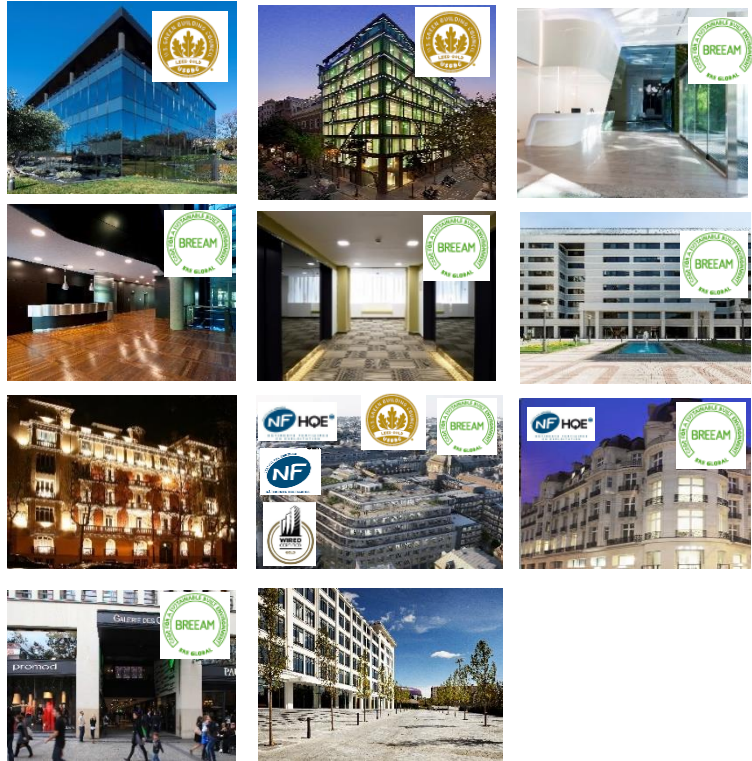
03 Superior returns through Alpha
Colonial's Business Profile delivers superior Risk Adjusted Returns

Outstanding Total Shareholder Return in 4 years

- > +€4.9 per share of capital value creation in 4 years
- > +€3.3 per share through project delivery & price increases (Alpha)
- > 2/3 of Capital value creation "Alpha" driven

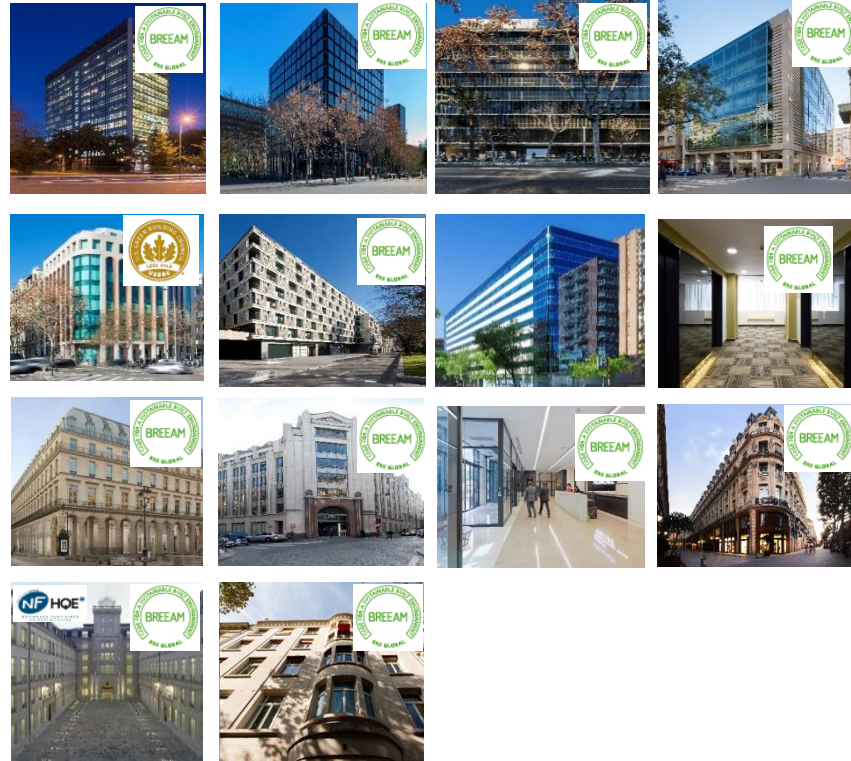
+ €2.4
per share

REAL ESTATE TRANSFORMATION



+ €0.9
per share

RENTAL PRICE INCREASES



CAPITAL VALUE CREATION

	4 YEARS
Real Estate Transformation	+ €2.4
Rental Price Increase	+ €0.9
Yield & others	+ €1.6
Capital Value Creation	+ €4.9

04 Creation of a stronger platform for growth





PROJECT ALPHA IV – SMART CAPITAL RECYCLING

- 1 Disposals of €441m of non core & mature assets
- 2 Investment of €756m in Prime CBD
- 3 Reinforcement of the balance sheet



A stronger platform for growth

SELECTIVE DISPOSALS

1 Selective Disposals

€441m of disposals of 7 office assets and 1 project in Madrid

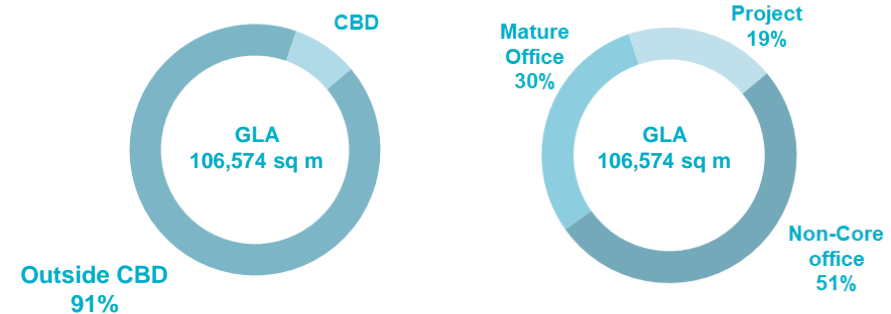
- > Attractive pricing: 12% premium versus last reported GAV
- > Low implied ungeared IRR with initial yield at 3%

DIVESTMENTS

- > Total amount of €441m
- > +12% premium on last reported GAV¹
- > Implied yield of 3%²
- > Implied IRR below 4.5%³

BUSINESS MIX

- > GLA of 106,574 sq m (thereof 20,276 sq m project)
- > 8 office assets in Madrid
- > 91% outside of CBD
- > Combination of Non-core and mature assets

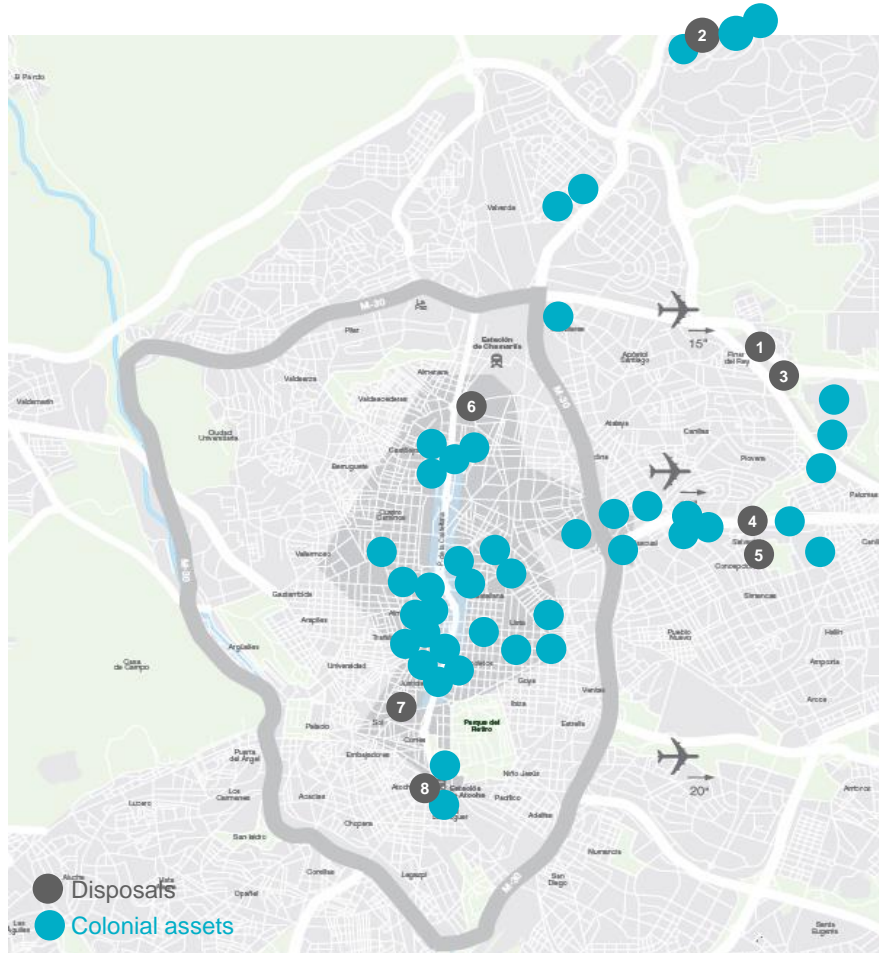


(1) Last reported GAV: GAV 6/18 for operating assets and Acquisition Price + Future capex in Project
(2) Net initial yield of operating assets (excluding project)
(3) Implied 10 year ungeared IRR of operating assets at disposal price

1 Selective Disposals

€441m of disposals of 7 office assets and 1 project in Madrid

- > Attractive pricing: 12% premium versus last reported GAV
- > Low implied ungeared IRR with initial yield at 3%



EXECUTED DISPOSALS

ASSETS	GLA (sq m)	PORTFOLIO
1. Cristalia 2&3	17,338	Axiare
2. Avenida de la Vega 15	22,578	Axiare
3. Cristalia 5&6	17,587	Axiare
4. Luca de Tena 6	4,560	Axiare
5. Luca de Tena 14	7,872	Axiare
6. Foxá 29	7,275	Colonial
7. Alcalá	9,088	Colonial
8. Méndez Álvaro Office project	20,276	Colonial
TOTAL	106,574	

1 Selective Disposals

EXECUTED DISPOSALS



Non core office assets

- > Suboptimal micro location
- > Lack of public transport – weak connectivity
- > Weak letting perspective
- > High vacancy risk



Mature assets at maximum value

- > 100% let recently at maximum terms
- > Long term contracts, especially Alcalá
- > Alcalá with public tenant and low efficiency

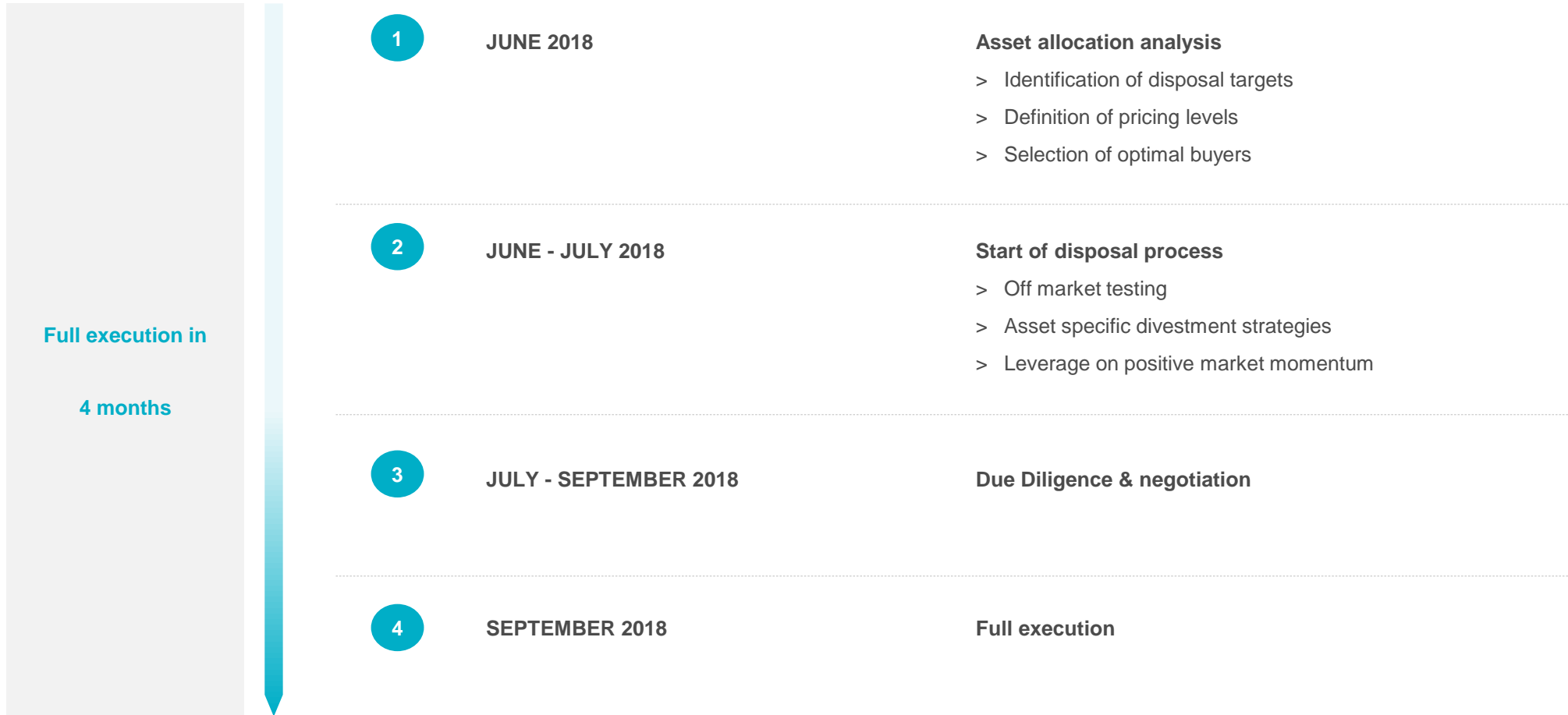


Securing value & consolidation of Castellana south Market

- > Value creation secured only 10 months after acquisition
- > Headquarters for Top Tier Spanish Insurance company
- > Acceleration of urban transformation of “Castellana Sur”
- > “Forward purchased” disposal, de-risking project pipeline

1 Selective Disposals

RAPID EXECUTION THROUGH STRONG CAPABILITIES



SMART CAPITAL RECYCLING TO PRIME

ALPHA IV DELIVERED

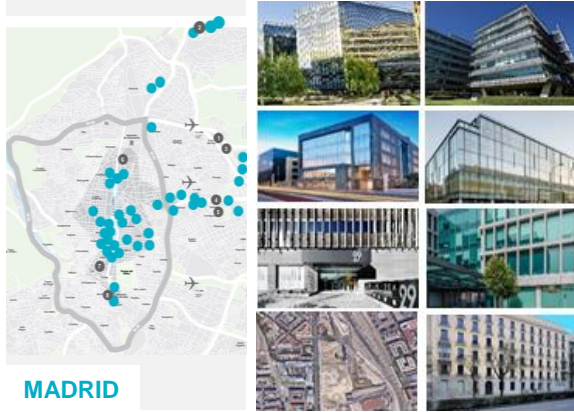
04 Creation of a stronger platform for growth
 2 Smart Capital Recycling to Prime

- > Disposals of €441m with 12% premium on last reported GAV1
- > Acquisition of 22% stake in SFL at 19% discount on NAV
- > Acquisition of 1 Prime Factory project in Barcelona CBD

Disposals
€441m

DISPOSALS

1 Disposals



Non Core & mature assets

- ✓ GLA – 106,574 sq m
- ✓ 7 operating office assets
- ✓ 1 project in Madrid

Total disposals: €441m

12% premium on GAV¹

Investments
€756m

ACQUISITIONS & PROJECT PIPELINE

2 22% of SFL



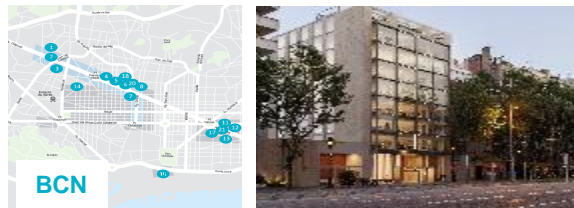
Opportunistic acquisition

- ✓ Paris Prime CBD
- ✓ Enhanced exposure flagship projects in Paris

Total investment: €718m

19% discount on NAV

3 Acquisition Diagonal 525



Value Added – Prime Factory

- ✓ GLA – 5,710 sqm
- ✓ Redevelopment project
- ✓ Prime CBD - Diagonal

Total investment: €37m²

Yield on Cost > 6%

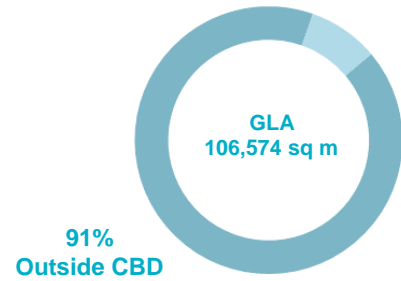
IRR 7-8%³

(1) Last reported GAV: GAV 6/18 for operating assets and Acquisition Price + Future capex in Project
 (2) Acquisition price + future capex
 (3) 10-year ungeared IRR

04 Creation of a stronger platform for growth
 2 Smart Capital Recycling to Prime

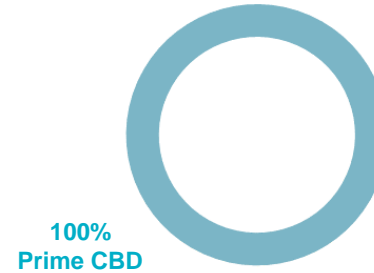
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DISPOSALS

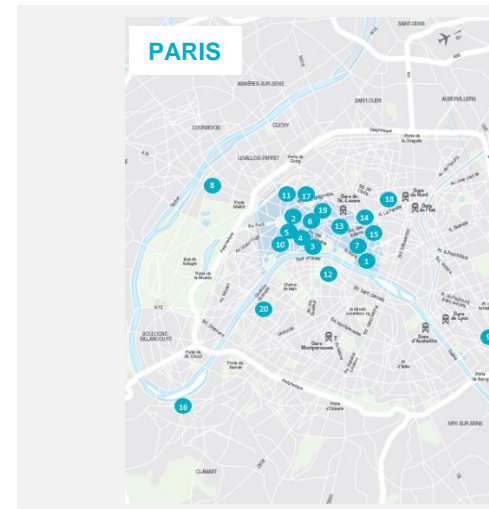
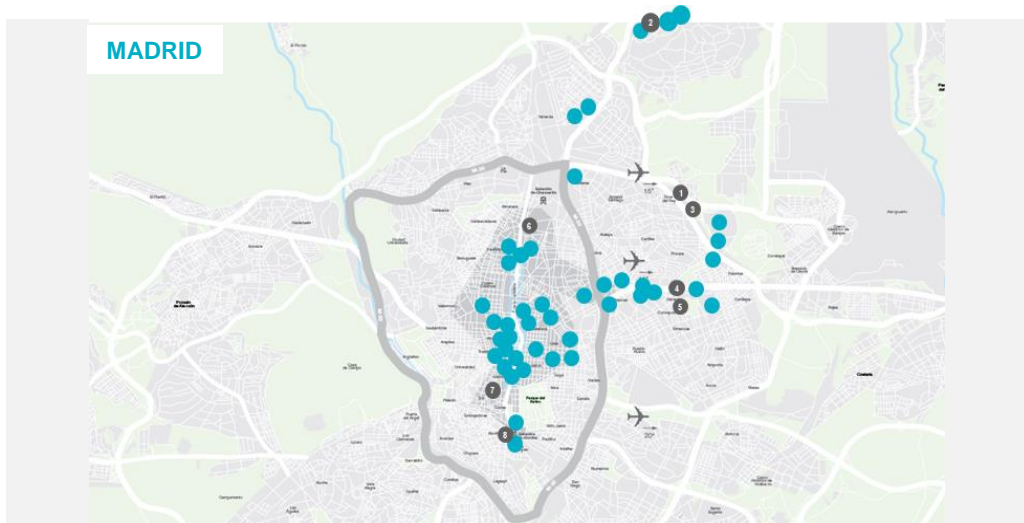


- > Disposal price €441m
- > High risk with low yield
- > Mature products

ACQUISITIONS



- > Total investment €756m
- > Opportunistic pricing
- > Increasing project exposure



Acquisition Diagonal 525



● Disposals ● Colonial assets

2 Prime Acquisitions – Alpha IV delivered

TRANSACTION

- > Acquisition 22% stake in SFL from Qatar through a combination of Colonial shares and cash
- > Blended price at 19% discount to 6/18 EPRA NAV
- > Lock-up provision and restrictions to sell on Colonial shares received by Qatar as part of the transaction

RATIONALE

- > Increase of stake in strategic subsidiary SFL at attractive terms
- > Increased exposure to prime CBD and flagship projects in Paris
- > Accretive transaction in terms of EPRA NAV per share and EPS
- > Reinforcement of a stable long term oriented shareholder base
- > Enhancement of liquidity and visibility in public equity and debt capital markets

TIMELINE

- > Transaction approved by Colonial Board of Directors
- > Oct-18: Formal publication of EGM call
- > Nov-18: Colonial EGM to vote on the transaction
- > Nov-18: Settlement of the cash/share considerations

04 Creation of a stronger platform for growth

2 Prime Acquisitions – Alpha IV delivered

PRICING

Acquisition of QIA's 22% stake in SFL (10.32 million of shares)

- > 73% share offer, equivalent to 7.54m of SFL shares, based on a 7.5x exchange ratio translating into an implied value of €68.3/share¹ (20% discount on latest reported EPRA NAV)
- > 27% cash offer at a price of €73.0/share, equivalent to 2.79m of SFL shares (15% discount on latest reported EPRA NAV)



Implied blended acquisition price of €69.6/share¹
19% discount on latest reported EPRA NAV

OTHER ELEMENTS

- > Preservation of SFL SIIC regime
- > Lock-up on Colonial shares received by Qatar as part of the transaction
- > Simplification of Colonial Group Structure

SOURCES & USES (€m)

Cash ²	203
New Colonial shares ³	488
Colonial treasury shares ⁴	27

Total sources 718

Acquisition price 718

Total uses 718



¹ Colonial at 9.11€/share (EPRA NAV 6/18)

² Acquisition of 2.79 million of SFL shares in cash at €73/share

³ Issuance of 53.5 million of new Colonial shares at €9.11/share (EPRA NAV 6/18)

⁴ Delivery of 3 million of treasury shares valued at €9.11/share (EPRA NAV 6/18)

04 Creation of a stronger platform for growth
 2 Prime Acquisitions – Alpha IV delivered

Attractive returns increasing exposure to prime

- > +4% accretion in EPRA NAV¹
- > +10% accretion in recurring EPS²

ATTRACTIVE RETURNS

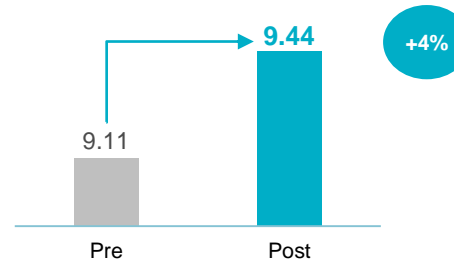
- > NAV pro-forma of €9.44 per share post deal
- > +4% accretion¹ on EPRA NAV per share
- > +10% accretion² on June recurring EPS

DEAL CONSIDERATIONS

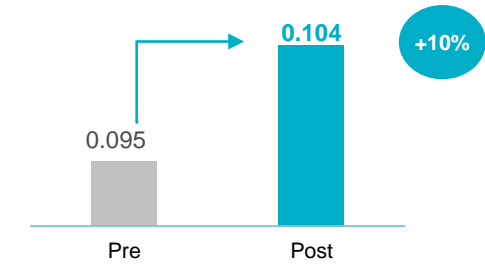
- > Reorganization of shareholders' structure increasing Colonial equity
- > Optimized transaction through use of treasury shares
- > Enhancement of Colonial's visibility in public market

ACCRETIVE TRANSACTION FROM DAY ONE

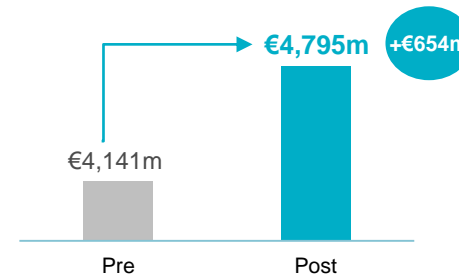
Proforma EPRA NAV¹ p.s. (€)



EPS pro-forma 1H18² (€/sh)



INCREASE IN EQUITY VOLUME WITH HIGH QUALITY



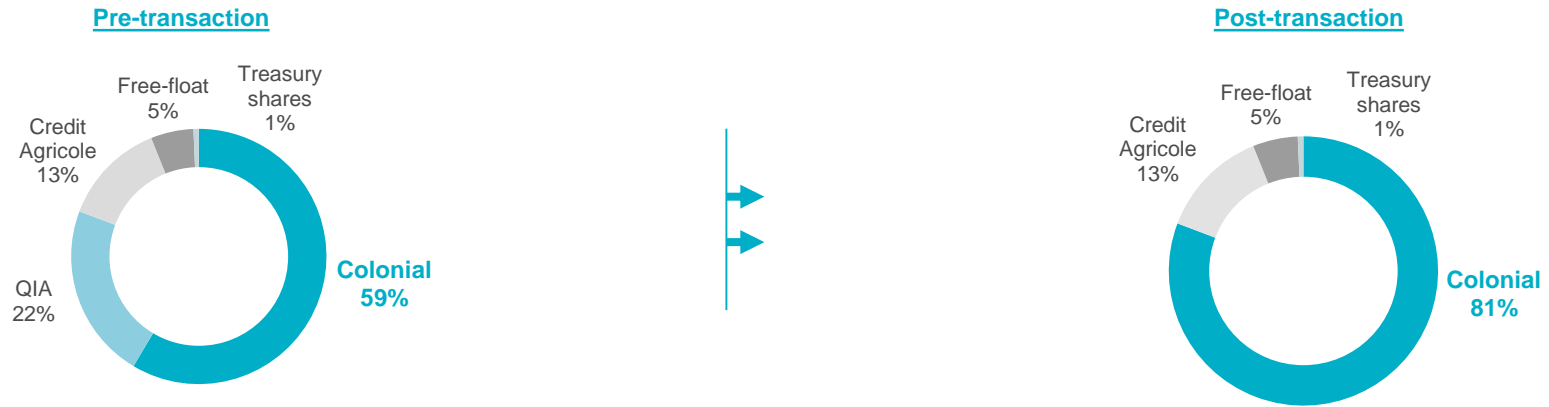
(1) NAV pro-forma vs Jun-18 reported EPRA NAV (details in appendix)

(2) Half year EPS proforma based on 1H 18 reported recurring EPS (details in appendix)

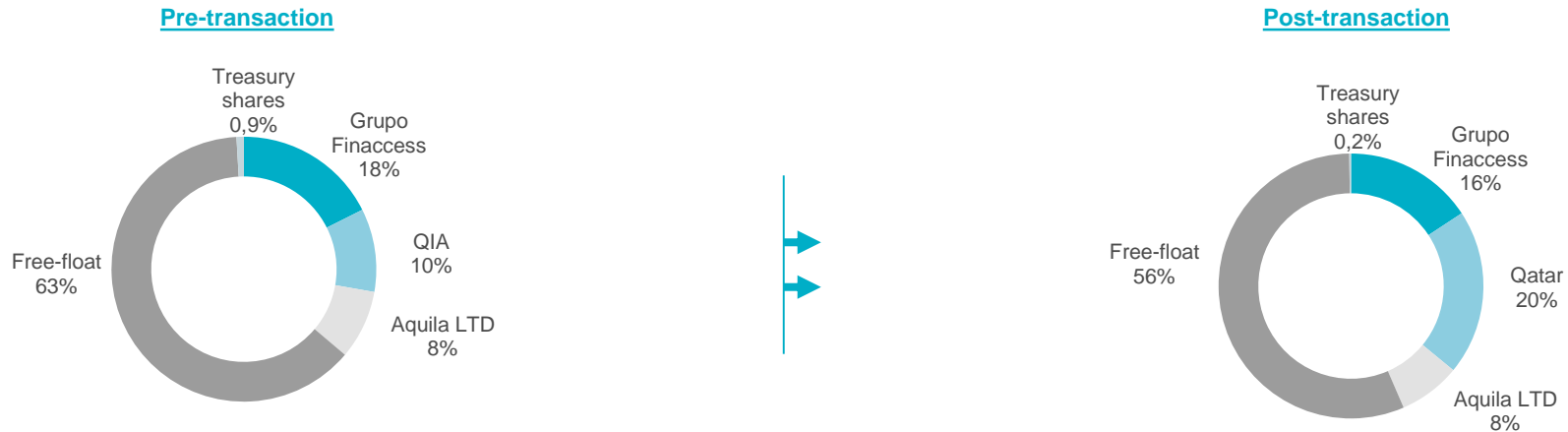
04 Creation of a stronger platform for growth
 2 Prime Acquisitions – Alpha IV delivered

- > Increase of stake in strategic subsidiary
- > Reinforcement of Colonial capital structure with long term investors
- > Simplification of Group structure

SFL SHAREHOLDING



COLONIAL SHAREHOLDING



2 Prime Acquisitions – Alpha IV delivered

- > Short timeline of implementation
- > AGM scheduled for November
- > Full execution (81% stake in SFL) expected for end of November 2018

EXECUTION HIGHLIGHTS

2018 October > Transaction approval by Colonial's Board and communication to market

2018 October > Call of Extraordinary General Meeting

2018 November > Extraordinary General Meeting to be held on November

2018 November > Issuance of 53.5mm of new shares of Colonial

2018 December > **Consolidation of 81% of SFL in financial accounts**

04 Creation of a stronger platform for growth
 2 Smart Capital Recycling to Prime

- > Creation of an emblematic premise at the heart of Barcelona’s CBD
- > Market segment with the strongest fundamentals
- > Product with high “Scarcity Factor”

SOURCES OF VALUE CREATION

- > Acqu. price well below recent comparable transactions sourced through an off-market transaction
- > Full redevelopment project
 - > Creation of an emblematic premise in Barcelona’s CBD
 - > Refurbishment of its 3 façades enhancing natural light and comfort
 - > Repositioning of the office ground floor into retail space
- > Opportunity to capture max rents through the best product in the market segment with the strongest fundamentals
- > High ungeared IRRs and Yield on Cost

D525- MAIN KPIS

The Transaction		The Opportunity	
Total Cost ¹	€37m	Ungeared IRR	7%-8%
GLA	5,710 sq m	Yield on Cost ²	>6%
Parking	10 units		
Total Cost ¹	€6,460/sq m		



¹ Acquisition price + future capex

REINFORCEMENT OF BALANCE SHEET

3 Reinforcement of Balance Sheet

Selective capital recycling

- > Disposal of non-core & mature assets in excess of €440m
- > Reinvestment Cash proceeds in Prime & Axiare debt cancellation
- > Enhanced prime exposure

FUNDING DETAILS

Price in €m	Total
Asset Disposals	441
22% stake of SFL	(203)
Diagonal 525	(37)
Total	201

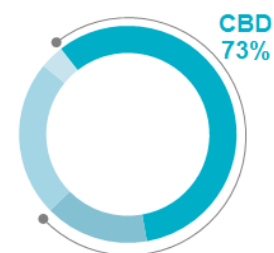
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Use of proceeds:

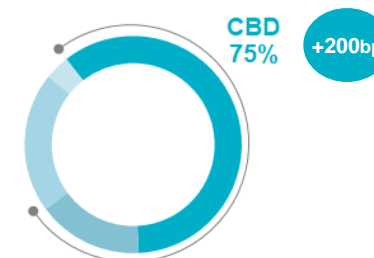
- > Axiare debt cancellation
- > Alpha IV
- > Project capex

ENHANCED PRIME EXPOSURE

Pre - transaction



Post - transaction



04 Creation of a stronger platform for growth
3 Reinforcement of Balance Sheet

Active balance sheet management

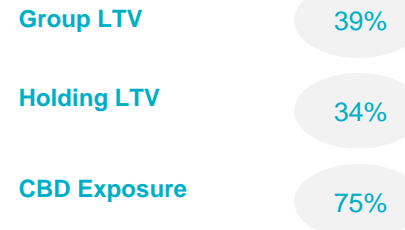
- > Slight deleverage with better quality collateral
- > Improved maturity profile
- > High level of unsecured debt

ACTIVE BALANCE SHEET MANAGEMENT...

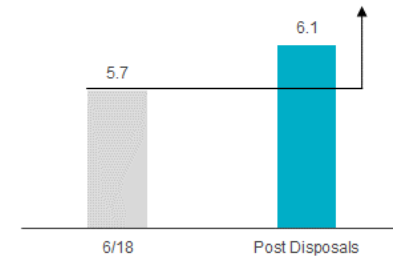
- 1 €663m¹ new equity issued (Axiare merger & Alpha IV)
- 2 €1,150m bonds issuances
 - > €650m Colonial
 - > €500m SFL
- 3 €675m liability management
 - > €375m repurchase Colonial bonds
 - > €300m repurchase SFL bonds
- 4 €393m Axiare bilateral debt cancellation
- 5 €282m Axiare bilateral debt refinancing
- 6 €441m disposals YTD

... REINFORCING THE BALANCE SHEET

LTV (%)

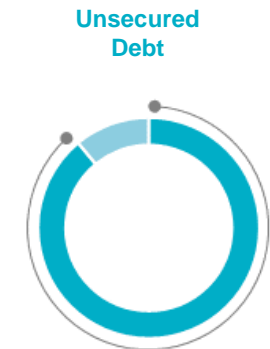
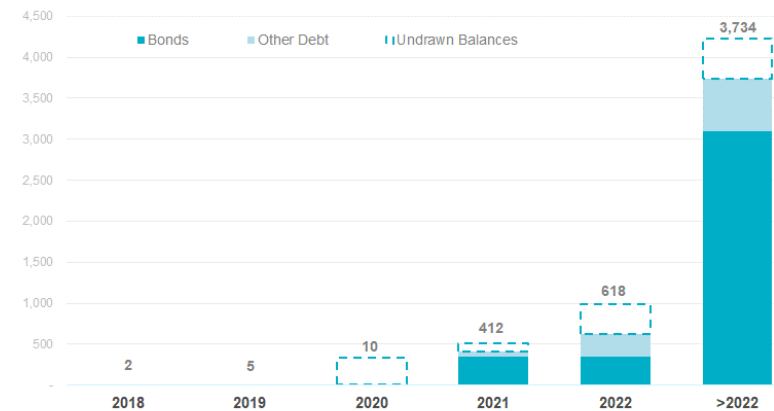


Debt maturity (years)



A long term maturity profile

€m



(1) 72,797,424 new shares at EPRA NAV of 9.11€/share

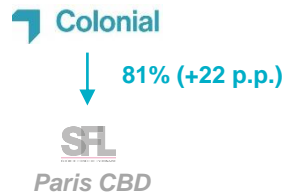
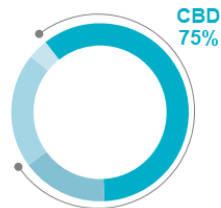
Reinforcement of the balance sheet

- > An enhanced exposure to quality
- > A stronger capital structure

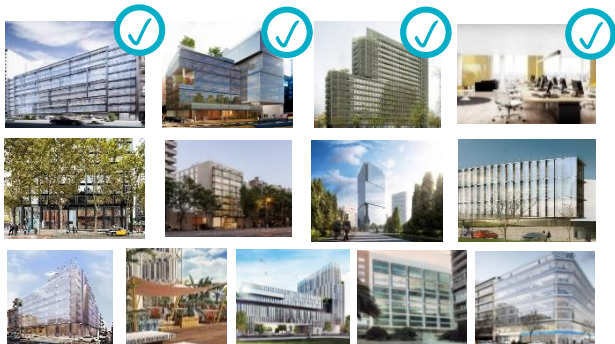
AN OPTIMIZED PORTFOLIO...

More than €500m of potential cash flow from rents

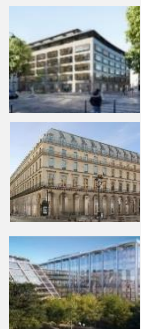
Increased exposure to quality



Enhancement of project exposure



Flagship projects Paris

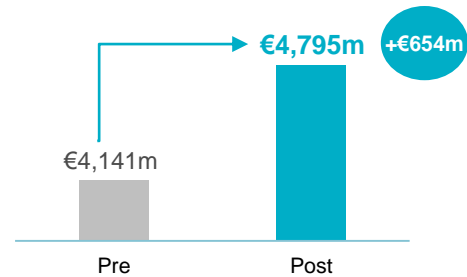


SFL stake
 59%
 ↓
 81%

... WITH A STRONGER CAPITAL STRUCTURE

More than €4,700 €m of equity (EPRA NAV)

Stronger EPRA NAV €m



Solid LTVs



Liquidity¹ Post Alpha IV

€1,529m

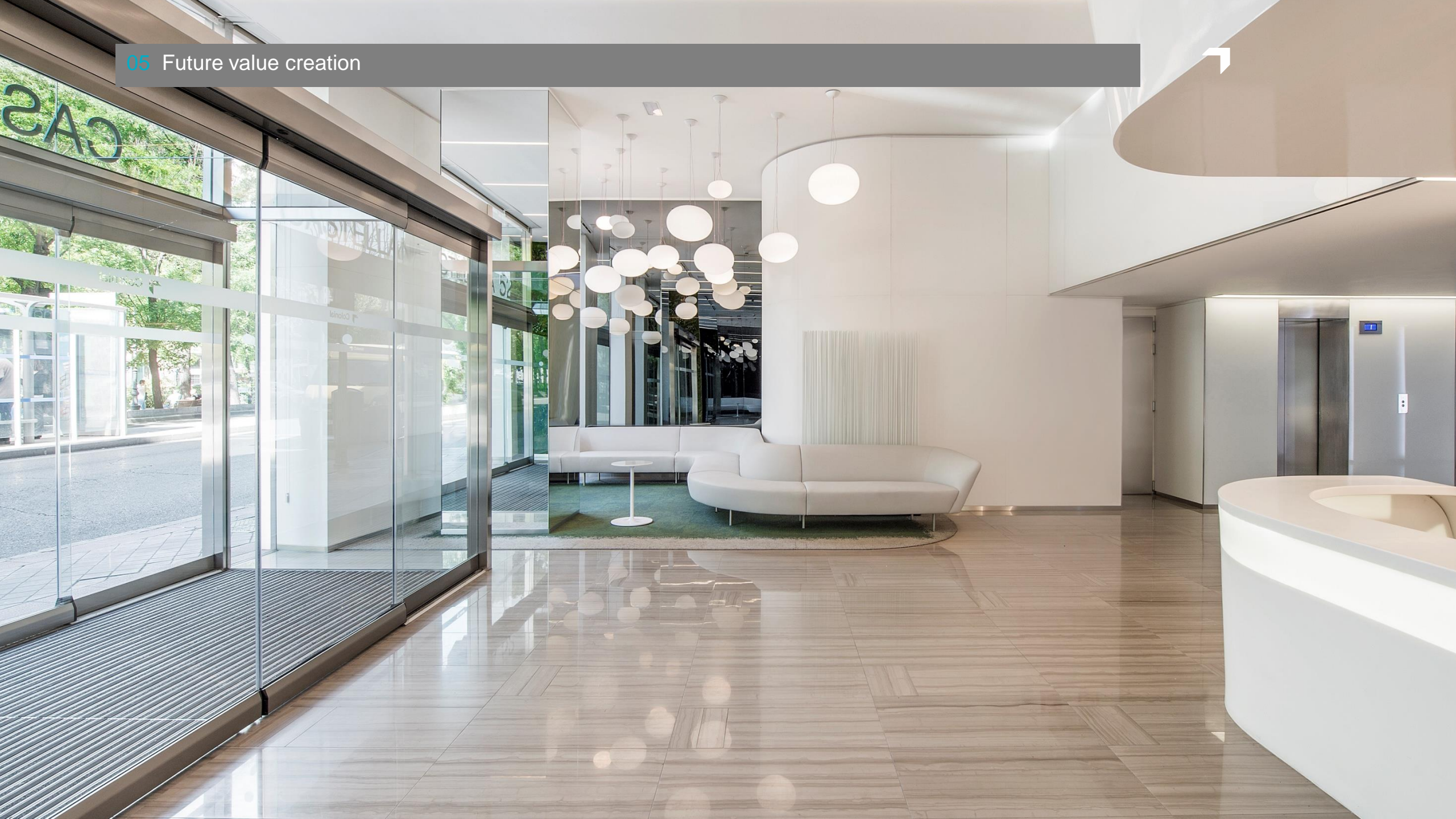
Cost of debt Post Alpha IV

1.84%

Colonial STANDARD & POOR'S BBB MOODY'S Baa2

SFL STANDARD & POOR'S BBB+

A stronger platform for growth





FUTURE VALUE CREATION

- 1 €1.5bn of project pipeline
- 2 Capturing reversion in rents
- 3 Strong investment market
- 4 Acquisitions with investment discipline

05 Future value creation

1 Short-term projects on track to crystalize value

- > Successful delivery of projects initiated in 2015/2016
- > Rents signed ahead of initial underwriting
- > Full value creation still to be crystallized in NAV



Average ERV signed¹ **26** €/sqm/m

+24%²

Yield on Cost³ **7.8%**

Total Product Cost⁴ **4,267** €/sqm

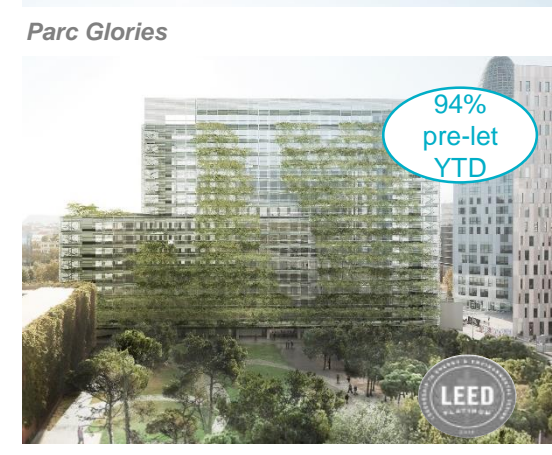


Average ERV signed¹ **24** €/sqm/m

+22%²

Yield on Cost³ **7.6%**

Total Product Cost⁴ **4,027** €/sqm



Average ERV signed¹ **20** €/sqm/m

+30%²

Yield on Cost³ **7.9%**

Total Product Cost⁴ **3,130** €/sqm

¹ Average ERV signed excluding rent of parking spaces

² ERV signed vs ERV at acquisition date (excludes rent of parking spaces)

³ Gross Yield based on contracts signed YTD and assuming 100% occupancy at average ERV signed

⁴ Acquisition price + Capex invested

1 Projects on track to crystalize value

Project	City	Delivery	GLA (sqm)	Total Cost ¹ €m	Total Cost ² €/ sqm	Yield on Cost
1 Discovery	Madrid	Delivered	10.152	43	4.267	7,8%
2 The Window/ PV	Madrid	Delivered	11.368	46	4.027	7,6%
3 Parc Glories	Barcelona	Delivered	24.551	77	3.130	7,9%
4 Josefa Valcarcel 40bis	Madrid	Turnkey Acqu	8.824	30	3.366	6,0%
5 Avenida Bruselas	Madrid	2H 18	14.340	40	2.817	7,0%
6 Pedralbes Center	Barcelona	1H 19	5.562	38	6.843	6,3%
7 Gala Placidia / Utopic_us	Barcelona	1H 19	4.312	17	3.922	7,0%
8 Miguel Angel 23	Madrid	2H 20	8.036	64	7.999	5,8%
9 Castellana, 163	Madrid	2020/ 21	10.910	52	4.803	6,5%
10 Diagonal 525	Barcelona	1H 21	5.710	37	6.460	6,0%
11 Emile Zola / Destination XV	Paris	1H 21	24.500	280	11.428	~ 5%
12 Iena 96	Paris	1H 21	9.300	147	15.801	~ 5%
13 Velazquez Padilla 17	Madrid	1H 21	17.239	113	6.532	6,5%
14 Plaza Europa 34	Barcelona	2H 21	14.306	32	2.257	7,0%
15 Mendez Alvaro Campus	Madrid	2H 22	89.871	273	3.038	7,5%
16 Sagasta 27	Madrid	2H 22	4.481	23	5.044	6,5%
17 Louvré SaintHonoré	Paris	2023	16.000	205	12.831	~ 7%
TOTAL PIPELINE - OFFICE & PRIME COMMERCIAL			279.462	1.517		6,5%
Thereof delivered			54.895	196		7,5%
Thereof Pipeline going forward			224.567	1.322		6,4%

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

05 Future value creation

1 €1.5bn of office & commercial projects with finished costs well below market value

PROJECTS – FINAL COST¹

2018/2019

€291m

Prime Commercial

2020/2021

€725m

2022/23

€501m

Prime Commercial

FINAL COST

	<u>Final Cost</u>	<u>Yield on Cost</u>
BCN	3,829 €/sqm	7.3%
MADRID	4,140 €/sqm	7.7%
MD BD	3,026 €/sqm	6.6%

	<u>Final Cost</u>	<u>Yield on Cost</u>
BCN	3,456 €/sqm	6.4%
MADRID	6,336 €/sqm	6.6%
PARIS	12,631 €/sqm	5.0%

	<u>Final Cost</u>	<u>Yield on Cost</u>
MADRID	3,133 €/sqm	7.5%
PARIS	12,831 €/sqm	~ 7%

MARKET REFERENCE 6/18

	<u>Prime Value</u>	<u>Prime Yield</u>
BCN	7,275 €/sqm	4.0%
MAD	10,560 €/sqm	3.75%

	<u>Prime Value</u>	<u>Prime Yield</u>
BCN	7,275 €/sqm	4.0%
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PARIS	26,000 €/sqm	3.0%

	<u>Prime Value</u>	<u>Prime Yield</u>
MAD	10,560 €/sqm	3.75%
PARIS	26,000 €/sqm	3.0%

- ✓ € 1.5bn of Projects & New Prime Product
- ✓ Cost finished product well below market value
- ✓ 6.5% Yield on cost

¹ Acquisition price + project capex

05 Future value creation

1 Projects on track to crystalize value

€1.5bn of office & commercial projects with finished costs well below market value

- > €100m of additional rental cash flow (excluding logistics projects & landbank on hold)
- > €447m of pending capex to the full pipeline

LAND BANK – PROJECTS ON HOLD

Parc Central – 22 @ Barcelona



Puerto Somport 10-18 – Madrid

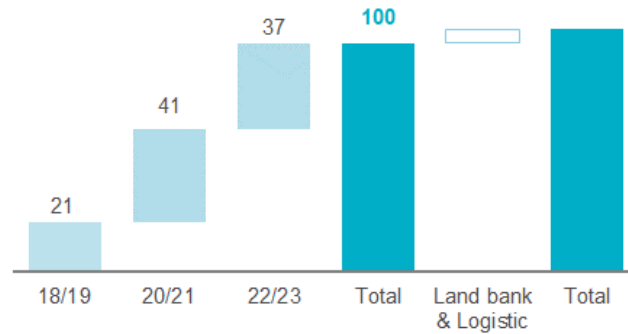


LOGISTIC – TRACK ON PROJECT

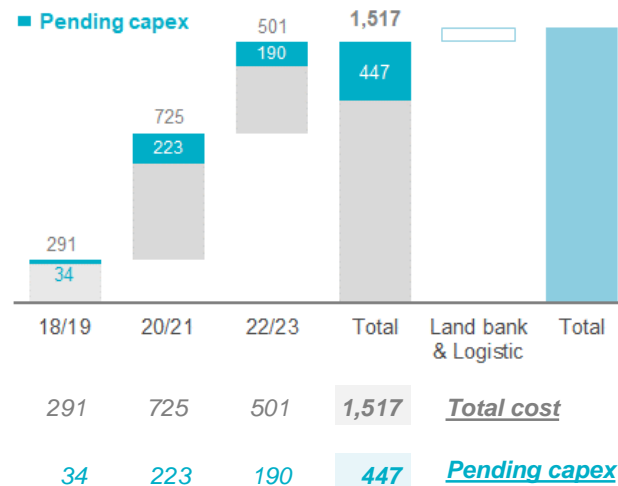
San Fernando de Henares



POTENTIAL GRI (€m)



TOTAL PRODUCT COST (€m)



PIPELINE

City	Yield on Cost
Barcelona	7.0%
Madrid	7.1%
Paris	5.8%

MARKET REFERENCE 6/18

City	Prime Yield
Barcelona	4.0%
Madrid	3.75%
Paris	3.0%

PIPELINE

City	Final Product Costs (€/sqm)
Barcelona	3.692
Madrid	4.038
Madrid BD	3.026
Paris	12.696

MARKET REFERENCE 6/18

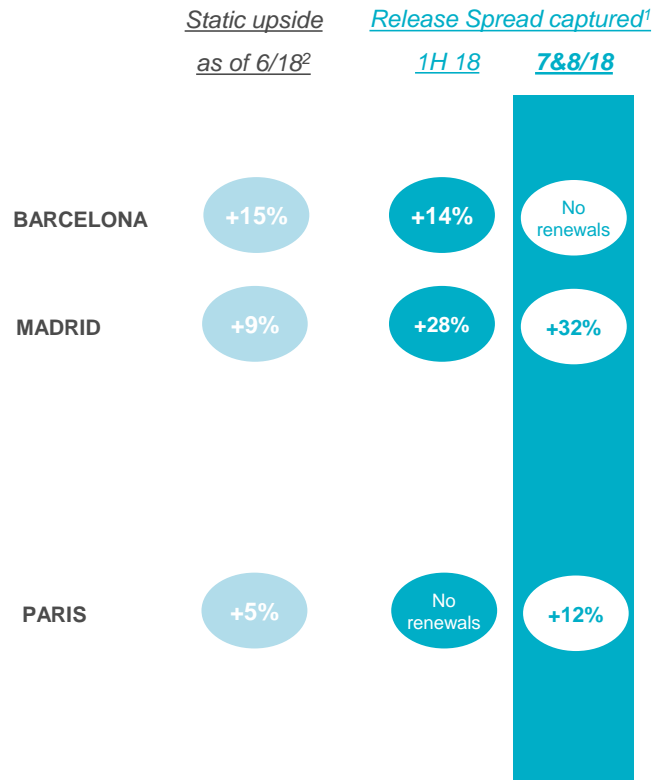
City	Prime Capital Value (€/sqm)
Barcelona	7.275
Madrid	10.560
Paris	26.000

05 Future value creation

2 Colonial well-positioned to capture reversion

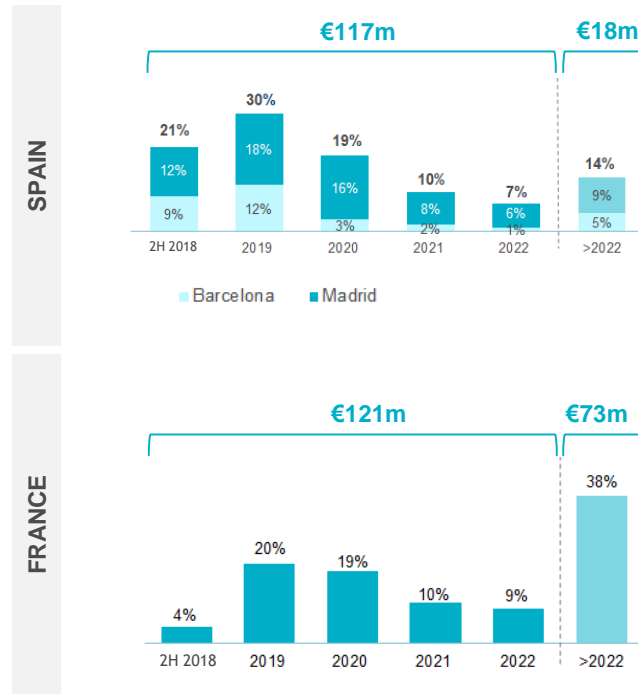
- > Strong delivery on reversion in 2018
- > Attractive rent roll profile
- > Solid positioning in growing markets

CAPTURING REVERSION

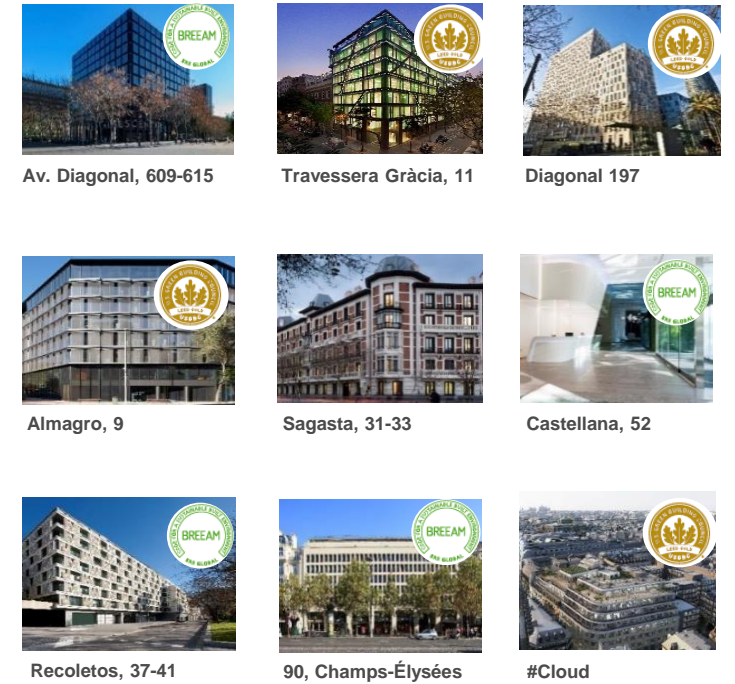


ATTRACTIVE RENT ROLL

COMMERCIAL LEASE EXPIRY DATES (6/18)
First potential exit



SOLID POSITIONING IN GROWING MARKETS



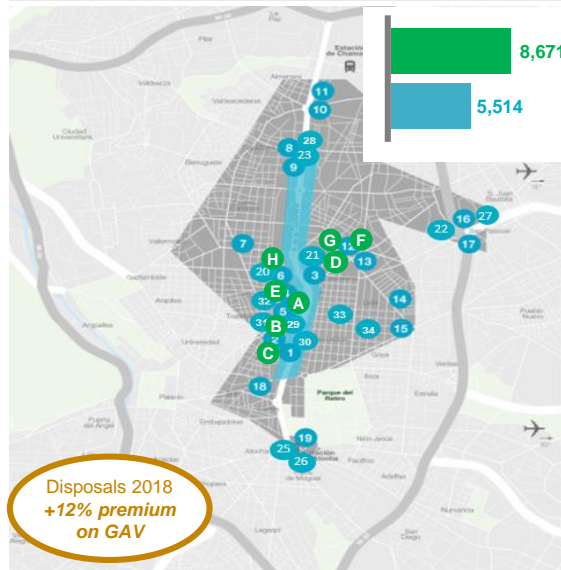
1) New rents signed vs previous rents

2) Market rents vs current passing rents as of 06/18 without including future rental growth

3 Momentum in investment markets remains strong

- > Investor interest for prime product remains strong
- > Significant capital value increases in recent quarters
- > Colonial's assets with prudent appraisal values

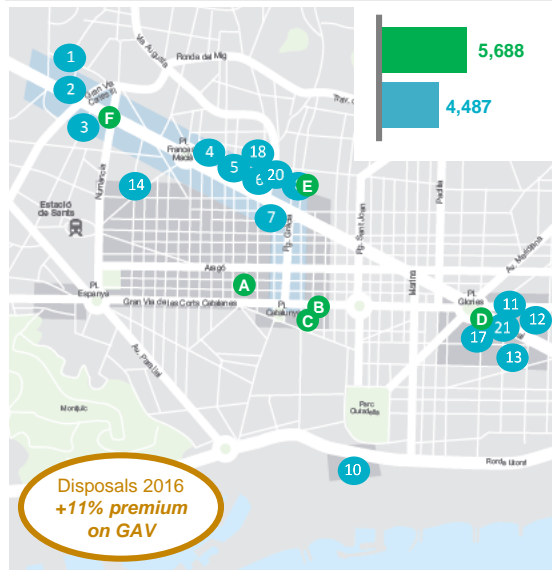
Madrid City Center (inside M30)



Latest investment transactions inside M30

	Price ⁽²⁾	Cap. Value ⁽³⁾
A Paseo de Recoletos, 5 ⁽¹⁾	33	9,863
B Gran Vía, 18 ⁽¹⁾	44	9,430
C Carrera de San Jerónimo, 15	60	8,602
D Velázquez, 108	30	7,143
E Fernando el Santo, 15	30	9,219
F Suero de Quiñones, 40-42 ⁽¹⁾	38	8,209
G Velázquez, 123 ⁽¹⁾	21	9,545
H Ríos Rosas, 24 ⁽¹⁾	24	7,357
CBD Transactions - Average	279	8,671
Colonial Average (06/18 appraisal)		5,514

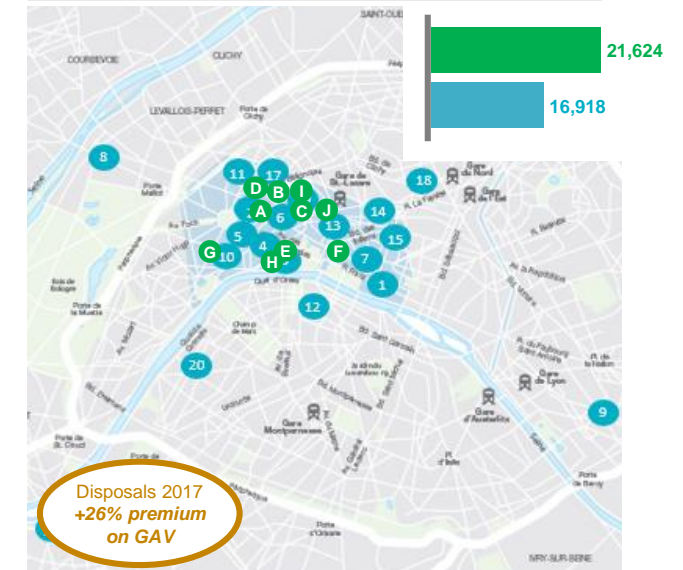
Barcelona City Center



Latest investment transactions in city center

	Price ⁽²⁾	Cap. Value ⁽³⁾
A Enric Granados, 84	7	5,838
B Carrer de Fontanella, 9	20	6,030
C Carrer de Fontanella, 6-8	65	8,414
D Carrer Tanger, 66	90	5,294
E Plaza de Gala Placidia, 1	17	3,942
F Diagonal 662 ⁽¹⁾	210	7,500
CBD Transactions - Average	409	6,170
Colonial Average (06/18 appraisal)		4,487

Paris CBD



Latest investment transactions in Paris CBD

	Price ⁽²⁾	Cap. Value ⁽³⁾
A Rue Lamennais, 2	69	19,771
B Place De Rio De Janeiro, 2	125	17,857
C Rue La Boetie, 83	63	19,319
D Rue Mederic, 12-14	112	18,463
E Rue Francois 1Er, 26 Bis	252	22,909
F Marché Saint-Honoré ⁽¹⁾	290	17,000
G Avenue Kleber, 30	75	21,500
H Rue Jean Goujon, 19-21	134	15,765
I Avenue De Messine, 5	100	43,478
J Rue La Boetie, 49-51	222	20,182
CBD Transactions - Average	1,442	21,624
Colonial Average (06/18 appraisal)		16,918

⁽¹⁾ Assets with significant Capex to be implemented

⁽²⁾ €m

⁽³⁾ €/sqm

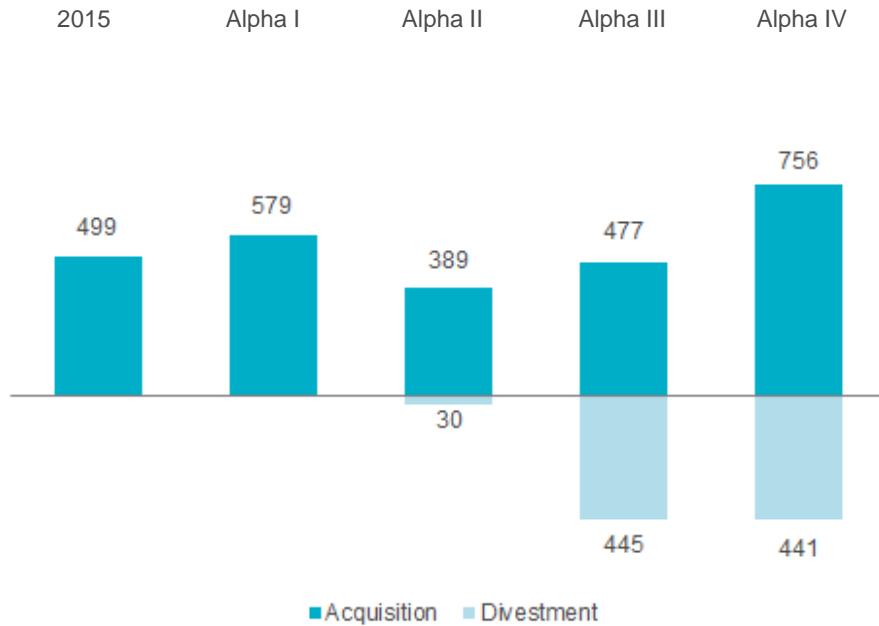
Source: Savills-Aguirre Newman and public information

05 Future value creation

4 A solid track record in capital allocation

- > Mainly off-market transactions
- > High value-added components
- > City Center locations with strong fundamentals

NET INVESTMENTS SINCE 2015 - €m



ACQUISITION TARGETS

1. Prioritize value add Opportunities
2. Create high quality offices
3. Maintain investment discipline

Investment parameters: Organic growth

- ✓ €250m per annum
- ✓ Ungeared 10 year IRR target

Value Add Spain 7 - 8%

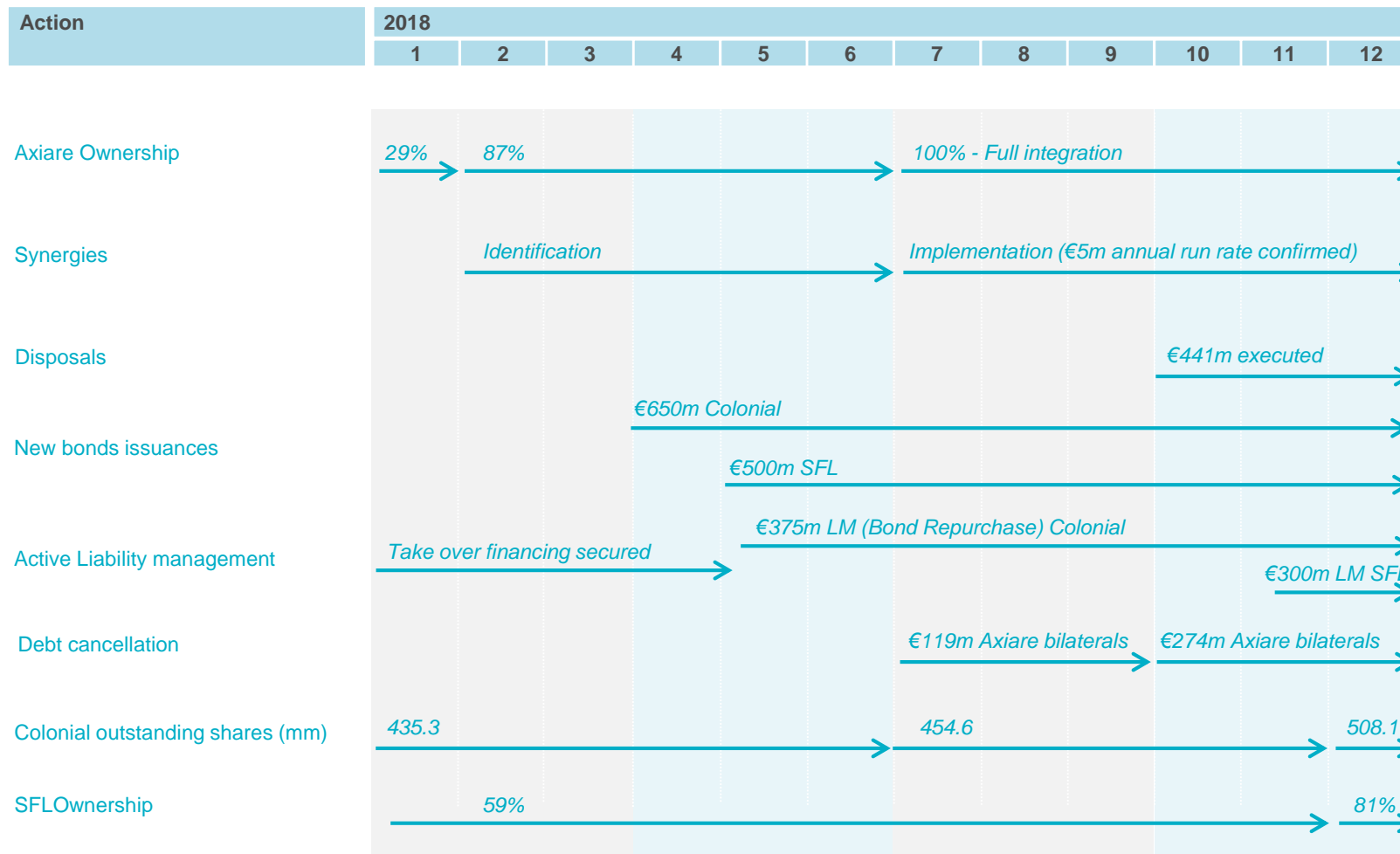
Value Add France 6 - 8%

Core Investments 5 - 6%



Creation of a stronger platform for growth

- > 2018 a year of transition with many “moving parts”
- > Full transformation from 2019 onwards



A year of transition

1. Changing ownership profiles
2. Many actions in financial structure
3. Active asset rotation
4. Changing NOSH

Full positive impacts from 2019 onwards



GUIDANCE

1 Profit & Loss

- > Top Line GRI 2018 > €346m
- > EPS 2018: €22cts
- > DPS 2018: +10% YoY growth

2 Capital Recycling

- > 2018 Disposals €441m YTD
- > 2019 Selective divestment of mature assets

3 Organic: Acquisition program ongoing

- > Acquisitions of €250m per annum
- > Prioritize value add opportunities

4 Strong commitment to solid capital structure

- > Investment Grade Rating
- > LTV ~ 40%



FIVE PILARS OF VALUE CREATION

- 1 Project pipeline
- 2 Delivery rental price increases
- 3 Capturing momentum in investment markets
- 4 Acquisition program
- 5 Proptech enhanced strategies



NAV proforma on 6/18 reported	NAV €m	Nosh	€/sh.
Pre Deal	4.141	454,6	9,11
NAV acquired SFL stake	1 885		
Cash payment	2 (203)		
Treasury shares delivered	3 (27)		
New Colonial shares issued		53,5	
Post Deal	4.795	508,1	9,44
Acretion per share			+3,6%

- 1 10.33 million shares of SFL valued at €85.7/sh (6/18 EPRA NAV)
- 2 2.79 million shares of SFL paid in cash of SFL at a price of €73.0/sh
- 3 3 million of Colonial treasury shares at €9.11/sh (6/18 EPRA NAV)

EPS proforma on 1H 6/18 reported	Earnings €m	Nosh	€/sh.
Pre Deal	41,5	435,3	0,095
Atributable SFL profit of acquired shares	4 11,5		
New debt (at 1,9% Cost of debt)	5 (1,9)		
New Colonial shares issued		53,5	
Post Deal	51	488,8	0,104
Acretion per share			+9,5%

- 4 €1.11/sh (SFL 1H 18 recurring EPS) x 10.32 million shares of SFL
- 5 6 months of 1.9% of financial cost on cash component of €203m

Colonial

