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HECHO RELEVANTE

Como continuación al Hecho Relevante publicado con fecha 10 de noviembre de 2017 con número de registro 258392, Colonial remite documentación de soporte a la presentación a analistas e inversores relativa a operación corporativa y los resultados correspondientes al tercer trimestre de 2017, que se celebrará hoy lunes día 13 de noviembre de 2017 a las 13:00 horas (CET) a través de un webcast.

Los datos de conexión a la conferencia se detallan a continuación:

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Adicionalmente, la presentación de resultados estará disponible en la página web de la Sociedad.

En Barcelona, a 13 de noviembre de 2017.



MSCI 

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IBEX₃₅



3/17

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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



Ongoing consolidation of solid growth

Superior risk adjusted return for shareholders



AN EXCELLENT SET OF RESULTS

- > Gross Rental Income, +4% like for like
- > Net Rental Income, +4% like for like
- > Recurring Net Income, +16%
- > FFO per share +4%
- > Net Profit of €454m, +€205m

STRONG OPERATIONAL PERFORMANCE

- > More than 110,000 sq m let with top tier clients
- > Solid occupancy levels at 97%
- > Double digit increase on signed rental prices
- > Rental prices increase driven like for like GRI
- > Maximizing value through active asset allocation

FIRM DELIVERY ON FINANCIALS

- > Strong top & bottom line performance
- > Active balance sheet management
- > Confident outlook on growth
- > Superior risk adjusted return for shareholders

Ongoing consolidation of solid growth

Excellent financial results with healthy growth

- > Strong EPRA Like for Like growth in rental income: +4% GRI and NRI
- > Significant increase of Recurring Earnings: +16%
- > FFO per share: +4%

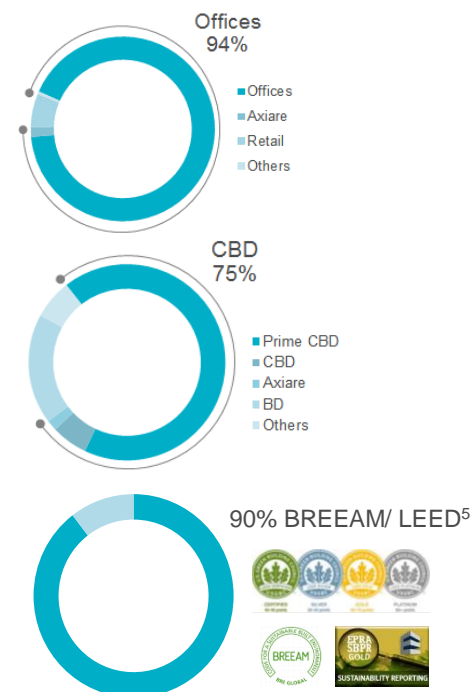
Return - € per share	3Q 2017	YoY Var
FFO per share ¹²	0.160	+4%
EPS Recurring ¹	0.157	+2%
DPS	0.165 ³	+10%

Profit & Loss - €m	3Q 2017	YoY Var
Gross Rental Income	€212m	+4% EPRA LFL ⁴
EBITDA Recurring	€169m	+4% EPRA LFL ⁴
FFO	€60m	+10%
Recurring Net Profit	€59m	+16%
Net Profit	€454m	+82%

Balance Sheet - €m	3Q 2017
GAV Group - 06/2017	€8,253m ⁷
Group LTV	33.5%
Maturity Group	4.5 years
Cost of Debt	2.03%

- (1) Recurring EPS & FFO per share based on average NOSH
- (2) Recurring FFO: Recurring Net Profit excluding amortisations and accrual of share remunerations
- (3) Dividend approved by 2017 AGM on 2016 full year results
- (4) EPRA like for like: Like for like variance base on EPRA BPR methodology
- (5) Portfolio in operation as of 6/2017
- (6) GAV breakdown as of June 2017
- (7) GAV as of June 2017 adjusted by the In&Out disposal & Arturo Soria investment at acquisition price

BUSINESS MIX – GAV GROUP⁶



STANDARD & POOR'S

Rating Standard & Poor's
BBB Stable Outlook

MOODY'S

Rating Moody's
Baa2 Stable Outlook

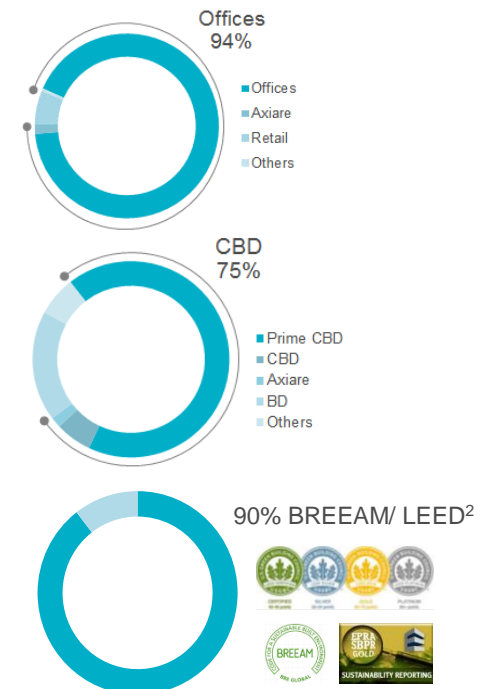
Ongoing consolidation of solid growth

Outstanding operating performance

- > EPRA Vacancy stabilized at low levels
- > Double digit rental price increases
- > Fundamentals remain strong in 3Q

OPERATIONAL PERFORMANCE	3Q 2017
# Transactions signed	76
Volume of sq m signed	110,050
.....	
EPRA Vacancy	3%
Release Spread ¹	+13%
Release Spread Barcelona	+19%
Release Spread Madrid	+10%
.....	
Capex on portfolio	€61m

BUSINESS MIX – GAV GROUP



Rating Standard & Poor's
BBB Stable Outlook

Rating Moody's
Baa2 Stable Outlook

(1) Rental prices signed vs previous rents
 (2) Portfolio in operation as of 6/2017



Macroeconomic context

Macro outlook remains solid

- > Eurozone with improving fundamentals
- > Spain with attractive growth profile
- > France with accelerating positive momentum post election

MARKET TRENDS

WORLD & EU

- ✓ World GDP improving +3.5% in 2017 & +3.7% in 2018
- ✓ Euro area: positive momentum with increased confidence
- ✓ Opportunity for reforms post French & German elections

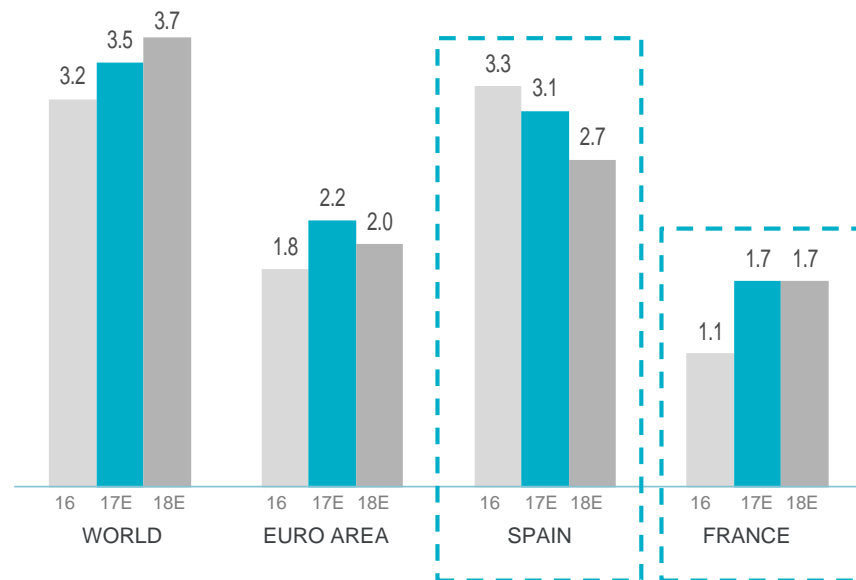
SPAIN

- ✓ Economy growing above EU average: +3.1% in 2017
- ✓ Improvement of private consumption and exports
- ✓ Progressive upwards revision of growth forecasts

FRANCE

- ✓ Analysts with upwards revision on GDP growth forecasts
- ✓ GDP growth with positive momentum in the next two years
- ✓ Reform agenda as catalyst for further growth

GDP GROWTH



Source: October Monthly report "la Caixa"

Micro outlook for Offices remains very positive

- > Barcelona with record performance in lettings
- > Madrid - strong acceleration in YoY take-up
- > Prime Paris with very solid fundamentals

MARKET TRENDS



BARCELONA

- ✓ Cumulative take-up above 260.000 sqm: +18% yoy growth
- ✓ Internet and e-commerce companies pushing 22@market
- ✓ Vacancy of Grade A/B+ buildings in CBD below 2%



MADRID

- ✓ Cumulative take-up close to 350.000 sqm: +36% yoy growth
- ✓ Highest take-up levels since 2008
- ✓ Decrease of office stock due to change of use to residential



PARIS

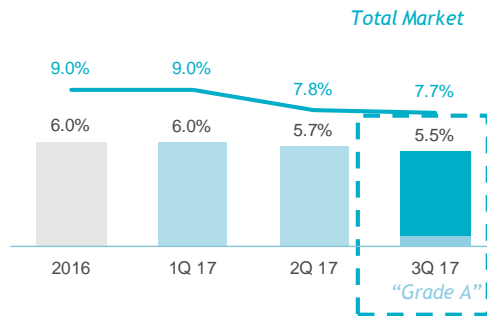
- ✓ Cumulative take-up above 1,760,000, +2% year on year
- ✓ South Paris reached high levels of dynamism thanks to the lack of availability in CBD
- ✓ Acceleration of number of large transactions: 50 transactions above 5,000 sqm
- ✓ Consensus expecting rental growth in Paris CBD in the next quarters

Increasing take-up faces scarcity of Grade A product in CBD

- > Vacancy in CBD far below total market ratio
- > Grade A product in CBD almost inexistent
- > Take up gaining substantial momentum

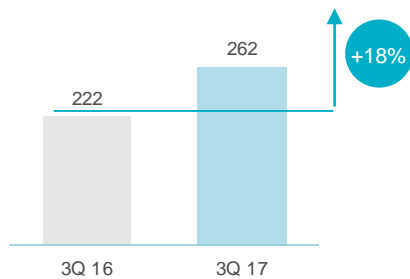
BARCELONA

VACANCY %



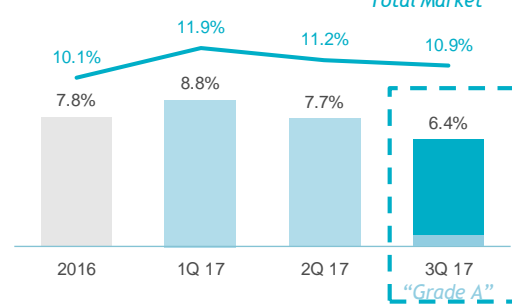
TAKE UP – 3Q cumulative

('000 sqm)

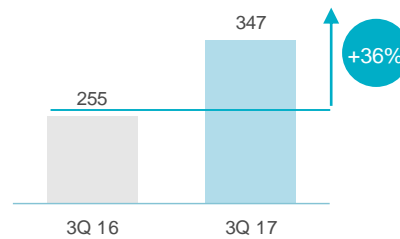


MADRID

VACANCY %

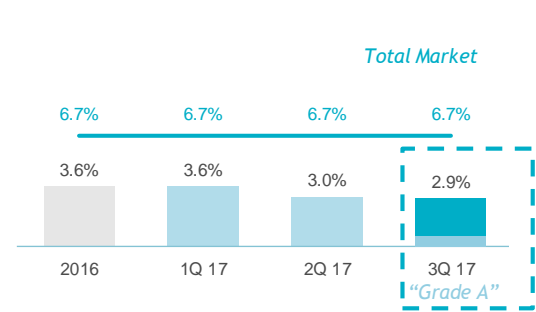


TAKE UP – 3Q cumulative

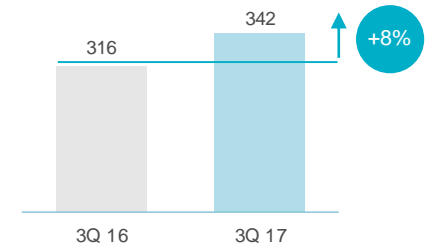


PARIS CBD

VACANCY %



TAKE UP – 3Q cumulative

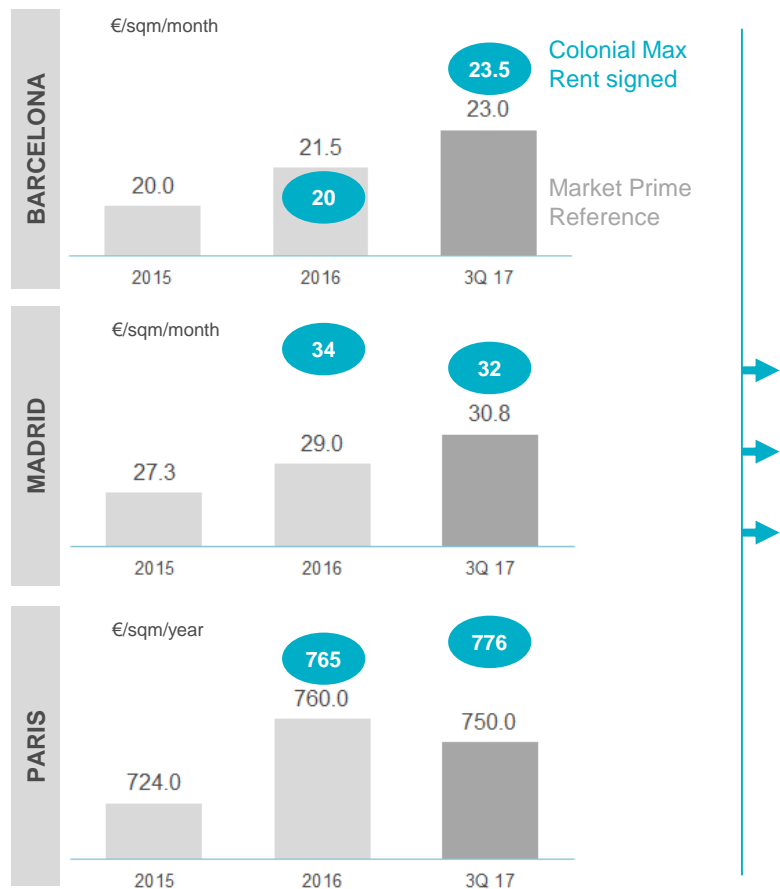


Colonial – Unparalleled leadership rental price performance

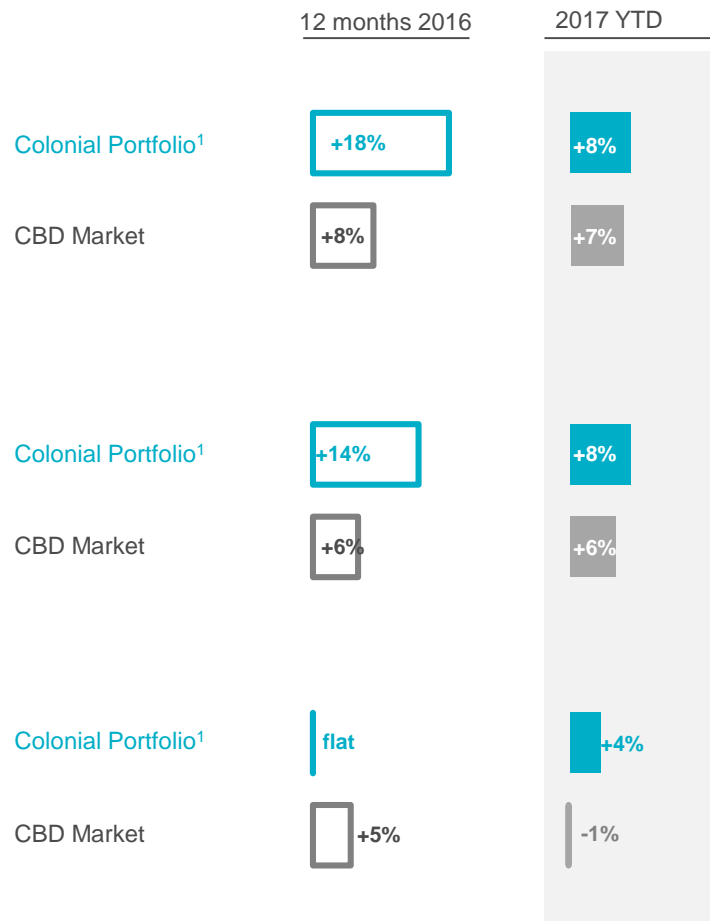
Colonial as leading market indicator for rental price growth

- > Colonial portfolio setting the benchmark in prime rental levels
- > Colonial's growth outperforming the prime market

PRIME ERVS



ERV GROWTH



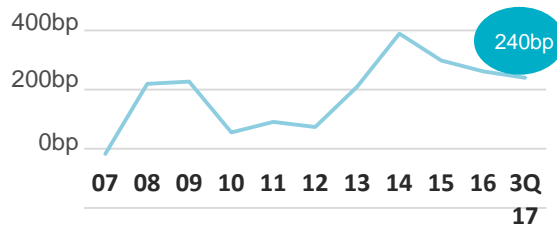
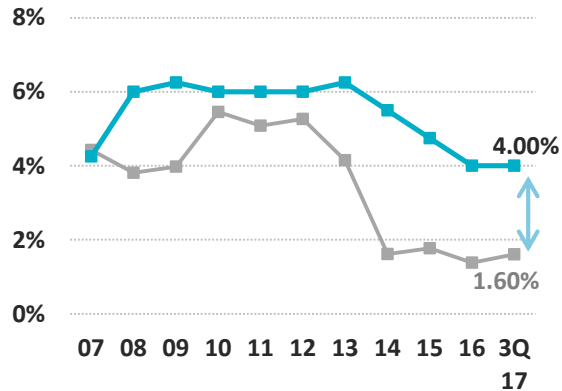
(1) ERV Growth 12 months: Q416 vs ERV12/15 & ERV Growth 9 months: 2017 YTD vs ERV 12/16

Investment markets remain strong

- > Interest for prime remains very strong
- > Spread vs reference rates healthy
- > Rental growth main driver for future capital value growth

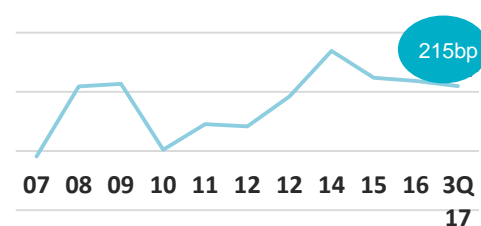
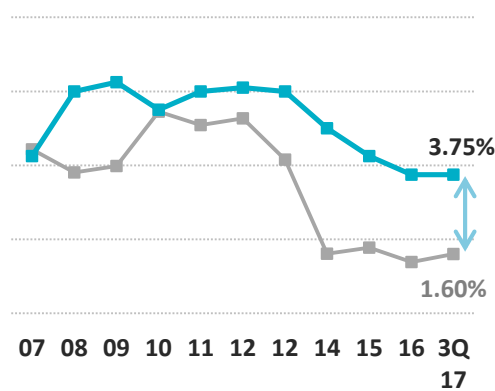
PRIME YIELDS (1)

BARCELONA



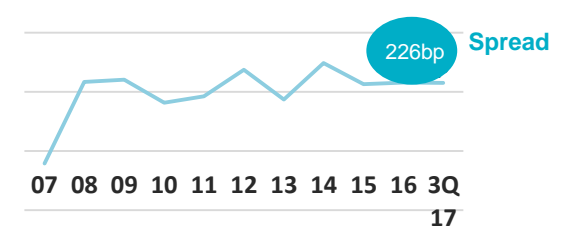
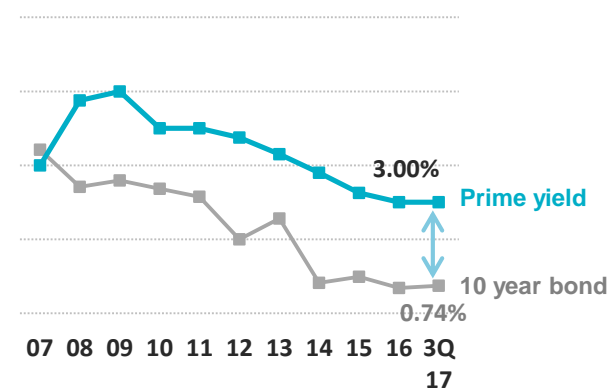
Investment Volume YTD: €728m

MADRID



Investment Volume YTD: €1,048m

PARIS



Investment Volume YTD: €8,114m

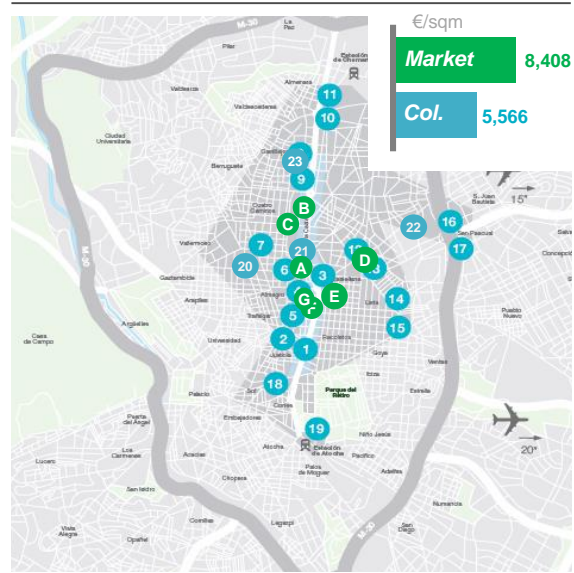
(1) Market consultants in Spain report gross yields and in France they report net yields

Source: JLL, CBRE & Bloomberg

Investor interest for prime product remains strong

- > Significant capital value increases in recent quarters
- > Colonial's assets with prudent appraisal values
- > Premiums on recent disposals highlight room for mark to market catch-up

Madrid City Center (inside M30)



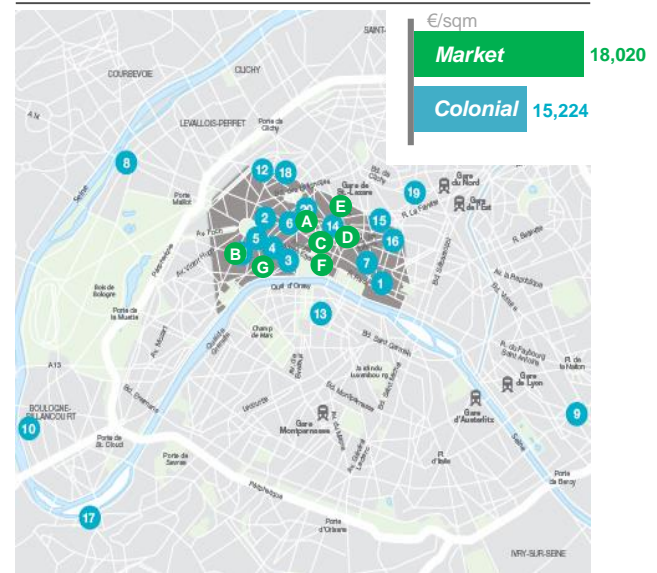
Latest investment transactions inside M30

Barcelona City Center



Latest investment transactions in city center

Paris CBD



Latest investment transactions in Paris CBD

	Price ⁽²⁾	Cap. Value ⁽³⁾
A Plaza de Colón, 1 ⁽¹⁾	58	14,834
B Paseo de Recoletos, 5	33	9,863
C Gran Vía 18	44	9,430
D Suero de Quiñones 42	38	8,209
E Alcalá 17	23	7,667
F Fernando el Santo 20	20	6,839
G Miguel Ángel, 23 ⁽¹⁾	53	6,675
CBD Transactions - Average	269	8,408
Colonial Average (06/17 appraisal)		5,566

	Price ⁽²⁾	Cap. Value ⁽³⁾
A Passeig de Gracia, 81 ⁽¹⁾	30	9,458
B Fontanella 6-8	20	6,030
C Travessera de Gracia, 47-49	41	4,620
D Pallars 190	21	4,122
E Av. Diagonal, 211 - Torre Agbar ⁽¹⁾	142	3,775
CBD Transactions - Average	254	5,601
Colonial Average (06/17 appraisal)		4,367

	Price ⁽²⁾	Cap. Value ⁽³⁾
A Rue de la Baume, 20	128	21,317
B Rue Leroux, 4	32	19,482
C Rue de la Boétie, 81-85	62	19,207
D Boulevard Haussmann 6-8	462	18,865
E Rue de Londres, 43-51	349	17,450
F Av. De l'Opéra, 5	108	15,582
G Rue Bayard	114	14,238
CBD Transactions - Average		18,020
Colonial Average (06/17 appraisal)		15,224

⁽¹⁾ Assets with significant Capex to be implemented

⁽²⁾ €m

⁽³⁾ €/sqm



Letting activity with strong momentum

Prime positioning ensures strong letting performance

- > More than 110,000 sq m signed in 76 transactions
- > Incentives far below market average
- > Solid occupancy level across all segments

		# CONTRACTS	SQM SIGNED	GRI SECURED ¹	INCENTIVES ²	EPRA VACANCY ³
BARCELONA		23	38,236	€8m	3%	2%
MADRID		31	56,763	€17m	3%	3%
PARIS		22	15,051	€14m	14%	3%
TOTAL		76	110,050	€38m	8%	3%

(1) Annualized figures of signed contracts

(2) Incentive ratio = economic rents/ facial rents -1

(3) Financial vacancy calculated according to EPRA vacancy methodology

Letting activity with strong momentum

Prime positioning ensures strong letting performance

- > More than 110,000 sq m signed in 76 transactions
- > Incentives far below market average
- > Solid occupancy level across all segments

		# CONTRACTS	SQM SIGNED	EPRA VACANCY ¹	HIGHLIGHTS POST 3Q CLOSING
BARCELONA		23	38,236	2%	<ul style="list-style-type: none"> > Signing of 1,300 sq m in Barcelona 22@ in November - Additional pre-let on Parc Glories asset - Schibsted with higher GLA needs - Rent at €15 – €20/ sq m/ month - Above average transaction size for Barcelona market <ul style="list-style-type: none"> > Advanced negotiations an additional GLA
MADRID		31	56,763	3%	
PARIS		22	15,051	3%	
TOTAL		76	110,050	3%	

(1) Financial vacancy calculated according to EPRA vacancy methodology

Letting activity with strong momentum

Prime positioning captures top tier clients paying maximum rents

- > High quality premises attract and retain top tier tenants
- > Colonial captures rental prices at the top of the market
- > Colonial portfolio as the reference for prime rents

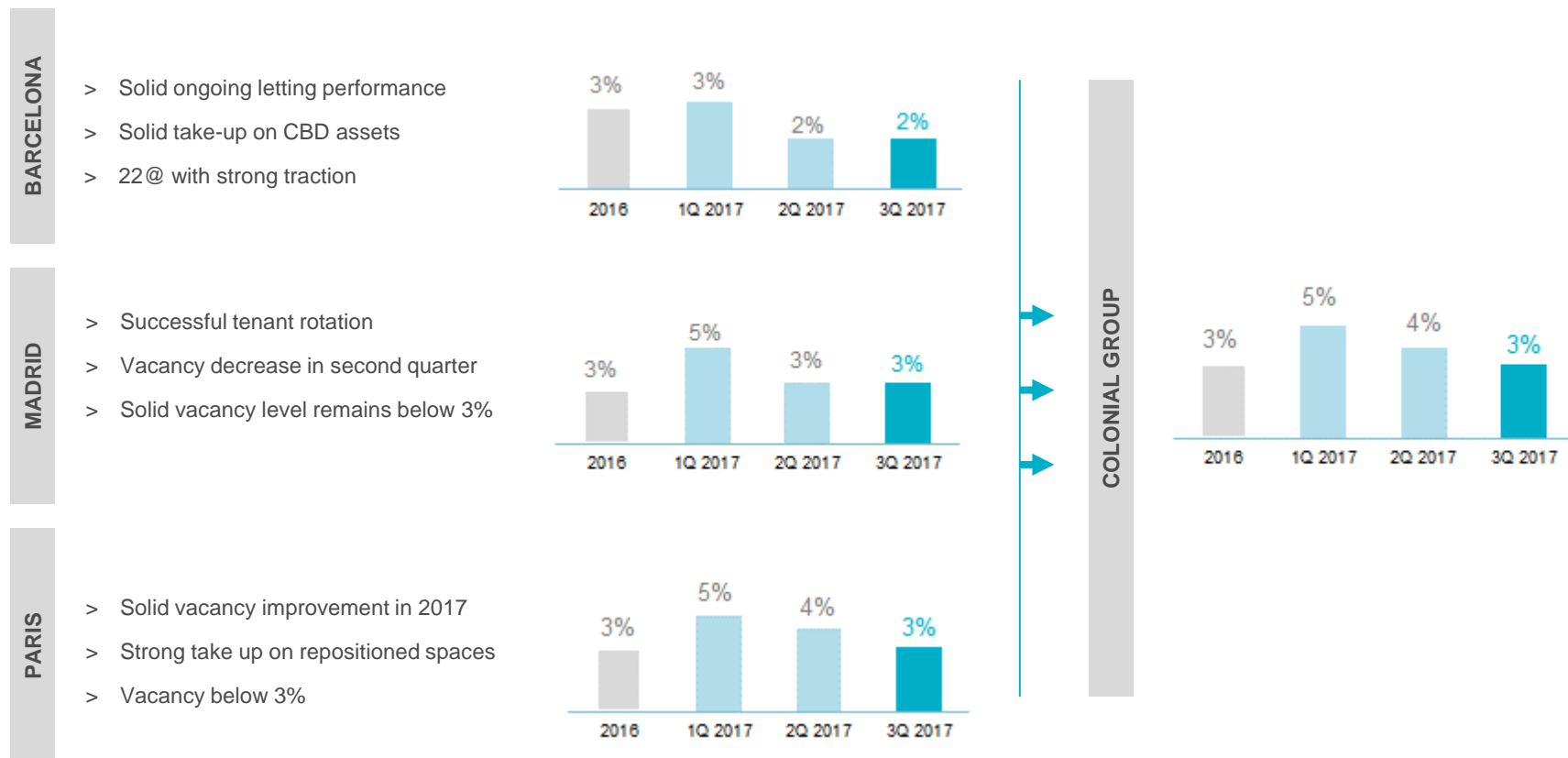
		# CONTRACTS	MAX. RENT SIGNED COLONIAL 3Q 17	PRIME RENTS MARKET	CAPTURING & RETAINING TOP TIER CLIENTS
BARCELONA		23	23.5 €/sqm/month	23 €/sqm/month	
MADRID		31	32 €/sqm/month	30.75 €/sqm/month	
PARIS		22	776 €/sqm/year	750 €/sqm/year	

Outstanding Occupancy levels through prime positioning

Attractive tension between low vacancy and new available space

- > Release of fully repositioned floors in CBD
- > Optimization of tenant profile through rotation
- > Solid occupancy levels that guarantee negotiation power

EPRA VACANCY

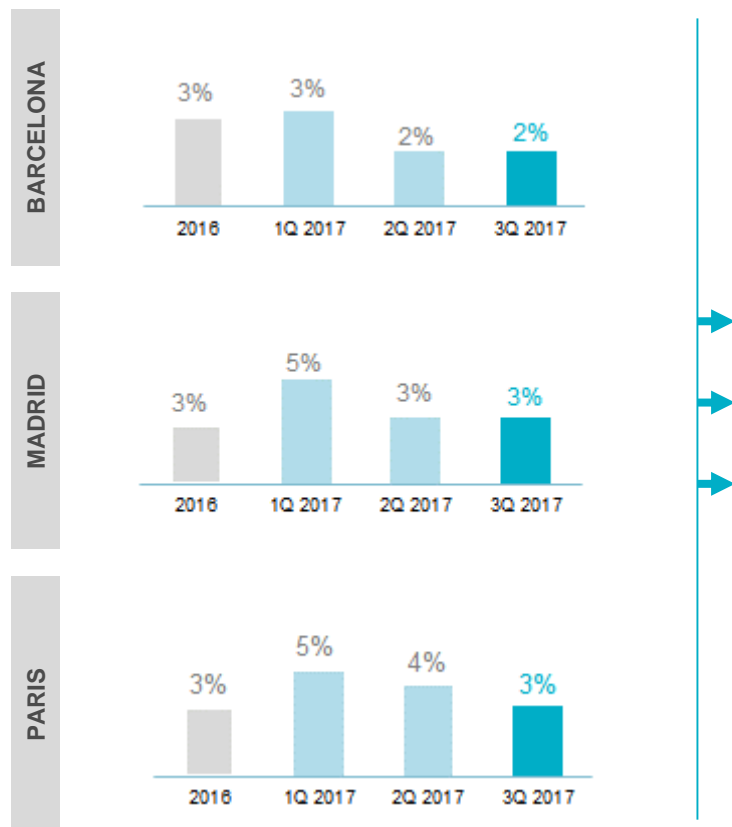


Outstanding Occupancy levels through prime positioning

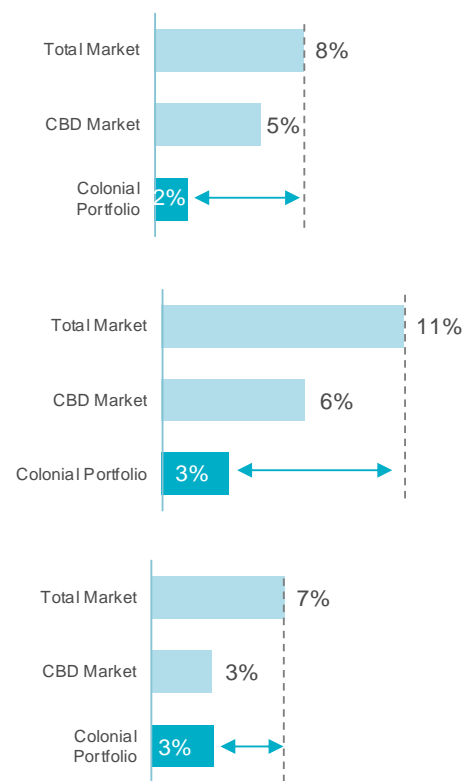
Colonial portfolio outperforming the market on occupancy

- > Colonial with solid vacancy levels in every city
- > Colonial vacancy clearly beats market average
- > Levels around 3% provide a solid base to capture rental growth

EPRA VACANCY



VACANCY COLONIAL VS. MARKET

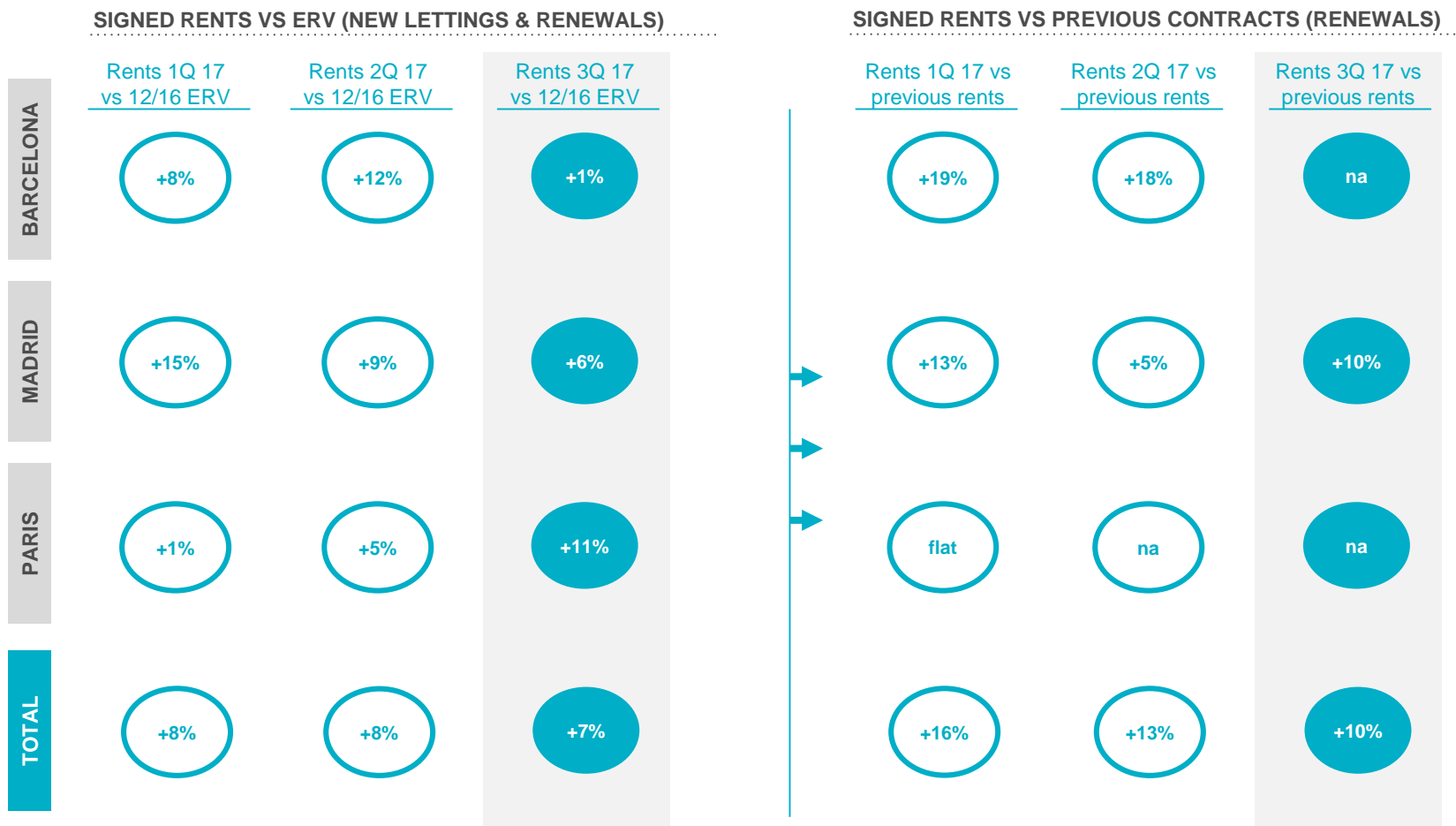


Strong delivery on rental price increases

Colonial as leading market indicator for rental price recovery

- > Solid consolidation of rental price increases
- > Rents above 12/16 ERV in every city
- > Highly positive release spreads

SOLID INCREASE IN RENTAL PRICES



03 Operational performance

Solid performance on every contract negotiation

Barcelona & Madrid with successful transactions across the board

- > Capturing rental growth on ERV reference
- > Outstanding release spreads

José Abascal, 56 - Madrid



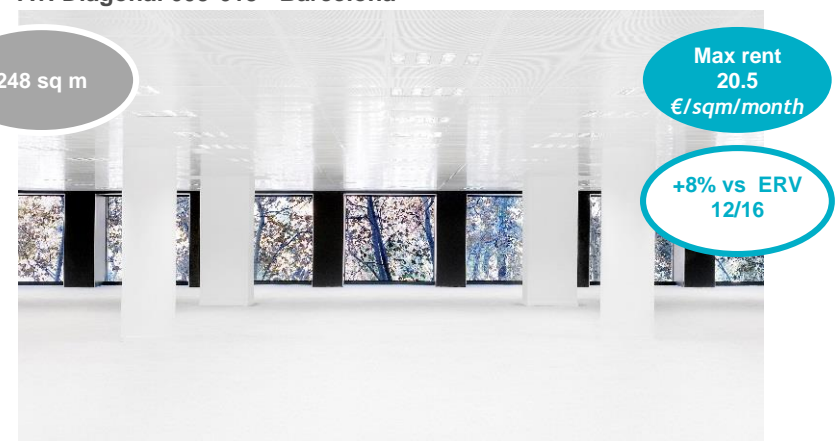
Recoletos - Madrid



Illacuna - Barcelona



Av. Diagonal 609-615 - Barcelona



(1) Rental price offices (€/sq m/ month)

03 Operational performance

Repositioning in Castellana (Madrid)

Representative buildings with appealing design help companies to attract and retain talent

- > Designing spaces to combine functionality together with the last decorating trends
- > Colonial's assets are recognisable for its quality and design



Representative buildings with appealing design help companies to attract and retain talent

- > Designing spaces to combine functionality together with the last decorating trends
- > Colonial's assets are recognisable for its quality and design

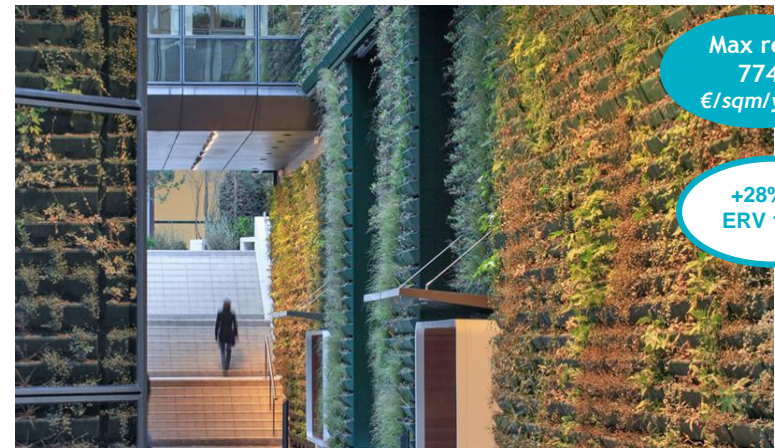
Cézanne St. Honoré



Max rent
776
€/sqm/year

+6% vs ERV
12/16

Washington Plaza



Max rent
774
€/sqm/year

+28% vs
ERV 12/16

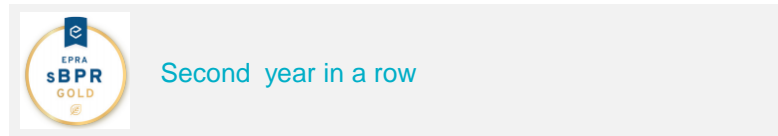
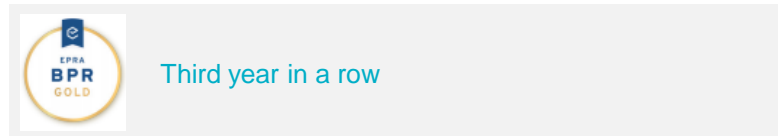


Strong commitment to highest standards in Corporate Social Responsibility

Strong commitment to highest standards in Corporate Social Responsibility

- > Maximum standards in Financial and Sustainability Reporting
- > Clear leadership in the sector
- > Sustainability and energy efficiency: a “must” for prime product

MAXIMUM STANDARDS IN REPORTING

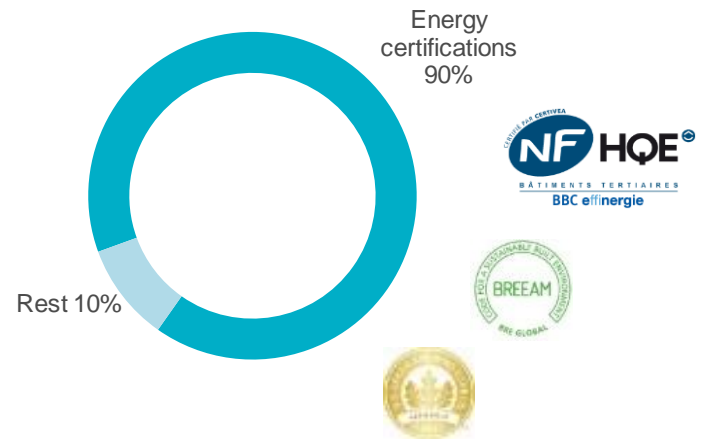


Only Spanish REIT with maximum rating in both categories

HIGH COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY



% BUILDINGS WITH ENERGY CERTIFICATION¹



¹ Buildings in operation with energy certification

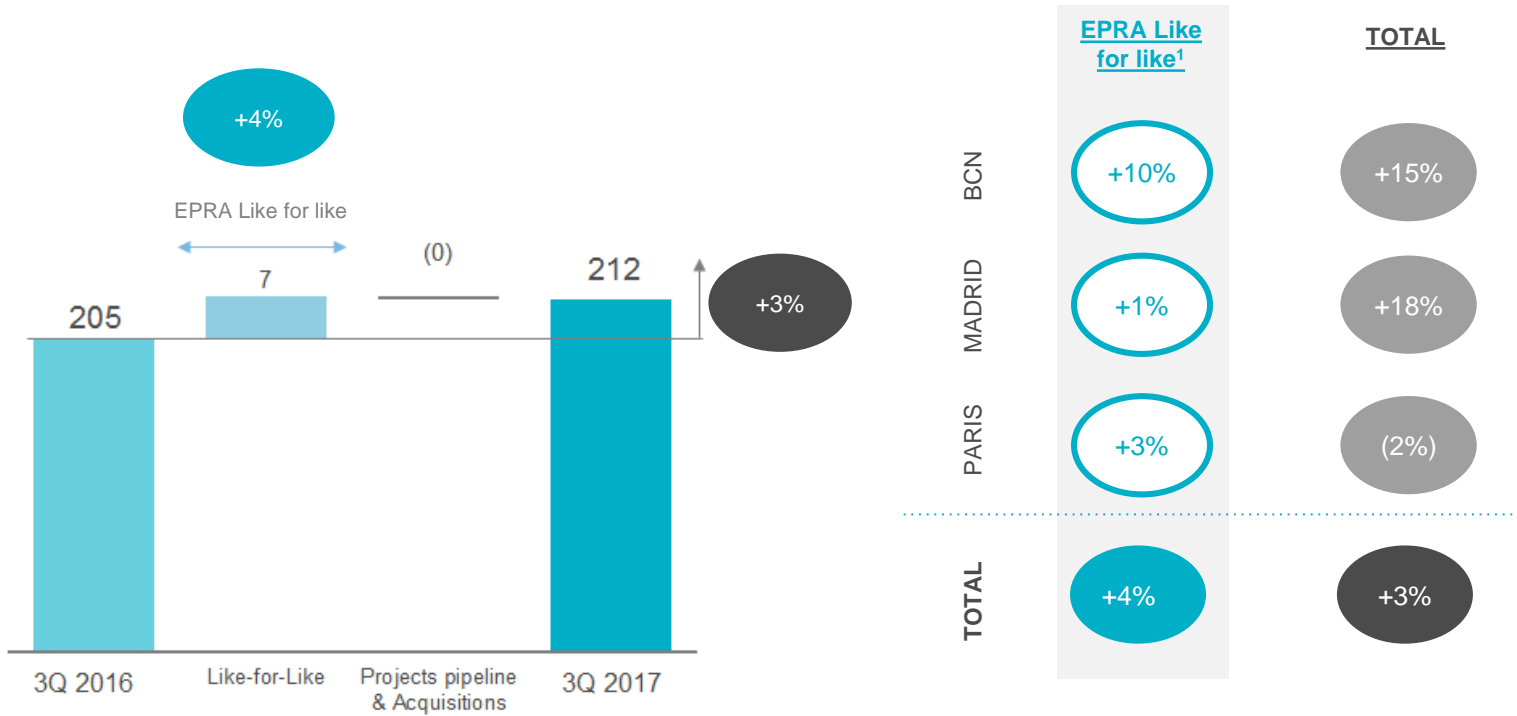


Strong underlying rental growth

GRI increase underpinned by solid like for like

- > Barcelona with strongest growth
- > Madrid temporary flat due to AlfonsoXII tenant rotation
- > Paris portfolio delivers like for like above market average

GROSS RENTAL INCOME - €M



(1) Like for Like calculated following EPRA BPR recommendations
 (2) Includes indemnities of tenant rotation

Strong underlying rental growth

Strong underlying growth in every market

- > More than half of like for like driven by rental price increases
- > Barcelona with outstanding price impact in like for like
- > Madrid with temporary impact from Alfonso XII tenant rotation

LIKE FOR LIKE VARIANCE¹ – GRI & NRI

Solid like for like growth in every market

- ✓ Barcelona outstanding with +10% like for like, especially driven rental price increases
- ✓ Madrid with temporary impact from tenant rotation in Alfonso XII, rest of portfolio with solid like for like
- ✓ Paris remains solid at +3% driven by Edouard VII, #Cloud & Washington Plaza

EPRA LIKE-FOR-LIKE GROWTH - ANALYSIS

	Total Variance	Price	Volume <i>Excluding Alfonso XII tenant rotation</i>	Alfonso XII <i>tenant rotation impact</i>
BARCELONA	+9.7%	+5.4%	+4.3%	
MADRID	+1.1%	+1.4%	+2.1%	(2.4%)
PARIS	+3.3%	+1.7%	+1.6%	
GRI TOTAL PORTFOLIO	+3.7%	+2.1%	+2.0%	(0.4%)

¹ Like for like variance calculation based on EPRA best practice methodology

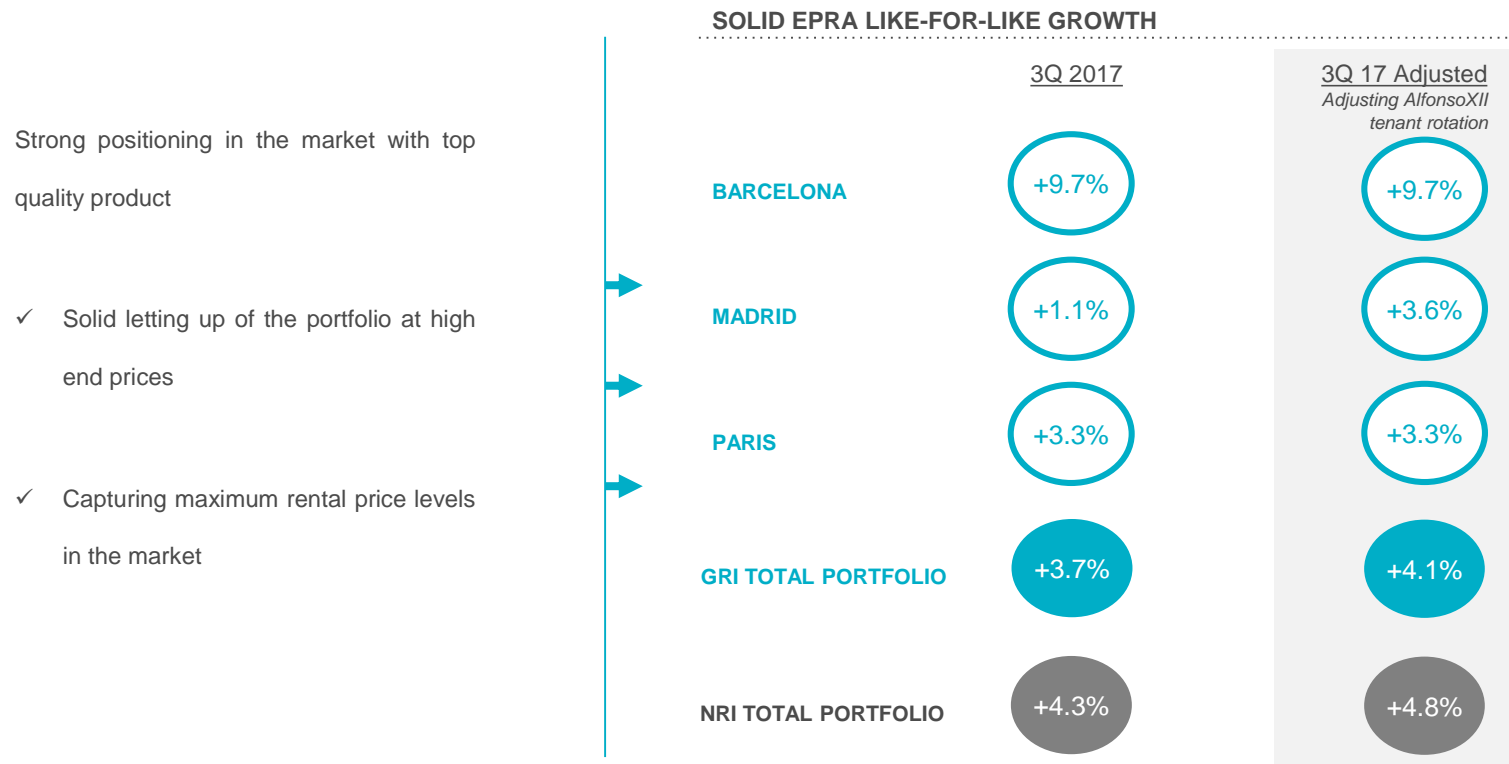
GRI= Gross Rental Income NRI= Net Rental Income

Strong underlying rental growth

Strong underlying growth in every market

- > Close to +5% adjusted like for like increase in Net Rental Income
- > Madrid portfolio with +4% like for like (excluding the Alfonso XII tenant rotation)
- > France with solid +3% like for like growth

LIKE FOR LIKE VARIANCE¹ – GRI & NRI



¹ Like for like variance calculation based on EPRA best practice methodology

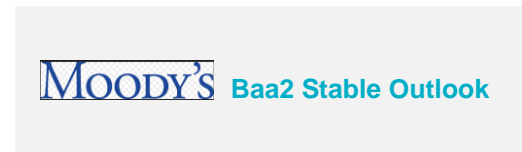
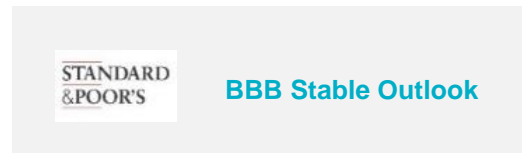
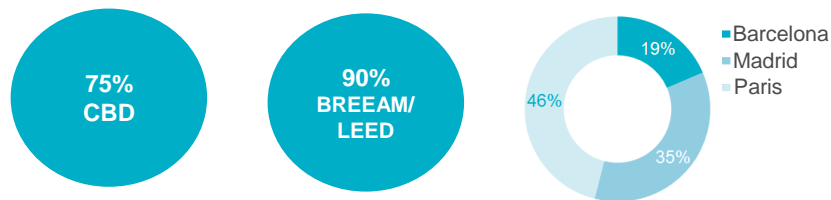
GRI= Gross Rental Income NRI= Net Rental Income

A high quality collateral underpinned with a solid financial structure

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

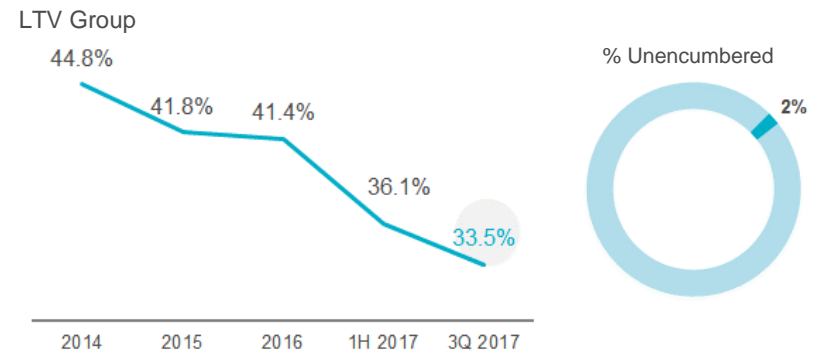
A FIRST CLASS COLATERAL WITH...

€9bn high quality assets well diversified

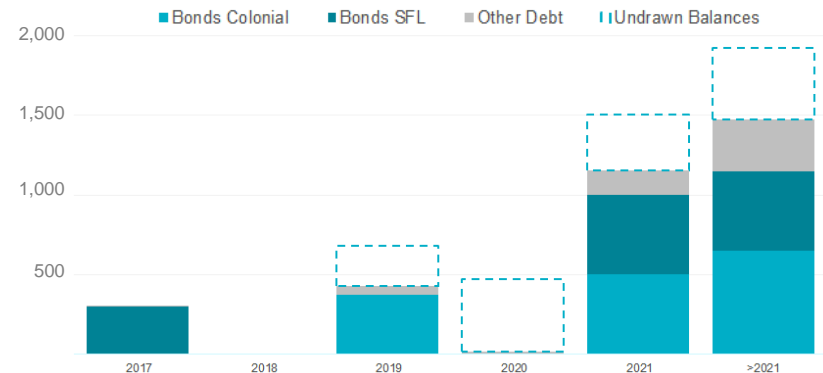


Available cash & undrawn balances	
Spain	€821m
France	€1,117m
Total	€1,938m

... SOLID CAPITAL STRUCTURE



Maturity profile



Positive momentum in earnings

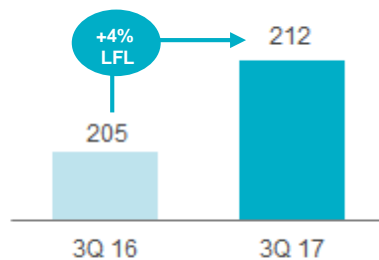
Significant increase in Group Net Profit through

- > Delivery of strong increase in Gross Rental Income
- > Solid asset value growth through active real estate management
- > Savings in financing costs & positive SOCIMI impact in taxes

STRONG TOP & BOTTOM LINE PERFORMANCE

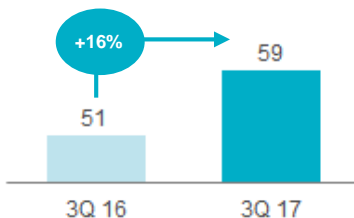
GROSS RENTAL INCOME

€m

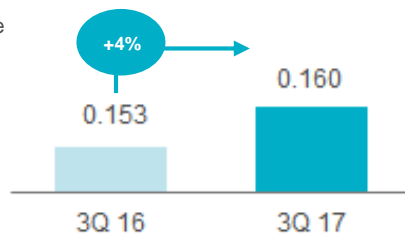


RECURRING EARNINGS

€m

FFO per share²

€/share



PROFIT & LOSS ACCOUNT

Results analysis - €m

	3Q 2017	3Q 2016	Var.
Gross Rents	212	205	3%
Net operating expenses ⁽¹⁾	(15)	(13)	
Overheads	(28)	(26)	
Recurring EBITDA	169	166	
Recurring financial result	(58)	(60)	
Income tax expense & others - recurring	(8)	(9)	
Minority interests - recurring	(44)	(46)	
Recurring Earnings	59	51	16%
Asset revaluation	523	354	48%
Non-recurring financial result & MTM	(1)	(3)	
Income tax & others - non-recurring	39	(12)	
Minority interests - non-recurring	(166)	(141)	
Profit attributable to the Group	454	249	82%

(1) Includes other income

² Recurring net result excluding amortizations and accrual of the incentive plan

New Buy back Program

- > Execution on track
- > Average acquisition price of €7.87/share
- > Potential currency to structure investments

SHARE BUY BACK PROGRAM

1. Objective of the program:

- > Corporate purposes – e.g. treasury stock as currency for potential asset acquisitions
- > Other uses of corporate interest approved by the Board of Directors

2. Maximum Amount and shares assigned to the program:

- > Maximum amount: €100m / 12mm of shares
- > Stake: 3.0%

3. Timing: 6 months

RESULT YTD

As of 8 November 2017 the current execution of the buy back program is as follows:

- > 2.1 millions of shares acquired (17% of total program)
- > €16.3m invested
- > Average acquisition price of €7.87/share representing a 3% discount on last reported NAV (June 2017)

The current stake-of treasury shares of Colonial amounts to 14.4 millions of shares (3.7% of share capital)



Project pipeline and value-add programme

A very attractive Project pipeline

- > Significant amount of additional rental income for the coming years
- > Additional value creation through created yield compression
- > Top product at optional market timing

PROJECTS AND REFURBISHMENTS

	GLA ¹
Discovery Building	10,152
Príncipe de Vergara, 112	11,368
Parc Glòries	24,551
Louvre Saint Honoré	16,000
Plaza Europa, 34	14,306
112 – 122 Avenue Emile Zola	20,340
lena	7,505
Castellana, 163	10,910
92 Champs Elysées	3,381
Cezanne Saint Honoré	1,787
Parc Central 22@	14,737
Other Areas	4,035
Total	139,072
Capex program €m	€295m⁴

2017 YTD



Cézanne St. H.



Castellana 43



Champs Elysees 92

2017-18



P. Vergara 112



E. Calderón 3-5



Parc Glories

2019 - 22



Castellana 163



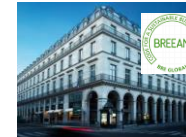
Emile Zola 112-122



lena



Plz. Europa 34



Louvre Saint Honoré

Additional Gross Rental Income **€20m²**
 Yield on cost Spain > 7% → Final Product

Additional Gross Rental Income **€32m³**
 Yield on cost Spain > 7% → Final Product
 Yield on cost France > 6% → Final Product

Created rental uplift & created yield compression
 Prime product to capture market recovery

⁽¹⁾ GLA above ground

⁽²⁾ Figures as of 06/17 considering only marginal rental increases to passing rents on partial surface repositioning (Washington Plaza & Cézanne SH)

⁽³⁾ Figures as of 06/17 excluding development of Parc Central, marginal rental increases to passing rents on partial surface repositioning of Castellana 163. Not including impact of lENA project (currently in initial study phase)

⁽⁴⁾ Excluding Parc Central development and lENA (lENA currently in operation and project in initial study phase)

Creation of unique landmarks through projects - Madrid

Discovery Building - Madrid

- ✓ Fully delivered 8/11
- ✓ Only premise to accommodate a 10,000

HQ demand in CBD

Príncipe de Vergara - Madrid

- ✓ Highly sought after design due to its high number of terraces
- ✓ Structural works completed
- ✓ Negotiation with several demands underway

Castellana 163 - Madrid

- ✓ Brand new façade design approved
- ✓ Tenant rotation process on track
- ✓ Full refurbishment of vacant floors and common areas

¹ Ungeared 10Y IRRs

Project pipeline and value-add programme

Creation of unique landmarks through projects - Barcelona

Parc Glories - Barcelona

- ✓ More than 9,000 sq m pre let as of September 17 (38%)
- ✓ Schibsted increasing an additional 1,300 of GLA with same conditions – highest ERV in this market
- ✓ Strong interest for additional 40% tranche with a multinational company from the IT sector

Plaza Europa 34 - Barcelona

- ✓ Creation of unparalleled reference in the Barcelona – Plaza Europa market
- ✓ Executive project (“Proyecto Ejecutivo”) close to completion
- ✓ Raising interest for demands in excess of 10,000 sq m

¹ Ungeared 10Y IRRs

Project pipeline and value-add programme

Creation of unique landmarks through projects - Paris

Emile Zola

- ✓ Creation of a unique business campus in the city centre of Paris
- ✓ Potential additional GLA to be obtained (10% - 15%)
- ✓ Current tenant to leave before year end and immediate begin of works

Louvre Saint Honoré

- ✓ Permits & licenses obtained
- ✓ Creation of more than 16.000 sqm of "ultra prime retail" in front of the Louvre
- ✓ Refurbishment to start in 2019

Jena

- ✓ Refurbishment project in the heart of Paris CBD, next to "l'Arc de Triomphe"
- ✓ Project designed by the famous French architect Dominique Perrault to create an iconic building
- ✓ Ambitious refurbishment program starting next year

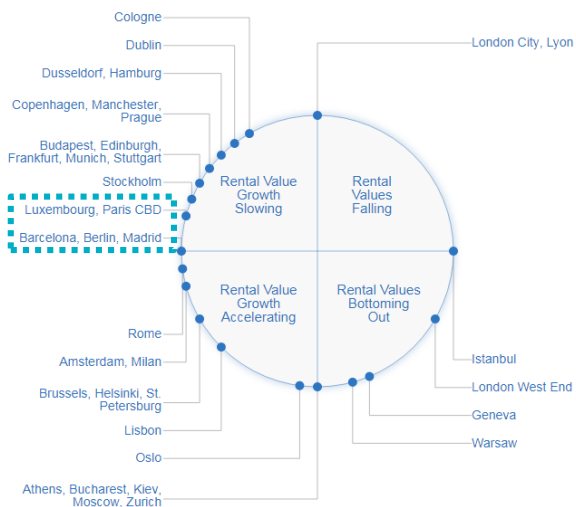
¹ Ungeared 10Y IRRs

Capturing reversion of current portfolio on track

Colonial well positioned to capture rental growth

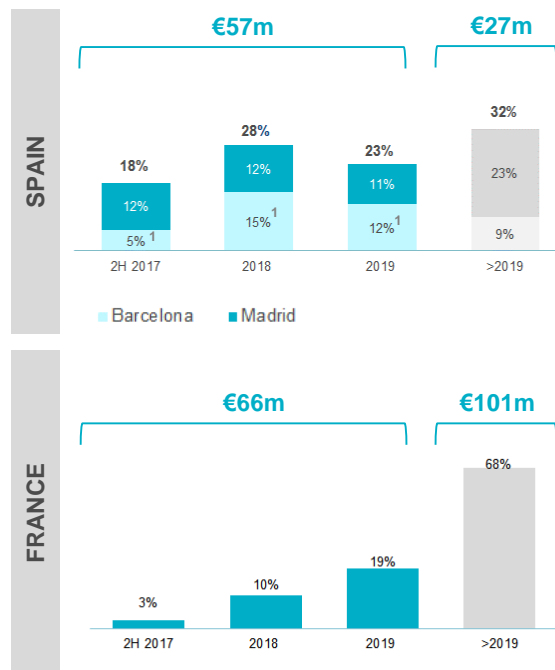
- > Portfolio with prime exposure to attractive growth markets
- > Attractive rent roll profile with solid momentum on leasing
- > Double digit release spreads capturing reversion from under-rented contract portfolio

SOLID POSITIONING IN GROWING MARKETS



COMMERCIAL LEASE EXPIRY DATES

First potential exit as of 06/17



CONTRACT PORTFOLIO

	Market rents vs current passing rents	Release Spread ²
BARCELONA	+12%	+19%
MADRID	+7%	+10%
PARIS	+4%	flat

Source: JLL Q2 2017 data

1) As of 9/17: 2017 2%, 2018 15%, 2019 12%

2) New rent vs previous 3Q 2017

Smart capital allocation as a principle

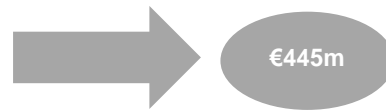
- > Capturing optimal point in specific asset life cycle
- > Asset rotation as source of value creation
- > Redeploying capital on value add projects

SMART CAPITAL ROTATION

In & Out



Value creation through disposal of a mature asset



Reinvestment in value add project in city center



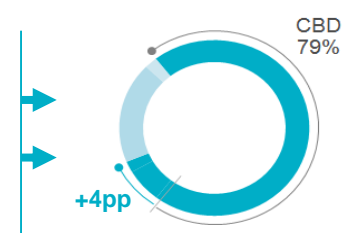
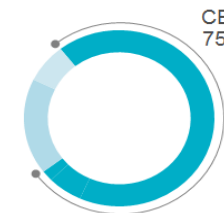
Emile Zola

REAL ESTATE VALUE CREATION

Capital recycling from “Core” to “Value Add”



Capital recycling from “Secondary” to “City Center”



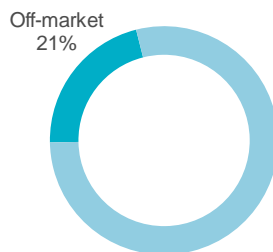
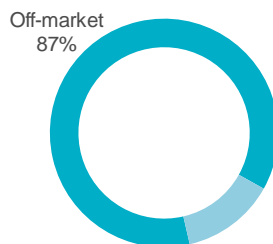
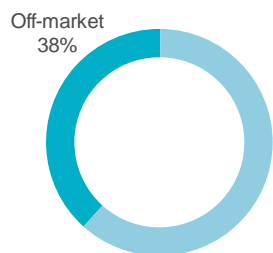
(¹) Estimated total investment of (€245m - €265m) based on current project analysis

05 Growth drivers Acquisitions & Disposals

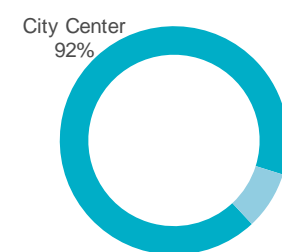
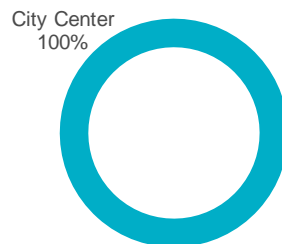
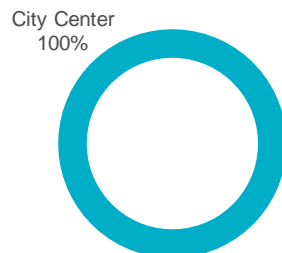
Acquisition programme on track

- > Sourcing prime sites with unique market positioning
- > Unlocking value through real estate transformation
- > Additional pipeline under analysis

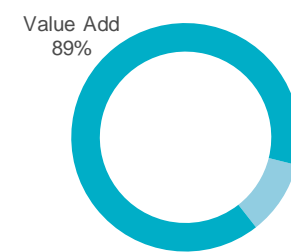
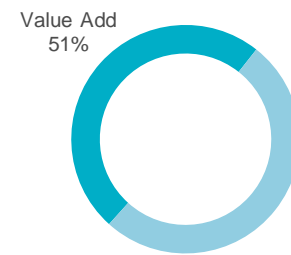
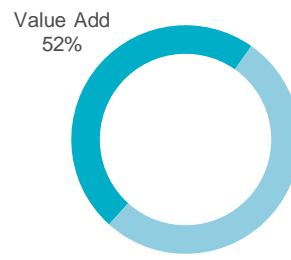
OFF MARKET



CITY CENTER



VALUE ADDED



INVESTMENTS SINCE 2015

	Price - €m	IRR ²	IRR update ³
Condorcet ¹	230	6%	↑
Plaza Europa ¹	10	>7%	↑
Discovery Building	43	>10%	✓
Príncipe Vergara 112	45	>10%	✓
Génova 17	36	7%	✓
Percier	68	6%	✓
Santa Engracia	67	7%	↑
Acquisitions 2015	499		
José Abascal 45	35	>6%	✓
Parc Glories	77	>9%	↑
Serrano 73	48	6%	✓
Santa Hortensia	154	>7%	✓
4.4% Stake SFL	106	6.5%	✓
1.0% Stake SFL	24	6.5%	✓
15% Stake in Axiare	136	Discount on NAV	
ALPHA I	579		
Paseo Castellana 163	51	>9%	✓
Travessera Gracia 47-49	41	>6%	✓
Plaza Europa 34	32	9%	✓
112-122 Av. Emile Zola	265	>7%	✓
ALPHA II	389		

2017 Acqu. Target delivered in H1

(1) Investments materialized in November and December 2014 respectively

(2) 10 year ungeared asset IRR

(3) Without including yield compression since initial underwriting





DELIVERY IN OPERATIONS WITH SOLID RENTAL PRICE INCREASES

- > Strong letting momentum capturing top tier clients
- > Solid occupancy levels at 97%
- > Double digit increase on signed rental prices
- > Ongoing execution of value added initiatives

STRONG FINANCIALS

- > Solid like-for-like growth in rental income driven by price increases
- > Healthy growth profile underpinned by high quality asset base
- > Additional value creation through asset rotation
- > Active balance sheet management optimizing capital structure
- > Strong top & bottom line performance

CONFIDENT OUTLOOK

- > CBD markets and Colonial portfolio with solid growth perspectives
- > Colonial best positioned to capture rental cycle
- > Significant value creation through attractive project pipeline
- > Acquisition plan well ahead of target with high confidence on further delivery
- > Strategy with superior risk adjusted returns

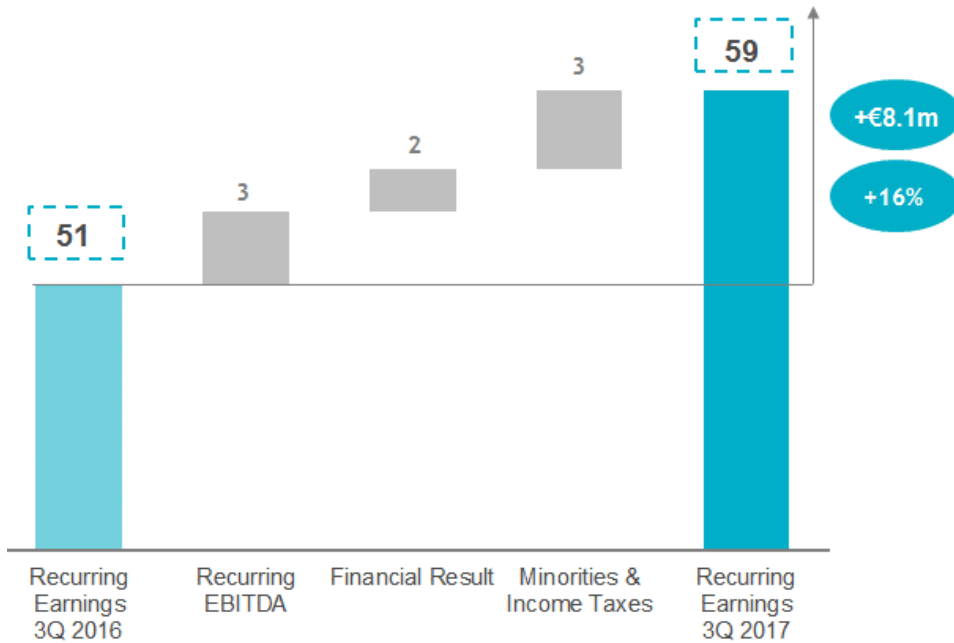


Positive momentum in earnings

High double digit profit increase based on high quality growth drivers

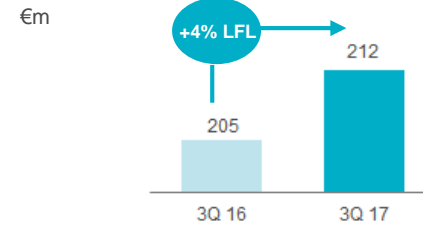
1. Solid GRI increase
2. Optimized financing through active liability management
3. Increase in SFL stake from 53.1% to 58.6% (Alpha I)

PROFIT & LOSS ACCOUNT

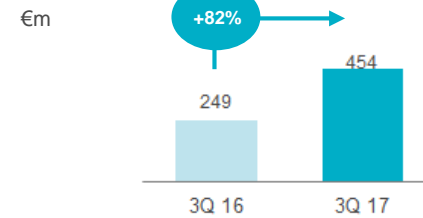


STRONG TOP & BOTTOM LINE PERFORMANCE

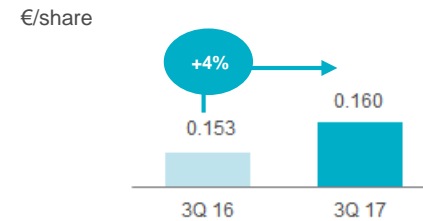
GROSS RENTAL INCOME



NET PROFIT



FFO per share¹



¹ Recurring net result excluding amortizations and accrual of the incentive plan

A solid capital structure

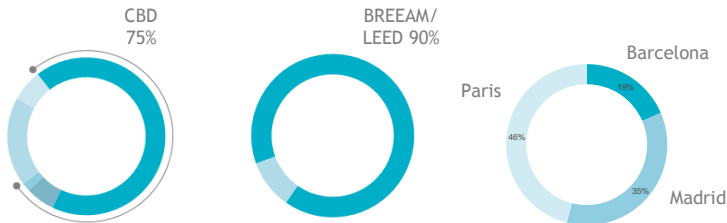
A high quality collateral underpinned with a solid financial structure

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

A FIRST CLASS COLATERAL

More than €8bn 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

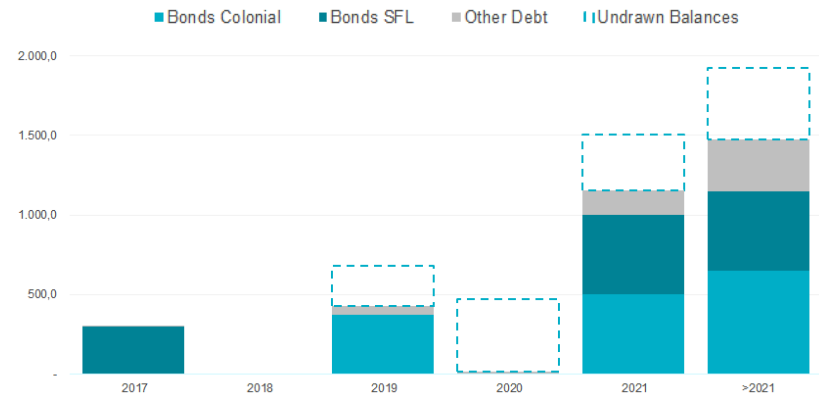


Rating Moody's
Baa2 Stable Outlook

A SOLID FINANCIAL STRUCTURE

Capital Structure

	31/12/2016	30/09/2017
Cost of Debt Spain	1.96%	2.02%
Cost of Debt Group	1.96%	2.03%
Maturity Spain	6.0 years	5.4 years
Maturity Group	5.0 years	4.5 years
Cash	€105m	€428m
Undrawn balances	€768m	€1,510m
Group LTV	41.4%	33.5%
% Debt fixed or hedged	82%	94%



Total Shareholder Return since June 2014

Total Shareholder Return - Colonial (since June 2014)

Date	€/share			Return per share		
	NAV	Dividend	NAV+ Div.	NAV Growth	Dividend	Total Return
06-14	4.49	0	4.49	-	-	-
12-14	4.77	0	4.77	6%	-	6%
12-15	6.16	0	6.16	29%	-	29%
12-16	7.25	0.150	7.40	18%	2%	20%
06-17	8.07	0.165	8.24	11%	2%	14%
Total Return since 6/14 (NAV per share growth + dividends)						87%

Colonial



www.inmocolonial.com

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Colonial



Tender Offer on Axiare



MSCI 

European Property
Investment Awards
WINNER 2017

IBEX₃₅



Barcelona 13/11/17

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PRESENTING MANAGEMENT TEAM



Pere Viñolas
Chief Executive Officer



Carmina Ganyet
Corporate Managing Director



Carlos Krohmer
Chief Corporate Development Officer



- 01 Executive summary
- 02 A strong office platform at optimal market timing
- 03 An attractive transaction
- 04 A solid transaction structure
- 05 Conclusions
- 06 Appendix

01 Executive summary



Colonial has acquired a stake of c.13% in Axiare

- > Sellers: several shareholders of Axiare including shareholder number 2
- > Price: 18.25¹ – 18.50 €/share (13% premium on share price pre announcement)
- > As a result, Colonial owns a 29%² stake in the capital of Axiare

The Board of Directors of Colonial has approved launching a voluntary tender offer for the remaining 71% share capital

- > Price: 18.50 €/share (13% premium on share price pre announcement)
- > Condition subject to 50% + 1 ownership (including the 29% stake owned pre tender offer)

Fully funded transaction with low execution risk

- > Transaction fully financed through a combination of equity, bonds and disposal of non-core assets
 - Equity for €450m which includes a €250m firm interest from core shareholders at a minimum price of 7.89 €/share (1 month VWAP)
 - Bond financing of €800m to be reduced through disposal of non-core assets of c.€300m
- > Credit profile remains strong with solid LTV

¹ Including price equalization

² Including 15.5% of Axiare owned by Colonial pre transaction

Transaction Rationale

1. Consolidation of leadership in CBD offices in Spain and Europe
2. Unique consolidation transaction with focus on Spain
3. Enhancement of Madrid exposure at optimal market timing
4. Consistent transaction with Colonial Strategy and Business Plan reinforcing the pipeline of growth opportunities
5. Perfect match to Colonial's value creation track record
6. Significant operating and financial synergies to be crystalized
7. Accretive transaction in terms of NAV and FFO

Consolidation of leadership in CBD offices in Spain and Europe

KPI	Colonial pre-deal	Axiare	Colonial post-deal
Total GLA above ground (sqm)	852,019 ¹	295,889 ⁶	1,147,908 ⁶
Project pipeline (sqm)	139,072 ¹	58,410 ⁶	197,482 ⁶
GAV (€m) – 6/17	8,253 ²	1,710	9,794
Topped-Up GRI (€m)	285 ³	65	350
Potential Topped-Up GRI (€m)	369 ³	102	470
EPRA Vacancy – Office Portfolio 6/17	3.9%	14.3%	5.6%
FFO 6/17 annualized (€m)	74	27	101
LTV	33% ⁴	29%	~ 40% ⁵
Rating	BBB/Baa2	No rating	BBB/Baa2

¹ Colonial GLA as of 9/2017

² Colonial based on 6/17 appraisal adjusted by IN/OUT disposal and acquisition of Arturo Soria (includes value of 15.5% Axiare stake)

³ Colonial data based on 6/17 data adjusted by IN/OUT disposal and acquisition of Arturo Soria

⁴ LTV as of 9/17 based on 6/17 appraisal values

⁵ Pro-forma LTV considering €450m of equity and asset disposals, without considering potential value growth on year end appraisals

⁶ For Axiare only including office GLA above ground

02 A strong office platform at optimal market timing



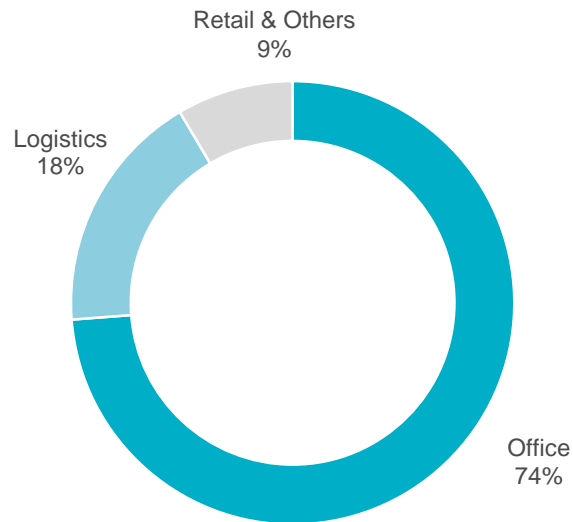
A strong office footprint in Spain with high quality assets

02 A strong office platform at optimal market timing
A complementary Grade A portfolio

A complementary portfolio with focus on offices in Madrid

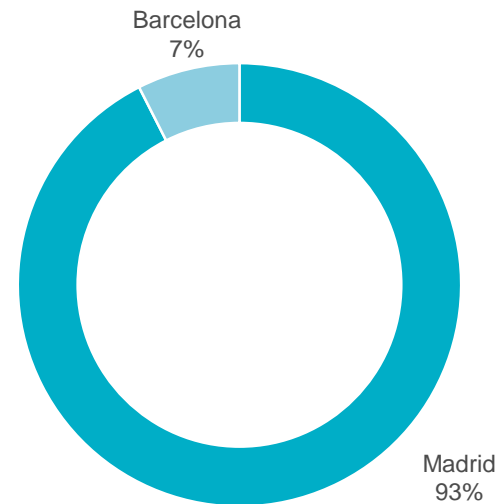
- > More than €1.2bn of offices with focus on Madrid
- > High quality Grade A assets
- > Highly liquid logistic and retail assets

AXIARE'S PORTFOLIO BREAKDOWN



Total GAV 6/2017: €1,710m

AXIARE'S OFFICE ASSETS BREAKDOWN



GAV Office Portfolio 6/2017: €1,262m

02 A strong office platform at optimal market timing
A complementary Grade A portfolio

A complementary portfolio with focus on offices in Madrid

- > High quality assets in prime locations
- > Repositioning activity leaves room for further value creation
- > Top Tier tenants

SELECTED ASSETS

Sagasta 33



Manuel De Falla



Velazquez



D. Ramon De La Cruz



Almagro



Fernando El Santo



Miguel Angel



Sagasta 27



Diagonal



SELECTED TENANTS

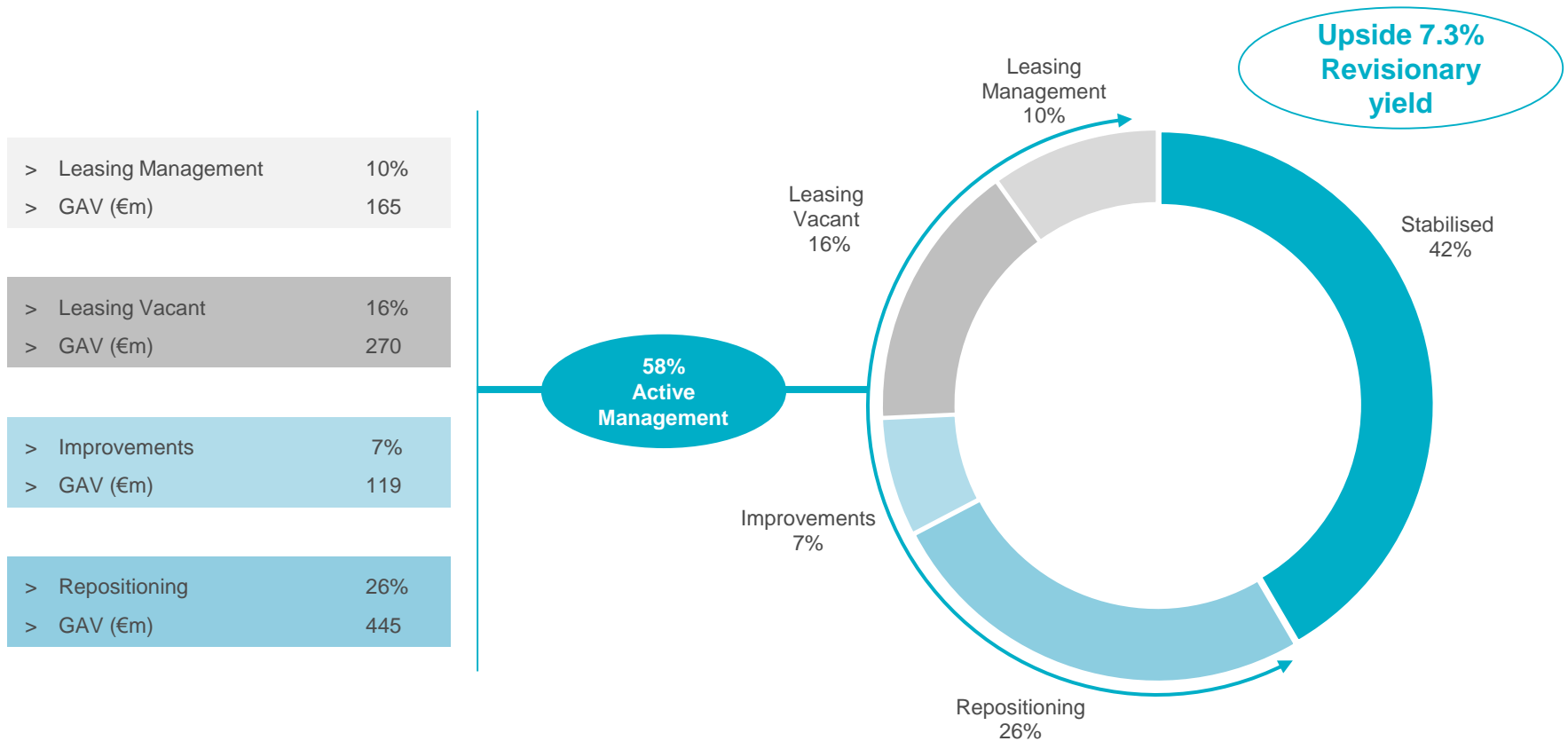


02 A strong office platform at optimal market timing

Strong value creation through asset management

58% of the portfolio with additional value creation to be captured

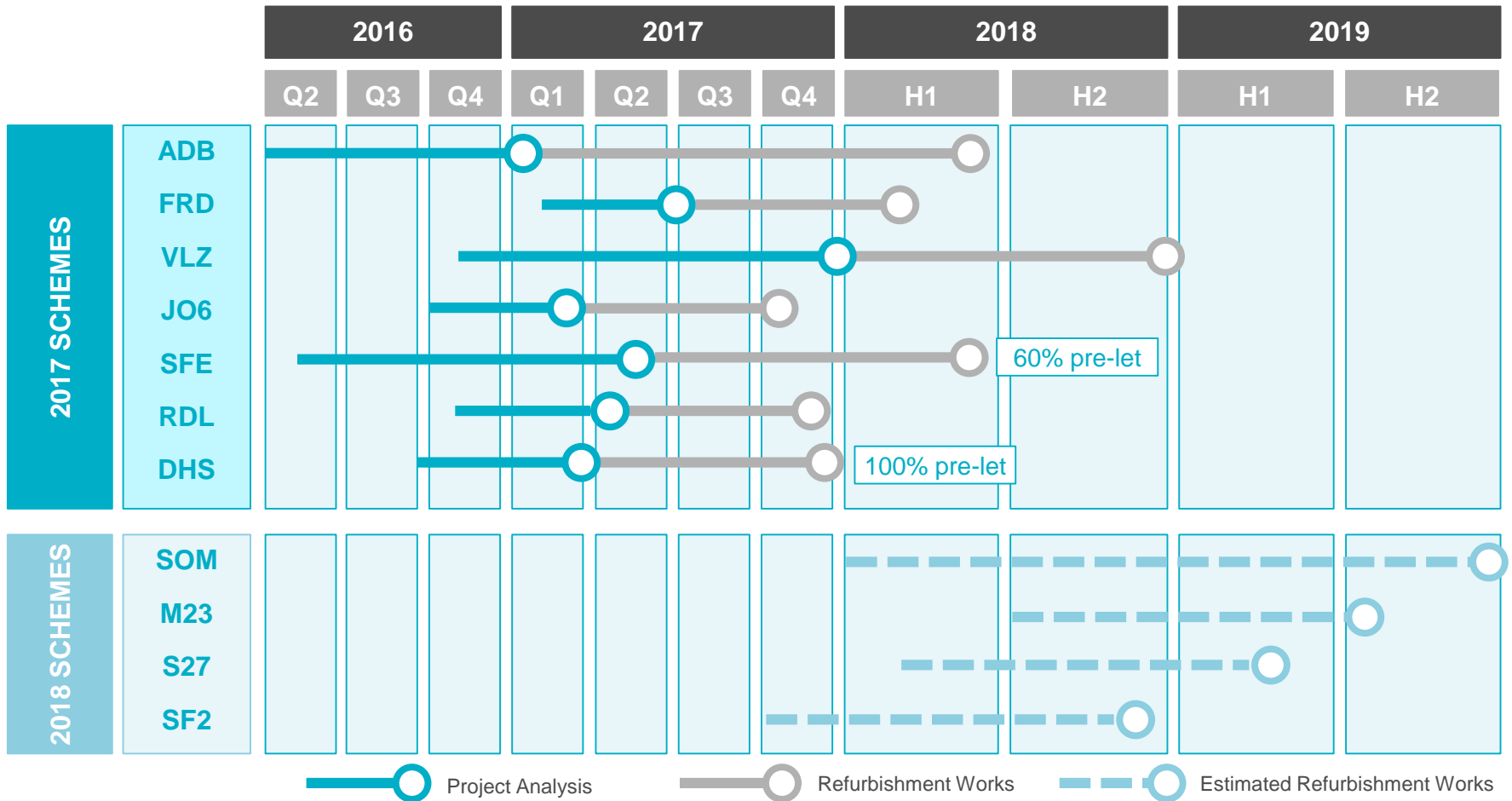
- > €564m of assets selected to be repositioned and improved to create additional value
- > Revaluation of the assets still to be captured by managing leases and letting-up vacant spaces
- > Passing GRI of €65m providing a very attractive yield on cost



02 A strong office platform at optimal market timing
Producing Grade A offices in solid markets

Solid redevelopment pipeline to be released in 18-24 months

- > Repositioning asset allows further growth both in value and GRI
- > Grade A assets are a key driver to attract top tier tenants



02 A strong office platform at optimal market timing

Significant growth potential in GRI

Portfolio with significant growth potential in GRI

- > €15m growth through occupancy increase and potential rent revaluation
- > €22m increase in GRI due to project pipeline
- > Additional market rental growth to be captured



¹ Based on passing and acquisition total cost

² Acquisition total cost adjusted for improvement capex

³ Acquisition total cost adjusted for improvement and repositioning capex

⁴ Includes certain ERV increases due to improvement capex

⁵ Includes certain ERV increases due to repositioning capex. Repositioning projects includes certain ERV increases due to repositioning capex. Repositioning projects includes Puerto Somport, Avenida Bruselas, Velazquez, Juan Ignacio Luca de Tena 6, Sagasta 27 and San Fernando (phases I and II)

03 An attractive transaction



Creation of the only pure office play on Spain

03 An attractive transaction

Transaction fully in line with Colonial's strategic and financial objectives

Office leadership - creating the only pure office play on Spain

- > More than 1.1 million of office GLA with an attractive project pipeline
- > Group GAV of c.€10bn with close to €500m of potential GRI
- > Comfortable credit profile post transaction

KPI	Colonial pre-deal	Axiare	Colonial post-deal
Total GLA above ground (sqm)	852,019 ¹	295,889 ⁶	1,147,908 ⁶
Project pipeline (sqm)	139,072 ¹	58,410 ⁶	197,482 ⁶
GAV (€m) – 6/17	8,253 ²	1,710	9,794
Topped-Up GRI (€m)	285 ³	65	350
Potential Topped-Up GRI (€m)	369 ³	102	470
EPRA Vacancy – Office Portfolio 6/17	3.9%	14.3%	5.6%
FFO 6/17 annualized (€m)	74	27	101
LTV	33% ⁴	29%	~ 40% ⁵
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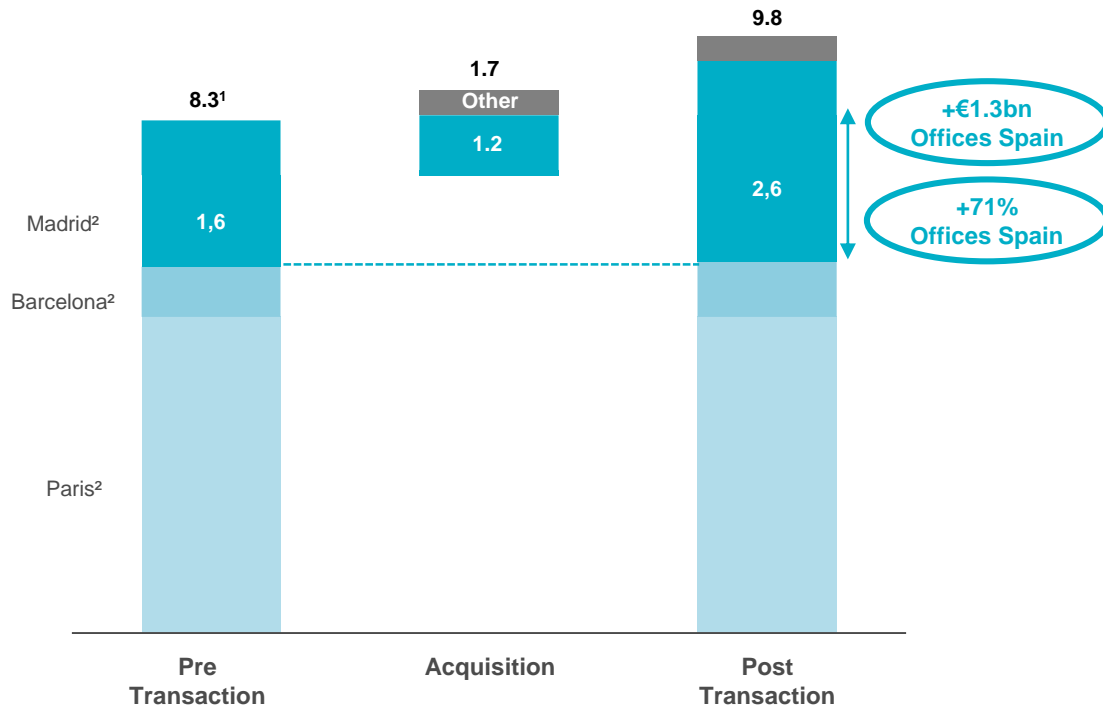
03 An attractive transaction

Office leadership - creating the only pure office play on Spain

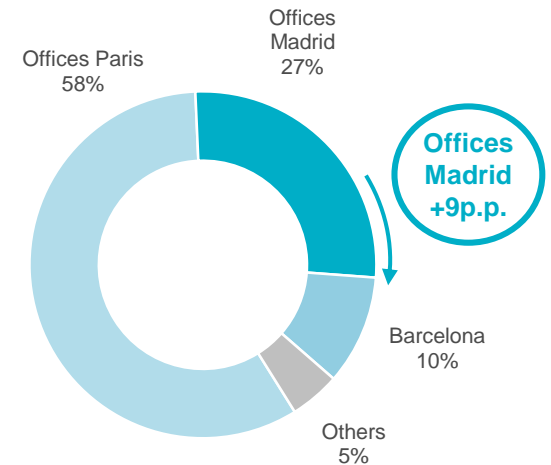
Rebalancing of asset allocation enhancing Madrid exposure

- > Combined portfolio close to €10bn in GAV
- > Increase of Spain office exposure by €1.3bn
- > Increase of Spain portfolio exposure up to 26% (+ 7 p.p.)

GAV (€bn)



GAV (POST-TRANSACTION)



¹ GAV 6/17 adjusted by the IN/OUT disposal & Arturo Soria acquisition at purchase price (includes 15.5% Axiare Stake)

² Office Value

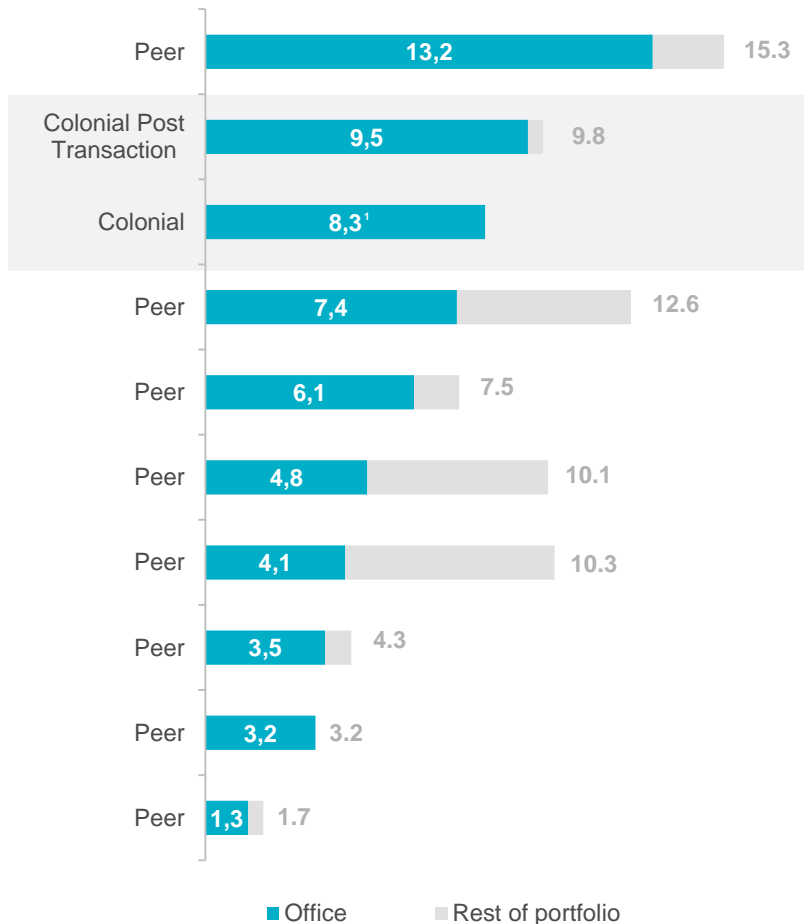
03 An attractive transaction

Office leadership - creating the only pure office play on Spain

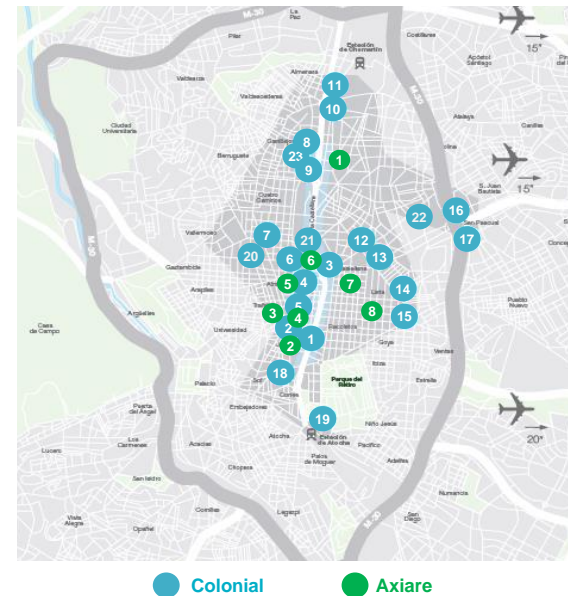
Strong leadership position in European Office Sector

- > Close to €10bn of GAV
- > Consolidating leadership enhancing Madrid exposure
- > Undisputed dominance in Madrid CBD

CONSOLIDATION OF OFFICE LEADERSHIP



CONSOLIDATING LEADERSHIP IN MADRID CITY CENTER (INSIDE M30)



Top Property owners inside M30

	Assets	GLA (sqm)
Colonial + Axiare	31	327,951
Colonial	23	257,625
Peer 1	13	269,737
Peer 2	11	252,743
Peer 3	18	245,251
Peer 4	15	185,434
Peer 5	16	136,346

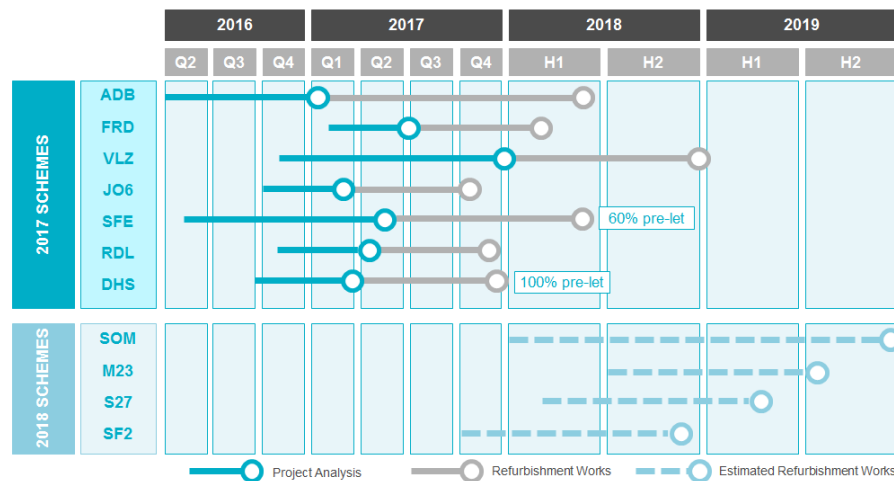
¹ GAV 6/17 adjusted by the IN/OUT disposal & Arturo Soria acquisition at purchase price (includes 15.5% Axiare Stake)

03 An attractive transaction
Reshaping the portfolio & Completing Project Delivery

Attractive project pipeline significantly increasing Colonial's project exposure

- > Solid pipeline of projects allowing to capture value growth and rental revision
- > Target similar approach to Colonial's renowned repositioning program
- > Project deliveries at optimal market timing

ATTRACTIVE PIPELINE



RIBERA DEL LOIRA



SAGASTA 27



AVENIDA DE BRUSELAS



P. DE SOMPORT 10-18



JILT6



SAN FERNANDO I & II



ENHANCING COLONIAL'S PROJECT PIPELINE

In sqm	Madrid	Barcelona	Paris	Total
	191,716	-	-	191,796
	33,540	54,352	51,180	139,072
+	225,256	54,352	51,180	330,788
Additional GRI	€32m	€8m	€34m	€74m

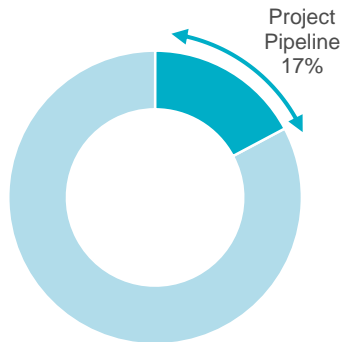
Reshaping the portfolio enhancing value add exposure

Enhancing significantly Colonial’s value add pipeline

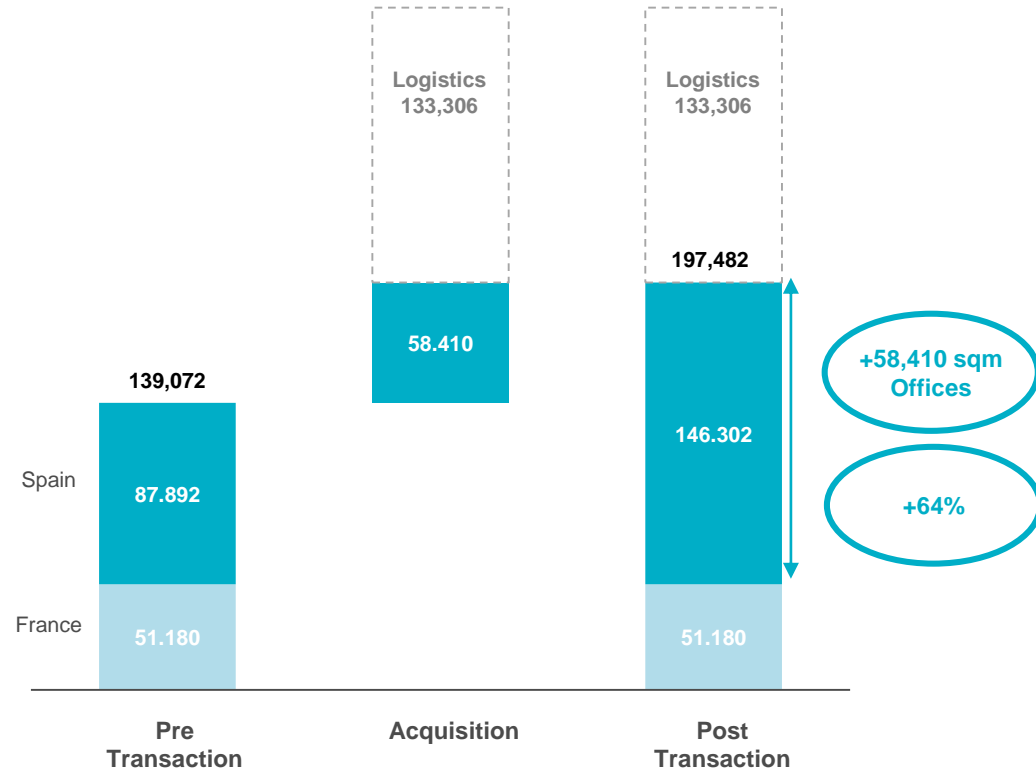
- > Combined platform with more than 197,000 sqm of project pipeline in offices
- > Opportunity to implement “Prime Factory” strategies

ATTRACTIVE VALUE ADD EXPOSURE

GLA Offices (sqm)



INCREASE PROJECT PIPELINE (GLA SQM)



COLONIAL POST DEAL ¹

¹ Do not include projects in logistic & other non-core assets

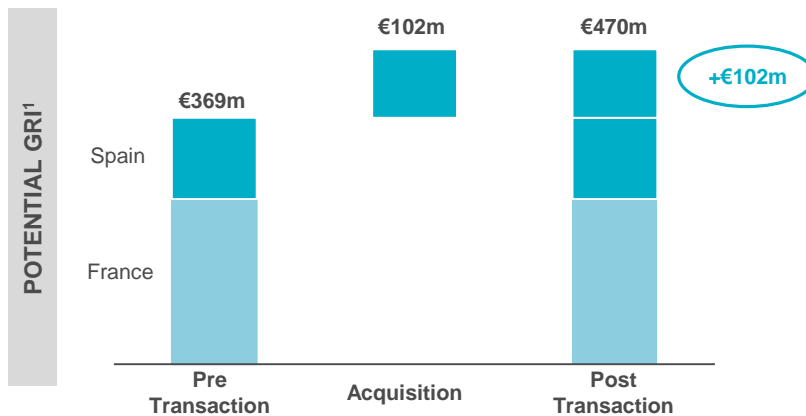
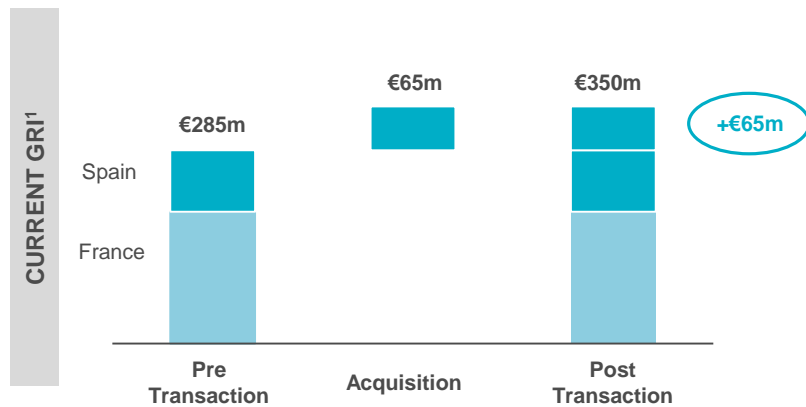
03 An attractive transaction

Short term and long term enhancement of topline growth

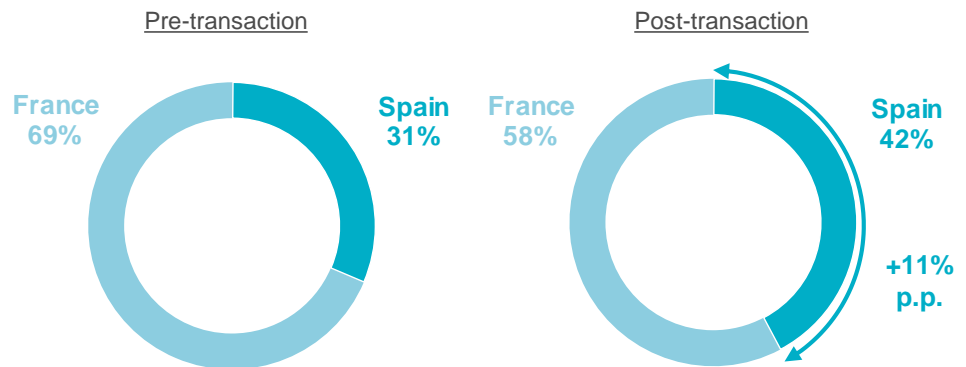
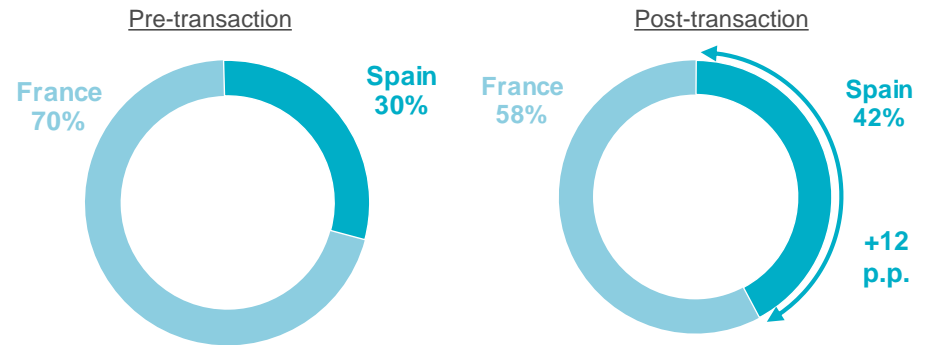
Solid base for sustained top line growth

- > Attractive rebalancing geographic exposure towards Madrid
- > Enhanced bet on Spanish rental price recovery
- > Paris exposure remains at very attractive levels

TOTAL GROWTH AT CURRENT ERV



OPTIMIZED GEOGRAPHICAL MIX



¹ According to Axiare public information June 2017

An attractive pricing level for everybody

Attractive transaction for Axiare and Colonial shareholders

- > Offer price of €18.5 per share representing 13% premium on share price
- > Attractive entry point for Colonial shareholders at 17.59 €/share¹
- > Entry price level offers interesting growth potential

PRICING

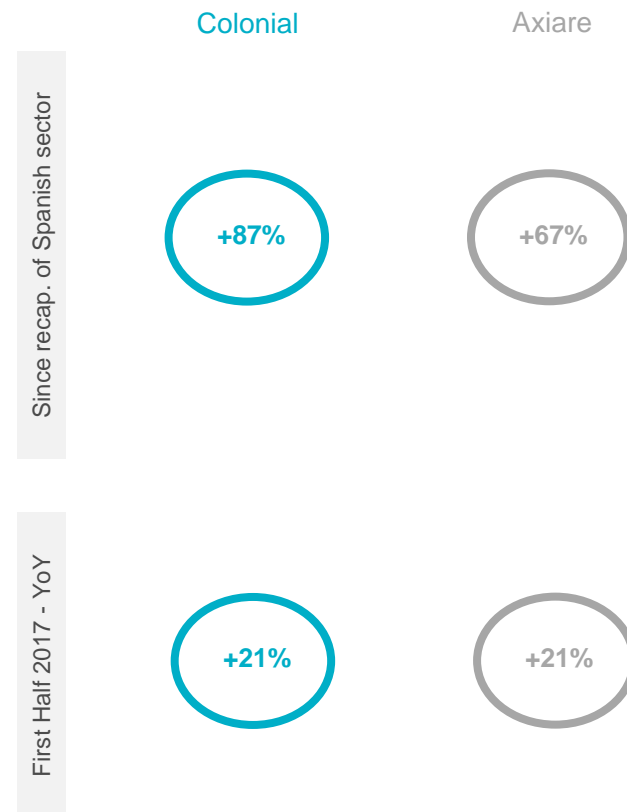
Offer price for Axiare shareholders - 18.50 €/share

- > +13% premium on share price pre announcement
- > +16% premium on 6M average share price
- > +21% premium on last reported NAV

Blended price for Colonial: 17.59 €/share¹

- > Price in line with expected forward looking 2018 NAV
- > Implicit Topped-Up Potential Yield at 5.5% (without rental growth)²
- > Implicit office capital value below 5,000 €/sqm

TOTAL SHAREHOLDER RETURN³ – PERFORMANCE YTD



¹ Considers 15.5% stake acquired at a blended price of 12.6 €/share

² Based on Potential topped-up GRI post redevelopment at 6/2017 market rents

³ NAV per share growth + dividend yield

03 An attractive transaction

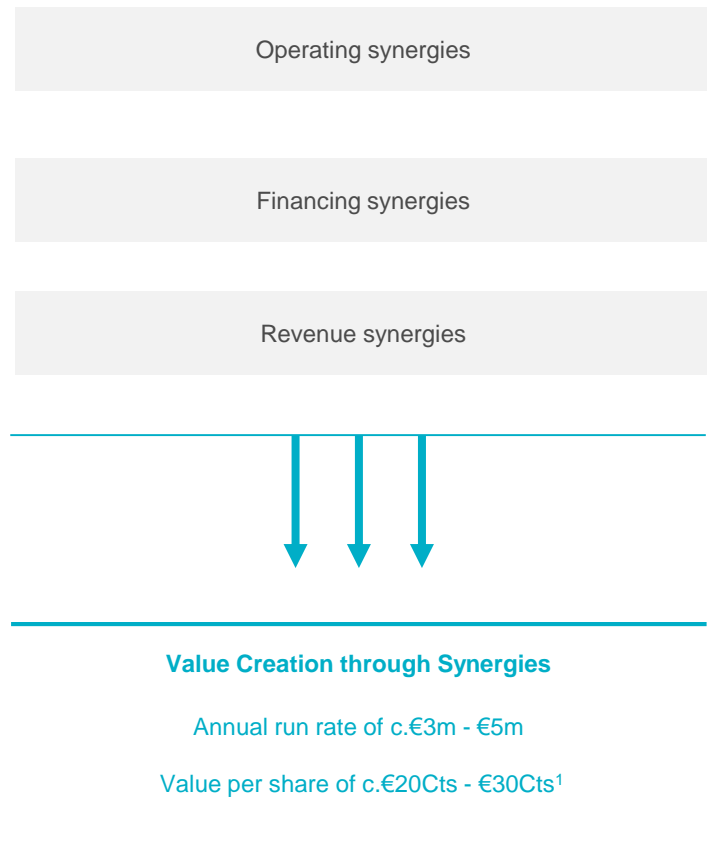
Complementary platforms with synergy potential

Additional value creation through crystallization of synergies

- > Annual run-rate synergies of c.€3m-€5m per year, with direct impact on FFO
- > Estimated value creation potential of c.€0.20 to €0.30 per share
- > Replicating best practices of fully integrated platform

SYNERGIES

1. Operating costs savings of c.€3m per annum
2. Financing cost optimization on Axiare's debt
3. Revenue synergies through integration in a leading office platform & replicating best practices across all segments



¹ Annualized run rate of synergies capitalized at 3.5%

Transaction is value enhancing for Colonial’s shareholders

Attractive Total Shareholder Return

- > Transaction is highly accretive on FFO from the first year
- > Neutral on 2018 NAV with very attractive mid term accretion
- > Interesting “Alpha” drivers of value creation underpinned by strong rental cycle

ATTRACTIVE TOTAL SHAREHOLDER RETURN

Transaction is cash flow accretive in first year

- > FFO per share clearly above 10% in 2018
- > High double digit accretion from 2019 onwards
- > Synergies adding additional cash flow accretion

Solid mid term NAV growth

- > Transaction neutral on 2018 forward looking NAV
- > Attractive mid term NAV accretion
- > Additional value creation through
 - I. Fully capturing rental cycle
 - II. Colonial’s real estate transformation capabilities
 - III. Crystalizing premiums on non-core disposals
 - IV. Capturing full value of operational & financial synergies

IMPACT PER SHARE

Return metric	Short term	Mid term
EPRA NAV	-	↑ ↑
FFO	↑	↑ ↑
Dividends	↑	↑ ↑
Total Shareholder Return	↑	↑ ↑

04 A solid transaction structure



Fully funded transaction with low execution risk

Key terms of the voluntary tender offer

Offer with standard conditions with strong starting point

- > Close to 29% stake secured pre takeover bid from former Axiare core shareholders
- > Takeover bid to obtain control of the company
- > Completion expected for end of first half 2018

1. Transaction characteristics & Pricing

- > Colonial has acquired a stake of c.13% in Axiare from several shareholders for a price between 18.25 and 18.50 € per share
- > As a result, Colonial owns a 29% stake in the capital of Axiare
- > The Board of Directors of Colonial has approved launching a voluntary tender offer for the remaining 71% share capital
- > Price of €18.50 per Axiare share
- > Implied acquisition price of €17.59 per Axiare share¹
- > The offer will include standard conditions, in particular 50%+1 ownership acceptance (including the 29% stake owned pre tender offer)
- > Take-over bid fully funded with a mix of debt & equity

2. Timeline

- | | |
|---|-------------------|
| > Announcement of intention to launch public offer: | November 13, 2017 |
| > Publication of prospectus: | Q1 2018 |
| > Offer acceptance period: | Q1 2018 (30 days) |
| > Expected closing: | Q2 2018 |

¹ Weighted average acquisition price considering the initial 15.5% stake acquired at a blended price of 12.6 €/share.

Colonial’s current credit rating remains strong

A fully financed transaction with low execution risk

- > Firm interest from Colonial core shareholders for equity underwriting
- > Highly attractive momentum in bond markets
- > Further deleverage through disposal of non-core

SOURCES & USES

Sources		Uses	
Cash & undrawn facilities ¹	€193m	13% stake pre launch ¹	€193m
New bond issuance ²	€731m	Takeover bid for 71%	€1,071m
Equity raise	€350m ³	Illustrative transaction costs	€10m
Sources	€1,274m	Uses	€1,274m

¹ Acquisition of 13% of Axiare pre launch of tender offer funded by cash and undrawn facilities pre deal

² New unsecured bond issuance of €800m (€731m transaction funding & €69m additional liquidity)

³ €450m including disposal of treasury shares

A FULLY FUNDED TRANSACTION

Funding

Transaction fully financed

1. Bridge financing in place
2. Equity Raise with firm interest from Colonial core shareholders and backstopped by standby volume equity underwritten
3. Treasury shares of c.€100m backstopped by an standby volume underwritten
4. Issuance of €800m unsecured bond to repay drawn part of bridge facility
5. Liquid non-core assets for c.€300m identified to be disposed of in 12 months

Credit Profile remains strong

~ 40%
Group LTV



Rating Standard & Poor's **BBB**



Rating Moody's **Baa2**

05 Conclusions



Accelerating Colonial's Business Plan at optimal market timing



A STRONG OFFICE PLATFORM IN MADRID

- > Complementary Grade A office portfolio of €1.3bn
- > Consolidating dominance in CBD
- > Additional project portfolio
- > Optimal market timing in rental cycle

SOLID STRATEGIC RATIONALE

- > Office leadership - consolidating the only pure office play on Spain
- > Attractive rebalancing of geographic allocation
- > Significant enhancement of top line growth profile
- > Increase of growth opportunities
- > Acceleration of Colonial's Business Plan

VALUE ENHANCING TRANSACTION FOR COLONIAL SHAREHOLDERS

- > Attractive entry price
- > Highly accretive in FFO from year one
- > Interesting mid term NAV accretion
- > Value creation through Colonial's prime factory approach
- > Unique scarcity play on high quality offices in Spain
- > Credit profile remains strong



Axiare 2017 portfolio acquisitions as of August 2017

**PUERTO DE SOMPORT 8**

Acquisition date	Jan-17
Price	€41.5m
Location	Madrid
GLA	9,280 sqm

**SANT CUGAT**

Acquisition date	Mar-17
Price	€19.5m
Location	Barcelona
GLA	12,000 sqm

**CEDRO**

Acquisition date	Jan-17
Price	€43.5m
Location	Madrid
GLA	17,032 sqm

**SAN FERNANDO (PHASE II)**

Acquisition date	Jun-17
Price	€38.0m
Location	Madrid 1 st ring
GLA	73,464 sqm

**MIGUEL ANGEL**

Acquisition date	Feb-17
Price	€53.4m
Location	Madrid CBD
GLA	8,036 sqm

**SAGASTA 27**

Acquisition date	Jun-17
Price	€18.6m
Location	Madrid CBD
GLA	4,481 sqm

06 Appendix
Axiare portfolio overview



Offices

Logistics

Others





Offices

Logistics

Others

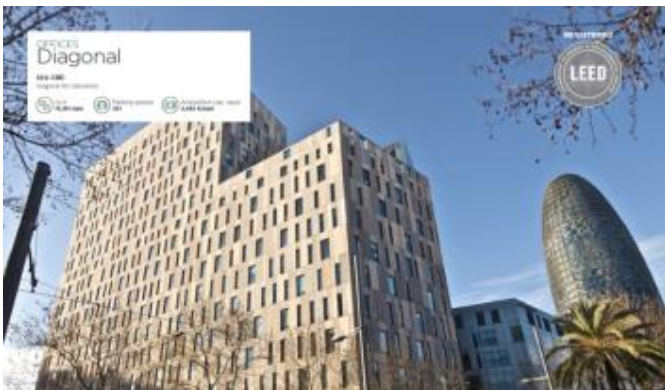
06 Appendix
Axiare portfolio overview (cont'd)



Offices

Logistics

Others



Offices

Logistics

Others

06 Appendix Axiare portfolio overview (cont'd)



Offices

Logistics

Others



06 Appendix
Axiare portfolio overview (cont'd)



Offices

Logistics

Others

06 Appendix
Axiare portfolio overview (cont'd)



Offices

Logistics

Others

Colonial



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