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REGULATORY ANNOUNCEMENT ("HECHO RELEVANTE")

Following the Regulatory Announcement published on the 8th of May 2018, with the registered number 265292, Colonial publishes the documentation to support the presentation to analysts and investors corresponding to the First quarter results of 2018 that will be held today Monday 14th of May 2018 at 3:30 PM (CET) through webcast.

The information regarding the presentation is detailed below:

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

In Madrid, May 14th, 2018



European Property
Investment Awards
WINNER 2017



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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

- > Gross Rental Income, +19%
- > Net Rental Income, +8% like for like
- > Recurring earnings, +29%
- > Net Profit of €22m, +40%

STRONG OPERATIONAL PERFORMANCE

- > More than 73,000 sq m let in a quarter
- > Very healthy vacancy levels at 5%
- > Strong growth in rental prices - double digit release spreads
 - ✓ Capturing market rental growth
 - ✓ GRI increase price driven
 - ✓ Solid base for Capital Value Growth

PROFITABLE GROWTH ACCELERATING

- > Solid top line driving bottom line results
 - ✓ Outstanding GRI like for like increase in every market
 - ✓ Axiare acquisition enhancing growth
- > Loan to Value below 40%
- > Confident outlook on real estate markets

Solid top line growth driving results

- > GRI increase: +19%
- > GRI like for like: +6%, strong growth in every market
- > Net Profit: +40% with EPS up +15%

Top line Growth – Gross Rental Income YoY Var

Group Total	+19%
Group like for like ²	+6%
Madrid like for like ²	+8%
Barcelona like for like ²	+5%
Paris like for like ²	+6%

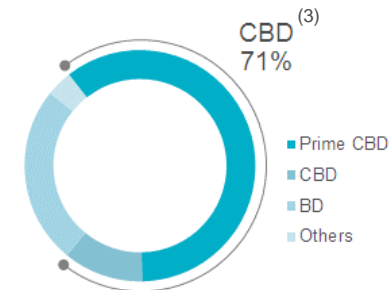
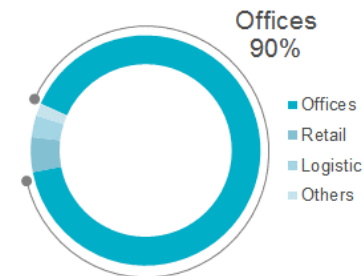
Profit & Loss - €m YoY Var

	1Q 2018	YoY Var
Gross Rental Income	€82m	+19%
Group Net Profit	€22m	+40%
Recurring Net Profit	€20m	+29%
EPS	€Cts 5.1	+15%

Balance Sheet - €m 1Q 2018

GAV Group – 12/2017 ²	€10,803m
Group LTV	39.6%

BUSINESS MIX – GAV GROUP¹



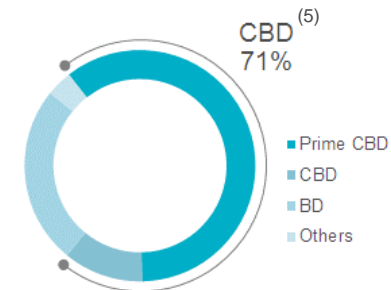
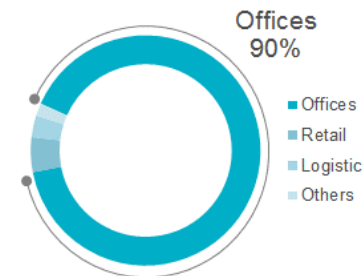
(1) GAV Colonial 31/12/17 + GAV Axiare 31/12/17. Net of investments & divestments 1Q 18
 (2) EPRA like for like: Like for like variance base on EPRA BPR methodology
 (3) Office portfolio
 (4) Portfolio in operation

Capturing rental growth in every market

- > High double digit release spreads
- > Strong increase vs market rents
- > Low vacancy with strong fundamentals

Operational Performance	1Q 2018
# Transactions signed	33
Volume of sq m signed	73,855
EPRA Vacancy	5%
<hr/>	
Double digit release Spread¹	+28%
Barcelona	+16%
Madrid	+30%
Strong rental growth²	+6%
Barcelona	+3%
Madrid	+7%
Paris	+5%

BUSINESS MIX – GAV GROUP³



(1) Rental prices signed vs previous rents
 (2) Rental prices signed vs ERV 12/17
 (3) GAV Colonial 31/12/17 + GAV Axiare 31/12/17. Net of investments & divestments 1Q 18
 (4) Portfolio in operation
 (5) Office portfolio



Macro Outlook remains strong

- > Eurozone above 2% GDP Growth
- > Spain growing above EU average
- > France improving significantly

MARKET TRENDS

WORLD & EU

- ✓ World GDP improving +3.7% in 2017 & +3.9% in 2018
- ✓ Euro area with GDP growth well above +2%
- ✓ Solid base post French & German elections

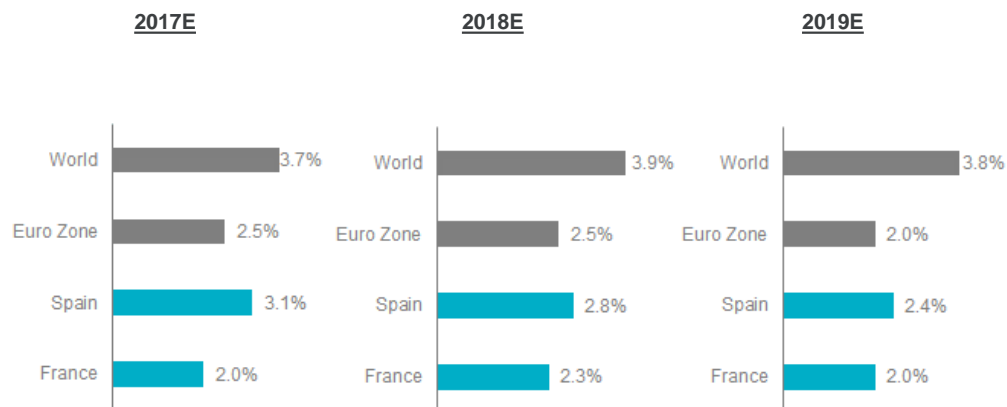
SPAIN

- ✓ Economy growing above EU average – close to +3% in 2018
- ✓ Improvement of private consumption and exports
- ✓ Mid term growth profile remains strong

FRANCE

- ✓ Strong upward revision – GDP at +2% levels
- ✓ GDP growth accelerating in 2018
- ✓ Reform agenda as catalyst for further growth

GDP GROWTH



Source: April Monthly report "la Caixa"

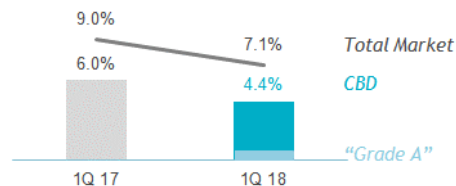
Fundamentals remain solid in every market

VACANCY %

TAKE UP 1Q 2018

HIGHLIGHTS

BARCELONA



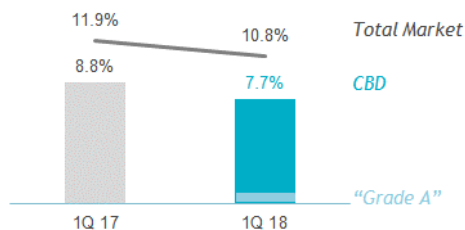
81,040 sqm

+21%
QoQ

Stable
YoY

- > CBD vacancy at historical lows: < 5%
- > Take-up +21% vs previous quarter
- > Increased number of pre-let transaction
- > Prime Rents at 24 €/sqm/month, +8% YoY

MADRID



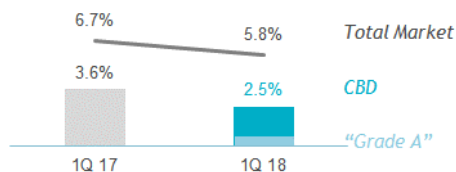
120,000 sqm

+24%
YoY

Max
since
2008

- > Q1 2018 take-up of 120,000 sqm, + 24%
- > Highest take-up figure in the last 10 years
- > Grade A CBD vacancy circa 1%
- > Prime rents at 32 €/sqm/month, up 10% YoY

PARIS



741,779 sqm

+13%
YoY

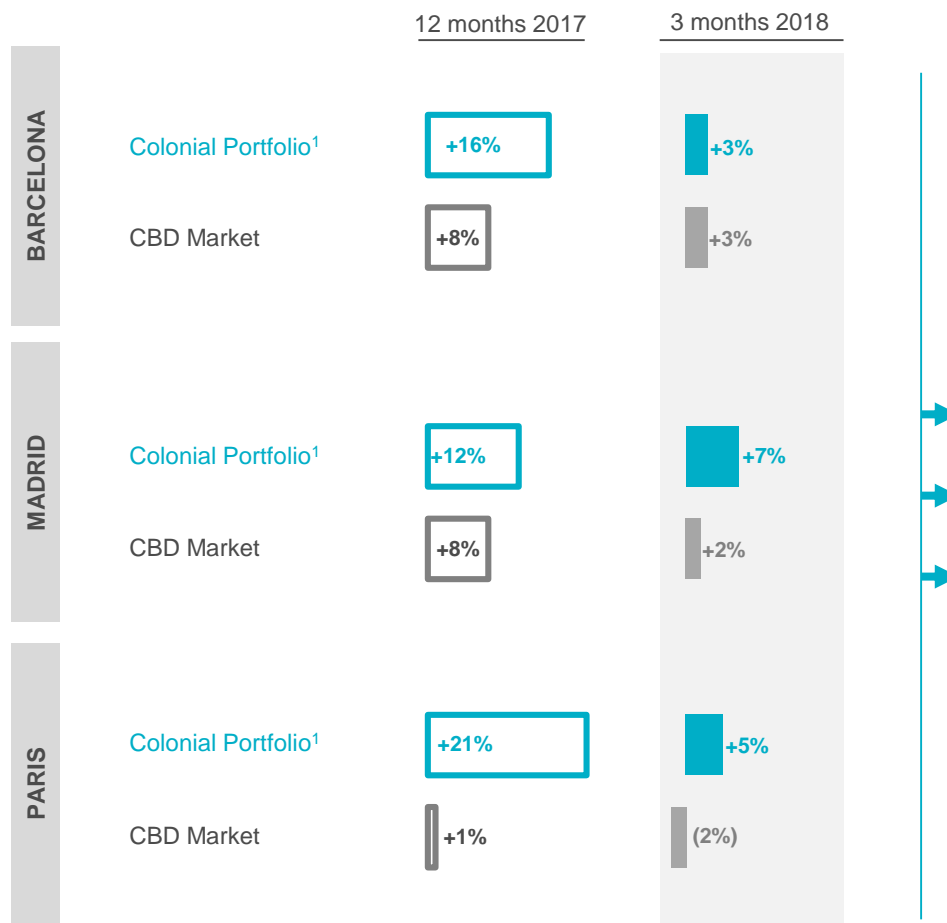
Max in
12 years

- > CBD vacancy at historical lows: at 2.5%
- > Highest take-up figure in the last 12 years
- > Q1 2018 take-up 741,779 sqm, +13%
- > Several deals signed at rental levels > 800 €/sqm/year

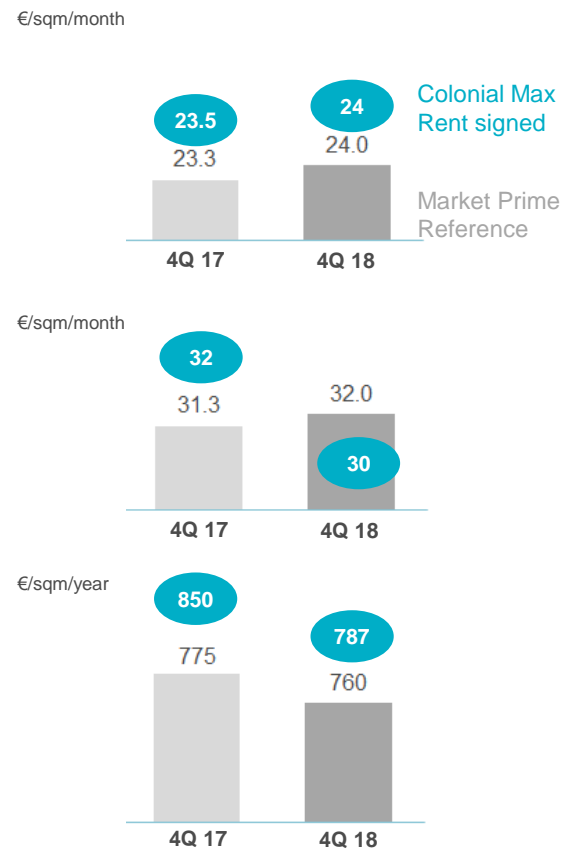
Colonial as leading market indicator for rental growth

- > Ongoing rental growth in Colonial portfolio
- > Colonial outperforming the market
- > Colonial setting the benchmark for prime

ERV GROWTH – COLONIAL VS MARKET



PRIME ERVs



(1) ERV Growth 12 months: 4Q17 vs ERV12/16 & ERV Growth 3 months: 1Q18 vs ERV 12/17

Investment Markets remain strong

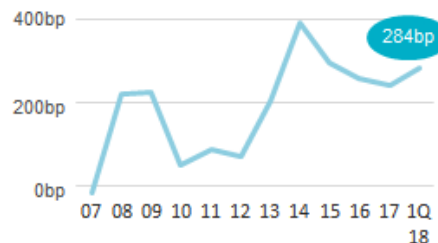
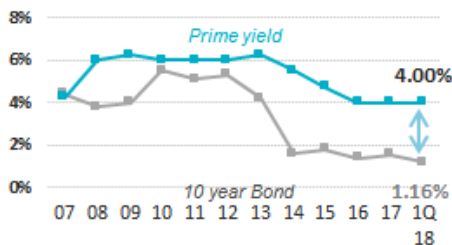
- > Scarcity of Grade A product
- > Rental growth main driver for future capital value growth
- > Spreads vs reference rates remain attractive

PRIME YIELDS ⁽¹⁾

SPREAD VS 10Y BOND

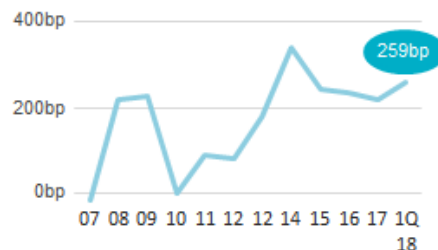
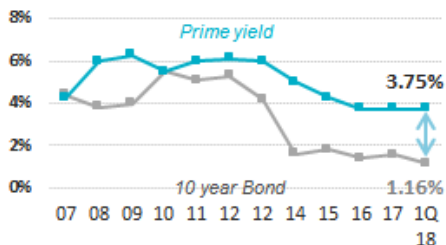
HIGHLIGHTS

BARCELONA



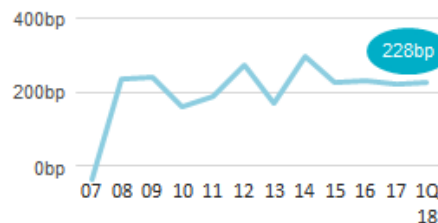
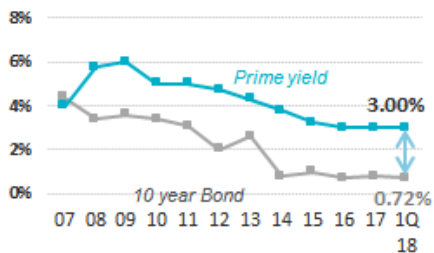
- > +3% Capital Value Growth QoQ
- > Q1 Prime Capital Values at 7,200 €/sqm
- > Healthy spread of 284 bp
- > Investment volume of €121m

MADRID



- > Prime yields at 3.75%, some singular deals even lower
- > Rental growth main driver for capital value growth
- > Investment volume of €290bn

PARIS



- > Investment volume of €2.7bn
- > +10% YoY
- > +36% vs. long term average
- > 10 transactions above €100m
- > Spread at 228 bp

(1) Market consultants in Spain report gross yields and in France they report net yields
Source: JLL, CBRE & Bloomberg



03 Operational performance

Grade A product ensures strong letting performance

		# CONTRACTS	SQM SIGNED	GRI SECURED ¹	INCENTIVES ²	EPRA VACANCY ³
BARCELONA		10	4,695	€1m	4%	2.8%
MADRID		13	18,262	€5m	2%	12%
PARIS		7	5,506	€4m	14%	2.7%
LOGISTIC		3	45,392	€2m	3%	0%
TOTAL		33	73,855	€12m	8%	5%

(1) Annualized figures of signed contracts

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

(3) Financial vacancy calculated according to EPRA vacancy methodology

03 Operational performance

Prime positioning captures top tier clients paying maximum rents

- > High quality premises attract top tier tenants
- > Colonial captures rental prices at the top of the market

		# CONTRACTS	MAX. RENT SIGNED COLONIAL	PRIME RENTS MARKET	CAPTURING & RETAINING TOP TIER CLIENTS
BARCELONA		10	24 €/sqm/month	24 €/sqm/month	
MADRID		13	30 €/sqm/month	32 €/sqm/month	
PARIS		7	787 €/sqm/year	760 €/sqm/year	

03 Operational performance

Strong delivery on rental price increases

- > Outstanding rental growth in every city
- > Double digit release spreads
- > No renewals in Paris

SOLID INCREASE IN RENTAL PRICES



(1) Signed rents vs 12/17 ERV (new lettings & renewals)
 (2) Signed rents vs previous contracts (renewals)

BARCELONA – LETTING PERFORMANCE

Solid Performance

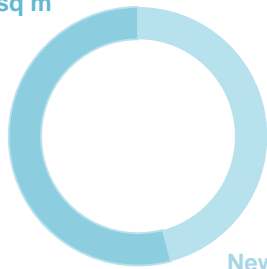
4,695 sq m let

> Max. rent signed **24.0** €/sqm/month

> ERV growth **+3%⁽¹⁾**

> Release spread² **+16%**

Renewals
2,541 sq m



New Lettings
2,154 sq m

Strong rental growth - Highlights

Diagonal 609-615



Sagardoy Abogados

Via Augusta 21-23



curellsuñol

Berlín / Numancia



meteo.cat
Servei Meteorològic de Catalunya

Berlín / Numancia



VILYNX

Diagonal 609-615



CaixaBank

(1) Signed rents vs 12/17 ERV (new lettings & renewals)
(2) Signed rents vs previous contracts (renewals)

MADRID – LETTING PERFORMANCE

Solid Performance

18,262 sq m let

> Max. rent signed

29.9
€/sqm/month

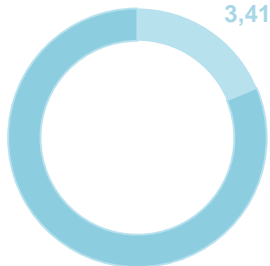
> ERV growth

+7% (1)

> Release spread²

+30%

New Lettings
3,414 sq m



Renewals
14,848 sq m

Strong Rental Growth - Highlights

Sagasta 31-33



McKinsey&Company

+40%
release
spread

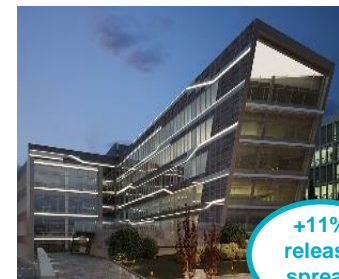
Martínez Villergas 49



ALSTOM

+25%
release
spread

Francisca Delgado 11



NEINVER

+11%
release
spread

Castellana 52



Comunidad de Madrid

+49%
release
spread

P. Joan Maragall 53



Comunidad de Madrid

+8%
release
spread

José Abascal 56



DOW

+8%
vs ERV¹

(1) Signed rents vs 12/17 ERV (new lettings & renewals)
(2) Signed rents vs previous contracts (renewals)

PARIS – LETTING PERFORMANCE

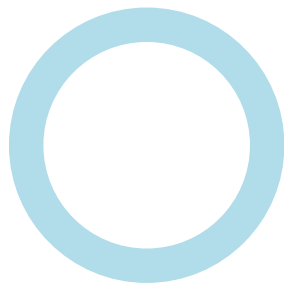
Solid Performance

5,506 sq m let

> Max. rent signed **787**
€/sqm/year

> ERV growth **+5%⁽¹⁾**

> EPRA Vacancy **3%**



New Lettings
5,506 sq m

Strong Rental Growth - Highlights

Louvre Saint-Honoré



+11%
vs ERV¹



Cézanne Saint-Honoré



+9%
vs ERV¹

Washington Plaza



+9%
vs ERV¹



Louvre Saint-Honoré



+8%
vs ERV¹

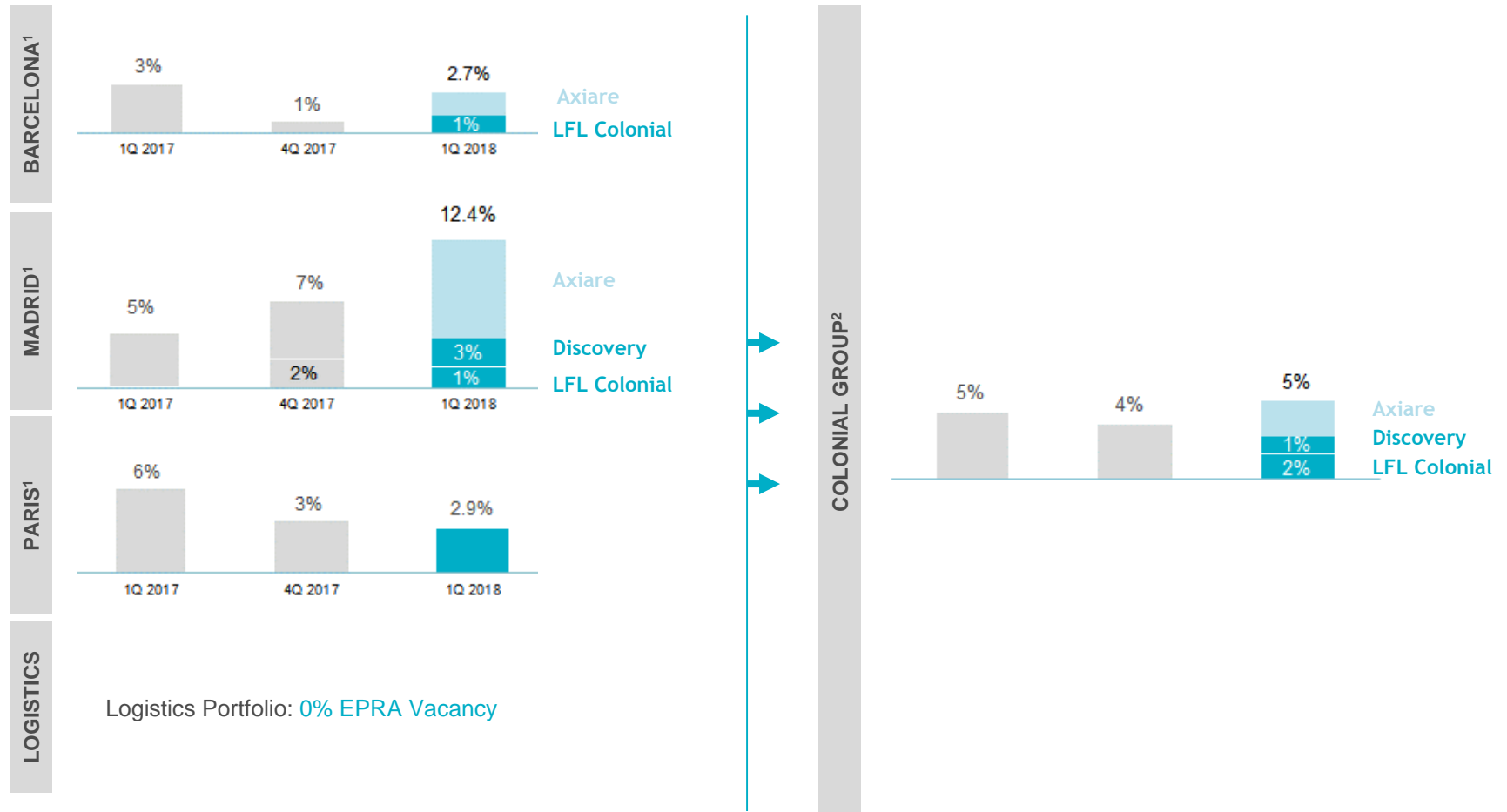


(1) Signed rents vs 12/17 ERV (new lettings & renewals)

Vacancy remains at healthy levels

- > Colonial vacancy at healthy 5%
- > Barcelona and Paris below 3%
- > Madrid like for like at 1% - Discovery & Axiare providing reversionary potential

EPRA VACANCY



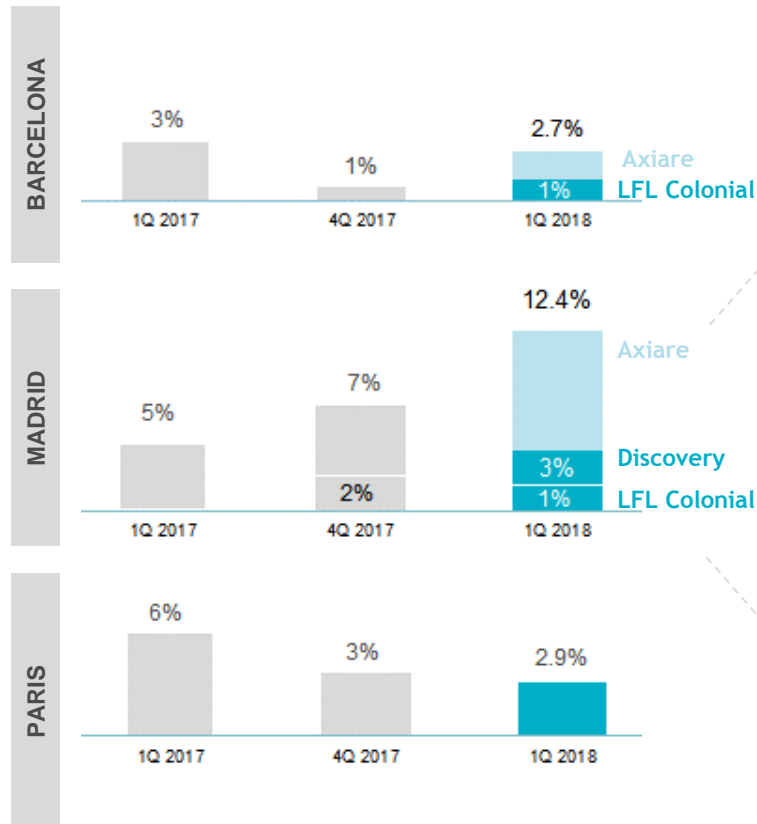
(1) EPRA Vacancy office portfolio
 (2) EPRA Vacancy including all uses

03 Operational performance

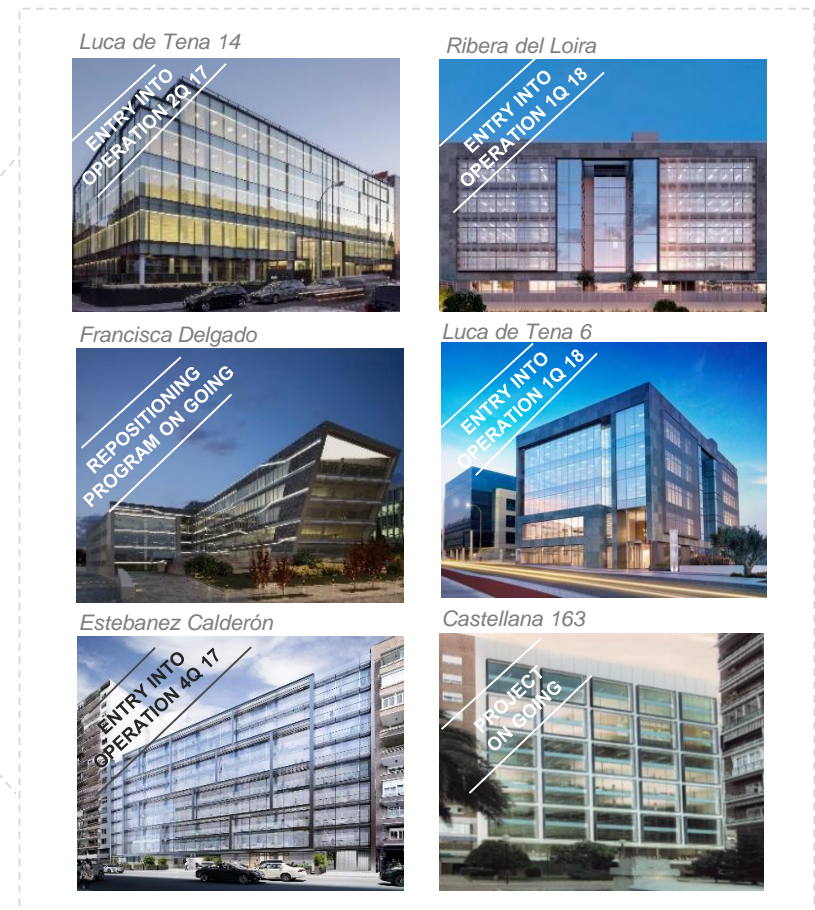
Madrid portfolio with additional Grade A Product

- > Discovery & Axiare providing reversionary potential
- > Grade A space to attract new clients
- > Best product in every market-segment

EPRA VACANCY



AVAILABILITY OF GRADE A SPACE IN SOLID MARKETS

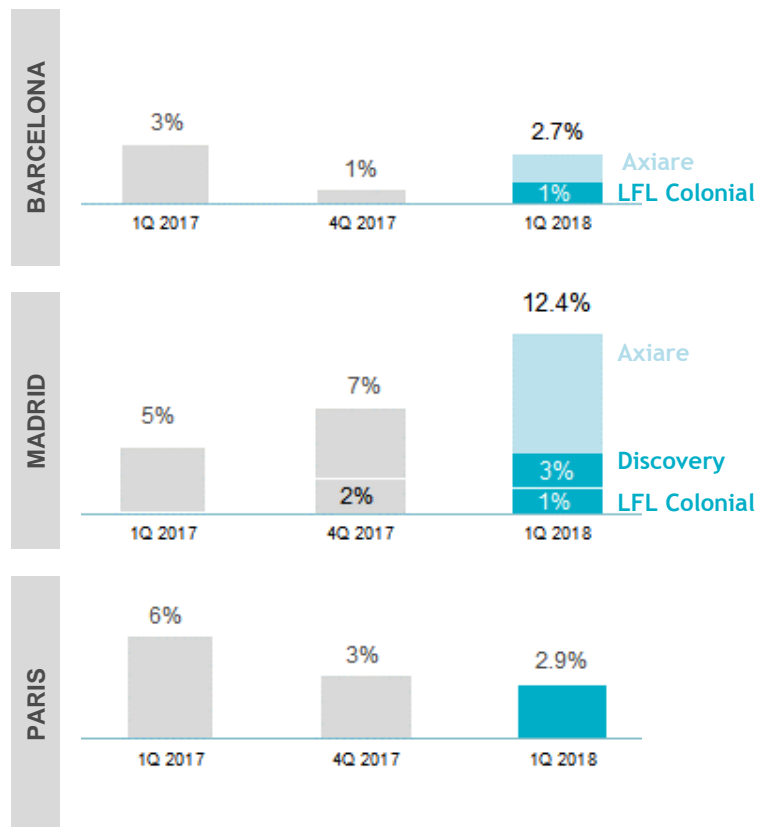


03 Operational performance

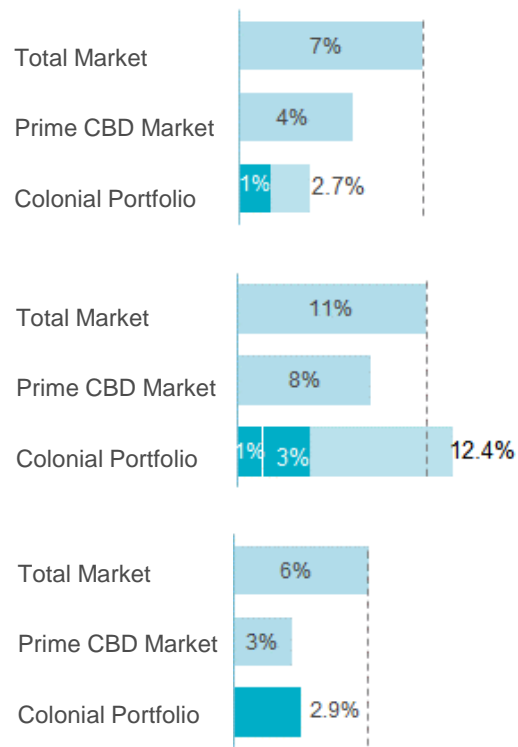
Colonial portfolio outperforming the market on occupancy

- > Colonial with solid vacancy levels in every city
- > Colonial strong positioned vs market average
- > A solid base to capture rental growth

EPRA VACANCY



VACANCY COLONIAL VS. MARKET



Corporate Social Responsibility (CSR) at the core of strategy

- > Colonial with strong commitment on CSR
- > Providing added value to clients through efficient buildings
- > CSR guarantees long term sustainable returns



EPRA BPR Gold
3rd year in a row



EPRA SBPR Gold
2nd year in a row



**Green Star rating
by GRESB**



**2017 BREEAM Awards
for SFL**

ENERGY EFFICIENCY STANDARDS



**90% of operating
portfolio with max.
energy certificates**



Projects to be delivered **with maximum standards**

04 Financial performance



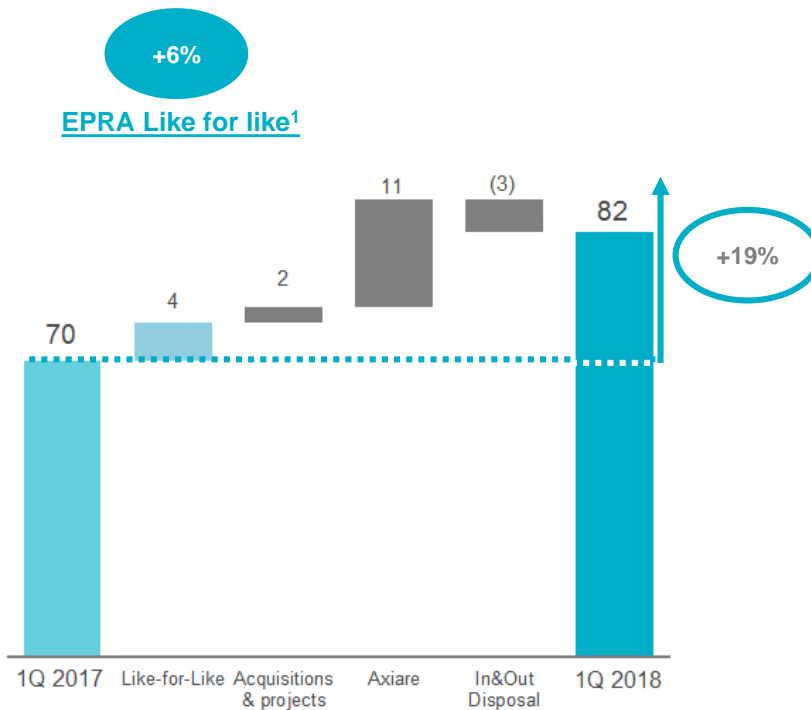
Solid top line driving profitability

04 Financial performance

Double digit top line growth

- > GRI growth of +19% enhanced through Axiare
- > GRI like for like increase strong at +6%
- > Madrid like for like outstanding with +8%

GROSS RENTAL INCOME - €M



	EPRA Like for like ¹	Acquisitions & Projects ²	Axiare	In&Out disposal	TOTAL
TOTAL	+6%	+2%	+15%	(5%)	+19%
BCN	+5%	-	+9%	-	+14%
MADRID	+8%	+14%	+53%	-	+76%
PARIS	+6%	(1%)	-	(7%)	(2%)

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

Like for like rental growth mainly price driven

- > Half of like for like growth driven by rental price increases
- > Barcelona and Madrid with strong price effect
- > Paris with +6% like for like increase, well above peers

GROSS RENTAL INCOME - €M

STRONG EPRA LIKE FOR LIKE GROWTH

GRI LIKE FOR LIKE OF +6%

- > Barcelona with +5% like for like
- > Madrid portfolio with +8% like for like
- > Paris with solid +6% like for like growth

	EPRA Like for like ¹	Price	Volume
TOTAL	+6%	3%	3%
BCN	+5%	4%	1%
MADRID	+8%	5%	3%
PARIS	+6%	2%	4%

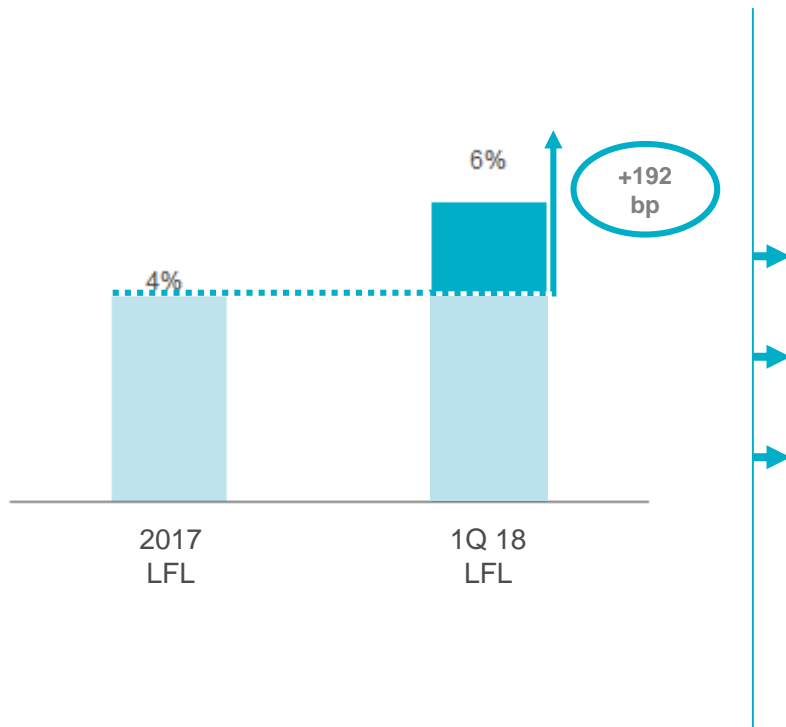
(1) Like for Like calculated following EPRA BPR recommendations
 (2) Includes indemnities of tenant rotation

Like for like growth accelerating

- > Like for like growth in Q18 accelerating by 200 bp
- > Net Rental Income like for like increase at +8%
- > Madrid with outstanding +15% like for like in Net Rental Income

LIKE FOR LIKE VARIANCE¹ – GRI & NRI

LFL GROWTH ACCELERATING



LFL IN NET RENTAL INCOME FURTHER ENHANCED

	<u>GRI</u>	<u>NRI</u>
TOTAL	+6%	+8%
BCN	+5%	+6%
MADRID	+8%	+15%
PARIS	+6%	+7%

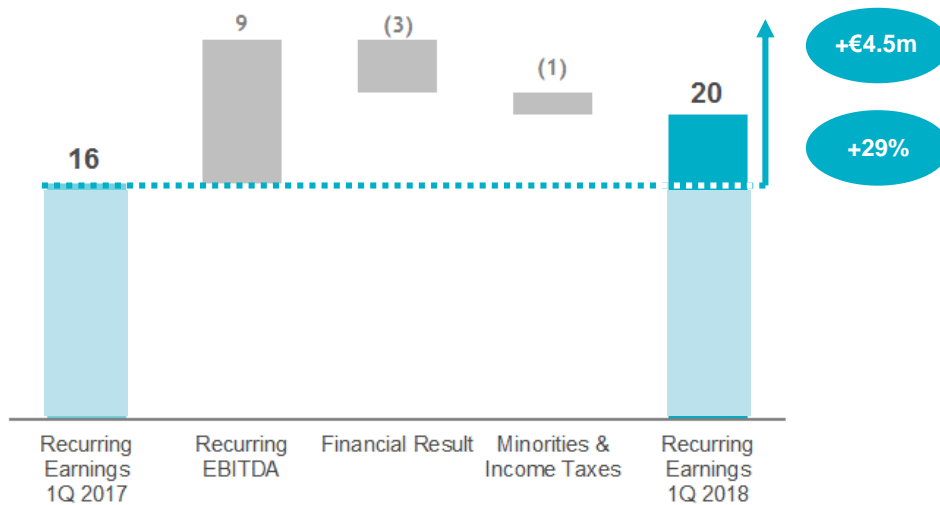
¹ Like for like variance calculation based on EPRA best practice methodology

GRI= Gross Rental Income NRI= Net Rental Income

Acceleration of profitable growth

- > +29% increase in Recurring Earnings
- > Earnings driven by solid top line growth
- > Axiare acquisition enhancing results

PROFIT & LOSS ACCOUNT



RESULTS TOP LINE DRIVEN

- > Solid 8% Like for Like net rental income growth
- > Results enhancement through Axiare
 - ✓ Recurring EBITDA increases up to +18%
 - ✓ High double digit increase of recurring earnings
 - ✓ Q1 results include consolidation of 87% stake from 1 February onwards

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

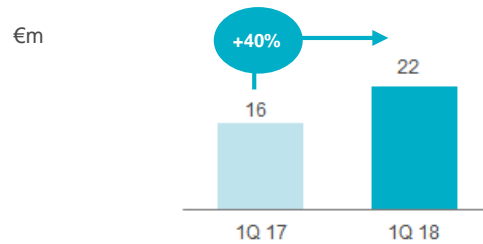
04 Financial performance

Acceleration of profitable growth

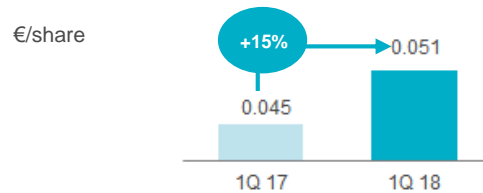
- > +40% Increase in Net Profit
- > +15% EPS increase
- > +19% Gross Rental Income growth

STRONG TOP & BOTTOM LINE PERFORMANCE

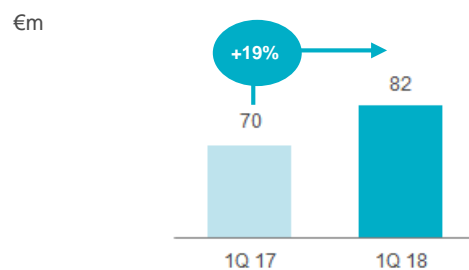
PROFIT ATTRIBUTABLE TO GROUP



EARNINGS PER SHARE



GROSS RENTAL INCOME



PROFIT & LOSS ACCOUNT

Results analysis - €m

	1Q 18	1Q 17	Var.
Gross Rents	82	70	19%
Net operating expenses ⁽¹⁾	(10)	(8)	
Overheads	(11)	(9)	
Recurring EBITDA	62	52	
Recurring financial result	(23)	(20)	
Income tax expense & others - recurring	(3)	(3)	
Minority interests - recurring	(16)	(14)	
Recurring Earnings	20	16	29%
Asset revaluation	6	1	
Non-recurring financial result & MTM	(1)	(0)	
Income tax & others - non-recurring	(3)	(0)	
Minority interests - non-recurring	0	0	
Profit attributable to the Group	22	16	40%

(1) Includes other income

- > Successful issuance of €650m 8Y senior unsecured bond
- > Extension of the Group's debt maturity at attractive cost of 2%
- > More than 3x oversubscribed with high quality accounts

BOND ISSUANCE KPI'S

Size	€650m
Coupon	2.0%
Spread to benchmark	ms + 133 bps
Maturity	17 ^h April 2026

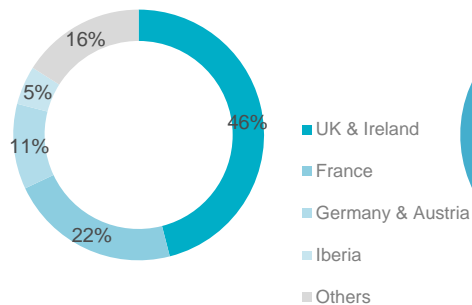
EXECUTION HIGHLIGHTS

Bond Issuance

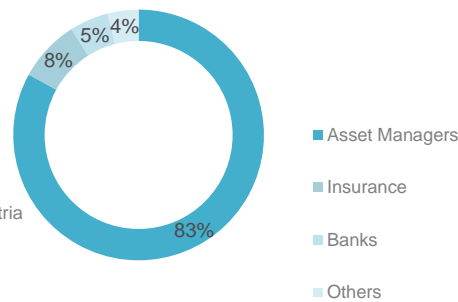
- > €2.0bn of orders – oversubscription of more than 3x –
- > More than 150 high quality investors subscribing the issuance
- ✓ Well diversified order book:
 - 46% UK & Ireland, 22% France, 11% Germany & Austria and 5% Iberia
- ✓ High degree of real money accounts:
 - Fund Managers 83%, Insurances 8%

DISTRIBUTION OF BOND ISSUANCE

By investor type



By geography



Terms and execution parameters that confirm strong credit profile

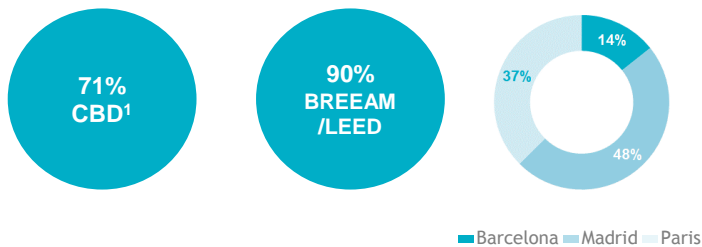
04 Financial performance

Strong credit profile

- > An unparalleled high quality collateral diversified in three cities
- > A solid capital structure with competitive costs
- > An enhanced maturity profile

A FIRST CLASS COLATERAL WITH...

€11bn well diversified high quality assets



Available cash & undrawn balances¹

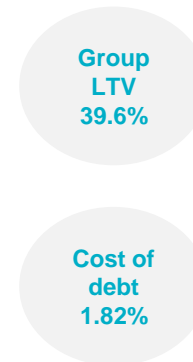
Colonial	€1,523m ¹
SFL	€808m
Total	€2,331m¹

Debt Maturity¹

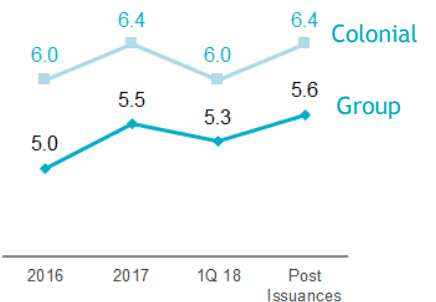
Colonial	6.4 years
SFL	3.8 years
Total	5.6 years

... SOLID CAPITAL STRUCTURE

LTV & Cost of Debt



Debt maturity - years



BBB Stable Outlook

Baa2 Negative Outlook



BBB+ Stable Outlook

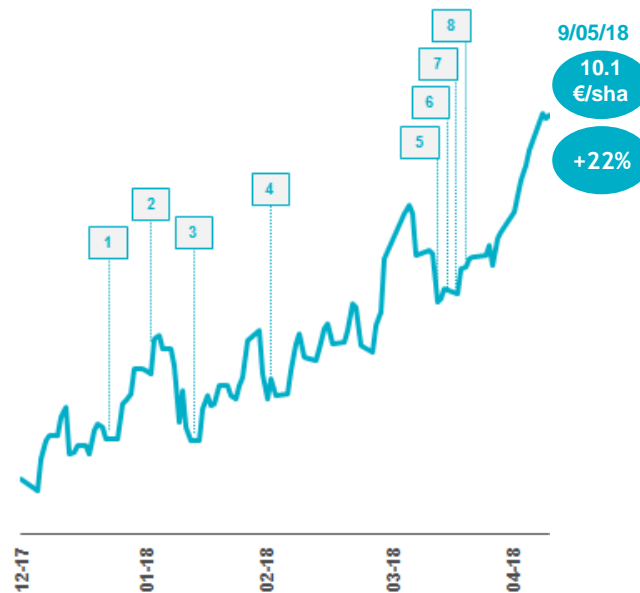
(1) Exposure of office portfolio

Share price driven by solid delivery of fundamentals

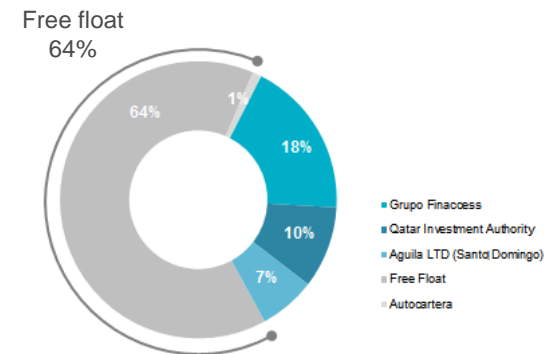
- > +22% Share Price increase 2018 YTD
- > Capital markets recognize execution of Business Plan
- > High quality shareholder base

SHARE PRICE PERFORMANCE 2018 YTD¹

- 1 Alpha III
- 2 End of acceptance period takeover Bid Axiare
- 3 SFL 2017 Results
- 4 Colonial 2017 Results
- 5 BoD Approval of common Draft of the Merger
- 6 Bond Issue
- 7 SFL 1Q 2018 Results
- 8 Call of Colonials' AGM



STRONG SHAREHOLDER BASE



- > More than €2.8bn of free float market cap
- > Majority of long only investors
- > High degree of Real Estate specialists

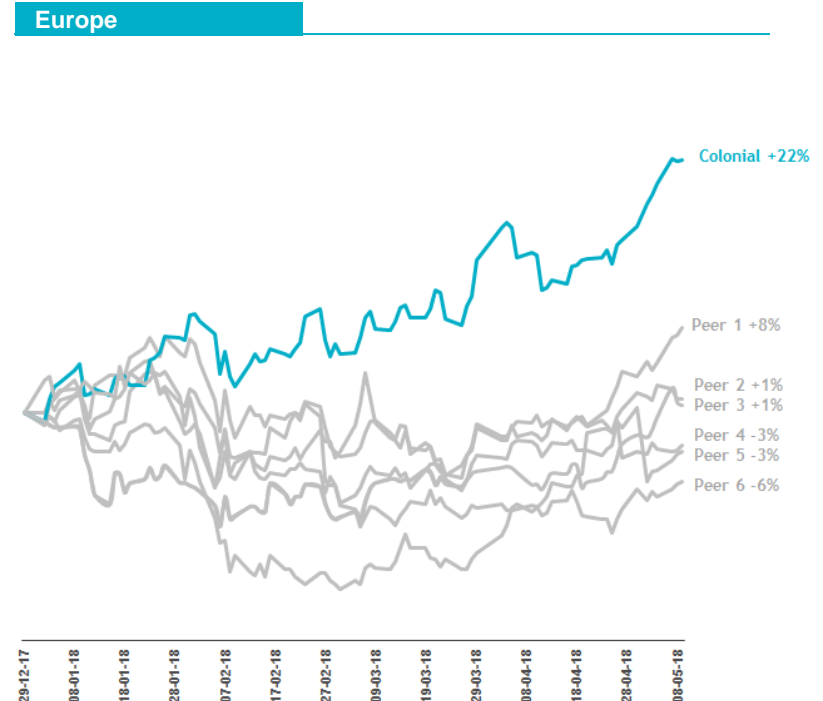
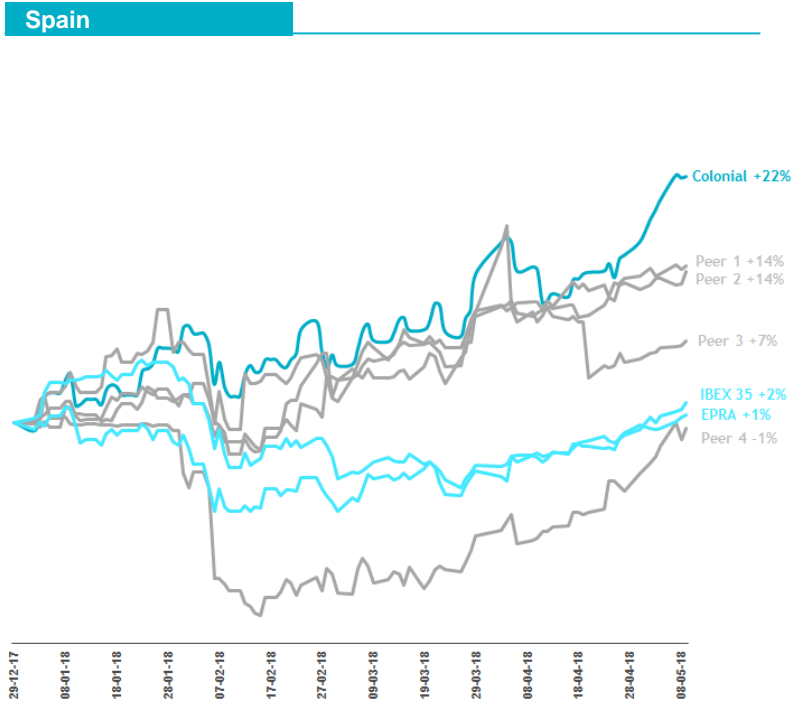
(1) Share price YTD as of 9/05/2018

04 Financial performance

Share price driven by solid delivery of fundamentals

- > Unparalleled share price performance YTD
- > Strong outperformance of peers in Spain & Europe
- > Well above reference indices – IBEX & EPRA

SHARE PRICE PERFORMANCE 2018 YTD¹ VS PEERS



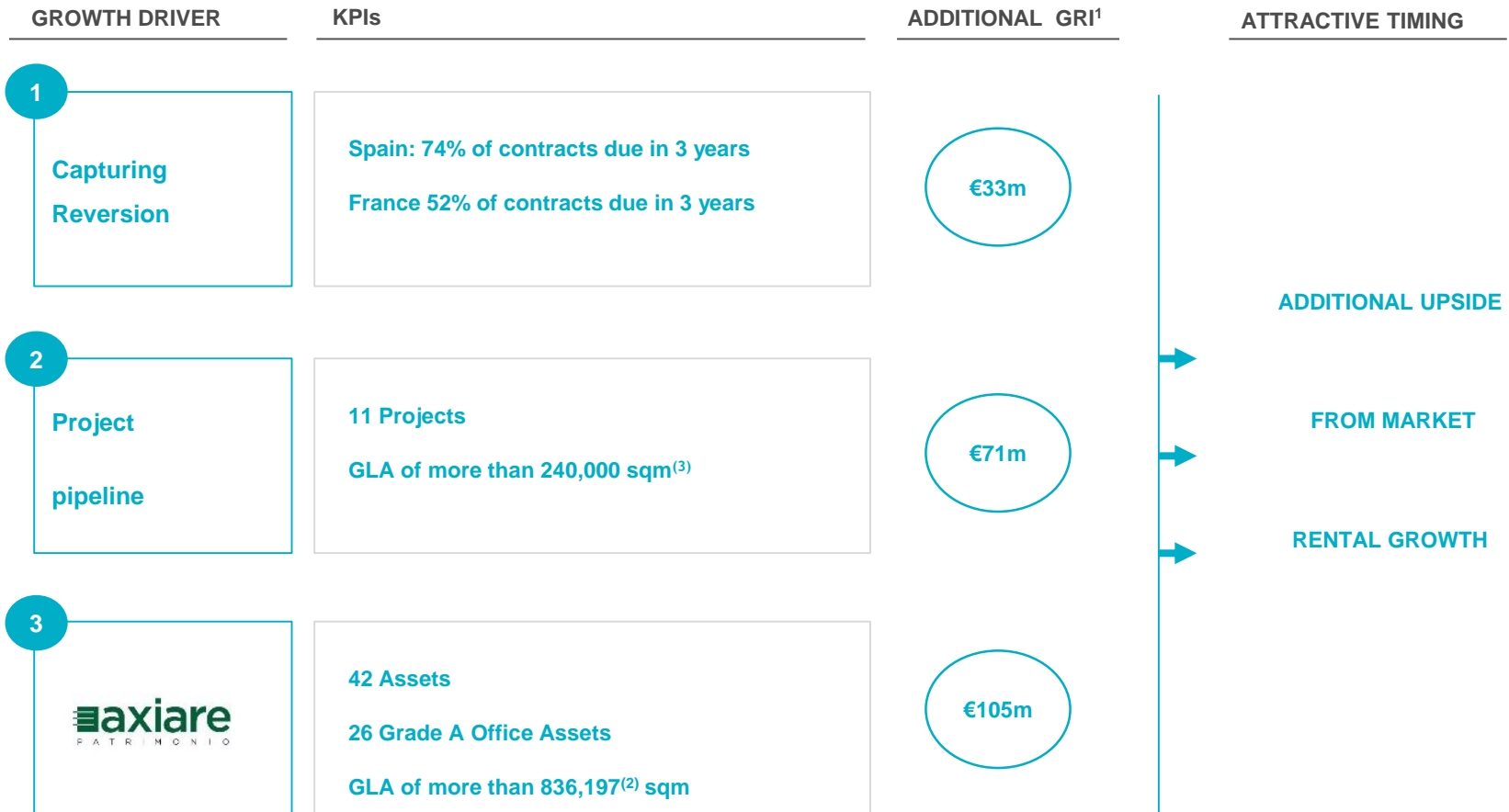
(1) Share price YTD as of 9/05/2018

05 Growth drivers



A solid base for future growth

05 Growth drivers
A solid base for growth



(1) Potential topped up GRI net of investments & disposals Q1 18
 (2) Including offices, logistics and other assets
 (3) Projects & partial refurbishments on operating assets

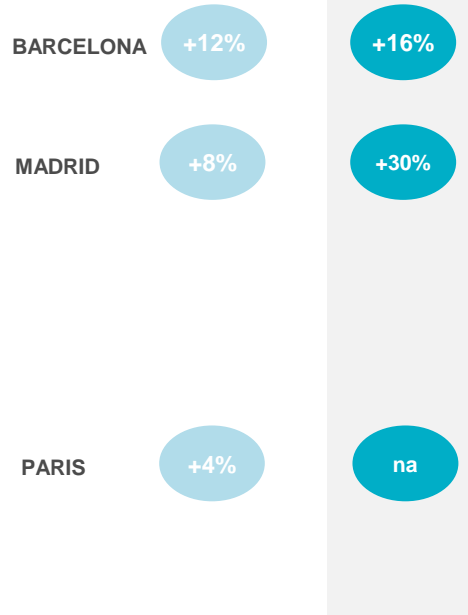
05 Growth drivers

1 Colonial well positioned to capture reversion

- > Strong delivery on reversion in Q1 2018
- > Attractive rent roll profile
- > Solid positioning in growing markets

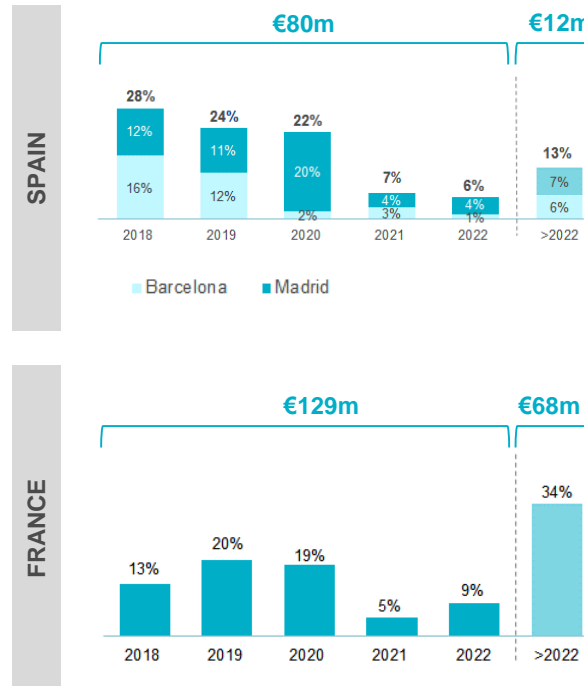
CAPTURING REVERSION

Static upside as of 12/17² *Release Spread captured Q1 18¹*

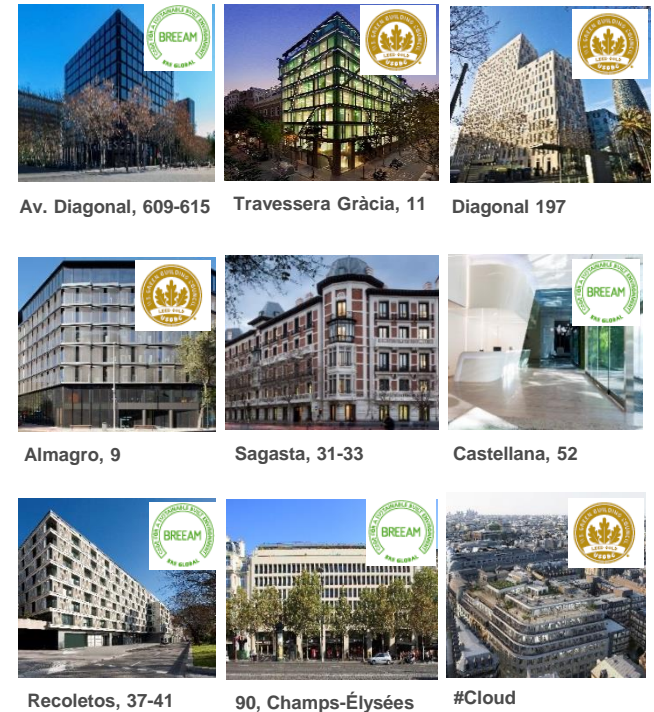


ATTRACTIVE RENT ROLL

COMMERCIAL LEASE EXPIRY DATES
First potential exit as of 12/17



SOLID POSITIONING IN GROWING MARKETS



1) New rents signed vs previous

2) Market rents vs current passing rents as of 12/17 without including future rental growth

2 Value creation potential through project pipeline

- > Colonial Project pipeline with substantial capital gain potential
- > Progressive phasing-in of the initiatives
- > Short term projects with strong visibility on pre-lets



2 Short term projects on track to crystalize value

Projects – short term delivery

GLA of 46,071 sq m

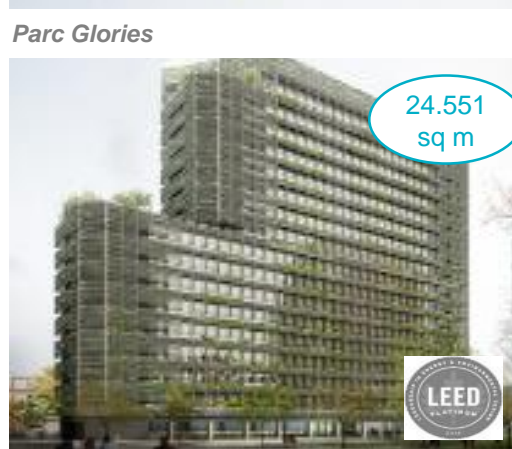
Ungeared IRR 8-9%¹



Total Product Cost² 4,693 €/sqm

Yield on Cost >7%

- > First Leed platinum in Prime CBD Madrid
- > More than a 10,000 sqm of high quality office space in Prime CBD
- > Strong interest for 50% of the GLA



Total Product Cost² 3,136 €/sqm

Yield on Cost >7%

- > First Leed platinum in 22@ Barcelona
- > 80% pre-let as of 2017, ongoing strong interest
- > Delivery in Q3 2018



Total Product Cost² 3,998 €/sqm

Yield on Cost >7%

- > Unique 11,000 sqm scheme in the CBD with several terraces
- > Ground floor for flexible offices spaces through Utopic-Us
- > Advanced negotiations for 50% pre-let

¹ Ungeared 10Y IRRs

² Acquisition cost + capex

3 Solid execution on Take-over bid on Axiare

- > Rapid execution of takeover bid through efficient process management
- > Transaction financing secured in advance - de-risking the final settlement
- > Full integration process after merger approval

EXECUTION HIGHLIGHTS - TAKE-OVER BID AXIARE

- 2017 Nov 13 > Acquisition of up to 29%, including 2nd largest shareholder
- 2017 Nov 13 > Launch of an unsolicited Take-over bid for 100% of Axiare
- 2017 Nov 20 > Issuance of €400m of Equity and €800m of Debt (bonds)
- 2017 Dec 28 > CNMV authorizes the take-over prospectus
- 2018 Jan 29 > Expiry of acceptance period
- 2018 Feb 18 > CNMV announces take-over outcome reaching 87% stake
- 2018 Apr 19 > Board approval of the Common draft terms of the merger
- 2018 Apr 19 > Call of Colonial's and Axiare's AGMs
- 2018 May 24 > AGMs of Colonial & Axiare to be held on May 24 & May 25

INTEGRATION ON TRACK

- > Q1 includes full consolidation figures of Axiare with 87% stake from 1st of February 2018
- > Integration process to start immediately after merger approval
 - ✓ Synergies estimate confirmed
 - ✓ "Best of both" approach to be implemented
 - ✓ Asset allocation analysis underway

3 A complementary Grade A portfolio with high growth potential

- > 13 assets fully occupied allowing for price reversion
- > Additional Grade A space to capture new clients
- > Attractive project pipeline in solid markets

CORE ASSETS ABOVE 95% OCCUPANCY

Sagasta 33



Manuel De Falla



Avda de la Vega



Almagro



Diagonal 197



Don Ramon de la Cruz



Capturing Price Reversion

ADDITIONAL SPACE IN -GRADE A- PRODUCTS

Luca de Tena 14



Ribera del Loira



Francisca Delgado



Luca de Tena 6



Capturing Price & Volume Reversion

ATTRACTIVE PROJECT PIPELINE

Velazquez



J. Valcarcel 40



Miguel Angel



Avda Bruselas 38



Sagasta 27



Puerto Somport (Las Tablas)



Return on Projects

3 A unique logistics portfolio in Spain

- > High quality portfolio 100% occupied
- > Additional growth from San Fernando projects
- > 5th largest logistics portfolio in Spain

UNIQUE LOGISTICS PORTFOLIO

<p>Alcalá de Henares</p>	<p>Azuqueca II</p>	<p>Cabanillas</p>
<p>Guadalix</p>	<p>Azqueca I</p>	<p>Dos Hermanas</p>
<p>Camarma</p>	<p>Rivas</p>	<p>Constantí</p>
<p>Valls</p>	<p>S. Fernando (phase I)</p>	<p>S. Fernando (Phase II)</p>

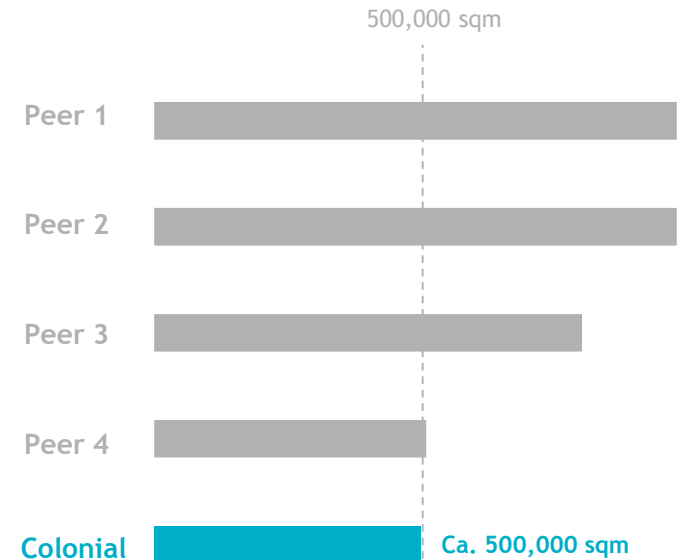
Portfolio fully let
0% EPRA VACANCY

120,000 sqm to be delivered shortly

STRONG FOOTPRINT IN SPANISH LANDSCAPE

More than €300m in GAV

Relevant positioning in Spanish landscape

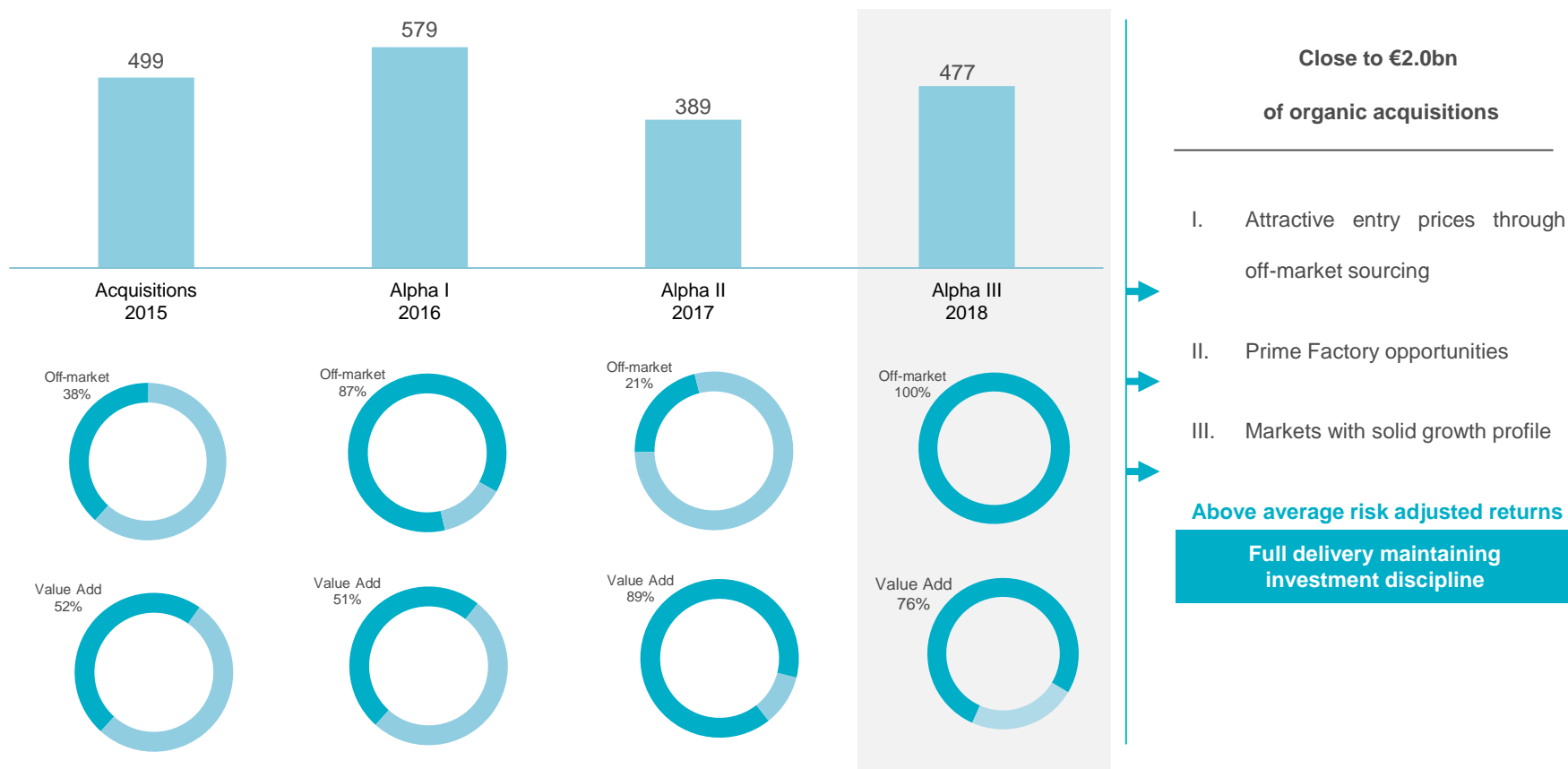


05 Growth drivers

Acquisitions – solid track record with €2bn in 4 years

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

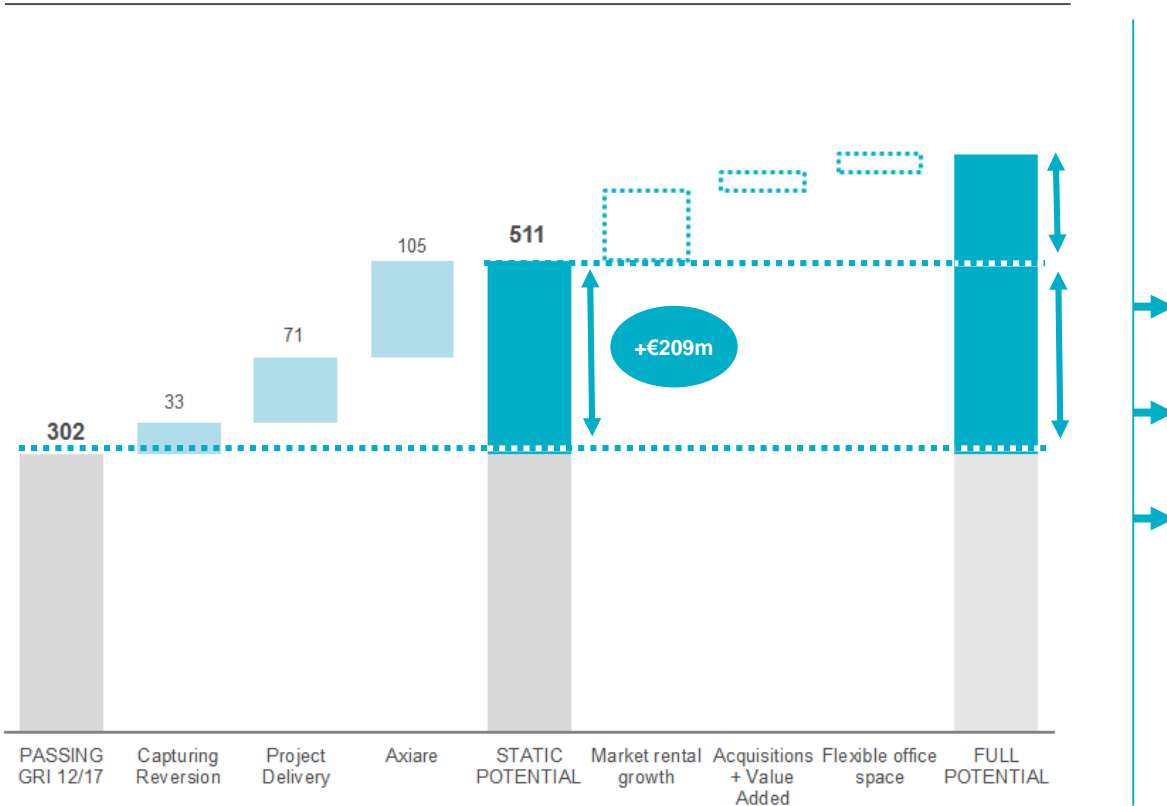
INVESTMENTS SINCE 2015 - €m



A Solid platform to capture future growth

- > Well positioned to capture reversion
- > Significant future value creation through Project pipeline
- > Combination of complementary -Grade A- office portfolios

Current Uplift Potential Passing GRI¹ – (€m)



Solid platform for future growth

- I. Well positioned to capture reversion with strong delivery on rental growth
- II. Solid project pipeline to capture future value creation
- III. Acceleration of growth through combination of complementary office portfolios

Significant future growth potential in

Cash Flow and Capital Value

¹Topped-up passing GRI net of investments & divestments Q1 2018

06 Conclusion





CAPTURING RENTAL GROWTH WITH GRADE A PRODUCT

- > More than 73,000 sq m let with top tier clients
- > Very healthy vacancy levels at 5%
- > Strong delivery on rental growth - double digit release spreads
 - ✓ Capturing market rental growth
 - ✓ GRI increase price driven
 - ✓ Solid base for further Capital Value Growth

ACCELERATING PROFITABLE GROWTH

- > Solid top line driving bottom line results
 - ✓ Outstanding GRI like for like increase in every market
 - ✓ Axiare acquisition enhancing growth
- > Colonial portfolio best positioned for future growth
- > Confident outlook on real estate markets
- > Capital structure remains solid



Barcelona Projects

GLA of 43,169 sq m
Ungeared IRR 8-9%²

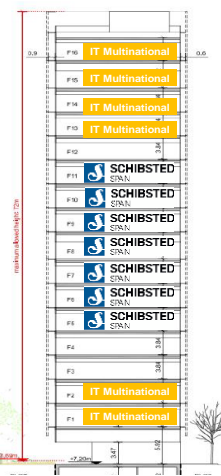
Parc Glories



Gala Placidia



Plaza Europa



80% PRE LET



FINAL PRODUCTS - KPIs

Total Cost¹ €126m

Capital Value 2,900 €/sqm

Yield on Cost 7-8%

BARCELONA PRIME MARKET

Capital Value 6,975 €/sqm

Prime Yield 4%

(1) Acquisition cost + Capex
(2) 10 year ungeared IRR

Madrid Projects

GLA of 141,168 sq m

Ungearred IRR 8-9%²

Discovery



Delivered



Príncipe de Vergara



Castellana 163



Méndez Álvaro Campus



Méndez Álvaro Office Scheme



FINAL PRODUCTS - KPIs

Total Cost¹ €495m

Capital Value

3,500
€/sqm

Yield on Cost

>7%

PRIME MARKET

Capital Value

10,000
€/sqm

Prime Yield

3.75%

(1) Acquisition cost + Capex
(2) 10 year ungearred IRR

Paris Projects

GLA of 49,300 sq m

Ungeared IRR >> 7%²

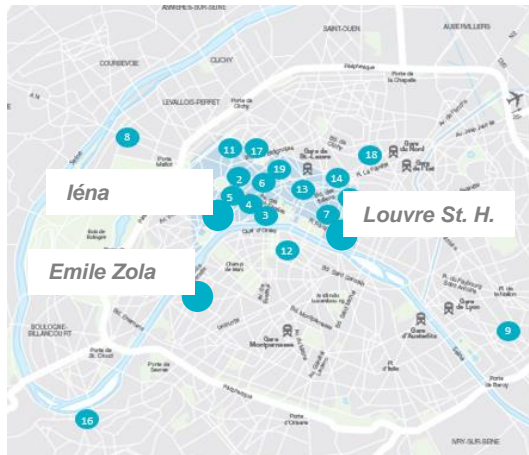
Emile Zola



léna



Louvre St. Honoré



FINAL PRODUCTS - KPIs

Total Cost¹

€536m

Capital Value

11,000
€/sqm

Yield on Cost

>6%

PARIS PRIME MARKET

Capital Value

25,800
€/sqm

Prime Yield

3%

(1) Acquisition cost or GAV at start of the project + Capex
(2) 10 year ungeared IRR

APPENDICES

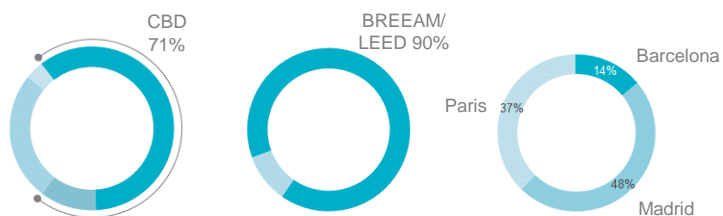
A solid capital structure

- > 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 €9bn 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



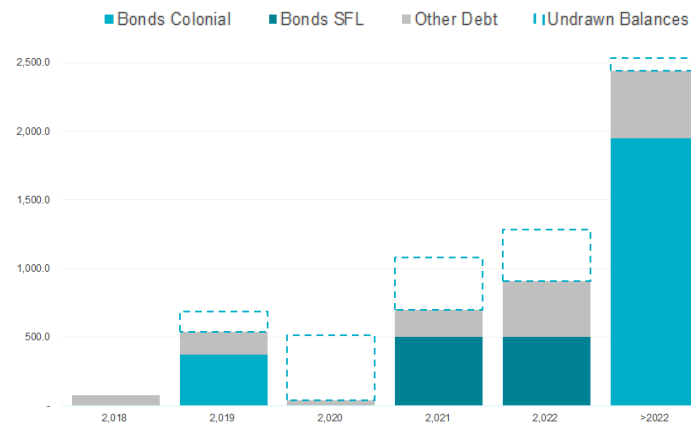
Rating Standard & Poor's
BBB Stable Outlook



Rating Moody's
Baa2 Negative Outlook

A SOLID FINANCIAL STRUCTURE

<u>Capital Structure</u>	<u>31/12/2017</u>	<u>31/03/2018</u>
Cost of Debt Spain	1.98%	1.91%
Cost of Debt Group	1.86%	1.82%
Maturity Spain	6.4 years	6.0 years
Maturity Group	5.5 years	5.3 years
Cash	€1,105m	€876m
Undrawn balances	€1,322m	€1,455m
Group LTV	31%	39.6%
% Debt fixed or hedged	90%	87%



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%	36%
Total Return since 6/14 (NAV per share growth + dividends)						99%	
Dividend Return						7%	
NAV growth						92%	

Colonial



www.inmocolonial.com

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