



According to article 228 of the Legislative Royal Decree 4/2015 of October 23 approving the revised text of the Securities Market Act, Inmobiliaria Colonial, S.A. ("**Colonial**" or the "**Company**") hereby reports the following:

REGULATORY ANNOUNCEMENT ("HECHO RELEVANTE")

Following the Regulatory Announcement published on the 3rd of February 2017, with the registered number 247895, Colonial publishes the documentation to support the presentation to analysts and investors that will be held to inform about the agreements reached regarding new investments. The webcast will be held today Monday 6th of February 2017 at 6:00 PM (CET).

The information regarding the presentation is detailed below:

From Spain: +34 917900874

From the Netherlands: +31 107138194 + 19870657#

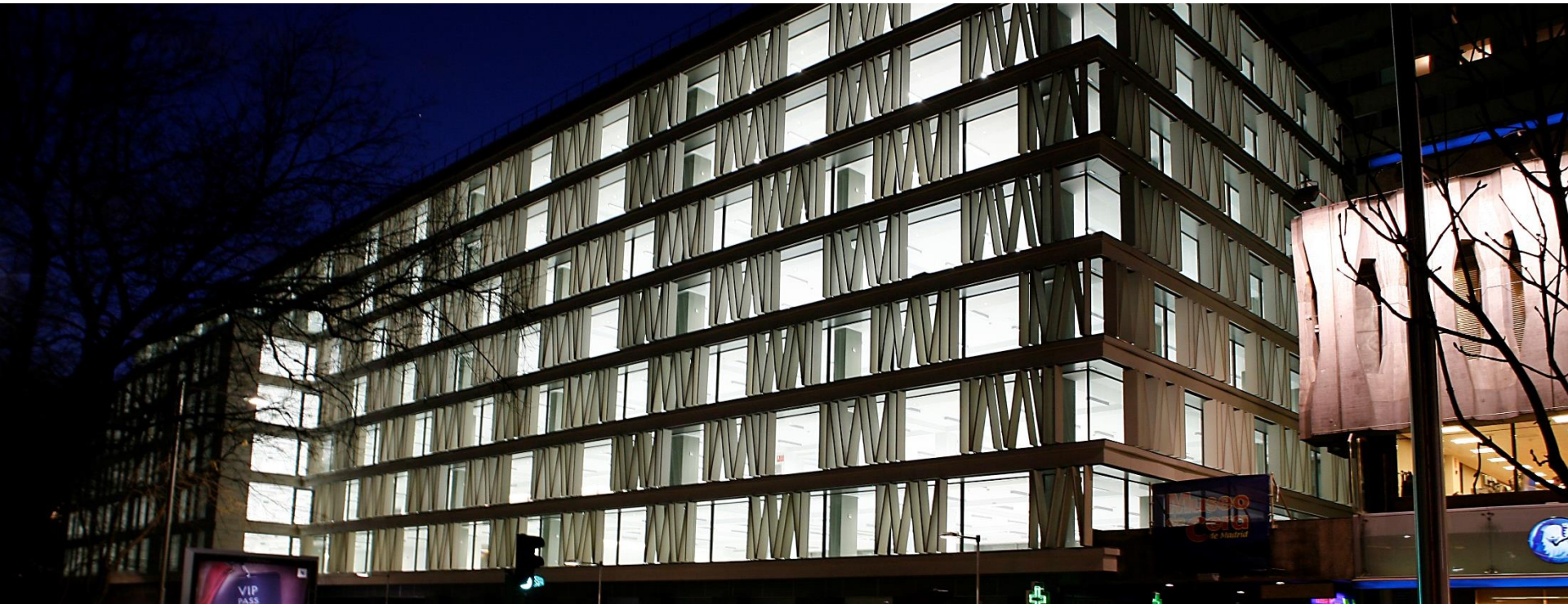
From the UK: +44 (0) 2030092454

The presentation can be followed online through the following link:

<http://event.onlineseminarsolutions.com/r.htm?e=1359336&s=1&k=11EFE6716670DBD9D3D4F6879ADB5485>

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

Barcelona, February 6th, 2017



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PRESENTING MANAGEMENT TEAM



Pere Viñolas
Chief Executive Officer



Carmina Ganyet
Corporate Managing Director



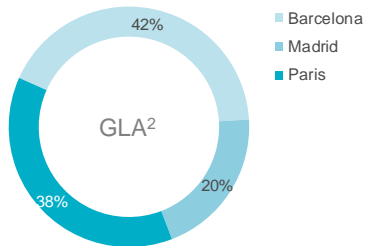
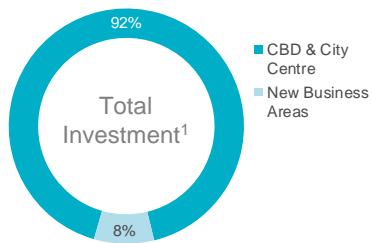
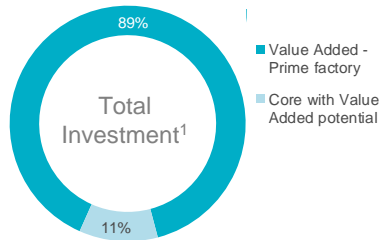
Carlos Krohmer
Chief Corporate Development Officer

Alpha II – 2017 starts with strong delivery on acquisitions

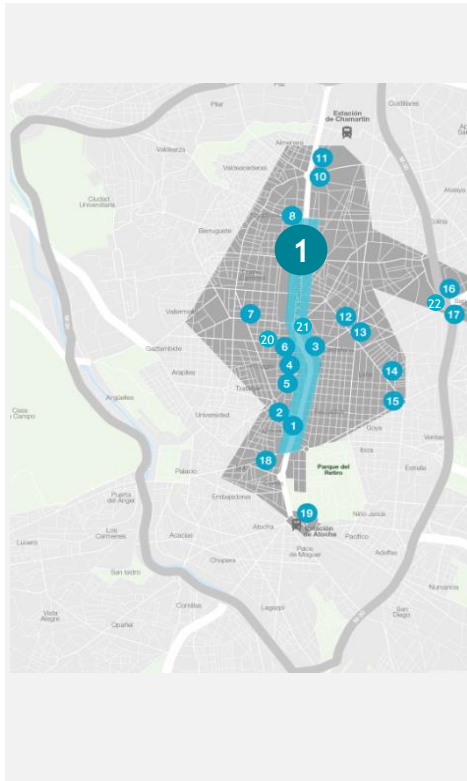
Acquisitions for a total volume close to €400m

- > Acquisition of 3 prime office assets in Spain and 1 in Paris
- > High quality products with unique positioning
- > Attractive value added returns through Prime factory projects
- > Alpha II accelerates Colonial's growth plan maintaining investment discipline

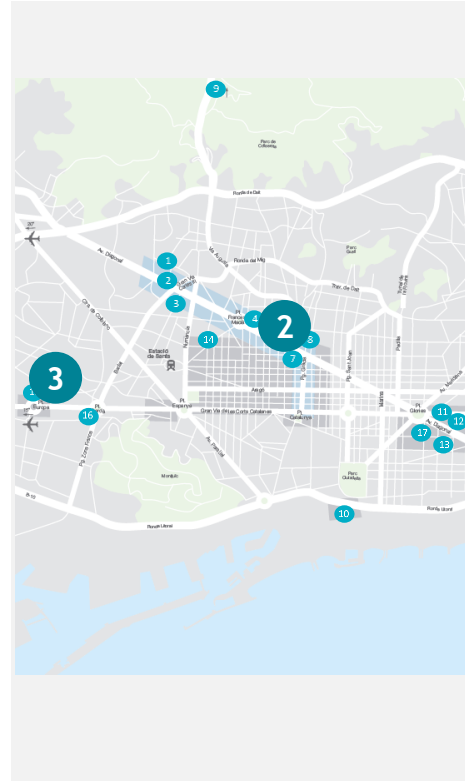
BUSINESS MIX¹



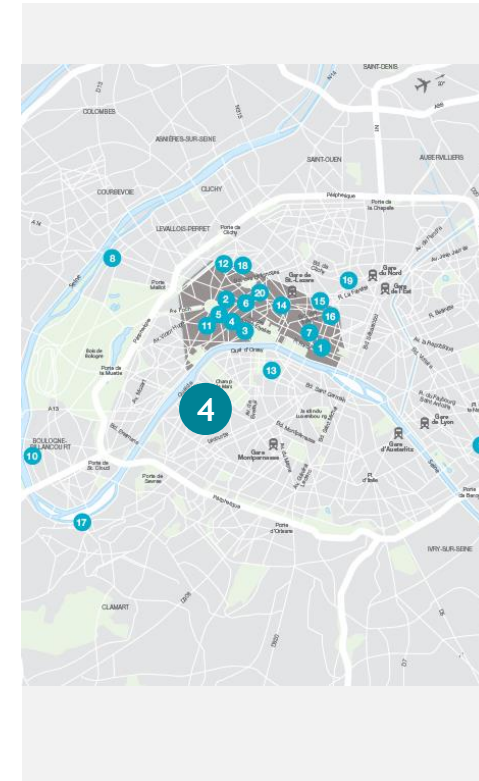
MADRID



BARCELONA



PARIS



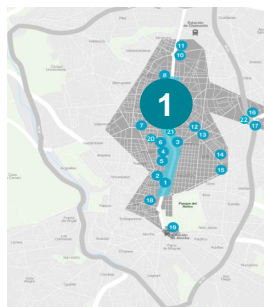
1 Acquisition price + total project capex
2 GLA above ground

Alpha II – 2017 starts with strong delivery on acquisitions

Acquisitions for a total volume close to €400m

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- > High quality products with unique positioning
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MADRID



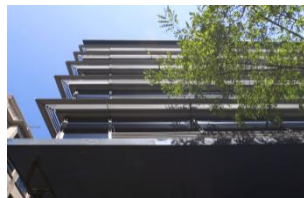
1 Paseo de la Castellana, 163
Madrid Prime CBD



Value Added – Prime factory
GLA: 10,910 sq m

Total Investment¹: €51m

2 Travessera de Gracia, 47-49
Barcelona Prime CBD



Core with value added potential
GLA: 8,939 sq m

Total Investment¹: €41m

BARCELONA



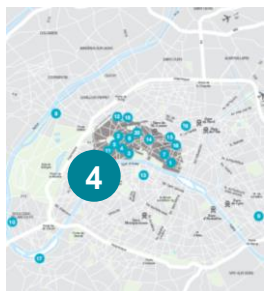
3 Plaza Europa, 46-48
Barcelona Plaza Europa



Value Added – Prime factory
GLA: 14,000 sq m

Total Investment¹: €32m

PARIS



4 112-122 Av. Emile Zola
Paris South Center



Value Added – Prime factory
GLA: 20,340 sq m

Total Investment¹: [€245m - €265m]

PASEO DE LA CASTELLANA, 163

- Madrid Prime CBD -

Creating a prime site in Paseo de la Castellana, Madrid CBD

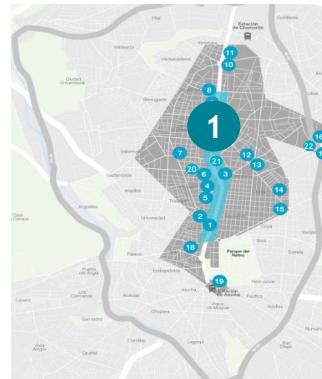
- > Asset located in Paseo de la Castellana 163, in the heart of Madrid's CBD
- > Unique prime positioning in the financial center of Madrid

PASEO DE LA CASTELLANA, 163 – Madrid Prime CBD

PRIME FACTORY PROJECT

Main asset characteristics

- > Prime site with 10,910 sq m of GLA with 900 sq m floor plants
- > Multitenant asset with flexible floor plants, efficient layout and high luminosity
- > Building with two entrances: Paseo de la Castellana and Capitán Haya
- > Location sought after by multinationals and service companies
- > Prime rents in Madrid around €29/sq m/month¹
- > Undermanaged and outdated asset with significant Prime Factory potential
- > Real estate transformation project envisaging Breeam Very Good certificate



¹ Source: JLL Q4 2016 Market Data

Creating a prime site in Paseo de la Castellana, Madrid CBD

1 PASEO DE LA CASTELLANA, 163



- > Creation of a prime site at a total investment below €4,700/sq m
- > Unique prime positioning in the financial center of Madrid

PASEO DE LA CASTELLANA, 163 - Madrid CBD

PRIME FACTORY PROJECT

Sources of Value Creation

- > Attractive entry price of €3,774/sq m¹ for a prime site in Paseo de la Castellana
- > Fully let multitenant building, significantly under-rented (€14/sq m /month current passing rent)
- > Significant value creation through Prime Factory transformation
 - €940/sq m of capex (€10.3m full project)
 - Progressive transformation across the coming years
 - Attractive rentroll to capture rental and value uplifts
 - Breeam Very Good certification envisaged
- > Creation of a prime site at a total investment below €4,700/sq m⁴
- > Attractive 10 year ungeared IRR with high running yield

The Transaction

Price ²	€41m
Capex	€10m
Total Investment	€51m
GLA ³	10,910 sq m
Parking	52 units
Capital value	€4,684/sq m

The Opportunity

Ungeared IRR	9%
Yield on Cost ⁵	6%-7%

1 Acquisition price

4 Total investment including project capex

2 Excluding transfer costs

5 Final product post Capex

3 Surface above Ground

TRAVESSERA DE GRACIA, 47-49

- Barcelona Prime CBD -

02 Acquired assets - Travessera de Gràcia, 47-49

A landmark office building in the CBD of Barcelona

2 TRAVESSERA DE GRACIA, 47-49

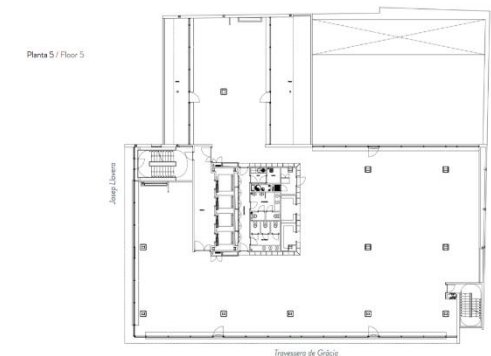
- > Acquisition of a 8,939 sq m office prime building in the heart of the CBD
- > Spanish Headquarters for a high quality tenant - Bertelsmann

TRAVESSERA DE GRÀCIA, 47-49 – Barcelona CBD **CORE WITH VALUE ADDED POTENTIAL**

Main asset characteristics

- > 8,939 sq m office prime building in the heart of the CBD
- > Building with open floors plants, above 1,000 sq m, and high levels of natural light, highly sought after and scarce in Barcelona CBD
- > Prime rents in CBD Barcelona around €21.5/sq m/month¹
- > Unique footprint in terms of floor size in the Barcelona market
- > Sale & Lease contract, with a 5 years duration with a top tenant: The Bertelsmann Group (the company has been occupying the building for more than 20 years)

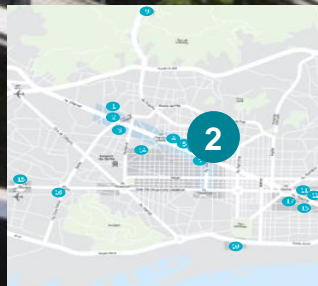
The Bertelsmann Group is a media, services and education company that operates in 50 countries, with 117,000 employees and generated revenues of €17.1 billion in 2015²



BERTELSMANN

1 Source: JLL Q4 2016 Market Data

2 Source: Bertelsmann corporate webpage



02 Acquired assets - Travessera de Gràcia, 47-49

A landmark office building in the CBD of Barcelona

2 TRAVESSERA DE GRACIA, 47-49



- > Core prime site with attractive IRR
- > High quality tenant with strong covenants

TRAVESSERA DE GRÀCIA, 47-49 - Barcelona CBD

CORE WITH VALUE ADDED POTENTIAL

Sources of Value Creation

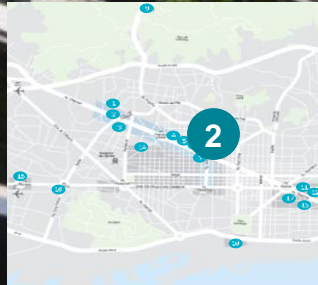
- > Acquisition of a prime site in the CBD of Barcelona at a price below €4,700/sq m
- > Consolidates Colonial's CBD position enhancing its negotiation power in the Barcelona market
- > Mid-term repositioning potential through dedicated asset management (last refurbishment in 1998)
- > Potential Bream Very Good certification
- > Core high quality investment with attractive ungeared IRR (>6%)
- > Gross initial yield around 4.5% with interesting reversion

The Transaction

Price ¹	€41m
GLA ²	8,939 sq m
Parking	6 units
Capital value	€4,620/sq m

The Opportunity

Ungeared IRR	>6%
Initial Yield	4.5%
Potential Yield	5%-6%



¹ Excluding transfer costs ² Surface above Ground

PLAZA EUROPA PROJECT

- Barcelona -

Creation of an unparalleled prime site in Plaza Europa

3

PLAZA EUROPA, 46-48

- > Prime factory Project of 14,000 sq m
- > Creation of a prime site in a growth market



PLAZA EUROPA 46-48 – New Business Area Barcelona

PRIME FACTORY

Main characteristics final product

- > Development project of an unique prime site through a joint venture with the company Inmo, Real Estate subsidiary of the Puig family
 - ✓ Family from Barcelona that is owner of a multinational leading luxury group – Puig – with presence in more than 20 countries with more than 30 brands¹
 - ✓ Corporate Headquarters of the – Puig – single tenant of that asset, located in front of the new project
- > Creation of a 21 storey office tower of 14,000 sq m and 150 parking spaces
- > Open-plan column free floors with floor plates up to 800 sq m
- > Flexible floor and sizeable plants divisible in modules
- > The asset will be granted with the best energy certificates, Leed Gold certificate envisaged for final product
- > Easy access to metro station directly linked to city center and airport
- > Architect bid to be opened in the next weeks

¹ Source: Company webpage

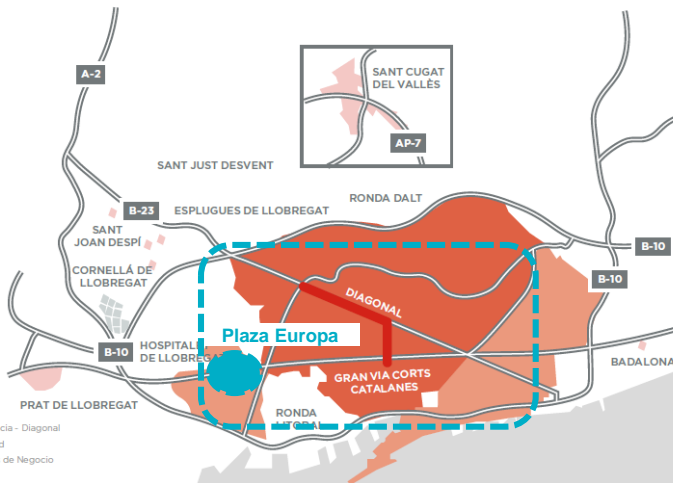
Plaza Europa area – An emerging new business area in Barcelona

3 PLAZA EUROPA, 46-48

- > Plaza Europa is an emerging new business area with attractive growth prospects in rent and value

Plaza Europa New Business Area – A growth market

- > New business area in Barcelona with an office stock of 150,000 sq m
- > After CBD and 22@ third largest market of Barcelona
- > Market with excellent communications to the airport and port and just 10 minutes away of the city center
- > Area with good combination of new residential, hotels and retail schemes
- > Located next to Barcelona’s trade fair premises, Gran Via 2 mall and IKEA
- > Home of local international companies such as Puig, Werfen, Agrolimen and other multinationals (i.e. KPMG, Olympus, Nissan, Ericsson...)
- > Current prime rents are in the mid tens with attractive growth potential



Attractive ungeared return through Prime Factory project

3

PLAZA EUROPA, 46-48

- > Creation of a prime site at a total investment below €2,300/sq m
- > Expected 10 Year ungeared IRR above 9%



PLAZA EUROPA 46-48 - Barcelona BD

PRIME FACTORY

Sources of Value Creation

- > Attractive entry price¹ of €2,257/sq m for a new prime office building in Plaza Europa
- > Significant footprint of Colonial in this area developing a prime office building
- > Lack of available Grade A spaces in Barcelona
- > Potential LEED gold certification
- > No new projects to be developed in this market due to lack of new land
- > Ungeared 10 year IRR above 9% with a yield on cost close to 8%

The Transaction

Total Investment ¹	€32m
GLA ²	14,000 sq m
Parking	150 units
Capital value ¹	€2,257/sq m

The Opportunity

Ungeared IRR	>9%
Yield on Cost ³	7-8%

¹ Total investment cost ² Surface above Ground ³ Final product including full capex

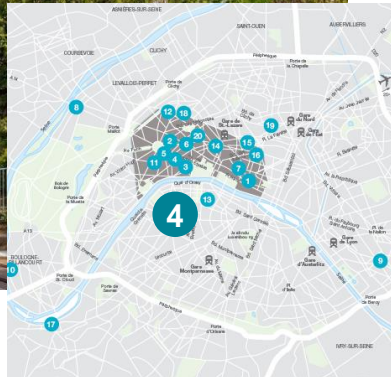
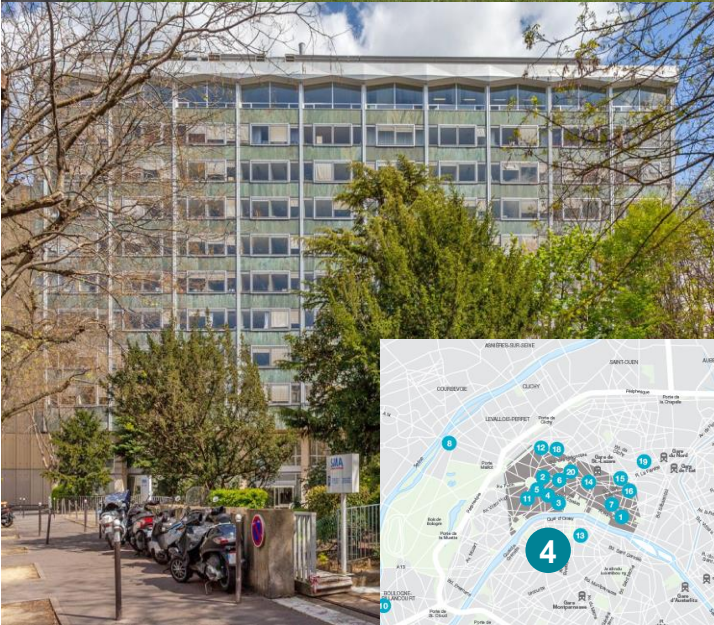
112-122 Avenue Émile Zola

- Paris South Center -

Creation of a new business center in the South Paris Center

4

112-122 AVENUE ÉMILE ZOLA



- > 20,340 sq m office Prime Factory project in a prime location
- > Asset with excellent Real Estate fundamentals

112-122 Avenue Émile Zola – Paris West

PRIME FACTORY

Main asset characteristics

- > Creation of a 20,340 sq m prime office complex, with 201 parking spaces in Paris South Center
- > Project built on a 6,300 sq m land plot in the center of Paris:
 - > Located in the left “Rive” of Paris, next to the Eiffel Tower
 - > Asset in the heart of Paris’s 15th arrondissement
 - > Surrounded by a mix of residential and commercial real estate and is well served by public transport.
- > Future project with excellent Real Estate fundamentals:
 - > 1,400 sq m floor plants with high luminosity and efficient functionality
 - > Double entrance optimizing the asset divisibility and flows
 - > Tree-filled garden surrounding the asset



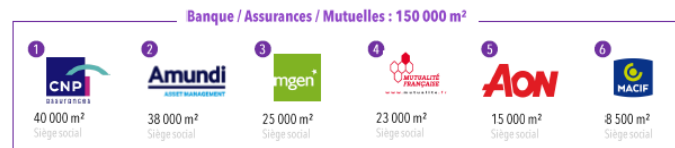
15th Arrondissement market – A growing market in the South Paris Center

4 112-122 AVENUE ÉMILE ZOLA



15th Arrondissement market – South Paris Center

- > South Paris sector is a market of 5.6m of sq m, the second Office market in Paris after Paris CBD
- > Vacancy in this market stands at 3.3%, one of the lowest in the total Paris Market
- > Solid take-up: average annual volume around 250,000 sq m in the last 6 years
- > Letting transactions of more than 5,000 sq m represent 50% of the total volume of the area
- > Prime rents at levels around €580/ sq m/year
- > Established market that attracts various multinationals from the Media, Finance, and Public sector



Creation of a new business center in the South Paris Center

4 112-122 AVENUE ÉMILE ZOLA



- > Attractive ungeared return through the creation of a prime site
- > Prime Factory Project in the South Paris Center

112-122 Avenue Émile Zola – Paris West

PRIME FACTORY

Sources of value creation

- > Superior value creation through full transformation of an obsolete building
- > Creation of a unique product capable to unlock maximum market rents in a growing rental cycle
- > Obtaining additional GLA under analysis
- > Acquisition price secured in January with full in Q4 2017
 - > Underwriting at current pricing with deferred cash payment
- > Project starts after tenant leaves – Q4 2017
- > Attractive ungeared 10 year IRR (>7%)

The Transaction

Price	€165m
Capex	[€80m - €100m] ¹
Total Investment	[€245m - €265m]
GLA ²	20,340 sq m
Parking	201 units
Capital value	[€12,045-€13,028/sq m] ¹

The Opportunity

Ungeared IRR	>7%
Yield on Cost	>5%

¹ Capex amount subject to final project study

² Surface above Ground

Transaction Summary & Conclusion

Solid delivery on sourcing of attractive value add investments

Proven delivery of value add acquisition

- > Assets with significant real estate value creation potential
- > Prime sites with unique market positioning
- > Strong commitment to investment discipline

SOURCING OF UNIQUE PRODUCTS LEVERAGE ON COLONIAL TRACK RECORD

<p>1 Paseo de la Castellana, 163</p>	<ul style="list-style-type: none"> > Prime Factory opportunity sourced through an off market deal > Optimization of pricing, leveraging on credit tax and SPV acquisition structure
<p>2 Travessera de Gracia, 47-49</p>	<ul style="list-style-type: none"> > Colonial's reputation and track-record key for transaction closing > Accelerated execution thanks to Colonial's strong credit profile
<p>3 Plaza Europa, 46-48</p>	<ul style="list-style-type: none"> > Off market sourcing of a Prime Factory project > Partnership with highly recognized family office leveraging on Colonial's reputation in the market
<p>4 Emile Zola, 112-122</p>	<ul style="list-style-type: none"> > Prime Factory opportunity sourced in the Paris South Center > Optimized structuring through deferred cash payment

ACQUISITIONS DETAILS

Amounts in €m	Cash Upfront	Total Investment	
Castellana, 163	41	51	
Travessera, 47-49	41	41	
Plaza Europa, 46-48	50% / 50% JV with land contribution by partner	32	
112-122, Émile Zola	165	[245-265] ¹	
Total Investment	247	[369-389]	

€247m Cash Upfront

€369m-€389m Total Investment Volume²

¹ Capex amount subject to final project study
² 100% Stake figures

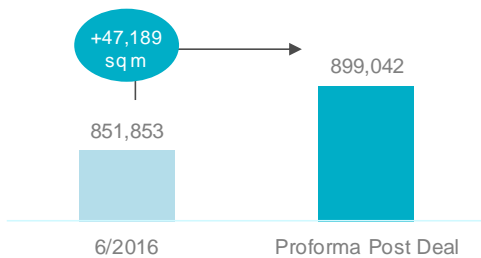
03 Transaction Summary

Acceleration of Colonial's growth plan

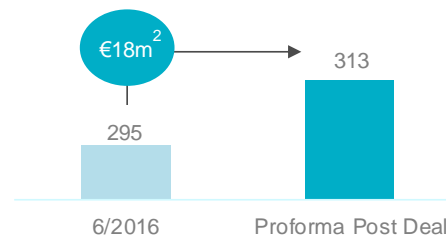
- > Significant growth in operating metrics
- > Significant increase in value-add exposure

Significant growth in operating metrics

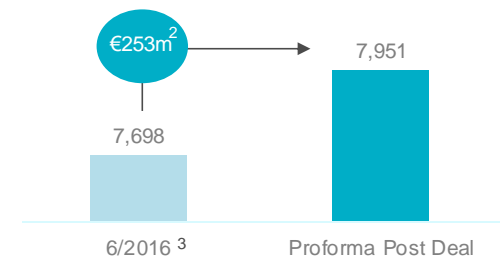
Total GLA – sq m (above ground)



Gross Rental Income¹ - €m

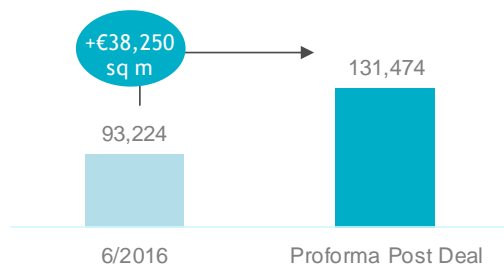


GAV - €m

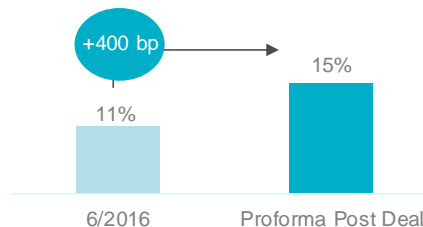


Increase of Value Add Exposure

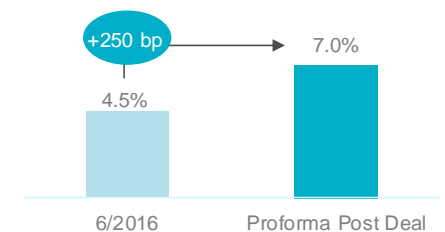
GLA projects & refurbishments - sq m



GLA – Share of Value Add



GAV - Share of Value Add



¹ Topped-up annualized GRI as of 6/2016 + potential GRI of acquisitions; a) Plaza Europa & Émile Zola Projects at current ERV) current passing rents of Castellana 163 and Travessera de Gracia 47-49
² Considering 50% of plaza Europa
³ GAV 6/2016 + Axiare Stake at 6/2016 NAV



SOLID DELIVERY ON VALUE ADD ACQUISITIONS

- > Starting 2017 with more than €360m¹ of acquisitions
- > Successful sourcing of investment opportunities leveraging on Colonial's goodwill
- > Acceleration of Colonial's growth strategy:
 - > Substantial increase of GLA (+47,000sq m), GRI (+€18m) and GAV (+€253m)
 - > Significant growth of value add exposure
 - > Solid capital structure with remaining fire power above €700m
- > Assets with substantial real estate value creation potential
- > Creation of prime sites with unique market positioning
- > Attractive entry prices at optimal market timing



**Highly attractive Ungeared Returns maintaining
strong commitment to investment discipline**

Colonial



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