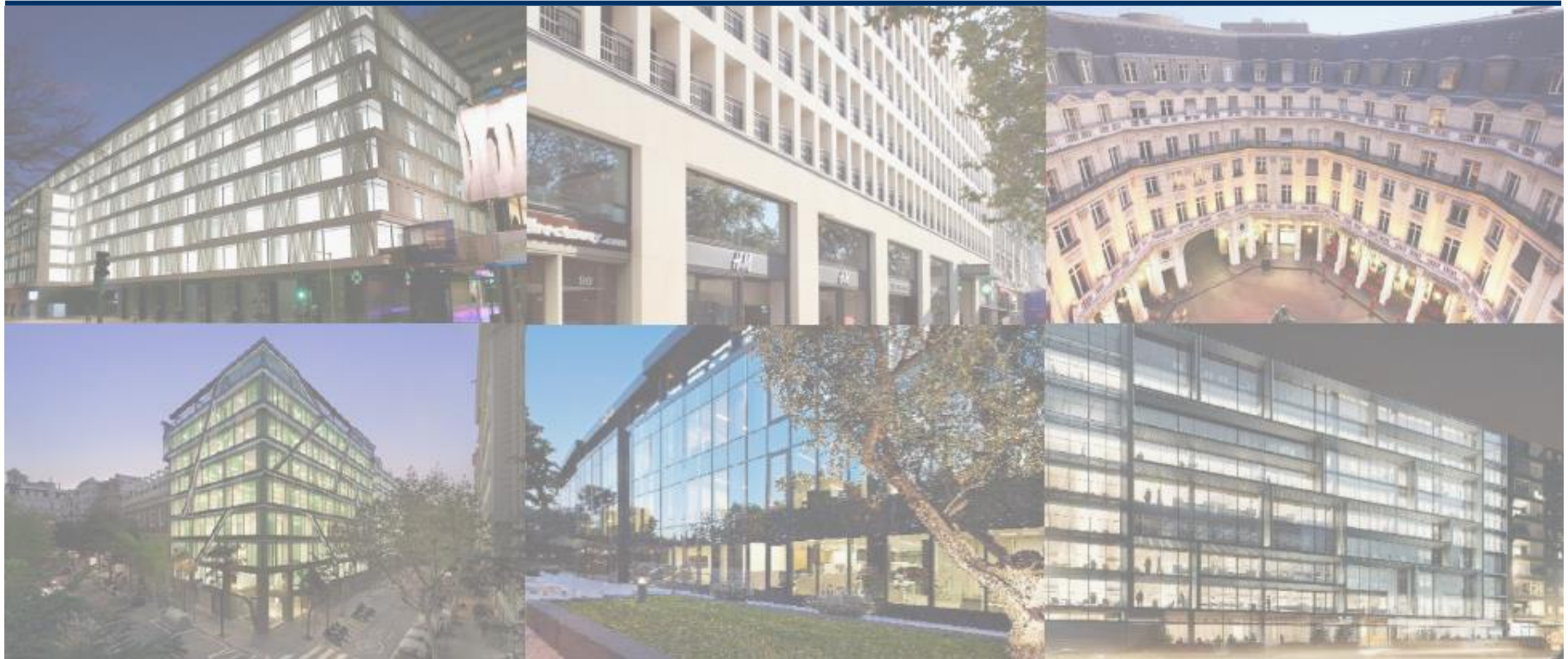


Colonial

First Quarter Results 2016



Colonial

Most Improved
Annual Report

FINANCIAL REPORTING

EPRA
BPR
GOLD

FINANCIAL REPORTING

13 May 2016

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AGENDA

- 1 Highlights
- 2 Office markets
- 3 Operating performance
- 4 Financial review
- 5 Growth drivers
- 6 Conclusion & Outlook

PRESENTING MANAGEMENT TEAM

Pere Viñolas
CEO



Carmina Ganyet
Corporate Managing Director



Carlos Krohmer
Chief Corporate Development Officer



1

HIGHLIGHTS



1 HIGHLIGHTS FIRST QUARTER 2016

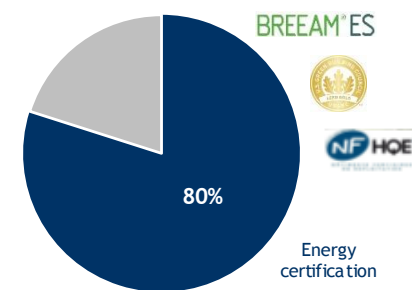
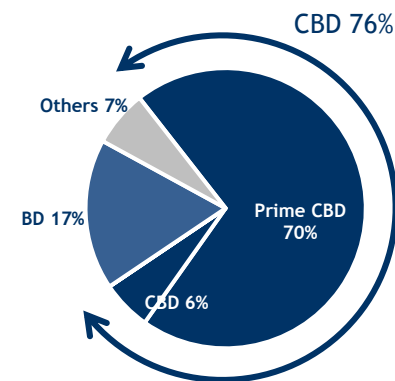
Execution of growth strategy on track

Successful delivery of growth strategy

- Double digit growth in Gross Rental Income: +20%
 - ✓ +8% Like for Like - increase
 - ✓ +12% Successful Project Delivery & 2015 Acquisitions
- Significant increase of recurring net profit: +110%

	1Q 2016	Var. 12 months	
EPRA Occupancy - Total Portfolio	96%	+967 bps	
EPRA Occupancy - Office Portfolio	95%	+1152 bps	
Gross Rents	€66m	+20%	+8% LFL
Recurring EBITDA	€50m	+21%	+13% LFL
Recurring Net Profit	€12m	+110%	+€6m
<hr/>			
Repositioning Capex	€17m		
<hr/>			
Group LTV	41.6%	(153bp)	
Rating Standard & Poor's	BBB- Stable Outlook		
Finance cost Group	2.26%	(161bp)	
Maturity Group	4.5 years	+0.8 years	

Business Mix - GAV Group



2

OFFICE MARKETS



2 OFFICE MARKETS Macroeconomic context

Fundamentals remain attractive for the Colonial Group despite increased volatility in capital markets

Market Trends

WORLD & EU

- ✓ The world economy's growth rate will speed up in 2016 to 3.4% (3.1% in 2015)
- ✓ Eurozone gaining positive momentum in the next two years
- ✓ ECB to extend its QE programme → maintains high investor interest for prime commercial Real Estate

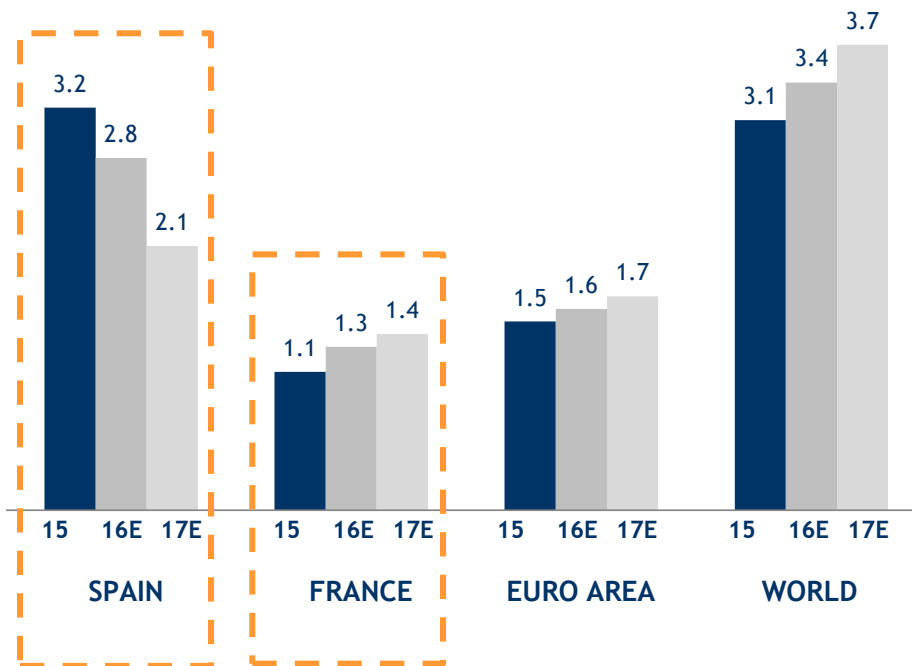
SPAIN

- Spain - Robust Growth with strong fundamentals
- ✓ GDP growth above Eurozone average
 - ✓ Increasing importance of foreign sector as a driver for economic growth
 - ✓ 158,000 jobs created in April, with services leading the improvement in the Spanish labor market

FRANCE

- France - Recovery underway
- ✓ GDP growth is expected to gain momentum, mainly driven by private consumption
 - ✓ Grand Paris Project progressing - driver of future economic growth for the city of Paris

GDP Growth



Source: Monthly report "la Caixa"

2 OFFICE MARKETS Rental Market

Sustained momentum in take-up faces scarcity of Grade A product in CBD

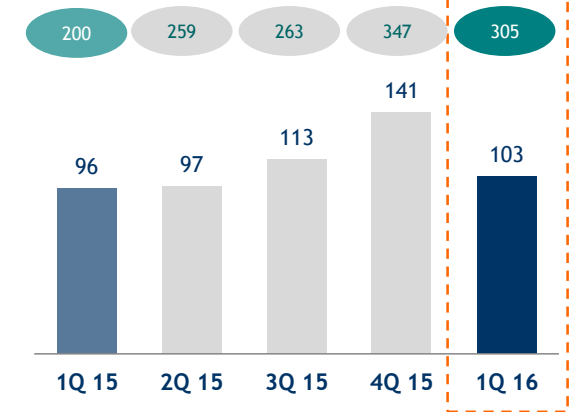
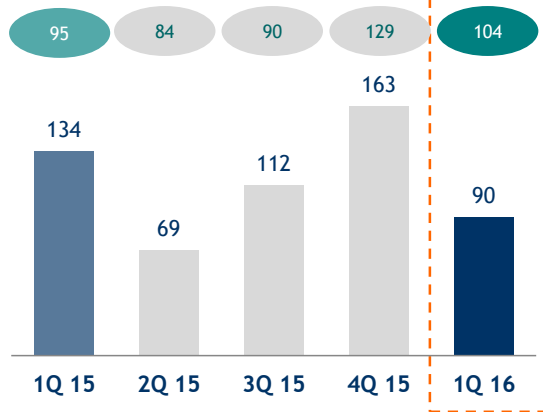
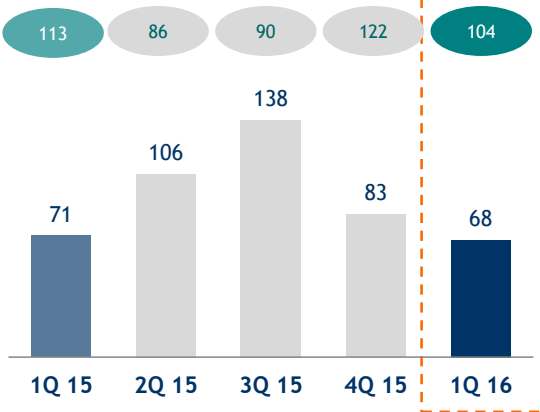
BARCELONA

MADRID

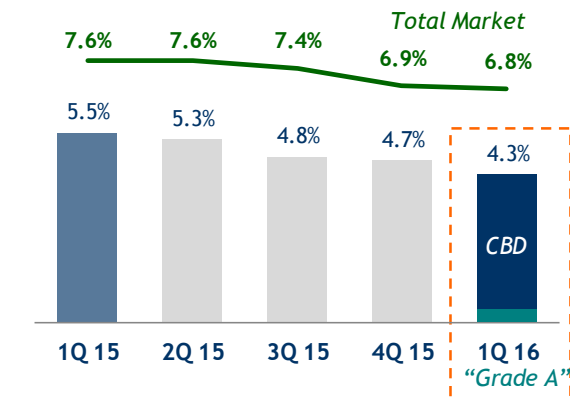
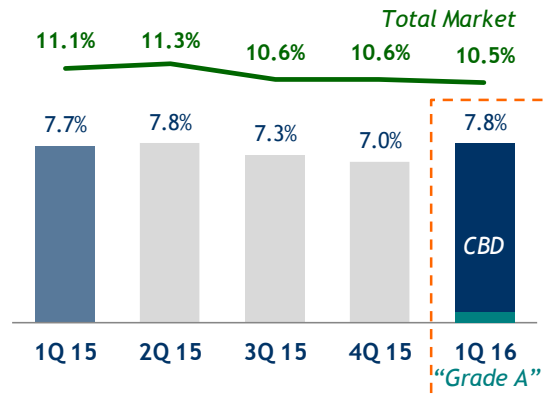
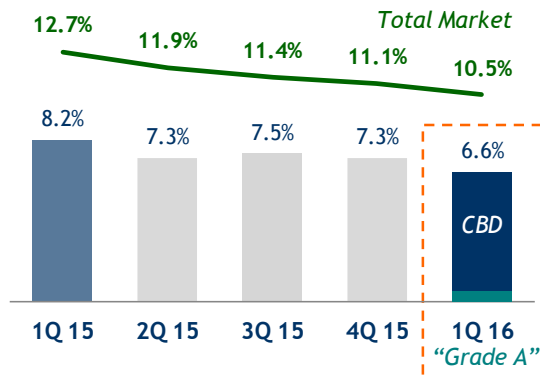
PARIS CBD

TAKE-UP ('000 sq m)

of transactions



VACANCY %



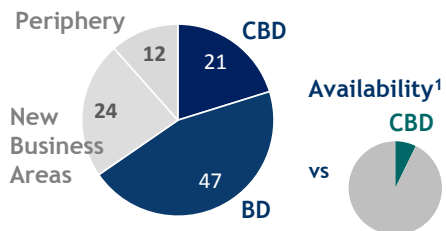
2 OFFICE MARKETS Rental Market

Prime Product in CBD consolidates as key driver to capture selective demand and rental growth

- Growth potential in prime rents underpinned by strong fundamentals in every market
- 2016 1Q prime rents with slight positive momentum in the three markets

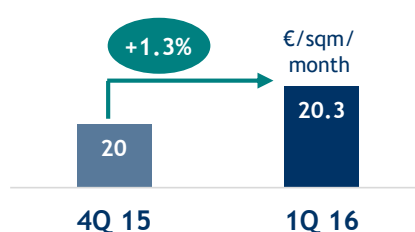
Take Up Analysis 1Q 16

of transactions



Prime Rents (1Q16 vs 4Q15)

Maximum 28



Highlights 1Q 2016

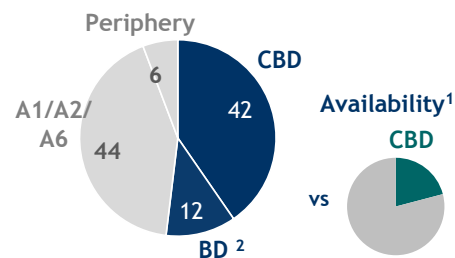
Take-up becoming more selective

- ✓ More than 2/3 of volume in City Center
- ✓ Highest traction in Class A & B+ buildings (44% of take-up)
- ✓ Decreasing vacancy, especially in CBD
- ✓ Lack of future supply as main driver for the market

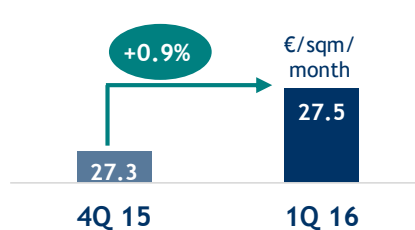
Prime Rents should benefit from strong fundamentals

BARCELONA

MADRID



Maximum 40

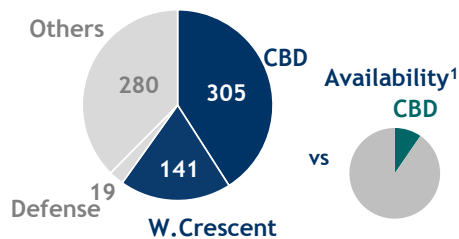


Total market take-up weaker than Q1 15, CBD remains solid

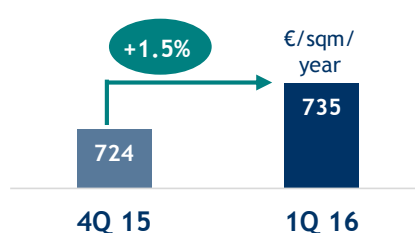
- ✓ CBD remains strongest market in volume & # of transactions
- ✓ Product quality & location gain momentum as key drivers
- ✓ Rising obsolescence of CBD stock as source for opportunities

Rents for Grade A buildings in CBD with positive momentum: decreasing incentives and slight increase in facial rents

PARIS



Maximum 825



Significant increase of take up in 1Q16: +19% vs 1Q15

- ✓ Decreasing vacancy in CBD: 4.3% at 1Q 16 - lowest since 2008
- ✓ Scarcity of high quality product pushing prime rents
 1. Availability of high quality product at 10 year low
 2. Decrease of rent incentives in CBD
 3. Slight increase of facial rents: +1.5% in a quarter

Source: CBRE

Source: JLLS

(1) Availability in sq m
(2) Inside M-30

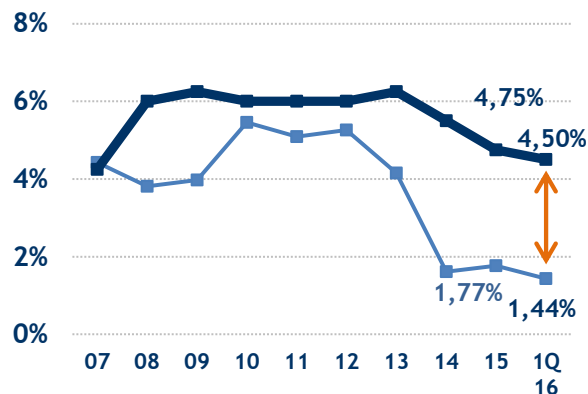
2 OFFICE MARKETS Investment Market

Investment volumes of 1Q 2016 moderate compared to previous year, mainly due to the lack of product

- Spread vs reference rates remain at very attractive levels
- Room for further capital value growth through:
 1. Additional yield compression for high quality assets
 2. Increasing rental values in coming quarters

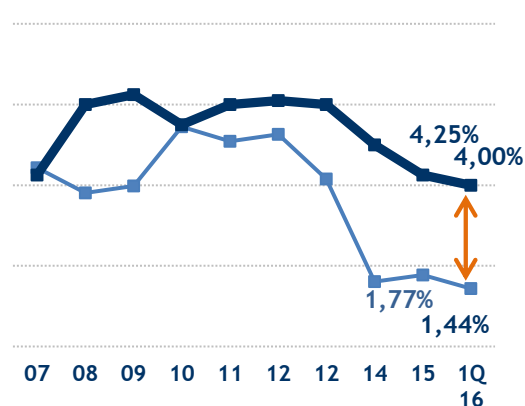
Prime Yields (1)

BARCELONA



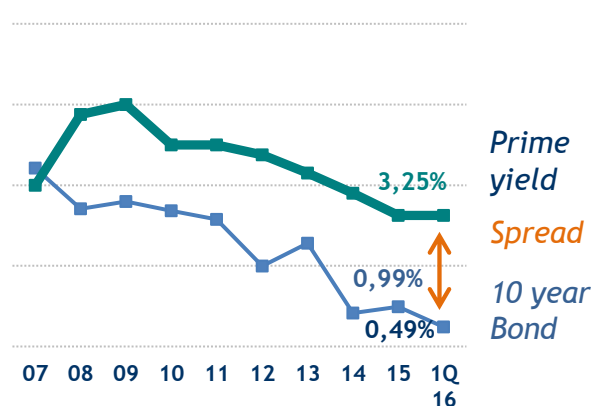
- ✓ Increasing interest of international investors
- ✓ Lack of prime product produces temporary slowdown in investment activity
- ✓ Several deals underway in the market

MADRID



- ✓ Increasing interest of international investors
- ✓ Lack of prime product produces temporary slowdown in activity
- ✓ Huge volume of office transactions currently in the market

PARIS



- ✓ Office investment volume of €1.8bn
- ✓ Consultants expect 2016 full year figures similar to the year before
- ✓ Investor interest remains strong in a context of market volatility and lack of good product

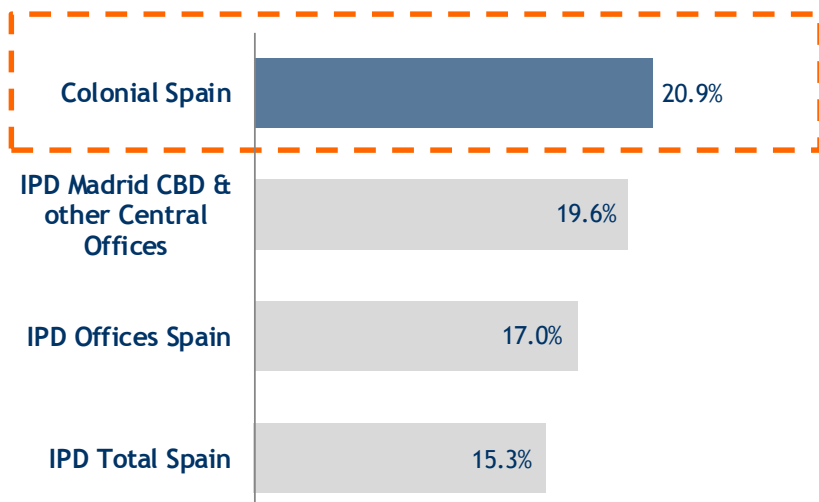
2 OFFICE MARKETS

MSCI Property Index Benchmark

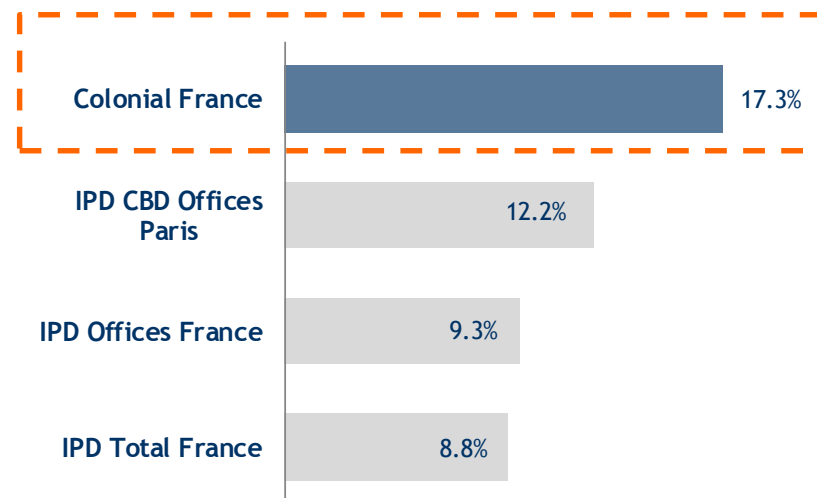
Colonial clearly outperforming the IPD benchmark in Spain and France

- CBD Offices with outstanding performance in every market
- CBD Offices Paris with double digit total returns

Total Return 2015¹ - Spain



Total Return 2015¹ - France



(1) Total Return: Capital value growth + Income return

Source: MSCI Data & for Colonial France own estimate based on MSCI methodology

3

OPERATING PERFORMANCE

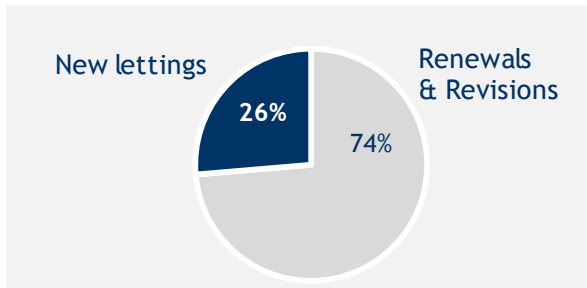
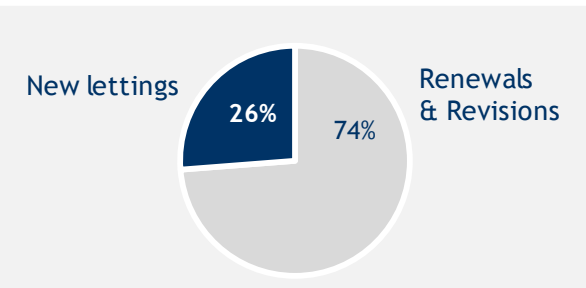
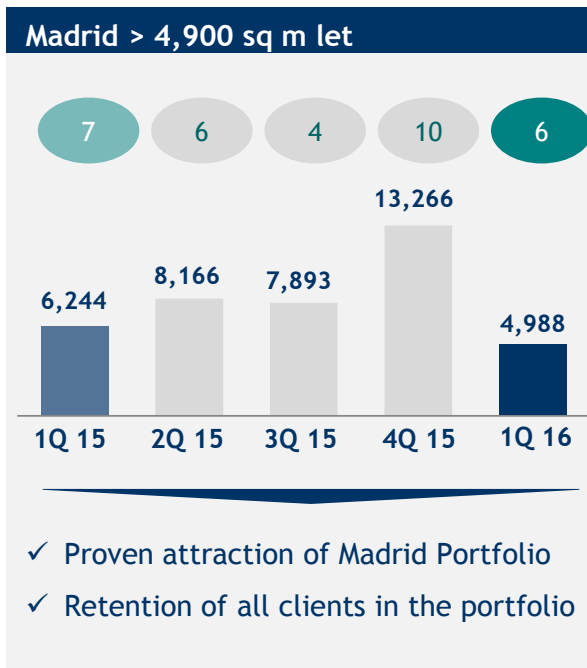
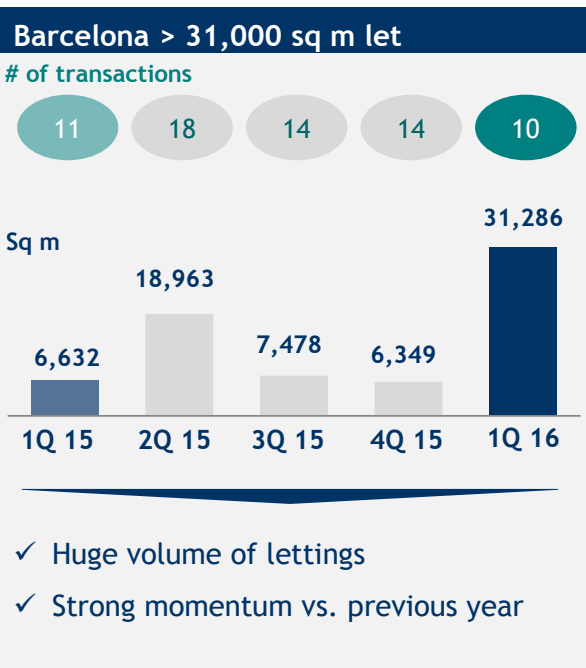


3 OPERATING PERFORMANCE - FIRST QUARTER 2016

Letting activity with strong momentum

Ongoing strong momentum in activity - more than half of the 2016 budget achieved YTD

- Barcelona with record volume, more than 31,000 sq m signed
- Madrid remains strong, close to 5,000 sq m let in 6 transactions
- Paris with high activity: 11 transactions with close to 10,000 sq m



3 OPERATING PERFORMANCE - FIRST QUARTER 2016

Letting activity with strong momentum

Prime Positioning permits to attract & retain top clients

SPAIN

Torre Mareostrum



100% let

22,394 sqm

gasNatural fenosa

Diagonal, 609-615



94% let

2,922 sqm

Grant Thornton

Recoletos, 37-41



100% let

2,693 sqm

Pharmaceutical Company

FRANCE

#Cloud



100% let

2,990 sqm

Cosmetics & Fragrance Group

103 Grenelle



90% let

1,613 sqm

Portfolio Management

Washington Plaza



90% let

1,362 sqm

indeed
un clic, tous les emplois.

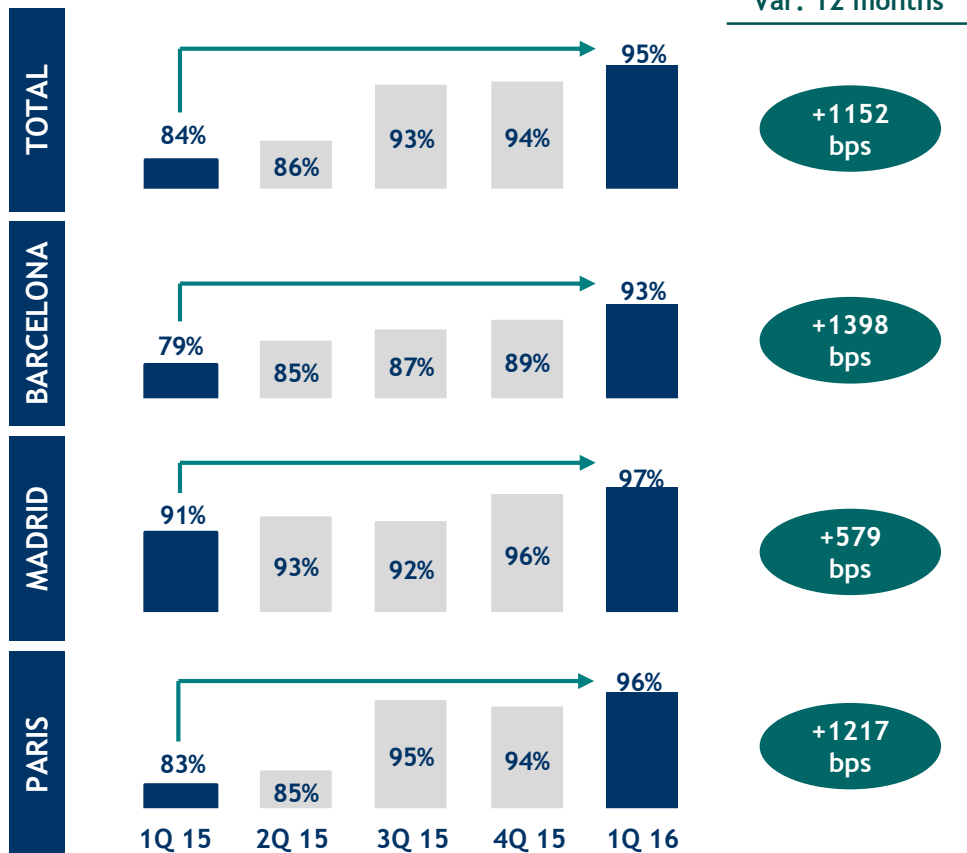
3 OPERATING PERFORMANCE - FIRST QUARTER 2016

EPRA Occupancy accelerating

Prime positioning with the adequate product ensures successful letting-up

- EPRA Office Occupancy at 95%, +1152 bps in 12 months
- Strong performance of Colonial in every market

EPRA Financial Office Occupancy



EPRA Occupancy

Barcelona
 Total Portfolio & Office Portfolio at 93%
 ✓ Improvement of +1,398bps in a year
 ✓ Strong catch-up momentum

Madrid
 Total Portfolio & Office Portfolio at 97%
 ✓ Improvement of +579 bps in a year
 ✓ Ratio back at pre crisis levels

Paris
 Total Portfolio & Office Portfolio at 96%
 ✓ Improvement of +1,217 bps in a year
 ✓ Successful delivery of repositioning

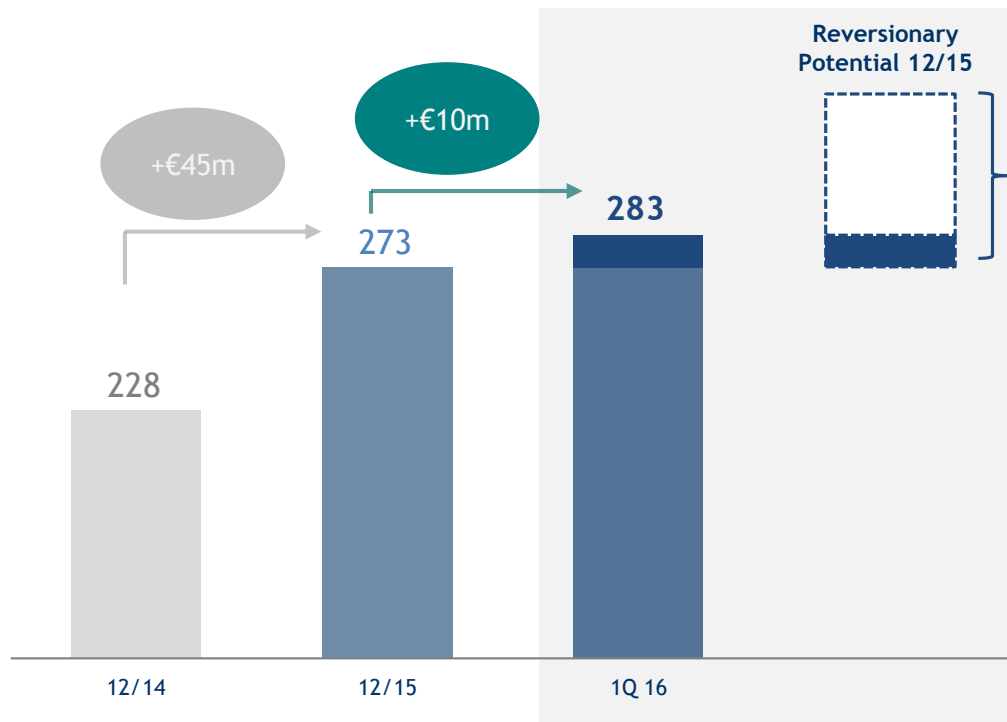
3 OPERATING PERFORMANCE - FIRST QUARTER 2016

Successful delivery of growth strategy

Sustained strong delivery of GRI growth

1. Strong first quarter momentum in passing GRI through delivery of reversionary potential
2. Additional impacts through rental price increases still to come through
3. Solid base for positive P/L momentum going forward

Strong delivery of growth in annualized Passing GRI¹ €m



19%

Delivery of GRI Reversion well ahead

- +10 €m of annualized GRI in a quarter
- 19% of 12/2015 reversionary potential secured

(1) Topped-up passing GRI

3 OPERATING PERFORMANCE - FIRST QUARTER 2016

Unlocking value through ongoing repositioning

Unlocking value from the current portfolio

- Continuing progress in execution of value added strategies and portfolio repositioning
- Source for further value creation through future rental uplifts and “created” yield compression

Ongoing successful delivery of value added strategies

Cloud



- ✓ 100% let - 3 months after delivery
- ✓ Opening of Business Center
- ✓ MIPIM award for “Best office and Business Development”

Continuing repositioning of portfolio

Spain



Edificio Tilos



Le Vaisseau



- ✓ Delivery of repositioning as of 1Q 2016
- ✓ 100% Pre let to Revolution 9
- ✓ Effective rents from 1/2016

France



lena



Charles de Gaulle

In&Out



4

FINANCIAL REVIEW



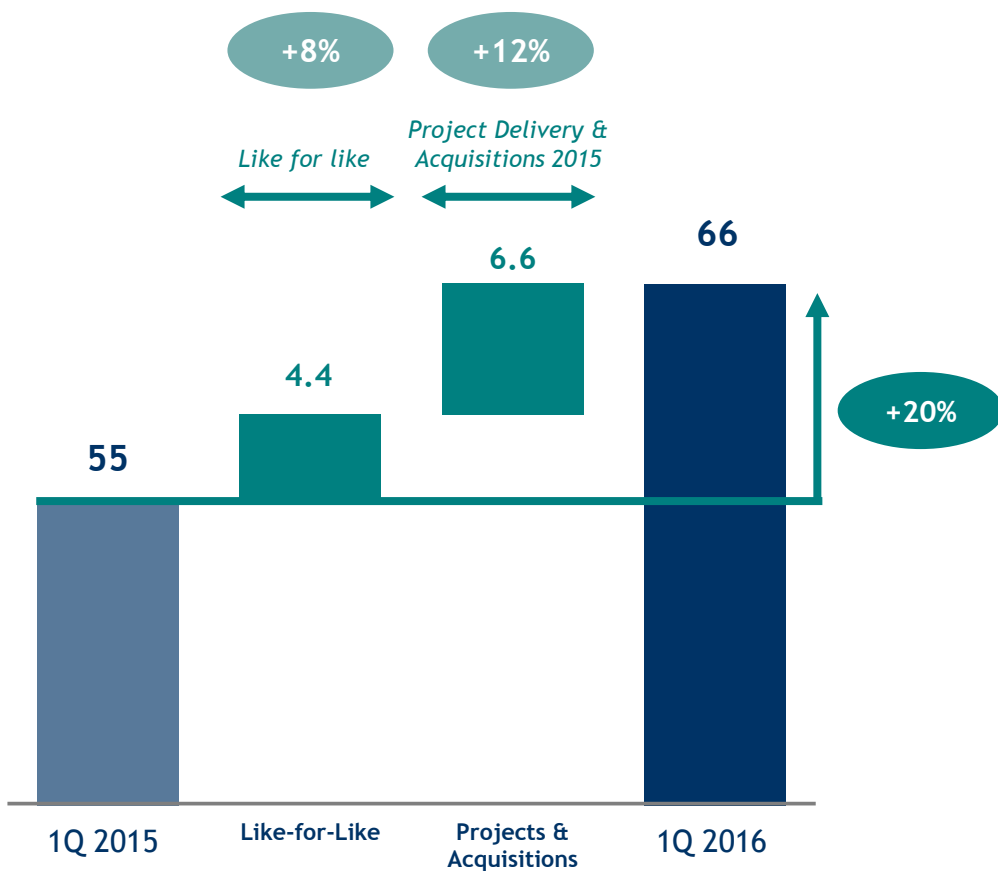
4 FINANCIAL REVIEW - FIRST QUARTER 2016

Successful execution of growth strategy

Successful execution of growth strategies as base for double digit GRI increase

1. Strong underlying growth from like for like portfolio: +8%
2. Additional rental growth from value added strategies & acquisitions: +12%

Gross Rental Income - €m



	Like for like	Projects & Acquisitions	TOTAL
BCN	+14%	+4%	+18%
MADRID	+5%	+13%	+19%
PARIS	+8%	+13%	+20%
TOTAL	+8%	+12%	+20%

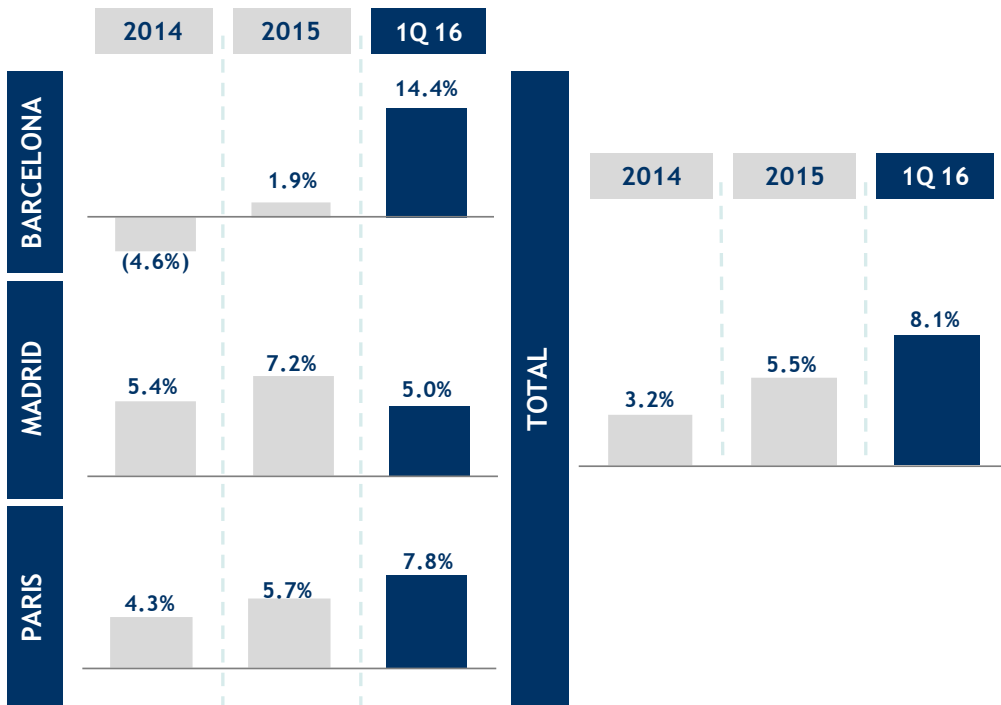
4 FINANCIAL REVIEW - FIRST QUARTER 2016

Strong underlying growth in every market

Strong recovery of gross rental income

- Barcelona with outstanding like for like growth - catching up versus previous years
- Madrid remains strong at 5% like for like increase
- Paris with sustained strong performance and increasing momentum

"Like for Like" Rental Growth



Strong Recovery in all markets

✓ Barcelona	+14%
✓ Madrid	+5%
✓ Paris	+8%
✓ Total Portfolio	+8%

Prime CBD Positioning that delivers superior rental growth

4 FINANCIAL REVIEW - FIRST QUARTER 2016

Solid Capital Structure with substantial firepower

Solid Capital Structure with optimal financing to implement growth strategy

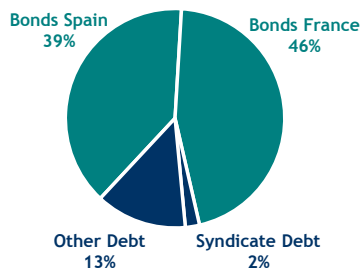
- Competitive financing cost in Spain & France
- First class long term financing structure with important fire power capacity

Competitive Finance Costs

Financing costs % - Spot as of 31/03/16



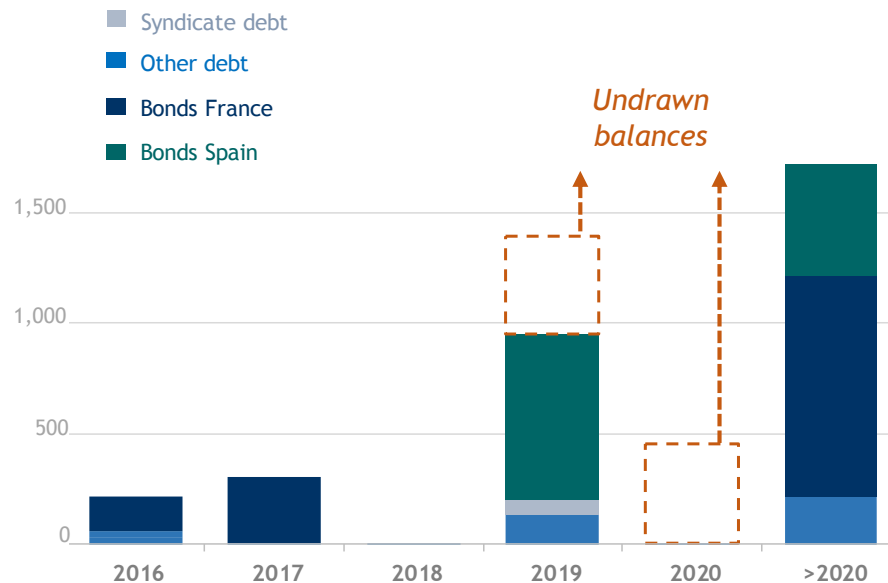
First class financing with huge fire power capacity



Available Cash & undrawn balances

Spain	€495m
France	€636m
Total	€1,131m

A long term maturity profile



LTV Group 41.6%

Maturity Group 4.5 years

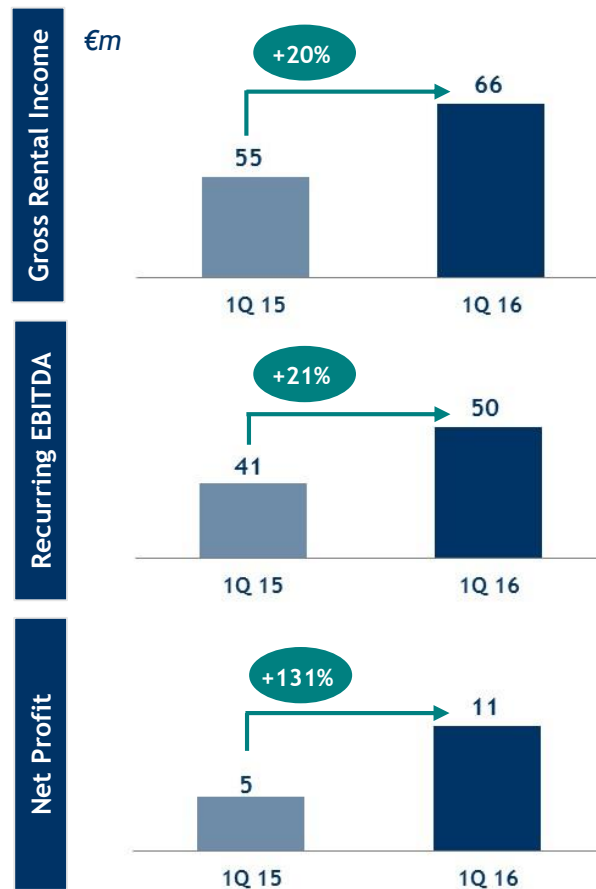
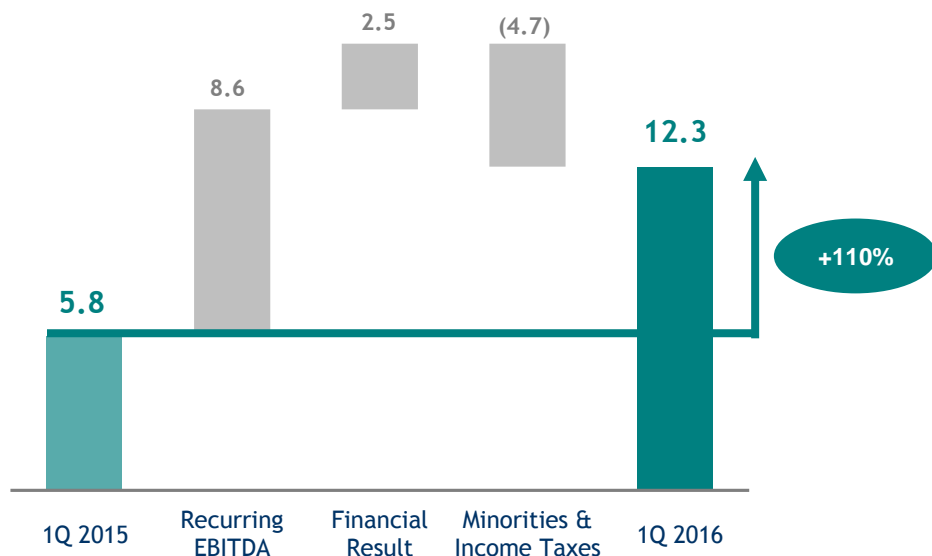
4 FINANCIAL REVIEW - FIRST QUARTER 2016

Positive Momentum in Earnings

Significant increase in Net Profit through:

- Delivery of strong GRI increase based on successful growth strategy
- Savings in financing costs due to active liability management in 2015

Recurring Income - €m - Variance Analysis



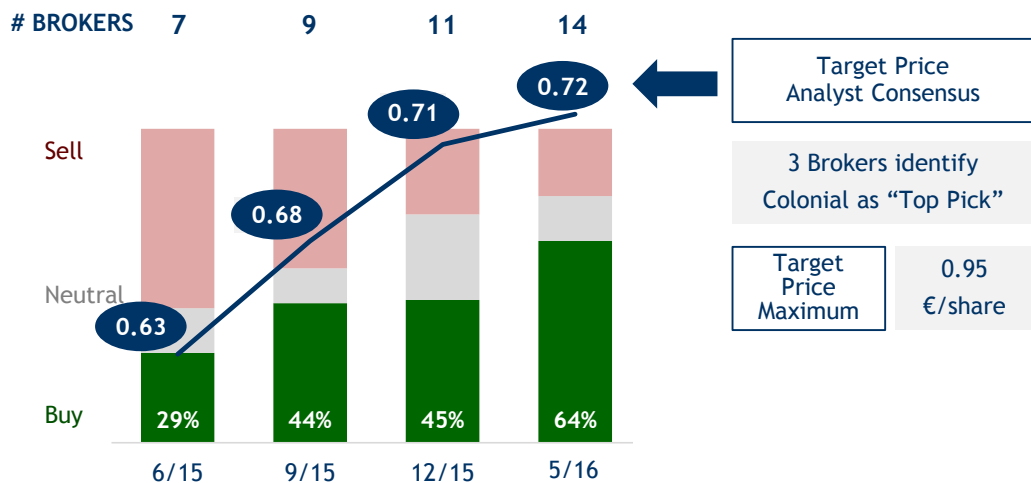
4 FINANCIAL REVIEW - FIRST QUARTER 2016

Strong share price performance

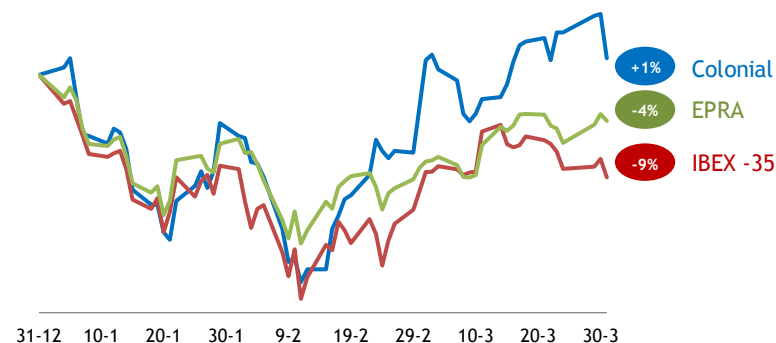
Resilient share price performance in volatile capital markets

- Capital markets with strong support for Colonial's growth strategy
- Share price YTD outperforming benchmarks and peers

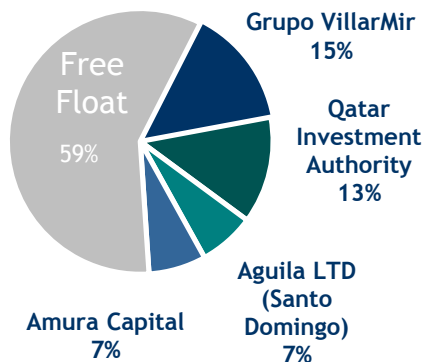
Analyst coverage



Colonial versus Benchmarks

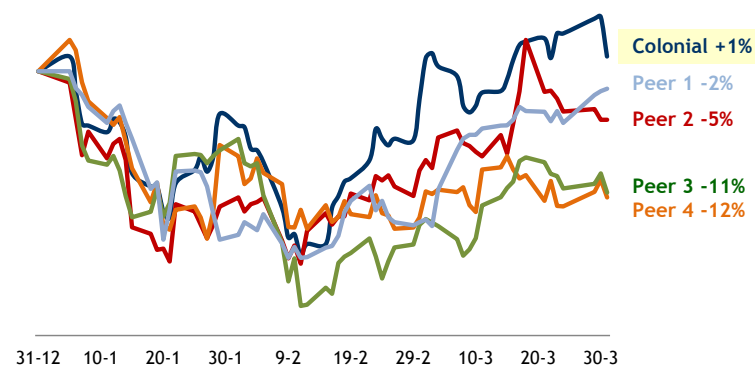


High quality shareholder structure with good liquidity



Market Capitalization ⁽¹⁾	€1,958 m
Free Float ⁽¹⁾	€1,155 m
Av. Daily Trad. Vol. 2016	€5.2 m

Colonial versus Peers Spain



5

GROWTH DRIVERS



5 GROWTH DRIVERS








Value added initiatives - Current pipeline

Prime Factory project execution on track

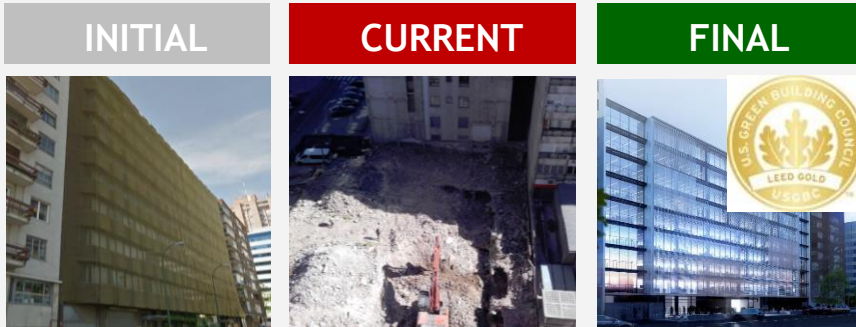
- Estébanez Calderon finishing demolition works and brokers for commercialization assigned
- Principe de Vergara with ongoing demolishing works

ESTÉBANEZ CALDERÓN 3-5

Good progress on project execution






- ✓ Definition of project parameters 
- ✓ Definition of product features 
- ✓ Assignment of architects - Estudio Lamela 
- ✓ Obtention of the demolition licence 
- ✓ Finishing demolishing works 
- ✓ Obtention of project licence 
- ✓ Assigment of JLL & CBRE for commercialization 

✓ Expected release 2H 2017

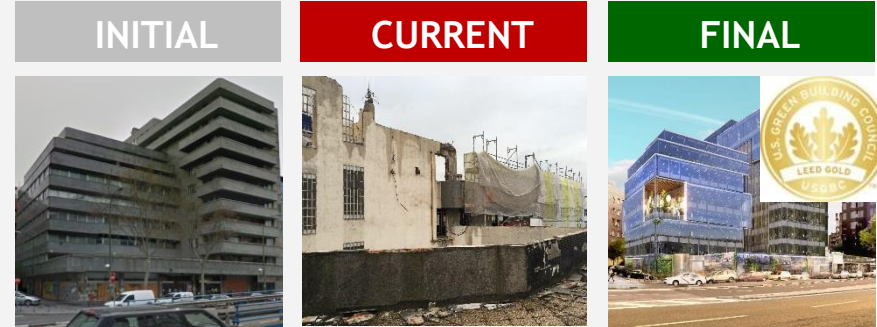


PRÍNCIPE DE VERGARA 112

Good progress on project execution

- ✓ Definition of project parameters 
- ✓ Definition of product parameters 
- ✓ Assignment of architects - Ortiz y León 
- ✓ Obtention of the demolition licence 
- ✓ Demolishing works ongoing 

- ✓ Obtention of project licence Negotiating underway
- ✓ Start of construction works After obtaining project license
- ✓ Expected release 2H 2017



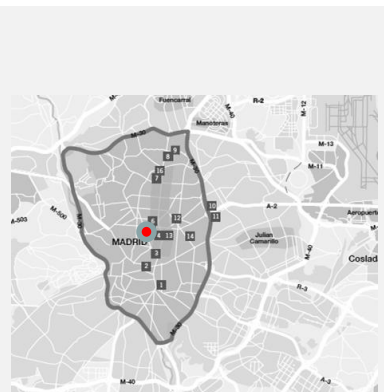
5 GROWTH DRIVERS

Value added initiatives - Current pipeline

Progress on maximizing value creation in recent core acquisitions

- Repositioning works on track optimizing GLA in size and quality
- Assets with good traction in the letting market

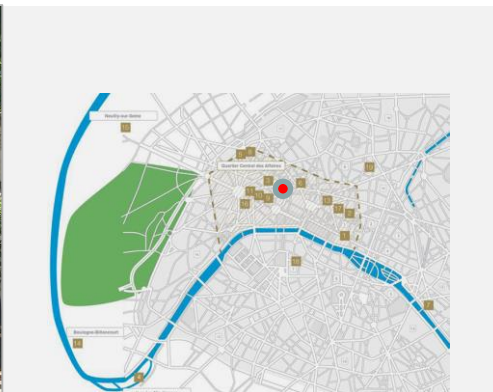
SANTA ENGRACIA



Asset located in an area with significant growth potential

- ✓ Colonial deploying capex on the building in order to enhance the positioning
- ✓ Capturing additional GLA through reorganization of spaces
- ✓ Strong cash flow combined with short term reversion opportunities
- ✓ Breeam good certificate targeted for repositioned product

9, AVENUE PERCIER



Scarce high quality product in Paris Opera

- ✓ Delivery of 1,667 sqm in March 2016
-> First and Third Floor repositioned
- ✓ 1,037 sqm still under refurbishment
- ✓ Breeam very good label envisaged for final product

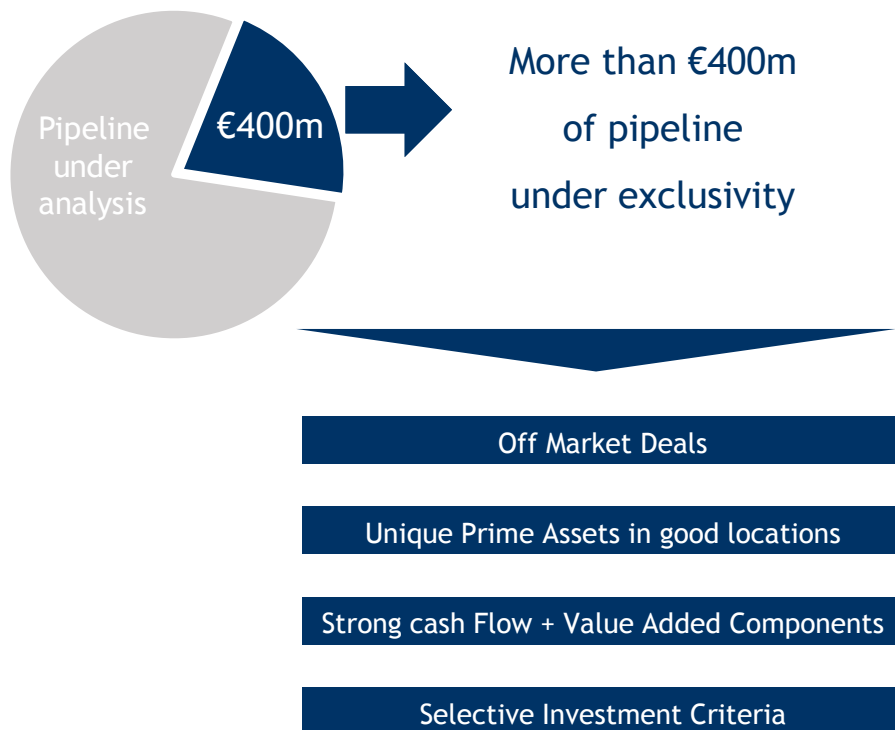
5 GROWTH DRIVERS

New Acquisitions - Current pipeline

Acquisition pipeline of more than €400m under exclusivity

- Colonial is currently negotiating under exclusivity the acquisition of more than €400m of Pure Prime Office Assets, that could be executed in the next weeks
- All this opportunities of high quality products have been sourced through off market transactions

Acquisitions Pipeline



- The pipeline under exclusivity consists in the acquisitions of several unique prime office assets
- The envisaged acquisition pipeline is interesting for the following reasons:
 1. The assets are located in the city center of Colonial’s core markets, offering a unique positioning in every segment
 2. The pipeline represents an interesting balance of core investment with prime factory value creation potential
 3. Total fit with Colonial’s selective investment criteria in terms of risk adjusted return
 4. The acquisition of this pipeline would accelerate the company’s business plan at an optimal market timing

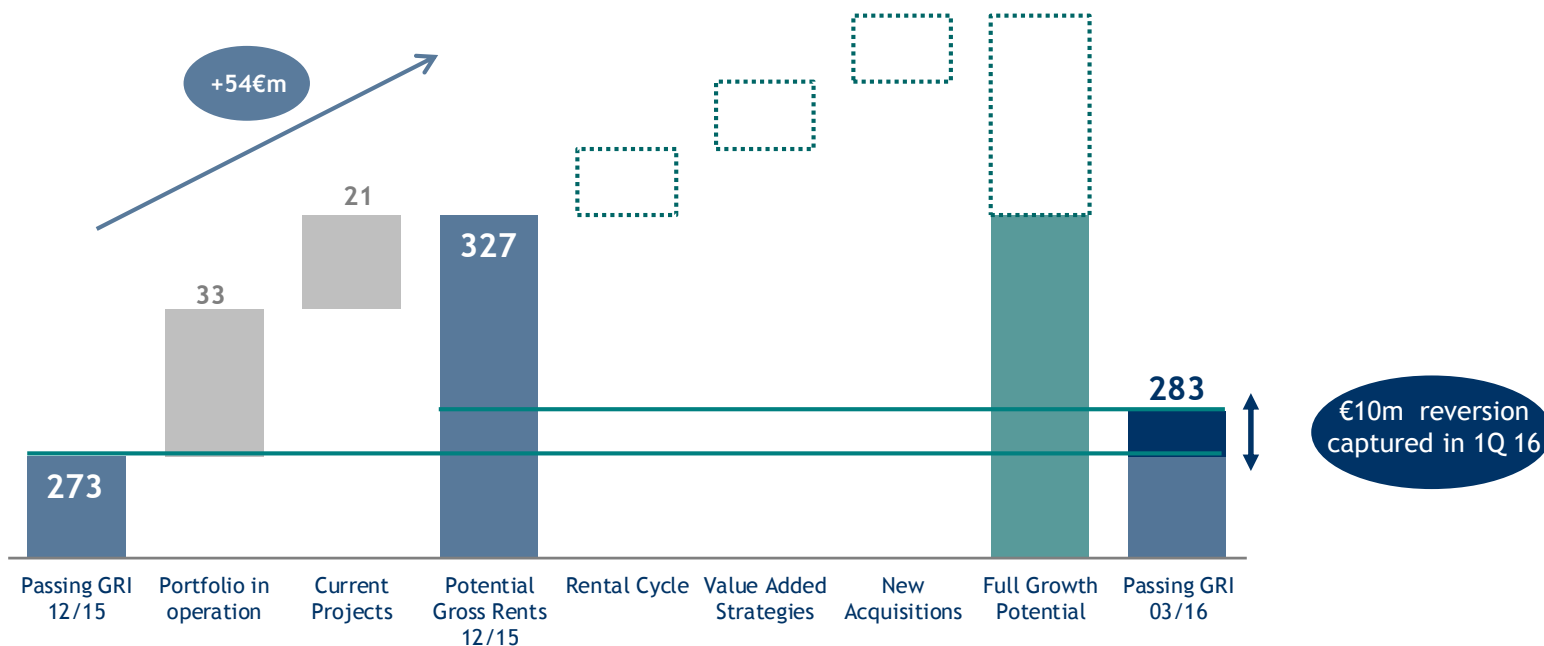
5 GROWTH DRIVERS

Attractive growth profile

Attractive growth profile in Rents & Value

- Current Portfolio & Projects with significant reversion potential
- 1Q 2016 with proven delivery of GRI reversion
- Additional value creation through successful execution of growth strategy in a context of attractive market cycles

Reversionary Potential as of 12/15 - Annualized Passing Gross Rental Income¹ - €m



5 GROWTH DRIVERS

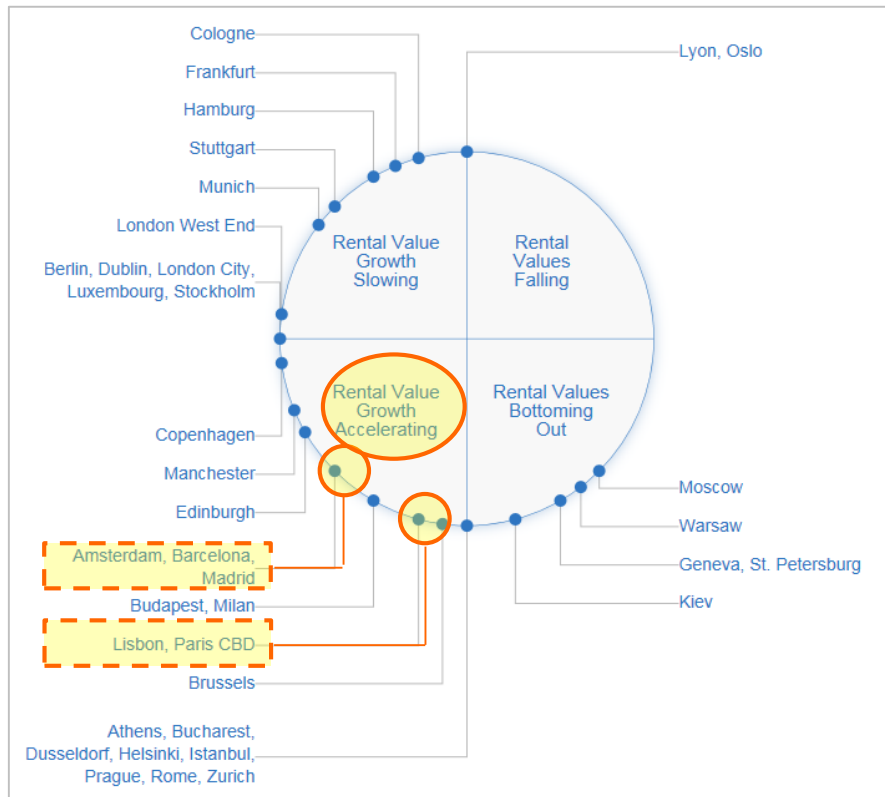
Colonial's positioning in rental cycle looks good

Colonial's positioning in rental cycle looks good

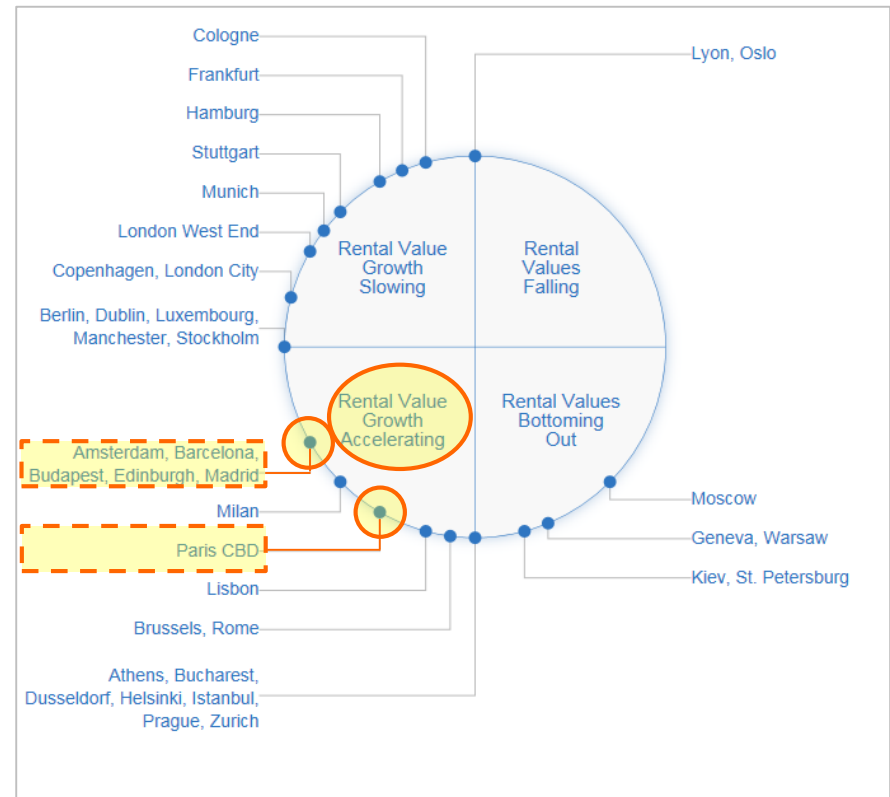
- Madrid & Barcelona remain as most attractive European markets in rental growth perspective
- Paris CBD gaining important momentum in rental price acceleration

European Property Clock - JLLS⁽¹⁾

4Q 2015



1Q 2016



6

CONCLUSION & OUTLOOK



Delivery of Growth Strategy on track

1. Superior performance of prime positioning - beating IPD in all markets
2. Strong occupancy improvement in a year
3. Double digit rental growth
4. Capturing reversion ensures positive momentum going forward
5. Acquisition pipeline of €400m under exclusivity
6. Solid base for profitable growth & value creation
7. Capital market supports Colonial's strategy

Confident Outlook

1. CBD markets with solid fundamentals
2. Colonial's positioning in rental cycle looks good
3. Additional value creation to be captured in current portfolio
4. Selective acquisition approach ongoing
5. Active asset allocation to maximize value



Q & A



Profit & Loss Accounts

Results analysis - €m	1Q 2016	1Q 2015
Gross Rents	66	55
Net operating expenses ⁽¹⁾	(7)	(6)
Overheads	(9)	(8)
Recurring EBITDA	50	41
Recurring financial result	(20)	(23)
Income tax expense & others - recurring	(3)	(3)
Minority interests - recurring	(14)	(10)
Recurring Earnings	12	6
Variation of the asset value & Provisions	0	0
Non-recurring financial result & MTM	(2)	(2)
Income tax & others - non-recurring	(0)	(0)
Minority interests - non-recurring	1	1
Profit attributable before discontinued operations	11	5

(1) Includes other income

Recurring Earnings Income - €m - Variance Analysis

