

1Q/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

01 Highlights





AN EXCELLENT SET OF RESULTS

- > Gross Rental Income, +4% like for like
- > Net Rental Income, +4% like for like
- > Recurring Net Income, +27%
- > Recurring EPS +13%
- > FFO per share +13%

STRONG OPERATIONAL PERFORMANCE

- > More than 47,000 sq m let with top tier clients
- > Solid occupancy levels at 95%
- > Double digit increase on signed rental prices
- > Ongoing execution of value added initiatives
- > Delivery of acquisition program well ahead of target (Alpha II)

FIRM DELIVERY ON FINANCIALS

- > Strong top & bottom line performance
- > S&P rating upgrade: BBB with stable outlook
- > Active balance sheet management optimizing capital structure
- > Confident outlook on growth
- > Superior risk adjusted return for shareholders

A solid start into the new year

Excellent financial results with healthy growth

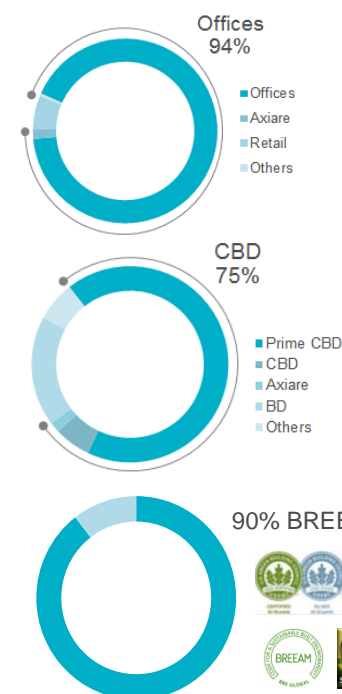
- > Strong Like for Like growth in rental income : +4% GRI and +4% NRI
- > Significant increase of Recurring Earnings: +27%
- > FFO per share: +13%

Return - € per share	1Q 2017	YoY Var
EPS Recurring ²	0.044	+13%
FFO per share ^{2,3}	0.047	+13%
DPS full year guidance	0.165 ¹	+10%

Profit & Loss - €m	1Q 2017	YoY Var
Gross Rental Income	€70m	+4% EPRA LFL ⁴
EBITDA Recurring	€52m	+4% EPRA LFL ⁴
FFO	€17m	+27%
Recurring Net Profit	€16m	+27%

Balance Sheet - €m	1Q 2017
GAV ⁵ – 12/2016	€8,069m
Group LTV	41.4%
Maturity Group	4.8 years
Cost of Debt	1.96%

BUSINESS MIX – GAV GROUP⁵



Rating Standard & Poor's
BBB Stable Outlook

- (1) Subject to AGM approval, dividend on 2016 results
- (2) Recurring EPS & FFO per share based on average NOSH
- (3) Recurring FFO: Recurring Net Profit excluding amortisations and accrual of share remunerations
- (4) EPRA like for like: Like for like variance base on EPRA BPR methodology
- (5) GAV as of 12/2016 – appraisal values updated every half year
- (6) Portfolio in operation

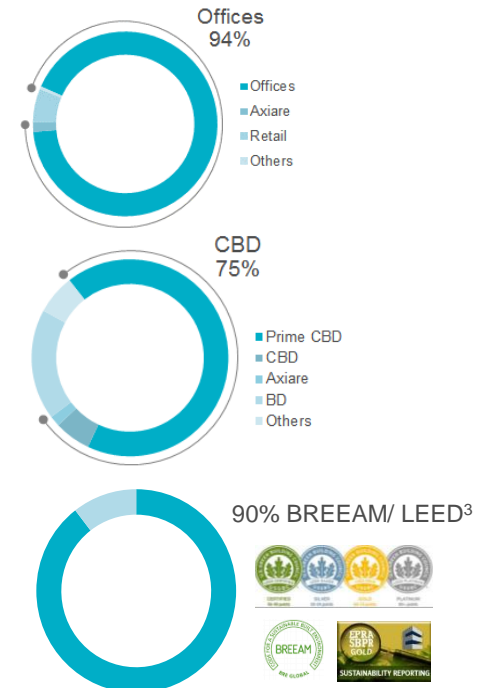
A solid start into the new year

A year of outstanding operational performance

- > Solid occupancy ratio, clearly above market
- > Double digit rental price increases
- > Acquisition programme ahead of plan

OPERATIONAL PERFORMANCE	1Q 2017
# Transactions signed	30
Volume of sq m signed	47,538
.....	
Financial Occupancy	95%
Rental prices signed vs Previous rents	+16%
Rental prices signed vs ERV 12/16	+8%
Rental prices signed vs ERV 12/15	+13%
.....	
Capex on portfolio	€16m
Alpha II – Project ¹	€389m

BUSINESS MIX – GAV GROUP²



Rating Standard & Poor's
BBB Stable Outlook

(1) Total expected investment amount Alpha II: acquisition price + capex of future development projects
 (2) GAV as of 12/2016 - appraisal values updated every half year
 (3) Portfolio in operation



Macroeconomic context

Macro outlook remains solid

- > Fundamentals remain attractive in Europe and particularly Spain
- > Still early to assess long term impacts of Brexit vote
- > France with improving growth profile

MARKET TRENDS

WORLD & EU

- ✓ GDP with increasing momentum: +3.4% in 2017 & +3.6% in 2018
- ✓ Euro area consolidating growth at moderate levels
- ✓ Significant Brexit impacts still pending

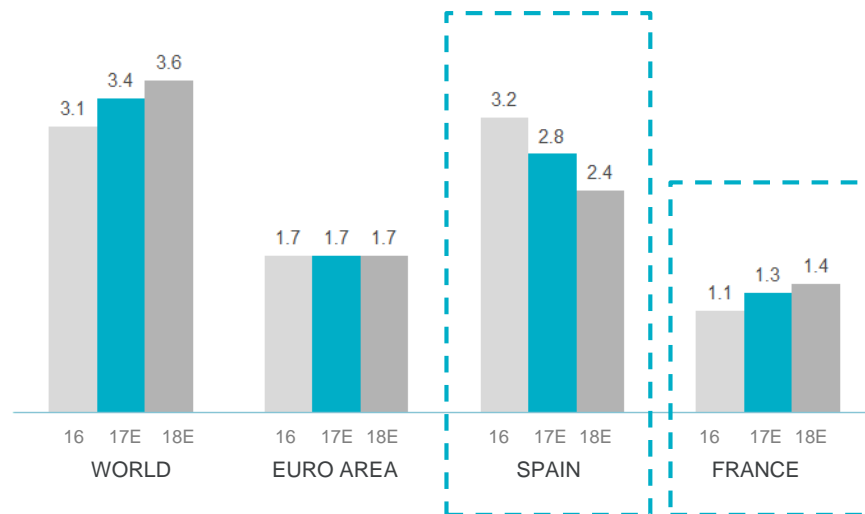
SPAIN

- ✓ The economy growing above EU average: +2.8% in 2017
- ✓ 525,000 jobs created in 2016
- ✓ Improvement of private consumption and exports

FRANCE

- ✓ GDP growth with increasing momentum in the next years
- ✓ Improvement of private consumption
- ✓ Elections causing overall uncertainty however

GDP GROWTH



Source: April Monthly report "la Caixa"

Micro outlook for Real Estate is very positive

- > Fundamentals in direct markets remain very strong
- > Barcelona office market beating expectations
- > Prime assets in City Center with superior performance

MARKET TRENDS



BARCELONA

- ✓ **Highly dynamic market with increasing international activity**
- ✓ **Strong interest from internet and e-commerce** companies pushing 22@market
- ✓ **Lack of quality stock** and future supply pushing prime rents
- ✓ Investment volume 6x vs previous year quarter
- ✓ Prime yields down to 4% or sub 4%



MADRID

- ✓ **Stable take up with positive outlook** for coming quarters
- ✓ **Lack of quality supply in the city center** and obsolete stock
- ✓ **Increased volume of refurbishment** projects
- ✓ Prime rents with solid growth profile
- ✓ Core investors pushing prime yields down to levels of 3.75% or below



PARIS

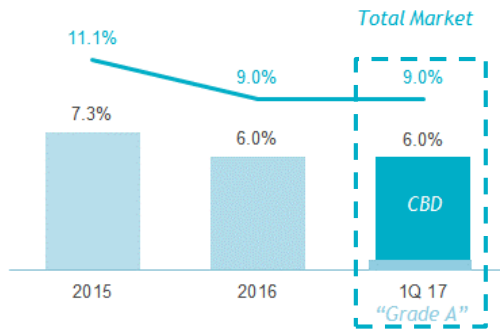
- ✓ **Take-up** of 664,000 sq m in 1Q, **+29% year on year**
- ✓ **Large transactions of new/refurbished spaces** gaining momentum
- ✓ **South Paris reached high levels of dynamism** thanks to the lack of availability in CBD (only 3.6%)
- ✓ Investment activity dominated by foreign investors during 1Q17, with prime yields at 3%
- ✓ CBD take up above 10 years average, CBD Etoile take up +13% year on year

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

- > Vacancy in CBD far below total market ratio, Grade A product almost inexistent
- > Paris CBD remains at historical lows
- > Madrid with slight vacancy pick-up

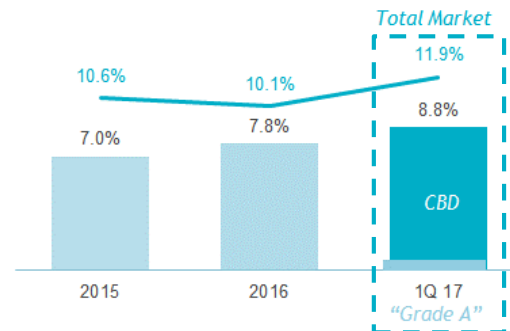
BARCELONA

VACANCY %



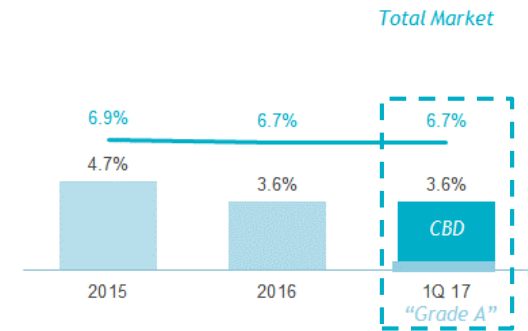
MADRID

VACANCY %

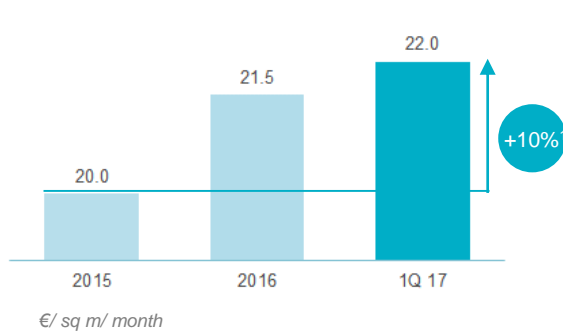


PARIS CBD

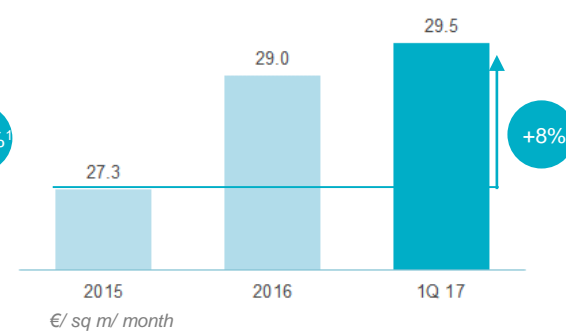
VACANCY %



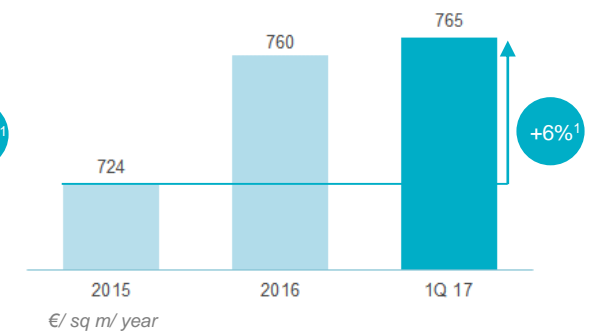
PRIME RENTS



PRIME RENTS



PRIME RENTS



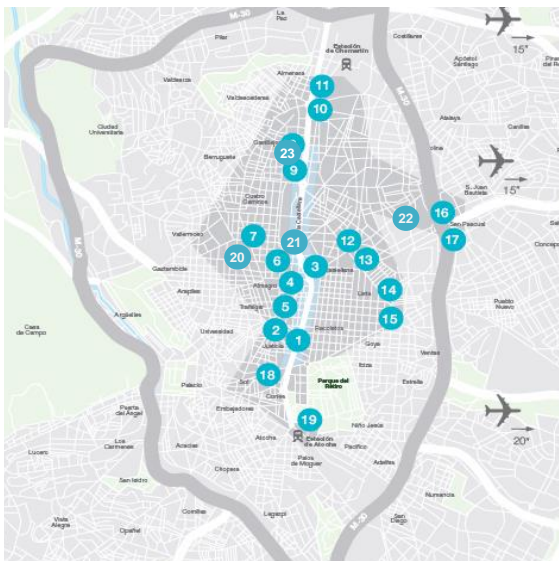
Source: JLL
(1) YTD growth since 12/2015

Colonial – Unparalleled leadership in the city center

Colonial as largest property owner in offices in the City Center of Madrid, Barcelona and Paris

- > Strong market share increases negotiation power
- > Colonial best positioned to capture the rental cycle in its markets

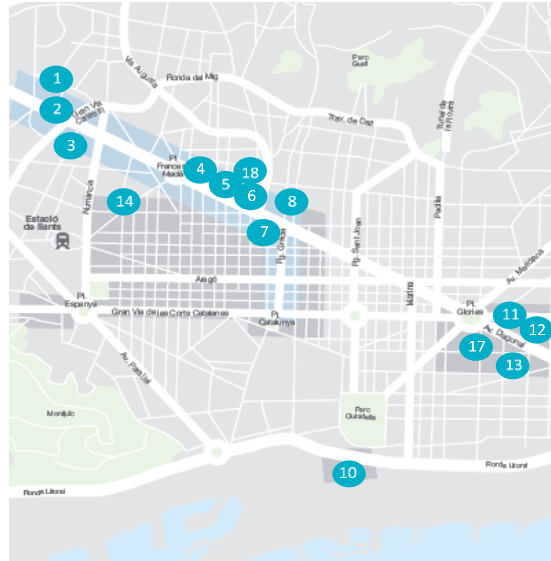
Madrid City Center (inside M30)



Top Property owners inside M30

	Assets	GLA (sq m)
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

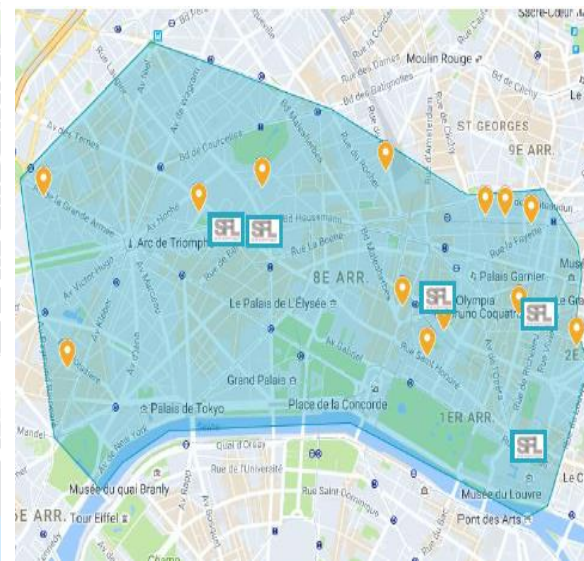
Barcelona City Center



Top Property owners in city center

	Assets	GLA (sq m)
Colonial	16	186,127
Peer 1	8	127,274
Peer 2	4	28,418
Peer 3	1	15,351

Paris CBD



Major business centres in Paris CBD

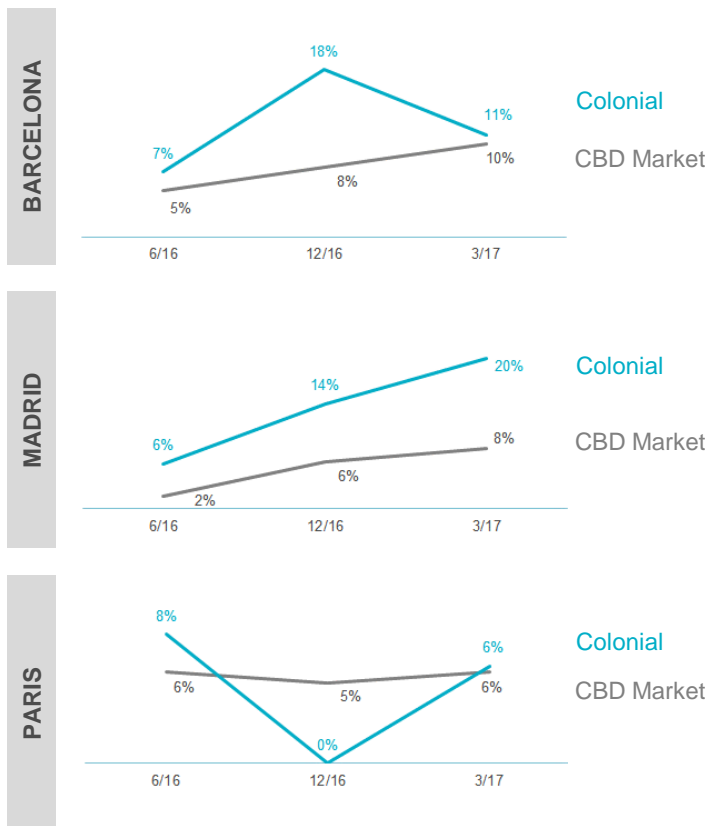
Edouard VII		Opéra Victorie
Washington Plaza		Solstys
Capital 8		Vendome Saint - Honoré
Paris Trocadéro		PSA headquarters
Louvre Saint - Honoré		Cézanne Saint - Honoré
Centorial		Le Madeleine
Paris Bourse		Cambon Capucines
#Cloud.Paris		Le Lafayette
Paris Victorie		Eloite St Honoré

Colonial – Unparalleled leadership in the city center

Colonial as leading market indicator for rental price recovery

- > Colonial portfolio anticipating rental price increases
- > Colonial's max rents signed at or above prime market references

YTD ERV GROWTHS SINCE 12/15



PRIME ERVs

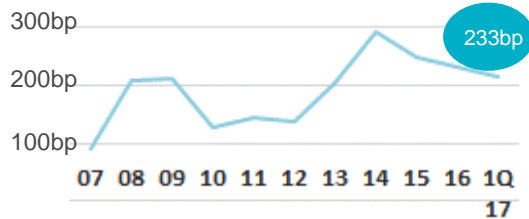
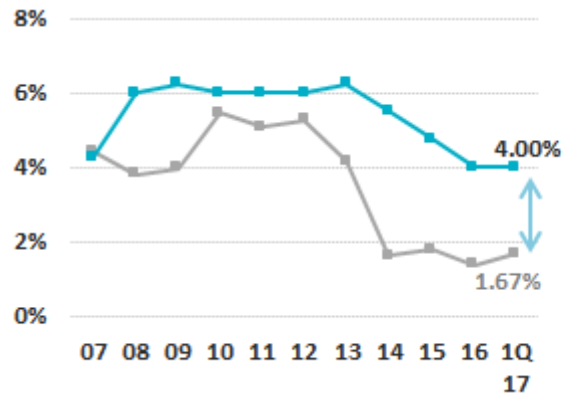
	2016	1Q 2017
Colonial Max Rent signed	20 €/sqm/month	23.5 €/sqm/month
Market Prime Reference	21.5 €/sqm/month	22 €/sqm/month
Colonial Max Rent signed	34 €/sqm/month	29 €/sqm/month
Market Prime Reference	29 €/sqm/month	29.5 €/sqm/month
Colonial Max Rent signed	765 €/sqm/year	759 €/sqm/year
Market Prime Reference	760 €/sqm/year	765 €/sqm/year

Investment markets remain strong

- > General market volatility increases “flight to quality”
- > Spread vs reference rates remain at attractive levels underpinned by solid investment volumes
- > Increasing importance of rental growth for further capital value growth

PRIME YIELDS (1)

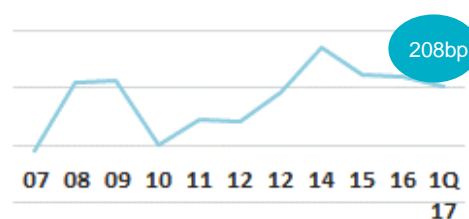
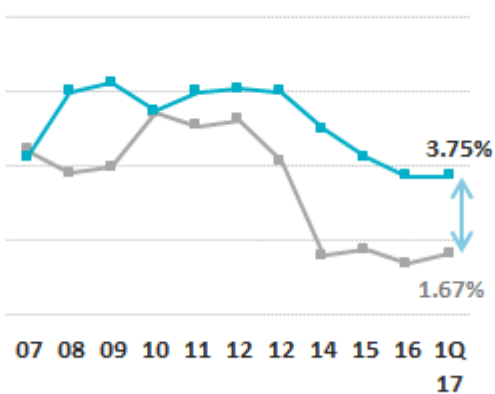
BARCELONA



Investment Volume YTD: €323m

6x previous year quarter

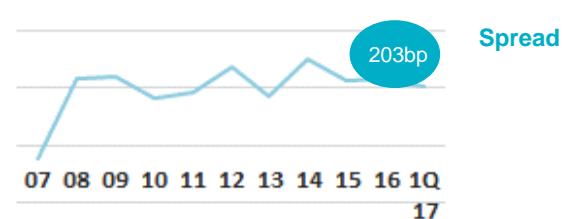
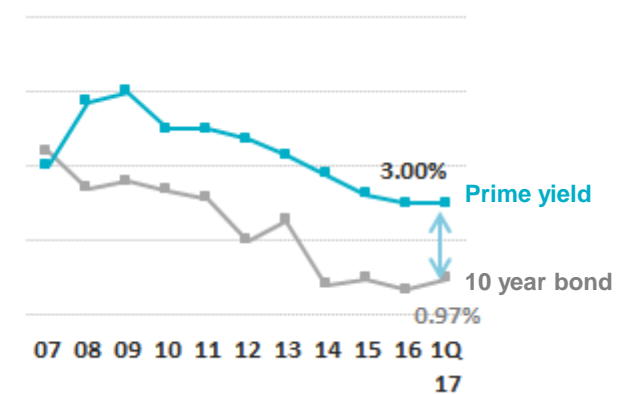
MADRID



Investment Volume YTD: €400m

+60% vs Q1 2016

PARIS



Investment Volume YTD: €2,300m

+28% vs Q1 2016

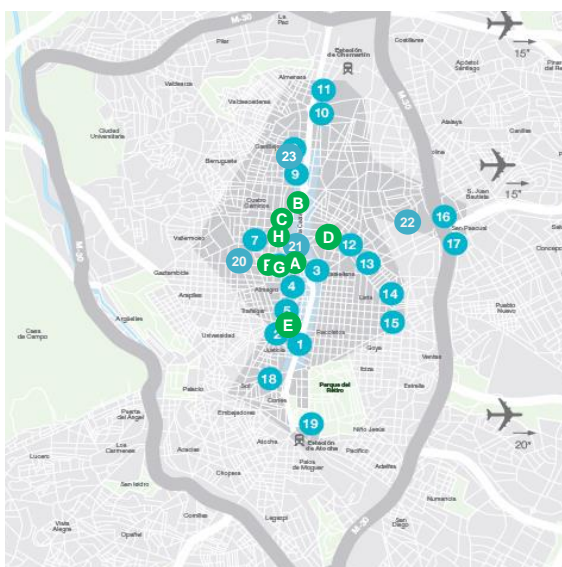
(1) Market consultants in Spain report gross yields and in France they report net yields

Source: JLL & Bloomberg

Investor interest for prime product remains strong

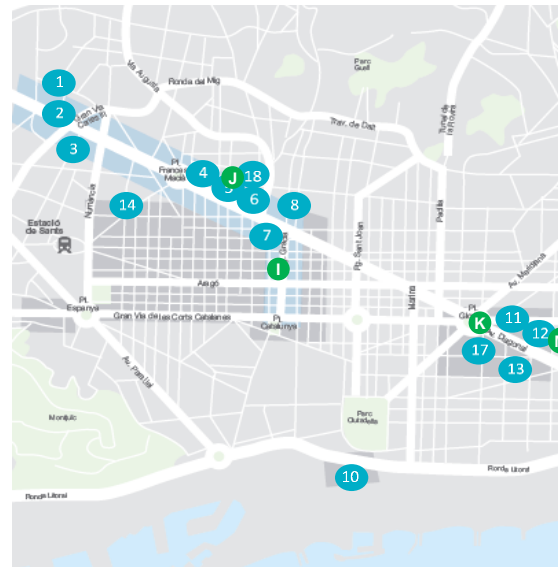
- > Significant capital value increases in the last two quarters
- > Recent investment market acceleration not yet reflected in Colonial appraisal values

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 la Castellana, 55	60	10.667
C Calle Almagro, 9	124	8.215
D Manuel Cortina, 2 ⁽¹⁾	72	6.967
E Paseo de la Castellana, 14	40	6.931
F Miguel Ángel, 23 ⁽¹⁾	53	6.645
G Calle Sagasta 31-33	42	5.926
H Calle José Abascal, 41 ⁽¹⁾	20	5.674
CBD Transactions - Average	469	7.734
Colonial Average (12/16 appraisal)		5.207

	Price ⁽²⁾	Cap. Value ⁽³⁾
I Passeig de Gracia, 81 ⁽¹⁾	30	9.458
J Travessera de Gracia, 47-49	41	4.620
K Av. Diagonal, 211 - Torre Agbar ⁽¹⁾	142	3.775
M Carrer de Pere IV, 289	21	3.559
CBD Transactions - Average	234	5.353
Colonial Average (12/16 appraisal)		4.016

	Price ⁽²⁾	Cap. Value ⁽³⁾
N Place Vendôme, 9	1.000	37.313
O Rue Leroux, 4	32	19.482
P Rue de Londres, 43-51	349	17.450
Q Boulevard Haussmann, 69	128	17.297
R Av. Hoche, 24	20	15.924
S Av. De l'Opéra, 5	40	15.566
T Rue de Lisbonne, 32	40	12.821
U Rue Leon Jost, 4	55	11.848
CBD Transactions - Average	1.663	18.463
Colonial Average (12/16 appraisal)		14.213

⁽¹⁾ Assets with significant Capex to be implemented

⁽²⁾ €m

⁽³⁾ €/sqm

03 Operational performance



Letting activity with strong momentum

Prime positioning ensures strong letting performance

- > More than 47,000 sq m signed in 30 transactions
- > More than €16m of annual gross rents secured
- > Incentives far below market average
- > Solid occupancy level across all segments

		# CONTRACTS	SQM SIGNED	GRI SECURED ¹	INCENTIVES ²	FIN. OCCUPANCY ³
BARCELONA		13	30,644	€6m	1%	97%
MADRID		8	10,808	€3m	4%	95%
PARIS		9	6,086	€7m	14%	95%
TOTAL		30	47,538	€16m	9%	95%

(1) Annualized figures of signed contracts

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

(3) Financial occupancy 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 1Q 17	PRIME RENTS MARKET 1Q 17	CAPTURING & RETAINING TOP TIER CLIENTS
BARCELONA		13	23.5 €/sqm/ month	22 €/sqm/ month	
MADRID		8	29 €/sqm/month	29.5 €/sqm/month	
PARIS		9	759 €/sqm/year	765 €/sqm/year	

Outstanding Occupancy levels beating the markets

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

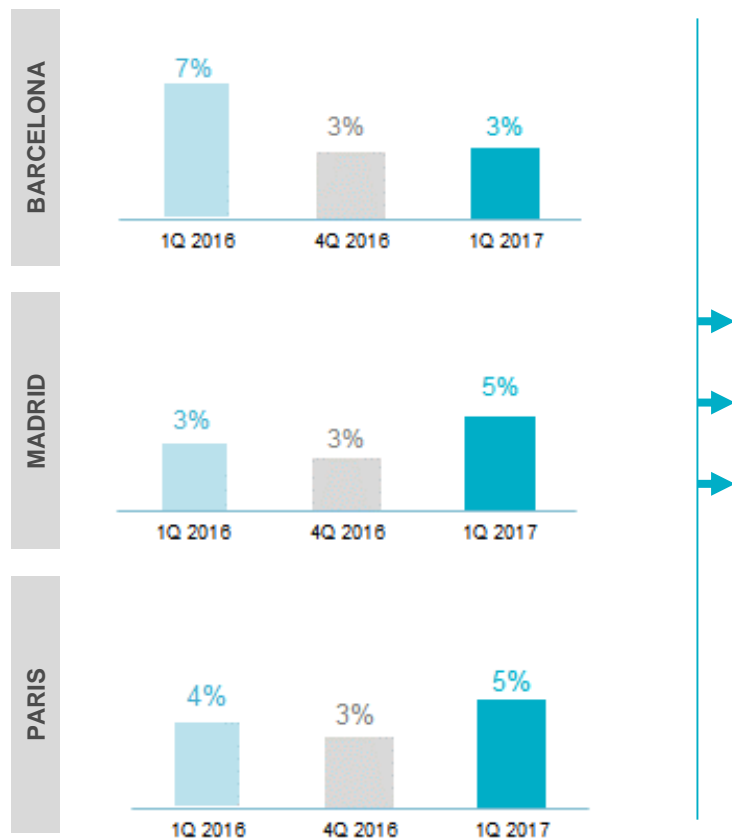


Outstanding Occupancy levels beating the markets

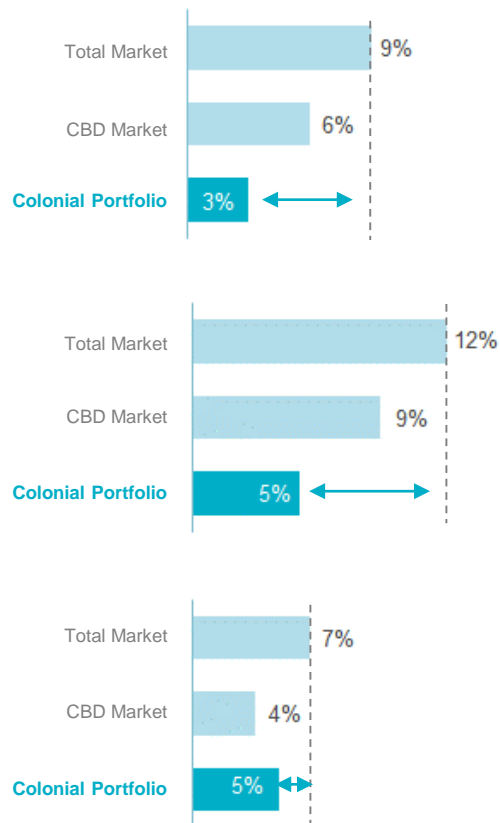
Solid occupancy levels as base for strong negotiation

- > Colonial with solid vacancy levels in every city
- > Colonial vacancy clearly beats market average
- > Levels around 5% provide a solid base to capture rental growth

EPRA VACANCY



VACANCY COLONIAL VS. MARKET

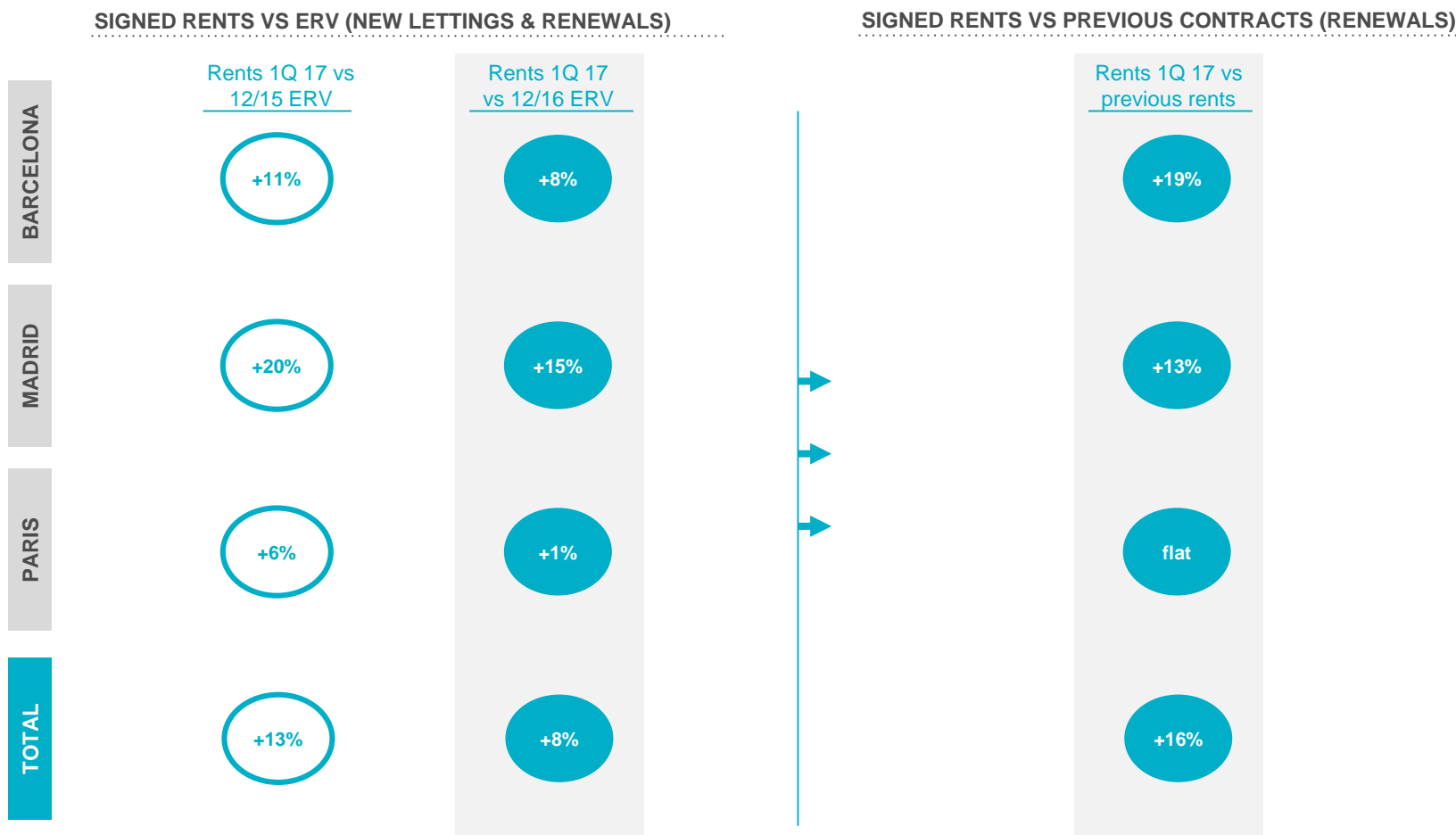


Strong delivery on rental price increases

Colonial as leading market indicator for rental price recovery

- > Solid 1Q 2017 rental price increases enhance reversion in renewals
- > Solid consolidation of rental price increases
- > Double digit rental growth since start of cycle recovery (12/15)

SOLID INCREASE IN RENTAL PRICES



03 Operational performance

Strong delivery on rental price increases

Colonial as a leading indicator for rental price recovery

- > Strong rental price increases across the portfolio
- > Rents signed at high end levels

Barcelona, Madrid & Paris – 1Q 2017 Letting Performance

Av. Diagonal, 609-615 - CBD



Max Rent signed

Recoletos, 37-41 - CBD



Max Rent signed

Cézanne Saint Honoré - CBD



Max Rent signed

Av. Diagonal, 220-240 (Glories) - BD



Max Rent signed

Santa Engracia - CBD



Max Rent signed

103 Grenelle - BD



Max Rent signed

(1) ERV= Estimated Rental value: market rent

03 Operational performance

Ongoing delivery of value added initiatives

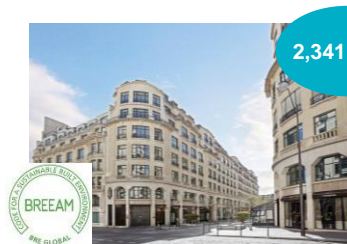
Real estate transformation as base for value creation

- > More than 6,400 sq m of repositioned spaces released in 1Q 2017
- > Creation of the best product to capture high quality tenants
- > Created ERV uplifts & yield compression

VALUE ADDED INITIATIVES

- ✓ Refurbishment & modernization of floors
- ✓ Optimization of layouts/technical floors & ceilings
- ✓ Renewal of façades
- ✓ Reorganization & renovation of common spaces

Ongoing delivery of repositioned surfaces – main actions



2,341 sq m

Cézanne Saint Honoré



1,821 sq m

W. Plaza



760 sq m

Santa Engracia



460 sq m

Diagonal 609-615



322 sq m

Diagonal 682



710 sq m

J. Abascal 45

MAXIMUM SUSTAINABILITY STANDARD AS A MUST

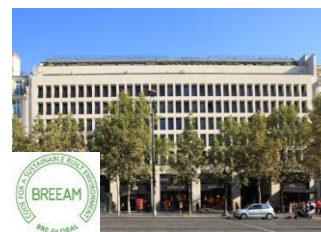
- ✓ Ongoing progress on assets
- ✓ SFL received the Corporate Investment in Responsible Real Estate Award
- ✓ Recognition by BREEAM and GRESB for long-term commitment to the responsible management of the portfolio

New Certificates



---> Leed Gold

Cloud



---> Breeam Very Good

90 Ch. Élysées



ERV uplifts & value creation through real estate transformation

- > Optimizing asset layouts and offering services for tenants
- > Identifying the right positioning and strategy for every individual building

SANTA ENGRACIA 120

Repositioning of common areas focusing on new services for tenants

- > Upgrade and repositioning of lobby
- > Reduction of the oversized entrance increasing its space efficiency
- > New retail unit, with new 220 sq m, offering new amenities for the users
- > Creation of a new entrance to improve access to the building



8,269 sq m let
98% Occupancy



JOSE ABASCAL 45

Asset refurbishment reinforcing its “boutique” positioning

- > Upgrade and repositioning of vacant floors
- > Reshape of common spaces and entry areas
- > Ground Floor refurbishment increasing natural light
- > Optimization of surface below ground



Enhanced letting performance with significant rental uplifts capturing maximum market prices

03 Operational performance

Ongoing delivery of value added initiatives in France - Paul Cezanne

ERV uplifts & value creation through real estate transformation

- > Providing stimulating workplace environments
- > Getting the prime positioning right

PAUL CEZANNE

Focus on providing stimulating workplace environment

- > Creation of office spaces on the top of the building
- > Valorization of outdoors by creating 205 sqm of terraces overlooking Paris
- > Dining area featured with an innovative Mamie Cocotte food concept
- > Creation of a 100 seat auditorium and meeting rooms



Enhanced letting performance with significant rental uplifts capturing maximum market prices

04 Financial performance

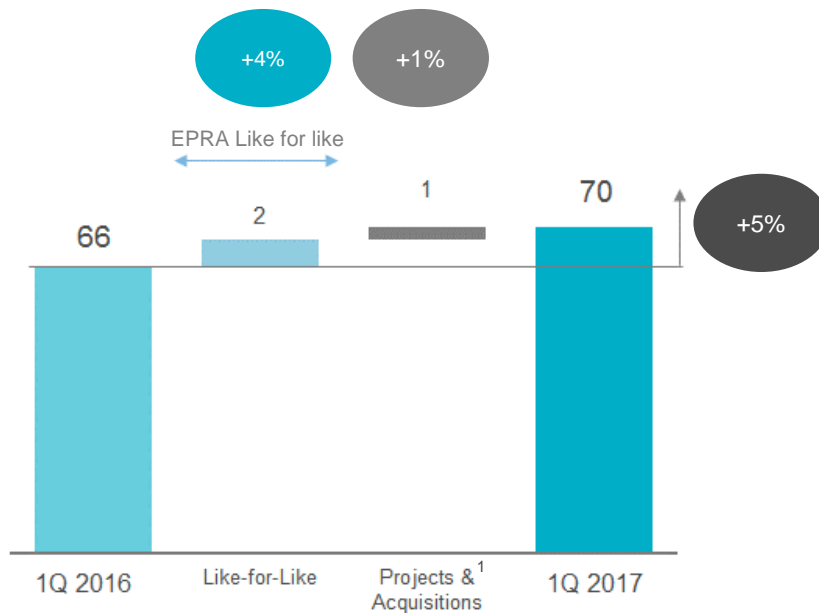


Strong underlying rental growth

Strong GRI increase underpinned by solid like for like and disciplined acquisitions

- > Strong underlying like for like growth: +4%
- > Additional rental growth from high quality acquisitions: +1%
- > Madrid with the strongest impact from acquisitions

GROSS RENTAL INCOME - €M



	<u>EPRA Like for like</u> ¹	<u>Projects & Acquisitions</u> ²	<u>TOTAL</u>
BCN	+10%	+5%	+15%
MADRID	(0.5%)	+22%	+22%
PARIS	+4%	(3%)	+1%
TOTAL	+4%	+1%	+5%

(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

- > Solid +4% EPRA like for like in Gross and Net Rental Income
- > Like for like income growth with healthy mix of volume and price impacts
- > Price increases gaining momentum as like for like growth driver

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 +2% like for like
- ✓ Paris remains solid at +4% driven by #Cloud, Washington Plaza and Cezanne

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	+9.6%	+5.6%	+4.0%	
MADRID	(0.5%)	+0.8%	+1.1%	(2.4%)
PARIS	+4.1%	+0.9%	+3.2%	
GRI TOTAL PORTFOLIO	+4.0%	+1.4%	+3.0%	(0.4%)

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

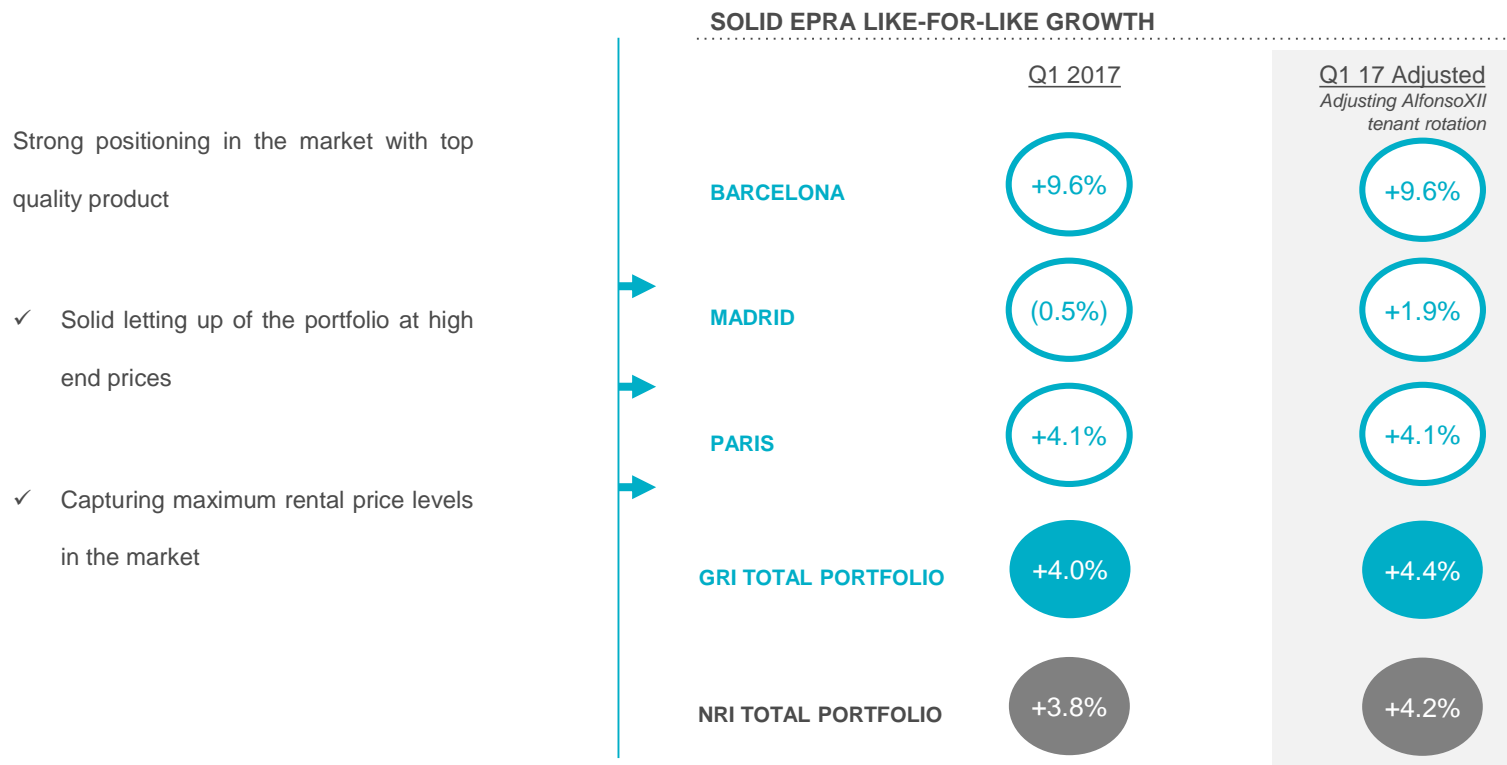
GRI= Gross Rental Income NRI= Net Rental Income

Strong underlying rental growth

Strong underlying growth in every market

- > Solid +4% EPRA like for like in Gross and Net Rental Income
- > Spain with +7% EPRA like for like growth in GRI (excluding the Alfonso XII tenant rotation)
- > France with solid +4% EPRA like for like growth in GRI

LIKE FOR LIKE VARIANCE¹ – GRI & NRI



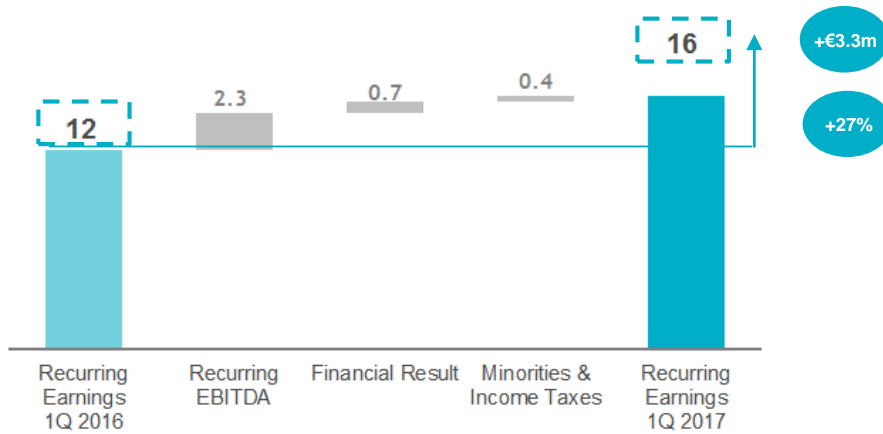
¹ Like for like variance calculation based on EPRA best practice methodology

GRI= Gross Rental Income NRI= Net Rental Income

High double digit profit increase based on high quality growth drivers

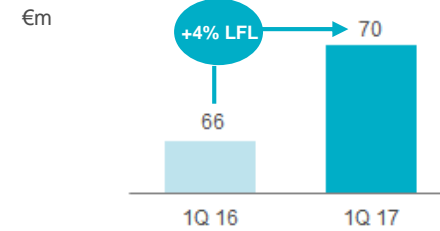
1. Solid GRI increase
2. Optimized financing through active liability management
3. Increase in SFL stake from 53.1% to 58.5% (Alpha I)

PROFIT & LOSS ACCOUNT

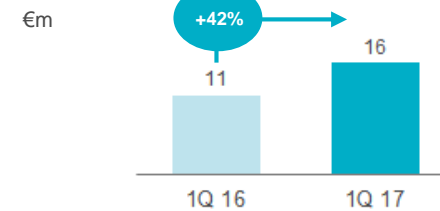


STRONG TOP & BOTTOM LINE PERFORMANCE

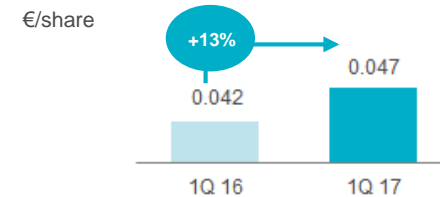
GROSS RENTAL INCOME



NET PROFIT



FFO per share¹



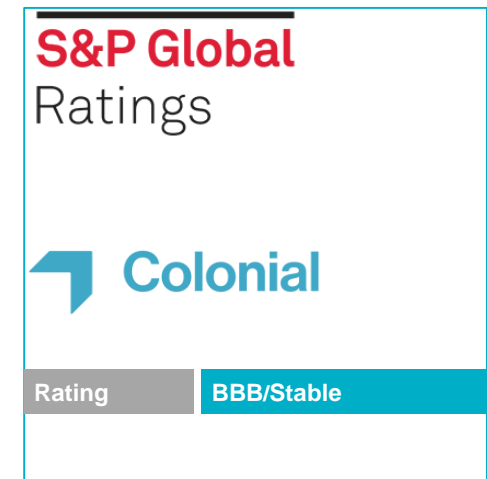
¹ Recurring net result excluding amortizations and accrual of the incentive plan

Upgrade of Colonial's credit rating up to BBB with stable outlook

- > One of the highest credit ratings in the Spanish Real Estate sector
- > Highly positive assessment of operating performance
- > Diversified portfolio with a strong leadership in CBD

S&P KEY CONSIDERATIONS FOR COLONIAL'S CREDIT RATING UPGRADE

- > A **prime office portfolio located in the city centers** of Barcelona, Madrid and Paris
 - ✓ 75% of the portfolio in CBD through a portfolio of high quality assets
 - ✓ CBD exposure clearly above peers
- > An **adequate geographical diversification** in both assets and tenant base
- > The **positive trend in the office markets**, both in Spain and France
- > The growing demand in the markets where Colonial operates, enabling **like-for-like rental growth**
- > Increase in **rental income due to new acquisitions** of assets
- > **Commitment** to maintain a capital structure with **prudent leverage ratios**



Active balance sheet management

Ongoing active balance sheet management

- > Active liability management improving the financial structure
- > Successful completion of - Share buy back programme -
- > Maximizing flexibility in a dynamic market environment

ACTIVE BALANCE SHEET MANAGEMENT

NEW REVOLVING CREDIT FACILITY

1. Set up of new €375m Revolving Credit Facility (RCF) with a pool of 10 banks
2. Credit facility with corporate guarantee and 5 year maturity until March 2022
3. Spread of 160 bp on Euribor, representing bank financing at very attractive pricing levels
4. Enhanced liquidity of the group with improved firepower capacity

SHARE BUY BACK PROGRAMME

1. On 23 March 2017, the Colonial Group finalized the share buyback program that began in November 2016.
2. A total amount of 10.000.000 shares has been acquired (2.8% treasury shares of total stake)
3. Average acquisition price of 6.68 €/ share representing a 8% discount on last reported NAV
4. Objectives
 - ✓ Management compensation plan
 - ✓ Corporate purposes
 - ✓ Other uses of corporate interest approved by the Board of Directors



Increased flexibility of the Colonial Group in a highly dynamic office market environment

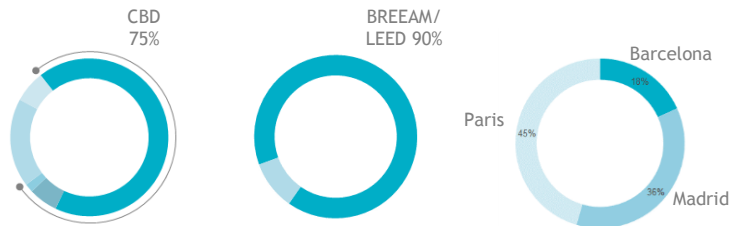
A high quality collateral underpinned with a solid financial structure

- > 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

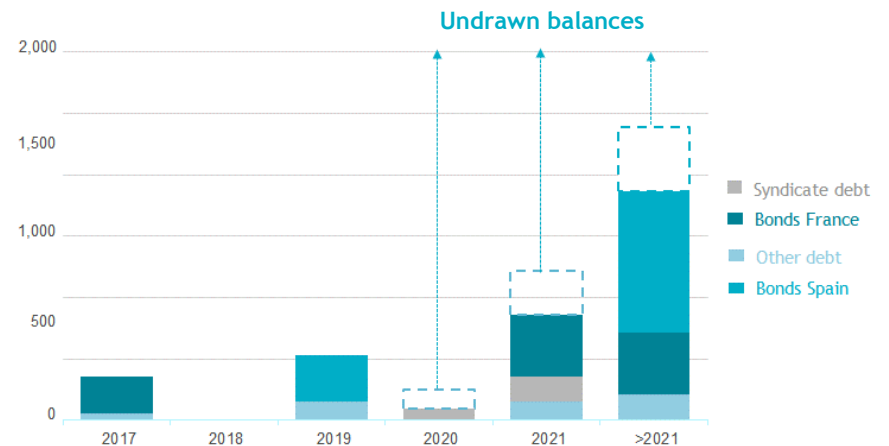


Rating Standard & Poor's
BBB Stable Outlook

1 Firepower= Cash & undrawn credit lines

A SOLID FINANCIAL STRUCTURE

<u>Capital Structure</u>	<u>31/12/2016</u>	<u>31/03/2017</u>
Cost of Debt Spain	1.96%	1.95%
Cost of Debt Group	1.96%	1.96%
Maturity Spain	6.0 years	5.7 years
Maturity Group	5.0 years	4.8 years
Firepower ¹ Spain	€314m	€653m
Firepower ¹ Group	€873m	€1,189m
Group LTV	41.4%	41.4%
% Debt fixed or hedged	82%	82%



05 Growth drivers



A solid growth profile based on an attractive project pipeline

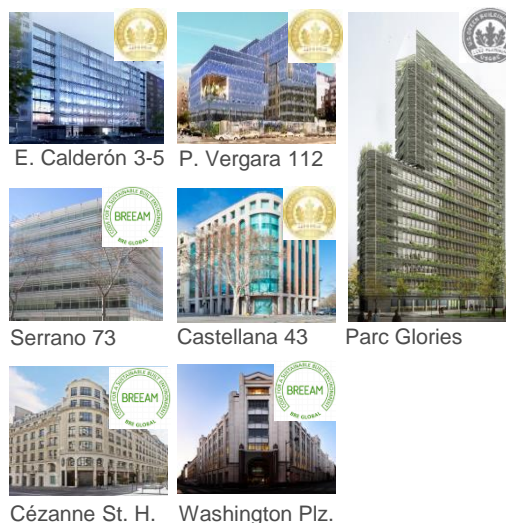
A very attractive Project pipeline

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

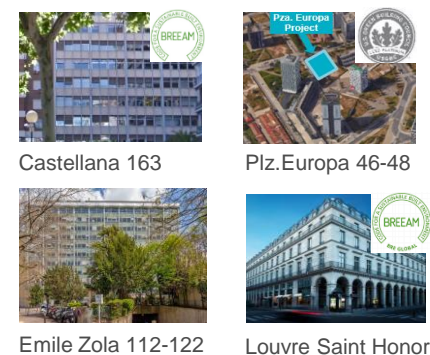
PROJECTS AND REFURBISHMENTS

	GLA ¹
Discovery Building	10,152
Príncipe de Vergara, 112	11,368
Parc Glòries	24,551
Louvre Saint Honoré	16,000
Plaza Europa, 46 – 48	14,000
112 – 122 Avenue Emile Zola	20,340
Castellana, 43	5,998
Serrano, 73	4,242
Washington Plaza	1,954
Cezanne Saint Honoré	3,124
Castellana, 163	10,910
Parc Central 22@	14,737
Other Areas	5,780
Total	143,157
Capex program €m	€295m³

2017 - 18

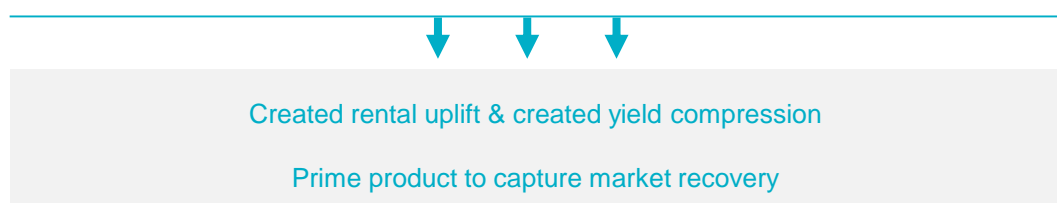


2019 - 22



Additional Gross Rental Income² €26m²
 Yield on cost Spain > 7% → Final Product

Additional Gross Rental Income² €30m²
 Yield on cost Spain > 7% → Final Product
 Yield on cost France > 6.5% → Final Product



⁽¹⁾ GLA above ground

⁽²⁾ Figures as of 12/16 excluding development of Parc Central and only marginal rental increases to passing rents on partial surface repositioning (Washington Plaza, Cézanne SH, Castellana 163)

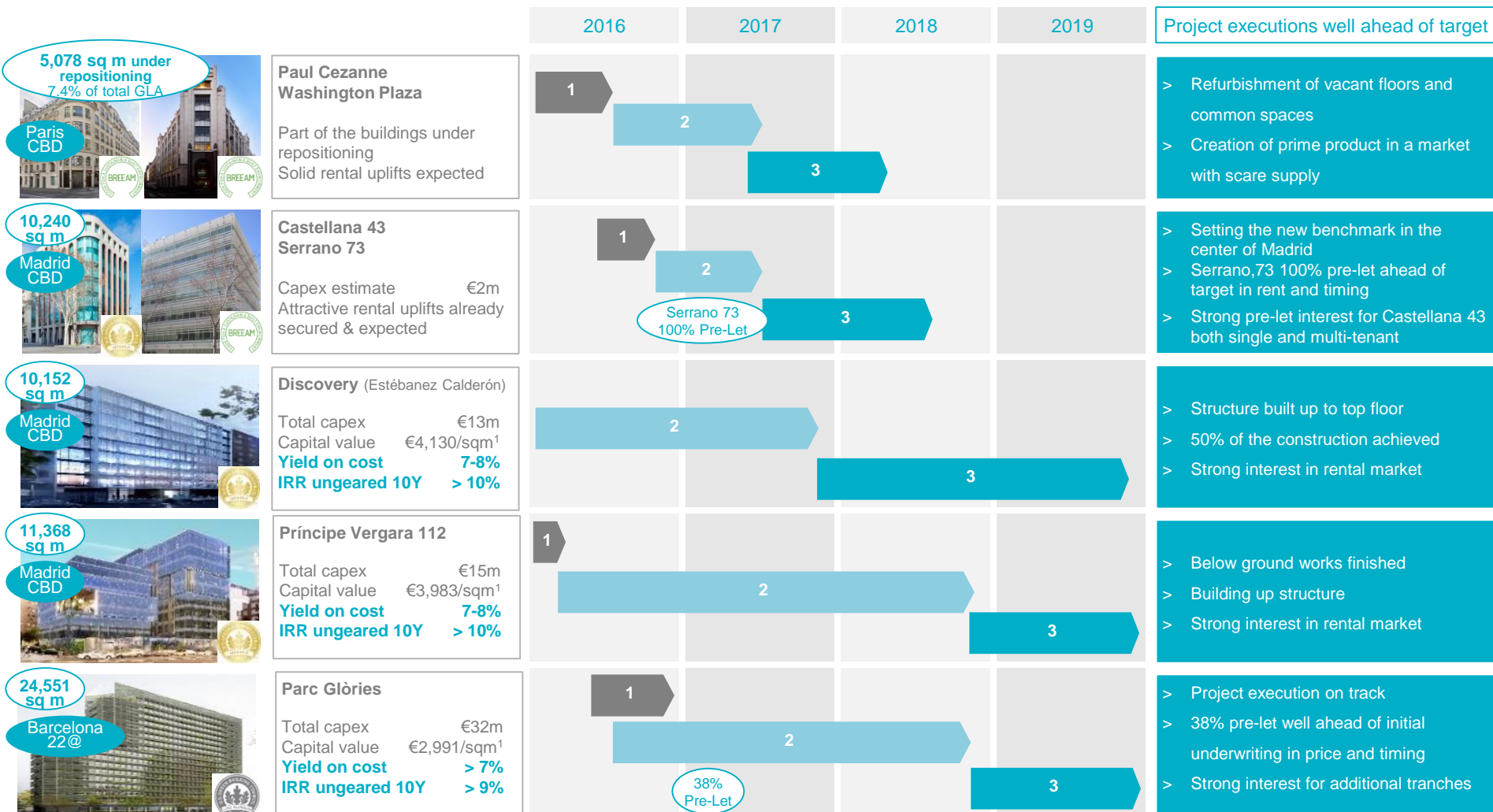
⁽³⁾ Excluding Parc Central development

05 Growth drivers

Delivery on value added & prime factory projects

Solid progress on execution of short term project pipeline (2017 – 2019)

- > Projects well ahead of targets and initial underwriting
- > Strong pre-let interest on every product
- > Current rental price negotiations beating expectations



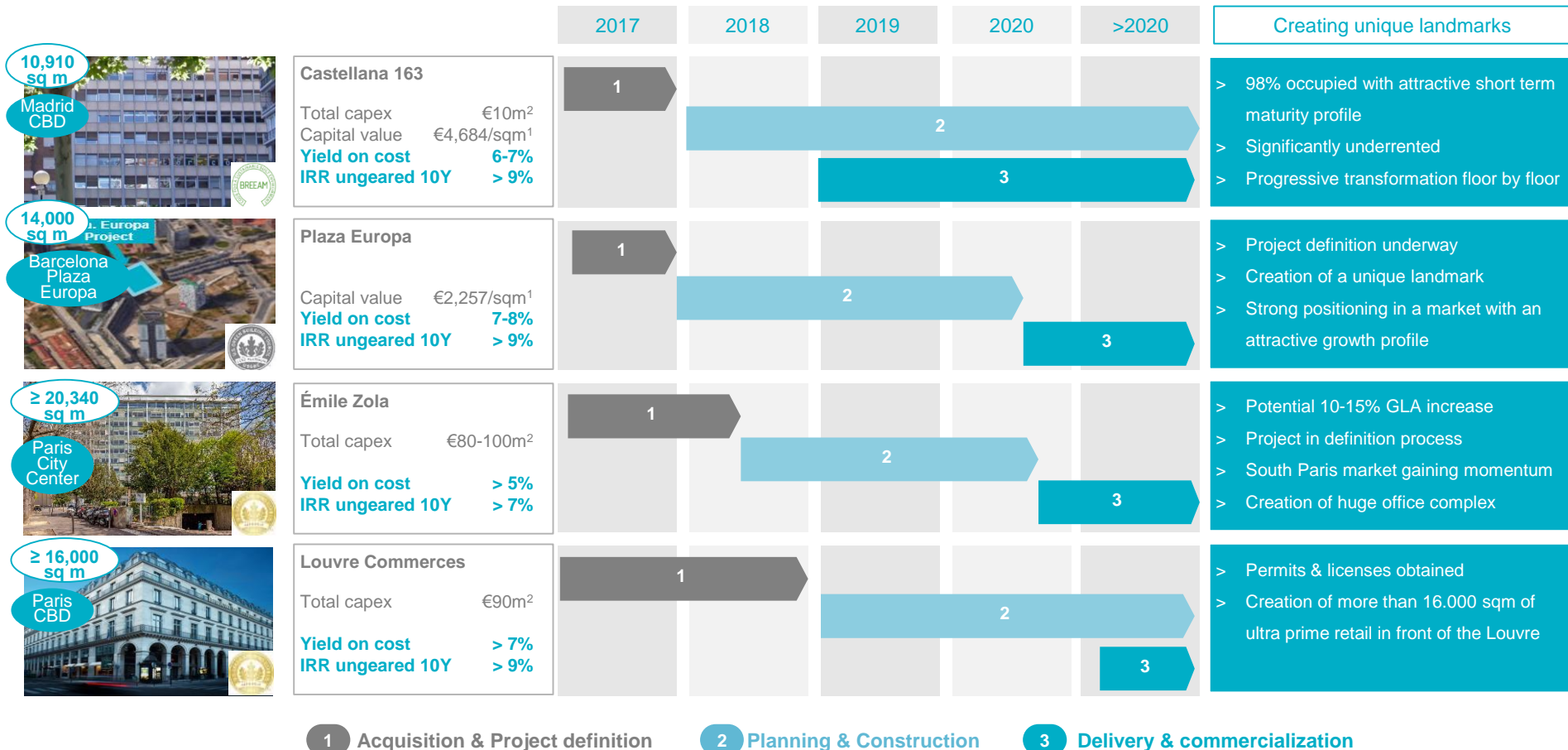
(1) Capital Value of finished product

05 Growth drivers

Delivery on value added & prime factory projects

Creation of unique landmarks through an attractive mid-term pipeline (>2019)

- > Creation of unparalleled references in every submarket
- > Attractive returns through industrial real estate projects
- > Planning and project schedules on track



(1) Capital Value of finished product

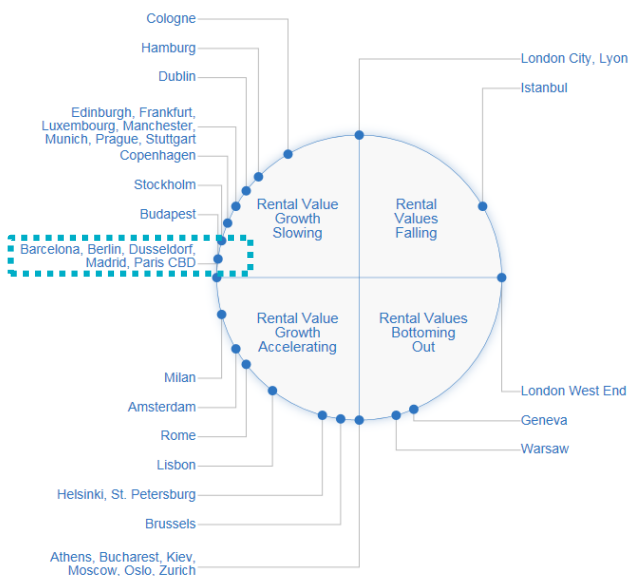
(2) Capex amount subject to final project study

Capturing reversion of current portfolio on track

Colonial well positioned to capture rental growth

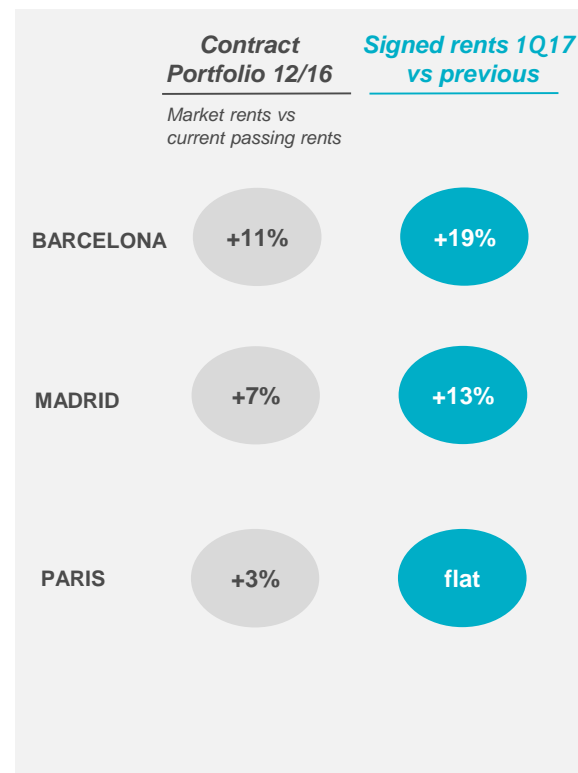
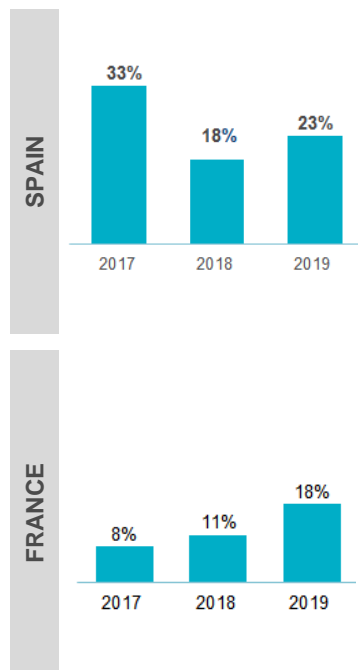
- > Attractive rent roll profile – especially on the Spanish portfolio
- > Contract portfolio currently underrented in every market
- > Strong delivery of rental price reversion in 1Q 2017

SOLID POSITIONING IN GROWING MARKETS



COMMERCIAL LEASE EXPIRY DATES

First potential exit as of 12/16



Source: JLL Q4 2016 data

Implementation of selective acquisition programme on track

Acquisition programme on track

- > Sourcing prime sites with unique market positioning
- > Unlocking value through real estate transformation
- > Strong commitment to investment discipline

INVESTMENTS SINCE 2015

	Price - €m	IRR ²
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**

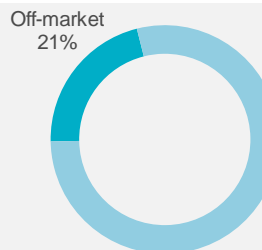
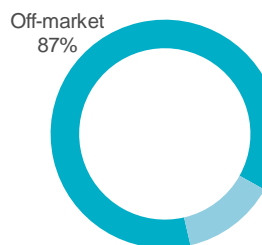
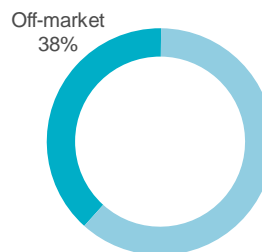
José Abascal 45	35	>6%
Parc Glories	77	>9%
Serrano 73	48	6%
Santa Hortensia	154	>7%
4.4% Stake SFL	106	6.5%
1.0% Stake SFL	24	6.5%
15% Stake in Axiare	136	Discount on NAV

ALPHA I **579**

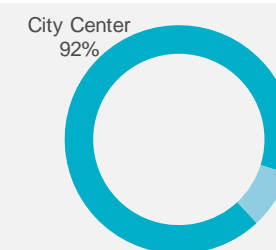
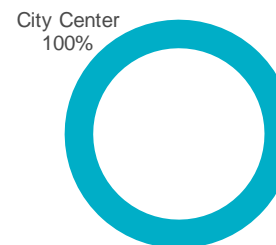
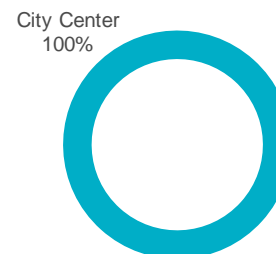
Paseo Castellana 163	51	>9%
Travessera Gracia 47-49	41	>6%
Plaza Europa 46-48	32	9%
112-122 Av. Emile Zola	265	>7%

ALPHA II **389**

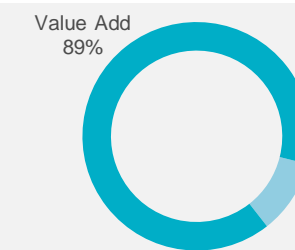
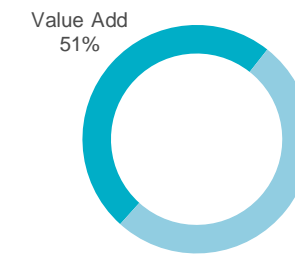
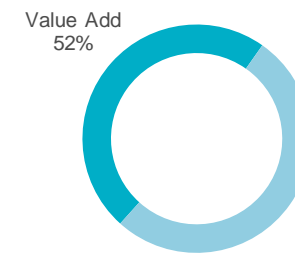
OFF MARKET



CITY CENTER



VALUE ADDED



(1) Investments materialized in November and December 2014 respectively

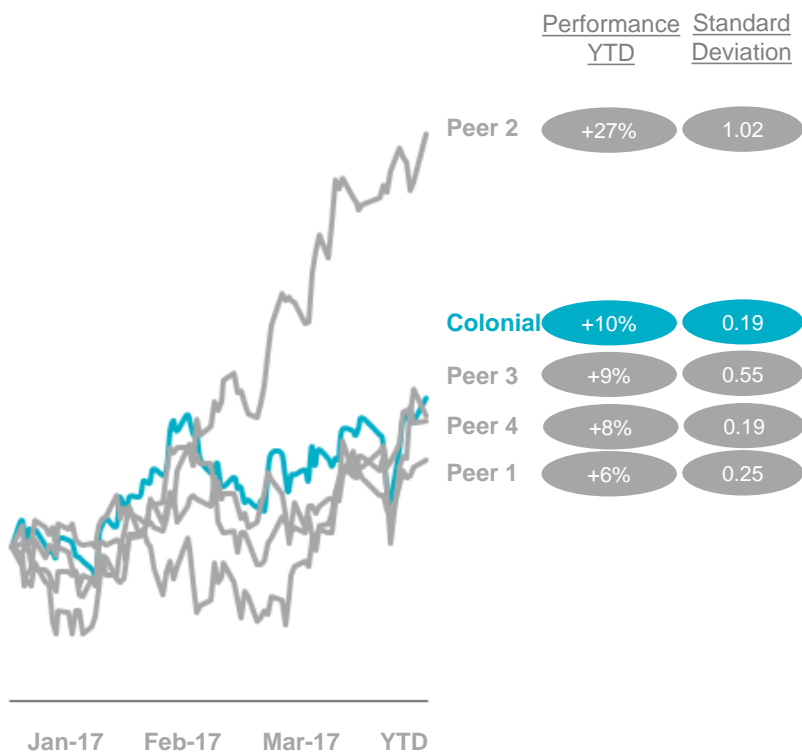
(2) 10 year ungeared asset IRR

Superior risk adjusted returns

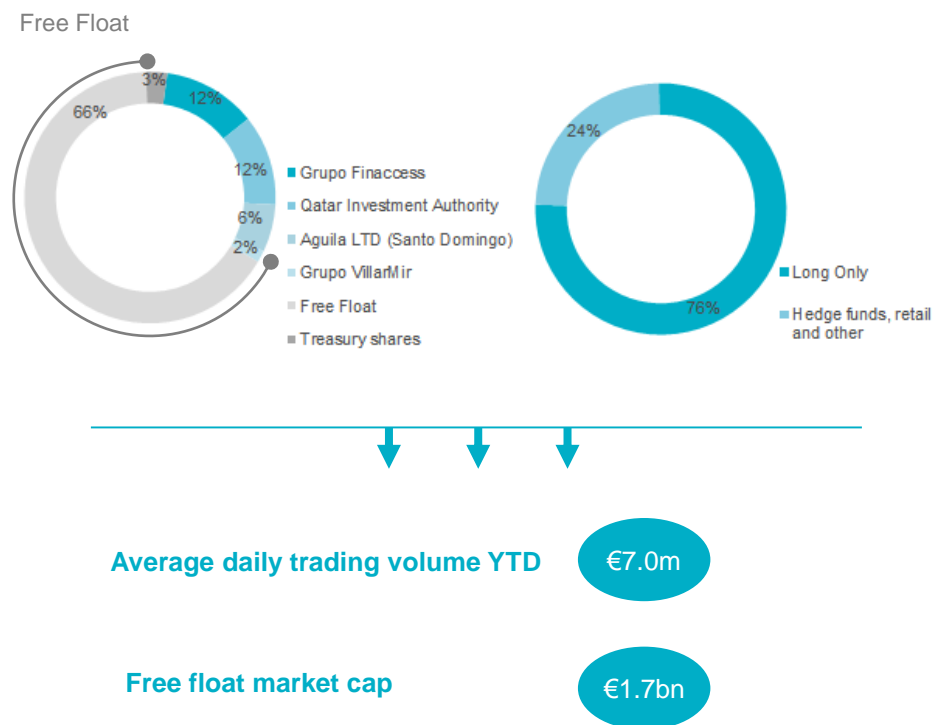
Solid share price performance with attractive risk adjusted returns

- > Colonial shares offer a “flight to quality” play with attractive risk adjusted returns
- > Long term oriented high quality shareholder base with solid liquidity and free float

COLONIAL VERSUS PEERS SPAIN – YTD



HIGH QUALITY SHAREHOLDER STRUCTURE AND GOOD LIQUIDITY



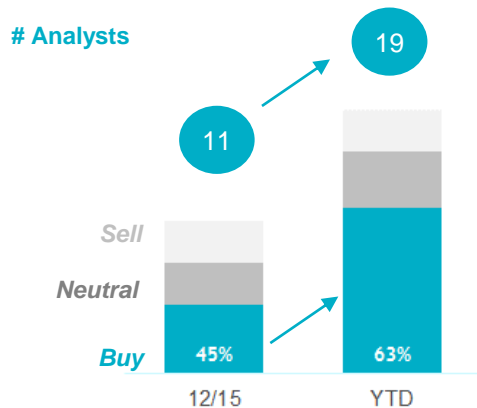
(*) As of 2 May 2017

Superior risk adjusted returns

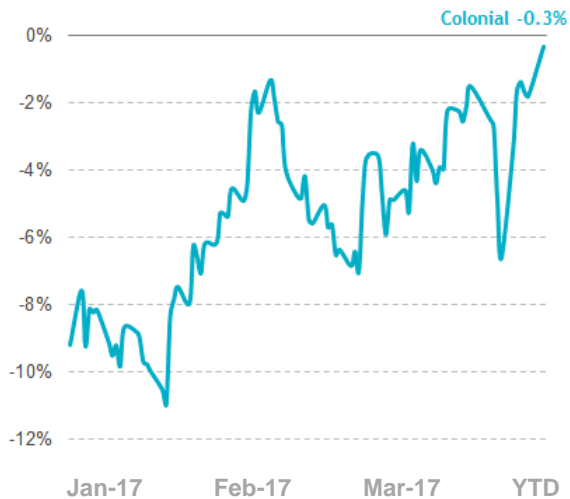
Solid share price performance with attractive risk adjusted returns

- > Ongoing positive momentum in analyst coverage and share price performance in 2017
- > Superior risk adjusted total shareholder returns
- > Direct market valuations well ahead of latest reported appraisal

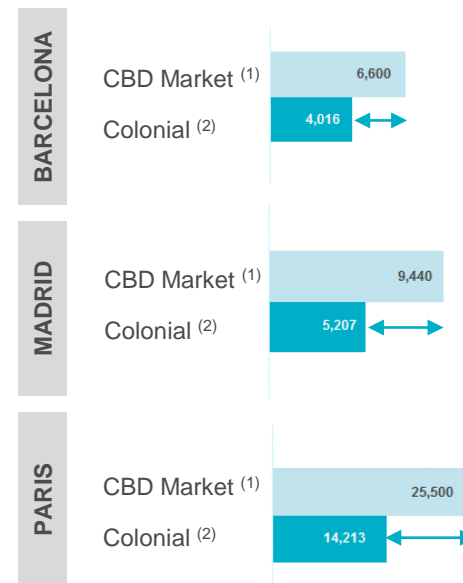
ANALYST CONSENSUS



DISCOUNT TO NAV YTD



VALUATION - €/sq m



TARGET PRICE (€/SHARE)

AVERAGE

7.5
€/share

MAXIMUM

9.2
€/share

NAV & TOTAL SHAREHOLDER RETURN

LAST REPORTED

7.25
€/share

2016 TOTAL SHAREHOLDER RETURN

+20%

TOTAL SHAREHOLDER RETURN SINCE 6/14

+65%

(1) Market data as of 1Q 2017
(2) Capital value as of 12/2016





DELIVERY IN OPERATIONS WITH SOLID RENTAL PRICE INCREASES

- > Strong letting momentum capturing top tier clients
- > Solid occupancy levels at 95%
- > Double digit increase on signed rental prices
- > Ongoing execution of value added initiatives

STRONG FINANCIALS

- > Solid like-for-like growth in rental income
- > Healthy growth profile underpinned by high quality asset base
- > Rating upgrade underpinned by superior prime positioning
- > 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



Total Shareholder Return since June 2014

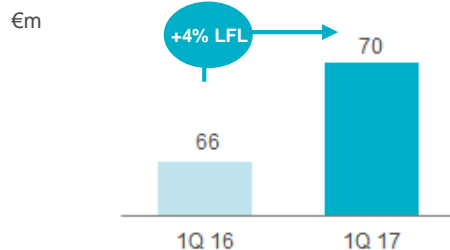
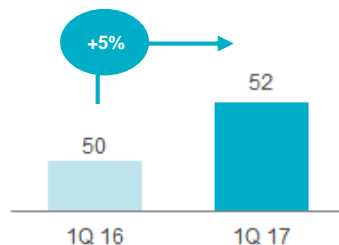
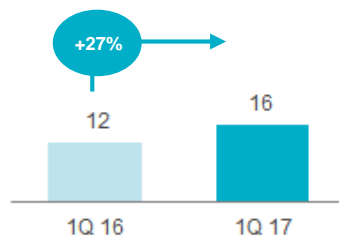
Total Shareholder Return - Colonial (since June 2014)

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	0.15	7.40	18%	2%	20%
Total Return since 6/14 (NAV per share growth + dividends)						65%

Positive momentum in earnings

Significant increase in Recurring Net Profit through

- > Delivery of strong Gross Rental Income increase based on successful growth strategy
- > Savings in financing costs due to active liability management

STRONG TOP & BOTTOM LINE PERFORMANCE**GROSS RENTAL INCOME****RECURRING EBITDA****RECURRING EARNINGS****PROFIT & LOSS ACCOUNT**

Results analysis - €m	1Q 2017	1Q 2016
Gross Rents	70	66
Net operating expenses ⁽¹⁾	(8)	(7)
Overheads	(9)	(9)
Recurring EBITDA	52	50
Recurring financial result	(20)	(20)
Income tax expense & others - recurring	(3)	(3)
Minority interests - recurring	(13)	(14)
Recurring Earnings	16	12
Variance asset values & provisions	1	0
Non-recurring financial result & MTM	(0)	(2)
Income tax & others - non-recurring	(0)	(0)
Minority interests - non-recurring	(0)	1
Profit attributable to the Group	16	11

(1) Includes other income

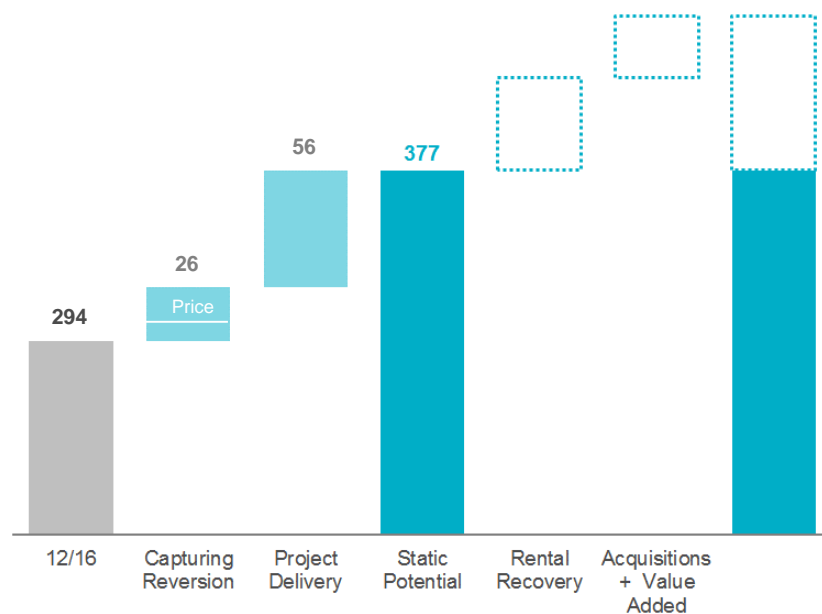
APPENDICES

Superior risk adjusted returns

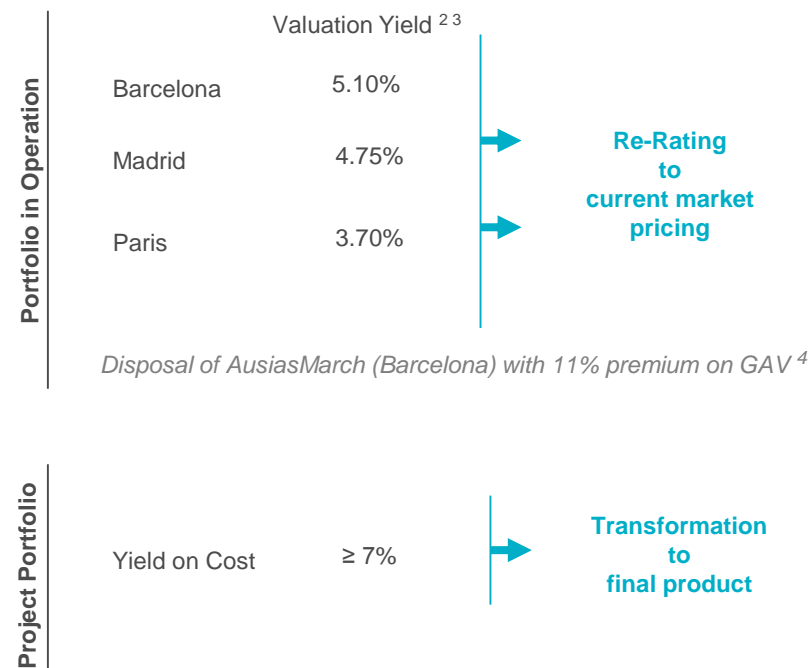
A solid base for high quality growth

- > Capturing reversion with the best positioned office platform
- > Unlocking value through real estate transformation
- > Delivery on acquisition programme with investment discipline

Passing GRI ¹ – Uplift Potential (€m)



Potential for Yield compression



¹Topped-up passing GRI as of 12/16

²Cap rate for exit value in 10Y DCF valuation

³Market analysts in Spain report gross yields and in France net yields

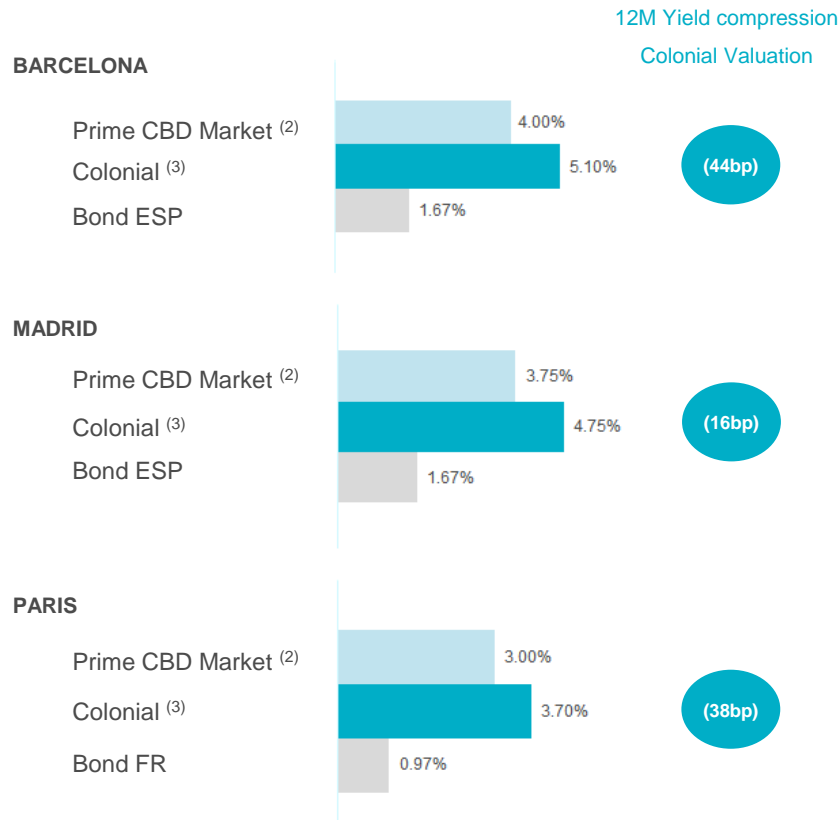
⁴Disposal of asset in September 2016, premium on GAV 6/2016

Attractive valuation levels of current portfolio

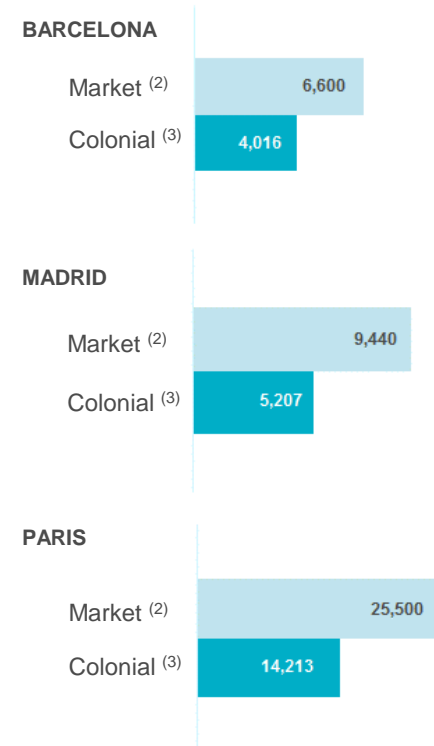
Important value potential through Re-Rating to current market

- > Colonial valuation yields still above market levels
- > Colonial capital values significantly below recent transactions evidence
- > Full impact of 2016 rental growth still to come through

VALUATION YIELDS ⁽¹⁾



CAPITAL VALUE 12/2016 - €/sq m



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

(2) Market data as of 3/2017

(3) Data as of 12/2016

Successful execution of value added strategies

Sustainability and energy efficiency: a “must” for prime product

- > Clear leadership in Spain and France
- > Relevant competitive advantage in a selective market

LEADER IN SUSTAINABILITY

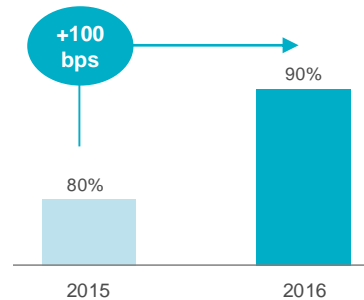
- ✓ 90% of the portfolio in operation with LEED and/or Breeam certificates
- ✓ Big projects with double & triple certificates



- ✓ Colonial the only Spanish company with EPRA sustainability rating
- ✓ Most improved EPRA sustainability award
- ✓ GRESB Green Star label for French subsidiary

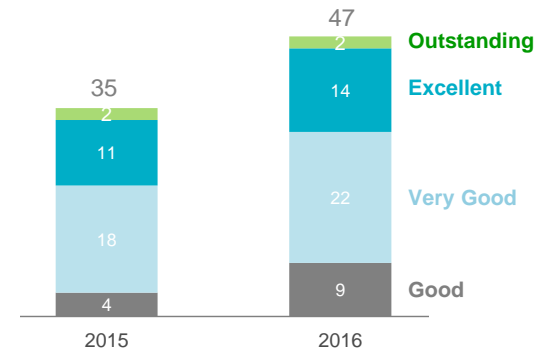
SIGNIFICANT YoY PROGRESS

PORTFOLIO WITH LEED/ BREEAM CERTIFICATE



SIGNIFICANT INCREASE FOR BREEAM IN USE

of certificates



Colonial



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