



European Property
Investment Awards
WINNER 2017



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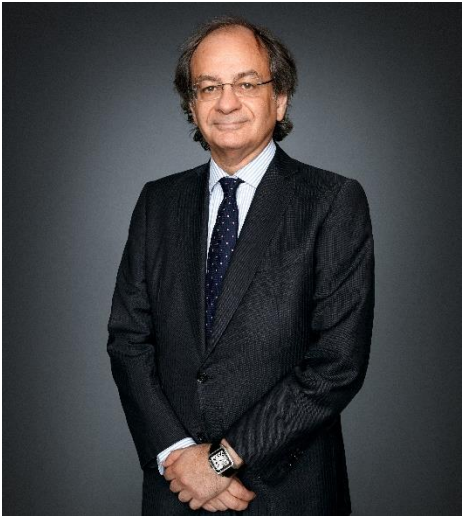
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- 01 Highlights
- 02 Market
- 03 Operational performance
- 04 Financial performance
- 05 Growth drivers
- 06 Conclusion

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% |

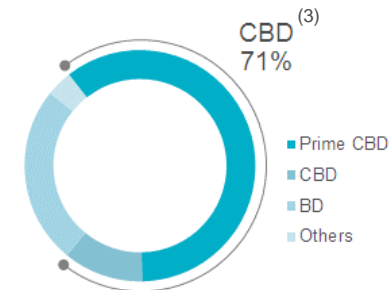
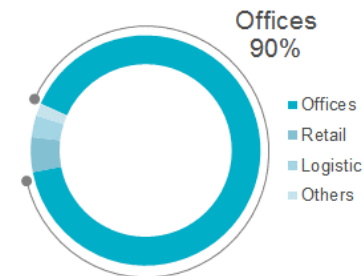
Profit & Loss - €m 1Q 2018 YoY Var

| | | |
|----------------------|----------|------|
| 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



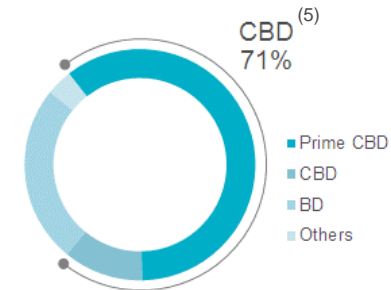
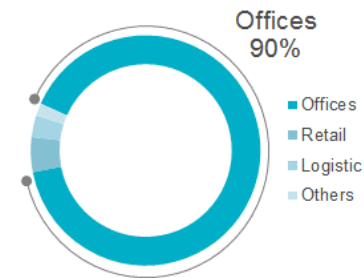
(1) GAV Colonial 31/12/17 + GAV Axiare 31/12/17. Net of investments & divestments 1Q 18
 (2) EPRA like for like: Like for like variance base on EPRA BPR methodology
 (3) Office portfolio
 (4) Portfolio in operation

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

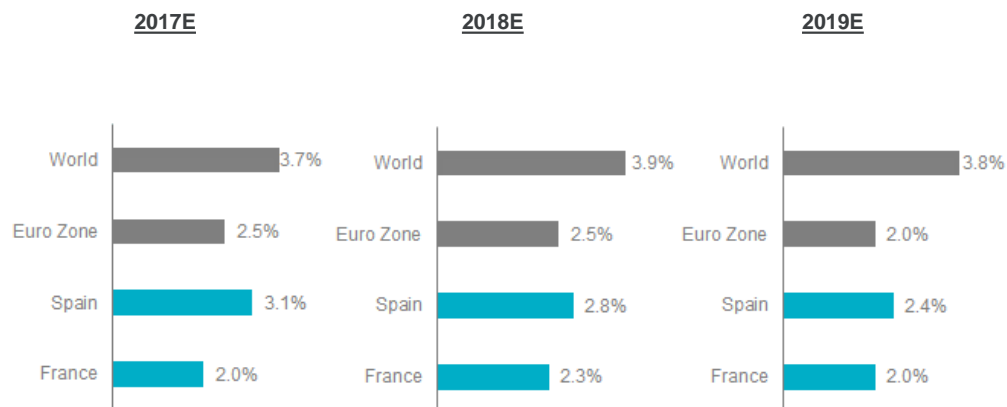
SPAIN

- ✓ 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"

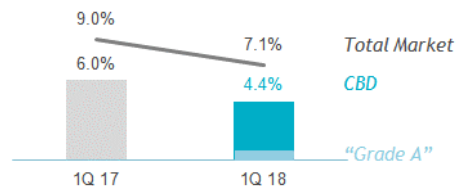
Fundamentals remain solid in every market

VACANCY %

TAKE UP 1Q 2018

HIGHLIGHTS

BARCELONA



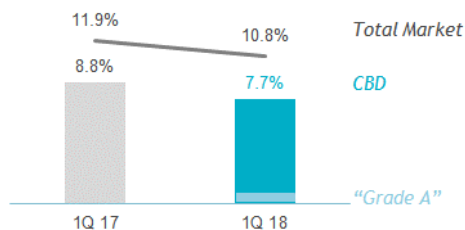
81,040 sqm

+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



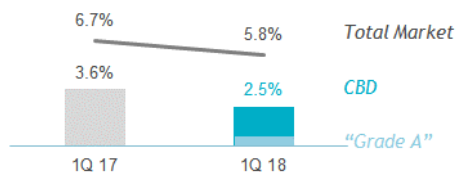
120,000 sqm

+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

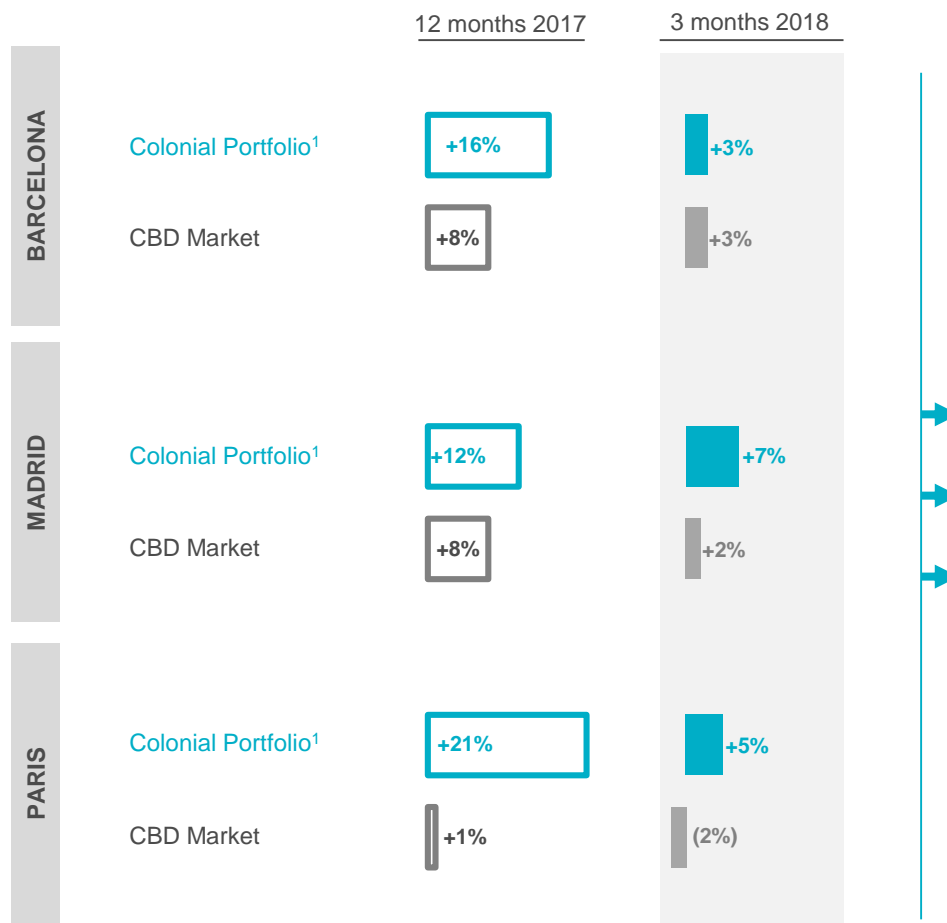
Max in
12 years

- > 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

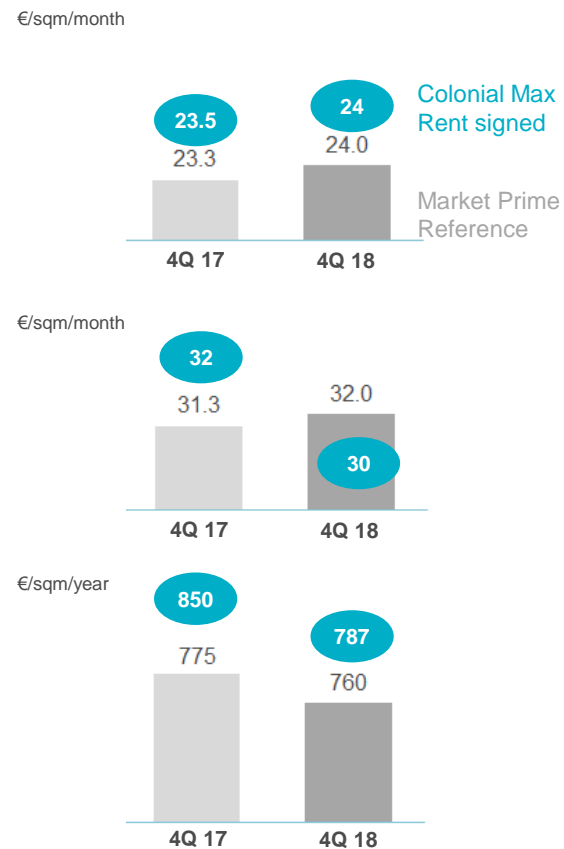
Colonial as leading market indicator for rental growth

- > 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

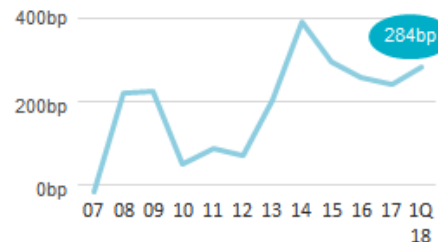
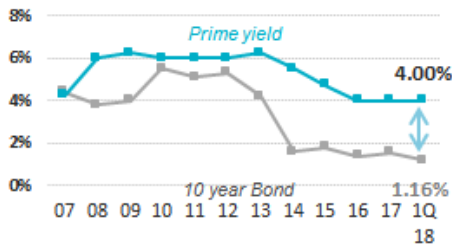
- > Scarcity of Grade A product
- > Rental growth main driver for future capital value growth
- > Spreads vs reference rates remain attractive

PRIME YIELDS ⁽¹⁾

SPREAD VS 10Y BOND

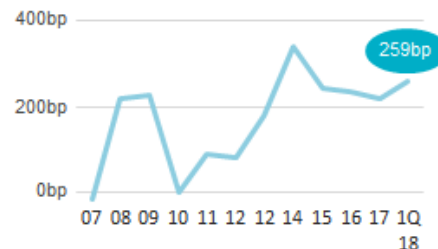
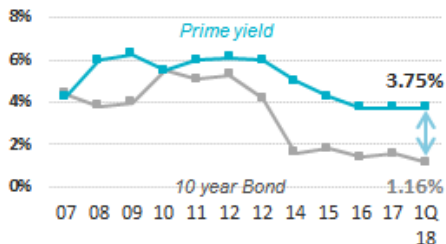
HIGHLIGHTS

BARCELONA



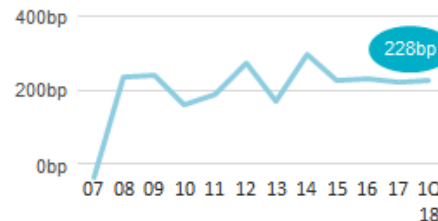
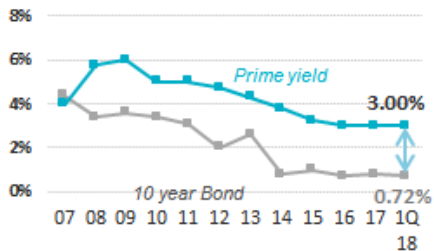
- > +3% Capital Value Growth QoQ
- > Q1 Prime Capital Values at 7,200 €/sqm
- > Healthy spread of 284 bp
- > Investment volume of €121m

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

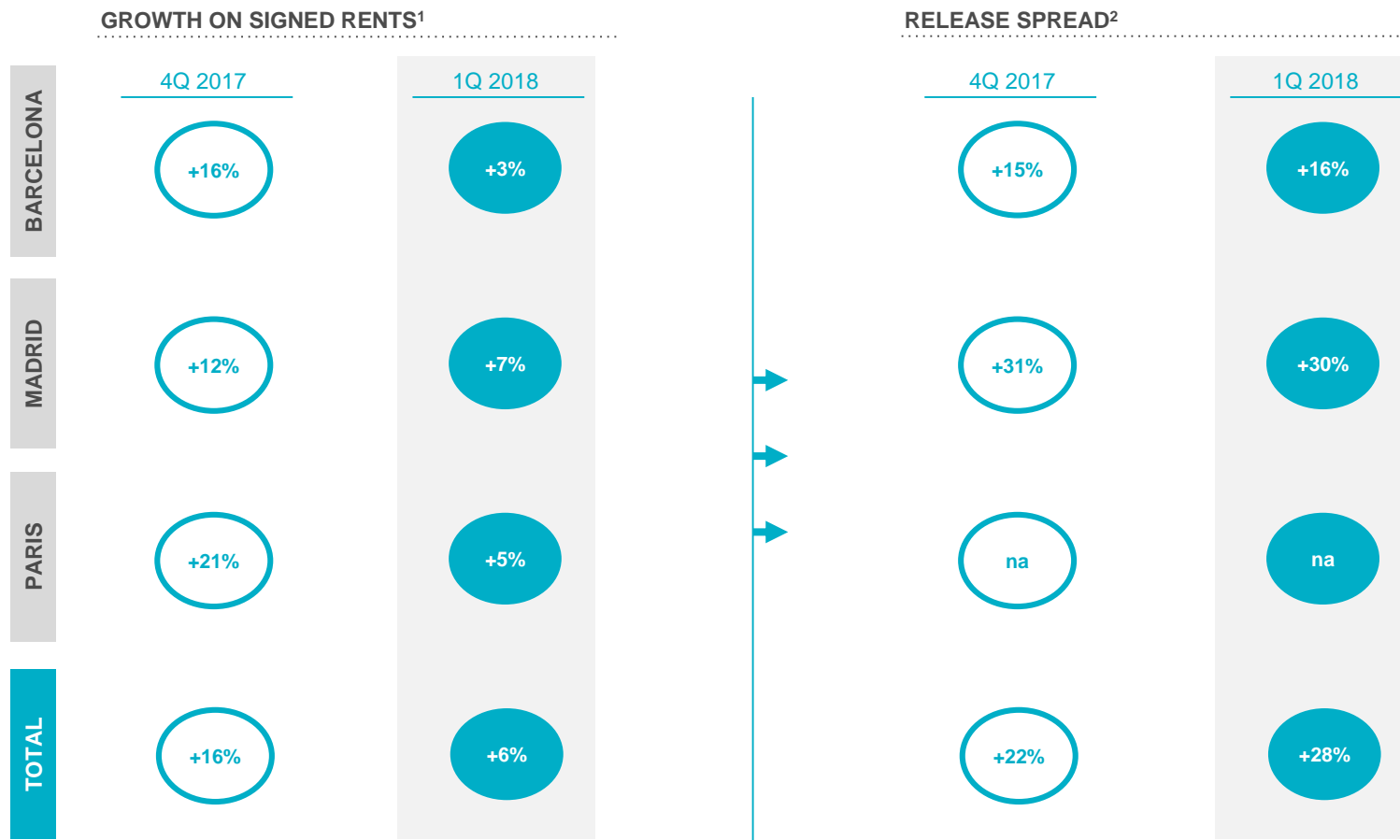
| | | # CONTRACTS | MAX. RENT SIGNED COLONIAL | PRIME RENTS MARKET | CAPTURING & RETAINING TOP TIER CLIENTS |
|-----------|--|-------------|---------------------------|--------------------|--|
| BARCELONA | | 10 | 24 €/sqm/month | 24 €/sqm/month | |
| MADRID | | 13 | 30 €/sqm/month | 32 €/sqm/month | |
| 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

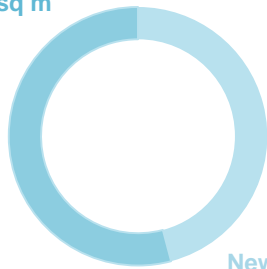
4,695 sq m let

> 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

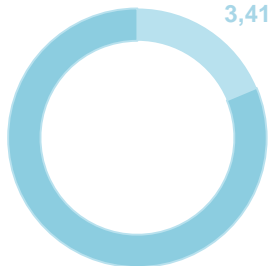
> ERV growth

+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

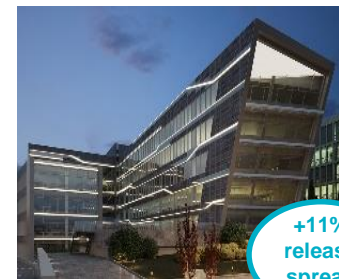
Martínez Villergas 49



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

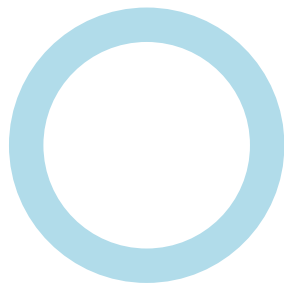
Solid Performance

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

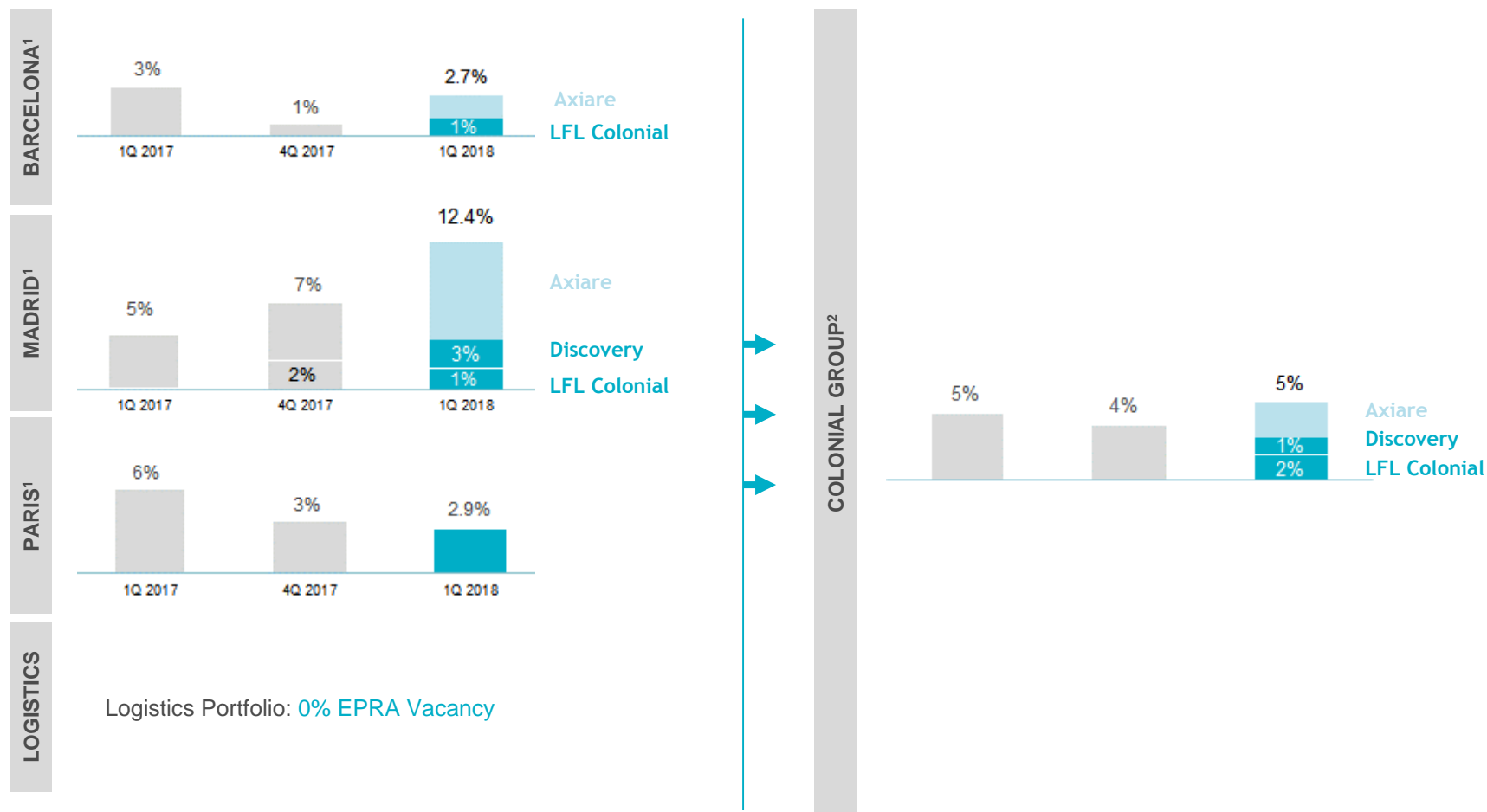


(1) Signed rents vs 12/17 ERV (new lettings & renewals)

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



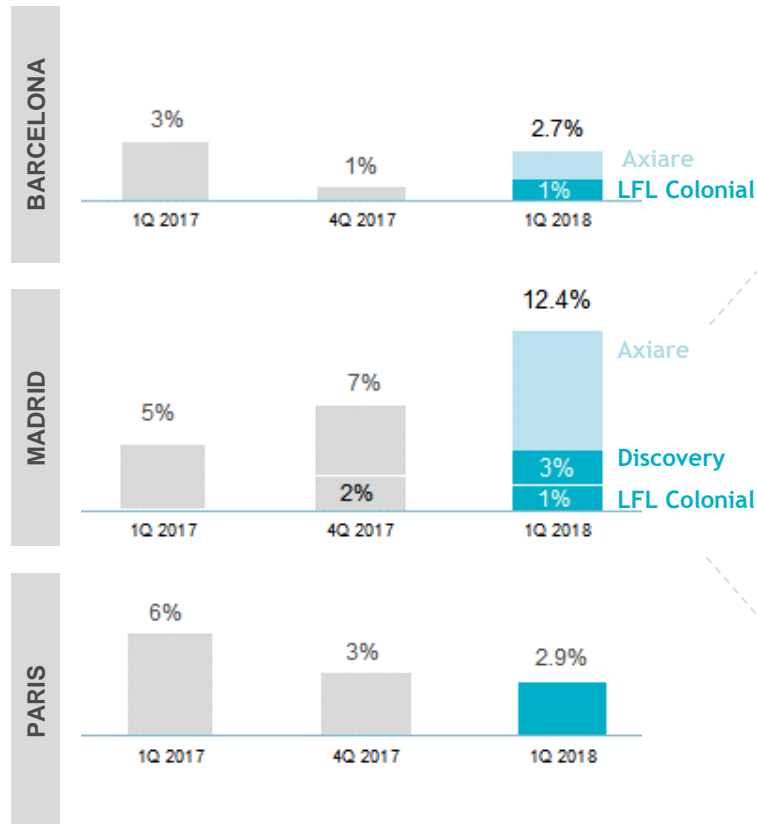
(1) EPRA Vacancy office portfolio
 (2) EPRA Vacancy including all uses

03 Operational performance

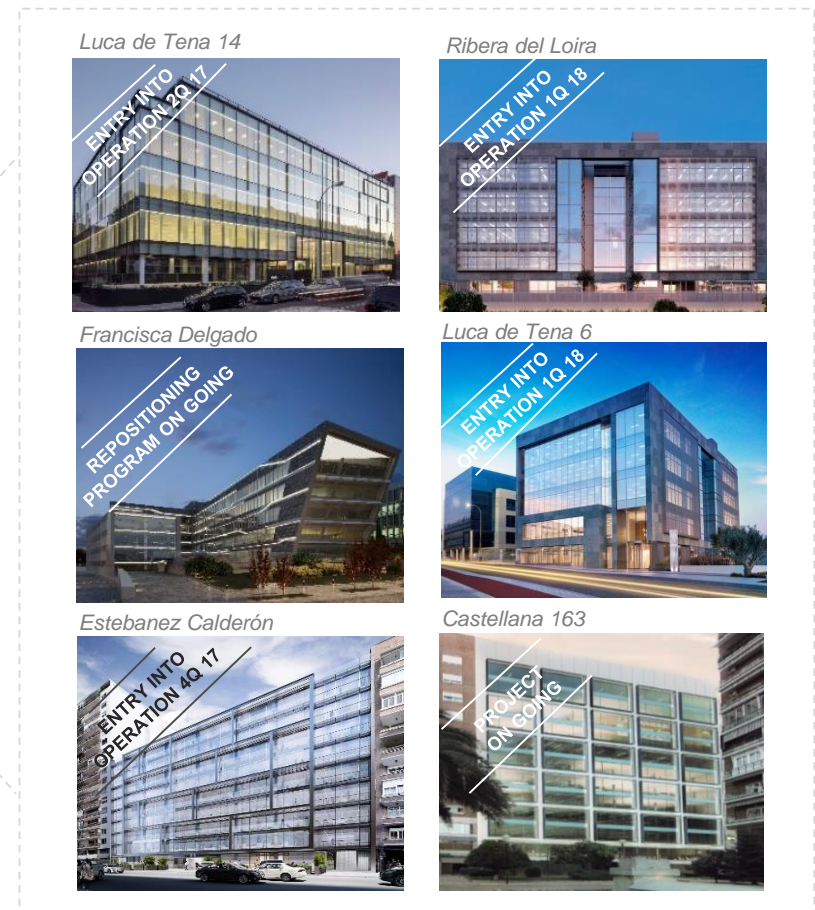
Madrid portfolio with additional Grade A Product

- > 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

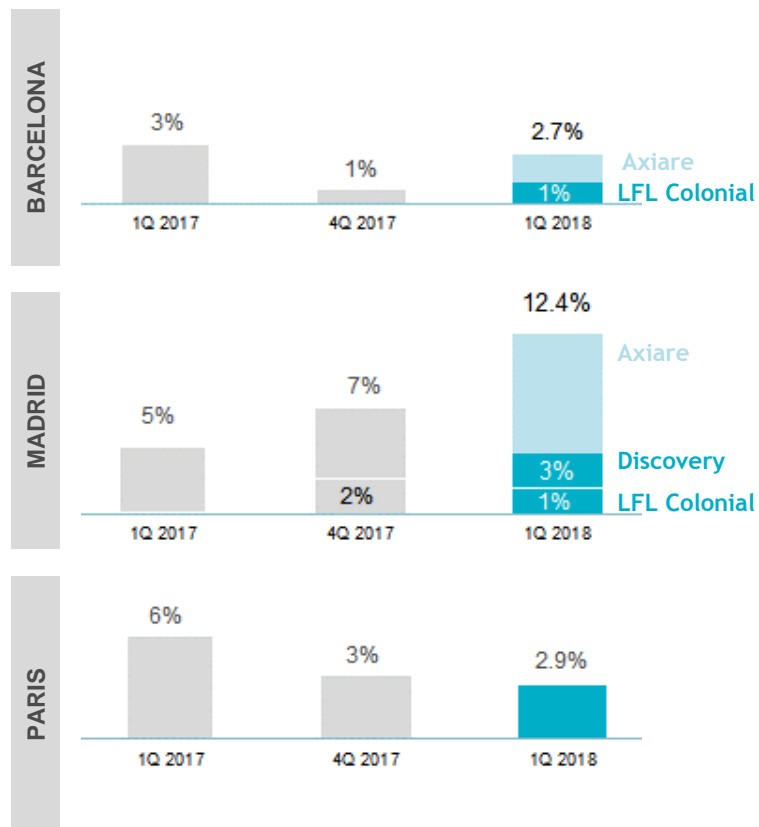


03 Operational performance

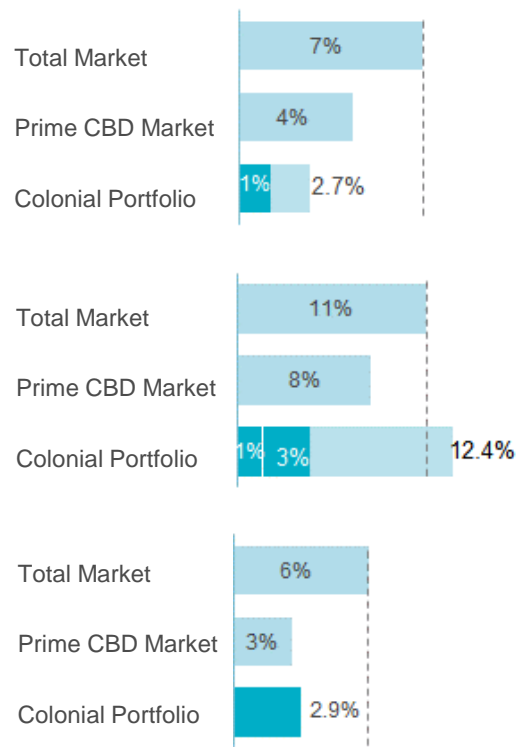
Colonial portfolio outperforming the market on occupancy

- > 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



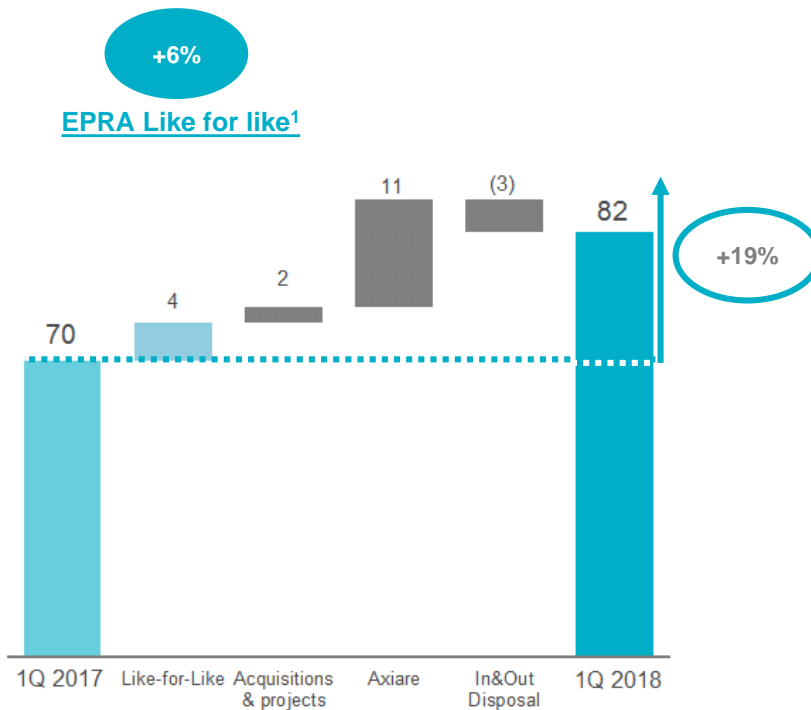
Solid top line driving profitability

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% |

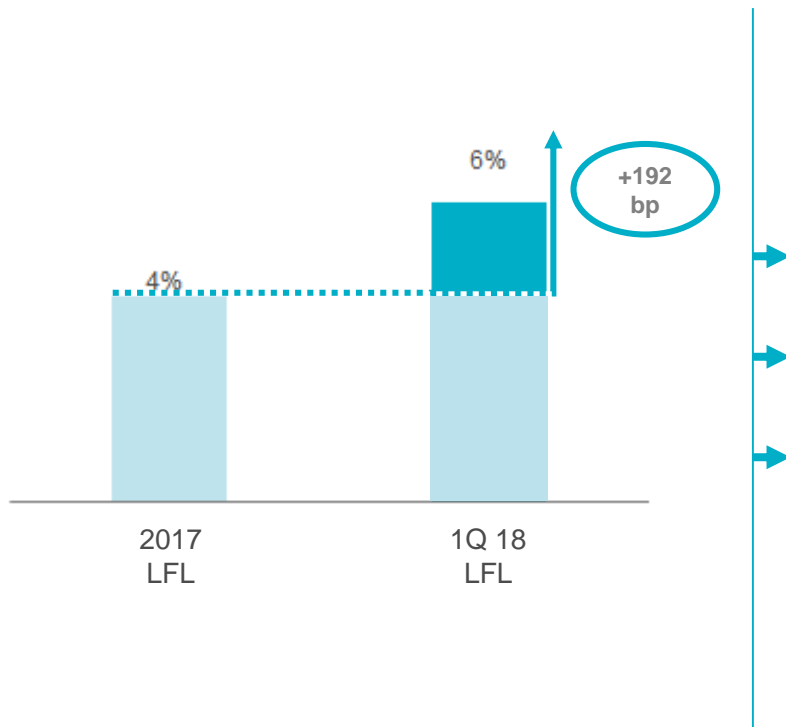
(1) Like for Like calculated following EPRA BPR recommendations
 (2) Includes indemnities of tenant rotation

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

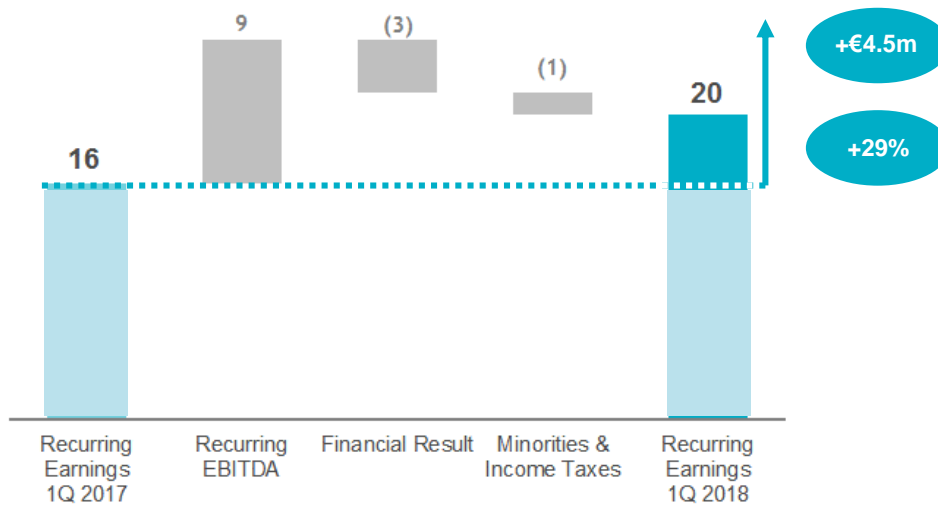
GRI= Gross Rental Income NRI= Net Rental Income

04 Financial performance

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

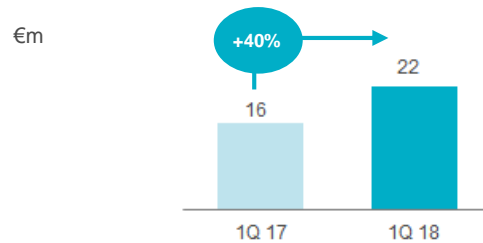
04 Financial performance

Acceleration of profitable growth

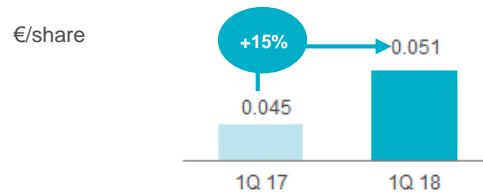
- > +40% Increase in Net Profit
- > +15% EPS increase
- > +19% Gross Rental Income growth

STRONG TOP & BOTTOM LINE PERFORMANCE

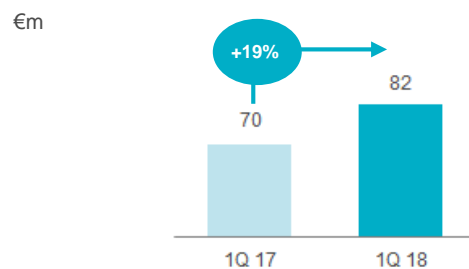
PROFIT ATTRIBUTABLE TO GROUP



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 |

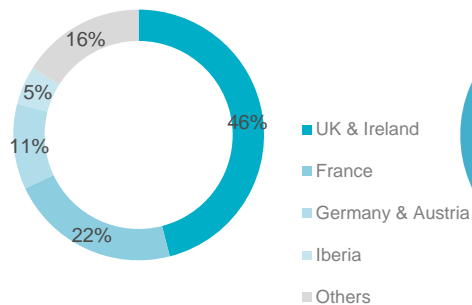
EXECUTION HIGHLIGHTS

Bond Issuance

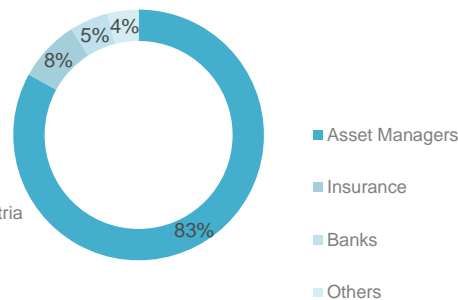
- > €2.0bn of orders – oversubscription of more than 3x –
- > More than 150 high quality investors subscribing the issuance
- ✓ Well diversified order book:
 - 46% UK & Ireland, 22% France, 11% Germany & Austria and 5% Iberia
- ✓ High degree of real money accounts:
 - Fund Managers 83%, Insurances 8%

DISTRIBUTION OF BOND ISSUANCE

By investor type



By geography



Terms and execution parameters that confirm strong credit profile

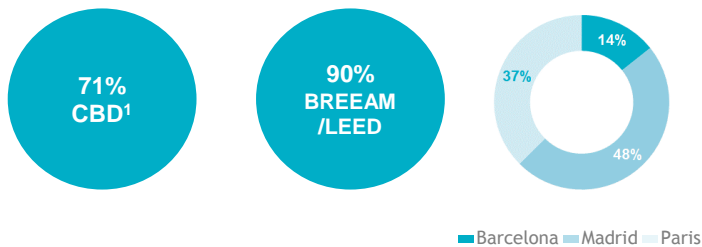
04 Financial performance

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

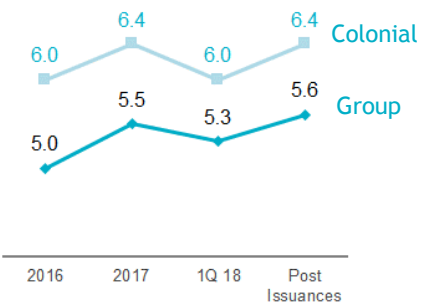
| Debt Maturity ¹ | |
|----------------------------|------------------|
| Colonial | 6.4 years |
| SFL | 3.8 years |
| Total | 5.6 years |

... SOLID CAPITAL STRUCTURE

LTV & Cost of Debt



Debt maturity - years



| | | |
|--|--|-----------------------|
| | | BBB Stable Outlook |
| | | Baa2 Negative Outlook |
| | | BBB+ Stable Outlook |

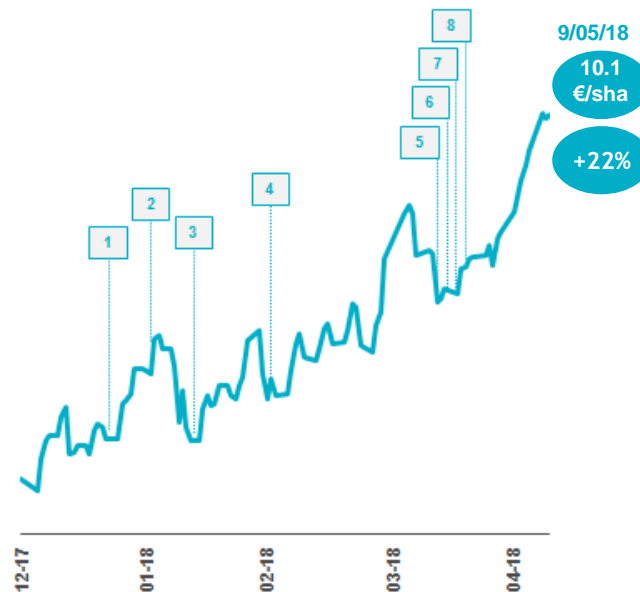
(1) Exposure of office portfolio

Share price driven by solid delivery of fundamentals

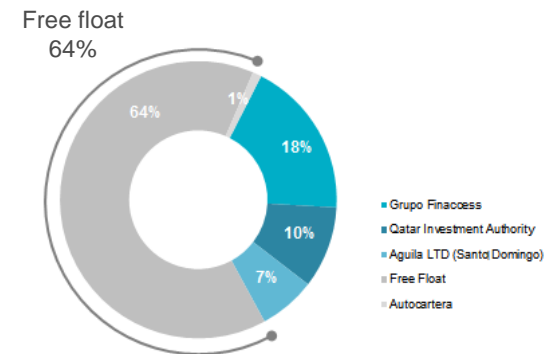
- > +22% Share Price increase 2018 YTD
- > Capital markets recognize execution of Business Plan
- > High quality shareholder base

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

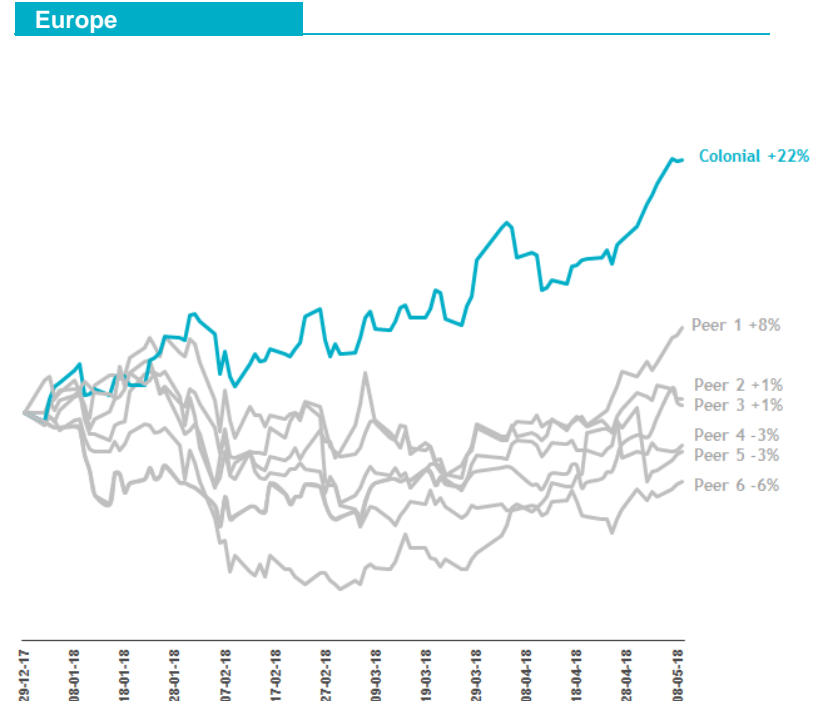
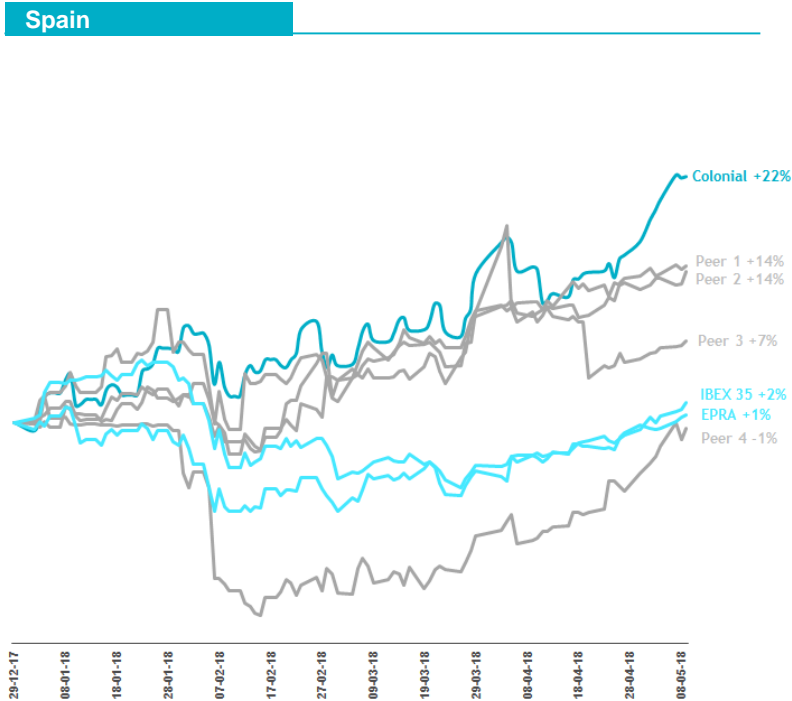
(1) Share price YTD as of 9/05/2018

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



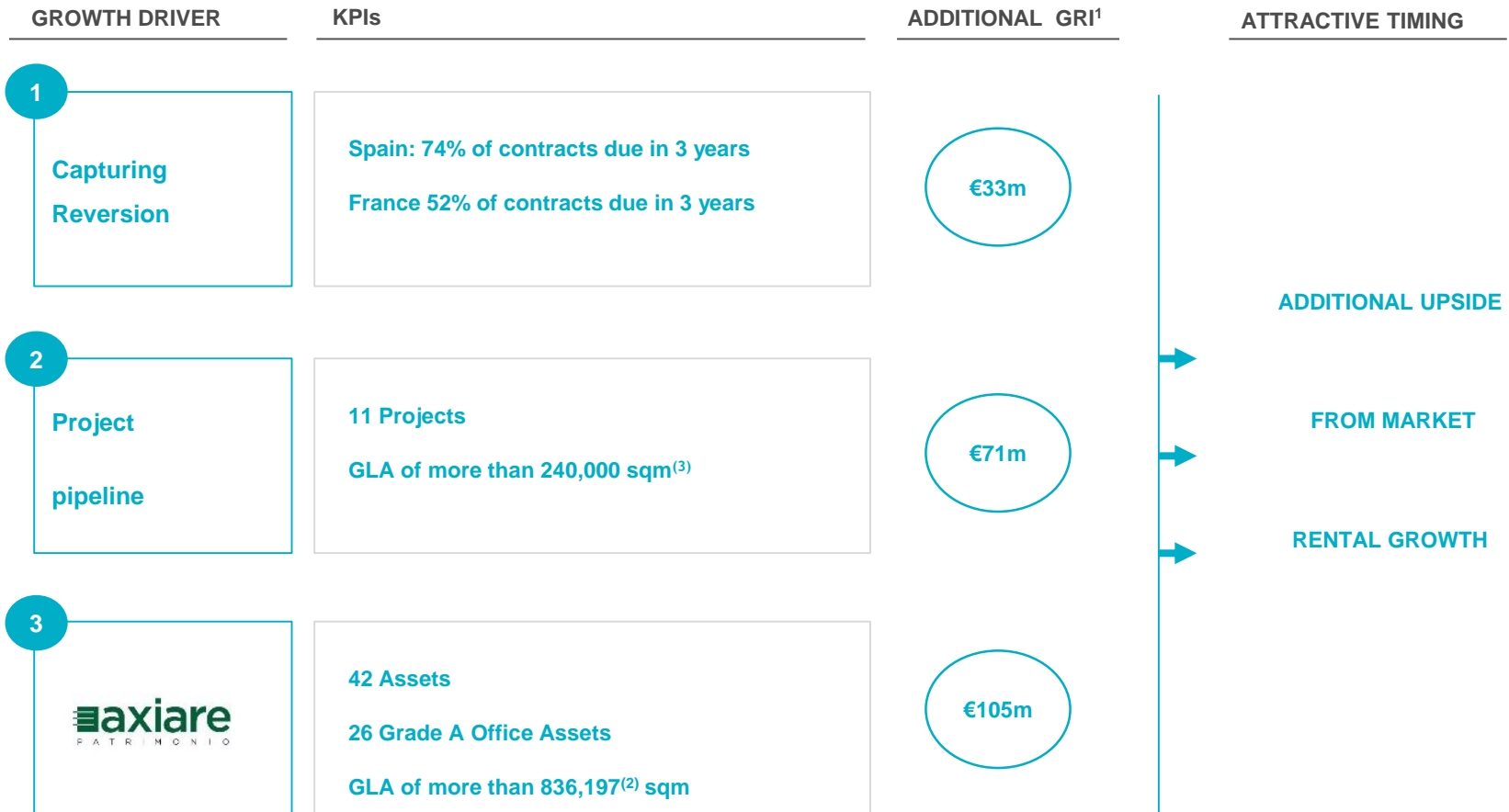
(1) Share price YTD as of 9/05/2018

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

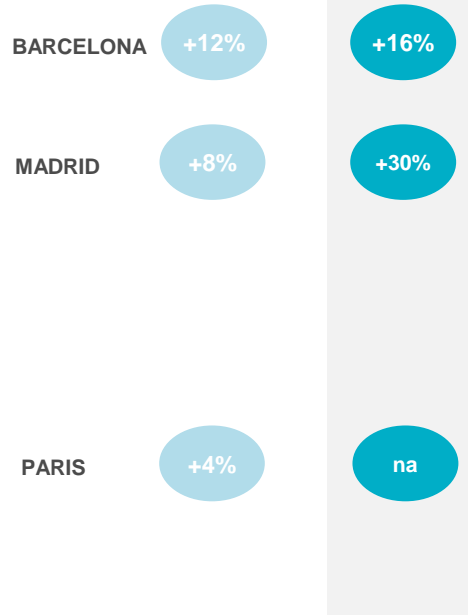
05 Growth drivers

1 Colonial well positioned to capture reversion

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

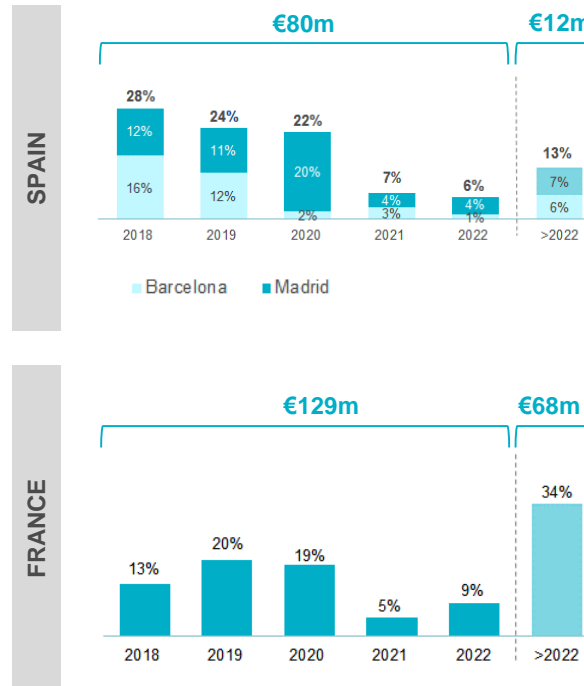
CAPTURING REVERSION

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

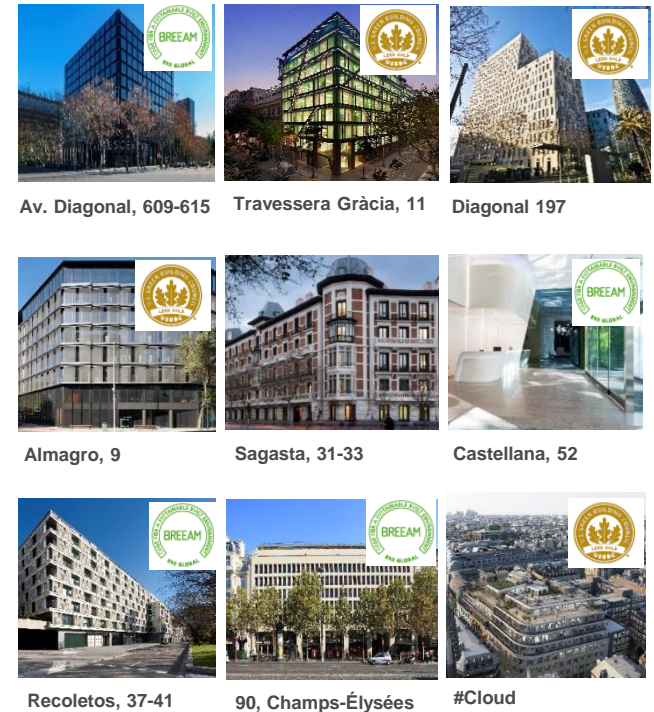


ATTRACTIVE RENT ROLL

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

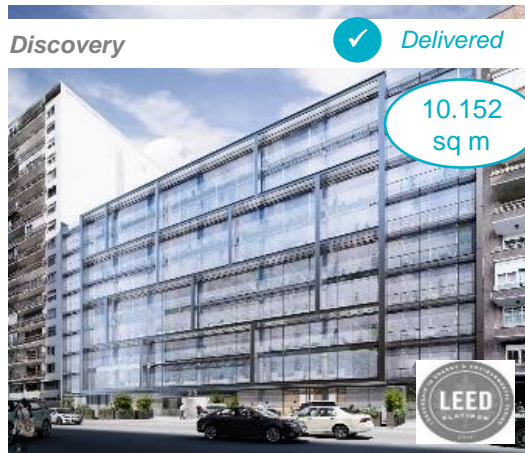


2 Short term projects on track to crystalize value

Projects – short term delivery

GLA of 46,071 sq m

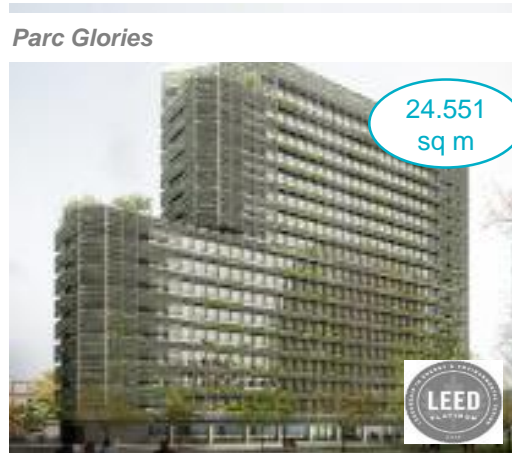
Ungearred IRR 8-9%¹



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 Ungearred 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> |

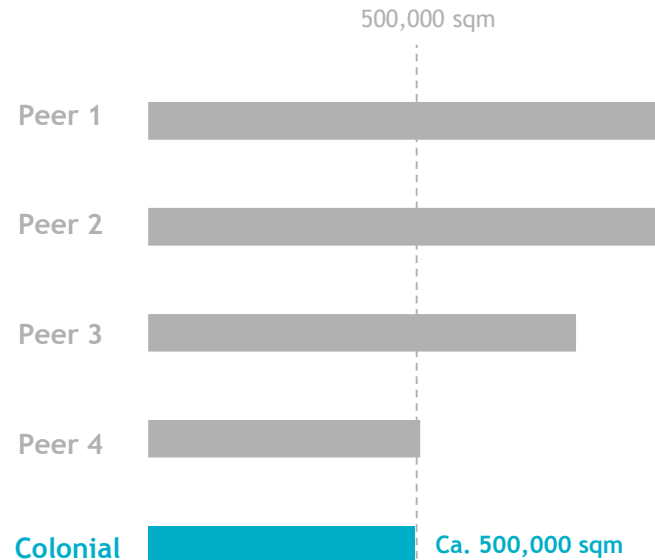
Portfolio fully let
0% EPRA VACANCY

120,000 sqm to be delivered shortly

STRONG FOOTPRINT IN SPANISH LANDSCAPE

More than €300m in GAV

Relevant positioning in Spanish landscape

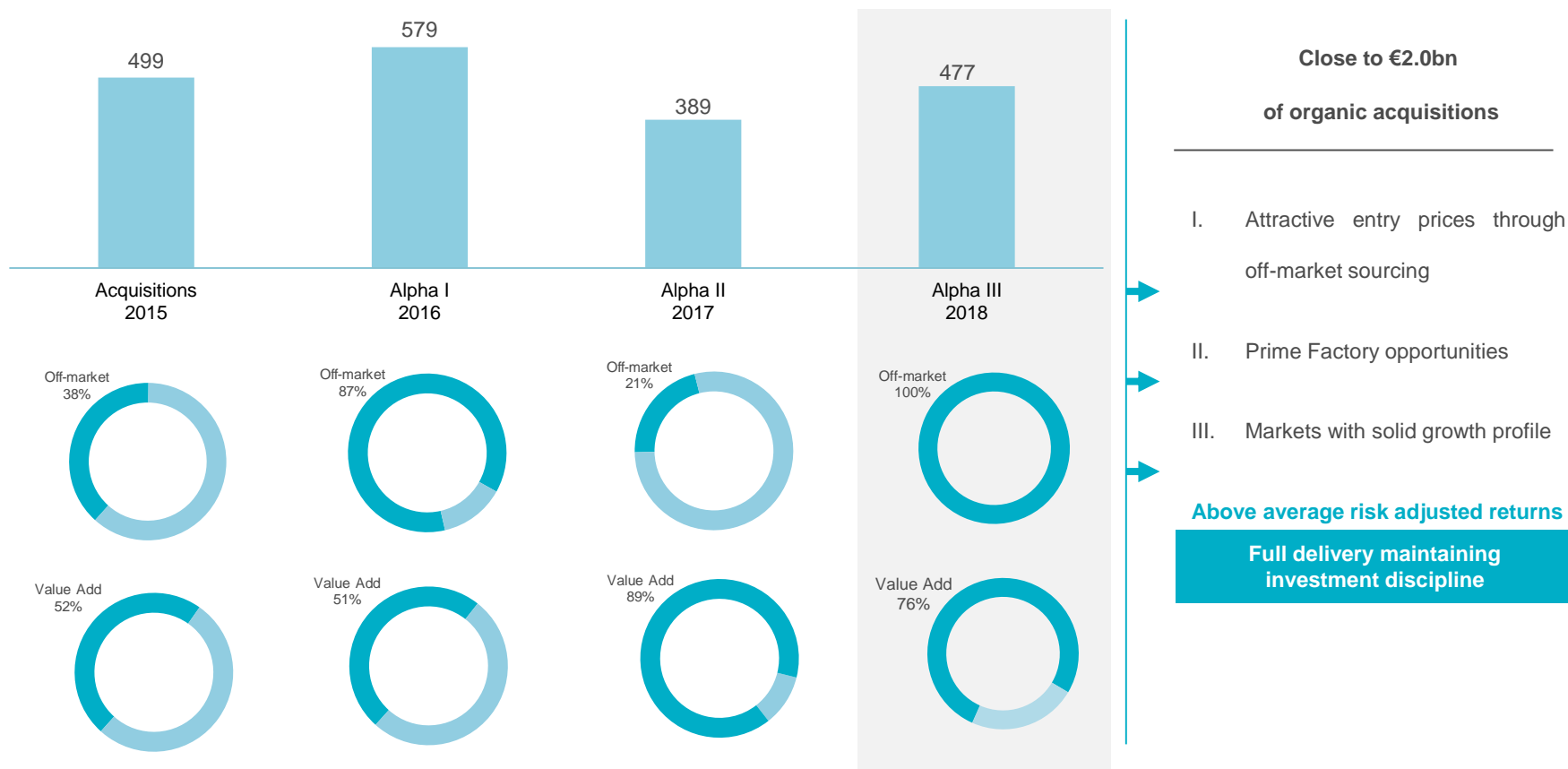


05 Growth drivers

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

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

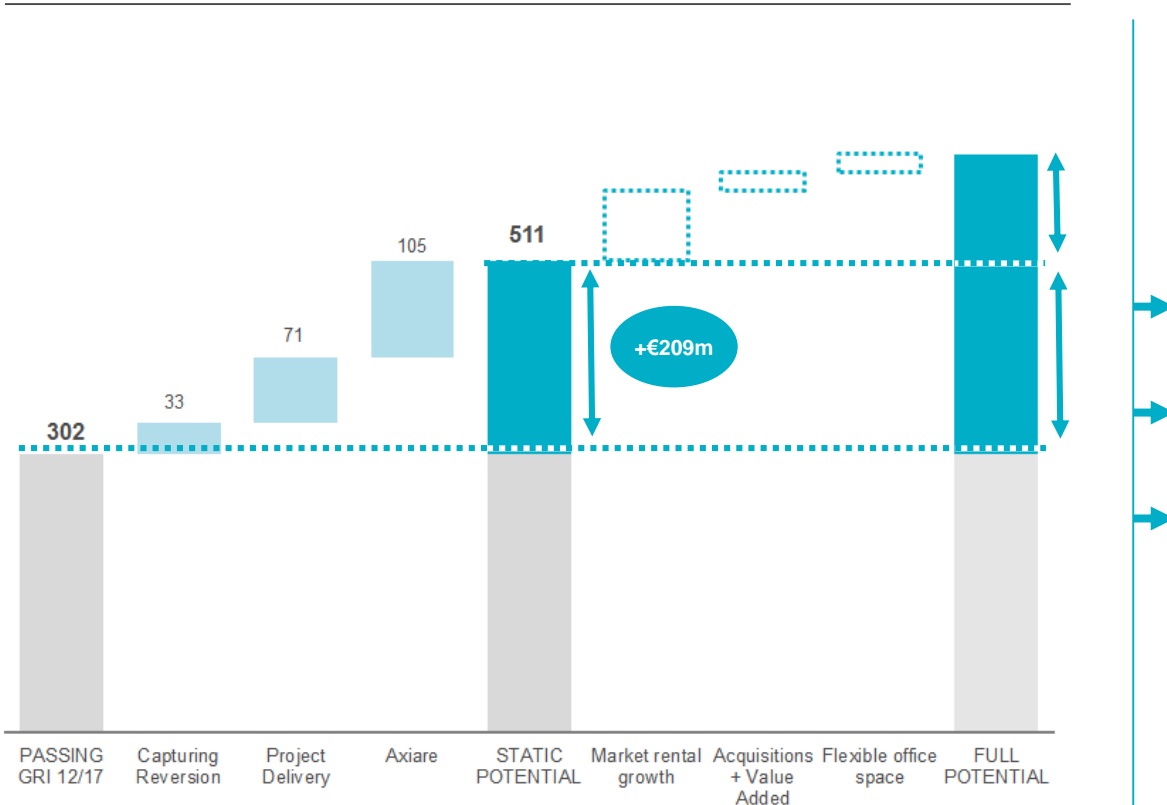
INVESTMENTS SINCE 2015 - €m



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





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

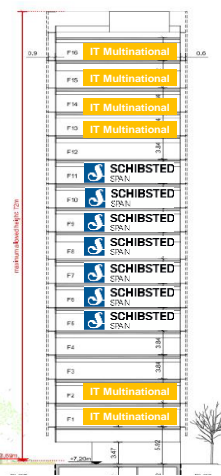
Parc Glories



Gala Placidia



Plaza Europa



80% PRE LET



FINAL PRODUCTS - KPIs

| | |
|-------------------------|-------------|
| Total Cost ¹ | €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

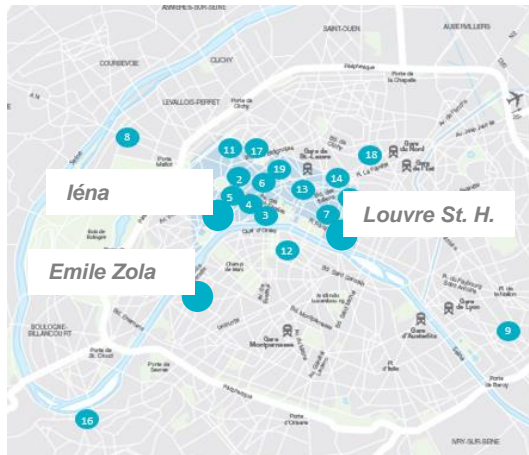
Emile Zola



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

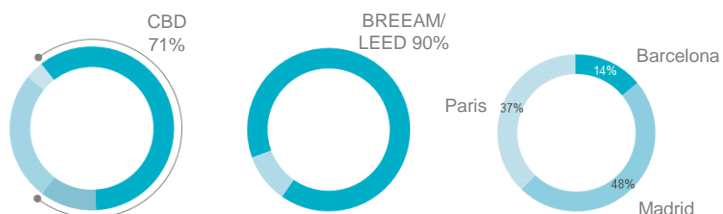
A solid capital structure

- > 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



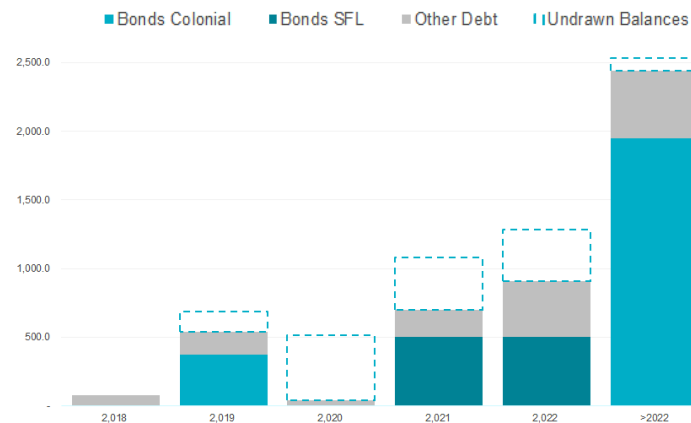
Rating Standard & Poor's
BBB Stable Outlook



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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