



2/17

**MSCI**  | **European Property  
Investment Awards  
WINNER 2017**

**IBEX**<sub>35</sub>

**EPRA  
BPR  
GOLD**   
FINANCIAL REPORTING

**EPRA  
SBPR  
GOLD**   
SUSTAINABILITY REPORTING

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

PRESENTING MANAGEMENT TEAM

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**Pere Viñolas**  
Chief Executive Officer



**Carmina Ganyet**  
Corporate Managing Director



**Carlos Krohmer**  
Chief Corporate Development Officer







## Superior risk adjusted return for shareholders



### AN EXCELLENT SET OF RESULTS

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- > **Total Shareholder Return: +21%**
- > EPRA NAV of 8.07€/share: +11% in 6 months
- > Gross Rental Income, +3% like for like
- > Net Rental Income, +3% like for like
- > Recurring Net Income, +19%
- > Recurring EPS +15%
- > FFO per share +7%
- > Net Profit of €437m, +€200m

### STRONG OPERATIONAL PERFORMANCE

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- > More than 69,000 sq m let with top tier clients
- > Solid occupancy levels at 96%
- > Double digit increase on signed rental prices
- > Ongoing execution of value added initiatives & acquisitions
- > Maximizing value through active asset allocation

### FIRM DELIVERY ON FINANCIALS

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- > Strong top & bottom line performance
- > Active balance sheet management optimizing capital structure
- > Confident outlook on growth
- > Superior risk adjusted return for shareholders

## Ongoing consolidation of solid growth

## Excellent financial results with healthy growth

- > Total Annual Shareholder Return + 21%
- > EPRA NAV of 8.07€/share: +11% in 6 months
- > Solid GRI growth: +3% EPRA like for like
- > Recurring EPS: +15%

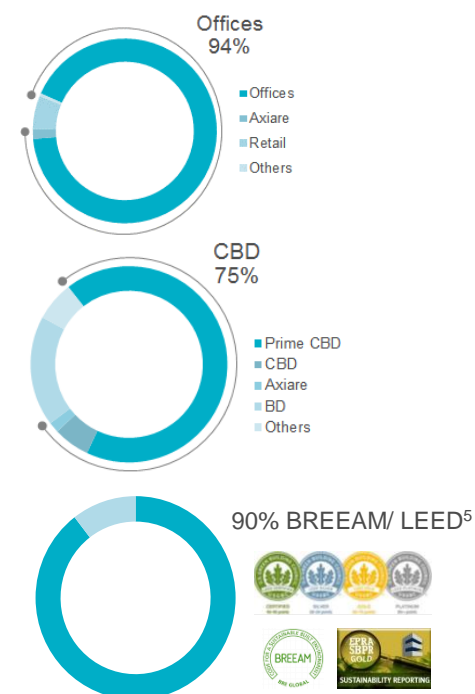
Return - € per share	1H 2017	YoY Var
<b>TOTAL SHAREHOLDER RETURN</b>		<b>+21%</b>
EPRA NAV per share	8.07	+19%
FFO per share <sup>12</sup>	0.101	+7%
EPS Recurring <sup>1</sup>	0.101	+15%
DPS	0.165 <sup>3</sup>	+10%

Profit & Loss - €m	1H 2017	YoY Var
Gross Rental Income	€141m	+3% EPRA LFL <sup>4</sup>
EBITDA Recurring	€109m	+3% EPRA LFL <sup>4</sup>
FFO	€37m	+10%
Recurring Net Profit	€37m	+19%
Net Profit	€437m	+90%

Balance Sheet - €m	1H 2017
GAV Group	€8,666m
Group LTV	36%
Maturity Group	4.6 years
Cost of Debt	1.97%

- (1) Recurring EPS & FFO per share based on average NOSH
- (2) Recurring FFO: Recurring Net Profit excluding amortisations and accrual of share remunerations
- (3) Dividend approved by 2017 AGM on 2016 full year results
- (4) EPRA like for like: Like for like variance base on EPRA BPR methodology
- (5) Portfolio in operation

## BUSINESS MIX – GAV GROUP



STANDARD &amp; POOR'S

Rating Standard & Poor's  
BBB Stable Outlook

MOODY'S

Rating Moody's  
Baa2 Stable Outlook

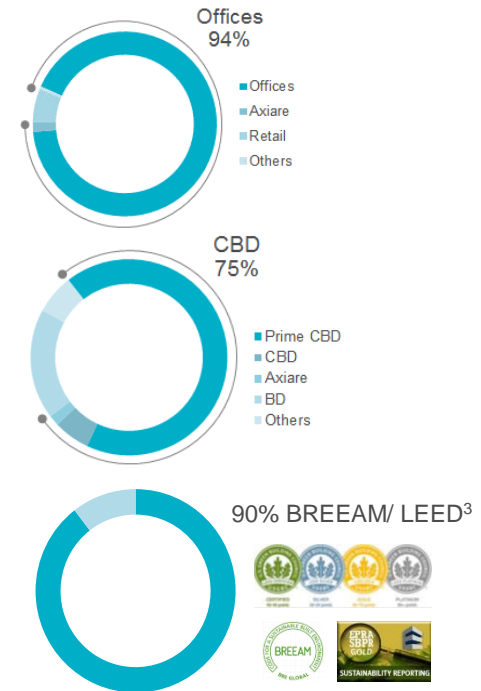
Ongoing consolidation of solid growth

**Outstanding operating performance**

- > EPRA Vacancy stabilized at low levels
- > Double digit rental price increases
- > Acquisition programme ahead of plan

OPERATIONAL PERFORMANCE	1H 2017
# Transactions signed	55
Volume of sq m signed	69,422
.....	
EPRA Vacancy	4%
Rental prices signed vs Previous rents <sup>2</sup>	+16%
Rental prices signed vs ERV 12/16 <sup>2</sup>	+9%
Rental prices signed vs ERV 12/15 <sup>2</sup>	+12%
.....	
Alpha II – Project <sup>1</sup>	€389m
Capex on portfolio	€29m

**BUSINESS MIX – GAV GROUP**



STANDARD & POOR'S Rating Standard & Poor's **BBB Stable Outlook**

MOODY'S Rating Moody's **Baa2 Stable Outlook**

(1) Total expected investment amount Alpha II: acquisition price + capex of future development projects  
 (2) First half data 2017  
 (3) Portfolio in operation





## Macroeconomic context

### Macro outlook remains solid

- > Eurozone with improving fundamentals
- > Spain with attractive growth profile
- > France with accelerating positive momentum post election

#### MARKET TRENDS

##### WORLD & EU

- ✓ World GDP improving +3.5% in 2017 & +3.6% in 2018
- ✓ Euro area gaining positive momentum
- ✓ Decreasing political uncertainty after French & Dutch elections

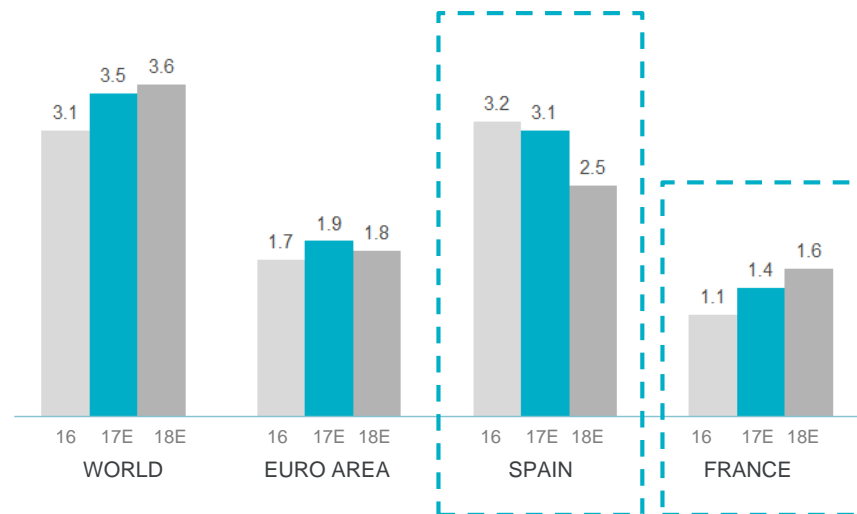
##### SPAIN

- ✓ Economy growing above EU average: +3.1% in 2017
- ✓ Improvement of private consumption and exports
- ✓ Progressive upwards revision of growth forecasts

##### FRANCE

- ✓ GDP growth with increasing momentum in the next years
- ✓ Lower energy prices and tax reduction in the labour market
- ✓ Positive outcome for elections as catalyst for further growth

#### GDP GROWTH



Source: July Monthly report "la Caixa"



### Micro outlook for Offices is very positive

- > Barcelona with record performance in lettings
- > Madrid - strong acceleration in Q2
- > Prime Paris with very solid fundamentals

#### MARKET TRENDS

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#### BARCELONA

- ✓ **Take-up in 1H reached historical high record** with 143,000 sq m
- ✓ **High increase in letting transactions above 1,500 sq m (+68%)**
- ✓ **Strong interest from internet and e-commerce companies pushing 22@market**
- ✓ **Vacancy of Grade A/B+ buildings in CBD below 2%**



#### MADRID

- ✓ **Accelerating take up in 2Q (+60%) with very positive outlook for 2H of the year**
- ✓ **50% of take-up coming from business creation or expansion of operations**
- ✓ **Decrease of office stock due to change of use to residential**
- ✓ **Prime rents reaching €30/sq m/month for the first time since last peak**



#### PARIS

- ✓ **Take-up above 1,150,000 in 1H, +4% year on year**
- ✓ **South Paris reached high levels of dynamism** thanks to the lack of availability in CBD (only 3.6%)
- ✓ Consensus expecting **rental growth in Paris CBD** in the short term
- ✓ Investment activity increasing given the **good prospects of the French economy after Macron victory**

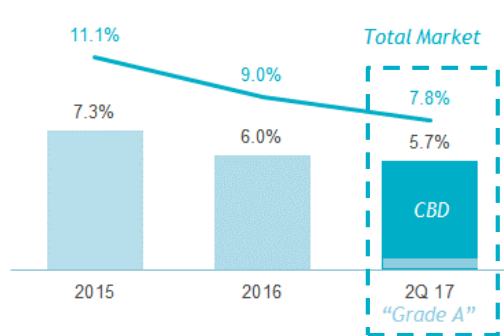


### Increasing take-up faces scarcity of Grade A product in CBD

- > Vacancy in CBD far below total market ratio
- > Grade A product in CBD almost inexistent
- > Take up gaining substantial momentum

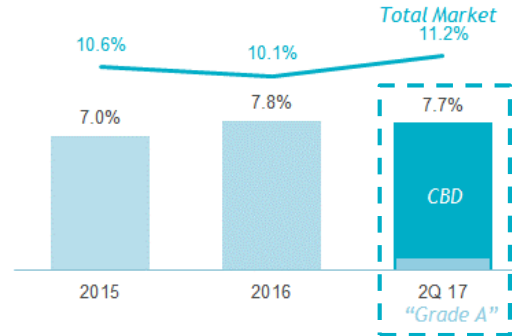
#### BARCELONA

##### VACANCY %



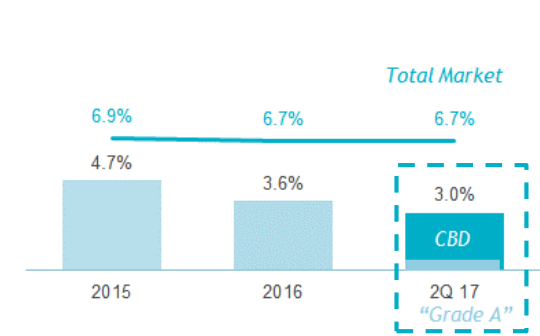
#### MADRID

##### VACANCY %



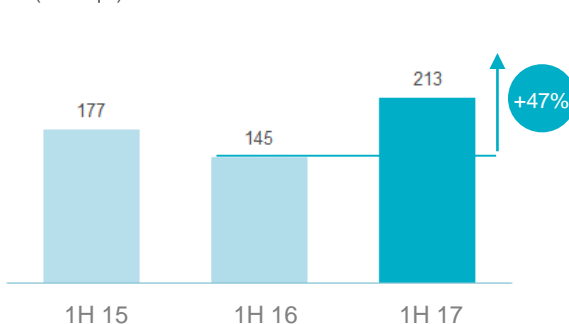
#### PARIS CBD

##### VACANCY %

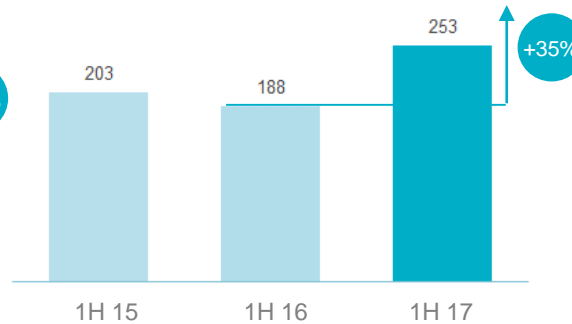


##### TAKE UP

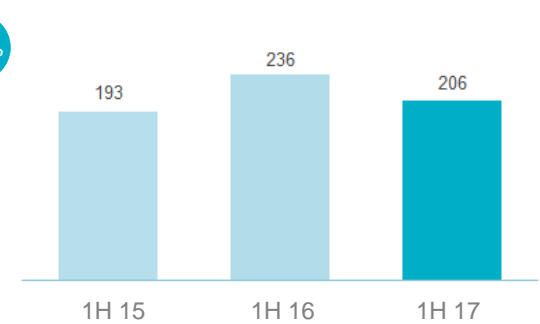
('000 sqm)



##### TAKE UP



##### TAKE UP

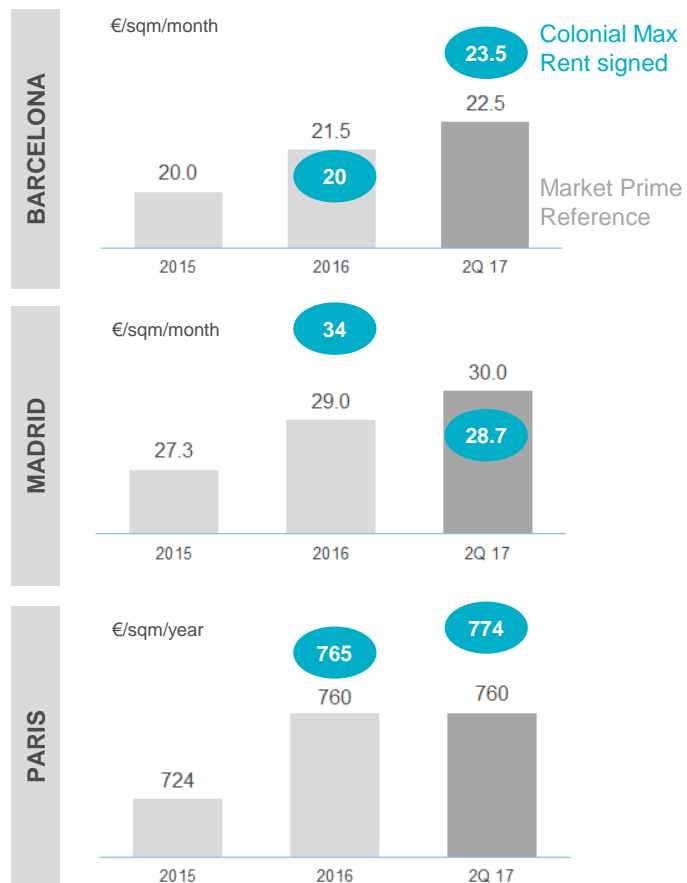


## Colonial – Unparalleled leadership rental price performance

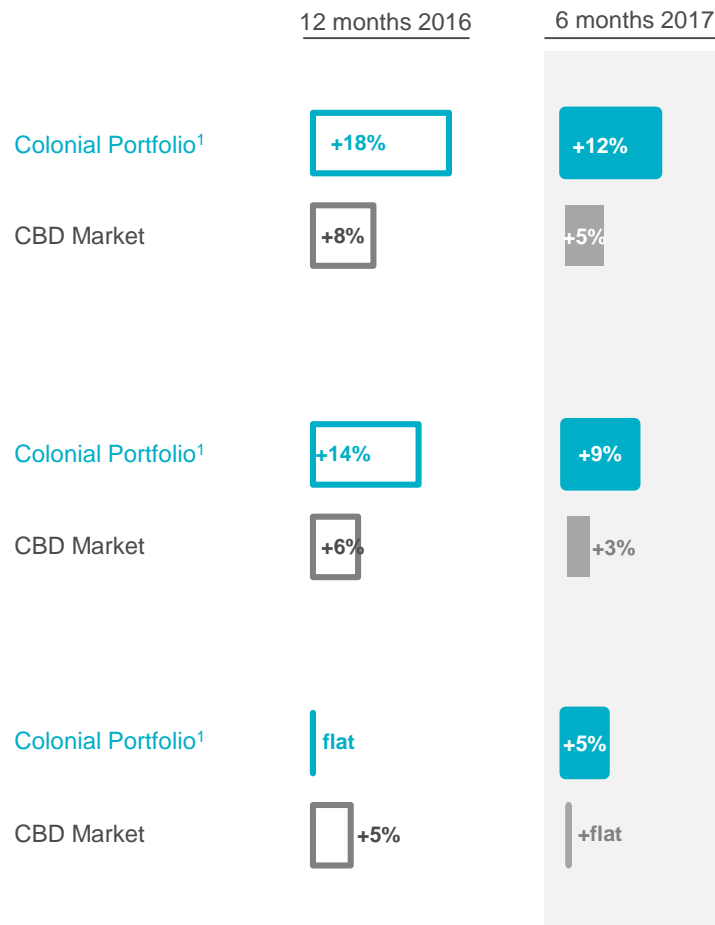
### Colonial as leading market indicator for rental price growth

- > Colonial portfolio setting the benchmark in prime rental levels
- > Colonial's growth outperforming the prime market

#### PRIME ERVS



#### ERV GROWTH



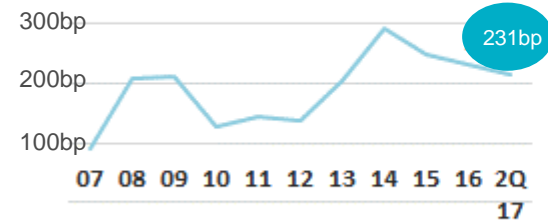
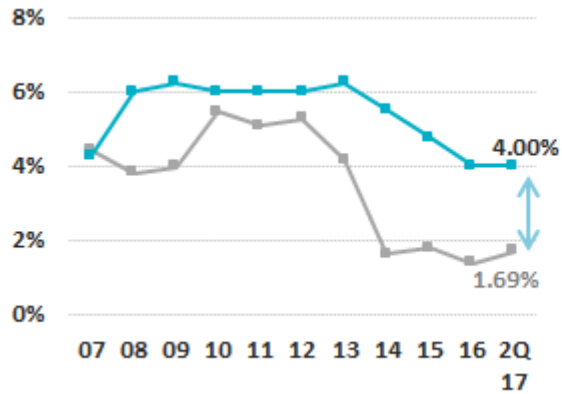
(1) ERV Growth 12 months: Q416 vs ERV12/15 & ERV Growth 6 months: Q217 vs ERV 12/16

**Investment markets remain strong**

- > Interest for prime remains very strong
- > Spread vs reference rates healthy
- > Rental growth main driver for future capital value growth

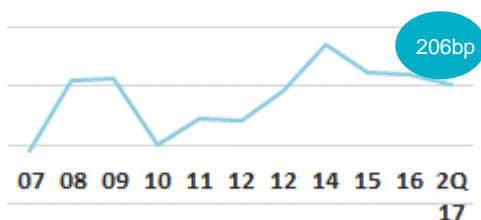
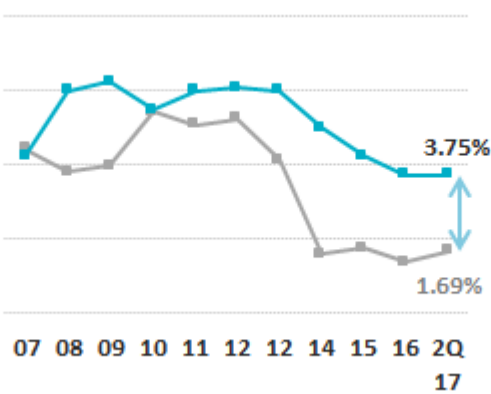
**PRIME YIELDS (1)**

**BARCELONA**



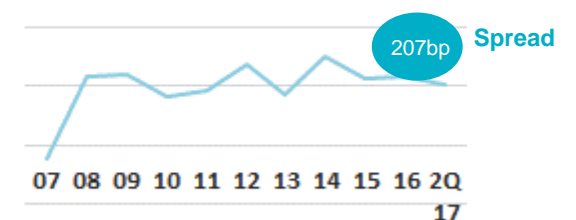
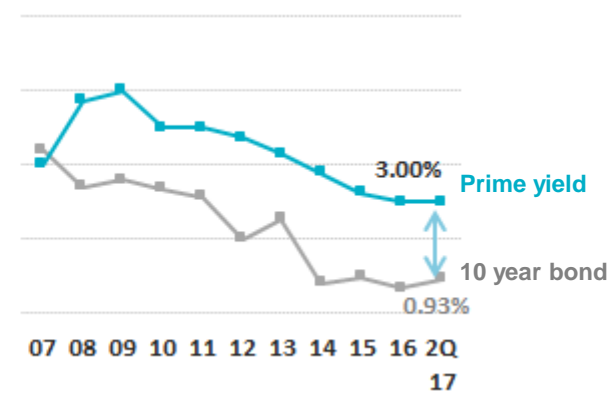
Investment Volume YTD: €470m

**MADRID**



Investment Volume YTD: €630m

**PARIS**



Investment Volume YTD: €5,000m

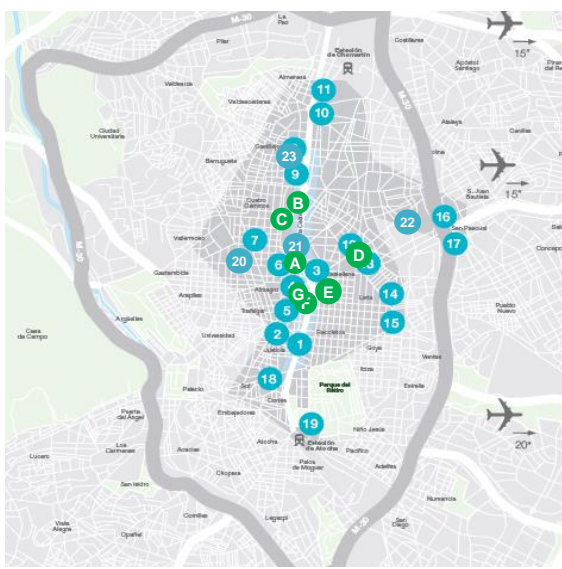
(1) Market consultants in Spain report gross yields and in France they report net yields

Source: JLL, CBRE & Bloomberg

**Investor interest for prime product remains strong**

- > Significant capital value increases in recent quarters
- > Colonial's assets with prudent appraisal values

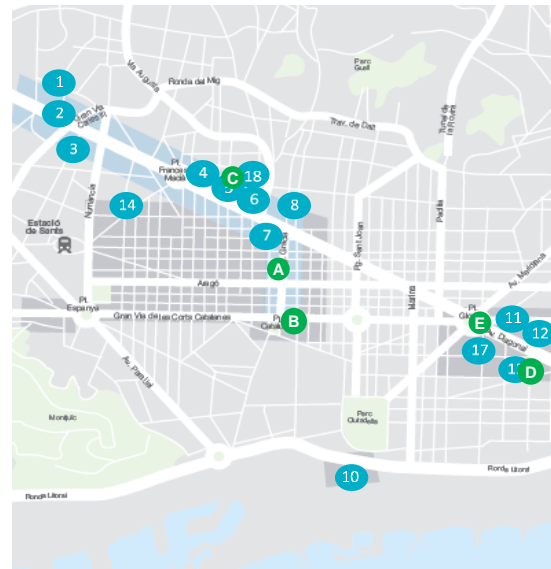
**Madrid City Center (inside M30)**



**Latest investment transactions inside M30**

	Price <sup>(2)</sup>	Cap. Value <sup>(3)</sup>
<b>A</b> Plaza de Colón, 1 <sup>(1)</sup>	58	14.834
<b>B</b> Paseo de Recoletos, 5	33	9.863
<b>C</b> Gran Vía 18	44	9.430
<b>D</b> Suero de Quiñones 42	38	8.209
<b>E</b> Alcalá 17	23	7.667
<b>F</b> Fernando el Santo 20	20	6.839
<b>G</b> Miguel Ángel, 23 <sup>(1)</sup>	53	6.675
<b>CBD Transactions - Average</b>	<b>269</b>	<b>8.408</b>
<b>Colonial Average (06/17 appraisal)</b>		<b>5.566</b>

**Barcelona City Center**



**Latest investment transactions in city center**

	Price <sup>(2)</sup>	Cap. Value <sup>(3)</sup>
<b>A</b> Passeig de Gracia, 81 <sup>(1)</sup>	30	9.458
<b>B</b> Fontanella 6-8	20	6.030
<b>C</b> Travessera de Gracia, 47-49	41	4.620
<b>D</b> Pallars 190	21	4.122
<b>E</b> Av. Diagonal, 211 - Torre Agbar <sup>(1)</sup>	142	3.775
<b>CBD Transactions - Average</b>	<b>254</b>	<b>5.601</b>
<b>Colonial Average (06/17 appraisal)</b>		<b>4.367</b>

**Paris CBD**



**Latest investment transactions in Paris CBD**

	Price <sup>(2)</sup>	Cap. Value <sup>(3)</sup>
<b>A</b> Rue de la Baume, 20	128	21.317
<b>B</b> Rue Leroux, 4	32	19.482
<b>C</b> Rue de la Boétie, 81-85	62	19.207
<b>D</b> Rue de Londres, 43-51	349	17.450
<b>E</b> Av. De l'Opéra, 5	108	15.582
<b>F</b> Rue de Madrid, 7	109	10.381
<b>CBD Transactions - Average</b>	<b>519</b>	<b>17.236</b>
<b>Colonial Average (06/17 appraisal)</b>		<b>15.224</b>

<sup>(1)</sup> Assets with significant Capex to be implemented

<sup>(2)</sup> €m

<sup>(3)</sup> €/sqm





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STRONG LETTING PERFORMANCE

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Letting activity with strong momentum

Prime positioning ensures strong letting performance

- > More than 69,000 sq m signed in 55 transactions
- > Incentives far below market average
- > Solid occupancy level across all segments

		# CONTRACTS	SQM SIGNED	GRI SECURED <sup>1</sup>	INCENTIVES <sup>2</sup>	FIN. OCCUPANCY <sup>3</sup>
BARCELONA		21	36,728	€8m	2%	98%
MADRID		19	21,069	€6m	5%	97%
PARIS		15	11,625	€11m	14%	96%
<b>TOTAL</b>		<b>55</b>	<b>69,422</b>	<b>€25m</b>	<b>9%</b>	<b>96%</b>

(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

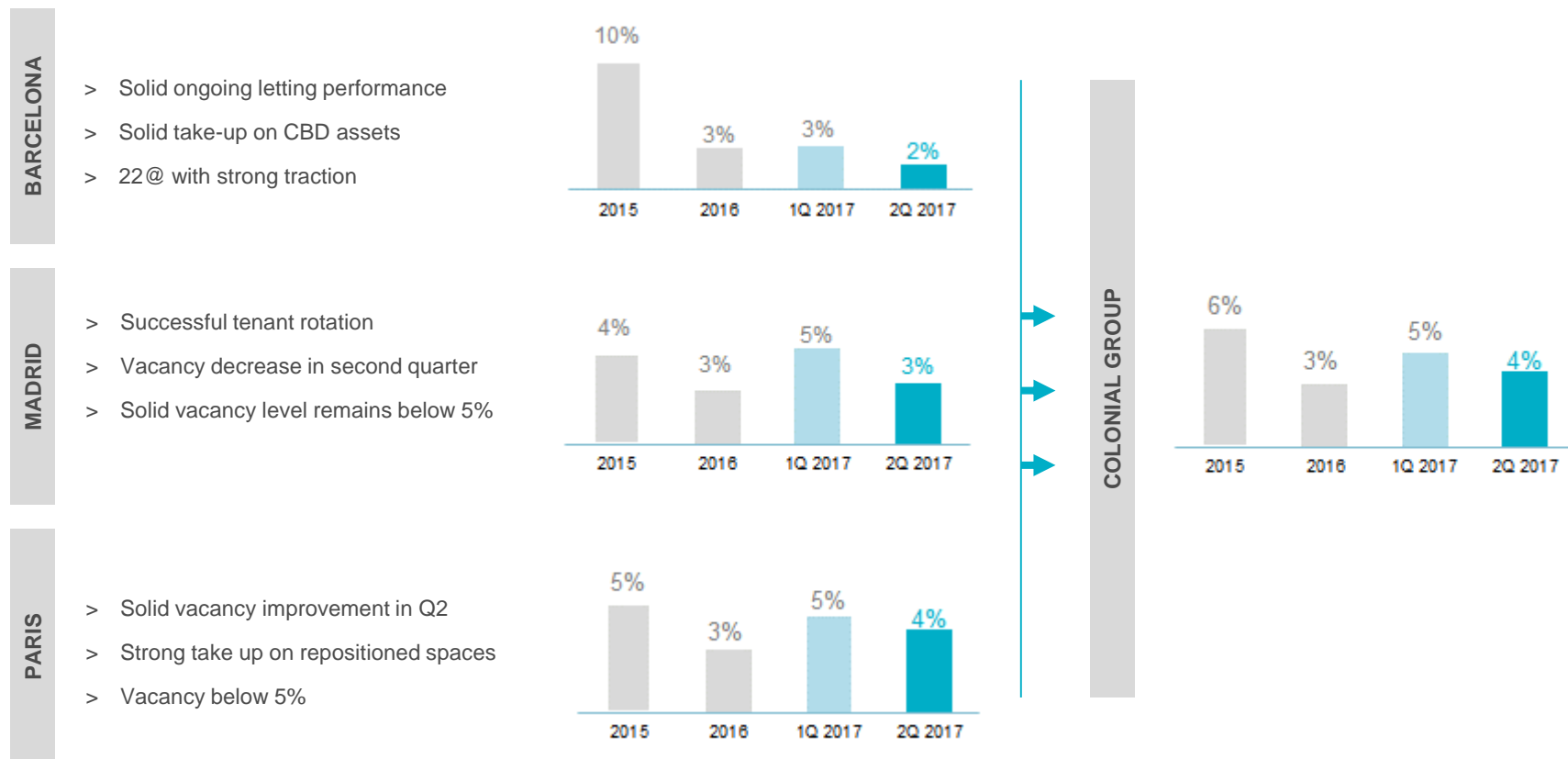
		# CONTRACTS	MAX. RENT SIGNED COLONIAL 1H 17	PRIME RENTS MARKET	CAPTURING & RETAINING TOP TIER CLIENTS
BARCELONA		21	23.5 €/sqm/ month	22.5 €/sqm/ month	
MADRID		19	28.7 €/sqm/month	30 €/sqm/month	
PARIS		15	774 €/sqm/year	760 €/sqm/year	

## Outstanding Occupancy levels through prime positioning

### 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

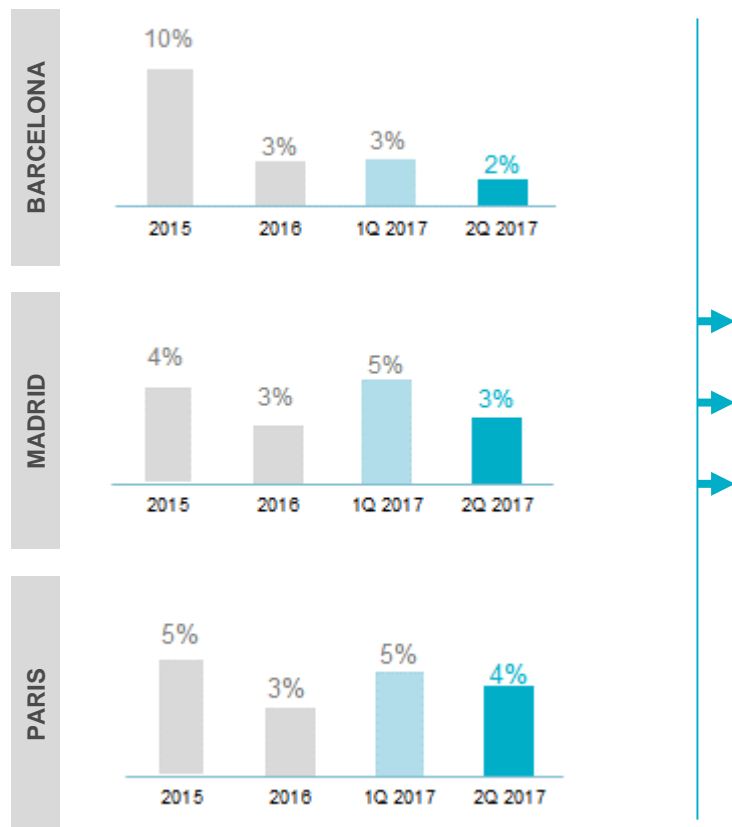


Outstanding Occupancy levels through prime positioning

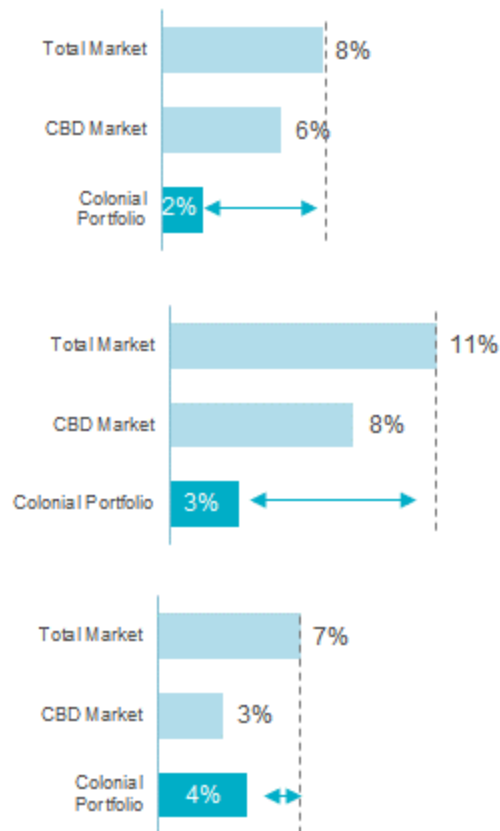
**Colonial portfolio outperforming the market on occupancy**

- > 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

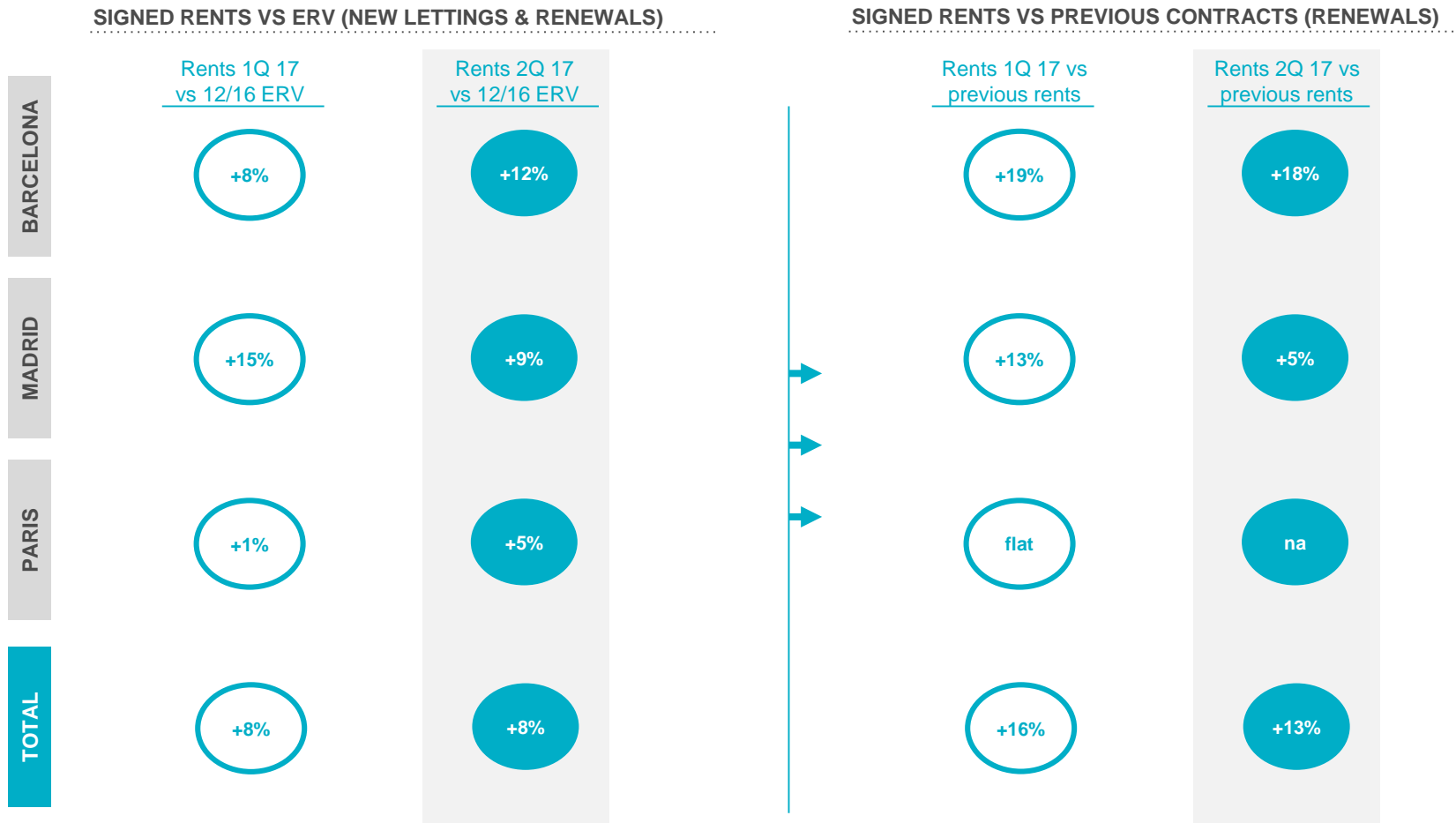


Strong delivery on rental price increases

Colonial as leading market indicator for rental price recovery

- > Solid consolidation of rental price increases
- > Rents above 12/16 ERV in every city
- > Highly positive release spreads












SOLID INCREASE IN RENTAL PRICES



Solid performance on every contract negotiation

**Barcelona & Madrid with successful transactions across the board**

- > Capturing rental growth on ERV reference
- > Outstanding release spreads

ASSET	LETTING PERFORMANCE	RENTAL PRICE INCREASES		
		<i>Max signed<sup>1</sup></i>	<i>Vs. ERV 12/16</i>	<i>Release spread</i>
<p>Av. Diagonal 609-615</p> 	<p>6,128 sq m</p>  	23.5	+11%	flat
<p>ILlacuna</p> 	<p>6,262 sq m</p> 	14.0	flat	+35%
<p>Diagonal - Glories</p> 	<p>11,672 sq m</p> 	16.5	+18%	+38%
<p>Alfonso XII 62</p> 	<p>4,100 sq m</p> <p>PropTech Company</p>	21.8	+15%	+28%
<p>Santa Engracia</p> 	<p>8,269 sq m</p>  	22.5	+17%	+15%

























(1) ERV rental price (€/sq m/ month)

### 03 Operational performance

Solid performance on every contract negotiation

#### Price portfolio with strong performance

- > Capturing high end rents with top tier clients
- > Rental prices above ERVs

ASSET	LETTING PERFORMANCE	RENTAL PRICE INCREASES		
		<i>Max signed<sup>1</sup></i>	<i>Vs. ERV 12/16</i>	<i>Release spread</i>
<b>103 Grenelle</b> 	  			
<b>Cézanne S. Honoré</b> 	 			
<b>9 Percier</b> 	 			
<b>Washington Plaza</b> 	  			

(1) ERV rental price (€/sq m/ year)

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VALUE CREATION THROUGH REAL ESTATE TRANSFORMATION

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## Delivery on repositioning program in Spain

### Solid delivery on current portfolio

- > Attractive returns through active asset management
- > Additional value creation through created ERV and yield compression
- > Current portfolio as a continuous source of value creation


	Image	Occupancy <sup>1</sup>			Gross Rent - €/sq m/month			Valuation		
		1H16	1H17	Var	1H16	1H17	Var	1H16	1H17	Var
<b>Castellana 52</b> GLA: 7,523 sq m Market: Mad CBD		86%	92%	+600bps	23	26	+13%			+20%
<b>Lopez de Hoyos</b> GLA: 7,140 sq m Market: Mad CBD		83%	100%	+1300bps	15.5	19	+23%			+13%
<b>DAU</b> GLA: 21,996 sq m Market: Bcn CBD		89%	97%	+800bps	18	23.5	+34%			+19%
<b>Berlin / Numancia</b> GLA: 12,817 sq m Market: Bcn BD		88%	94%	+600bps	12	15	+26%			+14%
<b>Via Augusta</b> GLA: 4,838 sq m Market: Bcn CBD		86%	100%	+1400bps	13	18.5	+38%			+23%

<sup>1</sup> Occupied space / Total GLA

Crystalizing real estate value in recent acquisitions

**Solid real estate workout on recent acquisitions**

- > Attractive returns through active asset management
- > Additional value creation through created ERV and yield compression
- > Crystalizing embedded fundamental value trough real estate transformation

	Acquisition Date	Occupancy			Gross Rent - €/sq m/month			Valuation			
		Acquisition	1H17	Var	Acquisition	1H17	Var	Acquisition	1H17	Var	
					Previous Rent	Signed Rent					
<b>Percier</b> GLA: 5,945 sq m Market: Paris CBD		June 2015	63%	100%	+3700bps	523	630	+20%			+51%
<b>Génova 17</b> GLA: 4,676 sq m Market: Mad CBD		July 2015	66%	100%	+3300bps	17.6	38.5	+119%			+18%
<b>Santa Engracia</b> GLA: 13,664 sq m Market: Mad CBD		December 2015	95%	98%	+300bps	18	22.5	+25%			+16%
<b>José Abascal 45</b> GLA: 5,354 sq m Market: Mad CBD		June 2016	79%	74%	(500bps)	18	24	+34%			+6%

Ongoing delivery of value added initiatives in Madrid – Génova 17

**Proven capacity to create superior returns through active asset management**

- > Letting up of vacant spaces up to 100% occupancy with Top Tier clients
- > Re-leasing of retail space at 38,5 €/sq m/month with 119% increase vs previous rent

GÉNOVA 17 – ACQUISITION 2015



MAIN KPIs SINCE ACQUISITION JULY 2015

**New contract signed (1,038 sq m) in the retail space**

38.5 €/sqm/month

+119% vs Previous

July 2015		1H 2017	
66% Occupancy	➔	100% Occupancy	+3300bps
0.8€m Annualized GRI	➔	1.4€m Annualized GRI	+75%

**+18% Value Creation vs. acquisition price**



### 03 Operational performance

Ongoing delivery of value added initiatives in Paris – 9, Percier

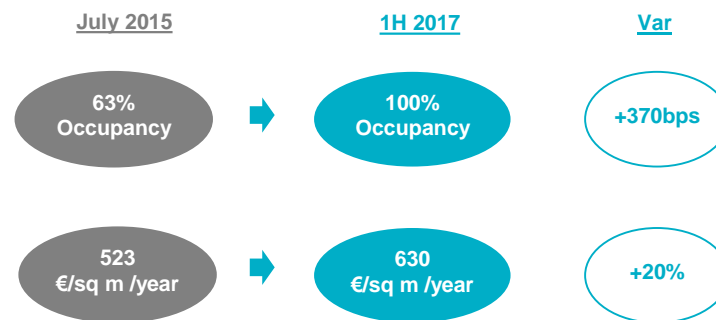
#### ERV uplifts & value creation through real estate transformation

- > Creating best-in-class places for our tenants
- > Identifying the right positioning and strategy for every individual building

#### 9, PERCIER ACQUISITION 2015



#### MAIN KPIs



**+41% Value Creation vs. acquisition price**

**Transformation of an average asset into  
a high quality premise in the CBD**

- > Renovation & modernization of floors
- > Installation of new efficient climate and energy management system
- > Upgrade of common areas to SFL's standards
- > Transformation in three phases, floor plate by floor plate



Ongoing delivery of value added initiatives in Barcelona – Berlin / Numancia

**ERV uplifts & value creation through real estate transformation**

- > Restyling and reorganization of lobby
- > Created ERV uplifts & yield compression

Berlin / Numancia



MAIN KPIs

New contract signed  
(779 sq m) in 2Q17

15  
€/sqm/month

+26% vs  
Previous

Before

After

88%  
Occupancy



94%  
Occupancy

+600bps  
since 1H16

12  
€/sqm/month  
Passing Rent



15  
€/sqm/month  
signed at

+26%  
since 1H16

**+14% Value Creation after asset real estate transformation**

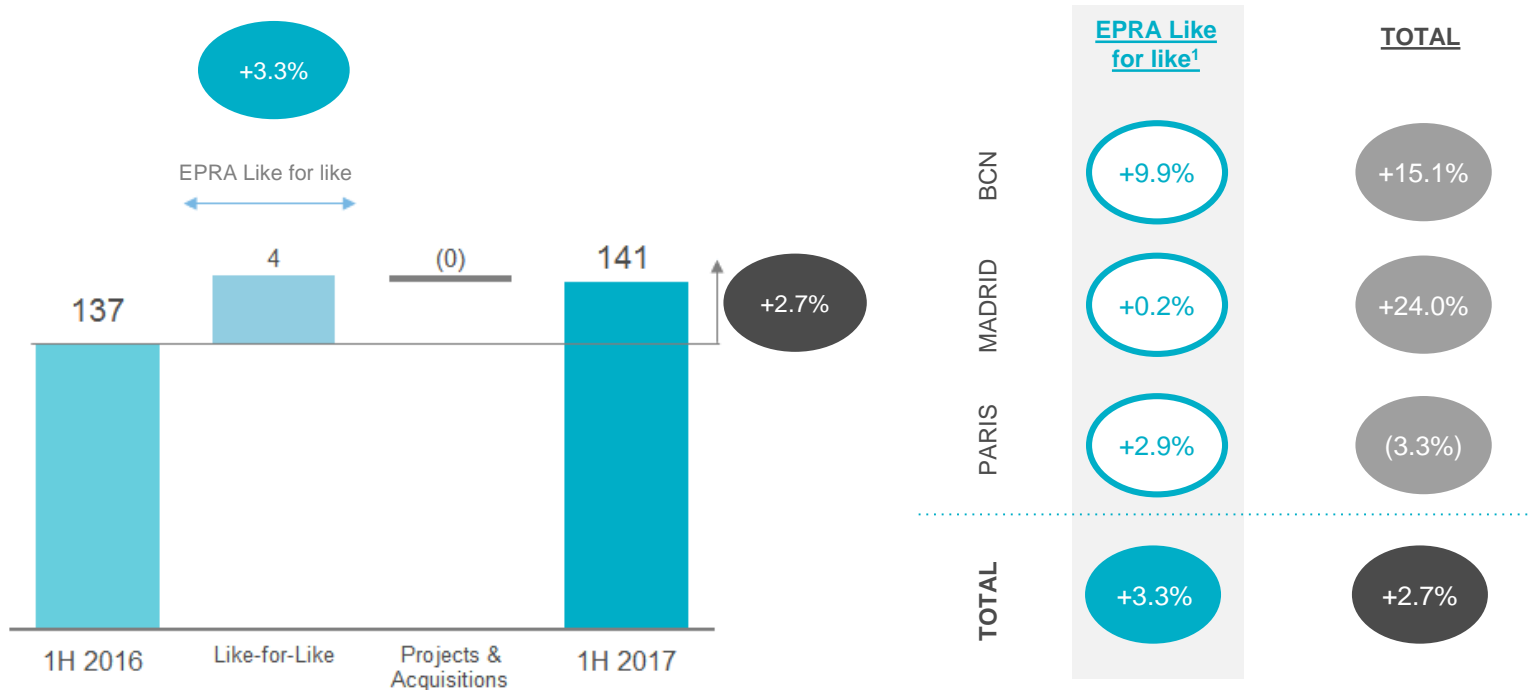


Strong underlying rental growth

GRI increase underpinned by solid like for like

- > Barcelona with strongest growth
- > Madrid temporary flat due to AlfonsoXII tenant rotation
- > Paris portfolio delivers like for like above market average

GROSS RENTAL INCOME - €M



(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

- > Captured rental price increases as important driver of like for like
- > Barcelona with outstanding price impact in like for like
- > Madrid with temporary impact from Alfonso XII tenant rotation

### LIKE FOR LIKE VARIANCE<sup>1</sup> – 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 like for like
- ✓ Paris remains solid at +3% driven by Edouard VII, #Cloud & Washington Plaza

#### 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	+9.9%	+5.4%	+4.5%	
MADRID	+0.2%	+1.3%	+1.3%	(2.5%)
PARIS	+2.9%	+1.9%	+1.0%	
GRI TOTAL PORTFOLIO	+3.3%	+2.2%	+1.5%	(0.4%)

<sup>1</sup> Like for like variance calculation based on EPRA best practice methodology

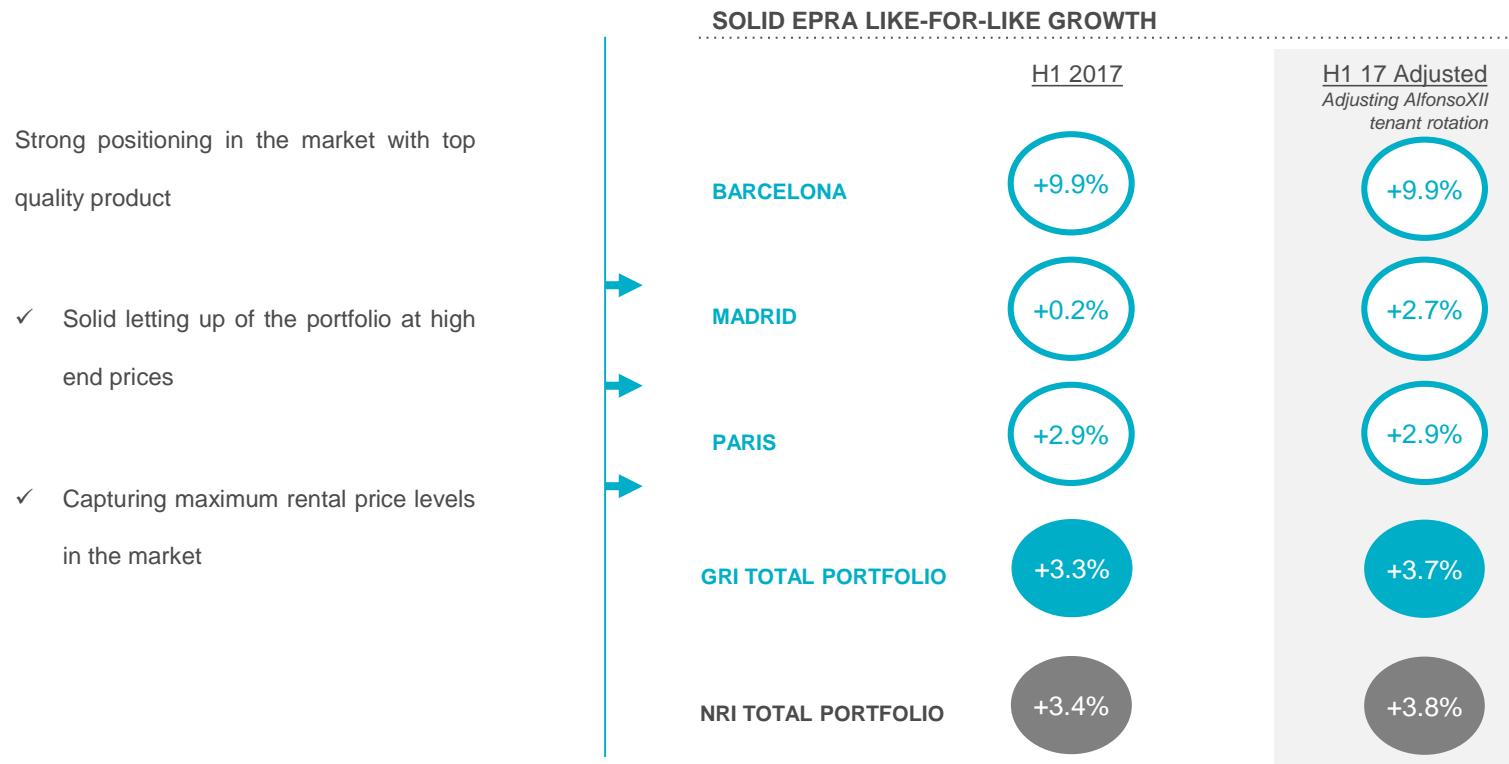
GRI= Gross Rental Income NRI= Net Rental Income

Strong underlying rental growth

Strong underlying growth in every market

- > Close to +4% like for like increase in Net Rental Income
- > Madrid portfolio with +3% like for like (excluding the Alfonso XII tenant rotation)
- > France with solid +3% like for like growth

LIKE FOR LIKE VARIANCE<sup>1</sup> – GRI & NRI



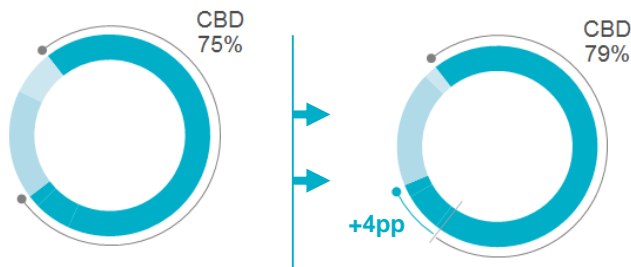
<sup>1</sup> Like for like variance calculation based on EPRA best practice methodology

GRI= Gross Rental Income NRI= Net Rental Income

Real estate value creation through the full value chain

- > Capturing optimal point in specific asset life cycle
- > Asset rotation as source of value creation

DISPOSAL OF IN&OUT AT ITS PEAK VALUE



REAL ESTATE VALUE CREATION

Agreement with significant premium on  
12/16 appraisal

- > Capturing returns through the full value chain
  1. Identifying the opportunity
  2. Transformation through redevelopment
  3. Letting to top Tier client at best terms
  4. Crystalizing a premium to appraisal
- > Reducing exposure to secondary at optimal market timing

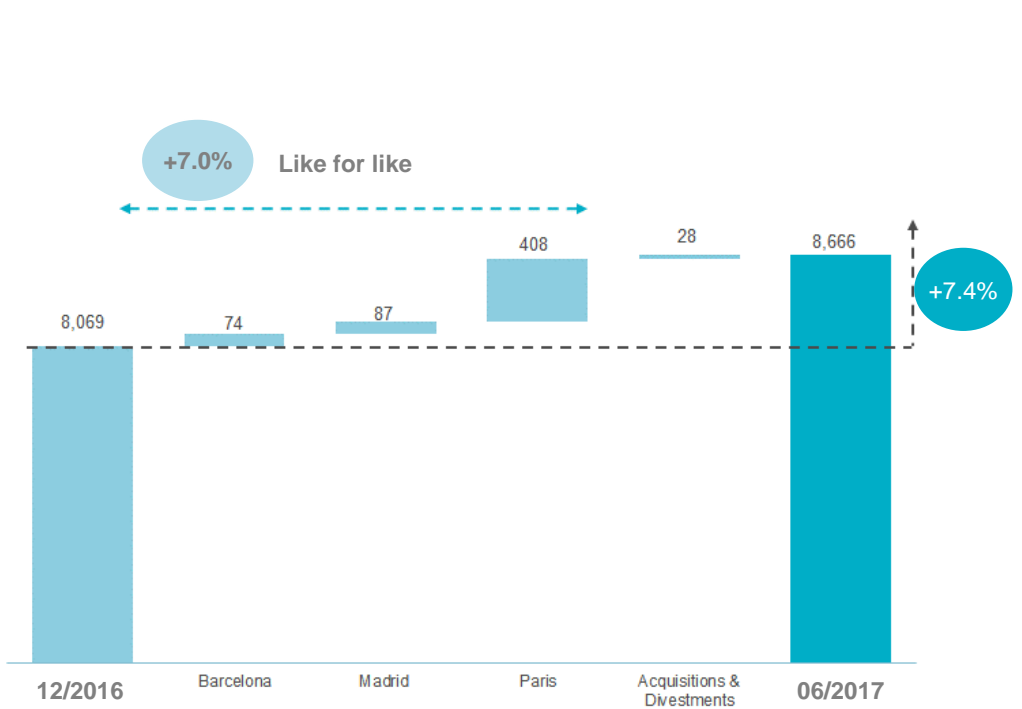
*“Boulogne-Billancourt market yield compression <4%”*
- > Reinforcing the group capital structure

Strong underlying growth in Asset Values

**Gross Asset Value of €8,666m (€9,103m including transfer costs)**

- > +7% like for like growth in 6 months (+11% like for like in year)
- > Solid growth rates in every segment
- > Healthy combination of yield & price as value drivers

GAV 2017 YoY GROWTH



GAV VARIANCE

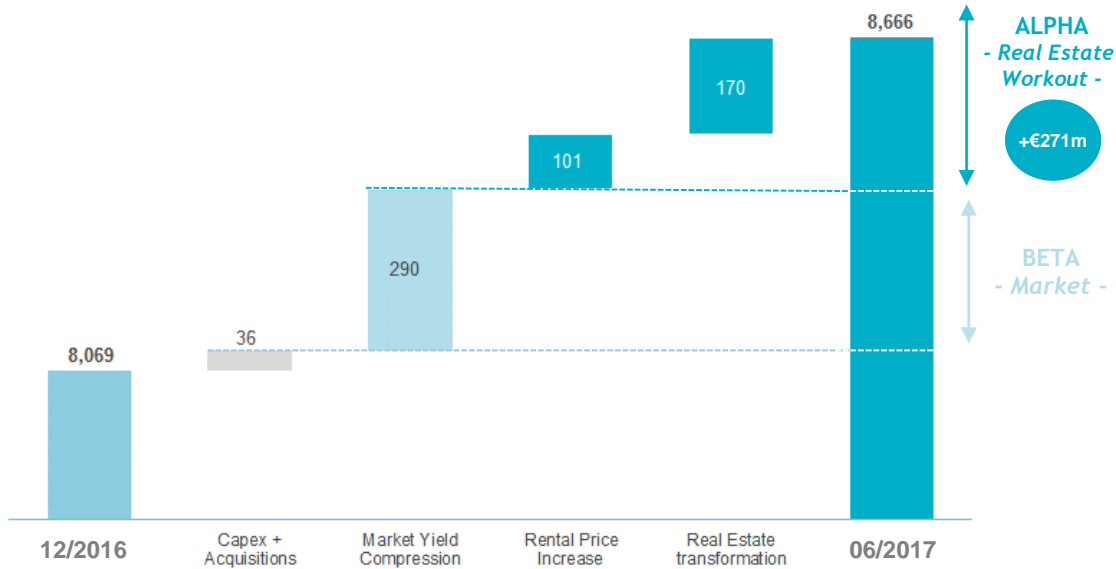
	Total Variance	Yield	Price & others
BARCELONA	+9%	+3%	+6%
MADRID	+6%	+3%	+3%
PARIS	+7%	+6%	+1%
LIKE FOR LIKE	+7%	5%	2%

Strong underlying growth in Asset Values

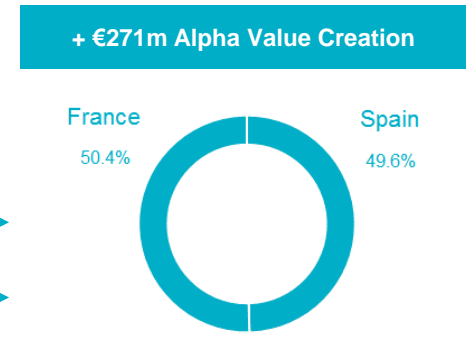
**Gross Asset Value of €8,666m (€9,103m including transfer costs)**

- > Real estate management (“Alpha”) as main driver of value creation
- > Real estate transformation and capturing rental prices increase important value drivers
- > Alpha value creation generated in every market

**CAPITAL VALUE CREATION**



**ALPHA VALUE CREATION**

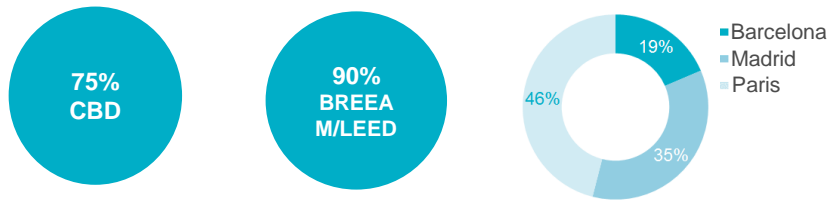


**A high quality collateral underpinned with a solid financial structure**

- > An unparalleled high quality collateral diversified in three cities
- > A financial structure with solid LTV levels
- > A strong credit profile with competitive costs

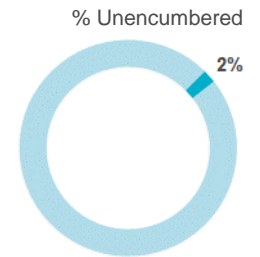
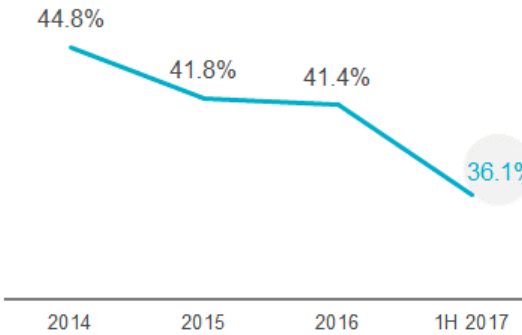
**A FIRST CLASS COLATERAL WITH...**

€9bn high quality assets well diversified

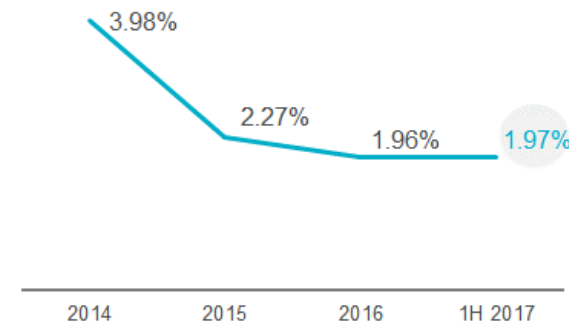


**... SOLID CAPITAL STRUCTURE**

LTV Group



Group financial cost



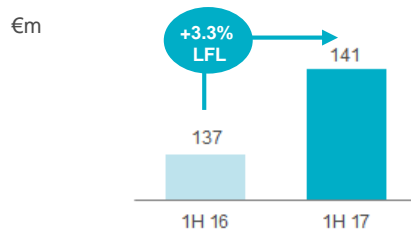
## Positive momentum in earnings

## Significant increase in Group Net Profit through

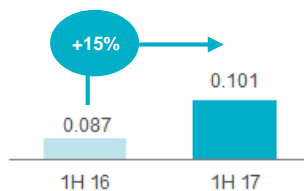
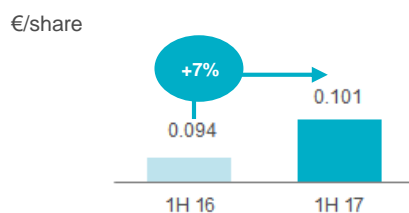
- > Delivery of strong increase in Gross Rental Income
- > Solid asset value growth through active real estate management
- > Savings in financing costs & positive Socimi impact in taxes

## STRONG TOP &amp; BOTTOM LINE PERFORMANCE

## GROSS RENTAL INCOME



## EPS

FFO per share<sup>1</sup>

## PROFIT &amp; LOSS ACCOUNT

Results analysis - €m	1H 2017	1H 2016	Var.
<b>Gross Rents</b>	<b>141</b>	<b>137</b>	<b>+3%</b>
Net operating expenses <sup>(1)</sup>	(13)	(10)	
Overheads	(19)	(17)	
<b>Recurring EBITDA</b>	<b>109</b>	<b>109</b>	
Recurring financial result	(38)	(40)	
Income tax expense & others - recurring	(5)	(6)	
Minority interests - recurring	(29)	(32)	
<b>Recurring Earnings</b>	<b>37</b>	<b>31</b>	<b>+19%</b>
<b>Asset revaluation</b>	<b>523</b>	<b>354</b>	<b>+48%</b>
Non-recurring financial result & MTM	(0)	(2)	
Income tax & others - non-recurring	48	(12)	
Minority interests - non-recurring	(170)	(141)	
<b>Profit attributable to the Group</b>	<b>437</b>	<b>230</b>	<b>+90%</b>

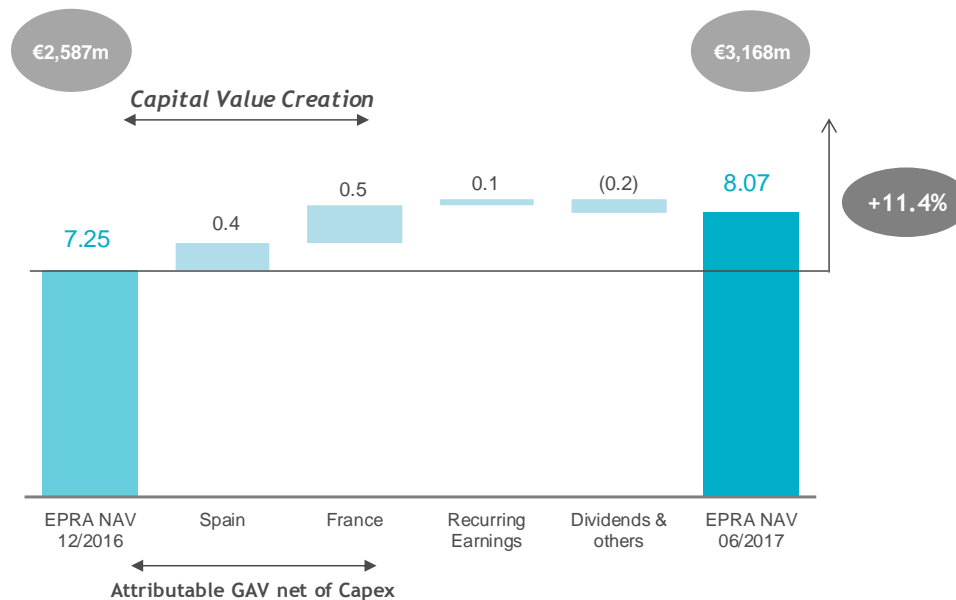
<sup>1</sup> Recurring net result excluding amortizations and accrual of the incentive plan

**21% Total Shareholder Return 2017 (year-on-year)**

- > EPRA NAV of 8,07 €7share, + 11% in 6 months
- > Value creation with strong “Alpha component” through real estate transformation
- > Total return among the highest in the sector

**STRONG MOMENTUM IN NAV GROWTH**

€/share



**TOTAL SHAREHOLDER RETURN**

	6 months	12 months
NAV Growth per share	+11%	+19%
Dividend paid per share	+2%	+2%
<b>Total Return per share</b>	<b>+14%</b>	<b>+21%</b>

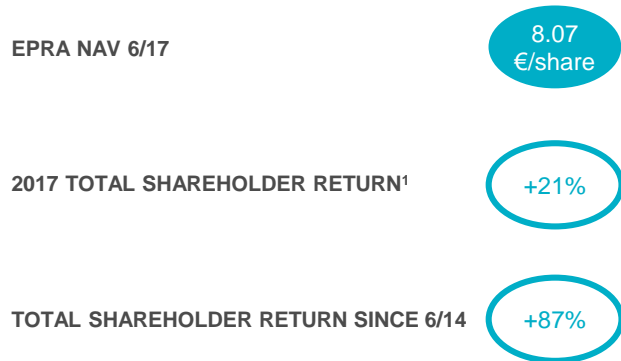
Total Shareholder Return= NAV growth + dividends



**Colonial with solid delivery on returns**

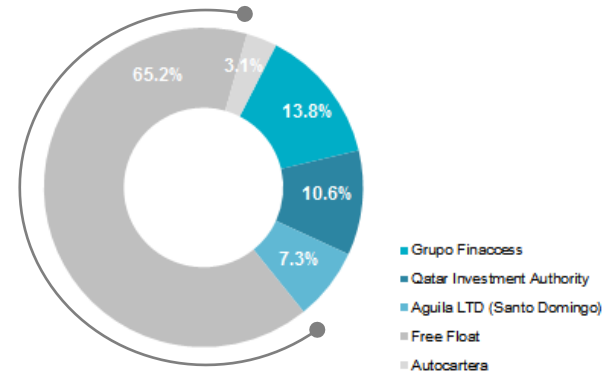
- > Superior total returns outperforming the benchmark
- > Close to +90% total shareholder return since recap of the Spanish sector
- > Strategy backed by long term oriented high quality shareholder base with solid liquidity and free float

**TOTAL SHAREHOLDER RETURN**



**HIGH QUALITY SHAREHOLDER BASE WITH GOOD LIQUIDITY**

Free Float



**OUTPERFORMANCE OF THE BENCHMARK**



**Best Performing Specialist Fund for Spain**

*Highest total return relative to the real estate sector benchmark annualised over 3 years to December 2016*



Average daily trading volume YTD €12m

Free float market cap €2.0bn

(1) Annualized Return as of June 2017

**Solid share price performance with attractive risk adjusted returns**

- > Capital markets recognize solid delivery of the group
- > Colonial shares offer a “flight to quality play” with attractive risk adjusted returns

**SOLID DELIVERY.....**

- 1 Alpha II
- 2 2016 Results SFL
- 3 2016 Results Colonial
- 4 Rating upgrade S&P
- 5 1Q 2017 Results Colonial
- 6 Capital Increase
- 7 Socimi announcement
- 8 IBEX35 Inclusion
- 9 AGM – Socimi approval

**..... RECOGNISED BY CAPITAL MARKETS**





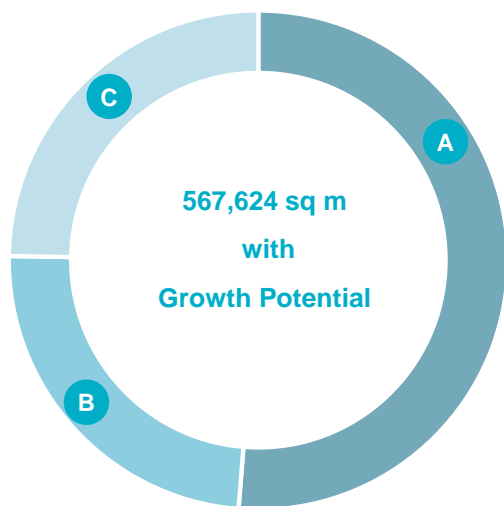
A portfolio with growth potential

**A significant part of the portfolio under workout to unlock further value**

- > A huge volume of contracts to capture reversion in coming years
- > More than 136.000 sqm GLA of an attractive project pipeline
- > Delivery and identification of new value added initiatives underway

GLA ABOVE GROUND

MAIN ASSETS



**A Capturing Reversion**  
291,011 sq m

- > Torre BCN
- > Jose Abascal, 45
- > Poeta Joan maragall
- > Ortega y Gasset
- > Alcala 30
- > Le Vaisseau
- > Washington Plaza

**B Prime Factory Projects**  
136,513 sq m

- > Discovery Building
- > Príncipe de Vergara, 112
- > Parc Glòries
- > Louvre Saint Honoré
- > Plaza Europa, 46 – 48
- > Emile Zola
- > Castellana, 43
- > 92 Champs Elysées
- > Cézanne Saint Honoré
- > Castellana, 163
- > Parc Central 22@
- > Other Areas

**C Value Added initiatives**  
140,407sq m

- > Jose Abascal 56
- > Diagonal 609
- > Illacuna
- > Castellana, 52
- > Lopez de Hoyos, 35
- > Berlin / Numancia

+

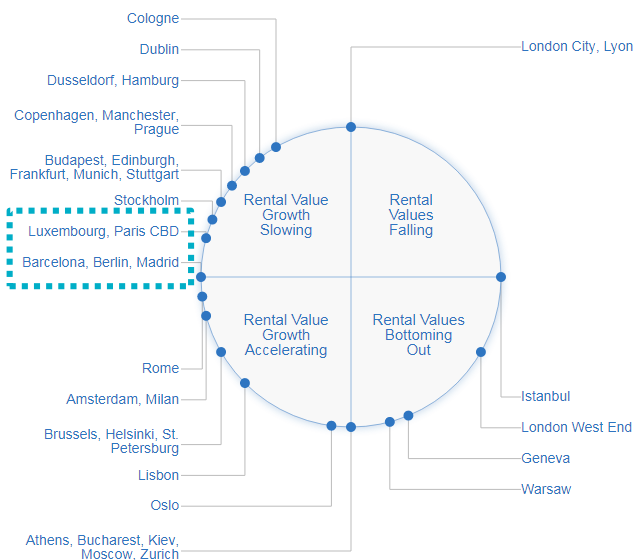
Identification and analysis of future projects underway

## Capturing reversion of current portfolio on track

### Colonial well positioned to capture rental growth

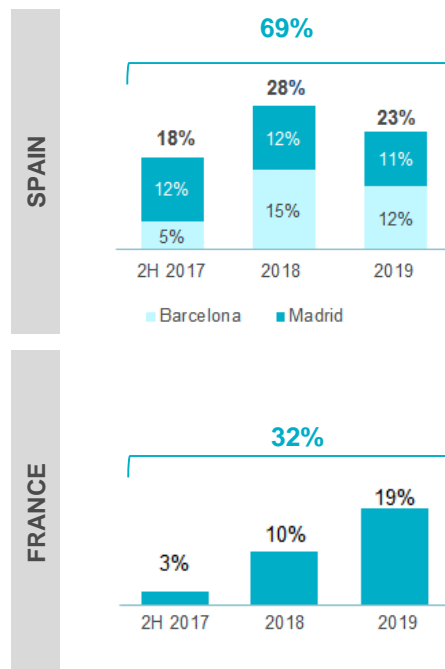
- > Portfolio with prime exposure to attractive growth markets
- > Attractive rent roll profile, especially in Spain
- > Underrented contract portfolio

#### SOLID POSITIONING IN GROWING MARKETS



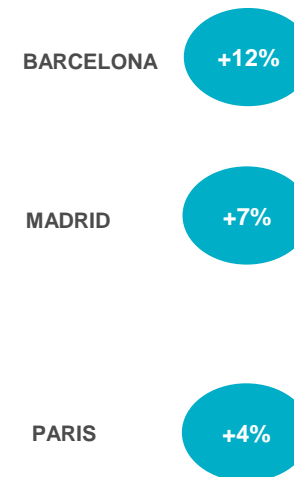
#### COMMERCIAL LEASE EXPIRY DATES

First potential exit as of 06/17



#### CONTRACT PORTFOLIO 06/17

Market rents vs current passing rents



Source: JLL Q2 2017 data

A solid growth profile based on an attractive project pipeline

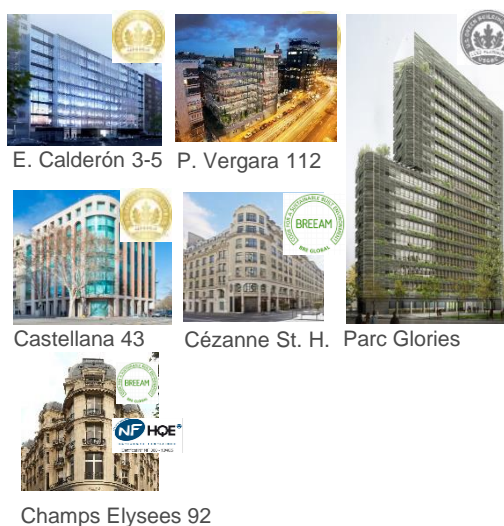
A very attractive Project pipeline

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

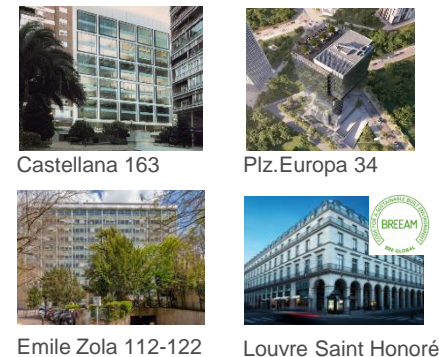
PROJECTS AND REFURBISHMENTS

	GLA <sup>1</sup>
Discovery Building	10,152
Príncipe de Vergara, 112	11,368
Parc Glòries	24,551
Louvre Saint Honoré	16,000
Plaza Europa, 34	14,306
112 – 122 Avenue Emile Zola	20,340
Castellana, 43	5,998
92 Champs Elysées	3,381
Cezanne Saint Honoré	1,544
Castellana, 163	10,910
Parc Central 22@	14,737
Other Areas	3,225
<b>Total</b>	<b>136,513</b>
<b>Capex program €m</b>	<b>€295m<sup>3</sup></b>

2017 - 18



2019 - 22



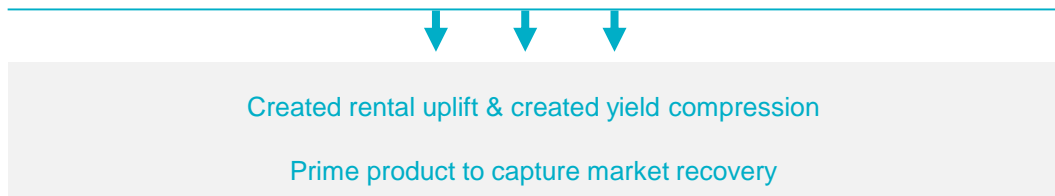
Additional Gross Rental Income<sup>2</sup> €20m<sup>2</sup>

Yield on cost Spain > 7% → Final Product

Additional Gross Rental Income<sup>2</sup> €32m<sup>2</sup>

Yield on cost Spain > 7% → Final Product

Yield on cost France > 6.5% → Final Product



(1) GLA above ground

(2) Figures as of 06/17 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 Discovery Project

- > Project design optimizing maximum space efficiency
- > Ongoing façade works
- > Good commercialization prospects above initial expectations

#### DISCOVERY BUILDING (ESTÉBANEZ CALDERÓN)





## 05 Growth drivers

Delivery on value added & prime factory projects

### Solid progress on execution Principe de Vergara

- > Highly sought after design due to its high number of terraces
- > Ongoing construction of building structure
- > Current rental price negotiations beating expectations

#### PRINCIPE DE VERGARA 112



## 05 Growth drivers

Delivery on value added & prime factory projects

### Castellana, 163 (Madrid) and Plaza Europa, 34 (Barcelona) on track

- > Designing the unique products together with the architects
- > Best products for solid markets

#### CASTELLANA 163

- > Architect assigned
- > Start of the works in 3Q 2017



#### PLAZA EUROPA 34

- > Architect assigned
- > Optimized design of floor plates and common areas





## Delivery on value added & prime factory projects

### Solid progress on Paris projects

- > Significant value creation potential due to a deep redevelopment of the asset
- > Attractive value to be unlocked through +10%-15% additional GLA
- > City center market segment (close to EiffelTower) with good growth prospects

#### 112, EMILE ZOLA



## Implementation of selective acquisition programme on track

### Acquisition programme on track

- > Sourcing prime sites with unique market positioning
- > Unlocking value through real estate transformation
- > Additional pipeline under analysis

#### INVESTMENTS SINCE 2015

	Price - €m	IRR <sup>2</sup>
Condorcet <sup>1</sup>	230	6%
Plaza Europa <sup>1</sup>	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

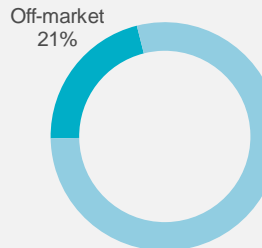
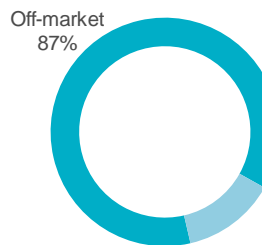
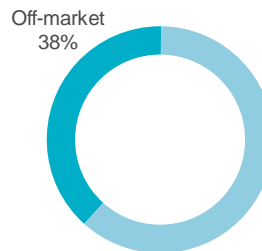
José Abascal 45	35	>6%
Parc Glories	77	>9%
Serrano 73	48	6%
Santa Hortensia	154	>7%
4.4% Stake SFL	106	6.5%
1.0% Stake SFL	24	6.5%
15% Stake in Axiare	136	Discount on NAV

ALPHA I 579

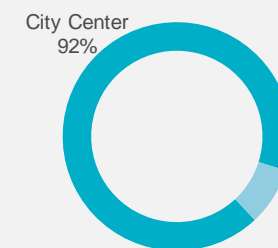
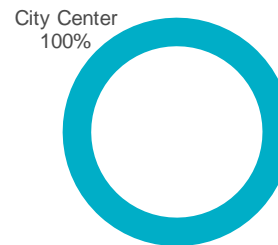
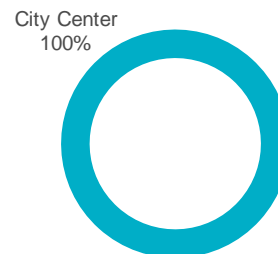
Paseo Castellana 163	51	>9%
Travessera Gracia 47-49	41	>6%
Plaza Europa 46-48	32	9%
112-122 Av. Emile Zola	265	>7%

ALPHA II 389

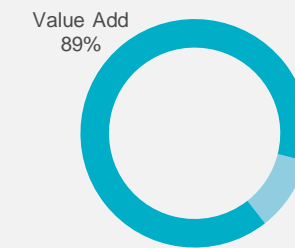
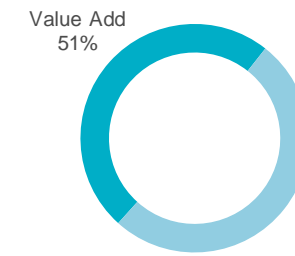
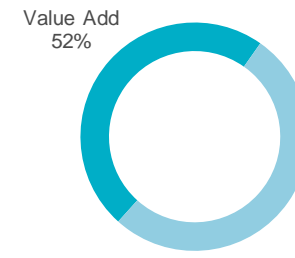
#### OFF MARKET



#### CITY CENTER



#### VALUE ADDED



(1) Investments materialized in November and December 2014 respectively

(2) 10 year ungeared asset IRR

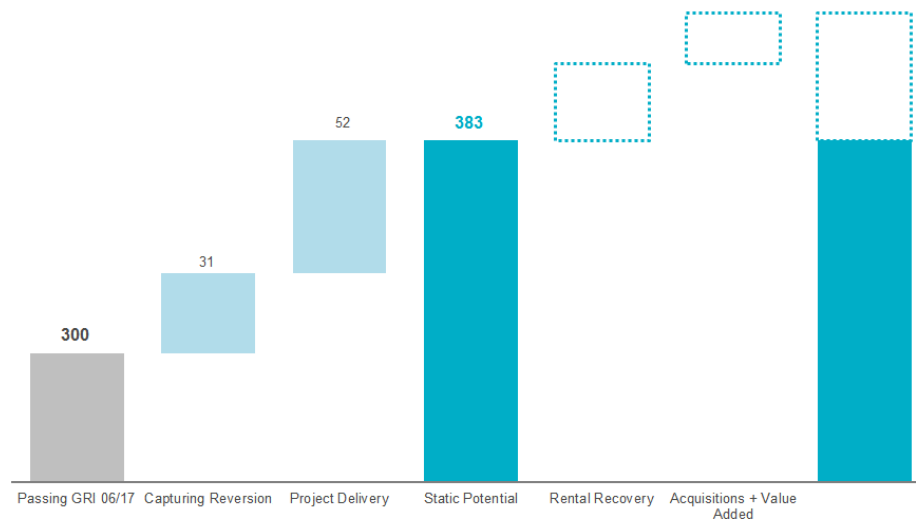
## 05 Growth drivers

### Healthy returns through a high quality growth profile

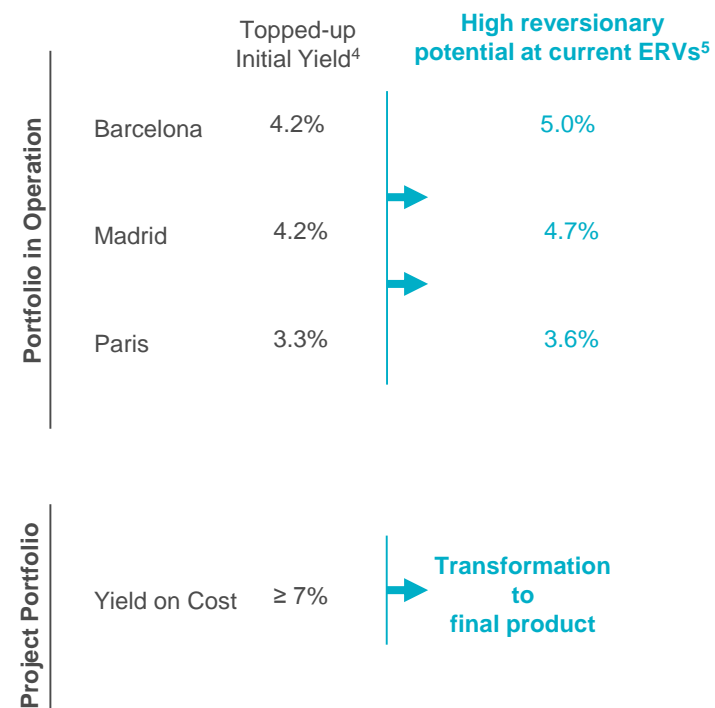
#### A solid base for high quality growth

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

#### Passing GRI <sup>1</sup> – Uplift Potential (€m)



#### Potential for Yield compression & reversion



<sup>1</sup>Topped-up passing GRI

<sup>2</sup>Cap rate for exit value in 10Y DCF valuation

<sup>3</sup>Market analysts in Spain report gross yields and in France net yields

<sup>4</sup>Topped-up Initial Gross Yield for Spain & Net Yield for Paris

<sup>5</sup>100% 06/17 ERV Gross Yield for Gross & Net Yield for Paris









### **DELIVERY IN OPERATIONS WITH SOLID RENTAL PRICE INCREASES**

---

- > Strong letting momentum capturing top tier clients
- > Solid occupancy levels at 96%
- > 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
- > Additional value creation through asset rotation
- > 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





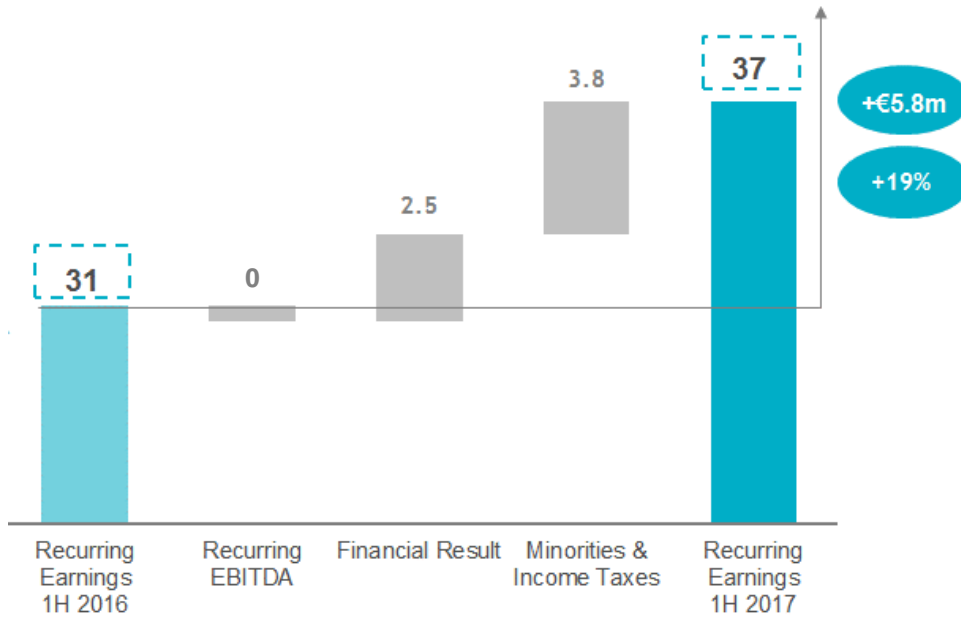


Positive momentum in earnings

High double digit profit increase based on high quality growth drivers

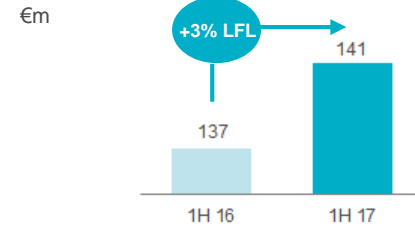
1. Solid GRI increase
2. Optimized financing through active liability management
3. Increase in SFL stake from 53.1% to 58.5% (Alpha I)

PROFIT & LOSS ACCOUNT

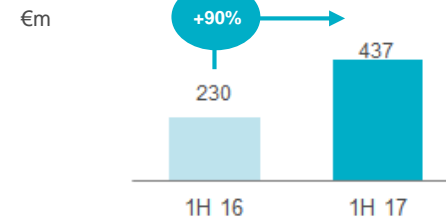


STRONG TOP & BOTTOM LINE PERFORMANCE

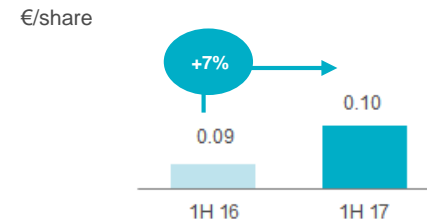
GROSS RENTAL INCOME



NET PROFIT



FFO per share<sup>1</sup>



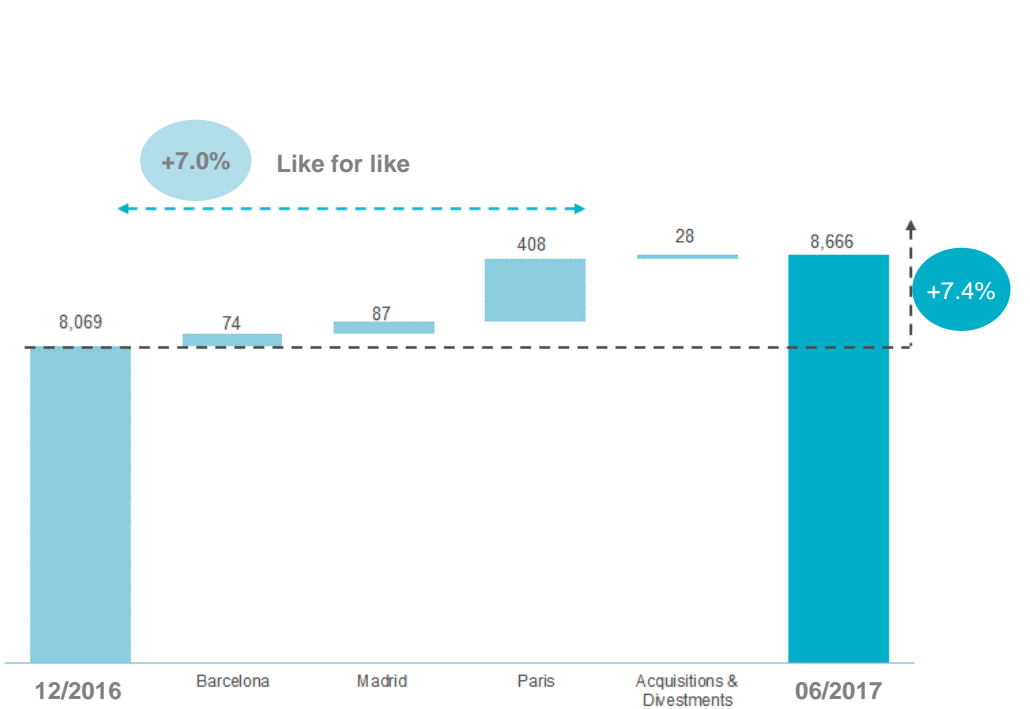
<sup>1</sup> Recurring net result excluding amortizations and accrual of the incentive plan

## June 2017 Gross Asset Value

### Gross Asset Value of €8,666m (€9,103m including transfer costs)

- > +7% like for like growth in 6 months (+11% like for like in year)
- > Solid growth rates in every segment
- > Significant value growth through real estate transformation

#### GAV 2017 YoY GROWTH



Includes 15.4% Axiare stake valued at 12/2016 NAV

#### GAV VARIANCE

	6 months	12 months
BARCELONA	+9%	+13%
MADRID	+6%	+10%
PARIS	+7%	+11%
<b>TOTAL LFL</b>	<b>+7%</b>	<b>+11%</b>
ACQUISITIONS & DISVESTMENTS	+0%	+4%
<b>TOTAL VAR</b>	<b>+7%</b>	<b>+15%</b>

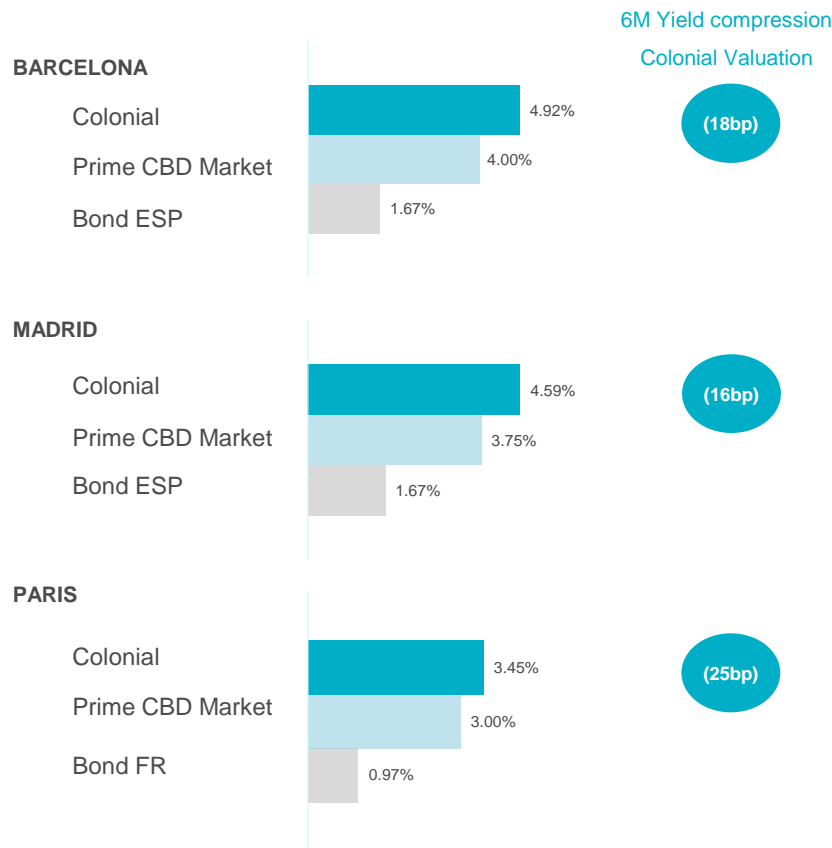


Attractive valuation levels of current portfolio

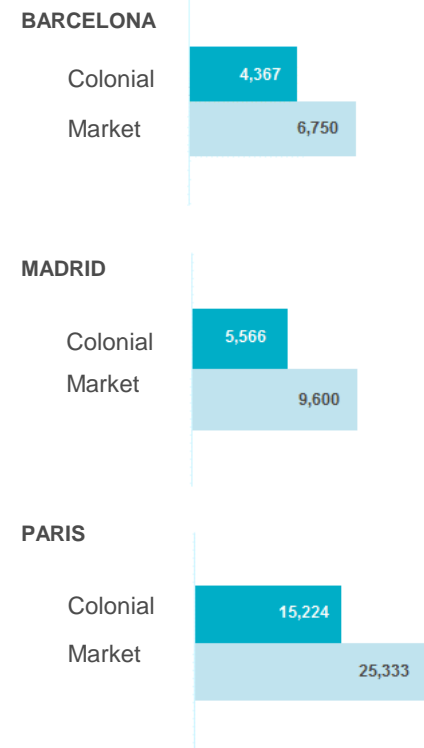
Important value potential through Re-Rating to current market

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

VALUATION YIELDS <sup>(1)</sup>



CAPITAL VALUE 06/2017 - €/sq m



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

## A solid capital structure

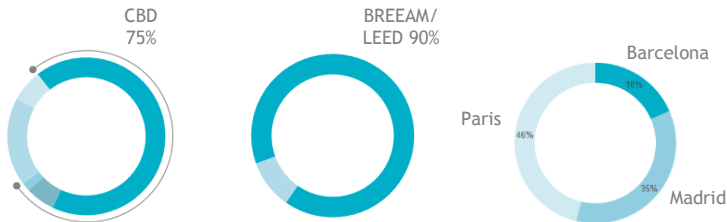
### A high quality collateral underpinned with a solid financial structure

- > 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**

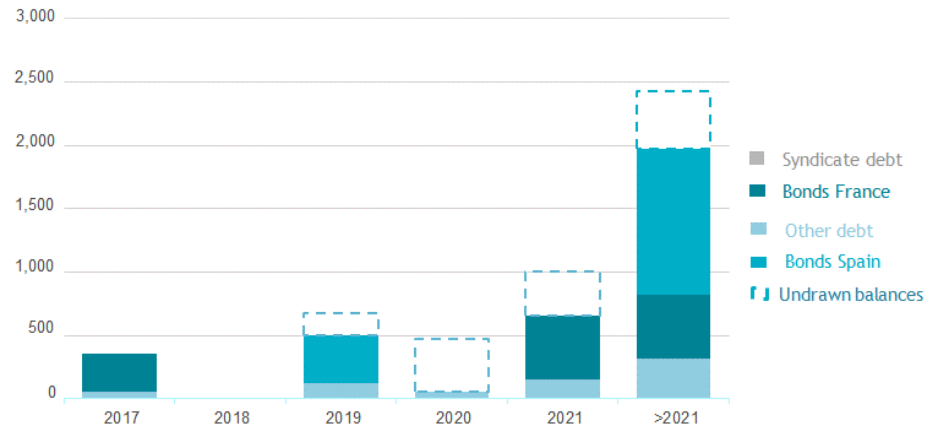


Rating Moody's  
**Baa2 Stable Outlook**

#### A SOLID FINANCIAL STRUCTURE

##### Capital Structure

	31/12/2016	30/06/2017
Cost of Debt Spain	1.96%	2.02%
Cost of Debt Group	1.96%	1.97%
Maturity Spain	6.0 years	5.7 years
Maturity Group	5.0 years	4.6 years
Cash	€105m	€219m
Undrawn balances	€768m	€1,400m
Group LTV	41.4%	36.1%
% Debt fixed or hedged	82%	86%



## 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
<b>06-14</b>	<b>4.49</b>	0	4.49	-	-	-
12-14	4.77	0	4.77	6%	-	<b>6%</b>
12-15	6.16	0	6.16	29%	-	<b>29%</b>
12-16	7.25	0.150	7.40	18%	2%	<b>20%</b>
06-17	8.07	0.165	<b>8.24</b>	11%	2%	<b>14%</b>
<b>Total Return since 6/14 (NAV per share growth + dividends)</b>						<b>87%</b>

Colonial



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