

Colonial



Colonial – Investor Day  
IMPLEMENTING PRIME FACTORY

*Mr. Juan Manuel Ortega*  
*Colonial Chief Investment Officer*



MSCI 

European Property  
Investment Awards  
WINNER 2017

IBEX<sub>35</sub>



Barcelona 17/10/17

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**01 Repositioning Program**

02 Delivery on acquisitions

03 Projects

## Colonial's Repositioning Program

- > Set of specific actions which looks to **enhance value of our existing office portfolio** through a holistic asset management approach
  - ✓ Execution of works
  - ✓ Negotiations to transform the tenancy profile
  - ✓ Property management specific actions
- > Colonial started the implementation of this strategy some years ago
- > This strategy is now followed by some other relevant office players

## Key principles for a successful Repositioning Program

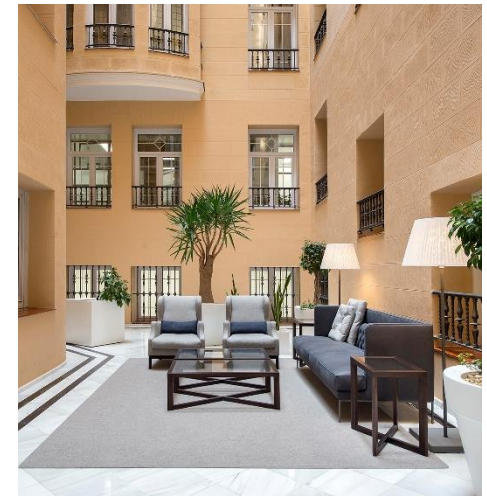
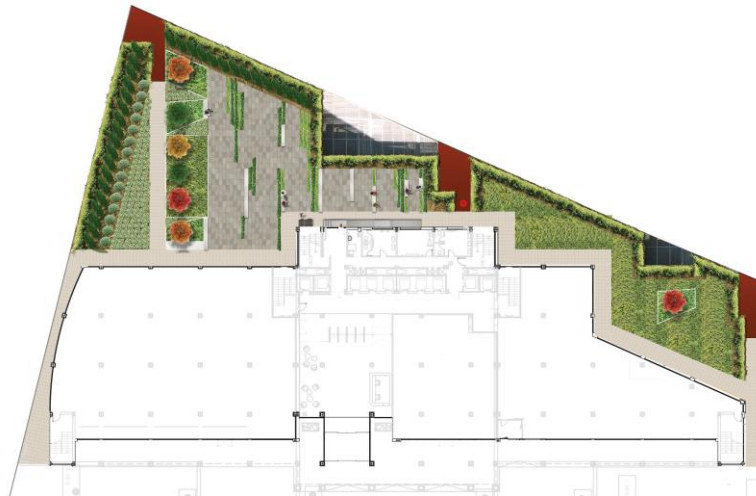
- I. Return on cost as the strategy driver
- II. Liquidity enhancement
- III. Properties step forward to best in class office buildings
- IV. Defensive approach for mature properties

# 01 Repositioning Program

## Looking to improve the client experience

### Additional services and amenities are in high demand

- > Terraces and gardens to differentiate our buildings from the standard market supply
- > Current demand highly values the use of areas outside the private office space

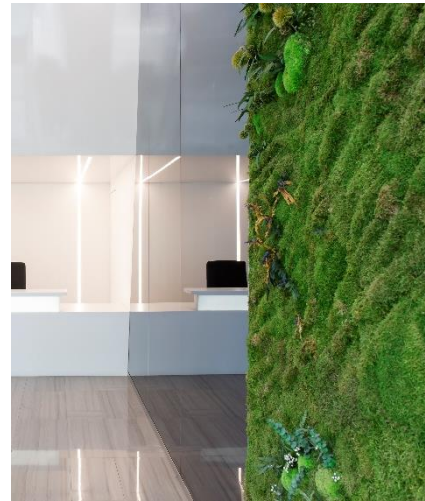


## 01 Repositioning Program

Colonial's bespoke design through its portfolio

**Representative buildings with appealing design help companies to attract and retain talent**

- > Designing spaces to combine functionality together with the last decorating trends
- > Colonial's assets are recognisable for its quality and design



## 02 Select - Repositioning Program Delivery

### 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

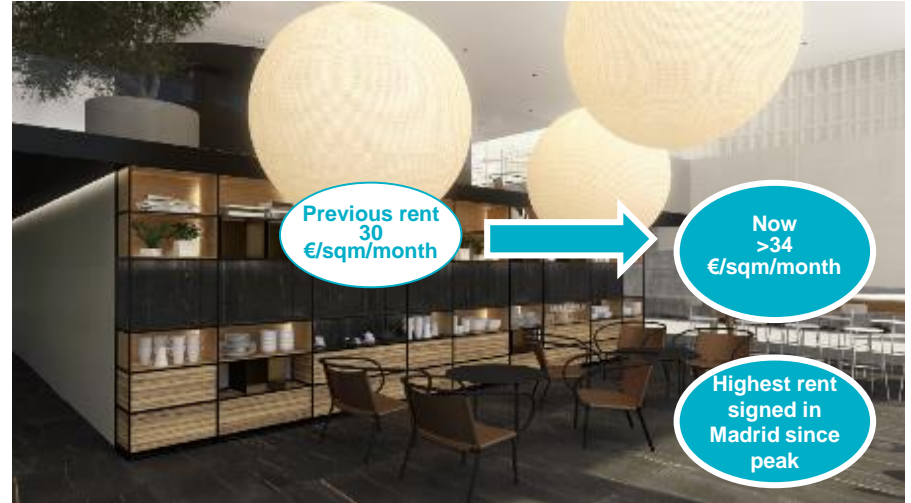
		Occupancy <sup>1</sup>			Gross Rent - €/sq m/month			Valuation		
		1H16	1H17	Var	1H16	1H17	Var	1H16	1H17	Var
<b>Castellana 43</b> GLA: 5,998 sq m Market: Mad CBD		100%	100%	+0bps	29	32	+10%			+12%
<b>Castellana 52</b> GLA: 7,523 sq m Market: Mad CBD		86%	92%	+600bps	23	26	+13%			+20%
<b>Lopez de Hoyos</b> GLA: 7,140 sq m Market: Mad CBD		83%	100%	+1300bps	15.5	19	+23%			+13%
<b>Francisco Silvela</b> GLA: 5,393 sq m Market: Mad BD		83%	100%	+1300bps	15.5	19	+23%			+13%
<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%
<b>Santa Engracia</b> GLA: 13,664 sq m Market: Mad CBD		95%	98%	+300bps	18	22.5	+25%			+16%

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

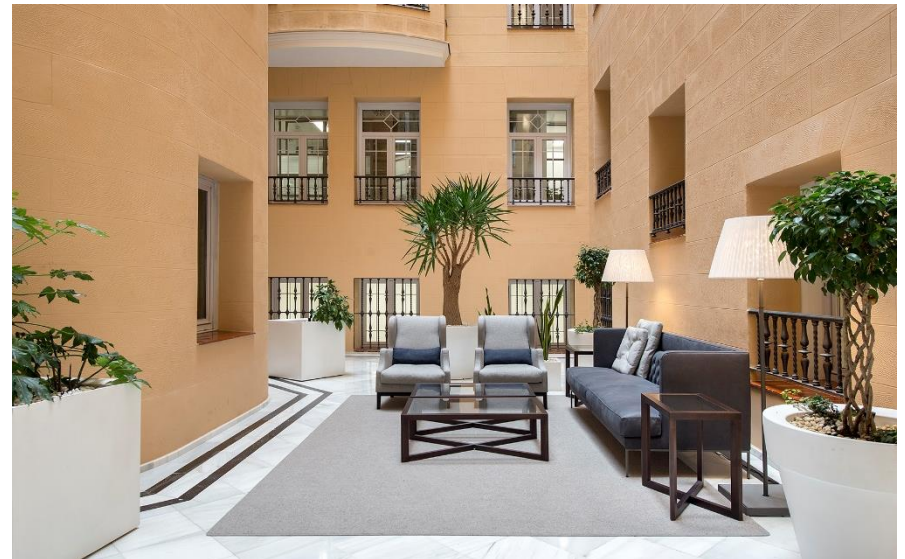
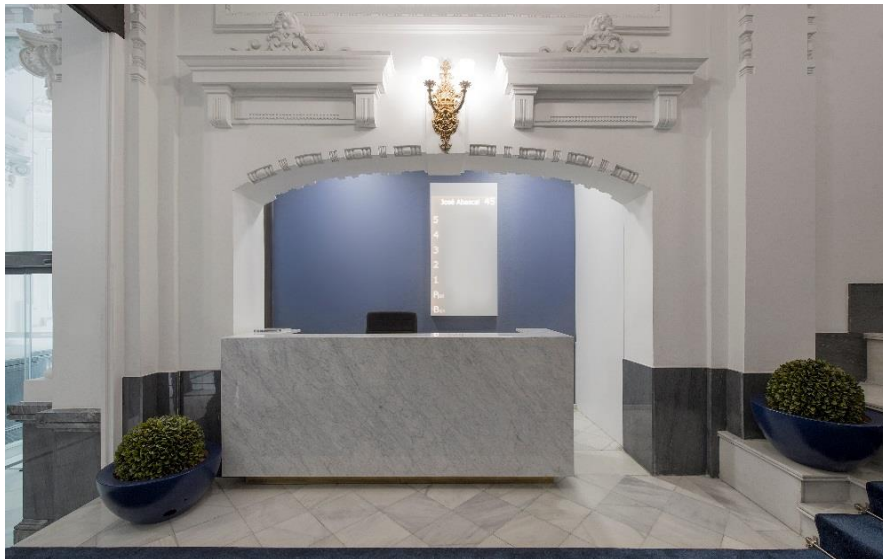
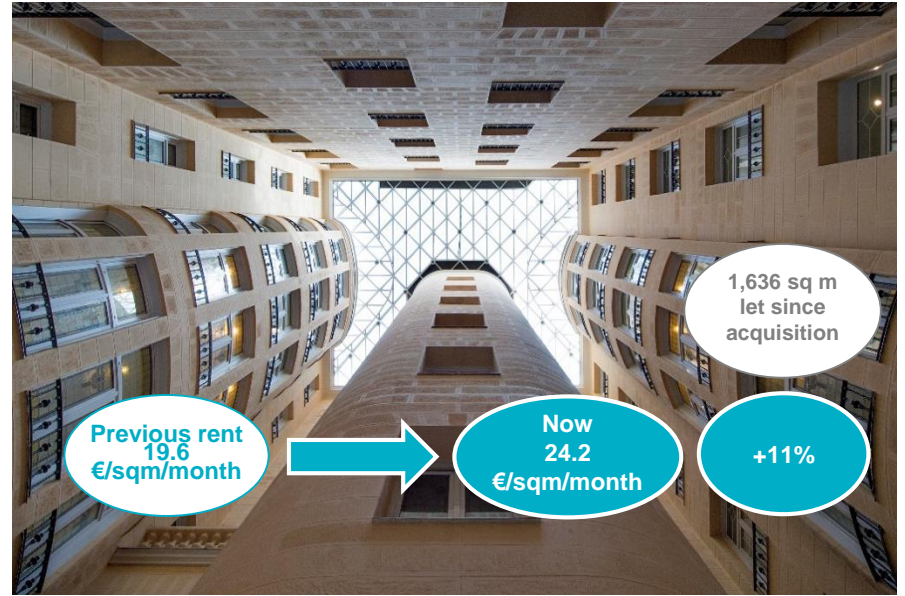


- 01 Repositioning Program
- 02 **Delivery on acquisitions**
- 03 Projects





ALLEN & OVERY



GÉNOVA 17 – ACQUISITION 2015



**Roland Berger**  
Strategy Consultants

**CaixaBank**

**PÖYRY**

**LOGICOR**

MAIN KPIs SINCE ACQUISITION JULY 2015

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

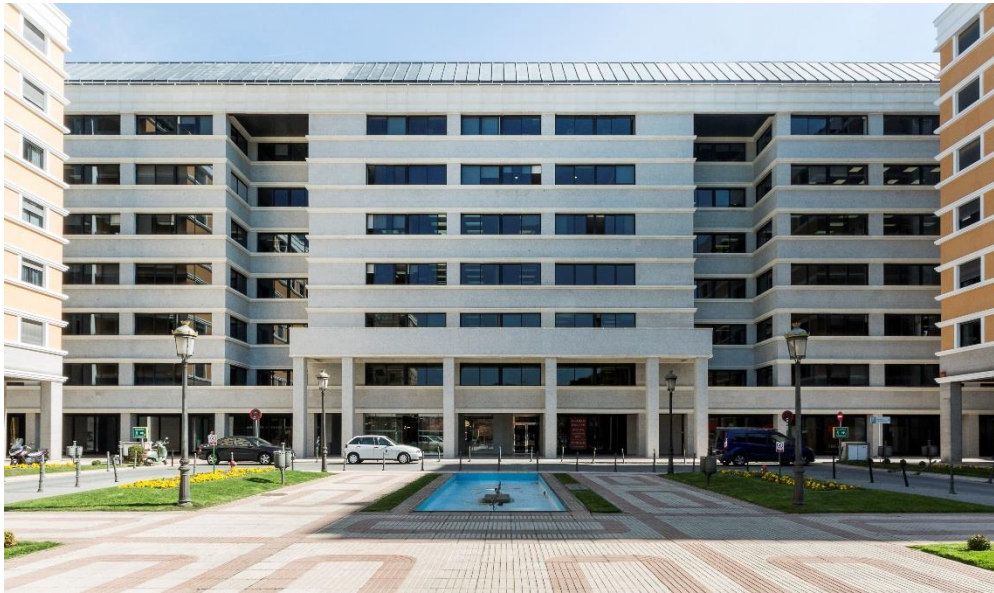
**38.5 €/sqm/month**

**+119% vs Previous**

<u>July 2015</u>	→	<u>1H 2017</u>	
66% Occupancy		100% Occupancy	+3300bps
0.8€m Annualized GRI		1.4€m Annualized GRI	+75%

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

02 Delivery on Acquisitions  
Santa Engracia 120





- 01 Repositioning Program
- 02 Delivery on acquisitions
- 03 **Projects**

Project Pipeline close to delivery

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

Discovery (Estébanez Calderón)



Madrid  
CBD

€4,130/sqm<sup>1</sup>  
Capital Value

Príncipe Vergara 112



Madrid  
CBD

€3,983/sqm<sup>1</sup>  
Capital Value

Parc Glòries



Barcelona  
22@

€2,991/sqm<sup>1</sup>  
Capital Value

(1) Capital Value of finished product

**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



## Future Projects – Plaza Europa

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

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