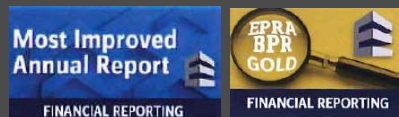


Colonial



Colonial –
Setting the benchmark in prime offices

September 2016



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01 Highlights – Colonial at a glance



GROUP KEY PORTFOLIO METRICS

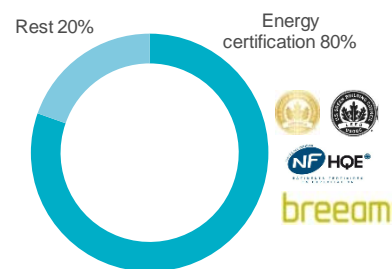
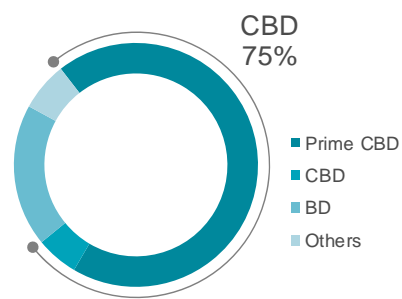
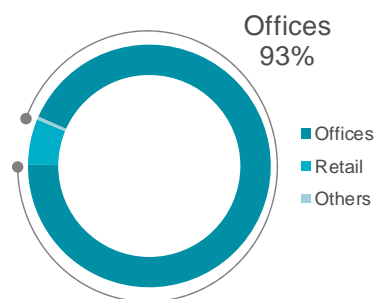
GAV Group 06/16	€7,556m	+13% LFL
# of assets	40 Spain 20 France	
Surface above ground 06/16	851,853 sq m	
EPRA Occupancy Offices 06/16	96%	+999 pbs

CAPITAL STRUCTURE METRICS

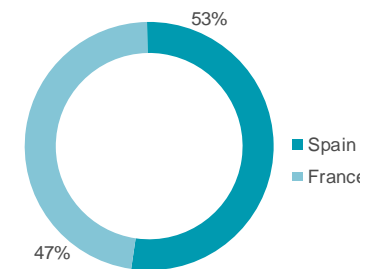
Market Cap ¹ / Net Profit 06/16	€2.5bn	€230m
EPRA NAV 06/16 (€/share)	6.8 €/share	+25%
LTV Group 06/16	39,9%	
Rating Investment Grade	BBB- (Stable out) S&P	

BUSINESS MIX

GAV GROUP 06/16



GAV HOLDING 06/16 - EXPOSICIÓN

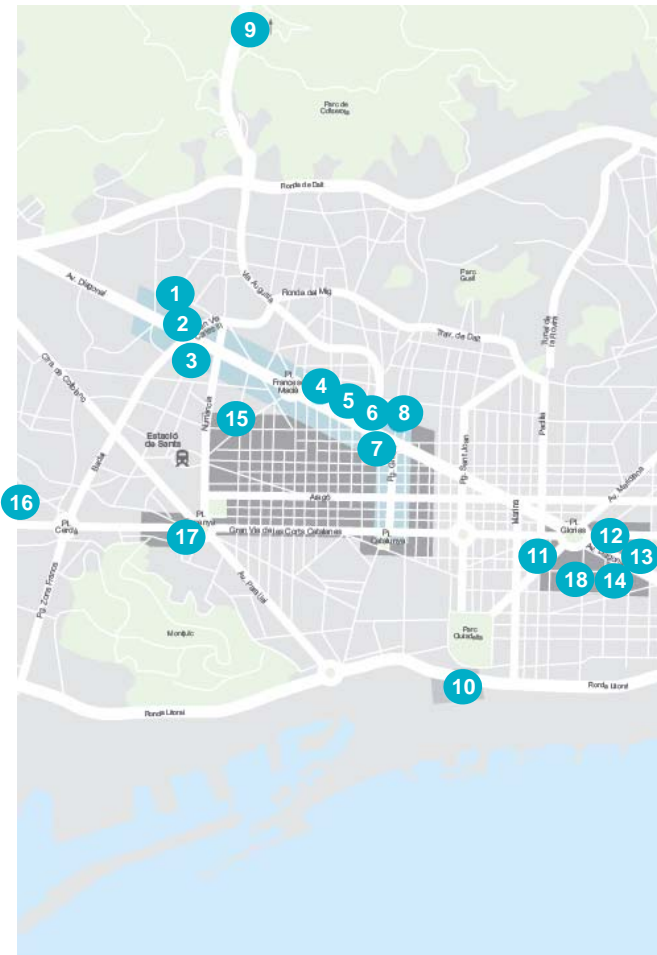


(1) As of 29 July 2016

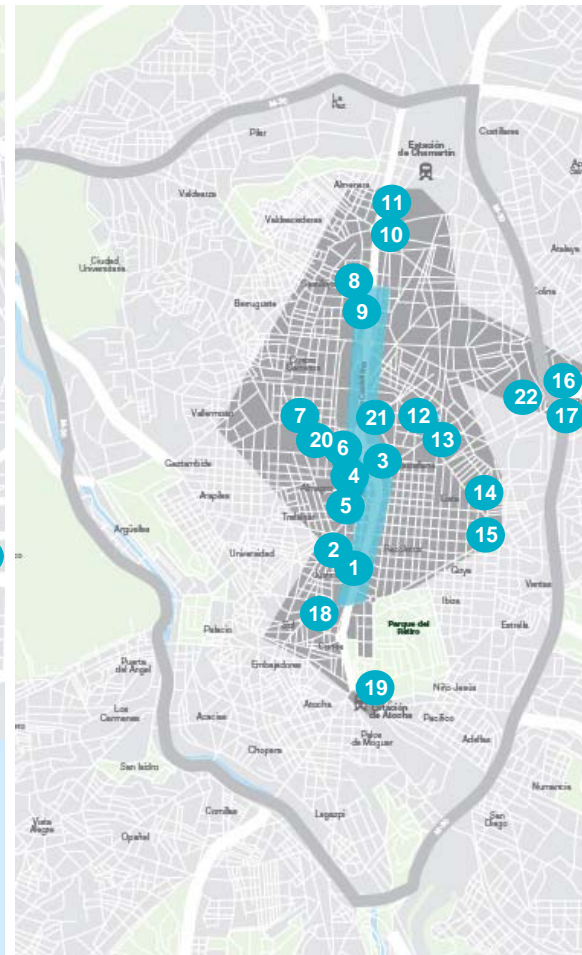
01 Highlights – Colonial at a glance
 Exclusive High Quality Pure-Play Prime Office Portfolio



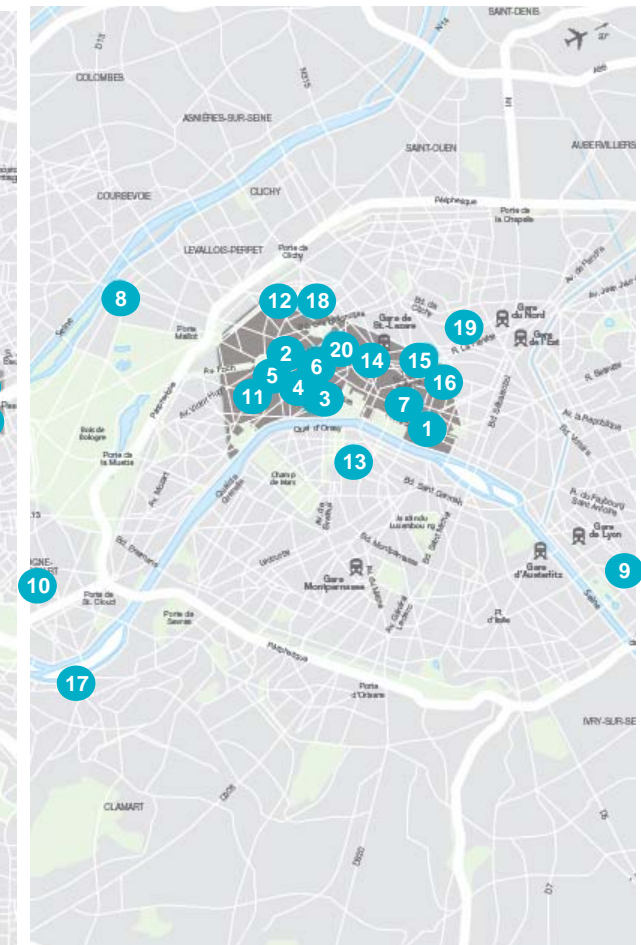
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01 Highlights – Colonial at a glance
Exclusive High Quality Pure-Play Prime Office Portfolio

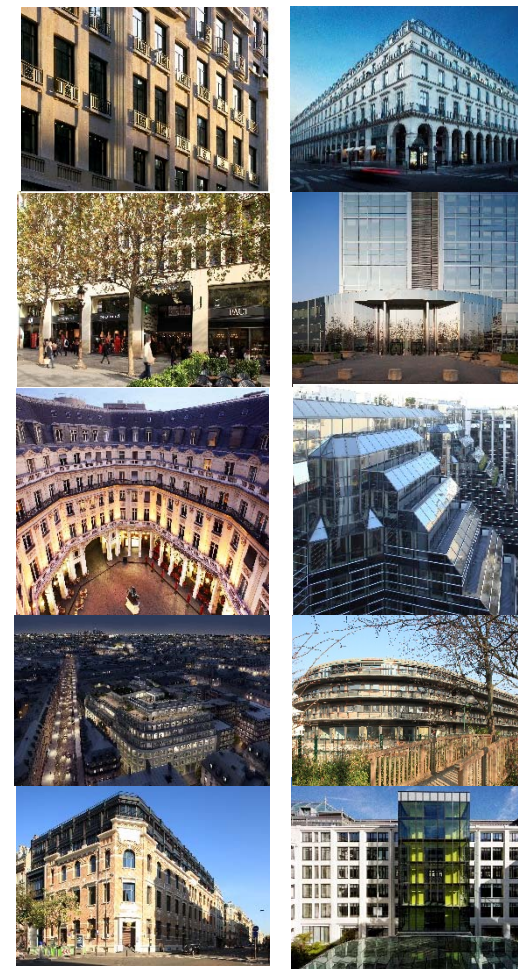
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ANOTHER STRONG SET OF RESULTS

- > EPRA NAV of 6.8€/share: +25% year on year (+10% in 6 months)
- > Gross Rental Income, +10% like for like
- > Recurring Net Income, +183%
- > Net Profit of €230m, +13%

PERFORMANCE & OPERATIONS

- > Letting volume of more than 64,000 sqm
- > Ongoing strong momentum in occupancy, +829bp up to 97%
- > Colonial's portfolio capturing rental price recovery
- > Strong improvement of passing Gross Rental Income profile
- > Successful execution of Project Alpha enhances the group's growth profile

FINANCIAL HIGHLIGHTS

- > Strong top & bottom line performance
- > Financial cost of 2.06%, (21 bp) in 6 months
- > LTV of 39.9%
- > Ongoing positive momentum in analyst coverage
- > Resilient share price performance

01 Highlights – Colonial at a glance
Another strong set of results

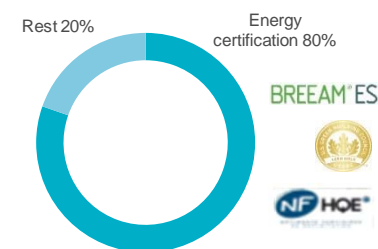
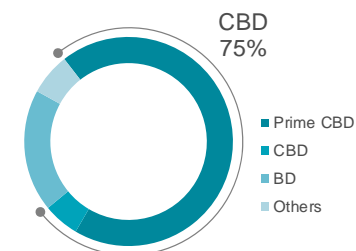


Successful delivery of growth strategy

- > Double digit growth in NAV per share, +25% year on year
- > Strong growth in Gross Rental Income: +23% (+10% like for like)
- > Significant increase of Recurring Net Profit: +183%
- > Strong credit profile: LTV below 40%

	1H 2016	Var. 12 months	Var. 6 months
EPRA NAV	6.8 €/share	+25%	+10%
Recurring Net Profit	31€m	+183%	
Net Profit	€230m	+13%	
Gross Asset Value	€7,556m	+13% LFL	+5% LFL
EPRA Occupancy – Total Portfolio	97%	+829 bps	
EPRA Occupancy – Office Portfolio	96%	+999 bps	
Gross Rents	€137m	+10% LFL	
Recurring EBITDA	€109m	+18% LFL	
Acquisitions & Repositioning	€448m		
Group LTV	39.9%	(255 bps)	
Rating Standard & Poor's	BBB- Stable Outlook		
Finance cost Group	2.06%	(21 bps)	
Maturity Group	4.6 years	+0.3 years	

BUSINESS MIX – GAV GROUP



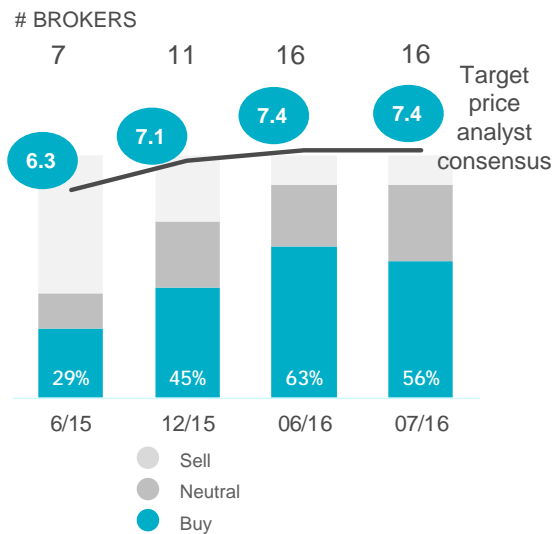
01 Highlights – Colonial at a glance
Strong share Price performance



Resilient share price performance in volatile capital markets

- > Ongoing positive momentum in analyst coverage and share price performance
- > Colonial shares offer a “flight to quality” play with attractive returns and good liquidity

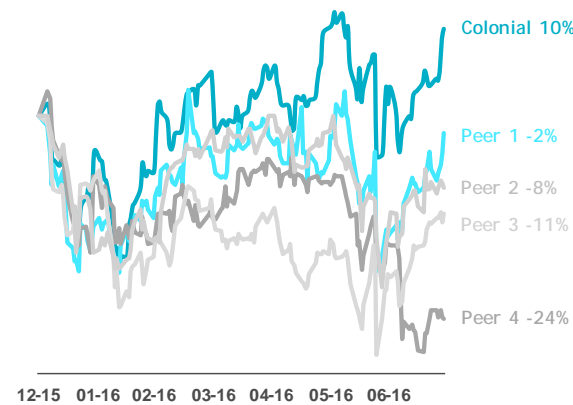
ANALYST COVERAGE



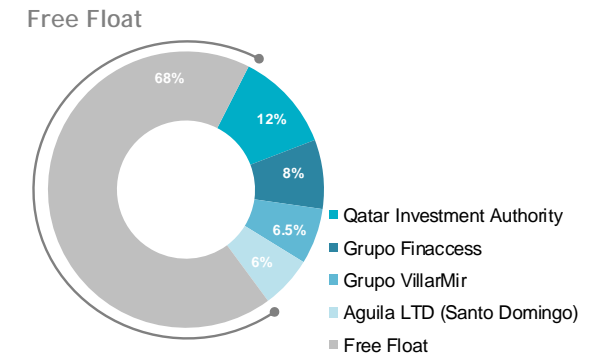
4 Brokers identify Colonial as “Top Pick”

Maximum target Price **8.9€/share**

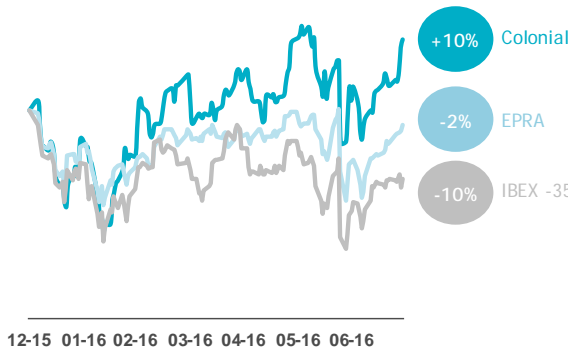
COLONIAL VERSUS PEERS SPAIN



HIGH QUALITY SHAREHOLDER STRUCTURE AND GOOD LIQUIDITY



COLONIAL VERSUS BENCHMARKS



Market Cap €2.5bn

Free float €1.7bn

Free float 68%

02 Office markets



Macro outlook remains solid

- > Fundamentals remain attractive despite increased volatility in capital markets
- > Still early to assess long term impacts of Brexit vote

MARKET TRENDS

WORLD & EU

- ✓ Global growth remains stable: +3.2% in 2016
- ✓ Eurozone remains in scenario of gradual recovery
- ✓ ECB's QE programme maintains attractiveness of Prime Commercial Real Estate

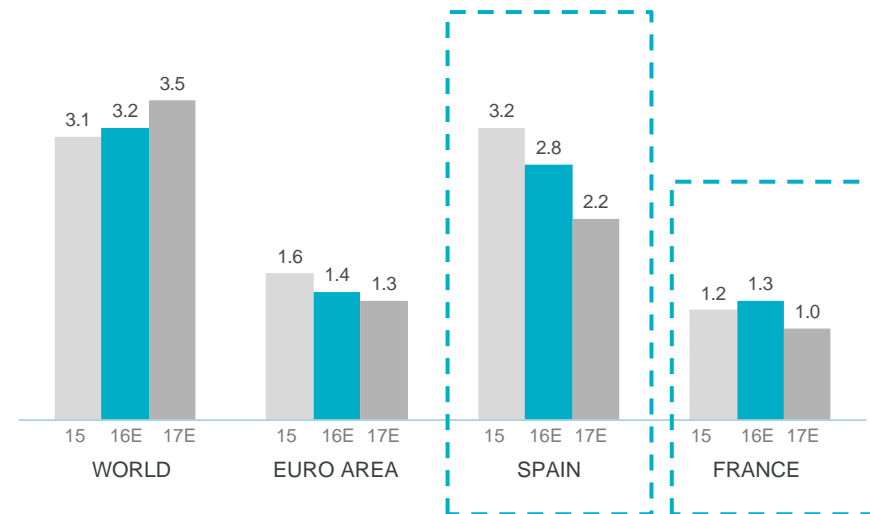
SPAIN

- ✓ Growth remains above EU average
- ✓ Recovery underpinned by strong fundamentals

FRANCE

- ✓ Recovery underway
- ✓ GDP growth with increasing momentum in 2016

GDP GROWTH



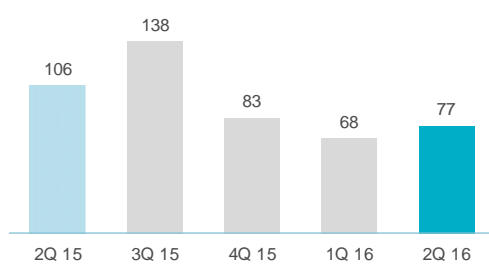
Source: Monthly report "la Caixa"

CBD market fundamentals remain solid

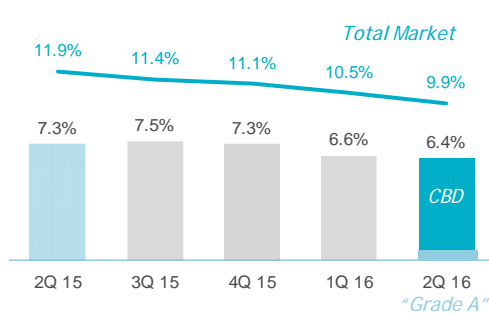
- > More than three quarters with decreasing vacancy rates in every market
- > Sustained momentum in take-up faces scarcity of Grade A product in CBD

BARCELONA

TAKE UP ('000 sq m)

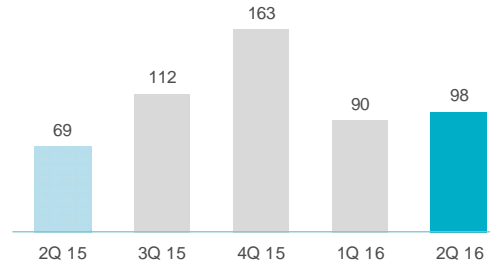


VACANCY %

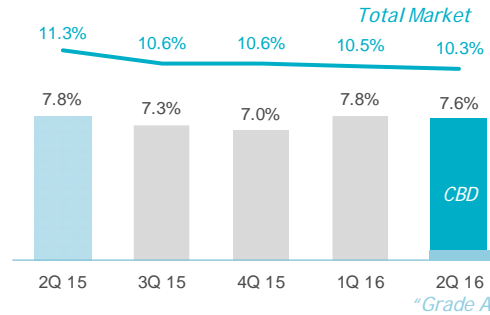


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TAKE UP ('000 sq m)

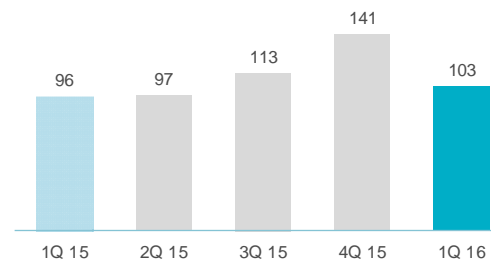


VACANCY %

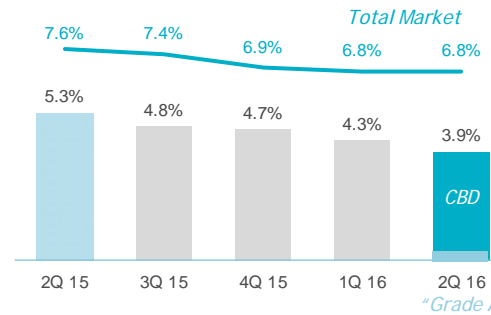


PARIS CBD

TAKE UP ('000 sq m)



VACANCY %



Source: JLL, CBRE & C&W
The Paris CBD take-up details correspond to 1Q2016 (2Q 2016 figures not available at the production date of this document)

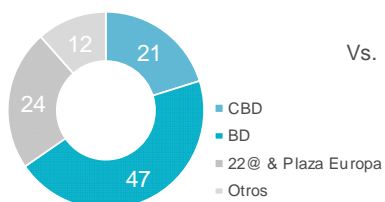
Prime Product in City Center as key driver to capture selective demand and rental growth

- > Growth potential in prime rents underpinned by strong fundamentals in every market
- > Prime rents with positive momentum in the three markets

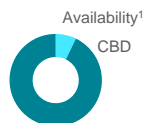
TAKE UP ANALYSIS 1Q 16

of transactions

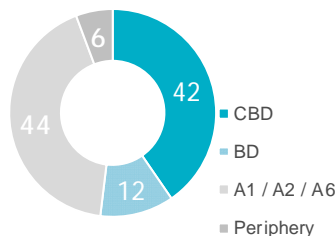
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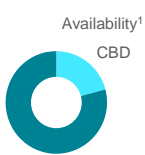
Vs.



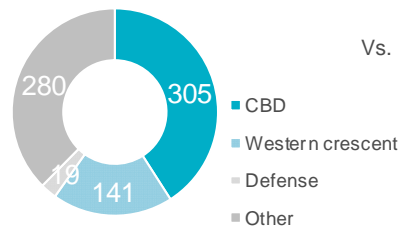
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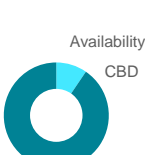
Vs.



PARIS



Vs.

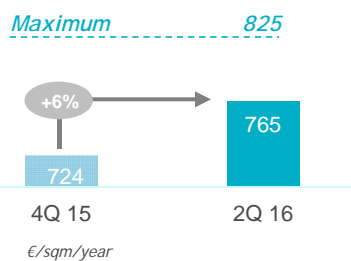
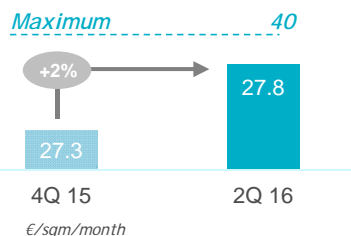
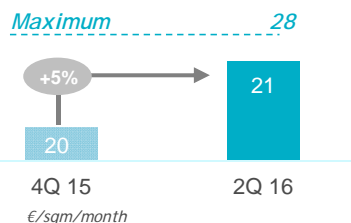


Source: CBRE

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

The take-up and vacancy details correspond to 1Q2016 (2Q 2016 figures not available at the production date of this document)

PRIME RENTS YTD



Source: JLLS

HIGHLIGHTS 1H 16

Take-up becoming more selective

- > Almost 60% of take-up in City Center
- > Highest traction in Class A & B+ buildings
- > Decreasing vacancy, especially in CBD
- > Lack of future supply as main driver for the market

Prime Rents benefit from strong fundamentals

Total market take-up weaker than 2015, CBD remains solid

- > CBD and City Center remain strong markets
- > Product quality & location gain momentum as key drivers
- > Obsolescence of CBD stock as source for opportunities

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

Significant increase of take up

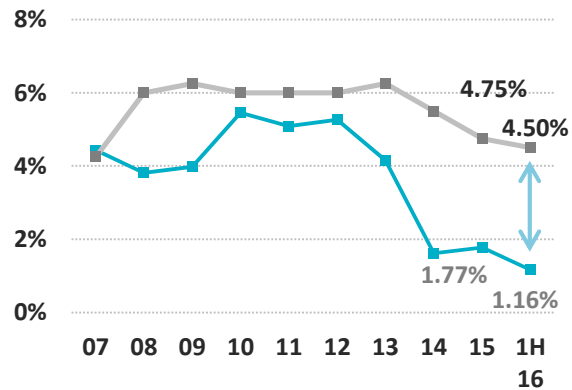
- > Decreasing vacancy in CBD – lowest since 2008
- > Scarcity of high quality product pushing prime rents
 1. Availability of high quality product at 10 year low
 2. Decrease of rent incentives in CBD
 3. Increase of facial rents ongoing

Investment markets 2016 remain strong, but below 2015 due to the lack of product

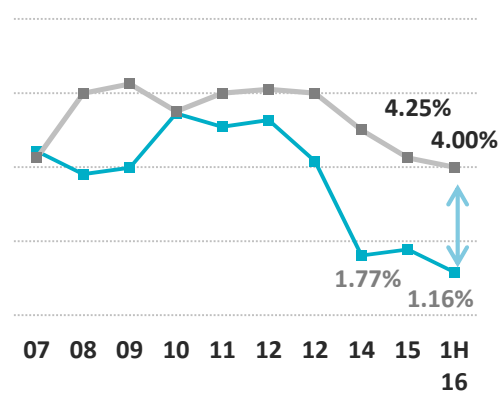
- > General market volatility increases “flight to quality”
- > Increasing importance of rental growth for further capital value growth
- > Spread vs reference rates remain at very attractive levels

PRIME YIELDS (1)

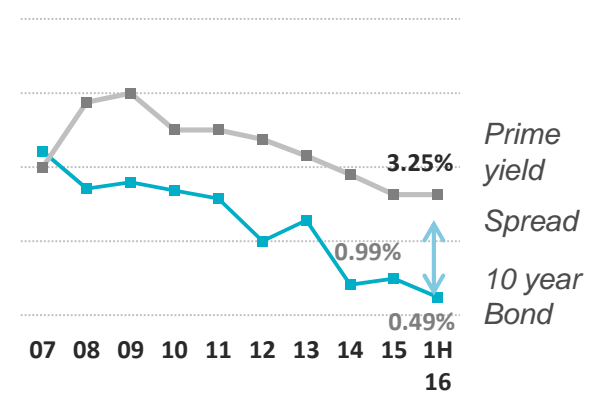
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PARIS

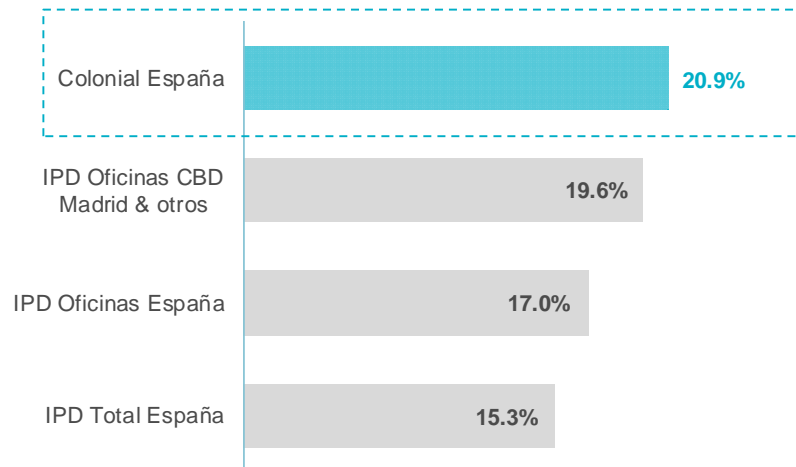


(1) Market consultants in Spain report gross yields and in France they report net yields
Source: JLL & Bloomberg

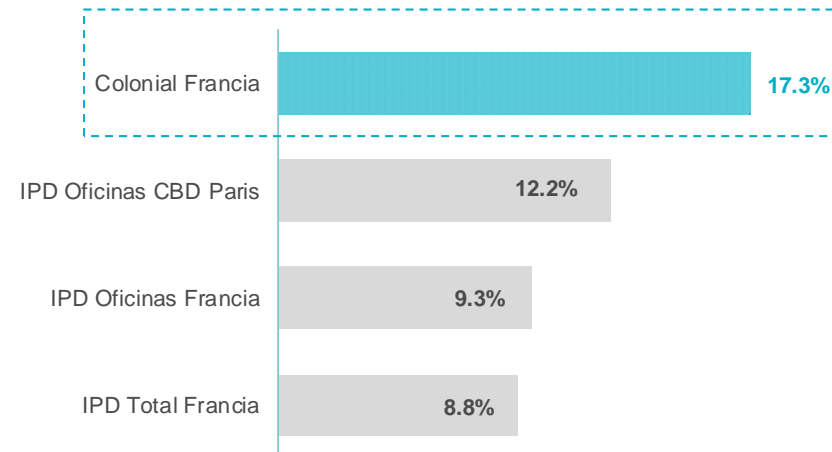
Colonial clearly outperforming the IPD benchmark in Spain and France

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

TOTAL RETURN 2015¹ - SPAIN



TOTAL RETURN 2015¹ - FRANCE



1) Total Return: Capital value growth + Income return

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

03 Operating performance



03 Operating performance 1H 16
Letting activity with strong momentum

Ongoing strong momentum in letting activity

- > Barcelona with record volume, more than 36,800 sq m signed
- > Madrid remains strong, close to 8,400 sq m let in 13 transactions
- > Paris with high activity: 20 transactions with more than 19,500 sq m

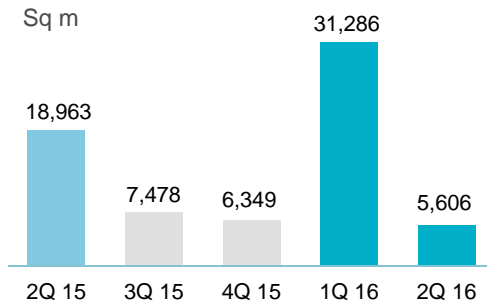
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> 36.800 sq m let in 6 months

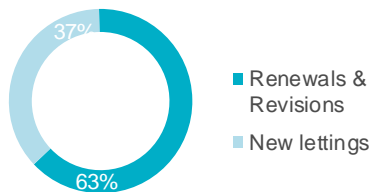
of transactions



Sq m

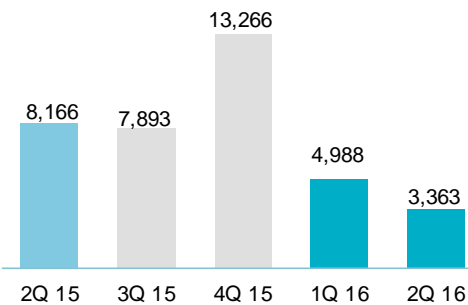


- > Huge volume of lettings
- > Strong client retention

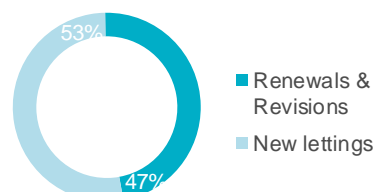


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> 8.300 sq m let in 6 months

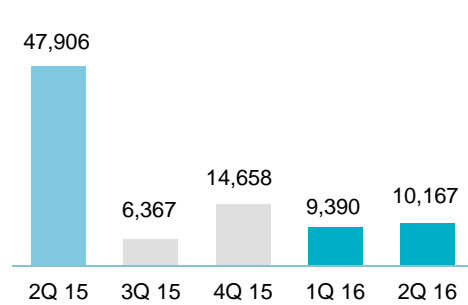


- > Proven attraction of Madrid Portfolio
- > Strong client retention

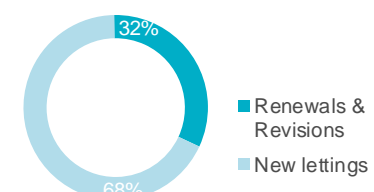


PARÍS

> 19.500 sq m let in 6 months



- > Record number of new contracts
- > #Cloud building 100% let



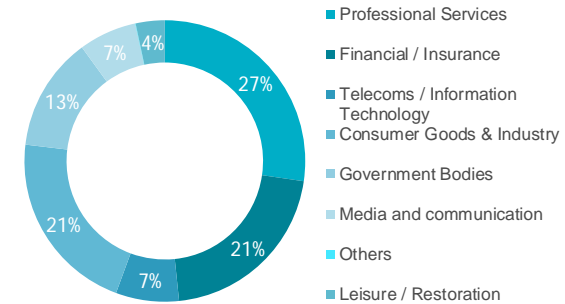
High quality premises attract and retain top tier tenants

- > A well diversified tenant base with long-standing clients
- > Capturing high quality clients on the back of top assets

A WELL DIVERSIFIED TENANT BASE OF TOP QUALITY CLIENTES

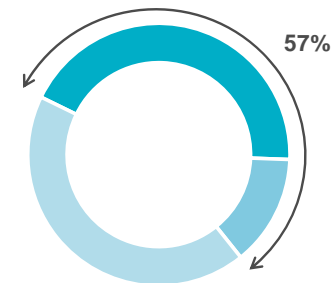


DIVERSIFIED SECTOR MIX



LONG STANDING CLIENTS

Length of time tenants stay



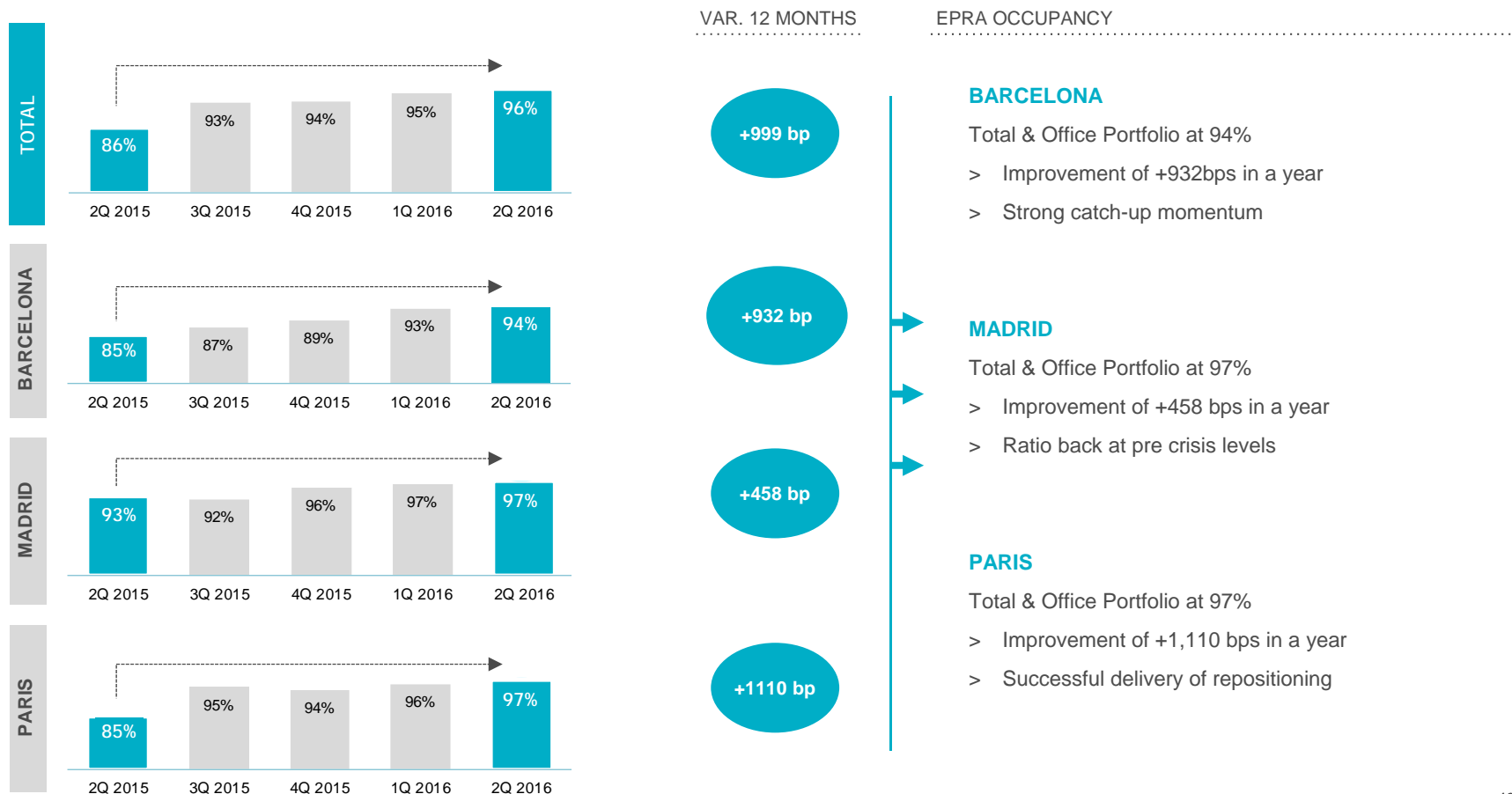
■ > 10 years ■ Between 5 and 10 years ■ < 5 years

03 Operating performance 1H 16
 EPRA Occupancy accelerating

Prime positioning with top quality product ensures successful letting-up

- > EPRA Office Occupancy at 96%, +999 bps in 12 months
- > Strong performance of Colonial in every market

EPRA FINANCIAL OFFICE OCCUPANCY

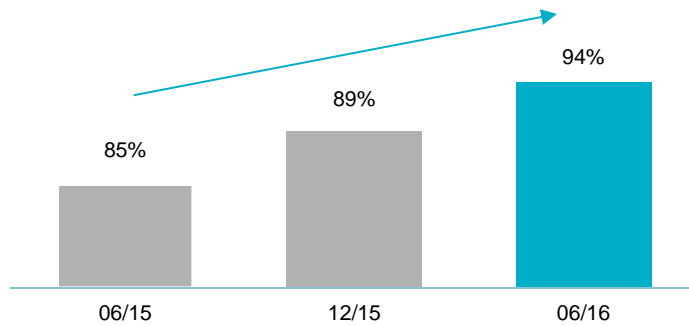


Colonial as leading market indicator for rental price recovery

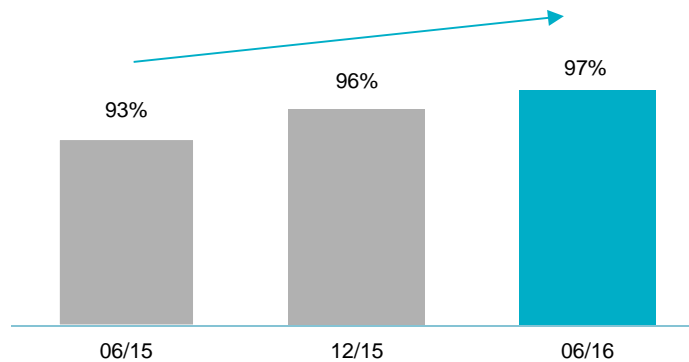
- > Strong momentum in occupancy enhances bargaining power
- > Prime positioning enables rental price increases – especially in CBD assets

EPRA FINANCIAL OFFICE OCCUPANCY

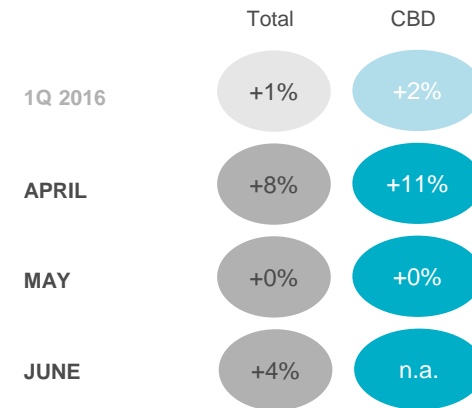
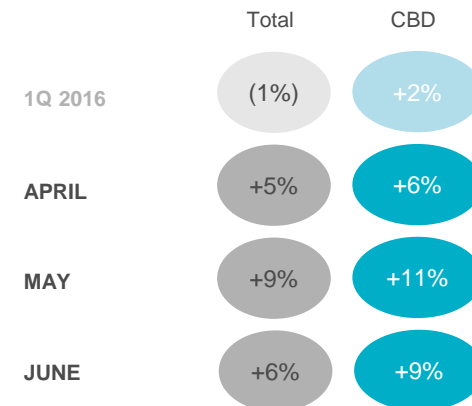
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SIGNED RENTS VS. 12/15 ERV¹



(1) ERV= Estimated Rental value: market rent assigned by independent appraisers

03 Operating performance 1H 16
Colonial sets the benchmark in offices

Colonial as leading market indicator for rental price recovery

- > Colonial's asset clearly positioned to achieve rental price increases
- > Prime assets are first movers in rental recovery

Barcelona

Av. Diagonal, 609-615 - CBD



93%
Occupancy

Contract 1:	+12.7%	Signed rents vs. 12/15 ERV
Contract 2:	+5.6%	
Contract 3:	+4.2%	
Contract 4:	+1.4%	

Travessera / Amigó - CBD



67%
Occupancy

Contract 1:	+11.8%	Signed rents vs. 12/15 ERV
Contract 2:	+9.4%	
Contract 3:	+5.9%	

Madrid

José Abascal, 56 - CBD



100%
Occupancy

Contract 1:	+10.0%	Signed rents vs. 12/15 ERV
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Alfonso XII - CBD



100%
Occupancy

Contract 1:	+10.5%	Signed rents vs. 12/15 ERV
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Paris

Washington Plaza - CBD



97%
Occupancy

Contract 1:	+20.1%	Signed rents vs. 12/15 ERV
Contract 2:	+19.5%	
Contract 3:	+12.3%	

112 Wagram - CBD



99%
Occupancy

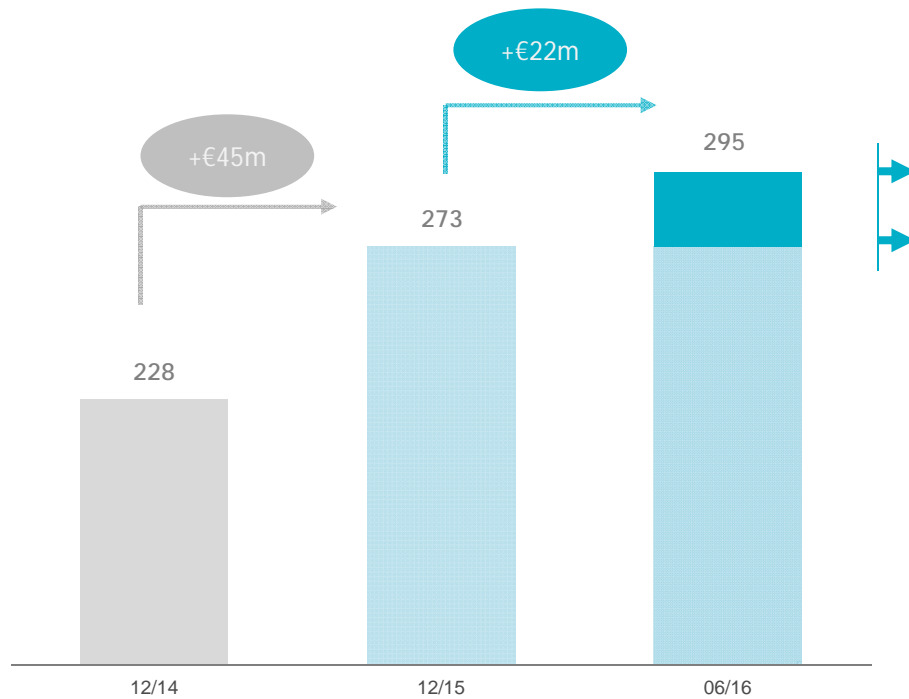
Contract 1:	+7.1%	Signed rents vs. 12/15 ERV
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(1) ERV= Estimated Rental value: market rent assigned by independent appraisers

Sustained strong delivery of GRI growth

- 1. Strong first half momentum in passing GRI
- 2. Delivery of GRI through occupancy improvements and rental price increases
- 3. Project Alpha adds close to €13m of annual GRI
- 4. Solid base to enhance positive P/L momentum going forward

STRONG DELIVERY OF GROWTH IN ANNUALIZED PASSING GRI ⁽¹⁾ €M



Strong momentum in GRI delivery
















- > +8.8 €m Comparable Portfolio
- > +12.7 €m Project Alpha

(1) Topped-up passing GRI

03 Operating performance 1H 16
Unlocking value through ongoing repositioning

Ongoing progress on repositioning and value added strategies

- > Continuous improvement of energy efficiency standards and asset quality
- > Source for further value creation through rental uplifts & “created” yield compression

<p>Av. Diagonal, 609-615</p>  <p>Breem Good</p> 	<p>Travessera / Amigó</p>  <p>Leed Gold</p> 	<p>Charles de Gaulle</p>  <p>Breem Excellent</p> 
<p>Tilos</p>  <p>Leed Gold</p> 	<p>In / Out</p>  <p>Breem Excellent</p> 	<p># Cloud</p>  <p>MIPIM Award</p>
<p>Ausias March 148-150</p>  <p>Breem Good</p> 	<p>Iena</p>  <p>Breem Excellent</p> 	

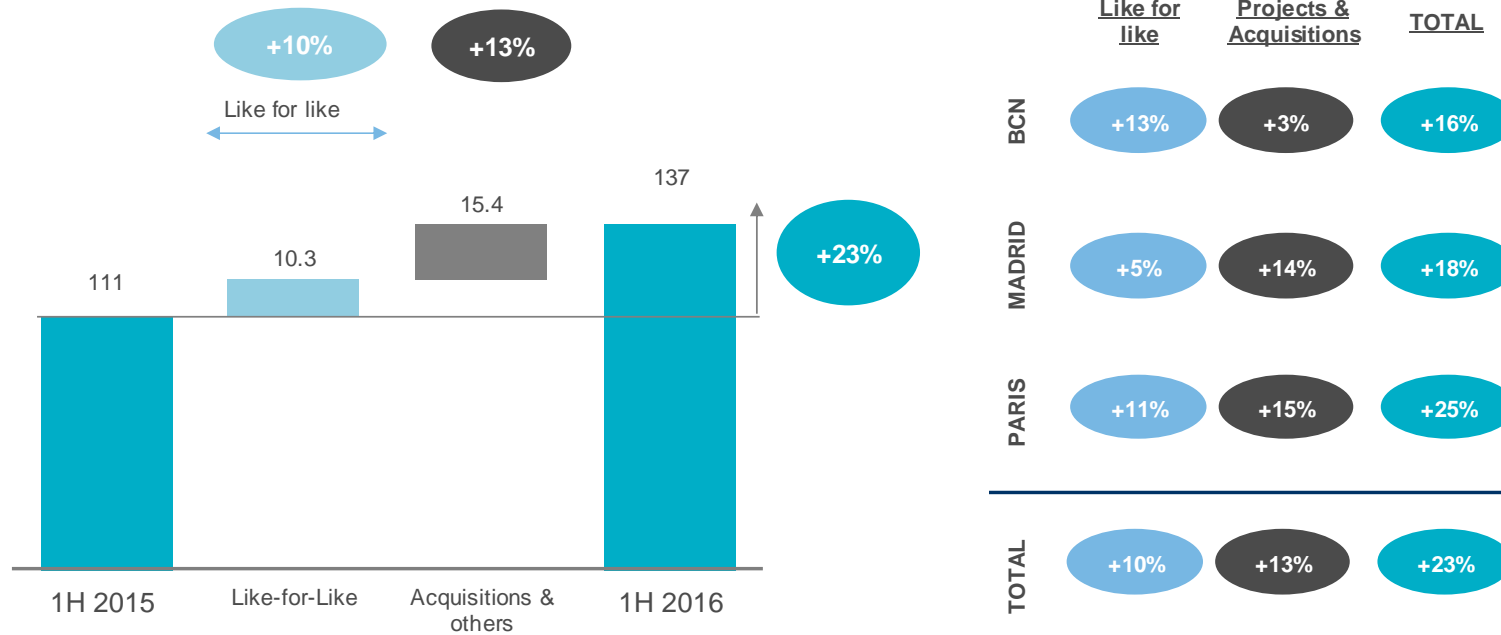
04 Financial review



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

- > Strong underlying like for like growth: +10%
- > Additional rental growth from value added strategies & acquisitions: +13%

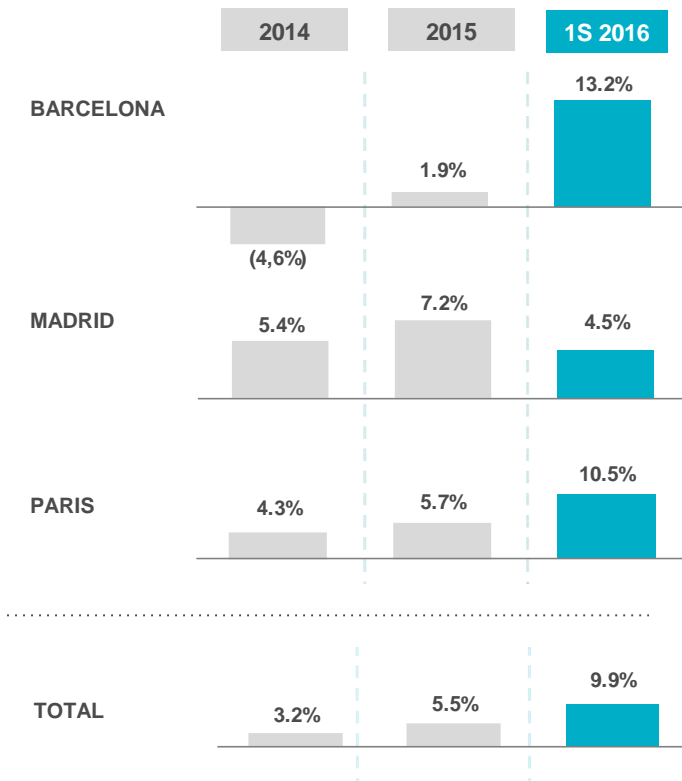
GROSS RENTAL INCOME - €M



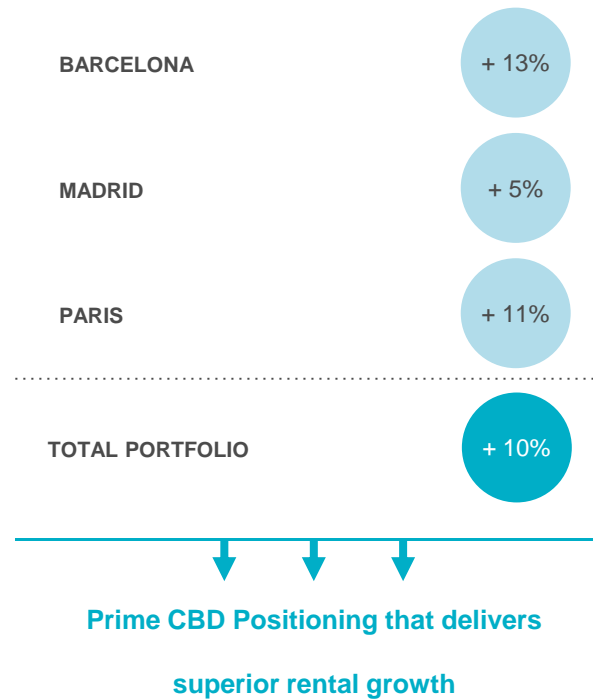
Strong underlying growth in gross rental income

- > Barcelona with outstanding like for like growth – catching up versus previous years
- > Madrid remains strong at 5% like for like increase
- > Paris with double digit like for like growth and increasing momentum

GROSS RENTAL INCOME “LIKE FOR LIKE” VARIANCE



STRONG RECOVERY IN ALL MARKETS



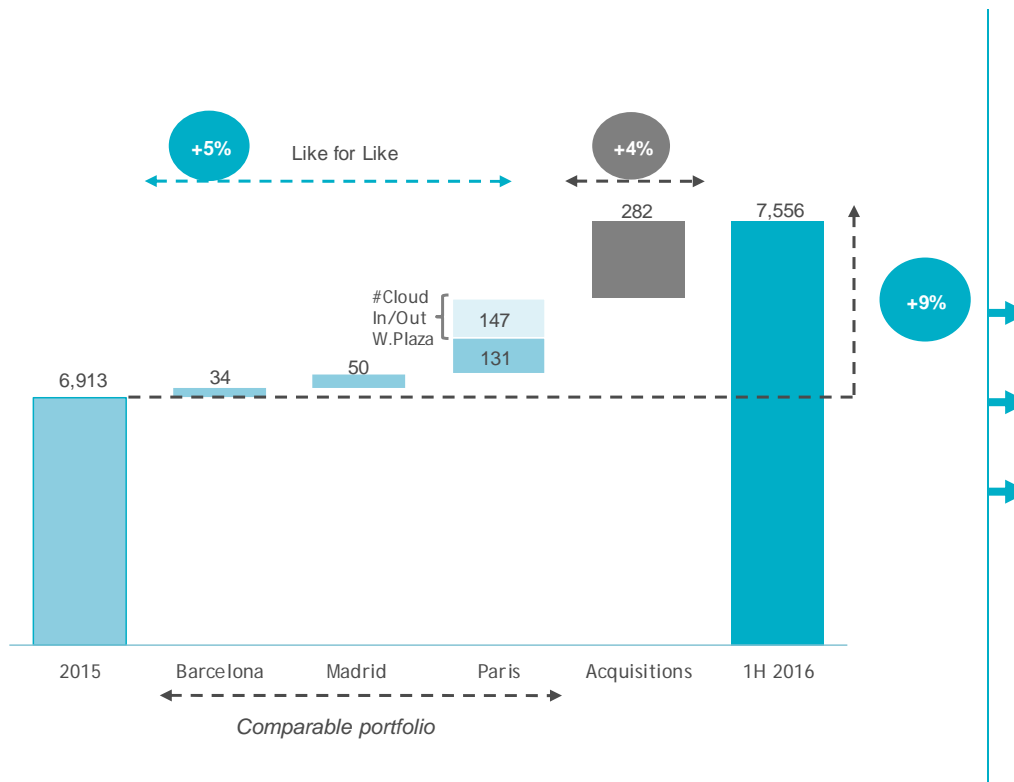
04 Financial review 1H 16

Strong underlying growth in Gross Asset Values

Gross Asset Value of €7,556m (€7,949m including transfer costs)

- > +13% like for like growth in year (+5% like for like in 6 months)
- > Acquisitions add another 7% in annual asset value growth (+4% in 6 months)

GAV - 6 MONTHS VARIANCE (€M)



GAV VARIANCE - ANALYSIS

	6 months	12 months
BARCELONA	+5%	+11%
MADRID	+5%	+11%
PARIS	+5%	+14%
TOTAL LFL	+5%	+13%
ACQUISITIONS	+4%	+7%
TOTAL VAR	+9%	+20%

04 Financial review 1H 16

Strong underlying growth in Gross Asset Values

Above average value creation through solid real estate approach

- > Value added strategies enable rental uplifts and “created” yield compression
- > Scarcity play through the creation of prime product

Av. Diagonal, 609-615 - CBD

+7%
6M GAV Growth



José Abascal, 56 - CBD

+15%
6M GAV Growth



#Cloud - CBD

+16%
6M GAV Growth



Tilos - CBD

+10%
6M GAV Growth



Alfonso XII - CBD

+7%
6M GAV Growth



Washington Plaza - CBD

+6%
6M GAV Growth



Travessera de Garcia/ Amigo - CBD

+5%
6M GAV Growth



Alcalá, 30-32 - CBD

+11%
6M GAV Growth



Edouard VII - CBD

+4%
6M GAV Growth



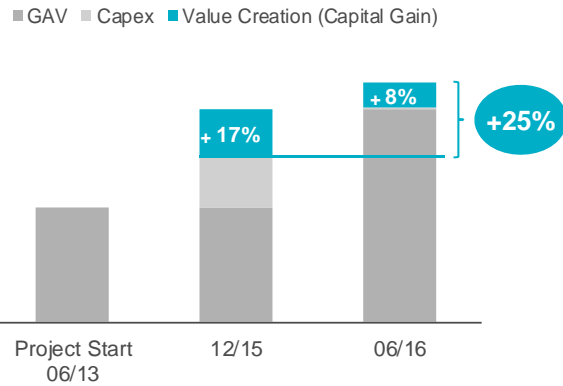
04 Financial review 1H 16

Strong underlying growth in Gross Asset Values

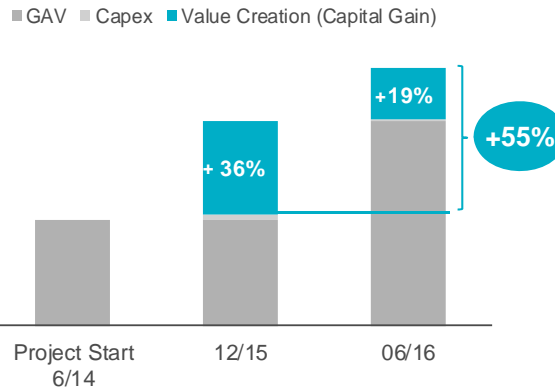
Above average value creation through solid real estate approach

- > Value added strategies enable rental uplifts and “created” yield compression
- > Scarcity play through the creation of prime product

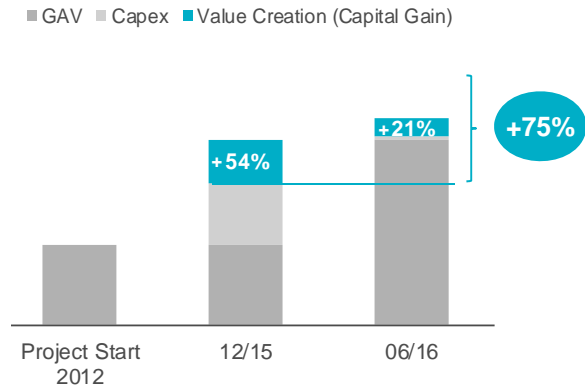
TILOS, 2-6 – Barcelona CBD



JOSE ABASCAL, 56 – Madrid CBD



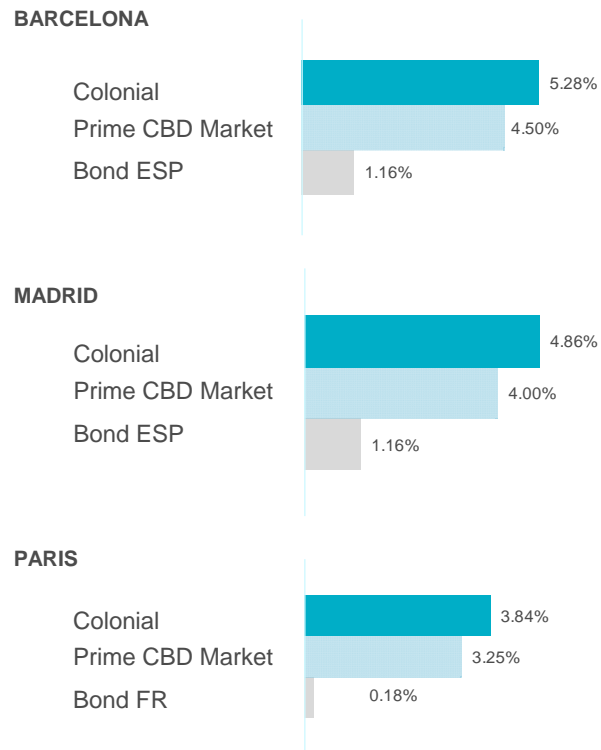
#CLOUD.paris – Paris CBD



Gross Asset Values with attractive valuation parameters

- Gross Asset Values as of June 2016 offer interesting entry price levels
- > Colonial valuation yields still above market levels
- > Prudent capital value levels compared to market transactions

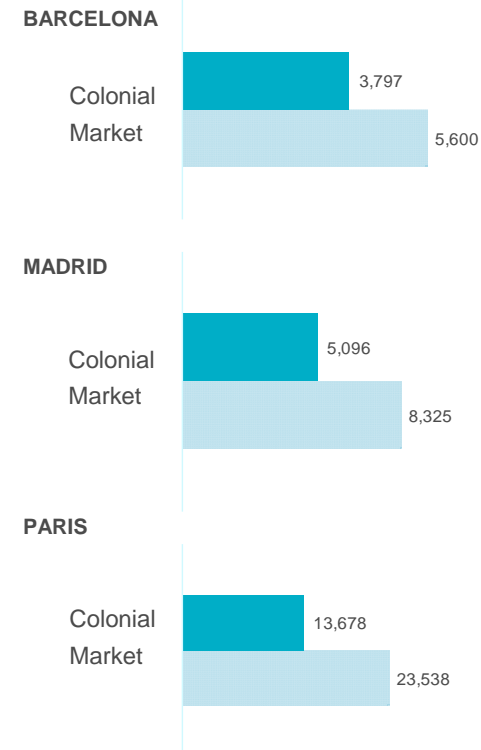
VALUATION YIELDS ¹



Market data Source: JLL & Bloomberg

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

CAPITAL VALUE 06/2016 - €/sqm



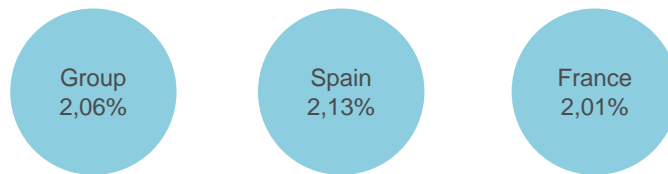
Market data Source: JLL

Solid Capital Structure with optimal financing to implement growth strategy

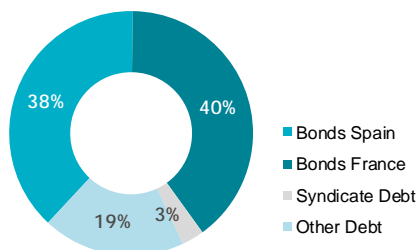
- > Competitive financing cost in Spain & France
- > First class long term financing structure with important fire power capacity

COMPETITIVE FINANCE COSTS

Financing costs % - Spot as of 30/06/16

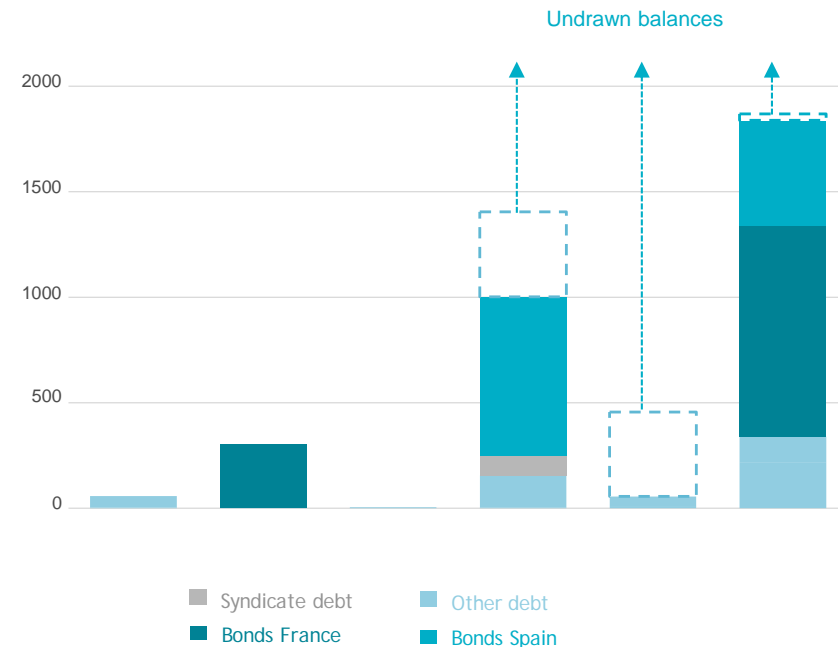


FIRST CLASS FINANCING WITH HUGE FIRE POWER CAPACITY



Available cash & undrawn balances	
Spain	€362m
France	€594m
Total	€956m

A LONG TERM MATURITY PROFILE

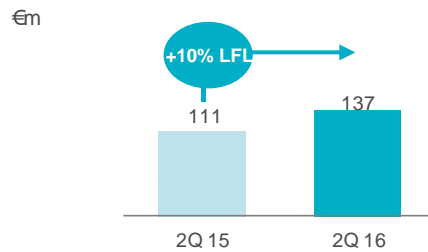


Significant increase in Recurring Net Profit through

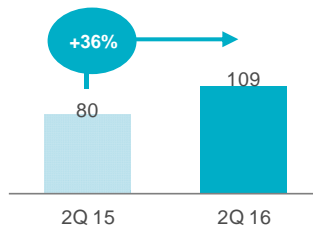
- > Delivery of strong GRI increase based on successful growth strategy
- > Savings in financing costs due to active liability management

STRONG TOP & BOTTOM LINE PERFORMANCE

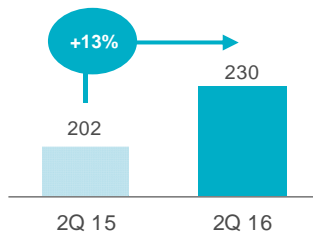
GROSS RENTAL INCOME



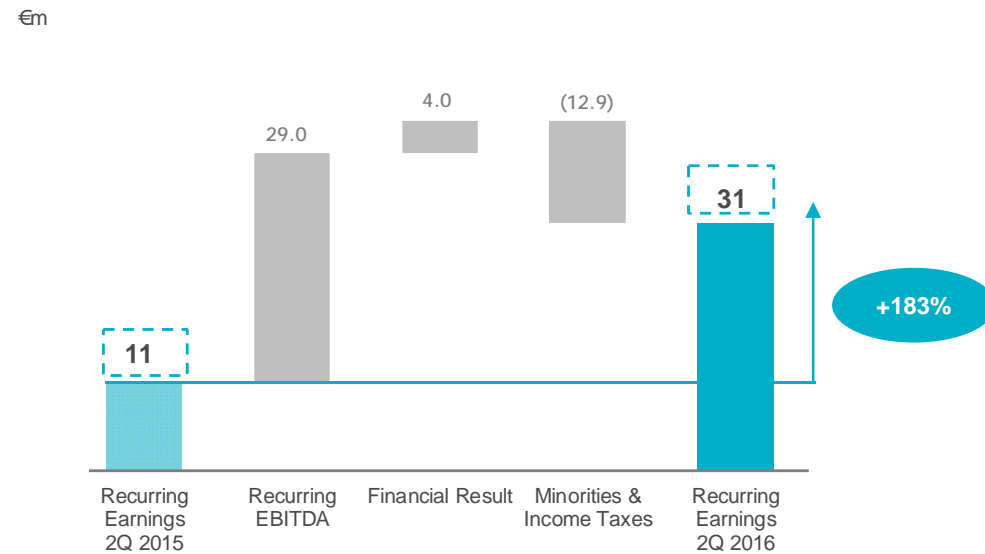
RECURRING EBITDA



NET PROFIT



RECURRING NET INCOME – VARIANCE ANALYSIS



04 Financial review 1H 16

Positive momentum in earnings

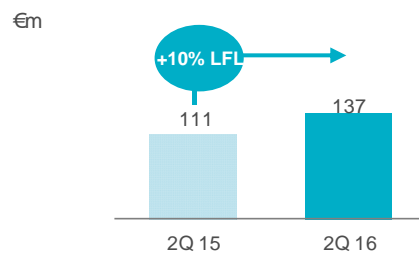


Net Profit 13% above previous year

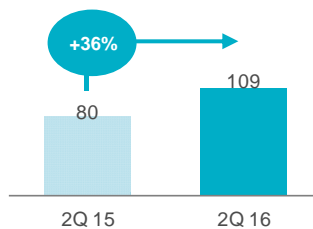
- > Strong momentum in recurring earnings
- > Superior value creation in asset portfolio

STRONG TOP & BOTTOM LINE PERFORMANCE

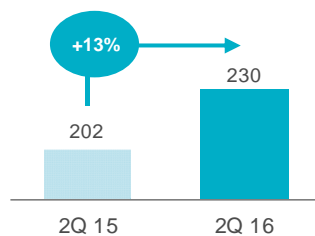
GROSS RENTAL INCOME



RECURRING EBITDA



NET PROFIT



PROFIT & LOSS ACCOUNT

Results analysis - €m	2Q 2016	2Q 2015
Gross Rents	137	111
Net operating expenses ⁽¹⁾	(10)	(14)
Overheads	(17)	(17)
Recurring EBITDA	109	80
Recurring financial result	(40)	(44)
Income tax expense & others - recurring	(6)	(5)
Minority interests - recurring	(32)	(20)
Recurring Earnings	31	11
Variance asset values & provisions	354	348
Non-recurring financial result & MTM	(2)	(29)
Income tax & others - non-recurring	(12)	(27)
Minority interests - non-recurring	(141)	(101)
Profit attributable to the Group	230	202

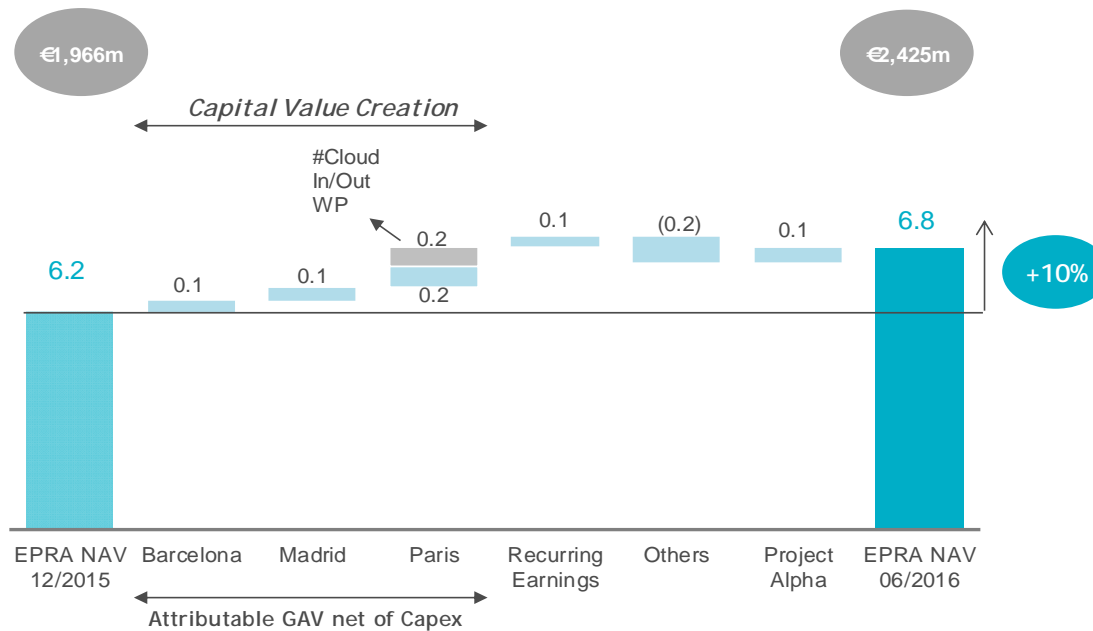
(1) Includes other income

Superior Total Shareholder Return

- > +25% year-on-year NAV growth
- > +10% NAV growth in 6 months

STRONG MOMENTUM IN NAV GROWTH*

€/share*



TOTAL SHAREHOLDER RETURN

NAV growth

+10%
6 months

+25%
12 months

(* Figures adjusted for the number of shares post- reverse split

05 Growth drivers



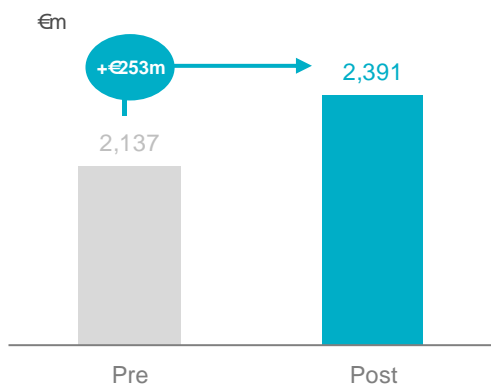
Delivery on acquisition targets

- > Acceleration of growth strategy in accretive terms
- > Attractive growth profile maintaining investment discipline

Successful execution of Project Alpha

- | | |
|---|---|
| 1. 20/10/2015 Investments Targets – Investor Day | ✓ |
| 2. 13/05/2016 Acquisition Pipeline Announcement – Exclusivity | ✓ |
| 3. 25/05/2016 Transaction Announcement | ✓ |
| 4. 27/06/2016 AGM Approval | ✓ |
| 5. 30/06/2016 Closing and issuance of new shares | ✓ |

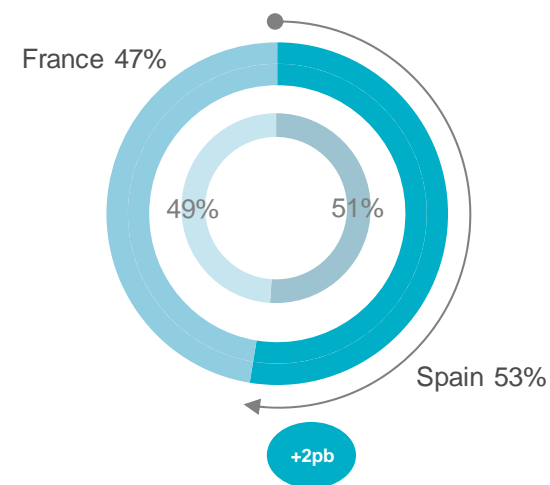
INCREASED MARKET CAPITALIZATION¹



ENHANCED GROWTH PROFILE²

- +€12.7m Upfront Passing Rents
- +€5.5m Potential Rents Projects⁴
- +€18.2m Additional Rent Capacity
- +€282m GAV in Spain
- +4.4% Stake in CBD

ATTRACTIVE MARKET EXPOSURE³



Issuance price with premium to NAV
7.0 €/share (post reverse-split adjustment)

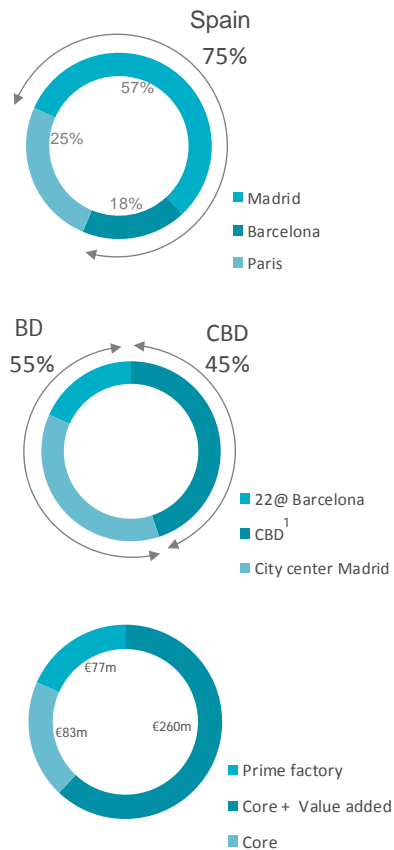
(1) Market Capitalization with the reference closing price as of 25/07/2016 (6.7 €/share)
 (2) Future Project Rents with today's ERVs without considering rental cycle
 (3) Asset allocation by country December 2015 vs June 2016 (including Project Alpha)
 (4) Current rents without including rental cycle

05 Growth drivers Project Alpha

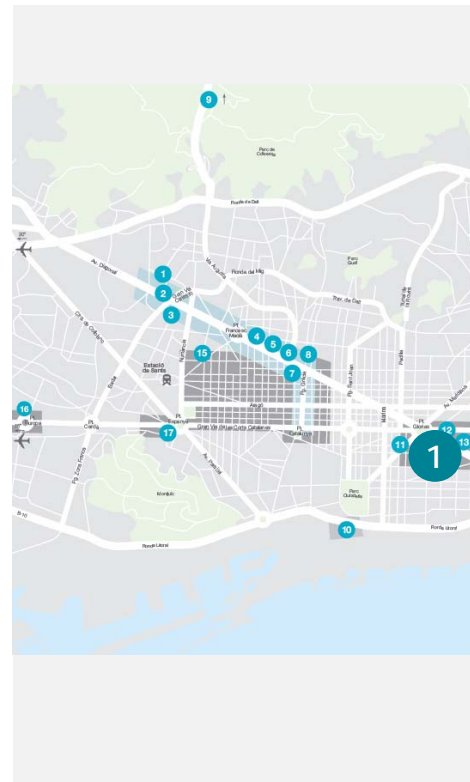
Implementation of investment projects for a total volume of more than €400m

- > Acquisition of 4 prime office assets in Spain and a 4.4% stake in SFL
- > High quality products with unique positioning sourced through off market transactions
- > Interesting balance of Core investments combined with Prime Factory value creation potential
- > Project Alpha accelerates Colonial's strategic growth plan

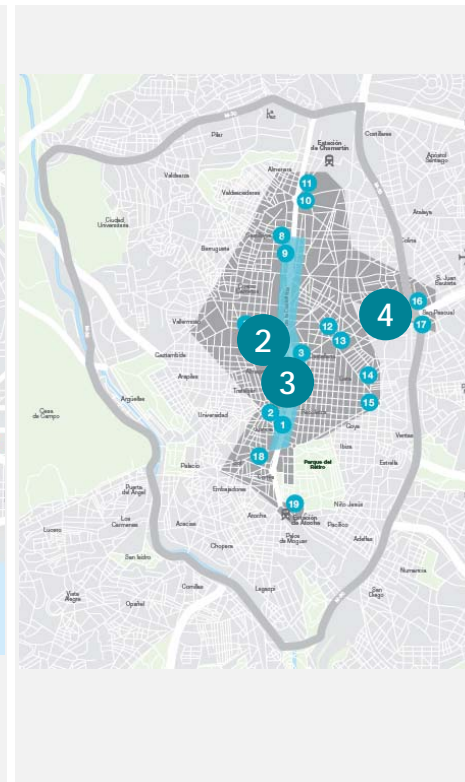
BUSINESS MIX



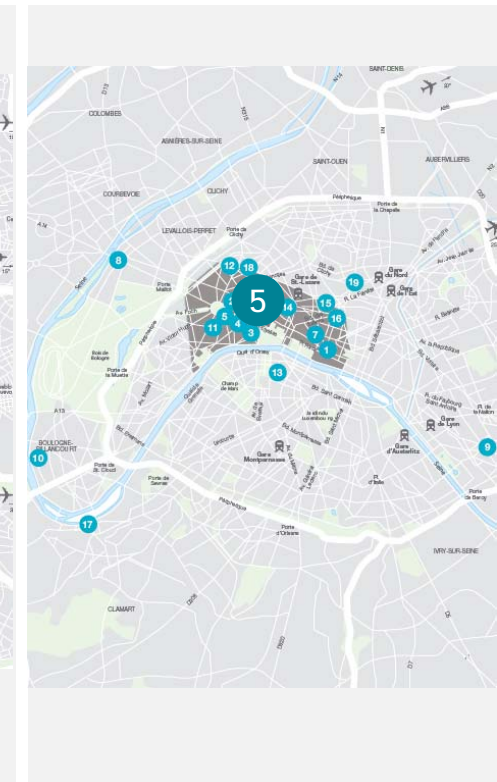
BARCELONA



MADRID



PARIS



(1) Includes SFL stake (79% CBD exposure as of 12/15)

Assets located in city center with unique positioning in every segment

- > Attractive entry prices at optimal market timing
- > Market segments with interesting growth perspectives
- > Value creation potential through value added strategies (Prime Factory Investments) and scarce Core Acquisitions
- > Attractive ungeared IRRs combined with strong cash flow streams

Parc Glories

PRIME FACTORY



The Transaction	
Price	€45m
Capex	€32m
Total Investment ¹	€77m
GLA ²	24,551 sq m
Capital value ³	€2,991/sqm

The Opportunity	
Yield on Cost	>7%
Ungeared IRR	>9%

- ✓ Construction contract below ground assigned
- ✓ Works have already started on June 20

José Abascal

“CORE” INVESTMENT



The Transaction	
Price ¹	€34.5m
GLA ²	5,326 sq m
Capital value ³	€5,971/sqm

The Opportunity	
Potential Yield	4 -5%
Ungeared IRR	>6%

- ✓ Start of refurbishment works on common areas, vacant spaces, rooftop and main hall
- ✓ Several visits of interested tenants

Serrano, 73

“CORE” INVESTMENT



The Transaction	
Price ¹	€48m
GLA ²	4,242 sqm
Capital value ³	€11,315/sqm
Office Cap value ³	€8,713/sqm

The Opportunity	
Initial Yield	4%
Ungeared IRR	6%

- ✓ Strong rental market interest
- ✓ Tenants looking for top image
- ✓ Advanced conversations with interested tenant

Santa Hortensia, 26-28

CORE + VALUE ADDED



The Transaction	
Price ¹	€154m
GLA ²	46,928 sqm
Capital value ³	2,878€/sqm

The Opportunity	
Initial Yield	6.2%
Ungeared IRR	>7%

- ✓ Strong AAA tenant
- ✓ Secured cash flow of more than €9.6m annual GRI

(1) Excluding transfer costs
(2) Surface above ground
(3) Excluding parking spaces

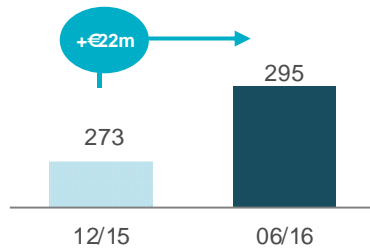
05 Growth drivers
Attractive growth profile

Portfolio with significant cash flow and value to be unlocked

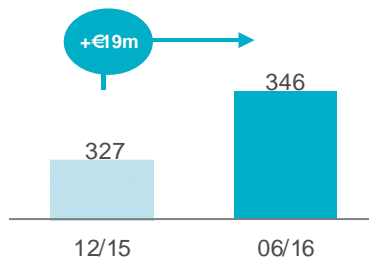
- > Significant increase of passing rents in 6 months
- > Significant increase of reversionary potential from current portfolio
- > Additional future growth potential through rental cycle, value added strategies and acquisitions

IMPROVEMENT OF GROWTH PROFILE

PASSING GROSS RENTAL INCOME¹ - €M

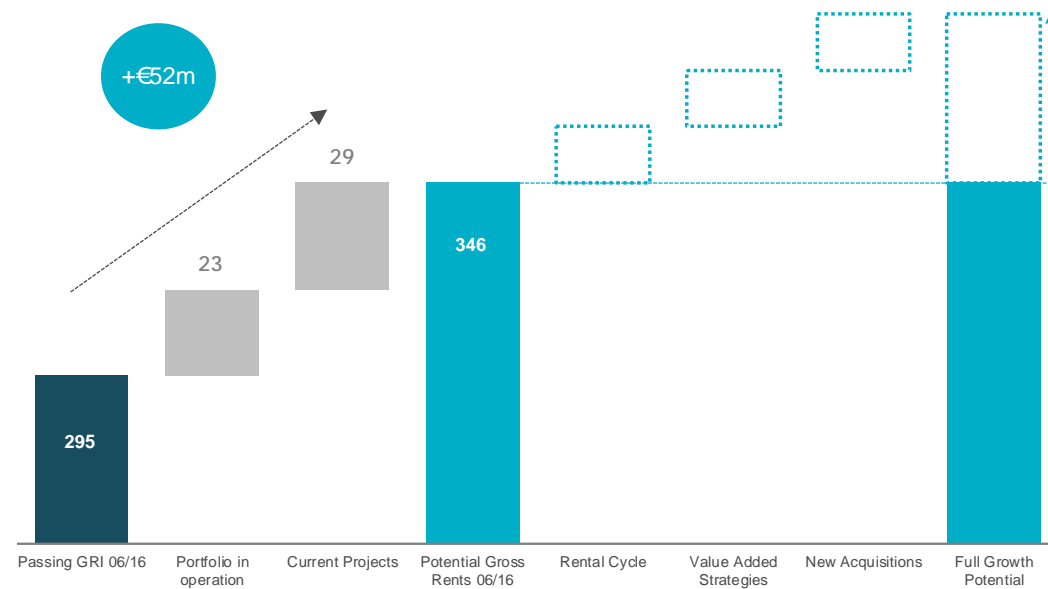


POTENTIAL GROSS RENTS¹ - €m



STRONG BASE FOR POSITIVE MOMENTUM

PASSING GROSS RENTAL INCOME¹ - €M



¹ Topped-up Gross Rental Income

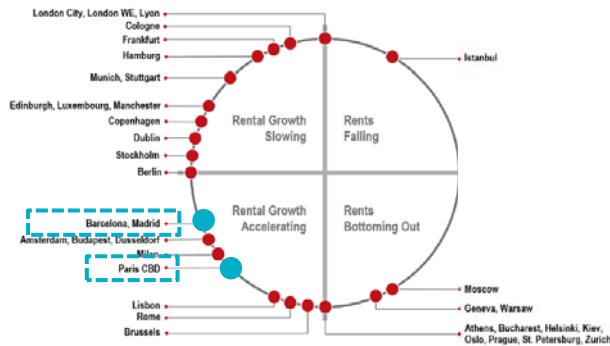
05 Growth drivers

Colonial's positioning in rental cycle looks good

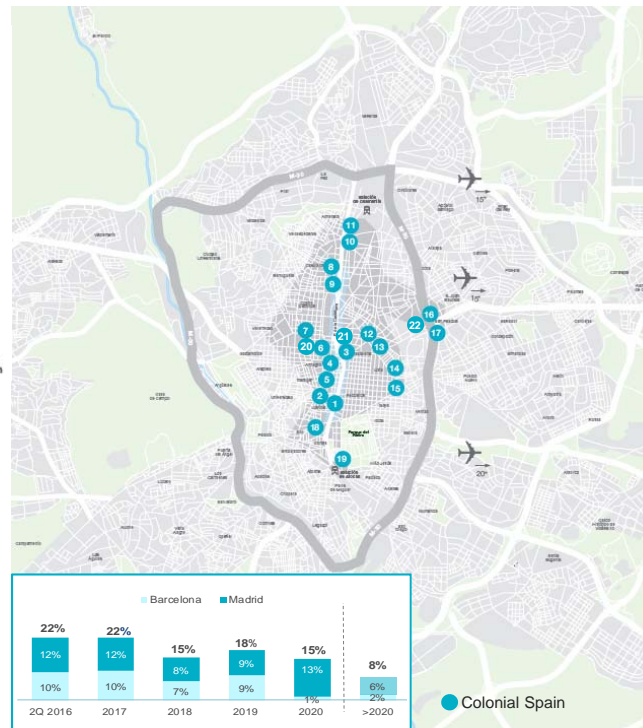
Colonial well positioned to capture rental growth

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

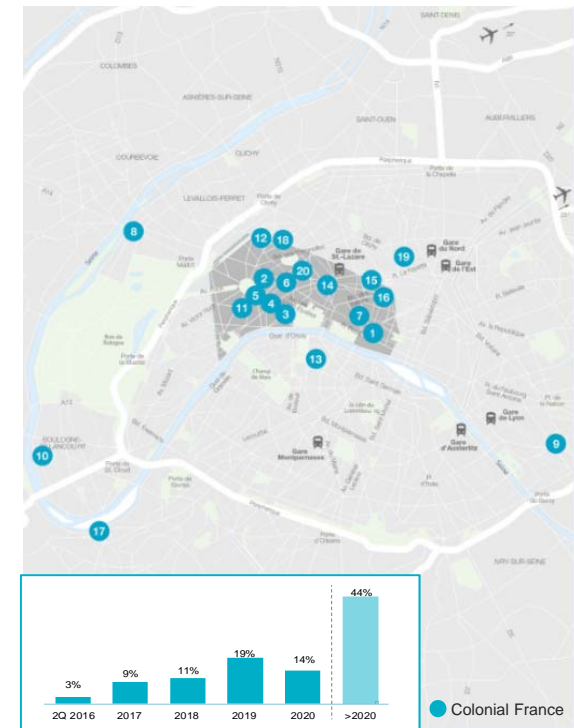
EUROPEAN PROPERTY CLOCK – JLLS⁽¹⁾



MADRID



PARIS



(1) Source: JLLS

06 Conclusión





COLONIAL SETS THE BENCHMARK IN OFFICES

- > Ongoing strong momentum in letting activity
- > High occupancy levels enhance negotiation power
- > Prime positioning enables rental price increases
- > Colonial as leading market indicator for rental recovery
- > Successful delivery of Project Alpha enhances Colonial's growth profile
- > Above average value creation through solid real estate approach
- > **Superior Total Shareholder Return: +25% year on year**

CONFIDENT OUTLOOK

- > CBD markets and Colonial portfolio with solid fundamentals
- > Colonial's positioning in rental cycle looks good
- > Improved growth profile of current portfolio
- > Selective acquisition approach ongoing
- > Active asset allocation to capture maximum value
- > Strong credit profile with positive momentum

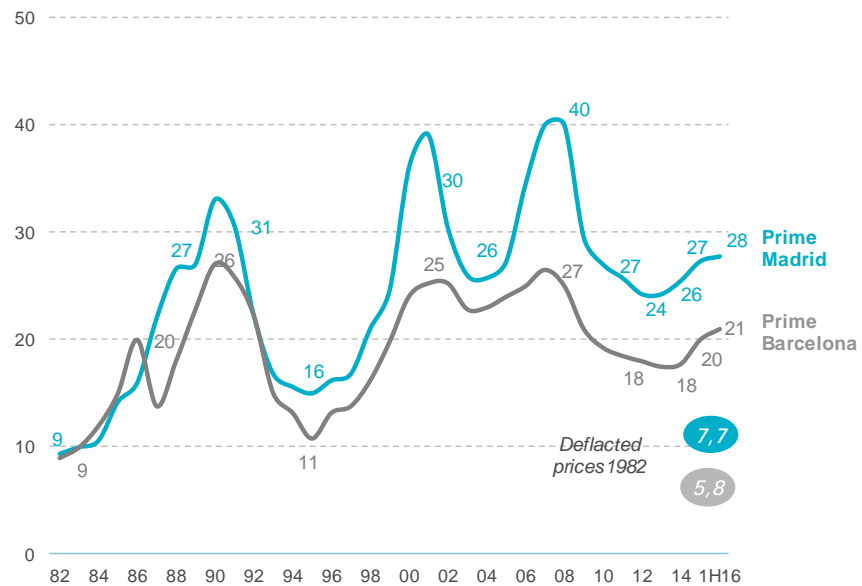
APPENDIX



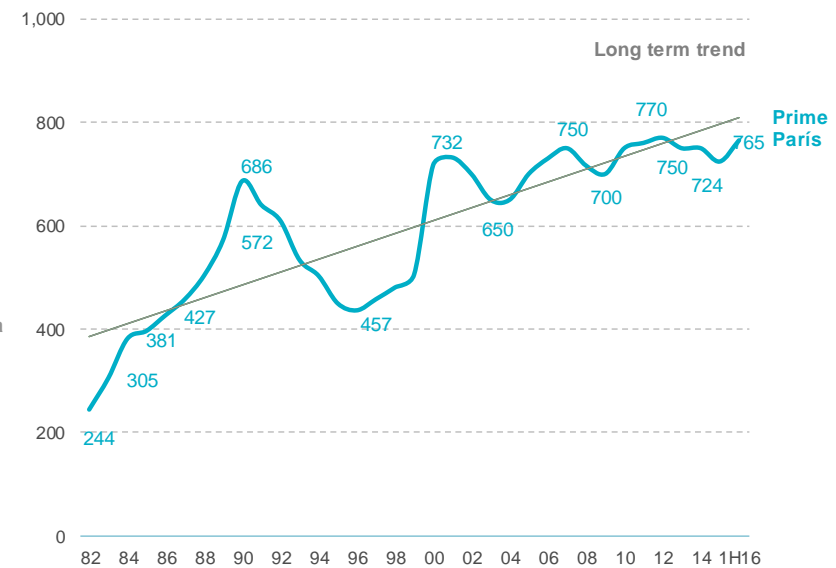
APPENDIX Evolution of prime rents

- > Take up has suffered due to deterioration of macroeconomic conditions
- > However, rental prices are at minimum levels, deflated (in real terms) at an all-time low

PRIME RENTS FRANCE (€/SQM/YEAR)



PRIME RENTS SPAIN (€/SQM/MONTH)



(1) Source; Jones Lang LaSalle, Cushman & Wakefield, CBRE

APPENDIX

2015 – Selective acquisitions of prime assets in CBD



- > Acquisition plan on track: €475m¹
- > Selective investment approach – focus on prime assets in CBD

ACQUISITION TARGET

- > €1,500m in 5 years
- > €300m per annum

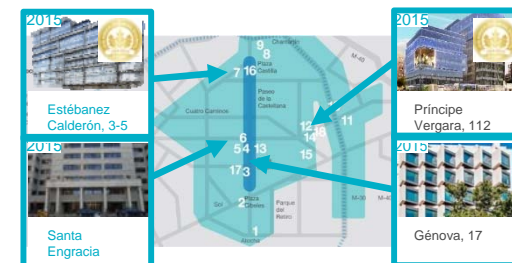
DELIVERY YTD

€475m¹ invested since November 2014

			€m ¹
Nov 14	Condorcet	Paris	230
Dec 14	Plaza Europa	Barcelona	11
May 15	Estébanez Calderon	Madrid CBD	30
Jun 15	Percier	Paris CBD	68
Jul 15	Príncipe Vergara	Madrid CBD	31
Jul 15	Génova 17	Madrid CBD	37
Dec 15	Santa Engracia 120	Madrid CBD	68
			475

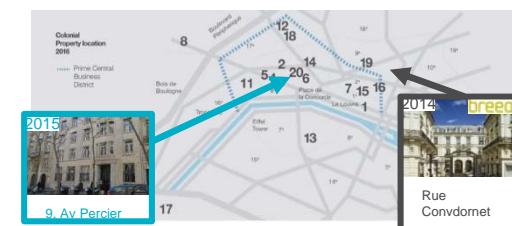
MADRID

4 acquisitions



PARIS

2 acquisitions



BARCELONA

1 acquisition
(Plaza Europa)



(1) Including transfer costs

APPENDIX

Successful Project execution – Superior returns through value added strategies



- > Highly successful value added strategies – Prime Factory Projects
- > Superior returns & value creation for shareholders

#CLOUD



Project start	2012
Released	90% prelet
ERV uplift	+42%
Capital Gain ⁽¹⁾	+54%
Yield on cost	+6.1%
IRR ungeared⁽¹⁾	+16%

90 CHAMPS ELYSÉES



Project start	2012
Released	90% pre alq
ERV uplift ⁽²⁾	+35%
Capital Gain ^{(1) (2)}	+38%
Yield on cost ⁽²⁾	+5.2%
IRR ungeared^{(1) (2)}	+10%

IN/OUT



Project start	2011
Released	100% alq
ERV uplift ⁽³⁾	+90%
Capital Gain ⁽¹⁾	+31%
Yield on cost	+6.6%
IRR ungeared⁽¹⁾	+7%

(1) Capital gain and IRR from beginning of the Project until 12/2015 (exit at 12/2015 GAV)

(2) Including retailpart (1st floor occupied by H&M)

(3) Compared to Thomson CSF leasing conditions in 2009

APPENDIX

Successful Project execution – Superior returns through value added strategies



- > Highly successful value added strategies – Prime Factory Projects
- > Full re-pricing not yet captured -> substantial additional value to cristalize upon full market recovery

JOSÉ ABASCAL



Project start	06/2014
Released	98% let
ERV uplift	+14%
Capital Gain ⁽¹⁾	+36%
Yield on cost	+6.6%
IRR ungeared⁽¹⁾	+35%

TILOS



Project start	12/2013
Released	100% let
ERV uplift ⁽²⁾	+19%
Capital Gain ⁽¹⁾	+17%
Yield on cost ⁽²⁾	+6.1%
IRR ungeared^{(1) (2)}	+16%

DIAGONAL 409



Project start	06/2013
Released	100% let
ERV uplift ⁽³⁾	+14%
Capital Gain ⁽¹⁾	+33%
Yield on cost	+6.6%
IRR ungeared⁽¹⁾	+16%

(1) Capital gain and IRR from beginning of the Project until 12/2015 (exit at 12/15 GAV)

CASH ACQUISITIONS*Parc Glories & José Abascal*

- €35m Jose Abascal - Acquisition price upfront
 - €29m Parc Glories - Acquisition price upfront
 - €16m Parc Glories - Additional price in the next 2 years
 - €32m Parc Glories - Future project capex
-
- €111m**



€63m Cash Upfront

€48m Future Cash Outs

NEW COLONIAL SHARES¹*Contribution of Serrano, 73 and Headquarters Santa Hortensia*

- Contribution of assets for €202m (valuation independent expert)
- Issuance of 289m of new Colonial shares at €70cents/share
- Transaction subject to AGM approval
- Transaction subject to general clauses of Material Adverse Change (MAC), market stability and others²



Issuance with 14% premium on
12/15 Colonial NAV

Issuance price in line with
Analyst Consensus

CASH + NEW COLONIAL SHARES*Acquisition of a 4.4% stake in SFL*

- €51m paid in cash
- Issuance of 90,8mm new Colonial shares



Discount of 15%
on reported 12/15 SFL NAV

¹ Capital increase subject to AGM Approval ² See details on the Report for the Board of Director available on Colonial's website and the website of the market regulator (www.cnmv.es)

- > Prime Factory investment with very attractive ungeared IRR
- > Competitive entry Price guarantees strong yield on cost
- > “Super-Prime” positioning in a growing market

PARC GLORIES – 22@ Barcelona

PRIME FACTORY

Sources of Value Creation

- > Prime positioning in Barcelona’s most dynamic growth market
- > Attractive entry price with competitive construction costs (c.1,300€/sq m)
- > Unique asset, one of the first LEED Platinum Offices in Barcelona
- > Competitive product in terms of size and floor layout:
 - > Currently no new supply of premises with more than 10.000 sq m in Barcelona

The Transaction

Price ¹	€45m
Capex	€32m
Total Investment	€77m
GLA ²	24,500 sq m
Parking	141 units
Capital value ³	€2,991/sqm

The Opportunity

Yield on Cost	>7%
Ungeared IRR	>9%



¹ Excluding transfer costs ² Surface above Ground ³ Excluding parking spaces



- > Attractive ungeared IRR with high quality collateral
- > Potential yield of 4-5% through unique positioning

JOSE ABASCAL

CORE INVESTMENT

Sources of Value Creation

- > Additional cash flow and rental uplifts through letting up vacant surface (current occupancy 79%)
- > Short term reversionary potential
- > Additional value creation through repositioning initiatives:
 - > Reshape common spaces and entry areas
 - > Upgrade and reposition vacant floors

The Transaction

Price ¹	€34.5m
GLA ²	5,326 sq m
Parking	54 units
Occupancy	79%
Capital value ³	€5,971/sqm

The Opportunity

Potential Yield	4 -5%
Ungeared IRR	>6%



1 Excluding transfer costs 2 Surface above Ground 3 Excluding parking spaces



- > Attractive ungeared IRR with high quality collateral
- > Short term reversionary potential and additional upside for retail use

SERRANO, 73

CORE INVESTMENT

Sources of Value Creation

- > Trophy Asset with unique Prime Positioning
- > Short term reversionary potential of current contract portfolio
- > “All time outperforming” Prime Asset well positioned for market recovery
- > Mid term upside potential of retail use

The Transaction

Price ¹	€48m
GLA ²	4,242 sqm
Parking	80 units
Occupancy	100%
Capital value ³	€11,315/sqm
Office Cap value ³	€8,713/sqm

The Opportunity

Initial Yield	4%
Ungeared IRR	6%



1 Excluding transfer costs 2 Surface above Ground 3 Excluding parking spaces



- > Strong cash flow stream with a yield on cost above 6%
- > Attractive ungeared IRR through recurrent cash flow and value added opportunities

SANTA HORTENSIA 26-28

CORE + VALUE ADDED

Sources of Value Creation

- > Unique premise of more than 46,000 sq m in Madrid City Centre with attractive floor layout (horizontal)
- > Attractive entry price, below 3,000€/sq m³
- > Secured cash with strong covenants
- > Attractive entry yield, above 6%
- > Mid term value-added opportunities through light repositioning and asset optimization

The Transaction

Price ¹	€154m
GLA ²	46,928 sqm
Parking	946 units
Occupancy	100%
Capital value ³	2,878€/sqm

The Opportunity

Initial Yield	6.2%
Ungeared IRR	>7%



1 Excluding transfer costs 2 Surface above Ground 3 Excluding parking spaces

APPENDIX

Acquisition of 4.4% stake in SFL

Acquisition of the 4.4% stake of Reig in SFL, increasing the stake of Colonial in SFL to 57.5%

- > Acquisition of 50% of the stake for a price of 50.00 €/share, for a total cash consideration of 51.0€m
- > Contribution of 50% of the stake in SFL in exchange for 90.80 mn new shares of Colonial

ACQUISITION OF 4.4% STAKE IN SFL - PARIS

CORE + VALUE ADDED

Main investment considerations

- > Acquisition consistent with Colonial's strategy – increase of exposure to Prime CBD in Paris
- > The acquisition price¹ represents a 15% discount on SFL's latest reported 12/15 NAV
- > Accretive transaction in NAV per share and EPS
- > Enhances the Recurring Net Profit of the Company
- > SFL has a proven track record in value creation beyond the cycle
- > Reinforces the controlling stake of Colonial in SFL and incorporates a long term oriented shareholder at Colonial

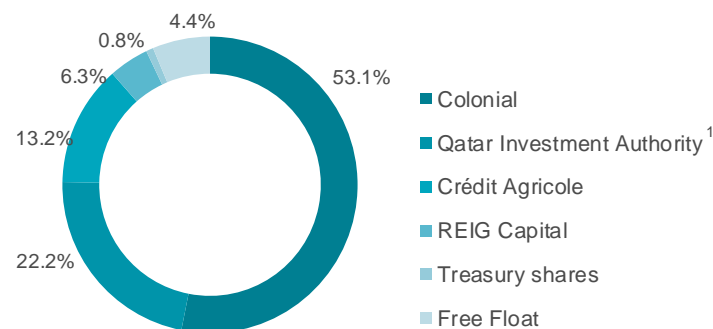
The Transaction

Acquisition 4.4% of SFL	
NOSH acquired	2,02mm
Cash	€51m
New NOSH COL	90.8mm
Acquisition price ¹	€106m

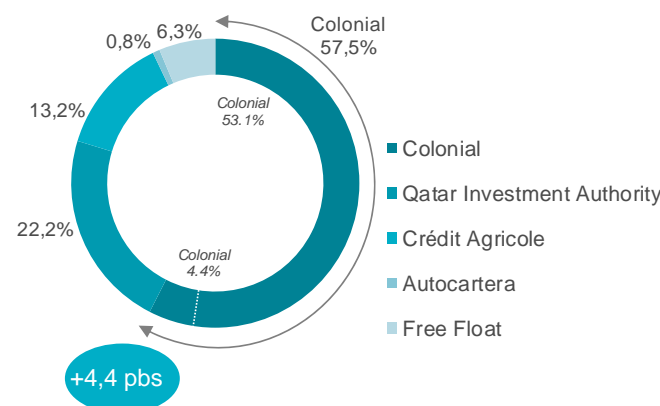
The Opportunity

Discount on SFL's	
12/15 reported NAV:	15%
Dividend yield on cost	4.0%
Attractive Total Return	

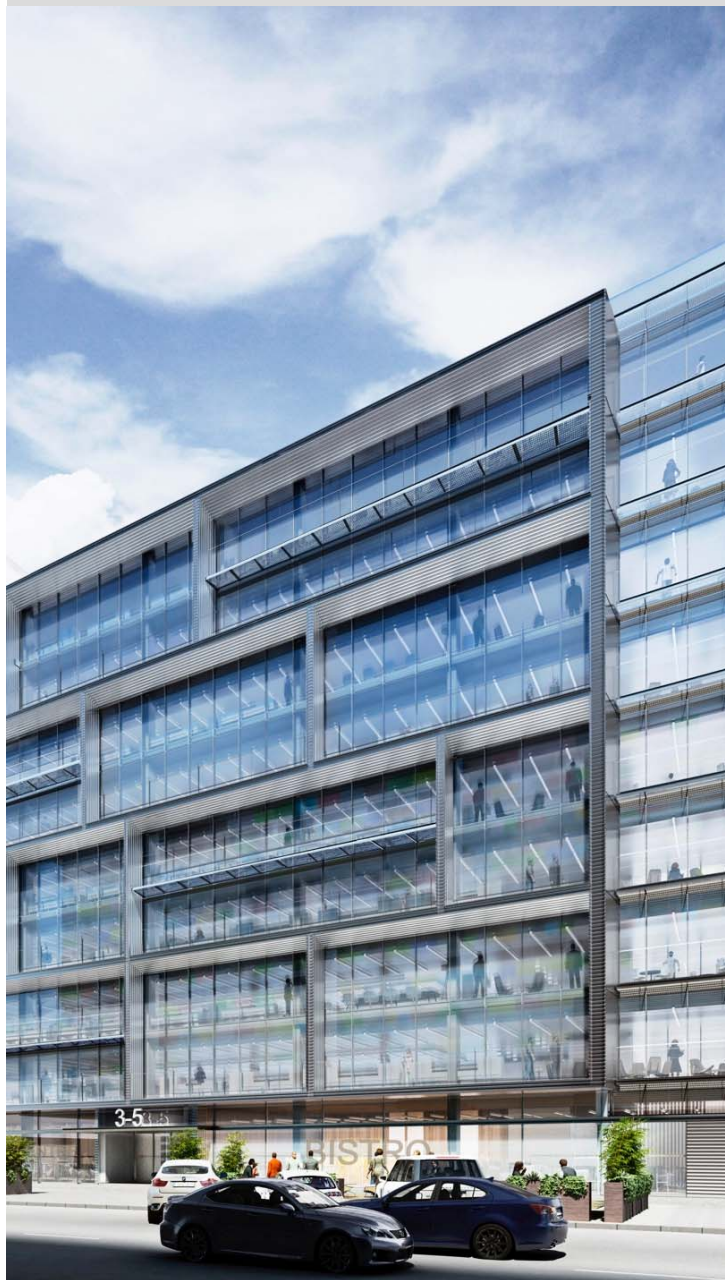
Actual Shareholder structure



New Shareholder structure



¹ Acquisition price considering average cost of i) €51m of cash and ii) 90.8mm shares of Colonial considered at Colonial's Pro Forma NAV post money & post dividends (60.8 €Cts. per share)



Prime Factory Project execution on track

ESTÉBANEZ CALDERÓN, 3,5 – CBD Madrid

PRIME FACTORY INV

Good progress on project execution

- > Definition of project parameters ✓
- > Definition of product features ✓
- > Assignment of architects ✓
 - > Estudio Lamela
 - > Architect of the new Madrid Airport
- > Obtention of the demolition licence ✓
- > Finishing demolishing works ✓
- > Obtention of Project licence ✓
- > Structural works above ground already started ✓
- > Co-instruction granted to JLL and CBRE to market the property ✓
- > Expected release 2H 2017

TRANSACTION

Price ¹	€30m
Capex	€13m
Total Inv.	€43m
GLA ²	10,458sq m
Capital Value	4,130€/sq m

OPPORTUNITY

Yield on Cost	7-8%
Important Capital Gain	

↓ ↓ ↓
Attractive Total Return



MAIN CHARACTERISTICS FINAL PRODUCT

- > 10,500sq m of unique office space
- > Absolutely flexible floor plants
- > Maximum efficiency of lettable space (diaphanous plants) with natural light
- > Leed Gold Building

1 Excluding transfer costs 2 Surface above ground



Prime Factory Project execution on track

PRÍNCIPE DE VERGARA, 112 – CBD Madrid

PRIME FACTORY INV

Good progress on project execution

> Definition of project parameters	✓
> Definition of product features	✓
> Assignment of architects	✓
> Ortiz y León	
> Architect of the new BBVA Headquarters	
> Obtention of the demolition licence	✓
> Demolishing works recently finished	✓
> Obtention of Project licence	Negotiating underway
> Start of construction works	After obtain. Project license
> Expected release	2H 2017

TRANSACTION

Price ¹	€30m
Capex	€15m
Total Inv.	€45m
GLA ²	11,368sq m
Capital Value	3,983€/sq m

OPPORTUNITY

Yield on Cost	7%
Important Capital Gain	



MAIN CHARACTERISTICS FINAL PRODUCT

- > 11,400 sq m of surface above ground
- > Flexible spaces (fixed or not fixed positions) and open atriums
- > Natural light & large garden terraces
- > Leed Gold Building





¹ Excluding transfer costs ² Surface above ground

APPENDIX
Organisation structure



Colonial–SFL Group will continue operating under the current structure (with the key management teams in each market)

Colonial SFL	
	Juan José Brugera Clavero <i>Chairman of Colonial and SFL</i>
	Pere Viñolas Serra <i>Chief Executive Officer</i> <i>Executive Vice-Chairman SFL</i>
	Carmina Ganyet Cirera <i>Corporate Managing Director</i>

SPAIN	
	Àngels Arderiu Ibars <i>Chief Financial Officer</i>
	Carlos Krohmer <i>Chief Corporate Development Officer</i>
	Nuria Oferil <i>Chief Legal Officer</i>
	Albert Alcober <i>Chief Operating Officer</i>

FRANCE	
	Nicolas Reynaud <i>Directeur Générale</i>
	François Sebillote <i>Secrétaire General</i>
	Dimitri Boulte <i>Managing Director and Chief Operating Officer</i>
	Fabienne Boileau <i>Chief Financial Officer</i>

APPENDIX

Company shareholder Structure – Colonial & SFL



BOARD OF DIRECTORS COLONIAL

Name of Director		Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee
Juan José Bugosa Clavero	Chairman		Chairman	
Grupo Villar Mir S.A.U represented by Juan Miguel Villar Mir	Vice-Chairman - Director		Vice-chairman	
Pedro Viñolas Serra	Chief Executive Officer		Member	
Juan Villar Mir de Fuertes	Director		Member	Member
Sheikh Ali Jassim M. J. Al-Thani	Director			
Ahmane Moussarif	Director			
Juan Carlos García Cañizares	Director		Member	Member
Carlos Fernández González	Director			
Ara Sainz de Vicuña	Independent Director			Chairman
Carlos Fernández-Lerga Garralda	Independent Director		Member	Chairman
Javier Iglesias de Ussel Onís	Independent Director		Member	Member
Luis Maluquer Trepal	Other External Director			Member
Francisco Paló Laguna	Secretary - Non Director		Secretary	Secretary
Nuria Oñativ Cull	Vice-secretary - Non Director			

BOARD OF DIRECTORS SFL

Name of Director		Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee	Independent Directors Committee
Juan José Bugosa Clavero	Chairman		Chairman		
Pedro Viñolas Serra	Vice-Chairman - Director		Member	Member	
Carlos Fernández-Lerga Garralda	Director			Chairman	
Carmelo Cayrol Cirera	Director		Member		
Angels Ardeni Boas	Director				
Carlos Krutiner	Director				
Luis Maluquer Trepal	Director				
Nuria Oñativ Cull	Director				
Ali Bin Jassim Al Thani	Director				
Ahmane Moussarif	Director				
Jean-Jacques Duchamp	Director		Member	Member	
Chantal de Filras	Director				
Anne-Marie de Chambast	Independent Director		Member	Member	Member
Jacques Calvet	Independent Director			Member	Member
Anthony Wyant	Independent Director		Chairman		Member

MANAGEMENT TEAM - COLONIAL



Juan José Brugera Clavero
Chairman

- Mr. Brugera was CEO of Colonial from 1994 until 2006 and holds the position of Chairman since June 2008
- Mr. Brugera is an industrial engineer with MBA in ESADE, named Doctor Honoris Causa in Economics by the Constantinian University of Providence, Rhode Island
- Broad professional experience in different sectors and companies i.e. Inter-Grundig, Banco Atlantico, Banco Sabadell, Sindibank, Grupo Mutua Madrileña and Panrico
- Member of the Board of the french subsidiary - SFL



Pedro Viñolas Serra
Chief Executive Officer

- Mr. Viñolas joined Colonial as CEO in July 2008
- Mr. Viñolas has a degree and MBA in Economics by ESADE with post-graduate studies in MIT and New York University
- Extensive professional experience, including Deputy CEO of Barcelona Stock Exchange and CEO of Grupo Financiero Riva y García and CEO of FILO S.A.
- Chairman of Barcelona District Council of the Urban Land Institute
- Member of the Board of the french subsidiary – SFL



Carmina Ganyet Cirera
Corporate General Manager

- Ms. Ganyet joined Colonial in 2000, and has a degree in Economics by UAB with post-graduate studies in ESADE
- Previous positions at Arthur Andersen and CaixaHolding (Criteria)
- Member of the Board of Circulo de Economia and the Board of Club Inmobiliario Esade
- Member of the Board of the French subsidiary – SFL

MANAGEMENT TEAM - COLONIAL



Alberto Alcober Teixido
Chief Operating Officer

- Mr. Alcober joined Colonial in 1996
- Mr. Alcober has a degree in Marketing Management and a master in ESMA – post-graduate studies in publicity
- Previous positions at BP and CB Richard Ellis
- MRICS



Àngels Arderiu Ibars
Chief Financial Officer

- Ms. Arderiu joined Colonial in 2000
- Ms. Arderiu has a degree in Economics by Universidad de Barcelona, post-graduate studies on auditing and a Master of Finance from ESADE
- Previous positions at Audit Firms



Carlos Krohmer
Chief Corporate Development Officer

- Mr. Krohmer joined Colonial in 2008
- Mr. Krohmer has a degree in Business Administration by Mannheim Business School, post-graduate studies in Harvard Business School and IESE
- Previous positions at Unilever in Germany and CaixaHolding (Criteria)
- Professor of Corporate Finance at Business Engineering School La Salle until 2010
- Member of the EPRA Investor Relations Committee
- Member of the Executive Board of the “Kreis Deutschsprachiger Führungskräfte”



Nuria Oferil
Chief Legal Officer

- Ms. Oferil joined Colonial in 2004 and holds the position of Chief Legal Officer since January 2009
- Ms. Oferil has a degree in law
- Previous position at Roca Junyent Lawyers



Jaun Manuel Ortega Moreno
Chief Investment Officer

- Member of the Executive Committee of Colonial since December 2014, as Commercial and Investment Director
- He holds a degree in Business Administration from the Universidad Autónoma de Madrid. Member of the Royal Institution of Chartered Surveyors (MRICS)
- Previous position at Jones Lang La Salle

APPENDIX
Historical series breakdown



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Barcelona												
Physical Offices Occupancy (%)	97%	100%	99%	94%	95%	91%	78%	78%	79%	80%	77%	89%
Rental income (€m)	55	53	56	60	51	49	39	32	31	28	28	27
EBITDA (€m)	53	51	55	58	49	47	37	28	27	25	23	23
Ebitda / Rental income (%)	95%	96%	97%	97%	96%	97%	93%	88%	89%	89%	85%	85%
Madrid												
Physical Offices Occupancy (%)	93%	98%	99%	99%	94%	89%	88%	90%	75%	80%	89%	95%
Rental income (€m)	37	44	68	70	56	50	47	45	44	35	32	35
EBITDA (€m)	34	42	66	66	52	46	42	41	40	30	28	31
Ebitda / Rental income (%)	93%	94%	96%	95%	92%	92%	90%	90%	90%	86%	85%	88%
Paris												
Physical Offices Occupancy (%)	97%	96%	98%	99%	98%	94%	87%	92%	94%	80%	85%	95%
Rental income (€m)	157	153	162	170	182	183	175	152	150	149	152	169
EBITDA (€m)	147	145	153	162	171	173	162	141	138	137	139	155
Ebitda / Rental income (%)	94%	95%	95%	95%	94%	94%	93%	93%	92%	92%	92%	92%

Colonial



www.inmocolonial.com

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