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PRESENTING MANAGEMENT TEAM



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Carlos Krohmer
Chief Corporate Development Officer



Alpha III

- 01 Portfolio Overview
- 02 Acquired Assets
- 03 Transaction Summary
- 04 Update Parc Glories Barcelona
- 05 Conclusion

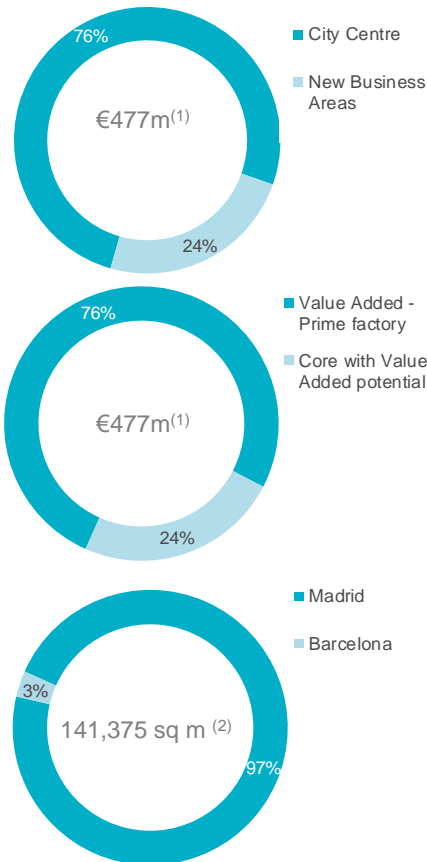


Alpha III – 2018 starts with full delivery of annual acquisition target

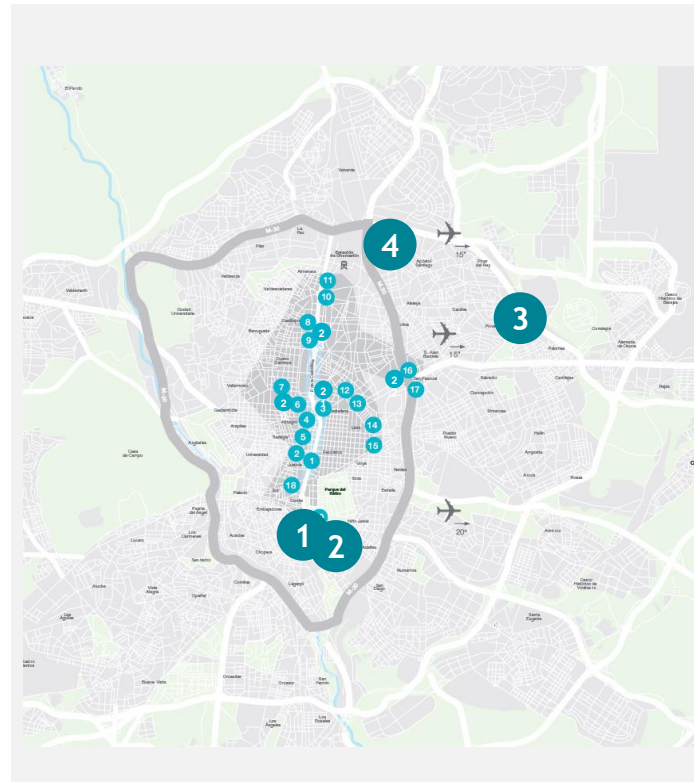
Acquisitions for a total volume of €477m¹

- > Acquisition of 4 assets in Madrid and 1 asset in Barcelona
- > Attractive value added returns through Prime factory projects
- > Off-market transactions enabling competitive entry prices with strong yields on cost

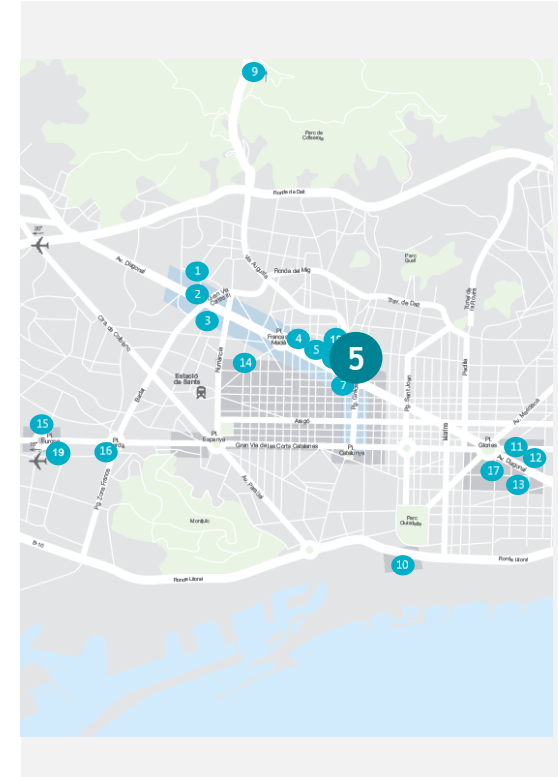
BUSINESS MIX¹



MADRID



BARCELONA



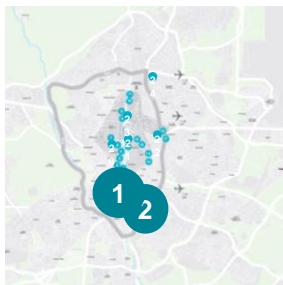
1 Acquisition price + total estimated project capex
2 GLA above ground

Alpha III – 2018 starts with full delivery of annual acquisition target

Acquisitions for a total volume of €477m¹

- > 2 Prime Factory projects and 2 core office assets in Madrid
- > 1 prime asset in Barcelona with high potential for flexible office space
- > Attractive value added returns through Prime factory projects
- > Exposure to high growth markets – South of Madrid's CBD

MADRID – City Center



1 Méndez Álvaro Campus
Madrid - Inside M-30



Value Added – Prime factory
GLA: 89,871 sq m

Total Investment¹: €272m - €287m
Yield on Cost²: 7%-8%

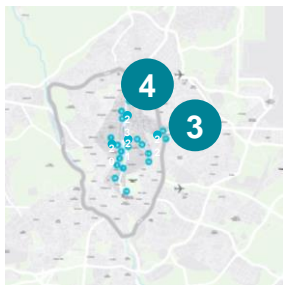
2 Méndez Álvaro office Scheme
Madrid - Inside M-30



Value Added – Prime factory
GLA: 20,275 sq m

Total Investment¹: €68m
Yield on Cost²: 7%-8%

MADRID



3 EGEO
Madrid - Campo de las Naciones



Core with value added potential
GLA: 18,254 sq m

Total Investment¹: €79m
Yield on Cost²: 5%

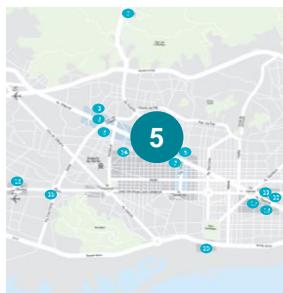
4 Arturo Soria
Madrid - New Business Area



Core with value added potential
GLA: 8,663 sq m

Total Investment¹: €33m
Yield on Cost²: 6%

BARCELONA



5 Gala Placidia
Barcelona CBD



Value Added – Prime factory
GLA: 4,312 sq m

Total Investment¹: €17m
Yield on Cost²: ≥7%

¹ Acquisition price + total estimated project capex ² Potential running yields on cost for the next years

02 Acquired Assets



Prime Factory Projects in a market with strong growth

- South of Madrid's CBD -

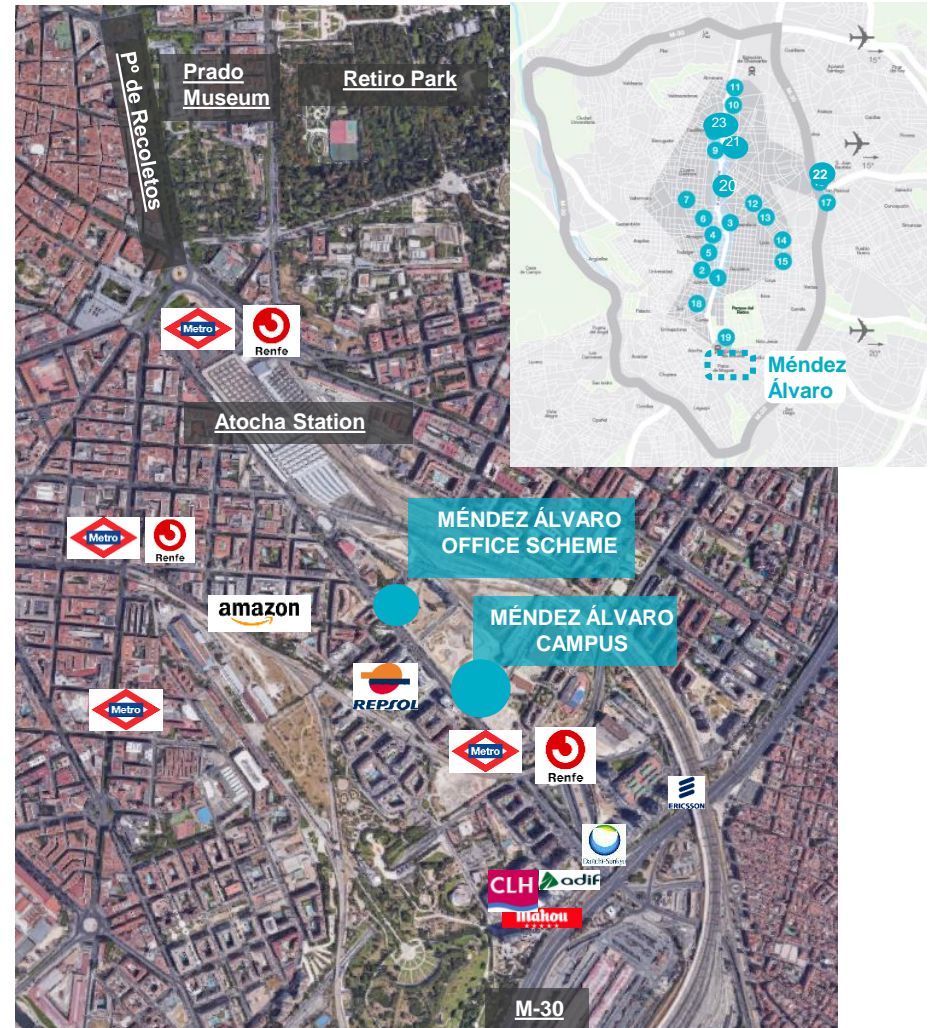
Market with high growth potential in the South of Madrid's CBD

- > Méndez Álvaro: high growth market in the South of Madrid's CBD
- > Only sizeable land plot inside M-30
- > Strong bet on the South of Madrid's CBD (Méndez Álvaro) with excellent private and public transport infrastructure;
 1. Walking distance from Atocha station (high speed train, bus station, subway)
 2. Close to Retiro Park and 15 minutes drive to plaza Colón (Prime CBD)
 3. Emerging market segment for international technology companies and flexible office space initiatives
 4. Strong presence of blue chip Headquarters:





 5. Area with sought after services and amenities (shopping centers, movie theaters, museums, ...)
 6. Emerging residential market, highly sought after in Madrid



Office market with strong fundamentals

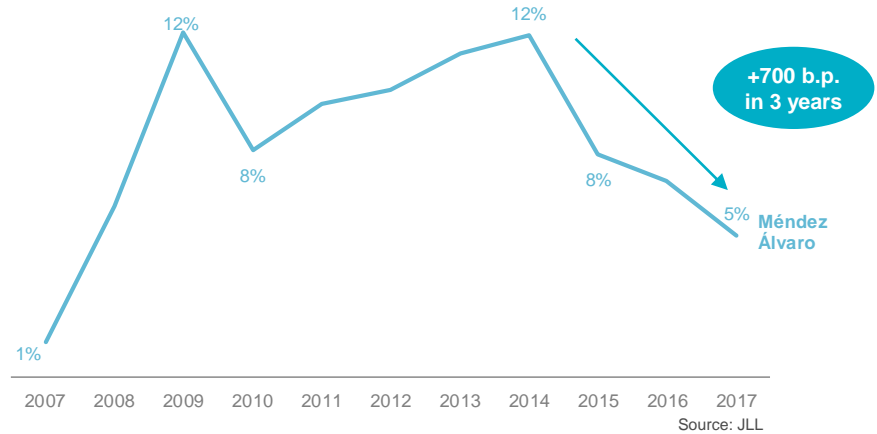
1. No availability of high quality technical buildings in the area
2. Vacancy rate below Madrid's CBD – around 5%
3. Limited future supply, Colonial's projects accelerate the consolidation of the office and residential market
4. Office market with strong growth potential:
 - > Market with strongest ERV growth in the last 18 months in Madrid
 - > Expected rental growth of +23% in the next 2-3 years
 - > 2021 expected ERV still 13% below last peak
5. Market with competitive current prices versus prices in North of Madrid

Office Main KPIs

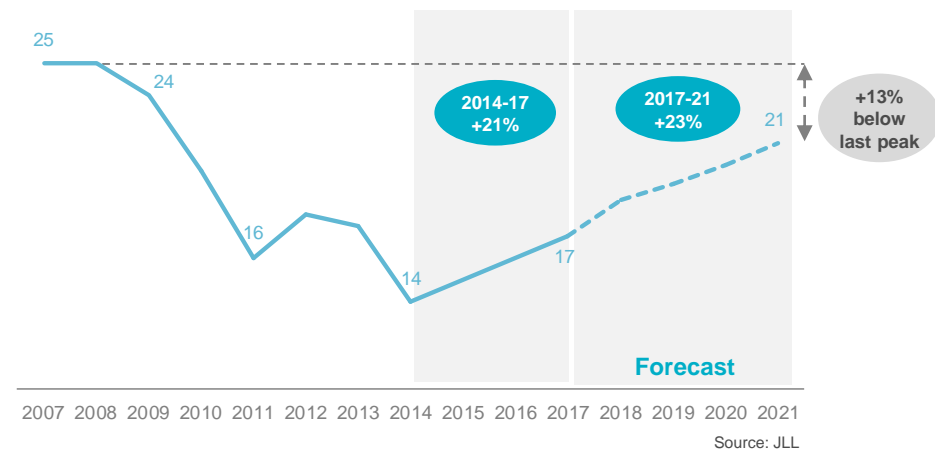
Stock (sq m)	259.612
Take-up (sq m)	26.635
Vacancy Rate (%)	5%
Maximum Rent (€/sq m/month)	17,0

KPIs – Méndez Álvaro

Office Vacancy - %



Office Prime ERV - €/sq m/month

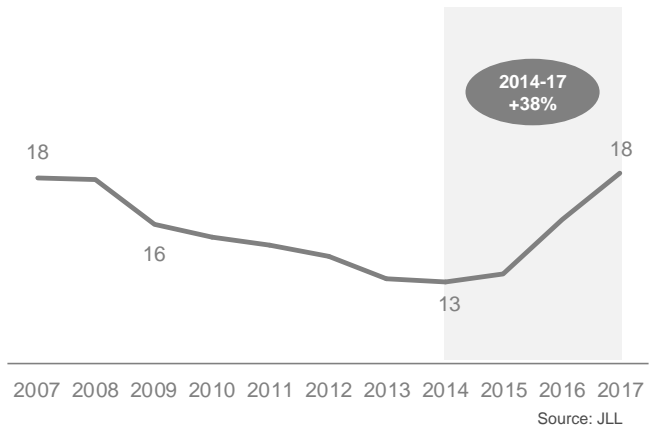


Residential Market with accelerating growth

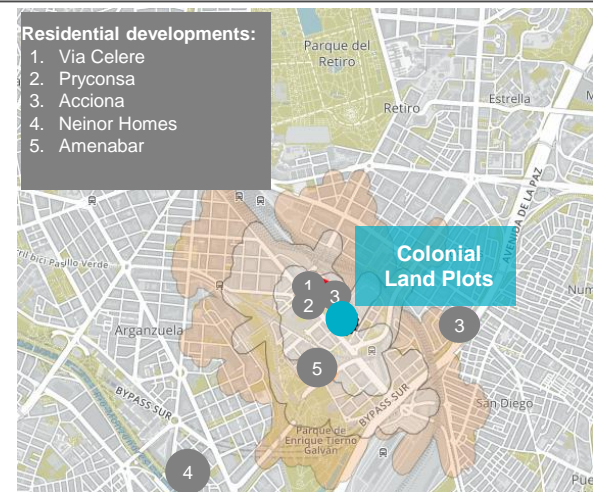
- > Highly dynamic residential market:
 1. Residential transactions exceeded 1,000 units in 2016
 2. +35% in transactions since 2014
 3. Solid increase of residential rents, +38% since 2014
 4. Renowned Spanish housing developers such as Via Celere, Acciona and Pryconsa are building new supply next to the land plot
- > Lack of new residential developments (only 18% of total transactions)
- > Market with solid fundamentals:
 1. Outstanding public transport connection, retail areas in the nearby, and schools in the vicinity are the key drivers for families deciding where to live
 2. Solid residential demand profile: families that already live in the area, and new demand looking for outstanding location
- > Solid recent growth in residential rents +38% since 2017. Further growth potential expected

KPIs – Méndez Álvaro

Residential Prime ERV - €/sq m/month



Residential developments in the nearby



Source: JLL

Development of a unique campus in the South of Madrid's CBD

Real Estate transformation through two developments projects in the south of Madrid's CBD

- I. Méndez Álvaro Campus – 90,000 sq m
- II. Méndez Álvaro office scheme – 20,000 sq m



I. MÉNDEZ ÁLVARO CAMPUS – Madrid City Center

PRIME FACTORY PROJECT

- > Creation of a prime landmark campus of 90,000 sq m and c. 900 parking units
- > Largest office project inside the city center of Madrid
- > Land plot with all permits & licenses in place that allows for high optionality:
 - A. Mixed-Use Campus - Combination of office with high-end residential
 - B. Creation of one of the largest office complexes in Madrid

II. MÉNDEZ ÁLVARO OFFICE SCHEME – Madrid City Center

PRIME FACTORY PROJECT

- > Development of an office building with 20,275 sq m and 270 parking spaces
- > Iconic 16 storey office building
- > To be delivered in the second half of 2020, (a year before Méndez Álvaro Campus)

MAIN REAL ESTATE CHARACTERISTICS OF BOTH DEVELOPMENTS

- > Wide floor plants with high luminosity and efficient functionality
- > Opportunity for large flexible office space schemes
- > Maximum efficiency certificates envisaged
- > Project designed with big green common areas and retail services for tenants
- > Configuration may allow outstanding free heights
- > Critical mass of the complex allows exceptional modularity for the asset

Development of a unique campus in the South of Madrid's CBD

Real Estate transformation through two developments projects in the south of Madrid's CBD

- I. Méndez Álvaro Campus – 90,000 sq m
- II. Méndez Álvaro office scheme – 20,000 sq m



MÉNDEZ ÁLVARO PROJECTS - Sources of Value Creation

- > Attractive entry price through off-market transaction using Colonial's tax credit i in structuring
- > Prime factory developments creating unique products
- > Madrid's market segment with strong rental growth
- > Final product cost below 3,500 sq m
- > Significant value creation leveraging on large size products
- > High ungeared IRRs and Yields on Cost

I- MÉNDEZ ÁLVARO CAMPUS

The Transaction	
Price ¹	€150m
Capex	€123m - €137m
Total Investment	€272m - €287m
GLA ³	89,871 sq m
Parking	899 units
Capital value	€3,026 - €3,193/sq m

The Opportunity	
Ungeared IRR ²	8%- 9%
Yield on Cost ³	7%-8%

II. OFFICE SCHEME

The Transaction	
Price ¹	€36m
Capex	€32m
Total Investment	€68m
GLA ³	20,275 sq m
Parking	270 units
Capital value	€3,375/sq m

The Opportunity	
Ungeared IRR ²	8%- 9%
Yield on Cost ³	7%-8%

1 Acquisition price excluding transfer cost
 2 Potential running yields on cost for the next years

2 Ungeared 10 year IRR

02 Acquired Assets - Méndez Álvaro Campus
Méndez Álvaro Campus



Mendez Álvaro Campus – Initial Project draft under analysis



Mendez Álvaro Campus – Initial Project draft under analysis

Grade A assets with solid cash flow in good micro-locations

Campo de las Naciones market

Strong footprint in the golden triangle of Campo de las Naciones

- > Madrid market segment with solid fundamentals
- > Solid grade A product with strong cash flow

Highlights of Campo de las Naciones Area

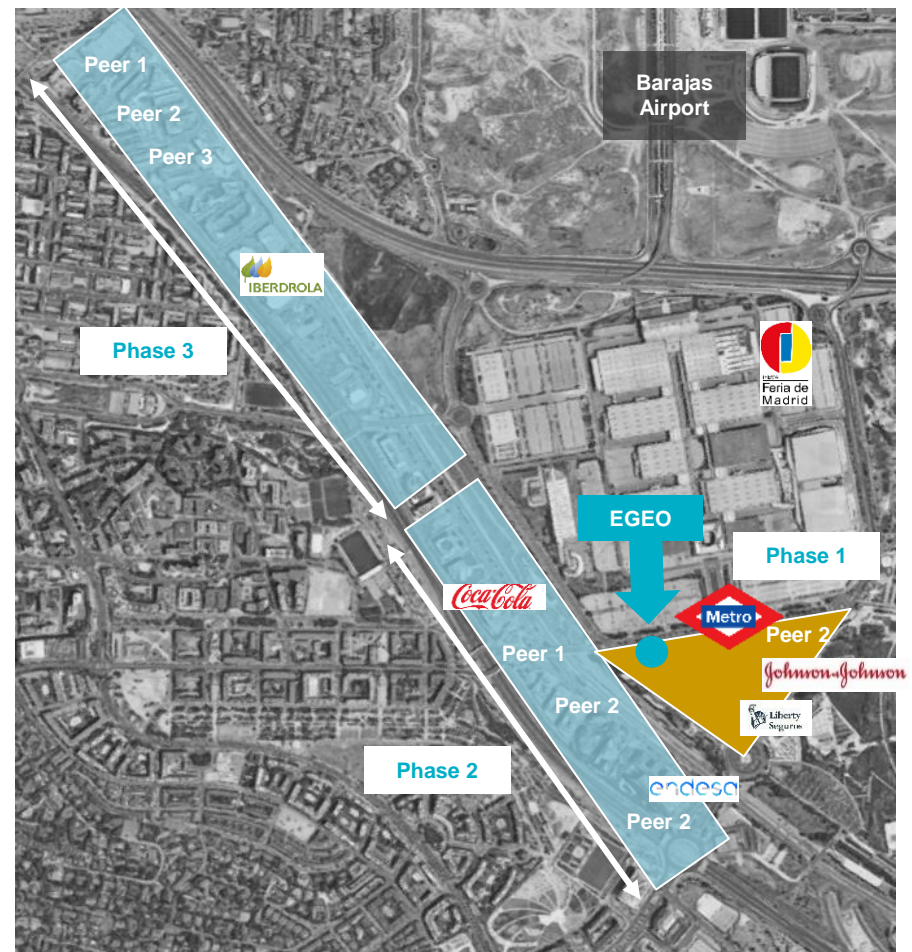
1. Campo de las Naciones has 3 submarket segments which have been developed successively (Phase 1, Phase 2, Phase 3)
2. Phase 1 is the most consolidated market segment and has an excellent public transport connection, in particular, the micro-location of EGEO is unique

3. Headquarters of multinationals are located in the area such as:



4. Campo de las Naciones Area is a business area with an office stock of c. 600,000 sq m
5. Solid vacancy profile, around 5%, significantly below Madrid market average
6. Current ERV's for prime buildings in the best locations around €18/sq m/month, 33% below last peak (€24/sq m/month)

Campo de las Naciones Area



Consolidated office building in excellent micro-location

Strong footprint in the golden triangle of Campo de las Naciones

- > Strong real estate fundamentals attracting top tenants
- > Solid grade A product with strong cash flow



EGEO – Campo de las Naciones

CORE WITH VALUE ADDED POTENTIAL

One of the best products in the Area

- > Egeo is located in the best area within the Campo de las Naciones (Phase 1) with excellent public transport connections
- > Unbeatable access to metro station (1 block away) being a barrier to entry for other assets in this market
- > Prime positioning in a micro-location with solid market fundamentals
- > Large office building with more than 18,000 sq m of GLA, distributed in six stories, and 350 parking spaces.
- > High quality building, with large and efficient floor plates of c. 3,000 sq m divisible up to eight modules, allow the possibility to accommodate multiple tenants.
- > Two independent distribution wings and an attractive central lobby topped by a skylight, which provides good light to the interior areas.

Strong value creation potential through asset management

Strong footprint in the golden triangle of Campo de las Naciones

- > Strong real estate fundamentals attracting top tenants
- > Solid grade A product with strong cash flow



EGEO – Campo de las Naciones

CORE WITH VALUE ADDED POTENTIAL

Sources of Value Creation

- > Stable cash flows generating more than €3.3m of Gross Rental Income
- > Potential yield on cost up to 5-6% in coming years underpinned by solid growth profile of market segment
- > Current ERVs significantly below potential rents: €17/sq m/month current rent vs €24/sq m/month last peak
- > Ungeared 10 year IRR above 6%

EGEO - Main KPIs

The Transaction

Price ¹	€79m
GLA	18,254 sq m
Parking	350 units
Capital value	€4,334/sq m

The Opportunity

Ungeared IRR	>6%
Yield on Cost ²	5%

¹ Acquisition price excluding transfer cost

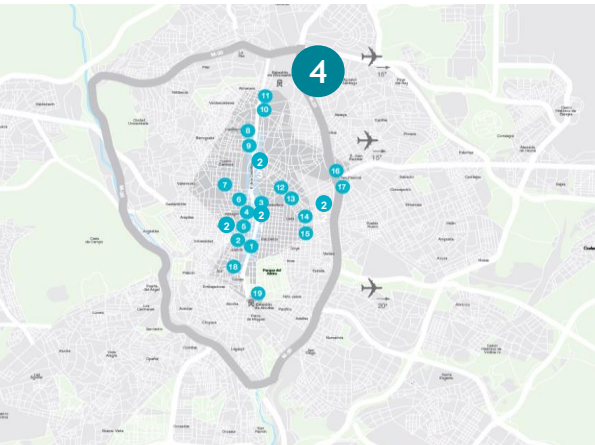
² Ungeared 10 year IRR

³ Potential running yields on cost for the next years

Strong micro-location in the north of Madrid

Strong micro-location in the north of Madrid

- > Interesting granular market segment close to M-30 in the north of Madrid
- > Value creation potential through implementation of Colonial's Product Strategy



ARTURO SORIA – Madrid City Center

CORE WITH VALUE ADDED POTENTIAL

Good micro-location in the North of Madrid

1. Micro location sought after by multinationals and service companies
2. Excellent connections by public and private transport
3. Scarce office supply surrounded by consolidated residential
4. Close to M-30 with more competitive rental levels than Las Tablas

Good asset with solid performance

- > Four glass façade building with more than 8,600 sq m of GLA and 191 parking spaces
- > Efficient floor plate with size of more than >1,000 sq m
- > Asset with high occupancy levels through the cycles
- > Potential to enhance the value of the property by value-add initiatives
 - > Creation of new amenities and green areas
 - > Obtaining LEED/BREEAM energy certificates

Strong micro-location in the north of Madrid

Strong micro-location in the north of Madrid

- > Interesting granular market segment close to M-30 in the north of Madrid
- > Value creation potential through implementation of Colonial's Product Strategy



ARTURO SORIA - Madrid City Center

CORE WITH VALUE ADDED POTENTIAL

Sources of value creation

- > Near full occupancy multitenant building, occupied by AAA leading companies
- > Short term WALT (below 2 years) with positive reversion
- > Additional value creation through repositioning initiatives
 - > Energy certificates envisaged
 - > Attractive rent roll to capture rental and value uplifts
- > Attractive entry price of €3,311/sq m² for an office building in Madrid M30
- > Ungeared IRR in excess of 7% for a core asset with strong cash flow

ARTURO SORIA - Main KPIs

The Transaction

Price ¹	€32.5m
GLA	8,663 sq m
Parking	191 units
Capital value	€3,311/sq m

The Opportunity

Ungeared IRR ²	>7%
Yield on Cost ³	6%

¹ Acquisition price excluding transfer cost

² Ungeared 10 year IRR

³ Potential running yields on cost for the next years

Opportunistic CBD acquisition with flexible office space potential

Opportunistic CBD acquisition ideal for flexible office space in the heart of Barcelona

- > Unique location in the heart of Barcelona
- > Enhanced return through proptech strategies

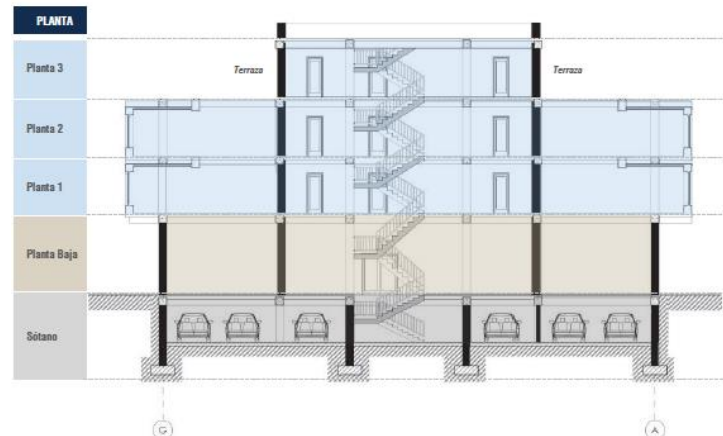


GALA PLACIDIA – Barcelona CBD

VALUE ADD PROJECT

Main asset characteristics

- > Opportunity to acquire an asset with 4,312 sq m Barcelona CBD
- > Large floors, with more than 1,600 sq m almost inexistent in the city entre
- > Floor size, terraces and retail spaces in ground floor offering multiple options for different layouts
- > Location with high concentration of co-working activities
- > Ideal asset to develop Colonial's co-working flagship store



Opportunistic CBD acquisition ideal for flexible office space in the heart of Barcelona

- > Unique location in the heart of Barcelona
- > Enhanced return through proptech strategies



GALA PLACIDIA – Barcelona CBD

VALUE ADD PROJECT

Sources of Value Creation

- > Acquisition in Barcelona CBD at an entry price below €4,000 /sq m
- > Capture value creation with prime Factory Project
- > Strong initial Yield on Cost based on a 100% pre-let to Utopic-Us at market rents
- > Additional return potential through co-working initiatives
- > Attractive ungeared IRR above 8%

GALA PLACIDIA - Main KPIs

The Transaction

Price ¹	€13m
Capex	€4m
Total Investment	€17m
GLA	4,312 sq m
Parking	14 units
Capital value	€3,922/sq m

The Opportunity

Ungeared IRR ²	≥8%
Yield on Cost ³	≥7%

¹ Acquisition price excluding transfer cost

² Ungeared 10 year IRR

³ Potential running yields on cost for the next years



Solid delivery on organic investments through off-market transactions

Proven delivery of value add acquisition through off-market deals

- > Assets with significant real estate value creation potential
- > Prime sites with unique market positioning
- > Strong commitment to investment discipline

SOURCING OF UNIQUE PRODUCTS LEVERAGING ON COLONIAL'S TRACK RECORD

1 Méndez Álvaro Campus

- > Prime Factory opportunity sourced through an off market deal
- > Highly complex transaction, signing with more than 10 different owners
- > Optimization of pricing, leveraging on tax credit and SPV acquisition structure

2 Méndez Álvaro 2

- > Prime Factory opportunity sourced through an off market deal
- > Identification of the opportunity 2 years ago
- > Colonial's reputation and track-record key for transaction closing

3 Arturo Soria

- > High quality building sourced through an off market deal with LAR Socimi
- > Colonial's reputation and track-record key for transaction closing

4 Egeo

- > High quality building sourced through an off market deal with LAR Socimi
- > Colonial's reputation and track-record key for transaction closing

5 Gala Placidia

- > Prime Factory opportunity sourced through an off market deal
- > Accelerated execution thanks to Colonial's strong credit profile

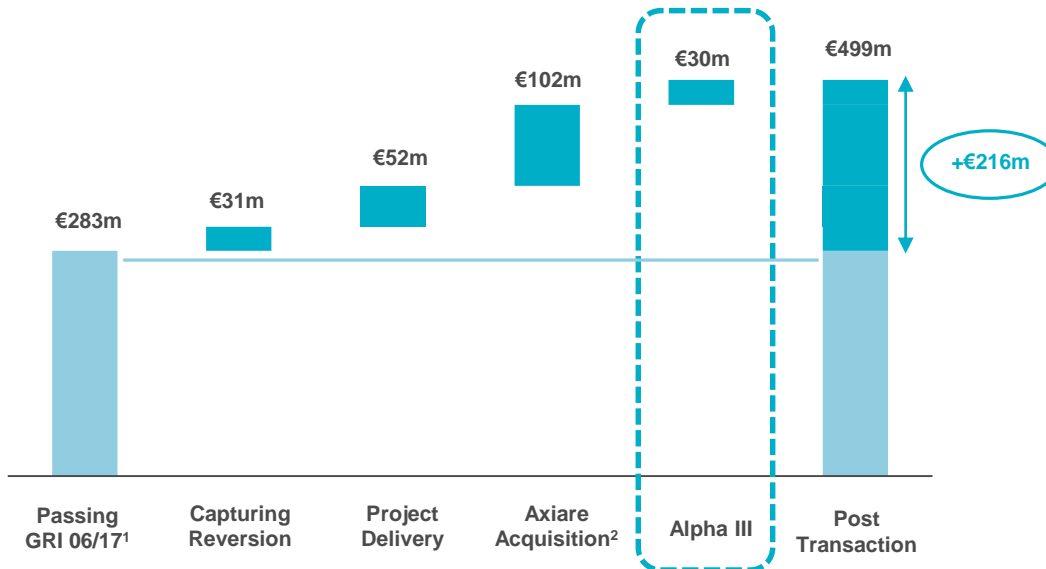
03 Transaction Summary

Enhancing significantly the Group's growth profile

Attractive growth profile with high reversionary potential at optimal market timing

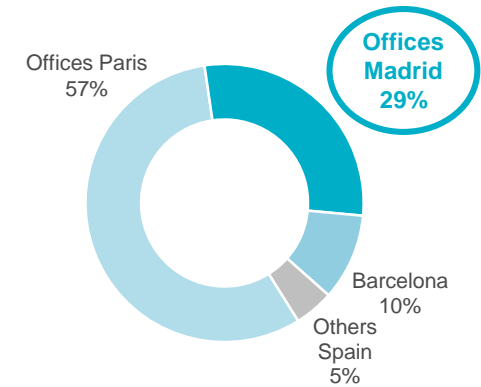
- > Reversion potential of Colonial increases up to €216m
- > Additional value-add exposure when rental growth is accelerating
- > Exposure to Madrid offices increases up to 30%

TOPPED-UP GRI as of 06/2017



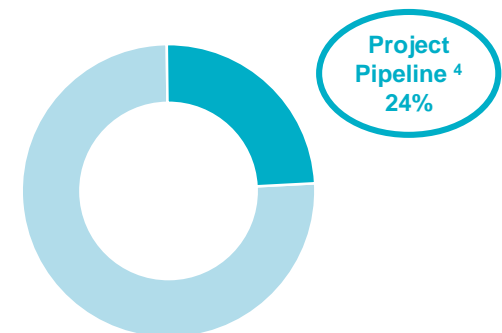
GAV PRO-FORMA

GAV as of 6/17 appraisals³



ATTRACTIVE VALUE ADD EXPOSURE

GLA Offices (sq m)



¹ Topped-Up passing GRI as of 6/2017 adjusted by IN/OUT

² According to Axiare public information June 2017, based on full acquisition

³ Adjusted by IN/OUT disposal

⁴ Without including Axiare's logistics & others portfolio

03 Transaction Summary

Full commitment to strong credit profile

Fully financed transaction maintaining financial discipline

- > Financing secured through current credit lines and cash
- > No relevant impact on LTV
- > Credit profile remains strong

FUNDING DETAILS

Amounts in €m	Cash Upfront	Future Cash-Outs	Total Investment
Mendez Alvaro Campus	112	160 - 174 ¹	272 - 287
Mendez Alvaro Office Scheme	33	35 ¹	68
Egeo	77	2	79
Arturo Soria ²	33 ²	-	33
Gala Placidia	13	4	17
Total Investment	269	201-215	469-484

€269m Cash Upfront

€469m-€484m
Total Investment Volume



Rating Standard & Poor's **BBB**



Rating Moody's **Baa2**

Credit Profile remains
strong

¹ Includes deferred payment of land acquisition and future capex subject to final project study

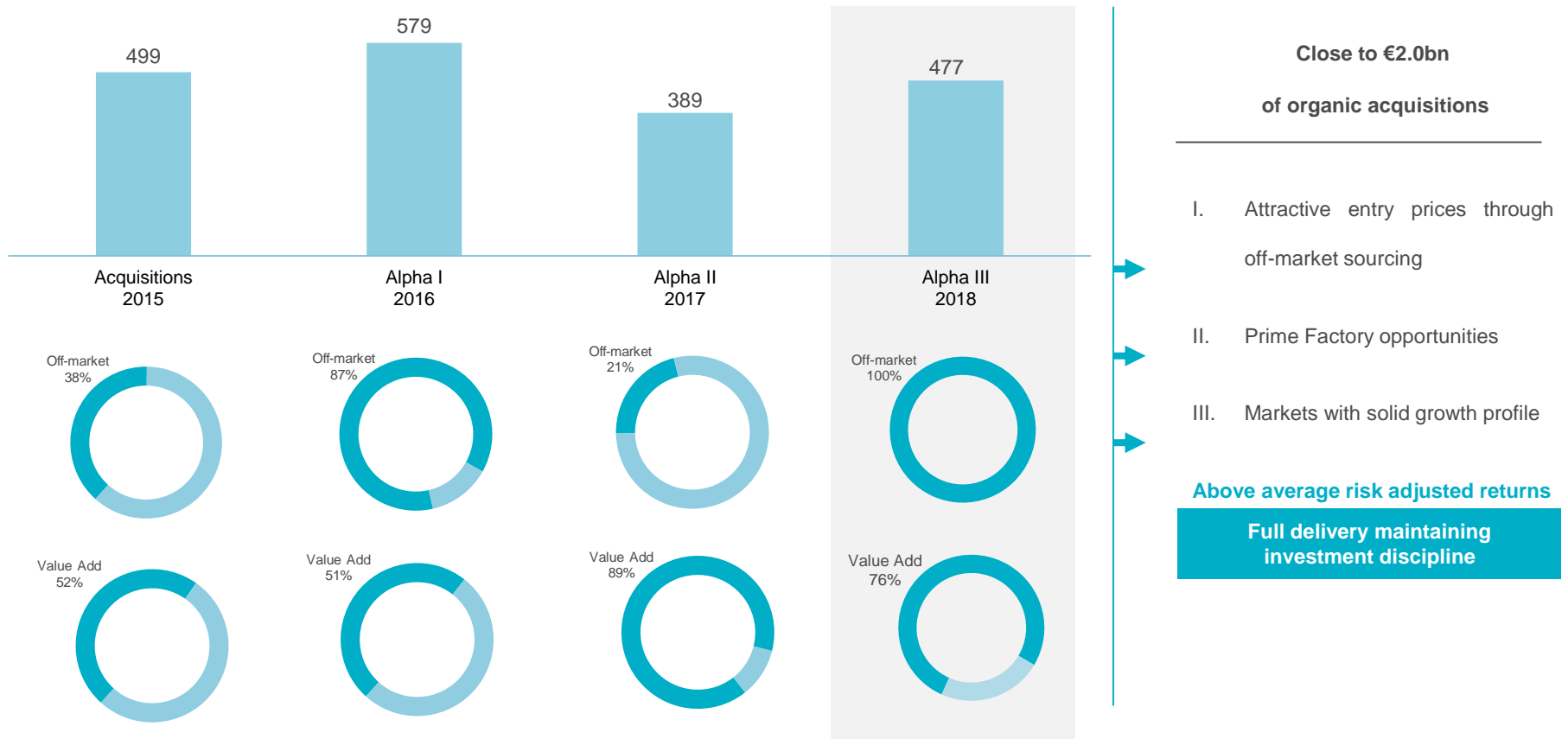
² Already paid in Q3 2017

Full delivery on disclosed acquisition targets

Close to €2.0bn of organic acquisitions in 4 years maintaining investment discipline

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

INVESTMENTS SINCE 2015 - €m

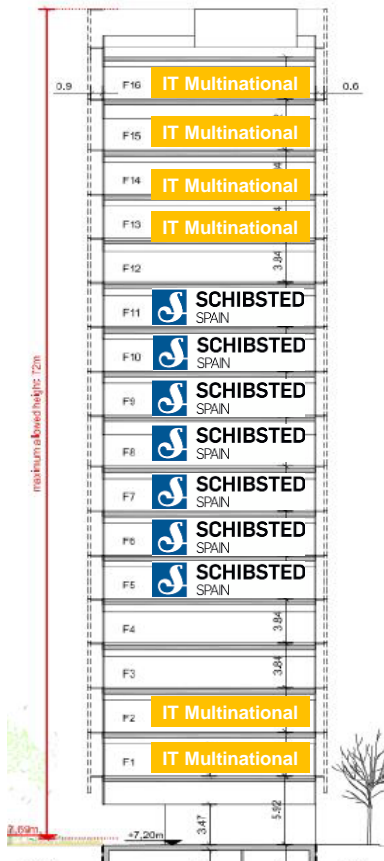




Outstanding delivery on Parc Glories Project - Barcelona

- > More than 80% of pre-letting several months ahead completion
- > Rents signed 30% above initial underwriting
- > Largest letting transaction in Barcelona since last peak

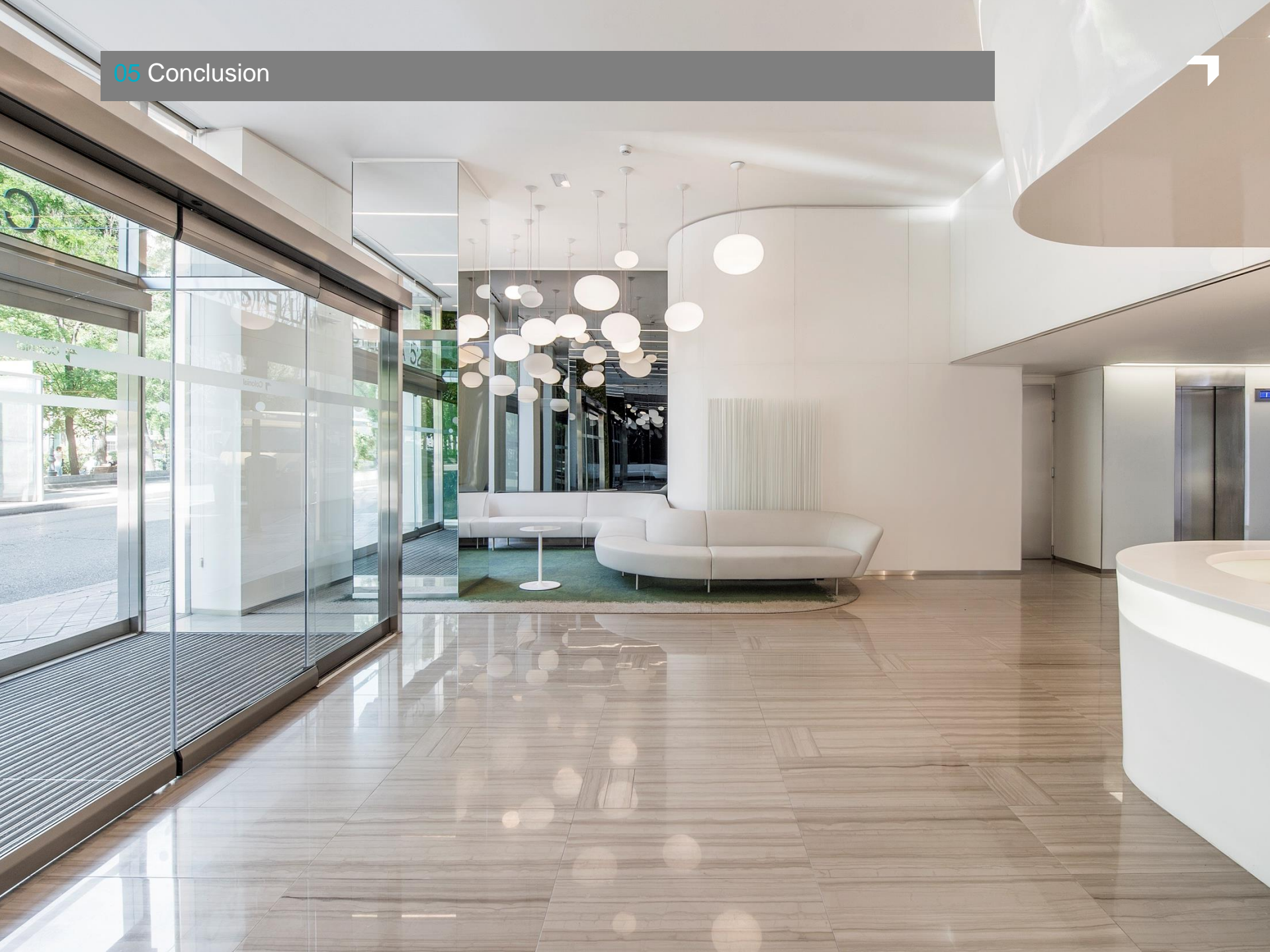
ACQUISITIONS DETAILS



Outstanding delivery on Parc Glories - Barcelona

- | | | |
|---------|--|---|
| 1H 2016 | 1. Identification of Glories as the new high growth market in Barcelona | |
| Jun-16 | 2. Acquisition through an off-market transaction – capital value below 3,000 €/sqm | |
| Jun-16 | 3. Start of construction day 2 after closing | |
| May-17 | 4. Pre-let of 9,338 sq m with Schibsted | Cumulative Pre-Let
38% |
| Nov-17 | 5. Additional 1,348 sq m signed to Schibsted | 44% |
| Dec-17 | 6. New Pre-let of 8,837 sq m signed with an IT multinational | 80% |

**Highest rents signed in 22@ Barcelona
30% above initial underwriting**





FULL DELIVERY OF 2018 ACQUISITION TARGET

- > Starting 2018 with more than €477m¹ in acquisitions in Spain
- > All 5 investments acquired through off-market transactions enabling competitive entry prices with strong yields on cost
- > Alpha III highlights:
 1. €348m investment¹ in a growth market in the South of Madrid's CBD with two unique Prime Factory projects
 2. Acquisition of two grade-A buildings with strong cash flow and good excellent micro-locations in Madrid
 3. Opportunistic CBD acquisition ideal for flexible office space in the heart of Barcelona
- > Fully financed transactions with high reversion at optimal market timing
- > Colonial continues with its excellent delivery in Parc Glories Barcelona



**Alpha III enhances significantly Colonial's growth profile
maintaining investment discipline**

¹ Acquisition price + total project capex

Colonial



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