



According to article 228 of the Legislative Royal Decree 4/2015 of October 23 approving the revised text of the Securities Market Act, Inmobiliaria Colonial, S.A. ("**Colonial**" or the "**Company**") hereby reports the following:

### **REGULATORY ANNOUNCEMENT ("HECHO RELEVANTE")**

Following the Regulatory Announcement published on the 13th of November 2018, with the registered number 271495, Colonial publishes the documentation to support the presentation to analysts and investors corresponding to the Third Quarter results of 2018 that will be held today Thursday 15th of November 2018 at 6:15 PM (CET) through webcast.

The information regarding the presentation is detailed below:

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In Madrid, November 15, 2018



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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





#### OUTSTANDING FINANCIAL RESULTS

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- > Gross Rental Income, +22% and **+5% like-for-like**
- > Recurring EBITDA, +20%
- > Recurring earnings, +15%
- > **FY 18E EPS<sup>1</sup> guidance confirmed: €22cts/ sh.**

#### STRONG OPERATIONAL PERFORMANCE

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- > More than 154,000 sq m let with top tier clients
- > Very healthy vacancy levels at 5%
- > Successful delivery of projects
- > Strong growth in rental prices – double-digit release spreads
  - ✓ Capturing market rental growth
  - ✓ GRI increase price driven
  - ✓ Capital Value Growth price driven

#### PROFITABLE GROWTH ACCELERATING

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- > Solid top line driving bottom-line results
- > Best-positioned portfolio for future growth
- > Confident outlook on real estate markets

(1) Recurring EPS

## 01 Highlights 3Q 2018

### Solid top line growth driving results



- > Significant increase of Recurring Earnings of +15% (+21% in a quarter)
- > Outstanding EPRA Like for Like growth of +5%
- > Solid rental price increases securing forward looking earnings growth

Profit & Loss - €m	3Q 2018	YoY Var
Gross Rental Income	€258m	+22%
EBITDA Recurring	€202m	+20%
<b>Recurring Net Profit</b>	<b>€68m</b>	<b>+15%</b>
<i>Full Year 2018E EPS<sup>1</sup> guidance confirmed: €22cts/ share</i>		

Solid Fundamentals	
# Transactions signed	82
Volume of sq m signed	154,829
EPRA Vacancy	5%

Outstanding GRI like for like	3Q 2018	YoY Var
<b>Group like-for-like<sup>3</sup></b>	<b>€258m</b>	<b>+5%</b>
Madrid like-for-like <sup>3</sup>		+5%
Barcelona like-for-like <sup>3</sup>		+4%
Paris like-for-like <sup>3</sup>		+5%

Capturing Rental Price Increases	
<b>Double-digit release Spread<sup>1</sup></b>	<b>+26%</b>
Barcelona	+32%
Madrid	+32%
Paris	+13%

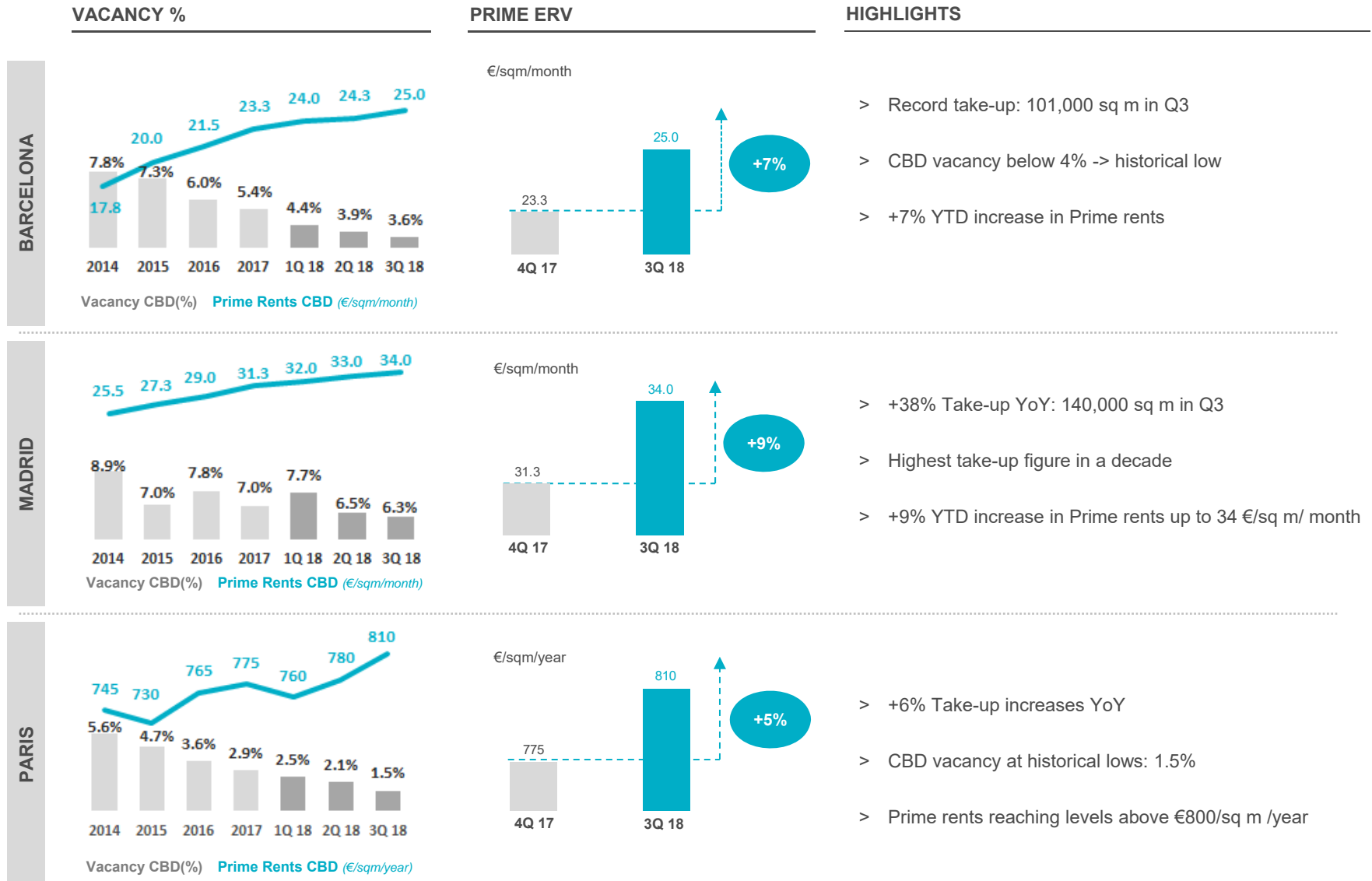
<b>Strong rental growth<sup>2</sup></b>	<b>+10%</b>
Barcelona	+18%
Madrid	+12%
Paris	+4%

- (1) Rental prices signed vs previous rents in Q3  
 (2) Rental prices signed vs ERV 12/17 in Q3  
 (3) EPRA like-for-like variance base on EPRA BPR methodology – Q3 cumulative  
 (4) Recurring EPS – Q3 cumulative





## 02 Market Fundamentals accelerating in every market

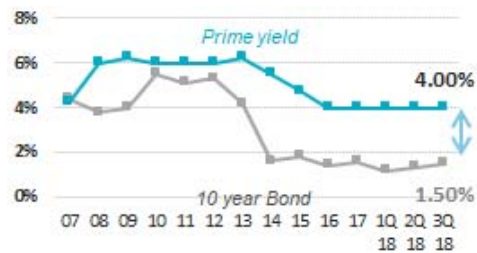


## 02 Market Investment Markets remain strong

- > Scarcity of Grade A product
- > Accelerating market momentum in every city
- > Spreads vs reference rates remain attractive

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

BARCELONA



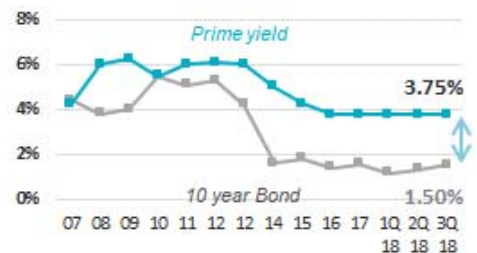
SPREAD VS 10Y BOND



HIGHLIGHTS

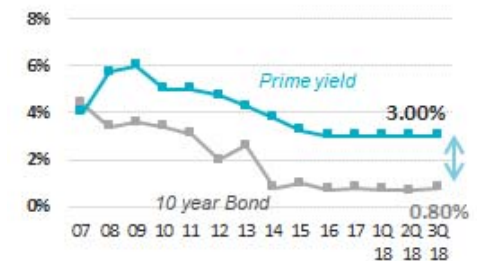
- > Strong Investment volume: €445m YTD
- > Increasing investor interest faces scarce supply
- > Prime yields at 4%: healthy spread of 250 bp

MADRID



- > Investment volume of €559m
- > Acceleration of transaction activity in 2H
- > Prime yields at 3.75%

PARIS



- > Investment volume of €12.8bn
- > +33% YoY increase
- > 2x long-term average
- > 35 transactions above €100m
- > Healthy spread at 220 bp

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

03 Operational performance



*Offering the better site*

03 Operational performance  
Grade A product ensures strong letting performance

	# CONTRACTS	SQM SIGNED	GRI SECURED <sup>1</sup>	INCENTIVES <sup>2</sup>	EPRA VACANCY <sup>3</sup>
<b>BARCELONA</b> 	20	16,249	€3m	7%	1%
<b>MADRID</b> 	37	60,853	€16m	4%	12%
<b>PARIS</b> 	22	19,922	€14m	13%	2%
<b>LOGISTIC</b> 	3	57,805	€4m	1%	5%
<b>TOTAL</b> 	82	154,829	€37m	8%	5%

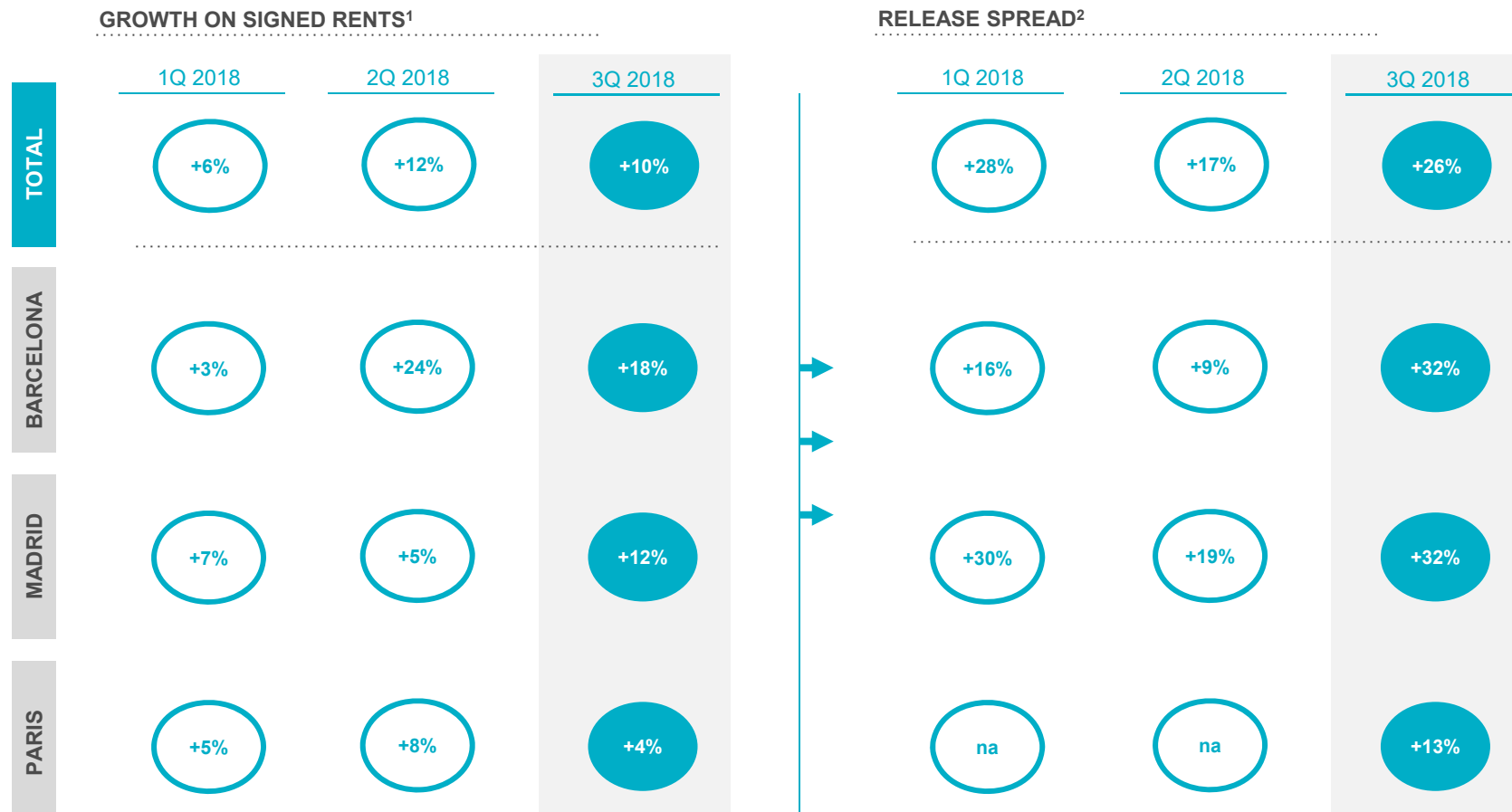
(1) Annualized figures of signed contracts  
(2) Incentive ratio = economic rents/ facial rents -1  
(3) Financial vacancy calculated according to EPRA vacancy methodology

### 03 Operational performance

#### Strong delivery on rental price increases

- > Third quarter in a row with strong price increases in every segment
- > Outstanding rental growth in every market, Spain double digit
- > Double digit release-spread in every market, Paris + 13%

#### SOLID INCREASE IN RENTAL PRICES



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

### 03 Operational performance

Strong delivery on rental price increases across the entire portfolio

#### GROWTH ON SIGNED RENTS<sup>1</sup>

The Window



+26%

NOVO BANCO<sup>4</sup>

IÉNA



+36%

#### RELEASE SPREAD<sup>2</sup>

Castellana, 52



+40%

ecix  
L.M.T.T.

Percier



+17%

EDF

Torre BCN



+22%

Washington Plaza



+14%

Liberty  
Specialty Markets

Martinez Villergas, 49



+33%

IBERIA

Washington Plaza



+17%

Aberdeen

Martinez Villergas, 49



+20%

IBERIA

Washington Plaza



+12%

Aberdeen

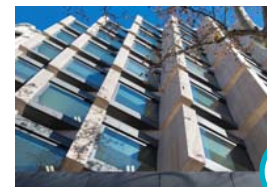
Sant Cugat



+32%

accenture

Génova, 17



+10%

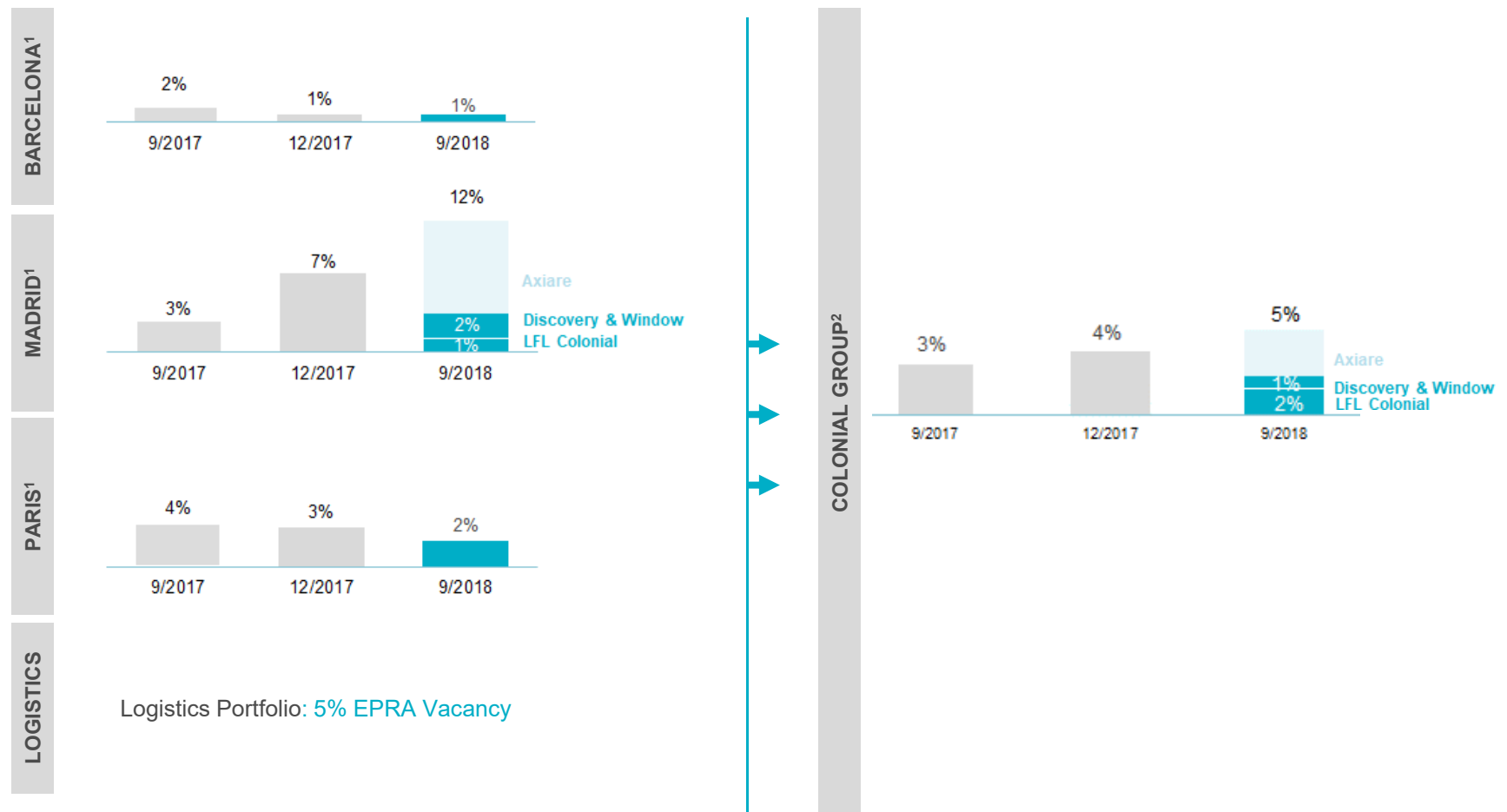
(1) Signed rents vs 12/17 ERV (new lettings & renewals)  
(2) Signed rents vs previous contracts (renewals)

### 03 Operational performance

#### Vacancy remains at healthy levels

- > Colonial vacancy at a healthy 5%
- > Barcelona and Paris at or below 2%
- > Madrid like-for-like at 1% - Discovery, Window & Axiare providing reversionary potential

#### EPRA VACANCY



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



### 03 Operational performance

#### Short-term projects on track to crystalize value

- > Successful delivery of projects initiated in 2015/2016
- > Rents signed well ahead of initial underwriting
- > Full value creation still to be crystallized in NAV



Average ERV signed<sup>1</sup>

26  
€/sqm/m

+24%<sup>2</sup>

Average ERV signed<sup>1</sup>

24  
€/sqm/m

+22%<sup>2</sup>

Average ERV signed<sup>1</sup>

20  
€/sqm/m

+30%<sup>2</sup>

Yield on Cost<sup>3</sup>

7.8%

Yield on Cost<sup>3</sup>

7.6%

Yield on Cost<sup>3</sup>

7.9%

Total Product Cost<sup>4</sup>

4,267  
€/sqm

Total Product Cost<sup>4</sup>

4,027  
€/sqm

Total Product Cost<sup>4</sup>

3,130  
€/sqm

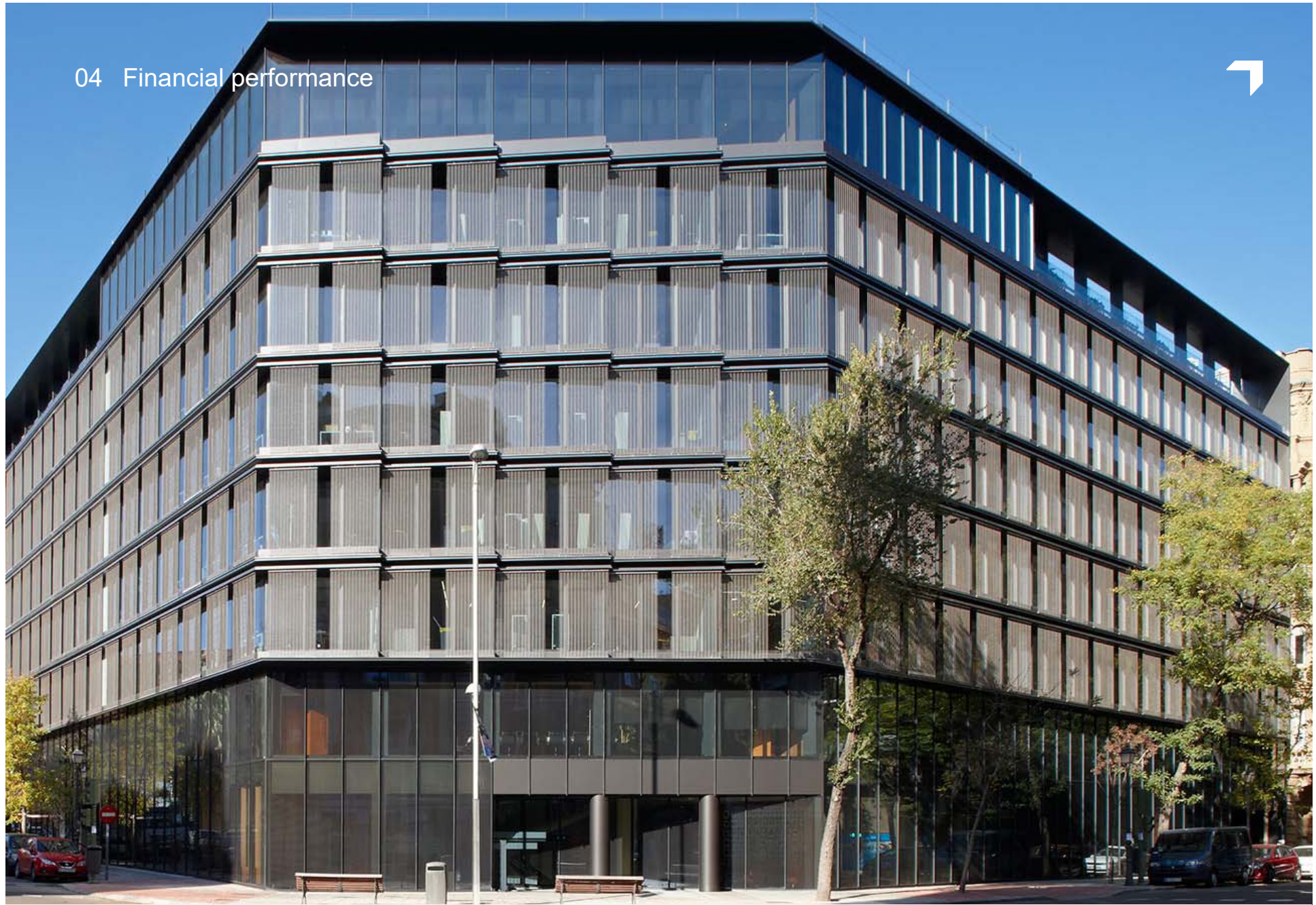
<sup>1</sup> Average ERV signed excluding rent of parking spaces

<sup>2</sup> ERV signed vs ERV at acquisition date (excludes rent of parking spaces)

<sup>3</sup> Gross Yield based on contracts signed YTD and assuming 100% occupancy at average ERV signed

<sup>4</sup> Acquisition price + Capex invested

04 Financial performance

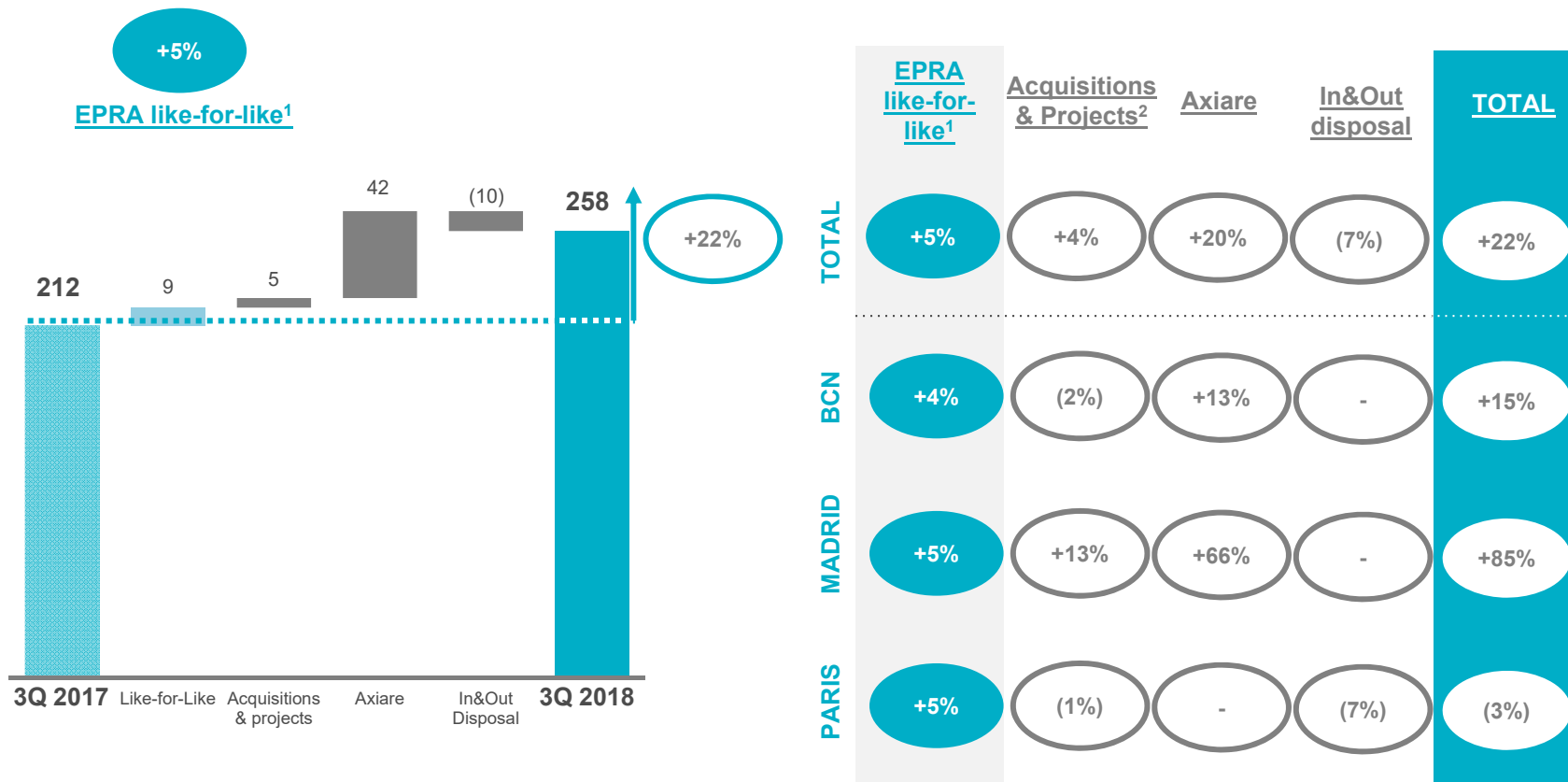


*Solid top line driving profitability*

**04 Financial performance**  
**Double-digit top line growth**

- > GRI growth of +22% enhanced through Axiare
- > GRI like-for-like increase outstanding at +5%
- > High GRI like for like growth in every single market

**GROSS RENTAL INCOME - €M**



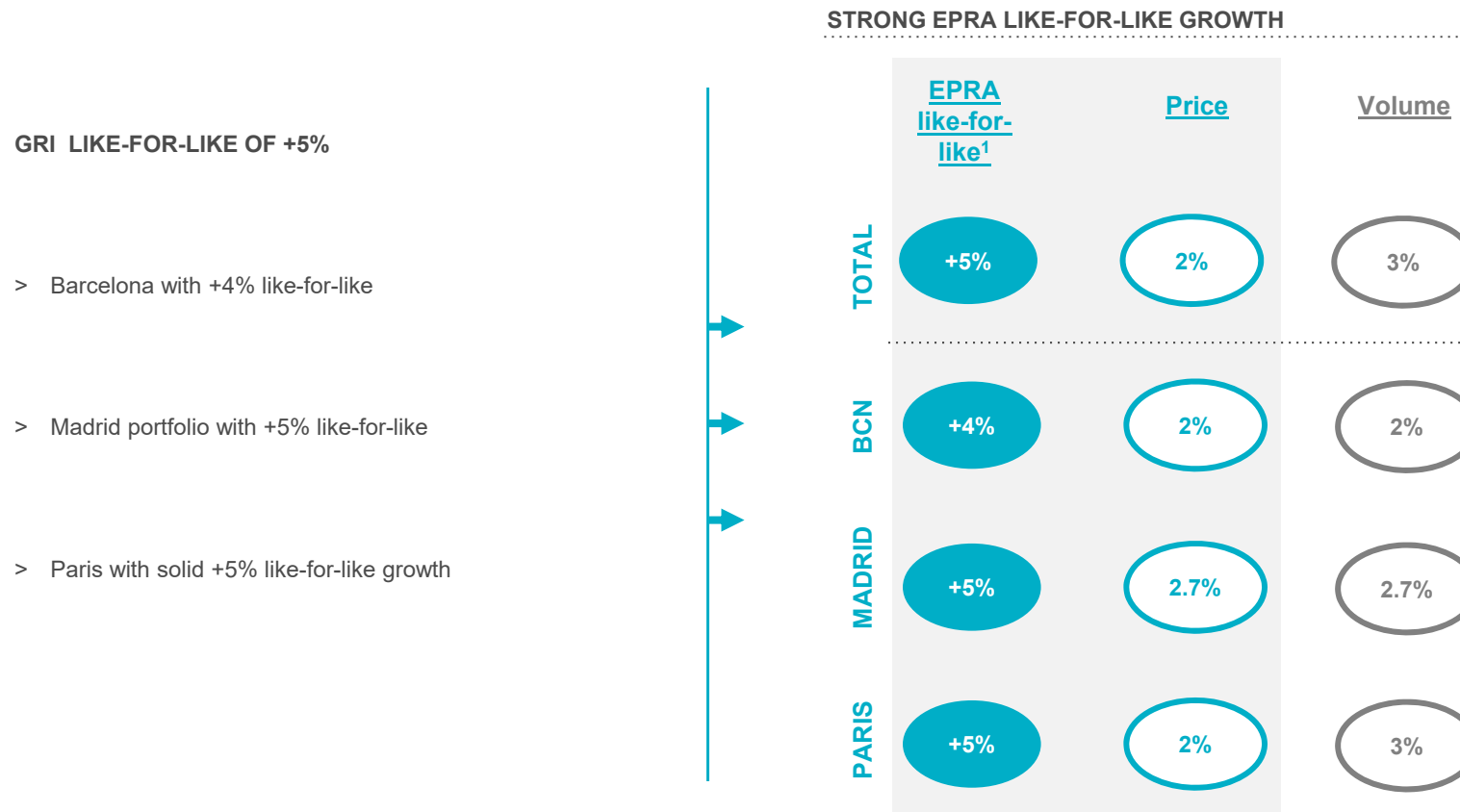
(1) like-for-like calculated following EPRA BPR recommendations  
 (2) Includes indemnities of tenant rotation

## 04 Financial performance

### Like-for-like rental growth price driven

- > Like-for-like growth driven by rental price increases
- > Barcelona and Madrid with strong price effect
- > Paris with +5% like-for-like increase, well above peers

#### GROSS RENTAL INCOME - €M



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

## 04 Financial performance

### Improved credit profile

- > Highest Corporate Rating in Spanish Real Estate
- > Important liability management in 2018
- > A stronger balance sheet

#### ACTIVE LIABILITY MANAGEMENT ...

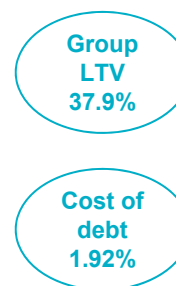
- 1 €663m<sup>1</sup> new equity issued (Axiare merger & Alpha IV)
- 2 €1,150m bonds issuances
  - > €650m Colonial
  - > €500m SFL
- 3 €675m liability management
  - > €375m repurchase Colonial bonds
  - > €300m repurchase SFL bonds
- 4 €393m Axiare bilateral debt cancellation
- 5 €282m Axiare bilateral debt refinancing
- 6 €441m disposals YTD

(1) 72,797,424 new shares at EPRA NAV of 9.11€/share

#### ... ENHANCING THE BALANCE SHEET



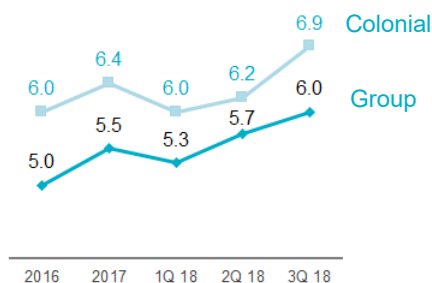
#### LTV & Cost of Debt



Liquidity <sup>2</sup>	
Colonial	€1,144m
SFL	€910m
<b>Total</b>	<b>€2,054m</b>

(2) Cash and undrawn balances

#### Debt maturity - years



Debt Maturity	
Colonial	6.9 years
SFL	4.5 years
<b>Total</b>	<b>6.0 years</b>

## 04 Financial performance

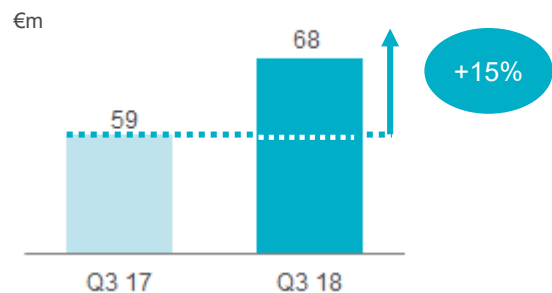
### Acceleration of profitable growth

- > Strong Top Line driving bottom line
- > +15% increase of cumulative recurring profit
- > +21% increase of quarterly recurring profit

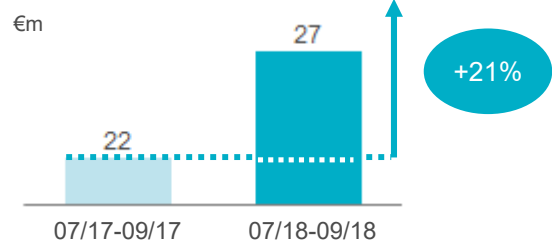
#### STRONG TOP & BOTTOM-LINE PERFORMANCE

EPS Guidance confirmed  
€22cts Full Year 2018E

#### RECURRING RESULT Q3 2018 CUMULATIVE



#### RECURRING RESULT Q3 2018



#### PROFIT & LOSS ACCOUNT

Results analysis - €m	Q3 18	Q3 17	Var.
Gross Rents	258	212	22%
Net operating expenses <sup>(1)</sup>	(21)	(15)	
Overheads	(35)	(28)	
Recurring EBITDA	202	169	
Recurring financial result	(77)	(58)	
Income tax expense & others - recurring	(10)	(8)	
Minority interests - recurring	(47)	(44)	
<b>Recurring Earnings</b>	<b>68</b>	<b>59</b>	<b>15%</b>
Asset revaluation	304	523	
Non-recurring financial result & MTM	(19)	(1)	
Income tax & others - non-recurring	(2)	39	
Minority interests - non-recurring	(71)	(166)	
<b>Profit attributable to the Group</b>	<b>281</b>	<b>454</b>	

(1) Includes other income

05 Growth drivers



*A stronger platform for future growth*



## FUTURE VALUE CREATION

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- 1 €1.5bn of project pipeline
- 2 Capturing reversion in rents
- 3 Strong investment market
- 4 Acquisitions with investment discipline



## 05 Growth drivers

### 1 €1.5bn of Project Pipeline

- > Successful delivery of projects initiated in 2015/2016
- > Important future value creation to be crystalized
- > Very attractive Yield on Cost

Project	City	Delivery	GLA (sqm)	Total Cost <sup>1</sup> €m	Total Cost €/ sqm	Yield on Cost
1 Discovery	Madrid	Delivered	10.152	43	4.267	7,8%
2 The Window/ PV	Madrid	Delivered	11.368	46	4.027	7,6%
3 Parc Glories	Barcelona	Delivered	24.551	77	3.130	7,9%
4 Josefa Valcarcel 40bis	Madrid	Turnkey Acqu	8.824	30	3.366	6,0%
5 Avenida Bruselas	Madrid	2H 18	14.340	40	2.817	7,0%
6 Pedralbes Center	Barcelona	1H 19	5.562	38	6.843	6,3%
7 Gala Placidia / Utopic_us	Barcelona	1H 19	4.312	17	3.922	7,0%
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8 Miguel Angel 23	Madrid	2H 20	8.036	64	7.999	5,8%
9 Castellana, 163	Madrid	2020/ 21	10.910	52	4.803	6,5%
10 Diagonal 525	Barcelona	1H 21	5.710	37	6.460	6,0%
11 Emile Zola / Destination XV	Paris	1H 21	24.500	280	11.428	~ 5%
12 Iena 96	Paris	1H 21	9.300	147	15.801	~ 5%
13 Velazquez Padilla 17	Madrid	1H 21	17.239	113	6.532	6,5%
14 Plaza Europa 34	Barcelona	2H 21	14.306	32	2.257	7,0%
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15 Mendez Alvaro Campus	Madrid	2H 22	89.871	273	3.038	7,5%
16 Sagasta 27	Madrid	2H 22	4.481	23	5.044	6,5%
17 Louvré SaintHonoré	Paris	2023	16.000	205	12.831	~ 7%
<b>TOTAL PIPELINE - OFFICE &amp; PRIME COMMERCIAL</b>			<b>279.462</b>	<b>1.517</b>		<b>6,5%</b>
Thereof delivered			54.895	196		7,5%
Thereof Pipeline going forward			<b>224.567</b>	<b>1.322</b>		<b>6,4%</b>

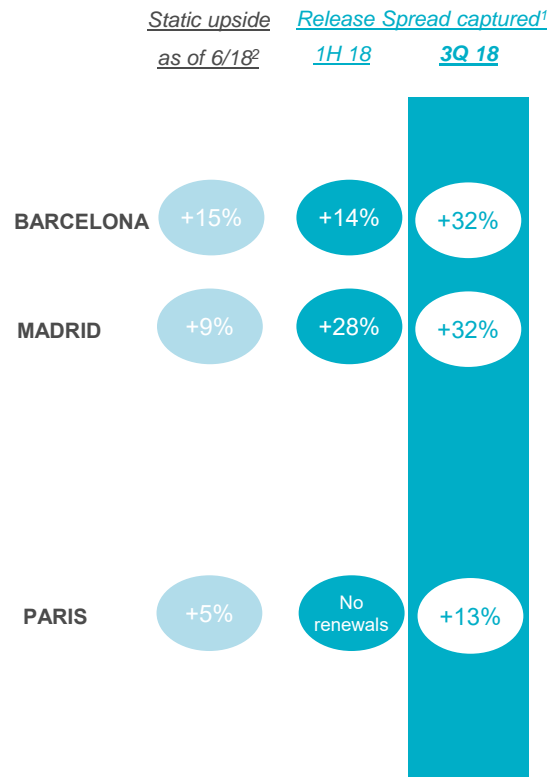
<sup>1</sup> Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex

05 Growth drivers

2 Colonial well-positioned to capture reversion

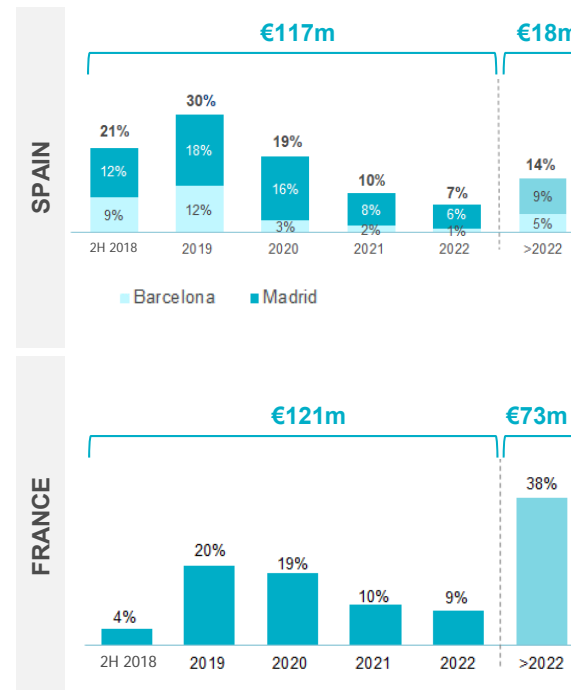
- > Strong delivery on reversion
- > Attractive rent roll profile
- > Solid positioning in growing markets

CAPTURING REVERSION

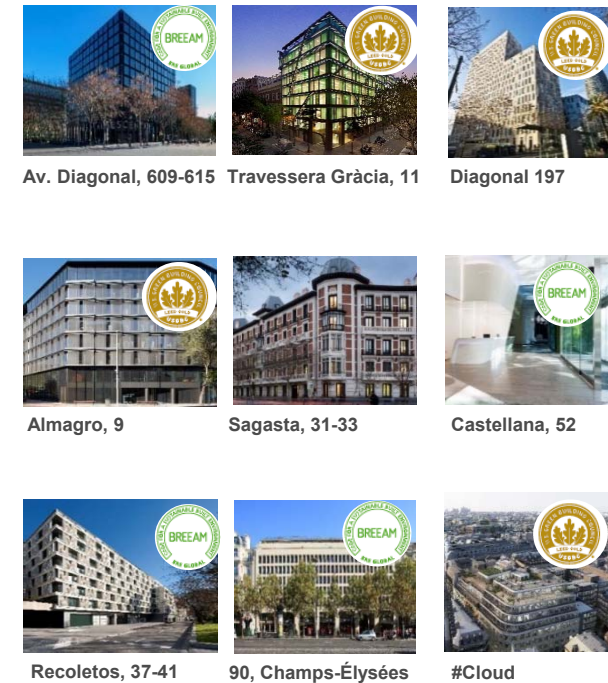


ATTRACTIVE RENT ROLL

COMMERCIAL LEASE EXPIRY DATES (6/18)  
First potential exit



SOLID POSITIONING IN GROWING MARKETS



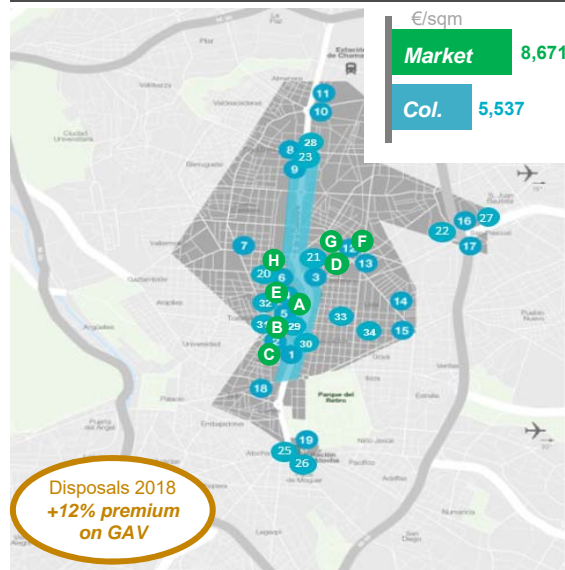
1) New rents signed vs previous

2) Market rents vs current passing rents as of 06/18 without including future rental growth

05 Growth drivers  
3 Investment Market

- > Investor interest for prime product remains strong
- > Significant capital value increases in recent quarters
- > Colonial's assets with prudent appraisal values

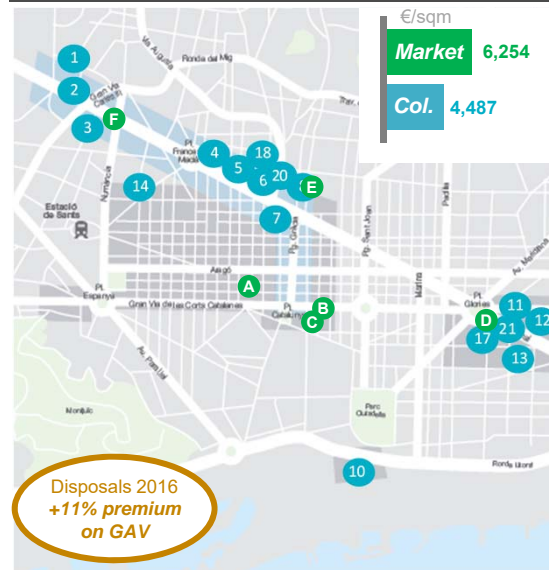
Madrid City Center (inside M30)



Latest investment transactions inside M30

	Price <sup>(2)</sup>	Cap. Value <sup>(3)</sup>
A Paseo de Recoletos, 5 <sup>(1)</sup>	33	9,863
B Gran Vía, 18 <sup>(1)</sup>	44	9,430
C Carrera de San Jerónimo, 15	60	8,602
D Velázquez, 108	30	7,143
E Fernando el Santo, 15	30	9,219
F Suero de Quiñones, 40-42 <sup>(1)</sup>	38	8,209
G Velázquez, 123 <sup>(1)</sup>	21	9,545
H Ríos Rosas, 24 <sup>(1)</sup>	24	7,357
<b>CBD Transactions - Average</b>	<b>279</b>	<b>8,671</b>
<b>Colonial Average (06/18 appraisal)</b>		<b>5,537</b>

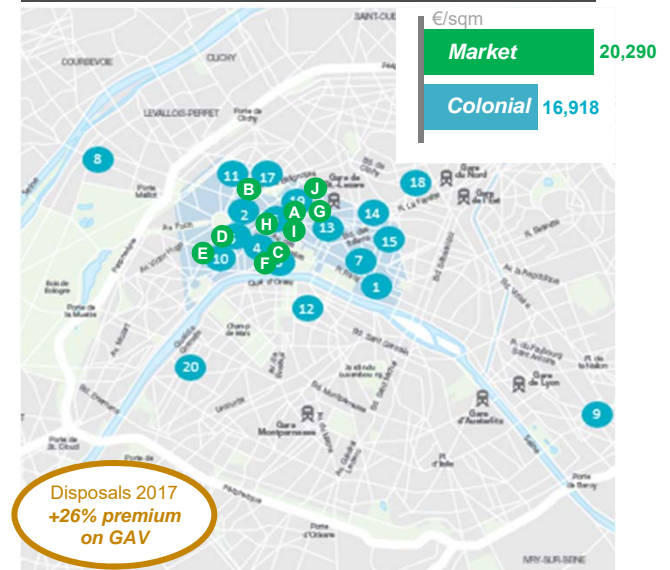
Barcelona City Center



Latest investment transactions in city center

	Price <sup>(2)</sup>	Cap Value <sup>(3)</sup>
A Enric Granados, 84	12	5,838
B Carrer de Fontanella, 9	20	6,030
C Carrer de Fontanella, 6-8	65	8,414
D Carrer Tanger, 66	90	5,294
E Avda. Diagonal, 595	30	5,254
F Ciutat de Granada, 121	20	4,545
G Avinguda Diagonal, 662 <sup>(1)</sup>	210	8,400
<b>CBD Transactions - Average</b>	<b>446</b>	<b>6,254</b>
<b>Colonial Average (06/18 appraisal)</b>		<b>4,487</b>

Paris CBD



Latest investment transactions in Paris CBD

	Price <sup>(2)</sup>	Cap Value <sup>(3)</sup>
A Rue La Boetie, 83	63	19,319
B Rue Mederic, 12-14	112	18,463
C Rue Francois 1Er, 26 Bis	252	22,909
D Avenue Kleber, 10	31	21,500
E Avenue Kleber, 30	75	21,500
F Rue Jean Goujon, 19-21	134	15,765
G Rue La Boetie, 49-51	222	20,182
H Rue Pierre Charron, 68	62	20,667
I Place De Rio De Janeiro, 2	125	17,857
J Boulevard Haussmann, 91	50	24,740
<b>CBD Transactions - Average</b>	<b>1,126</b>	<b>20,290</b>
<b>Colonial Average (06/18 appraisal)</b>		<b>16,918</b>

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

<sup>(2)</sup> €m

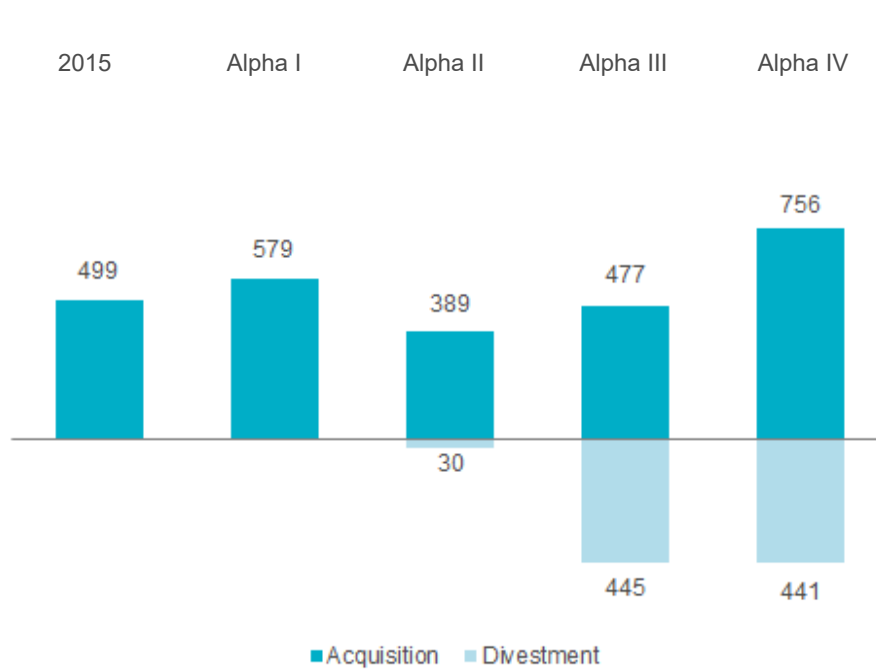
<sup>(3)</sup> €/sqm

Source: Savills-Aguirre Newman and public information

4 Acquisitions – a solid track record in investment discipline

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

NET INVESTMENTS SINCE 2015 - €m



ACQUISITION TARGETS

1. Prioritize value add Opportunities
2. Create high quality offices
3. Maintain investment discipline

Investment parameters: Organic growth

- ✓ €250m per annum
- ✓ Ungeared 10 year IRR target



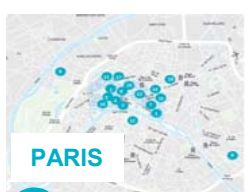



Value Add Spain 7 - 8%

Value Add France 6 - 8%

Core Investments 5 - 6%

4 Alpha IV Acquisition - Smart Capital Recycling to Prime

- > Disposals of €441m with +12% premium on last reported GAV<sup>1</sup>
- > Acquisition of 22% stake in SFL at 19% discount on NAV
- > Acquisition of 1 Prime Factory project in Barcelona CBD

DISPOSALS	<p><b>1 Disposals</b></p>  <p><b>MADRID</b></p>		<p><b>Non Core &amp; mature assets</b></p> <ul style="list-style-type: none"> <li>✓ GLA – 106,574 sq m</li> <li>✓ 7 operating office assets</li> <li>✓ 1 project in Madrid</li> </ul>	<p><b>Total disposals: €441m</b></p> <p><b>+12% premium on GAV<sup>1</sup></b></p>	
	ACQUISITIONS	<p><b>2 22% of SFL</b></p>  <p><b>PARIS</b></p>		<p><b>Opportunistic acquisition</b></p> <ul style="list-style-type: none"> <li>✓ Paris Prime CBD</li> <li>✓ Enhanced exposure flagship projects in Paris</li> </ul>	<p><b>Total investment: €718m</b></p> <p><b>19% discount on NAV</b></p>
		<p><b>3 Diagonal 525</b></p>  <p><b>BCN</b></p>		<p><b>Value Added – Prime Factory</b></p> <ul style="list-style-type: none"> <li>✓ GLA – 5,710 sqm</li> <li>✓ Redevelopment project</li> <li>✓ Prime CBD - Diagonal</li> </ul>	<p><b>Total investment: €37m<sup>2</sup></b></p> <p><b>Yield on Cost &gt; 6%</b></p> <p><b>IRR 7-8%<sup>3</sup></b></p>

(1) Last reported GAV and project at acquisition price + future capex  
 (2) Acquisition price + future capex  
 (3) 10-year ungeared IRR

4 Alpha IV Acquisition - Attractive investment for Colonial

Attractive returns increasing exposure to prime

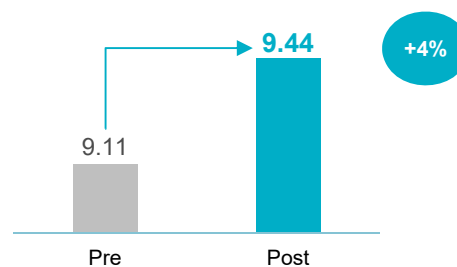
- > +4% accretion in EPRA NAV<sup>1</sup>
- > +10% accretion in recurring EPS<sup>2</sup>

ATTRACTIVE RETURNS

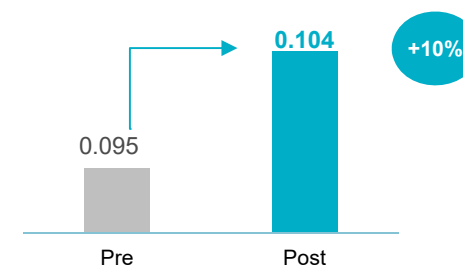
- > NAV pro-forma of €9.44 per share post deal
- > +4% accretion<sup>1</sup> on EPRA NAV per share
- > +10% accretion<sup>2</sup> on June recurring EPS

ACCRETIVE TRANSACTION FROM DAY ONE

Proforma EPRA NAV<sup>1</sup> p.s. (€)



EPS pro-forma 1H18<sup>2</sup> (€/sh)

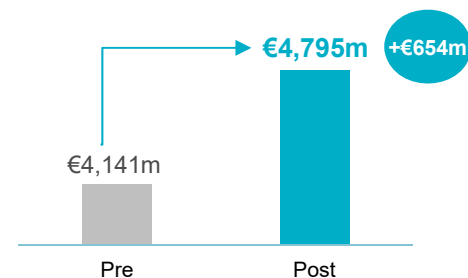


DEAL CONSIDERATIONS

- > Reorganization of shareholders' structure increasing Colonial equity
- > Optimized transaction through use of treasury shares
- > Enhancement of Colonial's visibility in public market

Approved at 11/18 EGM with 99.99% votes in a favour

INCREASE IN EQUITY VOLUME WITH HIGH QUALITY



(1) NAV pro-forma vs Jun-18 reported EPRA NAV (details in appendix)

(2) Half year EPS proforma based on 1H 18 reported recurring EPS (details in appendix)

06 Conclusion





#### DELIVERY OF BUSINESS PLAN ON TRACK

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- > **Guidance 2018 confirmed**
  - ✓ EPS recurring 2018E: €22cts
- > **Strong operational performance**
  - ✓ Very healthy vacancy levels
  - ✓ Strong growth in rental prices in every city
  - ✓ Successful delivery of projects
- > **Solid top line driving bottom-line results**
  - ✓ Outstanding GRI like-for-like increase in every market
  - ✓ Axiare integration accelerating profitable growth

#### A STRONGER PLATFORM FOR FUTURE GROWTH

---

- > An attractive project pipeline of prime product
- > Colonial best positioned to capture rental growth
- > A proven track record on acquisitions and capital recycling
- > Highest S&P Rating in Spanish Real Estate
- > Confident outlook on real estate markets



Q&A



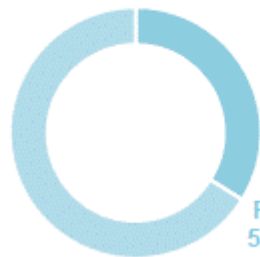
BARCELONA – LETTING PERFORMANCE

Solid Performance

16,249 sq m let

- > Max. rent signed **24.0** €/sqm/month
- > ERV growth **+15%** <sup>(1)</sup>
- > Release spread<sup>2</sup> **+18%**

New Lettings  
10.736 sq m



Renewals  
5.513 sq m

Strong rental growth - Highlights

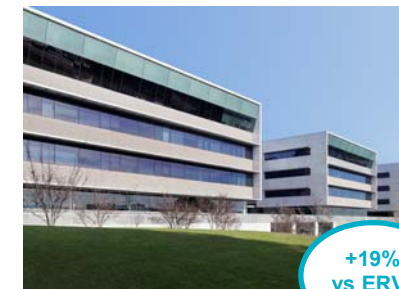
Park Cugat



+28%  
vs ERV<sup>1</sup>

**Cargill** markem-imaje

Sant Cugat



+19%  
vs ERV<sup>1</sup>

**ERNI**

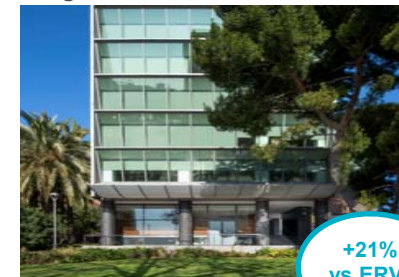
Amigó



+26%  
vs ERV<sup>1</sup>

**sdg** group

Diagonal 682



+21%  
vs ERV<sup>1</sup>

**CISCO**

(1) Signed rents vs 12/17 ERV (new lettings & renewals) – Q3 cumulative  
(2) Signed rents vs previous contracts (renewals) – Q3 cumulative

MADRID – LETTING PERFORMANCE

Solid Performance

60,853 sq m let

> Max. rent signed

29.9  
€/sqm/month

> ERV growth

+9% (1)

> Release spread<sup>2</sup>

+30%

New Lettings  
24.955 sq m



Renewals  
35.898 sq m

Strong Rental Growth - Highlights

De La Vega Business Park



Mölnlycke

+21%  
release  
spread

Miguel Ángel 11



Simmons & Simmons

+15%  
release  
spread

Génova 17



GROSVENOR

+10%  
vs ERV<sup>1</sup>

J. I. Luca de Tena 14



Chèque Déjeuner

+7%  
vs ERV<sup>1</sup>

Príncipe de Vergara 112-114



fibonad

+9%  
vs ERV<sup>1</sup>

Discovery Building



habitat

+1%  
vs ERV<sup>1</sup>

(1) Signed rents vs 12/17 ERV (new lettings & renewals) – Q3 cumulative  
(2) Signed rents vs previous contracts (renewals) – Q3 cumulative

PARIS – LETTING PERFORMANCE

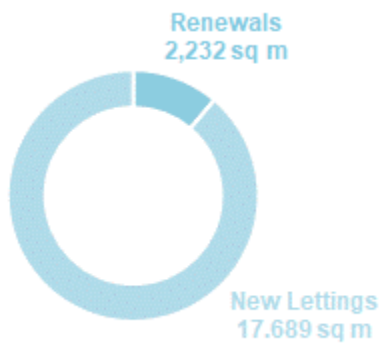
Solid Performance

19,922 sq m let

> Max. rent signed **787**  
€/sqm/year

> ERV growth **+5%** (1)

> Release spread<sup>2</sup> **+13%**



Strong Rental Growth - Highlights

Louvre Saint-Honoré



SwissLife

Iéna



"la Caixa"

Washington Plaza



LCM enR'cert  
LOUIS CAPITAL MARKETS PRODUCTEUR D'ÉCONOMIES D'ÉNERGIE

Louvre Saint-Honoré



Financial institution

(1) Signed rents 1H 18 vs 12/17 ERV (new lettings & renewals) – Q3 cumulative  
(2) Signed rents vs previous contracts (renewals) – Q3 cumulative

## APPENDICES

### A solid capital structure

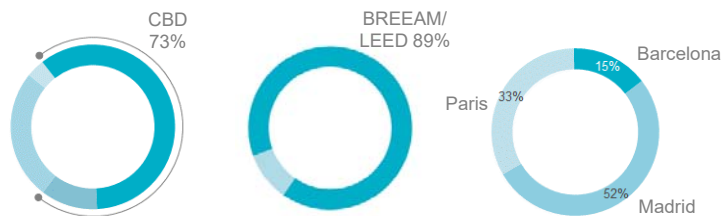


- > An unparalleled high-quality collateral diversified in three cities
- > A solid financial structure with competitive financing costs
- > A strong credit profile

#### FIRST CLASS COLATERAL

More than €11bn of high quality assets

1. Strong CBD exposure with prime product
2. Highest sustainability standards
3. Adequate diversification



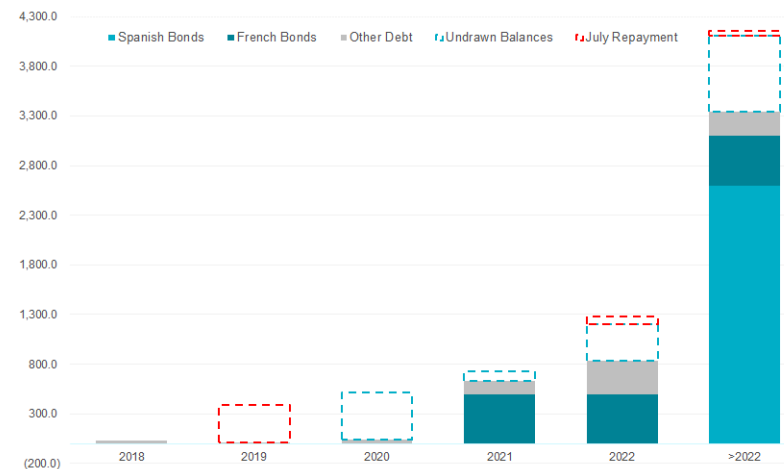
**Strong credit profile with solid investment grade rating**



Rating Standard & Poor's  
**BBB+ Stable Outlook**

#### A SOLID FINANCIAL STRUCTURE

<u>Capital Structure</u>	<u>31/12/2017</u>	<u>30/09/2018</u>
Cost of Debt Spain	1.98%	1.97%
Cost of Debt Group	1.86%	1.92%
Maturity Spain	6.4 years	6.9 years
Maturity Group	5.5 years	6.0 years
Net Debt	€3,066m	€4,344m
Cash	€1,105m	€338m
Undrawn balances	€1,322m	€1,716m
Group LTV	31%	38%
% Debt fixed or hedged	90%	100%

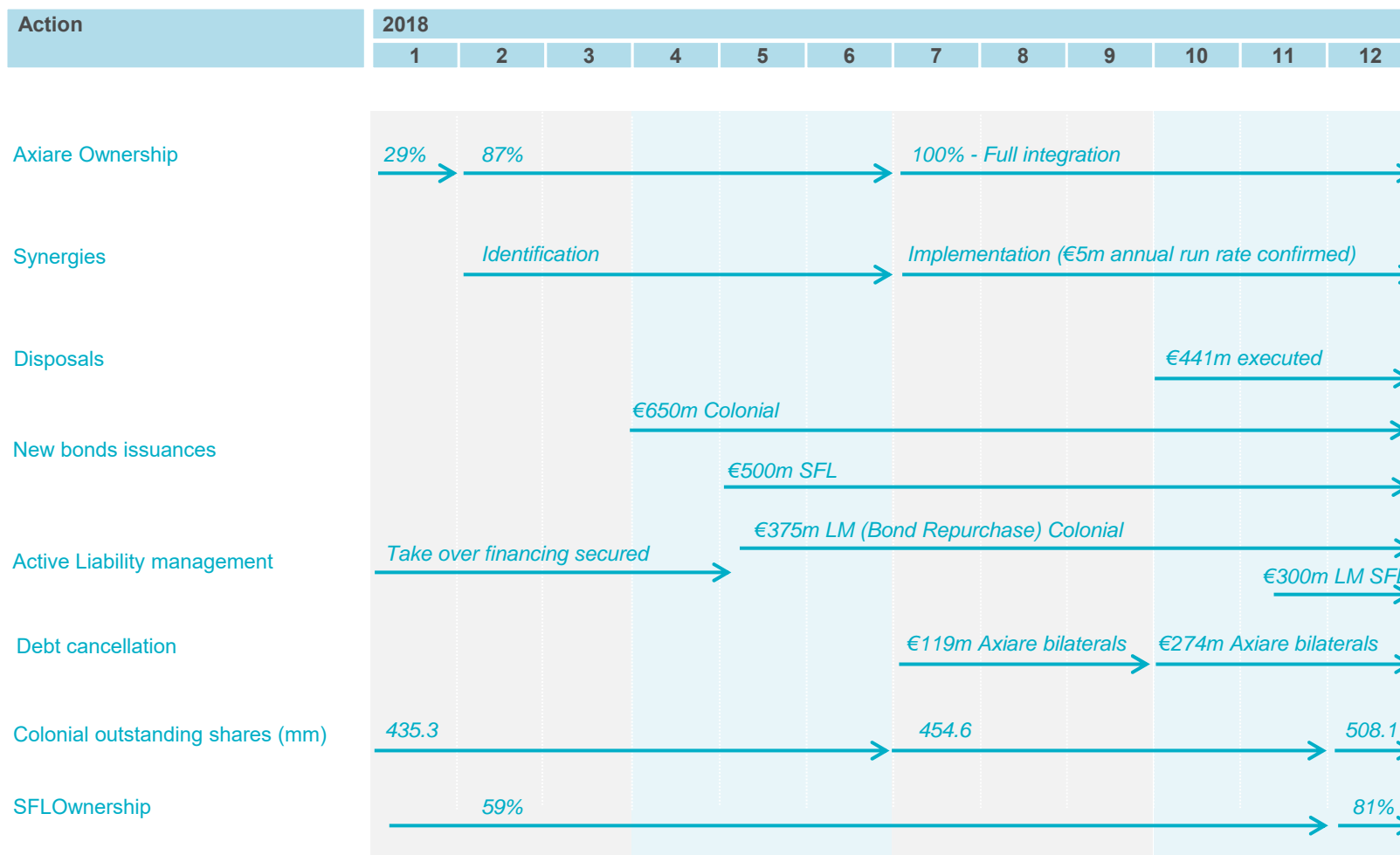


APPENDICES

2018 - Creation of a stronger platform for growth



- > Creation of a stronger platform for growth
- > 2018 a year of transition with many “moving parts”
- > Full positive impacts from 2019 onwards



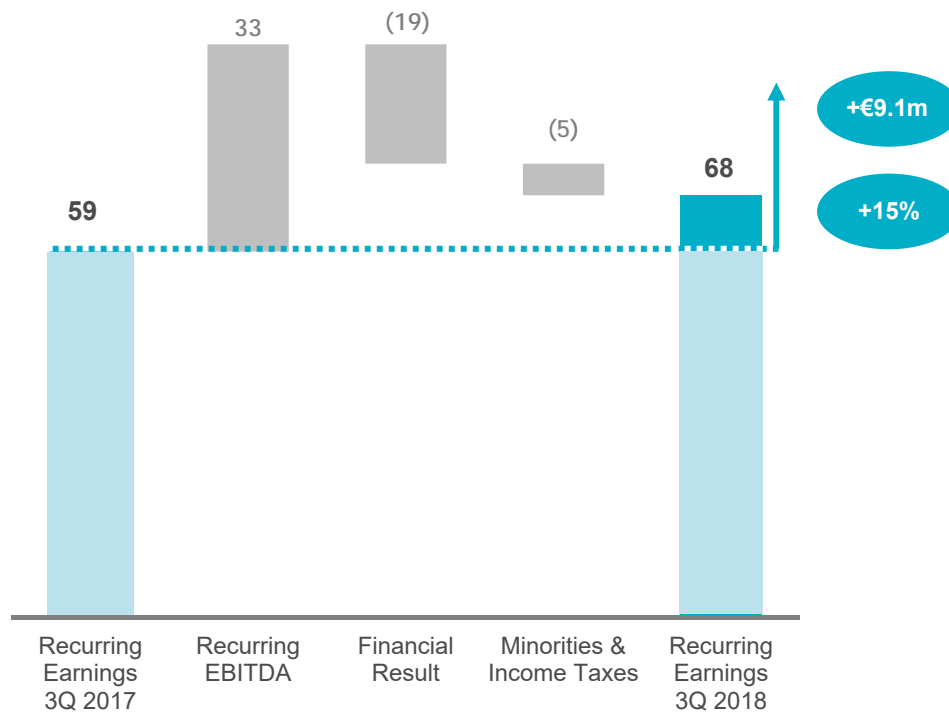
## APPENDICES

### Acceleration of profitable growth



- > +15% increase in Recurring Earnings
- > Earnings driven by solid top-line growth
- > Axiare acquisition enhancing results

#### PROFIT & LOSS ACCOUNT



#### RESULTS TOP LINE DRIVEN

- > Solid 5% like-for-like net rental income growth
- > Results enhancement through Axiare
  - ✓ High double-digit increase of recurring earnings
  - ✓ +21% increase recurring result in Q3

EPS Guidance confirmed  
€22cts Full Year 2018E

Colonial



[www.inmocolonial.com](http://www.inmocolonial.com)

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