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## **HECHO RELEVANTE**

Como continuación al Hecho Relevante publicado con fecha 8 de mayo de 2018 con número de registro 265292, Colonial remite documentación de soporte a la presentación a analistas e inversores relativa a los resultados correspondientes al primer trimestre de 2018, que se celebrará hoy lunes día 14 de mayo de 2018 a las 15:30 horas (CET) a través de un webcast.

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Adicionalmente, la presentación de resultados estará disponible en la página web de la Sociedad.

En Madrid, a 14 de mayo de 2018.



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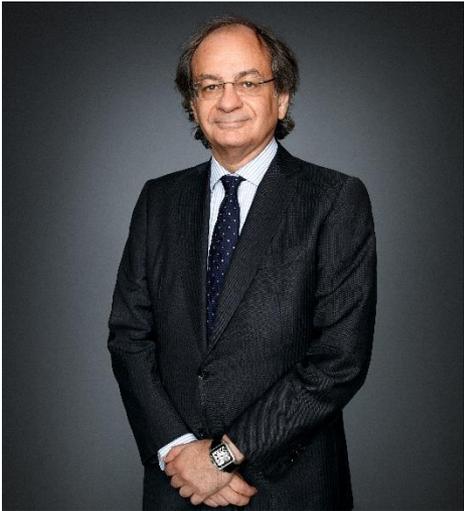
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- 01 Highlights
- 02 Market
- 03 Operational performance
- 04 Financial performance
- 05 Growth drivers
- 06 Conclusion

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, +19%
- > Net Rental Income, +8% like for like
- > Recurring earnings, +29%
- > Net Profit of €22m, +40%

#### **STRONG OPERATIONAL PERFORMANCE**

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- > More than 73,000 sq m let in a quarter
- > Very healthy vacancy levels at 5%
- > Strong growth in rental prices - double digit release spreads
  - ✓ Capturing market rental growth
  - ✓ GRI increase price driven
  - ✓ Solid base for Capital Value Growth

#### **PROFITABLE GROWTH ACCELERATING**

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- > Solid top line driving bottom line results
  - ✓ Outstanding GRI like for like increase in every market
  - ✓ Axiare acquisition enhancing growth
- > Loan to Value below 40%
- > Confident outlook on real estate markets

Solid top line growth driving results

- > GRI increase: +19%
- > GRI like for like: +6%, strong growth in every market
- > Net Profit: +40% with EPS up +15%

**Top line Growth – Gross Rental Income** YoY Var

<b>Group Total</b>	<b>+19%</b>
Group like for like <sup>2</sup>	+6%
Madrid like for like <sup>2</sup>	+8%
Barcelona like for like <sup>2</sup>	+5%
Paris like for like <sup>2</sup>	+6%

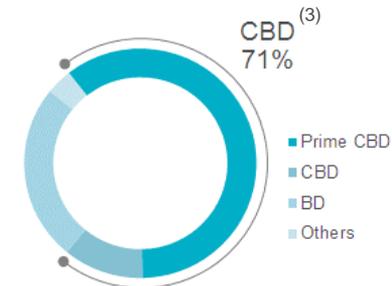
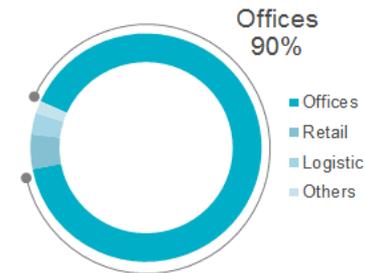
**Profit & Loss - €m** 1Q 2018 YoY Var

Gross Rental Income	€82m	+19%
Group Net Profit	€22m	+40%
Recurring Net Profit	€20m	+29%
EPS	€Cts 5.1	+15%

**Balance Sheet - €m** 1Q 2018

GAV Group – 12/2017 <sup>2</sup>	€10,803m
Group LTV	39.6%

**BUSINESS MIX – GAV GROUP<sup>1</sup>**



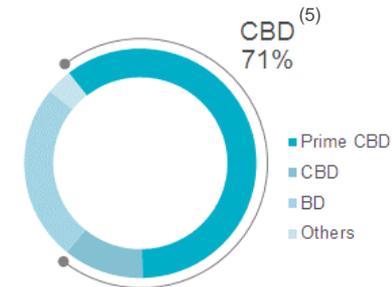
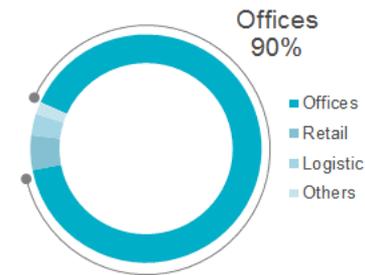
(1) GAV Colonial 31/12/17 + GAV Axiare 31/12/17. Net of investments & divestments 1Q 18  
 (2) EPRA like for like: Like for like variance base on EPRA BPR methodology  
 (3) Office portfolio  
 (4) Portfolio in operation

## Capturing rental growth in every market

- > High double digit release spreads
- > Strong increase vs market rents
- > Low vacancy with strong fundamentals

Operational Performance	1Q 2018
# Transactions signed	33
Volume of sq m signed	73,855
EPRA Vacancy	5%
<hr/>	
<b>Double digit release Spread<sup>1</sup></b>	<b>+28%</b>
Barcelona	+16%
Madrid	+30%
<b>Strong rental growth<sup>2</sup></b>	<b>+6%</b>
Barcelona	+3%
Madrid	+7%
Paris	+5%

### BUSINESS MIX – GAV GROUP<sup>3</sup>



(1) Rental prices signed vs previous rents  
 (2) Rental prices signed vs ERV 12/17  
 (3) GAV Colonial 31/12/17 + GAV Axiare 31/12/17. Net of investments & divestments 1Q 18  
 (4) Portfolio in operation  
 (5) Office portfolio



## Macro Outlook remains strong

- > Eurozone above 2% GDP Growth
- > Spain growing above EU average
- > France improving significantly

### MARKET TRENDS

#### WORLD & EU

- ✓ World GDP improving +3.7% in 2017 & +3.9% in 2018
- ✓ Euro area with GDP growth well above +2%
- ✓ Solid base post French & German elections

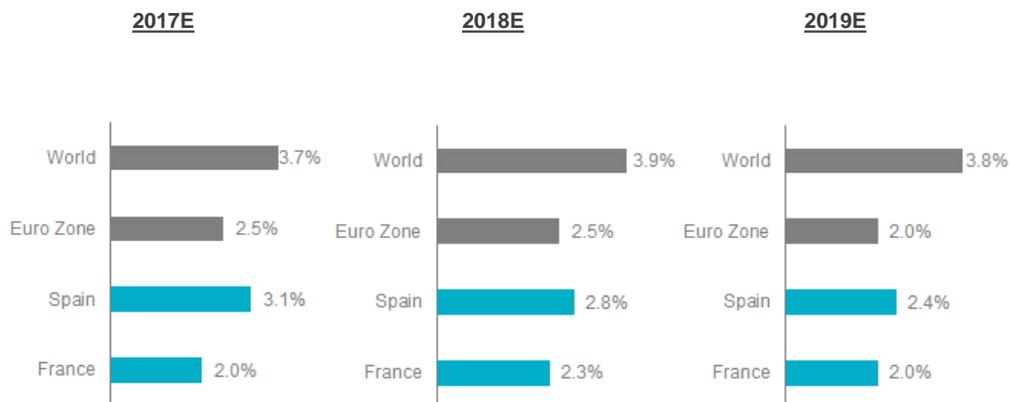
#### SPAIN

- ✓ Economy growing above EU average – close to +3% in 2018
- ✓ Improvement of private consumption and exports
- ✓ Mid term growth profile remains strong

#### FRANCE

- ✓ Strong upward revision – GDP at +2% levels
- ✓ GDP growth accelerating in 2018
- ✓ Reform agenda as catalyst for further growth

### GDP GROWTH



Source: April Monthly report "la Caixa"

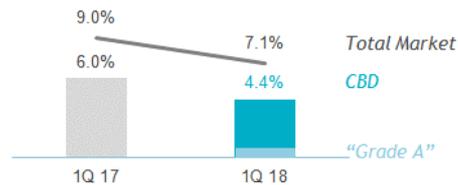
## Fundamentals remain solid in every market

### VACANCY %

### TAKE UP 1Q 2018

### HIGHLIGHTS

BARCELONA



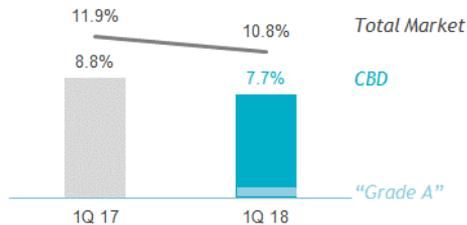
81,040 sqm

+21%  
QoQ

Stable  
YoY

- > CBD vacancy at historical lows: < 5%
- > Take-up +21% vs previous quarter
- > Increased number of pre-let transaction
- > Prime Rents at 24 €/sqm/month, +8% YoY

MADRID



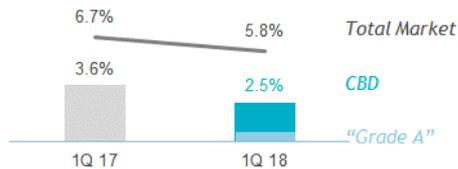
120,000 sqm

+24%  
YoY

Max  
since  
2008

- > Q1 2018 take-up of 120,000 sqm, + 24%
- > Highest take-up figure in the last 10 years
- > Grade A CBD vacancy circa 1%
- > Prime rents at 32 €/sqm/month, up 10% YoY

PARIS



741,779 sqm

+13%  
YoY

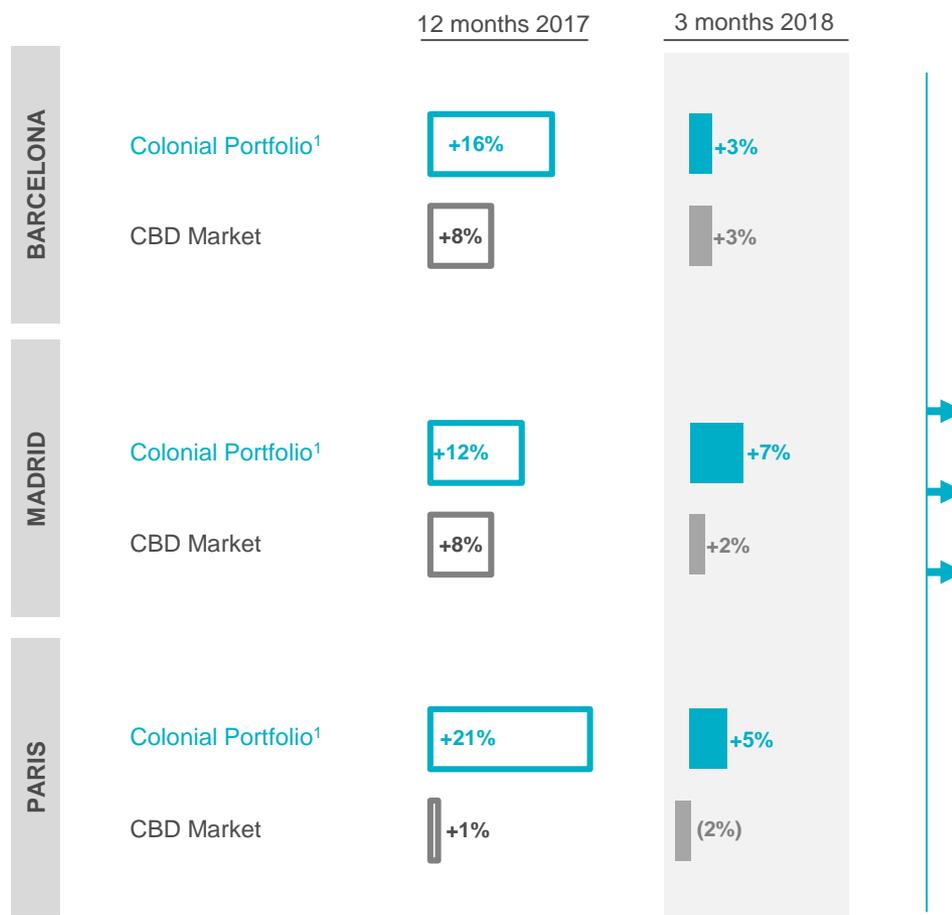
Max in  
12 years

- > CBD vacancy at historical lows: at 2.5%
- > Highest take-up figure in the last 12 years
- > Q1 2018 take-up 741,779 sqm, +13%
- > Several deals signed at rental levels > 800 €/sqm/year

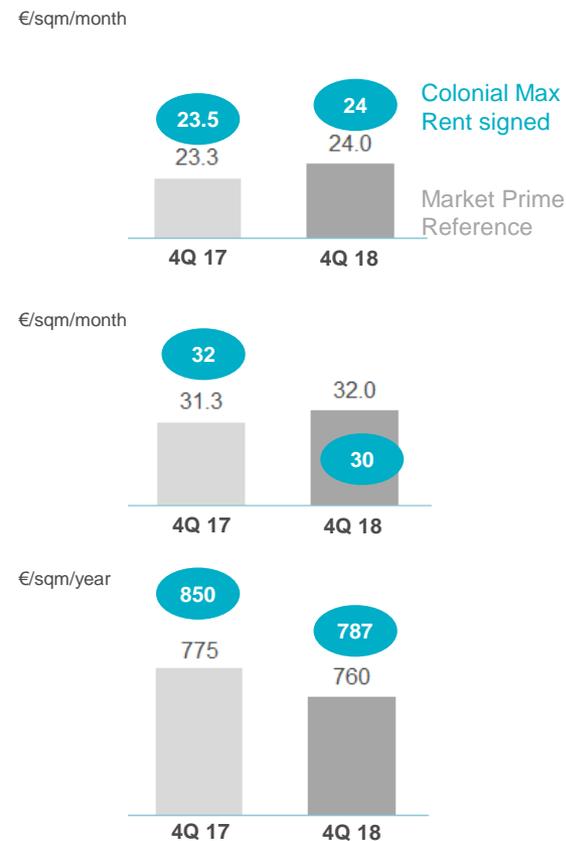
## Colonial as leading market indicator for rental growth

- > Ongoing rental growth in Colonial portfolio
- > Colonial outperforming the market
- > Colonial setting the benchmark for prime

### ERV GROWTH – COLONIAL VS MARKET



### PRIME ERVs



(1) ERV Growth 12 months: 4Q17 vs ERV12/16 & ERV Growth 3 months: 1Q18 vs ERV 12/17

## Investment Markets remain strong

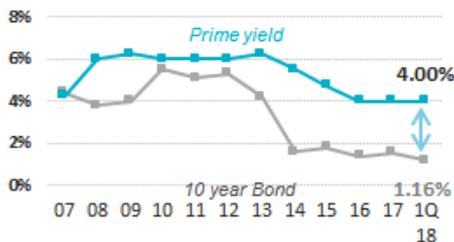
- > Scarcity of Grade A product
- > Rental growth main driver for future capital value growth
- > Spreads vs reference rates remain attractive

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

SPREAD VS 10Y BOND

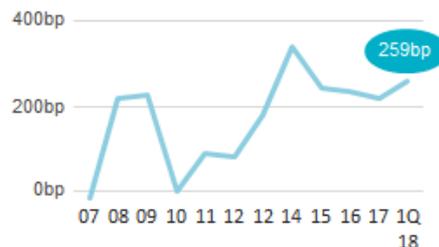
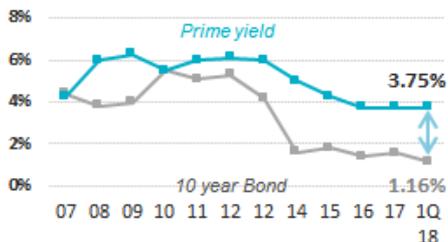
HIGHLIGHTS

BARCELONA



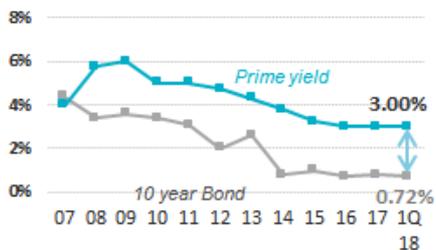
- > +3% Capital Value Growth QoQ
- > Q1 Prime Capital Values at 7,200 €/sqm
- > Healthy spread of 284 bp
- > Investment volume of €121m

MADRID



- > Prime yields at 3.75%, some singular deals even lower
- > Rental growth main driver for capital value growth
- > Investment volume of €290bn

PARIS



- > Investment volume of €2.7bn
- > +10% YoY
- > +36% vs. long term average
- > 10 transactions above €100m
- > Spread at 228 bp

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



### 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>
BARCELONA		10	4,695	€1m	4%	2.8%
MADRID		13	18,262	€5m	2%	12%
PARIS		7	5,506	€4m	14%	2.7%
LOGISTIC		3	45,392	€2m	3%	0%
<b>TOTAL</b>		<b>33</b>	<b>73,855</b>	<b>€12m</b>	<b>8%</b>	<b>5%</b>

(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

Prime positioning captures top tier clients paying maximum rents

- > High quality premises attract top tier tenants
- > Colonial captures rental prices at the top of the market

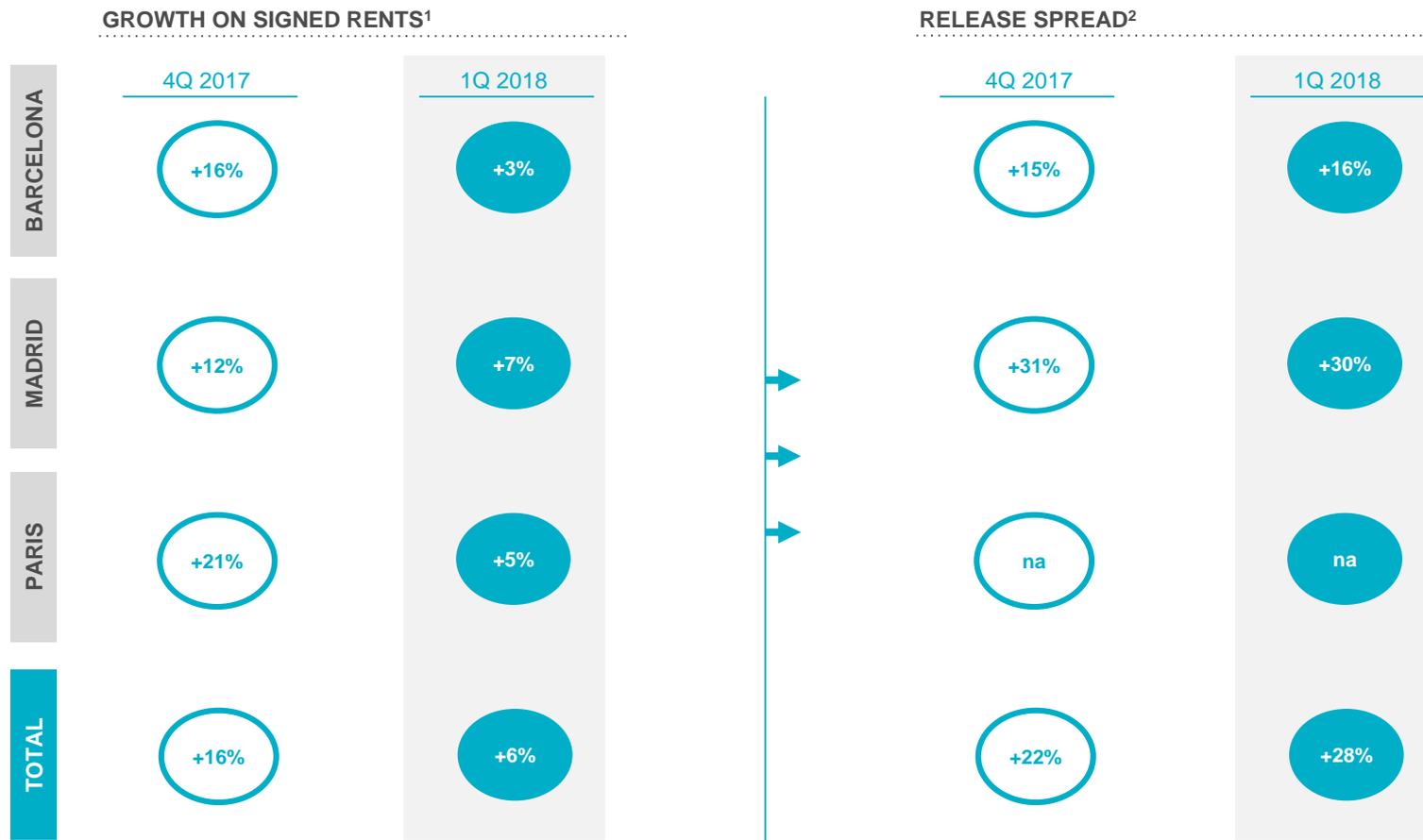
		# CONTRACTS	MAX. RENT SIGNED COLONIAL	PRIME RENTS MARKET	CAPTURING & RETAINING TOP TIER CLIENTS
BARCELONA		10	24 €/sqm/month	24 €/sqm/month	 
MADRID		13	30 €/sqm/month	32 €/sqm/month	 
PARIS		7	787 €/sqm/year	760 €/sqm/year	

### 03 Operational performance

## Strong delivery on rental price increases

- > Outstanding rental growth in every city
- > Double digit release spreads
- > No renewals in Paris

### SOLID INCREASE IN RENTAL PRICES



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

(2) Signed rents vs previous contracts (renewals)

BARCELONA – LETTING PERFORMANCE

Solid Performance

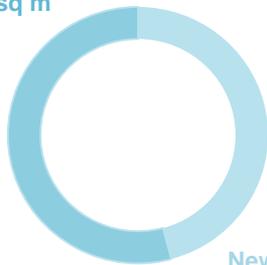
4,695 sq m let

> Max. rent signed **24.0**  
€/sqm/month

> ERV growth **+3%<sup>(1)</sup>**

> Release spread<sup>2</sup> **+16%**

Renewals  
2,541 sq m



New Lettings  
2,154 sq m

Strong rental growth - Highlights

Diagonal 609-615



Sagardoy Abogados

Via Augusta 21-23



curellsuñol

Berlín / Numancia



meteo.cat  
Servei Meteorològic de Catalunya

Berlín / Numancia



VILYNX

Diagonal 609-615



CaixaBank

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

MADRID – LETTING PERFORMANCE

Solid Performance

18,262 sq m let

> Max. rent signed

29.9  
€/sqm/month

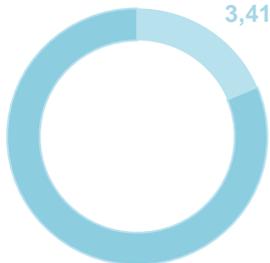
> ERV growth

+7% (1)

> Release spread<sup>2</sup>

+30%

New Lettings  
3,414 sq m



Renewals  
14,848 sq m

Strong Rental Growth - Highlights

Sagasta 31-33



McKinsey&Company

+40%  
release  
spread

Martínez Villergas 49



ALSTOM

+25%  
release  
spread

Francisca Delgado 11



NEINVER

+11%  
release  
spread

Castellana 52



Comunidad de Madrid

+49%  
release  
spread

P. Joan Maragall 53



Comunidad de Madrid

+8%  
release  
spread

José Abascal 56



+8%  
vs ERV<sup>1</sup>

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

PARIS – LETTING PERFORMANCE

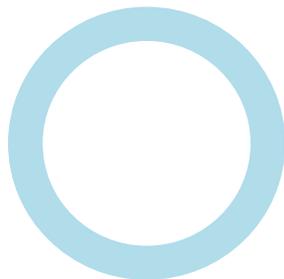
Solid Performance

5,506 sq m let

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

> ERV growth **+5%<sup>(1)</sup>**

> EPRA Vacancy **3%**



New Lettings  
5,506 sq m

Strong Rental Growth - Highlights

Louvre Saint-Honoré



+11%  
vs ERV<sup>1</sup>



Cézanne Saint-Honoré



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

Washington Plaza



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



Louvre Saint-Honoré



+8%  
vs ERV<sup>1</sup>



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

## Vacancy remains at healthy levels

- > Colonial vacancy at healthy 5%
- > Barcelona and Paris below 3%
- > Madrid like for like at 1% - Discovery & Axiare providing reversionary potential

### EPRA VACANCY

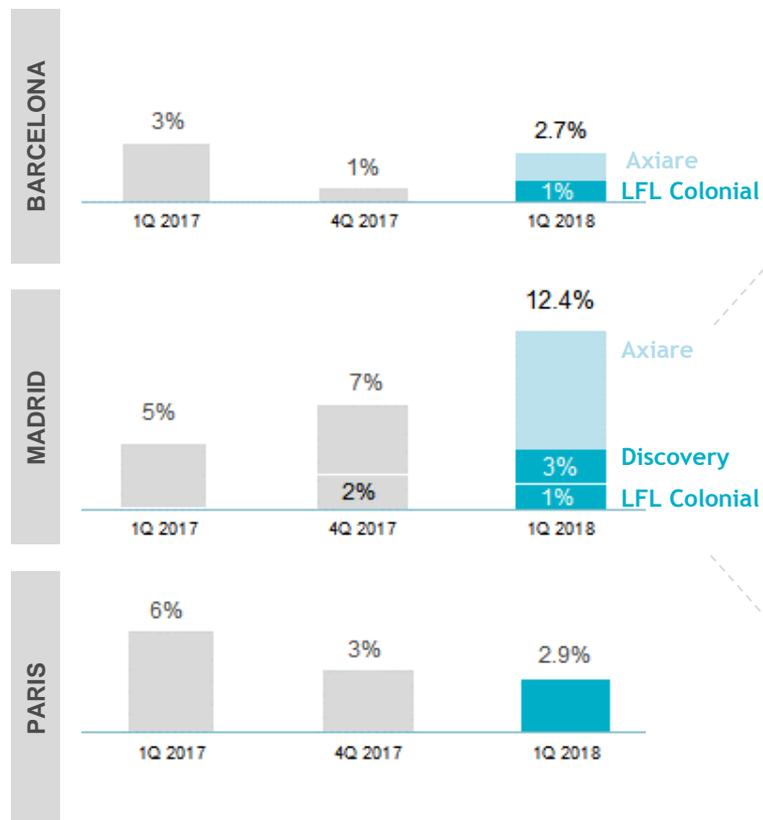


(1) EPRA Vacancy office portfolio  
 (2) EPRA Vacancy including all uses

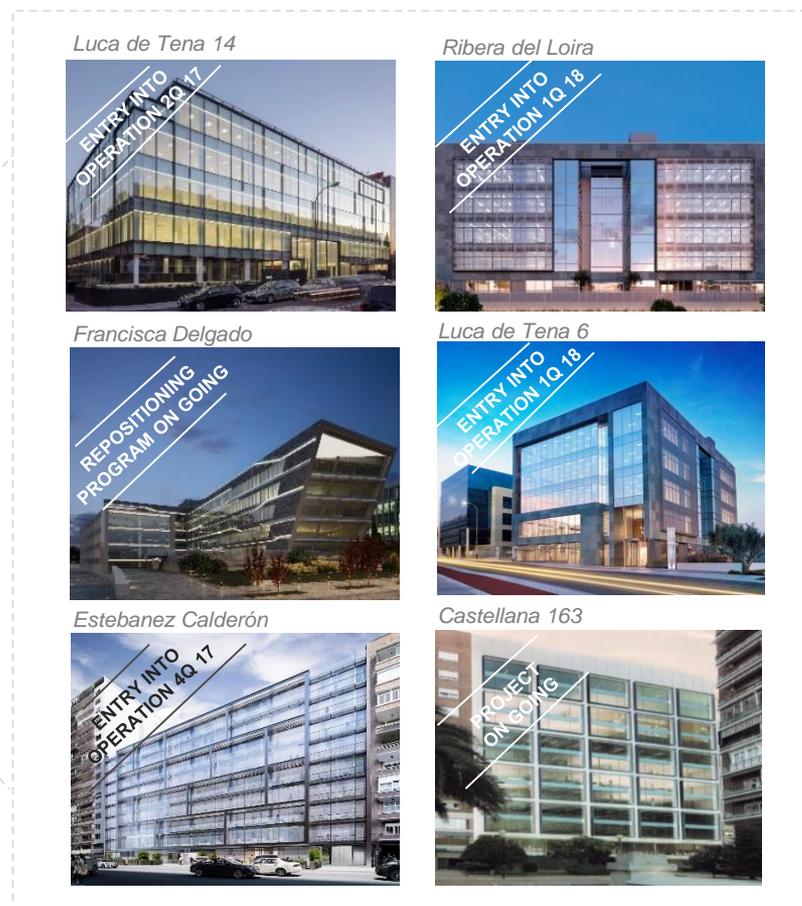
## Madrid portfolio with additional Grade A Product

- > Discovery & Axiare providing reversionary potential
- > Grade A space to attract new clients
- > Best product in every market-segment

### EPRA VACANCY



### AVAILABILITY OF GRADE A SPACE IN SOLID MARKETS

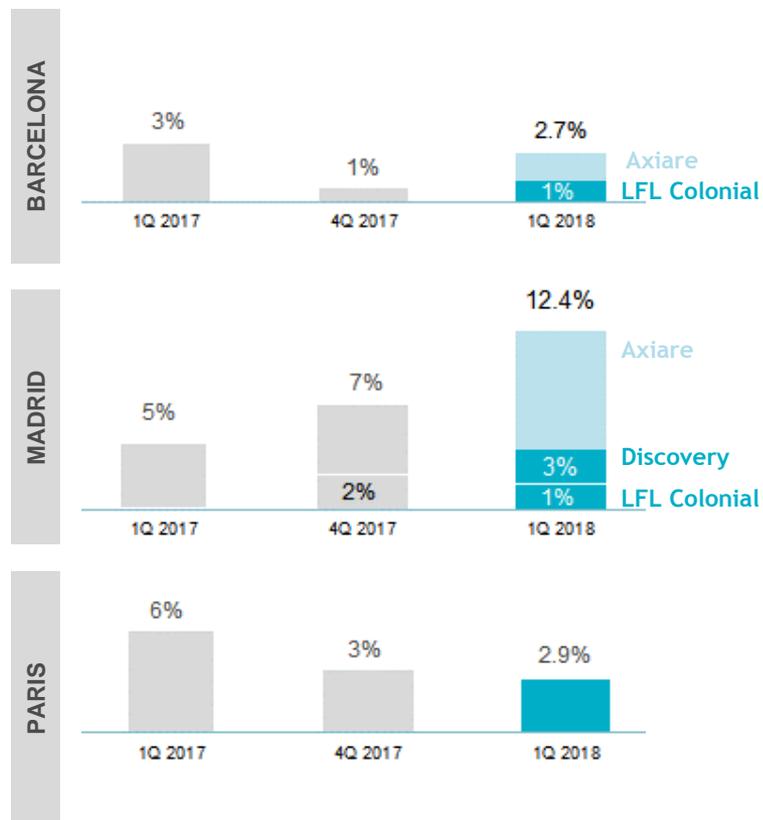


### 03 Operational performance

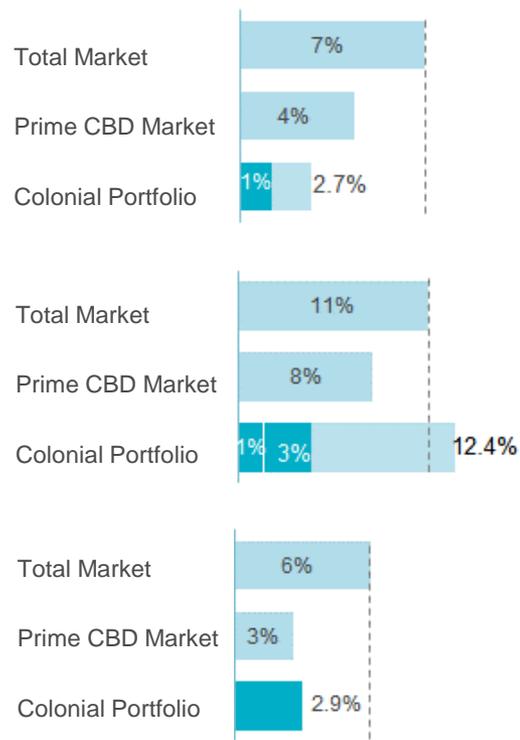
## Colonial portfolio outperforming the market on occupancy

- > Colonial with solid vacancy levels in every city
- > Colonial strong positioned vs market average
- > A solid base to capture rental growth

#### EPRA VACANCY



#### VACANCY COLONIAL VS. MARKET



## Corporate Social Responsibility (CSR) at the core of strategy

- > Colonial with strong commitment on CSR
- > Providing added value to clients through efficient buildings
- > CSR guarantees long term sustainable returns



**EPRA BPR Gold**  
*3<sup>rd</sup> year in a row*



**EPRA SBPR Gold**  
*2<sup>nd</sup> year in a row*



**Green Star rating  
by GRESB**



**2017 BREEAM Awards  
for SFL**

### ENERGY EFFICIENCY STANDARDS



90% of operating  
portfolio with max.  
energy certificates



Projects to be delivered **with maximum standards**

04 Financial performance

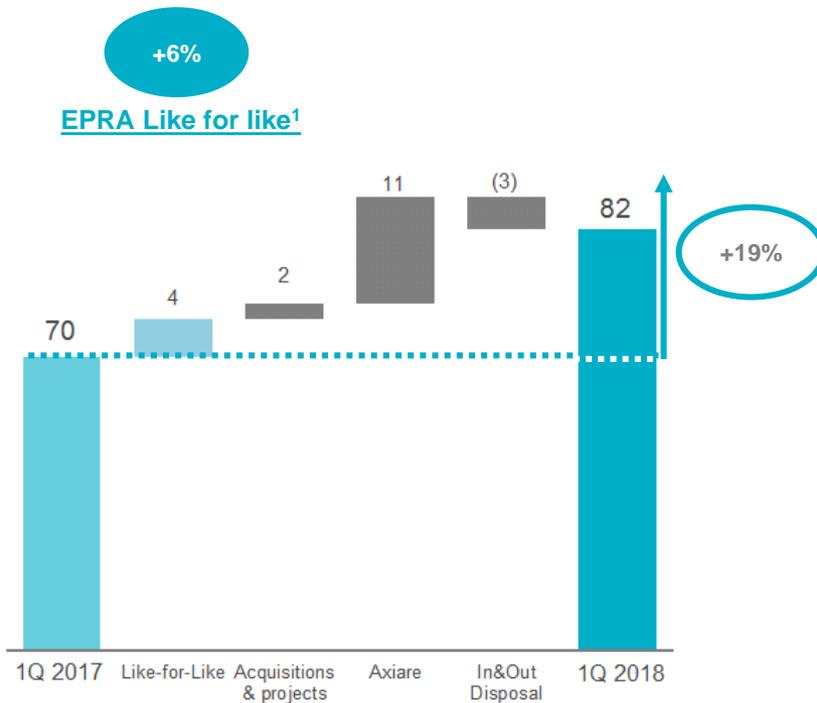


*Solid top line driving profitability*

04 Financial performance  
Double digit top line growth

- > GRI growth of +19% enhanced through Axiare
- > GRI like for like increase strong at +6%
- > Madrid like for like outstanding with +8%

GROSS RENTAL INCOME - €M



	EPRA Like for like <sup>1</sup>	Acquisitions & Projects <sup>2</sup>	Axiare	In&Out disposal	TOTAL
TOTAL	+6%	+2%	+15%	(5%)	+19%
BCN	+5%	-	+9%	-	+14%
MADRID	+8%	+14%	+53%	-	+76%
PARIS	+6%	(1%)	-	(7%)	(2%)

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

Like for like rental growth mainly price driven

- > Half of like for like growth driven by rental price increases
- > Barcelona and Madrid with strong price effect
- > Paris with +6% like for like increase, well above peers

GROSS RENTAL INCOME - €M

STRONG EPRA LIKE FOR LIKE GROWTH

GRI LIKE FOR LIKE OF +6%

- > Barcelona with +5% like for like
- > Madrid portfolio with +8% like for like
- > Paris with solid +6% like for like growth

	EPRA Like for like <sup>1</sup>	Price	Volume
TOTAL	+6%	3%	3%
BCN	+5%	4%	1%
MADRID	+8%	5%	3%
PARIS	+6%	2%	4%

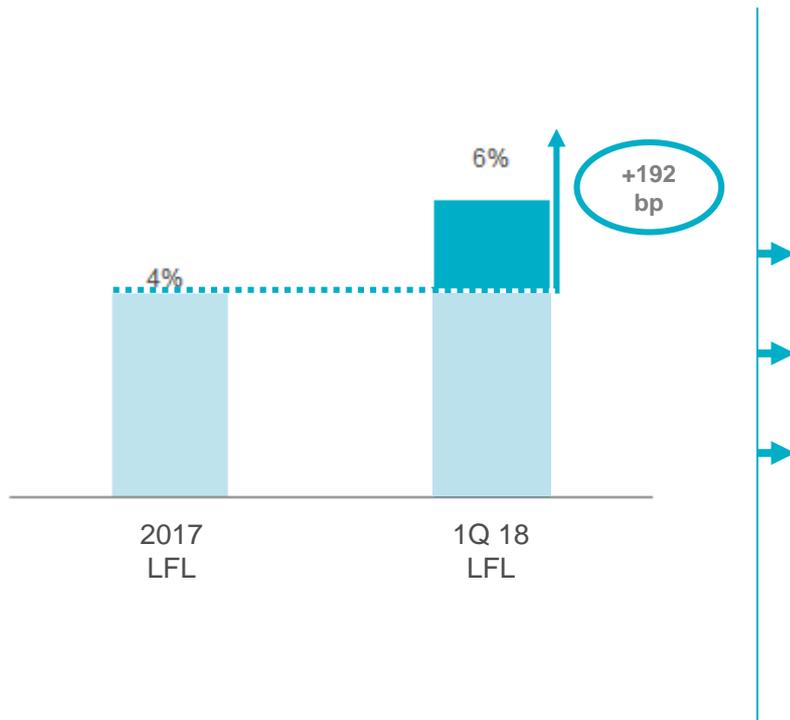
(1) Like for Like calculated following EPRA BPR recommendations  
 (2) Includes indemnities of tenant rotation

Like for like growth accelerating

- > Like for like growth in Q18 accelerating by 200 bp
- > Net Rental Income like for like increase at +8%
- > Madrid with outstanding +15% like for like in Net Rental Income

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

LFL GROWTH ACCELERATING



LFL IN NET RENTAL INCOME FURTHER ENHANCED

	GRI	NRI
TOTAL	+6%	+8%
BCN	+5%	+6%
MADRID	+8%	+15%
PARIS	+6%	+7%

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

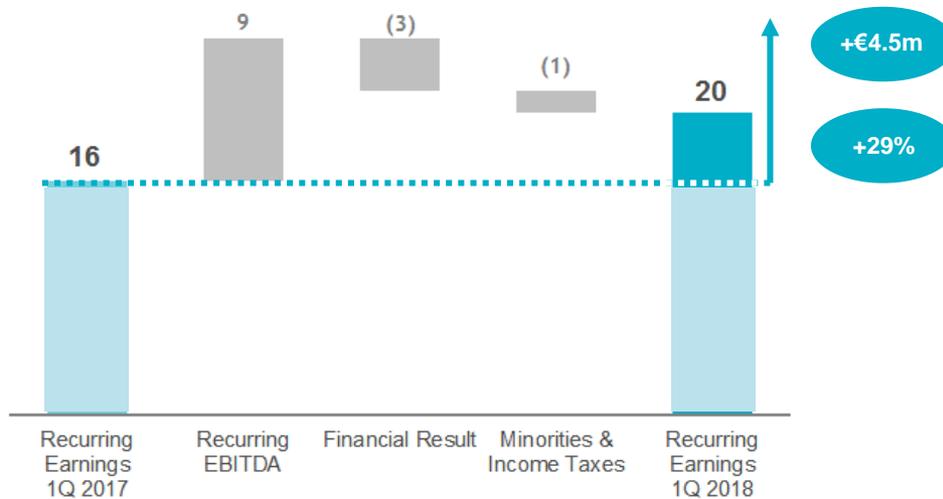
GRI= Gross Rental Income NRI= Net Rental Income

## 04 Financial performance

### Acceleration of profitable growth

- > +29% increase in Recurring Earnings
- > Earnings driven by solid top line growth
- > Axiare acquisition enhancing results

#### PROFIT & LOSS ACCOUNT



#### RESULTS TOP LINE DRIVEN

- > Solid 8% Like for Like net rental income growth
- > Results enhancement through Axiare
  - ✓ Recurring EBITDA increases up to +18%
  - ✓ High double digit increase of recurring earnings
  - ✓ Q1 results include consolidation of 87% stake from 1 February onwards

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

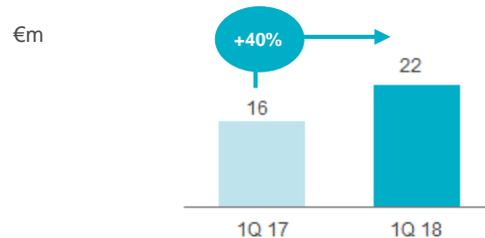
## 04 Financial performance

### Acceleration of profitable growth

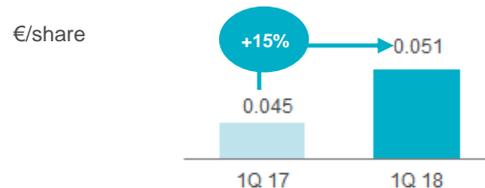
- > +40% Increase in Net Profit
- > +15% EPS increase
- > +19% Gross Rental Income growth

#### STRONG TOP & BOTTOM LINE PERFORMANCE

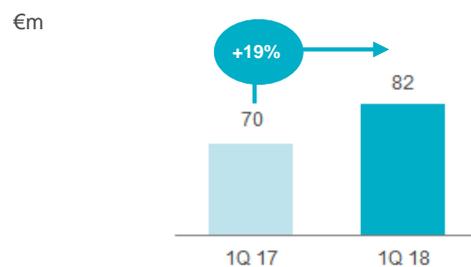
##### PROFIT ATTRIBUTABLE TO GROUP



##### EARNINGS PER SHARE



##### GROSS RENTAL INCOME



#### PROFIT & LOSS ACCOUNT

Results analysis - €m	1Q 18	1Q 17	Var.
Gross Rents	82	70	19%
Net operating expenses <sup>(1)</sup>	(10)	(8)	
Overheads	(11)	(9)	
Recurring EBITDA	62	52	
Recurring financial result	(23)	(20)	
Income tax expense & others - recurring	(3)	(3)	
Minority interests - recurring	(16)	(14)	
<b>Recurring Earnings</b>	<b>20</b>	<b>16</b>	<b>29%</b>
Asset revaluation	6	1	
Non-recurring financial result & MTM	(1)	(0)	
Income tax & others - non-recurring	(3)	(0)	
Minority interests - non-recurring	0	0	
<b>Profit attributable to the Group</b>	<b>22</b>	<b>16</b>	<b>40%</b>

(1) Includes other income

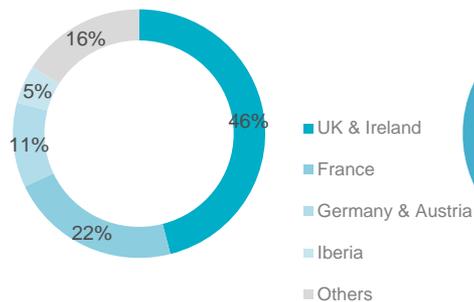
- > Successful issuance of €650m 8Y senior unsecured bond
- > Extension of the Group's debt maturity at attractive cost of 2%
- > More than 3x oversubscribed with high quality accounts

**BOND ISSUANCE KPI'S**

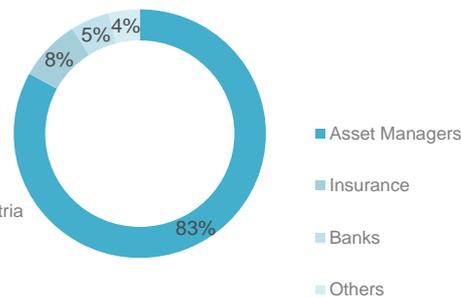
Size	€650m
Coupon	2.0%
Spread to benchmark	ms + 133 bps
Maturity	17 <sup>h</sup> April 2026

**DISTRIBUTION OF BOND ISSUANCE**

By investor type



By geography



**EXECUTION HIGHLIGHTS**

**Bond Issuance**

- > €2.0bn of orders – oversubscription of more than 3x –
- > More than 150 high quality investors subscribing the issuance
  - ✓ Well diversified order book:
    - 46% UK & Ireland, 22% France, 11% Germany & Austria and 5% Iberia
  - ✓ High degree of real money accounts:
    - Fund Managers 83%, Insurances 8%

↓ ↓ ↓

**Terms and execution parameters that confirm strong credit profile**

## 04 Financial performance

### Strong credit profile

- > An unparalleled high quality collateral diversified in three cities
- > A solid capital structure with competitive costs
- > An enhanced maturity profile

#### A FIRST CLASS COLATERAL WITH...

€11bn well diversified high quality assets



Available cash & undrawn balances <sup>1</sup>	
Colonial	€1,523m <sup>1</sup>
SFL	€808m
<b>Total</b>	<b>€2,331m<sup>1</sup></b>

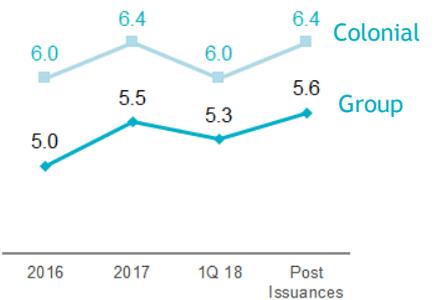
Debt Maturity <sup>1</sup>	
Colonial	6.4 years
SFL	3.8 years
<b>Total</b>	<b>5.6 years</b>

#### ... SOLID CAPITAL STRUCTURE

##### LTV & Cost of Debt



##### Debt maturity - years



		BBB Stable Outlook
		Baa2 Negative Outlook
		BBB+ Stable Outlook

(1) Exposure of office portfolio

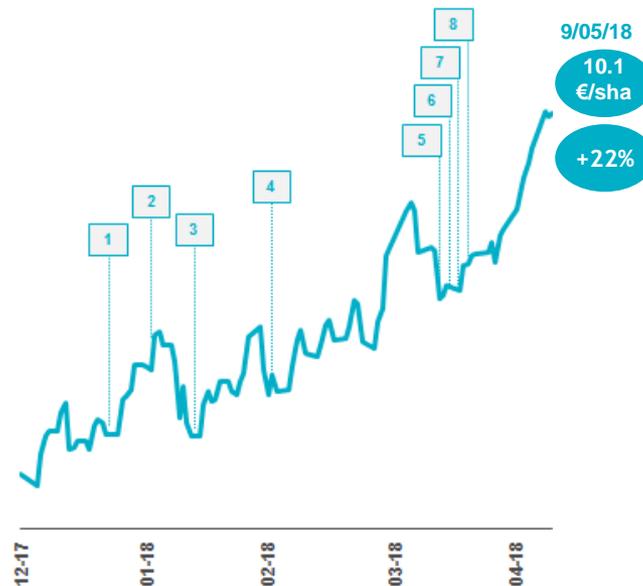
## 04 Financial performance

### Share price driven by solid delivery of fundamentals

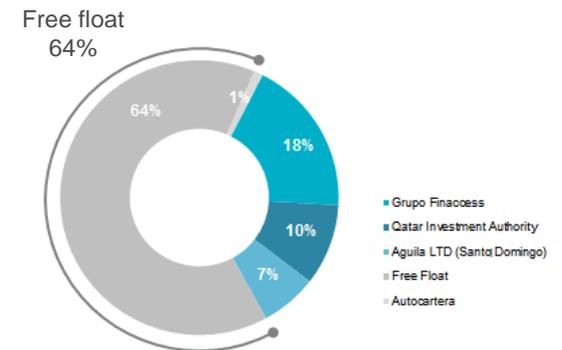
- > +22% Share Price increase 2018 YTD
- > Capital markets recognize execution of Business Plan
- > High quality shareholder base

#### SHARE PRICE PERFORMANCE 2018 YTD<sup>1</sup>

- 1 Alpha III
- 2 End of acceptance period takeover Bid Axiare
- 3 SFL 2017 Results
- 4 Colonial 2017 Results
- 5 BoD Approval of common Draft of the Merger
- 6 Bond Issue
- 7 SFL 1Q 2018 Results
- 8 Call of Colonials' AGM



#### STRONG SHAREHOLDER BASE



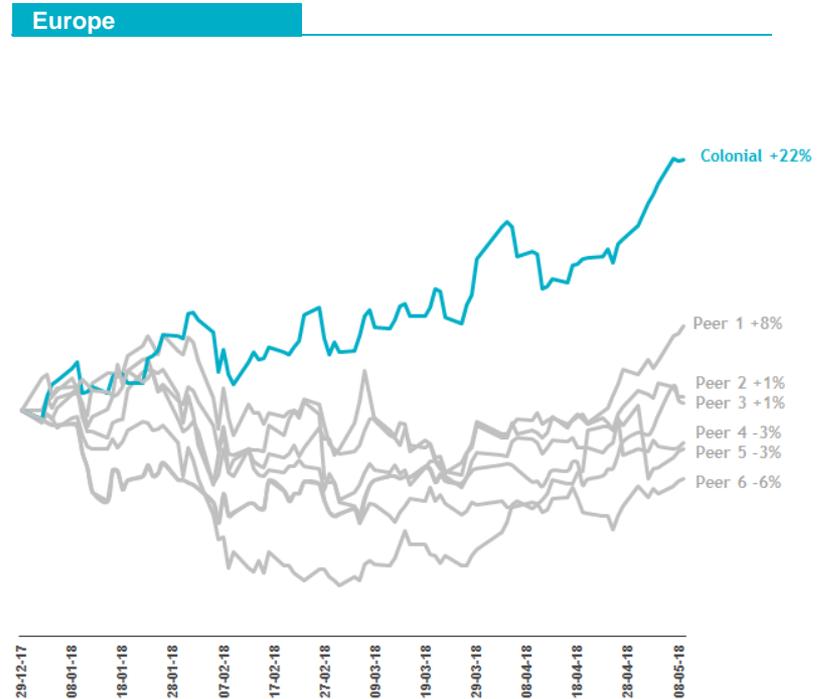
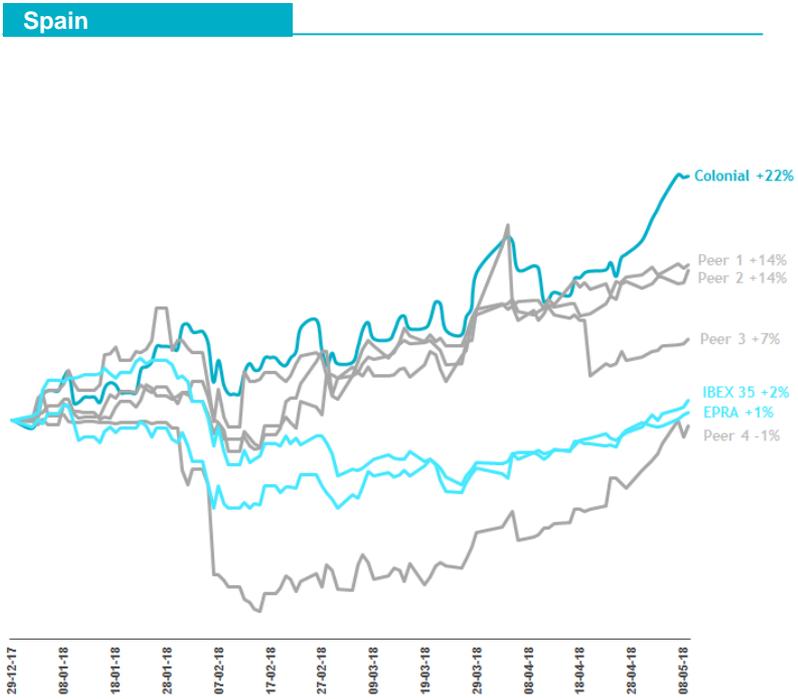
- > More than €2.8bn of free float market cap
- > Majority of long only investors
- > High degree of Real Estate specialists

(1) Share price YTD as of 9/05/2018

Share price driven by solid delivery of fundamentals

- > Unparalleled share price performance YTD
- > Strong outperformance of peers in Spain & Europe
- > Well above reference indices – IBEX & EPRA

SHARE PRICE PERFORMANCE 2018 YTD<sup>1</sup> VS PEERS



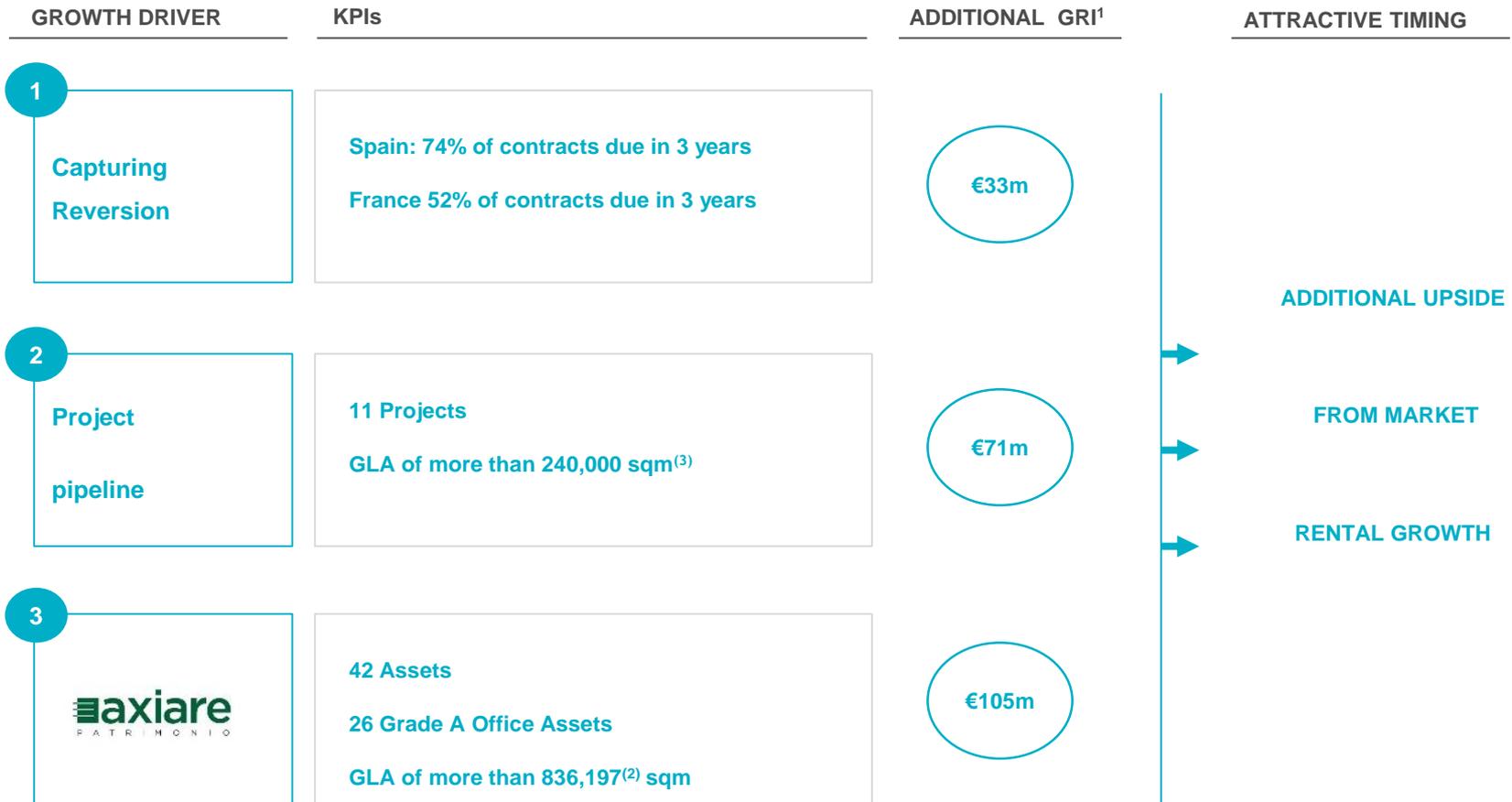
(1) Share price YTD as of 9/05/2018

05 Growth drivers



*A solid base for future growth*

**05 Growth drivers**  
A solid base for growth



(1) Potential topped up GRI net of investments & disposals Q1 18  
 (2) Including offices, logistics and other assets  
 (3) Projects & partial refurbishments on operating assets

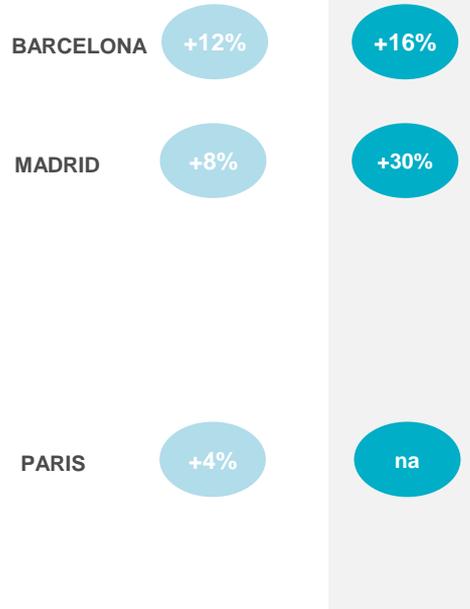
## 05 Growth drivers

### 1 Colonial well positioned to capture reversion

- > Strong delivery on reversion in Q1 2018
- > Attractive rent roll profile
- > Solid positioning in growing markets

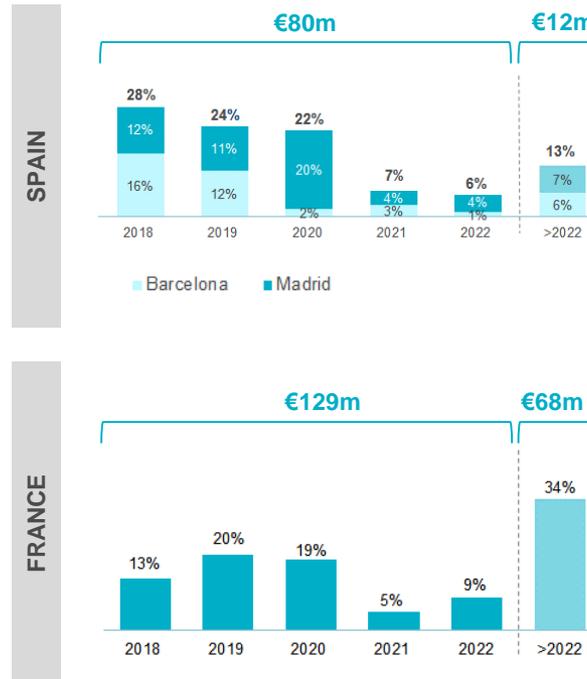
#### CAPTURING REVERSION

*Static upside as of 12/17<sup>2</sup>*     *Release Spread captured Q1 18<sup>1</sup>*

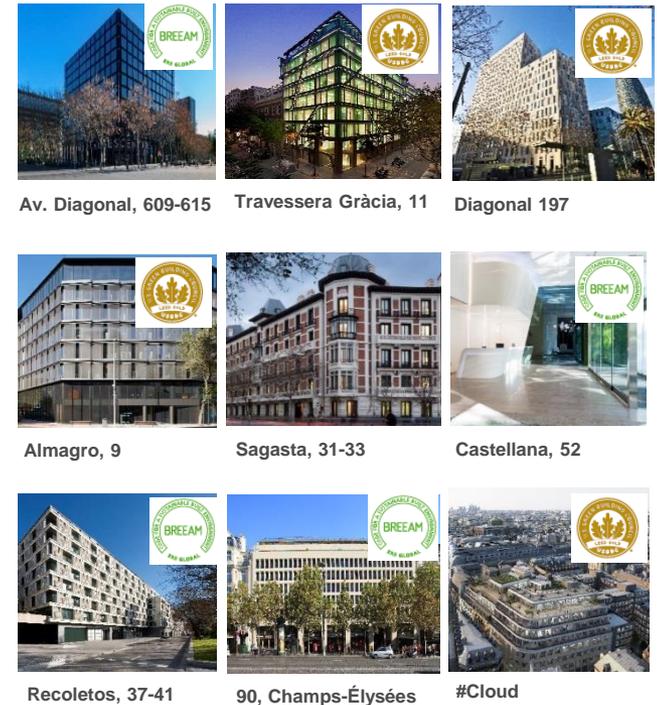


#### ATTRACTIVE RENT ROLL

COMMERCIAL LEASE EXPIRY DATES  
First potential exit as of 12/17



#### SOLID POSITIONING IN GROWING MARKETS

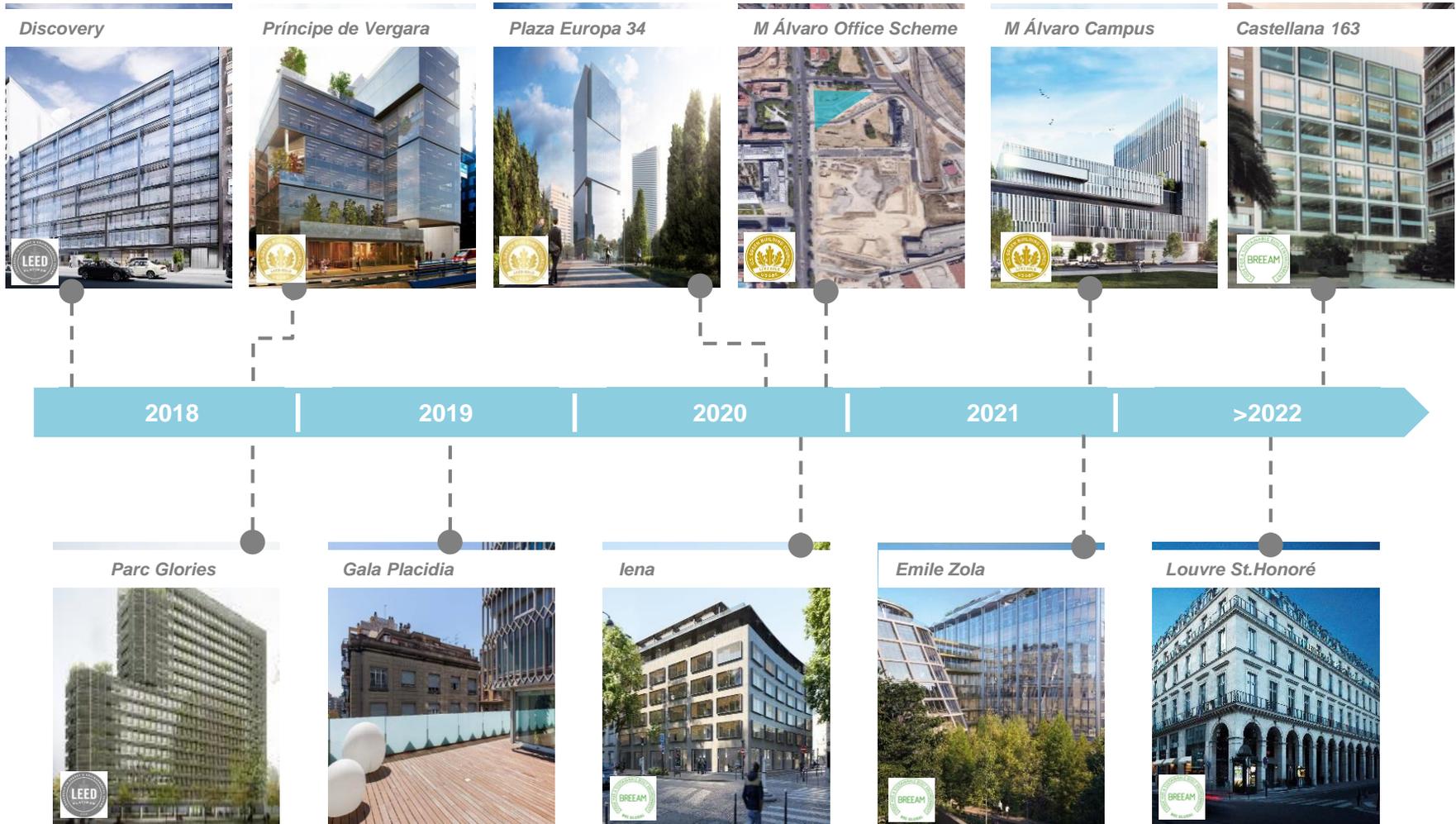


1) New rents signed vs previous

2) Market rents vs current passing rents as of 12/17 without including future rental growth

2 Value creation potential through project pipeline

- > Colonial Project pipeline with substantial capital gain potential
- > Progressive phasing-in of the initiatives
- > Short term projects with strong visibility on pre-lets



2 Short term projects on track to crystalize value

Projects – short term delivery

GLA of 46,071 sq m

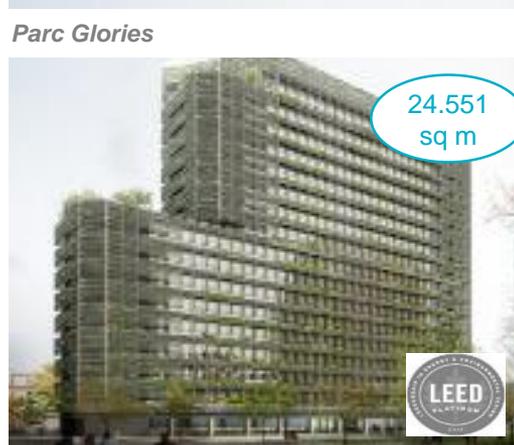
Ungeared IRR 8-9%<sup>1</sup>



**Total Product Cost<sup>2</sup>** 4,693 €/sqm

**Yield on Cost** >7%

- > First Leed platinum in Prime CBD Madrid
- > More than a 10,000 sqm of high quality office space in Prime CBD
- > Strong interest for 50% of the GLA



**Total Product Cost<sup>2</sup>** 3,136 €/sqm

**Yield on Cost** >7%

- > First Leed platinum in 22@ Barcelona
- > 80% pre-let as of 2017, ongoing strong interest
- > Delivery in Q3 2018



**Total Product Cost<sup>2</sup>** 3,998 €/sqm

**Yield on Cost** >7%

- > Unique 11,000 sqm scheme in the CBD with several terraces
- > Ground floor for flexible offices spaces through Utopic-Us
- > Advanced negotiations for 50% pre-let

<sup>1</sup> Ungeared 10Y IRRs

<sup>2</sup> Acquisition cost + capex

### 3 Solid execution on Take-over bid on Axiare

- > Rapid execution of takeover bid through efficient process management
- > Transaction financing secured in advance - de-risking the final settlement
- > Full integration process after merger approval

#### EXECUTION HIGHLIGHTS - TAKE-OVER BID AXIARE

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- 2017 Nov 13 > Acquisition of up to 29%, including 2<sup>nd</sup> largest shareholder
- 2017 Nov 13 > Launch of an unsolicited Take-over bid for 100% of Axiare
- 2017 Nov 20 > Issuance of €400m of Equity and €800m of Debt (bonds)
- 2017 Dec 28 > CNMV authorizes the take-over prospectus
- 2018 Jan 29 > Expiry of acceptance period
- 2018 Feb 18 > CNMV announces take-over outcome reaching 87% stake
- 2018 Apr 19 > Board approval of the Common draft terms of the merger
- 2018 Apr 19 > Call of Colonial's and Axiare's AGMs
- 2018 May 24 > AGMs of Colonial & Axiare to be held on May 24 & May 25

#### INTEGRATION ON TRACK

---

- > Q1 includes full consolidation figures of Axiare with 87% stake from 1st of February 2018
- > Integration process to start immediately after merger approval
  - ✓ Synergies estimate confirmed
  - ✓ "Best of both" approach to be implemented
  - ✓ Asset allocation analysis underway

3 A complementary Grade A portfolio with high growth potential

- > 13 assets fully occupied allowing for price reversion
- > Additional Grade A space to capture new clients
- > Attractive project pipeline in solid markets

CORE ASSETS ABOVE 95% OCCUPANCY

Sagasta 33



Manuel De Falla



Avda de la Vega



Almagro



Diagonal 197



Don Ramon de la Cruz



Capturing Price Reversion

ADDITIONAL SPACE IN -GRADE A- PRODUCTS

Luca de Tena 14



Ribera del Loira



Francisca Delgado



Luca de Tena 6



Capturing Price & Volume Reversion

ATTRACTIVE PROJECT PIPELINE

Velazquez



J. Valcarcel 40



Miguel Angel



Avda Bruselas 38



Sagasta 27



Puerto Somport (Las Tablas)



Return on Projects

3 A unique logistics portfolio in Spain

- > High quality portfolio 100% occupied
- > Additional growth from San Fernando projects
- > 5<sup>th</sup> largest logistics portfolio in Spain

UNIQUE LOGISTICS PORTFOLIO

<p>Alcalá de Henares</p>	<p>Azuqueca II</p>	<p>Cabanillas</p>
<p>Guadalix</p>	<p>Azqueca I</p>	<p>Dos Hermanas</p>
<p>Camarma</p>	<p>Rivas</p>	<p>Constantí</p>
<p>Valls</p>	<p>S. Fernando (phase I)</p>	<p>S. Fernando (Phase II)</p>

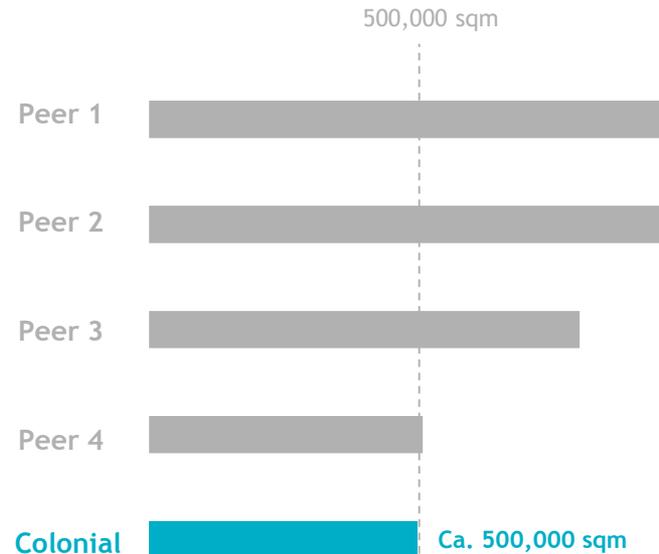
Portfolio fully let  
0% EPRA VACANCY

120,000 sqm to be delivered shortly

STRONG FOOTPRINT IN SPANISH LANDSCAPE

More than €300m in GAV

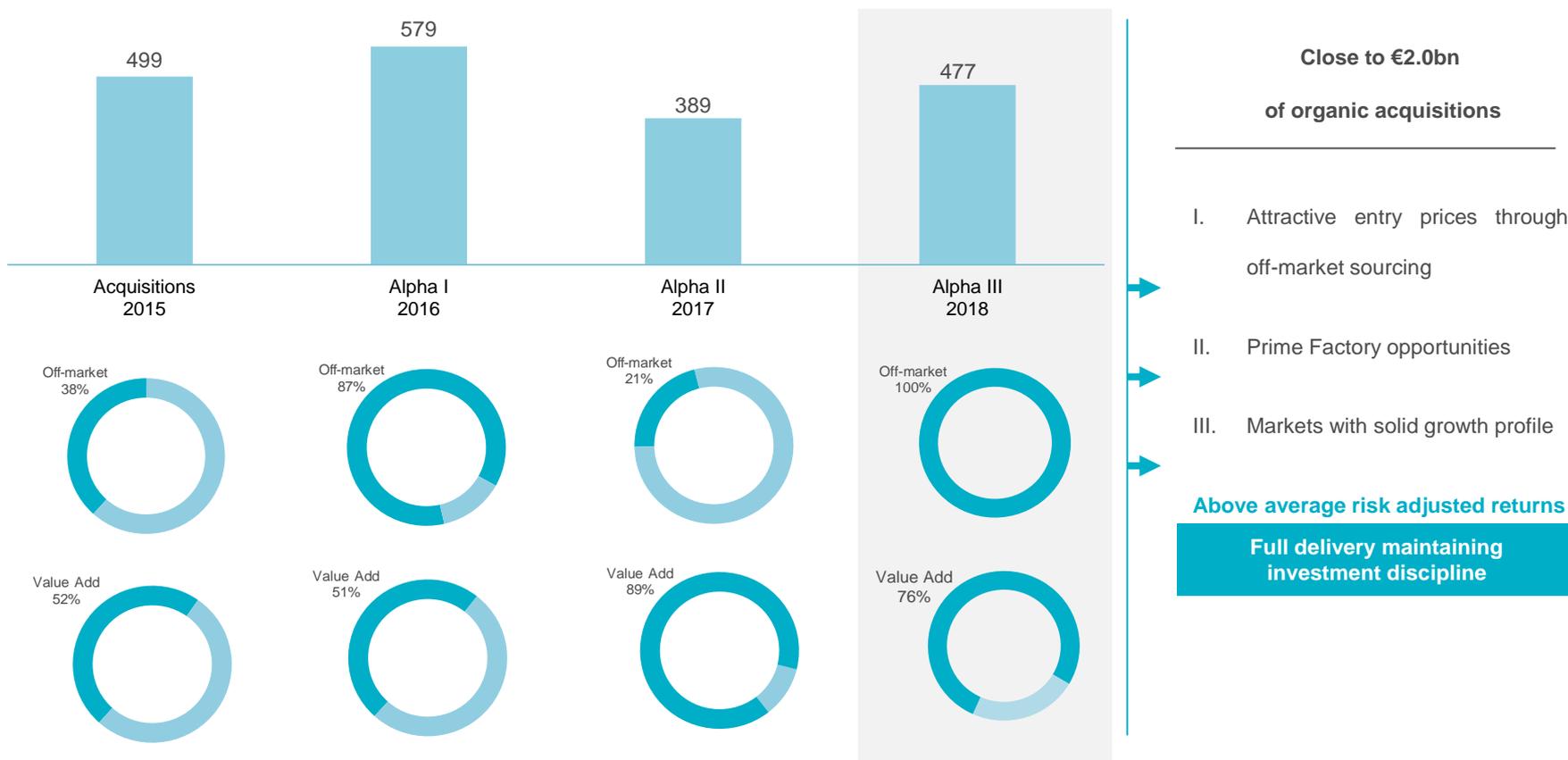
Relevant positioning in Spanish landscape



Acquisitions – solid track record with €2bn in 4 years

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

INVESTMENTS SINCE 2015 - €m



Close to €2.0bn  
of organic acquisitions

- I. Attractive entry prices through off-market sourcing
- II. Prime Factory opportunities
- III. Markets with solid growth profile

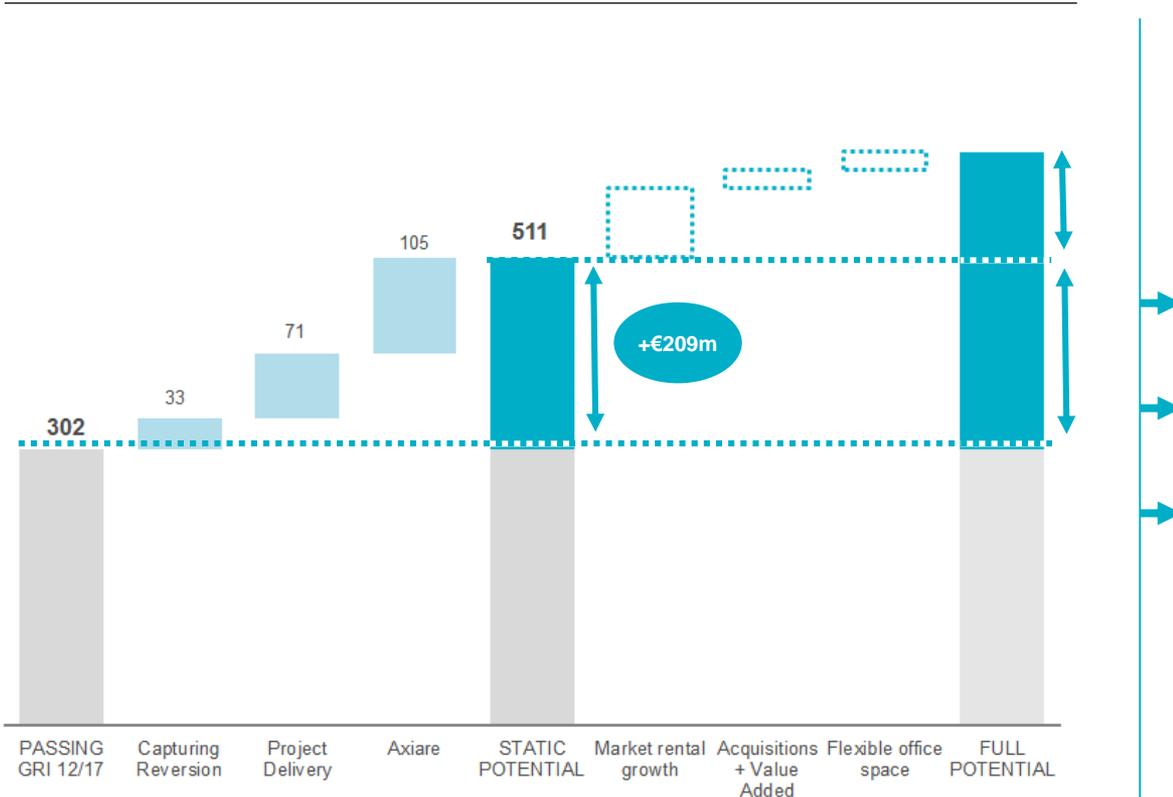
Above average risk adjusted returns

Full delivery maintaining investment discipline

## A Solid platform to capture future growth

- > Well positioned to capture reversion
- > Significant future value creation through Project pipeline
- > Combination of complementary -Grade A- office portfolios

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



Solid platform for future growth

- I. Well positioned to capture reversion with strong delivery on rental growth
- II. Solid project pipeline to capture future value creation
- III. Acceleration of growth through combination of complementary office portfolios

Significant future growth potential in

Cash Flow and Capital Value

<sup>1</sup>Topped-up passing GRI net of investments & divestments Q1 2018





### CAPTURING RENTAL GROWTH WITH GRADE A PRODUCT

---

- > More than 73,000 sq m let with top tier clients
- > Very healthy vacancy levels at 5%
- > Strong delivery on rental growth - double digit release spreads
  - ✓ Capturing market rental growth
  - ✓ GRI increase price driven
  - ✓ Solid base for further Capital Value Growth

### ACCELERATING PROFITABLE GROWTH

---

- > Solid top line driving bottom line results
  - ✓ Outstanding GRI like for like increase in every market
  - ✓ Axiare acquisition enhancing growth
- > Colonial portfolio best positioned for future growth
- > Confident outlook on real estate markets
- > Capital structure remains solid



**Barcelona Projects**

GLA of 43,169 sq m  
Ungeared IRR 8-9%<sup>2</sup>

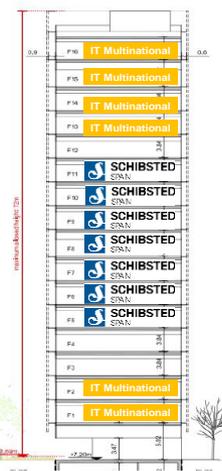
*Parc Glories*



*Gala Placidia*



*Plaza Europa*



80% PRE LET



**FINAL PRODUCTS - KPIs**

---

Total Cost <sup>1</sup>	€126m
Capital Value	2,900 €/sqm
Yield on Cost	7-8%

**BARCELONA PRIME MARKET**

---

Capital Value	6,975 €/sqm
Prime Yield	4%

(1) Acquisition cost + Capex  
(2) 10 year ungeared IRR

Madrid Projects

GLA of 141,168 sq m

Ungearred IRR 8-9%<sup>2</sup>

Discovery



Delivered



Príncipe de Vergara



Castellana 163



Méndez Álvaro Campus



Méndez Álvaro Office Scheme



FINAL PRODUCTS - KPIs

Total Cost<sup>1</sup> €495m

Capital Value

3,500  
€/sqm

Yield on Cost

>7%

PRIME MARKET

Capital Value

10,000  
€/sqm

Prime Yield

3.75%

(1) Acquisition cost + Capex

(2) 10 year ungearred IRR

Paris Projects

GLA of 49,300 sq m

Ungeared IRR >> 7%<sup>2</sup>

Emile Zola



léna



Louvre St. Honoré



FINAL PRODUCTS - KPIs

Total Cost<sup>1</sup>

€536m

Capital Value

11,000  
€/sqm

Yield on Cost

>6%

PARIS PRIME MARKET

Capital Value

25,800  
€/sqm

Prime Yield

3%

(1) Acquisition cost or GAV at start of the project + Capex  
(2) 10 year ungeared IRR

## APPENDICES

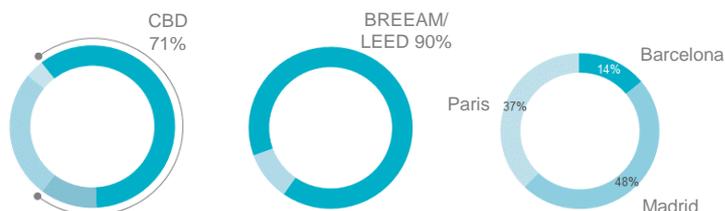
### A solid capital structure

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

#### A FIRST CLASS COLATERAL

More than €9bn of high quality assets

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



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



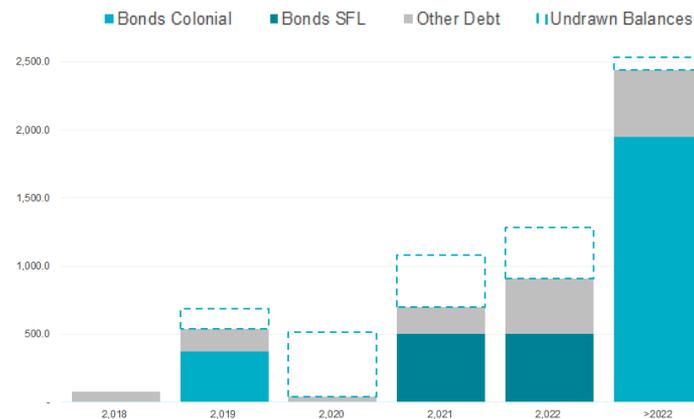
Rating Standard & Poor's  
**BBB Stable Outlook**



Rating Moody's  
**Baa2 Negative Outlook**

#### A SOLID FINANCIAL STRUCTURE

<u>Capital Structure</u>	<u>31/12/2017</u>	<u>31/03/2018</u>
Cost of Debt Spain	1.98%	1.91%
Cost of Debt Group	1.86%	1.82%
Maturity Spain	6.4 years	6.0 years
Maturity Group	5.5 years	5.3 years
Cash	€1,105m	€876m
Undrawn balances	€1,322m	€1,455m
Group LTV	31%	39.6%
% Debt fixed or hedged	90%	87%



## Total Shareholder Return since June 2014

## Total Shareholder Return - Colonial (since June 2014)

Date	€/share			Return per share			Group LTV
	NAV	Dividend	NAV+ Div.	NAV Growth	Dividend	Total Return	
<b>06-14</b>	<b>4.49</b>	0	4.49	-	-	-	<b>43%</b>
12-14	4.77	0	4.77	6%	-	6%	43%
12-15	6.16	0	6.16	29%	-	29%	42%
12-16	7.25	0.150	7.40	18%	2%	20%	41%
12-17	8.60	0.165	<b>8.77</b>	19%	2%	21%	36%
<b>Total Return since 6/14 (NAV per share growth + dividends)</b>						<b>99%</b>	
Dividend Return						7%	
NAV growth						92%	

Colonial



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

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