

Colonial

De conformidad con lo establecido en el artículo 228 del Real Decreto 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores, Inmobiliaria Colonial, S.A. ("Colonial") comunica el siguiente

HECHO RELEVANTE

Como continuación al Hecho Relevante publicado hoy, 25 de mayo de 2016, con número de registro 239073, Colonial remite documentación de soporte a la presentación a analistas e inversores para comentar las principales propuestas de acuerdo de la convocatoria de la próxima Junta General de Accionistas y de los acuerdos alcanzados relativos a nuevas inversiones, que se celebrará hoy miércoles día 25 de mayo de 2016 a las 18:30 horas (CET) a través de un *webcast*.

Los datos de conexión a la conferencia se detallan a continuación:

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La presentación online será visible a través del siguiente link:

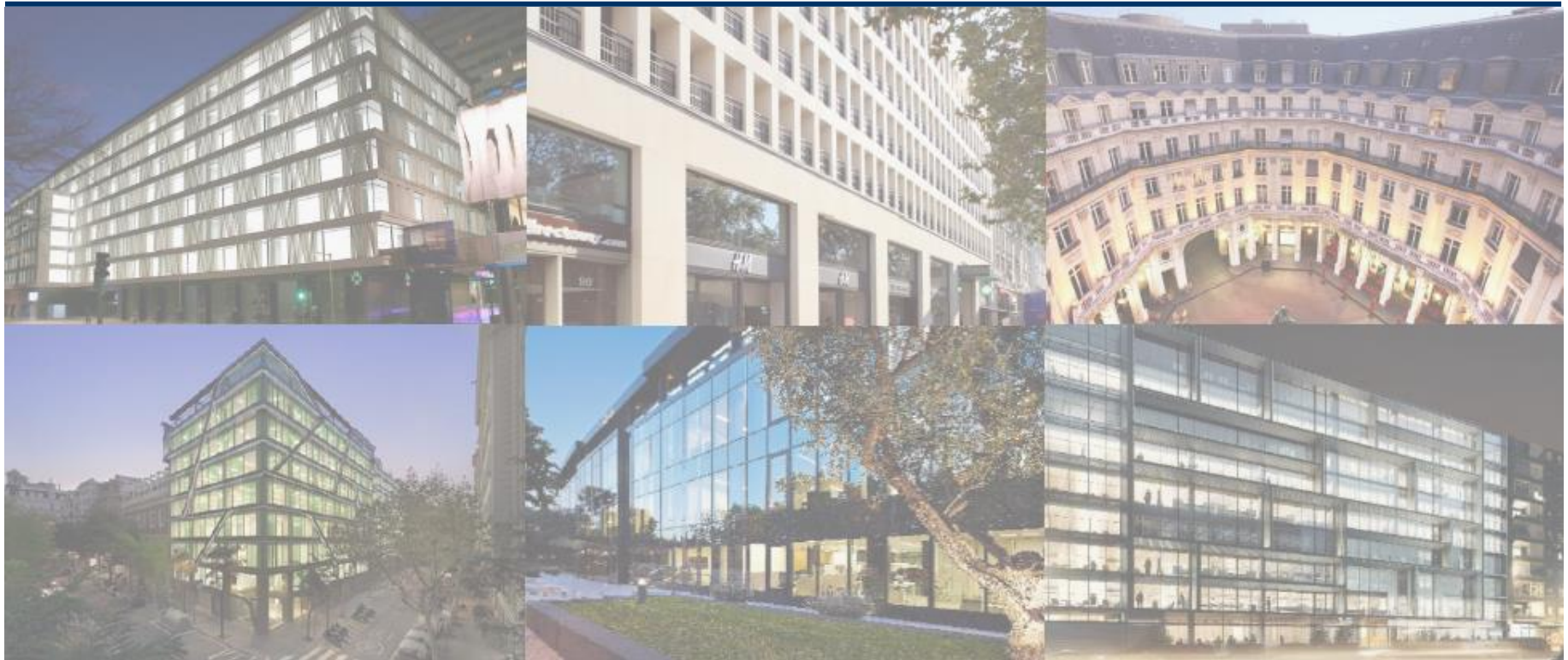
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Adicionalmente, la presentación estará disponible en la página web de la Sociedad.

En Barcelona, a 25 de mayo de 2016.

Colonial

Project Alpha Presentation



Colonial

Most Improved
Annual Report

FINANCIAL REPORTING

EPRA
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GOLD

FINANCIAL REPORTING

25 May 2016

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This information should be examined in conjunction with all the documents and information made public with occasion of the Annual General Shareholders’ Meeting available on the Company’s website (www.inmocolonial.com) as well as on the website of the Spanish Market Regulator, the CNMV (www.cnmv.es).

AGENDA

- 1 Transaction Summary
- 2 Asset Details
- 3 Transaction Impacts
- 4 Conclusions

PRESENTING MANAGEMENT TEAM

Pere Viñolas
CEO



Carmina Ganyet
Corporate Managing Director



Carlos Krohmer
Chief Corporate Development Officer



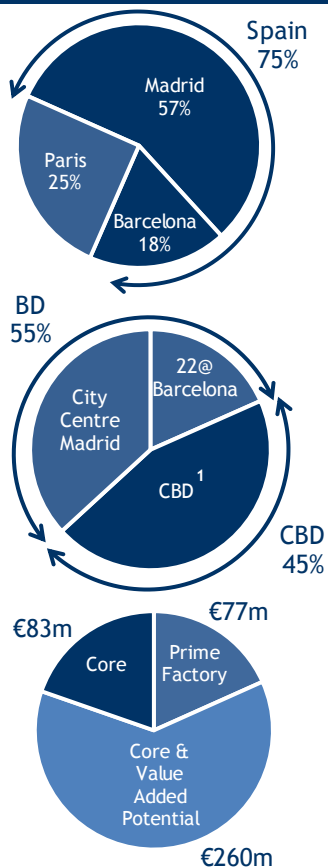
PROJECT ALPHA - TRANSACTION SUMMARY

Transaction summary

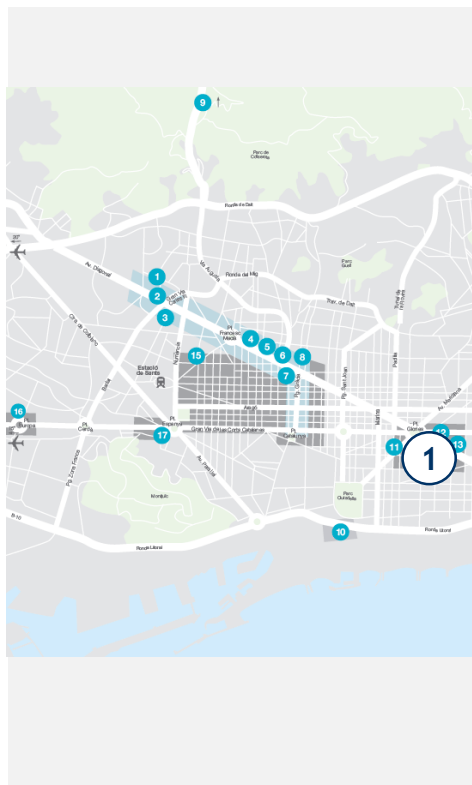
Implementation of investment projects for a total volume of more than €400m

- 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 enables to accelerate Colonial’s strategic growth plan

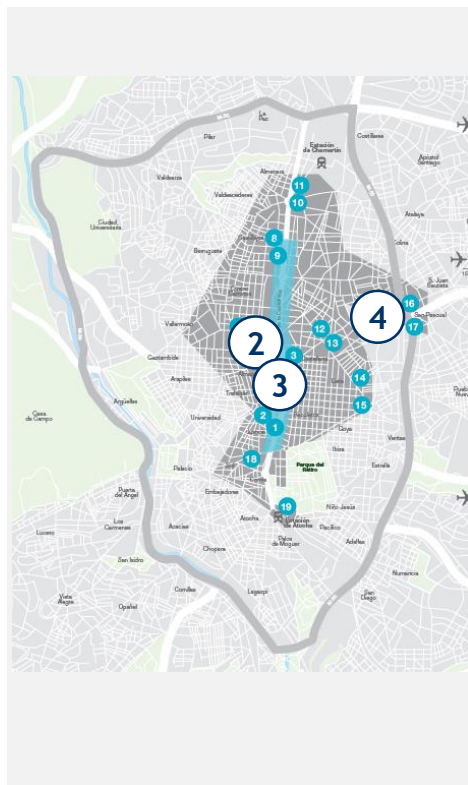
Business Mix



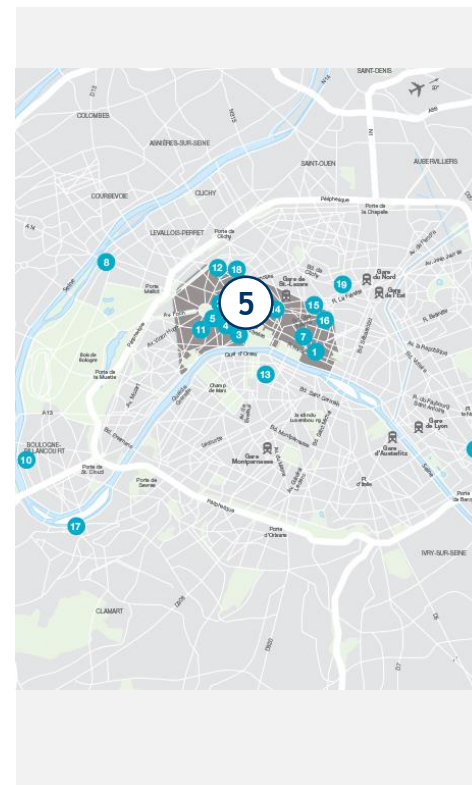
BARCELONA



MADRID



PARIS



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

PROJECT ALPHA - TRANSACTION SUMMARY

Transaction summary

1. Investments located in the city center of Colonial's core markets offering a unique positioning in every segment
2. Interesting balance of Core Investments with Prime Factory value creation potential
3. Total fit with Colonial's selective investment strategy

BARCELONA		1	Parc Glories Project <i>Barcelona 22@ Area</i>		Prime Factory GLA: 24,500 sq m	Price: €77m ¹ Cash
		2	José Abascal <i>Madrid Prime CBD</i>		Core Investment GLA: 5,326 sq m	Price: €35m Cash
MADRID		3	Serrano, 73 <i>Madrid Prime CBD</i>		Core Investment GLA: 4,242 sq m	Price: €48m New Colonial Shares
		4	Corporate HQ - Sta Hortensia 26-28 <i>Madrid BD</i>		Core + Value Added GLA: 46,928 sq m	Price: €154m New Colonial Shares
PARIS		5	4.4% Stake in SFL <i>Paris</i>		Core + Value Added	Price: €106m New Col. Shares + Cash

All prices excluding transfer costs

(1) Includes capex of full development of the project

PROJECT ALPHA - ASSET DETAILS

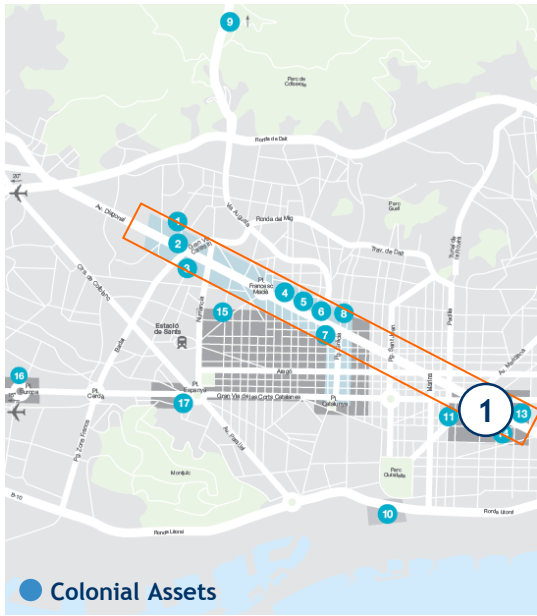
22@ Barcelona - An attractive Growth Market

1. Strong footprint in the prime segment of the growing 22@ market
2. Anticipating office market trends at optimal timing

1 PARC GLORIES

22@ - Barcelona

Prime Factory Inv.



22@ Barcelona - an Attractive Growth Market

- Growing market with an office stock of 1,000,000 sq m, 15% of total Barcelona
- Highly innovative district attracting knowledge-based international companies
- Emerging “new CBD”, more than 4,500 companies since 2000
- Future supply is scarce: 60,000 sq m of speculative space
- Within 22@, the Glories segment has the strongest fundamentals:
 - ✓ Most consolidated area in occupiers, services and connectivity
 - ✓ Limited stock of 300,000 sq m with 2% available space

Multinational companies are moving to 22@



22@Barcelona	Total 22@ Market	Parc Glories Area
Office Stock Sq m	1,000,000	300,000
Vacancy Rate	11%/ 2% Grade A+	2%
Prime ERV	16 €/sq m/month	

PROJECT ALPHA - ASSET DETAILS

Parc Glories Project

1. Unique product, best positioned in Barcelona’s “new” CBD of the future
2. Anticipating office market trends at optimal market timing

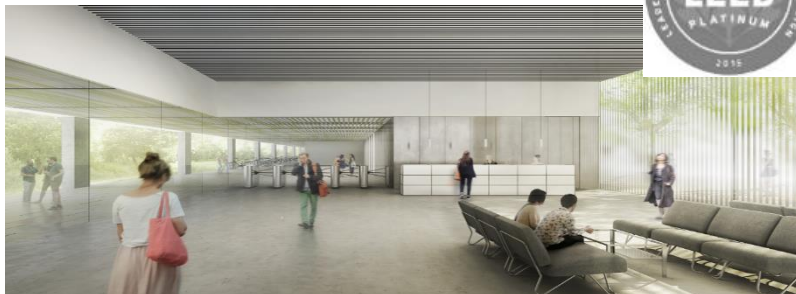
1 PARC GLORIES

22@ - Barcelona

Prime Factory Inv.

Main characteristics final product

- ✓ Iconic new prime 17 storey office building of 24,500 sq m in Barcelona
- ✓ Open-plan column free floors with floor plates up to 1,800 sq m
- ✓ Flexible floor and sizeable plant divisible in modules
- ✓ One of the first LEED Platinum offices in Barcelona market
- ✓ The project is led by Batlle I Roig architects, who have designed Interface and CMT buildings



PROJECT ALPHA - ASSET DETAILS

Parc Glories Project

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

1 PARC GLORIES

22@ - Barcelona

Prime Factory Inv.

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%



- Unique “boutique” property in Prime CBD Madrid
- Strong tenants combined with good reversionary potential in volume and in price

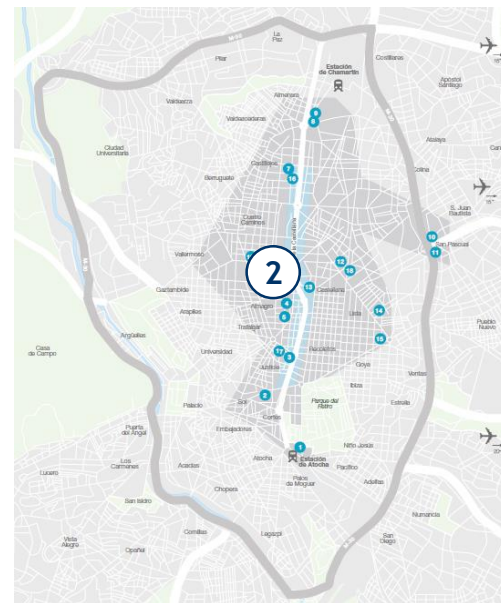
2 JOSÉ ABASCAL¹

CBD - Madrid

Core Investment

Main asset characteristics

- ✓ Unique income producing asset located in the Prime CBD of Madrid
- ✓ “Boutique” asset belonging to a special category of selected and scarce offices
- ✓ These type of assets have had a superior performance in terms of occupancy and rents through the historical series
- ✓ Asset characteristics highly sought for certain clients (lawyers firms, international consultant companies...)
- ✓ Asset occupied by first class international tenants
- ✓ Secured cash flow with strong covenants



¹ Acquisition subject to final settlement

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

2 JOSÉ ABASCAL¹

CBD - Madrid

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:
 - (i) Reshape common spaces and entry areas
 - (ii) Upgrade and reposition vacant floors

The Transaction¹

Price ²	€34.5m
GLA ³	5,326 sq m
Parking	54 units
Occupancy	79%
Capital value ⁴	€5,971/sqm

The Opportunity

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



¹ Acquisition subject to final settlement ² Excluding transfer costs ³ Surface above Ground ⁴ Excluding parking spaces

PROJECT ALPHA - ASSET DETAILS

Serrano 73 - Trophy Prime Office in Madrid CBD

- Trophy Prime premise in Madrid CBD
- Unique positioning in “Super-Prime” market cluster

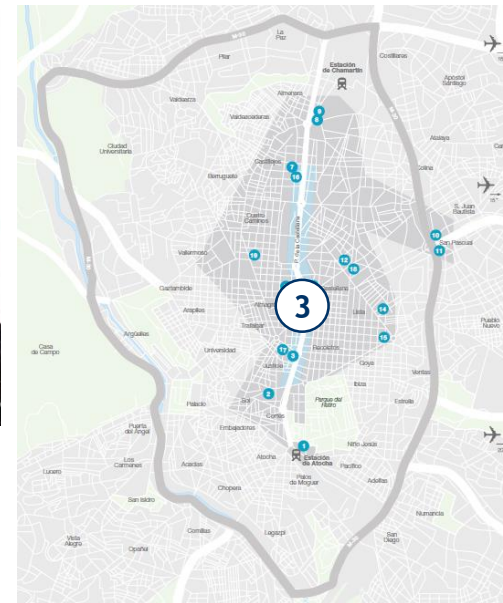
3 SERRANO 73

Prime CBD - Madrid

Core Investment

Main asset characteristics

- ✓ Trophy prime office premise considered by brokers within a super prime category
- ✓ Great visibility and excellent entry of natural light thanks to its three façades
- ✓ Shortage of this type of products on the prime CBD area
- ✓ The average vacancy ratio of this type of assets is lower than the average vacancy in CBD areas
- ✓ Asset category with maximum closing rents, typically 5-10% above average prime rents



PROJECT ALPHA - ASSET DETAILS

Serrano 73 - Trophy Prime Office in Madrid CBD

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

3 SERRANO 73

Prime CBD - Madrid

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%



PROJECT ALPHA - ASSET DETAILS

Corporate Headquarters in City Centre - Santa Hortensia 26-28

- Unique positioning through one of the 7 largest office premises in Madrid
- Multinational tenant with very strong covenants in good location

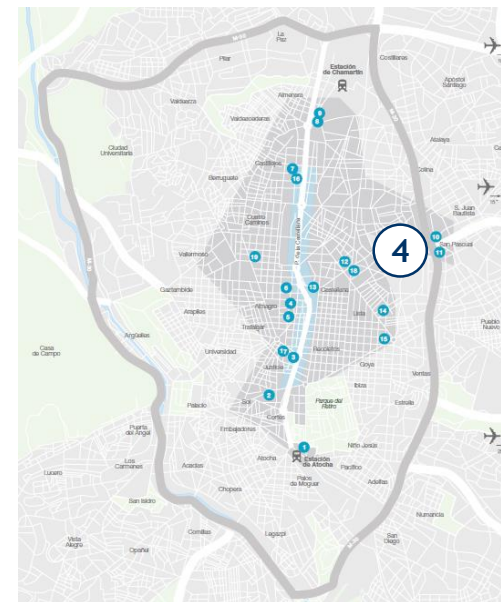
4 SANTA HORTENSIA 26 - 28

City Centre- Madrid (BD inside M30)

Core + Value Added

Main asset characteristics

- ✓ Landmark free-standing building. Within the 7 largest office premises in Madrid with a 1,25 ha plot
- ✓ Located in Madrid's City Center within the M-30 inner ring road and with excellent public transport connections
- ✓ The area is characterized by being the home to major multinational corporations' headquarters
- ✓ The availability of office space in the A2 corridor has considerably decreased over the last 2 years
- ✓ Very strong covenant with strong annual GRI, far below historical peaks



PROJECT ALPHA - ASSET DETAILS

Corporate Headquarters in City Centre - Santa Hortensia 26-28

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

4 SANTA HORTENSIA 26 - 28

City Centre- Madrid (BD inside M30)

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

PROJECT ALPHA - ASSET DETAILS

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

5 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

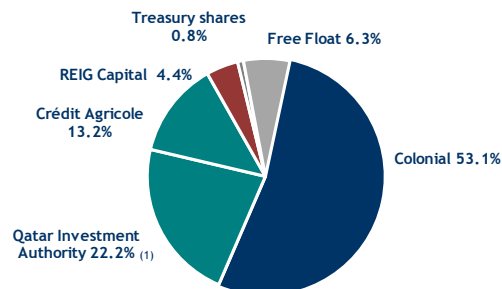
The Transaction

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

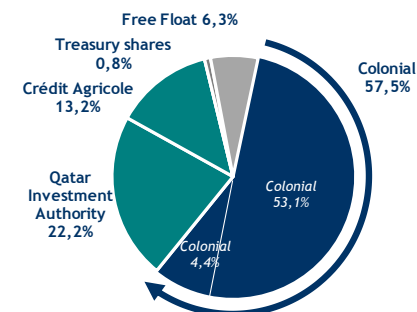
The Opportunity

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)

PROJECT ALPHA - TRANSACTION IMPACTS

Transaction Structure

Cash Acquisitions

Parc Glories & José Abascal

- €35m Jose Abascal - Acquisition price upfront¹
 - €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 Shares²

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 others³



Issuance with 14% premium on 12/15 Colonial NAV

Issuance price in line with Analyst Consensus

Cash + New Colonial Shares¹ 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

PROJECT ALPHA - TRANSACTION IMPACTS

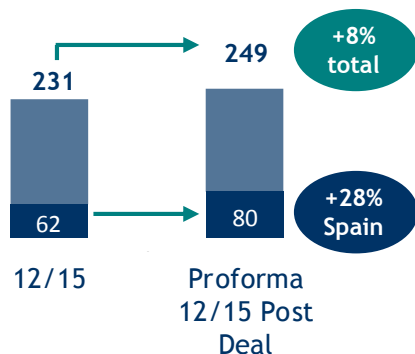
Transaction impacts

Acceleration of Colonial growth strategy

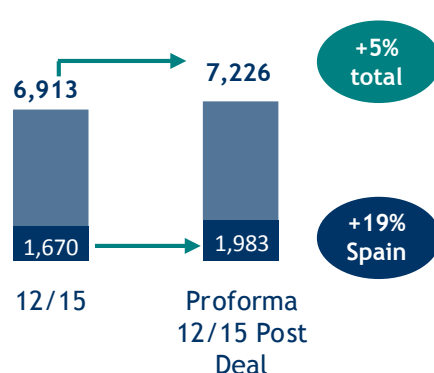
1. Significant growth of Spanish Portfolio (+28% in GRI¹ & +19% in GAV)
2. Accretive transaction in EPS and NAV/share from day one
3. Investment projects with very attractive growth potential
4. Strong credit profile: LTV of 41.6% with improved cash flow profile

Significant increase in size

GRI¹ (€m)

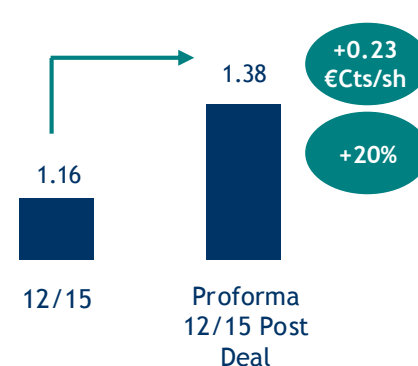


GAV¹ (€m)

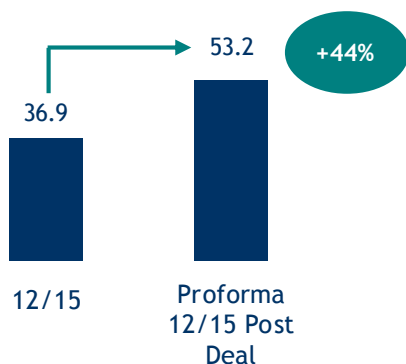


In highly accretive terms from day one

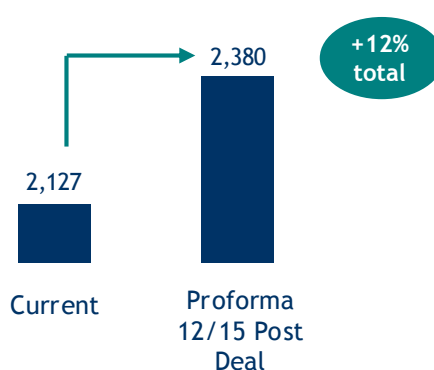
EPS² (€Cts./ share)



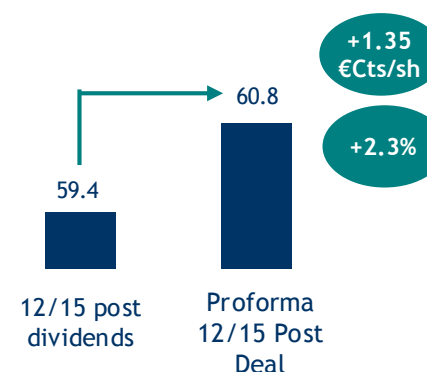
Recurring Profit¹ (€m)



Market Cap³ (€m)



NAV/share (€Cts./ share)



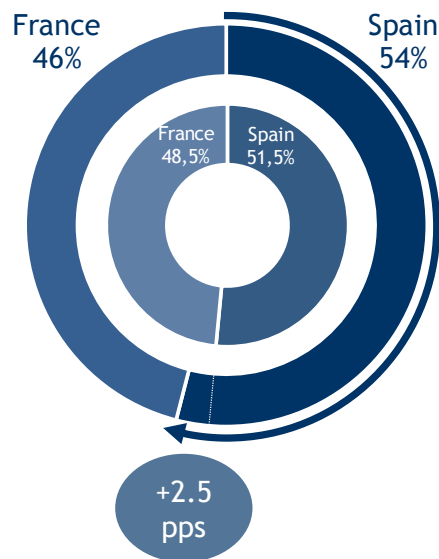
¹ Including full development capex and potential GRI of finalized Parc Glories Project and 100% occupancy of acquired assets

² Considering current annualized passing rents (Jose Abascal at current occupancy and no rents for Parc Glories) ³ New shares valued at 24/05/16 stock market price

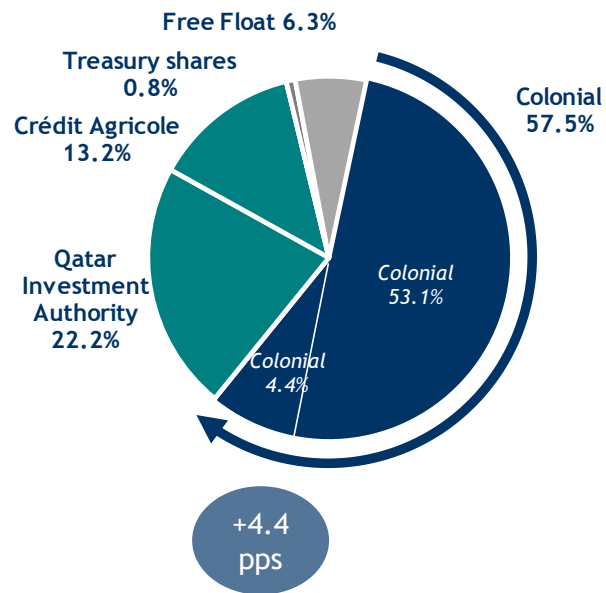
The transaction reinforces Colonial overall positioning

1. Asset allocation with increased exposure to Spain
2. Increased exposure to Paris CBD, reaching a 57.5% stake in SFL
3. New long term oriented investors in shareholder base

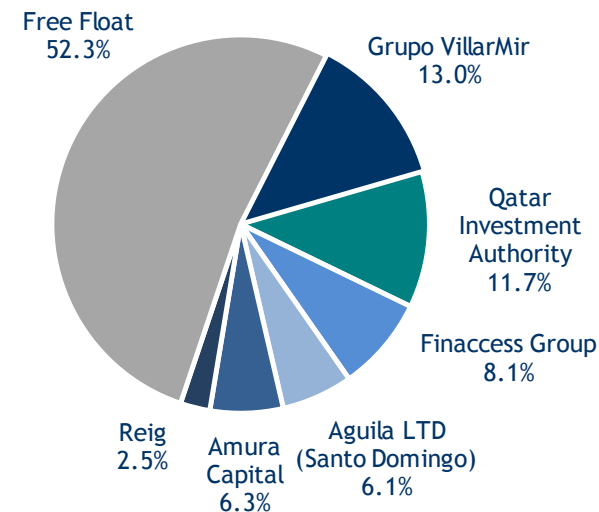
Asset Allocation by country¹



SFL Shareholders



Colonial Shareholders



¹ Asset allocation exposure based on GAV Holding

Completion of all precedent conditions and AGM approval ⁽¹⁾:

Acceleration of growth strategy in accretive terms

1. Significant growth of Spanish Portfolio (+28% in GRI² & +19% in GAV²)
2. Increased exposure to Paris CBD
3. Substantial increase of GAV (+€313m²), Profit (+€16€m²) & Equity Value (+€265€m³)
4. Accretive transaction in EPS⁴ and NAV/share from day one
5. Solid capital structure with improved cash flow profile

Attractive growth profile maintaining investment discipline

1. Attractive entry prices at optimal market timing
2. Assets located in city center with unique positioning in every segment
3. Market segments with interesting growth perspectives
4. Value creation potential through value added strategies (Prime Factory Investments) and scarce Core Acquisitions
5. Attractive ungeared IRRs combined with strong cash flow streams
6. Clear path to enhancement of the Group’s Credit Profile
7. Long term oriented shareholder base



¹ Transaction subject to general clauses of Material Adverse Change (MAC), market stability and others (See details on the Report Board of Director’s document available in the CNMV website)

² Including full development capex and potential GRI of finalized Parc Glories Project and 100% occupancy of acquired assets

³ Amount of capital increase

⁴ Considering current annualized passing rents (Jose Abascal at current occupancy and no rents for Parc Glories)

Q & A

