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## HECHO RELEVANTE

Como continuación al Hecho Relevante publicado con fecha 21 de julio de 2016 con número de registro 241059, Colonial remite documentación de soporte a la presentación a analistas e inversores relativa a los resultados correspondientes al primer semestre de 2016, que se celebrará hoy miércoles día 27 de julio de 2016 a las 19:00 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:

<http://event.onlineseminarsolutions.com/r.htm?e=1208362&s=1&k=963E777707D649E5C82ECCA7BC0>

[D4024](#)

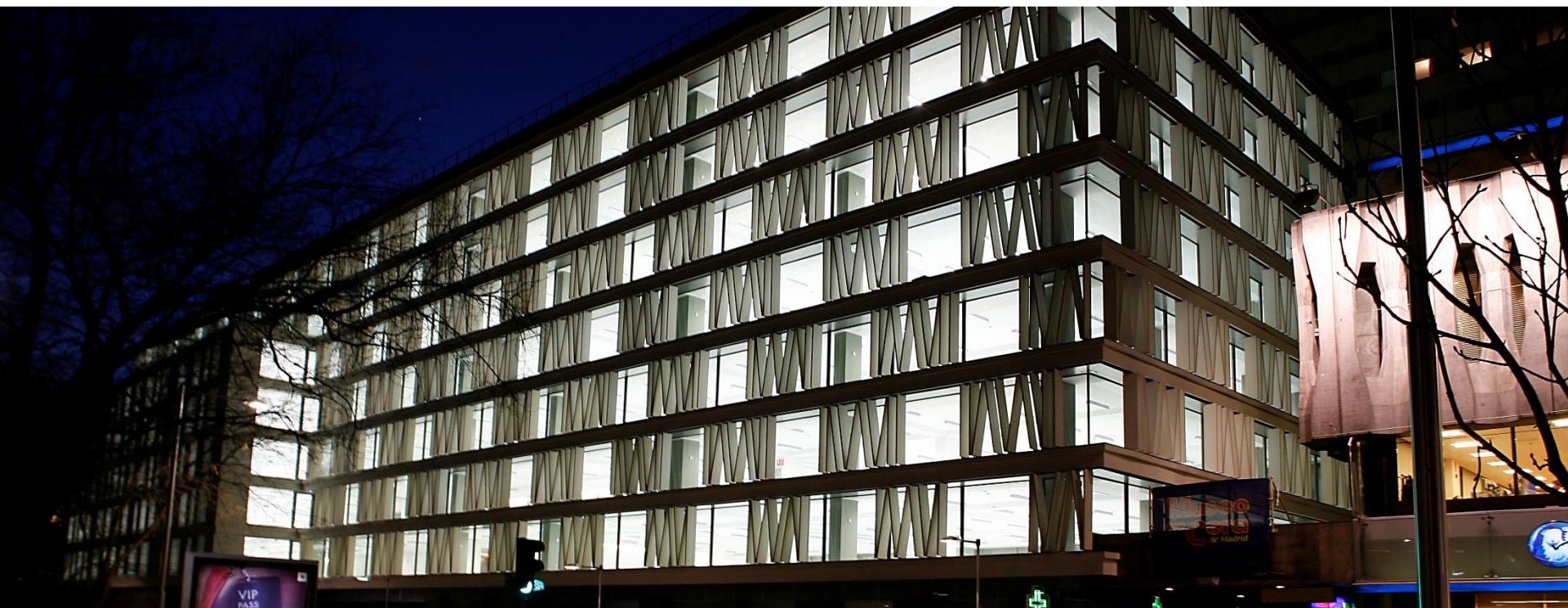
Adicionalmente, la presentación de resultados semestrales estará disponible en la página web de la Sociedad.

En Barcelona, a 27 de julio de 2016.



## First Half Results 2016

July 2016



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- 01 Highlights
- 02 Office markets
- 03 Operating performance
- 04 Financial review
- 05 Growth drivers
- 06 Conclusion



PRESENTING MANAGEMENT TEAM

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**Pere Viñolas**  
CEO



**Carmina Ganyet**  
Corporate Managing Director



**Carlos Krohmer**  
Chief Corporate Development Officer







## ANOTHER STRONG SET OF RESULTS

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

## PERFORMANCE & OPERATIONS

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

## FINANCIAL HIGHLIGHTS

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

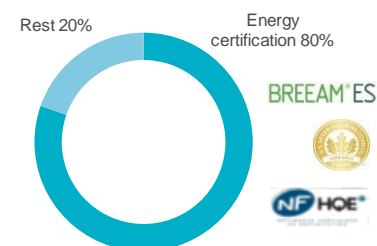
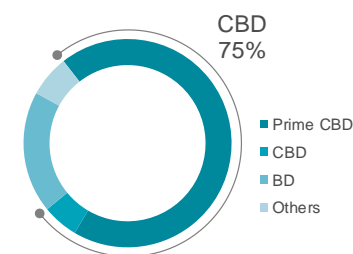
## Another strong set of results

### Successful delivery of growth strategy

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

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

### BUSINESS MIX – GAV GROUP







### Macro outlook remains solid

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

#### MARKET TRENDS

##### WORLD & EU

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

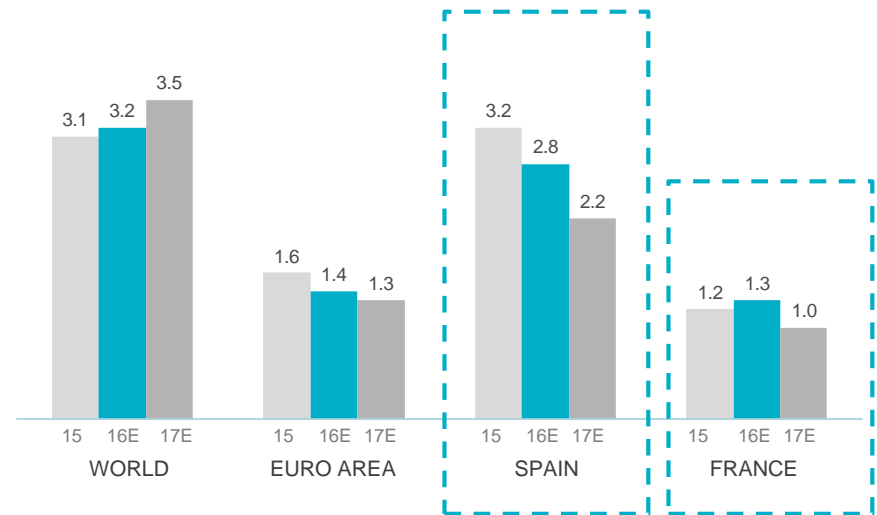
##### SPAIN

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

##### FRANCE

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

#### GDP GROWTH



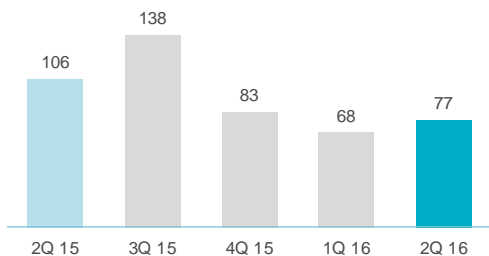
Source: Monthly report "la Caixa"

### CBD market fundamentals remain solid

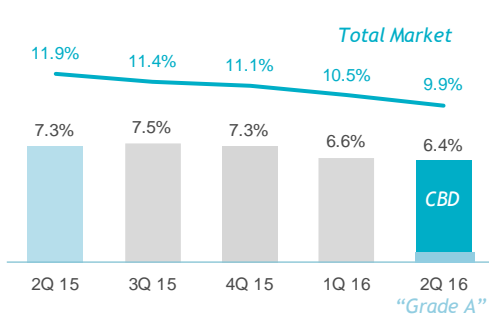
- > More than three quarters with decreasing vacancy rates in every market
- > Sustained momentum in take-up faces scarcity of Grade A product in CBD

#### BARCELONA

##### TAKE UP ('000 sq m)

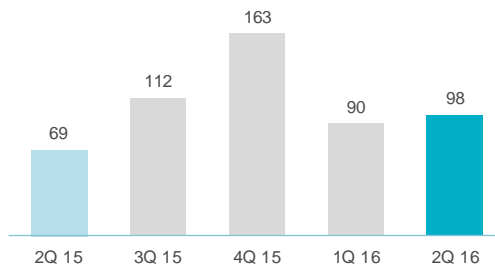


##### VACANCY %

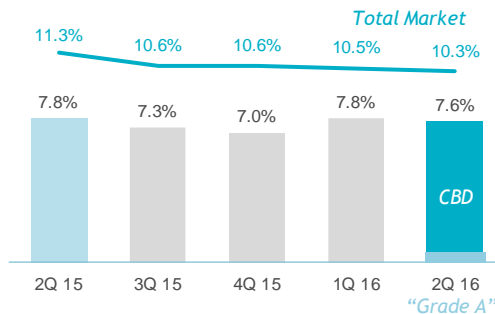


#### MADRID

##### TAKE UP ('000 sq m)

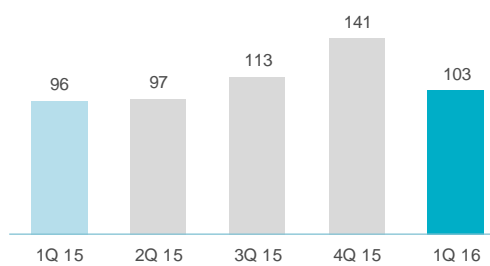


##### VACANCY %

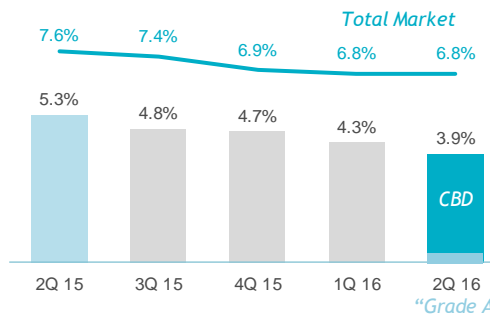


#### PARIS CBD

##### TAKE UP ('000 sq m)



##### VACANCY %





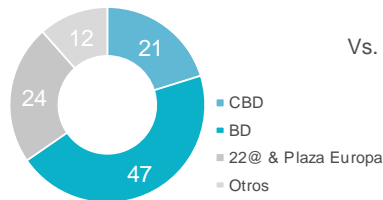
## Prime Product in City Center as key driver to capture selective demand and rental growth

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

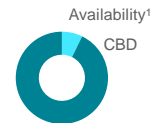
### TAKE UP ANALYSIS 1Q 16

# of transactions

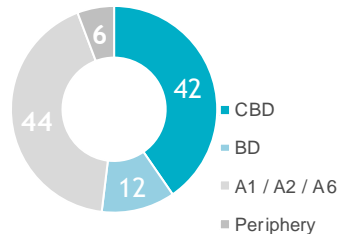
#### BARCELONA



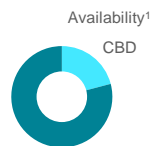
Vs.



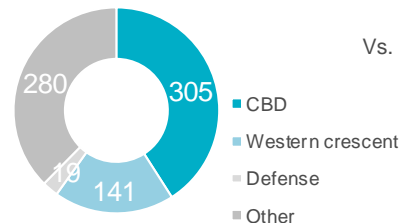
#### MADRID



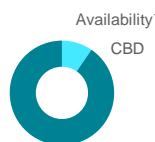
Vs.



#### PARIS



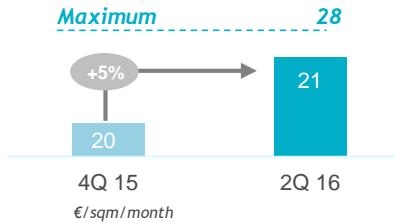
Vs.



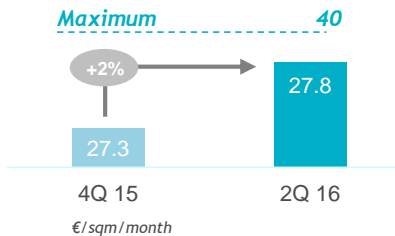
Source: CBRE

### PRIME RENTS YTD

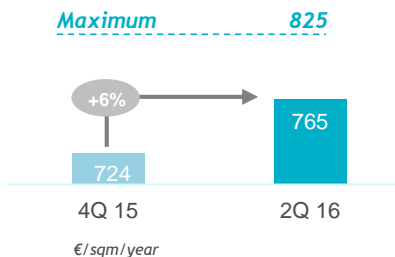
Maximum



Maximum



Maximum



Source: JLLS

### HIGHLIGHTS 1H 16

#### Take-up becoming more selective

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

Prime Rents benefit from strong fundamentals

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

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

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

#### Significant increase of take up

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

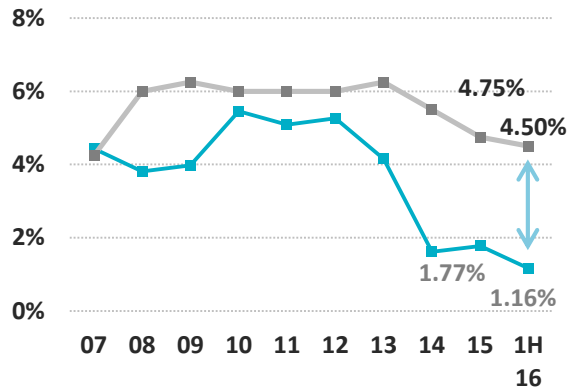
(1) Availability in sq m  
 (2) Inside M-30  
 (3) The take-up and vacancy details correspond to 1Q2016 (2Q 2016 detailed figures still to be published by brokers)

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

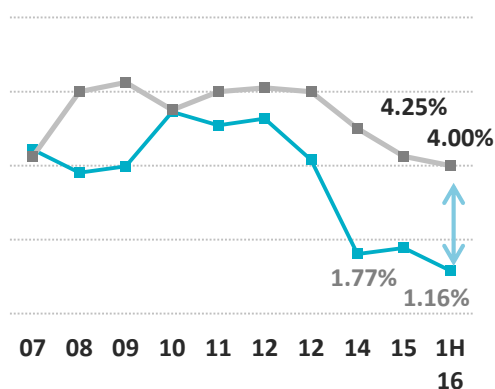
- > General market volatility increases “flight to quality”
- > Increasing importance of rental growth for further capital value growth
- > Spread vs reference rates remain at very attractive levels

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

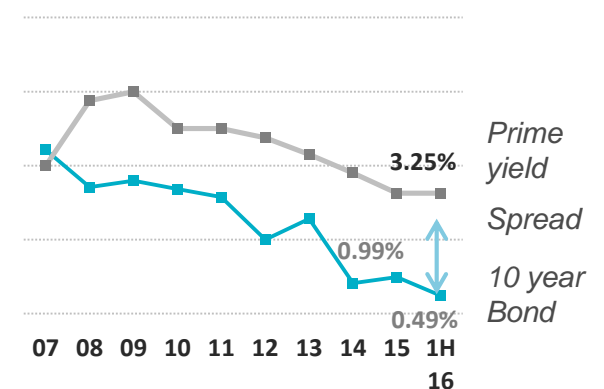
BARCELONA



MADRID



PARIS



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

Source: JLL & Bloomberg

### 03 Operating performance





**Ongoing strong momentum in letting activity**

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

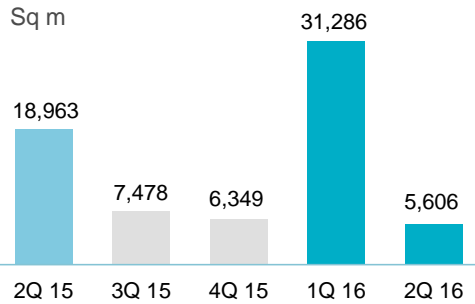
**BARCELONA**

> 36.800 sq m let in 6 months

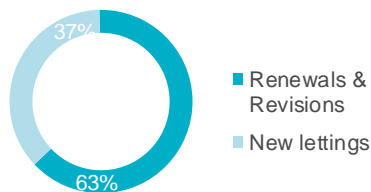
# of transactions



Sq m

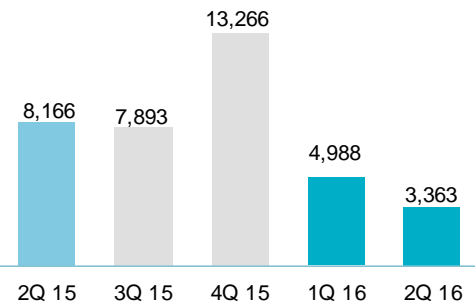


- > Huge volume of lettings
- > Strong client retention

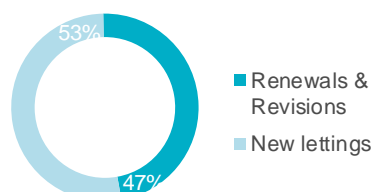


**MADRID**

> 8.300 sq m let in 6 months

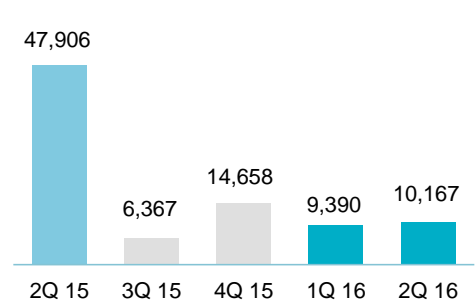


- > Proven attraction of Madrid Portfolio
- > Strong client retention

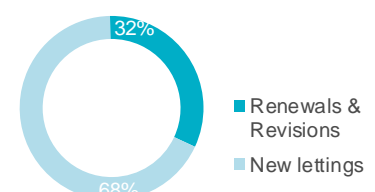


**PARÍS**

> 19.500 sq m let in 6 months



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



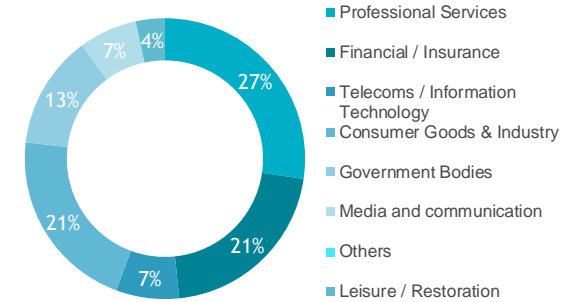
### High quality premises attract and retain top tier tenants

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

#### A WELL DIVERSIFIED TENANT BASE OF TOP QUALITY CLIENTES

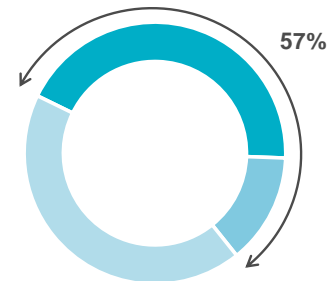


#### DIVERSIFIED SECTOR MIX



#### LONG STANDING CLIENTS

Length of time tenants stay

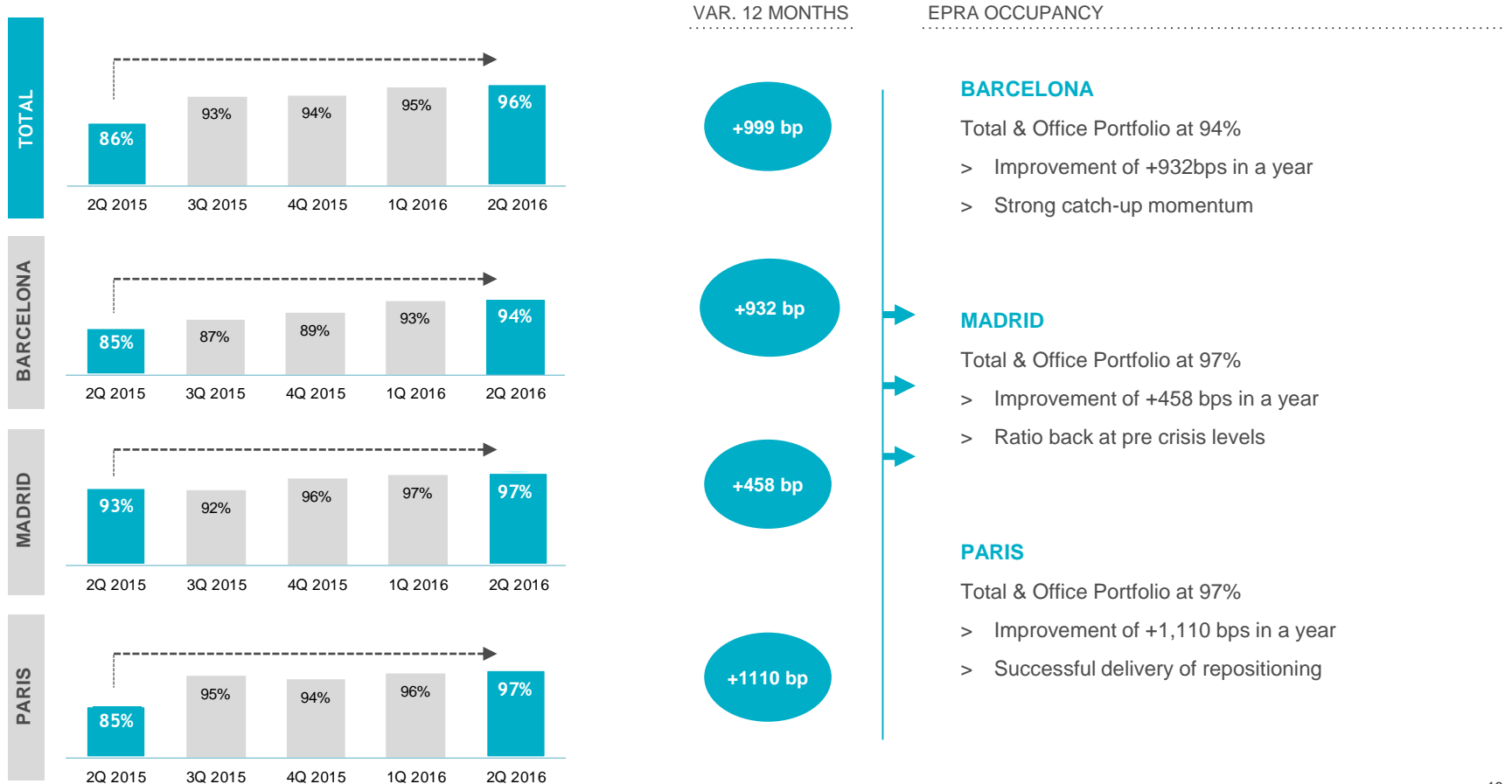


■ > 10 years ■ Between 5 and 10 years ■ < 5 years

**Prime positioning with top quality product ensures successful letting-up**

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

**EPRA FINANCIAL OFFICE OCCUPANCY**



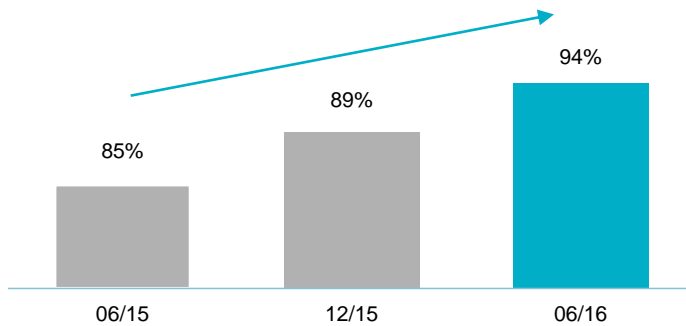


**Colonial as leading market indicator for rental price recovery**

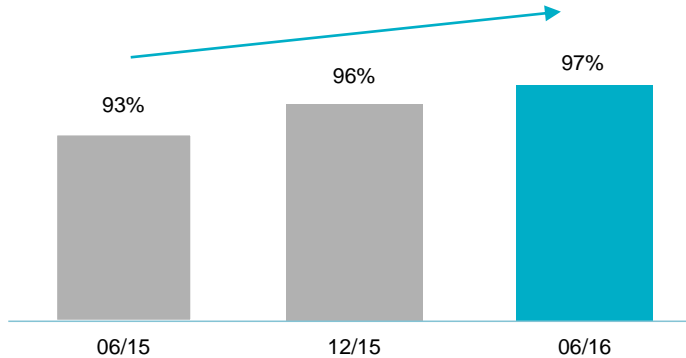
- > Strong momentum in occupancy enhances bargaining power
- > Prime positioning enables rental price increases – especially in CBD assets

**EPRA FINANCIAL OFFICE OCCUPANCY**

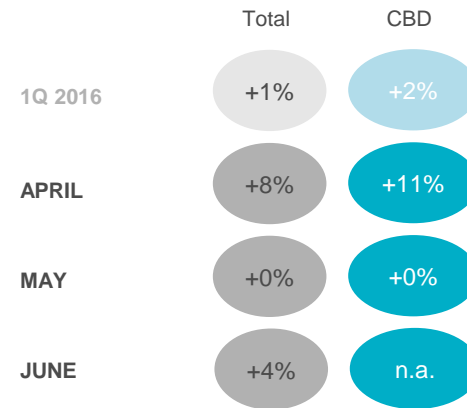
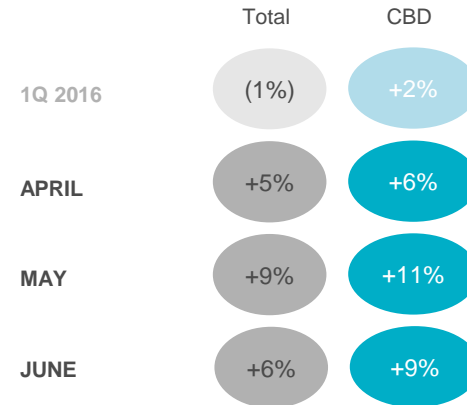
**BARCELONA**



**MADRID**



**SIGNED RENTS VS. 12/15 ERV<sup>1</sup>**



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

### 03 Operating performance 1H 16

#### Colonial sets the benchmark in offices

#### Colonial as leading market indicator for rental price recovery

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

#### Barcelona

Av. Diagonal, 609-615 - CBD



93%  
Occupancy

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

#### Travessera / Amigó - CBD



67%  
Occupancy

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

#### Madrid

José Abascal, 56 - CBD



100%  
Occupancy

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



100%  
Occupancy

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

Washington Plaza - CBD



97%  
Occupancy

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

#### 112 Wagram - CBD



99%  
Occupancy

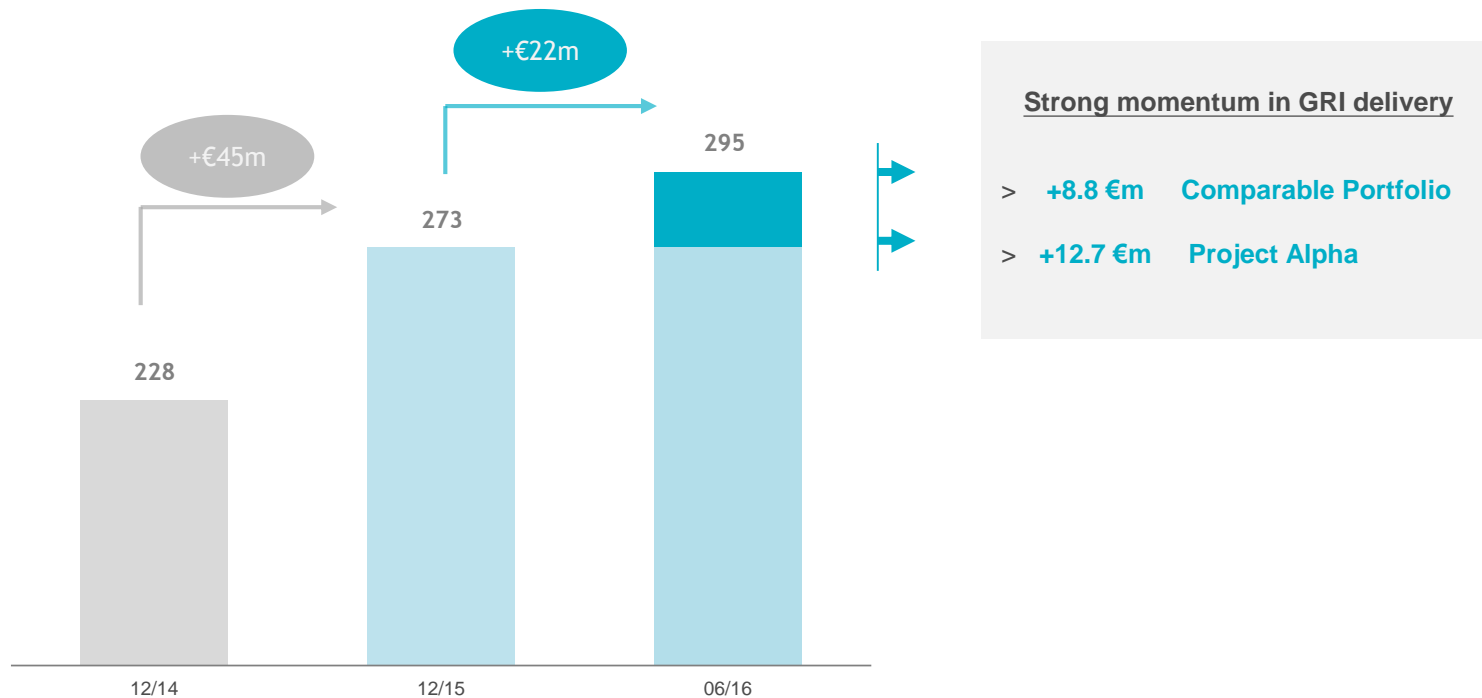
Contract 1:	+7.1%	Signed rents vs. 12/15 ERV
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(1) ERV= Estimated Rental value: market rent assigned by independent appraisers

### Sustained strong delivery of GRI growth

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

#### STRONG DELIVERY OF GROWTH IN ANNUALIZED PASSING GRI <sup>(1)</sup> €M



(1) Topped-up passing GRI

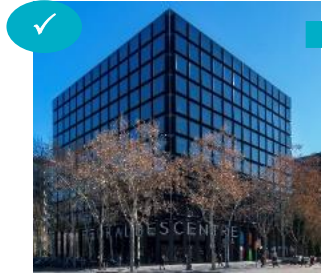


03 Operating performance 1H 16  
Unlocking value through ongoing repositioning

Ongoing progress on repositioning and value added strategies

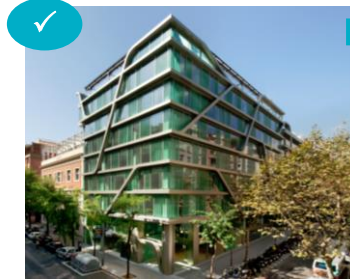
- > Continuous improvement of energy efficiency standards and asset quality
- > Source for further value creation through rental uplifts & “created” yield compression

Av. Diagonal, 609-615



Breem Good  
breem

Travessera / Amigó



Leed Gold

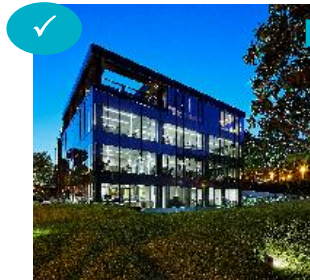


Charles de Gaulle



Breem Excellent  
breem  
EXCELLENT  
★★★★

Tilos



Leed Gold



In / Out



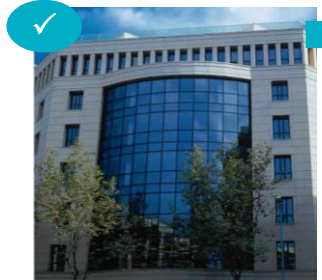
Breem Excellent  
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EXCELLENT  
★★★★

# Cloud



MIPIM Award

Ausias March 148-150



Breem Good  
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Iena



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EXCELLENT  
★★★★



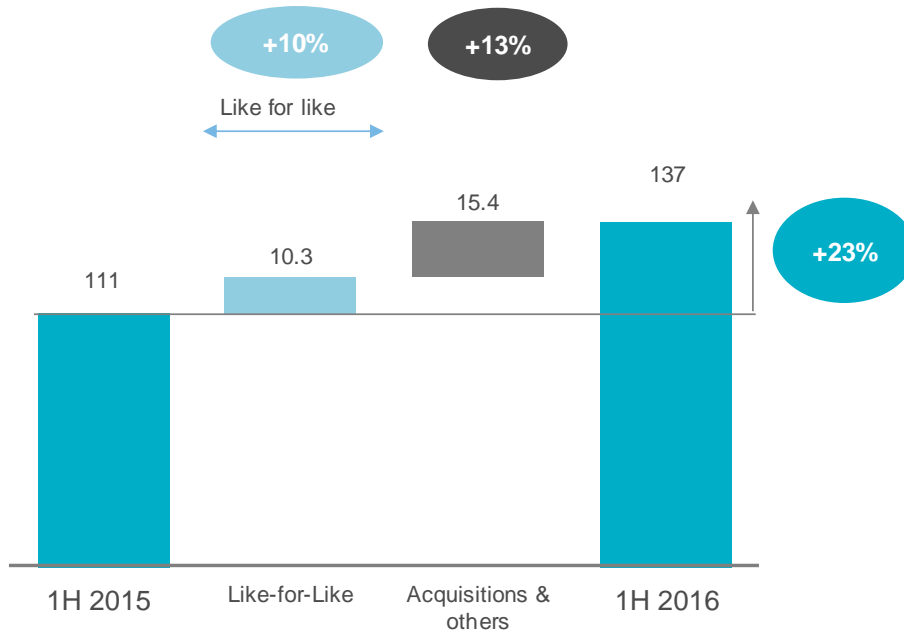


Successful execution of growth strategy

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

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

GROSS RENTAL INCOME - €M



	Like for like	Projects & Acquisitions	TOTAL
BCN	+13%	+3%	+16%
MADRID	+5%	+14%	+18%
PARIS	+11%	+15%	+25%
<b>TOTAL</b>	<b>+10%</b>	<b>+13%</b>	<b>+23%</b>

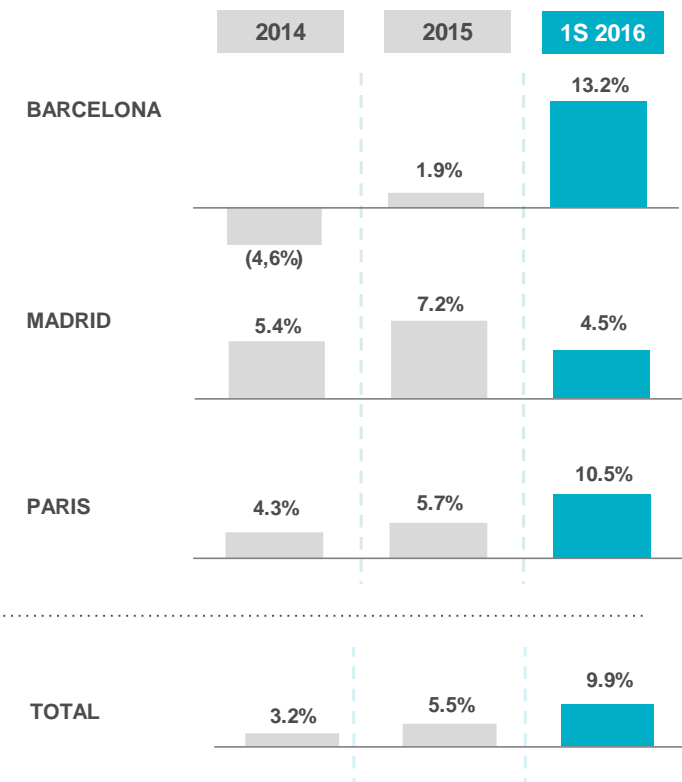


Strong underlying GRI growth in every market

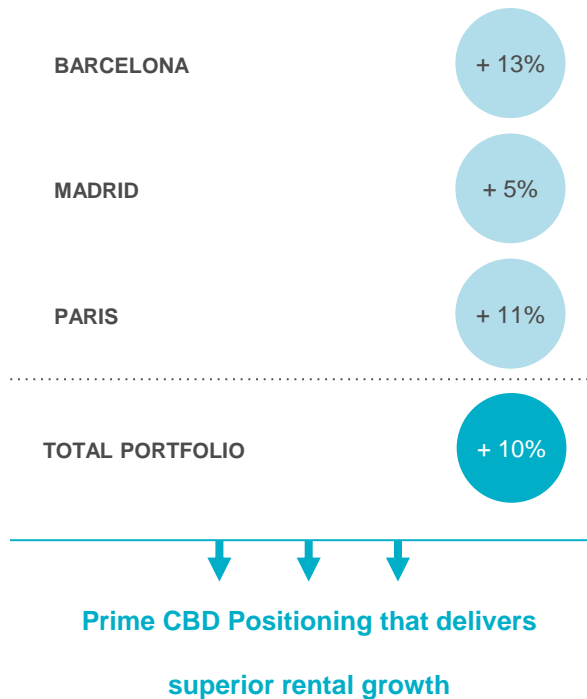
**Strong underlying growth in gross rental income**

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

**GROSS RENTAL INCOME “LIKE FOR LIKE” VARIANCE**



**STRONG RECOVERY IN ALL MARKETS**

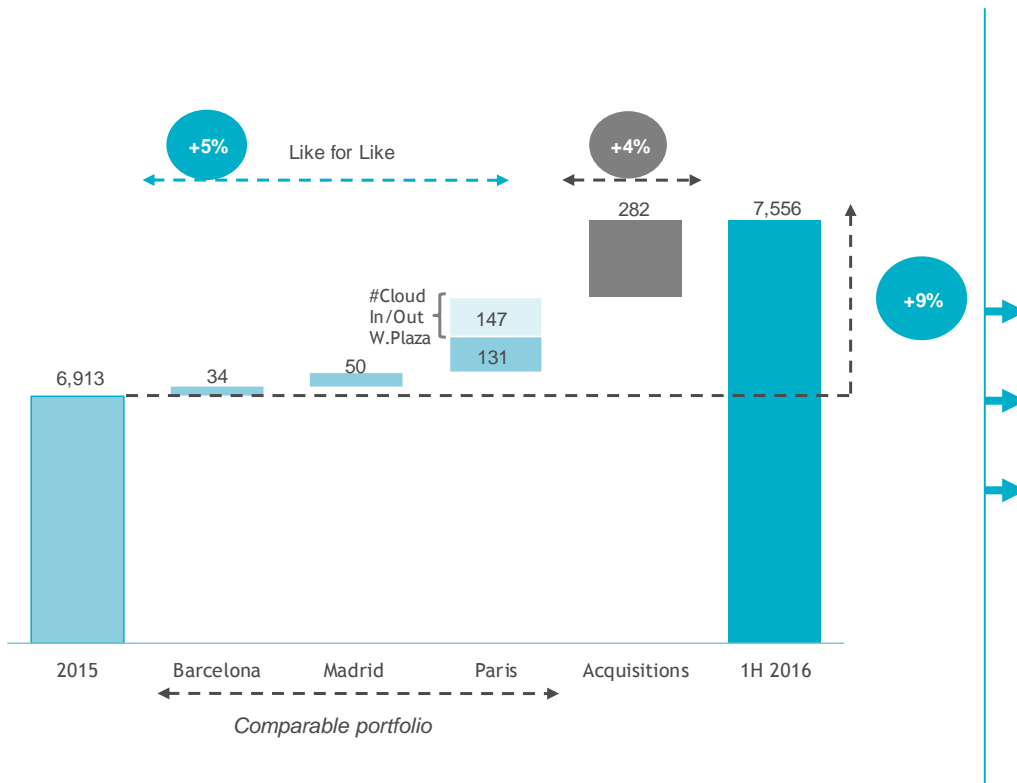


## Strong underlying growth in Gross Asset Values

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

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

#### GAV - 6 MONTHS VARIANCE (€M)



#### GAV VARIANCE - ANALYSIS

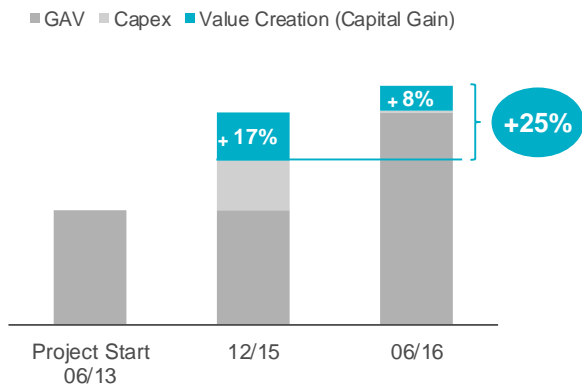
	6 months	12 months
BARCELONA	+5%	+11%
MADRID	+5%	+11%
PARIS	+5%	+14%
<b>TOTAL LFL</b>	<b>+5%</b>	<b>+13%</b>
ACQUISITIONS	+4%	+7%
<b>TOTAL VAR</b>	<b>+9%</b>	<b>+20%</b>

## Strong underlying growth in Gross Asset Values

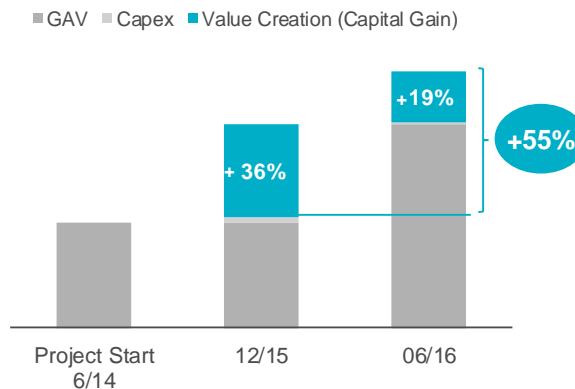
### Above average value creation through solid real estate approach

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

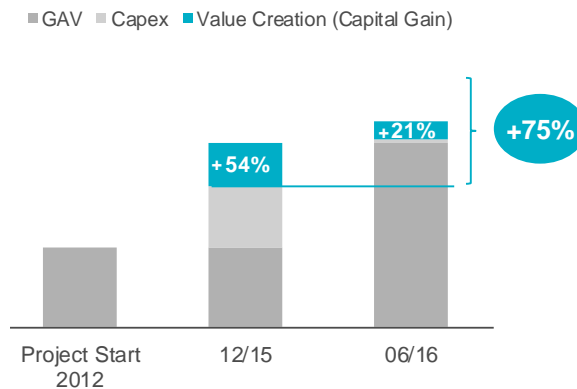
TILOS, 2-6 – Barcelona CBD



JOSE ABASCAL, 56 – Madrid CBD



#CLOUD.paris – Paris CBD





## Strong underlying growth in Gross Asset Values

### Above average value creation through solid real estate approach

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

Av. Diagonal, 609-615 - CBD



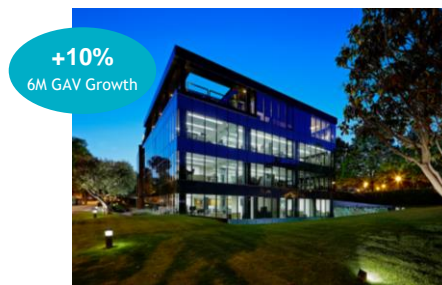
José Abascal, 56 - CBD



#Cloud - CBD



Tilos - CBD



Alfonso XII - CBD



Washington Plaza - CBD



Travessera de Garcia/ Amigo - CBD



Alcalá, 30-32 - CBD



Edouard VII - CBD



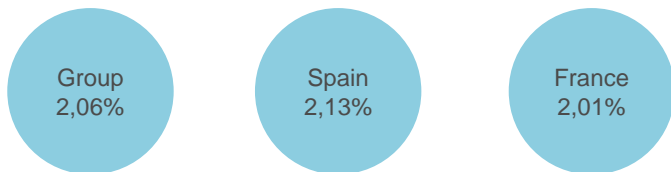
## Solid Capital Structure with substantial firepower

### Solid Capital Structure with optimal financing to implement growth strategy

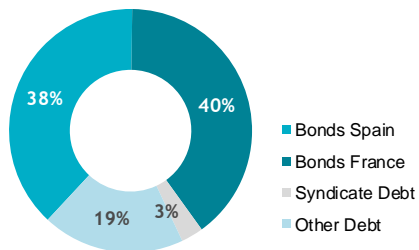
- > Competitive financing cost in Spain & France
- > First class long term financing structure with important fire power capacity

#### COMPETITIVE FINANCE COSTS

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

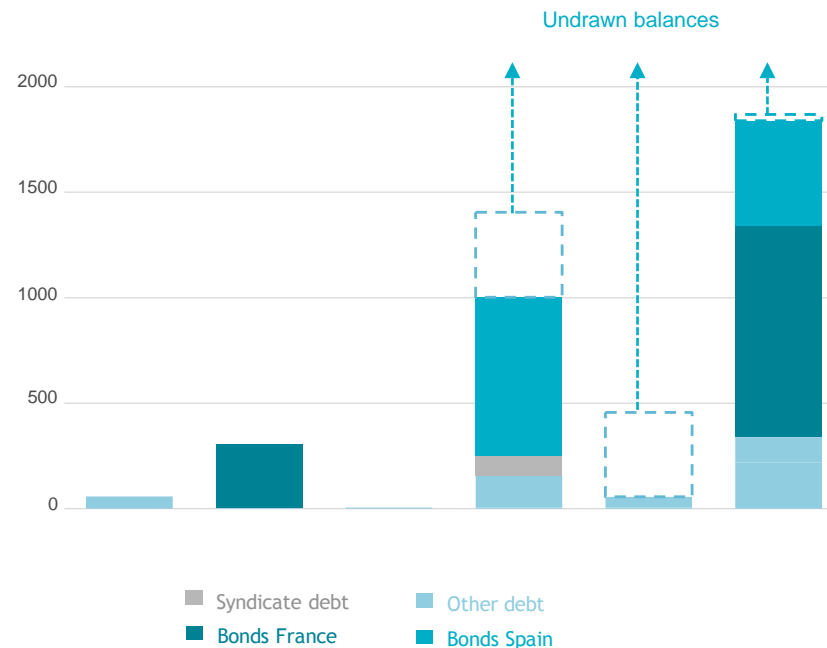


#### FIRST CLASS FINANCING WITH HUGE FIRE POWER CAPACITY



Available cash & undrawn balances	
Spain	€362m
France	€594m
<b>Total</b>	<b>€956m</b>

#### A LONG TERM MATURITY PROFILE

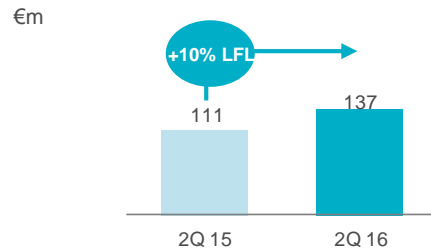


**Significant increase in Recurring Net Profit through**

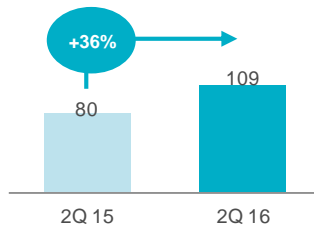
- > Delivery of strong GRI increase based on successful growth strategy
- > Savings in financing costs due to active liability management

**STRONG TOP & BOTTOM LINE PERFORMANCE**

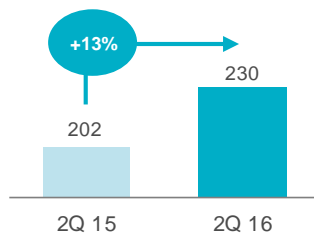
**GROSS RENTAL INCOME**



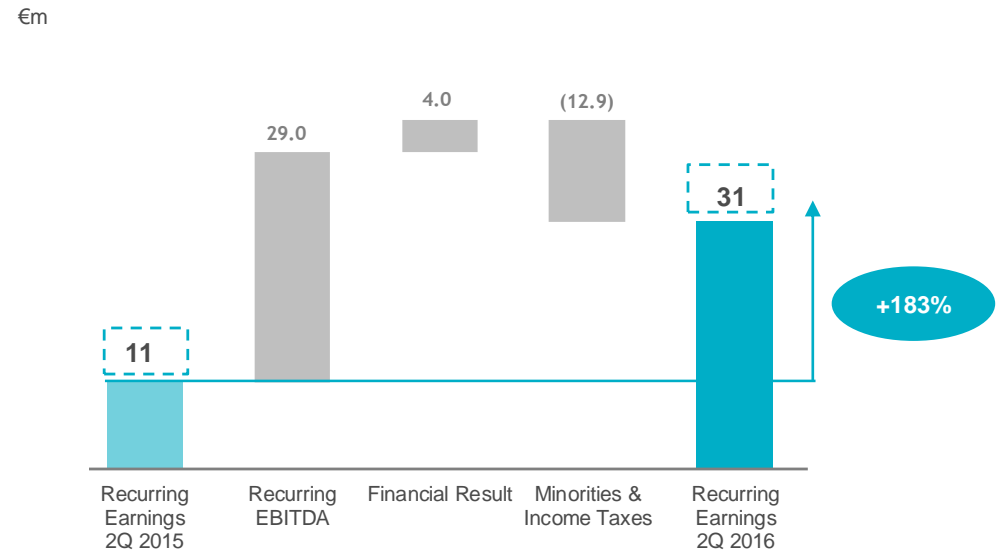
**RECURRING EBITDA**



**NET PROFIT**



**RECURRING NET INCOME – VARIANCE ANALYSIS**

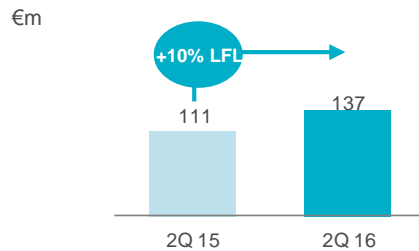


**Net Profit 13% above previous year**

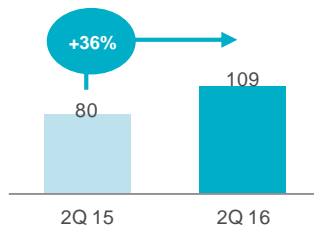
- > Strong momentum in recurring earnings
- > Superior value creation in asset portfolio

**STRONG TOP & BOTTOM LINE PERFORMANCE**

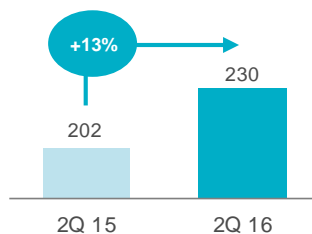
**GROSS RENTAL INCOME**



**RECURRING EBITDA**



**NET PROFIT**



**PROFIT & LOSS ACCOUNT**

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

(1) Includes other income

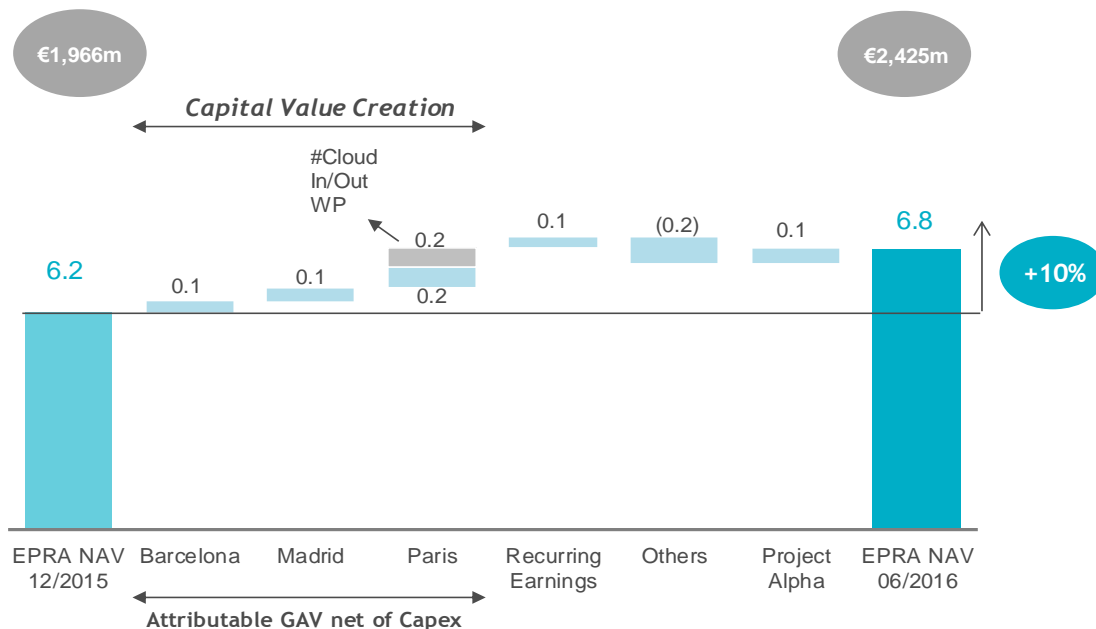


### Superior Total Shareholder Return

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

#### STRONG MOMENTUM IN NAV GROWTH\*

€/share\*



#### TOTAL SHAREHOLDER RETURN

NAV growth

+10%  
6 months

+25%  
12 months






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



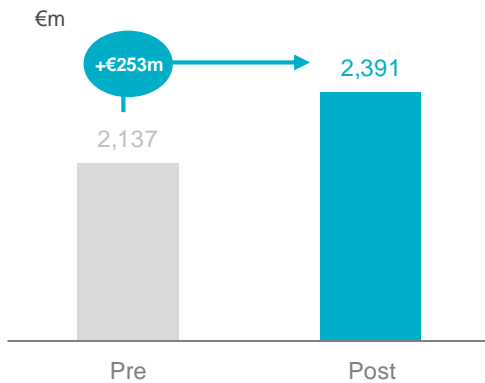
### Delivery on acquisition targets

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

### Successful execution of Project Alpha

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

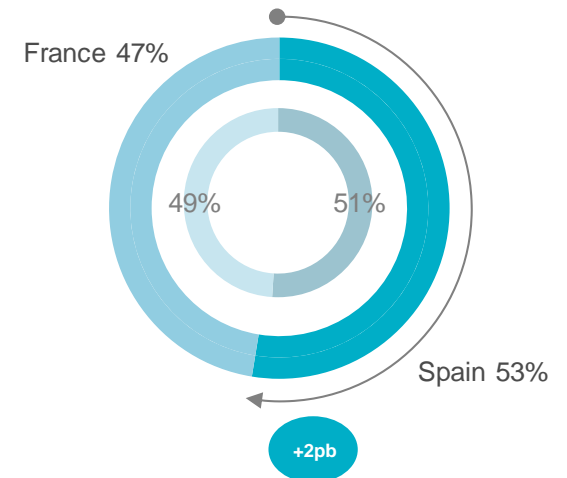
#### INCREASED MARKET CAPITALIZATION<sup>1</sup>



#### ENHANCED GROWTH PROFILE<sup>2</sup>

- +€12.7m Upfront Passing Rents
- +€5.5m Potential Rents Projects<sup>4</sup>
- +€18.2m Additional Rent Capacity
- +€282m GAV in Spain
- +4.4% Stake in CBD

#### ATTRACTIVE MARKET EXPOSURE<sup>3</sup>



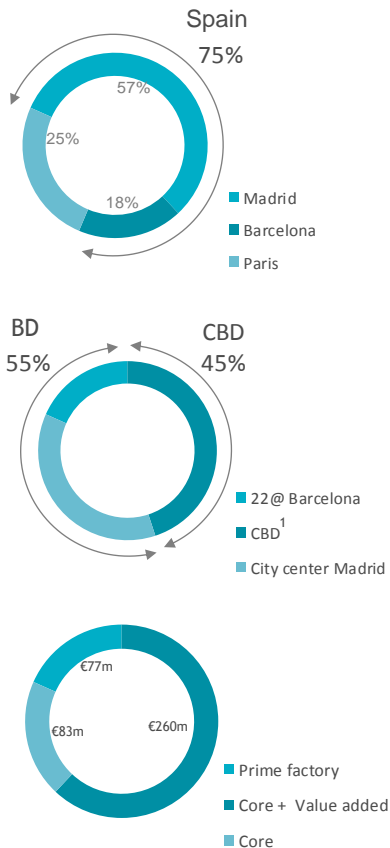
**Issuance price with premium to NAV**  
**7.0 €/share** (post reverse-split adjustment)

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

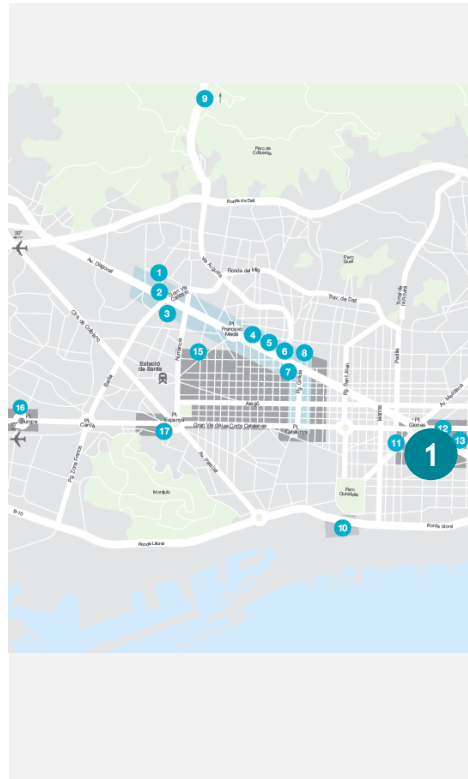
**Implementation of investment projects for a total volume of more than €400m**

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

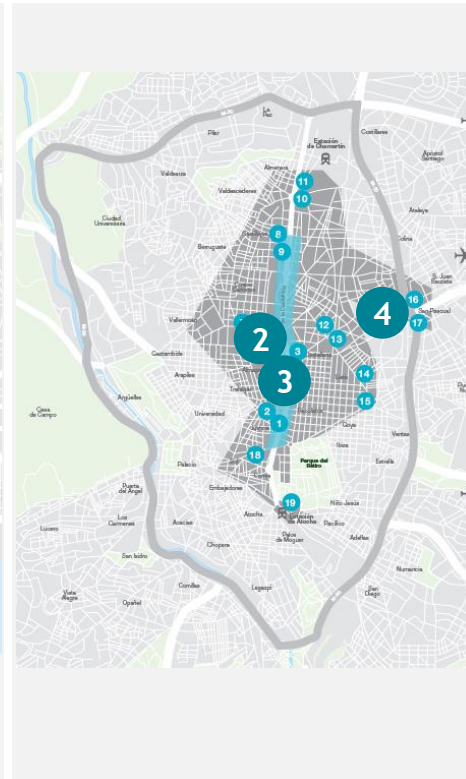
**BUSINESS MIX**



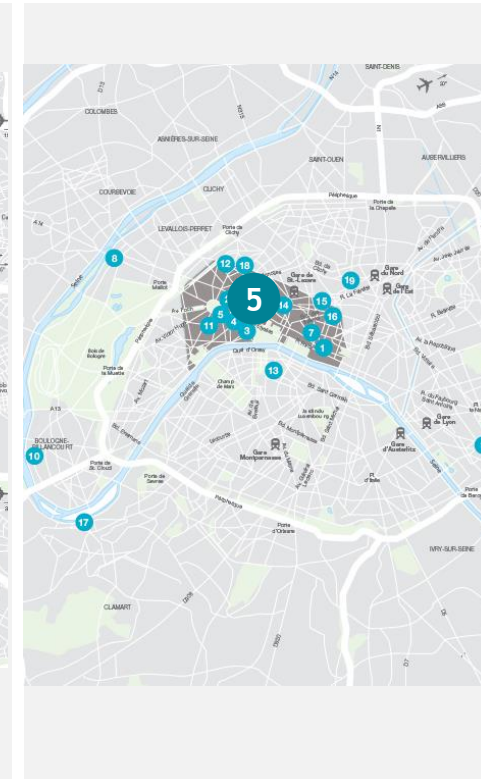
**BARCELONA**



**MADRID**



**PARIS**



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



**Assets located in city center with unique positioning in every segment**

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

**Parc Glories**

**PRIME FACTORY**



The Transaction	
Price	€45m
Capex	€32m
Total Investment <sup>1</sup>	€77m
GLA <sup>2</sup>	24,551 sq m
Capital value <sup>3</sup>	€2,991/sqm
The Opportunity	
Yield on Cost	>7%
Ungeared IRR	>9%

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

**José Abascal**

**“CORE” INVESTMENT**



The Transaction	
Price <sup>1</sup>	€34.5m
GLA <sup>2</sup>	5,326 sq m
Capital value <sup>3</sup>	€5,971/sqm
The Opportunity	
Potential Yield	4 -5%
Ungeared IRR	>6%

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

**Serrano, 73**

**“CORE” INVESTMENT**



The Transaction	
Price <sup>1</sup>	€48m
GLA <sup>2</sup>	4,242 sqm
Capital value <sup>3</sup>	€11,315/sqm
Office Cap value <sup>3</sup>	€8,713/sqm
The Opportunity	
Initial Yield	4%
Ungeared IRR	6%

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

**Santa Hortensia, 26-28**

**CORE + VALUE ADDED**



The Transaction	
Price <sup>1</sup>	€154m
GLA <sup>2</sup>	46,928 sqm
Capital value <sup>3</sup>	2,878€/sqm
The Opportunity	
Initial Yield	6.2%
Ungeared IRR	>7%

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

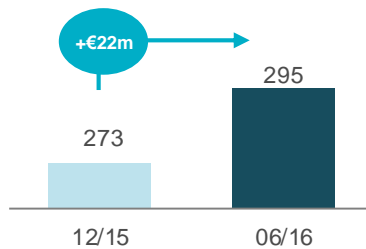
(1) Excluding transfer costs  
(2) Surface above ground  
(3) Excluding parking spaces

**Portfolio with significant cash flow and value to be unlocked**

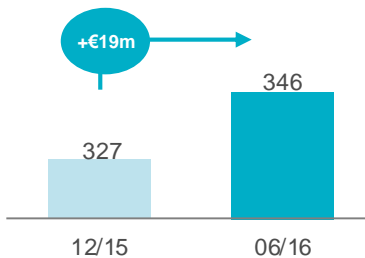
- > Significant increase of passing rents in 6 months
- > Significant increase of reversionary potential from current portfolio
- > Additional future growth potential through rental cycle, value added strategies and acquisitions

**IMPROVEMENT OF GROWTH PROFILE**

PASSING GROSS RENTAL INCOME<sup>1</sup> - €M

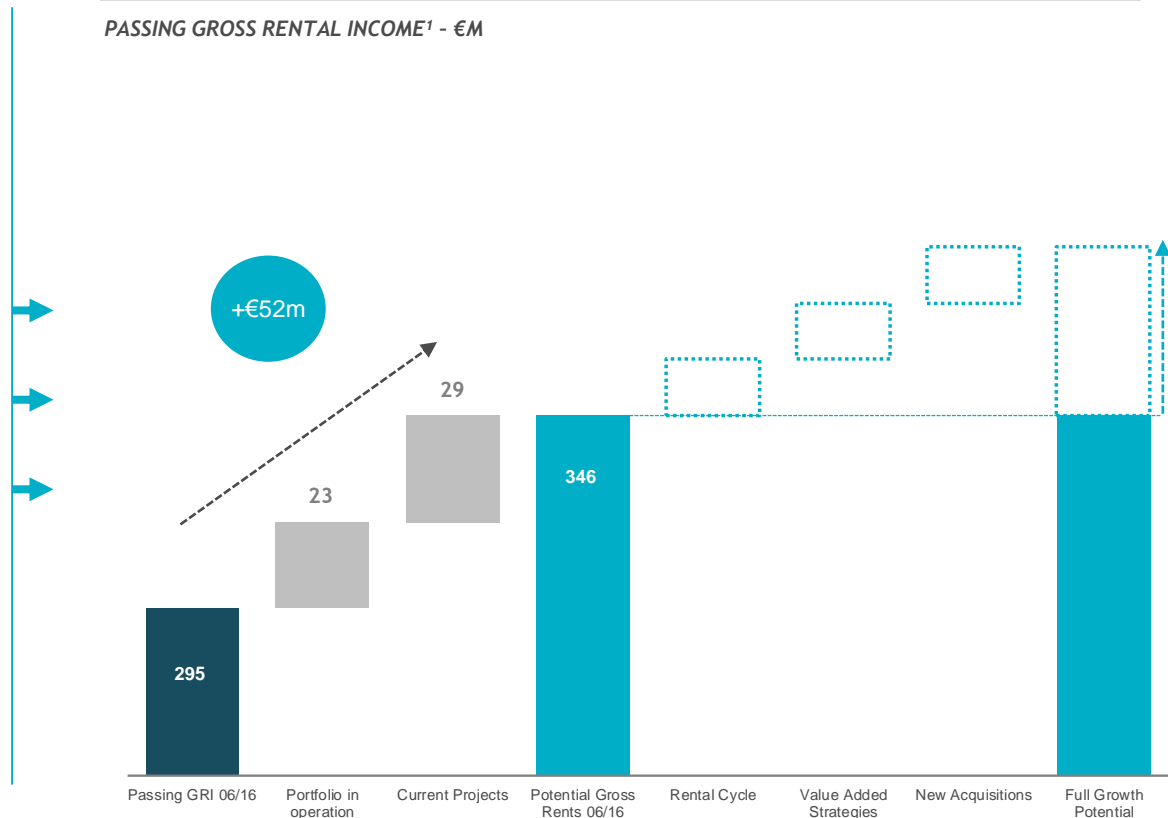


POTENTIAL GROSS RENTS<sup>1</sup> - €m



**STRONG BASE FOR POSITIVE MOMENTUM**

PASSING GROSS RENTAL INCOME<sup>1</sup> - €M



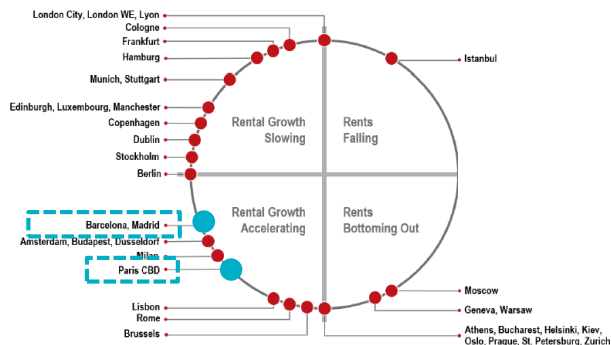
<sup>1</sup> Topped-up Gross Rental Income

## Colonial's positioning in rental cycle looks good

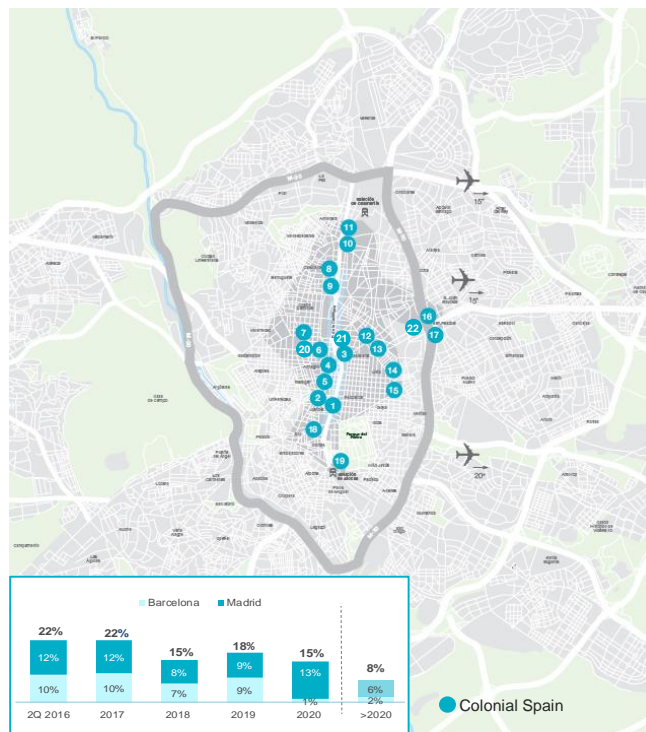
### Colonial well positioned to capture rental growth

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

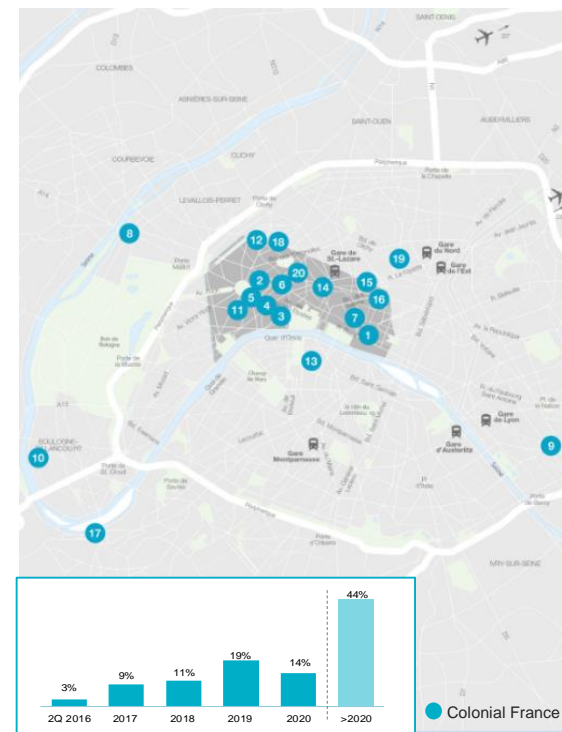
#### EUROPEAN PROPERTY CLOCK – JLLS<sup>(1)</sup>



#### MADRID



#### PARIS



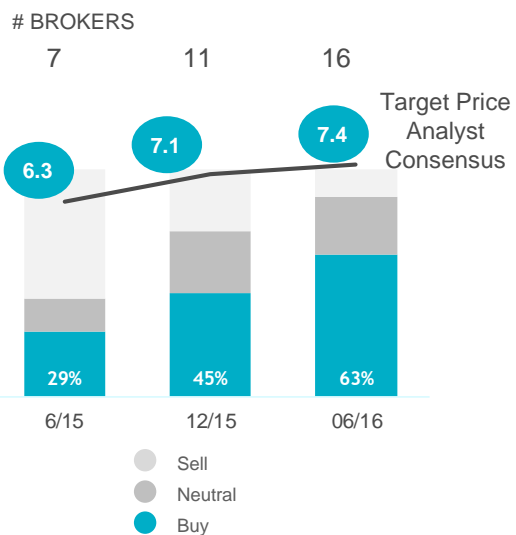
(1) Source: JLLS

Strong share Price performance

Resilient share price performance in volatile capital markets

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

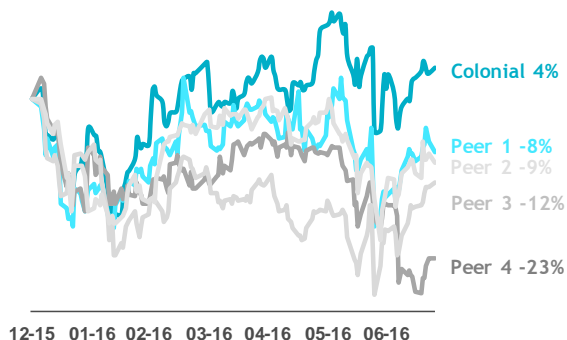
ANALYST COVERAGE



4 Brokers identify Colonial as “Top Pick”

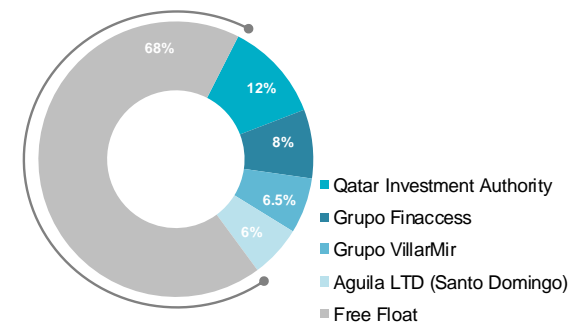
Maximum target Price **8.9€/share**

COLONIAL VERSUS PEERS SPAIN

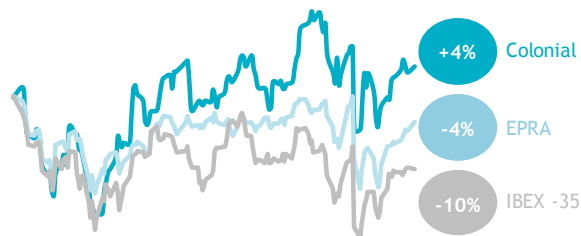


HIGH QUALITY SHAREHOLDER STRUCTURE AND GOOD LIQUIDITY

Free Float



COLONIAL VERSUS BENCHMARKS



Market Cap €2.4bn

Free float €1.6bn

Free float 68%









### COLONIAL SETS THE BENCHMARK IN OFFICES

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

### CONFIDENT OUTLOOK

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

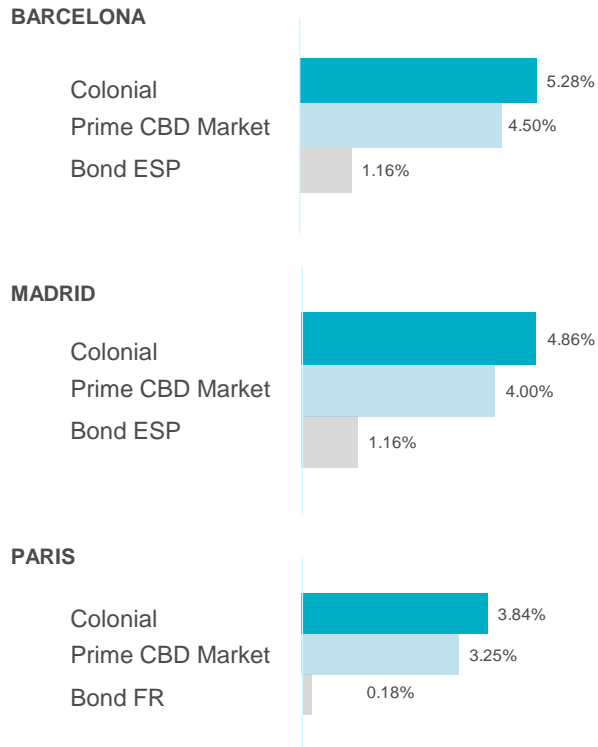




## Gross Asset Values – main 6/2016 valuation KPIs

- > Colonial valuation yields still above market levels
- > Prudent capital values ratio offer very attractive entry price levels

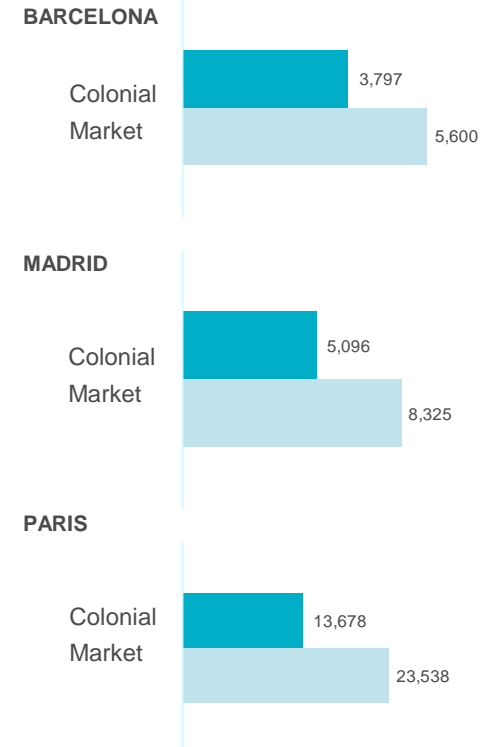
### VALUATION YIELDS <sup>1</sup>



Market data Source: JLL & Bloomberg

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

### CAPITAL VALUE 06/2016 - €/sqm



Market data Source: JLL



Colonial



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

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