

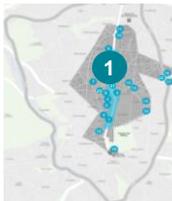
Strategy of Real Estate Value Creation

Colonial executes the Alpha II project with an investment volume of close to €400 million

- Completion of the acquisitions of two office buildings in Barcelona, one in Madrid and one in Paris
- Creation of a prime site in the Castellana, for a total capital value below €4,700 €/m²
- Acquisition of the Bertelsmann headquarters in the Barcelona CBD
- A real estate bet on growth with a unique project in Plaza Europa, Barcelona
- Creation of one of the largest prime office complexes in Paris South

Barcelona, 6 February 2017

Colonial started the year 2017 with the execution of Project Alpha II, which includes the acquisition of four assets. Three development projects, one in each of the markets where the Group is present: Barcelona, Madrid and Paris. In addition, Colonial has acquired the Spanish headquarters of the Bertelsmann Group located in the CBD of Barcelona.

MADRID		1 Paseo de la Castellana, 163 Madrid Prime CBD		Value Added – Prime factory GLA: 10,910 sq m	Total Investment ¹ : €51m
	BARCELONA		2 Travessera de Gracia, 47-49 Barcelona Prime CBD		Core with value added potential GLA: 8,939 sq m
PARIS			3 Plaza Europa, 46-48 Barcelona Plaza Europa		Value Added – Prime factory GLA: 14,000 sq m
			4 112-122 Av. Emile Zola Paris South Center		Value Added – Prime factory GLA: 20,340 sq m

¹ Acquisition price + total project capex

Castellana, 163

Office building of 11,000 sq m above ground located at Castellana, 163 in the middle of the financial centre in Madrid. It is a multi-tenant building with high value creation potential through the transformation into a top quality Colonial product. The acquisition was carried through an off-market transaction and the total investment volume is €51 million including the capex for future works.

Travessera de Gracia, 47-49

An 8,939 sq m building above ground located in the CBD in Barcelona with floors of more than 1,000 sq m, a high demanded feature for companies. The asset hosts the Spanish headquarters of the Bertelsmann Group and its subsidiaries with a 5-year contract. This acquisition increases Colonial's market share in the prime area of Barcelona with a building of unique characteristics. The total investment amounts to €41 million.

Plaza Europa, 46-48

Colonial is strengthening its position in Plaza Europa, one of the most developing business areas in Barcelona in recent years, with a new project to build a 14,000 sq m 21-storey building. The asset has been sourced off-market, and the total investment amounts to €32 million which corresponds to a finished product price of €2,200/sq m. This project will be developed through a Joint Venture with Inmo, Real Estate subsidiary of the Puig family, the land owner, and whose current corporate headquarters is located in the adjacent plot.

112-122 Avenue Emile Zola

Building acquired in a prime location at 112-122 Avenue Emile Zola, in the centre of the 15 district in Paris ("15 arrondissement"). The building has a surface area of approximately 21,000 sq m, and was built in 1966 on a plot of 6,300 sq m with green areas that offer a wide range of options. The Colonial Group will restructure the building to transform it into one of the largest office complexes in the south of Paris. The total amount of the investment including the budget for future works is approximately €250 million.

Project Alpha II has been executed in the framework of Colonial's annual volume of €300-400 million for property acquisition and enables the incorporation of 55,000 sq m above ground to the portfolio of the Group.

All of the acquired assets offer a substantial real estate value creation potential based on: 1) the property transformation of the buildings into top quality assets, and 2) the locations in market segments with solid fundamentals. This positioning will enable the capture of the growth in the rental cycle with a price positioning at the high of the range.

These acquisitions were acquired in very attractive terms, proving the Colonial Group's capacity to identify and capture opportunities of real estate value creation.

"In an environment of strong investor appetite, this transaction consolidates our industrial strategy and allows us to offer a substantial real estate value creation potential above market average, which translates into an increased profit for our shareholders", states Juan José Brugera, Colonial's chairman.



"The information included in this document should be read together with all of the public information available, particularly the Company's website www.inmocolonial.com."

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