

*Colonial*

# INVESTOR DAY

BCN

20  
10  
2015

**COLONIAL - CORPORATE PRESENTATION**

*Mr. Pere Viñolas*

*Colonial CEO*

*Colonial*



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### Group Key Portfolio Metrics<sup>(1)</sup>

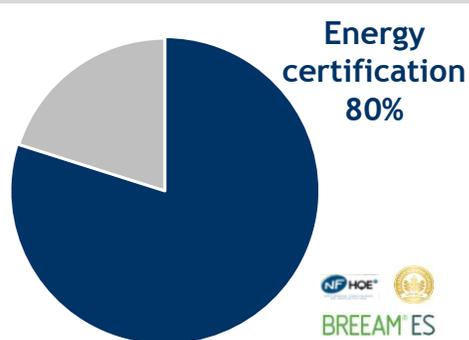
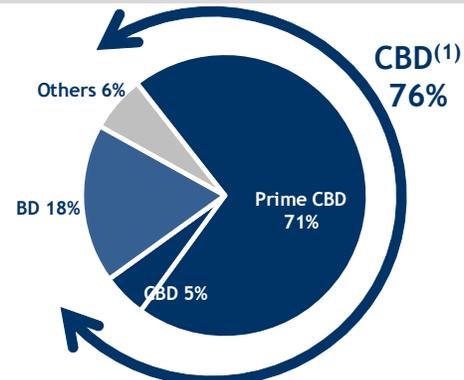
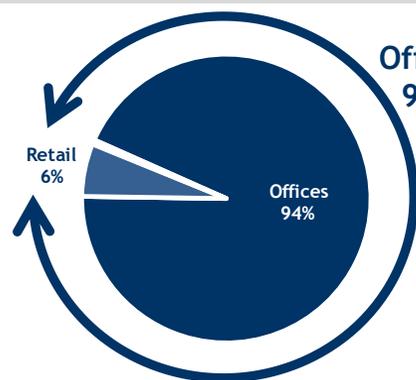
Group GAV 06/2015	€6.4 bn <sup>(1)</sup>	+13% LFL <sup>(2)</sup>
# of assets	35 Spain <sup>(1)</sup> 20 France	
Surface Above Ground	757,048 sq m <sup>(1)</sup>	
EPRA Occupancy Offices 06/2015	93% Proforma <sup>(4)</sup>	

### Capital Structure Metrics<sup>(1)</sup>

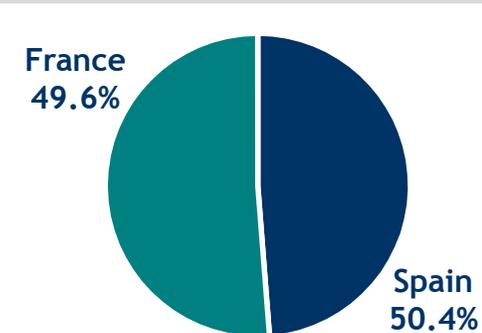
Market Capitalization <sup>(3)</sup> / Net Profit 1H15	€2.0 bn	€202 m
EPRA NAV 06/2015 (cents €/share)	54.5 cents €/share	+21% <sup>(2)</sup>
Group LTV 06/2015	42%	
Investment Grade Rating	BBB- (Stable outlook) by S&P	

### Business Mix<sup>(1)</sup>

#### GAV GROUP



#### GAV HOLDING



## Leading European Prime Office Platform

(1) Figures as of June 2015 incl. acquisitions of Principe de Vergara, 112 and Genova, 17 formalised in July 2015 ; (2) Year on Year like for like growth as of June 2015 ; (3) As of 13 October, 2015 ; (4) Includes new contract signed on the In&Out building, which will enter into operation in September 2015

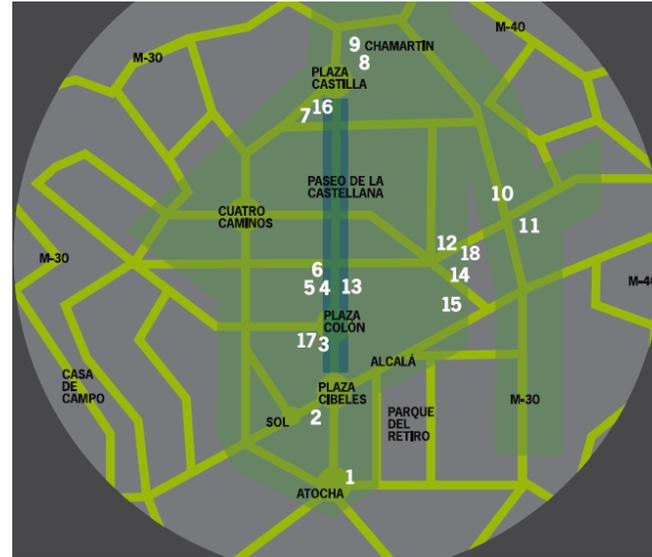
# Colonial Investor Day - Corporate Presentation

## Exclusive High Quality Pure-Play Prime Office Portfolio

BARCELONA



MADRID



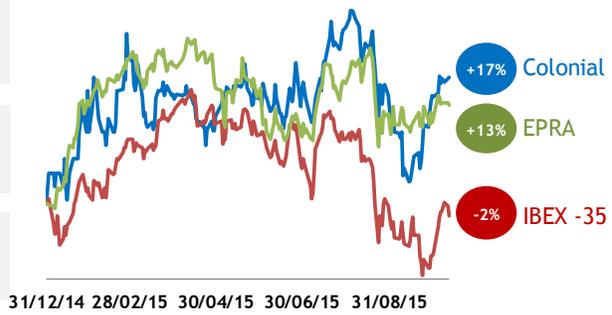
PARIS



High Quality Assets Located in Prime Areas with Strong Tenant Base

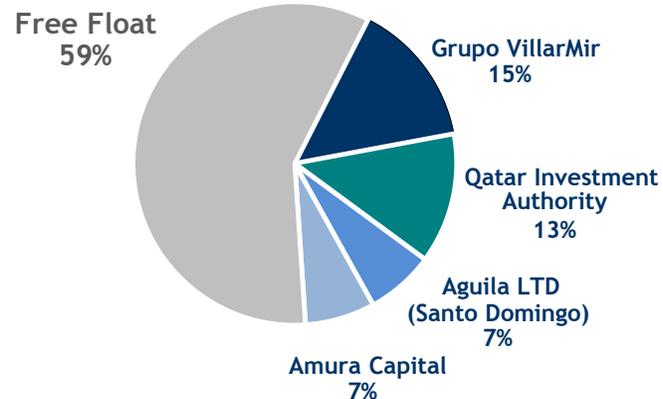
## Share price performance YTD

Market Capitalization <sup>(1)</sup>	€2,041 m
Free Float <sup>(1)</sup>	€1,195 m
Av. Daily Trading Volume 30 days	€9.9 m



(1) As of 13 October, 2015

## High quality shareholder structure



(\*) According to reports in the CNMV and notifications received by the company

## First class financial structure

### High Credit Credentials

SPAIN	BBB- with stable outlook (by S&P)
FRANCE	BBB with stable outlook (by S&P)

### Optimal Financial Structure



**First ever and only Spanish property company to be rated Investment Grade, setting a new benchmark in the sector**

(1) Data as of June 2015  
 (2) Proforma spot ratios as of September 2015

# Colonial Investor Day - Corporate Presentation

## First Half Results showed strong performance

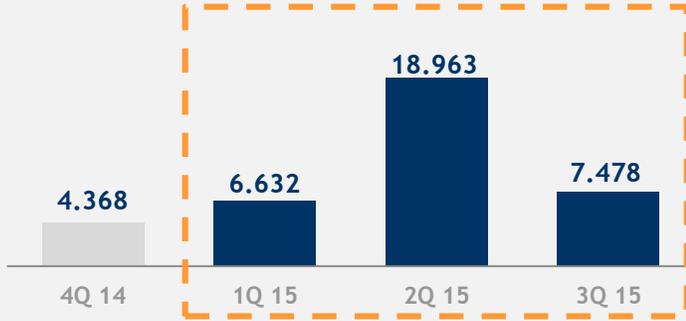
- Strong operating performance in all markets: Barcelona, Madrid & Paris
- Prime positioning & Active Property Management enable superior performance
- Very attractive shareholder return with a low risk profile & high quality collateral

	1H 2015	Variance 12 months	Variance 6 months
Gross Asset Value	€6.4bn <sup>(1)</sup>	+13% LFL	+8% LFL
CBD Exposure	76% <sup>(1)</sup>		
EPRA NAV (cts.€/share)	54.5 cts €/sh.	+21%	+14%
EPRA Occupancy - Offices	86%	+233 bps	+134 bps
EPRA Proforma Occupancy - Offices <sup>(2)</sup>	93%	+935 bps	+835 bps
Gross Rents	€111m	+5% LFL	
Recurring EBITDA	€80m	+6% LFL	
Recurring Net Profit	€11m	+39%	
Net Profit <sup>(3)</sup>	€202m	+€347m <sup>(3)</sup>	
Acquisitions & Portfolio Repositioning	€241m	➔ Acquisitions 100% CBD	

(1) Figures as of June 2015 including acquisitions of Principe de Vergara and Genova formalised in July 2015; (2) Includes new contract signed on the In&Out building, which will enter into operation in September 2015; (3) Before discontinued operations divested in 2014

Letting activity with very strong momentum in all markets

## Barcelona > 33,000 sq m let



- ✓ More than 7,400 sq m let in 3<sup>rd</sup> 3Q15
- ✓ More than 33,000 sq m let YTD
- ✓ Outstanding performance of 2<sup>nd</sup> quarter 15
- ✓ More than 57 contracts signed

- ERVs start to increase slightly in the best located Prime CBD Assets
- Maximum rental levels signed at 18-19 €/sqm/month

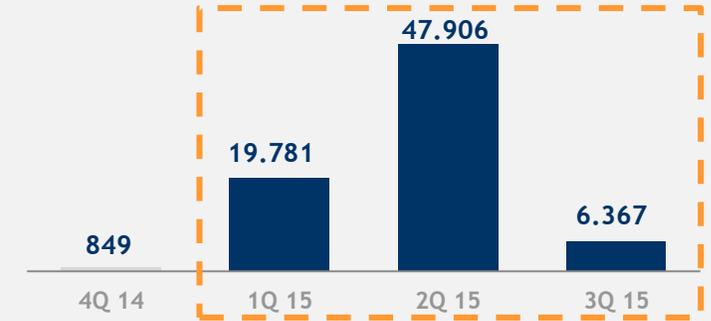
## Madrid > 22,300 sq m let



- ✓ More than 7,800 sq m let in 3Q15
- ✓ More than 22,000 sq m let YTD
- ✓ Proven performance of prime locations

- ERVs start to increase in the best located Prime CBD Assets
- Maximum rental levels signed at 26 €/sqm/month

## Paris > 74,000 sq m let



- ✓ More than 74,000 sq m let YTD
- ✓ Year 2015 with record volume of lettings
- ✓ Biggest transaction in the entire Paris market → 35,000 sq m IN/OUT

- Huge ERV uplift in repositioned Prime CBD assets
- Outstanding maximum rental levels signed: 780 €/sqm/year

First Class Property Management ensures strong momentum in capturing high quality demand

Av. Diagonal, 409



52% →  
97% let

2,305sqm  
let

Av. Diagonal, 530



88% →  
100% let

1,148sqm  
let

López de Hoyos, 35



73% →  
93% let

1,381sqm  
let

#Cloud



43% (1)  
pre let

14,435sqm  
let

Trav. Gracia / Amigó



0% →  
37% let

2,635sqm  
let

Av. Diagonal, 609-615



73% →  
84% let

3,547sqm  
let

Alfonso XII, 62



86% →  
97% let

1,880sqm  
let

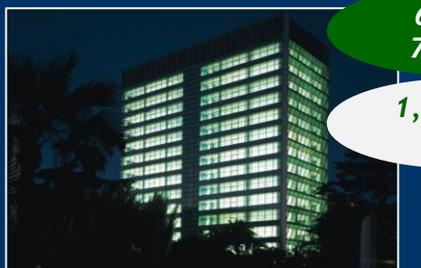
In/Out



0% →  
100% let

32,614sqm  
let

Av. Diagonal, 682



63% →  
78% let

1,288sqm  
let

Jose Abascal



72% →  
92% let

2,599sqm  
let

Le Vaisseau



100%  
pre let

6,026sqm  
let

131 Wagram



100% let

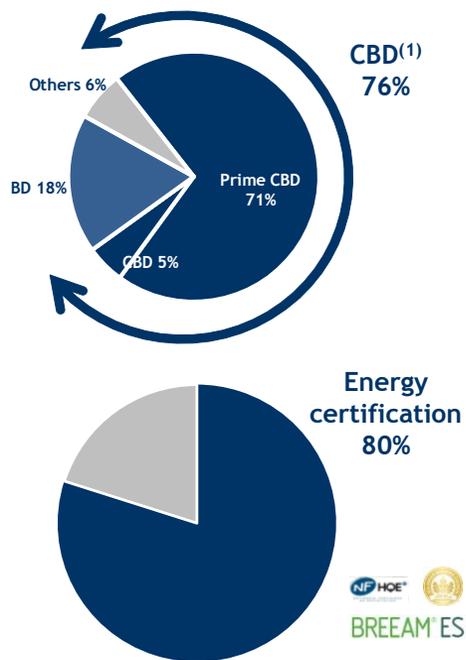
7,549sqm  
let

(1) Occupancy ratio of surface above ground. Total occupancy including GLA below ground is 50%

Superior performance in letting activity based on:

- Prime positioning - Scarce high quality product in CBD locations
- Leading edge Property & Asset Management Capabilities

### Group GAV breakdown



(1) Figures as of June 2015 incl. acquisitions of Principe de Vergara and Genova formalised in July 2015  
Source: Colonial and CBRE

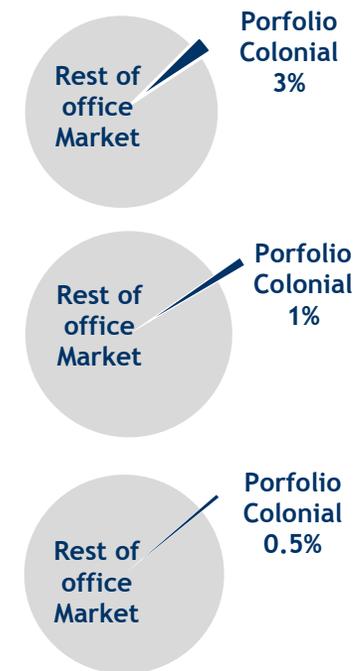
### Colonial vs. Market

BARCELONA  
MADRID  
PARIS

#### “Take up” share 1H 2015



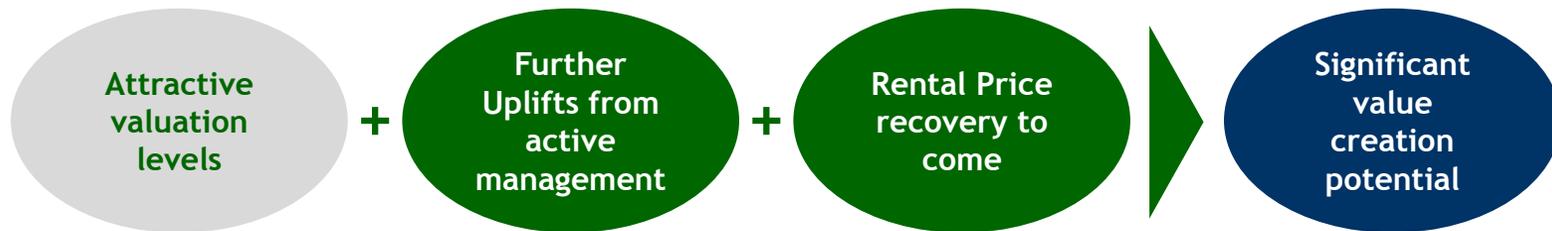
#### Share of the total office stock



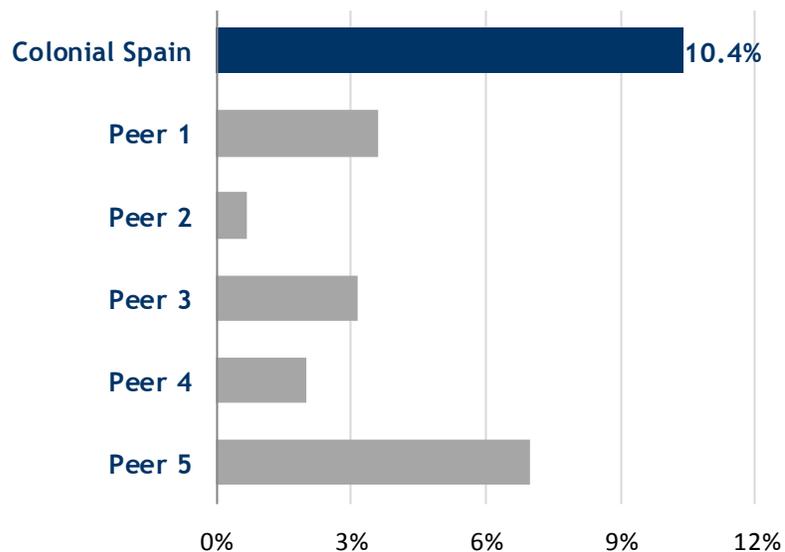
## Superior value creation

- GAV growth clearly above peers
- Unlocking value through
  - ✓ Prime CBD positioning
  - ✓ Active Asset & Property Management

## Significant future value creation potential

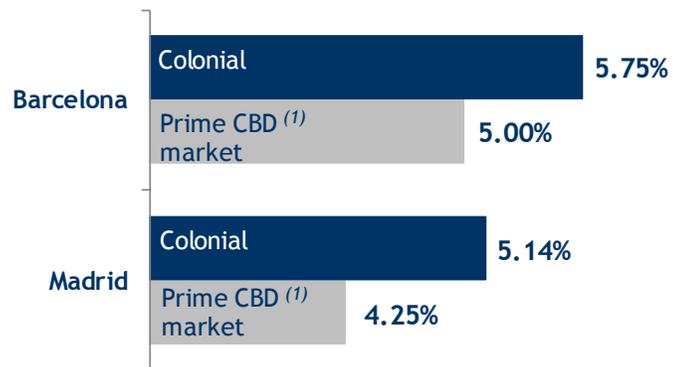


GAV 06/2015 (growth like for like 6 months)



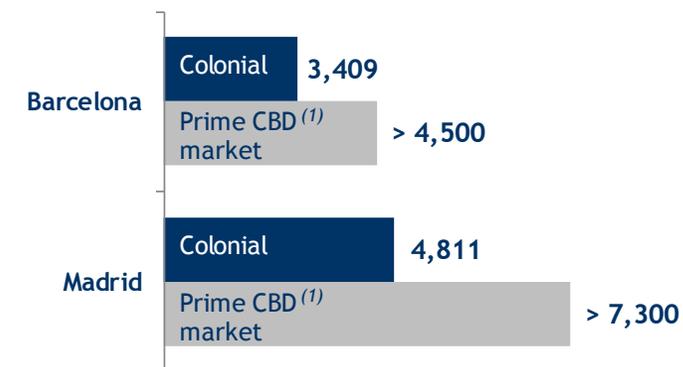
Estimate Colonial based on public information peers

Valuation Yields 06/2015

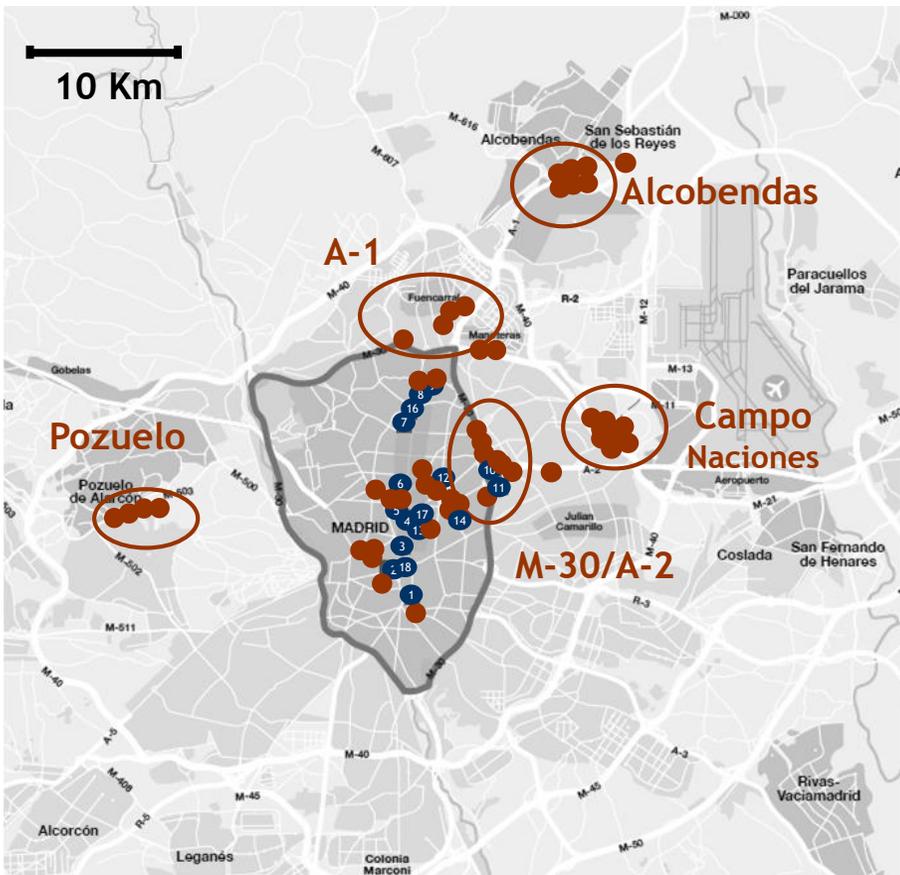


(1) Source: JLL

Capital Values 06/2015 (€/sq m)



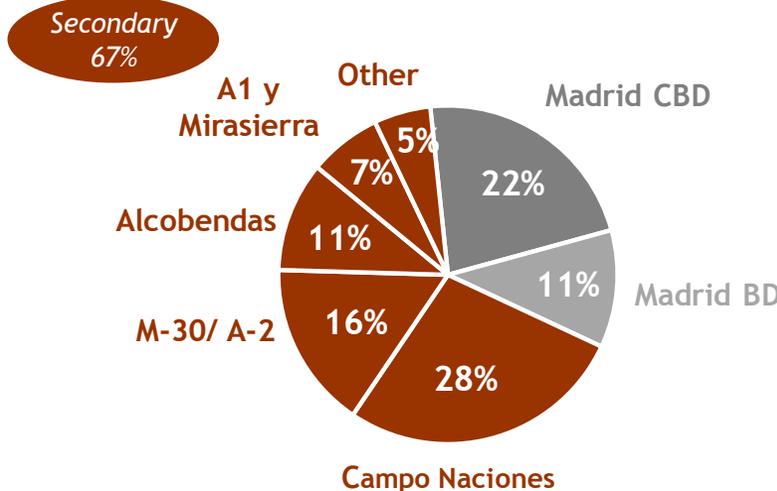
## MADRID



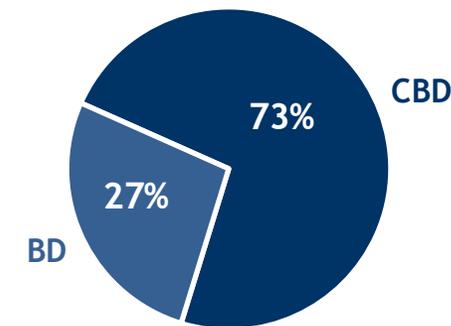
● Portfolio Colonial ● Portfolio Peers

(1) Estimate Colonial based on public information peers

## Peers - GAV Investments (1)



## Colonial - GAV Madrid



## Market Data - 12/2014 (\*)

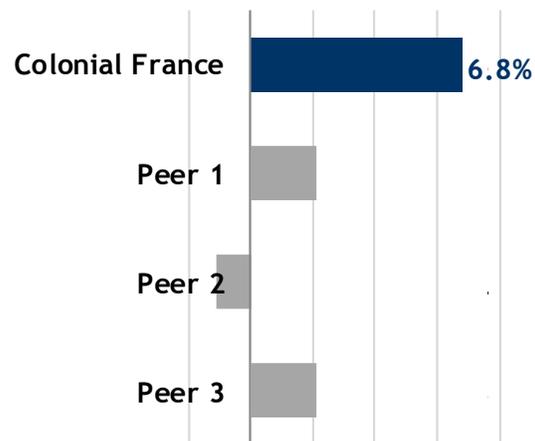
	Vacancy - %	Yield - %	€/ sq m
Alcobendas	20%	6,25%	1.700
A-2/M-30	18%	6,25%	2.200
Campo Naciones	12%	6,00%	2.500
Madrid CBD	9%	5,00%	6.100
Colonial Madrid 6/2015	7%	5,14%	4.811

(\*) Source: JLL

### Superior value creation

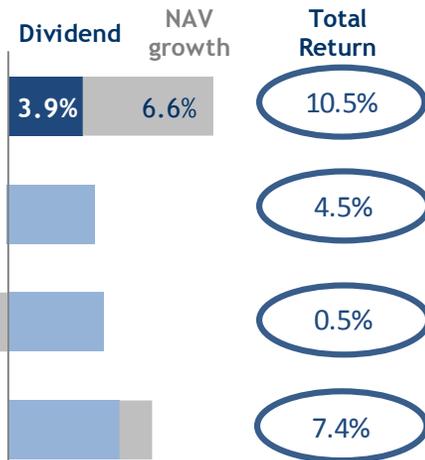
#### GAV 06/2015

Growth 6 months



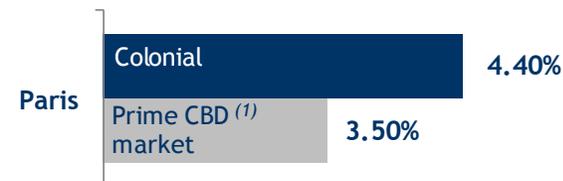
-2% 0% 2% 4% 6% 8%  
Estimate Colonial based on peers public information

#### Sustained superior shareholder return

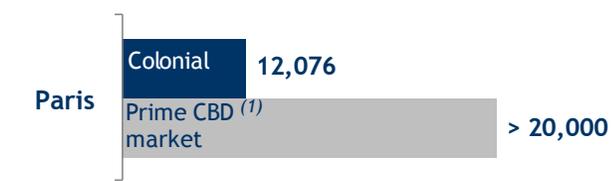


### Significant future value creation potential

#### Valuation Yields 06/2015



#### Capital Values 06/2015 (€/sq m)



(1) Source: JLL

#### Solid track record of value creation through active management

- SIIC de Paris Deal
- Mandarin Oriental transaction
- 12 Boulevard des Capucines transaction
- Repositioning Ozone/ 90 Champs Elysees/ #Cloud

Selected Transaction	Surface	Price	Buyer	Seller	€/sq m
Ville L'Evêque	5.848	119	CNP	Hermès	20.349
61 Rue Monceau	6.655	112	Dassault	Pembroke	17.280
L'Astorg	13.100	220	Aviva	Orion	16.794
Siege de Sanofi	21.000	337	Igis Asset Management	Kanam	16.048
Rue de Marignan 23	12.500	200	DTZ investors & CNP	Invesco	16.000

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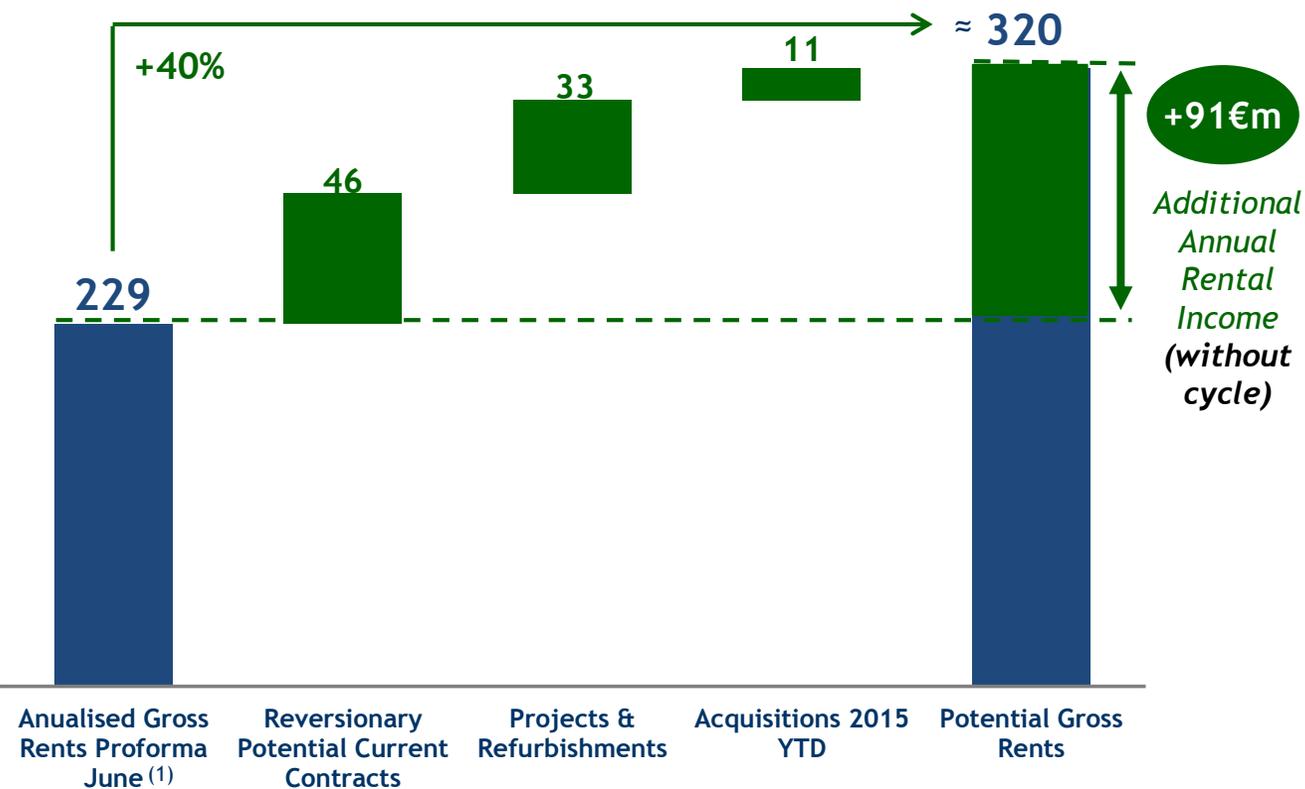
## Drivers of Value Creation

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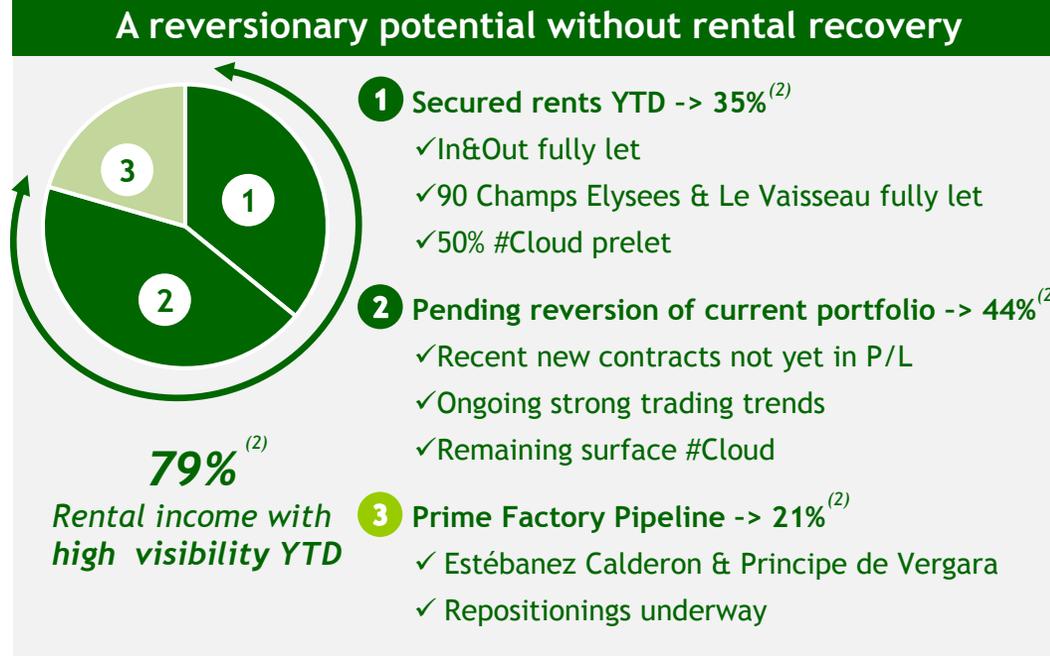
Significant value & cash flow to be unlocked from current portfolio

### Gross Rents - Reversionary Potential - €m

Reversionary potential without rental cycle recovery



(1) Gross rents as of June excluding acquisitions of 2015 YTD



**Significant additional upside from recovery of Spanish rental cycle**

(2) Proforma estimate as of September based on reversionary potential as of June

Unique repositioning to capture maximum value creation potential based on solid track record

	Investments 2016-19		Main Actions	Unlevered Target IRR
Barcelona & Madrid	>50 €m Capex Spain		Estébanez Calderón Príncipe de Vergara Portfolio optimisation	9% - 10%
Paris	>120 €m Capex France		Louvre des Antiquaires Washington Plaza Edouard VII	7% - 8%
All Markets	Additional studies underway		Assets with repositioning opportunities	Case specific

# Colonial Investor Day - Corporate Presentation

## Drivers for future value creation - New Acquisitions

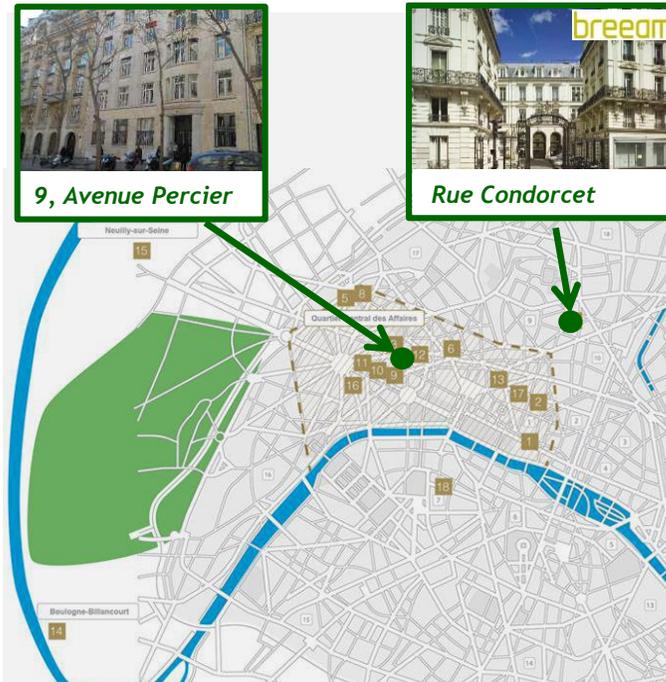
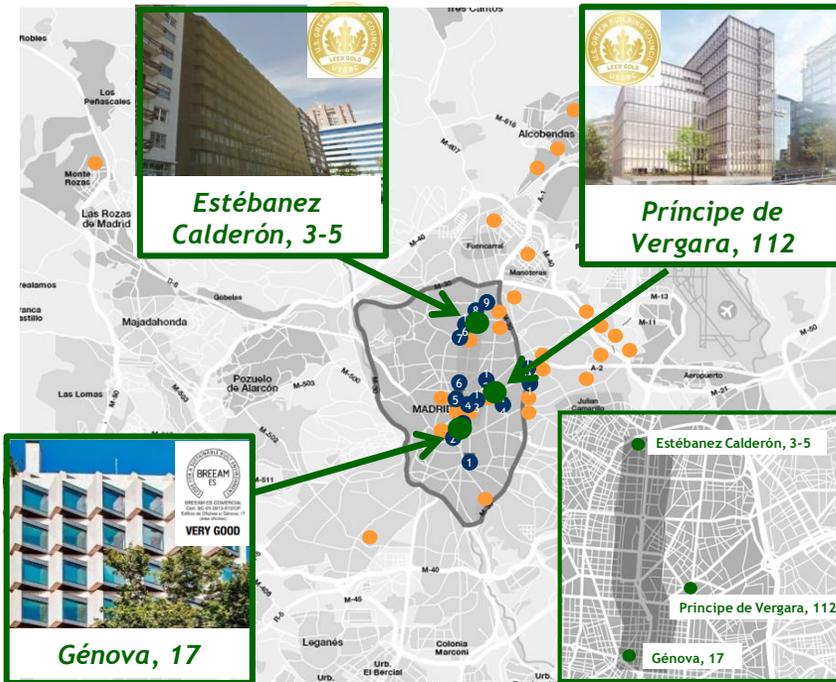
Creative Prime Factory approach creating unique high quality CBD products through off market transactions

Selective Investment approach - 405€m<sup>(1)</sup> Acquisitions

Investments Targets - 5 Years

MADRID - 3 acquisitions

PARIS - 2 acquisitions



Target

1,500 €m  
New acquisitions

Pipeline

> 1,000 €m  
Currently Under Analysis

Portfolio Management

Active Asset Allocation  
Maximizing Value Creation

BARCELONA - 1 acquisition (Plaza Europa)

(1) Acquisition prices including transfer costs

I Enhancement of Cash Flow	II Value creation & growth	III Capital structure
<p>1. Progressive increase of Gross Rental Income</p> <ul style="list-style-type: none"> <li>✓ Full impact of positive trading trends</li> <li>✓ Reversionary potential current portfolio</li> </ul>	<p>1. Prime factory potential current portfolio</p> <ul style="list-style-type: none"> <li>✓ Unlocking uplifts in rents &amp; value</li> <li>✓ Identify unique opportunities through creative Prime Factory approach</li> </ul>	<p>1. Further improvement of credit credentials</p> <ul style="list-style-type: none"> <li>✓ Significant enhancement of cash flow profile</li> </ul>
<p>2. Margin improvements (GRI / NRI)</p> <ul style="list-style-type: none"> <li>✓ Ongoing vacancy reduction</li> <li>✓ Permanent portfolio optimization / repositioning</li> </ul>	<p>2. New acquisitions</p> <ul style="list-style-type: none"> <li>✓ Ambitious investment plan</li> <li>✓ Superior returns through selective Prime Factory Approach</li> </ul>	<ul style="list-style-type: none"> <li>✓ Continuous improvement of collateral through selective Prime Factory Approach</li> </ul>
<p>3. Cost efficiencies in SG&amp;A</p> <ul style="list-style-type: none"> <li>✓ Benefits from Economies of scale</li> </ul>	<p>3. Active Asset Allocation</p>	<p>2. Optimization of financial structure and costs as ongoing process</p> <p>3. Benefits &amp; competitive advantage from €4bn tax shield</p>

*Best positioned platform to capture recovery in the Spanish Office Cycle*  
*Superior operating performance through “scarcity play” - prime office positioning*

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