Colonial

First half results January – June 2016
27 July 2016

Most Improved Annual Report
FINANCIAL REPORTING

EPRA BPR GOLD
FINANCIAL REPORTING

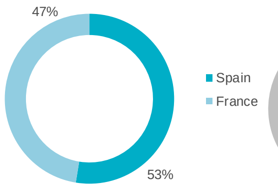
At the close of the first half of 2016, the EPRA NAV of the Colonial Group amounted to €6.8/share(*), an increase of 25% vs. the previous year (+10% in 6 months)

- Recurring net profit: €31m, +183% vs. the previous year
- Group net profit: €230m, +13% vs. previous year
- Gross rental income: €137m, +23% vs. the previous year, +10% like-for-like
- Group Recurring EBITDA: €109m, +36% vs. the previous year, +18% like-for-like
- Gross Asset Value of the Colonial Group: €7,556m, +13% like-for-like vs. the previous year (+5% like-for-like in 6 months)

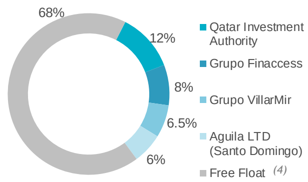
Capital Structure - 30/06/2016

GAV Parent Company (€m) [1]	3,753
EPRA NAV [2] - €m	2,425
EPRA NAV [2] - €/share (*)	6.8
Prem./Disc. NAV (31/12/15)	-4%
Group LTV [3]	39.9%
Rating S&P	BBB- stable outlook

Valuation - by market (Parent)



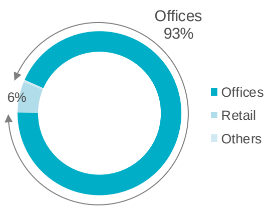
Shareholder structure Colonial



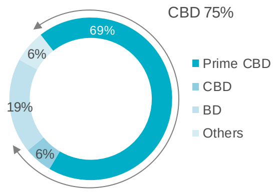
Portfolio - 30/06/2016

GAV Group (€m)	**7,556**
No. of assets Spain	40
No. of assets France	20
Total no of assets [5]	**60**
Lettable surface above ground	758,629
Developments underway - surf. above ground [6]	93,224
Surface above ground (sqm)	**851,853**

Valuation - by uses



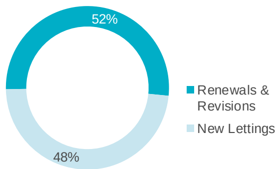
Valuation - by area



Key performance indicators - 30/06/2016

	Total	Barcelona	Madrid	Paris
New contracts	**31,213**	13,563	4,389	13,261
Renewals & revisions	**33,587**	23,329	3,962	6,296
Total commercial effort (sq m)	**64,800**	36,892	8,351	19,557
EPRA Office occupancy [7]	**96%**	94%	97%	97%
EPRA Total occupancy [7]	**97%**	94%	97%	97%
Rental revenues (€m)	**137**	15	20	102
% Like-for-like	*9.9%*	*13.2%*	*4.5%*	*10.5%*

Breakdown letting performance



Key Financial indicators - 30/06/2016 - €m

	2016	**2015**	**Var.**	**Var. LFL**
Gross rental income (GRI)	137	111	23%	10%
EBITDA rents	125	96	30%	15%
EBITDA/GRI	91%	87%	5 pp	-
EBITDA recurring business	109	80	36%	18%
Recurring Net Profit [8]	31	11	183%	-
Net result attributable to the Group	230	202	13%	-

[1] GAV Parent Company: Value of assets directly-held + NAV of the 55% stake in the SPV Torre Marenostrum + NAV of the stake in SFL
[2] EPRA NAV according to the calculation recommended by EPRA
[3] Net debt Group excluding committed cash 06-2016 /GAV Group (incl. Transfer costs) 06-2016
[4] Free float: shareholders with minority stakes and without representation in the Board of Directors
[5] Excluding small non-core assets
[6] Projects & refurbishments
[7] EPRA occupancy: Financial occupancy according to the calculation recommended by EPRA (occupied surfaces x the market prices/surfaces in operation at market prices)
[8] Recurring Net Profit= Epra Earnings - post company-specific adjustments

(*) Figure adjusted by the number of shares post reverse split
Some figures per share in this document have been adjusted with respect to the number of shares resulting from the reverse split carried out on 26/07/2016

Highlights

1H Results 2016

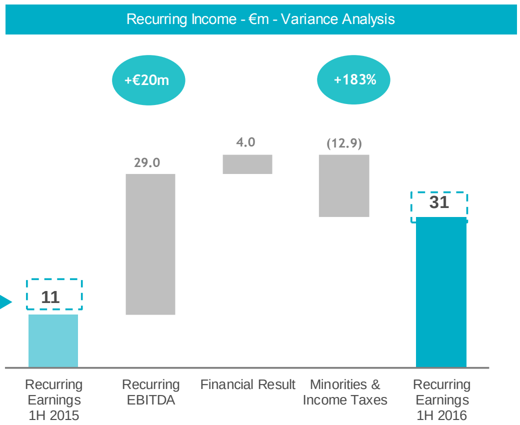
The first half results of 2016 reflect the successful execution of the Colonial Group's growth strategy based on an approach of industrial value creation combined with an asset class specialization in prime offices in the Barcelona, Madrid and Paris markets.

The recurring net profit of the Colonial Group amounted to €31m at the close of the first half of 2016, €20m higher than in the same period of the previous year, resulting in an increase of 183%.

Profit & Loss Accounts

Results analysis - €m	1H 2016	1H 2015
Gross Rents	137	111
Net operating expenses[1]	(10)	(14)
Overheads	(17)	(17)
Recurring EBITDA	109	80
Recurring financial result	(40)	(44)
Income tax expense & others - recurring	(6)	(5)
Minority interests - recurring	(32)	(20)
Recurring Earnings	31	11
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)
Profit attributable to the Group	230	202

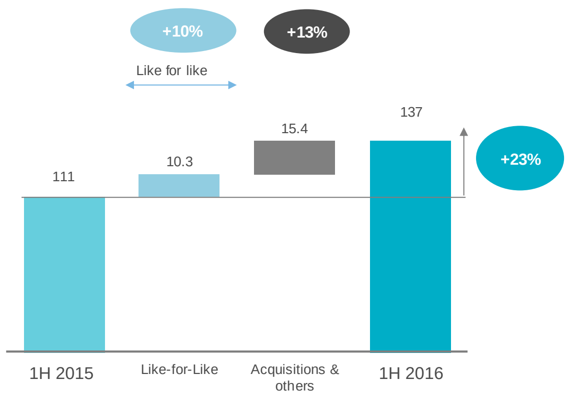
(1) Includes other income



In particular, the Colonial Group achieved a 23% growth in gross rental income. This increase is mainly due to the following aspects:

1. A 10% revenue increase in like-for-like terms, based on the prime portfolio's capacity to attract tenants, which has improved occupancy by 829 bp in 12 months.
2. In addition, a 13% increase in gross rental income has been achieved through the successful delivery of Prime Factory projects and new acquisitions.

Gross Rental Income - €m



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

The growth in gross rental income has enabled the Group to achieve an increase of 36% in the recurring EBITDA which, together with an improvement in financial costs, resulted in an increase in the net recurring earnings of 183%.

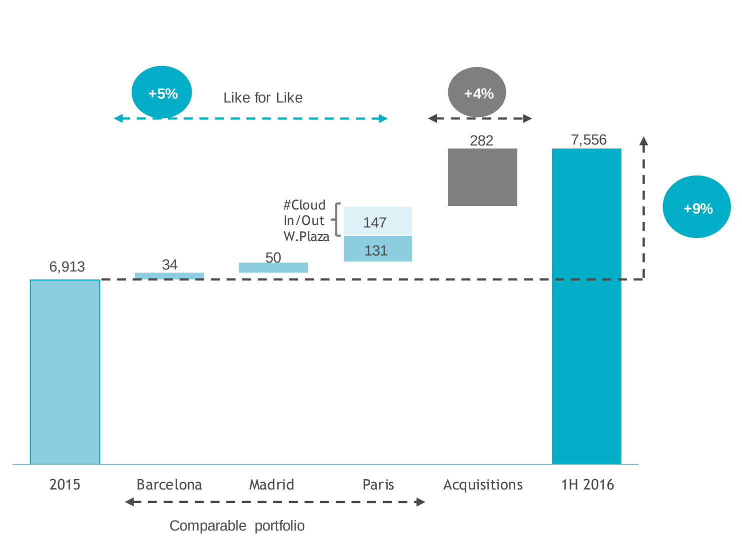
This increase in gross rental income was obtained in all three markets in which Colonial operates, highlighting the significant growth in the Barcelona portfolio. At the same time, the Madrid and especially the Paris portfolio have also achieved very solid like-for-like growth.

Colonial's prime portfolio, combined with an industrial real estate management approach, offers sustainable growth with above average returns.

The net profit attributable to the Group amounts to €230m, 13% higher than the previous year.

Colonial`s Group Gross Asset Value amounted to €7,556m at the close of the first half of 2016, resulting in an increase of 5% like-for-like in 6 months (+13% like-for-like in 12 months).

Variance Analysis - Value 6 months - €m



GAV VARIANCE

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

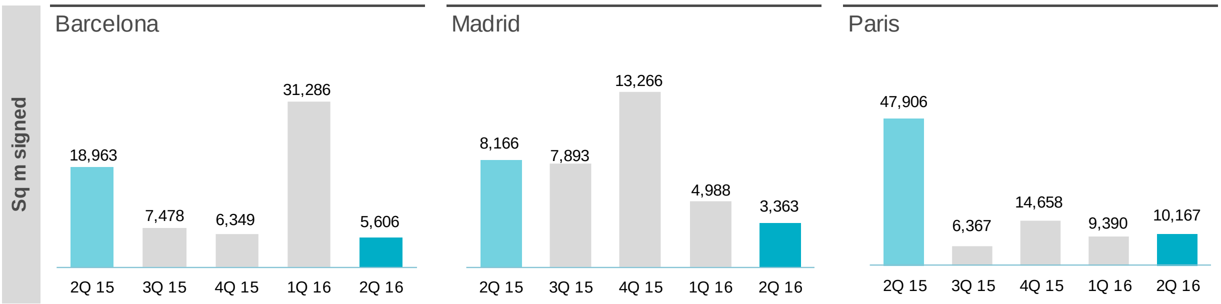
The assets in Spain increased by 5% like-for-like in the last 6 months (10.8% in 12 months), mainly due to a combination of property repositionings and increases in occupancy that have led to improved yields and rental income. By city, the portfolios in Madrid and Barcelona increased by 5% like-for-like in 6 months, respectively (Barcelona +11.1% like-for-like in 12 months and Madrid +10.9% like for like in 12 months).

The portfolio in France increased 5.3% like-for-like in 6 months (14.2% in 12 months). This increase in value is a consequence of the progressive repositioning of the property portfolio with positive impacts on rents and yields in the context of an investment market with a strong interest in prime offices in Paris.

Highlights of the rental portfolio – Trading Trends

Letting activity – Commercial effort

During the first half of 2016, the Colonial Group signed rental contracts on 64,800 sq m. It is also important to highlight that the company has already achieved 75% of its entire of 2016 annual letting target volume.



In Spain, more than 45,000 sq m were signed during these six months, corresponding to 34 contracts. Worth highlighting are almost 37,000 sq m signed in Barcelona, specifically the renewal of more than 22,000 sq m for Gas Natural on the Torre Marenostrum building, as well as the signing of more than 4,000 sq m on the Avinguda Diagonal 609-615 building (DAU), among others.

In Madrid, of special mention is the renewal of 2,700 sq m on the Recoletos 37-41 building for a pharmaceutical company.

In Paris, almost 3,000 sq m were signed on the #Cloud property with a cosmetics company, reaching 100% occupancy. Additionally, 5,200 sq m were signed on the Washington Plaza building with Lagardère Ressources.

The table below shows the properties with the highest volume of letting activity:

Main actions

	Building	Tenants	Surface (sq m)
BARCELONA	Torre Marenostrum	Gas Natural	22,394
	Diagonal, 609-615 (Dau/Prisma)	Grant Thornton, Caixabank & others	4,144
	Sant Cugat	Business Service for Information, Accenture & IPB	3,058
	Travessera, 11	Multinational Consulting Firm & others	1,620
	Berlín, 38-48 / Numancia, 46	Multinational Consulting Firm	1,509
	Ausias March, 148-150	Laboratory Group	1,370
MADRID	Recoletos, 37-41	Pharmaceutical Company	2,693
	Agustín de Foxá, 29	Medpace Spain, Rosendo Mila & others	1,794
	Alfonso XII	Groupon & otros	1,388
PARIS	Washington Plaza	Lagardère Ressources, Indeed France & others	7,662
	#Cloud	Cosmetics & Fragance Group	2,990
	Cezanne Saint-Honoré	Real Estate Company & others	2,014
	103 Grenelle	Portfolio Management & others	1,613

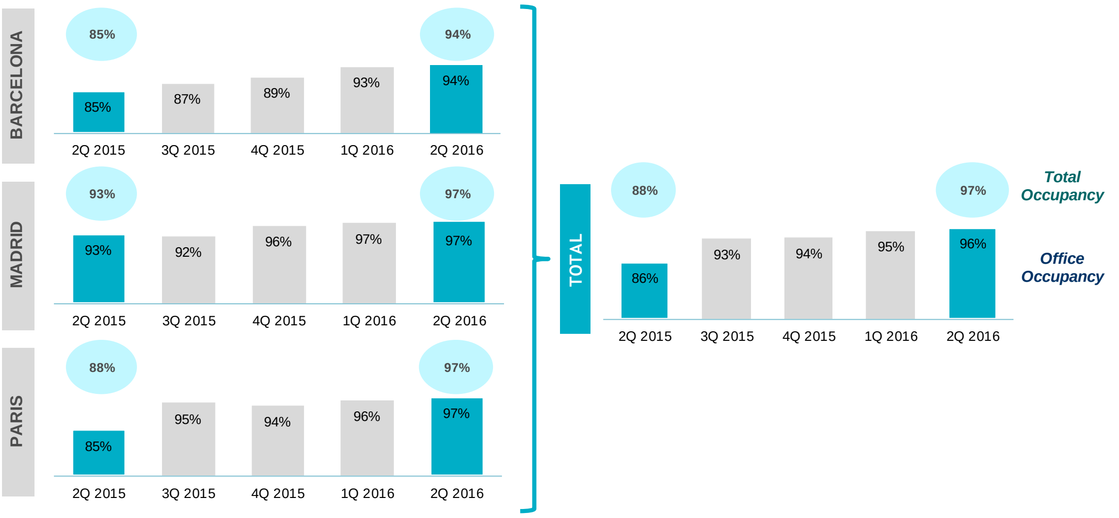
Occupancy

The high volume of new lettings during the first half of 2016 has resulted in a significant increase in occupancy. At the close of the first half of 2016, **the Colonial Group's EPRA financial occupancy for the total portfolio** reached **97%,** +829 basis points vs. the previous year (+91 basis points in one quarter).

The following chart shows the evolution of the EPRA financial occupancy of the portfolio.

EPRA FINANCIAL OCCUPANCY(1)

Office & Total Occupancy – Evolution of Colonial's Portfolio



*(1) **EPRA financial occupancy**: financial occupancy according to the calculation recommended by EPRA (occupied surfaces multiplied by the market prices/surfaces in operation at market prices).*

In **Barcelona**, the EPRA financial occupancy of the office portfolio increased 932 bp compared to the same period of the previous year, reaching a ratio of 94%.

In **Madrid**, the financial occupancy of the office portfolio was 97%, which is 458 bp above the same period of the previous year.

In **Paris**, the financial occupancy of the office portfolio increased by 1,110 bp in twelve months, reaching a ratio of 97%.

Consequently, **the EPRA financial occupancy of the office portfolio of the Group reached 96%**, a substantial improvement compared to the previous year.

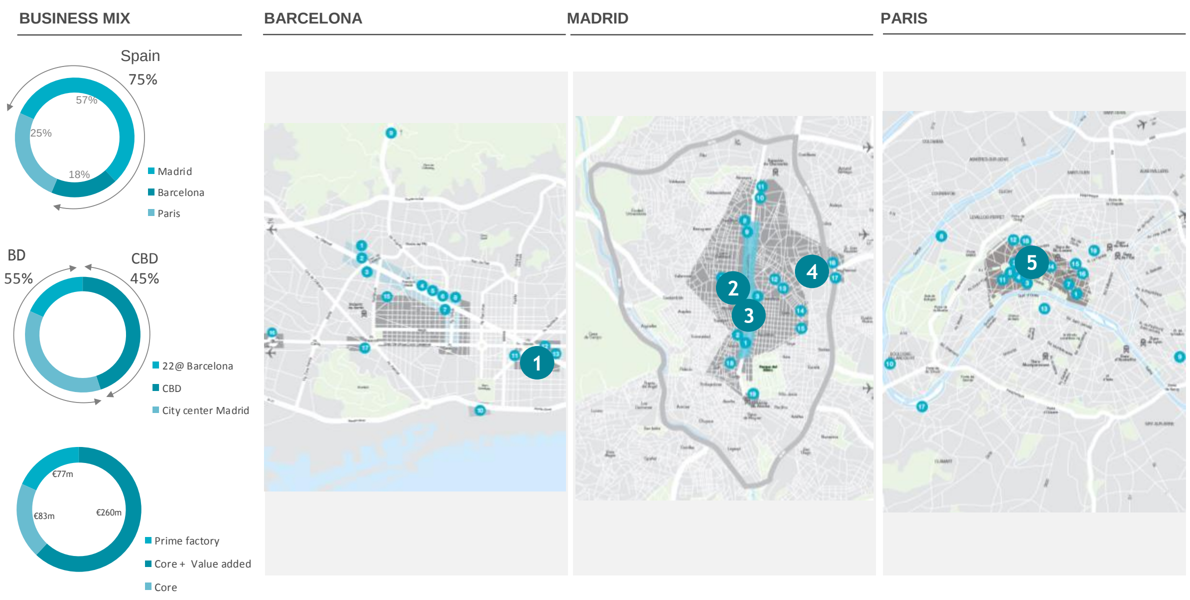
Acquisitions 2016 – Alpha Project

In the first half of 2016, the Colonial Group has successfully executed Project Alpha which involved the acquisition of 4 buildings in Spain (3 in Madrid and 1 in Barcelona) and 4.4% stake in SFL. The total volume of the acquisitions amounts to more than €400m.

These acquisitions have accelerated the growth plan of the Colonial Group in accretive terms and in particular have led to:

1. A substantial increase in the portfolio in Spain, increasing the GAV in this market by more than 20%
2. A greater exposure to the Paris CBD
3. The issue of new shares, increasing the value of the equity by more than €265m
4. The incorporation of Grupo Finaccess, prestigious international investor, as a long-term reference shareholder
5. The execution of an accretive transaction in EPS and NAV/share from day one
6. The improvement of the credit profile of the Colonial Group

Project Alpha has enabled the Group to acquire maximum quality products with a unique positioning in its markets. All of the acquisitions have been sourced through “off-market” transactions at very attractive acquisition prices.



The Project Alpha acquisitions represent an interesting mix of core investments (assets that generate cash from day one) and Prime Factory projects with high real estate value creation potential.

BARCELONA	**PRIME FACTORY**		**1 Parc Glories Project** Barcelona 22@ Area	**SBA: 24,551 sq m**	**Price: €77m[1]** **Cash**
MADRID	**"CORE" INVESTMENT**		**2 José Abascal** Madrid Prime CBD	**SBA: 5,326 sq m**	**Price: €35m** **Cash**
			**3 Serrano 73** Madrid Prime CBD	**SBA: 4,242 sq m**	**Price: €48m** **New Col. shares**
	CORE + VALUE ADDED		**4 Sede Corporativa – Sta Hortensia 26-28** Madrid BD	**SBA: 46,928 sq m**	**Price: €154m** **New Col. shares**
PARIS	**CORE + VALUE ADDED**		**5 4.4% stake in SFL** Paris		**Price: €106m** **New Col. shares + Cash**

(1) Includes capex of full development of the project

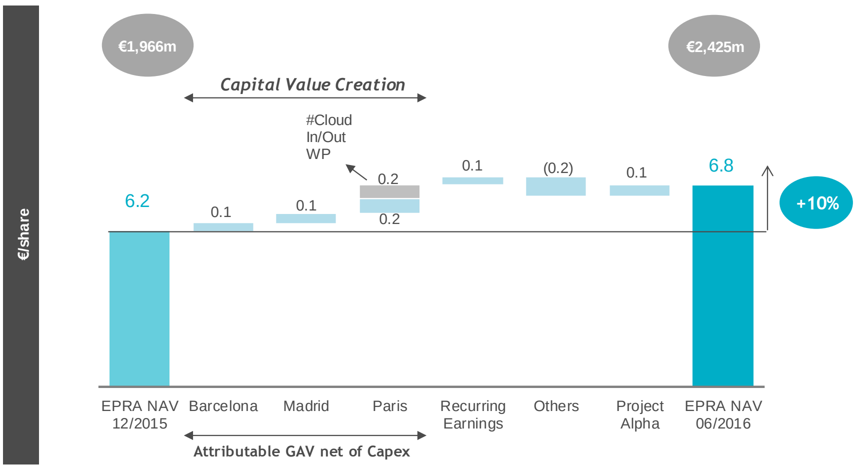
All prices excluding transfer costs

Capital structure & shareholder value

Total Shareholder Return and capital structure

At the close of the first half of 2016, the EPRA NAV of the Colonial Group amounted to €6.8[1] per share, an increase of 10% in 6 months and a 25% increase in a year

EPRA NAV Colonial



Total Shareholder Return (2)

(1) *NAV at 30/06/16 applying the number of shares of 357 million, number of shares after execution of the reverse split that was implemented on 26/07/2016*

(2) *Total return understood as NAV growth + dividends*

The annual total shareholder return of 25%, is among the highest in the sector in Europe and Spain, was obtained thanks to:

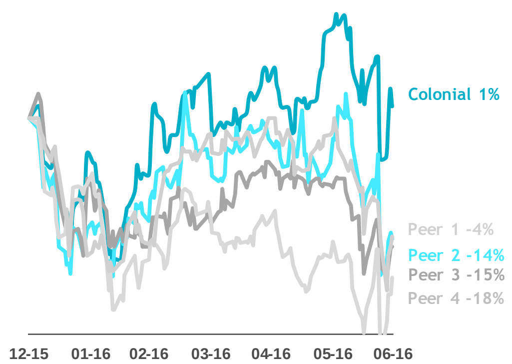
1. An approach of asset class specialization in offices that permits superior real estate value creation through repositioning and "Prime Factory" initiatives
2. A unique positioning of the asset portfolio with prime products in the most central areas of the cities
3. An investment market that prioritizes prime assets, especially at times of increased market volatility
4. The successful execution of Project Alpha in accretive terms

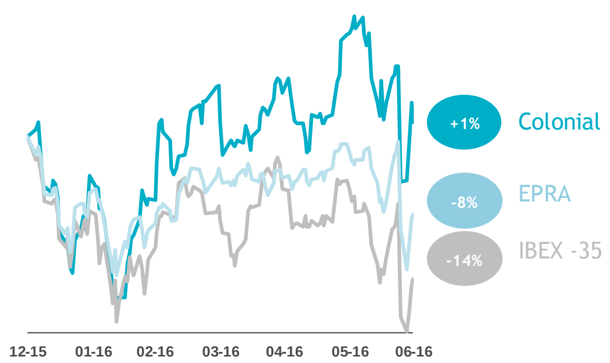
It is important to highlight that this return has been obtained maintaining a solid capital structure with an LTV under 40% and an investment grade credit rating.

Following the close of the first half of 2016, Colonial paid a dividend of €47.8m. This is the first dividend paid by Colonial since the beginning of the crisis.

Share price performance

The year 2016 is characterized by increased volatility in the capital markets, especially since the Brexit vote.
In this environment, Colonial shares have clearly outperformed those of its peers as well as reference indices like the IBEX and the EPRA index.





As at 10 June 2016, one of Colonial's shareholders executed an accelerated book build of Colonial shares for a volume of €134m which was subscribed by 67 top tier institutional investors at a price of €0.67/share (€6.7/share post reverse split)(*). This fact, as well as the share price performance, shows that the capital markets clearly support Colonial's growth strategy.

In addition, during the year the analyst coverage has significantly increased, with 63% of the analysts giving a "buy" recommendation. The target price of the analysts' consensus is €7.4/share(*), with maximum prices above €8.5/share(*).

(*) Figure adjusted by number of shares after the reverse split implemented on 26/07/2016

Contents

1. Analysis of the Profit and Loss Account

Analysis of the Consolidated Profit and Loss Account

June cumulative - €m	2016	2015	Var.	Var. % [1]
Rental revenues	137	111	26	23%
Net operating expenses [2]	(12)	(15)	3	22%
EBITDA rents	125	96	29	30%
Other income	1	1	1	62%
Overheads	(17)	(17)	(1)	(3%)
EBITDA recurring business	109	80	29	36%
EBITDA - asset sales	0	0	0	-
Exceptional items	(0)	(2)	(2)	73%
Operating profit before revaluation, amortizations and provisions and interests	109	79	30	38%
Change in fair value of assets	357	350	7	2%
Amortizations & provisions	(5)	(2)	(3)	(112%)
Financial results	(42)	(74)	31	42%
Profit before taxes & minorities	419	353	66	19%
Income tax	(16)	(30)	14	47%
Minority Interests	(173)	(120)	(53)	(44%)
Profit attributable to the Group	230	202	27	13%

Results analysis - €m	2016	2015	Var.	Var. % [1]
Rental revenues	137	111	26	23%
Net operating expenses [2] & other income	(10)	(14)	4	27%
Overheads	(17)	(17)	(1)	(3%)
Recurring EBITDA	109	80	29	36%
Recurring financial result	(40)	(44)	4	9%
Income tax expense & others - recurring result	(6)	(5)	(1)	(13%)
Minority interest - recurring result	(32)	(20)	(12)	(62%)
Recurring net profit - post company-specific adjustments [3]	31	11	20	183%
EPRA Earnings - pre company-specific adjustments [4]	31	9	21	226%
Profit attributable to the Group	230	202	27	13%

(1) Sign according to the profit impact

(2) Invoiceable costs net of invoiced costs + non invoiceable operating costs

(3) Recurring net profit = EPRA Earnings - post company-specific adjustments.

(4) EPRA Earnings = Recurring net profit pre company-specific adjustments

For details on the reconciliation between the recurring results and the total results, see Appendix 6.1.

- The rental revenues of the Colonial Group reached €137m at the close of the first half of 2016, 23% higher than the same period of the previous year.
  This increase is mainly due to a 10% growth in like-for-like rental income, and an increase of 13% based on the successful delivery of Prime Factory projects and new acquisitions.

- The recurring EBITDA of the Group reached €109m, 36% higher than the same period of the previous year.

- Therefore, the operating profit before the net revaluations, amortizations, provisions and interests was €109m at the close of the first half, 38% higher than the amount reached in the same period of the previous year.

- The impact on the profit and loss account due to the revaluation of the property investments reached €357m. This revaluation, which was registered in France and Spain, is the result of the like-for-like increase of 5% in the appraisal values of the assets in 6 months.

- The net financial results amounted to €(42)m, 42% lower than the same period of the previous year. The recurring financial results of the Group amounted to €(40)m, 9% lower than the same period of the previous year.
  This savings is mainly due to the reduction in financial costs primarily generated by the cancellation of Colonial's old syndicate loan and bond issue, as well as the "Liability Management" transaction carried out by SFL in the last quarter of 2015.
  The non-recurring financial results amount to €(2)m and correspond to the variance in the fair value of financial instruments.

- The result before taxes and minority interests at the close of the first half of 2016 amounted to €419m, 19% higher than that reached during the same period of the previous year, mainly as a result of the impact of the increase in gross rental income and asset value, as well as the reduction in financial expenses.

- Corporate tax amounted to €(16)m and mainly due to the registering of deferred taxes in relation to the asset revaluation in the first half of 2016.

- Finally, and after deducting the results attributed to the minority interests amounting to €(173)m, the result after taxes attributable to the Group amounted to €230m, an increase of 13% compared to the previous year.

2. Office markets

Macroeconomic context [1]

The main analysts forecast that **global economic growth** in 2016 will reach 3.2% (3.1% in 2015). In the main developed countries the business indicators published for 1Q 2016 have reinforced the scenario of stabilisation in growth, despite the instability generated by Brexit. In the bloc of emerging countries, the wave of negative surprises has eased, although there is still some concern over the possibility of a rise in interest rates by the Fed and a slowdown in the price recovery of raw materials. However, world growth recovery is supported by various factors, particularly the easing of the risk-off episode (periods where investors look to reduce risks), as well as a more accommodative monetary environment thanks to the measures announced by the ECB, communications from the Fed and the Bank of England and lastly the gradual rise in oil prices.

In the **Eurozone**, the European Commission maintains the scenario of a gradual recovery, with a growth forecast of 1.4% for 2016 and 1.3% for 2017 despite the political uncertainty caused by Brexit and the possible related negotiations. Likewise, the institution indicates that the ECB monetary accommodation measures are driving internal demand and investment, which are both key for greater economic growth. However, it warns of the fragility of the recovery, emphasizing the need to strengthen the reforms. The evolution in 1Q 2016 grew by 0.5% quarter-on-quarter, two percentage points more than the previous quarter and above the 2015 average. In addition, advanced indicators point to healthy growth during 2Q 2016, with an increase in inflation, supported by a gradual increase in oil prices and a limited impact of Brexit on the economies in the Eurozone.

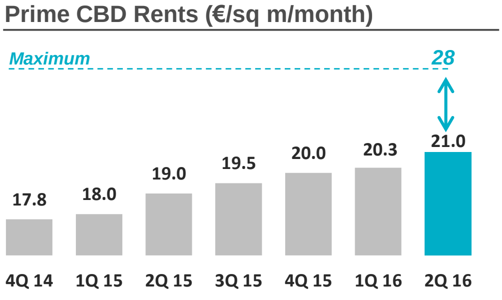
In the coming quarters the **Spanish economy** will continue with a notable GDP growth rate of +2.8%, positioning it above the European average. Maturing growth for 2016 is the result of the gradual disappearance of the tailwind effects that boosted growth in 2015, such as falling oil prices and the depreciation of the euro. It is also due to less support from fiscal policy, which is very unlikely to be as expansionary as in 2015 if the public debt targets are to be met. In short, there will be less growth but of higher quality. In particular, the acceleration of internal demand, investment and an improved employment market are the keys for sustained economic growth. So is the continued recovery in the real estate sector, the growth in bank loans and improved inflation expectations; three trends that mean the country is still making progress towards full economic normalization.

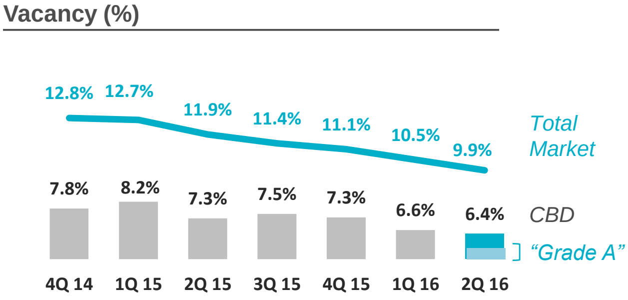
In France, the GDP growth is expected to accelerate up to 1.3% in 2016 vs 1.0% in 2015, thanks to an increase in internal demand and the positive performance of expectations outside of the EU.

(1) Source: "la Caixa" monthly report

Rental market situation - offices [1]

Barcelona – Rental Market





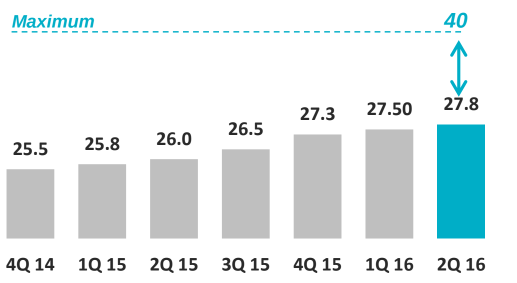
- In the second quarter of 2016, in Barcelona 77,000 sq m of offices were signed, 13% more than the first quarter of the year, maintaining solid take-up levels in accordance with the natural absorption of the Barcelona market. However, the accumulated take-up of offices in Barcelona in the first half of 2016 reached 145,000 sq m, 18% less than in the same period of the previous year. Almost 60% of the total take-up volume of offices in 2016 was in the city centre, 22% in new business districts and 19% in the periphery. The decrease in take-up in new business districts such as 22@ and Plaza Europa, is mainly due to the lack of office supply.

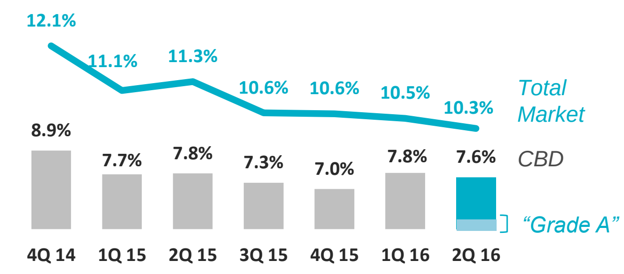
- The demand for office space in Barcelona remains strong and, continuing the trend of previous quarters, the average vacancy rate in Barcelona dropped 62 bp. For the first time since 2009 it was lower than the 10% barrier, specifically 9.9%. In particular, the Paseo de Gracia/Diagonal area already stands at 6.4%, almost 5 pp less than two years ago. The vacancy rate is expected to continue to decrease in Barcelona, especially due to solid take-up rates and the significant lack of supply in new offices. In this respect, during the second quarter of 2016, 16,000 sq m of offices entered into operation, relating to Pere IV 297 (rented just at the entry into operation) and La Rotonda. As the quarters progress the problem of a lack of office space in Barcelona will increase.

- In the second quarter of 2016, increases in the maximum rental levels of offices were registered, given the strong take-up levels combined with a lack of quality product. The maximum prime rental levels in the Paseo de Gracia/Diagonal area reached €21/sq m/month, a solid increase from 3.7% compared to the previous quarter and an impressive year-on-year variation of more than 10%.

(1) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield & CBRE

Madrid – Rental Market [(1)]





- The office take-up in Madrid continues to rise, surpassing the barrier of 100,000 sq m in the second quarter of 2016, which represents an increase of 4.8% compared to the take-up of the first quarter and contrasts with the 69,000 sq m of the same period of the previous year. Therefore, the total take-up during the first half of this year stood at 201,000 sq m.

- The number of transactions the first half of 2016 represents an increase of 20% year-on-year with 221 transactions compared to the 184 registered during the same period of the previous year. More than 75% of the transactions were for spaces under 1,000 sq m.

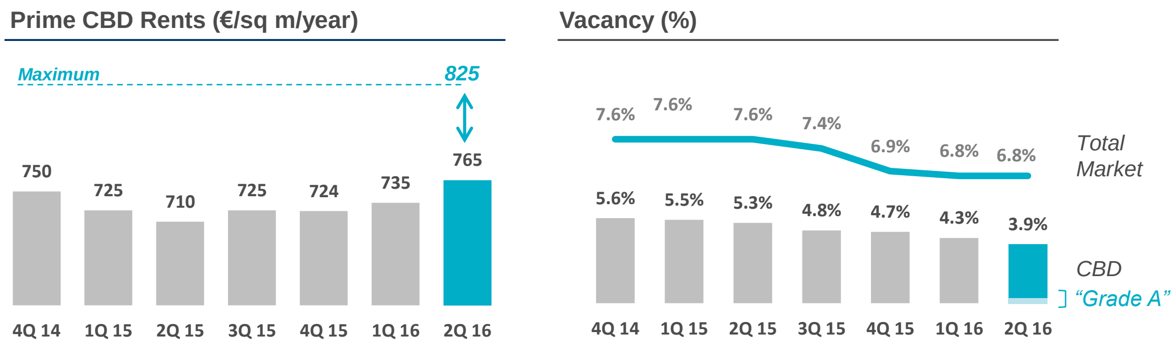
- The average vacancy rate in Madrid continues to decline, dropping 23 bp from 10.5% in the first quarter to 10.3% at the close of the second quarter of 2016.
  The sub-markets with a lower vacancy rate are the CBD and secondary markets, at 7.6% and 5.6%, respectively. The vacancy rate is expected to continue to decline in Madrid, due to a solid take-up rate.

- Prime rents continue their upward trend, reaching €27.75/sq m/month at the close of the second quarter of 2016, which represents a quarterly increase of almost 1% and a year-on-year variation of almost 7%.

  The scarcity of quality product continues to drive up maximum rents for those spaces with the best characteristics. The actual rents are increasing thanks to an increase in facial rents and the reduction in tenant incentives.

(1) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield & CBRE

Paris – Rental Market (1)



- Office take up in the Paris region (Ile-de-France) in the second quarter of the 2016 reached 614,000 sq m, with cumulative volumes of more than 1,100,000 sq m, resulting in an increase of 20% compared to the average over the last 10 years.

- The demand for rentals by large companies has been dynamic. The growth in large transactions can be observed in surface volume as well as in the number of transactions, with increases of 43% and 41%, respectively, compared to 2015. Additionally, 2016 is profiled as a year where there will be movements by companies in the press and media sectors which are carrying out reorganization processes.

- Availability of immediate stock has been slightly reabsorbed and stands at approximately 3.7 million sq m corresponding to a vacancy of 7%. The vacancy rate in the Paris CBD is at 3.9%.

- The prime rental prices in the CBD in the Paris market reached €765/sq m/year, registering important growth compared to the previous quarters and in particular with respect to the same period of 2015.

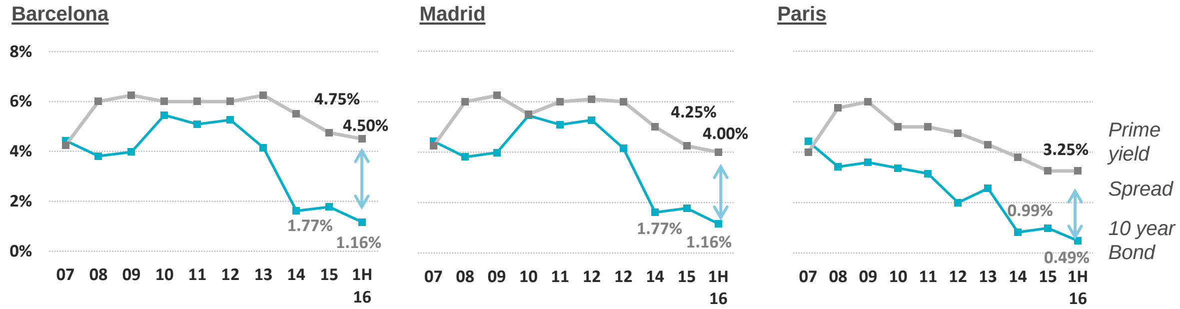
- It is particularly worth highlighting the important increase in the number of transactions that have been closed with facial rental levels above €750/sq m/year.

- On the other hand, a progressive decrease in incentives can be observed, especially in the CBD areas where incentives reach 17% (difference between facial rents and economic rents).

(1) *Sources: Reports by Jones Lang Lasalle, CBRE & BNP Paribas*

Investment market situation - offices

Prime Yields (1)



(1) Market consultants in Spain report gross yields and in France they report net yields (see definition in glossary in Appendix 6.10)

- **Barcelona & Madrid:** During the first half of 2016, there continues to be a strong interest in the office market, within increasing positive momentum on the back of economic recovery. In the second quarter 16 transactions were closed, for a total volume of €595m, representing an increase of more than 180% with respect to the €212m registered in the first quarter. Madrid made up 76% of the investment with €453m, whilst Barcelona accumulated an investment of €142m. However, the total investment volume in the office market during the first half as a whole (€808m) is 33% less than the same period of the previous year. This decrease is due to a lack of product in the market.

  Strong investment demand continues driving down yields, although in the second quarter of 2016 certain stabilisation was seen. In Barcelona the prime yields stood at 4.5% in Paseo de Gracia/Diagonal and in Madrid they stood at 4.0% for Prime CBD. In view of the lack of prime product with attractive yields, interest has been turned towards Value Added strategies and products.

- **Paris:** In the first half of 2016 the investment volume in the office market in France stood at €6,400m, a 11% year on year increase and 12% above the long term average. In the context of increased market volatility, investor demand for prime assets remains strong and advisors expect 2016 will close with investment volumes between €15,000m and €18,000m. Lack of product is compressing the yields of Core+ and Value Added assets. Prime yields remain at levels of 3.25%

It is important to highlight that in the three markets, the spread between the prime yields and the 10-year bonds remains high.

Sources: Reports by Jones Lang Lasalle, CBRE, BNP Paribas, Cushman & Wakefield

3. Business performance

Rental revenues and EBITDA of the portfolio

- Rental revenues reached **€137m, 23% higher than that achieved the previous year**.

  In **like-for-like terms**, adjusting for investments, disposals and variations in the project and refurbishment portfolio and other extraordinary items, **the rental revenues of the Group increased by 10% like-for-like.**

  In **Paris, the rental revenues rose by 11% like-for-like**. In **Spain, the rental revenues increased by 6% like-for-like**. Strongly driven by the **Barcelona** portfolio, which increased by **13% like-for-like**. The Barcelona portfolio has experienced significant positive growth, consolidating the good evolution seen in the last two quarters. Rental revenues in the **Madrid** portfolio went up **5% like-for-like**.

  The like-for-like increase in rental revenues mainly corresponds to the contracts signed on the Alfonso XII, José Abascal 56 and Castellana 52 properties in Madrid, Travessera and Diagonal 409 in Barcelona, and the In&Out, Washington Plaza and Louvre Saint Honoré buildings in Paris.

Variance in rents (2016 vs. 2015) €m	Barcelona	Madrid	París	Total
Rental revenues 2015R	12.9	17.0	81.4	111.2
Like-for-Like	1.7	0.8	7.9	10.3
Projects & refurbishments	0.4	0.0	9.7	10.1
Acquisitions & Disposals	0.0	2.1	0.8	2.9
Indemnities & others	(0.0)	0.2	2.2	2.4
Rental revenues 2016R	14.9	20.1	102.0	137.0
Total variance (%)	*16.1%*	*18.3%*	*25.3%*	*23.2%*
Like-for-like variance (%)	13.2%	4.5%	10.5%	9.9%

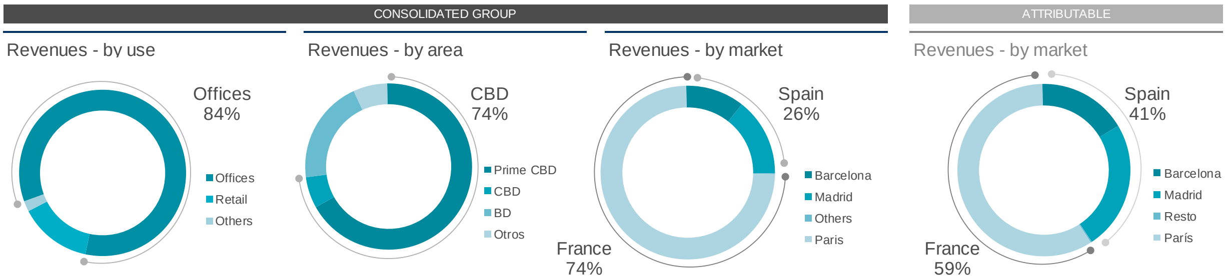
Of special mention are two additional sources of growth in gross rental income:

1. The successful delivery of projects has resulted in a growth of 11% (+€12.5m) out of the total rental revenues, mainly due to the #Cloud property located in the Paris market.

2. The new acquisitions have resulted in a 3% growth in rental revenues.

- **Breakdown – Rental revenues:** The majority of the Group's revenues (84%) are from office buildings. Likewise, the Group maintains its high exposure to CBD markets (74%).

  In consolidated terms, 74% of the rental revenues (€102m) came from the subsidiary in Paris and 26% were generated by properties in Spain. In attributable terms, 59% of the rents were generated in France and the rest in Spain.



- **Rental EBITDA reached €125m, a 15% increase in like-for-like terms,** with an EBITDA margin of 91%.

Property portfolio

June cumulative - €m	2016	2015	Var. %	Like-for-like %
Rental revenues - Barcelona	15	13	16%	13%
Rental revenues - Madrid	20	17	18%	5%
Rental revenues - Paris	102	81	25%	11%
Rental revenues	**137**	**111**	**23%**	**10%**
EBITDA rents Barcelona	13	10	29%	22%
EBITDA rents Madrid	17	14	17%	5%
EBITDA rents Paris	96	72	33%	16%
EBITDA rents	**125**	**96**	**30%**	**15%**
EBITDA/Rental revenues - Barcelona	*87%*	*79%*	*8.5 pp*	
EBITDA/Rental revenues - Madrid	*83%*	*84%*	*(0.7 pp)*	
EBITDA/Rental revenues - Paris	*94%*	*88%*	*5.3 pp*	
EBITDA/Rental revenues	***91%***	***87%***	*4.9 pp*	

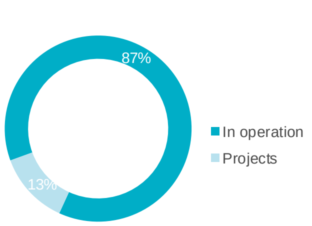
Pp: percentage points

The EBITDA/revenues ratio remains at an artificial low level in the first half of the year, given the temporary impact of a change in the accounting regulations of specific property expenses. Consequently, this ratio is not comparable with the previous year and will improve significantly in the coming quarters.

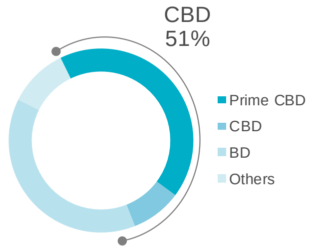
Portfolio letting performance

- **Breakdown of the current portfolio by surface area:** At the close of the first half of 2016, the Colonial Group's portfolio totalled 1,205,398 sq m (851,853 sq m above ground), concentrated mainly in office assets.
  At 30 June 2016, 87% of the portfolio was in operation and the rest corresponded to an attractive portfolio of projects and refurbishments and the Parc Central land plot in Barcelona.

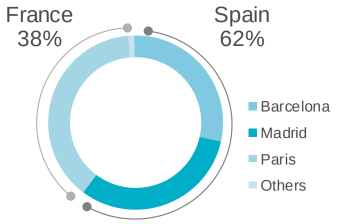
Surface - by condition



Surface - by area



Surface - by market



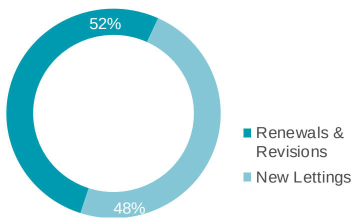
- **Signed contracts:** During the first half of 2016, the Group signed a **total of 64,800 sq m** of contracts. Out of the total contracts, 70% (45,243 sq m) were signed in Barcelona and Madrid, and the rest (19,557 sq m) were signed in Paris. It is also important to point out that, to date, the company has already achieved 75% of its entire 2016 annual letting target.

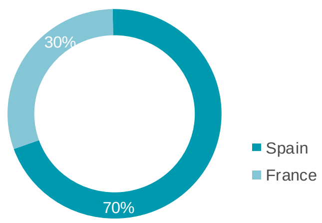
  New lettings: Out of the total commercial effort, 48% (31,213 sq m) related to new contracts, highlighting almost 18,000 sq m signed in Barcelona and Madrid.

  Renewals: Contract renewals were carried out for 33,587 sq m, which is 16% higher than the amount of renewed surfaces during the same period of the previous year.

Letting Performance

June cumulative - sq m	2016	% New rents vs. previous	Average maturity
Renewals & revisions - Barcelona	23,329	*(12%)*	3
Renewals & revisions - Madrid	3,962	*(1%)*	3
Renewals & revisions - Paris	6,296	*(2%)*	8
Total renewals & revisions	**33,587**	***(7%)***	**4**
New lettings Barcelona	13,563		3
New lettings Madrid	4,389		3
New lettings Paris	13,261		8
New lettings	**31,213**	**n/a**	**5**
Total commercial effort	**64,800**	**n/a**	**5**





The new rents associated with these contracts represent a decrease of 7% compared to the previous rents, mainly due to the contract renewal with Gas Natural on the Torre Marenostrum building in February 2016. Excluding the Gas Natural contract, the average renewals are in line with the previous rents.

Colonial's total commercial effort is spread over the three markets in which the company operates, highlighting the following actions:

Main actions

	Building	Tenants	Surface (sq m)
BARCELONA	Torre Marenostrum	Gas Natural	22,394
	Diagonal, 609-615 (Dau/Prisma)	Grant Thornton, Caixabank & others	4,144
	Sant Cugat	Business Service for Information, Accenture & IPB	3,058
	Travessera, 11	Multinational Consulting Firm & others	1,620
	Berlín, 38-48 / Numancia, 46	Multinational Consulting Firm	1,509
	Ausias March, 148-150	Laboratory Group	1,370
MADRID	Recoletos, 37-41	Pharmaceutical Company	2,693
	Agustín de Foxá, 29	Medpace Spain, Rosendo Mila & others	1,794
	Alfonso XII	Groupon & otros	1,388
PARIS	Washington Plaza	Lagardère Ressources, Indeed France & others	7,662
	#Cloud	Cosmetics & Fragance Group	2,990
	Cezanne Saint-Honoré	Real Estate Company & others	2,014
	103 Grenelle	Portfolio Management & others	1,613

In Spain, during these six months, more than 45,000 sq m were signed, corresponding to 34 contracts. In particular, more than 37,000 sq m were signed in **Barcelona**, particularly the renewal of more than 22,000 sq m for Gas Natural on the Torre Marenostrum building, as well as the signing of more than 4,000 sq m on the Avinguda Diagonal, 609-615 building (DAU), among others.

In **Madrid**, of particular mention is the renewal of 2,700 sq m on the Recoletos, 37-41 building for a pharmaceutical company.

In **Paris**, more than 13,000 sq m of new contracts were signed. It is particularly important to highlight the signing of almost 3,000 sq m on the #Cloud property with a cosmetics and fragrances company, reaching 100% occupancy. This transaction is another example of Colonial's ability to design and develop top quality offices for leading companies in a wide range of sectors. Additionally, 2,014 sq m were signed on the Cezanne Saint-Honoré building, 1,600 sq m on the Grenelle 103 building and 5,200 sq m were renewed in Washington Plaza with Lagardère Ressources.

The transactions described above were closed with rental prices at the high end of the rental market.

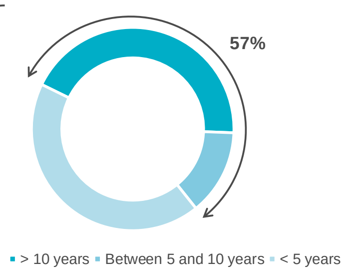
▪ Analysis of tenant portfolio

Regarding the volume of rental renewals in the contract portfolio, 27,291 sq m of renewals were signed in Spain, and 6,296 sq m were signed in France.

This high volume of renewals shows the capacity of the Colonial Group to retain clients. This fact is also reflected in the length of time the tenants stay, as 57% of the main tenants have been clients of the Group for more than 5 years.

Ranking of the most important tenants (46% of rental income)

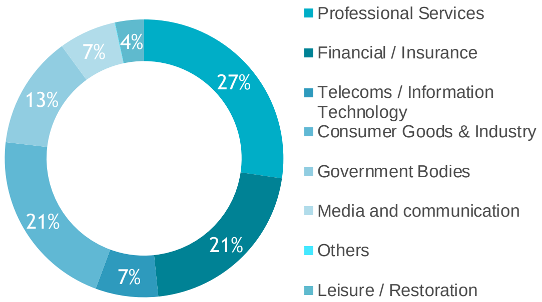
RK	Tenant	City	% total income	% cumul.	Age - Years
1	OCDE	Paris	6%	6%	1
2	NATIXIS IMMO EXPLOITATION	Paris	4%	10%	12
3	GRDF	Paris	4%	14%	150
4	INTERNATIONAL BUSINESS MACHINES	Madrid	4%	18%	4
5	LA MONDIALE GROUPE	Paris	4%	21%	9
6	EXANE	Paris	3%	24%	1
7	HENNES & MAURITZ / H & M	Paris	3%	27%	6
8	ZARA FRANCE	Paris	3%	29%	4
9	COMUTO	Paris	2%	32%	2
10	FRESHFIELDS BRUCKHAUS DERINGER	Paris	2%	34%	12
11	GAS NATURAL SDG	Barcelona	2%	36%	10
12	TV5 MONDE SA	Paris	2%	38%	11
13	GRUPO CAIXA	Barcelona / Madrid	2%	39%	24
14	GRUPO COMUNIDAD DE MADRID	Madrid	1%	41%	20
15	SOCIEDAD ESTATAL LOTERIAS Y APUESTAS DEL ESTADO	Madrid	1%	42%	11
16	IBERIA, LINEAS AEREAS DE ESPAÑA	Madrid	1%	43%	3
17	CASINO DE JUEGO GRAN MADRID	Madrid	1%	44%	4
18	AJUNTAMENT DE BARCELONA	Barcelona	1%	44%	19
19	MELIA HOTELS INTERNATIONAL	Madrid	1%	45%	14
20	TRIBUNAL DE CUENTAS	Madrid	1%	46%	1
Average					**16**



It is important to point out that Colonial has a solvent and diversified client base.

The sectors that stand out are those which, due to their type of business, require quality offices located in central business areas.

Top Tenants - Breakdown by economic sector

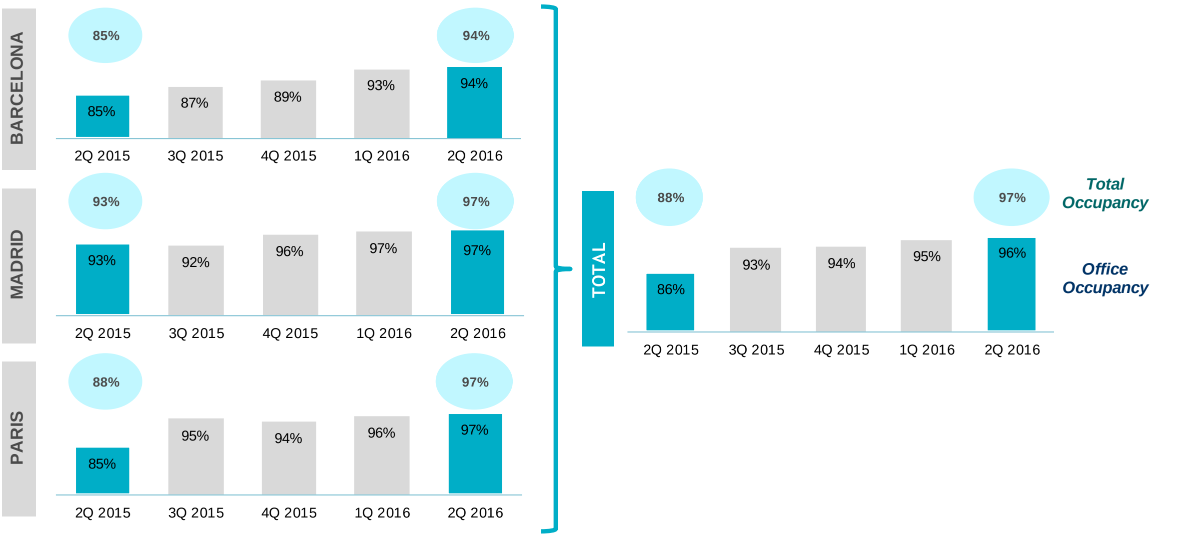


Portfolio occupancy

- **At the close of the first half of 2016, the Colonial Group's EPRA[1] financial occupancy for the office portfolio reached 96%,** up 999 bp compared to the previous year, **and the total EPRA financial occupancy including all uses reached 97%** (up 829 bp vs the close of the first quarter of 2015).

EPRA FINANCIAL OCCUPANCY[1]

Office & Total Occupancy – Evolution of Colonial's Portfolio



[1] EPRA financial occupancy: financial occupancy according to the calculation recommended by EPRA (occupied surfaces multiplied by the market prices/surfaces in operation at market prices).

In **Barcelona**, the EPRA financial occupancy of the office portfolio increased +932 bp compared to the previous year (up +70 bp in this quarter), reaching a ratio of 94%. This increase is mainly due to the contracts signed on the Avinguda Diagonal 609-615, Sant Cugat, Travessera/Amigó, Ausias March and Berlín Numància buildings, among others.

In **Madrid**, the EPRA financial occupancy of the office portfolio was 97%, +458 bp above the previous year (up +85 bp in the last quarter). This increase is mainly due to new leases on the Agustín de Foxá 29, Jose Abascal 56 and Paseo de la Castellana 52 buildings, as well as the letting performance on the Santa Hortensia building, which reached an occupancy level of 100%.

In **Paris**, the EPRA financial occupancy of the office portfolio increased by +1,110 bp compared to the previous year (up +90 bp in the last quarter), reaching a ratio of 97%, mainly due to the new lettings on the In&Out & #Cloud buildings.

The table below shows an analysis of the vacant office surfaces by city and area. It is worth mentioning that out of the 11,200 sq m of available space in Barcelona, 46% correspond to projects and refurbishments that have entered into operation.

Vacancy surface of offices

Surface above ground (sq m)	Entries into operation [(1)]	BD area and others	CBD area	2015	EPRA Vacancy Offices
Barcelona	5,145	4,372	1,769	11,286	6%
Madrid	0	2,660	3,400	6,060	3%
París	0	0	6,778	6,778	3%
TOTAL	5,145	7,032	11,946	24,123	4%

(1) Projects and refurbishments that have entered into operation

The current availability corresponds mainly to high quality assets, such as:

Travessera de Gràcia/Amigó

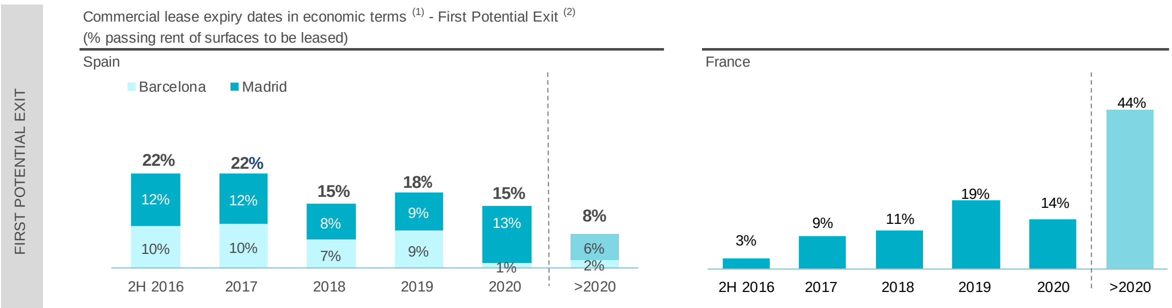
José Abascal, 45

Percier

Commercial lease expiry and reversionary potential

- <u>**Commercial lease expiry**</u>: The following graphs show the contractual rent roll for the coming years in the portfolios in Spain and France.

  The **first graph** shows the commercial lease expiry dates if the tenants choose to end the contract at the first possible date (break option or end of contract).

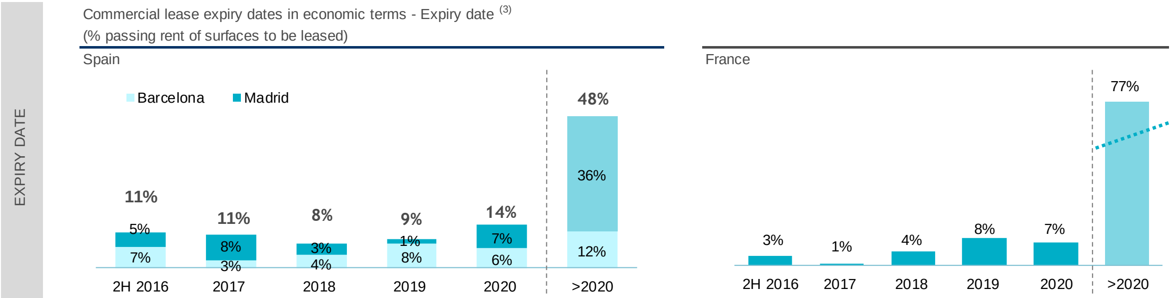


(1) % = surface to rent x current rents / current rental revenues
(2) Renewal dates based on first potential exit of the current contracts

In this context, in the Spanish portfolio, approximately 44% of contracts could be renewed in the next year and a half, which will allow the company to benefit from the positive impact of a recovery in the rental cycle.

In France, the contract structure is longer term, in line with the behaviour of the players in that market.

The **second graph** shows the rent roll of the portfolio if the tenants remain until the contract expires. The contract structure in Spain is more short-term than in France.

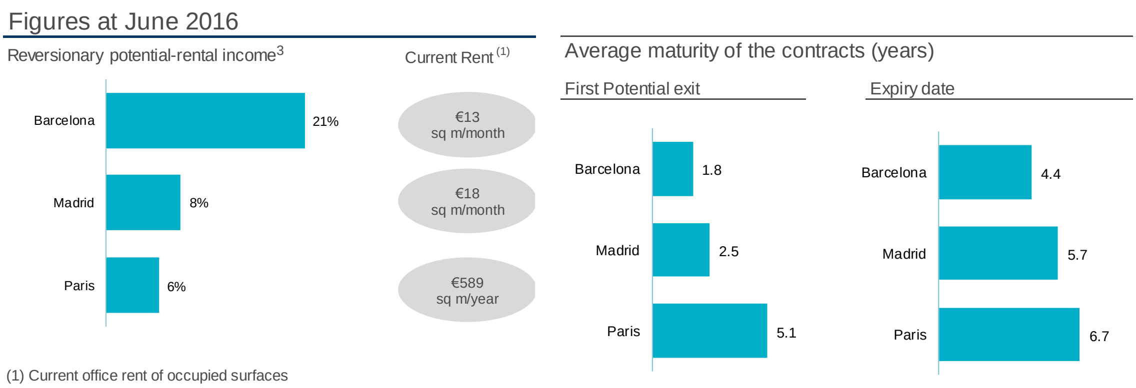


(3) Renewal dates based on the expiry date of the current contracts

- **Reversionary Potential**. The Colonial Group's contract portfolio has significant reversionary potential.

This reversionary potential is the result of comparing the rental revenues of the current contracts (contracts with current occupancy and current rents) with the rental revenues that would result from letting the total surface at the market prices estimated by the independent appraisers at June 2016 (not including the potential rents from the substantial projects and refurbishments underway).

At the close of the first half of 2016, the static reversionary potential[(2)] of the rental revenues of the properties in operation (considering current rental prices without future impacts from a recovery in the cycle) stood at 21% in Barcelona, 8% in Madrid and 6% in Paris.

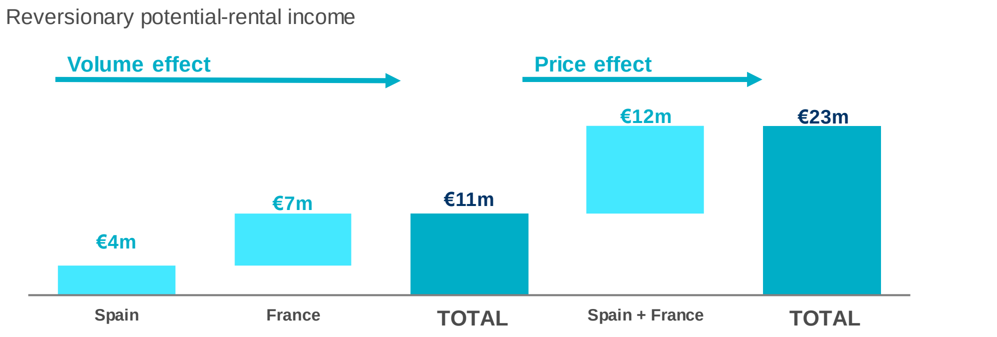


(1) Current office rent of occupied surfaces

[(2)] ***Not including impacts from a recovery in the rental cycle***

(3) Reversionary Potential: Maximum portfolio potential at surfaces in operation

Specifically, the static reversionary potential[2] in the current portfolio would result in approximately €23m of additional annual rental revenues.



[2] ***Not including impacts from a recovery in the rental cycle***

Acquisitions 2016

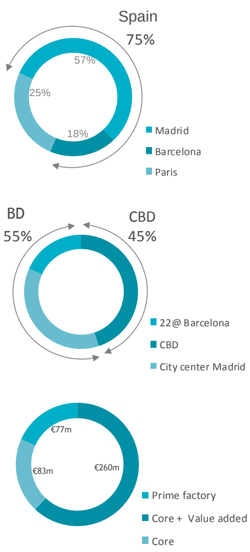
- In the first half of 2016, the Colonial Group has successfully executed Project Alpha which involved the acquisition of 4 buildings in Spain (3 in Madrid and 1 in Barcelona) and a 4.4% in SFL stake. The total volume of the acquisitions amounts to more than €400m.

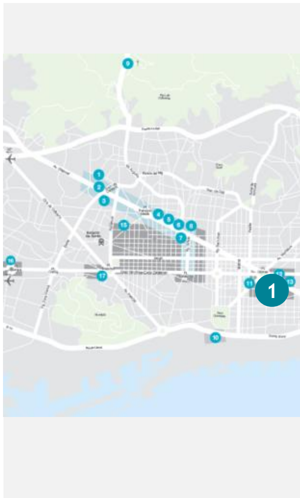
  These acquisitions have accelerated the growth plan of the Colonial Group in accretive terms and in particular have led to:

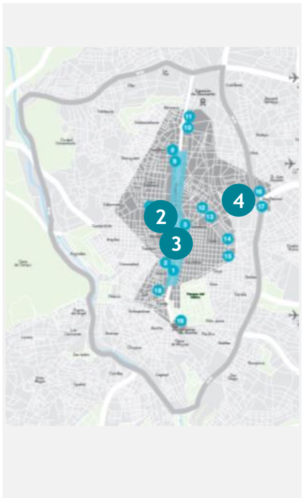
  1. A substantial increase in the portfolio in Spain, increasing the GAV in this market by more than 20%
  2. A greater exposure to the Paris CBD
  3. The issue of new shares, increasing the value of the equity by more than €265m
  4. The incorporation of the Grupo Finaccess, prestigious international investor, as a long-term reference shareholder
  5. The execution of an accretive transaction in EPS and NAV/share from day one
  6. The improvement of the credit profile of the Colonial Group

Project Alpha has enabled the Group to acquire maximum quality products with a unique positioning in its markets. All of the acquisitions have been sourced through “off-market” transactions at very attractive acquisition prices.

BUSINESS MIX	BARCELONA	MADRID	PARIS







The Project Alpha acquisitions represent an interesting mix of core investments (assets that generate cash from day one) and Prime Factory projects with high real estate value creation potential.

BARCELONA	**PRIME FACTORY**		1 **Parc Glories Project** Barcelona 22@ Area	**SBA: 24,551 sq m**	**Price: €77m[1] Cash**
MADRID	**“CORE” INVESTMENT**		2 **José Abascal** Madrid Prime CBD	**SBA: 5,326 sq m**	**Price: €35m Cash**
			3 **Serrano 73** Madrid Prime CBD	**SBA: 4,242 sq m**	**Price: €48m New Col. shares**
	CORE + VALUE ADDED		4 **Sede Corporativa – Sta Hortensia 26-28** Madrid BD	**SBA: 46,928 sq m**	**Price: €154m New Col. shares**
PARIS	**CORE + VALUE ADDED**		5 **4.4% stake in SFL** Paris		**Price: €106m New Col. shares + Cash**

(1) Includes capex of full development of the project

All prices excluding transfer costs

- Project Alpha has been implemented through the following transactions:

  The first transaction was carried out through an agreement with Grupo Finaccess for the purchase of a portfolio that includes the building located at Santa Hortensia, 26-28, and the building located at Serrano, 73, both in Madrid. The transaction has been valued at €202m and the acquisition took place through the delivery of 288.6 million new Colonial shares. The execution of the transaction resulted in the incorporation of Grupo Finaccess as a new significant shareholder of the company with an 8% stake.

  In order to execute the second transaction, Colonial reached an agreement with the Reig Capital Group for the purchase of 4.4% of SFL, which set its stake in its French subsidiary SFL at 57.5%. The acquisition took place through the delivery of €51m and 90.8 million new Colonial shares.

  The execution of the transactions described above resulted in a capital increase of 379.4 million shares through the issue of shares with a nominal value of €0.25[1] and a share premium of €0.45[1]. Their implementation has a clear accretive effect for Colonial's shareholders since it means the issue of new shares at €0.70/share[1].

  The Alpha project has been completed with two more acquisitions. The first is the purchase of a project in the 22@ district in Barcelona, where a 17-storey office building will be built with a surface area of more than 24,000 sq m. The building will be one of the first buildings in Barcelona with the LEED Platinum certificate. The total final investment amount is €77m. The second acquisition is of an architecturally unique building at José Abascal, 45, with a surface area of more than 5,300 sq m for an investment of €35m, confirming Colonial's position as one of the leaders in prime assets in the Madrid market.

- Project Alpha has led to a significant leap in the strategic development of Colonial, consolidating its prime leadership through assets with a unique positioning in their respective markets.

(1) Figure based on number of shares pre reverse split

Portfolio of projects and refurbishments

- At the close of the first half of 2016, Colonial owns a portfolio of projects and surfaces under refurbishment of more than 93,200 sq m above ground, with significant potential for value creation.

- Current ongoing projects correspond to the Estebanez Calderon and Principe de Vergara assets, acquired in 2015 and the Parc Glories project in the 22@ district in Barcelona, acquired during the first half of 2016. Unique "Prime Factory" development projects will be carried out on all assets, with very attractive returns.

  The projects are progressing as planned and delivery is expected for the end of 2017 and 2018, at an optimum time to market to capture an attractive point of the rental cycle.

Projects	Entry into operation	% Group	Market	Use	Surface above ground (sq m) (1)
Estébanez Calderón, 3-5	2017	100%	Madrid	Offices	10,152
Príncipe de Vergara, 112	2017	100%	Madrid	Offices	11,368
Parc Glòries	2018	100%	Barcelona	Offices	24,551
Spain					**46,071**
Surface in Refurbishment & Parc Central Land					**47,153**
Total					**46,071**
Yield on cost[2]					**6.7%**

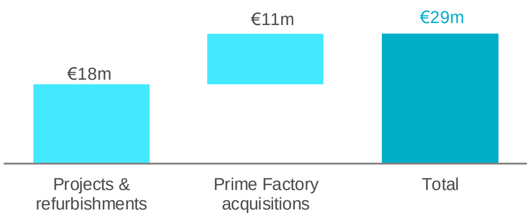
(1) Surface area of completed project

(2) Yield on cost: market rent 100% rented/market value at start of project net of impairment in value + capex

In addition to the projects, the Colonial Group is currently carrying out substantial refurbishment on 32,416 sq m above ground, with the aim of optimizing the positioning of these assets in the market. These include refurbishments on the Louvre des Antiquaires and Cézanne Saint-Honoré buildings, among others. In addition, Colonial owns a plot of land of more than 14,000 sq m above ground in the 22@ submarket in Barcelona.

The project portfolio, as well as the new acquisitions, will result in additional rental revenues of approximately €29m per annum.

Additional rental income of projects and significant refurbishments



- Regarding the current projects, it is worth highlighting the following features:

  ✓ **Estébanez Calderón, 3-5** Property acquired in May 2015, located in the centre of Madrid. Demolition work has begun on the current building to build a new unique “LEED Gold” property with a total of 10,500 sq m of surface area above ground. This building will incorporate the latest technologies and innovation in materials and will receive the most prestigious environmental and sustainability certificates. The project, led by the Lamela studio, is expected to be delivered in the second half of 2017.

  ✓ **Príncipe de Vergara, 112** Property acquired in July 2015, located in the centre of Madrid. The transaction involves demolishing the current property to build a unique new office building which will provide a total surface area above ground of 11,400 sq m, with optimal space efficiency on all floors, enabling it to obtain the LEED Gold energy certificate.

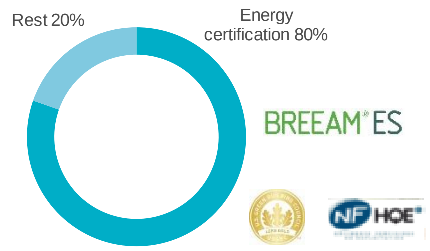
  ✓ **Parc Glòries** A new project of an emblematic office building in the most prime area of 22@ with extremely high quality finishes, technical specifications and sustainability with expected delivery in 2018. The project will have more than 24,000 sq m designed by Batlle & Roig, distributed over 17 floors, each with a surface area of approximately 1,800 sq m. Parc Glòries is a project destined to become an imminent symbol of the city. The building will be one of the first properties with Leed Platinum certification in the Barcelona office market.

- During the first half of 2016, more than €29m was invested, mainly in France, in Prime Factory projects and refurbishments to optimize the positioning of the property portfolio.

  It is worth mentioning the Avinguda Diagonal, 609-615 (DAU) and Ausias March buildings in Barcelona, which obtained the “Breeam Good” certificate in June. Additionally, the building in Paseo de los Tilos in Barcelona obtained the LEED GOLD certificate in April 2016. In Paris, of special mention is the upgrade in the Breeam rating from “very good” to “excellent” on the Iena, Charles de Gaulle and In&Out assets.

As a result of the Colonial Group’s repositioning policy, currently 80% of the buildings have top quality energy certificates, a fact that gives the Colonial Group a competitive advantage in attracting top tier demand and maximising the value creation of the portfolio.

% Buildings with energy certification



Valuation of the portfolio

- At the close of the first half of 2016, the assets of the Colonial Group were valued at €7,556m (€7,949m including transfer costs) by Jones Lang LaSalle, CB Richard Ellis and BNP Paribas Real Estate. The appraisal figures are updated half-yearly, following the best market practices.

Gross Asset Values - Excluding transfer costs

Asset valuation (€m)	30-Jun-16	31-Dec-15	30-Jun-15	Dec 15 vs Jun 15		Dec 15 vs Dec 14	
				Total	LfL (1)	Total	LfL (1)
Barcelona	710	676	639	5.1%	5.1%	11.2%	11.2%
Madrid	1,189	906	765	31.3%	5.1%	55.4%	10.5%
París	5,520	5,242	4,477	5.3%	5.3%	23.3%	10.6%
Portfolio in operation (2)	**7,419**	**6,824**	**5,881**	**8.7%**	**5.3%**	**26.2%**	**10.7%**
Projects	**130**	**82**	**400**	**57.6%**	**3.7%**	**(67.6%)**	**16.5%**
Others	7	6	9	13.5%	13.5%	(23.1%)	(23.1%)
Colonial Group	**7,556**	**6,913**	**6,291**	**9.3%**	**5.2%**	**20.1%**	**13.4%**
Spain	2,036	1,670	1,458	21.9%	5.0%	39.6%	10.8%
France	5,520	5,242	4,833	5.3%	5.3%	14.2%	14.2%

Gross Asset Values - Including transfer costs

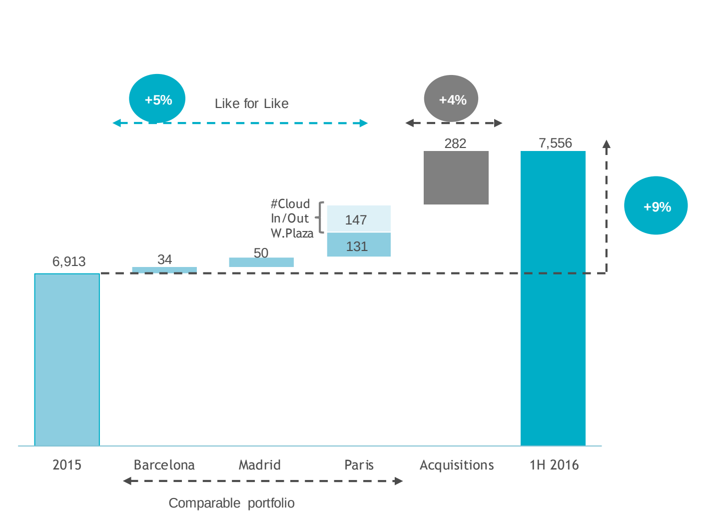
	30-Jun-16	31-Dec-15	30-Jun-15	Dec 15 vs Jun 15 Total	LfL (1)	Dec 15 vs Dec 14 Total	LfL (1)
Colonial Group	**7,949**	**7,239**	**6,588**	**9.8%**	**5.8%**	**20.7%**	**14.1%**
Spain	2,086	1,720	1,501	21.3%	4.5%	39.0%	10.2%
France	5,863	5,519	5,087	6.2%	6.2%	15.2%	15.2%

(1) Portfolio in comparable terms

(2) Portfolio in operation: current rental portfolio as well as new entries into operation of completed projects

- **Colonial's Group** Gross Asset Value at June 2016 rose by +5.2% like-for-like compared to December 2015 (up 13.4% like-for-like in 12 months).

Variance Analysis - Value 6 months - €m



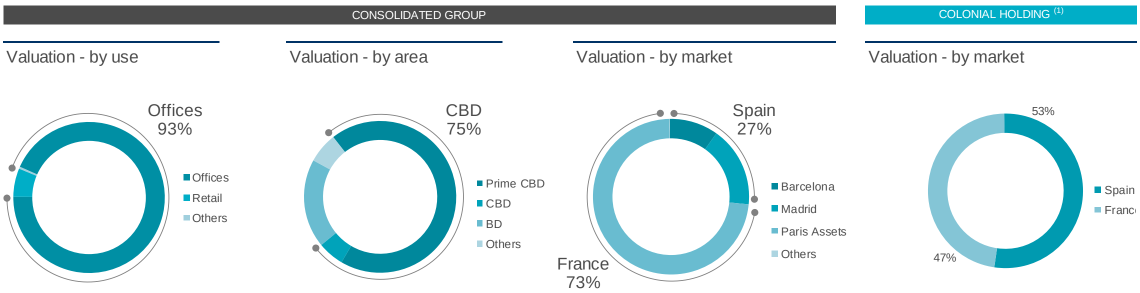
GAV VARIANCE

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

In **Spain,** the Gross Asset Value increased by 5% like-for-like in the last six months, (10.8% in 12 months) due to a combination of property repositioning and increases in occupancy that have led to improved yields and rental income. By city, the portfolios in Madrid and Barcelona increased by 5% like-for-like in six months, respectively (Barcelona +11.1%, in 12 months and Madrid +10.9% in 12 months).

In **France,** the Gross Asset Value of the portfolio increased 5.3% like-for-like in 6 months (14.2% in 12 months). This increase in value is a consequence of the progressive repositioning of the property portfolio with positive impacts on rents and yields, in the context of an investment market with high interest in prime offices in Paris.

- The breakdown of the valuation by use, market and type of product is shown below:



(1) *France= SFL shares valued at NAV. Spain = GAV of directly held assets + NAV stake TM SPV*

- Regarding the valuation of the portfolio in operation, the main value parameters are as follows:

Main parameters of Asset appraisal

Portfolio in operation	€m	sq m above ground (*)	€/sq m (*)	Valuation Yield	
Barcelona	710	186,938	3,797	5.28%	Gross Yields
Madrid	1,189	233,349	5,096	4.86%	
Paris	5,520	403,600	13,678	3.84%	Net Yields

When **comparing the valuation parameters of Colonial's appraisal values with market data**, the following must be taken into consideration:

1. In Spain, consultants publish *gross yields* in their market reports

(Gross yield = gross rent/value excluding transfer costs).

2. In France, consultants publish *net yields* in their market reports

(Net yield = net rent/value including transfer costs).

(*) In Barcelona the sq m for the calculation of the capital value correspond to the surface above ground of all the assets which amount to 226,329 sq m, excluding 14,737 sq m of the Parc Central project, 24,551 sq m of the Parc Glories project and 103 sq m of non-core retail assets. In Madrid, the sq m correspond to the surface above ground of all assets of 254,911 sq m, excluding the Estébanez Calderón project of 10,152 sq m, Príncipe de Vergara of 11,368 sq m and 42 sq m of non-core retails assets.
In France the sq m correspond to the surface above ground of the entire portfolio which amount to 358,228 sq m including certain rentable surfaces below ground in the portfolio not corresponding to parking units (45,372 sq m).

4. Financial structure

Main debt figures

Colonial Group	06/2016	Var. Vs 12/2015
Gross financial debt	3,266	*18%*
Net financial debt	3,144	*5%*
Undrawn balances (*)	956	*(14%)*
% debt fixed or hedged	85%	*(8 p.p.)*
Average maturity of the debt (years)	4.6	*(0,2 years)*
Cost of current debt	2.06%	*(21 p.b.)*
Rating COL	BBB-	*unchanged*
Rating SFL	BBB	*unchanged*
LtV Group (including transfer costs)	39.9%	*(190 p.b.)*

(*) Liquidity (cash + undrawn lines of credit)

The Group actively manages its debt with the aim to reduce its financial costs, extend the maturity of its debt and diversify its sources of financing, as well as to guarantee the liquidity which will enable it to secure its growth plan.

The main debt transactions carried out during the first half of the year related to SFL:

- In May 2016, the bonds issued by SFL in May 2011 matured, the pending amount of which was €156m with a coupon of 4.625%.
- On 24 May 2016, a loan was signed with BNP for €150m, maturing in five years, with a floating interest rate (Euribor with an applicable spread).
- In June 2016, SFL exercised the option to purchase on the financial leasing agreement related to the 131 Wagram property, for €26m.

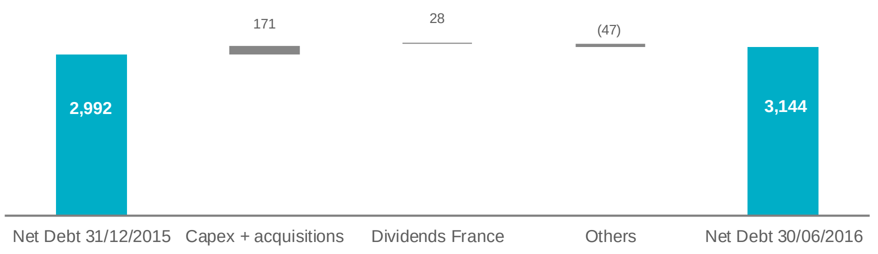
The financial net debt of the Group stood at €3,144m at 30 June 2016, as shown in the table below:

Breakdown of the consolidated net financial debt	June 2016			December 2015			Var.
	SP	FR	Total	SP	FR	Total	Total
Syndicate loan	96	0	96	67	0	67	29
Mortgage debt/leases	37	206	244	39	234	273	(30)
Unsecured debt and others	0	375	375	0	162	162	213
Bonds	1,250	1,301	2,551	1,250	1,457	2,707	(156)
Total gross debt	**1,384**	**1,882**	**3,266**	**1,356**	**1,853**	**3,209**	**56**
Cash & cash equivalents (*)	**(108)**	**(14)**	**(122)**	**(205)**	**(12)**	**(217)**	**95**
Group Net Debt	**1,276**	**1,868**	**3,144**	**1,151**	**1,841**	**2,992**	**152**
Average maturity of drawn debt (years)	**4.4**	**4.6**	**4.6**	**5.0**	**4.8**	**4.8**	**(0.3)**
Cost of debt % (without arrangement fees)	**2.13%**	**2.01%**	**2.06%**	**2.14%**	**2.36%**	**2.27%**	**(21 pb)**

(*) without excluding committed cash for a total amount of €27m

The evolution of the Group's net debt during the first half of 2016 is as follows:

Net Debt Movement €m - June 2016



The Group has invested €171m in a capex of the portfolio and new acquisitions.

Main leverage ratios and liquidity

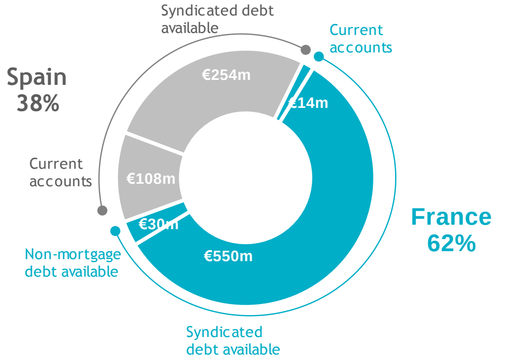
As at 30 June 2016, the Colonial Group's net debt amounted to €3,171m, excluding committed cash. The LTV (Loan to Value) of the Group, calculated as the total net debt ratio between the total GAV of the Group, was 39.9% (41.8% at December 2015). The LTV of the parent company, calculated as the net debt of the parent company between the GAV of the parent company and the NAV of its subsidiaries, was 31.9% (34.7% at December 2015).

Main leverage ratios

30/06/2016 - €m	Holding	Group
GAV incl. transfer costs	3,973	7,949
Net debt - excluding committed cash	1,269	3,171
LTV incl. transfer costs	31.9%	39.9%

Undrawn balances of the Colonial Group at 30 June 2016 amounted to €956m, distributed as shown in the graph below:

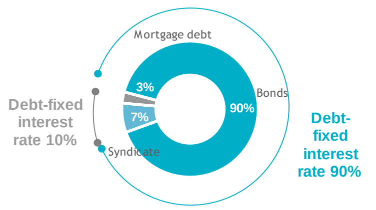
Undrawn balances



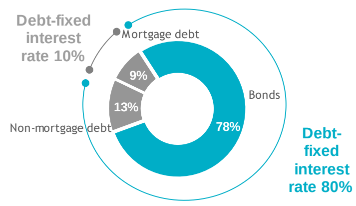
The main characteristics of the Group's debt are shown below:

TYPE OF DRAWN DEBT - 30/06/2016

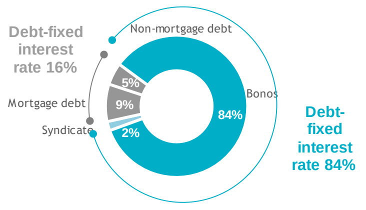
Spain



France

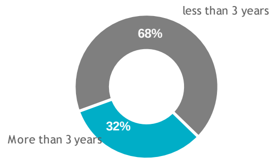


Group

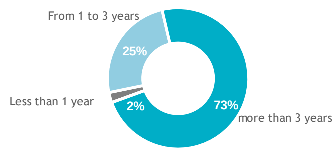


MATURITY OF CONTRACTED DEBT - 30/06/2016

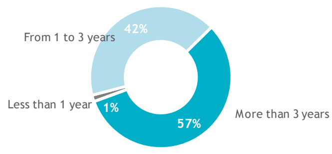
Spain



France



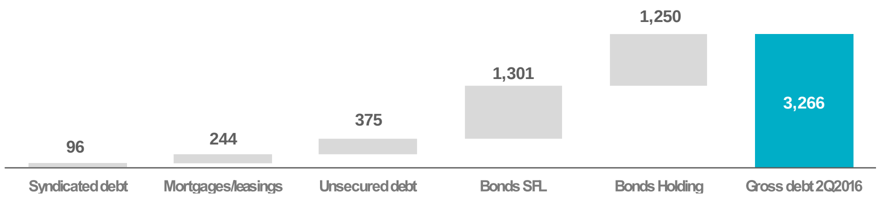
Group



Spain		***France***		***Total***	
Spread	172 p.b.	Spread	160 p.b.	Spread	165 p.b.
Cost of debt	213 p.b.	Cost of debt	201 p.b.	Cost of debt	206 p.b.
Average life of drawn down debt (years)	4.4	Average life of drawn down debt (years)	4.6	Average life of drawn down debt (years)	4.6
Average life of the contracted debt (years)	4.2	Average life of the contracted debt (years)	4.5	Average life of the contracted debt (years)	4.4
Contracted debt	€1.637m	Contracted debt	€2.463m	Contracted debt	€4.100m

The composition of the Group's debt at 30 June 2016 is as follows:

Composition of the drawn gross debt of the Group at June 30, 2016 - €m

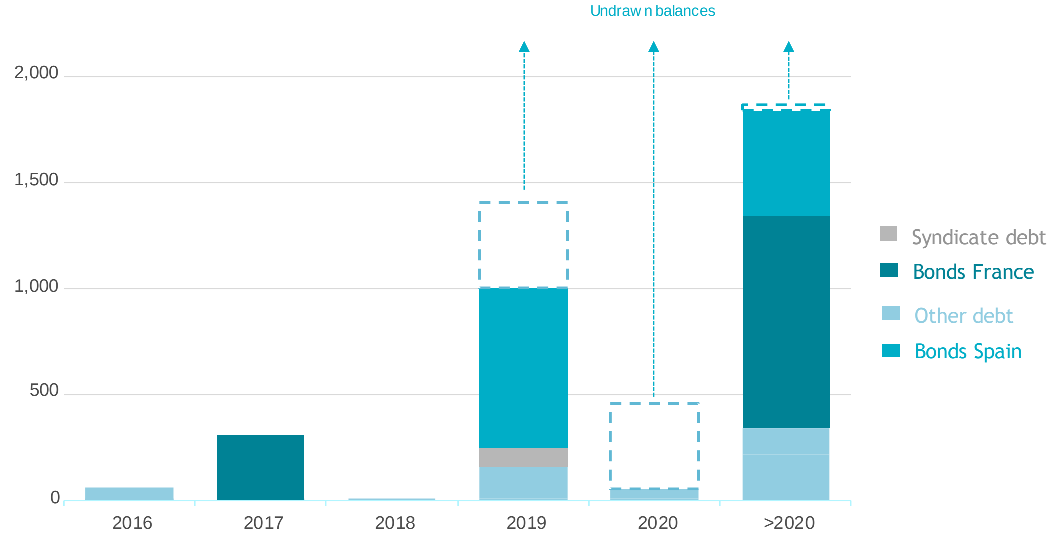


	Syndicated debt	Mortgages/leasings	Unsecured debt	Bonds SFL	Bonds Holding
Cost of debt	1.60%	1.45%	0.74%	2.39%	2.21%
Maturity (years)	2.9	5.7	3.2	4.9	4.5

Average cost of debt: 2.06% & 4.6 years

The breakdown of the debt in terms of maturity is as follows:

Maturity profile of contracted debt



	2016	2017	2018	2019	2020	>2020
SPAIN	2	3	3	1,104	4	522
FRANCE	56	303	2	302	452	1,347
TOTAL	**58**	**306**	**5**	**1,406**	**456**	**1,869**

Financial results

- The breakdown of the financial results of the Group are shown in the table below:

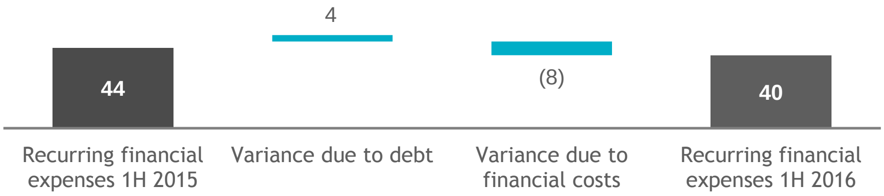
Financial results

June cumulative - €m	Spain	France	**2016**	**2015**	**Var. %** (1)
Recurring financial expenses - Spain	(17)	0	(17)	(21)	19%
Recurring financial expenses - France	0	(24)	(24)	(28)	14%
Recurring Financial Income	1	0	1	1	46%
Capitalized interest expenses	(0)	0	(0)	4	110%
Recurring Financial Result	**(16)**	**(24)**	**(40)**	**(44)**	**9%**
Non-recurring financial expenses	0	0	0	(26)	100%
Change in fair value of financial instruments	(1)	(1)	(2)	(4)	50%
Financial Result	**(17)**	**(25)**	**(42)**	**(74)**	**43%**

(1) Sign according to profit impact

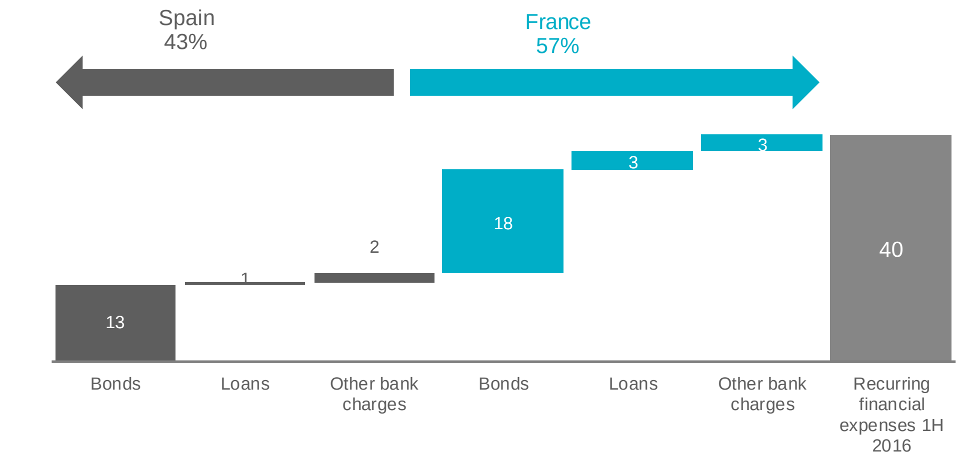
- The recurring financial results of the Group at 30 June 2016 were 9% lower than the same period of the previous year. This saving is mainly due to the reduction in the financial costs (2.06% vs. 2.49%), primarily generated by the cancellation of Colonial's old syndicate loan and the bond issue carried out in June 2015, as well as the "Liability Management" operation carried out by SFL in the last quarter of 2015.

- The credit spread amounted to 165 bp (versus 176 bp at the same period in 2015).



- The breakdown of the recurring financial cost during the first half of 2016 is as follows:

Breakdown recurring financial expenses - June 2016



More details on the financial structure are found in Appendix 6.7.

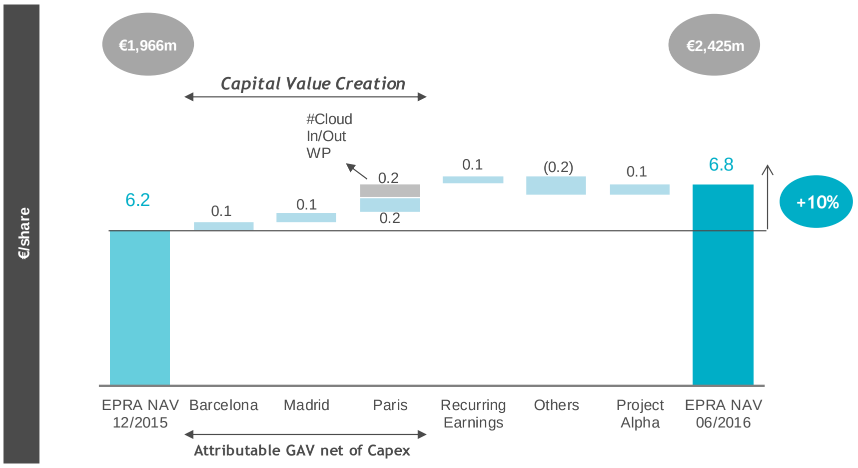
5. EPRA Net Asset Value & Share price performance

EPRA Net Asset Value (NAV)

At the close of the first half of 2016, the EPRA NAV of the Colonial Group amounted to €6.8/share[1], an increase of 10% in six months and a 25% increase year-on-year.

The main variations of the NAV at 30 June 2016 vs. the NAV at 31 December 2015 are shown in the graph below:

EPRA NAV Colonial



Total Shareholder Return (2)

The annual total shareholder return of 25%, which is among the highest in the sector in Europe and Spain, was obtained thanks to:

1. An approach of asset class specialization in offices that permits superior real estate value creation through repositioning and Prime Factory iniciatives
2. A unique positioning of the asset portfolio with prime products in the most central areas of the cities
3. An investment market that priorities prime assets, especially in times of increased market volatility
4. The successful execution of Project Alpha in accretive terms

The variance of other impacts mainly relates to the dividend payment by SFL to non-controlling SFL's shareholders as well as the cancellation of financial leasing agreements related to 131 Wagram.

(1) NAV at 30/06/16 applying the number of shares of 357 million, number of shares after execution of the reverse split that was implemented on 26/07/2016
(2) Total return understood as NAV growth + dividends

The EPRA Net Asset Value (EPRA NAV) is calculated based on the Group's consolidated equity and adjustments of specific items following EPRA recommendations.

EPRA Net Asset value - €m	06/2016	12/2015
NAV per the Consolidated financial statements	**2,287**	**1,837**
Include:		
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	11	8
(i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)	na	na
(i.c) Revaluation of other non current investment	17	17
(ii) Revaluation of tenant leases held as finance leases	na	na
(iii) Revaluation of trading properties	na	na
Exclude:		
(iv) Fair value of financial instruments	3	4
(v.a) Deferred tax	108	100
(v.b) Tax credits on balance	-	-
Include/exclude:		
Adjustments (i) to (iii) above in respect of joint ventures interests	na	na
EPRA NAV - €m	**2,425**	**1,966**
EPRA NAV - Euros cents per share	***68.0***	***61.6***
EPRA NAV - Euros per share post reverse split*	***6.80***	***6.16***
Nº of shares (m) post reverse split*	***356.8***	***318.9***

Calculation of the EPRA NAV: Following the EPRA recommendations and starting from the consolidated equity of €2,287m, the following adjustments were carried out:

1. Revaluation of investments: corresponding to latent capital gains (not accounted for on the balance sheet) of specific assets registered at book value, amounting to €11m.
2. Revaluation of other investments: corresponding to latent capital gains (not accounted for on the balance sheet) of other investments carried out by the Group.
3. Adjustment of accounted for MTM ("mark-to-market"): in order to determine the EPRA NAV, the net value of the MTM of the hedging instruments registered on the balance sheet has been adjusted (+€3m).
4. Adjustment of deferred taxes: adjustment of the amount of deferred taxes associated with the revaluation of the property assets (+€108m), registered on the balance sheet.

(*) Figure adjusted by the number of shares post reverse split

EPRA NNNAV amounted to €2,196m at 30 June 2016, which corresponds to **€6.2/share**.

EPRA Triple Net Asset value (NNNAV) - €m	06/2016	12/2015
EPRA NAV	**2,425**	**1,966**
Include:		
(i) Fair value of financial instruments	(3)	(4)
(ii) Fair value of debt	(119)	(27)
(iii) Deferred tax	(108)	(100)
EPRA NNNAV - €m	**2,196**	**1,835**
EPRA NNNAV - Euros cents per share	***61.5***	***57.5***
EPRA NNNAV - Euros per share post reverse split*	***6.15***	***5.75***
Nº of shares (m) post reverse split*	***356.8***	***318.9***

For its calculation, the following items have been adjusted in the EPRA NAV: the fair market value of the financial instruments (-€3m), the fair market value of the debt (-€119m), and the taxes that would be accrued in case of the disposal of the assets at their market value (-€108m).

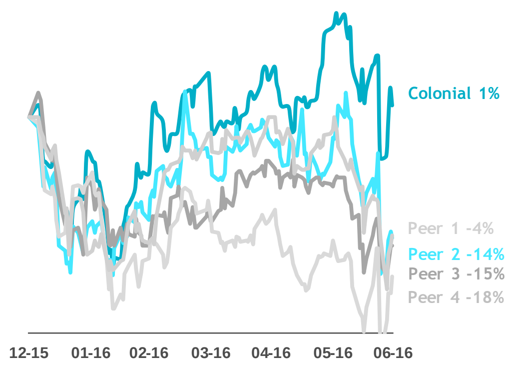
The Colonial Group has tax credits for the amount of €1,346m (not accounted for in the balance sheet or NAV), associated with the taxable bases of carry forward losses pending to be offset by future generated income. This means that the corporate tax generated in the future will be almost offset by the aforementioned tax credits, which, with the new tax reform, will have no time limit to be completely offset. With the current legislation (LIS), the effective corporate tax rate going forward is 7.5% for the Spanish operations.

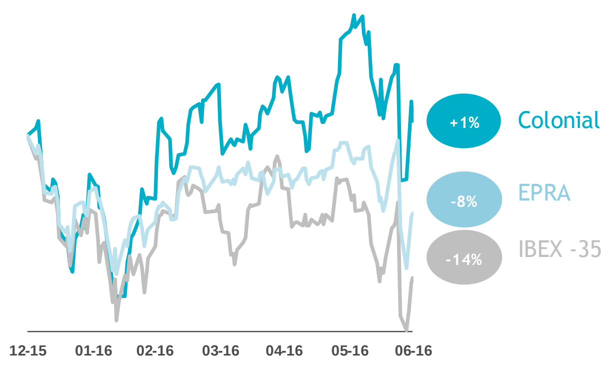
(*) Figure adjusted by the number of shares post reverse split

Share price performance

The year 2016 is characterized by increased volatility in the capital markets, especially since the Brexit vote.

In this environment, Colonial shares have clearly outperformed those of its peers as well as reference indices like the IBEX and the EPRA index.

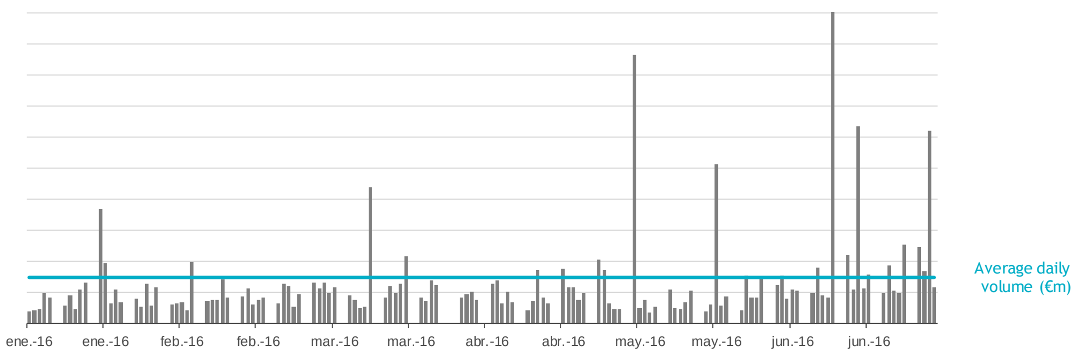




As at 10 June 2016, one of Colonial's shareholders executed an accelerated book build of Colonial shares for a volume of €134m which was subscribed by 67 top tier institutional investors at a price of €0.67/share (€6.7/share post reverse split)(*). This fact, as well as the share price performance, shows that the capital markets clearly support Colonial's growth strategy.

The daily trading volume reached €7.4m, positioning Colonial among one of the most liquid shares of the European listed property companies in the offices segment.

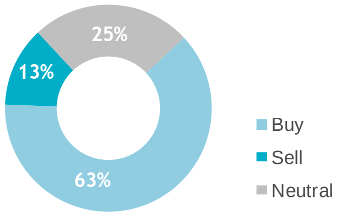
Daily traded volume (€m)



On 26 July 2016, a reverse split was carried out, reducing the number of shares at a ratio of 1 new share for 10 old shares, with the aim of increasing the attractiveness for institutional investors as Colonial is not considered anymore a "penny stock".

(*) Figure adjusted by the number of shares post reverse split

Over the year, the number of analysts covering the company has significantly increased. Since publication of the first quarter 2016 results, 11 analyst recommendations have been issued, which include three new coverages (Mirabaud, BPI and Green Street). The others were revisions of existing reports. Of the total recommendations, 63% of the analysts issued a buy recommendation, with an average target price of €7.4/share(*) according to the consensus of analysts.



The target price of the analysts' consensus is 13% higher than the closing price on 30 June 2016, with maximum target price levels above €8.5/share (Goldman Sachs & Alpha Value).

The target prices and recommendations are as follows:

Institution	Analyst	Date	Recommendation	Target Price actual (€/share)	Rental Income			Recurring Net Profit			NAV/ share (€)		
					2015	2016	2017	2015	2016	2017	2015	2016	2017
Bankinter	Juan Moreno	21/01/2016	Buy	6.3	227	241	278	nd	46	77	nd	nd	nd
Morgan Stanley	Bart Gysens	22/02/2016	Overweight	7.2	245	261	275	83	96	112	6.0	6.6	7.2
Deutsche Bank	Markus Scheufler	29/02/2016	Buy	7.5	231	351	379	37	89	109	6.2	7.5	8.7
Kempen	Tania Valiente	18/04/2016	Buy	7.3	231	264	278	37	75	80	6.2	7.1	7.7
Alpha Value	Alda Kule Dale	13/05/2016	Buy	8.6	231	263	297	nd	nd	nd	6.2	7.5	8.6
JB Capital	Daniel Gandoy	25/05/2016	Neutral	7.0	231	273	288	nd	nd	nd	6.2	7.0	7.6
Kepler Cheuvreux	Carlos Ais	27/05/2016	Neutral	7.0	231	272	292	nd	nd	nd	6.2	6.9	8.0
Merrill Lynch	Samuel Warwood	26/05/2016	Neutral	6.9	231	274	289	37	63	84	6.2	6.2	6.6
Ahorro Corporación	Guillermo Barrio	03/06/2016	Sell	6.0	231	269	296	nd	32	45	nd	nd	nd
Mirabaud	Ignacio Méndez Terroso	13/06/2016	Sell	6.4	233	270	282	nd	84	93	nd	nd	nd
BPI	Gonzalo Sanchez Bordona	15/06/2016	Neutral	8.0	231	288	309	37	83	93	6.2	7.0	7.5
Banco Sabadell	Ignacio Romero	23/06/2016	Buy	8.2	231	272	282	nd	nd	nd	nd	nd	nd
Goldman Sachs	Jonathan Kownator	28/06/2016	Buy	8.9	nd	nd	nd	nd	nd	nd	6.2	7.3	8.0
Banco Santander	Jose Alfonso Garcia	29/06/2016	Buy	7.5	nd	277	310	nd	97	117	nd	6.8	7.6
N+1 Equities	Jaime Amoribieta	29/06/2016	Buy	7.6	231	276	298	37	81	105	6.2	7.4	8.1
Green Street Advisors	Peter Papadakos	06/07/2016	Buy	7.8	nd	nd	nd	nd	74	90	nd	nd	nd
Analysts consensus				**7.4**	**232**	**275**	**297**	**45**	**75**	**91**	**6.2**	**7.0**	**7.8**

Source: Bloomberg & reports of analysts

Colonial is a member of two EPRA indices: the FTSE EPRA/NAREIT Developed Europe and the FTSE EPRA/NAREIT Developed Eurozone. In addition, it is a member of the Global Property Index 250 (GPR 250 Index), as well as the Ibex Medium Cap index. These indices are benchmarks for international listed property companies.

In addition, Colonial is a member in the Morgan Stanley Capital International (MSCI) index, a global property benchmark index for profitability.

EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION

Global property research Solutions for customized property indices

MSCI

(*) Figure adjusted by the number of shares post reverse split

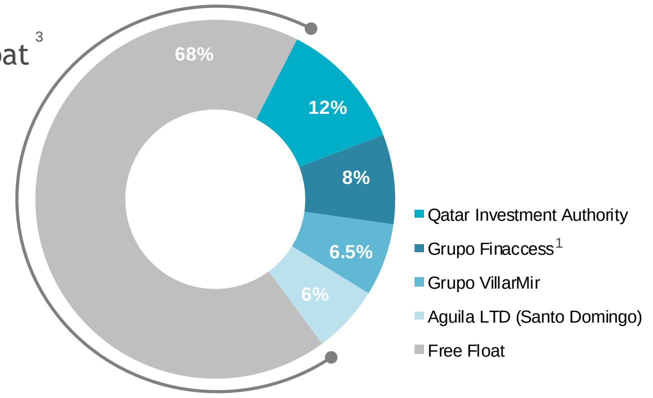
Company shareholder structure

Colonial's shareholder structure is as follows:

Shareholder structure at 18/07/2016 (*)

Joe Lewis [2]	*5%*
Amura Capital	*3%*
Third Avenue Mng.	*3%*
Deutsche Bank	*2%*
Fidelity	*2%*
Invesco	*1%*
Orbis	*1%*
Other Free Float	*50%*

Free Float [3]



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

(1) Through Hofinac BV
(2) Through Joseph Charles Lewis
(3) Free float: shareholders with minority stakes and without representation in the Board of Directors

Board of Directors

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee
Juan José Brugera Clavero	Chairman	Colonial	Chairman		
Grupo Villar Mir S.A.U represented by Juan-Miguel Villar Mir	Vice-Chairman - Director	Villar Mir	Vice-chairman		
Pedro Viñolas Serra	Chief Executive Officer	Colonial	Member		
Juan Villar-Mir de Fuentes	Director	Villar Mir		Member	Member
Sheikh Ali Jassim M. J. Al-Thani	Director	QIA			
Adnane Moussanif	Director	QIA			
Juan Carlos García Cañizares	Director	Aguila LTD (Santo Domingo)	Member	Member	
Carlos Fernández González	Director	finaccess			
Ana Sainz de Vicuña	Independent Director				Chairman
Carlos Fernández-Lerga Garralda	Independent Director		Member	Chairman	Member
Javier Iglesias de Ussel Ordís	Independent Director			Member	Member
Luis Maluquer Trepat	Other External Director				Member
Francisco Palá Laguna	Secretary - Non-Director		Secretary	Secretary	Secretary
Nuria Oferil Coll	Vice-secretary - Non-Director				

6. Appendices

6.1 Appendix – EPRA Ratios

1) EPRA Earnings

EPRA Earnings - €m	06/2016	06/2015
Earnings per IFRS Income statement	**230**	**202**
*Earnings per IFRS Income statement - €/share post reverse split**	*0.64*	*0.63*
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	(354)	(348)
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	0	(1)
(iii) Profits or losses on sales of trading properties including impairment changes in respect of trading properties	0	(0)
(iv) Tax on profits or losses on disposals	0	0
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	2	29
(vii) Acquisition costs on share deals and non controlling joint venture interests	0	0
(viii) Deferred tax in respect of EPRA adjustments	11	25
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation	0	0
(x) Minority interests in respect of the above	141	101
EPRA Earnings	**31**	**9**
*EPRA Earnings per Share (EPS) - €/share post reverse split**	*0.09*	*0.03*
Colonial specific adjustments:		
(a) Discontinued operations	0	0
(b) Extraordinary expenses	0	2
(c) Non recurring financial result	0	0
(d) Tax credits	0	0
Company specific adjusted EPRA Earnings	**31**	**11**
*Company adjusted EPRA Earnings per Share (EPS) - €/share post reverse split**	*0.09*	*0.03*

(*) Figure adjusted by the number of shares post reverse split

6.1 Appendix – EPRA Ratios (cont.)

2) EPRA NAV

EPRA Net Asset value - €m	06/2016	12/2015
NAV per the Consolidated financial statements	**2,287**	**1,837**
Include:		
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	11	8
(i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)	na	na
(i.c) Revaluation of other non current investment	17	17
(ii) Revaluation of tenant leases held as finance leases	na	na
(iii) Revaluation of trading properties	na	na
Exclude:		
(iv) Fair value of financial instruments	3	4
(v.a) Deferred tax	108	100
(v.b) Tax credits on balance	-	-
Include/exclude:		
Adjustments (i) to (iii) above in respect of joint ventures interests	na	na
EPRA NAV - €m	**2,425**	**1,966**
EPRA NAV - Euros cents per share	***68.0***	***61.6***
EPRA NAV - Euros per share post reverse split*	***6.80***	***6.16***
Nº of shares (m) post reverse split*	***356.8***	***318.9***

3) EPRA NNNAV

EPRA Triple Net Asset value (NNNAV) - €m	06/2016	12/2015
EPRA NAV	**2,425**	**1,966**
Include:		
(i) Fair value of financial instruments	(3)	(4)
(ii) Fair value of debt	(119)	(27)
(iii) Deferred tax	(108)	(100)
EPRA NNNAV - €m	**2,196**	**1,835**
EPRA NNNAV - Euros cents per share	***61.5***	***57.5***
EPRA NNNAV - Euros per share post reverse split*	***6.15***	***5.75***
Nº of shares (m) post reverse split*	***356.8***	***318.9***

(*) Figure adjusted by the number of shares post reverse split

6.1 Appendix – EPRA Ratios (cont.)

4) EPRA Net Initial Yield & Topped-up Net Initial Yield

D. EPRA Net Initial yield & "Topped-Up" Net Initial Yield		Barcelona	Madrid	Paris	Total 2016	Total 2015
Figures in €m						
Investment property – wholly owned		768	1269	5,520	7,556	6,913
Investment property – share of JVs/Funds		na	na	na	na	na
Trading property (including share of JVs)		na	na	na	na	na
Less developments		(58)	(86)	(339)	(482)	(321)
Completed property portfolio	**E**	**710**	**1,183**	**5,181**	**7,074**	**6,591**
Allowance for estimated purchasers' costs		19	28	317	364	309
Gross up completed property portfolio valuation	**B**	**728**	**1,211**	**5,498**	**7,438**	**6,900**
Annualised cash passing rental income		29	52	160	241	218
Property outgoings		(3)	(5)	(3)	(11)	(12)
Annualised net rents	**A**	**26**	**47**	**156**	**230**	**206**
Add: notional rent expiration of rent free periods or other lease incentives		2	1	51	53	55
"Topped-up" net annualised rent	**C**	**28**	**48**	**207**	**283**	**262**
EPRA Net Initial Yield	**A/B**	**3.6%**	**3.9%**	**2.8%**	**3.1%**	**3.0%**
EPRA "Topped-Up" Net Initial Yield	**C/B**	**3.9%**	**4.0%**	**3.8%**	**3.8%**	**3.8%**
Gross Rents 100% Occupancy	F	34	55	219	308	294
Property outgoings 100% Occupancy		(2)	(5)	(3)	(10)	(5)
Annualised net rents 100% Occupancy	**D**	**32**	**50**	**216**	**298**	**289**
Net Initial Yield 100% Occupancy	**D/B**	**4.4%**	**4.1%**	**3.9%**	**4.0%**	**4.2%**
Gross Initial Yield 100% Occupancy	**F/E**	**4.8%**	**4.6%**	**4.2%**	**4.4%**	**4.5%**

5) EPRA Vacancy Rate

EPRA Vacancy Rate - Offices Portfolio

€m	1H 2016	1H 2015	Var. %
BARCELONA			
Vacant space ERV	2	5	
Portfolio ERV	31	31	
EPRA Vacancy Rate Barcelona	**6%**	**15%**	*(9 pp)*
MADRID			
Vacant space ERV	1	2	
Portfolio ERV	50	33	
EPRA Vacancy Rate Madrid	**3%**	**7%**	*(5 pp)*
PARIS			
Vacant space ERV	6	24	
Portfolio ERV	187	164	
EPRA Vacancy Rate Paris	**3%**	**15%**	*(11 pp)*
TOTAL PORTFOLIO			
Vacant space ERV	10	31	
Portfolio ERV	268	228	
EPRA Vacancy Rate Total Portfolio	**4%**	**14%**	*(10 pp)*

EPRA Vacancy Rate - Total Portfolio

€m	1H 2016	1H 2015	Var. %
BARCELONA			
Vacant space ERV	2	5	
Portfolio ERV	33	32	
EPRA Vacancy Rate Barcelona	**6%**	**15%**	*(9 pp)*
MADRID			
Vacant space ERV	1	2	
Portfolio ERV	51	35	
EPRA Vacancy Rate Madrid	**3%**	**7%**	*(4 pp)*
PARIS			
Vacant space ERV	7	24	
Portfolio ERV	223	201	
EPRA Vacancy Rate Paris	**3%**	**12%**	*(9 pp)*
TOTAL PORTFOLIO			
Vacant space ERV	10	31	
Portfolio ERV	307	268	
EPRA Vacancy Rate Total Portfolio	**3%**	**12%**	*(8 pp)*

Annualised figures

6.2 Appendix – Consolidated balance sheet

Consolidated balance sheet

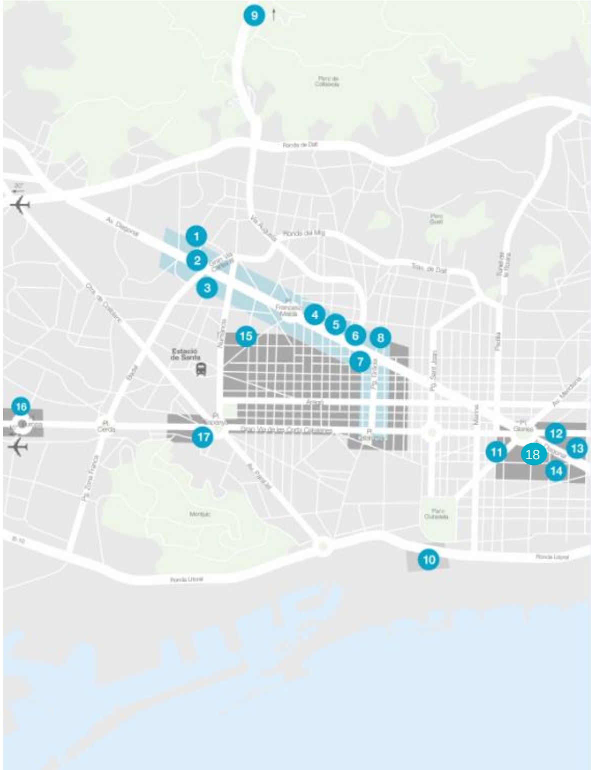
€m	1H 2016	2015
ASSETS		
Property investments	7,401	6,743
Other non-current assets	53	46
Non-current assets	7,453	6,789
Debtors and other receivables	116	85
Other current assets	150	242
Assets available for sale	13	13
Current assets	279	340
TOTAL ASSETS	7,732	7,130
LIABILITIES		
Share capital	892	797
Reserves and others	1,165	625
Profit (loss) for the period	230	415
Equity	2,287	1,837
Minority interests	1,641	1,612
Net equity	3,928	3,449
Bond issues and other non-current issues	2,541	2,539
Non-current financial debt	649	442
Deferred tax	246	244
Other non-current liabilities	138	114
Non-current liabilities	3,575	3,339
Bond issues and other current issues	18	176
Current financial debt	60	54
Creditors and other payables	52	73
Other current liabilities	101	38
Current liabilities	230	341
TOTAL EQUITY & LIABILITIES	7,732	7,130

MARKET VALUE RECONCILIATION	€m
Tangible fixed assets - own use [1]	32
Real estate investment (w/o advances on fixed assets) [2]	7,401
Non-current assets held for sale - Investment properties [3]	13
Value accounted on balance	**7,446**
Unrealised capital gains - own use	24
Not appraised	(1)
Fiscal adjustments	0
Rent free periods	87
Adjustments	**111**
Appraisal value according to external appraisers	**7,556**

[1] Included in the line of "Other non-current assets"
[2] Included in the line of "Property Investments"
[3] Included in the line of "Assets available for sale"

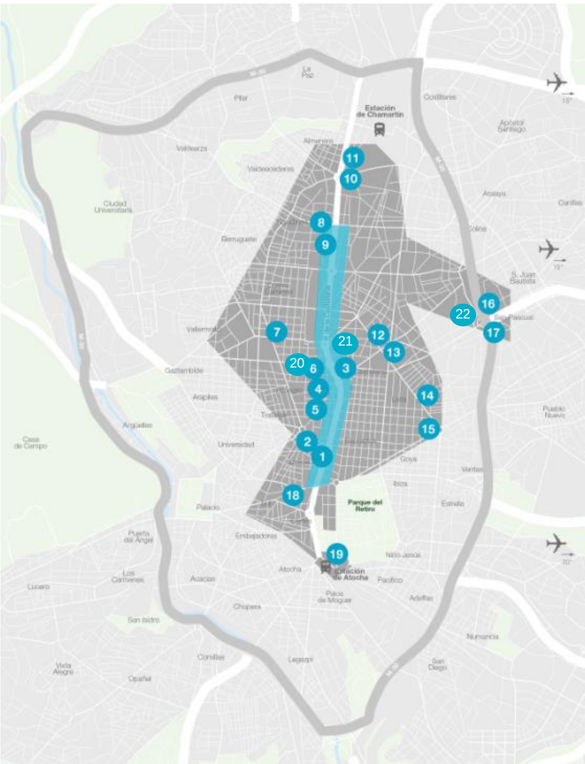
6.3 Appendix – Asset portfolio - Locations

Barcelona



1. Paseo de los Tilos, 2-6
2. Av. Diagonal, 682
3. Av. Diagonal, 609-615
4. Travessera de Gràcia, 11
5. Amigó, 11-17
6. Av. Diagonal, 530-532
7. Av. Diagonal, 409
8. Via Augusta, 21-23
9. Complejo de oficinas Sant Cugat Nord
10. Torre Marenostrum
11. Ausias Marc, 148
12. Diagonal Glories
13. Complejo de oficinas Parc Central 22@
14. Complejo de oficinas Illacuna
15. Berlin, 38-48 / Numància, 46
16. Plaza Europa, 42-44
17. Torre BCN
18. Parc Glories

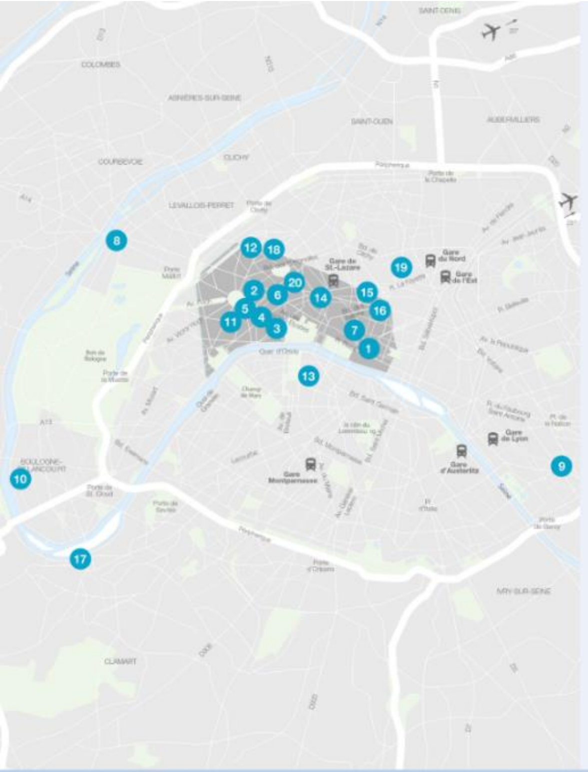
Madrid



1. Paseo de Recoletos, 37-41
2. Génova, 17
3. Paseo de la Castellana, 52
4. Paseo de la Castellana, 43
5. Miguel Ángel, 11
6. José Abascal, 56
7. Santa Engracia
8. Capitán Haya, 53
9. Estébanez Calderón, 3-5
10. Agustín Foxá, 29
11. Hotel Tryp Chamartín
12. López de Hoyos, 35
13. Príncipe de Vergara, 112
14. Francisco Silvela, 42
15. Ortega y Gasset, 100
16. Ramírez de Arellano, 37
17. MV 49 Business Park
18. Alcalá, 30-32
19. Alfonso XII
20. José Abascal, 45
21. Serrano, 73
22. Santa Hortensia, 26-28

6.3 Appendix – Asset portfolio – Locations (cont.)

Paris



1. Louvre Saint-Honoré
2. Washington Plaza
3. Galerie des Champs-Élysées
4. 90 Champs-Élysées
5. 92 Champs-Élysées Ozone
6. Cézanne Saint-Honoré
7. Édouard VII
8. 176 Charles de-Gaulle
9. Rives de Seine
10. In/Out
11. 96 Iéna
12. 131 Wagram
13. 103 Grenelle
14. 104-110 Haussmann Saint-Augustin
15. 6 Hanovre
16. #Cloud
17. Le Vaisseau
18. 112 Wagram
19. 4-8 Rue Condorcet
20. 9 Avenue Percier

6.4 Appendix – Asset portfolio - Details

Spain

RENTAL PORTFOLIO SPAIN	Floor space above ground				Floor space above ground	Floor space below ground	Total surface	Parking units
	Offices	Retail	Resid.	Hotel				
DIAGONAL, 409	3,680	851			4,531	0	4,531	
DIAGONAL, 530	9,226	2,555			11,781	4,708	16,489	99
DIAGONAL, 609-615 - DAU/PRISMA	21,110				21,110	18,839	39,949	438
AV. DIAGONAL, 682	8,372	250			8,622	1,795	10,417	50
PEDRALBES CENTRE	0	5,558			5,558	1,312	6,870	
AUSIAS MARCH, 148-150	5,060	1,370			6,430	1,521	7,951	64
BERLIN, 38-48/NUMANCIA, 46	9,644	3,173			12,817	3,779	16,596	99
DIAGONAL 220-240, GLORIES	11,672				11,672	536	12,208	40
ILLACUNA	19,639	812			20,451	13,620	34,071	796
Pº TILOS, 2-6	5,143				5,143	3,081	8,224	79
VIA AUGUSTA, 21-23	3,950	218			4,168	0	4,168	
TRAVESSERA, 11	4,105	410			4,515	1,994	6,509	61
AMIGÓ, 11-17	2,960	535			3,495	1,766	5,261	88
PLZ. EUROPA 42-44	4,869				4,869	2,808	7,677	68
TORRE BCN	9,600	235			9,835	3,398	13,233	88
TORRE MARENOSTRUM	22,394				22,394	19,370	41,764	616
SANT CUGAT	26,220				26,220	20,482	46,702	690
CASTELLANA, 52	5,568	1,027			6,595	2,615	9,210	49
RECOLETOS, 37-41	13,642	3,560			17,202	5,340	22,542	175
CASTELLANA, 43	5,999				5,999	2,441	8,440	81
MIGUEL ANGEL, 11	5,370	930			6,300	2,231	8,531	81
JOSE ABASCAL, 56	10,857	1,468			12,325	6,437	18,762	219
GÉNOVA, 17	3,638	1,038			4,676	2,601	7,277	70
JOSE ABASCAL, 45	5,326				5,326	1,929	7,255	54
SERRANO,73	4,242				4,242	3,176	7,418	80
ALCALA, 30-32	8,573	515			9,088	1,700	10,788	52
ALFONSO XII, 62	13,135				13,135	2,287	15,422	78
SANTA ENGRACIA	13,430				13,430	5,562	18,992	181
FRANCISCO SILVELA, 42	5,393				5,393	3,926	9,319	105
JOSÉ ORTEGA Y GASSET 100	6,870	922			7,792	2,563	10,355	96
CAPITÁN HAYA, 53	13,685	2,330			16,015	9,668	25,683	295
LÓPEZ DE HOYOS, 35	6,476				6,476	4,105	10,581	111
AGUSTÍN DE FOXÁ, 29	6,402	873			7,275	2,515	9,789	158
HOTEL CENTRO NORTE	0	385		8,073	8,458	11,089	19,547	
MARTÍNEZ VILLERGAS, 49	24,135				24,135	14,707	38,842	437
RAMIREZ DE ARELLANO, 37	5,988				5,988	4,923	10,911	160
SANTA HORTENSIA, 26-28	46,928				46,928	25,668	72,596	946
HOTEL MOJACAR	0			11,519	11,519	0	11,519	
RENTAL PORTFOLIO	373,301	29,015	0	19,592	421,907	214,493	636,400	6,704
OTHER SMALL RETAIL UNITS		969			969	350	1,319	
PORFOLIO IN OPERATION SPAIN	373,301	29,984	0	19,592	422,876	214,843	637,719	6,704
PARC CENTRAL 22@	14,737				14,737	14,737	29,474	184
PARC GLORIES	24,551				24,551	5,343	29,894	141
ESTÉBANEZ CALDERÓN, 3-5	10,152				10,152	4,751	14,903	103
PRÍNCIPE DE VERGARA, 112-114	11,368				11,368	4,530	15,898	107
ORENSE 46-48	0	5,010			5,010	1,384	6,394	51
REST OF ASSETS	4,844	87			4,931	2,807	7,738	
PROJECTS UNDERWAY SPAIN	65,652	5,097	0	0	70,749	33,552	104,301	586
TOTAL SPAIN	438,953	35,081	0	19,592	493,625	248,395	742,020	7,290
BARCELONA	*210,172*	*16,157*	*0*	*0*	*226,329*	*120,664*	*346,993*	*3,601*
MADRID	*228,781*	*18,058*	*0*	*8,073*	*254,911*	*127,381*	*382,291*	*3,689*
OTHERS	*0*	*866*	*0*	*11,519*	*12,385*	*350*	*12,735*	*0*

Note: In order to facilitate the analysis of the portfolio, part of the office buildings have been specified as dedicated to retail/commercial use (generally the ground floors).

6.4 Appendix – Asset portfolio (cont.)

France

RENTAL PORTFOLIO FRANCE	Floor space above ground				Floor space above ground	Floor space below ground	Total surface	Parking units
	Offices	Retail	Resid.	Hotel & others				
LOUVRE SAINT-HONORE	24,897	447		2,134	27,478	5,730	33,209	236
EDOUARD VII	28,151	15,351	4,509	4,202	52,214	10,145	62,359	523
6 HANOVRE	3,325				3,325	1,246	4,571	0
#CLOUD.PARIS	28,192			1,860	30,051	3,164	33,216	99
CONDORCET	20,376		1,562	1,301	23,239	2,457	25,696	50
GALERIE CHAMPS-ELYSEES	0	4,067			4,067	3,849	7,916	125
90 CHAMPS-ELYSEES	7,912	932			8,844	0	8,844	
92 CHAMPS-ELYSEES	4,110	3,089			7,199	0	7,199	
CEZANNE SAINT-HONORE	20,395	1,849	0		22,244	3,337	25,581	128
131 WAGRAM	7,100			449	7,549	3,119	10,668	124
96 IENA	7,505				7,505	4,711	12,217	264
112 WAGRAM	3,623	892			4,515	546	5,061	29
WASHINGTON PLAZA	36,885	416		2,214	39,516	13,280	52,795	662
HAUSSMANN SAINT-AUGUSTIN	11,683	791			12,474	2,650	15,124	104
9 PERCIER	4,716				4,716	419	5,135	14
176 CHARLES DE GAULLE	5,749	389			6,138	2,739	8,876	145
IN / OUT	30,954			1,660	32,614	11,680	44,294	581
LE VAISSEAU	6,026				6,026	2,321	8,347	124
RIVES DE SEINE	20,270			1,760	22,030	6,589	28,619	366
103 GRENELLE	12,639	258		1,052	13,949	1,891	15,840	100
SAINT DENIS	0		60		60	16	76	1
PORTFOLIO IN OPERATION FRANCE	**284,508**	**28,482**	**6,132**	**16,632**	**335,753**	**79,890**	**415,643**	**3,675**
LOUVRE SAINT-HONORE	1,081	8,758			9,839	8,462	18,302	
WASHINGTON PLAZA	2,778				2,778	2,177	4,955	
CEZANNE SAINT-HONORE	4,043				4,043	1,504	5,547	
103 GRENELLE	2,947				2,947	1,704	4,651	
#CLOUD.PARIS					0	3,397	3,397	
REST OF ASSETS	2,337	531			2,868	8,017	10,885	
PROJECTS UNDERWAY FRANCE	**13,185**	**9,290**			**22,475**	**25,260**	**47,735**	**0**
TOTAL FRANCE	**297,693**	**37,771**	**6,132**	**16,632**	**358,228**	**105,150**	**463,378**	**3,675**
TOTAL COLONIAL GROUP	**736,646**	**72,852**	**6,132**	**36,223**	**851,853**	**353,545**	**1,205,398**	**10,965**

6.5 Appendix – Project portfolio & New acquisitions

Projects underway & new acquisitions in 2016

Estébanez Calderón – Madrid *(Project underway)*

Property acquired in May 2015, located at Estébanez Calderón 3-5, just a few metres from Paseo de la Castellana. The transaction involves demolishing the current building to build a new unique property, which will incorporate the latest technologies and innovation in materials. The property will obtain the most prestigious environmental and sustainability certificates. The new office building will provide a total of 10,500 sq m of surface area above ground, with optimal space efficiency on all floors, enabling it to obtain the "LEED Gold" energy certificate.

Príncipe de Vergara – Madrid *(Project underway)*

Property acquired in July 2015, located at Príncipe de Vergara, 112, Madrid. The transaction involves demolishing the current property to build a unique new building, which will incorporate the latest technologies and innovation in materials. The property will receive the most prestigious environmental and sustainability certificates. The new office building will provide a total of 11,400 sq m surface area above ground, with optimal space efficiency on all floors, enabling it to obtain the "LEED Gold" energy certificate.

Parc Glories – Barcelona 22@

A new project of an emblematic office building in the most prime area of 22@ with extremely high quality finishes, technical specifications and sustainability with expected delivery in 2018. Parc Glòries is a project destined to become an imminent symbol of the city. The project will have more than 24,000 sq m designed by Batlle & Roig, distributed over 17 floors, each with a surface area of approximately 1,800 sq m. The building is located in the heart of the newest and most modern business district in Barcelona, next to Plaça de les Glòries and adjacent to Avenida Diagonal. The building will be one of the first properties to obtain the LEED Platinum certificate in the Barcelona office market.

6.5 Appendix – Project portfolio & New acquisitions (cont.)

Projects underway and new acquisitions in 2016

José Abascal, 45 – Madrid Prime CBD

Colonial has acquired a building located in calle José Abascal, 45 in Madrid. It is an architecturally unique building with a surface area of over 5,300 sq m, located in the prime CBD and rented to top tier companies. The investment amount stands at €35 million, and confirms the positioning of Colonial as one of the leaders in prime assets in the Madrid market.

Serrano, 73 – Madrid Prime CBD

The agreement with Grupo Finaccess includes the purchase of this building located in calle Serrano, 73 in Madrid. This asset has a unique location in the Super-Prime market in Madrid. The property has a surface area of 4,200 sq m, and is one of the office buildings in Madrid with the highest recognition due to its extraordinary location and quality.

Santa Hortensia, 26-28 – Madrid BD

This building located in calle Santa Hortensia, 26-28 in Madrid is also included in the agreement with Grupo Finaccess. The property has a surface area of 47,000 sq m and is one of the 7 largest office buildings in Madrid. Located on a strategically-located parcel of 12,500 sq m, it is a unique building in its characteristics, and fits perfectly into Colonial's strategy to develop the best portfolio of prime assets in Spain.

6.5 Appendix – Project portfolio & New acquisitions (cont.)

Delivered projects

#CLOUD (Rue Richelieu) – Paris



This building was acquired in April 2004 and in the last quarter of 2015 the comprehensive refurbishment project on the building was completed, which involved the creation of 33,000 sq m of individual offices for top tier clients in central Paris. This building entered into operation at the close of 2015, let at 100%. The property has the top energy certificates (HQE, BREEAM & LEED Gold) and currently represents the best high quality supply in the Paris CBD.

Travessera de Gràcia / Amigó



A two-building office complex project with a total of 8,095 sq m above ground, located in Travessera de Gràcia, where it crosses with Calle Amigó, no more than a few metres from Avenida Diagonal in a busy and well-connected shopping area. An office complex with state-of-the-art façades and an outstanding design. Office spaces ranging from 200 sq m to 540 sq m per floor. These high-quality energy-efficient buildings and facilities have obtained LEED Gold certification (“green building”).

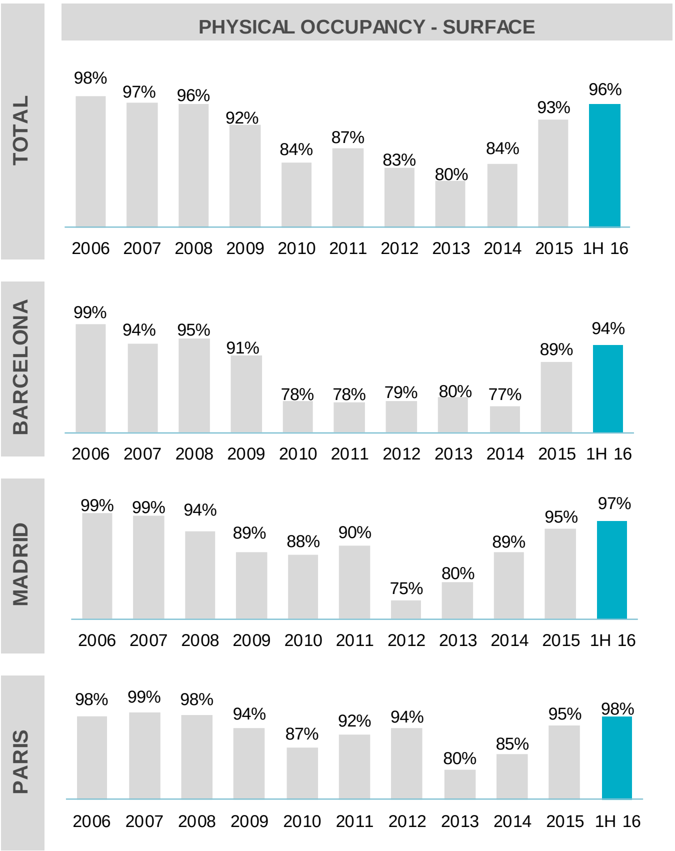
6.6 Appendix – Historical series

Historical series breakdown

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Barcelona												
Physical Offices Occupancy (%)	97%	100%	99%	94%	95%	91%	78%	78%	79%	80%	77%	89%
Rental income (€m)	55	53	56	60	51	49	39	32	31	28	28	27
EBITDA (€m)	53	51	55	58	49	47	37	28	27	25	23	23
Ebitda / Rental income (%)	95%	96%	97%	97%	96%	97%	93%	88%	89%	89%	85%	85%
Madrid												
Physical Offices Occupancy (%)	93%	98%	99%	99%	94%	89%	88%	90%	75%	80%	89%	95%
Rental income (€m)	37	44	68	70	56	50	47	45	44	35	32	35
EBITDA (€m)	34	42	66	66	52	46	42	41	40	30	28	31
Ebitda / Rental income (%)	93%	94%	96%	95%	92%	92%	90%	90%	90%	86%	85%	88%
Paris												
Physical Offices Occupancy (%)	97%	96%	98%	99%	98%	94%	87%	92%	94%	80%	85%	95%
Rental income (€m)	157	153	162	170	182	183	175	152	150	149	152	169
EBITDA (€m)	147	145	153	162	171	173	162	141	138	137	139	155
Ebitda / Rental income (%)	94%	95%	95%	95%	94%	94%	93%	93%	92%	92%	92%	92%

Evolution of physical office occupancy

Office Occupancy(1) – Evolution of Colonial's Portfolio



(1) Occupied surfaces/Surfaces in operation

6.7 Appendix – Financial structure – Details

The main characteristics of the Colonial Group's debt are as follows:

1. Bonds issued in two tranches in June 2015 for a total amount of €1,250m according to the following breakdown:
   a) Issue of €750m, maturing in June 2019 with an annual fixed coupon of 1.863%.
   b) Issue of €500m, maturing in June 2023 with an annual fixed coupon of 2.728%.

   These bonds are unsubordinated and non-preferential between them, and have been accepted for listing on the Main Securities Market of the Irish Stock Exchange.
2. Three SFL bond issues for €1,457m according to the following breakdown:
   a) Issue in November 2012 of the initial amount of €500m, with pending amount after the repurchases carried out in November 2014 and November 2015 of €301m, maturing in November 2017, with an annual fixed coupon of 3.5%.
   b) Issue in November 2014 for €500m, with an annual fixed coupon of 1.875%, maturing in November 2021.
   c) Issue in November 2015 for €500m with an annual fixed coupon of 2.250%, maturing in November 2022.

   These bonds are unsubordinated and non-preferential between them and have been accepted for listing on the regulated market of Euronext Paris.
3. Colonial's syndicate loan for a nominal value of €350m, of which the agent bank is Natixis S.A. Sucursal en España, with initial maturity in June 2019, extendible until November 2020. The objective of this syndicate loan is to finance possible acquisitions, as well as refurbishments and other investment needs. The interest rate of the loan has been fixed at Euribor plus 160bp and the only guarantees provided have been corporate. This loan is subject to the fulfilment of certain financial ratios.

   At 30 June 2016, €96m was drawn.
4. SFL's two syndicate loans:
   a) A syndicate loan for a nominal amount of €400m, the agent bank of which is "BNP PARIBAS", maturing in July 2020 with an applicable spread, subject to the LTV level. This loan is totally undrawn.
   b) A syndicate loan, the agent bank of which is "Natixis Banques Populaires" for a nominal amount of €150m, maturing in October 2019. The applicable spread varies depending on the LTV. At 30 June 2016, this loan was totally undrawn.
5. Bilateral loans with mortgage securities:
   a) The Colonial Group in Spain holds €37m in bilateral loans, with mortgage securities on various property assets. The average maturity of these loans is 4.8 years and the average financing spread is 80 bp.
   b) SFL holds a total of €206m in bilateral loans with various financial institutions, with mortgage securities on property assets. The average maturity of these loans is 5.8 years.
6. Bilateral loans without mortgage securities:

   SFL holds various loans for the amount of €375m, at a variable interest rate, with an average maturity of 3.2 years.

Hedging portfolio

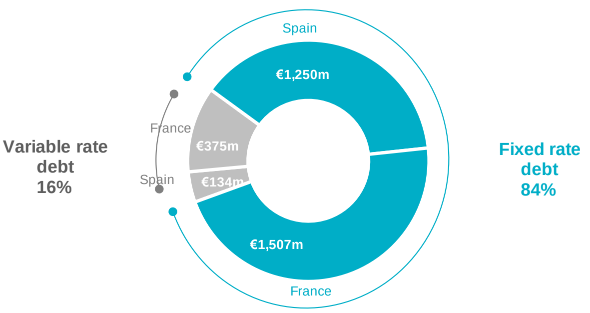
The breakdown of the hedging portfolio at 30 June 2016 is the following:

June 2016 Financial instrument - €m	Spain	France	MTM (Ex-coupon)
Total hedging portfolio (Variable - Fixed)	24	0	(3)
Maturity (years)	7.5	0.0	
% Hedging portfolio / Gross debt	18%	0%	
% Fixed rate or hedged debt vs/ Gross debt	92%	80%	

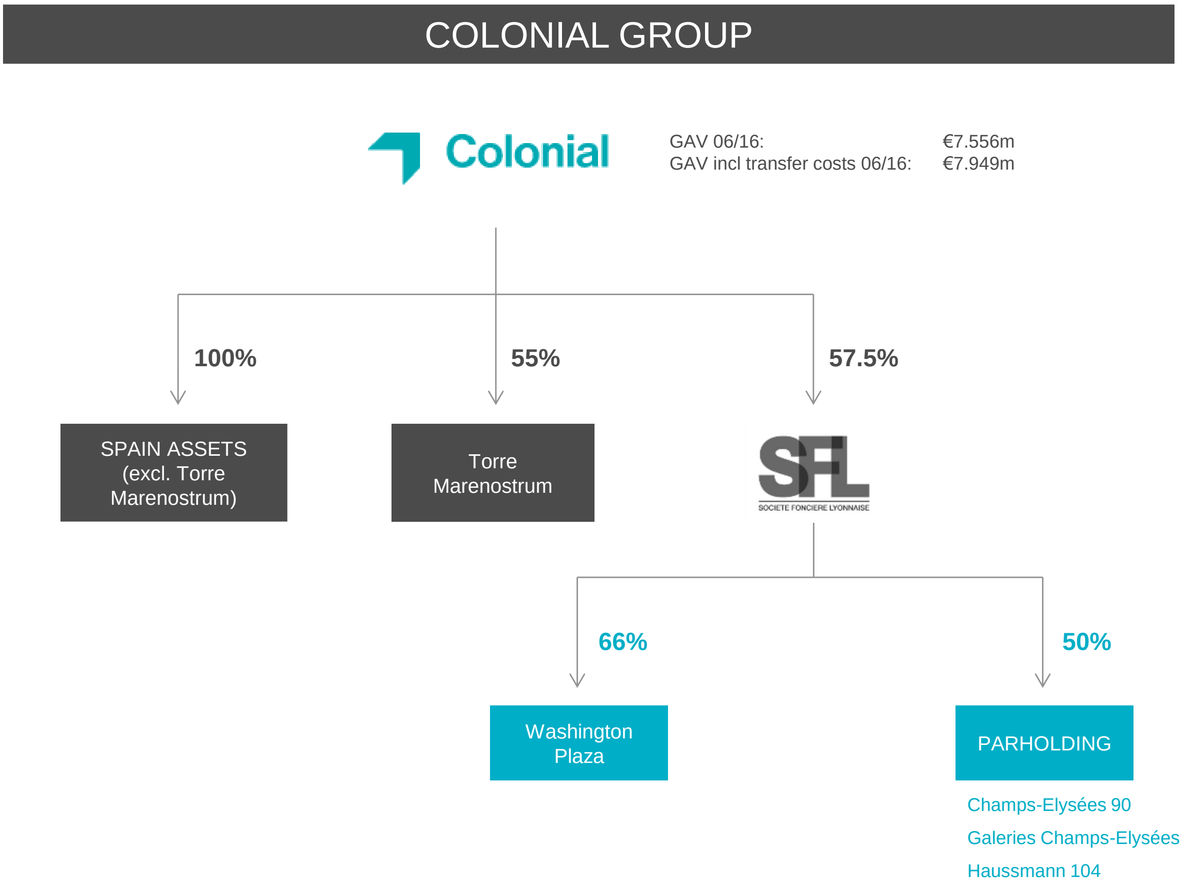
67% of the Group's debt is contracted at a fixed rate, although the drawn debt at 30 June 2016 was 84% at a fixed rate. In addition, the Group uses derivative financial instruments that enable it to manage its exposure to interest rate fluctuations. The objective of the risk management policy is to reduce exposure to interest rate volatility in order to limit and control the impact of interest rate fluctuations on the cash flow and results, maintaining an appropriate global cost of debt. In addition, the policy of the Group is to contract instruments that comply with the requirements established under IFRS 39, allowing the variance in the market value (MTM) to be registered directly in net equity.

At 30 June 2016, the Group only had one interest rate derivative contracted (IFRS) for €24m, wholly associated to a loan.

Breakdown of fixed rate and variable debt at 30/06/2016



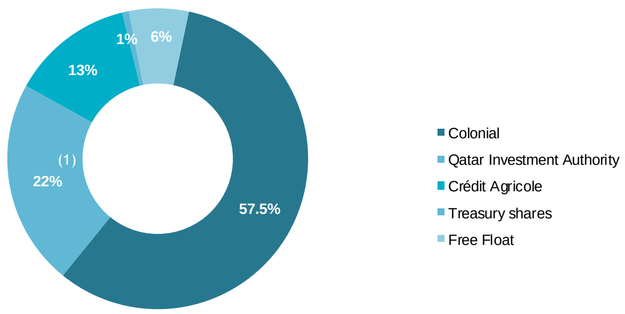
6.8 Appendix – Legal structure



6.9 Appendix – Subsidiaries - Details

▪ Shareholder structure and Board of Directors of SFL

***SFL** - Shareholder structure at 30/06/2016*



(1) Stake held through Qatar Investment Authority (13.6%) and DIC Holding (8.6%)

Board of Directors SFL

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee	Independent Directors Committee
Juan José Brugera Clavero	Chairman	Colonial	Chairman			
Pere Viñolas Serra	Vice-Chairman - Director	Colonial	Member	Member		
Carlos Fernández-Lerga Garralda	Director	Colonial			Chairman	
Carmina Ganyet Cirera	Director	Colonial	Member			
Angels Arderiu Ibars	Director	Colonial				
Carlos Krohmer	Director	Colonial				
Luis Maluquer Trepat	Director	Colonial				
Nuria Oferill Coll	Director	Colonial				
Ali Bin Jassim Al Thani	Director	QIA				
Adnane Moussanif	Director	QIA				
Jean-Jacques Duchamp	Director	Crédit Agricole Assurances	Member		Member	
Chantal du Rivau	Director	Crédit Agricole Assurances				
Anne-Marie de Chalambert	Independent Director			Member	Member	Member
Jacques Calvet	Independent Director				Member	Member
Anthony Wyand	Independent Director			Chairman		Member

6.10 Appendix - Glossary

Earnings per share (EPS)	Profit from the year attributable to the shareholders divided by the number of shares
BD	Business District
Market capitalisation	The value of the company's capital obtained from its stock market value. It is obtained by multiplying the market value of its shares by the number of shares in circulation
CBD	Central Business District (prime business area)
Property company	Company with rental property assets
Portfolio (surface area) in operation	Property/surfaces with the capacity to generate rents at the closing date of the report
Asentia deconsolidation	Exit from the consolidation perimeter of the Colonial Group
EBITDA	Operative results before net revaluations, amortizations, provisions, interests and taxes
EPRA	European Public Real Estate Association: Association of listed European property companies that sets best market practices for the sector
Free float	The part of share capital that is freely traded on the stock market and not controlled in any stable way by shareholders
GAV excl. transfer costs	Gross Asset Value of the portfolio according to external appraisers of the Group, after deducting transfer costs
GAV incl. transfer costs	Gross Asset Value of the portfolio according to external appraisers of the Group, before deducting transfer costs
GAV Parent Company	Gross Asset Value of directly-held assets + NAV of the 55% stake in the Torre Marenostrum SPV + NAV of 53.1% stake in SFL

6.10 Appendix – Glossary (cont.)

Holding	A company whose portfolio contains shares from a certain number of corporate subsidiaries.
IFRS	International Financial Reporting Standards.
JV	Joint Venture (association between two or more companies).
Like-for-like rents	Data that can be compared between one period and another, excluding the following: 1) investments and disposals, 2) changes in the project and refurbishment portfolio, and 3) other extraordinary items, for example, indemnities from tenants in case of anticipated leave.
Like-for-like valuation	Data that can be compared between one period and another (excluding investments and disposals).
LTV	Loan to Value (Net financial debt/GAV of the business).
EPRA NAV	EPRA Net Asset Value (EPRA NAV) is calculated based on the consolidated equity of the company and adjusting some items following the EPRA recommendations.
EPRA NNNAV	The EPRA NNNAV is calculated adjusting the following items in the EPRA NAV: the fair market value of the financial instruments, the fair market value of the debt, the taxes that would be accrued with the sale of the assets at their market value applying tax benefits for reinvestments and the tax credit on balance, considering a going concern assumption.
EPRA Cost Ratio	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.
Physical Occupancy	Percentage: occupied square metres of the portfolio at the closing date of the report/surfaces in operation of the portfolio
EPRA Occupancy	Financial occupancy according to the calculation recommended by the EPRA (occupied surface areas multiplied by the market rental prices/surfaces in operation at market rental prices).

6.10 Appendix – Glossary (cont.)

Reversionary potential	This is the result of comparing the rental revenues from current contracts (contracts with current occupancy and current rents in place) with the rental revenues that would result from 100% occupancy at market prices, estimated by independent appraisers. Projects and refurbishments are excluded.
Projects underway	Property under development at the closing date of the report
RICS	Royal Institution of Chartered Surveyors
SFL	Société Foncière Lyonnaisse
Take-up	Materialized demand in the rental market, defined as new contracts signed
TMN	SPV of Colonial (55%) and Gas Natural (45%) related to the Torre Marenostrum building
Valuation Yield	Capitalization rate applied by the independent appraisers in the valuation
Yield on cost	Market rent 100% occupied/Market value at the start of the project net of impairment of value + invested capital expenditure
Yield occupancy 100%	Passing rents + vacant spaces rented at the market prices/market value
EPRA net initial yield (NIY)	Annualised rental income based on passing rents as at the balance sheet date, reduced by the non-recoverable expenses, divided by the market value, including transfer costs (= estimated purchasing costs)
EPRA Topped-Up Net Initial Yield	EPRA Net Initial Yield adjusted in respect of the expiration of rent-free periods
Gross Yield	Gross rents/market value excluding transfer costs
Net Yield	Net rents/market value including transfer costs
€m	In millions of euros

6.11 Appendix – Contact details

Investor Relations

Tel. +34 93 404 7898
inversores@inmocolonial.com

Shareholders Office

Tel. +34 93 404 7910
accionistas@inmocolonial.com

Colonial Website

www.inmocolonial.com

Capital Market registry data – Stock market

Bloomberg: COL.SM
ISIN Code: ES0139140042
Indices: IPD, EPRA (FTSE EPRA/NAREIT Developed Europe and FTSE EPRA/NAREIT Developed Eurozone), Global Property Index 250 (GPR 250 Index) & Index Ibex Medium Cap.

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