



1/17

First quarter results January – March 2017

2 May 2017

 Colonial

At the close of the first quarter of 2017, the Colonial Group obtained a recurring net profit of €15.6m, an increase of 27% compared to the previous year

- Gross rental income: €70m, +5% (+4% like-for-like)
- Group recurring EBITDA: €52m, +5% (+4% like-for-like)
- Recurring net profit: €15.6m, +27%
- Group net profit: €16m, +42%

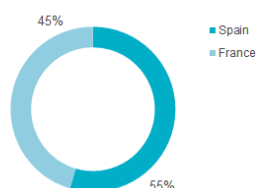
Company KPIs - 1Q 2017

per share data	2017	2016	Variance
FFO ¹	0.047	0.042	+13%
EPS recurring	0.044	0.039	+13%

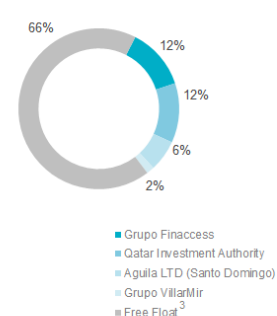
P/L €m data	2017	2016	Variance
Rental revenues	70	66	+5%
EBITDA recurring	52	50	+5%
Recurring income	16	12	+27%
Net income	16	11	+42%

Capital Structure	2017
GAV Group (€m)	8,069 ⁴
Net debt (€m)	3,552
Cash & undrawn bal. (€m)	1,189
Group LTV ⁵	41.4%
Debt maturity (years)	4.8

Geographical diversification ² - 31/12/16



Shareholder structure Colonial

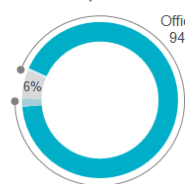


Rating Standard & Poors
BBB stable outlook

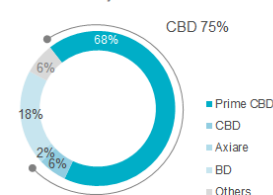
Portfolio KPIs

	2017
GAV Group (€m)	8,069 ⁴
No. of assets Spain	42
No. of assets France	21
Total no of assets ⁶	63
Lettable surface AG	769,064
Developments underway AG ⁷	92,676
Surface above ground (sqm)	861,741

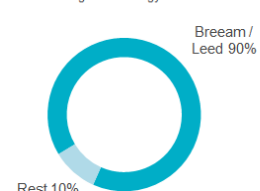
Valuation - by uses - 31/12/16



Valuation - by area - 31/12/16



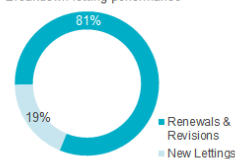
% Buildings with energy certification ⁸ - 31/12/16



Business KPIs

	Total	Barcelona	Madrid	Paris
# contracts signed	30	13	8	9
Contracts signed sq m	47,538	30,644	10,808	6,086
Total EPRA Vacancy ⁹	5%	3%	5%	5%
Rental revenues (€m)	70	8	12	49
% EPRA Like-for-like var	4.0%	9.6%	-0.5%	4.1%

Breakdown letting performance



(1) Recurring net result excluding amortisations and accrual of the incentives plan

(2) GAV Parent Company 31/12/16: Value of assets directly-held + NAV of the stake in the SPV Torre Marenostrum + NAV of the stake in Axiare + NAV of the 58.5% stake in SFL

(3) Free float: shareholders with minority stakes and without representation on the Board of Directors

(4) GAV as of 31/12/16

(5) Net debt Group 31/03/17 / (GAV Group (incl. Transfer costs) 12-2016+ NAV of the stake in Axiare + Treasury shares)

(6) Excluding small non-core assets

(7) Projects & refurbishments

(8) Buildings in operation with energy certification

(9) Financial vacancy: Financial vacancy according to the calculation recommended by EPRA

Highlights

1Q 2017 Results

The Colonial Group has started 2017 with excellent results that consolidate the positive trend of the two previous years underpinned by a unique office portfolio with high occupancy levels and the maximum capacity to attract top tier clients. These results rely on an industrial real estate strategy that prioritizes the quality of growth while maintaining maximum financial discipline in the acquisition program.

Specifically, the Colonial Group has again achieved high increases in signed rental contract prices, thanks to its leadership position in prime offices in Barcelona, Madrid and Paris.

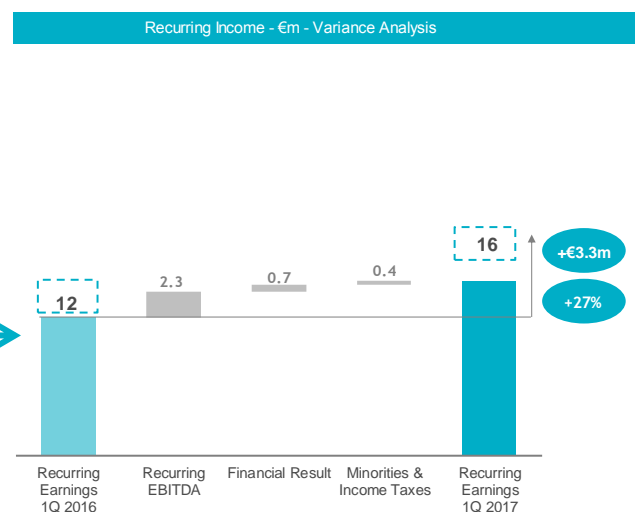
The net recurring profit of the Colonial Group increased 27% compared to the previous year amounting to €15.6m at 31 March 2017. In terms of EPS, the increase was of 13%.

The net attributable profit increase of €5m compared to the first quarter of 2016 is mainly due to three factors:

1. A solid 5% year on year increase in rental income
2. The reduction in financial expenses based on an active management of the balance sheet
3. An increase in the attributable results coming from Paris based on the increase in the stake of the French subsidiary from 53.1% a year ago to 58.5% at present.

Profit & Loss Accounts		
Results analysis - €m	1Q 2017	1Q 2016
Gross Rents	70	66
Net operating expenses ⁽¹⁾	(8)	(7)
Overheads	(9)	(9)
Recurring EBITDA	52	50
Recurring financial result	(20)	(20)
Income tax expense & others - recurring	(3)	(3)
Minority interests - recurring	(14)	(14)
Recurring Earnings	16	12
Variance asset values & provisions	1	0
Non-recurring financial result & MTM	(0)	(2)
Income tax & others - non-recurring	(0)	(0)
Minority interests - non-recurring	0	1
Profit attributable to the Group	16	11

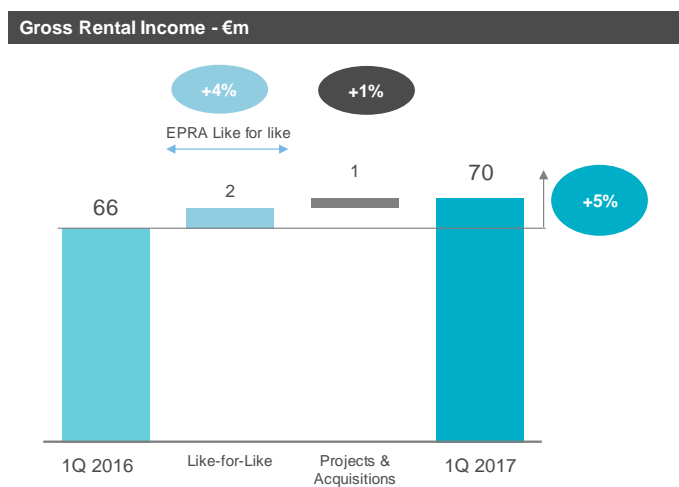
(1) Includes other income



Growth in Rental Income

The Colonial Group achieved a 5% growth in gross rental income compared to the previous year, due to:

1. A 4% like-for-like increase, based on very solid occupancy levels together with prices signed at the high end of the market.
2. The 1% additional growth, which comes from the new acquisitions made in the framework of the Alpha I and Alpha II projects



The like-for-like increase in rental income achieved by Colonial ranks among the highest in the sector. Spain increased 4% like-for-like thanks to the strong results of the Barcelona portfolio with an increase of 10% like-for-like based on contracts signed on the Diagonal 609-615, Diagonal 530 and Glories-Diagonal properties.

The Paris portfolio increased 4% like-for-like, thanks to the contracts signed on the #Cloud and Washington Plaza buildings.

The rental EBITDA rose 4% like-for-like, reflecting a solid increase in income net of expenses, which boosted the recurring EBITDA of the Group to €52m, 5% more compared to the same period of the previous year.

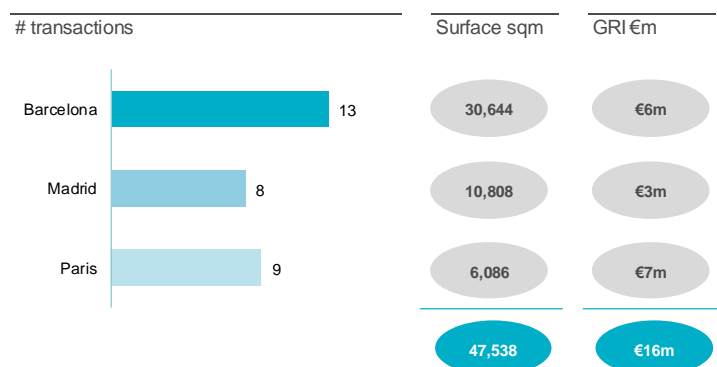
The progress in recurring EBITDA together with an improvement in financial expenses and the increase in the SFL stake led to a net recurring profit of 27%.

Due to the absence of significant extraordinary items during the first quarter of 2017, the net result attributable to the Group coincides almost with the recurring results and amounts to €16m, 42% higher than the same period of the previous year.

Highlights of the rental portfolio

Performance of the contract portfolio

In a rental market with clients demanding increasingly higher standards, the Colonial Group signed 30 transactions corresponding to a rental contract volume of 47,538 sq m with an annualized income of €16m.



The Colonial Group has been able to attract top tier clients that demand unique locations. This fact has resulted in signing rental prices which represent a double-digit growth over market prices from one year ago, and a 16% increase compared to previous rental prices in renewals.

Specifically, the maximum rents obtained in the Barcelona and Madrid portfolios reached €23.5/sq m/month and €29/sq m/month, respectively. The Paris portfolio obtained the maximum rent on the Cezanne St Honoré building at €759/sq m/year.

The most important transactions of the first quarter include the following:

Barcelona

- ✓ Renewal of the contract with the Ajuntament de Barcelona on Diagonal Glories (11,672 sq m)
- ✓ Renewal of 7,058 sq with CaixaBank in the Diagonal, 530
- ✓ Renewal of 5,595 sq m with Liberty Seguros in Illacuna

Madrid

- ✓ Renewal of the contract on 4,600 sq m with a transport company in Santa Engracia
- ✓ Renewal of the contract with BDO Audiberia Abogados in Recoletos (1,005 sq m)

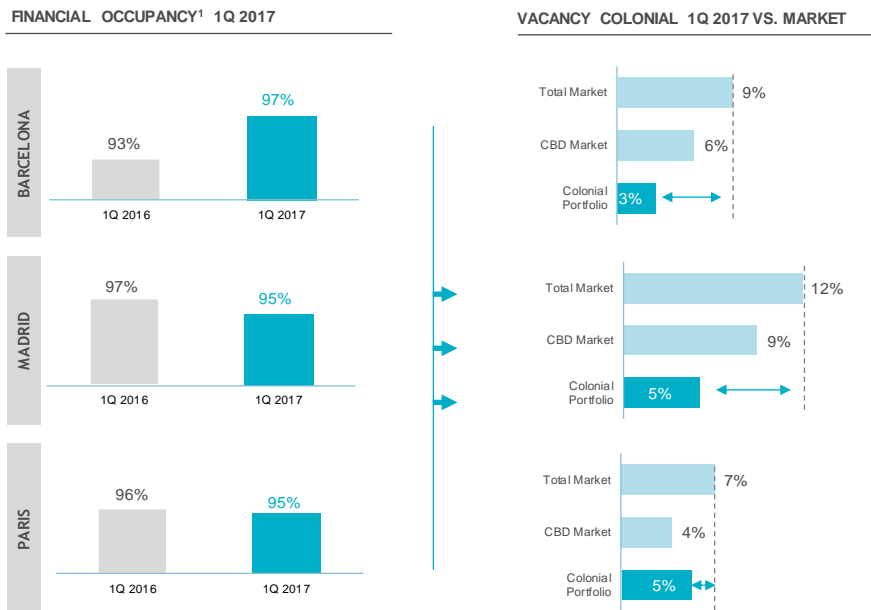
Paris

- ✓ Renewal of the contract with Theatre Edouard VII of 2,050 sq m
- ✓ The signing on 1,350 sq m with a Real Estate Group in the Grenelle 103
- ✓ The signing on 1,580 sq with a consulting firm in Cézanne Saint-Honoré

Portfolio occupancy

The excellent letting performance has enabled Colonial to maintain solid occupancy levels, clearly much higher than the market average in the three cities in which the Group operates.

At the close of the first quarter of 2017, Colonial's office portfolio reached a financial occupancy of 95%¹, maintaining similar levels to those of the first quarter of the previous year.



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

The portfolio in Spain reached 96% financial occupancy, with Barcelona at a rate of 97%, and Madrid at 95%.

The Paris portfolio reached 95% at 31 March 2017.

These high occupancy levels exceed those of the main competitors in Spain, as well as in France, and significantly improve the Colonial Group's negotiating position to obtain further rental price increases in the coming quarters, as well as new clients.

Active portfolio management

Acquisitions

Accelerating the fulfilment of growth objectives in the strategic plan, Colonial commenced 2017 with the execution of the Alpha II project, which includes the acquisition of four assets for an investment volume of almost €400m (total investment volume including future capex of development projects). Specifically, three development projects were acquired: Plaza Europa 46-48 in Barcelona, Paseo de la Castellana 163 in Madrid and 112-122 Av. Emile Zola in Paris. Additionally, Colonial purchased the Spanish headquarters of the Bertelsmann Group, located in the CBD in Barcelona (Travessera de Gracia 47-49).

Out of these four assets, the purchases of the P⁰ de la Castellana 163 and Travessera de Gràcia 47-49 buildings were formalized at the end of December 2016.

MADRID		1 Paseo de la Castellana, 163 Madrid Prime CBD		Value Added – Prime factory GLA: 10,910 sq m	Total Investment ¹ : €51m
		2 Travessera de Gracia, 47-49 Barcelona Prime CBD		Core with value added potential GLA: 8,939 sq m	Total Investment ¹ : €41m
BARCELONA		3 Plaza Europa, 46-48 Barcelona Plaza Europa		Value Added – Prime factory GLA: 14,000 sq m	Total Investment ¹ : €32m
		4 112-122 Av. Emile Zola Paris South Center		Value Added – Prime factory GLA: 20,340 sq m	Total Investment ¹ : [€245m - €265m]
PARIS					

All of these acquisitions offer a substantial upside potential of industrial value creation based on: (1) the property transformation of the buildings into top quality products and (2) the location in market segments with solid fundamentals.

All the acquisitions were made under very attractive terms, which shows the capacity of the Colonial Group to identify and capture opportunities of real estate value creation.

¹ Acquisition price + total project capex

Asset repositioning & refurbishments

In the first quarter of 2017, the Group invested more than €16m in development projects and asset refurbishments.

All of the projects in Spain and France are progressing on track and the delivery of the refurbishments of Serrano 73 and Castellana 43 are expected in the coming months. The Serrano 73 building is totally pre-let to the Allen & Overy law firm and will become a new reference in the prime office segment in the Spanish capital. The Castellana 43 asset is generating a lot of interest in the rental market.

Active balance sheet management

Financial structure

In April, the Standard & Poor's ratings agency revised upwards the rating of the Colonial Group to **BBB with stable outlook**.

This credit rating reflects: (1) the high quality and resilience of the Group's prime office portfolio, as well as (2) the benefits of being diversified in three office markets with different dynamics: Barcelona, Madrid and Paris, in combination with (3) a solid capital structure with an LTV (Loan to Value) of 41.4% at 31 March 2017.

This level of rating positions Colonial among the best-rated companies in the Spanish real estate sector, with a solid "Investment Grade" on a European level.

At this time, the Colonial Group has almost 80% of its debt in corporate bonds, with seven issuances in the market, which shows the high acceptance in the capital markets.

At 29 March 2017, Colonial formalized a new credit line for €375m, which was subscribed by a total of 10 financial institutions. The credit only considers corporate guarantees with a 5 year maturity and an interest rate of Euribor plus 160bp. This line is added to the credit of €350m formalized in 2015 with a renewed maturity up to November 2021. This provides Colonial Group with a firepower capacity of more than €1,180m maximizing its flexibility regarding new acquisitions as well as debt service of the debt maturities of the coming years.

Share buyback program

On 23 March 2017, the Colonial Group finalized the share buyback program that began in November 2016. A total of 10,000,000 shares were acquired, representative of 2.8% of Colonial's share capital, at an average price of €6.68/share, an 8% discount on the last reported NAV.

Contents

1. Analysis of the Profit and Loss Account
2. Office markets
3. Business performance
4. Financial structure
5. Share price performance and shareholding
6. Appendices

1. Analysis of the Profit and Loss Account

Analysis of the Consolidated Profit and Loss Account

March cumulative - €m	2017	2016	Var.	Var. %
Rental revenues	70	66	4	5%
Net operating expenses ⁽²⁾	(9)	(8)	(1)	(12%)
Net Rental Income	61	58	3	5%
Other income	0	0	0	31%
Overheads	(9)	(9)	(0)	(5%)
EBITDA recurring business	52	50	2	5%
EBITDA - asset sales	0	0	0	-
Exceptional items	(1)	(0)	(1)	(101%)
Operating profit before revaluation, amortizations and provisions and interests	52	50	2	5%
Change in fair value of assets	0	0	0	-
Amortizations & provisions	(0)	(1)	1	93%
Financial results	(20)	(22)	2	10%
Profit before taxes & minorities	32	27	5	19%
Income tax	(3)	(3)	(0)	(7%)
Minority Interests	(14)	(13)	(0)	(2%)
Profit attributable to the Group	15.9	11	5	42%

Results analysis - €m	2017	2016	Var.	Var. %
Rental revenues	70	66	4	5%
Net operating expenses ⁽²⁾ & other income	(8)	(7)	(1)	(12%)
Overheads	(9)	(9)	(0)	(5%)
Recurring EBITDA	52	50	2	5%
Recurring financial result	(20)	(20)	1	3%
Income tax expense & others - recurring result	(3)	(3)	0	0%
Minority interest - recurring result	(14)	(14)	0	3%
Recurring net profit - post company-specific adjustments ⁽³⁾	15.6	12	3	27%
EPRA Earnings - pre company-specific adjustments ⁽⁴⁾	15.8	12	4	31%
Profit attributable to the Group	15.9	11	5	42%

⁽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 amounted to €70m at the close of the first quarter of 2017, 5% higher than the same period of the previous year.
This increase is mainly due to a 4% like-for-like growth in rental income, as well as an increase of 1% due to the new acquisitions carried out in the framework of the Alpha I and Alpha II projects.
- The recurring EBITDA of the Group reached €52m, 5% higher than the same period of the previous year.
- As a consequence, the operating profit before the net revaluations, amortizations, provisions and interests was €52m at the close of the first quarter of the year, 5% higher than the amount reached in the same period of the previous year.
- The net financial results amounted to €(20)m, 10% lower than the same period of the previous year. The recurring financial results of the Group amounted to €(20)m, 3% lower than the same period of the previous year.
- The result before taxes and minority interests at the close of the first quarter of 2017 amounted to €32m, 19% higher than that reached during the same period of the previous year, mainly as a result of the growth in income, as well as the reduction in financial expenses.
- Corporate tax amounted to €(3)m and was mainly due to the registering of deferred taxes associated with French assets not affected by the SIIC (Parholding) regime.
- Finally, and once the results attributable to the minorities of €(14)m were deducted, the results after taxes attributable to the Group amounted to €16m, 42% higher than the previous year.

2. Office markets

Macroeconomic context ⁽¹⁾

Global economic growth was strengthened during the first few months of 2017. In the first quarter of 2017, the macroeconomic data was better than expected in both advanced economies and emerging markets. According to forecasts from CaixaBank Research, the GDP is expected to grow to 3.4% in 2017, higher than the 3.1% achieved in 2016. These favorable forecasts have an accommodative monetary environment as a fundamental base that will continue to be very accommodating, as well as the slight recovery in petrol prices and the consolidation of an emerging recovery. It is worth mentioning that an increase in inflation and political factors are risks which must be taken into account. The inflation data at the beginning of 2017 relating to advanced economies were higher than expected, which has been reflected in world inflation, a fact which could alter the purchasing power of consumers as well as alter the monetary policy scenario. On the other hand, political uncertainty in some advanced countries could undermine the reference scenario.

Growth in the **Eurozone** continues at a steady rate with prospects of acceleration before the start of the electoral timetable, despite uncertainty. The improvement in these activity indicators these last months reveals that the growth in the Eurozone has resisted the episodes of financial instability fairly well, as well as the political events that took place in 2016. The result of this is that the main analysts have made an upward revision that puts this growth at 1.7%. Nevertheless, uncertainty remains high due to political risk, in particular due to Brexit negotiations after having formally activated the separation process, as well as the electoral dates in France, Germany and Italy. Regarding the first quarter, the activity shows a solid tone thanks to the private consumption that continues to be one of the main motors of the economic recovery in the Eurozone. In the next months, it is expected that domestic consumption continue to be supported by the improvement in the labor market and the low interest rates.

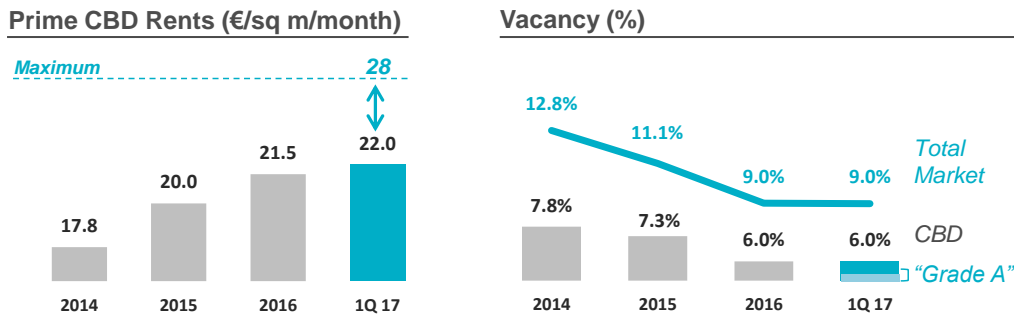
The **Spanish economy** maintained positive growth thanks to structural factors, such as heightened competitiveness and certain flexibility in the labour market. The good activity and confidence indicators, together with a forecast that petrol prices will be more moderate with respect to those expected previously, show an improvement in the growth forecast of the GDP by two decimal points (2.8%), according to data from CaixaBank Research, which is slightly above the average of the advanced economies.

In **France**, the drop in energy prices and low inflation rates have led to an increase in salaries, driving further growth in private consumption. GDP growth is expected to be 1.3% in 2017 and 1.4% in 2018, thanks to lower energy prices, tax reductions in the labour market and for companies, as well as permanently low interest rates.

(1) Sources: *la Caixa* "monthly report"

Rental market situation - offices ⁽¹⁾

Barcelona - Rental Market

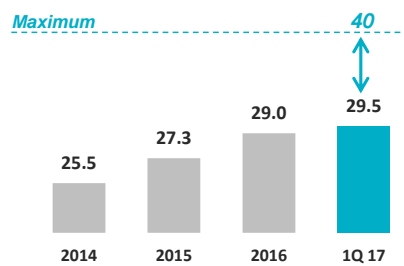


- During the first quarter of 2017, a total of 85,000 sq m of offices were signed in Barcelona, which was 25% higher than the volume obtained in the first quarter of the previous year with a high level of transactions (125). Regarding sectors, the services sector leads the demand, with an outstanding performance by multinational internet and e-commerce companies, which show more rapid expansion than that observed in traditional economic sectors.
- The average vacancy rate in Barcelona remains stable at 9.0% during the first quarter of 2017. The lack of supply of office space, coupled with steady take-up levels are fuelling a gradual decrease in vacancy rates with a downward trend expected in the future. Occupancy in the CBD currently stands at around 6%. In this respect, it is extremely difficult to find available space above 800 sq m in this area in particular. On the other hand, in the coming year a total of approximately 50,000 sq m of new office constructions will be released in Barcelona, but these levels of new supply are not enough to fulfill current demand for office space, due to the fact they are largely already pre-let.
- During the first quarter of 2017, the maximum rents in the Paseo de Gracia/Diagonal area experienced significant growth, reaching rental levels of €22/sq m/month with some transactions at even higher prices. During 2017-2020, the main property consultants forecast an average increase in prime rents above 4%, enabling Barcelona to position itself as the third European city in rental increases.

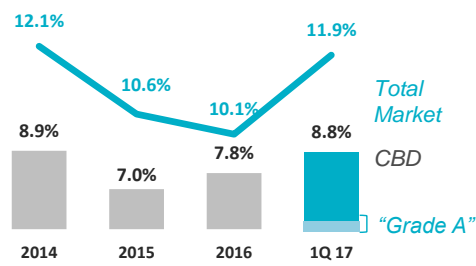
(1) Sources: Reports by Jones Lang Lasalle, Aguirre Newman, CBRE & Savills

Madrid – Rental Market ⁽¹⁾

Prime CBD Rents (€/sq m/month)



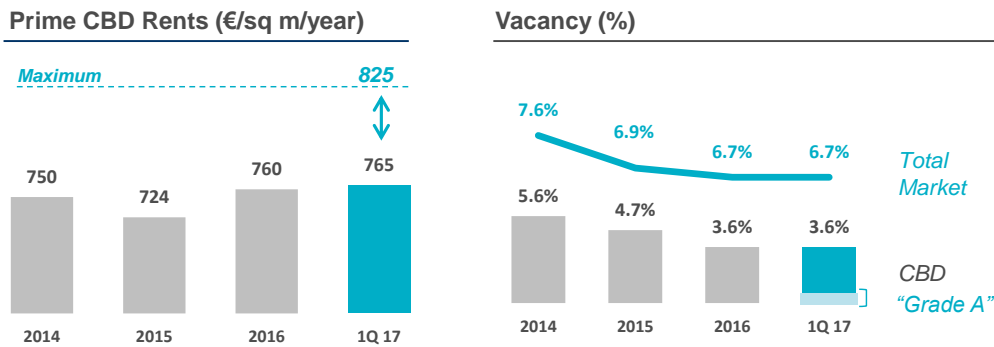
Vacancy (%)



- The first quarter of 2017 began without large transactions (>10,000 sq m), as happened in 2016. This has contributed to the fact that during this period a discreet letting volume was achieved, reaching close to 105,000 sq m. The number of transactions is in line with that registered the quarter before, yet reflects a decrease of 16% in the number of contracts signed compared to the same period of the year before.
- However, there has been a sharp increase in activity, specifically in the visits to spaces of more than 1,000 sq m, a fact that should translate into a higher letting volume in the coming months. By sector, the main drivers of the office rental market were multinational companies in the technology, financial, automobile and engineering sectors and companies related with the tourism/hotel sector.
- The total stock of offices in Madrid remained fairly stable during the last three months, with new stock of just 25,000 sq m of offices, although this was offset by the change in use of surfaces. Activity continues to be primarily focused on the refurbishment of offices. However, it is worth mentioning the lack of existing quality supply in the centre of the capital.
- The vacancy rate in the first quarter of 2017 increased to 11.9%, due to an increase in available High-Tech surface area. In the CBD, the vacancy rate was 8.8%.
- In the first quarter of 2017, the rental prices for the best offices in the capital reached €29.5/sq m/month, representing a significant increase compared to previous years. However, they still remain below those registered in London, Paris and Frankfurt. Madrid contrasts with these large European cities with respect to labour costs, which are much more moderate in comparison.

(1) Sources: Reports by Jones Lang Lasalle, Aguirre Newman, CBRE & Savills

Paris – Rental Market ⁽¹⁾

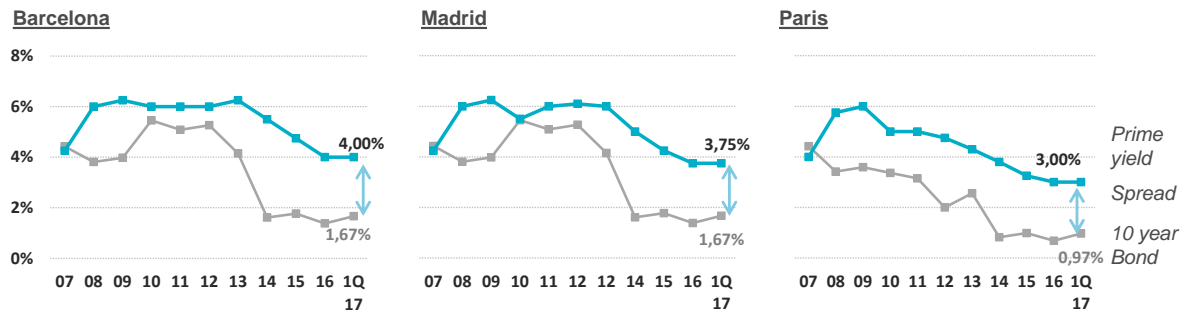


- Office take-up in the Paris region (Île-de-France) in the first quarter of 2017 reached 664,000 sq m, resulting in an increase compared to the first quarter of the previous year.
- The centre of Paris has captured the majority of the transactions in Île-de-France since the beginning of the year and in particular a high level of activity can be seen in the large transactions sector.
- It is important to highlight that in the South Paris and La Défense areas, record levels were reached thanks to the dynamism of the market in transactions above 5,000 sq m. In addition, Paris Centre West registered an excellent year despite the lack of supply, particularly in the Centre. During the first quarter of 2017, 19 transactions above 5,000 sq m were signed, representing more than 323,000 sq m.
- The supply of available office space in Île-de-France remained stable from one quarter to another, reaching 3.6 million sq m at the end of March. Therefore, the average vacancy rate reached 6.7%. Currently, there is a lack of supply in the centre of Paris with a vacancy rate under 4% and was less than 3% in the Paris 5/6/7 and 12/13 arrondissements.
- Prime rental prices in the Paris CBD at the end of the first quarter increased slightly to €765/sq m/year. It is particularly worth highlighting the significant increase in the number of transactions that have been closed with facial rental levels above €750/sq m/year. Also worth mentioning is the fact that consultants place the Paris CBD as one of the markets with the largest growth expectations in rents for 2017.

(1) Sources: Reports by Jones Lang Lasalle, CBRE and BNP Paribas Real Estate

Investment market situation - offices

Prime Yields ⁽¹⁾



(1) Market analysts in Spain report gross yields and in France net yields (see definition in the glossary in appendix 6.10)

- Barcelona:** The investment volume in the first quarter of 2017 was €323m, a figure which multiplies the investment volume (€57m) by six, in the same period of the previous year. The main buyers were Spanish domestic property companies and local family offices, although international investors continue showing a lot of interest in the Barcelona market. The severe scarcity in prime assets combined with the good prospects of the Catalan capital puts prime yields down to 4%, and could even reach lower levels in case of unique assets.
- Madrid:** Interest by investors in high quality products in prime locations remains high, with an investment of €400m, during the beginning of the year (+60% vs the first quarter of 2016). Insurance companies, family offices and international funds continue to be very active, driving down prime yields, which during reach 3.75% in the first quarter of the year. It is important to highlight that the spread regarding the yield of the Spanish bond at 10 years remains positive and robust (above 200 bps) maintaining a healthy scenario. In some singular transactions, even yields below 3% were obtained.
- Paris:** The investment market was very active during the first quarter of 2017, with more than €2,300m committed, a figure higher than the same period of the previous year and in line with the average of other quarters. Foreign investors, which made a reappearance in France at the end of 2016, remained present over the last three months. Prime yields stood at 3.00% in the CBD and 4.75% in the La Défense district.

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 Real Estate and Cushman, Wakefield & Savills

3. Business performance

Rental revenues and EBITDA of the portfolio

- Rental revenues reached **€70m, 5% 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 4% like-for-like**.

In **Paris, the rental revenues rose by 4% like-for-like**. In **Spain, the rental revenues increased by 4% like-for-like**, especially due to the **Barcelona** portfolio, which increased by **10% like-for-like**. The Barcelona portfolio has experienced significant positive growth, consolidating the good evolution seen in the last quarters. In Madrid, like for like variance has been almost flat, due to 4,000 sq m of tenant rotation in Alfonso XII (leave of Banca Marenostrum, surface in advanced negotiations with a new tenant). Excluding this effect the rest of the Madrid contract portfolio has increased by +2% like for like.

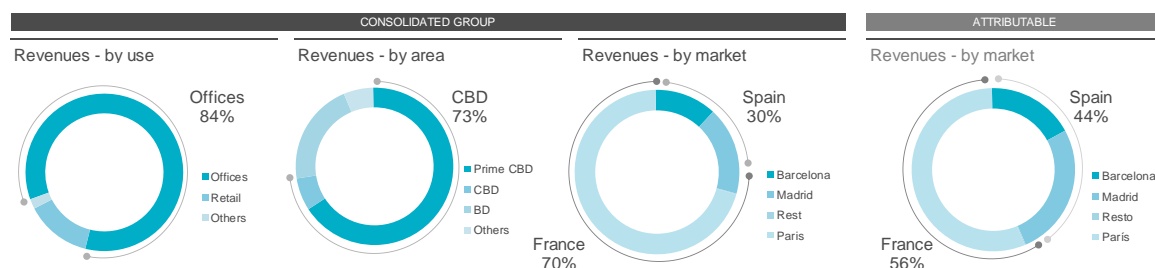
The like-for-like increase in rental revenues mainly corresponds to the contracts signed on the Avenida Diagonal 220-240 (Glories), Avenida Diagonal 609-615, Avenida Diagonal 530, Illacuna and Sant Cugat buildings in Barcelona and the #Cloud & Washington Plaza buildings in Paris.

Variance in rents (2017 vs. 2016) €m	Barcelona	Madrid	París	Total
Rental revenues 2016R	7.4	10.0	48.6	66.0
EPRA Like-for-Like ¹	0.7	(0.1)	1.8	2.5
Projects & refurbishments	0.0	(0.6)	(2.0)	(2.5)
Acquisitions & Disposals	0.4	2.7	0.0	3.1
Indemnities & others	0.0	0.0	0.5	0.5
Rental revenues 2017R	8.5	12.1	49.0	69.6
Total variance (%)	14.8%	21.8%	0.7%	5.4%
Like-for-like variance (%)	9.6%	(0.5%)	4.1%	4.0%

An additional increase in the rental revenues comes from new acquisitions, in particular €3.1m in Spain. Likewise, €0.5m of indemnities were collected related to the early rotation of some clients.

(1) EPRA like for like: Like for like calculated according EPRA recommendation.

- 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 (73%). In consolidated terms, 70% of the rental revenues (€49m) came from the subsidiary in Paris and 30% were generated by properties in Spain. In attributable terms, 56% of the rents were generated in France and the rest in Spain.



- Rental EBITDA reached €61m, a 4% increase in like-for-like terms, with an EBITDA margin of 88%.**

Given the accounting regulations that require the accounting of specific taxes at the time of their accrual, the EBITDA/revenue ratio of the Madrid portfolio is artificially low.

Property portfolio

March cumulative - €m	2017	2016	Var. %	EPRA Like-for-like ¹		
				€m	%	² Adjusting Alfonso XII
Rental revenues - Barcelona	8	7	15%	0.7	9.6%	9.6%
Rental revenues - Madrid	12	10	22%	(0.1)	(0.5%)	1.9%
Rental revenues - Paris	49	49	1%	1.8	4.1%	4.1%
Rental revenues	70	66	5%	2.5	4.0%	4.4%
EBITDA rents Barcelona	8	6	25%	1.0	16.6%	16.6%
EBITDA rents Madrid	8	8	4%	(0.3)	(4.8%)	(1.7%)
EBITDA rents Paris	45	45	2%	1.4	3.4%	3.4%
EBITDA rents	61	58	5%	2.1	3.8%	4.2%
<i>EBITDA rents/Rental revenues - Barcelona</i>	<i>91%</i>	<i>84%</i>	<i>7.4 pp</i>			
<i>EBITDA rents/Rental revenues - Madrid</i>	<i>65%</i>	<i>76%</i>	<i>(11.4 pp)</i>			
<i>EBITDA rents/Rental revenues - Paris</i>	<i>93%</i>	<i>92%</i>	<i>1.1 pp</i>			
EBITDA rents/Rental revenues	88%	88%	(0.8 pp)			

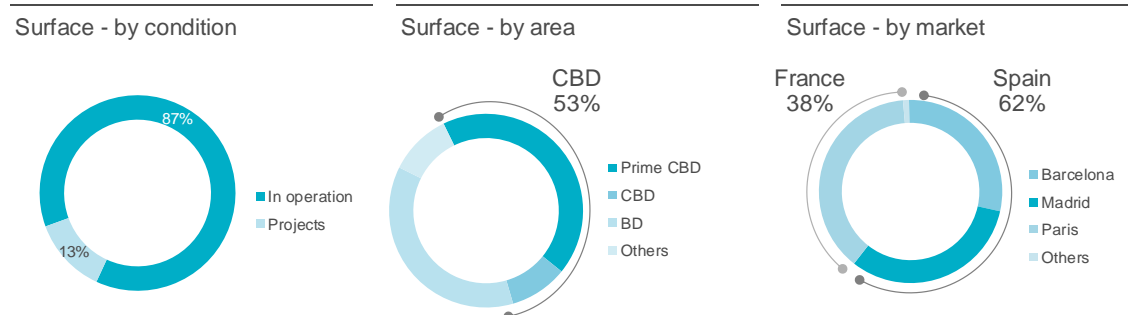
(1) EPRA like for like: Like for like calculated according EPRA recommendation.

(2) Excluding the leave of Banca Marenostrum (surface in advanced negotiations with a new tenant) in Alfonso XII asset in Madrid

Portfolio letting performance

- **Breakdown of the current portfolio by surface area:** At the close of the first quarter of 2017, the Colonial Group's portfolio totalled 1,216,349 sq m (861,741 sq m above ground), concentrated mainly in office assets.

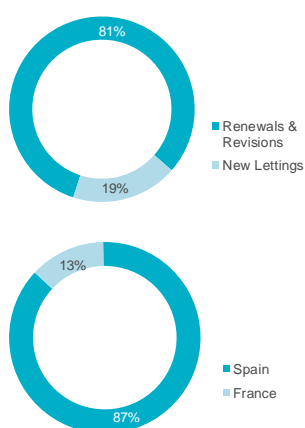
At 31 March 2017, 87% of the portfolio was in operation and the rest corresponded to an attractive portfolio of projects and refurbishments and the Parc Central plot of land in Barcelona.



- **Signed contracts:** During the first quarter of 2017, the Colonial Group signed contracts for a **total of 47,538 sq m**. Out of the total contracts, 87% (41,452 sq m) were signed in Barcelona and Madrid, and the rest (6,086 sq m) were signed in Paris.

New lettings: Out of the total commercial effort, 19% (8,823 sq m) related to new contracts, of which almost 4,800 sq m were signed in Barcelona and Madrid.

Renewals: Contract renewals were carried out for 38,715 sq m, highlighting 27,000 sq m renewed in Barcelona.



Letting Performance			
March cumulative - sq m	2017	Average maturity	% New rents vs. previous
Renewals & revisions - Barcelona	27,581	3	19%
Renewals & revisions - Madrid	9,084	3	13%
Renewals & revisions - Paris	2,050	9	0%
Total renewals & revisions	38,715	3	16%
New lettings Barcelona	3,063	3	
New lettings Madrid	1,724	3	
New lettings Paris	4,036	10	
New lettings	8,823	6	
Total commercial effort	47,538	4	

New rents were 16% above previous rents, in particular new rents in Barcelona were up +19% and in Madrid up +13%.

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	Diagonal, 220-240 Glories	Ajuntament de Barcelona	11,672
	Diagonal, 530	Caixabank	7,058
	Illacuna	Liberty Seguros & others	6,262
	Diagonal, 609-615 (Dau/Prisma)	Caixabank, Ceva Salud Animal, Hitachi Data Systems & others	4,180
MADRID	Santa Engracia	Transportation company, Canal Isabel II Gestión & others	8,269
	Recoletos,37-41	BDO Audiberia	1,005
PARIS	Edouard VII	Theatre Edouard VII & otros	2,123
	Cezanne Saint-Honoré	Consulting firm	1,580
	103 Grenelle	Real Estate Group	1,350

In Spain, during the first quarter of 2017, more than 41,000 sq m were signed, corresponding to 21 contracts.

In **Barcelona**, more than 30,000 sq m were signed, in particular the renewal of more than 11,000 sq m with the Ajuntament de Barcelona on the Diagonal Glories building, the renewal with Caixabank of more than 7,000 sq m on the Diagonal 530 building, as well as the renewal of almost 6,000 sq m with Liberty Seguros on the Illacuna building.

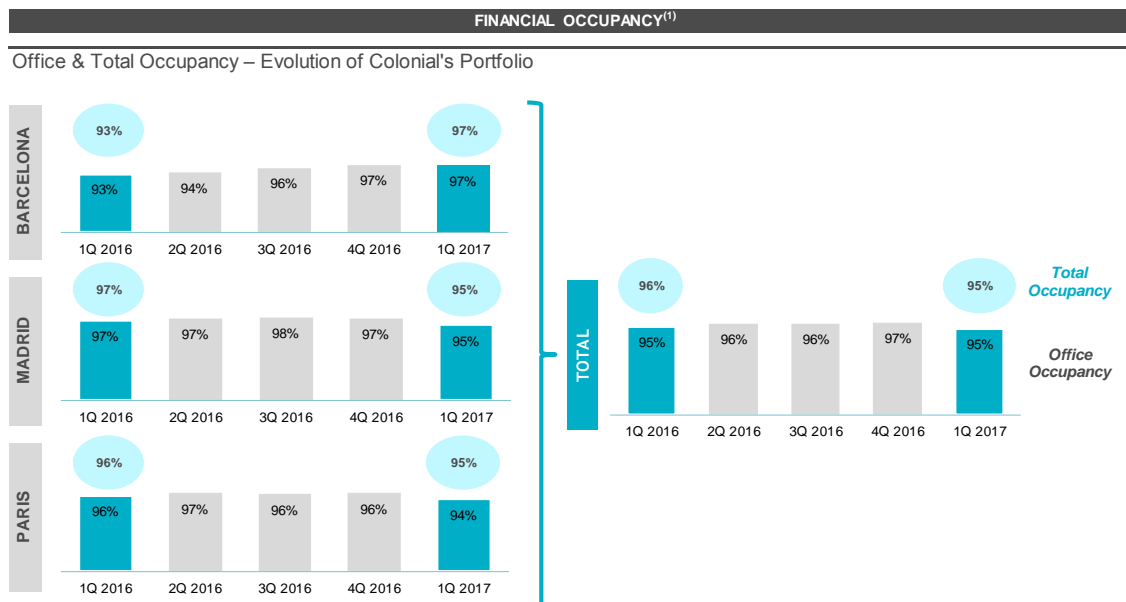
In **Madrid**, it is worth highlighting the renewal of a contract of nearly 5,000 sq m with a transport company on the Santa Engracia building, as well as the renewal of the contract with BDO Audiberia Abogados on the Recoletos building.

In **Paris**, more than 6,000 sq m were signed during the first quarter of 2017. Among others, it is worth highlighting the renewal on Theatre Edouard VII of more than 2,000 sq m, as well as the signing of 1,580 sq m on the Cézanne Saint-Honoré property with a consulting firm and the signing of 1,350 sq m with a Real Estate Group on the Grenelle 103 building.

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

Portfolio occupancy

- At the close of the first quarter of 2017, the Colonial Group’s financial⁽¹⁾ occupancy for the office portfolio reached 95%, a figure in line with the previous year. The total financial occupancy⁽¹⁾ for the portfolio including all uses also reached 95%.



In **Barcelona**, the financial occupancy⁽¹⁾ of the office portfolio increased 344 bps compared to the previous year, reaching a ratio of 97%. This increase is mainly due to the contracts signed on the Travessera de Gràcia /Amigó, Avinguda Diagonal 609-615 and Illacuna buildings, among others.

In **Madrid**, the financial occupancy⁽¹⁾ of the office portfolio was 95%, 118 bps below the same period of the previous year. This decrease is mainly due to client rotation on the Alfonso XII building in Madrid for more than 4,000 sq m. At the date of publication of this report, the company is in advanced negotiations with a new tenant for this space. Including this contract, the pro-forma occupancy of the Madrid portfolio would return to levels of 97%.

In **Paris**, the financial occupancy⁽¹⁾ of the office portfolio decreased by 122 bps compared to the same period of the previous year, reaching a ratio of 94%. This decrease is mainly due to the entry into operation of refurbished surfaces on the Washington Plaza and Cézanne Saint Honoré properties, as well as the rescissions in particular in the Le Vaisseau building.

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

Currently, the Colonial Group has more than 34,000 sq m of available GLA which corresponds to 5% of EPRA vacancy over the total portfolio.

Vacancy surface of offices				
Surface above ground (sq m)	BD area and others	CBD area	2017	EPRA Vacancy Offices
Barcelona	2,210	3,607	5,817	3%
Madrid	3,223	7,079	10,302	5%
Paris	7,647	10,722	18,369	6%
TOTAL	13,080	21,408	34,488	5%

The vacant surfaces correspond to a supply of top quality spaces in very central areas, highlighting assets such as:



Av. Diagonal, 609-615



Alfonso XII



Cézanne Saint Honoré



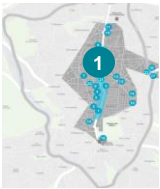


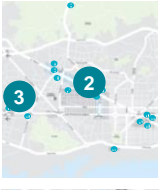


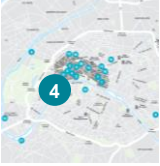
Illacuna



Agustín de Foxá, 29

Acquisitions

- Accelerating the fulfilment of growth objectives in the strategic plan, Colonial started 2017 with the execution of the Alpha II project, which includes the acquisition of four assets for a total investment volume of almost €400m (total investment volume including future capex of development projects).
- Specifically, three development projects were acquired, one in each of the markets in which the Colonial Group is present: Barcelona, Madrid and Paris. In addition, Colonial purchased the headquarters of the Spanish Group Bertelsmann, located in the CBD in Barcelona.

MADRID		1 Paseo de la Castellana, 163 <i>Madrid Prime CBD</i>		Value Added – Prime factory GLA: 10,910 sq m	Total Investment ¹ : €51m
		2 Travessera de Gracia, 47-49 <i>Barcelona Prime CBD</i>		Core with value added potential GLA: 8,939 sq m	Total Investment ¹ : €41m
BARCELONA		3 Plaza Europa, 46-48 <i>Barcelona Plaza Europa</i>		Value Added – Prime factory GLA: 14,000 sq m	Total Investment ¹ : €32m
		4 112-122 Av. Emile Zola <i>Paris South Center</i>		Value Added – Prime factory GLA: 20,340 sq m	Total Investment ¹ : [€245m - €265m]
PARIS					

¹ Acquisition price and total project capex

- The purchase of the Paseo de la Castellana 163 and Travessera de Gràcia 47-49 buildings was formalized at the end of December 2016.
- The main characteristics of these assets are as follows:
 - Paseo de la Castellana, 163: An office building located in Madrid’s CBD with a surface area above ground of more than 10,000 sq m, divided among 11 floors of office space and a ground floor allocated for commercial premises. Additionally, there are 2 basement floors. The building also has an access from Capitán Haya 50. Currently, the building is 98% let by prestigious companies, generating income from day one. The investment amounts to €51m (including the budget for future works).

2. Travessera de Gràcia, 47-49: An office building located in the Barcelona CBD with a surface area above ground of almost 9,000 sq m, distributed between a ground floor, a mezzanine floor, and 8 additional floors as well as 1,700 sq m of surface area below ground. The asset is the Spanish headquarters of the Bertelsmann Group and its subsidiaries with a 5-year contract. This purchase implies an increase in Colonial's market share in the prime area of Barcelona with a building of unique characteristics. The investment amounts to €41m.
 3. Plaza Europa, 46-48: Colonial is strengthening its position in Plaza Europa, one of the business areas with the most development in recent years in Barcelona, with a new project to build a 14,000 sq m 21-storey building. The total investment amounts to €32 million. This project is being developed in a joint venture with the Inmo company, a subsidiary of the Puig family, the land owner, whose current corporate headquarters is located in the adjacent plot.
 4. 112-122 Avenue Emile Zola: The Colonial Group has completed a transaction for €165m, through its French subsidiary, to acquire the historical headquarters of the SMA Group. This building stands at a prime location at 112-122 Avenue Emile Zola, in the centre of district 15 in Paris. The building has a surface area of approximately 21,000 sq m. SMA will move to a new headquarters in the fourth quarter of 2017, at which time the Colonial Group will restructure the building to transform it into one of the largest office complexes in the South of the French capital. The new project forecasts obtaining between 10% and 15% of additional lettable surface area, generating very attractive returns for the Colonial Group.
- All the acquisitions offer a substantial potential of industrial value creation based on: (1) the real estate transformation of the buildings into top quality products and (2) the location in market segments with solid fundamentals.
 - All the acquisitions were made under very attractive terms, which show the capacity of the Colonial Group to identify and capture opportunities of real estate value creation.

Portfolio of projects and refurbishments

Project portfolio

- As of the close of the first quarter of 2017, Colonial owns a portfolio of development and refurbishment projects of more than 132,000 sq m above ground, with significant potential for value creation.
- Current ongoing projects correspond to the Estébanez Calderón and Príncipe de Vergara assets, acquired in 2015 in Madrid. In Barcelona it is worth highlighting the Parc Glòries project in the 22@ district, acquired in 2016 and the plot of land at Plaza Europa 46-48 acquired during the first quarter of 2017. The Paris portfolio offers interesting returns through the Avenue Emile Zola Project and the full refurbishment of the commercial part of the Louvre Saint Honoré, through the creation of prime space in the centre of Paris in front of the Louvre. Unique Prime Factory development projects will be carried out on all of these assets.

The projects are progressing as planned and delivery is expected during the next five years.

Projects	Entry into operation	% Group	% Prelet	Market	Use	Surface above ground (sq m) ⁽¹⁾
Estébanez Calderón, 3-5	2H 2017	100%	-	Madrid	Offices	10,152
Príncipe de Vergara, 112	2018	100%	-	Madrid	Offices	11,368
Parc Glòries	2018	100%	38%	Barcelona	Offices	24,551
Louvre Saint Honoré	2021	100%	-	Paris	Retail	16,000
Plaza Europa, 46-48	>2020	50%	-	Barcelona	Offices	14,000
112-122 Avenue Emile Zola	>2020	100%	-	Paris	Offices	20,340 ⁽²⁾
Projects in development						96,411
Castellana, 43	2017	100%	-			5,998
Serrano, 73	2017	100%	100%			4,242
92 Champs Elysées	2017	100%	-			3,381
Cezanne Saint-Honoré	2017	66%	-			3,124
Rest of portfolio			na			5,053
Surface in refurbishment						21,799
Parc Central 22@	na	100%	na			14,737
Solar Parc Central 22@						14,737
TOTAL PROJECTS & REFURBISHMENTS						132,947

⁽¹⁾ Surface area of completed project

⁽²⁾ Current surface. The project targets a GLA increase of 10%-15%

In addition to these development projects, the Colonial Group is currently carrying out substantial refurbishments on almost 22,000 sq m above ground, with the aim of optimizing the positioning of these assets in the market. These include refurbishments on the Castellana 43, Serrano 73, 92 Champs Elysées 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.

It is worth highlighting that during the coming years, 10,900 sq m will be refurbished on the Paseo de la Castellana 163 building in Madrid.

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

- ✓ **Estébanez Calderón, 3-5 - Discovery building:** A 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:** A 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. At 31 March 2017, more than 9,000 sq m had been pre-let to Schibsted Iberica.



- ✓ **Plaza Europa, 46-48:** A new project to build a unique office building in one of the new business districts in Barcelona. This project is being developed in a joint venture with the Inmo Company, a subsidiary of the Puig family, the land owner, whose current corporate headquarters is located in the adjacent plot. The project consists in creating a 21-storey building with a total surface area above ground of 14,000 sq m and 150 parking spaces. The building will incorporate the latest technologies and obtain the LEED Gold energy certificate.



- ✓ **112-122 Avenue Emile Zola:** A new project to create a prime office complex of more than 20,000 sq m with 201 parking spaces located in the centre of the South of Paris. Built on 6,300 sq m plot of land located on the “Rive” left of Paris (district 15), next to the Eiffel tower, surrounded by a variety of properties, both commercial and residential and well connected to public transport. The project will have 1,400 sq m of office space with high luminosity and efficient functionality. It will have a double entrance, optimizing divisibility and with a wooded garden that surrounds the property.



- ✓ **Louvre Saint Honoré:** A new retail development project in the Louvre Saint Honoré building which will count on approximately 15,000 sq m. It is the development of a retail space on the below ground floors, ground floor and first floor of the building. This Prime Factory project will be carried out with top quality finishes and technical specifications and is expected to be completed by 2021, with the capacity to attract top tier tenants.

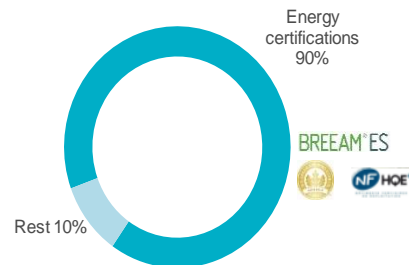


- During the first quarter of 2017, more than €16m were invested in Prime Factory projects and refurbishments to optimize the positioning of the property portfolio.

- In relation to the energy certificates, it is worth mentioning that during these last months, LEED Gold and BREEAM Very Good certificates have been obtained on a series of buildings in Barcelona and Madrid. In Paris, it is worth mentioning the upgrade in rating on various assets.

Currently 90% of the buildings have top quality energy certificates. This fact gives the Colonial Group a competitive advantage in attracting top tier demand and maximising the value creation of the portfolio.

% Buildings with energy certification ¹



(1) Buildings in operation with energy certificates

The Colonial Group is the unique company with the EPRA Gold Award in sustainability reporting and the French subsidiary, at the BREEAM Awards 2017 ceremony held on 7 March 2017, received the Corporate Investment in Responsible Real Estate Award. SFL is now being recognized by BREEAM and GRESB, main qualification agency in Corporate Social Responsibility, for its long-term commitment to the responsible management of its portfolio.



4. Financial structure

Main debt figures

In April, the Standard & Poor's ratings agency revised upwards the rating of the Colonial Group to **BBB with a stable outlook**.

This credit rating reflects: (1) the high quality and resilience of the Groups Prime Office portfolio, as well as (2) the benefits of being diversified in three office markets with different dynamics: Barcelona, Madrid and Paris, in combination with (3) a solid capital structure with an LTV (Loan to Value) of 41.4% at 31 March 2017.

This level of rating positions Colonial among the best-rated companies in the Spanish real estate sector, with a solid Investment Grade on a European level.

In addition, the rating of SFL was changed from BBB with a stable outlook to BBB with a positive outlook.

Colonial Group	03/2017	Var. Vs 12/2016
Gross financial debt	3,709	2%
Net financial debt	3,552	1%
Undrawn balances	1,189	36%
% debt fixed or hedged	82%	-
Average maturity of the debt (years)	4.8	(0.2)
Cost of current debt	1.96%	-
Rating COL	BBB stable outlook	improvement from BBB ⁻
Rating SFL	BBB positive outlook	improvement from stable outlook
LtV Group (including transfer costs)	41.4%	-

In the first quarter of 2017, Colonial formalized a new credit line for €375m, maturing in five years. This credit line is intended to meet the general corporate demands of the company, and counts on the participation of a total of 10 banks, with Credit Agricole acting as the agent bank. This new financing increases Colonial's liquidity and investment capacity, maximizing its strength and financial flexibility.

The net financial debt of the Group at 31 March 2017 stood at €3,552m, the breakdown of which is as follows:

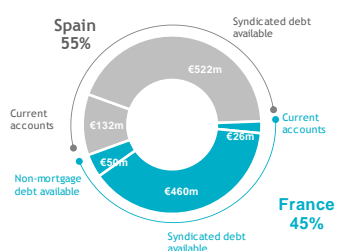
Breakdown of the consolidated net financial debt	March 2017			December 2016			Var. Total
	SP	FR	Total	SP	FR	Total	
Syndicate loan	203	90	293	122	20	142	152
Mortgage debt/leases	36	205	240	36	205	241	(1)
Unsecured debt and others	0	350	350	0	425	425	(75)
Bonds	1.525	1.301	2.826	1.525	1.301	2.826	0
Total gross debt	1.764	1.945	3.709	1.682	1.951	3.633	76
Cash & cash equivalents (*)	(132)	(26)	(157)	(85)	(20)	(105)	(52)
Group Net Debt	1.632	1.920	3.552	1.597	1.931	3.528	24
Average maturity of drawn debt (years)	5,7	3,9	4,8	6,0	4,1	5,0	(0,2)
Cost of debt % (without arrangement fees)	1,95%	1,96%	1,96%	1,96%	1,95%	1,96%	-

Main leverage ratios and liquidity

As at 31 March 2017, the Colonial Group's net debt amounted to €3,552m. The LTV (Loan to Value) of the Group, calculated as the total net debt ratio between the total GAV of the Group, was 41.4% (41.6% at 31 March 2016). 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 35.6%² (34.6% at 31 March 2016).

Cash & undrawn balances of the Colonial Group at 31 March 2017 amounted to €1,184m, and were distributed as shown in the graph below:

Cash & Undrawn balances



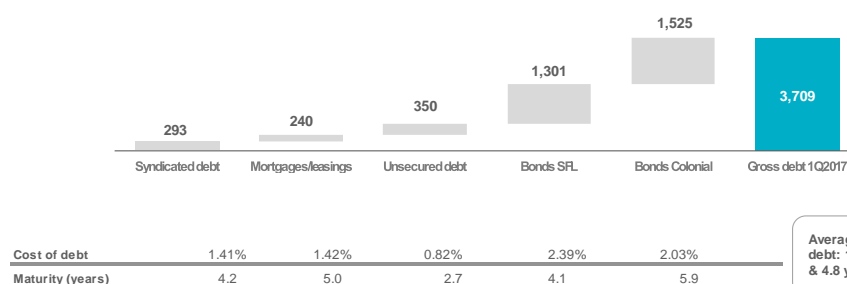
Main leverage ratios

31/03/2017 - €m	Holding	Group
GAV incl. transfer costs	4,507	8,587
Net debt - excluding committed cash	1,603	3,552
LTV incl. transfer costs	35.6%	41.4%

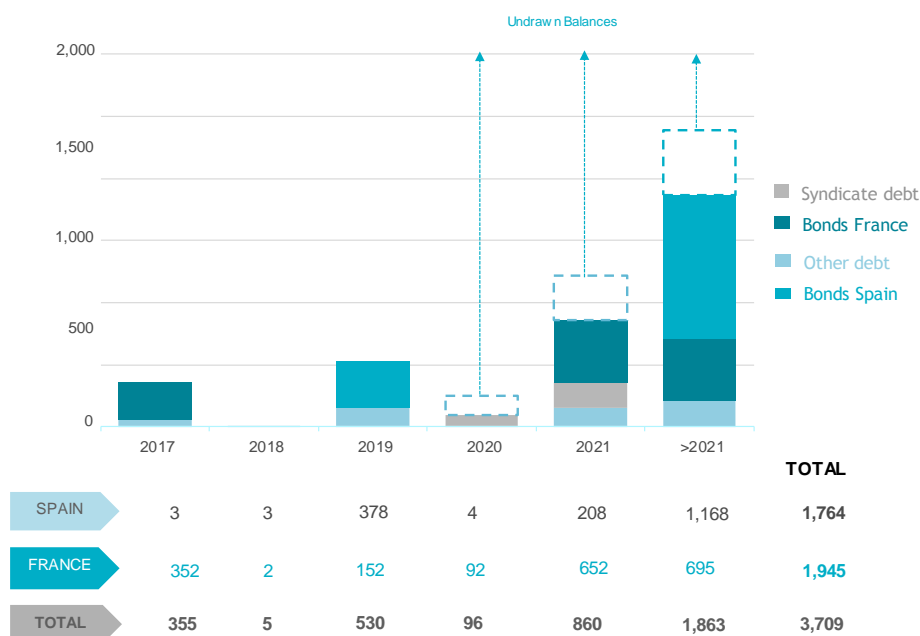
(1) GAV Group 31/12/2016 including transfer costs + NAV Axiare stake + Treasury shares

The composition of the Group's debt at 31 March 2017 is as follows:

Composition of the drawn gross debt of the Group at March 31, 2017 - €m

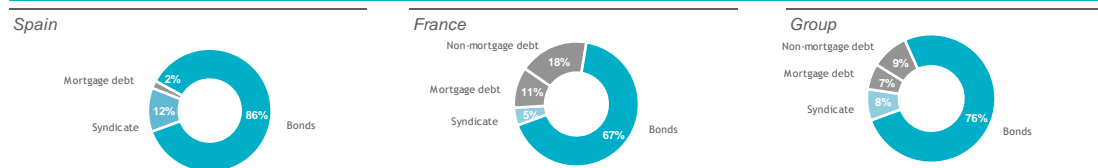


The breakdown of the debt in terms of maturity is as follows:

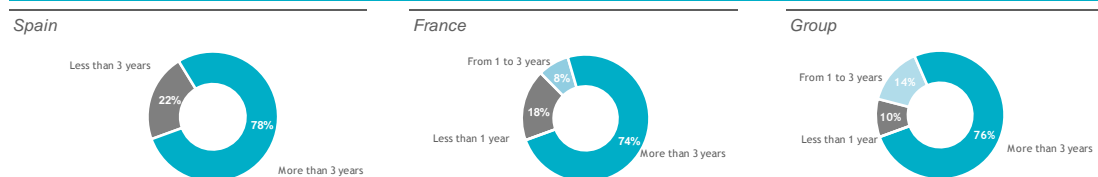


The main characteristics of the Group's debt are shown below:

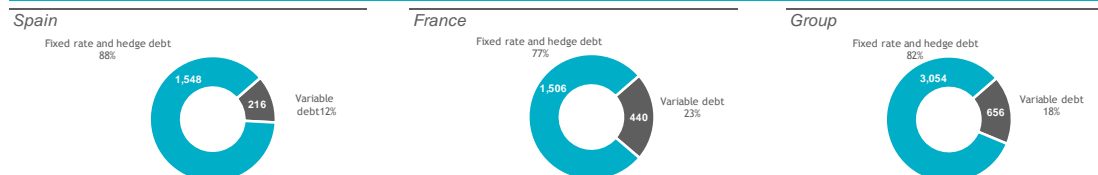
TYPE OF DRAWN DEBT - 31/03/2017



MATURITY OF CONTRACTED DEBT - 31/03/2017



FIXED RATE AND HEDGE DEBT



	Spain	France	Total
Spread	161 b.p.	154 b.p.	157 b.p.
Cost of debt	195 b.p.	196 b.p.	196 b.p.
Average life of drawn down debt (years)	5.7	3.9	4.8
Average life of the contracted debt (years)	5.5	3.7	4.6
Contracted debt	€2,286m	€2,455m	€4,741m

Financial results

- The main figures of the financial results of the Group are found in the following table:

Financial results					
March cumulative - €m	SP	FR	2017	2016	Var. %
Recurring financial expenses - Spain	(9)	0	(9)	(8)	(13%)
Recurring financial expenses - France	0	(11)	(11)	(12)	10%
Recurring Financial Result	(9)	(11)	(20)	(20)	3%
Change in fair value of financial instruments	0	0	0	(2)	100%
Financial Result	(9)	(11)	(20)	(22)	10%

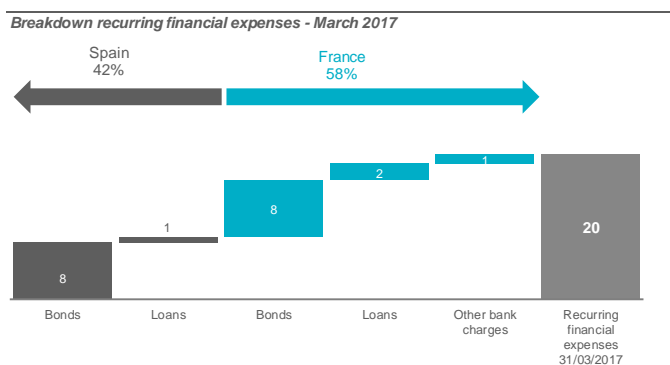
(1) Sign according to the profit impact

- The recurring financial results of the Group for the quarter is similar to the first quarter of the previous year (3%). The increase in the financial expenses derived from the increase in debt was compensated by the savings obtained due to a reduction in the financial costs. This was the result of a decrease in the interest rates and also of the partial repurchase of Colonial's bond, maturing in 2019 (liability management) which was carried out in the last quarter of 2016.



- The average credit spread in the first quarter of 2017 amounted to 157 bps (versus 166 bps in the same period in 2016). This improvement is mainly due to the liability management transaction closed by Colonial in the fourth quarter of 2016.

- The breakdown of the recurring financial cost at March 2017 is as follows:

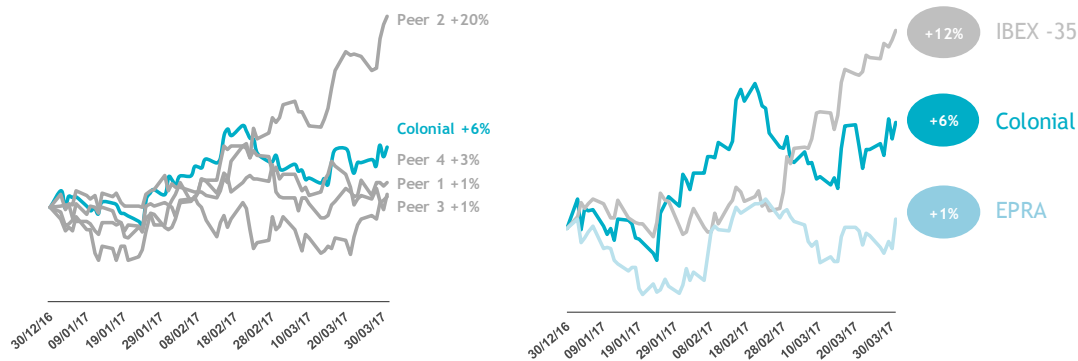


More details on the financial structure are found in Appendix 6.7.

5. Share price performance & Shareholding

Share price performance

Colonial's shares closed the first quarter of 2017 with a revaluation of 6%, a figure above the EPRA index, although below the IBEX 35. Regarding its main peers in Spain, Colonial is at the high end of the sector.

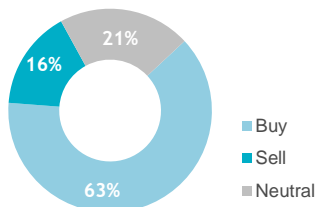


The average daily trading volume reached €7.2m, offering attractive levels of liquidity within the sector in Europe and especially in Spain.

With respect to analyst coverage, it is worth highlighting that in the last two years, the number of analysts covering the company has significantly increased, both nationally and internationally, from 7 analysts in June 2015 to 19 analysts in March 2017.

Out of the total recommendations, 63% of the analysts issued a buy recommendation. The target price based on analysts' consensus stands at €7.5/share.

The maximum target price stood at €9.2/share.



The target prices and recommendations are as follows:

Institution	Analyst	Date	Recommendation	Target Price actual (€/share)	Rental Income		Recurring Net Profit		NAV/ share (€)	
					2016	2017	2016	2017	2016	2017
1 Merrill Lynch	Samuel Warwood	26/05/2016	Neutral	6.9	293	301	89	na	7.3	7.1
2 Ahorro Corporación	Guillermo Barrio	03/06/2016	Sell	6.0	296	na	45	na	na	na
3 Banco Sabadell	Ignacio Romero	23/06/2016	Buy	8.2	282	na	na	na	8.7	na
4 Bankinter	Juan Moreno Martínez de Le	28/07/2016	Maintain	6.4	278	na	80	na	na	na
5 Banco Santander	Jose Alfonso Garcia	17/10/2016	Buy	7.5	310	na	117	na	7.6	na
6 Intermoney Valores	Esther Martín	15/11/2016	Buy	7.4	282	na	na	na	7.7	na
7 Kempen	Max Mimmo	05/12/2016	Buy	7.4	278	289	80	86	7.7	8.3
8 BPI	Gonzalo Sanchez Bordona	23/01/2017	Buy	7.9	304	326	91	103	na	na
9 Mirabaud	Ignacio Méndez Terroso	23/01/2017	Sell	6.2	297	303	na	na	na	na
10 Haitong	Juan Carlos Calvo	31/01/2017	Buy	7.6	304	322	100	116	8.0	8.4
11 JB Capital	Daniel Gandoy	07/02/2017	Neutral	8.0	301	314	na	na	7.7	8.1
12 Green Street Advisors	Peter Papadakos	07/02/2017	Maintain	7.0	280	285	92	na	na	8.7
13 Fidentis	Pepa Chapa	23/02/2017	Buy	7.6	291	301	74	76	8.0	8.7
14 Alantra Equities	Jaime Amoribieta	02/03/2017	Buy	7.6	300	313	114	125	8.2	8.9
15 Deutsche Bank	Markus Scheufler	02/03/2017	Buy	8.3	na	na	75	na	8.3	9.0
16 Goldman Sachs	Jonathan Kownator	06/03/2017	Buy	9.2	291	316	117	142	7.9	8.5
17 Kepler Cheuvreux	Carlos Ais	21/03/2017	Sell	6.5	295	321	na	na	8.3	8.7
18 Morgan Stanley	Bart Gysens	23/03/2017	Overweight	8.8	285	301	na	na	8.0	8.8
19 Alpha Value	Alda Kule Dale	03/04/2017	Buy	7.2	298	323	na	na	9.2	10.3
Analysts consensus				7.5	293	309	89	108	8.0	8.6

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.

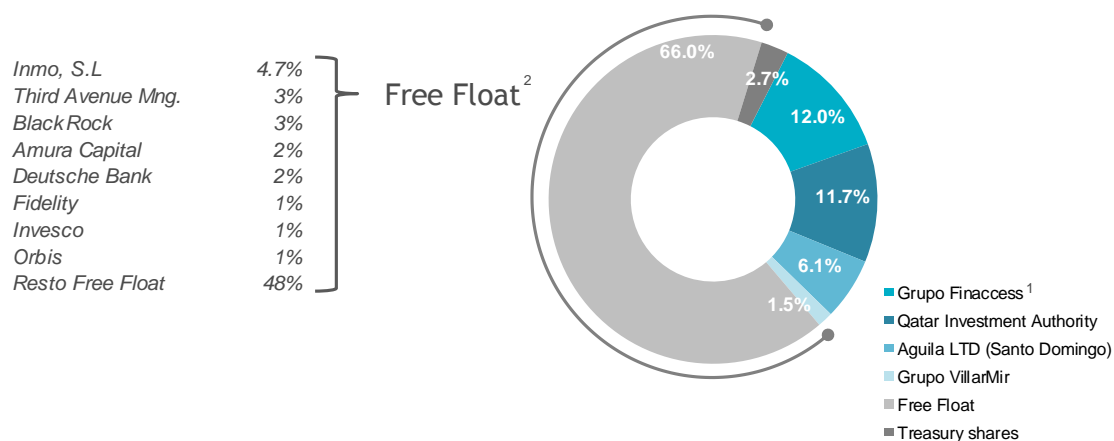
In addition, Colonial is a member of the Morgan Stanley Capital International (MSCI) index, a global property benchmark index for profitability.



Company shareholder structure

Colonial's shareholder structure is as follows:

Shareholder structure at 26/04/2017 (*)









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

(1) Through Hofinac BV

(2) Free float: shareholders with minority stakes and without representation on the Board of Directors

Board of Directors

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee
Juan José Brugera Clavero	Chairman		Chairman		
Pere Viñolas Serra	Chief Executive Officer		Member		
Juan Villar-Mir de Fuentes	Director				Member
Sheikh Ali Jassim M. J. Al-Thani	Director			Member	
Adnane Moussanif	Director		Member		
Juan Carlos García Cañizares	Director	Aguila LTD (Santo Domingo)	Member	Member	
Carlos Fernández González	Director		Member		
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 Trepas	Independent Director			Member	Member
Francisco Palá Laguna	Secretary - Non-Director		Secretary	Secretary	Secretary
Nuria Oferil Coll	Vice-secretary - Non-Director		Vice-secretary	Vice-secretary	Vice-secretary

6. Appendices

6.1 EPRA Ratios

6.2 Consolidated balance sheet

6.3 Asset portfolio – Locations

6.4 Asset portfolio – Details

6.5 Portfolio of projects and new acquisitions

6.6 Historical series

6.7 Asset portfolio – Details

6.8 Legal structure

6.9 Subsidiaries - Details

6.10 Glossary

6.11 Contact details

6.12 Disclaimer

6.1 Appendix –EPRA ratios

1) EPRA Earnings

EPRA Earnings - €m	1Q 2017	1Q 2016
Earnings per IFRS Income statement	16	11
<i>Earnings per IFRS Income statement - €/share</i>	<i>0.04</i>	<i>0.04</i>
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	0	0
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	(0)	0
(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	0	2
(vii) Acquisition costs on share deals and non controlling joint venture interests	0	0
(viii) Deferred tax in respect of EPRA adjustments	(0)	(0)
(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	(0)	(1)
EPRA Earnings	16	12
<i>EPRA Earnings per Share (EPS) - €/share</i>	<i>0.044</i>	<i>0.038</i>
Company specific adjustments:		
(a) Extraordinary expenses	(0)	0
(b) Non recurring financial result	0	0
Company specific adjusted EPRA Earnings	16	12
<i>Company adjusted EPRA Earnings per Share (EPS) - €/share</i>	<i>0.044</i>	<i>0.039</i>
<i>Nº of shares (m)</i>	<i>356.8</i>	<i>318.9</i>

6.1 Appendix – EPRA ratios (cont.)

2) EPRA Vacancy Rate

EPRA Vacancy Rate - Offices Portfolio				EPRA Vacancy Rate - Total Portfolio			
€m	1Q 2017	1Q 2016	Var. %	€m	1Q 2017	1Q 2016	Var. %
<u>BARCELONA</u>				<u>BARCELONA</u>			
Vacant space ERV	1	2		Vacant space ERV	1	2	
Portfolio ERV	33	31		Portfolio ERV	35	33	
EPRA Vacancy Rate Barcelona	3%	7%	(3 pp)	EPRA Vacancy Rate Barcelona	3%	7%	(3 pp)
<u>MADRID</u>				<u>MADRID</u>			
Vacant space ERV	2	1		Vacant space ERV	2	1	
Portfolio ERV	49	38		Portfolio ERV	51	40	
EPRA Vacancy Rate Madrid	5%	3%	1 pp	EPRA Vacancy Rate Madrid	5%	3%	1 pp
<u>PARIS</u>				<u>PARIS</u>			
Vacant space ERV	10	8		Vacant space ERV	11	9	
Portfolio ERV	188	188		Portfolio ERV	225	226	
EPRA Vacancy Rate Paris	6%	4%	1 pp	EPRA Vacancy Rate Paris	5%	4%	1 pp
<u>TOTAL PORTFOLIO</u>				<u>TOTAL PORTFOLIO</u>			
Vacant space ERV	14	12		Vacant space ERV	14	12	
Portfolio ERV	270	257		Portfolio ERV	310	298	
EPRA Vacancy Rate Total Office Portfolio	5%	5%	1 pp	EPRA Vacancy Rate Total Portfolio	5%	4%	0 pp

Annualized figures

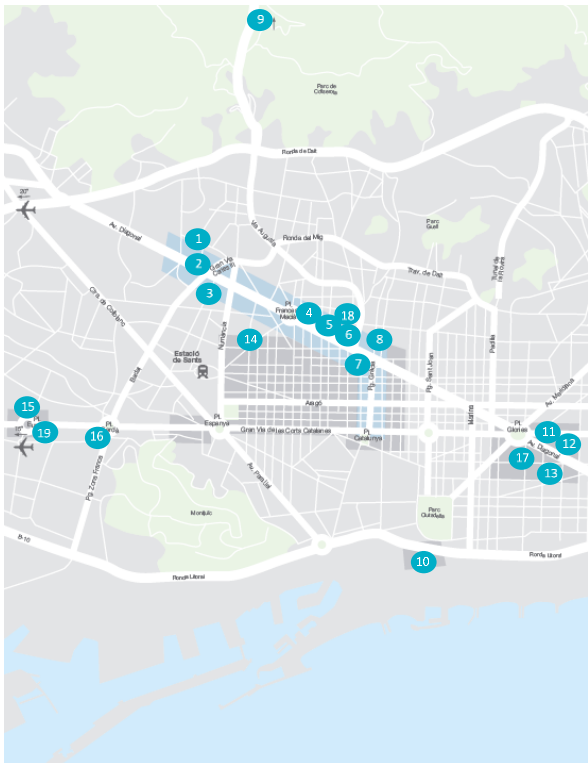
6.2 Appendix – Consolidated balance sheet

Consolidated balance sheet

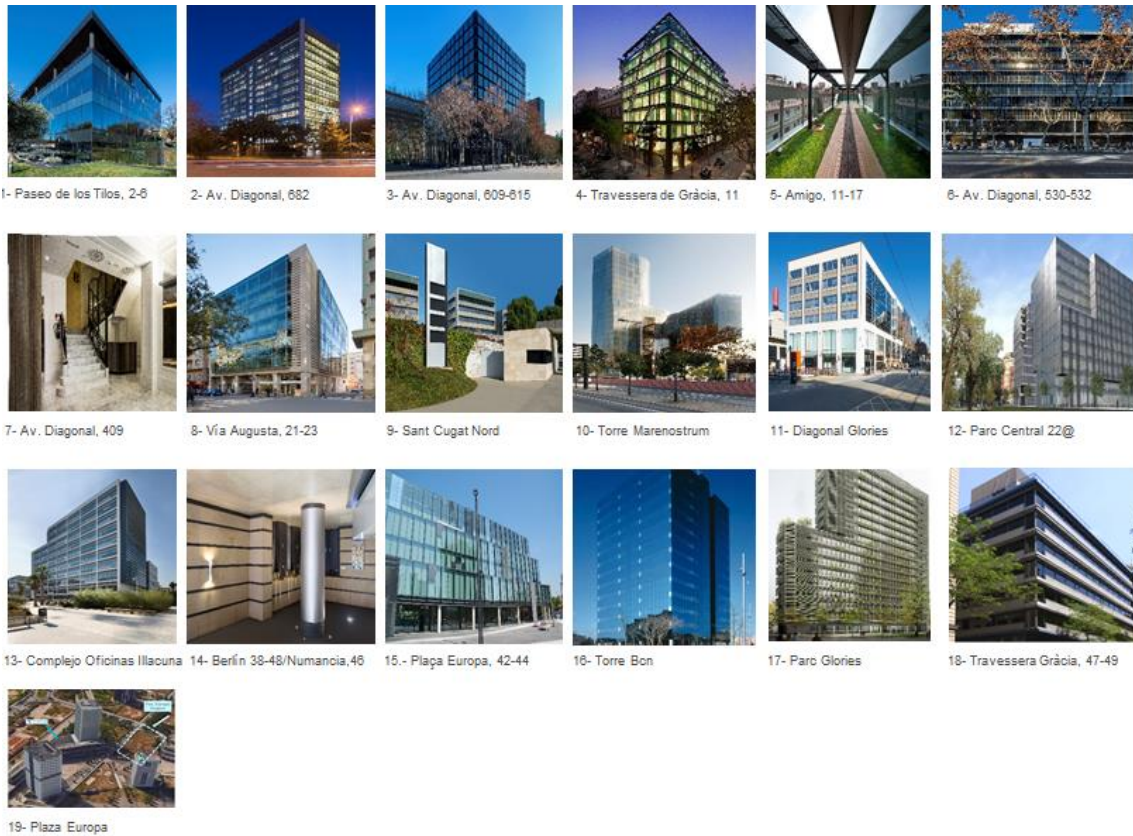
€m	1Q 2017	2016
ASSETS		
Property investments	7,784	7,763
Other non-current assets	226	198
Non-current assets	8,010	7,960
Debtors and other receivables	136	125
Other current assets	174	142
Assets available for sale	0	0
Current assets	310	267
TOTAL ASSETS	8,320	8,228
LIABILITIES		
Share capital	892	892
Reserves and others	1,373	1,136
Profit (loss) for the period	16	274
Equity	2,281	2,302
Minority interests	1,720	1,706
Net equity	4,001	4,008
Bond issues and other non-current issues	2,511	2,510
Non-current financial debt	822	712
Deferred tax	348	347
Other non-current liabilities	145	143
Non-current liabilities	3,825	3,712
Bond issues and other current issues	329	314
Current financial debt	54	89
Creditors and other payables	59	61
Other current liabilities	52	43
Current liabilities	494	507
TOTAL EQUITY & LIABILITIES	8,320	8,228

6.3 Appendix – Asset portfolio – Locations

Barcelona

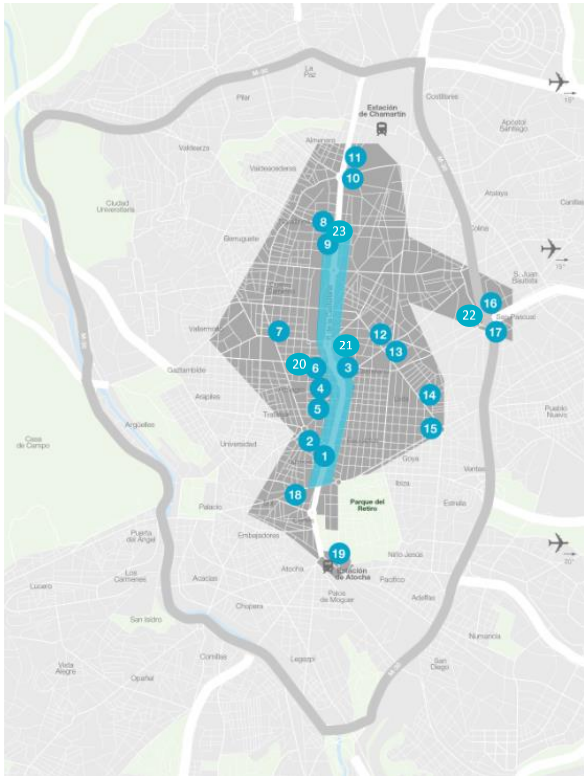


1. Paseo de los Tilos, 2-6
2. Av. Diagonal, 682
3. Av. Diagonal, 609-615
4. Travessera de Gràcia, 11
5. Amigó, 11-17
6. Av. Diagonal, 530-532
7. Av. Diagonal, 409
8. Via Augusta, 21-23
9. Complejo de oficinas Sant Cugat Nord
10. Torre Marenostrum
11. Diagonal Glories
12. Complejo de oficinas Parc Central 22@
13. Complejo de oficinas Illacuna
14. Berlin, 38-48 / Numància, 46
15. Plaza Europa, 42-44
16. Torre BCN
17. Parc Glories
18. Travessera de Gràcia, 47-49
19. Plaza Europa, 46-48



6.3 Appendix – Asset portfolio – Locations

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, 62
20. José Abascal, 45
21. Serrano, 73
22. Santa Hortensia, 26-28
23. Paseo de la Castellana, 163



1- Paseo Recoletos, 37-41



2- Génova, 17



3- Castellana, 52



4- Castellana, 43



5- Miguel Angel, 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 Arellano, 37



17- MV 49 Business Park



18- Alcalá, 30-32



19- Alfonso XII, 62



20- José Abascal, 45



21- Serrano, 73



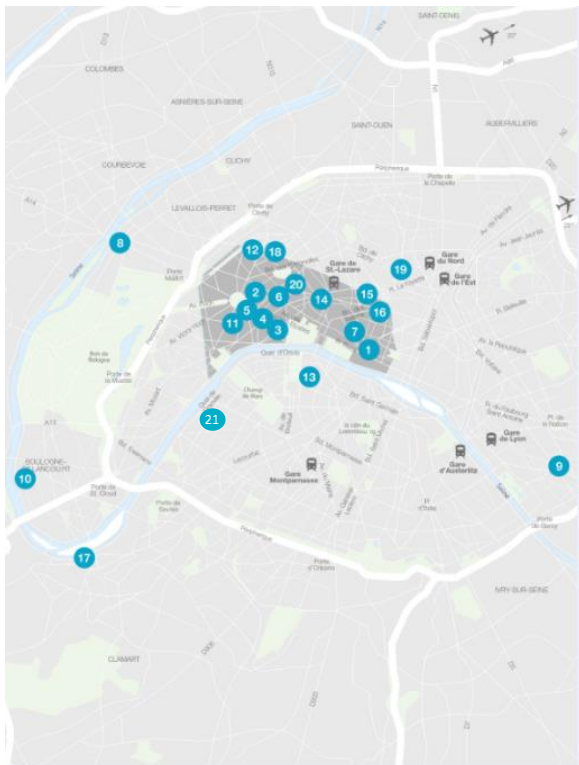
22- Santa Hortensia, 26-28



23- Paseo Castellana, 163

6.3 Appendix – Asset portfolio – Locations

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
21. 112-122 Av. Emile Zola



1- Louvre-Saint-Honoré



2- Washington Plaza



3- Galerie de Champs-Élysées



4- 90, Champs-Élysées



5- 92, Champs-Élysées



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 Haussmann St-Augustin



15- 6, Hanovre



16- #Cloud



17- Le Vaisseau



18- 112, Wagram



19- 4-8, Rue Condorcet



20- 9, Avenue Percier



21- Emile Zola

6.4 Appendix – Asset portfolio - Details

Spain

RENTAL PORTFOLIO SPAIN	Acquisition year	Floor space above ground				Floor space above ground	Floor space below ground	Total surface	Parking units
		Offices	Retail	Resid.	Hotel				
DIAGONAL, 409	2001	3,690	851			4,531	0	4,531	
DIAGONAL, 530	1992	9,226	2,555			11,781	4,708	16,489	99
DIAGONAL, 609-615 - DALI/PRISMA	1997	21,996				21,996	18,839	40,835	438
AV, DIAGONAL, 682	1997	8,372	250			8,622	1,795	10,417	50
PEDRALBES CENTRE	1997	0	5,558			5,558	1,312	6,870	
BERLIN, 38-48/NUMANCIA, 46	1997	9,644	3,173			12,817	3,779	16,596	99
DIAGONAL 220-240, GLORIES	2000	11,672				11,672	536	12,208	40
ILLACUNA	2006	18,883	812			19,695	13,620	33,315	796
P ^o TILOS, 2-6	2000	5,143				5,143	3,081	8,224	79
TRAVESSERA, 47-49	2016	8,939				8,939	1,705	10,644	6
VIA AUGUSTA, 21-23	1999	4,620	218			4,838	0	4,838	
TRAVESSERA, 11	1994	4,105	410			4,515	1,994	6,509	61
AMGÓ, 11-17	1994	2,960	620			3,580	1,766	5,346	88
PLZ. EUROPA 42-44	2014	4,869				4,869	2,808	7,677	68
TORRE BONI	2000	9,600	235			9,835	3,398	13,233	88
TORRE MARENOSTRUM	2003	22,394				22,394	19,370	41,764	616
SANT OUGAT	1999	27,904				27,904	20,531	48,435	690
CASTELLANA, 52	1998	6,496	1,027			7,523	2,615	10,138	49
P. CASTELLANA, 163	2016	9,610	600			10,210	1,855	12,065	52
RECOLETOS, 37-41	2005	13,642	3,560			17,202	5,340	22,542	175
MIGUEL ANGEL, 11	2005	5,370	930			6,300	2,200	8,500	81
JOSE ABASCAL, 56	2005	10,857	1,468			12,325	6,437	18,762	219
GÉNOVA, 17	2015	3,638	1,038			4,676	2,601	7,277	70
JOSE ABASCAL, 45	2016	5,354				5,354	1,929	7,284	54
ALCALA, 30-32	1994	8,573	515			9,088	1,700	10,788	52
ALFONSO XII, 62	2002	13,135				13,135	2,287	15,422	78
SANTA ENGRACIA	2015	13,664				13,664	5,562	19,226	181
FRANCISCO SILVELA, 42	1999	5,393				5,393	3,926	9,319	105
JOSE ORTEGA Y GASSET 100	2000	6,870	922			7,792	2,563	10,355	96
CAPITÁN HAYA, 53	2001	13,685	2,330			16,015	9,668	25,683	295
LÓPEZ DE HOYOS, 35	2005	7,140				7,140	4,105	11,245	111
AGUSTÍN DE FOXÁ, 29	2003	6,402	873			7,275	2,515	9,789	158
HOTEL CENTRO NORTE	2003	0	385		8,073	8,458	11,089	19,547	
MARTÍNEZ VILLER GAS, 49	2006	24,135				24,135	14,746	38,881	437
RAMÍREZ DE ARELLANO, 37	1999	5,988				5,988	4,923	10,911	160
SANTA HORTENSIA, 26-28	2016	46,928				46,928	25,668	72,596	946
HOTEL MOJACAR	2006	0			11,519	11,519	0	11,519	
OTHER SMALL RETAIL UNITS			969			969	350	1,319	
PORTFOLIO IN OPERATION SPAIN		380,887	29,299	0	19,592	429,778	211,321	641,099	6,537
PARC CENTRAL 22@	2016	14,737				14,737	14,737	29,474	184
PARC GLORIES	2010	24,551				24,551	5,343	29,894	141
ESTEBANEZ CALDERÓN, 3-5	2015	10,152				10,152	4,751	14,903	103
PRÍNCIPE DE VERGARA, 112-114	2015	11,368				11,368	4,530	15,898	107
CASTELLANA, 43	2005	5,998				5,998	2,441	8,439	81
SERRANO, 73	2016	4,242				4,242	3,220	7,462	80
P. CASTELLANA, 163	2016	700				700	0	700	
REST OF ASSETS		768	1,100			1,868	0	5,103	
PROJECTS UNDERWAY SPAIN		72,516	1,100	0	0	73,616	38,257	111,873	747
TOTAL SPAIN		453,404	30,399	0	19,592	503,394	249,578	752,972	7,284
BARCELONA		214,051	14,787	0	0	228,838	120,848	349,687	3,543
MADRID		239,352	14,746	0	8,073	262,171	128,380	390,550	3,741
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 to be dedicated to retail/commercial use (generally on the ground floors).

The assets in the Barcelona rental portfolio are 100% owned by Colonial, with the exception of Torre Marenostrom of which Colonial has a 55% stake.

The assets in the Madrid rental portfolio and the rest of Spain are 100% owned by Colonial

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
Acquisition year	Offices	Retail	Resid.	Hotel & others					
LOUVRE SAINT-HONORE	1995	24,897	217		2,134	27,248	5,730	32,978	236
EDOUARD VII	1999	28,412	15,351	4,509	4,202	52,474	10,145	62,619	523
6 HANOVRE	1958	3,325				3,325	1,246	4,571	0
#CLOUD.PARIS	2004	28,192			1,860	30,051	3,164	33,216	99
CONDORCET	2014	20,376		1,562	1,301	23,239	2,457	25,696	50
GALERIE CHAMPS-ELYSEES	2002	0	4,187			4,187	3,849	8,036	125
90 CHAMPS-ELYSEES	2002 / 2009	7,912	932			8,844	0	8,844	
92 CHAMPS-ELYSEES	2000	729	3,089			3,818	0	3,818	
CEZANNE SAINT-HONORE	2001 / 2007	21,313	1,849	0		23,163	3,337	26,500	128
131 WAGRAM	1999	7,100			449	7,549	3,119	10,668	124
96 IENA	2001 / 2007	7,505				7,505	4,711	12,217	264
112 WAGRAM	2008	4,470	892			5,362	546	5,908	29
WASHINGTON PLAZA	2000	37,709	416	2,214		40,340	13,280	53,620	662
HAUSSMANN SAINT-AUGUSTIN	2002 / 2004	11,683	791			12,474	2,650	15,124	104
9 PERCIER	2015	5,945				5,945	419	6,364	14
176 CHARLES DE GAULLE	1997	5,749	389			6,138	2,739	8,876	145
IN / OUT	2000	30,954			1,660	32,614	11,680	44,294	581
LE VAISSEAU	2006	6,026				6,026	2,321	8,347	124
RIVES DE SEINE	2004	20,270			1,760	22,030	6,589	28,619	366
103 GRENELLE	2006	15,585	258		1,052	16,895	1,891	18,786	100
SAINTE DENIS		0		60		60	16	76	1
PORTFOLIO IN OPERATION FRANCE		288,152	28,371	6,132	16,632	339,286	79,890	419,176	3,675
LOUVRE SAINT-HONORE	1995	1,081	8,989			10,070	8,462	18,532	
92 CHAMPS-ELYSEES	2000	3,381				3,381	493	3,874	
CEZANNE SAINT-HONORE	2001 / 2007	3,124				3,124	1,504	4,628	
WASHINGTON PLAZA	2000	1,954				1,954	2,177	4,131	
103 GRENELLE	2006	0				0	1,704	1,704	
#CLOUD.PARIS	2004	0				0	3,397	3,397	
REST OF ASSETS		0	531			531	7,404	7,935	
PROJECTS UNDERWAY FRANCE		9,540	9,520			19,060	25,140	44,201	0
TOTAL FRANCE		297,692	37,891	6,132	16,632	358,347	105,030	463,377	3,675
TOTAL PROPERTY COLONIAL		751,096	68,290	6,132	36,223	861,741	354,608	1,216,349	10,959

Colonial has 58.5% of the share capital of SFL. SFL has 100% ownership of the totality of its rental portfolio with the exception of Washington Plaza of which it owns 66%, as well as the assets of Champs Élysées 90, Galeries Champs Élysées 8288 and Haussmann 104-110 of which it owns 50%.

6.5 Appendix – Project portfolio & new acquisitions

Projects underway & new acquisitions

BARCELONA

Parc Glòries – Barcelona 22@ (Project underway)



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 delivery expected 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

Avinguda Diagonal. The building will be one of the first properties to obtain the LEED Platinum certificate in the Barcelona office market.

Travessera de Gràcia, 47-49



This is an acquisition in the framework of the Alpha II project for an office building located in the Barcelona CBD with a surface area above ground of almost 9,000 sq m, distributed between a ground floor, a mezzanine floor, and 8 additional floors, as well as 1,700 sq m of surface area below ground. The asset is the Spanish headquarters of the Bertelsmann Group and its subsidiaries with a 5-year contract.

Plaza Europa, 46-48



At the beginning of 2017, Colonial strengthened its position in Plaza Europa, one of the business areas with the most development in recent years in Barcelona, with a new project to build a 21-storey office building with 14,000 sq m above ground and 150 parking spaces. The total investment amounted to €32m. This project is being developed in a joint venture with the Inmo Company, a subsidiary of the Puig family, the land owner, whose current corporate headquarters

is located in the adjacent plot. The building will obtain the LEED Gold energy certificate.

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

Projects underway and recent acquisitions

MADRID

Discovery Building (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 10,200 sq m of rentable surface area, with optimal space efficiency on all floors, enabling it to obtain the LEED Gold energy certificate.

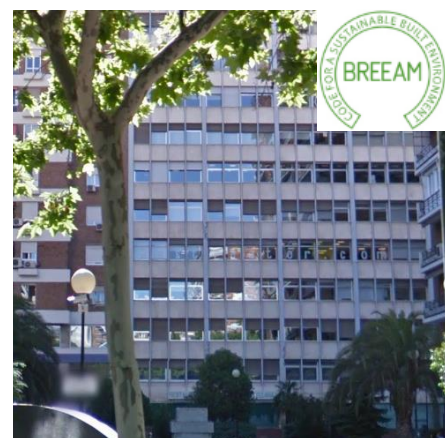
Príncipe de Vergara – Madrid (Project underway)



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 of rentable

surface area, with optimal space efficiency on all floors, enabling it to obtain the LEED Gold energy certificate.

Paseo de la Castellana, 163



An office building acquired in the Alpha II project, located in the CBD in Madrid. The asset has a surface area above ground of 10,900 sq m, divided among 11 floors of office space and a ground floor allocated for commercial premises. The flexible floors are approximately 900 sq m with an efficient design and high luminosity. The building has two entrances: one in Paseo de la Castellana and the other in Capitán Haya 50. Currently, the building is 98% let by prestigious companies, generating income from day one.

Over the coming year, the property will be refurbished to obtain the BREEAM Very Good certificate.

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

Projects underway & new acquisitions

MADRID – cont.

Serrano, 73 – Madrid Prime CBD



A building located in calle Serrano, 73 in Madrid, 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. The property is currently in the refurbishment phase.

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. Colonial has carried out refurbishment works on the building. The amount of the investment stands at €35m, and confirms the positioning of Colonial as one of the leaders in prime assets in the Madrid market.

Santa Hortensia, 26-28 – Madrid BD



prime assets in Spain.

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 land plot 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

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

Projects underway and new acquisitions

PARIS

112-122 Avenue Emile Zola



At the beginning of 2017, The Colonial Group completed a transaction for €165m, through its French subsidiary, to acquire the historical headquarters of the SMA Group. This building stands at a prime location at 112-122 Avenue Emile Zola, in the centre of district 15 in Paris. The building has a surface area of approximately 21,000 sq m². SMA will move to a new headquarters in the fourth quarter of 2017, at which time the Colonial Group will

restructure the building to transform it into one of the largest office complexes in the South of the French capital.

Louvre Saint Honoré



New retail development Project in the Louvre Saint Honoré building which will count on approximately 15,000 sq m. It is the development of a retail space on the floors underground, the ground floor and the first floor of the building. This Prime Factory project will be carried out with top quality finishes and technical specifications and is expected to be completed by 2021,

with the capacity to attract top tier tenants.

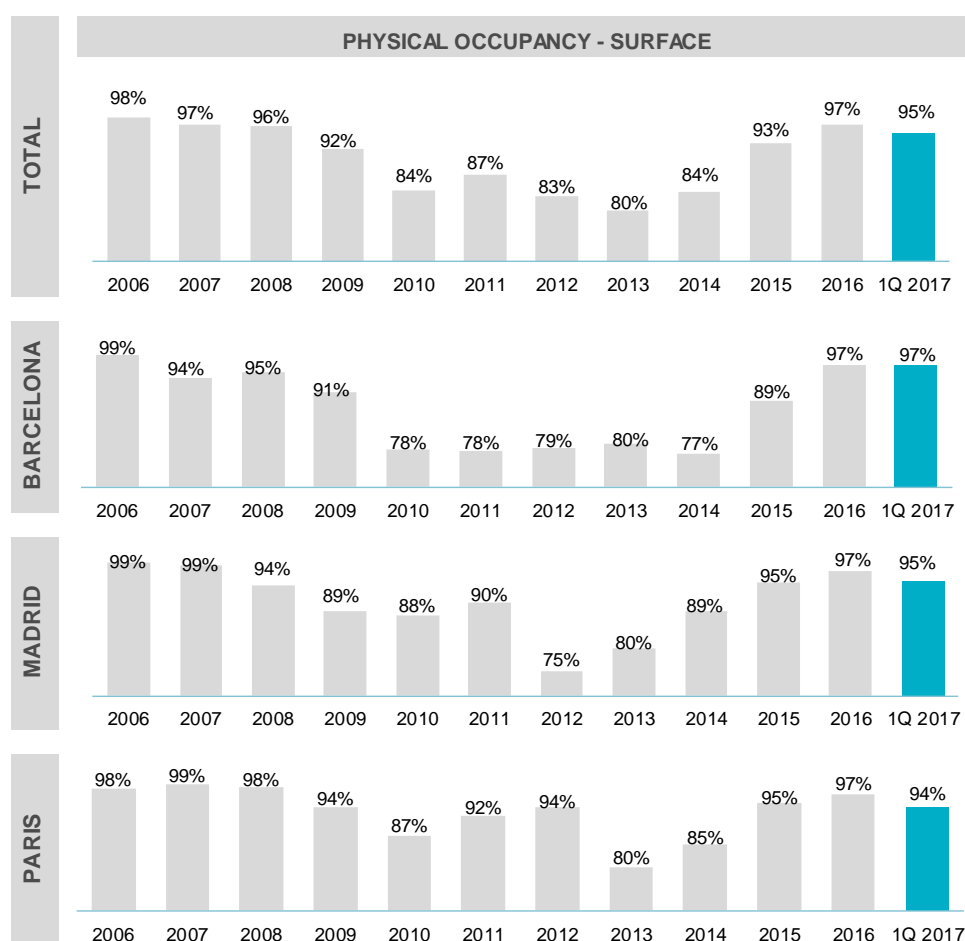
6.6 Appendix – Historical series

Historical series breakdown

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Barcelona													
Physical Offices Occupancy (%)	97%	100%	99%	94%	95%	91%	78%	78%	79%	80%	77%	89%	97%
Rental revenues (€m)	55	53	56	60	51	49	39	32	31	28	28	27	30
Net Rental Income (€m)	53	51	55	58	49	47	37	28	27	25	23	23	28
NRI / Rental revenues (%)	95%	96%	97%	97%	96%	97%	93%	88%	89%	89%	85%	85%	92%
Madrid													
Physical Offices Occupancy (%)	93%	98%	99%	99%	94%	89%	88%	90%	75%	80%	89%	95%	97%
Rental revenues (€m)	37	44	68	70	56	50	47	45	44	35	32	35	43
Net Rental Income (€m)	34	42	66	66	52	46	42	41	40	30	28	31	38
NRI / Rental revenues (%)	93%	94%	96%	95%	92%	92%	90%	90%	90%	86%	85%	88%	88%
Paris													
Physical Offices Occupancy (%)	97%	96%	98%	99%	98%	94%	87%	92%	94%	80%	85%	95%	97%
Rental revenues (€m)	157	153	162	170	182	183	175	152	150	149	152	169	198
Net Rental Income (€m)	147	145	153	162	171	173	162	141	138	137	139	155	188
NRI / Rental revenues (%)	94%	95%	95%	95%	94%	94%	93%	93%	92%	92%	92%	92%	95%

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 €875m according to the following breakdown:
 - a) Initial issuance of €750m, with a pending amount of €375 after the buybacks carried out in October 2016, and maturing in June 2019 with an annual fixed coupon of 1.863%.
 - b) Issuance of €500m, maturing in June 2023 with an annual fixed coupon of 2.728%.
2. Two bond issuances for €650m, carried out under the EMTN program:
 - a) Issuance of €600m, maturing in October 2024, with a fixed annual coupon of 1.45%.
 - b) Private bond issuance for €50m, maturing in November 2026, with an annual fixed coupon of 1.875%.

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.

3. Three SFL bond issuances for €1,301m according to the following breakdown:
 - a) Issuance in November 2012 of the initial amount of €500m, with a pending amount after the buybacks carried out in November 2014 and November 2015 of €300.7m, maturing in November 2017, with an annual fixed coupon of 3.5%.
 - b) Issuance in November 2014 for €500m, with an annual fixed coupon of 1.875%, maturing in November 2021.
 - c) Issuance 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.

4. Colonial's two syndicate loans:
 - a) Syndicate loan for a nominal value of €350m, of which the agent bank is Natixis S.A. Sucursal en España, maturing in November 2021. The objective of this syndicate loan is to finance possible acquisitions, as well as refurbishments and other investment needs (CAPEX). The interest rate of the loan has been fixed at Euribor plus 160 bps and the only guarantees provided have been corporate. At 31 March 2017 €203m was drawn.
 - b) Syndicate loan for a nominal value of €375m, of which the agent bank is "Credit Agricole Corporate and Investment Bank Sucursal en España, S.A." maturing in March 2022. The objective of this syndicate loan is to cover general corporate needs. The interest rate of the loan has been fixed at Euribor plus the market spread. The only guarantees provided have been corporate.

Both loans are subject to the fulfilment of certain financial ratios.

6.7 Appendix – Financial structure – Details (cont.)

5. 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 drawn down at €90m.
- 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 31 March 2017 this loan was totally undrawn.

6. Bilateral loans with mortgage securities:

- a) In Spain the Colonial Group, through one of its subsidiaries, holds €36m in bilateral loans, with mortgage securities on various property assets. The average maturity of this loan is 4.3 years and the average financing spread is 80 bps.
- b) SFL, through various subsidiaries, holds a total of €205m in bilateral loans with various financial institutions, with mortgage securities on property assets. The average maturity of these loans is 5.1 years.

7. Bilateral loans without mortgage securities:

SFL holds various loans for the amount of €350m, at a variable interest rate, with an average maturity of 2.7 years.

Hedging portfolio

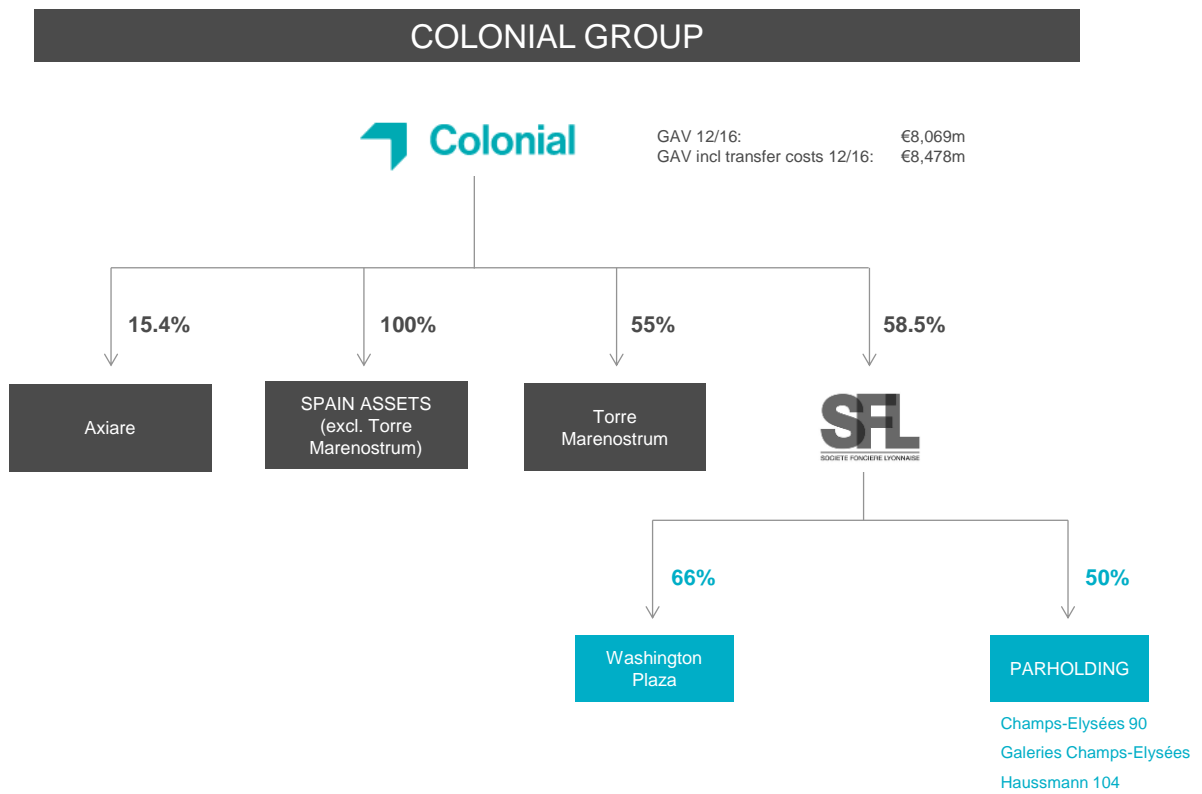
The breakdown of the hedging portfolio at 31 March 2017 is the following:

March 2017 Financial instrument - €m	Spain	France	MTM (Ex-coupon)
Total hedging portfolio (Variable - Fixed)	23	0	(2)
Maturity (years)	6.9	0.0	
% Hedging portfolio / Gross debt	10%	0%	
% Fixed rate or hedged debt vs/ Gross debt	88%	77%	

At 31 March 2017, 82% of the Group's debt was contracted 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 31 March 2017, the Group only had one interest rate derivative contracted (IFRS) for €23m, wholly associated to a loan.

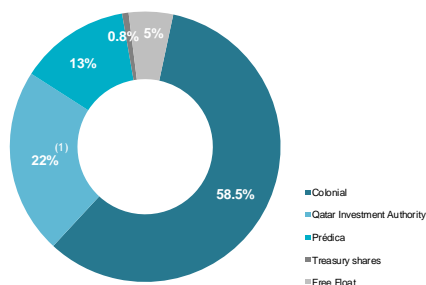
6.8 Appendix – Legal structure



6.9 Appendix – Subsidiaries - Details













▪ Shareholder structure and Board of Directors of SFL

SFL - Shareholder structure at 31/03/2017



(1) Stake held through Qatar Investment Authority (13.7%) and DIC Holding (8.6%)

Consejo de Administración SFL

Nombre	Título		Comisión Ejecutiva	Comisión Nombramientos y Retribuciones	Comité de Auditoría y Control	Comisión de Consejeros independientes
Juan José Brugera Clavero	Presidente		Presidente			
Pere Viñolas Serra	Vicepresidente - Consejero Dominical		Vocal	Vocal		
Carlos Fernández-Lerga Garraida	Consejero Dominical				Presidente	
Carmina Ganyet Cirera	Consejero Dominical		Vocal		Vocal	
Angels Arderiu Ibars	Consejero Dominical					
Carlos Krohmer	Consejero Dominical					
Luis Maluquer Trepal	Consejero Dominical					
Nuria Oferill Coll	Consejero Dominical					
Ali Jassim M. J. Al-Thani	Consejero Dominical					
Adnane Moussanif	Consejero Dominical					
Jean-Jacques Duchamp	Consejero Dominical		Vocal		Vocal	
Chantal du Rivau	Consejero Dominical					
Sylvia Desazars de Montgailhard	Consejero Independiente					
Anne-Marie de Chalambert	Consejero Independiente			Vocal	Vocal	Vocal
Anthony Wyand	Consejero Independiente			Presidente		Vocal

6.10 Appendix - Glossary

Earnings per share (EPS)	Profit from the year attributable to the shareholders divided by the basic 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
EBIT	Calculated as the operating profit plus variance in fair value of property assets as well as variance in fair value of other assets and provisions.
EBITDA	Operating result 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 58.5% 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 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 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. Calculation based on EPRA Best Practices guidelines.
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 NNAV	The EPRA NNAV 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
Financial 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.)

EPRA Vacancy	Vacant surface multiplied by the market rental prices/surfaces in operation at market rental prices. Calculation based on EPRA Best Practices guidelines.
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 Lyonnaise
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.

About Colonial

Colonial is a listed property company, leader in the European Prime office market with presence in the main business areas of Barcelona, Madrid and Paris with a portfolio of more than 860,000 sq m of GLA above ground and assets under management with a value of more than €8.0bn.

6.12 Appendix – Disclaimer

By accepting document you will be taken to have represented, warranted and undertaken that you have read and agree to comply with the contents of this disclaimer.

The information contained in this presentation (“Presentation”) has been prepared by Inmobiliaria Colonial, S.A. (the “Company”) and has not been independently verified and will not be updated. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein and nothing in this Presentation is, or shall be relied upon as, a promise or representation. None of the Company nor any of its employees, officers, directors, advisers, representatives, agents or affiliates shall have any liability whatsoever (in negligence or otherwise, whether direct or indirect, in contract, tort or otherwise) for any loss howsoever arising from any use of this Presentation or its contents or otherwise arising in connection with this Presentation.

This Presentation is for information purposes only and is incomplete without reference to, and should be viewed solely in conjunction with, the Company’s publicly available information and, if applicable, the oral briefing provided by the Company. The information and opinions in this presentation are provided as at the date hereof and subject to change without notice. It is not the intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company’s financial or trading position or prospects.

This Presentation does not constitute investment, legal, accounting, regulatory, taxation or other advice and does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the Company. You are solely responsible for seeking independent professional advice in relation to the Company. No responsibility or liability is accepted by any person for any of the information or for any action taken by you or any of your officers, employees, agents or associates on the basis of such information.

This Presentation contains financial information regarding the businesses and assets of the Company. Such financial information may not have been audited, reviewed or verified by any independent accounting firm. The inclusion of such financial information in this Presentation or any related presentation should not be regarded as a representation or warranty by the Company, its affiliates, advisors or representatives or any other person as to the accuracy or completeness of such information’s portrayal of the financial condition or results of operations by the Company and should not be relied upon when making an investment decision. Certain financial and statistical information in this document has been subject to rounding off adjustments. Accordingly, the sum of certain data may not conform to the expressed total.

Certain statements in this Presentation may be forward-looking. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing economic, business or other market conditions, changing political conditions and the prospects for growth anticipated by the Company’s management. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Any forward-looking statements contained in this Presentation and based upon past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The market and industry data and forecasts that may be included in this Presentation were obtained from internal surveys, estimates, experts and studies, where appropriate as well as external market research, publicly available information and industry publications. The Company, its affiliates, directors, officers, advisors and employees have not independently verified the accuracy of any such market and industry data and forecasts and make no representations or warranties in relation thereto. Such data and forecasts are included herein for information purposes only. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this Presentation.

The distribution of this Presentation in other jurisdictions may be restricted by law and persons into whose possession this presentation comes should inform themselves about and observe any such restrictions.

NEITHER THIS DOCUMENT NOR ANY OF THE INFORMATION CONTAINED HEREIN CONSTITUTES AN OFFER OF PURCHASE, SALE OR EXCHANGE, NOR A REQUEST FOR AN OFFER OF PURCHASE, SALE OR EXCHANGE OF SECURITIES, OR ANY ADVICE OR RECOMMENDATION WITH RESPECT TO SUCH SECURITIES.