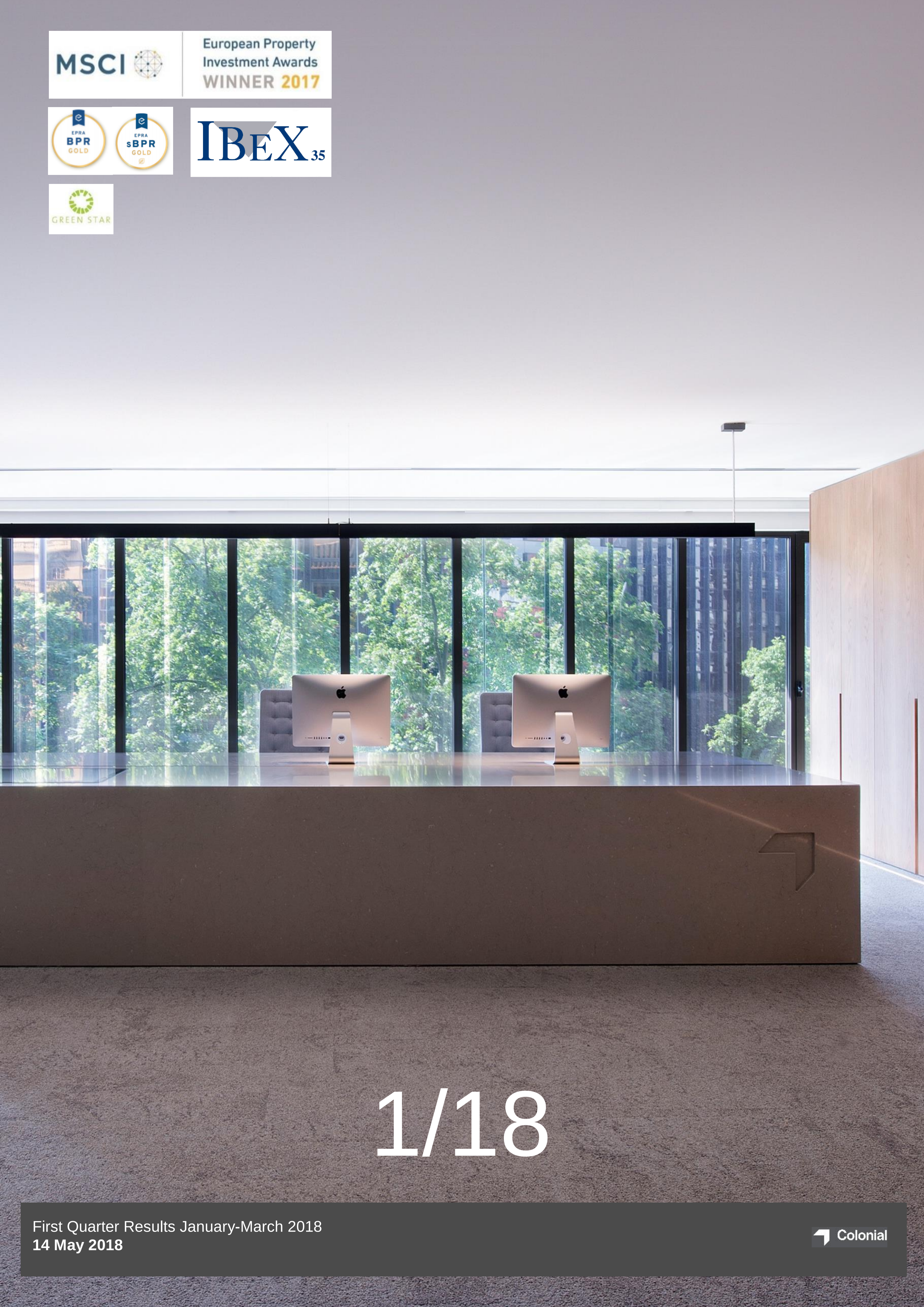


1/18

First Quarter Results January-March 2018
14 May 2018

Colonial

At the close of the first quarter of 2018, the Colonial Group obtained an attributable net profit of €22m, an increase of +40% compared to the previous year.

- Gross rental income: €82m, +19% (+6% like-for-like)
- Group recurring EBITDA: €62m, +18% (+5% like-for-like)
- Recurring net profit: €20m, +29%

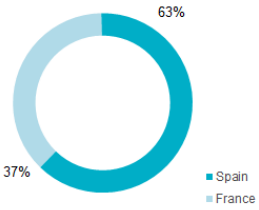
Company KPIs - 1Q 2018

per share data	2018	2017	Variance
EPS recurring	0.046	0.044	+6%
FFO [1]	0.049	0.047	+4%

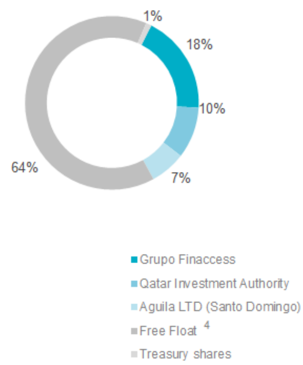
P/L €m data	2018	2017	Variance
Rental revenues	82	70	+19%
EBITDA recurring	62	52	+18%
Recurring Net Profit	20	16	+29%
Attributable Net Profit	22	16	+40%

Capital Structure	2018
GAV Group (€m) [9] - 31/12/2017	10,803
Net debt (€m)	4,497
Cash & undrawn balances (€m)	2,331
Group LTV [3]	39.6%
Debt maturity (years)	5.3

Geographical diversification [2] - 31/12/2017



Shareholder structure Colonial



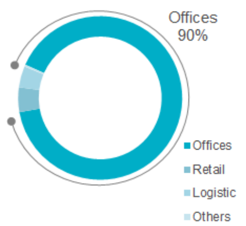
Rating Standard & Poors
BBB stable outlook

Rating Moody's
Baa2 negative outlook

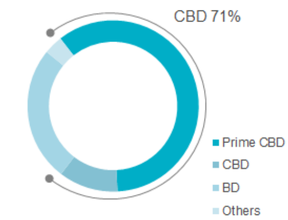
Portfolio KPIs

	2018
GAV Group (€m) - 31/12/2017[9]	10,803
No. of assets Spain	*73*
No. of assets France	*20*
No. of assets Logistic & Others	*16*
Total no of assets [5]	109
Lettable surface	*1,438,277*
Developments underway [6]	*435,375*
Surface above ground (sqm)	1,873,652

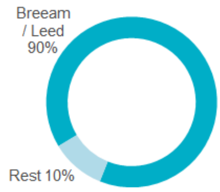
Valuation - by uses [9]- 31/12/2017



Offices Valuation - by area [10]- 31/12/2017



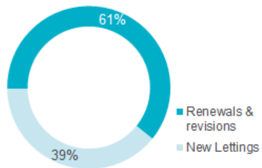
% Buildings with energy certification [7]



Business KPIs

	Total	Barcelona	Madrid	Paris	Log. & others
# contracts signed	33	10	13	7	3
Contracts signed sq m	73,855	4,695	18,262	5,506	45,392
Total EPRA Vacancy [8]	5%	3%	12%	3%	0%
Rental revenues (€m)	82	10	21	48	3
% EPRA Like-for-like var	*6.1%*	*5.3%*	*8.4%*	*5.6%*	-

Breakdown letting performance



(1) Recurring net result excluding amortisations and accrual of the incentives plan
(2) GAV Parent Company: Value of assets directly-held + NAV of the 55% stake in the SPV T. Marenostrum + NAV of the stake in Axiare + NAV of the 58.6% stake in SFL + Value P. Europa JV. Net of investments & divestments 1Q 18
(3) Net debt Group /GAV Group (incl. Transfer costs) + Treasury shares + JV Plaza Europa. Net of investments & divestments 1Q 18
(4) Free float: shareholders with minority stakes and without representation on the Board of Directors
(5) Excluding small non-core assets
(6) Projects & refurbishments
(7) Buildings in operation with energy certification
(8) Financial vacancy: Financial vacancy according to the calculation recommended by EPRA
(9) GAV Colonial 31/12/17 + GAV Axiare 31/12/17 (net of investments & divestments 1Q 18)
(10) GAV Offices Colonial & Axiare at 31/12/17 (including Louvre St. Honoré & Pedralbes Centre). Net of investemnts & divestments 1Q 18

Note: the first quarter figures include the effects of the global consolidation of Axiare due to the 87% stake achieved in the takeover bid as of 1/02/2018

Highlights

1Q Results 2018

Acceleration of net profit growth based on a solid like-for-like increase in rental income and the acquisition of Axiare

The Colonial Group started 2018 with an increase of +40% in the net profit attributable to the Group, based on the inclusion of 87% of the Axiare business since February 2018 and a solid like-for-like increase in rental income.

The successful strategy of the Group is reflected in all KPI's of the first quarter results.

1. Rental income +19% reaching €82m
2. A +6% like-for-like increase in rental income, Madrid portfolio outstanding with +8%
3. Solid operating performance
   - > 33 signed contracts corresponding to more than 73,000 sq m and €12m in annual rental income
   - > EPRA vacancy at levels of 5%
   - > Capturing rental price increases: +6% vs. ERV December 2017 and +28% in release spreads
4. An increase in recurring results of +29%, amounting to €20m
5. An increase of +40% in Attributable Net Profit reaching €22m

Increase in recurring results

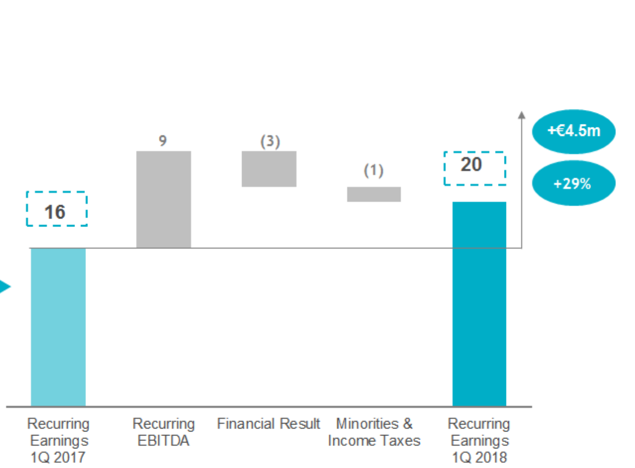
The recurring earnings in the first quarter of 2018 amounted to €20m, an increase of 29%, compared to the previous year, due to a solid like-for-like growth in gross rental income and the inclusion of Axiare.

Profit & Loss Accounts

Results analysis - €m	1Q 2018	1Q 2017
Gross Rents	82	70
Net operating expenses(*)	(10)	(8)
Overheads	(11)	(9)
Recurring EBITDA	62	52
Recurring financial result	(23)	(20)
Income tax expense & others - recurring	(3)	(3)
Minority interests - recurring	(16)	(14)
Recurring Earnings	20	16
Variance asset values & provisions	6	1
Non-recurring financial result & MTM	(1)	(0)
Income tax & others - non-recurring	(3)	(0)
Minority interests - non-recurring	0	0
Profit attributable to the Group	22	16

(*) Includes other income

Recurring Income - €m - Variance Analysis

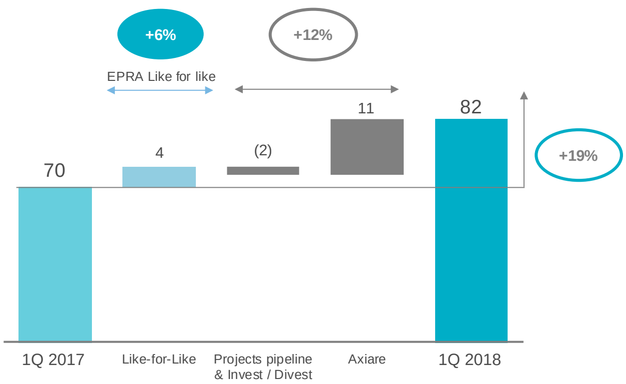


Growth in rental income

Significant increase in rental income of +19% due to three growth drivers:

1. An increase of +6% like-for-like
2. Additional rents coming from acquisitions and project deliveries
3. Inclusion of 87% of the Axiare business since February

Gross Rental Income - €m



	EPRA Like for like	Acquisitions & Projects	Axiare	In&Out divestment	TOTAL
BCN	+5%	-	+9%	-	+14%
MADRID	+8%	+14%	+53%	-	+76%
PARIS	+6%	(1%)	-	(7%)	(2%)
TOTAL	+6%	+2%	+15%	(5%)	+19%

Solid like-for-like growth in income in all the markets in which the Group operates:

> Barcelona +5% due to an increase in rental prices in the entire portfolio

> Madrid +8% mainly boosted by contracts on the José Abascal 45, Alfonso XII, Génova 17 & Castellana 52 assets

> Paris +6% due to an increase in Washington Plaza, 103 Grenelle & Percier buildings

Solid fundamentals in all sectors

Lettings with significant rental growth

In the first quarter of 2018, the Colonial Group signed 30 office rental contracts, corresponding to more than 28,000 sq m and an annual rental income of €10m.

# transactions		Surface sqm	GRI €m	Strong prices increase: % Var. vs ERV 12/16	Strong prices increase: Release Spread[1]
Barcelona	10	4,695	€1m	+3%	+16%
Madrid	13	18,262	€5m	+7%	+30%
Paris	7	5,506	€4m	+5%	na
Total	30	28,463	€10m	+6%	+28%

(1) *Signed rents in renewals versus previous rents*

In addition, three rental contracts were signed in the logistics market, corresponding to more than 45,000 sq m.

The Colonial Group portfolio captured significant increases in rental prices:

In comparison with the market rent at December 2017 (ERV), signed rental prices increased by +6%. In Barcelona rents were signed at a +3% higher than the market rents, in the Madrid portfolio they were up +7%, and in the Paris portfolio they were up +5%.

Likewise, the release spreads in renewals were in the double digits in Spain: Barcelona +16% and Madrid +30% (in France there were no renewals).

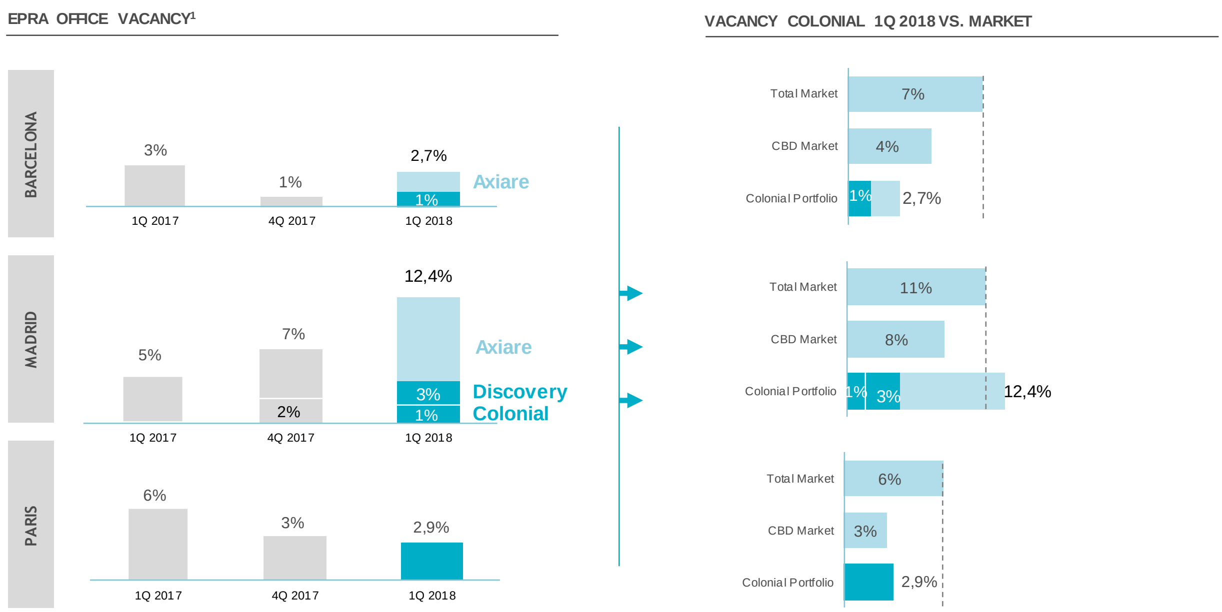
Solid occupancy levels

The total vacancy(2) of the Colonial Group at the close of the first quarter 2018 stood at 5%(2).

The Barcelona and Paris offices portfolios stand out with ratios below 3%, respectively.

The office portfolio in Madrid has a vacancy rate of 12.4%: 8% corresponds to the Axiare portfolio, 3% to the recent delivery of the Discovery Building project in the CBD, which is generating strong interest in the rental market. The rest of the Madrid portfolio has a vacancy rate of 1%.

The total available surface area in the Axiare portfolio, as well as Discovery, represents top quality offer for the Madrid market where there is a clear scarcity of Grade A products. Consequently, there is significant potential for additional rental income to be captured in the coming quarters.



*(1) **EPRA vacancy**: financial vacancy according to the calculation recommended by EPRA (1-[vacancy surfaces multiplied by the market prices/surfaces in operation at market prices])*
(2) Total portfolio including all uses: offices, retail and logistics

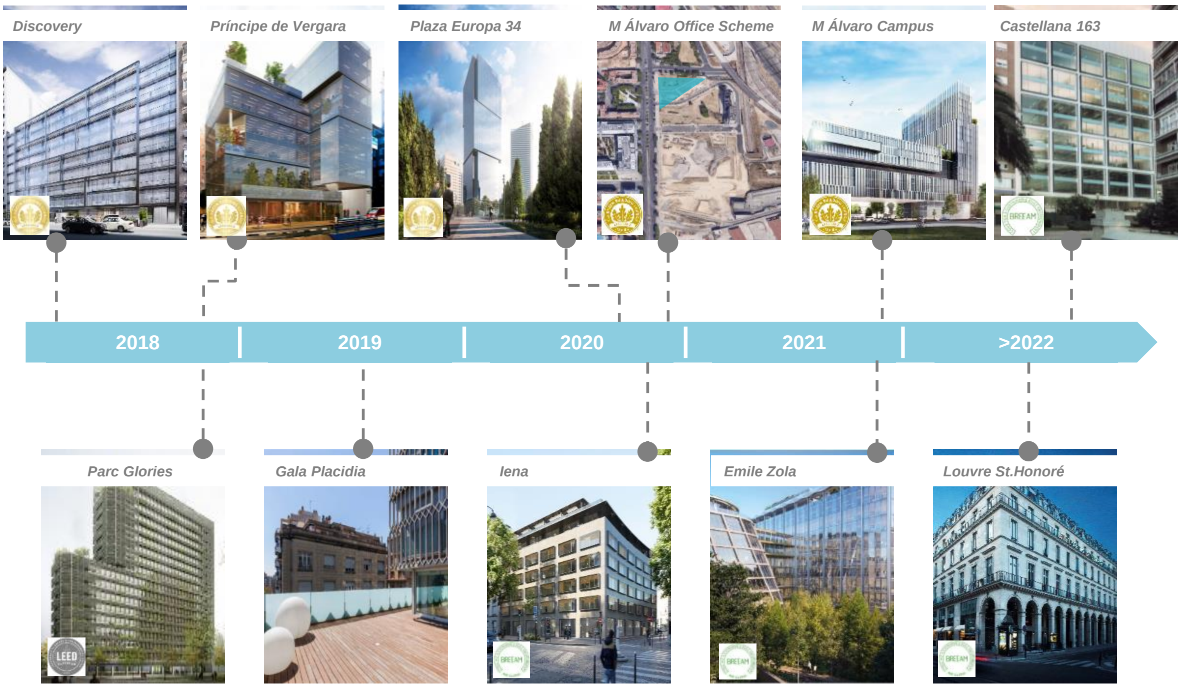
The logistics portfolio is at full occupancy (EPRA vacancy at 0%).

Growth drivers

The Colonial Group has an attractive growth profile for the medium-term which is mainly based on the following drivers:

1. **A contract portfolio to capture the cycle**: an attractive maturity profile of contracts to continue capturing significant rental price increases, as shown in this quarterly results.

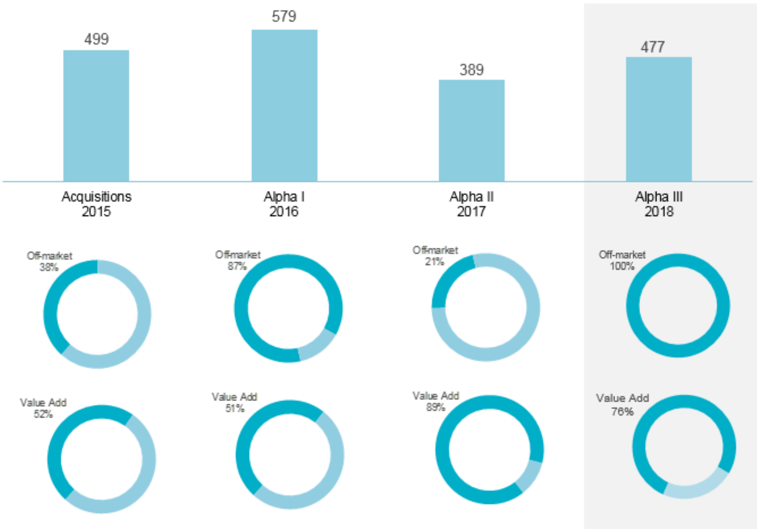
2. **An attractive project pipeline**; Colonial has a pre-Axiare project portfolio of more than 240,000 sq m to create top quality products that offer attractive returns and therefore high future value creation underpinned by solid fundamentals



3. **Successful takeover bid of Axiare and merger project:** After the successful takeover bid that was launched on Axiare, the Colonial and Axiare Boards of Directors approved the common draft terms of the merger subject to AGM approval at the respective Shareholder Meetings at the end of May 2018. The integration of both companies will allow to capture growth opportunities through the complementary portfolios combined with synergies of the combined platform.

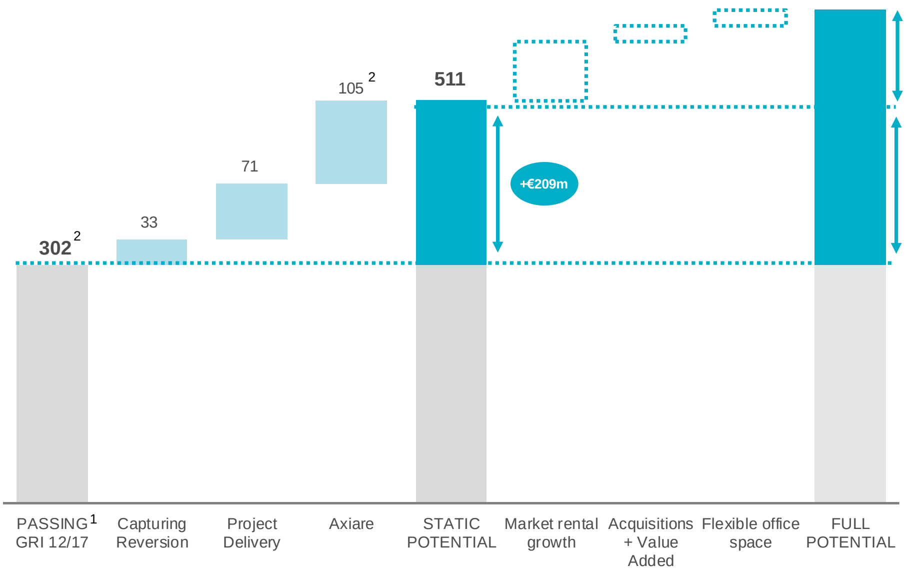
4. **Acquisition Program – Alpha projects:** Colonial has implemented in the last years the targets of organic investments announced to the capital markets: acquisitions of assets, prioritizing off-market transactions, and identifying assets with value-added potential in market segments with solid fundamentals.

   With the execution of the Alpha III project at the beginning of 2018, that includes the acquisition of five assets, four in Madrid and one in Barcelona, with a total committed investment volume of €480m, the 2018 target has been delivered in advance at the start of the year.



Reversionary potential of the current portfolio

The portfolio of the Colonial Group has a reversionary potential to reach up to €511m of gross rental income. This represents a 69% increase compared to the current passing rents (“topped-up” GRI passing rents as of 12/17) (1).



(1) *Topped-up passing rental income: annualized cash GRI adjusted for the expiration of rent free periods as per EPRA BPR*
(2) *Net of investments / divestments of 1Q 2018*

Active management of the capital structure

Active management of the balance sheet

On 12 April 2018, subsequent to the close of the first quarter of 2018, Colonial successfully executed a bond issue for €650m. The bond issue was structured at 8 years and will accrue an annual coupon of 2%, maturing on 17 April 2026. The issuance was 3.2x oversubscribed with more than 150 top international institutional investors.

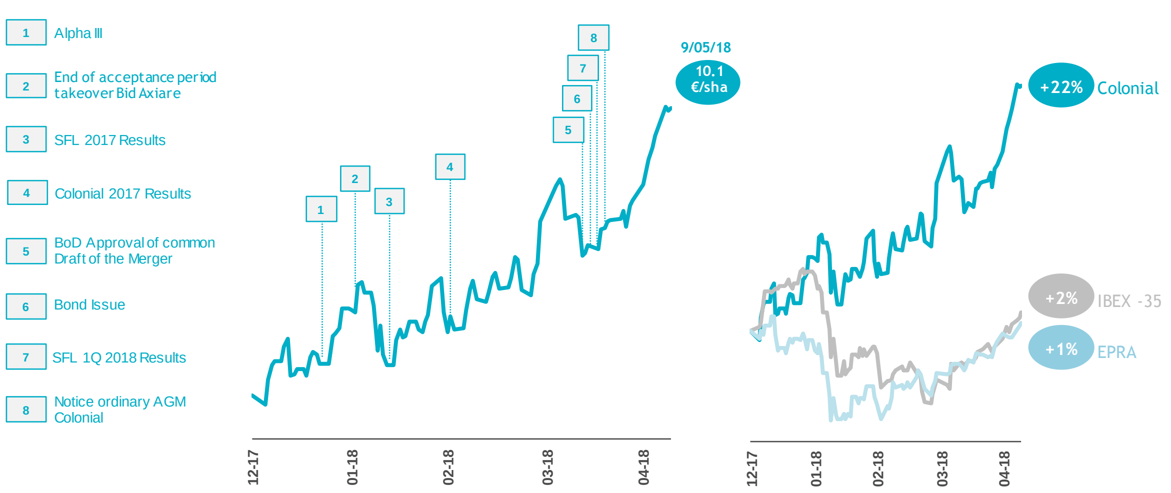
At the end of the first quarter of 2018, the Colonial Group had a robust capital structure with a solid Investment Grade rating. The LTV of the company stood at 39.6% at the end of March 2018 with a liquidity(2) above €1,687m (€2,331m including the bond issuance in April 2018).

Solid share price performance

Colonial's shares closed the first quarter of 2018 with a revaluation of 22%(1), outperforming its peers in Spain and France as well as the benchmark indices EPRA and IBEX 35. The share price performance is strongly correlated with the delivery of milestones on Colonial's Business Plan, reflecting Capital Markets support for Colonial's strategy.

In this respect, it is worth mentioning that over the last few months, several institutional investors have increased their positions in Colonial, consolidating a high quality shareholder base and improving the liquidity of the stock.

SHARE PRICE PERFORMANCE 2018 YTD



(1) *Revaluation from 01/01/2018 to 09/05/2018*
(2) *Cash and undrawn lines*

Contents

1. Analysis of the Profit and Loss Account

Analysis of the Consolidated Profit and Loss Account

March cumulative - €m	2018	2017	Var.	Var. % [1]
Rental revenues	82	70	13	19%
Net operating expenses [2]	(9)	(9)	(1)	(10%)
Net Rental Income	73	61	12	20%
Other income	(0)	0	(1)	(211%)
Overheads	(11)	(9)	(2)	(23%)
EBITDA recurring business	62	52	9	18%
EBITDA - asset sales	(1)	0	(1)	-
Exceptional items	(2)	(1)	(3)	(329%)
Operating profit before revaluation, amortizations and provisions and interests	59	52	7	13%
Change in fair value of assets	0	0	0	-
Amortizations & provisions	5	(0)	5	-
Financial results	(24)	(20)	(4)	(20%)
Profit before taxes & minorities	40	32	8	24%
Income tax	(2)	(3)	0	13%
Minority Interests	(15)	(14)	(2)	(13%)
Profit attributable to the Group	22	16	6	40%

Results analysis - €m	2018	2017	Var.	Var. % [1]
Rental revenues	82	70	13	19%
Net operating expenses [2] & other income	(10)	(8)	(1)	(17%)
Overheads	(11)	(9)	(2)	(23%)
Recurring EBITDA	62	52	9	18%
Recurring financial result	(23)	(20)	(3)	(18%)
Income tax expense & others - recurring result	(3)	(3)	1	17%
Minority interest - recurring result	(16)	(14)	(2)	(15%)
Recurring net profit - post company-specific adjustments [3]	20	16	5	29%
EPRA Earnings - pre company-specific adjustments [4]	23	16	7	47%
Profit attributable to the Group	22	16	6	40%

[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 5.1.

Note: the first quarter figures include the effects of the global consolidation of Axiare due to the 87% stake achieved in the takeover bid as of 1/02/2018

Analysis of the Consolidated Profit and Loss Account

- The rental revenues of the Colonial Group amounted to €82m at the close of the first quarter of 2018, 19% higher than the same period of the previous year. In like-for-like terms, the increase stood at 6%.

- The recurring EBITDA of the Group reached €62m, +18% higher than the same period of the previous year.

- The operating result before net revaluations, amortizations, provisions and interest at the end of the first quarter was €59m, a figure 13% higher than that reached in the same period of the previous year.

- The net financial results amounted to €(24)m, a figure +20% higher than that achieved during the same period of the previous year.

  The recurring financial results of the Group amounted to €(23)m, an increase of +18% compared to the same period of the previous year.

- The result before taxes and minority interests at the close of the first quarter of 2018 amounted to €40m, +24% higher than that reached during the same period of the previous year, mainly as a result of the acquisition of 87% of the Axiare business.

- Corporate tax amounted to €(2)m.

- Finally, after deducting the minority interest of €(15)m, the net profit attributable to the Group amounted to €22m, an increase of +40% compared to the previous year.

Note: the first quarter figures include the effects of the global consolidation of Axiare due to the 87% stake achieved in the takeover bid as of 1/02/2018

2. Office markets

Macroeconomic context (1)

According to activity data from the first quarter of 2018, certain continuity is expected regarding the growth acceleration of the **global economy**. Growth forecasts by analysts increased to 3.9% in 2018, compared to 3.7% in 2017. The continuity in growth acceleration is due to broadly accommodative financial conditions, reasonable oil prices both for exporters and importers, and the recovery of large emerging economies such as Brazil and Russia. Risks remain high, especially related to trade. In particular, Trump approved an increase in customs tariffs on imports of steel (25%) and aluminum (10%) and is threatening further tariff hikes on a large number of imports.

The **Eurozone** has started 2018 on the right foot, as suggested by the activity indicators for the first quarter of the year, which confirm that the Eurozone is in a positive phase of the business cycle. According to the ECB, a GDP growth of 2.4% is expected, with the forecast being raised by +0.1 pp. This revision is supported by macroeconomic fundamentals continuing to favour an expansion in the Eurozone over the medium-term. Private consumption is again the driving force of economic growth, thanks to favourable credit conditions and improvements in the labour market, which suggest that consumption will remain strong over the coming quarters. On a political front, the general elections in Italy resulted in a fragmented parliament where no single party or coalition achieved an absolute majority. In Germany, members of the Social Democratic Party (SPD) ratified the Grand Coalition agreement with Angela Merkel’s Conservative Party (CDU). Finally, the UK and EU reached an agreement on the Brexit transition period. Although the UK will leave the EU in March 2019, it will remain in the single market and customs union until December 2020.

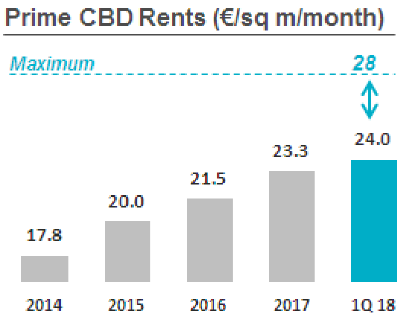
The **Spanish economy** continued to look very dynamic at the beginning of 2018. The consensus of analysts forecast the GDP growth to be 2.8%, recently reviewed upwards. The labour market is progressing very positively, with a rise in the number of workers affiliated to Social Security. The dynamic labour market is boosting private consumption. Specifically, retail and consumer goods rose by 1.9% year-on-year in February, far exceeding the average 0.9% year-on-year increase.

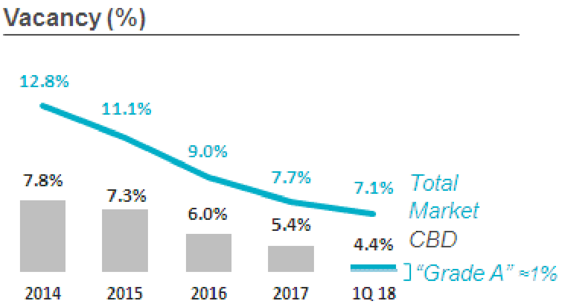
In **France**, growth expectations continue to remain positive with the main analysts revising their forecasts upwards. The reforms, which are being carried out by President Emmanuel Macron’s Government, have allowed to improve the business sentiment indicators. GDP Growth is expected to reach 2.3% in 2018 and 2.0% in 2019, compared to 2.0% in 2017.

(1) Source: the “la Caixa” monthly report & Jones Lang Lasalle,

Rental market situation - offices [1]

Barcelona - Rental Market





- During the first quarter of 2018, a total of 81,000 sq m of offices were signed in Barcelona, a significant increase compared to the previous quarter in line with the quarterly average registered since the economic recovery in 2014. All markets have performed well and it is particularly worth mentioning the city centre which again had the highest take-up. In the 22@ district, demand remains high but due to the lack of immediate supply it continues to maintain contained take-up levels.

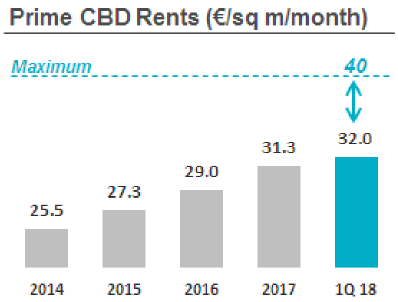
- The average vacancy rate in Barcelona during the first quarter of 2018 decreased to 7.1%, which follows the downward trend which commenced in 2014. In the CBD, the vacancy rate stood at 4.4%, at historically low levels and in the Diagonal-Paseo de Gracia area the vacancy rate reached 2.2%. The 22@ district is the only market which has increased in available surface area due to the entry of new supply to the market.

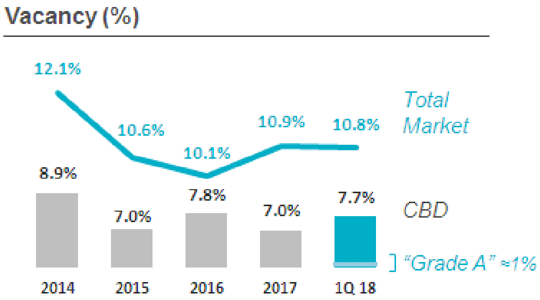
- It is important to point out that, due to the lack of large, quality spaces, in some areas of the city, there has been an increase in the number of pre-let transactions, which is quite unusual in the office market in Spain. Despite the fact that in recent months a number of buildings have entered into operation, these have not brought new supply, due the fact that they were already pre-let. Forecasts continue along the same lines, as many projects due to be delivered are already partially or totally pre-let.

- As a consequence, maximum rents in the CBD during the first quarter of 2018 continued the positive trend which commenced in 2013, reaching rental levels of €24/sq m/month, which represents an increase over the last year of nearly 8%. Over the coming months, both prime rents as well as average rents are expected to continue to increase.

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

Madrid – Rental Market [(1)]





- During the first quarter of 2018, the take-up in Madrid was 120,000 sq m, which represents an increase of 24% with respect to the same period of the previous year, where the take-up volume was 115,000 sq m. This figure is among one of the highest seen during a first quarter since 2008.

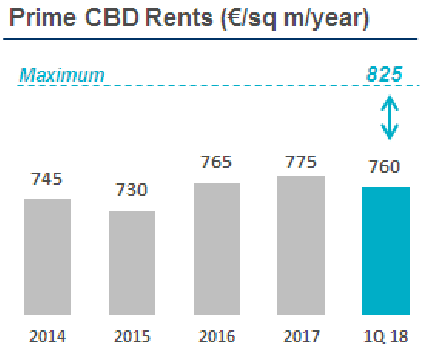
- During this first quarter, it is worth mentioning the high number of large rental transactions above 10,000 sq m and the dynamism of providers of co-working spaces in the city centre. By type of company, the technology and business service sectors stand out. In this respect, companies in these sectors are also the ones that tend to demand refurbished buildings or new construction.

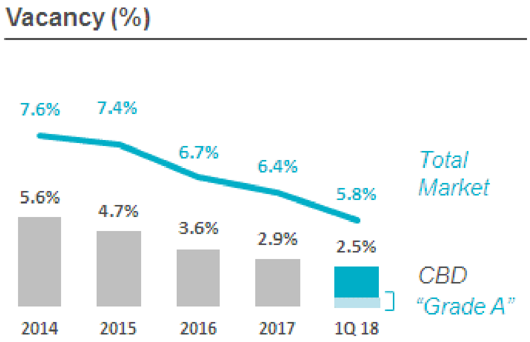
- During the first quarter of the year, the refurbishment work being carried out on five properties in the Madrid market was completed, with a total of 34,000 sq m of Grade A, of which more than 10,000 sq m were already pre-let. Over the coming months, the entry into operation of three buildings of new construction are expected, which will add close to 45,000 sq m of Grade A to the Madrid supply, below the historical average of new surface area under construction.

- As a consequence, the vacancy rate continued to gradually decrease and stood at 10.8%. In the CBD area, the vacancy rate reached 7.7% with availability of Grade A space significantly below this figure.

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

Paris – Rental Market (1)





- During the first quarter of 2018, take-up in the Paris region (Ile-de-France) was close to 742,000 sq m, a +13% year-on-year increase, representing the best first quarter since 2006.

- In terms of the transactions carried out, of special mention are the number of medium-sized transactions (between 1,000 sq m and 5,000 sq m), reaching a total of 96 transactions in the first quarter of 2018, registering a 20% increase compared to the previous year. Also worth mentioning is the increase in surface areas under 1,000 sq m, with a 17% increase. During the first quarter of 2018, two large transactions were signed: the future headquarters of VINCI for 62,600 sq m and the rental of 48,500 sq m by TECHNIP.

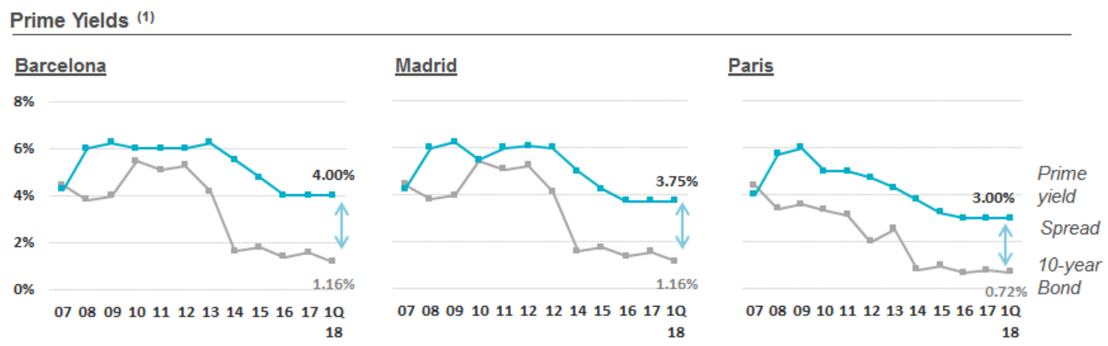
- Supply of available office space fell below 3.2 million sq m, resulting in a vacancy rate below 5.8%. This decrease in supply reached levels similar to those reached at the beginning of 2009. The availability of new and/or quality spaces in Paris city centre remains extremely low (14% of available space), which implies an increase in the market rental prices. Cushman & Wakefield report an increase in rents of between 8% and 10% for Paris city centre and stable rents in the periphery areas.

- Immediate supply in the centre of Paris decreased by 23% with respect to the previous year. The vacancy rate in the CBD stood at 2.5%, an historically low level. As a consequence, there are tenants who are trying to position themselves in projects which are still under development.

- Prime rental prices in the Paris CBD reached €760/sq m/year at the close of the first quarter of 2018, with several transactions above €760/sq m/year and one transaction above €800/sq m/year. Rents in La Défense reached €500/sq m/year.

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

Investment market situation – offices



(1) *Market analysts in Spain report gross yields and in France net yields (see definition in the glossary in appendix 6.11)*

- **Barcelona:** The investment volume during the first quarter of 2018 reached a total of €121m, a figure higher than the investment volume reached in the previous quarter. The positive outlook for take-up and growth perspectives of rents continues to generate interest from local and international investors, although there is a scarcity of quality product for sale. Prime yields remained at 4%.

- **Madrid:** The investment volume during the first quarter of 2018 reached €1,720m, mainly due to the acquisition of Axiare by Colonial. Excluding this transaction, the investment volume stood at €290m. The Madrid offices market has accelerated its recovery phase which has enabled investor interest, particularly international interest, to continue to remain high. Prime yields remained stable and stood at 3.75% in the CBD.

- **Paris:** The Paris market closed the first quarter of 2018 with a transaction volume of €2,700m, an increase of 10% compared to the previous year and 36% above the long-term average. In particular, it is worth highlighting the volume of large transactions, with 10 transactions above €100m in the first quarter, representing 65% of the investment volume. Regarding the type of product, it is worth mentioning that 92% of the transactions corresponded to offices, with an average volume of €2,500m. Prime yields stood at 3% in the CBD and 4% in La Défense.

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, Cushman Wakefield & Savills

3. Business performance

Rental revenues and EBITDA of the portfolio

- Rental revenues reached **€82m, +19% 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 +6% like-for-like.**

  In **Spain, the rental revenues like-for-like increased by +7%,** especially due to the **Madrid** portfolio, which increased by **+8% like-for-like**.

  The **Barcelona** portfolio increased +**5% like-for-like**, mainly due to rental price increases in the entire portfolio.

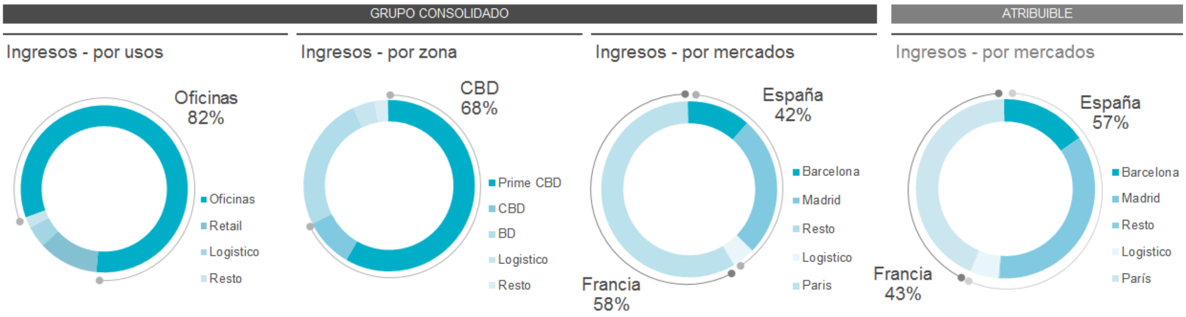
  In **Paris, rental revenues rose by 6% like-for-like**, mainly driven by contracts signed on the Washington Plaza, 103 Grenelle & Percier buildings.

Variance in rents (2018 vs. 2017) €m	Barcelona	Madrid	París	Logistic & others	Total
Rental revenues 2017R	8.5	12.1	49.0	0.0	69.6
EPRA Like-for-Like	0.4	1.0	2.4	0.0	3.8
Projects & refurbishments	0.0	0.8	0.1	0.0	0.9
Acquisitions & Disposals	0.0	1.0	(3.2)	0.0	(2.3)
Axiare	0.8	6.5	0.0	3.4	10.7
Indemnities & others	(0.0)	(0.0)	(0.2)	0.0	(0.2)
Rental revenues 2018R	9.7	21.4	48.0	3.4	82.5
Total variance (%)	*14%*	*76%*	*(2%)*	*n.a.*	*19%*
Like-for-like variance (%) (1)	5%	8%	6%	n.a.	6%

(1) ***EPRA like-for-like:*** *Like-for-like calculated according to EPRA recommendations*.

In **Paris**, it is worth mentioning the reduction in rental income due to the disposal of the In&Out asset. This effect was offset by the additional rental income obtained from the new acquisitions carried out in Spain, as well as by the integration of the Axiare portfolio.

- **Breakdown – Rental revenues:** The majority of the Group's revenues (82%) are from office buildings. Likewise, the Group maintains its high exposure to CBD markets.
  In consolidated terms, 58% of the rental revenues (€48m) came from the subsidiary in Paris and 42% were generated by properties in Spain. In attributable terms, 57% of the rents were generated in Spain and the rest in France.



- **At the end of the first quarter of 2018, rental EBITDA reached €73m, an 8% increase in like-for-like terms.**

Property portfolio

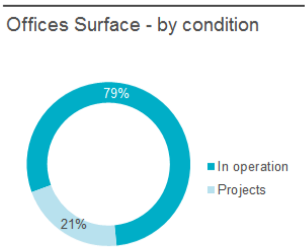
March cumulative - €m	2018	2017	Var. %	EPRA Like-for-like [1]	
				€m	%
Rental revenues - Barcelona	10	8	14%	0.4	5%
Rental revenues - Madrid	21	12	76%	1.0	8%
Rental revenues - Paris	48	49	(2%)	2.4	6%
Rental revenues - Logistic & others	3	0	n.a.	n.a.	n.a.
Rental revenues	**82**	**70**	**19%**	**3.8**	**6%**
EBITDA rents Barcelona	9	8	12%	0.5	6%
EBITDA rents Madrid	16	8	109%	1.2	15%
EBITDA rents Paris	45	45	(1%)	2.9	7%
EBITDA rents Logistic & others	3	0	n.a.	n.a.	n.a.
EBITDA rents	**73**	**61**	**20%**	**4.5**	**8%**
EBITDA rents/Rental revenues - Barcelona	*90%*	*91%*	*(1.5 pp)*		
EBITDA rents/Rental revenues - Madrid	*77%*	*65%*	*12.3 pp*		
EBITDA rents/Rental revenues - Paris	*93%*	*93%*	*0.7 pp*		
EBITDA rents/Rental revenues - Logistic & others	*88%*	*n.a.*	*n.a.*		

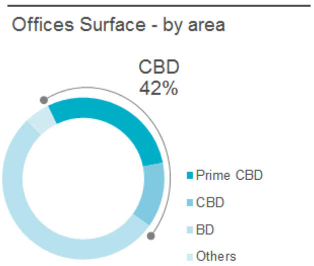
Pp: percentage points

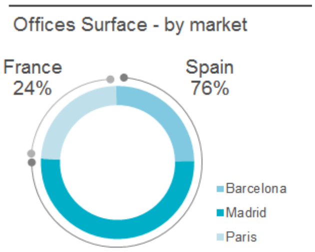
(1) ***EPRA like-for-like:*** *Like-for-like calculated according to EPRA recommendations.*

Portfolio letting performance

- **Breakdown of the current portfolio by surface area:** At the close of the first quarter of 2018, the Colonial Group's portfolio totalled 2,230,300 sq m (1,873,652 sq m above ground), concentrated mainly in office assets, which corresponded to 1,577,087 sq m.
  At the close of the first quarter of 2018, 79% 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.



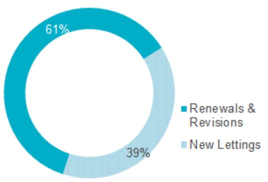


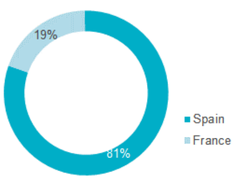


- **Signed contracts - offices:** During the first quarter of 2018, the Colonial Group signed contracts for a **total of 28,463m sq m** of offices. Out of the total contracts, 81% (22,957 sq m) were signed in Barcelona and Madrid, and the rest (5,506 sq m) were signed in Paris.

  New lettings: Out of the total commercial effort, 39% (11,074 sq m) related to new contracts, spread over the three markets in which the group operates.

  Renewals: Contract renewals were carried out for 17,389 sq m, highlighting almost 15,000 sq m that were renewed in Madrid.





Letting Performance

March cumulative - sq m	2018	Average maturity	% New rents vs. previous
Renewals & revisions - Barcelona	2,541	2	*16%*
Renewals & revisions - Madrid	14,848	3	*30%*
Renewals & revisions - Paris	0	0	-
Total renewals & revisions	**17,389**	**3**	***28%***
New lettings Barcelona	2,154	3	
New lettings Madrid	3,414	3	
New lettings Paris	5,506	8	
New lettings	**11,074**	**5**	**na**
Total commercial effort	**28,463**	**4**	**na**

Release spreads were 28% above previous rents, in release spreads in Barcelona were up +16% and in Madrid they were up +30%.

In addition, three rental contracts were signed in the logistics portfolio, corresponding to more than 45,000 sq m.

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)
BCN	Berlín 38-48/Numancia 46	Servei Meteorològic de Catalunya, Vilynx Spain & otros	2,383
MADRID	Sagasta, 31-33	Mckinsey	6,036
	Poeta Joan Maragall, 53	Comunidad de Madrid	3,945
	Francisca Delgado, 11	Neinver	2,786
PARIS	Cezanne Saint-Honoré	Leader in manufacturing & performance eyewear	1,787
	Louvre Saint Honoré	Swiss Life Reim & otros	1,681
	Washington Plaza	Louis Capital Markets & otros	1,599
LOGISTIC	Miralcampo	Kühne + Nagel	35,780
	Rivas Vaciamadrid	Grupo Severiano Servicio Movil	9,612

In Spain, during the first quarter of 2018, almost 23,000 sq m were signed, corresponding to 23 contracts.

In **Barcelona**, more than 4,600 sq m were signed, corresponding to 10 contracts. It is worth mentioning the renewal of almost 1,200 sq m by Servei Meterològic de Catalunya, and new contracts of 1,200 sq m with various tenants in the Berlín-Numancia building

In the **Madrid** office market, more than 18,200 sq m were signed, corresponding to 13 contracts. It is worth mentioning the renewal of 6,000 sq m with Mckinsey on the Sagasta 31-33 building, as well as the renewal of almost 3,000 sq m with Neinver on the Francisca Delgado 11 building.

In **Paris**, more than 5,500 sq m were signed, corresponding to 7 contracts. Of special mention is the signing of 1,700 sq m with a leader in manufacturing & performance eyewear on the Cézanne Saint Honoré building.

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

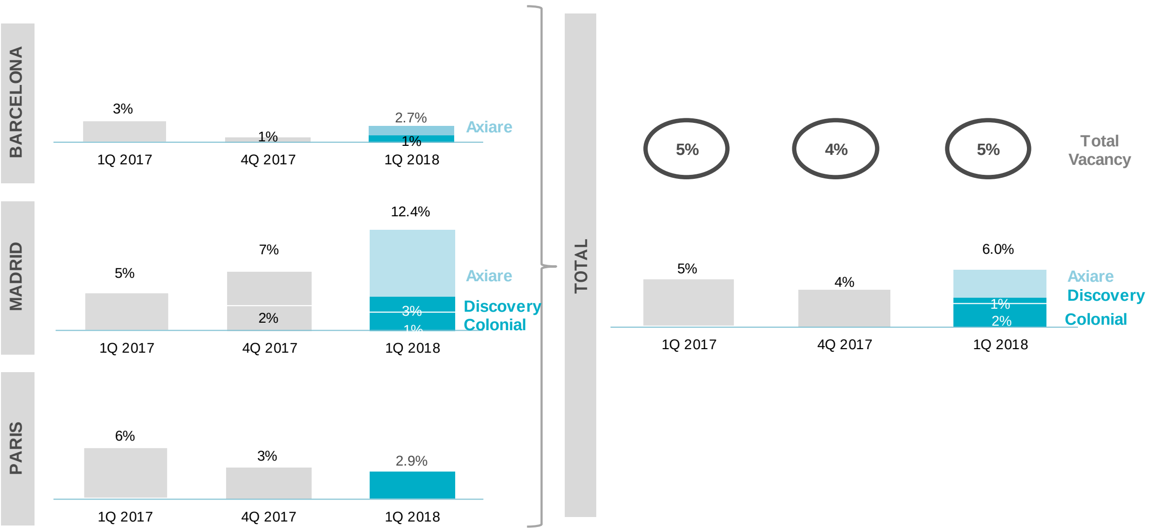
A portfolio with solid occupancy levels

- **At the close of the first quarter of 2018, the Colonial Group's total[(2)] EPRA vacancy reached 5%[(2)].**

  In particular, it is worth mentioning the Barcelona and Paris offices portfolios with ratios below 3%, respectively.

EPRA VACANCY[(1)]

Office & Total Vacancy – Evolution of Colonial's Portfolio



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

(2) *Total portfolio including all uses: offices, retail and logistics*

The office portfolio in Madrid has a vacancy rate of 12.4%: 8% corresponds to the Axiare portfolio, 3% to the recent delivery of the Discovery project in the CBD, which is generating strong interest in the rental market, and the rest of the Madrid portfolio has a vacancy rate of 1%.

Both the available square metres in the Axiare portfolio as well as the Discovery Building represent top quality supply in the Madrid market where there is a clear scarcity of Grade A product. As a consequence, there is significant potential to capture additional rental income over the coming quarters.

The logistics portfolio is at full occupancy (EPRA vacancy at 0%).

Currently, the Colonial Group has more than 82,000 sq m of available office GLA which corresponds to 6% of EPRA vacancy over the total office portfolio.

Vacancy surface of offices

Surface above ground (sq m)	Entries into operation (1)	BD area and others	CBD area	2018	EPRA Vacancy Offices
Barcelona	0	7,852	523	8,375	2,7%
Madrid	27,534	22,549	14,970	65,053	12,4%
París	0	6,026	3,204	9,230	2,9%
TOTAL	27,534	36,426	18,697	82,658	6,0%

(1) Projects and refurbishments that have entered into operation

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

“Discovery Building”

Torre BCN

Cézanne Saint Honoré

Travessera Gracia/Amigó

Washington Plaza

Ribera de Loira 28

Luca de Tena 6

Acquisitions

Portfolio of projects and refurbishments

Project portfolio - Colonial

- To date, Colonial has a project portfolio of more than 240,000 sq m (without including Axiare) to create top quality products, offering high returns and therefore future value creation with solid fundamentals.

- In Madrid, it is worth highlighting the two projects which will be carried out on the plots of land acquired in Méndez Álvaro, in the south of the Madrid CBD, as well as two other projects: Príncipe de Vergara 112 and Castellana 163 in the CBD. In Barcelona, it is worth highlighting the Parc Glories, Plaza Europa 34 and Gal·la Placídia projects. These initiatives will result in the creation of more than 171,000 sq m of office space with the highest market standards.

Méndez Alvaro

Príncipe de Vergara 112

Parc Glories

Plaza Europa 34

Paseo Castellana 163

Gal·la Placidia

- During the month of December 2017 the Discovery Building project was delivered with more than 10,000 sq m. This asset, located in the CBD, is currently in the advanced commercialization phase.

"Discovery Building"

- In the Paris portfolio, it is important to mention three large projects: Emile Zola, Louvre St. Honoré and Iéna. All of them are located in the best areas of the French capital and together make up more than 44,000 sq m of new spaces with enormous value creation potential in the coming years.

112-122 Emile Zola

Louvre Saint Honoré

96 Iéna

- In addition to these development projects, the Colonial Group is currently carrying out substantial refurbishments, with the aim of optimizing the positioning of these assets in the market. Likewise, Colonial owns a plot of land of more than 14,000 sq m above ground in the 22@ submarket in Barcelona.

Project portfolio - Axiare

- The successful takeover bid on Axiare includes incorporating various high quality projects to the Colonial Group's portfolio. It is worth highlighting the Velazquez/Padilla and Miguel Angel future projects, which, once completed, will add 25,000 sq m of offices located in the best areas of the Madrid Prime CBD.


Miguel Ángel, 23


Velázquez-Padilla, 17

- On the other hand, it is worth highlighting the entry into operation, during the first quarter of 2018, of the Ribeira de Loira and Luca de Tena 6 projects, both located in Madrid, and situated in markets with high growth potential. Likewise, the Josefa Valcárcel 40 project in Madrid, whose acquisition was signed as a turnkey project, is expected to enter into operation in the medium term.


Ribeira de Loira

Luca de Tena 6


Josefa Valcárcel 40

- Lastly, it is important to highlight the logistic projects of San Fernando de Henares, the location closest to Madrid in the Corredor de Henares, one of the most important logistics centres in Spain. It is currently under development and the construction is expected to be finalized in 2018 with a LEED Gold CS certificate. At present, it is pre-let at 56%.

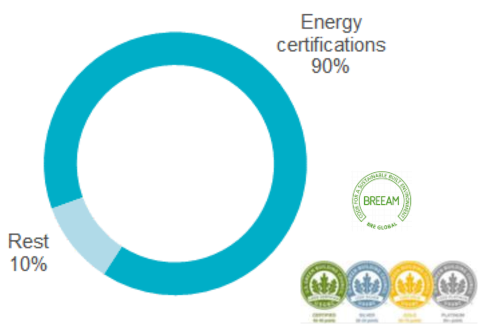

San Fernando

Corporate Social Responsibility and Reporting (CSR)

- Colonial is a clear leader in energy efficiency and sustainability with their building portfolio. Currently 90% of the Group's real estate is certified with top energy ratings (BREEAM & LEED), which is a very high percentage compared to the sector average.

- This fact places the Colonial Group in a differential competitive position to attract quality demand and maximise the value creation of the portfolio.

% Buildings with energy certification *1*



1 Properties in operation with energy certificates

- The Colonial Group is the only Spanish Company with the EPRA Gold Award in sustainability reporting, and at the BREEAM Awards 2017, the French subsidiary received the Corporate Investment in Responsible Real Estate Award.

- The Colonial Group has a "Green Star" certification by GRESB (Global Real Estate Sustainability Board), the organisation that certifies the best practices in CSR.

4. Financial structure

Main debt figures

Colonial Group	1Q 2018	Var. Vs 12/2017
Gross financial debt	4.707	*13%*
Net financial debt	4.497	*47%*
Undrawn balances	2,331	*-4%*
% debt fixed or hedged	87%	*-3%*
Average maturity of the debt	5.3	*-0.2*
Cost of current debt	1.82%	*(4 p.b.)*
Rating Colonial	BBB	-
Rating SFL	BBB+	-
LtV Group	39.6%	*8 p.p.*

In the first quarter of 2018, Colonial formalized the acquisition of 58.07% of the share capital of Axiare Patrimonio as a result of the voluntary takeover bid on this company.

The acquisition of the above-mentioned percentage of Axiare, as well as the inclusion of its debt in the Colonial Group, has resulted in an increase in the gross financial debt of the Group (+13% compared to December 2017) and the net financial debt (+47% compared to December 2017).

In addition, subsequent to the close of the first quarter, Colonial carried out an issuance of unsecured bonds for a total nominal amount of €650m, maturing in April 2026, with an annual coupon of 2% and an issue price of 99.481% of its nominal value.

The issue was well received by the market with more than 150 accounts and a demand of more than €2,000m.

The net financial debt of the Group at 31 March 2018 stood at €4,497m, the breakdown of which is as follows:

Breakdown of the consolidated net financial debt	March 2018			December 2017			Var.
	COL	SFL	Total	COL	SFL	Total	Total
Syndicate loan	50	0	50	163	0	163	(113)
Mortgage debt/leases	699	203	901	35	203	238	664
Unsecured debt and others	0	430	431	0	443	444	(13)
Bonds	2,325	1,000	3,325	2,325	1,000	3,325	0
Total gross debt	**3,074**	**1,633**	**4,707**	**2,523**	**1,647**	**4,170**	**537**
Cash & cash equivalents	(182)	(28)	(210)	(1,089)	(16)	(1,105)	894
Group Net Debt	**2,892**	**1,605**	**4,497**	**1,435**	**1,631**	**3,066**	**1,431**
Average maturity of drawn debt (years)	6.0	3.8	5.3	6.4	4.1	5.5	(0.2)
Cost of debt % (without arrangement fees)	1.91%	1.66%	1.82%	1.98%	1.68%	1.86%	(4 pb)

(*) Cash and cash equivalents, at 31 December 2017, included €1,034m pledged as collateral of the bank guarantee of the same amount that guaranteed Colonial's payment obligations related to the takeover bid launched over Axiare Patrimonio, SOCIMI, S.A

The increase in mortgage debt is due exclusively to the incorporation of Axiare Patrimonio's debt, made up in its entirety of bilateral mortgage loans.

Main leverage ratios and liquidity

The LTV (Loan to Value) of the Group, calculated as the ratio of total net debt divided by the total GAV of the Group, stood at 39.6% (41.4% at 31 March 2017). The LTV of the parent company, calculated as the net debt of the parent company and its 100% subsidiaries divided by the GAV of the parent company and the NAV of its 100% subsidiaries, plus the NAV of the rest of its subsidiaries and affiliated companies was 36.2% (36% at 31 March 2017).

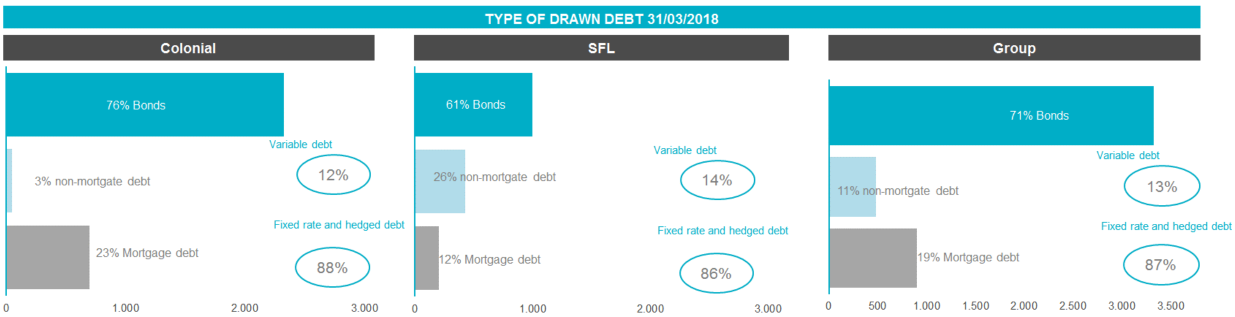
Cash & undrawn balances of the Colonial Group at 31 December 2017 amounted to €1,687m, distributed as shown in the graph below:

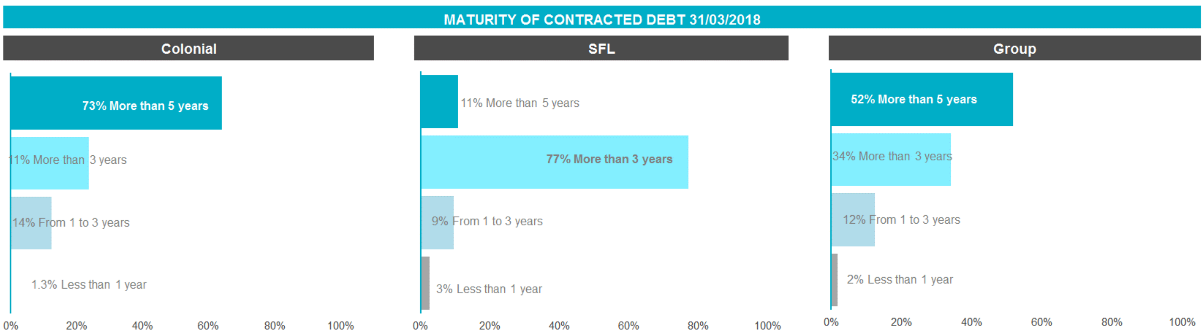
CASH & UNDRAWN BALANCES - €M	COLONIAL	SFL	GROUP
Current accounts	182	28	210
Credit lines available	675	780	1,455
Other debt available	22	-	22
TOTAL	879	808	1,687
TOTAL INCLUDING BOND	1,523	808	2,331

LTV 31/03/2018 - €m	Holding	Group
Gross Asset Value (*)	6.399	11.357
Net Debt	2.314	4.497
LTV	36,2%	39,6%

(*) **Holding**: GAV at 31/12/2017 holding including transfer cost and subsidiaries 100% 100% + NAV SFL, TMN, Inmocol, 86.9% Axiare + treasury shares
Group: GAV Group at 31/12/2017 including transfer costs + 86.9% Axiare + treasury shares
GAV 2018 net of investments & divestments 1Q 2018

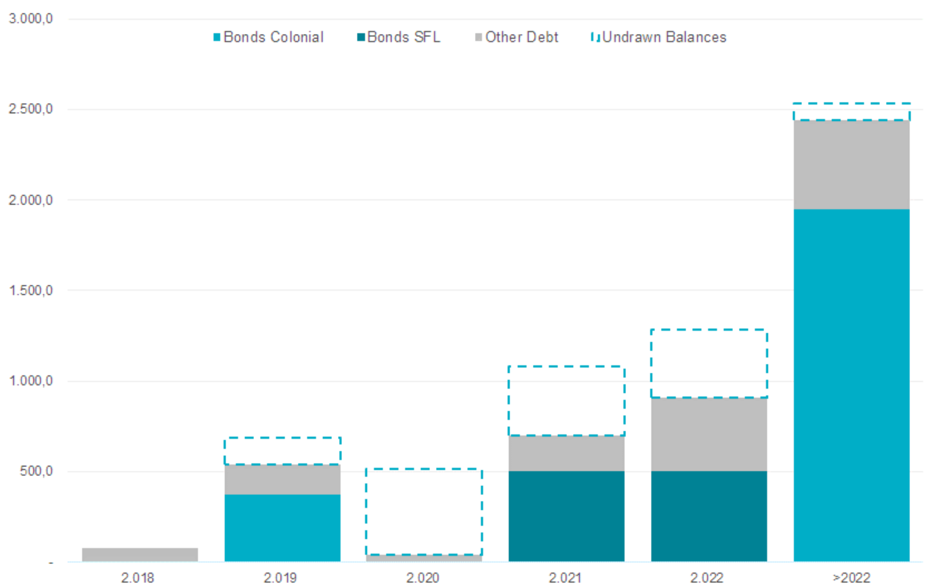
The main characteristics of the Group's debt are shown below:





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

Maturity profile of drawn debt



							TOTAL
COLONIAL	38	387	40	131	213	2,265	**3,074**
SFL	42	152	2	567	695	175	**1,633**
TOTAL	**80**	**539**	**42**	**698**	**908**	**2,440**	**4,707**

At the close of the first quarter, the average life of the undrawn debt of the Colonial Group was 5.3 years (compared to 4.8 years in March 2017) and the average cost was 1.82% (compared to 1.96% in March 2017).

Financial results

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

Financial results

March cumulative - €m	COL	SFL	2018	2017	Var. %
Recurring financial expenses - Spain	(17)	0	(17)	(9)	(84%)
Recurring financial expenses - France	0	(8)	(8)	(11)	24%
Recurring Financial Expenses	**(17)**	**(8)**	**(25)**	**(20)**	**(25%)**
Recurring Financial Income	0	0	0	0	0%
Capitalized interest expenses	0	1	1	0	0%
Recurring Financial Result	**(16)**	**(7)**	**(23)**	**(20)**	**(17%)**
Non-recurring financial expenses	(1)	0	(1)	0	0%
Non-recurring Financial Income	0	(0)	(0)	(0)	74%
Change in fair value of financial instruments	(0)	(0)	(0)	0	0%
Financial Result	**(17)**	**(7)**	**(24)**	**(20)**	**(20%)**

(1) Sign according to profit impact

- The recurring financial expenses of the Group were 25% higher compared to the same period of the previous year due to an increase in Colonial's gross debt (due to the acquisition of Axiare and the integration of its debt into the Group).

- The average financial cost of the undrawn debt at 31 March 2018 was 1.82% compared to 1.96% in the same period of the previous year, mainly due to the reduction of the average credit spread which amounted to 142 bps (versus 157 bps in the same period of the previous year). This improvement is mainly due to the maturity in November 2017 of an SFL bond (for an amount of €301m, with a spread of 275 bps) and the formalization of new debt at a spread lower than the one at the first quarter of 2017.

5. Appendices

5.1 Appendix – EPRA ratios

1) EPRA Earnings

EPRA Earnings - €m	1Q 2018	1Q 2017
Earnings per IFRS Income statement	**22**	**16**
Earnings per IFRS Income statement - €/share	*0.05*	*0.04*
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	1	(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	0
(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)	(0)
EPRA Earnings	**23**	**16**
Average Nº of shares (m)	*435.3*	*356.8*
EPRA Earnings per Share (EPS) - €/share	*0.05*	*0.04*
Company specific adjustments:		
(a) Extraordinary expenses	(3)	(0)
(b) Non recurring financial result	0	0
Company specific adjusted EPRA Earnings	**20**	**16**
Average Nº of shares (m)	*435.3*	*356.8*
Company adjusted EPRA Earnings per Share (EPS) - €/share	*0.05*	*0.04*

5.1 Appendix – EPRA ratios (cont.)

2) EPRA Vacancy Rate

EPRA Vacancy Rate - Offices Portfolio

€m	1Q 2018	1Q 2017	Var. %
BARCELONA			
Vacant space ERV	1	1	
Portfolio ERV	41	33	
EPRA Vacancy Rate Barcelona	2.7%	3%	*(1 pp)*
MADRID			
Vacant space ERV	13	2	
Portfolio ERV	105	49	
EPRA Vacancy Rate Madrid	12.4%	5%	*8 pp*
PARIS			
Vacant space ERV	5	10	
Portfolio ERV	179	188	
EPRA Vacancy Rate Paris	2.9%	6%	*(3 pp)*
TOTAL PORTFOLIO			
Vacant space ERV	19	14	
Portfolio ERV	325	270	
EPRA Vacancy Rate Total Office Portfolio	6.0%	5%	*1 pp*

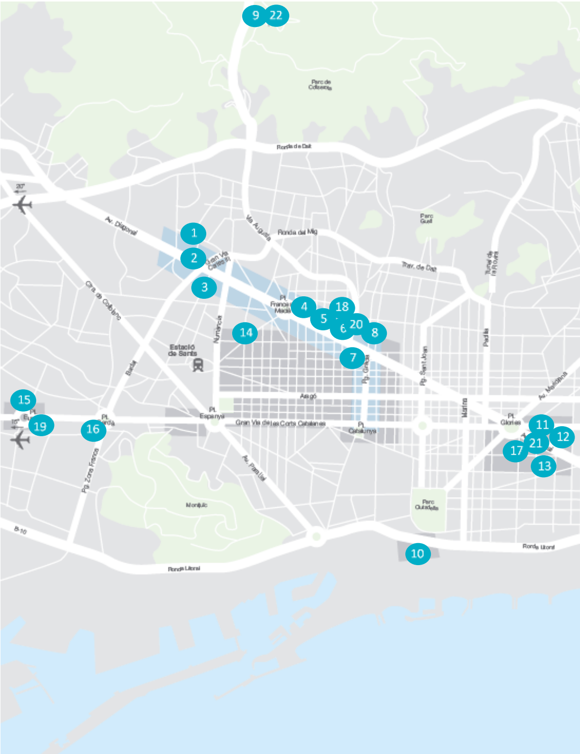
EPRA Vacancy Rate - Total Portfolio

€m	1Q 2018	1Q 2017	Var. %
BARCELONA			
Vacant space ERV	1	1	
Portfolio ERV	42	35	
EPRA Vacancy Rate Barcelona	2.8%	3%	*(1 pp)*
MADRID			
Vacant space ERV	13	2	
Portfolio ERV	107	51	
EPRA Vacancy Rate Madrid	12.3%	5%	*8 pp*
PARIS			
Vacant space ERV	6	11	
Portfolio ERV	218	225	
EPRA Vacancy Rate Paris	2.7%	5%	*(2 pp)*
LOGISTIC & OTHERS			
Vacant space ERV	-	-	
Portfolio ERV	22	-	
EPRA Vacancy Rate Total Portfolio	0.0%	-	-
TOTAL PORTFOLIO			
Vacant space ERV	20	14	
Portfolio ERV	389	310	
EPRA Vacancy Rate Total Portfolio	5.2%	5%	*1 pp*

Annualized figures

5.2 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, 34
20. Gal·la Placidia
21. Diagonal, 197
22. Sant Cugat


1- Paseo de los Tilos, 2-6


2- Av. Diagonal, 682


3- Av. Diagonal, 609-615


4- Travessera de Gràcia, 11


5- Amigo, 11-17


6- Av. Diagonal, 530-532


7- Av. Diagonal, 409


8- Vía Augusta, 21-23


9- Sant Cugat Nord


10- Torre Marenostrum


11- Diagonal Glories


12- Parc Central 22@


13- Complejo Oficinas Illacuna


14- Berlín 38-48/Numancia 46


15.- Plaça Europa, 42-44


16- Torre Bcn


17- Parc Glories


18- Travessera Gràcia, 47-49


19- Plaza Europa 34

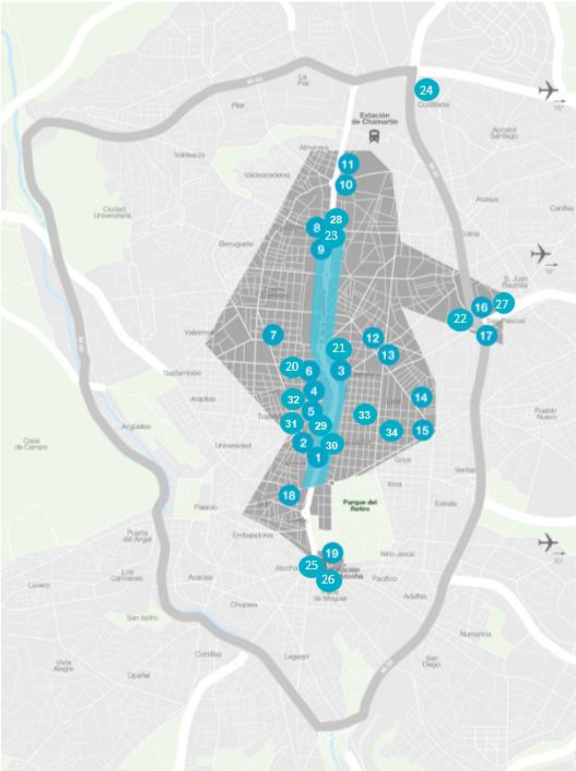

20- Gal·la Placidia


21- Diagonal 197


22- Sant Cugat

5.2 Appendix – Asset portfolio – Locations (cont.)

Madrid City Centre & CBD



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. Poeta Joan Maragall, 53
9. Discovery Building
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
24. Arturo Soria, 336
25. Campus Méndez Álvaro
26. Méndez Álvaro II
27. Ramírez de Arellano, 15
28. Manuel Falla, 7
29. Sagasta, 27
30. Sagasta, 31-33
31. Almagro, 9
32. Miguel Ángel, 23
33. Velázquez-Padilla, 17
34. Don Ramón de la Cruz, 82

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- Poeta Joan Maragall, 53 | 9- Discovery Building | 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 | 24- Arturo Soria, 336 | 25- Campus Méndez Álvaro | 26- Méndez Álvaro II | 27- Ramírez Arellano, 15 | 28- Manuel Falla, 7

29- Sagasta, 27 | 30- Sagasta, 31-33 | 31- Almagro, 9 | 32- Miguel Ángel, 23 | 33- Velázquez-Padilla, 17 | 34- Don Ramón de la Cruz, 82

5.2 Appendix – Asset portfolio – Locations (cont.)

North Madrid – Arroyo de la Vega & Las Tablas

35. Francisca Delgado, 11
36. Av. De la Vega, 15
37. Cedro – Anabel Segura 14
38. Av. De Bruselas, 38
39. Puerto de Somport, 8
40. Puerto de Somport, 10-18


35- Francisca Delgado, 11


36- Av. De la Vega, 15


37- Cedro-Anabel Segura, 14


38- Av. De Bruselas, 38


39- Puerto Somport, 8


40- Puerto Somport, 10-18

East Madrid – Campo de las Naciones & A2

41. Ribera de Loira, 28
42. Tucumán
43. Cristalia, 2-3
44. Cristalia, 5-6
45. EGEO - Campo de las Naciones
46. Josefa Valcárcel, 40
47. Josefa Valcárcel, 24
48. Luca de Tena, 6
49. Luca de Tena, 7
50. Luca de Tena, 14
51. Alcalá, 506


41- Ribera de Loira, 28


42- Tucumán


43- Cristalia, 2-3


44- Cristalia, 5-6


45- EGEO


46- Josefa Valcárcel, 40


47- Josefa Valcárcel, 24


48- Luca de Tena, 6

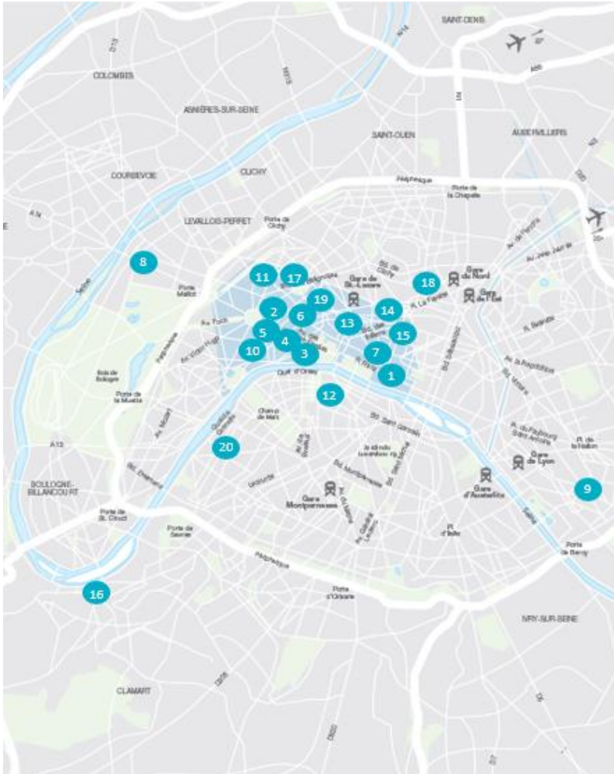

49- Luca de Tena, 7


50- Luca de Tena, 14


51- Alcalá, 506

5.2 Appendix – Asset portfolio – Locations (cont.)

Paris



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


11- 131, Wagram


12- 103, Grenelle


13- 104 Haussmann St-Agustin


14- 6, Hanovre


15- #Cloud


16- Le Vaisseau


17- 112, Wagram

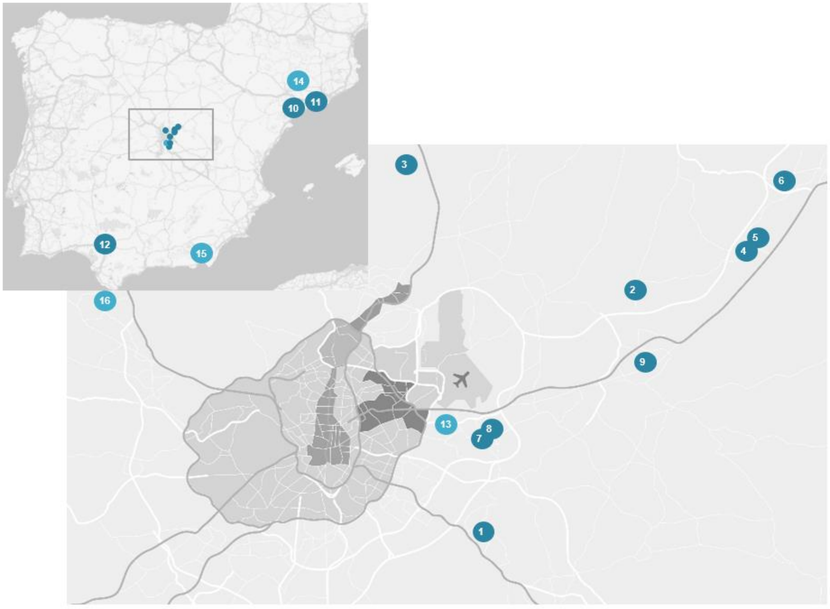

18- 4-8, Rue Condorcet


19- 9, Avenue Percier

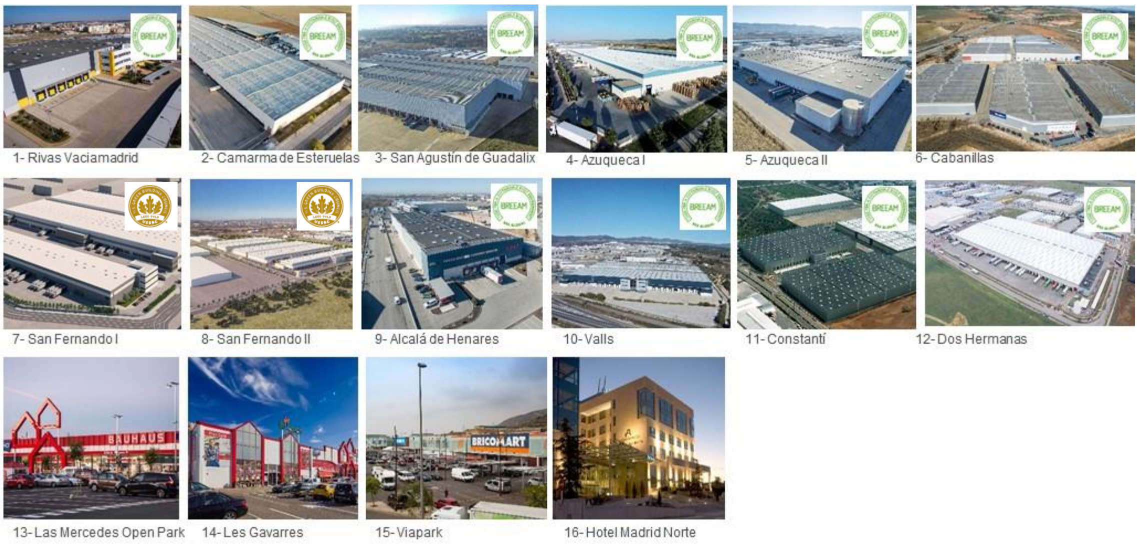

20- Emile Zola

5.2 Appendix – Asset portfolio – Locations (cont.)

Logistics & others



1. Rivas Vaciamadrid
2. Camarma de Esteruelas
3. San Agustín de Guadalix
4. Azuqueca I
5. Azuqueca II
6. Cabanillas
7. San Fernando I
8. San Fernando II
9. Alcalá de Henares
10. Valls
11. Constantí
12. Dos Hermanas
13. Las Mercedes Open Park
14. Les Gavarres
15. Viapark
16. Hotel Madrid Norte



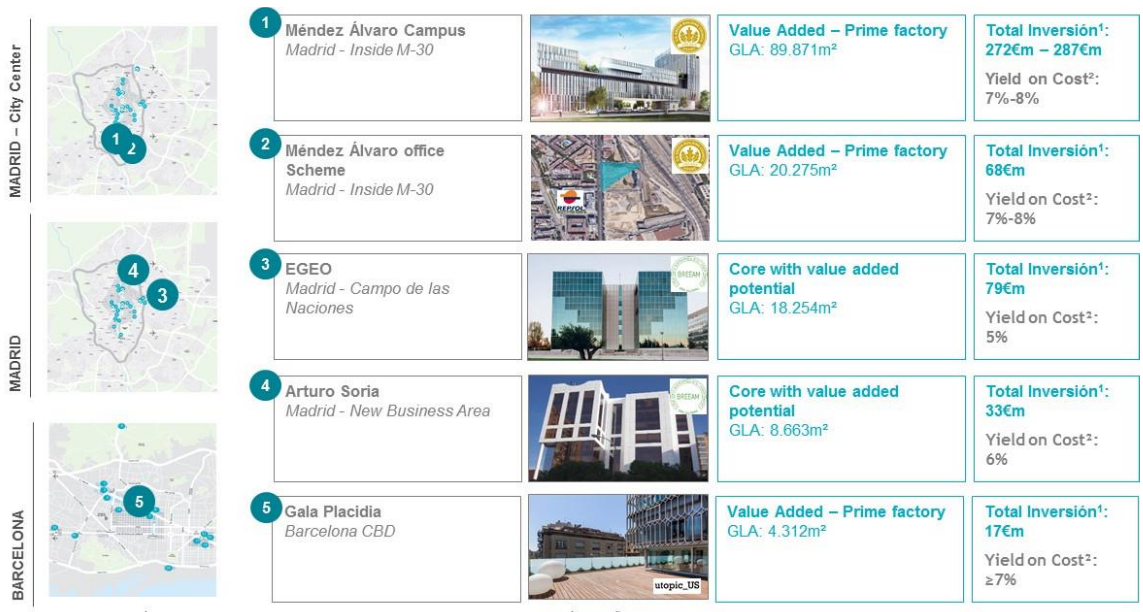
5.3 Appendix – Asset portfolio – Alpha III

Alpha III acquisitions

Colonial commenced 2018 with the execution of the Alpha III project. This project includes the acquisition of five assets, four in Madrid and one in Barcelona, with a total expected investment volume of €480m. With Alpha III, the Colonial Group has already achieved its investment objective for 2018.

Under the framework of Alpha III, four assets were acquired in Madrid: the two plots of land in Méndez Álvaro located in the south of the CBD where the development of more than 110,000 sq m of offices, distributed across two office complexes, will be carried out, as well as the acquisition of two top quality assets in new business areas in the capital: Arturo Soria and EGEO -Campo de las Naciones. In addition, Colonial acquired an asset in Gal·la Placídia, located in the CBD of Barcelona, where a complete refurbishment will be carried out with the objective of strengthening co-working initiatives.

The Arturo Soria and Méndez Álvaro properties were purchased in 2017, while the EGEO and Gal·la Placídia assets were purchased in the first quarter of 2018.



1 Precio de adquisición + capex total estimado del proyecto 2 Potential running yields on cost para los próximos años

5.3 Appendix – Asset portfolio – Alpha III (cont.)

The main characteristics of the **Alpha III** acquisitions are as follows:

1. **Méndez Álvaro.** Colonial bets on the south of the CBD in Madrid with the acquisition of more than 110,000 sq m of office space above ground. The two acquired plots of land are located in the Méndez Álvaro market, just south of the Madrid CBD, very close to Atocha station. The area counts on excellent communication links for public as well as private transport, with easy access on foot from the centre of Madrid. There are also various train and bus lines as well as quick access from the M-30. The Méndez Álvaro market has grown exponentially in the last years, with the establishment of various multinationals such as Repsol, Amazon, Ericsson and Mahou, among others.

   Colonial plans to develop two office complexes in Méndez Álvaro:

   - ✓ Mendez Álvaro Campus. This plot of 90,000 sq m of surface area above ground for office and/or residential use will enable the development of a new unique campus in the centre of the capital, incorporating the latest trends in the real estate market in the areas of energy efficiency, space distribution, use combinations and Proptech initiatives. Construction is expected to start at the end of 2019 and the total cost of the project, once completed, will be in a range between €3,000 and €3,200/sq m (including the acquisition cost of the land).
   - ✓ Méndez Álvaro – 2. This plot of 20,000 sq m of surface area aboveground for office use will allow for the development of a unique high quality office building just a few metres from Atocha station. The start of construction is expected in the next months and the total cost of the project, once completed, will be around €3,375/sq m (including the acquisition cost of the land).

2. **EGEO.** Building of 18,254 sq m above ground placed in phase 1 of Campo de las Naciones, Madrid. The asset has an unbeatable location, with easy access to public transport to the CBD and airport. The acquisition enables Colonial to incorporate a high quality building to its portfolio, with floors of 3,000 sq m divisible into up to 8 modules, allowing for higher flexibility for renting. Currently, it is 93% occupied by various tenants and has high reversionary potential. The acquisition cost is €4,300/sq m.

3. **Arturo Soria.** High quality 8,663 sq m asset located in the Arturo Soria area in the North of Madrid. The asset stands out due to its location with excellent communication links, positioning the building in an optimum location to capture tenants who want to be located in the North of Madrid. It also counts on easy accesses of public transport to the city centre and airport. It is currently 98% occupied by various tenants and it has high reversionary potential. The acquisition cost is €3,300/sq m, a very attractive entry price that enables high potential for value generation for the Company's shareholders.

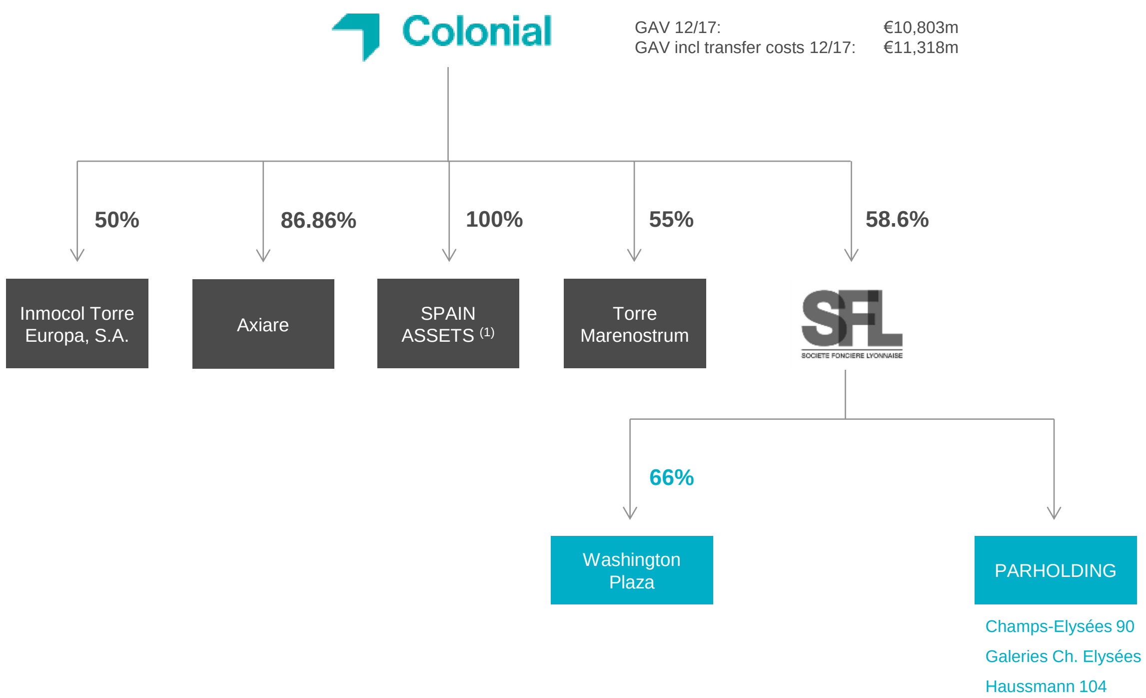
5.3 Appendix – Asset portfolio – Alpha III (cont.)

4. **Gal·la Placídia.** This building has an unbeatable location in the Barcelona CBD, just in front of the Gracia metro station and a few meters away from Colonial's headquarters. The asset has 4,312 sq m of surface area above ground with floors of up to 1,600 sq m and large terraces, a unique characteristic in the centre of Barcelona. Colonial will carry out a complete refurbishment of the building with the objective to boost coworking initiatives and increase the cash flow generation as well as the value creation potential. Accordingly, the building will be fully rented to Utopic_US, a reference in the management of flexible spaces and coworking contents in Spain, recently acquired by Colonial. The total price of the project once completed will be below €4,000/sq m.

The Alpha III project is within the framework of the organic acquisitions program of the Colonial Group. All of the assets acquired offer a substantial upside potential of real estate 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 that capture the high end of the rental prices.

5.4 Appendix – Group Structure

COLONIAL GROUP



(1) GAV Colonial 31/12/17 + GAV Axiare 31/12/17 net of investments / divestments 1Q 18

5.5 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 + Value JV Plaza Europa + NAV of 58.6% stake in SFL. + NAV stake in Axiare value of the portfolio.

5.5 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 NNNAV	The EPRA NNNAV is calculated adjusting the following items in the EPRA NAV: the fair market value of the financial instruments, the fair market value of the debt, the taxes that would be accrued with the sale of the assets at their market value applying tax benefits for reinvestments and the tax credit on balance, considering a going concern assumption.
EPRA Cost Ratio	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.
Physical Occupancy	Percentage: occupied square metres of the portfolio at the closing date of the report/surfaces in operation of the portfolio
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.

5.5 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 Lyonnaisse
Take-up	Materialized demand in the rental market, defined as new contracts signed
TMN	SPV of Colonial (55%) and Gas Natural (45%) related to the Torre Marenostrum building
Valuation Yield	Capitalization rate applied by the independent appraisers in the valuation
Yield on cost	Market rent 100% occupied/Market value at the start of the project net of impairment of value + invested capital expenditure.
Yield occupancy 100%	Passing rents + vacant spaces rented at the market prices/market value
EPRA net initial yield (NIY)	Annualised rental income based on passing rents as at the balance sheet date, reduced by the non-recoverable expenses, divided by the market value, including transfer costs (estimated purchasing costs)
EPRA Topped-Up Net Initial Yield	EPRA Net Initial Yield adjusted in respect of the expiration of rent-free periods
Gross Yield	Gross rents/market value excluding transfer costs
Net Yield	Net rents/market value including transfer costs
€m	In millions of euros

5.6 Appendix – Alternative performance measures

Alternative performance measure	Method of calculation	Definition/Relevance
EBIT ***(Earnings before interest and taxes)***	Calculated as the "Operating profit" plus "Changes in the value of property investments" and the "Profit/(loss) due to changes in the value of assets"	Indicates the Group's capacity to generate profits, only taking into consideration its economic activity, less the effect of debt and taxes.
EBITDA **(*Earnings Before Interest, Taxes, Depreciation and Amortization*)**	Calculated as the "Operating profit" adjusted by "Depreciation/Amortization" and "Net changes in provisions"	Indicates the Group's capacity to generate profits only taking into account its economic activity, eliminating allocations to depreciation/amortization, and the effect of debt and taxes.
Gross financial debt	Calculated as the total of all items under "Bank borrowings and other and other financial liabilities" and "Issues of debentures and similar securities", excluding "Interest (accrued), "Origination fees" and "Other financial liabilities" from the consolidated statement of financial position.	Relevant figure for analysing the financial situation. .
EPRA[1] NAV **(EPRA Net Asset Value)**	Calculated based on the Company's capital and reserves, adjusting certain items in accordance with EPRA recommendations.	Standard analysis ratio in the real estate sector and recommended by EPRA.
EPRA[1] NNNAV **(EPRA triple net asset value)**	Calculated adjusting the following items in the EPRA NAV: the market value of financial instruments, the market value of financial debt, the taxes that would be accrued with the sale of the assets at their market value, applying the tax benefits for reinvestments and the tax credit recognized in the balance sheet, considering a going concern assumption	Standard analysis ratio in the real estate sector recommended by EPRA
Market value excluding transaction costs or Gross Asset Value (GAV) excluding Transfer costs	Measurement of the totality of the Group's asset portfolio carried out by independent appraisers of the Group, less transaction or transfer costs.	Standard analysis ratio in the real estate sector.
Market value including transaction costs or GAV including Transfer costs	Measurement of the totality of the Group's asset portfolio carried out by external appraisers of the Group, before deducting the transaction or transfer costs.	Standard analysis ratio in the real estate sector.

(1) EPRA (*European Public Real Estate Association*) or European Association of listed property companies which recommend the standards of best practices to be followed in the real estate sector. The method of calculation of these APMs is carried out following the indications established by EPRA.

5.6 Appendix – Alternative performance measures (cont.)

Alternative Performance Measures	Method of calculation	Definition/Significance
Like-for-like rental income	Amount of the rental income included in the item “Revenues” comparable between two periods. To obtain the calculation, the income from investments or disposals carried out in both periods are excluded, as well as the income deriving from assets included in the projects and refurbishments portfolio and other atypical adjustments (for example, penalties for early termination of rental contracts).	It enables a homogeneous comparison of the evolution of rental income of an asset or group of assets.
Like-for-like measurement	Market measurement (valuation) amount, excluding transaction costs, or market valuation, including transaction costs, comparable between two periods. To obtain the calculation, the rental income coming from investments or disposals carried out between both periods is excluded.	It enables a homogenous comparison of the evolution of the market valuation of the portfolio.
Loan to Value, Group or LTV Group	Calculated as the result of dividing the gross financial debt (reduced by the amount in the item “Cash and cash equivalents”) by the market valuation including the transaction costs of the Group’s asset portfolio.	It enables the analysis of the ratio between the net financial debt and the valuation of the Group’s asset portfolio.
LTV Holding or LTV Colonial	Calculated as the result of dividing the gross financial debt (less the amount in the item “Cash and cash equivalents”) by the market valuation total, including transaction costs, of the parent company’s asset portfolio and the EPRA NAV of all financial stakes in subsidiary companies.	It enables the analysis of the ratio between the net financial debt and the valuation of the parent company’s asset portfolio.

5.7 Appendix – Contact details

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Capital Market registry data – Stock market

Bloomberg: COL.SM
ISIN Code: ES0139140042
Indices: MSCI, EPRA (FTSE EPRA/NAREIT Developed Europe y FTSE EPRA/NAREIT Developed Eurozone), IBEX35, Global Property Index 250 (GPR 250 Index) & Index Ibex Medium Cap.

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75008 París

Colonial is a Spanish listed REIT company (SOCIMI), leader in the European Prime office market with presence in the main business areas of Barcelona, Madrid and Paris with a prime office portfolio of more than one million of sq m of GLA and assets under management with a value of more than €10bn.

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