

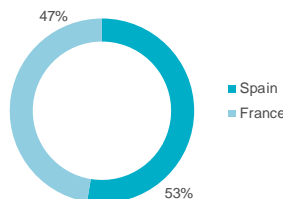
**At the close of the third quarter of 2016, the Colonial Group obtained rental revenues of €205m, an increase of 21% compared to the previous year (+8% like-for-like)**

- Recurring EBITDA of the Group: €166m, +29% vs. the previous year (+13% like-for-like)
- Recurring net profit: €51m, +86% vs. the previous year
- Group net profit: €249m, +17% vs. previous year

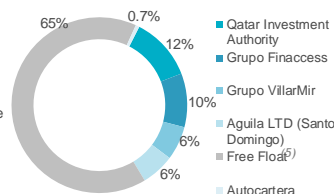
### Capital Structure

GAV Parent Company 30/06/2016 (€m) <sup>(1)</sup>	3,771
EPRA NAV 30/06/2016 <sup>(3)</sup> - €m	2,425
EPRA NAV 30/06/2016 <sup>(3)</sup> - €/share (*)	6.8
Prem./Disc. NAV (31/12/15)	(5%)
Group LTV <sup>(4)</sup>	40.3%
Rating S&P	BBB- stable outlook

### Valuation - by market (Parent) 30/06/2016



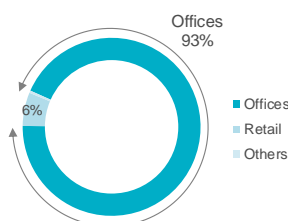
### Shareholder structure Colonial



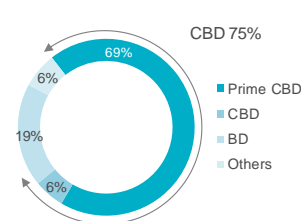
### Portfolio - 30/09/2016

GAV Group 30/06/2016 adjusted (€m) <sup>(2)</sup>	7,543
No. of assets Spain	39
No. of assets France	20
<b>Total no of assets <sup>(6)</sup></b>	<b>59</b>
Lettable surface above ground	745,398
Developments underway - surf. above ground <sup>(7)</sup>	100,025
<b>Surface above ground (sqm)</b>	<b>845,423</b>

### Valuation - by uses 30/06/2016



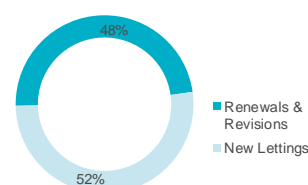
### Valuation - by area 30/06/2016



### Key performance indicators - 30/09/2016

	Total	Barcelona	Madrid	Paris
New contracts	37,992	17,424	5,217	15,351
Renewals & revisions	35,168	23,924	3,962	7,282
<b>Total commercial effort (sq m)</b>	<b>73,160</b>	<b>41,348</b>	<b>9,179</b>	<b>22,633</b>
EPRA Office occupancy <sup>(8)</sup>	96%	96%	98%	96%
EPRA Total occupancy <sup>(8)</sup>	97%	96%	98%	96%
Rental revenues (€m)	205	23	32	150
% Like-for-like	8.3%	10.9%	3.6%	8.8%

### Breakdown letting performance



### Key Financial indicators - 30/09/2016 - €m

	2016	2015	Var.	Var. LFL
Gross rental income (GRI)	205	169	21%	8%
EBITDA rents (NRI)	190	151	26%	13%
EBITDA/GRI	93%	89%	3 pp	-
EBITDA recurring business	166	129	29%	13%
Recurring Net Profit <sup>(9)</sup>	51	27	86%	-
Net result attributable to the Group	249	213	17%	-

<sup>(1)</sup> GAV Parent Company: Value of assets directly-held + NAV of the 55% stake in the SPV Torre Marenostrum + NAV of the stake in SFL (adjusted by the acquisition of shares of SFL and the Ausias March disposal)

<sup>(2)</sup> GAV Group 30/06/16 adjusted by the Ausias March disposal

<sup>(3)</sup> EPRA NAV according to the calculation recommended by EPRA

<sup>(4)</sup> Net debt Group /GAV Group (incl. Transfer costs) 06-2016 adjusted by the Ausias March disposal

<sup>(5)</sup> Free float: shareholders with minority stakes and without representation in the Board of Directors

<sup>(6)</sup> Excluding small non-core assets

<sup>(7)</sup> Projects & refurbishments

<sup>(8)</sup> EPRA occupancy: Financial occupancy according to the calculation recommended by EPRA (occupied surfaces x the market prices/surfaces in operation at market prices)

<sup>(9)</sup> Recurring Net Profit = Epra Earnings - post company-specific adjustments

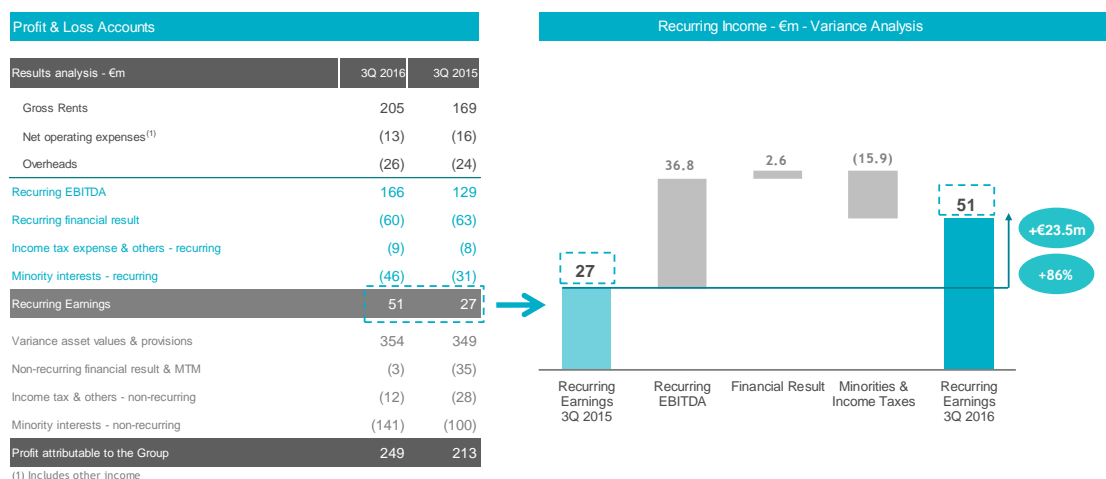
# Highlights

## 3Q results

The cumulative results at September 2016 reflect the successful execution of the Colonial Group's growth strategy.

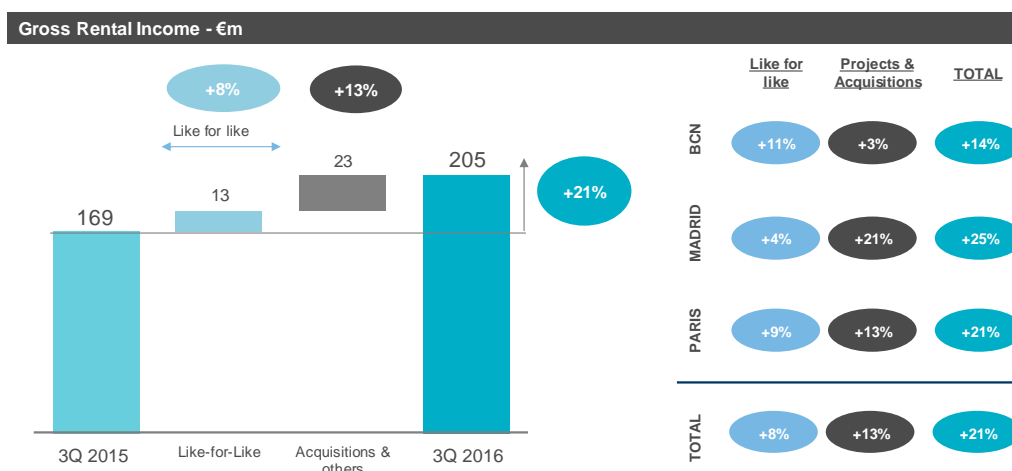
The approach of industrial value creation combined with an asset class specialization in prime offices has resulted in an increase in gross rental income of 8% like-for-like and an increase of 86% in the recurring earnings.

The recurring earnings of the Colonial Group amounted to €51m at the close of the third quarter of 2016, €23.5m higher than in the same period of the previous year.



In particular, the Colonial Group achieved a 21% growth in gross rental income. This increase is mainly due to the following aspects:

1. An 8% revenue increase in like-for-like terms, based on the prime portfolio's capacity to attract tenants, resulting in a solid improvement in occupancy.
2. A 13% increase in gross rental income has been achieved through the successful delivery of Prime Factory projects and new acquisitions.



The growth in gross rental income has enabled the Group to achieve an increase of 29% in the recurring EBITDA which, together with an improvement in financial costs, resulted in an increase in the recurring earnings of 86%.

This increase in gross rental income was obtained in all three markets in which Colonial operates, highlighting the significant 25% growth in the Madrid portfolio, thanks to the new acquisitions made in the last months. At the same time, the Barcelona and Paris portfolios have achieved very solid like-for-like growth of +11% and +9%, respectively.

The net profit attributable to the Group amounts to €249m, 17% higher than the results of the previous year.

Colonial's prime portfolio, combined with an industrial real estate management approach, is a solid base to offer sustainable growth, reaching above average returns.

## Highlights of the rental portfolio – Trading Trends

### Letting activity – Commercial effort

During the first 9 months of 2016, the Colonial Group signed rental contracts on 73,160 sq m.

In Spain, more than 50,000 sq m were signed during these 9 months, corresponding to 44 contracts. Worth highlighting are almost 41,000 sq m signed in Barcelona, specifically the renewal of more than 22,000 sq m for Gas Natural on the Torre Marenostrum building, as well as the signing of almost 5,000 sq m on the Avinguda Diagonal 609-615 building (DAU), and more than 4,000 sq m on the building in Sant Cugat, among others. In Madrid, of special mention is the renewal of 2,700 sq m on the Recoletos 37-41 building for a pharmaceutical company, as well as the signing of various contracts on the Agustín de Foxà, 29 and Alfonso XII buildings. In Paris, almost 3,000 sq m were signed on the #Cloud property with a cosmetics company, reaching 100% occupancy. It is worth highlighting the refurbishment of more than 6,000 sq m and the signing of more than 3,000 sq m on the Washington Plaza building.

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

#### Main actions

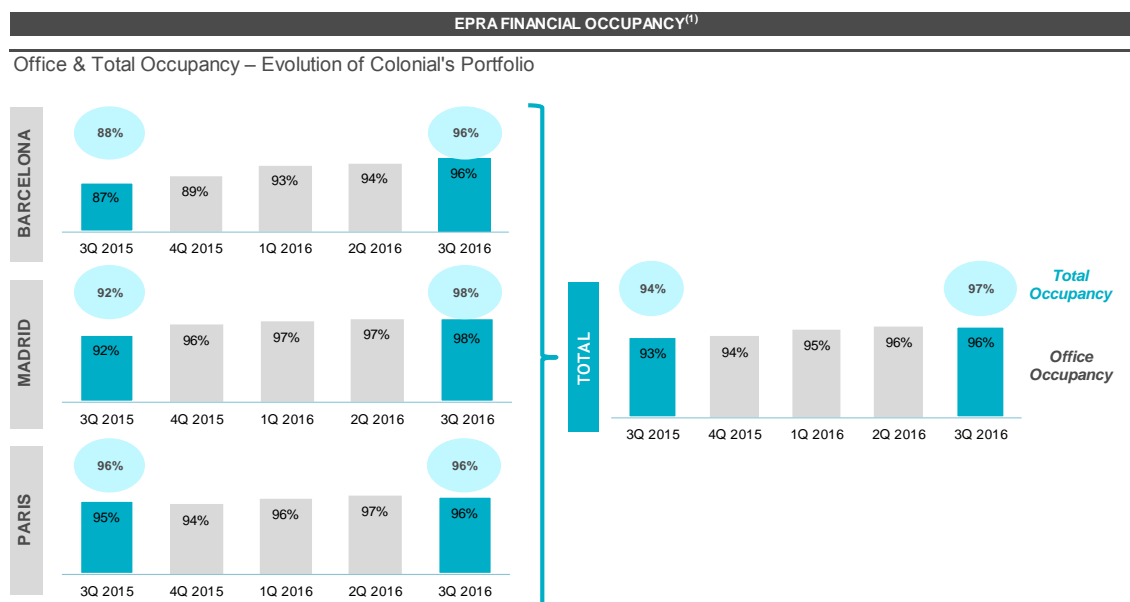
	Building	Tenants	Surface (sq m)
BARCELONA	Torre Marenostrum	Gas Natural	22,394
	Diagonal, 609-615 (Dau/Prisma)	Grant Thornton, Caixabank & others	4,883
	Sant Cugat	Business Service for Information, Accenture, Banc Sabadell & IPB	4,742
	Travessera, 11	Multinational Consulting Firm & others	1,620
	Berlín, 38-48 / Numancia, 46	Multinational Consulting Firm	1,509
	Illacuna	Altran Innovación & others	1,374
MADRID	Recoletos, 37-41	Pharmaceutical Company	2,693
	Agustín de Foxá, 29	Medpace Spain, Rosendo Mila & others	1,794
	Alfonso XII	Groupon & others	1,388
PARIS	Washington Plaza	Lagardère Ressources, Indeed France & others	9,404
	Cezanne Saint-Honoré	Real Estate Company & others	3,115
	#Cloud	Cosmetics & Fragrance Group	2,990
	103 Grenelle	Portfolio Management & others	1,613

**Occupancy**

The high volume of new lettings has enabled Colonial to achieve and maintain very solid occupancy levels.

At 30 September, Colonial's office portfolio reached an EPRA occupancy of 96%, and the total portfolio a 97% occupancy ratio, up 221 basis points vs. the previous year.

The following chart shows the evolution of the EPRA occupancy of the portfolio:



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

The office portfolios in the three markets are at very solid EPRA occupancy levels: Barcelona at 96% (+838 basis points vs. the same period of the previous year), Madrid at 98% (+559 basis points) and Paris at 96% (+144 basis points).

The high occupancy levels show the Group's capacity to attract top tier clients. In addition this ratios constitute a solid base to negotiate rental prices increases in the coming quarters.

**Active management of the portfolio**

A key element in value creation is the active management of the portfolio through acquisitions and disposals.

**Disposals**

The Colonial Group sold the Ausias March 148 building in Barcelona in September 2016 for €15m. This transaction implies the disposal of an asset without further upside potential. The sale price represents a 11% premium over the appraisal value at June 2016.

## Acquisitions

Following the execution of the Alpha project in June this year, which consisted of the acquisition of 4 buildings in Spain (3 in Madrid and 1 in Barcelona) and a stake of 4.4% in SFL, the Colonial Group continues to implement its growth plan.

Accordingly, it has acquired a 1% stake in SFL, increasing its position to 58.5%. This transaction has been closed with very attractive terms as in the case of Project Alpha. Moreover, further investment opportunities are being analyzed in Madrid and in Barcelona.

After the close of the third quarter, Colonial acquired a 15.09% stake in Axiare Patrimonio Socimi, S.A. at €12.5/share. This acquisition is complementary to Colonial's strategy and offers attractive returns given the acquisition price.

## Capital structure

### Active balance sheet management

At 30 September 2016, the financial net debt of the Colonial Group stood at €3,195m with a Loan to Value (LTV) of 40.3%, and an investment grade rating.

In the framework of maximizing value creation for shareholders, the Colonial Group is committed to an optimal capital structure and a solid credit profile.

In this context, the Group took advantage of an attractive window in the capital markets on 28 October 2016 and carried out an issuance of senior unsecured notes for a nominal amount of €600m, with a maturity of 8 years and an annual coupon of 1.45%. The issue was very well received by the market with an oversubscription of three times by top tier investors.

In addition, Colonial issued on 10 November a private placement of €50m with a ten year maturity and a coupon of 1.875%

In parallel, Colonial launched a repurchase offer on its bonds maturing in 2019, which closed on 28 October with a final take up rate of 50%.

Both transactions have implied:

1. Bond issuances with interest rates at historic lows
2. An optimization of the financial costs (from 2.10% to 1.99% in Spain)
3. An extension of the average debt maturities (from 4.1 to 6.3 years in Spain)
4. An increase in the liquidity of the company reaching €992 in cash and undrawn lines

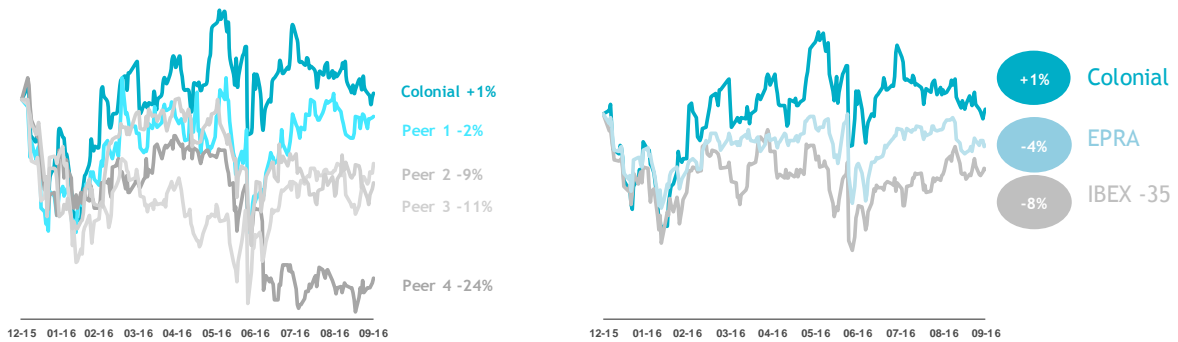
**Excellence in financial and sustainability reporting**

In September 2016, Colonial was awarded with the “EPRA Gold Award – Financial Reporting” and the “EPRA Gold Award – Sustainability Reporting” for its excellence and transparency in capital market communication being the only listed Spanish company with the highest rating in both categories.

**Share price performance**

At 30 September, Colonial’s share price closed with a revaluation of +1%, outperforming the EPRA and IBEX indices, as well as its peers in the listed Spanish sector.

The average daily trading volume reached €6.7m, offering attractive levels of liquidity within the sector in Europe and especially in Spain.



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2. Office markets
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5. Share price performance and shareholder structure
6. Appendices



# 1. Analysis of the Profit and Loss Account

## Analysis of the Consolidated Profit and Loss Account

September cumulative - €m	2016	2015	Var.	Var. % <sup>(1)</sup>
Rental revenues	205	169	36	21%
Net operating expenses <sup>(2)</sup>	(15)	(18)	3	18%
<b>EBITDA rents</b>	<b>190</b>	<b>151</b>	<b>39</b>	<b>26%</b>
Other income	2	2	(0)	(21%)
Overheads	(26)	(24)	(2)	(7%)
<b>EBITDA recurring business</b>	<b>166</b>	<b>129</b>	<b>37</b>	<b>29%</b>
EBITDA - asset sales	1	0	1	-
Exceptional items	(1)	(2)	(3)	68%
<b>Operating profit before revaluation, amortizations and provisions and interests</b>	<b>166</b>	<b>127</b>	<b>39</b>	<b>31%</b>
Change in fair value of assets	357	350	7	2%
Amortizations & provisions	(5)	(2)	(3)	(131%)
<b>Financial results</b>	<b>(63)</b>	<b>(97)</b>	<b>35</b>	<b>35%</b>
<b>Profit before taxes &amp; minorities</b>	<b>454</b>	<b>377</b>	<b>78</b>	<b>21%</b>
Income tax	(18)	(32)	14	43%
Minority Interests	(187)	(131)	(56)	(43%)
<b>Profit attributable to the Group</b>	<b>249</b>	<b>213</b>	<b>36</b>	<b>17%</b>

Results analysis - €m	2016	2015	Var.	Var. % <sup>(1)</sup>
Rental revenues	205	169	36	21%
Net operating expenses <sup>(2)</sup> & other income	(13)	(16)	3	17%
Overheads	(26)	(24)	(2)	(7%)
<b>Recurring EBITDA</b>	<b>166</b>	<b>129</b>	<b>37</b>	<b>29%</b>
Recurring financial result	(60)	(63)	3	4%
Income tax expense & others - recurring result	(9)	(8)	(1)	(12%)
Minority interest - recurring result	(46)	(31)	(15)	(48%)
<b>Recurring net profit - post company-specific adjustments <sup>(3)</sup></b>	<b>51</b>	<b>27</b>	<b>24</b>	<b>86%</b>
<b>EPRA Earnings - pre company-specific adjustments <sup>(4)</sup></b>	<b>50</b>	<b>26</b>	<b>24</b>	<b>94%</b>
<b>Profit attributable to the Group</b>	<b>249</b>	<b>213</b>	<b>36</b>	<b>17%</b>

<sup>(1)</sup> Sign according to the profit impact

<sup>(2)</sup> Invoiceable costs net of invoiced costs + non invoiceable operating costs

<sup>(3)</sup> Recurring net profit = EPRA Earnings - post company-specific adjustments.

<sup>(4)</sup> 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 rose to €205m at the close of the third quarter of 2016, 21% higher than the same period of the previous year.  
This increase is mainly due to an 8% growth in like-for-like rental income, as well as an increase of 13% due to the successful delivery of Prime Factory projects and new acquisitions carried out.
- The recurring EBITDA of the Group reached €166m, 29% higher than the same period of the previous year.
- Therefore, the operating profit before the net revaluations, amortizations, provisions and interests was €166m at the close of the third quarter, 31% higher than the amount reached in the same period of the previous year.
- The impact on the profit and loss account due to the revaluation of the property investments at 30 June 2016 reached €357m. This revaluation, which was registered in France and Spain, is the result of a 5% increase like-for-like in the appraisal values of the assets in the first 6 months of the year.
- The net financial results amounted to €(63)m, 35% lower than the same period of the previous year. The recurring financial results of the Group amounted to €(60)m, 4% lower than the same period of the previous year.  
This saving is mainly due to the reduction in financial costs primarily generated by the cancellation of Colonial's old syndicate loan and bond issue, as well as the Liability Management transaction carried out by SFL in the last quarter of 2015.  
These figures do not yet include the positive impacts of the Liability Management carried out in October 2016.
- The result before taxes and minority interests at the close of the third quarter of 2016 amounted to €454m, 21% higher than that reached during the same period of the previous year, mainly as a result of the impact of the increase in gross rental income and asset value, as well as the reduction in financial expenses.
- Corporate tax amounted to €(18)m and were mainly due to the registering of deferred taxes in relation to the asset revaluation in the first half of 2016.
- Finally, and after deducting the results attributed to the minority interests amounting to €(187)m, the result after taxes attributable to the Group amounted to €249m, an increase of 17% compared to the previous year.

## 2. Office markets

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### Macroeconomic context <sup>(1)</sup>

The main analysts forecast that **global economic growth** in 2016 will be similar to that of 2015, reaching 3.1%. Although the forecast for the medium-term will not change (in other words, world economy will speed up in 2017 and 2018), the short-term trend is slightly more contained than predicted. According to the main analysts, this is a reflection of a slightly weaker trend than expected in the US economy. Nonetheless it should be noted that part of this relatively less dynamism in the US will be offset by the better performance shown by the European economies. Whereas the group of emerging economies is tending to recover gradually, raw material exporters are being penalized by a more adverse price scenario than initially expected (and, in some cases, shocks of political uncertainty).

Growth in the **Eurozone** is consolidating at moderate levels with risks on the horizon. The upswing in uncertainty caused by Brexit has had a more subdued impact than anticipated. CaixaBank Research, and those of most analysts, place GDP growth at 1.5% in 2016 and 1.3% in 2017. Domestic demand and household consumption continue forming the mainstay of the recovery, although the foreign sector will gradually become more important. Another sign of the limited impact on the **Eurozone** expected for Brexit, at least in the short term, is that the ECB has kept its economic forecasts almost unchanged. In fact, the institution revised its growth forecast for 2016 slightly upwards to 1.7%. However, the ECB revised its forecasts for 2017 and 2018 slightly downwards, to 1.6%. On the whole the **Eurozone** is therefore expected to continue growing in the medium term at similar rates to those observed in the last few quarters. Nevertheless, uncertainty is still high and Brexit remains one of the major sources of risk

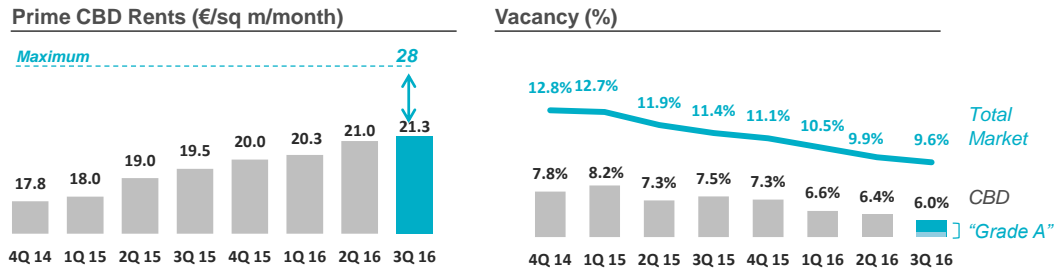
The growth rate of the Spanish economy remained high in the third quarter. Business indicators point to the rate of expansion still being very vigorous between July and September. The good performance by activity for the year to date, which is better than expected, has led many analysts to revise upwards their growth forecasts for the GDP for the whole of 2016. The forecast for 2017, however, has not been revised and stands within a range that is considerably lower than 2016, between 2.1% and 2.5%. This means that, in the final part of the year, and especially in the coming year, a slowdown is expected in activity with GDP growth rates of around 0.6% quarter-on-quarter.

In France, the drop in energy prices and low inflation rates have permitted an increase in salaries, driving growth in private consumption. The GDP growth is expected to be 1.3% this year and 1.0% in 2017, thanks to lower energy prices, tax reductions in the labour market and in companies, as well as permanently low interest rates. Employment is expected to gradually increase, supported by less social security contributions and help to create new work positions. However, the decrease in unemployment will only happen gradually.

(1) Source: "la Caixa" monthly report & OECD

## Rental market situation – offices <sup>(1)</sup>

### Barcelona – Rental Market

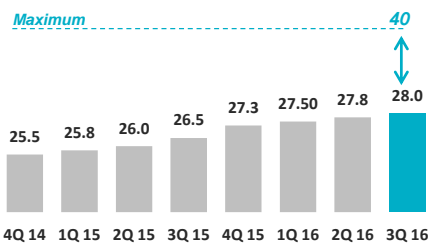


- During the third quarter of 2016, nearly 77,000 sq m of offices were signed in Barcelona, the same volume as the last quarter, thereby maintaining solid take-up levels in line with the standard take-up levels in the Barcelona market. The cumulative take-up volume of offices amounted to 222,000 sq m, down 30% from the same period of the previous year, bearing in mind that 2015 was a record year reaching 2007 levels. The take-up forecast for the whole of 2016 is expected to be around 300,000 sq m. By submarket, almost 51% of the total office take-up was in the city centre, 25% in new business areas and 24% in peripheral locations. Almost 40% of the take-up was for transactions between 1,000 and 5,000 sq m.
- The average vacancy rate in Barcelona continues to fall, down 35 basis points to stand at 9.6%. The lack of supply of office space, coupled with take-up levels which have remained steady at an average of 74,000 sq m per quarter, are fuelling a gradual decrease in vacancy rates, which now stand at around 6% in the Paseo de Gracia/Diagonal area. In this respect, it is extremely difficult to find available space in this area in particular. This situation will persist during the next two years. Therefore, over the next two years the refurbishment of office buildings will be key to contribute putting attractive surfaces on the market, in accordance with the new company needs.
- During the third quarter 2016, increases in the maximum office rents were registered, given the strong take-up levels combined with a scarce supply of quality product. The maximum prime rental levels in the Paseo de Gracia/Diagonal area reached €21.25/sq m/month, a solid increase compared to previous quarters. It is expected that in the coming two years, those new quality buildings coming to the market are expected to push rental levels to new records in each of the areas in Barcelona.

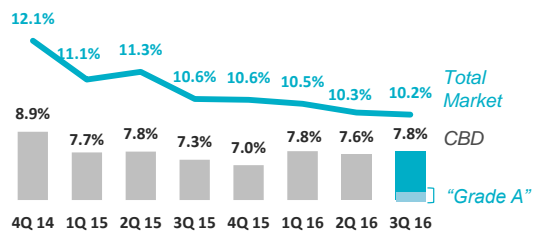
(1) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield & CBRE

**Madrid – Rental Market <sup>(1)</sup>**

**Prime CBD Rents (€/sq m/month)**



**Vacancy (%)**



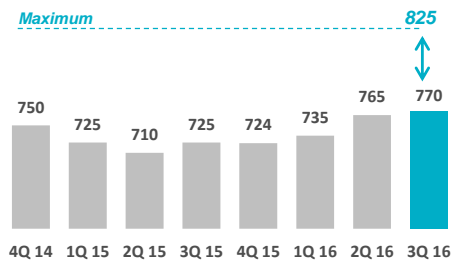
- During the third quarter of the year, 88,200 sq m were signed in Madrid, down 14% from the second quarter of the year. Cumulative office take-up at 30 September 2016 reached 289,500 sq m, down 8% compared to the same period of the previous year.
- The number of transactions this quarter has remained in line with those registered last quarter, while during the year, an increase by 17% has been registered, compared to the same period of the previous year, showing the soundness of an increase in demand.

Large transactions have still not materialized, due in part to the lack of quality products at competitive prices that are attractive to large corporate occupiers. The average size of the transactions stands at approximately 850 sq m. In this regard, almost 50% of deals were for office spaces ranging between 500 and 5,000 sq m.
- The vacancy rate in Madrid remained at 10.2%, a similar level to those in the third quarter. Healthy take-up levels in both the CBD and secondary areas are absorbing the new supply coming to the market, maintaining a stable vacancy rate of 7.8% and 5.6% in both areas with respect to the second quarter of the year.
- Maximum rental levels in the CBD and secondary areas continued to rise to stand at €28/sq m/month and €16.5/sq m/month, respectively. Meanwhile, in peripheral areas maximum rental levels remained flat at €14.25/sq m/month and at €10.5/sq m/month in satellite areas. Forecasts for the period 2016-2020 are positive with average annual growth for prime rental levels at around 6%, placing Madrid in the lead in terms of the rental growth ranking in Europe.

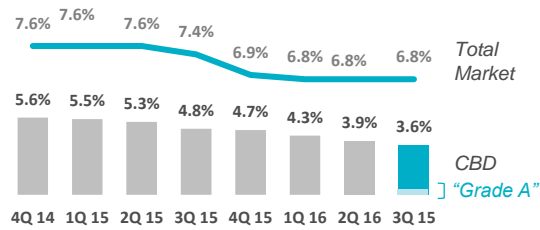
(1) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield & CBRE

**Paris – Rental Market <sup>(1)</sup>**

**Prime CBD Rents (€/sq m/year)**



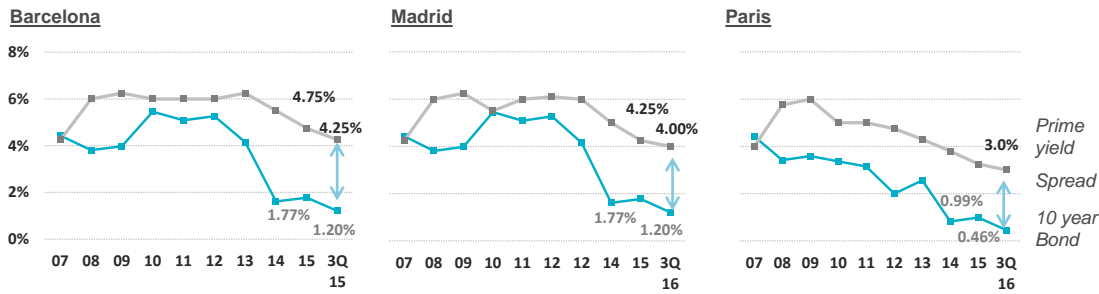
**Vacancy (%)**



- Office take-up in the Paris region (Ile-de-France) in the third quarter of 2016 reached 592,000 sq m (cumulative of 1,700,000 sq m), an increase of 14% compared to the previous year.
- Paris has captured more than half of the transactions in Ile-de-France since the beginning of the year and in particular high activity can be seen in the large transactions segment, with 19 contracts for more than 5,000 sq m registered in 2016 compared to 14 contracts during the same period of the previous year. Since the beginning of the year, 13 transactions for more than 10,000 sq m were signed. On average, in the last five years only 7 transactions of this size were registered in Paris.
- It should be mentioned that in the Étoile CBD submarket, there was an increase in demand of 21% compared to the previous year, mainly due to an increase in transactions of less than 5,000 sq m. Despite a lack of supply, the prime assets in the CBD area registered an increase in activity of 24% of the commitments in France at 30 September 2016 (+46% compared to 2015).
- The supply of available office space in Paris has reduced by more than 100,000 sq m since the beginning of the year and stood at 3.6 million sq m. Therefore the average vacancy rate reached 6.8% for the total market, 3.6% in the CBD area. It should be mentioned that the supply levels in Paris have not been this low in the last 8 years.
- Prime rental prices in the CBD in the Paris market at the close of the third quarter reached €770/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.

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

## Investment market situation – offices



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

- Barcelona:** Year-to-date, investment volumes in Barcelona have exceeded €420m, down 7% with respect to the same period last year. Investment volumes in the third quarter amounted to €225m, up 58% from the previous quarter. Prime yields fell 25 bps to 4.25% in Barcelona, although they are still higher than those in Madrid.
- Madrid:** In this third quarter of the year, Madrid has captured 70% of the investment in offices in Spain. This accumulated investment volume in the first three quarters of the year stood at €1,150m, down 35% versus the same period last year, mainly due to the lack of supply of quality product. In the third quarter, three transactions were registered, all located in the CBD, for an investment volume of €540m, up 19% from the second quarter. Prime yields remained at 4%.
- Paris:** After a somewhat slow start to the year, investment during the third quarter of the year was €5,500m, the cumulative investment volume since the beginning of the year being €12,400m, up 6% compared to the previous year. The investment market in Paris is still very much dominated by French investors who have made at least 80% of the investments. Prime yields stood at 3% in the CBD area and 4.25% 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.

### 3. Business performance

#### Rental revenues and EBITDA of the portfolio

- Rental revenues reached **€205m, 21% 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 8% like-for-like**.

In **Paris**, the rental revenues rose by **9% like-for-like**. In **Spain**, the rental revenues increased by **7% like-for-like**, especially due to the **Barcelona** portfolio, which increased by **11% like-for-like**. The Barcelona portfolio has experienced significant positive growth, consolidating the good evolution seen in the last quarters. Rental revenues in the **Madrid** portfolio went up **4% like-for-like**.

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

Variance in rents (2016 vs. 2015) €m	Barcelona	Madrid	París	Total
Rental revenues 2015R	19.8	26.0	123.7	169.5
<b>Like-for-Like</b>	<b>2.1</b>	<b>0.9</b>	<b>9.9</b>	<b>12.9</b>
Projects & refurbishments	0.4	(0.4)	14.3	14.4
Acquisitions & Disposals	0.3	5.7	0.0	6.0
Indemnities & others	(0.0)	0.3	2.2	2.5
Rental revenues 2016R	22.6	32.4	150.1	205.2
<b>Total variance (%)</b>	<b>14.0%</b>	<b>25.0%</b>	<b>21.4%</b>	<b>21.1%</b>
<b>Like-for-like variance (%)</b>	<b>10.9%</b>	<b>3.6%</b>	<b>8.8%</b>	<b>8.3%</b>

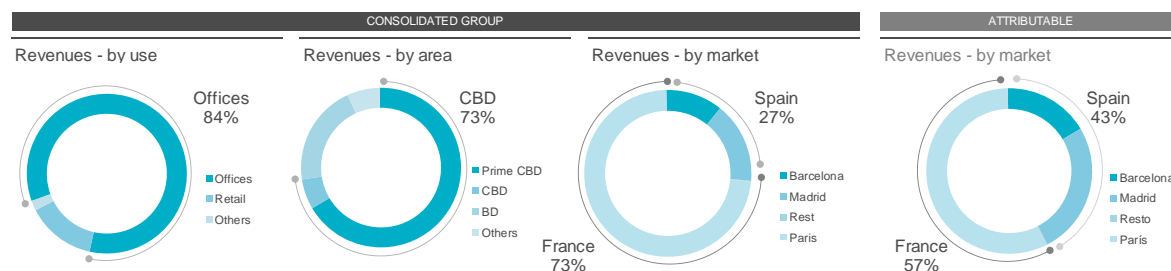
Of special mention are two additional sources of growth in gross rental income:

- The successful delivery of projects has resulted in a growth of 8% (+€14m) out of the total rental revenues, mainly due to the #Cloud property located in the Paris market.
- The new acquisitions have resulted in a 4% growth in rental revenues.



- **Breakdown – Rental revenues:** The majority of the Group's revenues (84%) are from office buildings. Likewise, the Group maintains its high exposure to CBD markets (73%).

In consolidated terms, 73% of the rental revenues (€150m) came from the subsidiary in Paris and 27% were generated by properties in Spain. In attributable terms, 57% of the rents were generated in France and the rest in Spain.



- **Rental EBITDA reached €190m, a 13% increase in like-for-like terms, with an EBITDA margin of 93%.**

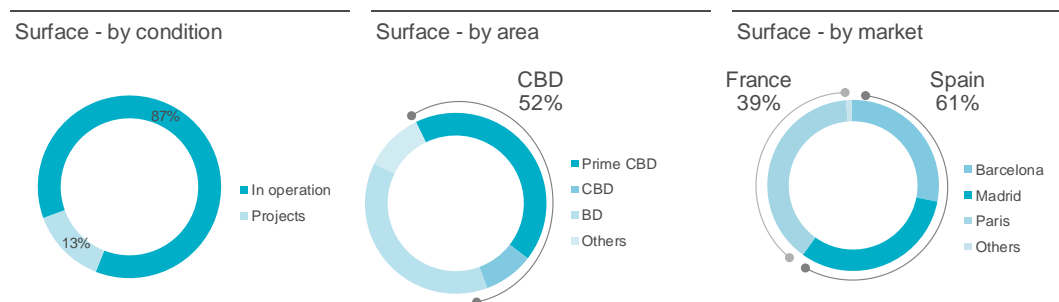
Property portfolio				
September cumulative -€m	2016	2015	Var. %	Like-for-like %
Rental revenues - Barcelona	23	20	14%	11%
Rental revenues - Madrid	32	26	25%	4%
Rental revenues - Paris	150	124	21%	9%
<b>Rental revenues</b>	<b>205</b>	<b>169</b>	<b>21%</b>	<b>8%</b>
EBITDA rents Barcelona	20	16	23%	18%
EBITDA rents Madrid	28	22	25%	3%
EBITDA rents Paris	142	112	26%	13%
<b>EBITDA rents</b>	<b>190</b>	<b>151</b>	<b>26%</b>	<b>13%</b>
<i>EBITDA/Rental revenues - Barcelona</i>	<i>90%</i>	<i>83%</i>	<i>6.8 pp</i>	
<i>EBITDA/Rental revenues - Madrid</i>	<i>86%</i>	<i>86%</i>	<i>0.2 pp</i>	
<i>EBITDA/Rental revenues - Paris</i>	<i>94%</i>	<i>91%</i>	<i>3.6 pp</i>	
<b>EBITDA/Rental revenues</b>	<b>93%</b>	<b>89%</b>	<b>3.5 pp</b>	

The EBITDA/revenues margin stood at 93% and will continue increasing over the coming months, once the positive impacts of the occupancy improvements have fully come through.

## Portfolio letting performance

- **Breakdown of the current portfolio by surface area:** At the close of the third quarter of 2016, the Colonial Group's portfolio totalled 1,197,447 sq m (845,423 sq m above ground), concentrated mainly in office assets.

At 30 September 2016, 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.

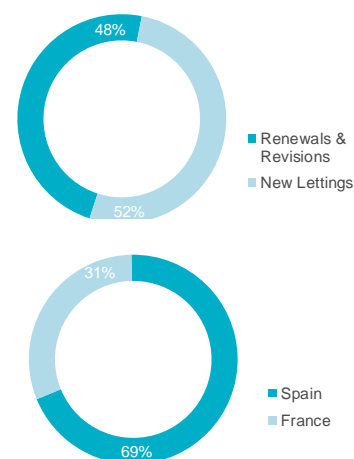


- **Signed contracts:** During the first 9 months of 2016, the Group signed a **total of 73,160 sq m** of contracts. Out of the total contracts, 69% (50,527 sq m) were signed in Barcelona and Madrid, and the rest (22,633 sq m) were signed in Paris.

**New lettings:** Out of the total commercial effort, 52% (37,992 sq m) related to new contracts, highlighting almost 23,000 sq m signed in Barcelona and Madrid.

**Renewals:** Contract renewals were carried out for 35,168 sq m, highlighting 24,000 sq m refurbished in Barcelona.

Letting Performance			
September cumulative - sq m	2016	% New rents vs. previous	Average maturity
Renewals & revisions - Barcelona	23,924	(12%)	3
Renewals & revisions - Madrid	3,962	(1%)	3
Renewals & revisions - Paris	7,282	(2%)	8
<b>Total renewals &amp; revisions</b>	<b>35,168</b>	<b>(7%)</b>	<b>4</b>
New lettings Barcelona	17,424		3
New lettings Madrid	5,217		3
New lettings Paris	15,351		8
<b>New lettings</b>	<b>37,992</b>	<b>n/a</b>	<b>5</b>
<b>Total commercial effort</b>	<b>73,160</b>	<b>n/a</b>	<b>5</b>



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

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

**Main actions**

	Building	Tenants	Surface (sq m)
<b>BARCELONA</b>	Torre Marenostrum	Gas Natural	22,394
	Diagonal, 609-615 (Dau/Prisma)	Grant Thornton, CaixaBank & others	4,883
	Sant Cugat	Business Service for Information, Accenture, Banc Sabadell & IPB	4,742
	Travessera, 11	Multinational Consulting Firm & others	1,620
	Berlín, 38-48 / Numancia, 46	Multinational Consulting Firm	1,509
	Ilacuna	Altran Innovación & others	1,374
<b>MADRID</b>	Recoletos, 37-41	Pharmaceutical Company	2,693
	Agustín de Foxá, 29	Medpace Spain, Rosendo Mila & others	1,794
	Alfonso XII	Groupon & others	1,388
<b>PARIS</b>	Washington Plaza	Lagardère Ressources, Indeed France & others	9,404
	Cezanne Saint-Honoré	Real Estate Company & others	3,115
	#Cloud	Cosmetics & Fragrance Group	2,990
	103 Grenelle	Portfolio Management & others	1,613

In Spain, during these nine months, more than 50,000 sq m were signed, corresponding to 44 contracts. In particular, more than 41,000 sq m were signed in **Barcelona**, particularly the renewal of more than 22,000 sq m for Gas Natural on the Torre Marenostrum building, as well as the signing of almost 5,000 sq m on the Avinguda Diagonal, 609-615 building (DAU) and more than 4,000 sq m on the Sant Cugat building.

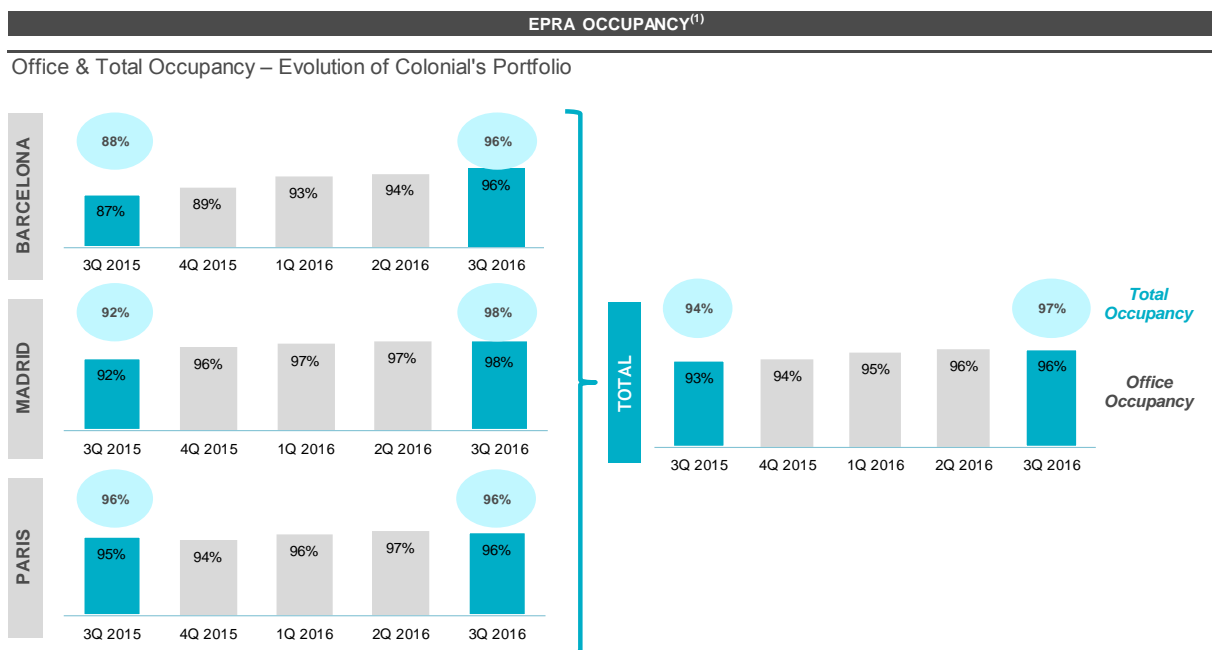
In **Madrid**, of particular mention is the renewal of 2,700 sq m on the Recoletos, 37-41 building by a pharmaceutical company, as well as the signing of various contracts on the Agustín de Foxá, 29 and Alfonso XII buildings.

In **Paris**, more than 15,000 sq m of new contracts were signed. It is particularly important to highlight the signing of almost 3,000 sq m on the #Cloud property with a cosmetics and fragrances company, reaching 100% occupancy. This transaction is another example of Colonial's ability to design and develop top quality offices for leading companies in a wide range of sectors. Additionally, 3,189 sq m were signed on the Washington Plaza, 3,115 sq m on the Cezanne Saint-Honoré building, and 1,600 sq m on the Grenelle 103 building. It is worth highlighting the renewal of 5,200 sq m on the Washington Plaza building with Lagardère Ressources.

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

## Portfolio occupancy

- At the close of the third quarter of 2016, the Colonial Group's EPRA<sup>(1)</sup> occupancy for the office portfolio reached 96%, up 315 bp compared to the previous year, and the EPRA occupancy for the total portfolio including all uses reached 97% (up 221 bp vs the close of the third quarter of 2015).



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

In **Barcelona**, the EPRA occupancy of the office portfolio increased +838 bp compared to the previous year (up 184 bp in this quarter), reaching a ratio of 96%. This increase is mainly due to the contracts signed on the Avinguda Diagonal 609-615, Sant Cugat, Travessera de Gràcia /Amigó and Berlín Numància buildings, among others.

In **Madrid**, the EPRA occupancy of the office portfolio was 98%, 559 bp above the same period of the previous year (up 37 bp in this last quarter). This increase is mainly due to new leases on the Agustín de Foxá 29, Jose Abascal 56 and Paseo de la Castellana 52 buildings, as well as the letting performance on the Santa Hortensia building, which reached an occupancy level of 100%.

In **Paris**, the EPRA occupancy of the office portfolio increased by 144 bp compared to the same period of the previous year (no variation in this last quarter), reaching a ratio of 96%, mainly due to the new lettings on the #Cloud building.

The table below shows an analysis of the vacant office surfaces by city and area.

Vacancy surface of offices					EPRA Vacancy Offices
Surface above ground (sq m)	Entries into operation <sup>(1)</sup>	BD area and others	CBD area	2015	
Barcelona	1,555	3,968	1,916	7,439	4%
Madrid	0	2,359	2,745	5,104	2%
Paris	0	76	7,762	7,838	4%
<b>TOTAL</b>	<b>1,555</b>	<b>6,403</b>	<b>12,422</b>	<b>20,380</b>	<b>4%</b>

*(1) Projects and refurbishments that have entered into operation*

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



**Av. Diagonal, 609-615**



**Paseo Castellana, 52**

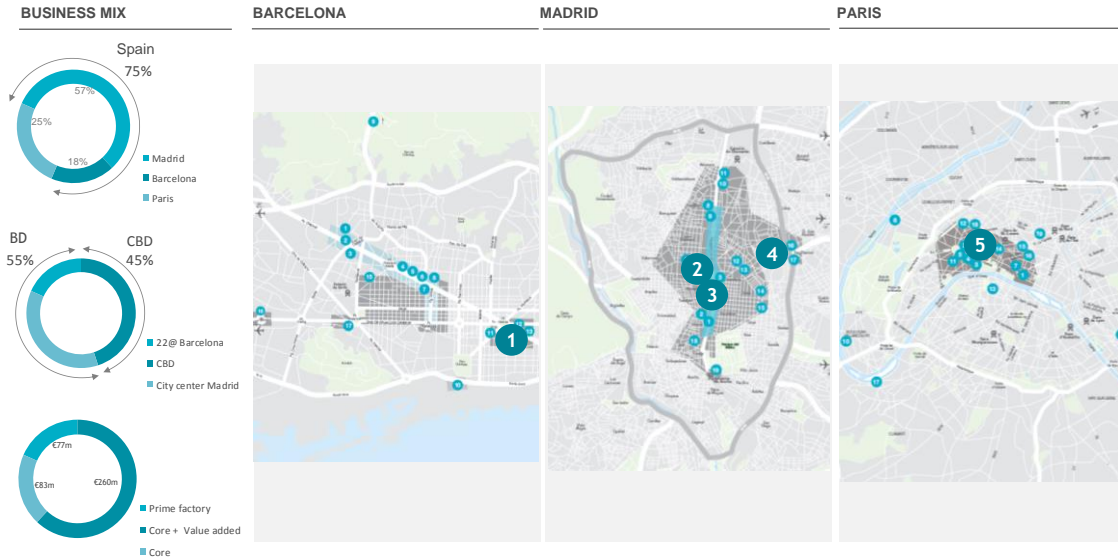


**Percier**

## Acquisitions and Disposals

- **Investments:** During August 2016, Colonial reached an agreement with an institutional investment fund to buy a block of shares in SFL (475,247 shares), corresponding to a 1% stake in its French subsidiary. As a result of this transaction, Colonial's stake in SFL stands at 58.5%.
- In addition, after the close of the third quarter, Colonial acquired 10,846,541 shares in Axiare Patrimonio Socimi, S.A, representing a 15.09% stake in the share capital, at a price of €12.5 per share.
- During the first half of 2016, the Colonial Group successfully executed the Alpha project, which consisted of the acquisition of 4 buildings in Spain (3 in Madrid and 1 in Barcelona) and a stake of 4.4% in SFL. This acquisition implied an investment volume of more than €400m.

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



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

BARCELONA				
PRIME FACTORY		1 Parc Glories Project Barcelona 22 @ Area	SBA: 24.500 m <sup>2</sup>	Price: 77€m <sup>1</sup> Cash
MADRID				
"CORE" INVESTMENT		2 José Abascal Madrid Prime CBD	SBA: 5.326 m <sup>2</sup>	Price: 35€m Cash
		3 Serrano 73 Madrid Prime CBD	SBA: 4.242 m <sup>2</sup>	Price: 48€m New Col. shares
CORE + VALUE ADDED		4 Sede Corporativa – Sta Hortensia 26-28 Madrid BD	SBA: 46.928 m <sup>2</sup>	Price: 154€m New Col. shares
PARIS				
CORE + VALUE ADDED		5 4.4% stake in SFL Paris		Price: 106€m New Col. shares + Cash

(1) Includes capex of full development of the project

All prices excluding transfer costs

- Disposals:** During the third quarter of 2016, the Ausias March 148 building in Barcelona was sold for €15m. The sale was carried out with an 11% premium on the June 2016 appraisal value.

## Portfolio of projects and refurbishments

- As of the close of the third quarter of 2016, Colonial owns a portfolio of development projects and refurbishments of more than 100,000 sq m above ground, with significant potential for value creation.
- Current ongoing projects correspond to the Estebanez Calderon and Principe de Vergara assets, acquired in 2015, and the Parc Glories project in the 22@ district in Barcelona, acquired during this year. Unique Prime Factory development projects will be carried out on all assets, with very attractive returns.

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

Projects	Entry into operation	% Group	Market	Use	Surface above ground (sq m) <sup>(1)</sup>
Estébanez Calderón, 3-5	2H 2017	100%	Madrid	Offices	10,152
Príncipe de Vergara, 112	2H 2017	100%	Madrid	Offices	11,368
Parc Glòries	2018	100%	Barcelona	Offices	24,551
<b>Spain</b>					<b>46,071</b>
<b>Surface in Refurbishment &amp; Parc Central Land</b>					<b>53,954</b>
<b>Total</b>					<b>100,025</b>

(1) Surface area of completed project

In addition to the projects, the Colonial Group is currently carrying out substantial refurbishments on 39,217 sq m above ground, with the aim of optimizing the positioning of these assets in the market. These include refurbishments on the Louvre des Antiquaires, Washington Plaza, Grenelle 103 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.

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



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



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

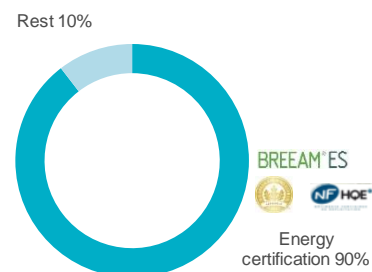


- During the first 9 months of 2016, €54m was invested, mainly in France, in Prime Factory projects and refurbishments to optimize the positioning of the property portfolio.

In relation to the energy certificates, it is worth mentioning that during this last months, BREEAM Gold and BREEAM Very Good certificates have been obtained on a series of buildings in Barcelona and Madrid. In particular, of special mention, is the BREEAM Very Good certificate obtained on the Sant Cugat, Diagonal Glories and Illacuna buildings in Barcelona and the Martinez Villergas and Recoletas buildings in Madrid. Additionally, the building in Paseo de los Tilos in Barcelona obtained the LEED Gold certificate in April 2016. In Paris, of special mention is the upgrade in the BREEAM rating from “very good” to “excellent” on the lèna, Charles de Gaulle and In&Out assets.

Currently 90% of the buildings have top quality energy certificates, an increase of 9 percentage points compared to the previous quarter. 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





## 4. Financial structure

### Main debt figures

Colonial Group - €m	09/2016	Var. Vs 12/2015
Gross financial debt	3,349	5%
Net financial debt	3,195	7%
Undrawn balances & Cash	882	(20%)
% debt fixed or hedged	82%	(12 p.p.)
Average maturity of the debt (years)	4.3	(0,5)
Cost of current debt	2.04%	(23 b.p.)
Rating Colonial	BBB-	-
Rating SFL	BBB	-
LtV Group	40.3%	(15 p.p.)

On 5 October, Colonial registered a European Medium Term Note (EMTN) program on the Irish Stock Exchange for €3,000m.

Under this program, two bond issues were carried out: 1) on 28 October a simple bond issue was carried out for €600 million, maturing in 8 years, with an annual coupon of 1.45%, issued under par at 99.223% of its nominal value. The issue was very well received by the market, with an oversubscription of more than threefold; 2) on 10 November, a private placement was carried out for €50m, with a 10 years maturity and an annual coupon of 1.875%, issued at 97.866% of its nominal value.

In parallel, Colonial launched a repurchase offer on its bonds maturing in 2019 (Liability Management), which closed on 28 October with a total take up ratio of 50%.

In addition, Colonial has renegotiated the syndicate loan signed on 12 November 2015, extending its maturity until 2021.

All of these transactions have been closed taking advantage of the current situation of the markets, characterized by high levels of liquidity.

With these operations Colonial reduced its financing risk in 2019 which concentrated more than 60% of the maturities of its undrawn debts, extending the average life of its debt which went from 4.1 to 6.3 years (from 4.3 to 5.3 years for the Group) and improving its financial costs which went from 2.10% to 1.99% (2.04% to 2.00% for the Group).

During the first 9 months of 2016, the following transactions have been carried out in France:

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

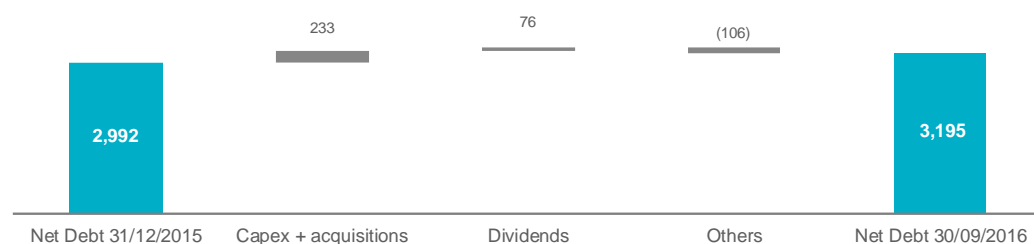
The financial net debt of the Group stood at €3,195m at 30 September 2016, as shown in the table below:

Breakdown of the consolidated net financial debt	September 2016			December 2015			Var. Total
	SP	FR	Total	SP	FR	Total	
Syndicate loan	182	0	182	67	0	67	115
Mortgage debt/leases	37	206	243	39	234	273	(30)
Unsecured debt and others	0	374	374	0	162	162	212
Bonds	1,250	1,301	2,551	1,250	1,457	2,707	(156)
<b>Total gross debt</b>	<b>1,469</b>	<b>1,880</b>	<b>3,349</b>	<b>1,356</b>	<b>1,853</b>	<b>3,209</b>	<b>140</b>
Cash & cash equivalents	(128)	(26)	(154)	(205)	(12)	(217)	63
<b>Group Net Debt</b>	<b>1,341</b>	<b>1,855</b>	<b>3,195</b>	<b>1,151</b>	<b>1,841</b>	<b>2,992</b>	<b>203</b>
Average maturity of drawn debt (years)	4.1	4.5	4.3	5.0	4.8	4.8	(0.5)
Average maturity available debt (years)	4.0	4.3	4.1	4.7	4.7	4.7	(0.6)
Cost of debt % (without arrangement fees)	2.10%	2.00%	2.04%	2.14%	2.36%	2.27%	(23pb)

This situation does not yet reflect the positive impacts of the Liability Management carried out in October and November 2016.

The evolution of the Group's net debt during the nine months prior to 30 September 2016 is as follows:

#### Net Debt Movement €m - September 2016



### Main leverage ratios and liquidity

As at 30 September 2016, the Colonial Group's net debt amounted to €3,195m. The LTV (Loan to Value) of the Group, calculated as the total net debt ratio between the total GAV of the Group, was 40.3%. 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 32.8%.

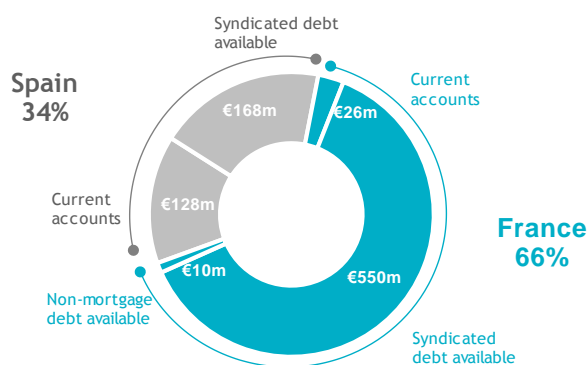
#### Main leverage ratios

30/09/2016 - €m	Holding	Group
GAV incl. transfer costs	3,994	7,935
Net debt - excluding committed cash	1,312	3,195
LTV incl. transfer costs	32.8%	40.3%

Gav 6/2016 adjusted with investments and disposals in Q3 2016

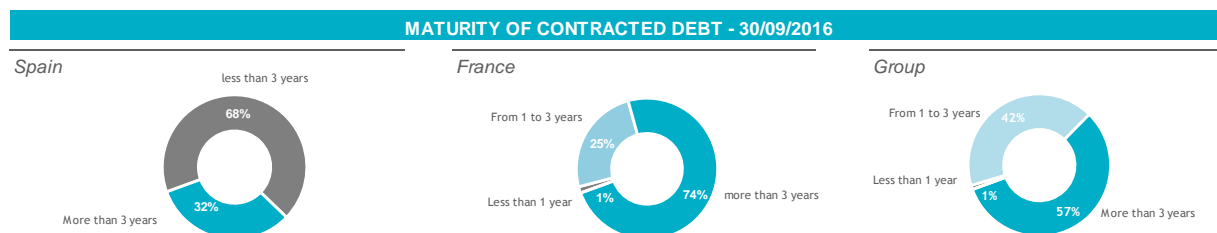
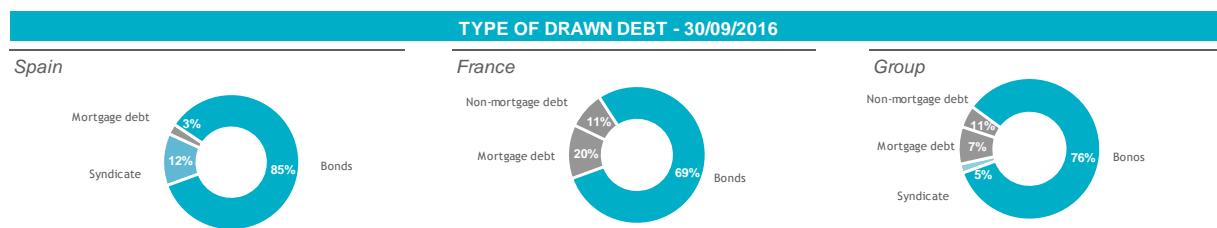
Cash & undrawn balances of the Colonial Group at 30 September 2016 amounted to €882m, distributed as shown in the graph below:

#### Cash & Undrawn balances



The Group Proforma liquidity after the implementation of the transactions carried out in October and November 2016 increases up to €992m.

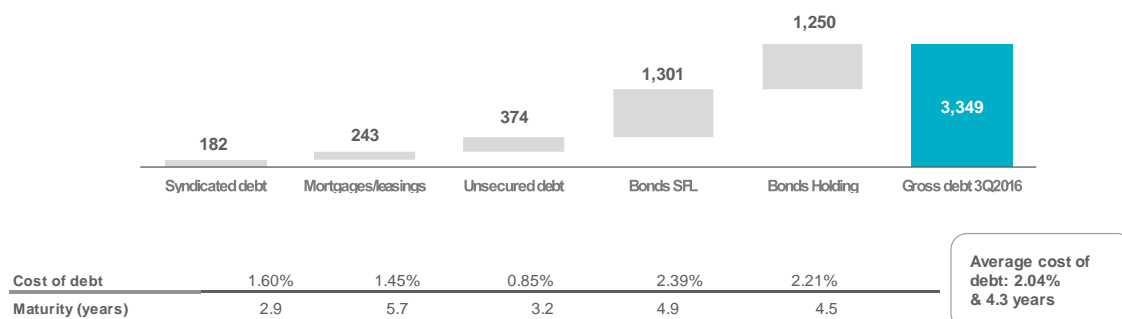
The main characteristics of the Group's debt are shown below:



<b>Spain</b>		<b>France</b>		<b>Total</b>	
Spread	172 b.p.	Spread	154 b.p.	Spread	162 b.p.
Cost of debt	210 b.p.	Cost of debt	200 b.p.	Cost of debt	204 b.p.
Average life of drawn down debt (years)	4.1	Average life of drawn down debt (years)	4.5	Average life of drawn down debt (years)	4.3
Average life of the contracted debt (years)	4.0	Average life of the contracted debt (years)	4.3	Average life of the contracted debt (years)	4.1
Contracted debt	€1,637m	Contracted debt	€2,440m	Contracted debt	€4,077m

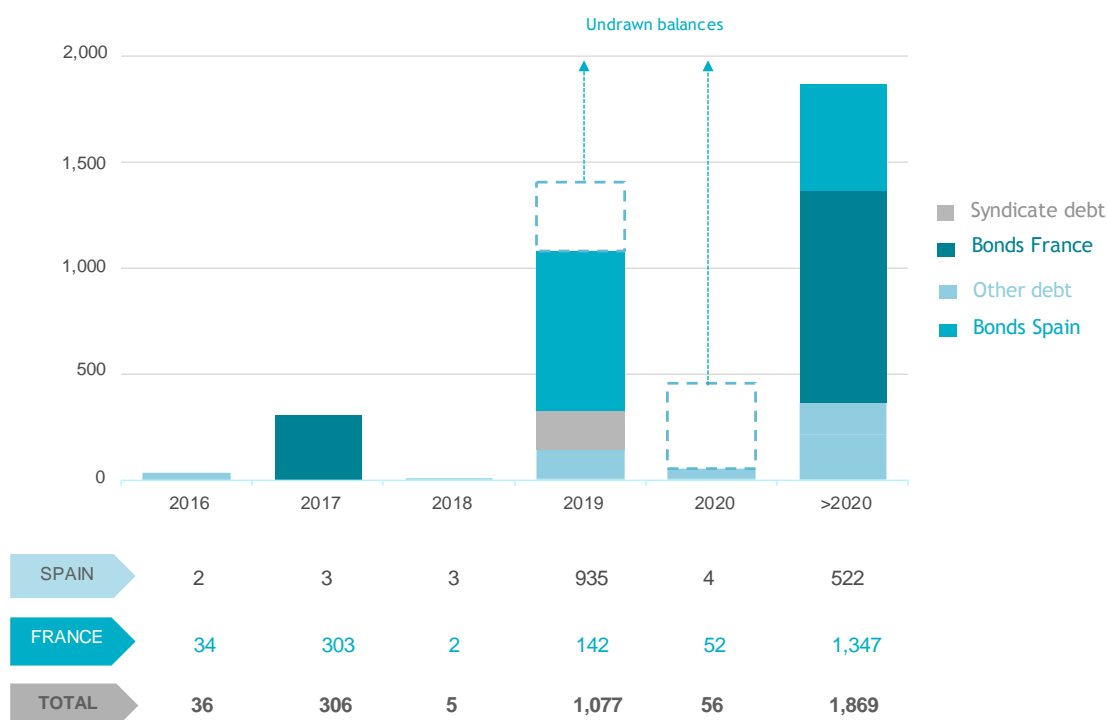
The composition of the Group's debt at 30 September 2016 is as follows:

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



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

### Maturity profile of contracted debt



As a result of the operations carried out in October and November, Colonial has reduced the debt maturities for 2019 by 60% (€935m at 30 September vs €378m post liability management) with a new average maturity of 6.3 years in Spain.

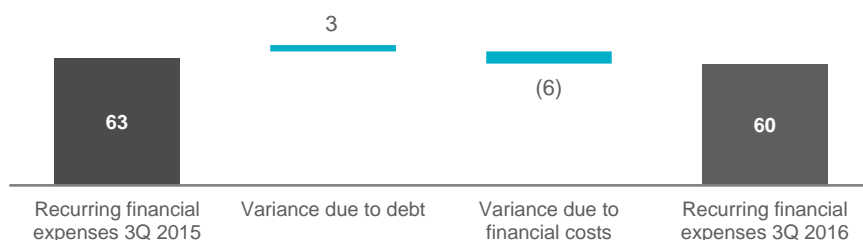
### Financial results

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

<b>Financial results</b>					
<b>September cumulative - €m</b>	<b>Spain</b>	<b>France</b>	<b>2016</b>	<b>2015</b>	<b>Var. %</b> <sup>(1)</sup>
Recurring financial expenses - Spain	(26)	0	(26)	(29)	(9%)
Recurring financial expenses - France	0	(36)	(36)	(40)	(11%)
Recurring Financial Income	1	1	1	1	44%
Capitalized interest expenses	1	0	1	5	(88%)
<b>Recurring Financial Result</b>	<b>(25)</b>	<b>(35)</b>	<b>(60)</b>	<b>(63)</b>	<b>(4%)</b>
Non-recurring financial expenses	(1)	0	(1)	(27)	(98%)
Change in fair value of financial instruments	(1)	(2)	(3)	(7)	(59%)
<b>Financial Result</b>	<b>(27)</b>	<b>(36)</b>	<b>(63)</b>	<b>(97)</b>	<b>(35%)</b>

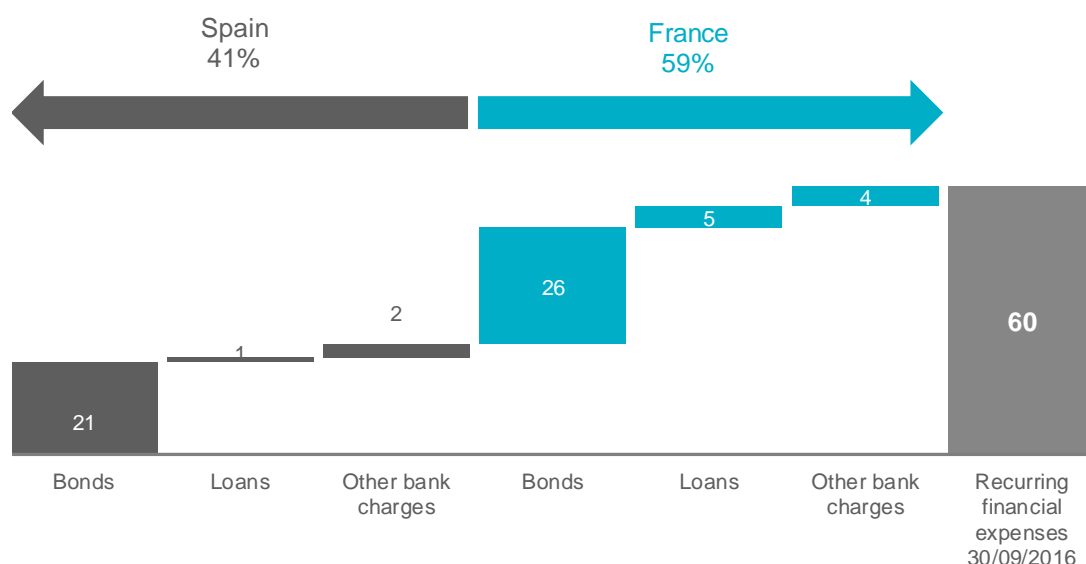
<sup>(1)</sup> Sign according to the profit impact

- The recurring financial results of the Group at 30 September 2016 were 5% lower than the same period of the previous year. This saving is mainly due to the reduction in the financial costs (2.04% vs. 2.27%), primarily generated by the cancellation of Colonial's old syndicate loan and the bond issue carried out in June 2015, as well as the Liability Management transaction carried out by SFL in the last quarter of 2015.



- Regarding the non-recurring financial expense, the 2015 amount mainly corresponds to the close-out costs of the old syndicate loan.
- The average credit spread as of September cumulative amounted to 165 bp (versus 176 bp in the same period in 2015). The drawn debt spread amounted to 162 bp.
- The breakdown of the recurring financial cost during the first 9 months of 2016 is as follows:

**Breakdown recurring financial expenses - September 2016**



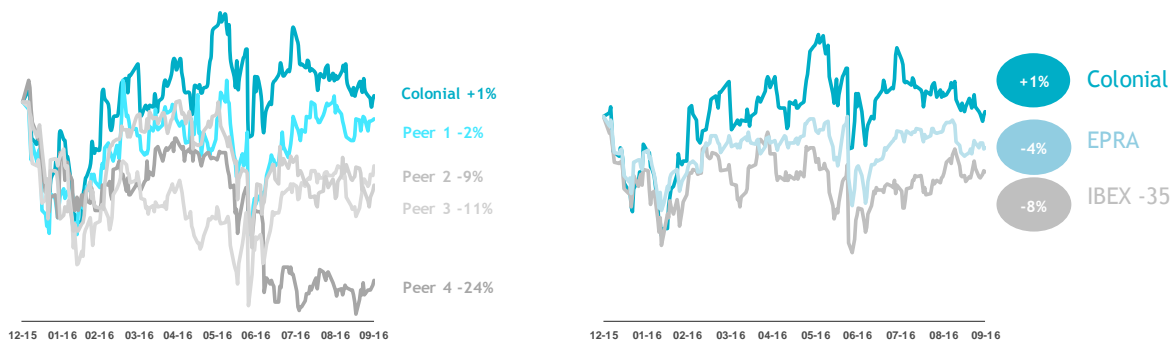
More details on the financial structure are found in Appendix 6.7.

## 5. Share price performance and shareholder structure

### Share price performance

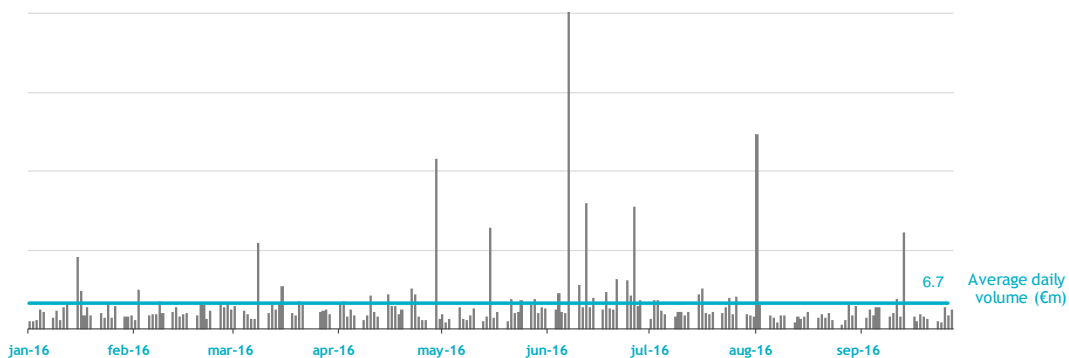
The year 2016 is characterized by increased volatility in capital markets, especially since the Brexit vote.

In this context, Colonial share price has clearly outperformed its peers as well as the IBEX and the EPRA index with a YTD increase of 1%.



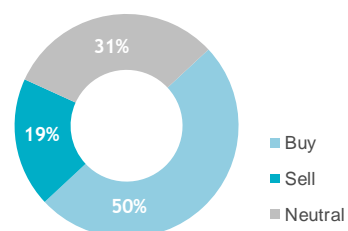
The average daily trading volume reached €6.7m, offering attractive levels of liquidity within the sector in Europe and especially in Spain.

#### Daily traded volume (€m)



The Colonial share price has significant amount of coverage, with currently 17 analysts covering the company.

Out of the total recommendations, 60% of the analysts issued a buy recommendation. Target price based on analysts' consensus stands at €7.3/share.



The target price of the analysts' consensus is 13% higher than the closing price on 30 September 2016, with maximum target price levels above €9.1/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
Morgan Stanley	Bart Gysens	22/02/2016	Overweight	7.2	261	275	96	112	6.6	7.2
Merrill Lynch	Samuel Warwood	26/05/2016	Neutral	6.9	277	293	68	89	6.9	7.3
Ahorro Corporación	Guillermo Barrio	03/06/2016	Sell	6.0	269	296	32	45	nd	nd
Banco Sabadell	Ignacio Romero	23/06/2016	Buy	8.2	272	282	nd	nd	7.5	8.7
BPI	Gonzalo Sanchez Bordona	29/06/2016	Buy	8.0	300	318	61	96	7.5	7.9
Bankinter	Juan Moreno Martínez de Le	28/07/2016	Maintain	6.3	252	278	61	80	nd	nd
N+1 Equities	Jaime Amoribieta	28/07/2016	Buy	7.6	277	300	86	114	7.5	8.2
JB Capital	Daniel Gandoy	28/07/2016	Neutral	7.1	280	301	77	94	7.1	7.7
Alpha Value	Alda Kule Dale	28/07/2016	Buy	8.5	263	297	nd	nd	7.5	8.6
Mirabaud	Ignacio Méndez Terroso	28/07/2016	Neutral	6.8	270	282	84	93	nd	nd
Kepler Cheuvreux	Carlos Ais	30/08/2016	Sell	6.6	284	306	43	77	7.7	8.4
Intermoney Valores		20/09/2016	Maintain	7.4	262	282	nd	nd	7.1	7.7
Deutsche Bank	Markus Scheufler	17/10/2016	Buy	7.5	nd	nd	61	75	7.3	8.3
Banco Santander	Jose Alfonso Garcia	17/10/2016	Buy	7.5	277	310	97	117	6.8	7.6
Goldman Sachs	Jonathan Kownator	17/10/2016	Buy	9.1	284	318	80	117	7.4	7.8
Kemper	Tania Valiente	17/10/2016	Buy	7.6	264	278	75	80	7.1	7.7
Green Street Advisors	Peter Papadakos	02/11/2016	Sell	5.5	275	280	77	92	7.5	nd
<b>Analysts consensus</b>				<b>7.3</b>	<b>273</b>	<b>293</b>	<b>71</b>	<b>91</b>	<b>7.2</b>	<b>7.9</b>

Source: Bloomberg & reports of analysts

During the month of September 2016, Colonial was awarded for its excellence and transparency in capital markets communication, with the “EPRA Gold Award – Financial Reporting” and “EPRA Gold Award – Sustainability Reporting”, being the only listed Spanish company with the highest rating in both categories.

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 Ixex Medium Cap index. These indices are benchmarks for international listed property companies.

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

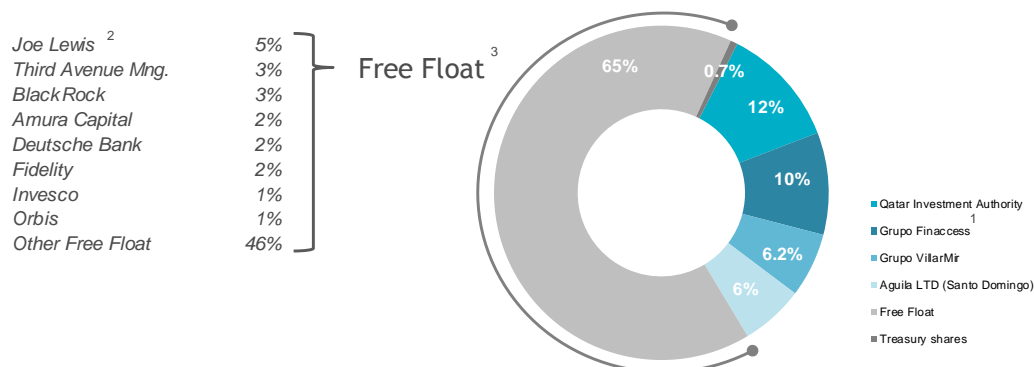




## Company shareholder structure

Colonial's shareholder structure is as follows:

### Shareholder structure at 24/10/2016 (\*)



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

(1) Through Hofinac BV

(2) Through Joseph Charles Lewis

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

### Board of Directors

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee
Juan José Brugera Clavero	Chairman		Chairman		
Grupo Villar Mir S.A.U represented by Juan-Miguel Villar Mir	Vice-Chairman - Director		Vice-chairman		
Pedro Viñolas Serra	Chief Executive Officer		Member		
Juan Villar-Mir de Fuentes	Director			Member	Member
Sheikh Ali Jassim M. J. Al-Thani	Director				
Adnane Moussanif	Director				
Juan Carlos García Cañizares	Director	Aguilá LTD (Santo Domingo)	Member	Member	
Carlos Fernández González	Director				
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 Trepát	Other External Director				Member
Francisco Palá Laguna	Secretary - Non-Director		Secretary	Secretary	Secretary
Núria Oferil Coll	Vice-secretary - Non-Director		Vice-secretary	Vice-secretary	Vice-secretary

## 6. Appendices

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6.1 EPRA Ratios

6.2 Consolidated balance sheet

6.3 Asset portfolio - Locations

6.4 Asset portfolio – Details

6.5 Project portfolio & New acquisitions

6.6 Historical series

6.7 Financial structure - 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	09/2016	09/2015
Earnings per IFRS Income statement	249	213
<i>Earnings per IFRS Income statement - €/share post contrasplit</i>	<i>0.75</i>	<i>0.67</i>
<b>Adjustments to calculate EPRA Earnings, exclude:</b>		
(i) Changes in value of investment properties, development properties held for investment and other interests	(354)	(348)
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	0	(1)
(iii) Profits or losses on sales of trading properties including impairment changes in respect of trading properties	(1)	(0)
(iv) Tax on profits or losses on disposals	0	0
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	2	35
(vii) Acquisition costs on share deals and non controlling joint venture interests	0	0
(viii) Deferred tax in respect of EPRA adjustments	11	25
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	0	0
(x) Minority interests in respect of the above	141	100
<b>EPRA Earnings</b>	<b>50</b>	<b>26</b>
<i>EPRA Earnings per Share (EPS) - €/share post contrasplit</i>	<i>0.15</i>	<i>0.08</i>
<b>Colonial specific adjustments:</b>		
(a) Extraordinary expenses	1	2
(b) Non recurring financial result	0	0
<b>Company specific adjusted EPRA Earnings</b>	<b>51</b>	<b>27</b>
<i>Company adjusted EPRA Earnings per Share (EPS) - €/share post contrasplit</i>	<i>0.15</i>	<i>0.09</i>

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

## 6.1 Appendix – Ratios EPRA (cont.)

### 2) EPRA Vacancy Rate

EPRA Vacancy Rate - Offices Portfolio			
€m	3Q 2016	3Q 2015	Var. %
<b>BARCELONA</b>			
Vacant space ERV	1	4	
Portfolio ERV	31	31	
<b>EPRA Vacancy Rate Barcelona</b>	<b>4%</b>	<b>13%</b>	<b>(8 pp)</b>
<b>MADRID</b>			
Vacant space ERV	1	3	
Portfolio ERV	48	35	
<b>EPRA Vacancy Rate Madrid</b>	<b>2%</b>	<b>8%</b>	<b>(6 pp)</b>
<b>PARIS</b>			
Vacant space ERV	7	8	
Portfolio ERV	184	148	
<b>EPRA Vacancy Rate Paris</b>	<b>4%</b>	<b>5%</b>	<b>(1 pp)</b>
<b>TOTAL PORTFOLIO</b>			
Vacant space ERV	10	15	
Portfolio ERV	263	214	
<b>EPRA Vacancy Rate Total Portfolio</b>	<b>4%</b>	<b>7%</b>	<b>(3 pp)</b>

Annualised figures

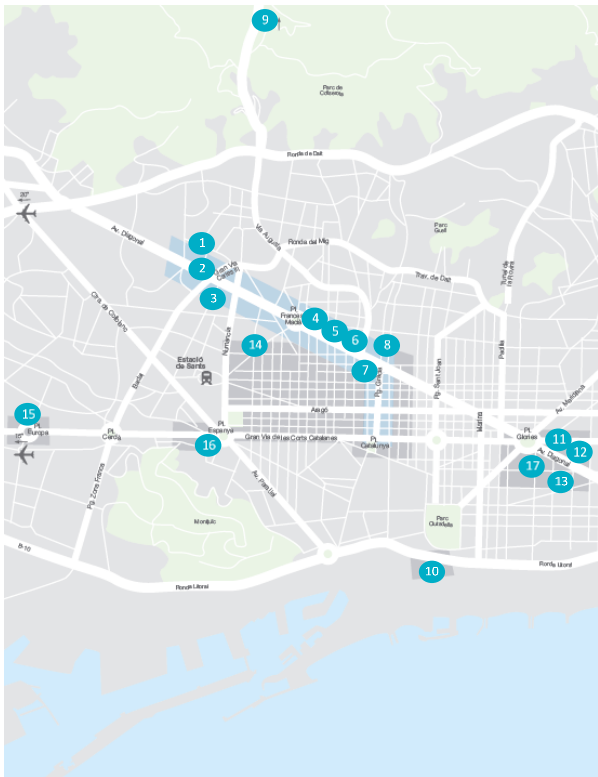
EPRA Vacancy Rate - Total Portfolio			
€m	3Q 2016	3Q 2015	Var. %
<b>BARCELONA</b>			
Vacant space ERV	1	4	
Portfolio ERV	33	32	
<b>EPRA Vacancy Rate Barcelona</b>	<b>4%</b>	<b>12%</b>	<b>(8 pp)</b>
<b>MADRID</b>			
Vacant space ERV	1	3	
Portfolio ERV	49	36	
<b>EPRA Vacancy Rate Madrid</b>	<b>2%</b>	<b>8%</b>	<b>(5 pp)</b>
<b>PARIS</b>			
Vacant space ERV	8	9	
Portfolio ERV	220	201	
<b>EPRA Vacancy Rate Paris</b>	<b>4%</b>	<b>4%</b>	<b>(1 pp)</b>
<b>TOTAL PORTFOLIO</b>			
Vacant space ERV	10	15	
Portfolio ERV	302	270	
<b>EPRA Vacancy Rate Total Portfolio</b>	<b>3%</b>	<b>6%</b>	<b>(2 pp)</b>

## 6.2 Appendix – Consolidated balance sheet

Consolidated balance sheet		
€m	3Q 2016	2015
<b>ASSETS</b>		
Property investments	7,412	6,743
Other non-current assets	52	46
<b>Non-current assets</b>	<b>7,464</b>	<b>6,789</b>
Debtors and other receivables	128	85
Other current assets	181	242
Assets available for sale	13	13
<b>Current assets</b>	<b>322</b>	<b>340</b>
<b>TOTAL ASSETS</b>	<b>7,786</b>	<b>7,130</b>
<b>LIABILITIES</b>		
Share capital	892	797
Reserves and others	1,155	625
Profit (loss) for the period	249	415
<b>Equity</b>	<b>2,296</b>	<b>1,837</b>
Minority interests	1,627	1,612
<b>Net equity</b>	<b>3,923</b>	<b>3,449</b>
Bond issues and other non-current issues	2,542	2,539
Non-current financial debt	754	442
Deferred tax	247	244
Other non-current liabilities	140	114
<b>Non-current liabilities</b>	<b>3,683</b>	<b>3,339</b>
Bond issues and other current issues	32	176
Current financial debt	38	54
Creditors and other payables	64	73
Other current liabilities	46	38
<b>Current liabilities</b>	<b>180</b>	<b>341</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>7,786</b>	<b>7,130</b>

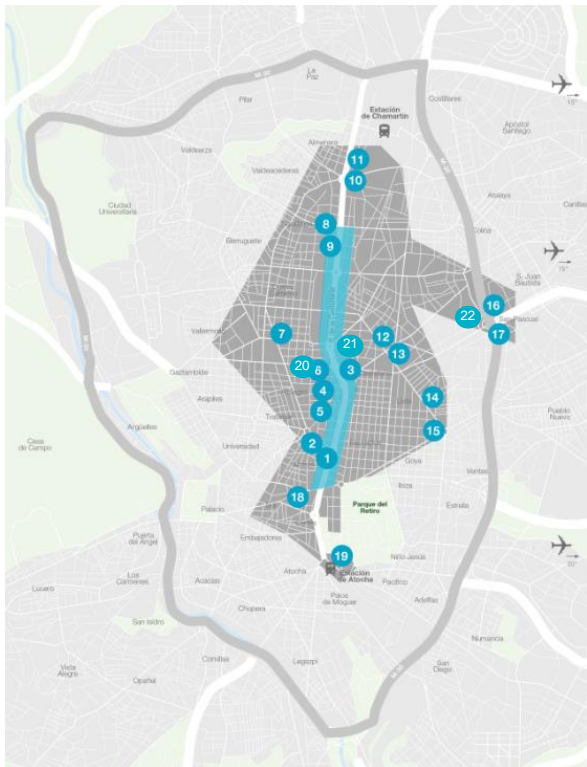
### 6.3 Appendix – Asset portfolio – Locations

#### 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

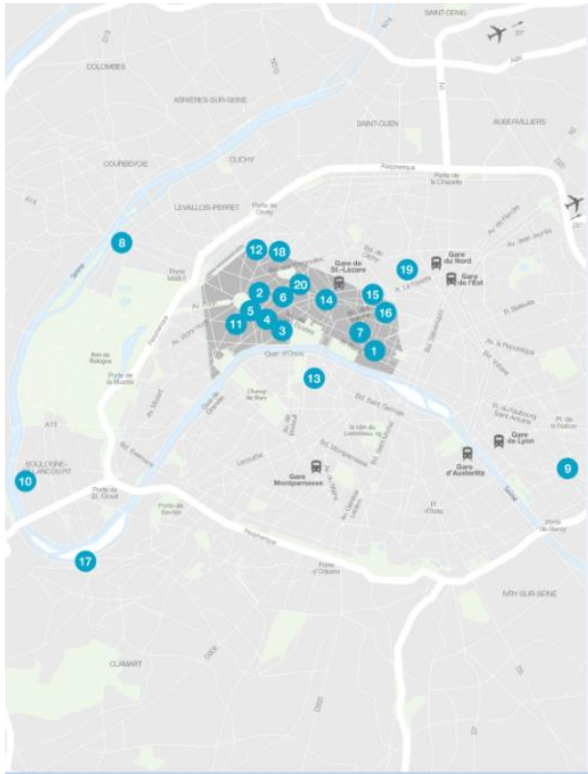
#### Madrid



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

### 6.3 Appendix – Asset portfolio – Locations (cont.)

#### Paris



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

## 6.4 Appendix – Asset portfolio - Details

### Spain

RENTAL PORTFOLIO SPAIN	Floor space above ground				Floor space above ground	Floor space below ground	Total surface	Parking units
	Offices	Retail	Resid.	Hotel				
DIAGONAL, 409	3,680	851			4,531	0	4,531	
DIAGONAL, 530	9,226	2,555			11,781	4,708	16,489	99
DIAGONAL, 609-615 - DAU/PRISMA	21,872				21,872	18,839	40,711	438
AV. DIAGONAL, 682	8,372	250			8,622	1,795	10,417	50
PEDRALBES CENTRE	0	5,558			5,558	1,312	6,870	
BERLIN, 38-48/NUMANCIA, 46	9,644	3,173			12,817	3,779	16,596	99
DIAGONAL 220-240, GLORIES	11,672				11,672	536	12,208	40
ILLACUNA	19,639	812			20,451	13,620	34,071	796
Pº TILOS, 2-6	5,143				5,143	3,081	8,224	79
VIA AUGUSTA, 21-23	4,620	218			4,838	0	4,838	
TRAVESSERA, 11	4,105	410			4,515	1,994	6,509	61
AMIGÓ, 11-17	2,960	535			3,495	1,766	5,261	88
PLZ. EUROPA 42-44	4,869				4,869	2,808	7,677	68
TORRE BCN	9,600	235			9,835	3,398	13,233	88
TORRE MARENOSTRUM	22,394				22,394	19,370	41,764	616
SANT CUGAT	27,904				27,904	20,482	48,386	690
CASTELLANA, 52	6,496	1,027			7,523	2,615	10,138	49
RECOLETOS, 37-41	13,642	3,560			17,202	5,340	22,542	175
MIGUEL ANGEL, 11	5,370	930			6,300	2,231	8,531	81
JOSE ABASCAL, 56	10,857	1,468			12,325	6,437	18,762	219
GÉNOVA, 17	3,638	1,038			4,676	2,601	7,277	70
JOSE ABASCAL, 45	3,308				3,308	1,929	5,238	54
SERRANO,73	4,242				4,242	3,176	7,418	80
ALCALA, 30-32	8,573	515			9,088	1,700	10,788	52
ALFONSO XII, 62	13,135				13,135	2,287	15,422	78
SANTA ENGRACIA	13,430				13,430	5,562	18,992	181
FRANCISCO SILVELA, 42	5,393				5,393	3,926	9,319	105
JOSÉ ORTEGA Y GASSET 100	6,870	922			7,792	2,563	10,355	96
CAPITÁN HAYA, 53	13,685	2,330			16,015	9,668	25,683	295
LÓPEZ DE HOYOS, 35	7,140				7,140	4,105	11,245	111
AGUSTÍN DE FOXÁ, 29	6,402	873			7,275	2,515	9,789	158
HOTEL CENTRO NORTE	0	385		8,073	8,458	11,089	19,547	
MARTÍNEZ VILLER GAS, 49	24,135				24,135	14,746	38,881	437
RAMÍREZ DE ARELLANO, 37	5,988				5,988	4,923	10,911	160
SANTA HORTENSIA, 26-28	46,928				46,928	25,668	72,596	946
HOTEL MOJACAR	0			11,519	11,519	0	11,519	
OTHER SMALL RETAIL UNITS		969			969	350	1,319	
<b>PORFOLIO IN OPERATION SPAIN</b>	<b>364,932</b>	<b>28,614</b>	<b>0</b>	<b>19,592</b>	<b>413,138</b>	<b>210,920</b>	<b>624,058</b>	<b>6,559</b>
PARC CENTRAL 22@	14,737				14,737	14,737	29,474	184
PARC GLORIES	24,551				24,551	5,343	29,894	141
ESTÉBANEZ CALDERÓN, 3-5	10,152				10,152	4,751	14,903	103
PRÍNCIPE DE VERGARA, 112-114	11,368				11,368	4,530	15,898	107
CASTELLANA, 43	5,998				5,998	2,441	8,439	81
ORENSE 46-48	0	5,010			5,010	1,384	6,394	51
REST OF ASSETS	2,154	87			2,241	0	5,008	
<b>PROJECTS UNDERWAY SPAIN</b>	<b>68,960</b>	<b>5,097</b>	<b>0</b>	<b>0</b>	<b>74,057</b>	<b>35,954</b>	<b>110,011</b>	<b>667</b>
<b>TOTAL SPAIN</b>	<b>433,892</b>	<b>33,711</b>	<b>0</b>	<b>19,592</b>	<b>487,194</b>	<b>246,874</b>	<b>734,068</b>	<b>7,226</b>
BARCELONA	205,112	14,787	0	0	219,899	119,143	339,043	3,537
MADRID	228,780	18,058	0	8,073	254,910	127,381	382,290	3,689
OTHERS	0	866	0	11,519	12,385	350	12,735	0

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



## 6.4 Appendix – Asset portfolio (cont.)

### France

RENTAL PORTFOLIO FRANCE	Floor space above ground				Floor space above ground	Floor space below ground	Total surface	Parking units
	Offices	Retail	Resid.	Hotel & others				
LOUVRE SAINT-HONORE	24,897	355		2,134	27,386	5,730	33,116	236
EDOUARD VII	28,151	15,351	4,509	4,202	52,214	10,145	62,359	523
6 HANOVRE	3,325				3,325	1,246	4,571	0
#CLOUD.PARIS	28,192			1,860	30,051	3,164	33,216	99
CONDORCET	20,376		1,562	1,301	23,239	2,457	25,696	50
GALERIE CHAMPS-ELYSEES	0	4,067			4,067	3,849	7,916	125
90 CHAMPS-ELYSEES	7,912	932			8,844	0	8,844	
92 CHAMPS-ELYSEES	4,110	3,089			7,199	0	7,199	
CEZANNE SAINT-HONORE	20,554	1,849	0		22,403	3,337	25,740	128
131 WAGRAM	7,100			449	7,549	3,119	10,668	124
96 IENA	7,505				7,505	4,711	12,217	264
112 WAGRAM	4,470	892			5,362	546	5,908	29
WASHINGTON PLAZA	35,150	416		2,214	37,780	13,280	51,060	662
HAUSSMANN SAINT-AUGUSTIN	11,683	791			12,474	2,650	15,124	104
9 PERCIER	4,716				4,716	419	5,135	14
176 CHARLES DE GAULLE	5,749	389			6,138	2,739	8,876	145
IN / OUT	30,954			1,660	32,614	11,680	44,294	581
LE VAISSEAU	6,026				6,026	2,321	8,347	124
RIVES DE SEINE	20,270			1,760	22,030	6,589	28,619	366
103 GRENELLE	9,969	258		1,052	11,278	1,891	13,169	100
SAINT DENIS	0		60		60	16	76	1
<b>PORTFOLIO IN OPERATION FRANCE</b>	<b>281,108</b>	<b>28,389</b>	<b>6,132</b>	<b>16,632</b>	<b>332,260</b>	<b>79,890</b>	<b>412,150</b>	<b>3,675</b>
LOUVRE SAINT-HONORE	1,081	8,851			9,932	8,462	18,394	
WASHINGTON PLAZA	4,513				4,513	2,177	6,690	
CEZANNE SAINT-HONORE	3,885				3,885	1,504	5,389	
103 GRENELLE	5,617				5,617	1,704	7,322	
#CLOUD.PARIS					0	3,397	3,397	
REST OF ASSETS	1,489	531			2,021	8,017	10,037	
<b>PROJECTS UNDERWAY FRANCE</b>	<b>16,586</b>	<b>9,382</b>			<b>25,968</b>	<b>25,260</b>	<b>51,229</b>	<b>0</b>
<b>TOTAL FRANCE</b>	<b>297,694</b>	<b>37,771</b>	<b>6,132</b>	<b>16,632</b>	<b>358,229</b>	<b>105,150</b>	<b>463,379</b>	<b>3,675</b>
<b>TOTAL PROPERTY COLONIAL</b>	<b>731,586</b>	<b>71,482</b>	<b>6,132</b>	<b>36,223</b>	<b>845,423</b>	<b>352,024</b>	<b>1,197,447</b>	<b>10,901</b>

## 6.5 Appendix – Project portfolio & new acquisitions

### Projects underway & new acquisitions in 2016

#### Estébanez Calderón – Madrid (Project underway)



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

floors, enabling it to obtain the LEED Gold energy certificate.

#### Príncipe de Vergara – Madrid (Project underway)



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

on all floors, enabling it to obtain the LEED Gold energy certificate.

#### Parc Glories – Barcelona 22@



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

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

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

### Projects underway and new acquisitions in 2016

#### José Abascal, 45 – Madrid Prime CBD



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

#### Serrano, 73 – Madrid Prime CBD



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.

#### Santa Hortensia, 26-28 – Madrid BD



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

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

### Delivered projects

#### #CLOUD (Rue Richelieu) – Paris



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

#### Travessera de Gràcia / Amigó



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

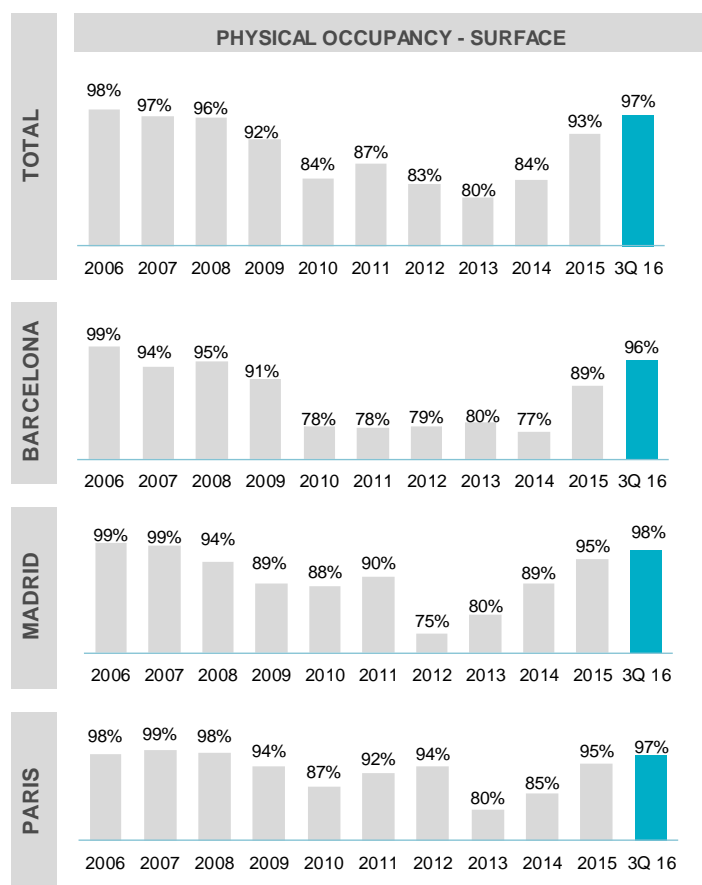
## 6.6 Appendix – Historical series

### Historical series breakdown

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

### Evolution of physical office occupancy

Office Occupancy<sup>(1)</sup> – 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 as of September 30, are as follows:

1. Bonds issued in two tranches in June 2015 for a total amount of €1,250m according to the following breakdown:
  - a) Issue of €750m, maturing in June 2019 with an annual fixed coupon of 1.863%.
  - b) Issue of €500m, maturing in June 2023 with an annual fixed coupon of 2.728%.These bonds are unsubordinated and non-preferential between them, and have been accepted for listing on the Main Securities Market of the Irish Stock Exchange.
2. Three SFL bond issues for €1,301m according to the following breakdown:
  - a) Issue in November 2012 of the initial amount of €500m, with pending amount after the repurchases carried out in November 2014 and November 2015 of €300.7m, maturing in November 2017, with an annual fixed coupon of 3.5%.
  - b) Issue in November 2014 for €500m, with an annual fixed coupon of 1.875%, maturing in November 2021.
  - c) Issue in November 2015 for €500m with an annual fixed coupon of 2.250%, maturing in November 2022.These bonds are unsubordinated and non-preferential between them and have been accepted for listing on the regulated market of Euronext Paris.
3. Colonial's syndicate loan for a nominal value of €350m, of which the agent bank is Natixis S.A. Sucursal en España, with initial maturity in June 2019, extendible until November 2020. The objective of this syndicate loan is to finance possible acquisitions, as well as refurbishments and other investment needs (CAPEX). The interest rate of the loan has been fixed at Euribor plus 160bp and the only guarantees provided have been corporate. This loan is subject to the fulfilment of certain financial ratios.

At 30 September 2016, €182m was drawn.
4. SFL's two syndicate loans:
  - a) A syndicate loan for a nominal amount of €400m, the agent bank of which is "BNP PARIBAS", maturing in July 2020 with an applicable spread, subject to the LTV level. This loan is totally undrawn.
  - b) A syndicate loan, the agent bank of which is "Natixis Banques Populaires" for a nominal amount of €150m, maturing in October 2019. The applicable spread varies depending on the LTV. At 30 June 2016, this loan was totally undrawn.
5. Bilateral loans with mortgage securities:
  - a) The Colonial Group in Spain holds €37m in bilateral loans, with mortgage securities on various property assets. The average maturity of these loans is 4.6 years and the average financing spread is 80 bp.
  - b) SFL holds a total of €206m in bilateral loans with various financial institutions, with mortgage securities on property assets. The average maturity of these loans is 5.6 years.

## 6.7 Appendix – Financial structure – Details (cont.)

### 6. Bilateral loans without mortgage securities:

SFL holds various loans for the amount of €374m, at a variable interest rate, with an average maturity of 3.3 years.

## Hedging portfolio

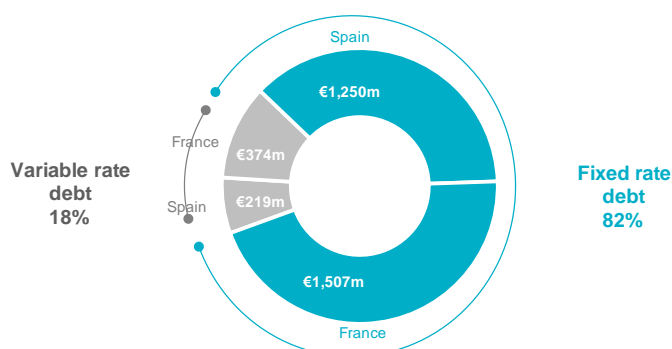
The breakdown of the hedging portfolio at 30 September 2016 is the following:

September 2016 Financial instrument - €m	Spain	France	MTM (Ex-coupon)
Total hedging portfolio (Variable - Fixed)	24	0	(3)
Maturity (years)	7.3	0.0	
% Hedging portfolio / Gross debt	11%	0%	
% Fixed rate or hedged debt vs/ Gross debt	87%	80%	

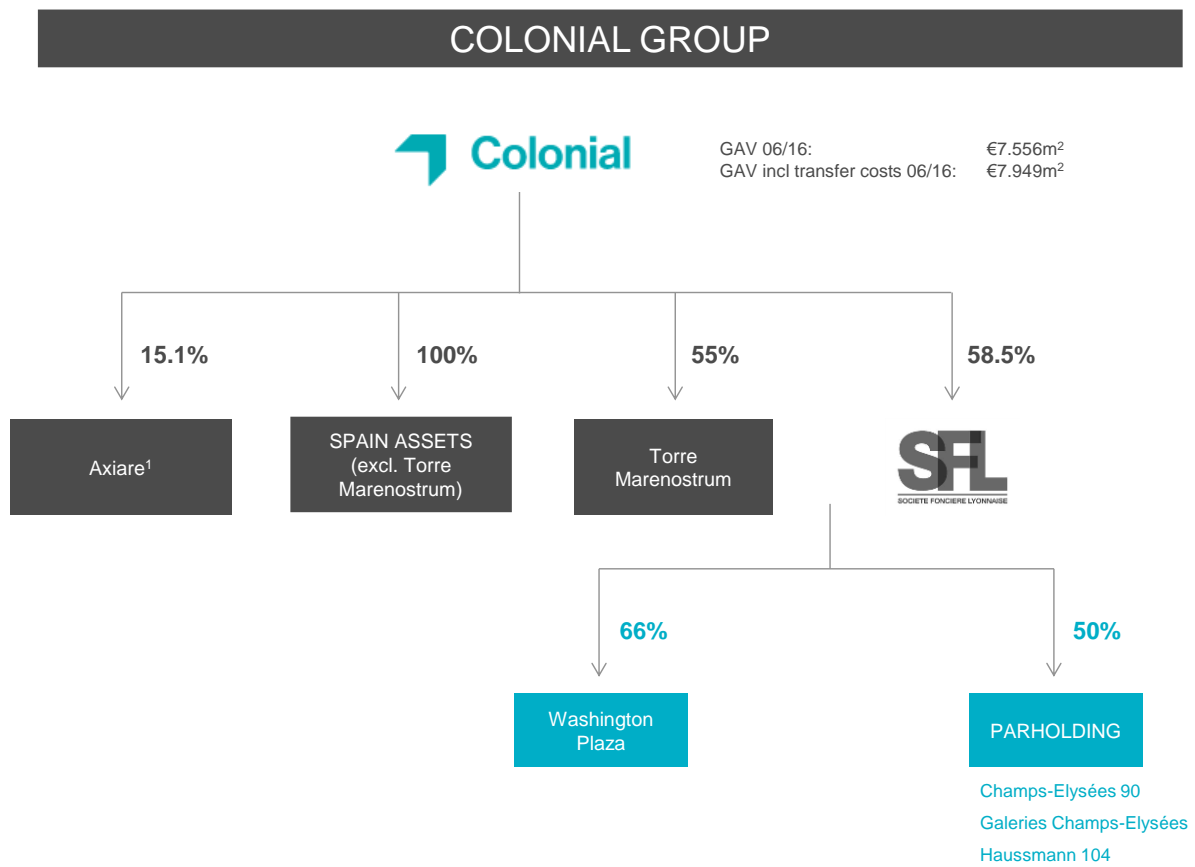
67% of the Group's debt is contracted at a fixed rate, although the drawn debt at 30 September 2016 was 82% at a fixed rate. In addition, the Group uses derivative financial instruments that enable it to manage its exposure to interest rate fluctuations. The objective of the risk management policy is to reduce exposure to interest rate volatility in order to limit and control the impact of interest rate fluctuations on the cash flow and results, maintaining an appropriate global cost of debt. In addition, the policy of the Group is to contract instruments that comply with the requirements established under IFRS 39, allowing the variance in the market value (MTM) to be registered directly in net equity.

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

### Breakdown of fixed rate and variable debt at 30/09/2016



## 6.8 Appendix – Legal structure



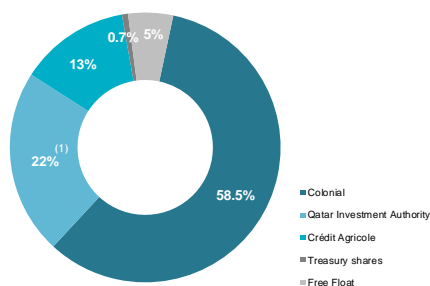
1) Stake acquired after the close of the third quarter 2016  
 2) Without the value of the shares of Axiare



## 6.9 Appendix – Subsidiaries - Details













### Shareholder structure and Board of Directors of SFL

#### SFL - Shareholder structure at 30/09/2016



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

#### Board of Directors SFL

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee	Independent Directors Committee
Juan Jos� Brugera Clavero	Chairman	 Colonial	Chairman			
Pere Vi�olas Serra	Vice-Chairman - Director	 Colonial	Member	Member		
Carlos Fern�ndez-Lerga Garralda	Director	 Colonial			Chairman	
Carmina Ganyet Cirera	Director	 Colonial	Member			
Angels Arderiu Ibars	Director	 Colonial				
Carlos Krohmer	Director	 Colonial				
Luis Maluquer Trep�	Director	 Colonial				
Nuria Oferill Coll	Director	 Colonial				
Ali Bin Jassim Al Thani	Director					
Adnane Moussanif	Director					
Jean-Jacques Duchamp	Director		Member		Member	
Chantal du Rivau	Director					
Anne-Marie de Chalambert	Independent Director			Member		Member
Jacques Calvet	Independent Director				Member	Member
Anthony Wyand	Independent Director			Chairman		Member

## 6.10 Appendix - Glossary

<b>Earnings per share (EPS)</b>	Profit from the year attributable to the shareholders divided by the average number of shares
<b>BD</b>	Business District
<b>Market capitalisation</b>	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
<b>CBD</b>	Central Business District (prime business area)
<b>Property company</b>	Company with rental property assets
<b>Portfolio (surface area) in operation</b>	Property/surfaces with the capacity to generate rents at the closing date of the report
<b>EBIT</b>	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.
<b>EBITDA</b>	Operating result before net revaluations, amortizations, provisions, interests and taxes
<b>EPRA</b>	European Public Real Estate Association: Association of listed European property companies that sets best market practices for the sector
<b>Free float</b>	The part of share capital that is freely traded on the stock market and not controlled in any stable way by shareholders
<b>GAV excl. transfer costs</b>	Gross Asset Value of the portfolio according to external appraisers of the Group, after deducting transfer costs
<b>GAV incl. transfer costs</b>	Gross Asset Value of the portfolio according to external appraisers of the Group, before deducting transfer costs
<b>GAV Parent Company</b>	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.)

<b>Holding</b>	A company whose portfolio contains shares from a certain number of corporate subsidiaries.
<b>IFRS</b>	International Financial Reporting Standards.
<b>JV</b>	Joint Venture (association between two or more companies).
<b>Like-for-like rents</b>	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.
<b>Like-for-like valuation</b>	Data that can be compared between one period and another (excluding investments and disposals).
<b>LTV</b>	Loan to Value (Net financial debt/GAV of the business).
<b>EPRA NAV</b>	EPRA Net Asset Value (EPRA NAV) is calculated based on the consolidated equity of the company and adjusting some items following the EPRA recommendations.
<b>EPRA NNAV</b>	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.
<b>EPRA Cost Ratio</b>	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.
<b>Physical Occupancy</b>	Percentage: occupied square metres of the portfolio at the closing date of the report/surfaces in operation of the portfolio
<b>EPRA Occupancy</b>	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

<b>Reversionary potential</b>	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.
<b>Projects underway</b>	Property under development at the closing date of the report
<b>RICS</b>	Royal Institution of Chartered Surveyors
<b>SFL</b>	Société Foncière Lyonnaise
<b>Take-up</b>	Materialized demand in the rental market, defined as new contracts signed
<b>TMN</b>	SPV of Colonial (55%) and Gas Natural (45%) related to the Torre Marenostrum building
<b>Valuation Yield</b>	Capitalization rate applied by the independent appraisers in the valuation
<b>Yield on cost</b>	Market rent 100% occupied/Market value at the start of the project net of impairment of value + invested capital expenditure
<b>Yield occupancy 100%</b>	Passing rents + vacant spaces rented at the market prices/market value
<b>EPRA net initial yield (NIY)</b>	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)
<b>EPRA Topped-Up Net Initial Yield</b>	EPRA Net Initial Yield adjusted in respect of the expiration of rent-free periods
<b>Gross Yield</b>	Gross rents/market value excluding transfer costs
<b>Net Yield</b>	Net rents/market value including transfer costs
<b>€m</b>	In millions of euros

## 6.11 Appendix – Contact details

### Investor Relations

Tel. +34 93 404 7898  
[inversores@inmocolonial.com](mailto:inversores@inmocolonial.com)

### Shareholders Office

Tel. +34 93 404 7910  
[accionistas@inmocolonial.com](mailto:accionistas@inmocolonial.com)

### Colonial Website

[www.inmocolonial.com](http://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 leading property Company in the European Prime office market with presence in the main business areas of Barcelona, Madrid and Paris with a portfolio of 850,000sq m above ground and assets under management with a value of close to €8bn.

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