4/17

Annual Results 2017

26 February 2018

EPRA NAV of €8.60/share, +19%

- Total Shareholder Return 2017: +21%
- Gross rental income: €283m, +4% (+4% like-for-like)
- Recurring net profit: €83m, +22%
- Gross Asset Value of the Colonial Group: €9,282m, +12% like-for-like
- Group net profit: €683m, +149%

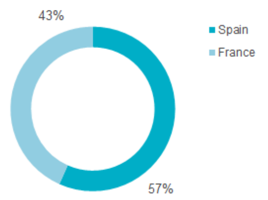
Company KPIs - 31/12/2017

Total Shareholder Return (*)			+21%
per share data	**2017**	**2016**	**Variance**
NAV [9]	8.60	7.25	+19%
EPS recurring	0.215	0.189	+14%
DPS	0.180 [10]	0.165	+9%
FFO [1]	0.220	0.205	+8%

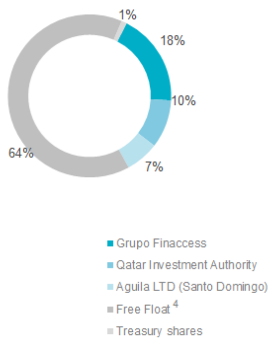
P/L €m data	2017	2016	Variance
Rental revenues	283	271	+4%
EBITDA recurring	229	220	+4%
Recurring income	83	68	+22%
Net income	683	274	+149%

Capital Structure	2017
GAV Group (€m)	9,282
NAV (€m) [9]	3,744
Net debt (€m)	3,066
Cash & undrawn bal. (€m)	2,427
Group LTV [3]	31%
Debt maturity (years)	5.5

Geographical diversification [2]



Shareholder structure Colonial



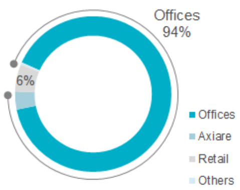
Rating Standard & Poors
BBB stable outlook

Rating Moody's
Baa2 negative outlook

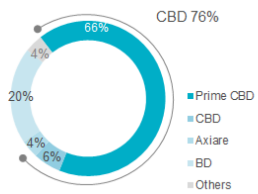
Portfolio KPIs

	2017
GAV Group (€m)	9,282
No. of assets Spain	*45*
No. of assets France	*20*
Total no of assets [5]	65
Lettable surface	*769,166*
Developments underway [6]	*247,865*
Surface above ground (sqm)	1,017,031

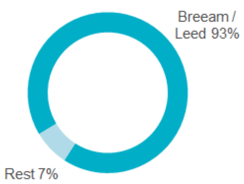
Valuation - by uses



Valuation - by area



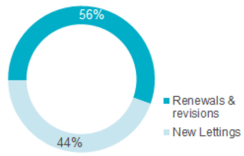
% Buildings with energy certification [7]



Business KPIs

	Total	Barcelona	Madrid	Paris
# contracts signed	99	32	39	28
Contracts signed sq m	134,831	51,614	62,175	21,042
Total EPRA Vacancy [8]	4%	1%	7%	3%
Rental revenues (€m)	283	35	52	196
% EPRA Like-for-like var	*4.2%*	*9.6%*	*2.1%*	*3.6%*

Breakdown letting performance



(*) Total shareholder return= NAV growth per share + Dividend per share paid in current year

(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 Torre Marenostrum + NAV of the stake in Axiare + NAV of the 58.6% stake in SFL + Value Plaza Europa JV

(3) Net debt Group /GAV Group (incl. Transfer costs) + NAV of the stake in Axiare + Treasury shares + JV Plaza Europa

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

(5) Excluding small non-core assets. Additionally, at the beginning of 2018 and under Alpha III project, Colonial has acquired one asset in Barcelona and one asset in Madrid

(6) Projects & refurbishments

(7) Buildings in operation with energy certification

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

(9) EPRA NAV according to the calculation recommended by EPRA

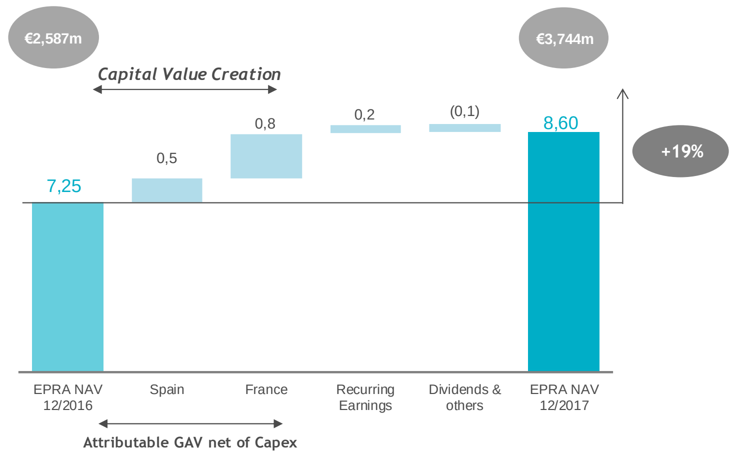
(10) Dividend 2017: dividend proposal charged against 2017 results subject to approval of the AGM in 2018

Highlights

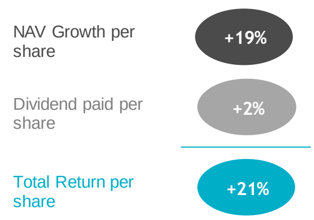
Annual results 2017

2017 was an excellent year for the Colonial Group with a Total Shareholder Return of +21% due to an increase in the EPRA Net Asset Value per share of +19% in combination with a dividend yield of +2%.

EPRA NAV €/share



Total Shareholder Return [1]



(1) Total return understood as growth of NAV per share + dividends

This return is a consequence of a strategy of specialization on prime offices in the markets of Barcelona, Madrid and Paris, with an approach of real estate value creation – “Prime Factory” -, that priorities quality of return maintaining highest financial discipline.

The Group’s successful strategy is reflected in all aspects of the financial and operating results for 2017:

1. Very solid operative parameters
   > 99 signed contracts corresponding to more than 134,000 sq m and €48m in annual rental income
   > EPRA vacancy at minimum levels of 4%. Barcelona stands out with 1%
   > Maximum level of signed rental contract prices in all markets, setting the reference for prime rents
   > Capturing rental price increases: +9% vs. ERV December 2016 and +13% of release spreads

2. A +4% like-for-like increase in rental income driven by rental price increases

3. An increase of +22% in recurring income, up to €83m, +14% on EPS

4. Disposal of the IN/OUT asset in Paris for €445m, a premium of +27% on 2016 valuation

5. An increase in asset value of +15% (+12% like-for-like), reaching €9,282m

6. An increase in the net attributable result of +149%, reaching €683m

7. An increase of +19% in Net Asset Value per share reaching €8.60/share

8. A robust capital structure with an LTV of 31%, €2,427m[(2)] of liquidity and a solid investment grade rating by Standard & Poor’s and Moody’s

(2) Including €1,034m, of guarantee presented to the CNMV (Spanish stock market regulator) for the takeover bid for Axiare Patrimonio, SOCIMI, S.A.

Increase in the recurring results

The recurring earnings amounted to €83m, an increase of 22%, compared to the previous year, mainly due to three factors:

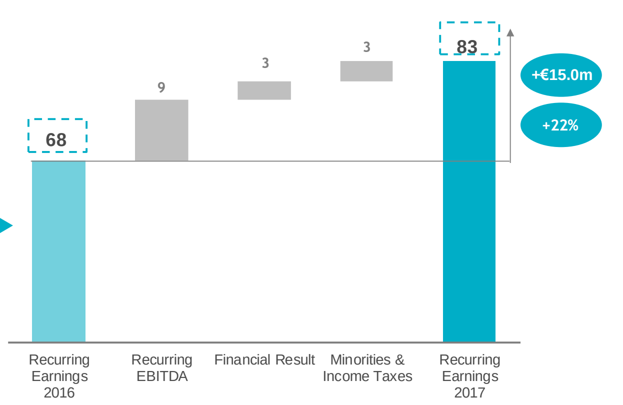
1. A solid 4% year-on-year increase in rental income
2. An improvement in financial results
3. A lower corporate tax expense due to the conversion to SOCIMI

Profit & Loss Accounts

Results analysis - €m	2017	2016
Gross Rents	283	271
Net operating expenses(*)	(16)	(15)
Overheads	(37)	(36)
Recurring EBITDA	229	220
Recurring financial result	(77)	(80)
Income tax expense & others - recurring	(10)	(12)
Minority interests - recurring	(59)	(61)
Recurring Earnings	83	68
Variance asset values & provisions	921	554
Non-recurring financial result & MTM	(2)	(25)
Income tax & others - non-recurring	20	(98)
Minority interests - non-recurring	(338)	(225)
Profit attributable to the Group	683	274

(*) Includes other income

Recurring Income - €m - Variance Analysis

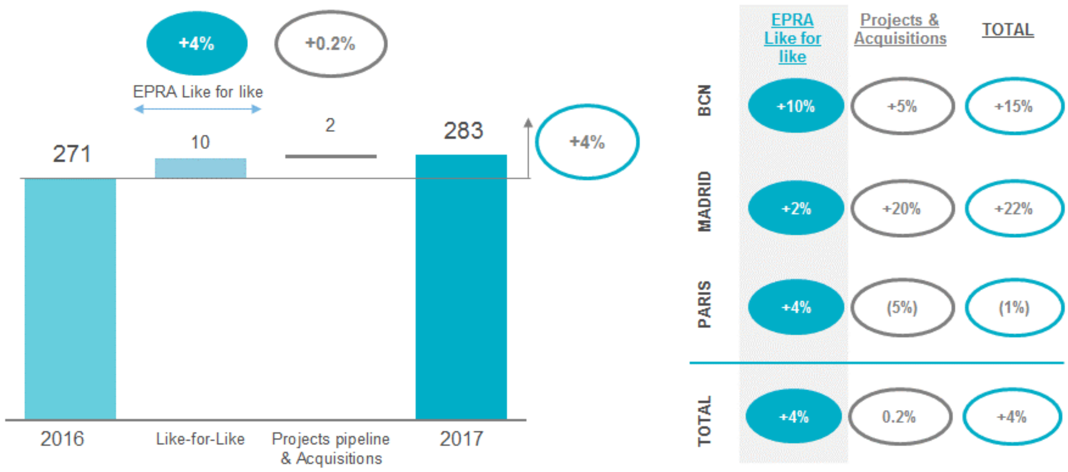


Growth in rental income

The Colonial Group achieved a +4% like-for-like growth in rental income compared to the close of the previous year. This increase is among the highest in the sector.

In Spain, the rental income increased +5% like-for-like, thanks to the strong performance of the Barcelona portfolio with an increase of +10% like-for-like. The Paris portfolio increased +4% like-for-like, with contracts signed on the Edouard VII, #Cloud and Percier buildings.

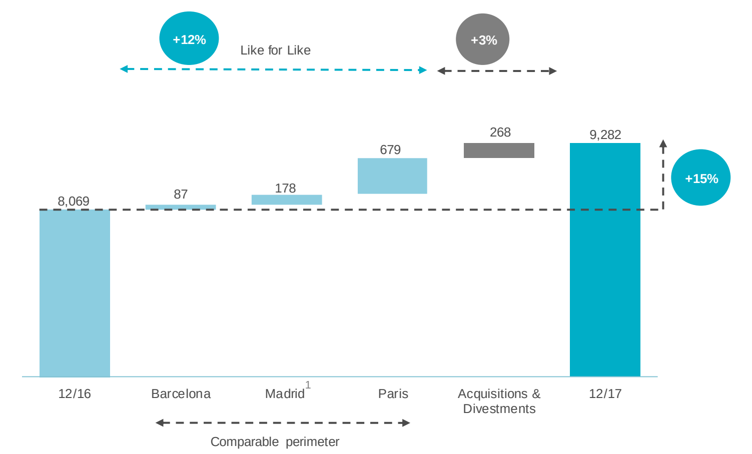
Gross Rental Income - €m



Real estate value creation

At the close of 2017, the asset value of the Colonial Group amounted to €9,282m (€9,741m including transfer costs), an increase of 12% like-for-like. Including the impact of the new acquisitions and the net sale of IN/OUT, the increase was 15% year-on-year.

Variance Analysis - Value 12 months - €m



GAV VARIANCE

	Total Variance	Price & others	Yield
BARCELONA	+11%	+8%	+3%
MADRID [2]	+11%	+7%	+4%
PARIS	+13%	+2%	+10%
TOTAL LFL	+12%	+4%	+8%

(1) Includes the like-for-like value of the 15.1% stake in Axiare
(2) Includes the asset portfolio in Madrid not considering the stake in Axiare

The value of the assets in Spain increased by +11% like-for-like in the last 12 months. The portfolios in Madrid as well as Barcelona had +11% year-on-year growth each. It is important to highlight that more than half of the increase in asset values in Spain (+8% in Barcelona and +7% in Madrid) is a result of the increase in market rents on the properties. This increase in prices is based on the Colonial Group's capacity to capture the rental cycle growth with its prime portfolio.

The asset value of the Paris portfolio has increased +13% like-for-like in the last 12 months. An increase in prices makes up +2% of the growth. However, the majority of the value creation is due to projects of real estate transformation. Among these, the Galerie Champs Elysées, Edouard VII and Washington Plaza buildings are highlighted.

In general terms, the increase in asset values is a consequence of three factors:

1. A growing interest by investors in prime assets, driving down yields, especially in the Paris CBD market, which is one of the core markets that attracts the most investors on a global level
2. Rental price increases captured in recent quarters by the Colonial Group's portfolio in the three markets
3. The Group's industrial approach that enables superior value creation through portfolio repositioning and Prime Factory projects

Solid fundamentals in all segments

The Colonial Group's business has had an excellent performance with strong volumes of lettings, maintaining levels close to full occupancy.

Lettings with significant growth in rental prices

The Colonial Group has signed 99 rental contracts, corresponding to 134,831 sq m and an annual rental income of €48m. More than 59,000 sq m correspond to new contracts, and more than 75,000 sq m to renewals.

The **Colonial Group's portfolio** has captured **significant increases in rental prices**: +9% versus the ERV at December 2016 (Barcelona +10%, Madrid +8% & Paris +8%). In addition, the increase in renewals (Release Spread) was in the double digits in Spain (Barcelona +19% Madrid +11%).

# transactions		Surface sqm	GRI €m	Strong prices increase	
				% Var. vs ERV 12/16	Release Spread[1]
Barcelona	32	51,614	€11m	10%	19%
Madrid	39	62,175	€18m	8%	11%
Paris	28	21,042	€18m	8%	flat
Total	99	134,831	€48m	9%	13%

(1) Rents signed for renewals vs. previous rents

In the **Barcelona portfolio**, close to 51,000 sq m were let. It is worth highlighting the 10,000 sq m signed in the fourth quarter corresponding to pre-let transactions by international technology companies. The maximum rental price signed was €23.5/sq m/month, establishing the prime benchmark rate.

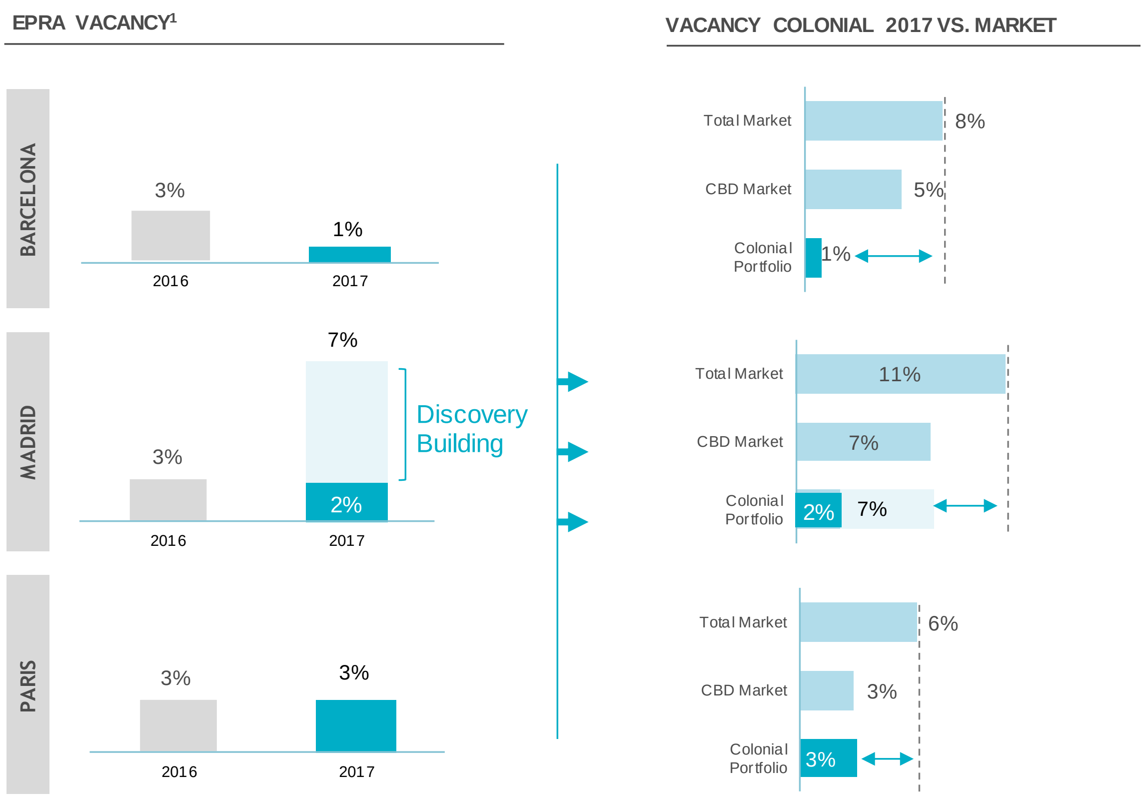
In the **Madrid portfolio**, more than 62,000 sq m were let. The maximum rental price of €32/sq m/month was signed on a 5,000 sq m transaction for the Castellana 43 building.

In the **Paris portfolio**, more than 21,000 sq m were let in 28 transactions. The maximum office rental price in 2017 was €850/sq m/year.

High occupancy levels

The excellent letting performance has enabled Colonial to achieve solid ratios close to full occupancy, clearly above the market average in the three cities in which the Group operates.

At the close of 2017, the EPRA vacancy of the Colonial Group was 4%. It is worth highlighting the Barcelona portfolio with only 1% vacancy. The Paris property portfolio had a 3% vacancy.



(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])*

Vacancy in the Madrid portfolio reached 7%, mainly due to the entry into operation of the recently delivered Discovery project. Excluding this new product, the rest of the Madrid portfolio had a vacancy rate of 2%.

Active portfolio management and growth drivers

The growth strategy of the Colonial Group involves annual organic investments of around €400m in acquisitions of new assets, prioritizing off-market transactions, and identifying assets with value-added potential in market segments with solid fundamentals.

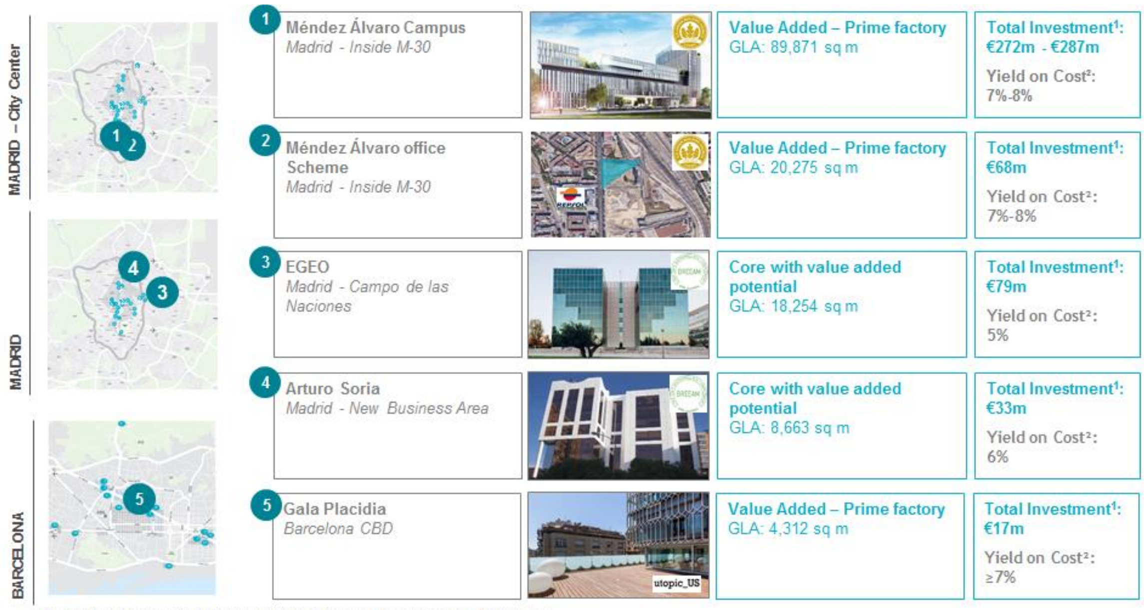
Alpha II acquisitions – *achieving the 2017 investment objective*

During the first quarter of 2017, the Colonial Group executed the Alpha II acquisition program, corresponding to the purchase of four assets for a total investment volume of almost €400m (acquisition price + future capex). Specifically, three development projects were acquired: Plaza Europa 34 in Barcelona, Paseo de la Castellana 163 in Madrid and 112-122 Av. Emile Zola in Paris, as well as the Spanish headquarters for the Bertelsmann Group in Travessera de Gracia 47-49, located in the Barcelona CBD.

Alpha III acquisitions – *acceleration of the 2018 investment objective*

Colonial commenced 2018 with the execution of the Alpha III project, which includes the acquisition of five assets, four in Madrid and one in Barcelona, with a total expected investment of €480m. The investment in Madrid consists of the development of more than 110,000 sq m of offices in the south of the CBD and of the acquisition of two top quality assets in new business areas in the capital. Additionally, Colonial has acquired an asset located in the CBD in Barcelona, where a complete refurbishment will be carried out with the objective of strengthening coworking initiatives.

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



1 Acquisition price + total estimated project capex 2 Potential running yields on cost for the next years

The Arturo Soria building and the two Méndez Álvaro plots were purchased in 2017, while the EGEO and Gala Placídia assets were purchased in Barcelona in the first quarter of 2018.

Rotation of mature assets

The Colonial Group regularly reviews the potential of future value creation for each one of its assets in the portfolio. As a consequence of this analysis, in September 2017, the disposal of the In&Out office complex in Paris was completed for a price of €445m, representing a premium of +27% on the appraisal valuation prior to the disposal commitment. This sale represents the culmination of the process of real estate value creation for this asset: (1) the transformation of the building through a development project, (2) the signing of a long-term contract for the OECD headquarters, and finally (3) the disposal of the asset at one of the highest prices in this market segment.

The sale proceeds of this mature asset will be reinvested in new projects of the Group, such as the creation of the Emile Zola office complex in the 15th arrondissement in Paris with an approximate investment amount of €265m (purchase price + future capex).

Project portfolio – important source of future value creation

To date, Colonial has a project portfolio of more than 240,000 sq m to create top quality products that offer high returns and therefore future value creation with solid fundamentals.

In Madrid, two projects are highlighted which will be carried out on the plots of land acquired at Méndez Álvaro south of the Madrid CBD, as well as two projects, Príncipe de Vergara 112 and Castellana 163, in the Madrid CBD. In Barcelona, the Parc Glories and Plaza Europa 34 projects are highlighted. All these projects will result in the creation of more than 171,000 sq m of office space with the highest market standards.

Méndez Álvaro

Príncipe de Vergara 112

Parc Glories

Plaza Europa 34

Paseo Castellana 163

In December 2017, the Discovery project was delivered with more than 10,000 sq m. This asset, located in the CBD, is currently in the commercialization phase.

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

Initiatives in the Proptech field

The Colonial Group's strategy involves taking advantage of initiatives in the Proptech field, which enable the Group to maximize the service provided to its clients and to be a leader in emerging trends in the offices sector.

(1) In October 2017, Colonial formalised the acquisition of a controlling stake in the Spanish platform Utopic_US, a leader in the field of flexible spaces and Coworking in Spain. With this acquisition, the Colonial Group has positioned itself in a new strategic line with the objective to complement and reinforce the user strategies of the Group, offering flexibility, integrated services and content.

(2) In August 2017, Colonial incorporated Aleix Valls, the former Managing Director of Mobile World Capital Barcelona, as Digital Senior Advisor to boost initiatives and strategies in the Proptech area of the company.

(3) Colonial is part of a think-tank created by six European companies specialized in the office business line in order to develop and boost best practices in the Proptech, Flexible Office Space, Digitalization and Sustainability fields.

Maximum standards in Corporate Social Responsibility (CSR) and Reporting

The Colonial Group maintains the maximum standards in Financial Reporting as well as Sustainability Reporting. For the third consecutive year, it has obtained the EPRA Gold Award in Financial Reporting, as well as the EPRA Gold Award in Sustainability Reporting for the second consecutive year. The Colonial Group is the only Spanish REIT company (SOCIMI) with the maximum rating in both categories.

Regarding the ratings in relation to CSR, the Colonial Group has achieved the GREEN STAR rating by GRESB, a benchmark institution in CSR ratings in the real estate sector on a global scale.

GREEN STAR

In addition, the SFL subsidiary has been awarded with the "BREEAM Awards 2017" for the responsible management of its portfolio and the strong commitment of its teams in sustainable development.

BREEAM AWARDS 2017

It is important to highlight that 93% of the Group's portfolio in operation has maximum Sustainability certificates (BREEAM/LEED), clearly positioning Colonial as a leader in the European offices sector.

Corporate Social Responsibility is an integrated part of Colonial's Group strategy to offer long-term sustainable returns.

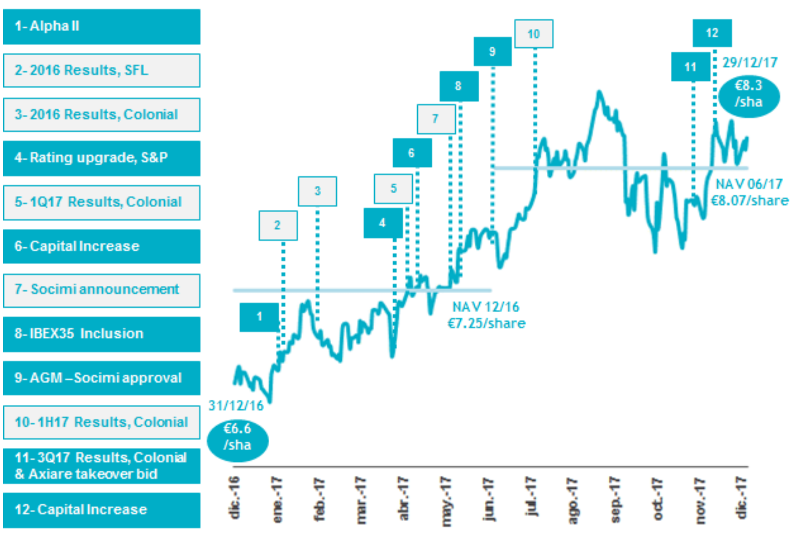
Capital structure and share price performance

Active balance sheet management

The year 2017 was characterized by the proactive management of the capital structure to guarantee a solid balance sheet with sufficient flexibility at all times. In this respect, the following milestones are highlighted:

a. April: Improvement in Colonial's rating to BBB with stable outlook and its French subsidiary to BBB+ in the following months
b. May: Capital increase in the amount of €253m at €7.1/share, with a minimum discount on the share price and a neutral impact with respect to the last reported NAV
c. May: Colonial's conversion to a SOCIMI (REIT) with a positive impact on recurring results and expanding Colonial's access to "REIT-only" investors, improving the liquidity of the share price on the stock exchange
d. June: Inclusion of Colonial on the el IBEX35, the Spanish benchmark market index, increasing the liquidity of the security on the stock exchange
e. October: Share buyback in the amount of €18m at an average price of €7.86/share (a discount of 3% over NAV at June)
f. November: Announcement of the takeover bid on Axiare prior to acquisition of shares to hold a 28.8% stake before the takeover bid
g. November: Bond issuance in the amount of €800m in two tranches: €500m at 8 years with a coupon of 1.625% and €300m at 12 years with a coupon of 2.5%
h. November: Share placement for a volume of €416m at €7.89/share, a premium of +2% over the share price: €338m through the issue of new shares and €78m through the sale of treasury shares
i. December: Approval of the takeover bid prospectus on Axiare and start of the acceptation period

The capital market has clearly supported the successful execution of the fulfilment of all of the milestones of the announced Business Plan. The value creation in terms of NAV per share and dividend return is clearly reflected in the share price performance with an annual revaluation of +26%, reaching a price of €8.3/share at the end of 2017, and outperforming the benchmark indices.



Successful takeover bid on Axiare

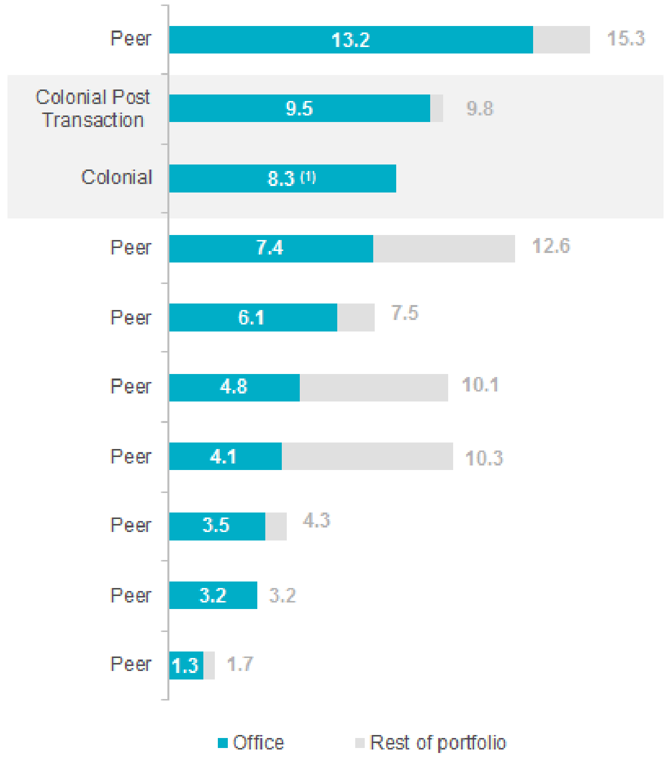
Colonial successfully executed a takeover bid on Axiare on 13 November 2017, reaching a stake of 87%.

It is important to highlight the following milestones in the process:

> 13/11/2017: Announcement of the takeover bid on Axiare prior acquisition of shares to obtain 28.8%, pre-takeover bid
> 28/12/2017: Approval of the takeover bid prospectus by the CNMV
> 29/12/2017: Start of the acceptance period
> 08/01/2018: Opinion of the Board of Directors of Axiare on the takeover bid
> 29/01/2018: End of the acceptance period of the takeover bid

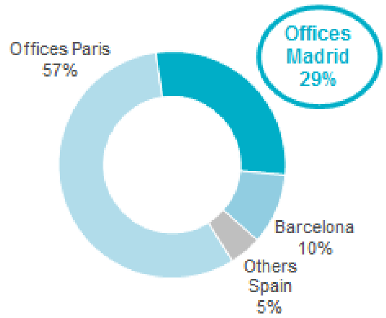
The acquisition positions Colonial as a European office leader, with almost €10,000m of asset value, a portfolio of 1.7 million sq m of surface area in use and 330,000 sq m under development.
In addition, Colonial reinforces its bet on the office market in Spain, strengthening its positioning in Madrid.

CONSOLIDATION OF OFFICE LEADERSHIP IN EUROPE - GAV



GAV PRO-FORMA

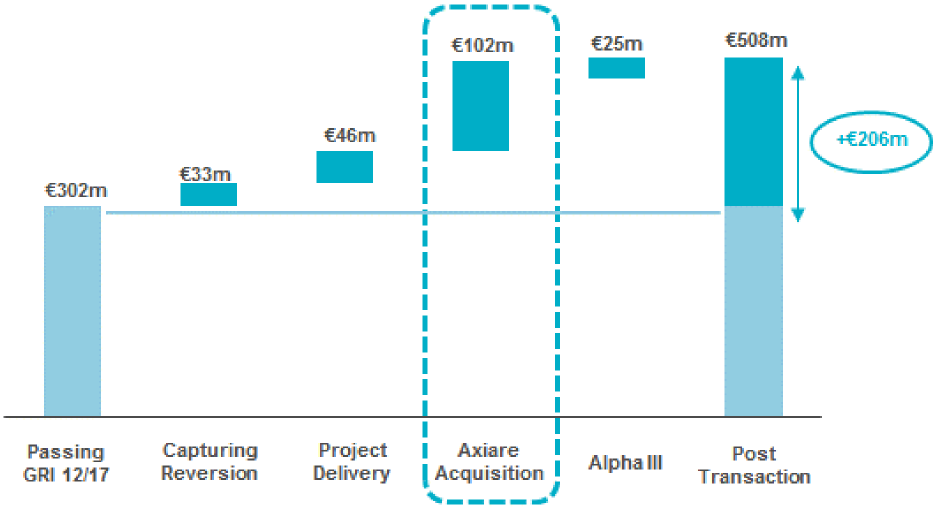
GAV as of 6/17 appraisals



[1] GAV 6/17 adjusted by the IN/OUT disposal & Arturo Soria acquisition at purchase price (includes 15.5% Axiare Stake)
Not included Alpha III and revaluations December

The potential income of the resulting Group amounts to more than €500m, once all the projects are delivered.

TOPPED-UP GRI as of 12/2017



Colonial data at 12/17 including all assets acquired in January 2018. Axiare data at 6/17

With an 87% majority share in Axiare, the Colonial Group strengthens its growth strategy for the coming years offering an attractive return for the shareholders based on the combination of both companies.

Contents

1. Analysis of the Profit and Loss Account

Analysis of the Consolidated Profit and Loss Account

December cumulative - €m	2017	2016	Var.	Var. % [1]
Rental revenues	283	271	12	4%
Net operating expenses [2]	(18)	(18)	(0)	(1%)
Net Rental Income	265	253	12	5%
Other income	2	3	(1)	(28%)
Overheads	(37)	(36)	(2)	(5%)
EBITDA recurring business	229	220	9	4%
EBITDA - asset sales	1	(0)	1	-
Exceptional items	(13)	(1)	(14)	(817%)
Operating profit before revaluation, amortizations and provisions and interests	217	219	(2)	(1%)
Change in fair value of assets	933	561	373	66%
Amortizations & provisions	(13)	(10)	(3)	(33%)
Financial results	(79)	(105)	25	24%
Profit before taxes & minorities	1057	664	393	59%
Income tax	23	(105)	128	122%
Minority Interests	(398)	(286)	(112)	(39%)
Profit attributable to the Group	683	274	409	149%

Results analysis - €m	2017	2016	Var.	Var. % [1]
Rental revenues	283	271	12	4%
Net operating expenses [2] & other income	(16)	(15)	(1)	(6%)
Overheads	(37)	(36)	(2)	(5%)
Recurring EBITDA	229	220	9	4%
Recurring financial result	(77)	(80)	3	4%
Income tax expense & others - recurring result	(10)	(12)	2	16%
Minority interest - recurring result	(59)	(61)	1	2%
Recurring net profit - post company-specific adjustments [3]	83	68	15	22%
EPRA Earnings - pre company-specific adjustments [4]	62	63	(1)	(2%)
Profit attributable to the Group	683	274	409	149%

[1] Sign according to the profit impact
[2] Invoiceable costs net of invoiced costs + non invoiceable operating costs
[3] Recurring net profit = EPRA Earnings - post company-specific adjustments.
[4] EPRA Earnings = Recurring net profit pre company-specific adjustments

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

Analysis of the Consolidated Profit and Loss Account

- The rental revenues of the Colonial Group amounted to €283m at the close of 2017, 4% higher than the same period of the previous year. In like-for-like terms, the increase stood at 4%.

- The recurring EBITDA of the Group reached €229m, 4% higher than the same period of the previous year.

- The impact on the profit and loss account due to the change in fair value in real estate assets at 31 December 2017 reached €933m. This revaluation, which was registered in France as well as in Spain, is the result of a +12% like-for-like increase in the appraisal values of the assets in 12 months.

- The net financial results amounted to €(79)m, an increase of 24% compared to the same period of the previous year.
  The recurring financial results of the Group amounted to €(77)m, 4% lower than the same period of the previous year.

- The result before taxes and minority interests at the close of 2017 amounted to €1,057m, 59% higher than that reached during the same period of the previous year, mainly as a result of an increase in gross rental income and asset values, as well as a decrease in financial expenses.

- A positive amount was registered under corporate tax for €23m, mainly due to the reversion of a provision related to latent capital gains of several assets as a consequence of Colonial adopting the SOCIMI regime.

- Finally, after deducting the minority interest of €(398)m, the net profit attributable to the Group amounted to €683m, an increase of 149% compared to the previous year.

- Colonial's Board of Directors has proposed to the AGM a dividend charged against the 2017 results of €0.18/share, an increase of 9% compared to the previous year. This proposed dividend is subject to the approval of the AGM in 2018.

2. Office markets

Macroeconomic context (1)

According to activity data from the fourth quarter of 2017, certain continuity is expected regarding the growth acceleration of the **global economy**. This growth acceleration can be seen in both the advanced and emerging economies due to increased confidence by companies and consumers. Despite sources of uncertainty, global economic activity indicators continue to post notable increases. Growth forecasts by analysts remain at 3.6% in 2017, compared to 3.2% in 2016. Regarding price levels, according to CaixaBank Research forecasts, no worrying inflationary tensions are evidenced. On the other hand, there are still some sources of political and commercial uncertainty which could affect the baseline scenario.

The **Eurozone** continues to show solid growth, exceeding initial expectations, coupled with increased confidence. The main analysts forecast a GDP growth of 2.4%, in contrast to previous forecasts at the beginning of the year of 1.7%. Again, private consumption is the driving force of economic growth, thanks to favourable credit conditions; improvements in the labour market; and global economic recovery. Activity indicators indicate that the Eurozone's growth momentum shall continue. On a political front, the first phase of Brexit negotiations has successfully concluded, with a pre-agreement between the EU and the UK. This breakthrough heralds the second phase of negotiations on the future trade agreement.

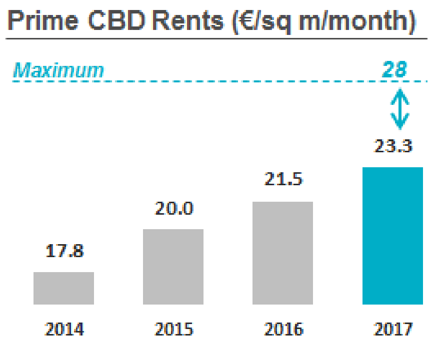
The **Spanish economy** continues to maintain positive growth, growing at rates above 3%. Recently it has been following a positive trend in certain aspects which have driven growth in the Spanish economy in recent years, in particular these are: 1) a favourable evolution of economic activity, positively impacting the employment market; 2) gains in competitiveness; 3) low interest rates and 4) a good outlook for bank credit. In addition, the labour market maintains a positive trend with 1,500,000 more registered workers affiliated to Social Security in the last 3 years.

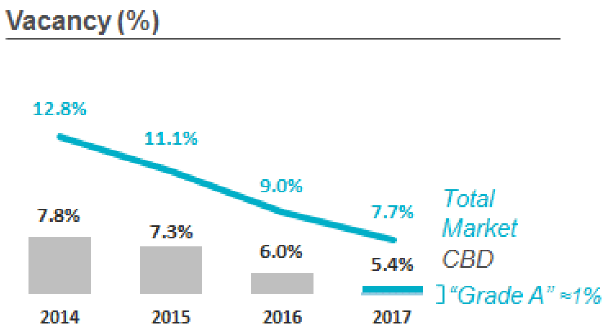
In **France**, with the episode of risk aversion relating to the presidential elections safely behind them, the markets operate in a stable environment, and are driving business sentiment indicators. In this regard, France is leading the PMI Index in the Eurozone with 59.2 points. Regarding growth expectations, the main analysts have revised their forecasts upwards and growth is expected to reach 2.3% in 2017 and 2.0% in 2018, compared to 1.1% in 2016.

(1) Source: "la Caixa" monthly report

Rental market situation - offices (1)

Barcelona - Rental Market





- During the fourth quarter of 2017, a total of 73,000 sq m of offices were signed in Barcelona, an increase of 42% compared to the previous quarter, with an amount of 51,514 sq m. The year 2017 closed with a cumulative take-up of 332,000 sq m. This represents an increase with respect to the previous year, confirming the positive trend of the Barcelona office market. Particularly worth mentioning is the 22@ district, the most sought after area in the city, resulting in a significant increase in the number of contracts.

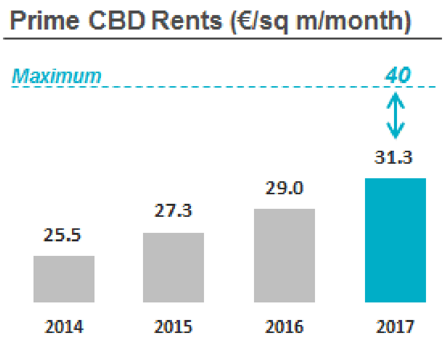
- In addition, it is worth mentioning the number of transactions above 5,000 sq m in the last quarter of 2017, with technology and pharmaceutical companies leading the demand. This dynamic resulted in the average vacancy rate in Barcelona continuing its downward trend, decreasing from 12.8% to 7.7% this last year. The vacancy rate in the CBD stood at 5.4%, at historically low levels.

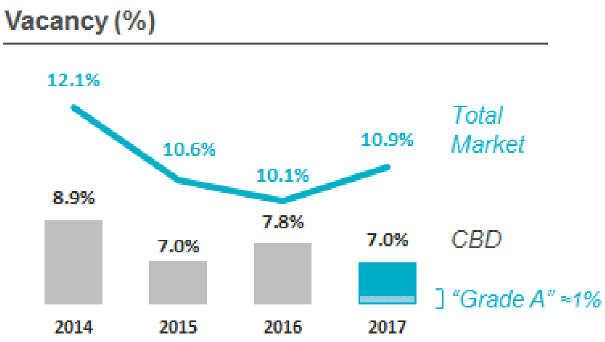
- It is important to point out that, due to the lack of large, quality spaces, especially in the city centre, there has been an increase in the number of pre-let transactions, which is quite unusual in the office market in Spain. Therefore, the immediate supply of new product continued to decline in all of the submarkets. 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 fourth quarter of 2017 continued the positive trend which commenced in 2013, reaching rental levels of €23.25/sq m/month. Long-term forecasts remain positive, positioning Barcelona as one of the top European cities in terms of expected rental growth, with an annual growth above 3% between 2017 and 2022.

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

Madrid – Rental Market (1)





- During the fourth quarter of 2017, the take-up in Madrid was 213,000 sq m, with a significant increase with respect to the previous quarter, during which the take-up volume was 94,116 sq m. The cumulative figure reached in 2017 exceeds 560,000 sq m. This figure is the highest it has been in the last decade.

- A good level of demand during the last three months of 2017, especially coming from the Public sector, substantially decreased available supply in the city centre. Demand was particularly high for quality refurbished buildings, mainly within the M-30.

- Large transactions above 10,000 sq m, compared to the absence of these during the first nine months of the year, led to a vacancy rate decrease at 10.9%, compared to the previous quarter. In particular, the vacancy rate in the CBD was 7.0%.

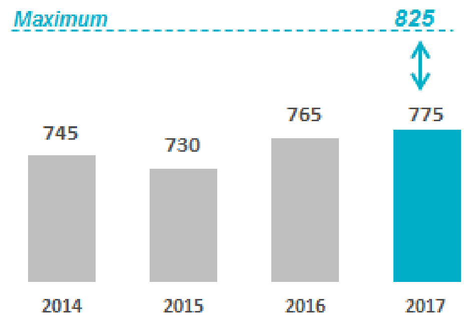
- From a supply point of view, in 2017, 238,000 sq m were made available on the market, of which 163,000 sq m related to refurbishments, upon completion of the works being carried out on 18 properties. Currently 255,000 sq m are under construction and refurbishment, and will be completed during 2018-2019. This figure is below the average of 300,000 sq m constructed during the previous cycle.

- Prime rents during the fourth quarter of 2017 continued to increase, reaching €31.25/sq m/month, a figure 2.5% higher than the previous quarter and 10% higher than the previous year, thereby continuing a growing trend. Madrid is positioned as one of the European cities with the best rental growth forecast over the coming years until 2021.

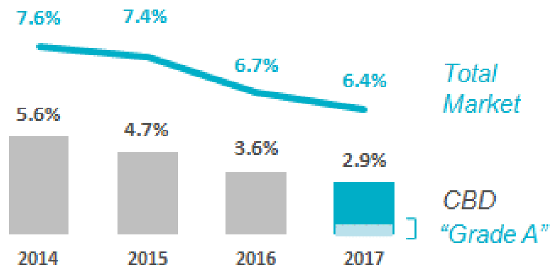
(1) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield, CBRE & Savills

Paris – Rental Market [1]

Prime CBD Rents (€/sq m/year)



Vacancy (%)



- During the fourth quarter of 2017, take-up in the Paris region (Ile-de-France) exceeded 853,000 sqm, an historic high. The year 2017 had a cumulative take-up of 2,619,000 sq m, an 8% year-on-year increase and 15% higher than the average over the last ten years.

- In terms of the transactions carried out, of special mention are the number of large transactions (from 5,000 sq m), reaching a total of 88 transactions in 2017, registering 23 transactions more than the previous year. Also worth mentioning is the transaction of SNCF at the SFR campus in Saint-Denis for 43,000 sq m. Demand remains strong from large companies as 52% of the spaces over 5,000 sq m transacted were for buildings pending construction.

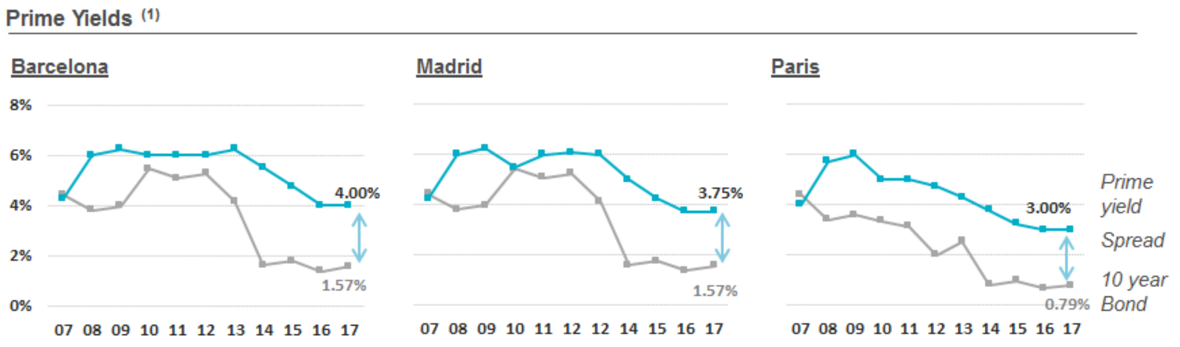
- Immediate supply of available office space fell below 3.4 million sq m, resulting in a vacancy rate of 6.4%. This decline in supply reached levels similar to the summer of 2009. Due to the lack of supply, a large part of the deliveries continues to be for pre-let spaces.

  The vacancy rate in the CBD area stood at 3%, while the area with most availability is the Western Crescent with a vacancy rate of 11.8%.

- Prime rental prices in the Paris CBD reached €775/sq m/year at the close of the fourth quarter of 2017, with several transactions above €760/sq m/year and one transaction over €800/sq m/year. Rents in La Défense reached €510/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 at the close of 2017 reached a cumulative total of €752m, a figure in line with the investment volume of the previous year (€756m). However, in the last quarter of 2017 the investment volume moderated due to a lack of quality product and a more conservative approach by investors due to political volatility. However, high occupancy levels, rental growth predictions and a lack of quality product continued to generate a lot of interest from domestic and foreign investors. Prime yields remained at 4%.

- **Madrid:** The investment volume in 2017 reached €1,224m, representing a lower volume than the previous year mainly due to a lack of quality product for sale. The Madrid offices market continues to recover, attracting elevated investor interest, in particular from international investors. As a consequence, prime yields remained on a downward trend at 3.75%. In some individual transactions even obtaining yields below this levels. In some cases, office buildings were acquired to be reconverted for residential use.

- **Paris:** The Paris market closed the fourth quarter with a volume of more than €9,000m of tertiary transactions, a figure similar to that obtained during the first nine months of the year, closing 2017 with a tertiary investment volume of €18,500m, 8% higher than the previous year and 35% above the long-term average. In particular, it is worth highlighting the volume of large transactions, with more than 22 transactions above €100m in the fourth quarter, a volume never before seen in this market segment. Offices made up 87% of the transactions with an average volume of €16,200m. Prime yields stood at 3% in the CBD.

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 **€283m, 4% 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 also increased by 4% like-for-like.**

  In **Spain, the rental revenues like-for-like increased by 5%,** especially due to the **Barcelona** portfolio, which increased by **10% like-for-like.** The Barcelona portfolio has experienced significant positive growth, consolidating the good evolution seen in the last quarters.

  The **Madrid** portfolio increased **2% like-for-like**, a percentage which has seen a reduction due to the tenant rotation on 4,000 sq m in Alfonso XII (exit of Banca Marenostrum, a surface rented in June to a PropTech company with a higher rent). **Excluding this effect the rest of the Madrid contract portfolio increased by 4% like for like.**

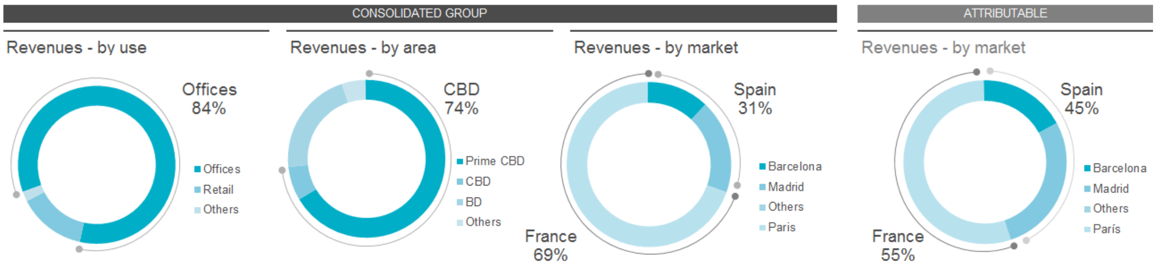
  In **Paris, the rental revenues rose by 4% like-for-like**, mainly due to the contracts signed on the Edouard VII, #Cloud, Percier and Cézanne Saint Honoré buildings in Paris.

Variance in rents (2017 vs. 2016) €m	Barcelona	Madrid	París	Total
Rental revenues 2016R	30.3	42.9	198.1	271.4
EPRA Like-for-Like	2.9	0.8	6.2	9.9
Projects & refurbishments	0.0	0.3	(5.3)	(5.0)
Acquisitions & Disposals	1.6	8.1	(3.3)	6.4
Indemnities & others	0.1	0.3	0.0	0.4
Rental revenues 2017R	34.9	52.4	195.8	283.1
Total variance (%)	*15%*	*22%*	*(1%)*	*4%*
Like-for-like variance (%)	10%	2%	4%	4%

(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 sale of the In&Out asset, as well as a temporary downward impact due to rotation in the project portfolio, in particular in relation to surface areas being refurbished in the Cézanne Saint Honoré and 92 Champs Elysées buildings. These effects were offset by the additional rental income obtained from the new acquisitions carried out in Spain.

- **Breakdown – Rental revenues:** The majority of the Group's revenues (84%) are from office buildings. Likewise, the Group maintains its high exposure to CBD markets (74%).
  In consolidated terms, 69% of the rental revenues (€196m) came from the subsidiary in Paris and 31% were generated by properties in Spain. In attributable terms, 55% of the rents were generated in France and the rest in Spain.



- **Rental EBITDA reached €265m, a 4% increase in like-for-like terms,** with an EBITDA margin of 93%.

Property portfolio

December cumulative - €m	2017	2016	Var. %	EPRA Like-for-like [1] €m	EPRA Like-for-like [1] %	Adjusting Alfonso XII
Rental revenues - Barcelona	35	30	15%	2.9	10%	10%
Rental revenues - Madrid	52	43	22%	0.8	2%	4%
Rental revenues - Paris	196	198	(1%)	6.2	4%	4%
Rental revenues	**283**	**271**	**4%**	**9.9**	**4%**	**5%**
EBITDA rents Barcelona	34	28	21%	3.9	14%	14%
EBITDA rents Madrid	46	38	23%	0.9	3%	6%
EBITDA rents Paris	185	188	(1%)	4.5	3%	3%
EBITDA rents	**265**	**253**	**5%**	**9.3**	**4%**	**5%**
EBITDA rents/Rental revenues - Barcelona	*96%*	*92%*	*4.6 pp*			
EBITDA rents/Rental revenues - Madrid	*88%*	*88%*	*0.3 pp*			
EBITDA rents/Rental revenues - Paris	*94%*	*95%*	*(0.2 pp)*			
EBITDA rents/Rental revenues	***93%***	***93%***	*0.2 pp*			

Pp: percentage points

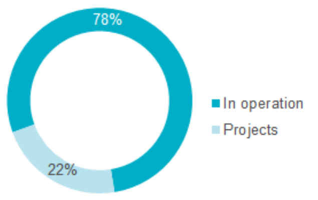
(1) ***EPRA like-for-like:*** *Like-for-like calculated according to EPRA recommendations.*
(2) Excluding the exit of Banca Marenostrum from the Alfonso XII asset in Madrid (surface re-let in June 2017).

Portfolio letting performance

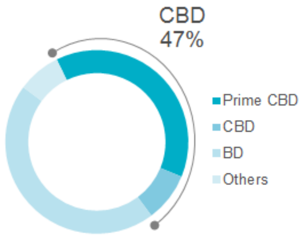
- **Breakdown of the current portfolio by surface area:** At the close of 2017, the Colonial Group's portfolio totalled 1,362,460 sq m (1,017,031 sq m above ground), concentrated mainly in office assets.

  At 31 December 2017, 78% 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.

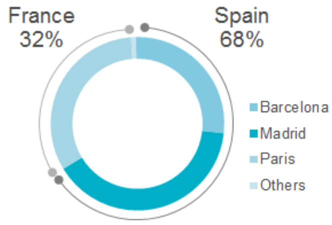
Surface - by condition



Surface - by area



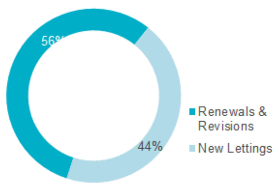
Surface - by market

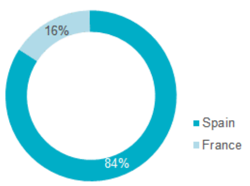


- **Signed contracts:** During 2017, the Colonial Group signed contracts for a **total of 134,831 sq m.** Out of the total contracts 84% (113,789 sq m) were signed in Barcelona and Madrid, and the rest (21,042 sq m) were signed in Paris.

  New lettings: Out of the total commercial effort, 44% (59,708 sq m) related to new contracts, of which more than 40,000 sq m were signed in Barcelona and Madrid**.**

  Renewals: Contract renewals were carried out for 75,122 sq m, highlighting almost 42,000 sq m that were renewed in Madrid**.**





Letting Performance

December cumulative - sq m	2017	Average maturity	% New rents vs. previous
Renewals & revisions - Barcelona	31,724	3	*19%*
Renewals & revisions - Madrid	41,348	4	*11%*
Renewals & revisions - Paris	2,050	9	*0%*
Total renewals & revisions	**75,122**	**3**	***13%***
New lettings Barcelona	19,890	5	
New lettings Madrid	20,826	6	
New lettings Paris	18,992	10	
New lettings	**59,708**	**7**	**na**
Total commercial effort	**134,831**	**5**	**na**

New signed rents were 13% above previous rents, in particular signed rents in Barcelona were up 19% and in Madrid up 11%.

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

Main actions

	Building	Tenants	Surface (sq m)
BARCELONA	Diagonal, 220-240 Glories	Ajuntament de Barcelona	11,672
	Parc Glories	King Share Services & Schibsted Spain	10,185
	Diagonal, 530	Caixabank	7,058
	Illacuna	Liberty Seguros, Konecta & others	8,278
	Diagonal, 609-615 (Dau/Prisma)	Caixabank, Ceva Salud Animal & others	6,624
	Diagonal, 682	Clifford Chance, Cisco Systems & others	3,220
MADRID	Poeta Joan Maragall, 53	Public company	11,475
	Alcala, 30-32	Comunidad de Madrid	9,088
	Santa Engracia	Public service company, Canal Isabel II Gestión & others	8,489
	Recoletos, 37-41	Casino & BDO Audiberia	5,470
	Castellana, 43	WeWork & others	5,998
	Alfonso XII	Information Technology Nostrum & "PropTech" company	5,717
	José Abascal, 56	Grant Thornton	2,820
	Génova, 17	Caixabank & Zooplus Services	2,619
PARIS	Cézanne Saint-Honoré	KBL Richelieu Banque Privée & consulting firm	3,458
	92 Champs Elysées	WeWork	3,381
	Edouard VII	Theatre Edouard VII & others	2,960
	103 Grenelle	Real Estate Group & Apparel company	2,946
	Washington Plaza	Harmonie Technologie & others	2,832
	#Cloud	Technology company	2,305

In Spain, during 2017, almost 114,000 sq m were signed, corresponding to 71 contracts.

In **Barcelona**, almost 52,000 sq m were signed, corresponding to 32 contracts, concentrated in properties located in Diagonal (Prime CBD) as well as the 22@ area.

Of special mention is the signing of more than 10,000 sq m on the Parc Glories project with King Shared (8,837 sq m) and with Schibsted Spain (1,348 sq m). If added to this is the 9,000 sq m also signed with Schibsted last year, the asset is currently almost 80% pre-let, before its entry into operation. In addition, worth highlighting is the renewal of more than 11,000 sq m with the Ajuntament de Barcelona on the Diagonal Glories building, the renewal with Caixabank of more than 7,000 sq m on the Diagonal 530 building, the renewal of almost 6,000 sq m with Liberty Seguros on the Illacuna building and the signing of almost 2,000 sq m and the renewal of 2,500 sq m with Caixabank on the Diagonal 609-615 building.

In the **Madrid** office market, more than 62,000 sq m were signed in 2017, corresponding to 39 contracts.

It is worth highlighting the renewal of a contract for more than 11,000 sq m on the Poeta Joan Margall 53 building with a government organisation, the renewal of 9,000 sq m on the Alcalá 30-32 building with the Comunidad de Madrid, as well as the renewal of a contract of almost 5,000 sq m with a transportation company on the Santa Engracia building and the renewal of 4,500 sq m in Recoletos 37-41 with Casino. Also worth mentioning is the signing of 5,500 sq m on the Castellana 43 building with WeWork and the signing of a contract for 4,100 sq m with the company PropTech on the Alfonso XII building, with rental revenues 28% higher than those of the previous tenant.

In **Paris**, more than 21,000 sq m were signed in 2017, corresponding to 28 contracts.

Among others, it is worth highlighting the signing of a 12-year contract for almost 3,400 sq m with WeWork on the 92 Champs Elysées building, the signing of 1,800 sq m with KBL Richelieu Banque Privée and the signing of 1,580 sq m with a consulting firm on the Cézanne Saint-Honoré property, as well as the signing of 1,350 sq m with a real estate services group and 1,596 sq m with a fashion company on the Grenelle 103 building. Also worth mentioning is the renewal on the Edouard VII Theatre for more than 2,000 sq m.

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

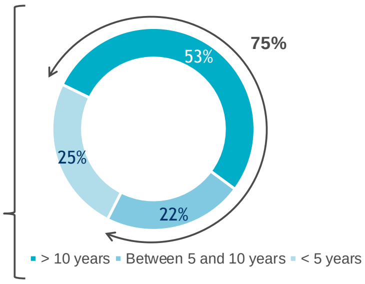
Analysis of the tenant portfolio

Regarding the volume of rental renewals in the contract portfolio, 73,072 sq m of renewals were signed in Spain, and 2,050 sq m were signed in France.

This high volume of renewals shows the capacity of the Colonial Group to retain clients. This fact is also reflected in the length of time the tenants stay, as 75% of the main tenants have been clients of the Group for more than 5 years.

Ranking of the most important tenants (42% of rental income)

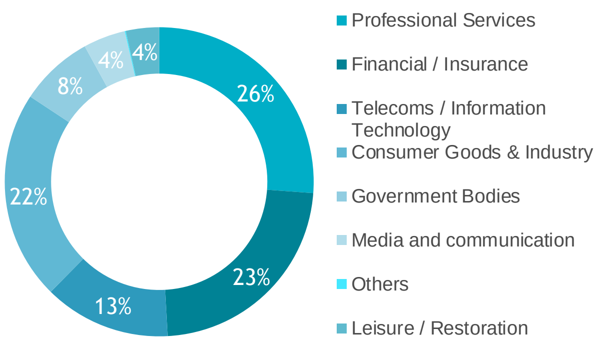
RK	Tenant	City	% total income	% cumul.	Age - Years
1	NATIXIS IMMO EXPLOITATION	París	4%	4%	14
2	GRDF	París	4%	8%	150
3	INTERNATIONAL BUSINESS MACHINES	Madrid	4%	12%	6
4	LA MONDIALE GROUPE	París	4%	15%	10
5	EXANE	París	3%	18%	2
6	HENNES & MAURITZ / H & M	París	3%	21%	8
7	ZARA FRANCE	París	3%	23%	8
8	COMUTO	París	2%	26%	3
9	FRESHFIELDS BRUCKHAUS DERINGER	París	2%	28%	14
10	GRUPO CAIXA	Barcelona / Madrid	2%	30%	25
11	GAS NATURAL SDG	Barcelona	2%	32%	12
12	FAST RETAILING FRANCE	París	2%	34%	3
13	KLEPIERRE MANAGEMENT	París	2%	36%	4
14	GRUPO COMUNIDAD DE MADRID	Barcelona	2%	37%	22
15	SOCIEDAD ESTATAL LOTERIAS Y APUESTAS DEL ESTADO	Madrid	1%	38%	13
16	IBERIA, LINEAS AEREAS DE ESPAÑA	Madrid	1%	39%	5
17	AJUNTAMENT DE BARCELONA	Barcelona	1%	40%	21
18	CASINO DE JUEGO GRAN MADRID	Madrid	1%	41%	5
19	ALLEN & OVERY	Madrid	1%	42%	1
20	GRUPO EDITORIAL BERTELSMANN	Barcelona	1%	42%	19
Average					**17**



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

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

Top Tenants - Breakdown by economic sector (1)

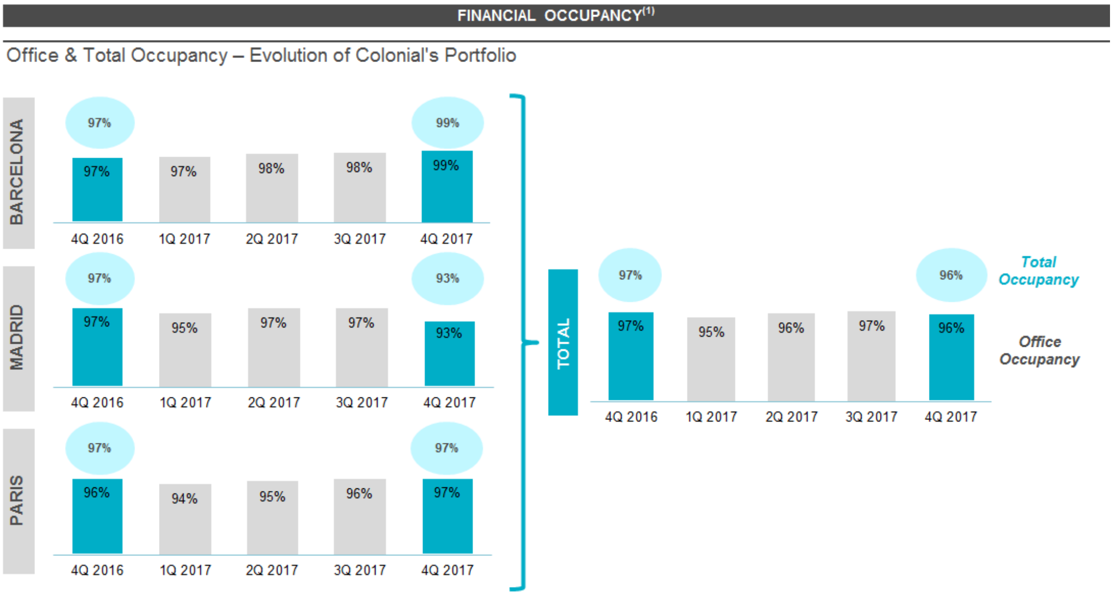


[(1)] Calculated based on the entire portfolio

Portfolio occupancy

- **At the close of 2017, the Colonial Group's financial occupancy(1) for the office portfolio reached 96%.**

  The total financial occupancy(1) for the portfolio including all uses also reached 96%.



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

In **Barcelona**, the financial occupancy(1) of the office portfolio increased 238 bps compared to the same period of the previous year, reaching a ratio of 99%. This increase is mainly due to the contracts signed on the Illacuna, Diagonal 609-615 and Travessera de Gràcia/Amigó buildings, among others. Occupancy increased 86 bps compared to the previous quarter.

In **Madrid**, the financial occupancy(1) of the office portfolio is 93%, a figure 473 bps below the occupancy at the close of the previous year (-426 bps in the last quarter). This decrease is mainly due to the entry into operation of the Discovery project with more than 10,000 sq m of available office space.

Excluding the entry into operation of this project, the occupancy of the rest of the portfolio is 98%, 30 bps above that obtained at the close of the previous year.

In **Paris**, the financial occupancy(1) of the office portfolio is 97%, which means an increase of 13 bps in this last year and 38 bps in the last quarter.

Currently, the Colonial Group has more than 26,000 sq m of available GLA which corresponds to 4% of EPRA vacancy over the total portfolio.

Vacancy surface of offices

Surface above ground (sq m)	Entries into operation [1]	BD area and others	CBD area	2017	EPRA Vacancy Offices
Barcelona	0	371	983	1,354	1%
Madrid	0	2,065	13,106	15,171	7%
París	0	6,026	4,204	10,230	3%
TOTAL	0	8,462	18,293	26,755	4%

(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:

Av. Diagonal, 609-615

José Abascal, 56

Cézanne Saint Honoré

Travessera Gracia/Amigó

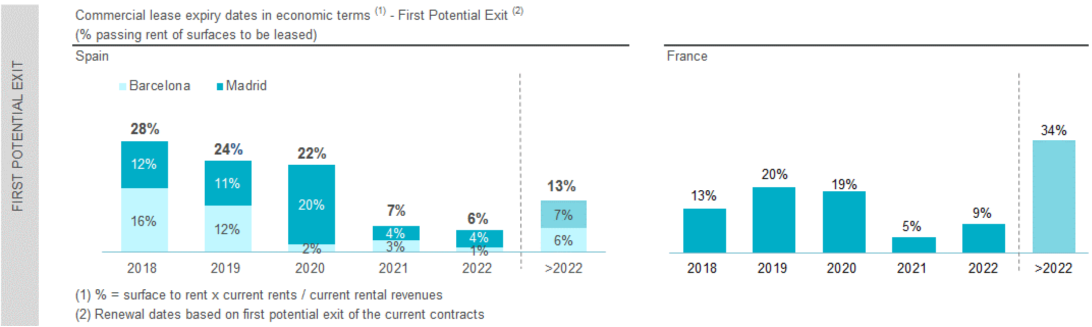
“Discovery Building”

Washington Plaza

Commercial lease expiry and reversionary potential

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

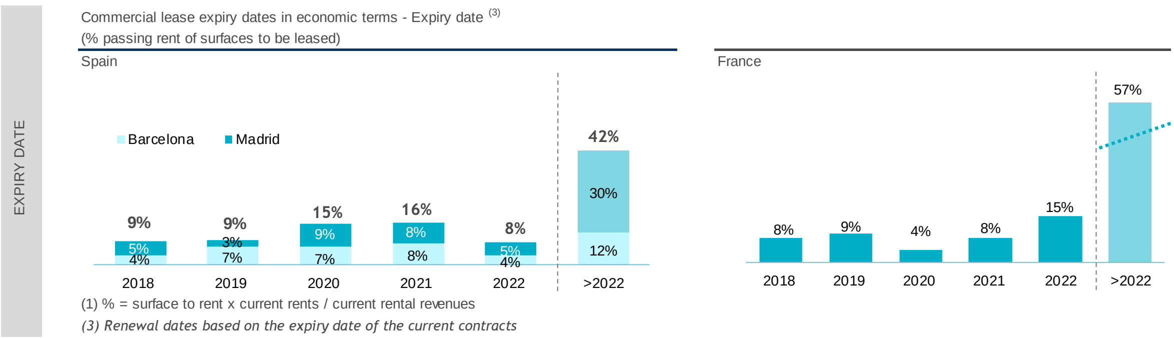
  The **first graph** shows the commercial lease expiry dates if the tenants choose to end the contract at the first possible date (break option or end of contract).



In this context, in the Spanish portfolio, approximately 74% of contracts could be renewed in the next 3 years, which will enable the company to capture the rental growth cycle with one of the best products available in the market.

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

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

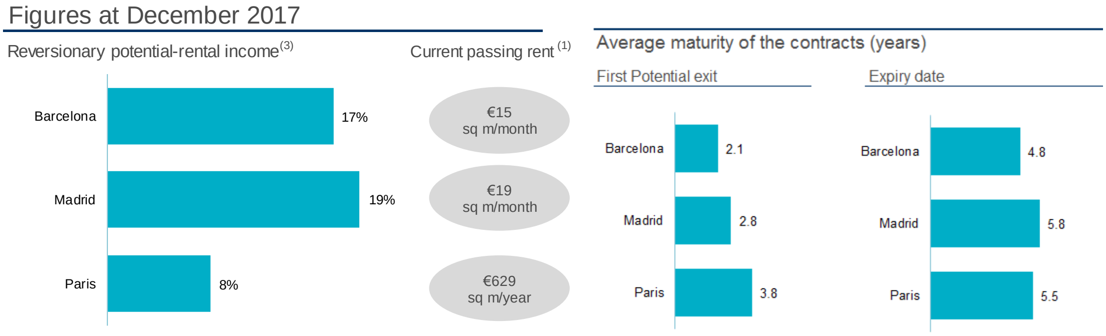


- **Reversionary Potential of the rental portfolio**

The Colonial Group's contract portfolio has significant reversionary potential.

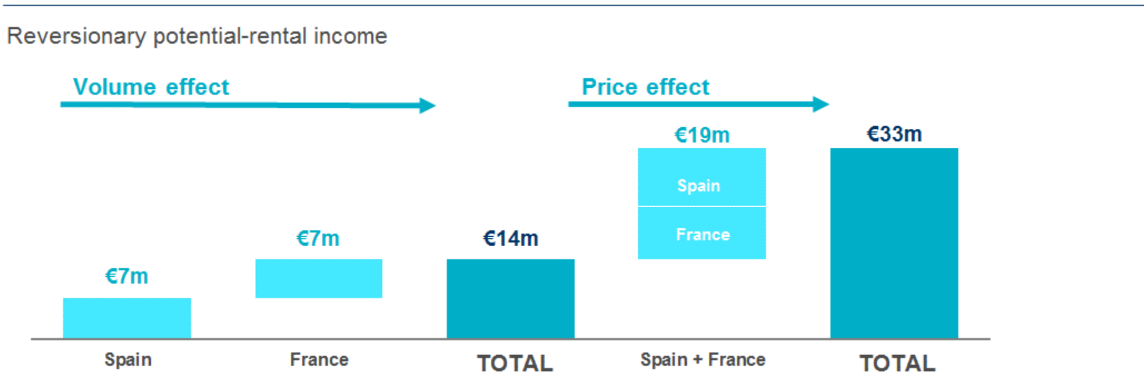
This reversionary potential is the result of comparing the rental revenues of the current contracts (contracts with current occupancy and current rents) with the rental revenues that would result from letting the total surface at the market prices estimated by independent appraisers at 31 December 2017 (not including the potential rents from the substantial projects and refurbishments underway).

At the close of 2017, the static reversionary potential(2) of the rental revenues of the properties in operation (considering current rental prices without future impacts from a recovery in the cycle) stood at +17% in Barcelona, +19% in Madrid and +8% in Paris.



(1) Current office rent of occupied surfaces

Specifically, the static reversionary potential(2) in the current portfolio would result in approximately €33m in additional annual rental revenues.



(2) Without including the positive impacts of the recovery cycle in rents
(3) Reversionary potential: maximum portfolio potential of surface in operation

Acquisitions

- **Alpha II acquisitions**

Accelerating the fulfilment of growth objectives in the strategic plan, Colonial started 2017 with the execution of the Alpha II project, which includes the acquisition of four assets for an investment volume of almost €400m (total investment volume including future capex of development projects). Specifically, three development projects were acquired: Plaza Europa 34 in Barcelona, Paseo de la Castellana 163 in Madrid and 112-122 Av. Emile Zola in Paris. Additionally, Colonial purchased the Spanish headquarters of the Bertelsmann Group, located in the CBD in Barcelona.

The main characteristics of the Alpha II acquisitions are as follows:

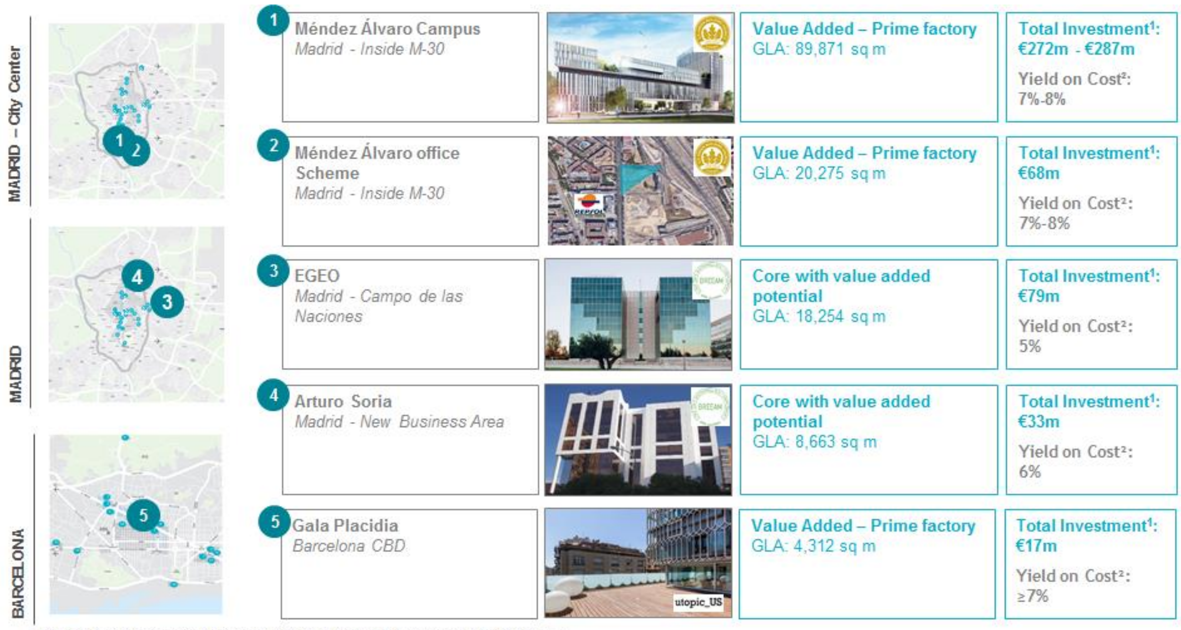
1 Acquisition price + total project capex

- **Alpha III acquisitions**

In addition to these investments, 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 coworking 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 Acquisition price + total estimated project capex 2 Potential running yields on cost for the next years

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.

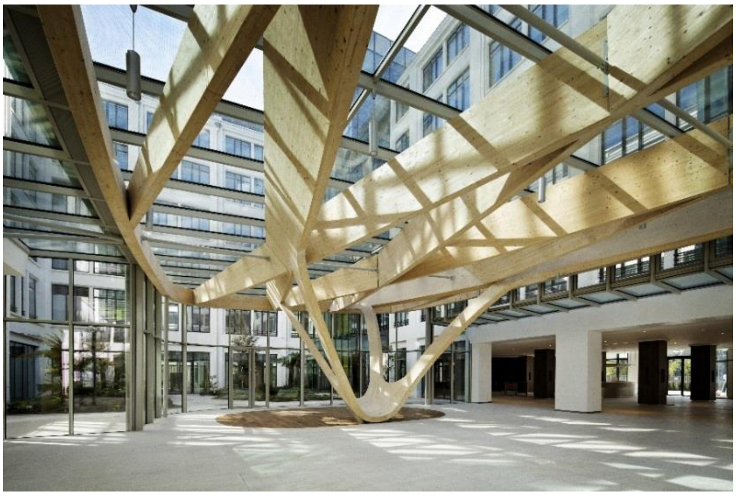
3. **Arturo Soria.** High quality 8,663 sq m asset located in the Arturo Soria area in the North of Madrid. The asset stands out due to its location with excellent communication links, positioning the building in an optimum location to capture tenants who want to be located in the North of Madrid. It 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.

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.

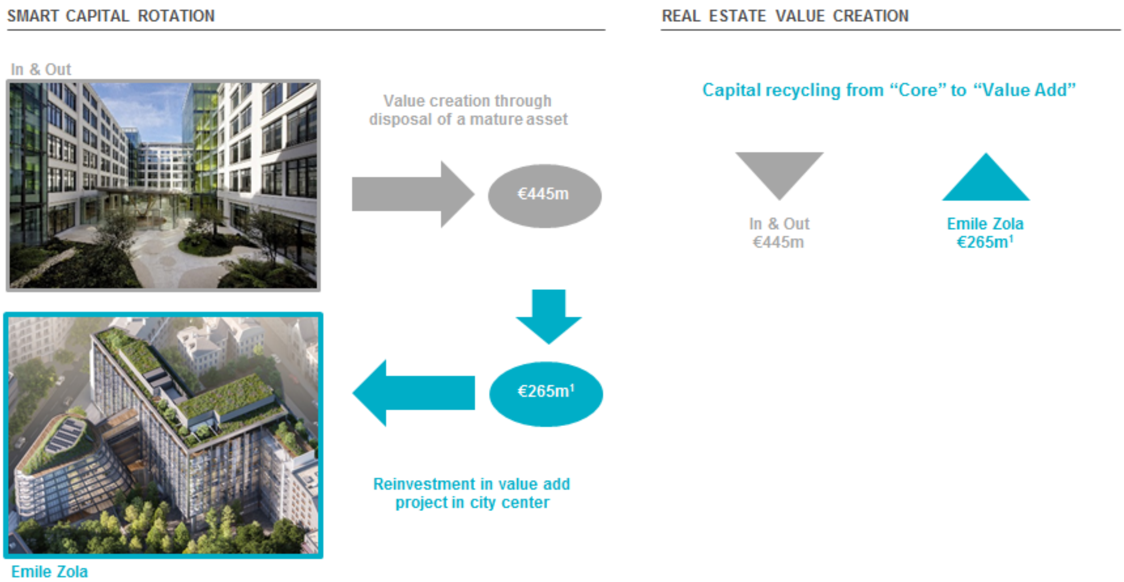
The Alpha III project is within the framework of the organic acquisitions program of the Colonial Group. All of the assets acquired offer a substantial upside potential of real estate value creation based on: (1) the property transformation of the buildings into top quality products and (2) the location in market segments with solid fundamentals that capture the high end of the rental prices.

Asset Rotation

- In September 2017, the disposal of the In&Out office complex in Paris was completed for a price of €445m, representing a premium of +27% above the appraisal valuation prior to the disposal commitment. This sale represents the culmination of the process of real estate value creation for this asset: (1) the transformation of the building through a development project, (2) the signing of a long-term contract for the OECD headquarters, and finally (3) the disposal of the asset at one of the highest prices in this market segment.



- The sale proceeds of this mature asset will be reinvested in new projects of the Group, such as the creation of the Emile Zola office complex in the 15th arrondissement in Paris with an approximate investment amount of €265m (purchase price + future capex).



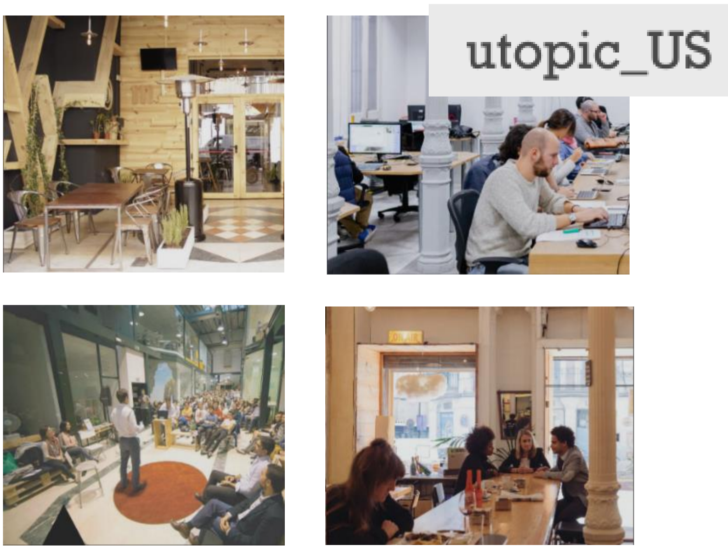
(1) Estimated total investment of (€245m - €265m) based on current project analysis

Proptech enhanced strategies

- In mid-October 2017, the Colonial Group closed an agreement to acquire a controlling stake in the Spanish Coworking platform Utopic_US. With this transaction, the Colonial Group positions itself in a new strategic line in order to complement and reinforce the strategy of the users in the Group, offering flexibility, integrated services and content.
  Coworking and flexible spaces represent a growing segment and offer new services to its clients. In addition, it fosters collaborative areas for professionals, creating communities for the clients. This type of initiative constitutes a niche of growth in the new economy and the business world.

- The acquisition includes the joint development of the Utopic_US strategic plan, through subsequent injections of capital by the Colonial Group. Utopic_US has been consolidated as a benchmark in the segment of Coworking spaces in Spain, with three centres in Madrid (Duque de Rivas, Colegiata and Conde Casal) and plans to open a new centre in Barcelona in the coming weeks.

- With this acquisition, the Colonial Group continues to expand the services offered to its clients and reinforces a business model based on innovation as the driving force of added value creation in the real estate sector.



- It is also worth highlighting that in August of this year, Colonial announced the arrival of Aleix Valls, former Managing Director of Mobile World Capital Barcelona, as Digital Senior Advisor to boost initiatives and strategies in the Proptech area of the company.

- Colonial is part of a think-tank created by six European companies specialized in the office business line in order to develop and boost best practices in the Proptech, Flexible Office Space, Digitalization and Sustainability fields.

Portfolio of projects and refurbishments

Project portfolio

- At the close of 2017, Colonial owns a large portfolio of development and refurbishment projects of more than 240,000 sq m above ground[4], with significant potential for value creation in the short and long term.
- The projects are progressing as planned and delivery is expected during the next five years.

Projects	Entry into operation	% Group	% Prelet	Market	Use	Surface above ground (sq m) (1)
Príncipe de Vergara, 112	2018	100%	-	Madrid	Office	11,368
Méndez Alvaro 1	>2020	100%	-	Madrid	Campus	89,871
Méndez Alvaro 2	>2020	100%	-	Madrid	Office	20,275
Parc Glòries	2018	100%	80%	Barcelona	Office	24,551
Louvre Saint Honoré	2021	100%	-	Paris	Retail	16,000
Plaza Europa,34	>2020	50%	-	Barcelona	Office	14,306
112-122 Avenue Emile Zola	>2020	100%	-	Paris	Office	24,000 (2)
Iéna, 96	2021	100%	-	Paris	Office	9,300 (4)
Castellana, 163	> 2019	100%	-	Madrid	Office	10,910 (4)
Gal.la Placídia 1-3 (acquired in 2018)	2019	100%	-	Barcelona	Office	4,312
Projects under development						**224,893**
Yield on cost[3]						**7%**
Cezanne Saint-Honoré		100%	-			1,787
Torre BCN		100%	-			1,600
Rest of portfolio			na			2,743
Surfaces under refurbishment						**6,130**
Parc Central 22@	na	100%	na			14,737
Solar Parc Central 22@						**14,737**
TOTAL PROJECTS & REFURBISHMENTS						**245,760**

(1) Surface area of completed project
(2) Final surface of the project
(3) Yield on cost: market rent 100% rented/market value at start of project net of impairment in value + capex
(4) Future projects currently in operation, not included in the calculatio of the yield on cost

- In Spain, the current projects in the pipeline correspond to the Méndez Álvaro, Príncipe de Vergara 112 and Castellana 163 buildings in Madrid, as well as the Parc Glories and Plaza Europa 34 projects in Barcelona. In the case of Príncipe de Vergara 112 and Parc Glòries, these assets are expected to enter into operation in 2018 and in the case of the Castellana 163 building, refurbishment will be done progressively by floor.


Principe de Vergara 112

Parc Glories

Paseo Castellana 163

The development of the two projects in Méndez Álvaro, as well as the plot of land at Plaza Europa 34, have a more medium-term schedule.


Méndez Álvaro oficinas

Méndez Álvaro campus


Plaza Europa 34

- Of special mention is the entry into operation of the Discovery property at the end of the last quarter of 2017. This asset has increased the surface area above ground in operation in the offices market in Madrid by 10,000 sq m.


- In Paris, the portfolio offers attractive returns through the Avenue Emile Zola and Iéna 96 projects. In addition, it is worth highlighting the total refurbishment project on the commercial part of the Louvre Saint Honoré through the creation of a prime space in the very centre of Paris in front of the Louvre. In all these assets, unique Prime Factory development projects will be carried out, and they are expected to be delivered as of 2020/2021.

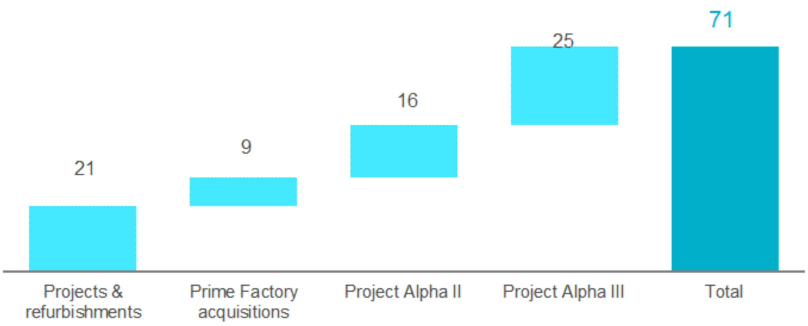

112-122 Emile Zola

Louvre Saint Honoré


96 Iéna

- The portfolio of projects, as well as the new acquisitions will result in additional rental revenues of approximately €71m per annum.

Additional rental income from projects and significant refurbishments - €m



(*) Includes Gala Placídia asset acquired in January 2018.

- In addition to these development projects, the Colonial Group is currently carrying out substantial refurbishments on 6,000 sq m above ground, with the aim of optimizing the positioning of these assets in the market. These include refurbishments on the Cézanne Saint-Honoré and Torre BCN 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.

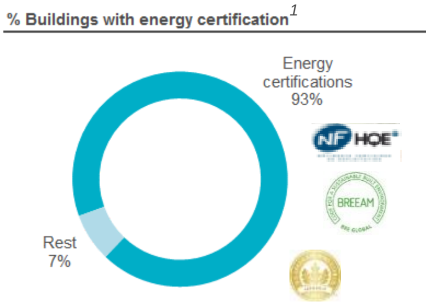
- In 2017, approximately €69m was invested in Prime Factory projects and refurbishments to optimize the positioning of the property portfolio.

Corporate Social Responsibility and Reporting

- Colonial is a clear leader in energy efficiency and sustainability with their building portfolio. Currently 93% 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.

- The Colonial Group is the only Spanish Company with the EPRA Gold Award in sustainability reporting and the French subsidiary, at the BREEAM Awards 2017 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 certifying the best practices in CSR.



1 Buidlings in operation with energy certificates

Valuation of the portfolio

- At the close of 2017, the assets of the Colonial Group were appraised at €9,282m (€9,741m including transfer costs).

- The assets in Spain and France have been appraised by Jones Lang LaSalle, Cushman & Wakefield and CB Richard Ellis. The appraisal figures are updated half-yearly, following the best market practices, in compliance with the Regulation Standards of the Royal Institution of Chartered Surveyors (RICS) comprised in the Red Book valuation manual. The valuations of the market defined by the RICS are internationally recognized by advisors and accountants of investors and corporations that own real estate assets, as well as The European Group of Valuers (TEGoVA) and the International Valuation Standards Committee (IVSC). The appraisers' fees are determined by the volume for the specific workout of each assignment.

- Out of the total valuation of the property business, €8,933m correspond to the asset portfolio directly held by the Colonial Group and €349m correspond to the value of the 28.8% stake in Axiare.

Gross Asset Values - Excluding transfer costs

Asset valuation (€m)	30-Dec-17	30-Jun-17	30-dec-16	Dec 17 vs Jun 16		Dec 17 vs Dec 16	
				Total	LfL (1)	Total	LfL (1)
Barcelona	836	827	761	1.1%	1.1%	9.9%	9.9%
Madrid	1,497	1,339	1,273	11.8%	4.8%	17.6%	10.6%
París	6,064	6,144	5,736	(1.3%)	6.4%	5.7%	12.6%
Portfolio in operation (2)	**8,398**	**8,311**	**7,771**	**1.0%**	**5.6%**	**8.1%**	**12.0%**
Projects	**519**	**174**	**144**	**198.2%**	**7.3%**	**261.4%**	**20.5%**
Others	16	12	14	38.3%	3.2%	17.9%	(12.0%)
Property business	**8,933**	**8,497**	**7,928**	**5.1%**	**5.6%**	**12.7%**	**12.1%**
Axiare	**349**	**169**	**141**	**106.3%**	**11.0%**	**147.1%**	**17.8%**
Colonial group	**9,282**	**8,666**	**8,069**	**7.1%**	**5.7%**	**15.0%**	**12.2%**
Spain	3,053	**2,522**	**2,333**	21.1%	4.2%	30.9%	11.4%
France	6,229	**6,144**	**5,736**	1.4%	6.4%	8.6%	12.6%

Gross Asset Values - Including transfer costs

Colonial group	**9,741**	**9,103**	**8,478**	**7.0%**	**5.7%**	**14.9%**	**12.2%**
Spain	3,121	2,580	2,387	21.0%	4.2%	30.8%	11.4%
France	6,619	6,523	6,092	1.5%	6.3%	8.7%	12.5%

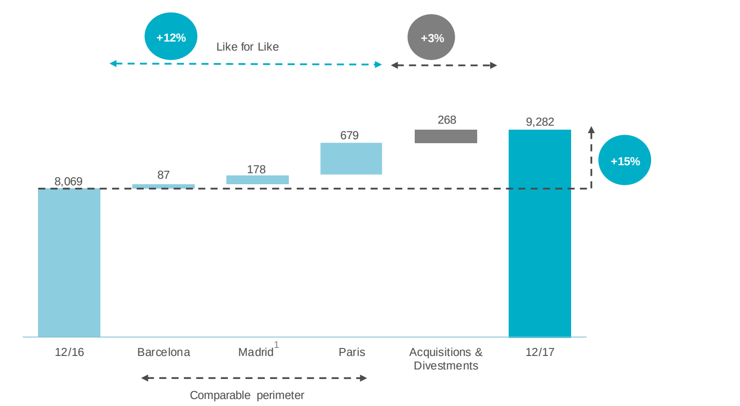
(1) Portfolio in comparable terms

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

Note: Includes the price of the disposal agreement on In/Out and the value of the JV with Plaza Europa 34

- The **Colonial Group's** Gross Asset Value at December 2017 increased 12% compared to December 2016 (+6% like-for-like in 6 months).

Variance Analysis - Value 12 months - €m



GAV VARIANCE

	Total Variance	Price & others	Yield
BARCELONA	+11%	+8%	+3%
MADRID[2]	+11%	+7%	+4%
PARIS	+13%	+2%	+10%
TOTAL LFL	+12%	+4%	+8%

(1) Includes the like-for-like value of the 15.1% share of Axiare
(2) Includes the asset portfolio of shares in Madrid without taking into consideration the share in Axiare

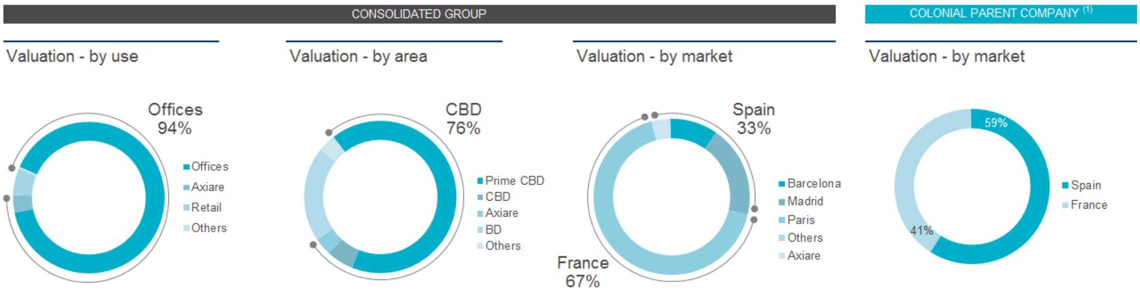
The value of the assets in Spain increased by +11% like-for-like in the last 12 months. The portfolios in Madrid as well as Barcelona had +11% year-on-year growth each. It is important to highlight that more than half of the increase in asset values in Spain (+8% in Barcelona and +7% in Madrid) is a result of the increase in market rents on the properties. This increase in prices is based on the Colonial Group's capacity to capture the rental cycle growth with its prime portfolio.

The asset value of the Paris portfolio has increased +13% like-for-like in the last 12 months. An increase in prices makes up +2% of the growth. However, the majority of the value creation is due to projects of real estate transformation. Among these, the Galerie Champs Elysées, Edouard VII and Washington Plaza buildings are highlighted.

In general terms, the increase in asset values is a consequence of three factors:

1. A growing interest by investors in prime assets, driving down yields, especially in the Paris CBD market, which is one of the core markets that attracts the most investors on a global level
2. Rental price increases captured in recent quarters by the Colonial Group's portfolio in the three markets
3. The Group's industrial approach that enables superior value creation through portfolio repositioning and Prime Factory projects

- The breakdown of the valuation of the Group's rental portfolio by use, market and type of product is shown below:



[1] France = SFL shares valued at NAV. Spain = GAV assets directly held + NAV stake SPV TMN + NAV stake Axiare + Value JV Plaza Europa 34

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

Portfolio in operation	€m	sq m above ground (*)	€/sq m (*)	Valuation Yield	
Barcelona	836	189,447	4,415	4.92%	Gross Yields
Madrid	1,497	259,402	5,772	4.56%	
Paris	6,064	368,936	16,437	3.25%	Net Yields

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

1. In Spain, consultants publish *gross yields* in their market reports
(Gross yield = gross rent/value excluding transfer costs).

2. In France, consultants publish *net yields* in their market reports
(Net yield = net rent/value including transfer costs)

(*) In Barcelona the sq m for the calculation of the capital value correspond to the surface above ground of all the assets which amount to 243,132 sq m, excluding 14,737 sq m of the Parc Central project, 24,551 sq m of the Parc Glories project, 14,306 sq m of the Plaza Europa project and the surface area of non-core retail assets.
In Madrid, the sq m correspond to the surface above ground of all assets of 404,758 sq m, excluding the Príncipe de Vergara project of 11,368 sq m, 133,704 sq m of the Méndez Álvaro complexes and the surface area of non-core retail assets of 284 sq m
In France, the sq m correspond to the surface above ground of the entire portfolio which amounts to 356,638 sq m, excluding the Emile Zola project of 25,000 sq m and including certain rentable surfaces below ground in the portfolio not corresponding to parking units (37,297 sq m).

4. Financial structure

Main debt figures

Colonial Group	12/2017	Var. Vs 12/2016
Gross financial debt	4.170	*15%*
Net financial debt	3.066	*(13%)*
Undrawn balances	2.427	*178%*
% debt fixed or hedged	90%	*10%*
Average maturity of the debt *(years)*	5,5	*0,5*
Cost of current debt	1,86%	*(10 p.b.)*
Rating Colonial	BBB	*BBB-*
Rating SFL	BBB+	*BBB*
LtV Group *(including transfer costs)*	31%	*(1.006 p.b.)*

Main financing transactions formalized in 2017:

Colonial:

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

- In October 2017, the company renewed its EMTN program and under the scope of this program it carried out an issuance of unsecured bonds for a total nominal amount of €800m, structured in two tranches, the main terms of which are as follows:

- Bonds for a total nominal amount of €500m, maturing in November 2025, with an annual coupon of 1.625% and an issue price of 99.577% of its nominal value.
- Bonds for a total nominal amount of €300m, maturing in November 2029, with an annual coupon of 2.5% and an issue price of 99.969% of its nominal value.

The demand exceeded the volume of the issue by almost three times.

- Regarding the takeover bid on Axiare Patrimonio, SOCIMI, S.A., a bridge loan secured by JP Morgan was signed for €1,000m. This loan was cancelled upon obtaining the necessary funds for the takeover bid through the bond issue described above and the capital increase in November 2017.

- In Torre Marenostrum, the mortgage security loan it holds has been renewed, extending the maturity term by 8 years (from 2024 to 2032) and adjusting the cost of debt to the current market situation.

SFL:

- An increase in its credit lines by €270m with two new bilateral loans for a total amount of €250m and an increase in the limit of an existing loan by €20m. The new bilateral loans mature in 6 and 7 years, respectively.

  On the other hand, at maturity in November 2017, it amortized the bond issue, whose pending nominal amount was €301m and accrued a coupon of 3.50%.

These transactions have enabled the Group to increase its liquidity and the average maturity of the undrawn debt.

In addition, in December 2017, Colonial signed a bank guarantee, issued by Caixabank, for the amount of €1,034m, as guarantee for the takeover bid for Axiare Patrimonio, SOCIMI, S.A, wholly guaranteed by the funds coming from the bond issue and the capital increase mentioned above.

The net financial debt of the Group at 31 December 2017 stood at €3,066m, the breakdown of which is as follows:

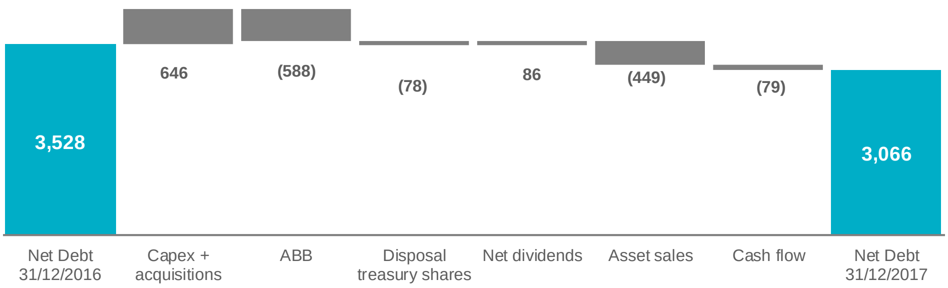
Breakdown of the consolidated net financial debt	December 2017			December 2016			Var.
	COL	SFL	Total	COL	SFL	Total	Total
Syndicate loan	163	0	163	122	20	142	22
Mortgage debt/leases	35	203	238	36	205	241	(3)
Unsecured debt and others	0	443	444	0	425	425	19
Bonds	2,325	1,000	3,325	1,525	1,301	2,826	499
Total gross debt	**2,523**	**1,647**	**4,170**	**1,682**	**1,951**	**3,633**	**537**
Cash & cash equivalents (*)	**(1,089)**	**(16)**	**(1,105)**	**(85)**	**(20)**	**(105)**	**(999)**
Group Net Debt	**1,435**	**1,631**	**3,066**	**1,597**	**1,931**	**3,528**	**(463)**
Average maturity of drawn debt (years)	**6.4**	**4.1**	**5.5**	**6.0**	**4.1**	**5.0**	**0.5**
Cost of debt % (without arrangement fees)	**1.98%**	**1.68%**	**1.86%**	**1.96%**	**1.95%**	**1.96%**	**(10 pb)**

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

The net Group debt decreased by €463m (-13%) compared to December 2016, mainly as a result of the capital increases carried out by Colonial in May 2017 and November 2017 and the sale of the In&Out building by SFL in September 2017.

The evolution of the Group's net debt during 2017 is as follows:

Net Debt Movement €m - Desember 2017

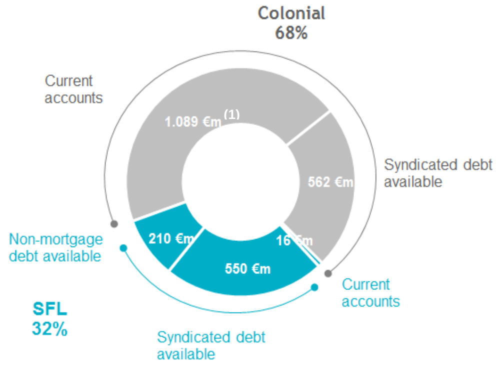


Main leverage ratios and liquidity

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 31% (41% at 31 December 2016). 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 25% (35% at 31 December 2016).

Cash & undrawn balances of the Colonial Group at 31 December 2017 amounted to €2,427m, distributed as shown in the graph below:

Cash & Undrawn balances



(1) Including €1,034m, as guarantee for the takeover bid for Axiare Patrimonio, SOCIMI, S.A.

Main leverage ratios

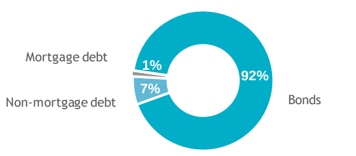
31/12/2017 - €m	Holding	Group
Gross Asset Value [(1)]	5,562	9,779
Net debt	1,403	3,066
LTV	25%	31%

(1) **Holding**: GAV at 31/12/2017 holding including transfer cost and subsidiaries 100% 100% + NAV SFL, TMN, Inmocol, 28.8% Axiare + treasury shares
Group: GAV Group at 31/12/2017 including transfer costs + 28.8% Axiare + treasury shares

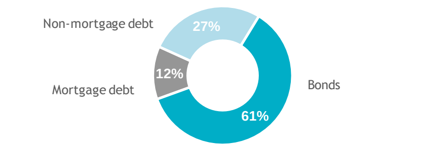
The main characteristics of the Group's debt are shown below:

TYPE OF DRAWN DEBT 31/12/2017

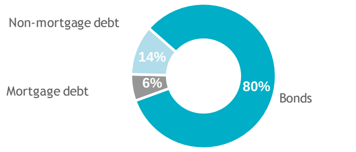
Colonial



SFL

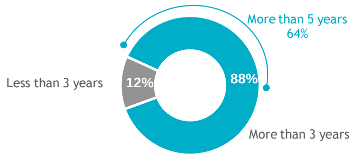


Group

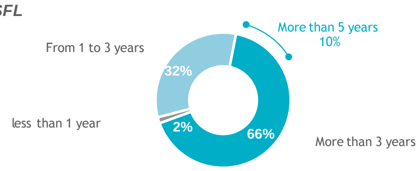


MATURITY OF CONTRACTED DEBT 31/12/2017

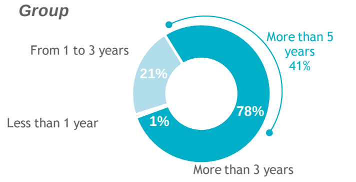
Colonial



SFL

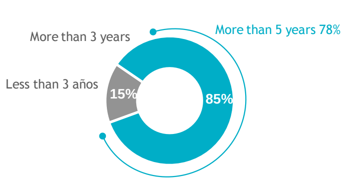


Group

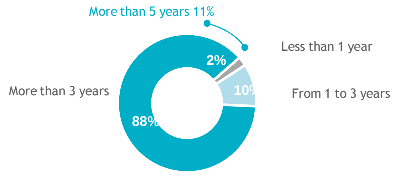


MATURITY OF DRAWN DEBT 31/12/2017

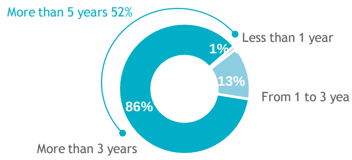
Colonial



SFL

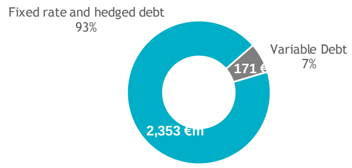


Group

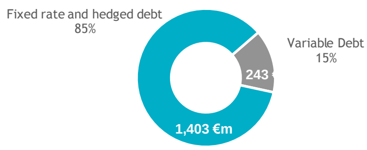


FIXED RATE AND HEDGED RATE

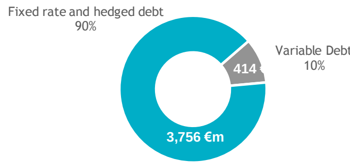
Colonial



SFL



Group

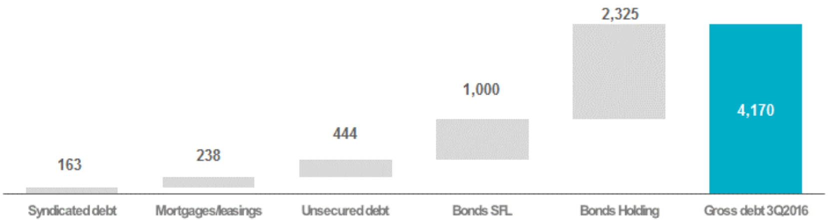


Colonial		***SFL***		***Total***	
Spread	151 p.b.	Spread	130 p.b.	Spread	142 p.b.
Cost of debt *	198 p.b.	Cost of debt *	168 p.b.	Cost of debt *	186 p.b.
Average maturity of drawn down debt (years)	6.4	Average maturity of drawn down debt (years)	4.1	Average maturity of drawn down debt (years)	5.5
Average maturity of the contracted debt years	6.0	Average maturity of the contracted debt years	3.7	Average maturity of the contracted debt years	5.0
Contracted debt	3,085 €m	Contracted debt	2,407 €m	Contracted debt	5,492 €m

(*) Cost of debt: Euribor + Spread at 31/12/2017. Commissions and coverage are not included.

The composition of the Group's debt is as follows (data in € millions):

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

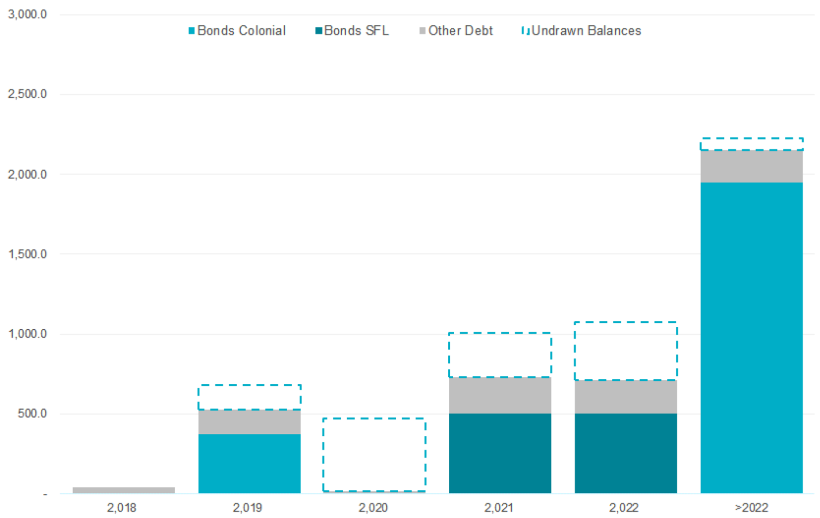


	Syndicated debt	Mortgages/leasings	Unsecured debt	Bonds SFL	Bonds Holding
Cost of debt	1.60%	1.56%	0.86%	2.06%	2.02%
Maturity (years)	3.9	4.9	3.2	4.4	6.6

Average cost of debt: 1.86% & 5.5 years

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

Maturity profile of drawn debt



	2,018	2,019	2,020	2,021	2,022	>2022	TOTAL
COLONIAL	2	377	2	152	16	1.974	2.523
SFL	36	152	12	577	695	175	1.647
TOTAL	38	529	14	729	711	2.149	4.170

At 31 December 2017, the average life of the undrawn debt of the Colonial Group was 5.5 years (compared to 5 years in December 2016) and the average cost was 1.86% (compared to 1.96% in December 2016).

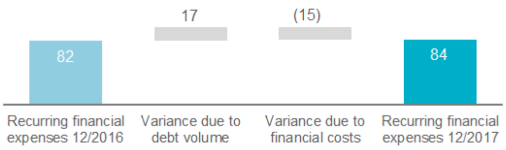
Financial results

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

Financial results December cumulative - €m	COL	SFL	2017	2016	Var. %
Recurring financial expenses - Spain	(41)	0	(41)	(35)	(16%)
Recurring financial expenses - France	0	(43)	(43)	(47)	9%
Recurring Financial Expenses	**(41)**	**(43)**	**(84)**	**(82)**	**(2%)**
Recurring Financial Income	4	0	4	1	593%
Capitalized interest expenses	1	2	3	1	(418%)
Recurring Financial Result	**(35)**	**(41)**	**(77)**	**(80)**	**4%**
Non-recurring financial expenses	(3)	0	(3)	(22)	88%
Change in fair value of financial instruments	(0)	0	(0)	(3)	89%
Financial Result	**(38)**	**(41)**	**(79)**	**(105)**	**25%**

(1) Sign according to profit impact

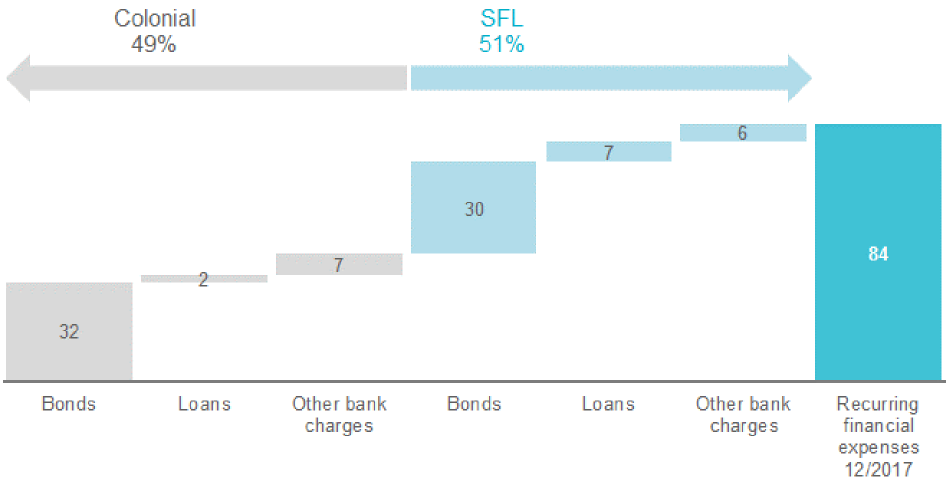
- The recurring financial results of the Group improved 2% compared to the same period of the previous year due to an increase in financial expenses in Colonial (mainly due to the increase of gross debt, above all, as a result of the issuances carried out). In SFL, the recurring financial expenses decreased slightly compared to the same period of the previous year, due to a decrease in both the undrawn debt and its cost.



- The average credit spread in 2017 amounted to 156 bps (versus 162 bps in the same period in 2016). This improvement is mainly due to the buyback transaction of 50% of Colonial's bonds maturing in June 2019 through the issue of new bonds at a lower coupon rate (liability management) carried out in the fourth quarter of 2016. It is also due to the maturity of two SFL bonds in May 2016 and November 2017 (for an amount of €156m and €301m, with a spread of 180 bps and 275 bps respectively) and the formalization of new debt at a spread lower than the one in effect in 2016.

- The breakdown of the recurring financial expenses during 2017 is as follows:

Breakdown recurring financial expenses - December 2017



At 31 December 2017, 90% of the Group's debt was at a fixed or hedged rate. In 2017, SFL formalized two hedging instruments for a nominal amount of €200m (€100m each), maturing in 2022.

More details on the financial structure are found in Appendix 6.8.

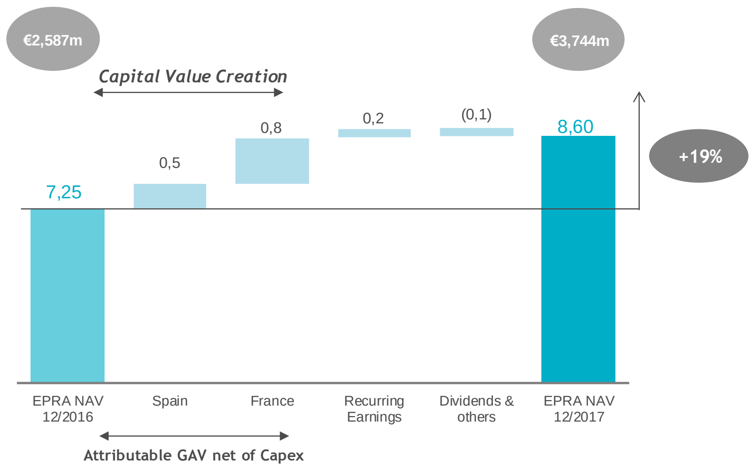
5. EPRA Net Asset Value & Share price performance

EPRA Net Asset Value (NAV)

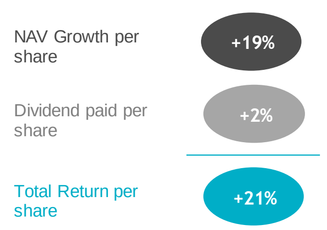
At the close of 2017, the EPRA NAV of the Colonial Group amounted to €8.60/share, an increase of 19%.

The total shareholder return, understood as NAV growth per share plus the dividend paid, amounted to 21%[1], positioning it among one of the highest returns in the listed sector in Spain as well as in Europe.

EPRA NAV €/share



Total Shareholder Return [1]



(1) Total return understood as NAV growth per share + dividends

This high Total Shareholder Return is a result of the industrial strategy of the Colonial Group, focused on the transformation and creation of prime offices in the centre of Paris, Madrid and Barcelona, which enables Colonial to capture value creation above market average.

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

EPRA Net Asset value - €m	12/2017	12/2016
NAV per the Consolidated financial statements	**3,592**	**2,302**
Include:		
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	13	11
(i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)	na	na
(i.c) Revaluation of other non-current investment	(58)	51
(ii) Revaluation of tenant leases held as finance leases	na	na
(iii) Revaluation of trading properties	na	na
Exclude:		
(iv) Fair value of financial instruments	(1)	2
(v.a) Deferred tax	198	221
(v.b) Goodwill as a result of deferred tax	-	-
Include/exclude:		
Adjustments (i) to (v) above in respect of joint ventures interests	na	na
EPRA NAV - €m	**3,744**	**2,587**
Nº of shares (m)	***435.3***	***356.8***
EPRA NAV - Euros per share	***8.60***	***7.25***

Calculation of the EPRA NAV: Following the EPRA recommendations and starting from the consolidated equity of €3,592m, the following adjustments were carried out:

1. Revaluation of investments: corresponding to latent capital gains (not accounted for on the balance sheet) of specific assets registered at cost, amounting to €13m.
2. Revaluation of other investments: register at fair value of several investments of the Group.
3. Adjustment of deferred taxes: adjustment of the amount of deferred taxes associated with the revaluation of the property assets (+€198m), registered on the balance sheet.

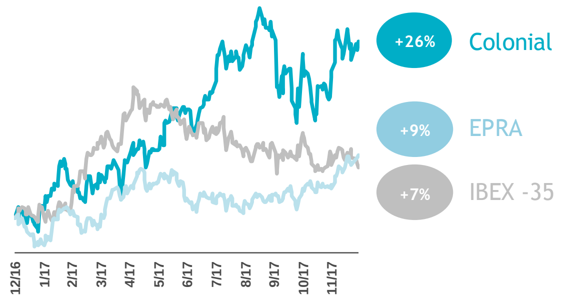
EPRA NNNAV amounted to €3,428m at 31 December 2017, which corresponds to **€7.9/share**.

EPRA Triple Net Asset value (NNNAV) - €m	12/2017	12/2016
EPRA NAV	**3,744**	**2,587**
Include:		
(i) Fair value of financial instruments	1	(2)
(ii) Fair value of debt	(117)	(79)
(iii) Deferred tax	(200)	(222)
EPRA NNNAV - €m	**3,428**	**2,284**
Nº of shares (m)	***435.3***	***356.8***
EPRA NNNAV - Euros per share	***7.88***	***6.40***

For its calculation, the following items have been adjusted in the EPRA NAV: the fair market value of the financial instruments, the fair market value of the debt (-€117m), and the taxes that would be accrued in case of the disposal of the assets at their market value. As a result of Colonial's conversion to a SOCIMI, a provision related to accrued taxes for a total amount of €72m has been reverted. This has resulted in a positive impact of €0.18/share on EPRA NNNAV.

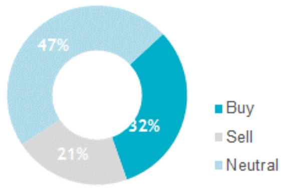
Share price performance

Colonial's shares closed 2017 with a revaluation of 26%, outperforming the benchmark indices (EPRA and IBEX 35).



The average daily trading volume during 2017 reached €12m, positioning it among the most liquid values of the Spanish Real Estate Companies. Additionally, on 19 June 2017, the Colonial Group was included in the IBEX 35, the benchmark index for the Spanish Stock Exchange, increasing the visibility of the company for institutional investors.

With respect to analyst coverage, there are currently 21 analysts, both national and international, covering the company. It is important to highlight that many analysts are pending to update their reports on Colonial. The maximum target price is €10/share issued by Morgan Stanley.



The target prices and recommendations are as follows:

	Institution	Analyst	Date	Recommendation	Target Price actual (€/share)	Rental Income		Recurring Net Profit		NAV/ share (€)	
						2017	2018	2017	2018	2017	2018
1	Banco Santander	Jose Alfonso Garcia	17/10/2016	Buy	7.5	310	na	117	na	7.6	na
2	Fidentiis	Pepa Chapa	23/02/2017	Buy	7.6	291	301	74	76	8.0	8.7
3	Intermoney Valores	Esther Martín	05/05/2017	Maintain	7.5	282	na	na	na	7.7	na
4	Bankinter	Jesús Amador	18/07/2017	Neutral	8.1	300	322	na	na	na	na
5	Haitong	Juan Carlos Calvo	13/07/2017	Neutral	8.1	304	322	100	116	8.0	8.4
6	Morgan Stanley	Bart Gysens	29/08/2017	Overweight	10.0	291	318	na	na	8.7	9.5
7	Deutsche Bank	Markus Scheufler	18/10/2017	Restricted	Restricted	na	na	75	na	8.3	9.0
8	Goldman Sachs	Jonathan Kownator	01/11/2017	Neutral	8.9	282	314	na	na	8.7	9.4
9	ING	Jaap Kuin	13/11/2017	Maintain	8.3	283	300	82	93	8.1	8.7
10	Green Street Advisors	Peter Papadakos	13/11/2017	Maintain	8.5	280	285	92	na	7.9	8,7
11	BPI	Gonzalo Sanchez Bordona	13/11/2017	Neutral	8.8	302	311	85	106	na	na
12	Merrill Lynch	Samuel Warwood	13/11/2017	Neutral	8.0	291	300	na	na	7.6	7.7
13	Banco Sabadell	Ignacio Romero	13/11/2017	Buy	8.7	288	304	na	na	na	na
14	Mirabaud	Ignacio Méndez Terroso	14/11/2017	Sell	7.0	297	303	na	na	na	na
15	Societe Generale	Alvaro Soriano De Miguel	30/11/2017	Buy	9.0	292	320	84	130	8.0	9.0
16	Bankinter Securities	Juan Moreno Martínez de Lecea	19/01/2018	Sell	7.8	302	316	na	na	na	na
17	JB Capital	Daniel Gandoy	19/01/2018	Restricted	Restricted	301	314	na	na	7.7	8.1
18	Alpha Value	Zeineb Sahnoun	22/01/2018	Sell	8.8	298	323	112	142	8.1	9.1
19	Alantra Equities	Fernando Abril-Martorell García	05/02/2018	Neutral	9.3	279	282	89	99	8.6	8.9
20	Kempen	Max Mimmo	05/02/2018	Buy	9.4	296	318	90	101	7.3	8.1
21	Kepler Cheuvreux	Mariano Miguel	19/02/2018	Sell	8.4	267	307	na	na	8.7	9.1
	Analysts consensus				**8.4**	**292**	**309**	**91**	**108**	**8.1**	**8.7**

Source: Bloomberg & reports of analysts

Colonial is a member of the following indices: IBEX 35, the FTSE EPRA/NAREIT Developed Europe, the FTSE EPRA/NAREIT Developed Eurozone and the Global Property Index 250 (GPR 250 Index).

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

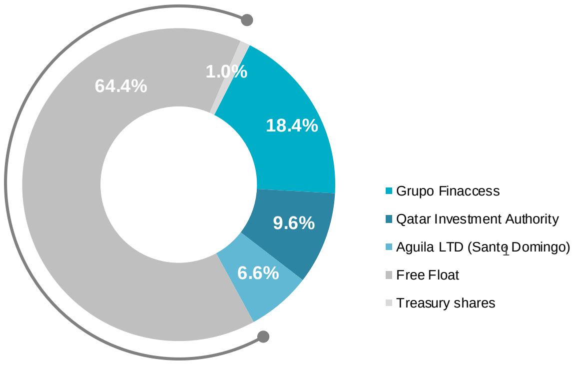
During the first half of 2017, MSCI rated Colonial as the best performing specialist fund for Spain. In particular, MSCI highlighted that Colonial had obtained the highest total annualized return in the last 3 years as at 31 December 2016 compared to the property sector benchmark.

Company shareholder structure

Colonial's shareholder structure is as follows:

Shareholder structure at 26/01/2018 (*)

Inmo, S.L	*5%*	Free Float [2]
BlackRock	*3%*	
Third Avenue Mng.	*2%*	
Amura Capital	*2%*	
Deutsche Bank	*2%*	
Fidelity	*1%*	
Invesco	*1%*	
Orbis	*1%*	
Other Free Float	*48%*	



(*) According to reports in the CNMV and notifications received by the company
(1) Through Hofinac BV, Finaccess Capital, S.A. de C.V. and Finaccess Capital Inversores, S.L.
(2) Free float: shareholders with minority stakes and without representation on the Board of Directors

Board of Directors

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee
Juan José Brugera Clavero	Chairman		Chairman		
Pere Viñolas Serra	Chief Executive Officer		Member		
Sheikh Ali Jassim M. J. Al-Thani	Director				
Adnane Moussanif	Director		Member	Member	
Juan Carlos García Cañizares	Director	**Aguila LTD (Santo Domingo)**	Member	Member	
Carlos Fernández González	Director		Member		
Ana Sainz de Vicuña	Independent Director				Chairman
Carlos Fernández-Lerga Garralda	Independent Director		Member	Chairman	Member
Javier Iglesias de Ussel Ordís	Independent Director			Member	Member
Luis Maluquer Trepat	Independent Director			Member	Member
Francisco Palá Laguna	Secretary - Non-Director		Secretary	Secretary	Secretary
Nuria Oferil Coll	Vice-secretary - Non-Director		Vice-secretary	Vice-secretary	Vice-secretary

6. Appendices

6.1 Appendix – EPRA ratios

1) EPRA Earnings

EPRA Earnings - €m	2017	2016
Earnings per IFRS Income statement	**683**	**274**
Earnings per IFRS Income statement - €/share	*1.78*	*0.77*
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	(931)	(556)
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	2	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	3	0
(vi) Changes in fair value of financial instruments and associated close-out costs	(0)	24
(vii) Acquisition costs on share deals and non controlling joint venture interests	0	0
(viii) Deferred tax in respect of EPRA adjustments	(33)	96
(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	338	225
EPRA Earnings	**62**	**63**
Average Nº of shares (m)	*383.8*	*356.8*
EPRA Earnings per Share (EPS) - €/share	*0.16*	*0.18*
Company specific adjustments:		
(a) Extraordinary expenses	18	4
(b) Non recurring financial result	2	0
Company specific adjusted EPRA Earnings	**83**	**68**
Average Nº of shares (m)	*383.8*	*356.8*
Company adjusted EPRA Earnings per Share (EPS) - €/share	*0.22*	*0.19*

6.1 Appendix – EPRA ratios (cont.)

2) EPRA NAV

EPRA Net Asset value - €m	12/2017	12/2016
NAV per the Consolidated financial statements	**3,592**	**2,302**
Include:		
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	13	11
(i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used)	na	na
(i.c) Revaluation of other non-current investment	(58)	51
(ii) Revaluation of tenant leases held as finance leases	na	na
(iii) Revaluation of trading properties	na	na
Exclude:		
(iv) Fair value of financial instruments	(1)	2
(v.a) Deferred tax	198	221
(v.b) Goodwill as a result of deferred tax	-	-
Include/exclude:		
Adjustments (i) to (v) above in respect of joint ventures interests	na	na
EPRA NAV - €m	**3,744**	**2,587**
Nº of shares (m)	***435.3***	***356.8***
EPRA NAV - Euros per share	***8.60***	***7.25***

3) EPRA NNNAV

EPRA Triple Net Asset value (NNNAV) - €m	12/2017	12/2016
EPRA NAV	**3,744**	**2,587**
Include:		
(i) Fair value of financial instruments	1	(2)
(ii) Fair value of debt	(117)	(79)
(iii) Deferred tax	(200)	(222)
EPRA NNNAV - €m	**3,428**	**2,284**
Nº of shares (m)	***435.3***	***356.8***
EPRA NNNAV - Euros per share	***7.88***	***6.40***

6.1 Appendix – EPRA ratios (cont.)

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

D. EPRA Net Initial yield & "Topped-Up" Net Initial Yield		Barcelona	Madrid	Paris	Total 2017	Total 2016
Figures in €m						
Investment property – wholly owned		921	1,783	6,229	8,933	7,928
Investment property – share of JVs/Funds		0	na	na	0	na
Trading property (including share of JVs)		na	na	na	na	na
Less: developments		(85)	(287)	(421)	(793)	(576)
Completed property portfolio	**E**	**836**	**1,496**	**5,808**	**8,140**	**7,352**
Allowance for estimated purchasers' costs		22	36	370	428	380
Gross up completed property portfolio valuation	**B**	**858**	**1,532**	**6,178**	**8,568**	**7,732**
Annualised cash passing rental income		36	54	179	269	252
Property outgoings		(1)	(6)	(4)	(11)	(9)
Annualised net rents	**A**	**35**	**48**	**175**	**258**	**243**
Add: notional rent expiration of rent free periods or other lease incentives		0	4	24	29	42
"Topped-up" net annualised rent	**C**	**35**	**53**	**199**	**287**	**286**
EPRA Net Initial Yield	**A/B**	**4.1%**	**3.2%**	**2.8%**	**3.0%**	**3.1%**
EPRA "Topped-Up" Net Initial Yield	**C/B**	**4.1%**	**3.4%**	**3.2%**	**3.4%**	**3.7%**
Gross Rents 100% Occupancy	F	38	65	212	315	307
Property outgoings 100% Occupancy		(1)	(5)	(4)	(10)	(8)
Annualised net rents 100% Occupancy	**D**	**38**	**59**	**208**	**305**	**299**
Net Initial Yield 100% Occupancy	**D/B**	**4.4%**	**3.9%**	**3.4%**	**3.6%**	**3.9%**
Gross Initial Yield 100% Occupancy	**F/E**	**4.6%**	**4.3%**	**3.6%**	**3.9%**	**4.2%**

5) EPRA Vacancy Rate

EPRA Vacancy Rate - Offices Portfolio

€m	2017	2016	Var. %
BARCELONA			
Vacant space ERV	0	1	
Portfolio ERV	36	33	
EPRA Vacancy Rate Barcelona	**1%**	**3%**	*(2 pp)*
MADRID			
Vacant space ERV	4	1	
Portfolio ERV	61	49	
EPRA Vacancy Rate Madrid	**7%**	**3%**	*5 pp*
PARIS			
Vacant space ERV	6	7	
Portfolio ERV	179	188	
EPRA Vacancy Rate Paris	**3%**	**4%**	*(0 pp)*
TOTAL PORTFOLIO			
Vacant space ERV	11	9	
Portfolio ERV	276	270	
EPRA Vacancy Rate Total Office Portfolio	**4%**	**3%**	*1 pp*

EPRA Vacancy Rate - Total Portfolio

€m	2017	2016	Var. %
BARCELONA			
Vacant space ERV	0	1	
Portfolio ERV	37	35	
EPRA Vacancy Rate Barcelona	**1%**	**3%**	*(2 pp)*
MADRID			
Vacant space ERV	4	1	
Portfolio ERV	63	51	
EPRA Vacancy Rate Madrid	**7%**	**3%**	*5 pp*
PARIS			
Vacant space ERV	7	7	
Portfolio ERV	219	224	
EPRA Vacancy Rate Paris	**3%**	**3%**	*(0 pp)*
TOTAL PORTFOLIO			
Vacant space ERV	12	9	
Portfolio ERV	319	310	
EPRA Vacancy Rate Total Portfolio	**4%**	**3%**	*1 pp*

Annualized figures

6.1 Appendix – EPRA ratios (cont.)

6) EPRA Cost Ratios

E. EPRA Cost Ratios		12/2017	12/2016
Figures in €m			
(i) Administrative/operating expense line per IFRS income statement [(1)]		41	36
(ii) Net service charge costs/fees		18	18
(iii) Management fees less actual/estimated profit element		0	0
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits		(0)	(0)
(v) Share of Joint Ventures expenses		0	0
Exclude (if part of the above):			
(vi) Investment Property depreciation		na	na
(vii) Ground rent costs		na	na
(viii) Service charge costs recovered through rents but not separately invoiced		(9)	(5)
EPRA Costs (including direct vacancy costs)	**A**	**50**	**49**
(ix) Direct vacancy costs		(4)	(5)
EPRA Costs (excluding direct vacancy costs)	**B**	**47**	**44**
(x) Gross Rental Income less ground rent costs - per IFRS		283	271
(xi) Less: service fee and service charge costs components of Gross Rental Income (if relevant)		(10)	(9)
(xii) Add: share of Joint Ventures (Gross Rental Income less ground rents)		0	0
Gross Rental Income	**C**	**273**	**263**
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**A/C**	**18.4%**	**18.6%**
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**B/C**	**17.1%**	**16.9%**

(1) 2017: 40.7€m refer to administrative expenses and 9.9€m refer to extraordinary operating expenses

2016: 35.8€m refer to administrative expenses and 1.4€m refer to extraordinary operating expenses

Additional Disclosure		
Capitalized overhead costs [(2)]	0	0
Commercialisation fees [(3)]	1	2

(2) overheads which are directly and totally related to projects are capitalized

(3) commercialisation fees related to projects and refurbishments are capitalized

7) EPRA Capex disclosure

€m

Property-related CAPEX	12/2017	12/2016
Acquisitions [(1)]	**429**	**168**
Development (ground-up/green field/brown field)	**57**	**71**
Like-for-like portfolio	**12**	**11**
Other [(2)]	**6**	**4**
Capital Expenditure	**503**	**255**

(1) Does not include contribution of assets in exchange of shares

(2) Includes capitalised interest relating to projects, tenant incentives, letting fees and other capitalised expenses

6.2 Appendix – Consolidated balance sheet

Consolidated balance sheet

€m	2017	2016
ASSETS		
Property investments	8,792	7,763
Other non-current assets	487	198
Non-current assets	9,280	7,960
Debtors and other receivables	103	125
Other current assets	1,125	142
Assets available for sale	0	0
Current assets	1,228	267
TOTAL ASSETS	10,508	8,228
LIABILITIES		
Share capital	1,088	892
Reserves and others	1,821	1,136
Profit (loss) for the period	683	274
Equity	3,592	2,302
Minority interests	2,088	1,706
Net equity	5,680	4,008
Bond issues and other non-current issues	3,308	2,510
Non-current financial debt	857	712
Deferred tax	350	347
Other non-current liabilities	77	143
Non-current liabilities	4,592	3,712
Bond issues and other current issues	14	314
Current financial debt	39	89
Creditors and other payables	128	61
Other current liabilities	55	43
Current liabilities	236	507
TOTAL EQUITY & LIABILITIES	10,508	8,228

MARKET VALUE RECONCILIATION - €m	2017
Tangible fixed assets - own use [(1)]	34
Real estate investment (w/o advances on fixed assets) [(2)]	8,792
Non-current assets held for sale - Investment properties [(3)]	-
Value accounted on balance	**8,826**
Unrealised capital gains - own use	27
Not appraised & other	0
Tangible fixed assets	1
Rent free periods	79
Adjustments	**107**
Appraisal value according to external appraisers	**8,933**

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

6.3 Appendix – Asset portfolio – Locations

Barcelona

1. Paseo de los Tilos, 2-6
2. Av. Diagonal, 682
3. Av. Diagonal, 609-615
4. Travessera de Gràcia, 11
5. Amigó, 11-17
6. Av. Diagonal, 530-532
7. Av. Diagonal, 409
8. Via Augusta, 21-23
9. Complejo de oficinas Sant Cugat Nord
10. Torre Marenostrum
11. 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

● Gal·la Placidia (Acquisition 2018)


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

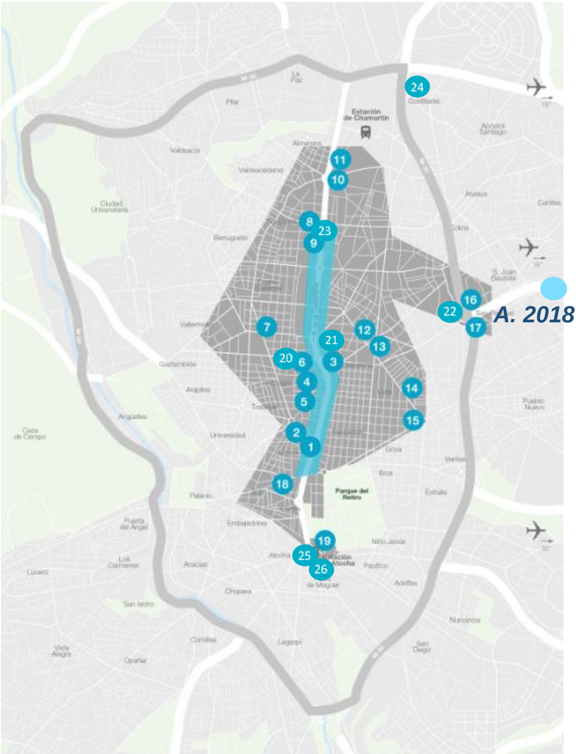

18- Travessera Gràcia, 47-49


19- Plaza Europa 34


Gal·la Placidia (A. 2018)

6.3 Appendix – Asset portfolio – Locations (cont.)

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. 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

- EGEO - Campo de las Naciones (Acquisition 2018)


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

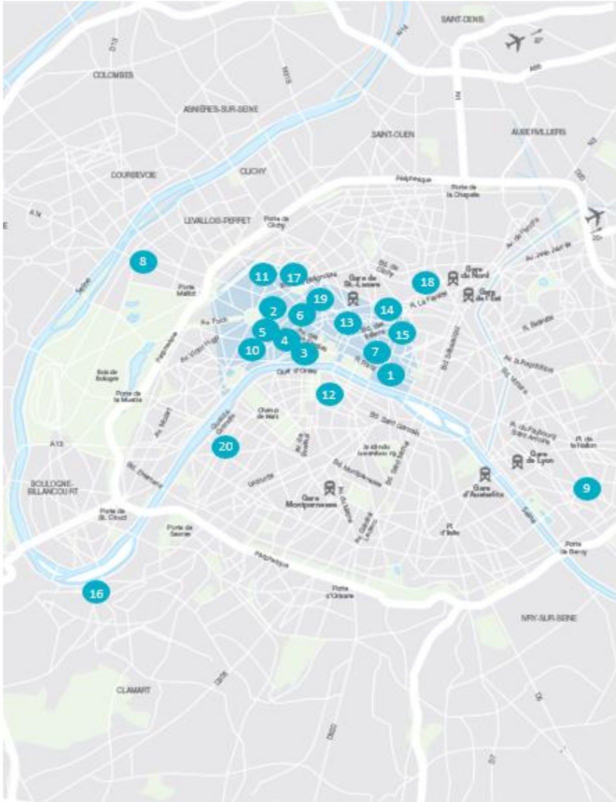

25- Campus Méndez Álvaro


26- Méndez Álvaro II


27- EGEO (A. 2018)

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. 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

6.4 Appendix – Asset portfolio - Details

Spain

RENTAL PORTFOLIO SPAIN	Acquisition year	Floor space above ground					Floor space above ground	Floor space below ground	Total surface	Parking units
		Offices	Retail	Resid.	Logistic	Hotel				
DIAGONAL, 409	2001	**3,680**	851				**4,531**	0	**4,531**	
DIAGONAL, 530	1992	**9,226**	2,555				**11,781**	4,708	**16,489**	**99**
DIAGONAL, 609-615 - DAU/PRISMA	1997	**21,872**					**21,872**	18,839	**40,711**	**438**
AV. DIAGONAL, 682	1997	**8,372**	145				**8,517**	1,795	**10,312**	**50**
PEDRALBES CENTRE	1997	**0**	5,558				**5,558**	1,312	**6,870**	
BERLIN, 38-48/NUMANCIA, 46	1997	**9,644**	3,173				**12,817**	3,659	**16,476**	**99**
DIAGONAL 220-240, GLORIES	2000	**11,672**					**11,672**	536	**12,208**	**40**
ILLACUNA	2006	**19,639**	812				**20,451**	13,606	**34,057**	**481**
Pº TILOS, 2-6	2000	**5,143**					**5,143**	3,081	**8,224**	**79**
TRAVESSERA, 47-49	2016	**8,939**					**8,939**	1,705	**10,644**	**6**
VIA AUGUSTA, 21-23	1999	**4,620**	218				**4,838**	0	**4,838**	
TRAVESSERA, 11	1994	**4,105**	410				**4,515**	1,994	**6,509**	**61**
AMIGÓ, 11-17	1994	**2,960**	608				**3,568**	1,778	**5,346**	**88**
PLZ. EUROPA 42-44	2014	**4,869**					**4,869**	2,808	**7,677**	**68**
TORRE BCN	2000	**8,000**	235				**8,235**	3,226	**11,461**	**88**
TORRE MARENOSTRUM	2003	**22,394**					**22,394**	19,370	**41,764**	**616**
SANT CUGAT	1999	**27,904**					**27,904**	20,531	**48,435**	**690**
CASTELLANA, 52	1998	**6,496**	1,027				**7,523**	2,615	**10,138**	**49**
P. CASTELLANA, 163	2016	**9,610**	600				**10,210**	1,855	**12,065**	**52**
RECOLETOS, 37-41	2005	**13,642**	3,560				**17,202**	5,340	**22,542**	**175**
CASTELLANA, 43	2005	**5,455**	543				**5,998**	2,441	**8,439**	**81**
MIGUEL ANGEL, 11	2005	**5,370**	930				**6,300**	2,200	**8,500**	**81**
JOSE ABASCAL, 56	2005	**10,857**	1,468				**12,325**	6,437	**18,762**	**219**
GÉNOVA, 17	2015	**3,638**	1,038				**4,676**	2,601	**7,277**	**70**
JOSE ABASCAL, 45	2016	**5,290**					**5,290**	1,929	**7,219**	**54**
SERRANO,73	2016	**4,242**					**4,242**	3,176	**7,418**	**104**
ALCALA, 30-32	1994	**8,573**	515				**9,088**	1,700	**10,788**	**52**
ALFONSO XII, 62	2002	**13,135**					**13,135**	2,287	**15,422**	**78**
SANTA ENGRACIA	2015	**13,444**	220				**13,664**	5,562	**19,226**	**180**
FRANCISCO SILVELA, 42	1999	**5,393**					**5,393**	3,926	**9,319**	**105**
JOSÉ ORTEGA Y GASSET 100	2000	**6,870**	922				**7,792**	2,563	**10,355**	**96**
POETA JOAN MARAGALL, 53	2001	**13,685**	2,330				**16,015**	9,668	**25,683**	**295**
ESTÉBANEZ CALDERÓN, 3-5	2015	**9,496**	656				**10,152**	4,751	**14,903**	**103**
LÓPEZ DE HOYOS, 35	2005	**7,140**					**7,140**	4,105	**11,245**	**111**
AGUSTÍN DE FOXÁ, 29	2003	**6,402**	873				**7,275**	2,515	**9,789**	**158**
HOTEL CENTRO NORTE	2003	**0**	385			8,073	**8,458**	11,089	**19,547**	
ARTURO SORIA, 336	2017	**8,363**	300				**8,663**	5,655	**14,318**	**200**
MARTÍNEZ VILLERGAS, 49	2006	**24,135**					**24,135**	14,746	**38,881**	**437**
RAMIREZ DE ARELLANO, 37	1999	**5,988**					**5,988**	4,923	**10,911**	**160**
SANTA HORTENSIA, 26-28	2016	**46,928**					**46,928**	25,668	**72,596**	**946**
HOTEL MOJACAR	2006	**0**				11,519	**11,519**	0	**11,519**	
OTHER SMALL RETAIL UNITS			1,087				**1,087**	350	**1,437**	
PORTFOLIO IN OPERATION SPAIN		**407,191**	**31,303**	**0**	**0**	**19,592**	**458,086**	**227,078**	**685,164**	**6,709**
PARC GLORIES	2016	**24,551**					**24,551**	5,343	**29,894**	**141**
PARC CENTRAL 22@	2010	**14,737**					**14,737**	14,737	**29,474**	**184**
PLAZA EUROPA, 34	2017	**14,306**					**14,306**	4,500	**18,806**	
CAMPUS MÉNDEZ ALVARO	2017	**89,871**					**89,871**	0	**89,871**	
MÉNDEZ ALVARO OFICINAS	2017	**20,276**					**20,276**	0	**20,276**	
AUTOVÍA TOLEDO	2017	**0**			23,557		**23,557**	0	**23,557**	
PRÍNCIPE DE VERGARA, 112-114	2015	**11,368**					**11,368**	4,530	**15,898**	**108**
P. CASTELLANA, 163	2016	**700**					**700**	0	**700**	
REST OF ASSETS		**1,736**	1,205				**2,941**	3,586	**6,527**	**13**
PROJECTS UNDERWAY SPAIN		**177,545**	**1,205**	**0**	**23,557**	**0**	**202,307**	**32,696**	**235,003**	**446**
TOTAL SPAIN		**584,736**	**32,508**	**0**	**23,557**	**19,592**	**660,393**	**259,774**	**920,167**	**7,155**
BARCELONA		***228,357***	*14,775*	*0*	*0*	*0*	***243,132***	*125,360*	***368,493***	***3,228***
MADRID		***356,379***	*16,749*	*0*	*23,557*	*8,073*	***404,758***	*134,064*	***538,821***	***3,927***
OTHERS		***0***	*984*	*0*	*0*	*11,519*	***12,503***	*350*	***12,853***	***0***

Note: In order to facilitate the analysis of the portfolio, part of the office buildings have been specified to be dedicated to retail/commercial use (generally on the ground floors).
The assets in the Barcelona rental portfolio are 100% owned by Colonial, with the exception of Torre Marenostrum of which Colonial has a 55% stake and the plot of land at Plaza Europa 34 which is held through a joint venture with Inmo, S.L.
The assets in the Madrid rental portfolio and the rest of Spain are 100% owned by Colonial.

6.4 Appendix – Asset portfolio (cont.)

France

RENTAL PORTFOLIO FRANCE	Acquisition year	Floor space above ground					Floor space above ground	Floor space below ground	Total surface	Parking units
		Offices	Retail	Resid.	Logistic	Hotel & others				
LOUVRE SAINT-HONORE	1995	**24,897**	159			2,134	**27,190**	4,110	**31,300**	**236**
EDOUARD VII	1999	**28,412**	15,350	4,510		4,202	**52,473**	10,145	**62,618**	**523**
6 HANOVRE	1958	**3,325**					**3,325**	1,246	**4,571**	**0**
#CLOUD.PARIS	2004	**28,192**				1,860	**30,051**	3,164	**33,216**	**99**
CONDORCET	2014	**20,376**		1,562		1,301	**23,239**	2,457	**25,696**	**50**
GALERIE CHAMPS-ELYSEES	2002	**0**	4,141				**4,141**	3,849	**7,990**	**125**
90 CHAMPS-ELYSEES	2002 / 2009	**7,912**	932				**8,844**	0	**8,844**	
92 CHAMPS-ELYSEES	2000	**4,110**	3,089				**7,199**	0	**7,199**	
CEZANNE SAINT-HONORE	2001 / 2007	**22,651**	1,849	0			**24,501**	3,337	**27,837**	**128**
131 WAGRAM	1999	**7,100**				449	**7,549**	3,119	**10,668**	**124**
96 IENA	2001 / 2007	**6,170**					**6,170**	4,467	**10,637**	**264**
112 WAGRAM	2008	**4,470**	892				**5,362**	546	**5,908**	**29**
WASHINGTON PLAZA	2000	**38,839**	416			2,214	**41,470**	13,279	**54,749**	**662**
HAUSSMANN SAINT-AUGUSTIN	2002 / 2004	**11,683**	791				**12,474**	2,650	**15,124**	**104**
9 PERCIER	2015	**5,945**					**5,945**	419	**6,364**	**14**
176 CHARLES DE GAULLE	1997	**5,749**	389				**6,138**	2,739	**8,876**	**145**
LE VAISSEAU	2006	**6,026**					**6,026**	2,321	**8,347**	**124**
RIVES DE SEINE	2004	**20,270**				1,760	**22,030**	6,589	**28,619**	**366**
103 GRENELLE	2006	**15,585**	258			1,052	**16,895**	1,891	**18,786**	**100**
SAINT DENIS		**0**		60			**60**	16	**76**	**1**
PORTFOLIO IN OPERATION FRANCE		**261,711**	**28,266**	**6,132**		**14,972**	**311,080**	**66,346**	**377,426**	**3,094**
LOUVRE SAINT-HONORE	2017	**24,000**				1,000	**25,000**	0	**25,000**	
LOUVRE SAINT-HONORE	1995	**1,081**	14,952				**16,034**	4,177	**20,210**	
CEZANNE SAINT-HONORE	2001 / 2007	**1,787**					**1,787**	1,504	**3,290**	
96 IENA		**1,336**					**1,336**	1,174	**2,510**	
WASHINGTON PLAZA	2000	**825**					**825**	2,177	**3,001**	
131 WAGRAM	1999	**0**					**0**	532	**532**	
103 GRENELLE	2006	**0**					**0**	1,704	**1,704**	
#CLOUD.PARIS	2004	**0**					**0**	3,397	**3,397**	
92 CHAMPS-ELYSEES	2000	**0**					**0**	493	**493**	
REST OF ASSETS		**0**	578				**578**	4,646	**5,223**	
PROJECTS UNDERWAY FRANCE		**29,028**	**15,530**	**0**	**0**	**1,000**	**45,558**	**19,309**	**64,867**	**0**
TOTAL FRANCE		**290,739**	**43,795**	**6,132**	**0**	**15,972**	**356,638**	**85,655**	**442,293**	**3,094**
TOTAL PROPERTY COLONIAL		**875,475**	**76,303**	**6,132**	**23,557**	**35,563**	**1,017,031**	**345,429**	**1,362,460**	**10,249**

Colonial has 58.6% of the share capital of SFL. SFL has 100% ownership of the totality of its rental portfolio with the exception of Washington Plaza of which it owns 66%, as well as the assets of Champs Élysées 90, Galerie Champs Élysées 82-88 and Haussmann 104-110 of which it owns 50%.

6.5 Appendix – Project portfolio & new acquisitions

Projects underway, future projects and new acquisitions

BARCELONA

Parc Glòries – Barcelona 22@ *(Project underway)*

A new project of an emblematic office building in the most prime area of 22@ with extremely high quality finishes, technical specifications and sustainability with delivery expected in 2018. Parc Glòries is a project destined to become an imminent symbol of the city. The project will have more than 24,000 sq m designed by Batlle & Roig, distributed over 17 floors. The building will be one of the first properties to obtain the LEED Platinum certificate in the Barcelona office market. Currently, more than 19,000 sq m have been pre-let to various tenants, resulting in the asset being almost 80% pre-let.

Plaza Europa, 34 *(Project underway)*

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

Travessera de Gràcia, 47-49

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

Gal·la Placídia (Future project – 2018 acquisition)

Acquired at the beginning of 2018 under the framework of the Alpha III project, this is an office building located in the CBD of Barcelona with a surface area above ground of 4,300 sq m. The building is in an unbeatable location, sought after by coworking companies due to its excellent communication links. The space will be refurbished and will be completely rented by the coworking company of Colonial, Utopic_US.

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

Projects underway, future projects and new acquisitions

MADRID

Príncipe de Vergara *(Project underway)*

Property acquired in July 2015, located at Príncipe de Vergara, 112, Madrid. The former property has been demolished to build a unique new building, which will incorporate the latest technologies and hold the most prestigious environmental and sustainability certificates. The new office building will provide a total of 11,400 sq m of rentable surface area, with optimal space efficiency on all floors, enabling it to obtain the LEED Gold energy certificate.

Paseo de la Castellana, 163 *(Future project)*

An office building acquired in the Alpha II project, located in the CBD in Madrid. The asset has a surface area above ground of 10,900 sq m, divided among 11 floors of office space and a ground floor allocated for commercial premises. The flexible floors are approximately 900 sq m with an efficient design and high luminosity. The building has two entrances: one in Paseo de la Castellana and the other in Poeta Joan Maragall 50. Over the coming two years, the property will be refurbished to obtain the BREEAM Very Good certificate.

Discovery Building (Estébanez Calderón) *(Project delivered in December 2017)*

Property acquired in May 2015, located at Estébanez Calderón 3-5, just a few metres from Paseo de la Castellana. The former building was demolished to build a new unique property, which incorporates the latest technologies and innovation in materials. The property has obtained the most prestigious environmental and sustainability certificates. The new office building will provide a total of 10,200 sq m of rentable surface area, with optimal space efficiency on all floors, enabling it to obtain the LEED Gold energy certificate.

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

Projects underway, future projects and new acquisitions

MADRID – cont.

Campus Méndez Álvaro *(Future project)*

Plot of land acquired under the framework of the Alpha III project where an emblematic campus of 90,000 sq m will be created in the centre of Madrid (Méndez Álvaro area). The work will commence in mid-2019 and will be completed by the end of 2021. It will be a macro project which will create an innovative campus with a mixed use of offices and top of the range residential buildings. The campus will include large communal areas of green zones and services for tenants of the campus. The project will obtain the top energy certificates.

Méndez Álvaro II *(Future project)*

Plot of land acquired under the framework of the Alpha III project and complementary to the acquisition of the Campus Méndez Álvaro. A new office building of 20,275 sq m will be developed south of the centre of Madrid (Méndez Álvaro area). The building will have 16 floors of offices and 270 parking spaces. The floors will be flexible and approximately 1,300 sq m with an efficient design, which will enable it to obtain the top energy certificates. The construction work will commence in 2018 and the assets will be delivered in the second half of 2020 (one year before the Campus Méndez Álvaro).

Serrano, 73 – Madrid Prime CBD

A building located in calle Serrano, 73 in Madrid, a unique location in the super-prime market in Madrid. The property has a surface area of 4,200 sq m, and is one of the office buildings in Madrid with the highest recognition due to its extraordinary location and quality.

José Abascal, 45 – Madrid Prime CBD

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

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

Projects underway, future projects and new acquisitions

MADRID – cont.

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 land plot of 12,500 sq m, it is a unique building in its characteristics, and fits perfectly into Colonial's strategy to develop the best portfolio of prime assets in Spain.

Arturo Soria, 336 – Madrid BD

Purchase under the framework of the Alpha III project of an office building at 336 Arturo Soria in Madrid, which has a surface area of 8,663 sq m above ground and almost 200 parking spaces. The asset is currently almost 100% occupied. Highlighted is the potential the building has due to its location, quality and size, as well as the flexibility of the space.

EGEO - Campo de las Naciones – Madrid BD – 2018 acquisition

At the beginning of 2018, under the framework of the Alpha III project, this office building was acquired located in Campo de las Naciones, which has a surface area of 18,000 sq m distributed over 6 floors and 350 parking spaces. The building has two independent wings, with an attractive entrance hall crowned with a skylight, which offers good natural light to the interior spaces. The floors are flexible with 3,000 sq m divisible into up to 8 modules, allowing the possibility to accommodate various tenants. The asset is located in the best area of Campo de la Naciones and has excellent connections to public transport. It is currently at 93% occupancy.

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

Projects underway, future projects and new acquisitions

PARIS

112-122 Avenue Emile Zola *(Project)*

At the beginning of 2017, The Colonial Group completed a transaction for €165m, though its French subsidiary, to acquire the historical headquarters of the SMA Group. This building stands at a prime location at 112-122 Avenue Emile Zola, in the centre of district 15 in Paris. The building has a surface area of approximately 21,000 sq m. SMA will move to a new headquarters in the fourth quarter of 2017, at which time the Colonial Group will restructure the building to transform it into one of the largest office complexes in the South of the French capital. The project will have 1,400 sq m of office space with great luminosity and efficient functionality. There will be a double entrance, optimizing the divisibility and with a wooded garden surrounding the building.

Louvre Saint Honoré *(Project)*

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

96 Iéna *(Future project)*

A future project for the creation of a prime office complex located in the heart of the CBD in Paris, close to "l'Arc de Triomphe". The project will be designed by the famous French architect Dominique Perrault, creating an iconic building with high quality finishes and technical specifications. Common spaces will be optimized on the offices floors and green spaces will be created in the interior patio, as well as an internal atrium that will allow for natural light to reach the underground basement up to two floors down. The property will have the best energy certificates and construction is expected to begin in 2018 and be completed by 2020.

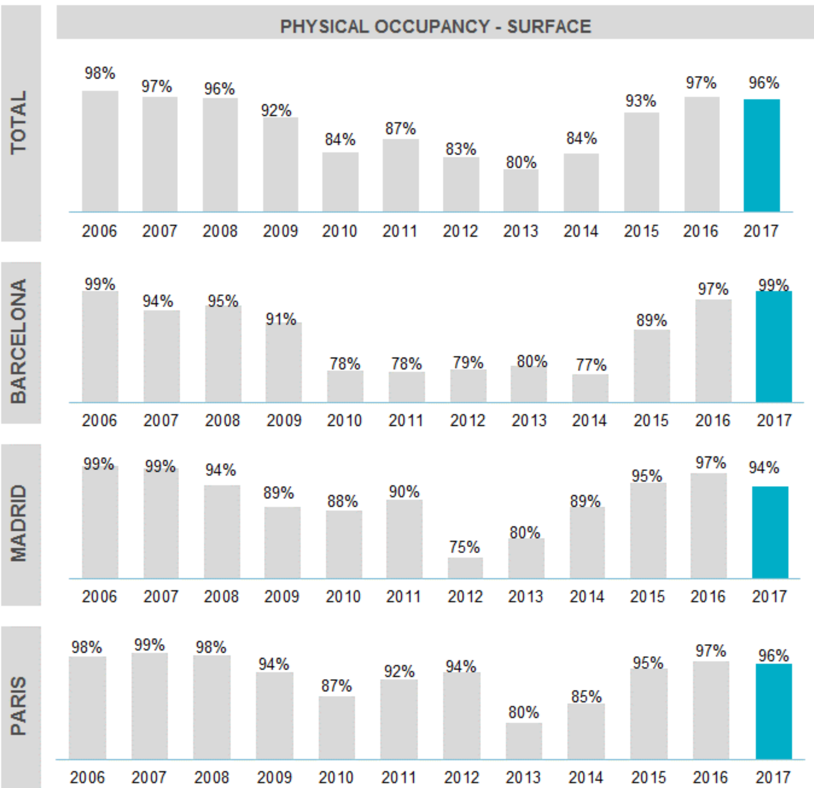
6.6 Appendix – Historical series

Historical series breakdown

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Barcelona														
Physical Offices Occupancy (%)	97%	100%	99%	94%	95%	91%	78%	78%	79%	80%	77%	89%	97%	99%
Rental revenues (€m)	55	53	56	60	51	49	39	32	31	28	28	27	30	35
Net Rental Income (€m)	53	51	55	58	49	47	37	28	27	25	23	23	28	34
NRI / Rental revenues (%)	95%	96%	97%	97%	96%	97%	93%	88%	89%	89%	85%	85%	92%	96%
Madrid														
Physical Offices Occupancy (%)	93%	98%	99%	99%	94%	89%	88%	90%	75%	80%	89%	95%	97%	94%
Rental revenues (€m)	37	44	68	70	56	50	47	45	44	35	32	35	43	52
Net Rental Income (€m)	34	42	66	66	52	46	42	41	40	30	28	31	38	46
NRI / Rental revenues (%)	93%	94%	96%	95%	92%	92%	90%	90%	90%	86%	85%	88%	88%	88%
Paris														
Physical Offices Occupancy (%)	97%	96%	98%	99%	98%	94%	87%	92%	94%	80%	85%	95%	97%	96%
Rental revenues (€m)	157	153	162	170	182	183	175	152	150	149	152	169	198	196
Net Rental Income (€m)	147	145	153	162	171	173	162	141	138	137	139	155	188	185
NRI / Rental revenues (%)	94%	95%	95%	95%	94%	94%	93%	93%	92%	92%	92%	92%	95%	94%

Evolution of physical office occupancy

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



6.7 Appraisal certificate

CONSEJO DE ADMINISTRACIÓN
INMOBILIARIA COLONIAL S.A.
Av. Diagonal 532
08006 Barcelona

Madrid, 29th January 2018

Dear Sirs,

In accordance with your instruction, JLL Valoraciones; S.A. and CBRE, as valuers of the Colonial portfolio in Spain, and Jones Lang LaSalle Expertise and Cushman & Wakefield, as SFL valuers in France; have carried out the valuation reports of the freehold interest of the portfolio of properties of Inmobiliaria Colonial (Spain and France) as at 31st of December 2017 for internal use of the company.

According to the aforementioned reports, the Net Market Value of the company's portfolio is:

8,933,035,052 EUROS

(Eight Thousand Nine Hundred and Thirty Three Million
Thirty Five Thousand Fifty Two Euros)

The breakdown is as follows:

Unit	Market Value (excl. Transfer costs)	Gross Value (incl. Transfer costs)
Madrid	1,774,954,773 €	1,819,526,900 €
Barcelona	921,254,000 €	945,124,436 €
Rest of Spain	7,750,346 €	7,964,501 €
Total Colonial (Spain)	2,703,959,119 €	2,772,615,837 €
Total SFL (París)	6,229,075,933 €	6,619,201,196 €
Total Colonial + SFL	8,933,035,052 €	9,391,817,033 €

The valuation has been carried out in accordance with the Practice Statement and the relevant Guidance Notes in the RICS Appraisals and Valuations Manual prepared by the Royal Institution of Chartered Surveyors and with the General Principles adopted in the Preparation of Valuations and Reports.

JLL Valoraciones, S.A.
CIF: A-28806333
Pº de la Castellana, 130 - 1ª Planta
28046 Madrid, España

CBRE VALUATION ADVISORY, S.A.

C. Adam

JONES LANG LASALLE EXPERTISES
S.A.S. au capital de 37 000 Euros
Siège social : 40/42 rue La Boétie
Tél : 01 40 55 15 15 - 75008 PARIS
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A. GUILLAUME

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Société anonyme au capital de 160 000 €
RC Siret 332 111 574 00049
N° TVA intracommunautaire FR 100 332 111 574

6.8 Appendix – Financial structure – Details

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

1. Bonds issued in two tranches in June 2015 for a total amount of €875m according to the following breakdown:
   a) Initial issuance of €750m, with a pending amount of €375 after the buybacks carried out in October 2016, and maturing in June 2019 with an annual fixed coupon of 1.863%.
   b) Issuance of €500m, maturing in June 2023 with an annual fixed coupon of 2.728%.
2. Three bond issuances for a total of €1,450m, carried out under the EMTN program:
   a) Issuance of €600m, maturing in October 2024, with a fixed annual coupon of 1.45%.
   b) Private bond issuance for €50m, maturing in November 2026, with an annual fixed coupon of 1.875%.
   c) Issuance of unsecured bonds of €800m structured in two tranches:
      I. One tranche of €500m, maturing on 28 November 2025 with a fixed annual coupon of 1.625%
      II. One tranche of €300m, maturing on 28 November 2029, with a fixed coupon of 2.5%, payable annually in arrears.

   These bonds are unsubordinated and non-preferential between them, and have been accepted for listing on the Main Securities Market of the Irish Stock Exchange.
3. Two SFL bond issuances for €1,000m according to the following breakdown:
   a) Issuance in November 2014 for €500m, maturing in November 2021, with an annual fixed coupon of 1.875%.
   b) Issuance in November 2015 for €500m with an annual fixed coupon of 2.25%, maturing in November 2022.

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

Both loans are subject to the fulfilment of certain financial ratios. At 31 December 2017 these loans were undrawn at €150m and €13m, respectively.

6.8 Appendix – Financial structure – Details (cont.)

5. SFL's two syndicate loans:
   a) A syndicate loan for a nominal amount of €400m, the agent bank of which is "BNP PARIBAS", maturing in July 2020 with an applicable spread, subject to the LTV level. At 31 December 2017 this loan was undrawn.
   A syndicate loan, the agent bank of which is "Natixis Banques Populaires" for a nominal amount of €150m, maturing in October 2019. The applicable spread varies depending on the LTV. At 31 December 2017 this loan was also undrawn.
6. Bilateral loans with mortgage securities:
   a) The Colonial Group in Spain, through one of its subsidiaries, holds €35m in bilateral loans, with mortgage securities on various property assets. The average maturity of this loan is 7.7 years and the average financing spread is 150 bps.
   b) SFL, through various subsidiaries, holds a total of €203m in bilateral loans with various financial institutions, with mortgage securities on property assets. The average maturity of these loans is 4.4 years.
7. Bilateral loans without mortgage securities:
   SFL holds various loans for the amount of €410m, at a variable interest rate, with an average maturity of 3.5 years.

Hedging portfolio

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

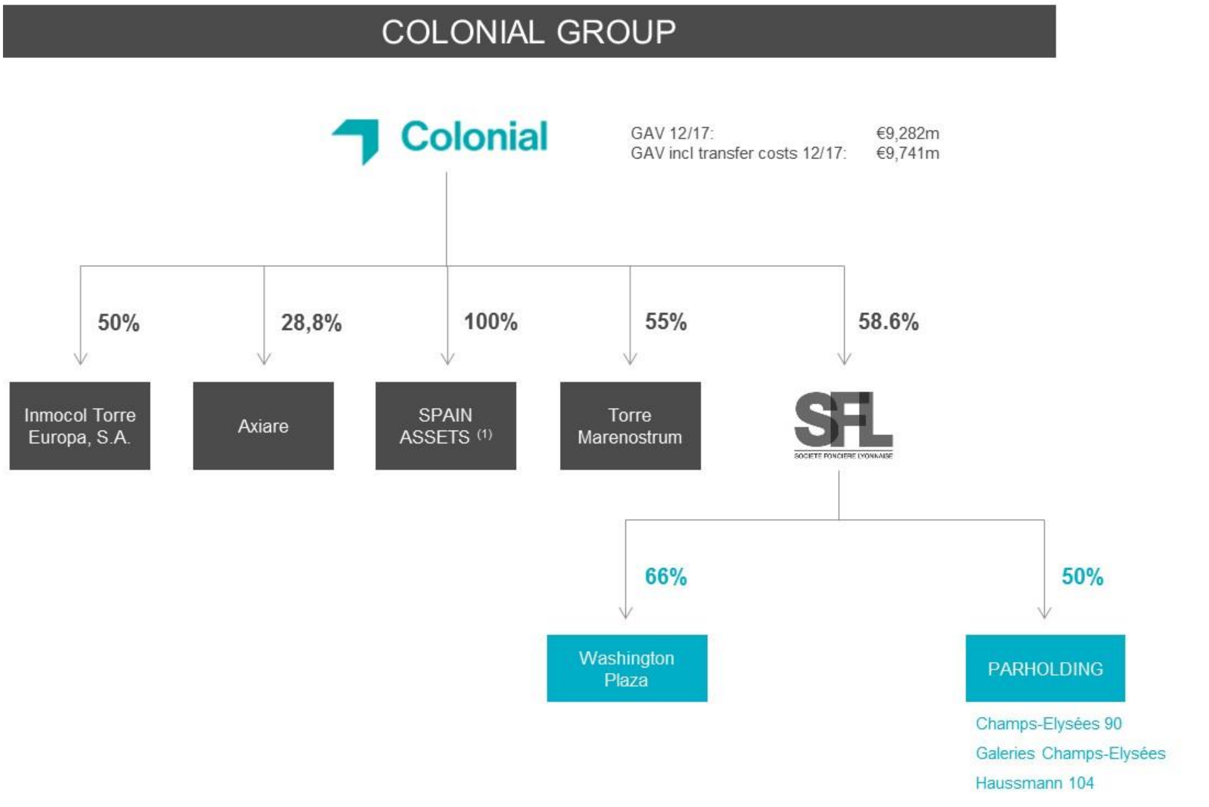
December 2017 Financial instrument - €m	COL	SFL	TOTAL	MTM (Ex-coupon)
Total hedging portfolio (Variable - Fixed)	28	200	228	0
Maturity (years)	14	5	6	
% Hedging portfolio / Gross debt	14%	45%	36%	
% Fixed rate or hedged debt vs/ Gross debt	93%	85%	90%	

90% of the Group's debt was contracted at a fixed rate at 31 December 2017. In addition, the Group uses derivative financial instruments that enable it to manage its exposure to interest rate fluctuations. The objective of the risk management policy is to reduce exposure to interest rate volatility in order to limit and control the impact of interest rate fluctuations on the cash flow and results, maintaining an appropriate global cost of debt. In addition, the policy of the Group is to contract instruments that comply with the requirements established under IFRS 39, allowing the variance in the market value (MTM) to be registered directly in net equity.

At 31 December 2017 the Group had interest rate derivatives contracted (IFRS) for €228m. In the case of Colonial, these related to a hedging associated with the loan by the company Torre Marenostrum. During the first half of the year, with the aim of renewing this loan, the previous hedging was cancelled, with a new one being formalized which was adapted to the new market situation and the new loan maturity.

In France, SFL has formalized two interest rate hedging instruments for €200m.

.6.9 Appendix – Group Structure

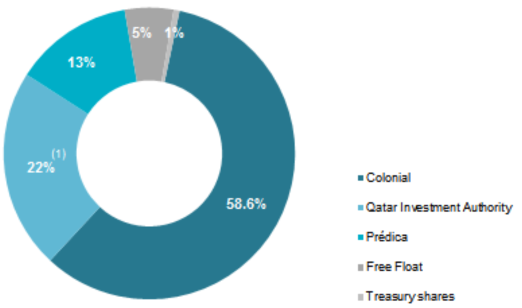


(1) *Excluding Torre Marenostrum and Plaza Europa*

6.10 Appendix – Subsidiaries - Details

Shareholder structure and Board of Directors of SFL

SFL - Shareholder structure at 31/12/2017



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

Board of Directors SFL

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

6.11 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 58.5% stake in SFL. + NAV stake in Axiare value of the portfolio.

6.11 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).

6.11 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

6.12 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.

6.12 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.

6.13 Appendix – Contact details

Investor Relations

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

Shareholders Office

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

Colonial Website

www.inmocolonial.com

Capital Market registry data – Stock market

Bloomberg: COL.SM
ISIN Code: ES0139140042
Indices: 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.

About Colonial

Inmobiliaria Colonial, SOCIMI, S.A.
Avenida Diagonal, 530
08006 Barcelona

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 €9bn.

6.14 Appendix – Disclaimer

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

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