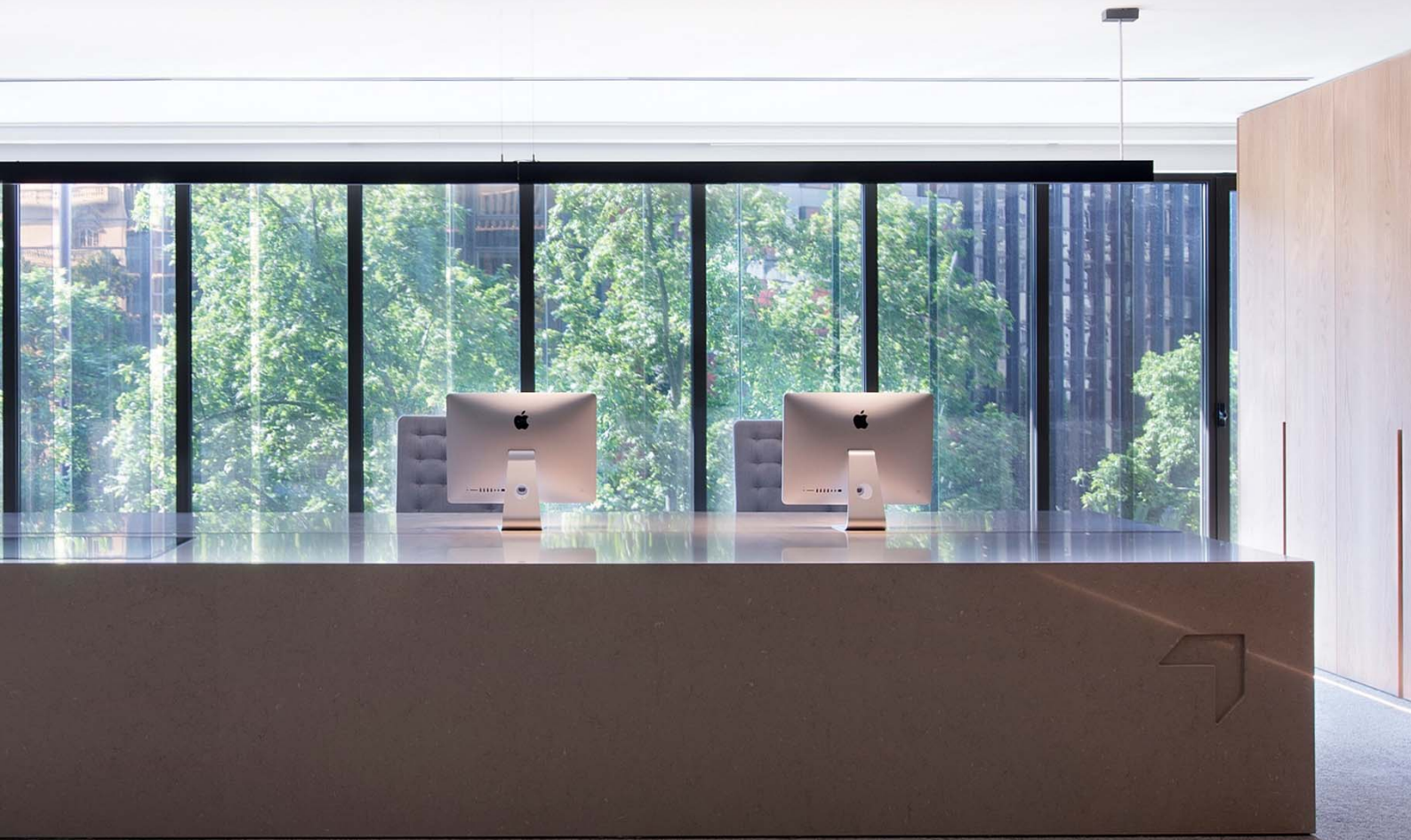




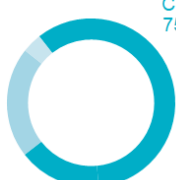
European Property
Investment Awards
WINNER 2018



4Q/18

Colonial closes 2018 with a Total Annual Shareholder Return of 19%

The Net Asset Value amounts to €10/share (+17% YoY)

Financial Highlights	2018	2017	Var	LFL	Unique exposition to Prime	Operational Highlights	
EPRA NAV - €/share	10.03	8.60	+17%			EPRA Vacancy	4%
EPS recurring - €/share	0.223	0.215	+4%			Rental Growth ²	+8%
Gross Rental Income - €m	347	283	+23%	+5%		Barcelona	+10%
EBITDA recurring - €m	280	229	+22%	+5%		Madrid	+8%
Recurring Net Profit - €m	101	83	+22%			Paris	+5%
Attributable Net Profit - €m	525	683	na			Release Spread ³	+26%
GAV Group €m	11,348	9,282	+22%	+8%		Barcelona	+23%
EPRA NAV €m	5,098	3,744	+36%			Madrid	+29%
						Paris	+14%

Double digit value creation

- **Total Shareholder Return¹ of 19%**
- Net Asset Value of €10.03/share, +17% vs. previous year
- Gross asset value of €11,348m, + 22% (+8% like-for-like)

Bottom line results accelerating

- **Recurring net profit of €0.22 per share**
- Recurring net earnings of more than €100m, +22%
- Net profit of €525m, €1.16/share

Strong income growth

- Gross rental income of €347m, +23%
- Gross rental income +5% Like-for-like

Solid operating results

- Capturing rental price increases
+8% vs. 2017 ERVs²
+26% release spreads³
- Solid occupancy levels of 96%
- Successful project delivery
- ESG⁴ Leadership

Active portfolio management

- Integration of Axiare in record time: more than €5m in annual synergies
- Execution of the Alpha III and Alpha IV projects with prime acquisitions of more than €1,100m
- Non-core disposals of €441m with a +12% premium over GAV⁵

A strengthened balance sheet

- Upgrade on in S&P rating to BBB+ (highest real estate rating in Spain)
- LTV of 39% with a liquidity of €1,793m

(1) Total return = NAV per share increase + dividend paid (2) Signed rents vs. market prices at 12/2017 (ERV 12/17)

(3) Signed rents on renewals vs. previous rents (4) ESG = Environmental, Social and Governance

(5) GAV 06/18 operating assets & acquisition Price + future capex for the project

Highlights

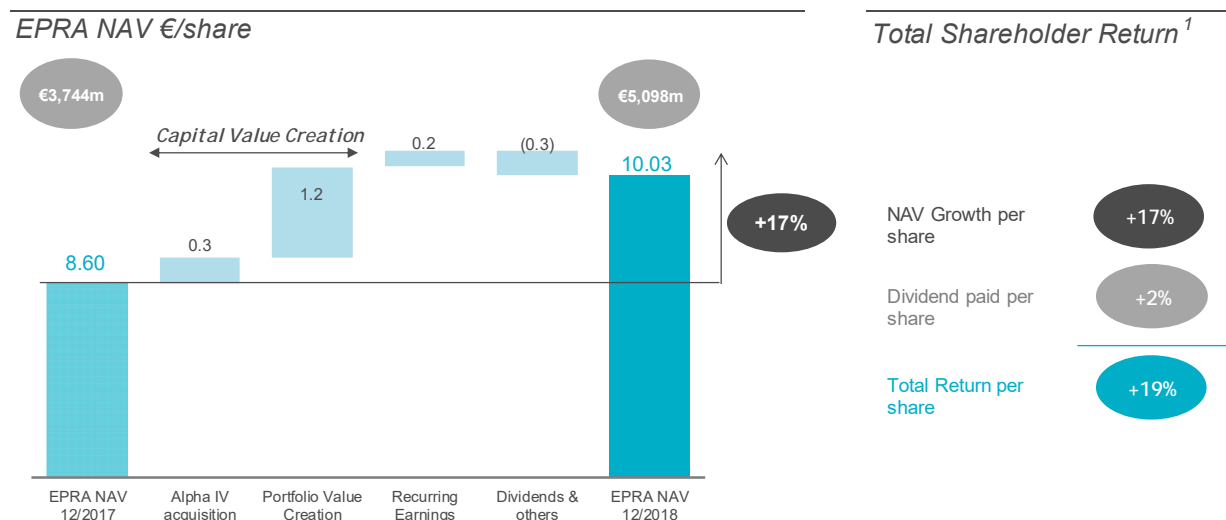
Annual results

Total Shareholder Return¹ of 19% based on real estate value creation

Double-digit value creation for shareholders

Colonial closed 2018 with an EPRA Net Asset Value of €10.03/share resulting in a year-on-year increase in value of +17%, which together with the paid dividend of €0.18 per share led to a Total Shareholder Return of 19% in 2018.

In absolute terms, the EPRA NAV amounts to more than €5,098m (+36% year-on-year).



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

This outstanding value creation for the shareholders was owe to a strategy of industrial value creation with a high Alpha component. The main aspects are the following:

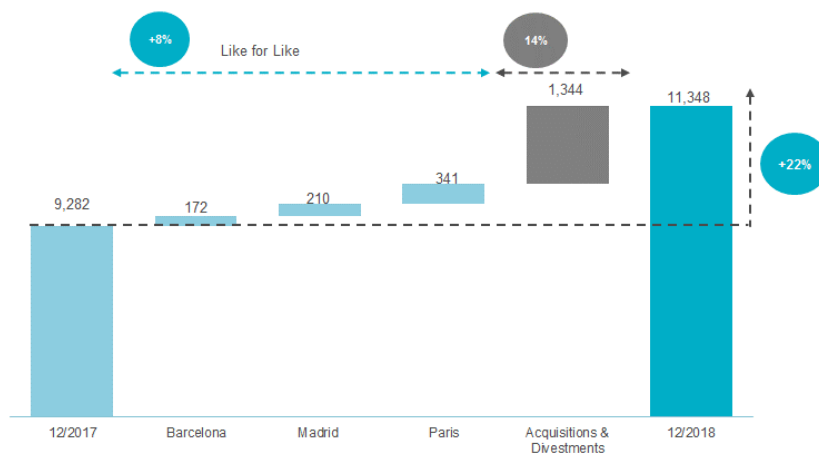
- Successful project delivery:** Discovery, Window and Parc Glories completed and rented, in addition to other significant advances in current projects and refurbishments
- The execution of Alpha IV:** acquisition of a 23% stake in SFL at a double digit discount over NAV combined with the sale of non-strategic assets with a premium on GAV
- The capturing of important rental increases** thanks to excellent fundamentals in the CBD, where Colonial has a unique exposure of 75%

Significant increase in value of the real estate portfolio

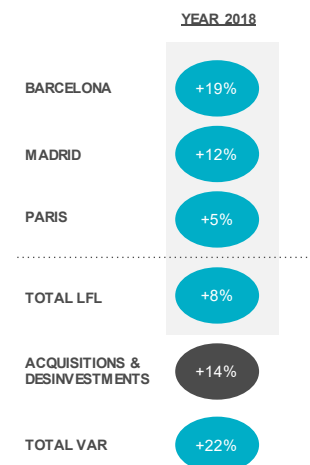
The gross asset value at 31 December 2018 amounted to €11,348m (€11,915m including transfer costs), with an increase of +22% year-on-year after the integration of Axiare.

In like-for-like terms, the increase in the value of the portfolio was **+8% year-on-year**, with solid growth in all segments of the asset portfolio.

VARIANCE ANALYSIS VALUE 12 MONTHS - €m



GAV VARIANCE



The office buildings in Barcelona are highlighted with an annual increase of **+19% like-for-like**, and those in Madrid up **+12% like-for-like**, both driven by significant growth in the rental prices achieved in 2018.

The **Paris portfolio increased +5.5% like-for-like** in 2018, a much higher growth than the majority of competitors.

The value of the logistics portfolio has increased +13% year on year

Acceleration in net profit

2018 was a transformational year for the Colonial Group, enabling an acceleration in the strategic plan.

It has specifically resulted in:

- (1) The consolidation of leadership in prime offices and an enhancement of the project portfolio
- (2) The strengthening of its positioning in Madrid
- (3) An increase of the CBD exposure of the office portfolio up to 75%

Acceleration in the net profit (cont.)

The main milestones with impacts on the net profit were the following:

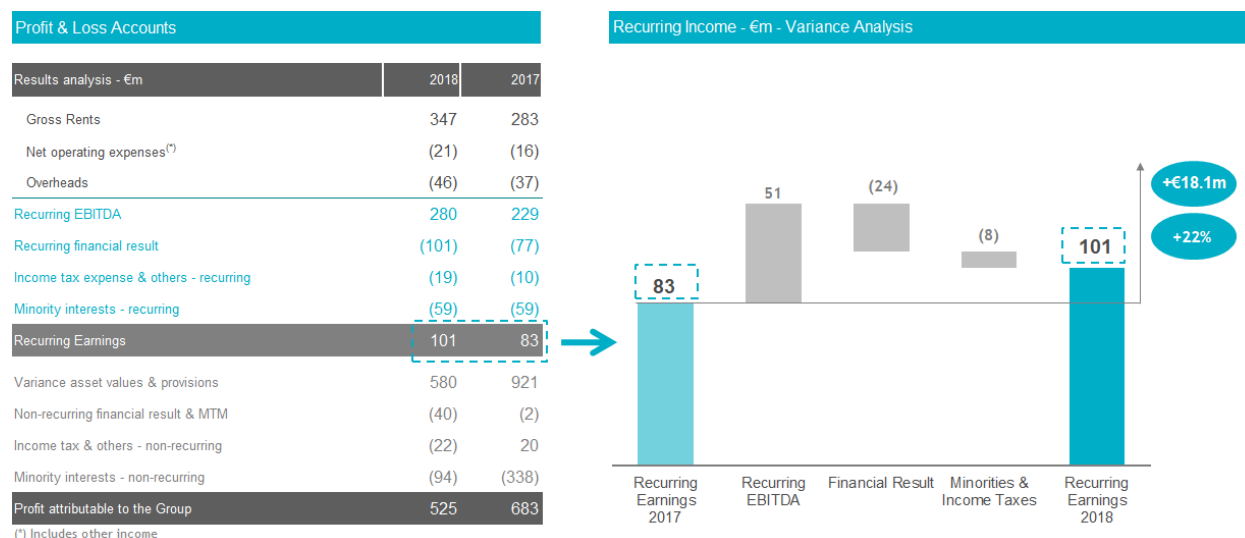
1. The merger and rapid integration of Axiare, incorporating a Grade A office portfolio with a strong presence in Madrid, taking advantage of business and cost synergies
2. Alpha IV: disposal of €441m of assets in secondary areas and investment of €786m¹ in the prime CBD by increasing the stake in SFL up to 81.7%
3. Active liability management sheet through various transactions, enhancing the capital structure of the Group, and resulting in an improvement in the S&P rating to BBB+

All of the transactions were carried out during the whole year 2018 and consequently are only partially reflected in the 2018 results. Accordingly, it is important to highlight that this will allow for a significant acceleration in the growth of the net profit in 2019.

Colonial closed 2018 with a **recurring net profit of over €100m, an increase of +22% year-on-year.**

The recurring net profit per share amounts to €0.22, confirming the guidance communicated on the Investor Day in mid-October 2018.

The recurring net profit was boosted through the incorporation of Axiare and a very substantial like-for-like growth in rental income. The positive effects of the purchase of the 23% stake of SFL and the optimization of the financial structure is not significantly reflected in 2018, as the transactions were completed in the last weeks of the year.



Including the significant increase in asset value, the net profit of the Colonial Group **amounts to €525m, corresponding to €1.16/share.**

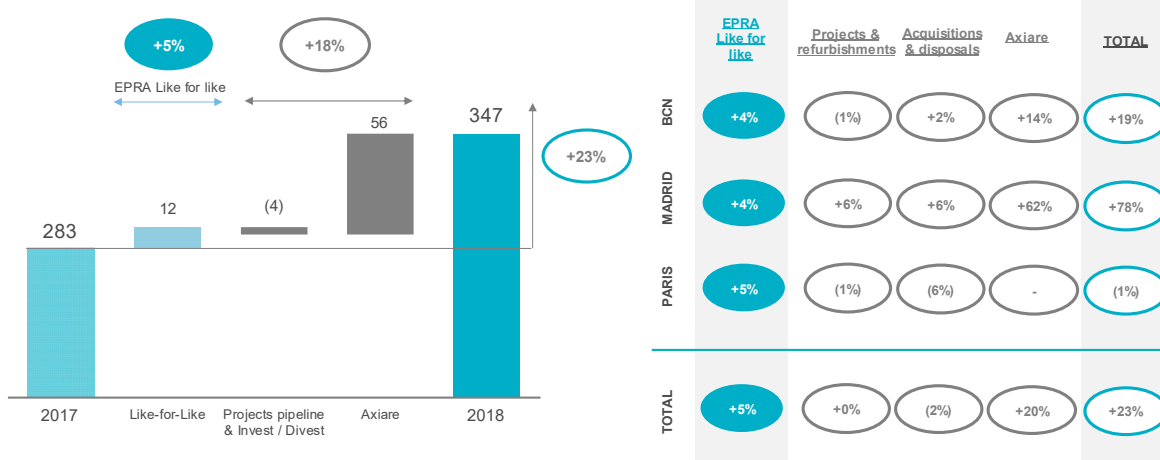
(1) Includes the acquisition of 1% of SFL at the end of 2018

Strong growth in income

Colonial closed 2018 with a **Gross Rental Income of €347m, up +23% compared to the previous year** and confirming the guidance given on the Investor Day in mid-October. This important growth is based on:

- (1) The incorporation of Axiare after its merger with Colonial
- (2) Additional income from recent acquisitions and delivered projects
- (3) A like-for-like increase of +5%

Gross Rental Income



This level of like-for-like growth is among the highest in Europe and is mainly due to the capacity of the Colonial Group to capture rental price increases, thanks to its positioning in the CBD.

The strong like-for-like growth of the rental income was obtained for all of the segments in which the Group operates:

- 1. **Paris +5,0%** due to rental price increases and new leases signed on Washington Plaza, Cézanne Saint Honoré, 103 Grenelle & Galerie Champs-Élysées
- 2. **Madrid +4,2%** boosted by rental price increases and new leases signed on the Alfonso XII, Génova & José Abascal 45 properties
- 3. **Barcelona +4,2%** due to rental price increases across the whole portfolio

Solid fundamentals in all segments

Capturing rental price increases

The Colonial Group's business has performed very well with a robust pace in new leases and levels close to full occupancy.

In 2018, the Colonial Group signed 103 rental contracts, corresponding to more than 175,000 sqm and secured an annual rental income of €43m.

More than 117,000 sqm of the leases signed related to the office portfolio, achieving significant rental uplift.

Compared with the market rent (ERV) at December 2017, **signed rents in 2018 increased by +8% and the release spread was +26%.**

Strong price increases	% Var. vs ERV 12/17 ¹	Release Spread ²	Madrid office portfolio without contract with cap	
			% Var. vs ERV 12/17 ¹	Release Spread ²
Barcelona	+10%	+23%		
Madrid	+8% ³	+29% ³	+9%	+30%
Paris	+5%	+14%		
TOTAL OFFICES	+8%	+26%		

(1) Signed rents vs. market prices at 31/12/2017 (ERV 12/17)

(2) Signed rents on renewals vs. previous rents

(3) The Madrid portfolio includes a CAP on one contract in Santa Engracia

In **Barcelona**, rents were signed **+10% above market rents**, in the **Madrid portfolio it was +8%** and in the **Paris portfolio it was +5%**. **Release spreads were in double digits in 2018: Barcelona +23%, Madrid +29% and Paris +14%.**

Colonial's total letting activity is spread across the three markets in which the Company operates. In 2018, 96,176 sqm were signed in the Spanish portfolio across 73 contracts.

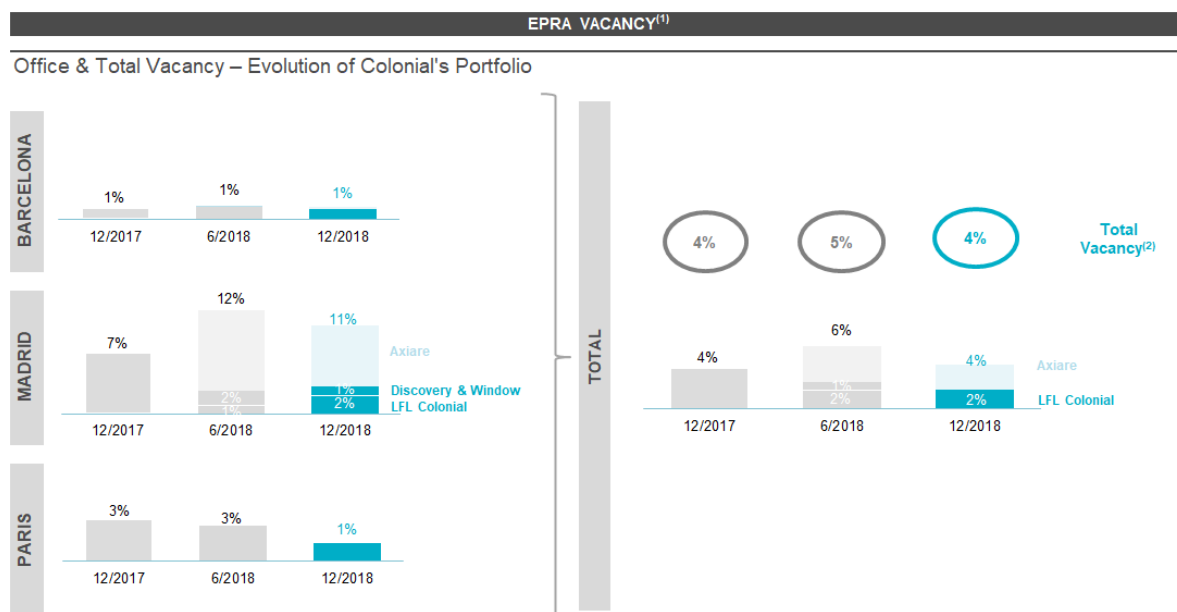
Particularly noteworthy in **Madrid** are the two recently delivered projects: on the one hand is the signed of the more than 10,000 sqm on Príncipe de Vergara (The Window) with various tenants, and on the other, the signing of more than 9,800 sqm on the Discovery building, also with various tenants. Of note is the renewal of 16,000 sqm with Iberia on the Martinez Villergas property.

In **Barcelona**, worth noting is the the new leases signed of more than 3,600 sqm in Parc Glories as well as new leases for more than 2,000 sqm signed in Amigó 11-17 and 1,000 sqm in Diagonal 609, among others.

In **Paris**, more than 21,000 sqm were signed across 27 leases. Of special interest are the renewals of over 1,300 sqm in the Washington Plaza building, as well as over 900 sqm in the Percier property. In terms of new leases, it is worth highlighting the over 7,000 sqm let in the Washington Plaza building and 5,500 sqm in the Cézanne Saint Honoré building.

Solid occupancy levels

The **total vacancy of the Colonial Group’s portfolio** (including all uses: offices, retail and logistics) **stood at 4%** at the end of 2018. Particularly noteworthy are the office portfolios of Barcelona and Paris, registering a **vacancy rate of 1%**.



(1) EPRA vacancy: financial vacancy according to the calculation recommended by EPRA (1-[Vacant floorspace multiplied by the market rent/operational floorspace at market rent])

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

The Madrid office portfolio’s vacancy rate stood at 11% at the close of 2018.

- 7% correspond to the Axiare portfolio, and especially noteworthy are the recent deliveries of the Ribera del Loira and Avenida de Bruselas projects. The latter unique building was completed in 4Q with more than 14,000 sqm of maximum quality.
- 1% of the vacancy corresponds to the recently delivered projects of The Discovery Building and The Window building with an occupancy of 85% and 89%, respectively, at the close of 2018. Both assets are generating a lot of interest and are expected to be soon fully let.
- The rest of the Madrid portfolio has a vacancy of 2%.

The current available GLA represents a supply of maximum quality in attractive market segments, where there is clearly a scarcity of Grade A products. Consequently, this offers significant potential for additional rental income to be captured in the coming quarters.

Vacancy surface of offices

Surface above ground (sq m)	Entries into operation ⁽¹⁾	BD area and others	CBD area	2018	EPRA Vacancy Offices
Barcelona	1,253	509	285	2,047	1%
Madrid	30,373	14,635	7,071	52,080	11%
Paris	0	6,026	235	6,260	1%
TOTAL	31,626	21,170	7,591	60,387	4%

(1) Projects and refurbishments that have entered into operation



P. Castellana 163



Alfonso XII



López de Hoyos 35



José Abascal 56



Ribera de Loira 28



Avenida Bruselas

At the end of 2018, the logistics portfolio of the Colonial Group had a vacancy of 14%, mainly due to the entry into operation of the first phase of the project located in San Fernando de Henares.

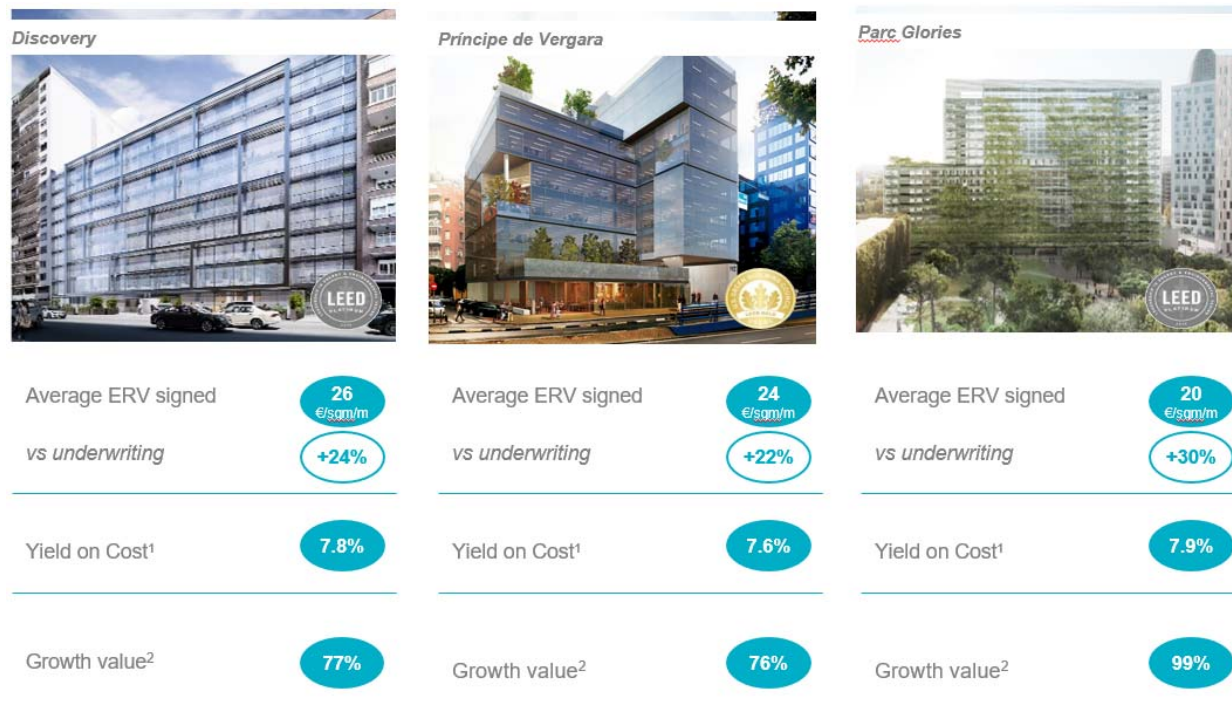
Successful project delivery – “real estate transformation”

In 2018, three projects were successfully delivered, two of them were acquired in 2015 (The Discovery Building and The Window) and one in 2016 (Parc Glories) under the framework of the Alpha I transaction. The three buildings are references in their markets and have obtained rents well above the initial underwriting.

Parc Glories in Barcelona has become a landmark building in the 22@ district, a market that has been transformed into a top-tier technological hub in Europe. The building has open-plan floors of 1,800 sqm and houses the headquarters of an American technology company “King” for Southern Europe and the head offices of Schibsted, a Norwegian technological company.

The Discovery Building has generated strong interest in the market and has enabled synergies to be generated with the projects from Axiare’s portfolio. Almost 4,000 sqm of GLA has been occupied by tenants coming from the Miguel Angel and Velázquez buildings, on one hand accelerating the occupancy of the asset and on the other hand, accelerating the start of refurbishments works on both projects.

The Window is a state of the art office building in the Madrid market both for its uniqueness (a building with many terraces) as well as its hybrid nature. It combines traditional office space (7,500 sqm) with a coworking space through our subsidiary UtopicUs (3,850 sqm). This mixed offering has accelerated its leasing and attracted tenants at much higher prices than our initial expectations.



(1) Acquisition price + invested capex
 (2) Gross asset value 12/18 vs Total Cost (acquisition price + capex)

The yield on cost (rental yields over total cost) is around 8%. The increase in value was more than +87% compared to the total cost². Consequently, the total return (10 years ungeared IRR) of these investments has greatly exceeded the 10% originally indicated, contributing to significant value creation for Colonial's shareholders.

On the other hand, the market consolidation is accelerating in the south of the CBD in Madrid. The disposal of the Torre Mendez Álvaro turnkey project for the Catalana Occidente headquarters confirms the high interest in this area. As a consequence the 90,000 sqm Mendez Álvaro Campus project has seen a significant value acceleration by the favourable evolution of this submarket, located just a few minutes from the CBD and benefiting from excellent public transport infrastructure.

In Paris, the three flagship projects, Louvre des Commerces, Destination XV and Léna are progressing very well in all urban and construction aspects. Noteworthy is the Louvre des Commerces which is generating a lot of interest in the market with the possibility of being pre-let before the start of the project.

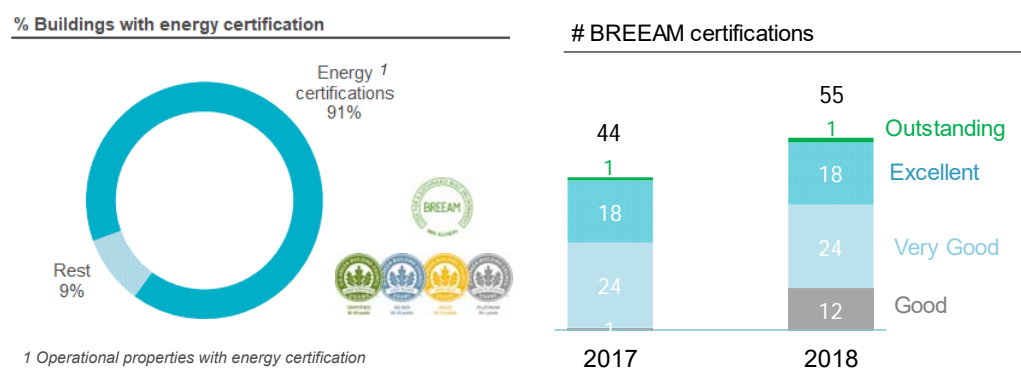
Leadership in ESG¹

Colonial aspires to clear leadership in ESG, being a fundamental element in its growth strategy in which offering maximum quality constitutes a main characteristic.

This fact is reflected in the high level of certifications in the Colonial Group's property portfolio.

91% of the portfolio in operation has maximum BREEAM or LEED certifications. The quality of the BREEAM certificates has also improved with more than 55 certificates (+25%), and 43 of them with "very good" levels or higher.

This level of certification is clearly above the sector average. The strategic sustainability plan carries out improvements in energy efficiency, betting on continuous improvement asset by asset.



In addition to the strategy on environmental sustainability, Colonial opts for the highest standards in Corporate Governance and a clear ambition in social aspects and talent attraction. Accordingly, Colonial has achieved important advances in corporate ratings that evaluate all of the non-financial-ESG aspects:



- Increase from **BBB to AA** two years ago
- One of the highest ESG Ratings on a European level
- Very good scoring on Corporate Governance



- **EPRA Gold in sBPR** for the third year in a row
- In 2016, Colonial was the first company in Spain to obtain EPRA Gold in ESG



- GRESB member
- **Green Star level** for second year in a row
- Clear improvement on building certificates



- **"Good Practise"** rating
- Inclusion in 2018 in the **FTSE4Good index**
- Strong scoring on Corporate Governance and Supply Chain

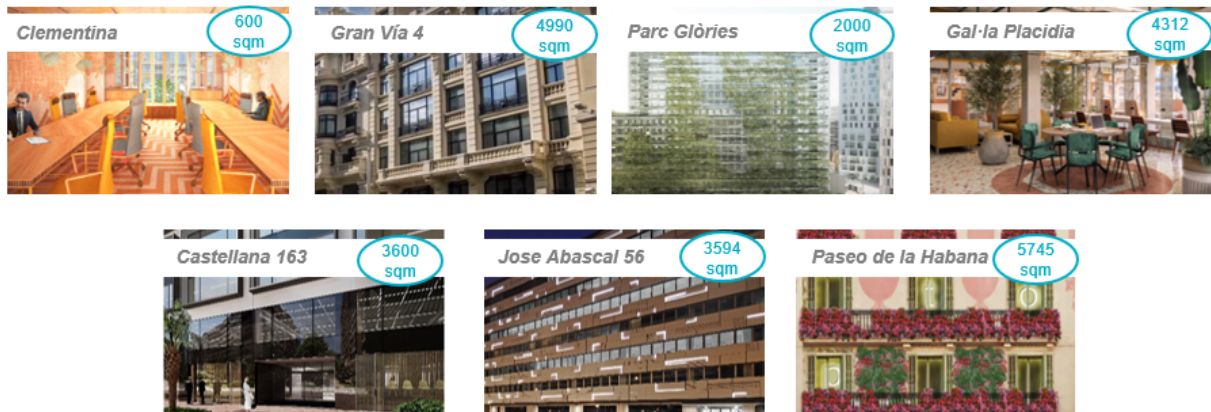
(1) ESG = Environmental Social and Governance

Digital Strategy and Coworking

In 2018, the Colonial Group accelerated initiatives in the Proptech area, which enable the maximization of services to clients and the leadership of new trends in the offices sector.

Utopicus - Coworking

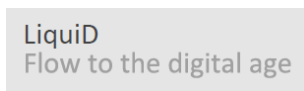
- Through its coworking subsidiary, Utopicus, Colonial has opened three new centres: two in Madrid in the Orense and Príncipe de Vergara streets, and another in Plaza Cataluña, Barcelona. In addition, license management and works have started for the opening of 7 new centres in the coming months.



- Once completed, Utopicus will soon manage more than 34,900 sqm of flexible spaces with a maximum capacity of up to 4,220 users, enhancing the positioning of Utopicus as a benchmark brand in the segment of the management of flexible spaces and coworking contents in Spain.
- It is worth noting the opening of a new centre in the new office building, The Window, developed by Colonial, in Príncipe de Vergara street in Madrid. The combination of flexible uses with traditional office space has allowed to achieve higher occupancy levels as well as higher rental income than expected.

Accelerators

- In 2018, Colonial counted on the consulting services of Liquid, a reference company in the digital strategy consulting area. Liquid has vast experience accompanying large corporations in the digital transformations of their businesses.



- In addition, Colonial reached an agreement with the accelerator Metaprop in New York, which will allow Colonial to have access to all of the accelerator programs, with the possibility to collaborate with more than 25 startups in the USA and the rest of the world.



- These collaborations will allow Colonial to be very close to all of the initiatives and innovation which is permanently being developed on a global level with an impact on the real estate sector. These agreements are one more step in Colonial's ambition to be at the forefront of the real estate sector and to delve into innovation as a motor of value generation.

Merger and integration of Axiare in record time

Colonial has successfully completed the merger and integration of Axiare in record time, consolidating its leadership in prime offices in Spain and Europe, through the creation of a strong growth platform with a unique exposure to CBD in Europe.

The integration of both companies has enabled the identification and implementation of important sources of value creation, which are only partially reflected in the 2018 figures and will fully crystalize in the coming quarters.

1. Consolidation of prime office leadership
 - > More than €347m of rental income with €154m in Spain
 - > More than €11,300m in asset value with €4,779m in Spain
 - > 75% of the offices GAV in the CBD

2. Integration of the processes in the Colonial Group's real estate value chain
 - > Professionalization and internalization of the commercial circuit and supply chain
 - > Optimization of the IT systems
 - > Integration of 8 people from Axiare into the Colonial Group

3. Optimization of the resulting asset portfolio
 - > Definition of a Business Plan reviewed asset by asset
 - > Review and optimization of the project portfolio
 - > Identification of non-strategic assets

4. Income synergies – strengthened competitive position in the Madrid market
 - > Maximization of rental prices through leadership in Grade A product
 - > Usage of the integrated portfolio for cross-selling strategies
 - > Greater scope of product offering to retain and attract clients

5. Operational cost synergies

Annual cost savings of more than €5m

 - > Implementation of personnel cost synergies
 - > Elimination of duplications in other costs

6. Optimization of the financial structure of the merged Group
 - > Cancellation and/or refinancing of more than €500m in bilateral debt
 - > Optimization of financial cost

Active portfolio management

The Colonial Group maximizes the total shareholder return based on an active portfolio management, disposing of non-strategic assets with a premium over the GAV and reinvesting capital in opportunities for real estate value creation.

In this context, in 2018, disposals of mature assets in secondary areas were carried out for €441m with a premium of +12% over the appraisal value¹. Together with the sale of the In-Out Paris complex in 2017 for €445m (a premium of +26% over GAV), €900m in capital was released in the last two years.

The funds obtained were reinvested in CBD products with an important value creation potential in the framework of the **Alpha III and Alpha IV projects** executed at the beginning and end of 2018, respectively.

Alpha III acquisitions

At the beginning of 2018, Colonial acquired five assets with a total investment of €480m. The investment consists of the development of more than 110,000 sqm of offices in the south of the Madrid CBD.

In addition, two high quality assets were acquired in new business areas in Madrid and an asset located in the CBD of Barcelona, where a total refurbishment will be carried out in order to develop coworking initiatives.

MADRID – City Center		1 Méndez Álvaro Campus <i>Madrid - Inside M-30</i>		Value Added – Prime factory GLA: 89,871 sq m	Total Investment¹: €272m - €287m Yield on Cost ² : 7%-8%
		2 Méndez Álvaro office Scheme <i>Madrid - Inside M-30</i>		Value Added – Prime factory GLA: 20,275 sq m	Total Investment¹: €68m Yield on Cost ² : 7%-8%
MADRID		3 EGEO <i>Madrid - Campo de las Naciones</i>		Core with value added potential GLA: 18,254 sq m	Total Investment¹: €79m Yield on Cost ² : 5%
		4 Arturo Soria <i>Madrid - New Business Area</i>		Core with value added potential GLA: 8,663 sq m	Total Investment¹: €33m Yield on Cost ² : 6%
BARCELONA		5 Gala Placidia <i>Barcelona CBD</i>		Value Added – Prime factory GLA: 4,312 sq m	Total Investment¹: €17m Yield on Cost ² : ≥7%

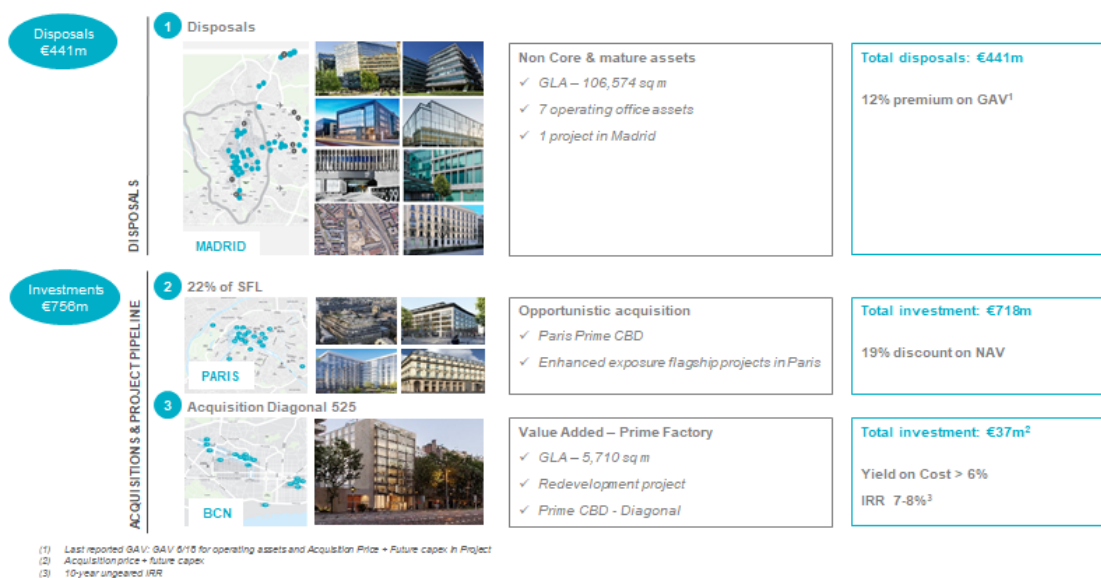
¹ Acquisition price + total estimated project capex. ² Potential running yields on cost for the next years

(1) GAV 06/18 for operating assets and acquisition Price + future capex for the project

Alpha IV acquisitions

In mid-November 2018, the Colonial Group completed the Alpha IV project, which involved the disposal of non-core assets and mature products and/or assets outside CBD for €441m, and the acquisition of prime assets for a total of €756m.

The main characteristics of the Alpha IV acquisitions are the following:



- Disposals:** In the third quarter, Colonial sold 7 office buildings and a turnkey project in Madrid for a total of €441m. The disposals were closed on very favourable terms for the Company, achieving a premium of +12% on the previous valuation¹. The assets sold were non-strategic and mature properties and/or located outside of the CBD, with a gross lettable area of more than 106,000 sqm.
- Acquisition of 22% of SFL:** In November, Colonial and Qatar Investment Authority (QIA) reached an agreement in which Colonial would control up to 81% of its French subsidiary SFL. The transaction was on very advantageous terms for Colonial which had access to 10.3 million SFL shares, representing 22.2% of the share capital, at an average price of €69.6 per share, resulting in an average discount of 19% over the last reported NAV.
- Acquisition of a prime asset in Barcelona – Diagonal 525:** Colonial has acquired a 5,710 sqm above-ground office building on Barcelona’s prime Avenida Diagonal. It is expected to undergo a full-scale refurbishment in 2019 and become an iconic office building in the area.

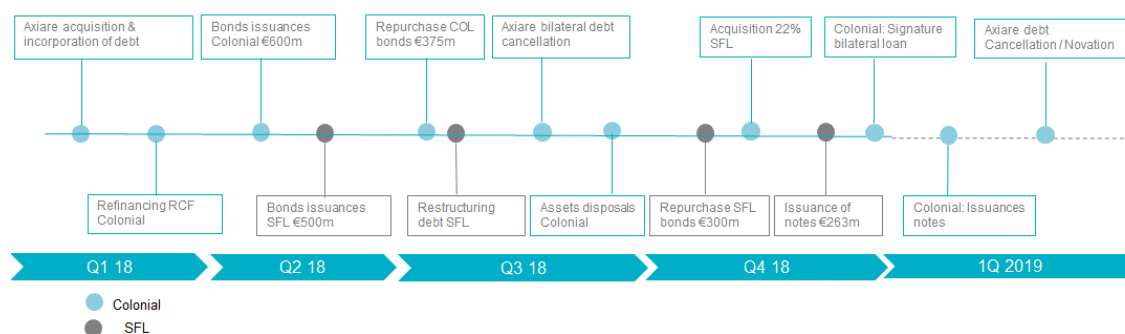
At the end of 2018, various shareholders approached Colonial to offer their SFL shares, allowing the Colonial Group to acquire around 1% of additional SFL capital, raising its current stake in its French subsidiary to 81.7%.

(1) GAV 06/18 for operating assets and acquisition Price + future capex for the project

A strengthened balance sheet

Active management of the balance sheet

In 2018, a year marked by the acquisitions of Axiare and a 23% stake of SFL, an important active liability management has been carried out, that has allowed for an upgrade on the Standard & Poors rating up to BBB+, highest rating in Spanish real estate. The main transactions are shown in the following graph:





- Issuance of Colonial bond, under the EMTN programme, for a total amount of €650m maturing in April 2026, with an annual coupon of 2%.
- Bond buyback with maturity in 2019: In July, Colonial made an early repayment of the outstanding balance (€375m) from the bond issue maturing in June 2019 and that yielded an annual coupon of 1.863%.
- Refinancing of Colonial's syndicate loan for €350m, increasing the amount to €500m, extending maturity to December 2023 and reducing the financing spread.
- Cancellation of €396m in debt from Axiare, all of it secured by mortgage guarantees. Additionally, in the first quarter of 2019, €131m in Axiare debt has already been cancelled, and the rest of the pending debt has been refinanced for the remaining amount of €151m, improving margins and cancelling mortgage guarantees.
- The main transactions carried out by SFL were the following:
 - ✓ A bond issue for SFL for the nominal amount of €500m, maturing in May 2025, with an annual coupon of 1.5%.
 - ✓ The limit and maturity of its credits were adjusted, cancelling and/or reducing the limit of its undrawn facilities for €300m, extending the maturity of another credit limit of €150m from 2020 to 2023, and obtaining a new facilities with an available balance of €100m.
 - ✓ In October, it bought back €300m of its bonds maturing in November 2021 (€150m) and November 2022 (€150m).
 - ✓ Also in October, SFL started a short-term Euro Commercial Paper program, for the maximum amount of €300m, with the current issues of €263m at 31 December 2018.

Growth drivers

The Colonial Group has an attractive growth profile, based on its strategy of industrial value creation with a high Alpha component in returns, and relying on the following value creation drivers:

A. An attractive project pipeline: Colonial has a project pipeline of more than €1,290m (total cost of completed product) corresponding to more than 210,000 sqm to create prime products that offer strong returns and therefore, future value creation with solid fundamentals.

Project	City	% Group	Delivery	GLA (sqm)	Total Cost €m ¹	Total Cost €/ sqm ¹	Yield on Cost
1 Pedralbes Center 	Barcelona CBD	100%	1H 19	6,917	38	5,502	6.3%
2 Gala Placidia / Utopic_us	Barcelona CBD	100%	1H 19	4,312	17	3,922	7.0%
3 Miguel Angel 23	Madrid CBD	100%	2H 20	8,036	64	7,999	5.8%
4 Castellana, 163	Madrid CBD	100%	2020 / 21	10,910	52	4,803	6.5%
5 Diagonal 525	Barcelona CBD	100%	1H 21	5,710	37	6,460	6.0%
6 Emile Zola / Destination XV	Paris City Center	82%	2H 21	24,500	280	11,428	5.0%
7 Iena 96	Paris CBD	82%	1H 21	9,300	147	15,801	5.0%
8 Velazquez Padilla 17	Madrid CBD	100%	1H 21	17,239	113	6,532	6.5%
9 Plaza Europa 34	Barcelona	50%	2H 21	14,306	32	2,257	7.0%
10 Mendez Alvaro Campus	Madrid CBD South	100%	2H 22	89,871	287	3,188 ²	7.5%
11 Sagasta 27	Madrid CBD	100%	2H 22	4,481	23	5,044	6.5%
12 Louvré SaintHonoré 	Paris CBD	82%	2023	16,000	205	12,831	7.3%
TOTAL OFFICE PIPELINE				211,582	1,295	6,119	6.3%

¹ Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex

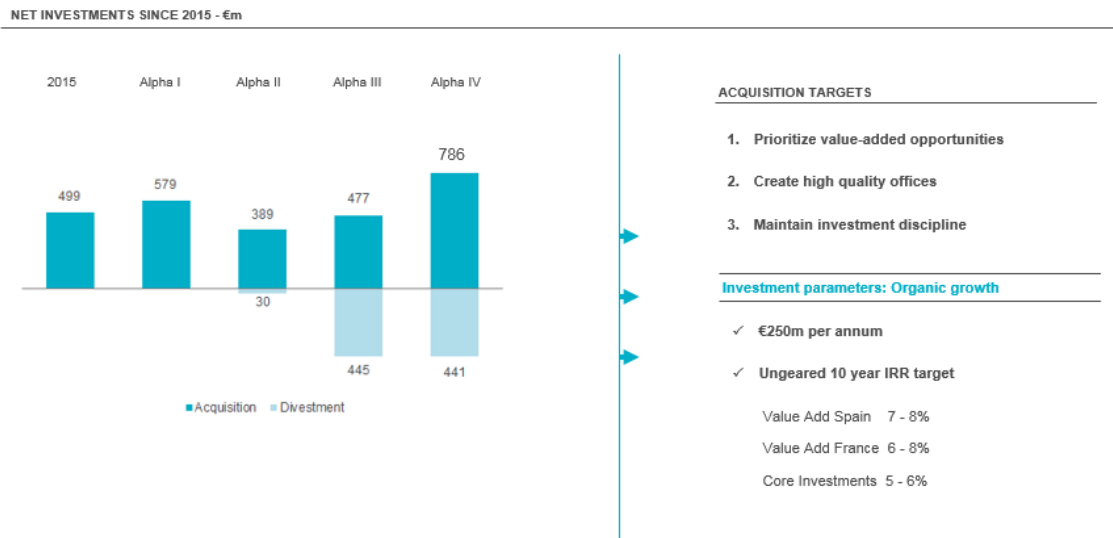
² Upper part of the range: €3,032/sq m - €3,188/sq m and €273m - €287m

B. A strong prime positioning with a contract portfolio to capitalize on the cycle

1. A clear consolidation of prime office leadership in Spain and Europe, with a high quality office portfolio of more than 1.5 million sqm of GLA.
2. An attractive lease term profile to continue to capture significant rental price increases, as delivered in the last quarters.
3. An enhanced competitive positioning in the Madrid market: Colonial is closing letting negotiations that leverage the synergies of Colonial's new portfolio to optimise prices and maximise real estate value creation.

C. Acquisition and Disposal Program: During the past years, Colonial has successfully delivered the organic investment targets announced to capital markets: asset acquisitions, prioritising off-market deals and identifying properties with value-added potential in market segments with solid fundamentals.

Since 2015, the Colonial Group has carried out the following investments and disposals:

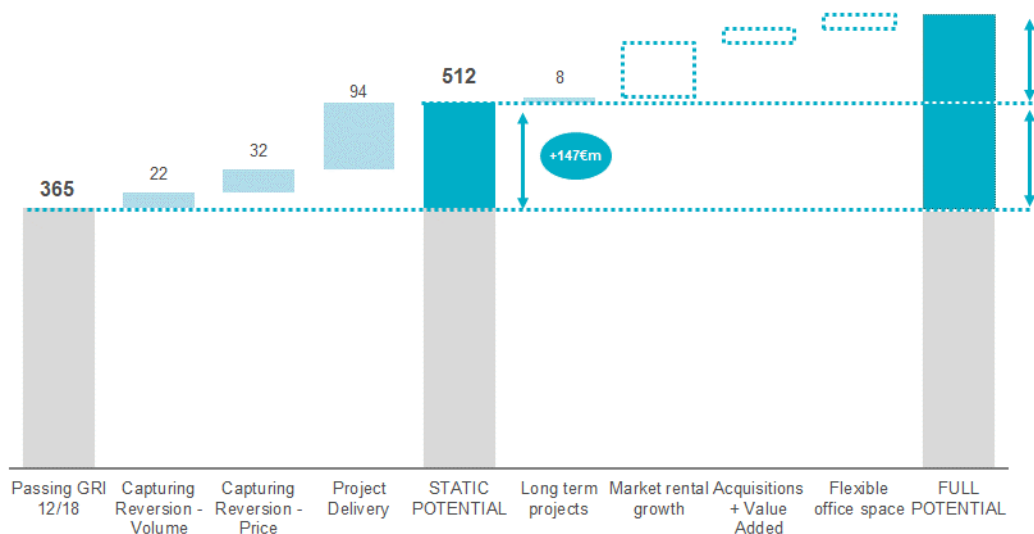


On 17 October 2018, MSCI has awarded Colonial for being the specialist fund with the highest real estate return in Spain during the past 3 years (return measured as capital value increase + income return). This MSCI ranking includes listed real estate investors, as well as private investors. This once again demonstrates Colonial Group’s value creation capacity based on an industrial business model, with a significant Alpha component that allows the company to outperform the market.



Future cash flow potential

The asset portfolio of the Colonial Group has the potential to reach an annual income (passing rents) of €512m, resulting in an increase of +40% (€147m) with respect to the current cash flow.



1 Topped-up passing rental income: annualized cash GRI adjusted for the expiration of rent free periods as per EPRA BPR

Appendices

1. Analysis of the Profit and Loss Account
2. Office markets
3. Business performance
4. Project portfolio
5. Investments and disposals
6. ESG strategy
7. Digital strategy & Coworking
8. Portfolio valuation
9. Financial structure
10. EPRA Net Asset Value & Share price performance
11. EPRA ratios & consolidated balance sheet
12. Asset portfolio – location and details
13. Historical series
14. Group structure
15. Glossary and alternative performance measures
16. Contact details and disclaimer

1. Analysis of the Profit and Loss Account

Analysis of the Consolidated Profit and Loss Account

December cumulative - €m	2018	2017	Var.	Var. % ⁽¹⁾
Rental revenues	347	283	64	23%
Net operating expenses ⁽²⁾	(25)	(18)	(7)	(37%)
Net Rental Income	322	265	57	22%
Other income	4	2	2	105%
Overheads	(46)	(37)	(8)	(22%)
EBITDA recurring business	280	229	51	22%
Exceptional items	(15)	(13)	(2)	(18%)
Change in fair value of assets	714	934	(220)	-
Amortizations & provisions	(132)	(13)	(119)	-
Financial results	(142)	(79)	(62)	(78%)
Profit before taxes & minorities	704	1057	(353)	(33%)
Income tax	(26)	23	(49)	213%
Minority Interests	(153)	(398)	245	61%
Profit attributable to the Group	525	683	(158)	(23%)

Results analysis - €m	2018	2017	Var.	Var. % ⁽¹⁾
Rental revenues	347	283	64	23%
Net operating expenses ⁽²⁾ & other income	(21)	(16)	(5)	(28%)
Overheads	(46)	(37)	(8)	(22%)
Recurring EBITDA	280	229	51	22%
Recurring financial result	(101)	(77)	(24)	(32%)
Income tax expense & others - recurring result	(19)	(10)	(9)	(87%)
Minority interest - recurring result	(59)	(59)	0	1%
Recurring net profit - post company-specific adjustments⁽³⁾	101	83	18	22%
NOSH (million)	451.7	383.8	68	18%
EPS	0.223	0.215	0.01	4%

⁽¹⁾ Sign according to the profit impact

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

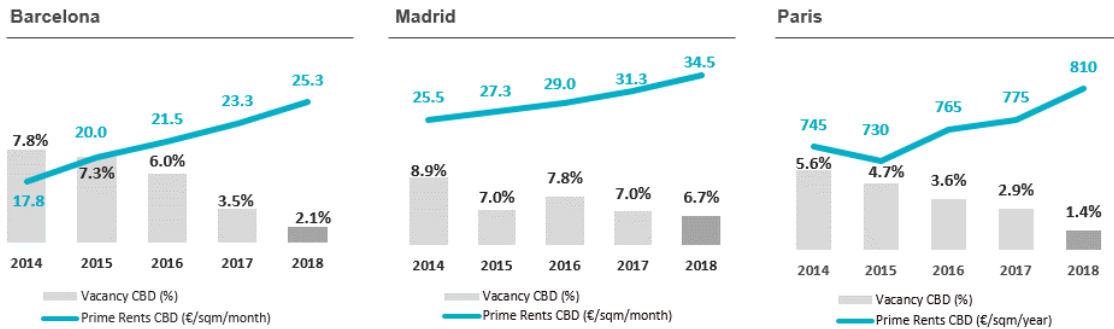
⁽³⁾ Recurring net profit = EPRA Earnings - post company-specific adjustments.

For details on the reconciliation between the recurring results and the total results, see Appendix 11.

Analysis of the Profit and Loss Account

- The Colonial Group's 2018 gross rental income amounted to €347m, +23% year-on-year. In like-for-like terms, the increase stood at +5%.
- The Group's recurring EBITDA stood at €280m, a +22% year-on-year increase.
- At 31 December 2018, the impact on the Consolidated Profit and Loss Account from the revaluation and sale of property investments rose to €714m. This revaluation was registered in France as well as in Spain, is a result of the increase in the appraisal value of the assets.
- The net financial results amounted to €(142)m, higher than the same period in the previous year. The recurring financial results of the Group amounted to €(101)m, an increase of +32% compared to the same period in the previous year. The increase in financial costs is mainly due to the debt increase related to the Axiare acquisition and the acquisition of the 23% stake in SFL.
- Profit before taxes and minority interests at the end of 2018 amounted to €704m.
- The corporate tax expense increased to €(26)m and is mostly due to the recording in France of deferred taxes associated with the revaluation of the assets of non-SIIC companies; in particular, the Parholding Group. It should be noted that this amount does not imply a cash outflow.
- Finally, after deducting the minority interest of €(153)m, the net profit attributable to the Group amounted to €525m, €1.16/share.
- The goodwill for the acquisition of Axiare amounted to €62m at 31 December 2018, corresponding to €0.12/share.

2. Office markets



Rental markets

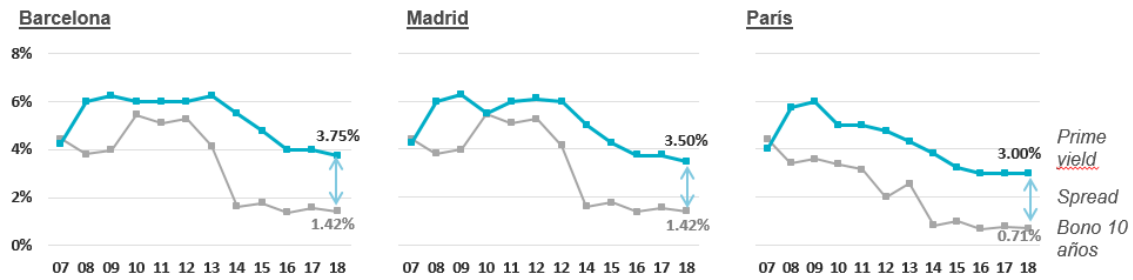
During the fourth quarter of 2018, 65,000 sqm of offices were signed in the **offices market in Barcelona**, a figure +40% above the average over the last five years. Barcelona closed 2018 with a take-up volume of 366,000 sqm, a figure above the previous year, confirming the positive trend of the rental market. The vacancy rate continued a downward trend, thanks to good domestic demand, a key factor for the growth of the offices market. Currently the vacancy rate stands at 5.7%, positioning it at an all-time low in the last decade. In the CBD area, this has dropped further to 2.1%. A lack of future supply and the solid demand experienced in some areas of the city is driving up rents. Consequently, prime rents reached €25.25/sqm/month, which represents a year-on-year growth of +8.6%. Long-term forecasts remain bullish, positioning Barcelona as one of the cities with the greatest expected rental growth in Europe.

During the fourth quarter of 2018, the take-up in the **offices market in Madrid** was 122,000 sqm, substantially higher than the average over the last five years. In total, Madrid had a take-up volume of close to 486,000 sqm in 2018. The vacancy rate stood at 10.5%, in line with the previous year, due to the entry into operation of new projects. In the CBD, the vacancy rate decreased to reach 6.7%. This decrease makes it increasingly more difficult to find quality spaces in the city centre and puts pressure on demand while increasing prime rents which continue to rise, resulting in a price of €34.50/sqm/month. It is worth mentioning that Madrid is positioned as one of the cities with the greatest expected rental growth in Europe.

In the **offices market in Paris**, the take-up in 2018 reached 2,540,000 sqm, a figure which continues to exceed the average over the last ten years. Available office space was reduced to below 3 million sqm, 10% lower than the vacancy rate the previous year. This decrease in available office space reached levels below those of 2009. In the CBD, the vacancy rate stood at 1.4%. As a consequence, prime rents continue to increase, reaching levels above €810/sqm/year.

Investment market

Prime Yields ⁽¹⁾



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

- Barcelona:** The positive outlook for rental take-up as well as for growth perspectives continue to generate interest from local and international investors, although the scarcity of quality product means the number of transactions is increasingly lower. The year 2018 closed with prime yields of 3.75%.
- Madrid:** In Madrid, the investment volume exceeded expectations, reaching a figure close to €2,000m in 2018 (excluding corporate transactions). High rental growth forecasts mean interest from institutional investors continues to increase. Prime yields remained stable and stood at 3.5% in the CBD at the end of 2018.
- Paris:** The investment market in Paris closed 2018 with a record number of transactions, with a total of €23,100m, 19% above the previous year and close to 70% above the long-term average. This figure was made attainable thanks to the volume of the fourth quarter which reached €10,000m. This good result is mainly due to an extraordinary performance in large transactions. Foreign investors have remained very active, responsible for more than 40% of the transaction volume during the last year. Prime yields continued to stand at 3%, with even lower yields for trophy assets.

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

3. Business performance

Portfolio rental income and EBITDA

- Rental income reached **€347m, a +23% year-on-year increase**.

In **like-for-like terms**, adjusting for investments, disposals and variations in the project and refurbishment pipeline and other extraordinary items, **Group rental income increased by +5%**.

In **Spain, like-for-like rental income increased by +4%**. Rental income from the **Barcelona** and **Madrid** portfolios both increased +4%, mainly due to rental price increases on signed leases.

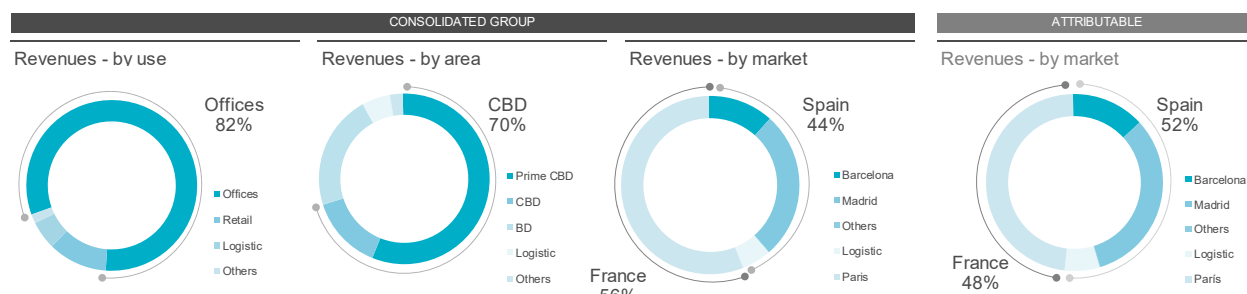
In **Paris, like-for-like rental income rose by +5%**, mainly driven by signed leases on the Washington Plaza, Cézanne Saint Honoré, 103 Grenelle and Percier buildings.

Variance in rents (2018 vs. 2017) €m	Barcelona	Madrid	Paris	Logistic & others	Total
Rental revenues 2017R	34.9	52.4	195.8	0.0	283.1
EPRA Like-for-Like ⁽¹⁾	1.4	1.8	8.7	0.0	11.9
Projects & refurbishments	(0.3)	3.2	(1.4)	0.0	1.4
Acquisitions & Disposals	0.6	3.6	(9.7)	0.0	(5.5)
Axiare	4.8	32.7	0.0	18.6	56.1
Indemnities & others	(0.0)	(0.2)	0.2	0.0	0.0
Rental revenues 2018R	41.4	93.6	193.5	18.6	347.0
Total variance (%)	19%	78%	(1%)	n.a.	23%
Like-for-like variance (%)	4%	4%	5%	n.a.	5%

In **Paris**, of note is the reduction in rental income due to the disposal of the In&Out property in 2017. This was offset by the additional rental income obtained from the new acquisitions carried out in Spain, as well as by the integration of the Axiare portfolio.

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

- Rental income breakdown:** The majority of the Group's rental income 82% derives from the office portfolio. The Group also continues to focus heavily on CBD markets. In consolidated terms, 56% of the rental income (€193.5m) came from the subsidiary in Paris and 44% was generated by properties in Spain. In attributable terms, 52% of the rents were generated in Spain and the rest in France.



- At the end of 2018, EBITDA rents reached €322m, representing a +5% like-for-like increase.**

Property portfolio						
December cumulative - €m	2018	2017	Var. %	EPRA Like-for-like ¹		
				€m	%	
Rental revenues - Barcelona	41	35	19%	0.0	4%	
Rental revenues - Madrid	94	52	78%	1.4	4%	
Rental revenues - Paris	194	196	(1%)	0.0	5%	
Rental revenues - Logistic & others	19	0	n.a.	n.a.	n.a.	
Rental revenues	347	283	23%	8.7	5%	
EBITDA rents Barcelona	39	34	16%	1.2	4%	
EBITDA rents Madrid	83	46	79%	1.8	5%	
EBITDA rents Paris	183	185	(1%)	8.2	5%	
EBITDA rents Logistic & others	17	0	n.a.	n.a.	n.a.	
EBITDA rents	322	265	22%	11.2	5%	
<i>EBITDA rents/Rental revenues - Barcelona</i>	<i>94%</i>	<i>96%</i>	<i>(1.8 pp)</i>			
<i>EBITDA rents/Rental revenues - Madrid</i>	<i>88%</i>	<i>88%</i>	<i>0.3 pp</i>			
<i>EBITDA rents/Rental revenues - Paris</i>	<i>94%</i>	<i>94%</i>	<i>(0.0 pp)</i>			
<i>EBITDA rents/Rental revenues - Logistic & others</i>	<i>94%</i>	<i>n.a.</i>	<i>n.a.</i>			

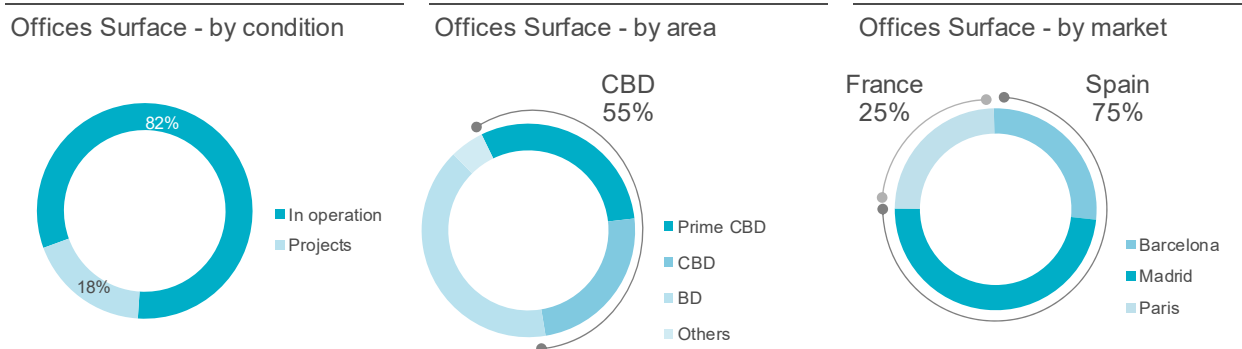
pp: percentage points

(1) EPRA like for like: like for like calculated with EPRA recommendation

Portfolio letting performance

- **Breakdown of the current portfolio by floor area:** At the end of 2018, the Colonial Group’s portfolio totalled 2,180,643 sqm (1,782,292 sqm above ground), primarily related to office buildings, which comprised 1,521,515 sqm.

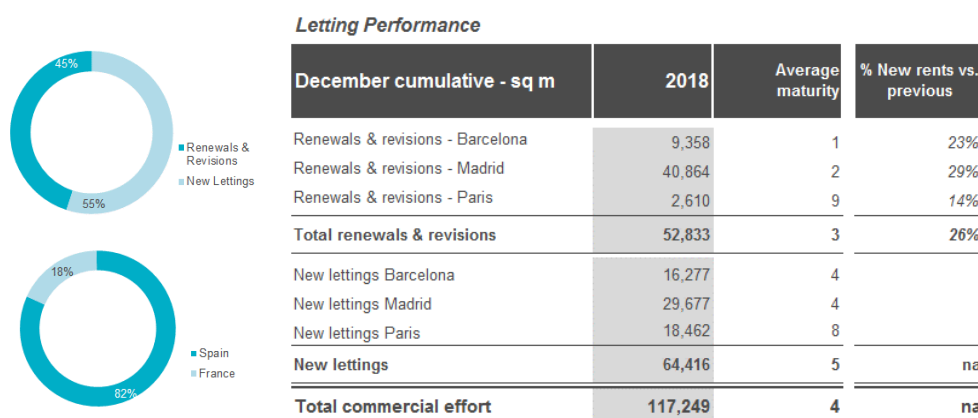
At the end of 2018, 82% of the office portfolio was operational and the remaining corresponded to an attractive portfolio of projects and refurbishments as well as the land plots of Parc Central in Barcelona and Puerto de Somport in Las Tablas, Madrid.



- **Signed leases - Offices:** During 2018, the Colonial Group signed leases for a **total of 117,249 sqm of offices**. 82% (96,176 sqm) were signed in Barcelona and Madrid and the rest (21,072 sqm) were signed in Paris.

New lettings: Out of the total office letting activity, 55% (64,416 sqm) related to new leases, spread over the three markets in which the group operates.

Renewals: Lease renewals relating to 52,833 sqm were completed, of which almost 40,000 sqm were renewed in Madrid.



Release spreads stood at +26% particularly in Barcelona +23% and Madrid +29%. In Paris, the prices signed in renewals increased by +14% compared to the previous rents.

Three lease agreements for more than 57,000 sqm were also signed within the logistics portfolio. Colonial's total letting activity is spread over the three markets in which the company operates, highlighting the following actions:

Main actions			
	Building	Tenants	Surface (sq m)
BCN	Park Cugat	Cargill & Markem	5,058
	Sant Cugat	Accenture & others	2,557
	Avinguda Diagonal 530	Caixabank	2,555
	Berlin 38-48/Numancia 46	Servei Meteorològic de Catalunya, Vilynx Spain & others	2,383
MADRID	Martínez Villergas, 49	Iberia & others	17,235
	Príncipe de Vergara, 112-114	Utopic_us, Novo Banco, TMF Group, Fibonad & Coverwallet innovation	10,129
	Discovery Building	Nuclear industry, Jewelry company, Habitat Inmobiliaria & others	9,866
	Sagasta, 31-33	Mckinsey	6,036
	Poeta Joan Maragall, 53	Public institution	3,945
	Francisca Delgado, 11	Neinver	2,786
PARIS	Washington Plaza	Louis Capital Markets, Candriam, Liberty & others	8,702
	Cézanne Saint-Honoré	Wells Fargo, leader in manufacturing & performance eyewear & others	5,791
	Louvre Saint Honoré	Swiss Life Reim & others	3,613
LOGISTIC	Miralcampo	Kühne + Nagel	35,780
	Rivas Vaciamadrid	Grupo Severiano Servicio Movil	9,612

In 2018 in Spain 96,176 sqm were signed, across 73 leases.

In **Barcelona**, more than 25,000 sqm were signed, across 30 leases.

It is worth mentioning the signing of more than 5,000 sqm on the Park Cugat building, as well as the renewal of 2,000 sqm on Sant Cugat by Accenture and 2,500 sqm renewed by Caixabank, among others, on the Diagonal 530 building.

In the **Madrid** office market, more than 70,000 sqm were signed, across 43 leases.

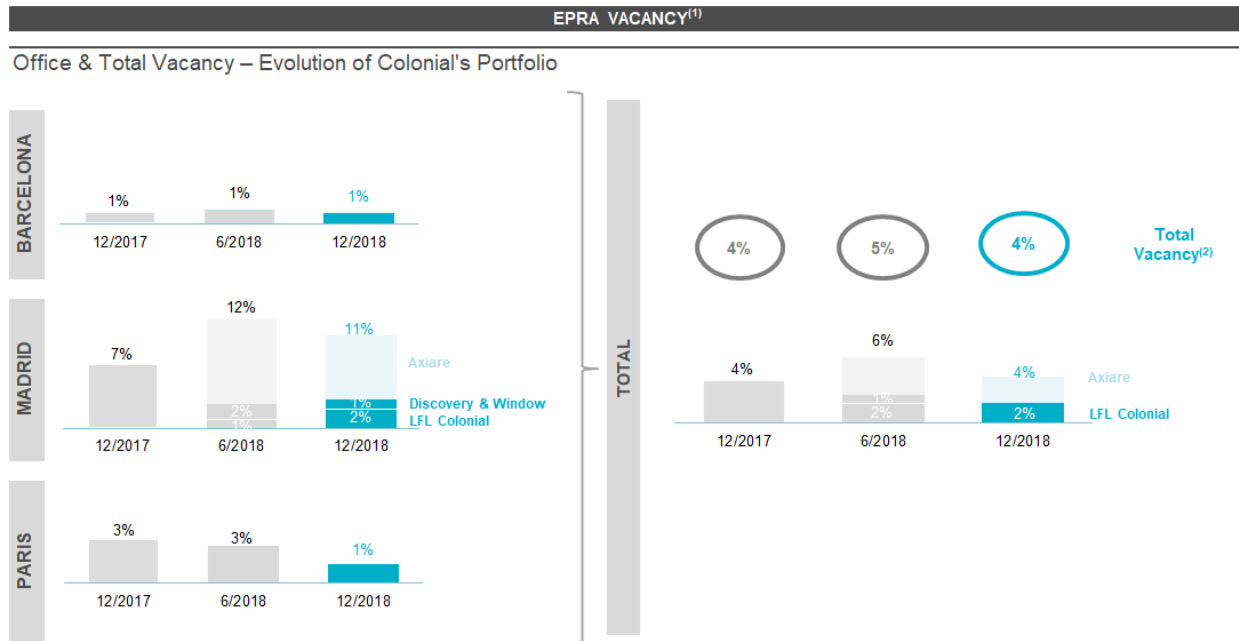
Noteworthy are the signings on the two recently delivered projects, including the signing of more than 10,000 sqm on the Príncipe de Vergara (The Window) building with various tenants, as well as the signing of more than 9,800 sqm on the Discovery Building, also with various tenants. Likewise, it is worth highlighting the renewal of 16,000 sqm with Iberia on the Martínez Villergas building, the renewal of more than 6,000 sqm with Mckinsey on the Sagasta 31-33 building and the renewal of almost 4,000 sqm with a public entity on Poeta Joan Maragall 53.

In **Paris**, more than 21,000 sqm were signed across 27 leases. Of special interest are the renewals of over 1,300 sqm in the Washington Plaza building, as well as over 900 sqm on the Percier property. In terms of new leases, it is worth highlighting the over 7,000 sqm let in the Washington Plaza building and 5,500 sqm in the Cézanne Saint Honoré building.

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

A portfolio with solid occupancy levels

- At the end of 2018, the Colonial Group’s total EPRA vacancy⁽²⁾ stood at 4%.



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

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

Particularly noteworthy are the office portfolios of **Barcelona** and **Paris** with **vacancy rates of 1%**.

At the end of 2018, the office portfolio in Madrid had a vacancy rate of 11%:

- 7% correspond to the Axiare portfolio; especially noteworthy are the recent deliveries of the Ribera de Loira and Avenida Bruselas projects. The latter unique building was completed in 4Q with more than 14,000 sqm of maximum quality space.
- 1% of the vacancy corresponds to the recently delivered projects of the Discovery Building and The Window with an occupancy of 85% and 89%, respectively, at the close of 2018.
- The rest of the Madrid portfolio has a vacancy of 2%.

At the end of 2018, the logistics portfolio of the Colonial Group had a vacancy of 14%, mainly due to the entry into operation of the first phase of the project located in San Fernando de Henares.

The available GLA offers a maximum quality office space in attractive market segments, where there is a clear scarcity of Grade A products.

Consequently, they offer significant potential for additional rental income to be captured in the coming quarters.

Vacancy surface of offices

Surface above ground (sq m)	Entries into operation ⁽¹⁾	BD area and others	CBD area	2018	EPRA Vacancy Offices
Barcelona	1,253	509	285	2,047	1%
Madrid	30,373	14,635	7,071	52,080	11%
París	0	6,026	235	6,260	1%
TOTAL	31,626	21,170	7,591	60,387	4%

(1) Projects and refurbishments that have entered into operation



P. Castellana 163



Alfonso XII



López de Hoyos 35



José Abascal 56



Ribera de Loira 28

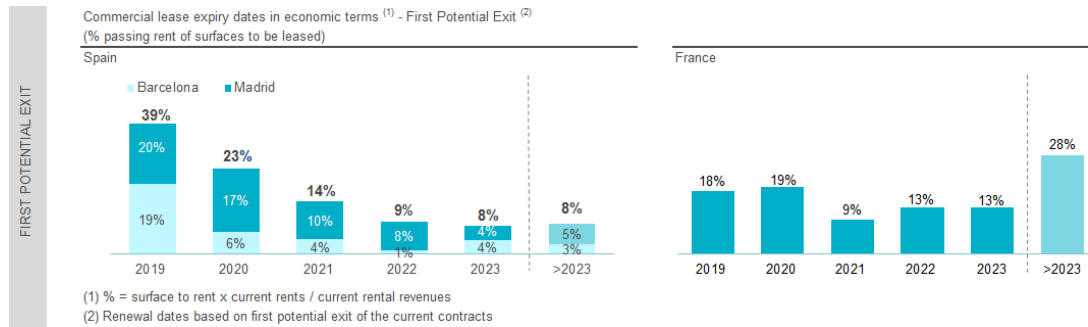


Avenida Bruselas

Commercial lease expiry and reversionary potential

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

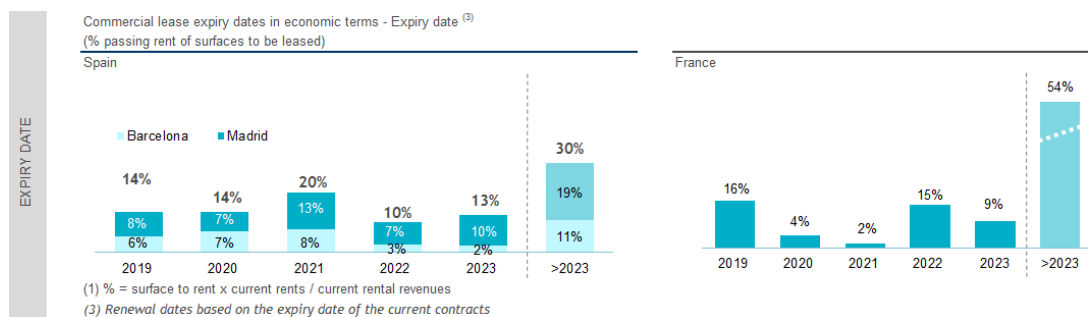
The **first graph** shows the commercial lease expiry dates if the tenants choose to end the contract at the first possible date (break option or end of contract).



In this context, in the **Spanish** portfolio, approximately 62% of office contracts could be renewed in the next 2 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 behavior 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.

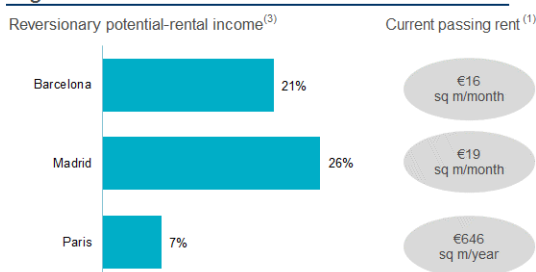


Reversionary Potential of the rental portfolio

The Colonial Group’s contract portfolio has a significant reversionary potential. This reversionary potential is the result of comparing the rental prices of the current contracts (contracts with current occupancy and current rents) with the rental price that would result from letting the total surface at the market prices estimated by independent appraisers at 31 December 2018 (not including the potential rents from the substantial projects and refurbishments underway).

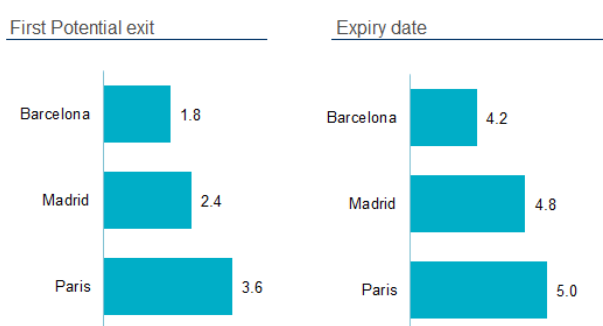
At the close of 2018, the static reversionary potential⁽²⁾ of the rental revenues of the offices portfolio (considering current rental prices without future impacts from a recovery in the cycle) in operation stood at +21% in Barcelona, +26% in Madrid and +7% in Paris.

Figures at December 2018



(1) Current office rent of occupied surfaces

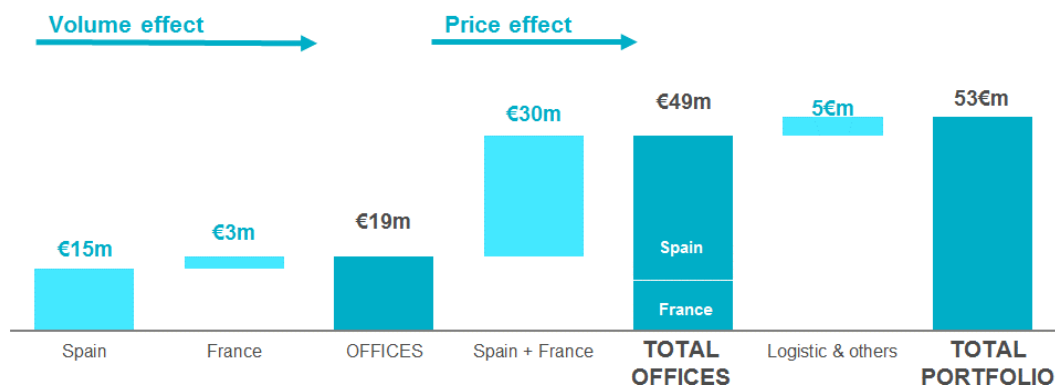
Average maturity of the contracts (years)



The maturity of the logistics portfolio is 3 years until the first risk and 5 years until the end of the contracts.

Specifically, the static reversionary potential⁽²⁾ in the current portfolio would result in approximately €53m of additional annual rental income.

Reversionary potential-rental income



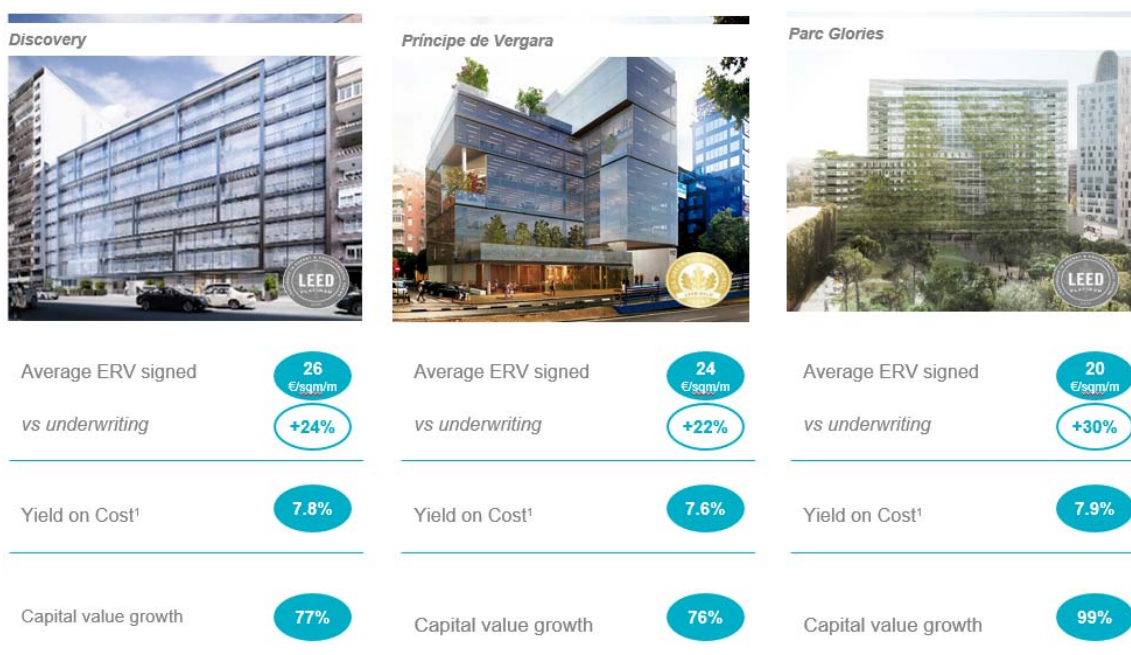
⁽²⁾ Excluding future rental growth due to cycle recovery

⁽³⁾ Reversionary potential: maximum potential of the surfaces portfolio in operation

4. Project portfolio

Delivered projects



- In 2018, three projects were successfully delivered which were acquired in 2015 (The Discovery Building and The Window) and in 2016 (Parc Glories), under the framework of the Alpha I transaction. The three buildings are references in their markets and have obtained rents well above the initial underwriting.
- Parc Glories in Barcelona has become a landmark building in the 22@ district, a market that has been transformed into a top tier technological hub in Europe. The building has open-plan floors of 1,800 sqm and houses the headquarters of an American technology company “King” for Southern Europe and the head offices of Schibsted, a Norwegian technological company.
- The Discovery Building has generated high interest in the market and enabled synergies to be generated with the projects from Axiare’s portfolio. Almost 4,000 sqm of GLA has been occupied by tenants coming from the Miguel Angel and Velázquez buildings, on one hand accelerating the occupancy of the asset and on the other hand, accelerating the start of refurbishments on both projects.
- The Window is a state of the art building in the Madrid office market both for its uniqueness (a building with many terraces) as well as its hybrid nature, as it combines traditional office space (7,500 sqm) with a coworking space through our subsidiary UtopicUs (3,850 sqm). This mixed offering has quickly attracted clients at much higher prices than those expected.



(1) Acquisition price + invested capex

Project and refurbishment portfolio

- At the release date of this report, Colonial has an office and commercial property portfolio of over 210,000 sqm to create top quality properties, offering high returns and a future value uplift with solid fundamentals.

Project	City	% Group	Delivery	GLA (sqm)	Total Cost €m ¹	Total Cost €/sqm ²	Yield on Cost
1 Pedralbes Center 	Barcelona	100%	1H 19	6,917	38	5,502	6.3%
2 Gala Placidia / Utopic_us	Barcelona	100%	1H 19	4,312	17	3,922	7.0%
3 Miguel Angel 23	Madrid	100%	2H 20	8,036	64	7,999	5.8%
4 Castellana, 163	Madrid	100%	2020 / 21	10,910	52	4,803	6.5%
5 Diagonal 525	Barcelona	100%	1H 21	5,710	37	6,460	6.0%
6 Emile Zola / Destination XV	Paris	82%	2H 21	24,500	280	11,428	5.0%
7 Iena 96	Paris	82%	1H 21	9,300	147	15,801	5.0%
8 Velazquez Padilla 17	Madrid	100%	1H 21	17,239	113	6,532	6.5%
9 Plaza Europa 34	Barcelona	50%	2H 21	14,306	32	2,257	7.0%
10 Mendez Alvaro Campus	Madrid	100%	2H 22	89,871	287	3,188	7.5%
11 Sagasta 27	Madrid	100%	2H 22	4,481	23	5,044	6.5%
12 Louvré SaintHonoré 	Paris	82%	2023	16,000	205	12,831	7.3%
TOTAL OFFICE PIPELINE				211,582	1,295	6,119	6.3%

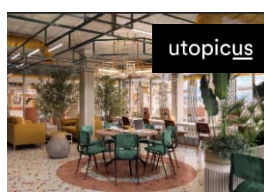
¹ Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex

² Info as of date of publication of this report

- The projects are progressing on schedule and are expected to be delivered gradually over the coming five years.
- In **Barcelona**, it is worth highlighting the Pedralbes Centre, Gala Placidia, Diagonal 525 and Plaza Europa 34 projects. These initiatives will result in the creation of more than 31,000 sqm of office space with the highest market standards.



Pedralbes Centre



Gala Placidia



Diagonal 525



Plaza Europa 34

Of special note is the Pedralbes Centre, a commercial centre project which involves a reorganisation of the space, creating large retail units and increasing the available surface area to attract large bluechip tenants. The shopping centre had some inefficiencies in the use of space as well as in management costs and this refurbishment will be an opportunity to maximize rents and optimize value.

- In **Madrid**, it is worth highlighting the project which will be carried out on the plot of land acquired in Méndez Álvaro, in the south of the Madrid CBD, as well as these other projects: Miguel Ángel 23, Castellana 163, Velázquez/Padilla 17 and Sagasta 27. All of these projects will add more than 130,000 sqm of offices to the portfolio, located in the best areas of the capital.



Méndez Alvaro



Miguel Ángel, 23



Paseo Castellana 163



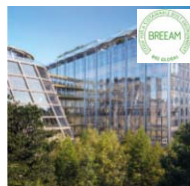
Velázquez-Padilla, 17



Sagasta 27

It is worth mentioning the plot of land acquired in Méndez Álvaro under the framework of the Alpha III project on which an emblematic campus of 90,000 sqm will be created south of the centre of Madrid. Work will commence in mid-2019 and will be completed at the end of 2021. It will be a macro project in which an innovative campus will be created for a mixed use of upmarket offices and residential buildings. The campus will include large communal green areas and services for tenants on campus. The project will obtain the top energy certificates.

- In the **Paris** portfolio, it is important to mention three flagship projects: Destination XV, Louvre St. Honoré and Iéna. All of them are located in the best areas of the French capital and together make up more than 40,000 sqm of new spaces with enormous value creation potential in the coming years.



112-122 Emile Zola



Louvre Saint Honoré



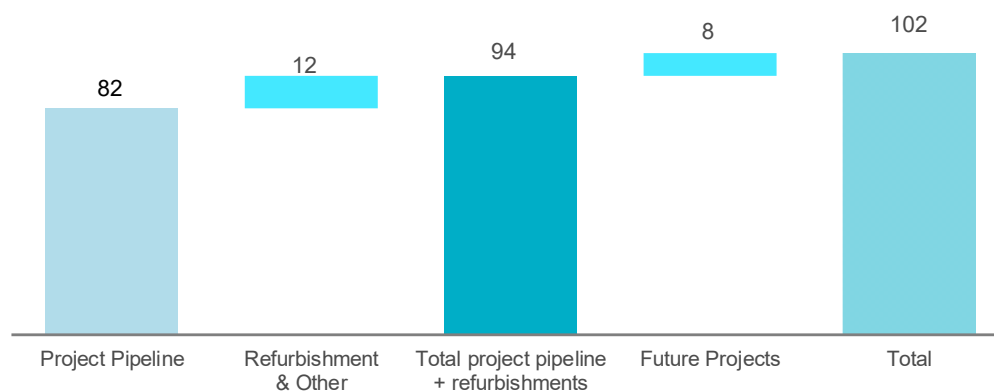
96 Iéna

Of note is the new development of a retail project on the Louvre Saint Honoré building which will be close to 16,000 sqm. It involves the development of a retail space in the underground levels, the ground floor and the first floor of the building. This Prime Factory project will be carried out with top quality finishes and technical specifications and is expected to be finished in 2023 with the ability to attract top tier tenants.

- Regarding the logistics portfolio, a 131,000 sqm project is being developed in San Fernando de Henares, the location closest to Madrid in the Corredor de Henares, one of the most important logistics hubs in Spain.

- The projects portfolio as well as the new acquisitions will result in additional annual rents of approximately €102m.

Additional rental income from projects and significant refurbishments - €m



- In addition to these development projects, the Colonial Group is currently carrying out refurbishments on the operational portfolio, with the aim of optimising the positioning of these properties in the market. Colonial also owns a plot of land of more than 14,000 sqm in the 22@ submarket in Barcelona and a 22,000 sqm plot of land in Puerto de Somport (Las Tablas, Madrid).

5. Investments & disposals

Alpha III acquisitions

Colonial started 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.

MADRID - City Center		1 Méndez Álvaro Campus <i>Madrid - Inside M-30</i>		Value Added – Prime factory GLA: 89.871m ²	Total Inversión¹: 272€m – 287€m Yield on Cost ² : 7%-8%
		2 Méndez Álvaro office Scheme <i>Madrid - Inside M-30</i>		Value Added – Prime factory GLA: 20.275m ²	Total Inversión¹: 68€m Yield on Cost ² : 7%-8%
MADRID		3 EGEO <i>Madrid - Campo de las Naciones</i>		Core with value added potential GLA: 18.254m ²	Total Inversión¹: 79€m Yield on Cost ² : 5%
		4 Arturo Soria <i>Madrid - New Business Area</i>		Core with value added potential GLA: 8.663m ²	Total Inversión¹: 33€m Yield on Cost ² : 6%
BARCELONA		5 Gala Placidia <i>Barcelona CBD</i>		Value Added – Prime factory GLA: 4.312m ²	Total Inversión¹: 17€m Yield on Cost ² : ≥7%

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

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 sqm of offices, distributed across several 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 Placidia, located in the CBD of Barcelona, where a complete refurbishment will be carried out with the objective of strengthening coworking initiatives.

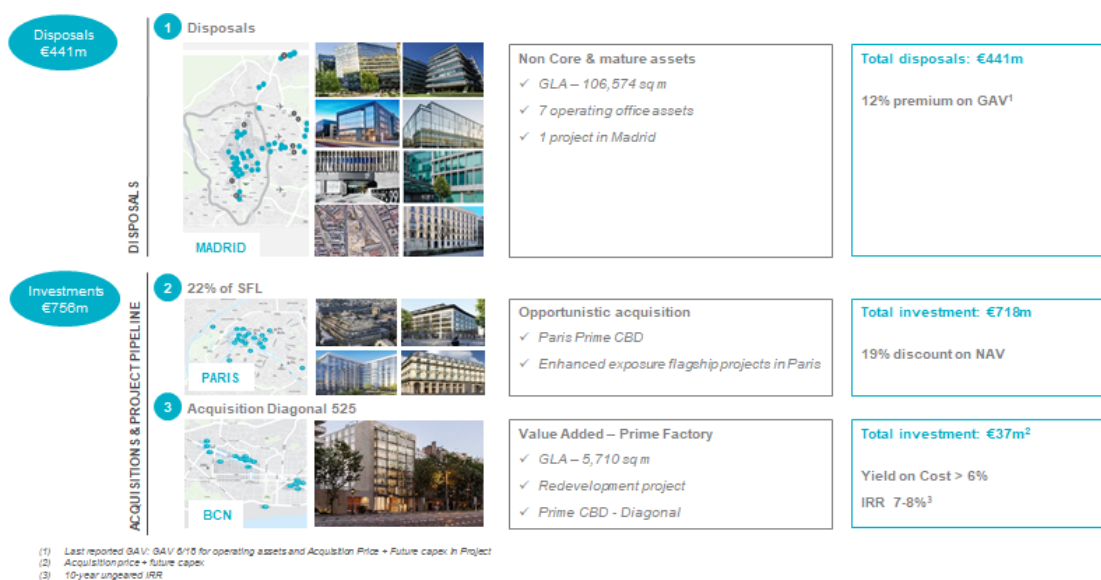
The Arturo Soria and Méndez Álvaro properties were purchased in 2017, while the EGEO and Gal·la Placidia assets were purchased in 2018.

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

- **Méndez Álvaro.** Colonial has bet 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.
- **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 98% occupied by various tenants and has high reversionary potential. The acquisition cost is €4,300/sq m.
- **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 100% 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.
- **Gal·la Placídia.** This building has an unbeatable location in the Barcelona CBD, just in front of the Gracia metro station and a few metres 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 co-working 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 leader in the management of flexible spaces and co-working contents in Spain, recently acquired by Colonial. The total price of the project once completed will be below €4,000/sq m.

Alpha IV acquisitions

In mid-November 2018, the Colonial Group completed the Alpha IV project, which involved the disposal of non-core assets and mature products outside of the CBD for €441m, and the acquisition of prime assets for a total of €756m.



1. Disposals: In the third quarter, Colonial sold 7 office buildings and a turnkey project in Madrid for a total of €441m.

The sales were carried out under favourable conditions for the company, with a premium over valuation of 12%¹. The assets sold were non-strategic and mature properties and/or located outside of the CBD, with a gross lettable area of more than 106,000 sqm.

2. Acquisition of 22% of SFL: In November, Colonial and Qatar Investment Authority (QIA) reached an agreement in which Colonial would control up to 81% of its French subsidiary SFL. The transaction took place through the transfer of 22.2% of SFL's shares owned by QIA (13.6% by Qatar Holding LLC and 8.6% by DIC Holding LLC) to Colonial.

The transaction was structured by:

- > A non-cash capital increase of 53,523,803 Colonial shares, representing 10.5% of the Company's share capital post-transaction, for which QIA delivered 7,136,507 SFL shares to Colonial, representing 15.34% of the share capital of the French subsidiary.
- > An exchange of shares between Colonial and QIA in which QIA exchanged a total of 400,000 SFL shares in its ownership, representing a total of 0.86% for 3,000,000 Colonial shares held by the Company as treasury shares.
- > The acquisition of 2,787,475 SFL shares, representing 5.99% of the share capital, for which Colonial paid €203m to QIA.

(2) GAV: GAV 6/18 for operating assets and acquisition price + future capex in the project

The total investment volume amounts to €718m. A quarter of that amount corresponds to a cash payment by Colonial combined with the exchange of treasury shares, enhancing the economics of the deal. The main part of the transaction was structured through a non-cash capital increase of Colonial fully underwritten by QIA.

The transaction was completed on very favourable terms for Colonial, which acquired 10.3 million SFL shares, representing 22.2% of the share capital, at an average price of €69.6 per share, resulting in an average discount of 19% over the last reported NAV.

With this transaction, the Spanish Company will make a significant step forward in the strategy of simplifying the Group's shareholding structure and strengthening it with long-term investors.

- 3. Acquisition of a prime asset in Barcelona – Diagonal 525:** Colonial has acquired a 5,710 sqm above-ground office building in Barcelona's prime Avenida Diagonal. Currently, the building is 100% let to one tenant, while the building is expected to undergo a full-scale refurbishment.

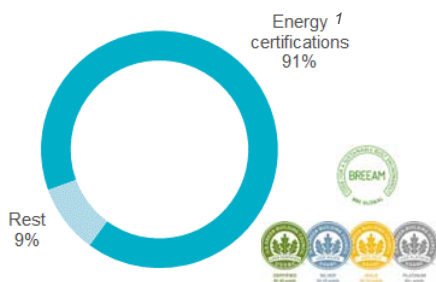
At the end of 2018, various shareholders approached Colonial to offer their SFL shares, allowing the Colonial Group to acquire around 1% of additional SFL capital, raising its current stake in its French subsidiary to 81.7%.

6. ESG¹ Strategy – Environmental, Social and Corporate Governance

ESG¹ Milestones

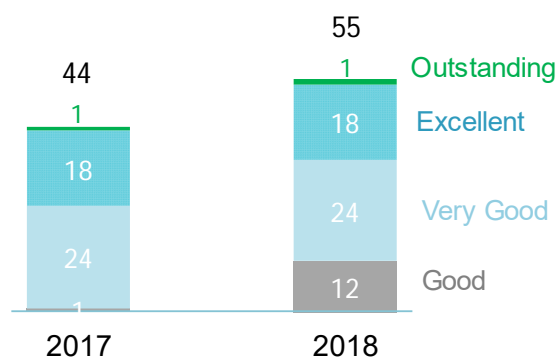
- Colonial aspires to clear leadership in ESG, being a fundamental element in its growth strategy in which offering maximum quality constitutes a main characteristic. This fact is reflected in the high level of certifications in the Colonial Group’s property portfolio.
- 91% of the portfolio in operation has maximum BREEAM or LEED certifications. The quality of the BREEAM certificates has also improved with more than 55 certificates (+25%), and 43 of them with “very good” levels or higher.
- This facts differentiates Colonial from its competitors, enabling the company to attract quality demand and to maximise the value creation of the whole portfolio

% Buildings with energy certification



¹ Operational properties with energy certification

BREEAM certifications



- This level of certification is clearly above the sector average. The strategic sustainability plan carries out improvements in energy efficiency, betting on continuous improvement asset by asset.
- In addition to the strategy on environmental sustainability, Colonial opts for the highest standards in Corporate Governance and a clear ambition in social aspects and talent attraction.

(1) ESG = Environmental, Sustainability and Governance

- In this respect, of special mention is the incorporation of Begoña Muñoz as Chief Human Resources Officer in June 2018, to accelerate the cultural transformation and organizational excellence of the Colonial Group.

- Begoña Muñoz has twenty years' experience in Human Resources Management in international settings in the large-scale Fast Moving Consumer Goods (FMCG) and industrial sectors. Her area of expertise is the elaboration and implementation of Human Resources strategies and organizational design, based on business transformation through cultural change, organizational redesign and effective human capital development programs.



- Accordingly, Colonial has achieved important advances in corporate ratings that evaluate all of the non-financial-ESG aspects:



- Increase from **BBB to AA** two years ago
- One of the highest ESG Ratings on a European level
- Very good scoring on Corporate Governance



- **EPRA Gold in sBPR** for the third year in a row
- In 2016, Colonial was the first company in Spain to obtain EPRA Gold in ESG



- GRESB member
- **Green Star level** for second year in a row
- Clear improvement on building certificates



- **Good Practise rating**
- Inclusion in 2018 in the **FTSE4Good index**
- Good Practise rating
- strong scoring on Corporate Governance and supply chain



- Following best practices, the Company published its first Annual Integrated Report in 2017.

Pan European think-tank

- Colonial forms part of a think tank created by 6 European companies specialising in the offices business with the aim of developing and driving best practices in the fields of Proptech, Flexible Office Space, Digitalization and Sustainability.

7. Digital Strategy and Coworking

In 2018, the Colonial Group accelerated initiatives in the Proptech area, which enable the maximization of services to clients and the leadership of new trends in the offices sector.

Utopicus

- Through its coworking subsidiary, Utopicus, Colonial has opened three new centres: two in Madrid in the streets Orense and Príncipe de Vergara, and another in Plaza Cataluña, Barcelona. In addition, license management and works have started for the opening of 7 new centres in the coming months.
- Once completed, Utopicus will manage more than 34,900 sqm of flexible spaces with a maximum capacity of up to 4,220 users and enhancing the positioning of Utopicus as a benchmark brand in the segment of the management of flexible spaces and coworking contents in Spain.

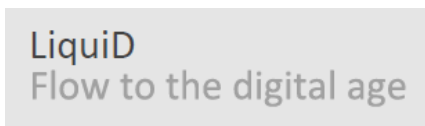
Center	City	Status	Opening	GLA	Occupancy	MAX users	
1	Duque de Rivas	Madrid	Operating	2010	976	73%	130
2	Colegiata	Madrid	Operating	2010	1,222	93%	93
3	Conde Casal	Madrid	Operating	2017	1,089	77%	136
4	Plaça Catalunya	Barcelona	Operating	may-18	1,400	92%	156
5	Orense	Madrid	Operating	oct-18	1,827	52%	207
6	Principe Vergara	Madrid	Operating	nov-18	3,852	57%	507
7	Clementina	Barcelona	Operating	feb-19	600	63%	86
8	Gran Via	Madrid	Project	mar-19	4,990	Pre-let 9%	465
9	Parc Glories	Barcelona	Project	mar-19	2,002	Pre-let 15%	232
10	Gala Placidia	Barcelona	Project	may-19	4,000	Pre-let 26%	507
11	Castellana, 163	Madrid	Project	2H 2019	3,660	n/a	448
12	Jose Abascal, 56	Madrid	Project	2H 2019	3,594	n/a	453
13	Habana	Madrid	Project	1H 2020	5,745	n/a	800
Total					34,957		4,220

- It is worth noting the opening of a new centre in the new office building, The Window, developed by Colonial, in Príncipe de Vergara street in Madrid. The combination of flexible uses with traditional office space has allowed for a higher occupancy with higher income than expected.



Accelerators

- In 2018, Colonial counted on the consulting services of Liquid, a reference company in the digital strategy consulting area. Liquid has vast experience accompanying large corporations in the digital transformations of their businesses.
- In addition, Colonial reached an agreement with the accelerator Metaprop in New York, which will allow Colonial to have access to all of the accelerator programs, with the possibility to collaborate with more than 25 startups in the USA and the rest of the world.
- These collaborations will allow Colonial to be very close to all of the initiatives and innovation which is permanently being developed on a global level with an impact on the real estate sector. These agreements are one more step in Colonial's ambition to be at the forefront of the real estate sector and to delve into innovation as a motor of value generation.



Digital Strategy & culture

- Multiples workshops with more than 1,000 hours of training and brainstorming regarding digital transformation, involving more than 20 employees from the group, including the Management Committee and middle management.

Smart building system

- Colonial has been awarded for its Smart Building System by Netexplo Change Observatory of: innovation. These awards, the second edition of which is being celebrated this year, are organized by the French Netexplo Observatory of trends and identify innovative initiatives by companies that boost digital transformation in different sectors.
- The Smart Building System is an application adapted to any electronic device and entirely developed by Colonial, whose objective is the efficient, quick and intelligent management and supervision of different aspects of a building, such as heating, clean air, lights and consumption, among others, always looking to increase comfort and well-being at the office.



8. Portfolio valuation

- At the end of 2018, the assets of the Colonial Group were appraised at €11,348m (€11,915m 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.

Gross Asset Values - Excluding transfer costs

Asset valuation (€m)	31-Dec-18	30-Jun-18	31-Dec-17	Dec 18 vs Jun 18		Dec 18 vs Dec 17	
				Total	LfL ⁽¹⁾	Total	LfL ⁽¹⁾
Barcelona	1,175	973	836	21%	6%	40%	8%
Madrid	2,511	2,760	1,497	(9%)	5%	68%	10%
Paris	6,256	6,242	6,064	0%	2%	3%	5%
Portfolio in operation ⁽²⁾	9,942	9,974	8,398	(0%)	3%	18%	6%
Projects	925	762	519	21%	8%	78%	15%
Logistics & others	480	454	16	6%	6%	2903%	(2%)
Property business	11,348	11,190	8,933	1%	4%	27%	8%
Axiare stake	na	na	349			(100%)	
Colonial group	11,348	11,190	9,282	1%	4%	22%	8%
Spain	4,779	4,781	3,053	(0%)	7%	57%	15%
France	6,570	6,409	6,229	3%	3%	5%	5%

Gross Asset Values - Including transfer costs

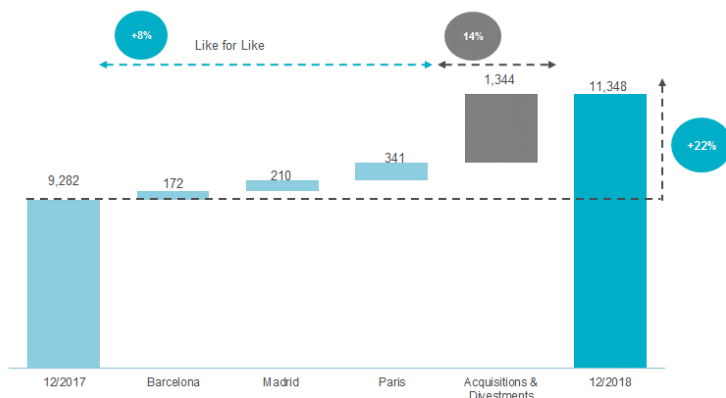
Colonial group	11,915	11,730	9,741	2%	4%	22%	8%
Spain	4,910	4,919	3,121	(0%)	7%	57%	15%
France	7,005	6,811	6,619	3%	3%	6%	6%

(1) Portfolio in comparable terms

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

- The **Colonial Group's** Gross Asset Value at the close of 2018 amounted to 11,348 €m, an **increase of +22%** compared to the previous year, mainly due to the integration of Axiare's portfolio into its portfolio.

VARIANCE ANALYSIS VALUE 12 MONTHS - €m



GAV VARIANCE

	2H 2018	YEAR 2018
BARCELONA	+9%	+19%
MADRID	+6%	+12%
PARIS	+3%	+5%
TOTAL LFL	+4%	+8%
ACQUISITIONS & DESINVESTMENTS	(3%)	+14%
TOTAL VAR	+1%	+22%

In like-for-like terms, Colonial's portfolio has been revalued by **+8% vs. the previous year** (+4% corresponding to the first half of 2018). This increase in value is a consequence of the rental price increases throughout the portfolio, complemented by increases in value obtained through the successful execution of projects.

By segment, the **Barcelona and Madrid** portfolios reached a like-for-like year-on-year growth of **+19% and +12%**, respectively. It is important to specifically highlight the strong revaluation of **+9%** in the last 6 months in Barcelona.

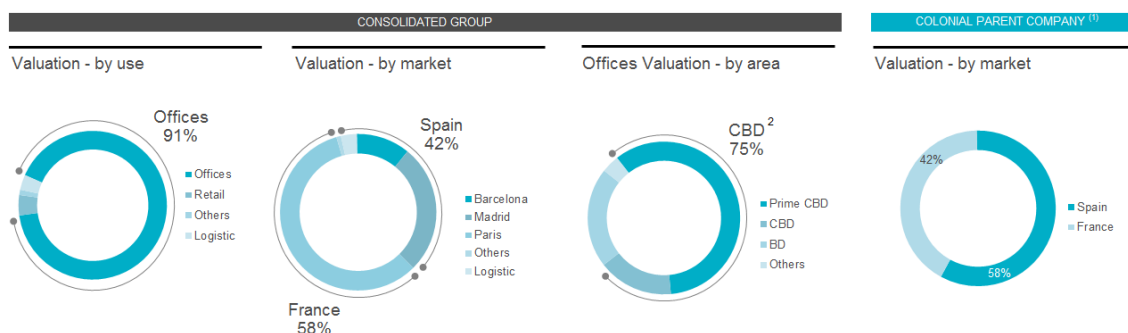
The **Paris** portfolio increased **+5.5% like-for-like year-on-year** (+3% like-for-like in the last 6 months of 2018) clearly establishing a benchmark for growth in the Paris market.

The value of the logistics portfolio has increased **+13%** year on year

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

1. Rental price increases captured in recent quarters by the Colonial Group's portfolio in the three markets
2. The Group's industrial approach that enables superior value creation through portfolio repositioning and Prime Factory projects.
3. 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 more investors on a global level.

- 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 in NAV. Spain = GAV assets held directly + NAV participation SPV TMN + Value JV Plaza Europa 34
 (2) CBD Barcelona, includes the 22@ segment market assets

- 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	1,175	241,483	4,865	4.72%	Gross Yields
Madrid	2,511	423,685	5,927	4.53%	
Paris	6,256	356,921	17,528	3.23%	Net Yields

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

- In Spain, consultants publish gross yields in their market reports (Gross yield = gross rent/value excluding transfer costs).
- In France, consultants publish net yields in their market reports (Net yield = net rent/value including transfer costs)

(*) In Barcelona the sqm for the calculation of the capital value correspond to the surface above ground of all the assets in Barcelona, excluding the Parc Central, Plaza Europa Gala Placidia and Pedralbes Centre projects and the surface area of non-core retail assets.
 In Madrid, the sqm correspond to the surface above ground of all assets in Madrid, excluding the Méndez Álvaro complexes, the Puerto Somport 10-18, Sagasta 27, Miguel Ángel 23, Velázquez Padilla projects, as well as the surface area of non-core retail assets.
 In France, the sqm correspond to the surface above ground of the entire portfolio, excluding the Emile Zola & Iéna project and including certain rentable surfaces below ground in the portfolio not corresponding to parking units.

- The appraisal certificate is as follows:

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

Madrid, 14th February 2019

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 2018 for internal use of the company.

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

11,348,132,909 EUROS

(Eleven Thousand Three Hundred and Forty Eight Million
 One Hundred and Thirty Two Thousand Nine Hundred and Nine Euros)

The breakdown is as follows:

Unit	Market Value (excl. Transfer costs)	Gross Value (incl. Transfer costs)
Madrid	3,359,870,295 €	3,446,742,159 €
Barcelona	1,263,097,534 €	1,301,795,583 €
Rest of Spain	155,556,080 €	161,328,430 €
Total Colonial (Spain)	4,778,523,909 €	4,909,866,172 €
Total SFL (Paris)	6,569,609,000 €	7,005,394,831 €
Total Colonial + SFL	11,348,132,909 €	11,915,261,003 €

For the avoidance of doubt, each valuer only accepts responsibility for the assets that they have valued within the portfolio.

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-2886312
 Pto. a Costa s/n. 130 - 1ª Planta
 28046 Madrid España

Cushman & Wakefield Valuation France SA
 Tour Opus 12 - 77 Esplanade du Général de Gaulle
 92081 Paris La Défense Cedex
 Tél. : +33 (0)1 53 76 92 92
 Société anonyme au capital de 6 616 304 €
 RC Siret 511 574 00049
 N° TVA Intracommunautaire FR10 332 111 574




**JONES LANG
 LASALLE EXPERTISES**

S.A.S. au capital de 37 000 Euros
 Siège social : 4092 rue La Boétie
 Tél : 01 40 55 15 15 - 75008 PARIS
 444 620 150 R.C.S. PARIS

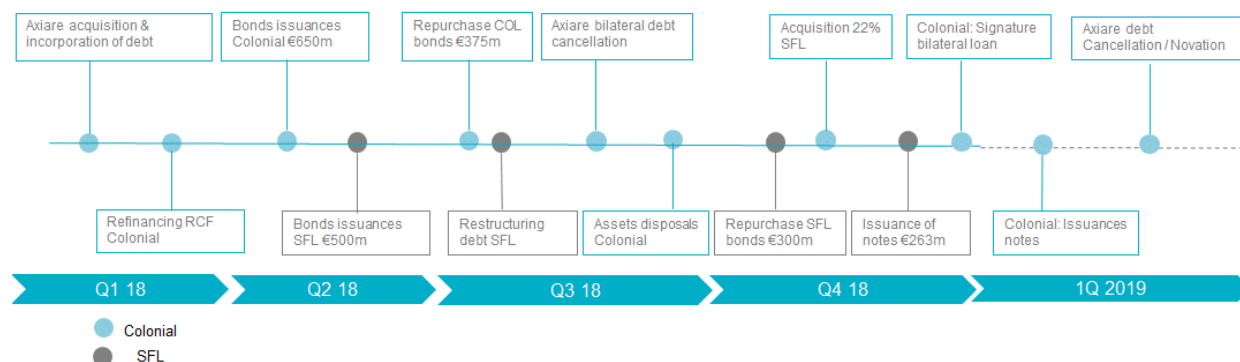


9. Financial structure

The year 2018 was marked by the acquisitions of Axiare Patrimonio, SOCIMI, S.A. (€843m) and 23% of Société Foncière Lyonnaise shares (€718m, of which €203m was paid in cash), resulting in a 53% increase in the net debt of the Group compared to year end 2017.

The active liability management carried out throughout the year, together with the acquisition of 23% of SFL and the high quality of its assets led to Standard & Poor's increasing its credit rating to BBB+ with a stable outlook.

The main transactions carried out by the Group in 2018 are as follows:



- A bond issue by Colonial, under the European Medium-Term Note (EMTN) program, for a total nominal amount of €650m, maturing in April 2026, with an annual coupon of 2%.
- Refinancing of Colonial's syndicate loan, signed in November 2015, for €350m and maturing in November 2021. The nominal amount was increased to €500m, prolonging the maturity to December 2023 and reducing the financing spread.
- Bond buyback with maturity in 2019: in July, Colonial made an early repayment of the outstanding balance (€375m) from the bond issue maturing in June 2019 and that yielded an annual coupon of 1.863%.
- Cancellation of €396m in debt from Axiare Patrimonio, SOCIMI, S.A, all of it secured by mortgage guarantees.
- Disposal of assets for €441m completed, as well as the purchase of 22% of SFL.
- Bilateral loan with corporate guarantee formalized in the amount of €50m, maturing in July 2024.

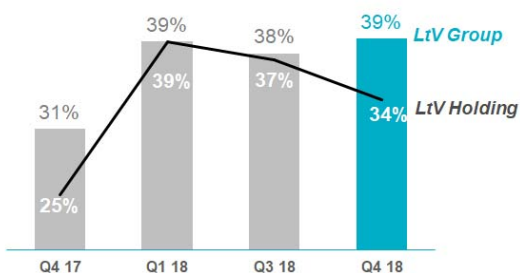
- A Euro Commercial Paper program was registered for a maximum limit of €300m (€500m) to carry out issuances with a maturity of between 15 and 364 days from the date of issue. Greater diversity in financial sources were sought in the capital markets as well as how to access financing at negative rates in the shortest term. At the date of publication of this report, the issuances in force under this program were (€172m).
- In addition, in the first quarter of 2019 and up to the date of publication of this report, Colonial has already cancelled €131m of debt coming from Axiare and refinanced the rest of the pending debt of €151m, improving margins and cancelling mortgage securities.
- The main transactions carried out by SFL were the following:
 - ✓ A bond issue for SFL for the nominal amount of €500m, maturing in May 2025, with an annual coupon of 1.5%.
 - ✓ The limit and maturity of its credits were adjusted, cancelling and/or reducing the limit of its undrawn policies for €300m and extending the maturity of another €150m credit limit from 2020 to 2023, and obtaining a new policy with an available balance of €100m maturing in 2023.
 - ✓ In October, it bought back €300m of its bonds maturing in November 2021 (€150m) and November 2022 (€150m).
 - ✓ Also in October, SFL started a short-term Euro Commercial Paper program for the maximum amount of €300m, with the current issues at 31 December 2018 of €263m.

The main debt figures are:

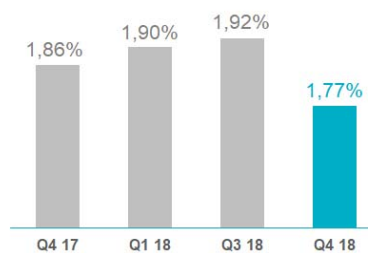
Colonial Group	Q4 17	Q4 18
Gross financial debt	4,170	4,748
Net financial debt	3,066	4,680
Total liquidity ⁽¹⁾	2,427	1,793
% debt fixed or hedged	90%	97%
Average maturity of the debt (years)	5.5	5.9
Cost of current debt	1.86%	1.77%
Rating Colonial	BBB	BBB+
Rating SFL	BBB+	BBB+
LtV Group (including transfer costs)	31%	39%

(1) Cash & Undrawn balances

LtV (including transfer costs)



Spot financial cost

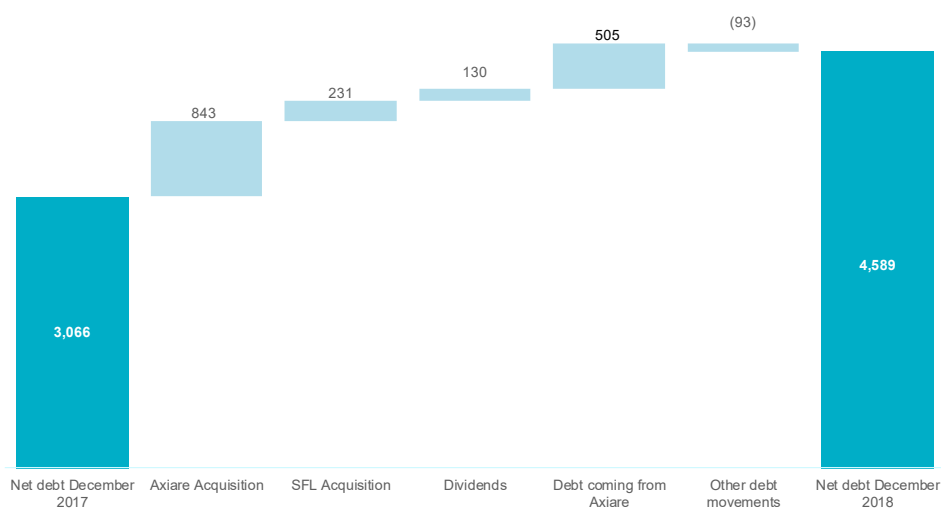


The net financial debt of the Group at 31 December 2018 stood at €4,680m, the breakdown of which is as follows:

	December 2018					December 2017			Var
	Colonial	SFL	TOTAL	Cost	Average maturity	Colonial	SFL	TOTAL	
Créditos sindicados	70	0	70	1,30%	4,5	163	0	163	(93)
Mortgage debt	314	201	515	1,54%	5,7	35	203	238	277
Bonds Colonial	2.600	-	2.600	2,05%	6,8	2.325	-	2.325	275
Bonds SFL	-	1.200	1.200	1,83%	4,6	-	1.000	1.000	200
Notes SFL	-	263	263	-0,20%	0,1	-	0	0	263
Other debt	50	50	100	0,98%	3,9	0	443	444	(344)
Gross debt	3.034	1.714	4.748		5,6	2.523	1.647	4.170	578
Cash	(43)	(25)	(68)			(1.089)	(16)	(1.105)	1.036
Net Debt	2.991	1.688	4.680			1.435	1.631	3.066	1.614
Total liquidity (1)	848	945	1.793			1.651	776	2.427	(634)
Cost of debt - Spot (%)	1,95%	1,46%	1,77%	1,77%	5,6			1,86%	(0,09)

(1) Cash & Undrawn balances

The increase in net financial debt in 2018 is mainly concentrated in Colonial and is due to the acquisitions of Axiare and 23% of SFL.



Main leverage ratios and liquidity

The LTV (Loan to Value) of the Group, calculated as the ratio of total net debt divided by the total GAV of the Group, stood at 39%. 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 35%.

Cash & undrawn balances of the Colonial Group at 31 December 2018 amounted to €1,793m, distributed as shown in the graph below:

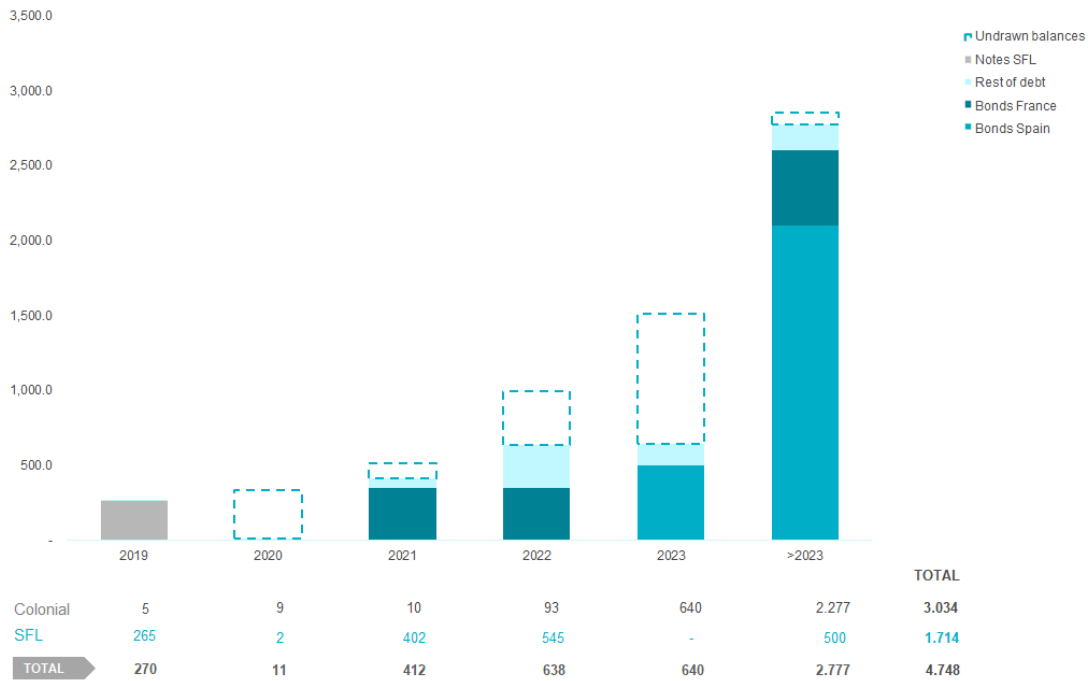


The main characteristics of the Group's debt are shown below:

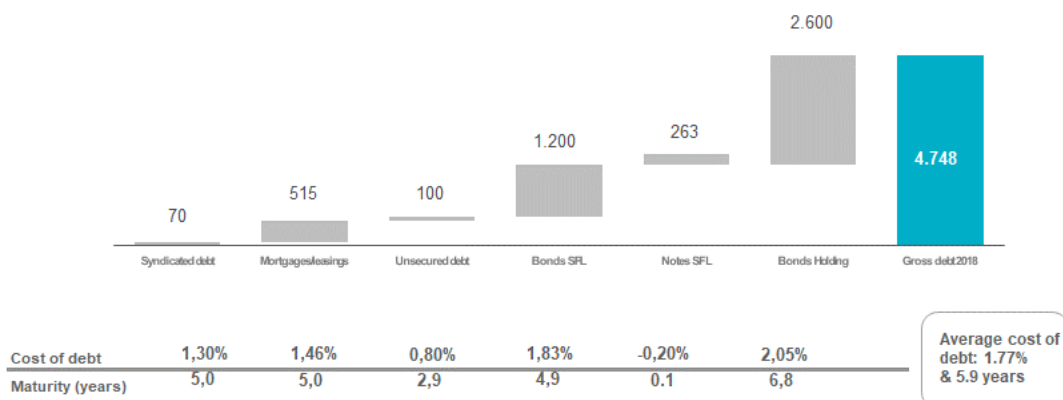


In terms of the maturity schedule it is particularly noteworthy that 72% of the Group's debt will mature as of 2023:

Maturity profile of drawn debt



The composition of the Group's debt is as follows:

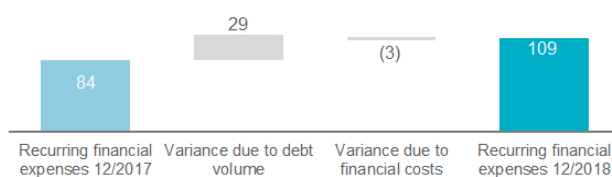


Financial results

- The following table details the Group's main financial results:

December cumulative - €m	COL	SFL	2018	2017	Var. %
<i>Recurring financial expenses - Spain</i>	(74)	0	(74)	(41)	(82%)
<i>Recurring financial expenses - France</i>	0	(35)	(35)	(43)	19%
Recurring Financial Expenses	(74)	(35)	(109)	(84)	(31%)
Recurring Financial Income	2	0	2	4	(46%)
Capitalized interest expenses	1	4	5	3	105%
Recurring Financial Result	(71)	(31)	(101)	(77)	(32%)
Non-recurring financial expenses	(14)	(20)	(34)	(3)	n.a.
Change in fair value of financial instruments	(5)	(2)	(6)	(0)	n.a.
Financial Result	(90)	(52)	(142)	(80)	(78%)

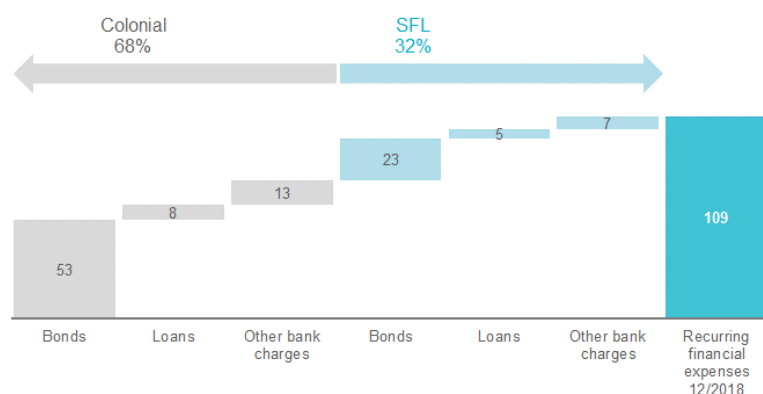
- The recurring financial expenses of the Group were 32% higher compared to the same period of the previous year, mainly due to an increase in Colonial's gross debt due to the acquisition of Axiare and the integration of its debt into the Group, as well as the acquisition of 23% of SFL. In France, the recurring financial expense decreased by 19% due to the reduction in debt as well as better interest rates.



- The average financial cost of the drawn debt during the quarter was 1.86% compared to 1.97% in the same period of the previous year, mainly due to the reduction of the average credit spread which amounted to 137 bps (versus 156 bps in the same period of the previous year). This improvement is mainly due to the maturity in November 2017 of an SFL bond (for €301m, with a spread of 275 bps) and the formalisation of new debt at spreads lower than those applied in 2017. After Colonial and SFL's bond buyback and Euro Commercial Paper programs, the spot financial cost of drawn debt amounted to 1.77%.

- The breakdown of the recurring expense in 2018 is as follows:

Breakdown recurring financial expenses - December 2018



- The non-recurring expenses reported in the year correspond to the costs deriving from the bond buybacks (total amortization of Colonial's bond maturing in 2019 and partial buyback of SFL's bonds maturing in 2021 and 2022). Also allocated to the results are the costs incurred from the cancelled debt of Axiare and the associated derived instruments.

Financial structure details

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

1. Issuance of €500m, maturing in June 2023 with an annual fixed coupon of 2.728%
2. Four bond issuances for a total of €2,100m, 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.
 - d) A bond issue for €650m, maturing on 17 April 2026, with an annual fixed coupon of 2%.
3. Three SFL bond issuances for €1,200m according to the following breakdown:
 - a) Issuance in November 2014 for an outstanding amount of €350m, maturing in November 2021, with an annual fixed coupon of 1.875%.
 - b) Issuance in November 2015 for an outstanding amount of €350m with an annual fixed coupon of 2.25%, maturing in November 2022.
 - c) Issuance in May 2018 for a nominal amount of €500m, with an annual fixed coupon of 1.5%, maturing in May 2025.

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 €500m, of which the agent bank is "Natixis S.A. Sucursal en España, S.A." maturing in December 2023, to cover Colonial's corporate needs. The interest rate of the loan has been fixed at Euribor plus the market spread and the only guarantees provided have been corporate. At 31 December, it was drawn down at €50m.
- 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 which 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. At 31 December, it was drawn down at €20m.

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

A syndicate loan of SFL for a nominal amount of €250m, the agent bank of which is "BNP PARIBAS", maturing in July 2020 with an applicable spread, subject to the LTV level. At 30 June 2018, this loan was undrawn.

5. Bilateral loans with mortgage securities:

- a) At the close of the year, 7 loans with mortgage securities were in force coming from the former Axiare Patrimonio, SOCIMI, S.A. for a total pending amount of €282m, with an average maturity of 5.5 years and spread of 155 bps. Subsequent to the close of the year, 2 bilateral loans were cancelled for a joint amount of €80m.
- b) The Colonial Group in Spain, through one of its subsidiaries, holds €33m in a bilateral loan, with a mortgage security on a property asset. The average maturity of this loan is 7.1 years and the average financing spread is 150 bps.
- c) SFL, through various subsidiaries, holds a total of €201m in loans with various financial institutions, with mortgage securities on property assets. The average maturity of these loans is 3.4 years.

6. Bilateral loans without mortgage securities:

- a) Colonial has a bilateral loan of €50m granted and drawn down, at a variable interest rate and a maturity of 5.5 years.
- b) SFL has drawn down a loan for the amount of €50m, at a variable interest rate, with an average maturity of 2.3 years

7. Euro Commercial Paper programs

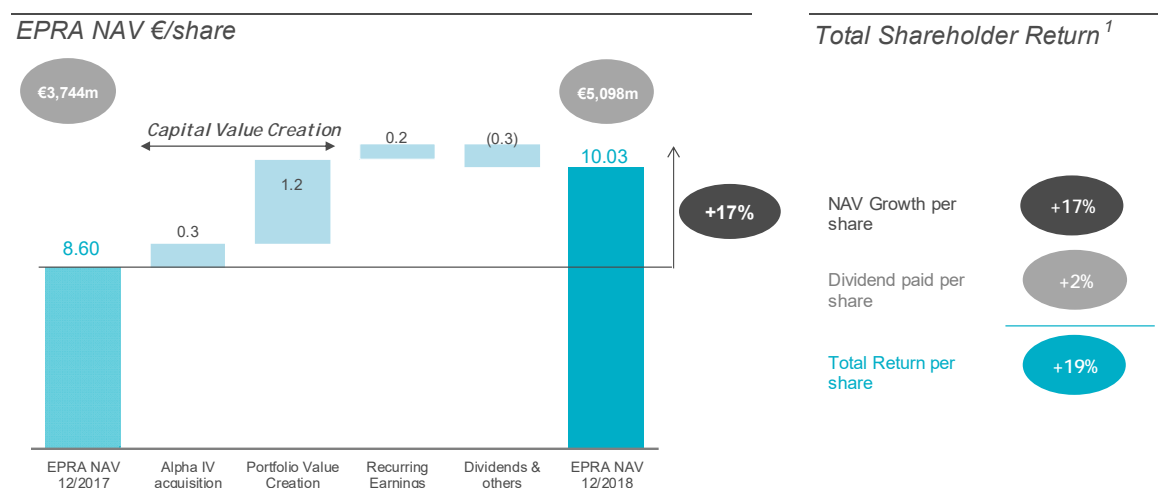
Colonial and SFL have registered each Euro Commercial Paper program for €300m per program.

10. EPRA Net Asset Value & Share price performance

EPRA Net Asset Value (NAV)

Colonial closed 2018 with an EPRA Net Asset Value of €10.03/share resulting in a year-on-year increase in value of +17%, which together with the paid dividend of €0.18/share led to a Total Shareholder Return of 19% in 2018.

In absolute terms, the EPRA NAV amounted to more than €5,098m (+36% year-on-year).



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

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	12/2018	12/2017
Fondos Propios Consolidados	4,811	3,592
Incluye:		
(i.a) Revalorización de activos de inversión (en caso de aplicar NIC 40)	31	13
(i.b) Revalorización de activos en desarrollo (en caso de aplicar NIC 40)	na	na
(i.c) Revalorización de otras inversiones	19	(58)
(ii) Revalorización de arrendamientos financieros	na	na
(iii) Revalorización de activos mantenidos para la venta	7	na
Excluye:		
(iv) Valor de mercado de instrumentos financieros	2	(1)
(v.a) Impuestos diferidos	228	198
(v.b) Fondo de comercio consecuencia de activos diferidos	-	-
Incluye/excluye:		
Ajustes de (i) a (v) con respecto a intereses de alianzas estratégicas	na	na
EPRA NAV - €m	5,098	3,744
Fondo de Comercio	(62)	na
EPRA NAV Ajustado - €m	5,036	na
Nº de acciones (m)	508.1	435.3
EPRA NAV - Euros por acción	10.03	8.60
EPRA NAV Ajustado - Euros por acción	9.91	na

Calculation of the EPRA NAV: Following the EPRA recommendations and starting from the consolidated equity of €4,811m, the following adjustments were carried out:

1. Revaluation of investment assets: corresponding to latent capital gains (not accounted for on the balance sheet) of specific assets registered at acquisition cost, mainly own use assets.
2. Revaluation of other investments: register at fair value of several investments of the Group registered in the balance sheet at acquisition cost, mainly treasury shares.
3. Adjustment of deferred taxes: adjustment of the amount of deferred taxes associated with the revaluation of the property assets (+€228m), registered on the balance sheet.
4. Market value of financial instruments: adjustment of the market value (mark to market) of derivative instruments

At 31 December 2018 **EPRA NNNAV^(*)** amounted to €4,853m, which corresponds to **€9.55/share**.

EPRA Triple Net Asset value (NNNAV) - €m	12/2018	12/2017
EPRA NAV	5,098	3,744
Incluye:		
(i) Valor de mercado de instrumentos financieros	(2)	1
(ii) Valor de mercado de la deuda	(14)	(117)
(iii) Impuestos diferidos	(229)	(200)
(iv) Créditos fiscales registrados en Balance	na	na
EPRA NNNAV - €m	4,853	3,428
<i>Fondo de Comercio</i>	<i>(62)</i>	<i>na</i>
EPRA NNNAV Ajustado - €m	4,791	na
Nº de acciones (m)	508.1	435.3
EPRA NNNAV - cts de Euros por acción	9.55	7.88
EPRA NAV Ajustado - Euros por acción	9.43	na

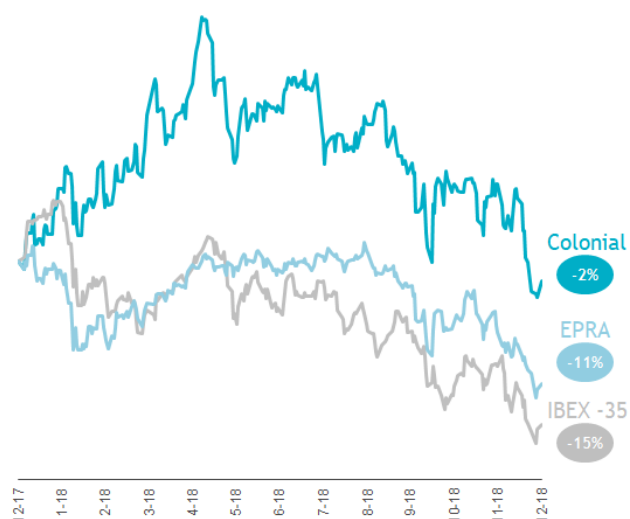
For its calculation, the following items have been adjusted in the EPRA NAV: the fair market value of the financial instruments, the fair market value of the debt, and the taxes that would be accrued in case of the disposal of the assets at their market value.

Share price performance

Colonial's shares closed 2018 at 8.15€ per share (-2%), in a framework of increased volatility in the capital markets during the second half of 2018.

EVOLUTION COLONIAL QUOTATION

2018



There are currently 21 analysts, both national and international, covering the company. It is worth highlighting the reports issued by JP Morgan, with a target price of €11.2/share, as well as Renta4 and Barclays with a target price of €11.1/share and €10.6/share respectively.

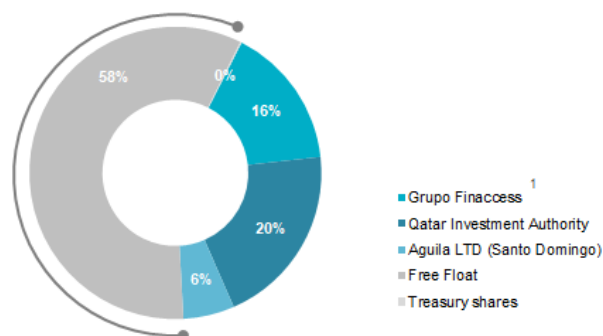
	Institution	Analyst	Date	Recommendation	Target Price actual
1	Green Street Advisors	Peter Papadakos	03/12/2018	Buy	Restricted
2	JP Morgan	Neil Green	15/11/2018	Overweight	11.2
3	Renta4Banco	Pablo Fernández	05/07/2018	Buy	11.1
4	Banco Sabadell	Ignacio Romero	16/11/2018	Buy	10.6
5	Barclays	Celine Huynh	06/12/2018	Overweight	10.6
6	Bankinter	Jesús Amador	03/12/2018	Neutral	10.6
7	Kempen & Co	Max Mimmo	05/12/2018	Buy	10.5
8	ING	Jaap Kuin	16/11/2018	Buy	10.4
9	Kepler Cheuvreux	Mariano Miguel	16/11/2018	Neutral	10.4
10	Alpha Value	Laura Parisot	16/11/2018	Buy	10.4
11	Goldman Sachs	Jonathan Kownator	08/10/2018	Buy	10.3
12	Natixis	Pierre-Edouard Boudot	27/03/2018	Buy	10.1
13	Morgan Stanley	Bart Gysens	11/12/2018	Overweight	10.0
14	JB Capital	Daniel Gandoy	16/10/2018	Neutral	10.0
15	Alantra Equities	Fernando Abril-Martorell García	16/11/2018	Buy	10.0
16	BPI	Flora Trindade	07/02/2019	Neutral	9.5
17	Intermoney Valores	Guillermo Barrio	28/11/2018	Neutral	9.5
18	Citi	Aaron Guy	17/12/2018	Sell	8.9
19	Societe Generale	Alvaro Soriano De Miguel	04/02/2019	Sell	8.3
20	Mirabaud	Ignacio Méndez	16/11/2018	Sell	8.1
21	Bankinter Securities	Juan Moreno Martínez de Lecea	30/07/2018	Sell	7.8
Analysts consensus with updated report					9.9

Company shareholder structure

Colonial's shareholder structure is as follows:

Shareholder structure at 28/01/2019 (*)

Free Float ²









(*) 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	Aguilá LTD (Santo Domingo)	Member	Member	
Carlos Fernández González	Director		Member		
Javier López Casado	Director				
S. Desazars de Montgailhard	Independent Director				
Carlos Fernández-Lerga Garralda	Independent Coordinator Director		Member	Chairman	Member
Javier Iglesias de Ussel Ordís	Independent Director			Member	Chairman
Luis Maluquer Trepas	Independent Director			Member	Member
Francisco Palá Laguna	Secretary - Non-Director		Secretary	Secretary	Secretary
Nuria Oferil Coll	Vice-secretary - Non-Director		Vice-secretary	Vice-secretary	Vice-secretary

11. EPRA Ratios & Consolidated Balance Sheet

EPRA Ratios

1) EPRA Earnings

EPRA Earnings - €m	2018	2017
Earnings per IFRS Income statement	525	683
<i>Earnings per IFRS Income statement - €/share</i>	<i>1.16</i>	<i>1.78</i>
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	(687)	(931)
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	(12)	2
(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	114	3
(vi) Changes in fair value of financial instruments and associated close-out costs	40	(0)
(vii) Acquisition costs on share deals and non controlling joint venture interests	3	0
(viii) Deferred tax in respect of EPRA adjustments	10	(33)
(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	96	338
EPRA Earnings	90	62
Company specific adjustments:		
(a) Extraordinary expenses	5	18
(b) Non recurring financial result	0	2
(c) Tax credits	7	0
(c) Minority interests in respect of the above	(2)	0
Company specific adjusted EPRA Earnings	101	83
<i>Average N° of shares (m)</i>	<i>451.7</i>	<i>383.8</i>
<i>Company adjusted EPRA Earnings per Share (EPS) - €/share</i>	<i>0.223</i>	<i>0.215</i>

2) EPRA NAV

EPRA Net Asset value - €m	12/2018	12/2017
Fondos Propios Consolidados	4,811	3,592
Incluye:		
(i.a) Revalorización de activos de inversión (en caso de aplicar NIC 40)	31	13
(i.b) Revalorización de activos en desarrollo (en caso de aplicar NIC 40)	na	na
(i.c) Revalorización de otras inversiones	19	(58)
(ii) Revalorización de arrendamientos financieros	na	na
(iii) Revalorización de activos mantenidos para la venta	7	na
Excluye:		
(iv) Valor de mercado de instrumentos financieros	2	(1)
(v.a) Impuestos diferidos	228	198
(v.b) Fondo de comercio consecuencia de activos diferidos	-	-
Incluye/excluye:		
Ajustes de (i) a (v) con respecto a intereses de alianzas estratégicas	na	na
EPRA NAV - €m	5,098	3,744
<i>Fondo de Comercio</i>	<i>(62)</i>	<i>na</i>
EPRA NAV Ajustado - €m	5,036	na
Nº de acciones (m)	508.1	435.3
EPRA NAV - Euros por acción	10.03	8.60
EPRA NAV Ajustado - Euros por acción	9.91	na

3) EPRA NNAV

EPRA Triple Net Asset value (NNAV) - €m	12/2018	12/2017
EPRA NAV	5,098	3,744
Incluye:		
(i) Valor de mercado de instrumentos financieros	(2)	1
(ii) Valor de mercado de la deuda	(14)	(117)
(iii) Impuestos diferidos	(229)	(200)
(iv) Créditos fiscales registrados en Balance	na	na
EPRA NNAV - €m	4,853	3,428
<i>Fondo de Comercio</i>	<i>(62)</i>	<i>na</i>
EPRA NNAV Ajustado - €m	4,791	na
Nº de acciones (m)	508.1	435.3
EPRA NNAV - cts de Euros por acción	9.55	7.88
EPRA NAV Ajustado - Euros por acción	9.43	na

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

D. EPRA Net Initial yield & "Topped-Up" Net Initial Yield		Barcelona	Madrid	Paris	Logístico	Total 2018	Total 2017
<i>Figures in €m</i>							
Investment property – wholly owned		1,248	3,048	6,570	468	11,333	8,933
Investment property – share of JVs/Funds		15	na	na	na	15	0
Trading property (including share of JVs)		na	na	na	na	na	na
Less: developments		(88)	(543)	(664)	(59)	(1,354)	(793)
Completed property portfolio	E	1,175	2,504	5,906	409	9,994	8,140
Allowance for estimated purchasers' costs		36	63	405	14	518	428
Gross up completed property portfolio valuation	B	1,211	2,568	6,311	423	10,512	8,568
Annualised cash passing rental income		42	87	183	19	331	269
Property outgoings		(2)	(9)	(3)	(1)	(15)	(11)
Annualised net rents	A	41	78	180	18	316	258
Add: notional rent expiration of rent free periods or other lease incentives		6	4	22	2	34	29
"Topped-up" net annualised rent	C	47	83	201	20	350	287
EPRA Net Initial Yield	A/B	3.3%	3.1%	2.8%	4.2%	3.0%	3.0%
EPRA "Topped-Up" Net Initial Yield	C/B	3.9%	3.2%	3.2%	4.7%	3.3%	3.4%
Gross Rents 100% Occupancy	F	51	107	209	24	390	315
Property outgoings 100% Occupancy		(1)	(7)	(3)	(0)	(12)	(10)
Annualised net rents 100% Occupancy	D	50	100	206	23	378	305
Net Initial Yield 100% Occupancy	D/B	4.1%	3.9%	3.3%	5.5%	3.6%	3.6%
Gross Initial Yield 100% Occupancy	F/E	4.3%	4.3%	3.5%	5.8%	3.9%	3.9%

5) EPRA Vacancy Rate

EPRA Vacancy Rate - Offices Portfolio				EPRA Vacancy Rate - Total Portfolio			
€m	2018	2017	Var. %	€m	2018	2017	Var. %
BARCELONA				BARCELONA			
Vacant space ERV	0.5	0.3		Vacant space ERV	0.5	0.4	
Portfolio ERV	53	36		Portfolio ERV	54	37	
EPRA Vacancy Rate Barcelona	1%	1%	<i>0 pp</i>	EPRA Vacancy Rate Barcelona	1%	1%	<i>(0 pp)</i>
MADRID				MADRID			
Vacant space ERV	11	4		Vacant space ERV	11	4	
Portfolio ERV	103	61		Portfolio ERV	105	63	
EPRA Vacancy Rate Madrid	11%	7%	<i>3 pp</i>	EPRA Vacancy Rate Madrid	10%	7%	<i>3 pp</i>
PARIS				PARIS			
Vacant space ERV	3	6		Vacant space ERV	3	7	
Portfolio ERV	179	179		Portfolio ERV	219	219	
EPRA Vacancy Rate Paris	1%	3%	<i>(2 pp)</i>	EPRA Vacancy Rate Paris	1%	3%	<i>(2 pp)</i>
TOTAL PORTFOLIO				LOGISTIC & OTHERS			
Vacant space ERV	14	11		Vacant space ERV	3	-	
Portfolio ERV	335	276		Portfolio ERV	22	-	
EPRA Vacancy Rate Total Office Portfolio	4%	4%	<i>0 pp</i>	EPRA Vacancy Rate Total Portfolio	14%	-	-
TOTAL PORTFOLIO				TOTAL PORTFOLIO			
Vacant space ERV	18	12		Vacant space ERV	18	12	
Portfolio ERV	400	319		Portfolio ERV	400	319	
EPRA Vacancy Rate Total Portfolio	4%	4%	<i>1 pp</i>	EPRA Vacancy Rate Total Portfolio	4%	4%	<i>1 pp</i>

Annualized figures

6) EPRA Cost Ratios

E. EPRA Cost Ratios		12/2018	12/2017
<i>Figures in €m</i>			
(i) Administrative/operating expense line per IFRS income statement ⁽¹⁾		47	41
(ii) Net service charge costs/fees		25	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		(7)	(9)
EPRA Costs (including direct vacancy costs)	A	65	50
(ix) Direct vacancy costs		(5)	(4)
EPRA Costs (excluding direct vacancy costs)	B	60	47
(x) Gross Rental Income less ground rent costs - per IFRS		347	283
(xi) Less: service fee and service charge costs components of Gross Rental Income (if relevant)		(11)	(10)
(xii) Add: share of Joint Ventures (Gross Rental Income less ground rents)		0	0
Gross Rental Income	C	336	273
EPRA Cost Ratio (including direct vacancy costs) (A/C)	A/C	19.5%	18.4%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	B/C	17.9%	17.1%

(1) 2018: 46.7€m refer to administrative expenses and 10€m refer to extraordinary operating expenses

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

Additional Disclosure

Capitalized overhead costs ⁽²⁾	0	0
Commercialisation fees ⁽³⁾	1	1

(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	12/2018
Acquisitions ⁽¹⁾	28
Development (ground-up/green field/brown field)	96
Like-for-like portfolio	12
Other ⁽²⁾	8
Capital Expenditure	143

(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

Consolidated balance sheet

Consolidated balance sheet

€m	2018	2017
ASSETS		
Consolidated goodwill	62	0
Property investments	11,083	8,792
Other non-current assets	80	487
Non-current assets	11,225	9,280
Inventory	47	0
Debtors and other receivables	100	103
Other current assets	89	1,125
Assets available for sale	26	0
Current assets	262	1,228
TOTAL ASSETS	11,487	10,508
LIABILITIES		
Equity	4,811	3,592
Minority interests	1,290	2,088
Net equity	6,102	5,680
Bond issues and other non-current issues	3,777	3,308
Non-current financial debt	724	857
Deferred tax	362	350
Other non-current liabilities	81	77
Non-current liabilities	4,943	4,592
Bond issues and other current issues	284	14
Current financial debt	9	39
Creditors and other payables	107	128
Other current liabilities	42	55
Current liabilities	442	236
TOTAL EQUITY & LIABILITIES	11,487	10,508

MARKET VALUE RECONCILIATION - €m

	2018/12
Tangible fixed assets - own use ⁽¹⁾	38
Real estate investment (w/o advances on fixed assets) ⁽²⁾	11,083
Non-current assets held for sale - Investment properties	26
Inventories	47
Value accounted on balance	11,193
Unrealised capital gains - own use	30
Not appraised & other ⁽³⁾	35
Tangible fixed assets	1
Rent free periods	88
Adjustments	155
Appraisal value according to external appraisers	11,348

⁽¹⁾ Included in the line of "Other non-current assets"

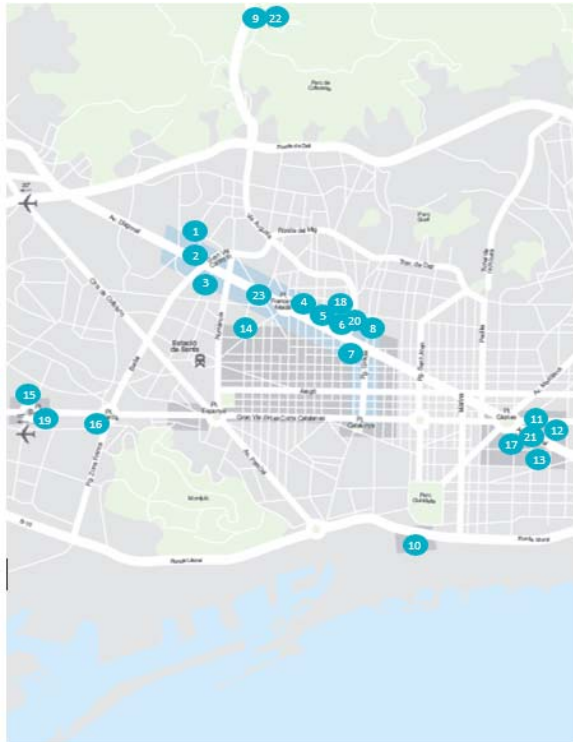
⁽²⁾ Included in the line of "Property Investments"

⁽³⁾ Includes turnkey projects

12. Asset portfolio – Location & Details

Asset Locations

Barcelona



1. Paseo de los Tilos, 2-6
2. Av. Diagonal, 682
3. Av. Diagonal, 609-615
4. Travessera de Gràcia, 11
5. Amigó, 11-17
6. Av. Diagonal, 530-532
7. Av. Diagonal, 409
8. Via Augusta, 21-23
9. Complejo de oficinas Sant Cugat Nord
10. Torre Marenostrum
11. Diagonal Glories
12. Complejo de oficinas Parc Central 22@
13. Complejo de oficinas Illacuna
14. Berlin, 38-48 / Numància, 46
15. Plaza Europa, 42-44
16. Torre BCN
17. Parc Glories
18. Travessera de Gràcia, 47-49
19. Plaza Europa, 34
20. Gal·la Placidia
21. Diagonal, 197
22. Sant Cugat
23. Av. Diagonal, 525



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- Via Augusta, 21-23



9- Sant Cugat Nord



10- Torre Marenostrum



11- Diagonal Glories



12- Parc Central 22@



13- Complejo Oficinas Illacuna



14- Berlin 38-48/Numància, 46



15- Plaza Europa, 42-44



16- Torre Bon



17- Parc Glories



18- Travessera Gràcia, 47-49



19- Plaza Europa 34



20- Gal·la Placidia



21- Diagonal 197

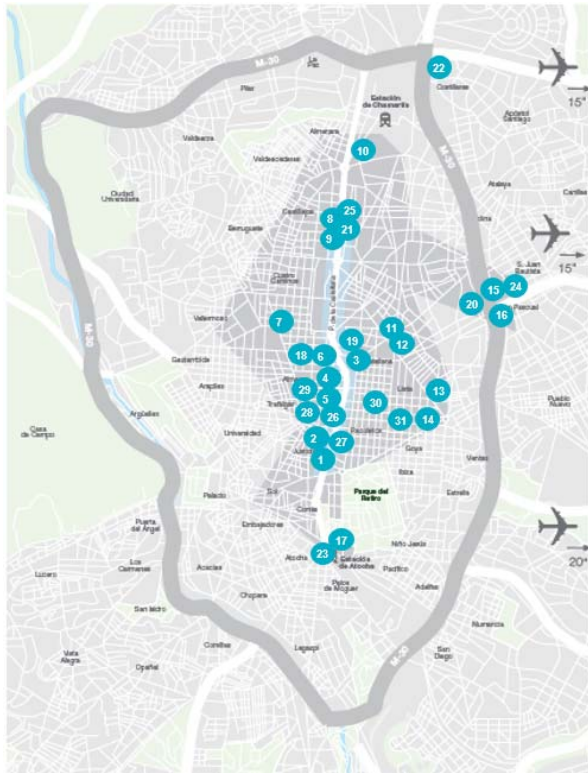


22- Sant Cugat

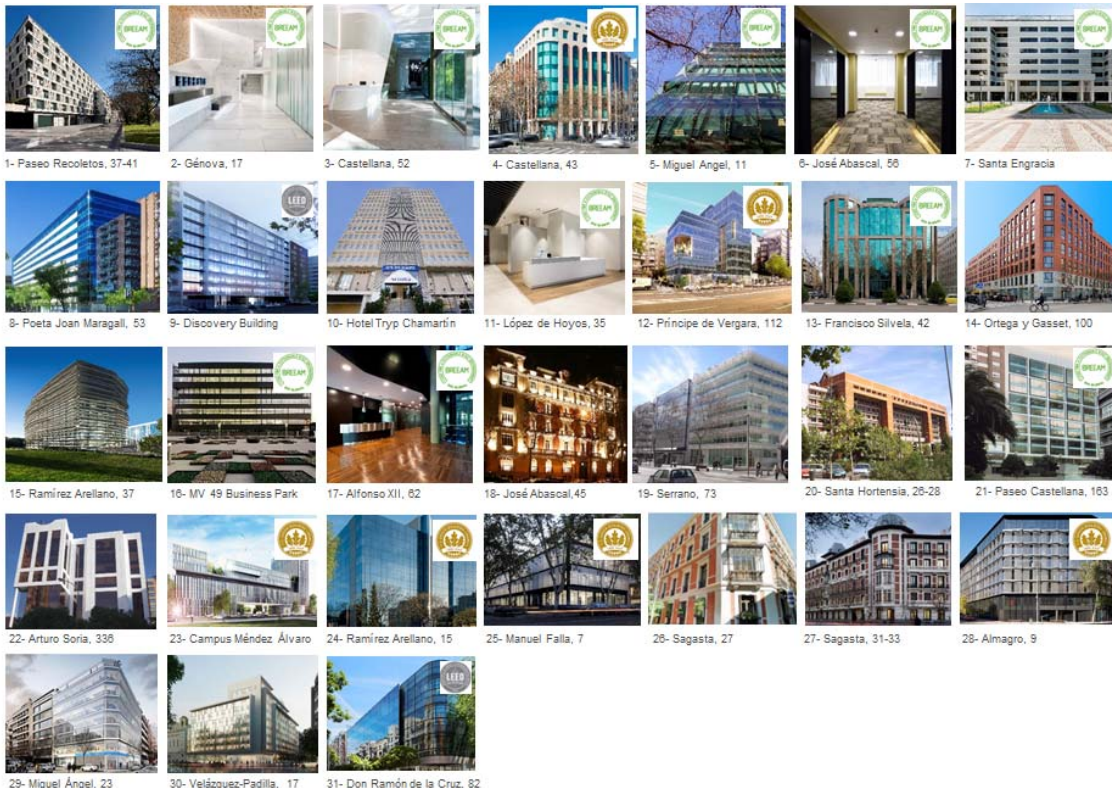


23- Av. Diagonal, 525

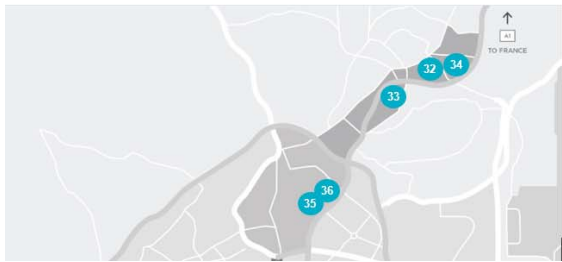
Madrid – City Centre & CBD



1. Paseo de Recoletos, 37-41
2. Génova, 17
3. Paseo de la Castellana, 52
4. Paseo de la Castellana, 43
5. Miguel Ángel, 11
6. José Abascal, 56
7. Santa Engracia
8. Poeta Joan Maragall, 53
9. Discovery Building
10. Hotel Tryp Chamartín
11. López de Hoyos, 35
12. Príncipe de Vergara, 112
13. Francisco Silvela, 42
14. Ortega y Gasset, 100
15. Ramírez de Arellano, 37
16. MV 49 Business Park
17. Alfonso XII, 62
18. José Abascal, 45
19. Serrano, 73
20. Santa Hortensia, 26-28
21. Paseo de la Castellana, 163
22. Arturo Soria, 336
23. Campus Méndez Álvaro
24. Ramírez de Arellano, 15
25. Manuel Falla, 7
26. Sagasta, 27
27. Sagasta, 31-33
28. Almagro, 9
29. Miguel Ángel, 23
30. Velázquez-Padilla, 17
31. Don Ramón de la Cruz, 82



North Madrid – Arroyo de la Vega & Las Tablas



- 32. Francisca Delgado, 11
- 33. Cedro – Anabel Segura 14
- 34. Av. De Bruselas, 38
- 35. Puerto de Somport, 8
- 36. Puerto de Somport, 10-18



32- Francisca Delgado, 11



33- Cedro-Anabel Segura, 14



34- Av. De Bruselas, 38

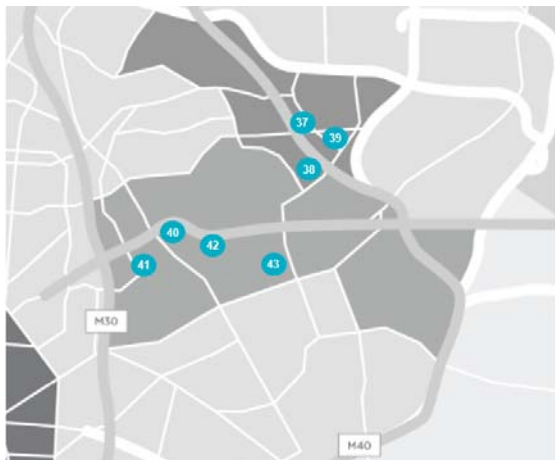


35- Puerto Somport, 8



36- Puerto Somport, 10-18

East Madrid – Campo de las Naciones & A2



- 37. Ribera de Loira, 28
- 38. Tucumán
- 39. EGEO - Campo de las Naciones
- 40. Josefa Valcárcel, 40
- 41. Josefa Valcárcel, 24
- 42. Luca de Tena, 7
- 43. Alcalá, 506



37- Ribera de Loira, 28



38- Tucumán



39- EGEO



40- Josefa Valcárcel, 40



41- Josefa Valcárcel, 24



42- Luca de Tena, 7



43- Alcalá, 506

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- 90, Iéna



11- 131, Wagram



12- 103, Grenelle



13- 104 Haussmann St-Augustin



14- 6, Hanovre



15- #Cloud



16- Le Vaisseau



17- 112, Wagram



18- 4-8, Rue Condorcet

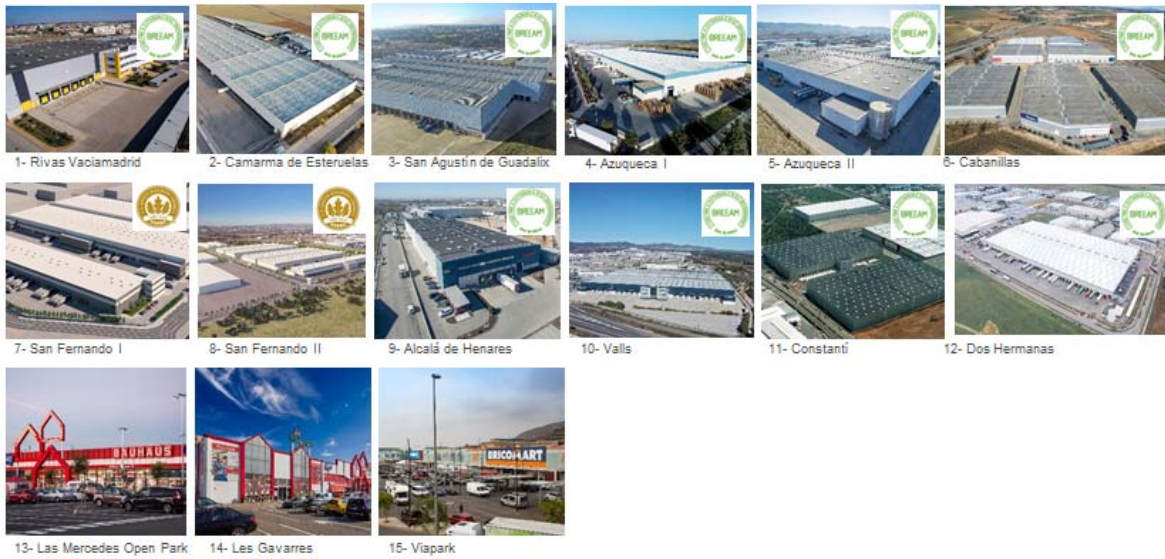
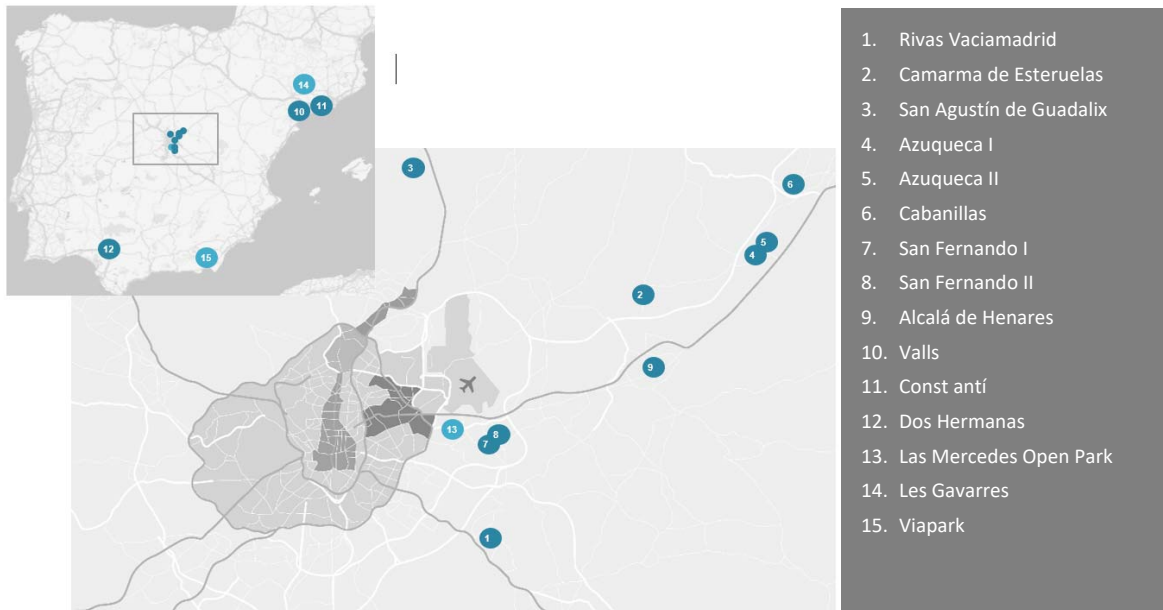


19- 9, Avenue Percier



20- Emile Zola

Logistic locations & others



Asset portfolio - Details

Barcelona

CARTERA DE ALQUILER BARCELONA	Año compra	Superficie sobre rasante					Superficie sobre rasante	Superficie bajo rasante	Superficie total	Plazas parking
		Oficinas	Retail	Resid.	Logístico	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	21.996					21.996	18.839	40.835	438
AV. DIAGONAL 682	1997	7.406	250				7.656	1.795	9.451	50
PEDRALBES CENTRE	1997	0	1.832				1.832	1.344	3.176	
AV. DIAGONAL 523-525	1997	5.706					5.706	686	6.392	10
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
P ^o TILOS, 2-6	2000	5.143					5.143	3.081	8.224	79
TRAVESSERA 47-49	2016	8.939					8.939	1.705	10.644	6
VIA AUGUSTA, 21-23	1999	4.820	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	9.600	235				9.835	3.355	13.190	88
TORRE MARENOSTRUM	2003	22.394					22.394	19.370	41.764	616
PARC GLORIES	2016	24.450					24.450	5.444	29.894	141
SANT CUGAT	1999	27.579					27.579	20.555	48.134	690
GALA PLACIDIA	2018	0					0	110	110	14
DIAGONAL 197	2014	14.772	385				15.157	9.281	24.438	227
PARK CUGAT	2017	12.000					12.000	0	12.000	374
RESTO LOCALES			103				103	0	103	
CARTERA EN EXPLOTACIÓN		230.399	11.433	0	0	0	241.832	114.654	356.486	3.669
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	151
GALA PLACIDIA	2018	4.285					4.285	298	4.582	
PEDRALBES CENTRE		0	3.892				3.892	18	3.909	
RESTO ACTIVOS		1.291					1.291	2.157	3.448	
PROYECTOS & REHABILITACIONES		34.619	3.892	0	0	0	38.510	21.710	60.220	335
TOTAL BARCELONA		265.018	15.324	0	0	0	280.343	136.364	416.707	4.004

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.

Madrid

RENTAL PORTFOLIO MADRID	Acquisition year	Floor space above ground				Floor space above ground	Floor space below ground	Total surface	Parking units
		Offices	Retail	Resid.	Hotel				
CASTELLANA, 52	1998	5,588	1,027			6,595	2,615	9,210	49
P. CASTELLANA, 163	2016	4,475	377			4,852	1,855	6,707	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	6,408	18,733	219
GÉNOVA, 17	2015	3,638	1,038			4,676	2,601	7,277	70
JOSE ABASCAL, 45	2016	5,324				5,324	1,929	7,253	54
SERRANO, 73	2016	4,242				4,242	3,176	7,418	104
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
ESTEBANEZ CALDERÓN, 3-5	2015	9,496	656			10,152	4,751	14,903	100
LÓPEZ DE HOYOS, 35	2005	7,140				7,140	4,105	11,245	111
AGUSTÍN DE FOXÁ, 29	2003	0	227			227	0	227	158
HOTEL CENTRO NORTE	2003	0	385		8,073	8,458	11,089	19,547	
ARTURO SORIA, 336	2017	8,363	300			8,663	5,598	14,261	191
MARTÍNEZ VILLERGA, 49	2006	24,135				24,135	14,746	38,881	437
RAMÍREZ DE ARELLANO, 37	1999	5,988				5,988	4,923	10,911	160
SANTA HORTENSIA, 26-28	2016	46,928				46,928	25,668	72,596	946
EGEO	2018	18,255				18,255	9,774	28,029	
PRÍNCIPE DE VERGARA, 112-114	2015	11,367				11,367	4,524	15,892	113
MANUEL FALLA 27	2015	6,252				6,252	1,640	7,892	41
SAGASTA 31-33	2016	7,054				7,054	0	7,054	93
ALMAGRO 9	2016	15,094				15,094	0	15,094	201
MIGUEL ANGEL 23	2017	1,050	834			1,884	0	1,884	97
VELÁZQUEZ-PADILLA 17	2015	4,083				4,083	0	4,083	155
DON RAMÓN DE LA CRUZ 82	2015	9,339				9,339	0	9,339	91
FRA NCISCA DEL GADO 11	2014	14,883				14,883	2,150	17,033	395
CEDRO - ANABEL SEGURA 14	2017	17,138				17,138	0	17,138	381
PUERTO DE SOMPORT 8	2017	9,280				9,280	0	9,280	370
RIBERA DE LOIRA 28	2014	12,822				12,822	14,800	27,622	370
TUCUMÁN	2015	5,086	1,241			6,327	0	6,327	170
AVENIDA DE BRUSELAS 38	2015	14,340				14,340	0	14,340	112
RAMÍREZ DE ARELLANO 15	2015	6,670				6,670	4,640	11,310	112
JOSEFA VALCÁRCEL 40	2017	8,652				8,652	0	8,652	276
JOSEFA VALCÁRCEL 24	2016	5,652				5,652	0	5,652	90
LUCA DE TENA, 7	2016	10,147				10,147	0	10,147	260
ALCALÁ 506	2015	5,664	596			6,260	0	6,260	205
LOCALES RESTO			1,167			1,167	379	1,546	
PORTFOLIO IN OPERATION		395,976	17,821	0	8,073	421,870	161,358	583,228	7,274
CAMPUS MÉNDEZ ALVARO	2017	89,871				89,871	0	89,871	
MÉNDEZ ALVARO II	2017	20,276				20,276	0	20,276	
PUERTO DE SOMPORT 10-18	2015	22,849				22,849	0	22,849	
VELÁZQUEZ-PADILLA 17	2015	9,150	3,583			12,733	0	12,733	
SAGASTA 27	nd	4,481				4,481	0	4,481	
MIGUEL ÁNGEL, 23	2017	6,152				6,152	0	6,152	
P. CASTELLANA, 163	2016	5,835	240			6,075	0	6,075	
REST OF ASSETS		940	246			1,186	1,590	2,776	13
PROJECTS UNDERWAY		159,554	4,069	0	0	163,623	1,590	165,213	13
TOTAL MADRID		555,530	21,890	0	8,073	585,493	162,948	748,441	7,287

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 Marenstrum 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.

Logistics & others

RENTAL PORTFOLIO REST OF SPAIN	Acquisition year	Floor space above ground					Floor space above ground	Floor space below ground	Total surface	Parking units
		Offices	Retail	Resid.	Logistic	Hotel				
HOTEL MOJACAR	2006					11,519	11,519		11,519	
VALLS	2014				26,026		26,026		26,026	
CONSTANTI	2015				42,253		42,253		42,253	
CABANILLAS	2014				37,879		37,879		37,879	
MIRALCAMPO	2014				35,781		35,781		35,781	
RIVAS	2014				35,248		35,248		35,248	342
GUADALIX	2014				14,945		14,945		14,945	
CAMARMA	2014				70,296		70,296		70,296	
SAN FERNANDO (PHASE I)	2016				69,947		69,947		69,947	
ALCALÁ DE HENARES	2016				8,971		8,971		8,971	
AZUQUECA II	2016				19,064		19,064		19,064	
DOS HERMANAS	2014				51,666		51,666		51,666	
LES GAVARRÉS	2014		12,413		12,413		14,080		26,493	352
LAS MERCEDES OPEN PARK	2015				24,649		24,649		24,649	1,500
VÍAPARK	2016		16,325				16,325		16,325	
PORTFOLIO IN OPERATION		0	28,738	0	436,725	11,519	476,983	14,080	491,063	2,194
SAN FERNANDO (PHASE I)	2016						0		0	
SAN FERNANDO (PHASE II)	2017				59,842		59,842		59,842	
AUTOVIA DE TOLEDO	2017				23,557		23,557		23,557	
PROJECTS UNDERWAY		0	0	0	83,399	0	83,399	0	83,399	0
TOTAL LOGSTIC & OTHERS		0	28,738	0	520,124	11,519	560,382	14,080	574,462	2,194
TOTAL SPAIN		820,548	65,953	0	520,124	19,592	1,426,217	313,392	1,739,609	13,485

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.

France

RENTAL PORTFOLIO FRANCE		Floor space above ground					Floor space above ground	Floor space below ground	Total surface	Parking units
Acquisition year	Offices	Retail	Resid.	Logistic	Hotel & others					
LOUVRE SAINT-HONORE	1995	23,551	82			753	24,386	4,110	28,497	236
EDOUARD VII	1999	25,901	15,349	4,510		4,202	49,962	10,145	60,106	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	24,437	1,849	0			26,287	3,337	29,624	128
131 WAGRAM	1999	7,100				449	7,549	3,119	10,668	124
96 IENA	2001 / 2007	913					913	23	936	264
112 WAGRAM	2008	4,470	892				5,362	546	5,908	29
WASHINGTON PLAZA	2000	39,122	416			2,342	41,879	13,151	55,031	662
HAUSSMANN SAINT-AUGUSTIN	2002 / 2004	11,683	608				12,291	2,650	14,942	104
9 PERCIER	2015	5,107					5,107	427	5,533	14
176 CHARLES DE GAULLE	1997	5,102	389				5,491	2,739	8,230	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			1,011	16,854	1,932	18,786	100
SAINT DENIS		0					0	0	0	1
PORTFOLIO IN OPERATION FRANCE		253,181	28,006	6,072		13,677	300,936	61,806	362,742	3,094
EMILE ZOLA	2017	21,762		719		1,569	24,050	1,866	25,916	
LOUVRE SAINT-HONORE	1995	1,674	15,918			0	17,592	5,422	23,014	
96 IENA	2001 / 2007	8,364					8,364	1,749	10,113	
EDOUARD VII	1,999	2,511					2,511	0	2,511	
WASHINGTON PLAZA	2000	377					377	2,342	2,719	
CEZANNE SAINT-HONORE	2001 / 2007	0					0	1,504	1,504	
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	
REST OF ASSETS		1,485	760				2,245	4,638	6,883	
PROJECTS UNDERWAY FRANCE		36,173	16,678	719	0	1,570	55,140	23,153	78,292	0
TOTAL FRANCE		289,354	44,684	6,791	0	15,246	356,075	84,959	441,034	3,094
TOTAL PROPERTY COLONIAL		1,109,902	110,636	6,791	520,124	34,838	1,782,292	398,350	2,180,643	16,579

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%.

13. Historical series

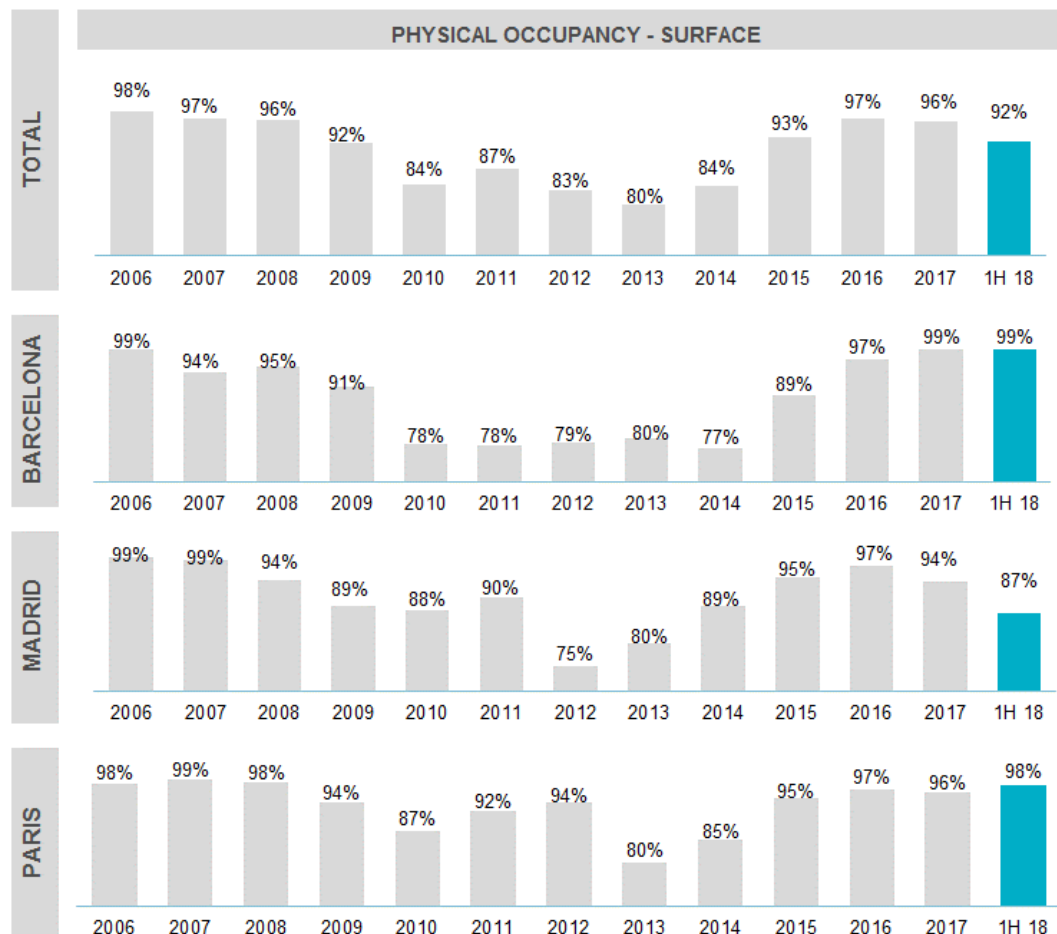
Offices historical series breakdown¹

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Barcelona															
Physical Offices Occupancy (%)	97%	100%	99%	94%	95%	91%	78%	78%	79%	80%	77%	89%	97%	99%	99%
Rental revenues (€m)	55	53	56	60	51	49	39	32	31	28	28	27	30	35	41
Net Rental Income (€m)	53	51	55	58	49	47	37	28	27	25	23	23	28	34	39
NRI / Rental revenues (%)	95%	96%	97%	97%	96%	97%	93%	88%	89%	89%	85%	85%	92%	96%	94%
Madrid															
Physical Offices Occupancy (%)	93%	98%	99%	99%	94%	89%	88%	90%	75%	80%	89%	95%	97%	94%	87%
Rental revenues (€m)	37	44	68	70	56	50	47	45	44	35	32	35	43	52	94
Net Rental Income (€m)	34	42	66	66	52	46	42	41	40	30	28	31	38	46	83
NRI / Rental revenues (%)	93%	94%	96%	95%	92%	92%	90%	90%	90%	86%	85%	88%	88%	88%	88%
Paris															
Physical Offices Occupancy (%)	97%	96%	98%	99%	98%	94%	87%	92%	94%	80%	85%	95%	97%	96%	98%
Rental revenues (€m)	157	153	162	170	182	183	175	152	150	149	152	169	198	196	194
Net Rental Income (€m)	147	145	153	162	171	173	162	141	138	137	139	155	188	185	183
NRI / Rental revenues (%)	94%	95%	95%	95%	94%	94%	93%	93%	92%	92%	92%	92%	95%	94%	94%

(1) Does not includes loistics and others

Evolution of physical office occupancy

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

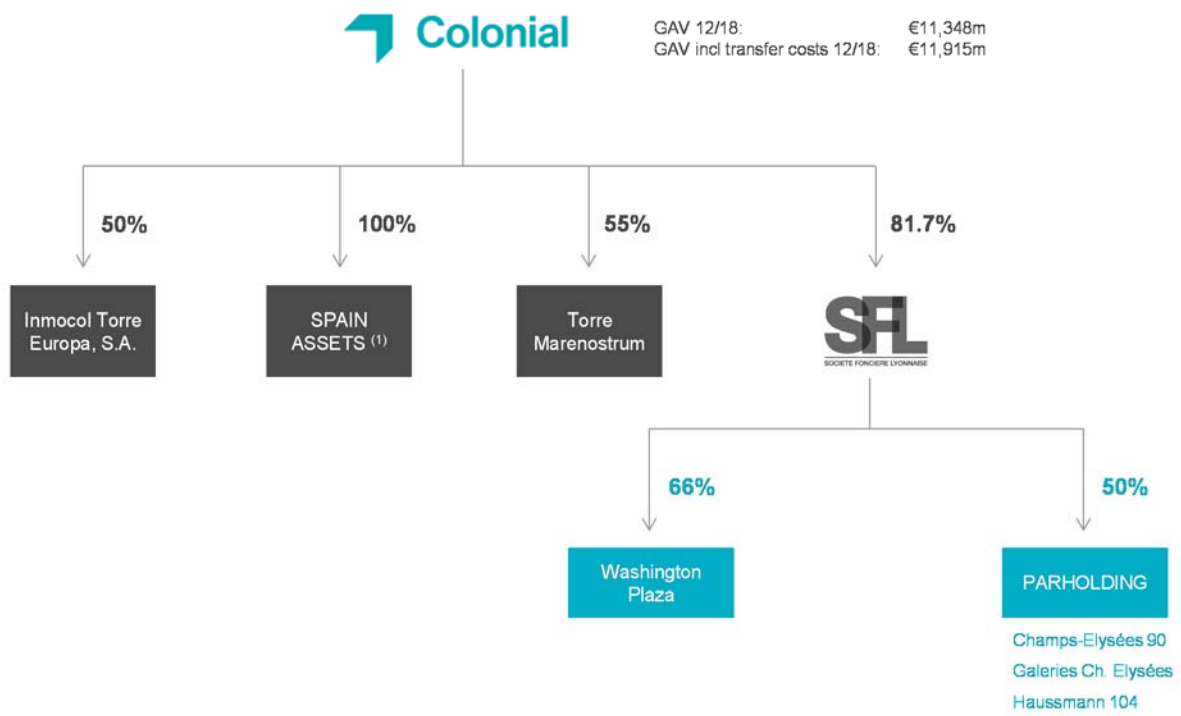


(1) Occupied surfaces/Surfaces in operation

14. Group Structure

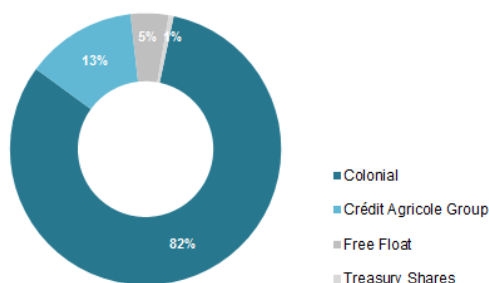
The Colonial Group Structure











COLONIAL GROUP



Shareholder structure and Board of Directors of SFL

SFL - Shareholder structure at 30/06/2018



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 Trepas	Director	 Colonial				
Nuria Oferill Coll	Director	 Colonial				
Ali Bin Jassim Al Thani	Director					
Jean-Jacques Duchamp	Director	 CRÉDIT AGRICOLE ASSURANCES	Member		Member	
Chantal du Rivau	Director	 CRÉDIT AGRICOLE ASSURANCES				
Arielle Malard de Rothschild	Independent Director			Member	Member	Member
Anthony Wyand	Independent Director			Chairman		Member

15. Glossary & Alternative Performance Measures

Glossary

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

GAV Parent Company	Gross Asset Value of directly-held assets + NAV of the 55% stake in the Torre Marenostrum SPV + Value JV Plaza Europa + NAV of 58.6% stake in SFL. + NAV stake in Axiare value of the portfolio
Holding	A company whose portfolio contains shares from a certain number of corporate subsidiaries.
IFRS	International Financial Reporting Standards.
JV	Joint Venture (association between two or more companies).
Like-for-like valuation	Data that can be compared between one period and another (excluding investments and disposals).
LTV	Loan to Value (Net financial debt/GAV of the business).
EPRA Like-for-like rents	Data that can be compared between one period and another, excluding the following: 1) investments and disposals, 2) changes in the project and refurbishment portfolio, and 3) other extraordinary items, for example, indemnities from tenants in case of anticipated leave. Calculation based on EPRA Best Practices guidelines.
EPRA NAV	EPRA Net Asset Value (EPRA NAV) is calculated based on the consolidated equity of the company and adjusting some items following the EPRA recommendations.
EPRA NNAV	The EPRA NNAV is calculated adjusting the following items in the EPRA NAV: the fair market value of the financial instruments, the fair market value of the debt, the taxes that would be accrued with the sale of the assets at their market value applying tax benefits for reinvestments and the tax credit on balance, considering a going concern assumption.
EPRA Cost Ratio	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.
Physical Occupancy	Percentage: occupied square metres of the portfolio at the closing date of the report/surfaces in operation of the portfolio

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

Alternative performance measures

<u>Alternative performance measure</u>	<u>Method of calculation</u>	<u>Definition/Relevance</u>
EBIT <i>(Earnings before interest and taxes)</i>	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 <i>(Earnings Before Interest, Taxes, Depreciation and Amortization)</i>	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.
EPRA¹ NAV <i>(EPRA Net Asset Value)</i>	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.
EPRA¹ NNAV <i>(EPRA triple net asset value)</i>	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.

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.

16. Contact Details & Disclaimer

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) & EUROSTOXX 600.

About Colonial

Inmobiliaria Colonial, SOCIMI, S.A.

Barcelona office
Avenida Diagonal, 532
08006 Barcelona

Madrid office
Pº de la Castellana, 52
28046 Madrid

Paris office
42, rue Washington
75008 Paris

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 two million sqm of GLA and assets under management with a value of more than €11bn.

Disclaimer

The delivery of this document implies the acceptance, commitment and guarantee to have read and agreed to comply with the contents of this disclaimer.

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

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

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

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

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

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

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

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