Colonial

First quarter results
January - March 2014

15 May 2014

On 6 May 2014, Colonial completed its recapitalization process, marking the start of a new era in the company's history.

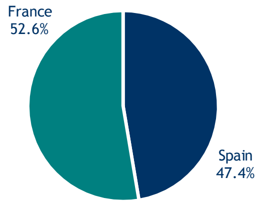
1Q Results 2014

- **The Colonial Group obtained net attributable results of €674m, due to the single extraordinary positive impact of €704m, for the "deconsolidation" of Asentia**
- **Recurring EBITDA amounts to €40m, +10% like-for-like**
- **EPRA recurring net profit amounts to €2.5m**

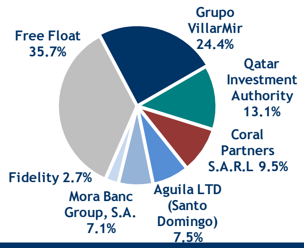
Capital Structure - Pro forma post-transaction

GAV Holding 12/13 [1]	2,331
Holding Net Debt 06/05/2014 [2]	942
LTV Holding [3]	40%
Pro forma EPRA NAV [4] - €m	1,398
Pro forma EPRA NAV [4] - €/share	0.44
Prim./Desc. NAV (09/05/2014)	32%

Valuation - by market (Holding) - 12/13



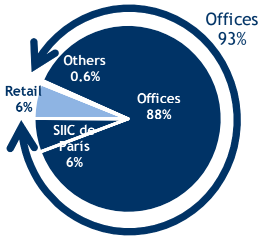
Shareholder structure Colonial 15/05/14



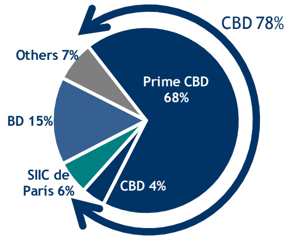
Portfolio

GAV Group 12/13 [5]	*5,347*
No of assets Spain [6]	31
No of assets France	18
Total No of assets 1Q 2014	**49**
Lettable surface above ground	601,091
Developments underway surf. above ground [7]	95,202
Surface above ground 1Q 2014	**696,293**

Valuation - by uses - 12/13



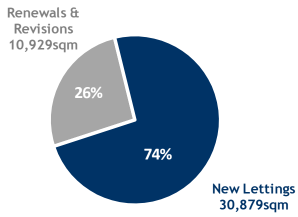
Valuation - by area - 12/13



Key performance Indicators 1Q 2014

	Total	Barcelona	Madrid	Paris
New contracts	**30,879**	13,769	11,272	5,838
Renewals & revisions	**10,929**	5,530	437	4,962
Total commercial effort	**41,808**	19,299	11,709	10,800
Office occupancy EPRA [8]	**81%**	81%	81%	81%
Rental revenues	**53**	8	8	36
% Like-for-like	*2.2%*	-6.1%	9.9%	2.6%

Detail letting performance



Financial indicators 1Q 2014

	2014	2013	Var.	Var. LFL
Rental revenues	53	54	(3%)	2%
EBITDA rents	47	48	(1%)	6%
EBITDA / rental revenues	90%	88%	2.1 pp	-
EBITDA recurring business	40	40	(0%)	10%
Recurring EPRA net profit [9]	2.5	(0.2)	-	-
Net result attributable to the Group	674	(24)	-	-

[1] GAV Holding: Value of assets directly-held + NAV of the 55% stake in the JV with Torre Marenostrum + NAV of the 53.1% stake in SFL
[2] Pro forma Net Debt Holding 6/05/14 excluding committed cash
[3] Pro forma net debt Holding at 6 May 2014 excluding committed cash/GAV Holding December 2013
[4] Pro forma EPRA NAV post company-specific adjustments
[5] Includes NAV stake in SIIC de Paris
[6] Excluding small non-core retail assets. The Centro Norte complex has been reclassified into two assets (Agustin de Foxá, 29 & Hotel Tryp Chamartin)
[7] Projects & refurbishments
[8] EPRA occupancy: Financial occupancy according to the calculation recommended by EPRA (occupied surfaces x the market prices/surfaces in operation at market prices)
[9] Recurring EPRA net profit - post company-specific adjustments

Highlights

1 Company post-transaction – the new Colonial

On 6 May 2014, Colonial completed its recapitalization process, marking the start of a new era in the company's history.

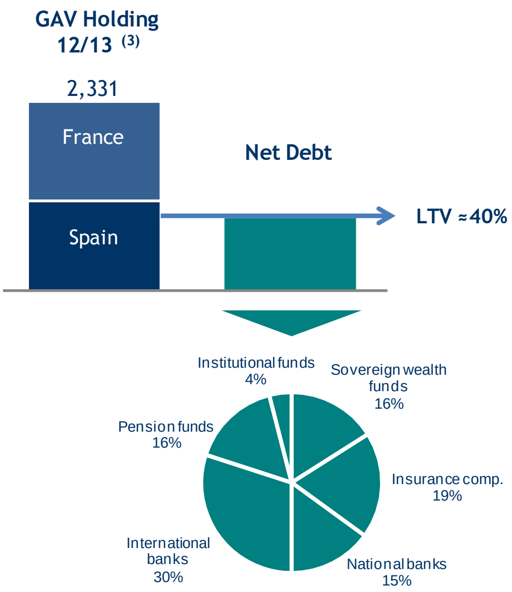
The new Colonial owns an excellent asset portfolio in Barcelona, Madrid and Paris and a financial structure with an LTV Holding[1] of approximately 40%, appropriate leverage to carry out a long-term property strategy backed by top tier internationally renowned shareholders.

Regarding the recapitalization, the following milestones are highlighted:

I. A new syndicate loan

The company has signed a new syndicate loan that replaces the entire previous Holding debt (syndicate and bilateral loans[2]).

The highlights to be mentioned are as follows:



1. New syndicate loan of €1,040m
2. The demand to participate in the new debt substantially exceeded the amount required
3. New internationally renowned lenders
4. Main characteristics:
   - ✓ Bullet maturity 31/12/2018
   - ✓ Spread of 400 bp over Euribor
   - ✓ Secured by Spanish assets and Société Foncière Lyonnaise (SFL) shares
5. Hedge of 75% of the debt

(1) Pro forma net debt Holding at 6 May 2014 excluding committed cash/GAV Holding December 2013

(2) In addition, the new Colonial has €39m of debt in a joint venture with Gas Natural and €2m in bilateral debt

(3) Holding GAV: Value of directly-held assets + NAV of the 55% stake in the JV with Torre Marenostrum + NAV of the 53.1% stake in SFL

II. Successful completion of the capital increase of €1,263m

The estimated pro forma EPRA NAV(1) post capital increase is at €0.44/share

The calculation has been made based on the EPRA NAV reported as of December 2013 of €0.95/share, and applying the following marginal impacts of the transaction:

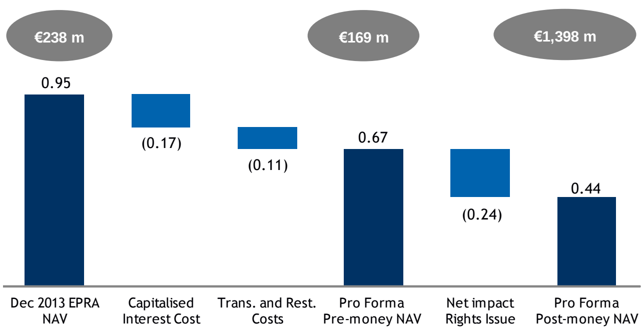
1) Accrued capitalizable interests (Step-up) until 6/5/2014 (17 cents)

2) The transaction costs mainly associated to the restructuring and refinancing of the syndicate loan and certain bilateral loans (11 cents)

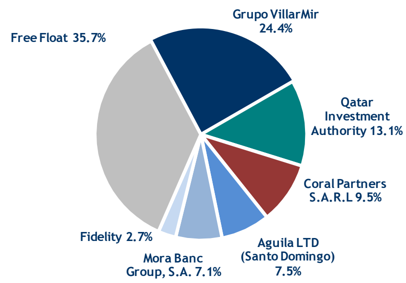
As a consequence, the pro forma EPRA NAV is €0.67/share immediately prior to the capital increase.

Additionally, considering the amount of net proceeds from the capital increase, and the number of new shares finally issued in the capital increase, the pro forma EPRA NAV, post-completion of the capital increase, amounts to €0.44/share.

EPRA NAV (1) Pro Forma (€/share - fully diluted post warrant)



Colonial's shareholder structure

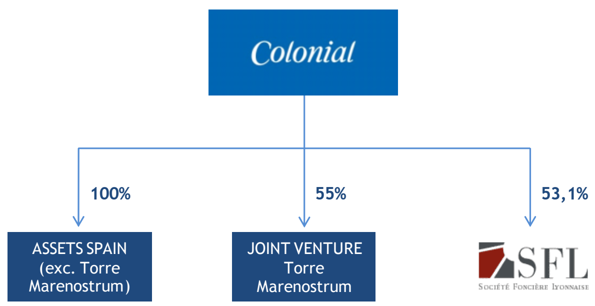


The capital increase has been very positively received by the capital market, as reflected by the high demand that has tripled the offering. In addition, Colonial is trading at a premium on the pro forma EPRA NAV.

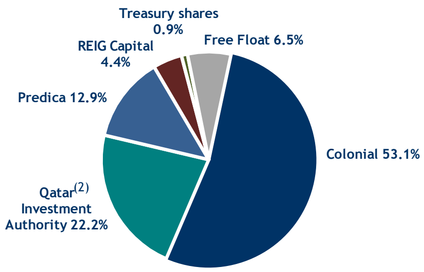
The transaction has enabled the creation of a shareholder structure with investors of renowned prestige, as well as a broad free float close to 40%.

The high level of interest to participate in the Colonial Group's project has also resulted in a change on the shareholding structure of SFL, replacing shareholders on the way out with long-term shareholders whose strategies are in line with those of the Colonial Group regarding the Paris market.

Legal structure



SFL's shareholder structure



(1) Pro forma EPRA NAV post company-specific adjustments
(2) Stake held through Qatar Investment Authority (13.6%) and DIC Holding (8.6%)

2 1Q Results 2014

The rental revenues of the Colonial Group have increased by 2.2%. For the first time since the beginning of the crisis, the portfolio in Spain has had a positive growth of 1.4% like-for-like, thanks to the positive performance of the Madrid market of +9.9%, which has offset the 6.1% decrease in the Barcelona market. In Paris, the rental revenues have increased by 2.6% like-for-like.

The overheads have decreased by 11% compared to the previous year.
Recurring EBITDA amounts to €40m, in line with the previous year. In like-for-like terms, this figure has increased by 10%, due to higher comparable rental revenues, together with lower overheads.

The recurring EPRA Net Profit is positive and amounts to €2.5m. It is worth mentioning that at the close of the first quarter of 2014, the Colonial Group was not recapitalized and had to bear high financial expenses. The net attributable results were positive and amounted to €674m, mainly due to the positive extraordinary impact of the "deconsolidation"[3] of Asentia.

Results analysis - €m	2014	2013	Var.	Var. % [1]
Recurring EBITDA	40	40	0	0%
Equity method results - SIIC de Paris - recurring	2	3	(1)	(36%)
Recurring financial result (excl. equity method)	(29)	(32)	3	10%
Income tax expense - recurring result	(1)	(2)	1	29%
Minority interest - recurring result	(10)	(10)	0	1%
Recurring EPRA net profit [2]	2.5	(0.2)	3	-
Non-recurring result	671	(24)	695	-
Profit attributable to the Group	674	(24)	698	-

[1] Sign according to the profit impact
[2] Recurring EPRA net profit - post company-specific adjustments

3 Highlights of the rental portfolio

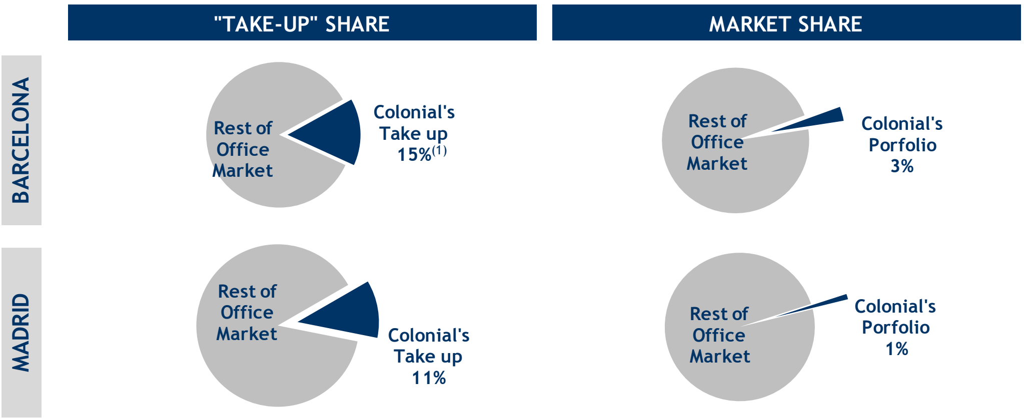
I. New contracts - Commercial effort

During the first quarter of 2014, the Colonial Group signed rental contracts for 41,808 sq m, of which 74% (30,879 sq m), correspond to new contracts.

This figure exceeds by 10% the volume of new contracts signed during the entire year of 2013 (28,041 sq m). With respect to the same period of 2013, the volume of new contracts signed by Colonial is 56% higher.

[3] *The deconsolidation of Asentia refers to the exit from the consolidation perimeter or consideration as an associated company*

It is important to highlight that Colonial has captured a take-up share higher than its market share in Barcelona and Madrid. As in previous quarters, this illustrates the high capacity of Colonial's portfolio to attract demand, due to its well-positioned buildings that offer high quality facilities and maximum energy-efficiency in attractive locations.



In Paris it is important to highlight the 5,813 sq m signed on the Champ Elysées 90, a building 100% let before the delivery of the refurbishment project.

The main actions of the Colonial Group are shown below:

Main actions

Building	City	Tenants	Surface (sq m)
90 Av. Champs Elysees	Paris	Premier consulting firm & others	5,813
Martínez Villergas, 49	Madrid	Company leader in generation infrastructure	5,775
Paseo de los Tilos	Barcelona	Abertis Infraestructuras	5,143
Torre BCN	Barcelona	Tecnocom España Solutions	4,800
Alfonso XII	Madrid	Financial institutions	3,657
Av. Diagonal, 530	Barcelona	Caixabank, S.A.	2,555
Illacuna 22@	Barcelona	Company leader in internet auctions	2,130
Edouard VII	Paris	Comgest & others	2,052
Washington Plaza	Paris	SPB & others	1,606
MAIN ACTIONS			**33,531**

In spite of the positive start to the year 2014, the levels of demand in Barcelona and Madrid continue to be weak. The consolidation of the first positive signs in the office market will depend, to a large extent, on the speed at which the fundamentals of the Spanish economy recover.

New projects were delivered during the first quarter of 2014, namely, the Alfonso XII building in Madrid ("Breeam" certified) and the Diagonal 409 building in Barcelona ("Leed Silver" certified). It is important to mention that 3,657 sq m were signed for Alfonso XII (28% occupancy) and 605 sq m at Diagonal 409 (32% occupancy).

(1) Regarding the take up in Barcelona, the new contract signed with Abertis has not been included since the consultants consider it in 2Q 2014

II. Occupancy

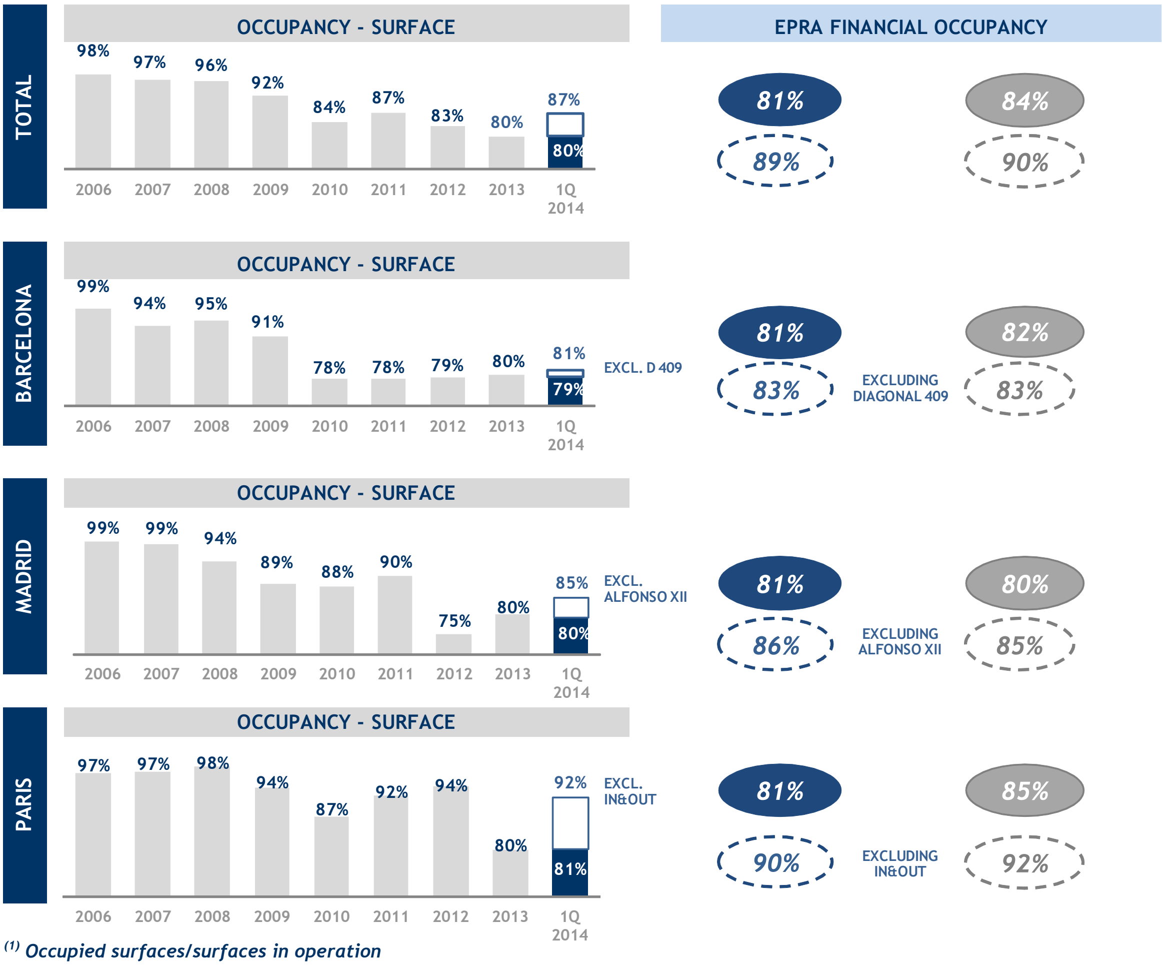
The occupancy of Colonial's office portfolio, at the close of the first quarter of 2014, was at 80% (81% according to EPRA financial occupancy), in line with the occupancy reached at the end of the previous year.

However, excluding the impact of the delivery of the Alfonso XII and Diagonal 409 projects, the occupancy rate increased in like-for-like terms, with respect to December 2013, by 2pp in Barcelona and 5pp in Madrid, reaching 81% and 85% occupancy, respectively.

In France, the occupancy of the portfolio is affected by the delivery of the IN/OUT building at the end of 2013, a property currently in an advanced commercialisation phase. Excluding this property, the occupancy of the office portfolio in Paris is at 92%.

The EPRA financial occupancy is at 81% (84% including all uses) and is close to 90% excluding the assets Alfonso XII, Diagonal 409 and IN/OUT (projects recently delivered).

Office Occupancy [(1)] – Evolution of Colonial's Portfolio | *Office Occupancy EPRA [(2)] 1Q 2014* | *Total Occupancy EPRA [(2)] 1Q 2014*



[(1)] Occupied surfaces/surfaces in operation

*[(2)] **EPRA occupancy**: Financial occupancy according to the calculation recommended by EPRA (Occupied surfaces multiplied by the market prices/surfaces in operation at market prices).*

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1. Financial statements

Consolidated Profit & Loss Accounts

March cumulative - €m	2014	2013	Var.	Var. % [(1)]
Rental revenues	**53**	**54**	**(2)**	**(3%)**
Net operating expenses [(3)]	(5)	(7)	1	20%
EBITDA rents	**47**	**48**	**(0)**	**(1%)**
Other income	1	1	(1)	(51%)
Overheads	**(8)**	(9)	1	11%
EBITDA recurring business	**40**	**40**	**(0)**	**(0%)**
Like-for-like EBITDA	***36***	***33***	***3***	***10%***
Equity method results - SIIC de Paris	**2**	**3**	**(1)**	**(35%)**
Rental asset disposals	0	290	(290)	-
Cost of sales	0	(292)	292	-
EBITDA - asset sales	**0**	**(2)**	**2**	**-**
Exceptional items	**(1)**	**(0)**	(1)	**-**
Operating profit before revaluation, amortizations and provisions and interests	**41**	**41**	**(0)**	**(0%)**
Change in fair value of assets	**0**	**0**	**0**	**-**
Amortizations & provisions	**(0)**	**1**	**(1)**	**-**
Financial results	**(61)**	**(38)**	**(24)**	**(63%)**
Profit before tax	**(20)**	**5**	**(25)**	**-**
Income tax	**(2)**	**(2)**	**1**	**27%**
Gain/ loss on discontinued operations	**704**	**(21)**	**724**	**-**
Minority Interests	**(8)**	**(6)**	**(2)**	**(33%)**
Profit attributable to the Group	**674**	**(24)**	**698**	**-**

Results analysis - €m	2014	2013	Var.	Var. % [(1)]
Recurring EBITDA	40	40	0	0%
Equity method results - SIIC de Paris - recurring	2	3	(1)	(36%)
Recurring financial result (excl. equity method)	(29)	(32)	3	10%
Income tax expense - recurring result	(1)	(2)	1	29%
Minority interest - recurring result	(10)	(10)	0	1%
Recurring EPRA net profit [(2)]	**2.5**	**(0.2)**	**3**	**-**
EBITDA - asset sales	0	(2)	-	-
Equity method results - SIIC de Paris - non-recurring	0	(0)	0	-
Exceptional items	(1)	-	-	-
Change in fair value of assets & amortizations & provisions	(0)	1	(1)	-
Change in fair value of financial instruments	(3)	(4)	1	31%
Non-recurring finance costs	(29)	(2)	(28)	(1803%)
Income tax expense - non-recurring result	(0)	(0)	0	5%
Gain/ loss on discontinued operations	704	(21)	724	-
Minority interest - non-recurring result	1	3	(2)	66%
Non-recurring result	**671**	**(24)**	**695**	**-**
Profit attributable to the Group	**674**	**(24)**	**698**	**-**

(1) Sign according to the profit impact

(2) Recurring EPRA net profit - post company-specific adjustments

(3) Invoiceable costs net of costs invoiced + other operating costs

Recurring operating result

- At the close of the first quarter of 2014, the Group reached a recurring EBITDA of €40m, in line with the same period of the previous year.

  Like-for-like(*) recurring EBITDA was at €36m, 10% higher than the first quarter of 2013.

- The operating result of the property portfolio **(EBITDA rents) increased by 6% in like-for-like terms.**

  This increase is mainly due to higher rental revenues, in like-for-like terms, in the Madrid market and the French market.

  These increases compensate for the decrease in rents in the Barcelona market. This variance is analysed in detail in the 'Business Performance' section of this report.

  Likewise, it is worth mentioning the 11% decrease in overheads.

Operating Results

March cumulative - €m	2014	2013	Var. % [1]
EBITDA rents like-for-like	**44**	**42**	**6%**
EBITDA - overheads	(8)	(9)	11%
EBITDA - other like-for-like income	0	1	(46%)
EBITDA - recurring like-for-like	**36**	**33**	**10%**
Non-comparable EBITDA	4	7	(48%)
EBITDA - recurring	**40**	**40**	**(0%)**

[1] Sign according to the profit impact

- In addition, the stake in SIIC de Paris contributed to an attributable profit of €2m, registered in the equity method results.

(*) Like-for-like EBITDA, adjusting for disposals carried out, variations in the project portfolio and other extraordinary effects.

Financial results

On 4 April 2014, Colonial signed a new syndicate loan for €1,040m which, together with the capital increase of €1,263m, allowed for the total repayment on 6 May 2014 of the syndicated debt, formalized in 2007 and restructured in 2008 and 2010, as well as mainly all of its bilateral loans. The new financial structure positions Colonial with an LTV Holding[(1)] of approximately 40%.

The results at 31 March 2014 still reflect the financial structure prior to the recapitalization of the company.

- The recurring financial result of the Group at 31 March 2014 amounted to (€29m), 9% lower than in the same period in 2013. The total recurring financial results amounted to (€61m), including the impact of the PIK interests of Colonial's syndicate loan. These PIK interests are no longer applicable as of 6 May 2014, the cancellation date of Colonial's previous syndicate loan.

Financial results

March cumulative - €m	2014	2013	Var. % (1)
Recurring financial expenses - Spain	(15)	(19)	(21%)
Recurring financial expenses - France	(15)	(16)	(6%)
Capitalized interest expenses	1	3	67%
Recurring Financial Result (excluding equity method)	**(29)**	**(32)**	**9%**
Non-recurring financial expenses	(29)	(2)	-
Change in fair value of financial instruments	(3)	(4)	25%
Financial Result (excluding equity method)	**(61)**	**(38)**	**(61%)**

(1) Sign according to the profit impact

- The average interest rate until 31 March 2014 (without taking the PIK interest effect) was 3.06% (3.18% including the impact of accrued commissions associated with the financing), with an average financing spread of 182 bp. The average rate for the same period of 2013 was 3.57% (3.74% including the impact of accrued commissions related to the financing), with an average financing spread of 217 bp.

  The breakdown for the interest rate by country is as follows:

March cumulative - €m	2014	2013	Var. %
Cost of debt - % Spain	2.54%	3.14%	*(54 bp)*
Cost of debt - % France	3.81%	4.31%	*(50 bp)*
Cost of debt - % Total	**3.06%**	**3.57%**	*(51 bp)*

- The capitalized interest expenses amounted to €1m, corresponding to the financing of one project in France.
- The non-recurring financial expenses mainly corresponded to the accounting record for the capitalizable interests of 686 pb over the principal of the old syndicate loan (this effect is explained in more detail in the appendix 6.6).

(1) Pro forma net debt Holding at 6 May 2014 excluding committed cash/GAV Holding December 2013

Non-recurring operating profit

The extraordinary results are positive and amount to €671m, mainly due to the positive impact of the deconsolidation[1] of Asentia (a positive impact of €704m).

- On 25 February 2014, Asentia increased its share capital, an increase which was fully subscribed through the credit compensation by three lenders of its syndicate loan.

- As a consequence of this capital increase, Colonial's stake in Asentia decreased to 18.99%, resulting in the loss of the control of Asentia, as well as the exit of the company and its subsidiaries (the Asentia Group) from the consolidation perimeter of the Colonial Group.

- In 2010 Colonial had already valued its stake in the Asentia Group at 0 euros. At the time of the deconsolidation, Colonial registered the exclusion of the combined assets and liabilities related to the companies in this group, under the following lines of the consolidated balance sheet: "Non-current assets available for sale", "Liabilities associated to assets available for sale" and "Minority interests".
  This exclusion has resulted in income being registered for discontinued operations derived from the "deconsolidation[1]" in the amount of €711m. As a result, the Colonial Group will not include any additional results deriving from its stake in Asentia.

- During the month of April 2014, Asentia executed a new share capital increase, fully subscribed by other credit institutions of its syndicate loan, resulting in a decrease in the stake held by Colonial in Asentia to 17.34%.

(1) The deconsolidation of Asentia refers to the exit from the consolidation perimeter or consideration as an associated company.

2. Office markets

Macroeconomic context

In recent quarters, the global economy has shown signs of recovery, especially thanks to the improvement observed in developed countries. This recovery process is not risk free; although according to the main analysts, perspectives in the medium term remain satisfactory, fundamentally supported by the sustained improvement in global growth, the continuity of favourable monetary conditions, and the gradual recovery of growth expectations in the Eurozone.

In the Eurozone, the flow of published indicators during the month of March continue to paint an outlook for gradual recovery. Worth mentioning is the increase in domestic demand, especially investment, which is somewhat heavier than expected. The main analysts confirm that economic recovery is consolidating in this market.

The Spanish economy closed the first quarter of 2014 with encouraging registers. The indicators available for the first months of the year point to an acceleration in the growth rate. As specified in the economic activity index from "La Caixa" Research, the increase of the quarter-on-quarter GDP is between 0.3% and 0.6% in 1Q 2014, above the 0.2% registered in 4Q 2013. In addition, the risk map is also shifting towards more steady ground. The latest report regarding macroeconomic instabilities, published by the European Commission, highlights the significant progress made by the Spanish economy to correct its main instabilities. Although there is still a long way to go, Spain is much better placed to contribute to ensuring the recovery process gains momentum throughout the year. In 2014, an annual growth of 1.0% is expected for the Spanish economy.

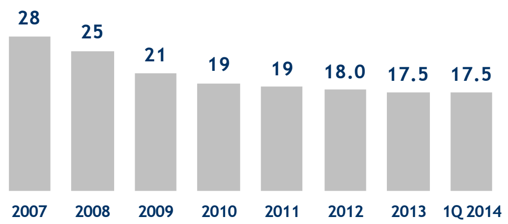
In France, growth was moderate during 2013, at 0.3%, but it is expected that it will intensify in 2014, with an annual growth of 0.9%.

(1) Sources: Monthly report by "La Caixa"

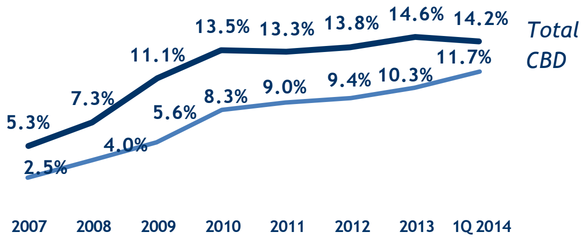
Rental market situation - offices[1]

Barcelona

Prime CBD Prices (€/sq m/month)



Vacancy (%)

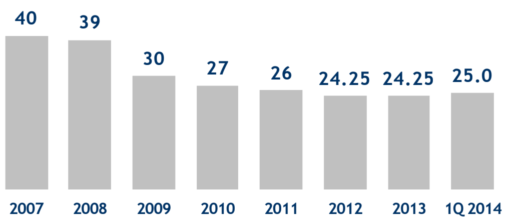


- In the first quarter of 2014, the main brokers have predicted a clearly more positive year in terms of total take up. The first quarter closed with a total of approximately 60,000 sq m of take up. This is 37% higher than the number of new contracts signed in the first quarter of 2013.
- Regarding the number of transactions, the figures at the close of the first quarter were also approximately 19% higher than those registered in the same period of the previous year. From January to March 2014, over 90 transactions were completed.
- Regarding location, if we analyse the take-up by number of transactions, approximately 60% were completed in Passeig de Gràcia/Diagonal and the city centre and 23% in new Business Districts.
- The vacancy rate in the first quarter of 2014 decreased from 14.6% to 14.2% and this trend is expected to continue during the rest of the year. The main brokers state that in the coming months of 2014 and during 2015, excluding the delivery of almost 9,000 sq m of the office complex Travessera de Gracia/Amigó that we are refurbishing, no other significant office project will be delivered. Therefore, if the take up reaches annual volumes of between 200,000 and 250,000 sq m, it could be argued that in mid-2015 there could be a real problem with the office supply.
- According to market analysts, it appears that the stabilisation of rental prices will become the trend over the coming months in the Barcelona office market. The prime rents are €17.50/sq m/month and maximum rental prices in the rest of the areas remain stable. The main brokers believe that towards the end of the year, we may begin to see a recovery in rental prices, mainly due to the lack of quality supply, a decreasing vacancy rate and a recovery of the economic activity.

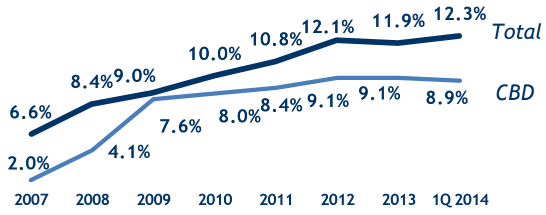
(1) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield, CBRE, and Aguirre Newman

Madrid [1]

Prime CBD Prices (€/sq m/month)



Vacancy (%)



- The first quarter of 2014 closed with a take up of approximately 100,000 sq m, a lower figure than the 150,000 sq m registered in the same period of 2013. However, in terms of the number of transactions, the year 2014 commenced better than the previous three years, increasing the total number of closed transactions.
  Almost half of the take up during the first quarter was signed on buildings in the city centre, which continues to register the highest activity.

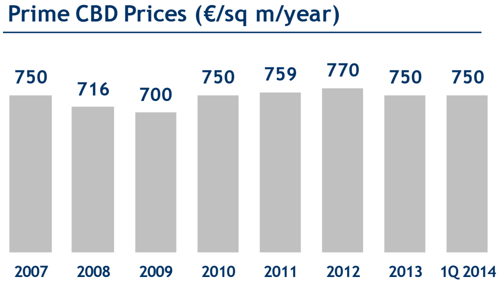
- In the city centre, the high or medium-high quality supply continues to decrease, more than 15% below previous year. Taking into consideration all of the sub-markets, more than 60% of the take-up in the first quarter was signed on high-quality buildings, including those that will be refurbished. This percentage increases to approximately 73%, in the city centre. This effect explains the gradual decrease of quality supply in this area.

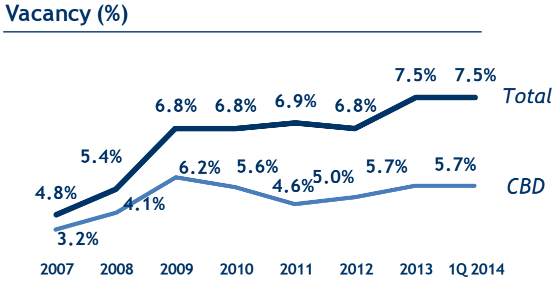
- The average vacancy rate in the Madrid market continues on the path towards general stabilization with a slight increase in the office vacancy rate of 12.3%. In the CBD, it has slightly decreased and is at 8.9%.

- The lack of quality supply in prime and CBD areas, together with a more optimistic outlook towards the future by the companies, have led to the signing of several transactions for the best buildings with rents above €24.5/sq m/month. Therefore some brokers have decided to increase the prime rent up to €25/sq m/month, reflecting the change in trend.
  However, it is very important to point out that only the most representative high quality buildings are those that can benefit from this trend, whereas in the city centre there is still a large supply of vacant surfaces in medium-low quality buildings.
  Generally speaking, except for a few buildings in prime areas, the remaining properties and sub-markets remain more or less aligned with the previous quarter.

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

Paris [1]





- The take up in the Paris region in the first quarter of 2014 reached 507,000 sq m, an increase of 19% compared to the same period in 2013.

- A total amount of 16 transactions of more than 5,000 sq m have been carried out, resulting in an increase of 23% regarding the number of transactions and 63% in terms of square meters, compared to the previous year.

- In the Paris market, the vacancy rate remained practically the same as the previous quarter with an immediate supply of 3,911,000 sq m, which represents a vacancy rate of 7.5% for the Paris region. The rate in the CBD area was 5.7%.

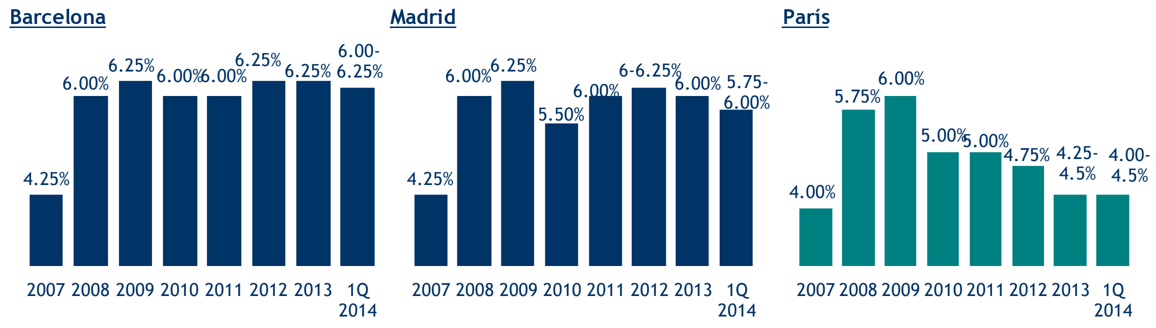
- The rental prices in the CBD area were at €750 sq m/year, in the line with the previous quarter.

- Some brokers state that the latest published activity indicators confirm the idea of an acceleration in the office rental market during the year 2014.

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

Investment market situation - offices

Prime Yields (1)



- **Barcelona:** The investment activity has been very strong this first quarter. There appears to be investors for each opportunity arising in the market. As always, the market participants have to find agreements regarding pricing. The pressure to invest in Spain and, therefore, Barcelona, is so strong that the main brokers predict a continued interest by new investors to enter the market, and the continuity of usual institutional investors, as well as traditional family offices. The investment volume in the first quarter reached €119m, almost 40% of the investment volume during the entire year of 2013, which was at €303m. In the first quarter of 2014, the prime yields were at 6.00-6.25% in the Passeig de Gràcia /Diagonal area.

- **Madrid:** During the first quarter of the year, the intensity of buying pressure remained steady in the Madrid office market. In addition to private and opportunistic investors who have been active in the market for several months, new more conservative profiles (value added, core plus and core), even pension funds and insurance companies, are analysing the product offering attentively. The large investment fund managers continue to analyse the market in search of both corporate products with a property component and direct investments in property assets. The investors most interested in offices in Madrid are currently American and British. The prime yields are at approximately 5.75-6.00%.

- **Paris:** Investment in the first quarter of 2014 reached €3,040m, which is a 73% increase compared to same period of the previous year. More than 80% of the investment volume took place in the offices sector. The prime yields are at approximately 4.00-4.50%, although the consultants still foresee a potential further yield compression due to the high interest in the Paris market.

(1) The market consultants in Spain report gross yields whereas market consultants in France report net yields (see definition in glossary Appendix 6.10)

Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield, CBRE, and Aguirre Newman

3. Business performance

Rental revenues and EBITDA of the portfolio

- The rental revenues reached €53m, 3.1% lower than the rents the previous year. This decrease is mainly due to assets divested during 2013, in particular Torres Agora in Madrid and the Mandarin Hotel in Paris.

  In **like-for-like terms**, adjusting for disposals and variations in the portfolio of the projects and refurbishments portfolio, **the rental revenues of the Group increased by 2.2% like-for-like.**

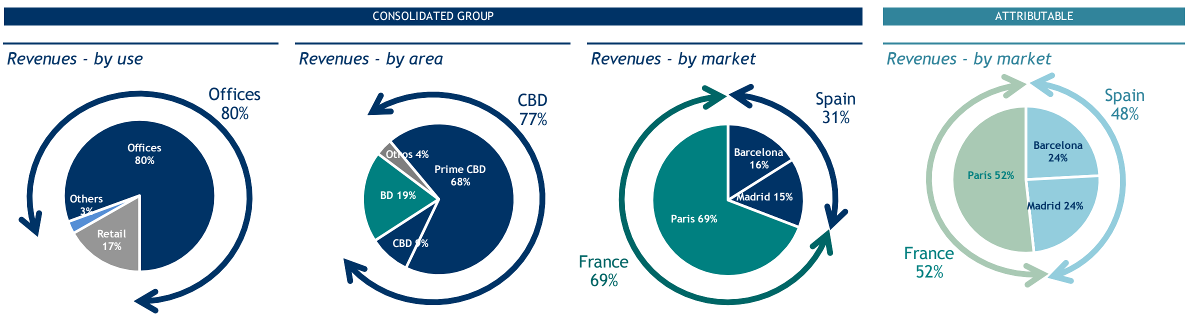
  In Paris, the rental revenues increased by 2.6% like-for-like. In Spain, the rental revenues like-for-like rose by 1.4%, mainly due to the Madrid portfolio, which has gone up by 9.9%.

Rents (2014 vs. 2013) €m	Barcelona	Madrid	Paris	Total
Rental revenues 2013	7	10	37	54
Like-for-like	*(0.4)*	*0.6*	*0.9*	*1.1*
Projects & refurbishments	*0.7*	*(0.7)*	*(0.6)*	*(0.6)*
Disposals	*(0.2)*	*(1.8)*	*(1.2)*	*(3.2)*
Indemnities & others	*1.1*	*0.0*	*0.0*	*1.1*
Rental revenues 2014	8	8	36	53
Total variance (%)	*15.1%*	*(19.9%)*	*(2.3%)*	*(3.1%)*
Like-for-like variance (%)	*(6.1%)*	*9.9%*	*2.6%*	*2.2%*

- **Breakdown - Rental revenues:** The majority of the Group's revenues (80%) are from office buildings.

  Likewise the Group maintains its high exposure to CBD markets (77%). In consolidated terms, 69% of the rental revenues (€36m) came from the subsidiary in Paris and 31% were generated by buildings in Spain.

  In attributable terms, approximately 52% of the rents were generated in France and the rest in Spain.



- **EBITDA for the buildings reached €47m, a 6% increase in like-for-like terms**, with an EBITDA margin of 90%.

Property business

March cumulative - €m	2014	2013	Var. %	Like-for-like %
Rental revenues - Barcelona	8	7	15%	(6%)
Rental revenues - Madrid	8	10	(20%)	10%
Rental revenues - Paris	36	37	(2%)	3%
Rental revenues	**53**	**54**	**(3%)**	**2%**
EBITDA rents Barcelona	7	6	21%	(6%)
EBITDA rents Madrid	6	8	(22%)	15%
EBITDA rents Paris	34	34	0%	7%
EBITDA rents	**47**	**48**	**(1%)**	**6%**
EBITDA/Rental revenues - Barcelona	*88%*	*84%*	*4.0 pp*	
EBITDA/Rental revenues - Madrid	*82%*	*84%*	*(2.7 pp)*	
EBITDA/Rental revenues - Paris	*92%*	*90%*	*2.6 pp*	
EBITDA/Rental revenues	***90%***	***88%***	*2.1 pp*	

Pp: percentage points

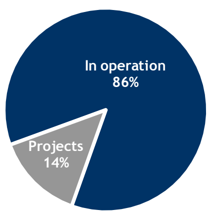
It is important to take into account that a large part of the difference between the rental revenues and the EBITDA rents relates to the costs not invoiced due to currently low occupancy levels. Taking into account that the Colonial Group invoices the majority of its property costs to its tenants, gradual improvements in the occupancy of the assets will have a significant positive impact on the EBITDA rents, obtaining high levels of EBITDA/revenue, as in years prior to the crisis (see Appendix 6.5).

Portfolio letting performance

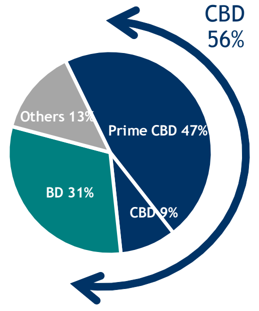
- **Breakdown of the current portfolio by surface area:** At the close of the first quarter 2014, the Colonial Group's portfolio totalled 981,371 sq m (696,293 sq m above ground), focused mainly on office assets.

  At 31 March 2014, 86% of this portfolio was in operation and 14% corresponded to an attractive portfolio of projects and refurbishments, which is explained in more detail in the project section.

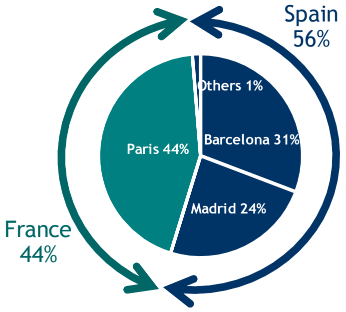
Surface - by condition



Surface - by area



Surface - by market



- <u>**Signed contracts:**</u> During the first quarter of 2014 the Group signed a total of 41,808 sq m of contracts (74% in Spain and 26% in France).

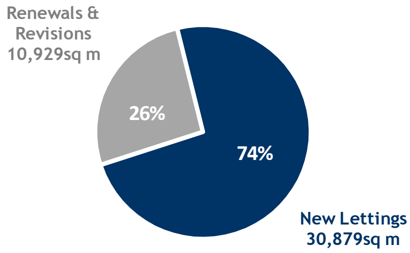
  New contracts: Out of the total commercial effort, 74% (30,879 sq m) related to surfaces of new contracts. This figure is 10% higher than the volume of new contracts signed throughout the whole of 2013 (28,041 sq m). With respect to the same period of 2013, the volume of new contracts signed by Colonial is 56% higher.

  Renewals: Contract renewals amount to 10,929 sq m. The new rental prices relating to these contracts result in a decrease of 6% with respect to previous rents. In Barcelona, the decrease is 18%, mainly due to the renewal of three contracts with rents that still corresponded to the peak of the cycle. In contrast, the contracts renewed in Madrid, are 10% above previous rents.

  In general, the prices signed in the new contracts in the portfolio in Spain are in line with the market prices estimated by independent appraisers at the end of 2013.

Letting Performance

March cumulative - sq m	2014	% New rents vs. previous	Average maturity
Renewals & revisions - Barcelona	5,530	*(18%)*	10
Renewals & revisions - Madrid	437	*10%*	3
Renewals & revisions - Paris	4,962	*(1%)*	6
Total renewals & revisions	**10,929**	***(6%)***	**8**
New lettings Barcelona	13,769		5
New lettings Madrid	11,272		6
New lettings Paris	5,838		6
New lettings	**30,879**	**n/a**	**6**
Total commercial effort	**41,808**	**n/a**	**6**



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

Main actions

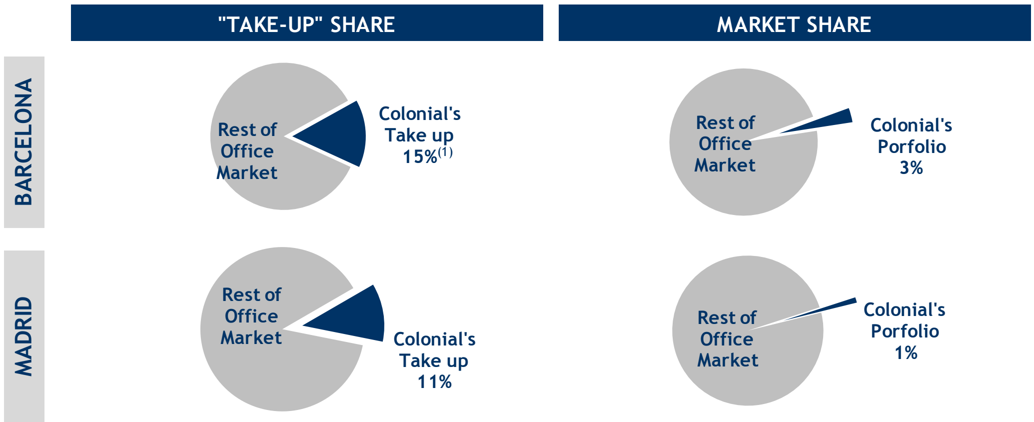
	Building	Tenants	Surface (sq m)
BARCELONA	Paseo de los Tilos	Abertis Infraestructuras	5,143
	Torre BCN	Tecnocom España Solutions	4,800
	Av. Diagonal, 530	Caixabank, S.A.	2,555
	Ilacuna 22@	Company leader in internet auctions	2,130
MADRID	Martínez Villergas, 49	Company leader in generation infrastructure	5,775
	Alfonso XII	Financial institutions	3,657
PARIS	90 Av. Champs Elysees	Premier consulting firm & others	5,813
	Edouard VII	Comgest & others	2,052
	Washington Plaza	SPB & others	1,606

From this commercial effort, in **Madrid** we highlight the contract signed for the Martínez Villergas building with a leading company in power generation, and in **Barcelona,** the contract signed with Abertis for the Paseo de los Tilos building.

In **Paris**, it is important to mention the contract signed with a top tier consulting firm for the 90 Av. Champs Elysées building, which is currently being refurbished.

- **Analysis of new leased surfaces**: In Barcelona, the Colonial Group captured 15% of the demand and in Madrid 11% (16% if only taking into account the market sectors in Madrid in which the Group is present).

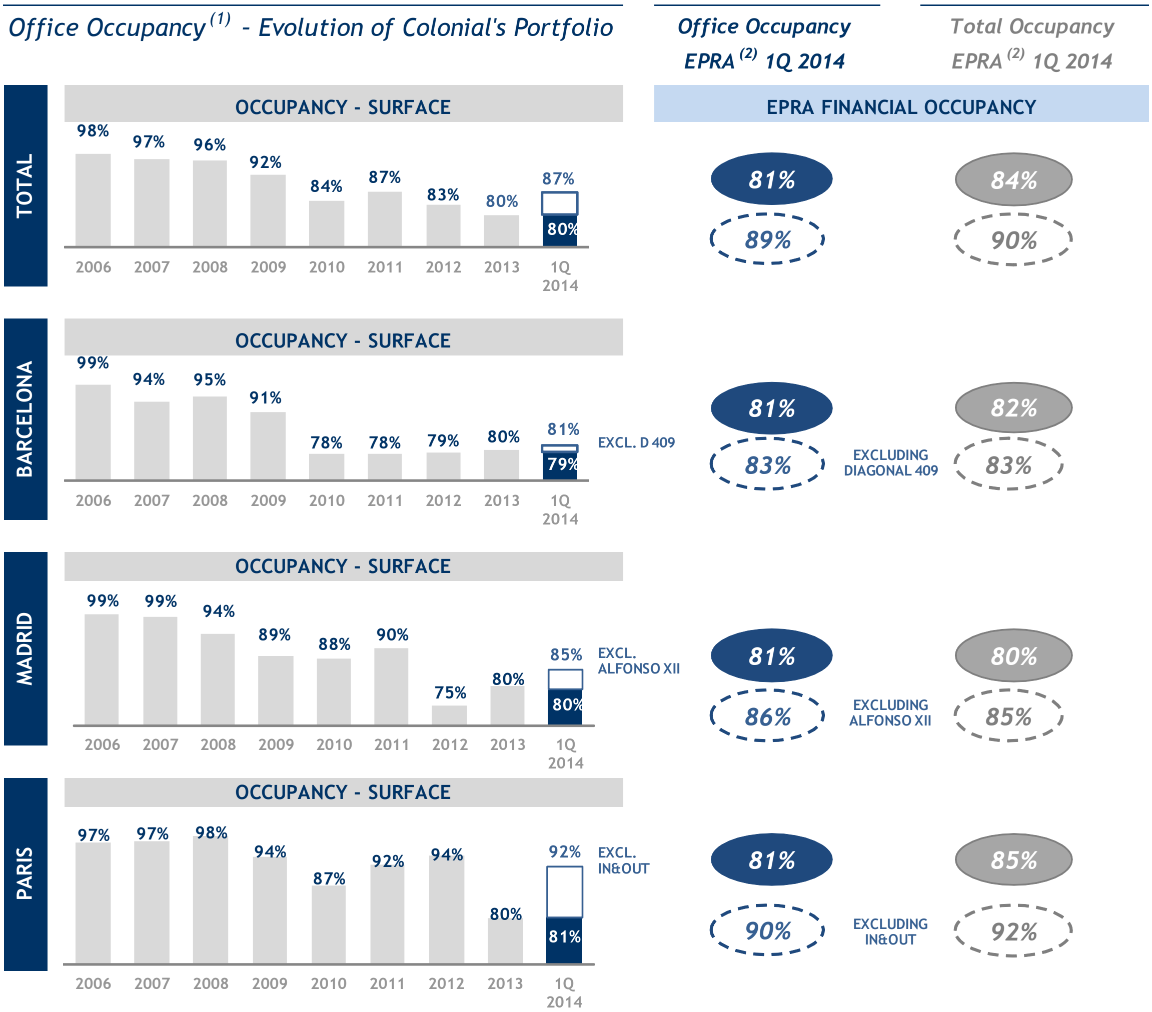
  As a result, Colonial captured a take-up share higher than its market share in Barcelona and Madrid. As in previous quarters, this demonstrates the high capacity of Colonial's portfolio to attract demand, due to its well-positioned buildings that offer high quality facilities and maximum energy-efficiency in attractive locations.



(1) *Regarding the take up in Barcelona, the new contract signed with Abertis is excluded since the consultants consider it as 2Q 2014*

Occupancy of the portfolio

- The Colonial Group's office EPRA financial occupancy at the end of the first quarter of 2014 reached 81%, 84% including other uses.



The office portfolios in **Madrid and Barcelona** reached an EPRA[2] financial occupancy of 81%, a lower figure than in the first quarter of 2013 and at the end of the previous year.

In **Madrid**, this decrease is mainly due to the entry into operation of the building Alfonso XII, a fully refurbished building, obtaining the "BREEAM" certificate (sustainable building). Excluding this building, the EPRA financial occupancy of the Madrid office portfolio is 86%.

In **Barcelona**, the occupancy decreased, mainly due to the entry into operation of the refurbished surface of the Diagonal, 409 building. If we exclude this property, the EPRA financial occupancy of the Barcelona office portfolio is 83%.

(1) Occupied surfaces/surfaces in operation

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

In **Paris**, the office portfolio reached a financial EPRA occupancy of 81%, a lower figure than in the first quarter of 2013, although the same as that in December 2013. This decrease was due to the entering into operation of the In/Out office complex, currently in an advanced commercialisation phase. Excluding this effect, the EPRA financial occupancy of the Paris office portfolio is 90%.

The table below shows an analysis of the vacant office surface by city.
Approximately 59% of the vacant surfaces correspond to projects that have come into operation or have recently been refurbished.

Vacancy offices surface

Surface above ground (sq m)	Entries into operation (1)	BD area and others	CBD area	March 2014
Barcelona	16,692	13,469	4,379	34,540
Madrid	11,903	4,909	12,404	29,216
París	35,395	0	8,592	43,987
TOTAL	63,990	18,378	25,375	107,743

(1) Projects and refurbishments that have entered into operation

It should be mentioned, that at the date of this report, an additional 3,081 sq m were signed in Madrid (of which 2,367 sq m were in the prime CBD area).

Project Portfolio and refurbishments

- Currently, the company has a project portfolio of more than 56,000 sq m above ground, coming into operation between 2014 and 2018. The Colonial Group's project portfolio pipeline is the following:

Projects	Entry into operation	% Group	Market	Use	Surface above ground (sq m) (1)
Travessera de Gràcia/Amigó	2H 2014	100%	Barcelona	Offices	8,202
Parc Central 22@ A.1.6 - A.1.7 - A.1.2	>2016	100%	Barcelona	Offices	14,737
Spain					**22,939**
#Cloud (rue Richelieu)	2H 2015	100%	Paris	Offices	33,200
France					**33,200**
Total					**56,139**

(1) Surface area of completed project

In **Spain**, the following properties have entered into operation: Alfonso XII in Madrid, a building which has obtained the "Breeam" certification (sustainable building), as well as the building Diagonal 409, a building which has obtained the "Leed Silver" certification. It is important to point out that 3,657 sq m were signed on Alfonso XII (28% occupancy) and 605 sq m on Diagonal 409 (32% occupancy).

In **Barcelona**, we draw attention to the project at Travessera de Gràcia/Amigó, an office complex located in the prime area, with the highest quality finishings and energy efficient, which have enabled it to obtain the LEED Gold ("Green Building") certification.

In **France**, we have the #CLOUD project (rue Richelieu). A complete refurbishment is being carried out on this office complex, which involves creating 33,200 sq m of unique offices in the centre of Paris for top tier clients. It will obtain the "Breeam" energy certificate.

In addition to the above-mentioned project portfolio, the Colonial Group is carrying out substantial refurbishment projects on certain properties with the aim of optimizing the market position of these assets.

These include more than 10,000 sq m of the Louvre des Antiquaires building and refurbishments on 90 Champs Elysées building. At the date of this report, the 90 Champs Elysées building is already 100% rented, highlighting the signing of more than 5,000 sq m with a top tier consulting firm.

More details regarding each of the projects are described in Appendix 6.4.

4. Financial structure

Main debt figures

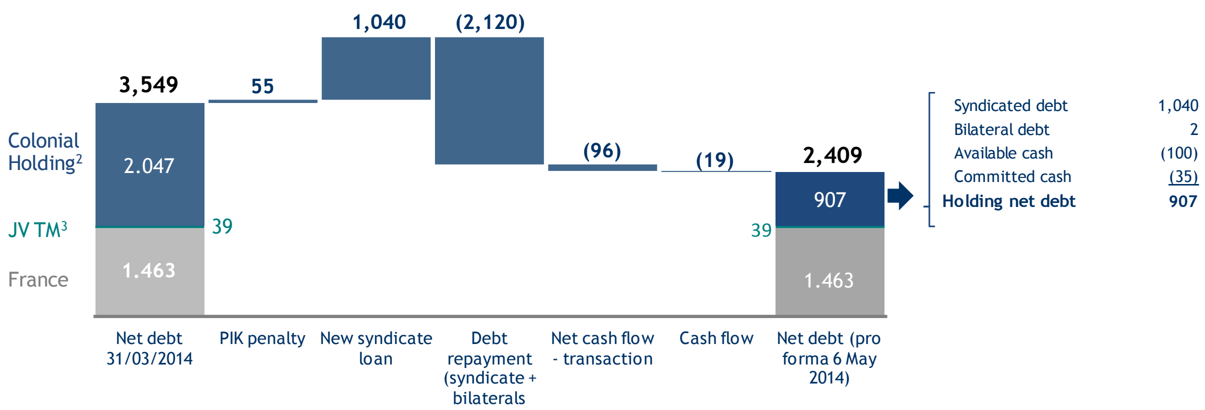
Group financial net debt at 31 March 2014 stood at €3,549m, as shown in the table below. (For more details see Appendix 6.6).

Breakdown of the consolidated net financial debt	March 2014			December 2013			Var.
	SP	FR	Total	SP	FR	Total	Total
Syndicate loan	1,759	55	1,814	1,759	50	1,809	5
Mortgage debt/leases	298	236	534	299	237	536	(2)
Subordinated debt	43	0	43	42	0	42	1
Unsecured debt and others	11	201	212	11	199	210	2
Total gross debt with credit institutions	**2,111**	**492**	**2,603**	**2,111**	**486**	**2,597**	**6**
Bonds	0	1,000	1,000	0	1,000	1,000	0
Total gross debt	**2,111**	**1,492**	**3,603**	**2,111**	**1,486**	**3,597**	**6**
Cash & cash equivalents	**(25)**	**(29)**	**(54)**	**(25)**	**(29)**	**(54)**	**0**
Group Net Debt	2,086	1,463	3,549	2,086	1,457	3,543	6
Average maturity drawn debt (years)	**0.2**	**2.6**	**1.2**	**1.3**	**2.8**	**2.7**	**(1.5)**
Average maturity available debt (years)	**1.1**	**2.7**	**1.9**	**1.3**	**2.9**	**2.1**	**(0.2)**
Cost of debt %	**2.54%**	**3.81%**	**3.06%**	**3.02%**	**4.05%**	**3.43%**	**0.37 pp**

However, on 4 April 2014, Colonial signed a new syndicate loan for €1,040m, which together with the capital increase of €1,263m, allowed for the total repayment on 6 May 2014 of the previous syndicated debt, as well as mainly all of its bilateral loans, positioning its LTV Holding at around 40%.

The pro forma debt of the Group at 6 May 2014, subsequent to the subscription of the new loan and the capital increase, is as follows:

Net Debt Movements €m - Pro forma net debt - 6 May 2014 [(1)]



[1] *Pro forma Group debt calculated over Colonial's pro forma debt at 06/05/2014 and SFL's and TMN's debt at 31/03/2014*

[2] *The net debt at 31/3/2014 also includes the debt of SPV ABIX. At 6 May the debt was substituted by the new syndicate loan*

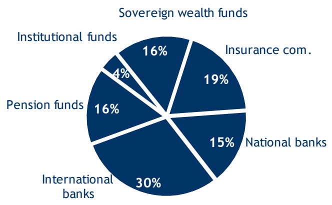
[3] *Net debt of the joint venture related to the Torre Marenostrum asset*

The new syndicate loan was led by CA-CIB (Crédit Agricole Corporate and Investment Bank), and subscribed by internationally renowned lenders. Holders include GIC (Singapore's sovereign wealth fund), AXA, Generali, BAWAG P.S.K, ING and Banc de Sabadell, among others. The demand to participate in the new debt has substantially exceeded the amount required. The maturity of the loan is in December 2018, and it was achieved at market conditions.

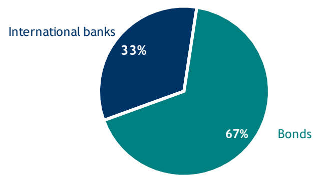
The main characteristics of the Group's new pro forma debt are shown below. The Colonial Group has a well-diversified mix of debt sources, with long-term maturities which will allow it to take advantage of future growth opportunities.

TYPE OF LENDER - PRO FORMA

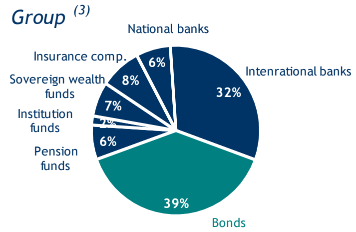
Spain (1)



France (2)

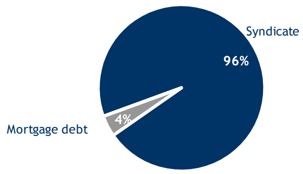


Group (3)

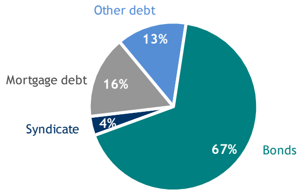


TYPE OF AVAILABLE DEBT - PRO FORMA

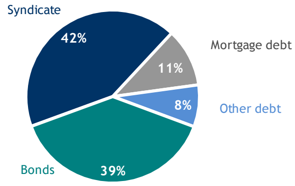
Spain



France

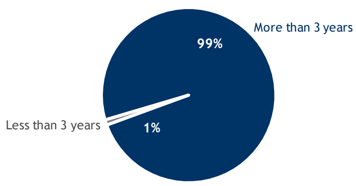


Group

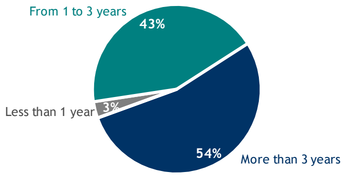


MATURITY OF AVAILABLE DEBT - PRO FORMA

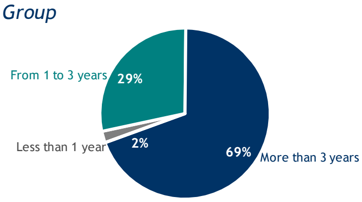
Spain



France



Group



Spain		***France***		***Total***	
Spread	387 bp	Spread	264 bp	Spread	316 bp
LTV Holding (4)	40.4%	LTV SFL (5)	33%	LTV Group (6)	45.7%
Average life of drawn down debt (years)	4.6	Average life of drawn down debt (years)	2.6	Average life of drawn down debt (years)	3.2
Average life of the undrawn debt (years)	4.6	Average life of the undrawn debt (years)	2.7	Average life of the undrawn debt (years)	3.2

(1) Pro forma debt at 6 May 2014

(2) Debt France 1Q 2014

(3) Pro forma = Pro forma Spain debt 06/05/2014 + France debt 1Q 2014

(4) LTV Holding=Pro forma net debt Holding at 6 May 2014 excluding committed cash/GAV Holding December 2013 (value of directly-held assets+NAV of the 55% stake in the JV with TM+NAV of the 53.1% stake in SFL)

(5) LTV SFL = 1Q 2014 debt / GAV incl. transfer cost

(6) LTV Group = Pro forma Group debt excluding committed cash/Group GAV December 2013

The main characteristics of the new syndicate loan are as follows:

- Bullet maturity at 31 December 2018
- Mortgage securities over Colonial's assets
- Pledges on SFL's shares and TMN's capital shares
- Margin: 400 bp over Euribor 3m
- Voluntary amortizations: permitted as from the first anniversary of the debt
- Market covenants: LTV below 58% and ICR (Interest Coverage Ratio) above 1.25x

Hedging portfolio

The breakdown of the hedging portfolio at 31 March 2014 is the following:

31 March 2014 Financial instrument - €m	Description	Spain	France	Total	%	MTM (Ex-coupon)
SWAP	From floating to fixed rate	149	185	334	20%	(13)
CAP	Floating rate with a maximum	1,354	0	1,354	80%	0
Total Hedging portfolio (Variable - Fixed)		**1,503**	**185**	**1,688**	**100%**	**(13)**
Maturity (years)		**1.2**	**3.5**	**1.4**		

- The policy of the Group is to contract instruments that comply with the requirements established under the IFRS 39, allowing the variance in the market value (MtM) to be registered directly in net equity.

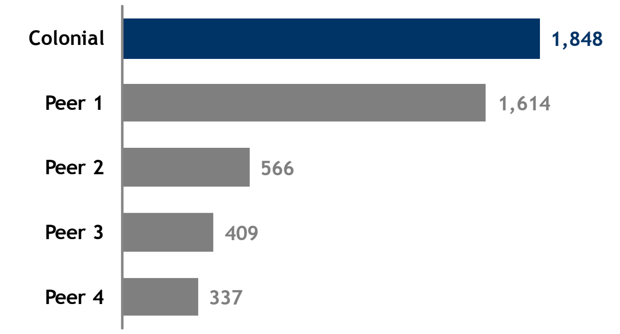
In addition, Colonial's new syndicate loan foresees the hedging of 75% of the loan principal. Accordingly, on 9 May 2014, the company proceeded to contract CAPs for a nominal of €780m, with a strike at 1.25%, maturing on 31 December 2018.

5. Stock Market Performance

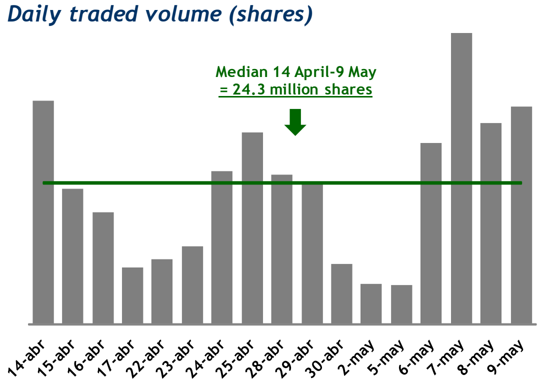
Share price performance

The successful completion of the capital increase has enabled Colonial to position itself as the first listed Spanish property company in terms of market capitalization (09/05/2014).

Market capitalization



Daily traded volume (shares)



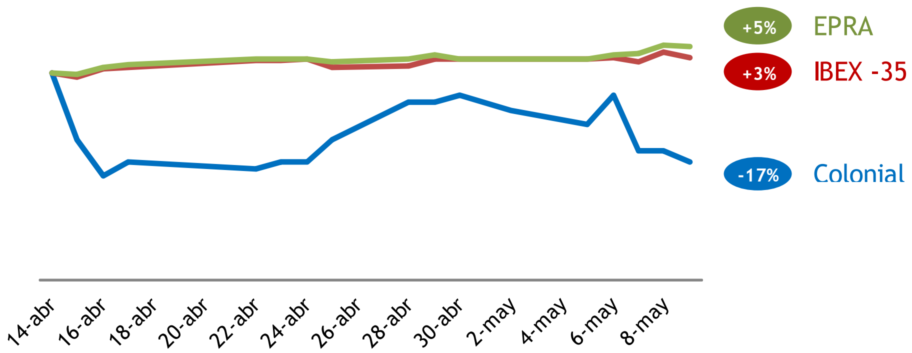
Due to the high free float, as well as the significant average daily traded volume, Colonial has been included as the only Spanish property company in two EPRA indices: the FTSE EPRA/NAREIT Developed Europe and the FTSE EPRA/NAREIT Developed Eurozone.

EPRA
EUROPEAN PUBLIC REAL ESTATE ASSOCIATION

IPD Measured Fund

In addition, Colonial is part of the Investment Property Databank (IPD) index, a global property profitability benchmark index.

The capital increase has been very positively received by the capital markets, as reflected by the high demand that has tripled the offering. Colonial is currently trading at a premium on the pro forma NAV.



Several Spanish and international financial analysts have begun to cover the company and therefore track and analyse the share price performance.

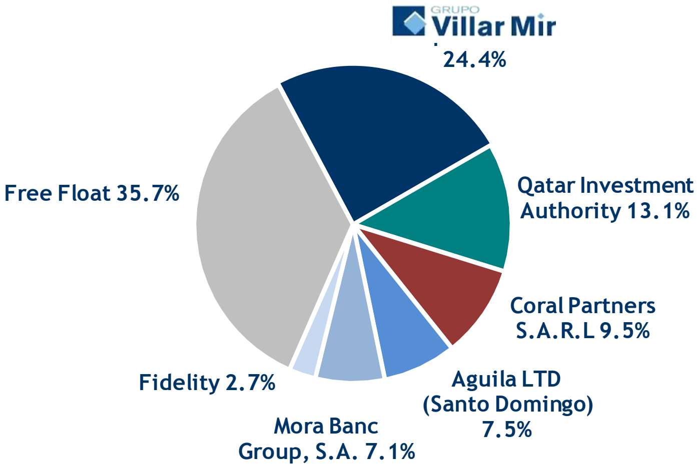
The target prices and recommendations are as follows:

Institution	Analyst	Date	Recommendation	Target Price
Kempen	Boudewijn Schoon	15/04/2014	Underweight	0.53
Ahorro Corporación	Juan Moreno	07/05/2014	Sell	0.47
N+1 Equities	Rodrigo Vázquez	12/05/2014	Buy	0.71
2014 average				**0.57**

Company shareholder structure

The capital increase has enabled a shareholder structure and broad free float to be created with renowned investors.

Shareholder structure at 15 May 2014 (*)



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

Board of Directors

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee
Juan José Brugera Clavero	Chairman	Colonial	Chairman		
Grupo Villar Mir S.A.U represented by Juan-Miguel Villar Mir	Vice-chairman - Director	GRUPO Villar Mir	Member		
Pedro Viñolas Serra	Chief Executive Officer	Colonial	Member		
Xavier Faus Santasusana	Other External Director			Member	
Luis Maluquer Trepat	Other External Director				Member
Javier Iglesias de Ussel Ordís	Independent Director			Member	Chairman
Carlos Fernández-Lerga Garralda	Independent Director		Member	Chairman	Member
Francisco Palá Laguna	Secretary - Non-Director		Secretary	Secretary	Secretary
Nuria Oferil Coll	Vice-secretary - Non-Director				

6. Appendices

6.1 Consolidated balance sheet

6.2 Asset portfolio – Locations

6.3 Asset portfolio - Details

6.4 Project portfolio

6.5 Historical series

6.6 Financial Structure - Details

6.7 Legal structure

6.8 Subsidiaries – Details

6.9 Additional information

6.10 Glossary

6.11 Contact details

6.12 Disclaimer

6.1 Consolidated balance sheet

The balance sheet at the close of the first quarter of 2014 is not representative of the new Colonial, as it relates to the situation prior to the recapitalization of the company in May 2014.

Consolidated balance sheet

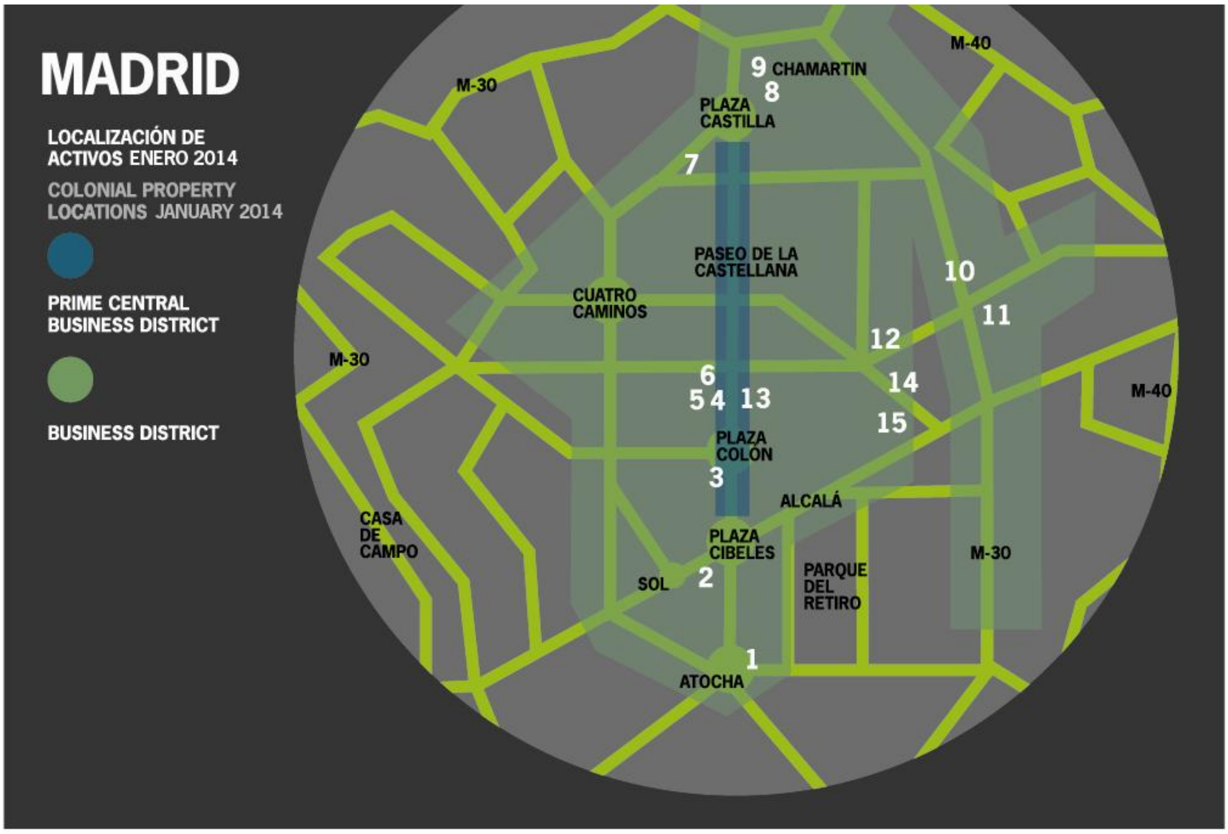
€m	1Q 2014	2013
ASSETS		
Consolidated goodwill	120	120
Investment property - In operation	*4,643*	*4,602*
Investment property - Work in progress, advances and provisions	*299*	*314*
Property investments	4,942	4,916
Equity method	305	302
Other non-current assets	218	216
Non-current assets	**5,586**	**5,554**
Debtors and other receivables	66	66
Other current assets	60	57
Assets available for sale	54	843
Current assets	**181**	**966**
TOTAL ASSETS	5,766	6,520
LIABILITIES		
Share capital	*56*	*226*
Other reserves	*(354)*	*36*
Profit (loss) for the period	*674*	*(547)*
Other instruments for equity	*0*	*2*
Exchange differences	*0*	*(1)*
Treasury shares	*(31)*	*(60)*
Equity	345	(344)
Minority interests	1,295	1,273
Net equity	**1,640**	**929**
Bond issues and other non-current issues	996	996
Non-current financial debt	550	547
Deferred tax	169	169
Other non-current liabilities	142	121
Non-current liabilities	**1,858**	**1,833**
Bond issues and other current issues	24	14
Current financial debt	2,100	2,057
Creditors and other payables	87	88
Other current liabilities	58	62
Liabilities associated to assets available for sale	0	1,538
Current liabilities	**2,268**	**3,758**
TOTAL EQUITY & LIABILITIES	5,766	6,520

6.2 Appendix - Asset portfolio - Locations

Barcelona

6.2 Appendix - Asset portfolio – Locations (cont.)

Madrid

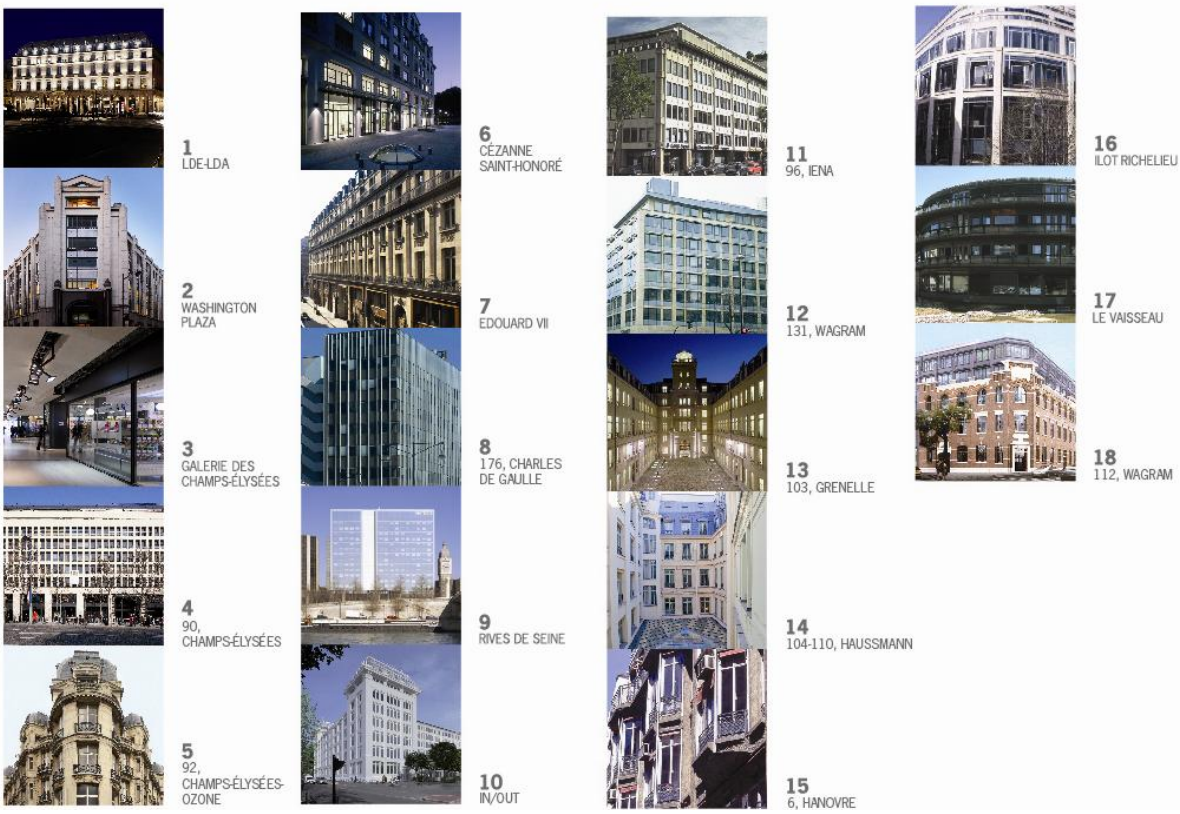


6.2 Appendix - Asset portfolio – Locations (cont.)

Paris

The entire Paris portfolio has energy certificates

breeam NF HQE LEED



6.3 Appendix – Asset portfolio - Details

Spain

RENTAL PORTFOLIO SPAIN	Floor space above ground					Floor space above ground	Floor space below ground	Total surface	Parking units
	Offices	Retail	Resid.	Logistic	Hotel				
AV. DIAGONAL, 409	4,531					4,531	0	4,531	
AV. DIAGONAL, 530	11,781					11,781	1,688	13,469	99
AV. DIAGONAL, 609-615 (DAU)	20,048					20,048	18,839	38,887	438
AV. DIAGONAL, 682	8,622					8,622	516	9,138	43
PEDRALBES CENTRE	0	5,558				5,558	1,308	6,866	
AUSIAS MARC / LEPANT	6,430					6,430	1,521	7,951	64
BERLIN, 38-48/NUMANCIA, 46	12,446					12,446	1,692	14,138	99
GLORIES - Diagonal	11,672					11,672	536	12,208	40
GLORIES - Llacuna	20,451					20,451	13,620	34,071	480
TILOS	5,143					5,143	3,081	8,224	79
VIA AUGUSTA, 21-23	4,838					4,838	0	4,838	
TORRE BCN	9,035					9,035	3,398	12,433	88
TORRE DEL GAS	22,750					22,750	19,370	42,120	609
SANT CUGAT NORD	27,904					27,904	20,627	48,531	690
P. CASTELLANA, 52	7,523					7,523	588	8,111	49
RECOLETOS, 37	17,202					17,202	5,340	22,542	175
CASTELLANA, 43	5,998					5,998	2,442	8,440	81
MIGUEL ANGEL, 11	6,300					6,300	2,231	8,531	81
JOSE ABASCAL, 56	12,325					12,325	6,437	18,762	219
ALCALA, 30-32	9,088					9,088	1,700	10,788	52
ALFONSO XII, 62	13,135					13,135	2,287	15,422	77
FRANCISCO SILVELA, 42	5,725					5,725	3,654	9,379	105
ORTEGA Y GASSET 100	7,792					7,792	2,563	10,355	96
CAPITAN HAYA	16,015					16,015	9,668	25,683	295
LOPEZ DE HOYOS, 35	7,140					7,140	4,105	11,245	111
CENTRO NORTE (1)	7,233					7,233	2,557	9,789	158
CENTRO NORTE HOTEL	0				8,458	8,458	11,089	19,547	
MARTINEZ VILLERGAS, 49	24,135					24,135	14,581	38,716	375
RAMIREZ DE ARELLANO, 37	5,988					5,988	4,923	10,911	160
RENTAL PORTFOLIO	**311,249**	**5,558**			**8,458**	**325,265**	160,360	**485,626**	**4,763**
ORENSE 46-48		5,010				5,010	1,295	6,305	51
OTHER COMMERCIAL PREMISES		1,029				1,029	350	1,379	
PORFOLIO IN OPERATION SPAIN	**311,249**	**11,597**			**8,458**	**331,304**	162,005	**493,309**	**4,814**
PARC CENTRAL	14,737					14,737	14,737	29,474	184
TRAVESSERA DE GRACIA, 11	4,440					4,440	1,517	5,957	45
AMIGÓ	3,762					3,762	1,403	5,165	41
SANT CUGAT NORD	0					0	435	435	
BERLIN, 38-48/NUMANCIA, 46	371					371	12	383	
AV. DIAGONAL, 609-615 (DAU)	1,948					1,948	150	2,098	
TORRE BCN	800					800	0	800	
PEDRALBES CENTRE	0					0	18	18	
HOTEL MARINA DE LA TORRE	0				11,519	11,519	0	11,519	
ORENSE	0					0	93	93	
JOSE ABASCAL, 56	12					12	0	12	
MIGUEL ANGEL, 11	0					0	818	818	
AV. DIAGONAL, 682	0					0	84	84	
PROJECTS UNDERWAY SPAIN	**26,072**				**11,519**	**37,591**	19,267	**56,858**	**270**
TOTAL SPAIN	**337,321**	**11,597**			**19,977**	**368,895**	**181,272**	**550,167**	**5,084**
BARCELONA	*191,711*	*5,558*				*197,269*	*104,552*	*301,821*	*2,999*
MADRID	*145,610*	*5,010*			*8,458*	*159,078*	*76,370*	*235,448*	*2,085*
OTHERS		*1,029*			*11,519*	*12,548*	*350*	*12,898*	

(1) The Centro Norte complex has been reclassified into two assets (Agustín de Foxá, 29 & Hotel Tryp Chamartín)

6.3 Appendix – Asset portfolio - Details (cont.)

France

RENTAL PORTFOLIO FRANCE	Floor space above ground					Floor space above ground	Floor space below ground	Total surface	Parking units
	Offices	Retail	Resid.	Logistic	Hotel				
CALL-LDA	23,613	1,249			2,134	26,997	5,730	32,727	236
EDOUARD 7	27,430	15,997	1,384		4,502	49,313	10,145	59,458	523
HANOVRE LB	3,325		0			3,325	1,246	4,571	
C. ELYSEES 8288	0	4,429				4,429	3,849	8,278	125
C. ELYSEES 90	1,167	981				2,148	0	2,148	
C. ELYSEES 92	4,110	3,089				7,199	0	7,199	
CEZANNE SAINT HONORE	23,370	1,849				25,219	3,337	28,556	128
PRONY-WAGRAM	7,100				449	7,549	3,119	10,668	124
IENA	7,505					7,505	4,711	12,217	264
108-112 WAGRAM	4,470	892				5,362	546	5,908	29
WASHINGTON PLAZ	36,831	224			2,241	39,296	13,271	52,567	662
HAUSS. 104-110	11,683	791				12,474	2,650	15,124	104
NEUILLY	5,107	389				5,496	2,739	8,234	145
QUAI LE GALLO	28,873					28,873	18,699	47,572	605
ISSY LES MOULINEAUX	6,026					6,026	2,321	8,347	124
RIVES DE SEINE	20,270				1,760	22,030	6,589	28,619	366
103 GRENELLE	15,176	258			1,052	16,486	1,872	18,357	100
SAINT DENIS	0		60			60	16	76	1
PORTFOLIO IN OPERATION FRANCE	226,056	30,148	1,444		12,138	269,786	80,840	350,627	3,536
WASHINGTON PLAZA	2,374	236				2,610	2,678	5,288	
CALL-LDA	4,890	5,432				10,321	8,462	18,784	
108-112 WAGRAM						0	562	562	
GRENELLE						0	2,996	2,996	
C. ELYSEES 8288		110				110	2,304	2,414	
C. ELYSEES 92						0	493	493	
CEZANNE SAINT HONORE	812		231			1,043	1,504	2,546	
C. ELYSEES 90	6,538					6,538	0	6,538	
ILOT RICHELIEU	33,187					33,187	1,609	34,796	99
NEULLY	642					642	861	1,503	
PRONY-WAGRAM						0	532	532	
IENA						0	930	930	
EDOUARD 7		35	3,125			3,160	0	3,160	
HANOVRE LB						0	36	36	
PROJECTS UNDERWAY FRANCE	48,442	5,813	3,356		0	57,611	22,966	80,577	99
TOTAL FRANCE	274,499	35,961	4,800		12,138	327,397	103,806	431,204	3,635
TOTAL PROPERTY COLONIAL	611,820	47,558	4,800		32,115	696,293	285,078	981,371	8,719

6.4 Appendix - Project portfolio

Travessera de Gràcia/Amigó

A project of two office buildings with a total of 8,202 sq m above ground, located in Travessera de Gracia, where it crosses with Calle Amigó, no more than a few metres from Avenida Diagonal, in a busy and well-connected shopping area. A project with state-of-the-art façades with outstanding design. Office space ranging from 200 sq m to 540 sq m per floor. High-quality and energy-efficient buildings and facilities have enabled the company to obtain the LEEDs GOLD certification ("green building").

Parc Central 22@ - Barcelona

An office complex project opposite Avenida Diagonal in the heart of the 22@ business district, one of the most up-and-coming areas in the city, which includes an integrated 15,000 sq m office building within a complex. This project is expected to begin in the medium term. The materials and finishings will be top quality and the design philosophy is to perfectly integrate the complex into its surroundings. There will be 136 parking spaces, all located in the same building.

#CLOUD (Rue Richelieu)

Acquired by SFL in April 2004, located just a few paces from the Palais Brongniart in the "Cité Financière" (Financial District) and that was let in the past by a large French Bank. During the third quarter of 2012, refurbishments began on the property. This office complex will undergo a complete renovation project, #Cloud, which will involve the creation of 33,200 sq m of individual offices for top tier clients in central Paris.

6.5 Appendix – Historical series

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

6.6 Financial Structure – Details

Financial structure at 31 March 2014

The main characteristics of the debt are as follows:

- A gross debt of €3,549m that mainly includes:

1. A syndicate loan in Colonial of €1,759m, refinanced on 19 February 2010 and subscribed by a group of financial institutions led by Calyon Sucursal in Spain, Eurohypo AG Sucursal in Spain, Coral Partners and The Royal Bank of Scotland. The debt matures on 31 December 2014 and the applicable spread for 2014 is 175 bp.
   The syndicate loan includes incentives to reach a Loan to Value (LTV) of 50%. Accordingly, partial amortizations are forecast, which if they did not take place, as of 30 June 2013 additional interests would be generated of 450 bp, capitalizable over the principal of the loan, retroactive to 1 January 2013, and 686 bp as from 1 January 2014.
   Given that the aforementioned LTV level was not reached, at 30 October 2013 the accrued interests registered under "Non-recurring financial costs", amounting to €62.5m, were capitalized as an increase in financial debt. The additional interests registered from 31 October 2013 to 31 March 2014, amounted to €43m registered in the line "Debt with credit institutions".
   The loan has mortgage securities on certain property assets in Spain, and pledges on the SFL shares owned by Colonial, and on the shares of the subsidiary Torre Marenostrum, S.L.
   On 6 May 2014 Colonial's syndicate loan was totally repaid.

2. SFL currently has two syndicate loans:

   a) A syndicate loan for a nominal amount of €400m, with an undrawn amount of €345m at 31 March 2014, which was signed with the agent bank "BNP PARIBAS" on 8 October 2009 and refinanced with the agent on 4 July 2013, maturing in July 2018. The applicable spread is between 180 bp and 230 bp, subject to the LTV level.

   b) On 17 December 2010, a new syndicate loan was signed for a nominal amount of €350m, with the agent bank "Natixis Banques Populaires", maturing in December 2015. The applicable spread is 215 bp. This loan at 31 March 2014 was totally undrawn.

3. SFL's bonds for €1,000m, of which €500m were issued on 17 May 2011, and €500m on 28 November 2012, with an annual fixed coupon of 4.625% and 3.50%, maturing on 25 May 2016 and 28 November 2017, respectively. These bonds are unsubordinated and non-preferential, and have been accepted for listing on the regulated market of Euronext Paris.

4. Bilateral loans with mortgage securities:

   a) The Colonial Group held, at 31 March 2014, a total of €298m in bilateral loans with various financial institutions, with mortgage securities on various property assets. Excluding the loan of TMN, virtually all of the bilateral loans of the company were cancelled on 6 May 2014.

   b) SFL has a total of €236m in bilateral loans with various financial institutions, with mortgage securities on property assets. The average maturity of these loans is 3.2 years and the average financing spread is 187 bp.

5. Bilateral loans without mortgage securities:

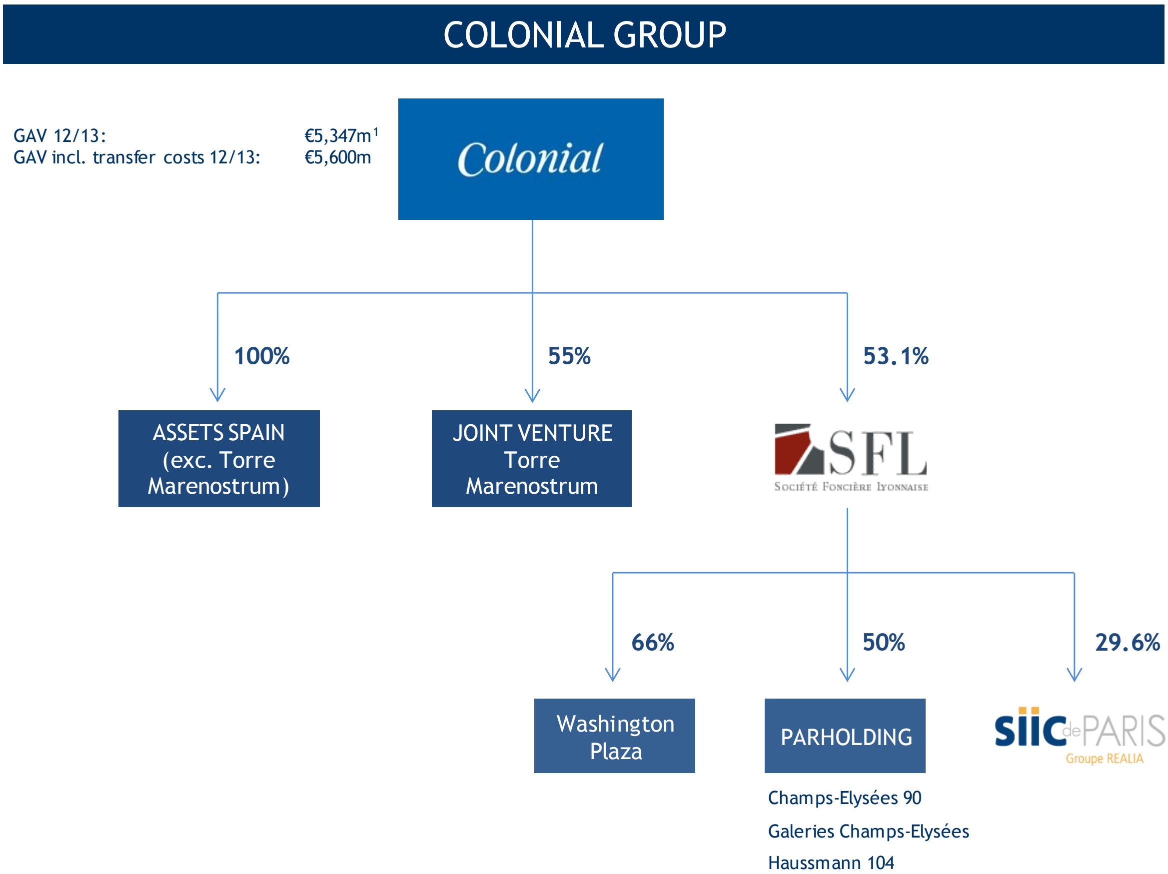
   a) Colonial had, at 31 March 2014, a total of €11m in a single loan without a mortgage security, with an average maturity of 0.7 years and an average financing spread of 175 bp. This loan was cancelled on 6 May 2014.

   b) SFL has various loans for a total of €201m, with an average maturity of 0.1 years and an average financing spread of 57 bp.

   c) Through one of its subsidiaries, the Colonial Group had, at 31 March 2014, a subordinate loan for the amount of €43m, with an average life of 2.8 years and an average financing spread of 400 bp, totally capitalizable. This loan may be converted into a participative loan if the equity of the subsidiary is found in a mercantile situation of dissolution. Additionally, the loan counts on a third mortgage on an asset of the subsidiary. This loan was cancelled on 6 May 2014.

- The liquidity at 31 March 2014 amounted to €794m (current accounts and deposits of €54m and undrawn debt of €740m) of which €71m correspond to Spain and €723m to France.

6.7 Appendix - Legal structure



Colonial also maintains a minority stake of 17.34% in Asentia.

Notes:

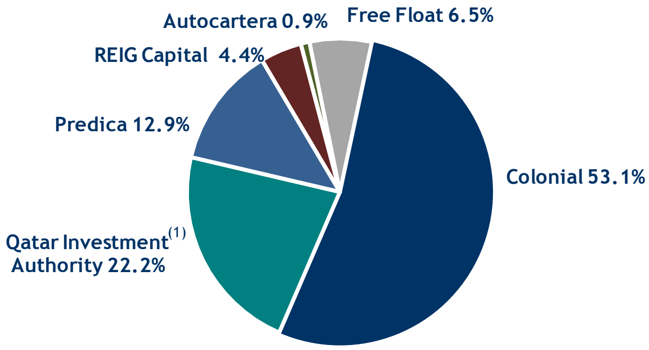
(1) GAV Spanish assets + 100% GAV SFL Group + NAV of the 29.6% stake in SIIC de Paris

6.8 Appendix – Subsidiaries - Details

Shareholder structure and Board of Directors of SFL

The high level of interest to participate in the Colonial Group's project has also resulted in a change in the shareholding of SFL, replacing shareholders on the way out with long-term shareholders with strategies in line with those of the Colonial Group, with regards to the Paris market.

***SFL** - Shareholder structure at 15 May 2014*



Board of Directors SFL

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee
Juan José Brugera Clavero	Chairman	Colonial	Chairman	Member	
Carlos Fernández-Lerga Garralda	Director	Colonial			Chairman
Carmina Ganyet Cirera	Director	Colonial	Member		
Luis Maluquer Trepat	Director	Colonial			
Pere Viñolas Serra	Director	Colonial	Member	Chairman	
Angels Arderiu Ibars	Director	Colonial			
Carlos Krohmer	Director	Colonial			
Jean-Jacques Duchamp	Director	PREDICA • Assurances de personnes	Member		Member
Reig Capital Group Luxembourg SARL (Alejandro Hernandez-Puertolas)	Director	REIG CAPITAL GROUP			
Jacques Calvet	Independent Director				Member
Anne-Marie de Chalambert	Independent Director				
Tony Wyand	Independent Director			Member	

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

6.9 Appendix - Additional Information

EPRA Net Profit

EPRA Earnings - March cumulative - €m	2014	2013
Earnings per IFRS Income statement	**674**	**(24)**
Adjustments to calculate EPRA earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	0	(1)
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	0	2
(iii) Exceptional items	1	-
(iv) Tax credits impairment	0	0
(v) Changes in fair value of financial instruments and associated close-out costs	32	6
(vi) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(0)	0
(vii) Minority interests in respect of the above	(1)	(3)
EPRA net profit - pre company-specific adjustments	**706**	**(21)**
(vii) Company-specific adjustments - discontinued operations	(704)	21
EPRA net profit - post company-specific adjustments	**2.5**	**(0.2)**

6.10 Appendix - Glossary

Earnings per share (EPS)	Profit from the year attributable to the shareholders divided by the 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
Asentia deconsolidation	Exit from the consolidation perimeter of the Colonial Group or consideration as an associated company
EBITDA	Operative results 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 Holding Colonial	Gross Asset Value of directly-held assets + NAV of the 55% stake in the JV with Torre Marenostrum + NAV of 53.1% stake in SFL
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 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

6.10 Appendix – Glossary (cont.)

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 NAV	EPRA Net Asset Value (EPRA NAV) is calculated based on the consolidated equity of the company and adjusting some items following the recommendations of the EPRA
EPRA NNNAV	The EPRA NNNAV is calculated adjusting the following items in the EPRA NAV: the fair market value of the financial instruments, the fair market value of the debt, the taxes that would be accrued with the sale of the assets at their market value applying tax benefits for reinvestments and the tax credit on balance, considering a going concern assumption
Occupancy - surfaces	Percentage: occupied square metres of the portfolio at the closing date of the report/surfaces in operation of the portfolio
Occupancy - EPRA	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)
Reversionary potential	This is the result of comparing the rental revenues from current contracts (contracts with current occupancy and current rents in place) with the rental revenues that would result from 100% occupancy at market prices, estimated by independent appraisers. Projects and refurbishments are excluded
Projects underway	Property under development at the closing date of the report
RICS	Royal Institution of Chartered Surveyors
SFL	Société Foncière Lyonnaisse
TMN	JV 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
Gross Yield	Gross rents/market value excluding transfer costs
Net Yield	Net rents/market value including transfer costs
€m	In millions of euros

6.11 Appendix - Contact details

Investor Relations

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

Shareholders Office

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

Colonial Website

www.inmocolonial.com

Capital Market registry data - Stock market

Bloomberg: COL.SM
ISIN code: ES0139140042
Indices: IPD, EPRA (FTSE EPRA/NAREIT Developed Europe & FTSE EPRA/NAREIT Developed Eurozone)

6.12 Appendix – Disclaimer

This presentation includes forward-looking statements. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of Colonial are forward-looking statements. Forward-looking statements included in this presentation have not been verified by an independent entity and therefore their accuracy and completeness should not be assumed. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause such actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of Colonial and the environment in which they expect to operate in the future. Forward-looking statements speak only as of the date of this presentation and Colonial expressly disclaims any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this presentation, any change in their expectations or any change in events, conditions or circumstances on which these forward-looking statements are based.

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