Colonial

First quarter results
January-March 2015

7 May 2015

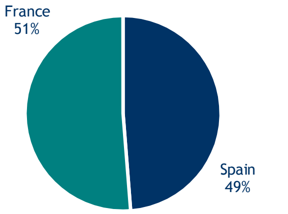
At the end of the first quarter of 2015, the Colonial Group obtained rental revenues of €55m, an increase of 7.2% like-for-like compared to the same period of the previous year.

- **Recurring EBITDA of the Group: €41m, +9% like-for-like vs. the previous year**
- **The recurring net profit amounted to €5.8m, +€3.4m vs. the previous year**

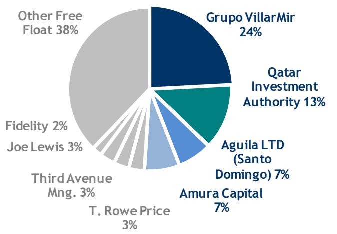
Capital Structure

GAV Parent Company 31/12/2014 (€m) (1)	2,523
Parent LTV 3/2015 (2)	37%
Group LTV 3/2015 (3)	43%
EPRA NAV 31/12/2014(4) - €m	1,521
EPRA NAV 31/12/2014(4) - cents. of €/share	47.7
Prem./Disc. NAV (31/03/15)	32%

Valuation - by market (Parent)-12/2014



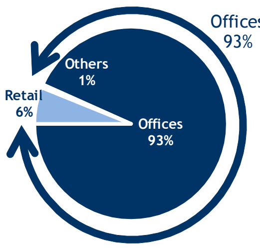
Shareholder structure Colonial



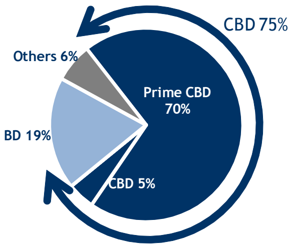
Portfolio - 31/03/2015

GAV Group 31/12/2014 (€m)	*5,757*
No. of assets Spain (5)	32
No. of assets France	19
Total no of assets	**51**
Lettable surface above ground	646,110
Developments underway - surf. above ground (6)	79,231
Surface above ground (sqm)	**725,342**

Valuation - by uses - 12/2014



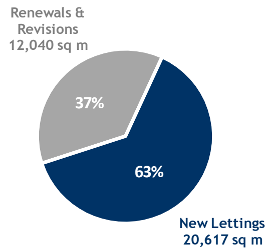
Valuation - by area - 12/2014



Key performance indicators - 31/03/2015

	Total	Barcelona	Madrid	Paris
New contracts	20,617	6,260	2,125	12,232
Renewals & revisions	12,040	372	4,119	7,549
Total commercial effort (sq m)	**32,657**	6,632	6,244	19,781
EPRA Office occupancy (7)	**84%**	79%	91%	83%
Rental revenues (€m)	**55**	6	8	40
% Like-for-like	*7.2%*	(0.6%)	*8.1%*	*8.4%*

Breakdown letting performance



Key Financial indicators - 31/03/2015 - €m

	2014	2013	Var.	Var. LFL
Rental revenues	55	53	5%	7%
EBITDA rents	49	47	3%	8%
EBITDA/rental revenues	89%	90%	-	-
EBITDA recurring business	41	40	3%	9%
Recurring Net Profit (8)	5.8	2.5	137%	-
Net result attributable to the Group	4.8	674	-	-

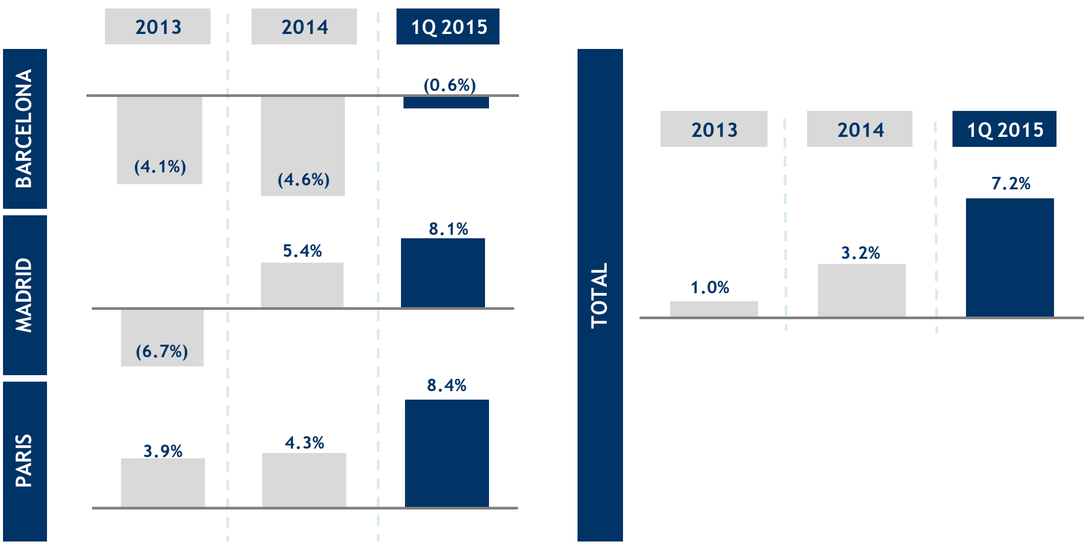
(1) GAV Parent Company: Value of assets directly-held + NAV of the 55% stake in the SPV with Torre Marenostrum + NAV of the 53.1% stake in SFL
(2) Net debt Holding excluding committed cash 03-2015 / GAV Parent Company (incl. Transfer costs) 12-2014
(3) Net debt Group excluding committed cash 03-2015 /GAV Group (incl. Transfer costs) 12-2014
(4) EPRA NAV according to the calculation recommended by EPRA
(5) Excluding small non-core retail assets
(6) Projects & refurbishments
(7) EPRA occupancy: Financial occupancy according to the calculation recommended by EPRA (occupied surfaces x the market prices/surfaces in operation at market prices)
(8) Recurring Net Profit= Epra Earnings - post company-specific adjustments

Highlights

1 1Q Results 2015

At the end of the first quarter of 2015, the rental revenues of the Colonial Group reached €55m, a 7.2% increase like-for-like. This increase is clearly above the rental growth of the previous two years and shows the strong recovery of the Colonial Group's portfolio in all of the markets in which the Group operates.

"Like for Like" Rental Growth

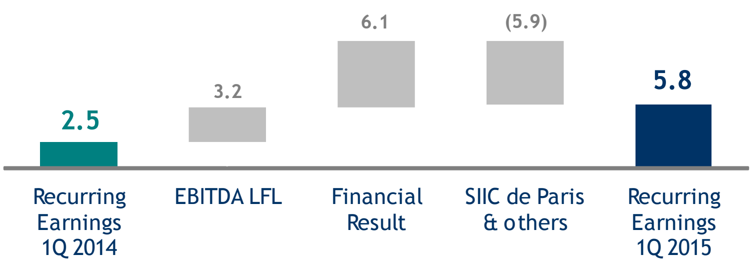


In particular, the rental growth of the **Madrid** and **Paris** portfolio was outstanding. Both portfolios achieved an 8% like-for-like rental growth vs. previous year.

In **Barcelona**, the variance of rental revenues was flat (-0.6% like-for-like), however this performance is clearly better than the rental evolution in 2013 and 2014.

The recurring net profit of the Colonial Group amounted to €5.8m at the close of the first quarter of 2015, €3.4m higher than the same period of the previous year (2.37x the 1Q 2014 results)
The like-for-like increase in EBITDA, together with lower financial expenses, have offset the negative variance due to the disposal of SIIC de Paris, and other non-comparable factors.

Variance Recurring Earnings - €m



The attributable net profit of the Group is positive and amounts to €4.8m, a figure lower than that registered the year before, due to the positive extraordinary impact of the "deconsolidation"[5] of Asentia carried out last year.

Results analysis - €m	2015	2014	Var.	Var. % [1]
Rental revenues	55	53	2	5%
Net operating expenses [2] & other income	(6)	(4)	(1)	(26%)
Overheads	(8)	(8)	(0)	1%
Recurring EBITDA	41	40	1	3%
Results associated to SIIC de Paris - recurring	0	2	(2)	(100%)
Recurring financial result	(23)	(29)	6	21%
Income tax expense & others - recurring result	(3)	(1)	(1)	(94%)
Minority interest - recurring result	(10)	(10)	(0)	(4%)
Recurring net profit - post company-specific adjustments [3]	5.8	2.5	3.4	137%
EPRA Earnings - pre company-specific adjustments [4]	5.8	675	(670)	n.a.
Profit attributable to the Group	4.8	674	(669)	n.a.

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

2 Highlights of the rental portfolio

I. Letting activity - Commercial effort

During the first quarter of 2015, the Colonial Group signed rental contracts for 32,657 sq m, of which 63% (20,617 sq m) corresponded to new contracts.

In **Spain, contracts were signed for more than 12,000 sq m**, worth highlighting in Barcelona 1,500 sq m signed for the Avenida Diagonal 609-615 (DAU) building, with a multinational pharmaceutical company, and more than 1,000 sq m signed with a leading financial institution for the Avenida Diagonal 530 building.

In addition, as at the date of this report, in Spain the Colonial Group has more than 12,000 sq m in an advanced stage of negotiation, which are expected to be signed in the coming months.

(5) *The deconsolidation of Asentia refers to the exit from the consolidation perimeter*

In **France, close to 20,000 sq m were signed**, a record figure compared to previous quarters. In particular, worth mentioning is the signing of almost 10,000 sq m for the #Cloud project with the company Exane. This transaction results in approximately 30% of the property being pre-let eight months prior to the delivery of the project, which is located in the centre of Paris with the highest energy certifications (HQE, Breeam & LEED Gold).

In addition, it is important to highlight the signing of a 12 year fixed term contract for 7,500 sq m at 131 Wagram with TV5 Monde. This transaction, as well as the one for #Cloud, were completed with rental prices at the high end of the market.

The main actions of the Colonial Group are shown below:

Main contracts signed in Spain

Building	Tenant	sq m
JOSE ABASCAL, 56	Roca Junyent	2,209
RECOLETOS, 37-41	Legal institution	1,910
BERLIN NUMANCIA	Multinational consultant	1,509
AV. DIAGONAL, 609-615 (DAU)	Pharmaceutical company	1,488
AV. DIAGONAL, 530	Leading financial institution	1,148

Main contracts signed in Paris

Building	Tenant	sq m
#CLOUD	Exane	9,706
131 WAGRAM	TV5 Monde	7,549
EDOUARD VII	Multimedia company	1,879

II. Occupancy

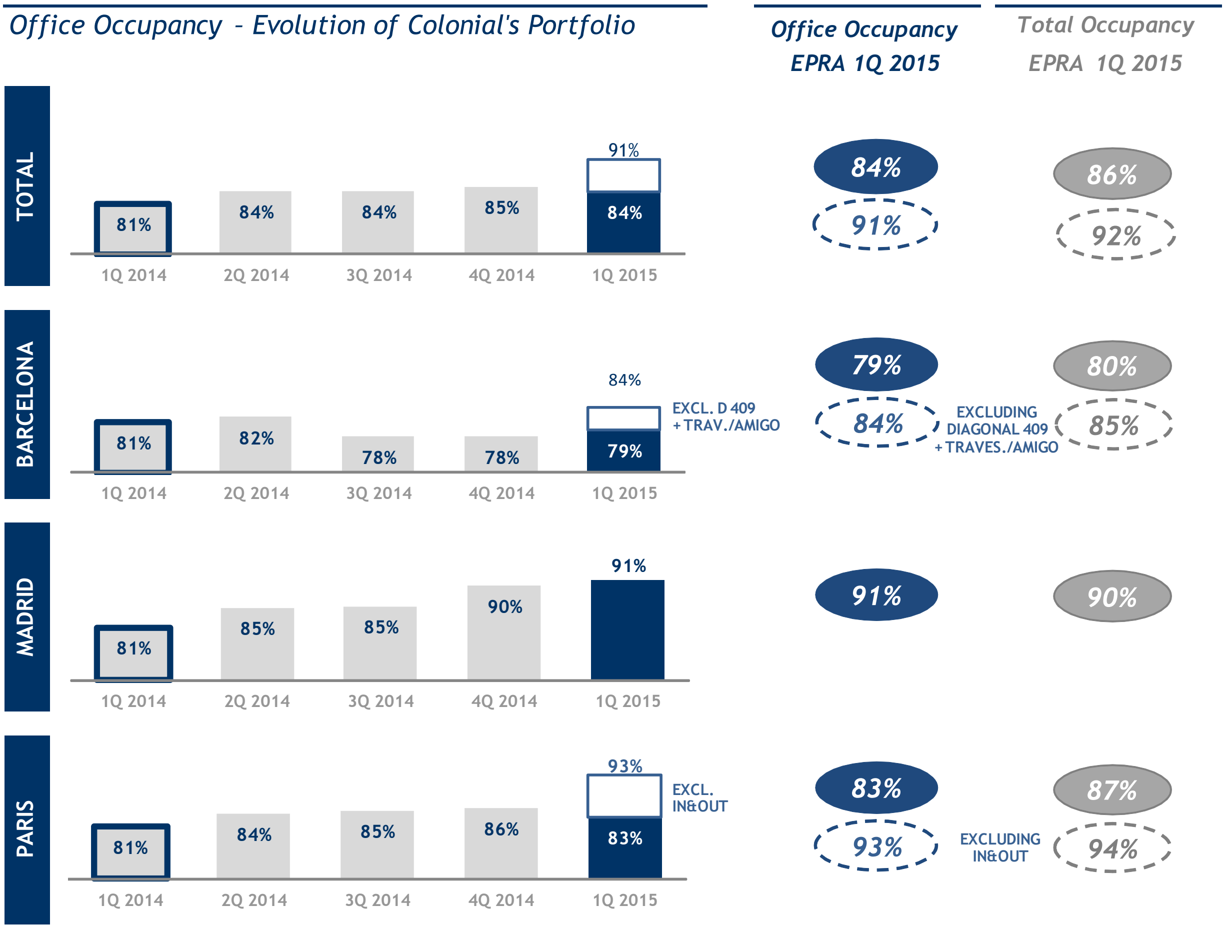
EPRA financial occupancy for the office portfolio is 84% (86% including all uses), 270bp above the occupancy during the same period of the previous year. In respect of December 2014, the occupancy slightly decreased, mainly due to the entry into operation of more than 4,400 sq m of repositioned surface areas in the Washington Plaza property, which will enable Colonial to attract top tier demand in central Paris.

The Spanish portfolio continues to show progressive improvements in occupancy that started in previous quarters. In particular, it is worth mentioning **Madrid**, with an **EPRA financial occupancy for the office portfolio of 91%. Barcelona** improved 100bp compared with the last quarter of the previous year up to 79%. However, the financial occupancy is still affected by the entry into operation of Diagonal 409 and Travessera de Gràcia/Amigó. Excluding these assets, the financial occupancy of the portfolio is 84%.

In **France**, the vacancy mainly relates to the In/Out building which is still in the commercialisation phase. **Excluding this "effect", as well as those of the recently delivered projects in Barcelona, the EPRA financial occupancy of the Group is above 90%.**

The EPRA financial occupancy is 84% (86% including all uses) and is reaches levels above 90%, excluding the Travessera de Gràcia/Amigó, Diagonal 409 and IN/OUT assets.

EPRA FINANCIAL OCCUPANCY(1)



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

3 Capital structure

The Colonial Group has a solid capital structure with over €670m of undrawn balances at 31 March 2015.

As at March 2015, the Group's net debt amounted to €2,600m(1) with a LTV (Loan to Value) of 43%(2)
The LTV (Loan to Value) of the parent company in Spain is 37%(3).
It is worth mentioning that during April 2015, Standard & Poor's positively reviewed the **rating** of **Société Foncière Lyonnaise** (French subsidiary of the Group), ranking it **BBB$^-$ with a positive outlook.**

(1) *Net debt of the Group at 31/03/2015 (excluding committed cash)*
(2) Financial net debt Group, excluding committed cash at 03/2015/ GAV Group (including transfer costs) at 12/2014
(3) Financial net debt Holding, excluding committed cash at 03/2015/ GAV Parent company (including transfer costs) at 12/2014

Contents

1. Financial statements

Analytical Consolidated Profit and Loss Account

March cumulative - €m	2015	2014	Var.	Var. % [1]
Rental revenues	55	53	2	5%
Net operating expenses [2]	(6)	(5)	(1)	(17%)
EBITDA rents	49	47	1	3%
Other income	0	1	(0)	(38%)
Overheads	(8)	(8)	(0)	(1%)
EBITDA recurring business	41	40	1	3%
Results associated to SIIC de Paris	0	2	(2)	(100%)
EBITDA - asset sales	0	0	0	-
Exceptional items	0	(1)	(1)	-
Operating profit before revaluation, amortizations and provisions and interests (incl. Results associated to SIIC de Paris)	41	41	0	0%
Change in fair value of assets	(0)	0	(0)	-
Amortizations & provisions	(0)	(0)	0	-
Financial results	(25)	(61)	36	59%
Profit before tax	16	(20)	36	179%
Income tax	(2)	(2)	(1)	(44%)
Gain/ loss on discontinued operations	0	704	(704)	-
Minority Interests	(9)	(8)	(1)	(6%)
Profit attributable to the Group	4.8	674	(669)	-

Results analysis - €m	2015	2014	Var.	Var. % [1]
Rental revenues	55	53	2	5%
Net operating expenses [2] & other income	(6)	(4)	(1)	(26%)
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[3] Recurring net profit = EPRA Earnings - post company-specific adjustments.
[4] EPRA Earnings = Recurring net profit pre company-specific adjustments

Recurring operating result

- At the close of the first quarter of 2015, the Group reached a recurring EBITDA of €41m, 3% higher than the same period of the previous year.
  Like-for-like[1] recurring EBITDA was at €38m, a figure 9% higher than the previous year.

  The operating result of the property portfolio **(EBITDA rents) increased by 8% in like-for-like terms.**

  This increase is mainly due to higher rental revenues, in like-for-like terms, in the Madrid and Paris portfolios.
  This variance is analysed in detail in the 'Business Performance' section of this report.

Operating Results

March cumulative - €m	2015	2014	Var. % (*)
EBITDA rents like-for-like	**46**	**43**	**8%**
EBITDA - overheads	(8)	(8)	(1%)
EBITDA - other like-for-like income	0	0	(73%)
EBITDA - recurring like-for-like	**38**	**35**	**9%**
Non-comparable EBITDA	3	5	(41%)
EBITDA - recurring	**41**	**40**	**3%**

(1) Sign according to the profit impact

(1) Like-for-like EBITDA, adjusting for disposals, variances in the project portfolio and other extraordinary effects

Financial results

- The total financial results of the Group up to 31 March 2015 amounted to €(25)m, of which €(23)m corresponded to recurring financial results and €(2)m to non-recurring financial expenses.

  The total financial results decreased by 59% compared to the first quarter of the previous year, due to a drastic decrease in the non-recurring financial costs, that in the previous year mainly related to 686bp of capitalizable PIK interest of the old syndicate loan that was repaid in May 2014.

- The recurring financial expenses of the Group were 21% below the same period of the previous year, due to the reduced volume of debt according to the recapitalization carried out in 2014.

  The capitalized interests correspond to the financing costs of a project in France.

Financial results

March cumulative - €m	SP	FR	2015	2014	Var. % (1)
Recurring financial expenses - Spain	(11)	0	(11)	(15)	(27%)
Recurring financial expenses - France	0	(14)	(14)	(15)	(9%)
Capitalized interest expenses	0	2	2	1	74%
Recurring Financial Result (excluding equity method)	**(11)**	**(12)**	**(23)**	**(29)**	**(21%)**
Change in fair value of financial instruments & others	0	(2)	(2)	(32)	(94%)
Financial Result (excluding equity method)	**(11)**	**(14)**	**(25)**	**(61)**	**(59%)**

(1) Sign according to the profit impact

- In contrast to the first quarter of 2014, the non-recurring financial expenses fully relate to France and correspond to variances in the value of the financial instruments, mainly due to the impact of the anticipated cancellation of non-IAS-compliant hedging transactions.

- The breakdown of the Group's financial cost of debt is shown in the chart below:

March cumulative - €m	SP	FR	2015	2014	Var. %
Average cost of debt	4.45%	2.88%	3.50%	2.87%	*63bp*
Arrangements & Drawdown fees	0.00%	0.63%	0.37%	0.31%	6bp
Cost of debt - % total (incl. comissions)	**4.45%**	**3.51%**	**3.87%**	**3.18%**	69bp
Average spread (without comissions)	**388bp**	**182bp**	**303bp**	**182bp**(1)	*121bp*

(1) Does not include the "step-up" interest of the old syndicate loan

- The average credit spread of the Group (excluding fees) for the first quarter of 2015 is 303 bp over Euribor (388 bp in Spain and 182 bp in France).

  The average credit spread of the previous year was 182 bp and reached 620pb including the capitalizable PIK interest of the old syndicate loan ("step-up" interests).

2. Office markets

Macroeconomic context[1]

After a start of the year with financial volatility at the beginning of 2015, the capital markets have calmed down, as a combined result of quantitative easing policies of the central banks, positive data of activity in many economies and the partial resolution of some geostrategic and political conflicts. This temporary relief enables to increase the confidence in the fact that global expansion will become stronger over the coming months, despite the disparity between countries. The advanced GDP data indicates a year-on-year global growth of 3.4% in the first quarter of 2015.

European perspectives are gradually improving thanks to economic factors such as the drop in oil prices and the depreciation of the euro. The data shows that the recovery is progressing and will continue in a balanced way. However, the disparity between countries remains high and there are still considerable challenges to be faced by the Eurozone, with the long-term challenges carrying the greatest difficulties. According to the OECD, a GDP growth of 1.4% is expected in 2015 for the Euro zone and a 2.0% growth in 2016.

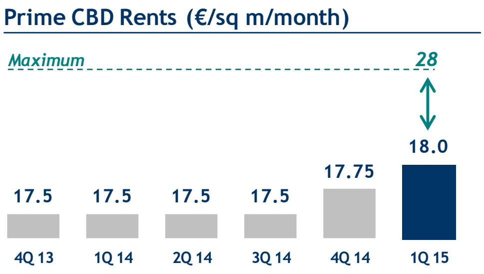
Recovery of the **Spanish** economy is being confirmed month by month. The advanced GDP data for the first quarter of 2015 indicates a quarter-on-quarter growth rate of 0.8%, rate above expectations. The temporary factors which have been driving the growth (the depreciation of the euro, the low oil price, a less contractionary fiscal policy and restored consumer and corporate confidence) have been backed by the expectations and reality of more flexible financial conditions due to the quantitative easing program implemented by the European Central Bank (ECB). These factors can bring the Spanish economy close to an annual growth of 3%, especially if the international financial environment is favourable.

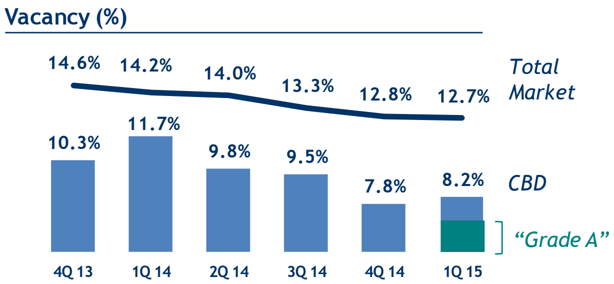
In **France**, despite the slight drop in some indicators, economic data from the first quarter is in line with a moderate GDP growth (0.1%). According to the main analysts, the French market is expected to get back on the track of continuous growth over the coming quarters to reach a GDP growth of 1.3% in 2016.

(1) Source: Monthly report by "la Caixa"

Rental market situation - offices [1]

Barcelona – Rental Market





- According to the main brokers, the office take up in Barcelona in the first quarter of 2015 amounted to 70,500 sq m, 16% more than the same period of the previous year. During this period almost one hundred transactions were carried out, of which 30% were carried out in the CBD area.

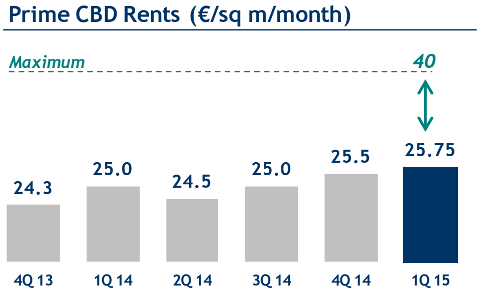
- The average vacancy rate in the first quarter of 2015 stood at 12.7% for the total market, representing a decrease of one and a half percentage points in only one year. According to the forecasts of the main analysts, it will continue to gradually decline due to the scarce supply of new properties for the currently vast demand. The scarce supply of new office buildings in the city of Barcelona for the vast demand continues to be a real problem that will continue for the coming two years. In fact, in 2015 no speculative project is expected to come onto the market.

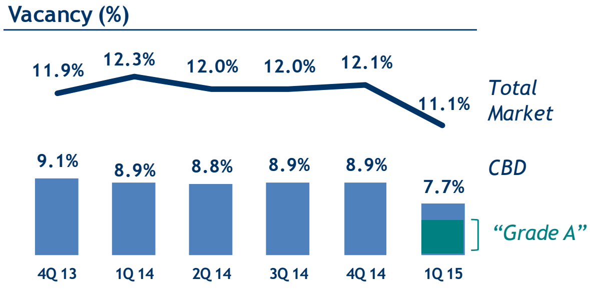
- The CBD vacancy rate is at 8% and is even lower if we only consider Grade A products.

- Office rental levels in Barcelona continue with moderate increases for the second consecutive quarter. In this respect, in all areas of the city, with the exception of the peripheral areas, the main analysts forecast an upturn in rents.
  The **prime rents** in Paseo de Gracia/Diagonal reached **€18/sq m/month**, an increase of almost 3% in just six months. Rent-free periods and incentives are also beginning to be slightly reduced.

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

Madrid - Rental Market [1]





- During the first three months of 2015, the take up of office space amounted to over 133,000 sq m, the highest figure registered in a first quarter since 2007, only exceeded in 2013 when it reached 150,000 sq m, but of which 50,000 sq m corresponded to just one transaction related to Vodafone.

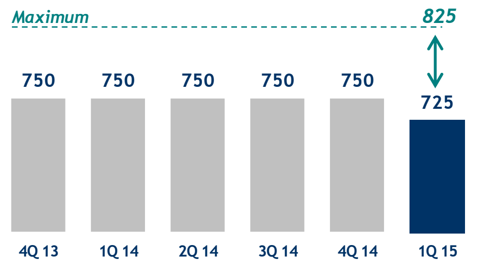
- There is a clear scarcity of quality products in central locations for tenants with the need for large spaces. The CBD area attracted 36% of the take up.

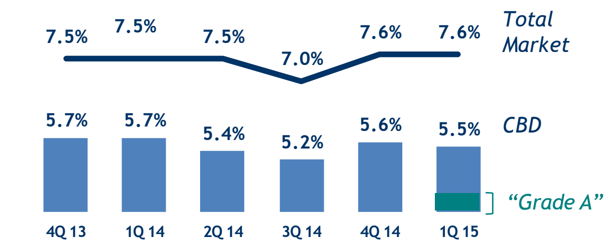
- The vacant surface absorbed by the quarterly take up as well as spaces that exit the market in order to be refurbished have pushed down the availability in all areas, decreasing the vacancy rate for the total market down to 11.1%.
  The CBD vacancy rate is below 8% and is even lower if we only consider Grade A products.
  On the other hand, the pre-lettings carried out over recent months still have not had an impact on immediate availability. It is expected that this effect will be visible after the next six months. Likewise, the trend over recent quarters of very limited production of new supply will continue.

- Except the slight upward trend in rents in the CBD market, the prices will remain almost unchanged. **The maximum rents in the CBD area** continued to increase up to **€25.75/sq m/month**. This upward trend in rents is catching on in the BD, reaching a maximum level of €15/sq m/month and thereby consolidating the upward trend in rents in the best buildings in the central areas of the city.

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

Paris - Rental Market [1]





- The office take up in the Paris region was particularly difficult during the first three months of the year, with only 373,000 sq m of signed contracts, representing a decline of 27% compared to the previous year.

  The segment of small and medium sized surfaces (less than 1,000 sq m) increased slightly with respect to the previous year, while the segment of intermediary surfaces (1,000 sq m to 5,000 sq m) are on the decline, with a decrease of 21% compared to the previous year, and large transactions have been almost non-existent.

  However, it should be mentioned that only five transactions of more than 4,000 sq m have been registered in Paris, of which two are located in the CBD area: Richemont 33 Rue Lafayette (Paris 9e) and Exane in #Cloud (property owned by the Colonial Group).

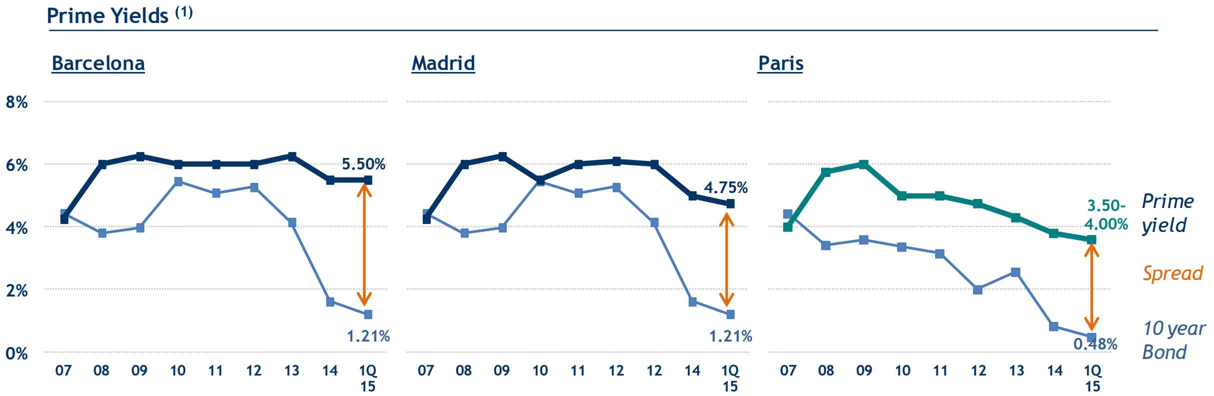
- The available office space at the end of the first quarter of 2015 was slightly higher than 4 million sq m, resulting in a vacancy rate of 7.6% for the Paris region.

  However, in the CBD area, supply is scarce and the vacancy rate remained stable at 5.5%, and with almost inexistent availability of Grade A products.

- The prime rental prices in the CBD area decreased slightly to €725/sq m/year. The average rental prices for properties in the CBD area have moderately recovered reaching €660/sq m/year.

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

Investment market situation - Offices



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

- **Barcelona**: The first quarter of 2015 continues with strong demand by investors. The products available do not cover even a tenth of the investment needs of investors. Location, asset quality and quality of tenants are the requisites of investors looking for immediate returns. Unfortunately, there is scarce supply to be able to meet these needs.
  Therefore, there are higher possibilities for transactions of assets with a lower core profile that need real estate management. The investment volume in the first quarter of 2015 was €93m. **The prime yields remained stable at 5.5% in the Paseo de Gràcia/Diagonal area.**

- **Madrid**: Investor interest to take advantage of the current market cycle continues to increase investment volumes up to €487m, exceeding by 238% the figure of the same quarter of the previous year. Investors anticipate an improvement in rents and are willing to close transactions with more aggressive yields and ever increasing capital values, even in peripheral locations, a sub-market where the majority of transactions are carried out, given the lack of prime products.
  Prime yields reached 4.75%, a yield which has not been reached in the Madrid office market since 2007. Even lower yields could be reached for specific, high quality buildings located in the CBD area.

- **Paris:** The investment volume during the first quarter of 2015 amounted to €3,565m which represents an increase of 13% if compared with the same quarter of the previous year. The market again confirms its international dimension with a distribution in equal volumes between French and international investors. At the end of the first quarter, **the prime yields reduced by 25 basis points, reaching the range of 3.50-4.00%.**

It is important to highlight that in the three markets, the spread between prime yields and ten-year bonds stands at very high levels.

Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield, CBRE and BNP Paribas

3. Business performance

Rental revenues and EBITDA of the portfolio

- The rental revenues reached €55m, 5% higher than the rents of the previous year.

  In **like-for-like terms**, adjusting for investments, disposals and variations in the project and refurbishment portfolio and other extraordinary income, **the rental revenues of the Group increased by 7.2% like-for-like.**

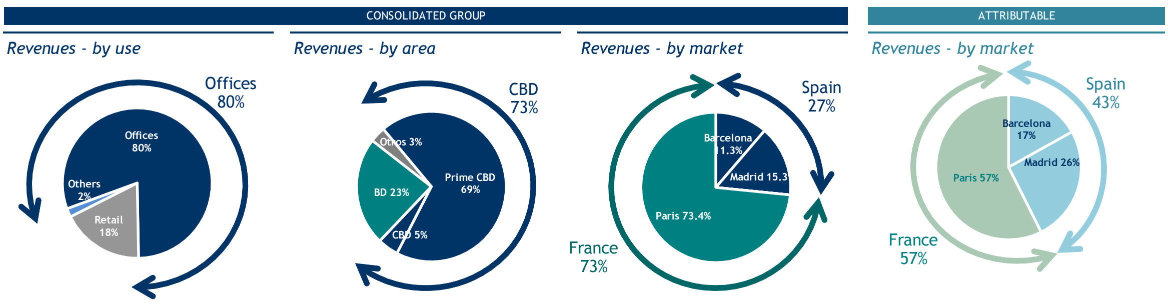
  In **Paris, the rental revenues increased by 8.4% like-for-like.** In **Spain, the rental revenues grew by 4.3% like-for-like, mainly due to the Madrid portfolio, which went up by 8.1%.**

  The like-for-like increase in rental revenues mainly corresponds to the new contracts signed for the Alfonso XII, Martínez Villergas, Miguel Ángel, Edouard VII, Washington Plaza and 131 Wagram assets.

Variance in rents (2015 vs. 2014) €m	Barcelona	Madrid	Paris	Total
Rental revenues 2014R	8.5	7.8	36.4	52.7
Like-for-like	*(0.0)*	*0.6*	*2.9*	*3.5*
Projects & refurbishments	*0.1*	*0.0*	*(1.1)*	*(1.0)*
Acquisitions & Disposals	*0.1*	*0.0*	*2.2*	*2.2*
Indemnities & others	*(2.3)*	*0.0*	*0.0*	*(2.3)*
Rental revenues 2015R	6.2	8.4	40.4	55.1
Total variance (%)	*(26.3%)*	*8.1%*	*10.9%*	*4.5%*
Like-for-like variance (%)	*(0.6%)*	*8.1%*	*8.4%*	*7.2%*

- **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 (73%).

  In consolidated terms, 73% of the rental revenues (€40m) came from the subsidiary in Paris and 27% were generated by buildings in Spain. In attributable terms, 57% of the rents were generated in France and the rest were in Spain.



- **Rental EBITDA reached €49m, an 8% increase in like-for-like terms**, with an EBITDA margin of 89%.

Property portfolio

March cumulative - €m	2015	2014	Var. %	Like-for-like %
Rental revenues - Barcelona	6	8	(26%)	(1%)
Rental revenues - Madrid	8	8	8%	8%
Rental revenues - Paris	40	36	11%	8%
Rental revenues	**55**	**53**	**5%**	**7%**
EBITDA rents Barcelona	5	7	(31%)	0%
EBITDA rents Madrid	7	6	14%	13%
EBITDA rents Paris	37	34	9%	9%
EBITDA rents	**49**	**47**	**3%**	**8%**
EBITDA/Rental revenues - Barcelona	*82%*	*88%*	*(6.1 pp)*	
EBITDA/Rental revenues - Madrid	*86%*	*82%*	*4.7 pp*	
EBITDA/Rental revenues - Paris	*90%*	*92%*	*(1.9 pp)*	
EBITDA/Rental revenues	***89%***	***90%***	*(1.2 pp)*	

Pp: Percentage points

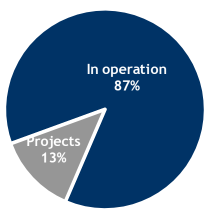
It is important to take into account that a large part of the difference between the rental revenues and the EBITDA rents relates to the non-invoiced costs due to the currently low occupancy levels. Taking into account that the Colonial Group invoices the majority of its property costs to its tenants, gradual improvements in the occupancy of the assets will have a significant positive impact on the rental EBITDA, obtaining high levels of EBITDA/revenues, as was the case in years prior to the crisis (see Appendix 6.5).

Portfolio letting performance

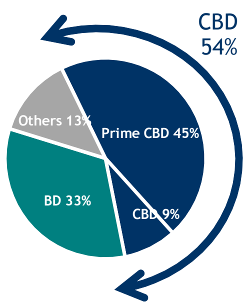
- <u>**Breakdown of the current portfolio by surface area:**</u> At the end of the first quarter of 2015, the Colonial Group's portfolio totalled 1,026,828 sq m (725,342 sq m above ground), focused mainly on office assets.

  At 31 March 2015, 87% of the portfolio was in operation and 13% corresponds to an attractive portfolio of projects and refurbishments.

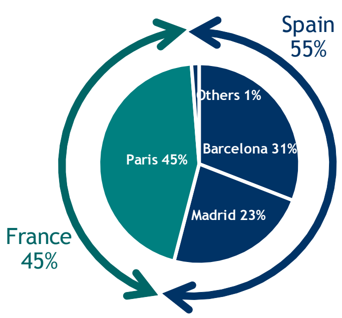
Surface - by condition



Surface - by area



Surface - by market



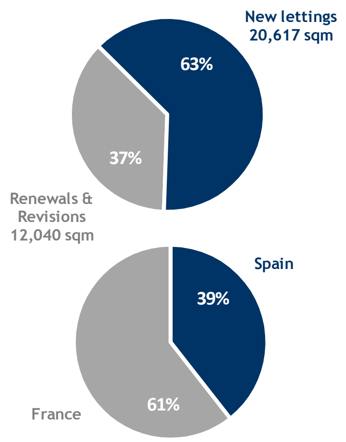
- **Signed contracts:** During the first quarter of 2015, the Group signed a **total of 32,657 sq m of contracts** (39% in Spain and 61% in France).

  New lettings: Out of the total commercial effort, 63% (20,617 sq m) is related to surfaces of new contracts. It is worth mentioning the high volume of new contracts signed in the first quarter in the Barcelona office portfolio, exceeding by more than 60% the new lettings signed in the last quarter of the previous year.

  Renewals: Contract renewals were carried out for 12,040 sq m. The new rental prices relating to these contracts resulted in a decrease of 11% with respect to previous rents.
  However, the prices signed on the lettings in the portfolio, both in Spain and in France, are on average above the market prices estimated by independent appraisers as of December 2014.

Letting Performance

March cumulative - sq m	2015	% New rents vs. previous	Average maturity
Renewals & revisions - Barcelona	372	*(23%)*	2
Renewals & revisions - Madrid	4,119	*(11%)*	3
Renewals & revisions - Paris	7,549	*(11%)*	12
Total renewals & revisions	**12,040**	***(11%)***	**9**
New lettings Barcelona	6,260		3
New lettings Madrid	2,125		2
New lettings Paris	12,232		10
New lettings	**20,617**	**n/a**	**7**
Total commercial effort	**32,657**	**n/a**	**8**



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	Av. Diagonal, 609-615 (DAU)	Pharmaceutical company & others	1,984
	Berlín - Numancia	Multinational consultant	1,509
	AV. DIAGONAL, 530	Leading financial institution	1,148
MADRID	Jose Abascal, 56	Roca Junyent	2,209
	Recoletos, 37-41	Legal institution	1,910
PARÍS	#Cloud	Exane	9,706
	131 Wagram	TV5 Monde	7,549
	Edouard VII	Multimedia company	1,879

In **Spain**, new contracts were signed for 12,000 sq m, worth highlighting in Barcelona, 1,500 sq m signed for the Avenida Diagonal 609-615 (DAU) building with a multinational pharmaceutical company and more than 1,000 sq m for the Avenida Diagonal 530 building with a leading financial institution.

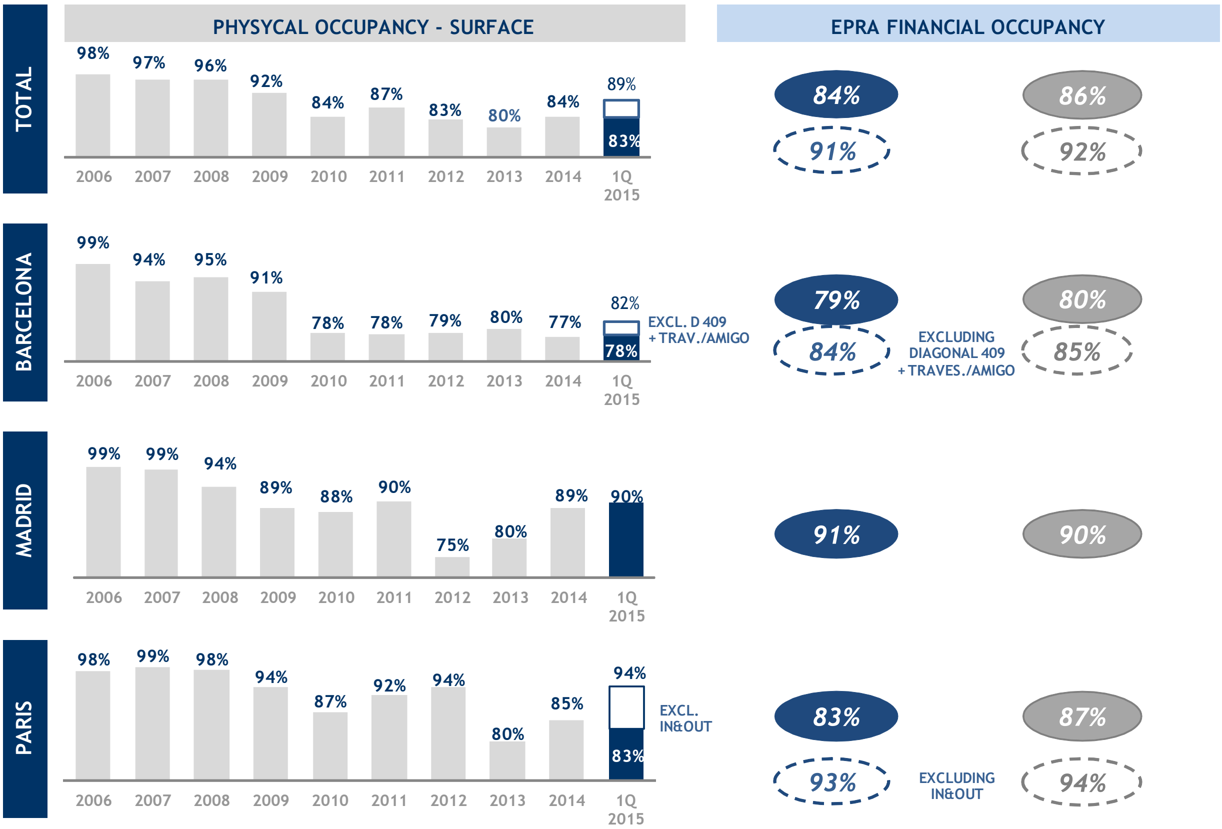
In addition, as at the date of this report, in Spain the Colonial Group has more than 12,000 sq m in an advanced stage of negotiation, which are expected to be signed in the coming months.

In **France**, it is worth mentioning the signing of almost 10,000 sq m with Exane in the #Cloud project. The office complex is undergoing a full renovation, which will involve the creation of 33,200 sq m of individual offices for top tier clients in central Paris. The complex has the top energy certificates (HQE, Breeam & LEED Gold) and will come into operation in the second quarter of 2015. This transaction, which has taken place eight months before the release of the asset, confirms the Colonial Group's strategy of offering high quality offices in well-connected areas, in order to provide an added value for companies.

Portfolio occupancy

- **The Colonial Group's EPRA financial occupancy for the office portfolio reached 84% at the end of the first quarter of 2015. Including other uses, EPRA occupancy reached 86%.**

Office Occupancy (1) - Evolution of Colonial's Portfolio | *Office Occupancy EPRA (2) 1Q 2015* | *Total Occupancy EPRA (2) 1Q 2015*



The office portfolios in Madrid and Barcelona reached an EPRA(2) financial occupancy of 91% and 79%, respectively.

(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 **Madrid**, the office occupancy increased mainly due to the new contracts signed for the assets Jose Abascal & López de Hoyos. As a consequence, the EPRA financial occupancy of the portfolio reached 91%.

In **Barcelona**, the office occupancy increased compared with the last quarter of the previous year thanks to the various contracts signed for the Avenida Diagonal 609-605 (DAU), Berlín Numancia & Avenida Diagonal 530 properties, among others. However, it is important to note that the current occupancy is still affected by the delivery of the Travessera de Gràcia/Amigó and Diagonal 409 projects during the previous year. Excluding these effects, the EPRA financial occupancy of the Barcelona office portfolio reaches 84%. However, this ratio still remains at historic lows.

In Paris, the office portfolio reached an EPRA financial occupancy of 83%, a lower figure than that at the end of 2014. This decrease is mainly due to the entry into operation of more than 4,400 sq m of repositioned surface areas in the Washington Plaza building, which enable Colonial to attract top tier demand in central Paris.
Likewise, it should be mentioned that the portfolio occupancy is still affected by the delivery of the IN/OUT asset at the end of 2013, an office complex currently in an advanced commercialisation phase. Excluding this property, EPRA financial occupancy of the Paris office portfolio is at 93%.

The table below shows an analysis of the vacant office surfaces by city. Approximately 49% of the vacant surfaces correspond to projects and refurbishments that have come into operation.

Vacancy surface of offices

Surface above ground (sq m)	Entries into operation [1]	BD area and others	CBD area	March 2015	Office Vacancy EPRA
Barcelona	15,810	16,248	6,903	38,961	21%
Madrid	2,288	5,845	6,354	14,487	9%
París	28,873	647	12,566	42,086	17%
TOTAL	46,971	22,739	25,823	95,533	16%

(1) Projects and refurbishments that have entered into operation

Regarding the recent entries into operation, in particular the following properties in Spain are relevant (more details in Appendix 6.4).

BARCELONA

Travessera/Amigó

Diagonal 409

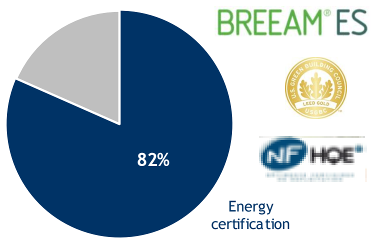
MADRID

Alfonso XII

Project portfolio and refurbishments

- During the first quarter of 2015, over €40m have been invested, in refurbishments and projects of the Colonial Group, mainly in France, in order to optimise the positioning of the property portfolio. These investments will enable Colonial to capture and continue to attract top tier rental demand, optimising the cash flow profile and valuation of the assets.

- As a result of the Colonial Group's repositioning policy, currently 82% of the assets have top quality energy certificates, a fact that gives the Colonial Group a competitive advantage in attracting top tier demand and maximising the value creation of the portfolio.



- Among the recently delivered projects, it is worth highlighting the properties below:

90 Champs Elysées	#Cloud	Paseo de los Tilos, 2-6	Jose Abascal, 56
			
✓ Office complex of 9,700 sq m	✓ Office complex of 33,200sqm	✓ Office complex of 5,143sqm	✓ Office building 12,337sqm
✓ Breeam Certification in Paris CBD	✓ Breeam, Leed Gold & HQE Asset in Paris CBD	✓ Leed Silver Asset in Barcelona CBD	✓ Repositioning as a prime asset in Madrid CBD.
✓ Delivered in 1Q 2015	✓ To be released in 2H 2015	✓ Delivered in 1Q 2015	✓ Rehabilitation of façade and plants
✓ Fully let	✓ 30% pre let in 1Q 2015, with the company Exane	✓ 100% let - 10-year contract with top tier tenant -Abertis-	✓ Significant improvement of occupancy, currently 85%

- In **Spain**, the Paseo de los Tilos property was inaugurated, which is an office complex with Leed Silver certification in the Barcelona CBD with more than 5,000 sq m above ground, 100% let to the company Abertis. In Madrid, it is worth pointing out the property José Abascal, a repositioned prime asset in the CBD market in Madrid, where the refurbishment has enabled Colonial to increase the occupancy of this asset up to 85% to date.

- In **France**, it is worth pointing out the office complex 90 Champs Elysées, a property which came into operation during the first quarter, with 1,800 sq m still to be refurbished. The building is already pre-let, highlighting the contract with a top tier consulting firm. It is expected that the remaining surface area of the asset will enter into operation this year. In addition, the #CLOUD (rue Richelieu) project is progressing satisfactorily. As at the date of this report, this building is 30% pre-let.

4. Financial structure

Main debt figures:

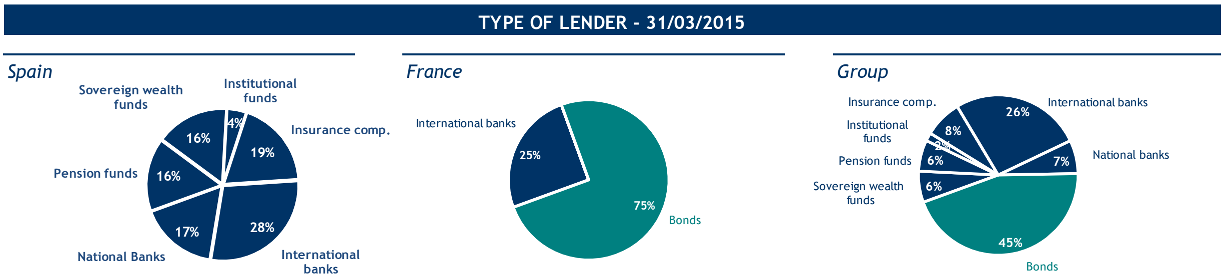
The financial net debt of the Group stood at €2,566m at 31 March 2015 (€2,600m excluding committed cash), as shown in the table below:

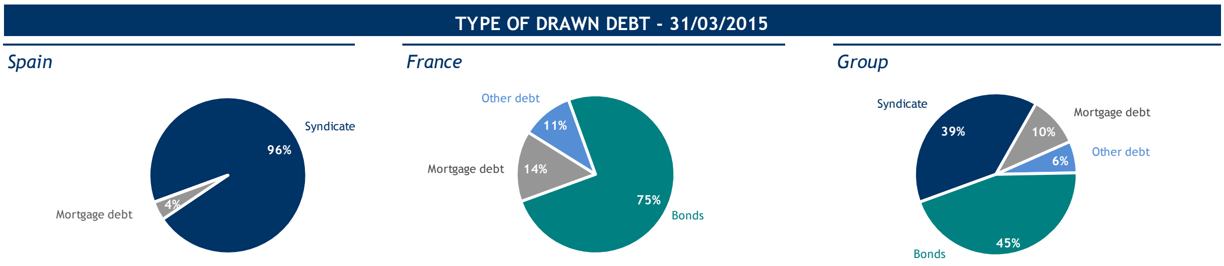
Breakdown of the consolidated net financial debt	March 2015			December 2014			Var.
	SP	FR	Total	SP	FR	Total	Total
Syndicate loan	1,040	0	1,040	1,040	0	1,040	0
Mortgage debt/leases	42	231	273	43	232	275	(2)
Unsecured debt and others	0	169	169	0	156	156	13
Bonds	0	1,200	1,200	0	1,200	1,200	0
Total gross debt	**1,082**	**1,600**	**2,682**	**1,083**	**1,588**	**2,671**	**11**
Cash & cash equivalents (*)	(101)	(15)	(116)	(109)	(17)	(126)	10
Group Net Debt	981	1,585	2,566	974	1,572	2,545	**21**
Average maturity of drawn debt (years)	**3.8**	**3.6**	**3.7**	**4.1**	**3.8**	**3.9**	**(0.3)**
Cost of debt % (without arrangement fees)	**4.45%**	**3.51%**	**3.87%**	**3.53%**	**3.98%**	**3.76%**	**11bp**

(*) without excluding committed cash for a total amount of €34m

The Colonial Group has a well-diversified mix of debt sources, with long-term maturities.

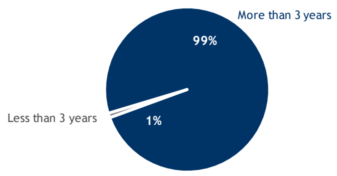
The main characteristics of the Group's debt are shown below.



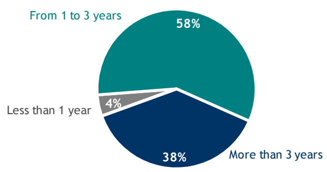


MATURITY OF CONTRACTED DEBT - 31/03/2015

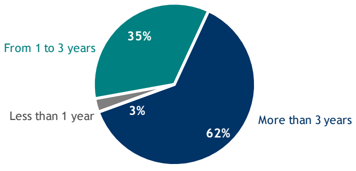
Spain



France



Group



Spain		***France***		***Total***	
Spread	388 b.p.	Spread	182 b.p.	Spread	303 b.p.
Average life of drawn down debt (years)	3.8	Average life of drawn down debt (years)	3.6	Average life of drawn down debt (years)	3.7
Average life of the contracted debt (years)	3.8	Average life of the contracted debt (years)	2.8	Average life of the contracted debt (years)	3.1
Contracted debt	€1,082m	Contracted debt	€2,195m	Contracted debt	€3,277m

More details on the financial structure are described in Appendix 6.6.

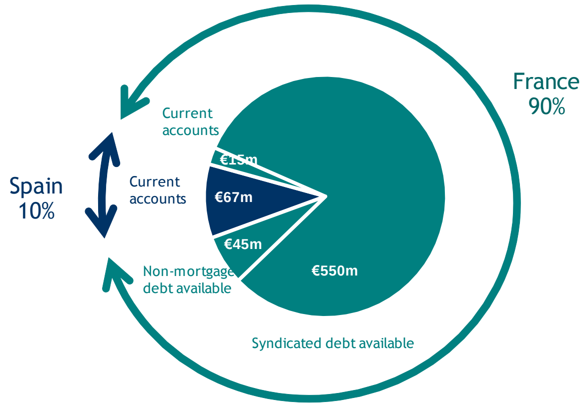
Main leverage ratios and liquidity

The Colonial Group has a solid capital structure with over €670m undrawn balances as at 31 March 2015.

As at March 2015 the Group's net debt amounted to €2,600m [(1)] with an LTV (Loan to Value) of 43%[(2)]. The LTV (Loan to Value) of the parent company in Spain is 37%[(3)]
It is worth mentioning that during April 2015, Standard & Poor's positively reviewed the rating of Société Foncière Lyonnaise (French subsidiary of the Group), ranking it BBB^{-} with a positive outlook.

Undrawn balances of the Colonial Group at 31 March 2015 amounted to €677m, distributed as shown in the graph above.

Undrawn balances (excluding committed cash)



(1) *Group net debt at 31/03/2015 (excluding committed cash)*

(2) Financial net debt Group, excluding committed cash at 03/2015/ GAV Group (including transfer costs) at 12/2014

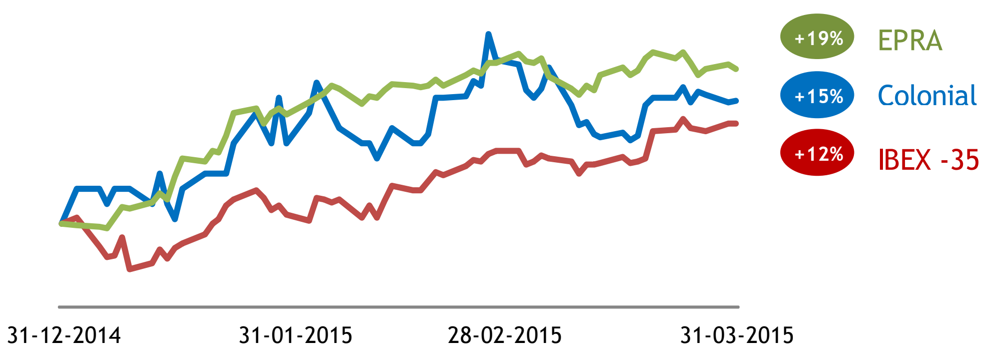
(3) Financial net debt Holding, excluding committed cash at 03/2015/ GAV Parent Company (including transfer costs) at 12/2014

5. Share price performance and shareholder structure

Share price performance

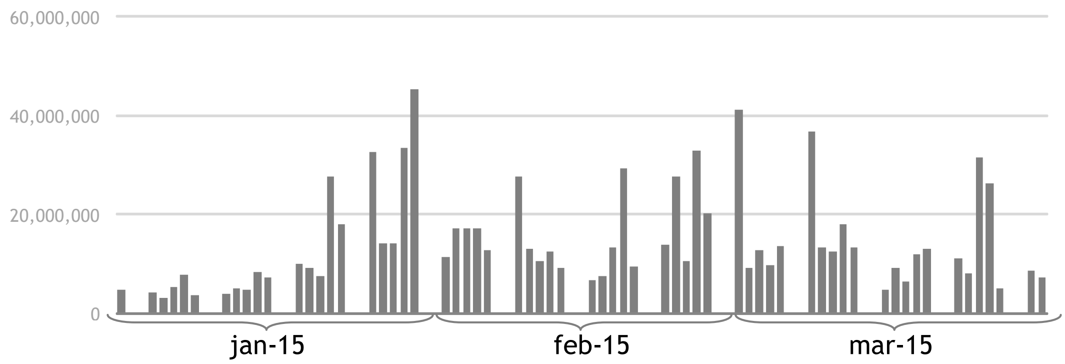
The shares of Colonial closed the first quarter of 2015 with a +15% increase of their share price compared to the end of the previous year.

The performance of the share price versus the EPRA Index and the IBEX35 is shown below:



The average daily traded volume was 14.5 million shares corresponding to €9m, 0.4% of the current market cap of the company.

Daily traded volume (shares)



Colonial is part of two EPRA indices: the FTSE EPRA/NAREIT Developed Europe and the FTSE EPRA/NAREIT Developed Eurozone of the Global Property Index 250 (GPR 250 Index), as well as the Ibex Medium Cap index. These indices are benchmarks for international listed property companies.

In addition, Colonial participates in the Investment Property Databank (IPD) index, a global property profitability benchmark index.

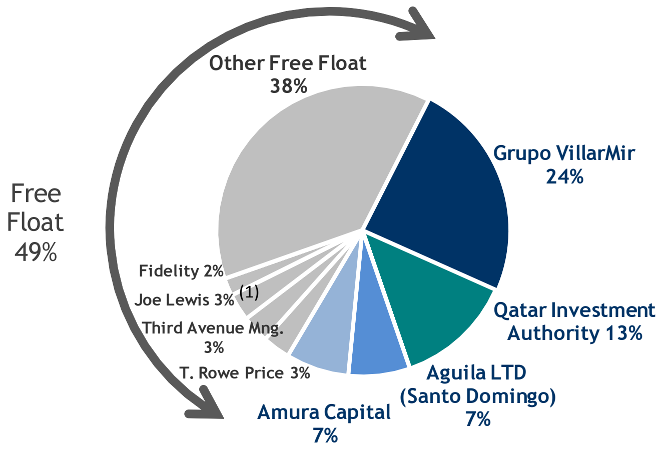
Several domestic and international financial analysts cover the company and therefore track and analyse the share price performance.
The target prices and recommendations are as follows:

Institution	Analyst	Date	Recommendation	Target Price (€/share)
Ahorro Corporación	Juan Moreno	07/05/2014	Sell	0.47
Interdin	Pablo Ortiz de Juan	17/07/2014	Buy	0.70
N+1 Equities	Rodrigo Vázquez	12/01/2015	Buy	0.70
Kempen	Boudewijn Schoon	02/03/2015	Underweight	0.56
Morgan Stanley	Bart Gysens	11/03/2015	Equal-weight	0.63
Average				**0.61**

Company shareholder structure

Colonial has a shareholder structure with renowned investors and a broad free float of around 50%.

Shareholder structure at 31/03/2015 (*)



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

(1) Through Joseph Charles Lewis

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	Vice-chairman		
Pedro Viñolas Serra	Chief Executive Officer	Colonial	Member		
Juan Villar-Mir de Fuentes	Director	Grupo Villar Mir		Member	Member
Silvia Villar-Mir de Fuentes	Director	Grupo Villar Mir			
Juan Carlos García Cañizares	Director	Aguila LTD (Santo Domingo)	Member	Member	
Francesc Mora Sagués	Director	Amura Capital	Member	Member	
Ana Sainz de Vicuña	Independent Director				Member
Carlos Fernández-Lerga Garralda	Independent Director		Member	Chairman	Member
Javier Iglesias de Ussel Ordís	Independent Director			Member	Chairman
Luis Maluquer Trepat	Other External Director				Member
Francisco Palá Laguna	Secretary - Non-Director		Secretary	Secretary	Secretary
Nuria Oferil Coll	Vice-secretary - Non-Director				

6. Appendices

6.1 Appendix – Consolidated balance sheet

Consolidated balance sheet

€m	31/03/2015	31/12/2014
ASSETS		
Consolidated goodwill	0	0
Investment property - In operation	*5,353*	*5,345*
Investment property - Work in progress, advances and provisions	*351*	*318*
Property investments	5,704	5,663
Equity method	0	0
Other non-current assets	45	47
Non-current assets	**5,749**	**5,710**
Debtors and other receivables	75	71
Other current assets	123	128
Assets available for sale	17	17
Current assets	**215**	**215**
TOTAL ASSETS	**5,964**	**5,925**
LIABILITIES		
Share capital	*797*	*797*
Other reserves	*646*	*154*
Profit (loss) for the period	*5*	*492*
Others	*(21)*	*(20)*
Equity	1,427	1,423
Minority interests	1,386	1,376
Net equity	**2,813**	**2,799**
Bond issues and other non-current issues	1,196	1,196
Non-current financial debt	1,405	1,401
Deferred tax	197	197
Other non-current liabilities	121	124
Non-current liabilities	**2,920**	**2,918**
Bond issues and other current issues	18	9
Current financial debt	76	68
Creditors and other payables	99	93
Other current liabilities	38	39
Liabilities associated to assets available for sale	0	0
Current liabilities	**231**	**209**
TOTAL EQUITY & LIABILITIES	**5,964**	**5,925**

6.2 Appendix – Asset portfolio – Locations

Barcelona

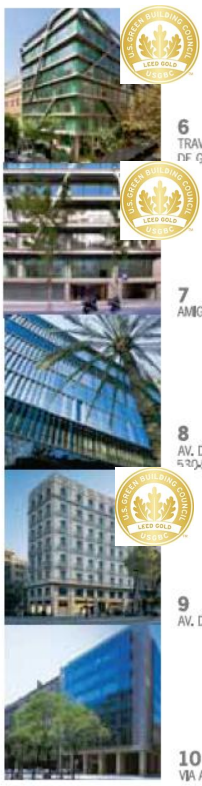
1 TORRE BCN

2 PG. DELS TIL·LERS 2-6

3 AV. DIAGONAL 682

4 AV. DIAGONAL 609-615

5 BERLÍN 38-48 / NUMÀNCIA 46



6 TRAVESSERA DE GRÀCIA 11

7 AMIGÓ 11-17

8 AV. DIAGONAL 530-532

9 AV. DIAGONAL 409

10 VIA AUGUSTA 21-23

11 TORRE MARENOSTRUM

12 AUSIÀS MARC 148

13 DIAGONAL GLÒRIES

14 COMPLEJO DE OFICINAS PARC CENTRAL

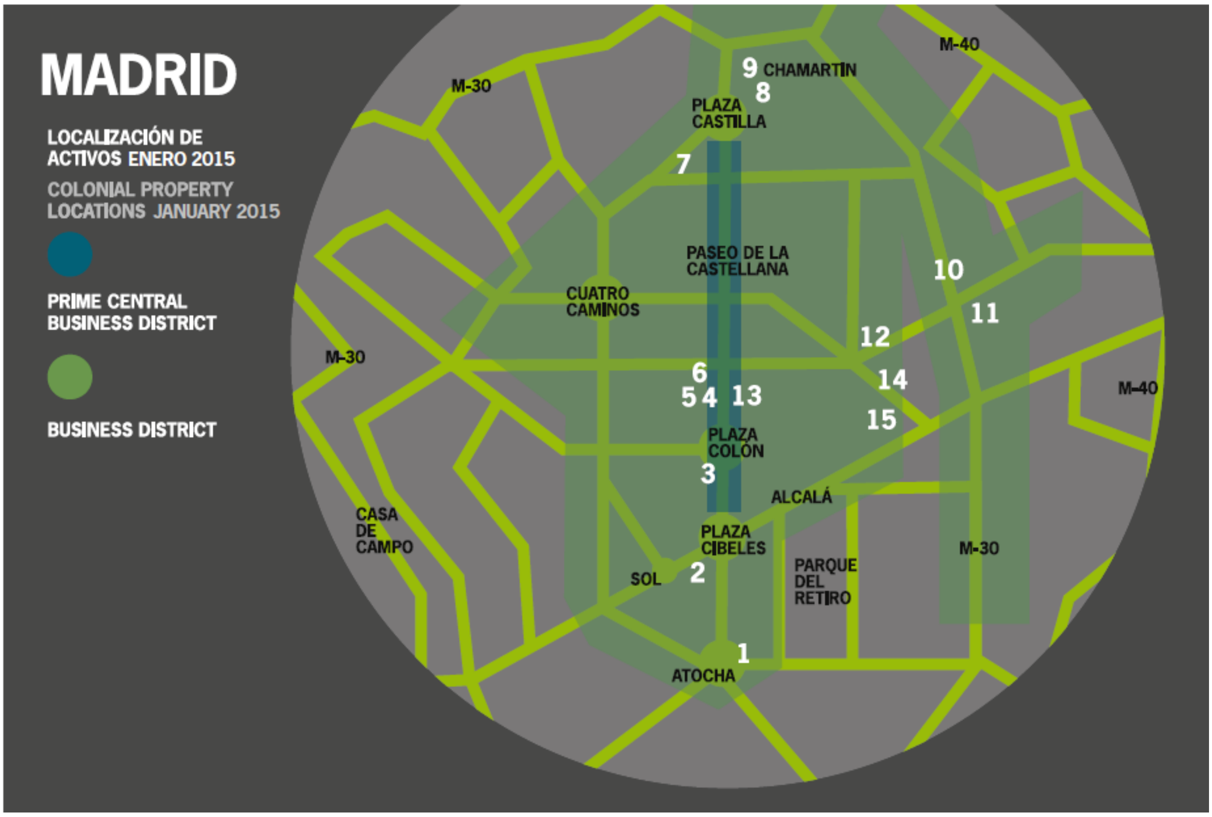
15 COMPLEJO DE OFICINAS ILLACUNA

16 COMPLEJO DE OFICINAS SANT CUGAT NORD

17 PLAZA EUROPA 42-44

6.2 Appendix – Asset portfolio - Locations

Madrid



1 ALFONSO XII, 62

2 ALCALÁ, 30-32

3 PASEO DE RECOLETOS, 37-41

4 PASEO DE LA CASTELLANA, 43

5 MIGUEL ANGEL, 11

6 JOSÉ ABASCAL, 56

7 CAPITÁN HAYA, 53

8 AGUSTÍN DE FOXÁ, 29

9 HOTEL TRYP CHAMARTÍN

10 RAMÍREZ DE ARELLANO, 37

11 MV 49 BUSINESS PARK

12 LÓPEZ DE HOYOS, 35

13 PASEO DE LA CASTELLANA, 52

14 FRANCISCO SILVELA, 42

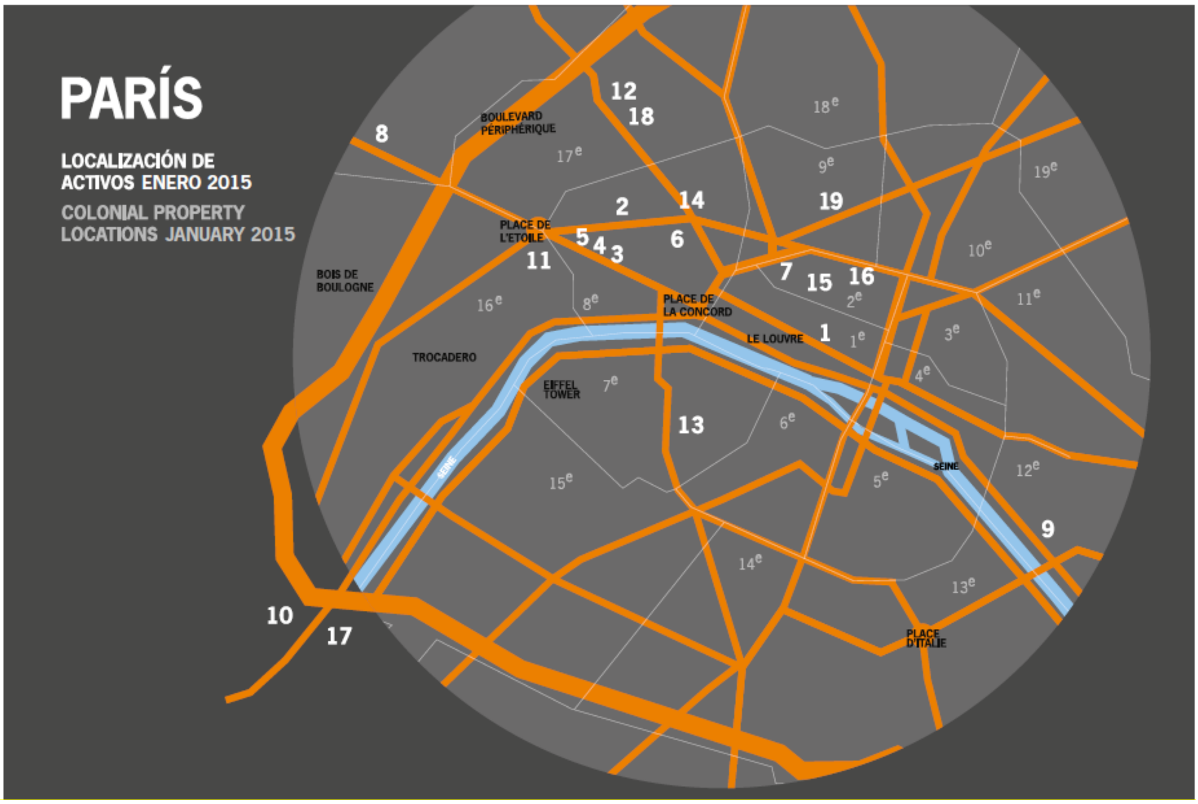
15 ORTEGA Y GASSET, 100

6.2 Appendix – Asset portfolio - Locations (cont.)

Paris

The entire Paris portfolio has energy certificates

breeam NF HQE LEED




1 LDE-LDA


2 WASHINGTON PLAZA


3 GALERIE DES CHAMPS-ÉLYSÉES


4 90 CHAMPS-ÉLYSÉES


5 92 CHAMPS-ÉLYSÉES-OZONE


6 CÉZANNE SAINT-HONORÉ


7 EDOUARD VII


8 176 CHARLES DE GAULLE


9 RIVES DE SEINE


10 IN/OUT


11 96 IENA


12 131 WAGRAM


13 103 GRENELLE


14 104-110 HAUSSMANN


15 6 HANOVRE


16 ILOT RICHELIEU


17 LE VAISSEAU


18 112 WAGRAM


19 4-8 RUE CONDORCET

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.	Hotel				
AV. DIAGONAL, 409	4,531				4,531		4,531	
AV. DIAGONAL, 530	11,781				11,781	4,708	16,489	99
AV. DIAGONAL, 609-615 (DAU)	20,513				20,513	18,839	39,352	438
AV. DIAGONAL, 682	8,622				8,622	1,795	10,417	43
PEDRALBES CENTRE		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	12,817				12,817	3,780	16,597	99
GLORIES - Diagonal	11,672				11,672	536	12,208	40
ILLACUNA	20,451				20,451	13,620	34,071	480
TILOS, 2-6	5,143				5,143	3,081	8,224	79
VIA AUGUSTA, 21-23	4,838				4,838	0	4,838	
TRAVESSERA DE GRACIA, 11	4,515				4,515	1,994	6,509	55
AMIGÓ	3,580				3,580	1,766	5,346	70
PLAZA EUROPA 42-44	4,869				4,869	2,808	7,677	68
TORRE BCN	9,035				9,035	3,398	12,433	88
TORRE MARENOSTRUM	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	2,615	10,138	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	78
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
AGUSTÍN DE FOXA, 29	6,657				6,657	2,557	9,213	159
CENTRO NORTE HOTEL				8,458	8,458	11,089	19,547	
MARTINEZ VILLERGAS, 49	24,135				24,135	14,581	38,716	437
RAMIREZ DE ARELLANO, 37	5,988				5,988	4,923	10,911	160
RENTAL PORTFOLIO	**324,473**	**5,558**		**8,458**	**338,489**	**175,343**	**513,832**	**5,020**
ORENSE 46-48		5,010			5,010	1,295	6,305	51
OTHER COMMERCIAL PREMISES		969			969	350	1,319	
PORFOLIO IN OPERATION SPAIN	**324,473**	**11,537**		**8,458**	**344,469**	**176,987**	**521,456**	**5,071**
PARC CENTRAL	14,737				14,737	14,737	29,474	184
HOTEL MARINA DE LA TORRE				11,519	11,519	0	11,519	
REST OF ASSETS	2,873			0	2,873	2,340	5,213	
PROJECTS UNDERWAY SPAIN	**17,610**			**11,519**	**29,129**	**17,077**	**46,206**	**184**
TOTAL SPAIN	**342,083**	**11,537**		**19,977**	**373,598**	**194,064**	**567,662**	**5,255**
BARCELONA	*196,473*	*5,661*			*202,134*	*115,317*	*317,451*	*3,106*
MADRID	*145,610*	*5,010*		*8,458*	*159,078*	*78,397*	*237,475*	*2,149*
OTHERS		*866*		*11,519*	*12,385*	*350*	*12,735*	

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 & others				
CALL-LDA	21,942	701			2,134	24,777	5,730	30,507	236
EDOUARD 7	27,730	15,998	4,509		4,237	52,474	1,646	54,120	523
HANOVRE LB	3,325		0			3,325	1,246	4,571	
CONDORCET	20,376		1,562		1,301	23,239	2,457	25,696	50
GALERIES C. ELYSEES 8288		4,252				4,252	3,789	8,041	125
C. ELYSEES 90	6,881	981				7,862		7,862	99
C. ELYSEES 92 (OZONE)	4,110	3,089				7,199		7,199	
CEZANNE SAINT HONORE	23,369	1,849				25,218	3,337	28,555	128
PRONY-WAGRAM	7,100				449	7,549	3,119	10,668	124
96 IENA	7,505					7,505	4,711	12,217	264
108-112 WAGRAM	4,470	892				5,362	546	5,908	29
WASHINGTON PLAZA	38,091	460			2,241	40,792	13,125	53,917	662
HAUSSMANN 104-110	11,683	791				12,474	2,650	15,124	104
NEUILLY (176 CHARLES DE GAULLE)	5,749	389				6,138	2,739	8,876	145
QUAI LE GALLO (IN & OUT)	28,873					28,873	14,567	43,440	581
ISSY LES MOULINEAUX (LE VAISSEAU)	6,026					6,026	2,321	8,347	124
RIVES DE SEINE	20,270				1,760	22,030	6,589	28,619	366
103 GRENELLE	15,176	258			1,052	16,486	1,872	18,357	100
SAINT DENIS			60			60	16	76	1
PORTFOLIO IN OPERATION FRANCE	252,676	29,659	6,132		13,174	301,642	70,461	372,102	3,661
#CLOUD (ILOT RICHELIEU)	33,187					33,187	1,609	34,796	99
CALL-LDA	6,561	5,980				12,540	8,462	21,003	
C. ELYSEES 90	1,871					1,871	1,609	3,480	
REST OF ASSETS	2,157	347				2,504	25,281	27,785	
PROJECTS UNDERWAY FRANCE	43,776	6,326	0			50,102	36,961	87,064	99
TOTAL FRANCE	296,452	35,986	6,132		13,174	351,744	107,422	459,166	3,760
TOTAL PROPERTY COLONIAL	638,535	47,523	6,132		33,151	725,342	301,486	1,026,828	9,015

6.4 Appendix - Project portfolio

1 Projects in progress

Parc Central 22@ - Barcelona



Plot of land located in the heart of the 22@ business district, which will allow for the development of an office complex of nearly 15,000 sq m, opposite Avenida Diagonal, one of the most up-and-coming areas in the city of Barcelona.

#CLOUD (Rue Richelieu)



This building was acquired in April 2004, located just a few paces from the Palais Brongniart in the "Cité Financière" (Financial District), and which was let in the past by a large French Bank. During the third quarter of 2012, refurbishments began on the property. This office complex is undergoing a complete renovation project called #Cloud, which will involve the creation of 33,200 sq m of individual offices for top tier clients in central Paris. Currently, 30% of this building is pre-let.

6.4 Appendix – Project portfolio (cont.)

2 Recently delivered projects

Travessera de Gràcia/Amigó



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

Alfonso XII



An office complex project with more than 13,000 sq m, distributed over eight floors of up to 2,000 sq m and offering totally open and flexible spaces. In addition, the building has a high degree of light and exceptional views of the city. The building is located in a privileged area in Madrid in front of the Retiro Park, just a few metres from the Paseo del Prado, and the hub of the Castellana. It has excellent transportation links, as it is next to the Atocha train station, with direct access to the airport, and connections to the main bus and metro lines. In addition, it has its own car park. The building offers high quality, optimum functionality and energy efficiency, having obtained the BREEAM certificate (Sustainable Building). Currently, 83% of this building is pre-let.

6.4 Appendix – Project portfolio (cont.)

2 Recently delivered projects (cont.)

Diagonal 409

A LEED Gold certified, seven floor building with very light open plan floors distributed over approximately 500 sq m. Perfectly located at the intersection of Avenida Diagonal and Calle Balmes. Ideal for companies looking to combine a classic style with the functionality of the most modern office building. Currently 64% of this building is pre-let.

Paseo los Tilos

New office refurbishment project, with the LEED SILVER pre-certification, located in one of the most prestigious residential areas in Barcelona. The building has five open plan floors of office space with a total rentable surface area of 5,143 sq m and two floors underground with a total of 79 parking spaces. Floors with high quality interiors and finishings, which offer an average surface area per floor of over 1,000 sq m. This building was delivered during the first quarter of 2015 and is 100% let.

6.4 Appendix – Project portfolio (cont.)

2 Recently delivered projects (cont.)

IN/OUT



Located on the outskirts of Paris, this building is found within the Vallée de la Culture Community Revival Project. The refurbishment project converted the building into a brand new high end office complex. The main building is used for offices, and a new extension houses a services centre, a restaurant, a cafeteria, a doorman's office, an amphitheatre, modular conference rooms and fitness facilities. Incorporating innovative technical solutions, the project has been designed with optimum functionality and total flexibility in mind. At the same time, it keeps in line with sustainable development and it complies with the demands of environmental responsibility. The property is currently in the commercialisation phase.

90 Champs-Élysées



An office complex of more than 10,000 sq m located on top of the Champs-Elysées shopping centre. During the first quarter of 2015, almost the entire surface area came into operation, with 1,800 sq m above ground still to be refurbished. The building is already pre-let by a top tier consulting firm. It is expected the remaining surface area will come into operation this year.

6.5 Appendix – Historical series

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

6.6 Appendix – Financial structure – Details

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

1. Colonial's syndicate loan for €1,040m. This loan was signed on 4 April 2014 and subscribed by different entities including Crédit Agricole Corporate and Investment Bank, Sucursal en España, GIC, AXA, ING and Banc Sabadell.
   Its main characteristics are:
   - 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 the 3-month Euribor rate
   - Voluntary amortizations: permitted as from the first anniversary of the debt
   - Market covenants: LTV below 58% and ICR (Interest Coverage Ratio) above 1.25x

2. SFL's two syndicate loans:

   a) A syndicate loan for a nominal amount of €400m, the agent bank of which is "BNP PARIBAS", maturing in July 2018 with an applicable spread between 180 bp and 230 bp, subject to the LTV level.

   b) A syndicate loan, the agent bank of which is "Natixis Banques Populaires" for a nominal amount of €150m, maturing in October 2019. The applicable spread varies between 140 bp and 170 bp, depending on the LTV.
   At 31 March 2015, both loans were totally undrawn.

3. Three SFL bond issues for €1,200m according to the following breakdown:

   a) Issue in May 2011 for the initial amount of €500m and maturing in May 2016. After the repurchase carried out in November 2014, the amount was reduced to €300m with an annual fixed coupon of 4.625%.

   b) Issue in November 2012 of the initial amount of €500m, with pending amount after the repurchase carried out in November 2014 of €400m, maturing in November 2017, with an annual fixed coupon of 3.5%.

   c) Issue in November 2014 for €500m, with an annual fixed coupon of 1.875% with maturity in November 2021.
   These bonds are unsubordinated and non-preferential between them, and have been accepted for listing on the regulated market of Euronext Paris.

6.6 Appendix - Financial structure- Details (cont.)

4. Bilateral loans with mortgage securities:

   a) The Colonial Group in Spain holds €42m in bilateral loans, with mortgage securities on various property assets. The average maturity of these loans is 5.4 years and the average financing spread is 80 bp.

   b) SFL holds a total of €231m in bilateral loans with various financial institutions, with mortgage securities on property assets. The average maturity of these loans is 2.3 years and the average financing spread is 187 bp.

5. Bilateral loans without mortgage securities:

   SFL holds various loans for the amount of €169m with an average maturity of 2.5 years and an average financing spread of 131 bp

Hedging portfolio

The breakdown of the hedging portfolio at 31 March 2015 is the following:

31 March 2015 Financial instrument - €m	Description	Spain	France	Total	%	MTM (Ex-coupon)
SWAP	From floating to fixed rate	112	185	297	28%	(13)
CAP	Floating rate with a maximum	780	0	780	72%	0
Total hedging portfolio (Variable - Fixed)		**892**	**185**	**1,077**	**100%**	**(13)**
Maturity (years)		**3.8**	**2.5**	**3.6**		
% Hedging portfolio / Gross debt		**82%**	**46%**	**73%**		
% Fixed rate or hedged debt vs/ Gross debt		**82%**	**87%**	**85%**		

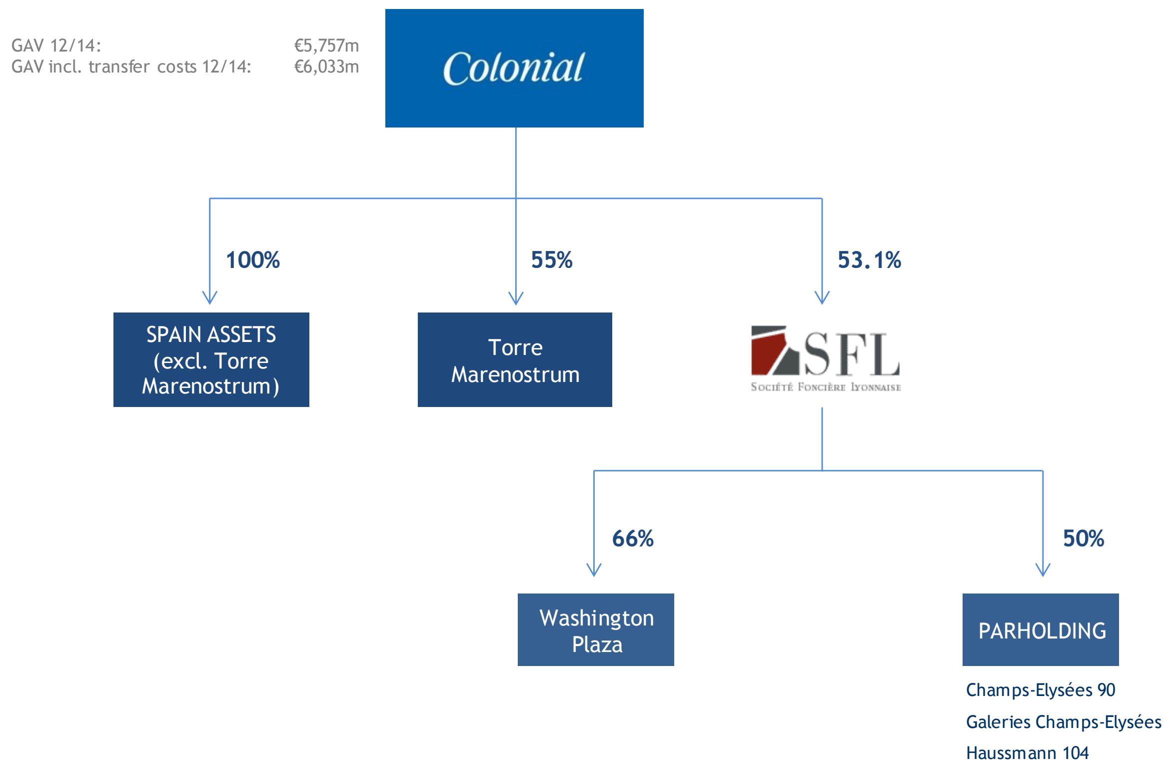
- The Group uses derivative financial instruments that enable it to manage its exposure to interest rate fluctuations. The objective of the risk management policy is to reduce exposure to interest rate volatility in order to limit and control the impact of interest rate fluctuations on the cash flow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

- The effective hedging ratio at 31 March 2015 (hedges/debt at floating rates) stood at 73% (82% in Spain and 46% in France).

- At 31 March 2015, the total percentage of debt hedged or at a fixed rate over the total debt stood at 85% due to the effect of the SFL bonds at a fixed rate (82% in Spain and 87% in France).

6.7 Appendix – Legal structure

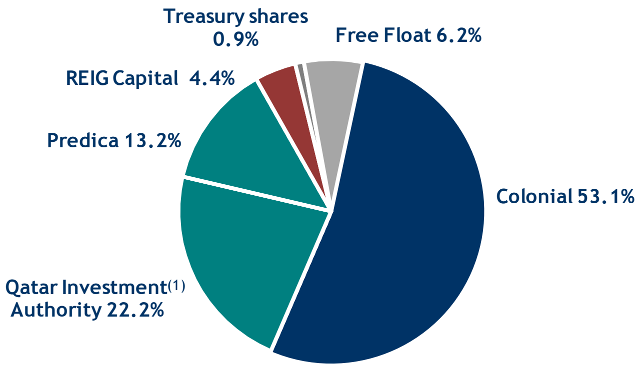
COLONIAL GROUP



6.8 Appendix – Subsidiaries – Details

▪ Shareholder structure and Board of Directors of SFL

***SFL** - Shareholder structure at 31/03/2015*



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

Board of Directors SFL

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee	Independent Directors Committee
Juan 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			
Angels Arderiu Ibars	Director	Colonial				
Carlos Krohmer	Director	Colonial				
Luis Maluquer Trepat	Director	Colonial				
Jean-Jacques Duchamp	Director	Crédit Agricole Assurances PREDICA	Member		Member	
Chantal du Rivau	Director	Crédit Agricole Assurances PREDICA				
Reig Capital Group Luxembourg SARL (Carlos Ensenat Reig)	Director	REIG Capital Group				
Anne-Marie de Chalambert	Independent Director			Member		Member
Jacques Calvet	Independent Director				Member	Member
Anthony Wyand	Independent Director			Chairman		Member

6.9 Appendix – EPRA Earnings & Vacancy

EPRA Earnings

EPRA Earnings - €m	03/2015	03/2014
Earnings per IFRS Income statement	**4.8**	**674**
Earnings per IFRS Income statement - Euros cents per share	*0.2*	*298*
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	0.0	0.0
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	0.0	0.0
(iii) Profits or losses on sales of trading properties including impairment changes in respect of trading properties	0.0	0.0
(iv) Tax on profits or losses on disposals	0.0	0.0
(v) Negative goodwill / goodwill impairment	0.0	0.0
(vi) Changes in fair value of financial instruments and associated close-out costs	2.0	2.8 (1)
(vii) Acquisition costs on share deals and non controlling joint venture interests	0.0	0.0
(viii) Deferred tax in respect of EPRA adjustments	0.0	0.1 (1)
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation	0.0	(0.0)
(x) Minority interests in respect of the above	(1.0)	(1.1)
EPRA Earnings	**5.8**	**675**
EPRA Earnings per Share (EPS) - Euros cents per share	*0.2*	*299*
Colonial specific adjustments:		
(a) Discontinued operations	0.0	(704)
(b) Extraordinary expenses	0.0	1 (1)
(c) Non recurring financial result	0.0	29 (1)
Company specific adjusted EPRA Earnings	**5.8**	**2.5**
Company adjusted EPRA Earnings per Share (EPS) - Euros cents per share	*0.2*	*1.1*

(1) Note: 2014 figures restated according to the latest update of EPRA Best Practices Recommendations

6.9 Appendix - EPRA Earnings & Vacancy (cont.)

EPRA Vacancy Rate

EPRA Offices Vacancy Rate

€m	03/2015	03/2014	Var. %
BARCELONA			
Vacant space ERV	0.5	0.4	
Portfolio ERV	2.5	2.3	
EPRA Vacancy Rate Barcelona	**21%**	**19%**	*1.6 pp*
MADRID			
Vacant space ERV	0.3	0.5	
Portfolio ERV	2.7	2.7	
EPRA Vacancy Rate Madrid	**9%**	**19%**	*(9.8 pp)*
PARIS			
Vacant space ERV	2.3	2.3	
Portfolio ERV	13.8	12.2	
EPRA Vacancy Rate Paris	**17%**	**19%**	*(2.1 pp)*
TOTAL PORTFOLIO			
Vacant space ERV	3.0	3.2	
Portfolio ERV	19.0	17.1	
EPRA Vacancy Rate Total Portfolio	**16%**	**19%**	*(2.7 pp)*

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 Parent Company	Gross Asset Value of directly-held assets + NAV of the 55% stake in the Torre Marenostrum SPV + NAV of 53.1% stake in SFL

6.10 Appendix – Glossary (cont.)

Holding	A company whose portfolio contains shares from a certain number of corporate subsidiaries.
IFRS	International Financial Reporting Standards.
JV	Joint Venture (association between two or more companies).
Like for Like 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.
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 EPRA recommendations
EPRA NNNAV	The EPRA NNNAV is calculated adjusting the following items in the EPRA NAV: the fair market value of the financial instruments, the fair market value of the debt, the taxes that would be accrued with the sale of the assets at their market value applying tax benefits for reinvestments and the tax credit on balance, considering a going concern assumption.
EPRA Cost Ratio	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.
Physical Occupancy	Percentage: occupied square metres of the portfolio at the closing date of the report/surfaces in operation of the portfolio
EPRA Occupancy	Financial occupancy according to the calculation recommended by the EPRA (occupied surface areas multiplied by the market rental prices/surfaces in operation at market rental prices).

6.10 Appendix – Glossary (cont.)

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

6.11 Appendix – Contact details

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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 and FTSE EPRA/NAREIT Developed Eurozone), Global Property Index 250 (GPR 250 Index) & Index Ibex Medium Cap.

6.12 Appendix – Disclaimer

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