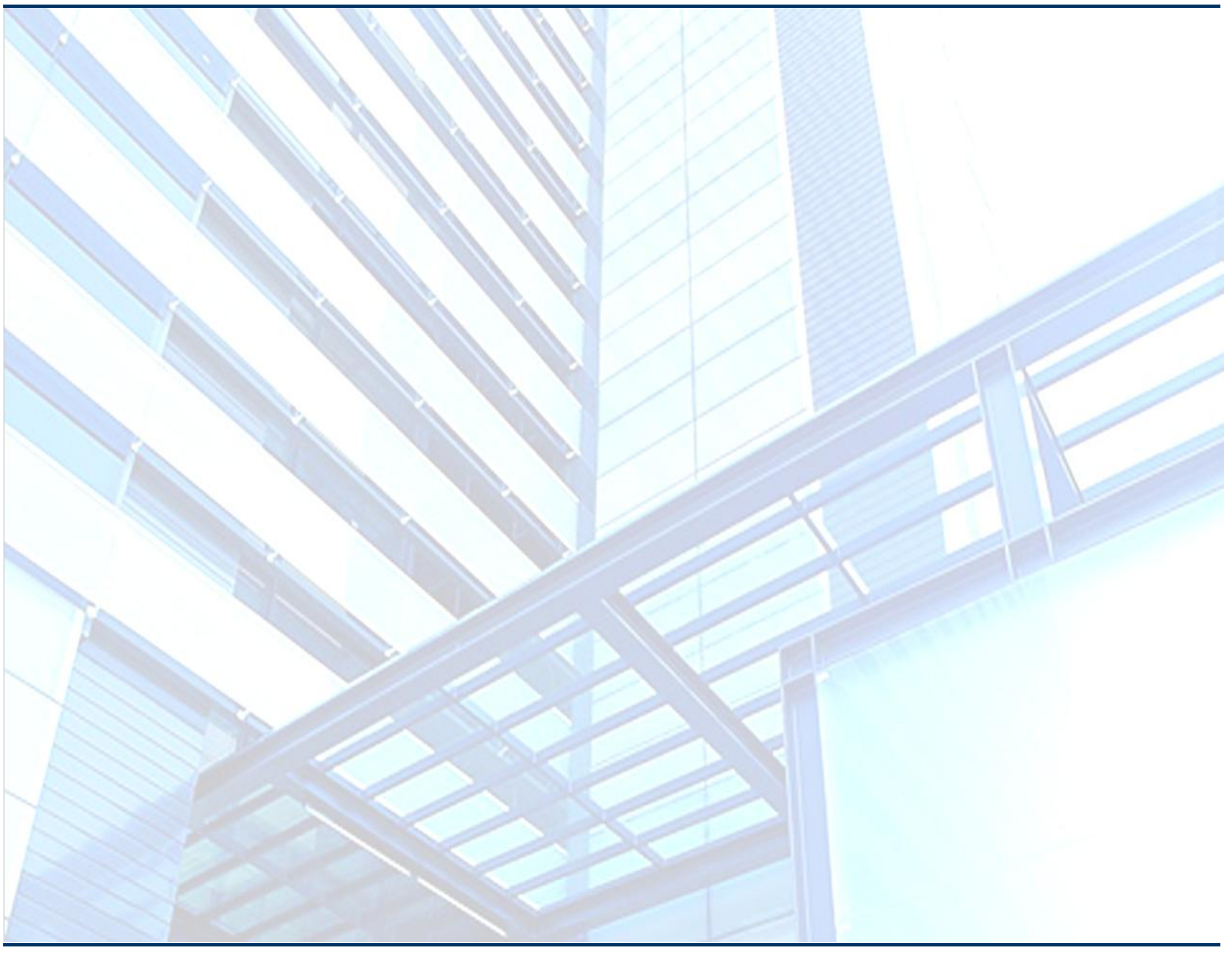
Colonial

Third quarter results
January – September 2013

November 14th, 2013



The Colonial Group obtained negative attributable results of (€369m) mainly due to the consolidation impacts of the non-strategic business (Asentia Group).

The operating profit of the Group is positive and amounts to €101m.

The net recurring result (Recurring EPRA net profit)(3) amounts to €2m.

- **Rental revenues: €160m, +0.6% like-for-like vs. the previous year**
- **Recurring EBITDA of the Group: €120m, +1% like-for-like vs. the previous year**
- **Group operating profit: €101m, -30% vs. the previous year**
- **Net result of the Group: (€369m)**

Key performance and financial indicators

September cumulative - €m	2013	2012	Var. %
Nº assets [1]	50	52	(4%)
Lettable surface above ground	583,746	620,447	(6%)
Developments underway surface above ground [2]	148,991	137,084	9%
Surface underground	317,715	335,810	(5%)
Total surface (sq m)	**1,050,453**	**1,093,341**	**(4%)**
Office occupancy	84.7%	82.4%	*2.3 pp*
Total occupancy	85.3%	83.1%	*2.2 pp*
Rental revenues	160	169	(6%)
EBITDA rents	143	153	(6%)
EBITDA / rental revenues	89%	90%	*(0.7 pp)*
EBITDA rents	143	153	(6%)
Results equity method SIIC de Paris	14	13	13%
EBITDA overheads and others	(23)	(22)	(3%)
EBITDA assets sales	(3)	(0.1)	-
Exceptional items	(31)	-	-
Group Operating Profit	**101**	**143**	**(30%)**
Financial results (without results equity method)	**(157)**	**(127)**	**(24%)**
Recurring EPRA net profit [3]	**2**	**8**	**(79%)**
Gain/ loss on discontinued operations	**(274)**	**(184)**	**(49%)**
Net Result attributable to the Group	**(369)**	**(201)**	**(83%)**

Balance sheet indicators

€m	9/2013	12/2012
Group Net Debt	3,486	3,623
Net Debt Spain	2,089	2,076
Financial cost %	3.48%	3.78%
Maturity (years) - available debt	3.2	2.9

(1) Without including small non-core retail assets. Centro Norte complex has been reclassified in two assets (Agustín de Foxá, 29 & Hotel Tryp Chamartín)

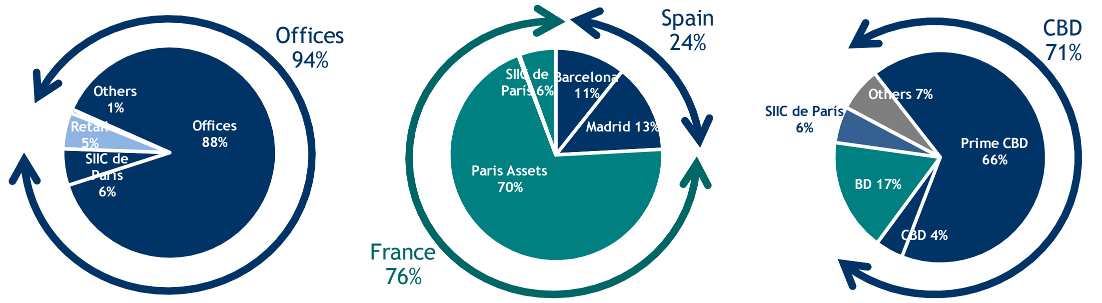
(2) Projects & refurbishments

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

The GAV amounted to €5,343m at June 30th, 2013

JUNE 2013

Valuation - by use *Valuation - by market* *Valuation - by area*



SIIC de Paris: value of the stake of SFL in SIIC de Paris

Highlights

1 Third quarter results

The most recent data on the Spanish economy point to a stabilization of the activity, with slight increases in the coming quarters. However, it remains highly fragile. For 2014, the majority of the analysts expect a slight growth in the GDP of the Spanish economy (between 0.5% and 1.0%).
In France, in 2013 the economy is expected to remain "flat" (+0.1% growth in the GDP) with expectations to get back to a positive trend in 2014 (+0.8% growth in the GDP).

The office markets in Barcelona and Madrid continue to have weak fundamentals, particularly regarding demand. Rental prices are at historically low levels. The office market in Paris has seen the effects of the weakening of the French economy. However, the prime assets have stable rents at present. For 2014, the brokers foresee a recovery of the Paris rental market.

In this context, the office portfolio of the Colonial Group has had a defensive behaviour, with an increase in rental income of 0.6% like-for-like. In particular, the increase in rental income generated in the Paris market compensated for the decrease of the rental income in the portfolios of Barcelona and Madrid.

The recurring EBITDA in the first nine months of the year amounted to €120m, and the net recurring result (EPRA Net Profit)[2] was slightly positive and amounted to €2m, a figure below the previous year.

Results analysis - €m	2013	2012	Var.	Var. % [1]
Recurring EBITDA	120	131	(10)	(8%)
Results equity method SIIC de Paris - recurring	9	10	(1)	(8%)
Recurring financial result (excl. equity method)	(91)	(100)	9	9%
Income tax expense - recurring result	(7)	(3)	(4)	(147%)
Minority interest - recurring result	(30)	(30)	(0)	(1%)
Recurring EPRA net profit [2]	2	8	(7)	(79%)
Non-recurring result	(371)	(210)	(161)	(77%)
Profit attributable to the Group	(369)	(201)	(168)	(83%)

[1] Sign according to the profit impact

[2] Recurring EPRA net profit - post-company specific adjustments

The net attributable results of the Group were negative and amounted to (€369m), mainly due to the negative accounting impacts attributable to the consolidation of the non-strategic business[3] (Asentia Group).

[3] The negative impacts attributable to the consolidation of the Asentia Group do not have an impact on the NAV of the company, and they do not imply any cash outflow for Colonial

2 Commercial effort

During the first nine months of 2013, the Colonial Group signed rental contracts for 96,329 sq m, of which 22,728 sq m correspond to the commercialization of new surfaces and 73,601 sq m to renewals and revisions. Regarding the breakdown by market, 33% (31,916 sq m) of the total commercial effort corresponds to contracts signed in the Madrid market, 31% (29,812 sq m) corresponds to contracts signed in Barcelona, and 36% (34,601 sq m) corresponds to contracts signed in Paris.

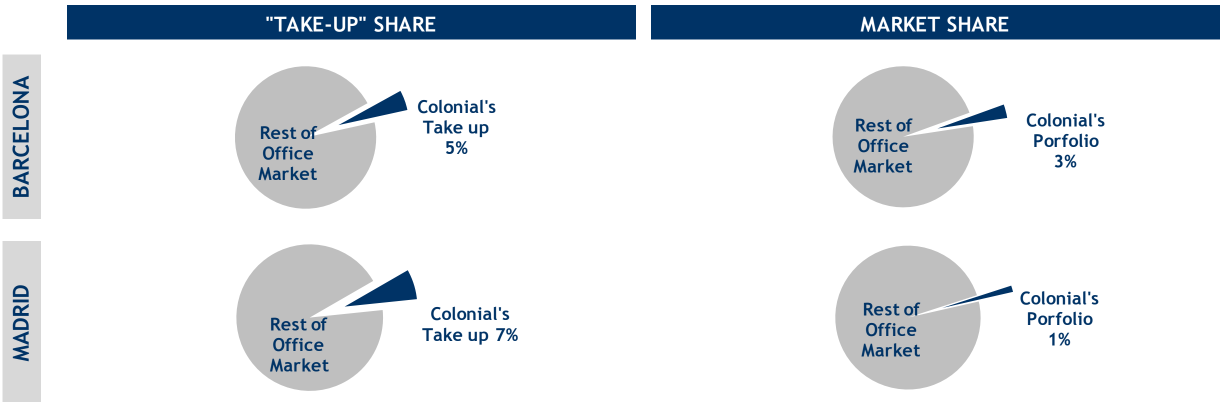
In Spain, more than 47,000 sq m of the commercial effort were concentrated in five properties. In Paris, it is important to highlight the signing of 22,000 sq m with Natixis for the Rives de Seine building, and 7,000 sq m for the Edouard VII building with Klepierre Management.

The following table shows the main commercial efforts carried out in 2013 to date:

Main actions

Building	City	Tenants	Surface (sq m)
Rives de Seine	Paris	Natixis Immo Explotation	22,030
Martínez Villergas, 49	Madrid	Iberia, Líneas Aéreas de España	15,935
BCN Glories Diagonal-Llacuna	Barcelona	Ajuntament de Barcelona	11,672
Alcala, 30-32	Madrid	Comunidad de Madrid	9,088
Edouard VII	Paris	Klepierre Management & others	7,821
Sant Cugat Nord	Barcelona	Accenture, Omega Pharma España & IPB	7,061
ILlacuna 22@	Barcelona	Konecta BTO, Schindler & GJ Ecomm Factory	3,917
Av. Diagonal, 609-615 (DAU)	Barcelona	Silk Otsuka Pharmaceutical & others	3,779
Louvre des Antiquaires CALL·LDA	Paris	Hugo Boss, Ariba & others	4,504
MAIN ACTIONS			**85,807**

In the first 9 months of the year, the Colonial Group was one of the main actors in capturing demand in the office markets in Barcelona and Madrid, due to the good positioning of its properties, which offer high quality features and maximum energy efficiency in attractive locations.



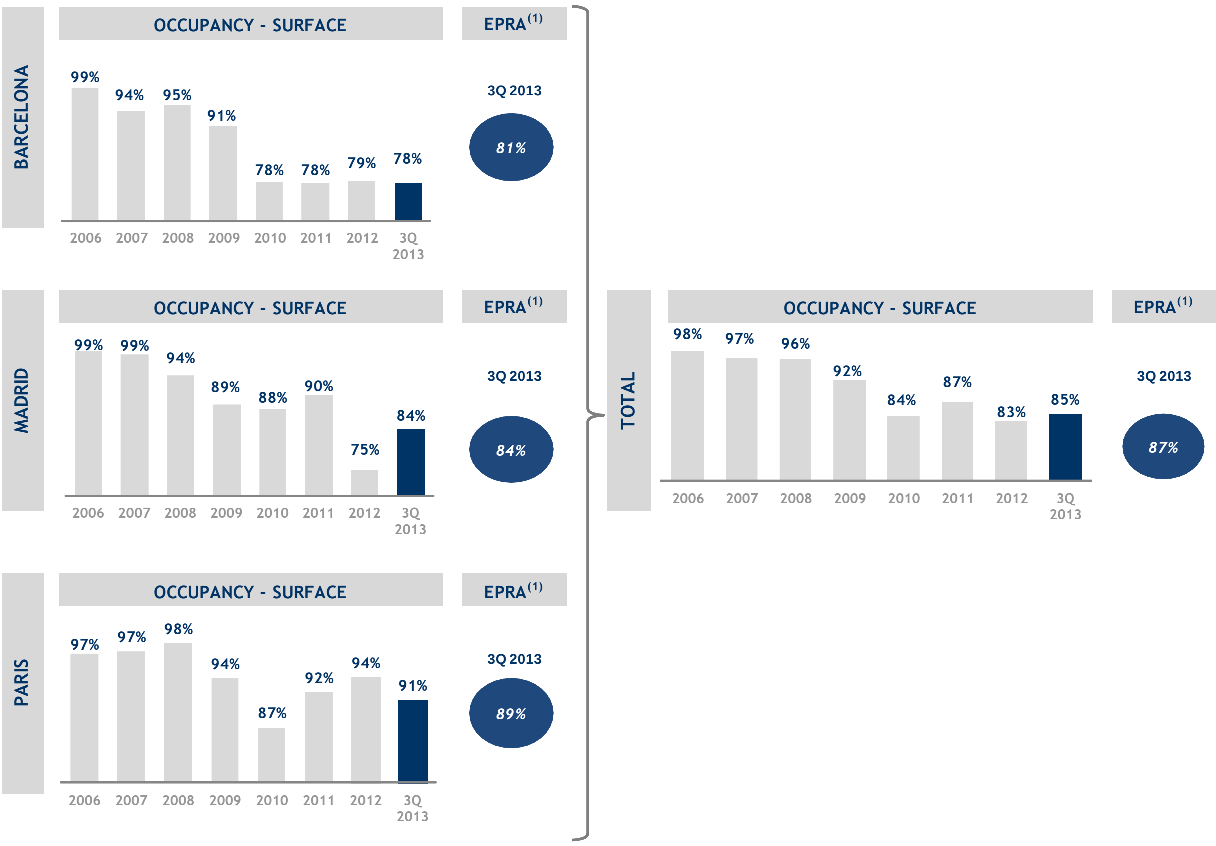
3 Portfolio in operation

The high commercial effort carried out during the first nine months of 2013 led to an improvement in the occupancy of the office portfolio in Spain compared to the situation at December 2012. It is important to specifically highlight the improvement in the occupancy rate in the portfolio in Madrid, mainly due to the signing of the lease of 15,935 sq m on Martínez Villergas. Consequently, **the office portfolios in Madrid and Barcelona** reached a financial EPRA[1] occupancy of 84% and 81%, respectively. However, current occupancy levels are still far below the rates of Colonial's portfolio before the crisis.

In **Madrid**, during the first half of the year, renovations started on the Alfonso XII building, an office complex which is undergoing a total refurbishment and that will be completed in the coming months.

In **Paris** the office portfolio reached 91% occupancy (89% according to the EPRA rate [1]) a figure which is slightly lower than that of the previous year. This is mainly due to the entry into operation of the refurbished surface in the Edouard VII building. It is important to mention that during the coming months, the In/Out office complex will enter into operation.

Office Occupancy - Evolution of Colonial's Portfolio



Overall, the Colonial Group's total office portfolio reached an occupancy rate of 85% (87% of financial occupancy according to EPRA[1] methodology).

[1] ***EPRA occupancy**: financial occupancy according to the calculations recommended by the EPRA (Occupied surfaces multiplied by the market rental prices / surfaces in operation at market rental prices)*

4 Capital Structure

The current situation of the Company is characterized by a very high level of financial indebtedness which, together with the negative impacts of the Asentia Group, does not foresee the possibility to deliver positive results. As a consequence, it is necessary to rebalance the capital structure in order to generate profits and guarantee the stability of the Company for the long term.

In this regard, the Company is having conversations with its main lenders in order to explore different alternatives that would allow it to reduce the Company's leverage and extend the maturity of its debt in Spain, the main part of which matures in December 2014.

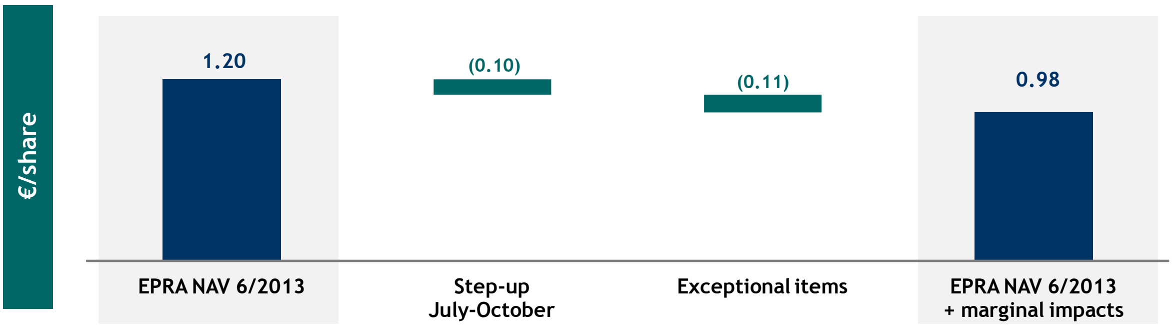
It is important to highlight that the Company continues to analyze all the strategic options with the aim to reduce its debt volume. Among these options is the possibility of a capital increase and/or a total or partial disposal of Colonial's stake in Société Foncière Lyonnaise. To date, no binding agreement on the strategic options has been reached.

The following graph shows a tentative estimate of the impacts on the Company's Net Asset Value, in case of the implementation of the restructuring, without considering any potential impact of a partial or full disposal of Colonial's stake in Société Foncière Lyonnaise. A potential disposal of Colonial's stake in Société Foncière Lyonnaise could have an additional impact in Net Asset Value depending on the terms of the divestment.

Based on the NAV reported in June 2013, the following marginal impacts have been considered:

1. Impact of the capitalizable interests (Step-up) accrued up to October 30th, 2013
2. Extraordinary expenses, mainly related to the implementation of the restructuring

EPRA NAV Colonial



Depending on the strategy that is finally agreed upon, these numbers may be subject to changes.

Additionally, it is important to highlight that in the framework of the restructuring, the work on the implementation of the deconsolidation of the Asentia Group continues in order to improve the perception of the Colonial Group in the investment community.

Contents

1. Financial statements

Consolidated Profit & Loss Account

September cumulative - €m	2013	2012	Var.	Var. % [(1)]
Rental revenues	**160**	**169**	**(10)**	**(6%)**
Costs invoiced	32	30	2	8%
Invoiceable costs	(34)	(33)	(1)	(4%)
Other operating costs	(15)	(14)	(1)	(7%)
EBITDA rents	**143**	**153**	**(10)**	**(6%)**
Other income	**2**	3	(1)	(27%)
Overheads	**(25)**	(25)	0	1%
EBITDA recurring business	**120**	**131**	**(10)**	**(8%)**
Like-for-like EBITDA	***95***	***94***	***1***	***1%***
Results equity method - SIIC de Paris	**14**	**13**	**2**	**13%**
Rental asset disposals	308	4	304	-
Cost of sales	(311)	(4)	(307)	-
EBITDA - asset sales	**(3)**	**(0)**	**(3)**	**-**
Exceptional items	**(31)**	-	(31)	-
Operating profit before revaluation, amortizations and provisions and interests	**101**	**143**	**(43)**	**(30%)**
Change in fair value of assets	**34**	**56**	**(22)**	**(39%)**
Amortizations & provisions	**(1)**	**3**	**(3)**	**-**
Financial results	**(157)**	**(127)**	**(31)**	**(24%)**
Profit before tax	**(23)**	**75**	**(98)**	**-**
Income tax	**(21)**	**(8)**	**(13)**	**(166%)**
Gain/ loss on discontinued operations	**(274)**	**(184)**	**(91)**	**(49%)**
Minority Interests	**(51)**	**(85)**	**34**	**40%**
Profit attributable to the Group	**(369)**	**(201)**	**(168)**	**(83%)**

Results analysis - €m	2013	2012	Var.	Var. % [(1)]
Recurring EBITDA	120	131	(10)	(8%)
Results equity method SIIC de Paris - recurring	9	10	(1)	(8%)
Recurring financial result (excl. equity method)	(91)	(100)	9	9%
Income tax expense - recurring result	(7)	(3)	(4)	(147%)
Minority interest - recurring result	(30)	(30)	(0)	(1%)
Recurring EPRA net profit [(2)]	**2**	**8**	**(7)**	**(79%)**
EBITDA - asset sales	(3)	(0)	-	-
Results equity method SIIC de Paris - non-recurring	5	2	2	97%
Exceptional items	(31)	-	-	-
Change in fair value of assets & Amortizations & provisions	33	58	(25)	(43%)
Change in fair value of financial instruments	(14)	(11)	(2)	(20%)
Non-recurring finance costs	(53)	(16)	(37)	(240%)
Income tax expense - non-recurring result	(13)	(5)	(9)	(177%)
Gain/ loss on discontinued operations	(274)	(184)	(91)	(49%)
Minority interest - non-recurring result	(21)	(55)	34	62%
Non-recurring result	**(371)**	**(210)**	**(161)**	**(77%)**
Profit attributable to the Group	**(369)**	**(201)**	**(168)**	**(83%)**

[(1)] Sign according to the profit impact

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

Recurring operating results

- At September 30th, 2013, the Group reached a recurring EBITDA of €120m, 8% less than the same period of the year before. Adjusting for disposals, changes in the project portfolio, as well as other exceptional items, **the recurring like-for-like EBITDA is €95m, in line with the same period of the year before.**

- The operating result of the property portfolio **(EBITDA rents) increased by 1% in like-for-like terms.**

  This increase is mainly due to an increase in rental revenues in France which compensates for the decrease in rental revenues in Spain. This variance is analysed in detail in the 'Business Performance' section of this report.

Operating Results

September cumulative - €m	2013	2012	Var. % [1]
EBITDA rents like-for-like	**119**	**118**	**1%**
EBITDA - overheads	(25)	(25)	1%
EBITDA - other like-for-like income	1	2	(34%)
EBITDA - recurring like-for-like	**95**	**94**	**1%**
Non-comparable EBITDA	25	36	(30%)
EBITDA - recurring	**120**	**131**	**(8%)**

[1] Sign according to the profit impact

- In addition, the stake in SIIC de Paris contributed an attributable profit of €14m, registered in the Results under equity method, representing an increase of 13% compared to the year before. This increase is mainly due to the sale of two buildings carried out by SIIC de Paris in the first half of the year (191 Avenue du Général-Leclerc and 4-10 Avenue de la Grande Armée).

Financial Results

- The recurring financial expenses of the Group amounted to €103m, €7m less than the year before. The part of the recurring financial expenses corresponding to Spanish debt amounted to €55m.

Financial results

September cumulative	2013	2012	Var. % (1)
Recurring financial income	3	2	50%
Recurring financial expenses - Spain	(55)	(57)	(4%)
Recurring financial expenses - France	(48)	(53)	(9%)
Capitalised interest expenses	9	8	(13%)
Recurring financial result (without results equity method)	**(91)**	**(100)**	**9%**
Non-recurring financial income	5	-	-
Non-recurring financial expenses	(57)	(16)	(256%)
Change in fair value of financial instruments	(14)	(11)	(27%)
Financial result (without results equity method)	**(157)**	**(127)**	**(24%)**

(1) Sign according to the profit impact

- The average interest rate until September 30th, 2013, was 3.48% (3.64% including the impact of accrued commissions associated with the financing, with an average financing spread of 183 bp). The average for the same period of 2012 was 3.83% (3.93% including the impact of accrued commissions associated with the financing, with an average financing spread of 170 bp).

The breakdown for the interest rate by country is the following:

September cumulative	2013	2012	Var. %
Cost of debt - % Spain	3.03%	3.25%	*(0.22 pp)*
Cost of debt - % France	4.14%	5.03%	*(0.89 pp)*
Cost of debt - % total	**3.48%**	**3.83%**	***(0.35 pp)***

- The capitalised interest expenses amounted to €9m, corresponding to the financing of one project in Spain and two in France.

- The non-recurring financial expenses mainly corresponded to the accounting record for the month of September of the capitalizable interests of 450pb over the principal of the syndicate loan, retroactive to January 1st, 2013 (this effect is analysed in more detail in the section on "Financial Structure").

- During the month of September, the FCC shares were sold for a total net amount of €17.4m. The net impact registered in the line of "Non-recurring financial income", corresponding to the registry and sale of the stake in FCC, amounts to €5.2m in consolidated terms.

Non-recurring operating results and discontinued operations

- In February 2013, the sale of the Mandarin Hotel in Paris was registered for €290m, a price 30% higher than the total cost of the renovation. In addition, the sale price implies a 15% premium on the valuation at June 2012 (a valuation made before the sale agreement). The impact of the increase in value due to the sale price in this transaction was already registered in December 2012 on the profit and loss account (the valuation of the hotel in December considered the price of the pre-agreement of the sale).

  In Spain, an office complex in Sant Joan Despí was sold in Barcelona for €17.7m, a value in line with the last valuation.

  The negative results for asset sales mainly correspond to the transaction costs related to the sale of the Mandarin Hotel, which were not accounted for in 2012.

- The extraordinary costs correspond to costs that were estimated and provisioned at September 30th, mainly related to the implementation and restructuring of the company.

- Regarding the rest of the non recurring results, it is important to highlight that the Colonial Group registered a negative result before minority interests, due to the accounting impacts attributable to the consolidation of the non-strategic business (Asentia Group).

  In 2010, Colonial registered a provision in order to value its stake in the land and residential business (Asentia Group) at zero. This provision was totally applied, and since 2012 these losses have had an accounting impact on the consolidated accounts of the Group.

  The negative accounting impacts related to the non-strategic business will continue to affect the consolidated results, as long as the Asentia Group continues to form part of the consolidation perimeter of the Colonial Group. Therefore, it is worth emphasizing that Asentia's syndicated financing expects that the participative loan tranche of the Asentia Group could be converted into Asentia shares at the election of Asentia's lenders.

  In any case, the negative impacts attributable to the consolidation of the Asentia Group have no impact on the Net Asset Value (NAV)[1] of the Company, and they do not imply any cash outflow for Colonial.

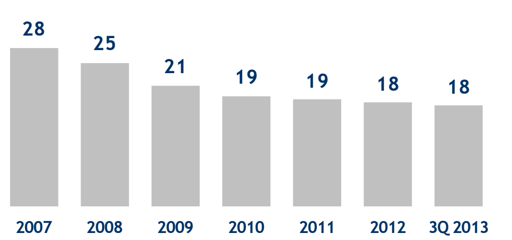
(1) In 2010, in the individual accounts Colonial did a write-down of 100% of the value of its stake in the Asentia Group (land and residential business & Riofisa), and it was excluded from the calculation of the Net Asset Value.

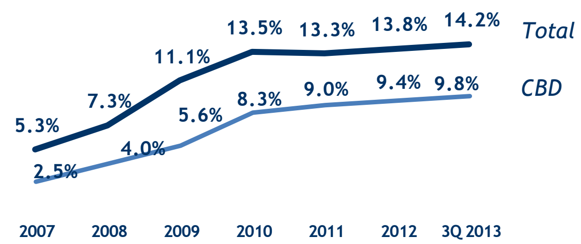
2. Business performance

Office market situation [1]

Rental market

Barcelona





- The office take-up in the third quarter of the year amounted to more than 33,050 sq m and the cumulative take-up volume in 2013 is at around 123,000 sq m. More than 50% of the total volume of the transactions in the market took place in the area of Paseo de Gracia/Diagonal and the city centre. It is expected that there will be a slight recovery in the office take up in the last quarter of the year. However, in any case, the total volume of the take-up for 2013 will not reach 200,000 sq m.

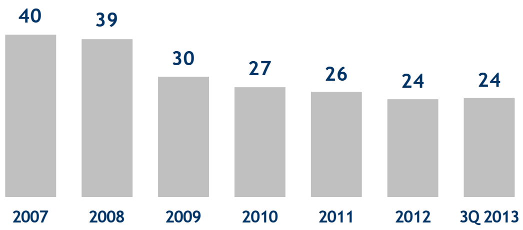
- Due to the low take-up volume in the third quarter, and the delivery of almost 24,000 sq m of new space in the Porta Firal project in the Paseo de la Zona Franca, the average vacancy rate in Barcelona has slightly increased, reaching 14.2%. It is expected that the vacancy rate will begin to decrease in the middle of 2014 when the new offer of offices will be totally non-existent. As of the following year, no release of office projects in the office market is expected. In the CBD area the vacancy rate is at 9.8%.

- According to the brokers in the market, the prime rents in the office market in Barcelona could have reached bottom. There are still slight adjustments taking place in the rental prices of Paseo de Gracia/Diagonal, but the main brokers foresee that from here to the end of the year the prices will stabilise. The rents on Paseo de Gracia/Diagonal stand at €17.50/sq m/month.

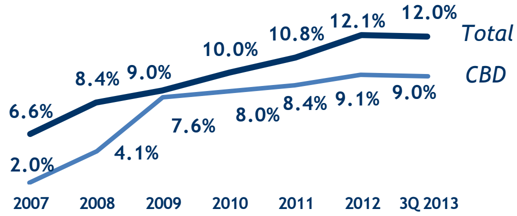
(1) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield, CBRE, and Aguirre Newman

Madrid [1]

Prime CBD Prices (€/sq m/month)



Vacancy (%)



- The office and high-tech take-up this quarter has been low with 56,500 sq m, as is normal during the summer months of the year, registering similar numbers to that of the previous quarter. It is worth highlighting a better performance of demand for the CBD area. The area with the lowest take up this quarter was the satellite area.

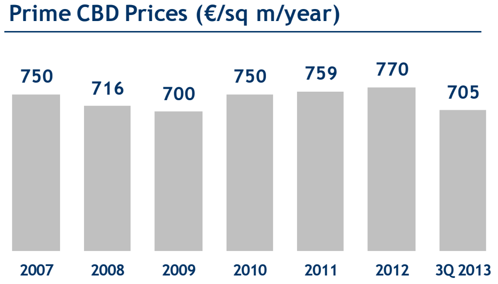
- The average vacancy rate in the Madrid market stands at 12.0% and in the CBD area it is at 9.0%. The shortage of quality products with surfaces above 2,000 sq m in the CBD is acting as a solid floor for the prices vis-a-vis a downward market trend, allowing the vacancy in this market to remain stable at 9%.

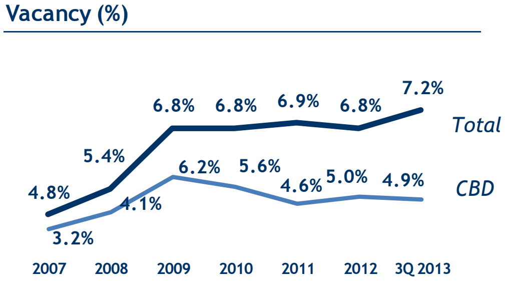
- The future supply is at a minimum, in part due to the absence of financing for new projects, and in part because the developers are waiting for a consolidation of more positive macroeconomic perspectives that should help to sufficiently reactivate the demand. The projects to be released during the current year only reach 14,000 sq m and are concentrated on offices under construction for the developer’s own use.

- The prime rents in Madrid remained steady at €24.25/sq m/month for the fourth consecutive quarter, as a consequence of the fact that transactions continue to materialize at a maximum value. According to the brokers, the market segment that remains stable corresponds to modern and/or refurbished buildings in the prime area, precisely due to the shortage of quality space in this area.

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

Paris (1)





- The office take up in the Paris region in the first nine months of 2013 amounted to more than 1,302,172 sq m, which represents an important decrease compared to the same quarter of the year before. During the third quarter, a total of 38 transactions above 5,000 sq m were carried out, resulting in a 15% drop compared to the same period in 2012.
  In the CBD area, the cumulative take up was 224,056 sq m, a figure which has remained stable compared to that reached during the same period of the year before.

- In the Paris market, the vacancy rate increased in the last 9 months, reaching an immediate offer of 3,758,000 sq m, which represents a vacancy rate of 7.2% for the Paris region. On the other hand, in the CBD area, the vacancy rate remained stable at 4.9%.

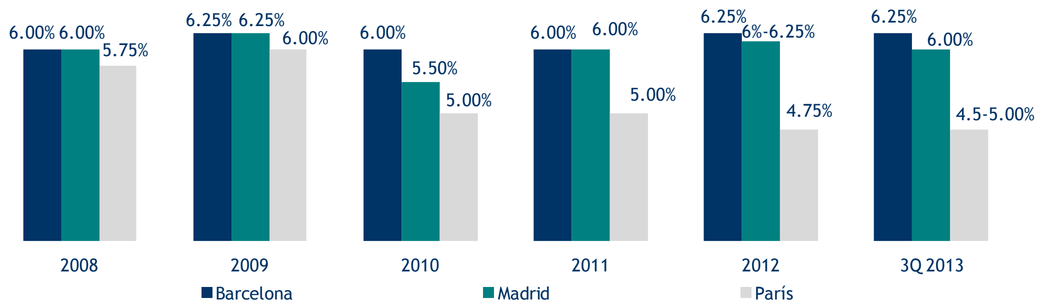
- The prime rental prices in the CBD area in Paris fell to €705/sq m/year. This decrease is mainly due to the shortage of transactions at very exceptional prices.

- The current economic uncertainty will continue to affect the office market, keeping the demand weak. However, high quality assets in prime areas could have a more defensive behavior in front of the lack of significant projects in the CBD area.
  The forecasts for 2014 are more favorable, since signs of improvements globally and nationally are starting to be seen. It is expected that the rental activity will continue to recover gradually as of the second half of 2014.

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

Investment market [1]

Prime Yields – Barcelona, Madrid, París



- **Barcelona**: International investors are still making acquisitions in the property market at a slow pace. However, there is growing interest by the investment community on a global level. In addition to opportunistic investors, value added funds and core purchasers are entering the market. The cumulative investment volume for the third quarter amounted to almost €280m, which already exceeds by 5% the volume reached for the entire year of 2012. The prime yields remained stable at around 6.25% in the area of Paseo de Gracia/Diagonal.

- **Madrid:** The office investment market in Madrid begins to show signs of recovery as seen in the growing interest of international investors, institutional as well as private. The capital coming from LATAM, France or Switzerland, as well as the emerging interest coming from Asia, especially China and Korea has taken on a special relevance. There continues to be shortage of products in the market, while the demand is mainly centred on core quality products or opportunistic distressed products. Yields in the prime area remained stable at around 6%, and could reach levels below 6% for unique assets.

- **Paris**: Investment in the third quarter of 2013 reached €3,600m, which means a cumulative investment volume of €7,900m during the first nine months of the year, resulting in an increase of 8% compared to the year before. The prime yields remained stable in the range of 4.5-5.0%.

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

Business highlights

- Rental revenues amounted to €160m, 5.6% below the total revenues from the previous year. **Rental revenues for the Group increased by 0.6% like-for-like**, adjusting for disposals, and for changes in the projects & refurbishment portfolio.

  In Paris, rental revenues increased 5.2% like-for-like. In Spain, like-for-like rental revenues decreased by 8.0%.

Rents (2013 vs. 2012) €m	Barcelona	Madrid	Paris	Total
Rental Income 2012	23	33	113	169
Like-for-like	*(0.9)*	*(2.7)*	*4.5*	*0.9*
Projects & refurbishments	*(0.3)*	*(3.4)*	*(8.0)*	*(11.7)*
Disposals	*(0.3)*	*(0.9)*	*(7.2)*	*(8.5)*
Indemnities & others	*(0.0)*	*0.0*	*0.0*	*(0.0)*
Changes in scope of consolidation	*0.0*	*0.0*	*9.8*	*9.8*
Rental Income 2013	22	26	112	160
Total variance (%)	*(7.0%)*	*(20.9%)*	*(0.8%)*	*(5.6%)*
Like-for-like variance (%)	*(4.4%)*	*(11.3%)*	*5.2%*	*0.6%*

- **The rental EBITDA (net rental income) reached €143m, an increase of 1% like-for-like**, with an EBITDA margin on gross rents of 89%.

Property business

September cumulative - €m	2013	2012	Var. %	Like-for-like %
Rental revenues - Barcelona	22	23	(7%)	(4%)
Rental revenues - Madrid	26	33	(21%)	(11%)
Rental revenues - Paris	112	113	(1%)	5%
Rental revenues	**160**	**169**	**(6%)**	**0.6%**
Costs invoiced	32	30	8%	
Invoiceable costs	(34)	(33)	(4%)	
Other operating costs [1]	(15)	(14)	(7%)	
EBITDA rents	**143**	**153**	**(6%)**	**1%**
EBITDA/ Rental revenues - Barcelona	*88%*	*87%*	*1.2 pp*	
EBITDA/ Rental revenues - Madrid	*82%*	*88%*	*(6.1 pp)*	
EBITDA/ Rental revenues - Paris	*91%*	*91%*	*0.1 pp*	
EBITDA/ Rental revenues	***89%***	***90%***	*(0.7 pp)*	

[1] Includes expenses related directly to property

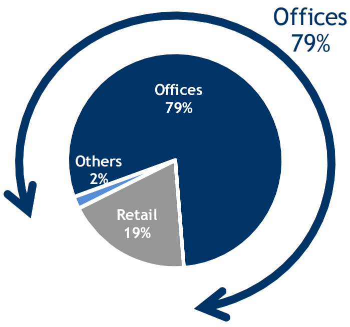
Pp: percentage points

- **Breakdown – Rental revenues:** The majority of the Group's revenue (79%) comes from office buildings.

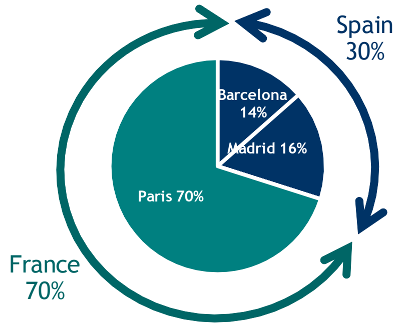
  The Group also continues to have a high exposure to CBD markets (73%). 70% of the rental revenues (€112m) come from the subsidiary in Paris and 30% from properties in Spain.

  In attributable terms, approximately 50% of the cash flow is generated in France and the rest in Spain.

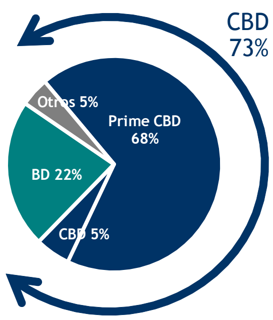
Revenues - by use



Revenues - by market



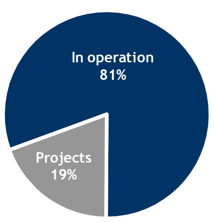
Revenues - by area



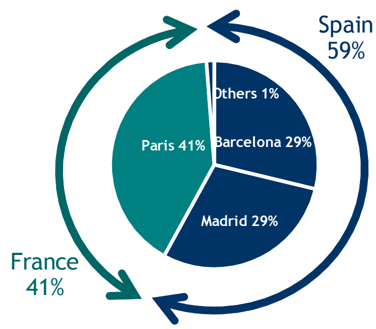
- **Surface area:** At the close of the third quarter of 2013, the Colonial Group's portfolio totalled 1,050,453 sq m (732,738 sq m above ground), most of which was office space.

  At September 30th, 2013, 81% of the portfolio was in operation, and the remaining 19% corresponded to an attractive portfolio of projects and refurbishments.

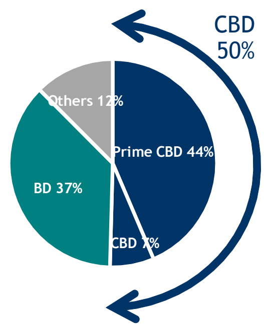
Surface - by condition



Surface - by market



Surface - by area



- **Letting performance:** During the first nine months of 2013, the Group signed a total of 96,329 sq m of **new rentals** (rental renewals and revisions at market prices). Of these, 64% were in Spain and 36% in France. The new rentals set in these agreements were 10% below previous rents.

Letting Performance

September cumulative - sq m	2013	% New rents vs. previous	Average maturity
Renewals & revisions - Barcelona	23,800	*(29%)*	3
Renewals & revisions - Madrid	15,200	*(21%)*	4
Renewals & revisions - Paris	34,601	*(3%)*	6
Total renewals & revisions	**73,601**	***(10%)***	**5**
New lettings Barcelona	6,012		4
New lettings Madrid	16,716		6
New lettings Paris	-		-
New lettings	**22,728**	n/a	**6**
Total commercial effort	**96,329**	**n/a**	**5**

- Colonial's commercial effort corresponds to transactions carried out in the three markets the company is operating in.

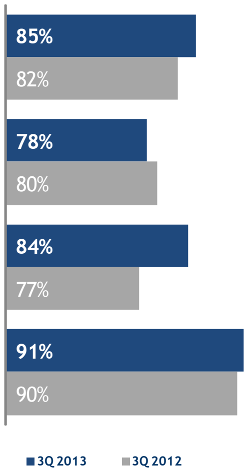
In **Madrid**, the highlights include the contract signed on the Martínez Villergas building with Iberia for 15,935 sq m, as well as the 9,088 sq m signed on the Alcalá building with the Comunidad de Madrid.

In **Barcelona**, the highlights include the contracts signed with Konecta BTO on the Illacuna office complex for 3,091 sq m, as well as contracts signed with the Ajuntament de Barcelona on the BCN Glories Diagonal building for 11,672 sq m, with Accenture for the building in Sant Cugat Nord for 4,882 sq m, and with SILK for the El DAU building (Avenida Diagonal 609-615) for 2,462 sq m.

In **Paris**, it is worth highlighting the contract signed with Natixis for 22,030 sq m on the Rives de Seine building, and the 7,000 sq m signed with Klepierre Management on the Edouard VII building. Likewise, two contracts were signed on the Louvre des Antiquaires building, Hugo Boss with 2,426 sq m and Ariba with 1,630 sq m.

- **<u>Occupancy:</u>** The office portfolio reached an occupancy rate of 85% at the end of September 2013, and the financial occupancy was 87%, calculated according to the EPRA recommendations.

Office Occupancy - Surfaces [(1)]



	Occupancy (all uses)	*Office Occupancy EPRA* [(2)] 3Q 2013	*Total Occupancy EPRA* [(2)] 3Q 2013
Total Colonial	85%	87%	88%
Barcelona	79%	81%	82%
Madrid	82%	84%	83%
París	92%	89%	91%

(1) Occupied surfaces/surfaces in operation
(2) Financial occupancy according to the calculation recommended by the EPRA

In **Barcelona**, the office portfolio reached an occupancy rate of 78%, a rate lower than the third quarter of the previous year (80%), and similar to the level reached at the close of 2012 (79%).

In **Madrid**, the office portfolio reached a total occupancy rate of 84% at the close of the third quarter of 2013.
During 2013, refurbishments have taken place on the Alfonso XII property, an office complex which is undergoing an integral refurbishment project which will be completed in the coming months.

In **Paris**, the occupancy rate stood at 91% for the office portfolio, a figure similar to the third quarter of 2012, yet lower compared to the end of the year before. This is mainly due to 6,500 sq m of refurbished offices which came into operation on the Edouard VII property during the first quarter of the year. It is worth highlighting that in the coming months the In/Out office complex will enter into operation.

Overall, the Colonial Group's total office portfolio reached an occupancy rate of 85% (87% of EPRA financial occupancy), a higher rate than that reached at the close of 2012.

- **Disposals:** During the first nine months of 2013, the Mandarin Hotel in Paris was sold for €290m, a 15% premium on its appraisal value at June 2012. In Spain, an office complex in Sant Joan Despí in Barcelona was sold for €17.7m, a value in line with the last valuation.

Disposals 2013- €m	Use	Market	Date	Price
Office complex Sant Joan Despí	Offices	Barcelona	2Q 2013	**17.7**
247 Saint Honoré	Hotel	Paris	1Q 2013	**290.0**
Others	Parking	Paris	1Q 2013	**0.4**
Total				**308.0**

- **Investments:** In terms of investments, it is important to point out that the Company holds a project portfolio of more than 104,000 sq m above ground, which is scheduled to come into operation between 2013 and 2018, and will generate additional rental revenues of €47m(*).

The Colonial Group's **current project pipeline** is made up of the following projects:

Projects	Entry into operation	% Group	Market	Use	Surface above ground (sq m) (1)
Travessera de Gràcia / Amigó	2H 2014	100%	Barcelona	Offices	8,202
Alfonso XII	1H 2014	100%	Madrid	Offices	13,135
Parc Central 22@ A.1.6 - A.1.7 - A.1.2	>2016	100%	Barcelona	Offices	14,737
Spain					**36,074**
In/Out - Quai Le Gallo	2H 2013	100%	Paris	Offices	35,000
Cardinal - Richelieu	2H 2015	100%	Paris	Offices	33,200
France					**68,200**
Total					**104,274**

(1) Floor area of completed project

In **Spain**, in 2013 renovations began on the Alfonso XII building in Madrid, where a complete refurbishment project will be carried out in order to obtain the "BREEAM" certification (Sustainable Building). In addition, it is important to highlight the entering into operation of the Castellana 43 building, 100% occupied by a top tier client. In Barcelona, it is worth pointing out the Travessera de Gràcia / Amigó project in Barcelona. This office complex is located in the prime area, and is energy efficient with top quality finishings, resulting in the obtaining of the LEEDs certification (Green Building).

In **France**, the refurbishment projects have continued to progress during the year, notably in the In/Out building, an office project due to be delivered in the next months. At the end of 2012, refurbishments began on the Rue de Richelieu property in Paris. This office complex will undergo an integral refurbishment project ("the Cardinal Project"), which will involve the creation of 33,200 sq m of individual offices for top tier clients in central Paris.
More details on these and other projects can be found in Appendix 6.4.
In addition to the projects in the pipeline, the Colonial Group is carrying out substantial refurbishments in specific buildings in order to optimize the positioning of these assets in the market.

(*) Rents estimated at current market prices

33. Financial structure

Main debt figures

Group net debt stood at €3,486m at September 30th, 2013, 3.7% lower than the net debt at December 31st, 2012 (€3,623m). Both figures exclude the debt of the subgroup Asentia, which is classified as Discontinued Operations.

The reduction in the Group's debt corresponds mainly to the SFL subsidiary that has lowered its net debt by 9.7%, thanks to the sale of the Mandarin Hotel in Paris for the amount of €290m.
The debt of Colonial Spain (without SFL) has remained with almost no changes; the syndicate debt was reduced by €17.4m due to the application of the proceeds of the sale of the FCC shares, while the bilateral debt increased by the same quantity.

The breakdown of the debt at September 30th is the following:

Breakdown of the consolidated net financial debt	September 2013			December 2012			Var.
	SP	FR	Total	SP	FR	Total	Total
Syndicate loan	1,697	0	1,697	1,714	45	1,759	(62)
Mortgage debt/leases	370	286	656	357	295	652	4
Subordinated debt	42	0	42	41	0	41	1
Unsecured debt and others	11	142	153	8	232	240	(87)
Total gross debt with credit entities	**2,120**	**428**	**2,548**	**2,120**	**572**	**2,692**	**(144)**
Bonds	0	1,000	1,000	0	1,000	1,000	0
Total gross debt	**2,120**	**1,428**	**3,548**	**2,120**	**1,572**	**3,692**	**(144)**
Cash & cash equivalents	**(31)**	**(31)**	**(62)**	**(44)**	**(25)**	**(69)**	**7**
Group Net Debt	2,089	1,397	**3,486**	2,076	1,547	**3,623**	**(137)**
Average maturity drawn debt (years)	**1.6**	**3.0**	**2.7**	**2.2**	**3.4**	**2.6**	**0.1**
Average maturity available debt (years)	**1.7**	**3.4**	**3.2**	**2.2**	**3.0**	**2.9**	**0.3**
Cost of debt %	**3.03%**	**4.14%**	**3.48%**	**3.24%**	**4.61%**	**3.78%**	**0.30 pp**

The Company has started conversations with its main lenders, syndicated as well a bilateral, in order to explore different alternatives that would allow for a reduction in its gearing and extend the maturity of the debt in Spain, which mainly matures in December 2014.
In this regard, the Company continues to evaluate different strategic options with the aim to reduce the Company's debt volume. Among these options are a capital increase and/or the possibility of a total or partial sale of Colonial's stake in Société Foncière Lyonnaise. To date, no binding agreement has been reached on these options.

The main characteristics of the debt are as follows.

- A gross debt of €3,548m that mainly includes:

1. A syndicate debt in Colonial of €1,697m refinanced on February 19th, 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 December 31st, 2014, and the applicable spread for 2013 is 175 bp.

   On September 19th, 2013, the FCC shares were sold for the net amount of €17.4m, which was used to repay a part of the syndicate debt as these shares were pledged in favor of the syndicate loan.

   The syndicate loan considers incentives for the company to reach an LTV of 50%. Therefore, it foresees partial amortizations of the loan. If this does not take place, after June 30th, 2013, it will generate additional capitalised interests of 450 bp on the principal of the loan, backdating to January 1st, 2013.

   Given that at June 30th the aforementioned LTV level was not reached, at September 30th, Colonial registered a total of €56.6m in the line of "Non-recurring financial costs", which will be capitalised as an increase in financial debt during the last quarter of 2013.

   As a guarantee, the loan has mortgages on certain property assets in Spain, a pledge on the SFL shares owned by Colonial, and on the shares of the subsidiary Torre Marenostrum, S.L.

2. SFL currently has two syndicate loan arrangements, for a total amount of €750m, which were not drawn down at September 30th, 2013:

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

   b) At December 17th, 2010, a new syndicate loan was signed for a nominal amount of €350m, with the bank agent "Natixis Banques Populaires", maturing in December 2015. The applicable spread is 215 bp.

3. SFL's bonds for €1,000m, €500m issued on May 17th, 2011, and €500m on November 28th, 2012, with an annual fixed coupon of 4.625% and 3.50%, maturing on May 25th, 2016 and November 28th, 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 security:
   a) Colonial holds a total of €370m in bilateral loans with various credit institutions, with mortgage securities on property assets. The average maturity of these loans is 3.1 years and the average financing spread is 163 bp.
   b) SFL has a total of €205m in bilateral loans with various credit institutions, with mortgage securities on property assets. The average maturity of these loans is 3.82 years and the average financing spread is 185 bp.

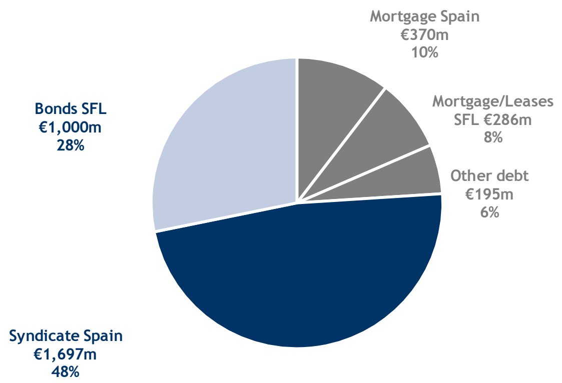
5. Bilateral loans without mortgage security:
   a) Colonial has a total of €11m in a single loan without mortgage security with an average maturity of 3.17 years and an average financing spread of 175 bp.
   b) SFL has various loans for a total of €207m, of which €142m are drawn down with an average maturity of 0.35 years and an average financing spread of 54 bp, both of these calculated over the drawn amount.

c) Through its subsidiaries, the Colonial Group has a subordinate loan for the amount of €42m with an average life of 3.33 years and an average financing spread of 400 bp, totally capitalizable. This loan is convertible into a participative loan if the equity of said subsidiary is found in a mercantile situation of dissolution. Additionally, the loan counts on a third mortgage on an asset of said subsidiary.

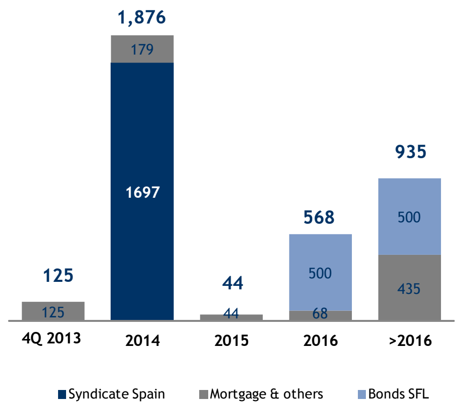
- The liquidity available at September 30th amounted to €925m (current accounts and deposits for €62m and undrawn debt for €863m), of which €79m correspond to Colonial, and €846m to SFL.

- The debt breakdown by type, company and maturity is the following:

Breakdown of drawn debt



Maturity of drawn debt (€m)



Property Business Spain	20	1,786	39	38	238
Property Business SFL	105	90	5	530	697

Hedging portfolio

- The breakdown of the hedging portfolio at September 30th, 2013, is the following:

September 30th , 2013 Financial instrument - €m	Description	Spain	France	Total	%	MTM
SWAP	From floating to fixed rate	564	226	790	37%	(19)
CAP	Floating rate with a maximum	1,354	0	1,354	63%	0
Total hedging portfolio (Variable - fixed)		**1,918**	**226**	**2,144**	**100%**	**(19)**
Maturity (years)		**1.1**	**3.3**	**1.3**		

- The effective hedging ratio at September 30th, 2013, (hedges/debt at floating rates) stood at 84% (92% in Spain and 53% in France).

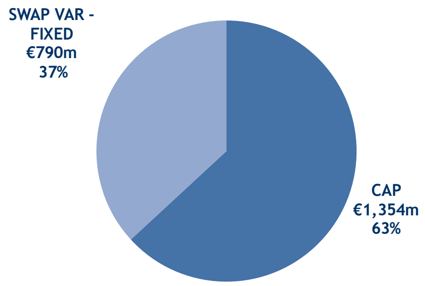
- At September 30th, 2013, the percentage of total hedged debt or total fixed rate debt stood at 89%, taking into account the SFL bonds at fixed rate.

- 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 as net equity. At September 30th, 2013, 94% of the nominal value of the hedging portfolio meets the requirements established under the above-mentioned normative.

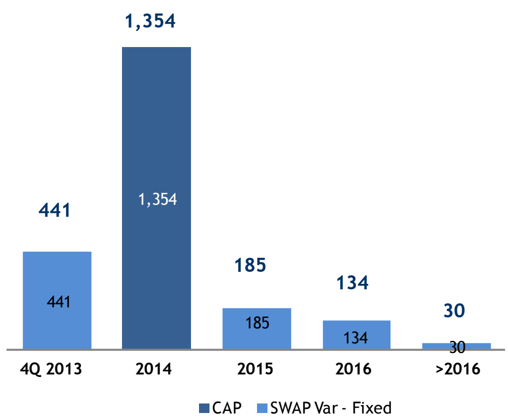
- As a result of the issue of the fixed rate bonds and the reduction in France's debt, hedging instruments were cancelled for a nominal value of €250m with the objective of adapting the interest rate risk hedging ratio to the nominal value of the drawn debt at floating rates.

- The current structure of the hedging portfolio and its breakdown per product and country are as follows:

Breakdown of derivatives portfolio



Maturity of derivatives portfolio (€m)

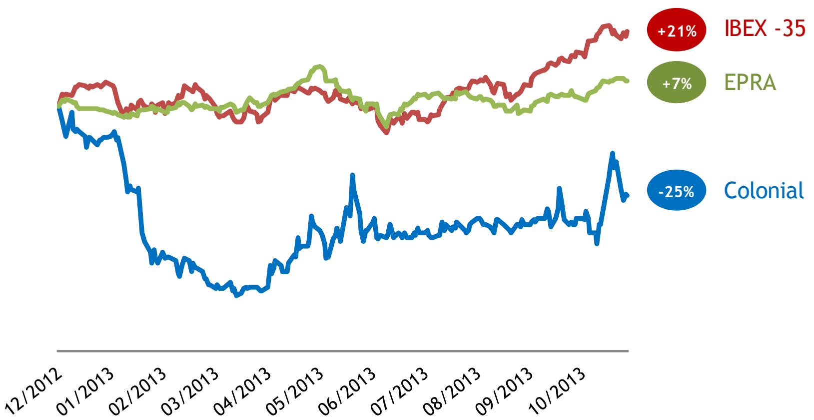


	4Q 2013	2014	2015	2016	>2016
Spain	400	1,354	0	134	30
France	41	0	185	0	0

4. Stock market performance

Stock market evolution

The last months, especially after the summer, were characterised by a growing interest by international investors in the Spanish capital markets. This fact was accompanied by a reduction in the country's risk premium.



Share price performance

Colonial shares	Oct-13	Dec-12
Market capitalisation at closing date (€m)	**275**	**368**
Closing price (€/share)	**1.22**	**1.63**
Number of shares (mn)	225.9	225.9

In the last two months, Colonial's share Price has increased by 17%.

During this period, the Company has published the following significant information releases ("Hecho Relevante"):

26th of September 2013

"The Board of Directors of Colonial, in the meeting held on this date, has agreed the following:

- To designate HDA Conseil, S.A.R.L. as a new of Member of the Board of Directors of the Company, represented by Henri d´AMBRIÈRES, by means of co-optation and proposed by Crédit Agricole, and following a report from the Nominations and Remunerations Committee.
- To name Carlos Fernández-Lerga Garralda and HDA Conseil, S.A.R.L as new members of the Executive Committee of the Company, following a proposal of the Nominations and Remunerations Committee.
- To name HDA Conseil, S.A.R.L as a new member of the Nominations and Remunerations Committee, following a proposal of the Nominations and Remunerations Committee."

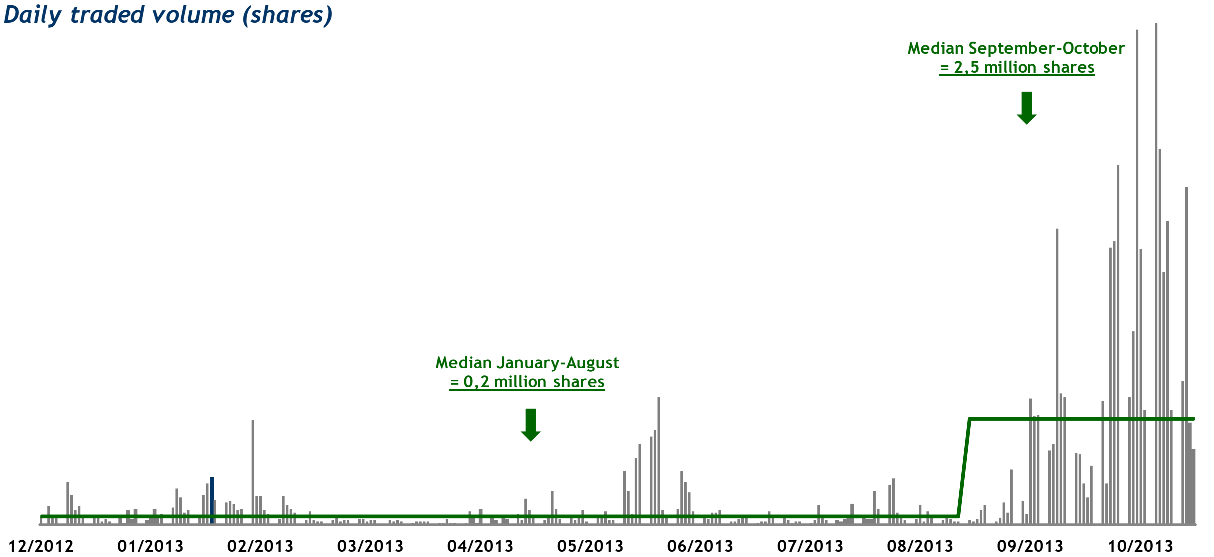
4th of November 2013

"In relation to the news that appeared in the media, the Company confirms that, in the framework of the process of negotiation of the restructuring of its financial syndicate debt maturing in 2014, it continues to evaluate all the strategic options with the aim to reduce the amount of its debt. Among these options is the possibility of a capital increase or a total or partial disposal of Colonial's stake in Société Foncière Lyonnaise. To date, no binding agreement has been reached.

In this regard, the Company is maintaining various conversations independently with different investors in order to assess a possible capital increase. Among these investors is the Villar Mir Group, which has presented an offer subject to conditions, in order to subscribe a non-controlling stake in Colonial. However, the Company has not adopted any firm or binding decision on a possible capital increase. In the case that the Company reaches an agreement on a possible capital increase, it will be communicated through the publication of the significant information release ("Hecho Relevante")."

In this market context, and additionally as a consequence of an increase in the free float of the company, the daily trading volume of the shares increased significantly.

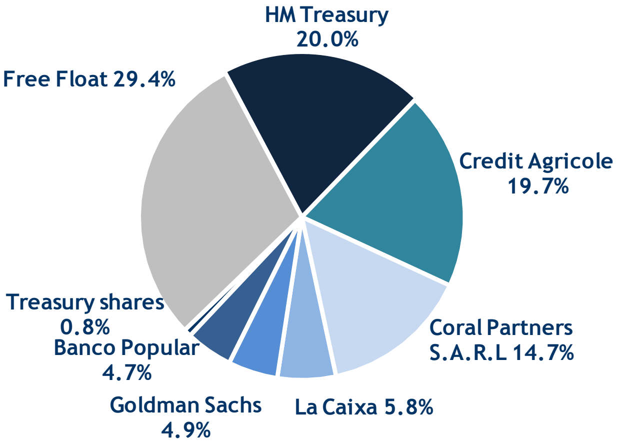
Daily traded volume (shares)



Colonial is part of the Investment Property Databank index (IPD), a property profitability index with global reference.

Company shareholder structure

Shareholder structure 22/10/2013 (CNMV)



Board of Directors

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee
Juan José Brugera Clavero	Chairman	Colonial	Chairman		
Pedro Viñolas Serra	Chief Executive Officer	Colonial	Member		
Alberto Ibáñez González	Director	HM TREASURY	Member	Member	
Alain Chetrit	Director	ColonyCapital ORION	Member		Member
HDA Conseil S.A.R.L. represented by Henri d'Ambrières	Director	CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK	Member	Member	
Xavier Faus Santasusana	Other Director		Member	Member	
Luis Maluquer Trepat	Other Director				
Javier Iglesias de Ussel	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				

Corporate Governance as of October 24th , 2013

5. Discontinued operations

Highlights - Discontinued operations

- The Colonial Group carries out its land residential business, as well as the sale of residential units through the subgroup Asentia, whose parent company is Asentia Project, with Riofisa as its main subsidiary.

- At the close of the third quarter of 2013, the land bank stood at 1.7 million sq m, with 53% located in Andalusia and the remaining 47% between Madrid and the eastern part of Spain (Catalonia/Levante/Mallorca).

Discontinued operations - Key performance indicators

September cumulative - €m	2013	2012	Var. %
Operating indicators			
Land bank surface	1,685,062	1,683,874	0%
Riofisa surface [1]	1,516,373	1,521,437	(0%)
# of finished units	42	141	(70%)
Financial results			
Residential sales - Commercial sales (units)	53	75	(29%)
Residential sales - Booked sales (units)	52	63	(17%)
Revenues from homebuilding sales	14.7	13.9	5%
Revenues from land bank sales	0.1	0.2	(8%)
Other income	-	0.2	-
Revenues from Riofisa	17.3	11.5	50%

(1) Includes residential land bank

- During the first nine months of 2013, the sales of housing units amounted to €14.7m, a figure 5% higher than the sales from the same period of the year before.

- In the residential housing portfolio, the Group continues with a strategy of reducing its exposure, and its stock of residential units decreased 70% compared to the same period of the previous year. The current stock of finished housing amounts to 42 units (vs. 141 units at the end of the third quarter of the previous year).

- At September 30th, various companies in the subgroup Asentia had a negative net equity. The syndicate loan provides a mechanism through which, should the Company find itself in a mercantile situation of dissolution, the capitalized interests and the convertible tranche will be converted into a participative loan (PPL) for the amount necessary to restore the Company's equity. However, the RDL ("Royal degree law") 10/2008, extended with the RDL 3/2013, foresees that losses derived from the decreases in value of real estate assets will not be considered in the calculation of net equity from a commercial law point of view ("a efectos mercantiles"). In the case the mentioned RDL is not extended, various companies of the subgroup Asentia could be in a situation of mercantile dissolution with effect from December 31st, 2013.

Financial structure of discontinued activities

The breakdown of the Asentia Group's financial debt at September 30th, 2013, is as follows:

Structure of the financial debt

September 30th , 2013 - €m	Asentia Project S.L	Riofisa Group	Other subsidiaries	Total	%
Syndicate loan	688	0	0	688	47%
Syndicate loan (participative tranche)	241	0	0	241	16%
Mortgage debt	53	318	92	463	32%
Non-mortgage debt	0	74	0	74	5%
Total gross debt	**982**	**392**	**92**	**1,466**	**100%**
Cash & cash equivalents	(20)	(8)	(10)	(38)	
Total net debt	**962**	**384**	**82**	**1,428**	
Average maturity (years)	**1.2**	**1.2**	**3.4**	**1.3**	
Financial cost (excl. commissions)	4.65%	3.76%	6.58%	4.58%	
Financial cost	(33)	(9)	(13)	(55)	

- The net financial cost of the entities classified as discontinued operations, at September 30th, 2013, amounted to (€55m), of which (€33m) corresponded to the capitalized financial expenses of Asentia, which have been entirely capitalised. The financial costs of Riofisa amounted to (€9m) of which (€8m) were capitalized. Additionally, (€13m) corresponded to other subsidiaries mainly as a consequence of the cancelation of an interest rate swap.

- Asentia's syndicate loan was originated in the restructuring of Colonial's syndicate loan formalized on February 19th, 2010. The applicable spread of this loan is 400 bp, generated as cumulative PIK interest, and payable at maturity on December 31st, 2014. At September 30th, the amount of capitalized interest amounted to €23m.

  This loan has a €275m tranche guaranteed with a warrant, convertible under certain circumstances into Colonial shares, at a minimum conversion price of €12/share. This implies a maximum dilution of Colonial's equity below 10%.

- The syndicate loan provides a mechanism through which, should the Company find itself in a mercantile situation of dissolution, the capitalized interests and the convertible tranche will be converted into a participative loan (PPL) for the amount necessary to restore the Company's equity. At September 30th, 2013, the PPL amounted to €241m, with a fixed applicable rate of 6.5%, which is entirely capitalizable.

In addition, the syndicate loan facility provides, given a certain gearing ratio (LTV) is reached, for the voluntary conversion of the profit participative loans into new shares of the company, at the election of Asentia's lenders.

- Asentia has a mortgage of €45m, on which the interests are capitalized. At September 30th, 2013, the accumulated amount of these interests amounted to €8.2m, payable at maturity on February 19th, 2015.

- The Riofisa Group has a mortgage debt with various financial institutions for a total of €392m, of which €318m have a mortgage guarantee. The average financing spread amounted to 225 bp. Based on the refinancing agreement reached in 2011, 75% of the total financial debt matures between December 2014 and January 2015 and is extendable for 24 additional months, subject to the compliance of specific conditions, some of which are listed below:

  I. That the urban development management necessary to increase the value of the assets has been carried out

  II. That the amount of the Company's equity is at least 10% above the amount required to avoid the Company entering into cause for dissolution

  As explained above, the non-extension of the RDL 10/2008 (currently in force), as well as a potential tightening of the company's liquidity position in the future, has led the Riofisa Group to start conversations with its lenders in order to renegotiate the conditions of its debt.

- The mortgage debt of €92m included under the heading "Other subsidiaries" corresponds to a loan facility to finance an urban development project on a plot of land in Seville.

  During the month of June 2013, a refinancing agreement was signed on this debt (for a total of €154m previous to the refinancing), as well as for other liabilities totalling €12m, consistent in its partial cancelation for €74m, through the delivery of specific assets and the subrogation of specific liabilities by Colonial and Asentia.

  The formalization of the agreement has made it possible for:

  I. The total cancelation of the recourse to Colonial, estimated at €166m
  II. An agreement on the new business plan in accordance with the current market situation and to the new urban development agreement with the local city council
  III. Financing by the financial institution for the works necessary to meet the newly acquired commitments

6. Appendices

6.1 Consolidated balance sheet & Parent Company's Equity

6.2 Asset portfolio – Locations

6.3 Asset portfolio - Details

6.4 Project portfolio

6.5 Legal structure

6.6 Subsidiaries – Details

6.7 Additional information

6.8 Glossary

6.9 Contact details

6.10 Disclaimer

6.1 Consolidated balance sheet & Parent Company's Equity

Consolidated balance sheet

€m	30/09/2013	31/12/2012
ASSETS		
Consolidated goodwill	120	120
Investment property - In operation	*4,486*	*4,391*
Investment property - Work in progress, advances and provisions	*461*	*391*
Property investments	4,947	4,782
Equity method	295	287
Other non-current assets	289	291
Non-current assets	**5,650**	**5,480**
Debtors and other receivables	81	65
Other current assets	68	85
Assets available for sale	1,045	1,624
Current assets	**1,194**	**1,773**
TOTAL ASSETS	**6,844**	**7,253**
LIABILITIES		
Share capital	*226*	*226*
Other reserves	*37*	*1,135*
Profit (loss) for the period	*(369)*	*(1,129)*
Other instruments for equity	*5*	*2*
Exchange differences	*(1)*	*(1)*
Treasury shares	*(60)*	*(60)*
Equity	(163)	172
Minority interests	1,254	1,220
Net equity	**1,091**	**1,392**
Bond issues and other non-current issues	995	994
Non-current financial debt	2,315	2,499
Deferred tax	235	226
Other non-current liabilities	117	124
Non-current liabilities	**3,662**	**3,843**
Bond issues and other current issues	21	14
Current financial debt	287	189
Creditors and other payables	117	91
Other current liabilities	65	69
Liabilities associated to assets available for sale	1,599	1,656
Current liabilities	**2,090**	**2,018**
TOTAL EQUITY & LIABILITIES	**6,844**	**7,253**

Parent company's equity

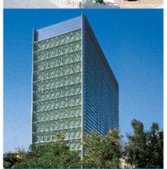
€m	30/09/2013	31/12/2012
Capital	226	226
Reserves	246	1,084
Treasury shares	(38)	(38)
Profit (loss) for the period	(89)	(837)
Other instruments for equity	5	4
Equity	**350**	**438**
Changes in value adjustments	(7)	(16)
Net equity	**344**	**422**
Adjustment according RDL	355	332
Mercantile net equity	**699**	**755**

6.2 Asset portfolio – Locations

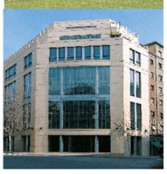
Barcelona


1
TORRE BCN


2
PG. DELS
TIL·LERS 2-6

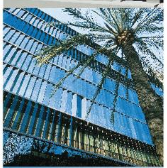

3
AV. DIAGONAL 682


4
AV. DIAGONAL
609-615

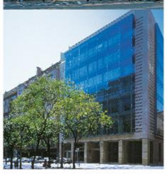

5
BERLÍN 38-48 /
NUMÀNCIA 46


6
TRAVESSERA
DE GRÀCIA 11


7
AMIGÓ 11-17


8
AV. DIAGONAL
530-532

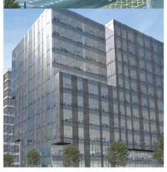

9
AV. DIAGONAL 409


10
VIA AUGUSTA 21-23

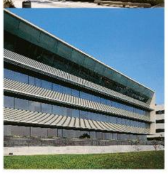

11
TORRE
MARENOSTRUM


12
AUSIÀS MARC 148


13
DIAGONAL GLÒRIES

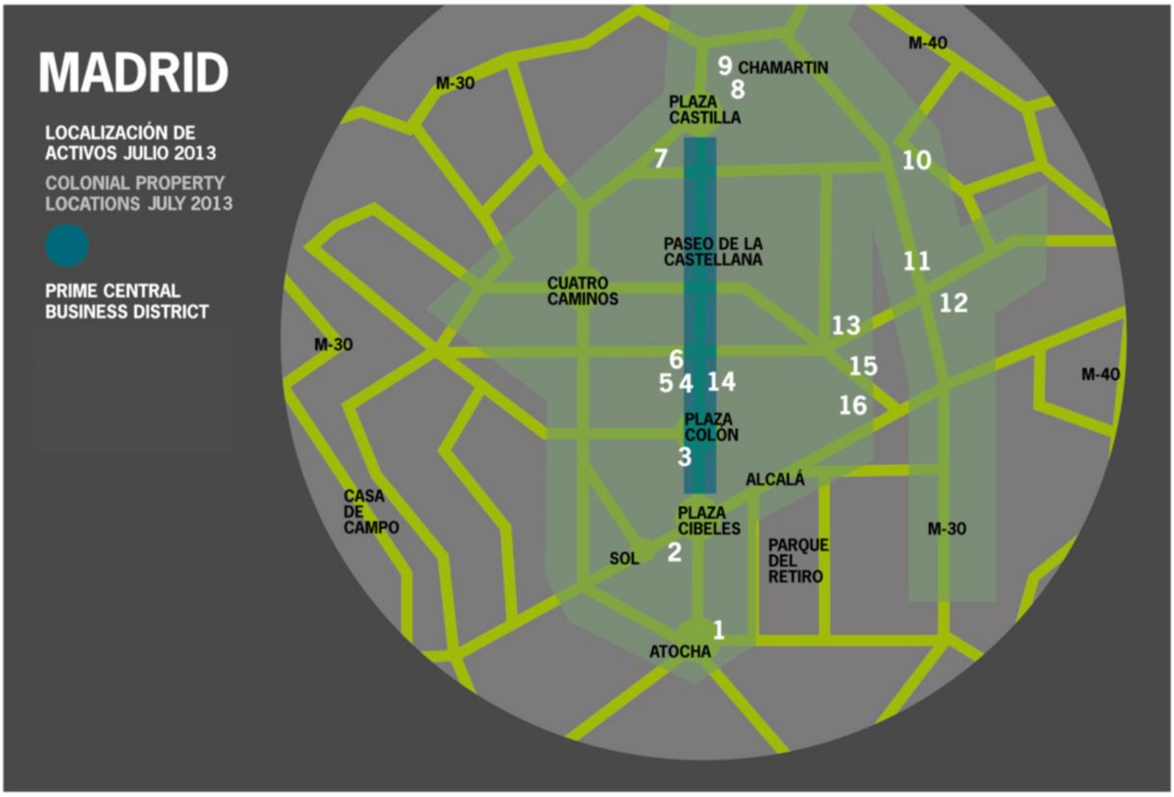

14
COMPLEJO DE OFICINAS
PARC CENTRAL


15
COMPLEJO
DE OFICINAS
ILLACUNA


16
COMPLEJO DE
SANT OFICINAS
CUGAT NORD

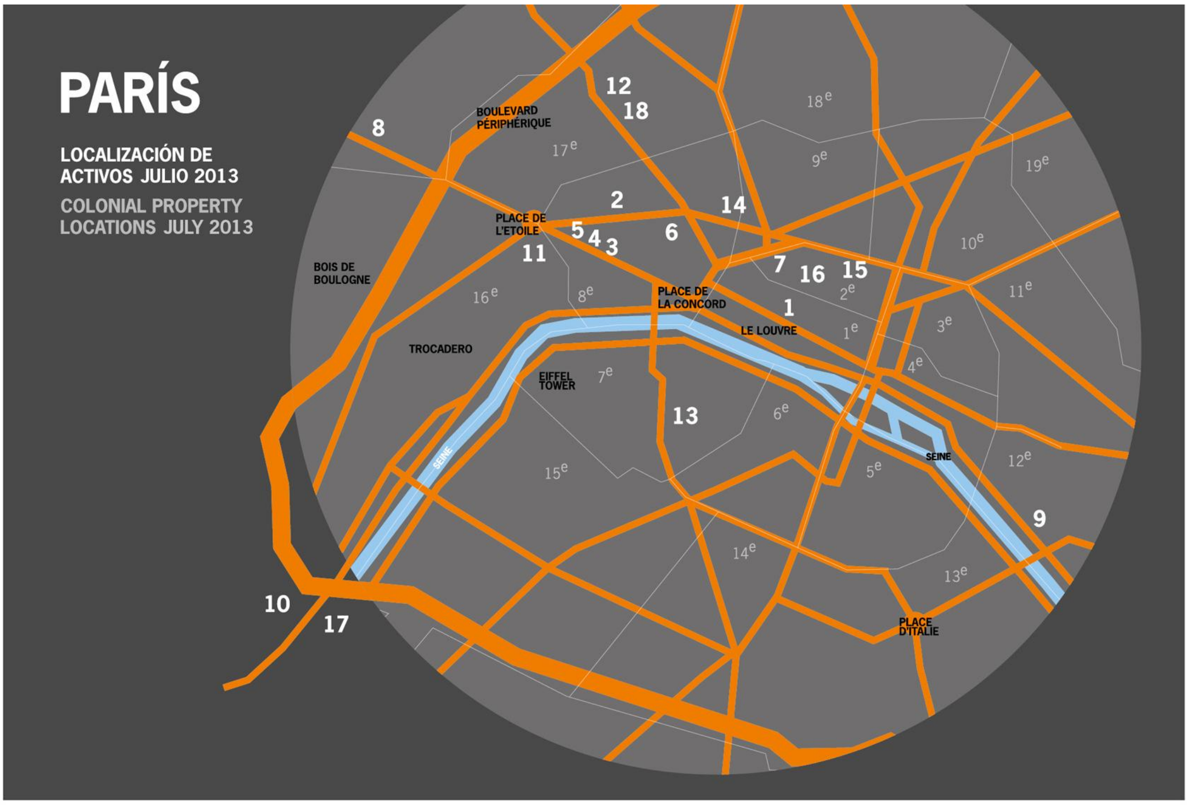
6.2 Asset portfolio – Locations (cont.)

Madrid



6.2 Asset portfolio – Locations (cont.)

Paris




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

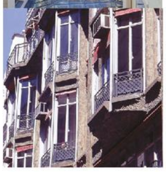

10
IN/OUT


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

6.3 Asset portfolio - Details

Spain

RENTAL PORTFOLIO SPAIN	Floor space above ground					Floor space above ground	Floor space under ground	Total surface
	Offices	Retail	Resid.	Logistic	Hotel			
AV. DIAGONAL, 409	851					851	0	851
AV. DIAGONAL, 530	11,781					11,781	1,688	13,469
AV. DIAGONAL, 609-615 (DAU)	19,428					19,428	18,989	38,417
AV. DIAGONAL, 682	8,622					8,622	600	9,222
PEDRALBES CENTRE	0	5,562				5,562	1,325	6,887
AUSIAS MARC / LEPANT	6,430					6,430	1,521	7,951
BERLIN, 38-48/NUMANCIA, 46	12,446					12,446	1,704	14,150
GLORIES - Diagonal	11,672					11,672	536	12,208
GLORIES - Llacuna	20,451					20,451	13,620	34,071
TILOS	5,143					5,143	3,081	8,224
VIA AUGUSTA, 21-23	4,838					4,838	0	4,838
TORRE BCN	8,235					8,235	3,398	11,633
TORRE DEL GAS	22,750					22,750	19,370	42,120
SANT CUGAT NORD	27,904					27,904	21,061	48,965
P. CASTELLANA, 52	7,523					7,523	588	8,111
RECOLETOS, 37	17,202					17,202	5,340	22,542
CASTELLANA, 43	5,998					5,998	2,442	8,440
MIGUEL ANGEL, 11	6,300					6,300	3,049	9,349
JOSE ABASCAL, 56	12,325					12,325	6,437	18,762
ALCALA, 30-32	9,088					9,088	1,700	10,788
FRANCISCO SILVELA, 42	5,725					5,725	3,654	9,379
ORTEGA Y GASSET 100	7,792					7,792	2,563	10,355
CAPITAN HAYA	16,015					16,015	9,668	25,683
SERRANO GALVACHE	30,650					30,650	15,689	46,339
LOPEZ DE HOYOS, 35	7,140					7,140	4,105	11,245
CENTRO NORTE (1)	6,402	1,216			8,073	15,691	39,354	55,045
MARTINEZ VILLERGAS, 49	24,135					24,135	14,581	38,716
RAMIREZ DE ARELLANO, 37	5,988					5,988	4,923	10,911
RENTAL PORTFOLIO	322,834	6,778		0	8,073	337,684	200,988	538,672
OTHER COMMERCIAL PREMISES		6,039				6,039	1,737	7,776
RENTAL FLOOR SPACE SPAIN	322,834	12,817		0	8,073	343,723	202,725	546,448
PARC CENTRAL	14,737					14,737	14,737	29,474
TRAVESSERA DE GRACIA, 11	4,440					4,440	1,517	5,957
AMIGÓ	3,762					3,762	1,403	5,165
BERLIN, 38-48/NUMANCIA, 46	371					371	0	371
AV. DIAGONAL, 609-615 (DAU)	2,568					2,568	0	2,568
TORRE BCN	1,600					1,600	0	1,600
ALFONSO XII, 62	13,135					13,135	2,287	15,422
HOTEL MARINA DE LA TORRE	0				11,519	11,519	0	11,519
JOSE ABASCAL, 56	12					12	0	12
AV. DIAGONAL, 409	3,680					3,680	0	3,680
PROJECTS UNDERWAY SPAIN	44,306	0	0	0	11,519	55,825	19,945	75,770
TOTAL SPAIN	367,140	12,817	0	0	19,592	399,548	222,670	622,218

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

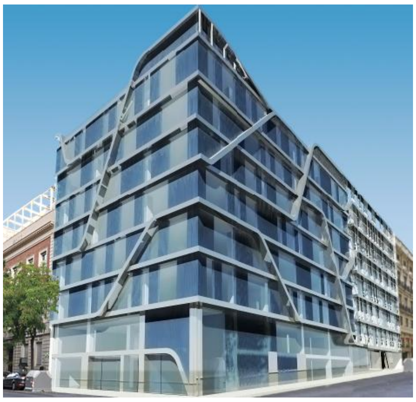
6.3 Asset portfolio - Details (cont.)

France

RENTAL PORTFOLIO PARIS	Floor space above ground					Floor space above ground	Floor space under ground	Total surface
	Offices	Retail	Resid.	Logistic	Hotel			
CALL-LDA	22,064	1,504			2,134	25,703	5,730	31,433
EDOUARD 7	27,430	15,997	4,509		4,502	52,438	10,145	62,583
C. ELYSEES 8288	0	4,539				4,539	3,849	8,387
C. ELYSEES 90	2,333	981				3,314	0	3,314
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
PRONY-WAGRAM	7,100				449	7,549	3,119	10,668
IENA	7,505					7,505	4,711	12,217
108-112 WAGRAM	4,470	892				5,362	546	5,908
WASHINGTON PLAZ	36,821	224			2,241	39,286	13,271	52,557
HAUSS. 104-110	11,683	791				12,474	2,650	15,124
NEUILLY	4,445	389				4,835	2,739	7,573
ISSY LES MOULINEAUX	6,026					6,026	2,321	8,347
RIVES DE SEINE	20,270				1,760	22,030	6,589	28,619
103 GRENELLE	15,176	258				16,486	1,872	18,357
SAINT DENIS	0		60			60	16	76
RENTAL FLOOR SPACE	**192,803**	**30,513**	**4,569**	**0**	**12,138**	**240,023**	**60,896**	**300,918**
WASHINGTON PLAZA	2,384	236				2,620	2,678	5,298
CALL-LDA	6,438	5,177				11,615	8,462	20,077
108-112 WAGRAM						0	562	562
GRENELLE						0	2,996	2,996
C. ELYSEES 8288						0	2,304	2,304
C. ELYSEES 92						0	493	493
CEZANNE SAINT HONORE	812		231			1,043	1,504	2,546
C. ELYSEES 90	5,306					5,306	0	5,306
QUAI LE GALLO	34,992					34,992	9,523	44,515
ILOT RICHELIEU	33,187					33,187	1,609	34,796
NEULLY	1,303					1,303	861	2,164
PRONY-WAGRAM						0	532	532
IENA						0	930	930
EDOUARD 7		35				35	0	35
HANOVRE LB	3,003		61			3,065	1,697	4,762
PROJECTS UNDERWAY	**87,427**	**5,448**	**292**	**0**	**0**	**93,166**	**34,149**	**127,316**
TOTAL FRANCE	**280,229**	**35,961**	**4,861**	**0**	**12,138**	**333,189**	**95,045**	**428,234**
TOTAL PROPERTY COLONIAL	**647,369**	**48,778**	**4,861**	**0**	**31,730**	**732,738**	**317,715**	**1,050,453**

6.4 Project portfolio

Travessera de Gràcia / Amigó




A new project of two office buildings with a total of 8,202 sq m above ground, located in Travessera de Gracia, where it meets Calle Amigó, no more than a few metres from Avenida Diagonal, in a busy and well-connected shopping area. A project with individually designed state-of-the-art façades. 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 apply for the LEEDs GOLD certification ("green building").

Alfonso XII


An office project with more than 13,000 sq m, distributed in 8 floors of up to 2,000 sq m and offering totally open and flexible spaces. In addition, the building has a lot of light and exceptional views of the city. The building is located in a privileged area in Madrid in front of the of the Retiro Park, just a few metres from Paseo del Prado, and the hub of the Castellana. It has excellent transportation communication, 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 it will be an energy efficient building, obtaining the "BREEAM" certification (Sustainable Building).

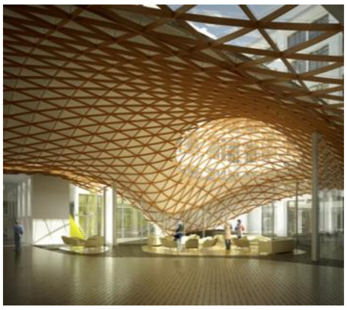
6.4 Project portfolio (cont.)

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.

Quai Le Gallo


Located on the outskirts of Paris, this building is found within the Vallée de la Culture Community Revival Project. The renovation project will convert the building into a brand new high end office complex. The main building is to be used for offices, but a new extension will house 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 combination of these characteristics makes Quai Le Gallo one of the most sought-after addresses in the current Parisian rental and investment market.

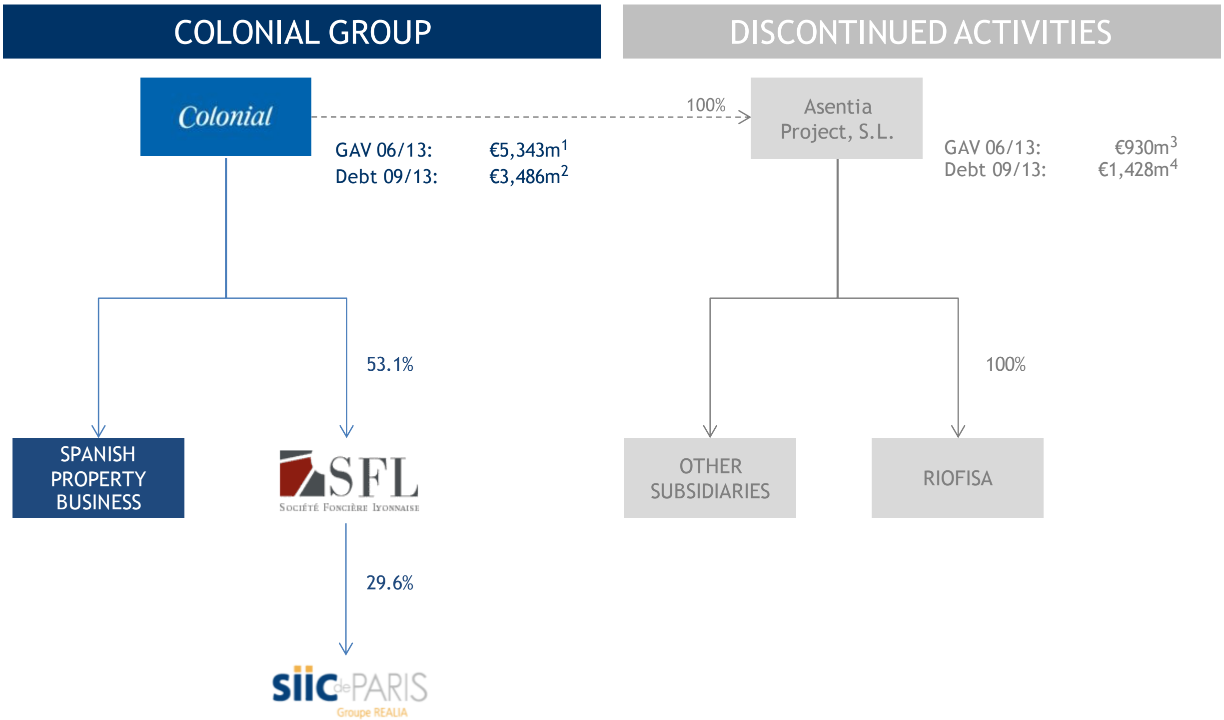
6.4 Project portfolio (cont.)

Ilot Richelieu



Acquired by SFL in April 2004, Ilot Richelieu is located just a few paces from the Palais Brongniart in the "Cité Financière" (Financial District) and was let by a large French Bank. During the third quarter of 2012, renovations began on the property. This office complex will undergo an integral refurbishment project ("the Cardinal Project"), which will involve the creation of 33,200 sq m of individual offices for top tier clients in central Paris.

6.5 Financial structure

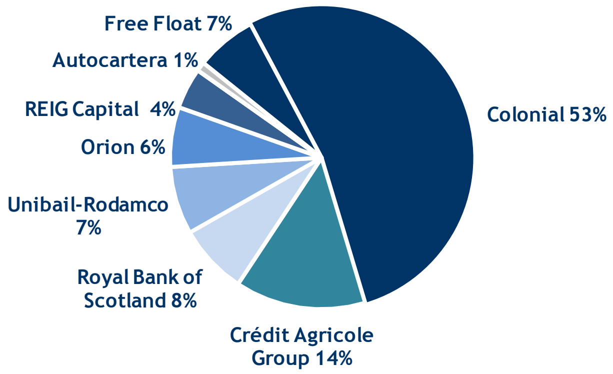


Notes:
(1) GAV of assets owned directly + GAV other subsidiaries Spain + 100% GAV SFL + % NAV SIIC de Paris
(2) Debt of Holding + debt of other subsidiaries Spain + 100% SFL debt
(3) GAV of assets owned directly + GAV of other subsidiaries + Riofisa GAV
(4) Debt of Asentia Holding + debt of other subsidiaries + Riofisa debt, includes participative loan of €60m

6.6 Subsidiary - Details

Shareholder structure and Board of Directors of SFL

***SFL** - Shareholder structure 30/06/2013*



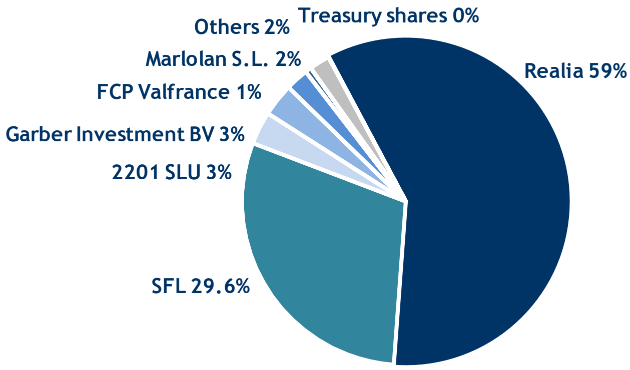
Board of Directors SFL

Name of Director			Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee
Juan José Brugera Clavero	Chairman	Colonial	Chairman	Member	
Anne-Marie de Chalambert	Director	Colonial			
Carlos Fernández-Lerga Garralda	Director	Colonial			Chairman
Carmina Ganyet Cirera	Director	Colonial	Member		
Bertrand Letamendia	Director	Colonial			
Carlos Losada Marrodan	Director	Colonial			
Luis Maluquer Trepat	Director	Colonial			
Pere Viñolas Serra	Director	Colonial	Member	Chairman	
Jean-Jacques Duchamp	Director	Crédit Agricole Assurances / Predica • Assurances de personnes	Member		Member
Aref H. Lahham	Director	ORION	Member		
Reig Capital Group Luxembourg SARL (Alejandro Hernandez-Puertolas)	Director	REIG Capital Group			
Jean Arvis	Independent Director			Member	Member
Jacques Calvet	Independent Director				Member
Tony Wyand	Independent Director			Member	

6.6 Subsidiaries - Details (cont.)

Shareholder structure and Board of Directors of SIIC de Paris

SIIC de Paris *- Shareholder structure at May 29 th , 2013*



Board of Directors SIIC de Paris

Name of Director			Nominations & Remunerations Committee	Audit & Control Committee
Ignacio Bayón Mariné	Chairman	REALIA		
Agustín González Sánchez	Director	REALIA	Member	
Jaime Lloréns Coello	Director	REALIA		
Realia Business S.A. (Iñigo Aldaz Barrera)	Director	REALIA		
Juan Antonio Franco Díez	Director	REALIA		Member
Carmina Ganyet i Cirera	Director	SFL		
Pere Viñolas Serra	Director	SFL		
Bertrand Julien-Laferrière	Director	SFL		
Jean-Marie Soubrier	Independent Director		Chairman	Chairman
Garber Investments BV (Carlos Cercadillo)	Independent Director			Member

6.7 Additional information

EPRA Earnings - September cumulative - €m	9/2013	9/2012
Earnings per IFRS Income statement	**(369)**	**(201)**
Adjustments to calculate EPRA earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	(33)	(58)
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	3	0
(iii) Exceptional items	31	-
(iv) Tax credits impairment	13	5
(v) Changes in fair value of financial instruments and associated close-out costs	66	27
(vi) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	(5)	(2)
(vii) Minority interests in respect of the above	21	55
EPRA net profit - pre-company specific adjustments	**(272)**	**(175)**
(vii) Company specific adjustments - discontinued operations	274	184
EPRA net profit - post-company specific adjustments	**2**	**8**

6.8 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
EBITDA	Operative results before net revaluations, amortisations, 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	Gross Asset Value: value of the assets portfolio after deducting transfer costs, according to appraisers that are independent from the Group
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, compensations in case of tenants' anticipated leave

6.8 Glossary (cont.)

Like-for-like valuation	Data that can be compared between one period and another (investments and disposals are excluded)
LTV	Loan to Value (Net financial debt / GAV of the business)
EPRA NAV	The EPRA Net Asset Value (EPRA NAV) is calculated based on the company's equity 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
Yield on cost	Market rent 100% occupied / Market value at start of project net of impairment of value + invested capital expenditure
€m	In millions of Euros

6.9 Contact details

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Capital Market registry data - Stock Market

Bloomberg: COL.SM
ISIN code: ES0139140042
Indexes: IPD

6.10 Disclaimer

Forward-looking statements included in this presentation have not been verified by an independent entity and therefore the accuracy and completeness thereof should not be assumed. These forward-looking statements do not contemplate unknown risks, uncertainties or other factors which can lead to results or events that take place in reality to be different from those expressed in these forward-looking statements.

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