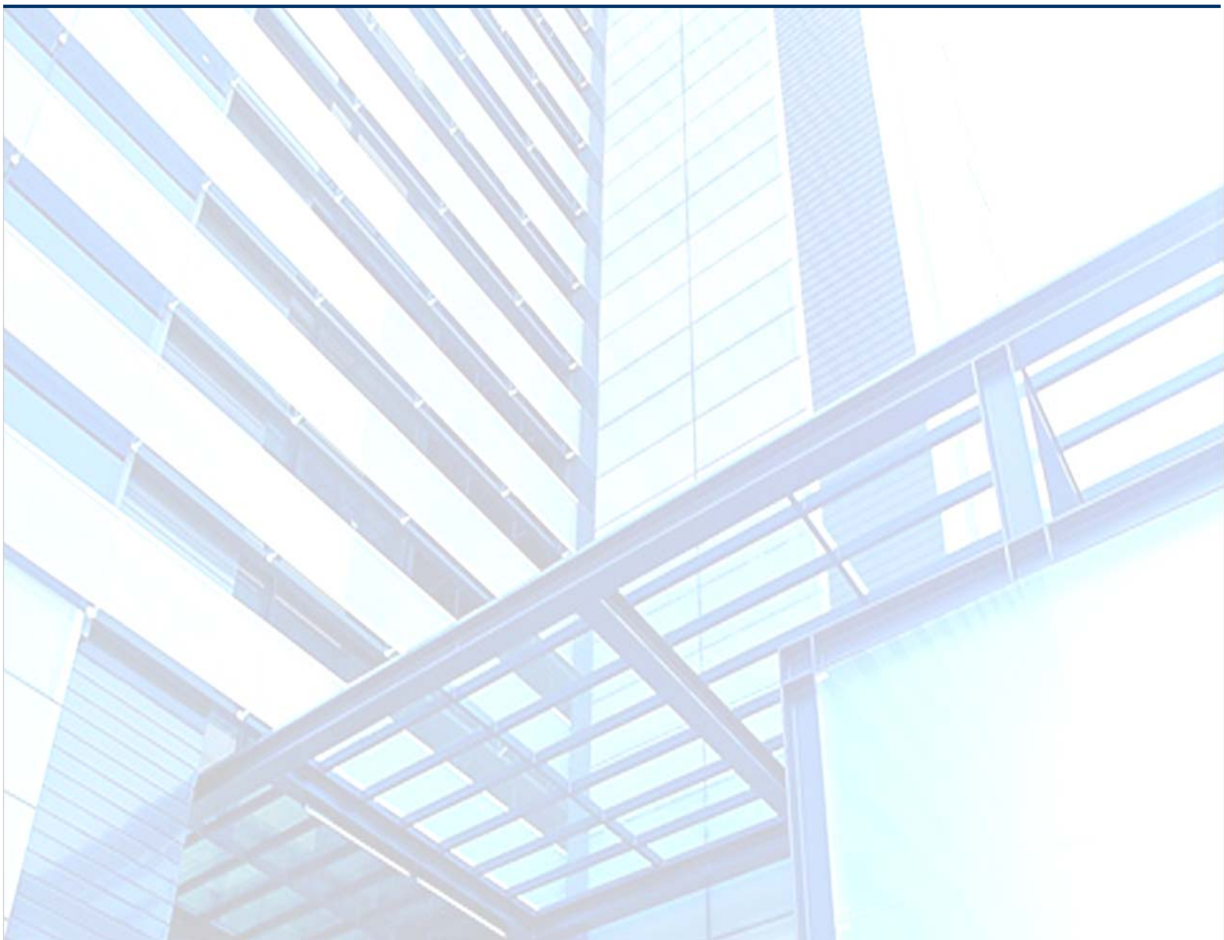
Annual results 2012

February 28, 2013



The Colonial Group obtained negative attributable results of (€1,129m) mainly due to extraordinary write offs, the cancellation of the excess of interest rate derivatives and the consolidation impacts of the non-strategic business (Asentia Group).

The operating profit of the Group is positive and amounts to €192m, and the net recurring result (Recurring EPRA net profit) is €9.5m.

- **Rental revenues: €225m, +3.7% like-for-like**
- **Recurring EBITDA of the Group: €175m, +3.4% like-for-like**
- **Group operating profit: €192m, -7.7%**
- **Gross Asset Value Property Business: €5,535m, +4.3% like-for-like**
- **EPRA NAV: €2.03 / share, -17.8%**

Key performance and financial indicators

December cumulative - €m	2012	2011	Var. %
Nº assets [1]	51	51	0%
Lettable surface above ground	625,975	622,598	1%
Developments underway surface above ground [2]	137,042	142,052	(4%)
Surface below ground	338,218	324,913	4%
Total surface (sq m)	**1,101,234**	**1,089,563**	**1%**
Office occupancy	82.9%	87.0%	*(4.1 pp)*
Total occupancy	83.8%	87.9%	*(4.1 pp)*
Rental revenues	225	229	(2%)
EBITDA rents	205	210	(3%)
EBITDA / rental revenues	91%	92%	*(0.8 pp)*
EBITDA rents	205	210	(3%)
Equity method SIIC de Paris	21.0	18.7	12%
EBITDA overheads and others	(30)	(30)	2%
EBITDA assets sales	(3.8)	8.7	(143%)
Group operating profit	**192**	**208**	**(8%)**
Financial results (without equity method)	**(170)**	**(138)**	**(23%)**
EPRA net profit	**9.5**	**17.1**	**(44%)**
Gain/ loss on discontinued operations	**(419)**	**(1)**	**-**
Net Result attributable to the Group	**(1,129)**	**15**	**n.a.**

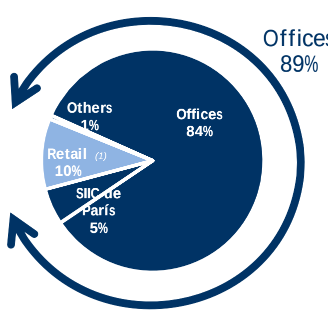
Balance sheet indicators

December 31th - €m	2012	2011
GAV property business [3]	5,535	5,102
GAV discontinued operations	1,159	1,528
Group net debt	3,623	3,359
Net debt Spain	2,076	2,116
LTV [4]	65%	67%
Financial cost %	3.78%	3.68%
Maturity (years) - available debt	2.9	3.5
EPRA NAV	460	559
Nº of shares (m)	226	226
EPRA NAV (€/share)	2.03	2.47
EPRA NNNAV (€/share)	2.17	5.04
Free float %	10%	10%

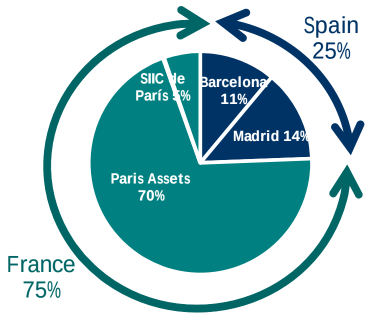
(1) Without including small non-core retail assets
(2) Projects & refurbishments
(3) Includes NAV stake in SIIC de Paris
(4) Group Net Debt / GAV Strategic Business

The GAV rose to €5,535m at December 31st, 2012

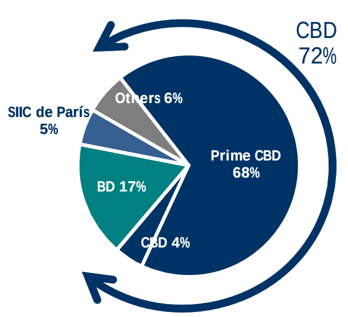
Valuation - by use



Valuation - by market



Valuation - by area (2)



(1) Includes Saint Honore Hotel in Paris
(2) As of 31/12/2012 the classification of areas was updated, in line with the methodology of real estate consultants (JLLS, CBRE & others)
SIIC de Paris: Value of the stake of SFL in SIIC de Paris

Highlights

1 Annual results

The year 2012 was affected by a general deterioration of the international macroeconomic climate and the Euro zone crisis in particular. Spain suffered a progressive worsening of the macroeconomic framework with a contraction of the GDP in 2012. According to the consensus of the majority of the analysts, the forecasts for 2013 are of negative growth, and there is high uncertainty about identifying the turning point of the Spanish economy.

Consequently, the office market in Barcelona and Madrid has undergone an important setback in take-up with continuing pressure on rental prices. However, prime assets in central areas had a more defensive behaviour than the rest of the market.

Within this context, the Colonial Group could maintain a recurring EBITDA of €175m and a positive Recurring EPRA net profit (net recurring profit on continued operations) of €9.5m, thanks to its AAA asset portfolio.

However, the total result of the Group was negative and amounted to (€1,129m) due the following non-recurring impacts:

1. Extraordinary write offs, mainly due to the impairment of the tax credits on balance and the goodwill.
2. Cancellation of the excess hedging instruments (interest rate derivatives mainly of the financing in France) and cumulative provision of the value of the FCC shares.
3. Accounting impacts attributable to the consolidation of the non-strategic business (Asentia Group).

	Results Analysis - €m	2012	2011	Var.	Var. % [(1)]
	EBITDA recurring	175	180	(6)	(3%)
	Equity method SIIC de Paris - recurring	13	12	1	13%
	Recurring Financial Result (excl. equity method)	(133)	(128)	(5)	(4%)
	Income tax expense - recurring result	(5)	(2)	(3)	(126%)
	Minority interest - recurring result	(40)	(45)	5	10%
	Recurring EPRA Net Profit	**9.5**	**17.1**	**(8)**	**(44%)**
1 Extraordinary impairments	Change in fair value of assets & Amortizations & provisions	(68)	(24)	(44)	(179%)
	Income tax expense - non-recurring result	(524)	67	(591)	(886%)
2 Excess of hedging instruments & FCC impairment	Change in fair value of financial instruments	(37)	(10)	(27)	(286%)
3 Asentia's consolidation impacts	Gain/ loss on discontinued operations	(419)	(1)	(419)	-
	Minority interest - non-recurring result & other impacts	(90)	(34)	(56)	163%
	Exceptional items	**(1,138)**	**(2)**	**(1,136)**	**-**
	Profit attributable to the Group	**(1,129)**	**15**	**(1,144)**	**-**

(1) Sign according to the profit impact

It is important to highlight that these extraordinary write offs do not produce any cash outflow for the company.

2 Commercial effort

During all of 2012, the Colonial Group signed rental contracts for 118,167 sq m (80,563 sq m in Spain and 37,604 sq m in France).

Of the total commercial effort, 44,862 sq m (38%) correspond to contracts signed in Madrid, 37,604 sq m (32%) correspond to contracts signed in Paris, and 35,701 sq m (30%) correspond to contracts signed in Barcelona.

The following table shows the main commercial efforts carried out:

Main actions

Building	City	Tenants	Surface (sq m)
Torres Ágora	Madrid	Ministerio de Asuntos Exteriores	30,650
Haussmann 104-110	Paris	La Mondiale Groupe	11,797
Illacuna	Barcelona	Liberty Seguros, Cegedim Hispania & others	7,569
Washington Plaza	Paris	Misys International Banking Systems & Contourglobal	7,264
Avinguda Diagonal, 609-6015 (DAU)	Barcelona	Accenture, Otsuka Pharma, Aguirre Newman & others	7,077
Avinguda Diagonal, 530	Barcelona	CaixaBank	5,910
Ozone	Paris	SJ Berwin, Zara Francia & Solaris	6,275
Grenelle, 103	Paris	General Electric, Financiere Rive Gauche & ESMA	5,748
Sant Cugat Nord	Barcelona	Axa Seguros Generales, Aristan Thermo España & others	4,087
Jose Abascal, 56	Madrid	Roca Junyent & Madrid Network	2,983
MAIN ACTIONS			**89,360**

3 Portfolio in operation

In **Madrid,** during the month of June, the Martínez Villergas building came into operation. As a consequence of this entry into operation, the occupancy of the office portfolio decreased to 75%. Excluding this impact, the occupancy of the rest of the portfolio in Madrid remained stable at 88%.

At the beginning of 2013, 15,935 sq m have been signed on Martínez Villergas with a top tier client, which will raise the occupancy of this building to 66%. This transaction demonstrates the capacity of Colonial's assets to attract top tier demand in a difficult market.

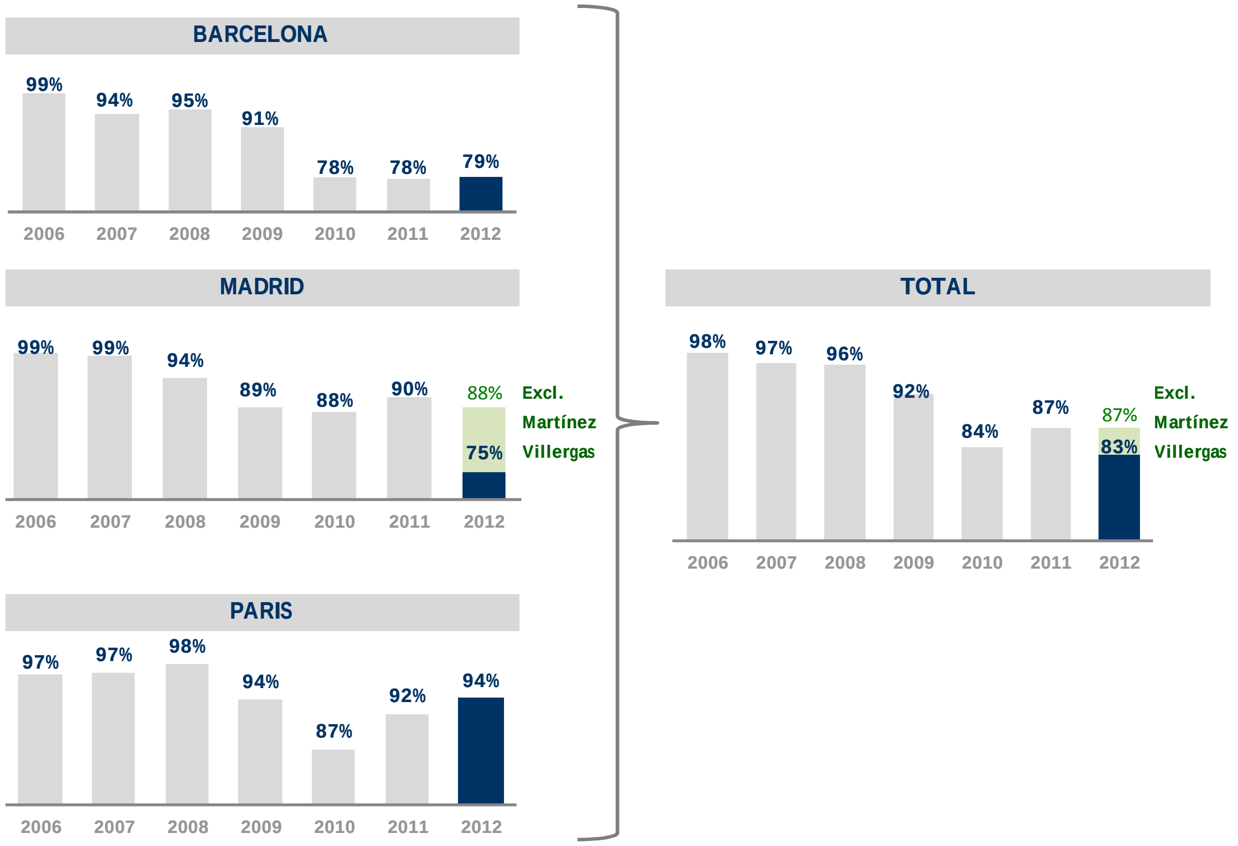
In **Barcelona**, the total occupancy rate of the office portfolio at the end of 2012 was 79%. The new Illacuna office complex is 60% occupied, Ausias March is in commercialization phase and the rest of the office portfolio in Barcelona has an occupancy ratio of 85%.

In **Paris**, during the third quarter of this year, refurbishments began on the Rue de Richelieu building, an office complex that will undergo an integral renovation project ("the Cardinal Project").

The occupancy rate of the Paris office portfolio stood at 94% at the end of 2012 (95% including other uses), a higher level than that reached in the third quarter of 2012, and above the previous year. This increase is mainly due to the new contracts signed in Grenelle 103, Washington Plaza and Edouard 7.

The total office portfolio of the Colonial Group reached an occupancy rate of 83%, 87% excluding the impact of Martínez Villergas.

Office Occupancy – Evolution of Colonial's Portfolio



4 Capital structure

Gross Asset Value & Group debt

The Gross Asset Value of the Colonial Group was €5,535m at December 31st, 2012, a 4% like for like increase versus the previous year.

It is important to highlight that the decreases in the portfolio in Spain have been compensated by the increases in the French portfolio (+12% like-for-like), confirming the high interest of investors in prime offices in the largest market in the Euro zone.

Colonial's net Group debt was €3,623m[1] at December 31st, 2012, corresponding to a loan-to-value ratio of 65%. It is important to point out that Colonial plans to start conversations with its main lenders in Spain in order to revise the terms of its financial debt. The majority of this debt matures in December 2014.

Bond issue

In November 2012, the French subsidiary Société Foncière Lyonnaise (SFL) successfully completed a bond issue for €500m with an interest rate of 3.5%, resulting in a spread of 275 bp over the mid swap. The maturity date of the bonds issued is November 28th, 2017.

The deal attracted a demand of 3.2 times higher than the supply, as it reached €1,600m.

This bond issue is part of the financing strategy put in place by the Colonial Group and its subsidiary, SFL, with the objective to diversify the sources of financing, increase the maturity of the debt, and strengthen the Group's overall financing capacity.

As a consequence of the successful bond issue, Colonial cancelled the excess of interest rate derivatives in France.

(1) The debt of the Group does not include the debt of the subgroup Asentia, as this group is classified under the heading of discontinued operations.

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1. Financial statements

Consolidated Profit & Loss Accounts

December cumulative - €m	2012	2011	Var.	Var. % [(1)]
Rental revenues	**225**	**229**	**(4)**	**(2%)**
Costs invoiced	41	40	1	2%
Invoiceable costs	(44)	(47)	3	6%
Other operating costs	(17)	(12)	(5)	(42%)
EBITDA rents	**205**	**210**	**(5)**	**(3%)**
Other income	**5**	3	2	46%
Overheads	**(35)**	(33)	(2)	(6%)
EBITDA recurring business	**175**	**180**	**(6)**	**(3%)**
Like-for-like EBITDA	*130*	*126*	*4*	*3%*
Equity method SIIC de Paris	**21**	**19**	**2**	**12%**
Rental asset disposals	20	76	(55)	-
Cost of sales	(24)	(67)	43	-
EBITDA - asset sales	**(4)**	**9**	**(12)**	**-**
Operating profit before revaluation, amortizations and provisions and interests	**192**	**208**	**(16)**	**(8%)**
Change in fair value of assets	**19**	**93**	**(73)**	**(79%)**
Amortizations & provisions	**(87)**	**(117)**	**30**	**25%**
Financial results	**(170)**	**(138)**	**(32)**	**(23%)**
Profit before tax	**(46)**	**46**	**(92)**	**-**
Income tax	**(529)**	**65**	**(593)**	**-**
Gain/ loss on discontinued operations	**(419)**	**(1)**	**(419)**	**-**
Minority Interests	**(135)**	**(95)**	**(40)**	**(42%)**
Profit attributable to the Group	**(1,129)**	**15**	**(1,144)**	**-**

Results analysis - €m	2012	2011	Var.	Var. %
EBITDA recurring	**175**	**180**	**(6)**	(3%)
Equity method SIIC de Paris - recurring	**13**	**12**	**1**	13%
Recurring financial result (excl. equity method)	**(133)**	**(128)**	**(5)**	(4%)
Income tax expense - recurring result	**(5)**	**(2)**	**(3)**	(126%)
Minority interest - recurring result	**(40)**	**(45)**	**5**	10%
Recurring EPRA net profit [(2)]	**9.5**	**17.1**	**(8)**	**(44%)**
EBITDA - asset sales	(4)	9	(12)	-
Equity method SIIC de Paris - non-recurring	8	7	1	11%
Change in fair value of assets & Amortizations & provisions	(68)	(24)	(44)	(179%)
Change in fair value of financial instruments	(16)	(10)	(7)	(70%)
Non-recurring finance costs	(21)	0	-	-
Income tax expense - non-recurring result	(524)	67	(591)	(886%)
Gain/ loss on discontinued operations	(419)	(1)	(419)	-
Minority interest - non-recurring result	(94)	(50)	(44)	88%
Exceptional items	**(1,138)**	**(2)**	**(1,136)**	**-**
Profit attributable to the Group	**(1,129)**	**15**	**(1,144)**	**-**

[(1)] Sign according to the profit impact

[(2)] Net attributable profit excl. change in fair value of assets & financial instruments, extraordinary effects and discontinued operations

Recurring operating results

- At December 31st, 2012, the Group reached a recurring EBITDA of €175m, 3.3% less than the same period of the year before. Adjusting for disposals variations in the project portfolio, as well as other exceptional items, **the like-for-like EBITDA was €130m, 3.4% higher than the same period of 2011.**

- The operating result of the property portfolio **(EBITDA rents) increased by 3.9% 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

December cumulative - €m	2012	2011	Var. % [(1)]
EBITDA rents like-for-like	**162**	**156**	**4%**
EBITDA - Overheads	(35)	(33)	(6%)
EBITDA - Other like-for-like income	3	2	(17%)
EBITDA - recurring like-for-like	**130**	**126**	**3%**
Non-comparable EBITDA	45	55	(19%)
EBITDA - recurring	**175**	**180**	**(3%)**

(1) Sign according to the profit impact

- In addition, the stake in SIIC de Paris contributed an attributable profit of €21m, registered in the results under equity method, representing an increase of 12% compared to the year before.

- Excluding the impact of the disposals of 59-65 rue de Courcelles and 30 rue Notre-Dame des Victoires, the recurring attributable profit of SIIC de Paris is €13m.

Financial results

- The average interest rate for 2012 was 3.78% (3.88% including the impact of accrued commissions associated with the financing), with an average financing spread of 190bp, slightly higher than the average for 2011 which was 3.68% (3.76% including accrued commissions associated with the financing), and an average financing spread of 158bp.

Financial results

December cumulative - €m	2012	2011	Var. %
Recurring financial income	3	7	-
Recurring financial expenses	(148)	(145)	-
Capitalised interest expenses	12	9	-
Cost of Debt %	3,78%	3,68%	-
Recurring financial result (without equity method)	**(133)**	**(128)**	**(4%)**
Non-recurring financial expenses	(21)	0	-
Change in fair value of financial instruments	(16)	(10)	-
Financial result (without equity method)	**(170)**	**(138)**	**(23%)**

- The recurring financial income mainly corresponds to dividends received from FCC.

- The capitalized interest expenses amounted to €12.4m, corresponding to the financing of the three projects in Spain and two in France for the amounts of €0.4m and €12m, respectively.

- The non-recurring financial expenses corresponded totally to the profit and loss impact of the cumulative provisions attached to the evolution of the value of the FCC shares. This is as a consequence of the registered decrease in the share price during the year, when applying Regulation 39 of the IFRS.

- During 2012, the excess of interest rate derivatives were cancelled, in particular , in relation to the financing in France, as a consequence of the successful bond issue at a fixed interest rate. This cancellation has resulted in a negative impact in the line of changes in fair value of the financial instruments.

Non-recurring results and discontinued operations

- During 2012, there was a positive result of €19m due to the increase in value of the rental portfolio.
  In addition, the Colonial Group carried out sales of non-core property assets for a total amount of €20m, which resulted in a negative margin of (€4m) (EBITDA asset sales).

- At December 31st, 2012, the company registered important extraordinary negative results, following an approach of maximum prudence given the weak macroeconomic environment:

  1. As described in the section on financial results, excess interest rate derivatives were cancelled generating a negative impact of (€16m), and a loss of (€21m) booked due to the cumulative impairment of the value of the FCC shares.

  2. In the line "Amortisations and provisions", expenses of (€87m) were recorded, which mainly correspond to the registration of the impairment of the goodwill for the amount of (€58m).

  3. The negative non-recurring tax results mainly correspond to the registration of the impairment of the tax credits on balance, which has resulted in a negative impact of (€520m).

  4. In addition, the Colonial Group registered a negative result of (€419m) in the line "Discontinued operations", due to the consolidation impacts of the non-strategic business.

     In previous years, Colonial registered a provision in order to value its stake in the land and residential business (Asentia Group) at zero. This provision has been totally applied, and from 2012 onwards, the losses have an accounting impact on the consolidated Group accounts.

     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 important to point out that the terms of Asentia's financing foresee that the participative loan from the Asentia Group, which on December 31st, 2012 amounted to €61m, could be converted into Asentia's shares, at the election of Asentia lenders. In the case that the lenders exercise this option, Inmobiliaria Colonial, S.A. would dilute its stake in Asentia, which could be potentially excluded from the consolidation perimeter of the Colonial Group.
     It is important to highlight that these results have no impact on the Net Asset Value (NAV)[1] of the company, nor do they imply a 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 NAV.

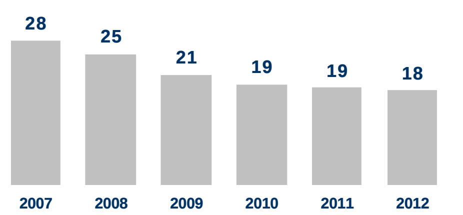
2. Business performance

Office market situation (1)

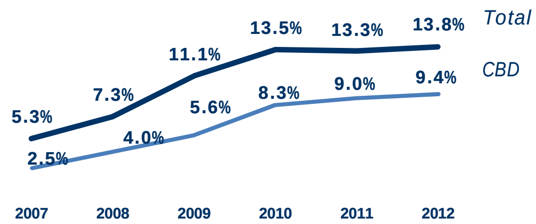
Rental market

Barcelona

Prime CBD Prices (€/sq m/month)



Vacancy (%)



- In the Barcelona office market, the take up volume during the 4th quarter decreased by 35% compared to the previous quarter, amounting to 40,300 sq m. The total cumulative take up for 2012 amounts to 199,000 sq m, resulting in a decrease of 26% compared to 2011. Regarding location, the highest take up volumes of the year were registered in the center of the city and in the new business areas. In these two areas, 63% of take up was registered.

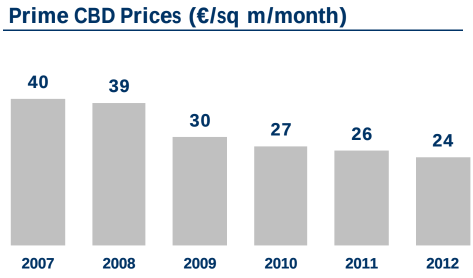
- The CBD area on Paseo de Gracia / Diagonal is the area where the two largest transactions took place. It seems that in this area, companies are currently finding good products at competitive rental prices, without needing to move outside the city. The prime area is clearly the area where more transactions are taking place.

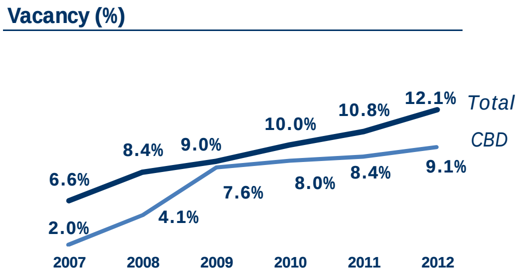
- The average vacancy rate in Barcelona rose to 13.8% in the entire market, and in the prime areas it is at 9.4%. In 2013, the future speculative supply amounts to 62,000 sq m corresponding to 5 projects. This is quite a low level of future supply.

- In the prime areas, rental prices for offices remained stable in the last quarter, with a maximum rental price of €18.00 sq m per month. In the rest of the areas, there was a clear downward trend. The average decrease of maximum rental levels in Barcelona in 2012 was 6.45%, while in Paseo de Gracia / Diagonal it was below 3%. The periphery is the area that suffered most, with a decrease of 10.40%. The forecast for the evolution of rental prices in 2013 is for some decreases to continue, although this will depend on macroeconomic variables.

(1) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield, CBRE, and Aguirre Newman at December 2012

Madrid [(1)]





- The volume of transactions in the fourth quarter has been somewhat better than the last quarters, with take up exceeding 73,000 sq m. However, compared to the same period of previous years, it is necessary to look back to the mid 1990's in order to find similar levels. The absence of transactions above 5,000 sq m during 2012 has resulted in limited take up volume. It is expected that this figure will improve in 2013 thanks to the possible materialization of large volume transactions. The dominant presence of the CBD area that was seen in previous quarters has been consolidated, and it is important to highlight that during the fourth quarter of 2012, 60% of the office take-up was in the CBD area.

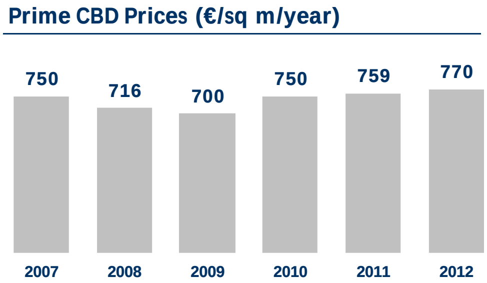
- During this 4th quarter, the vacancy rate reached 12.1%, a figure 6.3% higher than the previous quarter. In the prime area, it was at 9.1%. The reduction and release of spaces, together with new finished and delivered surfaces, were decisive in the increase of vacancy in all the areas.

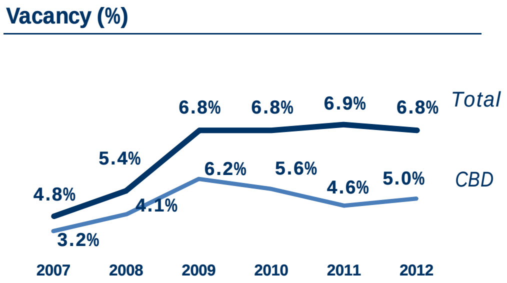
- For the first time since 2009, the rental prime prices in Madrid remained stable during the quarter at €24.25/sq m/month due to the reduced volume of quality products in the best locations. On the other hand, the maximum prices in the rest of the areas continued to decrease due to the lack of transactions, and in spite of the existence of good quality products. It is certain that the prime area is the most stable location, and long-lasting stabilisation is expected for the end of 2013.

- According to some brokers, the Madrid office market could have reached the bottom in 2012 due to the difficult situation in Spain in the context of the Euro crisis. The year 2013 will be a year of transition, in which the situation could begin to improve.

(1) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield, CBRE, and Aguirre Newman at December 2012

Paris [(1)]





- The cumulative take up in the Paris region in 2012 reached 2,380,000 sq m, resulting in a decrease of only 3% compared to 2011. Meanwhile, in the golden triangle, the cumulative take up was 344,903 sq m.

- For the third consecutive year, the vacancy rate has remained stable with an immediate offer of 3,585,000 sq m, resulting in a rate of 6.8% in the Paris region. In the CBD area, the vacancy rate remained at around 5%, with an immediate offer of 340,000 sq m. A total of 70 transactions for spaces over 5,000 sq m were carried out during 2012, which include 12 transactions of more than 20,000 sq m with more than 1,100,000 sq m of take up, resulting in 47% of the total rented surface during the year.

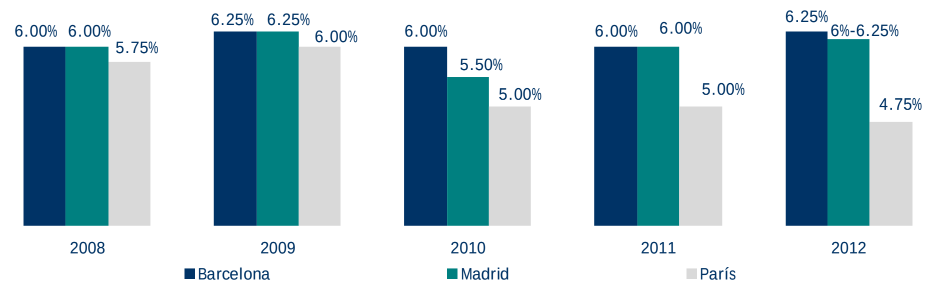
- The prime rental prices in the CBD area in Paris decreased slightly at the end of the year, and stood at €770/sq m/year, although they still remain above 2011 levels. This decrease is due to a decrease in transactions above €800/sq m/year.

- Even though the macroeconomic context in France could put some pressure on the rental prices in the Paris market in general, the CBD market is characterized by a shortage of prime asset supply, a fact that should keep the rental prices at high levels. Consulting companies and law firms continue to compete for new quality offices in the area and are willing to pay high prices.

(1) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield and CBRE at December 2012

Investment market (1)

Prime Yields – Paris, Madrid, BCN



- **Barcelona:** This last quarter of the year was characterized by a higher activity in the investment market. The investors continue to focus on assets that are very well located, and almost all the investment volume of the 4th quarter was in Paseo de Gracia / Diagonal. Four transactions were closed, with a cumulative volume of €143m and a cumulative figure for the year 2012 of €265m in investment in the Barcelona office market. Compared to the €192m in 2011, there was an increase in 2012 of 38%, although the investment figures are far from that of a normalised market. The yields for prime assets in the hub of Paseo de Gracia / Diagonal are currently around 6.25%.

- **Madrid:** The investment volume in the Madrid market was €536m, a low figure mainly due to the lack of financing for property investments. For this reason, the most active investors in the market continue to be the private investors or family offices and, in the last weeks of the year, international investors with an opportunistic profile. During the year, this resulted in one-off transactions, by national investors without indebtedness, which barely exceeded an average deal size of €20m. The numerous investment movements that took place in the 4th quarter are generating an increase in interest for the Madrid office market. There are signs in the market that suggest that the supply and demand are close to reaching the break-even point, which could be the prelude to a reactivation in the investment market. The prime yields in the Madrid market stood at levels of 6.00% - 6.25%, and in exceptional cases they could be below 6%.

- **Paris**: The investment in 2012 reached €10,900m, and €2,800m correspond to the CBD area. The investments in 2012 in the Paris region are 46% from foreign investors, such as sovereign funds from Norway, China and Qatar during the first half of the year, and countries like the United Arab Emirates, Azerbaijan and investors from the United States during the second half of the year. In 2012, the transactions of more than €100m resulted in almost 56% of the investments, amounting to €6,000m. The yield in the golden triangle is in the range of 4.50% to 5.00%.

(1) Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield, CBRE, and Aguirre Newman at December 2012

Business Highlights

- Full year rental revenues amounted to €225m, a 1.7% drop on the total revenues from the previous year**. Rental revenues increased by 3.7% like-for-like**, adjusting for disposals, changes in the projects portfolio & refurbishment as well as other exceptional items.

  In Paris, rental revenues increased 7.5% like-for-like. In Spain, like-for-like rental revenues decreased by 2.2%.

Rents (2012 vs. 2011) €m	Barcelona	Madrid	Paris	Total
Rental income 2011	**32**	**45**	**152**	**229**
Like-for-like	*(0.8)*	*(0.7)*	*8.0*	*6.5*
Projects & refurbishments	*(0.4)*	*(0.1)*	*(3.7)*	*(4.2)*
Disposals	*0.0*	*(0.6)*	*(2.4)*	*(3.0)*
Indemnities & others	*(0.0)*	*0.0*	*(3.3)*	*(3.3)*
Rental income 2012	**31**	**44**	**150**	**225**
Total variance (%)	*(3.7%)*	*(2.9%)*	*(0.9%)*	*(1.7%)*
Like-for-like variance (%)	*(2.6%)*	*(1.9%)*	*7.5%*	*3.7%*

- **The rental EBITDA (net rental income) reached €205m, an increase of 4% like-for-like**, with an EBITDA margin on gross rents of 91%.

Property business

December cumulative - €m	2012	2011	Var. %	like-for-like %
Rental revenues - Barcelona	31	32	(4%)	(3%)
Rental revenues - Madrid	44	45	(3%)	(2%)
Rental revenues - Paris	150	152	(1%)	8%
Rental revenues	**225**	**229**	**(2%)**	**4%**
Costs invoiced	41	40	2%	
Invoiceable costs	(44)	(47)	6%	
Other operating costs [1]	(17)	(12)	(42%)	
EBITDA rents	**205**	**210**	**(3%)**	**4%**
EBITDA/ Rental revenues - Barcelona	*89%*	*88%*	*1.0 pp*	
EBITDA/ Rental revenues - Madrid	*90%*	*90%*	*(0.1 pp)*	
EBITDA/ Rental revenues - Paris	*92%*	*93%*	*(1.4 pp)*	
EBITDA/ Rental revenues	*91%*	*92%*	*(0.8 pp)*	

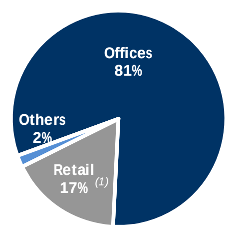
[1] Includes expenses related directly to property, without taking into account overheads, such as personnel expenses

Pp: percentage points

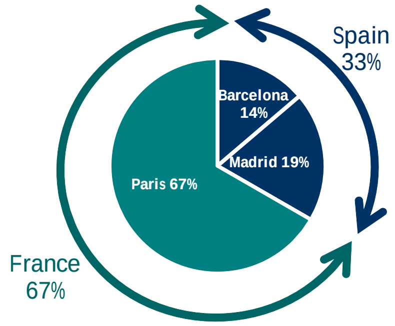
- **Breakdown - Rental revenues:** The majority of the Group's revenue, 81%, comes from office buildings.

  The Group also continues to have a high exposure to prime markets (75% CBD). Approximately two thirds of the rental revenues (€150m) come from the subsidiary in Paris and one third from properties in Spain. In attributable terms, approximately 50% of the cash flow is generated in France and the rest in Spain.

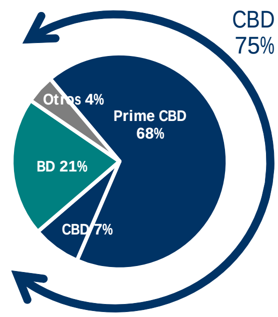
Revenues - by use



Revenues - by market



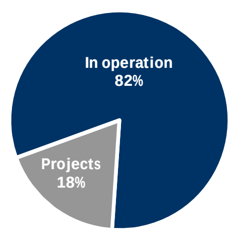
Revenues - by area (2)



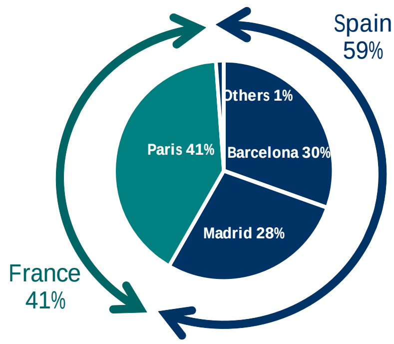
(1) Includes Saint Honore Hotel in Paris
(2) As of 31/12/2012 the classification of areas was updated, in line with the methodology of real estate consultants (JLLS, CBRE & others)

- **Surface area:** At the close of 2012, the Colonial Group's portfolio totalled 1,101,234 sq m (763,016 sq m above ground), most of which was office space. At December 31st, 2012, 82% of the portfolio was in operation, and the remaining 18% corresponds to an attractive portfolio of projects and refurbishments.

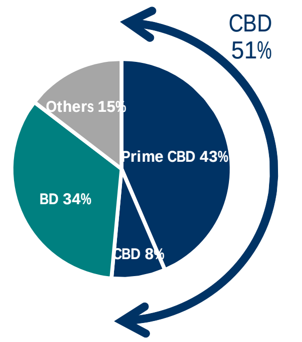
Surface - by condition



Surface - by market



Surface - by area (1)



(1) As of 31/12/2012 the classification of areas was updated, in line with the methodology of real estate consultants (JLLS, CBRE & others)

- **Letting performance:** In 2012, the Group signed a total of 118,167 sq m of **new rentals** (rental renewals and revisions at market prices). Of these, 68% were in Spain and 32% in France. The new rentals set in these agreements were 11% below previous rents.

Letting Performance

December cumulative - sq m	2012	% New rents vs. previous	Average maturity
Renewals & revisions - Barcelona	24,079	*(19%)*	3
Renewals & revisions - Madrid	43,547	*(16%)*	4
Renewals & revisions - Paris	18,577	*(3%)*	6
Total renewals & revisions	**86,203**	*(11%)*	**4**
New lettings Barcelona	11,622		4
New lettings Madrid	1,315		4
New lettings France	19,027		7
New lettings	**31,964**	**n/a**	**6**
Total commercial effort	**118,167**	**n/a**	**4**

- Most of the total commercial effort in Spain corresponded to the **Madrid** market, particularly highlighting the contracts signed on the Torres Ágora building with the Ministry for Foreign Affairs (30,650 sq m) and 2,983 sq m in the José Abascal building.

  In **Barcelona**, the highlights are the contracts signed on the Illacuna office complex, with Liberty Seguros (5,595 sq m) and Cegedim Hispania (852 sq m). This building is currently 60% occupied. It is also worth pointing out the following contracts: 7,077 sq m at Av. Diagonal 609-615 (DAU), 5,910 sq m at Av. Diagonal 530 and 4,087 sq m at Sant Cugat Nord.

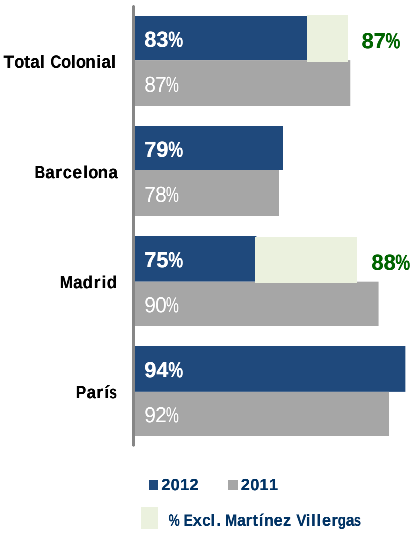
  In Spain, the Martínez Villergas building in Madrid and the Ausias March building in Barcelona came into operation.

- In **Paris**, at the end of 2012, the Ozone building came into operation, which is 100% occupied. It is important to highlight that in this building 2,713 sq m were signed with Zara France and 3,494 sq m with S.J. Berwin. Additionally, it is worth pointing out the 11,797 sq m signed on the Haussmann 104 building with the Mondiale Group, the 6,559 sq m in Washington Plaza with Misys International Banking Systems, the 5,748 sq m in the Grenelle Building (2,870 sq m with General Electric and 2,208 sq m with Esma), the 1,277 sq m in the Cezanne-Saint Honoré building with Moneygram, and the 1,084 sq m in the Edouard VII building with Simon Kucher and Partners.

- **Occupancy:** the office portfolio reached an occupancy rate of 83% at the end of 2012, and the financial occupancy calculated according to EPRA recommendations is 87%.

In **Barcelona**, the office portfolio reached an occupancy rate of 79%, a ratio close to previous year levels (78%). The new Illacuna office complex is 60% occupied, Ausiàs March is at the marketing stage, and the rest of the Barcelona office portfolio stands at 85% of occupancy.

Office Occupancy - Surfaces [(1)]



	Occupancy (all uses)	Office Occupancy EPRA [(2)] 2012	Total Occupancy EPRA [(2)] 2012
Total Colonial	84%	87%	90%
Barcelona	78%	81%	83%
Madrid	74%	75%	79%
París	95%	93%	94%

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

In **Madrid**, as a consequence of the recent entry into operation of Martínez Villergas, the occupancy of the office portfolio decreased to 75%. Excluding this impact, the occupancy of the rest of the portfolio in Madrid remained stable at 88%.

<u>At the beginning of 2013</u>, 15,935 sq m have been signed on Martínez Villergas with a top-tier client, which will raise the occupancy of this building to 66%. This transaction demonstrates the capacity of the Colonial's assets to attract top tier demand in a difficult market.

In **Paris**, the occupancy rate stood at 94% for its office portfolio (95% including other uses). This was a higher figure compared to that of both the third quarter of 2012 and the same period of 2011, which was mainly due to various new contracts in the Grenelle 103, Washington Plaza and Edouard 7 buildings.

Overall, the Colonial Group's total office portfolio reached an occupancy rate of 83%, 87% excluding the impact of Martínez Villergas.

- **Tenant portfolio:** At the end of 2012, Colonial had a solvent and diverse client base. The top twenty clients constitute 49% of the total turnover of the Group.

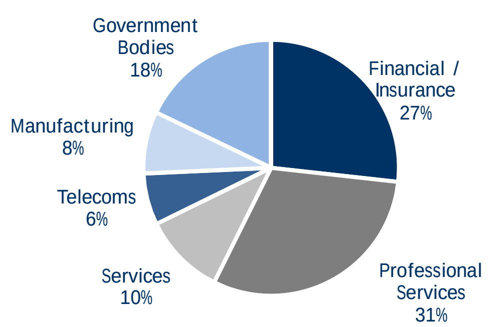
  It is worth noting Colonial's ability to retain its portfolio of clients which is reflected in their long-standing relationships with their main clients.

Ranking of the most important tenants (49% of rental income)

RK	Tenant	City	% total income	% cumul.	Age
1	NATIXIS IMMO EXPLOITATION	Paris	6%	6%	4
2	HOTEL SAINT HONORÉ	Paris	4%	10%	2
3	FRESHFIELDS BRUCKHAUS DERINGER	Paris	4%	14%	3
4	MINISTERIO DE ASUNTOS EXTERIORES	Paris	4%	17%	7
5	GRUP CAIXA	Madrid	3%	21%	19
6	GAS NATURAL SDG, S.A	Barcelona	3%	24%	5
7	ZARA	Paris	3%	27%	0
8	TV5 MONDE SA	Madrid	3%	29%	7
9	MINISTERIO AGRICULTURA ALIMENTACION	Paris	3%	32%	9
10	LA MONDIALE GROUPE	París	2%	34%	0
11	COMUNIDAD DE MADRID	Madrid	2%	37%	15
12	SOCIEDAD ESTATAL LOTERIAS Y APUESTAS DEL	Barcelona	2%	39%	6
13	HENNES & MAURITZ / H & M	Paris	2%	40%	3
14	ESMA	Paris	2%	42%	2
15	CITIBANK INTERNATIONAL PLC	Madrid	2%	44%	3
16	ASHURST LLP	Paris	2%	45%	7
17	AYUNTAMIENTO DE MADRID	Barcelona	1%	46%	8
18	AJUNTAMENT DE BARCELONA	Madrid	1%	48%	11
19	ACCENTURE, S.L.	Paris	1%	49%	20
20	SOL MELIA S.A.	Barcelona	1%	49%	2

By sector, the clients who stand out are those who require high quality offices located in central business areas due to the type of business they carry out. For example, the banking/insurance and service sectors made up 68% of the Group's revenue at December 2012.

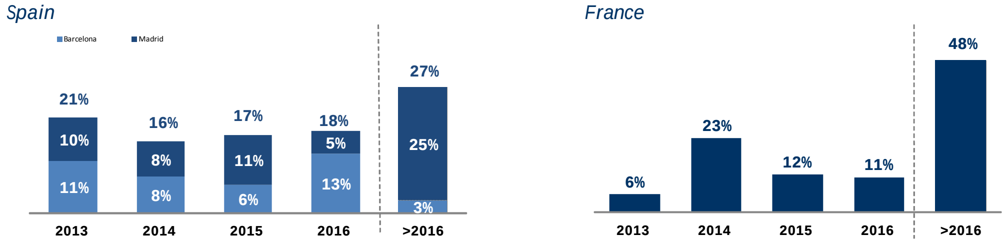
Top Tenants - Breakdown by economic sector



- **Commercial lease expiry:** The following graphs show the contractual rent roll for the coming years in the Spanish and French portfolios. The first graph shows the commercial lease expiry dates if the tenants choose to end the contract at the first possible date (break option or end of contract). The second graph reflects the evolution of the contract portfolio if the tenants remain until the contract expires.

FIRST POTENTIAL EXIT

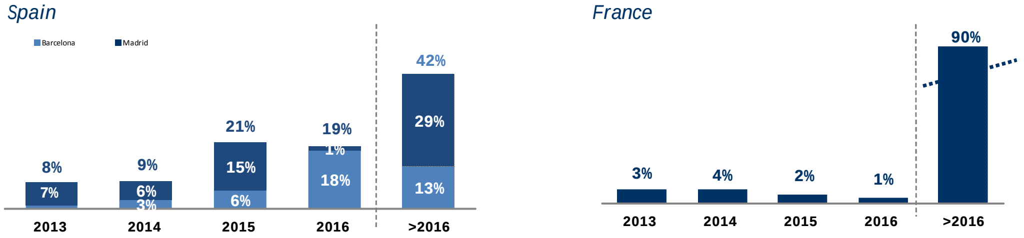
Commercial lease expiry dates in economic terms (1) - First Potential Exit (2)
(% passing rent of surfaces to be leased)



(1) % = surface to rent x current rents / current rental revenues
(2) Renewal dates based on first potential exit of the current contracts

EXPIRY DATE

Commercial lease expiry dates in economic terms - Expiry date (3)
(% passing rent of surfaces to be leased)

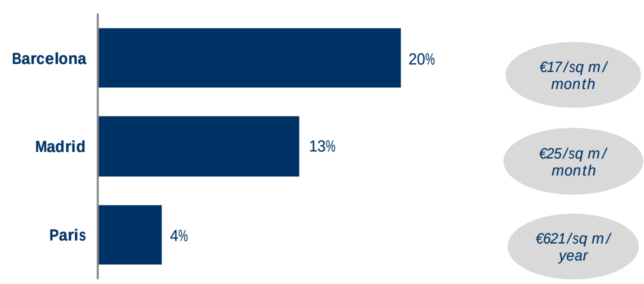


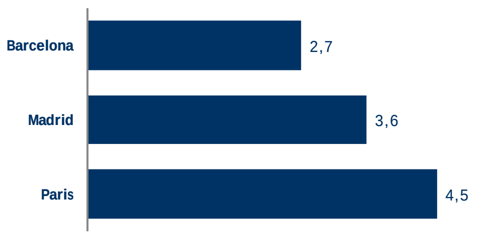
(3) Renewal dates based on the expiry date of the current contracts

- **Reversionary Potential:** The **organic growth potential** of the Group's rental portfolio at the close of 2012 was at 20% in Barcelona, 13% in Madrid and 4% in Paris.

Figures at December 2012

Growth potential-rental income | *Current Rent (1)* | *Average maturity of the contracts (years) (2)*





(1) Current office rent of occupied surfaces

(2) Average maturity until first potential exit

- This growth potential figure is based on comparing rental revenues of current contracts (contracts with current occupancy and current rents in place) with the potential rental revenues that would result from 100% occupancy at the market prices estimated by independent appraisers as of December 2012 (not including potential rents from projects in the pipeline and substantial refurbishments).

  The growth potential would result in approximately €18m of additional annual rental revenues (€12m corresponding to Spain and €6m to France).

- **Disposals:** During 2012, the office building Agustín de Foxa, 27, in the Centro Norte complex in Madrid, was sold for €16m, and the gymnasium in the same complex was sold for €4.3m.

  At the beginning of 2013, the Colonial Group has sold the Hotel Mandarin for €290m, a 15% premium on June appraisal value.

- **Investments:** In terms of investments, it is important to point out that the Company holds a project portfolio of more than 97,000 sq m above ground, which is scheduled to come into operation between 2013 and 2017. The project pipeline will generate additional annual revenues of €46m (*).

  The Colonial Group's current 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	1H 2014	100%	Barcelona	Offices	8,202
Castellana, 43	2H 2013	100%	Madrid	Offices	5,998
Parc Central 22@ A.1.6 - A.1.7 - A.1.2	>2016	100%	Barcelona	Offices	14,737
Spain					**28,937**
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					**97,137**
Yield on cost[2]					**7.0%**

(1) Floor area of completed project
(2) Yield on cost: market rent 100% rented/market value at start of project net of impairment in value + capex

In **Spain**, two projects worth highlighting are Castellana 43 in Madrid and Travessera de Gràcia / Amigó in Barcelona. Both projects are examples of prime location office complexes that are high-quality and energy-efficient, achieving a LEEDS certification ("green building"). The Castellana 43 project will be released in 2013, and it is already 100% pre-let.

In **France**, during the third quarter of last year, refurbishments began on the Rue de Richelieu property in Paris. This office complex will undergo an integral renovation project ("the Cardinal Project"), which will involve the creation of 33,200 sq m of individual offices for top tier clients in central Paris. Additionally, it is worth highlighting the Ozone building, which came into operation at the end of 2012 and is 100% let.
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. It is especially important to highlight Louvre des Antiquaires, Edouard VII, and Washington Plaza buildings in Paris.

(*) Rents based on estimated market price

Valuation of the property business

- At the close of 2012, the rental business of the Colonial Group was valued at €5,535m by Jones Lang LaSalle, CB Richard Ellis, and BNP Paribas Real Estate. The valuation figures are updated half-yearly, following the best market practices.

Property Business

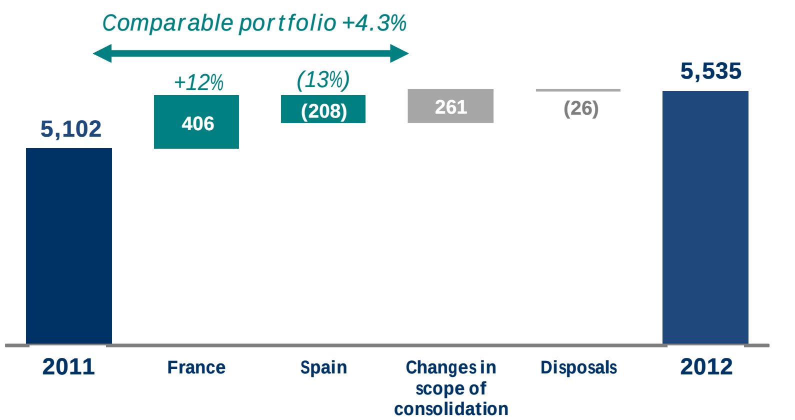
Asset valuation (€m)	31-Dec-12	30-Jun-12	31-Dec-11	Dec12 vs Jun 12		Dec12 vs Dec11	
				Total	Like-for-like (1)	Total	Like-for-like (1)
Barcelona	579	622	642	(6.9%)	(8.8%)	(9.8%)	(11.6%)
Madrid	705	787	766	(10.4%)	(7.9%)	(8.0%)	(13.9%)
París	3,240	3,075	2,944	5.4%	2.6%	10.1%	7.6%
Portfolio in operation (2)	4,525	4,484	4,353	0.9%	(0.8%)	3.9%	0.8%
Projects	708	444	462	59.4%	18.2%	53.2%	30.1%
Others	11	15	16	(25.5%)	(25.5%)	(28.5%)	(28.5%)
Property business	5,244	4,943	4,831	6.1%	1.5%	8.6%	4.1%
SIIC de Paris	292	279	271	4.4%	4.4%	7.5%	7.5%
Colonial group	5,535	5,222	5,102	6.0%	1.7%	8.5%	4.3%
Spain	1,362	1,516	1,595	(10.2%)	(8.7%)	(14.6%)	(13.0%)
France	4,173	3,706	3,507	12.6%	5.6%	19.0%	11.6%

(1) Portfolio in comparable terms

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

- The valuation of the Colonial Group's assets at December 2012 rose by **4.3% like-for-like compared to the previous year (1.7% vs. June 2012).**

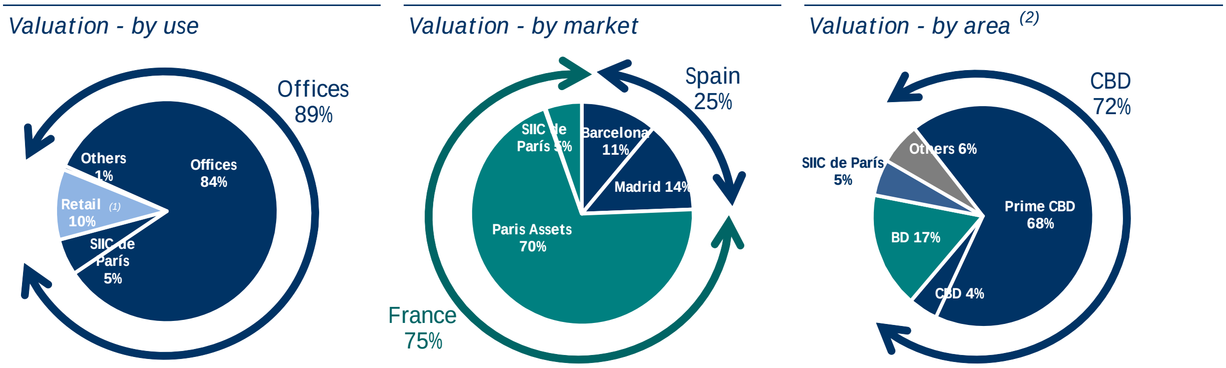
Variance Analysis - Value



The value of the French portfolio rose in the last 12 months by 12% like-for-like (6% vs. June 2012) which compensated for the decrease in the value of the portfolio in Spain.

The portfolio in Spain was affected by the decrease in rental prices in 2012 combined with an increase in yields, and the disposal in the Centro Norte complex. In France, the increase in the value of the portfolio demonstrates the investors' high interest in prime offices of the largest market in the Eurozone. Additionally, at December 31st, 2012, SFL became the controlling shareholder in its "Parholding" joint ventures. As a result, the GAV of the Group takes into account 100% of the value of the corresponding properties.

- Out of the total valuation of the property business, €5,244m corresponds to the asset portfolio directly owned by the Colonial Group and €292m is the value which corresponds to the stake of SFL in SIIC de Paris (attributable NAV at 31/12/2012), a property company listed on the Paris market with a portfolio of offices worth more than €1,400m.



(1) Includes Saint Honore Hotel in Paris
(2) As of 31/12/2012 the classification of areas was updated, in line with the methodology of real estate consultants (JLLS, CBRE & others)
SIIC de Paris: Value of the stake of SFL in SIIC de Paris

- Regarding the valuation of the portfolio in operation, the value per sq m and the valuation yields are as follows:

Asset valuation	Value (€/sq m)			Valuation yield		
	31-Dec-12	30-Jun-12	31-Dec-11	31-Dec-12	30-Jun-12	31-Dec-11
Barcelona	2,970	3,298	3,403	6.4%	6.1%	6.1%
Madrid	3,835	4,059	4,359	6.3%	6.1%	6.0%
París	10,317	9,214	8,824	5.0%	5.1%	5.3%
Portfolio in operation (1)	**6,385**	**6,260**	**6,187**	**5.4%**	**5.4%**	**5.5%**
Total	**6,551**	**6,180**	**6,039**	**5.4%**	**5.5%**	**5.6%**

(1) *The portfolio in operation: current rental portfolio as well as new entries into operation of completed projects*

3. Financial Structure

Main debt figures

Group net debt stood at €3,623m at December 31st, 2012 (€3,359m at December 31st, 2011). Both figures exclude the debt of the subgroup Asentia, which is classified under the heading of Discontinued Operations.

The breakdown of the debt at the close of the year is the following:

Breakdown of consolidated net debt €m	December 2012 SP	December 2012 FR	December 2012 Total	December 2011 SP	December 2011 FR	December 2011 Total	Var. Total
Syndicate loan	1,714	45	1,759	1,738	240	1,978	(219)
Mortgage debt/leases	357	295	652	382	180	561	91
Subordinated debt	41	0	41	39	0	39	2
Unsecured debt and others	8	232	240	12	335	347	(107)
Total gross debt with credit entities	**2,120**	**572**	**2,692**	**2,170**	**755**	**2,925**	**(233)**
Bonds	0	1,000	1,000	0	500	500	500
Total gross debt	**2,120**	**1,572**	**3,692**	**2,170**	**1,255**	**3,425**	**267**
Cash & cash equivalents	**(44)**	**(25)**	**(69)**	**(54)**	**(11)**	**(66)**	**(3)**
Group Net Debt	2,076	1,547	**3,623**	2,116	1,243	**3,359**	**264**
Average maturity drawn debt (years)	**2.2**	**3.4**	**2.6**	**3.3**	**2.6**	**3.0**	**(0.4)**
Average maturity available debt (years)	**2.2**	**3.0**	**2.9**	**3.3**	**3.7**	**3.5**	**(0.6)**
Cost of debt %	**3.24%**	**4.61%**	**3.78%**	**3.28%**	**4.29%**	**3.68%**	**10 pp**

The main characteristics of the debt are as follows:

A gross debt of €3,692m that mainly includes:

1. A syndicated debt in Colonial of €1,714m, 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 2012 is 175 bp.

   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, it will generate additional capitalized interests of 450bp, starting from July 2013 and backdating to January 1st, 2013.

   As a guarantee, the loan has mortgages on certain property assets in Spain, a pledge on the parent company's (SFL) shares, and on the shares of the subsidiary Torre Marenostrum, S.L.

2. SFL currently has two syndicate loan arrangements, drawn down for a total amount of €45m.

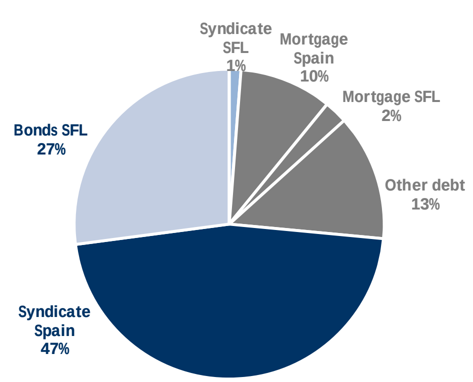
    a) A syndicate loan for a nominal amount of €300m was signed with the bank agent "BNP PARIBAS" on October 8th, 2009, maturing in October 2014, and not drawn down at the close of the year. The applicable margin is 270 bp.
    b) At December 17th, 2010, a new syndicate loan was signed for a nominal amount of €350m, with the bank agent "Natixis Banques Populaires", maturing in December 2015, and drawn down for €45m. The applicable margin is 215 bp.

3. SFL's bonds issues for €1,000m, €500m on May 17th, 2011 and €500m on 28th November, 2012, with an annual fixed coupon of 4.625% and 3.50%, maturing on May 25th, 2016 and 28th November, 2017 respectively. These bonds are unsubordinated and non-preferential, and have been accepted for listing on the regulated market of Euronext Paris.
4. Bilateral loans with mortgage security:
    a) Colonial, together with its property subsidiaries in Spain, maintains a total of €357m in bilateral loans with various credit institutions, with mortgage securities on property assets. The average maturity of these loans is 3.53 years and the average financing spread is 161 bp.
    b) SFL has a total of €89m in bilateral loans with various credit institutions, with mortgage securities on property assets. The average maturity of these loans is 1.62 years and the average financing spread is 125 bp.
5. Bilateral loans without mortgage security:
    a) Colonial has a total of €8m in a single loan without mortgage security with an average maturity of 1.63 years and an average financing spread of 175 bp.
    b) SFL has a total of €283m broken down into seven loans with an average maturity of 0.94 years and an average financing spread of 58 bp.

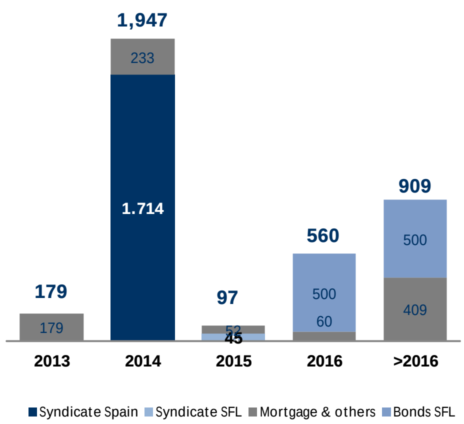
- The liquidity available at December 31st amounted to €723m (current accounts and deposits for €69m and undrawn debt for €654m), of which €89m correspond to Colonial, €630m to SFL, and €4m to the rest of the companies of the Group.

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

Breakdown of drawn debt



Maturity of drawn debt (€m)



Spain	39	1.792	47	30	212
France	140	155	50	530	697

Hedging portfolio

- The objective of the Group's hedging policy on interest rate risks is to reduce the volatility in interest rates by at least 50%. This objective is achieved for the different companies within the Group by means of issuing a fixed rate debt or by contracting interest rate hedging instruments.

- At December 31st, 2012, the reduction in volatility in the Group was 84% in scenarios of interest rate increases of up to 400 basis points.

- The current structure of the derivatives portfolio is the following:

December 31st , 2012 Financial instrument - €m	Description	Spain	France	Total	%	MTM
SWAP	From floating to fixed rate	430	476	906	40%	35
COLLAR	Floating rate between a maximum and a minimum	25	0	25	1%	0
CAP	Floating rate with a maximum	1,354	0	1,354	59%	0
Total Hedging portfolio (Variable - Fixed)		**1,809**	**476**	**2,285**	**100%**	**35**
Maturity (years)		**1.8**	**3.8**	**2.2**		

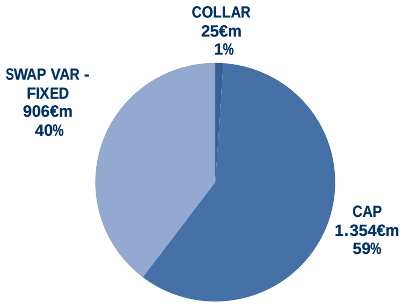
- The effective hedging ratio at the close of 2012 (hedges/debt at floating rates) stood at 85% (86% in Spain and 83% in France).

- 100% of the face value of the hedging portfolio at the close of 2012 meets the requirements established under the IFRS 39, and the variance of the market value (MTM) of the derivatives is booked directly in net equity. The variations in the MTM of the derivatives portfolio (without including the accrued coupons) amount to (€31m), of which (€16m) was registered in non-recurring financial expenses, mainly corresponding to the French subsidiary.

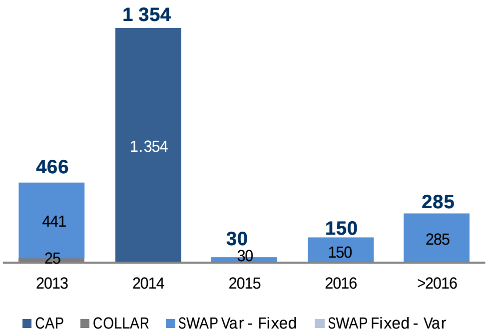
- During 2012 the face value of the hedging portfolio in France was reduced by €1,337m with the objective of adapting the interest rate hedging risk ratio to the new financial structure.

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

Breakdown of derivatives portfolio



Maturity of derivatives portfolio



Spain	**425**	**1,354**	**30**	**0**	**0**
France	**41**	**0**	**0**	**150**	**285**

- According to the current outlook for interest rates, the current hedging portfolio implies the following interest rate levels (Euribor) for hedged debt:

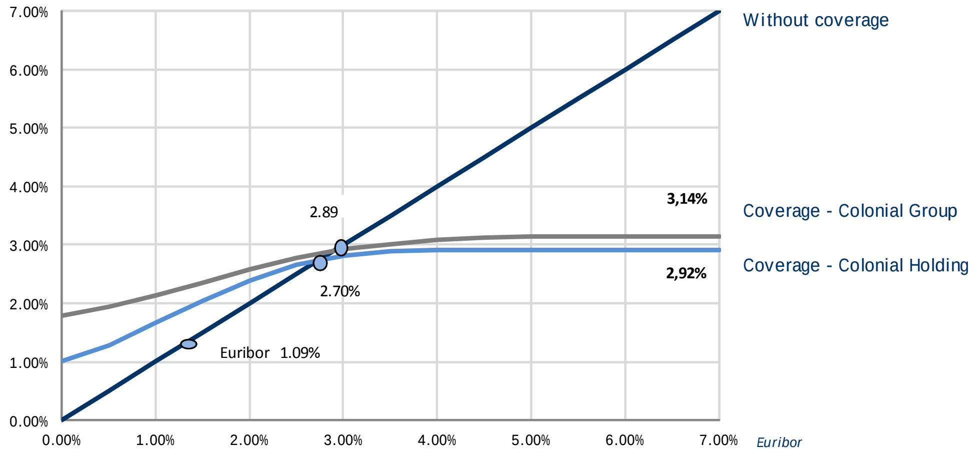
Interest rate simulation based on current hedging portfolio

	2012	2013	2014	2015
Nominal coverage Dec - €m	3,442	3,207	2,763	1,442
% Annual coverage	100.96%	92.76%	77.39%	39.56%
Euribor Maximum Colonial	2.92%	2.90%	2.64%	0.00%
Euribor Maximum Group Colonial (1)	3.01%	2.43%	2.22%	1.82%
Euribor average rate Colonial	1.61%	1.34%	0.79%	0.00%
Euribor average rate Group Colonial (2)	2.02%	1.60%	1.35%	1.82%

(1) Maximum euribor for the hedging portfolio
(2) Resulting euribor for the hedging portfolio with the current curve

- The chart below shows the sensitivity of the hedging portfolio to changes in the Euribor in 2012. The break-even levels are 2.70% for the Colonial Holding and 2.89% for the Colonial Group. This break-even is the point as of which the financial cost of the hedged debt is less than the financial cost of the same debt at floating rates.

Resulting interest rates of the hedge portfolio



4. EPRA NAV and stock market performance

EPRA Net Asset Value (NAV)

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

The EPRA NAV of the Colonial Group stood at €460m at December 31, 2012, which is equivalent to €2.03/share.

EPRA Net Asset value	12/2012	12/2011
NAV per the financial statements	**172**	**1,293**
Adjustment of consolidation impacts from discontinued activities, 100% provisioned in the individual accounts	427	0
Adjusted NAV, after the impact of discontinued activities	**600**	**1,293**
Include:		
(i.a) Revaluation of investment properties (if IAS 40 cost option is used)	9	5
(i.b) Revaluation of other non-current investments	13	13
Exclude:		
(ii) Fair value of financial instruments	19	36
(iii.a) Deferred tax	94	65
(iii.b) Tax credits on balance	(157)	(677)
(iii.c) Goodwill	(120)	(178)
Include/exclude:		
Adjustments (i) to (iii) above in respect of joint ventures interests	3	3
EPRA NAV	**460**	**559**
EPRA NAV per share	**2.03**	**2.47**
Nº of shares (m) - Fully diluted (pre-execution of warrants)	*226*	*226*

Calculation of the EPRA NAV: starting from the consolidated equity of €172m, the following adjustments were carried out:

1. Adjustment of the consolidation impacts on the discontinued activities: Colonial did a write down for 100% of its stake in Asentia. However, as Asentia is still included in the consolidation perimeter of the Colonial Group, losses at the Asentia level have an accounting impact on group accounts. This consolidation impact has been adjusted in order to calculate the NAV.

2. Revaluation of investments: this amounts to €9m, corresponding to latent capital gains (not accounted for on the balance sheet) of specific assets registered at book value.

3. Revaluation of other non-recurring investments: this corresponds to latent capital gains (not accounted for on the balance sheet) of specific non-recurring investments, mainly the treasury stock of Spain and France, and amounts to €13m.

4. Adjustment of accounted for MTM: in order to determine the EPRA NAV, the net value of the MTM ("mark-to-market") of the hedging instruments registered on the balance sheet was adjusted (+€19m), in accordance with the International Financial Reporting Standards (IFRS), and following the recommendations of the EPRA.

5. Adjustment of deferred taxes: adjustment of the amount of deferred taxes associated with the revaluation of the property assets (+€94m), registered on the balance sheet, in accordance with the International Financial Reporting Standards (IFRS), and following the recommendations of the EPRA.

6. Adjustment of the tax credit on balance and the Goodwill: in order to calculate the EPRA NAV, the values attached to the tax credit on-balance (€157m) and to the Goodwill (€120m) have been adjusted.

EPRA NNNAV amounted to €491m (€2.17 per share). For its calculation the following items have been adjusted in the EPRA NAV: the fair market value of the financial instruments (-€19m), the fair market value of the debt (-€42m), the taxes that would be accrued with the sales of the assets at their market value (-€65m), applying tax benefits for reinvestments and the tax credit on balance (+€157m), considering a going concern assumption.

EPRA Triple Net Asset value (NNNAV)	12/2012	12/2011
EPRA NAV	**460**	**559**
Include:		
(i) Fair value of financial instruments	(19)	(36)
(ii) Fair value of debt	(42)	(6)
(iii) Deferred tax	(65)	(56)
(iv) Tax credits on balance	157	677
EPRA NNNAV	**491**	**1,140**
EPRA NNNAV per share	**2.17**	**5.04**
(v) Goodwill	120	178
(vi) Tax credits off balance	1,293	739
NNNAV including Goodwill and Tax credits off balance	**1,904**	**2,056**
NNNAV including Goodwill and Tax credits off balance per share	**8.42**	**9.10**
Nº of shares (m) - Fully diluted (pre-execution of warrants)	*226*	*226*

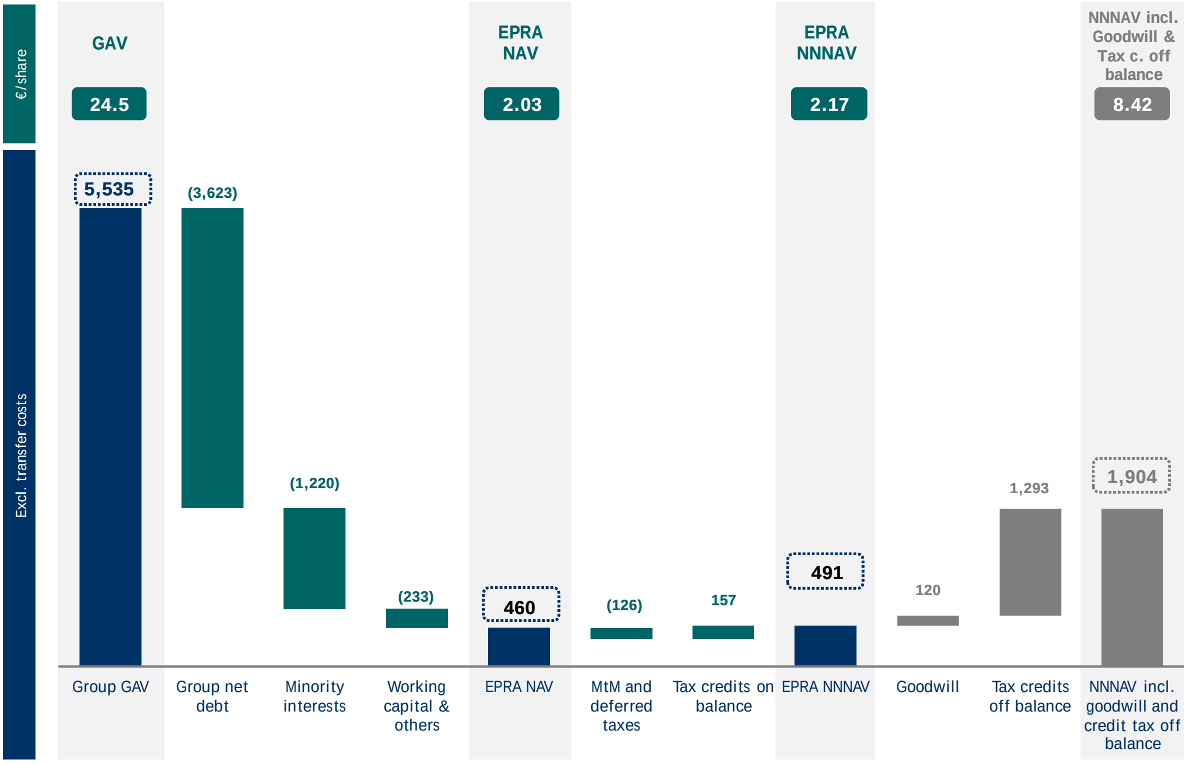
NNNAV including goodwill and tax credit registered off balance: starting from the EPRA NNNAV, the goodwill (related entirely to the French business) and the tax credit off balance have been included.

EPRA NAV simulation in case of execution of warrants and other potential contingent liabilities: the loans of Asentia and of a subsidiary of Colonial in Spain are guaranteed with a warrant, convertible into Colonial shares under specific circumstances. The following table simulates the NAV per share in case of execution of warrants and other potential contingent liabilities:

Simulation of the NAV in case of execution of warrants and potential contingent liabilities	12/2012	12/2011
EPRA NAV per share	1.43	2.23
EPRA NNNAV per share	1.50	4.54
NNNAV including goodwill and tax credits off balance per share	7.13	8.20
Nº of shares (m) - with execution of warrants	*251*	*251*

The breakdown of the NAV from the perspective of the main balance sheet items is shown below:

EPRA NAV Colonial - "Building Blocks" (€m)



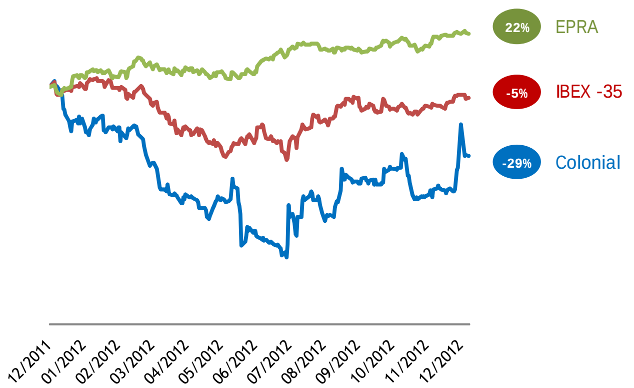
The position of “working capital and others” corresponds to €12m of the stake in FCC and the treasury shares of SFL and Colonial, and the rest corresponds to commercial assets and liabilities.

Share price evolution

The share price performance has been affected by the difficult situation in the capital markets, particularly due to the European sovereign debt crisis and the high risks of a recession in Europe, and particularly in Spain.

It is especially important to note the recent rise in the risk premium for Spain reaching historical maximums in July, 2012. This has led to significant decreases in the Spanish stock market, which have hit the property companies in particular.

Consequently, Colonial's share price has decreased significantly and is currently trading at an important discount to its Net Asset Value.



Share price performance

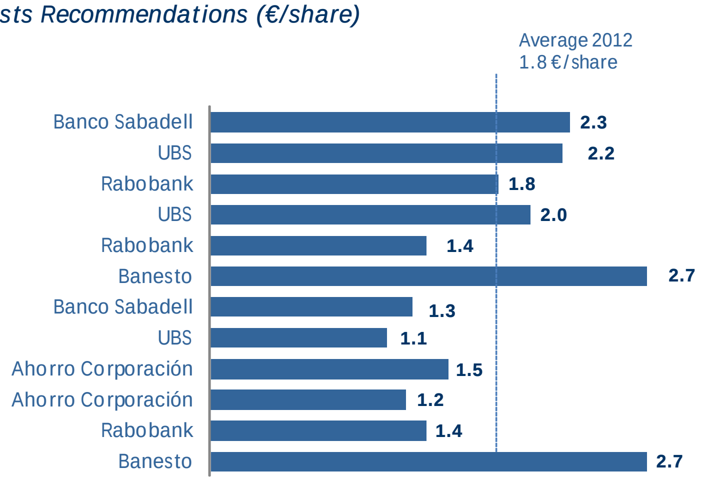
Colonial shares	Dec-12	Dec-11
Market capitalisation at closing date (€m)	**368**	**517**
Closing price (€/share)	**1.6**	**2.3**
Average daily traded volume (million shares)	0.10	0.42
Average daily turnover (€m)	0.1	2.0
Number of shares (mn)	225.9	225.9

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

Several Spanish and international financial analysts cover the company, and carry out a regular monitoring and analysis of the share price performance.

Their target prices and recommendations are as follows:

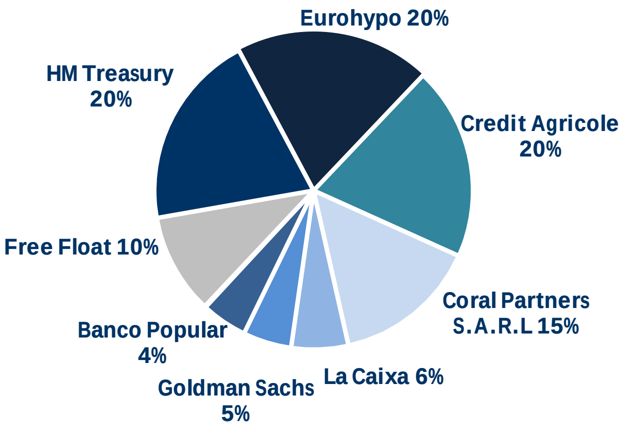
Analysts Recommendations (€/share)



Institution	Analyst	Date	Recommendation	Target Price
Banco Sabadell	Ignacio Romero	13/01/2012	Sell	2.3
UBS	Ignacio Carvajal	16/01/2012	Neutral	2.2
Rabobank	Martijn van den Eijnden	24/01/2012	Sell	1.8
UBS	Ignacio Carvajal	14/03/2012	Neutral	2.0
Rabobank	Martijn van den Eijnden	04/04/2012	Sell	1.4
Banesto	Marta Gómez	17/04/2012	Buy	2.7
Banco Sabadell	Ignacio Romero	19/04/2012	Sell	1.3
UBS	Ignacio Carvajal	22/05/2012	Neutral	1.1
Ahorro Corporación	Juan Moreno	22/05/2012	Sell	1.5
Ahorro Corporación	Juan Moreno	09/08/2012	Sell	1.2
Rabobank	Martijn van den Eijnden	25/10/2012	Sell	1.4
Banesto	Marta Gómez	14/11/2012	Buy	2.7
Average 2012				**1.8**

Company shareholder structure

Shareholder structure 31/12/2012 (CNMV)



Board of Directors

Name of Director		Executive Committee	Nominations & Remunerations Committee	Audit & Control Committee
Juan José Brugera Clavero	Chairman	Chairman		
Pedro Viñolas Serra	Chief Executive Officer	Member		
Xavier Faus Santasusana	Director	Member	Member	
Alberto Ibáñez González	Director	Member	Member	
Jean-Luc Ransac	Director	Member	Member	
Alain Chetrit	Director	Member		Member
Carlos Gramunt Suárez	Director			
José María Sagardoy Llonis	Director			Member
Javier Iglesias de Ussel	Independent Director		Member	Chairman
Carlos Fernández-Lerga	Independent Director		Chairman	Member
Francisco Palá Laguna	Secretary - Non-Director	Secretary	Secretary	Secretary
Nuria Oferil Coll	Vice-secretary - Non-Director			

Corporate Governance as of 31 Desember 2012

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.

- The land bank at the close of 2012 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

December cumulative - €m	2012	2011	Var. %
Operating indicators			
Land Bank surface	1,685,062	1,683,874	0%
Riofisa surface (1)	1,544,989	1,520,397	2%
# of finished units	94	204	(54%)
Financial results			
Residential sales - Commercial sales (units)	108	47	130%
Residential sales - Booked sales (units)	110	48	129%
Revenues from homebuilding sales	23.6	11.4	106%
Revenues from land bank sales	0.2	-	-
Other income	0.4	1.7	(76%)
Revenues from Riofisa	14.1	53.8	(74%)

(1) Includes residential land bank

- During 2012, the sales of housing units amounted to €23.6m, duplicating the sales figures from the same period of the year before. In addition, the revenue from the Riofisa subsidiary reached €14.1m.

- In the residential housing portfolio, the Group continues with a strategy of reducing its exposure, and its stock of residential units decreased 54% compared to the same period of the previous year.
  The current stock of finished housing amounts to 94 units (vs. 204 units at the end of 2011). Of these 94 units in stock, pre-sale contracts have been signed on 1 of them, and the rest (93 housing units) are in the process of being sold.

Valuation of the discontinued business

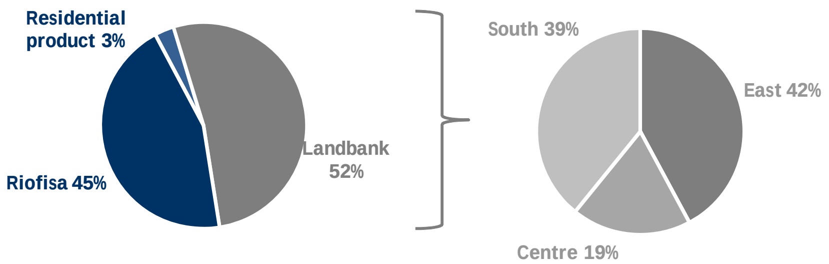
- The residential and commercial business of the Asentia Group was valued by Jones Lang LaSalle at €1,159m at the close of 2012.
  There was a 24.1% decrease in the value of the portfolio compared to the previous year (16.5% in the last six months).

Residential Business & Others

Asset Valuation (€m)	31-Dec-12	30-Jun-12	31-Dec-11	Dec12 vs Jun 12		Dec12 vs Dec11	
				Total	Like-for-like	Total	Like-for-like
Residential Business	35	59	70	(40.4%)	-	(49.8%)	-
Land Bank	606	742	823	(18.4%)	(18.4%)	(26.4%)	(26.4%)
Commercial	518	587	635	(11.7%)	(11.5%)	(18.3%)	(17.8%)
Residential Business & Others	**1,159**	**1,388**	**1,528**	**(16.5%)**	**(15.4%)**	**(24.1%)**	**(22.7%)**

Valuation - by product type

Valuation - Landbank



Financial structure of discontinued activities

The breakdown of the Asentia Group's financial debt at December 31st, 2012, is as follows:

Structure of the financial debt

December 31st , 2012 - €m	Asentia Project S.L	Riofisa Group	Other subsidiaries	Total	%
Syndicate loan	836	0	0	836	56%
Syndicate loan	61	0	0	61	4%
Mortgage debt/leases	45	322	152	519	35%
Non-mortgage debt and others	0	71	0	71	5%
Total gross debt	**942**	**393**	**152**	**1,487**	**100%**
Cash & cash equivalents	**(23)**	**(12)**	**(9)**	**(44)**	
Consolidated net debt	**919**	**381**	**143**	**1,443**	
Average maturity (years)	**1.9**	**1.9**	**5.2**	**2.6**	
Financial cost (excl. Commissions)	4.53%	4.32%	4.44%	**4.58%**	
Financial cost	**(42)**	**(20)**	**(0)**	**(62)**	

- Asentia's syndicate loan was originated in the restructuring of Colonial's syndicate loan formalised on February 19th, 2010. The applicable spread of Asentia's syndicate loan is 400 bp, generated as cumulative PIK interest, and payable at maturity on December 31st, 2014. At December 31st, the amount of capitalised interest rose to €121m, of which €61m was converted into a profit participative loan.

  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, which 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 capitalised interests and the convertible tranche will be converted into a participative loan for the amount necessary to restore the Company's equity. At December 31st, €61m had been converted into a participative loan. The fixed rate of this loan is 6.5%.

  At the closing date, it is foreseen to request an additional conversion of €133m into a participative loan, in order to restore the Company's equity on that date.

  In addition, the syndicate loan facility provides, given a certain leverage 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).

- Additionally, Asentia has a mortgage of €45m, on which the interests are capitalised. At December 31st, 2012, the accumulated amount of these interests amounted to €6.5m, payable at maturity.

- The Riofisa Group has a mortgage debt of €322m, maturing in December 2014, extendable for additional 24 months and with an average financing spread of 270 bp.

- At the close of 2012, an interest rate swap amounting to €161m was taken on, totally assigned to the debt of "Other Subsidiaries".

- The financial cost of the entities reclassified as discontinued operations was (€62m), of which (€42m) correspond to the capitalised financial expenses of Asentia and (€20m) corresponded to Riofisa's financial cost.

- The financial cost of the debt assigned to other subsidiaries amounted to (€6m), which has been entirely capitalized as it is a project in the development process.

- The mortgage debt of €152m included under the heading “other subsidiaries” corresponds to a loan facility to finance an urban development project on a plot of land in Seville. This loan assumes compliance of a business plan (which includes a sales plan). The agreement with the financing bank of the project states that, in the case of additional needs to the initial business plan, Colonial will be obliged to contribute new funds to cover these needs. If the expected sales do not take place, Colonial's contributions to comply with the business plan would rise to approximately €89m. Failure to comply with the compliance with these obligations would entitle the financing bank to early terminate its credits, resulting in a recourse to Colonial of €164m under all the concepts.

  Currently, a new urban planning agreement has been agreed with the local city hall, as well as a new deferred urban planning calendar in line with the current reality of the residential market, pending definitive approval.

6. Appendices

6.1 Consolidated balance sheet

€m	2012	2011
ASSETS		
Consolidated goodwill	120	178
Investment property - In operation	*4,391*	*4,297*
Investment property - Work in progress, advances and provisions	*391*	*321*
Investments Property	4,782	4,618
Equity method	287	266
Other non-current assets	291	854
Non-current assets	**5,480**	**5,916**
Debtors and other receivables	65	59
Other current assets	85	97
Assets available for sale	1,624	1,865
Current assets	**1,773**	**2,021**
TOTAL ASSETS	**7,253**	**7,937**
LIABILITIES		
Share capital	*226*	*226*
Other reserves	*1,135*	*1,110*
Profit (loss) for the period	*(1,129)*	*15*
Other instruments for equity	*2*	*2*
Exchange differences	*(1.2)*	*(0)*
Treasury shares	*(60)*	*(60)*
Equity	172	1,293
Minority interests	1,220	1,038
Net equity	**1,392**	**2,331**
Debts with credit entities and other non-current financial liabilities	994	497
Non-current financial debt	2,499	2,439
Deferred tax	226	172
Other non-current liabilities	124	188
Non-current liabilities	**3,843**	**3,296**
Debts with credit entities and other current financial liabilities	14	13
Current financial debt	189	457
Creditors and other payables	91	72
Other current liabilities	69	61
Liabilities associated to assets available for sale	1,656	1,706
Current liabilities	**2,018**	**2,310**
TOTAL EQUITY & LIABILITIES	**7,253**	**7,937**

MARKET VALUE RECONCILIATION	€m
Tangible fixed assets - own use [(1)]	28
Real estate investment (w/o advances on fixed assets) [(2)]	4,777
Non-current assets held for sale - Investment properties [(3)]	387
Value accounted for in the Report	**5,192**
Unrealised capital gains - own use	12
Not appraised	2
Rent free periods	37
Adjustments	**51**
Appraisal value according to external appraisers	**5,244**

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

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

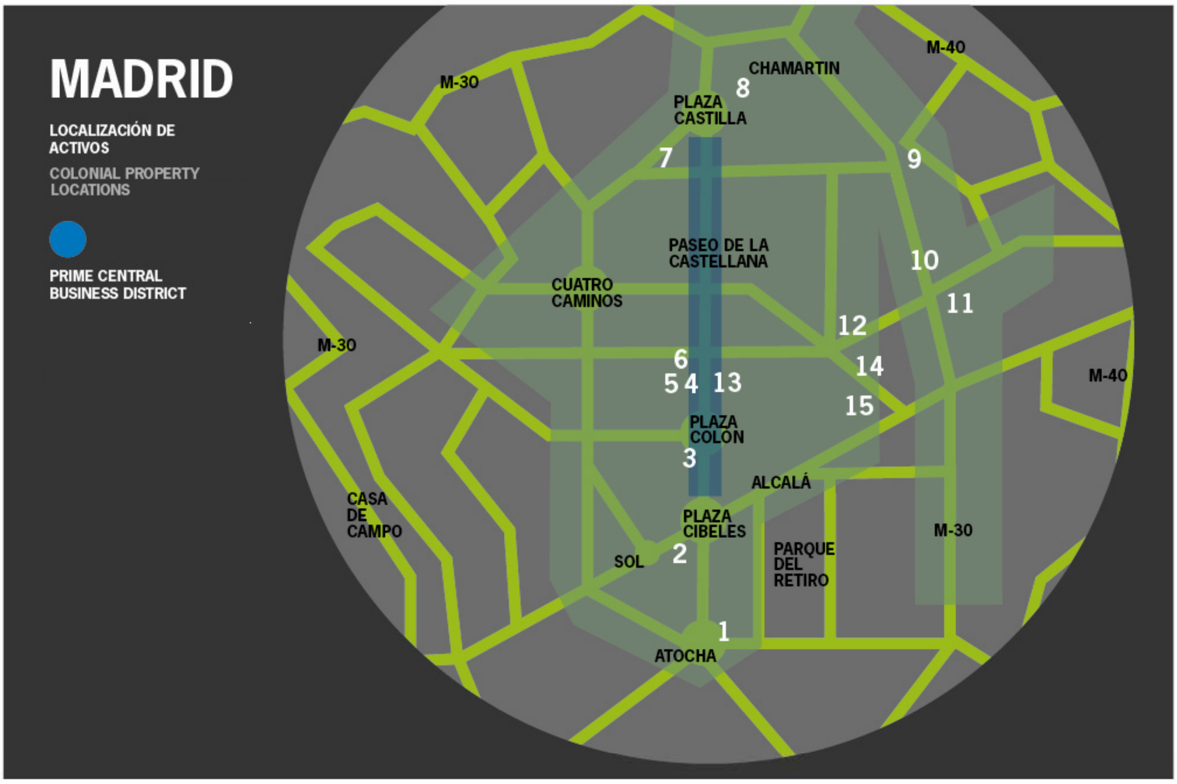

15 COMPLEJO DE OFICINAS ILLACUNA


16 COMPLEJO DE OFICINAS SANT CUGAT NORD


17 COMPLEJO DE OFICINAS SANT JOAN DESPÍ

6.2 Asset portfolio – Locations (cont.)

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 CENTRO NORTE


9 TORRES ÁGORA/M-30


10 RAMÍREZ DE ARELLANO, 37


11 MARTÍNEZ VILLERGAS, 49


12 LÓPEZ DE HOYOS, 35


13 PASEO DE LA CASTELLANA, 52


14 FRANCISCO SILVELA, 42


15 ORTEGA Y GASSET, 100

6.2 Asset portfolio – Locations (cont.)

Paris

1 CENTRE D'AFFAIRS LE LOUVRE

2 WASHINGTON PLAZA

3 GALERIE DES CHAMPS-ELYSEES

4 CHAMPS-ELYSEES, 90

5 CHAMPS-ELYSEES, 92

6 CÉZANNE SAINT HONORÉ

7 EDOUARD VII

8 CHARLES DE GAULLE, 176 (NEUILLY)

9 RIVES DE SEINE

10 LE GALLO, 46

11 IENA, 96

12 WAGRAM, 131

13 103 GRENELLE (TELEGRAPHE)

14 HAUSSMAN, 104-110

15 HANOVRE, 6

16 IIOT RICHELIEU

17 247 RUE SAINT HONORÉ

18 LE VAISSEAU (2 ALLÉ DES MOULINEAUX)

19 PRONY-WAGRAM (108-112 AVENUE DE 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	4,531					4,531	0	4,531
AV. DIAGONAL, 530	11,781					11,781	1,689	13,470
AV. DIAGONAL, 609-615 (DAU)	21,872					21,872	18,989	40,861
AV. DIAGONAL, 682	8,622					8,622	600	9,222
PEDRALBES CENTRE	0	5,410				5,410	1,355	6,765
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	9,835					9,835	3,398	13,233
TORRE DEL GAS [1]	22,750					22,750	19,370	42,120
SANT CUGAT NORD	27,904					27,904	21,061	48,965
SAMONTA 21	11,464					11,464	9,846	21,309
P. CASTELLANA, 52	7,523					7,523	588	8,111
RECOLETOS, 37	17,202					17,202	5,340	22,542
MIGUEL ANGEL, 11	6,300					6,300	3,049	9,349
JOSE ABASCAL, 56	12,349					12,349	6,425	18,774
ALCALA, 30-32	9,088					9,088	1,700	10,788
ALFONSO XII, 62	13,135					13,135	2,287	15,422
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	5,248	1,794			8,073	15,115	39,537	54,652
MARTINEZ VILLERGAS, 49	24,135					24,135	13,912	38,047
RAMIREZ DE ARELLANO, 37	5,988					5,988	4,923	10,911
SAMONTA 19	0			3,905		3,905	0	3,905
RENTAL PORTFOLIO	**348,027**	**7,204**		**3,905**	**8,073**	**367,209**	**210,211**	**577,420**
OTHER COMMERCIAL PREMISES		**6,024**				**6,024**	1,752	**7,776**
RENTAL FLOOR SPACE SPAIN	**348,027**	**13,229**		**3,905**	**8,073**	**373,233**	**211,963**	**585,196**
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)	124					124	0	124
TORRE BCN	0					0	0	0
PEDRALBES CENTRE	0	53				53	0	53
HOTEL MARINA DE LA TORRE	0				11,519	11,519	0	11,519
CENTRO NORTE	576					576	0	576
CASTELLANA, 43	5,999					5,999	2,441	8,440
SAMONTA 21	5,404					5,404	2,655	8,060
PROJECTS UNDERWAY SPAIN	**35,414**	**53**	**0**	**0**	**11,519**	**46,986**	**22,754**	**69,741**
TOTAL SPAIN	**383,442**	**13,282**	**0**	**3,905**	**19,592**	**420,220**	**234,717**	**654,937**

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	**22,955**	1,784			2,134	**26,873**	5,731	**32,604**
EDOUARD 7	**20,908**	15,997	4,509		4,502	**45,916**	9,933	**55,850**
247 ST HONORE	**0**	1,332			14,644	**15,976**	0	**15,976**
C. ELYSEES 8288	**0**	4,539				**4,539**	3,721	**8,259**
C. ELYSEES 90	**2,569**	981				**3,550**	0	**3,550**
C. ELYSEES 92	**4,174**	3,072				**7,246**	0	**7,246**
CEZANNE SAINT HONORE	**24,181**	1,849	231			**26,262**	3,369	**29,631**
PRONY-WAGRAM	**7,100**				449	**7,549**	3,119	**10,668**
SAINT AUGUSTIN	**0**					**0**	163	**163**
IENA	**7,505**					**7,505**	4,695	**12,201**
108-112 WAGRAM	**4,470**	892				**5,362**	546	**5,908**
WASHINGTON PLAZ	**36,050**	460			2,241	**38,751**	13,272	**52,022**
HAUSS. 104-110	**11,683**	791				**12,474**	2,650	**15,124**
NEUILLY	**5,749**	389				**6,138**	2,739	**8,876**
ISSY LES MOULINEAUX	**6,026**					**6,026**	2,321	**8,347**
RIVES DE SEINE	**20,270**				1,760	**22,030**	6,589	**28,619**
ROME-VIENNE	**0**					**0**	163	**163**
103 GRENELLE	**15,176**	258				**16,486**	1,872	**18,357**
SAINT DENIS	**0**		60			**60**	16	**76**
RENTAL FLOOR SPACE PARIS	**188,816**	**32,343**	**4,800**	**0**	**26,782**	**252,741**	**60,899**	**313,640**
WASHINGTON PLAZA	**3,154**					**3,154**	2,678	**5,832**
CALL-LDA	**5,547**	4,897				**10,444**	8,462	**18,906**
108-112 WAGRAM						**0**	562	**562**
247 ST HONORE						**0**	1,396	**1,396**
GRENELLE						**0**	2,996	**2,996**
C. ELYSEES 8288						**0**	2,304	**2,304**
C. ELYSEES 92	**0**	0				**0**	0	**0**
CEZANNE SAINT HONORE						**0**	1,504	**1,504**
C. ELYSEES 90	**5,071**					**5,071**		**5,071**
QUAI LE GALLO	**31,003**				1,275	**32,278**	8,434	**40,712**
ILOT RICHELIEU	**24,392**				5,095	**29,487**	10,248	**39,735**
NEULLY						**0**	861	**861**
PRONY-WAGRAM						**0**	532	**532**
IENA						**0**	930	**930**
EDOUARD 7	**6,522**	35				**6,557**	0	**6,557**
HANOVRE LB	**3,003**		61			**3,065**	1,697	**4,762**
PROJECTS UNDERWAY PARIS	**78,692**	**4,932**	**61**	**0**	**6,370**	**90,055**	**42,603**	**132,658**
TOTAL PARIS	**267,507**	**37,276**	**4,861**	**0**	**33,152**	**342,796**	**103,502**	**446,298**
TOTAL PROPERTY COLONIAL	**650,949**	**50,557**	**4,861**	**3,905**	**52,743**	**763,016**	**338,219**	**1,101,234**

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").

Castellana, 43

A new office development project of 5,998 sq m above ground, which will be one of the first buildings with a LEEDS GOLD certification ("green building"), situated in the prime area of Madrid. With floors of up to 697 sq m, light and airy space, flexible and functional allowing for a very efficient distribution of space. The building will offer high quality features, and it will also be energy efficient. As a consequence, the works have begun with the premises already fully pre-let to a top tier tenant.

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.)

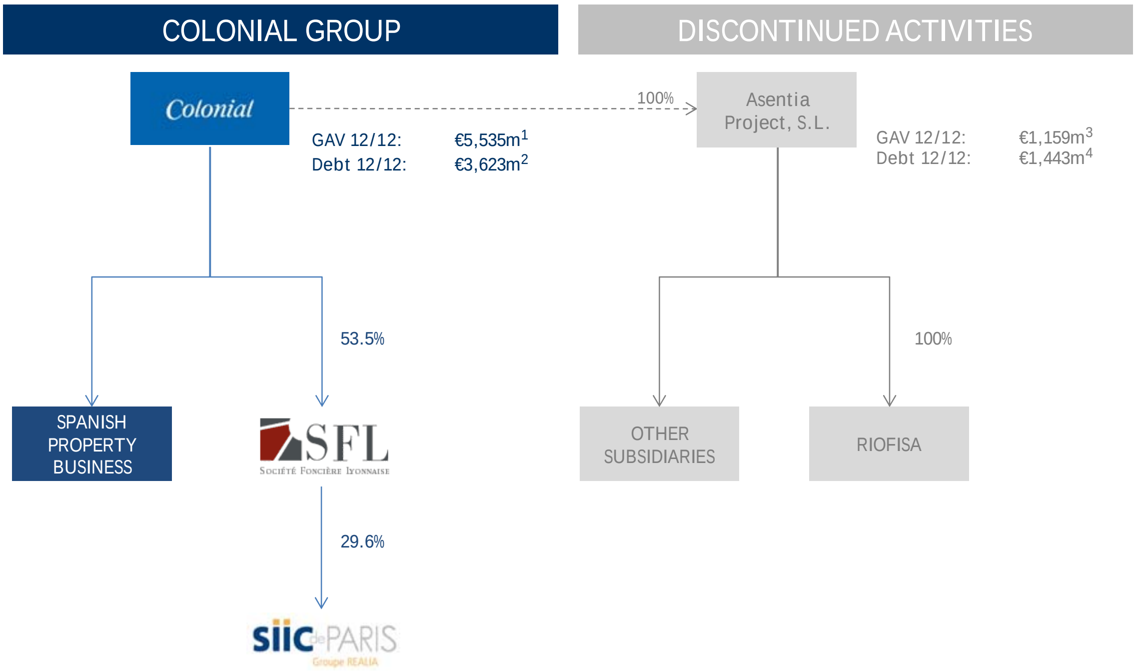
Ilot Richelieu



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 this year, refurbishments began on the property. This office complex will undergo an integral renovation 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% Debt of SFL
(3) GAV of assets owned directly+ GAV of other subsidiaries + GAV of Riofisa
(4) Debt of Asentia Holding + Debt of other subsidiaries + Debt of Riofisa, includes participative loan of €60m

6.6 Subsidiary – Details

▪ Main subsidiary figures

Key performance indicators

	SFL			SIIC DE PARIS		
	Dec-12	**Dec-11**	**Var. %**	**Dec-12**	**Dec-11**	**Var. %**
GAV [(1)]	3,882	3,235	20%	1,463	1,428	2%
No. of Assets	19	19	0%	34	36	(6%)
Office occupancy	94%	92%	*2.0 pp*	-	-	-
Total occupancy	95%	94%	*1.6 pp*	95%	94%	*0.9 pp*
Rental revenues	150	152	(1%)	74	74	0%
EBITDA rents	138	141	(2%)	67	67	0%
EBITDA / rental revenues	92%	93%	*(1.4 pp)*	91%	91%	*(0.1 pp)*
EBITDA recurring property business	123	126	(2%)	63	63	(0%)
EBITDA asset sales	(0)	8	-	9	14	(37%)
EBITDA Total	**123**	**133**	(7%)	**72**	**77**	(6%)
Profit attributable to Group	283	181	57%	46	43	8%
Net Debt	1,547	1,243	-	466	492	(5%)
LTV (2)	36%	36%	-	30%	33%	*(2.4 pp)*
NAV EPRA (excluding transfer costs)	2,246	2,078	8%	985	904	9%
Nº of shares (m)	47	47	0%	43.1	42.6	1%
NAV EPRA (excluding transfer costs) (€/share)	48.3	44.7	8%	22.9	21.2	8%
NNNAV EPRA (excluding transfer costs) (€/share)	45.3	42.8	6%	-	-	-

Calculated considering the consolidation criteria

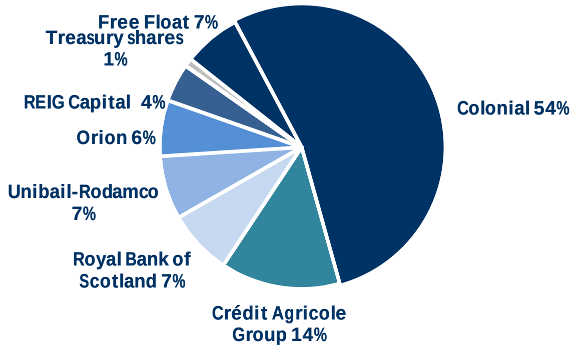
(1) GAV following consolidation criteria excluding transfer costs (not including SIIC de Paris)

(2) LTV: net debt /(attributable GAV including transfer costs + stake in SIIC de Paris)

6.6 Subsidiary - Details

▪ Shareholder structure and Board of Directors of SFL

SFL - Shareholder structure 31/12/2012



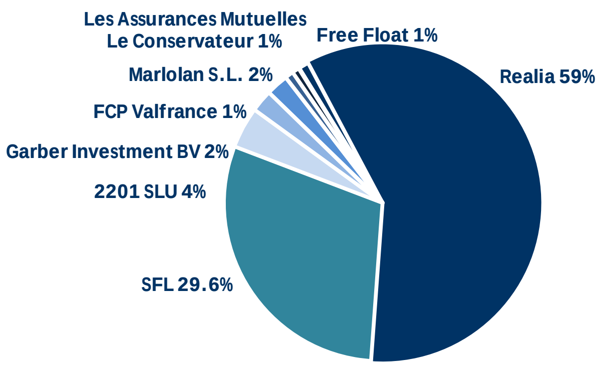
Board of Directors SFL

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

6.6 Subsidiaries - Details (cont.)

▪ Shareholder structure and Board of Directors of SIIC de Paris

SIIC de Paris *- Shareholder structure 31/12/2012*



Board of Directors SIIC de Paris

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

6.7 Additional information

EPRA NAV reconciliation with last reported NAV

EPRA NAV - NAV reconciliation	12/2012	12/2011
EPRA NAV	**460**	**559**
Include:		
(i) Tax credits on balance	157	677
(ii) Goodwill	120	178
NAV (gross)	**737**	**1,414**
NAV (gross) per share	**3.26**	**6.26**

EPRA NNNAV - NNAV reconciliation	12/2012	12/2011
EPRA NNNAV	**491**	**1,140**
Include:		
(i) Tax credits off balance	1,293	739
(ii) Goodwill	120	178
NNNAV incl. goodwill & tax credits off balance	**1,904**	**2,056**
NNNAV incl. goodwill & tax credits off balance per share	**8.42**	**9.10**

Detailed calculation of EPRA Net Profit

EPRA Earnings - Full year 2012	12/2012	12/2011
Earnings per IFRS Income statement	**(1,129)**	**15**
Adjustments to calculate EPRA Earnings, exclude:		
(i) Changes in value of investment properties, development properties held for investment and other interests	68	24
(ii) Profits or losses on disposal of investment, development properties held for investment and other interests	4	(9)
(iii) Tax credits impairment	524	(67)
(iv) Changes in fair value of financial instruments and associated close-out costs	37	10
(v) Adjustments (i) to (iv) above in respect of joint ventures (unless already included under proportional consolidation)	(8)	(7)
(vi) Discontinued operations	419	1
(vii) Minority interests in respect of the above	94	50
Recurring EPRA net profi	**9.5**	**17.1**
EPRA earnings per share (EPS)	0.04	0.08

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 (floor 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 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 from tenants in case of 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	EPRA Net Asset Value (EPRA NAV) is calculated based on the consolidated equity of the company and adjusting some items following the recommendations of the EPRA
EPRA NNNAV	The EPRA NNNAV is calculated adjusting the following items in the EPRA NAV: the fair market value of the financial instruments, the fair market value of the debt, the taxes that would be accrued with the sale of the assets at their market value applying tax benefits for reinvestements and the tax credit on balance, considering a going concern assumption
Occupancy - surfaces	Percentage of the occupied square metres of the portfolio at the closing date of the report/ surface 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 / surface 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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Colonial Website

www.inmocolonial.com

Capital Market registry data - Stock market

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

6.10 Disclaimer

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