



ANNUAL REPORT 2012

Colonial

KEY PERFORMANCE AND FINANCIAL INDICATORS - December cumulative - €m

	2012	2011	Var. %
N° 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
N° of shares (m)	226	226
EPRA NAV (€/share)	2.03	2.47
EPRA NNNAV (€/share)	2.17	5.04
Free float %	10%	10%

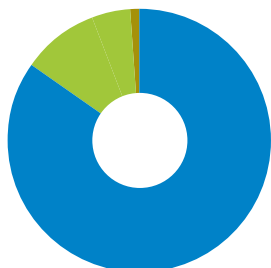
(1) Without including small non-core retail assets

(2) Projects & refurbishments

(3) Includes NAV stake in SIIC de Paris

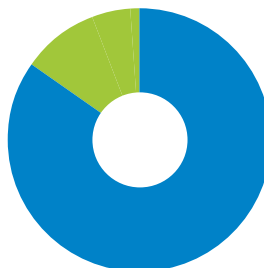
(4) Group Net Debt / GAV Strategic Business

REVENUES BY USE



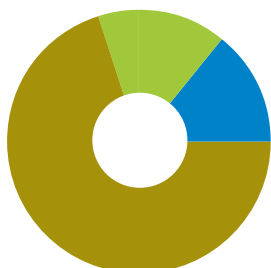
81% OFFICES
17% RETAIL⁽¹⁾
2% OTHERS

SURFACE BY CONDITION

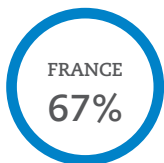
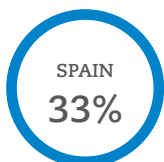


82% IN OPERATION
18% PROJECTS

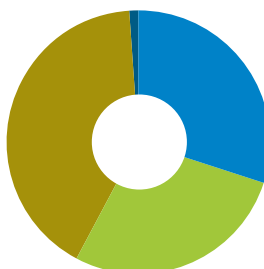
REVENUES BY MARKET



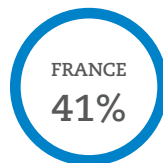
14% BARCELONA
19% MADRID
67% PARIS



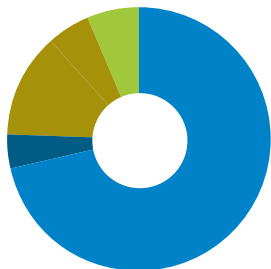
SURFACE BY MARKET



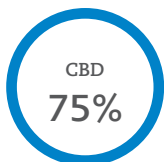
30% BARCELONA
28% MADRID
41% PARIS
1% OTHERS



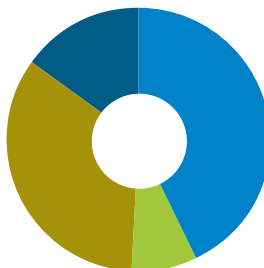
REVENUES BY AREA⁽²⁾



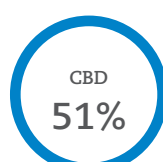
68% PRIME CBD
7% CBD
21% BD
4% OTHERS



SURFACE BY AREA⁽¹⁾



43% PRIME CBD
8% CBD
34% BD
15% OTHERS



(1) Includes Saint Honoré 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)

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ANNUAL REPORT
2012

Colonial

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Letter from the Chairman

IN THE CONTEXT OF A DIFFICULT MARKET, THE BEHAVIOUR OF COLONIAL'S PROPERTY BUSINESS IN 2012 IS CONSIDERED TO BE SATISFACTORY.

Dear Shareholders,

Once again, it is a source of great satisfaction for me, and in the name of the Board of Directors of Inmobiliaria Colonial, S. A., to present and submit for your approval the Financial Statements and the Management Report for 2012, as well as to tell you about the Company's main lines of action at present and for the immediate future.

MACROECONOMIC ENVIRONMENT

The year ended affected by the events surrounding the euro zone crisis, and by the worrying deceleration of the global growth rate.

Spain suffered a progressive worsening of the macroeconomic situation with a contraction of the GDP in 2012 of 1.4%, slightly lower than forecasted at the beginning of the year before. Nevertheless, the contraction of the economic activity in Spain was accentuated in the last quarter of 2012.

The year 2013 started with the same trend and there is a high level of uncertainty in identifying the point of inflection of the Spanish economy.

OFFICE MARKETS

In this difficult macroeconomic environment, the office markets in Barcelona and Madrid continue to have weak fundamentals. The rental prices are at historically low levels. The most defensive behavior is seen in prime assets in central areas.

In Barcelona, the total volume of the contracts signed in 2012 was 199,000 sq m and the vacancy rate in the prime area reached 9.4%.

In Madrid, the office contracts signed in 2012 reached a volume of 297,000 sq m, highlighting a dominant presence in demand in the CBD area. The vacancy rate in that area was at 9.1%, much lower than the vacancy rates in the secondary areas of Madrid.

In the Paris region, the contracts signed throughout all of 2012 were similar to 2011, reaching 2,380,000 sq m. At the same time, the vacancy rate for the prime CBD areas barely reached 5%.

Regarding the investment market, Barcelona and Madrid continue with much reduced volumes and the investor interest is centred on well-located AAA assets. Prime profitability was around 6-6.25% in

Madrid and 6.24% in Barcelona, which are very high levels compared to historic series.

The investment market in Paris was again the most important and most liquid investment market in the Eurozone, reaching a volume of more than €10,000m in 2012, with a profitability for prime offices in the range of 4.5% to 5%.

HIGHLIGHTS

The Colonial Group registered negative attributable results of (€1,129m) in 2012, mainly due to the extraordinary impairments and the consolidation of the non-strategic business (Asentia Group). The extraordinary impairments, as well as the accounting impact of the non-strategic business, have not resulted in a cash outflow for Colonial.

Nevertheless, the Colonial Group was able to maintain their operational business stable, which is reflected in a recurring EBITDA of €175m and a net recurring result of the continued business of €9.5m, thanks to its portfolio of high quality prime assets.

The rental income amounted to €225m, which corresponds to an increase of 3.7% in like-for-like terms. This variance is explained by an increase of 7.5% like-for-like on the rents in Paris, which compensates for like-for-like decreases in Spain of 2.2%.

In 2012, the Colonial Group signed rental contracts for 118,167 sq m of which 80,563 sq m correspond to Spain.

The EPRA occupancy (economic occupancy calculated according to EPRA recommendations) of the office portfolio rose to 87% at the close of 2012.

In 2012, the Martinez Villergas project was delivered, a relevant project in the Madrid portfolio, and in March 2013, it was already 66% rented. In France, it is important to highlight the delivery of the Ozone building which is 100% rented, and is located at Champs-Élysées 92. In addition, the Colonial Group has an attractive project portfolio of more than 97,000 sq m which will be released in the next years.

Regarding the turnover of the portfolio, it is important to highlight the agreement for the disposal of the Mandarin Hotel for €290m with an important premium on the valuation at June 2012. This transaction was signed in February 2013.

The valuations of assets carried out by independent experts amounted to €5,535m, an increase of 4% in like-for-like terms.

Finally, regarding the capital structure, in November 2012 the French subsidiary Société Foncière Lyonnaise, SFL, carried out a successful bond issue for €500m. The transaction attracted a much higher demand than the supply, allowing for the cancellation of the excesses of interest rate derivatives in France.

STRATEGY

The strategy of the Colonial Group is to become established as the main actor in the core offices segment, in order to lead the transformation of the Spanish property market.

This strategy must include the following elements:

It is important to keep the results of the operational business stable, especially given the current complicated market environment. This will mean important commercial efforts and a proactive management of our property portfolio, as well as of our projects.

The deconsolidation of the Asentia Group (Colonial's "bad bank") needs to be executed as soon as possible in order to optimize the perception of the Colonial Group in the investment community and to facilitate the understanding of our consolidated results.

Additionally, the Board of Directors and the Management Team started conversations to restructure the financial debt in Spain that matures in December 2014, in order to reach normalized levels of debt with maturities in the longer term.

All of this will position Colonial with an adequate capital structure that will allow it to take advantage of all the opportunities, specifically in the office markets in Barcelona and Madrid, driving the creation of value for all our shareholders.

CONCLUSION

In the context of a difficult market, the behaviour of Colonial's property business in 2012 is considered to be satisfactory.

However, 2013 will be another year of important challenges and high uncertainty with regards to the recovery of the Spanish economy.

I would like to thank everyone, the shareholders, creditors, advisors and the entire Colonial team, for their high level of commitment on the one hand, and on the other, for their trust placed in the company at all times.

We shall continue working together to further strengthen the bases of our operational business and to reinforce the capital structure.

Dear shareholders, in these pages I have tried to summarise the most notable aspects and events that occurred in the company in 2012, such as our current strategy and our prospects for future growth. I wish to express once more my sincere thanks for keeping your confidence in Colonial, in times that are so important for the future of the Company. I also extend this gratitude to the employees of the Colonial Group who, with their professionalism and daily efforts, have made the accomplishment of the ambitious objectives of our plan possible.



Juan José Brugera Clavero
Chairman





Interview with Pere Viñolas, Chief Executive Officer

What would be, from your point of view, the greatest achievement reached in the management of Colonial in 2012?

The year 2012 was marked by a deterioration in the macroeconomic climate in Europe, particularly in Spain, with an evolution that some economists classify as the “W”, and that postpones the prospects of recovery compared to the expectations that most analysts had two years ago. In this environment, the office markets in Spain have had continual setbacks in their fundamentals, while in France they remained stable.

Given this context, we were able to keep our operational business stable, which is reflected in a 3.7% growth of our rental revenues in like-for-like terms, reaching €225m.

I'd specifically like to highlight the important commercial effort that was carried out. Rental

contracts were signed for more than 118,000 sq m, of which more than two thirds corresponded to contracts in Barcelona and Madrid. In France, I'd like to point out that there is 100% occupancy of the 103 Grenelle building and the delivery of the “Ozone” project, a building located at 92 Champs Elysees which is 100% rented at maximum prices for the area.

Regarding the turnover of assets, we have disposed of the Mandarin Hotel with an important premium over the valuation, clearly demonstrating the capacity of the Colonial Group to create value.

With regards to the capital structure, I'd like to emphasise the successful bond placement issued by our subsidiary Société Foncière Lyonnaise for €500m at a very attractive interest rate. This transaction shows the ability to attract capital through a prime asset portfolio in “normalized” capital markets, which has allowed us to diversify our sources of financing.

What do you predict will be the greatest challenges for Colonial in 2013 and the coming years?

In Spain, 2013 started with the same macroeconomic trend as in the last quarter of 2012. In France, the economy remained stable through 2012, even though a greater uncertainty exists regarding the future evolution.

Consequently, 2013 poses some important challenges for the performance of the operational business. Such as keeping the current tenants and improving the occupancy rates, specifically in Barcelona and Madrid. In Paris, we'll deliver the IN/OUT project in the second half of the year, and we'll continue with the complete refurbishment of the Richelieu building (the Cardinal Project).

Additionally, in the middle of 2013, the Castellana 43 project will enter into operation in Madrid, which is 100% pre-rented and has LEED certification.

Regarding our capital structure, we have started conversations in order to review the terms of the syndicated debt in Spain that matures in December 2014. We are also working on executing the deconsolidation of our "bad bank", the Asentia Group, as soon as possible, which will allow us to substantially improve the perception of the Colonial Group as "pure play of core offices", and will clarify the understanding of the Colonial Group's results.

Could you explain briefly if Colonial has started a new restructuring process of its financial debt? And if that's the case, could you advance the strategic lines which Colonial plans to use for this restructuring?

Colonial continues to fulfill the Business Plan, keeping the operational business stable. However, the indebtedness of the company continues to be excessive for a property company, and given that capital markets have been "closed" to Spanish companies, it hasn't been possible to reduce it to date.

Accordingly, we are in conversations with our main banks to explore all the alternatives that would allow us to reduce our gearing as well as extend the maturity of our debt that is currently due in December 2014.

We'd like to carry out the restructuring of the debt in the short term in order to be able to face the next years with an adequate capital structure and a level of indebtedness that allows us to optimize the creation of value for all our shareholders.

Do you think that the evolution of and expectations of the markets where Colonial does business are going to start a positive trend as of 2013?

Colonial is currently operating in two geographical markets. In Spain, the office markets in Madrid and Barcelona continue, as I mentioned earlier, with very weak fundamental variables and their future evolution depends on the macroeconomic recovery of the country. However, the prime market segments will be the first to stabilize, and even more importantly, the rental prices are currently at historical lows, and in nominal terms, at levels from two decades ago. As a consequence, it is reasonable to think that there is a lot of growth potential if the economy returns to normal growth levels.

Paris is characterised by a stable cycle and the historical evolution has been affected by a steady growth trend. It'll be important to watch closely to see what the office market impacts could be if the macroeconomic variables weaken. Therefore, there is currently little visibility on the evolution in the short term.

I think that in the middle term, there are going to be many opportunities to create value in the markets in Barcelona and Madrid. Paris has historically shown that it is a market with low volatility which offers an appropriate binominal of profitability and risk in the long term.

Board of Directors

BOARD OF DIRECTORS:

Chairman:

Juan José Brugera Clavero

Members:

Pere VIÑOLAS

Xavier FAUS

Alberto IBAÑEZ

Jean-Luc RANSAC

Alain CHETRIT

Carlos GRAMUNT

José María SAGARDOY

Javier IGLESIAS DE USSEL

Carlos FERNÁNDEZ-LERGA

Secretary-Non-board Member: Francisco PALÁ

EXECUTIVE COMMITTEE:

Chairman:

Juan José Brugera Clavero

Members:

Pere VIÑOLAS

Xavier FAUS

Alberto IBAÑEZ

Jean-Luc RANSAC

Alain CHETRIT

NOMINATIONS & REMUNERATIONS COMMITTEE:

Chairman:

Carlos FERNÁNDEZ-LERGA

Members:

Xavier FAUS

Alberto IBAÑEZ

Jean-Luc RANSAC

Javier IGLESIAS DE USSEL

AUDIT & CONTROL COMMITTEE:

Chairman:

Javier IGLESIAS DE USSEL

Members:

Alain CHETRIT

José María SAGARDOY

Carlos FERNÁNDEZ-LERGA

Executive Committee



Pere VIÑOLAS
Chief Executive Officer



Carmina GANYET
Corporate General Manager



Juan CEÑAL
Deputy to the Chief Executive
Officer



Albert ALCOBER
Chief Operating Officer



Miquel LLUGANY
General Manager-Asentia



Àngels ARDERIU
Chief Financial Officer



Carlos KROHMER
Chief Corporate Development
Officer



José MARTÍNEZ
Chief Human Resources Officer



Núria OFERIL
Chief Legal Officer

2012 Highlights





Annual results

The year 2012 was affected by a general deterioration of the international macroeconomic climate and the euro zone crisis in particular. Consequently, the office markets in Barcelona and Madrid have undergone important setbacks in take-up with continuing pressure on rental prices. However, prime assets in central areas had a more defensive behaviour than in the rest of the market.

Within this context, the Colonial Group was able to 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 net result attributable to the Colonial 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 from the financing in France) and the registration of the cumulative provision of the value of FCC shares.
3. Accounting impacts attributable to the consolidation of the non-strategic business (Asentia Group).

RESULTS ANALYSIS - €M

	2012	2011	Var.	Var. % ⁽¹⁾
Recurring EBITDA	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%)
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

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

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:



TORRES ÁGORA. MADRID

MAIN ACTIONS

Building	City	Tenants	Surface (sq m)
Torres Ágora	Madrid	Ministerio de Asuntos Exteriores	30,650
Hausmann 104-110	Paris	La Mondiale Groupe	11,797
Illacuna	Barcelona	Liberty Seguros, Cegedim Hispania & otros	7,569
Washington Plaza	Paris	Misys International Banking Systems y Contourglobal	7,264
Avinguda Diagonal, 609-615 (DAU)	Barcelona	Accenture, Otsuka Pharma, Aguirre Newman & otros	7,077
Avinguda Diagonal, 530	Barcelona	CaixaBank	5,910
Ozone	Paris	SJ Berwin, Zara Francia y Solaris	6,275
Grenelle, 103	Paris	General Electric, Financiere Rive Gauche y ESMA	5,748
Sant Cugat Nord	Barcelona	Axa Seguros Generales, Aristan Thermo España & otros	4,087
Jose Abascal, 56	Madrid	Roca Junyent & Madrid Network	2,983
Main actions			89,360

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% at the end of 2012. 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 were 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 was 60% occupied, Ausiàs Marc was in the commercialization phase and the rest of the office portfolio in Barcelona had an occupancy ratio of 85%.

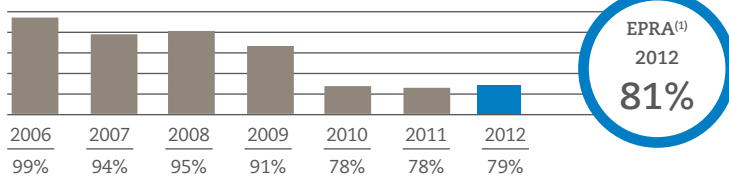
In Paris, during the third quarter of this year, refurbishments began on the Rue de Richelieu building, an office complex that will undergo an integral renovation project (the Cardinal Project).

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 on 103 Grenelle, Washington Plaza and Edouard VII.

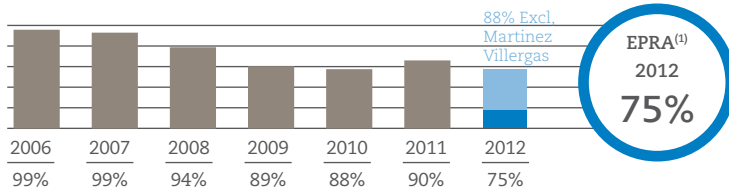
The total office portfolio of the Colonial Group reached an occupancy rate of 83%, 87% excluding the impact of Martínez Villergas.

OFFICE OCCUPANCY – COLONIAL HISTORICAL

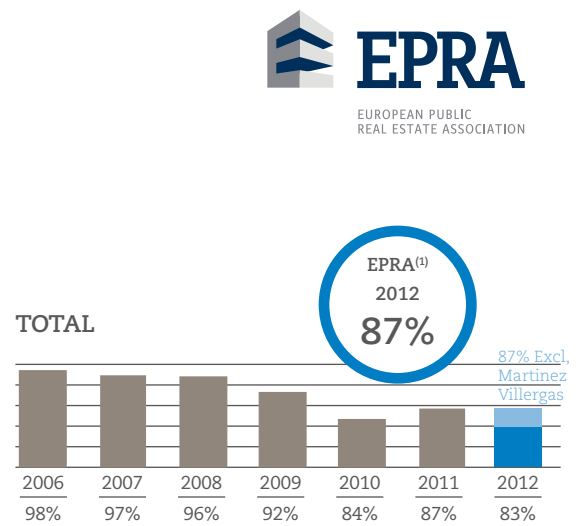
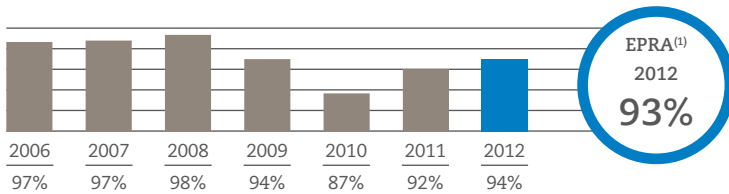
BARCELONA



MADRID



PARIS



(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)

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 December, 2011.

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 €3,623m¹ 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

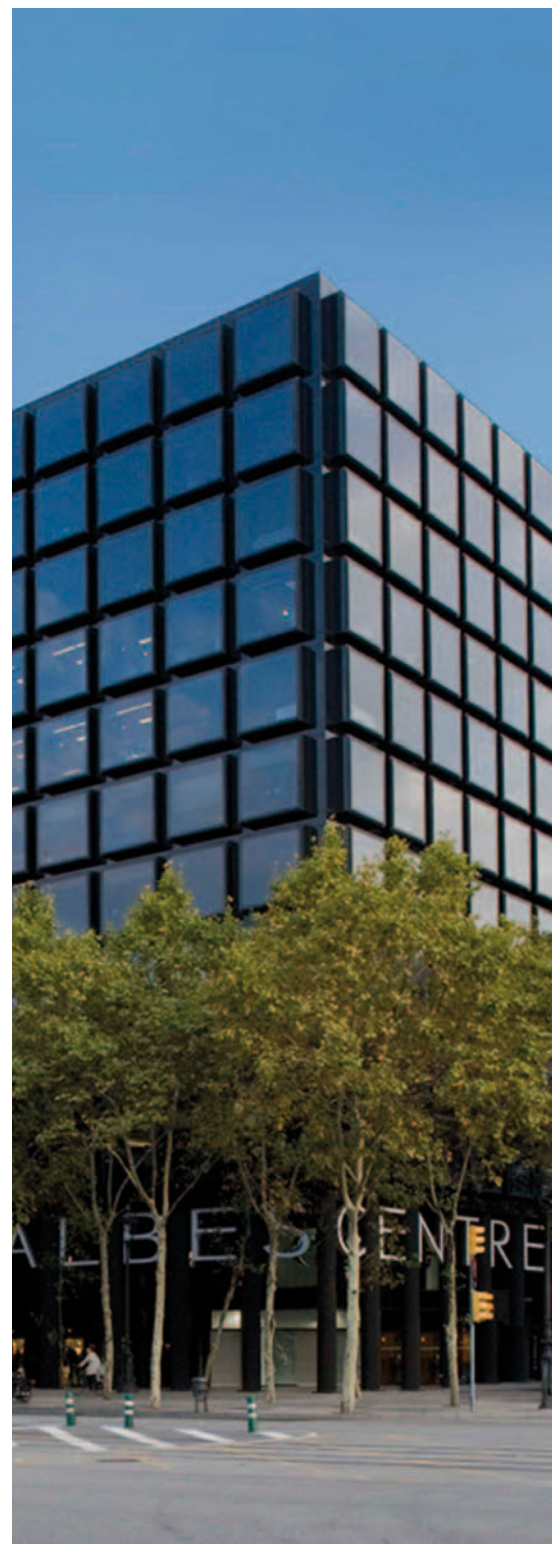
In November 2012, the French subsidiary Société Foncière Lyonnaise (SFL) successfully completed a bond issue for €500m with an interest rate of 3.5%, resulting in a spread of 275 bp over the mid swap. The maturity date of the bonds issued is November 28th, 2017.

The deal attracted a demand 3.2 times higher than the supply, reaching €1,600m.

This bond issue is part of 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 Group debt does not include the debt of the subgroup Asentia, as this group is classified under the heading of discontinued operations.



AVENIDA DIAGONAL 609-615 (DAU),
BARCELONA

Business performance





The euro area's benchmark company in the office market

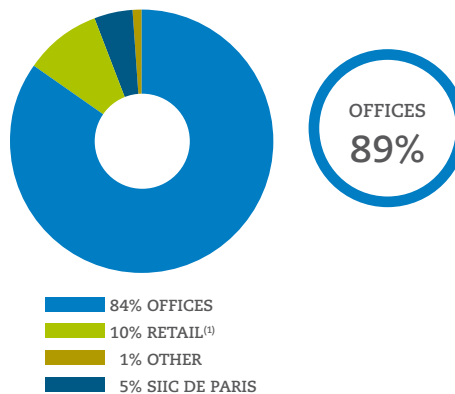
With a rental portfolio amounting to €5,535m, the Colonial Group has one of the most important real estate portfolios in Europe.

A portfolio of high quality: it includes large modern office buildings rented to leading firms representing the most varied financial sectors.

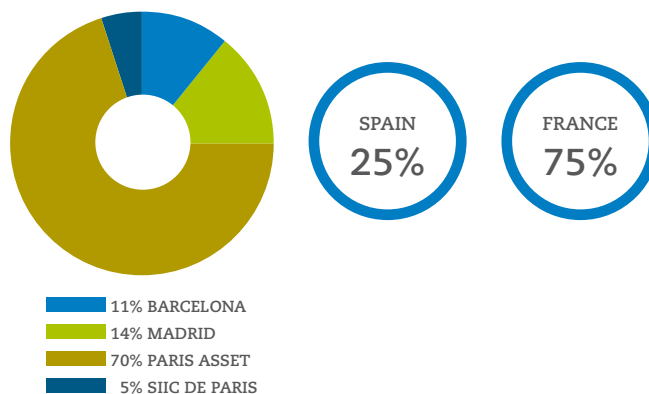
Strategic locations: our property extends throughout the business centres of three of the most important cities in Europe: Paris, Madrid and Barcelona.

Proven experience in the promotion and rehabilitation of buildings: with a portfolio of projects underway and under study of more than 97,000 sq m.

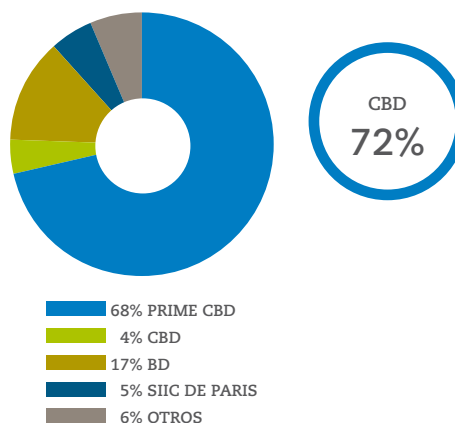
VALUATION - BY USE



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

Office market situation*

Rental market

BARCELONA

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 centre 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.

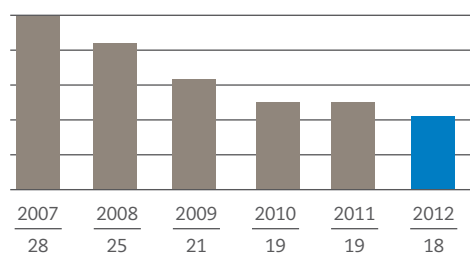
The average vacancy rate in Barcelona rose to 13.8% in the entire market, and in the prime areas it was at 9.4%. In 2013, the future speculative supply amounts to 62,000 sq m corresponding to 5 projects, which is quite a low level of future supply.

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.

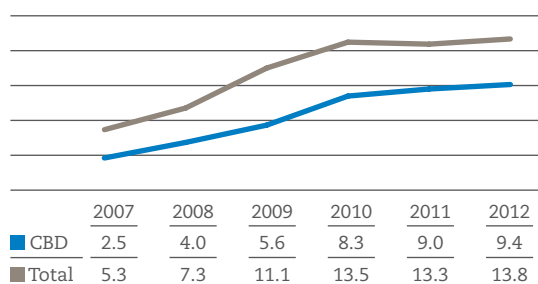


AVENIDA DIAGONAL 409, BARCELONA

PRIME CBD PRICES (€/SQ M/MONTH)



VACANCY (%)



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

MADRID

The volume of transactions in the fourth quarter was somewhat better than the previous 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.

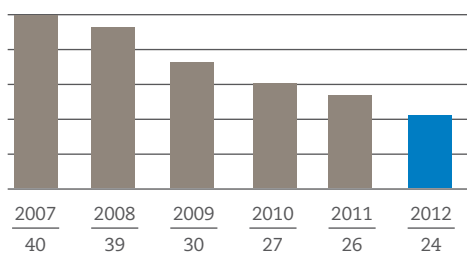
For the first time since 2009, the rental prime prices in Madrid remained stable during the quarter at €24.25/sq m/month due to the reduced volume of quality products in the best locations. On the other hand, the maximum prices in the rest of the areas continued to decrease due to the lack of transactions, 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 is a year of transition, in which the situation could begin to improve.

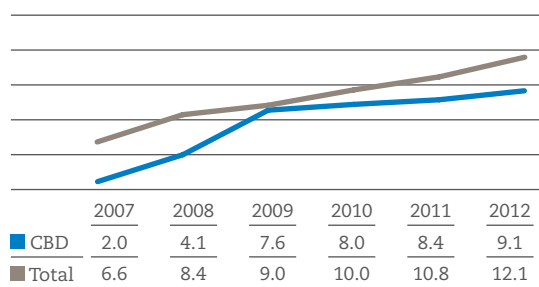


AUSIÀS MARC 148, BARCELONA

PRIME CBD PRICES (€/SQ M/MONTH)



VACANCY (%)



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

PARÍS

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.

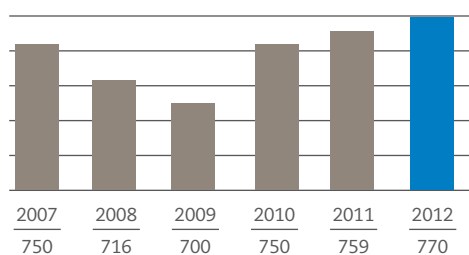
The prime rental prices in the CBD area in Paris decreased slightly at the end of the year, and stood at €770/sq m/year, although they still remain above 2011 levels. This decrease is due to a decrease in transactions above €800/sq m/year.

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.

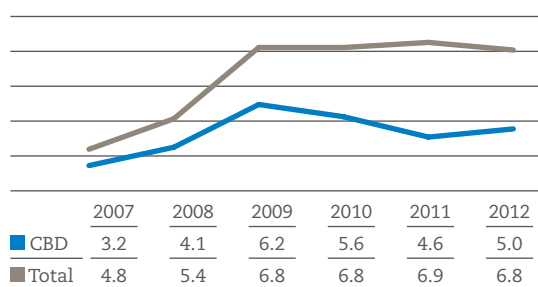


QUAI LE GALLO 46 - IN / OUT, PARIS

PRIME CBD PRICES (€/SQM/MONTH)



VACANCY (%)



Office market situation*

Investment market

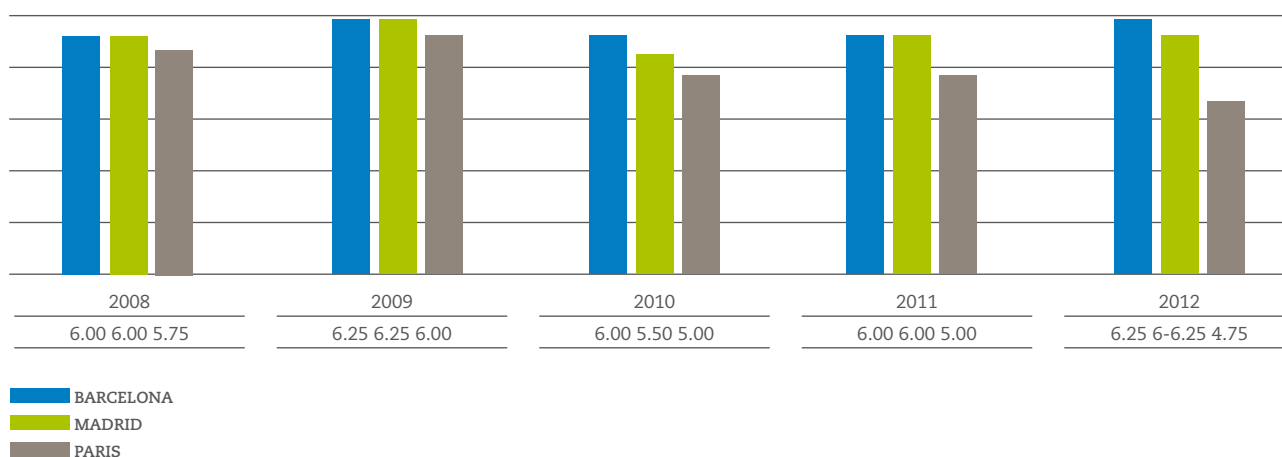
Barcelona: This last quarter of the year was characterized by a higher activity in the investment market. The investors continue to focus on assets that are very well located, and almost all the investment volume of the 4th quarter was in Paseo de Gracia / Diagonal. Four transactions were closed, with 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. Foreign investors made up 46% of the investments in the Paris region in 2012, 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 in 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%.

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

PRIME YIELDS - PARIS, MADRID AND BARCELONA (%)



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%.



CASTELLANA 43. MADRID



ANALYSIS OF LIKE-FOR-LIKE VARIANCE ACCORDING TO EPRA RECOMMENDATIONS - Rents (2012 vs. 2011) €m

	Barcelona	Madrid	Paris	Total
Rental income 2011	32	45	152	229
<i>Like-for-like</i>	(0.8)	(0.7)	8.0	6.5
<i>Projects & refurbishments</i>	(0.4)	(0.1)	(3.7)	(4.2)
<i>Disposals</i>	0.0	(0.6)	(2.4)	(3.0)
<i>Indemnities & others</i>	(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%)
<i>Like-for-like variance (%)</i>	(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



AUSIAS MARC 148-150. BARCELONA

Breakdown – Rental revenues:

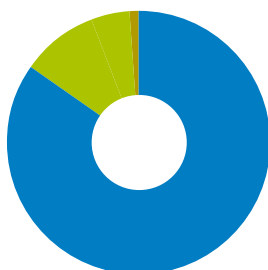
The majority of the Group's revenue, 81%, comes from office buildings.

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.



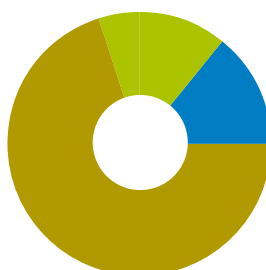
LÓPEZ DE HOYOS, MADRID

REVENUES - BY USE

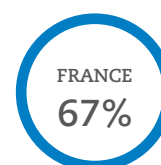
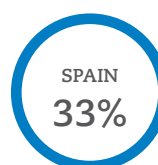


81% OFFICES
17% RETAIL⁽¹⁾
2% OTHERS

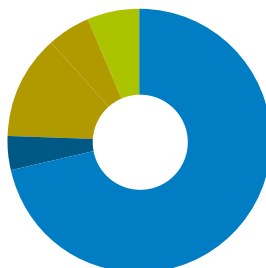
REVENUES - BY MARKET



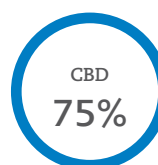
14% BARCELONA
19% MADRID
67% PARIS



REVENUES - BY AREA²



68% PRIME CBD
7% CBD
21% BD
4% OTHERS



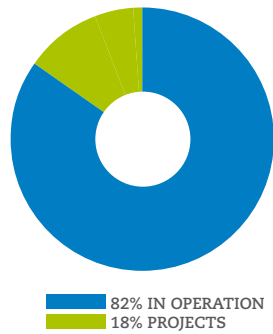
(1) Includes Saint Honore Hotel in Paris

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

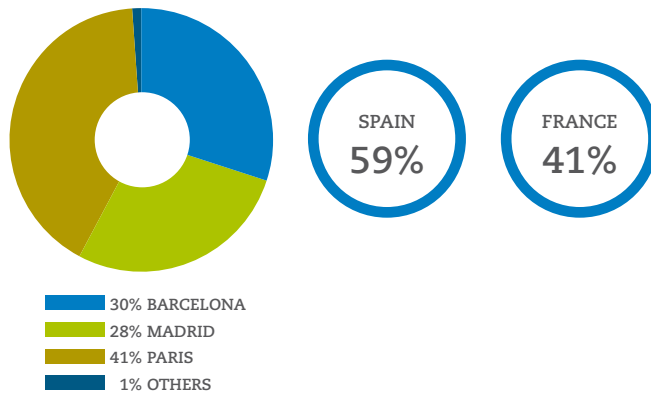
Surface area: At the close of 2012, the Colonial Group's portfolio totalled 1,101,234 sq m (763,016 sq m above ground), most of which was office space.

At December 31st, 2012, 82% of the portfolio was in operation, and the remaining 18% corresponds to an attractive portfolio of projects and refurbishments.

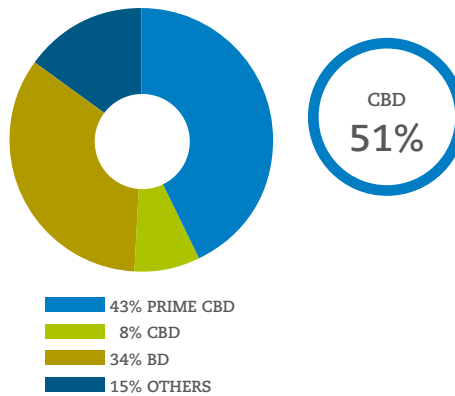
SURFACE - BY CONDITION



SURFACE - BY MARKET



SURFACE - BY AREA¹



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



MARTÍNEZ VILLERGAS, MADRID

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

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 on 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 Cegecim 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 Marc 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.

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

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 rate similar to the year before (78%). The new Illacuna office complex is 60% occupied, Ausiàs Marc is at the marketing stage, and the rest of the Barcelona office portfolio stands at 85% occupancy.

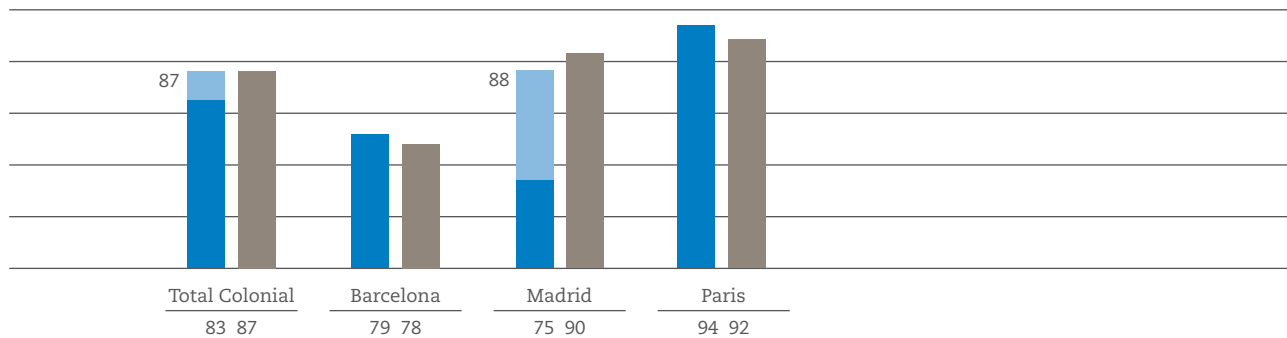
In **Madrid**, as a consequence of the recent entry into operation of Martínez Villergas, the occupancy of the office portfolio decreased to 75%. Excluding this impact, the occupancy of the rest of the portfolio in Madrid remained stable at 88%.

At the beginning of 2013, 15,935 sq m were 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 **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 103 Grenelle, Washington Plaza and Edouard VII buildings.

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

OFFICE OCCUPANCY - SURFACES⁽¹⁾ (%)



OFFICE VACANCY EPRA ⁽²⁾	13%	19%	25%	7%
TOTAL VACANCY EPRA ⁽²⁾	10%	17%	21%	6%
TOTAL OCCUPANCY EPRA ⁽²⁾	90%	83%	79%	94%
OFFICE OCCUPANCY EPRA ⁽²⁾	87%	81%	75%	93%
OCCUPANCY (ALL USES)	84%	78%	74%	95%

2012
2011
% EXCL. MARTÍNEZ VILLERGAS

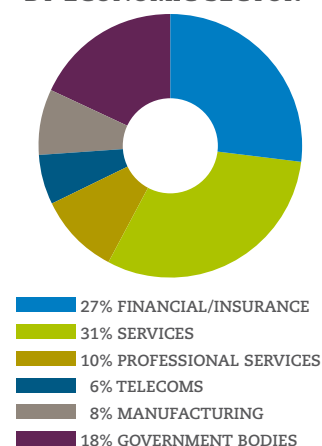
(1) Occupied surfaces/surfaces in operation
(2) Financial occupancy according to the calculation recommended by the EPRA

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.

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



RANKING OF THE MOST IMPORTANT TENANTS (49% OF RENTAL INCOME)

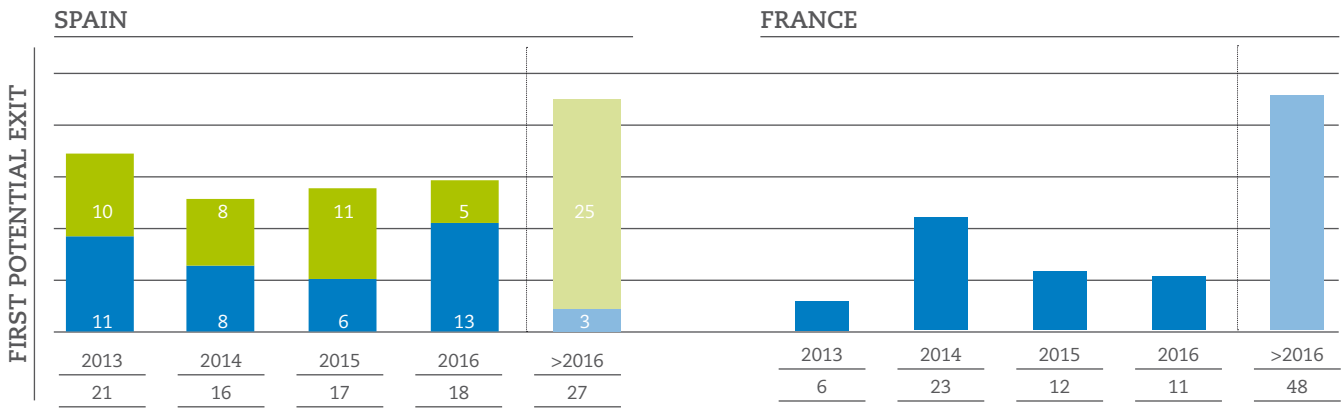
RK	Tenant	City	% total income	% cumul.	Age
1	NATIXIS IMMO EXPLOITATION	Paris	6%	6%	4
2	HOTEL SAINT HONORÉ	Paris	4%	10%	2
3	FRESHFIELDS BRUCKHAUS DERINGER	Paris	4%	14%	3
4	MINISTERIO DE ASUNTOS EXTERIORES	Madrid	4%	17%	7
5	GRUP CAIXA	Barcelona	3%	21%	19
6	GAS NATURAL SDG, S.A	Barcelona	3%	24%	5
7	ZARA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

Commercial lease expiry: The following graphs show the commercial lease expiry dates 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

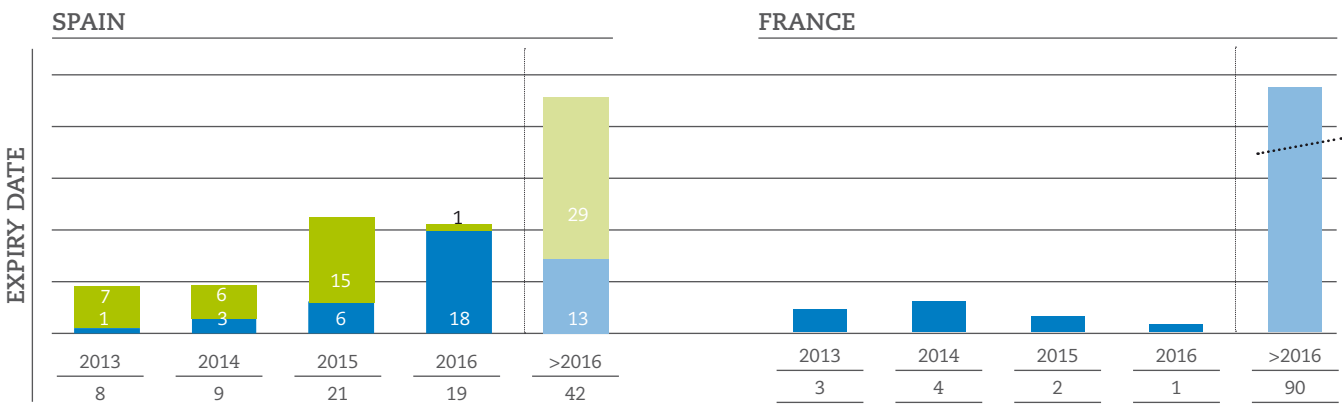
graph reflects the evolution of the contract portfolio if the tenants remain until the contract expires.

COMMERCIAL LEASE EXPIRY DATES IN ECONOMIC TERMS ⁽¹⁾ - FIRST POTENTIAL EXIT ⁽²⁾
 (% PASSING RENT OF SURFACES TO BE LEASED)



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

COMMERCIAL LEASE EXPIRY DATES IN ECONOMIC TERMS - EXPIRY DATE ⁽³⁾
 (% PASSING RENT OF SURFACES TO BE LEASED)



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

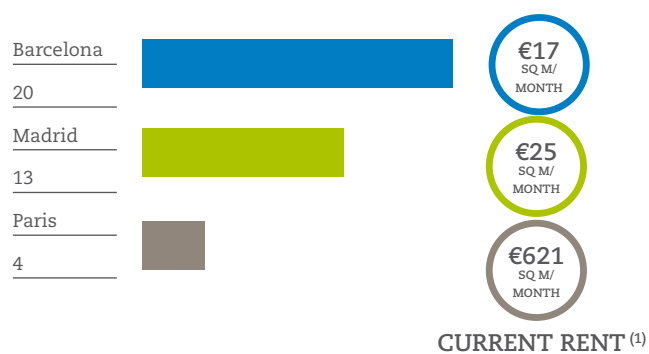
Reversionary Potential: The organic growth potential of the Group's rental portfolio at the close of 2012 was at 20% in Barcelona, 13% in Madrid and 4% in Paris

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 and substantial refurbishments in the pipeline).

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

GROWTH POTENTIAL-RENTAL INCOME (% AT DECEMBER 2012)



AVERAGE MATURITY OF THE CONTRACTS (YEARS)⁽²⁾



(1) Current office rent of occupied surfaces

(2) Average maturity until first potential exit

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 sold the Hotel Mandarin for €290m, a 15% premium on the appraisal value at June.

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:

(*) Rents based on estimated market price

PROJECTS IN THE PIPELINE

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 46	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 energy-efficient complexes that have high-quality finishings, 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 a complete 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. 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.

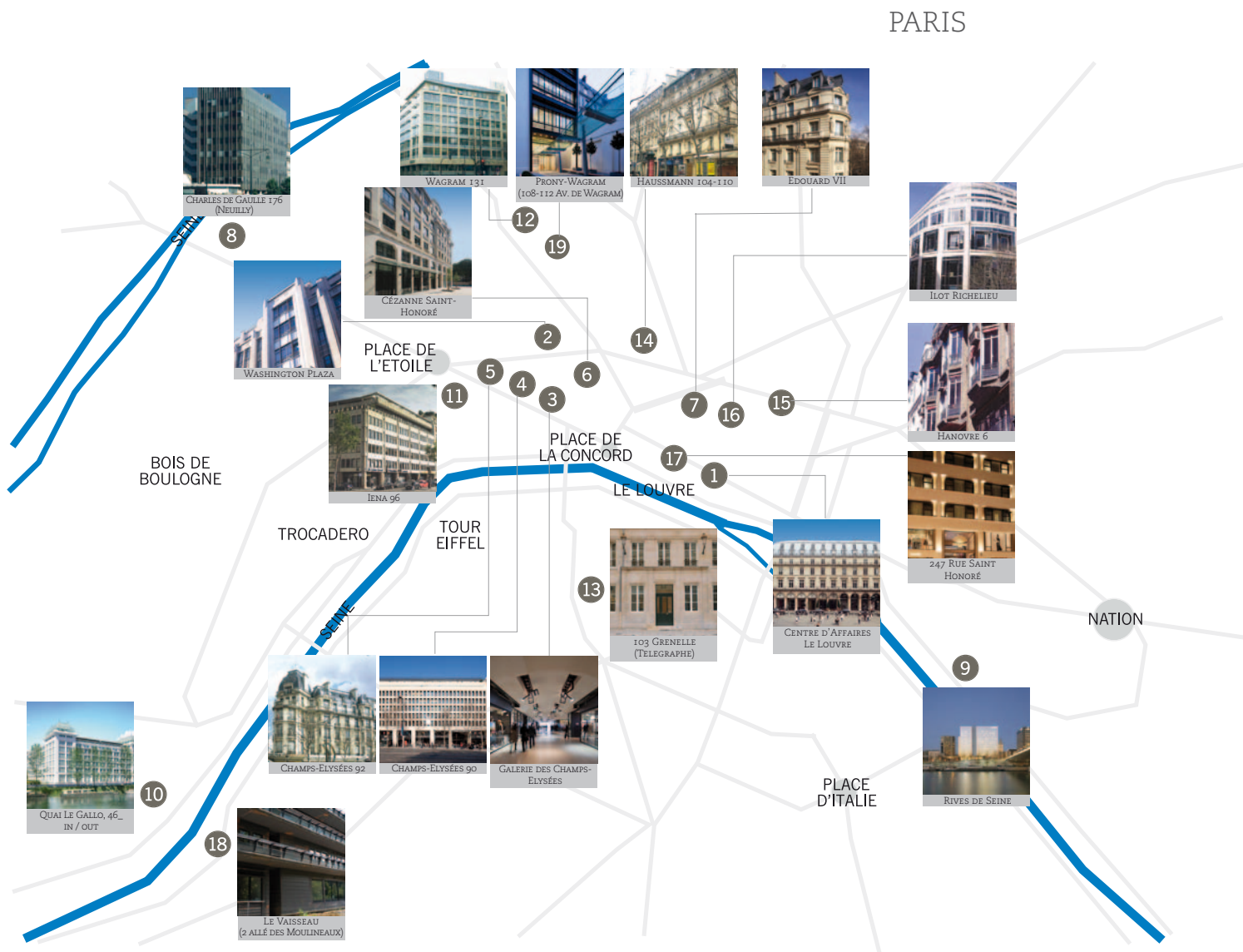
In addition to the projects in the pipeline, the Colonial Group is carrying out substantial refurbishments on specific buildings in order to optimize the positioning of these assets on the market. It is especially important to highlight Louvre des Antiquaires, Edouard VII, and Washington Plaza buildings in Paris.



WASHINGTON PLAZA. PARÍS



PRIME CENTRAL BUSINESS DISTRICT
 BUSINESS DISTRICT



Financial and Economic Situation





Consolidated Profit & Loss Accounts

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. %
Recurring EBITDA	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, and 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 variation is analysed in detail in the 'Business Performance' section of this report.

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.

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



SANT CUGAT NORD, BARCELONA

Non-recurring results and discontinued operations



TORRE MARENOSTRUM, BARCELONA

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 had 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 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.

Consolidated Balance Sheet

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

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. This was 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.

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, particularly related 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 heading on changes in fair value of the financial instruments.

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%)

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:



TORRE BARCELONA, BARCELONA

BREAKDOWN OF CONSOLIDATED NET DEBT - Colonial Group - €m

	December 2012			December 2011			Var. Total
	SP	FR	Total	SP	FR	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 of drawn debt (years)	2.2	3.4	2.6	3.3	2.6	3.0	(0.4)
Average maturity of 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%	10pp

The main characteristics of the debt are as follows.

The gross debt of €3,692m mainly includes:

Colonial's syndicate debt 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, and a pledge on the parent company's (SFL) shares, as well as on the shares of the subsidiary Torre Marenostrom, S.L.

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.

SFL's bonds issues for €1,000m, €500m issued on May 17th, 2011 and €500m issued on 28th November, 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.

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.

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.

EPRA NAV and stock market performance

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

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

EPRA NET ASSET VALUE

	2012	2011
NAV per the financial statements	172	1,293
Adjustment of consolidation impacts from discontinued activities, 100% provisions made 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 ⁽¹⁾	460	559
EPRA NAV per share	2.03	2.47
N° of shares (m) - Fully diluted (pre-execution of warrants)	226	226

(1) EPRA NAV - post-company specific adjustments

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

	2012	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 ⁽¹⁾	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
N° of shares (m) - Fully diluted (pre-execution of warrants)	226	226

(1) EPRA NNNAV - post company specific adjustments

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:

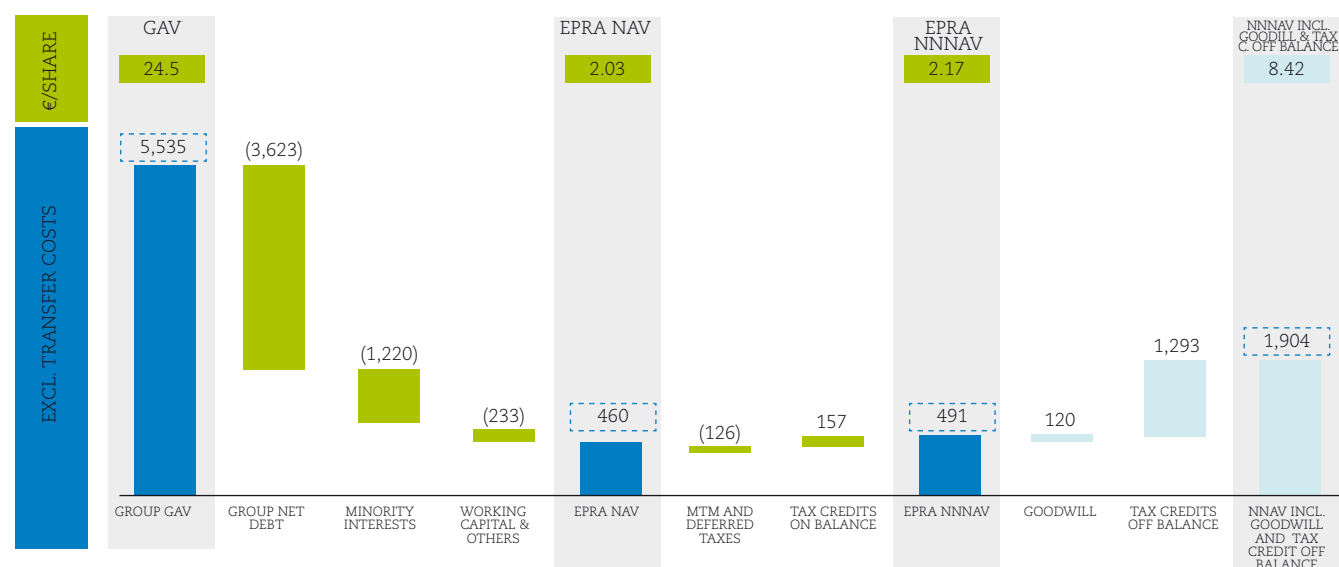
SIMULATION OF THE NAV IN CASE OF EXECUTION OF WARRANTS AND POTENTIAL CONTINGENT LIABILITIES

	2012	2011
EPRA NAV per share (1)	1.43	2.23
EPRA NNNAV per share (1)	1.50	4.54
NNNAV including goodwill and tax credits off balance per share	7.13	8.20
N° of shares (mn) - with execution of warrants	251	251

(1) EPRA NAV & EPRA NNNAV - post-company specific adjustments

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

EPRA NAV COLONIAL - "BUILDING BLOCKS" (€M)



(1) EPRA NAV - post-company specific adjustments

The position of "working capital and others" corresponds to €12m of the stake in FCC and the treasury

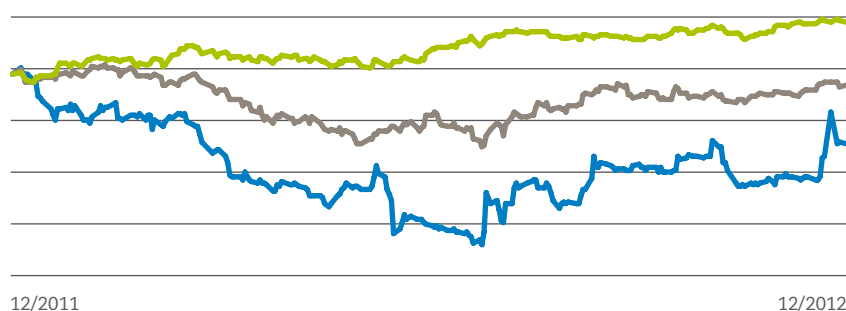
shares of SFL and Colonial, and the rest corresponds to commercial assets and liabilities.

Share price performance

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, particularly in Spain.

It is especially important to note the recent rise in the risk premium for Spain which reached 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

	2012	2011
Market capitalisation at closing date (€m)	368	517
Closing price (€/ share)	1.6	2.3
Average daily traded volume (in millions of shares)	0.10	0.42
Average daily turnover (€m)	0.1	2.0
Number of shares (mn)	225.9	225.9

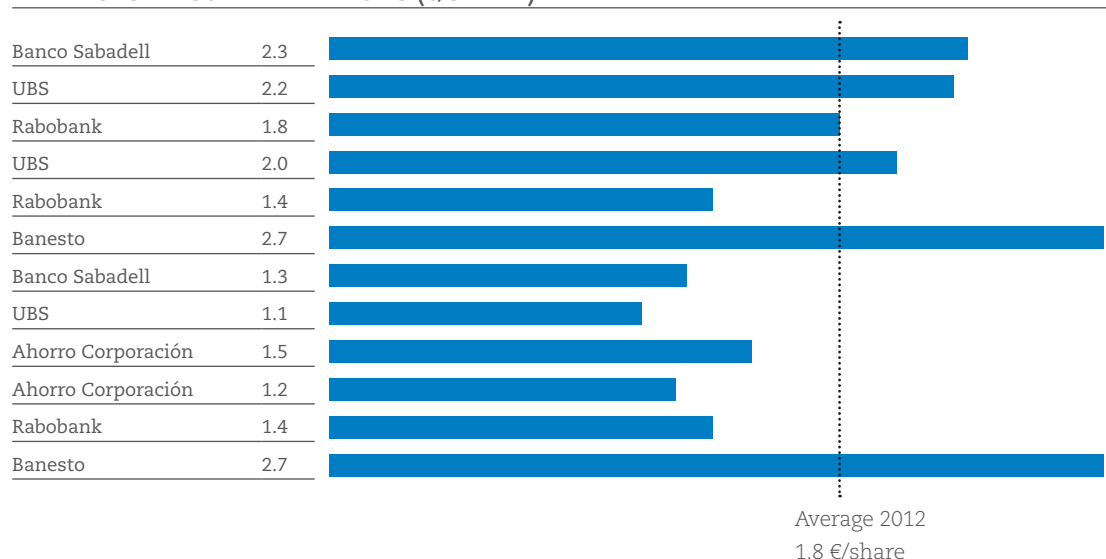
Colonial is part of the Investment Property Databank index (IPD), a property profitability index with global reference.



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)

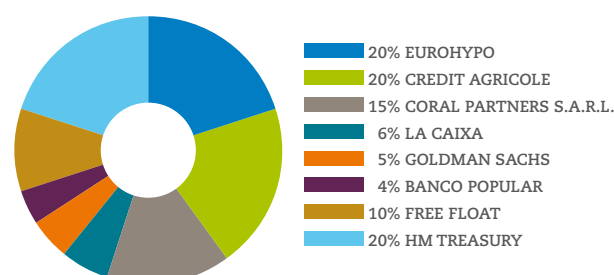


Institution	Analyst	Date	Recommendation	Target price
Banco Sabadell	Ignacio Romero	13/01/12	Sell	2.3
UBS	Ignacio Carvajal	16/01/12	Neutral	2.2
Rabobank	Martijn van den Eijnden	24/01/12	Sell	1.8
UBS	Ignacio Carvajal	14/03/12	Neutral	2.0
Rabobank	Martijn van den Eijnden	04/04/12	Sell	1.4
Banesto	Marta Gómez	17/04/12	Buy	2.7
Banco Sabadell	Ignacio Romero	19/04/12	Sell	1.3
UBS	Ignacio Carvajal	22/05/12	Neutral	1.1
Ahorro Corporación	Juan Moreno	22/05/12	Sell	1.5
Ahorro Corporación	Juan Moreno	09/08/12	Sell	1.2
Rabobank	Martijn van den Eijnden	25/10/12	Sell	1.4
Banesto	Marta Gómez	14/11/12	Buy	2.7
Average 2012				1.8

Share Capital and Company Shareholder Structure

After the bond conversions which took place during 2012, the share capital of Colonial stands at €226m, divided into 226m shares at 1 euro of nominal value.

SHAREHOLDER STRUCTURE 31/12/2012 (CNMV)



COLONIAL - SHARE CAPITAL PERFORMANCE

Date	Transaction	No. Shares Issued	Final No. Shares	Nominal per Share (€)	New Share Capital (€ thousands)
Dec-06			1,355,098,349	0.12	162,611,802
Apr-07	Capital increase Inmocaral-Colonial merger	52,468,840	1,407,567,189	0.12	168,908,063
Aug-07	Capital increase Riofisa acquisition	228,885,124	1,636,452,313	0.12	196,374,278
June-08	Free capital increase	109,096,820	1,745,549,133	0.12	209,465,896
Oct-09	Capital increase Bond conversion	10,645,318	1,756,194,451	0.12	210,743,334
Jan-10	Capital increase Bond conversion	885,544	1,757,079,995	0.12	210,849,599
Mar-10	Capital increase Bond conversion	5,655,124,837	7,412,204,832	0.12	889,464,580
June-10	Capital increase		7,553,933,742	0.12	906,472,049
June-10	Capital increase Non-cash	15,036,501,707	22,590,435,449	0.12	2,710,852,254
Aug-10	Capital increase Bond conversion	779,213	22,591,214,662	0.12	2,710,945,759
Oct-10	Capital increase Bond conversion	169,963	22,591,384,625	0.12	2,710,966,155
Jan-11	Capital increase Bond conversion	19,879	22,591,404,504	0.12	2,710,968,540
Apr-11	Capital increase Bond conversion	3,206	22,591,407,710	0.12	2,710,968,925
July-11	Reverse stock split		225,914,077	5.57	1,258,341,409
July-11	Capital increase Bond conversion	1,044	225,915,121	5.57	1,258,347,224
Sept-11	Change of nominal value		225,915,121	1.00	225,915,121
Oct-11	Capital increase Bond conversion	2,888	225,918,009	1.00	225,918,009
Jan-12	Capital increase Bond conversion	374	225,918,383	1.00	225,918,383

Environmental management and sustainability





ENERGY AND WATER

To achieve a significant savings in the short term on the consumption of water, gas and electricity, through the following actions:

- **Internal audits.-** With Colonial's own resources, to certify that the operation of the buildings and the consumption complies with established measures.
- **External audits.-** With the collaboration of specialized engineers, to carry out energy audits in which the operations and the facilities of the buildings are analyzed in depth, in order to propose improvements and guarantee a period of return on investment under 5 years.
- **ISO 50.001 Certificate.-** Through the implementation of this seal of quality, to establish standard procedures of follow up and control for the adopted measures.
- **The modernization and automation of the consumption control system** to increase and modernize the current procedures of consumption management, to obtain more reliable data in real time, to be used to analyse the savings produced by the adopted measures.
- **Energy certification.-** To try to obtain the maximum energy certification, for existing buildings as well as for new promotions.

ENVIRONMENT

- **ISO 14.001 Certificate.-** The aim of the implementation of this system of environmental management is to systematize in a simple way the environmental aspects that are generated from the rental activity of office buildings, in addition to promoting the protection of animals as well as pollution prevention.
- **Reduction in the greenhouse gas effect.-** To eliminate the R22 refrigeration gas from all of the climate control systems in the Colonial buildings.
- **Recycling and waste management.-** In the rental activity intended for Colonial's own use, waste is only generated during the construction works, reforms and maintenance. To set up waste separation systems and landfill control in all of the construction works promoted by Colonial, as well as in the refurbishment, reforms, and maintenance works.
- **Management and recycling of asbestos.-** In accordance with the current normative, to foresee a total removal of any elements existing in buildings suspected of having asbestos, as well their controlled transfer to authorized landfills. The plan to remove this type of materials in those buildings, or affected floors of the building will be carried out in relation to the availability of the different surfaces, as spaces are freed of tenants.

- **LEED Certification** – All of the buildings of new promotions or large refurbishments of Colonial buildings will have as a minimum a certification level of LEED SILVER within the certification system of sustainable buildings, developed by the US Green Building Council.

OTHER ASPECTS

- **Corporate social responsibility.-** To update and modernize the CSR document, including the areas of energy saving and the environment
- **Carbon footprint.-** To measure and evaluate the emissions from Colonial's buildings
- **Environmental quality.-** To control and supervise the environmental quality inside the buildings
- **Sector index.-** To include Colonial as a company committed to and respectful of the environment in the different international indexes which the main companies of the sector participate in
- **Innovation.-** To promote, sponsor, and carry out innovative energy and environmental measures and policies, distinguishing Colonial from the other companies in the sector

Actions in 2012

A breakdown in the most significant actions carried out in 2012 in agreement with the established master plan:

ENERGY AND WATER

- Internal auditing

Scope: significant multi-tenant buildings

Aspects analysed: power installations

Lighting installation

Climate control installation

Management system

Concept	Forecast	Done	%
Internal audits	14	14	100

- External audits

Scope: significant multi-tenant buildings

Concept	Forecast	Done	%
External audits	7	10	142.9

- ISO 50.001 Certificate

Scope: Corporate headquarters – Diagonal 530 building

Result: the obtaining of the certification in December 2012

- Modernization and automation of the consumption control

Scope: significant multi-tenant buildings

Concept	Forecast	Done	%
Automation of consumption control	28	28	100

ENVIRONMENT

- Reduction in the greenhouse gas effect

Scope: All the buildings with the R22 gas refrigerant

Concept	Forecast	Done	%
R22 gas reduction	1	1	100

- Recycling and waste management

Scope: all the waste generated in construction works and maintenance

Waste generated from maintainance

Concept	Total	Unit
Oils	1,066	kg
Fluorescents	1,968	kg
Refrigeration gases	615	kg
Filters	1,025	kg

Waste generated from works

Concept	Total	Unit
Rocks/rubble	1,703.29	T
Plastics	0.065	T
Glass	0.515	T
Wood	36.06	T
Fluorescents	0.262	T
Dangerous	3.8	T
Iron and steel	47.29	T
Oils	0.5	T
Gases	0.26	T

- Management and recycling of asbestos

In 2012, there were no interventions in spaces with asbestos.

- LEED Certification

The following pre-qualifications were obtained pending the completion of the works.

Concept	Building	Qualification
LEED pre-certificacion	Castellana 43	SILVER
LEED pre-certificacion	Travesera de Gracia	SILVER
LEED pre-certificacion	Amigó	SILVER

OTHER ASPECTS

- Environmental Quality

Two types of analyses were carried out:

Environmental analysis: air quality produced by the climate control systems that have physical and bacteriological parameters.

Sanitary water quality: bacteriological analyses, especially to detect Legionella

Concept	no. of buildings analysed	no. of analyses carried out
Environmental analysis	26	72
Sanitary water quality	26	33

Environmental dashboard

This table details Colonial's accomplishments in relation to the previous year's objectives and the new objectives for 2013, and beyond.

ASSET MANAGEMENT

Objectives	Accomplishments	Scope	Deadline	Where are we?
Achievement of a better energy performance than that required by law for new buildings.	A new office construction 40.000sq m was executed with energy qualification B class. All major renovation projects are being studied, taking into account sustainability and energy performance aspects. (minimum energy qualification B class and LEED certification only for a new project)	General portfolio	2016	Energy qualification B: 12.37 % LEED Certification: ongoing
Measurement and perfecting of the reporting of energy consumption.	The implementation of a web server system that monitors and measures in real time usage of HVAC, heating and cooling, ventilation and other systems.	General portfolio	2013	90%
Improvement of the energy performance of existing offices.	The implementation of measures of energy reduces: light control system, new lighting technologies, Variable Frequency Drive, improving chiller sequence operation.	General portfolio	2016	25%
LEED Certification	For major renovation and construction projects, Colonial automatically seeks LEED certification. The projects studied in 2011 are started in 2012 and 2013. For existing buildings, Colonial is studying the possibility of obtaining the LEED Gold certification in Travessera de Gràcia 11 (Barcelona) and Silver in Castellana 43 (Madrid)	General portfolio	Ongoing	10%
Energy qualification B class	For major renovation and construction projects, Colonial automatically seeks energy qualification B class.	General portfolio	Ongoing	10%
Obtaining of the ISO 50001:2012 Energy Management System certification.	The implementation of the ISO 50001:2012 Energy Management System certification in the Barcelona Headquarters. Colonial has planned to implement de Energy Management System in the whole portfolio.	General portfolio	2016	5%
Obtaining of the ISO 14001:2004 Environmental Management System certification	Colonial has planned to obtain the ISO 14001:2004 certification for the headquarters in Barcelona and follow with the whole portfolio.	General portfolio	2016	0%
Colonial has an active policy to replace air conditioning units using CFCs which destroy the ozone layer of the Earth's atmosphere.	Since 2011, Colonial has planned the replacement of the air conditioning units using R22.	General portfolio	2014	20%
Use of "green" energy	Colonial is very committed using "green" energy: For major renovation and construction projects, Colonial automatically seeks to install thermal and photovoltaic panels. Colonial appreciates the energy supply companies which ensures they supply energy with a "green" origin.	General portfolio	Ongoing	-
Introduction of Global Reporting Initiative (GRI) reporting	In order to be consistent with the financial report, EPRA best practices KIP are also monitored for the sustainable development part of the report. The best practices were specified by EPRA in 2011 and include a number of performance indicators common to the GRI.	General portfolio	Ongoing	-

Property Portfolio





A property portfolio of the highest quality

RENTAL PORTFOLIO - CLASSIFIED BY AREA (SQ M) - 2012

	SURFACE IN EXPLOTATION								Total Rental Portfolio	
	Office Buildings		Shopping Centres		Business and Logistic Parks		Others			
Paris	249,713	23%	32,343	3%	-	-	31,582	3%	313,638	28%
Barcelona	276,524	25%	5,559	1%	3,905	0%	-	-	285,987	26%
Madrid	283,117	26%	6,804	1%	-	-	8,073	1%	297,994	27%
Rest of Spain	350	0%	866	0%	-	-	-	-	1,216	0%
TOTAL	809,703	74%	45,572	4%	3,905	0%	39,655	4%	898,834	82%

RENTAL PORTFOLIO - CLASSIFIED BY MARKET VALUE (MILLION €) - 2012

	SURFACE IN EXPLOTATION								Total Rental Portfolio	
	Office Buildings		Shopping Centres		Business and Logistic Parks		Others			
Paris	2,704	52%	537	10%	-	-	-	-	3,240	62%
Barcelona	550	10%	29	1%	-	-	-	-	579	11%
Madrid	684	13%	0	0%	-	-	21	0%	705	13%
Rest of Spain	-	-	1	0%	-	-	10	0%	11	0%
TOTAL BUSINESS	3,938	75%	567	11%	-	-	31	1%	4,536	87%

SIIC Holding in Paris

TOTAL BUSINESS Including SIIC de Paris

RENTAL PORTFOLIO



PROJECTS IN THE PIPELINE

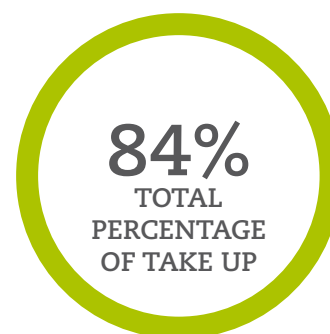
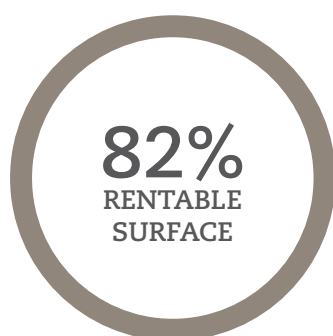
Office Buildings		Shopping Centres		Others		Total Portfolio	
121,296	11%	4,932	0%	6,431	1%	446,297	41%
49,152	4%	53	0%	-	-	335,192	30%
9,016	1%	-	-	-	-	307,010	28%
-	-	-	-	11,519	1%	12,735	1%
179,464	16%	4,985	0%	17,950	2%	1,101,234	100%

PROJECTS IN THE PIPELINE

Office Buildings		Shopping Centres		Others		Total Portfolio	
642	12%	-	-	-	-	3,882	74%
32	1%	-	-	-	-	612	12%
34	1%	-	-	-	-	739	14%
-	-	-	-	-	-	11	0%
708	13%	-	-	-	-	5,244	100%

292

5,535



Location of the main office properties Barcelona



Analysis of the rental portfolio Barcelona

RENTAL PORTFOLIO - BARCELONA

	Floor space above ground					Floor space above ground	Floor space underground	Total surface
	Offices	Retail	Resid.	Logist.	Hotel			
AV. DIAGONAL, 409	4,531	0	0	0	0	4,531	0	4,531
AV. DIAGONAL, 530	11,781	0	0	0	0	11,781	1,689	13,470
AV. DIAGONAL, 609-615 (DAU)	21,872	0	0	0	0	21,872	18,989	40,861
AV. DIAGONAL, 682	8,622	0	0	0	0	8,622	600	9,222
PEDRALBES CENTRE	0	5,410	0	0	0	5,410	1,355	6,765
AUSIAS MARC / LEPANT	6,430	0	0	0	0	6,430	1,521	7,951
BERLIN, 38-48/ NUMANCIA, 46	12,446	0	0	0	0	12,446	1,704	14,150
GLORIES - DIAGONAL	11,672	0	0	0	0	11,672	536	12,208
ILLACUNA	20,451	0	0	0	0	20,451	13,620	34,071
TILOS	5,143	0	0	0	0	5,143	3,081	8,224
VIA AUGUSTA, 21-23	4,838	0	0	0	0	4,838	0	4,838
TORRE BCN	9,835	0	0	0	0	9,835	3,398	13,233
TORRE DEL GAS (1)	22,750	0	0	0	0	22,750	19,370	42,120
SANT CUGAT NORD	27,904	0	0	0	0	27,904	21,061	48,965
SAMONTA 21	11,464	0	0	0	0	11,464	9,846	21,309
SAMONTA 19	0	0	0	3,905	0	3,905	0	3,905
SINGULAR BUILDINGS	179,739	5,410	0	3,905	0	189,054	96,770	285,824
OTHER COMMERCIAL PREMISES		148				148	15	163
RENTAL FLOOR SPACE	179,739	5,559		3,905	0	189,202	96,785	285,987
PARC CENTRAL	14,737	0	0	0	0	14,737	14,737	29,474
TRAVESSERA DE GRACIA, 11	4,440	0	0	0	0	4,440	1,517	5,957
AMIGÓ	3,762	0	0	0	0	3,762	1,403	5,165
BERLIN, 38-48/ NUMANCIA, 46	371	0	0	0	0	371	0	371
AV. DIAGONAL, 609-615 (DAU)	124	0	0	0	0	124	0	124
PEDRALBES CENTRE	0	53	0	0	0	53	0	53
SAMONTA 21	5,404	0	0	0	0	5,404	2,655	8,060
PROJECTS UNDERWAY	28,839	53	0	0	0	28,892	20,313	49,205
TOTAL BARCELONA	208,578	5,612	0	3,905	0	218,094	117,098	335,192

Breakdown of the main assets Barcelona

DIAGONAL 609-615 – EL DAU

This urban group made up of two office buildings, a shopping centre and ample parking is located in one of the main hubs of services and commercial activity. This group forms part of the structure of a modern Barcelona, expanding westward on Avenida Diagonal, the true backbone of the city. The cubic volumes of the offices, with their simple rotund forms, constitute the most outstanding visual feature of the building, to the point that it is popularly known as “el dau” - the dice. The positioning of the various bodies and the porticoed character of the ground floor produce a lively and agreeable public area around the building, suitable as a meeting point and for all kinds of social relations. The system of spatial organisation and movements is conceived to follow clear, simple principles. The result is a very versatile layout with a great capacity to adapt to various uses and arrangements. Everything is designed to encourage the creation of a pleasant, comfortable working place.

Total floor space: 40,985 sq m



DIAGONAL 682

This spectacular office tower is 13 floors high and the result of a comprehensive refurbishment of a pre-existing building, where only the structure has been preserved. The operation carried out allowed the building to be equipped with the most up-to-date equipment and facilities, resulting in a radical change in its internal and external appearance. The volume, with restrained and elegant lines, has facades in the form of a highly transparent curtain wall of with rich colors of predominating green and steely tones. The setting among landscaped gardens and the ample free surrounding areas make it so that the silhouette of the building can be seen from far off and offers many different perspectives. The general treatment of three of the facades is different for the facade which gives onto Avenida Diagonal, incorporating a motif formed by a succession of angles glass panels, which orientate the building and emphasise the tower's relationship with the great urban artery.

Total floor space: 9,222 sq m

DIAGONAL 409

This marvelous example of urban architecture sits on the triangular lot where Calle Balmes joins Avenida Diagonal. All of the spaces on all eight floors have direct natural lighting. The façade, faithful to the master builders who so strongly influenced the aspect of the Barcelona Ensanche, consists of regular vertical openings, with a series of sober yet elegant decorative motifs, which are repeated with minor variations. Therefore, the classical architectural style of the building also has a somewhat modern look, created with notions of regularity, repetition and sparse decorative elements which are intrinsic to the whole. The result is an attractive workplace, where the prestige of an older building is combined with contemporary comfort.

Total floor space: 4,531 sq m



DIAGONAL 530

This elegant structure occupies a privileged position at a busy financial and retail hub, along the central stretch of Avenida Diagonal. The building stands out thanks to its remarkable facade, consisting of fully transparent, vertical, smoked glass plates that serve as a sunshade as well. The variable angles of the glass panels add dynamism and a surprising liveliness with a wealth of nuances. The ground floor, protected by its bold continuous marquee, allows for a prestigious retail environment. Nine stories high, the building's design offers all interior spaces abundant natural light. The modular construction system makes it easy to adapt the size and disposition of its spaces. High quality interior finishings contribute to the building's rich but unostentatious look and feel.

Total floor space: 13,472 sq m



PG. TIL·LERS 2-6

This building in Pedralbes, one of the most elegant districts of the city, combines large scale glazing with classical iconography, enshrined by pilasters, cornices and tympanums. The result is a spectacular, beautiful construction which adds the prestige of the symbolic to the idea of functionality proper to a modern corporate headquarters. This is represented here by the fragments of classical architecture, which make its facades outstanding. All this is strengthened by the ample landscaped spaces around the building, giving it a high level of environmental quality.

Total floor space: 8,224 sq m

TORRE MARENOSTRUM

The Marenostrium Tower is one of the most outstanding and important buildings built in the city. It is a very spectacular office building, both for its location on the city seafront and for its conception in sinuous and modern architecture, inspired as a rocky and glassy form beaten by wind and water, on the edge of the Mediterranean. All this makes it a clear point of reference on the Barcelona skyline. The tower, 100 metres high, consists of two independent buildings, with open plan floors all looking outwards to the exterior, equipped with excellent quality finishings and facilities.

Total floor space: 42,120 sq m



Location of the main office properties Madrid



■ PRIME CENTRAL BUSINESS DISTRICT
■ BUSINESS DISTRICT

Analysis of the rental portfolio Madrid & the rest of Spain

RENTAL PORTFOLIO - MADRID AND THE REST OF SPAIN

	Floor space above ground					Floor space above ground	Floor space under-ground	Total surface
	Offices	Retail	Resid.	Logist.	Hotel			
P. CASTELLANA, 52	7,523	0	0	0	0	7,523	588	8,111
RECOLETOS, 37	17,202	0	0	0	0	17,202	5,340	22,542
MIGUEL ANGEL, 11	6,300	0	0	0	0	6,300	3,049	9,349
JOSE ABASCAL, 56	12,349	0	0	0	0	12,349	6,425	18,774
ALCALA, 30-32	9,088	0	0	0	0	9,088	1,700	10,788
ALFONSO XII, 62	13,135	0	0	0	0	13,135	2,287	15,422
FRANCISCO SILVELA, 42	5,725	0	0	0	0	5,725	3,654	9,379
ORTEGA Y GASSET 100	7,792	0	0	0	0	7,792	2,563	10,355
CAPITAN HAYA	16,015	0	0	0	0	16,015	9,668	25,683
SERRANO GALVACHE	30,650	0	0	0	0	30,650	15,689	46,339
LOPEZ DE HOYOS, 35	7,140	0	0	0	0	7,140	4,105	11,245
CENTRO NORTE	5,248	1,794	0	0	8,073	15,115	39,537	54,652
RAMIREZ DE ARELLANO, 37	5,988	0	0	0	0	5,988	4,923	10,911
SINGULAR BUILDINGS	168,289	1,794	0	0	8,073	178,155	113,441	291,596
MADRID		5,010				5,010	1,387	6,397
REST OF SPAIN		866				866	350	1,216
RENTAL FLOOR SPACE	168,289	7,670	0	0	8,073	184,032	115,178	299,210
HOTEL MARINA DE LA TORRE	0	0	0	0	11,519	11,519	0	11,519
CENTRO NORTE	576	0	0	0	0	576	0	576
CASTELLANA. 43	5,999	0	0	0	0	5,999	2,441	8,440
PROJECTS UNDERWAY	6,575				11,519	18,094	2,441	20,535
TOTAL MADRID AND REST OF SPAIN	174,864	7,670	0	0	19,592	202,126	117,619	319,745

Breakdown of the main assets Madrid

MARTÍNEZ VILLERGAS 49 MV49 BUSINESS PARK

This property complex is located in Martínez Villergas street in Madrid, next to the intersection of the M-30 with Avenida América.

This privileged location surrounded by garden areas, its majestic architectural composition, and its impressive facades facing all directions, make it an architectural landmark at the entrance to Madrid at Avenida América. In the vicinity, top multinational companies are found, which were attracted to the area due to its quick and comfortable accesses and the high degree of consolidation there.

This unique office building has 13 floors above ground and four floors underground. There are 439 parking spaces.

Total floor space: 24,400 sq m



MIGUEL ÁNGEL 11

This building is situated in Madrid's business district, a few meters from Paseo de la Castellana. This unique 7 floor office building stands in a privileged position at the junction of Calle Miguel Ángel and Paseo del General Martínez Campos. In addition to its excellent location, there are some completely exterior and open offices spaces distributed throughout the magnificent glazed area around a central core with three elevators. This allows for surfaces of up to 795 sq m per floor.

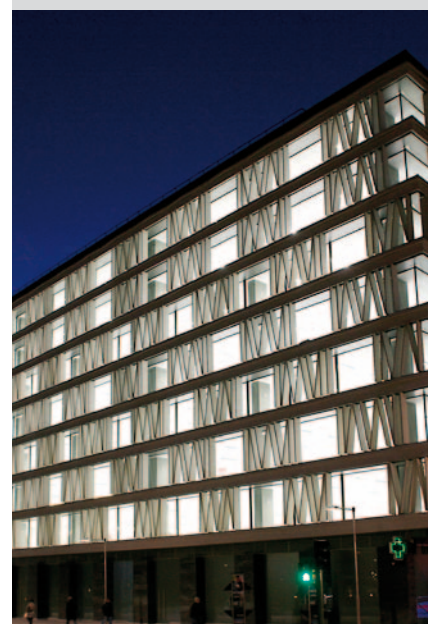
The first floor is divided into three commercial premises, each with independent access from the street. The underground floors have car parking with direct access to the office floors.

Total floor space: 9,349 sq m

RECOLETOS 37

This building is located at one of the nerve centres of Madrid, with more than 17,000 sq m of offices distributed on floors of up to 1,910 sq m. This unique location of important financial activity has a proliferation of buildings with remarkable character, which are used for the representative offices of multinational companies, four and five star hotels, and high quality apartments. The exquisite and comprehensive refurbishment that was carried out on this building has made it an architectural point of reference in the Recoletos-Prado axis and a privileged place to accommodate high quality offices. A commercial ground floor and 175 parking places complete an exceptional building in a unique setting.

Total floor space: 22,542 sq m



RAMÍREZ ARELLANO 37

This building is perfectly located at the junction of the M-30 with Av. America in a totally consolidated environment, just a few minutes from the airport and from the city centre. Due to its configuration, architectural design and strategic location it is, without a doubt, a point of reference in the urban landscape of Madrid. The building offers totally functional open plan spaces, all with natural light, answering fully to the needs of any company, offering the best facilities and services. Its configuration and location make it an appropriate building for a corporate headquarters. In addition, it has its own parking.

Total floor space: 10,911 sq m

**TORRES ÁGORA - M-30**

Agora Towers not only combines two different bodies in a fine example of architectural know-how, it also does so with very studied and apparently opposing concepts, such as complexity and simplicity, transparency and opacity, and beauty and functionality, which define and give this building the recognition that it deserves. A special contribution is made by the outstanding chromascreen facade, totally translucent from inside and opaque from the exterior, which emphasises the innovative nature of the whole. The towers have 14 floors of offices and have abundant natural light and magnificent views over the city. The location, close to the M-30 and near Arturo Soria, in one of the most dynamic areas in Madrid, and offers excellent communications with the whole city and the Barajas Airport. It has its own large parking area. It is, without a doubt, a brilliant example of good architecture and a point of reference to take into account for any company seeking top level facilities.

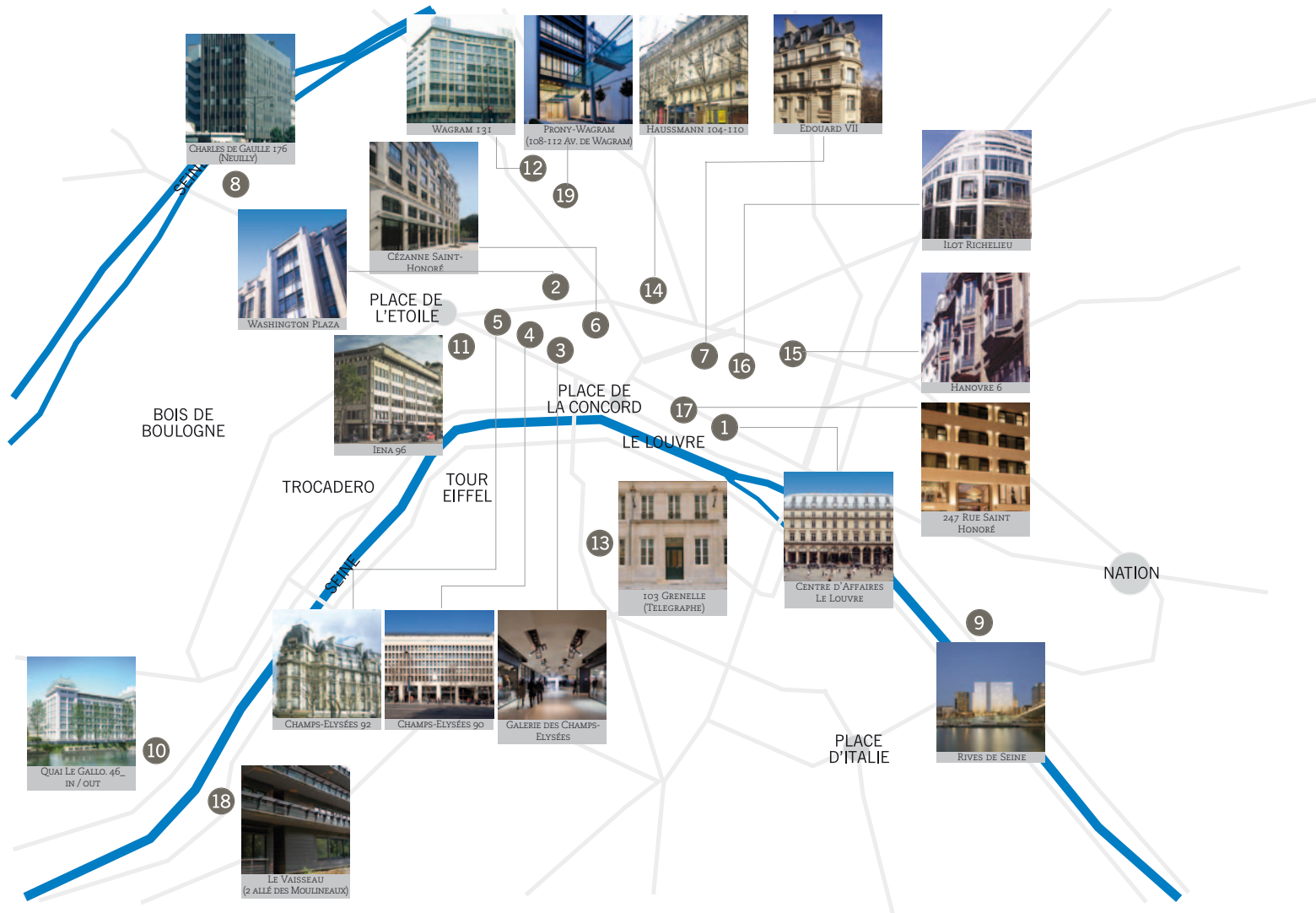
Total floor space: 46,339 sq m

**CAPITÁN HAYA 53**

Capitan Haya is a street which starts from the Palacio de Congresos, goes up parallel to the Paseo Castellana and ends close to the Plaza Castilla. It is in this setting, in the highest part of the area, that this notable ten-floor building stands. It is characterised by an elegant design, with an unostentatious rectangular structure of apparently simple conception. The building breathes comfort and an extremely pleasant atmosphere of balance and distinction which can be appreciated in its various areas. The ample size of the floors, all totally exterior, offers optimum qualities to any company that demands a working space different than the norm. It has excellent infrastructures and communications.

Total floor space: 25,683 sq m

Location of the main office properties Paris



Analysis of the rental portfolio Paris

RENTAL PORTFOLIO - PARIS

	Floor space above ground					Floor space above ground	Floor space underground	Total surface
	Offices	Retail	Resid.	Logist.	Hotel			
CALL-LDA	22,955	1,784	0	0	2,134	26,873	5,731	32,604
EDOUARD VII	20,908	15,997	4,509	0	4,502	45,916	9,933	55,850
247 ST HONORE	0	1,332	0	0	14,644	15,976	0	15,976
ILOT RICHELIEU	0	0	0	0	0	0	0	0
C. ELYSEES 8288	0	4,539	0	0	0	4,539	3,721	8,259
C. ELYSEES 90	2,569	981	0	0	0	3,550	0	3,550
CEZANNE SAINT HONORE	24,181	1,849	231	0	0	26,262	3,369	29,631
PRONY-WAGRAM	7,100	0	0	0	449	7,549	3,119	10,668
SAINT AUGUSTIN	0	0	0	0	0	0	163	163
IENA	7,505	0	0	0	0	7,505	4,695	12,201
108-112 WAGRAM	4,470	892	0	0	0	5,362	546	5,908
WASHINGTON PLAZ	36,050	460	0	0	2,241	38,751	13,272	52,022
HAUSS. 104-110	11,683	791	0	0	0	12,474	2,650	15,124
NEULLY	5,749	389	0	0	0	6,138	2,739	8,876
QUAI LE GALLO	0	0	0	0	0	0	0	0
ISSY LES MOULINEAUX	6,026	0	0	0	0	6,026	2,321	8,347
RIVES DE SEINE	20,270	0	0	0	1,760	22,030	6,589	28,619
ROME-VIENNE	0	0	0	0	0	0	163	163
103 GRENELLE	15,176	258	0	0	0	16,486	1,872	18,357
SAINT DENIS	0	0	60	0	0	60	16	76
RENTAL FLOOR SPACE	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
C. ELYSEES 8288		0				0	2,304	2,304
C. ELYSEES 92	0	0				0	0	0
CEZANNE SAINT HONORE		0				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
NEULLY						0	861	861
PRONY-WAGRAM						0	532	532
IENA						0	930	930
EDOUARD VII	6,522	35				6,557	0	6,557
HANOVRE LB	3,003		61			3,065	1,697	4,762
PROJECTS UNDERWAY	78,692	4,932	61	0	6,370	90,055	42,603	132,658
TOTAL FRANCE	267,507	37,276	4,861	0	33,152	342,796	103,502	446,298

Breakdown of the main assets Paris

CENTRE D’AFFAIRES LE LOUVRE

This historic building dating back to 1852 constitutes a true jewel for its location in the true most characteristic and stylish centre of Paris, between Rue St. Honoré and Rue de Rivoli, and fits in perfectly due to its design. It is found next to the Louvre Museum, which can be accessed simply by crossing the street. It is a few steps from the Palais Royal and the Comedie Francaise and it is also close to the opera house. Its integration into this artistic cultural environment is simply perfect. In 1975, a modern business centre was started on the ground floor, Le Louvre des Antiquaires, the most important centre specialized in antiques in the world. Since 1978, the building has become the leading business centre in Paris. A quarter of the space of the building is used as commercial premises (mainly antique dealers), and the rest is for offices.

Total floor space: 51,639 sq m



WASHINGTON PLAZA

This building with a solid look and original facade has been well-maintained and after a complete excellent renovation in 1993, was converted into an outstanding office building, positioning it among the leaders in the Parisian market. It has a privileged location near the Champs Elysees, very close to the Arc de Triomphe, and has a very large area mainly devoted to offices, with the amenities and services demanded by the current market for a building of these characteristics.

Total floor space: 57,855 sq m

CÉZANNE SAINT HONORÉ

The main characteristic of this real estate group that makes it unique is that it is formed by two totally independent buildings, located on both sides of a private street (Paul Cezanne), which crosses the group of buildings. It is a solid construction typical of the 1930s, and with a complete restoration and the absence of load-bearing walls, wide pleasant areas were created, adaptable to any kind of work spaces. The group received the SIMI 2004 prize as the building of the year for the excellence of the restoration work carried out.

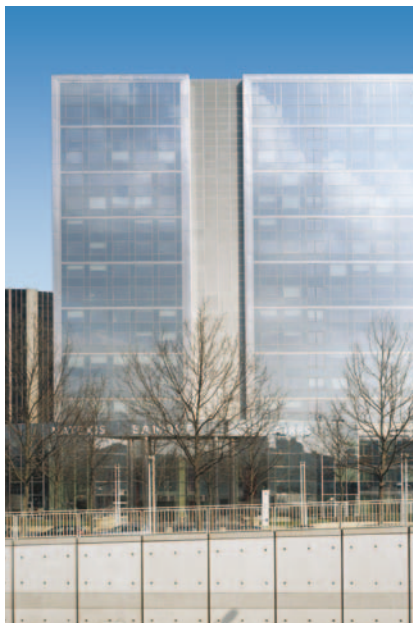
Total floor space: 31,052 sq m



EDOUARD VII

This magnificent group occupies a privileged spot near the Opera Garnier and is a perfect example of the more representative Paris created by Haussmann, the inventor of the large boulevards and, to some degree, of the Paris that we know today. In its refurbishment, only the facades were preserved and some character elements, such as the staircases and lifts, with results that are frankly spectacular. The group is complemented by its location in one of the most lively districts of Paris, where there are large department stores, shops, cinemas, restaurants, the opera house and the legendary Olympia of Paris, together with the largest concentration of companies in the city.

Total floor space: 63,097 sq m



RIVES DE SEINE

This is a very well-conceived building as is evidenced by its perfect integration into its setting near the river axis, giving it its appropriate name, and defining it so well. The building has 16 floors and a large vestibule which looks over the Seine and has a special access to the river docks. The division of its façade into two unequal parts gives it a grace which other similar buildings around it lack. After a thorough and rigorous renovation which was completed in 2001, the building has a completely up-to-date look, so that it is difficult to believe that it dates back to 1974. With regard to its location, just behind it is the Gare de Lyon and on the other side of the river is the Gare d'Austerlitz. Therefore, it is very close to the Ministry of Economy and the spectacular French National Library.

Total floor space: 28,619 sq m

131 WAGRAM

This building is located between the Parque Monceau and the Place de l'Etoile, in a district where many financial institutions have chosen to make their headquarters. The building is on a corner with Rue Prony where its notable visibility and the strong identity of its facades in eroded stone, glass and metal, make this property an effective tool of modern communication, valuable to the user. 131 Wagram offers 7,800 sq m of offices and facilities and is ideal to house the corporate headquarters of a company. It was totally renovated in 1994 and has 9 floors of offices, with another 4 floors underground. Its location in the central business district of Paris places this building in a dynamic financial setting which is very popular among large international businesses. It is also very well located for public as well as private transport. The interior has been totally renovated and equipped with high quality facilities, and this makes the building an excellent opportunity to set up in the historic district of Paris, where there is an important commercial and services offer.

Total floor space: 11,200 sq m



Corporate Social Responsibility Policy





Principles and values



ALFONSO XII, MADRID

The **vision of the Company**, fully applicable to the Group, is the following:

“We pursue the creation of long-term value for our shareholders and the consolidation of Inmobiliaria Colonial, S.A. as the foremost benchmark Company in the European real estate sector, maintaining a firm and constant commitment to the well-being and development of employees, customers, shareholders and partners at a global level, as well as to society as a whole”.

Colonial shows its commitment through a series of principles and values:

Corporate ethics and responsibility: Colonial is committed to the recommendations of good governance generally recognised in international markets, to the principles of business ethics and to transparency in all its fields of action.

Colonial pursues the company interest, understood as the common interest of all the shareholders of an independent limited company orientated to the exploitation of its corporate purpose, in accordance with current legislation and the rules of Corporate Governance. This should not impede the consideration of the other legitimate interests, public and private, which come together in the development of all business activity.

Colonial takes into account the reality of the regions where it is active, and it is starting to see where the sector is going in the future.

An absolute guideline for action is that all of those who form part of Colonial behave responsibly, and this is one of the most enduring features of the Company's personality.

Financial results: Colonial's commitment to compliance with the objectives of growth and profitability is the way to guarantee the success of the business project and satisfy the demands and expectations of all the groups involved in the Company's present and future.

The environment and the employees: Colonial works to establish firm and permanent links with its interest groups. Through permanent dialogue, Colonial seeks to be a company able to generate confidence among all those who participate in it and have relations with it.

Colonial believes in attracting and retaining an experienced, dynamic and creative human team. It works to understand the needs and expectations of its customers, always trying to improve their satisfaction and loyalty.

The commitments expressed by Colonial go much further than a mere declaration of intent. They extend into its daily routines and are integrated into the day-to-day management of the Group in all its areas of activity.

Inmobiliaria Colonial comprises not only the company itself and its subsidiaries, but also all those people who have contributed to the Company's progress. This is why it

Interest groups

considers that the shareholders and investors, the customers, employees and suppliers are all vital to the Company and are integrated into it.

SHAREHOLDERS AND INVESTORS

The fundamental objectives of Colonial in relation with shareholders and investors are the following:

Developing professional management directed to ensuring the creation of value for the shareholders and investors while preserving, protecting and efficiently using the Company's assets.

Establishing a continuous dialogue through the Investor Relations Department and the Shareholders Office, as well as through the publication of all relevant information, both on the webpage and through the National Stock Market Commission.

Delivering transparent, true, clear and complete information, in order to guarantee the satisfaction of investors and shareholders, complying with the conditions of the markets in which the Company shares are listed.

CUSTOMERS

Colonial is one of the main operators in the Spanish and European real estate markets, holding a position of leadership in the real estate market for offices due to the confidence of its customers.

The Company places value on each of its customers, offering personalised attention adapted to their different needs and requirements. Colonial's buildings are adapted for use by the disabled in accordance with the regulations in force.

EMPLOYEES

One of the basic values of Colonial is the creation of an attractive working environment which ensures the personal and professional development of its employees.

The Human Resources Policy objective is to encourage human and professional potential through the development of the people who form part of the organisation, in order to achieve the objectives set in the Group's strategic plan.

SUPPLIERS

The selection of suppliers is carried out according to basic standards, among which previous experience with regular suppliers is highlighted, in order to obtain the best quality in the final product and a stable relationship over time.



MIGUEL ÁNGEL 11, MADRID

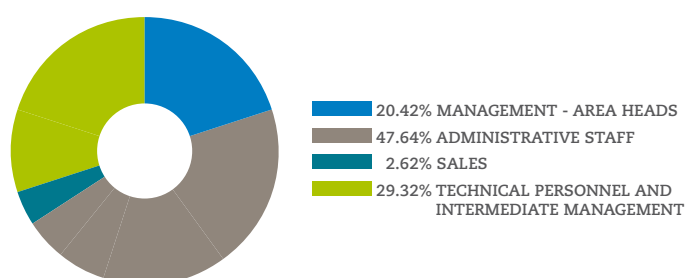
AVERAGE WORKFORCE 2012

	Colonial	SFL	Asentia	Riofisa	Group
Average Workforce	74.50	80.25	19.42	24.67	198.84
Workforce 31/12/2012	75	80	16	20	191

TOTAL SALARY EXPENSES

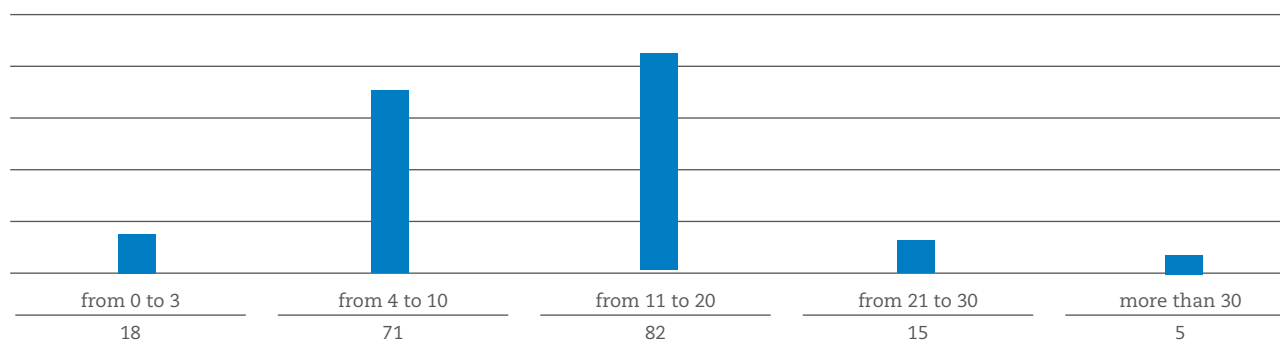
€M	Colonial	SFL	Asentia	Riofisa	Group
Total Salary Expenses	6.44	11.31	1.34	2.32	21.42

Distribution by Categories	Colonial		SFL		Asentia		Riofisa		Group	
Management-Area Heads	11	14.67%	19	23.75%	1	6.25%	8	40.00%	39	20.42%
Technical Personnel and Intermediate Managers	17	22.67%	27	33.75%	9	56.25%	3	15.00%	56	29.32%
Administrative Staff	47	62.67%	32	40.00%	6	37.50%	6	30.00%	91	47.64%
Sales	0	0.00%	2	2.50%	0	0.00%	3	15.00%	5	2.62%
	75		80		16		20		191	

GROUP WORKFORCE CATEGORIES

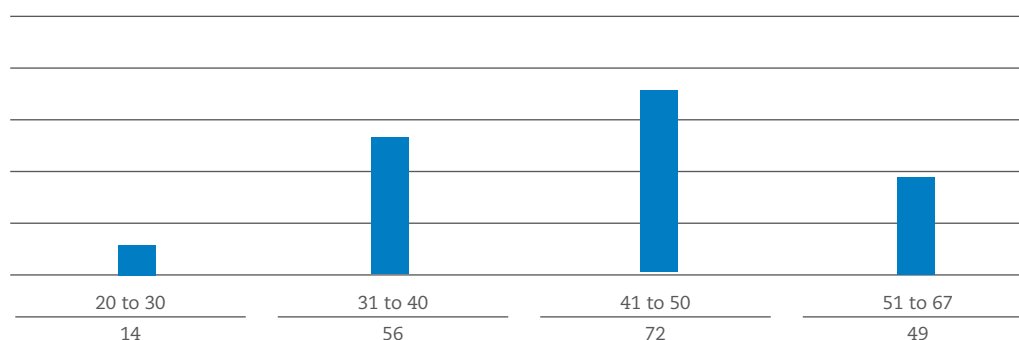
YEARS/ AVERAGE AGE

Length of Service	Colonial		SFL		Asentia		Riofisa		Group	
	Years	%	Years	%	Years	%	Years	%	Years	%
	12.48		11.25		9.95		11.86		11.39	
From 0 to 3	8	10.67%	9	11.25%	0	0.00%	1	5.00%	18	9.42%
4 to 10	19	25.33%	38	47.50%	8	50.00%	6	30.00%	71	37.17%
11 to 20	40	53.33%	22	27.50%	8	50.00%	12	60.00%	82	42.93%
21 to 30	5	6.67%	9	11.25%	0	0.00%	1	5.00%	15	7.85%
over 30	3	4.00%	2	2.50%	0	0.00%	0	0.00%	5	2.62%
	75		80		16		20		191	



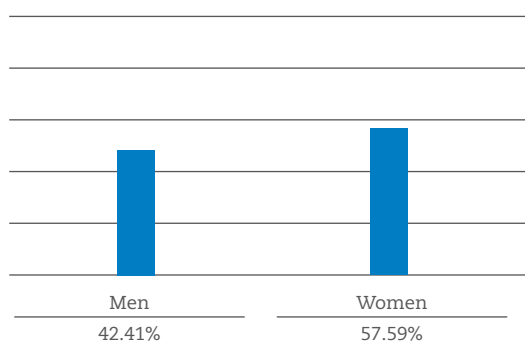
GROUP WORKFORCE - AVERAGE AGE

Average Age	Colonial		SFL		Asentia		Riofisa		Group	
	Years	%	Years	%	Years	%	Years	%	Years	%
	44.15		45.54		45.35		42.13		44.29	Años
20 to 30	7	9.33%	5	6.25%	0	0.00%	2	10.00%	14	7.33%
31 to 40	22	29.33%	20	25.00%	6	37.50%	8	40.00%	56	29.32%
41 to 50	31	41.33%	27	33.75%	6	37.50%	8	40.00%	72	37.70%
51 to 67	15	20.00%	28	35.00%	4	25.00%	2	10.00%	49	25.65%
	75		80		16		20		191	



DISTRIBUTION BY GENDER

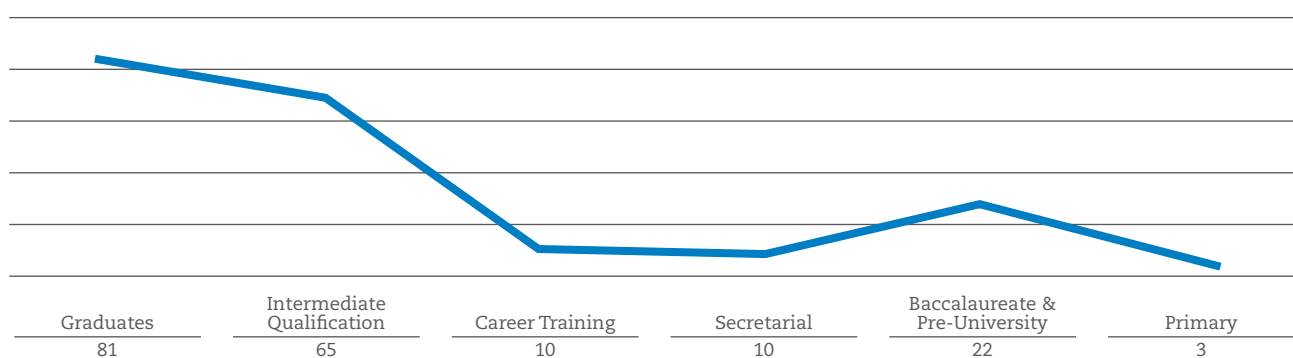
Distribution by Gender	Colonial		SFL		Asentia		Riofisa		Group	
Men	31	41.33%	29	36.25%	8	50.00%	13	65.00%	81	42.41%
Women	44	58.67%	51	63.75%	8	50.00%	7	35.00%	110	57.59%
	75		80		16		20		191	



Índex of Rotation	Colonial	SFL	Asentia	Riofisa	Group
	1.34	0.04	-36.05	-40.54	-8.55

GROUP WORKFORCE - LEVEL OF STUDIES

Personal Qualifications	Colonial	SFL	Asentia	Riofisa	Group
Graduates	24	36	4	17	81
Intermediate Qualification	31	26	7	1	65
Career Training	8	0	1	1	10
Secretarial	2	8	0	0	10
Baccalaureate & Pre-University	9	10	2	1	22
Primary	1	0	2	0	3
	75	80	16	20	191



Environmental management

Colonial accepts a commitment to the greatest respect for the environment in the development of its activities, and to minimising the negative effects which these could possibly cause. It establishes the best practices and promotes the necessary training for its employees to preserve the environment. Colonial contributes to the preservation of natural

resources and those spaces which are of ecological, scenic, scientific or cultural interest.

Colonial is committed to strict compliance with the environmental legislation of application and in its relations with contractors, suppliers and external collaborating companies.

Social commitment

Colonial's social commitment takes the form of promoting general welfare through achieving its corporate purpose and the creation of value for its shareholders, investors and employees, as well as through collaboration in various social projects.

RECONCILIATION OF WORK AND FAMILY LIFE:

In Colonial's social policy and in the establishment of management plans for the reconciliation of work and the family life, the Group has introduced flexible hours both for starting work and for leaving work, for all the Company employees.

Working Hours	Colonial	SFL	Asentia	Riofisa
	1,738 40 h/week,	1,613 35 h/week,	1,738 40 h/week,	1,738 40 h/week,

Social advantages	Colonial	SFL	Asentia	Riofisa
Medical Insurance	Yes	Yes	Yes	No
Accident Insurance and Life Assurance	Yes	Yes	Yes	Yes

Percentage of women in senior executive posts and 2nd level/technical posts	Colonial	SFL	Asentia	Riofisa	Grupo
Senior Executives	36.4%	31.6%		12.5%	28.2%
2nd level/Technical posts	38.9%	48.1%	44.4%		42.1%

TRAINING

The training budget is an investment in Human Capital, focused on the professional development of the people who form part of the Group. It also supports employees' initiatives which arise with the same objective, resulting in an improvement in their abilities and motivation.

	Colonial	SFL	Asentia	Riofisa	Group
	74.12	163.10	13.42	14.01	264.65
Personnel Expenses (€M)	6,440.47	11,313.00	1,344.90	2,321.10	21,419.47
Training Expenses (€M)	74.12	163.10	13.42	14.01	264.65
% Training/per person expenses	1.15%	1.44%	1.00%	0.60%	1.24%
No. training courses	28	86	3	10	33
Total training hours	2,808	1,337	502	228	0
No. of people attending	57 76.00%	51 63.75%	10 62.50%	33 165.00%	228 119.37%

AGREEMENT WITH UNIVERSITIES:

Colonial collaborates actively in Educational Cooperation Programmes for the training of students in their last years of a degree course. The main objective of this participation in University-Company Programmes is to take part in the comprehensive training of the university student through an educational programme in which theory and practice are combined, thus facilitating the student's incorporation into the employment world.

Collaboration Programmes are with the following:

- Autonomous University of Barcelona. (Faculty of Economic Sciences)
- Pompeu-Fabra University. (Faculty of Economic Sciences)
- University of Barcelona. (Faculty of Economic Sciences)

COMPANY COMMITTEE

Both Inmobiliaria Colonial and its subsidiaries have their respective company committees. The following table shows the number of members of each one.

Company Committee	Colonial	SFL	Asentia	Riofisa	Group
	5	32	2	2	41

SAFETY AND HEALTH AT WORK:

The Group Companies have set up a Safety and Health Committee, to ensure the protection of Health and Safety for the employees.

Accidents at work	Colonial	SFL	Asentia	Riofisa	Group
	0	0	0	0	0

During 2012, none of the Group Companies recorded accidents at work.

CONTROL OVER SUBCONTRACTED COMPANIES

It is Colonial Group policy to only subcontract companies which fully comply with the social and labour obligations in force. This is why a monthly check is carried out on compliance with these sections in companies which supply services in our buildings.

ACT ON SOCIAL INTEGRATION

The other Group Companies have no obligation of compliance with this Act, since they have less than 75 employees.

The subsidiary SFL also collaborates with the following companies for the professional integration of disabled employees:

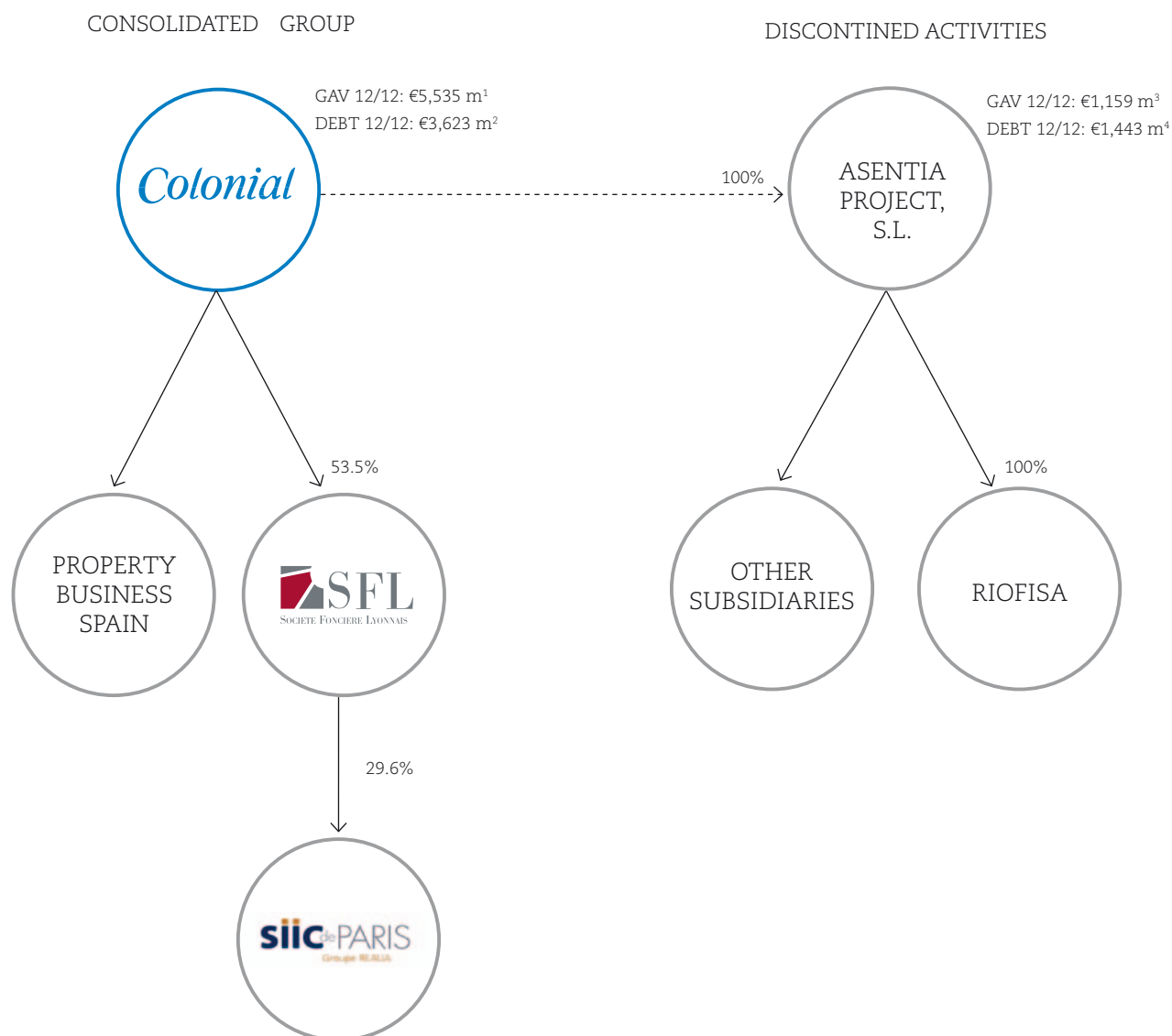
- Institute of Financial and Legal Studies applied to Housing Construction
- Institute of Economic and Commercial Sciences
- Association for the social and professional integration of the disabled

Appendices





Appendix 1 Legal structure



(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

Appendix 2

Market value reconciliation

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 - property investments ⁽³⁾	387
Value accounted for on balance	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 "Property investments"

(3) Included in the line of "Assets available for sale"

Appendix 3

EPRA NAV reconciliation with last reported NAV

EPRA NAV - NAV reconciliation	12/2012	12/2011
EPRA NAV ⁽¹⁾	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 - NNNAV RECONCILIATION	12/2012	12/2011
EPRA NNNAV ⁽²⁾	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

(1) EPRA NAV - post-company specific adjustments

(2) EPRA NNNAV - post-company specific adjustments

Appendix 4

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 porportional consolidation)	(8)	(7)
(vi) Discontinued operations	419	1
(vii) Minority interests in respect of the above	94	50
Recurring EPRA net profit ⁽¹⁾	9.5	17.1
EPRA earnings per share (EPS)	0.04	0.08

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

Appendix 5

Epra Performance Measures



OFFICE OCCUPANCY - ECONOMIC RATIO⁽¹⁾ EPRA

	EPRA Vacancy Rate 2012	EPRA Occupancy Rate 2012
Barcelona Offices	19.3%	80.7%
Madrid Offices	25.1%	74.9%
Paris Offices	7.0%	93.0%
Total occupancy	12.7%	87.3%

(1) Financial occupancy according to the calculation recommended by EPRA



INVESTMENT PROPERTY - RENTAL DATA

	Gross rental income for the period (€m)	Net Rental income for the period (€m)	Lettable space above ground (sq m)	Passing Rent	Office vacancy rate (economic ratio EPRA)
Barcelona	31	27	189,202	17 €/m ² /mes	19.3%
Madrid	44	40	184,033	25 €/m ² /mes	25.1%
Paris	150	138	252,741	621 €/m ² /año	7.0%
Total	225	205	625,975		12.7%



INVESTMENT PROPERTY - VALUATION DATA

	Market value of property (€m)	Valuation movement in the year (€m)	Reversionary potential (%)
Barcelona	612	-85	20%
Madrid	750	-148	13%
Paris	4,173	667	4%
Total	5,535	434	

Appendix 6 Historic Series

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Barcelona	96.6%	99.5%	99.2%	94.1%	95.3%	90.8%	78.4%	78.1%	78.6%
Madrid	92.5%	97.7%	99.4%	98.8%	94.4%	88.5%	87.7%	90.5%	75.3%
Paris	96.1%	96.2%	96.8%	97.1%	98.2%	93.6%	87.2%	91.8%	93.8%
OFFICE OCCUPANCY (%)	95.6%	97.6%	98.3%	96.7%	96.4%	91.5%	84.5%	87.0%	82.9%
Barcelona	66.0	62.7	56.5	60.2	50.9	49.0	39.2	32.2	31.0
Madrid	41.4	49.4	68.1	70.0	56.2	50.4	46.5	45.4	44.1
Paris	97.0	185.1	161.5	170.4	181.5	183.0	174.9	151.6	150.2
RENTAL INCOME (€m)	204.4	297.1	286.1	300.6	288.6	282.4	260.6	229.2	225.3
EAT (€m)	105.0	266.2	679.6	85.4	(3,980.6)	(474.0)	(739.3)	14.9	(1,129.0)

The figures for 2004-2006 refer to the Colonial Group before its merger with Inmocaral
The figures for 2007-2012 refer to the Colonial Group resulting from the merger with Inmocaral

Appendix 7 Executive Committee



Pere VIÑOLAS
Chief Executive Office

Chief Executive Officer of Colonial since September 2008 and member of the Executive Committee

Pere Vinolas joined the Barcelona Stock Exchange in 1990 as its Director of Research Services and later on served as its Deputy Managing Director, remaining there until 1997.

He then became Managing Director at FILO, S.A., a listed real estate company where he stayed until 2001. Subsequently and until July 2008 he was partner and CEO at the Riva y Garcia Financial Group. He is president of the Urban Land Institute in Spain and a member of the Board of Directors of the Riva y Garcia Financial Group. He was also president of the Spanish Institute of Financial Analysts in Catalonia from 1994 to 2000. Currently he is on the Board of Directors of Société Foncière Lyonnaise and is a member of its Executive Committee. He is also a member of the Board of Directors of SIIC de Paris.

He is a lecturer in the Department of Finance at ESADE business school and a member of the Board of Directors of Electro-Stocks, S.A. and Bluespace, S.A.

Graduate in Business Sciences, and with an MBA from ESADE and the Polytechnic University of Catalonia, he has a Diploma in Business Sciences from the University of Barcelona, where he also studied Law.



Carmina GANYET
Corporate General Manager

Member of the Executive Committee of Colonial since July 2000, when she joined the committee as Financial Manager, and where she is now Corporate General Manager.

Carmina Ganyet began her professional career in the financial sector of Caixa de Catalunya. In 1991, she joined the audit firm Arthur Andersen in Barcelona, specialising in auditing in the financial sector. In 1995 she became part of the "La Caixa" Group, in charge of Management Control of the Financial, Real Estate and Insurance Group of Caixa Holding (now Criteria CaixaHolding). In 2000, she was appointed Manager of the Operative and Financial Area of Colonial. In January 2009, she was named Corporate General and she is a Board Member of the subsidiaries Societe Fonciere Lyonnaise and SIIC Paris.

Carmina Ganyet also has teaching experience as professor at Ramon Llull University in the Faculty of Business Administration. She is a member of the Management Board of the Circulo de Economia, a founder of the Espai Vicens Vives, and a member of the Ramon Llull-Ethics and Business Ethos Council.

Graduate in Economic Sciences and Business Administration from the Autonomous University of Barcelona, with postgraduate studies at ESADE,



Juan CEÑAL
Deputy to the Chief Executive Officer

Member of the Executive Committee of Colonial since September 2006, as the Deputy to the Chief Executive Officer.

Juan Ceñal began his professional career in 1979 in Constructora Internacional, S.A., first as a works engineer and later in charge of the Management Control department. From 1988 to 1990 he worked in the Barcelona Bankers Syndicate (Sindibank, S.A.).

He joined Grupo Fosforera, S.A. as Financial Manager in 1990. In 2001, Grupo Fosforera, S.A. changed its name to Grupo Inmocaral, S.A., a company which later, in 2007, merged with Inmobiliaria Colonial. At the time of the merger, Juan Ceñal was General Manager of Inmocaral and after the merger, he continued as the Deputy to the Chief Executive Officer.

Civil Engineer from the Higher Technical School of Civil Engineering of the Polytechnic University of Madrid. Postgraduate studies in Financial and Budgetary Control at the Business Institute.



Albert ALCOBER
Chief Operating Officer

Member of the Executive Committee of Colonial since January 2009, as Chief Operating Officer.

His professional career began in CB Richard Ellis, where he stayed from 1990 to 1993 as senior consultant. Later he joined BP Oil as Manager of Investments, Development and Real Estate, where he remained from 1993 to 1996. Albert Alcober joined Colonial in 1996 as Sales Manager in the real estate department. Since January 2009 he has been Manager of Colonial's Chief Operating Officer.

Diploma in Marketing, Management and Business Administration from the Higher School of Marketing and Business Administration (ESMA) in Barcelona. Postgraduate in advertising. Member of the Royal Institute of Chartered Surveyors (MRICS).



Miquel LLUGANY
General Manager - Asentia

Member of the Executive Committee of Colonial since January 2009, when he joined as Chief Land and Promotions Officer of Colonial. Today he is in charge of the subsidiary Asentia Project.

Miquel Llugany was Mayor of the town of Rubi (Barcelona) from 1979 to 1992. From 1986 to 1994, he was also Vice-President of the Catalan Federation of Municipalities and member of the Spanish Federation of Municipalities. He also took part in the Catalan Local Government Commission from 1990 to 1994. From 1994 to 2000, he was a town planning consultant, working for companies in the Sector and the Public Authorities, collaborating during this period with Inmobiliaria Colonial.

In 2000, he joined Colonial as Chief Land Officer, a post which he held until 2006, being a member of the Executive Committee during these years. Since that date, he has continued his collaboration with Colonial as an external professional, combining this work with professional advice on town planning to other companies. In October 2008, he rejoined Colonial and was appointed Chief Land and Promotions Officer.

Architect from the Higher Technical School of Architecture of Barcelona, specialising in Town Planning, where he held the post of professor of town planning during the period 1976-1981.



Angels ARDERIU
Chief Financial Officer.

Member of Colonial's Management Committee since January 2009 as Chief Financial Officer.

Angels Arderiu began her professional career in account auditing and worked in this field for nine years. She joined Inmobiliaria Colonial in March 1999 as head of accounting, and in January 2009, she was promoted to the position of Chief Financial Officer.

Graduate in Business Sciences from Barcelona University. Postgraduate degree in Auditing Accounts and a Master in Finance from ESADE.



Carlos KROHMER
Chief Corporate Development
Officer

Member of the Executive Committee of Colonial since January 2009, as Chief Corporate Development Officer.

Carlos Krohmer began his professional career in the Unilever Group in Hamburg in various posts of responsibility in the Controlling and Finance departments. In 1999, he was appointed Head of Management Control of Unilever Bestfoods Germany. In 2001 he joined CaixaHolding (now Criteria CaixaHolding), a subsidiary of the "la Caixa" Group, in the Corporate Development department as Manager of Real Estate Holdings and Senior Project Manager in the process of floating Criteria on the stock market. Until mid-2008 he was on the board of Holret, S.A., a French real estate subsidiary of Criteria. He joined Colonial in January 2009.

Carlos Krohmer has teaching experience as professor of Corporate Finance at the La Salle Business Engineering School. He is also a member of the Investor Relations Committee of the European Public Real Estate Association (EPRA).

Graduate in Business Administration and Management from the Mannheim Business School (Germany), he has studies in the framework of the Multiregional International Business Programme at the Autonomous University of Barcelona & Swansea University and postgraduate studies at IESE and Harvard Business School.



José MARTÍNEZ
Chief Human Resources Officer

Member of Colonial's Management Committee since January 2009 as Chief Human Resources Officer.

José Martínez began his professional career at Inmobiliaria Colonial, S.A. in 1968, where he had various responsibilities in the Accounting Department. Starting in 1993, he headed the area in charge of taxes and insurance. In 2009 he was appointed chief of Human Resources, Taxes and General Services.

Mercantil Expert. Postgraduate courses in real estate taxation, insurance and human resources.



Nuria OFERIL
Chief Legal Officer

Member of the Executive Committee of Colonial since May 2010, as Chief Legal Officer.

She began her career at Roca Junyent where she was an associate attorney and joined Colonial's legal services in 2004. In 2010, she took over as Chief Legal Officer and Assistant Secretary of Colonial's Board of Directors.

Graduate in Law from Barcelona University. Lawyer in practice, member of the Barcelona Bar since 1999. Course of specialization in Real Estate and Town Planning Law from ESADE.

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) 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

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 reinvestments and the tax credit on balance, considering a going concern assumption

Occupancy - surfaces

Percentage of the occupied square metres of the portfolio / 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

EPRA Recommendations

Occupancy rate	page 16 (Highlights-Portfolio in operation), page 30 (Business Performance- Business Highlights), and page 92 (appendix 5).
Accounting for buildings based on market value	page 17 (Highlights-Capital structure), page 20 (Business Performance), page 89 (appendix 2), and page 92 (appendix 5).
Use of external appraisers twice a year (and name details)	appendices cd
Valuations are made in accordance with international valuation standards	appendices cd
Estimate of commissions to appraisers	appendices cd
Summary of the valuation made by the external appraisers and reconciliation with the values published in the Annual Report	page 89 (appendix 2)
Information on sub-portfolios	pages 24, 28, 29, 30 and 33 (Business Performance), pages 62 to 75 (Property portfolio).
Details of assets owned	pages 64 to 75 (Property portfolio).
Details of like-for-like increase in rental revenues for each geographical area and significant portfolio (twice a year)	page 25 (Business Performance-Business Highlights).
Publication of absolute increases in rental revenues (twice a year)	page 26 (Business Performance-Business Highlights)
Size, in value, of the entire portfolio on which the like-for-like increase of rental revenues is based	appendices cd
Assumptions used in the like-for-like information	page 25 (Business Performance-Business Highlights).
Information on rental revenues	pages 25 to 27 (Business Performance- Business Highlights) and page 40 (Financial and economic situation)
Information on valuation	page 20 (Business Performance)
Information on projects	pages 34 and 35 (Business Performance-Business Highlights)
Information on decreases in contracts	pages 29, 32, and 33 (Business Performance).

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