

The financial restructuring and the Company's renewed focus on its properties management business puts Colonial back on an earnings path

Colonial posts €10mn profits in first quarter of 2011

- In Spain new rental contracts for 67,394m² were signed, 70% of the target for the year, while in France the figure was 12,170m²
- As a result of this brisk pace of new contracts, the Group's occupancy rate has risen to 87%, 3 percentage points higher than in December 2010 (84%)
- SFL, Colonial's French subsidiary, was awarded a BBB- / A-3 rating with a positive outlook ("investment grade") from Standard & Poor's, allowing it to once again access the bond market

Barcelona, 12 May 2011- The stabilization of Colonial's strategic business, office rentals, allowed the Company to post a consolidated net profit of €10mn. In the same period last year, Colonial recorded a €33mn loss. This positive result stems from the Company's renewed focus on its properties management business, the gradual disposal of its non-strategic developments and land business and the financial restructuring that began in 2009.

In this first quarter, Colonial's consolidated net debt stabilized at €3.36bn

Paris rental market begins to trend upward

The Colonial Group's rental revenue rose to €54.6mn, 64% of which was generated by its French Colonial subsidiary, SFL, and the remaining 36% by its business in Spain.

During the first quarter, the Colonial Group arranged rental contracts for more than 79,000 m² (67,394 m² in Spain and 12,170 m² in France). This represents more than 70% of the year-end target for Spain.

In the Paris market, the signing of new rental contracts suggests that the cycle has begun to improve, as the contracted prices are approaching levels prior to those at the onset of the crisis.

The brisk pace of new contacts means that the occupancy rate of the rental properties portfolio has begun to recover. In the first quarter of 2011, the Group's occupancy rate stood at 87%, 3 percentage points higher than at year-end 2010, owing mainly to the higher occupancy rates of the Paris portfolio.

Colonial

In Spain, a large portion of unrented space corresponded to the Recoletos (Madrid) and Llacuna (Barcelona) projects. Stripping out these buildings, occupancy in Barcelona and Madrid would stand at 91.4% and 90.3%, respectively.

In Paris, the property at 247 St. Honoré is due to come on stream in May. It will be home to the new Hotel Mandarin, which will generate rental revenue as soon as it comes into operation.

Standard & Poor's awarded SFL a BBB-/A-3 rating with a positive outlook –that is, an "investment grade" rating. The rating is based on the extremely solid nature of the Company's business and will enable Colonial's subsidiary to once again access the bond market. It also demonstrates the capital market's growing interest in listed companies with prime office portfolios.

About Colonial

With over one million square meters of rental offices in the best locations in Paris, Madrid and Barcelona, Colonial has become a benchmark in property management in Europe.

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