Colonial

The EPRA Net Asset Value increases more than 20% year on year

The Colonial Group obtains a net result of €202m

- Rental revenues of €111m, +5% like-for-like vs. the previous year
- Recurring EBITDA of €80m, +6% like-for-like vs. the previous year
- Gross Asset Value of €6,291m, +13% like-for-like vs. the previous year
- EPRA NAV of €54.5 cents/share, +21% in 12 months
- Investments of €241m in CBD during the firsts months of 2015
- Issuance more than €1,200m of Investment Grade bonds in Spain

***Barcelona*, 29 July 2015**

First Half Results 2015

The recurring net profit of the Colonial Group amounted to €11m at the close of the first half of 2015, an increase of +39% vs. the same period of the previous year. This increase is mainly due to two aspects:

1. A like-for-like increase of 5% in rental revenues.
   It is important to highlight the significant growth in the Madrid portfolio (+8% like-for-like) and the Paris portfolio (+6% like-for-like).

2. A significant improvement in the financial expenses, thanks to the successive optimizations of the financial structure in the last 12 months.

The net results attributable to the Group amounted to €202m. Excluding the positive accounting effect of the "deconsolidation" of Asentia in the previous year, the net results increased by €347m, mainly due to the increase in the asset values.

The value of the Colonial Group's assets at the close of the first half of 2015 amounted to €6,291m, resulting in an increase of +13% like-for-like in 12 months.

In Spain, the increase in value was +17% like-for-like in 12 months, mainly due to a yield compression. The portfolio in Madrid increased +21% like-for-like and in Barcelona it rose +14% like-for-like.

In France, the portfolio increased +11% like-for-like in 12 months. This increase in value is a consequence of the progressive repositioning of the property portfolio with positive impacts on rents and yields

The increase in the gross asset values has resulted in an increase in Colonial's EPRA NAV to €54.5 cents/share, +21% in 12 months.

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Business Highlights

During the first six months of 2015, the Colonial Group signed rental contracts for 107,692 sq m. This figure corresponds to 100% of the volume of contracts signed throughout the whole 12 months of 2014.

In Spain, more than 40,000 sq m were signed in the first six months of 2015, of which 25,000 sq m were signed in Barcelona and more than 14,000 sq m in Madrid.

In France, almost 68,000 sq m were signed in the first six months of the year, a record figure compared to previous quarters.

It is particularly important to highlight the rental contract signed with the Organization of Cooperation and Economic Development (OECD) for the entire In&Out building, located in Alphonse le Gallo, in Boulogne-Billancourt. This was the largest rental transaction carried out in the entire Paris market in the first half of 2015.

This high volume of new lettings in the second quarter of 2015 resulted in a significant increase in occupancy.

In Barcelona, the EPRA financial occupancy of offices increased 537 basis points in 3 months, reaching a ratio of 85%. In Madrid, the occupancy ratio was at 93%.
In Paris, the EPRA financial occupancy is 85% and, with the signing of the In&Out building, it reaches a pro forma EPRA financial occupancy of 95%.
The pro forma EPRA financial occupancy of offices of the Colonial Group, including the signing of In&Out reaches 93% (94% including all uses).

New Acquisitions & Repositioning of the current portfolio

During the first months of 2015, the Colonial Group invested €165m in new acquisitions in CBD.

During the first months of 2015, the Colonial Group acquired the Estébanez Calderón, 3-5 and the Príncipe de Vergara, 112 buildings (the latter closed at a date after the close of the first half of 2015). These acquisitions will result in the creation of more than 20,000 sq m of top quality office space in the Madrid CBD. These transactions underline the Colonial Group's capacity to create value, through an approach of "Prime Factory" investments. The Colonial Group has the know-how to identify and create new products in prime areas with attractive returns, given the scarcity of quality supply compared to the demand for these types of spaces.

On the other hand, the Colonial Group acquired two core properties: Génova, 17 in the Madrid Prime CBD, and 9 Avenue Percier in the Paris Prime CBD. These two core acquisitions represent maximum quality office buildings in prime locations that will attract quality demand at maximum rental prices.

The four acquisitions were carried out in the city centre, significantly increasing Colonial's prime exposure.

Additionally, in the first six months of 2015, the Colonial Group invested more than €76m in refurbishment projects and repositioning of assets. These investments have attracted and will attract top tier rental demand, as the four examples of recent repositioning show.

Capital and Financial Structure

In May 2015, Colonial successfully completed a bond issue of €1,250m, an unprecedented operation in the Spanish property market.

This operation is a very important milestone for the Colonial Group has been made possible thanks to the fact that Colonial is the first and only listed Spanish property company to obtain an investment grade credit rating by Standard & Poor's.

The bond issue has allowed for the extension of average debt maturity and will result in savings of 50% on the financial expenses in Spain

Additionally, in July the rating of the French subsidiary was revised upwards reaching a BBB rating with a stable outlook.

The LTV of the Colonial Group at 30 June 2015 was 34% for the Parent Company and 42% in consolidated terms.

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