
Colonial

Rental revenues increase 7% year on year

The Colonial Group obtains a net result of €213m

- Recurring net profit of €27m, +112% vs. the previous year
- Rental revenues of €169m, +7% vs. the previous year
- Recurring EBITDA of €129m, +7% vs. the previous year
- EPRA financial occupancy of 94%, +807 basis points vs. the previous year
- Bond issue for €500m in France, maturing at 7 years, coupon for 2.25%

Barcelona, 12 November 2015

Third Quarter 2015 Results

The net results attributable to the Group amounted to €213m, an increase of €354m vs. the previous year, excluding the positive accounting effect of the “deconsolidation” of Asentia in the previous year.

The third quarter results confirm the trend of previous quarters, showing a very positive evolution in all metrics.

The recurring net profit of the Colonial Group amounted to €27m at the close of the third quarter of 2015, €14m higher than in the same period of the previous year, resulting in an increase of 112%. This increase is mainly due to two aspects:

1. An increase in rental revenues of 7%, (+€12m) compared to the previous year, due to:
 - ✓ An increase of 5.3% like-for-like. It is important to highlight the like-for-like increases in the Madrid portfolio (+8.2%) and the Paris portfolio (+5.4%). In Barcelona, the portfolio is showing positive growth in rental revenues for the first time since the beginning of the crisis.
 - ✓ An increase of 4.7% due to new acquisitions.
 - ✓ Indemnities charged in 2014 and other non-comparable effects resulted in a negative variance in the 2015 vs. 2014 comparison.
2. A significant reduction in the financial expenses, thanks to the successive optimizations of the financial structure in the last months.

During the third quarter of 2015, the Colonial Group signed rental contracts for 21,738 sq m, reaching a total cumulative volume in the first nine months of 2015 of 129,430 sq m, 20% higher than the volume of contracts signed throughout the whole of the previous year. More than 70% of the signed contracts correspond to new lettings.

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Improvements in occupancy

The high volume of new lettings this year has resulted in a significant increase in occupancy.

At the close of the third quarter of 2015, the Colonial Group's EPRA financial occupancy for the office portfolio reached 93%, +917 basis points vs. the previous year (+678 basis points in one quarter). Including all uses, the Colonial Group's EPRA financial occupancy reached 94%.

In Barcelona, the EPRA financial occupancy of offices increased +953 basis points compared to the year before, reaching a ratio of 87%. In Madrid, the EPRA financial occupancy of offices was 92%, +686 basis points above the previous year.

In Paris, the EPRA financial occupancy of offices increased by +969 basis points compared to the previous year (+918 basis points in one quarter) reaching a ratio of 95%. These increases are mainly due to the contract signed by the OECD on the In&Out building, the largest rental transaction carried out in the entire Paris market in the first half of 2015.

New Acquisitions & Investments

During the third quarter of 2015, the Colonial Group completed the acquisition of two office buildings in the centre of Madrid (Príncipe de Vergara, 112 and Génova, 17) for a total amount of €67m. Together with the acquisitions carried out in the first half of 2015 (Estébanez Calderón, 3-5 in the Madrid CBD and 9 Avenue Percier in the Paris CBD), the volume of new acquisitions of the Group amounted to €165m YTD.

Additionally, the Colonial Group invested €104m (€97m in France and €6m in Spain) on refurbishment projects and asset repositioning in the first nine months of 2015.

Financial structure

At 30 September 2015, the Colonial Group has a solid, first class financial structure, being the only listed Property Company in Spain with an Investment Grade credit rating by Standard & Poor's.

The Group LTV at 30 September 2015 is at 43% (36% for the Parent Company).

The average spot cost of the current debt at 30 September 2015 is 2.38% for the Group (2.17% in Spain and 2.53% in France) being it among the lowest in the sector.

At 5 November, SFL successfully completed a new bond issue for €500m, maturing at 7 years with a coupon of 2.25%.

The placing generated high demand, with orders for around €3,500m, 7x oversubscribed.

On November 12, Colonial has signed a new credit facility for a total amount of €350m, with an initial maturity June 2018, extendable until November 2019 and a spread of 160 bp. This new financing has been underwritten by the following entities: Natixis (agent bank), Crédit Agricole Corporate and Investment Bank, Deutsche Bank, Mediobanca Banca di Credito Finanziario, BNP Paribas, JP Morgan Securities and Bank of America Merrill Lynch International Limited. The new financing will be used for Colonial's investment plan.

"The information included in this document has not been verified or revised by the external auditors of Colonial. In this sense, the information is subject to and should be read together with all of the public information available, in all cases including the report corresponding to the third quarter of 2015, registered by the Company and available on the Company's website www.inmocolonial.com."