

Double-digit growth in signed rental prices

Net profit increase of 42% vs. previous year

- Financial Occupancy of 95%
- Renewals signed +16% vs. previous rent
- Gross Rental Income of €70m, +5% (+4% like-for-like)
- Recurring Net Profit of €16m, +27%

Barcelona, May 2nd, 2017

1Q 2017 Results

The Colonial Group has started 2017 with excellent results that consolidate the positive trend of the two previous years underpinned by a unique office portfolio with high occupancy levels and the maximum capacity to attract top tier clients.

Specifically, the Colonial Group has again achieved high increases in signed rental contract prices, thanks to its leadership position in prime offices in Barcelona, Madrid and Paris.

The net recurring profit of the Colonial Group increased 27% compared to the previous year amounting to €15.6m at 31 March 2017. In terms of EPS, the increase was of 13%.

The net attributable profit increase of €5m compared to the first quarter of 2016 is mainly due to three factors:

1. A solid 5% year on year increase in rental income
2. The reduction in financial expenses based on an active management of the balance sheet
3. An increase in the attributable results coming from Paris based on the increase in the stake of the French subsidiary from 53.1% a year ago to 58.5% at present.

The Colonial Group achieved a 5% growth in gross rental income compared to the previous year, due to:

1. A 4% like-for-like increase, based on very solid occupancy levels together with prices signed at the high end of the market.
2. The 1% additional growth, which comes from the new acquisitions made in the framework of the Alpha I and Alpha II projects

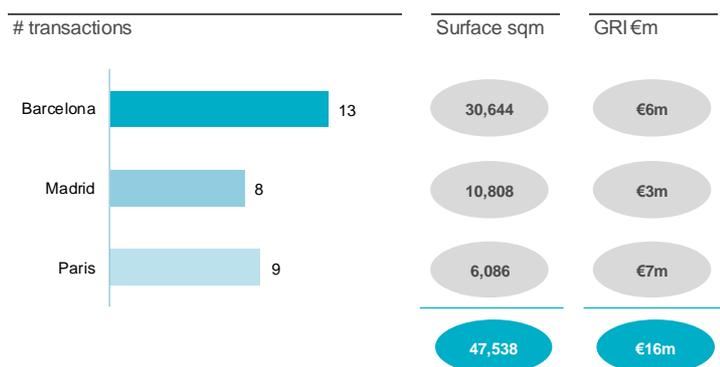
The like-for-like increase in rental income achieved by Colonial ranks among the highest in the sector. Spain increased 4% like-for-like thanks to the strong results of the Barcelona portfolio with an increase of 10% like-for-like based on contracts signed on the Diagonal 609-615, Diagonal 530 and Glories-Diagonal properties. The Paris portfolio increased 4% like-for-like, thanks to the contracts signed on the #Cloud and Washington Plaza buildings.

The rental EBITDA rose 4% like-for-like, reflecting a solid increase in income net of expenses, which boosted the recurring EBITDA of the Group to €52m, 5% more compared to the same period of the previous year.

Due to the absence of significant extraordinary items during the first quarter of 2017, the net result attributable to the Group coincides almost with the recurring results and amounts to €16m, 42% higher than the same period of the previous year. It is important to highlight that the first quarter results do not include impacts from asset revaluation as the asset values are updated every six months.

Performance of the contract portfolio

In a rental market with clients demanding increasingly higher standards, the Colonial Group signed 30 transactions corresponding to a rental contract volume of 47,538 sq m with an annualized income of €16m.



The Colonial Group has been able to attract top tier clients that demand unique locations. This fact has resulted in signing rental prices which represent a double-digit growth over market prices from one year ago, and a 16% increase compared to previous rental prices in renewals.

Specifically, the maximum rents obtained in the Barcelona and Madrid portfolios reached €23.5/sq m/month and €29/sq m/month, respectively. The Paris portfolio obtained the maximum rent on the Cezanne St Honoré building at €759/sq m/year.

Portfolio occupancy

The excellent letting performance has enabled Colonial to maintain solid occupancy levels, clearly much higher than the market average in the three cities in which the Group operate.

At the close of the first quarter of 2017, Colonial's office portfolio reached a financial occupancy of 95%, maintaining similar levels to those of the first quarter of the previous year.

The portfolio in Spain reached 96% financial occupancy, with Barcelona at a rate of 97%, and Madrid at 95%. The Paris portfolio reached 95% at 31 March 2017.

Asset repositioning & refurbishments

In the first quarter of 2017, the Group invested more than €16m in development projects and asset refurbishments.

All of the projects in Spain and France are progressing on track and the delivery of the refurbishments of Serrano 73 and Castellana 43 are expected in the coming months. The Serrano 73 building is totally pre-let to the Allen & Overy law firm and will become a new reference in the prime office segment in the Spanish capital. The Castellana 43 asset is generating a lot of interest in the rental market.

Acquisitions

Accelerating the fulfilment of growth objectives in the strategic plan, Colonial commenced 2017 with the execution of the Alpha II project, which includes the acquisition of four assets for an investment volume of almost €400m (total investment volume including future capex of development projects). Specifically, three development projects were acquired: Plaza Europa 46-48 in Barcelona, Paseo de la Castellana 163 in Madrid and 112-122 Av. Emile Zola in Paris. Additionally, Colonial purchased the Spanish headquarters of the Bertelsmann Group, located in the CBD in Barcelona (Travessera de Gracia 47-49).

All of these acquisitions offer a substantial upside potential of industrial value creation based on: (1) the property transformation of the buildings into top quality products and (2) the location in market segments with solid fundamentals.

All the acquisitions were made under very attractive terms, which shows the capacity of the Colonial Group to identify and capture opportunities of real estate value creation.

Financial structure

In April, the Standard & Poor's ratings agency revised upwards the rating of the Colonial Group to **BBB with stable outlook**.

This credit rating reflects: (1) the high quality and resilience of the Group's prime office portfolio, as well as (2) the benefits of being diversified in three office markets with different dynamics: Barcelona, Madrid and Paris, in combination with (3) a solid capital structure with an LTV (Loan to Value) of 41.4% at 31 March 2017.

This level of rating positions Colonial among the best-rated companies in the Spanish real estate sector, with a solid "Investment Grade" on a European level.

"The good results of the Company rely on an industrial real estate strategy that prioritizes the quality of growth while maintaining maximum financial discipline in the acquisition program." says Pere Viñolas, Chief Executive Officer of the Colonial Group.



About Colonial

Colonial is a listed property company, leader in the European Prime office market with presence in the main business areas of Barcelona, Madrid and Paris with a portfolio of more than 860,000 sq m of GLA above ground and assets under management with a value of more than €8.0bn.



"The information included in this document should be read together with all of the public information available, particularly on the Company's website www.inmocolonial.com."

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