

Colonial will propose to its shareholders the conversion to SOCIMI

- Tax rate will be reduced to 0%
- Net Profit and Cash Flow will increase significantly
- €72 million of extraordinary positive results will be recorded
- Tax shield remains as a competitive advantage to structure investments and disposals
- Will attract more institutional investors
- Moody's assigns a Baa2 rating to the Colonial Group

Barcelona, May 23, 2017

Colonial's Board of Directors, previous to the favorable report by the Audit and Control Committee, agreed on the acceptance by the Company of the special tax regime of the Real Estate Investment Trust (SOCIMI) at the next AGM planned for June this year.

The application of the SOCIMI regime would have the following benefits for the Group:

1. A reduction of the tax rate to 0%
2. An immediate improvement of the Company's cash flow: higher FFO and recurring profit per share
3. A positive impact of €72m in consolidated Group Equity and Profit & Loss accounts of 2017 due to the one-off reversion of tax provisions booked in 2016
4. The possibility to continue using the tax shield of the Group (off-balance and not registered on the NAV and that amounts to more than €1,300m) to structure investments & disposals
5. A greater access to capital, being able to attract institutional investors that only acquire shares of companies with REIT status
6. A driver to increase Colonial's share liquidity due to enhanced access to a broader institutional investors universe on a global level

There will be no change in Business Plan or Corporate Strategy in case of Socimi election. In case of AGM approval, the Socimi status will be applied to the full 2017 financial year (from January 1, 2017 to December 31, 2017) and subsequent years. *"The conversion to the Socimi regime is a further step to back to normality, positioning the Colonial Group as an office REIT, being "REITs" efficient investment vehicles widely known and very positively recognized by the international investor community"* says Pere Viñolas, CEO of Colonial.

In addition, the credit agency Moody's has assigned today a Baa2 rating to Colonial, with stable outlook. Moody's has positively assessed the high quality of the office portfolio, as well as the diversification in three different markets, Paris, Madrid and Barcelona, and moderate leverage. This rating together with the one of S&P confirms the high quality credit profile of the Colonial Group.