



European Property Investment Awards
WINNER 2019



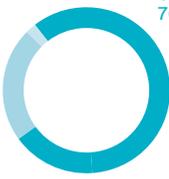
1H/2019

First half results January-June 2019
29 July 2019



Colonial delivers a Total Shareholder Return of 18%

The Net Asset Value increased up to €10.52/share (+16%)

| Financial Highlights | 1H 2019 | 1H 2018 | Var | LFL | Unique exposure to Prime | Operational Highlights | |
|------------------------------|---------|---------|------|-----|--|-----------------------------|------|
| EPRA NAV - €/share | 10.52 | 9.11 | +16% | |  | EPRA Vacancy | 4% |
| EPS recurring - €Cts/share | 13.5 | 9.5 | +42% | | | Rental Growth ² | +9% |
| Gross Rental Income - €m | 174 | 170 | +2% | +4% | | Barcelona | +13% |
| EBITDA recurring - €m | 135 | 131 | +4% | +4% | | Madrid | +4% |
| Recurring Net Profit - €m | 69 | 41 | +66% | | | Paris | +11% |
| Attributable Net Profit - €m | 338 | 254 | 33% | | | Release Spread ³ | +11% |
| GAV Group €m | 11,798 | 11,190 | +5% | +9% | | Barcelona | +52% |
| EPRA NAV €m | 5,348 | 4,141 | +29% | | | Madrid | +6% |
| | | | | | | Paris | +7% |

Double-digit value creation

- **Total annual Shareholder Return¹ of 18%**
- Net Asset Value of €10.52/share, +16% vs. previous year (+5% in 6 months)
- Asset value of €11,798m, + 9% like-for-like year-on-year (+4% like-for-like in 6 months)

Bottom line results are accelerating

- **Recurring net profit of €13.5Cts per share, +42%**
- Recurring net earnings of more than €69m, +66%
- Net profit of €338m, +33%

Strong income growth

- Gross rental income of €174m, + 2%
- Like-for-like increase in Gross Rental Income of +4%

Solid operating results

- Capturing rental price increases
 - +9% vs ERVs at 12/18²
 - +11% of release spread³
- Solid occupancy levels of 96%
- More than 129,000 sqm signed in the first half of 2019
- 27,000 sqm pre-let in the project portfolio

A strengthened balance sheet

- S&P rating of BBB+ (highest real estate rating in Spain)
- LTV of 37.9% with a liquidity of €2,195m⁴

(1) Total return = NAV per share increase + dividend paid

(2) Signed rents vs. market prices at 31/12/2018 (ERV 12/18)

(3) Signed rents on renewals vs. previous rents

(4) Cash and undrawn credit lines

Highlights

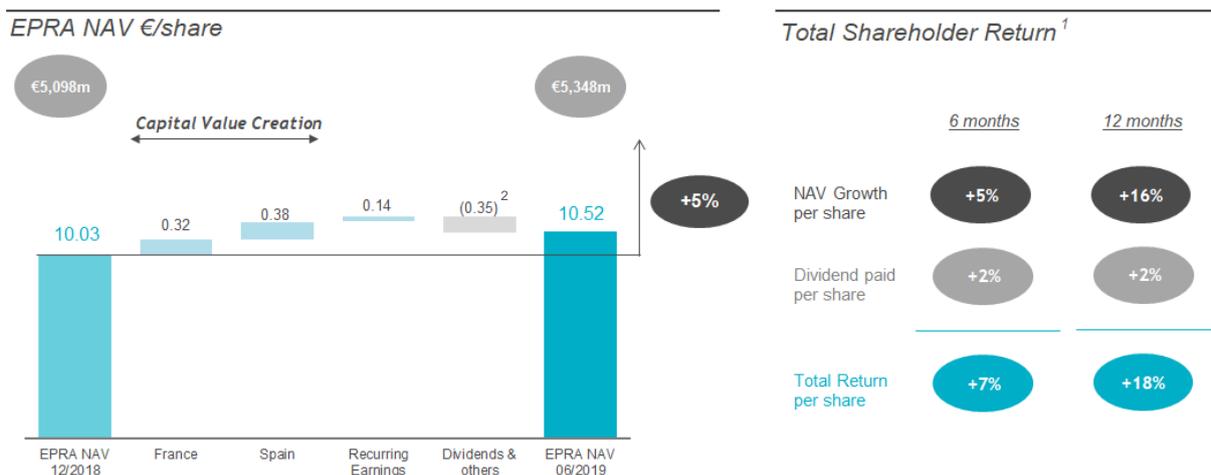
First half results 2019

Total Shareholder Return of +18% relying on real estate value creation

Double-digit value creation for shareholders

Colonial closed the first half of 2019 with an EPRA Net Asset Value of €10.52/share resulting in a year-on-year increase of +16%, which together with the dividend, of €0.20 per share led to a Total Shareholder Return of +18%.

In absolute terms, the EPRA NAV amounts to more than €5,348m (+29% vs. the previous year).



(1) Total return understood as growth in NAV per share + dividends

(2) Dividend of 0.20€/share, Goodwill absorption and other effects

The outstanding value creation for the shareholders relies on to an industrial real estate strategy with a high Alpha returns component. The main aspects are the following:

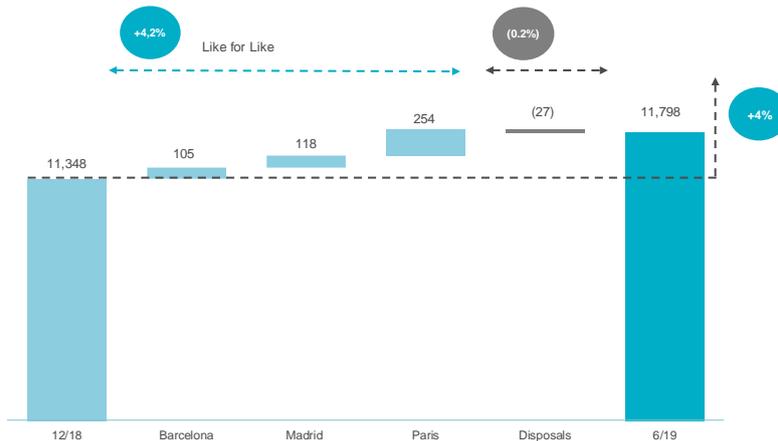
- Successful management of the project portfolio:** Projects completed and rented, important pre-lettings in the project pipeline and in the renovation program
- Capturing of important rental growth** thanks to excellent fundamentals in the CBD, where Colonial has a unique exposure of 76%
- A compression of prime office yields**, due to an increased demand of the investment market on a framework of decreasing interest rates and scarce supply in CBD.

As a consequence of this value creation, Colonial has absorbed the Goodwill of the Axiare acquisition just 12 months after the completion of the merger of both companies.

Significant increase in value of the real estate portfolio

The gross asset value of the Colonial Group at the close of the first half of 2019 amounted to €11,798m (€12,390m including transfer costs), with a like-for-like increase of **+9% year-on-year (+4% in 6 months)**.

VARIANCE ANALYSIS VALUE 6 MONTHS - €m



GAV VARIANCE

| | 6 months | 12 months |
|-----------|----------|-----------|
| BARCELONA | +8% | +19% |
| MADRID | +4% | +9% |
| PARIS | +4% | +6% |
| TOTAL LFL | +4% | +9% |
| DISPOSALS | (0.2%) | (3%) |
| TOTAL VAR | +4% | +5% |

The offices portfolio in **Barcelona**, with an excellent position in the CBD and 22@, has reached year-on-year growth of **+19% like-for-like (+8% in 6 months)** with important growth in all the assets due to a combination of increases in rental prices and yield compression.



Madrid has increased **+9% like-for-like (+4% in 6 months)**, due to its strong positioning in the urban centre and the CBD in combination with the successful delivery and management of the Discovery, Window and Avenida Bruselas projects in recent months, which have enabled the signing of rental contracts at prices at the high end of the market with top tier clients.



The Paris portfolio increased **+6% like-for-like year-on-year (+4% like-for-like in the first 6 months of 2019)** which is underpinned by a high global appeal of the CBD market in Paris in combination with the successful pre-letting of the Louvre St. Honoré project as well as the Hausmann renovation program.

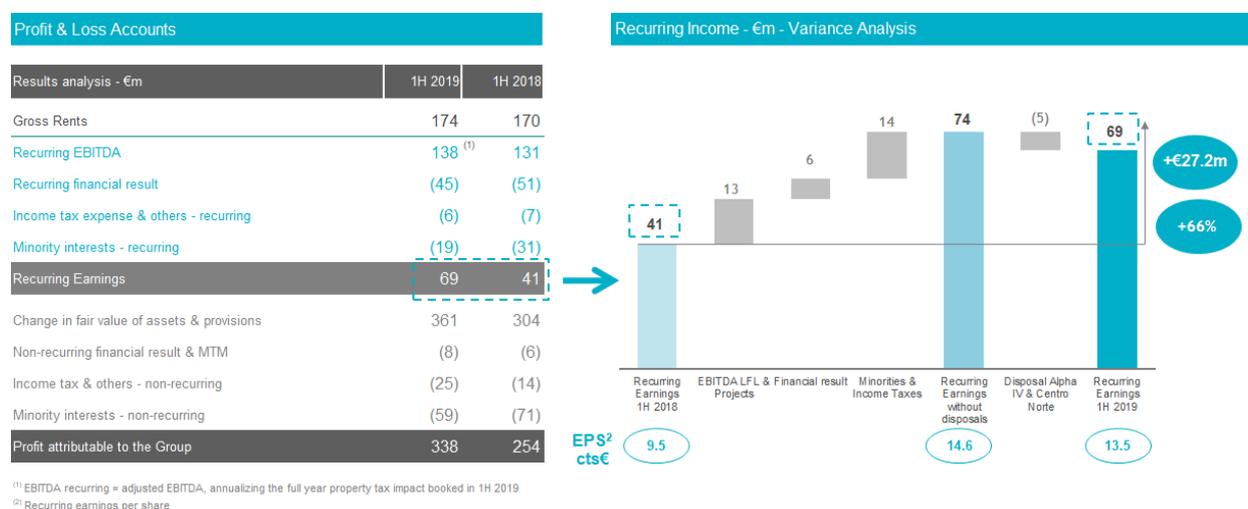


Significant increase in net recurring profit per share

The Colonial Group closed the first half of 2019 with a recurring net profit of €69m, an increase of **+66%** compared to the same period of the previous year.

Recurring EPS amounted to €13.5Cts per share, resulting in an increase of **+42%** versus the same period of the previous year.

This growth is based on a portfolio of CBD assets, enhanced through the execution of the Axiare merger, the acquisition of an additional 22% stake in SFL and the latest disposals carried out on secondary assets.

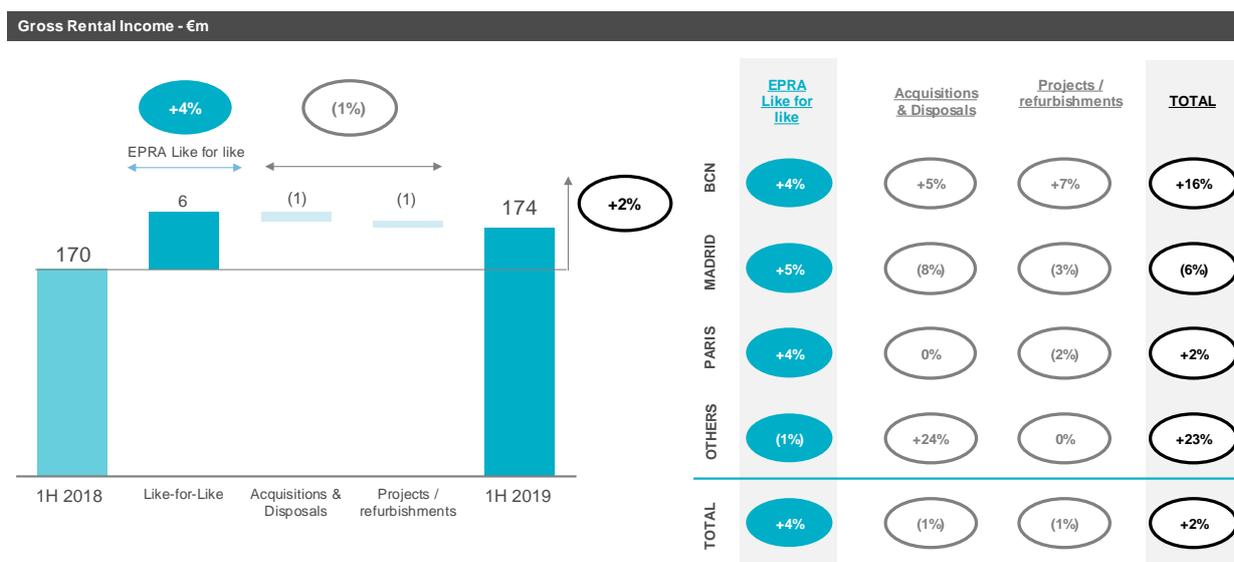


The recurring net profit increase of **+€27m, (+66% vs. the previous year)**, was driven by (1) an increase in EBITDA of **+€8m**, (2) reduction in financial expense of **€6m** and (3) higher attributable results due to the increase in the SFL stake, from 59% to 82%, which is reflected in the minority interests.

Considering the significant growth in value of the portfolio and deducting all the non-recurring expenses, the net profit attributable to the Group amounted to €338m, up + 33% with respect to the same period of the previous year, equivalent to an increase of +€84m.

Strong income growth

Colonial closed the first half of 2019 with **€174m in rental income, an increase of +4% in like-for-like terms, compared to the previous year.**



This growth in rental income relies on the significant like-for-like increase across the portfolio in all three markets in which the Colonial Group operates.

This high level of like-for-like growth is among the highest in Europe and is mainly due to the capacity of the Colonial Group to capture rental price increases, due to its strong positioning in the CBD. Of note in the first half of 2019 is the Madrid market with an increase of +5% like-for-like.

In terms of the breakdown of the contribution of each of the three markets of the Group's portfolio, the main aspects to highlight are the following:

1. **Barcelona +4% like-for-like** due to rental price increases across the entire portfolio, highlighting the Diagonal 609 asset, as well as an increase in occupancy in assets such as Park Cugat and Torre BCN.
2. **Madrid +5% like-for-like** increase driven by the market update of current rental prices on assets such as Sagasta 31 and Egeo. The new leases signed on the Discovery Building also resulted in a significant positive impact.
3. **Paris +4% like-for-like.** Rental increases rose to €3.3m. This was due to new leases signed in 2018, mainly on Washington Plaza and Cézanne Saint Honoré, with an increase in rents.

In Madrid, it is worth mentioning the reduction in rental income due to the asset disposals carried out at the end of 2018 and the sale of the Centro Norte hotel in Madrid in 2019. The rotation of the project portfolio, specifically the start of the repositioning of the 83 Marceau, Neuilly and Edouard VII assets in Paris and the Velázquez/, Miguel Ángel and Cedro assets in Madrid, has resulted in a temporary decrease in income.

Solid operational fundamentals in all segments

Capturing rental price increases

The Colonial Group's business has performed excellently, with take-up levels moving at a strong pace, achieving levels close to full occupancy. In the first half of 2019, the Colonial Group has signed 60 rental contracts corresponding to more than 129,000 sqm and annual rents of €43m.

| Strong price increases | # contracts | Surface sqm | GRI €m | % Var. vs ERV 12/18 ^{1,3} | Release Spread ² |
|------------------------|-------------|----------------|-------------|------------------------------------|-----------------------------|
| Barcelona | 19 | 27,188 | €7m | +13% | +52% |
| Madrid | 19 | 78,021 | €17m | +4% | +6% |
| Paris | 22 | 24,136 | €19m | +11% | +7% |
| TOTAL OFFICES | 60 | 129,345 | €43m | +9% | +11% |

(1) Signed rents vs market rents at 31/12/2018 (ERV 12/18)

(2) Signed rents in renewals vs previous rents

(3) There were two leases with a cap, one in Madrid and the other in Barcelona

Compared with the market rent (ERV) at December 2018, signed rents in the first half of 2019 **increased by +9% and the release spread stood at +11%**.

In **Barcelona**, rents were signed **+13% above market rent**, enhanced by the pre-letting registered for the Pedralbes project. In the **Paris portfolio**, the **increase vs the market rents was +11%** and in the **Madrid portfolio it was +4%**.

Likewise, the **release spreads** in the first half of 2019 were very high: **Barcelona +52%, Madrid +6% and Paris +7%**.

Colonial's total letting activity is spread across the three markets in which the Company operates.

In Spain, in the first half of 2019, 105,209 sqm were signed across 38 contracts.

In the Madrid portfolio, 78,021 sqm were signed across 19 transactions. The largest transaction relates to the renewal of the entire surface area of Santa Hortensia (more than 40,000 sqm) with a multinational technology company, in addition to the renewals of 4,100 sqm in Alfonso XII with an engineering consultancy firm and almost 6,000 sqm with a consultancy firm on the Tucumán asset.

In terms of new contracts, noteworthy is the signing in April 2019 of 100% of the project delivered at Avenida Bruselas 38 for the headquarters of MasMovil, an IBEX35 technology company. The company will occupy the building in July, so it is not included in the occupancy ratio as of June 2019.

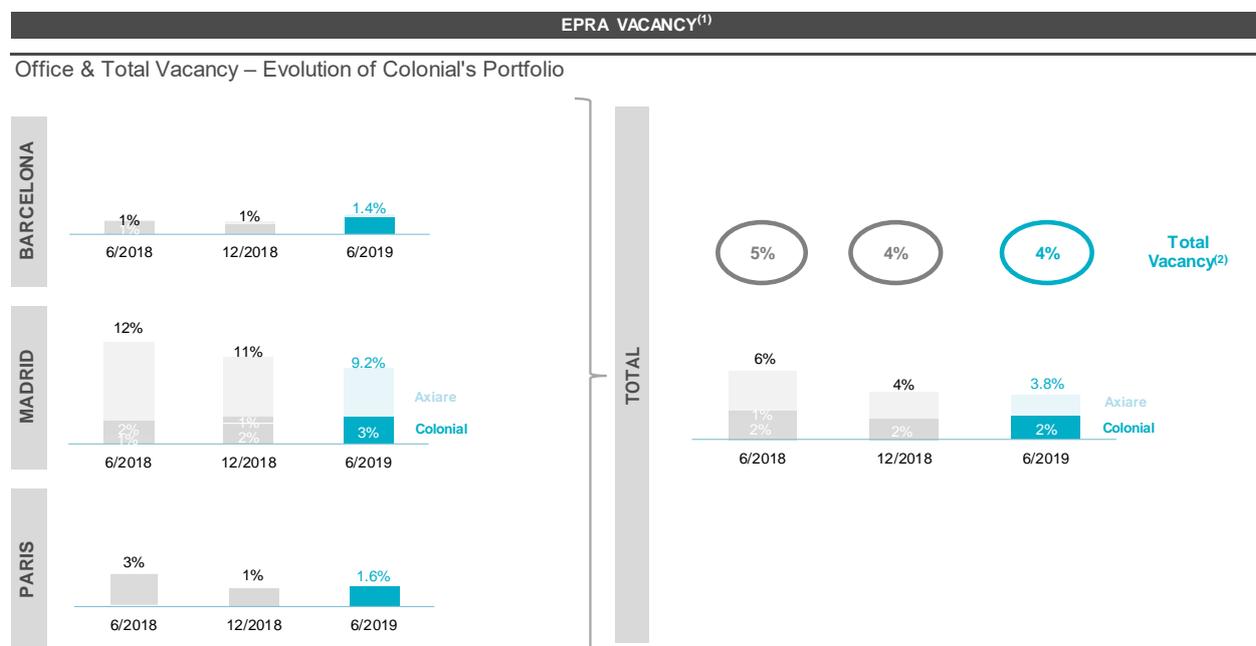
In the Barcelona office portfolio, more than 27,000 sqm were signed across 19 transactions. Worth noting is the pre-letting of the entire Diagonal 525 project which will house the new global headquarters of Naturgy and the pre-letting signed with Uniqlo on the Pedralbes project.

In the **Paris** portfolio, more than 24,000 sqm were signed across 22 transactions. In terms of renewals, worth mentioning is the 2,700 sqm of office space in the Louvre Saint Honoré building. In terms of new leases, worth noting is the signing of 2,500 sqm on the Edouard VII building, as well as the signing of almost 12,000 sqm on the 106 Haussmann building, among others.

Likewise, it is important to highlight the pre-letting agreement with a 20-year minimum fixed terms on the Louvre Saint Honoré project in Paris with the Cartier Foundation.

Solid occupancy levels

The **total vacancy of the Colonial Group’s portfolio** (including all uses: offices, retail and logistics) **stood at levels of 4%** at the close of the first half of 2019.



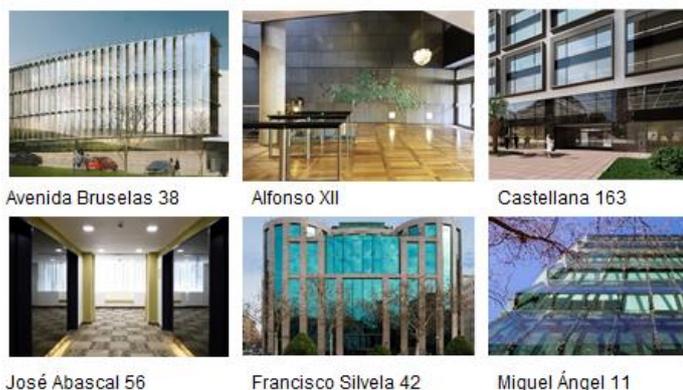
(1) EPRA vacancy: financial vacancy according to the calculation recommended by EPRA (1-[Vacant floorspace multiplied by the market rent/operational floorspace at market rent])
 (2) Total portfolio including all uses: offices, retail and logistics

Particularly noteworthy are the office portfolios in Barcelona and Paris, with vacancy rates of 1.4% and 1.6%, respectively.

The Madrid office portfolio has a vacancy rate of 9%, improving +311 bps compared to the previous year and +129 bps in 6 months.

A 6% vacancy corresponds primarily to assets in the Axiare portfolio located in Arroyo de la Vega and Campo de las Naciones. Especially noteworthy are the recent deliveries of Avenida de Bruselas (100% let, although the occupancy comes into effect in July) and Ribera del Loira (20% occupancy at June). Additionally, the Virto asset had 40% occupancy in June.

The rest of the Madrid portfolio has solid occupancy levels, maintaining a vacancy rate of 3%. The current available GLA represents a supply of maximum quality in attractive market segments, where there is a clear scarcity of Grade A products. Consequently, this offers significant potential for additional rental income to be captured in the coming quarters. In addition, noteworthy is the entry into operation of 1,900 sqm in the Castellana 163 asset, located in the Madrid CBD, which is being successfully repositioned by floors.



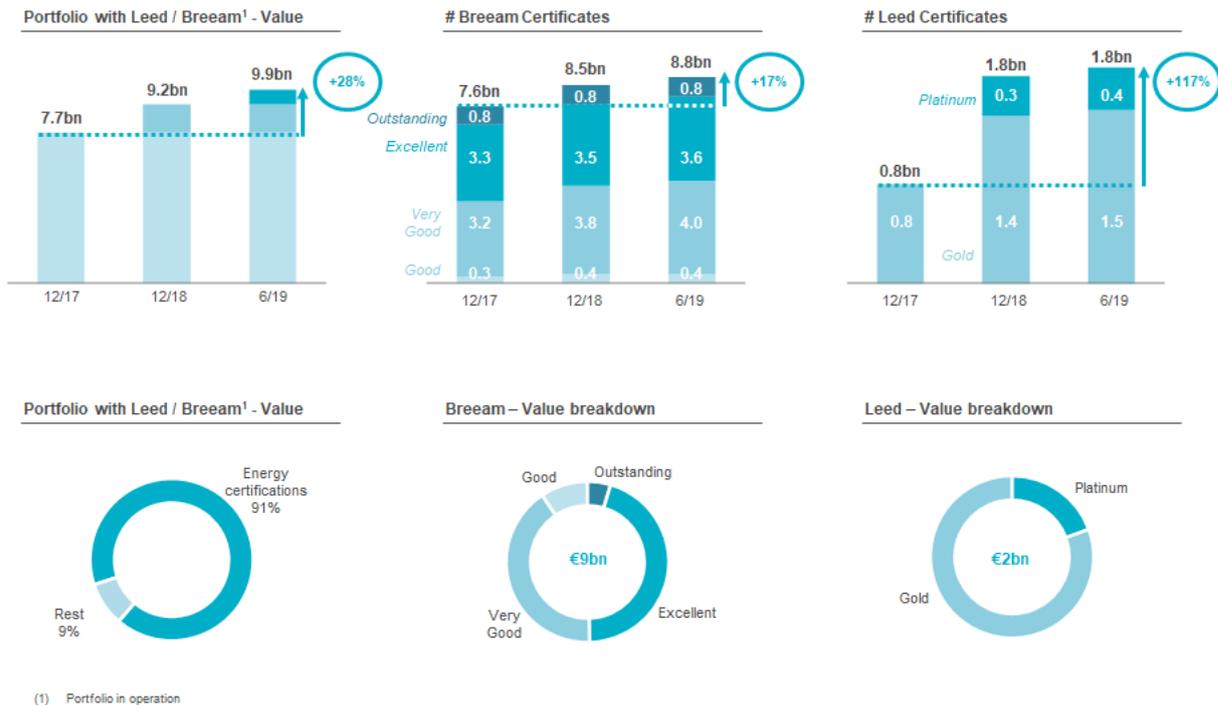
Considering the letting of the 100% surface of Avenida de Bruselas 38 asset, which will be effective during July, the vacancy of the Madrid Portfolio will reach 6.9%.

At the end of the first half of 2019, the logistics portfolio of the Colonial Group had a vacancy of 10%, mainly due to the entry into operation of the first phase of the project located in San Fernando de Henares.

ESG Strategy

Colonial pursues a clear leadership in ESG, being a fundamental element of its growth strategy in which offering maximum quality in its properties constitutes a main characteristic. This fact is reflected in the high number of energy certificates in the Colonial Group’s property portfolio.

91% of the portfolio in operation has energy certificates LEED or BREEAM. In particular, €1,845m of assets have LEED ratings and €8,837m of assets have BREEAM ratings.



This level of certification is clearly above the sector average. Likewise, the strategic sustainability plan is executing energy efficiency initiatives, focusing on continuous improvement, asset by asset.

The high quality of Colonial’s portfolio is reflected in the high level of certification of its assets. At the beginning of 2019, BREEAM/GRESB recognized the Colonial Group as the leader, number one in Europe, in responsible investment through the “Award for Responsible Real Estate Investment” in the large portfolio category.



Colonial’s European leadership in ESG has enabled the formalization of 2 ESG compliant loans for a total volume of €151m with ING and Caixabank respectively.

Co-Working & Digitalization

In the first half of 2019, Utopicus, Colonial's Coworking subsidiary, achieved the main objectives:

Expansion and positioning of the Utopicus brand

During the first half of 2019, Utopicus opened four new centres in Madrid and Barcelona. The spaces will provide more than 11,500 sqm of surface area for Coworking and the capacity for more than 1,287 new users:

- **Gran Vía (Madrid) – Cibeles** is the new reference centre of Utopicus in Gran Vía street, the most emblematic street in Madrid. The premise offers more than 5,000 sqm of surface area and the building has offices for up to 100 people, a club, a restaurant, innovation rooms and an auditorium.
- **Glories (Barcelona)**, Utopicus, which occupies a part of Colonial's new building, Parc Glories, is in the best area of 22@ in Barcelona. The space provides a mix of flexible uses with the use of traditional offices and has 2,000 sqm of surface area for 232 workstations.
- **Clementina (Barcelona)**, located in the heart of the Barcelona's neighborhood, Gracia, has 600 sqm and the capacity for 75 workstations in a very dynamic area of the city.
- **Gala Placidia (Barcelona)** was designed for large companies that look for flexible spaces and is located in the traditional **Barcelona CBD** just a few minutes away from Diagonal. The space with more than 4,000 sqm provides room for more than 500 workstations and areas to carry out events and courses. In addition, there is a spectacular terrace.

Likewise, work continues for the opening of four new centres over the coming months. Once finalised, Utopicus will manage 14 centres with a surface area in operation of 40,000 sqm and the capacity for 4,486 workstations, strengthening its leadership in the segment of flexible office and Coworking spaces in Spain.

Occupancy and optimization of the centres in operation

- In the first half of 2019, efforts were concentrated on the improvement in occupancy and optimization of the centres in operation opened in 2018. A joint commercial campaign between Utopicus and Colonial has been launched with the objective of making the new flexible spaces known by the traditional clients of Colonial to generate new cross-selling impacts.
- In this respect, of note is the good evolution of "The Window", the new office building developed by Colonial in calle Príncipe de Vergara 112-114. This building combines an Utopicus centre of 4,000 sqm together with the GLA of traditional office space. The obtained results have been a success, increasing the occupancy of the building with higher rental prices than expected.
- It is also important to highlight the centre in Plaza Cataluña opened in May 2018, which after only 12 months in operation has already reached 97% occupancy, with technology companies as the main tenants.

A solid capital structure

A strong balance sheet

On 30 June 2019, the Colonial Group had a solid balance sheet with a LTV of 37.9% (135 bps better than at the start of the year) with a Standard & Poors rating of BBB+, the highest rating in the Spanish real estate sector.

The Group has €2,195m of liquidity between cash and undrawn credit lines, with a debt maturity of 5.3 years. It is particularly noteworthy that 64% of the Group’s debt is maturing from 2023 onwards.

In the first half of 2019, Colonial finalized the restructuring of the pending debt coming from Axiare, cancelling bilateral loans in the amount of €162m and refinancing two bilateral loans in the amount of €151m, improving margins and cancelling mortgage securities.

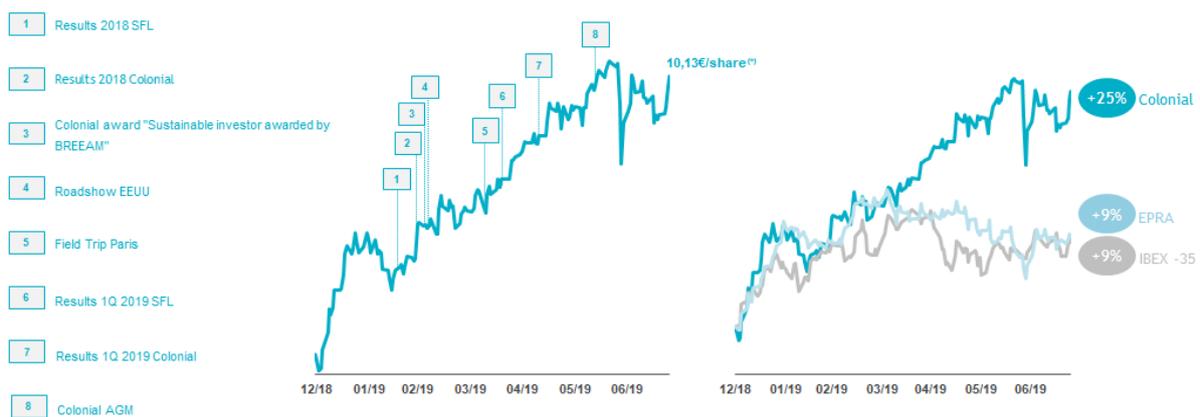
Short-term note issues were initiated under the Euro Commercial Paper (ECP) program registered in December 2018, with issues of €424m in effect at 30 June.

SFL has restructured a syndicate loan improving both margins and maturity. During the first half of the year, SFL also carried out short-term note issues, at the close of the first half of 2019, €354m had been issued.

Solid share price performance

As at the date of publication of this report, Colonial’s shares closed with a revaluation of +25%, beating the EPRA & IBEX35 benchmark indices.

COLONIAL SHARE PRICE PERFORMANCE 2019



The share price performance reflects the support of the capital markets for the successful execution of the Colonial Group’s growth strategy. Colonial’s share price trading stands out compared to its peers as one of the securities that is trading the closest to its fundamental value.

Growth drivers

The Colonial Group has an attractive growth profile, based on its strategy of industrial value creation with a high Alpha component in returns. In particular, the value creation is based on the following value drivers:

- A. An attractive project pipeline:** A portfolio of 12 projects corresponding to more than 211,000 sqm to create prime products that offer strong returns and therefore, future value creation with solid fundamentals.

| Project | City | % Group | Delivery | GLA (sqm) | Total Cost €m ¹ | Total Cost €/sqm ¹ | Yield on Cost |
|--|-------------------|---------|----------|----------------|----------------------------|-------------------------------|---------------|
| 1 Pedralbes Center  | Barcelona CBD | 100% | 1H 19 | 6,917 | 38 | 5,502 | 6.3% |
| 2 Gala Placidia / Utopic.us | Barcelona CBD | 100% | 1H 19 | 4,312 | 17 | 3,922 | 7.0% |
| 3 Miguel Angel 23 | Madrid CBD | 100% | 1H 21 | 8,036 | 66 | 8,244 | 5.6% |
| 4 Castellana, 163 | Madrid CBD | 100% | 2020/ 21 | 10,910 | 52 | 4,803 | 6.6% |
| 5 Diagonal 525 | Barcelona CBD | 100% | 1H 21 | 5,710 | 37 | 6,460 | 6.0% |
| 6 Biome | Paris City Center | 82% | 2H 21 | 24,500 | 283 | 11,551 | 5.0% |
| 7 83 Marceau | Paris CBD | 82% | 1H 21 | 9,600 | 151 | 15,755 | 5.2% |
| 8 Velazquez Padilla 17 | Madrid CBD | 100% | 1H 21 | 17,239 | 113 | 6,532 | 6.8% |
| 9 Plaza Europa 34 | Barcelona | 50% | 2H 21 | 14,306 | 38 | 2,676 | 7.0% |
| 10 Mendez Alvaro Campus | Madrid CBD South | 100% | 2H 22 | 89,871 | 287 ² | 3,188 | 7.4% |
| 11 Sagasta 27 | Madrid CBD | 100% | 2H 22 | 4,481 | 23 | 5,044 | 6.4% |
| 12 Louvré Saint Honoré  | Paris CBD | 82% | 2023 | 16,000 | 208 | 13,029 | 7.3% |
| TOTAL OFFICE PIPELINE | | | | 211,882 | 1,313 | 6,198 | 6.3% |

¹ Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex

² Upper part of the range: €3,032/sq m - €3,188/sq m and €273m - €287m

As at the date of this report, four of the twelve projects (specifically, the Pedralbes Center, Gala Placidia, Diagonal 525 and Louvré Saint Honoré) already have pre-let agreements in favourable terms, significantly increasing the visibility of future cash flow and value creation. The other projects in the portfolio continue to progress and already have very good market prospects, in excellent locations with scarce supply.

B. A strong prime positioning with an asset portfolio to capitalize on the cycle

The first half of the year has once again shown the capacity of the Colonial Group's contract portfolio to capture maximum market rents and obtain significant rental price increases with double digit release spreads.

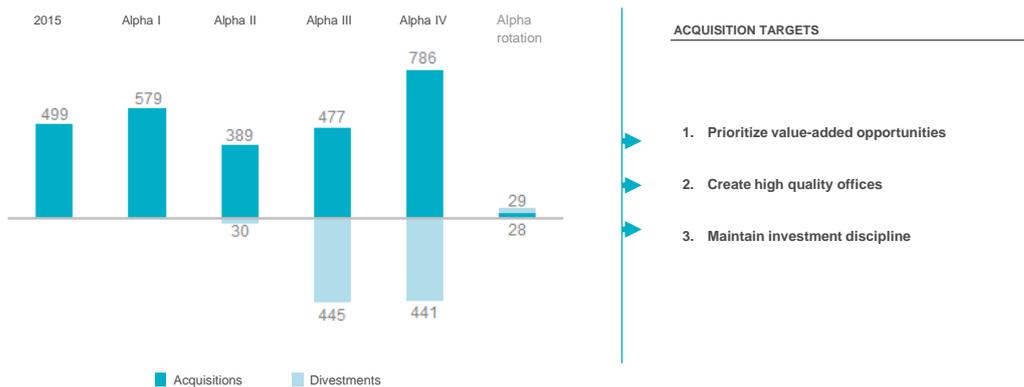
In addition, new renovation programs have been identified, accelerating tenant rotation in the corresponding spaces. In this respect, of note are two buildings in the prime CBD, in particular 106 Haussmann in Paris, Ortega y Gasset in Madrid and the TorreMarenostrom asset in the 22@ technological district in Barcelona.

The Haussmann 106 building offers almost 15,000 sqm in the centre of Paris which will be updated in the year 2020, offering a top-quality product. These characteristics have enabled the pre-letting of the entire building in the second half with a 12-year minimum fixed terms lease at a rent above €800/sqm/year, prime reference in Paris.

C. Discipline in the acquisition and disposal program: Over recent years, Colonial has successfully delivered the organic investment targets announced to the capital markets: asset acquisitions, prioritising off-market transactions and identifying properties with value-added potential in market segments with solid fundamentals.

Since 2015, the Colonial Group has carried out significant investments and disposals:

NET INVESTMENTS SINCE 2015 - €m

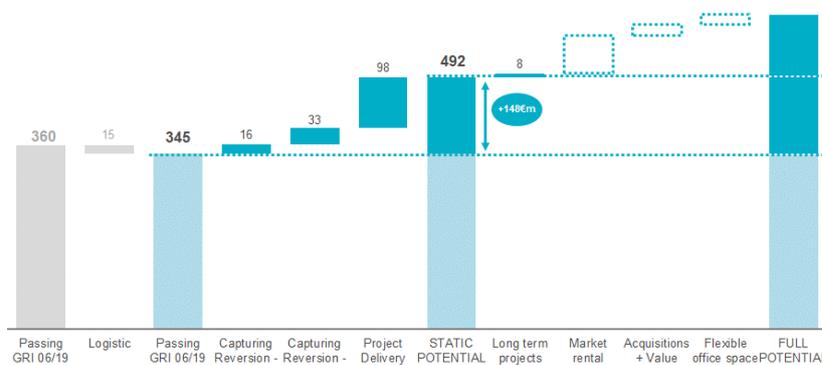


In this context, at the beginning of 2019, the Colonial Group carried out the Alpha rotation 2019 consisting in the following transactions:

- > Disposal of the Hotel Centro Norte, a non-strategic asset at a secondary location in the Northeast of Madrid with a premium of +11% on the appraisal value.
- > Acquisition of the remaining 45% of the Torre Marenstrum building from Naturgy, achieving 100% ownership of this unique building located in front of the sea in the 22@ market.

Potential cash flow and future value

The asset portfolio of the Colonial Group (excluding the logistics portfolio available for sale) has the potential to reach an annual income (passing rents) of close to €500m, resulting in an increase of €148m with respect to the current cash flow.



1 Topped-up passing rental income: annualized cash GRI adjusted for the expiration of rent free periods as per EPRA BPR

Appendices

1. Analysis of the Profit and Loss Account
2. Office markets
3. Business performance
4. Project portfolio
5. ESG strategy
6. Digital strategy & Coworking
7. Portfolio valuation
8. Financial structure
9. EPRA Net Asset Value & Share price performance
10. EPRA ratios & consolidated balance sheet
11. Asset portfolio – location and details
12. Historical series
13. Group structure
14. Glossary and alternative performance measures
15. Contact details and disclaimer

1. Analysis of the Profit and Loss Account

Analysis of the Profit and Loss Account

The net profit attributable to the Group at June amounted to €338m, an increase of +33% compared to the same period of the previous year.

| June cumulative - €m | 2019 | 2018 | Var. | Var. % |
|--|------------|------------|-----------|------------|
| Rental revenues | 174 | 170 | 4 | 2% |
| Net operating expenses ⁽²⁾ | (18) | (16) | (1) | (7%) |
| Net Rental Income | 157 | 154 | 3 | 2% |
| Other income | 1 | (0) | 2 | 589% |
| Overheads | (23) | (23) | 0 | 1% |
| EBITDA | 135 | 131 | 5 | 4% |
| Exceptional items | (3) | (4) | 2 | 35% |
| Change in fair value of assets & capital gains | 418 | 325 | 93 | 28% |
| Amortizations & provisions | (60) | (23) | (37) | (166%) |
| Financial results | (53) | (56) | 3 | 6% |
| Profit before taxes & minorities | 437 | 372 | 65 | 17% |
| Income tax | (21) | (16) | (5) | (32%) |
| Minority Interests | (78) | (103) | 24 | 24% |
| Profit attributable to the Group | 338 | 254 | 84 | 33% |

| Results analysis - €m | 2019 | 2018 | Var. | Var. % |
|--|--------------------|--------------|-------------|------------|
| Recurring EBITDA | 138 ⁽⁴⁾ | 131 | 8 | 6% |
| Recurring financial result | (45) | (51) | 6 | 12% |
| Income tax expense & others - recurring result | (6) | (7) | 1 | 20% |
| Minority interest - recurring result | (19) | (31) | 12 | 39% |
| Recurring net profit - post company-specific adjustments ⁽³⁾ | 69 | 41 | 27 | 66% |
| NOSH (million) | 508,1 | 435,3 | 73 | 17% |
| EPS recurring (€) | 0,135 | 0,095 | 0,04 | 42% |

⁽¹⁾ Sign according to the profit impact

⁽²⁾ Invoiceable costs net of invoiced costs + non invoiceable operating costs

⁽³⁾ Recurring net profit = EPRA Earnings post company-specific adjustments.

⁽⁴⁾ adjustment of temporary impact of property taxes

Analysis of the Profit and Loss Account

- The Colonial Group's gross rental income at the close of the first half of 2019 amounted to €174m, +2% higher compared to the same period of the previous year. In like-for-like terms, the increase stood at +4%.
- The Group's EBITDA stood at €135m, a +4% increase compared to the same period of the previous year.
- At 30 June 2019, the impact on the Consolidated Profit and Loss Account from the revaluation and disposals of property investments rose to €418m. This revaluation, which was registered in France as well as in Spain, is the result of the increase in the appraisal value of the assets.

Due to this value creation, Colonial has absorbed the Goodwill of the Axiare acquisition just 12 months after the completion of the merger of both companies in July 2018.

- The recurring financial cost of the Group amounted to €(45)m, a decrease of 12% compared to the same period of the previous year, mainly due to the Group's debt refinancing transactions carried out in 2018 and 2019.
The net financial cost amounted to €(53)m, which is 6% lower than the same period of the previous year due to the inclusion of capitalised expenses of various loans cancelled during this period.
- Profit before taxes and minority interests at the close of the first half of 2019 amounted to €437m.
- The corporate tax expense amounted to €(21)m and mainly corresponds to the recording in France of taxes associated to non-SIIC companies, in particular, the Parholding Group.
- Finally, after deducting the minority interest of €(78)m, the Profit attributable to the Group amounted to €338m, an increase of +33% compared to the previous year.

2. Office markets



Rental markets

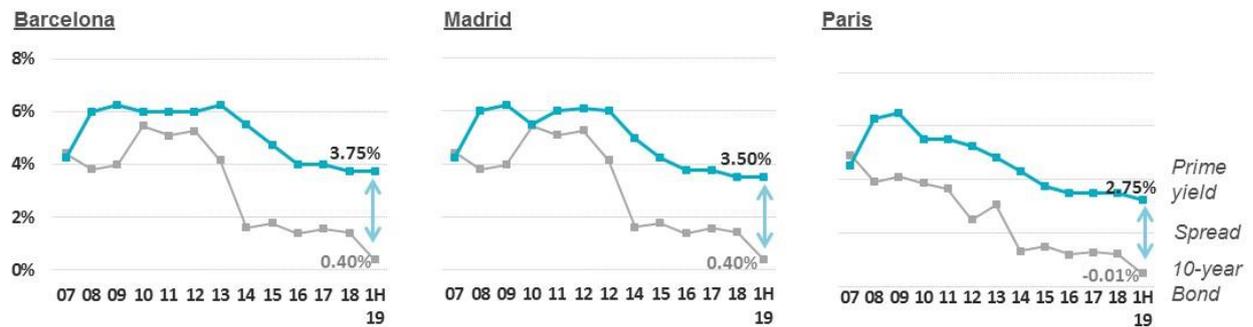
Take-up in the **office market in Barcelona** set a new record during the first half of 2019 with 251,000 sqm signed. Of special mention is that out of the 103,450 sq m signed in the second quarter, 16% was taken up by operators of flexible office spaces, showing their interest in the Barcelona market. Likewise, the short-term future supply about to become available stands at a level at which current demand can easily absorb. The vacancy rate remains at an all-time low of 1.9% in the CBD. A lack of prime supply together with solid take-up continue to drive up rents, with prime rents reaching €26.75/sqm/month, an increase of +6% year to date.

During the second quarter of 2019, more than 191,000 sqm were signed in the **office market in Madrid**, positioning take-up of the first half at 334,500 sqm, an increase of +42% compared to the same period of the previous year. The vacancy rate stood at 9% in Madrid, with a vacancy rate in the CBD at around 6%. At the close of the first half, prime rents continued to grow in Madrid and stood at €35.75/sqm/month, which represents an increase of +4% year to date.

In the offices market in Paris, take-up in the first half of 2019 reached a total of 1,101,000 sqm, in line with the average over recent years. The Coworking market has experienced strong growth in the last three years, proof of this is that, during the first half of 2019, 50% of the transactions of more than 5,000 sqm were led by operators of flexible spaces. Future supply in the coming three years is expected to be 2.2 million sqm, and since it has already been pre-let, it will be insufficient to meet market demand. This situation is highlighted in the CBD, where the vacancy rate stood at 1.6%, an historically low level, continuing to put pressure on prime rents which continue to increase and stand at €830/sqm/year.

Investment market

Prime Yields ⁽¹⁾



(1) Market analysts in Spain report gross yields and in France net yields (see definition in the glossary in appendix 6.11)

Following the recent decision of the European Central Bank to maintain the low interest rates in the Eurozone until June 2020, the 10-year sovereign bonds have fallen to minimum records, increasing the spread between prime yields and sovereign bonds at maximum levels.

The **investment market in Barcelona** continued to show solid fundamentals which led to an increase in investment and which may result in 2019 becoming a record year. The first half of 2019 closed with an investment volume of €620m and a yield of 3.75%. Experts expect a similar investment volume for the second half of 2019.

The cumulative volume in the **investment market in Madrid** exceeded expectations, reaching an investment volume of close to €1,005m in the first half of 2019, exceeding the annual average of the first half historical series by 41%. The trend of previous years continues in which more than two thirds of the investments were led by international investors. Prime yields remained stable at 3.5%.

The **investment market in Paris** performed exceptionally in the first half of 2019 with a transaction volume of more than €9,900m, an increase of 5% compared to the record level of the previous year and 88% above the average over the last ten years. This good result is mainly due to the increased volume of large transactions in the prime CBD and the centre of Paris. Foreign investors have remained very active, responsible for close to 32% of the transaction volume during the first half of the year. After stable semesters, the strong investment volume and an increase in prime rents have all led to an additional compression of prime yields to stand at 2.75%.

Sources: Reports by Jones Lang Lasalle, Cushman & Wakefield, CBRE & Savills

3. Business performance

Gross rental income and EBITDA of the portfolio

- Gross rental income reached **€174m, a +2% year-on-year increase**.

In **like-for-like terms**, adjusting for investments, disposals and variations in the project and renovation pipeline and other extraordinary items, the **Group's gross rental income increased by +4% like for like**.

In Spain, like-for-like rental income increased by +4%: +4% in the Barcelona portfolio and +5% in the Madrid portfolio. In Madrid, this increase was mainly due to the market update on rents on properties such as Egeo and Sagasta 31. In addition, there was a positive increase in occupancy levels in the Discovery Building. In Barcelona, the positive impact mainly came from an increase in rents across the entire portfolio, highlighting the asset Diagonal, 609 and an increase in occupancy in Park Cugat and Torre BCN.

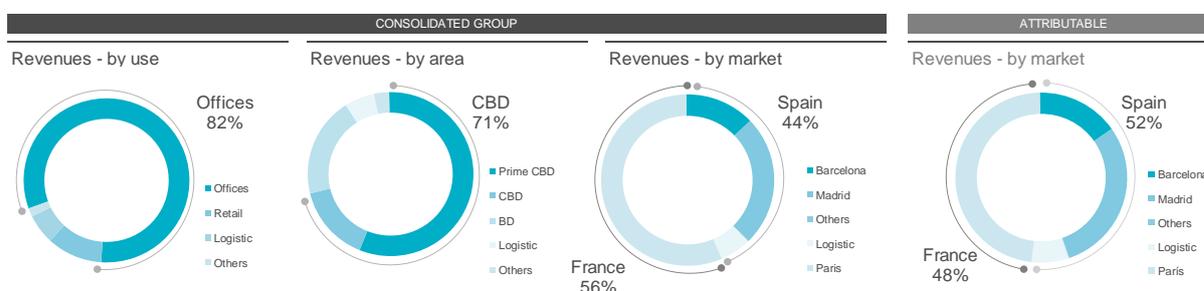
In Paris, like-for-like rental income rose by +4%, mainly driven by signed leases on the Washington Plaza and Cézanne Saint Honoré assets.

| Variance in rents (2019 vs. 2018) €m | Barcelona | Madrid | Paris | Logistic & others | Total |
|---|-----------|--------|-------|----------------------|-------|
| Rental revenues 2018R | 19.7 | 46.2 | 96.1 | 8.3 | 170.3 |
| EPRA Like-for-Like ⁽¹⁾ | 0.6 | 1.9 | 3.3 | (0.1) | 5.7 |
| Projects & refurbishments | 1.5 | (0.9) | (1.8) | 0.0 | (1.2) |
| Acquisitions & Disposals | 1.0 | (3.9) | 0.0 | 2.0 | (0.9) |
| Indemnities & others | 0.0 | 0.1 | 0.3 | 0.0 | 0.4 |
| Rental revenues 2019R | 22.9 | 43.3 | 97.9 | 10.2 | 174.4 |
| Total variance (%) | 16% | (6%) | 2% | 23% | 2% |
| Like-for-like variance (%) | 4% | 5% | 4% | (1%) | 4% |

In Madrid, of note is the reduction in rental income due to the sales carried out at the end of 2018 and the sale of the hotel Centro Norte in 2019 in Madrid. The rotation in the project portfolio, specifically the start of the repositioning of the 83 Marceau, Neuilly and Edouard VII buildings in Paris as well as the Velázquez/Padilla, Miguel Angel and Cedro buildings in Madrid have resulted in a temporary reduction in gross rental income.

(1) EPRA like-for-like: Like-for-like calculated according to EPRA recommendations.

- **Rental income breakdown:** Most of the the Group's rental income, 82%, is from the office portfolio. Furthermore the Group maintains its high exposure on CBD markets. In consolidated terms, 56% of the rental income (€97.9m) came from the subsidiary in Paris and 44% was generated by properties in Spain. In attributable terms, 52% of the rents were generated in Spain and the rest in France.



- **At the end of the first half of 2019, EBITDA rents reached €157m.**

Property portfolio

| June cumulative - €m | 2019 | 2018 | Var. % | EPRA Like-for-like ¹ | |
|---|------------|------------|-----------------|---------------------------------|-----------|
| | | | | €m | % |
| Rental revenues - Barcelona | 23 | 20 | 16% | 0.6 | 4% |
| Rental revenues - Madrid | 43 | 46 | (6%) | 1.9 | 5% |
| Rental revenues - Paris | 98 | 96 | 2% | 3.3 | 4% |
| Rental revenues - Logistic & others | 10 | 8 | 23% | (0.1) | (1%) |
| Rental revenues | 174 | 170 | 2% | 5.7 | 4% |
| EBITDA rents Barcelona | 21 | 18 | 16% | 0.6 | 4% |
| EBITDA rents Madrid | 35 | 38 | (9%) | 1.3 | 4% |
| EBITDA rents Paris | 93 | 90 | 2% | 3.6 | 4% |
| EBITDA rents Logistic & others | 9 | 7 | 18% | (0.7) | (10%) |
| EBITDA rents | 157 | 154 | 2% | 4.8 | 4% |
| <i>EBITDA rents/Rental revenues - Barcelona</i> | <i>91%</i> | <i>91%</i> | <i>(0.2 pp)</i> | | |
| <i>EBITDA rents/Rental revenues - Madrid</i> | <i>80%</i> | <i>82%</i> | <i>(2.3 pp)</i> | | |
| <i>EBITDA rents/Rental revenues - Paris</i> | <i>95%</i> | <i>94%</i> | <i>0.4 pp</i> | | |
| <i>EBITDA rents/Rental revenues - Logistic & others</i> | <i>86%</i> | <i>90%</i> | <i>(3.8 pp)</i> | | |

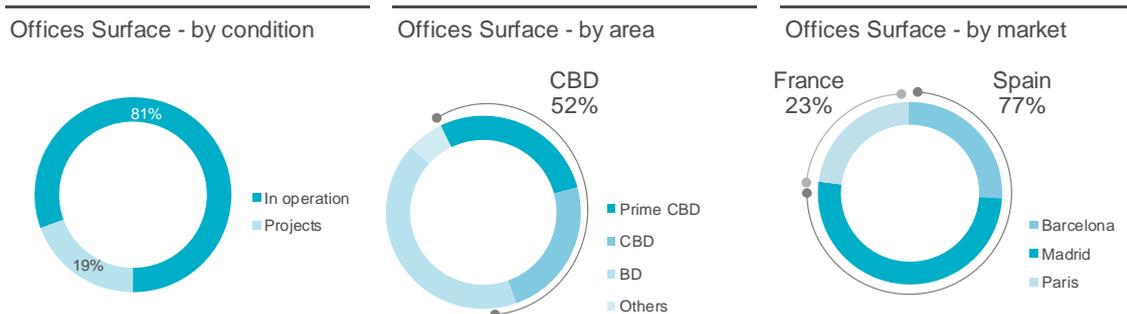
pp = percentages points

The accounting standard requires to register certain property taxes at its accrual time in which implies that the EBITDA ratio/income from the portfolio is artificially low and progressively corrects during the financial period.

Portfolio letting performance

- **Breakdown of the current portfolio by floor area:** At the close of the first half of 2019, the Colonial Group's portfolio totalled 2,278,491 sqm (1,711,703 sqm above ground), primarily related to office buildings, which comprised 1,649,821 sqm.

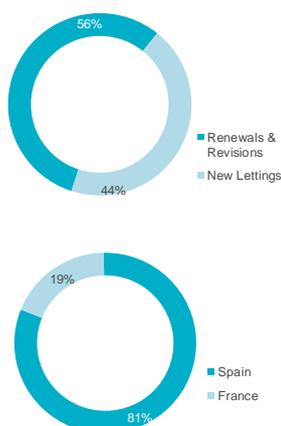
At the close of the first half of 2019, 81% of the office portfolio was in operation and the rest corresponded to an attractive portfolio of projects and refurbishments as well as the land plots of Parc Central in Barcelona and Puerto de Somport in Las Tablas, Madrid.



- **Signed leases - Offices:** During the first half of 2019, the Colonial Group signed leases for 129,345 sqm of offices. 81% (105,209 sqm) were signed in Barcelona and Madrid and the rest (24,136 sqm) were signed in Paris.

New lettings: Out of the total office letting activity, 44% (57,207 sqm) related to new leases, spread over the three markets in which the group operates.

Renewals: Lease renewals relating to 72,137 sqm were completed, of which 56,691 sqm were renewed in Madrid.



Letting Performance - Offices

| June cumulative - sq m | 2019 | Average maturity | % New rents vs. previous |
|---------------------------------------|----------------|------------------|--------------------------|
| Renewals & revisions - Barcelona | 11,823 | 1 | 52% |
| Renewals & revisions - Madrid | 56,691 | 4 | 6% |
| Renewals & revisions - Paris | 3,623 | 4 | 7% |
| Total renewals & revisions | 72,137 | 4 | 11% |
| New lettings Barcelona | 15,365 | 6 | |
| New lettings Madrid | 21,329 | 6 | |
| New lettings Paris | 20,513 | 9 | |
| New lettings | 57,207 | 7 | na |
| Total commercial effort | 129,345 | 5 | na |

Release spreads stood at +11%, highlighting Barcelona with +52% and Madrid with +6%. In Paris, the release spreads stood at +7%.

The letting activity was focused on the offices portfolio. In addition, two rental contracts were signed in the logistics portfolio, corresponding to more than 22,000 sqm.

In Spain, in the first half of 2019, 105,209 sqm were signed across 38 contracts.

In the Madrid portfolio, 78,021 sqm were signed across 19 transactions. The largest transaction relates to the renewal of the entire surface area of Santa Hortensia (more than 40,000 sqm) with a multinational technology company. In addition the following contracts have been renewed: more than 4,100 sqm in Alfonso XII with an engineering consultancy firm and almost 6,000 sqm with a consultancy firm on the Tucumán asset.

In terms of new contracts, noteworthy is the signing in April 2019 of 100% of the project delivered at Avenida Bruselas for the headquarters of MasMovil, an IBEX35 technology company. The company will occupy the building in July, so it is not included in the occupancy ratio for June. It is also worth mentioning the new rentals at Ribera del Loira of more than 2,000 sqm and almost 3,100 sqm at Virto.

In the office portfolio of Barcelona, more than 27,000 sqm were signed across 19 transactions. Worth noting is the pre-letting of the entire Diagonal 525 project which will house the new global headquarters of Naturgy. Also worth highlighting is the pre-letting signed with Uniqlo on the Pedralbes project. In the 22@ district, more than 3,700 sqm were signed on the Diagonal 197 and Illacuna buildings.

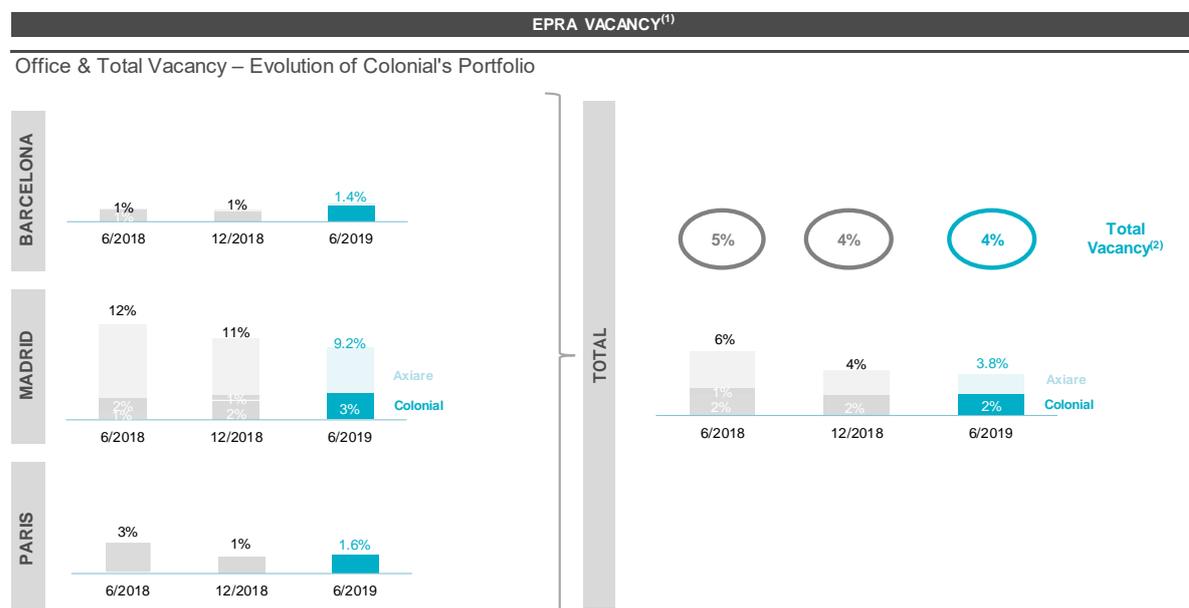
In the Paris portfolio, more than 24,000 sqm were signed across 22 transactions. In terms of renewals, worth highlighting is the 2,700 sqm of office space in the Louvre Saint Honoré building. In terms of new leases, worth noting is the signing of 2,500 sqm on the Edouard VII building, as well as the signing of almost 12,000 sqm on the 106 Haussmann building, among others.

Likewise, it is important to highlight the pre-letting agreement with a 20-year minimum fixed term on the Louvre Saint Honoré project in Paris with the Cartier Foundation.

The transactions described above were closed with rental prices at the high end of the market.

A portfolio with solid occupancy levels

- At the end of the first half of 2019, the Colonial Group's total EPRA vacancy⁽²⁾ stood at 4%⁽²⁾.



- (1) **Financial vacancy:** financial vacancy according to the calculation recommended by EPRA (vacant surfaces multiplied by the market prices/surfaces in operation at market prices).
- (2) Total portfolio including all uses: offices, retail and logistics

Particularly noteworthy are the office portfolios in Barcelona with a vacancy rate of 1.4% and Paris with a vacancy rate of 1.6%, respectively.

The Madrid office portfolio has a vacancy rate of 9%, improving 129 bps since the beginning of the year (+311bp YoY).

A 6% vacancy corresponds primarily to assets in the Axiare portfolio located in Arroyo de la Vega and Campo de las Naciones. Especially noteworthy are the recent deliveries of Avenida de Bruselas (100% let, although the occupancy comes into effect in July) and Ribera del Loira (20% occupancy at June). Additionally, the Virto asset had 40% occupancy in June.

The rest of the Madrid portfolio maintains solid occupancy level maintaining vacancy rates of 3%. The current available GLA represents a supply of maximum quality in attractive market segments, where there is a clear scarcity of Grade A products. Consequently, this offers significant potential for additional rental income to be captured in the coming quarters. In addition, noteworthy is the entry into operation of 1,900 sqm in the Castellana 163 asset, located in the Madrid CBD, which is being successfully repositioned by floors.

Considering the new letting of the 100% surface of Avenida de Bruselas 38 asset, which will be effective during July, the vacancy of the Madrid Portfolio will reach 6.9%.

At the end of the first half of 2019, the **logistics portfolio** of the Colonial Group had a vacancy of 10%, mainly due to the entry into operation of the first phase of the project located in San Fernando de Henares.

Vacancy surface of offices

| Surface above ground (sq m) | Entries into operation ⁽¹⁾ | BD area and others | CBD area | 2019 | EPRA Vacancy Offices |
|-----------------------------|---------------------------------------|--------------------|--------------|---------------|----------------------|
| Barcelona | 0 | 2,473 | 788 | 3,261 | 1.4% |
| Madrid | 22,734 | 10,663 | 7,318 | 40,714 | 9.2% |
| Paris | 0 | 6,026 | 234 | 6,260 | 1.6% |
| TOTAL | 22,734 | 19,162 | 8,340 | 50,236 | 3.8% |

(1) Projects and refurbishments that have entered into operation



Avenida Bruselas 38



Berlin Numancia



Castellana 163



José Abascal 56



Francisco Silvela 42

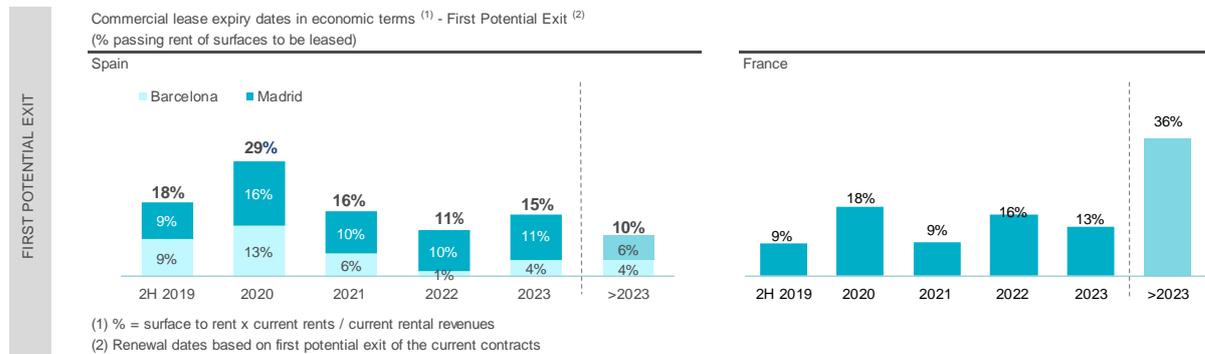


Miguel Ángel 11

Commercial lease expiry and reversionary potential

Commercial lease expiry: The following graphs show the contractual rent roll for the coming years in the office portfolios in Spain and France.

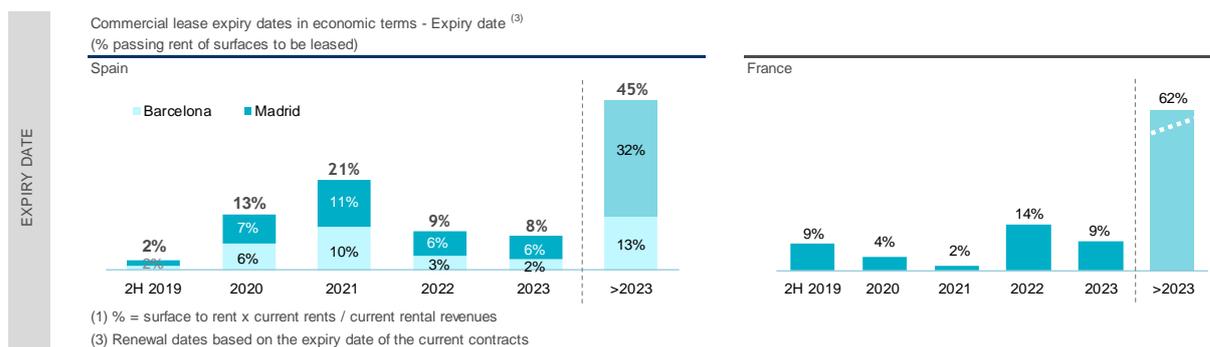
The **first graph** shows the commercial lease expiry dates if the tenants choose to end the contract at the first possible date (break option or end of contract).



In this context, in the next 18 months, there could be in the **Spanish** portfolio a 47% of office contracts renewals, which will enable the company to capture the rental growth cycle with one of the best products available in the market.

In **France**, the contract structure is longer term, in line with the behavior of the players in that market.

The **second graph** shows the rent roll of the portfolio if the tenants remain until the contract expires. The contract structure in Spain is more short-term than in France.

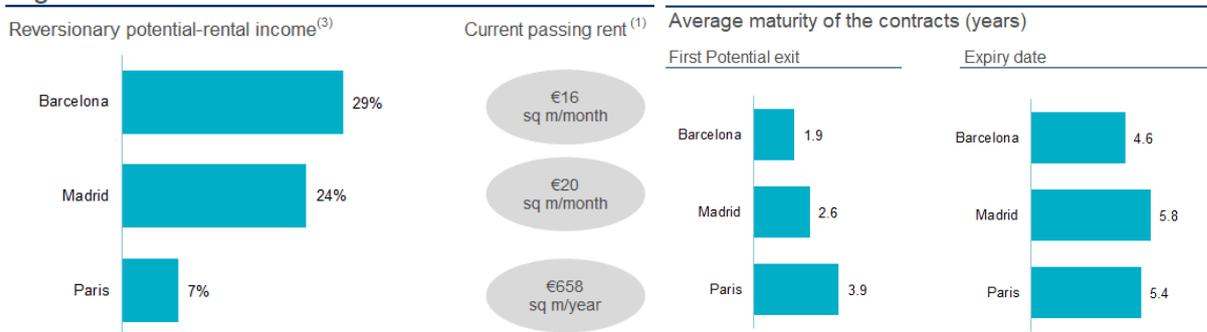


▪ **Reversionary Potential of the rental portfolio**

The Colonial Group’s contract portfolio has a significant reversionary potential. This reversionary potential is the result of comparing the rental prices of the current contracts (contracts with current occupancy and current rents) with the rental price that would result from letting the total surface at the market prices estimated by independent appraisers at 30 June 2019 (not including the potential rents from the projects and significant refurbishments underway).

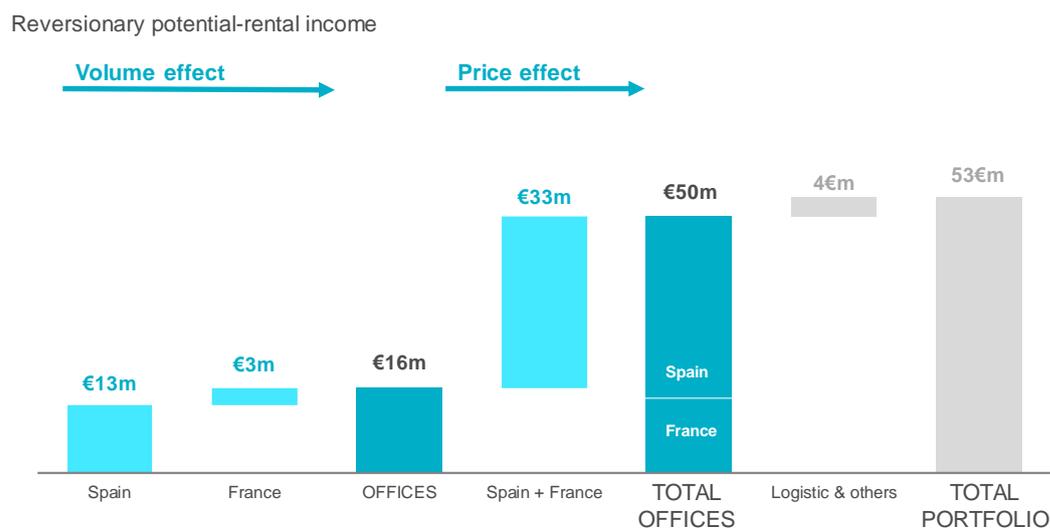
At the close of the first half of 2019, the static reversionary potential⁽²⁾ of the rental revenues of the offices portfolio in operation (considering current rental prices without future impacts from a recovery in the cycle) stood at +29% in Barcelona, +24% in Madrid and +7% in Paris.

Figures at June 2019



(1) Current office rent of occupied surfaces

Specifically, the static reversionary potential⁽²⁾ in the current portfolio would result in approximately €53m of additional annual rental income.



⁽²⁾ Excluding future rental growth due to cycle recovery

⁽³⁾ Reversionary potential: maximum potential of the surfaces portfolio in operation

4. Project portfolio

Project portfolio

- At the release date of this report, Colonial has an office and commercial property portfolio of over 211,000 sqm to create top quality properties, offering high returns and a future value uplift with solid fundamentals. Four of the twelve projects (specifically, the Pedralbes Center, Gala Placidia, Diagonal 525 and Louvré Saint Honoré) already have pre-let agreements in favourable terms, significantly increasing the visibility of future cash flow and value creation. The other projects in the portfolio continue to progress and already have very good market prospects. They are in excellent locations where there is little new offering.

| Project | City | % Group | Delivery | GLA (sqm) | Total Cost €m ¹ | Total Cost €/ sqm ¹ | Yield on Cost |
|------------------------------|-------------------|---------|----------|----------------|----------------------------|--------------------------------|---------------|
| 1 Pedralbes Center | Barcelona CBD | 100% | 1H 19 | 6,917 | 38 | 5,502 | 6.3% |
| 2 Gala Placidia / Utopic_us | Barcelona CBD | 100% | 1H 19 | 4,312 | 17 | 3,922 | 7.0% |
| 3 Miguel Angel 23 | Madrid CBD | 100% | 1H 21 | 8,036 | 66 | 8,244 | 5.6% |
| 4 Castellana, 163 | Madrid CBD | 100% | 2020/ 21 | 10,910 | 52 | 4,803 | 6.6% |
| 5 Diagonal 525 | Barcelona CBD | 100% | 1H 21 | 5,710 | 37 | 6,460 | 6.0% |
| 6 Biome | Paris City Center | 82% | 2H 21 | 24,500 | 283 | 11,551 | 5.0% |
| 7 83 Marceau | Paris CBD | 82% | 1H 21 | 9,600 | 151 | 15,755 | 5.2% |
| 8 Velazquez Padilla 17 | Madrid CBD | 100% | 1H 21 | 17,239 | 113 | 6,532 | 6.8% |
| 9 Plaza Europa 34 | Barcelona | 50% | 2H 21 | 14,306 | 38 | 2,676 | 7.0% |
| 10 Mendez Alvaro Campus | Madrid CBD South | 100% | 2H 22 | 89,871 | 287 ² | 3,188 | 7.4% |
| 11 Sagasta 27 | Madrid CBD | 100% | 2H 22 | 4,481 | 23 | 5,044 | 6.4% |
| 12 Louvré SaintHonoré | Paris CBD | 82% | 2023 | 16,000 | 208 | 13,029 | 7.3% |
| TOTAL OFFICE PIPELINE | | | | 211,882 | 1,313 | 6,198 | 6.3% |

¹ Total Cost Finished Product = Acquisition Cost/ Asset Value pre Project + future Capex

² Upper part of the range: €3,032/sq m - €3,188/sq m and €273m - €287m

- In **Barcelona**, the Gala Placidia and Pedralbes Centre projects are being delivered. The Pedralbes Centre project has enabled the space to be reorganized, increasing the GLA by +27%, optimizing management costs and enabling a bet for large commercial units. This new approach attracted the interest of different top tier tenants including UNIQLO, a global fashion company that has signed a pre-letting agreement for the main space at attractive market rents.

In turn, Gala Placidia has already entered into operation. This asset, which has been pre-let by Utopicus, the operator of flexible spaces of the Colonial Group, is quickly becoming occupied by international companies looking for space flexibility given its location in the CBD and the community offering and services of Utopicus



Likewise, Diagonal 525 has been pre-let by Naturgy in which it will locate its new global corporate headquarters. Currently Colonial has completed the project design and is tendering the works which will begin at the beginning of 2020. The Plaza Europa project continues as planned, the architects' design is completed and the work permit has been obtained.

- In **Madrid**, the projects at Miguel Àngel 23 and Velázquez are progressing as planned and the buildings have been fully vacated, facilitating the start of the refurbishment works. The commercial teams of Colonial have received interest for large spaces in both buildings.

At Castellana 163 work has been completed on the entrances and the façade. The tenant rotation has been accelerated to refurbish the spaces as they become vacant. It is worth mentioning that 3,600 sqm have been pre-let to Utopicus who will dedicate the building to flexible spaces, enabling a significant increase in value in the short and medium term.

The design for the Méndez Álvaro Campus project continues to progress to create the new reference building in the south of the Castellana.



- In the **Paris** portfolio, the three current Flagship projects continue progressing: Biome, 83 Marceau and Louvre St. Honoré.



In Biome, an iconic building is planned of more than 24,500 sqm in the Central-Western area of Paris with natural light, efficient floors of 1,400 sqm to 3,500 sqm and a green area surrounding the building. After receiving the work permit in May 2018, the work began in June 2018 and remains on course.

The project at 83 Marceau will offer one of the best located buildings in Paris – a one-minute walk from the Place de L'Étoile, in one of the most contemporarily designed buildings, providing light to all floors, thanks to the new design of the central atrium. Likewise, it is worth mentioning the façade which will be covered with the same stone as the Arc de Triomphe located a few metres away. The refurbishment works started in May/June 2019 together with the start of the commercialization process.

Finally, of special mention is the project in the Louvre Sainte Honoré building in which a commercial space of 16,000 sqm will be developed on the floors below ground, the ground floor and the first floor of the building with top-quality finishes and technical specifications, expected to be finished in 2023. A pre-let agreement has been signed for this space, at top market prices with a minimum fixed term duration of 20 years, with the Richemont group, a French company specializing in luxury items.

Renovation Program

- In addition to the project portfolio, the Colonial Group is currently carrying out a renovation program on 5 assets in its portfolio, with the aim of increasing the rents and value of these assets. This renovation program is mainly focused on the adaptation of communal areas and updating the facilities, requiring an adjusted investment.

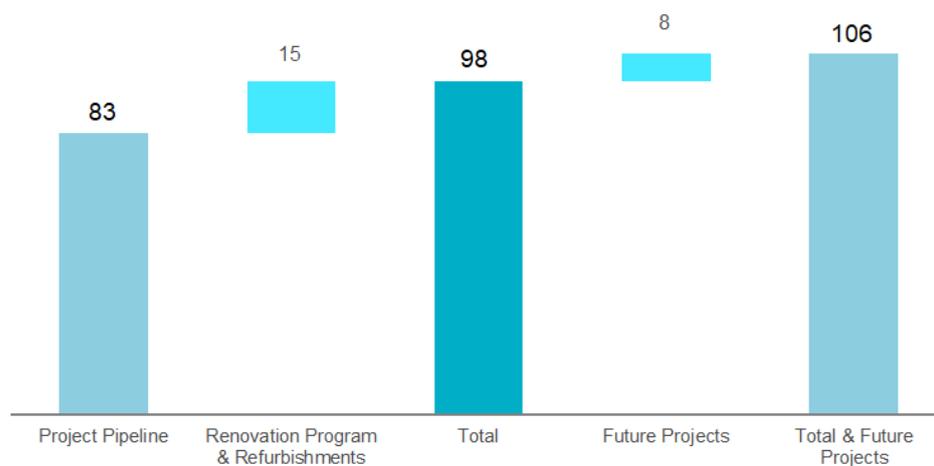


- In Barcelona, repositioning work has begun on the Torre Marenostrum asset in the prime 22@ district, making it a multi-user asset and combining traditional office spaces with Coworking spaces, managed by a company of the group, Utopius,
- In Madrid, in the first half of 2019, adaptation work began on the communal areas and interior atrium of the Cedro building. This renovation will update the building, refurbishing almost all of the building following the departure of the tenant. Likewise, at Ortega y Gasset 100 the space freed-up in May this year is being refurbished. It is worth mentioning that proposals have already been received to occupy this building.
- In Paris, the work permit has been obtained for the renovation project of 12,000 sqm at Hausmann 106 and work will begin in January 2020 following the departure of the current tenant. In May this year, a pre-let agreement for this space was signed for a rent above €800/sqm/year, prime benchmark in Paris and the space will be occupied as of the first quarter of 2021.
- In addition, it is worth mentioning that the Colonial Group has a plot of land of more than 14,000 sqm in the sub-market of 22@ in Barcelona and a plot of land of 22,000 sqm in Puerto de Somport (Las Tablas, Madrid), on which it can carry out future projects.

Potential of the project portfolio and renovation program

- The project portfolio as well as the new acquisitions will result in additional annual rents of approximately €106m.

Additional rental income from projects and significant refurbishments - €m



5. ESG¹ Strategy – Environmental, Social and Corporate Governance

- Colonial pursues the clear leadership in ESG, being a fundamental key in its growth strategy in which offering maximum quality in its portfolio constitutes a main characteristic. This fact is reflected in the high number of certifications in the Colonial Group's property portfolio.
- 91% of the portfolio has energy certificates LEED and BREEAM. In particular, €1,845m of the assets have LEED ratings and €8,837m of the assets have BREEAM ratings.
- This level of certification is clearly above the sector average. The strategic sustainability plan carries out improvements in energy efficiency, betting on continuous improvement asset by asset.
- In addition to the strategy on environmental sustainability, Colonial opts for the highest standards in Corporate Governance and a clear ambition in social aspects and attraction of talent. In this respect, Colonial has adhered to the 10 principles of the United Nations Global Compact referring to Human Rights, Employment Rights, the Environment and the fight against corruption, ensuring that these principles form part of its strategy and culture.
- Colonial has an ESG Committee made up of members of the Board of Directors of the Company to carry out a future Business Plan strategy in this field.
- Accordingly, Colonial has achieved important advances in corporate ratings that evaluate all of the non-financial-ESG aspects.

| BENCHMARK / INDEX | ACHIEVEMENT / RATING |
|---|--|
|  | <ul style="list-style-type: none"> > GRESB / BREEAM 2019 Award for Responsible Real Estate Investment > #1 in the large portfolio category (>1bn€) > 91% of the portfolio with top ranked energy certification |
|  | <ul style="list-style-type: none"> > AA Rating (up from BBB) > One of the highest ratings in Europe > Strong scoring on Governance |
|  | <ul style="list-style-type: none"> > Gold 3rd year in a row > Gold since 2016 > First mover in Spain |
|  | <ul style="list-style-type: none"> > Green Star 2nd year in a row > Strong performance on building certificates > <u>Gresb</u> member |
|  | <ul style="list-style-type: none"> > "Good practice" rating > Index inclusion 2018 > Strong performance on Governance & Supply Chain |

(1) ESG = Environmental, Social and Governance

- The high quality of Colonial's portfolio is reflected in the high level of certification of its assets. In March 2019, BREAM/GRESB recognized the Colonial Group as the leader, number one in Europe, in responsible investment through the "Award for Responsible Real Estate Investment" in the large portfolio category.
- Colonial's European leadership in relation to sustainability in its sector has enabled Colonial to obtain the first sustainable loan to be granted to a Spanish company in the real estate sector. Granted by ING, the loan is for an amount of €76m, maturing in December 2023. The granting of the loan is linked to the sustainability strategy of the company and the interest will vary in accordance with the rating that Colonial obtains in relation to ESG (environmental, social and corporate governance) from the sustainability agency GRESB.
- In May 2019, Colonial signed a second sustainable loan with Caixabank in the amount of €75m, maturing in July 2024. The conditions of this type of loan are linked to the recognition of the good impact of the sustainability strategy of the company, by indices carried out by independent entities.
- The Window Building has received the 2018 Innovation Prize awarded by the Spanish Association of Offices (AEO). This building constitutes an innovative operation due to the unique architectural solution, representative of an urban fabric complex and high, demanding municipal standards. The building provides an architectural solution which very effectively resolves this equation of urban incognitos, while also possessing an adequate level of efficiency and high-quality equipment in its facilities.



The Window Building is a clear example of an innovative real estate operation in response to complex urban surroundings and standards.

6. Digital Strategy & Coworking

During the first half 2019, Utopicus fulfilled the main objectives established:

- 1- Expansion of the number of centres and reinforcement of the Utopicus brand as leader in Spain
- 2- Occupancy and optimization of the centres in operation

Expansion and positioning of the Utopicus brand

During the first half of 2019, Utopicus opened four new centres in Madrid and Barcelona. The spaces will provide more than 11,500 sqm of surface area for Coworking and the capacity for 1,287 new users:

- **Gran Vía (Madrid) – Cibeles** is the new reference centre of Utopicus in Gran Vía street, the most emblematic street in Madrid. The premise offers more than 5,000 sqm of surface area and the building has offices for up to 100 people, a club, a restaurant, innovation rooms and an auditorium.
- **Glories (Barcelona)**, Utopicus, which occupies a part of Colonial's new building, Parc Glories, is in the best area of 22@ in Barcelona. The space provides a mix of flexible uses with the use of traditional offices and has 2,000 sqm of surface area for 232 workstations.
- **Clementina (Barcelona)**, located in the heart of the Barcelona's neighborhood, Gracia, has 600 sqm and the capacity for 75 workstations in a very dynamic area of the city.
- **Gala Placidia (Barcelona)** was designed for large companies that look for flexible spaces and is located in the traditional **Barcelona CBD** just a few minutes away from Diagonal. The space with more than 4,000 sqm provides room for more than 500 workstations and areas to carry out events and courses. In addition, there is a spectacular terrace.



Likewise, work continues for the opening of four new centres over the coming months. Once finalised, Utopicus will manage 14 centres with a surface area in operation of 40,000 sqm and the capacity for 4,486 workstations, strengthening its leadership in the segment of flexible office and Coworking spaces in Spain.

Occupancy and optimization of the centres in operation

- In the first half of 2019, efforts were also concentrated on the improvement in occupancy and optimization of the centres in operation opened in 2018. For example, a joint commercial campaign between Utopicus and Colonial has been launched with the objective of making the new flexible spaces known to the traditional clients of Colonial to generate new cross-sales.
- In this respect, of note is the good evolution of “The Window”, the new office building developed by Colonial in calle Príncipe de Vergara 122. This building combines an Utopicus centre of 4,000 sqm together with the GLA of traditional office space. The obtained results were successful, increasing the occupancy of the building with higher rental income than expected.
- It is also important to highlight the centre in Plaza Cataluña opened in May 2018, which after only 12 months in operation has already reached 94% occupancy, with technology companies as the main tenants.

| Center | City | Status | Entry in operation | Surface | Users MAX | Occupancy ¹ | |
|--------------|-------------------|-----------|--------------------|---------|---------------|------------------------|-----|
| 1 | Duque de Rivas | Madrid | In operation | 2010 | 976 | 123 | 55% |
| 2 | Colegiata | Madrid | In operation | 2010 | 1,222 | 111 | 71% |
| 3 | Conde Casal | Madrid | In operation | 2017 | 1,089 | 148 | 68% |
| 4 | Plaça Catalunya | Barcelona | In operation | 2018 | 1,400 | 197 | 94% |
| 5 | Orense | Madrid | In operation | 2018 | 1,827 | 239 | 67% |
| 6 | Principe Vergara | Madrid | In operation | 2018 | 3,852 | 500 | 71% |
| 7 | Clementina | Barcelona | In operation | 1Q 2019 | 600 | 75 | 56% |
| 8 | Gran Via | Madrid | In operation | 1Q 2019 | 4,990 | 465 | 47% |
| 9 | Parc Glories | Barcelona | In operation | 1Q 2019 | 2,002 | 195 | 64% |
| 10 | Gala Placidia | Barcelona | In operation | 1H 2019 | 4,000 | 532 | 46% |
| 11 | Castellana, 163 | Madrid | Project | 2H 2019 | 3,660 | 448 | n/a |
| 12 | Jose Abascal, 56 | Madrid | Project | 2H 2019 | 2,351 | 278 | n/a |
| 13 | Habana | Madrid | Project | 2H 2020 | 5,791 | 762 | n/a |
| 14 | Torre Marenostrum | Barcelona | Project | 1H 2020 | 3,856 | 413 | n/a |
| Total | | | | | 37,616 | 4,486 | |

¹ Commercial Occupancy as of 30/06/19

7. Portfolio valuation

- At the end of the first half of 2019, the assets of the Colonial Group were appraised at €11,798m (€12,390m including transfer costs).
- The assets in Spain and France have been appraised by Jones Lang LaSalle, Cushman & Wakefield and CB Richard Ellis. The appraisal figures are updated half-yearly, following the best market practices, in compliance with the Regulation Standards of the Royal Institution of Chartered Surveyors (RICS) comprised in the Red Book valuation manual.
- The market valuations defined by the RICS are internationally recognized by advisors and accountants of investors and corporations that own real estate assets, as well as The European Group of Valuers (TEGoVA) and the International Valuation Standards Committee (IVSC). The appraisers' fees are determined by the volume for the specific workout of each assignment.

Gross Asset Values - Excluding transfer costs

| Asset valuation (€m) | 30-jun-19 | 30-dec-18 | 30-jun-18 | Jun 19 vs Dec 18 | | Jun 19 vs Jun 18 | |
|--|---------------|---------------|---------------|------------------|--------------------|------------------|--------------------|
| | | | | Total | LfL ⁽¹⁾ | Total | LfL ⁽¹⁾ |
| Barcelona | 1,268 | 1,175 | 973 | 8% | 8% | 30% | 18% |
| Madrid | 2,460 | 2,511 | 2,760 | (2%) | 4% | (11%) | 9% |
| Paris | 6,484 | 6,256 | 6,242 | 4% | 4% | 4% | 6% |
| Portfolio in operation ⁽²⁾ | 10,211 | 9,942 | 9,974 | 3% | 4% | 2% | 8% |
| Projects | 1,099 | 925 | 762 | 19% | 5% | 44% | 13% |
| Logistics & others | 488 | 480 | 454 | 2% | 2% | 7% | 7% |
| Colonial group | 11,798 | 11,348 | 11,190 | 4% | 4% | 5% | 9% |
| Spain | 4,975 | 4,779 | 4,781 | 4% | 5% | 4% | 12% |
| France | 6,823 | 6,570 | 6,409 | 4% | 4% | 6% | 6% |

Gross Asset Values - Including transfer costs

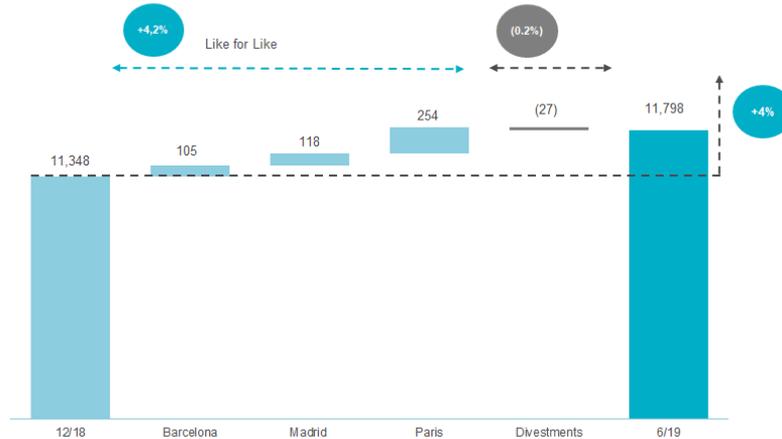
| | | | | | | | |
|-----------------------|---------------|---------------|---------------|-----------|-----------|-----------|-----------|
| Colonial group | 12,390 | 11,915 | 11,730 | 4% | 4% | 6% | 9% |
| Spain | 5,115 | 4,910 | 4,919 | 4% | 5% | 4% | 12% |
| France | 7,276 | 7,005 | 6,811 | 4% | 4% | 7% | 7% |

⁽¹⁾ Portfolio in comparable terms

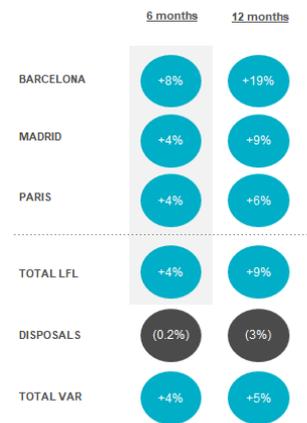
⁽²⁾ Portfolio in operation: current rental portfolio as well as new entries into operation of completed projects

- The **Colonial Group's** Gross Asset Value at the close of the first half of 2019 amounted to **€11,798m**, a like-for-like year-on-year increase of **+9%** (+4% in 6 months). Including the impact of the sales carried out, the year-on-year increase was **+5%** (+4% in 6 months).

VARIANCE ANALYSIS VALUE 6 MONTHS - €m



GAV VARIANCE



This increase in value is a consequence of the rental price increases and the compression of yields throughout the portfolio, complemented by the increases in value obtained through the successful execution of projects.

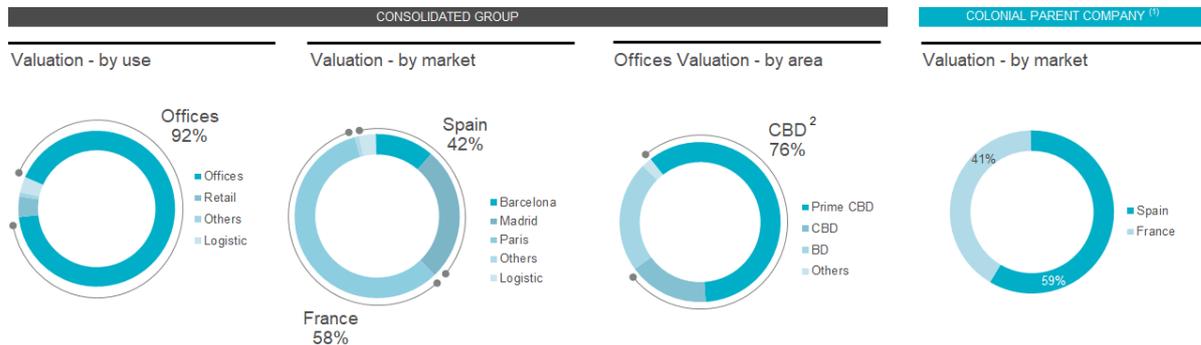
By segment, the **Barcelona** and **Madrid** portfolios reached a like-for-like year-on-year growth of **+19%** and **+9%**, respectively. It is important to specifically highlight the strong revaluation of **+8%** in the last 6 months in Barcelona.

The **Paris** portfolio increased **+6% like-for-like year-on-year** (+4% like-for-like in the first 6 months of 2019) clearly establishing a benchmark for growth in the Paris market.

In general terms, the increase in gross asset value is a consequence of three factors:

1. Rental price increases captured in recent quarters by the Colonial Group's portfolio in the three markets
2. The Group's industrial approach that enables superior value creation through portfolio repositioning and Prime Factory projects
3. A growing interest by investors in prime assets, driving down yields, especially in the Paris CBD market, which is one of the core markets that attracts more investors on a global level

- The breakdown of the valuation of the Group's rental portfolio by use, market and type of product is shown below:



(1) France: SFL shares valued in NAV. Spain = GAV assets held directly + NAV participation SPV TMN + Value JV Plaza Europa 34
 (2) CBD Barcelona, includes the 22@ segment market assets

- Regarding the valuation of the portfolio in operation, the main value parameters are as follows:

| Portfolio in operation | €m | sq m above ground (*) | €/sq m (*) | Valuation Yield |
|------------------------|-------|-----------------------|------------|-----------------|
| Barcelona | 1,268 | 241,187 | 5,256 | 4.53% |
| Madrid | 2,460 | 380,462 | 6,466 | 4.38% |
| Paris | 6,484 | 342,806 | 18,913 | 3.20% |

Gross Yields: Barcelona (4.53%), Madrid (4.38%)
 Net Yields: Paris (3.20%)

When comparing the valuation parameters of Colonial's appraisal values with market data, the following must be taken into consideration:

- In Spain, consultants publish gross yields in their market reports (Gross yield = gross rent/value excluding transfer costs).
- In France, consultants publish net yields in their market reports (Net yield = net rent/value including transfer costs).

(*) In Barcelona the sqm for the calculation of the capital value correspond to the surface above ground of all the assets in Barcelona, excluding the Parc Central, Plaza Europa Gala Placidia and Pedralbes Centre projects and the surface area of non-core retail assets.
 In Madrid, the sqm correspond to the surface above ground of all assets in Madrid, excluding the Méndez Álvaro complexes, the Puerto Somport 10-18, Sagasta 27, Miguel Ángel 23, Velázquez Padilla, Cedro y Castellana 163 projects, as well as the surface area of non-core retail assets.
 In France, the sqm correspond to the surface above ground of the entire portfolio, excluding the Emile Zola & Léna project and including certain rentable surfaces below ground in the portfolio not corresponding to parking units.

- The appraisal certificate is as follows:

CONSEJO DE ADMINISTRACIÓN
 INMOBILIARIA COLONIAL, SOCIMI S.A.
 Av. Diagonal 532
 08006 Barcelona

Madrid, 22nd July 2019

Dear Sirs,

In accordance with your instruction, JLL Valoraciones, S.A. and CBRE, as valuers of the Colonial portfolio in Spain, and Jones Lang LaSalle Expertise and Cushman & Wakefield, as SFL valuers in France; have carried out the valuation reports of the freehold interest of the portfolio of properties of Inmobiliaria Colonial (Spain and France) as at 30th of June 2019 for internal use of the company.

According to the aforementioned reports, the Net Market Value of the company's portfolio is:

11,797,638,324 EUROS

(Eleven Thousand Seven Hundred and Ninety Seven Million
 Six Hundred and Thirty Eight Thousand Three Hundred and Twenty Four Euros)

The breakdown is as follows:

| Unit | Market Value (excl. Transfer costs) | Gross Value (incl. Transfer costs) |
|-------------------------------|-------------------------------------|------------------------------------|
| Madrid | 3,446,951,684 € | 3,537,533,144 € |
| Barcelona | 1,368,036,000 € | 1,411,608,151 € |
| Rest of Spain | 159,536,440 € | 165,594,518 € |
| Total Colonial (Spain) | 4,974,524,324 € | 5,114,735,813 € |
| Total SFL (Paris) | 6,823,114,000 € | 7,275,717,330 € |
| Total Colonial + SFL | 11,797,638,324 € | 12,390,453,143 € |

For the avoidance of doubt, each valuer only accepts responsibility for the assets that they have valued within the portfolio. The portfolio value assumes 100% ownership for all the properties.

The valuation has been carried out in accordance with the Practice Statement and the relevant Guidance Notes in the RICS Appraisals and Valuations Manual prepared by the Royal Institution of Chartered Surveyors and with the General Principles adopted in the Preparation of Valuations and Reports.



Cushman & Wakefield Valuation France SA
 Tour Opus 12 - 77 Esplanade du Général de Gaulle
 92081 Paris La Défense Cedex
 Tél. : +33 (0)1 53 76 92 92
 Société anonyme au capital de 6 616 304 €
 RC Siret 332 111 574 00049
 N° TVA intracommunautaire FR10 332 111 574

Handwritten signatures and stamps:
 - Signature: A Edwards
 - Stamp: Royal Institution of Chartered Surveyors, RICS, Fernando Fuente, MRICS, Membership No 120261
 - Stamp: CBRE VALUATION ADVISORY, S.A., Presidencia de J.P. de la Cruz, 202, Ptas. 8... 28014 Madrid, EDIFICIO CASTELLANA 200

8. Financial structure

In the first half of 2019, Colonial finalized the restructuring of the pending debt coming from Axiare, cancelling various bilateral loans in the amount of €162m and refinancing two bilateral loans in the amount of €151m, improving margins and cancelling mortgage securities. The refinanced loans are sustainable loans as their margin will vary according to the rating that Colonial obtains with respect to ESG (environmental, social and corporate governance) from the sustainability agency, GRESB.

Short-term note issues were initiated under the ECP program registered in December 2018, with issues of €424m in effect as of 30 June 2019.

SFL has restructured a syndicate loan of €390m that has resulted in an improvement both in terms of margins as well as maturity. During the first half of the year, SFL also carried out short-term note issues being €354m the notes in effect as of June.

The main debt figures of the Group are as follows:

| Colonial Group - €m | 12/18 | 6/19 | Var. |
|---|------------------|------------------------|------------|
| Gross financial debt | 4,748 | 5,030 | 6% |
| Net financial debt | 4,680 | 4,700 | 0,4% |
| Total liquidity ⁽¹⁾ | 1,793 | 2,195 | 22% |
| % debt fixed or hedged | 97% | 85% | (12%) |
| Average maturity of the debt (years) ⁽²⁾ | 5.9 | 5.3 | (0.6) |
| Cost of current debt | 1.77% | 1.58% | (20 p.b.) |
| Rating Colonial (Moody's) | BBB+ | BBB+ | |
| Rating Colonial (S&P's) | Baa2 Negative | Baa2 Stable | |
| Rating SFL (S&P's) | BBB+ | BBB+ | - |
| LtV Group (including transfer costs) | 39.3% | 37.9% | (135 p.b.) |

(1) Cash & Undrawn balances

(2) Average maturity based on available debt

The net financial debt of the Group at 30 June 2019 stood at €4,700m, the breakdown of which is as follows:

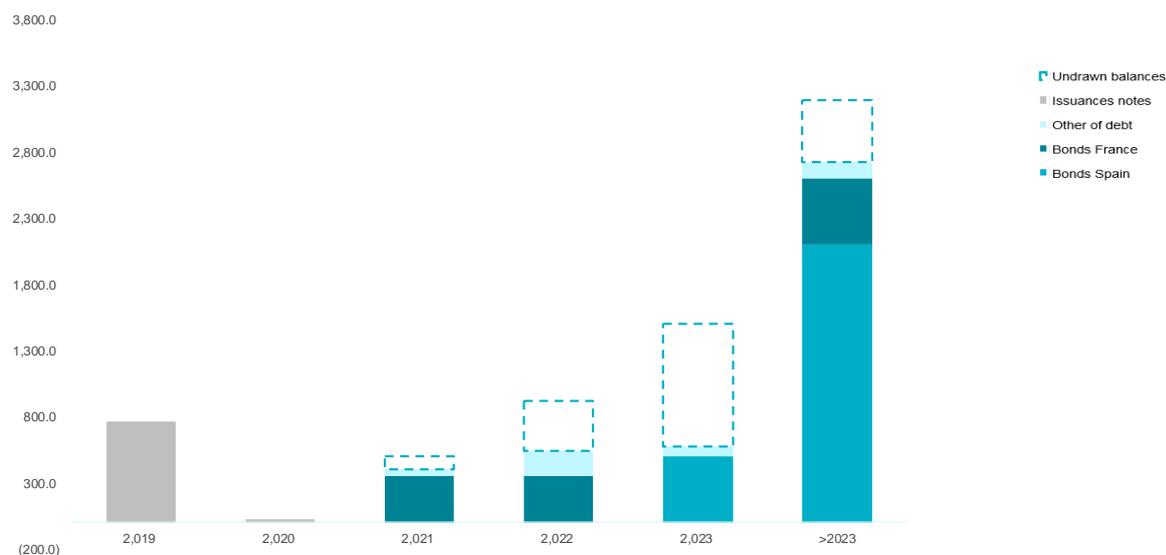
| €m | December 2018 | | | June 2019 | | | Var | Cost | Average maturity ⁽²⁾ |
|--------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|------------|--------|---------------------------------|
| | Colonial | SFL | TOTAL | Colonial | SFL | TOTAL | | | |
| Syndicate loan | 70 | 0 | 70 | 0 | 0 | 0 | (70) | - | 4,6 |
| Mortgage debt | 314 | 201 | 515 | 76 | 200 | 276 | (239) | 1,33% | 3,4 |
| Bonds Colonial | 2,600 | - | 2,600 | 2,600 | - | 2,600 | 0 | 2,05% | 6,3 |
| Bonds SFL | - | 1,200 | 1,200 | - | 1,200 | 1,200 | 0 | 1,83% | 4,1 |
| Issuances notes | - | 263 | 263 | 424 | 354 | 778 | 516 | -0,20% | 0,2 |
| Other debt | 50 | 50 | 100 | 125 | 50 | 175 | 75 | 1,02% | 4,1 |
| Gross debt | 3,034 | 1,714 | 4,748 | 3,225 | 1,804 | 5,030 | 282 | | 5,3 |
| Cash | (43) | (25) | (68) | (287) | (43) | (330) | (261) | | |
| Net Debt | 2,991 | 1,688 | 4,680 | 2,938 | 1,761 | 4,700 | 20 | | |
| Total liquidity ⁽¹⁾ | 848 | 945 | 1,793 | 1,162 | 1,033 | 2,195 | 401 | | |
| Cost of debt - Spot (%) | 1.95% | 1.46% | 1.77% | 1.69% | 1.37% | 1.58% | -20 p.b. | 1,58% | 5,3 |

(1) Cash & Undrawn balances

(2) Average maturity calculated based on available balances

At the close of the first half of 2019, the Group's gross debt amounted to €5,030m (compared to €5,378m at 30 June 2018) with a net debt of €4,700m (compared to €4,633m at 30 June 2018).

In terms of the maturity schedule, it is particularly noteworthy that 64% of the Group's debt will mature as of 2023¹.



(1) Without considering tactical short term issuances notes

Financial results

- The main figures of the financial result of the Group are shown in the following table:

| June cumulative - €m | COL | SFL | 2019 | 2018 | Var. % |
|---|-------------|-------------|-------------|-------------|------------|
| <i>Recurring financial expenses - Spain</i> | (32) | 0 | (32) | (37) | 13% |
| <i>Recurring financial expenses - France</i> | 0 | (16) | (16) | (17) | 8% |
| Recurring Financial Expenses | (32) | (16) | (48) | (54) | 12% |
| Recurring Financial Income | 1 | 0 | 1 | 1 | (20%) |
| Capitalized interest expenses | 0 | 2 | 2 | 3 | (13%) |
| Recurring Financial Result | (32) | (13) | (45) | (51) | 12% |
| Non-recurring financial expenses | (5) | (0) | (5) | (3) | 86% |
| Non-recurring Financial Income | 0 | 0 | 0 | (1) | (100%) |
| Change in fair value of financial instruments | (2) | (2) | (3) | (2) | (36%) |
| Financial Result | (38) | (15) | (53) | (56) | 6% |

- The debt refinancing operations of the Group carried out in 2018 and in the first quarter of 2019 have resulted in a reduction in the recurring financial result of more than 11% with respect to the same period of the previous year (or of more than 15% taking into account the financial result of the month of January 2018 of Axiare, not included in the consolidated data of Colonial as the takeover bid materialized with effect from 1 February 2018).

The beformentioned improvement is the result of the debt restructuring that the Group has carried out the latest months, mainly:

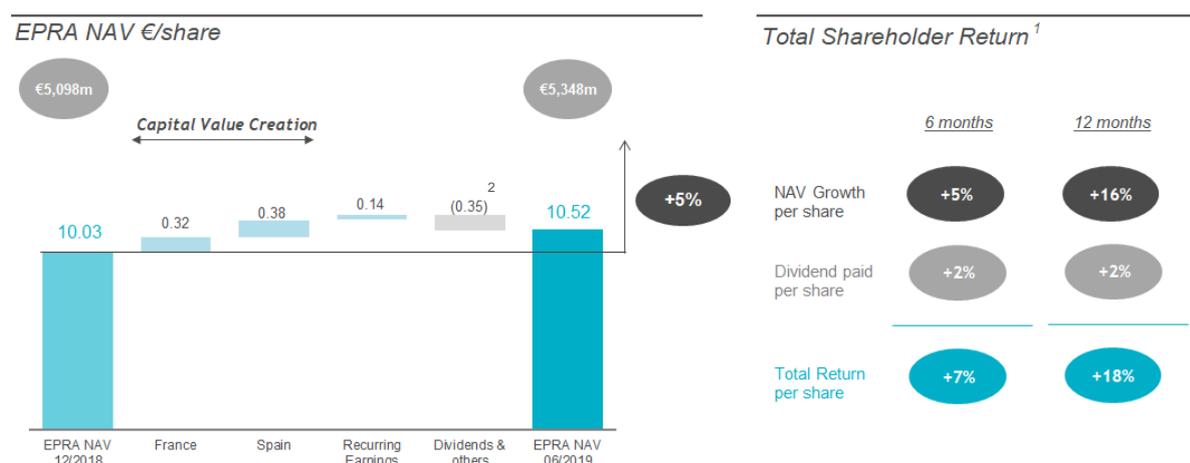
- Transactions of bond buy-back in Colonial and SFL and new issuances, improving interest rates and maturity
 - Cancellation of pending debt coming from Axiare
 - Implementation of short-term note issues program of Colonial and SFL amounting €1,000m
- The spot financial cost of the drawn debt at the close of the first half of 2019 amounted to 1.58% compared to 1.90% from the same period of the previous year (1.77% at December 2018). Including formalization costs, accrued over the life of the debt, the financial cost amounts to 1.70%.

9. EPRA Net Asset Value & Share price performance

EPRA Net Asset Value (NAV)

Colonial closed the first half of 2019 with an EPRA Net Asset Value of €10.52/share resulting in a year-on-year increase in value of +16%, which together with the paid dividend of €0.20/share led to a Total Shareholder Return of 18% year-on-year

In absolute terms, the EPRA NAV amounted to more than €5,348m (+29% year-on-year).



(1) Total return understood as growth in NAV per share + dividends paid

(2) Dividend of 0.20€/share, Goodwill absorption and other effects

The **EPRA Net Asset Value (EPRA NAV)** is calculated based on the Group's consolidated equity and adjustments of specific items following EPRA recommendations.

| EPRA Net Asset value - €m | 06/2019 | 12/2018 |
|--|--------------|--------------|
| NAV per the Consolidated financial statements | 5,047 | 4,811 |
| Effect of exercise of options, convertibles and other equity interests (diluted basis) | | |
| Diluted NAV, after the exercise of options, convertibles and other equity interests | | |
| Include: | | |
| (i.a) Revaluation of investment properties (if IAS 40 cost option is used) | 27 | 31 |
| (i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used) | na | na |
| (i.c) Revaluation of other non-current investment | 19 | 19 |
| (ii) Revaluation of tenant leases held as finance leases | na | na |
| (iii) Revaluation of trading properties | 7 | 7 |
| Exclude: | | |
| (iv) Fair value of financial instruments | 4 | 2 |
| (v.a) Deferred tax | 244 | 228 |
| (v.b) Goodwill as a result of deferred tax | - | - |
| Include/exclude: | | |
| Adjustments (i) to (v) above in respect of joint ventures interests | na | na |
| EPRA NAV - €m | 5,348 | 5,098 |
| Goodwill | 0 | (62.2) |
| Adjusted EPRA NAV - €m | 5,348 | 5,036 |
| N° of shares (m) | 508.1 | 508.1 |
| EPRA NAV - Euros per share | 10.52 | 10.03 |
| Adjusted EPRA NAV - Euros per share | 10.52 | 9.91 |

Calculation of the EPRA NAV: Following the EPRA recommendations and starting from the consolidated equity of €5,047m, the following adjustments were carried out:

1. Revaluation of investment assets: corresponding to latent capital gains (not accounted for on the balance sheet) of specific assets registered at acquisition cost, mainly own use assets.
2. Revaluation of other investments: register at fair value of several investments of the Group registered in the balance sheet at acquisition cost, mainly treasury shares
3. Adjustment of deferred taxes: adjustment of the amount of deferred taxes associated with the revaluation of the property assets (+€244m), registered on the balance sheet
4. Market value of financial instruments: adjustment of the market value (mark to market) of derivative instruments

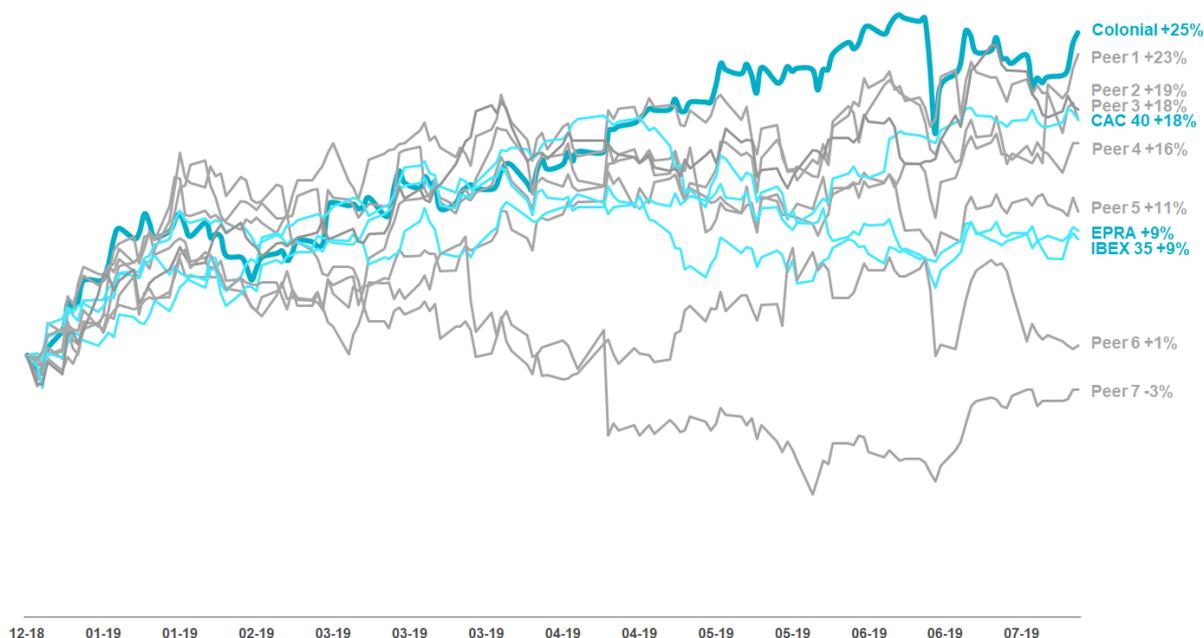
At 30 June 2019, the **EPRA NNNAV**(*) amounted to €4,831m, which corresponds to **€9.51/share**

| EPRA Triple Net Asset value (NNNAV) - €m | 06/2019 | 12/2018 |
|--|--------------|---------------|
| EPRA NAV | 5,348 | 5,098 |
| Include: | | |
| (i) Fair value of financial instruments | (4) | (2) |
| (ii) Fair value of debt | (269) | (14) |
| (iii) Deferred tax | (244) | (229) |
| (iv) Tax credits on balance | na | na |
| EPRA NNNAV - €m | 4,831 | 4,853 |
| <i>Goodwill</i> | <i>0</i> | <i>(62.2)</i> |
| Adjusted EPRA NNNAV - €m | 4,831 | 4,791 |
| N° of shares (m) | 508.1 | 508.1 |
| EPRA NNNAV - Euros per share | 9.51 | 9.55 |
| Adjusted EPRA NAV - Euros per share | 9.51 | 9.43 |

For its calculation, the following items have been adjusted in the EPRA NAV: the fair market value of the financial instruments, the market value of the debt, and the taxes that would be accrued in case of the disposal of the assets at their market value.

Share price performance

As at the date of publication of this report, Colonial's shares closed at €10.13 per share with a revaluation of +25%, a figure above the benchmark indices (EPRA & IBEX35). With respect to its main competitors, Colonial is positioned at the top tier of the sector.



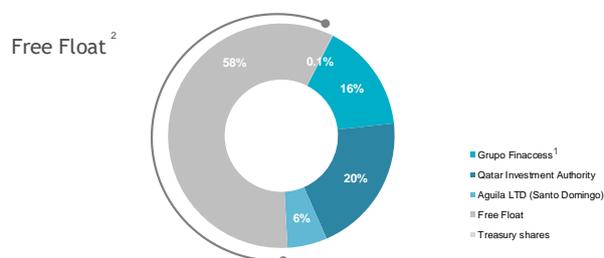
There are currently 19 analysts, both national and international, covering the company. It is worth highlighting the reports issued by Banco Sabadell, with a target price of €11.1/share, as well as Goldman Sachs with a target price of €11.3/share.

| | Institution | Analyst | Date | Recommendation | Target Price actual |
|----|-----------------------|---------------------------------|------------|----------------|---------------------|
| 1 | Goldman Sachs | Jonathan Kownator | 24/07/2019 | Buy | 11,30 |
| 2 | Banco Santander | José Francisco Cravo | 12/07/2019 | Buy | 10,60 |
| 3 | Green Street Advisors | Peter Papadakos | 01/07/2019 | Neutral | Restricted |
| 4 | Alpha Value | Laura Parisot | 27/06/2019 | Sell | 10,10 |
| 5 | ING | Jaap Kuin | 26/06/2019 | Neutral | 10,80 |
| 6 | Renta4Banco | Pablo Fernández | 24/06/2019 | Neutral | 10,80 |
| 7 | Banco Sabadell | Ignacio Romero | 20/06/2019 | Buy | 11,10 |
| 8 | JB Capital | Daniel Gandoy | 20/06/2019 | Neutral | 10,40 |
| 9 | BPI | Flora Trindade | 03/06/2019 | Neutral | 10,50 |
| 10 | Barclays | Celine Huynh | 24/05/2019 | Buy | 10,60 |
| 11 | Kepler Cheuvreux | Mariano Miguel | 24/05/2019 | Neutral | 10,40 |
| 12 | Bankinter | Jesús Amador | 10/05/2019 | Sell | 7,80 |
| 13 | Kempen & Co | Max Mimmo | 10/05/2019 | Buy | 10,90 |
| 14 | Alantra Equities | Fernando Abril-Martorell García | 10/05/2019 | Neutral | 10,30 |
| 15 | Mirabaud | Ignacio Méndez | 10/05/2019 | Sell | 8,14 |
| 16 | JP Morgan | Neil Green | 09/05/2019 | Buy | 10,30 |
| 17 | Morgan Stanley | Bart Gysens | 09/05/2019 | Buy | 11,00 |
| 18 | Intermoney Valores | Guillermo Barrio | 09/05/2019 | Neutral | 9,50 |
| 19 | Citi | Aaron Guy | 17/12/2018 | Neutral | 8,90 |

Company shareholder structure

Colonial's shareholder structure is as follows:

Shareholder structure at 3/07/2019 (*)



(*) According to reports in the CNMV and notifications received by the company

(1) Through Hofinac BV, Finaccess Capital, S.A. de C.V. and Finaccess Capital Inversores, S.L.

(2) Free float: shareholders with minority stakes and without representation on the Board of Directors

Board of Directors

| Name of Director | | | Executive Committee | Nominations & Remunerations Committee | Audit & Control Committee |
|----------------------------------|----------------------------------|---|---------------------|---------------------------------------|---------------------------|
| Juan José Brugera Clavero | Chairman |  | Chairman | | |
| Pere Viñolas Serra | Chief Executive Officer |  | Member | | |
| Sheikh Ali Jassim M. J. Al-Thani | Director |  | | | |
| Adnane Moussanif | Director |  | Member | Member | |
| Juan Carlos García Cañizares | Director | Aguilá LTD (Santo Domingo) | Member | Member | |
| Carlos Fernández González | Director |  | Member | | |
| Javier López Casado | Director |  | | | |
| S. Desazars de Montgailhard | Independent Director | | | | |
| Carlos Fernández-Lerga Garralda | Independent Coordinator Director | | Member | Chairman | Member |
| Javier Iglesias de Ussel Ordís | Independent Director | | | Member | Chairman |
| Luis Maluquer Trepas | Independent Director | | | Member | Member |
| A. Bolado Valle | Independent Director | | | | |
| A. Peralta Moreno | Independent Director | | | | |
| Francisco Palá Laguna | Secretary - Non-Director | | Secretary | Secretary | Secretary |
| Nuria Oferil Coll | Vice-secretary - Non-Director | | Vice-secretary | Vice-secretary | Vice-secretary |

10. EPRA Ratios & Consolidated Balance Sheet

EPRA Ratios

1) EPRA Earnings

| EPRA Earnings - €m | 1H 2019 | 1H 2018 |
|--|--------------|--------------|
| Earnings per IFRS Income statement | 338 | 254 |
| <i>Earnings per IFRS Income statement - €/share</i> | <i>0.665</i> | <i>0.583</i> |
| Adjustments to calculate EPRA Earnings, exclude: | | |
| (i) Changes in value of investment properties, development properties held for investment and other interests | (419) | (325) |
| (ii) Profits or losses on disposal of investment, development properties held for investment and other interests | 1 | (1) |
| (iii) Profits or losses on sales of trading properties including impairment changes in respect of trading properties | 0 | 0 |
| (iv) Tax on profits or losses on disposals | 0 | 0 |
| (v) Negative goodwill / goodwill impairment | 62 | 26 |
| (vi) Changes in fair value of financial instruments and associated close-out costs | 8 | 6 |
| (vii) Acquisition costs on share deals and non controlling joint venture interests | 2 | 0 |
| (viii) Deferred tax in respect of EPRA adjustments | 16 | 4 |
| (ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation) | 0 | 0 |
| (x) Minority interests in respect of the above | 59 | 72 |
| EPRA Earnings | 67 | 36 |
| Company specific adjustments: | | |
| (a) Extraordinary provisions & expenses | 2 | (0) |
| (b) Non recurring financial result | 0 | 0 |
| (c) Tax credits | 0 | 7 |
| (d) Minority interests in respect of the above | (0) | (1) |
| Company specific adjusted EPRA Earnings | 69 | 41 |
| <i>Average N° of shares (m)</i> | <i>508.1</i> | <i>435.3</i> |
| <i>Company adjusted EPRA Earnings per Share (EPS) - €/share</i> | <i>0.135</i> | <i>0.095</i> |

2) EPRA NAV

| EPRA Net Asset value - €m | 06/2019 | 12/2018 |
|--|--------------|--------------|
| NAV per the Consolidated financial statements | 5,047 | 4,811 |
| Effect of exercise of options, convertibles and other equity interests (diluted basis) | | |
| Diluted NAV, after the exercise of options, convertibles and other equity interests | | |
| Include: | | |
| (i.a) Revaluation of investment properties (if IAS 40 cost option is used) | 27 | 31 |
| (i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost option is used) | na | na |
| (i.c) Revaluation of other non-current investment | 19 | 19 |
| (ii) Revaluation of tenant leases held as finance leases | na | na |
| (iii) Revaluation of trading properties | 7 | 7 |
| Exclude: | | |
| (iv) Fair value of financial instruments | 4 | 2 |
| (v.a) Deferred tax | 244 | 228 |
| (v.b) Goodwill as a result of deferred tax | - | - |
| Include/exclude: | | |
| Adjustments (i) to (v) above in respect of joint ventures interests | na | na |
| EPRA NAV - €m | 5,348 | 5,098 |
| <i>Goodwill</i> | 0 | (62.2) |
| Adjusted EPRA NAV - €m | 5,348 | 5,036 |
| N° of shares (m) | 508.1 | 508.1 |
| EPRA NAV - Euros per share | 10.52 | 10.03 |
| Adjusted EPRA NAV - Euros per share | 10.52 | 9.91 |

3) EPRA NNAV

| EPRA Triple Net Asset value (NNAV) - €m | 06/2019 | 12/2018 |
|--|--------------|--------------|
| EPRA NAV | 5,348 | 5,098 |
| Include: | | |
| (i) Fair value of financial instruments | (4) | (2) |
| (ii) Fair value of debt | (269) | (14) |
| (iii) Deferred tax | (244) | (229) |
| (iv) Tax credits on balance | na | na |
| EPRA NNAV - €m | 4,831 | 4,853 |
| <i>Goodwill</i> | 0 | (62.2) |
| Adjusted EPRA NNAV - €m | 4,831 | 4,791 |
| N° of shares (m) | 508.1 | 508.1 |
| EPRA NNAV - Euros per share | 9.51 | 9.55 |
| Adjusted EPRA NAV - Euros per share | 9.51 | 9.43 |

4) EPRA Net initial Yield & Topped-up Net Initial Yield

| D. EPRA Net Initial yield & "Topped-Up" Net Initial Yield | | Barcelona | Madrid | Paris | Logístico | Total 2019/06 | Total 2018 |
|--|------------|--------------|--------------|--------------|-------------|---------------|---------------|
| <i>Figures in €m</i> | | | | | | | |
| Investment property – wholly owned | | 1,351 | 3,218 | 6,823 | 389 | 11,781 | 11,333 |
| Investment property – share of JVs/Funds | | 16 | na | na | na | 16 | 15 |
| Trading property (including share of JVs) | | na | na | na | na | na | na |
| Less: developments | | (139) | (721) | (737) | (66) | (1,663) | (1,354) |
| Completed property portfolio | E | 1,229 | 2,497 | 6,086 | 322 | 10,134 | 9,994 |
| Allowance for estimated purchasers' costs | | 39 | 65 | 418 | 11 | 533 | 518 |
| Gross up completed property portfolio valuation | B | 1,268 | 2,563 | 6,504 | 333 | 10,668 | 10,512 |
| Annualised cash passing rental income | | 41 | 82 | 190 | 21 | 334 | 331 |
| Property outgoings | | (3) | (13) | (3) | (5) | (25) | (15) |
| Annualised net rents | A | 38 | 69 | 186 | 16 | 309 | 316 |
| Add: notional rent expiration of rent free periods or other lease incentives | | 4 | 5 | 16 | 0 | 26 | 34 |
| "Topped-up" net annualised rent | C | 42 | 74 | 203 | 16 | 335 | 350 |
| EPRA Net Initial Yield | A/B | 3.0% | 2.7% | 2.9% | 4.8% | 2.9% | 3.0% |
| EPRA "Topped-Up" Net Initial Yield | C/B | 3.3% | 2.9% | 3.1% | 4.9% | 3.1% | 3.3% |
| Gross Rents 100% Occupancy | F | 48 | 99 | 210 | 24 | 381 | 390 |
| Property outgoings 100% Occupancy | | (3) | (10) | (3) | (4) | (21) | (12) |
| Annualised net rents 100% Occupancy | D | 45 | 89 | 207 | 20 | 360 | 378 |
| Net Initial Yield 100% Occupancy | D/B | 3.5% | 3.5% | 3.2% | 6.0% | 3.4% | 3.6% |
| Gross Initial Yield 100% Occupancy | F/E | 3.9% | 4.0% | 3.5% | 7.4% | 3.8% | 3.9% |

5) EPRA Vacancy Rate

EPRA Vacancy Rate - Offices Portfolio

| €m | 1S 2019 | 1S 2018 | Var. % |
|---|-----------|------------|---------------|
| BARCELONA | | | |
| Vacant space ERV | 0.7 | 0.4 | |
| Portfolio ERV | 54 | 43 | |
| EPRA Vacancy Rate Barcelona | 1% | 1% | <i>0 pp</i> |
| MADRID | | | |
| Vacant space ERV | 9 | 14 | |
| Portfolio ERV | 98 | 114 | |
| EPRA Vacancy Rate Madrid | 9% | 12% | <i>(3 pp)</i> |
| PARIS | | | |
| Vacant space ERV | 3 | 5 | |
| Portfolio ERV | 182 | 177 | |
| EPRA Vacancy Rate Paris | 2% | 3% | <i>(1 pp)</i> |
| TOTAL PORTFOLIO | | | |
| Vacant space ERV | 13 | 20 | |
| Portfolio ERV | 333 | 334 | |
| EPRA Vacancy Rate Total Office Portfolio | 4% | 6% | <i>(2 pp)</i> |

EPRA Vacancy Rate - Total Portfolio

| €m | 1S 2019 | 1S 2018 | Var. % |
|--|------------|------------|---------------|
| BARCELONA | | | |
| Vacant space ERV | 0.7 | 0.7 | |
| Portfolio ERV | 55 | 45 | |
| EPRA Vacancy Rate Barcelona | 1% | 1% | <i>(0 pp)</i> |
| MADRID | | | |
| Vacant space ERV | 9 | 14 | |
| Portfolio ERV | 98 | 116 | |
| EPRA Vacancy Rate Madrid | 9% | 12% | <i>(3 pp)</i> |
| PARIS | | | |
| Vacant space ERV | 3 | 6 | |
| Portfolio ERV | 221 | 216 | |
| EPRA Vacancy Rate Paris | 2% | 3% | <i>(1 pp)</i> |
| LOGISTIC & OTHERS | | | |
| Vacant space ERV | 3 | 1 | |
| Portfolio ERV | 25 | - | |
| EPRA Vacancy Rate Total Portfolio | 10% | - | - |
| TOTAL PORTFOLIO | | | |
| Vacant space ERV | 16 | 21 | |
| Portfolio ERV | 400 | 401 | |
| EPRA Vacancy Rate Total Portfolio | 4% | 5% | <i>(1 pp)</i> |

Annualized figures

Consolidated balance sheet

| Consolidated balance sheet | | |
|--|---------------|---------------|
| €m | 1H 2019 | 2018 |
| ASSETS | | |
| Consolidated goodwill | 0 | 62 |
| Property investments | 11,203 | 11,083 |
| Other non-current assets | 101 | 80 |
| Non-current assets | 11,304 | 11,225 |
| Inventory | 47 | 47 |
| Debtors and other receivables | 123 | 100 |
| Other current assets | 345 | 89 |
| Assets available for sale | 348 | 26 |
| Current assets | 862 | 262 |
| TOTAL ASSETS | 12,166 | 11,487 |
| LIABILITIES | | |
| Equity | 5,047 | 4,811 |
| Minority interests | 1,313 | 1,290 |
| Net equity | 6,360 | 6,102 |
| Bond issues and other non-current issues | 3,779 | 3,777 |
| Non-current financial debt | 511 | 724 |
| Deferred tax | 379 | 362 |
| Other non-current liabilities | 82 | 81 |
| Non-current liabilities | 4,751 | 4,943 |
| Bond issues and other current issues | 802 | 284 |
| Current financial debt | 6 | 9 |
| Creditors and other payables | 84 | 107 |
| Other current liabilities | 162 | 42 |
| Current liabilities | 1,055 | 442 |
| TOTAL EQUITY & LIABILITIES | 12,166 | 11,487 |

11. Asset portfolio - Details

Barcelona

| RENTAL PORTFOLIO BARCELONA | | Floor space above ground | | | | | Floor space above ground | Floor space below ground | Total surface | Parking units |
|--------------------------------|------------------|--------------------------|---------------|----------|----------|----------|--------------------------|--------------------------|----------------|---------------|
| | Acquisition year | Offices | Retail | Resid. | Logistic | Hotel | | | | |
| DIAGONAL, 409 | 2001 | 3,680 | 851 | | | | 4,531 | 0 | 4,531 | |
| DIAGONAL, 530 | 1992 | 9,226 | 2,555 | | | | 11,781 | 4,590 | 16,371 | 99 |
| DIAGONAL, 609-615 - DAU/PRISMA | 1997 | 21,996 | | | | | 21,996 | 18,839 | 40,835 | 438 |
| AV DIAGONAL, 682 | 1997 | 6,440 | 250 | | | | 6,690 | 1,795 | 8,485 | 50 |
| PEDRALBES CENTRE | 1997 | 0 | 3,404 | | | | 3,404 | 748 | 4,152 | |
| AV, DIAGONAL, 523-525 | 1997 | 5,706 | | | | | 5,706 | 1,179 | 6,885 | 10 |
| BERLIN, 38-48/INUMANCIA, 46 | 1997 | 9,644 | 3,173 | | | | 12,817 | 3,608 | 16,425 | 99 |
| DIAGONAL 220-240, GLORIES | 2000 | 11,672 | | | | | 11,672 | 536 | 12,208 | 40 |
| ILLACUNA | 2006 | 19,639 | 812 | | | | 20,451 | 13,606 | 34,057 | 481 |
| P ^o TILOS, 2-6 | 2000 | 5,143 | | | | | 5,143 | 3,081 | 8,224 | 79 |
| TRAVESSERA, 47-49 | 2016 | 8,939 | | | | | 8,939 | 1,705 | 10,644 | 6 |
| VIA AUGUSTA, 21-23 | 1999 | 4,620 | 218 | | | | 4,838 | 0 | 4,838 | |
| TRAVESSERA, 11 | 1994 | 4,105 | 410 | | | | 4,515 | 1,994 | 6,509 | 61 |
| AMIGÓ, 11-17 | 1994 | 2,960 | 608 | | | | 3,568 | 1,778 | 5,346 | 88 |
| PLZ EUROPA 42-44 | 2014 | 4,869 | | | | | 4,869 | 2,808 | 7,677 | 68 |
| TORRE BCN | 2000 | 9,600 | 235 | | | | 9,835 | 3,355 | 13,190 | 88 |
| TORRE MARENOSTRUM | 2003 | 14,698 | | | | | 14,698 | 19,370 | 34,068 | 616 |
| PARC GLORIES | 2016 | 24,450 | | | | | 24,450 | 5,444 | 29,894 | 141 |
| SANT CUGAT | 1999 | 24,900 | | | | | 24,900 | 20,555 | 45,455 | 690 |
| GALA PLACIDIA | 2018 | 4,285 | | | | | 4,285 | 1,555 | 5,840 | 14 |
| DIAGONAL 197 | 2014 | 14,772 | 385 | | | | 15,157 | 9,281 | 24,438 | 227 |
| PARK CUGAT | 2017 | 11,999 | | | | | 11,999 | 21,192 | 33,191 | 374 |
| OTHER SMALL RETAIL UNITS | | | 103 | | | | 103 | 0 | 103 | |
| PORTFOLIO IN OPERATION | | 223,342 | 13,004 | 0 | 0 | 0 | 236,346 | 137,020 | 373,366 | 3,669 |
| PARC CENTRAL 22@ | 2010 | 14,737 | | | | | 14,737 | 14,737 | 29,474 | 184 |
| PLAZA EUROPA, 34 | 2017 | 14,306 | | | | | 14,306 | 4,500 | 18,806 | 151 |
| TORRE MARENOSTRUM | | 7,696 | | | | | 7,696 | 0 | 7,696 | |
| PEDRALBES CENTRE | | 36 | 6,001 | | | | 6,037 | 0 | 6,037 | |
| REST OF ASSETS | | 4,936 | | | | | 4,936 | 1,833 | 6,769 | |
| PROJECTS UNDERWAY | | 41,711 | 6,001 | 0 | 0 | 0 | 47,712 | 21,070 | 68,782 | 335 |
| TOTAL BARCELONA | | 265,053 | 19,005 | 0 | 0 | 0 | 284,058 | 158,090 | 442,148 | 4,004 |

Note: In order to facilitate the analysis of the portfolio, part of the office buildings have been specified to be dedicated to retail/commercial use (generally on the ground floors).

The assets in the Barcelona rental portfolio are 100% owned by Colonial, with the exception of the plot of land at Plaza Europa 34 which is held through a joint venture with Inmo, S.L.

The assets in the Madrid rental portfolio and the rest of Spain are 100% owned by Colonial.

Madrid

| RENTAL PORTFOLIO MADRID | Acquisition year | Floor space above ground | | | | Floor space above ground | Floor space below ground | Total surface | Parking units |
|-------------------------------|------------------|--------------------------|---------------|----------|----------|--------------------------|--------------------------|----------------|---------------|
| | | Offices | Retail | Resid. | Hotel | | | | |
| CASTELLANA, 52 | 1998 | 6,496 | 1,027 | | | 7,523 | 2,615 | 10,138 | 49 |
| P. CASTELLANA, 163 | 2016 | 3,784 | 280 | | | 4,064 | 1,855 | 5,919 | 52 |
| RECOLETOS, 37-41 | 2005 | 13,642 | 3,560 | | | 17,202 | 5,340 | 22,542 | 175 |
| CASTELLANA, 43 | 2005 | 5,455 | 543 | | | 5,998 | 2,441 | 8,439 | 81 |
| MIGUEL ÁNGEL, 11 | 2005 | 5,370 | 930 | | | 6,300 | 2,200 | 8,500 | 81 |
| JOSE ABASCAL, 56 | 2005 | 10,857 | 1,468 | | | 12,325 | 6,408 | 18,733 | 219 |
| GÉNOVA, 17 | 2015 | 3,638 | 1,038 | | | 4,676 | 2,601 | 7,277 | 70 |
| JOSE ABASCAL, 45 | 2016 | 5,324 | | | | 5,324 | 1,929 | 7,253 | 54 |
| SERRANO, 73 | 2016 | 4,242 | | | | 4,242 | 3,176 | 7,418 | 104 |
| ALFONSO XII, 62 | 2002 | 13,135 | | | | 13,135 | 2,287 | 15,422 | 78 |
| SANTA ENGRACIA | 2015 | 13,444 | 220 | | | 13,664 | 5,562 | 19,226 | 180 |
| FRANCISCO SILVELA, 42 | 1999 | 4,893 | 500 | | | 5,393 | 3,926 | 9,319 | 105 |
| JOSÉ ORTEGA Y GASSET 100 | 2000 | 0 | | | | 0 | 134 | 134 | 96 |
| POETA JOAN MARAGALL, 53 | 2001 | 13,685 | 2,330 | | | 16,015 | 9,668 | 25,683 | 295 |
| ESTÉBANEZ CALDERÓN, 3-5 | 2015 | 9,496 | 656 | | | 10,152 | 4,751 | 14,903 | 100 |
| LÓPEZ DE HOYOS, 35 | 2005 | 7,140 | | | | 7,140 | 4,105 | 11,245 | 111 |
| AGUSTÍN DE FOXÁ, 29 | 2003 | 0 | 227 | | | 227 | 0 | 227 | 158 |
| ARTURO SORIA, 336 | 2017 | 7,273 | 300 | | | 7,573 | 5,598 | 13,171 | 191 |
| MARTÍNEZ VILLER GAS, 49 | 2006 | 24,135 | | | | 24,135 | 14,746 | 38,881 | 437 |
| RAMÍREZ DE ARELLANO, 37 | 1999 | 5,988 | | | | 5,988 | 4,923 | 10,911 | 160 |
| SANTA HORTENSIA, 26-28 | 2016 | 46,928 | | | | 46,928 | 25,668 | 72,596 | 946 |
| EGEO | 2018 | 18,255 | | | | 18,255 | 9,774 | 28,029 | |
| PRÍNCIPE DE VERGARA, 112-114 | 2015 | 11,367 | | | | 11,367 | 4,524 | 15,892 | 113 |
| MANUEL FALLA 27 | 2015 | 6,252 | | | | 6,252 | 1,640 | 7,892 | 41 |
| SAGASTA 27 | nd | 0 | 300 | | | 300 | 0 | 300 | |
| SAGASTA 31-33 | 2016 | 7,097 | | | | 7,097 | 3,720 | 10,817 | 93 |
| ALMAGRO 9 | 2016 | 15,094 | | | | 15,094 | 8,075 | 23,169 | 201 |
| MIGUEL ÁNGEL 23 | 2017 | 1,117 | 835 | | | 1,952 | 4,520 | 6,472 | 97 |
| DON RAMÓN DE LA CRUZ 82 | 2015 | 9,339 | | | | 9,339 | 3,664 | 13,003 | 91 |
| FRANCISCA DELGADO 11 | 2014 | 14,881 | | | | 14,881 | 24,401 | 39,282 | 395 |
| CEDRO - ANABEL SEGURA 14 | 2017 | 1,799 | | | | 1,799 | 15,480 | 17,279 | 381 |
| PUERTO DE SOMPURT 8 | 2017 | 9,280 | | | | 9,280 | 14,800 | 24,080 | 370 |
| RIBERA DE LOIRA 28 | 2014 | 9,924 | | | | 9,924 | 17,698 | 27,622 | 370 |
| TUCUMÁN | 2015 | 5,086 | 1,321 | | | 6,407 | 6,960 | 13,367 | 170 |
| AVENIDA DE BRUSELAS 38 | 2015 | 11,089 | 608 | | | 11,697 | 6,906 | 18,603 | 112 |
| RAMÍREZ DE ARELLANO 15 | 2015 | 4,620 | | | | 4,620 | 4,640 | 9,260 | 112 |
| JOSEFA VALCÁRCEL 40 | 2017 | 8,718 | | | | 8,718 | 7,566 | 16,284 | 276 |
| JOSEFA VALCÁRCEL 24 | 2016 | 5,652 | | | | 5,652 | 3,600 | 9,252 | 90 |
| LUCA DE TENA 7 | 2016 | 10,145 | | | | 10,145 | 13,400 | 23,545 | 260 |
| ALCALÁ 506 | 2015 | 5,664 | 595 | | | 6,259 | 8,200 | 14,459 | 205 |
| LAGASCA 88 | nd | 590 | | | | 590 | 0 | 590 | |
| OTHER SMALL RETAIL UNITS | | | 1,167 | | | 1,167 | 379 | 1,546 | |
| PORTFOLIO IN OPERATION | | 360,894 | 17,906 | 0 | 0 | 378,800 | 269,879 | 648,680 | 7,119 |
| CAMPUS MÉNDEZ ALVARO | 2017 | 89,871 | | | | 89,871 | 0 | 89,871 | |
| MÉNDEZ ALVARO II | 2017 | 20,276 | | | | 20,276 | 0 | 20,276 | |
| PUERTO DE SOMPURT 10-18 | 2015 | 22,000 | | | | 22,000 | 0 | 22,000 | |
| VELÁZQUEZ-PADILLA 17 | 2015 | 13,820 | 2,344 | | | 16,164 | 758 | 16,923 | 155 |
| CEDRO - ANABEL SEGURA 14 | 2017 | 15,404 | | | | 15,404 | 0 | 15,404 | |
| JOSÉ ORTEGA Y GASSET 100 | 2000 | 6,870 | 922 | | | 7,792 | 2,430 | 10,221 | |
| MIGUEL ÁNGEL, 23 | 2017 | 6,252 | | | | 6,252 | 0 | 6,252 | |
| P. CASTELLANA, 163 | 2016 | 6,739 | | | | 6,739 | 0 | 6,739 | |
| SAGASTA 27 | nd | 4,481 | 115 | | | 4,596 | 0 | 4,596 | |
| RAMÍREZ DE ARELLANO 15 | 2015 | 2,050 | | | | 2,050 | 0 | 2,050 | |
| REST OF ASSETS | | 1,103 | 0 | | | 1,103 | 1,311 | 2,414 | 13 |
| PROJECTS UNDERWAY | | 188,865 | 3,381 | 0 | 0 | 192,246 | 4,499 | 196,746 | 168 |
| TOTAL MADRID | | 549,759 | 21,287 | 0 | 0 | 571,046 | 274,379 | 845,425 | 7,287 |

Note: In order to facilitate the analysis of the portfolio, part of the office buildings have been specified to be dedicated to retail/commercial use (generally on the ground floors).

The assets in the Barcelona rental portfolio are 100% owned by Colonial, with the exception of the plot of land at Plaza Europa 34 which is held through a joint venture with Inmo, S.L.

The assets in the Madrid rental portfolio and the rest of Spain are 100% owned by Colonial

Logistics & others

| RENTAL PORTFOLIO REST OF SPAIN | Acquisition year | Floor space above ground | | | | | Floor space above ground | Floor space below ground | Total surface | Parking units |
|-----------------------------------|------------------|--------------------------|---------------|----------|----------------|---------------|--------------------------|--------------------------|------------------|---------------|
| | | Offices | Retail | Resid. | Logistic | Hotel | | | | |
| HOTEL MOJACAR | 2006 | | | | | 11,519 | 11,519 | | | |
| VALLS | 2014 | | | | 26,026 | | 26,026 | | | |
| CONSTANTÍ | 2015 | | | | 42,253 | | 42,253 | | | |
| CABANILLAS | 2014 | | | | 37,879 | | 37,879 | | | |
| MIRALCAMPO | 2014 | | | | 35,780 | | 35,780 | | | |
| RIVAS | 2014 | | | | 35,248 | | 35,248 | | | 342 |
| GUADALIX | 2014 | | | | 14,945 | | 14,945 | | | |
| CAMARMA | 2014 | | | | 70,296 | | 70,296 | | | |
| SAN FERNANDO (PHASE I) | 2016 | | | | 69,933 | | 69,933 | | | |
| ALCALÁ DE HENARES | 2016 | | | | 8,971 | | 8,971 | | | |
| AZUQUECA II | 2016 | | | | 19,064 | | 19,064 | | | |
| DOS HERMANAS | 2014 | | | | 51,666 | | 51,666 | | | |
| LES GAVARRES | 2014 | | 12,413 | | | | 12,413 | 14,080 | | 352 |
| LAS MERCEDES OPEN PARK | 2015 | | 24,649 | | | | 24,649 | | | 1,500 |
| VIAPARK | 2016 | | 16,325 | | | | 16,325 | | | |
| PORTFOLIO IN OPERATION | | 0 | 53,387 | 0 | 412,061 | 11,519 | 476,968 | 49,360 | 526,328 | 2,194 |
| AUTOVIA DE TOLEDO | 2017 | | | | 23,557 | | 23,557 | | 23,557 | |
| PROJECTS UNDERWAY | | 0 | 0 | 0 | 23,557 | 0 | 23,557 | 0 | 23,557 | 0 |
| TOTAL LOGSTIC & OTHERS | | 0 | 53,387 | 0 | 435,618 | 11,519 | 500,525 | 49,360 | 549,885 | 2,194 |
| TOTAL SPAIN | | 814,812 | 93,679 | 0 | 435,618 | 11,519 | 1,355,629 | 481,829 | 1,837,458 | 13,485 |

Note: In order to facilitate the analysis of the portfolio, part of the office buildings have been specified to be dedicated to retail/commercial use (generally on the ground floors).
 The assets in the Barcelona rental portfolio are 100% owned by Colonial, with the exception of the plot of land at Plaza Europa 34 which is held through a joint venture with Inmo, S.L.
 The assets in the Madrid rental portfolio and the rest of Spain are 100% owned by Colonial.

France

| RENTAL PORTFOLIO FRANCE | | Floor space above ground | | | | | Floor space above ground | Floor space below ground | Total surface | Parking units |
|--------------------------------------|-------------|--------------------------|----------------|--------------|----------------|----------------|--------------------------|--------------------------|------------------|---------------|
| Acquisition year | | Offices | Retail | Resid. | Logistic | Hotel & others | | | | |
| LOUVRE SAINT-HONORE | 1995 | 23,551 | 82 | | | 753 | 24,386 | 4,110 | 28,496 | 236 |
| EDOUARD VII | 1999 | 28,412 | 15,349 | 4,509 | | 4,202 | 52,472 | 10,145 | 62,617 | 523 |
| 6 HANOIRE | 1958 | 3,325 | | | | | 3,325 | 1,246 | 4,571 | 0 |
| MCLOUD PARIS | 2004 | 28,192 | | | | 1,860 | 30,051 | 3,164 | 33,216 | 99 |
| CONDORCET | 2014 | 20,376 | | 1,562 | | 1,301 | 23,239 | 2,457 | 25,696 | 50 |
| GALERIE CHAMPS-ELYSEES | 2002 | 0 | 4,141 | | | | 4,141 | 3,828 | 7,968 | 125 |
| 90 CHAMPS-ELYSEES | 2002 / 2009 | 7,912 | 932 | | | | 8,844 | 0 | 8,844 | |
| 92 CHAMPS-ELYSEES | 2000 | 4,110 | 3,089 | | | | 7,199 | 0 | 7,199 | |
| CEZANNE SAINT-HONORE | 2001 / 2007 | 24,437 | 1,770 | 0 | | | 26,208 | 3,337 | 29,544 | 128 |
| 131 WAGRAM | 1999 | 7,100 | | | | 449 | 7,549 | 3,119 | 10,668 | 124 |
| 112 WAGRAM | 2008 | 4,470 | 892 | | | | 5,362 | 546 | 5,908 | 29 |
| WASHINGTON PLAZA | 2000 | 37,148 | 416 | | | 2,342 | 39,905 | 13,317 | 53,223 | 662 |
| HAUSSMANN SAINT-AUGUSTIN | 2002 / 2004 | 11,683 | 608 | | | | 12,291 | 2,650 | 14,942 | 104 |
| 9 PERCIER | 2015 | 5,945 | | | | | 5,945 | 427 | 6,372 | 14 |
| 176 CHARLES DE GAULLE | 1997 | 3,290 | 389 | | | | 3,679 | 2,739 | 6,418 | 145 |
| LE VAISSEAU | 2006 | 6,026 | | | | | 6,026 | 2,321 | 8,347 | 124 |
| RIVES DE SEINE | 2004 | 20,270 | | | | 1,760 | 22,030 | 6,589 | 28,619 | 366 |
| 103 GRENELLE | 2006 | 15,150 | 258 | | | 1,011 | 16,419 | 1,932 | 18,351 | 100 |
| PORTFOLIO IN OPERATION FRANCE | | 251,396 | 27,926 | 6,072 | | 13,677 | 299,071 | 61,927 | 360,998 | 2,829 |
| EMILE ZOLA | 2017 | 21,762 | | 719 | | 1,569 | 24,050 | 1,866 | 25,916 | |
| LOUVRE SAINT-HONORE | 1995 | 1,674 | 15,918 | | | 0 | 17,592 | 5,422 | 23,013 | |
| 96 IENA | 2001 / 2007 | 9,277 | | | | | 9,277 | 1,773 | 11,050 | 264 |
| WASHINGTON PLAZA | 2000 | 2,351 | | | | | 2,351 | 2,177 | 4,528 | |
| REST OF ASSETS | | 2,894 | 839 | | | | 3,733 | 11,795 | 15,528 | |
| PROJECTS UNDERWAY FRANCE | | 37,958 | 16,757 | 719 | 0 | 1,570 | 57,003 | 23,031 | 80,035 | 264 |
| TOTAL FRANCE | | 289,354 | 44,684 | 6,791 | 0 | 15,246 | 356,074 | 84,959 | 441,033 | 3,093 |
| TOTAL PROPERTY COLONIAL | | 1,104,166 | 138,363 | 6,791 | 435,618 | 26,765 | 1,711,703 | 566,788 | 2,278,491 | 16,578 |

Colonial has 81.7% of the share capital of SFL. SFL has 100% ownership of the totality of its rental portfolio with the exception of Washington Plaza of which it owns 66%, as well as the assets of Champs Élysées 90, Galerie Champs Élysées 82-88 and Haussmann 104-110 of which it owns 50%.

12. Historical series

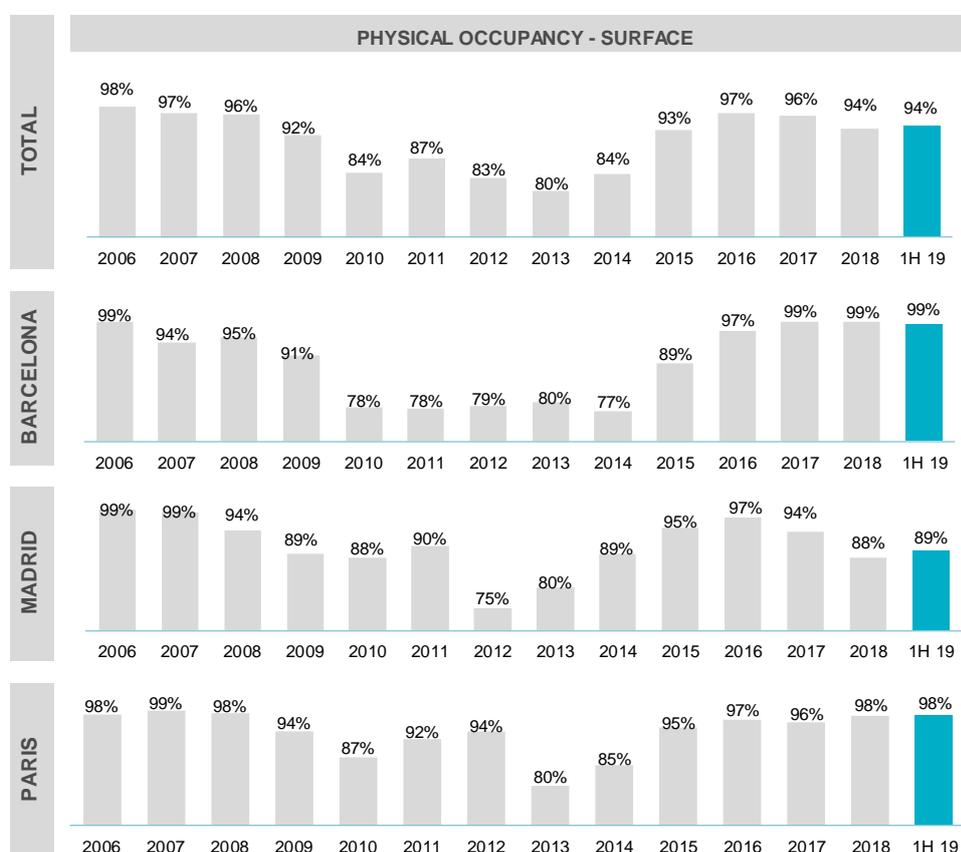
Offices historical series breakdown¹

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 1H 2019 |
|--------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|---------|
| Barcelona | | | | | | | | | | | | | | | | |
| Physical Offices Occupancy (%) | 97% | 100% | 99% | 94% | 95% | 91% | 78% | 78% | 79% | 80% | 77% | 89% | 97% | 99% | 99% | 99% |
| Rental revenues (€m) | 55 | 53 | 56 | 60 | 51 | 49 | 39 | 32 | 31 | 28 | 28 | 27 | 30 | 35 | 41 | 23 |
| Net Rental Income (€m) | 53 | 51 | 55 | 58 | 49 | 47 | 37 | 28 | 27 | 25 | 23 | 23 | 28 | 34 | 39 | 21 |
| NRI / Rental revenues (%) | 95% | 96% | 97% | 97% | 96% | 97% | 93% | 88% | 89% | 89% | 85% | 85% | 92% | 96% | 94% | 91% |
| Madrid | | | | | | | | | | | | | | | | |
| Physical Offices Occupancy (%) | 93% | 98% | 99% | 99% | 94% | 89% | 88% | 90% | 75% | 80% | 89% | 95% | 97% | 94% | 87% | 89% |
| Rental revenues (€m) | 37 | 44 | 68 | 70 | 56 | 50 | 47 | 45 | 44 | 35 | 32 | 35 | 43 | 52 | 94 | 43 |
| Net Rental Income (€m) | 34 | 42 | 66 | 66 | 52 | 46 | 42 | 41 | 40 | 30 | 28 | 31 | 38 | 46 | 83 | 35 |
| NRI / Rental revenues (%) | 93% | 94% | 96% | 95% | 92% | 92% | 90% | 90% | 90% | 86% | 85% | 88% | 88% | 88% | 88% | 80% |
| Paris | | | | | | | | | | | | | | | | |
| Physical Offices Occupancy (%) | 97% | 96% | 98% | 99% | 98% | 94% | 87% | 92% | 94% | 80% | 85% | 95% | 97% | 96% | 98% | 98% |
| Rental revenues (€m) | 157 | 153 | 162 | 170 | 182 | 183 | 175 | 152 | 150 | 149 | 152 | 169 | 198 | 196 | 194 | 98 |
| Net Rental Income (€m) | 147 | 145 | 153 | 162 | 171 | 173 | 162 | 141 | 138 | 137 | 139 | 155 | 188 | 185 | 183 | 93 |
| NRI / Rental revenues (%) | 94% | 95% | 95% | 95% | 94% | 94% | 93% | 93% | 92% | 92% | 92% | 92% | 95% | 94% | 94% | 95% |

(1) Does not include logistics and others

Evolution of physical office occupancy

Office Occupancy⁽¹⁾ – Evolution of Colonial's Portfolio

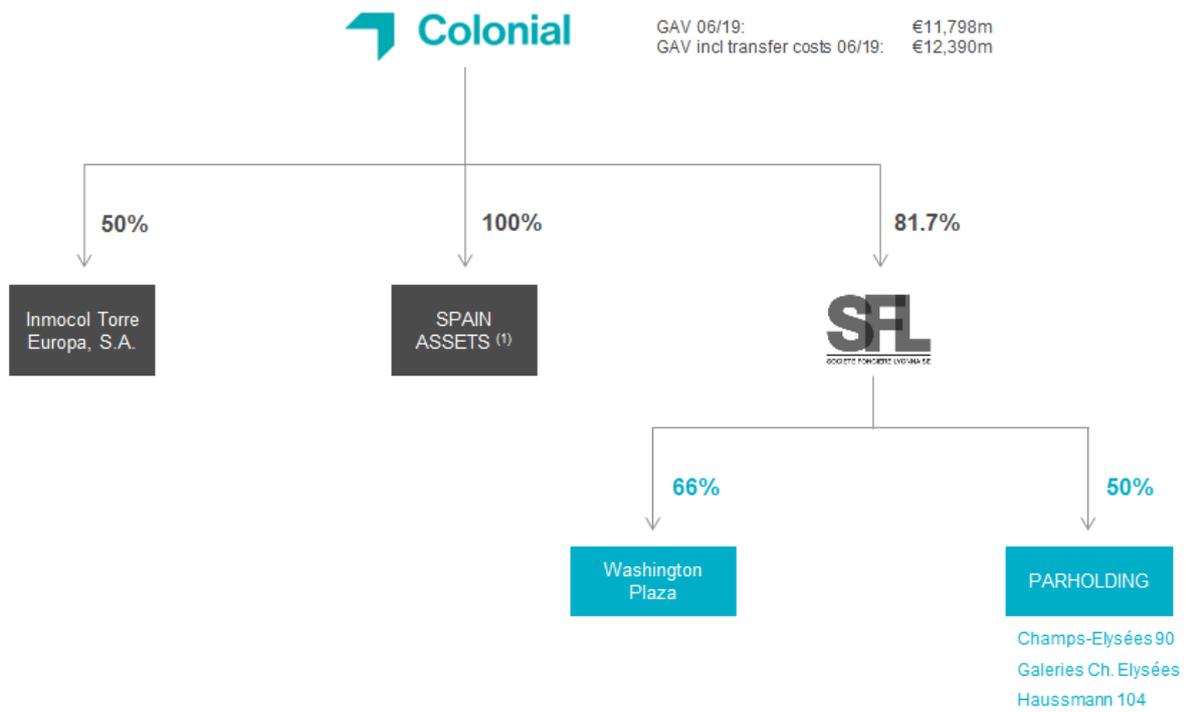


(1) Occupied surfaces /Surfaces in operation

13. Group Structure

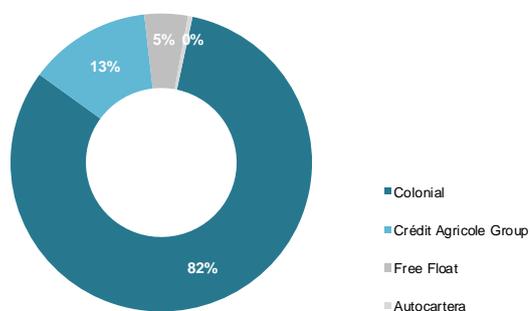
The Colonial Group Structure

COLONIAL GROUP



Shareholder structure and Board of Directors of SFL

SFL - Shareholder structure at 30/06/2018



Board of Directors SFL

| Name of Director | | | Executive Committee | Nominations & Remunerations Committee | Audit & Control Committee | Independent Directors Committee |
|---------------------------------|--------------------------|--|---------------------|---------------------------------------|---------------------------|---------------------------------|
| Juan José Brugera Clavero | Chairman |  Colonial | Chairman | | | |
| Pere Viñolas Serra | Vice-Chairman - Director |  Colonial | Member | Member | | |
| Carlos Fernández-Lerga Garraida | Director |  Colonial | | | Chairman | |
| Carmina Ganyet Cirera | Director |  Colonial | Member | | Member | |
| Angels Arderiu Ibars | Director |  Colonial | | | | |
| Carlos Krohmer | Director |  Colonial | | | | |
| Luis Maluquer Trepas | Director |  Colonial | | | | |
| Nuria Oferill Coll | Director |  Colonial | | | | |
| Ali Bin Jassim Al Thani | Director | | | | | |
| Jean-Jacques Duchamp | Director |  | Member | | Member | |
| Chantal du Rivau | Director |  | | | | |
| Arielle Malard de Rothschild | Independent Director | | | Member | Member | Member |
| Anthony Wyand | Independent Director | | | Chairman | | Member |
| Alexandra Rocca | Independent Director | | | | | Member |

14. Glossary & Alternative Performance Measures

Glossary

| | |
|--|--|
| Earnings per share (EPS) | Profit from the year attributable to the shareholders divided by the basic number of shares |
| BD | Business District |
| Market capitalisation | The value of the company's capital obtained from its stock market value. It is obtained by multiplying the market value of its shares by the number of shares in circulation |
| CBD | Central Business District (prime business area) |
| Property company | Company with rental property assets |
| Portfolio (surface area) in operation | Property/surfaces with the capacity to generate rents at the closing date of the report |
| EBIT | Calculated as the operating profit plus variance in fair value of property assets as well as variance in fair value of other assets and provisions. |
| EBITDA | Operating result before net revaluations, disposals of assets, depreciations, provisions, interests, taxes and exceptional items. |
| EPRA | European Public Real Estate Association: Association of listed European property companies that sets best market practices for the sector |
| Free float | The part of share capital that is freely traded on the stock market and not controlled in any stable way by shareholders |
| GAV excl. transfer costs | Gross Asset Value of the portfolio according to external appraisers of the Group, after deducting transfer costs |
| GAV incl. transfer costs | Gross Asset Value of the portfolio according to external appraisers of the Group, before deducting transfer costs |
| GAV Parent Company | Gross Asset Value of directly-held assets + NAV of the 55% stake in the Torre Marenstrum SPV + Value JV Plaza Europa + NAV of 81.7% stake in SFL. + NAV stake in Axiare value of the portfolio |

| | |
|----------------------------------|--|
| Holding | A company whose portfolio contains shares from a certain number of corporate subsidiaries. |
| IFRS | International Financial Reporting Standards. |
| JV | Joint Venture (association between two or more companies). |
| Like-for-like valuation | Data that can be compared between one period and another (excluding investments and disposals). |
| LTV | Loan to Value (Net financial debt/GAV of the business). |
| EPRA Like-for-like rents | Data that can be compared between one period and another, excluding the following: 1) investments and disposals, 2) changes in the project and refurbishment portfolio, and 3) other extraordinary items, for example, indemnities from tenants in case of anticipated leave. Calculation based on EPRA Best Practices guidelines. |
| EPRA NAV | EPRA Net Asset Value (EPRA NAV) is calculated based on the consolidated equity of the company and adjusting some items following the EPRA recommendations. |
| EPRA NNAV | The EPRA NNAV is calculated adjusting the following items in the EPRA NAV: the fair market value of the financial instruments, the fair market value of the debt, the taxes that would be accrued with the sale of the assets at their market value applying tax benefits for reinvestments and the tax credit on balance, considering a going concern assumption. |
| EPRA Cost Ratio | Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income. |
| Physical Occupancy | Percentage: occupied square metres of the portfolio at the closing date of the report/surfaces in operation of the portfolio |
| Financial Occupancy | Financial occupancy according to the calculation recommended by the EPRA (occupied surface areas multiplied by the market rental prices/surfaces in operation at market rental prices). |
| ⁴ EPRA Vacancy | Vacant surface multiplied by the market rental prices/surfaces in operation at market rental prices. Calculation based on EPRA Best Practices guidelines. |

| | |
|---|--|
| Reversionary potential | This is the result of comparing the rental revenues from current contracts (contracts with current occupancy and current rents in place) with the rental revenues that would result from 100% occupancy at market prices, estimated by independent appraisers. Projects and refurbishments are excluded. |
| Projects underway | Property under development at the closing date of the report |
| RICS | Royal Institution of Chartered Surveyors |
| SFL | Société Foncière Lyonnaise |
| Take-up | Materialized demand in the rental market, defined as new contracts signed |
| TMN | SPV of Colonial (55%) and Naturgy (45%) related to the Torre Marenostrum building |
| Valuation Yield | Capitalization rate applied by the independent appraisers in the valuation |
| Yield on cost | Market rent 100% occupied/Market value at the start of the project net of impairment of value + invested capital expenditure. |
| Yield occupancy 100% | Passing rents + vacant spaces rented at the market prices/market value |
| EPRA net initial yield (NIY) | Annualised rental income based on passing rents as at the balance sheet date, reduced by the non-recoverable expenses, divided by the market value, including transfer costs (estimated purchasing costs) |
| EPRA Topped-Up Net Initial Yield | EPRA Net Initial Yield adjusted in respect of the expiration of rent-free periods |
| Gross Yield | Gross rents/market value excluding transfer costs |
| Net Yield | Net rents/market value including transfer costs |
| €m | In millions of euros |

Alternative performance measures

| <u>Alternative performance measure</u> | <u>Method of calculation</u> | <u>Definition/Relevance</u> |
|---|--|--|
| EBIT <i>(Earnings before interest and taxes)</i> | Calculated as the "Operating profit" plus "Changes in the value of property investments" and the "Profit/(loss) due to changes in the value of assets" | Indicates the Group's capacity to generate profits, only taking into consideration its economic activity, less the effect of debt and taxes. |
| EBITDA <i>(Earnings Before Interest, Taxes, Depreciation and Amortization)</i> | Calculated as the "Operating profit" adjusted by "Depreciation/Amortization" and "Net changes in provisions" | Indicates the Group's capacity to generate profits only taking into account its economic activity, eliminating allocations to depreciation/amortization, and the effect of debt and taxes. |
| Gross financial debt | Calculated as the total of all items under "Bank borrowings and other and other financial liabilities" and "Issues of debentures and similar securities", excluding "Interest (accrued)", "Origination fees" and "Other financial liabilities" from the consolidated statement of financial position. | Relevant figure for analysing the financial situation. |
| EPRA¹ NAV <i>(EPRA Net Asset Value)</i> | Calculated based on the Company's capital and reserves, adjusting certain items in accordance with EPRA recommendations. | Standard analysis ratio in the real estate sector and recommended by EPRA. |
| EPRA¹ NNAV <i>(EPRA triple net asset value)</i> | Calculated adjusting the following items in the EPRA NAV: the market value of financial instruments, the market value of financial debt, the taxes that would be accrued with the sale of the assets at their market value, applying the tax benefits for reinvestments and the tax credit recognized in the balance sheet, considering a going concern assumption | Standard analysis ratio in the real estate sector recommended by EPRA |
| Market value excluding transaction costs or Gross Asset Value (GAV) excluding Transfer costs | Measurement of the totality of the Group's asset portfolio carried out by independent appraisers of the Group, less transaction or transfer costs. | Standard analysis ratio in the real estate sector. |
| Market value including transaction costs or GAV including Transfer costs | Measurement of the totality of the Group's asset portfolio carried out by external appraisers of the Group, before deducting the transaction or transfer costs. | Standard analysis ratio in the real estate sector. |

(1) EPRA (*European Public Real Estate Association*) or European Association of listed property companies which recommend the standards of best practices to be followed in the real estate sector. The method of calculation of these APMs is carried out following the indications established by EPRA.

Alternative Performance Measures
Method of calculation
Definition/Significance
Like-for-like rental income

Amount of the rental income included in the item "Revenues" comparable between two periods. To obtain the calculation, the income from investments or disposals carried out in both periods are excluded, as well as the income deriving from assets included in the projects and refurbishments portfolio and other atypical adjustments (for example, penalties for early termination of rental contracts).

It enables a homogeneous comparison of the evolution of rental income of an asset or group of assets.

Like-for-like measurement

Market measurement (valuation) amount, excluding transaction costs, or market valuation, including transaction costs, comparable between two periods. To obtain the calculation, the rental income coming from investments or disposals carried out between both periods is excluded.

It enables a homogenous comparison of the evolution of the market valuation of the portfolio.

Loan to Value, Group or LTV Group

Calculated as the result of dividing the gross financial debt (reduced by the amount in the item "Cash and cash equivalents") by the market valuation including the transaction costs of the Group's asset portfolio plus the treasury shares of the Parent Company at Nav value.

It enables the analysis of the ratio between the net financial debt and the valuation of the Group's asset portfolio.

LTV Holding or LTV Colonial

Calculated as the result of dividing the gross financial debt (less the amount in the item "Cash and cash equivalents") of the Parent Company and 100% owned subsidiary companies by the market valuation, including transaction costs, of the parent company's asset portfolio and the EPRA NAV of all financial stakes in subsidiary companies.

It enables the analysis of the ratio between the net financial debt and the valuation of the parent company's asset portfolio.

15. Contact Details & Disclaimer

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Capital Market registry data – Stock market

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ISIN Code: ES0139140042
Indices: MSCI, EPRA (FTSE EPRA/NAREIT Developed Europe y FTSE EPRA/NAREIT Developed Eurozone), IBEX35, Global Property Index 250 (GPR 250 Index) & EUROSTOXX 600.

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75008 Paris

Colonial is a Spanish listed REIT company (SOCIMI), leader in the European Prime office market with presence in the main business areas of Barcelona, Madrid and Paris with a prime office portfolio of more than two million sqm of GLA and assets under management with a value of more than €11bn.

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