



The positive results confirm the success of the financial restructuring and the new focus on office property management business.

## **Colonial earns €25m in the first half-year period, and consolidates the positive trend started in the first quarter of the year.**

- During the first half, the Colonial Group signed contracts covering more than 92,000 m<sup>2</sup>.
- Rental revenue amounted to €111m. Some 65% (€72m) of rental revenue comes from the Paris subsidiary and the remaining €39m from Spain.
- EBITDA for the rental portfolio totaled €100m, leaving an EBITDA ratio of 90%.
- The geographical diversification strategy has allowed Grupo Colonial to obtain an operating result of €97m, 22% higher than the figure one year previously.
- The GAV, the valuation on rental assets as at June 2011 stood at €5,099m, which represents a 2.1% increase on December 2010.
- The negative trend in rental asset values in Spain has ended.
- As a result, for the first time since the start of the crisis, NNNAV (the net asset value of Colonial Group assets before tax) has stabilized.
- The company maintains a prudent approach in the face of a difficult market.

**Barcelona, 29 July 2011-** The Colonial Group consolidated the positive trend seen in the first quarter and closed the first six months of 2011 with a positive consolidated profit of €25m. The positive results confirm the success of the financial restructuring (now completed) and its new approach in which the company is focusing all its energy on the office property management business. This result is underpinned by the gradual recovery in asset values in Paris, driven by renewed investor interest, and the stabilization, for the first time since the onset of the crisis, of the value of its rental office properties in Madrid and Barcelona. Furthermore, the defensive character of its assets' premium locations, and the occupation rate of its buildings in Paris, which surpasses 94%, allows the company to maintain rental prices at levels that are in line with its established targets.

EBITDA for the rental portfolio totaled €99.9m, leaving an EBITDA ratio of 90%. The Group's operating result, a figure which includes the net profit attributable to the recent acquisition by Grupo Colonial of the 30% stake in

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the listed company, SIIC de Paris, which amounted to €97m, representing a 22% increase on the same period the previous year.

## Active demand

In the current unfavorable scenario caused by the sustained bearish tone of the market, the defensive character of Colonial's assets, which are all located in the *premium* zones of Paris, Barcelona and Madrid has allowed Grupo Colonial to sign new contracts totaling over 92,000m<sup>2</sup> in the first half-year period of 2011.

While the occupation rate in Spain remains below 90%, the occupancy rate for the portfolio in the Paris market already stands at 94%.

Rental revenues fell 3% in like-for-like terms, with respect to the previous year to €125.4m. Some 65% of this figure, €71.6m is from the Paris market, while the remainder comes from properties in Madrid and Barcelona.

The potential organic growth of the Group's rented properties as of June 30th 2011 is +19% in Barcelona, +6% in Madrid, and +19% in Paris. This potential growth figure is arrived at by comparing the rental revenue on current contracts with the rental revenue that would result from 100% occupancy at the market prices estimated by independent appraisers.

In terms of investments, the company holds an above-ground portfolio of more than 87,000m<sup>2</sup>, which is scheduled to be put into operation between 2012 and 2015.

## Asset valuation and consolidated result

The Colonial Group's rental assets at the end of the first half of 2011 were appraised by Jones Lang LaSalle, CB Richard Ellis and BNP Paribas Real Estate at €5,099m.

A total of €4.838m relates to the asset portfolio directly owned by the Colonial Group, and €261m relates to the value of SFL's 29.999% stake in SIIC de Paris.

The valuation on rental assets as at June 2011 stood at €5,099m, which represents an increase of €104m (+2.1%) on the valuation at December 2010. The valuation of the Paris portfolio rose 2.9%. Meanwhile, valuations in Barcelona and Madrid remained stable. This performance represents a turning point, as it is the first time since the start of the crisis that rental asset values have not fallen.

The company continues to adopt a prudent approach in what remains an adverse market, a stance that was highlighted by Colonial's chairman, Juan José Brugera, *"we are satisfied with these results but believe that we must continue to be prudent. The environment remains complicated and we should tackle these new challenges using a conservative approach"*

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## ***About Colonial***

***With over one million square metres of rental offices in the best locations in Paris, Madrid and Barcelona, Colonial has become a benchmark in property management in Europe.***

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