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# Colonial

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*The net profit amounted to €415m*

## Colonial achieves historic results

*Colonial Gross Asset Value reaches close to €7bn and the EPRA NAV increases 29% in 12 months*

- Gross rental income of €231m, +9%
- Group Recurring EBITDA of €178m, +11%
- EPRA financial occupancy of 94%, +698 basis points
- Gross Asset Value of €6,913m, +20%
- EPRA NAV of €62 cents/share, +29%

**Barcelona, 22 February 2016.** In a context of strong investor interest with limited access to quality assets in an office investment market with compressing yields, Colonial has proven to have the right strategy focused on an industrial approach of repositioning assets combined with a prime asset portfolio with maximum quality standards. This strategy has enabled the Group to generate strong rental revenues and to obtain above average increases in asset values with record 2015 full year results. A record volume in letting activity and occupancy improvement resulting in a 9% growth of rental income, an average 16% like for like growth of Gross Asset Value in the three markets where Colonial operates (Barcelona, Madrid and Paris), reaching almost €7bn in value.

This strong operating performance together with a significant reduction in financial costs, in a year in which Colonial has obtained as the first ever and only Spanish real estate company “Investment Grade” rating, have led to €415m of net attributable profits. Moreover, these results have led to a 29% increase of EPRA NAV, reaching €62cents per share.

### Significant increase in occupancy and gross rental income

The Colonial Group rental income reaches €231m, a 9% higher versus last year mainly due to a 6% increase in like-for-like terms, as well as new acquisitions made during 2014 and 2015.

During 2015, the Colonial Group signed rental contracts for more than 163,000 sq m, a record which exceeds the volume of contracts signed in 2014 by 52%. In Spain, in 2015 almost 75,000 sq m were signed, of which almost 40,000 sq m were signed in Barcelona and more than 35,000 sq m were signed in Madrid. In France, more than 88,000 sq m were signed during 2015, a record figure compared to previous years. It is important to highlight three contracts signed in #Cloud before delivery of the Project (10,800 sq m with the Company Exane, 9,700 sq m with the Company BlaBlaCar and 3,600 sq m with Facebook). These transactions resulted in the property being approximately 90% pre-let before the delivery of the project. It is particularly important to highlight the rental contract signed with the Organisation for Economic Cooperation and Development (OECD) for the entire In&Out building. This transaction, carried out during the month of June, was the largest rental transaction carried out in the entire Paris market in the first half of 2015.

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The volume of new lettings this year 2015 has resulted in a significant increase in occupancy. At the end of 2015, the Colonial Group's EPRA financial occupancy for the office portfolio reached 94%, up 845 basis points compared to the previous year. In Barcelona, the EPRA financial occupancy of the office portfolio increased +1,169 basis points compared to the previous year, reaching a ratio of 89%. In Madrid, the EPRA financial occupancy of the office portfolio was 96%, +600 basis points above the previous year. In Paris, the EPRA financial occupancy of the office portfolio increased by +828 basis points compared to the previous year, reaching a ratio of 94%.

## New acquisitions and investments

The strategy of acquisitions and repositioning investments constitute the essence of Colonial's industrial business model that permits to compete in a market with excess liquidity and a scarcity of investment opportunities for prime offices with maximum quality and interesting returns. In 2015, the Colonial Group acquired office buildings for a volume of €234m, and has invested more than €128 in "Prime Factory" repositioning strategies in the current portfolio that permit to achieve high occupancy levels with rents at the top end of the market.

All of the investments were carried out in prime locations, with a selective strategy, fulfilling the Group investment target for 2015, in terms of investment volume as well as required returns. During 2015, the Colonial Group acquired four office buildings in the centre of Madrid (Estébanez Calderón 3-5, Príncipe de Vergara 112, Génova 17 and Santa Engracia) for a total amount of €166m, as well as the 9, Av. Percier building in the centre of Paris for €68m. Estébanez Calderón, 3-5 and Príncipe de Vergara 112 correspond to "Prime Factory" acquisitions that involve totally new projects, while Génova 17, Santa Engracia and 9, Av. Percier are income generating "Core" investments.

"PRIME FACTORY" INVESTMENTS		"CORE" INVESTMENTS		
ESTÉBANEZ CALDERÓN 3-5	PRÍNCIPE DE VERGARA 112	GÉNOVA, 17	9 AVENUE PERCIER	SANTA ENGRACIA
<i>Madrid Prime CBD</i>	<i>Madrid CBD</i>	<i>Madrid Prime CBD</i>	<i>París Prime CBD</i>	<i>Madrid CBD</i>
				

Regarding the Project pipeline, during 2015, the Colonial Group successfully delivered two large projects in Paris (the #Cloud building and 90 Champs Elysées), and also successfully repositioned the José Abascal building in Madrid, the Tilos building and the Travessera de Gracia/Amigó complex in Barcelona.

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All of the released repositioning have reported high pre-let ratios, with top-tier tenants and significant uplifts in ERVs, offering very attractive returns.

## Results & Value increase

The recurring EBITDA of the Group reached €178m, 11% higher than the same period of the previous year. The operating profit before the net revaluations, amortizations, provisions and interests was €175m, 9% higher than the amount reached in the same period of the previous year.

The recurring net profit of the Colonial Group amounted to €37m at the close of 2015, €20m higher than in the same period of the previous year, resulting in an increase of 121%. This increase is mainly due to two aspects: an increase in gross rental income and the significant reduction in the financial expenses, thanks to the optimization of the financial structure carried out in 2015.

In 2015, Colonial was the first ever and only listed property company in Spain to obtain an Investment Grade credit rating by Standard & Poor's. The Group's high credit credentials, BBB- for Colonial and BBB for the subsidiary SFL, have enabled the Group to achieve new financing at very attractive costs and to optimize the new financial structure, in terms of maturities and sources of financing.

The financial net debt of the Colonial Group stood at €2,992m at 31 December 2015. The Group LTV is at 41.8% (230 bp below that of 2014) and the spot financial cost stands at 2.27% (2.14% in Spain and 2.36% in France).

Colonial's Group Gross Asset Value amounted to €6,913m at the close of 2015, resulting in an increase of 16% like-for-like compared to the previous year. In Spain, the Gross Asset Value increased by 16% like-for-like in 12 months, mainly due to a yield compression, given the high interest in prime assets in Madrid and Barcelona. The portfolio in Madrid increased by 17% like-for-like, and in Barcelona it rose by 16% like-for-like.

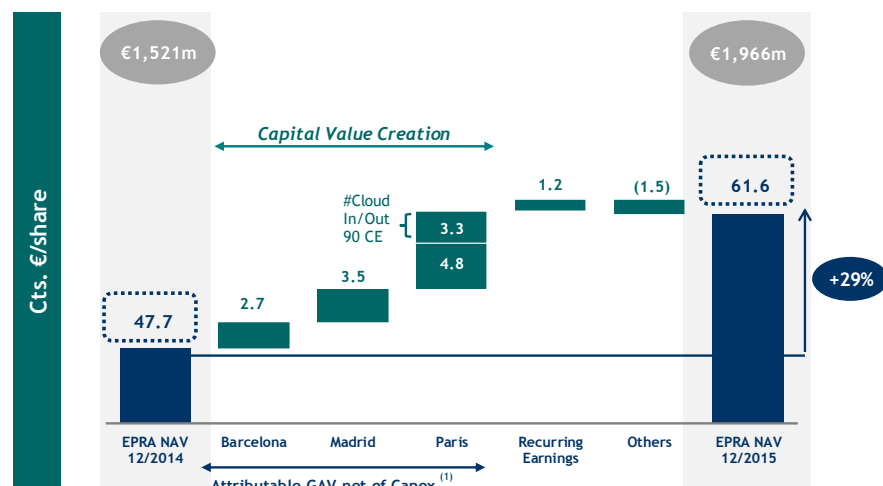
In France, the Gross Asset Value of the portfolio increased 16% like-for-like compared to the previous year. This increase in value is a consequence of the successful execution of prime projects as well as positive impacts on rents and yields in the entire portfolio in the context of an investment market with high interest in prime offices in Paris.

Finally, taking into account the increase in Colonial assets value, the net results attributable to the Group amounted to €415m, an increase by €624m with respect to the previous year, if we exclude the positive accounting effect of the deconsolidation of Asentia in 2014.

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The increase in Colonial's Gross Asset Value resulted in a 29% increase of EPRA NAV 2015 reaching €62 cents/share

## EPRA NAV Colonial



(1) In France includes net impact of the increase in the transfer tax rate and the additional tax levied as from 1 January 2016 (€49m)

Of the 29% growth in the NAV, 13% is due to the increases in value of the Madrid and Barcelona portfolios, mainly as a consequence of yield compressions. The assets in France contribute 17% to the growth of the NAV, part of this growth is based on the successful execution of value-added projects.

“Our industrial business model of creating prime assets together with the outstanding value of our prime office portfolio with exposure to Barcelona, Paris and Madrid, has enabled us to grow in a unique manner in a context of tight investment markets delivering a record year for Colonial”, explains Juan José Brugera, Chairman of Colonial. “We are leading the growth in our segment in Europe, offering the best product to our customers as well as maximizing the value for our shareholders”, adds Brugera.

“The information included in this document has not been verified or revised by the external auditors of Colonial. In this sense, the information is subject to and should be read together with all of the public information available, in all cases including the report corresponding to the 2015 results, registered by the Company and available on the Company’s website [www.inmocolonial.com](http://www.inmocolonial.com).”

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