

Colonial Group Code of Ethics

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1. Objective

The Code of Ethics operated by Inmobiliaria Colonial, SOCIMI, S.A. (“Colonial” or “the Company”) was approved pursuant to the good governance recommendations generally recognised in world markets and the principles of social responsibility accepted by the Company, and it constitutes a benchmark to be observed by Colonial and by the companies forming part of its Group (“the Group” or the “Colonial Group”).

Forming part of the Colonial Group entails an undertaking to respect and exercise due care with our brand in all its formats, and any values we are able to transmit in our daily business through our conduct. This will secure the trust of our customers, shareholders, employees, suppliers and society at large.

The Code of Ethics sets out Colonial’s commitment to the principles of corporate ethics and transparency, and establishes a series of basic principles to which Colonial’s personnel, partners and suppliers must adhere at all times, as the action taken by them may affect Colonial’s reputation.

The Code of Ethics forms part of the rules of Corporate Governance at the Company, which will avail itself of the measures it deems most effective to ensure it is observed and implemented in order to maintain the excellence of the Colonial brand.

2. Scope of application

Application of this Code of Ethics is binding on the following persons and bodies:

- Members of the Board of Directors of Inmobiliaria Colonial, SOCIMI, S.A.
- Members of the Management Committee of Inmobiliaria Colonial, SOCIMI,S.A.
- Personnel of the Colonial Group, irrespective of their position in the hierarchy and their geographic or functional location. This Code of Ethics, however, will not apply to subsidiaries admitted for trading on an official foreign secondary market, to which the rules of Corporate Governance in the country in which they are admitted for trading will apply.
- Personnel at other companies and organisations linked to Colonial or any of the companies forming part of its group through a relationship of control, or when Colonial is responsible for their management in any other capacity.
- Any personnel acting as representatives of the Group in companies and organisations unrelated to the Group will adhere to the Code of Ethics in the exercise of their functions, provided this is not incompatible with the regulations of the company or organisation at which they act as representatives of the Group. At companies and organisations where the Group, although it does not hold a majority stake, is responsible for management, any personnel representing the Group will strive to apply the vision, the values and the rules of conduct established in this Code of Ethics.

3. Colonial's vision and values

The **Company vision**, which is fully applicable to the Group, is described as follows:

"We pursue the creation of long-term value for our shareholders and the consolidation of Inmobiliaria Colonial, SOCIMI, S.A. as outright leader of the European property sector, with a firm, unswerving commitment to the welfare and development of employees, customers, shareholders, global partners and all areas of society".

From its beginnings Colonial has demonstrated its commitment to a number of values as the company's watchwords:

- **Ethics and corporate responsibility:** Colonial is committed to the good governance recommendations generally recognised in world markets, the principles of business ethics and transparency in all areas of operation.

Colonial pursues its corporate interest, defined as the common interest of all shareholders of an independent corporation carrying out its corporate purpose, pursuant to the provisions of current legislation and the rules of Corporate Governance. The foregoing must not prevent consideration of other legitimate public or private interests relating to any business activity.

Colonial takes on board the reality of the regions in which it operates, and perceives the future of its sector.

Responsible patterns of behaviour by all those forming part of the Company constitute inalienable guidelines laying down the most solid features of its personality.

- **Economic results:** Colonial's commitment to growth and profitability targets marks out the path to guarantee business success and meet the demands and expectations of all Company stakeholders at the present time and in the years ahead.
- **Communion with the environment and with employees:** Colonial strives to establish solid permanent links with its stakeholders, thereby forging a sense of belonging to a leading company and business project. Colonial wishes to avail itself of permanent

social dialogue to enable it to generate confidence among all parties directly and indirectly related to the company.

Colonial wishes to attract and retain experienced personnel with the best technical knowledge, in a dynamic and creative format, demonstrating the enrichment of our diversity; it is eager to gain an insight into the needs and expectations of customers, in a bid to continually boost their satisfaction and loyalty.

Colonial's declared commitments go beyond a mere declaration of intent - they are implemented in its day-to-day business, they form part of the Group's daily management in all areas of activity, and are the best way of achieving the main objective of creating value for shareholders and its other stakeholders.

4. Our operating principles

4.1. Adherence to laws in force

Colonial carries out its business and professional activities in accordance with the legislation in force at each of the locations in which it operates. Likewise, as a listed company it acts in accordance with the requirements established by the governing bodies of the official stock markets on which it is listed, and adapts its conduct to the parameters set by them.

Colonial respects and adheres to judicial and/or administrative rulings, notwithstanding its right to submit appeals to any bodies it may deem appropriate against such decisions or rulings when it considers they are not in accordance with the law or contrary to its interests. The commitments and obligations undertaken by Colonial in its contractual relations with third parties are also adhered to in full, as are the customs and good practices of countries in which it operates.

In the exercise of its functions, Colonial's executives must be, and is, familiar with the laws and regulations affecting its various areas of activity, and it ensures that personnel reporting to it receive the proper information and training to enable them to understand and comply with the legal and regulatory obligations applicable to their job functions.

4.2. Professional excellence and integrity

In the exercise of their professional business functions, Colonial and its employees continuously strive to secure professional excellence. Pursuant to this level of excellence in its areas of activity, Colonial acts with integrity, shunning any kind of corruption and operating in accordance with the circumstances and needs of all parties with which it conducts its business.

Colonial fosters acknowledgment of and respect for patterns of behaviour among its staff, in accordance with the principles established in this Code of Ethics.

4.3. Respect for the environment

Colonial has undertaken a commitment of the greatest respect for the environment in its operations, and strives to minimise any adverse effects which these may cause. It establishes best practices and takes steps to provide employees with the necessary training to protect the environment. Colonial helps preserve natural resources and areas of interest in terms of ecology, natural beauty, science or culture.

Colonial is committed to strict compliance with any environmental legislation applicable, it will transmit these principles in its relations with contractors, suppliers or external partners, and will also require compliance with them.

5. Relations with and between the group's professional employees

Colonial's relations with its employees and their relations with each other are based on the following commitments:

5.1. Non-discrimination, mutual respect and equal treatment

Colonial is committed to keeping its working environment free of any kind of discrimination for reasons relating to gender, race, sexual orientation, religious beliefs, political opinions, nationality, social origins, disabilities or any other personal, physical or social characteristics of its professional staff.

Colonial strives towards equal treatment for men and women in terms of access to employment, training and promotion of professional personnel, working conditions, access to goods and services and supply.

Colonial's professional staff will be treated fairly and respectfully by the Company, and by other employees and colleagues. Likewise, relations between Colonial's employees and other partner companies are based on the aforementioned criteria, on professional respect and mutual cooperation.

Colonial strictly forbids any manifestations of violence, abuse of authority and any kind of physical, psychological or moral harassment, and any other behaviour which could generate an intimidating, offensive or hostile environment for human beings.

5.2. Equal opportunities

All Colonial employees have the same opportunities to develop their professional careers. Colonial is committed to establishing an effective policy of equal opportunities to enable its employees to carry out their professional functions on the basis of their own merits. Promotion decisions are always based on objective circumstances and assessments. Colonial is also committed to maintaining a policy of investment in learning processes and personal and professional training for its employees. Colonial's employees adhere to the equal opportunities

policy in their professional activities, and foster personal and professional development among their number.

5.3. Reconciliation of personal life with employment

Colonial respects its employees' personal and family life and understands the importance of a balance between family life and professional life for comprehensive development, and to this end it encourages measures and takes action to help its employees secure such a balance.

5.4. Right to privacy

Colonial protects its employees' right to privacy in all its manifestations, particularly concerning personal data, medical information and economic information.

Colonial has respect for personal communications by its staff via Internet and other communication media. Colonial's employees undertake to be responsible in their use of communication media, IT systems and, in general, any other means the Company may have provided for them.

All items of IT equipment belonging to the company such as personal computers, e-mail, temporary files, Internet access etc. are considered work tools, and must be used exclusively for professional purposes. However, minimum reasonable use of these tools for personal purposes is permitted, and employees are aware that Colonial will take the necessary measures to control and/or monitor the work tools, using different mechanisms and/or means, in order to ensure they are used in a proper and professional manner. If this is not the case, Colonial may take appropriate measures to apply penalties to its employees, who may also be dismissed.

Colonial undertakes to only request and make use of employee data that are necessary for proper management of its business, or are required by the regulations applicable. Colonial also takes any measures necessary to guarantee the confidentiality of personal data, and to ensure that the confidentiality of data transmitted, when this is necessary for reasons relating to business, is in accordance with the legislation in force. Under no circumstances may the personal data of employees be processed for purposes other than those legally or contractually stipulated.

Any employees who, for reasons relating to the exercise of their professional functions, have access to the data of other employees, respect and support the confidentiality of this information, and make responsible professional use of such information.

5.5. Occupational safety and health

Colonial provides its employees with a safe, stable working environment, and is committed to permanently updating measures to prevent occupational hazards, and to complying with the regulations applicable to such issues at all locations in which it carries out its professional activities.

Colonial also supports and encourages the adoption of measures to prevent occupational hazards and compliance with current regulations in relation to safety and health by its suppliers, contractors and, in general, partner companies.

All Colonial employees are responsible for strict compliance with safety and health regulations. They must also make responsible use of any equipment furnished to them when carrying out high-risk activities, disseminate knowledge among their colleagues and subordinates, and foster compliance with practices to prevent hazards.

6. Commitments to third parties and to the market

Colonial and its employees base their relations with customers, suppliers, competitors and partners, shareholders, investors and other market players on the principles of integrity, professionalism and transparency.

6.1 Free competition

Colonial is committed to competing in markets fairly in accordance with the anti-trust laws applicable in any countries in which it carries out its business. It will not engage in any misleading or disparaging publicity concerning its competitors or third parties.

6.2 Management integrity

Colonial rejects bribes to authorities and civil servants, and does not permit its employees to give to or receive from third parties unwarranted payments of any kind, or gifts, presents or favours which are not standard market practice or which, in view of their value, characteristics or circumstances, could reasonably alter the course of any commercial, administrative or professional relations of group companies.

6.3. Relations with customers

Colonial takes action to offer the best possible quality standards, constantly striving for excellence in the provision of its services.

Colonial's watchwords in its precontractual or contractual relations with customers are simplicity and clarity, and in any case it applies the rules of transparency, information and protection of customers.

Colonial is guided by an effort to keep ahead of its customers' needs for the purpose of providing the market with superior products and services which are better suited to the requirements. To do so, Colonial provides its professional staff with the necessary means to implement the most appropriate quality management systems at any given time.

6.4. Relations with contractors and suppliers

Colonial considers that its contractors, suppliers and, in general, its partner companies, are essential to enable the company to achieve its objectives, and thus it strives to match processes for their selection to objective impartial criteria, and avoids any conflicts of interest or favouritism in the selection process.

Colonial is committed to putting its principles into practice in its relations with partner companies, and to working proactively to convey its values and operating principles, as set out in this Code of Ethics. Colonial supports and incentivises cooperation with suppliers and contractors accrediting social, environmental and ethical standards that match its own standards.

6.5. Relations with shareholders

Colonial's guiding principle for its corporate behaviour with shareholders, investors, analysts and the market in general is to convey truthful, complete information which expresses a true and fair view of the Company and the Group, its corporate activities and its business strategies.

Information is always disclosed in accordance with regulations and within the timeframes established by prevailing legislation at any given time. Colonial's corporate action and strategic decisions focus on creating value for its shareholders, transparency in management, the adoption of best corporate governance practices at its companies, and strict observance of the regulations prevailing at any given time.

6.6. Reserved and confidential information

In general, any information which has not been made public and is the property of Colonial is considered reserved and confidential information, and it may not be disclosed to third parties unless enforced by legal, administrative or judicial duties.

Colonial and all its personnel furnish sufficient security measures and apply the procedures established to protect reserved and confidential information against any internal or external risk of unauthorised access, manipulation or destruction, either intentional or accidental. In this regard, the Group's professional employees keep the contents of their work confidential in their relations with third parties, and do not disclose or make use of reserved and confidential information for their own purposes.

Any reasonable indications of leakages of reserved and confidential information must be directly reported to the Regulatory Compliance Unit by those who become aware of this circumstance.

In the event of curtailment of employment or professional relations, staff return any reserved and confidential information to Colonial, including any documents and media or devices used for storage purposes, and the information stored on their computer terminals, and employees' duty of confidentiality remains in place in any case.

Likewise, with regard to data protection, Colonial guarantees third parties concerned the right to consult and request that their data be altered or rectified when the need arises. In the exercise of their professional functions, Colonial employees keep data confidential in the terms expressed above, and refrain from any inappropriate use of such information.

6.7. Protection of corporate equity

At all times Colonial and its employees strive to secure the best possible protection for all goods and rights constituting the group companies' equity and to keep confidential any information concerning them, which may only be used in connection with the activities of the company. Employees are responsible for protecting any resources belonging to Colonial that have been entrusted to them, and for protecting them against any loss, damage, theft or illegal or dishonest usage.

6.8. Conflicts of interest

Conflicts of interest are defined as situations involving a clash between the personal interests of staff and the interests of Colonial.

Professional decisions must be based on the best possible defence of the interests of the Group, and thus Colonial staff must avoid any situations which entail a conflict between their personal interests and those of the Company, and must refrain from representing the Company or taking action or influencing any decisions in which, directly or indirectly, they or any third parties related to them through significant economic, family or professional ties have a personal interest.

Any employees in a situation of conflict are obliged to report this circumstance to the Regulatory Compliance Unit, which will produce and administer the register used for this type of incident.

Under no circumstances may any operations or activities be carried out within the Group that entail or may entail a conflict of interest, unless they have been authorised in writing beforehand by the Regulatory Compliance Unit.

6.9. Neutrality

Colonial operates its business model with no interference or involvement in the political processes of countries in which it conducts its business. Any relationships between Colonial and governments, authorities, institutions and political parties are based on the principles of political neutrality and legality.

6.10. Social commitment

Colonial is committed to socially responsible conduct, complying with the laws of countries in which it operates, and in particular it undertakes its responsibility to show respect for cultural diversity and the customs and principles of the persons and communities affected by its activities.

6.11. External activities

Colonial acknowledges the right of its employees to exercise freedom of expression and of political opinion and, in general, their right to take part in public life, provided this does not interfere with their activities at the Company and is carried out in such a way that it does not lead an external observer to associate Colonial with any specific political option.

7. Implementation of and compliance with the Code of Ethics

This Code of Ethics establishes the principles and commitments of business ethics which Colonial and its employees must adhere to and observe in the exercise of their functions.

Distribution and assessment. Colonial's Regulatory Compliance Unit is responsible for the internal and external distribution of the Code of Ethics.

The Code of Ethics will be distributed to Group employees to make them aware of its contents.

- The Audit and Control Committee will conduct an assessment and draw up an annual report on its level of compliance, and will send the report to the governance bodies concerned.
- **Disciplinary system.** Colonial will take the necessary measures for proper application of the Code of Ethics. No one, regardless of their status or position, is authorised to issue a request to a member of staff to take action contrary to the stipulations of this Code of Ethics. Likewise, no Company employee may lay claim to an order from a hierarchical superior to justify any improper conduct.

In the event of any reasonable indications of irregularities or that action has been taken contrary to the stipulations of the Code of Ethics, these will be reported directly in writing to the Regulatory Compliance Unit.

The identity of the party reporting will be considered confidential information, and under no circumstances may any kind of reprisals be taken by Colonial against the person who reported the instance of misconduct.

When the Regulatory Compliance Unit ascertains that a Colonial employee has taken action contrary to the stipulations of the Code of Ethics, it will apply the disciplinary measures in accordance with the system of misdemeanours and penalties set out in the Inmobiliaria Colonial, SOCIMI, S.A. collective labour agreement or in the employment legislation applicable.

- **Update.** If the Board of Directors deems it necessary, it will review and update the Code of Ethics regularly on the basis of the annual report by the Audit and Control Committee, and also on the basis of suggestions by the Company's professional staff.
- **Acceptance.** Both staff currently in the employ of Colonial and any future employees expressly accept the entire contents of the Code of Ethics, which will form part of their respective employment contracts following approval by the Company's Board of Directors.
- **Approval.** The Code of Ethics was approved at a meeting of the Company's Board of Directors on 28 July 2011.