
Colonial

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The Company maintains a positive recurring result and reaches an EBITDA margin on gross rents of 90%

The Colonial Group obtained negative attributable results of (€547m), mainly due to the negative impacts of Asentia

- The negative results are mainly due to the impact of the consolidation of the Asentia Group and other extraordinary costs
- At the date of issue of this document, the effective deconsolidation of the Asentia Group has been completed
- Rental revenues amounted to €213m, +1.0% like-for-like
- The recurring EBITDA of the Group amounted to €165m, +5% like-for-like
- The value of the assets (GAV) of the Colonial Group at 31 December 2013 amounted to €5,347m, +4.5% like-for-like
- The value per share (EPRA NAV fully diluted) is €0.95/share
- The Company continues to work on the financial restructuring and considers the possibility to increase the capital raise

Barcelona, 28 February 2014

The Colonial Group obtained negative attributable results of (€547m), mainly due to the negative impact of the consolidation of the non-strategic business (Asentia Group), to the extraordinary costs related to the restructuring of the debt and to the increase of the financial expenses related to the syndicated debt. It is important to highlight that the accounting impact of the non-strategic business does not imply a cash-outflow for Colonial.

The consolidation of the result of Asentia, still fully integrated in the Colonial Group at the end of 2013, has led to negative results of (€405m) for the Group. At the date of issue of this report, the effective deconsolidation of the Asentia Group has been completed. Consequently, the results generated by the Asentia Group from 1 January 2014, onwards, will not impact the consolidated accounts of the Colonial Group.

The negative impact of the increase of the financial expense related to the current syndicated debt of Colonial has resulted in a total of €71m, mainly due to the penalty of the financial expense “step up” registered as of 31 October 2013.

To this day, the Board of Directors of Colonial continues to work in order to comply with the commitments approved by the Extraordinary General Shareholders’ Meeting for the financial restructuring of the Company and the repayment of the current syndicated debt. These agreements include the mandate to execute a capital raise of €1,000m, to refinance the syndicated debt at market conditions and to achieve the deconsolidation of Asentia, which has already been completed.

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Likewise, the Board of Directors is analyzing different alternatives regarding the Company's stake in Société Foncière Lyonnaise (SFL), including the possibility to maintain its stake in this company above 50% of the share capital. In addition, in the framework of the different possibilities that are being worked out for the financial restructuring, the Company is considering other actions, including the possibility to revise the size and structure of the capital raise and, in particular, increase the volume of the transaction.

Evolution of rents

The office markets in Barcelona and Madrid have experienced a decrease in rental prices during 2013, following the trend since the beginning of the economic crisis. In this sense, Barcelona registered the lowest office take up in the last 16 years. In the Paris market, which represents 44% of the total surface of Colonial, the office take up has remained stable during the year. During 2013, the Colonial Group signed rental contracts for 108,469 sq m, 64% in Spain and 36% in France. The EPRA occupancy (economic occupancy calculated according to the recommendations of EPRA) of the office portfolio is 81%.

At date of issue of this document, 20,046 sq m have been signed corresponding to large contracts that are not included in the occupancy as of December 2013. In particular, we highlight the 6,996 sq m signed on the Edouard VII building, the 6,790 sq m on the Martínez Villergas building and the 4,800 sq m on the Torre BCN building, reaching occupancy rates of 99%, 94% and 86%, respectively.

Currently the Company has a project portfolio of more than 69,000 sq m above ground, which will enter into operation between 2014-2018. This coincides with a period when the behavior of the take up in Madrid and in Barcelona will improve, according to the main brokers of the sector. In 2013, Madrid has already accumulated an increase of 30% of the prime office take up in comparison to 2012. The project portfolio of the Colonial Group will generate additional rental revenues of approximately €41m.

Recurring results and capital structure

The recurring EBITDA in 2013 amounted to €165m (+5% like-for-like compared to the year before), and the net recurring result (EPRA Net Profit) was positive and amounted to €4m. The rental EBITDA (net rents) reached €192m, an increase of 2% like-for-like, with an EBITDA margin on gross rents of 90%.

The value of the assets (GAV) of the Colonial Group at 31 December 2013 amounted to €5,347m, which means an increase of +4.5% like-for-like in comparison to the valuation at December 2012. The value of the French business has increased by +7.7% during the last 12 months, allowing to compensate for the decreases suffered in the portfolio in Spain (-5.7% in 12 months).

The Net Asset Value at December 2013 amounted to €0.95/share, a decrease of 25 cents with respect to the NAV at June 2013 (3 cents below the pro forma reported in September 2013).

"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 closing of the year 2013, registered by the Company and available on the Company's website www.inmocolonial.com."

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