

# Colonial

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**Colonial completes 1,250 million-euro notes issue with an average coupon of 2.2%**

## Colonial successfully places 1.25 billion-euro issue

- Colonial sets new benchmark in Spanish property sector after successfully completing issuance of investment grade notes (BBB- as per Standard & Poor's rating)
- Colonial first and only Spanish property company to obtain this rating
- This transaction enables it to reduce finance costs by 50%
- The issuance demonstrates capital market's recognition of successful implementation of company's strategy
- Placement will allow Colonial Group to accelerate its strategic growth plan
- Net proceeds of the issue earmarked to repay existing syndicated loan in Spain and for other general corporate purposes

**Barcelona, May 27, 2015**

Colonial successfully completed a notes issue of more than 1.2 billion Euros today, setting a new benchmark in the Spanish property sector. The placement represents a major milestone for the Colonial Group and came off the back of it becoming the first Spanish listed property company to be awarded a BBB- investment grade rating by Standard & Poor's.

The notes issued had a total nominal value of 1.25 billion Euros, split into two series of four and eight years, respectively, with an average coupon of 2.2% and the following main features:

- **4 Year Notes**

The 4 Year Notes, due June 5, 2019, have a total nominal value of 750,000,000 Euros, which are represented by 7,500 Notes. The 4 Year Notes will accrue interest at an annual rate of 1.863% payable in arrear annually.

- **8 Year Notes**

The 8 Year Notes, due June 5, 2023, have a total nominal value of 500,000,000 Euros, which are represented by 5,000 Notes. The 8 Year Notes will accrue interest at an annual rate of 2.728% payable in arrear annually.

The Company will use the net proceeds of the issue to repay all amounts outstanding in connection with the existing syndicated loan of 1,040 million Euros, as well as for other general corporate purposes of Colonial.

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## Success of the issue and boost for the company's strategic plan

Colonial's issue was well received by the investment market, demonstrated by the fact that the offering has been substantially oversubscribed. The final total volume, maturity and the other terms and conditions significantly improve Colonial's capital structure and generate savings in finance costs of approximately 20 million Euros per annum.

The issue demonstrates the capital market's recognition of the successful implementation of the strategy of the company, which has captured very significant volume of demand in the rental markets in recent months, increased occupancy ratios and delivered substantial rental and capital value growth. These achievements based on a top quality prime property portfolio have enabled it to obtain an investment grade credit rating.

The placement allows the Colonial Group to accelerate its strategic growth plan. "The success of this issue, which is the first of its kind in terms of volume, terms and conditions, in the Spanish and European property market in recent years, along with the investment grade rating is a major milestone for Colonial, demonstrating how the markets are endorsing our successful strategy focused on a high quality prime office portfolio diversified in three markets," commented Colonial's Chairman, Juan José Brugera. "It is not just the value and nature of Colonial's assets that make it a prime company but also the structure and terms of its debt", Brugera added.

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