

Pursuant to Section 228 of the restated Spanish Securities Market Act (*Ley del Mercado de Valores*) approved by *Real Decreto Legislativo 4/2015, de 23 de octubre*, Inmobiliaria Colonial, SOCIMI, S.A. (“**Colonial**” or the “**Company**”) hereby discloses the following

REGULATORY ANNOUNCEMENT (*HECHO RELEVANTE*)

The Board of Directors of the Company has resolved to carry out, pursuant to the authorization granted by the General Shareholders’ Meeting of June 29, 2017, a share capital increase for cash, with exclusion of pre-emptive subscription rights, for a maximum nominal amount of up to EUR 107,118,250, by means of the issuance of up to a maximum of 42,847,300 ordinary shares with a nominal value of EUR 2.50 per share, of the same class and series as the currently outstanding shares (the “**New Shares**”), representing up to 10.92% of the current share capital of the Company (the “**Capital Increase**”). The New Shares will grant their holders the same rights as those granted to the holders of the outstanding shares from their registration in the accounting records of the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (“**Iberclear**”).

The Capital Increase will be carried out through a private placement by means of an accelerated bookbuild offering process exclusively directed to qualified domestic and foreign investors (the “**Placement**”).

Furthermore, the Company expects that the size of the Placement may be increased by selling treasury shares at a price equal to the issue price resulting from the Placement.

1. RATIONALE

The main rationale of the Capital Increase is to ensure and optimise the financing of the tender offer over the shares of Axiare Patrimonio SOCIMI, S.A. (“**Axiare**”) not owned by Colonial that was announced on November 13, 2017 (the “**Bid**”). Nevertheless, given that the outcome of the Bid is not yet known, all or part of the net proceeds may be used for general corporate purposes of Colonial.

2. ISSUE PRICE

The issue price of the New Shares will be determined through an accelerated book-building process among qualified investors (see section 4). Shareholders of the Company that have representation in the Board of Directors of Colonial, and who have the status of qualified investors, have expressed their commitment to subscribe shares for an effective amount of more than 300 million euros at a price of 7.89 euros per share.

3. ADDRESSEES OF THE CAPITAL INCREASE

The Capital Increase will be solely addressed to qualified investors, as defined, (i) in Spain, in Section 39 of the *Real Decreto 1310/2005 de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión*

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a *negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*; (ii) in the other EU Member States, as set out in the relevant domestic legislation implementing Directive 2003/71/EC of 4 November 2003; and (iii) in other countries, in a manner such as that investors may have such condition or equivalent category, in accordance with each jurisdiction's applicable law so that according with such law, the Capital Increase does not require to be registered with or approved by any competent authority. As a consequence, the issue and sale of the New Shares does not constitute a public offer of securities in any jurisdiction. Notwithstanding the foregoing, none of the New Shares nor the treasury shares have been or will be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States. The New Shares and, if applicable, the treasury shares may only be offered, sold or otherwise transferred in offshore transactions outside the United States as defined in, and in reliance on, Regulation S under the Securities Act.

4. DESCRIPTION OF THE PLACEMENT

The Company has entered into a placement agreement with J.P. Morgan Securities plc (Sole Global Coordinator y Joint Bookrunner), Goldman Sachs International (Joint Bookrunner), Kempen & Co N.V. (Joint Bookrunner), BNP Paribas (Co-Bookrunner), Crédit Agricole Corporate and Investment Bank (Co-Bookrunner) and Natixis (Co-Bookrunner) (the "**Managers**") containing customary terms and conditions for this type of transaction. Furthermore, the Company has agreed to a lock-up commitment on customary terms during a period of 60 days from the date of admission to trading of the New Shares on the Stock Exchanges of Madrid and Barcelona, subject to customary exceptions for this type of transaction and excluding transactions in the context of the Bid (including potential corporate transactions involving Axiare following the closing of the Bid) and sale of treasury shares following prior notice to the Sole Global Coordinator and Joint Bookrunner.

Following the publication of this regulatory announcement, the Managers shall explore, during a period that is expected to finalize on November 29, 2017 no later than 8:00 a.m., the existing demand of New Shares among qualified investors, using reasonable efforts to procure subscribers for the New Shares.

5. RESULT OF THE PLACEMENT

Once the private placement process is finalized, the Company will publish the results by means of a relevant regulatory announcement, including the final number of New Shares to be issued and, if applicable, the number of treasury shares to be sold, as well as the price resulting from the Placement.

6. APPLICATION FOR ADMISSION TO TRADING

The Company will apply for admission of the New Shares to listing on the Stock Exchanges of Madrid and Barcelona and to trading on the Automated Quotation System (*Sistema de Interconexión Bursátil*), with no need for registration and approval by the Spanish Stock Market Regulator (*Comisión Nacional del Mercado de Valores*) of a prospectus.

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7. REPORTS

In compliance with the provisions of the *Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*, in the context of the Board of Director's resolution to increase the share capital with exclusion of pre-emptive subscription rights, the corresponding director's report has been issued and the mandatory report issued by Ernst & Young, S.L., acting as independent expert, has been obtained. Such reports will be made available to the shareholders in the manner and time prescribed by applicable law.

In Madrid, November 28, 2017.

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