



## Colonial increases its stake in Axiare to 29% and launches a takeover bid for the remaining share capital of the company

- Total transaction value amounts to €1.2bn
- Colonial redoubles its commitment to Spain and the Madrid office market and consolidates its leading position in the European prime office market
- Pelham Capital, second largest shareholder of Axiare, sells its stake to Colonial
- Colonial offers 18.50 euros per share, representing a premium of 13% over the spot price and 21% over the last reported NAV as of June 2017

### Madrid, November 13<sup>th</sup>, 2017

Colonial has acquired an additional 13.3% of Axiare's share capital from former shareholders of the company, including Pelham Capital's 9% stake, and has launched a Voluntary Tender Offer to acquire the remaining 71.4% of "Axiare Patrimonio Socimi SA ". The consideration offered to shareholders of Axiare consists of 18.50 euros per share of Axiare in cash, and is subject to Colonial reaching a stake representing no less than 50% plus one share of Axiare's share capital.

Colonial, which initially entered Axiare's share capital more than a year ago with the purchase of 15% of the company's shares, expects to close the transaction during the first half of 2018. The price of the offer represents a premium of 13% over the spot price and 21% over the last reported NAV as of June 2017.

### A Spanish giant with €10bn in leading assets in Europe

With this transaction, Colonial consolidates its position as the leading European platform for the prime office market in Paris, Madrid and Barcelona. Axiare's portfolio, with 74% of offices and 77% of the portfolio located in Madrid, is highly complementary to Colonial portfolio's strategy, location and characteristics.

"This transaction reinforces the growth trajectory of Colonial and consolidates its leadership position as one of the leading European real estate companies with great ability to generate value," explains Juan José Brugera, Chairman of Colonial.

The acquisition of Axiare will increase Colonial's portfolio by €1,710mm, reaching €10bn in asset value. The resulting portfolio reaches 1.7mm of sqm under operation together with 330.000 sqm in assets under development. Colonial, whose portfolio is made up solely of office buildings, 75% prime, and 97% occupied, is able with this transaction to accelerate its commitment to the Madrid market, where the combined entity will retain a portfolio of office buildings of €2.6bn value.

Post-transaction, the exposure to Spain, which currently accounts for 31% of the value of Colonial's assets, will increase up to 42% of the total portfolio. The portfolio of the combined entity will have 58% of the value located in Paris, while the portfolio of offices in Madrid and the portfolio of assets in Barcelona will represent 27% and 10% respectively.

## Capture the optimal market moment

The rental income of the combined platform would amount to €350mm, together with additional income derived from the potential cash flow from projects currently under development. These projects, with special focus on the Madrid market, are expected to increase the rental income up to a total amount of €470mm.

"We recognize in Axiare an excellent track-record in value generation carried out by its management team, fully coinciding with the strategy and market focus that Colonial has maintained and is expected to maintain in the coming years," explains Juan José Brugera, Chairman of Colonial. "There are many synergies arising from this transaction, which predispose us to create a core product that addresses the growth on demand, maximising value return to our shareholders," adds Brugera.

## Full financial backing

The transaction has been fully funded by J.P. Morgan through a bridge financing which includes a stand-by equity underwriting.

Likewise, the shareholders with representation at the Board of Colonial have expressed their commitment to support any capital increase taking place in the course of the transaction with up to €250mm at a price not lower than the volume weighted average price of the month prior to the announcement of the transaction.

Colonial is committed to maintain its current credit rating at a time when the company's debt is trading up in the markets.

J.P. Morgan is acting as sole financial advisor and is also provider of the acquisition financing to Colonial in connection with its voluntary tender offer for Axiare.

Ramón y Cajal is acting as the legal advisor to Colonial.

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## About Colonial

Colonial Group is a SOCIMI specialized in prime offices listed in the benchmark index of the Spanish stock-exchange, Ibex 35. It is present in the main business areas of Barcelona, Madrid and Paris with a prime office portfolio of more than one million m<sup>2</sup> and an asset value under management of more than 8,600 million euros.



IBEX<sup>35</sup>



For more information: Román y Asociados 93 4142340

Xavier Ribó - x.ribo@romanyasociados.es +34 669 486 003

Víctor Palacio - v.palacio@romanyasociados.es +34 677 782 370

María Martínez -maria.martínez @ romanyasociados.es

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