

In compliance with Section 228 of the *Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*, Inmobiliaria Colonial, S.A. ("**Colonial**" or the "**Company**") hereby discloses the following

## REGULATORY ANNOUNCEMENT (*HECHO RELEVANTE*)

The Company announces that it has agreed to conduct a tender offer in cash to the holders for the repurchase of the outstanding "4 Year Notes", with ISIN code XS1241699922, issued for an aggregate nominal amount of EUR 750 million due on June 2019 with an interest rate of 1.863%, payable annually in arrears (the "**Notes**"), all in order to subsequently cancel the repurchased Notes (the "**Repurchase Offer**"). Capitalised terms used herein but not defined shall be given the meanings in the Offer Document (as defined below)

The terms and conditions of the Repurchase Offer are contained in a tender offer memorandum dated the date hereof (the "**Offer Document**") which is available to noteholders and that the Company recommends reading. BNP Paribas, Crédit Agricole Corporate and Investment Bank and Natixis act as Dealer Managers in respect of the Repurchase Offer. The Offer Document may (subject to certain restrictions on its distribution as set out therein) be obtained on request to the tender agent of the Repurchase Offer, Lucid Issuer Services Limited.

Noteholders will be able to submit selling offers in the manner specified in the Offer Document from and including 20 October, 2016 to 16:00 (CET) on 27 October, 2016. The Company will announce whether or not it has decided to accept the selling offers received and, if appropriate, the result of the Repurchase Offer, on or before 10:00 am (CET) on Friday 28 October 2016, although the Company may, at its discretion change certain terms and conditions of the Repurchase Offer (including the offer period mentioned above) in accordance with the provisions of the Offer Document.

Colonial proposes to accept selling offers up to the Maximum Acceptance Amount, which shall be determined at the Company's discretion and disclosed on or before the announcement of the results of the Repurchase Offer. Furthermore, it is expected that the settlement of the Repurchase Offer will take place on 2 November, 2016.

The Company may, at its sole discretion, extend, amend or terminate the invitation to submit selling offers at any time (subject to applicable law and as provided in the Offer Document).

In any case, whether or not the Company will accept to purchase Notes validly tendered in the Repurchase Offer is initially subject, without limitation, to the successful completion of the issuance of the senior unsecured notes referred to below or of any other financing on terms acceptable to the Company.

To that end, the Company has, under the €3.000.000.000 “Euro Medium Term Note Programme” approved by the Central Bank of Ireland on 5 October 2016, appointed Deutsche Bank AG, London Branch and BNP Paribas (as Global Coordinators); and Crédit Agricole Corporate and Investment Bank, J.P. Morgan Securities Plc, Mediobanca Banca Di Credito Finanziario S.P.A., Bank of America Merrill Lynch and Natixis (as Joint Bookrunners) to carry out a book building process for the potential issuance of senior unsecured notes.

In any event, the aforementioned potential issuance would not constitute a public offer under Directive 2003/71/EC of 4 November 2003.

The aggregate amount, maturity and other final terms and conditions of the issuance would be determined, as the case may be, after the book building process and would also be communicated by means of the corresponding regulatory announcement (*hecho relevante*).

The Company, if deemed appropriate, expects to use the net proceeds of the eventual issuance for general corporate purposes of Colonial, including the repayment of financial indebtedness (including the Repurchase Offer).

In Barcelona, on 20 October, 2016.

THE INFORMATION TO WHICH THIS ANNOUNCEMENT RELATES DOES NOT AND SHALL NOT CONSTITUTE A PUBLIC OFFERING IN SPAIN AND THEREFORE WILL NOT BE REGISTERED BY MEANS OF A PROSPECTUS WITH THE SPANISH SECURITIES MARKET REGULATOR (COMISIÓN NACIONAL DEL MERCADO DE VALORES).

THE SECURITIES HEREIN REFERRED HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE U.S. SECURITIES ACT OF 1933). THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO U.S. PERSONS (AS DEFINED IN THE U.S. SECURITIES ACT OF 1933) ABSENT REGISTRATION OR AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OR IN ANY OTHER JURISDICTION OTHER THAN IN COMPLIANCE WITH THE LAWS OF THAT JURISDICTION. THERE IS NO INTENTION TO CONDUCT A PUBLIC OFFERING OF SECURITIES IN THE UNITED STATES.

THE MANAGERS ARE ACTING ONLY ON BEHALF OF THE COMPANY IN CONNECTION WITH THE SECURITIES AND WILL NOT BE RESPONSIBLE TO ANY OTHER PARTY FOR SERVICES PROVIDED TO CLIENTS OF THE DEALERS OR FOR ADVICE PROVIDED IN RELATION TO THE SECURITIES.

THIS NOTICE AND ANY OTHER DOCUMENTS OR MATERIALS RELATING TO THE INFORMATION TO WHICH THIS ANNOUNCEMENT RELATES ARE FOR DISTRIBUTION WITHIN THE UNITED KINGDOM ONLY TO PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE “FINANCIAL PROMOTION ORDER”); (II) ARE PERSONS FALLING WITHIN ARTICLE 49 OF THE FINANCIAL PROMOTION ORDER; OR (III) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE INFORMATION TO WHICH THIS ANNOUNCEMENT RELATES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS THE “RELEVANT PERSONS”). THIS NOTICE AND ANY OTHER DOCUMENTS RELATING TO THE INFORMATION TO WHICH THIS ANNOUNCEMENT RELATES ARE DIRECTED ONLY AT THE RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS NOTICE AND ANY OTHER DOCUMENTS OR MATERIALS RELATING TO THE INFORMATION TO WHICH THIS ANNOUNCEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

IN ADDITION, THE REPURCHASE OFFER SHALL NOT BE MADE IN ANY JURISDICTION UNLESS PERMITTED UNDER THE APPLICABLE LAW. THE REPURCHASE OFFER AND THE DISTRIBUTION OF THE OFFER DOCUMENT SHALL BE SUBJECT TO RELEVANT RESTRICTIONS CONTAINED WITHIN THE OFFER DOCUMENT.