



According to article 228 of the Legislative Royal Decree 4/2015 of October 23 approving the revised text of the Securities Market Act, Inmobiliaria Colonial, S.A. ("**Colonial**" or the "**Company**") hereby reports the following:

### **REGULATORY ANNOUNCEMENT**

Today, the 13<sup>th</sup> of July, 2016, it has been agreed to execute the consolidation and reverse share split approved, under item 18 on the agenda, by the Annual General Shareholders Meeting celebrated on the 28<sup>th</sup> of June, 2016.

Accordingly, it has been agreed to consolidate and cancel the 3,568,233,990 shares wherein Colonial's current share capital (the "**Old Shares**") will be divided to be exchanged for 356,823,399 of new shares (the "**New Shares**") in the proportion of 1 New Share for every 10 Old Shares (the "**Share Exchange Ratio**"), by raising the par value of the shares from €0.25 to €2.50 and the consequent reduction in the number of shares representing the share capital in circulation, without modifying the value of the share capital which remains set at €892,058,497.50 (the "**Reverse Share Split**").

The New Shares will begin trading on the stock exchange on the 26<sup>th</sup> of July, 2016, providing that the Reverse Share Split has been registered in the Company's registry (the "**Effective Date**"). On the Effective Date, the technical exclusion of the trading of the Old Shares and the simultaneous admission of the New Shares for trading on the Madrid and Barcelona stock exchanges, as well as their inclusion in the Spanish Stock Markets Interconnection System (SIBE). The shareholders of the Company will have the right to 1 New Share for each 10 Old Shares. The shareholders are defined as those who appear as such at the close of the markets on the 25<sup>th</sup> of July, 2016 (the "**Reference Date**"), the first trading day immediately before the Effective Date, in accordance with the accounting records of the Securities Registration, Clearing, and Liquidation Systems Management Company, Inc. (Iberclear) and entities participating therein, and this exchange will take place automatically on the Effective Date.

The shareholders who own a number of Old Shares that is not a multiple of 10 can opt between purchasing or transferring the Old Shares necessary to complete a number of Old Shares that is a multiple of that established in the Share Exchange Ratio (10) or grouping with other shareholders to reach the number of Old Shares that is a multiple of that established in the Share Exchange Ratio.

In the event that, at the close of the markets on the Reference Date, there are shareholders that own a number of Old Shares that are not a multiple of that established in the Share Exchange Ratio, BNP Paribas Securities Services, Subsidiary in Spain, the agent entity of the Reverse Share Split (the "**Agent Entity**"), will manage the acquisition of the cited fractions of shares on behalf of Colonial. The acquisition price will be the share price of Colonial's shares at the close of the Reference Date, which will be paid between the Effective Date and the fifth following trading day, and the payment will be coordinated by the Agent Entity.

As a consequence of the Reverse Share Split, Article 5 ("**Share Capital**") of Colonial's Company Bylaws will be modified in order to adapt its content to the new nominal value and number of New Shares.

A copy of the announcement of the Reverse Share Split of the Company is attached, which will be published in the coming days in the Official Newsletter of the Mercantile Registry, in at least one Spanish daily newspaper and in the trading newsletters of the Madrid and Barcelona Stock Exchanges.

Barcelona, the 13<sup>th</sup> of July, 2016

**INMOBILIARIA COLONIAL, S.A.*****Announcement of the consolidation and cancelation of shares to exchange for new shares (Reverse Share Split)***

On the 13<sup>th</sup> of July, 2016, Inmobiliaria Colonial, S.A. (“**Colonial**” or the “**Company**”) has agreed to execute the Reverse Share Split and exchange approved, under item 18 on the agenda, by the Annual General Shareholders Meeting celebrated on the 28<sup>th</sup> of June, 2016.

Accordingly, it has been agreed to consolidate and cancel the 3,568,233,990 shares wherein Colonial’s current share capital (the “**Old Shares**”) shall be divided to be exchanged for 356,823,399 of new shares (the “**New Shares**”) in the proportion of 1 New Share for every 10 Old Shares (the “**Share Exchange Ratio**”), by raising the par value of the shares from €0.25 to €2.50 and the consequent reduction in the number of shares representing the share capital in circulation, without modifying the value of the share capital which remains set at €892,058,497.50 (the “**Reverse Share Split**”).

The New Shares shall be represented by book entries, and the keeping of the accounting records shall correspond to the Securities Registration, Clearing, and Liquidation Systems Management Company, Inc. (“**Iberclear**”) and entities participating therein. The New Shares will be the same class and series and will have the same economic and political rights as the Old Shares, proportional to their value.

**Share Exchange Ratio:** The shareholders of the Company shall receive 1 New Share with a nominal value of €2.50 each, in exchange for each 10 Old Shares that they own, with a nominal value of €0.25 each, and the 3,568,233,990 Old Shares, with a nominal value of €0.25 each, consolidated for their exchange for 356,823,399 New Shares, with a nominal value of €2.50 each. Therefore, the value of the share capital remains set at €892,058,497.50.

**Effective Date of the Reverse Split:** The 26<sup>th</sup> of July is set as the effective trading date of the Reverse Share Split, providing that the Reverse Share Split has been registered in the Company’s registry (the “**Effective Date**”). On the Effective Date, the technical exclusion of the trading of the Old Shares and the simultaneous admission of the New Shares for trading in the Madrid and Barcelona stock exchanges will be executed, as well as their inclusion in the Spanish Stock Markets Interconnection System (SIBE).

**Procedure of the share exchange and treatment of the share fractions:** The shareholders of the Company shall have the right to 1 New Share for each 10 Old Shares. The shareholders are defined as those who appear as such at the close of the markets on the 25<sup>th</sup> of July, 2016 (the “**Reference Date**”), the first trading day immediately before the Effective Date, in accordance with the accounting records of Iberclear and entities participating therein.

The exchange shall take place automatically on the Effective Date in accordance with those procedures established for the values represented in the accounting records, through the corresponding participating entities in Iberclear, all the foregoing in accordance with the instructions issued to this effect by the Agent Entity (as this term is defined below) and by Iberclear.

The shareholders who own a number of Old Shares that is not a multiple of 10 can opt between purchasing or transferring the Old Shares necessary to complete a number of Old Shares that is a multiple of that

established in the Share Exchange Ratio (10) or grouping with other shareholders to reach the number of Old Shares that is a multiple of that established in the Share Exchange Ratio.

In the event that, at the close of the markets on the Reference Date, there are shareholders that own a number of Old Shares that are not a multiple of that established in the Share Exchange Ratio, the Agent Entity shall manage the acquisition of the cited fractions of shares on behalf of Colonial. The acquisition price shall be the share price of Colonial's shares at the close of the Reference Date, which shall be paid between the Effective Date and the fifth following trading day, and the payment shall be coordinated by the Agent Entity. The amount shall be paid to the participating entities in Iberclear to deposit in the accounts of the shareholders who have the Company shares deposited in these entities. This sales transaction will imply no cost for the shareholders that own cited fractions of Old Shares, with the exception of expenses and commissions from their respective entities which could affect them.

**Agent Entity:** BNP Paribas Securities Services, Subsidiary in Spain, shall act as the agent entity of the Reverse Share Split (the "**Agent Entity**").

**Modification of the Company Bylaws:** As a consequence of the Reverse Share Split, Article 5 ("*Share Capital*") of Colonial's Company Bylaws shall be modified in order to adapt its content to the new nominal value and number of New Shares, which shall hereinafter read as follows:

*"Article 5. Share Capital*

*The Share Capital is set at EIGHT HUNDRED NINETY-TWO MILLION FIFTY-EIGHT THOUSAND FOUR HUNDRED NINETY-SEVEN EUROS AND FIFTY CENTS (€892,058,497.50), divided into 356,823,399 shares represented by book entries with a nominal value of €2.50 each, fully subscribed and paid.*

*The keeping of the accounting records of the shares shall correspond to the Securities Registration, Clearing, and Liquidation Systems Management Company, Inc. (Iberclear) and entities participating therein.*

*The Company shall have the right to obtain at any time the data corresponding to the shareholders, including the addresses and contact information available from the entities that keep the accounting records of the book entries.*

*On the other hand, the Company shall be able to agree to the share issue without voting rights in the terms and with the rights contemplated in the Law on Corporations."*

Barcelona, the 13<sup>th</sup> of July, 2016. Vice-secretary of the Board of Directors, Nuria Oferil Coll