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# Colonial

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## *The Board calls an Extraordinary General Shareholders' Meeting*

### **Colonial proposes a capital increase up to a maximum of €1,000 million to recapitalize the company and to guarantee its future viability**

- The Board of Directors' proposal considers a cash capital increase with recognition of preferential subscription rights, as well as a capital increase through debt capitalisation, if required.
- The company has received binding offers to date by individual investors with a strategic interest in subscribing a cash capital increase worth €500 million.

Barcelona, January 2<sup>nd</sup>, 2014

In the Extraordinary General Shareholders' Meeting that is expected to be celebrated on January 21st, 2014, at second call, the shareholders will be able to authorise the Board to carry out a capital increase of up to €1,000 million. At this General Shareholders' Meeting, Colonial's Board of Directors will inform the shareholders on the state of the restructuring process of the Company's financial debt, that implies a capital increase that will allow for the refinancing of its debt, ensuring the future viability of the Company.

The Company's Board of Directors started conversations with the financial lending institutions at the beginning of last year, 2013, in order to agree the restructuring of the syndicate loan for the approximate amount of €1,800 million, with maturity at the end of December 2014. This process has been in the framework of a recapitalisation plan for the company which will allow it to face the payment of debt and ensure its future viability, as well as to protect the corporate interest ("interés social"). In this context, strategic options have been analysed and evaluated during the last months with the objective to reduce the amount of debt. These options include the sale of assets, including the total or partial disposal of the stake in Société Foncière Lyonnaise (SFL), or the possibility to carry out capital increases. These options have led to start and maintain conversations, and have resulted in the receipt of offers from different investors.

As a consequence of these negotiations, after having evaluated the offers, and taking into account the progressive increase of the financial debt of the Company, which negatively affects the value of the Company's equity, the Board of Directors has decided to submit to its shareholders for approval a restructuring project of the financial debt of the company that requires a capital increase and the search for new lines of financing for the Company. The objective of this is to address the restructuring of the financial debt and recapitalisation of Colonial without delay.

The transaction is also considered in the framework of a growing interest in the Company by the investment community. Colonial counts on a unique platform of assets in Spain and France, that have shown a very defensive behavior in adverse economic circumstances. In addition, the corporate restructuring carried out by the Company in recent years allows the channeling of the interest of investors, with a strategic interest, in the markets where Colonial is present.

In that sense, the Company has received binding offers from independent investors to invest capital in the Company amounting to €500 million that are subject to the fulfillment of specific conditions.

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Among these conditions are that the capital increase issue price should be €0.5 per share as a maximum, the deconsolidation of Asentia (which groups the discontinued activities of land and development), that no more than 20% of the Company's stake in SFL be sold, and that the syndicate loan referred to above be refinanced. The investors that have presented the above-mentioned offers are Grupo Villar Mir, Grupo Santo Domingo and Amura Capital (institution linked to the Mora Banc Grup, S.A.). The interest by the investors is not concerted, it is of a strategic nature and supports the Company's current business strategy. Regarding the Company's stake in SFL, the Company considers probable that binding offers will be obtained in order to carry out a partial sale of the Company's stake in SFL, which will not result in a loss of control, with terms and conditions compatible with the offers of the investors.

The cash capital increase that is proposed to the General Shareholders' Meeting will be executed by the Board of Directors only if the agreements are reached and the necessary commitments are obtained that altogether will guarantee the restructuring of the financial debt for the protection and achievement of the corporate interest ("interés social"), in such a way that the future viability of the Company is ensured.

In the opinion of the Chairman, Juan Jose Brugera, "we have worked hard to arrive here. Colonial is facing the risk derived from its financial structure, which is relevant, but it has a great opportunity due to the recognition that we have from the market, and we should take advantage of it".

The transaction is advised by GBS Finanzas and Morgan Stanley.

*Grupo Villar Mir is one of the largest industrial groups in Spain, 100% owned by the Villar Mir family, and founded in 1987. It is present in 40 countries and 5 continents and it develops its activities in 6 main areas: construction (civil works as well as industrial construction), infrastructure concessions, fertilizers and chemicals, electrometallurgy, electric energy production and commercialization, and real estate. Grupo Villar Mir always carries out its activities with the criteria of long term actions and financial security.*

*Grupo Santo Domingo is an investment company of Latin American origin with a global diversified portfolio. Its strategy revolves around long term direct investments with global reach in industries with high growth fundamentals and with world class investors and management teams. Its main asset for various decades was Bavaria, S.A., a Columbian beer company that became the tenth brewery worldwide. In 2005, Bavaria merged with SABMiller, listed on the London Stock Exchange. In addition to SABMiller, Grupo Santo Domingo's portfolio includes companies in the sectors of consumption, banking, energy, natural resources and real estate on a global level.*

*Amura Capital (institution linked to the MoraBanc Grup, S.A.) is an Andorran SICAV, managed by MoraBanc Asset Management, that acts as the head of the investments in Real Assets (Real Estate and Private Equity) of the MoraBanc Grup and of its private banking clients. MoraBanc is an Andorran banking group with international scope that offers services in commercial banking, private banking and wealth management, investment banking, investment funds and insurance. It is the 5th most solvent bank in Europe (BIS ratio 31/12/2012; The Banker, July 2013) and is the bank of the year in Andorra in 2013 according to the Financial Times. Founded in 1952 by the Mora family, it is important to highlight its dedication and commitment to its clients, with a comprehensive banking model and headquarters in Andorra. It has international presence in Zurich (Switzerland), Miami (the United States), Montevideo (Uruguay) and Dubai (United Arab Emirates).*

"The information included in this document is subject to and should be read together with all of the public information available, including, in all cases, the proposals for resolutions that are subject to approval by the General Shareholders' Meeting, as well as the corresponding reports by administrators that are available on the web page of the Company [www.inmocolonial.com](http://www.inmocolonial.com)."

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