INFORMATION MEMORANDUM DATED 13 DECEMBER 2018

INMOBILIARIA COLONIAL, SOCIMI, S.A

(incorporated as a limited liability company (sociedad anónima) in the Kingdom of Spain)

€300,000,000
Euro Commercial Paper Programme

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for euro-commercial paper notes (the "**Notes**") issued during the twelve months after the date of this document under the €300,000,000 euro-commercial paper programme (the "**Programme**") of Inmobiliaria Colonial, SOCIMI, S.A. (the "**Issuer**", "**Colonial**" or the "**Company**") described in this document to be admitted to the Official List and trading on the Main Securities Market of Euronext Dublin, a regulated market for the purposes of Directive 2014/65/EU on Markets in Financial Instruments (as amended).

Prospective investors should consider carefully and fully understand the risks set forth herein under "*Risk Factors*" prior to making investment decisions with respect to the Notes.

Potential investors should note the statements on pages 72–81 regarding the tax treatment in Spain of income obtained in respect of the Notes and the disclosure requirements imposed by the Spanish tax legislation in relation to the Notes. In particular, payments on the Notes may be subject to Spanish withholding tax if certain information is not received by the Issuer in a timely manner.

Arranger

Banco Sabadell

Dealers

BNP PARIBAS **Crédit Agricole CIB**

ING **NatWest Markets**

IMPORTANT NOTICE

This information memorandum (together with any information incorporated herein by reference, the "**Information Memorandum**") contains summary information provided by Inmobiliaria Colonial, SOCIMI, S.A. (the "**Issuer**") in connection with a euro-commercial paper programme (the "**Programme**") under which the Issuer may issue and have outstanding at any time euro-commercial paper notes (the "**Notes**") up to a maximum aggregate amount of €300,000,000 or its equivalent in alternative currencies. Under the Programme, the Issuer may issue Notes outside the United States pursuant to Regulation S ("**Regulation S**") of the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Issuer has, pursuant to a dealer agreement dated 13 December 2018 (the "**Dealer Agreement**"), appointed Banco de Sabadell, S.A. as arranger for the Programme (the "**Arranger**"), appointed BNP Paribas, Crédit Agricole Corporate and Investment Bank, ING Bank N.V. and NatWest Markets Plc as dealers for the Notes (each a "**Dealer**" and, together, the "**Dealers**", which expression shall include any other dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular issue of Notes) and authorised and requested the Dealers to circulate the Information Memorandum in connection with the Programme on its behalf to investors or potential investors in the Notes.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR ANY U.S. SECURITES LAWS AND MAY NOT BE OFFERED SOLD OR DELIVERED WITHIN THE UNITED STATES UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Information Memorandum or confirmed the accuracy or determined the adequacy of the information contained in this Information Memorandum. Any representation to the contrary is unlawful.

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Notice of the aggregate nominal amount of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each issue of Notes will be set out in pricing supplements (each a "**Pricing Supplement**") which will be attached to the relevant Note (see "*Forms of Notes*"). Each Pricing Supplement will be supplemental to and must be read in conjunction with the full terms and conditions of the Notes. Copies of each Pricing Supplement containing details of each particular issue of Notes will be available from the specified office set out below of the Issue and Paying Agent (as defined below).

This Information Memorandum is not a prospectus for the purposes of Directive 2003/71/EC of the European Parliament and of the Council, of 4 November 2003, on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC.

This Information Memorandum comprises listing particulars made pursuant to the Listing and Admission to Trading Rules for Short Term Paper promulgated by Euronext Dublin. This Information Memorandum should be read and construed in conjunction with any supplemental Information Memorandum, any Pricing Supplement and with any document incorporated by reference.

The Issuer has confirmed to the Dealers that the information contained or incorporated by reference in the Information Memorandum is true, complete and accurate in all material respects and not misleading and that there are no other facts the omission of which makes the Information Memorandum as a whole or any such information contained or incorporated by reference therein misleading. Any statements of intention, opinion, belief or expectation contained in the Information Memorandum are honestly and reasonably made by the Issuer and, in relation to each issue of Notes agreed as contemplated in the Dealer Agreement to be issued and subscribed, the Information Memorandum, together with the relevant Pricing Supplement, contains all the information which is material in the context of the issue of such Notes.

Neither the Issuer, the Arranger, the Issue and Paying Agent (as defined below), nor the Dealers accept any responsibility, express or implied, for updating the Information Memorandum and neither the delivery of the Information Memorandum nor any offer or sale made on the basis of the information in the Information Memorandum shall under any circumstances create any implication that the Information Memorandum is accurate at any time subsequent to the date thereof with respect to the Issuer or that there has been no change in the business, financial condition or affairs of the Issuer since the date thereof.

No person is authorised by the Issuer to give any information or to make any representation not contained or incorporated by reference in the Information Memorandum and any information or representation not contained or incorporated by reference herein must not be relied upon as having been authorised by the Issuer, the Issue and Paying Agent, the Arranger, the Dealers or any of them.

Neither the Arranger, the Issue and Paying Agent, nor any Dealer has independently verified the information contained in the Information Memorandum. Accordingly, no representation or warranty or undertaking (express or implied) is made, and no responsibility or liability is accepted by the Arranger or the Dealers as to the authenticity, origin, validity, accuracy or completeness of, or any errors in or omissions from, any information or statement contained in the Information Memorandum, any Pricing Supplement or in or from any accompanying or subsequent material or presentation.

The information contained in the Information Memorandum or any Pricing Supplement is not and should not be construed as a recommendation by the Arranger, the Dealers or the Issuer that any recipient should purchase Notes. Each such recipient must make and shall be deemed to have made its own independent assessment and investigation of the financial condition, affairs and creditworthiness of the Issuer and of the Programme as it may deem necessary and must base any investment decision upon such independent assessment and investigation and not on the Information Memorandum or any Pricing Supplement.

Neither the Arranger nor any Dealer undertakes to review the business or financial condition or affairs of the Issuer during the life of the Programme, nor undertakes to advise any recipient of the Information Memorandum or any Pricing Supplement of any information or change in such information coming to the Arranger's or any Dealer's attention.

Neither the Arranger nor any of the Dealers accepts any liability in relation to this Information Memorandum or any Pricing Supplement or its or their distribution by any other person. This Information Memorandum does not, and is not intended to, constitute (nor will any Pricing Supplement constitute, or be intended to constitute) an offer or invitation to any person to purchase Notes.

The distribution of this Information Memorandum and any Pricing Supplement and the offering for sale of Notes or any interest in such Notes or any rights in respect of such Notes, in certain jurisdictions, may be restricted by law. Persons obtaining this Information Memorandum, any Pricing Supplement or any Notes or any interest in such Notes or any rights in respect of such Notes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. In particular, but without limitation, such persons are required to comply with the restrictions on offers or sales of Notes and on distribution of this Information Memorandum and other information in relation to the Notes, the Issuer set out under "*Subscription and Sale*" below.

The Issuer has undertaken, in connection with the admission of the Notes to listing on the Official List and to trading on the Main Securities Market of Euronext Dublin, that if there shall occur any adverse change in the business or financial position of the Issuer or any change in the terms and conditions of the Notes, that is material in the context of the issuance of Notes under the Programme, the Issuer will prepare or procure the preparation of an amendment or supplement to this Information Memorandum or, as the case may be, publish a new Information Memorandum, for use in connection with any subsequent issue by the Issuer of Notes to be admitted to listing on the Official List and to trading on the Main Securities Market of Euronext Dublin. Any such supplement to this Information Memorandum will be subject to the approval of Euronext Dublin prior to its publication.

This Information Memorandum describes in summary form certain Spanish tax implications and procedures in connection with an investment in the Notes (see "*Risk Factors – Risks in Relation to the Notes – Spanish Taxation*" and "*Taxation – Taxation in Spain*"). No comment is made or advice is given by the Issuer, the Arranger or the Dealer in respect of taxation matters relating to the Notes. Investors must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

Certain Dealers and their affiliates (including parent companies) have engaged, and may in the future engage, in lending, investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In particular, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of any of the Issuer or its affiliates. Certain Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "affiliates" also includes parent companies.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Pricing Supplement in respect of any Notes may include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made by the Arranger in relation to each issue of Notes about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), it is a manufacturer in respect of those Notes, but otherwise neither the Arranger nor any of its respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Solely by virtue of appointment as Dealer on this Programme, the Dealers (other than the Arranger) or any of their respective affiliates will not be a manufacturer for the purpose of MiFID Product Governance Rules.

IMPORTANT – EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

INTERPRETATION

In this Information Memorandum, all references to "**Euro**" and "**€**" are to the lawful currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time; all references to "**Sterling**" and "**£**" are to the currency of the United Kingdom; all references to "**U.S. dollars**" and "**U.S.$**" are to the currency of the United States of America; and all references to "**Yen**" and "**¥**" are to the currency of Japan.

In this Information Memorandum the word "**Issuer**" refers to Inmobiliaria Colonial, SOCIMI, S.A.; and the words "**Group**" or "**Colonial Group**" refer to the Issuer and its consolidated subsidiaries.

For these purposes, "**IFRS-EU**" refers to the International Financial Reporting Standards as adopted by the European Union.

The language of the Information Memorandum is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of the Information Memorandum.

Where the Information Memorandum refers to the provisions of any other document, such reference should not be relied upon and the document must be referred to for its full effect.

ALTERNATIVE PERFORMANCE MEASURES

The financial data included in this Information Memorandum, in addition to the financial measures established by IFRS-EU, contains certain alternative performance measures ("**APMs**") (as defined in the European Securities and Markets Authority guidelines (the "**ESMA Guidelines**")) that include EBIT, EBITDA, EPRA NAV, EPRA NNAV, Group's Loan to Value, Gross Asset Value, Gross financial debt and like-for-like valuation of the Group's assets that are presented for purposes of providing investors with a better understanding of the Issuer's financial performance, cash flows or financial position as they are used by the Issuer when managing its business.

Such measures have not been audited and should not be considered as a substitute for those required by IFRS-EU.

For an explanation and reconciliation of these APMs, see notes 10 to the 2017 Consolidated Management Report and the 2016 Consolidated Management Report and note 9 to the Consolidated Management Report for the first half of 2018 in connection with the Group's unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2018.

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RISK FACTORS

The Issuer believes that the following risk factors may affect its ability to fulfil its obligations under the Notes. All of these risk factors are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Risk factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the risk factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons which may not be considered significant risks by the Issuer based on information currently available or which it may not currently be able to anticipate and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Before making an investment decision with respect to any Notes, prospective investors should consult their own stockbroker, bank manager, legal counsel, accountant or other financial, legal and tax advisers and should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Information Memorandum and their personal circumstances.

The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Issuer's financial condition, business, prospects and results of operations.

Risk in relation to the Issuer and its business

We face numerous risks related to our rental business

Our main activity is the rental, acquisition, promotion and sale of real estate. If, in the context of our main activity, we fail to adequately manage our leased premises, including if we are unable to retain our current tenants due to the non-renewal of their lease agreements upon expiry and where we are unable to find new tenants, there is a risk that they will become vacant, resulting in a decrease in our revenues. Even if we enter into new lease agreements with our existing tenants or new tenants, there is a risk that we may have to do so on less favourable terms due to prevailing market conditions at the time of entering into such new leases or other reasons. Furthermore, in the real estate business, the acquisition, improvements, construction or refurbishment of the property to be rented requires large investments, which may not yield a profit where there are unexpected raises in costs and/or decreases in expected rental income. Moreover, cost associated with real estate ownership and management (refurbishment costs, management and maintenance, insurance and taxes) may increase unexpectedly. Notwithstanding the fact that the majority of these costs are passed on to tenants in accordance with applicable law and contractual conditions applicable to each tenant, these increases could result in a loss of competitiveness of the Group in the sector and could make the renewal of contracts or the entry of new tenants more difficult.

In addition, we are exposed to the risk of insolvency or illiquidity of our tenants, which might cause them to default on their rental payment commitments. If our net rental income were to decline as a result, we would have less cash available and the value of our properties could significantly decline. Also, acquiring real estate assets for rent implies significant up-front investment, and, consequently, any increase in costs and/or any reduction in the targeted rental revenues from such assets could result in a materially reduced return on investment. Moreover, significant expenditures associated with the holding and managing of a property, such as taxes, service charges, insurance, maintenance and refurbishment costs may unexpectedly increase. These potential increases could lead to a decline in our competitiveness in the rental sector as well as making it more difficult to renew lease agreements with our existing tenants and making our value offering less attractive to new tenants.

Any of these factors could have a material adverse impact on our financial condition, business, prospects and results of operations.

Our business may be affected by adverse conditions in the Spanish and French economies and the Eurozone

As at the date of this Information Memorandum, the location of our real estate assets is currently exclusively concentrated in Spain and France (in France through our subsidiary Société Foncière Lyonnaise S.A. ("**SFL**")). As at 30 June 2018, 56% and 44% of our total revenue came from France and Spain, respectively. We almost exclusively operate in the cities of Barcelona (12%), Madrid (27%) and Paris (56%) for the office rental market, and additionally in Spain (5%) for the logistics market and others.

Geopolitical risks may have an impact on the markets due to political instability in parts of Europe. We are exposed to the geopolitical risks of the European Union (the "**EU**") countries and, particularly, of the countries in which we operate. In relation to the EU, the conditions for the departure of the United Kingdom from the EU are still under negotiation and, consequently, there is uncertainty about the final impact this may have on the economy, the markets and companies in general. In Spain, political instability has increased during the last 12 months. In particular, the uncertainty generated by the political situation in Catalonia could have an impact on the Spanish economy, so another source of uncertainty could stem from the political situation in Catalonia and its impact on the Spanish economy. Although recent events are contributing to reducing such instability, if political tensions were to re-emerge or intensify, this could have a negative impact on both the financial condition and the current macroeconomic scenario in Spain.

Investor confidence could fall due to uncertainties arising from any political events which may also result in changes to laws, regulations and policies. The prolongation of such uncertainty could have a material adverse effect on our business, results of operations and financial condition. Despite the improvement in the European financial markets and the recovery of Spain's economy, we are unable to predict how the economic cycle in Spain, France and the wider Eurozone is likely to develop in the short term or the coming years or whether there will be a further deterioration in this economic cycle. Adverse economic conditions may have a negative impact on demand for office space or the ability of our tenants to meet their rental payment obligations. Further declines in the performance of the Spanish economy or the economies of other Eurozone countries, including France, could have a negative impact on consumer spending, levels of employment, rental revenues, vacancy rates and real estate values.

Any of the above factors could have a material adverse effect on our financial condition, business, prospects and results of operations.

Our activities are concentrated in the letting of offices in the central business districts of Paris, Madrid and Barcelona

Our main activity is the management and development of buildings for rental, mainly offices in the central business district ("**CBD**") in Paris, Madrid and Barcelona. As at 30 June 2018, the letting of offices represented 82% of our rental income and 70% of this income originated from rents obtained in the CBD at 30 June 2018. Furthermore, as at 30 June 2018, 52% of the total sqm surface of our consolidated portfolio of properties (the "**Property Portfolio**") was located in the CBD. Consequently, changes in trends of preference about the offices' location in these areas could have a material adverse effect on our financial condition, business, prospects and results of operations.

The valuation of our real estate asset portfolio may not precisely and accurately reflect the value of our assets at any given time

Twice a year we engage independent appraisers to prepare a valuation of all assets that form part of our Property Portfolio. While such independent appraisers carry out their valuation applying mainly objective market criteria to each of such assets, real estate valuation is inherently subjective and relies on a number of assumptions based on the features of each property. In the event that certain information, estimates or assumptions used by such independent appraisers turn out to be inaccurate or incorrect, this could cause their valuations of our real estate portfolio to be materially incorrect and may require such valuations to be revised. Any downward revision may require us to include a loss in our financial statements.

As stated in the subsection entitled "Real estate value creation" of paragraph 2 (Business evolution and results) on page 38 of the Issuer's consolidated management report for the first half of 2018 in connection with the Issuer's unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2018, which is incorporated by reference to this Information Memorandum, on 30 June

2018, the assets comprising our Property Portfolio were valued at an amount of approximately €11,190 million by independent appraisers (this amount includes the full value of the assets that we hold indirectly through joint ventures in which we have a stake of 50% or more), based on certain assumptions and different valuation methods. However, the market value of real estate assets, including commercial land under development and buildings of any nature could decrease due to a number of factors, such as increases in the risk premium leading to lower than expected returns, our inability to obtain or maintain necessary licenses, decline in demand, planning and zoning developments, regulatory changes, and other factors, some of which may be beyond our control.

The valuation of our Property Portfolio should not be interpreted as an estimate or an indication of the price at which a property would sell, since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. Investors are cautioned not to place undue reliance on such statements.

We face certain risks related to our significant indebtedness

As a company operating in the real estate sector, we require significant levels of investment to fund the development of our projects and the growth of our business through the acquisition of real estate assets and/or land. Our Gross Financial Indebtedness (calculated as the sum of the total bank borrowings plus bonds and similar securities issued (excluding interest and debt arrangement expenses)) was €5,378 million as at 30 June 2018. Our Loan to Value was 39.4% as at 30 June 2018 (calculated as consolidated net debt (consolidated gross financial indebtedness less cash and cash equivalents) divided by gross asset valuation).

If we do not have enough cash to service our debt, meet other obligations and fund other liquidity needs, we may be required to take actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing all or part of our existing debt, or seeking additional equity capital. These alternative measures may be costly, may not be successful and may not permit the Group to satisfy all of its scheduled debt service requirements. We may not assure you that any of these remedies, including obtaining appropriate waivers from our lenders, can be effected on reasonable terms or at all. In addition, any significant increase of leverage by SFL could restrict or limit access to financial markets and could have a negative impact on the credit rating of Colonial.

Furthermore, we are subject to risks normally associated with debt financing, including the risk that the cash flow from our operations is insufficient to meet our debt service requirements. Furthermore, our financing is subject to certain covenants. These include a change of control and determined levels of certain economic ratios as defined in each contract (loan to value ratio, debt service ratio, interest cover ratio, and others). If we do not comply with these covenants, the financing may be terminated early. As of 30 June 2018, the Group had complied with all of the required covenants. Despite working with lenders of recognised solvency, we cannot guarantee that the counterparties in our financing contracts will comply with their obligations in the future.

Any of the foregoing factors could have a material adverse effect on our financial condition, business, prospects and results of operations.

A decrease in credit rating could adversely affect the Group

S&P Global Ratings Europe Limited ("**Standard & Poor's**"), a credit rating agency registered with the European Securities and Markets Authority (ESMA), raised our long-term credit rating from "BBB-" to "BBB" and our short-term credit rating from "A-3" to "A-2" in April 2017, both with a stable outlook. In addition, regarding SFL, in October 2017, Standard & Poor's raised SFL's long-term credit rating to "BBB+" with a stable outlook and in October 2018, Standard & Poor's also raised our long-term credit rating to "BBB+" with a stable outlook. Moody's Investors Service Limited ("**Moody's**") issued a long-term credit rating of Baa2 with a stable outlook in May 2017. However, on 14 November 2017, Moody's lowered the outlook on our long-term credit rating from stable to negative.

Credit ratings are not a recommendation to purchase, subscribe, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the rating agency awarding the rating. However, credit ratings affect the cost as well as other conditions in relation to our financings. Any downgrade of the credit rating of the Group would increase our borrowing costs and could restrict or limit

access to financial markets, which could adversely affect our liquidity and could have a material adverse effect on our financial condition, business, prospects and results of operations.

We face certain risks related to fluctuations of interest rates

As of 30 June 2018, 13% of our Gross Financial Indebtedness had a variable interest rate, while 87% had a fixed interest rate (compared to 15% and 85%, respectively, as of 31 December 2017). As of 30 June 2018, 82% of the Colonial's Gross Financial Indebtedness, including that secured by Torre Marenostrum, carried a fixed interest rate while in the case of SFL 97% of the Gross Financial Indebtedness had a fixed interest rate.

We cannot guarantee that we will be able to continue to incur financing at fixed interest rates and, consequently, that we might have to the increase the amount of financing at a variable interest rate. Any upward variation in the interest rates would increase the costs associated to financing debt with a variable interest rate and would, ultimately, have a material adverse effect on our results of operations.

To limit the interest rate risk, we have a risk management policy in place. The aim of this risk management policy is to reduce our exposure to the volatility of interest rates and to control the impact of such interest rates on our results and cash flow, maintaining an adequate overall debt cost. Additionally, our policy is to agree on efficient hedging financial instruments and thereby register variations in market value directly in our net Property Portfolio. As of 30 June 2018, the percentage of hedged debt or debt at a fixed interest rate over total debt was 97%. Hedging entails financial costs and could be negatively impacted by (i) interest limitations in hedging contracts with financial institutions; and (ii) inability to subscribe to hedging agreements as a consequence of factors that are outside our control and that could affect the hedging counterparties.

As of 30 June 2018, we maintained various financial instrument agreements, but these did not have a significant impact on our results or cash flow. In the event that we significantly increase our financing at a variable interest rate and we cannot cover our exposure to the interest rate fluctuations to a satisfactory degree, this could have a material adverse effect on our financial condition, business, prospects and results of operations.

We face numerous risks related to court claims and out-of-court claims

Other than the claims described in "Description of the Issuer—Legal Proceedings", we are not currently aware of any other threatened claims, whether in court or out of court that may have a material adverse effect on our financial condition, business, prospects and results of operations.

The above notwithstanding, claims could, however, be brought against us in the future in relation to, among other things, construction defects of any kind or in relation to the construction process and/or the materials used in the construction or refurbishment of our property assets or of assets previously owned or developed by us which we have sold or transferred to third parties, including in relation to possible defects in such assets caused by actions or omissions of third parties which we engage, such as architects, engineers, building contractors or subcontractors.

While we have insurance in place to cover legal costs or potential damages against us and the Issuer's directors and management as well as against us in relation to our real estate assets in certain cases, such insurance may not be adequate to cover all of the significant costs resulting from such legal claims. Moreover, we can provide no assurance that our current liability insurance coverage will continue to be available on commercially acceptable terms, and the insurer may, in any event, deny coverage on any future claim.

Any such claim, or any other claim related to our business and activities, could have a material adverse effect on our financial condition, business, prospects and results of operations.

We may be exposed to a deterioration of its corporate reputation

Our corporate governance management aims to advancing a model based on the principles of efficiency, regulatory compliance and transparency, aligned with the main international standards. Likewise, our

corporate social responsibility policy aims to establish the principles and basis of the commitments that we maintain voluntarily with our stakeholders (shareholders, investors, customers, suppliers and employees). The management of these expectations is part of our objectives in terms of sustainability and value creation for these stakeholders. Accordingly, we have integrated this reputational concern into the management of the Group within its defined sustainable growth model, establishing measures of transparency and continuous contact through defining different communication channels with these stakeholders in order to get to know and analyse their perceptions and expectations regarding the Group. However, we may not control all the situations or events which could negatively affect our reputation. Any such event or situation could lead to a loss of trust, resulting in a negative effect on forecasted growth, access to different financing sources and, therefore, to our liquidity, a reduction of the rental income or an increase in operational or financial costs.

We also face numerous risks related to court claims and out-of-court claims. Consequently, we could incur significant expenditures and reputational damage in defending any of these claims (even if the outcome were favourable to us).

Any of these events could have a material adverse effect on our financial condition, business, prospects and results of operations.

We are dependent on a small number of large tenants and assets for a significant part of our revenue from rental income

A small number of tenants currently account for a significant part of our revenue from rental income. As at 30 June 2018, and on the basis of the lease agreements in force at that date, twenty tenants represented 36% of our total revenue from rental income (with our largest tenant representing 3% of that total revenue).

Our real estate business depends on the solvency and liquidity of our tenants. A tenant may from time to time experience financial difficulties or may become insolvent, which could result in its failure to meet payment obligations when due, or at all. If we experience a significant rate of delinquency in the payment of rent or if we are unable to collect overdue rent, or if our reserves for these purposes prove inadequate, this could have a material adverse effect on our financial condition, business, prospects and results of operations.

Moreover, if we were unable to retain any of our large tenants or if we were unable to replace them with other tenants on substantially similar terms, this could have a material adverse effect on our financial condition, business, prospects and results of operations.

A small number of assets currently account for a significant part of our revenue from rental in income. As at 30 June 2018, 20 assets accounted for 51% of our revenue in Spain and 5 assets belonging to SFL accounted for 56% of our revenue in France. If, for whatever reason, any of these assets were destroyed or rendered unusable, or if we were to lose any of these assets for any other reasons or if we were unable to replace them on substantially similar terms, or if the maximum amounts under our insurance policies for these situations would not be sufficient, this could have a material adverse effect on our financial condition, business, prospects and results of operations.

We are increasingly dependent on information technology systems, which may fail, may not be adequate to the tasks at hand or may no longer be available

We are increasingly dependent on highly sophisticated information technology ("**IT**") systems. IT systems are vulnerable to a number of problems, such as software or hardware malfunctions, malicious hacking, physical damage to vital IT centers and computer viruses. IT systems need regular upgrading and we may not be able to implement necessary upgrades on a timely basis or upgrades may fail to function as planned. Furthermore, failure to protect our operations from cyber-attacks could result in the loss of tenant data or other sensitive information. The threats are increasingly sophisticated and there can be no assurance that we will be able to prevent all threats. We may incur in costs as a result of any failure of our IT systems. We maintain back-up systems for our operations, including hosting critical services in a "cloud" Tier IV level, to provide high level service availability (i.e., more than 99.99%) and guarantee business continuity and additionally, we have a specific IT cybersecurity action plan. However, there are certain scenarios where we could lose certain recently-entered data. A major disruption of our IT systems,

whether under the scenarios outlined above or under other scenarios, could have a material adverse effect on our financial condition, business, prospects and results of operations.

We may engage in acquisitions, investments and disposals as part of our strategy

As part of our strategy, we may engage in acquisitions, investments and disposals of interests. However, we cannot guarantee that such transactions will be successful, or that they will generate the expected profits. In particular, on 13 November 2017, we launched a takeover offer for all the shares of Axiare not already held by Colonial. The successful result of this takeover offer as well as the acquisition of the remainder of Axiare's shares (to reach a 100% shareholding) has culminated in the merger of Axiare with Colonial on 2 July 2018 (see "Description of the Issuer—History—Axiare (2018)".

Such acquisitions, whether completed (such as the merger by absorption of Axiare) or those that may be carried out in the future, involve a number of risks. For example, our Group companies could be faced with unforeseen events, liabilities, flaws or defects of a material nature related to the acquired assets or businesses, which were unknown by the Group and that were not disclosed during the due diligence processes (e.g., the possible termination of contracts as a result of a change of control) or difficulties in the integration of acquired operations, which could cause disruptions or redundancies. If any of these risks were to occur, this could, among other things, require the Group to incur higher-than-anticipated costs (which could even make it necessary to make adjustments in the business) and require a level of dedication and attention from our management and staff which could stretch our resources or prevent them from being deployed in other areas of our business, which could have an adverse effect on our revenues. As a result, the revenues, profits and synergies derived from the acquisition of companies or businesses by the Group may not be in line with those expected or may not materialise.

Any failure to successfully integrate such acquisitions could have a material adverse effect upon our business, results of operations or financial condition. Any disposal of interest may also adversely affect our financial condition, if such disposal results in a loss.

We face risks in relation to goodwill impairment

Goodwill generated in an acquisition is allocated to the cash-generating units ("**CGU**") of the business we acquire. In accordance with accounting rules, our management identifies the different CGUs based on the smallest identifiable group of assets generating cash inflows in favour of the acquired entity. These are largely independent from the cash flows derived from other assets or groups of assets. For example, as a result of our acquisition of Axiare, goodwill amounting to €170,284 thousand was generated in 2018. On 30 June 2018, goodwill was reduced by €25,662 thousand to €144,622 thousand in line with the revaluation of the real estate investments arising from this business combination.

Goodwill is periodically tested for impairment. The recoverable amount as of 30 June 2018 has been estimated according to its value in use, which is based on assumptions of cash flows resulting from the financial projections discounted at rates that take into account specific risks of the assets and the implementation of a strategic plan based on a on a long-term approach.

Any significant variation in the parameters and assumptions used could lead to additional impairment of goodwill, which could have a material adverse effect on our results of operations (limited to the outstanding amount of goodwill).

There may be risks associated with our subsidiaries and/or minority investments

We have in the past and may in the future act through subsidiaries that we completely or partially own and control. We could ultimately incur responsibility through our management of the subsidiary, as well as from claims in relation to outstanding obligations or defective construction or materials of properties owned or developed by the Company which it transferred to a subsidiary or due to the subsidiary forming part of our tax Group, including in relation to subsidiaries that we transferred out of the Group.

We may also enter into a variety of acquisition structures in which we acquire less than a 100% interest in a particular asset or entity with the remaining ownership interest being held by one or more third parties.

The lack of control and ability to influence the management of such an asset or entity may entail risks associated with multiple owners and decision makers, including the risks that:

- other shareholders or investment partners have economic or other interests that are inconsistent with the Group's interests and are in a position to take or influence actions contrary to the Group's interests and plans; or

- disputes develop between the Group and other shareholders or investment partners, resulting in the Group incurring litigation or arbitration costs and distracting the Board of Directors and/or senior management from their other managerial tasks.

In addition, it may be more difficult for the Group to dispose of a minority stake in an asset or entity on acceptable terms or at all than would be the case if the Group were to dispose of a controlling stake.

Any of the above could have a material adverse effect on our financial condition, business, prospects and results of operations.

Risks related to the real estate sector

Real estate markets are cyclical

Real estate markets are typically cyclical in nature and are affected by the condition of the economy as a whole. Occupancy levels, the prevailing rental rates and, generally, the value of the assets are influenced by, among other factors, the supply and demand of similar properties, interest rates, inflation, GDP growth, changes in laws and regulations, political and economic events and demographic and social factors, which may differ in countries or areas where we operate.

During the first half of the last decade, the Spanish real estate market experienced disproportionate growth driven by economic factors (rise in employment and gross domestic product ("**GDP**"), financial factors (low interest rates) and demographic, cultural and social factors (a general preference for home ownership over renting and increased immigration). Similarly, in France the real estate market was in a growth cycle which began in the late 1990s and was disrupted by the economic downturn that followed the international financial crisis triggered in the summer of 2007, which had a very material impact on the European real estate sector. This impact significantly changed the outlook of the Spanish and French sectors with falling prices and a substantial decrease in demand.

Despite the onset of a recovery in the real estate sector in recent years, there is no assurance that this recovery will continue or be sustainable or for how long any such recovery will last. We cannot predict how the economy will fare in the future, the real estate sector could experience a new recession, which could imply a decrease in real estate values, sales and rents and an increase in financing costs. Any of these factors could have a material adverse effect on our financial condition, business, prospects and results of operations.

The real estate industry in Spain and France is highly competitive

The real estate sector is highly competitive and very fragmented, and new real estate companies face low barriers to entry.

Our competitors in Spain are typically companies operating locally but also include international companies. With the reopening of capital markets, triggered by the recovered confidence of international investment funds in the real estate sector as a long-term investment, especially in connection with sovereign debt funds, with the creation of new listed property investment companies ("**SOCIMIs**") and with the rise in investments made in property assets, the level of competition in the Spanish rental property sector has increased. Furthermore, the growth of acquisitions and concentration of companies in the real estate sector has also meant an increase in the level of competition. In addition, real estate investment companies, backed by both national and international investors, have entered the Spanish market to take advantage of what they perceive to be attractive valuations of real estate assets.

In France, through our subsidiary SFL, we operate in a highly competitive sector and compete with numerous market participants such as (i) investors with a strong capital base such as insurance companies, real estate investment funds ("**OPCI**") and real estate investment companies ("**SCPI**") or

sovereign wealth funds and (ii) investors who kept their indebtedness at manageable levels through the recessionary cycle, such as certain other French listed real estate companies (société d'investissement immobilier cotées or "**SIIC**"). Moreover, foreign investors have recently returned to the Parisian real estate investment market leading to higher competition.

Any of these competitors in the Spanish and French markets may be larger in size and have greater financial resources than we have. This high competitiveness could lead to an oversupply of property, or a decline in prices, including an oversupply of rental properties in the offices sector and a decrease in rental levels, as has occurred during recent years. All of the foregoing could have a material adverse effect on our financial condition, business, prospects and results of operations.

Furthermore, strong competition in the industry may, at certain times and for certain projects, impede the acquisition of new assets. Also, our competitors could adopt similar business models regarding rent, development and acquisition. This could reduce our competitive advantage and have a material adverse effect on our financial condition, business, prospects and results of operations.

The anticipation of new trends

The real estate sector, like other sectors, needs to constantly adapt to emerging new trends that are introduced. The increasing evolution of digitalisation in all sectors, the new technologies applied in the real estate sector, as well as the increase in coworking spaces represent constant changes, by which the real estate sector is particularly affected. The Group allocates resources and develops specific activities in order to be able to analyse and if necessary, apply these new trends to the activities the Group carries out. During 2017, we appointed a digital senior advisor, with the aim of promoting our initiatives and strategies in the field of 'Proptech' (Property Technologies), a segment that studies the impact of technology and digitalisation on the carrying out of services and new business models in the real estate sector. Also in 2017, we acquired a controlling stake in the Spanish coworking platform Utopic_US, which positions us in a new strategic line with the aim of complementing and reinforcing our user strategy, offering flexibility and integrated services and content.

However, if the Group is unable to implement these new trends, this could reduce our competitive advantage and have a material adverse effect on our financial condition, business, prospects and results of operations.

Restrictions placed on debt markets or capital markets could limit or prevent us from obtaining financing for our investments as well as the realisation of divestments

The sector in which we operate requires significant levels of up-front investment. To finance the acquisitions of real estate assets, we typically use bank loans, mortgage loans, debt and capital increases. If we do not have access to such financing or alternative financing such as debt issuances or share capital increases, or in the event we are unable to obtain financing on favourable terms or at all, our capacity to refinance our debt and/or our ability to grow our business could be harmed, which would have a negative effect on our strategy and business.

Our level of indebtedness and fluctuations in interest rates could result in an increase of the financial cost (see "–We face certain risks related to fluctuations of interest rates" and "–We face certain risks related to our significant indebtedness"), and any increase would additionally entail a higher exposure to interest rates fluctuations in the financial markets.

Additionally, we could have difficulties to realise the actual value of some of our assets and be forced to lower the sale price or to keep them in the portfolio for a longer period than expected. The illiquidity of the investments may limit our capacity to adapt our Property Portfolio to potential circumstantial changes.

Any of these factors could have a material adverse effect on our financial condition, business, prospects and results of operations.

It could be more difficult for various reasons for us to acquire properties on attractive terms, which would impair the future performance and particularly the growth of our business. We may not be able to complete any potential acquisitions

Our commercial success depends, among other things, on our ability to continue to acquire properties with the potential for appreciation and/or rent increase in economically attractive regions at reasonable prices, with good tenant structure, in high quality locations and at favourable occupancy rates.

Additionally, the success of our business model depends on our being able to integrate and successfully market newly acquired properties. We may not be able to complete acquisitions, for example due to financing shortages or the failure to reach mutually agreeable terms. In addition, it could become more difficult, for various reasons, for us to acquire properties at attractive prices, which could limit our future growth. Any of the above could have a material adverse effect on our financial condition, business, prospects and results of operations.

The real estate sector is subject to certain laws and regulations and changes in applicable legislation could have a material adverse impact on our financial condition, business, prospects and results of operations

In general, we are required to comply with Spanish, French and EU laws and regulations, which laws and regulations relate to, among other things, property, land use, development, zoning, health, safety, taxation regarding real estate assets and stability requirements and environmental compliance. Additionally, applicable laws may vary from one region to another. The relevant authorities in Spain, France and the European Union could impose sanctions if we do not comply with such laws or regulations.

These laws and regulations often provide broad discretion to the administering authorities. Moreover, these laws and regulations are subject to change (some of which may, exceptionally, be retrospective), which could adversely affect, among other matters, existing planning consents, costs of property ownership, costs of property transfer, the capital value of our assets and/or our rental income. Such changes may also adversely affect our ability to use a property as initially intended and could also cause us to incur increased capital expenditure or running costs to ensure compliance with such new applicable laws or regulations, which may not be recoverable from tenants. The occurrence of any of these events may have a material adverse effect on our financial condition, business, prospects and results of operations.

Liability under Spanish law for clean-up of contamination is based on the principle that the person causing the contamination is liable. Where it is not possible to identify the person causing the contamination, such liability falls on the owner. Therefore, in the event that any asset we own is contaminated, and the person causing the contamination cannot be identified, we could be liable.

Through our French subsidiary SFL, we are also subject to various environmental and public safety laws and regulations in France. For example, we are responsible for adequately monitoring our properties as relates to soil contamination and toxic substances and, if applicable, for the clean-up of the contaminated soil or the elimination of the toxic substances in our properties. This liability affects both past and current owners of the relevant property, and even developers. In certain cases, French law provides for severe liabilities regardless of whether the current owner of the property has caused the damage or not.

A substantial change in any such laws or regulations or in the interpretation or enforcement of such laws and regulations by the national, regional or local authorities, the European Union or national courts in Spain or France could require us to change our development plans and to incur additional costs, which could have a material adverse effect on our financial condition, business, prospects and results of operations.

In addition, while we strive to ensure that the materials we use in the refurbishment of our real estate assets are compliant with applicable legislation, such materials might not be compliant, which could expose us to claims or other adverse actions.

We may be exposed to potential liability due to actions of building contractors and subcontractors

For the majority of our building and refurbishing projects, we enter into agreements with independent third-party contractors and sub-contractors. Depending on the nature of the work required, we may engage large construction companies or smaller specialised subcontractors (such as electricians, plumbers and others). As at the date of this Information Memorandum, we have a bidding procedure in place for when hiring independent contractors to build or refurbish assets. The number of independent contractors varies annually and depends on the number of projects undertaken.

We enter into agreements with third-party independent contractors and subcontractors which we believe to be reputable and offer competitive terms to carry out the work. These contractors typically perform their work diligently and on time. Nevertheless, it is possible that such contractors or subcontractors could fail

to meet their commitments, fall behind in their schedules or run into financial difficulties making them unable to complete their projects in a timely manner or at all. In such a case, we may be forced to devote additional resources to complete the necessary work, incur losses or be required to pay penalties.

Although we attempt to verify our contractors' compliance with health and safety regulations and labor and social security statutory requirements (such as being up to date with employer's social security contributions and ensuring that their workers are legally employed) and other laws, regulations and requirements, any failure by such contractors to comply with these laws, regulations and requirements could render us liable in respect of such obligations.

All of the foregoing could have a material adverse effect on our financial condition, business, prospects and results of operations.

We may face loss of revenue and liability in relation to pending occupancy and activity licenses

In order to exploit our real estate assets, we are required to obtain, among other things, certain occupancy and activity licenses from municipal authorities. We are also required, in certain circumstances, to renew or update existing licenses following the refurbishment of real estate assets. We may be prevented from using our real estate assets as originally scheduled as a result of delays in obtaining (or failure to obtain) such licenses (which are in any case subject to long administrative proceedings). Additionally, some of our lease contracts offer tenants the right to terminate such contracts if we fail to obtain those licenses within the specified deadline. This could have a material adverse effect on our financial condition, business, prospects and results of operations.

Our real estate investments may decrease in value

The acquisition and ownership of real estate assets and land includes certain investment risks, such as that the return on the investment may be smaller than expected or that the estimates or valuations (including those of the cost of asset development) may be imprecise or incorrect. The decrease in value of real estate assets in the last few years has had a very significant impact on businesses operating in the real estate sector. However, this tendency has changed, and since 2014 a recovery in the value of these assets has begun. Nevertheless, the market value of the assets could decrease or be negatively affected in certain cases, for instance if there are variations in the return on the investment.

We record the corresponding revaluation or decrease of each asset on a semiannual basis. The value is determined with reference to the valuations of each asset by independent, external valuers. As of 30 June 2018, we registered a revaluation of real estate assets included in material real estate assets, real estate investments and assets held for sale for €325 million in our consolidated statement of comprehensive income.

We dedicate a significant amount of resources to the investment and maintenance of our real estate assets to optimise the value and the positioning of such assets in the market. This, therefore, optimises the income generated by such assets. Nevertheless, we cannot guarantee that the assumptions on which the semiannual valuations of the Property Portfolio are based will still be correct in the future. This could result in the decrease in value of our real estate assets, both in the valuations and the market, which could have a material adverse effect on our financial condition, business, prospects and results of operations. See also "—The valuation of our real estate asset portfolio may not precisely and accurately reflect the value of our assets".

Investing in real estate is subject to certain inherent risks

Revenues earned from, and the capital value of, our investments in real estate may be materially adversely affected by a number of factors inherent in investing in real estate, including, but not limited to:

- decreased demand;
- relative illiquidity of the assets;
- material declines in rental or operating values;
- exposure to the creditworthiness of tenants, including breach of their obligations, impossibility to collect rents and other contractual payments, renegotiation of tenant leases on terms less favourable to us or termination of tenant leases;

- material litigation;
- material expenses in relation to the refurbishment and reletting of a relevant property, including the provision of financial inducements to new tenants such as rent-free periods;
- reduced access to financing for tenants;
- increases in operating and other expenses or cash needs without a corresponding increase in turnover or tenant reimbursements, including as a result of increases in the rate of inflation in excess of rental growth, property taxes or statutory charges or insurance premiums, costs associated with tenant vacancies and unforeseen capital expenditure affecting properties which cannot be recovered from tenants; and
- inability to recover operating costs such as local taxes and service charges on vacant space.

If our revenues earned from tenants or the value of our properties are adversely affected by the above or other factors, this could have a material adverse effect on our financial condition, business, prospects and results of operations.

In addition, investing in offices is subject to certain risks inherent to the asset class. For example, demand for office space is subject to a number of factors, including overall economic conditions and the attractiveness of a particular location due to transport links, the proximity of other office space and general trends in the commercial real estate market, such as trends in the usage of office space. Even where demand for office space is generally high, the offices held in our Property Portfolio may become unsuitable for our tenants if they were to seek bigger surfaces or a particular layout of office space which is different from that offered by our properties. In addition, a downturn in a particular economic sector may adversely affect our business to the extent our tenants operate in such sector. In addition, any excess in supply of office space is likely to exert a downward pressure on overall leasing rates, which could have a material adverse effect on our financial condition, business, prospects and results of operations.

We are exposed to various operational risks, liabilities and claims with respect to our operating assets

Our property assets are exposed to various operational risks, liabilities and claims which may occur due to fire, flooding or other natural or human-caused reasons. We could also incur third-party liability as a consequence of accidents which occur in any of the property assets owned by us as well as in properties owned by a third party. Although we have insurance coverage that we deem sufficient, if such claims are not covered by the terms of our insurance, or if they exceed our insurance coverage or if there is an increase in insurance costs, we would suffer losses in respect of our investment in the affected asset, as well as losses of expected income from that asset. In addition, we could be liable for the repair costs associated with damage caused by uninsured risks, and we might also remain liable for any debt or other financial obligation related to that property. Any of these factors could have a material adverse effect on our financial condition, business, prospects and results of operations.

We are exposed to certain risks related to the structural condition of the properties and their maintenance and repair

Our newly acquired properties are inspected prior to purchase in the course of a technical and thorough due diligence investigation with respect to their structural condition and, to the extent necessary, the existence of harmful environmental impacts. It is possible, however, that damage or quality defects could remain entirely undiscovered, or that the scope of such problems is not fully apparent in the course of the due diligence investigation, and/or that defects become apparent only at a later time. In general, sellers exclude all liability for hidden defects. Even if liability for hidden defects has not been fully excluded, it is possible that the representations and warranties made in the purchase agreement with respect to the property failed to cover all risks and potential problems relating to the acquisition. An external technical audit review is conducted periodically on the Property Portfolio. In addition, we have obtained energy certificates for the majority of our assets, and we have a plan in place to obtain energy certificates for the entire Property Portfolio. However, it is possible that significant environmental pollution, such as the use of construction materials containing asbestos, was not detected, and we could be exposed to financial liability for any required remediation measures.

Additionally, we could be exposed to unexpected problems or unrecognised risks, such as delays in the implementation of maintenance, refurbishment or modernisation measures in connection with acquired

real estate portfolios, against which we might not be contractually protected. The occurrence of any such unexpected problem or unrecognised risk could have a material adverse effect on our financial condition, business, prospects and results of operation. In addition, if, as a result of these unexpected problems and unrecognised risks, we are unable to lease a property as planned or effectuate increases in in-place rent, our financial condition could further deteriorate, and the value of the acquired assets could decline.

After acquiring properties, we undertake to maintain rented properties in good condition. For this reason, and also to avoid loss of value, we perform maintenance and repairs. In addition, modernisation of properties may be necessary to increase their appeal or to meet changing legal requirements, such as the provisions relating to energy savings. Such measures can be large-scale and expensive. As a result, we could face higher than budgeted costs for maintenance, repair or modernisation that we may be unable to pass on to the tenant. Moreover, required maintenance, repair or modernisation work could be delayed, for example, by reason of bad weather, poor performance or insolvency of contractors, or the discovery of unforeseen structural defects which may result in increased costs to remedy such defects.

Any of the above could have a material adverse effect on our financial condition, business, prospects and results of operations.

Risks related to the taxation of the SOCIMI

Any change in tax legislation (including the Spanish SOCIMI Regime) may adversely affect the Group

As described in the section entitled "Description of the Issuer—SOCIMI Status", Colonial has elected to become a Spanish SOCIMI. Provided certain conditions and tests are satisfied, as a Spanish SOCIMI, Colonial will generally be subject to a 0% Corporate Income Tax rate. Therefore, any change (including a change in interpretation) in the legislative provisions relating to Spanish SOCIMIs or in tax legislation more generally, either in Spain or in any other country in which the Group may operate in the future, including, but not limited, to the imposition of new taxes or increases in tax rates in Spain or elsewhere, may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Colonial may cease to be qualified as a Spanish SOCIMI which would have adverse consequences for the Group

The requirements for maintaining Spanish SOCIMI status are complex and the Spanish SOCIMI Regime is relatively new with only limited interpretation by the tax authorities and no judgements from the Spanish courts (see "Spanish SOCIMI Regime" for additional information on these requirements). Furthermore, there may be changes subsequently introduced (including a change in interpretation) to the requirements for maintaining Spanish SOCIMI status. Prospective investors in the Notes should note that there is no guarantee that Colonial will, following its election to become a Spanish SOCIMI, continue to maintain its SOCIMI status (whether by reason of failure to satisfy the conditions for Spanish SOCIMI status or otherwise).

The application of the Spanish SOCIMI Regime to Colonial is conditional upon the compliance with certain requirements including, among other things, the listing of Colonial's shares, investment in Qualifying Assets (as defined in "Spanish SOCIMI Regime") under the Spanish SOCIMI Regime, the receipt of income from certain sources and mandatory distribution of certain profits, as set forth under "Spanish SOCIMI Regime".

Failure to comply with any such requirements will result in the loss of the special tax regime save where the regulations allow for such failure to be remedied within the immediately following financial year. However, the SOCIMI regulations do not allow such remedy for failure to comply with the requirements related to (i) listing of the shares or (ii) mandatory distributions of dividends.

The disapplication of the Spanish SOCIMI Regime to Colonial would (i) have a negative impact in respect of both direct and indirect taxes; (ii) affect Colonial's liquidity and financial position to the extent it were required to reassess the taxation of income obtained in previous tax years which should have been taxed in accordance with the general Spanish Corporate Income Tax regime and at the general Corporate Income Tax rate; and (iii) prevent Colonial from opting again for the Spanish SOCIMI Regime for three years from the end of the last tax period in which the Spanish SOCIMI Regime was applicable.

Furthermore, if Colonial transferred its Qualifying Assets (as defined in "Spanish SOCIMI Regime") before the end of the three-year minimum holding period, as explained in "Spanish SOCIMI Regime", income obtained as a result of such transfers would (i) be taxed according to the general Spanish Corporate Income Tax regime and at the general Corporate Income Tax rate and (ii) have a negative impact for the purposes of determining compliance with the requirement to obtain income from certain sources, which could result in the loss of its SOCIMI status unless such situation were remedied within the following financial year.

If Colonial were to lose such status as a result of any of the above or for any other reason, it would have to pay Spanish Corporate Income Tax on the profits deriving from its activities at the standard Corporate Income Tax rate (25% as at the date of this Information Memorandum), with the possibility of using, under the applicable limitations, its significant pre-existing tax credits/assets, and would not be eligible to become a SOCIMI (and benefit from its special tax regime) for the following three fiscal years as from the end of the last tax period in which the Spanish SOCIMI Regime was applicable.

If Colonial were unable to maintain its SOCIMI status, this could have a material adverse effect on the Group's business, financial condition, prospects or results of operations.

Certain disposals of properties may have negative implications under the Spanish SOCIMI Regime

At least 80% of a SOCIMI's net annual income must derive from the lease of Qualifying Assets (as described in "Spanish SOCIMI Regime" below), or from dividends distributed by Qualifying Subsidiaries (as defined in "Spanish SOCIMI Regime"). Also, at least 80% of a SOCIMI's assets must be invested in Qualifying Assets, Qualifying Subsidiaries and/or real estate collective institutions.

Capital gains derived from the sale of Qualifying Assets (as defined in "Spanish SOCIMI Regime") are in principle excluded from the 80%/20% net income test. However, if a Qualifying Asset is sold before it is held for a minimum three-year period, then (i) such capital gain would compute as non-qualifying net income within the 20% thresholds that must not be exceeded for the maintenance of the Spanish SOCIMI Regime (and such gain would be taxed in accordance with the general Corporate Income Tax regime and at the standard Corporate Income Tax rate (currently, 25%)); and (ii) in relation to Qualifying Assets that are real estate assets, the entire income, including rental income, derived from such assets in all tax periods where the SOCIMI's special tax regime would have been applicable would be taxed in accordance with the general Corporate Income Tax regime and subject to the standard Corporate Income Tax rate. In both cases however the use of Colonial's pre-existing tax credits/assets would be possible, under the applicable limitations.

Further, if Colonial were to generate income which does not derive from the lease of Qualifying Assets or from dividends distributed by Qualifying Subsidiaries (as defined in "Spanish SOCIMI Regime"), the 80%/20% gross asset or net income tests may not be met. In such case, Colonial would need to cure such infraction during the following fiscal year. If the gross asset or net revenue tests were not met within that fiscal year, Colonial would lose its SOCIMI status, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Moreover, any income derived from the sale of Qualifying Assets that are real estate assets held by Colonial prior to the application of the Spanish SOCIMI Regime would be deemed to have been generated on a lineal basis, during all the time the real estate asset has been held by Colonial. The part of the income attributable to the tax years on which the Spanish SOCIMI Regime was not applicable to Colonial, would be taxed in accordance with the tax rate and tax regime applicable for those tax years. The foregoing also applies to the transfer of shares of other SOCIMIs or Qualifying Subsidiaries.

The transfer of real estate assets that were acquired prior to the application of the Spanish SOCIMI Regime would be subject to taxation

Even if held for a minimum three-year period, the transfer of real estate assets that were held prior to the application of the Spanish SOCIMI Regime would be partly subject to taxation. In particular, the profit that is deemed to be obtained prior to the application of the Spanish SOCIMI Regime would be subject to taxation at the general Corporate Income Tax rate (currently 25%) with the possibility of using, under the applicable limitations, pre-existing tax credits/assets.

For this purpose, the SOCIMI Act sets out a rebuttable presumption (rebuttable either by Colonial or by the Spanish tax authorities, as confirmed by the Spanish General Tax Directorate (Dirección General de

Tributos, the "**DGT**") in ruling n.3767-15) by virtue of which any profit obtained on the transfer of real estate assets that were held prior to the application of the Spanish SOCIMI Regime is deemed to be obtained on a lineal basis along the holding period of the relevant asset. Therefore, the tax payable on any such profits would generally be lower the longer the asset is held after the application of the Spanish SOCIMI Regime. Therefore, if non-core assets are disposed of shortly after the application of the Spanish SOCIMI Regime, depending on the date of transfer, they may be subject to taxation at the general Corporate Income Tax rate.

The application of the SOCIMI Regime requires the mandatory distribution of certain profits by Colonial which may limit the Group's ability and flexibility to pursue growth through acquisitions

As a result of Colonial's inclusion in the SOCIMI Regime, Colonial will be required to make payments or distributions to its shareholders in the terms specified by the SOCIMI Regime. Each year, starting with the year ending 31 December 2017, Colonial will be obliged to distribute to its shareholders (i) 100% of the profit obtained from dividends or stakes on profit derived from Qualifying Subsidiaries; (ii) at least 50% of the profit obtained from the transfer of Qualifying Assets, Qualifying Subsidiaries and/or real estate collective institutions made once the holding period of assets as described herein (see "Spanish SOCIMI Regime") has run out (in which case the remaining profit has to be reinvested within the following three years in other Qualifying Assets, Qualifying Subsidiaries and/or real estate collective institutions or, alternatively, distributed once the aforementioned reinvestment time period has run out); and (iii) at least 80% of the rest of the profit obtained, see "Spanish SOCIMI Regime".

The dividend distribution requirements that are necessary to achieve the full tax benefits associated with qualifying as a Spanish SOCIMI can be met by approving such distribution and satisfying the dividend in kind or, immediately thereafter, converting credit rights deriving from such dividends into share capital of Colonial, provided that such dividends qualify as income for tax purposes. However, any such distribution may not be approved by its shareholders or may not be considered as income for tax purposes for all of its shareholders.

If the relevant dividend distribution resolution is not adopted in a timely manner, Colonial would lose its SOCIMI status for the year in which the undistributed profits were obtained and the Company would be required to pay Spanish Corporate Income tax on the profits deriving from its activities at the standard rate (25% as at the date of this Information Memorandum) as from the relevant tax period in which such status is lost. In such case, Colonial would not be eligible to become a SOCIMI (and benefit from its special tax regime) for three years.

Taking into consideration the mandatory dividend distribution established under the SOCIMI Regime, Colonial's ability to make new investments could be limited, as it would only be able to apply a limited amount of its profits to the acquisition of new real estate assets (being required to distribute the majority of its profits to its shareholders), which could hinder its ability to grow unless Colonial were able to obtain new financing, and could have a negative impact on the liquidity and the working capital of Colonial.

Furthermore, despite obtaining a profit, Colonial may be unable to carry out the payments and distributions in accordance with the legal requirements of the SOCIMI Regime due to not having immediately available cash (i.e., differences in timing between the receipt of cash and the recognition of the income and the effect of any potential debt amortisation payment). Should this happen, Colonial might have to borrow, increasing its financing costs and reducing its debt capacity. This could have a materially adverse effect on the business, the results, the finances or the assets of the Group.

In any case, the payment of any such dividend will largely depend on Colonial's ability to generate profits and cash flows and its ability to efficiently transfer such profits and cash flows to its shareholders. It will also depend on a number of other factors, including Colonial's ability to acquire suitable investments, operating results, financial condition, current and anticipated cash needs, interest costs and net proceeds from the sale of its investments, legal and regulatory restrictions and such other factors as the Board of Directors may deem relevant from time to time.

Colonial may become subject to an additional tax charge if it pays a dividend to a Substantial Shareholder, which may result in a loss of profits for the Group

Colonial may become subject to a 19% Corporate Income Tax on the gross dividend distributed to any shareholder that holds a stake equal to or higher than 5% of the share capital of Colonial when such shareholder either (i) is exempt from any tax on the dividends or subject to tax on the dividends received

at a rate lower than 10% (for these purposes, final tax due under the Non-Resident Income Tax Law is also taken into consideration) or (ii) does not timely provide Colonial with the information evidencing its equal or higher than 10% taxation on dividends distributed by Colonial in the terms set forth in the by-laws (a "**Substantial Shareholder**").

The DGT has issued two binding rulings (n.3308-14 and n.0323-15) indicating that the 10% test to be carried out in order to identify Substantial Shareholders should be focused on the tax liability arising from the dividend income considered individually, taking into account (a) exemptions and tax credits affecting the dividends received by the shareholder and (b) those expenses incurred by the shareholder which are directly linked to the dividend income (e.g., fees paid in relation to the management of the shareholding in the relevant SOCIMI distributing the dividends, or financial expenses (interest) deriving from the financing obtained to fund the acquisition of the shares of the relevant SOCIMI), without taking into consideration for this purpose other income of the shareholder (e.g., compensation of carried forward losses by the shareholder). In addition, the DGT has confirmed that the withholding tax levied on a dividend payment (including any non-resident income tax liability) should also be taken into consideration by the shareholder for assessing this 10% threshold.

Notwithstanding the above, the by-laws of Colonial include indemnity obligations of the Substantial Shareholders in favour of Colonial. In particular, the by-Laws require that in the event a dividend payment is made to a Substantial Shareholder, Colonial will be entitled to deduct an amount equivalent to the tax expenses incurred by Colonial on such dividend payment from the amount to be paid to such Substantial Shareholder (the Board of Directors will maintain certain discretion in deciding whether to exercise this right if making such deduction would put Colonial in a worse position). However, these measures may not be effective. If these measures are ineffective, the payment of dividends to a Substantial Shareholder may generate an expense for Colonial (since it may have to pay a 19% Corporate Income Tax on such dividend) and, thus, may result in a loss of profits for Colonial.

Certain of our French subsidiaries could lose their status as SIICs and the resulting favorable tax treatment

We currently hold a 81.71% stake in SFL, a listed French real estate investment company (société d'investissements immobiliers cotées or SIIC). SFL and certain of its subsidiaries are subject to the SIIC tax regime, which provides for a favorable tax treatment conditional upon the distribution of (i) all dividends received from its subsidiaries benefiting from the SIIC tax regime, (ii) at least 95% of its rental income and (iii) at least 60% of its capital gains within two years of the disposal of any real estate asset, thereby benefiting us as a shareholder.

If SFL or such subsidiaries were to lose their SIIC status due to changes in law or other factors, such as not meeting the distribution requirements described above, or if the double tax treaty currently in place between France and Spain were to change, their tax obligations could increase, which could have a material adverse effect on our financial condition, business, prospects and results of operations.

Colonial may have to indemnify SFL for any 20% French special levy due on dividend distributions received from SFL which may result in a loss of profits for the Group

As a consequence of the application of the SOCIMI Regime, Colonial will be subject to a 0% Corporate Income Tax rate on any gross dividends received from the French affiliate entity SFL. In addition, under SOCIMI Regime Colonial will have an obligation to distribute 100% of the profits derived from those dividends to its shareholders.

SFL is a French resident company which is subject to the special SIIC regime and, as such, it is required to pay a special levy when a dividend distributed out of profit that is exempt from corporate income tax in accordance to the French Tax Code is paid, or deemed to be paid, to a corporate shareholder that (i) directly or indirectly holds at least 10% of the SIIC's dividend rights, and (ii) broadly, is not subject to taxation on distributions made from SFL at a rate of at least 1/3 of the French corporate income tax rate ("**Special Levy Shareholder**"). For companies, such as Colonial, that are under a legal obligation to distribute 100% of the profits derived from dividends received, the above taxation test must be measured at an upper shareholder tier (i.e., distributions to Colonial would be subject to the above special levy if Colonial corporate shareholders holding at least 10% in Colonial, even if only one, are not subject to tax on dividend distributions at a rate of at least 1/3 of the French corporate income tax rate).

Furthermore, the by-laws of SFL (i) provide for an obligation for all shareholders holding at least 10% of its shares to inform of their respective level of taxation on dividends received from SFL and (ii) contain indemnity obligations for any Special Levy Shareholder whereby it is such shareholder the one that ultimately bears the additional taxes due on the dividend distribution.

The by-laws of Colonial contain back-to-back information and indemnity provisions that require that, in the event of dividends distributed out of dividends received from SFL to shareholders holding at least 10% of the shares in Colonial, Colonial will be entitled to deduct an amount equivalent to the tax expenses for which Colonial must reimburse SFL as consequence of the abovementioned French withholding tax. However, these measures may not be effective. If these measures are ineffective, the dividends distributed out of SFL dividends may generate an expense for Colonial (since it may have to indemnify SFL for the 20% French special levy on such dividend) and, thus, may result in a loss of profits for Colonial.

We face certain risks related to deferred tax assets

As a result of losses incurred in previous years, as at 30 June 2018, the unused prior year's tax loss carryforward amounted to €5.415 million, without having recorded any tax credit at that date.

As described above, currently (under the SOCIMI Regime), the offset of tax losses is only available for Colonial for income that has to be taxed in accordance with the general Corporate Income Tax regime and at the general Corporate Income Tax rate.

In accordance with Law 27/2014, of November 27 (Ley 27/2014, de 27 de noviembre, del Impuesto de Sociedades), as from January 1, 2015, there is no longer a maximum limit of years to carry forward tax losses and use them to offset taxable profits. However, the maximum offset is limited to 70% from 2017. The Royal Decree-Law 3/2016, of 2 December, limits the compensation of the carried forward tax losses to 25% of the taxable base for those entities whose turnover is at least €60 million.

Therefore, if there is a change in law that would eliminate or further limit the right to offset deferred tax assets, this could have a material adverse effect on the value of our deferred tax asset as well as our financial condition, business, prospects and results of operations. Nevertheless, this item may not have a relevant practical impact considering that SOCIMIs are taxed at a 0% Corporate Income Tax rate on certain income.

Risks in relation to the Notes

There is no active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market or such active trading market may not develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular issue of Notes.

The Issue price may be greater than the market value of the Notes

The Issue Price specified in the relevant Pricing Supplement may be more than the market value of the Notes as at the Issue Date, and the price, if any, at which the Dealers or any other person is willing to purchase the Notes in secondary market transactions is likely to be lower than the Issue Price. In particular, the Issue Price may take into account amounts with respect to commissions relating to the issue and sale of the Notes as well as amounts relating to the hedging of the Issuer's obligations under the Notes, and secondary market prices are likely to exclude such amounts. In addition, whilst the proprietary pricing models of the Dealers are often based on well recognised financial principles, other market participants' pricing models may differ or produce a different result.

Global Notes held in a clearing system

Notes issued under the Programme may be represented by one or more Global Notes. The Global Notes will be deposited with a common depositary or common safekeeper for Euroclear and/or Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be

entitled to receive Definitive Notes. Euroclear and/or Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes.

While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and/or Clearstream, Luxembourg and the Issuer will discharge its payment obligations under such Notes by making payments to the common depositary or, in the case of Global Notes in New Global Note form, the common service provider for Euroclear and/or Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg to receive payments under their relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to take enforcement action against the Issuer under the relevant Notes but will have to rely upon their rights under the deed of covenant dated 13 December 2018 (the "**Deed of Covenant**").

Notes which are linked to Benchmarks

Notes which are linked to LIBOR, EURIBOR and other interest rate or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to floating rate Notes whose interest rates are linked to LIBOR). Any such consequence could have a material adverse effect on the value of and return on any such Notes.

The Issuer may redeem the Notes for tax reasons

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes if it has or will become obliged to pay additional amounts pursuant to the terms and conditions of the Notes as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction) which change or amendment becomes effective on or after the issue date of the relevant Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Potential investors should consider the reinvestment risks in light of other investments available at the time any Notes are so redeemed.

Risks in relation to Spanish taxation

Under Spanish Law 10/2014 of 26 June 2014 on organisation, supervision and solvency of credit institutions and Royal Decree 1065/2007, of 27 July 2007 ("**Royal Decree 1065/2007"**), as amended by Royal Decree 1145/2011, of 29 July ("**Royal Decree 1145/2011**"), income payments in respect of the Notes will be made by the Issuer free of withholding tax in Spain if certain information is received by it in a timely manner. On 13 December 2018 the Issuer and The Bank of New York Mellon, London Branch (the "**Issue and Paying Agent**") have entered into an amended and restated issue and paying agreement (the "**Issue and Paying Agency Agreement**") where they have arranged certain procedures to facilitate the collection of information concerning the Notes. The Issuer will withhold Spanish withholding tax from any payment in respect of any outstanding principal amount of the Notes (as applicable) as to which the

required information has not been provided and will not gross up payments in respect of any such withholding tax. The Issue and Paying Agency Agreement provides that the Issue and Paying Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. The procedures may be modified, amended or supplemented, to, among other reasons, reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof or to reflect a change in applicable clearing system rules or procedures or to add procedures for one or more new clearing systems. See "*Taxation – Taxation in Spain*". Neither the Issuer nor the Dealers assume any responsibility thereof.

Royal Decree 1145/2011, amended Royal Decree 1065/2007, to provide that any payment of interest made in respect of securities originally registered with a non-Spanish clearing house recognised by Spanish legislation or by the legislation of another OECD country will be made free of any withholding on account of Spanish taxes provided that certain information about the Notes is received by the Issuer. The Issuer considers that any payments in respect of the Notes will be made free of withholding on account of Spanish taxes provided that the relevant information about the Notes is submitted by the Issue and Paying Agent to it in a timely manner.

If at any stage the Spanish tax authorities adopt a different position as to the application by the Issuer of withholding to payments made to Spanish residents (individuals and entities subject to Spanish Corporate Income Tax), the Issuer would be bound by that administrative criterion and would need to make the appropriate withholding immediately thereafter. In such event, the Issuer would not pay additional amounts. Should the Spanish tax authorities adopt such a position, identification of holders may be required and the procedures, if any, for the collection of relevant information would be applied by the Issuer to the extent required so that it can comply with its obligations under the applicable legislation as interpreted by the Spanish tax authorities. If procedures for the collection of information relating to holders were to apply, all holders would be informed of such new procedures and their implications.

In the case of Notes held by Spanish resident individuals (and under certain circumstances by Spanish entities subject to Spanish Corporate Income Tax) and deposited with a Spanish resident entity acting as depositary or custodian, payments in respect of the Notes may be subject to withholding by such depositary or custodian, currently at a 19 per cent. rate. See "*Taxation – Taxation in Spain*".

U.S. Foreign Account Tax Compliance Withholding Act (FATCA)

The United States has enacted rules under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**"), that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with Spain (the "**IGA**"). Under the current IGA, the Issuer does not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

Pursuant to the terms and conditions of the Notes, the Issuer's obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as holder of the Notes). The Issuer has no responsibility for any amount transmitted thereafter through the ICSDs and custodians or intermediaries and consequently, it will not be required under the terms and conditions of the Notes to pay additional amounts should FATCA withholding apply.

The proposed European financial transactions tax

On 14 February 2013 the European Commission published a proposal for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). Withdrawal of Estonia from the list of participating Member States in December 2015 left ten remaining participants.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Member States may decide not to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

The proposed Spanish financial transactions tax

On 19 October 2018, the Spanish Council of Ministers approved a draft bill (the "**Draft Bill**"), according to which, due to the delay in the EU FTT being approved, the intention is to implement a Spanish financial transactions tax (the "**Spanish FTT**"). However, the Spanish Council of Ministers states that Spain would continue to participate in the enhanced co-operation for the approval of the EU FTT and, if finally approved, Spain would adapt the Spanish FTT to align it with the EU FTT.

According to the Draft Bill, the Spanish FTT will be aligned with the French and Italian financial transactions tax. Specifically, it is proposed that a Spanish FTT, at a rate of 0.2% would apply to certain acquisitions of listed shares issued by Spanish companies whose market capitalisation value exceeds €1 billion, regardless of the jurisdiction of residence of the parties involved in the transaction. While, as currently drafted, the Spanish FTT would not apply in relation to an issue of Notes under the Programme, there can be no assurance that any such Spanish FTT would not apply to an issue of Notes in the future.

The Draft Bill will be sent to the parliament for debate and approval. Since the Spanish government currently does not have a majority in either house of parliament, it will need support from several other political groups in order to secure approval of the Draft Bill. As a result, some of the proposed measures could be substantially modified (or even abandoned) during the legislative process. Prospective holders of the Notes are advised to seek their own professional advice in relation to the Spanish FTT.

Risks in relation to the Spanish Insolvency Law

Law 22/2003, of 9 July 2003, as amended (the "**Spanish Insolvency Law**") regulates the Spanish court insolvency proceedings and certain out-of-court refinancing agreements.

The Spanish Insolvency Law provides, among other things, that, in case of declaration of insolvency: (i) any claim may become subordinated if it is not included in the company's accounts or otherwise reported to the insolvency administrators within one month from the last official publication of the court order declaring the insolvency, (ii) provisions in a contract granting one party the right to terminate on the other's insolvency will not generally be enforceable, and (iii) interest (other than any secured interest covered by the value of a security interest) shall cease to accrue as from the date of the declaration of insolvency and any amount of interest accrued up to such date (other than any secured interest covered by the value of a security interest) shall become subordinated.

Under the Spanish Insolvency Law, creditors can be subject to deferral of payments, reductions of debt, conversion into equity and other measures if certain qualified majorities of creditors approve it. These measures can be imposed within the insolvency proceedings of the debtor but also out of them and without any prior declaration of insolvency pursuant to an out-of-court refinancing agreement.

Should the Issuer be declared insolvent, the application of these and other provisions of the Spanish Insolvency Law would affect the ability of investors to receive payments under the Notes.

KEY FEATURES OF THE PROGRAMME

Issuer:	Inmobiliaria Colonial, SOCIMI, S.A.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil their respective obligations under the Notes are discussed under "*Risk Factors*" above
Arranger:	Banco de Sabadell, S.A.
Dealers:	BNP Paribas, Crédit Agricole Corporate and Investment Bank, ING Bank N.V. and NatWest Markets Plc and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular issue of Notes
Issue and Paying Agent:	The Bank of New York Mellon, London Branch
Listing Agent:	The Bank of New York Mellon SA/NV, Dublin Branch
Programme Amount:	The aggregate principal amount of Notes outstanding at any time will not exceed €300,000,000 (or its equivalent in other currencies) subject to applicable legal and regulatory requirements. The Programme Amount may be increased from time to time in accordance with the Dealer Agreement
Currencies:	Notes may be denominated in Euro, Yen, Sterling, U.S. dollars and such other currencies as may be agreed between the Issuer and the relevant Dealer(s) from time to time, subject in each case to compliance with all applicable legal and regulatory requirements
Denominations:	Global Notes shall be issued (and interests therein exchanged for Definitive Notes, if applicable) in the following minimum denominations: (a) for U.S.$ Notes, U.S.$500,000 (and integral multiples of U.S.$1,000 in excess thereof); (b) for Euro Notes, €100,000 (and integral multiples of €1,000 in excess thereof); (c) for Sterling Notes, £100,000 (and integral multiples of £1,000 in excess thereof); (d) for Yen Notes, ¥100,000,000 (and integral multiples of ¥1,000,000 in excess thereof); or such other conventionally accepted denominations in those currencies or such other currency as may be agreed between the Issuer and the relevant Dealer from time to time, subject in each case to compliance with all applicable legal and regulatory requirements, provided that Notes (including Notes denominated in Sterling) the proceeds of which are to be accepted by the Issuer in the United Kingdom shall have a minimum denomination as at the time of issue of £100,000 (or its equivalent in other currencies)

Term of Notes:	The tenor of the Notes shall be not less than 15 days or more than 364 days from and including the date of issue to, but excluding, the maturity date, subject to legal and regulatory requirements
Redemption on Maturity:	The Notes will be redeemed as specified in the relevant Pricing Supplement. Any Notes in respect of which the proceeds are to be accepted by the Issuer in the United Kingdom shall (a) have a redemption value of not less than £100,000 (or an amount of equivalent value denominated wholly or partially in a currency other than Sterling), and (b) provide that no part of any such Note may be transferred unless the redemption value of such part is not less than £100,000 (or such an equivalent amount)
Tax Redemption:	Early redemption will only be permitted for tax reasons as described in the terms of the Notes
Issue Price:	The Issue Price of each issue of Notes will be set out in the relevant Pricing Supplement
Yield Basis:	The Notes may be issued at a discount or at a premium or may bear fixed or floating rate interest
Status of the Notes:	The Notes constitute and at all times shall constitute a direct, unsecured and unsubordinated obligation of the Issuer ranking *pari passu* without any preference among themselves and with all present and future unsecured and unsubordinated obligations of the Issuer, other than those preferred by mandatory provisions of law and other statutory exceptions
Taxation:	All payments under the Notes will be made without deduction or withholding for or on account of any present or future Spanish taxes, except as stated in the Notes and as stated under the heading "*Taxation – Taxation in Spain*"
Tax disclosure requirements:	Under Law 10/2014 and Royal Decree 1065/2007, as amended, the Issuer shall receive certain information in respect of the Notes as described under "*Taxation – Taxation in Spain. Disclosure obligations in connection with the payments on the Notes*". On 13 December 2018 the Issuer and the Issue and Paying Agent have entered into an issue and paying agency agreement (the "**Issue and Paying Agency Agreement**") where they have arranged certain procedures to facilitate the collection of this information as required under Spanish law. If the Issue and Paying Agent fails to provide to the Issuer the information described under "*Taxation – Taxation in Spain. Disclosure obligations in connection with the payments on the Notes*", the Issuer may be required to withhold tax and may pay income in respect of such principal amount net of the Spanish withholding tax applicable to such payments (currently at the rate of 19 per cent.). None of the Issuer, the Arranger, the Dealers, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A.,

	("**Clearstream, Luxembourg**", together with Euroclear, the "**ICSDs**") assumes any responsibility thereof
Form of the Notes:	The Notes will be in bearer form. Each issue of Notes will initially be represented by one or more global notes (each a "**Global Note**" and together the "**Global Notes**"). Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Global Notes may be exchanged in whole (but not in part) for Definitive Notes in the limited circumstances set out in the Global Notes (see "*Certain Information in Respect of the Notes - Form of the Notes*")
Listing and Trading:	Each issue of Notes may be admitted to listing on the Official List and to trading on the Main Securities Market of Euronext Dublin. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer. No notes may be issued on an unlisted basis
Delivery:	The Notes will be available in London for delivery to Euroclear or Clearstream, Luxembourg or to any other recognised clearing system in which the Notes may from time to time be held. Account holders will, in respect of Global Notes, have the benefit of a deed of covenant dated 13 December 2018 (the "**Deed of Covenant**")
Selling Restrictions:	The offering and sale of the Notes is subject to all applicable selling restrictions including, without limitation, those of the United States of America, the United Kingdom, the Republic of Ireland, France, Japan and Spain (see "*Subscription and Sale*")
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law. The status of the Notes is governed by, and shall be construed in accordance with, Spanish law
Use of Proceeds:	The net proceeds of the issue of the Notes will be used for the general corporate purposes of the Group
Rating:	Not rated

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and form part of, this Information Memorandum:

(a) the English translation of the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2017 prepared in accordance with IFRS-EU, together with the English translation of the auditor's report thereon and the English translation of the Issuer's management report;

(b) the English translation of the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2016 prepared in accordance with IFRS-EU, together with the English translation of the auditor's report thereon and the English translation of the Issuer's management report;

(c) the English translation of the unaudited condensed consolidated interim financial statements of the Issuer for the six-month period ended 30 June 2018 together with the English translation of the auditor's limited review report thereon and the English translation of the Issuer's management report for the six-month period ended 30 June 2018; and

(d) the English translation of the unaudited condensed consolidated interim financial and operating information of the Issuer for the nine-month period ended 30 September 2018.

Copies of the documents specified above as containing information incorporated by reference in this Information Memorandum may be inspected, free of charge, upon reasonable notice, at the specified offices (which are set out below) of the Issuer and the Issue and Paying Agent. The above documents can also be found in electronic format on the website of the Issuer (https://www.inmocolonial.com/).

DESCRIPTION OF THE ISSUER

Overview

Inmobiliaria Colonial, SOCIMI, S.A. is a limited liability company (*sociedad anónima*) duly incorporated on 9 December 1946, under the laws of the Kingdom of Spain, under which it now operates. Its commercial name is "Colonial".

Colonial is registered with the Commercial Register of Madrid under volume 36,660, sheet 87 page number M-30822, and its tax identification number is A-28027399. Colonial is domiciled in Spain. Its registered office is Paseo de la Castellana, 52, Madrid, Spain and its telephone number is (+34) 91 782 08 80.

Our main activity is the rental, acquisition, promotion and sale of real estate, as well as the management of financial participations and our core business is the management and development of buildings, principally offices, to rent and, where the opportunity arises, sell. We are one of the leading office operators in the Barcelona and Madrid markets and, through our subsidiary SFL, in Paris. As of the date of this Information Memorandum, we own and manage 73 office buildings and 15 logistics and other buildings in Spain and 20 office buildings in France. In the six months ended 30 June 2018, we generated a consolidated operating profit of €129,496 thousand and, as of 30 June 2018, we employed approximately 191 employees.

We currently hold a 81.71% stake in SFL, France's oldest property company, which focuses on prime commercial real estate in Paris. See "—Recent Developments".

History

Origins

Colonial was founded in 1946 by Banco Hispano Colonial, a financial institution that played an important role in Spain's economic history. The Company was incorporated to manage Banco Hispano Colonial's extensive land holdings as well as the property holdings of other financial institutions and private individuals.

In the 1960s, Colonial developed an innovative large-scale project known as Barcelona 2, which involved the construction of more than 1,000 homes and business premises for rental. The project had a major impact on property trends in the area, which is now considered one of the most exclusive prime property rental and office locations in the CBD of Barcelona. In the 1970s and 1980s, the Company further consolidated its position in the Spanish property market.

In 1991, Caja de Ahorros y Pensiones de Barcelona ("**la Caixa**"), the largest savings bank in Spain, took a majority shareholding in the Company and contributed property sites and buildings with an aggregate size of more than 500,000 sqm. A new management team was appointed and embarked on a process to restructure and streamline its asset portfolio and focused on the rental of exclusive office space in the CBDs of Madrid and Barcelona. At the same time, the Company moved into the land and residential development business. In 1999, the Company was listed on the Madrid and Barcelona stock exchanges.

Key Past Transactions

In June 2004, the Company bought 55.61% of the share capital of SFL, a company with a large portfolio of offices in upscale business districts of Paris. The value of the Group's assets doubled within a year following the acquisition, and its property interests extended to Paris, one of the main business centres in Europe. The Company became a pioneer in the Spanish real estate market for focusing on prime properties in Spain while seeking targeted international diversification.

In 2006, the property company Grupo Inmocaral, S.A. ("**Grupo Inmocaral**") launched a takeover bid for 100% of Colonial's share capital. The takeover bid was accepted by 93.41% of Colonial's shareholders including la Caixa.

In April 2007, after the takeover by Grupo Inmocaral of the Company was completed, Grupo Inmocaral and Colonial merged. As a result of the merger, Grupo Inmocaral absorbed Colonial, but kept Colonial's registered name and address.

In December 2006 and April 2007, the Company respectively acquired 15.06% of Fomento de Construcciones y Contratas, S.A. (an IBEX 35 construction and services company) and, through a takeover bid 100% of Riofisa, S.A. (a shopping centre developer). At present the Company has no remaining stake in Fomento de Construcciones y Contratas, S.A. or Riofisa, S.A.

As a result of Grupo Inmocaral's takeover bid, the Company had to launch a mandatory takeover bid for SFL's share capital obtaining an 89.67% shareholding in SFL, which was reduced in connection with our 2008 debt restructuring (see "—Restructuring (2008-2013)").

As of the date of this Information Memorandum, the Company's interest in SFL amounts to 81.71% of its share capital (see "—Recent Developments").

Restructuring (2008 – 2013)

A majority of the acquisitions completed between 2004 and 2007, including the takeover bids for the Company, SFL and Riofisa, S.A. were totally or partially financed by bank debt.

In September 2008, the Company reached a formal and binding agreement for the restructuring of approximately €6,500 million of its debt. This agreement meant the sale of the Company's remaining 14.01% stake in Fomento de Construcciones y Contratas, S.A. and 33% of its interest in SFL, as well as the promise to sell its whole participation in Riofisa, S.A. and the issuance of €1,310 million convertible bonds (all of which have been converted prior to the date of this Information Memorandum).

The sale of Riofisa, S.A. and the consequent reduction in debt could not be done in the time initially estimated, which led to a further restructuring of the Company's debt with a view to improve its capital structure and focus its main business activity on the rental business. In February 2010, the Company formalised a new agreement to refinance its debt for a total amount of approximately €4,960 million. This agreement also meant the issue of €278 million worth of equity warrants and the segregation of the land and development activities (including the development and management activities of Riofisa) – together with their related debt – to an affiliate company Asentia Project, S.L., within which they were reclassified as "discontinued activities" and all of the related assets were classified as "assets held for sale".

In 2011, as a result of the financial restructuring of the Company and its focus towards the office rental property business, Colonial returned to the path of positive results. This positive result was supported by the strength of the operating business, the progressive recovery in the asset value in Paris and, for the first time since the start of the crisis, the stabilisation of the value of the rental office buildings in Madrid and Barcelona. In addition, important write-offs were made and the Company put efforts into communicating its strategy to the international investment community, in order to lay the foundations to successfully carry out the recapitalisation of the new Colonial.

Recapitalisation, Investment Grade and Growth (2014 – 2017)

In 2014, the Company began a new process to further restructure its financial indebtedness with a view to achieving a new and improved capital structure. This process led to the deconsolidation of Asentia Project, S.L. from our Group, the exercise of the aforementioned equity warrants and the refinancing of our debt through a new syndicated loan agreement (the "**Syndicated Loan**") for an amount of €1,040 million as well as a capital increase of €1,263 million which was completed in May 2014, with the support of long-term investors, and a free float of close to 40%. As of the date of this Information Memorandum, there is no warrant outstanding and the Company no longer has any ownership interest in Asentia Project, S.L.

In 2015, Standard & Poor's awarded the Company a long-term credit rating of "BBB-" and a short-term credit rating of "A-3" which allowed the Company, on 27 May 2015, to issue €1,250 million of non-convertible bonds (the "**2015 Bond Issue**"). Colonial became the first listed Spanish property company in history to obtain an investment grade rating. The Company used part of the net proceeds raised in the 2015 Bond Issue to repay in full the Syndicated Loan. In doing so, the Company cancelled all obligations to comply with financial ratios as well as the granting of any guarantees and restrictions on dividend distributions that were included in the Syndicated Loan.

The new capital structure enabled the Group to acquire assets for the first time since the beginning of the crisis, strengthening its position as a property owner of prime office buildings in the CBDs of Paris, Madrid and Barcelona. The acquisition policy reinforces the industrial model of the Company, which is based on the transformation and repositioning of "Prime Factory" buildings, attracting clients at maximum rental prices in the market.

In April 2017, Standard & Poor's upgraded the rating of the Group to BBB with a stable outlook. In May 2017, Moody's issued a credit rating of Baa2 with a stable outlook.

On 5 May 2017, Colonial carried out a share capital increase through the issuance of 35,646,657 new ordinary shares with a nominal value of €2.50 each.

SOCIMI Status

On 22 May 2017, the Board of Directors resolved to submit for approval the conversion of Colonial into a Spanish real estate investment trust (Sociedad Cotizada Anónima de Inversión en el Mercado Inmobiliario or "**SOCIMI**") at the next Ordinary General Shareholders' Meeting.

On 29 June 2017, the Ordinary General Shareholders' Meeting of Colonial resolved, among other things, (i) to become a SOCIMI under the provisions of Law 11/2009 of 26 October governing Real Estate Investment Trusts (Ley 11/2009, de 26 de octubre, por la que se regulan las Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario), as amended (the "**SOCIMI Act**") so as to apply the special tax regime provided for under the SOCIMI Act (the "**Spanish SOCIMI Regime**") and (ii) in order to comply with certain requirements provided for under the SOCIMI Act, to change Colonial's company name to Inmobiliaria Colonial, SOCIMI, S.A. and amend the by-laws of Colonial including by adding two new articles concerning ancillary provisions and special rules for the distribution of dividends.

For a fuller description of the SOCIMI status please see "Spanish SOCIMI Regime".

Axiare (2018)

On 12 November 2017, the Board of Directors of Colonial agreed to launch a takeover bid (the "**Bid**") for all the shares of Axiare not already held by Colonial, for cash. On 2 February 2018, the Spanish Comisión Nacional del Mercado de Valores ("**CNMV**") announced the result of the Bid for all the shares of Axiare not already held by Colonial. The Bid was accepted by shareholders of Axiare holding 45,912,569 shares, representing 81.55% of the shares the Bid was addressed to (56,300,422 shares of Axiare, representing 71.21% of its share capital) and 58.07% of Axiare's share capital.

On 24 May 2018, the Ordinary General Shareholders' Meeting of Colonial approved the merger by absorption of Axiare by Colonial and the public deed (escritura pública) was executed before a Spanish public notary and registered with the Commercial Registry of Madrid on 2 and 4 July 2018, respectively.

Share Capital

As of the date of this Information Memorandum, Colonial's issued share capital amounts to €1,270,286,952.50, represented by a single series of 508,114,781 ordinary shares with a nominal value of €2.50 each.

Recent Developments

On 2 July 2018, we acquired a property located in Barcelona at Avenida Diagonal 525 for an amount of €28.5 million and provided the seller with guarantees for the payment of the deferred amounts.

On 23 July 2018, we repurchased the outstanding principal amount (€375 million) of our €750,000,000 1.863% Notes Due 2019, which were originally issued on 5 June 2015 at the corresponding makewhole amount together with accrued interest.

On 26 September 2018, SFL successfully completed a tender offer launched on 19 September 2018 for two bond issues of SFL maturing in November 2021 and November 2022, respectively. This operation enabled SFL to redeem an aggregate nominal amount of €300 million.

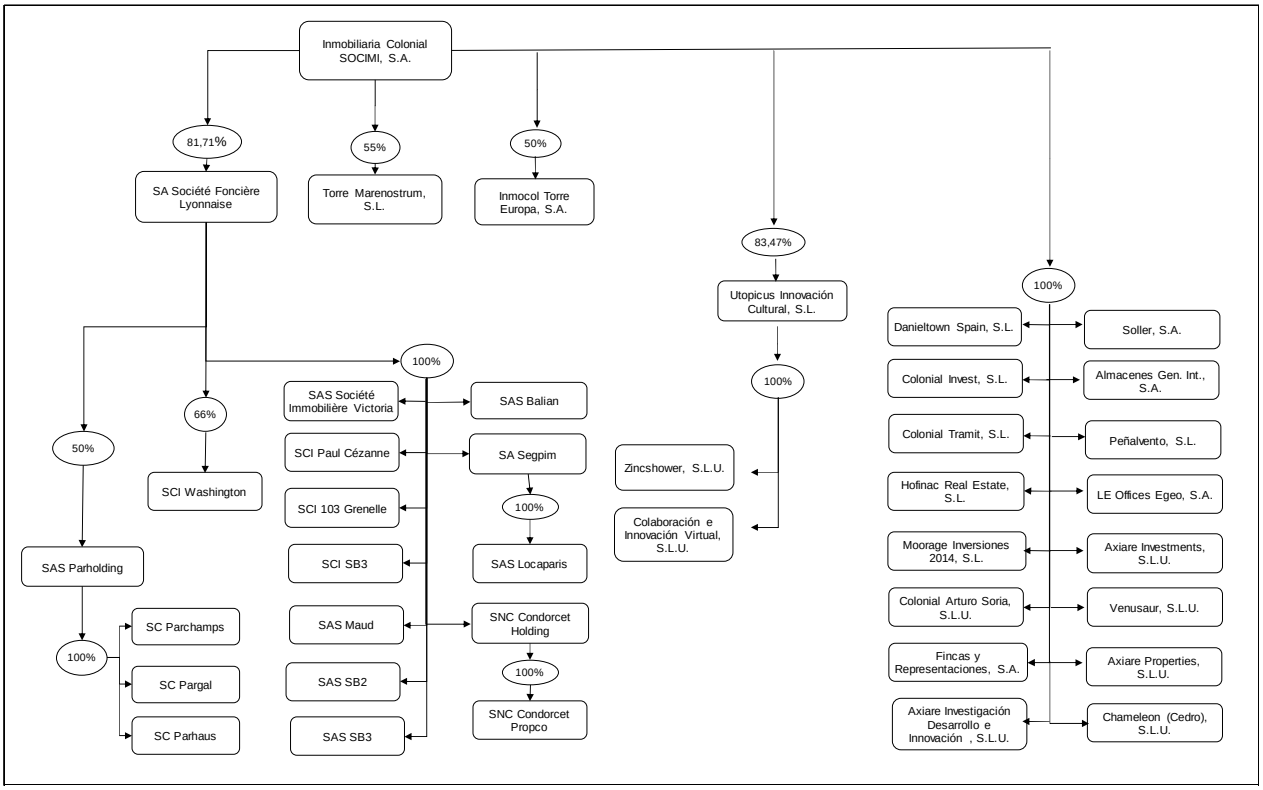
On 5 October 2018 Colonial announced the disposal of seven office buildings and a turnkey project in Madrid for a total price of €441 million. The divested portfolio had a gross lettable area of 106,574 sqm and was mainly located outside CBD (91%). Colonial has also reached an agreement with Catalana Occidente Group to sell a turnkey project for more than 20,000 sqm on one of the land plots acquired in the context of the Alpha-III project in January 2018.

In October 2018, Standard & Poor's upgraded the rating of the Group to BBB+ with a stable outlook.

On 13 November 2018, we acquired an additional 22% stake in SFL (the "**SFL Shares**") from Qatar Holding LLC ("**QH**") and DIC Holding LLC ("**DIC**") and on December 2018, we acquired an additional 0.97% stake, increasing our controlling stake in SFL from 58.56 to 81.71% and enhancing our presence in the French real estate market.

The acquisition of the SFL Shares was structured in three transactions, (i) QH and DIC contributed a total of 7,136,507 shares of SFL to Colonial (representing 15.34% of SFL's share capital) through a non-cash capital increase of 53,523,803 shares of Colonial (representing 10.5 per cent of Colonial's share capital); (ii) an exchange of a total of 400,000 SFL shares by QH and DIC (representing an aggregate of 0.86%) for 3,000,000 treasury shares of Colonial; and (iii) the sale of a total of 2,787,475 shares of SFL by QH and DIC (representing 5.99% of SFL's share capital), for an amount of €203 million (€73 euros per share). The combination of the three transactions resulted in an average acquisition price of €69.6 per share of SFL. In the context of this transaction, Colonial carried out a capital increase, pursuant to which it increased its share capital from €1,136,477,445.00 to €1,270,286,952.50. The capital increase settled on 14 November 2018.

Organisational Structure



Description of Operations

Overview

Our main activity is the rental, acquisition, promotion and sale of real estate, as well as the management of financial participations.

Our Core Rental Business

Our rental business comprises the management of our Property Portfolio, which is mainly made up of office buildings and, to a lesser extent, commercial or retail premises, as well as the realisation of real estate assets (sale of assets).

We focus on the rental of quality office buildings in prime locations in the CBD of Barcelona, Madrid and Paris (the latter is done through SFL, in which we hold a stake of 81.71%) (see "—Recent Developments"). As part of this activity, we have an active asset rotation strategy and undertake important refurbishment projects.

As at 30 June 2018, our Property Portfolio was made up of 108 buildings and projects with a total surface of 2,220,758 sqm distributed as follows: 441,292 sqm in Paris (of which 354,352 sqm are above ground); 841,502 sqm in Madrid (of which 695,414 sqm are above ground); 400,536 sqm in Barcelona (of which 274,766 sqm are above ground); and 537,427 sqm of logistics and other uses in the rest of Spain. The Property Portfolio currently includes 15 projects under construction or refurbishment as well as a number of buildings partially under refurbishment, representing a total surface of 304,952 sqm above ground. In addition, we own a land plot of more than 14,000 sqm above ground in 22@ submarket in Barcelona and another land plot of more than 23,000 sqm above ground in Puerto de Somport (Las Tablas, Madrid).

As at 30 June 2018, the assets forming our rental business were valued at an amount of approximately €11,190 million by independent appraisers. As at 30 June 2018, based on the valuation, 42.7% of this value corresponded to assets located in Spain and 57.3% to assets located in France (held through SFL).

Breakdown of revenues from rentals by category and location

During the six months ended 30 June 2018, the largest component of our rental revenues (82%) derived from our office buildings. Our rental business in France, carried out by SFL, generated 56% of our rental revenues (€96,066 thousand), while Spain generated 44% of our rental revenues (€74,233 thousand). In attributable terms, that is, taking into account the rental revenues per asset attributable to our Company's holding of each asset (which is calculated by multiplying the percentage of each asset owned by our Company with the revenue of the asset), approximately 42% of the rental revenues were generated in France and the rest in Spain.

The following table below shows a detailed unaudited breakdown of the category of asset and the geographical distribution of our revenues from rentals based on management measures during the six months ended 30 June 2018 and 2017, and for the years ended 31 December 2017 and 2016:

Revenues from rentals	**Six months ended 30 June 2018 (unaudited)**	**Increase/decrease first six months 2018-2017 (unaudited)**	**Six months ended 30 June 2017 (unaudited)**	**Year ended December 31, 2017**	**Increase/ decrease 2017-2016**	**Year ended December 31, 2016**
	(€ in thousands)	**%**	**(€ in thousands)**	**(€ in thousands)**	**%**	**(€ in thousands)**
Madrid offices.....	45,168	89.36%	23,854	50,355	23.22%	40,865
Barcelona offices.....	19,026	16.64%	16,312	33,151	16.04%	28,567
Retail	672	-23.56%	880	1,725	-2.83%	1,775
Rest of uses	1,067	2.71%	1,039	2,084	1.37%	2,055
Logistic	8,300					
Total Spain [(1)].....	74,233	76.39%	**42,084**	**87,315**	**19.18%**	**73,263**
Paris offices	75,118	-3.38%	77,750	154,359	-1.87%	157,299
Paris retail.....	18,858	-1.18%	19,084	37,716	3.96%	36,279
Rest of uses.....	2,090	16.55%	1,793	3,704	-18.75%	4,559
Total France.....	96,066	-2.60%	**98,627**	**195,780**	**-1.19%**	**198,137**
Total Revenues	170,300	21.03%	**140,711**	**283,095**	**4.31%**	**271,400**

[(1)] This does not include revenues other than rentals. These other revenues amount to €420 thousand for the six months ended 30 June in 2018 and €192 thousand for the year ended 31 December 2017.

Occupancy Rate

We refer to "**Occupancy Rate**" as the percentage of surfaces in operation that are occupied. We refer to "**EPRA Occupancy**" as the economic occupancy calculated according to EPRA recommendations (occupied surface areas multiplied by the market rental prices divided by surfaces in operation at market rental prices). The EPRA Occupancy for our office Property Portfolio stood at 94% at 30 June 2018.

The EPRA Occupancy of our Property Portfolio in respect of office use as of 30 June 2018, 2017 and 2016 broken down by geographical area was as follows:

	As of 30 June 2018	**As of 31 December**	
EPRA Occupancy by location—offices	**unaudited)**	**2017 (unaudited)**	**2016 (unaudited)**
Barcelona.....	99%	99%	97%
Madrid.....	88%	93%	97%
Paris.....	97%	97%	96%
Total	**94%**	**94%**	**97%**

The EPRA Occupancy of our Property Portfolio including other uses was 95% at 30 June 2018.

Letting performance and lease terms

In the six months ended 30 June 2018, the Group signed leases for a total of 51,646 sqm. Of the total contracts, 83.52% (43,135 sqm) were signed in Barcelona and Madrid, (21,522 sqm of which corresponded to new rentals of empty surfaces), and 8,511 sqm were signed in Paris (8,511 sqm correspond to new rentals of empty surfaces).

Regarding the number of rental renewals in the contract portfolio, 21,613 sqm of renewals were signed in Spain, and 0 sqm were signed in France in the six months ended 30 June 2018. This high volume of renewals shows our Group's capacity to retain clients. This fact is also reflected in the length of time the tenants stay, as 82% of the top twenty tenants have been clients of our Group for more than five years.

Lease terms and market rents

The average lease term in our Property Portfolio was approximately 3.1 years as at 30 June 2018, although depending on the location, the average is slightly different, as set out in the table below, which provides the average maturity of the leases in our Property Portfolio, by market, as at 30 June 2018:

Market	Years
Barcelona	1.8
Madrid	2.5
Paris	3.7

Market Value of Assets

We instruct independent appraisers, every six months, to prepare a valuation of all the assets that make up our Property Portfolio.

The valuation is based on the independent appraisers' estimate of the market prices that could be obtained for our Property Portfolio at that date. However, the valuation of property is inherently subjective due to the individual nature of each property. The valuation is prepared by the independent appraisers on the basis of certain information provided by us which was not independently verified.

We cannot assure that any of our properties making up our Property Portfolio could have been or could be sold at their respective market values set forth in the valuation, if at all, or that the actual market value of our Property Portfolio, whether or not equivalent to the values set forth in the valuation, will not decline significantly over time due to various factors, including changing macro- and microeconomic conditions in the countries in which portions of our Property Portfolio are currently located or may be located in the future and other factors set forth under "Risk Factors".

Valuation of the rental portfolio as at 30 June 2018

As at 30 June 2018, the gross market asset value of our Property Portfolio was valued at an amount of approximately €11,190 million by independent appraisers (this amount includes the full value of the assets that we hold indirectly through joint ventures in which we have a stake of 50% or more based on certain assumptions and different valuation methods (29% increase compared to 30 June 2017). The valuation of our Group's assets at 30 June 2018 rose by 10% like-for-like compared to the previous year. Like-for-like comparison means the data that can be compared between one period and another (excluding investments and disposals).

The valuation sets out the market value of the property according to the Professional Standards and Valuation Practice Statements contained in the Royal Institute of Chartered Surveyors ("**RICS**") Red Book, which is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The table below shows the breakdown of value by segment (properties in operation and projects) and location as at 30 June 2018 and 2017:

Breakdown of value by segment
(unaudited)

Asset valuation	Value as of 30 June 2018 [1]	Value as of 30 June 2017[1]	Increase/decrease		Like-for-like basis[2][3] 30 June 2018 vs. 30 June 2017	
Gross asset values excluding transfer cost						
	(€ in thousands)	**(€ in thousands)**	**(€ in thousands)**	**%**	**(€ in thousands)**	**%**
Barcelona	972,810	827,370	145,440	17.6%	35,640	4.3%
Madrid	2,759,864	1,339,494	1,420,370	106.0%	123,380	9.2%
Paris	6,241,506	6,144,248	97,258	1.6%	542,258	9.5%
Portfolio in operation[2]	9,974,180	8,311,112	1,663,067	20.0%	701,277	8.9%
Projects	761,901	174,130	587,771	337.5%	75,380	61.8%
Logistic & Others	453,914	11,566	442,348	3824.5%	350	3.2%
Property business[3]	11,189,995	8,496,808	2,693,187	31.7%	785,648	9.8%
Axiare		169,057	-169,057	-	-	-
Colonial Group	11,189,995	8,665,866	2,524,129	29.1**%**	785,648	9.8%
Spain	4,780,938	2,521,618	2,259,321	89.6%	243,390	10.3%
France	6,409,057	6,144,248	264,809	4.3%	542,258	9.5%
Gross asset values including transfer cost						
Total Group assets	11,730,111	9,102,503	2,627,608	28.9**%**	825,222	9.7%
Spain	4,919,023	2,579,851	2,339,172	90.7%	253,170	10.5%
France	6,811,088	6,522,652	288,436	4.4%	572,052	9.4%

(*Source: independent appraisers*)

Notes:

(1) Property Portfolio in comparable terms (calculated on the basis of like-for-like valuation).
(2) Like-for-like comparison means the data that can be compared between one period and another (excluding investments and disposals).
(3) Property Portfolio in operation: current rental portfolio as well as new entries into operation of completed projects.
(*Source: independent appraisers*)

Sales

The leasing management of our Company is carried out through:

In-house leasing management team. Our team has vast experience in the Barcelona, Madrid and Paris office markets. They are in charge of the negotiation of leases with our tenants.

Externalising leasing management to real estate brokers. Our policy when using real estate brokers is to use various brokers, both local and international, in order to obtain the highest possible number of visits. However, on certain occasions and for a specific property, we have opted to contract exclusively with one renowned international broker. In either case, we always carry out negotiations directly with our tenants, with our commercial and legal department revising the final implementation and the lease agreement.

We believe the use of external brokers allows us to operate a smaller and more effective commercial department compared with our competitors. We believe our negotiating position vis-à-vis real estate brokers benefits from the fact that there are numerous real estate brokers in the market and that we hold a relevant market share in the Madrid and Barcelona office markets.

Our in-house leasing management team has established long-standing relationships with our Company's main clients, which is reflected by the fact that many of our major clients have leased our properties for a number of years. See "—Description of Operations—Our Core Rental Business—Lease terms and market rents".

With regard to our commercialisation strategy for existing and new projects, the main objectives of our in-house leasing team are to (i) retain our portfolio of quality clients, (ii) capture strong credit tenants from diverse sectors and (iii) establish long-term relationships with new tenants.

Employees

As of 30 June 2018, we employed 191 persons, including 23 managers, 79 professionals and technicians and 89 administrative assistants and sales people. We maintained an average workforce of 188 people during the first half of 2018. By location, 62%, of our workforce was employed in Spain and 38% in France, on average.

As at 30 June 2018, none of our employees were subject to collective bargaining agreements. We do not believe that there currently exists any material labor dispute, other than disputes within the normal course of business.

As at 30 June 2018, we had no loans outstanding to employees and provided no guarantees for employee loans.

Corporate Social Responsibility and Sustainability

We are actively engaged in different forms of corporate social responsibility. Our social commitment takes the form of promoting general welfare through achieving our corporate purpose and the creation of value for our shareholders, investors and employees, as well as through collaboration in various social projects. Our corporate responsibility strategy is also founded on our commitment to protect and preserve natural resources for future generations.

Sustainable development. In our business, we are committed to the implementation of an ambitious sustainability strategy, which covers the following key areas:

- reduction of energy consumption and greenhouse gas emissions;
- certification of buildings in operation and development projects;
- management of water and waste; and
- accessibility for people with disabilities.

Reconciliation of work and family life. In the context of our social policy and in the establishment of management plans for the reconciliation of work and family life, our Group has introduced, for all employees, flexible hours both for starting work and for leaving work.

Training. We allocate resources each year to our training budget which, as an investment in human resources, is focused on the professional development of our people. It also supports employees' initiatives aimed at improving their skills and motivation.

Agreements with universities. We actively co-operate in educational cooperation programs for the training of students in their final years of a degree course. The main objective of this participation in university-Company programs is to take part in the comprehensive training of the university student through an educational program in which theory and practice are combined, thus facilitating the student's incorporation into the employment world.

Employees' committee. We have an employees' committee.

Health and safety at work. All our Group companies have set up a health and safety committee to ensure health and safety protection for our employees. During the six months ended 30 June 2018, no accidents were recorded by Colonial.

Control over subcontractors. As a policy, we only subcontract with companies which we believe comply with applicable social and labor obligations. A monthly review is carried out by third-party companies that monitor the compliance of such obligations by the companies which supply services in our buildings.

Insurance

We maintain insurance cover which we believe is adequate for our activities in line with industry practice and standards.

Legal Proceedings

No company in our Group is currently, or has been in the past twelve months, party to a government intervention, a court or arbitration proceeding or an administrative proceeding (including those proceedings that are still pending or could be initiated to our knowledge) that could have a material adverse effect on our financial condition or future results of operations.

However, the Company has been reporting over the years a corporate liability lawsuit brought by Colonial in April 2010 against certain former directors in connection with the losses caused by the acquisition of shares of Riofisa in 2007. In March 2014, the hearing was held and the judgment from the Court of First Instance is still pending. In relation to this lawsuit, and given that it is a claim against third parties and in favour of Colonial, the only contingency that might arise would be the obligation to pay the legal costs if this claim were dismissed in all instances. The Company believes that the judgment will have no material adverse effect on its audited consolidated annual accounts, given that as at 31 December 2017, the necessary provision to cover the legal costs was recorded in its audited consolidated annual accounts.

Environmental Matters

We believe we have no liabilities, expenses, assets or provisions and contingencies of an environmental nature which could be significant in relation to our net worth, financial position and results.

However, we are subject to a number of Spanish, French and EU laws and regulations relating to, among other things, environmental compliance. See "*Risk Factors—Risks Related to the Real Estate Sector—The real estate sector is subject to certain laws and regulations, and changes in applicable legislation could have a material adverse impact on our financial condition, business, prospects and results of operations*".

Board of Directors

The following table sets out the name, date of first and most recent appointment to the Board of Directors, position and the status of each member of the Board of Directors as at the date of this Information Memorandum.

Name	Date of first appointment	Date of most recent appointment	Position	Status	Appointment proposed by
Mr. Juan José Brugera Clavero	06/19/2008	05/24/2018	Chairman[(1)]	Executive	—
Mr. Pedro Viñolas Serra	07/18/2008	05/24/2018	Chief Executive Officer	Executive	—
Sheikh Ali Jassim M. J. Al-Thani	11/12/2015	06/28/2016	Director	Proprietary	Qatar Investment Authority
Mr. Adnane Mousannif	28/06/2016	06/28/2016	Director	Proprietary	Qatar Investment Authority
Mr. Juan Carlos García Cañizares	06/30/2014	05/24/2018	Director	Proprietary	Aguila LTD.
Ms. Ana Sainz de Vicuña Bemberg	06/30/2014	05/24/2018	Director	Independent	—
Mr. Carlos Fernández-Lerga Garralda	06/19/2008	05/24/2018	Lead Independent Director	Independent	—
Mr. Javier Iglesias de Ussel Ordís	06/19/2008	05/24/2018	Director	Independent	—
Mr. Luis Maluquer Trepat	07/31/2013	05/24/2018	Director	Independent	—
Mr. Carlos Fernández González	06/28/2016	06/28/2016	Director	Proprietary	Finaccess Capital
Mr. Javier López Casado	05/24/2018	05/24/2018	Director	Proprietary	Finaccess Capital

Mr. Francisco Palá Laguna.....	05/13/2008	05/13/2008	Non-executive Secretary	—	—
Ms. Nuria Oferil Coll	05/12/2010	05/12/2010	Non-executive Vice-Secretary	—	—

Notes:
(1) Mr. Juan José Brugera Clavero has been delegated some of the faculties of the Board of Directors. However, the Chief Executive Officer of our Company is Mr. Pedro Viñolas Serra who has been delegated all faculties in accordance with the law.

The business address of each member of the Board of Directors of the Issuer is Paseo de la Castellana, 52, 28046 Madrid, except for Sheikh Ali M. J. Al-Thani, whose business address is Qtel Tower 23224, Doha (Qatar), Mr. Adnane Mousannif, whose business address is Ooredoo Tower 23224, Doha (Qatar), Mr. Carlos Fernández González, whose business direction is Homero 1500-202, Colonia Polanco, Los Morales, Delegación Miguel Hidalgo, México, Distrito Federal, Mr. Carlos Fernández-Lerga Garralda, whose business address is Calle Montesquinza, 14, 7D, Madrid (Spain), and Mr. Javier López Casado, whose business address is 164 West Mashta, Dr. Key Biscayne-Florida, 33149 (United States of America).

Conflicts of Interest

According to the information provided by Colonial's directors and senior management and to the best of Colonial's knowledge, there are no potential conflicts of interests between any duties they have to the Issuer and their private interests.

Major Shareholders

The following table shows the shareholdings of Colonial's principal shareholders (based on the latest information available to us as at 12 December 2018).

Number of voting rights
(based on the latest information available to Colonial as at 12 December 2018)

	Direct	**Indirect**	**Percentage over the total number of voting rights**
Qatar Investment Authority (1)	0	102,675,757	20.21%
Mr. Carlos Fernández González (2)	0	80,028,647	15.75%
Aguila LTD (3)	0	28,800,183	5.66%
INMO, S.L. (4)	0	20,011,190	3.93%
BlackRock Inc. (5)	0	15,152,732	2.98%
Deutsche Bank, AG	8,135,389	0	1.60%
Total.....	**8,135,389**	**246,668,509**	**50.13%**

Notes:
(1) Through Qatar Holding LLC, Qatar Holding Netherlands BV, and DIC Holding LLC
(2) Through Hofinac B.V., Finaccess Capital, S.A. de C.V. and Finaccess Capital Inversores, S.L.
(3) Through PARK S.A.R.L.
(4) Through TRODONBA XXI S.L.U.
(5) Through several funds.

As far as the Issuer is aware, the Issuer is not directly or indirectly owned or controlled by any person.

CERTAIN INFORMATION IN RESPECT OF THE NOTES

Key information

The persons involved in the Programme and the capacities in which they act are specified at the end of this Information Memorandum.

The net proceeds of the issue of the Notes will be used for the general funding purposes of the Group.

Information concerning the securities to be admitted to trading

Total amount of Notes admitted to trading

The aggregate amount of each issue of Notes will be set out in the applicable Pricing Supplement.

The maximum aggregate principal amount of Notes which may be outstanding at any one time is €300,000,000 (or its equivalent in other currencies). Such amount may be increased from time to time in accordance with the Dealer Agreement.

Type and class of Notes

Notes will be issued in tranches. Global Notes shall be issued (and interests therein exchanged for definitive Notes, if applicable) in the following minimum denominations:

(a) for U.S.$ Notes, U.S.$500,000 (and integral multiples of U.S.$1,000 in excess thereof);

(b) for Euro Notes, €100,000 (and integral multiples of €1,000 in excess thereof);

(c) for Sterling Notes, £100,000 (and integral multiples of £1,000 in excess thereof); or

(d) for Yen Notes, ¥100,000,000 (and integral multiples of ¥1,000,000 in excess thereof),

or such other conventionally accepted denominations in those currencies or such other currency as may be agreed between the Issuer and the relevant Dealer from time to time, subject in each case to compliance with all applicable legal and regulatory requirements, provided that Notes (including Notes denominated in Sterling) the proceeds of which are to be accepted by the Issuer in the United Kingdom shall have a minimum denomination as at the date of issue of £100,000 (or its equivalent in other currencies).

The international security identification number of each issue of Notes will be specified in the relevant Pricing Supplement.

Legislation under which the Notes have been created

The Notes and any non-contractual obligations arising out of or in connection with them are governed by, and construed in accordance with, English law. The status of the Notes shall be governed by Spanish law.

Form of the Notes

The Notes will be in bearer form. Each issue of Notes will initially be represented by a Global Note which will be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Classic Global Note, as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each New Global Note, as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Global Note may, if

so specified in the relevant Pricing Supplement, be exchangeable for Notes in definitive bearer form in the limited circumstances specified in the relevant Global Note.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

Currency of the Notes

Notes may be denominated in Euro, Yen, Sterling and U.S. dollars and such other currencies as may be agreed between the Issuer and the relevant Dealer(s) from time to time, subject in each case to compliance with all applicable legal and regulatory requirements.

Status of the Notes

The Notes constitute and at all times shall constitute a direct, unsecured and unsubordinated obligation of the Issuer ranking *pari passu* without any preference among themselves and with all present and future unsecured and unsubordinated obligations of the Issuer, other than those preferred by mandatory provisions of law and other statutory exceptions.

*In the event of insolvency (*concurso*) of the Issuer, under the Spanish Insolvency Law claims relating to Notes will be ordinary credits (*créditos ordinarios*) as defined by the Spanish Insolvency Law unless they qualify as subordinated credits (*créditos subordinados*) in the limited circumstances set out in Article 92 of the Spanish Insolvency Law. Ordinary credits rank below credits against the insolvency state (*créditos contra la masa*) and privileged credits (*créditos privilegiados*).*

Rights attaching to the Notes

Each issue of Notes will be the subject of a Pricing Supplement which, for the purposes of that issue only, supplements the terms and conditions set out in the relevant Global Note or, as the case may be, definitive Notes and must be read in conjunction with the relevant Notes. See "*Forms of Notes*" and "*Form of Pricing Supplement*".

Term of the Notes

The tenor of the Notes shall be not less than 15 days or more than 364 days from and including the date of issue to, but excluding, the maturity date, subject to applicable legal and regulatory requirements.

Optional Redemption for Tax Reasons

The Issuer may redeem Notes (in whole but not in part) if it has or will become obliged to pay additional amounts pursuant to the terms and conditions of the Notes as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction) which change or amendment becomes effective on or after the issue date of the relevant Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Prescription

Claims for payment of principal and interest in respect of the Notes shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date in each case as specified in the relevant Pricing Supplement.

Yield Basis

The Notes may be issued at a discount or at a premium or may bear fixed or floating rate interest. The yield basis in respect of Notes bearing interest at a fixed rate will be set out in the relevant Pricing Supplement.

Authorisations and approvals

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The establishment of the Programme has been authorised by a resolution of the board of directors of the Issuer passed on 8 November 2018.

Admission to trading and dealing arrangements

Application has been made to Euronext Dublin for Notes issued under the Programme during the period of twelve months after the date of this Information Memorandum to be admitted to the Official List and to trading on the Main Securities Market of Euronext Dublin. Notes may be listed, traded and/or quoted on any other listing authority, stock exchange and/or quotations system, as may be agreed between the Issuer and the relevant Dealer(s). No Notes may be issued on an unlisted basis.

The Bank of New York Mellon, London Branch at One Canada Square, London E14 5AL, United Kingdom is the Issue and Paying Agent in respect of the Notes.

The Bank of New York Mellon SA/NV, Dublin Branch at Riverside II, Sir John Rogerson's Quay, Grand Canal Dock, Dublin 2, Ireland is the Listing Agent in respect of the Notes.

Expense of the admission to trading

The expense in relation to the admission to trading of each issue of Notes will be specified in the relevant Pricing Supplement.

Additional Information

The legal advisers and the capacity in which they act are specified at the end of this Information Memorandum.

The Notes to be issued under the Programme have not been rated.

FORM OF NOTES

PART A – FORM OF MULTICURRENCY GLOBAL NOTE

INMOBILIARIA COLONIAL, SOCIMI, S.A.
(incorporated with limited liability under the laws of Spain)
€300,000,000
EURO-COMMERCIAL PAPER PROGRAMME

1. For value received, Inmobiliaria Colonial, SOCIMI, S.A. (the "**Issuer**") promises to pay to the bearer of this Global Note on the Maturity Date set out in the Pricing Supplement or on such earlier date as the same may become payable in accordance with paragraph 4 below (the "**Relevant Date**"), the Nominal Amount or, as the case may be, Redemption Amount set out in the Pricing Supplement, together with interest thereon, if this is an interest bearing Global Note, at the rate and at the times (if any) specified herein and in the Pricing Supplement. Terms defined in the Pricing Supplement attached hereto but not otherwise defined in this Global Note shall have the same meaning in this Global Note.

   All such payments shall be made in accordance with an issue and paying agency agreement dated 13 December 2018 (as amended and restated or supplemented from time to time, the "**Issue and Paying Agency Agreement**") between the Issuer and The Bank of New York Mellon, London Branch as the issue and paying agent (the "**Issue and Paying Agent**"), a copy of which is available for inspection, upon reasonable notice, at the offices of the Issue and Paying Agent at One Canada Square, London E14 5AL, United Kingdom, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Global Note at the office of the Issue and Paying Agent referred to above by transfer to an account denominated in the Specified Currency set out in the Pricing Supplement maintained by the bearer with a bank in the principal financial centre in the country of the Specified Currency or, in the case of a Global Note denominated in Euro, by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Union. The Issuer undertakes that, so long as the Notes are listed, traded and/or quoted on any listing authority, stock exchange and/or quotation system, there will at all times be a paying agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system.

   Notwithstanding the foregoing, presentation and surrender of this Global Note shall be made outside the United States and no amount shall be paid by transfer to an account in the United States, or mailed to an address in the United States. In the case of a Global Note denominated in U.S. dollars, payments shall be made by transfer to an account denominated in U.S. Dollars in the principal financial centre of any country outside of the United States that the Issuer or the Issue and Paying Agent so chooses.

2. If the Pricing Supplement specifies that the New Global Note form is applicable, this Global Note shall be a "**New Global Note**" or "**NGN**" and the Nominal Amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs (as defined below). The records of the ICSDs (which expression in this Global Note means the records that each ICSD holds for its customers which reflect the amount of such customers' interests in the Notes (but excluding any interest in any Notes of one ICSD shown in the records of another ICSD)) shall be conclusive evidence of the Nominal Amount of Notes represented by this Global Note and, for these purposes, a statement issued by an ICSD (which statement shall be made available to the bearer upon request) stating the Nominal Amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the ICSD at that time.

   If the Pricing Supplement specifies that the New Global Note form is not applicable, this Global Note shall be a "**Classic Global Note**" or "**CGN**" and the Nominal Amount of Notes represented by this Global Note shall be the Nominal Amount stated in the Pricing Supplement or, if lower, the

Nominal Amount most recently entered by or on behalf of the Issuer in the relevant column in the Schedule hereto.

3. All payments in respect of this Global Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any taxing authority or agency thereof or therein ("**Taxes**"), unless the withholding or deduction of taxes is required by law. In that event, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Global Note or the holder or beneficial owner of any interest herein or rights in respect hereof (the "**holder**") after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that the Issuer shall not be required to pay any additional amounts in relation to any payment:

   (a) to, or to a third party on behalf of, a holder who is liable for such Taxes in respect of such Note by reason of his having some connection with the jurisdiction imposing the Taxes other than the mere holding of such Note;

   (b) to, or to a third party on behalf of, a holder who would have been able to avoid such deduction or withholding by presenting a certificate of tax residence and/or such other document evidencing its tax residence required by the competent tax authorities;

   (c) in respect of any Note presented for payment more than 15 days after the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date or (in either case) the date on which the payment hereof is duly provided for, whichever occurs later, except to the extent that the relevant holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of 15 days;

   (d) to, or to a third party on behalf of, individuals resident for tax purposes in the Kingdom of Spain, if the Spanish tax authorities determine that payments made to such individuals are not exempt from withholding tax and require a withholding to be made; or

   (e) to, or to a third party on behalf of, a holder if the Issuer does not receive any relevant information as may be required by Spanish tax law, regulation or binding ruling or in case the current information procedures are modified, amended or supplemented by any Spanish law, regulation or a binding ruling.

   Notwithstanding any other provision of this Global Note, any amounts to be paid in respect of the Notes by or on behalf of the Issuer will be paid net on any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder of official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

4. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 14 days' notice to the holders (which notice shall be irrevocable), at the Redemption Amount specified in the Pricing Supplement, together with (if this Note is an interest bearing Note) interest accrued to the date fixed for redemption, if:

   (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 3 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency thereof or therein having power to tax, or any change in the application or official

interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date specified in the Pricing Supplement; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issue and Paying Agent:

(a) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(b) an opinion of independent legal advisers of recognised standing at the cost of the Issuer to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with this paragraph.

5. The Issuer or any of its affiliates may at any time purchase Notes in the open market or otherwise at any price. All Notes so purchased by the Issuer otherwise than in the ordinary course of business of dealings in securities or as a nominee shall be cancelled and shall not be reissued or resold.

6. On each occasion on which:

(i) *Definitive Notes*: Notes in definitive form are delivered; or

(ii) *Cancellation*: Notes represented by this Global Note are to be cancelled in accordance with paragraph 5,

the Issuer shall procure that:

(a) if the Pricing Supplement specifies that the New Global Note form is not applicable, (i) the aggregate principal amount of such Notes; and (ii) the remaining Nominal Amount of Notes represented by this Global Note (which shall be the previous Nominal Amount hereof less the aggregate of the amount referred to in (i) above) are entered in the Schedule hereto, whereupon the Nominal Amount of Notes represented by this Global Note shall for all purposes be as most recently so entered; and

(b) if the Pricing Supplement specifies that the New Global Note form is applicable, details of the exchange or cancellation shall be entered *pro rata* in the records of the ICSDs and the Nominal Amount of the Notes entered in the records of the ICSDs and represented by this Global Note shall be reduced by the principal amount so exchanged or cancelled.

7. The payment obligations of the Issuer represented by this Global Note constitute and at all times shall constitute a direct, unsecured and unsubordinated obligation of the Issuer ranking *pari passu* without any preference among themselves and with all present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law and other statutory exceptions.

8. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date, is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following

Payment Business Day (unless that date falls more than 364 days after the Issue Date, in which case payment shall be made on the immediately preceding Payment Business Day) and the bearer of this Global Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Global Note:

"**Payment Business Day**" means any day other than a Saturday or Sunday which is either (i) if the Specified Currency set out in the Pricing Supplement is any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the Specified Currency set out in the Pricing Supplement (which, if the Specified Currency is Australian dollars, shall be Sydney)or (ii) if the Specified Currency set out in the Pricing Supplement is Euro, a day which is a TARGET Business Day; and

"**TARGET Business Day**" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System, which utilises a single shared platform and which was launched on 19 November 2007, or any successor thereto, is operating credit or transfer instructions in respect of payments in Euro.

9. This Global Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).

10. This Global Note is issued in respect of an issue of Notes of the Issuer and is exchangeable in whole (but not in part only) for duly executed and authenticated bearer Notes in definitive form (whether before, on or, subject as provided below, after the Maturity Date):

    (a) if one or both of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear, the international central securities depositaries or "**ICSDs**") or any other relevant clearing system in which this Global Note is held at the relevant time is closed for business for a continuous period of 14 days (other than by reason of weekends or public holidays, statutory or otherwise) or if any such clearing system announces an intention, or does in fact, permanently cease to do business;

    (b) if default is made in the payment of any amount payable in respect of this Global Note; or

    (c) if the Notes are required to be removed from Euroclear, Clearstream, Luxembourg or any other clearing system and no suitable (in the determination of the Issuer) alternative clearing system is available.

    Upon presentation and surrender of this Global Note during normal business hours to the Issuer at the offices of the Issue and Paying Agent (or to any other person or at any other office outside the United States as may be designated in writing by the Issuer to the bearer), the Issue and Paying Agent shall authenticate and deliver, in exchange for this Global Note, bearer definitive notes denominated in the Specified Currency set out in the Pricing Supplement in an aggregate nominal amount equal to the Nominal Amount of this Global Note.

11. If, upon any such default and following such surrender, definitive Notes are not issued in full exchange for this Global Note before 5.00 p.m. (London time) on the thirtieth day after surrender, this Global Note (including the obligation hereunder to issue definitive notes) will become void and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under a Deed of Covenant dated 13 December 2018, entered into by the Issuer).

12. If this is an interest bearing Global Note, then:

(a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Global Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day; and

(b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Global Note, the Issuer shall procure that:

(i) if the Pricing Supplement specifies that the New Global Note form is not applicable, the Schedule hereto shall be duly completed by the Issue and Paying Agent to reflect such payment; and

(ii) if the Pricing Supplement specifies that the New Global Note form is applicable, details of such payment shall be entered pro rata in the records of the ICSDs.

13. If this is a fixed rate interest bearing Global Note, interest shall be calculated on the Nominal Amount as follows:

(a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days at the Rate of Interest specified in the Pricing Supplement with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards); and

(b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph.

14. If this is a floating rate interest bearing Global Note, interest shall be calculated on the Nominal Amount as follows:

(a) in the case of a Global Note which specifies LIBOR as the Reference Rate in the Pricing Supplement, the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Pricing Supplement (if any) above or below LIBOR. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days.

As used in this Global Note (and unless otherwise specified in the Pricing Supplement):

"**LIBOR**" shall be equal to the rate defined as "LIBOR-BBA" in respect of the Specified Currency (as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Global Note, (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the second London Banking Day before the first day of the relevant Interest Period or, if this Global Note is denominated in Sterling, on the first day thereof (a "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate; and

"**London Banking Day**" shall mean a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

(b) in the case of a Global Note which specifies EURIBOR as the Reference Rate in the Pricing Supplement, the Rate of Interest will be the aggregate of EURIBOR and the Margin specified in the Pricing Supplement (if any) above or below EURIBOR. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Global Note (and unless otherwise specified in the Pricing Supplement), "**EURIBOR**" shall be equal to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) as at 11.00 a.m. (Brussels time) or as near thereto as practicable on the second TARGET Business Day before the first day of the relevant Interest Period (a "**EURIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate;

(c) In the case of a Global Note which specifies EONIA as the Reference Rate in the Pricing Supplement, the Rate of Interest will be the aggregate of EONIA and the Margin specified in the Pricing Supplement (if any), determined on each TARGET Business Day during the relevant Interest Period as specified below. Interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days;

As used in this Global Note (unless otherwise specified in the Pricing Supplement) "**EONIA**", for each day in an Interest Period beginning on, and including, the first day of such Interest Period and ending on, but excluding, the last day of such Interest Period, shall be equal to the overnight rate as calculated by the European Central Bank and appearing on the Reuters Screen EONIA Page in respect of that day at 11.00 a.m. (Brussels time) on the TARGET Business Day immediately following such day (each an "**EONIA Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate;

(d) the Calculation Agent specified in the Pricing Supplement will, as soon as practicable after (i) 11.00 a.m. (London time) on each LIBOR Interest Determination Date or (ii) 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date, or (iii) on each EONIA Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means (A) if the Reference Rate is LIBOR, the rate which is determined in accordance with the provisions of paragraph 15(a); (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 15(b); and (C) if the Reference Rate is EONIA, the rate which is determined in accordance with the provisions of paragraph 15(c). The Amount of Interest payable per Note shall be calculated by applying the Rate of Interest to the nominal amount of one Note of each Denomination, multiplying such product by the Day Count Convention specified in the Pricing Supplement or, if none is specified, by the actual number of days in the Interest Period concerned divided by 360 or, if this Global Note is denominated in Sterling, by 365 and rounding the resulting figure to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards). The

determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;

(e) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph; and

(f) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the clearing system(s) in which this Global Note is held at the relevant time or, if this Global Note has been exchanged for bearer definitive Notes pursuant to paragraph 10, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*).

If the Calculation Agent is unable to determine the Reference Rate specified in the Pricing Supplement due to the relevant benchmark not being calculated or administered or it becomes illegal for the Calculation Agent to determine any amounts due to be paid as at the relevant Interest Determination Date, the Issuer in consultation with an independent financial advisor (the "**IFA**"), appointed by the Issuer in its sole discretion, shall determine any alternative rate which has replaced the benchmark in customary market usage for the purposes of determining the Reference Rate in respect of the Notes, provided that if the IFA determines that there is no clear market consensus as to whether any rate has replaced the relevant benchmark in customary market usage, the IFA shall determine an appropriate alternative rate, and the decision of the IFA will be binding on the Issuer, the Calculation Agent and the holders of the Notes. Notwithstanding the above, if the IFA is not able to determine an appropriate alternative rate, the Reference Rate shall be the one applicable to the last preceding Interest Period. The Issuer shall promptly thereafter notify the alternative Reference Rate to the holders of the Notes as set out in item (f) above.

15. Instructions for payment must be received at the office of the Issue and Paying Agent referred to above together with this Global Note as follows:

(a) if this Global Note is denominated in U.S. dollars, Euro or Sterling at least one Business Day prior to the relevant payment date; and

(b) in all other cases, at least two Business Days prior to the relevant payment date.

As used in this paragraph, "**Business Day**" means:

(i) in the case of payments in Euro, a TARGET Business Day; and

(ii) in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency set out in the Pricing Supplement.

16. Upon any payment being made in respect of the Notes represented by this Global Note, the Issuer shall procure that:

(a) *CGN*: if the Pricing Supplement specifies that the New Global Note form is not applicable, details of such payment shall be entered in the Schedule hereto and, in the case of any payment of principal, the Nominal Amount of the Notes represented by this Global Note shall be reduced by the principal amount so paid; and

(b) *NGN*: if the Pricing Supplement specifies that the New Global Note form is applicable, details of such payment shall be entered pro rata in the records of the ICSDs and, in the case of any payment of principal, the Nominal Amount of the Notes entered in the records

of the ICSDs and represented by this Global Note shall be reduced by the principal amount so paid.

17. This Global Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as Issue and Paying Agent.

18. If the Pricing Supplement specifies that the New Global Note form is applicable, this Global Note shall not be valid for any purpose until it has been effectuated for and on behalf of the entity appointed as common safekeeper by the ICSDs.

19. This Global Note and any non-contractual obligations arising from or connected with it are governed by, and shall be construed in accordance with, English law.

The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Global Note (including a dispute regarding the existence, validity or termination of this Global Note). The parties to this Global Note agree that the English courts are the most appropriate and convenient courts to settle any such dispute and accordingly no such party will argue to the contrary.

The Issuer appoints Law Debenture Corporate Services at its office at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom and/or at such other address in England or Wales as the Issuer may specify in writing to the Noteholders, as its agent for service of process in any proceedings before the English courts in connection with this Global Note. If any person appointed as process agent is unable for any reason to act as agent for service of process, the Issuer will appoint another agent, and failing such appointment within 15 days, the bearer shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the office of the Issue and Paying Agent. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. This paragraph 19 does not affect any other method of service allowed by law.

20. For so long as this Global Note is held on behalf of a clearing system, notices to the holders of Notes represented by this Global Note may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by this Global Note or by delivery of the relevant notice to the holder of the Global Note, except that, for so long as such Notes are admitted to trading in the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") all notices shall be published in a manner which complies with its rules and regulations.

21. Claims for payment of principal and interest in respect of this Global Note shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date.

22. No person shall have any right to enforce any provision of this Global Note under the Contracts (Rights of Third Parties) Act 1999.

AUTHENTICATED by
THE BANK OF NEW YORK MELLON, LONDON BRANCH
without recourse, warranty or liability
and for authentication purposes only

By:.....
(*Authorised Signatory*)

EFFECTUATED for and on behalf of
…….....
as common safekeeper without
recourse, warranty or liability

By:.....
[*manual signature*]
(*Authorised Signatory*)

Signed on behalf of:
INMOBILIARIA COLONIAL, SOCIMI, S.A.

By:.....
(*Authorised Signatory*)

SCHEDULE[1]

Payments of Interest, Delivery of Definitive Notes and Cancellation of Notes

Date of payment, delivery or cancellation	Amount of interest then paid	Amount of interest withheld	Amount of interest then paid	Aggregate principal amount of definitive Notes then delivered	Aggregate principal amount of Notes then cancelled	New Nominal Amount of this Global Note	Authorised signature

[1] This Schedule should only be completed where the Pricing Supplement specifies that the New Global Note form is not applicable.

PRICING SUPPLEMENT

[*Completed Pricing Supplement to be attached*]

PART B – FORM OF MULTICURRENCY DEFINITIVE NOTE

INMOBILIARIA COLONIAL, SOCIMI, S.A.
(incorporated with limited liability under the laws of Spain)
€300,000,000
EURO-COMMERCIAL PAPER PROGRAMME

Nominal Amount of this Note: .....

1. For value received, Inmobiliaria Colonial, SOCIMI, S.A. (the "**Issuer**") promises to pay to the bearer of this Note on the Maturity Date set out in the Pricing Supplement, or on such earlier date as the same may become payable in accordance with paragraph 3 below (the "**Relevant Date**"), the above-mentioned Nominal Amount or, as the case may be, the Redemption Amount set out in the Pricing Supplement, together with interest thereon, if this is an interest bearing Note, at the rate and at the times (if any) specified herein and in the Pricing Supplement. Terms defined in the Pricing Supplement attached hereto but not otherwise defined in this Note shall have the same meaning in this Note.

   All such payments shall be made in accordance with an issue and paying agency agreement dated 13 December 2018 (as amended and restated or supplemented from time to time, the "**Issue and Paying Agency Agreement**") between the Issuer and The Bank of New York Mellon, London Branch as the issue and paying agent (the "**Issue and Paying Agent**"), a copy of which is available for inspection, upon reasonable notice, at the offices of the Issue and Paying Agent at One Canada Square, London E14 5AL, United Kingdom, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Note at the office of the Issue and Paying Agent referred to above by transfer to an account denominated in the Specified Currency set out in the Pricing Supplement maintained by the bearer with a bank in the principal financial centre in the country of that currency or, if this Note is denominated in Euro, by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Union. The Issuer undertakes that, so long as the Notes are listed, traded and/or quoted on any listing authority, stock exchange and/or quotation system, there will at all times be a paying agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system.

2. All payments in respect of this Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions, and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any taxing authority or agency thereof or therein ("**Taxes**"), unless the withholding or deduction of taxes is required by law. In that event, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Note or the holder or beneficial owner of any interest herein or rights in respect hereof (the "**holder**") after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that the Issuer shall not be required to pay any additional amounts in relation to any payment:

   (a) to, or to a third party on behalf of, a holder who is liable for such Taxes in respect of such Note by reason of his having some connection with the jurisdiction imposing the Taxes other than the mere holding of such Note;

   (b) to, or to a third party on behalf of, a holder who would have been able to avoid such deduction or withholding by presenting a certificate of tax residence and/or such other document evidencing its tax residence required by the competent tax authorities;

(c) in respect of any Note presented for payment more than 15 days after the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date or (in either case) the date on which the payment hereof is duly provided for, whichever occurs later, except to the extent that the relevant holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of 15 days;

(d) to, or to a third party on behalf of, individuals resident for tax purposes in the Kingdom of Spain, if the Spanish tax authorities determine that payments made to such individuals are not exempt from withholding tax and require a withholding to be made; or

(e to, or to a third party on behalf of, a holder if the Issuer does not receive any relevant information as may be required by Spanish tax law, regulation or binding ruling or in case the current information procedures are modified, amended or supplemented by any Spanish law, regulation or a binding ruling.

Notwithstanding any other provision of this Note, any amounts to be paid in respect of this Note by or on behalf of the Issuer will be paid net on any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder of official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

3. This Note may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 14 days' notice to the holders (which notice shall be irrevocable), at the Redemption Amount specified in the Pricing Supplement, together with (if this Note is an interest bearing Note) interest accrued to the date fixed for redemption, if:

(a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 2 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date specified in the Pricing Supplement; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issue and Paying Agent:

(a) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(b) an opinion of independent legal advisers of recognised standing at the cost of the Issuer to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with this paragraph.

4. The Issuer or any of their affiliates may at any time purchase Notes in the open market or otherwise at any price. All Notes so purchased by the Issuer otherwise than in the ordinary course of business of dealings in securities or as a nominee shall be cancelled and shall not be reissued or resold.

5. The payment obligation of the Issuer represented by this Note constitutes and at all times shall constitute a direct, unsecured and unsubordinated obligation of the Issuer ranking *pari passu* without any preference among themselves and with all present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law and other statutory exceptions.

6. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, the relevant Interest Payment Date, is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day (unless that date falls more than 364 days after the Issue Date, in which case payment shall be made on the immediately preceding Payment Business Day), and the bearer of this Note shall not be entitled to any interest or other sums in respect of such postponed payment.

   As used herein:

   "**Payment Business Day**", shall mean any day, other than a Saturday or a Sunday, which is both (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation, and (b) either (i) if the Specified Currency set out in the Pricing Supplement is any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in both London and the principal financial centre of the country of the Specified Currency set out in the Pricing Supplement (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the Specified Currency set out in the Pricing Supplement is Euro, a day which is a TARGET Business Day;

   "**TARGET Business Day**" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System, which utilises a single shared platform and which was launched on 19 November 2007, or any successor thereto, is operating credit or transfer instructions in respect of payments in Euro.

7. This Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).

8. [If this is an interest bearing Note, then:

   (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day; and

   (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Schedule hereto shall be duly completed by the Issue and Paying Agent to reflect such payment.

9. If this is a fixed rate interest bearing Note, interest shall be calculated on the above-mentioned Nominal Amount as follows:

   (a) interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if

none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days at the Rate of Interest specified in the Pricing Supplement with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards); and

(b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph.

10. If this is a floating rate interest bearing Note, interest shall be calculated on the above-mentioned Nominal Amount as follows:

(a) in the case of a Note which specifies LIBOR as the Reference Rate in the Pricing Supplement, the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Pricing Supplement (if any) above or below LIBOR. Interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Note (and unless otherwise specified in the Pricing Supplement):

"**LIBOR**" shall be equal to the rate defined as "LIBOR-BBA" in respect of the Specified Currency (as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Note, (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the second London Banking Day before the first day of the relevant Interest Period (a "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate; and

"**London Banking Day**" shall mean a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

(b) in the case of a Note which specifies EURIBOR as the Reference Rate in the Pricing Supplement, the Rate of Interest will be the aggregate of EURIBOR and the Margin specified in the Pricing Supplement (if any) above or below EURIBOR. Interest shall be payable on the above-mentioned Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days.

As used in this Note (and unless otherwise specified in the Pricing Supplement), "**EURIBOR**" shall be equal to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) as at 11.00 a.m. (Brussels time) or as near thereto as practicable on the second TARGET Business Day before the first day of the relevant Interest Period (a "**EURIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate;

(c) In the case of a Note which specifies EONIA as the Reference Rate in the Pricing Supplement, the Rate of Interest will be the aggregate of EONIA and the Margin specified in the Pricing Supplement (if any), determined on each TARGET Business Day during the

relevant Interest Period as specified below. Interest shall be payable on the Calculation Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention specified in the Pricing Supplement or, if none is specified, on the basis of the actual number of days in such Interest Period and a year of 360 days;

As used in this Note (unless otherwise specified in the Pricing Supplement) "**EONIA**", for each day in an Interest Period beginning on, and including, the first day of such Interest Period and ending on, but excluding, the last day of such Interest Period, shall be equal to the overnight rate as calculated by the European Central Bank and appearing on the Reuters Screen EONIA Page in respect of that day at 11.00 a.m. (Brussels time) on the TARGET Business Day immediately following such day (each an "**EONIA Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate;

(d) the Calculation Agent specified in the Pricing Supplement will, as soon as practicable after (i) 11.00 a.m. (London time) on each LIBOR Interest Determination Date or (ii) 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date, or (iii) on each EONIA Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means (A) if the Reference Rate is LIBOR, the rate which is determined in accordance with the provisions of paragraph 11(a); (B) if the Reference Rate is EURIBOR, the rate which is determined in accordance with the provisions of paragraph 11(b); and (C) if the Reference Rate is EONIA, the rate which is determined in accordance with the provisions of paragraph 11(c). The Amount of Interest payable per Note shall be calculated by applying the Rate of Interest to the nominal amount of one Note of each Denomination, multiplying such product by the Day Count Convention specified in the Pricing Supplement or, if none is specified, by the actual number of days in the Interest Period concerned divided by 360 or, if this Note is denominated in Sterling, by 365 and rounding the resulting figure to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the Euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;

(e) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph; and

(f) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*).

If the Calculation Agent is unable to determine the Reference Rate specified in the Pricing Supplement due to the relevant benchmark not being calculated or administered or it becomes illegal for the Calculation Agent to determine any amounts due to be paid as at the relevant Interest Determination Date, the Issuer in consultation with an independent financial advisor (the "**IFA**"), appointed by the Issuer in its sole discretion, shall determine any alternative rate which has replaced the benchmark in customary market usage for the purposes of determining the Reference Rate in respect of this Note, provided that if the IFA determines that there is no clear market consensus as to whether any rate has replaced the relevant benchmark in customary market usage, the IFA shall determine an appropriate alternative rate, and the decision of the IFA will be binding on the Issuer, the Calculation Agent and the holder of the Note. Notwithstanding the above, if the IFA is not able to determine an appropriate alternative rate, the Reference Rate

shall be the one applicable to the last preceding Interest Period. The Issuer shall promptly thereafter notify the alternative Reference Rate to the holder of the Note as set out in item (f) above.

11. Instructions for payment must be received at the office of the Issue and Paying Agent referred to above together with this Note as follows:

(a) if this Note is denominated in U.S. dollars, Euro or Sterling at least one Business Day prior to the relevant payment date; and

(b) in all other cases, at least two Business Days prior to the relevant payment date.

As used in this paragraph, "**Business Day**" means:

(i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

(ii) in the case of payments in Euro, a TARGET Business Day; and

(iii) in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency set out in the Pricing Supplement.][1]

12. This Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as Issue and Paying Agent.

13. This Note and any non-contractual obligations arising from or connected with it are governed by, and shall be construed in accordance with, English law.

The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Note (including a dispute regarding the existence, validity or termination of this Note). The parties to this Note agree that the English courts are the most appropriate and convenient courts to settle any such dispute and accordingly no such party will argue to the contrary.

The Issuer appoints Law Debenture Corporate Services at its office at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom and/or at such other address in England or Wales as the Issuer may specify in writing to the Noteholders, as its agent for service of process in any proceedings before the English courts in connection with this Note. If any person appointed as process agent is unable for any reason to act as agent for service of process, the Issuer will appoint another agent, and failing such appointment within 15 days, the bearer shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the office of the Issue and Paying Agent. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. This paragraph 13 does not affect any other method of service allowed by law.

14. If this Note has been admitted to trading in the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**"), all notices shall be published in a manner which complies with its rules and regulations.

15. Claims for payment of principal and interest in respect of this Note shall become prescribed and void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, five years after the relevant Interest Payment Date.

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[1] If this Note is denominated in Sterling, delete paragraphs 9 through 12 inclusive and replace with interest provisions to be included on the reverse of the Note as indicated below.

16. No person shall have any right to enforce any provision of this Note under the Contracts (Rights of Third Parties) Act 1999.

AUTHENTICATED by **THE BANK OF NEW YORK MELLON, LONDON BRANCH** without recourse, warranty or liability and for authentication purposes only	Signed on behalf of: **INMOBILIARIA COLONIAL, SOCIMI, S.A.**
By:..... (*Authorised Signatory*)	By:..... (*Authorised Signatory*)

[On the Reverse]

(A) [If this is an interest bearing Note, then:

(a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day; and

(b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Note, the Schedule hereto shall be duly completed by the Issue and Paying Agent to reflect such payment.

(B) If this is a fixed rate interest bearing Note, interest shall be calculated on the Nominal Amount specified in the Pricing Supplement as follows:

(a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days at the Rate of Interest specified in the Pricing Supplement with the resulting figure being rounded to the nearest penny (with halves being rounded upwards); and

(b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph (B).

(C) If this is a floating rate interest bearing Note, interest shall be calculated on the Nominal Amount specified in the Pricing Supplement as follows:

(a) the Rate of Interest will be the aggregate of LIBOR and the Margin specified in the Pricing Supplement (if any) above or below LIBOR. Interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date (or, as the case may be, to the Relevant Date), in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days.

As used in this Note, "**LIBOR**" shall be equal to the rate defined as "**LIBOR-BBA**" in respect of Sterling (as defined in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Note (the "**ISDA Definitions**")) as at 11.00 a.m. (London time) or as near thereto as practicable on the first day of the relevant Interest Period (the "**LIBOR Interest Determination Date**"), as if the Reset Date (as defined in the ISDA Definitions) was the first day of such Interest Period and the Designated Maturity (as defined in the ISDA Definitions) was the number of months specified in the Pricing Supplement in relation to the Reference Rate;

(b) the Calculation Agent specified in the Pricing Supplement will, as soon as practicable after 11.00 a.m. (London time) on the LIBOR Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. "**Rate of Interest**" means the rate which is determined in accordance with the provisions of sub-paragraph (a) above. The Amount of Interest payable per Note shall be calculated by applying the Rate of Interest to the nominal amount of one Note of each Denomination, multiplying such product by the Day Count Fraction specified in the Pricing Supplement or, if none is specified, by the actual number of days in the Interest Period concerned divided by 365 and rounding the resulting figure to the nearest penny. The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;

(c) the period beginning on (and including) the above-mentioned Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph (C); and

(d) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*).]

If the Calculation Agent is unable to determine the Reference Rate specified in the Pricing Supplement due to the relevant benchmark not being calculated or administered or it becomes illegal for the Calculation Agent to determine any amounts due to be paid as at the relevant Interest Determination Date, the Issuer in consultation with an independent financial advisor (the "**IFA**"), appointed by the Issuer in its sole discretion, shall determine any alternative rate which has replaced the benchmark in customary market usage for the purposes of determining the Reference Rate in respect of this Note, provided that if the IFA determines that there is no clear market consensus as to whether any rate has replaced the relevant benchmark in customary market usage, the IFA shall determine an appropriate alternative rate, and the decision of the IFA will be binding on the Issuer, the Calculation Agent and the holder of the Note. Notwithstanding the above, if the IFA is not able to determine an appropriate alternative rate, the Reference Rate shall be the one applicable to the last preceding Interest Period. The Issuer shall promptly thereafter notify the alternative Reference Rate to the holder of the Note as set out in item (f) above.

SCHEDULE

Payments of Interest

The following payments of interest in respect of this Note have been made:

Date Made	Payment From	Payment To	Gross Amount Paid	Withholding	Net Amount Paid	Notation on behalf of Issue and Paying Agent

PRICING SUPPLEMENT

[*Completed Pricing Supplement to be attached*]

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed in respect of each issue of Notes issued under the Programme and will be attached to the relevant Global or Definitive Notes on issue.

[**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET –** Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.]

INMOBILIARIA COLONIAL, SOCIMI, S.A.

(*incorporated with limited liability under the laws of Spain*)

Issue of [*Aggregate Nominal Amount of Notes*] [*Title of Notes*]

Under the €300,000,000

Euro Commercial Paper Programme
(the "Programme")

PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement (as referred to in the Information Memorandum dated 13 December 2018 (as amended, updated or supplemented from time to time, the "**Information Memorandum**") in relation to the Programme) in relation to the issue of Notes referred to above (the "**Notes**"). Terms defined in the Information Memorandum, unless indicated to the contrary, have the same meanings where used in this Pricing Supplement. Reference is made to the Information Memorandum for a description of the Issuer, the Programme and certain other matters. This Pricing Supplement is supplemental to and must be read in conjunction with the full terms and conditions of the Notes. This Pricing Supplement is also a summary of the terms and conditions of the Notes for the purpose of listing.

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum [as so supplemented]. The Information Memorandum [and the supplemental Information Memorandum] [is][are] available for viewing during normal business hours at the registered office of the Issuer at Paseo de la Castellana, 52, Madrid, Spain, and at the offices of the Issue and Paying Agent at One Canada Square, London E14 5AL, United Kingdom.

The particulars to be specified in relation to the issue of the Notes are as follows:

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Pricing Supplement.*]

1.	Issuer:	Inmobiliaria Colonial, SOCIMI, S.A.
2.	Type of Note:	Euro commercial paper
3.	Series No:	[●]
4.	Dealer(s):	[●]

5.	Specified Currency:	[●]
6.	Nominal Amount:	[●]
7.	Issue Date:	[●]
8.	Maturity Date:	[●] [*May not be less than 15 days nor more than 364 days*]
9.	Issue Price:	[●]
10.	Denomination(s)[1]:	[●]
11.	Redemption Amount:	[Redemption at par][[●] per Note of [●] Denomination][*other*]
12.	Delivery:	[Free of/against] payment

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[●] [per cent. per annum]
	(ii)	Interest Payment Date(s):	[●]
	(iii)	Day Count convention (if different from that specified in the terms and conditions of the Notes):	[Not Applicable/*other*] [The above-mentioned Day Count Convention shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced at the Issue Date.][2]
	(iv)	other terms relating to the method of calculating interest for Fixed Rate Notes (if different from those specified in the terms and conditions of the Notes:	[Not Applicable/*give details*]
14.	**Floating Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Interest Payment Dates:	[●]

[1] The Notes will be issued with a denomination of €100,000 each or such other conventionally and legally accepted denomination for commercial paper in the relevant currency or currency unit, *provided that* Notes (including Notes denominated in Sterling) the proceeds of which are to be accepted by the Issuer in the United Kingdom shall have a minimum denomination of £100,000 (or its equivalent in other currencies).

[2] Delete text in square brackets unless a Day Count Convention which is different from that specified in the terms and conditions of the Notes is used.

(ii)	Calculation Agent (party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issue and Paying Agent)):	[*Name*] shall be the Calculation Agent]
(iii)	Reference Rate:	[●] months [LIBOR/EURIBOR/EONIA]
(iv)	Margin(s):	[+/-][●] per cent. per annum
(v)	Day Count Convention (if different from that specified in the terms and conditions of the Notes):	[Not Applicable/*other*] [The above-mentioned Day Count Convention shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced at the Issue Date.][1]
(vi)	Any other terms relating to the method of calculating interest for floating rate Notes (if different from those set out in the terms and conditions of the Notes):	[●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

15.	Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Main Securities Market of Euronext Dublin with effect from [●]/[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from [●].]
16.	Rating:	The Notes to be issued under the Programme have not been rated
17.	Clearing System(s):	Euroclear, Clearstream, Luxembourg
18.	Issue and Paying Agent:	The Bank of New York Mellon, London Branch
19.	ISIN:	[●]
20.	Common code:	[●]
21.	Any clearing system(s) other than Euroclear Bank, SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
22.	New Global Note:	[Yes][No]
23.	Intended to be held in a manner which would allow Eurosystem	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common

[1] Delete text in square brackets unless a Day Count Convention which is different from that specified in the terms and conditions of the Notes is used.

eligibility:	safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

LISTING AND ADMISSION TO TRADING APPLICATION

This Pricing Supplement comprises the contractual terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €300,000,000 euro-commercial paper programme of Inmobiliaria Colonial, SOCIMI, S.A.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of **INMOBILIARIA COLONIAL, SOCIMI, S.A.**

By: .....

Duly authorised

Dated:.....

PART B – OTHER INFORMATION

1. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUER/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to th issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by th inclusion of the following statement:

["**Save as discussed in** "**Subscription and Sale**", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

2. ESTIMATED TOTAL EXPENSES RELATED TO THE ADMISSION TO TRADING

Estimated total expenses: [●]

3. [*Fixed Rate Notes only* - **YIELD**

Indication of yield: [●]]

TAXATION

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of whom (such as dealers in securities) may be subject to special rules. Prospective investors who are in any doubt as to their position should consult with their own professional advisers.

Taxation in Spain

The following is a general description of certain Spanish tax considerations. The information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect.

1. Introduction

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Information Memorandum:

(a) of general application, First Additional Provision of Law 10/2014 of 26 June, on regulation, supervision and solvency of credit institutions and Royal Decree 1065/2007, of 27 July, approving the general regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes ("**Royal Decree 1065/2007**"), as amended by Royal Decree 1145/2011 of 29 July ("**Royal Decree 1145/2011**");

(b) for individuals resident for tax purposes in Spain who are Personal Income Tax ("**PIT**") taxpayers, Law 35/2006, of 28 November, on the PIT and on the partial amendment of the Corporate Income Tax Law, Non-Resident Income Tax Law and Wealth Tax Law, as amended (the "**PIT Law**") and Royal Decree 439/2007, of 30 March approving the PIT Regulations which develop the PIT Law, as amended, along with Law 19/1991, of 6 June on Wealth Tax, as amended, most recently by Royal Decree Law 3/2016, of 2 December ("**Royal Decree Law 3/2016**") (the "**Wealth Tax Law**"), and Law 29/1987, of 18 December on Inheritance and Gift Tax, as amended (the "**Inheritance and Gift Tax Law**");

(c) for legal entities resident for tax purposes in Spain which are Corporate Income Tax ("**CIT**") taxpayers, Law 27/2014 of 27 November on Corporate Income Tax, as amended (the "**CIT Law**"), and Royal Decree 634/2015, of 10 July, promulgating the CIT Regulations, as amended (the "**CIT Regulations**"); and

(d) for individuals and entities who are not resident for tax purposes in Spain which are Non-Resident Income Tax ("**NRIT**") taxpayers, Royal Legislative Decree 5/2004, of 5 March, promulgating the Consolidated Text of the NRIT Law, as amended and Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, as amended, along with the Wealth Tax Law and the Inheritance and Gift Tax Law, as amended.

Whatever the nature and residence of the beneficial owner, the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example, exempt from Transfer Tax and Stamp Duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax.

2. Spanish tax resident individuals

2.1 Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the PIT Law, and must be included in the PIT savings

taxable base of each investor and taxed currently at 19 per cent. for taxable income up to €6,000; 21 per cent. for taxable income between €6,000.01 and €50,000, and 23 per cent. for taxable income exceeding €50,000.

Pursuant to Section 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, any income derived from the Notes will be paid by the Issuer free of Spanish withholding tax provided that the relevant information about the Notes is submitted in the manner detailed in "*Disclosure Obligations in connection with Payments on the Notes*". In addition, income obtained upon transfer or exchange of the Notes may also be paid free of Spanish withholding tax in certain circumstances.

Nevertheless, in the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments of interests under the Notes may be subject to withholding tax currently at a 19 per cent. rate, which may be made by the depositary or custodian.

Amounts withheld, if any, may be credited by the relevant investors against their final PIT liability.

2.2 **Wealth Tax (*Impuesto sobre el Patrimonio*)**

Individuals with tax residency in Spain will be subject to Wealth Tax in the tax year 2018, to the extent that their net worth exceeds €700,000, at the applicable rates ranging between 0.2% and 2.5%, without prejudice to any relevant exemption which may apply and the relevant laws and regulations in force in each autonomous region of Spain. Therefore, they should take into account the value of the Notes which they hold as of 31 December. In principle, Spanish Wealth Tax is scheduled to be removed from 01 January 2019 onwards (subject to any change in the tax legislation which could be approved before the end of 2018).

2.3 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Inheritance and Gift Tax in accordance with the applicable Spanish regional or State rules (subject to any regional tax exemptions being available to them). The applicable effective tax rates currently range between 7.65 per cent. and 81.6 per cent. (subject to any specific regional rules), depending on relevant factors.

3. **Spanish tax resident legal entities**

3.1 **Corporate Income Tax (*Impuesto sobre Sociedades*)**

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes must be included as taxable income of Spanish tax resident legal entities for CIT purposes in accordance with the rules for this tax, being typically subject to the standard rate of 25 per cent., with lower or higher rates applicable to certain categories of taxpayers.

Pursuant to Section 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, any income derived from the Notes will be paid by the Issuer to Spanish CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds) free of Spanish withholding tax provided that the relevant information about the Notes is submitted in the manner detailed in "*Disclosure Obligations in connection with Payments on the Notes*".

However, regarding the interpretation of the amendments made by Royal Decree 1145/2011 please refer to "*Risk Factors – Risks in relation to Spanish Taxation*".

In the case of Notes held by Spanish resident entities and deposited with a Spanish resident entity acting as a depositary or custodian, payments of interest and income deriving from the transfer and redemption may be subject to withholding tax, currently at a rate of 19 per cent., withholding that will be made by the depositary or custodian, if the Notes do not comply with the exemption requirements specified in the ruling issued by the Spanish Tax Authorities (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made.

Amounts withheld, if any, may be credited by the relevant investors against their final CIT liability.

3.2 **Wealth Tax (*Impuesto sobre el Patrimonio*)**

Legal entities in Spain are not subject to Wealth Tax.

3.3 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax but must include the market value of the Notes in their taxable income for Spanish CIT purposes.

4. **Individuals and legal entities tax resident outside Spain**

4.1 **Non-Resident Income Tax (*Impuesto sobre la Renta de No Residentes*)**

(A) Acting through a permanent establishment in Spain

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes shall be, generally, the same as those previously set out for Spanish CIT taxpayers.

(B) Not acting through a permanent establishment in Spain

Both interest payments periodically received and income deriving from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who are not resident in Spain for tax purposes, and who are NRIT taxpayers with no permanent establishment in Spain, are exempt from NRIT, on the same terms laid down for income from public debt.

In order for the exemption to apply, it is necessary to comply with certain information obligations relating to the Notes, in the manner detailed under "*Disclosure obligations in connection with payments on the Notes*" as laid down in Section 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011. If these information obligations are not complied with in the manner indicated, the Issuer will withhold 19 per cent. and the Issuer will not pay additional amounts.

Without prejudice to the above, it should be noted that non-resident investors not acting through a permanent establishment in Spain may benefit from a withholding tax exemption or reduced withholding tax rate pursuant to the NRIT Law or an applicable double tax treaty signed by Spain, subject to certain requirements.

4.2 **Wealth Tax (*Impuesto sobre el Patrimonio*)**

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax will not be generally subject to such tax on the Notes. Otherwise, under current Wealth Tax Law, non-Spanish resident individuals whose Spanish properties and rights are located in Spain (or that can be exercised within the Spanish territory) and exceed €700,000 could be subject to Wealth Tax during year 2018, the applicable rates ranging between 0.2 per cent. and 2.5 per cent. However, as the income derived from the Notes is exempted from NRIT, any non-resident individuals holding the Notes as of 31 December 2018 will be exempted from Wealth Tax in respect of such holding. Prospective investors should consult their tax advisers.

Further, it should be noted that in principle a general exemption is scheduled to apply with effect from 1 January 2019 onwards (subject to any change in the tax legislation which could be approved before the end of 2018).

4.3 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Individuals not tax resident in Spain who acquire ownership or other rights over the Notes by inheritance, gift or legacy, and who are tax resident in a country with which Spain has entered into a double tax treaty in relation to Inheritance and Gift Tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to Inheritance and Gift Tax in accordance with the applicable Spanish regional and State legislation.

Legal entities not tax resident in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Inheritance and Gift Tax. They will be subject to NRIT (as described above). If the entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of such treaty will apply. In general, double tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

Disclosure obligations in connection with payments on the Notes

In accordance with Section 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, certain information with respect to the Notes must be submitted to the Issuer at the time of each payment (or, alternatively, for interest payments, before the tenth calendar day of the month following the month in which the relevant payment is made).

Such information includes the following:

(a) Identification of the Notes (as applicable) in respect of which the relevant payment is made;

(b) the date on which the relevant payment is made;

(c) total amount of income from the Notes; and

(d) total amount of income (either from interest payments or redemption) corresponding to each clearing house located outside Spain.

In particular, the Issue and Paying Agent must certify the information above about the Notes by means of a certificate the form of which is attached as Annex I to this Information Memorandum. In light of the above, the Issuer and the Issue and Paying Agent have arranged certain procedures to facilitate the collection of information concerning the Notes by the close of business on the Business Day immediately preceding each relevant Payment Date. If, despite these procedures, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (currently 19 per cent.) from any payment in respect of the relevant Notes. The Issuer will not pay any additional amounts with respect to any such withholding.

If, before the tenth day of the month following the month in which interest is paid, the Issue and Paying Agent provides such information, the Issuer will reimburse the amounts withheld.

However, regarding the interpretation of the amendments made by Royal Decree 1145/2011 please refer to "*Risk Factors – Risks in relation to Spanish Taxation*".

Investors should note that the Issuer and the Dealers do not accept any responsibility relating to the procedures established for the collection of information concerning the Notes. Accordingly, neither the Issuer nor the Dealers will be liable for any damage or loss suffered by any holder who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because these procedures prove ineffective. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding. See "*Risk Factors*". The procedures for providing documentation referred to in this section are set out in detail in the Issue and Paying Agency Agreement which may be inspected upon reasonable notice, at the specified offices of the Issuer and the Issue and Paying Agent. Should any withholding tax be levied in Spain, holders of the Notes should note that they may apply directly to the Spanish tax authorities for any tax refund which may be available to them.

Set out below is Annex I. Sections in English have been translated from the original Spanish. In the event of any discrepancy between the Spanish language version of the certificate contained in Annex I and the corresponding English translation, the Spanish tax authorities will only hold the Spanish language version of the relevant certificate as the valid one for all purposes.

U.S. Foreign Account Tax Compliance Act (FATCA)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign pass thru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions including Spain have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

5. Spanish SOCIMI Regime

The following paragraphs are intended as a general guide only and constitute a high-level summary of Colonial's understanding of current Spanish law in respect of the current Spanish SOCIMI Regime. The Spanish SOCIMI Regime was enacted originally in October 2009 and was amended at the end of 2012. The amendments introduced in 2012 improved the regime and facilitated the incorporation of the first SOCIMI during the second six months of 2013. This summary is based on the key aspects of the Spanish SOCIMI Regime as they apply to Colonial. Investors should seek their own advice in relation to taxation matters.

5.1 Overview

The Spanish SOCIMI Regime is intended to facilitate attracting new sources of capital to the Spanish real estate rental market; it follows similar legislation adopted in the UK and other European countries, as well as a long-established real estate investment trusts regime in the United States. One of the primary aims of these types of regimes is to minimise tax inefficiency of holding real estate through corporate ownership by removing corporate taxation at the level of the SOCIMI, promote rental activities and professional management of this type of business.

Provided certain conditions and tests are satisfied (see "—1.2 Qualification as Spanish SOCIMI" below), a SOCIMI does not generally pay Spanish corporate tax on the profits deriving from its activities — it is subject to a 0% Corporate Income Tax rate. Instead, profits must be distributed and such income could be subject to taxation in the hands of the shareholder or, in certain cases, of the SOCIMI.

5.2 Qualification as Spanish SOCIMI

In order to qualify for the Spanish SOCIMI Regime, a SOCIMI must satisfy certain conditions. A summary of the material conditions is set out below.

Trading requirement

SOCIMIs must be listed on a regulated market or alternative investment market in Spain or in other European Union or European Economic Area member state, or on a regulated market of any other country which has a tax information exchange agreement with Spain, uninterruptedly for the entire tax period.

Purpose of the SOCIMI / Minimum share capital

SOCIMIs must take the form of a public limited liability company (sociedad anónima), with a minimum share capital of €5 million. Furthermore, the SOCIMI's shares must be in registered form, nominative and only one single class of shares is permitted.

A SOCIMI must have as its main corporate purpose:

- the acquisition, development and refurbishment of urban real estate for rental purposes (in Spain or in a country which has signed a tax information exchange agreement with Spain) or plots of land for the development of such real estate provided that such development has commenced within three years following acquisition ("**Qualifying Assets**"); and/or

- the holding of interest in other SOCIMIs or in the share capital or assets of other non-resident SOCIMIs, unlisted SOCIMIs, unlisted non-resident entities entirely owned by a SOCIMI or other entities, irrespective of whether they are resident in Spain (provided that such foreign country has signed a tax information exchange agreement with Spain), which have as its main corporate purpose the acquisition of urban real estate assets for lease and which are governed by the same regime established for SOCIMIs as regards legal or statutory mandatory profit distribution and investment policies ("**Qualifying Subsidiaries**"); and/or

- the holding of shares in real estate collective investment institutions.

Qualifying Subsidiaries that are non-resident entities must be resident in countries with which Spain has a treaty or agreement providing for an exchange of tax information provision.

SOCIMIs are allowed to carry out other ancillary activities that do not fall under the scope of their main corporate purpose. However, such ancillary activities must not exceed 20% of the assets or 20% of the income of the SOCIMI in each tax year, in accordance with the minimum qualifying assets and qualifying income tests described below.

Restrictions on investments

At least 80% of the SOCIMI's assets must be invested in Qualifying Assets, Qualifying Subsidiaries and/or real estate collective institutions.

The DGT has confirmed that the assets should be measured on a gross basis, disregarding depreciation or impairments, in accordance with Royal Decree of November 16, 2007, approving the Spanish General Accounting Plan (Plan General de Contabilidad) which sets forth the Spanish generally accepted accounting principles ("**Spanish GAAP**").

In the event the SOCIMI has subsidiaries that are deemed to be a part of the same group of companies for Spanish corporate law purposes, the calculation of this 80% threshold for the dominant entity will be made on a consolidated basis according to Spanish GAAP. For these purposes, the group of companies would be integrated exclusively by SOCIMIs and other Qualifying Subsidiaries.

There are no asset diversification requirements.

Restrictions on income

At least 80% of a SOCIMI's net annual income must derive from the lease of Qualifying Assets, or from dividends distributed by Qualifying Subsidiaries and real estate collective investment institutions and companies.

The DGT considers that the annual income should be measured on a net basis, taking into consideration direct income expenses and a pro rata portion of general expenses. These concepts should be calculated in accordance with Spanish GAAP, subject to any applicable tax adjustments, upwards or downwards, as set out by the Spanish Corporate Income Tax Law, without prejudice to the special provisions of the Spanish SOCIMI Regime.

Lease agreements between entities within the same group would not be deemed a qualifying activity and, therefore, the rent deriving from such agreements cannot exceed 20% of the SOCIMI's income.

Capital gains derived from the sale of Qualifying Assets are in principle excluded from the 80%/20% net income test. However, if a Qualifying Asset is sold before it is held for a minimum three-year period, then (i) such capital gain would compute as non-qualifying revenue; and (ii) such gain would be taxed at the standard Corporate Income Tax rate (currently, a 25% rate). Furthermore, the entire income, including rental income, derived from such asset also would be subject to the standard Corporate Income Tax rate.

Minimum holding period

Qualifying assets must be held by the SOCIMI for a three-year period since (i) the acquisition of the asset by the SOCIMI, or (ii) the first day of the financial year in which Colonial became a SOCIMI if the asset was held by Colonial before becoming a SOCIMI. In the case of urban real estate, the holding period requires that these assets are actually rented for at least three years. For these purposes, the time during which the real asset has been offered for lease (even if vacant) may be added to the time the asset was leased for a maximum of one year.

Mandatory dividend distribution

Under the Spanish SOCIMI Regime, a SOCIMI is required to adopt resolutions for the distribution of dividends, after fulfilling any relevant requirement in accordance with the Spanish Companies Act (Ley de Sociedades de Capital) (e.g., contribution to legal reserve), to shareholders annually within the six months following the end of the SOCIMI's financial year of (i) at least 50% of the profits arising from the transfer of Qualifying Assets, Qualifying Subsidiaries and real estate collective investment funds carried out once the minimum three-year holding period described in "Minimum holding period" above has ended (in which case the remainder of such profits must be reinvested in other Qualifying Assets within a maximum period of three years from the date of the sale, or otherwise distributed as dividends once such reinvestment period has lapsed); (ii) 100% of the profits derived from dividends received from Qualifying Subsidiaries; and (iii) at least 80% of all other profits obtained (e.g., profits derived from ancillary activities). If the relevant dividend distribution resolution was not adopted in a timely manner, or the SOCIMI fails to pay (totally or partially) the corresponding dividends, the SOCIMI would lose its SOCIMI status as from the year in which the undistributed profits were obtained (inclusive).

Dividends must be paid within the month following the agreement for the distribution of dividends.

In addition, according to the Spanish SOCIMI Regime (i) the SOCIMI legal reserve may not exceed 20% of the share capital of the SOCIMI; and (ii) the SOCIMI's by-laws may not establish any reserve that is not available for distribution to its shareholders other than the legal reserve.

Leverage

A SOCIMI has no specific limitation on indebtedness.

Tax limitations approved by the Spanish government (limits on the tax deduction of financial expenses and carrying-forward of tax losses limitations) should have no practical impact provided that the SOCIMI is taxed at a 0% Corporate Income Tax rate.

Penalties

The loss of the SOCIMI status triggers adverse consequences for the SOCIMI. Causes for such loss of status are:

- delisting of the SOCIMI's shares;
- substantial failure to comply with its information and reporting obligations, unless such failure is remedied by preparing fully compliant annual accounts which contain certain required information in the following year;

- failure to adopt a dividend distribution resolution or to effectively satisfy the dividends within the deadlines described under “Mandatory dividend distribution” above. In this case, the loss of SOCIMI status would have effects as from the tax year in which the profits not distributed were obtained;

- waiver of the Spanish SOCIMI Regime by the SOCIMI; and/or

- failure to meet any of the other requirements established in the SOCIMI Act unless such failure is remedied within the following fiscal year. However, the failure to observe the minimum holding period of the assets would not give rise to the loss of SOCIMI status, but (i) the assets would be deemed non-Qualifying Assets; and (ii) income derived from such assets would be taxed at the standard Corporate Income Tax rate (i.e., currently, 25%).

Should the SOCIMI fall into any of the above scenarios, the Spanish SOCIMI Regime will be lost and the SOCIMI would be taxed in accordance with the general Spanish Corporate Income Tax regime and the general Corporate Income Tax rate (currently, 25%), and will not be able to elect for the Spanish SOCIMI Regime for the following three fiscal years as from the end of the last tax period in which the SOCIMI was applicable.

Furthermore, non-compliance of the information and reporting obligations will constitute a serious breach by the SOCIMI resulting in financial penalties.

Annex I

Anexo al Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007

Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos

Annex to Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

Declaration form referred to in paragraphs 3, 4 and 5 of Article 44 of the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

Don (nombre), con número de identificación fiscal (...)[(1)], en nombre y representación de (entidad declarante), con número de identificación fiscal (....)[(1)] y domicilio en (...) en calidad de (marcar la letra que proceda):

Mr. (name), with tax identification number (...)[(1)], in the name and on behalf of (entity), with tax identification number (....)[(1)] and address in (...) as (function - mark as applicable):

(a) Entidad Gestora del Mercado de Deuda Pública en Anotaciones.

(a) Management Entity of the Public Debt Market in book entry form.

(b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.

(b) Entity that manages the clearing and settlement system of securities resident in a foreign country.

(c) Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.

(c) Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.

(d) Agente de pagos designado por el emisor.

(d) Issue and Paying Agent appointed by the issuer.

Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:

Makes the following statement, according to its own records:

1. En relación con los apartados 3 y 4 del artículo 44:

1. In relation to paragraphs 3 and 4 of Article 44:

1.1 Identificación de los valores .....

1.1 Identification of the securities.....

1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados).....

1.2 Income payment date (or refund if the securities are issued at discount or are segregated).....

1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados) .....

1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated) .....

1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora

1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved

1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).

1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).

2. En relación con el apartado 5 del artículo 44.

2. In relation to paragraph 5 of Article 44.

2.1 Identificación de los valores .....

2.1 Identification of the securities.....

2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados).....

2.2 Income payment date (or refund if the securities are issued at discount or are segregated) .....

2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados.....

2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated).....

2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.

2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.

2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.

2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.

2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.

2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

Lo que declaro en …… a ..... de ……. de ……...

I declare the above in……on the ..... of …….. of ……...

(1)En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia

(1)In case of non-residents (individuals or corporations) without permanent establishment in Spain it shall be included the number or identification code which corresponds according to their country of residence.

SUBSCRIPTION AND SALE

General

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell, or deliver Notes and it will not directly or indirectly offer, sell, resell, re-offer or deliver Notes or distribute the Information Memorandum, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor.

For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression an “offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in accordance with Regulation S. Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it has not offered and sold, and will not offer and sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that neither it, nor any of its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Notes. Terms used in this paragraph have the meanings given to them by Regulation S.

The United Kingdom

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that:

(a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise

constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Ireland

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it has not sold, placed or underwritten and that it will not sell, place or underwrite the Notes otherwise that in conformity with the provisions of:

(a) the European Union (Markets in Financial Instruments) Regulations 2017 (as amended), including, without limitation any codes of conduct made thereunder and the provisions of the Investor Compensation Act 1998 (as amended);

(b) the Irish Central Bank Acts 1942 to 2015 (as amended) and any codes of conduct rules made under Section 117(1) of the Irish Central Bank Act 1989 (as amended);

(c) the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended), the Irish Companies Act 2014 (as amended) (the "**Companies Act**") and any rules issued under Section 1363 of the Companies Act by the Central Bank of Ireland (the "**Central Bank**");

(d) the Market Abuse Regulation (596/2014), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules issued under Section 1370 of the Companies Act by the Central Bank; and

(e) the Central Bank's implementation notice for credit institutions BSD C 01/02 of 12 November 2002 (as may be amended, replaced or up-dated from time to time) and issued pursuant to Section 8(2) of the Irish Central Bank Act 1971 (as amended).

France

Each Dealer has represented and agreed and any further holder of the Notes will be deemed to represent and agree, that it has not offered or sold, and will not offer or sell directly or indirectly any Notes to the public in France, and has not distributed and will not distribute or cause to be distributed to the public in France any offering material relating to the Notes and that such offers, sales and distributions have been and will only be made in France to (i) qualified investors (*investisseurs qualifiés*) acting for their own account other than individuals as defined in and in accordance with article L 411-2 and article D 411-1 of the French *Code monétaire et financier* and/or (ii) to providers of investment services relating to portfolio management for the account of third parties.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; (the "**FIEA**"). Accordingly, each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other applicable laws, regulations and ministerial guidelines of Japan.

Spain

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that the Notes will not be offered, sold or distributed, nor will any subsequent resale of Notes be carried out in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning of the Spanish Securities Market Law (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as amended, or without complying with all legal and regulatory requirements under Spanish securities laws. Neither the Notes nor the Information Memorandum have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore the Information Memorandum is not intended for any public offer of the Notes in Spain.

GENERAL INFORMATION

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and International Securities Identification Number (ISIN) in relation to each issue of Notes and any other clearing system as shall have accepted the relevant Notes for clearance will be specified in the Pricing Supplement relating thereto.

Admission to Listing and Trading

It is expected that Notes issued under the Programme may be admitted to the Official List and to trading on the Main Securities Market of Euronext Dublin on or after 13 December 2018. Any Notes intended to be admitted to the Official List and admitted to trading on the Main Securities Market of Euronext Dublin will be so admitted to listing and trading upon submission to Euronext Dublin of the relevant Pricing Supplement and any other information required by Euronext Dublin, subject in each case to the issue of the relevant Notes.

However, Notes may be issued pursuant to the Programme which will be admitted to listing, trading and or quotation by such other listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree. No Notes may be issued pursuant to the Programme on an unlisted basis.

No Significant Change

Other than as described in this Information Memorandum, there has been no significant change in the financial or trading position of the Issuer and the Group since 30 September 2018, being the date of the most recently published unaudited interim financial information of the Issuer.

Legal and Arbitration Proceedings

Except as set forth in section "*Description of the Issuer—Legal Proceedings*", neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Information Memorandum which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.

Independent Auditors

The audited consolidated financial statements of the Issuer for the year ended 31 December 2016 have been audited by Deloitte, S.L., registered in the Official Registry of Auditors (*Registro Oficial de Auditores de Cuentas*) under number S0692. The address of Deloitte, S.L. is Plaza de Pablo Ruiz Picasso 1, Torre Picasso, Madrid 28020, Spain.

The Issuer's current appointed auditor is PricewaterhouseCoopers Auditores, S.L, located at Avinguda Diagonal 640, Barcelona, 08017, Spain. PricewaterhouseCoopers Auditores, S.L. has audited the Issuer's consolidated financial statements for the year ended 31 December 2017. The condensed consolidated interim financial statements of the Group as of and for the six-month period ended 30 June 2018 have been subject to a limited review with no qualifications. PricewaterhouseCoopers Auditores, S.L. is a member of the Official Registry of Auditors (*Registro Oficial de Auditores de Cuentas*) under number S0242.

Listing Agent

The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application for admission of the Notes to the Official List of the Irish Stock Exchange trading as Euronext Dublin and trading on its regulated market (the "**Main Securities Market**").

Documents on Display

From the date hereof, so long as any Notes remain outstanding and throughout the life of the Programme, copies (and, where appropriate, English translations) will be available for inspection upon reasonable notice at the specified offices (which are set out below) of the Issuer and the Issue and Paying Agent:

(a) the by-laws of the Issuer;

(b) the audited financial statements and other financial information listed in "*Documents Incorporated by Reference*" above;

(c) this Information Memorandum, together with any supplements thereto;

(d) any Pricing Supplement in respect of Notes listed on any stock exchange;

(e) the Issue and Paying Agency Agreement;

(f) the Dealer Agreement;

(g) the Deed of Covenant; and

(h) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form).

REGISTERED OFFICE OF THE ISSUER

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The Netherlands

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United Kingdom

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