

**SUPPLEMENT DATED 17 NOVEMBER 2017  
TO THE BASE PROSPECTUS DATED 11 OCTOBER 2017**



**INMOBILIARIA COLONIAL SOCIMI, S.A.**

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

**€3,000,000,000**

**Euro Medium Term Note Programme**

This base prospectus supplement (the “**Supplement**”) has been prepared by Inmobiliaria Colonial SOCIMI, S.A. (the “**Issuer**” or “**Colonial**” and together with its consolidated subsidiaries, “**we**”, “**us**”, “**our**” or the “**Group**”, unless otherwise indicated or the context otherwise requires) in connection with the Issuer’s Euro Medium Term Note Programme (the “**Programme**”) for the issuance of up to EUR3,000,000,000 in aggregate nominal amount of notes (the “**Notes**”).

This Supplement has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under Directive 2003/71/EC (the “**Prospectus Directive**”). The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

This Supplement comprises a base prospectus supplement for the purposes of Article 16 of the Prospectus Directive. The Supplement is supplemental to, and should be read in conjunction with, the base prospectus dated 11 October 2017 prepared by the Issuer in relation to the Programme (the “**Base Prospectus**”). Capitalised terms used, but not otherwise defined in this Supplement, shall have the meanings ascribed thereto in the Base Prospectus. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statement in (a) above will prevail.

The purpose of this Supplement is to supplement the sections of the Base Prospectus entitled (i) “*Information on the Issuer and the Group*” following the announcement by the Issuer of its intention to launch a takeover bid for all the shares of Axiare Patrimonio SOCIMI, S.A.; (ii) “*Risk Factors*” and (iii) “*Documents Incorporated By Reference*” and “*General Information*” to incorporate by reference certain financial and operating information as of and for the nine-month period ended 30 September 2017 in respect of the Issuer.

## IMPORTANT NOTICES

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

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme has arisen or been noted, as the case may be, since the date of publication of the Base Prospectus.

Copies of this Supplement and the Base Prospectus can be viewed on the website of (i) the Central Bank of Ireland at [www.centralbank.ie](http://www.centralbank.ie); and (ii) the Issuer at [www.inmocolonial.com](http://www.inmocolonial.com).

The distribution of this Supplement and the Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement, the Base Prospectus or any Final Terms come are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons (as defined in the Securities Act). For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “*Subscription and Sale*” in the Base Prospectus.

Any websites referred to herein do not form part of this Supplement.

## AMENDMENTS TO THE BASE PROSPECTUS

### RISK FACTORS

- With effect from the date of this Supplement, the information appearing on page 8 of the Base Prospectus under the heading “*Risk Factors—Risks Relating to the Group and its Business*” shall be amended in the manner described below.

By virtue of this Supplement, the second paragraph of the risk factor entitled “*Our business may be affected by adverse conditions in the Spanish and French economies and the Eurozone*” shall be deleted and replaced in its entirety by the following:

“We are exposed to the political risks of the countries and regions that we operate in. The growth of political parties and movements in some Member States with ideologies and priorities that could be contrary to the European Union (the “EU”) and/or differ from central government policies, could affect the political and economic situation in the Eurozone, Spain and/or France. In particular, in Spain, the calling of regional elections in Catalonia for 21 December 2017 aims to re-establish political stability following the events during the month of October 2017 resulting from the holding of a referendum on secession from Spain promoted by the Catalan regional government (which referendum was not recognised constitutionally), the declaration of independence by Catalonia and the subsequent application of article 155 of the Spanish constitution and the removal of the Catalan government. This political instability could have an adverse effect on our business, results of operations and financial condition.”

- With effect from the date of this Supplement, the information appearing on page 10 of the Base Prospectus under the heading “*Risk Factors—Risks Relating to the Group and its Business*” shall be amended in the manner described below.

By virtue of this Supplement, the first paragraph of the risk factor entitled “*A decrease in credit rating could adversely affect the Colonial Group*” shall be deleted and replaced in its entirety by the following:

“Standard & Poor’s Credit Market Services Europe Limited (“S&P”), 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. Furthermore in May 2017, the credit rating agency Moody’s Investors Service Limited (“Moody’s”) issued a long-term credit rating of Baa2 with a stable outlook. However, on 14 November 2017, Moody’s lowered the outlook on our long-term credit rating from stable to negative. In addition, regarding SFL, in July 2015, S&P raised the credit rating awarded to “BBB” and “A-2”, respectively and in April 2017 revised its outlook from stable to positive. In October 2017, S&P raised SFL’s long-term credit rating to “BBB+” with a stable outlook.”

- With effect from the date of this Supplement, the information appearing on page 12 of the Base Prospectus under the heading “*Risk Factors—Risks Relating to the Group and its Business*” shall be amended in the manner described below.

By virtue of this Supplement, the second paragraph of the risk factor entitled “*There may be risks associated with our subsidiaries and/or minority investments*” shall be deleted and replaced in its entirety by the following:

“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. For example, on 14 October 2016, we acquired a minority stake in Axiare Patrimonio SOCIMI, S.A. (“Axiare”), a listed Spanish real estate investment company and we subsequently increased our share to 28.79% (see “*Information on the Issuer and the Group—Recent Developments*”). The lack of control and ability to influence the management of any asset or entity that we may partially own 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.”
- With effect from the date of this Supplement, the information appearing under the heading “*Risk Factors—Risks Relating to the Group and its Business*” shall be amended in the manner described below.

By virtue of this Supplement the following risk factor shall be included under the heading “*Risk Factors—Risks Relating to the Group and its Business*” at the beginning of page 13 of the Base Prospectus:

***“We may face risks relating to business acquisitions***

We may, from time to time, engage in acquisitions of other companies or businesses.

For example, on 13 November 2017, we announced our intention to launch a takeover bid for all the shares of Axiare which we do not currently own (see “*Information on the Issuer and the Group—Recent Developments*”). There can be no assurance that such takeover bid will be successful and, if successful, that it will yield the benefits to the Group anticipated by our management.

Any such acquisitions involve a number of risks, including possible adverse effects on our operating income, risks associated with unanticipated events or liabilities relating to the acquired assets or businesses which may not have been disclosed during due diligence investigations, difficulties in the assimilation of the acquired operations and systems and risks arising from contractual conditions that are triggered by a change of control of an acquired company.

In addition, the process of integrating such businesses and assets within the Group may prove to be difficult and expensive and the benefits derived from, and/or costs associated with, such integration may not be in line with expectations.

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

## DOCUMENTS INCORPORATED BY REFERENCE

With effect from the date of this Supplement, the information appearing on page 34 of the Base Prospectus under the heading “*Documents Incorporated By Reference*” shall be amended in the manner described below.

By virtue of this Supplement, a new document shall be incorporated by reference as new paragraph (D) in the table of “Information incorporated by reference” (page 34 of the Base Prospectus) as follows:

*“The Issuer’s unaudited condensed consolidated interim financial and operating information for the nine-month period ended 30 September 2017 may be obtained from:*

*[https://www.inmocolonial.com/sites/default/files/3q\\_results\\_2017.pdf](https://www.inmocolonial.com/sites/default/files/3q_results_2017.pdf)*

*The page references indicated for each document are to the page numbering of the electronic copies of such documents as available at [www.ise.ie](http://www.ise.ie). Information contained in the following document incorporated by reference but not listed in the table below is for information purposes only and does not form part of this Base Prospectus.*

<u>Information incorporated by reference</u>	<u>Page references</u>
<b>(D) The unaudited condensed consolidated interim financial and operating information of Inmobiliaria Colonial, S.A. for the nine-month period ended 30 September 2017:</b>	
(a) <i>Analysis of the Consolidated Profit and Loss Account</i>	11-12
(b) <i>Office Markets</i>	13-16
(c) <i>Business Performance</i>	18-23
(d) <i>Financial Structure</i>	29
(e) <i>Appendix – Consolidated balance sheet</i>	40”

## INFORMATION ON THE ISSUER AND THE GROUP

With effect from the date of this Supplement, the information appearing on page 83 to 84 of the Base Prospectus under the heading “*Information on the Issuer and the Group—Recent Developments*” shall be amended in the manner described below.

By virtue of this Supplement, a new paragraph shall be inserted under the heading entitled “*Recent Developments*” at the beginning of page 84 as follows:

“On 12 November 2017, the Board of Directors of the Issuer agreed to launch a takeover bid (the “**Bid**”) for all the shares of Axiare not already held by the Issuer, for cash. The Bid is subject to approval by the Spanish Securities and Exchange Commission (the “**CNMV**”), pursuant to the provisions of Section 21 of the Real Decree 1066/2007, of 27 July, on takeover bids (*Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores*).

On 13 November 2017, immediately prior to the Issuer announcing its intention to launch the Bid through publication of a regulatory announcement with the CNMV, the Issuer acquired 10,511,523 shares of Axiare at a price of between €18.25 and €18.50 per share, representing 13.30% of the share capital of Axiare. As at the date of this Supplement, the Issuer currently holds a direct stake of 22,762,064 shares in Axiare, representing 28.79% of its share capital.

The Bid will be addressed to 100% of the current share capital of Axiare, excluding the shares already owned by the Issuer. Accordingly, the Bid is an offer to purchase the remaining 56,300,422 shares of Axiare (representing 71.21% of its share capital) for a cash consideration of €18.50 per share. The Issuer is required to submit to the CNMV the application for authorisation of the Bid, together with the relevant documentation, on or before 13 December 2017. The Bid will be made exclusively in Spain and will not be extended to other jurisdictions.

Axiare is an internally-managed Spanish real estate investment company (SOCIMI), which is listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. According to publicly available information disclosed by Axiare, Axiare’s portfolio of real estate assets had a gross asset value of €1,710 million as at 30 June 2017 and mainly comprises offices and, to a lesser extent, logistics and other assets, in Madrid and, to a lesser extent, in Barcelona and other cities.”

## GENERAL INFORMATION

With effect from the date of this Supplement, the information appearing on page 121 of the Base Prospectus under the heading “*General Information*” shall be amended in the manner described below.

By virtue of this Supplement, paragraph (3) shall be deleted and replaced in its entirety by the following:

- (3) “There has been no significant change in the financial or trading position of the Issuer or of the Group since 30 September 2017 and no material adverse change in the prospects of the Issuer or of the Group since 31 December 2016.”