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P A T R I M O N I O  
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#### **SPANISH SECURITIES MARKET COMMISSION (CNMV)**

In compliance with the reporting requirements set forth in article 17 of Regulation (EU) 596/2014 of 16 April 2014 on Market Abuse (Market Abuse Regulation) and article 228 of the consolidated text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, Axiare Patrimonio SOCIMI, S.A. ("**Axiare**" or the "**Company**") notifies the Spanish Stock Market Commission (*Comisión Nacional del Mercado de Valores* or *CNMV*) the following

#### **SIGNIFICANT INFORMATION ANNOUNCEMENT**

The company submits the report from the Board of Directors of Axiare unanimously approved in the meeting held today with the attendance of all its members, in relation with the voluntary takeover bid launched by Inmobiliaria Colonial, SOCIMI, S.A. for all the shares of Axiare, in accordance with article 134.4 of consolidated text of the Securities Market Act approved by Royal Legislative Decree 4/2015, of 23 October and article 24 of Royal Decree 1066/2007, of 27 July, on rules applicable to takeover bids for securities.

Madrid, 8 January 2018.

Mr Luis López de Herrera-Oria  
Chief Executive Officer  
Axiare Patrimonio

## **REPORT FROM THE BOARD OF DIRECTORS OF AXIARE PATRIMONIO SOCIMI, S.A. IN RELATION TO THE TAKEOVER BID MADE BY INMOBILIARIA COLONIAL, SOCIMI, S.A. FOR THE SHARES OF AXIARE PATRIMONIO SOCIMI, S.A.**

The Board of Directors of Axiare Patrimonio SOCIMI, S.A. (hereinafter, the “**Board of Directors**” and “**Axiare**” or the “**Company**”, respectively), in the meeting held on 8 January 2018 at its registered address with all its members in attendance, has drawn up and unanimously approved the following report in relation to the voluntary takeover bid launched by Inmobiliaria Colonial, SOCIMI, S.A. (“**Colonial**” or the “**Bidder**”) for all the shares of Axiare (the “**Bid**”), pursuant to article 134.4 of the consolidated text of the Securities Market Act approved by Royal Legislative Decree 4/2015, of 23 October (*Texto refundido de la Ley del Mercado de Valores aprobado por Real Decreto Legislativo 4/2015, de 23 de octubre*) (the “**Securities Market Act**”), and article 24 of Royal Decree 1066/2007, of July 27, on rules applicable to takeover bids for securities (*Real Decreto 1066/2007, de 27 de julio, de régimen de las ofertas públicas de adquisición de valores*) (the “**Royal Decree 1066/2007**”).

The Bid was authorized by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (“**CNMV**”) on 28 December 2017, and such authorization was published by relevant fact communications from the CNMV and the Bidder (register numbers 260,063 and 260,067, respectively). The terms and conditions of the Bid are described in the prospectus prepared by the Bidder and approved by the CNMV, and which has been made available to the public through the CNMV’s website ([www.cnmv.es](http://www.cnmv.es)), the Bidder’s website ([www.inmocolonial.com](http://www.inmocolonial.com)) and the Company’s website ([www.axiare.com](http://www.axiare.com)) (the “**Prospectus**”), as set forth in article 22 of Royal Decree 1066/2007.

The Board of Directors notes the compulsory but non-binding nature of this report and of the opinions expressed herein, and that it is up to each shareholder, according to their individual situation and interests, to decide whether or not to accept the Bid.

### **1. KEY FEATURES OF THE BID**

In accordance with the Prospectus, the key features of the Bid are as follows:

#### **1.1 Bidder**

The Bidder is Inmobiliaria Colonial, SOCIMI, S.A., a Spanish public limited liability company (*sociedad anónima*), with registered address at Paseo de la Castellana, 52, 28046, Madrid, with Spanish tax identification number (N.I.F.) A-28,027,399 and legal entity identifier (LEI) 95980020140005007414. Colonial was incorporated for an indefinite term, and is registered in the Commercial Register of Madrid (*Registro Mercantil de Madrid*). The shares of Colonial are admitted to trading on the Madrid and Barcelona stock exchanges and quoted on the automated quotation system of the Spanish stock exchanges (*Sistema de Interconexión Bursátil Español*) (“**SIBE**”). Like Axiare, the Bidder has elected to become a Spanish Listed Corporation for Investment in the Real Estate Market (*Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario*) (“**SOCIMI**”) under the special tax regime set forth in Law 11/2009, of 26 October, on the provisions applicable to Spanish SOCIMIs.

Colonial represents in the Prospectus that no individual person or legal entity controls the Bidder pursuant to article 5 of the Securities Market Act.

## **1.2 Shares subject to the Bid**

According to the information provided in the Prospectus, the Bid is targeted at all the share capital of Axiare, provided that the shares of the Company held by Colonial (22,762,064 shares, representing 28.79% of the share capital) are excluded from the Bid and have been locked-up until the Bid has been completed. Therefore, the Bid is targeted at all the holders of the remaining 56,300,422 Axiare shares, accounting for 71.21% of its share capital (including the 542,835 own shares that the Company holds in treasury as of the date of this report).

There are no securities of the Company other than the shares subject to the Bid, since Axiare has not issued any preferential subscription rights, non-voting shares, bonds that may be converted into or exchanged for Axiare's shares, warrants or any other similar instrument which may entitle the holder directly or indirectly to acquire or subscribe for Axiare's shares, without prejudice to the undertakings made by the Company in favor of the beneficiaries of the shares incentive plans described in the prospectuses (*folletos informativos*) registered by the Company with the CNMV and in each of its Annual Directors Remuneration Reports.

Although the Bid is targeted at all shareholders of Axiare regardless of their nationality or place of residence, the Bid is made only and exclusively in Spain. In particular, the Prospectus provides that the Bid will not be made either directly or indirectly in the United States of America, nor in any other jurisdiction where it may constitute a breach of the applicable legislation in such jurisdiction.

The terms of the Bid are the same for all the Company shares the subject of the Bid, with the Bidder offering the consideration mentioned in subsection II.2 of the Prospectus.

## **1.3 Type of takeover bid**

The Bid is a "voluntary bid" because the Bidder does not fall under any of the scenarios that determine the obligation to launch a mandatory takeover bid in accordance with article 137 of the Securities Market Act and article 13 of Royal Decree 1066/2007.

## **1.4 Consideration offered**

The Bid is made as a sale and purchase of shares, currently offering to the shareholders of Axiare a full cash consideration of €18.36 per share (the "**Bid Price**").

According to the prior announcement of the Bid published by Colonial on 13 November 2017, the consideration originally offered was €18.50 for each share of Axiare, calculated on the basis that Axiare would not pay any dividends or make any other distribution to its shareholders prior to the settlement of the Bid, in which case the price would be reduced by an amount equal to the gross amount per share of such dividend or distribution to the shareholders. This notwithstanding that, at the date of the prior announcement of the Bid, it was foreseeable that the Company would distribute an interim dividend out of the net income for 2017 of a gross amount of €0.14 euros per share, in view of its intention previously announced on 27 February 2017 when presenting the financial results of the Company for the year 2016 (relevant fact with register number 248,673), to distribute a dividend for the year 2017 amounting to a gross amount of €0.30 per share in two installments; the first one, after the approval by the ordinary General Shareholders Meeting of the Company of the proposal for the allocation of the net income for 2016 (in this regard, the General Shareholders Meeting held on 20 June 2017 approved a dividend out of the net income for 2017 of €0.16 gross per

share); and the second one, following the approval of an interim dividend for the year 2017 by the Board of Directors to be paid no later than 30 November 2017.

In this regard, the Board of Directors of Axiare finally approved on 14 November 2017 the payment of a interim dividend of €0.14 gross per share to the shareholders of Axiare registered as such on such date (relevant fact of 15 November 2017 with register number 258,565), thus, the Bidder reduced the consideration initially offered by the gross amount of the aforementioned interim dividend setting the consideration at €18.36 per share when submitting the application for the Bid's authorization to the CNMV on 24 November 2017.

The Bid is a voluntary bid, thus, there is no requirement that the price offered be deemed to be an equitable one. Nevertheless, as stated in the Prospectus, the Bidder considers that the Bid Price is an equitable price for the purposes of article 9 of Royal Decree 1066/2007, based on the following reasons:

- (i) The Bidder claims to have had regard to Axiare's average ordinary share price over the six months prior to 10 November 2017 (€15.89 per share). When taking such average as a reference, the consideration initially offered in the Bid (€18.50 per share) would have also been considered an equitable price as it would represent a per-share premium of 16.43%, according to the Bidder.
- (ii) The Bidder notes that it has taken into account the prices it has paid or agreed in the acquisitions of Axiare shares carried out in the 12 months before the date of the prior announcement of the Bid. As detailed by Colonial in the Prospectus, none of these prices paid or agreed exceed the Bid Price. The Bidder considers that none of the circumstances envisaged under article 9 of Royal Decree 1066/2007 are applicable which would otherwise have required changing the equitable price. In particular, it is noted in the Prospectus that the trading price range of Axiare's shares on 10 November 2017, last trading day before the date of the prior announcement, was between €16.13 and €16.54 per share.
- (iii) Without prejudice to what is disclosed under section 4.4 below, Colonial represents that it will not pay to any shareholder of Axiare and, most particularly to any of the selling shareholders from whom Colonial purchased 13.30% of the share capital immediately before the prior announcement of the Bid (i.e., Pelham Long/Short Master Fund Ltd, GIC Private Limited and GAM International Management Limited) any type of compensation involving a price above the Bid Price, i.e. €18.36 per share, nor has it agreed to any deferral of payment with any of these shareholders or with any other shareholder.

Furthermore, as per Colonial's statements in the Prospectus, the Bid Price (€18.50 per share) represents a premium of 20.8% per share on the NAV (Net Asset Value) per share as at 30 June 2017 (€15.32 per share) and of 12.9% on the average ordinary share price in the three months prior to 10 November 2017 (€16.38 per share), the last trading day before the publication of the prior announcement of the Bid.

### **1.5 Acceptance period**

The Bid's acceptance period has been established as 30 calendar days following 29 December 2017, which is the trading day following the date of publication of the first announcement of the Bid in the Listing Bulletins of Barcelona and Madrid corresponding to the trading session of 28 December 2017 (the announcement was also published in the newspaper *Expansión* of 30 December 2017). The Bidder has provided in the Prospectus that the acceptance period will be extended to the next

trading day if the last day of the period is not a trading day. Therefore, the acceptance period will expire at 24:00 h (CET) on 29 January 2018.

### **1.6 Financing for the Bid**

Colonial indicates in the Prospectus that it has the necessary funds to meet the payment of the consideration of the Bid with funds from (i) available cash and credit facilities; (ii) the share capital increase excluding pre-emptive rights carried out through an accelerated book-building procedure for an amount of €338,065,197 completed on 29 November 2017; (iii) the sale of 9,907,257 treasury shares for the amount of €78,168,257.73 within the context of the aforesaid share capital increase; and (iv) the issue of two series of bonds in the total nominal amount of €800,000,000 maturing in 2025 and 2029, which were completed on 21 November 2017.

According to the information provided by the Bidder in the Prospectus, the payment of the Bid Price is secured by a bank guarantee issued by CaixaBank for the amount of €1,033,675,747.92.

### **1.7 Conditions to which the Bid is subject**

The Bid is subject to its acceptance by the shareholders of Axiare who together own the number of shares necessary to enable the Bidder to hold 50% plus one share of the shares of the Company. Consequently, this condition would be fulfilled if the Bid is accepted by shareholders of Axiare who together own 16,769,180 shares representing 21.21% of the share capital of Axiare.

If by the end of the acceptance period the acceptances necessary to meet the aforementioned minimum acceptance condition have not been obtained and the Bidder does not waive such condition, the Bid would cease to be effective. Colonial says in the Prospectus that it does not intend to waive the condition of a minimum level of acceptance of the Bid, although it does reserve the right to do so depending on the level of acceptance of the Bid. Thus, in the event that Colonial does not waive the aforementioned condition and reaches a shareholding in Axiare equal to or lower than 50% but higher than 30% and to the extent that the CNMV has confirmed within the authorization of the Bid that the Bid Price is an equitable price, Colonial will not be required to launch a mandatory takeover bid pursuant to article 8.f) of Royal Decree 1066/2007.

### **1.8 Squeeze-out right**

The Bidder says in the Prospectus that it plans to enforce its right to squeeze-out any remaining Axiare's shares if the conditions provided in 47 of Royal Decree 1066/2007 are met, i.e., if as a result of the Bid: (i) Colonial holds shares representing at least 90% of the share capital of Axiare carrying voting rights; and (ii) the Bid has been accepted by shareholders representing at least 90% of the voting rights subject to the Bid. Accordingly, Colonial would be entitled to exercise its squeeze-out right with regard to the Axiare shares if the Bid is accepted by at least 50,670,380 shares representing 90% of the shares subject to the Bid. The Bidder states that, in the event that Axiare did not accept the Bid with the 542,835 own shares that the Company holds in treasury as of today, these shares remained as treasury shares on the Bid's settlement date and Colonial decided to implement a reduction of the share capital of Axiare through the redemption of such shares, and locked them up in the meantime, the acceptance of the Bid by 50,181,829 shares (representing 90% of the shares subject to the Bid excluding the 542,835 treasury shares) would be sufficient for the Bidder to be able to exercise the squeeze-out right with regard to the Axiare shares held by all the remaining shareholders of the Company after the Bid. The Bidder further provides that, for any other treasury shares' figure, the corresponding calculation would be carried out in order to verify compliance with the conditions for the enforcement of the squeeze-out right with the appropriate adjustment.

The squeeze-out, if implemented, would automatically entail the delisting of Axiare's shares, which would be effective following the settlement date of the squeeze-out transaction.

## **1.9 Authorisations of the Bid**

The Prospectus clarifies that the Bid does not require notification to, or authorization, non-opposition or administrative verification from the anti-trust authorities. Additionally, the Bidder has expressed in the Prospectus that the Bid is not subject to any authorisation from, or notification to, any national or foreign supervisory body or authority other than the CNMV.

## **2. PURPOSE OF THE BID AND PLANS AND INTENTIONS OF THE BIDDER REGARDING AXIARE**

### **2.1 Purpose of the Bid**

The Bidder represents in the Prospectus that the purpose of the Bid is the acquisition of all Axiare's shares or, at least, of a controlling stake in the Company and the resulting integration into the Colonial Group, which will determine the delisting of Axiare's shares from trading on the Spanish Stock exchanges, provided that the appropriate mechanisms to achieve such outcome are activated.

Colonial says in the Prospectus that the acquisition of Axiare would consolidate the Colonial Group's position as an European platform in the prime office market in Madrid, Barcelona and Paris. Through the acquisition of Axiare, the Colonial Group's exposure to Spain would increase from 31% to 42% of the value of the Colonial Group's total portfolio, and would enable Colonial to increase the value of its current real estate assets portfolio by approximately €1,710 million, thereby reaching an estimated value close to €10 billion.

Likewise, Colonial has expressed in the Prospectus that synergies after the acquisition of Axiare would, according to the available public information, save operating expenses of €3 million per year which, together with the synergies in revenues, would have an actual impact of €3 to €5 million per year following the second year after the combination of both businesses. However, Colonial does not disclose the expenditure items which would lead to the referred synergies nor the procedures that Colonial would use for achieving them, particularly in the event that the merger through the absorption of Axiare by Colonial envisaged by the Bidder is not completed as indicated below.

Moreover, as regards the future business combination of Colonial and Axiare, the Bidder contemplates in the Prospectus three alternative scenarios:

- (i) The first scenario would be that Colonial acquires 100% of the Company's shares in the Bid or, provided that the squeeze-out right requirements are fulfilled, Colonial exercises the squeeze-out right, in which case, since Axiare will become a non-listed company owned 100% by Colonial, the Bidder would carry out a merger through absorption of Axiare whereby the surviving company would be Colonial.
- (ii) A second scenario would arise if Colonial acquires a controlling stake in the Company without reaching the legal thresholds to exercise the squeeze-out right, in which case, the Bidder would determine whether or not it is desirable to carry out the aforementioned merger. In the event that such merger should take place, the Prospectus does not include any exchange ratio or any condition with regard to the merger that might be useful for those shareholders of the Company deciding not to accept the Bid.
- (iii) A third scenario outlined by Colonial in the Prospectus would be that, if the merger between Colonial and Axiare does not occur, the Bidder will decide whether it keeps Axiare as a listed company within the Colonial Group or, on the contrary, whether it promotes an offer to

delist Axiare's shares from the stock exchanges pursuant to Royal Decree 1066/2007. However, in subsection IV.10 of the Prospectus, the Bidder says that if after the Bid the requirements for the exercise of the squeeze-out right are not fulfilled and the merger through absorption of Axiare by Colonial does not take place, Colonial intends to maintain Axiare as a listed company integrated in the Colonial Group.

Additionally, in relation to the above, Colonial indicates in subsection IV.6 of the Prospectus that, if Axiare remains as a company integrated in the Colonial Group, the Bidder would consider implementing a corporate restructuring of Colonial Group's various businesses which has not been further defined by the Bidder. In this latter case, it must be assumed that Axiare would continue to be a listed company.

## **2.2 Strategic plans of the Bidder for the overall interests of the Company, its asset portfolio, the managerial and employee positions and the location of its places of business and the companies belonging to its group**

In relation to the strategic plans of the Bidder regarding the overall interests of the Company, its employees, the location of its places of business, its assets and liabilities, its dividend policy, the structure, composition and functioning of its Board of Directors and its by-laws, Colonial indicates in the Prospectus, amongst others and without limitation, the following:

- (i) Colonial intends to integrate, within the first 12 months following the settlement of the Bid, the business and asset management of Axiare and its group companies into the management and business plan of Colonial. Additionally, Colonial does not intend to make any changes to the location of Axiare's places of business or those of its group of companies.
- (ii) Colonial intends to take decisions on the maintenance of staff and executive roles depending on the needs of the organizational structure of Colonial and its Group, within a time frame of 12 months following the settlement of the Bid. Additionally, Colonial will appraise and propose measures aimed at retaining talent which helps to maximize the value of the Colonial Group. Although it announces synergies on expenses, the Prospectus does not detail to what extent such reduction of operating expenses might result in lay-offs of the workforce of Axiare.
- (iii) Colonial does not intend to sell the Company's assets within the office segment after the Bid. However, Colonial does not rule out the divestiture of those assets of the Company which are not considered strategic for the Bidder because they do not, as per the Bidder, belong to the high-quality office segment (amounting to approximately €300 million) during the 12 months following the settlement of the Bid.
- (iv) Colonial does not expect Axiare and its group companies to issue securities of any class nor does it foresee any material changes to the Company's indebtedness. It also foresees that if the merger through absorption of Axiare by Colonial and Axiare is not carried out, Axiare will continue to distribute dividends pursuant to its special SOCIMI tax regime.
- (v) Colonial intends to reshape the composition of the Board of Directors of Axiare, replacing all or some of the current directors, with the concomitant changes to the Board's committees, considering any applicable legal provision and the advisability of guaranteeing the strategic coordination within the level of Colonial Group. The Bidder has declared its intention to be a member of the Board of Directors of Axiare in the event that, as described within the third scenario noted in subsection 2.1 above, Axiare remains as a listed company integrated into the Colonial Group.

- (vi) Colonial does not intend to amend the Company's bylaws (without prejudice supposedly to the eventual amendments resulting from the potential integration of Axiare into Colonial).

For a more detailed explanation of the strategic plans, targets and intentions of the Bidder in connection with Axiare, the Company's shareholders should refer to section IV of the Prospectus.

### **3. ACTIONS OF THE BOARD OF DIRECTORS OF AXIARE**

#### **3.1 Before the prior announcement of the Bid**

As a result of Colonial becoming a shareholder of Axiare on 17 October 2016 after the acquisition of a block of Axiare shares representing 15.09% of the share capital from an investment vehicle managed by Perry Partners International Inc., the Board of Directors of the Company, which was not aware of the acquisition prior to the public announcement, decided to delegate to its CEO the selection and engagement of the financial and legal advisors required for the analysis of the potential effects that such shareholding might entail, particularly in view of the fact that Colonial is a direct competitor of the Company and the lack of clarity regarding Colonial's plan in relation to such shareholding, as disclosed in relevant fact of 24 October 2016 (register number 243,951).

Pursuant to such decision and since then, Morgan Stanley & Co. International plc ("**Morgan Stanley**"), Citigroup Global Markets Limited ("**Citi**"), acting through its Spanish Branch, JB Capital Markets, Sociedad de Valores, S.A.U. ("**JB Capital Markets**") and, later on, also Mirabaud Securities Limited, Sucursal en España ("**Mirabaud**") (together with Morgan Stanley, Citi, JB Capital Markets, Mirabaud, the "**Financial Advisors**") have been providing financial advice to Axiare with the aim of analyzing the various strategic options available to the Company in the context of promoting the Company's interests. Likewise, Uría Menéndez Abogados, S.L.P. ("**Uría Menéndez**") and Allen & Overy have been providing legal advice to the Company.

#### **3.2 After the prior announcement of the Bid**

Since the prior announcement of the Bid, the Board of Directors of Axiare has duly observed the applicable regulation on takeover bids. In particular, the general duty of care of directors to protect the corporate interest has been complied with at all times, and the Board of Directors of Axiare and the Management Team have abided the rules of conduct provided under article 28 of Royal Decree 1066/2007.

In connection with the above:

- (i) In relation to the prior announcement of the Bid, the Board of Directors reported to the market (relevant fact dated 15 November 2011 (register number 258,561)), that it was not aware of the acquisition by Colonial of shares representing a 13.30% stake of Axiare's total shareholding nor of the intention by Colonial to launch the Bid for all the shares of the Company until this was made public.
- (ii) As a reaction to the prior announcement of the Bid, the Company agreed to suspend temporarily the liquidity contract entered into with JB Capital Markets and the buy-back program of own shares of the Company with the intention of acquiring the necessary shares to fulfill its obligations under the incentive plans for executive directors and employees of Axiare, while the Bid is ongoing, thus, complying with section 2.b) of rule 5 of the CNMV Circular 1/2017, regarding liquidity contracts, and with article 28.1.b) of Royal Decree 1066/2007. This decision was made public through relevant facts dated 15 and 27 November 2017 (register numbers 258,573 and 258,903, respectively).



- (iii) As announced to the market on 15 November 2017 (register number 258,565), and in accordance with the intention announced by the Company on 27 February 2017 on the occasion of its 2016 financial results presentation to distribute a gross interim dividend for the year 2017 by no later than 30 November 2017 (as described under section 1.4 above), the Board of Directors of Axiare approved the distribution of a gross interim dividend for the year 2017 of €0.14 per share to the shareholders of Axiare registered as such on 14 November 2017. The dividend was paid on 28 November 2017.
- (iv) Axiare announced on 22 November 2017 (register number 258,763) an agreement to acquire from Metrovacesa an office property, currently under construction, for €29,700,000; and, on 20 December 2017 (register number 259,743), it announced the sale of an office building located in Madrid for €30,000,000 with a premium of 5.3% to the GAV as at 30 June 2017 assigned to such asset in the appraisal report of CBRE Valuation Advisory, S.A. ("CBRE"). These sale and purchase transactions have been executed in the ordinary course of business of the Company, and in compliance with the obligation to remain neutral set forth in article 28 of Royal Decree 1066/2007. This sale transaction started to be negotiated and was committed before the publication of the prior announcement of the Bid by Colonial.
- (v) Axiare announced on 21 December 2017 (register number 259,851), the signing, in the ordinary course of its business, of a €16,000,000 loan agreement with the European Investment Bank to be used in improving the energy efficiency of its assets. The decision to raise this financing was made in compliance with the obligation to remain neutral as established in article 28 of Royal Decree 1066/2007. The negotiation of this financing started many months before the publication of the prior announcement of the Bid by Colonial.

### **3.3 Advice received by the Board of Directors**

In connection with the Bid and in line with customary practice, the Board of Directors of Axiare engaged the Financial Advisors to analyze and advice in relation with the potential strategic options available to the Company as well as to prepare and issue financial fairness opinions of the Bid Price. Those opinions from Morgan Stanley, Citi, JB Capital Markets and Mirabaud were addressed to the Board of Directors and are attached as Annex I herein, and shall be read through considering the scope, assumptions and limitations, the information and experience used, the procedures, the topics considered and not considered, the relationships between the Financial Advisor and the Company and Colonial and the limitations of the review performed, in order to duly assess the conclusion expressed therein.

Likewise, as previously mentioned, during the Bid, Uría Menéndez and Allen & Overy have acted as legal counsel to the Company, providing the legal advice required by the Board of Directors throughout the Bid process.

## **4. AGREEMENTS BETWEEN AXIARE AND THE BIDDER, ITS SHAREHOLDERS OR DIRECTORS, OR BETWEEN THE DIRECTORS OF AXIARE AND THE BIDDER, ITS SHAREHOLDERS OR DIRECTORS**

### **4.1 Agreements between Axiare and the Bidder in connection with the Bid**

There are no agreements between Axiare and the Bidder in connection with the Bid.

### **4.2 Agreements between Axiare and the shareholders or directors of the Bidder in relation to the Bid**

There are no agreements between Axiare and the shareholders or directors of the Bidder in relation to the Bid

#### **4.3 Agreements between the directors of Axiare and the Bidder, its shareholders or directors**

Likewise, there are no agreements between the directors of Axiare and the Bidder, the shareholders or directors of the Bidder in relation to the Bid.

#### **4.4 Agreements between shareholders of Axiare and the Bidder**

Finally, apart from the following, the Board of Directors of Axiare is not aware of any agreement between its shareholders and the Bidder, its shareholders or directors in connection with the Bid.

As disclosed by the Bidder in the Prospectus, immediately before the publication of the prior announcement of the Bid, Colonial acquired 10,511,523 shares of Axiare representing 13.30% of the share capital. In particular, Colonial acquired:

- (i) on 12 November 2017, shares representing 9.32% of Axiare's share capital from Pelham Long/Short Master Fund Ltd ("**Pelham**"), at €18.50 per share;
- (ii) on 13 November 2017, shares representing 3.79% of Axiare's share capital from GIC Private Limited ("**GIC**"), at €18.25 per share; and
- (iii) on 12 November 2017, shares accounting for 0.19% of Axiare's share capital from GAM International Management Limited ("**GAM**"), at €18.25 per share.

As described in the Prospectus, in the sale and purchase agreements with Pelham, GIC and GAM, Colonial undertook to compensate in cash each of these companies if Colonial should launch a takeover bid for the shares of Axiare at a bid price higher than the purchase price paid to each of them for their shares. Thus, in the context of the Bid and taking into account (i) the current adjusted consideration offered by the Bidder (€18.36 per share of Axiare, instead of the consideration initially set at €18.50 per share); and (ii) the price per share paid to each of the aforementioned entities for their shares, Colonial will only compensate GIC and GAM by paying in cash €330,000 and €16,091.57, respectively, on the day the Bid is settled.

Moreover, the Prospectus also provides that Pelham, GIC and GAM undertook to compensate Colonial if they became entitled to any dividend distributed by Axiare on the shares purchased by Colonial, by deducting the amount of any such dividend from the price per share paid by Colonial to each of them. Pursuant to this agreement, and considering that such sales and purchases of shares were not yet settled on 14 November 2017 (record date when the shareholders of Axiare needed to be registered as such in order to receive the gross interim dividend of €0.14 per share paid by the Company on 28 November 2017), the aforementioned interim dividend was not received by Colonial but by Pelham, GIC y GAM, generating a credit right against Pelham of €1,031,133.04, out of which, according to the information provided by the Bidder in the Prospectus, Pelham has already paid to Colonial an amount of €863,217.76 on 11 December 2017 (equivalent to the net amount of the interim dividend actually received by Pelham), consequently, on the date of the Prospectus, Colonial's credit right against Pelham amounts to €167,915.28 (with the Prospectus not disclosing the proposed terms for its settlement); and GIC and GAM will compensate Colonial by paying the amounts of €420,000 and €20,480.18, respectively, only in the event that the Bid is not finally settled (if the Bid is finally settled, GIC and GAM will not compensate Colonial because the amount of the interim dividend paid by Axiare on 28 November 2017 has been deducted from the consideration initially offered by Colonial which would remain with Colonial).

Finally, Colonial undertook to compensate Pelham, GIC and GAM in the terms detailed in the Prospectus should a third party launch a competing takeover bid for the shares of Axiare at a higher bid price per-share than the one paid by Colonial for the shares of Pelham, GIC and GAM, provided

that Colonial withdrew the Bid and sold its Axiare shares in the context of such competing takeover bid.

**5. SHARES OF THE BIDDER HELD, DIRECTLY OR INDIRECTLY, BY AXIARE, BY THE PERSONS WITH WHOM IT ACTS IN CONCERT OR BY ITS DIRECTORS**

**5.1 Shares of the Bidder held, directly or indirectly, by Axiare and the persons with whom it acts in concert**

Neither Axiare nor the companies belonging to its group hold, directly or indirectly or acting in concert with third parties:

- (i) any shares in Colonial or the companies belonging to its group; or
- (ii) any securities or other instruments conferring the right to acquire or subscribe for shares in Colonial or the companies belonging to its group.

**5.2 Shares of the Bidder held, directly or indirectly, by the members of the Board of Directors**

None of the members of the Board of Directors, as individually reported by each of them, holds:

- (i) any shares in Colonial or the companies belonging to its group; or
- (ii) any securities or other instruments conferring the right to acquire or subscribe for shares in Colonial or the companies belonging to its group.

**6. SHARES OF AXIARE HELD OR REPRESENTED, DIRECTLY OR INDIRECTLY, BY THE MEMBERS OF THE BOARD OF DIRECTORS**

The shares of Axiare held, directly or indirectly, at the date of this report by the members of the Board of Directors of Axiare, as individually reported by each of them, are the following:

Member of the Board of Directors	Category	Number of voting rights	% of the total voting rights
Mr Luis Alfonso López de Herrera-Oria	Chief Executive Officer	1,424,041	1.801%

The Chief Executive Officer of Axiare, Mr Luis Alfonso López de Herrera-Oria and other members of the management team of the Company are the beneficiaries of a multi-year share-based remuneration plan which has a term of seven years from its entry into force (the “**Incentive Plan**”), detailed, mainly, in the initial public offering prospectus of Axiare filed in the official register of the CNMV on 26 June 2014 (register number 10,429) and in the prospectus for the capital increase by way of a rights offering filed in the official register of the CNMV on 14 May 2015 (register number 10,537) as well as in the subsequent Annual Directors Remuneration Reports on the sent by the Company to the CNMV. The Incentive Plan entered into force following its approval by the extraordinary General Shareholders Meeting of Axiare held on 9 June 2014 and was amended by the ordinary General Shareholders Meeting held on 7 May 2015.

Pursuant to the Incentive Plan, if after the Bid the Bidder reaches a shareholding equal to or higher than 30% of the Company’s voting rights as a result of a takeover bid of the Company that results in a change of control (as this term is defined by Royal Decree 1066/2007), the Incentive Plan will be finally due and payable as described in the corresponding prospectuses, with the Company being bound to deliver a number of shares, not subject to any applicable lock-up, determined by reference

to the Bid Price. The payment shall be made as soon as reasonably possible after the day when the Bid has been accepted by a sufficient number of Axiare shareholders. Nevertheless, if the Company does not hold shares in treasury to fulfill its obligations under the Incentive Plan, it may be paid in cash.

## **7. CONFLICTS OF INTEREST OF THE MEMBERS OF THE BOARD OF DIRECTORS OF AXIARE AND INDICATION OF THEIR NATURE**

### **7.1 Situation of Mr Luis Alfonso López de Herrera-Oria**

The Chief Executive Officer, Mr Luis Alfonso López de Herrera-Oria, as executive director of the Company and holder of shares of the Company, is in a distinct situation from the remaining directors and shareholders of the Company, which might entail a conflict of interest in the context of the Bid.

Furthermore, as described in the prospectuses of Axiare and the Annual Reports on the Directors' Remuneration, (i) in the case of termination by the Company of the services agreement between the Company and the Chief Executive Officer, Mr Luis Alfonso López de Herrera-Oria, without just cause (that is, unfair dismissal, as such term is defined by reference to the Spanish Workers' Statute in force from time to time), the director will be entitled to receive a cash compensation equivalent to two years' remuneration or, if higher, the compensation foreseen in the Spanish Workers' Statute for the unfair dismissal of employees; and (ii) in the event that before the end of the minimum stay period stated in such services agreement (five years from the incorporation of the Company and completion of the initial public offering of Axiare in July 2014) Mr Luis Alfonso López de Herrera-Oria, is dismissed as Chief Executive Officer, this director will be entitled to receive a compensation from the Company equivalent to the remuneration that he would have been entitled to receive during the remaining period of time of the minimum stay period with a minimum of two years' remuneration. The amount of the compensation explained in subparagraph (ii) will reduce on a euro-per-euro basis by the termination payment mentioned in subparagraph (i), which the Chief Executive Officer, Mr Luis Alfonso López de Herrera-Oria, would be entitled to receive in such event.

Given that the remaining members of the Board of Directors of the Company are broadly knowledgeable about his situation, and that it has been widely described above, the Chief Executive Officer, Mr Luis Alfonso López de Herrera-Oria, has participated in the discussion of and voting on this report.

### **7.2 Situation of the remaining directors of Axiare**

It is hereby stated that the remaining members of the Board of Directors of Axiare, all of them independent, have expressly indicated that they do not find themselves in a conflict of interest situation in connection with the Bid.

## **8. OPINIONS AND CONSIDERATIONS FROM THE BOARD OF DIRECTORS REGARDING THE BID**

As a preliminary consideration, the Board of Directors of Axiare wishes to highlight that, as it was stated in the relevant fact of 15 November 2017 (register number 258,561), neither the management team of Axiare nor its Board of Directors were aware of the acquisition by Colonial of shares representing 13.30% of the share capital of the Company or of the Bidder's intention to launch the Bid before the publication of the prior announcement. In this regard, the Bid was neither solicited by the Company nor is it part of a strategic plan by Axiare. The terms and conditions of the Bid were neither negotiated by the Company nor known to the Company before the public disclosure of the Bid.

## **8.1 Strategic and industrial considerations**

As mentioned above, the Bid does not come as a response to any strategic move from Axiare, since, as repeatedly stated by the Company, the Board of Directors of Axiare is convinced of the excellent prospects of the Company and of its ability to continue delivering attractive returns for its shareholders as an independent company, driven by an asset portfolio that shows substantial growth potential through an active management strategy to maximize the quality, occupation and value of the property assets comprised in the Company's portfolio.

As it is well known, Axiare focuses its value creation strategy on the investment in high quality rental assets with strong growth potential carrying out all the value creation procedure comprehensively: identification of the investment, its reposition, active management and potential property rotation.

Thus, as at 30 June 2017, 42% of the Company's portfolio was already stabilized having achieved as a result of its active management strategy revaluations of the stabilized properties between 51% and 75% (taking as reference the acquisition price and the last available valuation of 30 June 2017 performed by CBRE, respectively). In addition, Axiare announced on 20 December 2017 (see section 2.3.1.(iv) above for additional information) the commencement of the rotation of the stabilized assets with its first property divestment transaction since its incorporation and initial public offering in July 2014, and once the three years period of holding the property in its portfolio had elapsed, as required by the SOCIMIs's regulation. The sale price of this property equates to an 82% increase on the acquisition price and the Company's active management strategy has allowed to increase this property's rental levels by 43%

Furthermore, the Board of Directors emphasises the high revaluation potential and rental growth deriving from the 58% of Axiare's remaining portfolio which is still under stabilization, comprised of a sizable set of repositioning property projects which as at 30 June 2017 presents a high potential revaluation and forecasted rental increases of between 20% and 30%.

This business strategy has led Axiare to accomplish a strong financial performance since its incorporation and initial public offering in July 2014, being the Spanish SIBE's listed SOCIMI with the highest share price appreciation (a 77% increase up to the last trading day before the date of the prior announcement of the Bid and a 101% increase up to the last trading day before the date of this report, adjusted by dividends and share issuances) and a NAV per share increase of 62% by reference to the NAV per share as of 30 June 2017 (last reported NAV by the Company in its 2017 first half financial results, however, this figure is more than half of a year old).

The Board of Directors of Axiare notes that, if the Bid's outcome is positive and Colonial acquires more than half of Axiare's share capital with voting rights, the Bid would entail the discontinuation of the Company's business plan as an independently managed company by its current management team, under the supervision of the current Board of Directors, and its integration into the Colonial Group. This integration may be carried out by means of a merger through absorption which would involve the liquidation of the Company and the acquisition by the Bidder of all the Company's assets and liabilities by way of universal succession, or by means of a corporate reorganization of Colonial Group, as well its management according to the policies and business plan of Colonial Group.

Moreover, in connection with the intention expressed by Colonial to proceed with the sale of the Company's non-strategic assets as they do not belong to the high-quality office segment, after the Bid, which may include its logistics asset portfolio, whose gross asset value (GAV) amounts to approximately €303 million as at 30 June 2017, the Company informs that, during the period of time that the Bid has been ongoing, it has received indications of interest from several potential buyers

for the acquisition of the overall logistics asset portfolio with a premium to the GAV assigned to such assets as of 30 June 2017 according to CBRE's appraisal report. Nevertheless, the Board of Directors has not taken any decision over such potential sale in compliance with the passivity duty while the Bid is ongoing provided under article 28 of Royal Decree 1066/2007.

## **8.2 Considerations in connection with the consideration offered**

In relation to the Bid Price of €18.36 per share of Axiare (the consideration originally offered was €18.50 per share) payable in cash, which has been set out by the Bidder according to the provisions on equitable price of article 9 of Royal Decree 1066/2007, such price represents a 12.09% premium on Axiare's average ordinary share price in the 3 months prior to 10 November 2017 (the last trading day before the date of the prior announcement of the Bid) totaling €16.38 per share. Additionally, such price represents a 19.84% premium on Axiare's NAV (Net Asset Value) per share as of 30 June 2017 (totaling €15.32 per share), although this data is more than half a year old.

Furthermore, as mentioned under section 3.3 above, each of Morgan Stanley, Citi, JB Capital Markets and Mirabaud have issued, respectively, fairness opinions addressed to the Board of Directors of Axiare which conclude that, on their respective issuance dates, and subject to and on the basis of the assumptions and limitations expressed therein, the Bid Price of €18.36 per share of Axiare is "fair", from a strictly financial point of view, for Axiare's shareholders (other than Colonial and its related entities).

Nevertheless, the Board would like to make the following remarks:

- (i) the price offered corresponds to the highest price paid by the Bidder for the acquisition of Axiare's minority share blocks completed prior to the Bid, but it does not include any control premium in view of Colonial's intentions to now acquire the majority of the share capital of the Company;
- (ii) related to the previous point, there is uncertainty, in the case of Pelham, regarding whether or not Colonial will receive the payment of the outstanding credit right in connection with the withholding tax of the interim dividend. If this is not paid by Pelham, it would mean that such shareholder would have effectively received a higher price than the Bid Price in consideration for the sale of its shares;
- (iii) the Company has received after the prior announcement of the Bid was published by the Bidder written communications from shareholders who hold approximately 20.3% of the share capital of Axiare expressing their disagreement with the consideration offered in the Bid, which they consider to be inadequate;
- (iv) between 13 November 2017 and 5 January 2018 (last trading day before the date of this report), the Company's share price at the end of each trading day in the Spanish Stock exchanges fluctuated between a minimum of €18.275 per share and a maximum of €18.86 per share, having closed above the Bid Price at the end of 14 trading days and reaching an intra-day maximum price of €18.895 during such period. Accordingly, in the opinion of the Board of Directors, these facts indicate that there are market participants that allocate a higher value to the Axiare shares than the consideration offered by Colonial in the Bid;
- (v) moreover, the indications of interests received by Axiare for the acquisition of its overall logistics asset portfolio at a premium to GAV show that, in the opinion of the Board of Directors, there is additional value in relation to the asset portfolio of the Company beyond the last valuation as at 30 June 2017 produced by CBRE; and

- (vi) finally, the Board of Directors of Axiare estimates that the equity and debt (net of expenses) raised by Colonial after the prior announcement of the Bid with the purpose of funding the Bid exceeds, in accordance with the Board of Directors' estimates, by €172 million the maximum amount of such consideration.

### **8.3 Considerations with regard to the Bidder's intentions as to the purpose of the Bid and the integration of Axiare into the Colonial Group**

The Board of Directors of Axiare notes the following considerations with regard to the statements made by the Bidder about the purpose of the Bid and the integration of Axiare into the Colonial Group:

- (i) Firstly, a higher level of information from Colonial in relation to its intentions regarding the possible integration of Axiare into the Colonial Group would have been preferable, particularly, in the event that, after the Bid, Colonial should take control of the Company without reaching the minimum level of acceptance required to be able to exercise the squeeze-out of the shares held by the remaining shareholders of Axiare.

In this regard, nothing is said about the time period in which Colonial would determine whether or not it deems it desirable to proceed with the merger through absorption of Axiare. There is also no information about the valuation criteria according to which the exchange ratio would be based in the event that such merger should take place.

There has also been no clarification as to the details of the corporate restructuring of Colonial Group that may be implemented as an alternative to the merger through absorption of Axiare in the event that the Bidder deems that it is not desirable to proceed with such merger and how this would affect the Company and its human and material resources, in light of the Bidder's objective to achieve cost synergies of €3 million per year, without specifying whether this would entail another entity of the Colonial Group providing the Company with essential corporate and business services and functions.

Finally, there has been no clarification regarding the time period in which Colonial will, in the event that it fails to reach the majority of the share capital with voting rights and does not proceed with the merger through absorption of Axiare, adopt the decision to promote an offer to delist the shares of the Company from the stock exchanges, albeit, as mentioned elsewhere in this report, the assertions made by the Bidder in this regard in the Prospectus do not allow for any definitive conclusions on this matter.

In the opinion of the Board of Directors of Axiare, the above considerations raise significant uncertainties regarding the consequences that the Bid, if successful, may have with regard to the Company and those shareholders who decide not to accept the Bid, depending on the several possible scenarios as to the Bidder's interest in the share capital of Axiare after the Bid.

- (ii) Secondly, the Board of Directors of Axiare wishes to note that the implementation of any of the combination transactions between Axiare and Colonial envisaged by the Bidder in the Prospectus in the event that it does not reach the minimum level of participation required to squeeze out the shares held by the remaining shareholders of the Company (whether conducted by means of a merger through absorption or through a different type of corporation restructuring transaction of Colonial Group), must be aligned with the Company's and the shareholders' interests and must comply with the applicable substantive

and procedural requirements of the Spanish regulations and the best market practices regarding such operations.

- (iii) Thirdly, the Board of Directors of Axiare notes a fourth possible scenario after the Bid that might fall within the third situation set out under section 2.1 above (that is, in the event that Axiare is maintained as a listed company forming part of the Colonial Group), consisting of Colonial not reaching a majority share participation in Axiare and waiving the condition of a minimum level of acceptance of the Bid as referred to in section 1.7 above. In this scenario, the Board of Directors of Axiare notes that the fact that Colonial is a competitor would make it impossible for it to join Axiare's Board of Directors or to nominate any proprietary directors thereto, unless it obtains dispensation as provided for under articles 230 and 190 of the Spanish Companies Act.

#### **8.4 Opinion of the Board of Directors**

In accordance with article 24 of Royal Decree 1066/2007, the Board of Directors is required to issue a detailed and reasoned report on each and all of the takeover bids for the Company that have been authorized by CNMV.

Based on the considerations and opinions expressed herein, as well as on the information contained in the Prospectus, the Board of Directors, in view of all the terms and characteristics of the Bid and its effect on the Company's interests, assesses the Bid Price positively, thus, it expresses a favourable opinion regarding the Bid; however, it believes that the consideration offered does not fully reflect the intrinsic value of Axiare's shares in the context of the Bid and, therefore, considers that there is potential for its improvement.

In any case, the shareholders are the ones who must decide, depending on their particular interests and situations, whether or not to accept the Bid.

#### **8.5 Individual opinions of the Directors**

This report has been approved by the unanimous vote of those attending directors, without any member of the Board of Directors having individually expressed any opinion dissenting from that which was jointly made by the Board of Directors.

### **9. INTENTION TO ACCEPT THE BID IN CONNECTION TO THE OWN SHARES WHICH AXIARE HOLDS IN TREASURY**

With regard to the own shares that the Company holds in treasury, which as of the date of this report amount to 542,835 shares representing 0.687% of its share capital (as communicated by Axiare to the market by relevant fact on 20 November 2017, register number 258,726), the Board of Directors declares its intention to accept the Bid, in line with the opinion expressed by the Board of Directors.

Bearing in mind the aforementioned intention of the Board of Directors with regard to Axiare's treasury shares and for additional information on the number of treasury shares to calculate the fulfillment of the squeeze-out requirements, see section 1.8 above.

### **10. INTENTION OF THE DIRECTORS TO ACCEPT THE BID**

Mr. Luis Alfonso López de Herrera-Oria is the only director who directly or indirectly holds shares in Axiare. In relation to the Bid, Mr. Luis Alfonso López de Herrera-Oria, who holds 1,424,041 shares, representing 1.801% of the share capital, has expressed his intention, in the current circumstances,



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to accept the Bid with all the shares held, consistently with the opinion adopted by the Board of Directors' in connection with the Bid.

#### **11. INFORMATION TO EMPLOYEES**

The Company has fulfilled its reporting obligations with regard to its employees in accordance with article 25.2 of Royal Decree 1066/2007 and, in particular, the Company has made a copy of the Prospectus available to its employees by sending it to each one of them by email, given that there are no employee representatives in Axiare, and it has uploaded the Prospectus in the Company's website ([www.axiare.com](http://www.axiare.com)).

\* \* \*

Madrid, 8 January 2018

*This document is a free translation of the original document in Spanish for information purposes only. In the event of any discrepancy between this free translation and the original document drafted in Spanish, the original document in Spanish shall prevail*

**Annex I. *Fairness opinions* issued by Morgan Stanley, Citigroup Global Markets Ltd., JB Capital Markets and Mirabaud**

PRIVATE & CONFIDENTIAL

Board of Directors  
Axiare Patrimonio Socimi, S.A.  
José Ortega y Gasset 29, 5th Floor  
Madrid 28006

8 January 2018

Members of the Board:

We understand that Inmobiliaria Colonial Socimi, S.A. ("*Colonial*") has commenced a voluntary tender offer for the entire issued share capital of Axiare Patrimonio Socimi, S.A. ("*Axiare*" or the "*Company*") (the "*Potential Transaction*").

Under the terms of the Potential Transaction, existing shareholders of the Company may elect to receive cash consideration of €18.36 per Axiare share held (the "*Cash Offer*"), which reflects Colonial's initial offer of €18.50 per Axiare share held, adjusted to reflect the interim dividend against earnings in 2017 with a gross amount of 0.14 euro per share, which was announced on 15 November 2017 and paid on 28 November 2017. The Cash Offer is subject to acceptance by Axiare's shareholders who together hold a minimum number of 16,769,180 shares accounting for 21.21% of the share capital which, along with the 22,762,064 shares (28.79% of the share capital) owned by Colonial, will make Colonial the owner of at least 50% plus one share of the share capital of Axiare.

You have asked for our opinion as to whether the Cash Offer to be offered to the shareholders of Axiare is fair from a financial point of view to such shareholders.

For purposes of the opinion set forth herein, we have:

- (a) reviewed certain publicly available financial statements and other business and financial information, including real estate appraisals, of the Company and Colonial, respectively ("*Public Information*");
- (b) reviewed certain financial and operating data concerning the Company;
- (c) reviewed certain financial projections prepared by the management of the Company;
- (d) discussed the past and current operations and financial condition and the prospects of the Company with senior executives of the Company;
- (e) reviewed the reported prices and trading activity for the Company shares;
- (f) reviewed the publications of certain research analysts on Axiare;

## Morgan Stanley

- (g) compared the financial performance of the Company and the prices and trading activity of the Company shares with that of certain other publicly-traded companies comparable with the Company and its securities;
- (h) reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- (i) participated in certain discussions with representatives of Axiare and their respective legal advisors;
- (j) reviewed the Folleto authorized by the CNMV on 28th December 2017 (the "*Folleto*") and other transaction related documents available up to date hereof;
- (k) performed such other analyses and considered such other factors as we have deemed appropriate.

In forming our opinion, we have also taken into account and relied upon (in each case without independent verification):

- (a) the accuracy and completeness of the Public Information available or supplied or otherwise made available to us, and formed a substantial basis for this opinion;
- (b) the financial projections, in relation to which we have assumed that such projections, have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company of the future financial performance of the Company;
- (c) the assumption that, in the absence of a competing third party offer for the entire issued share capital of the Company, the Potential Transaction will close in the first quarter of 2018 and will be consummated in accordance with the terms of the Potential Transaction, as set out in the Folleto, without any waiver, amendment or delay of any terms or conditions. Morgan Stanley has assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the Potential Transaction, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the Potential Transaction; and
- (d) the fact that the Company has taken its own legal, tax, regulatory or actuarial advice. We are financial advisors only and have relied upon, without independent verification, the assessment of the Company and its legal, tax, regulatory or actuarial advisors with respect to legal, tax, regulatory or actuarial matters. Further, for the purpose of our analysis, we have not made any independent valuation or appraisal of the assets or liabilities of the Company, nor have we been furnished with any such appraisals other than the market value of the Company's portfolio as of 30 June 2017 as determined by independent valuers (CBRE Valuation Advisory, S.A.), upon which we have relied without independent verification.

We express no opinion with respect to the fairness of the amount or nature of the compensation to any of the Company's officers, directors or employees, or any class of such persons, relative to the consideration to be paid to the holders of the Company shares in the Potential Transaction.

## Morgan Stanley

Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this opinion.

We have acted as financial advisor to the Company in connection with the Potential Transaction and will receive, under certain circumstances, a fee for our services, which in some cases is contingent upon the outcome of the Cash Offer and the opinion of the Board of Directors of Axiare in respect of the Cash Offer. In the two years prior to the date hereof, we have provided financial advisory and financing services for Colonial and the Company and have received fees in connection with such services. Morgan Stanley may also seek to provide such services to Colonial and the Company in the future and expects to receive fees for the rendering of these services.

Please note that Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Our securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment management, banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of Colonial, the Company or any other company or any currency or commodity that may be involved in this transaction or any related derivative instrument.

This opinion has been approved by a committee of Morgan Stanley investment banking and other professionals in accordance with our customary practice. This opinion is for the information of the Board of Directors of the Company (and any special committee formed by such board) only and may not be used for any other purpose without our prior written consent. This opinion is not addressed to and may not be relied upon by any third party including, without limitation, employees, creditors or shareholders of the Company. In addition, this opinion does not in any manner address the prices at which Colonial's common stock will trade following consummation of the Potential Transaction and Morgan Stanley expresses no opinion or recommendation as to how the shareholders of the Company should vote or act on any matters in connection with the Potential Transaction.

It is understood that the views set forth in this letter are within the scope of, and provided on and subject to, the engagement letter dated 1 December 2017 and the associated letter of indemnity dated 1 December 2017 between Morgan Stanley and the Company.

We have taken the facts, events and circumstances set forth in this opinion, together with our assumptions and qualifications, into account when determining the meaning of "fairness" for the purposes of this opinion. For the purposes of our opinion, we have not considered the circumstances of individual shareholders.

Based on and subject to the foregoing, we are of the opinion on the date hereof that the Cash Offer to be offered to the shareholders of the Company is fair from a financial point of view to such shareholders.

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**Morgan Stanley**

**Yours faithfully,**

**MORGAN STANLEY & CO. INTERNATIONAL PLC**

**By:**



-----  
**Name: Jan Weber**  
**Title Managing Director**

January 8, 2018

The Board of Directors  
Axiare Patrimonio SOCIMI, S.A.  
Calle José Ortega y Gasset, 29, 5<sup>th</sup> Floor  
28009 Madrid,  
Spain

Members of the Board:

You have requested our opinion as to the fairness, from a financial point of view, to the holders of shares, with a nominal value of ten euro (€10.00) each (the "Axiare Shares"), of Axiare Patrimonio SOCIMI, S.A. ("Axiare") of the Consideration (as defined below) to be paid by Inmobiliaria Colonial, SOCIMI, S.A. ("Colonial") pursuant to the terms and subject to the conditions of the offer set forth in the Explanatory Prospectus (*Folleto Explicativo de la Oferta Pública Voluntaria de Adquisición de Acciones de Axiare Patrimonio SOCIMI, S.A. formulada por Inmobiliaria Colonial, SOCIMI, S.A.*) authorized by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on December 28, 2017 (the "Offer Prospectus") (the "Offer"). As more fully described in the Offer Prospectus, Colonial is offering, pursuant to the Offer, for each outstanding Axiare Share, €18.36 in cash (the "Consideration"). The Offer is subject to the acceptance of the Offer by holders of Axiare Shares (other than Colonial and its affiliates) holding in the aggregate sufficient Axiare Shares such that, after the Offer, Colonial holds, including the Axiare Shares it already owns, at least 50% plus one Axiare Share of the Axiare Shares.

In arriving at our opinion, we reviewed the Offer Prospectus and held discussions with certain senior officers, directors and other representatives and advisors of Axiare concerning the business, operations and prospects of Axiare. We examined certain publicly available business and financial information, including net asset value, relating to Axiare as well as certain financial forecasts approved by the management of Axiare and other information and data relating to Axiare which were provided to or discussed with us by the management of Axiare. Such forecasts and other information and data assume the acquisition by Axiare of certain additional investment properties through 2018 but do not consider any further acquisitions of investment properties thereafter. We reviewed the financial terms and conditions of the Offer as set forth in the Offer Prospectus in relation to, among other things: current and historical market prices and trading volumes of Axiare Shares; the historical and projected earnings and other operating data of Axiare; and the capitalization and financial condition of Axiare. We considered, to the extent publicly available, the financial terms of certain other transactions which we considered relevant in evaluating the Offer, analyzed certain financial, stock market and other publicly available information, including net asset values, relating to the businesses of other companies whose operations we considered relevant in evaluating those of Axiare and considered certain brokers' reports relating to Axiare. In addition to the foregoing, we conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as we deemed appropriate in arriving at our opinion. In arriving at our opinion we have not considered any potential synergies that may arise following any consummation of the Offer. The issuance of our opinion has been authorized by our fairness opinion committee.

In rendering our opinion, we have assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and upon the assurances of the management of Axiare that they are not aware of any relevant information that has been omitted or that remains undisclosed to us. With respect to financial forecasts and other information and data relating to Axiare provided to or otherwise reviewed by or discussed with us, we have been advised by the management of Axiare that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Axiare as to the future financial performance of Axiare.

We have assumed, with your consent, that the Offer and its terms are legal under applicable law, that the Offer will be consummated in accordance with its terms and that the conditions set forth in the Offer Prospectus will be satisfied, without waiver, modification or amendment of any material term, condition or agreement and that, in the



course of obtaining any necessary regulatory or third party approvals, consents and releases for the Offer, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Axiare or the Offer. We have not made an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Axiare nor have we made any physical inspection of the properties or assets of Axiare. We were not requested to consider, and our opinion does not address, the underlying business decision of Axiare regarding the Offer, the relative merits of the Offer as compared to any alternative business strategies that might exist for Axiare or the effect of any other transaction in which Axiare might engage. We also express no view as to, and our opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees of any parties to the Offer, or any class of such persons, relative to the Consideration. Our opinion is necessarily based upon information available to us, and financial, stock market and other conditions and circumstances existing, as of the date hereof.

Citigroup Global Markets Limited has acted as financial advisor to Axiare in connection with the proposed Offer and will receive, under certain circumstances, a fee for such services, which in some cases is contingent upon the outcome of the Offer and the opinion of the Board of Directors of Axiare in respect of the Offer (the "Citi Fee"). In the event that the Citi Fee is not payable, we will receive a separate fee in connection with the delivery of this opinion. We and our affiliates in the past have provided certain underwriting or other equity capital markets services to Axiare, for which services we and such affiliates received compensation. In the ordinary course of our business, we and our affiliates may actively trade or hold the securities of Axiare, Colonial and their respective affiliates for our own account or for the account of our customers and, accordingly, may at any time hold a long or short position in such securities. In addition, we and our affiliates (including Citigroup Inc. and its affiliates) may maintain relationships or enter into other transactions with Axiare, Colonial, their respective affiliates and shareholders and other interested parties.

Our advisory services and the opinion expressed herein are provided for the information of the Board of Directors of Axiare in its evaluation of the proposed Offer, and our opinion is not intended to be and does not constitute a recommendation to any shareholder as to how such shareholder should vote or act on any matters relating to the proposed Offer, including whether any holder of Axiare Shares should tender his or her Axiare Shares pursuant to the Offer.

Based upon and subject to the foregoing, our experience as investment bankers, our work as described above and other factors we deemed relevant, we are of the opinion that, as of the date hereof, the Consideration is fair, from a financial point of view, to the holders of Axiare Shares (other than Colonial and its affiliates).

Very truly yours,

A handwritten signature in blue ink that reads "Citigroup Global Markets Limited".

CITIGROUP GLOBAL MARKETS LIMITED





The Board of Directors of Axiare  
Patrimonio Socimi, S.A.  
C/ José Ortega y Gasset 29,  
5<sup>th</sup> Floor  
28006 Madrid  
Spain

**Strictly Private and Confidential**

8<sup>th</sup> January 2018

Dear Sirs,

The Board of Directors of Axiare Patrimonio Socimi, S.A. (the "Company") has requested JB Capital Markets, Sociedad de Valores, S.A.U. ("JB CAPITAL MARKETS") to issue an opinion as to the fairness, from a financial point of view, of the consideration to be paid to the holders of the ordinary shares in the Company, with a nominal value of €10 each (the "Company Shares" and the "Company Shareholders"), by Inmobiliaria Colonial, Socimi, S.A. (the "Offeror") pursuant to the proposed voluntary takeover bid to acquire all the outstanding Company Shares (the "Offer"), as set forth in the prospectus approved on 28<sup>th</sup> December 2017 by the Comisión Nacional del Mercado de Valores ("CNMV") (the "Prospectus").

Pursuant to the terms of the Offer contained in the Prospectus and subject to the conditions stated therein, the Company Shareholders accepting the Offer shall receive in exchange for each Company Share a consideration of €18.36 in cash (the "Consideration"). The firstly established consideration amounted to €18.50 per Company Share. However, on 15<sup>th</sup> November 2017 the Company announced the approval of an interim dividend against earnings in 2017 with a gross amount of €0.14 per share, which was paid on 28<sup>th</sup> November 2017 to the Company's shareholders listed in the records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. ("Iberclear") on 14<sup>th</sup> November 2017, and the consideration offered by the Offeror was therefore adjusted to the aforementioned €18.36 per Company Share.

However certain provisions of the Offer are summarised herein, the terms and conditions of the Offer are fully set forth in the Prospectus which is the key document to be borne in mind by the Board of Directors of the Company in order to get a proper knowledge of the said terms.

For the purposes of providing our opinion, JB CAPITAL MARKETS has:

1. Reviewed the Prospectus and certain other related documents, which JB CAPITAL MARKETS deemed relevant for the purposes of providing this opinion, being the Prospectus prepared by the Offeror and filed with the CNMV (the "Offer Documentation");
2. Reviewed the "*hechos relevantes*" issued by the Company and filed with the CNMV since the admission to listing of the Company Shares on the Spanish stock exchanges;
3. Reviewed the "*hechos relevantes*" issued by the Offeror and filed with the CNMV since the Offer was launched (i.e. 13<sup>th</sup> November 2017);
4. Reviewed certain publicly available business and financial information relating to the Company, including its audited annual consolidated accounts for the years ending 31<sup>st</sup> December 2014, 2015 and 2016 and its unaudited consolidated interim report for the nine-month period ending 30<sup>th</sup> September 2017;



5. Reviewed CBRE's ("CBRE") valuation appraisals as of 30<sup>th</sup> June 2017 of the Company's assets;
6. Reviewed all information provided by the senior management of the Company with respect to the business and prospects of the Company;
7. Reviewed certain internal financial forecasts included in the business plan of the Company, received on the 30<sup>th</sup> December 2017, in respect of the financial year ending 31<sup>st</sup> December 2017 and the financial years ending 31<sup>st</sup> December 2018, 2019, 2020 and 2021 relating to the Company and especially, but not limited, to the expected rents, occupancy rates and exit yields in an asset-by-asset basis and OPEX, structural costs and capex in a consolidated basis, as prepared by the senior management of the Company. JB CAPITAL MARKETS has not discussed such business plan and its underlying assumptions with the Company;
8. Reviewed the evolution of historical stock prices and trading volumes of the Company Shares as well as other public relevant information of the Company, such as GAV and Price/NAV evolution, amongst other;
9. Reviewed public information and real estate sector reports with respect to Spanish real estate market and industry standards we believe to be relevant for the purposes of providing this opinion, especially concerning current implied yields;
10. Reviewed certain broker reports, financial forecasts and other analysis published by equity research analysts, which JB CAPITAL MARKETS deemed relevant for the purposes of providing this opinion;
11. Compared certain financial terms of the Offer to the financial terms, to the extent publicly available, of other transactions, which JB CAPITAL MARKETS deemed comparable to the Offer and relevant for the purposes of providing this opinion;
12. Compared public information of certain Spanish listed entities with certain information regarding the Company, which JB CAPITAL MARKETS deemed comparable and relevant for the purposes of providing this opinion;
13. Performed such other financial reviews and analysis, as JB CAPITAL MARKETS, in its absolute discretion, has deemed appropriate and relevant for the purposes of providing this opinion.

JB CAPITAL MARKETS has assumed and relied upon the truth, accuracy and completeness of the information, forecasts, data and financial terms provided to it or used by it, has assumed that the same are not misleading and does not assume or accept any liability or responsibility for any independent verification or checking of such information or any independent valuation or appraisal of any of the assets, operations or liabilities (contingent or otherwise) of the Company. JB CAPITAL MARKETS has not evaluated the solvency or fair value of the Company under any laws relating to bankruptcy, insolvency or similar matters. With respect to the financial forecasts, JB CAPITAL MARKETS has assumed that they have been reasonably prepared on bases reflecting the best available estimates and judgements of the senior management of the Company as to the future financial performance of the Company at that time, and that no event subsequent to this and undisclosed to JB CAPITAL MARKETS has had a material effect on them. JB CAPITAL MARKETS does not assume or accept liability or responsibility for (and expresses no view as to) such forecasts or the assumptions on which they are based. In preparing this opinion, JB CAPITAL MARKETS has received specific confirmation from the senior management of the Company that the assumptions specified above are correct and no information has been withheld from JB CAPITAL MARKETS that could have influenced the purport of this opinion or the assumptions on which it is based.



Further, JB CAPITAL MARKETS' opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to JB CAPITAL MARKETS or used by it up to, the date hereof. This opinion exclusively focuses on the fairness, from a financial point of view, of the Consideration to the Company Shareholders and does not address any other aspect or effect of the Offer or any other agreement, arrangement or understanding entered into in connection with the Offer or otherwise. In addition, no opinion or view is expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors, or employees of any party to the Offer, or class of such persons, relative to the Consideration. Therefore, this opinion does not address the relative merits of the Offer as compared to alternative transactions or strategies that may be available to the Company or the Company Shareholders nor does it address any other issues such as the underlying business decision to recommend the Offer or its commercial merits, which are matters solely for the Board of Directors of the Company. JB CAPITAL MARKETS is not expressing any opinion as to what the prices at which the Company Shares or the Offeror's shares will trade at any time, including following the announcement or consummation of the Offer. Subsequent developments in the aforementioned conditions may affect this opinion and the assumptions made in preparing this opinion and JB CAPITAL MARKETS is not obliged to update, revise or reaffirm this opinion if such conditions change.

In rendering this opinion, JB CAPITAL MARKETS has not provided legal, regulatory, tax, accounting, valuation or actuarial advice and accordingly JB CAPITAL MARKETS does not assume any responsibility or liability in respect thereof. Furthermore, JB CAPITAL MARKETS has assumed that the Offer will be consummated on the terms and conditions as set out in the Offer Documentation, without any material changes to, or waiver of, its terms or conditions.

JB CAPITAL MARKETS is acting as financial advisor to the Company in connection with the proposed Offer and will receive, under certain circumstances, a fee for such services, which in some cases is contingent upon the outcome of the Offer and the opinion of the Board of Directors of Axiare in respect of the Offer. JB CAPITAL MARKETS will also receive a fee in connection with the delivery of this opinion. In addition, the Company has agreed to reimburse JB CAPITAL MARKETS' expenses and indemnify it against certain liabilities arising out of its engagement. JB CAPITAL MARKETS and its affiliates have provided, currently are providing, and may in the future provide, certain financial services to the Company and its respective affiliates unrelated to the proposed Offer for which services it and its affiliates have received and expect to receive compensation, including, without limitation, certain mergers and acquisition advisory services, placing and other debt and equity capital markets services and credit arrangements, including corporate and other lending and project finance arrangements. JB CAPITAL MARKETS has acted as one of the global coordinators in the IPO of the Company, to whom it is also the liquidity provider (currently suspended), it has carried out its share buy-back programme and has acted as one of the global coordinators of its capital increases in June 2015 and March 2017. Additionally, JB CAPITAL MARKETS has provided other investment banking services to the Company since its admission to listing.

In the ordinary course of business, JB CAPITAL MARKETS and its affiliates may actively trade or hold securities of the Company, the Offeror and their respective affiliates for their account or for the account of their customers and, accordingly, may at any time hold a long or short position in such securities. In addition, JB CAPITAL MARKETS and its affiliates may maintain relationships or enter into other transactions with the Company, the Offeror, their respective affiliates and shareholders and other interested parties.

The engagement of JB CAPITAL MARKETS, this letter and the opinion expressed herein are solely for the benefit of the Company's Board of Directors and this opinion is therefore only rendered to the Company's Board of Directors in connection with their evaluation of the Offer. This opinion does not, as stated above, constitute a recommendation by JB CAPITAL MARKETS as to whether the Company Shareholders should accept or reject the Offer or in relation to any other matter, and shall not confer any rights or remedies to any Company Shareholder or any other person other than the Company's Board of Directors or be used for any other purpose.



It is understood that this letter may not be relied upon by, nor be disclosed to, in whole or in part, any third party, nor shall any public reference to JB CAPITAL MARKETS be made, for any purpose whatsoever. Notwithstanding the foregoing, a copy of this letter may, for information purposes only, be reproduced in full in the Board of Directors' report on the Offer to be prepared pursuant to Article 24 of the Royal Decree 1066/2007, of 27 of July, on the rules applicable to takeover bids for securities and may be so disclosed to the Company Shareholders alongside such report.

This letter and JB CAPITAL MARKETS's obligations to the Company's Board of Directors hereunder shall be governed by and construed in accordance with Spanish law and any claims or disputes arising out of, or in connection with, this letter shall be subject to the exclusive jurisdiction of the Courts of the city of Madrid.

**Based upon and subject to the foregoing, JB CAPITAL MARKETS is of the opinion that, as at the date hereof, the Consideration is fair, from a financial point of view, to the Company Shareholders.**

Yours sincerely,


JB CAPITAL MARKETS, SOCIEDAD DE VALORES, S.A.U.

8<sup>th</sup> January 2018


PRIVATE AND CONFIDENTIAL

**BOARD OF DIRECTORS****AXIARE PATRIMONIO, SOCIMI, S.A.**José Ortega y Gasset, 29, 5<sup>th</sup> floor  
28006 Madrid  
Spain

Dear Sirs,



We understand that on 13<sup>th</sup> November 2017, Inmobiliaria Colonial, SOCIMI, S.A. ("**Colonial**") announced that its Board of Directors agreed to make a public tender offer (the "**Offer**") for the 100% of the share capital of Axiare Patrimonio, SOCIMI, S.A. ("**Axiare**" or "the **Company**"), excluding the shares owned by Colonial (22,762,064 shares accounting for the 28.79% of the capital). The consideration of the Offer consists of 18.36 euros in cash per share ("the **Consideration**"). The terms and conditions of the Offer are set forth in more detail in the "Prospectus of the voluntary takeover bid for the shareholders of Axiare Patrimonio, SOCIMI, S.A." authorized by the CNMV on 28<sup>th</sup> December 2017 ("the **Prospectus**").



In connection with the Offer, Mirabaud Securities Limited, Sucursal en España (hereinafter "**Mirabaud**") has been requested by the Board of Directors of the Company to provide to such board with an opinion as to the fairness, from a financial point of view, of the Consideration to be received by the holders of the shares in Axiare to which the offer is addressed (the "**Fairness Opinion**"). Such engagement and the terms and conditions that govern the relationship between the Company and Mirabaud for these purposes has been formalized by the execution of an engagement letter dated 4 January 2018 (the "**Engagement**"). The Engagement governs this Fairness Opinion.

Mirabaud, together with its associated companies (the "**Mirabaud Group**"), is a global financial services firm engaged, among others, in the brokerage, asset management and individual wealth management businesses. Mirabaud Group, in the ordinary course of its trading and brokerage activities may at any time hold long or short positions and may trade or otherwise structure and effect transactions, for its own account or the accounts of customers, in debt or equity securities of any company that may be involved in this Offer, or in any related derivative instrument. Mirabaud Group, its directors, officers and employees may also at any time invest on a principal basis or manage funds that invest on a principal basis, in debt or equity securities of any company that may be involved in this Offer, or in any related derivative instrument. Mirabaud Group may at any time carry out ordinary course broking activities for any company that may be involved in this Offer. Mirabaud Group operates a conflict of interest policy designed to identify, analyze and avoid or mitigate conflicts of interest which may arise as a result of our multiple relationships with clients who may have competing interests in respect of a particular transaction, including the imposition of Chinese walls and information barriers between different product groups and, where appropriate, between deal teams in the same product group. We may also in the future provide financial advisory services to the Company, Colonial and their respective affiliates for which we may receive compensation. We have acted as financial advisor to the Company in connection with the Offer and will receive, under certain circumstances, a fee for such services, which in some cases



is contingent upon the outcome of the Offer and the opinion of the Board of Directors of Axiare in respect of the Offer. We will receive a separate fee in connection with the delivery of this opinion. The Company has agreed to indemnify us for certain liabilities arising out of the rendering of this opinion under the Engagement.

In determining our opinion we have used such customary valuation methodologies as we have deemed necessary or appropriate for the purposes of this opinion. These methodologies include among others:

- Discounted Cash Flow analysis
- Comparable companies trading valuation
- Real estate companies precedent transactions
- Share price performance of the Company
- And other valuation methodologies included in the Royal Decree 1066/2007 of 27 July on the system governing takeover bids (i.e. Liquidation Value)

This opinion is not and can not be considered as the Board of Directors' report regulated in Section 24 of the Royal Decree 1066/2007 of 27 July on the system governing takeover bids.

Our opinion does not address the relative merits of the Offer as compared to other business strategies or transactions that might be available with respect to the Company or the underlying business decision of the Company to or the holders of securities of the Company in respect to the Offer. At your direction, we have not been asked to, nor do we, offer any opinion as to the material terms of the Offer, other than the financial terms thereof, or the form of the Offer. We express no opinion as to what the value of the shares in the Company will be pursuant to the Offer or the prices at which they will trade in the future. Our opinion does not constitute an offer by us, or represent a price at which we would be willing to sell, purchase, enter into, assign, terminate or settle any transaction. The opinion herein is not an indicative price quotation, in particular, it does not necessarily reflect such factors as hedging and transaction costs, credit considerations, market liquidity and bid-ask spreads, all of which could be relevant in establishing an indicative price for the Company's shares. In rendering this opinion, we have assumed, with your consent, that the Offer as consummated will not differ in any material respect from that described in the Prospectus.

In determining our opinion we have, among other things:

1. Reviewed audited financial statements of the Company;
2. reviewed certain internal information and other data relating to the business and financial prospects of Axiare ("Axiare's Financial Model"), including estimates and financial forecasts (dated 30 of December 2017) prepared by management of the Company, that were provided to us by the Company and not publicly available;
3. conducted discussions with, and relied on statements made by, members of the management of Axiare concerning the business and financial prospects of the Company;
4. reviewed current and historic share prices for the Company and publicly available financial and stock market information with respect to certain other companies we believe to be generally comparable with Axiare;

5. reviewed research analyst reports on the Company as well as on the real estate market; and
6. conducted such other financial studies, analyses, and investigations, and considered such other information as we deemed necessary or appropriate.

For the purposes of rendering this opinion, we have relied upon and assumed the accuracy and completeness of all the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by us, without assuming any responsibility for independent verification thereof. In that regard, we have assumed with your consent that the financial forecasts have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company.

We have also assumed that all governmental, regulatory and other consents and approvals necessary for the consummation of the Offer will be obtained without any material adverse effect on the Company or the Offer. Our opinion is necessarily based on the economic, regulatory, market, legal and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion, which are under no obligation to update, revise or reaffirm other than under the Engagement.

Based on and subject to the foregoing, it is our opinion, as of the date hereof, that the Consideration of 18.36 euros in cash per share to be received by the holders of shares in Axiare to which the Offer is addressed is fair from a financial point of view.

This Fairness Opinion and the opinion contained on it are provided solely for the benefit of the Board of Directors of the Company in connection with and for the purposes of their consideration of the Offer as it is stated in the Engagement. This letter is not on behalf of, and shall not confer rights or remedies upon, may not be relied upon, and does not constitute a recommendation by Mirabaud to any holder of securities of the Company or any other person as to whether to accept the Consideration to be paid to such holder or person in connection with the Offer.

This Fairness Opinion may not be used for any other purpose, or reproduced (other than for the Board of Directors of the Company, acting in such capacity, and its advisers), disseminated or quoted at any time and in any manner without our prior written consent, except in the two following situations:

- i. the Company is entitled to disclose the existence and conclusions of the Fairness Opinion, subject to Mirabaud's prior written approval, which shall be subject to such conditions as Mirabaud considers necessary but provided that such approval shall not be unreasonably withheld or delayed; or
- ii. the Company is entitled to disclose the content (in whole but not in part) of the Fairness Opinion in any formal recommendation required by applicable law from the Board of Directors to the Company's shareholders, it being understood that such disclosure must be approved by Mirabaud (such approval not to be unreasonably withheld); and in case of request made by a competent regulatory, tax or judicial authority in the exercise of its statutory authority and provided that the Company informs Mirabaud in advance (to the extent legally permitted) of any request made or question asked by such regulatory, tax or judicial authority in relation with the Fairness Opinion and undertakes to consult with Mirabaud in respect of the form of the disclosure and/or answers to be given.

If this opinion is translated to Spanish, this English version shall prevail.

This Fairness Opinion and the opinion contained on it are made without legal liability or responsibility on our part. We accept no responsibility to any person other than the Board of Directors of the Company in relation to the contents of this letter, even if it has been disclosed with our consent.

Yours faithfully,



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**Javier Colás Gómez de Barreda**  
Managing Director

Mirabaud Securities Limited,  
Sucursal en España



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**Enrique Aguado Valderrama**  
Head of Corporate Finance & Capital  
Markets Spain  
Mirabaud Securities Limited,  
Sucursal en España