



FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

**INMOBILIARIA COLONIAL, S.A.**

**ORDINARY GENERAL MEETING OF SHAREHOLDERS (JUNE 2017)**

**REPORT BY THE BOARD CONCERNING THE PROPOSAL TO AMEND THE BYLAWS AND REGULATIONS OF THE GENERAL MEETING OF SHAREHOLDERS AS A RESULT OF THE APPLICATION OF INMOBILIARIA COLONIAL, S.A. TO THE SPECIAL TAX SYSTEM FOR SOCIMIS (*SOCIEDADES ANÓNIMAS COTIZADAS DE INVERSIÓN EN EL MERCADO INMOBILIARIO* equivalent to REITs, i.e. REAL ESTATE INVESTMENT TRUSTS) (ITEM FOUR ON THE AGENDA).**

**1. Purpose of the report**

This report was prepared by the Board of Directors of Inmobiliaria Colonial, S.A. ("**Colonial**" or the "**Company**") in relation to the amendment of the bylaws and the General Meeting of Shareholders' Regulations as a result of the Company's application to the special tax system for *Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario* ("**SOCIMIS**", equivalent to REITs, i.e. Real Estate Investment Trusts) stipulated in *Law 11/2009 of 26 October governing Real Estate Investment Trusts* ("**Law 11/2009**"), submitted for the approval of the Ordinary General Meeting of Shareholders.

Pursuant to the provisions of Article 286 of consolidated Spanish Limited Liability Companies Law approved by Legislative Royal Decree 1/2010 of 2 July (the "**Spanish Limited Liability Companies Law**") and related provisions of the Mercantile Registry Regulations approved by Royal Decree 1784/1996 of 19 July, the aforementioned resolutions proposed to the General Meeting of Shareholders require the following supporting report to be drawn up by the Board of Directors.

**2. Justification of the proposals**

The main purpose of the amendments to the bylaws submitted for approval by shareholders at the General Meeting is to adapt Colonial's bylaw regulations to Law 11/2009 and to include any provisions that are necessary or advisable to enable the Company to secure compensation for any losses that may be incurred by taxation of certain shareholders, within the framework of Colonial's application to the special tax system for SOCIMIS. Therefore, the modifications are autonomous and stand alone, insofar as they respond to a single purpose.

In relation to the amendment of Colonial's General Meeting of Shareholders' Regulations, the purpose of this amendment is to change the name of the Company in the General Meeting of Shareholders' Regulations to the proposed business name to be adopted, pursuant to Law 11/2009.

In this regard, subsequent to a report of the Audit and Control Committee, the following is proposed:

- 1) Amendment of Article 1 ("*Name*") of Colonial's bylaws, to add the acronym "SOCIMI" to Colonial's business name, pursuant to the provisions of Article 5.4 of Law 11/2009.
- 2) Amendment of Article 3 ("*Business purpose*") of Colonial's bylaws to adapt the purpose to the provisions of Article 2 of Law 11/2009.

For the purposes of amendment of Article 3 ("*Business purpose*"), it is stipulated that the sole purpose of the amendments is to adapt the current wording of the bylaws to the wording of Law 11/2009, although under no circumstances may this amendment entail a replacement or

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

substantial amendment of the business purpose pursuant to the provisions of the Spanish Limited Liability Companies Law.

- 3) Amendment of Article 5 (“*Share capital*”) of Colonial’s bylaws in order to transform the Company shares represented by book entries into registered book entries, pursuant to the provisions of Article 4 of Law 11/2009.
- 4) Amendment of Article 37 (“*Reserves. Distribution of dividends*”) of Colonial’s bylaws in order to include the amendments necessary to comply with the provisions of Law 11/2009.
- 5) The addition of two new articles to Colonial’s bylaws, Article 8 bis. (“*Ancillary provisions*”) and Article 37 bis. (“*Special rules for the distribution of dividends*”) concerning the establishment of ancillary provisions and special rules for the distribution of dividends to enable Colonial to meet its tax obligations as a result of the Company’s application to the special tax system for SOCIMIs and to secure compensation for any losses that may be occasioned to it through the taxation of certain shareholders.

SOCIMIs are generally subject to a 0% income tax rate. However, they are subject to a special 19% income tax rate on the full amount of dividends distributed to shareholders with an equity interest equal to or greater than 5% when such dividends are exempt for these shareholders or taxed at a rate lower than 10%.

In addition, as a result of Colonial’s interest in Société Foncière Lyonnaise (“SFL”), under French law, SFL must pay a rate of 20% on the dividend distributed to Colonial when the dividend, which is in turn distributed by Colonial to any of its shareholders that are not individuals holding at least 10% of its share capital, is taxed for such shareholders at a rate less than one third (1/3) of the French income tax rate, i.e. 11.15% depending on the prevailing rate.

Therefore, the particular conditions of shareholders with an equity interest equal to or greater than 5% at any given time in Colonial may directly or indirectly occasion losses to the Company (and, therefore, to all shareholders).

Consequently, it is essential for the protection of the Company’s assets of and, therefore, of the interest of the Company to avoid any loss that may be caused to the Company and its shareholders in such situations. Accordingly, it is proposed to impose the following obligations and duties on shareholders with stakes of 5% of more in share capital:

- i) Disclosure obligations: in order to apprise the Company of which shareholders with an equity interest equal to or greater than 5% could occasion losses to the Company (and, therefore, to all shareholders).
- ii) Duty of compensation: to enable the Company to be compensated in cases where, as a result of the taxation of certain shareholders with an equity interest equal to or greater than 5%, direct or indirect losses are incurred by the Company (and, therefore, by all shareholders).

For this purpose, it is proposed that the bylaws include (i) the requirement that such shareholders pay compensation for any amounts that, as a result of their ownership interest and taxation, Colonial is required to settle under the special tax rate set out in Law 11/2009 or in related French legislation (due to ownership interests in SFL) and (ii) the possibility that Colonial may offset any such compensation using the present and future dividends of the shareholder occasioning the losses.

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

- 6) Amendment of Article 1 (“*Purpose*”) of Colonial’s General Meeting of Shareholders’ Regulations in order to adapt the name of the Company in the General Meeting of Shareholders’ Regulations to the business name proposed, pursuant to Law 11/2009.

### 3. Proposed amendments to the bylaws

The proposed amendments, subsequent to a report of the Audit and Control Committee, to the bylaws as a result of Colonial’s application to the special tax system for SOCIMIs are as follows:

- Amendment of Articles 1 (“*Name*”), 3 (“*Business purpose*”), 5 (“*Share capital*”) and 37 (“*Reserves. Distribution of dividends*”) of the bylaws of Colonial:

PRESENT WORDING	PROPOSED WORDING
<p><b>Article 1. Name</b></p> <p>A limited-liability company known as "INMOBILIARIA COLONIAL, S.A." (hereinafter the “<b>Company</b>” or “<b>Inmobiliaria Colonial</b>”) is hereby incorporated, to be governed by these bylaws and, where no provision is made herein, by the precepts of the consolidated Spanish Limited Liability Companies Law as approved by Legislative Royal Decree 1/2010 of 2 July (hereinafter the “<b>Spanish Limited Liability Companies Law</b>”), and any other provisions that may be applicable.</p>	<p><b>Article 1. Name</b></p> <p>The company is called as "INMOBILIARIA COLONIAL, SOCIMI, S.A." (the “<b>Company</b>” or “<b>Inmobiliaria Colonial</b>”) and is governed by these bylaws and, where no provision is made herein, by the precepts of the consolidated Spanish Limited Liability Companies Law as approved by Legislative Royal Decree 1/2010 of 2 July (the “<b>Spanish Limited Liability Companies Law</b>”), and any other provisions that may be applicable.</p>

<p><b>Article 3. Business purpose</b></p> <p>The business purpose of the Company is:</p> <ol style="list-style-type: none"> <li>1. To acquire, enjoy, manage, develop, lease, encumber and sell all manner of real estate on its own behalf and on that of third parties, and securities on its own behalf, with the exception of activities subject to legislation governing the securities market and collective investment undertakings.</li> <li>2. The development and construction of all manner of dwellings and buildings, for itself or for third parties, directly or by contract, operation where applicable of these constructions, studies and projects related thereto, the technical and commercial organisation in relation to such development and construction and the procurement and preparation of building materials to this end; management of planning at any level, development work and parcelling of all kinds of land for subsequent operation, construction or sale; awarding and contracting all manner of work, studies and projects for the planning, development and parcelling of land, and also the construction of buildings; carrying out all manner of studies, reports, appraisals, valuations and expert reports; and, in general, provision of real estate consultancy and advisory services, management, development and sale of property assets and technical assistance by contract to other public or private companies or organisations.</li> </ol> <p>Any corporate activities that are exclusively attributed to specific companies are expressly excluded from its corporate activities.</p> <p>All activities forming part of the business purpose shall be carried out in the manner authorised by the laws prevailing at any given time, with express exclusion of any exclusive activities that are conferred on natural persons or legal entities other than this Company by the laws in force.</p> <p>The activities stipulated may also be carried out by the Company totally or partially in an indirect manner, through interests in other companies with the same or similar business purpose.</p>	<p><b>Article 3. Business purpose</b></p> <p>The main business purpose of the Company is the exercise of the following activities, in Spain or in other countries:</p> <ol style="list-style-type: none"> <li>1. To acquire and develop urban real estate for lease.</li> <li>2. To hold stakes in the capital of “<b>SOCIMIS</b>” (<i>Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario</i>, equivalent to REITs, i.e. Real Estate Investment Trusts), or in that of other companies not resident in Spain with the same business purpose as the aforesaid, that are subject to a system similar to that established for SOCIMIS in terms of mandatory distribution of profits, or distribution of profits established in law or in bylaws.</li> <li>3. To hold stakes in the capital of other companies, whether or not resident in Spain, the main business purpose of which is the acquisition of urban real estate for lease, subject to the same system as that established for SOCIMIS in terms of mandatory distribution of profits, or distribution of profits established in law or in the bylaws, which meet the investment requisites stipulated for such companies.</li> <li>4. To hold shares or stakes in Collective Real Estate Investment Undertakings regulated by Law 35/2003 of 4 November on Collective Investment Undertakings, or any future regulation replacing it.</li> </ol> <p>The aforesaid activities include in all cases the power to sell or encumber the properties or shareholdings owned by the Company.</p> <p>In addition to the economic activity arising from the main business purpose, the Company may also carry out other ancillary activities, understood as those the revenue from which accounts for less than 20% of Company revenue during each tax period, or those that may be considered as ancillary in accordance with the law applicable at any given time including, in any case, the management, refurbishment and operation of real estate and all manner of studies, reports, appraisals, valuations and expert reports; and, in general, provision of real estate consultancy and advisory services, management, development and sale of property assets and technical assistance by contract to other public or private companies or organisations.</p> <p>Any corporate activities that are exclusively attributed to specific companies are expressly excluded from its corporate activities.</p> <p>All activities forming part of the business purpose shall be carried out in the manner authorised by the laws prevailing at any given time, with express exclusion of any exclusive activities that are conferred on natural persons or legal entities other than this Company by the laws in force.</p> <p>The activities stipulated may also be carried out by the Company totally or partially in an indirect manner, through interests in other companies with the same or similar business purpose.</p>
---	--

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

PRESENT WORDING	PROPOSED WORDING
<p><b>Article 5. Share capital</b></p> <p>Share capital is set at NINE HUNDRED AND EIGHTY-ONE MILLION ONE HUNDRED AND SEVENTY-FIVE THOUSAND ONE HUNDRED AND FORTY EUROS (981,175,140.00 euros), divided into 392,470,056 shares represented by book entries with a par value of EUR 2.50 each, fully subscribed and paid up.</p> <p>The accounting records of the shares shall be kept by Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Iberclear) and the entities participating therein.</p> <p>At any time, the Company shall be entitled to obtain data on the shareholders from the entities keeping the accounting records for the book entries, including their addresses and the means of contact available.</p> <p>The Company may further agree to issue shares with no voting rights in accordance with the terms and with the rights established in the Spanish Limited Liability Companies Law.</p>	<p><b>Article 5. Share capital</b></p> <p>Share capital is set at NINE HUNDRED AND EIGHTY-ONE MILLION ONE HUNDRED AND SEVENTY-FIVE THOUSAND ONE HUNDRED AND FORTY EUROS (EUR 981,175,140.00), divided into 392,470,056 shares represented by registered book entries with a par value of EUR 2.50 each, of the same class and series, fully subscribed and paid up.</p> <p>The accounting records of the shares shall be kept by Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Iberclear) and the entities participating therein.</p> <p>At any time, the Company shall be entitled to obtain data on the shareholders from the entities keeping the accounting records for the book entries, including their addresses and the means of contact available.</p>
<p><b>Article 37. Reserves. Distribution of dividends</b></p> <p>From the profit obtained each year, when the appropriation to the legal reserve has been made in addition to all other provisions legally established, the General Meeting may apply the amount it deems appropriate to the voluntary reserve, along with any other amounts legally permitted. The rest, where applicable, shall be distributed as dividends among shareholders in proportion to the capital disbursed for each share. The payment of interim dividends shall be subject to the provisions of the Spanish Limited Liability Companies Law.</p>	<p><b>Article 37. Reserves. Distribution of dividends</b></p> <p>The shareholders at the General Meeting shall resolve to distribute profit, with strict observance of any legal provisions applicable to the Company at any given time. Dividends shall be distributed to shareholders in proportion to the capital they have disbursed. The shareholders at the General Meeting or the Board may resolve to distribute interim dividends with the limitations and in compliance with the requirements of the regulations applicable.</p>

- Text of the new articles of Colonial's bylaws:

***“Article 8 bis. Ancillary provisions***

*Company shareholders who are in any of the situations described in this article shall be obliged to comply with the ancillary provisions described below.*

*The ancillary provisions set out in this article shall not entail any payment by the Company to the shareholder concerned in each case. Furthermore, without prejudice to the provisions of this article and Article 37 bis of these bylaws, the transfer of Company shares (including, therefore, this ancillary provision) is expressly authorised for all purposes between the living or in contemplation of death.*

***1. Disclosure obligations for shareholders holding significant equity interests***

- (a) Any shareholder who holds Company shares in a percentage equal to or greater than 5% of the share capital must disclose this fact to the Board of Directors. Alongside this disclosure, such shareholder must provide a certificate issued by a duly authorised person that certifies for the shareholder the effective tax rate to which the dividend distributed by the Company is subject, together with a statement of whether he/she is the beneficial owner of such dividend. This disclosure obligation is laid down for the purpose of informing the Company if, for this shareholder, the dividend distributed by the Company is subject to an effective tax rate lower than 10%.***

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

*The percentage ownership interest and taxation indicated in the preceding paragraph correspond to those provided for in Article 9.2 of Real Estate Investment Trusts Law 11/2009 of 26 October (the "SOCIMIs Law") and, consequently, they are understood to have been automatically changed should this rule be amended or replaced by another.*

*When the holder of the shares indicated in this section is:*

- (i) A depository institution that is formally legitimised as a shareholder in the accounting records but acts on behalf of one or more third parties, then the percentage ownership interest and taxation referred to in this section are those of such third parties and not of the depository.*
  - (ii) A foreign entity to which a regime similar to the regime provided for in the SOCIMI Law is applicable, then the percentage ownership interest and taxation provided in this section shall relate to each of its shareholders.*
  - (iii) A look-through entity, then the percentage ownership interest and taxation provided for in this section shall relate to each of its shareholders or unitholders.*
- (b) Also, as a result of Inmobiliaria Colonial's ownership interest in the French company Société Foncière Lyonnaise ("SFL"), any shareholder that is not an individual and directly or indirectly holds shares of Inmobiliaria Colonial in a percentage equal to or greater than 10% of the share capital must report this fact to the Board of Directors of Inmobiliaria Colonial. Alongside this disclosure, such shareholder must provide a certificate issued by a duly authorised person that certifies for the shareholder the effective tax rate to which the dividend distributed by the Company is subject, together with a statement as to whether he/she is the beneficial owner of such dividend. This disclosure obligation is laid down for the purposes of informing the Company if, for such shareholder, the effective tax rate to which the dividend distributed by the Company is subject gives rise to the accrual by SFL of the French tax provided for in French law in 208.c of the French General Tax Code ("**Code Général des Impôts**").*

*In this regard, under the Code Général des Impôts, SFL must pay a rate of 20% on the dividend distributed to Inmobiliaria Colonial when the dividend, which is in turn distributed by Inmobiliaria Colonial to any of its shareholders that are not individuals holding at least 10% of its share capital, is subject for such shareholders to a rate less than one third (1/3) of the French income tax rate, i.e. 11.15% depending on the prevailing rate.*

*The percentage ownership interest and taxation referred to in this section (b) correspond to those provided in the Code Général des Impôts and, consequently, shall be understood to have been automatically modified should this rule be modified or replaced by another.*

*When the holder of the shares is a depository institution that is formally legitimised as a shareholder in the accounting records but acts on behalf of one or more third parties, then the percentage ownership interest and taxation referred to in this section shall relate to those of such third parties and not of the depository.*

- (c) Any shareholder affected by any of the scenarios stipulated in sections (a) and (b) above must:*

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

- (i) notify the Board of Directors of any acquisition or transfer of Company shares, irrespective of the number of shares acquired or transferred;*
  - (ii) provide, within ten calendar days of the date on which Inmobiliaria Colonial or SFL agree at any time to distribute any dividend or similar amount (e.g. reserves), tax certificates as stipulated in sections (a) and (b) above. For this purpose, the Company must, by publishing the related relevant event, report to the market any agreement to distribute dividends by Inmobiliaria Colonial or SFL, indicating in all cases the date or dates to which the information contained in such certificates must refer, in order to comply with the tax obligations applicable at all times;*
  - (iii) provide (or request third parties to provide) to the Board of Directors the information in writing that the Company requires regarding the effective ownership of the shares or interest in them (accompanied, were the Company to so require, by a formal or notarised statement and/or independent evidence), including any information that the Company deems necessary or advisable for the purposes of determining whether these shareholders or third parties are affected by any of the scenarios described in paragraphs (a) and (b) above. The Company may make such a request at any time and may send one or more requests for information on the same shares.*
- (d) The provisions of sections (a) to (c) above shall also apply to any persons holding dividend rights, voting rights or financial instruments on Company shares in the percentages stipulated in sections (a) and (b) above.*
- (e) If the person subject to the disclosure obligation fails to comply with sections (a) to (c) above, the Board of Directors shall consider that the dividend is exempt of tax for this shareholder or is taxed at a rate lower than those stipulated in paragraphs (a) and (b) above.*

*Notwithstanding the foregoing, the Board of Directors may request, at the expense of the shareholder failing to comply with the disclosure obligation stipulated in the preceding paragraphs, a legal report from a renowned law firm in the country in which the shareholder resides to declare the effective tax rate to which the dividend distributed to the shareholder by the Company is subject. The expenses incurred by the Company in requesting this report shall in all cases be considered as compensation for the purposes stipulated in this article.*

## *2. Compensation obligations for shareholders holding significant equity interests*

- (a) In such cases where, as a result of any of the shareholders being affected by the scenarios established in section 1 of this article of the bylaws, the following events arise:*
- (i) the Company is obliged to pay the special rate provided for in Article 9.2 of the SOCIMI Law or any regulation replacing it; or*
  - (ii) distribution of the SFL dividend to Inmobiliaria Colonial accrues the rate established in the French General Tax Code, or any regulation replacing it,*

*these shareholders shall be obliged to compensate the Company for the losses caused, as provided for in the following sections.*

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

- (b) *The amount of compensation for each shareholder occasioning losses shall be the sum of:*
- (i) *any income tax expense arising for the Company from payment to this shareholder of the dividend serving as a basis for calculating the special tax provided for in Article 9.2 of the SOCIMI Law, or any regulation replacing it; and*
  - (ii) *the amount that, as provided for in SFL's bylaws, Inmobiliaria Colonial must pay SFL as a result of the tax accrued for SFL in accordance with the French General Tax Code or any regulation replacing it, due to taxation of the shareholders of Inmobiliaria Colonial. This amount shall be divided by the total number of Company shareholders whose taxation required Inmobiliaria Colonial to pay this amount to SFL, albeit on a pro rata basis proportional to the equity interests of each shareholder.*

*In any case, the Company must be held completely harmless in respect of the losses caused as a result of the effective tax rate to which the dividend distributed to shareholders by the Company is subject. In this regard, compensation shall in all cases include the amount which, once the income tax levied on the total amount of compensation has been deducted, offsets the expenses arising from the losses occasioned and the compensation applicable.*

*The amount of compensation shall be calculated by the Board of Directors, without prejudice to the fact that this calculation may be delegated to one or more directors and to independent third parties. Unless otherwise agreed by the Board of Directors, compensation shall be due the day before payment of the dividend by Inmobiliaria Colonial or SFL.*

*By way of example, **Appendix I** to these bylaws includes formulas for calculating compensation.*

- (c) *A person under the compensation obligation is deemed to be a person who, due to their ownership interest and tax features, has occasioned losses to the Company as stipulated in section (a) herein. For this purpose, the person occasioning losses shall be obliged to indemnify, and Inmobiliaria Colonial entitled to claim, the full amount corresponding to the compensation calculated in accordance with section (b) of this article, irrespective of whether the shareholder subsequently transferred some or all of his/her shares in the Company.*
- (d) *The compensation stipulated in the preceding sections shall be offset using any present and future dividends payable to the shareholder in the terms set forth in Article 37 bis of these bylaws, in addition to any other amounts owed by the Company. However, if Inmobiliaria Colonial should see fit, it may call for the compensation stipulated in the preceding sections at any time, by any methods permitted in law.*
- (e) *The compensation obligation stipulated in this section 2 shall also apply to any shareholders who, irrespective of the tax rate applicable for such shareholders on any dividends received from the Company, have failed to meet the disclosure obligation stipulated in section 1 above in this article.*



FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

- (f) *In cases where payment in full of compensation may occasion losses to the Company, the Board of Directors may in the same year compensate or require an amount less than the amount calculated in accordance with section (b) of this article.”*

**“APPENDIX I: EXAMPLE OF CALCULATION OF COMPENSATION**

*Following is an example of calculation of the compensation, showing that the effect of compensation on the Company’s income statement is zero:*

**CASE 1:**

*Shareholder of Inmobiliaria Colonial holding shares in the Company in a percentage equal to or greater than 5% of share capital, paying tax on the dividend distributed by the Company at an effective tax rate of less than 10%.*

$$I_E = DT_E * \% \text{acc} * GE_E * (1 + (Tg_E / (1 - Tg_E)))$$

*where:*

*DT<sub>E</sub> : Total dividend distributed by Inmobiliaria Colonial to the shareholder.*

*% acc: Percentage holdings of the shareholder in default.*

*GE<sub>E</sub>: Special levy applicable in Spain (currently 19%).*

*I<sub>E</sub>: Indemnity for Spanish dividend received by Inmobiliaria Colonial.*

*Tg<sub>E</sub> : Tax rate in Spain which would be applicable to income from the indemnity received from the shareholder in default.*

**CASE 2:**

*Shareholder of Inmobiliaria Colonial that is not an individual and holds shares of the Company in a percentage equal to or greater than 10% of share capital, and pays tax on the dividend distributed by the Company at an effective rate of less than 1/3 of general French corporation tax.*

$$I_F = DT_F * GE_F * (1 + (Tg_E / (1 - Tg_E)))$$

*where:*

*DT<sub>F</sub> : Total dividend distributed by SFL to Inmobiliaria Colonial.*

*GE<sub>F</sub>: Special levy applicable in France (currently 20%).*

*I<sub>F</sub>: Indemnity for French dividend that shall be received by Inmobiliaria Colonial.*

*Tg<sub>E</sub> : Tax rate in Spain which would be applicable to income from the indemnity received from the shareholder in default.*

**CASE 3:**

*Shareholders of Inmobiliaria Colonial that simultaneously meet the conditions stipulated in Case 1 and Case 2 above.*

$$I_{E+F} = [DT_E * \% \text{acc} * GE_E * (1 + (Tg_E / (1 - Tg_E)))] + [DT_F * GE_F * (1 + (Tg_E / (1 - Tg_E)))]$$

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

where:

*DT<sub>E</sub>* : Total dividend distributed by Inmobiliaria Colonial to the shareholder.

*DT<sub>F</sub>* : Total dividend distributed by SFL to Inmobiliaria Colonial.

*% acc*: Percentage holdings of the shareholder in default.

*GE<sub>E</sub>*: Special levy applicable in Spain (currently 19%).

*GE<sub>F</sub>*: Special levy applicable in France (currently 20%).

*I<sub>E</sub>*: Indemnity for Spanish dividend received by Inmobiliaria Colonial.

*I<sub>F</sub>*: Indemnity for French dividend that shall be received by Inmobiliaria Colonial.

*Tg<sub>E</sub>* : Tax rate in Spain which would be applicable to income from the indemnity received from the shareholder in default.”

**“Article 37 bis. Special rules for the distribution of dividends**

1. *Those entitled to receive dividends shall be those listed as legitimate in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, Sociedad Anónima Unipersonal (Iberclear) on the day or date determined by the General Meeting or, if applicable, the Board of Directors, which has agreed to carry out the distribution.*
2. *The dividend shall be payable within the next month from the date of the agreement for the distribution of dividends.*
3. *Once the dividend is approved by the shareholders at the General Meeting or, where applicable, by the Board of Directors, the Board, without prejudice to the possibility of delegation to one or more members of the Board, and to independent third parties, shall be responsible for calculating the amount corresponding to each shareholder considering, as the case may be, the provisions below.*

*For the purposes of calculating the amount to be paid to shareholders in connection with dividends, the Board shall consider the amount of the compensation owed to the Company by shareholders in accordance with Article 8 bis of these bylaws, for the purposes of offsetting the amount of compensation with the dividend they would be entitled to receive.*

*In this regard, any present and future dividends payable to the shareholder shall be offset with any amounts that the shareholder may owe to the Company in accordance with Article 8 bis of these bylaws.*

4. *In cases in which the dividend is paid ahead of the timeframes stipulated for compliance with the ancillary provisions stipulated in Article 8 bis of these bylaws, the Company may withhold from Company shareholders who have not yet supplied the information and documentation required a sum equivalent to the amount of any compensation for which they may be liable in accordance with the stipulations of section 2 of Article 8 bis of these bylaws. Once the related ancillary provision has been met, the Company shall refund the amounts withheld from the shareholder who is not obliged to compensate the Company in accordance with the stipulations of section 2 of Article 8 bis of these bylaws.*
5. *If applicable, the rules established in this article shall also apply in cases of distribution to shareholders of amounts similar to the dividends (e.g. reserves).”*

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

#### 4. Proposed amendment of the Regulations of the General Meeting of Shareholders

The proposed amendment, subsequent to a report of the Audit and Control Committee, to the Company's General Meeting of Shareholders' Regulations as a result of Colonial's application to the special tax system for SOCIMIs (*Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*, equivalent to REITs, i.e. Real Estate Investment Trusts) is as follows:

PRESENT WORDING	PROPOSED WORDING
<p><b>Article 1. Purpose</b></p> <p>These Regulations of the GENERAL MEETING (hereinafter the "<b>Regulations</b>") govern the organisation and functioning of the GENERAL MEETING of Inmobiliaria Colonial, S.A. (hereinafter the "<b>Company</b>" or "<b>Inmobiliaria Colonial</b>") in accordance with law and, in particular, with the consolidated Spanish Limited Liability Companies Law as approved by Legislative Royal Decree 1/2010 of 2 July (hereinafter the "<b>Spanish Limited Liability Companies Law</b>"), and in the Company's bylaws.</p>	<p><b>Article 1. Purpose</b></p> <p>These Regulations of the General Meeting ( the "<b>Regulations</b>") govern the organisation and functioning of the General Meeting of Shareholders of Inmobiliaria Colonial, SOCIMI, S.A. (the "<b>Company</b>" or "<b>Inmobiliaria Colonial</b>") in accordance with law and, in particular, with the consolidated Spanish Limited Liability Companies Law as approved by Legislative Royal Decree 1/2010 of 2 July (the "<b>Spanish Limited Liability Companies Law</b>"), and in the Company's bylaws.</p>

**PROPOSED AMENDMENT TO THE BYLAWS AND GENERAL MEETING OF SHAREHOLDERS' REGULATIONS OF INMOBILIARIA COLONIAL, S.A. AS A RESULT OF THE APPLICATION OF INMOBILIARIA COLONIAL, S.A. TO THE SPECIAL TAX SYSTEM FOR FOR SOCIMIs (*SOCIEDADES ANÓNIMAS COTIZADAS DE INVERSIÓN EN EL MERCADO INMOBILIARIO* equivalent to REITs, i.e. REAL ESTATE INVESTMENT TRUSTS) TO BE SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS OF INMOBILIARIA COLONIAL, S.A.**

Examination and approval of Inmobiliaria Colonial, S.A.'s application to the special tax system for SOCIMIs and consequent amendment of the bylaws and General Meeting of Shareholders' Regulations. In this regard, the following is proposed: (i) Inmobiliaria Colonial, S.A.'s application to the special tax system for SOCIMIs; (ii) the amendment of Inmobiliaria Colonial, S.A.'s company name and transformation of book entries representing shares into registered book entries for the purposes of adaptation to the provisions of Law 11/2009 of 26 October governing Real Estate Investment Trusts; (iii) the amendment of Articles 1 ("*Company name*"), 3 ("*Business purpose*"), 5 ("*Share capital*") and 37 ("*Reserves. Distribution of dividends*") of the bylaws of Inmobiliaria Colonial, S.A. for the purposes of adaptation to the provisions of Law 11/2009 of 26 October governing Real Estate Investment Trusts; (iv) the addition of two new articles to the bylaws of Inmobiliaria Colonial, S.A. concerning ancillary provisions and special rules for the distribution of dividends; (v) the amendment of the General Meeting of Shareholders' Regulations of Inmobiliaria Colonial, S.A. for the purposes of adaptation to the new company name; and (vi) the delegation of powers.

- (i) **Application of Inmobiliaria Colonial, S.A. to the special tax system for SOCIMIs (*Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*, equivalent to REITs, i.e. Real Estate Investment Trusts).**

For the purposes of enabling Inmobiliaria Colonial, S.A. (the "**Company**") to benefit from the special tax system for SOCIMIs (the "**SOCIMIs tax system**") stipulated in *Law 11/2009 of 26 October governing Real Estate Investment Trusts ("Law 11/2009")* and pursuant to the provisions of Article 8 of Law 11/2009, it is agreed that the Company avail itself of the SOCIMIs system stipulated in Law 11/2009, with effect as of the company year which commenced on 1 January 2017.

- (ii) **Amendment of the business name of Inmobiliaria Colonial, S.A. and transformation of book entries representing shares into registered book entries for the purposes of adaptation to the provisions of *Law 11/2009 of 26 October governing Real Estate Investment Trusts*.**

Following the Company's decision to avail itself of the SOCIMIs System, pursuant to the provisions of Article 5 of Law 11/2009, it is agreed to amend the business name of Inmobiliaria Colonial, S.A. with the addition of the acronym "SOCIMI". The Company shall therefore be known henceforth as "Inmobiliaria Colonial, SOCIMI, S.A.".

Also, pursuant to the provisions of Article 4 of Law 11/2009, it is agreed to transform Company shares represented by book entries into registered book entries.

- (iii) **Amendment of Articles 1 ("*Company name*"), 3 ("*Business purpose*"), 5 ("*Share capital*") and 37 ("*Reserves. Distribution of dividends*") of the bylaws of Inmobiliaria Colonial, S.A.**

**for the purposes of adaptation to the provisions of Law 11/2009 of 26 October governing listed real estate investment trusts.**

In order to adapt the Company bylaws to the new business name, to the new method for representation of shares and to the provisions of Law 11/2009, it is agreed to amend the wording of Articles 1 (“Company name”), 3 (“Business purpose”), 5 (“Share capital”) and 37 (“Reserves. Distribution of dividends”) of the bylaws, which shall henceforth read as follows:

**“Article 1. Company name**

*The company is called "INMOBILIARIA COLONIAL, SOCIMI, S.A." (the “Company” or “Inmobiliaria Colonial”) and is governed by these bylaws and, where any provision is made herein, by the precepts of the consolidated Spanish Limited Liability Companies Law approved by Legislative Royal Decree 1/2010 of 2 July (the “Spanish Limited Liability Companies Law”), and any other provisions that may be applicable.”*

**“Article 3. Business purpose**

*The main business purpose of the Company is the exercise of the following activities, in Spain or in other countries:*

- 1. To acquire and develop urban real estate for lease.*
- 2. To hold stakes in the capital of real estate investment trusts (“SOCIMIs”), or in that of other companies not resident in Spain with the same business purpose as the aforesaid, that are subject to a system similar to that established for SOCIMIs in terms of mandatory distribution of profits, or distribution of profits established in law or in bylaws.*
- 3. To hold stakes in the capital of other companies, whether or not resident in Spain, the main business purpose of which is the acquisition of urban real estate for lease, subject to the same system as that established for SOCIMIs in terms of mandatory distribution of profits, or distribution of profits established in law or in the bylaws, which meet the investment requisites stipulated for such companies.*
- 4. To hold shares or stakes in Collective Real Estate Investment Undertakings regulated by Law 35/2003 of 4 November on Collective Investment Undertakings, or any future regulation replacing it.*

*The aforesaid activities include in all cases the power to sell or encumber the properties or shareholdings owned by the Company.*

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

*In addition to the economic activity arising from the main business purpose, the Company may also carry out other ancillary activities, understood as those the revenue from which accounts for less than 20% of Company revenue during each tax period, or those that may be considered as ancillary in accordance with the law applicable at any given time including, in any case, the management, refurbishment and operation of real estate and all manner of studies, reports, appraisals, valuations and expert reports; and, in general, provision of real estate consultancy and advisory services, management, development and sale of property assets and technical assistance by contract to other public or private companies or organisations.*

*Any corporate activities that are exclusively attributed to specific companies are expressly excluded from its corporate activities.*

*All activities forming part of the business purpose shall be carried out in the manner authorised by the laws prevailing at any given time, with express exclusion of any exclusive activities that are conferred on natural persons or legal entities other than this Company by the laws in force.*

*The activities stipulated may also be carried out by the Company totally or partially in an indirect manner, through interests in other companies with the same or similar business purpose.”*

**“Article 5. Share capital**

*Share capital is set at NINE HUNDRED AND EIGHTY-ONE MILLION ONE HUNDRED AND SEVENTY-FIVE THOUSAND ONE HUNDRED AND FORTY EUROS (EUR 981,175,140.00), divided into 392,470,056 shares, represented by registered book entries with a par value of EUR 2.50 each, of the same class and series, fully subscribed and paid up.*

*The accounting records of the shares shall be kept by Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Iberclear) and the entities participating therein.*

*At any time, the Company shall be entitled to obtain data on the shareholders from the entities keeping the accounting records for the book entries, including their addresses and the means of contact available.”*

**“Article 37. Reserves. Distribution of dividends**

*The shareholders at the General Meeting shall resolve to distribute profit, with strict observance of any legal provisions applicable to the Company at any given time.*

*Dividends shall be distributed shareholders in proportion to the capital they have disbursed.*

*The shareholders at the General Meeting or the Board may resolve to distribute interim dividends with the limitations and in compliance with the requirements of the regulations applicable.”*

**(iv) Addition of two new articles to the bylaws of Inmobiliaria Colonial, S.A. concerning ancillary provisions and special rules for the distribution of dividends.**

To enable the Company to meet tax obligations arising from its application to the system for SOCIMIs, and to enable it to secure compensation for any loss that may be incurred by taxation of certain shareholders, it is agreed to add two new articles to the bylaws concerning ancillary provisions (Article 8 bis, “*Ancillary provisions*”) and special rules for the distribution of dividends (Article 37 bis, “*Special rules for the distribution of dividends*”), which shall now read as follows:

**“Article 8 bis. Ancillary provisions**

*Company shareholders who are in any of the situations described in this article shall be obliged to comply with the ancillary provisions described below.*

*The ancillary provisions set out in this article shall not entail any payment by the Company to the shareholder concerned in each case. Furthermore, without prejudice to the provisions of this article and Article 37 bis of these bylaws, the transfer of Company shares (including, therefore, this ancillary provision) is expressly authorised for all purposes between the living or in contemplation of death.*

**1. Disclosure obligations for shareholders holding significant equity interests**

*(a) Any shareholder who holds Company shares in a percentage equal to or greater than 5% of the share capital must disclose this fact to the Board of Directors. In addition to this disclosure, such shareholder must provide a certificate issued by a duly authorised person that certifies for the shareholder the effective tax rate to which the dividend distributed by the Company is subject, together with a statement as to whether he/she is the effective beneficiary of such dividend. This disclosure obligation is laid down for the purpose of informing the Company if, for this shareholder, the dividend distributed by the Company is subject to an effective tax rate lower than 10%.*

*The percentage ownership interest and taxation indicated in the preceding paragraph correspond to those stipulated in Article 9.2 of Law 11/2009 of 26 October governing Real Estate Investment Trusts (the “**SOCIMIs Law**”) and, consequently, they are understood to have been automatically changed should this rule be amended or replaced by another.*

*When the holder of the shares indicated in this section is:*

*(i) A depository institution that is formally legitimised as a shareholder in the accounting records but acts on behalf of one or more third parties, then the percentage ownership interest and taxation referred to in this section are those of such third parties and not of the depository.*

*(ii) A foreign entity to which a regime similar to the regime provided for in the SOCIMIs Law is applicable, then the percentage ownership interest and taxation provided in this section shall relate to each of its shareholders.*

*(iii) A look-through entity, then the percentage ownership interest and taxation provided for in this section shall relate to each of its partners, shareholders or unitholders.*

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

*(b) Also, as a result of Inmobiliaria Colonial's ownership interest in the French company Société Foncière Lyonnaise ("SFL"), any shareholder that is not an individual and directly or indirectly holds shares of Inmobiliaria Colonial in a percentage equal to or greater than 10% of the share capital must report this fact to the Board of Directors of Inmobiliaria Colonial. In addition to this disclosure, such shareholder must provide a certificate issued by a duly authorised person that certifies for the shareholder the effective tax rate to which the dividend distributed by the Company is subject, together with a statement as to whether he/she is the beneficial owner of such dividend. This disclosure obligation is laid down for the purposes of informing the Company if, for such shareholder, the effective tax rate to which the dividend distributed by the Company is subject gives rise to the accrual by SFL of the French tax provided for in French law in 208.c of the French General Tax Code ("Code Général des Impôts").*

*In this regard, under the Code Général des Impôts, SFL must pay a rate of 20% on the dividend distributed to Inmobiliaria Colonial when the dividend, which is in turn distributed by Inmobiliaria Colonial to any of its shareholders that are not individuals holding at least 10% of its share capital, is subject for such shareholders to a rate less than one third (1/3) of the French income tax rate, i.e. 11.15% depending on the prevailing rate.*

*The percentage ownership interest and taxation referred to in this section (b) correspond to those provided in the Code Général des Impôts and, consequently, shall be understood to have been automatically modified should this rule be modified or replaced by another.*

*When the holder of the shares is a depository institution that is formally legitimised as a shareholder in the accounting records but acts on behalf of one or more third parties, then the percentage ownership interest and taxation referred to in this section shall relate to those of such third parties and not of the depository.*

*(c) Any shareholder affected by any of the scenarios stipulated in sections (a) and (b) above must:*

*(i) notify the Board of Directors of any acquisition or transfer of Company shares, irrespective of the number of shares acquired or transferred;*

*(ii) provide, within ten calendar days of the date on which Inmobiliaria Colonial or SFL agree at any time to distribute any dividend or similar amount (e.g. reserves), tax certificates as stipulated in sections (a) and (b) above. For this purpose, the Company must, by publishing the related relevant event, report to the market any agreement to distribute dividends by Inmobiliaria Colonial or SFL, indicating in all cases the date or dates to which the information contained in such certificates must refer, in order to comply with the tax obligations applicable at all times.*

*(iii) provide (or request third parties to provide) to the Board of Directors the information in writing that the Company requires regarding the effective ownership of the shares or interest in them (accompanied, were the Company to so require, by a formal or notarised statement and/or independent evidence), including any information that the Company deems necessary or advisable for the purposes of determining whether these shareholders or third parties are affected by any of the scenarios described in paragraphs (a) and (b) above. The Company may make such a request at any time and may send one or more requests for information on the same shares.*



FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

- (d) *The provisions of sections (a) to (c) above shall also apply to any persons holding dividend rights, voting rights or financial instruments on Company shares in the percentages stipulated in sections (a) and (b) above.*
- (e) *If the person subject to the disclosure obligation fails to comply with sections (a) to (c) above, the Board of Directors shall consider that the dividend is exempt of tax for this shareholder or is taxed at a rate lower than those stipulated in paragraphs (a) and (b) above.*

*Notwithstanding the foregoing, the Board of Directors may request, at the expense of the shareholder failing to comply with the disclosure obligation stipulated in the preceding paragraphs, a legal report from a renowned law firm in the country in which the shareholder resides to declare the effective tax rate to which the dividend distributed to the shareholder by the Company is subject. The expenses incurred by the Company in requesting this report shall in all cases be considered as compensation for the purposes stipulated in this article.*

2. *Compensation obligations for shareholders holding significant equity interests*

- (a) *In cases where, as a result of any of the shareholders being affected by the scenarios established in section 1 of this article of the bylaws, the following events arise:*

- (i) *the Company is obliged to pay the special rate provided for in Article 9.2 of the SOCIMIs Law, or any regulation replacing it; or*
- (ii) *distribution of the SFL dividend to Inmobiliaria Colonial accrues the rate established in the French General Tax Code, or any regulation replacing it,*

*these shareholders shall be obliged to compensate the Company for the losses caused, as provided for in the following sections.*

- (b) *The amount of compensation for each shareholder occasioning losses shall be the sum of:*

- (i) *any income tax expense arising for the Company from payment to this shareholder of the dividend serving as a basis for calculating the special tax provided for in Article 9.2 of the SOCIMIs Law, or any regulation replacing it; and*
- (ii) *the amount that, as provided for in SFL's bylaws, Inmobiliaria Colonial must pay SFL as a result of the tax accrued for SFL in accordance with the French General Tax Code or any regulation replacing it, due to taxation of the shareholders of Inmobiliaria Colonial. This amount shall be divided by the total number of Company shareholders whose taxation required Inmobiliaria Colonial to pay this amount to SFL, albeit on a pro rata basis proportional to the equity interests of each shareholder.*

*In any case, the Company must be held completely harmless in respect of the losses caused as a result of the effective tax rate to which the dividend distributed to shareholders by the Company is subject. In this regard, compensation shall in all cases include the amount which, once the income tax levied on the total amount of compensation has been deducted, offsets the expenses arising from the losses occasioned and the compensation applicable.*

*The amount of compensation shall be calculated by the Board of Directors, without prejudice to the fact that this calculation may be delegated to one or more directors and*

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

to independent third parties. Unless otherwise agreed by the Board of Directors, compensation shall be due the day before payment of the dividend by Inmobiliaria Colonial or SFL.

By way of example, **Appendix I** to these bylaws includes formulas for calculating compensation.

- (c) A person under the compensation obligation is deemed to be a person who, due to their ownership interest and tax features, has occasioned losses to the Company as stipulated in section (a) herein. For this purpose, the person occasioning losses shall be obliged to indemnify, and Inmobiliaria Colonial entitled to claim, the full amount corresponding to the compensation calculated in accordance with section (b) of this article, irrespective of whether the shareholder subsequently transferred some or all of his/her shares in the Company.
- (d) The compensation stipulated in the preceding sections shall be offset using any present and future dividends payable to the shareholder in the terms set forth in Article 37 bis of these bylaws, in addition to any other amounts owed by the Company. However, if Inmobiliaria Colonial should see fit, it may demand the compensation stipulated in the preceding sections at any time, by any methods permitted in law.
- (e) The compensation obligation stipulated in this section 2 shall also apply to any shareholders who, irrespective of the tax rate applicable for such shareholders on any dividends received from the Company, have failed to meet the disclosure obligations stipulated in section 1 above in this article.
- (f) In cases where payment in full of compensation may give rise to losses for the Company, the Board of Directors may in the same year compensate or require an amount less than the amount calculated in accordance with section (b) of this article.”

#### **“APPENDIX I: EXAMPLE OF CALCULATION OF COMPENSATION**

Following is an example of calculation of the compensation, showing that the effect of compensation on the Company’s income statement is zero:

##### **CASE 1:**

Shareholder of Inmobiliaria Colonial holding shares in the Company in a percentage equal to or greater than 5% of share capital, paying tax on the dividend distributed by the Company at an effective tax rate of less than 10%.

$$I_E = DT_E * \% \text{acc} * GE_E * (1 + (Tg_E / (1 - Tg_E)))$$

where:

**DT<sub>E</sub>** : Total dividend distributed by Inmobiliaria Colonial to the shareholder.

**% acc**: Percentage holdings of the shareholder in default.

**GE<sub>E</sub>**: Special levy applicable in Spain (currently 19%).

**I<sub>E</sub>**: Indemnity for Spanish dividend received by Inmobiliaria Colonial.

**Tg<sub>E</sub>** : Tax rate in Spain which would be applicable to income from the indemnity received from the shareholder in default.

**CASE 2:**

Shareholder of Inmobiliaria Colonial that is not an individual and holds shares of the Company in a percentage equal to or greater than 10% of share capital, and pays tax on the dividend distributed by the Company at an effective rate of less than 1/3 of general French corporation tax.

$$I_F = DT_F * GE_F * (1 + (Tg_E / (1 - Tg_E)))$$

where:

*DT<sub>F</sub>* : Total dividend distributed by SFL to Inmobiliaria Colonial.

*GE<sub>F</sub>*: Special levy applicable in France (currently 20%).

*I<sub>F</sub>*: Indemnity for French dividend that shall be received by Inmobiliaria Colonial.

*Tg<sub>E</sub>* : Tax rate in Spain which would be applicable to income from the indemnity received from the shareholder in default.

**CASE 3:**

Shareholders of Inmobiliaria Colonial that simultaneously meet the conditions stipulated in Case 1 and Case 2 above.

$$I_{E+F} = [DT_E * \% \text{acc} * GE_E * (1 + (Tg_E / (1 - Tg_E)))] + [DT_F * GE_F * (1 + (Tg_E / (1 - Tg_E)))]$$

where:

*DT<sub>E</sub>* : Total dividend distributed by Inmobiliaria Colonial to the shareholder.

*DT<sub>F</sub>* : Total dividend distributed by SFL to Inmobiliaria Colonial.

*% acc*: Percentage holdings of the shareholder in default.

*GE<sub>E</sub>*: Special levy applicable in Spain (currently 19%).

*GE<sub>F</sub>*: Special levy applicable in France (currently 20%).

*I<sub>E</sub>*: Indemnity for Spanish dividend received by Inmobiliaria Colonial.

*I<sub>F</sub>*: Indemnity for French dividend that shall be received by Inmobiliaria Colonial.

*Tg<sub>E</sub>* : Tax rate in Spain which would be applicable to income from the indemnity received from the shareholder in default.”

**“Article 37 bis. Special rules for the distribution of dividends**

1. Those entitled to receive dividends shall be those listed as legitimate in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, Sociedad Anónima Unipersonal (Iberclear) on the day or date determined by the General Meeting or, if applicable, the Board of Directors, which has agreed to carry out the distribution.
2. The dividend shall be payable within the next month from the date of the agreement for the distribution of dividends.
3. Once the dividend is approved by the shareholders at the General Meeting or, where applicable, by the Board of Directors, the Board, without prejudice to the possibility of delegation to one or more members of the Board, and to independent third parties, shall be responsible for calculating the amount corresponding to each shareholder considering, as the case may be, the provisions below.

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

*For the purposes of calculating the amount to be paid to shareholders in connection with dividends, the Board shall consider the amount of the compensation owed to the Company by shareholders in accordance with Article 8 bis of these bylaws, for the purposes of offsetting the amount of compensation with the dividend they would be entitled to receive.*

*In this regard, any present and future dividends payable to the shareholder shall be offset with any amounts that the shareholder may owe to the Company in accordance with Article 8 bis of these bylaws.*

4. *In cases in which the dividend is paid ahead of the timeframes stipulated for compliance with the ancillary provisions stipulated in Article 8 bis of these bylaws, the Company may withhold from Company shareholders who have not yet supplied the information and documentation required a sum equivalent to the amount of any compensation for which they may be liable in accordance with the stipulations of section 2 of Article 8 bis of these bylaws. Once the related ancillary provision has been met, the Company shall refund the amounts withheld from the shareholder who is not obliged to compensate the Company in accordance with the stipulations of section 2 of Article 8 bis of these bylaws.*
5. *If applicable, the rules established in this article shall also apply in cases of distribution to shareholders of amounts similar to the dividends (e.g. reserves)."*

**(v) Amendment of the General Meeting of Shareholders' Regulations of Inmobiliaria Colonial, S.A. for the purposes of adaptation to the new business name.**

For the purposes of adapting the General Meeting of Shareholders' Regulations to the Company's new business name, it is agreed to amend Article 1 of the General Meeting of Shareholders' Regulations of Inmobiliaria Colonial, S.A., which shall henceforth read as follows:

***"Article 1. Purpose***

*These Regulations of the General Meeting (hereinafter the "Regulations") govern the organisation and functioning of the General Meeting of Shareholders of Inmobiliaria Colonial, SOCIMI, S.A. (the "Company" or "Inmobiliaria Colonial") in accordance with law and, in particular, with the consolidated Spanish Limited Liability Companies Law as approved by Legislative Royal Decree 1/2010 of 2 July (hereinafter the "Spanish Limited Liability Companies Law"), and in the Company's bylaws."*

**(vi) Delegation of authority**

It is resolved to grant authorisation to the Board of Directors, with the entire scope required in law, with the express facility of delegation of powers to the Chairman, the Chief Executive Officer and the Board Secretary and Deputy Secretary, for any of them, indistinctly and with a single signature, to take any action that is necessary or advisable to execute this resolution, and specifically, although the following list is not exhaustive, to:

- Make any arrangements or take any action that is necessary or advisable to report the application of the SOCIMIs System to the branch of the State Tax Authority concerned, and to any public or private body that may be necessary or advisable;

FOR INFORMATION PURPOSES ONLY. SPANISH VERSION PREVAILS.

- Make any arrangements and take any action that is necessary or advisable, including any notifications to any public or private bodies or entities, including Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), its participating entities, the Spanish National Securities Market Commission (CNMV), the management companies of stock exchanges, and submit any relevant documentation;
- Commence the necessary proceedings and arrangements to ensure full compliance in due time and format with the requisites of Article 8 of Law 11/2009, in accordance with the provisions of Transitory Provision One of Law 11/2009; and
- Execute, on behalf of the Company, any public or private documents that are necessary or advisable to this end and, in general, make any arrangements that may be necessary for the execution thereof, and issue a request for partial entry, rectify, clarify, interpret, define or enhance the resolutions adopted by the shareholders at the General Meeting and, specifically, any defects, omissions or errors, in form or in substance, arising from verbal or written assessment preventing access of the resolutions and the related consequences to the Mercantile Registry, the official registries of the Spanish National Securities Market Commission (CNMV) or any others.

\* \* \* \*

This report was prepared and approved by the Board of Directors at the registered office, at a meeting on 22 May 2017.