



FOR INFORMATIONAL PURPOSES ONLY. SPANISH VERSION PREVAILS.

REPORT BY THE AUDIT AND CONTROL COMMITTEE ON THE ASSESSMENT OF ITS PERFORMANCE IN 2019

1. INTRODUCTION

The Audit and Control Committee of Inmobiliaria Colonial, SOCIMI, S.A (the “**Company**”) has issued this report on its performance and the fulfilment of its responsibilities throughout 2019 (the “**Report**”). For the purposes of drawing up this report, the members of this Audit and Control Committee were sent a questionnaire about its structure, organisation, performance and the fulfilment of responsibilities, which was completed by all members. The questionnaire was previously revised in terms of methodology by an external expert, Spencer Stuart.

The report will be submitted to the Board of Directors of the Company, which, on the basis of the information contained therein, will be the body entrusted with assessing the performance of the Audit and Control Committee (the “**Committee**”) by virtue of Article 34 of the Regulations of the Board of Directors.

2. CONCLUSIONS DRAWN FROM THE ASSESSMENT PROCESS

From the assessment process carried out by the Committee regarding its performance, some positive conclusions have been drawn, both in relation to its members and internal organisation and in the performance of the responsibilities bestowed upon it.

2.1. Members of the Committee

The Committee is made up of 5 members, thereby complying with the minimum and maximum amount required by Article 32 of the Regulations of the Board of Directors, which establishes that the Committee must be made up of a minimum of 3 and a maximum of 8 Directors.

All the members of the Committee are non-executive Directors, four of whom are independent Directors and one is a proprietary Director. The Committee is chaired by an independent Director, complying with the provisions of Article 32 of the Regulations of the Board of Directors.

The current members of the Company Committee are as follows:

Name/Company name	Position	Category
Mr. Javier Iglesias de Ussel Ordís	Chairman	Independent director
Mr. Carlos Fernández-Lerga Garralda	Member	Independent director
Mr. Luis Maluquer Trepat	Member	Independent director
Ms. Ana Peralta Moreno	Member	Independent director
Mr. Javier López Casado	Member	Proprietary director

In 2019 the following changes were made to the composition of the Company's Audit and Control Committee:

- Ms. Ana Sainz de Vicuña Bemberg presented her resignation as a Director of the Company, and consequently as a member of the Committee, at the Board meeting held on 24 January 2019, having informed the Chairman of her decision in a letter addressed to him prior to that meeting.
- On the other hand, the Audit and Control Committee appointed Mr. Javier Iglesias de Ussel Ordís as Chairman at its meeting of 24 January, and the Board of Directors appointed Ms. Ana Peralta Moreno and Mr. Javier López Casado as members of the Committee at its meeting of 25 July.

Committee members have the necessary knowledge, skills and experience to discharge their duties. In this regard, the academic and professional profiles of the Directors are available on the Company's corporate website ([link](#)).

On the basis of this, it can be concluded that the Committee is duly organised and made up of directors who have the skills and qualifications required for their roles.

2.2. Performance of the Committee

In 2019, the Committee met on 9 occasions. The meetings were held on the following dates: 24 January, 19 February, 25 February, 29 April, 24 July, 24 October, 5 November, 20 November and 19 December.

Consequently, the Audit and Control Committee has fulfilled its duty to meet as often as necessary to effectively carry out its functions.

Regarding the preparation and development of the meetings, the Committee Chairman calls them with sufficient notice, and they are regularly attended by the Directors and in cases where, for justified reasons, they cannot attend, they delegate their vote to another Director, including instructions to the representative. In this regard, during the 2019 financial year, all the Committee members have attended, in person or through electronic means, 100% of the meetings.

Additionally, prior to each meeting, the members of the Committee are provided with the information on the agenda, thereby encouraging them to participate actively and to reach informed agreements.

In addition to the Committee members, the head of internal audit attended the meetings convened. Also, where necessary, they have attended as guests, among others: (i) the Committee adviser; (ii) the Managing Director; (iii) the Corporate General Manager; (iv) the Financial Director; (v) the Director of Corporate Development; and (vi) the Deputy Secretary of the Board of Directors. In addition, the audit team of PricewaterhouseCoopers formed by Mr. Josep Solé and Ms. Mireia Oranias.

Lastly, it must be pointed out that the Secretary took minutes of all the meetings held, including how they developed, their contents, discussions and the agreements reached. The Committee minutes are at the disposal of its members and those on the Board of Directors.

FOR INFORMATIONAL PURPOSES ONLY. SPANISH VERSION PREVAILS.

In accordance with the foregoing, it has been concluded that the Committee complies with the Operating Rules established by the Company Bylaws and the Regulations of the Board of Directors, and it is organised correctly and efficiently to perform its duties and for its purposes.

2.3. Responsibilities of the Committee

The Committee efficiently fulfils the duties it has been entrusted with in accordance with Article 32 of the Regulations of the Board of Directors.

Likewise, the Committee performed the following functions in the course of 2019:

- Acted as a communications channel between the Board of Directors and the Company's external auditor, assessing the results of each audit.
- Issued a report, prior to the release of the accounts auditing report, in which an opinion is expressed on whether the independence of the accounts auditors or the auditing firms has been compromised.
- Oversaw the effectiveness of the Company's internal control, the internal audit and the risk management systems including those for taxation and discussed with the auditor any significant weaknesses detected in the internal control system during the audit.
- Approved the internal audit plan for the 2019 financial year.
- Approved the re-election of the accounts auditor for the financial year 2020.
- Approved the report on risk management and control policy.
- Monitored corporate social responsibility practices and strategy. Establishment of an internal committee to monitor the corporate social responsibility policy.
- Monitored compliance with the rules of the internal codes of conduct.
- Oversaw the preparation and filing of required financial information.
- Promoted and advanced the culture of compliance with the corporate rules and texts of the Company throughout the organization.
- Informed about the Annual Corporate Governance Report, which is part of the annual financial statements, to be submitted to the Board of Directors for their approval.
- Evaluated its own performance within the framework of the self-evaluation of the performance of the Board of Directors and its internal Committees.
- Analysed and reported on the Company's treasury share operations to be submitted to the Board of Directors.
- Informed the Board of Directors, via its Chairman, of the contents of the Committee meetings.
- Updated the Company's maps of risks and processes and reviewed and assessed the risk inventory.
- Oversaw the application of the measures agreed within the framework of the action plan to improve the Company's cybersecurity.
- Submitted a favourable report to the Board of Directors on the merger of wholly-owned Company investees.

FOR INFORMATIONAL PURPOSES ONLY. SPANISH VERSION PREVAILS.

- Analyzed the reports presented by the Internal Audit and Business Area on the contracting of suppliers for works and construction, as well as the formulation of certain recommendations related to the control of the processes of hiring and execution of the works.

In accordance with the foregoing, it may be concluded that the Committee efficiently undertakes and fulfils the competences assigned to it by the regulations applicable and by the Company's corporate documents.

* * * *