

INMOBILIARIA COLONIAL, SOCIMI, S.A.**ORDINARY GENERAL MEETING OF SHAREHOLDERS (JUNE 2021)**

REPORT OF THE BOARD OF DIRECTORS REGARDING THE MOTION TO AUTHORISE THE BOARD TO ISSUE BONDS THAT CAN BE CONVERTED INTO NEW COMPANY SHARES OR OTHER SIMILAR SECURITIES THAT MAY GIVE THE DIRECT OR INDIRECT RIGHT TO SUBSCRIBE TO COMPANY SHARES, WITH THE EXPRESS OPTION TO DISAPPLY SHAREHOLDERS' PREEMPTIVE RIGHT, AND TO INCREASE THE SHARE CAPITAL AS REQUIRED IN ORDER TO CONVERT THE AFORESAID SECURITIES (ITEM SIX ON THE AGENDA).

1. PURPOSE OF THE REPORT

This report was drawn up by the Board of Directors of Inmobiliaria Colonial SOCIMI S.A. ("**Colonial**" or the "**Company**") regarding authorisation for the board to issue new bonds that can be converted into company shares or other similar securities that may give the direct or indirect right to subscribe to company shares, with the express option to disapply shareholders' preemptive right, and to increase the share capital as required in order to convert the aforesaid securities, to be submitted to the Ordinary General Meeting of Shareholders for its approval.

Pursuant to Articles 286, 297.1 (b), 417 and 511 of the Spanish Limited Liability Companies Law, passed by Legislative Royal Decree 1/2010 of 2 July (the "**Spanish Limited Liability Companies Law**"), and to Commercial Registry Regulations enacted by Royal Decree 1784/1996 of 19 July, this motion for approval by the shareholders requires the Board of Directors to prepare the following supporting report.

2. REASONS BEHIND THE PROPOSED RESOLUTION

The Board of Directors deems it appropriate to have the delegated powers envisaged in law in order that it may be able to raise the funds required to duly manage company interests on primary securities markets at all times.

Given current market circumstances, the Board of Directors feels that it is in the company's interests to ensure the greatest flexibility possible when accessing financial resources, be these the company's own, pertaining to others or of a hybrid nature.

Therefore, the Board has decided to subject the access to resources through debt and hybrid instruments for approval by the Shareholder at a General Meeting. These debt instruments may be in the form of equity instruments –requiring an increase in share capital– in order that they may be seen as an attractive investment, combining the advantages of both as well as offering special benefits to both shareholders and investors under certain market conditions.

The delegation resolution of the Board of Directors allowing the issue of bonds that can be converted, as well as warrants and other similar bonds, distinguishes between bonds that can be converted which are specifically regulated under the Spanish Limited Liability Companies Law and warrants or any other similar security that may bestow a direct or indirect right to subscribe to Company shares. This distinction covers any possible differing interpretations stemming from the fact that said securities are not subject to specific regulation under the aforesaid Spanish Limited Liability Companies Law. The resolution obliges the Board of Directors to act in the issue of these

securities in strict compliance with applicable regulations governing the issue of bonds that can be converted and specifically, those set forth in the Spanish Limited Liability Companies Law applicable in this case, ensuring that the lack of a specific regulation is not interpreted as meaning that it is not necessary to comply with the regulation provided for in the aforesaid law covering bonds that can be converted where these apply to warrants, in view of their nature. In practice, the conditions stipulated in the aforementioned resolution of the Board of Directors bestow upon all securities the right to subscribe to Company shares.

The proposal also sets forth the criteria that determine the basis and procedures for conversion of the securities into shares, delegating to the Board of Directors responsibility for establishing said basis and procedures for each specific issue within the limits and pursuant to the criteria established by the shareholders in a General Meeting. By way of example but not limitation, the Board of Directors may, therefore, decide if the issued securities are convertible and the possibility of a full or partial redemption in cash, if the conversion is necessary, voluntary or contingent, establishing any objective criteria in such cases. In the event that the conversion is necessary, the Board may decide if it is to be at the option of the holder or the issuer and who shall determine the relationship existing in the conversion of the securities into shares. This may be fixed or variable, with shares valued in accordance with the procedures that the Board of Directors deems most appropriate, pursuant to that provided for in the motion. The Board may also decide upon interest rates, the dates of and procedures applied in coupon payments, including the option of variable compensation based on the performance of the Company's share price.

In the case of warrants and other similar securities that may give a direct or indirect right to subscribe to company shares, these shall be governed by the applicable regulations covering the bonds that can be converted recognised in the motion, where these are compatible with the nature of the securities in question.

By ensuring that the Board of Directors enjoys the full flexibility permitted by law, the Company has a swift and effective credit mechanism in place which it can use to strengthen its balance, bolster its financial structure and undertake investment and growth initiatives which may be in the strategic interest of the Company.

This delegation will give the Board the leeway it requires to allow the Company to operate within a competitive environment in which the success of a strategy or financial transaction frequently depends on an ability to act swiftly, avoiding the delays and costs that inevitably result from calling and holding General Meeting of Shareholders. The Board of Directors shall thus be empowered, where necessary, to amass a significant amount of resources in a short period of time.

The issue of bonds that can be converted into new Company shares or similar bonds that may give a direct or indirect right to subscribe to such shares also offers the advantage that investment in the Company can be converted into shares, offering a return that is potentially higher than that offered by other debt instruments while allowing the company to increase its own resources. These characteristics mean that the coupon for these securities is usually lower than the cost of simple fixed-income securities and bank debt, as the value of the option given to investors to convert the securities into Company shares is reflected in their interest rate.

The Board of Directors, therefore, deems it necessary to request that the General Meeting of Shareholders authorise a period of five years in which to issue, one or more times, bonds that can be converted into new Company shares or similar bonds for total sum that does not exceed 500,000,000

euros (or the equivalent amount in another currency), which may give a direct or indirect right to subscribe to Company shares, to meet the financing requirements that the Company may have in order to cover other investments, which may be deemed to be of interest to the Company at any moment or, where appropriate, to refinance part of the Company's debt.

The resolution also includes authorisation for the Board of Directors to decide upon the capital increase required in order to proceed with the conversion.

The Company shall only issue convertible securities where the capital increase required for conversion, plus any increases that may be authorised by a General Meeting. The total sum shall not exceed 50% of existing share capital at the time of the aforesaid delegation of powers (this totals, at the date of this report, 254,057,390 shares of 2.50 euros in nominal value each), pursuant to Article 297.1.(b) in fine of the Spanish Limited Liability Companies Law, or 20% of total share capital in the event that the issue of the convertible securities disappplies shareholders' preemptive rights (this totals, at the date of this report, 101,622,956 shares of 2.50 euros in nominal value each), as stated in Article 506 of the Spanish Limited Liability Companies Law.

Therefore, for the reasons outlined above and pursuant to that set forth in Article 319 of Commercial Registry Regulations and Articles 417 and 511 of the Spanish Limited Liability Companies Law and the general regulations governing the issue of bonds, in application by analogy of that outlined in Article 297.1 (b) of the Spanish Limited Liability Companies Law, the corresponding motion is hereby submitted to the General Meeting of Shareholders for its approval.

Furthermore, and as provided for in Article 511 of the Spanish Limited Liability Companies Law, in the case of listed companies, when the General Meeting of Shareholders delegates to the directors the power to issue bonds that can be converted, the directors may also be empowered to disapply shareholders' preemptive right with regard to the issue of shares subject to the delegation where this is in the Company's interest. However, for such purposes, such a proposal to disapply shareholders' preemptive right must be stated on the notice of the General Meeting, with the shareholders having access to the report prepared by the directors to justify said proposal.

It is also hereby stated that the delegation of powers to the Board of Directors to issue convertible securities contained in the motion this report refers to also includes, as provided for in Article 511 of the Spanish Limited Liability Companies Law, the power of company directors to disapply shareholders' preemptive right when the interests of the Company so require it.

The Board of Directors is of the view that this further option, which significantly extends the Company's room for maneuver and its capacity for response made possible through the delegation of powers to issue convertible securities, is justifiable as it ensures the flexibility and readiness that are sometimes needed when acting on financial markets in order to be able to seize the moment when market conditions are most favourable.

In any event, it is hereby stated that the power to disapply shareholders' preemptive rights is merely an authority that the General Meeting of Shareholders delegate to the Board of Directors, only to be exercised by the Board if it decides to do so, based on the circumstances prevailing in each case and in accordance with all legal requirements. If, by exercising such powers, the Board of Directors were to decide to disapply shareholders' preemptive rights in relation to a specific capital increase that the Board of Directors decides to carry out under the authorisation granted by the General Meeting of Shareholders, the Board of Directors shall prepare a report detailing the specific reasons of interest

to the Company that justify such a measure. This report shall be accompanied, if required under the applicable regulations, by the corresponding report by an independent expert other than the accounts auditor. The Board of Directors' report shall be made available to shareholders and submitted to the first General Meeting held after the relevant issue resolution together with, where appropriate, the independent expert's report, in accordance with the requirements of the aforementioned provisions.

PROPOSED RESOLUTION TO AUTHORISE THE BOARD OF DIRECTORS TO ISSUE BONDS THAT MAY BE CONVERTED INTO NEW COMPANY SHARES OR SIMILAR SECURITIES THAT MAY GIVE A DIRECT OR INDIRECT RIGHT TO SUBSCRIBE TO SUCH SHARES, TO BE PUT BEFORE THE GENERAL MEETING OF SHAREHOLDERS OF INMOBILIARIA COLONIAL S.A.

Sixth.- Authorisation given to the Board of Directors to issue, on behalf of the Company and on one or more occasions, for a maximum period of five years, new bonds that can be converted into company shares or other similar securities that may give the direct or indirect right to subscribe to Company shares, with the express option to disapply the preemptive rights of shareholders up to a maximum of 20% of the share capital and to increase the share capital by the amount necessary to cater for the conversion. Establishment of the criteria to determine the bases and means of conversion.

It is resolved to authorise the Board of Directors of Inmobiliaria Colonial SOCIMI S.A. (the “**Company**”), with express powers to delegate said authorisation, pursuant to the provisions of Articles 297.1.b), 401 et seq. and 417 and 511 of the Spanish Limited Liability Companies Law, and Article 319 of Commercial Registry Regulations, to issue securities in compliance with the following conditions.

1. Securities to be issued

The securities referred to in this delegation of powers may be bonds, debentures, preferential shares or any other similar fixed-income securities or similar instruments that may be converted into Company shares or that may give the direct or indirect right to subscribe to such shares, including warrants (the “**Securities**”).

The Securities issued as a result of this delegation of powers may include an option to be additionally or alternatively exchangeable for Company shares or settled by differences, at the Company’s decision.

2. Term of the delegation of powers

The securities may be issued on one or on more occasions, at any time within a maximum five-year period, to be taken from the date on which this agreement is adopted.

3. Maximum amount covered by the delegation of powers

The maximum amount of the issue or issues of the Securities that may be made through this delegation of powers may not exceed an aggregate amount of 500,000,000 euros or its equivalent in another currency.

4. Recipients of the delegation of powers

The securities issued through this delegation of powers may be acquired by any Spanish or foreign investor.

5. *Scope of the delegation of powers*

The Board of Directors shall determine the terms and conditions applicable to each issue, including, but not limited to the following:

- (a) The amount (with respect to the quantitative ceilings to be applied).
- (b) The place of issue – in Spain or abroad – and the currency of the issue and where the securities are issued outside Spain, the equivalent sum in euros.
- (c) The denomination and type (bond or debenture, including subordinated debentures, preferential shares, warrants or any other type of security admissible in law.
- (d) The date(s) of issue.
- (e) The number of securities and their nominal value, which in the case of convertible securities shall be no less than the share price.
- (f) The interest rate, the dates and coupon payment procedures, including the option of compensation linked to the Company's share price or any other indices and benchmarks.
- (g) The perpetual or redeemable nature of the securities, and, in the latter case, the (total or partial) redemption periods and conditions and the maturity date.
- (h) The convertible nature of the securities, including the option of the total or partial cash redemption at any moment.
- (i) Conversion. In particular, the circumstance of necessarily or voluntarily convertible or even contingent securities, and in the case of voluntarily convertible securities, the option of the holder of the shares or the issuer.
- (j) The option for the securities to be additionally or alternatively exchangeable for Company shares or settled by differences.
- (k) Settlement through the physical delivery of the shares or, where appropriate, for differences.
- (l) In the case of warrants and similar securities, the issue price and/or premium, the exercise price -which may be fixed or variable- and the procedure, term and other terms applicable to the exercise of the right to subscribe the underlying shares or, where applicable, the exclusion of such right.
- (m) Mechanisms and antidilution clauses.
- (n) Priority rules and subordination clauses, where applicable.
- (o) Recovery rate, premiums and prizes.
- (p) Guarantee of issue, where applicable.
- (q) The form of representation, by certificates, book-entries or any other form admissible in law.
- (r) The exercising or disapplication of shareholders' preemptive right, and, in general, procedures for the subscription to and payment for the Securities.
- (s) Provision for an incomplete issue subscription.
- (t) Applicable legislation, either Spanish or foreign.

- (u) Where applicable, the appointment of a Commissioner and the approval of the ground rules that govern legal relations between the Company and the Syndicate of Holders of the issued securities.
- (v) The official or non-official secondary market, be it organised or not, Spanish or foreign, on which it is requested that the securities issued pursuant to the delegated powers be allowed to be traded, subject to applicable regulations and, in general, any other condition of the issue.

The Board of Directors is empowered to modify the redemption conditions of the issued securities and their respective term, as well as the interest rate that might be payable as a result of the issues made as a result of this authorisation, where it considers it appropriate to do so and subject to, where applicable, the obtaining of the relevant authorisation and, if appropriate, the consent of the corresponding syndicate and other bodies representing the holders of the securities.

6. Disapplication of preemptive rights

Pursuant to Articles 417 and 511 of the Spanish Limited Liability Companies Law, the Board of Directors is expressly delegated the power to disapply, in whole or in part, the exercise of shareholders' preemptive right in the issue of Securities when this is necessary or appropriate to the interest of the Company. Where the issue of convertible securities disapplies shareholders' preemptive right, the Company will only issue convertible securities when the capital increase needed for conversion, plus increases with the disapplication of the preemptive right that may have been agreed under other authorisations given by the shareholders at a General Meeting, does not exceed 20% of the total share capital, all the above in accordance with the terms of the Spanish Limited Liability Companies Law.

In any event, should it be resolved to exercise the power conferred to disapply preemptive rights, the Board will prepare the necessary report. This report shall be accompanied, if required under the applicable regulations, by the corresponding report by an independent expert other than the accounts auditor. The Board of Directors' report shall be made available to shareholders and submitted to the first General Meeting held after the relevant issue resolution together with, where appropriate, the independent expert's report.

7. Basis for conversion and procedures

When issuing bonds that can be converted, and for the purposes of determining the basis for conversion and procedures applicable, these shall be set by the Board of Directors for each issue undertaken, making use of the delegated powers, pursuant to the following criteria:

- (a) The securities issued under this resolution will be convertible into new shares of the Company based on a fixed (determined or determinable) or variable (which may include maximum and/or minimum limits on the conversion price) conversion ratio. The Board of Directors will be empowered to determine whether they are convertible and whether they are necessarily or voluntarily convertible, even on a contingent basis or, where applicable, following any objective criteria. In the case of voluntary conversion, the board shall decide whether it is at the option of the holder or the issuer, with the frequency and for the period or periods established in the resolution relating to the issue, which may not exceed ten years from the date of issue or perpetually where possible in accordance with applicable legislation.

- (b) Where the conversion ratio for shares of the Company is fixed, the securities or bonds that can be converted shall be valued at their par value, while shares at the fixed rate shall be set by the Board of Directors' resolution resulting from these delegated powers, or the rate that is determinable on the date(s) indicated in the resolution, and based mainly on the market price of the Company's share price on the Spanish Stock Market on the date(s) or period(s) taken as a reference in such resolution, with or without a premium or discount on such market price. Fixed maximum and minimum conversion prices may also be set.
- (c) Where the conversion ratio for shares of the Company is variable, the price of the shares for the purposes of the conversion would be set mainly on the basis of the market price and may include a premium or, where appropriate, a discount on such price per share. The premium or discount may be different for each conversion date of each issue (or, as appropriate, each tranche of an issue) and a fixed maximum and minimum conversion price may also be set.
- (d) Under no circumstances may the share value for the purposes of conversion of the bonds into shares be less than its par value. In accordance with Article 415 of the Spanish Limited Liability Companies Law, bonds may not be converted into shares when their par value is lower than that of the shares. Bonds that can be converted may not be issued at a price below the par value either.
- (e) Where the issue is convertible and exchangeable, the Board may decide that the Company reserves the right to opt at any point for the conversion of the bonds into new shares or their exchange for outstanding shares, specifying the nature of the shares to be delivered at the time of conversion or exchange. Holders of securities may also opt to receive a combination of new and outstanding shares, or an equivalent amount in cash. In any event, the Company shall respect the principle of equal treatment of all holders of fixed-income securities that are converted or exchanged on the same date.
- (f) Where the securities are converted, any fractions of shares to be delivered to the holder of the bonds or debentures, if any, will automatically be rounded down to the nearest whole number and each holder will receive the difference in cash that may arise in such cases.

The Board of Directors is empowered to establish the basis and procedures for the conversion and, specifically, to determine the time of the conversion or exercise of the warrants, which may be limited to a period set in advance, the ownership of the conversion right (which may correspond to the Company or to the holders of the securities and/or bonds and/or warrants), how to meet the requirements of the bondholders or holders of the warrants and, in general, any other aspect or condition that may be needed or deemed appropriate for each issue.

As provided for in Articles 417 and 511 of the Spanish Limited Liability Companies Law, when approving the issue of convertible bonds or securities with total or partial disapplication of preemptive rights under the authorisation set forth in this resolution, the Board of Directors shall produce a report based on the criteria set out above, outlining the basis and procedures for the conversion that are specifically applicable to this issue.

This report must be accompanied, where required under the applicable regulations, by the corresponding auditor's report. This person shall be other than the Company's auditor and appointed for these purposes by the Commercial Registry. Furthermore, the Board of Directors' report shall be made available to shareholders and submitted to the first General Meeting held after the relevant issue resolution together with, where appropriate, the independent expert's report.

8. Basis and procedures for warrants and other similar securities

In the event of the issue of warrants or other similar securities that may directly or indirectly give the right to subscribe shares of the Company, to which the Consolidated Spanish Limited Liability Companies Law will apply by analogy for bonds that can be converted, the Board of Directors is empowered to determine, in the broadest terms, the basis and procedures for exercise, applying the criteria set out in the section 7 above in relation to such issues, with the adaptations necessary to make them compatible with the legal and financial regime for this class of securities.

9. Rights of the holders of securities

The holders of Securities issued as a result of the authorisation contained in this resolution shall enjoy the rights provided for in the regulations applicable to the issue and the resolution of the issue.

10. Capital increase

The Board of Directors is authorised to increase the Company's capital by issuing new ordinary shares in the amount necessary to meet the requests to convert the securities issued under this resolution. This authorisation is conditioned on the assumption that all capital increases resolved by the Board of Directors, including those resolved in the exercise of the powers now delegated and those that may be granted in accordance with other authorisations granted by the shareholders, do not exceed the limit of half of the Company's current share capital, as stipulated in Article 297.1 (b) in fine of the Spanish Limited Liability Companies Law, or 20% of the total share capital, if in the issue of the convertible securities the preemptive rights of the shareholders are disapplied. This authorisation to increase the Company's share capital includes the right to issue and circulate, on one or several occasions, the shares that are necessary to carry out the conversion, as well as to redraft the article of the Company Bylaws relating to the share capital and, where appropriate, cancel the portion of the capital increase that is not necessary for the conversion into shares.

11. Admission to trading

The Board of Directors has express authority for substitution by the Chairman, the CEO, the Secretary and Vice Secretary to the Board of Directors of the power to request admission to trading on official or unofficial secondary markets, organised or otherwise and either in Spain or abroad, of the securities issued by way of these delegated powers, as well as to undertake all such steps as required or appropriate to ensure the admission to trading by the relevant organisations on Spanish and foreign share markets.

The Board of Directors is also authorised to request the admission to trading of the new ordinary shares that may be issued to meet the requests for the conversion of securities made on the basis of this resolution on the Madrid and Barcelona stock exchanges and on any other markets in which the Company's shares are traded at the time of implementation of this resolution, and for them to be included on the Spanish Stock Market Interconnection System (SIBE).

In the event of a subsequent application for delisting, it is expressly placed on record that such application will be adopted with the same formalities as the application for admission, insofar as they are applicable, and, in such a case, the interest of the shareholders or bondholders who object or do not vote for the resolution under the terms set forth in the legislation in force will be guaranteed. The Company is also subject to the rules that exist or may be issued in the future as regards stock exchanges and, especially, on the arrangement, permanence and delisting.

12. Delegation of powers

Without prejudice to the delegations of specific powers contained in the foregoing sections (which must be understood to have been granted with express powers of delegation to the bodies and persons detailed herein), the Board of Directors is granted the broadest powers and the express powers of delegation to the Chairman, the CEO, the Secretary and Vice Secretary to the Board of Directors, so that any of them, individually and with a single signature, might request such authorisations and adopt such resolutions as may be necessary or appropriate in order to comply with the legal regulations in force and the execution and successful conclusion of this resolution, including the performance of any formalities, the execution of any public or private documents, agency agreements, insurance, calculations and such other documents as may be required for the issue of securities of this nature, including the power to voluntarily request, in those cases in which it is not mandatory and the Board of Directors deems it appropriate, a report from an independent expert appointed by the Commercial Registry or an expert report appointed by the Company itself for the purpose of excluding pre-emptive subscription rights, as well as the preparation of such prospectuses as may be required in making use of the power of delegation under this resolution.

The approval of this resolution will entail the annulment, from the time when the proposed resolution is approved by the Shareholders at a General Meeting, of the foregoing resolution authorising the Board of Directors approved under item six on the agenda of the Company's Ordinary General Meeting of Shareholders on 24 May 2018.

* * * *

This report was prepared and approved by the Board of Directors at the registered office, at a meeting held on 26 May 2021.