

INMOBILIARIA COLONIAL, SOCIMI, S.A.**ORDINARY GENERAL MEETING OF SHAREHOLDERS (JUNE 2021)****REPORT OF THE BOARD OF DIRECTORS ON THE MOTION TO AMEND THE COMPANY BYLAWS (ITEM ELEVEN (11.1, 11.2, 11.3, 11.4 and 11.5) ON THE AGENDA).****1. Purpose of the report**

This report has been prepared by the Board of Directors of Inmobiliaria Colonial, SOCIMI, S.A. (“**Colonial**” or the “**Company**”) in relation to the amendment to the Company Bylaws to adapt them to the recent reform of the Consolidated Text of the Spanish Limited Liability Companies Law approved by Royal Legislative Decree 1/2010, of 2 July (the “**Spanish Limited Liability Companies Law**”), which is submitted to the Ordinary General Meeting of Shareholders for approval.

In this regard, the above reform, which has been introduced by *Law 5/2021, of 12 April amending the Consolidated Text of the Spanish Limited Liability Companies Law approved by Royal Legislative Decree 1/2010, of 2 July and other financial legislation, in relation to the promotion of shareholders’ long-term involvement in listed companies (“**Law 5/2021**”)*, affects a variety of areas, such as: (i) the regulation of online attendance at General Meetings, as well as the provision for holding virtual-only General Meetings; (ii) the rules on related-party transactions; (iii) the identification of shareholders and the exercise of voting rights; (iv) capital increases and pre-emptive subscription rights; (v) Directors’ remuneration; and (vi) the composition of the Board of Directors, among others.

Colonial’s Board of Directors has analysed the above-mentioned reforms made by Law 5/2021 to identify the areas and matters to be added or adapted in the Bylaws. For this purpose, the Company’s Board of Directors has deemed it appropriate to submit to the General Meeting of Shareholders for approval the amendments to the articles of the Company Bylaws stated below, as well as the addition of a new article on virtual-only General Meetings.

In accordance with Article 286 of the Spanish Limited Liability Companies Law and the related provisions of the Commercial Registry Regulations (Reglamento del Registro Mercantil) as approved by Royal Decree 1784/1996, of 19 July, the aforementioned motion for the General Meeting of Shareholders requires the Board of Directors to draw up the following supporting report.

2. Justification for the motion**2.1 Amendment of Article 5 (“Share capital”) of the Company Bylaws**

The aim of the amendment to Article 5 (“Share capital”) of the Company Bylaws that is being submitted for approval to the General Meeting of Shareholders is to adapt it to the wording envisaged in Law 5/2021 relating to Article 497 of the Spanish Limited Liability Companies Law in relation to the right to know the identity of shareholders.

2.2 Amendment to Article 29 (“Composition, quorum, adoption of resolutions, internal system, and delegation of powers”) of the Company Bylaws.

The aim of the amendment to Article 29 (“Composition, quorum, adoption of resolutions, internal system, and delegation of powers”) of the Company Bylaws that is being submitted for approval to the General Meeting of Shareholders is to remove the possibility of members of the Board of Directors

being legal entities as provided in the new wording given to Article 529 bis of the Spanish Limited Liability Companies Law by Law 5/2021.

2.3 Amendment to Article 30 (“Remuneration”) of the Company Bylaws

The purpose of the amendment to Article 30 (“Remuneration”) of the Company Bylaws that is being submitted for approval to the General Meeting of Shareholders is to adapt it to the new provisions on the remuneration of the Board of Directors added to the Spanish Limited Liability Companies Law by Law 5/2021. In particular:

- (a) The approval of the remuneration policy is adapted to the wording of Article 529 novodecies of the Spanish Limited Liability Companies Law.
- (b) The provisions on the remuneration of Directors by reason of this capacity are adapted to the wording of Article 529 septdecies of the Spanish Limited Liability Companies Law.
- (c) The provisions on the remuneration of Directors for their performance of executive functions are adapted to the wording of Article 529 octodecies of the Spanish Limited Liability Companies Law.

2.4 Amendment to Article 32 (“Audit and Control Committee”) of the Company Bylaws

The aim of the amendment to Article 32 (“Audit and Control Committee”) of the Company Bylaws that is being submitted for approval to the General Meeting of Shareholders is to adapt the competences of the Audit and Control Committee to the new wording given to Article 529 quaterdecies of the Spanish Limited Liability Companies Law by Law 5/2021. In particular, the Audit and Control Committee has the new duty of reporting on the related-party transactions that require approval by the General Meeting of Shareholders or the Board of Directors and overseeing the Company’s internal procedure for transactions whose approval has been delegated.

2.5 Addition of a new Article 19 bis (“Virtual-Only General Meeting”) to the Company Bylaws.

The aim of the new Article 19 bis of the Bylaws that is being submitted for approval to the General Meeting of Shareholders is to authorise the calling of the General Meeting of Shareholders to be held solely virtually; i.e. without the shareholders or their proxies being physically present, whenever so decided by the Board of Directors.

Without prejudice to the Board of Directors’ right to decide that the physical presence of shareholders or their proxies at General Meetings should be the ordinary channel for the exercise of their rights, together with the ability to exercise them by means of remote communication methods prior to the General Meeting, the proposed addition regarding the possibility of holding General Meetings with shareholders and their proxies attending solely virtually may be very useful in certain situations that make it advisable to facilitate the holding of meetings through this method.

3. Proposed amendments to the Company Bylaws

It was proposed to amend Articles 5 (“Share capital”), 29 (“Composition, quorum, adoption of resolutions, internal system, and delegation of powers”), 30 (“Compensation”) and 32 (“Audit and Control Committee”) of the Bylaws of Colonial, which shall henceforth read as follows:

PRESENT WORDING	PROPOSED WORDING
Article 5. Share capital	Article 5. Share capital
Share capital is set at ONE BILLION TWO HUNDRED AND SEVENTY MILLION TWO HUNDRED AND EIGHTY-SIX THOUSAND NINE HUNDRED AND FIFTY-TWO EUROS AND FIFTY CENTS (1,270,286,952.50 euros), divided into 508,114,781 shares, represented by registered book entries with a par value of 2.50 EUROS each, of the same class and series, fully subscribed and paid up.	Share capital is set at ONE BILLION TWO HUNDRED AND SEVENTY MILLION TWO HUNDRED AND EIGHTY-SIX THOUSAND NINE HUNDRED AND FIFTY-TWO EUROS AND FIFTY CENTS (1,270,286,952.50 euros), divided into 508,114,781 shares, represented by registered book entries with a par value of 2.50 EUROS 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 its participating entities.	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 its participating entities.
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.	At any time, the The Company, or a third party appointed by it, shall be entitled to obtain <u>data on the at any time from the central securities depository the information regarding the identity of its</u> shareholders from the entities keeping the accounting records for the book entries, including their addresses and the means of contact available.
Article 29. Composition, quorum, adoption of resolutions, internal system, and delegation of powers.	Article 29. Composition, quorum, adoption of resolutions, internal system, and delegation of powers..
1. The Board of Directors shall consist of at least five members and at most fifteen members. The Directors shall be classified in the category of executive Directors or non-executive Directors. In the latter category, the Directors may be classified as either proprietary, independent or other external Directors. Such terms shall have the meaning attributed to them by current legislation and as specified by the Regulations of the Board of Directors.	1. The Board of Directors shall consist of at least five members and at most fifteen members. The Directors shall be classified in the category of executive Directors or non-executive Directors. In the latter category, the Directors may be classified as either proprietary, independent or other external Directors. Such terms shall have the meaning attributed to them by current legislation and as specified by the Regulations of the Board of Directors.
Directors may be individual or legal entities. Should a legal entity be appointed as a member of the Board of Directors, the entity must appoint a single individual to permanently exercise the functions inherent to the office. Such person may be replaced by another, but this replacement must be informed in writing to the Board of Directors of the Company with sufficient time in advance of the date when said replacement becomes effective and shall be subject to the same approval as the initial appointment.	Directors may be individual or legal entities. Should a legal entity be appointed as a member of the Board of Directors, the entity must appoint a single individual to permanently exercise the functions inherent to the office. Such person may be replaced by another, but this replacement must be informed in writing to the Board of Directors of the Company with sufficient time in advance of the date when said replacement becomes effective and shall be subject to the same approval as the initial appointment.
Should any vacancies open during the term for which they were appointed, the Board may designate the persons that shall occupy them until the first General Meeting, unless it has already been called, in which case the Board of Directors may designate a single Director until the next General Meeting is held.	Should any vacancies open during the term for which they were appointed, the Board may designate the persons that shall occupy them until the first General Meeting, unless it has already been called, in which case the Board of Directors may designate a single Director until the next General Meeting is held.
The Board of Directors, upon report by the Appointments and Remuneration Committee, shall appoint from among its own members a Chairman and, where applicable, one or several Vice-Chairs, which	The Board of Directors, upon report by the Appointments and Remuneration Committee, shall appoint from among its own members a Chairman and, where applicable, one or several Vice-Chairs, which

PRESENT WORDING	PROPOSED WORDING
<p>shall be subject to reelection and revocation at the request of the Board itself.</p>	<p>shall be subject to reelection and revocation at the request of the Board itself.</p>
<p>The Board shall appoint, upon report by the Appointments and Remuneration Committee, a Secretary and, where applicable, a Vice Secretary. The Secretary and the Vice Secretary may or may not be Directors. If they are not Directors, they shall be entitled to be heard but not to vote. The same procedure shall be followed to accord the separation of the Secretary and, where applicable, the Vice Secretary. The Vice Secretary may attend the meetings of the Board of Directors in the absence of the Secretary or when so requested by the Chairman of the Board.</p>	<p>The Board shall appoint, upon report by the Appointments and Remuneration Committee, a Secretary and, where applicable, a Vice Secretary. The Secretary and the Vice Secretary may or may not be Directors. If they are not Directors, they shall be entitled to be heard but not to vote. The same procedure shall be followed to accord the separation of the Secretary and, where applicable, the Vice Secretary. The Vice Secretary may attend the meetings of the Board of Directors in the absence of the Secretary or when so requested by the Chairman of the Board.</p>
<p>When so decided by the Board itself and, where in any case, when the Chairman has the status of executive Director, the Board of Directors shall appoint, with the executive Directors abstaining, a Independent Lead Director from among the independent Directors, who shall be especially authorized to request the call by the Board of Directors or the inclusion of new items on the agenda of a previously called Board meeting, coordinate and gather the non-executive Directors and, where applicable, head the regular evaluation of the Chairman of the Board of Directors.</p>	<p>When so decided by the Board itself and, where in any case, when the Chairman has the status of executive Director, the Board of Directors shall appoint, with the executive Directors abstaining, a Independent Lead Director from among the independent Directors, who shall be especially authorized to request the call by the Board of Directors or the inclusion of new items on the agenda of a previously called Board meeting, coordinate and gather the non-executive Directors and, where applicable, head the regular evaluation of the Chairman of the Board of Directors.</p>
<p>The Board shall meet at least once per quarter and, in any case, whenever called by the Chairman or whomever acts in his stead. The Chairman shall be required to call a meeting of the Board of Directors when requested by at least one third of the Board members. In this latter case, should the Chairman, without just cause, fault to call such meeting within a term of one month, the Board may be called by the administrators requesting the meeting, indicating the agenda, to be held in the locale of the company's registered office. The Independent Lead Director shall further be specifically authorized to request calling a meeting of the Board of Directors.</p>	<p>The Board shall meet at least once per quarter and, in any case, whenever called by the Chairman or whomever acts in his stead. The Chairman shall be required to call a meeting of the Board of Directors when requested by at least one third of the Board members. In this latter case, should the Chairman, without just cause, fault to call such meeting within a term of one month, the Board may be called by the administrators requesting the meeting, indicating the agenda, to be held in the locale of the company's registered office. The Independent Lead Director shall further be specifically authorized to request calling a meeting of the Board of Directors.</p>
<p>2. The Directors are required to personally attend the meetings of the Board of Directors. A quorum of the Board meeting shall be constituted when attended, in person or by proxy through another Director, by a majority of its members. The representation shall be granted in writing and specifically for each meeting, and solely in favour if another Board member. Non-executive Directors may nonetheless grant their representation to another non-executive Director.</p>	<p>2. The Directors are required to personally attend the meetings of the Board of Directors. A quorum of the Board meeting shall be constituted when attended, in person or by proxy through another Director, by a majority of its members. The representation shall be granted in writing and specifically for each meeting, and solely in favour if another Board member. Non-executive Directors may nonetheless grant their representation to another non-executive Director.</p>
<p>3. Resolutions shall be adopted by an absolute majority of those in attendance at the meeting. In case of tie, the personal vote of the Chairman shall decide.</p>	<p>3. Resolutions shall be adopted by an absolute majority of those in attendance at the meeting. In case of tie, the personal vote of the Chairman shall decide.</p>
<p>4. The Director shall refrain from participating in the deliberation and voting of resolutions or decisions in which he or a related person has a direct or indirect</p>	<p>4. The Director shall refrain from participating in the deliberation and voting of resolutions or decisions in which he or a related person has a direct or indirect</p>

PRESENT WORDING	PROPOSED WORDING
<p>conflict of interests. The votes of the Directors affected by such conflict and that must abstain shall be deducted for the purposes of calculating the necessary majority of votes. Excluded from the foregoing obligation to abstain are the resolutions or decisions affecting their administrator status, such as their appointment or removal for offices in the administrative body or others of analogous implications.</p>	<p>conflict of interests. The votes of the Directors affected by such conflict and that must abstain shall be deducted for the purposes of calculating the necessary majority of votes. Excluded from the foregoing obligation to abstain are the resolutions or decisions affecting their administrator status, such as their appointment or removal for offices in the administrative body or others of analogous implications.</p>
<p>Written votes and without holding a session shall be valid if not opposed by any Director. Discussions and resolutions by the Board shall be kept in a Minutes Ledger, which must be signed by the Chairman and the Secretary.</p>	<p>Written votes and without holding a session shall be valid if not opposed by any Director. Discussions and resolutions by the Board shall be kept in a Minutes Ledger, which must be signed by the Chairman and the Secretary.</p>
<p>5. Notwithstanding the powers that may be granted to anyone, the Board may permanently delegate some or all of its powers, other than the legal exceptions, to an executive committee and to one or several Managing Directors, establishing the content, limits and modalities of such delegation. The permanent delegation of an authority of the Board of Directors to an executive committee or one or several Managing Directors and the designation of the administrators that are to hold such offices shall require for their validity the favourable vote of two thirds of the members of the Board of Directors and shall have no effect until registered at the Commercial Registry.</p>	<p>5. Notwithstanding the powers that may be granted to anyone, the Board may permanently delegate some or all of its powers, other than the legal exceptions, to an executive committee and to one or several Managing Directors, establishing the content, limits and modalities of such delegation. The permanent delegation of an authority of the Board of Directors to an executive committee or one or several Managing Directors and the designation of the administrators that are to hold such offices shall require for their validity the favourable vote of two thirds of the members of the Board of Directors and shall have no effect until registered at the Commercial Registry.</p>
<p>Article 30. Remuneration</p>	<p>Article 30. Remuneration</p>
<p>1. The office of Director shall be remunerated.</p>	<p>1. The office of Director shall be remunerated.</p>
<p>2. The Company remuneration system shall consist of the following items:</p> <ul style="list-style-type: none"> (i) A fixed monthly remuneration, determined by the membership on the Board and its committees; (ii) Allowances for the meetings of the Board of Directors and of its committees; and (iii) A remuneration referencing the listing value of the shares or implying the delivery of shares or option rights to shares, destined for the Directors. Their application must be approved by the General Meeting of Shareholders, which shall determine the maximum number of shares that may be assigned during each year, the exercise price or the system for the calculation of the exercise price for stock options, the value of the shares that, where applicable, are used as a benchmark, and the term of duration of the plan. 	<p>2. The Company compensation system shall consist of the following items:</p> <ul style="list-style-type: none"> (i) A fixed monthly remuneration, determined by the membership on the Board and its committees; (ii) Allowances for the meetings of the Board of Directors and of its committees; and (iii) A remuneration referencing the listing value of the shares or implying the delivery of shares or option rights to shares, destined for the Directors. Their application must be approved by the General Meeting of Shareholders, which shall determine the maximum number of shares that may be assigned during each year, the exercise price or the system for the calculation of the exercise price for stock options, the value of the shares that, where applicable, are used as a benchmark, and the term of duration of the plan.

PRESENT WORDING	PROPOSED WORDING
	<p><u>The remuneration for the functions that Directors are required to perform in their capacity as such, as members of the Board of Directors or its Committees, shall comply with the remuneration system provided for in these Company Bylaws and the approved remuneration policy.</u></p>
<p>3. The General Meeting of Shareholders shall approve at least every three years, as a separate item on the agenda, the policy of compensation of the Directors, which shall be adjusted as regards the compensation system referenced in the preceding section. Any modification or substitution thereof shall require the prior approval of the General Meeting of Shareholders according to the procedure established for approval in the Law and the Regulations of the Board of Directors of the Company.</p>	<p>3. <u>The Directors' Remuneration Policy shall adhere to the remuneration system outlined in the previous section and shall be approved by the</u> General Meeting of Shareholders, a compensation plan for the Directors must be approved as a separate item on the agenda. This plan must follow the guidelines referenced in the preceding section, with a maximum term of application of three years. Any proposals for a new Director remuneration policy must be submitted to the General Meeting of Shareholders before the end of the last year of application of the existing policy, and the General Meeting of Shareholders may decide that the new policy shall be effective from the date of approval for the following three years. Any modification or substitution thereof <u>of the policy during this period</u> shall require <u>the prior approval at</u> of the General Meeting of Shareholders according to <u>in accordance with the</u> procedure established <u>procedure for the approval thereof provided for</u> by law and <u>in the</u> Regulations of the Board of Directors of the Company.</p>
<p>The remuneration policy for the Directors shall determine the compensation of the Directors in their capacity as such within the compensation established in these bylaws and shall include the maximum amount of the annual remuneration be paid to the group of administrators. The determination of each Director's remuneration shall be made by the Board of Directors, which shall take into account, for such purpose, the functions and responsibilities to be attributed to each Director, their membership in Board committees and other objective circumstances deemed relevant.</p>	<p>The remuneration policy for the Directors shall determine the compensation of the Directors in their capacity as such within the compensation established in these bylaws and shall include <u>specify at least</u> the maximum amount of the annual remuneration <u>to be</u> paid to <u>all Directors in their capacity as such and</u> the <u>group</u> criteria for the distribution of administrators. The determination of each Director's <u>the</u> remuneration shall be made by the Board of Directors, which shall take into account, for such purpose, <u>according to</u> the functions and responsibilities to be attributed <u>assigned</u> to each Director, -. The Board of Directors is responsible for determining the individual remuneration of each Director in their membership capacity as such in Board committees <u>accordance with the framework established in these Company Bylaws and</u> other objective circumstances deemed relevant <u>the remuneration policy, subject to a report by the Appointments and Remuneration Committee.</u></p>
<p>The application of this remuneration system shall maintain a reasonable proportion with the importance of the Company, the economic situation existing at any time and the market standards of comparable companies. It shall further focus on promoting the profitability and long-term sustainability of the Company and avoiding the assumption of excessive risks and the rewarding of unfavourable results.</p>	<p>The application of this remuneration system shall maintain a reasonable proportion with the importance of the Company, the economic situation existing at any time and the market standards of comparable companies. It shall further focus on promoting the profitability and long-term sustainability of the Company and avoiding the assumption of excessive risks and the rewarding of unfavourable results.</p>

PRESENT WORDING	PROPOSED WORDING
<p>4. Compensating Directors for the performance of their executive functions shall conform to the Director’s compensation policy, which necessarily must consider the amount of any fixed annual payments and any changes over the period to which the policy refers, the different parameters for establishing variable components and the main terms and conditions of their contracts including, in particular, their duration, compensation for premature termination or for the end of employment as well as exclusivity, non-compete and permanence agreements, and loyalty programs.</p>	<p>4. Compensating Directors for the performance of their executive functions shall conform to the Director’s compensation policy, which necessarily must consider the amount of any fixed annual payments and any changes over the period to which the policy refers, the different parameters for establishing variable components and the main terms and conditions of their contracts including, in particular, their duration, compensation for premature termination or for the end of employment as well as exclusivity, non-compete and permanence agreements, and loyalty programs. <u>The remuneration of the executive functions of managing directors and other Directors to whom these functions are assigned by virtue of other titles must comply with the provisions of these Company Bylaws and, under all circumstances, with the approved remuneration policy and contracts.</u></p> <p><u>The remuneration policy shall establish at least the amount of fixed annual remuneration due to the Directors for the performance of their executive functions.</u></p>
<p>The Board of Directors shall establish the compensation of the Directors for the performance of executive functions and according to the terms and conditions of their contracts with the Company pursuant to the compensation policy approved at the General Meeting. The contract shall set out in detail all of the items for which compensation may be obtained for performing executive functions, including, where applicable, possible compensation for early discontinuation of these functions, and the amounts to be paid by the Company as insurance premiums or contributions to savings plans. Directors shall not receive any compensation for performing executive functions whose amounts or concepts are not listed in their contracts.</p>	<p>The Board of Directors shall establish the compensation of the Directors for the performance of executive functions and according to the terms and conditions of their contracts with the Company pursuant to the compensation policy approved at the General Meeting. The contract shall set out in detail all of the items for which compensation may be obtained for performing executive functions, including, where applicable, possible compensation for early discontinuation of these functions, and the amounts to be paid by the Company as insurance premiums or contributions to savings plans. Directors shall not receive any compensation for performing executive functions whose amounts or concepts are not listed in their contracts. <u>The Board of Directors is responsible for determining the individual remuneration of each Director in their capacity as such based on the performance of their assigned executive functions in accordance with the remuneration policy framework and the provisions of the remuneration policy, subject to a report by the Appointments and Remuneration Committee.</u></p>

PRESENT WORDING	PROPOSED WORDING
<p>5. The Board shall prepare an Annual Report on the Directors' remuneration, which shall include complete, clear and understandable information on the remuneration policy of the Directors applicable to the year underway. It shall further include an overall summary of the application of the remuneration policy during the year ended and the detail of the individual remuneration earned for all items by each Director during such year. The report shall be disclosed and submitted for an advisory vote as a separate item on the agenda at the Ordinary General Meeting of Shareholders.</p>	<p>5. The Board shall prepare an Annual Report on the Directors' remuneration, which shall include complete, clear and understandable information on the remuneration policy of the Directors applicable to the year underway. It shall further include an overall summary of the application of the remuneration policy during the year ended and the detail of the individual remuneration earned for all items by each Director during such year. The report shall be disclosed and submitted for an advisory vote as a separate item on the agenda at the Ordinary General Meeting of Shareholders.</p>
<p>Article 32. Audit and Control Committee</p>	<p>Article 32. Audit and Control Committee</p>
<p>The Audit and Control Committee shall consist of at least three and at most eight Directors, appointed by the Board of Directors, all of whom must be non-executive Directors. The Audit and Control Committee shall consist of the number of independent Directors determined by law from time to time, and at least one of them shall be appointed considering their knowledge and experience in accounting, auditing, or both.</p>	<p>The Audit and Control Committee shall consist of at least three and at most eight Directors, appointed by the Board of Directors, all of whom must be non-executive Directors. The Audit and Control Committee shall consist of the number of independent Directors determined by law from time to time, and at least one of them shall be appointed considering their knowledge and experience in accounting, auditing, or both.</p>
<p>Overall, the members of the Audit and Control Committee shall have the relevant technical knowledge in relation to the sector of activity of which the Company forms part.</p>	<p>Overall, the members of the Audit and Control Committee shall have the relevant technical knowledge in relation to the sector of activity of which the Company forms part.</p>
<p>The Audit and Control Committee shall appoint a Chairman from among its own members, which in any case must be an independent Director. The Chairman of the Audit and Control Committee must be replaced every four years, and may be reelected following a term of one year from their leaving such office.</p>	<p>The Audit and Control Committee shall appoint a Chairman from among its own members, which in any case must be an independent Director. The Chairman of the Audit and Control Committee must be replaced every four years, and may be reelected following a term of one year from their leaving such office.</p>
<p>The Committee shall further appoint a Secretary from among its members, or may appoint the Secretary of the Board to act as such. In the absence of the Secretary of the Committee, its functions shall be exercised by the Secretary of the Board or, where applicable, by its Vice Secretary. The Committee may at any time appoint a Vice-Chair that will also have its own independent status.</p>	<p>The Committee shall further appoint a Secretary from among its members, or may appoint the Secretary of the Board to act as such. In the absence of the Secretary of the Committee, its functions shall be exercised by the Secretary of the Board or, where applicable, by its Vice Secretary. The Committee may at any time appoint a Vice-Chair that will also have its own independent status.</p>
<p>In any case, the Committee may rely on the technical assistance of the Board Secretary, or of its Vice Secretary, at its meetings, upon request by the Chairman of the Committee.</p>	<p>In any case, the Committee may rely on the technical assistance of the Board Secretary, or of its Vice Secretary, at its meetings, upon request by the Chairman of the Committee.</p>
<p>The members of the Committee shall leave their office when they are no longer Directors or when so agreed by the Board of Directors.</p>	<p>The members of the Committee shall leave their office when they are no longer Directors or when so agreed by the Board of Directors.</p>
<p>Notwithstanding any others it may be attributed by Law, the Bylaws or, in accordance therewith, the Regulations of the Board of Directors, the Audit and Control Committee shall at least have the following functions:</p>	<p>Notwithstanding any others it may be attributed by Law, the Bylaws or, in accordance therewith, the Regulations of the Board of Directors, the Audit and Control Committee shall at least have the following functions:</p>

PRESENT WORDING	PROPOSED WORDING
<p>1. Reporting to the General Meeting of Shareholders on the matters arising in relation to such matters as are within the jurisdiction of the Committee and, specifically, the result of the audit, explaining how it has contributed to the integrity of the financial information and the function that the Committee has performed in such process.</p>	<p>1. Reporting to the General Meeting of Shareholders on the matters arising in relation to such matters as are within the jurisdiction of the Committee and, specifically, the result of the audit, explaining how it has contributed to the integrity of the financial information and the function that the Committee has performed in such process.</p>
<p>2. Supervise the effectiveness of the internal controls of the Company, the internal audit and the risk management systems, and discuss with the accounts auditor the significant weaknesses in the internal control system detected over the course of the audit, all without interfering with its independence. To this end, and where applicable, it may present recommendations or proposals to the Board of Directors and the relevant term for its follow up.</p>	<p>2. Supervise the effectiveness of the internal controls of the Company, the internal audit and the risk management systems, and discuss with the accounts auditor the significant weaknesses in the internal control system detected over the course of the audit, all without interfering with its independence. To this end, and where applicable, it may present recommendations or proposals to the Board of Directors and the relevant term for its follow up.</p>
<p>3. Supervise the process of preparing and presenting the required financial information and present recommendations or proposals to the Board of Directors, directed to protecting its integrity.</p>	<p>3. Supervise the process of preparing and presenting the required financial information and present recommendations or proposals to the Board of Directors, directed to protecting its integrity.</p>
<p>4. Presenting to the Board of Directors the proposals for the selection, appointment, reelection and replacement of the accounts auditors, assuming the responsibility for the selection process in accordance with the provisions of current regulations, and the conditions of its contracting and regularly gather information from it on the auditing plan and its performance, in addition to preserving its independence in the exercise of its functions.</p>	<p>4. Presenting to the Board of Directors the proposals for the selection, appointment, reelection and replacement of the accounts auditors, assuming the responsibility for the selection process in accordance with the provisions of current regulations, and the conditions of its contracting and regularly gather information from it on the auditing plan and its performance, in addition to preserving its independence in the exercise of its functions.</p>
<p>5. Establishing the proper relations with the external auditor to receive information on such matters as may imply threats to their independence for their examination by the Committee and any others relating to the process of development of the accounts audit and, where applicable, the authorization of services other than those prohibited, upon the terms established by current regulations, regarding the system of independence, and such other communications established in the accounts auditing laws and auditing standards. In any case, they must receive annually from the external auditors the statement of their independence in relation to the Company or entities related thereto, directly or indirectly, and the detailed and individualized information of the additional services of any sort provided and the relevant fees received from such entities by the external auditor or by the persons or entities relating thereto, in accordance with the provisions of the regulations governing the accounts audit activity.</p>	<p>5. Establishing the proper relations with the external auditor to receive information on such matters as may imply threats to their independence for their examination by the Committee and any others relating to the process of development of the accounts audit and, where applicable, the authorization of services other than those prohibited, upon the terms established by current regulations, regarding the system of independence, and such other communications established in the accounts auditing laws and auditing standards. In any case, they must receive annually from the external auditors the statement of their independence in relation to the Company or entities related thereto, directly or indirectly, and the detailed and individualized information of the additional services of any sort provided and the relevant fees received from such entities by the external auditor or by the persons or entities relating thereto, in accordance with the provisions of the regulations governing the accounts audit activity.</p>

PRESENT WORDING	PROPOSED WORDING
<p>6. Issuing annually, prior to the issue of the accounts audit report, a report stating an opinion as to whether the independence of the accounts auditors or auditing companies were compromised. This report must contain, in any case, a reasoned valuation of the providing of all the additional services referenced in the preceding item, considered individually or as a whole, aside from the legal audit and regarding the system of independence or the regulations governing the accounts auditing activity.</p>	<p>6. Issuing annually, prior to the issue of the accounts audit report, a report stating an opinion as to whether the independence of the accounts auditors or auditing companies were compromised. This report must contain, in any case, a reasoned valuation of the providing of all the additional services referenced in the preceding item, considered individually or as a whole, aside from the legal audit and regarding the system of independence or the regulations governing the accounts auditing activity.</p>
	<p>7. Report on related transactions to be approved by the General Meeting of Shareholders or the Board of Directors and supervise the Company's internal procedure for transactions whose approval has been delegated.</p>
<p>7. Reporting to the Board of Directors, in advance, on all the matters covered by the Law, the Bylaws and the Board Regulations.</p>	<p>8. Reporting to the Board of Directors, in advance, on all the matters covered by the Law, the Bylaws and the Board Regulations.</p>
<p>8. Preparing an annual report on the activities of the Audit and Control Committee, which must be included in the management report.</p>	<p>9. Preparing an annual report on the activities of the Audit and Control Committee, which must be included in the management report.</p>
<p>9. Propose to the Board of Directors any other matters deemed applicable in the matters within its scope of authority.</p>	<p>10. Propose to the Board of Directors any other matters deemed applicable in the matters within its scope of authority.</p>
<p>10. Any others that, where applicable, are attributed thereto by these Bylaws or the Regulations of the Board of Directors.</p>	<p>11. Any others that, where applicable, are attributed thereto by these Bylaws or the Regulations of the Board of Directors.</p>
<p>The Audit and Control Committee shall meet whenever requested by at least two of its members or when accorded by the Chairman, who shall call its meetings, for the compliance of its functions. The call notice shall be valid provided it is sent by any means that allows acknowledgement of its receipt.</p>	<p>The Audit and Control Committee shall meet whenever requested by at least two of its members or when accorded by the Chairman, who shall call its meetings, for the compliance of its functions. The call notice shall be valid provided it is sent by any means that allows acknowledgement of its receipt.</p>
<p>A quorum of the Audit and Control Committee shall be constituted when attended, in person or by proxy, the majority of its members, with its resolutions being adopted by a majority of the members in attendance in person or by proxy. The affected Committee member shall refrain from participating in the deliberation and voting on resolutions or decisions in which they or a person related to them has a direct or indirect conflict of interest. The votes of the Directors affected by such conflict and that must abstain shall be deducted for the purposes of calculating the necessary majority of votes. The representation shall be granted in writing and specifically for each meeting, and solely in favour of another Committee member. In case of tie, the Chairman shall have a casting vote.</p>	<p>A quorum of the Audit and Control Committee shall be constituted when attended, in person or by proxy, the majority of its members, with its resolutions being adopted by a majority of the members in attendance in person or by proxy. The affected Committee member shall refrain from participating in the deliberation and voting on resolutions or decisions in which they or a person related to them has a direct or indirect conflict of interest. The votes of the Directors affected by such conflict and that must abstain shall be deducted for the purposes of calculating the necessary majority of votes. The representation shall be granted in writing and specifically for each meeting, and solely in favour of another Committee member. In case of tie, the Chairman shall have a casting vote.</p>

FOR INFORMATIONAL PURPOSES ONLY. SPANISH VERSION PREVAILS

PRESENT WORDING	PROPOSED WORDING
Minutes shall be drafted of the meetings of the Committee, which shall be kept available to all members of the Board of Directors.	Minutes shall be drafted of the meetings of the Committee, which shall be kept available to all members of the Board of Directors.
These norms regarding the Audit and Control Committee shall be developed through the Regulations of the Board of Directors, at all times favouring independence in its operation.	These norms regarding the Audit and Control Committee shall be developed through the Regulations of the Board of Directors, at all times favoring independence in its operation.

It was also proposed to include a new Article 19 bis (“Virtual-Only General Meeting”) in the Bylaws of Colonial, with the following wording:

“Article 19 bis. Virtual-Only General Meeting

The General Meeting may be called to be held solely virtually and, therefore, without the physical attendance of the shareholders and their representatives, when the Board of Directors so agrees.

Any virtual-only General Meeting will be called, held and carried out in accordance with all the necessary guarantees and legal and statutory requirements, and in line with the Regulations of the General Meeting.”

PROPOSED AMENDMENTS TO THE COMPANY BYLAWS OF INMOBILIARIA COLONIAL, SOCIMI, S.A. TO BE PRESENTED TO ITS GENERAL MEETING OF SHAREHOLDERS

Eleven. Amendments to the following articles of the Company Bylaws of Inmobiliaria Colonial, SOCIMI, S.A. in order to bring them into line with the amendments introduced by *Spanish Law 5/2021 of 12 April, amending the Consolidated Text of the Spanish Limited Liability Companies Law approved by Royal Decree Law 1/2010 of 2 July, and other financial provisions regarding the promotion of shareholders' long-term involvement in listed companies:*

11.1. Amendment of Article 5 (“Share capital”) of the Company Bylaws

The shareholders resolve to amend the wording of Article 5 (“Share capital”) in the Company Bylaws that will hereafter read as follows:

“Article 5. Share capital

Share capital is set at ONE BILLION TWO HUNDRED AND SEVENTY MILLION TWO HUNDRED AND EIGHTY-SIX THOUSAND NINE HUNDRED AND FIFTY-TWO EUROS AND FIFTY CENTS (1,270,286,952.50 euros), divided into 508,114,781 shares, represented by registered book entries with a par value of 2.50 EUROS 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 its participating entities.

The Company, or a third party appointed by it, shall be entitled to obtain at any time from the central securities depository the information regarding the identity of its shareholders.”

11.2. Amendment of Article 29 (“Composition, quorum, adoption of resolutions, internal system, and delegation of powers”) of the Company Bylaws.

The shareholders resolve to amend the wording of Article 29 (“Composition quorum, adoption of resolutions, internal system, and delegation of powers”) in the Company Bylaws that will hereafter read as follows:

“Article 29. Composition, quorum, adoption of resolutions, internal system, and delegation of powers.

- 1. The Board of Directors shall consist of at least five members and at most fifteen members. The Directors shall be classified in the category of executive Directors or non-executive Directors. In the latter category, the Directors may be classified as either proprietary, independent or other external Directors. Such terms shall have the meaning attributed to them by current legislation and as specified by the Regulations of the Board of Directors.*

Should any vacancies open during the term for which they were appointed, the Board may designate the persons that shall occupy them until the first General Meeting, unless it has already been called, in which case the Board of Directors may designate a single Director until the next General Meeting is held.

The Board of Directors, upon report by the Appointments and Remuneration Committee, shall appoint from among its own members a Chairman and, where applicable, one or several Vice-Chairs, which shall be subject to reelection and revocation at the request of the Board itself.

The Board shall appoint, upon report by the Appointments and Remuneration Committee, a Secretary and, where applicable, a Vice Secretary. The Secretary and the Vice Secretary may or may not be Directors. If they are not Directors, they shall be entitled to be heard but not to vote. The same procedure shall be followed to accord the separation of the Secretary and, where applicable, the Vice Secretary. The Vice Secretary may attend the meetings of the Board of Directors in the absence of the Secretary or when so requested by the Chairman of the Board.

When so decided by the Board itself and, where in any case, when the Chairman has the status of executive Director, the Board of Directors shall appoint, with the executive Directors abstaining, a Independent Lead Director from among the independent Directors, who shall be especially authorized to request the call by the Board of Directors or the inclusion of new items on the agenda of a previously called Board meeting, coordinate and gather the non-executive Directors and, where applicable, head the regular evaluation of the Chairman of the Board of Directors.

The Board shall meet at least once per quarter and, in any case, whenever called by the Chairman or whomever acts in his stead. The Chairman shall be required to call a meeting of the Board of Directors when requested by at least one third of the Board members. In this latter case, should the Chairman, without just cause, fault to call such meeting within a term of one month, the Board may be called by the administrators requesting the meeting, indicating the agenda, to be held in the locale of the company's registered office. The Independent Lead Director shall further be specifically authorized to request calling a meeting of the Board of Directors.

- 2. The Directors are required to personally attend the meetings of the Board of Directors. A quorum of the Board meeting shall be constituted when attended, in person or by proxy through another Director, by a majority of its members. The representation shall be granted in writing and specifically for each meeting, and solely in favour if another Board member. Non-executive Directors may nonetheless grant their representation to another non-executive Director.*
- 3. Resolutions shall be adopted by an absolute majority of those in attendance at the meeting. In case of tie, the personal vote of the Chairman shall decide.*
- 4. The Director shall refrain from participating in the deliberation and voting of resolutions or decisions in which he or a related person has a direct or indirect conflict of interests. The votes of the Directors affected by such conflict and that must abstain shall be deducted for the purposes of calculating the necessary majority of votes. Excluded from the foregoing obligation to abstain are the resolutions or decisions affecting their administrator status, such as their appointment or removal for offices in the administrative body or others of analogous implications.*

Written votes and without holding a session shall be valid if not opposed by any Director. Discussions and resolutions by the Board shall be kept in a Minutes Ledger, which must be signed by the Chairman and the Secretary.

- 5. Notwithstanding the powers that may be granted to anyone, the Board may permanently delegate some or all of its powers, other than the legal exceptions, to an executive committee and to one or several Managing Directors, establishing the content, limits and modalities of such delegation. The permanent delegation of an authority of the Board of Directors to an executive committee or one or several Managing Directors and the designation of the administrators that are to hold such offices shall require for their validity the favourable vote of two thirds of the members of the Board of Directors and shall have no effect until registered at the Commercial Registry.”*

11.3. Amendment of Article 30 (“Compensation”) of the Company Bylaws

The shareholders resolve to amend the wording of Article 30 (“Compensation”) in the Company Bylaws that will hereafter read as follows:

“Article 30. Compensation

1. *The office of Director shall be remunerated.*
2. *The Company compensation system shall consist of the following items:*
 - (iv) *A fixed monthly compensation, determined by the membership on the Board and its committees;*
 - (ii) *Allowances for the meetings of the Board of Directors and of its committees; and*
 - (iii) *A compensation referencing the listing value of the shares or implying the delivery of shares or option rights to shares, destined for the Directors. Their application must be approved by the General Meeting of Shareholders, which shall determine the maximum number of shares that may be assigned during each year, the exercise price or the system for the calculation of the exercise price for stock options, the value of the shares that, where applicable, are used as a benchmark, and the term of duration of the plan.*

The compensation for the functions that Directors are required to perform in their capacity as such, as members of the Board of Directors or its Committees, shall comply with the compensation system provided for in these Company Bylaws and the approved compensation policy.

3. *The Director compensation policy shall adhere to the compensation system outlined in the previous section and shall be approved by the General Meeting of Shareholders as a separate item on the agenda with a maximum term of application of three years. Any proposals for a new Director compensation policy must be submitted to the General Meeting of Shareholders before the end of the last year of application of the existing policy, and the General Meeting of Shareholders may decide that the new policy shall be effective from the date of approval for the following three years. Any modification or substitution of the policy during this period shall require the prior approval of the General Meeting of Shareholders in accordance with the established procedure for the approval thereof provided for by law and in the Regulations of the Board of Directors of the Company.*

The compensation policy shall specify at least the maximum amount of annual compensation to be paid to all Directors in their capacity as such and the criteria for the distribution of the compensation according to the functions and responsibilities assigned to each Director. The Board of Directors is responsible for determining the individual compensation of each Director in their capacity as such in accordance with the framework established in these Company Bylaws and the compensation policy, subject to a report by the Appointments and Remuneration Committee.

The application of this compensation system shall maintain a reasonable proportion with the importance of the Company, the economic situation existing at any time and the market standards of comparable companies. It shall further focus on promoting the profitability and long-term sustainability of the Company and avoiding the assumption of excessive risks and the rewarding of unfavourable results.

4. *The compensation of the executive functions of managing directors and other Directors to whom these functions are assigned by virtue of other titles must comply with the provisions of these Company Bylaws and, under all circumstances, with the approved compensation policy and contracts.*

The compensation policy shall establish at least the amount of fixed annual compensation due to the Directors for the performance of their executive functions.

The Board of Directors is responsible for determining the individual compensation of each Director in their capacity as such based on the performance of their assigned executive functions in accordance with the compensation policy framework and the provisions of the compensation policy, subject to a report by the Appointments and Remuneration Committee.

5. *The Board shall prepare an Annual Report on the compensation of its Directors, which shall include complete, clear and understandable information on the compensation policy of the Directors applicable to the year underway. It shall further include an overall summary of the application of the compensation policy during the year ended and the detail of the individual compensation earned for all items by each Director during such year. The report shall be disclosed and submitted for an advisory vote as a separate item on the agenda at the Ordinary General Meeting of Shareholders.”*

11.4. Amendment of Article 32 (“Audit and Control Committee”) of the Company Bylaws

The shareholders resolve to amend the wording of Article 32 (“Audit and Control Committee”) in the Company Bylaws that will hereafter read as follows:

“Article 32. Audit and Control Committee

The Audit and Control Committee shall consist of at least three and at most eight Directors, appointed by the Board of Directors, all of whom must be non-executive Directors. The Audit and Control Committee shall consist of the number of independent Directors determined by law from time to time, and at least one of them shall be appointed considering their knowledge and experience in accounting, auditing, or both.

Overall, the members of the Audit and Control Committee shall have the relevant technical knowledge in relation to the sector of activity of which the Company forms part.

The Audit and Control Committee shall appoint a Chairman from among its own members, which in any case must be an independent Director. The Chairman of the Audit and Control Committee must be replaced every four years, and may be reelected following a term of one year from their leaving such office.

The Committee shall further appoint a Secretary from among its members, or may appoint the Secretary of the Board to act as such. In the absence of the Secretary of the Committee, its functions shall be exercised by the Secretary of the Board or, where applicable, by its Vice Secretary. The Committee may at any time appoint a Vice-Chair that will also have its own independent status.

In any case, the Committee may rely on the technical assistance of the Board Secretary, or of its Vice Secretary, at its meetings, upon request by the Chairman of the Committee.

The members of the Committee shall leave their office when they are no longer Directors or when so agreed by the Board of Directors.

Notwithstanding any others it may be attributed by Law, the Bylaws or, in accordance therewith, the Regulations of the Board of Directors, the Audit and Control Committee shall at least have the following functions:

1. *Reporting to the General Meeting of Shareholders on the matters arising in relation to such matters as are within the jurisdiction of the Committee and, specifically, the result of the audit, explaining how it has contributed to the integrity of the financial information and the function that the Committee has performed in such process.*
2. *Supervise the effectiveness of the internal controls of the Company, the internal audit and the risk management systems, and discuss with the accounts auditor the significant weaknesses in the internal control system detected over the course of the audit, all without interfering with its independence. To this end, and where applicable, it may present recommendations or proposals to the Board of Directors and the relevant term for its follow up.*
3. *Supervise the process of preparing and presenting the required financial information and present recommendations or proposals to the Board of Directors, directed to protecting its integrity.*
4. *Presenting to the Board of Directors the proposals for the selection, appointment, reelection and replacement of the accounts auditors, assuming the responsibility for the selection process in accordance with the provisions of current regulations, and the conditions of its contracting and regularly gather information from it on the auditing plan and its performance, in addition to preserving its independence in the exercise of its functions.*
5. *Establishing the proper relations with the external auditor to receive information on such matters as may imply threats to their independence for their examination by the Committee and any others relating to the process of development of the accounts audit and, where applicable, the authorization of services other than those prohibited, upon the terms established by current regulations, regarding the system of independence, and such other communications established in the accounts auditing laws and auditing standards. In any case, they must receive annually from the external auditors the statement of their independence in relation to the Company or entities related thereto, directly or indirectly, and the detailed and individualized information of the additional services of any sort provided and the relevant fees received from such entities by the external auditor or by the persons or entities relating thereto, in accordance with the provisions of the regulations governing the accounts audit activity.*
6. *Issuing annually, prior to the issue of the accounts audit report, a report stating an opinion as to whether the independence of the accounts auditors or auditing companies were compromised. This report must contain, in any case, a reasoned valuation of the providing of all the additional services referenced in the preceding item, considered individually or as a whole, aside from the legal audit and regarding the system of independence or the regulations governing the accounts auditing activity.*
7. *Report on related transactions to be approved by the General Meeting of Shareholders or the Board of Directors and supervise the Company's internal procedure for transactions whose approval has been delegated.*
8. *Reporting to the Board of Directors, in advance, on all the matters covered by the Law, the Bylaws and the Board Regulations.*
9. *Preparing an annual report on the activities of the Audit and Control Committee, which must be included in the management report.*
10. *Propose to the Board of Directors any other matters deemed applicable in the matters within its scope of authority.*
11. *Any others that, where applicable, are attributed thereto by these Bylaws or the Regulations of the Board of Directors.*

The Audit and Control Committee shall meet whenever requested by at least two of its members or when accorded by the Chairman, who shall call its meetings, for the compliance of its functions. The call notice shall be valid provided it is sent by any means that allows acknowledgement of its receipt.

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A quorum of the Audit and Control Committee shall be constituted when attended, in person or by proxy, the majority of its members, with its resolutions being adopted by a majority of the members in attendance in person or by proxy. The affected Committee member shall refrain from participating in the deliberation and voting on resolutions or decisions in which they or a person related to them has a direct or indirect conflict of interest. The votes of the Directors affected by such conflict and that must abstain shall be deducted for the purposes of calculating the necessary majority of votes. The representation shall be granted in writing and specifically for each meeting, and solely in favour of another Committee member. In case of tie, the Chairman shall have a casting vote.

Minutes shall be drafted of the meetings of the Committee, which shall be kept available to all members of the Board of Directors.

These norms regarding the Audit and Control Committee shall be developed through the Regulations of the Board of Directors, at all times favouring independence in its operation.”

11.5. Addition of a new Article 19 bis (“Virtual-Only General Meeting”) to the Company Bylaws.

The shareholders resolve to add a new Article 19 bis (“Virtual-Only General Meeting”) to the Company Bylaws, that will hereafter read as follows:

“Article 19 bis. Virtual-Only General Meeting

The General Meeting may be called to be held solely virtually and, therefore, without the physical attendance of the shareholders and their representatives, when the Board of Directors so agrees.

Any virtual-only General Meeting will be called, held and carried out in accordance with all the necessary guarantees and legal and statutory requirements, and in line with the Regulations of the General Meeting.”

* * * *

This report was prepared and approved by the Board of Directors at its meeting of 26 May 2021.