



FOR INFORMATIONAL PURPOSES ONLY. SPANISH VERSION PREVAILS.

**INMOBILIARIA COLONIAL, SOCIMI, S.A.**

**ORDINARY GENERAL MEETING OF SHAREHOLDERS (JUNE 2020)**

**REPORT OF THE BOARD OF DIRECTORS REGARDING THE AMENDMENT TO THE BOARD REGULATIONS OF INMOBILIARIA COLONIAL, SOCIMI, S.A. (ITEM ELEVEN ON THE AGENDA).**

Item eleven of the agenda is of an informative nature and, therefore, is not put to the vote of the shareholders of Inmobiliaria Colonial, SOCIMI, S.A. (“Colonial” or the “Company”).

This report is drawn up by the Board of Directors of Colonial in accordance with Articles 518 and 528 of the recast text of the Spanish Limited Liability Companies Law approved by Legislative Royal Decree 1/2010, on 2 July with regard to informative item eleven of the agenda concerning the amendment to the Regulations of the Board of Directors carried out subsequent to Colonial’s Ordinary General Meeting of Shareholders held on 14 June 2019.

The amendment to the Regulations of the Board of Directors was approved by the Board of Directors at its meeting held on 13 May 2020, in accordance with Article 3 of said Regulations.

The purpose of amending Article 13 (“General Duties”) of the Company’s Regulations of the Board of Directors is to determine the number of additional Boards of Directors which the Directors of the Company may sit on in order to restrict the activities that a Director may carry out outside of their role in the Company. Furthermore, a distinction is made between Executive Directors and Non-executive Directors in terms of the number of additional Boards of Directors which they may sit on, as the Company considers that the dedication of Executive Directors should be higher.

The following indicates the aforementioned amendment to Article 13 (“General Duties”) of the Company’s Regulations of the Board of Directors:

PRESENT WORDING	WORDING AFTER THE AMENDMENTS
<p><b>Article 13. General duties</b></p> <p>The Directors must carry out their role faithfully as loyal representatives, acting in good faith and in the best interests of the Company while respecting the principle of treating all shareholders equally and performing their functions with unity of purpose and independent judgement.</p> <p>Likewise, the Directors must carry out their roles and comply with the duties imposed by legislation, the Company Bylaws and other internal regulations with the diligence of a prudent businessman, taking into account the nature of the role and the functions attributed to each of them. In this sense, they must demonstrate the appropriate dedication and adopt the necessary measures for the sound management and control of the Company.</p>	<p><b>Article 13. General duties</b></p> <p>The Directors must carry out their role faithfully as loyal representatives, acting in good faith and in the best interests of the Company while respecting the principle of treating all shareholders equally and performing their functions with unity of purpose and independent judgement.</p> <p>Likewise, the Directors must carry out their roles and comply with the duties imposed by legislation, the Company Bylaws and other internal regulations with the diligence of a prudent businessman, taking into account the nature of the role and the functions attributed to each of them. In this sense, they must demonstrate the appropriate dedication and adopt the necessary measures for the sound management and control of the Company.</p>

PRESENT WORDING	WORDING AFTER THE AMENDMENTS
<p>In terms of strategic and business decisions, which are subject to business judgement, the standards of diligence of a prudent businessman shall be deemed to have been met when the Director has acted in good faith, without any personal interest in the matter, with sufficient information and in accordance with an appropriate decision-making procedure.</p> <p>In particular, the Directors undertake to:</p> <ol style="list-style-type: none"> <li>1. Prepare thoroughly and gather all the relevant information for meetings of the Board and of the delegated bodies to which they belong.</li> <li>2. Attend in person any meetings of the Board and other bodies to which they belong, and actively participate in the discussions so that their judgement can contribute effectively to the decision-making process. A Director's absence should be limited to the bare minimum and quantified in the Annual Corporate Governance Report. Nevertheless, the Directors may delegate their representation to another Director, though Non-executive Directors may only delegate theirs to another Non-executive Director. In cases of delegation, the Directors must give specific instructions to the proxy on how to vote on the matters submitted for discussion.</li> <li>3. Attend General Meetings.</li> <li>4. Carry out any specific task entrusted to them by the Board which is reasonably within the scope of their duties.</li> <li>5. Ask the persons with capacity to convene the Board to call extraordinary meetings when the Company's best interest so requires, or to include on the agenda the items they deem appropriate.</li> <li>6. Clearly express their opposition when they consider that any motion submitted to the Board might be contrary to the company's best interests. This should be especially true for independent and other Directors who are not affected by the potential conflict of interests, in the case of decisions that may harm the shareholders not represented on the Board.</li> </ol>	<p>In terms of strategic and business decisions, which are subject to business judgement, the standards of diligence of a prudent businessman shall be deemed to have been met when the Director has acted in good faith, without any personal interest in the matter, with sufficient information and in accordance with an appropriate decision-making procedure.</p> <p>In particular, the Directors undertake to:</p> <ol style="list-style-type: none"> <li>1. Prepare thoroughly and gather all the relevant information for meetings of the Board and of the delegated bodies to which they belong.</li> <li>2. Attend in person any meetings of the Board and other bodies to which they belong, and actively participate in the discussions so that their judgement can contribute effectively to the decision-making process. A Director's absence should be limited to the bare minimum and quantified in the Annual Corporate Governance Report. Nevertheless, the Directors may delegate their representation to another Director, though Non-executive Directors may only delegate theirs to another Non-executive Director. In cases of delegation, the Directors must give specific instructions to the proxy on how to vote on the matters submitted for discussion.</li> <li>3. Attend General Meetings.</li> <li>4. Carry out any specific task entrusted to them by the Board which is reasonably within the scope of their duties.</li> <li>5. Ask the persons with capacity to convene the Board to call extraordinary meetings when the Company's best interest so requires, or to include on the agenda the items they deem appropriate.</li> <li>6. Clearly express their opposition when they consider that any motion submitted to the Board might be contrary to the company's best interests. This should be especially true for independent and other Directors who are not affected by the potential conflict of interests, in the case of decisions that may harm the shareholders not represented on the Board.</li> </ol>

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PRESENT WORDING	WORDING AFTER THE AMENDMENTS
<p>Directors may not sit on more than 3 boards of other Spanish listed companies besides Inmobiliaria Colonial.</p>	<p>Directors may not sit on more than <del>3</del><sup>4</sup> boards of other <del>Spanish</del> listed companies besides Inmobiliaria Colonial: <u>or other Group companies. However, the Executive Directors of the Company may not be part of more than 2 boards of directors of listed companies other than Inmobiliaria Colonial or Group companies. For these purposes, all the boards of directors that are part of the same group will be considered a single board.</u></p>
<p>Exceptionally, and for duly justified reasons, the Board may exempt the Director from this prohibition.</p>	<p>Exceptionally, and for duly justified reasons, the Board may exempt the Director from this prohibition.</p>

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This report was prepared and approved by the Board of Directors at the Company's registered office, at its meeting held on 13 May 2020.