

Company Bylaws of Colonial SFL, SOCIMI, S.A.

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TITLE I. NAME, DOMICILE, CORPORATE PURPOSE AND DURATION OF THE COMPANY

Article 1. Name

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

Article 2. Domicile, branches and company website

The Company is a Spanish company and has its registered office in Madrid, Paseo de la Castellana no. 52.

At the decision of its Administrative Body, the Company may change its registered office within Spanish territory and may establish, eliminate or transfer any delegations, branches, deposits and representations as are deemed opportune or necessary to best achieve the corporate purpose, both in Spain and abroad.

The Company shall decide on an approved company website at the General Meeting which shall be on record at the Commercial Registry. The Board of Directors may agree to modify, move, or take down the company website.

Article 3. Corporate purpose

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

1. The acquisition and development of urban real estate property for leasing operations.
2. Holding stakes in the share capital of SOCIMIs (*Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*, equivalent to **REITs**, i.e., Real Estate Investment Trusts), or in the share capital of other companies that are not based in Spain with the same corporate purpose as SOCIMIs, which are governed by a system similar to that established for SOCIMIs in terms of mandatory policies or policies laid down by law or by corporate bylaws in connection with the distribution of profits.
3. Holding stakes in the capital of other companies, whether based in Spain or abroad, the main corporate purpose of which is the acquisition of urban real estate for leasing operations, which are governed by the same system as that established for SOCIMI in terms of mandatory policies or policies laid down by the laws or corporate bylaws in connection with the distribution of profits, and which meet the investment requisites for these companies.
4. Holding shares or stakes in Real Estate Collective Investment Undertakings regulated by Spain’s Law 35/2003 of 4 November on Collective Investment Undertakings, or any future regulation which may replace same.

The aforementioned activities include, in any case, the power to sell off or encumber any real estate property or shares owned by the Company.

Additionally, along with the economic activity arising from the main corporate purpose, the Company may carry out other ancillary activities, understood as those earning an overall income which accounts for less than 20% of the Company income in whichever tax period or those which may be considered ancillary activities in accordance with the applicable laws at the time, including, in any case, the administration, refurbishment and operation of real estate, and any surveys, reports, appraisals,

valuations and expert opinions; and, in general, provision of consultancy services and real estate advisory services, management, implementation and sale of real estate assets and technical assistance by contract for other companies or public or private bodies.

Any activities which are exclusively attributed by Law to specific companies are expressly excluded as corporate activities.

All activities forming part of the corporate purpose shall be carried out in the manner authorised by the current laws, with express exclusion of any exclusive activities that are conferred on natural persons or legal entities other than this Company by the current legislation.

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

Article 4. term

The duration of the Company is established for an indefinite term; notwithstanding the foregoing, the General Meeting may, in accordance with the requirements set out in the Law and in these Bylaws, agree at any time to the dissolution and liquidation and the merger with others or demerger into or from other companies.

The Company started its activities on the date of execution of the foundation deed.

TITLE II. SHARE CAPITAL

Article 5. Share capital

Share capital is set at ONE BILLION FIVE HUNDRED AND SIXTY-EIGHT MILLION THREE HUNDRED AND SIXTY ONE THOUSAND SEVEN HUNDRED AND SEVENTEEN EUROS AND FIFTY CENTS (1,568,361,717.50 euros), divided into 627,344,687 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.

Article 6. Increase and reduction of capital

The share capital may be increased or reduced by agreement by the General Meeting. The General Meeting itself shall set the means of carrying out the increase or reduction of the terms and dates on which the relevant disbursements or reimbursements are to be made. It shall also establish, where applicable, the rules necessary for the exercise by the shareholders of their preferred subscription right.

The General Meeting, subject to the limitations established by Law, may nonetheless delegate to the Board of Directors (i) the authority to resolve an increase in share capital, on one or more occasions, to an amount determined at the time and in the amount decided, without first consulting the General Meeting; and (ii) the authority to establish the date on which the already-adopted resolution to increase share capital is to be implemented in the agreed amount and to establish the relevant conditions, in all matters not covered by the Board resolution. The delegation may also include the authority to exclude the preferred subscription right, upon the terms established by Law.

Article 7. Shareholder status

In case of litigation in respect of the ownership of a share, the Company shall recognize as owner whomever is registered as such in the entries of the accounting records, in accordance with the governing law in matter of account entries and stock market, and provided the judicial authority does not determine and notify otherwise.

Article 8. Rights of the shareholders

The share grants its legitimate owner the status of shareholder and implies the full and complete observance thereby of the provisions of these Bylaws and the resolutions validly adopted by the governing bodies of the Company, while at the same time authorizes them to exercise the rights inherent in such condition, in accordance with these Bylaws and the Law.

Article 8 bis. Ancillary provisions

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

The ancillary provisions set out in this article shall not entail any compensation from the Company to the shareholder concerned in each case. Furthermore, without prejudice to the provisions of this article and Article 37 bis of these Bylaws, the transfer of Company shares (including, therefore, this ancillary provision) is expressly authorized for all purposes between the living or as a bequest.

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

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

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

- (i) A depository institution that is formally legitimised as a shareholder under the accounting records but acts on behalf of one or more third parties, then the percentage of stake and taxation referred to in this section are those of such third parties and not of the depository.
- (ii) A foreign entity to which a regime similar to the regime provided in the SOCIMI Law is applicable, then the percentage of stake and taxation provided in this section will relate to each of its shareholders.
- (iii) A look-through entity, then the percentage of stake and taxation provided for in this section shall relate to each of its shareholders or unitholders.

- (b) Also, as a result of Colonial's election for the listed real estate investment companies' regime in France ("**SIIC Regime**"), any shareholder that is not an individual and that directly or indirectly holds shares of Colonial in a percentage equal to or greater than 10% of the share capital must report this fact to the Board of Directors of Colonial. Alongside this disclosure, such shareholder must provide a certificate issued by a duly authorized person that certifies for the shareholder the effective tax rate to which the dividend distributed by the Company is subject, together with a statement of whether he/she is the beneficial owner of such dividend.

This disclosure obligation is laid down for the purposes of informing the Company if, for such shareholder, the effective tax rate for the dividend distributed by the Company gives rise to the obligation to pay the French tax provided for in French law in Article 208 C II ter of the French General Tax Code ("**Code Général des Impôts**").

In this regard, under this Article of the Code Général des Impôts, Colonial must pay to the French treasury a specific tax at a rate of 20% assessed on the dividend distributed or deemed to be distributed out of the profits and gains of its French operation that are exempt from the French corporate income tax pursuant to the SIIC Regime when the cumulative income tax(es) on such dividend paid by these shareholders is less than one third (1/3) of the then applicable French corporate tax rate.

The percentage of stake and taxation referred to in this section (b) correspond to those provided for in the French General Tax Code and, consequently, shall be understood to have been automatically modified should this rule be modified or replaced by another.

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

- (c) Any shareholder, whenever falling within any of the cases provided in sections (a) and (b) above, must:
- (i) notify the Board of Directors of any acquisition or transfer of Company shares, irrespective of the number of shares acquired or transferred;
 - (ii) provide, within the ten calendar days following the date on which Colonial agrees at any time to distribute any dividend or similar amount (e.g. reserves), tax certificates as provided in sections (a) and (b) above. For this purpose, the Company must, by publishing the related regulatory announcement, report to the market any resolution to distribute dividends, indicating in all cases the date or dates to which the information contained in such certificates refer, in order to comply with the tax obligations applicable at all times; and
 - (iii) provide (or request third parties to provide) the Board of Directors with the information in writing that the Company requires regarding the effective ownership of the shares or interest in them (accompanied, were the Company to so require, by a formal or notarised statement and/or independent evidence), including any information that the Company deems necessary or advisable for the purposes of determining whether these shareholders or third parties are affected by any of the scenarios described in paragraphs (a) and (b) above. The Company may make such a request at any time and may send one or more requests for information on the same shares.

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

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

2. Compensation obligations for shareholders holding significant stakes

- (a) In cases where, as a result of any of the shareholders being affected by the scenarios established in sub paragraph 1 of this article of the Company Bylaws, the following events arise:
 - (i) the Company is obliged to pay the special rate provided for in Article 9.2 of the SOCIMI Law, or any regulation replacing it; or
 - (ii) the Company is obliged to pay the specific tax provided for in Article 208 C II *ter* of the French tax code, or any regulation replacing it,

such shareholders are required to compensate the Company for the loss caused, as provided in the following sections.

- (b) The amount of compensation for each shareholder having caused the loss is the sum of:
 - (i) any corporate tax expense arising for the Company from payment to this shareholder of the dividend serving as a basis for calculating the special tax provided for in Article 9.2 of the SOCIMI Law, or any regulation replacing it; and
 - (ii) any amount of specific tax provided for in Article 208 C II *ter* of the French tax code that the Company must pay to the French treasury in accordance with the French General Tax Code with respect to dividends paid to such shareholder.

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

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

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

- (c) A person under the compensation obligation is deemed to be a person who, due to their stake and tax features, has occasioned losses to the Company as stipulated in sub paragraph (a)

herein. For this purpose, the person occasioning losses shall be obliged to indemnify, and Colonial entitled to claim, the full amount corresponding to the compensation calculated in accordance with section (b) of this article, irrespective of whether the shareholder subsequently transferred some or all of his/her shares in the Company.

- (d) The compensation stipulated in the preceding sections shall be offset using any present and future dividends payable to the shareholder in the terms set forth in Article 37 bis of these Company Bylaws, in addition to any other amounts owed by the Company. However, if Colonial should see fit, it may call for the compensation stipulated in the preceding sections at any time, by any methods permitted in law.
- (e) The compensation obligation stipulated in this sub paragraph 2 shall also apply to any shareholders who, irrespective of the tax rate applicable for such shareholders on any dividends received from the Company, have failed to meet the disclosure obligations stipulated in sub paragraph 1 above in this article.
- (f) In cases where the payment in full of the compensation may cause a loss to the Company, the Board of Directors may in the same fiscal year compensate or require an amount less than the amount calculated in accordance with section (b) of this article.

Article 9. Indivisibility of stock

Stock is indivisible. In case of joint ownership, the accounting record shall state the name of all co-owners, which shall be jointly responsible to the Company for any obligations derived from their shareholder capacity, and must designate a single person to exercise, on their name, the rights inherent in their shareholder capacity. The same rule shall apply to the other cases of joint ownership of rights to shares.

Article 10. In rem rights and encumbrance

The establishment of in rem rights or other sorts of encumbrance on the shares must be registered in the relevant account. The creation of the encumbrance shall be enforceable upon third parties as of the respective registry thereof.

Article 11. Transferability of shares

The transfer of shares shall take place by accounting transfer and shall be enforceable upon third parties as of the respective registration.

The third party acquiring the shares for valuable consideration from a person that, according to the accounting record entries, is legitimately entitled to transmit them, shall not be subject to claims, unless at the time of their acquisition they have acted in bad faith or with gross negligence.

Article 12. Certificates

When deemed necessary, the legal status to transfer and exercise the rights of the shareholder may be credited by presenting certificates showing the identity of the owner and, where applicable, the true rights or encumbrance, the identification of the issuer and of the issue, the class, the par value and number of shares they include, the respective registry or numerical reference or references and their date of issue. The purpose of the certificate and its effective term shall also be shown.

The certificates shall solely be issued at the request of the owner of the shares and in accordance with the entries of the accounting registry by Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Iberclear) or its participating entities.

TITLE III. COMPANY BODIES

Article 13. Company Bodies

The bodies governing the Company are the General Meeting of Shareholders and the Board of Directors.

A) GENERAL MEETING OF SHAREHOLDERS

Article 14. General Meeting

The shareholders, assembled in a duly-convened General Meeting, shall decide, on simple majority as provided by Article 25 hereof, the matters that are within the jurisdiction of the Meeting. All shareholders, including dissidents and those not attending the meeting, shall be subject to the resolutions reached by the General Meeting. This shall not apply to the rights of separation and challenged established by Law.

General Meetings shall be held at such Spanish locale as agreed by the administrative body in attention to each call.

Article 15. Types of Meetings

General Meetings may be annual or extraordinary, and must be called by the administrators. An annual general meeting is to be held within the first six months of each year to, where applicable, vote on company performance, the accounts for the previous year and resolve upon the applying of the results. An extraordinary general meeting is any other not deemed an annual general meeting.

Article 16. Call

All General Meetings must be called by a notice published in the Official Spanish Gazette of the Commercial Registry or in one of the major newspapers in Spain, on the company website and on the website of the Spanish Securities Market Commission, and any other means as is required under applicable regulations, at least one month prior to the date set for it to be held.

Notwithstanding the above, Extraordinary General Meetings can be called within a minimum of fifteen days in advance. This shorter period for notice shall require an express resolution adopted by the Ordinary General Meeting with an approving vote of minimum two thirds of subscribed capital with voting rights, and the notice shall not exceed the date of the following Ordinary General Meeting.

The notice shall state the name of the Company, the date and time of the meeting at first call, the office of the person or persons making the call and the agenda, which shall include the issues to be addressed, and any other mentions and information legally required for listed companies. The notice may also indicate the date of the second call, where applicable, at least twenty-four hours after the first. In any case, mention shall be made to the right of any shareholder to obtain from the Company, immediately and free of charge, any documents to be submitted for approval and, where applicable, the performance report and auditors report.

Shareholders representing minimum three per cent of the share capital can request the publication of a complement to the notice of an Ordinary General Meeting of Shareholders, including one or more points in the agenda, if and when the new points have a justification attached or, if applicable, a justified motion. The exercise of this right, which may by no means be exercised in respect of the call to an Extraordinary General Meeting must be made by reliable notice, to be received at the company registered office, within five days of the publication of the call. The complement to the notice shall be published a minimum fifteen days in advance of the date scheduled for the General Meeting.

Furthermore, shareholders representing at least three percent of the share capital may, within five days of the publication of the call, present reasoned agreement proposals on matters already included, or to be included in the Agenda of the General Meeting called, whether Annual or Extraordinary. As they are received the Company shall assure that said proposals and documentation is broadcast among the remaining shareholders, as attached, publishing them without interruption on the company web page during the period determined by current standards.

Article 17. Authorization and obligation to call

The administrators shall call the General Meeting whenever it is deemed necessary or convenient to the interests of the Company and when so required by Law. A Meeting must also be called when requested by shareholders representing three percent of the share capital, stating in their application the matters to be addressed thereat. In this case the General Meeting shall call the meeting to be held in accordance with the period and requirements established for said purpose by current legislation. The Administrators shall prepare the agenda including, necessarily, the matters subject to the request.

Article 18. Right to information

The shareholders may request of the administrators, as provided by the Regulations of the General Meeting of Shareholders of the Company, up to the fifth day preceding that established for holding the Meeting, the information or clarifications deemed necessary regarding the items on the agenda, or presenting any questions they deem relevant in writing. The shareholders can likewise make a written request within the same period, asking that the directors provide the clarifications that they deem appropriate on information available to the public that may have been facilitated by the Company to the Spanish Securities Market Commission since the date of the last General Meeting, and regarding the auditor's report. The directors shall provide the information in writing until date set for the General Meeting.

Requests for information or clarifications, in relation to the matters indicated in the preceding paragraph, presented by the shareholders verbally to the Chairman during the holding of the General Meeting, or in writing as of the fifth day prior to that set for holding the General Meeting, shall also be provided verbally and during the holding of the General Meeting by any of the administrators in attendance, following instructions from the Chairman. Should it not be possible to satisfy the right of the shareholder at that time, the information that has not be submitted shall be furnished in writing within the seven days following that on which the General Meeting has ended.

The administrators are required to provide the information referenced in the preceding paragraphs, except in the cases where such information is not necessary for the protection of the rights of the shareholder, or there are objective reasons to consider that it could be used for purposes outside of the company, or its disclosure could be damaging to the Company or the related companies. Violation of the right to information during the course of the General Meeting shall not be a cause for challenging the General Meeting.

Nevertheless, the information request cannot be refused when the request is supported by shareholders representing at least twenty-five per cent of the share capital. The shareholder shall be responsible for any harm and damages that may be caused by the abusive or harmful use of the information requested.

From the publication of the notice of the call and until the holding of the General Meeting, the Company must publish, uninterruptedly on its company website, all the information legally required and such other as the Board of Directors deems convenient.

On the company website, the exercise of the right to information by the shareholders may be serviced, and the documents and information required under the Law, these Bylaws and the other internal regulations of the Company shall be published, along with any information deemed convenient to be made available to the shareholders and investors by these means.

Valid requests for information, clarification or questions made in writing and the response made to same by the directors, in writing, shall be included on the company web page. However when the information requested is clear and expressly and directly available to all shareholders on the web page of the Company in a question-response form, before the specific question has been made, then the directors can limit their response to sending the information that was facilitated in that form.

Article 19. Right of attendance

Shareholders may attend and vote at General Meetings, directly or duly represented, when themselves or as a group they hold at least five hundred shares, which must be registered in the registry of account entries five days prior to the date for which the General Meeting is scheduled and this is credited by the presentation, at the company's registered office or at the entities indicated in the call, of the respective certificate of legitimate status or the attendance card issued by the Company or entities responsible for keeping the registry of account entries, or by any other means permitted by current legislation.

The Company's Board of Directors may enable, for each General Meeting, remote attendance by the shareholders and proxies by electronic means concurrently. In such event, the Board of Directors will establish the terms, forms and means set for shareholders and proxies to exercise their rights, in accordance with the laws, these Company Bylaws and the Regulations of the General Meeting. All this will be included in the notice of the meeting.

The members of the Board of Directors must attend the General Meetings. Their attendance shall nonetheless not be required to constitute a quorum of the General Meeting.

The General Meetings may also be attended by the executives, technicians and other persons that, in the opinion of the Board of Directors, are interested in the proper performance of company matters and whose participation at the General Meeting, when necessary, could be useful to the Company. The Chairman of the General Meeting can authorize the attendance of any person that he deems appropriate, although the Meeting can revoke that authorization.

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.

Article 20. Representation and distance voting

All shareholders with a right to attend can be represented in the General Meeting by any person. Such representation must be granted in writing and specifically for each General Meeting, upon the terms and with the scope established in the Spanish Limited Liability Companies Law (LSC).

Representation may be revoked at any time. The personal attendance by their principal at the General Meeting shall be tantamount to their revocation.

Regarding the cases of a public request for representation and, specifically, of the possible conflict of interests of the representative, the provisions of the law shall apply.

Shareholders may exercise or delegate the vote by distance communication media, as provided by the Regulations of the General Meeting, provided the identity of the shareholder is duly guaranteed and, where applicable, the safety of the electronic communications, all in accordance with the laws applicable from time to time.

Shareholders who issue their votes from a remote location shall be considered as present for purposes of constituting a quorum of the General Meeting.

From the publication of the notice of the call and until the General Meeting is held, the Company shall publish uninterruptedly on its company website information relating to the distance communication media, including electronic mediums, that they shareholders may use to exercise their rights of representation, vote and, where applicable, attendance.

Article 21. Quorum

A quorum of the General Meeting, whether Annual or Extraordinary, shall be constituted on first call when attended by shareholders, in person or by proxy, accounting for at least twenty-five percent of the subscribed capital with voting rights. A quorum of the General Meeting shall be constituted on the second call with the amount of capital present.

Article 22. Special circumstances for a quorum of the General Meeting

Notwithstanding the provisions of the preceding Article, for the General Meeting to validly agree upon the increase or reduction of the capital and any other modification of the Bylaws, the issue of bonds that can be converted into shares or those investing their holder with a share in the profits of the Company, the suppression or limitation of the pre-emptive rights of new shares, and the transformation, merger, demerger or overall assignment of the assets and liabilities, the transfer of domicile abroad or any other matter determined by Law, it must be attended, on first call, by shareholders, directly or by proxy, accounting for at least fifty percent of the subscribed capital with voting rights. A quorum of twenty five per cent of that capital is sufficient on the second call to meeting.

Article 23. Chairman, Secretary and Board of the General Meeting

The Chairman of the Board of Directors shall serve as Chairman of the General Meetings, or failing which, the most senior Vice-Chair among those appointed; and, as Secretary, either the Secretary or Vice Secretary of the Board of Directors. In the absence of the above named individuals the individuals

appointed in each case by the shareholders attending the meeting shall act as Chairman and Secretary of the General Meeting.

Together with the Chairman and the Secretary, the Bureau of the General Meeting shall consist of the remaining members of the Board of Directors in attendance thereat.

Article 24. List of attendees

Before beginning with the items on the agenda, a list of those attending the meeting will be prepared specifying the name or representative of each person attending and the number of shares either owned or represented by the attendee.

The number of shareholders present either personally or through a representative shall be determined at the end of the attendance list, as well as the amount of capital owned by them and specifying how much corresponds to shareholders with voting rights.

The list of attendees shall be included at the beginning of the minutes or shall be attached thereto by appendix signed by the Secretary, with the approval of the Chairman. If the minutes are notarized the attendance list shall be attached to said minutes.

The attendance list may also be prepared in the format of a computer file or included in digital support.

Article 25. Adoption of Resolutions

At the General Meetings, a separate vote shall be cast for matters that are substantially independent. Although included in the same item of the agenda, separate votes shall be cast for (i) the appointment, ratification, reelection, or removal of each Director; (ii) the amendment of the Bylaws or of each separate and independent Article or group of Articles; and (iii) the matters so provided by the Bylaws.

The company agreements of the General Meeting shall be adopted by a simple majority of the votes of the shareholders present or represented thereat, with an agreement being deemed adopted when more votes are obtained in its favour than against it from among the capital present or represented. In the cases set out in Article 22 of these Bylaws, if the capital present or represented were to exceed fifty percent, the agreement may be adopted by an absolute majority. However a favourable vote of two thirds of capital present or represented at the General Meeting shall be required when the meeting is called to order on the second call with the attendance of shareholders representing twenty five per cent or more but does not reach fifty per cent of subscribed capital with the right to vote.

Each share carries one vote.

The following will be determined for each resolution; the number of shares issued as valid votes, the proportion of the share capital represented by said votes, the total number of valid votes, the number of votes in favour and against each resolution and the number of abstentions, if any.

The resolutions passed and the outcome of the votes shall be published in their entirety on the company website within five days of the end of the General Meeting.

Article 26. Minutes of the General Meeting

Minutes to the General Meetings shall be drafted by the Secretary, containing all the resolutions passed and the requirements and circumstances that must be met pursuant to current regulations. The Minutes to the General Meetings must be approved by the General Meeting itself at its end or, failing

which, within a term of fifteen days, by the Chairman and two auditors, one on behalf of the majority and the other on behalf of the minority.

Minutes approved by either of these two means shall have executive status as of the date of its approval. Certified copies of the minutes shall be issued and the resolutions shall be notarized as public documents by the individuals authorized to do so, according to these Bylaws and the Rules of the Commercial Registry.

The Directors can request the presence of the Notary Public to prepare the minutes of the General Meeting. They shall be required to do so if shareholders representing minimum one per cent of the share capital so request, five days in advance of the scheduled Meeting date. The notary certificate, which shall serve as minutes to the General Meeting, shall not require approval or signature from the Chairman and Secretary of the Meeting, and must be transcribed into the Company's Minutes Ledger. Resolutions set forth in the minutes shall be enforceable effective the date of their closing.

B) THE BOARD

Article 27. Administrative body

The management, administration and representation of the Company in and out of trial shall be the responsibility of the Board of Directors Board of Directors, acting jointly, focusing their activity mainly on the supervision and control of the ordinary efforts of the Company, and the consideration of all matters that are particularly transcendent for the Company.

Enforcement of its resolutions shall be the responsibility of the members of the Board of Directors designated thereby, including the Secretary and the Vice Secretary of the Board; or the attorney in fact with authorities to enforce the company agreements.

The Board of Directors is vested with the broadest powers for all matters pertaining to the administration, representation and management of the Company, and the administration and disposal of its equity, with it being charged with all the authorities not attributed by Law or these Bylaws to the General Meeting of Shareholders.

Article 28. Term in office and bans

The members of the Board of Directors shall be appointed by the General Meeting for a term of four years, and may be reelected to office, once or more time, for the same terms. To be appointed to the office of Director it is not necessary to be a shareholder.

Non-emancipated minors, those who are legally unqualified, those disqualified under the Bankruptcy Law while their term of disqualification established in the bankruptcy judgment is still in place, and those sentenced for crimes against freedom, equity or against the socioeconomic order, collective security, the Administration of Justice or for any other sort of falseness, and those whose office precludes them from engaging in trade, cannot serve as Administrators.

Officers at the service of the public Administration responsible for duties relating to the activities of the Companies themselves, judges or justices and other persons subject to legal incompatibilities are also banned from being Administrators.

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.

Article 30. Remuneration

1. The office of Director shall be remunerated.
2. The Company remuneration system shall consist of the following items:
 - (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.

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.

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

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.

4. 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.

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

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.

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.

Article 31. Board Committees

The Board of Directors must form an Audit and Control Committee and an Appointments and Remuneration Committee.

The Audit and Control Committee and an Appointments and Remuneration Committee shall have as their essential function supporting the Board of Directors in its commitments of supervision and control of the ordinary performance of the Company. Its members shall be appointed by the Board of Directors and they shall answer thereto with respect to the exercise of their functions.

Notwithstanding the foregoing, the Board of Directors may establish from its own members specialized committees, determining their makeup, appointing their members and establishing the functions assumed by each of them.

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.

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.

Article 33. Appointments and Remuneration Committee

The Appointments and Remuneration Committee shall consist of at least three and at most eight Directors, appointed by the Board of Directors, and all of them must be non-executive Directors. The

Appointments and Remuneration Committee shall consist of the number of independent Directors determined by the Law from time to time.

The Appointments and Remuneration Committee shall appoint a Chairman from among its members, which shall in any case be an independent Director.

The Committee may also appoint a Secretary from among its members, or designate the Secretary of the Board to act in such capacity. In the absence of the Secretary of the Committee, its functions shall be exercised by the Secretary of the Board or, where applicable, its Vice Secretary. The Committee may in turn designate a Vice-Chairman which must further have 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 Appointments and Remuneration Committee shall at least have the following functions:

1. Evaluate the skills, knowledge and experience necessary on the Board of Directors. To this end, it shall define the functions and skills required of the candidates that must cover each vacancy and assess the time and dedication necessary for them to effectively perform their duty.
2. Establish a target for representation of the less represented gender on the Board of Directors and prepare guidelines on how to reach this target.
3. Submit proposals for the appointment of Independent Directors to the Board of Directors, to be chosen through co-option or to be decided on at a General Meeting of Shareholders, in addition to proposals for the re-election or removal of these Directors by the General Meeting of Shareholders.
4. Report the proposals for the appointment of the remaining Directors for their appointment by co-option or to be submitted to the decision by the General Meeting of Shareholders, and the proposals for their reelection or removal by the General Meeting of Shareholders.
5. Report the proposals for the appointment and removal of senior officers and the basic terms of their contracts.
6. Examine and organize the succession of the Chairman of the Board of Directors and of the chief executive officer of the Company and, where appropriate, make recommendations to the Board so the handover proceeds in a planned and orderly manner.
7. Propose to the Board of Directors the remuneration policy for Directors and general managers or those performing their functions of senior management under the direct dependency of the Board, of the executive committee or of the CEO, and the individual remuneration and other contractual conditions of the executive Directors, striving for their compliance.
8. Propose to the Board of Directors any other matters deemed applicable in the matters within its scope of authority.
9. Any others that, where applicable, are attributed thereto by these Bylaws or the Regulations of the Board of Directors.

The Appointments and Remuneration 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.

A quorum of the Appointments and Remuneration Committee shall be constituted when attended, in person or by proxy, by a majority of its members, with its resolutions being adopted by a majority of the members present or represented by proxy. A member of the Committee shall refrain from participating in the deliberation and voting of 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 Appointments and Remuneration Committee shall be developed through the Regulations of the Board of Directors, at all times favouring independence.

TITLE IV. FISCAL YEAR AND ANNUAL FINANCIAL STATEMENTS

Article 34. Fiscal year

The fiscal year shall start on January first and end on December thirty first of each year.

Article 35. Annual financial statements

The Company must keep, in accordance with the provisions of the Commercial Code, orderly accounting, suiting the activity of its company, allowing the chronological tracking of its operations, and the preparation of inventories and balance sheets. The accounting books must be legalized by the Commercial Registry corresponding to the place of the company registered office.

The administrators shall be required to prepare, within a term of up to three months as of the closing of the fiscal year, the annual financial statements, a management report and the proposal for the application of the results.

The annual financial statements shall include a balance sheet, a profit and loss statement, a statement of net equity, a statement of cash flows and the auditor's report. These documents, forming a unit, must be drafted clearly and reflect a true image of the equity, financial position and the results of the Company, as provided by Law and the Commercial Code and must be signed by all the Administrators.

Article 36. Deposit of annual financial statements

Within the month following the approval of the annual financial statements and the management report, the administrators of the Company shall present both documents, together with a timely certification crediting the resolutions by the General Meeting approving such statements, duly signed, and of the application of the results, for deposit at the Commercial Registry in the manner determined by Law.

Article 37. Reserves. Distribution of dividends

The General Meeting shall rule on the distribution of earnings, in strict compliance with any legal provisions applicable to the Company at any given time.

Dividends shall be distributed to shareholders in the proportion of share capital paid up by them.

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

Article 37 bis. Special rules for the distribution of dividends

1. Those entitled to receive dividends shall be those listed as legitimate in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, Sociedad Anónima Unipersonal (Iberclear) on the day or date determined by the General Meeting or, if applicable, the Board of Directors, that has agreed to carry out the distribution.
2. In the absence of any resolutions to the contrary, the dividend shall be due and payable 30 business days after the date stipulated in the agreement for the distribution of dividends adopted by the General Meeting or, where applicable, by the Board of Directors.
3. Once the dividend is approved by the shareholders at the General Meeting of Shareholders or, where applicable, by the Board of Directors, the Board, without prejudice to the possibility of delegation to one or more directors, and to independent third parties, shall be responsible for calculating the amount corresponding to each shareholder considering, as the case may be, the provisions below.

For the purpose of calculating the amount to be paid to shareholders as dividends, the Board of Directors will consider the amount of the compensation owed to the Company by such shareholders in accordance with Article 8 bis of these Bylaws, for the purpose of offsetting the amount of compensation by the dividend they would be entitled to receive.

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

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

TITLE V. DISSOLUTION AND LIQUIDATION

Article 38. Dissolution

The Company shall be dissolved on the grounds provided by law. In case of dissolution, the liquidation shall be charged to the Administrators, which, in the capacity of liquidators, shall perform the liquidation and division in attention to the resolutions by the General Meeting and current provisions. An exception from the liquidation period applies to scenarios of full merger or demerger.

Article 39. Distribution of company assets

Upon satisfying all creditors and providing for the amount of their credits against the Company, and properly ensuring those not yet accrued, the resulting assets shall be distributed among the shareholders, as provided by Law.

APPENDIX I: EXAMPLE OF CALCULATION OF COMPENSATION

Below is an example of the calculation of compensation, which shows that the effect of compensation on the company's profit and loss statement is zero:

CASE 1:

Colonial shareholder that owns 5% or more of the Company's share capital and that pays an effective tax rate of less than 10% on the dividend distributed by the Company.

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

where:

DT_E : Total dividend distributed by Colonial to the shareholders.

% acc: Percentage of shares of the non-compliant shareholder.

GE_E: Special tax rate applicable in Spain (currently 19%).

I_E: Compensation per Spanish dividend received by Colonial.

Tg_E : Tax in Spain charged to the income from the compensation received from the non-compliant shareholder.

CASE 2:

Colonial Shareholder that is not a natural person, that owns 10% or more of the Company's share capital, and that pays an effective tax rate on the dividend distributed by the Company which is less than 1/3 of the French corporate tax rate.

$$I_F = DT_F * \% \text{ acc} * GE_F * (1 + (Tg_E / (1 - Tg_E)))$$

where:

DT_F : Total dividend distributed or deemed to be distributed by Colonial to the shareholders out of the profits and gains of Colonial's French operations.

% acc: Percentage of shares of the non-compliant shareholder.

GE_F: Special tax rate applicable in France (currently 20%).

I_F: Compensation per French dividend received by Colonial.

Tg_E : Tax in Spain or in France charged, as the case may be, to the income resulting from the compensation received from the non-compliant shareholder.

CASE 3:

Colonial shareholders that meet the conditions described in both Case 1 and Case 2 above.

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

where:

DT_E : Total dividend distributed by Colonial to the shareholders.

DT_F : Total dividend distributed or deemed to be distributed by Colonial to the shareholders out of the profits and gains of Colonial's French operations.

$\% \text{ acc}$: Percentage of shares of the non-compliant shareholder.

GE_E : Special tax rate applicable in Spain (currently 19%).

GE_F : Special tax rate applicable in France (currently 20%).

I_E : Compensation per Spanish dividend received by Colonial.

I_F : Compensation per French dividend received by Colonial.

Tg_E : Tax in Spain or in France charged, as the case may be, to the income resulting from the compensation received from the non-compliant shareholder.