

COMMON DRAFT TERMS OF THE MERGER

by and between

INMOBILIARIA COLONIAL SOCIMI, S.A.
(as absorbing company)

and

ALMACENES GENERALES INTERNACIONALES, S.A.U.

AXIARE INVESTMENTS, S.L.U.

DANIELTOWN SPAIN, S.L.U.

MOORAGE INVERSIONES 2014, S.L.U.

and

SOLLER, S.A.U.
(as absorbed companies)

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1. INTRODUCTION

The planned operation is a merger (the “**Merger**”) between Inmobiliaria Colonial, SOCIMI, S.A (“**Colonial**” or the “**Absorbing company**”, jointly referred to as the “**Colonial Group**” with its group companies) as the absorbing company and (i) Almacenes Generales Internacionales, S.A.U.; (ii) Axiare Investments, S.L.U.; (iii) Danielstown Spain, S.L.U.; (iv) Moorage Inversiones 2014, S.L.U.; and (v) Soller, S.A.U. (jointly, the “**Subsidiaries**” or the “**Absorbed Companies**”) as the absorbed companies. Pursuant to Articles 22 and 23 of the Spanish Law 3/2009 of 3 April on structural changes in trading companies (the “**Structural Changes Act**”), the Merger will entail the dissolution of the Absorbed Companies without liquidation and with the en-bloc transfer of all their respective assets to Colonial, which will acquire by universal succession all these assets, as well as the Absorbed Companies' rights and obligations, under the terms and conditions set out in the Law on Structural Changes and in these common draft terms of the merger, (the “**Common Draft Terms of the Merger**”).

In this regard, subject to Articles 30, 31 and related provisions of the Structural Changes Act, Colonial’s Board of Directors and the sole directors of the Absorbed Companies have drawn up and signed the Common Draft Terms of the Merger.

Given that all the Absorbed Companies are fully and directly owned by the Absorbing Company, the Merger will be carried out pursuant to Article 49.1 of the Structural Changes Act and, consequently, the Common Draft Terms of the Merger do not include Paragraphs 2, 6, 9 and 10 of Article 31 of the aforesaid Act.

Furthermore, by virtue of Article 51 of the Structural Changes Act, considering that the Absorbing Company is the direct owner of 100% of the share capital of all the Absorbed Companies, the Merger will take place without putting it to vote at Colonial’s General Meeting of Shareholders, unless requested by the shareholders who make up at least 1% of its share capital under the terms of the Law on Structural Changes.

2. JUSTIFICATION FOR THE MERGER

The planned Merger is part of the process to review the corporate structure of the Colonial Group that began with the merger between Colonial and Axiare Patrimonio SOCIMI, S.A. The aim of this review is to internally reorganise the Colonial Group with a view to, among other aspects, simplifying, streamlining and optimising the organisational and functional structure of the Group, cutting down operating and functional costs, avoiding duplicate administrative expenses, supporting decision making in a more agile corporate structure and making the most of the Colonial Group’s synergies.

3. IDENTIFICATION OF THE COMPANIES PARTICIPATING IN THE MERGER

3.1. Absorbing company

Inmobiliaria Colonial, SOCIMI, S.A.

Inmobiliaria Colonial, SOCIMI, S.A. is a Spanish public limited liability company (“*sociedad anónima*”), with registered office at Paseo de la Castellana 52, 28046 Madrid, with tax number A28027399 and legal entity identifier (LEI) 95980020140005007414. Colonial is registered in the Madrid Commercial Registry on Sheet M-30822, Volume 36660 and Page number 87.

All of Colonial's shares are listed on the Madrid and Barcelona Stock Exchanges and included in the Spanish Stock Exchanges' Interconnection System (Continuous Market).

3.2. Absorbed companies

Almacenes Generales Internacionales, S.A.U.

Almacenes Generales Internacionales, S.A.U. is a Spanish single-shareholder public limited company ("sociedad anónima unipersonal"), with registered office at Paseo de la Castellana 52, 28046 Madrid, with tax number A28088235. Almacenes Generales Internacionales S.A.U. is registered in the Madrid Commercial Registry, on Sheet M-68257, Volume 4107 and Page number 71.

Axiare Investments, S.L.U.

Axiare Investments, S.L.U. is a Spanish single-shareholder limited company ("sociedad limitada unipersonal"), with registered office at Paseo de la Castellana 52, 28046 Madrid, with tax number B87195715. Axiare Investments S.L.U. is registered in the Madrid Commercial Registry on Sheet M-594824, Volume 33044 and Page number 57.

Danieltown Spain, S.L.U.

Danieltown Spain, S.L.U. is a Spanish single-shareholder limited company with registered office at Avenida Diagonal 532, 08006 Barcelona, with tax number B86460250. Danieltown Spain, S.L.U. is registered in the Madrid Commercial Registry on Sheet M-475269, Volume 45044 and Page number 118.

Moorage Inversiones 2014, S.L.U.

Moorage Inversiones 2014, S.L.U. is a Spanish single-shareholder limited company ("sociedad limitada unipersonal"), with registered office at Avenida Diagonal 532, 08006 Barcelona, with tax number B87046470. Moorage Inversiones 2014, S.L.U. is registered in the Madrid Commercial Registry, on Sheet M-458367, Volume 45478 and Page number 94.

Soller, S.A.U.

Soller, S.A.U. is a Spanish single-shareholder public corporation ("sociedad anónima unipersonal"), with registered office at Paseo de la Castellana 52, 28046 Madrid, with tax number A78530789. Soller, S.A.U. is registered in the Madrid Commercial Registry on Sheet M-66284, Volume 3959 and Page number 154.

4. INDUSTRY CONTRIBUTIONS AND ANCILLARY PROVISIONS

4.1. Industry contributions

Pursuant to Article 31.3 of the Structural Changes Act, it is hereby stated that there are no industry contributions affecting any of the Absorbed Companies. Therefore, no impact is foreseen and no compensation is to be granted in this regard.

4.2. Ancillary provisions

Pursuant to Article 31.3 of the Structural Changes Act, it is hereby stated that there are no ancillary provisions affecting any of the Absorbed Companies. Therefore, no impact is foreseen and no compensation is to be granted in this regard.

Moreover, Colonial's bylaws include Article 8 bis. ("*Ancillary provisions*") and Article 37 bis. ("*Special rules for the distribution of dividends*"), that enforce a number of duties on its shareholders (reporting and indemnity) in order to enable Colonial to comply with the special tax basis for REITs and to be indemnified against any adverse effects of the taxation of certain shareholders. As a result of Colonial's stake in Société Foncière Lyonnaise and to enable Colonial to comply with the special tax basis for REITs and to be indemnified against any adverse effects of the taxation of certain shareholders, Colonial's bylaws lay down a series of obligations for shareholders that are not natural persons but are owners of at least 10% of the share capital. Notwithstanding the foregoing, the Merger shall not entail the issue of new shares of the Absorbing Company, as the Absorbed Companies are wholly-owned investees of Colonial.

5. SECURITIES AND SPECIAL RIGHTS

Pursuant to Article 31.4 of the Law on Structural Changes, it is hereby stated that the Absorbed Companies do not have any shares or shareholdings, or holders of special rights, or holders of securities other than those accounting for the share capital. Consequently, no special rights are granted and no options are offered.

6. BENEFITS ATTRIBUTED TO INDEPENDENT EXPERTS AND DIRECTORS

No benefits of any kind shall be attributed to the directors of the companies involved in the Merger. Moreover, as this is a merger by the absorption of wholly-owned companies, the process does not involve an independent expert and thus no benefits are to be attributed to any such expert.

7. EFFECTIVE ACCOUNTING DATE OF THE MERGER

Pursuant to Article 31.7 of the Structural Changes to Companies Act, it is hereby stated that operations carried out by the Absorbed Companies shall be considered to have been carried out for accounting purposes by the Absorbing Company at the date arising from applying Rule 21 of Spain's Charter of Accounts approved by Royal Decree 1514/2007 of 16 November.

8. COMPANY BYLAWS ARISING FROM THE MERGER

Since the Merger does not produce a new company and the Absorbing Company shall, by universal succession, acquire the equity of the Absorbed Companies, which will be dissolved, the company bylaws will be those of the Absorbing Company, whose current text is registered in the Commercial Registry and can be found on the Absorbing Company's corporate website (www.inmocolonial.com).

It is expressly stated that Colonial's Company Bylaws will not be amended in any way as a result of the Merger addressed herein.

9. MERGER BALANCE SHEETS

In view of Colonial's status as a listed public limited company with shares admitted for trading on an official secondary market, the 2018 annual financial report required by the securities market laws will replace the merger balance sheet (and for the relevant purposes and where necessary it will act as the merger balance sheet), pursuant to Article 36.3 of the Structural Changes Act.

For such purposes, it is hereby stated that such annual financial report: (i) was closed on 31 December 2018 and published on the website of the Spanish Securities Market Commission (CNMV) and on Colonial's corporate website on 27 February 2019. In other words, within the 6 months preceding the date of the Common Draft Terms of the Merger as per Article 36.3 of the Structural Changes Act; (ii) it replaces, as it was published within 2 months after the end of 2018, the second half-yearly financial report of Colonial in accordance with Article 119.2 of the revised text of the Securities Market Act passed by Royal Legislative Decree 4/2015 of 23 October and in Article 11 of Royal Decree 1362/2007 of 19 October; and (iii) includes the audit report of the annual financial statements for said financial year issued by Colonial's auditor on 26 February 2019.

The merger balance sheets of the Absorbed Companies are the balance sheets of each of these companies for the period ended 31 December 2018, forming part of their relevant annual financial statements for 2018 and that have been agreed as correct records by Colonial as shareholder and sole partner (where appropriate) of the Absorbed Companies on 12 April 2019 for Axiare Investments, S.L.U.; Danieltown Spain, S.L.U.; Moorage Inversiones 2014, S.L.U; and Soller, S.A.U. and on 23 April 2019 for Almacenes Generales Internacionales, S.A.U. As none of the Absorbed Companies is required to audit its annual financial statements, their respective merger balance sheets closed on 31 December 2018 have not been audited.

10. POSSIBLE CONSEQUENCES OF THE MERGER FOR EMPLOYEES AND ITS POTENTIAL IMPACT ON GENDER AND THE COMPANY'S SOCIAL RESPONSIBILITY.

10.1. Consequences of the merger for employees

None of the Absorbed Companies have employees, meaning that there are therefore no provisions in this regard.

Colonial will comply with its duties to report and, if applicable, consult with legal representatives of the employees, pursuant to current employment laws. Following the Merger, the employment rights of Colonial's employees will be observed in accordance with the law.

10.2. Gender impact

No impact in terms of gender is expected on Colonial's Board of Directors as a result of the Merger.

10.3. Impact on social responsibility

The Merger is not expected to have any impact on Colonial's social responsibility policy, as set out in the Colonial Group's "Corporate Social Responsibility Policy", which can be found on Colonial's corporate website (www.inmocolonial.com).

11. OTHER INFORMATION

11.1. Tax basis

Pursuant to Article 89 of the Corporate Tax Act 27/2014, of 27 November (“**Law 27/2014**”), the Merger is subject to the special tax basis provided in Chapter VII of Title VII in the second additional provision of the aforesaid Act. To this end, the required notice will be given to the Tax Authority, subject to the aforementioned Article 89 of Law 27/2014.

11.2. Simplified merger system

Given that all the Absorbed Companies are fully and directly owned by the Absorbing Company, the Common Draft Terms of the Merger do not include, by virtue of Article 49.1.1 of the Structural Changes Act, paragraphs 2, 6, 9 and 10 of Article 31 of the aforesaid Act.

Furthermore, subject to paragraphs 2 and 3 of Article 49.1 of the Law on Structural Changes, there will be no reports by directors or experts on the Common Draft Terms of the Merger or a capital increase in the Absorbing Company.

Nor will the Merger be put to vote at the General Meetings of the Absorbed Companies by virtue of Article 49.1.4 of the Structural Changes Act.

Furthermore, by virtue of Article 51 of the Structural Changes Act, considering that the Absorbing Company is the direct owner of 100% of the share capital of all the Absorbed Companies, the Merger will take place without putting it to vote at Colonial’s General Meeting of Shareholders, unless requested by the shareholders who make up at least 1% of its share capital under the terms of the Law on Structural Changes.

11.3. Publicity and information

In compliance with Article 32 of the Structural Changes Act, the Common Draft Terms of the Merger will be posted on Colonial’s corporate website (www.inmocolonial.com). This posting will be announced in the Official Gazette of the Commercial Registry under the terms of the law. It will remain on the website as long as required, as stipulated in Article 32 of the Law on Structural Changes.

Furthermore, a copy of the Common Draft Terms of the Merger will be filed in the Madrid and Barcelona Commercial Registries. This entry in the commercial registries, as well as the date thereof, will be announced in the Official Gazette of the Commercial Registry as established by law.

The documents mentioned in paragraphs 1, 4 and 5 of Article 39 of the Structural Changes Act will be posted on Colonial’s corporate website (www.inmocolonial.com) and may be downloaded and printed. The aforesaid documents will also be available to interested parties at the registered offices of Colonial and the Absorbed Companies.

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Pursuant to Article 30 of the Structural Changes Act, the members of Colonial's Board of Directors and the sole directors of the Subsidiaries, whose names are listed below, signed these Common Draft Terms of the Merger, as agreed by the Board of Directors of Colonial at its meeting of 30 April 2019 and by the sole directors of the Subsidiaries on 30 April 2019.

Members of the Board of Directors of Inmobiliaria Colonial, SOCIMI, S.A.:

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| <hr/> Juan José Brugera Clavero | <hr/> Pedro Viñolas Serra |
| <hr/> Adnane Mousannif | <hr/> Carlos Fernández González |
| <hr/> Javier López Casado | <hr/> Silvia Mónica Alonso-Castrillo Allain |
| <hr/> Carlos Fernández-Lerga Garralda | <hr/> Javier Iglesias de Ussel Ordís |
| <hr/> Luis Maluquer Trepas | |

Formality included pursuant to Article 30.1 of the Structural Changes Act by the Secretary to the Board of Directors to state that the directors Mr. Juan Carlos García Cañizares and Sheikh Ali Jassim M. J. Al-Thani did not sign the agreement because they attended the Board of Directors meeting by telephone, notwithstanding the fact that their vote in favour of the Common Draft Terms of the Merger was recorded in the minutes of the meeting. In this regard, the full text of the Common Draft Terms of the Merger has been agreed by all the members of the Board of Directors of Inmobiliaria Colonial, SOCIMI, S.A.

Francisco Palá Laguna
Secretary to the Board of Directors

The sole directors of the Subsidiaries:

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| <p>The sole director of Almacenes Generales Internacionales, S.A.U.:</p> <hr/> <p>Inmobiliaria Colonial, SOCIMI, S.A. Represented by: Juan Manuel Ortega Moreno</p> | <p>The sole director of Axiare Investments, S.L.U.:</p> <hr/> <p>Inmobiliaria Colonial, SOCIMI, S.A. Represented by: Pedro Viñolas Serra</p> |
| <p>The sole director of Danieltown Spain, S.L.U.:</p> <hr/> <p>Inmobiliaria Colonial, SOCIMI, S.A. Represented by: Pedro Viñolas Serra</p> | <p>The sole director of Moorage Inversiones 2014, S.L.U.:</p> <hr/> <p>Inmobiliaria Colonial, SOCIMI, S.A. Represented by: Pedro Viñolas Serra</p> |
| <p>The sole director of Soller, S.A.U.:</p> <hr/> <p>Inmobiliaria Colonial, SOCIMI, S.A. Represented by: Juan Manuel Ortega Moreno</p> | |