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INMOBILIARIA COLONIAL, SOCIMI, S.A.

ORDINARY GENERAL MEETING OF SHAREHOLDERS (JUNE 2019)

REPORT BY THE BOARD OF DIRECTORS ON THE PROPOSED RESOLUTION TO AUTHORISE THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL PURSUANT TO ARTICLE 297.1.b) OF THE REVISED TEXT OF THE SPANISH LIMITED LIABILITY COMPANIES LAW (ITEM FIVE ON THE AGENDA).

1. PURPOSE OF THE REPORT

This report was prepared by the Board of Directors of Inmobiliaria Colonial, S.A. ("**Colonial**" or the "**Company**") in connection with authorising the Board of Directors to increase the capital of Colonial under the provisions of Article 297.1 b) of the revised text of the Spanish Limited Liability Companies Law passed by Royal Legislative Decree 1/2010 of 2 July (the "**Spanish Limited Liability Companies Law**"), including the power to disapply preemptive rights pursuant to Article 506 of the Spanish Limited Liability Companies Law, and is hereby put to the vote of the Ordinary General Meeting of Shareholders.

In accordance with Articles 286, 296.1, 297.1.b) and 506 of the Spanish Limited Liability Companies Law and the related provisions of the Commercial Registry Regulation as passed by Royal Decree 1784/1996, of 19 July, the aforesaid proposed resolution to the General Meeting of Shareholders requires that Colonial's Board of Directors prepares the following supporting report.

2. REASONS BEHIND THE PROPOSED RESOLUTION

Pursuant to the provisions of Article 297.1.b) of the Spanish Limited Liability Companies Law, the General Meeting of Shareholders, in accordance with the requirements established for the amendment of the Company Bylaws, may delegate to the Board of Directors the authority to carry out one or several capital increases, at the time and for the amount it may decide, without prior consultation of the General Meeting. Without prejudice to the above, the aggregate nominal amount of the capital increase(s) that the Company's Board of Directors may agree, if any, should never exceed half the share capital of the Company at the time of the authorisation (i.e. on the date of this report, 254,057,390 shares with a nominal value of 2.50 euros each) and should be made effective within 5 years from the resolution adopted by the General Meeting of Shareholders. Also, in accordance with Article 286 of the Spanish Limited Liability Companies Law in connection with Articles 296.1 and 297.1.b) of the Spanish Limited Liability Companies Law, the Directors should prepare a written report that provides the reasons behind the proposed resolution.

The Board of Directors understands that the proposed resolution presented to the General Meeting of Shareholders is due to the convenience of providing the Company's governing body with an instrument that will source the resources deemed necessary in the Company's interest as fast as possible, subject to the limits and terms, time frame and conditions agreed by the General Meeting. The dynamics of trading companies and, particularly, listed companies, require that its governing bodies and administration bodies always have the most suitable instruments to best address the needs that the company may have in each case under the respective market circumstances. Such needs may include providing the company with new funds, usually by carrying out new capital contributions.

Accordingly, the delegation provided for in Article 297.1.b) of the Spanish Limited Liability Companies Law provides the Board of Directors with the flexibility to cover the Company's needs depending on the circumstances.

For such purposes, it is proposed that the General Meeting of Shareholders delegates to the Board of Directors the authority to increase the Company's capital, one or several times, up to the maximum amount authorised by the law. The approval of this proposed resolution shall void, as from approval of the proposed resolution by the General Meeting of Shareholders, the unavailed portion of the resolution adopted under item five on the Agenda of the Ordinary General Meeting held on 24 May 2018, whereby the Board was authorised to increase the share capital.

In addition, and as permitted by Article 506 of the Spanish Limited Liability Companies Law for listed companies, in the event that the shareholders at the General Meeting delegate to the directors the authority to increase the share capital pursuant to Article 297.1.b) of the Spanish Limited Liability Companies Law, it may also delegate the authority to disapply preemption rights when the interests of the Company so require.

In this regard, it is hereby stated that the proposed resolution includes, pursuant to Article 506 of the Spanish Limited Liability Companies Law, granting the Directors the power to disapply, totally or partially, shareholders' preemptive rights if it is in the Company's interest, subject to the provisions of Article 506 of the Spanish Limited Liability Companies Law. Nevertheless, in line with the good governance practices and recommendations, the Board of Directors will only be allowed to increase the share capital without preemptive rights up to a maximum 20% of the share capital at the time of the authorisation (i.e. at the date of this report, 101,622,956 shares with a nominal value of 2.50 euros each).

The Board of Directors understands that this additional possibility, which extends the margin of discretion and responsiveness provided by a simple delegation of authority to increase the share capital under the terms of Article 297.1.b) of the Spanish Limited Liability Companies Law is mainly justified by (i) the flexibility and agility that is sometimes necessary to operate in financial markets in order to take advantage of market conditions when favourable; (ii) a lower distorting effect on the trading of Company shares during the issue period, which is usually shorter than for an issuance with rights; (iii) the reduction of costs derived from the transaction (including, in particular, the fees charged by the financial institutions involved in the issue); and (iv) the adequacy of the transaction to potential international markets or accelerated bookbuilding techniques.

In all cases, it is hereby stated that the power to disapply preemptive rights, in whole or in part, is only a power that the General Meeting delegates to the Board of Directors and will only be exercised by the Board of Directors if it decides so, based on the circumstances prevailing in each case and in accordance with any legal requirements. If, by exercising such powers, the Board of Directors were to decide to disapply preemptive rights in connection with a specific capital increase that the Board of Directors possibly decides to carry out under the authorisation granted at the General Meeting of Shareholders, the Board of Directors shall prepare, when resolving such increase, a report detailing the specific reasons in the Company's interest that justify such measure, which will be the objective of the corresponding report by an independent expert other than the accounts auditor. Both reports shall be made available to shareholders and submitted to the first General Meeting held after such capital increase, in accordance with the provisions of the aforementioned provision.

PROPOSED RESOLUTION TO AUTHORISE THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL PURSUANT TO ARTICLE 297.1.b) OF THE RECAST TEXT OF THE SPANISH LIMITED LIABILITY COMPANIES LAW, TO BE PUT TO THE VOTE OF THE GENERAL MEETING OF SHAREHOLDERS OF INMOBILIARIA COLONIAL, S.A.

Fifth.- Authorisation for the Board of Directors, pursuant to Article 297.1 b) of the Spanish Limited Liability Companies Law, to increase the share capital, once or several times, through monetary contributions up to half of the share capital within a maximum period of 5 years and at the time and in the amount it deems appropriate. Within the maximum indicated amount, the Board of Directors holds the power to disapply preemptive rights up to a maximum of 20% of the share capital.

The shareholders resolve to authorise the Board of Directors of Inmobiliaria Colonial, SOCIMI, S.A. (“Colonial” or the “Company”), in accordance with Article 297.1 b) of the revised text of the Spanish Limited Liability Companies Law enacted by Royal Legislative Decree 1/2010, of 2 July (the “Spanish Limited Liability Companies Law”) and as broad as may be necessary, to increase the share capital, once or several times and at any time, through monetary contributions within a 5-year period as of the date this General Meeting of Shareholders is held, without having to call or secure a subsequent resolution of the General Meeting of shareholders.

Such delegation includes the power to issue and put into circulation the new Colonial shares, either ordinary or of any other type permitted by law, with or without share premium and bearing voting rights or not, and to set the features of the new shares and the terms and conditions of the capital increase, as well as freely offer the new shares not subscribed in the preemptive subscription period and establish that, in the event of incomplete subscription, Colonial’s share capital may only be increased by the amount of the subscriptions made. Powers are also delegated to redraft the article in the Company Bylaws concerning Colonial’s share capital once the relevant capital increase has been agreed and executed.

The powers thus delegated extend to setting the various terms and conditions of each issue to be performed under the authorisation herein, according to their respective characteristics, and to perform all the necessary tasks for the new shares issued through the capital increase to be admitted to trading on the stock exchanges on which the Company’s shares are listed in Spain or abroad, if any, at the time of the capital increases made by virtue of this resolution and in accordance with the procedures laid down by each of said stock exchanges.

The aggregate nominal amount of the capital increase(s) that, if any, is(are) agreed by the Company’s Board of Directors by virtue of this agreement shall never exceed half the Company’s share capital at the time of the authorisation. Furthermore, the Board is authorised to disapply, whether totally or partially, preemptive rights under Article 308 -in respect of Article 506- of the Spanish Limited Liability Companies Law and related provisions. Nevertheless, in line with the guidelines and recommendations for good governance, the Board of Directors will only be authorised to a capital increase without preemptive rights of a maximum 20% of the share capital at the time of authorisation.

Should the Board of Directors resolve to disapply the preemptive rights by virtue of this authorisation, at the moment of adopting the corresponding capital increase resolution, it will issue a report detailing the specific criteria followed in the Company’s interest that justify such measure, which will, in turn, be the subject of a report by an independent expert other than the statutory

auditor. These reports will be made available to shareholders and communicated at the first General Meeting held after the resolution of the issue.

Notwithstanding the specific delegations of powers in this resolution (which should be understood to have been granted with express powers to replace the persons indicated herein), the shareholders agree to empower the Company's Board of Directors, with the scope required in law and with the express power to replace the Chairman, CEO and Secretary and Vice Secretary to the Board, so that any of them, indistinctly and with a single signature, may take any action that is necessary or advisable to execute this resolution, including but not limited to:

- Extend and develop this resolution, establishing, where no provision is made herein, the terms and conditions of any issues carried out, including in all cases the power to disapply preemptive rights. In particular, among other actions, establish the date on which the capital increases are to be carried out, establishing where applicable the commencement of the preemptive period, the share premium of the new shares and, therefore, the type of issue of the new shares; establish, in the event of an incomplete subscription, the number of shares to be issued and the nominal amount of each capital increase depending on the issue price, timeframe, format and procedure for subscription and payment in each of the periods, the exchange ratio for exercise of preemptive rights, including the right to propose to one or more shareholders a waiver of the number of preemptive rights held by them that may be necessary to ensure that the number of shares to be issued maintains exactly the same proportion as that arising from application of the agreed-on exchange ratio, establish scenarios to suspend the offer of the new shares if this proves necessary or advisable and, in general, any other circumstances that are necessary or advisable to carry out the increase and issue shares in exchange for monetary contributions;
- Agree the method used to place the shares, establishing the start date and, if necessary, modifying the term of the preemptive period and, where appropriate, establishing the length of any additional and discretionary allocation periods, with the power to declare early closure of the placement and issue period. Also delegated is the power to set the conditions and procedure for the subscription of shares, as appropriate, during the periods of additional allocation and discretionary allocation, with the power to assign the shares in the latter case to any third party in accordance with the placement procedure it may freely establish;
- Prepare, subscribe and submit, as appropriate, to the Spanish Securities Market Commission (the "**CNMV**") or such other supervisory authorities as may be appropriate, in relation to the issues and admissions to trading of the new shares issued under this resolution, the prospectus and such supplements thereto as may be necessary or appropriate, assuming the responsibility therefor, and such other documents and information as may be required pursuant to the Securities Market Law enacted by Royal Legislative Decree 4/2015, of 23 October, in *Royal Decree 1310/2005, of 4 November, concerning the admission to listing (or trading) of securities in official secondary markets and public offerings for selling or subscription and the required prospectus for these purposes* and other Spanish and foreign legislation applicable to the execution of this resolution at the time;
- Take any action, make any statement or follow any procedure and draft, sign and submit such additional or supplementary documentation or information as may be necessary before the CNMV, Iberclear, the Governing Bodies of Stock Exchanges and any other Spanish or foreign, public or private body, entity or registry to secure the authorisations, verifications

and subsequent executions of the capital increases made under this resolution and the admission to trading of the new shares on the Madrid and Barcelona Stock Exchanges and any other Spanish or foreign market in which the Company's shares are listed at the time of the relevant capital increases made under this resolution and the inclusion thereof in the Spanish Stock Market Interconnection System (SIBE);

- Draft, sign and submit, as necessary or appropriate, an international prospectus in order to facilitate the dissemination of information relating to the capital increases to shareholders and international investors, assuming on behalf of the Company the responsibility for the contents thereof;
- Negotiate and sign, as appropriate, under the terms deemed most appropriate, any such contracts as may be necessary or appropriate for the proper performance of the capital increase, including such agency agreements and, as appropriate, placement and underwriting agreements as may be necessary or appropriate;
- Declare the capital increases executed, issuing the new shares subscribed and paid and re-drafting the article in the Company Bylaws relating to the share capital effectively subscribed and paid, voiding, as appropriate, the part of the capital increase that was not subscribed and paid on the established terms; and
- Execute on behalf of the Company such public or private documents as may be necessary or appropriate for the issues of new shares under this resolution and the admission to trading thereof and, in general, perform such formalities as may be necessary for the execution thereof and correcting, clarifying, interpreting, requiring or supplementing the resolutions adopted by the General Meeting of Shareholders and, in particular, such oral or written defects, omissions or errors of substance or form as may prevent registration of the resolutions and their consequences at the Commercial Registry, the official registries of the CNMV or any others.

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

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This report was prepared and approved by the Board of Directors at a meeting held on 30 April 2019.