



This version of our letter is a free translation from the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our letter takes precedence over this translation.

13 May 2020

**Inmobiliaria Colonial, SOCIMI, S.A.**

Av. Diagonal, 532  
08006 Barcelona

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

Dear Sirs,

The Board of Directors of Inmobiliaria Colonial, SOCIMI, S.A., during its meeting on 27 February 2020, agreed a proposal for the distribution of dividends of 0.22 euros per share, which, considering the current number of outstanding shares, would result in a total maximum dividend of 111,785 thousand euros, such that, in addition to the distribution of the profits for the 2019 financial year (87,867 thousand euros), the Company would distribute the necessary amount of its distributable reserves (a maximum of 32,705 thousand euros) in order to reach the agreed dividend figure. The information published in note 3 of the Company's annual accounts and in the consolidated annual accounts is as follows:

	<i>Miles de Euros</i>
<b>Profit for the year of the Company</b>	<b>87,867</b>
<i>To Legal reserve</i>	<i>8,787</i>
<i>To dividends</i>	<i>79,080</i>
<b>Total distribution</b>	<b>87,867</b>

*"The Company's board of directors will submit for approval at the annual general meeting a proposed distribution of dividends of 0.22 euros per share, which would give rise to a total maximum dividend of 111,785 thousand euros based on the current number of outstanding shares. The final amount of the dividend, as well as the nature of the reserves to be distributed, will be determined prior to its distribution based on the treasury shares held by the Company".*

The Company's annual accounts and the Group's consolidated annual accounts for the financial year ended 31 December 2019 were prepared by the Parent company's Board of Directors at the aforementioned meeting and in respect of which on 27 February 2020 we issued our audit reports which expressed an unqualified opinion.

As shown in the accompanying documentation (Appendix I), the Board of Directors during their meeting held on 13 May 2020 took the decision to replace the proposal for the distribution of dividends (made up of the application of profits and the distribution of distributable reserves) with the proposal shown in the accompanying motivating document prepared by the Directors.



In this context, we confirm that this decision would not have modified our audit opinion contained in the audit reports which we issued on 27 February 2020 in respect of the financial statements of Inmobiliaria Colonial, SOCIMI, S.A. and the consolidated financial statements of Inmobiliaria Colonial, SOCIMI, S.A. and its subsidiary companies for the financial year ended 31 December 2019, had we known of the new proposal at the time of their signature.

This document refers exclusively to the decision to modify the proposal that will be submitted to the General Shareholders' Meeting for approval in relation to the application of the results. Since 27 February 2020, the date of issuance of our audit report, we have not performed any audit procedures on any other matters or in respect of subsequent events that may have occurred since that date.

This letter is issued at the request of the Board of Directors of Inmobiliaria Colonial, SOCIMI, S.A., for the purposes of informing the General Shareholders' Meeting of the Company in accordance with the requirements included in article 40.6.bis of Royal Decree Law 8/2020 and may not be used for any other purpose.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by  
Mireia Oranias Casajoanes

**SUPPORTING REPORT OF THE BOARD OF DIRECTORS FOR THE AMENDMENT OF THE PROPOSED PROFIT DISTRIBUTION AND DISTRIBUTION OF RESERVES CONTAINED IN THE REPORT ON THE ANNUAL FINANCIAL STATEMENTS FOR 2019 WHICH WILL BE PUT TO THE VOTE AT THE ORDINARY GENERAL MEETING OF SHAREHOLDERS.**

**1. Purpose of the report**

This report has been prepared by the Board of Directors of Inmobiliaria Colonial, S.A. (“**Colonial**” or the “**Company**”) in order to justify the amendment of the proposed profit distribution and distribution of reserves contained in the report on the annual financial statements for the year ended on 31 December 2019 which were prepared by the Company's Board of Directors on 27 February 2020. The new proposed profit distribution and distribution of reserves will be put to the vote at the Ordinary General Meeting of Shareholders.

*For these purposes, Article 40.6 bis of Spanish Royal Decree-Law 8/2020, of 17 March, on urgent extraordinary measures to deal with the economic and social impact of COVID-19 (“**Royal Decree-Law 8/2020**”) states that those companies who, having prepared their annual financial statements, call an Ordinary General Meeting after the entry into force of said provision, may substitute the proposed profit distribution contained in the report on the annual financial statements with an alternative proposal, provided that the Board of Directors justifies the substitution as a result of the situation caused by COVID-19. Additionally, the new proposed profit distribution must be accompanied by a letter from the auditor indicating that they would not have modified their audit opinion had they known about the new proposal at the time of their signature.*

In accordance with the provisions of Article 41.3 of Royal Decree-Law 8/2020, the new proposed profit distribution, this supporting report and the auditor's letter must be published as supplementary information to the annual financial statements on the Company's corporate website ([www.inmocolonial.com](http://www.inmocolonial.com)) and on the website of the Spanish Securities Market Commission (CNMV) ([www.cnmv.es](http://www.cnmv.es)) by means of the corresponding announcement of relevant information or, if it is legally required for the case at hand, of inside information.

By virtue of the foregoing, and given the exceptional situation derived from the COVID-19 health crisis, the Board of Directors has drafted this supporting report for the amendment of the proposed profit distribution and distribution of reserves.

**2. Justification of the amendment**

The amendment of the proposed profit distribution and distribution of reserves arises from the uncertainty produced by the COVID-19 health crisis and its economic and social consequences according to the forecasts published by international regulatory bodies. The worldwide spread of COVID-19 has caused many governments, including that of Spain and France, to adopt unprecedented measures, including establishing restrictions on the freedom of movement of citizens, to deal with the pandemic.

The Company's Board of Directors considers it appropriate, from a perspective of financial prudence, to amend the proposed profit distribution for the year ended 31 December 2019 and distribution of reserves that appears in the report on the annual financial statements prepared by the Board of Directors on 27 February 2020, on account of the uncertainty caused by the health crisis and the negative economic effects that may arise.

For such purposes, the Board of Directors has deemed it in the Company's interests to reduce by 9% the amount to be distributed to its shareholders as dividends. As a result, the General Meeting will be asked to vote on the distribution of a dividend of 0.20 euros per share, which, taking into account the number of shares currently outstanding, would entail a maximum total dividend of 101,623 thousands of euros. This amount corresponds to the dividend distributed in the previous year.

The amendment to the proposed profit distribution and distribution of reserves does not affect the Company's financial positions according to the annual financial statements as at end of 31 December 2019 or the assessment of its management. Therefore, the Board of Directors considers it unnecessary to resubmit the aforementioned annual financial statements.

### 3. Proposed amendment

The Company's Board of Directors, at its meeting held today, has decided to substitute the proposed profit distribution and distribution of reserves contained in the report on the annual financial statements, and this will be put to the vote at the next Ordinary General Meeting of Shareholders with the following indications:

*"The distribution of profit for 2019 proposed by the board of directors of the Company and that will be submitted for approval at the annual general meeting is as follows:*

	<i>Thousands of euros</i>
<b>Profit/loss for the year of the Company</b>	<b>87,867</b>
<i>To legal reserve</i>	<i>8,787</i>
<i>To dividends</i>	<i>79,080</i>
<b>Total distributed</b>	<b>87,867</b>

*The Company's board of directors will submit for approval at the annual general meeting a proposed distribution of dividends totalling 0.20 euros per share, which would give rise to a total maximum dividend of 101,623 thousand euros based on the current number of outstanding shares. The definitive amount of the dividend as well as the nature of the reserves to be distributed, will be determined prior to its distribution based on the treasury shares held by the Company (Note 13)."*

As a result, the General Meeting will be asked to vote on the distribution of a dividend of 0.20 euros per share, which, taking into account the number of shares currently outstanding, would entail a maximum total dividend of 101,623 thousands of euros. This amount corresponds to the dividend distributed in the previous year.

### 4. Letter from the auditor of the 2019 financial statements

Lastly, in accordance with Article 40.6 bis of Royal Decree-Law 8/2020, the decision taken by the Board of Directors, as well as this supporting report, is forwarded to the auditor for them to issue the corresponding letter confirming that the decision taken to amend the proposed profit distribution and distribution of reserves would not have changed their opinion given in the audit report of 27 February 2020 if the aforementioned decision had been known at the time of signing the aforementioned audit report.

\* \* \* \*

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