

**CORPORATE BYLAWS OF MERLIN PROPERTIES, SOCIMI, S.A.**

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*Consolidated text of the Bylaws. The last amendment was approved on February 17, 2017 and registered in the Mercantile Registry on March 17, 2017*

**TITLE I**  
**NAME, CORPORATE PURPOSE, DURATION AND REGISTERED OFFICE**

**ARTICLE 1. CORPORATE NAME**

The Company is called Merlin Properties, SOCIMI, S.A. (the **Company**) and is governed by these bylaws and by any statutory provisions applicable to it.

**ARTICLE 2. CORPORATE PURPOSE**

The Company's main corporate purpose consists of the pursuit of the following activities, whether in Spain or abroad:

- (a) the acquisition and development of urban real estate for its lease, including the rehabilitation of buildings on the terms established in Value Added Tax Law 37/1992, of December 28, 1992;
- (b) the holding of stakes in the capital of other listed corporations for investment in the real estate market (**SOCIMIs**) or in other entities not resident in Spain with the same corporate purpose as such corporations and which are subject to a regime similar to that established for **SOCIMIs** as regards the mandatory income distribution policy, pursuant to the law or bylaws;
- (c) the holding of stakes in the capital of other entities, resident in Spain or otherwise, the main corporate purpose of which is the acquisition of urban real estate for lease and which are subject to the same regime established for **SOCIMIs** as regards the mandatory income distribution policy, pursuant to the law or bylaws, and which meet the investment requirements established for such companies; and
- (d) the holding of shares or interests in real estate collective investment undertakings regulated under Collective Investment Undertaking Law 35/2003, of November 4, 2003, or any legislation that may replace it in the future.

Additionally, together with the economic activity deriving from the main corporate purpose, the Company may pursue other ancillary activities, understood to be activities the income from which represents, as a whole, less than 20% of the income of the Company in each tax period, or any considered ancillary in accordance with the applicable legislation from time to time.

The activities comprising the corporate purpose may be indirectly pursued by the Company, in whole or in part, by means of the holding of shares or interests in companies with an analogous or identical corporate purpose.

The direct exercise, and indirect exercise where applicable, of all activities reserved under special legislation is excluded. If statutory provisions require any professional qualification, prior administrative authorization, registration at public registries or any other requirement for the pursuit of any of the activities included within the corporate purpose, such activities may not be commenced until the professional or administrative requirements imposed have been met.

### **ARTICLE 3. DURATION**

The Company is formed for an indefinite term. The Company commenced operations on the date of its formation.

### **ARTICLE 4.- REGISTERED OFFICE**

1. The Company shall have its registered office in Madrid, at Paseo de la Castellana, 257, 28046.
2. The registered office may be relocated within national territory by a resolution of the board of directors.
3. The board of directors of the Company may resolve to create, cancel or relocate branches, representative offices, agencies, delegations, offices and other facilities, both in Spain and abroad, complying with the requirements and safeguards that may apply, and decide to provide the services pertaining to its corporate purpose, without need for a permanent establishment.

## **TITLE II SHARE CAPITAL, SHARES AND SHAREHOLDERS**

### **ARTICLE 5. SHARE CAPITAL**

1. The share capital is set at 469,770,750 euros, divided into 469,770,750 shares, each with a par value of one euro (€1), belonging to a single class and series, and conferring the voting and economic rights indicated in the legislation in force.
2. The share capital is fully subscribed and paid in.

### **ARTICLE 6. THE SHARES**

1. The shares shall be represented by book entry and are created as such pursuant to their entry on the relevant accounting book. They shall be governed by Legislative Royal Decree 4/2015, of October 23, passing the restated Securities Market Law, and other provisions that may supplement or, as the case may be, replace it.
2. Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de

Valores, S.A. (Iberclear) and participating entities shall be responsible for keeping the book entries of the Company.

#### **ARTICLE 7. SHAREHOLDER STATUS**

1. Each share confers on its legitimate holder the status of shareholder and the rights recognized in the applicable corporate legislation and those expressed in these bylaws and the other corporate governance documentation of the Company.
2. On the terms established in the applicable legislation, and save in the cases provided for therein, each share confers, at minimum, the following rights on its holder:
  - (a) the right to a share in corporate earnings and the assets resulting from liquidation;
  - (b) a preemptive subscription right in the issue of new shares with a charge to monetary contributions or convertible debentures;
  - (c) the right to attend and vote at shareholders' meetings on the terms established in these bylaws and to challenge corporate resolutions; and
  - (d) the right to information, on the terms established by the legislation in force.
3. Standing to exercise shareholder rights, including, as the case may be, the right of transfer, is obtained by registration on the accounting register, which presupposes legitimate ownership and authorizes the registered holder to require that Company recognize him/her as a shareholder. This standing may be evidenced by exhibiting the appropriate certificates issued by the entity in charge of the accounting register.

#### **ARTICLE 8. ANCILLARY OBLIGATIONS**

The Company shares entail the performance and fulfillment of the ancillary obligations described below. These obligations, which do not involve any compensation whatsoever by the Company to the affected shareholder in each case, are as follows:

1. Holders of significant holdings:

- (a) All shareholders who (i) own Company shares in a percentage greater than or equal to 5% of the share capital, or the percentage holding provided for in article 9.2 of the Law governing SOCIMIs, or any legislation superseding it, for the Company to become subject to the special corporate income tax levy (the **Significant Holding**); or (ii) acquire shares which, together with the shares they already own, mean they have a Significant Holding in the capital of the Company, must notify such circumstance to the board of directors.
- (b) Equally, all shareholders who have a Significant Holding in the share capital of the Company must notify the board of directors of any subsequent acquisition, regardless of the number of shares acquired.
- (c) The same declaration as those under letters (a) and b) above must be made by any person holding economic rights over Company shares, including in all cases indirect holders of Company shares through financial intermediaries that formally appear as authorized shareholders by virtue of the accounting register but which act on behalf of such holders.
- (d) Together with the notification provided for in the preceding subarticles, the affected shareholder or holder of the economic rights must provide the board secretary with:
  - (i) A residence certificate, for the purposes of the corresponding personal income tax, issued by the competent authorities in his/her country of residence. In cases where a shareholder is resident in a country with which Spain has signed a tax treaty to avoid double taxation of income, the residence certificate must have the characteristics provided for in the relevant treaty in order to apply its benefits.
  - (ii) A certificate issued by an individual with sufficient powers evidencing the tax rate payable by the shareholder on the dividend distributed by the Company, together with a declaration that the shareholder is the beneficial owner of the dividend.

The obliged shareholder or holder of economic rights must deliver such certificate to the Company within the ten calendar days following the date on which the shareholders' meeting or board of directors, as the case may be, resolves on the distribution of any dividend or any analogous amount (reserves, etc.).

- (e) If the party obliged to notify breaches the notification obligation set out under letters a) through d) above, the board of directors may assume that the dividend is exempt or taxed at a rate lower than that provided for in article 9.2 of the law governing SOCIMIs, or any legislation that may supersede it.

Alternatively, the board of directors may request, with a charge to the dividend corresponding to the shareholder, which a legal report be issued by a reputable law firm in the shareholder's country of residence to express an opinion on the taxation of the dividends distributed by the Company.

The expense incurred by the Company shall be payable on the day before the payment of the dividend.

- (f) The inter vivos transfer or mortis causa transmission of Company shares (including this ancillary obligation) is authorized for all purposes.
- (g) The percentage holding greater than or equal to 5% of capital referred to in letter (a) above shall be understood to be (i) automatically modified if there is any change in the figure provided for in article 9.2 of the law governing SOCIMIs, or any legislation that may supersede it, and, accordingly (ii) replaced by the figure contained in the aforementioned legislation from time to time.

2. Shareholders subject to special regimes:

- (a) All shareholders who, as investors, are subject under their jurisdiction of origin to any type of special legal regime regarding pension funds or benefit plans, must notify such circumstance to the board of directors.
- (b) Equally, any shareholders who are in the situation described in letter (a) above must notify the board of directors of any subsequent acquisition or transfer, regardless of the number of shares acquired or transferred.
- (c) The same declaration as those under letters (a) and b) above must be made by any person holding economic rights over Company shares, including in all cases indirect holders of Company shares through financial intermediaries that formally appear as authorized shareholders by virtue of the accounting register but which act on behalf of such holders.
- (d) The Company may request, by serving written notice (a **Request for Information**), that shareholders or any other persons with a known or apparent interest in the Company shares provide the written information requested by the Company and known by the shareholder or other person in relation to the beneficial ownership of the shares in question or the interest therein (accompanied by a formal or notarial statement and/or independent evidence, if so requested by the Company), including (without prejudice to the general nature of the foregoing) any information that the Company deems necessary or appropriate for the purposes of determining whether such shareholders or persons may be subject to the situation described in letter (a) above.

The Company may make a Request for Information at any time and may send one or more Requests for Information to the same shareholder or person with respect to the same shares or interests in the same shares.

- (e) Without prejudice to the obligations regulated in this article 8.2, the Company shall supervise any share acquisitions or transfers performed and shall take the measures it deems appropriate to prevent any loss arising for the Company or its shareholders from the application of the legislation in force in the area of pension funds or benefit plans that may affect them in their respective jurisdictions.

The indemnification obligation provided for in article 55 of these bylaws shall also be considered an ancillary obligation for the purposes of this article.

The inter vivos transfer or mortis causa transmission of Company shares (including this ancillary obligation) is authorized for all purposes.

#### **ARTICLE 9. CO-OWNERSHIP AND RIGHTS IN REM OVER SHARES**

1. Co-owners of the shares and co-holders of the rights in same must designate a single person to exercise the shareholder rights and shall be jointly and severally liable to the Company for all obligations deriving from the status of shareholder.
2. The rules governing co-ownership, usufruct, pledges and attachments of Company shares shall be those determined by the applicable corporate legislation.

#### **ARTICLE 10. SHARE TRANSFER**

1. The shares and the economic rights deriving from them, including the preemptive subscription right, are freely transferable using all means permitted by law.
2. Company shares shall be transferred by means of accounting transfer. The registration of the transfer on the accounting register in favor of the acquirer shall have the same effects as the transfer of title. Share transfers that are not in keeping with these bylaws and, failing that, with the provisions of the law, shall not be acknowledged by the Company and shall not be effective in any way vis-à-vis the Company.

#### **ARTICLE 11. UNPAID CAPITAL AND SHAREHOLDER DEFAULT**

1. Where shares have only been partially paid in, the shareholder must proceed to pay the unpaid portion, whether in cash or in kind, in the manner and by the deadline determined by the board of directors.
2. Any shareholder who does not pay the unpaid portion before the payment deadline expires shall be in default.

3. Shareholders who are in default may not exercise their right to vote. The amount of their shares shall be deducted from the share capital when calculating the quorum. Nor shall they be entitled to receive dividends or to the preemptive subscription of new shares or convertible debentures.
4. Once the amount of unpaid capital has been paid together with any interest owed, the shareholder may seek the payment of any dividends that have not become statute-barred, but may not exercise the preemptive subscription right, if the period for exercising it has already expired.

### **TITLE III CAPITAL INCREASE AND REDUCTION**

#### **ARTICLE 12. CAPITAL INCREASE**

1. The share capital may be increased on one or more occasions by a resolution of the shareholders' meeting, adopted pursuant to the provisions of the law and these bylaws. The increase may be carried out by issuing new shares or by increasing the par value of the existing shares, and the consideration for the increase may consist of monetary or nonmonetary contributions to the corporate assets, including the conversion of debt into equity or the conversion of reserves into share capital. The increase may be implemented partially out of new contributions and partially out of reserves.
2. Pursuant to the provisions of the law, where the corporate interest so requires, the shareholders' meeting may, when deciding to increase capital via monetary contributions, resolve to exclude the preemptive subscription right in whole or in part. In order for this resolution to be valid, the applicable statutory provisions must be respected.

#### **ARTICLE 13. AUTHORIZED SHARE CAPITAL**

1. The shareholders' meeting may delegate to the board of directors the power to determine the date on which the pre-adopted resolution to increase capital must be implemented and to establish its conditions in all matters not envisaged by the shareholders' meeting, all within the limitations established by the law. The board of directors may exercise such power in whole or in part, or even refrain from exercising it in view of market conditions, the Company's circumstances or any fact or event of special significance that justifies such a decision in its opinion, explaining such decision to the first shareholders' meeting that is held after the period granted for its exercise has expired.

2. The shareholders' meeting may also delegate to the board of directors the power to resolve, on one or more occasions, to increase capital up to a given amount, at such time and in such amount as it may decide, and to exclude the preemptive subscription right, subject to the requirements and limitations established by law.

#### **ARTICLE 14. CAPITAL REDUCTION**

1. The share capital may be reduced by a resolution of the shareholders' meeting, adopted pursuant to the provisions of the law and these bylaws.
2. The capital reduction may be carried out by decreasing the par value of the shares, by retiring them or grouping them for their exchange, and it may be for the purpose of returning contributions, forgiving unpaid capital, creating or increasing voluntary reserves or restoring the equilibrium between the capital and the net worth of the Company decreased as a result of losses.
3. Where capital is reduced as a result of returning the value of contributions, shareholders may be paid in kind, in whole or in part, provided that the requirements of article 54.6 below of these bylaws are met.

### **TITLE IV DEBENTURES AND OTHER SECURITIES**

#### **ARTICLE 15. ISSUE OF DEBENTURES**

1. The Company may issue debentures on the terms and subject to the limits established by law.
2. Subject to the requirements and limitations established by law, the shareholders' meeting may delegate to the board of directors the power to issue nonconvertible, convertible and/or exchangeable debentures. In addition, and also subject to the requirements and limitations established by law, it may authorize the board of directors to determine when the agreed issue shall take effect, to exclude the preemptive subscription right and to establish any other conditions not envisaged in the shareholders' meeting resolution.

#### **ARTICLE 16. ISSUE OF OTHER SECURITIES**

1. The Company may issue promissory notes, warrants, preferred shares or other marketable securities other than those envisaged in the above articles.

2. The shareholders' meeting may delegate to the board of directors the power to issue such securities. The board of directors may exercise such power on one or more occasions and for a maximum period of five (5) years.
3. The shareholders' meeting may also authorize the board of directors to determine when the agreed issue shall take effect, and to establish any other conditions not envisaged in the shareholders' meeting resolution, on the terms established by law.
4. Subject to a resolution of the shareholders' meeting or, by delegation, of the board of directors, the Company may also guarantee securities issues made by its subsidiaries.

## **TITLE V GOVERNING BODIES OF THE COMPANY**

### **ARTICLE 17. BODIES OF THE COMPANY**

The governing bodies of the Company are the shareholders' meeting and the board of directors, which have the respective powers entrusted to them by law, by these bylaws and by the shareholders' meeting and board of director regulations, which powers may be delegated in the manner and with the scope determined in same.

### **SECTION I THE SHAREHOLDERS' MEETING**

### **ARTICLE 18. SHAREHOLDERS' MEETING**

1. The shareholders' meeting is governed by the law, these bylaws and the shareholders' meeting regulations.
2. It falls to the shareholders assembled in a shareholders' meeting to decide by a majority on the matters falling within its jurisdiction, per the law or the bylaws, as well as on any matters that the board of directors decides to submit to such meeting for its consideration.

3. The shareholders' meeting has the power to decide on all matters entrusted to it by law, these bylaws or the shareholders' meeting regulations. Any powers not entrusted to the shareholders' meeting by law or the bylaws shall fall to the board of directors.
4. All shareholders, including dissenting shareholders and those who have not participated in the meeting, shall be subject to the resolutions of the shareholders' meeting, notwithstanding any rights and remedies granted to them by law.
5. The Company shall at all times guarantee that all shareholders in the same position are treated equally as regards information relating to, participation in, and the right to vote at, the shareholders' meeting.

#### **ARTICLE 19. TYPES OF SHAREHOLDERS' MEETINGS**

1. Shareholders' meetings may be annual or special.
2. The annual shareholders' meeting must be held once a year within the first six (6) months following each year-end in order to ratify the conduct of business, to approve, if appropriate, the financial statements for the prior year and to resolve on the appropriation of income/loss. It may also adopt resolutions on any other matter within its jurisdiction pursuant to the law, these bylaws or the shareholders' meeting regulations, provided that they are included on the agenda or are legally appropriate and the meeting has been constituted with the presence of the required share capital.
3. Any shareholders' meeting not envisaged in the preceding paragraph shall be deemed to be a special shareholders' meeting.

#### **ARTICLE 20. CALL OF THE SHAREHOLDERS' MEETING**

1. The shareholders' meeting, whether annual or special, shall be called by the board of directors in a manner that ensures that all shareholders have access to the information swiftly and without discrimination. The call notice shall be published in at least the following media: (i) the Official Commercial Registry Gazette or one of the largest circulation newspapers in Spain; (ii) the website of the National Securities Market Commission; and (iii) the website of the Company, at least one (1) month before the date scheduled for the meeting.

Notwithstanding the foregoing, where the Company offers the shareholders the effective possibility of voting by electronic means accessible to all of them, special shareholders' meetings may be called a minimum of fifteen (15) days in advance. The shortened call notice period shall require an express resolution adopted at an annual shareholders' meeting by at least two thirds of the voting capital, and its validity may not exceed the date on which the next meeting is held.

2. The call notice must contain all of the references and information required by law, as the case may be, and shall state whether the meeting is annual or special, the date, the time and the venue of the meeting and the agenda, including all of the business to be transacted. It may also state the date on which the meeting shall be held on second call, as appropriate. A period of at least twenty-four (24) hours must elapse between the first and second meeting. If the duly called shareholders' meeting is not held on first call, and the date of the second meeting is not stated in the call notice, the second meeting must be called, with the same agenda and same notification requirements as the first meeting, within the fifteen days following the date of the meeting not held and with at least ten days' advance notice.
3. The website on which the call notice for shareholders' meetings of the Company shall be published shall be that recorded from time to time on the company's registration sheet at the Commercial Registry.
4. From the publication of the call notice until the holding of the shareholders' meeting, the Company must publish on its website, without interruption, the information determined in each case by the law, the shareholders' meeting regulations or any other applicable regulation.
5. Shareholders representing the minimum percentage of share capital legally provided for such purpose may request the publication of a supplement to the call notice for a shareholders' meeting, including one or more items on the agenda, provided that the new points are accompanied by a justification or, as the case may be, a justified proposal for a resolution. Under no circumstances may such right be exercised with respect to the call of special shareholders' meetings.
6. The right provided for in the preceding paragraph must be exercised by serving duly authenticated notice, which must be received at the registered office within the five (5) days following the publication of the original call notice. The supplement to the call notice must be published at least fifteen (15) days in advance of the date scheduled for the meeting. Failure to publish the supplement to the call notice within the statutory time period shall be cause for challenging the shareholders' meeting.
7. Shareholders representing the minimum percentage of share capital legally provided for such purpose may also, in the same period indicated in the preceding paragraph, submit reasoned proposals for resolutions on items already included or to be included in the agenda for the shareholders' meeting. The Company shall ensure the dissemination of these proposed resolutions, and of any attached documentation, among the rest of the shareholders, in accordance with the provisions of the law.
8. The board of directors may call a special shareholders' meeting whenever it deems it appropriate in the corporate interest. Moreover, it must call the meeting when so requested by shareholders who hold the minimum percentage of share capital legally provided for such purpose, stating in the request the items to be addressed at the

meeting. In this case, the shareholders' meeting must be called to be held within the period provided for in the law. The board of directors shall draw up the agenda, necessarily including the item or items requested.

9. The provisions of the applicable law shall apply for the call of shareholders' meetings by the court Clerk or the Commercial Registrar of the place where the Company has its registered office.
10. The provisions of this article are understood to be without prejudice to the statutory provisions for specific scenarios.

#### **ARTICLE 21. "UNIVERSAL" SHAREHOLDERS' MEETING**

Notwithstanding the provisions of the preceding articles, the shareholders' meeting shall be deemed to have been called and shall be validly constituted to transact any business where all of the share capital is present and those present unanimously agree to hold the meeting.

#### **ARTICLE 22. MEETING VENUE AND TIME**

1. Shareholders' meetings shall be held in the place and on the date indicated in the call notice, within the municipality in which the registered office is located.
2. Remote attendance at the shareholders' meeting by simultaneous telematic means and electronic distance voting during the meeting may be admitted if so established in the shareholders' meeting regulations, subject to fulfillment of the requirements provided for therein.

In such case, the shareholders' meeting regulations may attribute to the board of directors the power to determine, having regard to the state of the art, when the appropriate conditions of security and simplicity permit, with the due guarantees, remote attendance at the shareholders' meeting by simultaneous telematic means and electronic distance voting during the meeting. The shareholders' meeting regulations may also attribute to the board of directors the regulation, in observance of the law, the bylaws and the shareholders' meeting regulations, of all necessary procedural aspects, including, among other matters, the minimum period in advance that the connection must be established in order to consider the shareholder to be present, the applicable procedure and rules to ensure that shareholders attending remotely can exercise their rights, the ID requirements to be met by those attending remotely, and their influence on the system of drawing up the list of attendees.

3. The shareholders' meeting, provided there is just cause to do so, may resolve on its extension over one or more consecutive days, at the proposal of its chairman, of the majority of directors attending the meeting or at the request of a number of shareholders representing at least one quarter (1/4) of the share capital present at the meeting. Regardless of the number of sessions, the shareholders' meeting shall be considered a single meeting and a single set of minutes shall be drawn up for all sessions. Accordingly, it shall not be necessary to reiterate the fulfillment of the requirements provided for in the law or in the bylaws for its valid constitution in successive sessions. The shareholders' meeting may also be temporarily suspended in the scenarios and manner provided for in the shareholders' meeting regulations.

### **ARTICLE 23. CONSTITUTION OF THE SHAREHOLDERS' MEETING**

The shareholders' meeting shall be validly constituted on first call where the shareholders present in person or by proxy own at least twenty-five percent (25%) of the subscribed voting capital. It shall be validly constituted on second call regardless of the capital attending thereat.

In order for the annual or special shareholders' meeting to be able to validly resolve on a capital increase or reduction or on any other amendment to the bylaws, the issue of debentures, the elimination or restriction of the preemptive right to acquire new shares, or on an alteration of legal form, merger, spin-off or global transfer of assets and liabilities, the winding-up or liquidation of the Company or the transfer abroad of the registered office, shareholders owning at least fifty percent (50%) of the subscribed voting capital must be present, in person or by proxy, on first call. On second call, the presence of twenty-five percent (25%) of the subscribed voting capital shall be sufficient, although where shareholders representing less than fifty percent (50%) of the subscribed voting capital are present, the resolutions referred to in this paragraph may only be validly adopted with the favorable vote of two-thirds (2/3) of the capital present, in person or by proxy, at the meeting.

Any absences arising after the shareholders' meeting has been constituted shall not affect its valid constitution.

### **ARTICLE 24. RIGHT OF ATTENDANCE**

1. Company shareholders who hold, individually or in a group with other shareholders, a number of shares at least equal to the lesser of: (i) five hundred (500) shares; or (ii) a number of shares representing one-thousandth (1/1,000) of the share capital shall have the right to attend shareholders' meetings.

2. In order to exercise the right of attendance, shareholders must have registered the shares in their name on the corresponding register of book entries five (5) days in advance of the date on which the shareholders' meeting is to be held. This circumstance must be evidenced by means of the relevant attendance, proxy and distance voting card, certificate of standing or any other valid means of accreditation admitted by the Company.
3. The members of the board of directors must attend shareholders' meetings, although if any of them cannot attend for whatever reason, this shall not prevent the valid constitution of the meeting under any circumstances.
4. The chairman of the shareholders' meeting may authorize attendance by executives, managers and technical personnel of the Company and other persons who have an interest in the sound running of corporate affairs, as well as invite any persons he sees fit, on the terms and conditions established in the shareholders' meeting regulations.

#### **ARTICLE 25. PROXY TO ATTEND SHAREHOLDERS' MEETING**

1. Without prejudice to attendance by legal entity shareholders through the corresponding person, all shareholders who have the right to attend may be represented at the shareholders' meeting by another person, who need not be a shareholder, and such proxies must be specially granted in writing for each meeting.
2. The power of representation is understood to be without prejudice to the provisions of the law in cases of family representation and the grant of general powers.
3. A proxy for any kind of shareholders' meeting may be granted by the shareholder by mail, electronic communication or any other means of distance communication, provided that the proxy conferred, the identity of the proxy and the principal, and the security of electronic communications can be adequately guaranteed in the matter determined in the shareholders' meeting regulations. The Company shall establish the system for electronic notification of the appointment, with the formal, necessary and proportionate requirements to guarantee the identification of the shareholder and of the proxy or proxies appointed by it and the security of electronic communications.
4. Proxies may represent more than one shareholder with no limit on the number of shareholders represented. When a proxy represents various shareholders, it may cast differing votes according to the instructions given by each shareholder. In all cases, the number of shares represented shall count towards the valid constitution of the shareholder's meeting.

5. Prior to their appointment, proxies must provide detailed information to the shareholder on whether there is any conflict of interest, in accordance with the applicable corporate legislation. If the conflict arises after their appointment and the represented shareholder has not been notified of its potential existence, the proxy must inform the shareholder immediately. In both cases, if no new specific voting instructions have been received for each of the items on which the proxy has to vote on behalf of the shareholder, it must abstain from voting.
6. For representation by the directors of the Company, or by financial intermediaries or by any other person on behalf of or in the interests of any of them or of a third party and for exercise of the right to vote by any of them, the provisions of the law, the shareholders' meeting regulations and any other applicable regulations shall apply.
7. The chairman of the shareholders' meeting is authorized to determine the validity of the proxies granted and the fulfillment of the requirements for attendance of the shareholders' meeting and may delegate this function to the secretary.
8. Proxies may be revoked at all times and the attendance in person of the principal at the meeting shall have the effect of revocation.

#### **ARTICLE 26. DISTANCE VOTING**

1. Company shareholders may cast their vote on the proposals relating to the items on the agenda of any shareholders' meeting by postal correspondence or by electronic communication, provided that the identity of the shareholder exercising his/her right to vote and the security of electronic communications is duly guaranteed.
2. Votes cast by postal correspondence shall be sent to the Company in writing, stating the direction the vote is cast, and in fulfillment of all formalities determined by the board of directors by means of a resolution and subsequent notification in the call notice of the shareholders' meeting in question.
3. Votes cast by means of electronic communication with the Company shall only be admitted, once the appropriate security and simplicity conditions have been checked, where so determined by the board of directors by means of a resolution and subsequent notification in the call notice of the shareholders' meeting in question. In such resolution, the board of directors shall define the applicable conditions for distance voting by means of electronic communication, necessarily including conditions that adequately guarantee the authenticity and identity of the shareholder exercising his/her vote.

4. In order to be valid, votes cast using any of the distance means referred to in the preceding subarticles must be received by the Company at least five (5) days in advance of the date scheduled for the meeting on first call. The board of directors may reduce this advance notice period to twelve midnight (24:00) on the business day prior to the date of the meeting on first call, giving it the same amount of publicity as is given to the call notice.
5. The board of directors may expand on and supplement the regulations on distance voting and proxies provided for in these bylaws, establishing the instructions, means, rules and procedures it sees fit for the casting of votes and grant of proxies using means of distance communication.
6. Shareholders who cast their vote using distance means in accordance with the provisions of this article shall be considered present for the purposes of the constitution of the shareholders' meeting in question. As a result, any proxies granted prior to the casting of the vote shall be deemed revoked and those conferred subsequently shall be deemed not made.
7. Any vote cast using distance means shall be rendered ineffective by the physical attendance at the meeting of the shareholder who cast it, or by any disposal of his/her shares of which the Company is aware.

#### **ARTICLE 27. RIGHT OF INFORMATION**

1. Shareholders shall enjoy the right to information on the terms provided for in the law.
2. The board of directors shall be obliged to provide, in the manner and within the time periods provided for in the law, any information requested by shareholders in accordance with such provisions, save for cases in which it is unlawful or the legislation in force allows for such information not to be provided. This exception shall not apply where the request is supported by shareholders representing at least one quarter (1/4) of the share capital.

#### **ARTICLE 28. CHAIRMAN AND SECRETARY OF THE MEETING**

1. Shareholders' meetings shall be chaired by the chairman of the board of directors or by any person that the chairman may delegate, who must be a director in all cases, or, where the chairman of the board of directors is absent and no delegation has been made, by the longest-serving director in attendance and, in the event of an equal period of service, by the eldest of such directors.
2. The meeting secretary shall be the secretary of the board of directors and, failing that, the deputy secretary, if any. Failing that, it shall be the shortest-serving director and, in the event of an equal period of service, the youngest of such directors.

**ARTICLE 29. LIST OF ATTENDEES**

1. Before moving on to the agenda, the secretary of the shareholders' meeting shall draw up the list of attendees, stating the nature or representative authority of each of them and the number of shares, owned or represented, with which they attend the meeting.
2. At the end of the list, the total number of shareholders present, in person or by proxy, shall be stated, as well as the amount of capital they own or represent, specifying the capital corresponding to shareholders with the right to vote.
3. If the list of attendees does not appear at the start of the minutes of the shareholders' meeting, it shall be attached to the minutes by means of an exhibit signed by the secretary and countersigned by the meeting chairman.
4. The list of attendees may also be drawn up in a file or included in computerized format. The list of attendees may also be drawn up in a file or included in computerized format. In such cases, the medium used shall be recorded in the minutes and the appropriate identification stamp, signed by the secretary and countersigned by the meeting chairman, shall be affixed to the sealed cover of the file or medium.

**ARTICLE 30. CONDUCT OF MEETINGS**

1. The chairman shall submit for deliberation the items on the agenda and shall chair the debate with a view to ensuring that the meeting progresses in an orderly manner.
2. During the course of the meeting, shareholders may request information on the terms provided for in article 27 above and in the shareholders' meeting regulations.
3. Any shareholder may take the floor during deliberations on the items on the agenda, although the chairman, in exercise of his powers, is authorized to take order-related measures, such as setting a time limit for speeches, establishing turns or bringing an end to the speeches, in accordance with the provisions of the shareholders' meeting regulations.
4. Once an item has been sufficiently debated in the opinion of the chairman, it shall be submitted to a vote. The chairman shall establish the voting system he deems most appropriate and direct the corresponding process, adjusting the implementing rules provided for in the shareholders' meeting regulations where necessary.

### **ARTICLE 31. ADOPTION OF RESOLUTIONS**

1. Each voting share present, in person or by proxy, at the shareholders' meeting, confers the right to one vote.
2. Shareholders' meeting resolutions shall be adopted with the favorable vote of the majority of the share capital present, in person or by proxy, notwithstanding any scenarios in which the law or these bylaws stipulate a higher majority.
3. For each resolution submitted to a vote by the shareholders' meeting, the numbers of shares with respect to which votes were validly cast, the proportion of the share capital represented by such votes, the total number of valid votes, the votes for and against each resolution and any abstentions must be determined, at minimum.
4. Resolutions approved and the outcome of the voting shall be published in full on the Company's website as soon as possible and, in all cases, within the five (5) days following the end of the shareholders' meeting.

### **ARTICLE 32. MINUTES OF THE MEETING AND CERTIFICATES**

1. The minutes of annual and special shareholders' meetings must indicate the items debated, the votes cast and the resolutions adopted. The minutes must be clearly recorded in a special book and shall be signed the chairman and secretary of the meeting.
2. The minutes of shareholders' meetings must be approved in any of the ways provided for in the law and shall be binding as from the date of their approval.
3. Certificates of the minutes shall be issued by the secretary or, failing that, the deputy secretary of the board of directors and countersigned by the chairman or deputy chairman, as the case may be, and resolutions shall be notarized by the persons with authority to do so.

## **SECTION II THE BOARD OF DIRECTORS**

### **ARTICLE 33. BOARD OF DIRECTORS**

1. The Company shall be managed and governed by a board of directors.

2. The board of directors shall be governed by the applicable legislation and by these bylaws. The board of directors shall expand on and supplement such provisions by means of the board regulations, the initial approval of which and any subsequent amendments thereto shall be notified to the shareholders' meeting.

#### **ARTICLE 34. FUNCTIONS OF THE BOARD OF DIRECTORS**

1. The board of directors has the broadest powers to manage the Company and, save with respect to the matters reserved to the shareholders' meeting, is the supreme decision-making body of the Company, with the authority to do and perform all things comprising the corporate purpose.
2. The representation of the Company in and out of court falls to the board of directors, acting as a collective body. The board may also confer the power to represent the Company on persons who are not directors by means of a power of attorney containing a specific list of the powers conferred.
3. The secretary and, as the case may be, the deputy secretary of the board of directors, has the necessary powers of representation to request the notarization and registration of the resolutions of the shareholders' meeting and of the board of directors.
4. In all cases, the board shall assume, on a non-delegable basis, any powers legally reserved for its direct consideration, as well as any other powers necessary for the responsible exercise of its general supervisory function. In particular, and without limitation, the non-delegable powers of the board are as follows:
  - (a) to prepare the financial statements, the directors' report and proposed distribution of income or allocation of loss, as well as the consolidated financial statements and consolidated directors' report, as applicable;
  - (b) to prepare the annual corporate governance report for its submission to the shareholders' meeting and the report on directors' compensation;
  - (c) to call the shareholders' meeting and publish notices relating to same;
  - (d) to execute the Company's treasury stock policy in the context of the authorizations of the shareholders' meeting;
  - (e) to establish the dividend policy, proposing the relevant resolutions to the shareholders' meeting as regards application of income, and with the authority to resolve on the payment of interim dividends;

- (f) to appoint directors by co-option and submit proposals to the shareholders' meeting relating to the appointment, ratification, re-appointment or removal of directors following a proposal by the appointments and compensation committee in the case of independent directors or following a report by said committee in the case of the rest of the directors, as well as acknowledge the resignation of directors;
- (g) to designate and renew the internal offices on the board of directors and of committee members;
- (h) to make declarations regarding any tender offer made for the securities issued by the Company;
- (i) to delegate powers to any of its members on the terms established in the law and in the bylaws, and revoke such powers;
- (j) to perform the annual evaluation of the board, its chairman (following a report by the appointments and compensation committee) and its committees;
- (k) to create or acquire holdings in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens, and perform any other transactions or operations of a similar nature which, due to their complexity, could diminish the transparency of the group.
- (l) to approve:
  - (a) the general policies and strategies of the Company and in particular:
    - i. the strategic plans, management objectives and annual budget;
    - ii. the definition of the structure of the group of companies of which the Company is the parent;
    - iii. the corporate governance policy;
    - iv. the corporate social responsibility policy;
    - v. the compensation policy for directors (for approval by the shareholders' meeting) and senior executives;
    - vi. the dividend and treasury stock policy;
    - vii. the general risk policy;
    - viii. the risk control and management policy, as well as the periodic monitoring of the internal reporting and control systems;

- (b) the following decisions:
  - i. at the proposal of the chairman of the board of directors, the appointment and potential removal of senior executives, as well as their basic contractual conditions;
  - ii. the compensation of directors and senior executives;
  - iii. the periodic evaluation of the performance of the chairman of the board of directors, following a report by the appointments and compensation committee;
  - iv. the periodic evaluation of the functioning of the board of directors and its committees, following a report by the appointments and compensation committee;
  - v. the periodic evaluation of the performance of the directors, and senior executives of the Company, following a report by the appointments and compensation committee;
  - vi. the financial information to be published periodically by the Company;
  - vii. the investments, divestments or transactions of any kind which, given their high amount or special characteristics, are strategic in nature, save where their approval falls to the shareholders' meeting.
  
- (c) The transactions performed, directly or indirectly, with directors, with significant shareholders or shareholders represented on the board or with persons related to them, save in those cases in which the decision is attributed to the shareholders' meeting. Notwithstanding, this authorization of the board shall not be deemed necessary in related-party transactions when the following three conditions are met simultaneously:
  - i. when they are performed under contracts with standard conditions that are applied en masse to many clients;
  - ii. when they are performed at prices or rates established in general by whoever acts as provider of the good or service in question; and

- iii. when the amount thereof does not exceed one percent (1%) of the annual income of the Company.

The board shall approve the transactions envisaged under this letter (c) with the favorable report of the audit and control committee; and, the directors affected, in addition to neither exercising nor delegating their right to vote, shall leave the meeting room while the board deliberates and votes on the transaction.

- (m) to gather any additional information deemed necessary on matters falling to the board, addressing requests to the chairman or secretary of the board, unless the bylaws or board regulations stipulate otherwise;
  - (n) to approve and amend the board regulations; and
  - (o) any other matter reserved to the plenary session of the board pursuant to the law or the board regulations.
5. The board shall discharge its functions independently of the management of the Company and shall be guided by the general interest of the Company.

#### **ARTICLE 35. COMPOSITION OF THE BOARD OF DIRECTORS**

1. The board of directors shall be made up of a minimum of three (3) and a maximum of fifteen (15) members.
2. The number of directors shall be set by the shareholders' meeting.
3. Directors need not be shareholders of the Company.

#### **ARTICLE 36. BALANCE OF THE BOARD**

1. The board of directors shall be composed so that non-executive directors represent a majority over executive directors. This instruction, as well as those established in these bylaws and in the board regulations regarding the composition of the board committees, shall be binding on the board of directors and must be observed in the exercise of its powers to propose appointments and re-appointments to the shareholders' meeting, appoint by co-option in order to fill vacancies and appoint the members of the board committees, and shall merely serve as guidance for the shareholders' meeting, as appropriate.
2. The definitions of the different types of directors shall be those established in the legislation in force or, failing that, in the good corporate governance recommendations applicable to the Company from time to time.

3. The nature of each director shall be justified by the board of directors to the shareholders' meeting, which must carry out or ratify the appointment or resolve on the re-appointment and shall maintain or, as the case may be, modify the Annual Corporate Governance Report, following a report by the appointments and compensation committee.

#### **ARTICLE 37. DURATION**

1. Directors shall hold office, other than in the event of removal, resignation, death or incapacity, for a term of two (2) years, and may be reelected once or more often for periods of the same duration other than as regards independent directors, who may only be reelected for two (2) terms in addition to their initial term in office.
2. The appointment of the directors shall lapse where, upon expiry of the term, the next Shareholders' Meeting was held or the statutory term for the Shareholders' Meeting to be held to resolve on the approval of the accounts of the previous year has expired.
3. The Directors designated by coopting shall hold office until the first Shareholders' Meeting is held. Notwithstanding the above, should the vacancy arise after the Shareholders' Meeting is called but before it is held, the director designated by coopting shall hold office until the next Shareholders' Meeting is held.

#### **ARTICLE 38. DIRECTORS' COMPENSATION**

1. The (i) executive directors and (ii) nominee directors shall not receive compensation for holding office as directors.
2. Members of the board of directors who are independent directors (or who, without being executive or nominee directors, are considered other non-executive directors) shall be entitled to receive compensation for such position, which shall consist of a fixed annual allowance established by the shareholders' meeting. In addition, they shall be entitled to receive from the Company per diem for attendance to meetings of the Committees of which they are members from time to time, consisting of an annual fixed consideration. The maximum amount of the annual compensation of the directors, in their capacity as such, shall be approved by the Shareholders' Meeting may establish also the terms for regular review and update of such amounts. The amount so updated, as the case may be, shall apply until amended by a new resolution of the Shareholders' Meeting.
3. Members of the board of directors who have senior management functions and hold an employment, commercial or civil relationship with the Company or provide any other kind of services shall be entitled to receive

compensation for the performance of such functions, which shall be entirely independent of their office as director and compatible with same. In particular, these directors:

- (a) shall be entitled to receive compensation for the performance of their senior management functions of a total amount equal to:
  - (i) the higher of the following amounts: (i) 6% of the gross income received by the Company and its subsidiaries in the year; and (ii) 0.6% of the net asset value of the Company and its subsidiaries (including cash), calculated in accordance with the standards of the Asociación Europea de Inmobiliarias Cotizadas - European Public Real Estate Association (EPRA NAV);
  - (ii) less the amount of the annual operating expenses of the Company and of its subsidiaries (including, in particular, personnel expenses, audit expenses, expenses for tax, legal and labor advice, expenses for the appraisal and valuation of the real estate portfolio, leases, administrative fees, management and organizational expenses, costs and expenses associated with uncompleted transactions for the acquisition and/or sale of assets, and other general expenses).

The amount resulting from the above calculation may be distributed among the following items: (i) a fixed amount, in cash and in kind, in keeping with the services and responsibilities assumed; (ii) a variable amount linked to performance indicators of the director or of the Company's results; (iii) a welfare component, including the appropriate welfare systems and insurance; (iv) compensation for noncompetition undertakings assumed; and/or (v) indemnification in the event of removal of the director on grounds other than a serious breach of his/her obligations.

The board of directors shall be responsible for distributing the total compensation amount indicated above among the directors who perform senior management functions at the Company, determining for each of them the specific amount of each compensation item, following a report by the appointments and compensation committee. The board shall ensure that the individual compensation resulting from such distribution takes into account the responsibility and level of commitment entailed by the executive or senior management position held by each executive director. The executive directors affected shall abstain from attending and participating in the relevant deliberations.

- (b) Further to the provisions of the preceding subarticles, the compensation of board members who discharge senior management functions may also consist of the delivery of shares, share options or compensation systems linked to the share value. The application of these systems shall require the approval of the

shareholders' meeting in accordance with the provisions of article 219 of the Capital Companies Law.”

**ARTICLE 39. APPOINTMENT OF OFFICES ON THE BOARD OF DIRECTORS**

1. The board of directors, following a report by the appointments and compensation committee, shall appoint from among its members a chairman and may appoint one or more deputy chairmen, at the proposal of the chairman and following a report by the appointments and compensation committee. The first deputy chairman, if any, shall substitute the chairman in the event of impossibility or absence and shall be substituted, if necessary, by the second deputy chairman, and so on successively. The chairman or deputy chairman must be a member of the board of directors.
2. Where the chairman of the board of directors performs executive functions, the board of directors shall authorize an independent director (the “Lead Director”), at the proposal of the appointments and compensation committee, so that he/she may exercise, in addition to the powers conferred by law, those set out below:
  - (a) ask the chairman of the board of directors to call a board meeting whenever he/she sees fit;
  - (b) request the inclusion of new items on the agenda for a board meeting that has already been called;
  - (c) coordinate and call together the non-executive directors;
  - (d) head the evaluation of the chairman of the board of directors;
  - (e) preside over the Board in the absence of the Chairman and of the Deputy Chairmen, if any;
  - (f) repeat the concerns of non-executive directors;
  - (g) hold contacts with investors and shareholders to know their points of view to form an opinion on their concerns; and
  - (h) coordinate the Chairman succession plan.
3. Following a report by the appointments and compensation committee, the board shall appoint a secretary and may, following a report by the appointments and compensation committee, appoint a deputy secretary, neither of whom need be directors. The secretary shall attend board meetings with the right to speak but not to vote, unless he/she is a director. The deputy secretary, if any, shall substitute the secretary in the event the secretary is not present at the meeting for whatever

reason and, unless otherwise decided by the board, he/she may attend board meetings to assist the secretary with his/her work.

#### **ARTICLE 40. BOARD MEETINGS**

1. The board shall assemble with the frequency required for it to discharge its duties adequately and, at least, once (1) per quarter and eight (8) times per year, following the schedule of dates and matters to be established at the start of the year and, at the initiative of its chairman, when the chairman deems this advisable. The board shall also assemble when so requested by, at least, one third (1/3) of its members, the director especially empowered for the purpose or two (2) of the independent directors, in which case the Chairman shall call it, through any written procedure addressed personally to each director, to assemble within fifteen (15) days after the request.
2. Directors making up at least one third (1/3) of the board members, may call board meetings, stating the agenda, to be held in the town or city where the Company has its registered office, if, after the Chairman is requested to call it, he fails to call it within the term of one month, without fair cause.
3. Ordinary meetings shall be called by order of the Chairman, by letter, fax, telegram or e-mail or through any other procedure that permits receipt by the Secretary of the board or by the person acting as such. The notice of call shall be sent at least five (5) days in advance. Together with the notice of call, which shall always include unless fair grounds otherwise are provided, the agenda for the meeting, the information deemed necessary shall be sent or made available to the director.

Notwithstanding the above, the board shall be deemed validly assembled without need for prior call if all the members are present in person or by proxy and unanimously accept that the meeting be held and its agenda.

4. The Chairman of the board may call extraordinary board meetings where, in his opinion, the existing circumstances render this advisable, in which events the term for advance notice and the rest of the requirements contemplated in the above section shall not be applicable. Notwithstanding the above, it shall be ensured that the documentation to be made available to the directors be delivered sufficiently in advance.
5. Ordinary meetings shall be held at the registered office but they may also be held elsewhere, either in national territory or abroad, where so established by the Chairman.
6. The Chairman may also, provided that founded reasons exist rendering it impossible for any director to attend, authorize board meetings to be held with simultaneous attendance at various places connected by audiovisual or telephone means, provided that it is ensured that the attendees are able to recognize each

other, in addition to the interactivity and intercommunication in real time and, therefore, that the meeting is held as a single act, provided that none of the Directors raises any objection.

7. In addition, the board may adopt resolutions through the written procedure and without assembly provided that none of the directors objects to such procedure, as provided for by legislation in force.

#### **ARTICLE 41. CONDUCT OF MEETINGS**

1. The board shall be deemed validly constituted when half plus one of its members are present at the meeting, in person or represented by another director.
2. All directors may grant their vote to, and confer a proxy on, another director. Non-executive directors may only grant a proxy to another non-executive director. Proxies shall be granted in writing and specifically for each meeting by means of a letter addressed to the chairman.
3. The chairman shall chair the debates, grant the floor and conduct the vote.
4. Resolutions shall be adopted by an absolute majority of the directors present at the meeting, in person or by proxy, save in cases where a reinforced majority is established in the law, these bylaws or the board regulations. In the event of a tie, the chairman shall have the casting vote.
5. The chairman may invite to board meetings or to certain items on the agenda any individuals who may enhance the information available to directors.

#### **ARTICLE 42. MINUTES OF THE BOARD MEETING AND CERTIFICATES**

1. The discussions and resolutions of the board of directors shall be recorded in minutes, to be taken in or transcribed into a minutes book and signed by the chairman, or deputy chairman, as the case may be, and the secretary, or deputy secretary, as the case may be.
2. The minutes shall be approved by the board of directors at the end of the relevant meeting or at the immediately subsequent meeting.
3. Certificates of the minutes shall be issued by the secretary of the board of directors or, failing that, by the deputy secretary of the board of directors, if any, and countersigned by the chairman or deputy chairman, as the case may be.

**SECTION III  
DELEGATE AND CONSULTATIVE BODIES OF THE BOARD**

**ARTICLE 43. DELEGATION OF POWERS**

1. Without prejudice to the powers of attorney that may be conferred on any individual, the board of directors may appoint a permanent Executive Committee from among its number, determining the members of such committee, and may also appoint a managing director at the proposal of the chairman of the board of directors, and may delegate to them, in whole or in part, on a permanent or temporary basis, all powers that may be delegated in accordance with the law, the bylaws and the board regulations. In order for the delegation and appointment of the board members who are to hold such positions to be valid, the favorable vote of two-thirds (2/3) of the members of the board of directors shall be required and such appointments shall not be effective until they have been registered at the Commercial Registry.
2. The board of directors shall appoint from among its number an audit and control committee and an appointments and compensation committee and may delegate to them, in whole or in part, on a permanent or temporary basis, the powers it sees fit and which may be delegated according to the law.
3. The above committees shall be governed by the provisions of the law, these bylaws and the board regulations and shall be deemed to be validly constituted when the majority of their members are present at meetings, in person or by proxy. Resolutions adopted by these committees shall be adopted by a majority of those present, in person or by proxy.
4. The board of directors may also appoint other committees made up of directors with the functions deemed appropriate.
5. The board of directors may also appoint representatives or attorney-in-fact and revoke such appointments.

**ARTICLE 44. AUDIT AND CONTROL COMMITTEE**

1. The board of directors shall form from among its number an audit and control committee, made up of a minimum of three (3) and a maximum of five (5) directors, all of whom shall be non-executive directors, with a majority of independent directors, one of whom shall be appointed in light of his/her knowledge and experience of accounting or audit matters or both. The audit and control committee members, as a whole, shall have the relevant technical knowledge relating to the business sector of the audited company. In all cases, committee members shall be appointed by the board of directors at the proposal of the appointments and compensation committee.

2. The members of the audit and control committee shall hold such office while they remain directors of the Company, unless otherwise agreed by the board of directors. The renewal, re-appointment and removal of the directors forming this committee shall be governed by what is agreed by the board.
3. The chairman of the audit and control committee shall be appointed from among the independent directors and must be replaced every four (4) years, and may be re-appointed once one (1) year has elapsed since his/her replacement.
4. The number of members, powers and operating rules of the committee must foster the independence of its operation. Its powers shall include, at minimum, and without prejudice to any powers conferred by the applicable legislation in force from time to time, the following:
  - (a) to provide information to the shareholders' meeting on questions raised during the meeting by shareholders in relation to those matters falling under the jurisdiction of the audit and control committee and, particularly, on the results of the audit, explaining the manner in which it has contributed to the integrity of the financial information and the function performed by the committee in the process;
  - (b) supervise the process for preparation and reporting of the mandatory financial information relating to the Company and make recommendations or proposals to the managing body, seeking to safeguard its integrity;
  - (c) to supervise compliance with regulatory requirements, the appropriate definition of the consolidated group and the correct application of accounting standards;
  - (d) evaluate all matters relating to non-financial risks of the Company, including operating, environmental, technological, legal, social, political and good name risks;
  - (e) to raise to the board, for submission to the shareholders' meeting, the proposed selection, appointment, reappointment and replacement of the company's external auditors, as well as the conditions for their hiring, the scope of their professional mandate and, as the case may be, the revocation or nonrenewal of their appointment;;
  - (f) to regularly collect information from the external auditors on the audit plan and its implementation;
  - (g) to ensure that the external auditors hold, at least once per year, a meeting with the board to report to it the work performed and the accounting situation and risks of the company;

- (h) to ensure that the Company and the external auditor respect the legal provisions in force on the provision of services other than of an audit nature, the limits to the business concentration of the auditor and, in general, the rest of the provisions on auditors' independence;
- (i) to supervise that the Company reports as a relevant event to the National Securities Market Committee the change of auditor, attaching a statement on the eventual existence of disagreements with the exiting auditor and, if any, their contents;
- (j) to ensure that the compensation of the external auditors does not compromise their quality or independence and to receive from them information on any matters that could jeopardize their independence, for its examination by the audit and control committee, and any other matters related to the audit process, as well as any other communications provided for in audit legislation and audit standards;

In all cases, it should receive on an annual basis from the external auditors the declaration of their independence in relation to the Company or entities related directly or indirectly thereto, as well as information on the additional services of any kind provided and the corresponding fees received from these entities by the external auditor or by persons or entities related thereto in accordance with the provisions of audit legislation;

- (k) to issue annually, prior to the issue of the audit report, a report expressing an opinion on whether the independence of the auditors or audit firms is compromised. This report must contain, in all cases, the founded assessment of the provision of each and every one of the additional services referred to in the preceding paragraph, taken individually and as a whole, other than the statutory audit and in relation to the rules on independence or to audit legislation;
- (l) to supervise the effectiveness of the internal control of the Company, the internal audit and the risk management systems and to discuss with the external auditors the significant weaknesses of the internal control system detected in the course of the audit, all the above without breach of their independence and to make recommendations or proposals to the managing body and the relevant term for follow up;
- (m) to safeguard the independence of the unit that assumes the internal audit function, verifying its suitability and integrity, supporting the audit and control committee in its supervision of the internal control system;
- (n) to propose the selection, appointment, reelection and removal of the head of the internal audit service; to propose the budget for such service; to approve the guidelines and working plans; to receive periodic information on its

activities; and to verify that the members of the management team take into account the conclusions and recommendations of its reports;

- (o) to serve as a communication channel between the board and the auditors, to evaluate the results of each audit and supervise the responses of the management team regarding adjustments proposed by the external auditor and mediate in the event of any discrepancy between them in relation to the principals and standards applicable in preparing the financial statements, as well as to examine any circumstances leading to the resignation of the auditor;
- (p) to establish and supervise a procedure to permit the employees to report, confidentially and, if this is considered feasible and appropriate, anonymously, potentially relevant irregularities, particularly of a financial and accounting nature, they may observe within the company;
- (q) to supervise the reporting strategy and shareholder and investor relations, including minor and medium-size shareholders;
- (r) to supervise the performance of the audit contract, endeavoring to ensure that the opinion relating to the financial statements and the main content of the audit report is drafted in a clear and precise manner;
- (s) to appoint and supervise the services of external appraisers in relation to the valuation of the Company's assets;
- (t) to review the financial statements of the Company and the periodic financial information that the Company must provide to the markets and to its supervisory bodies in accordance with the legislation in force, supervising the process of its preparation and its integrity, reporting in this regard to the board of directors prior to its approval, to monitor compliance with the legal requirements in this area and the correct application of generally accepted accounting principles, and to report on proposed modifications to the accounting principles and standards suggested by management.

In particular, to review, analyze and discuss the financial statements and other relevant financial information with senior management and the internal and external auditors in order to confirm that the information is reliable, understandable and relevant and that accounting standards consistent with the previous year-end have been followed.

In addition, to ensure that the board submits the accounts to the shareholders' meeting without restrictions or qualifications in the audit report; and

- (u) report, in advance, to the board of directors on all matters provided for in

the law, the bylaws and the board regulations and, in particular, on:

- (i) the creation or acquisition of holdings in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens;
- (ii) transactions with related parties; and
- (iii) the economic conditions and accounting impact and, as the case may be, the exchange equation for structural and corporate modification transactions that the Company intends to perform.

#### **ARTICLE 45. APPOINTMENTS AND COMPENSATION COMMITTEE**

1. The board of directors shall form from among its number an appointments and compensation committee as an internal reporting and consultative body, with no executive function, with powers to report, advise and make proposals on matters falling within its scope of activities, composed of a minimum of three (3) and a maximum of five (5) members, all of whom shall be non-executive directors, with a majority of independent directors. Members shall be appointed in all cases by the board of directors.
2. At least one of the members of the appointments and compensation committee must have knowledge and experience in the area of compensation policy.
3. Directors who are members of the appointments and compensation committee shall hold such office while they remain directors of the Company, unless otherwise agreed by the board of directors. The renewal, re-appointment and removal of the directors forming this committee shall be governed by what is agreed by the board.
4. The chairman of the appointments and compensation committee shall be appointed from among the independent directors and must be replaced every two (2) years, and may be re-appointed for successive terms of equal duration.
5. The committee's powers shall include, at minimum, the following:
  - (a) to evaluate the competence, knowledge and experience that board members must have. For these purposes, it shall define the functions and skills required of the candidates who are to fill each vacancy and evaluate the degree of time and dedication necessary to enable them to effectively discharge their remit;
  - (b) to submit proposals to the board for the appointment, re-appointment or removal of independent directors so that the board may appoint them (co-option) or take the proposals on board in order to submit them to the

shareholders' meeting for its decision, as well as proposals for the re-appointment or removal of these directors by the shareholders' meeting and to report on the proposals for appointment of the rest of the directors for their appointment by co-option or for submission of the decision to the shareholders' meeting, as well as proposals for their re-appointment or removal by the shareholders' meeting;

- (c) to report on the appointment of the chairman, deputy chairmen, secretary and deputy secretary of the board of directors, and to examine and organize the succession of the chairman and the chief executive of the Company and, in particular, to make proposals to the board of directors so that such succession occurs in a planned and orderly manner;
- (d) to report on proposals for appointment and removal of senior managers and the basic terms of their contracts;
- (e) to establish a target for the representation of the underrepresented gender on the Board and prepare guidelines on how to achieve this target;
- (f) to report to the board on gender diversity matters;
- (g) to consider any suggestions made by the chairman, board members, executives or shareholders of the Company;
- (h) to propose to the board of directors the compensation policy for directors and general managers or those persons who perform their senior management functions and report directly to the board, the executive committees or the managing directors, as well as the individual compensation of executive directors and their other contractual conditions, ensuring their observance;
- (i) to analyze, prepare and review the compensation programs on a periodic basis, considering their suitability and returns, and proposing their modification or update;
- (j) to monitor observance of the compensation policy established by the Company;
- (k) to assist the board in the preparation of the report on the directors' compensation policy and raise to the board any other reports on compensation contemplated in these Bylaws;
- (l) to supervise compliance with the internal codes of conduct and the corporate governance rules of the company;
- (m) to assess regularly the adequacy of the corporate governance system of the

Company, for it to comply with its mission to promote the corporate interests and take into account the legitimate interests of groups of interest;

- (n) to supervise and assess the processes of relation with groups of interest;
- (o) to supervise the corporate social responsibility strategy and practices, evaluating their degree of compliance, and to ensure that the corporate social responsibility policy is targeted to creating value;
- (p) to coordinate the non- financial information and diversity reporting process, in compliance with legislation in force and the international standards of reference;
- (q) to assist the board in preparing the report on the directors' compensation policy and submit to the board any other reports on compensation provided for in these bylaws; and
- (r) any other powers attributed to it by virtue of the board regulations, the law and any other regulations applicable to the Company.

#### **SECTION IV ANNUAL CORPORATE GOVERNANCE REPORT, ANNUAL REPORT ON DIRECTORS' COMPENSATION Y CORPORATE WEBSITE**

##### **ARTICLE 46. ANNUAL CORPORATE GOVERNANCE REPORT**

1. The board of directors shall prepare an annual corporate governance report with the content determined by the applicable legislation in force from time to time.
2. The annual corporate governance report shall be made available to shareholders on the Company's website no later than the date of publication of the call notice for the annual shareholders' meeting that is to resolve on the financial statements for the year referred to in the report.

##### **ARTICLE 47. ANNUAL REPORT ON DIRECTORS' COMPENSATION**

1. The board of directors shall prepare an annual report on directors' compensation with the content provided for in the law or regulations.
2. The annual report on directors' shall be made available to shareholders on the Company's website no later than the date of publication of the call notice for the annual shareholders' meeting that is to resolve on the financial statements for the year referred to in the report and shall be subject to a vote, on a consultative basis and as a separate item on the agenda, at the annual shareholders' meeting.

**ARTICLE 48. CORPORATE WEBSITE**

1. The Company shall have a corporate website through which it shall inform its shareholders, investors and the market in general of any material or significant events that occur in relation to the Company.
2. The board of directors may resolve on the modification, elimination or relocation of the website.
3. Without prejudice to any additional documentation that may be required by the applicable legislation, the Company's website shall include, at minimum, the information and documents contained in the board regulations.

**TITLE VI  
FINANCIAL STATEMENTS**

**ARTICLE 49. FISCAL YEAR**

The fiscal year shall coincide with the calendar year and consequently shall start on January 1 and end on December 31 each year, except for the Company's first fiscal year which shall start on the day of its formation and shall end on the following December 31.

**ARTICLE 50. ACCOUNTING DOCUMENTATION**

The Company must keep orderly accounting records, suitable for its activity, which permit its transactions to be monitored chronologically, and its inventories and balance sheets to be prepared.

The accounting records shall be legalized by the Commercial Registry pertaining to the place where the registered office is located.

**ARTICLE 51. FINANCIAL STATEMENTS**

1. The board of directors must prepare within not more than three (3) months after the fiscal year-end, the financial statements, the directors' report and the proposed appropriation of income/loss, as well as, if applicable, the consolidated financial statements and directors' report. The financial statements and the directors' report must be signed by all of the directors. If the signature of any of them is missing, such circumstance shall be stated in each one of the documents in which it is missing, expressly indicating the reason why.

2. The financial statements shall comprise the balance sheet, the income statement, a statement of changes in equity for the year, a cash flow statement (which shall not be necessary in the cases envisaged in the legislation in force from time to time) and the notes to the financial statements. These documents, which form a whole, must be drafted in a clear manner and provide a true and fair view of the net worth, the financial position and the results of the Company, in accordance with the statutory provisions, and must be signed by the directors of the Company.
3. Once the shareholders' meeting has been called, any shareholder may obtain from the Company, immediately and free of charge, the documents to be submitted to the shareholders' meeting for approval and, if applicable, the auditors' report. The call notice of the shareholders' meeting shall expressly mention this right.

#### **ARTICLE 52. DIRECTORS' REPORT**

The directors' report shall contain, at minimum, a fair presentation of the business performance and position of the Company, together with a description of the main risks and uncertainties faced by it, as well as, if applicable, a report on any significant events for the Company that have occurred since year-end, the outlook for the Company, the research and development activities and any acquisitions of treasury stock on the terms established by law.

#### **ARTICLE 53. AUDITORS**

1. The financial statements and the directors' report, as well as, if applicable, the consolidated financial statements and directors' report, must be audited by the auditors where there is a statutory audit requirement. The auditors shall have at least one (1) month after the Company has provided them with the financial statements to submit a detailed report on the findings of their audit, in accordance with the relevant audit legislation.
2. The persons who are to perform the audit of the financial statements shall be appointed by the shareholders' meeting before the year to be audited ends, for a given period of time which may not be less than three (3) years or more than nine (9) years, to be reckoned from the date on which the first year to be audited commences, notwithstanding the provisions of the legislation regulating audits of financial statements with respect to the possibility of an extension.
3. The shareholders' meeting may appoint one or more individuals or legal entities who shall act jointly. Where the appointees are individuals, the shareholders' meeting must appoint as many substitute auditors as principal auditors.

4. The shareholders' meeting may not revoke the auditors' appointment before the end of the period for which they were appointed, unless there is just cause for doing so.

#### **ARTICLE 54. APPROVAL OF THE FINANCIAL STATEMENTS**

1. The financial statements, as well as the consolidated financial statements, if applicable, shall be submitted to the shareholders' meeting for approval.
2. The shareholders' meeting shall resolve on the appropriation of income/loss for the year per the approved balance sheet.
3. Dividends may only be distributed out of income for the year, or out of unrestricted reserves, if the reserves established by the law and bylaws have been covered and the net worth per books is not or does not become, as a result of the distribution, less than the share capital. If there are prior years' losses that make the net worth of the Company less than the share capital figure, the income shall be allocated to offsetting losses.
4. If the shareholders' meeting resolves to distribute dividends, it shall determine the time and the payment method subject to the provisions of these bylaws. The determination of these items may be delegated to the board of directors, as may any other item that may be necessary or advisable to implement the resolution.
5. The board of directors may resolve to distribute interim dividends, subject to the restrictions and requirements established by law and these bylaws.
6. The shareholders' meeting may resolve to have the dividend paid wholly or partly in kind, provided that the assets or securities being distributed are of the same kind, are admitted to trading on an official market when the resolution is implemented or it is duly guaranteed by the Company that liquidity will be obtained within not more than a year and they are not distributed at a value that is lower than that recorded on the balance sheet.

#### **ARTICLE 55. SPECIAL RULES ON DIVIDEND DISTRIBUTIONS**

1. The authorized persons appearing on the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, Sociedad Anónima Unipersonal (Iberclear) at 23:59 hours on the day on which the shareholders' meeting or, as the case may be, the board of directors, has approved the distribution, shall be entitled to receive the dividend.
2. Unless resolved otherwise, the dividend shall be claimable and payable 30 days after the date of the resolution whereby the shareholders' meeting or, as the case may be, the board of directors has approved its distribution.
3. In cases where the distribution of a dividend triggers the obligation of the

Company to pay the special levy envisaged in article 9.2 of the SOCIMI Law, or such law as may replace it (**SOCIMI Law**), the board of directors of the Company may require the shareholders who have triggered such levy to indemnify the Company.

The amount of the indemnification shall be equal to the corporate income tax expense that arises for the Company from paying the dividend that serves as the basis for calculating the special levy, plus the amount which, after deducting the corporate income tax that is levied on the total amount of the indemnification, manages to offset the expense arising from the special levy and from the relevant indemnification.

The amount of the indemnification shall be calculated by the board of directors, although such calculation may be delegated to one or more directors. Unless resolved otherwise by the board of directors, the indemnification shall be claimable on the day before the dividend is paid.

For illustration purposes, included as an **Exhibit** to these bylaws is a sample calculation of the indemnification in two different cases, in order to show how the effect of the indemnification on the Company's income statement is nil in both cases.

4. The indemnification shall be offset against the dividend to be received by the shareholder who has triggered the obligation to pay the special levy.
5. In cases where the dividend is paid before the periods granted for fulfillment of the ancillary obligations, the Company may withhold from those shareholders or holders of economic rights over the shares of the Company who have yet to provide the information and documentation required under article 8.1 above, an amount equal to the amount of the indemnification that must, if applicable, be paid. Once the ancillary obligation has been fulfilled, the Company shall return the amounts withheld from any shareholder who is not obliged to indemnify the Company.

In addition, if the ancillary obligation is not fulfilled within the stipulated periods, the Company may also withhold the payment of the dividend and offset the withheld amount against the amount of the indemnification, paying the shareholder any positive difference.

6. In cases where the total amount of the indemnification may be detrimental to the Company, the board of directors may seek an amount that is lower than the amount calculated pursuant to the provisions of subarticle 3 of this article.

#### **ARTICLE 56. FILING OF THE FINANCIAL STATEMENTS**

1. Within the month following the approval of the financial statements, they shall be

filed, together with any other documentation required by law and with the relevant certificate evidencing such approval and the appropriation of income/loss, at the Commercial Registry in the manner determined by law.

2. The board of directors shall file at the Commercial Registry pertaining to the registered office, the financial statements and the directors' report of the Company, as well as the consolidated financial statements and directors' report, together with the related auditors' reports and other mandatory documentation subject to the terms and time periods established by the law for their filing at such Commercial Registry.

## **TITLE VII WINDING-UP AND LIQUIDATION**

### **ARTICLE 57. GROUNDS FOR WINDING UP**

The Company shall be wound up:

- (a) by a resolution of the shareholders' meeting expressly called for the purpose and adopted pursuant to the provisions of these bylaws; and
- (b) in any of the other cases envisaged in the law.

### **ARTICLE 58. LIQUIDATION**

1. The winding-up of the Company shall commence the liquidation period.
2. The same shareholders' meeting that resolves to wind up the Company shall determine the basis for the liquidation, which shall be carried out by an odd number of liquidators, appointed for the purpose by the shareholders' meeting.
3. From the moment that the Company is declared to be in liquidation, the board of directors shall no longer have representative authority to enter into new contracts and obligations, and the liquidators shall assume the functions envisaged in the law. Where the winding-up has resulted from the commencement of the liquidation phase of the Company in an insolvency proceeding, no liquidators shall be appointed.
4. In order to carry out the liquidation, the division of the corporate assets and cancellation at the registry regard shall be had to the provisions of the law.

## **TITLE VIII INCOMPATIBILITIES**

### **ARTICLE 59. PROHIBITIONS AND INCOMPATIBILITIES**

Persons declared as incompatible to the extent and on the terms established by the current legislation are prohibited from holding or, as the case may be, discharging, positions at the Company.

### **ARTICLE 60. EMERGENCE OF ASSETS AND LIABILITIES**

1. Once the entries relating to the Company have been canceled, if corporate assets emerge, the liquidators must allocate to the former shareholders the additional liquidation dividend applicable to them, after converting the assets into money where necessary.

Where six months have elapsed since the liquidators were required to comply with the provisions of the preceding paragraph and the former shareholders have not been allocated the additional liquidation dividend, or in the absence of liquidators, any interested party may ask the commercial court pertaining to the last registered office to appoint a person to replace them in the discharge of their functions or to appoint a liquidator.

2. The former shareholders shall be jointly and severally liable for unpaid corporate debts up to the limit of what they would have received as a liquidation dividend, notwithstanding the liability of the liquidators in the event of willful misconduct or fault.
3. To comply with formal requirements relating to legal transactions before the Company's entries are canceled, or where necessary, the former liquidators may formalize legal transactions on behalf of the wound-up Company after the Company has been canceled at the Registry. In the absence of liquidators, any interested party may request such formalization from the commercial court pertaining to the Company's last registered office.

### **ARTICLE 61. JURISDICTION FOR RESOLVING DISPUTES**

For any disputes that may arise between the Company and the shareholders by reason of the corporate affairs, both the Company and the shareholders, waiving their own jurisdictions, expressly submit to the jurisdiction of the registered office of the Company, unless the applicable legislation imposes another jurisdiction.

**EXHIBIT**  
**Sample calculation of indemnification**

There follows a sample calculation of the indemnification in two different cases, showing how the effect of the indemnification on the Company's income statement is nil in both cases:

- (b) Assuming a gross dividend of 100 and a special corporate income tax levy of 19% and a corporate income tax rate 0% for the income obtained by the Company, the indemnification would be calculated as follows:

Dividend: 100

Special levy:  $100 \times 19\% = 19$

CIT expense due to special levy ("CITeSl"): 19

Indemnification ("I"): 19

CIT base due to the indemnification ("CITBi"): 19

CIT expense associated with the indemnification ("CITeI"): Effect on the Company:  $I - \text{CITeSl} - \text{CITeI} = 19 - 19 - 0 = 0$

- (c) Assuming a gross dividend of 100 and special corporate income tax levy of 19% and a corporate income tax rate of 10% for income obtained by the Company, the indemnification, rounded to the nearest cent, would be calculated as follows:

Dividend: 100

Special levy:  $100 \times 19\% = 19$

CIT expense due to special levy ("CITeSl"): 19

Indemnification ("I"):  $19 + (19 \times 0.1 / 1 - 0.1) = 21.1119$

CIT base due to the indemnification ("CITBi"): 21.11

CIT expense associated with the indemnification ("CITeI"):  $21.11 \times 10\% = 2.11$

Effect on the Company:  $I - \text{CITeSl} - \text{CITeI} = 21.11 - 19 - 2.11 = 0$