

For information purposes. Spanish version prevails.

**RULES OF CONDUCT OF MERLIN
PROPERTIES, SOCIMI, S.A. IN MATTERS
PERTAINING TO THE SECURITIES MARKETS**

Text approved by the board of directors on February 27, 2017

**RULES OF CONDUCT OF
MERLIN PROPERTIES, SOCIMI, S.A.
IN MATTERS PERTAINING TO THE SECURITIES MARKETS**

CHAPTER I

DEFINITIONS AND SCOPE OF APPLICATION

ARTICLE 1.- INTRODUCTION

1. These Rules of Conduct in Matters Pertaining to the Securities Markets (the *Rules of Conduct* or the *Rules*) have been approved and will be submitted to the National Securities Market Commission (*CNMV*), in compliance with article 225 of Legislative Royal Decree 4/2015, of October 23, 2015, approving the revised Securities Market Law (the *Securities Market Law*).

2. In any case, in applying and acting under these Rules all applicable securities market legislation affecting the specific scope of activity of MERLIN PROPERTIES, SOCIMI, S.A. (the *Company*) must be respected.

ARTICLE 2.- DEFINITIONS

For the purpose of these Rules of Conduct, the following terms shall have the meanings indicated below:

Directors: the members of the Board of Directors of the Company and the members of the governing bodies of the companies belonging to the Merlin Group.

Senior Managers: Any senior managers who have regular access to information that may be considered Inside Information for the purposes established in these Rules of Conduct and who have powers to adopt management decisions that affect the future performance and business prospects of the Company.

External Advisors: any natural or juridical persons and, in the case of juridical persons, any directors, managers or employees thereof who, though not employees of the Company, provide advisory, consulting or other analogous services to the Merlin Group and have access to Inside Information.

Regulatory Compliance Officer: in accordance with article 18 of these Rules, the member appointed by the Secretariat as the person responsible for monitoring and controlling compliance with these Rules of Conduct and for reporting to the CNMV.

Merlin Group: Merlin Properties, SOCIMI, S.A. and any subsidiaries thereof that are in any of the situations, in relation to the Company, described in article 42 of the Commercial Code.

Inside Information: any information of a precise nature referring directly or indirectly to one or more Covered Securities (as defined below), the Company or any of the companies in its Group which has not been made public and which, if it were made or had been made public, could significantly influence or would have materially influenced the market price of the Covered Securities or related financial derivatives.

For information purposes. Spanish version prevails.

Information shall be considered to have the capacity to materially influence prices when it is information that could be used by a reasonable investor as part of the basis for investment decisions.

For such purposes, information shall be considered to be of a precise nature if it indicates a series of circumstances that have arisen or can reasonably be expected to arise or an event that has occurred or can reasonably be expected to occur, where the information is sufficiently precise to enable any conclusion to be drawn regarding the effects of the series of circumstances or events on the prices of the Covered Securities or of any financial derivatives related to them.

In the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.

An intermediate step in a protracted process shall be deemed to be Inside Information if, by itself, it satisfies the criteria of Inside Information mentioned in this definition.

Lastly, information which, if made public, could materially influence the price of financial instruments, financial derivatives and spot contracts regarding commodities related to them, shall be any information that a reasonable investor would be likely to use as part of the basis for its investment decisions.

Covered Persons: any persons subject to these Rules of Conduct and detailed in article 3 below.

Persons with Management Responsibility: shall mean the Directors and Senior Managers.

Closely Related Persons: in relation to a Covered Person: (i) the spouse or partner, in accordance with national legislation; (ii) the children under the person's charge; (iii) any other relatives who have been living with the Covered Person or have been under the person's charge for at least one year at the date of a transaction; (iv) any juridical person or fiduciary company in which the Covered Person or any of the persons mentioned in the previous subsections occupies a senior management position or has overall management responsibility; or which is directly or indirectly controlled by the Covered Person; or which was created for the benefit of the Covered Person; or whose economic interests are largely equivalent to those of the Covered Person; or (v) any intermediaries, understood as any persons who perform transactions in the securities on behalf of Covered Persons.

MAR: means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, as well as its implementing regulations.

Secretariat: the Secretariat of the Board of Directors of the Company, which under article 17 these Rules will be responsible for overseeing effective compliance with the obligations provided for in these Rules of Conduct. The Secretariat will be made up of the Secretary, the Vice Secretary, where applicable, and any other persons who may be appointed by the Secretariat to perform its functions.

Company: Merlin Properties, SOCIMI, S.A., registered at the Madrid Commercial Registry in volume 32065, section 8 of the Companies Book, sheet 206, page number M-577086 and holding taxpayer identification number A-86977790.

For information purposes. Spanish version prevails.

Covered Securities: (i) securities (including shares and securities comparable to shares, debentures or other forms of securitized debt or securitized debt convertible into or exchangeable for shares or other securities comparable to shares) issued by the Company and/or entities in its Group that are admitted to trading or have applied for admission to trading on an official secondary market or other regulated market, multilateral trading facilities, organized trading facilities or other organized secondary markets; (ii) financial instruments and contracts of any kind that grant the right to subscribe to, acquire or transfer the above securities; (iii) financial instruments and contracts, including those not traded on secondary markets, that have the securities, instruments or contracts mentioned above as their underlying assets; and (iv) securities, instruments and contracts of entities other than the Company and the companies in its Group in respect of which the Covered Persons and External Advisers have obtained Inside Information through their ties with the Company and, in all cases, whenever expressly so determined by the Secretariat, having regard to best compliance with these Rules.

ARTICLE 3.- COVERED PERSONS

1. Unless established otherwise, these Rules of Conduct shall apply to the following persons:
 - (a) the Directors, the Secretary and, where applicable, the Vice Secretary of the Board of Directors of the Company and of the governing bodies of the companies belonging to the Merlin Group;
 - (b) the Senior Managers of the Company;
 - (c) certain managers and employees of the Company and of its investees who work in areas related to the securities markets or who regularly have access to Inside Information that is directly or indirectly related to the Company and its investees, and all those who work in the Company's General Secretariat, Financial Management and Business Management departments;
 - (d) the External Advisors;
 - (e) any other person who has access to Inside Information within the Company and the Merlin Group; and
 - (f) any other person or group of persons who fall within the scope of these Rules by decision of the Company's Board of Directors or Regulatory Compliance Officer, in view of the circumstances prevailing in each case.
2. The Regulatory Compliance Officer shall keep an up-to-date list of Covered Persons at all times.
3. The Regulatory Compliance Officer shall inform Covered Persons that they are subject to these Rules of Conduct through internal channels of communication. The recipients shall acknowledge receipt and acceptance by signing the letter attached to these Rules of Conduct as **Annex 1**.

CHAPTER II

TRANSACTIONS IN COVERED SECURITIES

ARTICLE 4.- CONCEPT

1. *Transactions in Covered Securities* means transactions carried out by Covered Persons in Covered Securities.

2. For the purposes of the preceding paragraph, a transaction is any transaction or contract by virtue of which Covered Securities or voting rights attached thereto are acquired, transferred or assigned, on their own account or on account of third parties, directly or indirectly, in a spot, forward or future contract, or rights to subscribe for, acquire or transfer Covered Securities (including call and put options) are established.

3. For the purposes of section 1 above, a Transaction in Covered Securities is considered to have been performed by a Covered Person not only when it is performed directly by a Covered Person but also when it is performed by any Closely Related Person.

ARTICLE 5.- LIMITATIONS ON TRANSACTIONS IN COVERED SECURITIES

1. Covered Persons shall abstain from performing Transactions in Covered Securities:

(a) when they have Inside Information relating to the Covered Securities or the issuer of such securities;

(b) during the following restricted periods:

(i) from the time they have information about the periodic public information the Company must submit to the CNMV and the Governing Companies of the Stock Exchanges and in any case from thirty (30) days prior to the date established by the Company for the publication of its results until the date of publication or, failing that, until the end of the period provided by law for such publication;

(ii) from the time they have information about proposed dividends, capital increases or reductions, or issues of convertible securities of the Company until such information is made public; and

(iii) from the time they have any other Inside Information until such information is made, or becomes, public knowledge.

(c) when the Secretariat expressly so determines in order to ensure compliance with these Rules.

2. Covered Persons shall also abstain from canceling or modifying any order relating to Covered Securities where the order was given before the Covered Person had knowledge of the Inside Information.

3. In exceptional cases (such as serious illness, loss of significant goods and exceptional losses of assets that are not the responsibility of the party concerned), Covered Persons may be exempted from complying with restriction (b) above by the Regulatory Compliance Officer, who shall analyze requests for exemption on a case-by-case basis and, having regard to the circumstances of the case, shall decide whether the exemption is to be granted, in which case a written record shall be kept of the reasons for the granting of the exemption and the exceptional nature of the situation. In any case, where considered appropriate, the Regulatory

For information purposes. Spanish version prevails.

Compliance Officer shall discuss the granting or denial of the exemption with the Secretariat, taking any exceptional circumstances into account.

ARTICLE 6.- REPORTING OF TRANSACTIONS IN COVERED SECURITIES

1. Covered Persons shall declare any Transactions in Covered Securities performed for their own account or for the account of third parties by submitting, at any time on or after the transaction date and in any case within three (3) stock market business days of said date, a detailed report substantially in the form of the form established for that purpose, addressed to the Regulatory Compliance Officer. In said report they shall describe each transaction, stating the date, holder, type, volume, transaction price, number and description of the Covered Securities, the proportion of voting rights attaching to the Covered Securities in their possession after the transaction and the market in which the transaction was executed. Any transactions performed by Closely Related Persons shall be treated as own account transactions and shall be subject to the same reporting obligation, in which case the name of the Related Person shall be stated in the report.

In the case of Directors, the obligation to report the proportion of voting rights attaching to the Covered Securities in their possession to the Secretariat shall also apply at the time of their acceptance of appointment or their removal as Directors, counting, in the case of appointment, from the stock market business day following their acceptance.

2. The following transactions shall not be subject to the obligation established in the previous section:

- (a) transactions in Covered Securities ordered, without the involvement of the Covered Persons themselves, by the entities to which Covered Persons have entrusted the management of their securities portfolios.

In such cases, Covered Persons shall notify the Regulatory Compliance Officer of the existence of such management agreements within three (3) business days of the signing thereof, as well as the identity of the management company, and shall at quarterly intervals submit the information they receive, showing at least the date, number and type of transactions performed on Covered Securities.

In all cases, a Covered Person who enters into a portfolio management agreement:

- (i) shall take steps to ensure that the management company and the portfolio manager are aware of the rules of conduct to which the Covered Person is subject and that both act accordingly; and
 - (ii) shall instruct the management company to satisfy any requests for information it may receive from the Regulatory Compliance Officer or the Secretariat in relation to Transactions in Covered Securities;
- (b) transactions resulting from the exercise of options on Covered Securities where the options have been granted individually by the Company to a Covered Person within the framework of Company share option plans approved by the Board of Directors or any other share-based compensation system that entails the acquisition or delivery of shares; and
 - (c) purchases of Covered Securities made in application of compensation arrangements for Directors of the Company.

3. The Secretariat and, in particular, the Regulatory Compliance Officer may call upon any Covered Person to supply additional information on any transactions that may be

For information purposes. Spanish version prevails.

considered Transactions in Covered Securities for the purpose of these Rules. Covered Persons shall respond within three (3) stock market business days of receiving such a request.

4. Unless indicated otherwise in these Rules, the Regulatory Compliance Officer shall keep records of all communications, notifications and other actions in relation to the obligations contained in these Rules. The data in said records shall be strictly confidential. Periodically, the Regulatory Compliance Officer shall ask the interested parties to confirm the balances of Covered Securities shown in the records.

5. The provisions of the previous sections shall be without prejudice to the obligation of Directors and Closely Related Persons to report Transactions in Covered Securities to the CNMV in compliance with applicable laws and regulations.

6. Nevertheless, Covered Persons shall also respect the laws and regulations in force from time to time regarding the reporting of significant shareholdings.

ARTICLE 7.- PROHIBITION OF RESALE

Any Covered Securities acquired may not be sold on the same day on which they were bought.

CHAPTER III

TREATMENT OF INSIDE INFORMATION

ARTICLE 8.- INSIDE INFORMATION

1. In accordance with the provisions of article 230 bis of the Securities Market Law and article 8 of Royal Decree 1333/2005 of 11 November, any Inside Information, whether regarding the Covered Securities or other securities, that may exist within the Company as a result of research or negotiation carried out by the Company shall be treated as follows:

- (a) knowledge of such information shall be limited strictly to persons inside or outside the organization for whom the knowledge is essential;
- (b) a register shall be kept (the **Register**), the keeping and custody of same shall correspond to the Regulatory Compliance Officer, in which he shall record, separately for each transaction, at least, the identifying particulars and contact details of the persons with access to Inside Information, the reason for their inclusion in the Register, the date and time from which they have had access to the Inside Information and the date and time of the preparation or update of the list of persons with access to Inside Information. Persons with Management Responsibility and the persons referred to in article 3 (c) shall be permanently included on the Registry while they hold the offices that confer such status on them;
- (c) the Register shall be updated immediately in the following circumstances:
 - (i) when there is a change in the reasons for which a person is included on the Register;
 - (ii) when a new person needs to be added to the Register, in which case the date and time of their addition shall be recorded; and
 - (iii) when a person included on the Register ceases to have access to Inside Information; in this latter case, the date and time on which the person ceases to have access to Inside Information shall be recorded;

For information purposes. Spanish version prevails.

It shall not be necessary to include any reference on the Register in relation to recurring transactions or processes (such as the preparation of the financial statements and regulated financial information) in which only persons permanently included on the Register take part;

- (d) the Register shall be kept for at least five (5) years following its preparation or update;
- (e) security measures shall be established for the custody, storage, access, reproduction and distribution of the information;
- (f) the Regulatory Compliance Officer shall expressly notify persons included on the Register of the inside nature of the information they have, of their inclusion on the Register as persons who know the information, of their duty of confidentiality, of the prohibition on the use of the information as stated in these Rules, and of the infringements and penalties that apply in the event of misuse;
- (g) when recording the existence of Inside Information affecting the Covered Securities, the Regulatory Compliance Officer shall immediately notify the persons with authority to give orders for the acquisition or disposal of treasury shares that they must refrain from executing any transaction so long as this situation continues;
- (h) the market performance of the securities affected by the Inside Information and any reports issued by professional financial news sources and the mass media that might affect them shall be monitored.

For this purpose, if there is an abnormal change in the volumes traded or in the prices at which the securities are traded, the Regulatory Compliance Officer shall immediately inform the Secretariat, which shall take whatever measures may be necessary.

2. Covered Persons who have any kind of Inside Information shall abstain from:

- (a) performing or attempting to perform Transactions in Covered Securities using Inside Information (which shall include any recommendation or inducement, where the person who follows it knows or ought to know that it is based on Inside Information);
- (b) recommending that another person perform transactions involving Covered Securities using Inside Information or inducing them to do so, where this means recommending that another person perform transactions using Inside Information or inducing another person to perform transactions using Inside Information, where the person possesses Inside Information and:
 - a. recommends, on the basis of such information, that another person acquires, transfers or assigns financial instruments to which that information relates, or induces that person to make such an acquisition, transfer or assignment; or
 - b. recommends, on the basis of such information, that another person cancel or amend an order concerning a financial instrument to which that information relates, or induces that person to make such a cancellation or amendment; or
- (c) unlawfully disclosing inside information.

3. For the purposes of the above, unless the CNMV determines that there is no legitimate reason for their performance, a person subject to these Rules who possesses Inside Information shall not be deemed to have acted with it in the following cases:

For information purposes. Spanish version prevails.

- (a) where said person performs a transaction to acquire, transfer or assign Covered Securities and the transaction is performed in good faith in compliance with a prior obligation that has fallen due and not to evade the prohibition on transactions using Inside Information, and;
 - (i) where the obligation derives from an order placed or an agreement entered into before the person in question possessed Inside Information; or
 - (ii) where the purpose of the transaction is to satisfy a legal or regulatory provision that arose prior to the date on which the person in question possessed Inside Information.
 - (a) In general, those performed in accordance with the applicable legislation.
3. In addition, Covered Persons who have any kind of Inside Information shall:
- (a) safeguard the information, without prejudice to their duty to inform and collaborate with the judicial and administrative authorities on the terms set forth in the Securities Market Law and other applicable laws and regulations;
 - (b) take the necessary steps to prevent the Inside Information from being used dishonestly or unfairly;
 - (c) refrain from commenting on or making any reference to the Inside Information in front of third parties or in places in which the information could become known to others; and
 - (d) immediately report to the Regulatory Compliance Officer any dishonest or unfair use of Inside Information that comes to their knowledge.
4. Without prejudice to the foregoing, External Advisers shall be required to sign a confidentiality agreement before being given access to Inside Information, in which they will be informed of the nature of the information that is to be made available to them and of the obligations they assume in respect of that information, and also of their inclusion in the Register.

ARTICLE 9.- PUBLIC DISCLOSURE OF INSIDE INFORMATION

- 1. So long as it has not been made public because it is not ready for publication, Inside Information shall be considered as such unless the imminence of publication of the related material event report makes this unnecessary.
- 2. The Company shall use the following criteria, among others, to assess the materiality of information and decide whether or not it is to be classified as Inside Information:
 - (a) the scale of the event, decision or set of circumstances in relation to the Company's activity;
 - (b) the relevance of the information in relation to the factors that determine the price of the Covered Securities, distinguishing in particular between fixed-income securities and equities;
 - (c) the listing conditions of the Covered Securities;
 - (d) the fact that similar information was considered material in the past, or that issuers in the same sector or market usually publish such information as material information;

For information purposes. Spanish version prevails.

- (e) the impact that the disclosure of similar information in the past had on prices;
- (f) the importance that existing outside analyses of the Company give to this type of information; and
- (g) the existence of reasonable suspicion, where an abnormal change in trading volumes or prices is observed during the research or negotiation phase of any kind of legal or financial operation that could materially influence the market price of the Covered Securities, that the change is due to premature, partial or distorted disclosure of the operation.

3. The Company shall report Inside Information to the CNMV as a Material Event and, at the same time, make the information public on its corporate website and, where appropriate, through other media as soon as (i) the event that constitutes the Inside Information becomes known, (ii) the decision is adopted by the competent body, or (iii) the relevant agreement or contract with third parties is signed.

The Company shall post and maintain on its website for a period of at least five (5) years, all Inside Information it is required to disclose publicly.

The content of the Inside Information disclosed to the market through any reporting or communication channel other than the CNMV shall be consistent with the information reported to the CNMV. Where Inside Information that has already been disclosed is subject to a significant change, the change shall be immediately disseminated to the market in the same way.

Nevertheless, where Inside Information may disrupt normal trading in the Covered Securities or put investor protection at risk, the Company shall report the Inside Information to the CNMV prior to publication and the CNMV shall disseminate it immediately.

Exceptionally, at its own risk and responsibility, the Company may delay publication and dissemination of Inside Information where it considers that the information damages its legitimate interests, provided such delay is unlikely to confuse the public and the Company is able to ensure the confidentiality of the information. In any case, the Company shall immediately report any such delay to the CNMV.

In the case of a protracted process that occurs in stages and that is intended to bring about, or that results in, a particular circumstance or a particular event, the Company may delay the public disclosure of Inside Information relating to this process, subject to the provisions of the preceding paragraph.

Where the Company has delayed the disclosure of Inside Information under this article, it shall notify the CNMV in accordance with the provisions of the applicable legislation in force from time to time, immediately after the information is disclosed to the public.

4. The Regulatory Compliance Officer – or the person or persons appointed by the Regulatory Compliance Officer for that purpose – shall periodically monitor the Company's corporate website to ensure that the website content complies with the abovementioned requirement and, more generally, with all the disclosure requirements arising from the Company's status as a listed company.

5. Following consultation with the Chairman of the Board of Directors, the Regulatory Compliance Officer shall confirm or deny, as the case may be, any public information on events or circumstances classified as Material Events.

For information purposes. Spanish version prevails.

6. In order to ensure that Inside Information is conveyed to the market symmetrically and equitably, Covered Persons shall abstain from providing analysts, shareholders, investors or the media with information about Material Events that has not already or simultaneously been made available to the market in general.

7. Covered Persons shall use their best efforts to store Inside Information appropriately and keep it strictly confidential, so that the normal market price of the Covered Securities is not affected by knowledge of the information acquired by third parties.

8. The information disclosed must be in keeping, in addition to the provisions of the legislation in force from time to time on inside information, with the following rules:

- (a) it shall be truthful, clear and complete, and it shall be presented neutrally, without bias or value judgments that might prejudice or distort its scope;
- (b) where possible, it shall be quantified. where approximate figures are reported, this circumstance shall be disclosed and, wherever possible, a range of estimates shall be provided;
- (c) it shall include any background information, references or points of comparison that may be considered appropriate to aid full comprehension; and
- (d) where the information concerns decisions, agreements or projects that are subject to pre-clearance or subsequent approval or ratification by another body, person, entity or public authority, this circumstance shall be disclosed.

9. Wherever possible, Inside Information shall be reported when the market is closed, so as to avoid distortions in the trading of Covered Securities.

ARTICLE 10.- MARKET MANIPULATION

1. In accordance with article 12 MAR and article 2.1. of Royal Decree 1333/2005, Covered Persons shall refrain from preparing or performing practices that could constitute market manipulation.

2. For such purposes, market manipulation shall include the following activities:

- (a) Executing a transaction or placing an order to trade or any other conduct which:
 - (i) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of the Covered Securities; or
 - (ii) secures, or is likely to secure, the price of one or more Covered Securities at an abnormal or artificial level,

unless the person who entered into the transactions or issued the orders to trade establishes that its reasons for doing so are legitimate and that the transactions or orders to trade conform to accepted market practices on the regulated market concerned;

- (b) executing a transaction, placing an order to trade or any other activity or conduct that affects or is likely to affect the price of one or more Covered Securities, which employs a fictitious device or any other form of deception or contrivance;
- (c) Disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply

For information purposes. Spanish version prevails.

- of, demand for, or price of, the Covered Securities, or is likely to secure, the price of one or more Covered Securities at an abnormal or artificial level, including the dissemination of rumors, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading;
- (d) transmitting false or misleading information or providing false or misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behavior which manipulates the calculation of a benchmark;
 - (e) any buying or selling of Covered Securities at the close of the market that has the effect of misleading investors who make their decisions on the basis of closing prices;
 - (f) any action by a person, or persons acting in concert, aimed at securing a dominant position over the supply of or demand for a Covered Security which has the effect of directly or indirectly fixing purchase or sale prices or creating other unfair trading conditions; and
 - (g) taking advantage of occasional or regular access to the traditional or electronic media by stating an opinion about a Covered Security, or indirectly about its issuer, while having previously taken positions on the Covered Security, and profiting subsequently from the impact of the stated opinion on the price of the Covered Security, without having simultaneously disclosed this conflict of interests to the public in a proper and effective manner.

CHAPTER IV

CONFLICTS OF INTEREST

ARTICLE 11.- CONFLICTS OF INTEREST

1. Covered Persons subject to conflicts of interest shall observe the following general principles of conduct:
 - (a) Independence: Independence: Covered Persons must act at all times with free judgment, loyally to the Company and its shareholders and irrespective of their personal interests or those of others. Consequently, they shall not give precedence to their own interests over those of the Company, or to the interest of some investors over those of others.
 - (b) Abstention: Covered Persons must abstain from intervening in or influencing the making of decisions that may affect the persons or entities with which there is a conflict of interests and from accessing Inside Information that affects said conflict of interests.
 - (c) Reporting: Covered Persons shall immediately report to the Regulatory Compliance Officer any conflicts of interest in which they are involved in respect of:
 - (i) the Company or any of the Merlin Group companies;
 - (ii) significant suppliers or clients of the Company or any Merlin Group company;
 - (iii) entities that engage in the same type of business or that are competitors of the Company or of any Merlin Group company.

For information purposes. Spanish version prevails.

2. Any doubt about the existence of a conflict of interests shall be referred to the Regulatory Compliance Officer before any action is taken that could be considered to be affected by the supposed conflict of interests. Depending on the nature of the information, the Regulatory Compliance Officer shall decide whether to report the situation to the Secretariat, which shall take whatever measures it considers appropriate and, where considered necessary and provided the Board of Directors Regulations so permit, shall ask the Audit and Control Committee to submit a report.

3. A conflict of interest shall be considered to exist when the Covered Person is related to the entities to which this article refers in any of the following ways:

- (a) the Covered Person is a Director or Senior Manager;
- (b) the Covered Person holds a significant interest (this being understood to mean, in the case of companies listed on a regulated Spanish or foreign secondary market, any of the interests specified in article 125 of Legislative Royal Decree 4/2015 of October 23, 2015 approving the revised Securities Market Law and its implementing legislation and, in the case of unlisted Spanish or foreign companies, any direct or indirect holding greater than twenty percent of the issued share capital);
- (c) the Covered Person is related to directors, significant shareholders or senior managers within the second degree by affinity or within the third degree by consanguinity; or
- (d) the Covered Person has material direct or indirect contractual relationships.

CHAPTER V

TRANSACTIONS IN OWN SHARES

ARTICLE 12.- TREASURY SHARES

1. For the purpose of these Rules, *Transactions in Own Shares* means transactions carried out by the Company, whether directly or through any Merlin Group company, in shares of the Company or in financial instruments or contracts of any kind, whether traded in an organized secondary market or not, that confer the right to acquire, or whose underlying assets are, shares of the Company.

2. Under the authority granted by the shareholders' meeting, the Company's Board of Directors may issue instructions for the execution of Transactions in Own Shares.

3. Transactions in Own Shares shall be executed for the purpose of giving liquidity to the Company's shares in the market or reducing fluctuations in the share price, or for any other purposes permitted under applicable laws and regulations. They shall not be executed for the purpose of influencing price formation in the market or favoring certain shareholders of the Company.

4. No Transactions in Own Shares shall be executed when there is Inside Information about the Company.

5. Transactions in Own Shares shall be carried out with total transparency in dealings with supervisors and stock exchange governing bodies.

For information purposes. Spanish version prevails.

ARTICLE 13.- ORDINARY TRANSACTIONS IN OWN SHARES

1. The volume of treasury shares shall in no event exceed the limits established in Legislative Royal Decree 1/2010 of 2 July, enacting the consolidated text of the Capital Companies Law (hereinafter, the *Capital Companies Law*).

2. The sum of the daily traded volume of own shares in all the systems or markets in which own shares are traded, including both purchases and sales, shall not exceed 15% of the daily average buy trades in the 30 previous sessions of the main market of the regulated secondary market in which the shares are admitted to trading. This threshold shall be increased to 25% when the own shares purchased are to be used as consideration in the acquisition of another company or for delivery in an exchange within the framework of a merger process.

3. The prices shall be formulated in such a way that they do not interfere with the price formation process. For this purpose, the market member used shall be instructed to act in accordance with this rule. Buy orders shall not be entered at a price greater than the greater of the last price traded in the market between independent parties and the price of the highest buy order in the market order book. In contrast, sell orders shall not be entered at a price lower than the lower of the last price traded in the market between independent parties and the price of the lowest sell order in the market order book.

4. No Transactions in Own Shares shall be entered into during the period between the date on which, pursuant to article 228.4 of the Securities Market Law, the Company decides, at its own risk and responsibility, to delay the publication and disclosure of Inside Information and the date on which the information is published.

5. Where the shares are suspended from trading, the Company, or the intermediary acting on behalf of the Company, shall enter no orders during the auction period prior to the lifting of the suspension until transactions in the security have resumed. Any orders not executed shall be withdrawn.

6. As a general rule, efforts shall be made to execute Transactions in Own Shares in stages over the course of each session.

7. Steps shall be taken to ring-fence the management of treasury shares from the rest of the Company's activities.

8. Unless the Audit and Control Committee has previously issued a report in favor, the Company shall not enter into any agreement for Transactions in Own Shares with Group entities or Directors, significant shareholders or intermediaries thereof.

9. No opposite (buy and sell) Transactions in Own Shares shall be entered into simultaneously.

10. In any case, the Company may not execute any Transactions in Own Shares within thirty (30) days prior to the date established by the Company for the publication of its results or, failing that, prior to the end of the period provided by law for such publication.

11. Efforts shall be made to ensure that Transactions in Own Shares are executed in the main market and within regular trading hours. No buy or sell orders shall be entered during the opening or closing auctions, except on an exceptional basis, for good reason and taking great care to ensure that such orders do not decisively influence the auction price. In any case, the accumulated volume of orders entered, including both buy and sell orders, shall not exceed 10% of the theoretical volume resulting from the auction at the time the orders are

For information purposes. Spanish version prevails.

entered. Additionally, absent exceptional, justified circumstances, no market or “at best” orders shall be entered in these periods.

12. Transactions in own shares carried out by subsidiaries of the Company under authority granted by their shareholders’ meetings shall adhere to the criteria established in these Rules and shall also be subject to the control of the Regulatory Compliance Officer.

13. The Regulatory Compliance Officer and persons designated by the Regulatory Compliance Officers shall be responsible for filing the reports on Transactions in Own Shares required under applicable regulations. The Regulatory Compliance Officer shall also at all times keep a register and record of Transactions in Own Shares executed by the Company and its subsidiaries.

14. The above rules shall not apply in respect of Transactions in Own Shares that consist of the purchase of shares of the Company for the purpose of subsequently transferring them to the beneficiaries of performance share plans and share option plans approved by the Board of Directors, which shall be entered into, having regard to the particular characteristics of this type of transaction, in the manner and with the peculiarities established by the Board of Directors when it approved said plans.

15. The Company shall report periodically, through its website and through any other medium it considers appropriate, on the volume of own shares held by the Company and, where applicable, its subsidiaries, as well as the most significant changes that have occurred.

16. Where the relevant material event has been notified to the CNMV on the acquisition of another company or the merger with another company and the acquisition or merger is to be implemented entirely or partly through the purchase of own shares, the following disclosure guidelines shall be followed:

- a) Before the purchase of own shares is started, the purpose of the own share purchases, the number of own shares to be purchased and the period during which the purchases are to be made shall be made public through the notification of the relevant material event to the CNMV.
- b) Details of transactions in own shares entered into shall be made public through the notification of the relevant material event to the CNMV no later than the end of the seventh daily market session following the day on which the transactions are executed.
- c) If in the end the acquisition or the merger with another company that justifies the purchase of own shares does not take place, this circumstance shall be made public through the notification of the relevant material event to the CNMV, and the use of the own shares thus purchased shall be disclosed.

ARTICLE 14.- AMENDMENT AND DISAPPLICATION OF THE RULES ON TREASURY SHARES

1. Where there is an urgent need to protect the interests of the Merlin group companies and their shareholders, the Chairman or the Secretary of the Board of Directors or the Regulatory Compliance Officer may resolve to temporarily amend or disapply the above rules, in which case they shall notify the Board of Directors and the CNMV accordingly.

2. The above rules on ordinary transactions and specific plans shall not apply to the following Transactions in Own Shares, which in all cases must be authorized by the Board of Directors of the Company:

- (a) special stock market transactions; and

For information purposes. Spanish version prevails.

- (b) transactions executed through the special block trading system.

ARTICLE 15.- LIQUIDITY CONTRACTS

If the Company enters into a liquidity contract with a market member, it shall observe the provisions of Circular 3/2007 of 19 December on liquidity contracts for the purpose of their acceptance as a market practice.

ARTICLE 16.- REPORTING OF TREASURY SHARES

1. Under article 40 and following of Royal Decree 1362/2007 of 19 October implementing the Securities Market Law, the Company must report to the CNMV the proportion of voting rights that remain in its possession when – in a single transaction or in successive transactions, whether in its own name, through a controlled entity or through an intermediary – it acquires own shares that confer voting rights and said acquisition reaches or exceeds one percent of the voting rights. The disclosure must be made within four trading days of the date of the acquisition.

2. In the case of acquisition in successive transactions, the reporting obligation arises at the time of the transaction or acquisition which, added to those carried out since the previous disclosure, brings the total acquired to one percent or more of the voting rights of the Company. For these purposes, disposals or sales shall not be deducted.

3. The proportion shall be calculated on the basis of the total number of shares that have voting rights, even if the exercise of those rights has been suspended, and in accordance with the most recent figures published by the Company and on the CNMV website.

4. For the purposes of this article, entities which, acting as counterparties of the Company, carry out transactions that are specifically intended to hedge the market risk of a share option plan granted by the Company to directors, senior managers or employees and effected through financial instruments that are only settled net shall not be considered intermediaries.

5. The report to the CNMV shall contain the following information:

- (a) name of the company that acquires or transfers its own shares;
- (b) where the acquisition or disposal is carried out through other persons, the names of these other persons;
- (c) regardless of the fact that the reporting obligation arises in relation to acquisitions, details of all the transactions carried out, both acquisitions and disposals, and the prices at which they were carried out; and
- (d) the resulting situation in terms of shares, voting rights and percent ownership.

CHAPTER VI

MONITORING OF COMPLIANCE WITH THE RULES OF CONDUCT

ARTICLE 17.- THE SECRETARIAT

1. Monitoring compliance with the obligations under these Rules is the responsibility of the Secretariat, for which purpose the Secretariat is granted authority to:

For information purposes. Spanish version prevails.

- (a) comply with, and enforce compliance with, the rules of conduct in securities markets and these Rules, their procedures and any other complementary regulations, present or future;
- (b) develop the necessary procedures and implementing rules for the application of these Rules;
- (c) promote knowledge of these Rules and of other applicable rules of conduct in securities markets among the persons covered by these Rules;
- (d) interpret these Rules and resolve any doubts or questions raised by the persons to which they apply;
- (e) conduct disciplinary proceedings against persons covered by these Rules who fail to comply with them; and
- (f) propose to the Board of Directors of the Company any reforms or improvements to these Rules that it considers appropriate.

2. The Secretariat shall have all the necessary powers to perform its functions, in particular:

- (a) power to demand any data or information it considers necessary from Covered Persons and from the persons or bodies in Merlin Group companies responsible for monitoring and control; and
- (b) power to establish such disclosure requirements, control standards and other measures as it considers appropriate.

3. Periodically and whenever it considers it necessary or is called upon to do so, the Secretariat shall report to the Company's Audit and Control Committee on the measures taken to assure compliance with these Rules, the degree of compliance with the Rules, and any incidents that have occurred and any investigations that have been started in the period.

ARTICLE 18.- REGULATORY COMPLIANCE OFFICER

1. The Secretariat shall appoint the Regulatory Compliance Officer, who, reporting to the Secretariat, shall be responsible for monitoring and controlling compliance with these Rules of Conduct and for reporting to the CNMV as required.

2. In addition to meeting any conditions required by the applicable legislation in force from time to time, the Regulatory Compliance Officer must:

- (a) have the necessary powers and capacity to respond promptly, on behalf of the Company, to any demands made by the CNMV in the open market;
- (b) have access to the directors and senior managers in order to promptly confirm any information the CNMV may require in relation to the disclosure of Inside Information; and
- (c) be available at all times, from one hour before the regulated secondary markets in which the Company's securities are admitted to trading open until two hours after they close.

CHAPTER VII

VALIDITY, UPDATING AND NON-COMPLIANCE WITH THE RULES

ARTICLE 19.- VALIDITY

1. These Rules of Conduct are valid for an indefinite period and come into force on the date on which application is made for the admission to trading of the Company's shares.
2. The Regulatory Compliance Officer shall notify the entry into force of these Rules to the Covered Persons, except for members of the Company's Board of Directors, who will be notified by the Board Secretary.

ARTICLE 20.- UPDATING

These Rules shall be updated by the Board of Directors whenever necessary in order to bring them into line with applicable legal provisions.

ARTICLE 21.- NON-COMPLIANCE

1. Non-compliance with these Rules of conduct shall give rise to different levels of responsibility, depending on the nature of the relationship the non-complying person has with the Company.

The above shall be without prejudice to any administrative responsibility under the Securities Market Law and any other responsibilities under applicable civil or criminal laws and regulations.

**ANEXO 1
STATEMENT OF ACCEPTANCE**

To the Compliance Unit

I, the undersigned, , with tax ID/Passport no. , declare that I have received a copy of the Rules of Conduct in Matters Pertaining to the Securities Markets (“Rules”) and expressly accept said Rules.

I also declare that I and the Closely Related Persons (as such term is defined in the Rules) are direct and indirect holders of the Covered Securities (as such term is defined in the Rules) indicated in the attached form:

I also declare that I have been informed that:

- (i) Improper use of any Inside Information to which I may have access could constitute a very serious administrative infringement and an abuse of inside information on the stock market.
- (ii) Improper use of Inside Information may be penalized with fines, public reprimands, removal from office or imprisonment.

Lastly, name and details may be added to a Register in which, for each transaction, the details of the persons who have access to Inside Information will be recorded, as provided in the Rules.

Consequently, in accordance with the provisions of Organic Law 15/1999 of December 13, 1999, on the Protection of Personal Information, I, the undersigned, declare that I have been informed that any personal details given in this statement or provided subsequently in reports submitted in compliance with the Rules will be processed and stored in a filing system controlled by Merlin Properties, SOCIMI, S.A., whose registered office is at Paseo de la Castellana 42, 28046 Madrid, for the purpose of enforcing and monitoring the Rules, and expressly give my consent thereto.

I further declare that I have been informed of my right under current legislation to access, rectify, cancel or contest the personal information kept on file by writing to Merlin Properties, SOCIMI, S.A. at the above address.

In, on, 2017

Signed:

ANEXO 2

Mr. [●]

NATIONAL SECURITIES MARKET COMMISSION

Directorate General for Markets

Primary Markets Department

Calle Edison, 4

28006 Madrid

[Place], on [●] [●] [●]

Pursuant to article 225 of Law 4/2015 of October 23, 2015, approving the revised Securities Market Law, the Company hereby undertakes to update its Rules of Conduct in Matters Pertaining to the Securities Markets whenever necessary in order to bring them into line with applicable laws and regulations and hereby further states that these Rules of Conduct in Matters Pertaining to the Securities Markets are known, understood and accepted by all the persons to whom they apply.

Yours sincerely,

Merlin Properties, SOCIMI, S.A.

Signed: _____