
Short Report

Income Producing Properties and Land Portfolio
Valuation as at 31/12/2018

Short Report MERLIN Properties SOCIMI S.A.

Income Producing Properties and Land Portfolio



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Income Producing Properties and Land Portfolio



2019, February 11th

MERLIN Properties SOCIMI S.A.
Paseo Castellana, 257
28046 Madrid

Savills Aguirre Newman
Paseo de la Castellana, 81 – 2^a Planta
28046 Madrid

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www.savills-aguirrenewman.es

For the attention of: D. Miguel Ollero

Dear Miguel,

PROPERTIES: Property Portfolio composed by Offices, Shopping Centres, High Street Retail, Logistic, Hotels and Land, located across Spain and Portugal.

In accordance with the terms agreed in our Terms of Engagement Letter, signed June 2016 and the subsequent addenda signed June 2017, in this report we provide you a market valuation of the assets mentioned above and listed in Section 2 (Valuation Advice) of this document. This valuation is for internal purposes, carrying out half year updates for the presentation of financial reports and for the publication in the annual report accounts presented by the company. Valuation date is **31st December, 2018**.

We draw your attention to our accompanying Report together with the General Assumptions and Conditions upon which our Valuation has been prepared, details of which are provided at the rear of our report.

We trust that our report meets your requirements, but should you have any queries, please do not hesitate to contact us.

Yours faithfully,

For and on behalf of Savills Consultores Inmobiliarios S.A. (on behalf Savills Aguirre Newman).

A handwritten signature in blue ink, appearing to read 'J. Mateo'.

Jesús Mateo Gómez, MRICS
RICS Registered Valuer
Executive Director Advisory & Valuation Department
Savills Aguirre Newman

A handwritten signature in blue ink, appearing to read 'E. Pimenta'.

Eduardo Martins Pimenta, MRICS
RICS Registered Valuer
Director Valuation Department
Savills Aguirre Newman

1. Instructions and Terms of Reference

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1.0 Instructions & Terms of Reference

In accordance with our Terms of Engagement signed **June 2016** and the subsequent addenda signed **June 2017**, we have valued the properties listed at Section 2, in order to provide you with our opinion of their Market Value, as at **31st December 2018**.

1.1.1. Instructions

You have instructed us to provide our opinions of value on the following bases:

- We are not aware of any conflict of interest, either with the Property, the Assets, or with the client, preventing us from providing you with an independent valuation of the Property in accordance with the Red Book.
- We have valued the subject properties for Internal accounting purposes for MERLIN Properties SOCIMI S.A., METROVACESA S.A. and TESTA INMUEBLES EN RENTA SOCIMI S.A., since June 2014, June 2015 and December 2015, respectively. Notwithstanding we do not believe that this constitutes a conflict of interest preventing us from providing you with this update valuation.
- We will be acting as External Valuers, as defined in the Red Book.
- We have no material connection either with the client or with the properties.
- We confirm that we will not benefit (other than from the receipt of the valuation fee) from this valuation instruction.
- We confirm that Savills Aguirre Newman carry sufficient Professional Indemnity Insurance for possible claims. According with the Terms of Engagement Letter, in case of responsibility for our advice, compensation is limited to the amount of the fees provided for carrying out the work.
- We have a Complaints Handling Procedure.
- That we have the knowledge, skills and ability to act on your behalf in respect of this instruction.
- And, that all information provided in respect of this instruction will be kept confidential and will not be disclosed to any un-authorized third party.
- You have also instructed us to comment on specific issues concerning the properties.

Our valuations are prepared on an individual basis and the portfolio valuations reported are the aggregate of the individual Market Values, as appropriate. Our opinions of value are as at 31st December 2018.

The valuations have been carried out by qualified MRICS Registered Valuers, with the knowledge, skills and ability required to perform this valuation report competently.

We confirm that our valuations will all be reported in Euros.

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1.1.2. Basis of Valuation

The valuation has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Global Standards 2017 incorporating the IVSC International Valuation Standards issued June 2017 and effective from 1 July 2017. In particular in accordance with the requirement of VPS 3 entitled Valuations reports.

Red Book Valuation Standard VS 3.2 relates to the basis of value, and, in accordance therewith, you have instructed us to value the property on the basis of Market Value, the definition is defined as follows:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Our report and valuations in accordance with these requirements are set out below.

1.1.3. General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Conditions set out in the relevant section towards the rear of this report.

1.1.4. Date of Valuation

Our opinions of value are as at 31st December 2018. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

1.1.5. Purpose of Valuation

The Valuation is required for internal purposes, carrying out half year updates for the presentation of financial reports and for the publication in the annual accounts presented by the company. It is important that the Report is not used out of context or for the purposes for which it was not intended. We shall have no responsibility or liability to any party in the event that the Report is used outside of the purposes for which it was intended, or outside of the restrictions on its use.

1.1.6. Conflicts of Interest

We are not aware of any conflict of interest, either with yourselves or with the properties, preventing us from providing independent valuation advice, and therefore we are pleased to accept your instructions. We will be acting as External Valuers, as defined in the Red Book.

1.1.7. Valuer Details and Inspection

The due diligence enquiries referred to below was undertaken by valuers of the Advisory & Valuation Department. The valuations have also been reviewed by Jesús Mateo Gómez MRICS and Eduardo Pimenta MRICS.

The properties have been inspected by valuers of the Advisory & Valuation Department. The inspections has been carried out externally and internally, but limited to those areas that were easily accessible or visible.

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All those above with MRICS or FRICS qualifications are also RICS Registered Valuers. Furthermore, in accordance with VS 6.1(r), we confirm that the aforementioned individuals have the knowledge, skill and understanding to undertake the valuation competently.

1.1.8. Liability Cap

We confirm that Savills Aguirre Newman carry sufficient Professional Indemnity Insurance for possible claims. The amount is showed at the Terms of Engagement Letter signed between Savills Aguirre Newman and MERLIN Properties SOCIMI S.A.

1.1.9. RICS Compliance

This report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Global Standards 2017 incorporating the IVSC International Valuation Standards issued June 2017 and effective from 1 July 2017, in particular in accordance with the requirements of VPS 3 entitled Valuation reports and VPGA 2 Valuations secured lending, as appropriate.

Our report in accordance with those requirements is set out below.

1.1.10. Verification

This report contains many assumptions, some of a general and some of a specific nature. Our valuations are based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this report.

We recommend the verification of all individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuations. Our valuations should not be relied upon pending this verification process.

1.1.11. Confidentiality and Responsibility

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the parties to whom it is addressed only, who can rely on it, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such third parties rely upon this report at their own risk.

Neither the whole nor any part of this Report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear. It is our recommendation that prior to entering into a financial transaction based on this report the validity of all information as well estimates should be checked.

2. Valuation Advice

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2.0 Valuation Advice

2.1. Valuation

Our opinion of Total Market Value of the assets valued at the valuation date, is as follows:

€ 7,912,374,000

(SEVEN BILLION, NINE HUNDRED AND TWELVE MILLION, THREE HUNDRED AND SEVENTY-FOUR THOUSAND EUROS)

The Market Value in the % owned by MERLIN Properties SOCIMI S.A. for this portfolio as at valuation date is:

€ 7,816,060,500

(SEVEN BILLION, EIGHT HUNDRED AND SIXTEEN MILLION, SIXTY THOUSAND AND FIVE HUNDRED EUROS)

Valuation Certainty

In view of our comments on the market above, it is clear that any property valuations reported at the present time contain “abnormal uncertainty” caused by “market instability” together with reduced “liquidity and market activity”. RICS Guidance Note 1 (GN1) refers to such circumstances thus:

- “Disruption of markets can arise due to unforeseen financial, macro-economic, legal, political or even natural events. If the date of valuation coincides with, or is in the immediate aftermath of, such an event there may be a reduced level of certainty that can be attached to a valuation, due to inconsistent, or an absence of, empirical data, or the valuer being faced within an unprecedented set of circumstances on which to base a judgement. In such situations demands placed on valuers can be unusually testing. Although valuers should remain able to make judgement, it is important that the context of that judgment is clearly expressed.”
- “In markets that are inactive with low levels of liquidity there is a reduced amount of data to provide empirical support for valuations. In such cases the valuer should be as explicit as possible to demonstrate the degree to which the conclusion is based on subjectivity. Similarly, in liquid and functioning markets the valuer should state that there is an abundance of empirical data to support the conclusions drawn”.

As a consequence of the events that occurred on the 1st of October in Catalonia in respect to the independence process, we cannot tell accurately yet how strong the impact is going to be in the confidence of the markets in general, neither in the real estate market specifically and how will it be affected. We will be aware of the changes on the market and it’s effects as the market continues. We have made a great effort on reflecting the current market movements. In absence of contrary information, our valuation has been carried out assuming that the real estate market will keep developing according to the past, nevertheless, we highly recommend to keep the valuation under your supervision, as long as you think is relevant for the purposes you have requested this valuation.

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Accordingly, please be advised that such circumstances exist and that we have advised you in the context above. It follows that notwithstanding this wider uncertainty in the financial markets, we necessarily assume debt finance is available in the market on reasonable and acceptable commercial terms.

In any case, we would wish to point out that our valuation is a snapshot of the market as at the date of valuation.

Despite the lack of recent open market transactions, we consider our valuations reflect current market conditions. We are of the opinion that they are well supported by reference to the constant interaction with our transaction teams and external market participants. Through this, we can evaluate current asking and offering prices and make appropriate adjustments to reflect current market conditions. Finally, we consider our opinions of value as detailed below can be reported with a reasonable degree of confidence.

The total market Value is distributed as follows in the next pages.

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Asset	Location	Market Value 31 st December 2018 (€)	Market Value % Merlin Properties Socimi 31 st December 2018 (€)
Juan Esplandiú 11-13	Madrid	Offices	Offices
Pedro de Valdivia 10	Madrid	Offices	Offices
Príncipe de Vergara 187	Madrid	Offices	Offices
Princesa 3	Madrid	Offices	Offices
Princesa 5	Madrid	Offices	Offices
Parking Princesa	Madrid	Offices	Offices
Partenon 12-14	Madrid	Offices	Offices
Partenon 16-18	Madrid	Offices	Offices
Josefa Valcarcel 48	Madrid	Offices	Offices
Atica 1	Pozuelo de Alarcón	Offices	Offices
Atica 2	Pozuelo de Alarcón	Offices	Offices
Atica 3	Pozuelo de Alarcón	Offices	Offices
Atica 4	Pozuelo de Alarcón	Offices	Offices
Atica 5	Pozuelo de Alarcón	Offices	Offices
Atica 6	Pozuelo de Alarcón	Offices	Offices
PE Atica XIX	Pozuelo de Alarcón	Offices	Offices
Avenida de Bruselas 33	Alcobendas	Offices	Offices
Avenida de Bruselas 24	Alcobendas	Offices	Offices
Avenida de Bruselas 26	Alcobendas	Offices	Offices
Costa Brava 2-4	Madrid	Offices	Offices
Ventura Rodríguez 7	Madrid	Offices	Offices
Castellana 83-85	Madrid	Offices	Offices
Eucalipto 25	Madrid	Offices	Offices
Eucalipto 33	Madrid	Offices	Offices
Torre Castellana 259	Madrid	Offices	Offices
Ribera del Loira 60	Madrid	Offices	Offices
Maria de Portugal T2	Madrid	Offices	Offices
Aquamarina	Madrid	Offices	Offices
Avenida de Burgos 210	Madrid	Offices	Offices
Alcala 40	Madrid	Offices	Offices
Arturo Soria 128	Madrid	Offices	Offices
Muntadas I	Prat de Llobregat, El	Offices	Offices
Diagonal 605	Barcelona	Offices	Offices
Sant Cugat II	Sant Cugat del Vallès	Offices	Offices
Muntadas II	Prat de Llobregat, El	Offices	Offices
Diagonal 514	Barcelona	Offices	Offices
Sant Cugat I	Sant Cugat del Vallès	Offices	Offices
Vilanova 12-14	Barcelona	Offices	Offices
WTC6	Cornellà de Llobregat	Offices	Offices
WTC8	Cornellà de Llobregat	Offices	Offices
Sevilla - Borbolla	Sevilla	Offices	Offices
Granada - Escudo del Carmen	Albuñuelas	Offices	Offices
Zaragoza - Aznar Molina	Zaragoza	Offices	Offices
Lerida - Mangraners	Lleida	Offices	Offices
Lisboa Expo	Lisboa	Offices	Offices
Monumental	Lisboa	Offices	Offices
Torre Lisboa	Lisboa	Offices	Offices
Central Office	Lisboa	Offices	Offices
Marques de Pombal 3	Lisboa	Offices	Offices
Adequa 1	Madrid	Offices	Offices
Adequa 2	Madrid	Offices	Offices
Adequa 3	Madrid	Offices	Offices
Adequa 4	Madrid	Offices	Offices
Adequa 5	Madrid	Offices	Offices
Adequa 6	Madrid	Offices	Offices
Adequa 7	Madrid	Offices	Offices
PLZF A	Barcelona	Offices	Offices
PLZF B	Barcelona	Offices	Offices
Castellana 93	Madrid	Offices	Offices

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Asset	Location	Market Value 31 st December 2018 (€)	Market Value % Merlin Properties Socimi 31 st December 2018 (€)
Elipse	Madrid	Offices	Offices
PE Las Tablas	Madrid	Offices	Offices
PE Sanchinarro	Madrid	Offices	Offices
Encinar	Madrid	Offices	Offices
PE Alvia	Rozas de Madrid, Las	Offices	Offices
PE Alvento	Madrid	Offices	Offices
Sollube	Madrid	Offices	Offices
PE Euronova	Tres Cantos	Offices	Offices
Santiago de Compostela 94	Madrid	Offices	Offices
PE Churruca	Madrid	Offices	Offices
PE Puerta de las Naciones	Madrid	Offices	Offices
Avenida de Aragon 334	Madrid	Offices	Offices
Alfonso XI	Madrid	Offices	Offices
Cristalia	Madrid	Offices	Offices
Plantio 6 G	Madrid	Offices	Offices
Plantio 8 F	Madrid	Offices	Offices
Plantio 10 E	Madrid	Offices	Offices
Plantio 12 D	Madrid	Offices	Offices
Arturo Soria 343	Madrid	Offices	Offices
Fuente de la Mora	Madrid	Offices	Offices
PE Via Norte	Madrid	Offices	Offices
Castellana 278	Madrid	Offices	Offices
Castellana 280	Madrid	Offices	Offices
Avenida de Europa 1A	Alcobendas	Offices	Offices
Avenida de Europa 1B	Alcobendas	Offices	Offices
Trianon	Madrid	Offices	Offices
PE Minipark Alcobendas 1	Alcobendas	Offices	Offices
PE Minipark Alcobendas 2	Alcobendas	Offices	Offices
Vegacincó 1	Alcobendas	Offices	Offices
Vegacincó 2	Alcobendas	Offices	Offices
PE Cerro Gamos	Pozuelo de Alarcón	Offices	Offices
Al-Andalus	Rozas de Madrid, Las	Offices	Offices
Ulises 16-18	Madrid	Offices	Offices
Balmes 236-238	Barcelona	Offices	Offices
PE Poble Nou 22@	Barcelona	Offices	Offices
Diagonal 199	Barcelona	Offices	Offices
E-Forum	Barcelona	Offices	Offices
Citypark Cornellà	Cornellà de Llobregat	Offices	Offices
Diagonal 458	Barcelona	Offices	Offices
Torre Glories	Barcelona	Offices	Offices
Torre Chamartin	Madrid	Offices	Offices
Torre Zen	Lisboa	Offices	Offices
Costa Brava 6-8	Madrid	Offices	Offices
Total Value Offices (31st December 2018)		5,985,992,000.00 €	5,985,992,000.00 €
Monumental SC	Lisboa	Shopping Centers	Shopping Centers
El Saler	Valencia	Shopping Centers	Shopping Centers
Artea	Leioa	Shopping Centers	Shopping Centers
Thader	Murcia	Shopping Centers	Shopping Centers
Vilamarina	Viladecans	Shopping Centers	Shopping Centers
Arenas	Barcelona	Shopping Centers	Shopping Centers
La Vital	Gandía	Shopping Centers	Shopping Centers
La Fira	Reús	Shopping Centers	Shopping Centers
Bonaire	Aldaya	Shopping Centers	Shopping Centers
Medianas Bonaire	Aldaya	Shopping Centers	Shopping Centers
Nassica	Getafe	Shopping Centers	Shopping Centers
X-Madrid	Alcorcón	Shopping Centers	Shopping Centers
Total Value Shopping Centers (31st December 2018)		926,419,000.00 €	926,419,000.00 €
Nave Castellbisbal	Castellbisbal	Logistics	Logistics
Total Value Logistics (31st December 2018)		12,036,000.00 €	12,036,000.00 €
Caprabo	n.d.	High Street Retail	High Street Retail
Callao 5	Madrid	High Street Retail	High Street Retail
Torre Madrid locales	Madrid	High Street Retail	High Street Retail
Total Value High Street Retail (31st December 2018)		388,143,000.00 €	388,143,000.00 €

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Asset	Location	Market Value 31 st December 2018 (€)	Market Value % Merlin Properties Socimi 31 st December 2018 (€)
Eurostars Torre Castellana 259	Madrid	Others	Others
Hotel Marinada	La Coruña	Others	Others
Novotel Diagonal 199	Barcelona	Others	Others
General Ampudia 12	Madrid	Others	Others
Yunque	Alcorcón	Others	Others
San Francisco de Sales	Madrid	Others	Others
Bizcargi 1 1D	Bilbao	Others	Others
Jovellanos 91	Sant Adrià de Besòs	Others	Others
Rambla Salvador Sama 45-47-49	Vilanova i La Geltrú	Others	Others
Amper	Leganés	Others	Others
Torre Madrid residencial	Madrid	Others	Others
Arapiles 8	Madrid	Others	Others
Valdebebas - office	Madrid	Others	Others
Zaragoza Residencial	Zaragoza	Others	Others
Navalcarnero	Navalcarnero	Others	Others
Total Value Others (31st December 2018)		413,092,000.00 €	413,092,000.00 €
Zaragoza Plaza - logistics	Zaragoza	Logistics WIP	Logistics WIP
Total Value High Logistics WIP (31st December 2018)		1,835,000.00 €	1,835,000.00 €
Costa Ballena	Costa Ballena	Minority Participation	Minority Participation
Villajoyosa	Benidorm	Minority Participation	Minority Participation
Tres Aguas	Alcorcón	Minority Participation	Minority Participation
Total Value Minority Participation (31st December 2018)		184,857,000.00 €	88,543,500.00 €
Total Portfolio Market Value (31st December 2018)		7,912,374,000 €	7,816,060,500 €

3. General Assumptions, Conditions to Valuations & Special Assumptions

3.0 General Assumptions, Conditions to Valuations & Special Assumptions

3.1.1. General Assumptions

Our valuations have been carried out on the basis of the following General Assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuation, as there may be an impact on it. We have assumed:

1. That the Freehold interest is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings that we are unaware of. We have not made any enquiries at the local Register Office, and, therefore, should future enquiries reveal that there are any mortgages or charges, we have assumed that the Asset would be sold free of them. We have not examined the Title Deeds or Land Registry Certificate.
2. That we have been supplied with all information likely to have an effect on the value of the Asset, and that the information supplied to us is both complete and correct. We do not accept responsibility for any errors or omissions in information and documentation provided to us.
3. That the buildings have been constructed and is used in accordance with all statutory and by-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).
4. That the properties are not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search or normal solicitors' enquiries, or by any statutory notice (other than those points referred to above).
5. That the buildings are structurally sound, and that there is no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or construction techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the property and this report do not constitute a building survey.
6. That the properties are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. That in the construction or alteration of the buildings, no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.
8. That the ownership and possible exploitation of mineral substances and/or gases present in the subsoil have not been considered.

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9. That the properties have not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.
10. That there are no adverse site or soil conditions, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.
11. That all fixed plant and machinery and the installation thereof complies with the relevant legislation. No allowance has been made for rights, obligations or liabilities arising as a result of defective premises.
12. That the tenants are capable of meeting their obligations, and that there are no undisclosed arrears of rent or breaches of covenant. For valuation purposes it is assumed that the tenants comply their obligations, and that there will be no delays in the payment of rent or undisclosed contractual breaches.
13. That the occupational leases are drawn on terms acceptable to your solicitors including provisions for repair and indexation.
14. In the event that MERLIN Properties SOCIMI S.A. have not approved the different assets analyzed, and in accordance with the assumptions applied in the description of the different valuations, the different phases of Planning, Management and Development Discipline to build the properties according to the planned promotion, it has been taken into account that the approval of different development phases will be obtained until the licenses of work has been acquired, according to regular times of approval in normal market situations, and with an active approach for the client to obtain the corresponding approvals.

3.1.2. General Conditions

Our valuation has been carried out on the basis of the following general conditions:

1. Our valuations are exclusive of VAT (if applicable).
2. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property.
3. No allowance has been made for any expenses of realization.
4. Excluded from our valuation is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.

5. In all cases, our valuation report includes facilities that are normally transferred with the property, such as boilers, heating and air conditioning, lighting and ventilation, sprinklers, etc., while the equipment that is normally removed before the sale has been excluded from our opinion of value.
6. It has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant EEC legislation.
7. The results of our market research, with reference to the local real estate market, in our opinion, well represent the market situation at the valuation date. However, we cannot exclude that there may be other segments of offer and/or demand that could affect the parameters adopted by us as reference.

3.1.3. Special Assumptions

According to RICS, only special cases can be established if they are reasonably achievable, relevant and valid in relation to the special circumstances of the valuation. Appendix 4 of Red Book defines and gives examples of Special Assumptions.

In this report we have not been carried out any special assumptions.

Jesús Mateo Gómez, MRICS
Executive Director Advisory & Valuation
Savills Aguirre Newman

Eduardo Martins Pimenta, MRICS
Director Valuation
Savills Aguirre Newman



VALUATION REPORT

MERLIN Properties, Socimi, S.A.

Paseo de la Castellana, 257

28046 Madrid

Date of Valuation: 31st December 2018

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This valuation report (the “Report”) has been prepared by CBRE Valuation Advisory Services S.A. (“CBRE”) exclusively for MERLIN Properties, Socimi, S.A. (the “Client”) in accordance with the terms of engagement entered into between CBRE and the client (“the Instruction”). The Report is confidential to the Client and any other Addressees named herein and the Client and the Addressees may not disclose the Report unless expressly permitted to do so under the Instruction.

Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client or the Addressees can rely upon the Report (a “Relying Party” or “Relying Parties”) then CBRE shall have no greater liability to any Relying Party than it would have if such party had been named as a joint client under the Instruction.

CBRE’s maximum aggregate liability to the Client, Addressees and to any Relying Parties howsoever arising under, in connection with or pursuant to this Report and/or the Instruction together, whether in contract, tort, negligence or otherwise shall not exceed the fees established for the present instruction.

Subject to the terms of the Instruction, CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

If you are neither the Client, an Addressee nor a Relying Party then you are viewing this Report on a non-reliance basis and for informational purposes only. You may not rely on the Report for any purpose whatsoever and CBRE shall not be liable for any loss or damage you may suffer (whether direct, indirect or consequential) as a result of unauthorised use of or reliance on this Report. CBRE gives no undertaking to provide any additional information or correct any inaccuracies in the Report.

None of the information in this Report constitutes advice as to the merits of entering into any form of transaction. If you do not understand this information, we recommend you seek independent legal counsel.



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VALUATION REPORT

VALUATION REPORT

CBRE

CBRE Valuation Advisory S.A.
Edificio Castellana 200
Pº de la Castellana, 202 8º
28046 Madrid
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Fax + 34 91 556 96 90

Report Date	05 th February 2019
Addressee	Board of Directors MERLIN Properties, Socimi, S.A., Paseo de la Castellana, 257 28046 Madrid To the attention of Mr. Miguel Ollero, General Manager / COO.
The Property	Part of the Investment Portfolio of MERLIN Properties, Socimi, S.A. and companies in which MERLIN have an ownership interest.
Property Description	The portfolio is made up of 47 properties and the Tree Portfolio which comprises 692 bank branches and 5 landmark buildings leased to BBVA. All the properties are located in Spain except one land under development and the Almada Shopping Centre which are located in Portugal. Three assets are property of companies in which MERLIN holds a minority ownership.
Ownership Purpose	Investment, development and owner occupation.
Instruction	To value on the basis of Market Value the freehold interest in the properties that comprise the portfolio of property assets of MERLIN Properties, Socimi, S.A., as at the Valuation Date in accordance with our terms of engagement entered between CBRE and the addressee dated 20 th May 2016 and posterior yearly addendum.
Valuation Date	31 st December 2018
Capacity of Valuer	External.

CBRE

Purpose For accounting purposes and for information purposes in the annual financial statements

Market Value under Special Assumption **4,297,771,859 €**
(FOUR BILLION, TWO HUNDRED NINETY-SEVEN MILLION, SEVEN HUNDRED SEVENTY-ONE THOUSAND, EIGHT HUNDRED FIFTY-NINE EUROS)

Exclusive of VAT

MERLIN PROPERTIES, SOCIMI, S.A		
Asset Type	Market Value (100%) €	Market Value Merlin Ownership €
Logistics	813,017,786 €	813,017,786 €
Logistics WIP	104,770,375 €	104,770,375 €
Shopping Centers*	1,338,899,300 €	1,338,899,300 €
Others	9,312,434 €	9,312,434 €
Minority stakes	428,555,033 €	199,845,403 €
High Street Retail	1,831,926,561 €	1,831,926,561 €
Total Portfolio	4,526,481,489 €	4,297,771,859 €

*The valuation of Almada Shopping Centre is subject to Special Assumption

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.

The properties in full ownership of MERLIN Properties, Socimi, S.A. have been valued individually, considering their separate sale and not as part of a portfolio. Therefore, deductions or additional value that could be negotiated in the market if all or part of the portfolio was put up for sale simultaneously, has not been considered.

For the properties of companies in which MERLIN participates, the value set out in the above table is not the market of each property but the result of the following calculation: the percentage of ownership of MERLIN in each company, multiplied by the market value of each property.

Limitations

For the purposes of the valuation we have assumed that the part of the properties that have not been inspected are in good condition relative to their age and that no significant refurbishment or renovation works are required.

We have not measured the property on site or from scale plans of the properties subject to valuation. We have therefore assumed that the areas provided by the client are correct.

For the purpose of the valuation we have assumed that the properties benefit from all necessary Licenses for the actual of proposed use.

We have not carried out independent investigations relating to the incurred or pending costs or the number of pre-sold units at the date of the valuation. We have faithfully relied upon the information provided by the client and have assumed that it is correct.

Regarding the logistics plots of land, for valuation purposes we have assumed as true the verbal and documental information provided by the client concerning town planning issues.

Compliance with Valuation Standards

The valuation has been prepared in accordance with The RICS Valuation – Professional Standards July 2017 (“the Red Book”).

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of The Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of The Red Book.

Special Assumptions

Yes: In the case of Almada Shopping Centre we have assumed as correct the client’s cost structure, specially the one concerning recoverable costs.

In this sense, we have not been provided with the following documents to contrast said cost structure.

- Management Reports of the two previous years
- Three years of the property’s historic P&Ls showing NOI calculation
- Three years historic of collection loss

Assumptions

The property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

We have assumed that the information provided by the client, on which the valuation is based, is correct.

Market Conditions

The values stated in this report represent our objective opinion of Market Value in accordance with the definition set out above as of the date of valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards (The Red Book).

Independence

The total fees, including the fee for this assignment, earned by CBRE Valuation Advisory S.A. (or other companies forming part of the same group of companies) are less than 5.0% of the total revenues of the company.

Disclosure

The principal signatory of this report has continuously been the signatory of valuations for the same addressee and valuation purpose as this report since June 30th 2016. CBRE Valuation Advisory S.A. has continuously been carrying out valuation instructions for the addressee of this report since June 30th 2016.

However, we have valued prior to June 30th 2016, 13 of the 47 assets of the portfolio (excluding the bank branches), as CBRE Valuation Advisory S.A. was the regular valuer for the previous owner.

CBRE has carried out Valuation, Agency and Professional services on behalf of the addressee for the last 5 years.

Conflicts of Interest

We don't detect any conflict of interest.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Yours faithfully



Fernando Fuente

MRICS

Vice-president

RICS Registered Valuer

For and on behalf of

CBRE Valuation Advisory S.A.

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Pablo Carnicero

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Project Reference: VA19-0020

SCHEDULE OF ASSETS

REF. CBRE	REF MERLIN	ASSET	ADDRESS	LOCATION	ASSET TYPE
1	F0010043	Guadalajara-Cabanillas I	Avda de Castilla la Mancha 2-10	CABANILLAS DEL CAMPO	Logistics
2	F0010041	Guadalajara-Alovera	Avenida Río Henares 40	ALOVERA	Logistics
3	F0010042	Guadalajara-Azuqueca	Avenida Milán 10	AZUQUECA DE HENARES	Logistics
4	F0010051	Madrid-Coslada Complex	Avenida de la Cañada 64	COSLADA	Logistics
5	F0050009	Madrid-Coslada	C/ Holanda, CTC Coslada	COSLADA	Logistics
6	F0010017	Barcelona-Lliça del Vall	Calle Perdellot	LLIÇA DE VALL	Logistics
7	F0010112	Zaragoza-Pedrola	Polígono industrial El Pradillo	PEDROLA	Logistics
8	F0050019	Zaragoza-Plaza	Calle Osa, 4	ZARAGOZA	Logistics
9	F0050016	Valencia-Almussafes	P.I. EL ROMANI	ALMUSSAFES	Logistics
10	F0050010	Madrid-Getafe	C/ Río Guadiato 1, CLA Getafe	GETAFE	Logistics
11	F0050017	Vitoria-Jundiz	Camino de Crispiana s/n	VITORIA	Logistics
12	F0050029	Madrid-Meco	C/ Hermes, Meco	MECO	Logistics
13	F0050011	Madrid-Getafe (Los Olivos)	C/ Calidad17, P.I. Los Olivos, Getafe	GETAFE	Logistics
14	F0050013	Madrid-Pinto I	Nave Desdoblada	PINTO	Logistics
15	F0050023	Madrid-Pinto II	Nave Desdoblada	PINTO	Logistics WIP
16	F0050003	Guadalajara-Azuqueca II	n.a.	AZUQUECA DE HENARES	Logistics WIP
17	F0050012	Madrid-Meco II	n.a.	MECO	Logistics
18	F8000010	ZAL Port	Av. Ports d'Europa, 100, 08040, Barcelona	BARCELONA	Minority stakes
19	F0050002	Barcelona-Sant Esteve	P.I Anoia	BARCELONA	Logistics
20	F0010081	Plaza de los Cubos	Calle Princesa, 3-5 (Plaza de los Cubos)	MADRID	High Street Retail
21	F0010024	Centro Oeste	Calle Las Moreras 2	MAJADAHONDA	Shopping Centers
22	F0010048	Larios	Avda de Aurora 25	MÁLAGA	Shopping Centers
23	F0010082	Porto Pi	Avda Gabriel Roca 54	PALMA DE MALLORCA	Shopping Centers
24	F0030003	Marineda	Avenida Arteixo, 43, 15008 A Coruña	LA CORUÑA	Shopping Centers
25	F0030004	Arturo Soria	Calle de Arturo Soria, 126, 28043 Madrid	MADRID	Shopping Centers
26	F0010059	Parking Palau	Parking Palau (26 PLAZAS PROPIEDAD TESTA)	VALENCIA	Others
27	F0010050	Locales Plaza Castilla - Castellana 193 (McD)	Plaza de Castilla-Local 1A	MADRID	High Street Retail
28	F80100010	Parking Palau (33% stake)	Parking Palau (Participada)	VALENCIA	Minority stakes
29	F0050014	Madrid-San Fernando II	San Fernando de Henares	MADRID	Logistics WIP
30	F0050004	Guadalajara-Cabanillas Park I A	Avenida de la Veguilla 20	CABANILLAS DEL CAMPO	Logistics
31	F0050005	Guadalajara-Cabanillas Park I B	Avenida de la Veguilla 20	CABANILLAS DEL CAMPO	Logistics
32	F0050006	Guadalajara-Cabanillas Park I C	Avenida de la Veguilla 20	CABANILLAS DEL CAMPO	Logistics
33	F0050007	Guadalajara-Cabanillas Park I D	Avenida de la Veguilla 20	CABANILLAS DEL CAMPO	Logistics
34	F0050008	Guadalajara-Cabanillas Park I E	Avenida de la Veguilla 20	CABANILLAS DEL CAMPO	Logistics
35	F91300010	Arasur	P.I. Arasur, Avda. Álava, s/n,	RIVABELLOSA	Minority stakes
36	F0080001	CIM Valles	C.I.M Valles, Carrer D, s/n, 08130 Santa Perpètua de Mogoda, Barcelona	BARCELONA	Others
37	F0090001	Sevilla Zal	Ctra. de la Esclusa, 15, 41011 Sevilla	SEVILLA	Logistics
38	F91400013	PLZF	Avenida 3º, nº 26 -08040 – Barcelona	BARCELONA	Logistics
39	F9120001	SPL	Vila Franca de Xira	LISBOA	Logistics WIP
40	F9190001	Almada *	Caminho Municipal , 1011, Almada Forum, Almada, Setúbal	PORTUGAL	Shopping Centers
41	F0050020	Madrid-San Fernando I	Parque empresarial San Fernando de Henares	SAN FERNANDO DE HENARES	Logistics
42	F0050015	Madrid-Getafe (Gavilanes)	P.I. Los Gavilanes	GETAFE	Logistics
43	F0050026	Guadalajara-Cabanillas III	Cabanillas del Campo	CABANILLAS DEL CAMPO	Logistics WIP
44	F0050025	Toledo-Seseña	Seseña	SESEÑA	Logistics WIP
45	F0050027	Vitoria-Jundiz II	Calle Errotaurra, 1-6	VITORIA	Logistics
46	F0050028	Guadalajara-Cabanillas II	Cabanillas del Campo	CABANILLAS DEL CAMPO	Logistics
47	F0050901	Guadalajara-Cabanillas Park I F	-	-	Logistics
48	F0020001	Tree**	n.a.	ESPAÑA	High Street Retail
Total					

* The Almada Shopping Centre Valuation is subject to Special Assumption

** The assets of the Tree Portfolio have been valued individually, considering their separate sale and not as part of a portfolio.

SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

As set out previously, MERLIN Properties, Socimi, S.A., has passed us the information necessary to carry out the valuation. The information received has been:

- Gross Lettable Areas (GLA).
- Rent Rolls as at September 2018 for the shopping centres.
- Updated Rent Rolls for the rest of the properties as at date of valuation.
- Recoverable and non-recoverable costs for each asset.
- CAPEX budget.

The Property

The portfolio is made up of 47 properties and the Tree Portfolio which comprises 692 bank branches and 5 landmark buildings leased to BBVA. All the properties are located in Spain except one land under development and the Almada Shopping Centre which are located in Portugal. Three assets are property of companies in which MERLIN holds a minority ownership.

Inspection

The 47 assets of the portfolio have been re-visited both externally and internally along 2018 except for Madrid-Getafe, Guadalajara-Cabanillas Park I D, Madrid-Getafe (Los Olivos) and Pinto I which could only be inspected externally.

For the Tree Portfolio which comprises of 692 bank branches and 5 landmark buildings leased to BBVA, we have carried out 102 internal inspections during the months of September, October and November 2016. Of the assets inspected, 90 are still within the portfolio and represent c.45% of the current rent.

The inspection was undertaken by qualified valuers of CBRE Valuation Advisory S.A.

Areas

We have not measured the Property but have relied upon the floor areas provided.

Environmental Matters

We have not been provided with any environmental report relating to the properties.

We have not carried out any investigation into the past or present uses of the Property, nor of any neighboring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect.

Town Planning

We have not carried out town planning investigations.

Titles, Tenures and Lettings

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasize, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

Capital Values

The valuation has been prepared on the basis of "Market Value" which is defined as:

"The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion",

No allowances have been made for any expenses of realization nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

Property

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

(a) the Property is not contaminated and is not adversely affected by any existing or proposed environmental law;

(b) any processes which are carried out on the Property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

In some circumstances, there could be high voltage electrical installations close to the properties. The Sociedad Española de Protección Radiológica has set out that in certain circumstances there could be health risks associated with such installations. Due to this, public perception can affect the commercialization and future value of the property. Our valuation reflects our current opinion of the market and we have not made any discount for the possible presence of these installations.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

(a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

(b) the Property is free from rot, infestation, structural or latent defect;

(c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Paneling, have been used in the construction of, or subsequent alterations or additions to, the Property; and

(d) the services, and any associated controls or software, are in working order and free from defect.

**Title, Tenure,
Planning and Lettings**

We have otherwise had regard to the age and apparent general condition of the Property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the Property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Property is not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the relevant disability discrimination legislation;

(f) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(g) tenants will meet their obligations under their leases;

(h) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(i) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and

(j) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy,