

SUMMARY DOCUMENT FOR ADMISSION TO TRADING OF SHARES ON EURONEXT LISBON



This document comprises a summary document (“**Summary Document**”) relating to Merlin Properties, SOCIMI, S.A. (“**MERLIN**” or “**Company**”). It has been prepared by the Company pursuant to an exemption under article 1, §5, j) for the obligation to publish a prospectus under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (“**Prospectus Regulation**”), in connection with the application for the admission to trading of the issued and outstanding shares of the Company (“**Shares**”) on the regulated market of Euronext Lisbon, operated by Euronext Lisbon– Sociedade Gestora de Mercados Regulamentados, S.A. (the “**Listing**”). The Company is not offering any new shares nor any other securities in connection with the Listing. This Summary Document does not constitute an offer to sell, or the solicitation of an offer to subscribe or to buy, any shares nor any other securities of the Company in any jurisdiction. The shares will not be generally made available or marketed to the public in Portugal or in any other jurisdiction in connection with the Listing.

As of the date of this Summary Document the Company’s shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges (“**Spanish Stock Exchanges**”), regulated markets included in the Bolsas y Mercados Españoles (“**BME**”), the operator of all stock markets and financial systems in Spain.

The Company will remain listed on the referred markets following the Listing as well as subject to the continuing market transparency obligations set out under Spanish law and regulations, in particular by the provisions set forth in the (i) *Real Decreto 1362/2007, of 19 de October*, and (ii) Regulation (EU) 596/2014 of the European Parliament and of the Council, of 16 April 2014, as well as by the provisions set forth by Law no. 11/2009, of 26 October and modified by Law 16/2012, of 27 December (“**SOCIMI Regime**”).

Further information on the Company, including its most recent prospectus relating to the offering of new ordinary shares of the Company pursuant to a rights offering, dated 16 July 2015, may be found on its official corporate website: www.merlinproperties.com/en/.

This Summary Document does not constitute a prospectus for the purposes of article 6 of the Prospectus Regulation, or the Portuguese Securities Law, nor a comprehensive update of information relating to the Company, and neither the Company nor any of its directors and executive officers make any representation or warranty, express or implied, as to the continued accuracy of information relating to the Company. No civil liability is to attach to the Company based on this Summary Document unless it is misleading, inaccurate or inconsistent, as of the date of the Summary Document.

Application has been made for the Shares to be admitted to trading on Euronext Lisbon under the symbol “MRL”. It is expected that the Shares will be admitted to trading on Euronext Lisbon on 15 January 2020.

The Shares are currently admitted to trading on the Spanish Stock Exchanges under ISIN ES0105025003 under the ticker “MRL”. Following the Listing, the Shares will remain admitted to trading on the Spanish Stock Exchanges and will be traded on Euronext Lisbon, under the aforementioned ISIN.

For the purposes of the Listing and pursuant to article 25 of Regulation no. 3/2006 of the Portuguese Securities Markets Commission (“**CMVM**”), MERLIN has appointed Banco Santander Totta, S.A. (“**Santander**”) as Liaison Financial Intermediary. As such and in close and permanent coordination with Santander Securities Services, S.A.U. (“**Santander Securities Services**”), Santander shall ensure the exact correspondence between the shares registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários S.A. (“**Interbolsa**”) and the shares that are registered with Santander Securities Services.

The Company has appointed Santander as its Listing agent for the purposes of the Listing (“**Listing Agent**”).

For the purposes of the Listing MERLIN will execute a liquidity contract with JB Capital Markets, S.V., S.A.U. (“**JBCM**”) in accordance with the provisions of the accepted market practice of the CMVM on liquidity contracts. Under such liquidity contract JBCM will trade on behalf of MERLIN, buying and selling MERLIN’s own shares in circulation in Portugal, with the sole purpose of favouring its liquidity and its regularity of trading on Euronext Lisbon.

No representation or warranty, express or implied, is made or given by, or on behalf of, the Listing Agent, or any of its affiliates or representatives, or its directors, officers or employees or any other person, as to the accuracy, fairness, verification or completeness of information or opinions contained in this Summary Document, or incorporated by reference herein, and nothing in this Summary Document, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Listing Agent, or any of their affiliates or representatives, or their directors, officers or employees or any other person, as to the past or future. Neither the Listing Agent, nor any of its affiliates, representatives, directors, officers or employees or any other person in any of their respective capacities in connection with the Listing, accepts any responsibility whatsoever for the contents of this Summary Document or for any other statements made or purported to be made by either themselves or on their behalf in connection with the Company and the Listing. Accordingly, the Listing Agent and each of its affiliates, representatives, directors, officers or employees or any other person disclaim, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Summary Document and/or any such statement.

Moreover, the Company has appointed Santander as its paying agent for the purposes of the Listing (“**Paying Agent**”). The Paying Agent will be responsible for the financial operations regarding the Shares, notably in respect to the payment of dividends.

The distribution of this Summary Document may be restricted by law. No action has been or will be taken by the Company to permit the possession or distribution of this Summary Document in any jurisdiction where action for that purpose may be required. Accordingly, neither this Summary Document nor any advertisement or any other material relating to it may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Summary Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. No person has been authorised to give any information or make any representations other than those contained in this Summary Document and, if given or made, such information or representations must not be relied on as having been authorized by the Company. Any delivery of this Summary Document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company or its subsidiaries since, or that the information contained herein is correct at any time subsequent to, the date of this Summary Document.

The contents of this Summary Document are not to be construed as legal, financial, business or tax advice. Each investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

This Summary Document and other documents or information referred to herein, may contain certain forward-looking statements based on beliefs, assumptions, targets and expectations of future performance, taking into account all information available to the Company at the time they were made. These beliefs, assumptions, targets and expectations can change as a result of many possible events or factors, in which case the Company’s investment objective, business, financial condition, liquidity and results of operations may vary materially from those expressed in the forward-looking statements. MERLIN undertakes no obligation to publicly update its forward-looking statements, whether as a result of new information, future events or otherwise.

9 January 2020

Section A – Introduction and Warnings

MERLIN expressly states that any decision to invest in the securities should be based on a consideration of the Summary Document as a whole by any investor. Moreover, where a claim relating to the information contained in the Summary Document is brought before a court, the plaintiff investor may, under national law, have to bear the costs of translating the Summary Document, before the legal proceedings are initiated. Furthermore, civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the Summary Document is misleading, inaccurate or inconsistent.

Section B – Key information on the Issuer

B.1. – Who is the issuer of the securities?

General information on the Issuer

The legal name of the issuer is MERLIN Properties SOCIMI, S.A.. The Company is incorporated as a public limited company (a *Sociedad Anónima* or S.A.) and it is registered within the Madrid Commercial Registry at Volume 32,065, sheet 206, page M-577086. It has its registered office at Paseo de la Castellana, 257, 28046 Madrid. The Company is incorporated for an unlimited term. The Company's tax identification number is A-86977790.

The Company has elected to become a Listed Corporation for Investment in the Real Estate Market (*Sociedad Anónima Cotizada de Inversión en el Mercado Inmobiliario*) (“**SOCIMI**”) and has notified such election to the Spanish tax authorities by means of the required filing. Such election will remain applicable until the Company waives its applicability or it does not meet the SOCIMI Regime requirements. The Company's LEI code is 959800L8KD863DP30X04 issued by the *Colegio de Registradores de la Propiedad, Mercantiles y Bienes Muebles de España* (CORPME).

Principal Activities

MERLIN was founded in 2014 and is a leading real estate company listed on the four Spanish stock exchanges and notably on the Madrid Stock Exchange (IBEX-35), since 30 June 2014. The principal activity of the Company together with its consolidated subsidiaries (“**Group**”) is the acquisition (directly or indirectly) and development of urban real estate for its lease, active management, operation and selective rotation of Commercial Property Assets in the Core and Core Plus segments (as defined below) primarily in Spain and, to a lesser extent, in Portugal (“**Company's Business Strategy**”). The Management Team, as defined below, intends to focus on creating both sustainable income and strong capital returns for the Group.

“**Core**” segments are those with real estate assets, with a stabilised long-term cash flow stream derived from leases and low capital expenditure needs, which are easier to finance and generally command the lowest capitalisation rates.

“**Core Plus**” segments are those comprised of good quality assets, normally representing an opportunity to increase the asset's investment yield through some event (for example, the asset might have some scheduled vacancy or leases rolling over which would give the owner the opportunity to increase rents) as well as assets which can benefit from some renovations thus originating higher rents.

The Business Strategy of the Group is based on three strategy pillars:

“**Commercial Property Assets**”: focus on commercial real estate and mainly on office, retail and logistics.

“**Geographies**”: focus on Spain and, to a lesser extent, on Portugal (with a maximum limit of 25% of Total GAV). Within Spain, the Company expects most of the Group’s office and logistics assets to be located in Madrid and Barcelona although it may also consider other major urban clusters. As for Portugal, the Company primarily intends to focus on acquiring assets located in the Lisbon area.

“**Gearing**”: maximum gearing of 50% LTV (calculated as Net Debt over Total GAV), with a target to reach 40% on a stabilized basis.

A list of properties owned by MERLIN, may be found on the Company’s website at www.merlinproperties.com/en/.

Significant Shareholders

The following table shows details of the persons who, as at the date of this Summary Document and as far as the Company is aware, have a direct or indirect capital or voting interest in the Company that needs to be disclosed under the Spanish law. According to article 23 of the *Real Decreto 1362/2007, of 19 de October* whenever a shareholder controls over 3 % of the voting rights of an issuer, that shareholder shall be considered a significant shareholder (“**Significant Shareholder**”), thus being subject to the foreseen duty to communicate its stake in the Company, before the *Comisión Nacional del Mercado de Valores*’ (the “**CNMV**”). Moreover, according to article 32 of the *Real Decreto 1362/2007, of 19 de October* shareholders that reside in a tax haven or in a *nil* tax country or territory or a country or territory with which no effective exchange of tax information is in place are bound to notify any holdings that exceed 1%.

In accordance with the aforementioned provisions, the information in this table has been extracted from the CNMV public register of all notifications made pursuant to the *Real Decreto 1362/2007, of 19 de October*. The Company is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company as at the date of this Summary Document.

	% of the voting rights awarded to the shares			% of the voting rights through other securities	% of the voting rights	% of Capital
	% Total (A)	% Direct	% Indirect	%(B)	(A+B)	-
Banco Santander, S.A.	22.268	16.697	5.571	0.000	22.268	22.27%
Blackrock, Inc.	3.143	0.000	3.143	0.853	3.996	3.99%
Invesco Limited	1.014	0.000	1.014	0.000	1.014	1.014%

Corporate Governance

According to the Company’s by-laws, its governing bodies are the General Shareholders’ Meeting and the Board of Directors (“**Board**”), which powers may be delegated in the manner and with the scope determined in the law, the Company’s by-laws and other corporate regulations. Moreover, MERLIN has also established three committees within the Board: (i) the Audit and Control Committee, (ii) the Nomination Committee, and (iii) the Remuneration Committee.

Board and Management Team

The Board is responsible for the management of the Company and for establishing the strategic, accounting, organisational and financing policies of the Group.

The Board has the broadest powers to manage the Company and apart from the matters reserved to the General Shareholders' Meeting, it is the supreme decision-making body of the Company, with the authority to perform any actions comprising the corporate purpose.

According to the Company's by-laws, the Board may include 3 to 15 directors, appointed for 2-year terms. As at the date of this Summary Document the Board was comprised of 12 members: (i) 2 of which are executive directors, (ii) 2 directors have been appointed by Banco Santander, S.A. as significant shareholder of MERLIN (*consejeros dominicales*), and (iii) 8 are independent directors. There are no family relationships between any of the directors.

The day-to-day operations of MERLIN, including the implementation of the Business Strategy, is carried out by a management team, consisting on property and finance professionals who have extensive experience in the Spanish and Portuguese real estate markets and a notable track record of creating value for shareholders ("**Management Team**"). The management team is led by Mr. Ismael Clemente (CEO), Mr. Miguel Ollero (COO) and Mr. David Brush (CIO).

Statutory Auditor

The Company's Statutory Auditor is:

Deloitte, S.L.

Plaza Pablo Ruiz Picasso, 1

Torre Picasso

28020, Madrid

Spain

B.2. – What is the key financial information regarding the issuer?

Table 1

EUR Million	2018	2017	2016	3 rd quarter 2019	3 rd quarter 2018
Total revenue	509.5	484.3	362.8	397.9	376.1
Gross rents	499.7	469.4	351.0	394.9	371.0
EBITDA	403.7	392.6	303.6	317.0	298.2
Net profit or loss (for consolidated financial statements net profit or loss attributable to equity holders of the parent)	854.9	1,100.4	582.6	316.2	504.9
Year on year revenue growth	5.2%	33.5%	65.6%	5.8%	3.3%

EBITDA margin (EBITDA/ Gross rents)	80.8%	83.6%	86.5%	80.3%	80.4%
Net profit margin (Net Profit/ Gross rents)	171.1%	234.4%	166.0%	80.1%	136.1%
Earnings per share	1.82	2.34	1.59	0.67	1.07

Table 2

Balance sheet for non-financial entities (equity securities)

EUR Million	2018	2017	2016	3 rd quarter 2019
Total Assets	12,573	12,005	10,919	12,899
Total Equity	6,402	5,724	4,841	6,524
Net financial debt (long term debt plus short term debt minus cash)	4,902	4,904	4,471	5,053

Table 3

Cash flow statement for non-financial entities (equity securities)

EUR Million	2018	2017	3 rd quarter 2019	3 rd quarter 2018
FFO	286.9	289.2	237.0	212.7

The financial information disclosed by MERLIN pursuant to its ongoing disclosure obligations may be found on its official corporate website: www.merlinproperties.com/en/.

B.3. – What are the key risks that are specific to the issuer?

- The Company's assets are and will be concentrated in the Spanish and Portuguese commercial property market and the Company will therefore have greater exposure to the political, economic situation, as well as other factors affecting the Spanish and Portuguese markets than more geographically diversified businesses;
- The Company's investments will be concentrated in certain asset classes, as the principal activity of the Company is the acquisition (directly or indirectly), active management, operation and selective rotation of Commercial Property Assets in the Core and Core Plus segments;
- The Company may not have full control of its assets and may therefore be subject to the risks associated with minority investments and joint venture investments. Pursuant to the Company's Business Strategy, MERLIN may enter into a variety of acquisition structures in which it acquires less than a 100% interest in a particular asset or entity with the remaining ownership interest being held by one or more third parties;
- The Company may dispose of assets at a lower than expected return or at a loss, and may be unable to dispose of assets at all. The Company may elect to dispose of assets and may also be required to dispose of an asset at any time, including due to a requirement imposed by a third party (for example, a lending bank). In such case, there can be no assurance that, at the time the Company seeks to dispose of the assets (whether voluntarily or otherwise), the relevant market conditions will be favourable or that the Company will be able to maximise the returns on such disposed assets;
- The Company may acquire various types of real estate loans, some of which may be subordinated debt which would rank behind senior debt tranches for repayment in the event that a borrower defaults;

- The composition of the Company's assets is expected to fluctuate. The principal activity of the Company is the acquisition, directly or indirectly, active management, operation and selective rotation of Commercial Property Assets in the Core and Core Plus segments, such as offices, retail and logistics in Spain, and to a lesser extent, in Portugal. The Company, however, may freely acquire different real estate assets at different times within those categories of assets;
- The Company faces potential risks related to its indebtedness and it may not be able to obtain further financing on satisfactory terms or at all;
- The value of any properties that the Company has acquired and will acquire and the rental income those properties yield are and will be subject to fluctuations in the Spanish and Portuguese property markets;
- The Company's business may be materially adversely affected by a number of factors inherent to the sale and purchase of properties and their management;
- The Company may be subject to potential claims relating to the development, construction and refurbishment of real estate assets;
- The Company is subject to the SOCIMI Regime, which may limit MERLIN's ability and flexibility to pursue growth through acquisitions. Since MERLIN has become a SOCIMI, the SOCIMI Regime distribution requirements may limit its ability to fund acquisitions and capital expenditures through retained income and debt financing. On the other hand, it may cease to be qualified as a Spanish SOCIMI which would have adverse consequences for the Company and its ability to deliver returns to shareholders, namely due to the fact it would cease to benefit from the 0% effective corporate income tax rate. Moreover, any change (including a change in interpretation) in the legislative provisions relating to Spanish SOCIMIs or in tax legislation more generally, either in Spain or in any other country in which MERLIN may operate in the future, including but not limited to the imposition of new taxes or increases in tax rates in Spain or elsewhere, may have a material adverse effect on the Company's business, financial condition, results of operations and prospect;
- The Group is reliant on the performance, expertise and retention of the Board and the Management Team and, accordingly, reputational risk in relation to the Board may materially adversely affect the Group. Moreover, there may be circumstances where directors have a conflict of interest.

Section C – Key information on the securities

C.1. – What are the main features of the securities?

General

As of the date of this Summary Document, the share capital of the Company amounts to € 469,770,750, represented by 469,770,750 fully subscribed and paid up Shares with a nominal value of € 1 each, all of which are of the same class and confer the holders thereof the same rights. As referred above, all the Shares are listed on the four Spanish stock exchanges: Madrid, Barcelona, Bilbao and Valencia under the ISIN Code ES0105025003.

Rights attached to the securities

The Shares grant their owners the rights set forth in the Company's by-laws and under Spanish corporate law, such as, among others, (i) the right to attend General Shareholders' Meetings of the Company with the right to intervene and vote, (ii) the right to dividends proportional to their paid-up holding in the Company, (iii) the pre-emptive right to subscribe for newly-issued Shares in capital increases with cash contributions, and (iv) the right to any remaining assets in proportion to their respective holdings upon liquidation of the Company.

The political and economic rights attaching to the Shares, notably the right to intervene and vote at General Shareholders' Meetings and the right to dividends mentioned above, shall be exercised in accordance with Spanish law and the by-laws of the Company. Information on the terms and conditions applicable to the exercise of such rights by shareholders will be disclosed by MERLIN in due course.

Restrictions on the free transferability of the securities

Under the Spanish Law, the Company may not impose restrictions in its by-laws on the free transferability of its Shares.

Information Obligations

The by-laws of the Company contain information obligations with respect to shareholders or beneficial owners of Shares (i) above 5% of the capital stock of the Company or (ii) who are subject to a special legal regime applicable to pension funds or benefit plans (the “**Information Obligations**”). The Company refers to the publicly available by-laws for further elements on these matters.

Dividend policy

The Company maintains a dividend policy that takes into account sustainable levels of distributions, and shows the Company's forecast in relation to obtaining recurring profits. The Company does not intend to create reserves that may not be distributed to the shareholders, other than those required by law. The Company intends to pay dividends when the Board or the General Shareholders' Meeting considers it appropriate. According to the SOCIMI Regime, the Company will be bound to adopt agreements to distribute a minimum amount of the profits obtained in the current financial year in the form of dividends to shareholders, after complying with any relevant requirement of the Spanish Corporation Law.

The Company will be bound to determine its distribution within six months after the term of each financial year, in the following manner (as a general rule and with some exceptions): (i) at least 50% of the profits derived from the transfer of real estate properties, shares, or shareholdings in qualified affiliates, provided that the remaining profits are reinvested in other real estate assets within a maximum period of three years from the date of transmission or, if not, 100% of the profits must be distributed as dividends at the end of this three year period; (ii) 100% of the profits obtained by receiving dividends paid by qualified subsidiaries; (iii) at least 80% of the rest of the obtained profits. If the dividend distribution agreement is not adopted within the legally foreseen timeframe, the Company will lose its SOCIMI status during the financial year to which the dividends refer.

Only those shareholders that are registered on the corresponding accounting records or register of shareholders on the date determined by the General Shareholders' Meeting or, as the case may be, the Board, in the relevant distribution resolution, shall be entitled to receive the dividend. Dividends will be received in respect of the Shares owned at such time. Unless resolved otherwise, the dividend shall be claimable and payable 30 days after the date of the resolution whereby the General Shareholders' Meeting or, as the case may be, the Board has approved its distribution. The record date criteria referred to above intends to allow the Company to timely identify the shareholders, holding a stake in the Company equal to or higher than 5% of its share capital, before having to make a dividend distribution to them, in order to check whether they need to comply with the Information Obligations.

C.2. – Where will the securities be traded?

The Shares are currently listed on the Spanish Stock Exchanges. Upon listing the Shares will also trade on Euronext Lisbon.

C.3. – What are the key risks that are specific to the securities?

- The market price of the Shares may not reflect the value of the assets of the Group and the Shares may fluctuate widely in response to different factors.
- The holding of the Shares does not guarantee the right to attend MERLIN's General Shareholders' Meetings considering that, in order to be entitled to attend such meetings, shareholders must hold at least 500 Shares of the Company. However, Shareholders who do not reach this threshold may group their holdings and choose a proxy to represent them.
- The Shares will be listed on both the Spanish Stock Exchanges and on Euronext Lisbon. Both the Spanish Stock Exchanges and on Euronext Lisbon therefore have the right to suspend trading in the Shares in certain circumstances. Moreover, this is also a prerogative of the correspondent national securities authorities, the CMVM and CNMV, for Portugal and Spain, respectively. In that case, if trading is suspended, the shareholders may not be able to dispose of their Shares on the Spanish Stock Exchanges and on Euronext Lisbon, as the case may be.
- Since the Shares will be simultaneously listed on the Spanish Stock Exchanges and on Euronext Lisbon and it is expected that the liquidity in the Portuguese market will be significantly lower than in the Spanish market, there can be no assurance that the market price in both jurisdictions will be at all times exactly the same and therefore that there will be no cross-market arbitrage trades.
- Transactions over the Shares on the Euronext Lisbon will be subject to clearing and settlement on LCH, S.A. and Target2-Securities platforms, according to the applicable procedures and deadlines, including the ones defined by Interbolsa where the Shares circulating in Portugal will be registered. Notwithstanding the procedures in place, there can be no assurance that trades in the Portuguese market will be executed without settlement delays as a result of Iberclear and Interbolsa currently not being directly linked.

Section D – Key information on the admission to trading

D.1. – Under which conditions and timetable can I invest in this security?

As referred above, the Shares are currently listed on the Spanish Stock Exchanges. Upon the Listing, which is expected to occur on 15 January 2020 the Shares will also trade on Euronext Lisbon.

D.2. – Why is this summary being produced?

This Summary Document is being produced in the context of the Listing of the Shares on Euronext Lisbon. The Company believes that such Listing, resulting in a dual admission to trading on the Spanish Stock Exchanges and Euronext Lisbon, will be beneficial to MERLIN and its shareholders, for the following reasons:

- The Company considers Portugal as one of its core markets, as referred above. Listing on Euronext Lisbon underlines MERLIN's intention to strengthen its position in the Portuguese market and the strategic value of Portugal to the Company, approaching the Spanish and Portuguese market as a "single market".
- By listing on Euronext Portugal, the Company expects to increase its visibility, reputation and brand awareness by further improving analyst coverage and press coverage in the Portuguese market. The Listing will also provide Portuguese investors with more direct access to one of Europe's leading real estate companies, involved in the acquisition (directly or indirectly), active management, operation and selective rotation of Commercial Property Assets in the Core and Core Plus segments, listed on the Spanish Stock Exchange (IBEX-35).
- Finally, it shall give the Company the opportunity to further expand and diversify its shareholder base.