

Requirements for the listing of Spanish Real Estate Investment Trusts on the Alternative Investment Market and differences with the Stock Exchange

One of the main changes to the new regulation on Spanish Real Estate Investment Trusts or REITs, pursuant to amendments made by virtue of Law 16/2012 to Law 11/2009 governing such companies, consists of allowing the REITs to list their shares not only on regulated or official securities markets, as would be the case of the Spanish Stock Exchanges, but also on multilateral trading systems, as would be the specific case of the Spanish Alternative Investment Market (MAB).

With a view to establishing the requirements for a company to list its shares on the MAB, the latter has issued Circular 2/2013 (the "Circular") which stipulates, among other aspects, the requirements for the listing of the shares the REITs and foreign companies with an analogous corporate object and investment regime, as well as the regular information which must be provided to the MAB. The Circular focuses on establishing a set of specific rules in this area, referring in the case of any other aspects to the general regime for listing shares on the MAB of the so-called "growing companies", which is one of the trading segments forming such market. Accordingly, one of the obligations maintained for the REITs consists of appointing a Registered Adviser (responsible essentially for providing advice to the company on listing its shares and meeting its information duties) and a Liquidity Provider (an intermediary responsible for providing liquidity to the shares).

Set forth below are the main requirements for the listing of the REITs on the MAB established in the Circular, which for ease of reference are compared with the regulations applicable to the listing of shares on an official or regulated market, as would be the case of the Spanish Stock Exchanges.

| MAB | | STOCK EXCHANGE |
|--|--|--|
| Requirements for the listing of shares | | |
| <i>Minimum free-float</i> | Shareholders holding a percentage of less than 5% of the share capital must own a number of shares which, as a minimum, represents (i) an estimated market value of 2,000,000 euros or (ii) 25% of the company's issued shares. Such calculation will include the shares | As a general rule, 25% of the shares must be made available to the public. |

2 Requirements for the listing of Spanish Real Estate Investment Trusts on the Alternative Investment Market and differences with the Stock Exchange

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| | made available to the liquidity provider to carry out its liquidity duties | |
| <i>Lock- up</i> | The reference shareholders and the main executives must agree not to sell the shares or carrying out equivalent transactions during the year following the listing of the company on the MAB (which does not include any shares they may make available to the liquidity provider) | There is no such obligation. |
| <i>Offering Circular</i> | Listing Document (Annex 1 of MAB Circular 5/2010 for growing companies, including certain specific provisions in the case of REITs) | Prospectus (Regulation (EC) No 1809/71) |
| <i>Financial information</i> | <ul style="list-style-type: none"> - Spanish companies may opt between applying International Financial Reporting Standards (IFRS) or the national general accounting rules (PGC) - Audited historical financial information for the latest 3 financial years (or the shortest period of issuer activity) | <ul style="list-style-type: none"> - Spanish companies must draw up consolidated accounts in accordance with the IFRS and individual accounts according to the PGC - Audited historical financial information for the latest 3 financial years (or the shortest period of issuer activity) |
| <i>Other entities</i> | Obligation to appoint a Registered Adviser and sign an agreement with a Liquidity Provider | There is no such obligation (although it is possible to sign a liquidity agreement with a financial intermediary). |
| <i>Valuation</i> | A valuation must be provided, carried out by an independent expert in accordance with internationally accepted criteria, unless during the 6-month period prior to the application the company has implemented a share placement or a financial operation relevant for the determination of a first reference price to commence trading the shares | The Spanish Securities Market Commission (CNMV) may request a valuation or expert report on the issuer's assets. |
| <i>Shares</i> | No restrictions in the by-laws regarding the free transferability of the shares and representation of such shares by means of book entries | No restrictions in the by-laws regarding the free transferability of the shares and representation of such shares by means of book entries |

Furthermore the Circular also establishes the obligation to notify the REIT of any significant stakes exceeding 5%, compared to the 10% stipulated on a general basis for the growing companies (and 3% in the case of companies listed on the Spanish Stock Exchanges), with the ensuing obligation for the REIT to provide the market on a six-monthly basis with a list of the shareholders which have acquired such status as significant shareholders.

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