

[Translation for information purposes only]

TO THE SPANISH SECURITIES MARKET EXCHANGE COMMISSION

MERLIN Properties, SOCIMI, S.A. (hereinafter “**MERLIN Properties**” or the “**Company**”), pursuant to article 82 of Law 24/1988, of 28 July, on the Securities Market, hereby informs on the following

RELEVANT INFORMATION

With regards to the information appeared today in the Spanish media, MERLIN Properties declares that the hotel portfolio is non-core for the Company, as repeatedly conveyed to the market in the past. As such, the Company is working on several routes to accomplish either the divestment or deconsolidation of the hotels. In this respect, negotiations are being held, in an advanced stage, with Fonciere des Murs. Should these negotiations, or any other alternative, come to a result, the Company would disclose it to the market through a relevant fact.

Madrid, 27 December 2016.

MERLIN Properties SOCIMI, S.A.