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Madrid, 17th May 2017

**PRICE SENSITIVE INFORMATION COMMUNICATION
TO THE
COMISIÓN NACIONAL DEL MERCADO DE VALORES**

Pursuant to article 228 of the consolidated text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, Banco Popular Español, S.A. ("**Banco Popular**") hereby announces the approval and commencement of the placement, through an accelerated book building offering among institutional investors and/or qualified investors, of 13,411,809 shares of Merlin Properties, SOCIMI, S.A. ("**Merlin**") from Banco Popular (the "**Sale**"), representing approximately 2.86% of its share capital.

Credit Suisse Securities (Europe) Limited has been appointed as bookrunner of the Sale for the placement of Merlin's shares (the "**Bookrunner**").

The Agreement entered into between Banco Popular and the Bookrunner regarding the Purchase contains the usual representations, warranties and undertakings for this type of transactions.

The final terms of the Sale, including the selling price, will be determined once the accelerated book building process is completed, and will be made public by Banco Popular through the corresponding price sensitive information communication.

José Heraclio Peña Pérez
Vicesecretary of the Board of Directors

IMPORTANT INFORMATION

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Therefore, and subject to certain exceptions, the shares may not be offered or sold in the United States of America, Canada, Australia or Japan nor in any other jurisdiction where this offer may constitute an infraction of the securities laws of such other jurisdiction, or on behalf of, or for the benefit of any person in or into the United States of America, Canada, Australia or Japan.