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TO THE NATIONAL SECURITIES MARKET COMMISSION

Merlin Properties, SOCIMI, S.A. (“MERLIN”), in compliance with article 82 of Securities Market Law 24/1988, of July 28, notifies the following

RELEVANT FACT

The Board of Directors of MERLIN has resolved to call a Special Shareholders’ Meeting to be held on July 13 or July 14, 2015, on first and second call, respectively.

The full text of the call notice, to be published tomorrow in the newspaper “*Cinco Días*”, and the proposed resolutions and reports by the managing body in relation to the different items on the agenda for the Shareholders’ Meeting are attached hereto as an **Exhibit**.

Documents attached.

Madrid, June 11, 2015.

Merlin Properties SOCIMI, S.A.

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Exhibit
Call notice, proposed resolutions and reports

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MERLIN PROPERTIES, SOCIMI, S.A.

Call notice for a Special Shareholders' Meeting

The Board of Directors of MERLIN Properties, SOCIMI, S.A. (the "**Company**") has resolved to call a Special Shareholders' Meeting to be held in Madrid, at the Hesperia Hotel, located at Paseo de la Castellana 57, on July 13, 2015, at 9 a.m., on first call, or, if the necessary quorum is not reached, on second call, in the same place and at the same time on July 14, 2015, so that the shareholders may deliberate and resolve on the items on the following:

AGENDA

One.- Approval, for the purposes of the provisions of article 160, letter f) of the Capital Companies Law, of the acquisition by the Company of Sacyr, S.A.'s entire stake in the share capital of the listed company "Testa Inmuebles en Renta, S.A.", with the Company's stake being able to reach up to 100% of the share capital of said company.

Two.- Authorization to the Board of Directors to interpret, rectify, supplement, implement and carry out the resolutions adopted by the Shareholders' Meeting, as well as to delegate the powers it receives from the Shareholders' Meeting, and to delegate powers to cause such resolutions to be notarized.

* * *

Submission of proposed resolutions: Shareholders representing at least three percent of the share capital may, within five days after the publication of this call notice, submit reasoned proposals for resolutions on matters already included or which must be included on the agenda of the Shareholders' Meeting, all on the terms set out in article 519.3 of the Capital Companies Law.

Right to attend: Company shareholders who hold, individually or in a group with other shareholders, at least five hundred (500) shares may attend the Shareholders' Meeting. In order to exercise the right of attendance, shareholders must have registered the shares in their name on the corresponding register of book entries five (5) days in advance of the date on which the shareholders' meeting is to be held. This circumstance must be evidenced by means of the relevant attendance, proxy and distance voting card, certificate of authenticity or any other valid means of accreditation admitted by the Company.

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The right to attend may be delegated pursuant to the provisions on this matter in the Capital Companies Law, the Bylaws and the Shareholders' Meeting Regulations.

Attendance cards will be issued by the Company itself, subject to evidence of ownership of the shares, or by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) or the entities participating in these systems. The absence of a card may only be replaced by the relevant certificate of authenticity evidencing compliance with the attendance requirements.

The recording of attendance cards will commence one hour prior to the time at which the Shareholders' Meeting is scheduled to be held. For the purposes of identifying the shareholders, at the entrance of the venue where the Shareholders' Meeting is to be held, attendees may be asked to evidence their identity by producing their national identity card, foreigner identity card or passport; in the case of corporate shareholders, the attending individual may also be asked to provide documentation evidencing his or her authority to represent the shareholder.

Grant of proxies and voting using means of distance communication: The shareholders entitled to attend may (i) grant a proxy or (ii) cast their vote using means of distance communication before the Shareholders' Meeting is held, pursuant to the provisions of articles 24 and 25 of the Bylaws and articles 10 and 21 of the Shareholders' Meeting Regulations. In accordance with the foregoing, the Board of Directors has developed the rules established herein, resolving that they will apply to the Shareholders' Meeting to which this call notice refers, as follows:

1. Grant of proxies using means of distance communication.

A) Means of distance communication.

The Board of Directors has considered that, for this Shareholders' Meeting, the Company **does not** have the resources that would enable it to suitably guarantee the proxy granted, the identity of the holder and the grantor of the proxy and the security of the communication, if the means of distance communication to be used for the proxy is an electronic means.

Therefore, the Board of Directors has considered that the means of distance communication that are valid for granting proxies for the Shareholders' Meeting will be postal correspondence or an equivalent courier service.

To grant their proxy by postal correspondence or an equivalent courier service, shareholders must complete and sign (i) the attendance card and the proxy issued on paper by the entities participating in the Sociedad de Gestión de los

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Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR), that applies in each case, or (ii) the form provided by Merlin Properties, SOCIMI, S.A., using the mechanism established for the purpose on the Company's website (www.merlinproperties.com) in the *July 2015 Special Shareholders' Meeting/Documentation* section, and in both cases signing in the section that such card provides for the signature of the proxy-grantor; in the second case (sending of the form provided by Merlin Properties, SOCIMI, S.A.), the certificate evidencing ownership of the shares must also be attached. The duly completed card signed with a handwritten signature (and, as the case may be, the certificate of ownership) must be sent to Merlin Properties, SOCIMI, S.A. (Paseo de la Castellana, 42, 28046-Madrid) by postal correspondence or an equivalent courier service. In the case of corporate shareholders, a copy of the document evidencing the signatory's sufficient representative authority must be attached. The delivery in person of the proxy at the reception desk of Merlin Properties, SOCIMI, S.A. (Paseo de la Castellana, 42, 28046-Madrid) will be treated as sending by postal correspondence.

B) Notification of the proxy to the proxy-holder.

Shareholders who grant their proxy by postal correspondence or an equivalent courier service must notify the designated proxy-holder of the proxy granted.

Where the proxy is granted to Merlin Properties, SOCIMI, S.A., to a Director and/or the Secretary of the Board of Directors (or to the Deputy Secretary of that body), this notification will be deemed served and accepted by the receipt by Merlin Properties, SOCIMI, S.A. of the physical card, duly completed or signed.

The person to whom the vote is delegated may only cast it by personally attending the Shareholders' Meeting (and not by means of distance communication).

On the day and at the venue of the Shareholders' Meeting and within the hour immediately prior to that announced for the start of the meeting, the designated proxy-holders must identify themselves by their national identity card, foreigner identity card or passport. In the case of proxies granted by corporate shareholders, a copy may be requested of the document evidencing the sufficient representative authority of the signatory of the proxy; likewise, if a legal entity represents one or more shareholders, a document evidencing the sufficient representative authority of the appearing individual may be requested.

2. Voting using means of distance communication.

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The Board of Directors has considered that, for this Shareholders' Meeting, the Company **does not** have the resources that would enable it to ensure the authenticity and identification of the shareholder exercising his/her/its right to distance voting, if the means of distance communication used is an electronic means.

Therefore, the Board of Directors has considered that the means of distance communication that are valid for distance voting for the Shareholders' Meeting will be postal correspondence or an equivalent courier service.

To cast a distance vote by postal correspondence or an equivalent courier service, shareholders must complete and sign (i) the attendance, proxy and vote card issued on paper by the relevant IBERCLEAR participating entity or (ii) the postal vote card that they may download from the Company's website (www.merlinproperties.com) (using the mechanism established for the purpose on the Company's website (www.merlinproperties.com) in the *July 2015 Special Shareholders' Meeting/Documentation* section and print it on paper, completing and signing it together with the certificate of ownership of the shares. After completing and signing the card with a handwritten signature, the shareholder must send it to Merlin Properties, SOCIMI, S.A. (Paseo de la Castellana, 42, 28046-Madrid) by postal correspondence or an equivalent courier service; if the document sent is the form provided by Merlin Properties, SOCIMI, S.A., the certificate evidencing ownership of the shares must also be sent. In the case of corporate shareholders, a copy of the document evidencing the signatory's sufficient representative authority must be attached. The delivery in person of the vote at the reception desk of Merlin Properties, SOCIMI, S.A. (Paseo de la Castellana, 42, 28046-Madrid) will be treated as sending by postal correspondence.

3. Basic rules on distance voting and proxies.

A) Deadline for receipt by Merlin Properties, SOCIMI, S.A.: To be valid, and pursuant to the Bylaws and the Shareholders' Meeting Regulations, the Board of Directors has resolved that both proxies and votes using means of distance communication (regardless of the means used) must be received by Merlin Properties, SOCIMI, S.A. before 23:59 hours on the day before the date on which the Shareholders' Meeting is held on first call, that is, before 23:59 hours on July 12, 2015. After the above deadline, only proxies granted on paper that are submitted to the staff in charge of the register of shareholders on the day and at the venue on which the Shareholders' Meeting is held and within the hour immediately prior to that established for the start of the meeting will be admitted.

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- B) Rules on priority between proxies, voting by distance means and in person at the Shareholders' Meeting:
- a) Personal attendance at the Shareholders' Meeting will constitute the revocation of a vote cast using means of distance communication.
 - b) A vote cast by means of distance communication may be rendered void by a subsequent and express revocation performed by the same means used to cast the vote, and by the deadline set for this.
 - c) If a shareholder grants several proxies or casts several votes validly by way of a card printed on paper, the last proxy or vote received by Merlin Properties, SOCIMI, S.A. by the stipulated deadline will prevail.
 - d) Voting by means of distance communication will render void any written proxy, whether prior, which will be deemed revoked, or subsequent, which will be deemed not granted.
- C) Scope of the voting proxy and instructions: The scope of the proxy will extend to the items on the agenda as well as, unless indicated otherwise, to any other items which, although not envisaged in the agenda of the call notice, may be addressed at the Shareholders' Meeting. Voting proxies shall state the direction in which the proxy-holder will vote. In the absence of precise voting instructions, or if doubts arise as to the scope of the proxy, it will be deemed that (i) the vote is affirmative for all of the proposals submitted by the Board of Directors; and (ii) it also extends to the other items not envisaged in the agenda of the call notice but which may be addressed at the Shareholders' Meeting, because the applicable legislation so permits, with respect to which the proxy-holder will abstain from voting, unless the proxy-holder has reason to believe that voting for or against the proposals is more favorable to the interest's of the proxy-grantor.
- D) Recipients of the proxies: Proxies simply granted to Merlin Properties, SOCIMI, S.A., or those which do not indicate the person to whom they are granted, will be deemed granted to the Chairman of the Board of Directors or, in the absence of the Chairman at the Shareholders' Meeting, to whoever stands in for him at such Meeting.

In cases of (express or implied) proxies to the Chairman of the Board, as well as in cases of express proxies to a director, in the event of any item where the proxy-holder may be in a situation of conflict of interest, and if precise instructions have not been issued by the proxy-grantor in the proxy document, the proxy will be deemed granted, for the specific matter in question, to the Secretary of the Board of Directors or, in the event of absence, conflict or impossibility, to the Deputy Secretary of such body.

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For these purposes, as well as for the purposes established in the applicable legislation, shareholders are informed that in the event that because the applicable legislation so permits, one or more of the proposals referred to in article 526.1.b) and .c) of the Capital Companies Law are submitted to the Shareholders' Meeting, the directors affected by those proposals will be in a situation of conflict of interest with respect to voting on them.

E) Other provisions:

- a) The disposal of shares whose ownership confers the right to vote of which Merlin Properties, SOCIMI, S.A. is aware will render void the vote and/or proxy granted.
 - b) As noted above, the Shareholders' Meeting may be attended by the Company shareholders who, individually or in groups with other shareholders, hold at least 500 shares and have registered those shares on the relevant register of book entries at least five (5) days before that on which the Shareholders' Meeting is to be held. To validly exercise the right to vote using means of distance communication, this condition must be fulfilled at the time of the casting of the vote.
 - c) Shareholders entitled to attend who cast their vote using distance means in accordance with the provisions of this section will be considered present for the purposes of the constitution of the Shareholders' Meeting.
- F) Technical incidents: Merlin Properties, SOCIMI, S.A. will not be responsible for any damage that may be caused to the shareholder as a result of the malfunction of the postal service or any other incident of the same or similar nature, beyond the control of Merlin Properties, SOCIMI, S.A., which prevents the use of the distance voting and proxy mechanisms.

G) Additional information

For more information on proxies and voting using means of distance communication, shareholders may (i) consult the Company's website (www.merlinproperties.com); (ii) write to the e-mail address juntaaccionistas@merlinprop.com; or (iii) call the Shareholder Information Office at the phone number 91 787 55 30.

Right to information: Pursuant to the provisions of the applicable legislation, as from the date of publication of the call notice, the shareholders will be entitled to examine at the registered office, and to request the immediate and free-of-charge delivery or sending of (i) the proposed resolutions; (ii) the explanatory report issued by the Board of Directors in relation to item one on the agenda, as well as any other documentation that on the occasion of the holding of this Shareholders' Meeting must be made available to the shareholders at the registered office and/or be sent

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immediately and free of charge if requested. All of the above-mentioned documents may also be consulted and downloaded on the Company's website (www.merlinproperties.com).

In addition, and notwithstanding any other rights to information granted by the applicable legislation, up until the fifth day prior to that on which the Shareholders' Meeting is scheduled to be held, shareholders may ask the directors, regarding the items included on the agenda, for the information and clarifications they consider necessary, or submit in writing the questions they consider pertinent. Likewise, and also up to the fifth day prior to the day on which the Shareholders' Meeting is scheduled to be held, shareholders may ask the directors, in writing, for the clarifications they consider necessary regarding the information accessible to the public that Merlin Properties, SOCIMI, S.A. has provided to the Spanish National Securities Market Commission since the last Shareholders' Meeting was held and regarding the audit report. With respect to the above aspects, shareholders may also ask the directors, orally and while the Shareholders' Meeting is being held, for the information or clarifications they see fit.

Shareholders wishing to exercise their right to information may do so by delivering or sending by postal correspondence or an equivalent courier services to the registered office (Paseo de la Castellana, 42, 28046-Madrid) a written request with a handwritten signature and attaching a photocopy of a valid personal identity document; the request must state the address to which the requesting shareholder wants the information to be sent (for which purpose an e-mail address may be included).

For the above purposes, and pursuant to article 11 *quáter* of the Capital Companies Law, to answer any query or request by electronic means, such means will be deemed accepted for the answer if, in the context of the query, the shareholder has included an e-mail address and has not expressly rejected the use of electronic means for the sending of the query or request. If it has been rejected, the answer or information will be sent by post to the address indicated in the communication (a detail which will be mandatory if the shareholder does not accept sending by electronic means or does not include an e-mail address).

Additional information and documentation available on the Company's website (www.merlinproperties.com): As from the date of the call notice and until the Shareholders' Meeting is held, the following documents, among others, will be available for consultation, downloading and printing on the Company's website (www.merlinproperties.com):

- 1) the full text of the call notice of the Shareholders' Meeting;

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- 2) the total number of shares and voting rights on the date of the call notice;
- 3) the full texts of the proposed resolutions relating to each and every one of the items on the agenda; the proposed resolutions submitted by the shareholders will also be included as and when they are received;
- 4) the explanatory report issued by the Board of Directors regarding item one on the agenda;
- 5) the rules applicable to proxies and voting using means of distance communication;
- 6) the standard form for proxy and distance voting cards;
- 7) the current revised texts of the Bylaws, Shareholders' Meeting Regulations, Regulations of the Board of Directors and other documents comprising the corporate governance system; and
- 8) a document setting out the right to information available to shareholders.

It is placed on record that, although the additional information and documentation available on the Company's website (www.merlinproperties.com) include the proposed resolutions that are submitted by the Board of Directors to the Shareholders' Meeting on each of the items on the agenda, the Board of Directors reserves the right to amend the contents of those proposals on justified grounds. In such case, this circumstance would be reported as soon as practicable by way of the appropriate material event, thereby providing full and complete disclosure of the amendments.

For any clarification on the delivery of documentation and other aspects of this call notice, shareholders may address their request to the offices of Merlin Properties, SOCIMI, S.A. (Paseo de la Castellana 42, 28046-Madrid), the shareholder's service at the phone number 91 787 55 30 Monday to Friday, from 9:00 a.m. to 7:00 p.m., or the e-mail address juntaaccionistas@merlinprop.com.

Presence of a notary at the Shareholders' Meeting: The Board of Directors has resolved to require the presence of a notary to draw up the minutes of the Shareholders' Meeting, pursuant to the provisions of article 203 of the Capital Companies Law in conjunction with article 101 of the Commercial Registry Regulations.

Shareholders' Electronic Forum: Pursuant to the current legislation, Merlin Properties, SOCIMI, S.A. has set up on its corporate website (www.merlinproperties.com) a Shareholders' Electronic Forum, the use of which will comply with its legal purpose and the operating safeguards and rules established by

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Merlin Properties, SOCIMI, S.A., which are set out on the Company's website (www.merlinproperties.com), which may be accessed by duly authenticated shareholders and groups of shareholders.

Data processing: The personal data that the shareholders send to Merlin Properties, SOCIMI, S.A. to exercise their rights of attendance, proxy and vote at the Shareholders' Meeting, to participate in the Shareholders' Electronic Forum, as well as to fulfill any other legal obligations arising from the call notice or holding of the Shareholders' Meeting, or which are furnished by banks and broker-dealers and securities brokers where the shareholders have deposited their shares, through the entity legally authorized to keep the register of book entries, IBERCLEAR, will be processed for the purpose of managing the development, fulfillment and control of the shareholder relationship existing in relation to the call notice and holding of the Shareholders' Meeting. These data will be included in a filing system the controller of which is Merlin Properties, SOCIMI, S.A. If the attendance or proxy card includes personal data relating to individuals other than the holder, the shareholder must have the consent of the data subjects for the disclosure of the personal data to Merlin Properties, SOCIMI, S.A. and inform them of the aspects relating to personal data processing indicated in this call notice. The data subjects may exercise their rights of access, rectification, cancellation and objection, pursuant to the current legislation and on the terms and complying with the requirements established by such legislation, by sending a notice identified with the reference "*Personal Data Processing*" in which they specify their request, to the following address: Merlin Properties, SOCIMI, S.A., Paseo de la Castellana 42, 28046-Madrid, or by e-mail to the in-box juntaaccionistas@merlinprop.com.

*NOTE.- The Shareholders' Meeting will be held, foreseeably, on **second call**, on July 14, 2015, in the place and at the time indicated, unless the shareholders are informed otherwise through the same newspaper as that in which this call notice is published, through the Company's website (www.merlinproperties.com) or through the appropriate material event to be sent to the CNMV.*

In Madrid, on June 11, 2015. Ismael Clemente Orrego. Chairman of the Board of Directors

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**PROPOSED RESOLUTION TO THE SPECIAL SHAREHOLDERS' MEETING OF
MERLIN PROPERTIES, SOCIMI, S.A. TO BE HELD ON JULY 13 AND 14, 2015, ON
FIRST AND SECOND CALL, RESPECTIVELY**

TO ITEM ONE ON THE AGENDA:

Approval, for the purposes of the provisions of article 160, letter f), of the Capital Companies Law, of the acquisition by the Company of Sacyr, S.A.'s entire stake in the share capital of the listed company "Testa Inmuebles en Renta, S.A.", with the Company's stake being able to reach up to 100% of the share capital of said company.

PROPOSED RESOLUTION:

*"To approve, for the purposes of the provisions of article 160, letter f), of the Capital Companies Law, the acquisition by the Company of 114,894,179 shares of the listed company Testa Inmuebles en Renta, S.A., owned by Sacyr, S.A., with the Company's stake being able to reach up to 100% of the share capital of said company, all on terms equal or substantially similar to those set out in the report prepared for the purpose by the managing body and made available to this shareholders' meeting at the time of the call notice (the "**Transaction**").*

Against this backdrop, it was resolved (i) to ratify, to the extent necessary, the capital increase already subscribed and paid in by the Company at Testa Inmuebles en Renta, S.A., and (ii) to delegate to the board of directors, with express authority to delegate in turn, the possibility of taking such steps as may be necessary or merely advisable for the conclusion of the Transaction and to perform such acts as may be necessary, recommendable, claimable or advisable for its full execution, including, but not limited to, the following:

- (i) to negotiate, agree, submit and sign such public and private documents as may be necessary in relation to the Transaction in accordance with the practice in these kinds of transactions, including in particular, if it is considered or becomes necessary, the grant of such security and indemnification as may be necessary or advisable, the assumption of commitments not to subscribe or not to transfer (lock-up) and including the making of a tender offer for 100% of the share capital of Testa.*
- (ii) To obtain such financing as may be necessary to conclude the Transaction in the manner and terms considered appropriate, including by implementing the resolution to increase the capital of the Company, adopted by the Special Shareholders' Meeting held on April 1, 2015.*

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- (iii) *To make the relevant requests, prepare and submit the appropriate documents on the terms considered appropriate, performing such acts as may be necessary for the purposes of completing the Transaction including in any event:*
- (a) *to draft, sign and submit to the Spanish National Securities Market Commission (CNMV) such documents as may be necessary in the context of the Transaction, assuming responsibility for their contents, as well as such documents, requests, communications or notices as may be required by the applicable legislation or necessary or advisable to execute the Transaction;*
 - (b) *to appear and perform such acts as may be required in dealings with any competent authorities in any jurisdiction and approve and formalize such public or private documents as may be necessary or advisable for the full effectiveness of the Transaction in any of its respects and contents;*
 - (c) *to execute such public and private documents as may be required, appear before a notary to have the preceding resolutions notarized, as well as to rectify, adjust, clarify and adapt these resolutions in whatever sense may be necessary;*
 - (d) *to appear before any bodies or authorities (including, but not limited to, the CNMV, Iberclear and stock exchanges), public or private, sign such documents and perform such steps as may be necessary for the full implementation of the above resolutions; and*
 - (e) *to draft and publish such announcements or notices of material events as may be necessary or advisable;*
- (iv) *in general, to perform such steps as may be necessary, recommendable, claimable or merely advisable for the successful outcome and full execution of the Transaction.”*

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**REPORT BY THE BOARD OF DIRECTORS OF MERLIN PROPERTIES, SOCIMI, S.A.
IN RELATION TO THE PROPOSED RESOLUTION REFERRED TO IN ITEM ONE ON
THE AGENDA OF THE SPECIAL SHAREHOLDERS' MEETING TO BE HELD ON JULY
13 AND 14, 2015, ON FIRST AND SECOND CALL, RESPECTIVELY, IN RELATION TO
THE ACQUISITION OF A SIGNIFICANT STAKE IN THE SHARE CAPITAL OF THE
LISTED COMPANY "TESTA INMUEBLES EN RENTA, S.A."**

Madrid, June 8, 2015

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The purpose of this report is to justify the proposal that is submitted to the Special Shareholders' Meeting of Merlin Properties, SOCIMI, S.A. ("**Merlin**" or the "**Company**") under item one on the agenda thereof, relating to the approval of the acquisition of Sacyr, S.A.'s entire stake in the listed company "Testa Inmuebles en Renta, S.A.", with the Company's stake being able to reach 100% of the share capital of said company (the "**Transaction**").

1. Legislative framework that justifies the proposed resolution

Article 160, letter f) of the Capital Companies Law establishes that the shareholders' meeting has the power to deliberate and resolve on the acquisition from, disposal or contribution to, another company of essential assets.

The article also provides that an asset is presumed to be essential (an "**Essential Asset**") where the amount of the transaction exceeds twenty-five percent of the value of the assets appearing in the last approved balance sheet of the company in question, a circumstance which may be present in the Transaction.

Against this backdrop, in view of the ambiguity with which article 160, letter f) of the Capital Companies Law is set out, and given the recent legislative reform whereby that article was introduced and the scant relevant experience as far as its application in practice is concerned, there are differing expert opinions and interpretations as to whether or not it is necessary to submit these transactions to the shareholders' meeting for approval. Nonetheless, and following the prudence principle, the Board of Directors has resolved to submit the Transaction to the Shareholders' Meeting for approval.

2. Justification for the Transaction

As transpires from the Company's Continuation Prospectus dated July 24, 2014, as well as from its corporate purpose, the Company has as its activity and investment strategy to acquire commercial assets in the core and core plus segment of (i) offices, (ii) shopping centers and commercial premises, (iii) logistics buildings and (iv) urban hotels; in addition, in the context of this activity and strategy, it may perform corporate transactions provided that the characteristics of the underlying asset fall within its activity and strategy.

In the context of its recurring activity, the Company has been analyzing in recent months different transactions which could fit within this activity and strategy, having considered, among others, the acquisition of a significant stake (of up to 100%) in the share capital of the listed company "Testa Inmuebles en Renta, S.A." ("**Testa**"), a transaction which arose in the context of the reduction and subsequent capital increase considered at Testa's last shareholders' meeting.

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Testa is a company with registered office in Madrid, at Castellana nº 83-85, which was formed in 1974 under the name Prima Inmobiliaria, S.A. pursuant to a public deed executed in the presence of the Barcelona notary Luis Roca Sastre Muncunill; as of today, its main shareholder is Sacyr, S.A. and its current legal-corporate configuration resulted from the merger performed in 2001 between Vallehermoso, S.A. and Grupo Sacyr, S.A.

It follows from public information that Testa owns a real estate portfolio of more than one million square meters comprising offices, shopping centers, logistics buildings, hotels, residential buildings and land lots. These assets generate approximate gross income of €159 million, a figure slightly higher than the income generated by the Company. For more information on Testa, the shareholders may consult the public information that is posted on Testa's website (www.testainmo.com).

The acquisition of the stake in Testa would enable Merlin to invest in (and even become a majority shareholder of) of a company with prime assets, excellent product diversification, and with 1.7 million square meters to offer to the rental market.

3. Structure of the Transaction

As was announced by way of the material events issued by the Company on June 9, 2015 (registration numbers 224,0208 and 224,037), following a resolution adopted by the board of directors on June 8, 2015, the Company and Sacyr, S.A. ("**Sacyr**") executed an investment agreement to acquire, in various phases and by the Company, the above-mentioned majority stake in the share capital of Testa, which could be up to 100% of its share capital (the "**Investment Agreement**").

The Investment Agreement sets out the structure of the acquisition, which would be carried out by performing the transactions indicated below:

- (i) The execution by Merlin of a capital increase at Testa in the effective amount of €430,838,704.01, for which it would subscribe to 38,491,930 new shares, with a par value of twenty euro cents (€0.20) each, with additional paid-in capital of €10.9929618497 per share, representing 25% of the share capital of Testa (following the execution of a capital reduction approved by its Shareholders' Meeting held on February 3, 2015). Under the Investment Agreement, the capital increase was subscribed and paid in by the Company on the date on which the Investment Agreement was executed.

The 38,491,930 new ordinary Testa shares subscribed by Merlin Properties will be entitled to receive the dividend which, if applicable, is approved for

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distribution by the Testa Shareholders' Meeting called for June 29 or 30, 2015 (but not the extraordinary dividend or the amounts of the capital reduction approved by the Testa Shareholders' Meeting held on February 3, 2015).

- (ii) Subject to approval by the Shareholders' Meeting of Merlin for which this report is made available, the subsequent acquisition by the Company of 114,894,179 Testa shares owned by Sacyr, for overall consideration of €1,555,240,363.77, which will be delivered by Sacyr to the Company in several phases:
 - (a) in a first phase, no later than July 29, 2015, Sacyr will deliver to the Company 38,645,898 Testa shares, whereupon the Company would own 50.1% of the share capital of Testa;
 - (b) in a second phase, not before September 30, 2015 and no later than June 30, 2016, Sacyr will deliver to the Company 76,248,281 Testa shares, whereupon Merlin Properties would own 99.6% of the share capital of Testa.
- (iii) Upon completion of the acquisition by Merlin Properties of control over Testa, the making by Merlin Properties of a tender offer for 100% of the shares in Testa, in accordance with the provisions of the applicable legislation. With respect to this offer, Sacyr irrevocably agreed in the Investment Agreement to immobilize its shares in Testa and not participate in the offer. The tender offer would be made in accordance with the following essential terms and conditions:
 - (a) In accordance with the provisions of Securities Market Law 24/1998, of July 28, 1998, of Royal Decree 1066/2007 and other relevant applicable provisions.
 - (b) Addressed to all of the owners of Testa shares, excluding (i) the shares owned by the Company when the offer is made, and (ii) the Testa shares owned by Sacyr when the offer is made, which will be immobilized in accordance with the Investment Agreement.
 - (c) Offering as consideration to the owners of the Testa shares to which the offer is addressed, a price in accordance with the provisions of Royal Decree 1066/2007.

In addition to the above, the board of directors considers it appropriate to mention the following additional aspects:

- (i) given that the acquisition of control over Testa is conditional (i) on the part of the Company (as indicated above) on approval by its Shareholders' Meeting, and (ii) on the part of Sacyr, on the release of the pledge on the Testa shares, in the event that the Company cannot not take control of

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Testa (because the transaction is not approved by its Shareholders' Meeting or because Sacyr does not release the above-mentioned pledge until it can dispose of its entire block of shares in Testa), the Investment Agreement establishes, among other remedies, a reciprocal contractual indemnity agreed to at a flat rate for any damage and loss caused, in the amount of €137,868,378.57;

- (ii) the acquisition price of the Testa shares agreed with Sacyr and, consequently, the price of the above-mentioned tender offer will be adjusted to reflect, if applicable, the dividends distributed by Testa after the acquisition by the Company of a controlling stake is completed.
- (iii) the Investment Agreement establishes that, so that Testa can qualify for the special corporate income tax regime for Listed Corporations for Investment in the Real Estate Market ("**SOCIMIs**"), Sacyr, as from July 29, 2015, will call a Shareholders' Meeting of Testa at which both Sacyr and the Company must vote in favor of Testa's election to apply such special regime;
- (iv) Goldman Sachs and Morgan Stanley have acted as financial advisors on the subscription and the acquisition by the Company of the Testa shares, as provided for in the Investment Agreement.

4. Proposed resolution submitted to the Shareholders' Meeting

There follows a verbatim transcription of the full text of the proposed resolution that is submitted to the Special Shareholders' Meeting for approval in relation to item one of the agenda:

One.- Approval, for the purposes of the provisions of article 160, letter f), of the Capital Companies Law, of the acquisition by the Company of Sacyr, S.A.'s entire stake in the share capital of the listed company "Testa Inmuebles en Renta, S.A.", with the Company's stake being able to reach up to 100% of the share capital of said company.

PROPOSED RESOLUTION:

*"To approve, for the purposes of the provisions of article 160, letter f), of the Capital Companies Law, the acquisition by the Company of 114,894,179 shares of the listed company Testa Inmuebles en Renta, S.A., owned by Sacyr, S.A., with the Company's stake being able to reach up to 100% of the share capital of said company, all on terms equal or substantially similar to those set out in the report prepared for the purpose by the managing body and made available to this shareholders' meeting at the time of the call notice (the "**Transaction**").*

Against this backdrop, it was resolved (i) to ratify, to the extent necessary, the capital increase already subscribed and paid in by the Company at Testa

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Inmuebles en Renta, S.A., and (ii) to delegate to the board of directors, with express authority to delegate in turn, the possibility of taking such steps as may be necessary or merely advisable for the conclusion of the Transaction and to perform such acts as may be necessary, recommendable, claimable or advisable for its full execution, including, but not limited to, the following:

- (v) to negotiate, agree, submit and sign such public and private documents as may be necessary in relation to the Transaction in accordance with the practice in these kinds of transactions, including in particular, if it is considered or becomes necessary, the grant of such security and indemnification as may be necessary or advisable, the assumption of commitments not to subscribe or not to transfer (lock-up) and including the making of a tender offer for 100% of the share capital of Testa.*
- (vi) To obtain such financing as may be necessary to conclude the Transaction in the manner and terms considered appropriate, including by implementing the resolution to increase the capital of the Company, adopted by the Special Shareholders' Meeting held on April 1, 2015.*
- (vii) To make the relevant requests, prepare and submit the appropriate documents on the terms considered appropriate, performing such acts as may be necessary for the purposes of completing the Transaction including in any event:
 - (f) to draft, sign and submit to the Spanish National Securities Market Commission (CNMV) such documents as may be necessary in the context of the Transaction, assuming responsibility for their contents, as well as such documents, requests, communications or notices as may be required by the applicable legislation or necessary or advisable to execute the Transaction;*
 - (g) to appear and perform such acts as may be required in dealings with any competent authorities in any jurisdiction and approve and formalize such public or private documents as may be necessary or advisable for the full effectiveness of the Transaction in any of its respects and contents;*
 - (h) to execute such public and private documents as may be required, appear before a notary to have the preceding resolutions notarized, as well as to rectify, adjust, clarify and adapt these resolutions in whatever sense may be necessary;*
 - (i) to appear before any bodies or authorities (including, but not limited to, the CNMV, Iberclear and stock exchanges), public or private, sign such documents and perform such steps as may be necessary for the full implementation of the above resolutions; and**

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- (j) *to draft and publish such announcements or notices of material events as may be necessary or advisable;*
- (viii) *in general, to perform such steps as may be necessary, recommendable, claimable or merely advisable for the successful outcome and full execution of the Transaction.”*

* * * *

Madrid, June 8, 2015.

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**PROPOSED RESOLUTION TO THE SPECIAL SHAREHOLDERS' MEETING OF
MERLIN PROPERTIES, SOCIMI, S.A. CALLED FOR JULY 13 AND 14, 2015 ON FIRST
AND SECOND CALL, RESPECTIVELY**

ITEM TWO ON THE AGENDA:

Authorization to the Board of Directors to interpret, rectify, supplement, implement and carry out the resolutions adopted by the Shareholders' Meeting, as well as to delegate the powers it receives from the Shareholders' Meeting, and to delegate powers to cause such resolutions to be notarized.

PROPOSED RESOLUTION:

“Without prejudice to any of the delegations included in the above resolutions, it was resolved to authorize the Board of Directors of the Company, with the express option of sub-delegation or substitution and as broadly as required by law to complete, execute, and implement and technically modify (if necessary), all of the above resolutions, as well as to rectify any omissions or errors (whether formal, substantive or technical) suffered by such resolutions, and the interpretation thereof, severally granting the Board of Directors, with the express option of substitution or sub-delegation to the Chairman, the Secretary and the Deputy Secretary of the Board of Directors or any other director, the power to execute the appropriate public deeds containing the adopted resolutions, with the broadest powers to perform such acts as may be necessary, executing the necessary documents to secure the registration, including partial, of the above resolutions at the Commercial Registry and in particular:

- (a) To rectify, clarify, specify or complete the resolutions adopted by this Shareholders' Meeting or those which may arise in as many deeds and documents as may be executed in implementing them and, in particular, such omissions, defects or errors of substance or form, material or technical, that prevent the access of these resolutions and of their consequences to the Commercial Registry, Property Registry, Industrial Property Registry and any others.*
- (b) To perform such acts or legal transactions as may be necessary or appropriate to implement the resolutions adopted by this Shareholders' Meeting, executing such public or private documents as may be necessary or appropriate for the fullest effectiveness of these resolutions, including the performance of such acts as may be necessary or appropriate vis-à-vis any public or private bodies.*

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- (c) *To delegate to one or more of its members all or part of the powers that it sees fit from among those corresponding to the Board of Directors and all those which have been expressly granted to it by this Shareholders' Meeting, on a joint or several basis.*
- (d) *To determine in short any other circumstances that may be necessary, adopting and implementing the necessary resolutions, executing the necessary documents and completing such formalities as may be appropriate, proceeding to comply with such requirements as may be necessary in accordance with the law for the fullest implementation of what is resolved upon by the Shareholders' Meeting.*

Any members of the managing body are also expressly authorized to, individually and with their sole signature, cause the adopted resolutions to be notarized, as well as to execute any additional deeds that may be necessary or pertinent to rectify, clarify, specify or complete the resolutions adopted by this Shareholders' Meeting."