

FOR INFORMATION PURPOSES. SPANISH VERSION PREVAILS

TO THE NATIONAL SECURITIES MARKET COMMISSION

MERLIN Properties, SOCIMI, S.A. (“**MERLIN**”), pursuant to article 228 of Legislative Royal Decree 4/2015, of October 23, 2015, approving the revised Securities Market Law, notifies the following

RELEVANT FACT

MERLIN has agreed today to issue under its *Euro Medium Term Note Programme* (EMTN) and following a bookbuilding process, unsubordinated ordinary bonds in the Euromarket (the “**Notes**”) for an aggregate principal amount of 800 million Euros (the “**Issue**”).

The Notes will be issued at 98.931% of its nominal value, with a maturity of ten (10) years and an annual coupon of 1.875%, payable in arrears every year.

Subscription and payment for the Notes is expected on 2 November 2016, once the conditions precedent ordinarily established for this kind of issuances are met.

The terms and conditions of the Notes, as well as their representation, are subject to English law. In addition, it is expected that the Notes are admitted to listing on the Luxembourg Stock Exchange.

MERLIN will apply the Issue proceeds for general corporate purposes.

The press release is attached.

Madrid, on 25 October 2016.

MERLIN Properties SOCIMI, S.A.

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MERLIN Properties successfully issues € 800 million 10-year unsecured bonds

- MERLIN Properties has completed today a 800 million euro unsecured bond issuance, with 10 year maturity period and a coupon of 1.875%
- The proceeds will be devoted to repay the € 500 million bridge to bond bank facility signed by Metrovacesa last April as well as general corporate purposes
- With this financing, MERLIN Properties further optimizes its capital structure, extending its maturity profile and reducing its floating rate exposure.

Madrid, 25 October.- MERLIN Properties Socimi, S.A., (MC:MRL), the largest real estate company listed on the Spanish Stock Exchange, specialising in the acquisition and management of commercial real estate assets in the Iberian region, has announced today the issuance of unsubordinated ordinary bonds in the Euromarket (the “Notes”) for an aggregate principal amount of 800 million Euros (the “Issue”).

The Notes have been issued with a maturity of 10 years, at an issue price of 98.931% of nominal value, and an annual coupon of 1.875% (midswap + 160 bps). Subscription and payment for the Notes is expected on 2 November 2016.

The terms and conditions of the Bonds, as well as their representation, are subject to English law. In addition, it is expected that the Bonds are admitted to listing on the Luxembourg Stock Exchange.

The overall proceeds will be devoted to repay the outstanding 500 million euro bridge to bond facility signed by Metrovacesa in April, maturing on April 2018, as well as for general corporate purposes.

With this financing, MERLIN Properties further optimizes its capital structure. Average maturity has been extended to 6.8 years (from 5.7 years) and debt with fixed rate has been raised to 91.8% (from 80.7%). Average cost of debt is now 2.28%.

Ismael Clemente commented: “through this transaction debt maturities for the next five years have been reduced to a minimum and our exposure to interest rate rises represents less than 10% of our debt. MERLIN increases its annual free cash flow to shareholders and is hedged against future upwards movements in interest rates”.



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About MERLIN Properties

MERLIN Properties SOCIMI, S.A. (MC:MRL) is the largest real estate company trading on the Spanish Stock Exchange, with a market capitalization of approximately 3,300 million euros, specialized in the acquisition and management of commercial property in the Iberian region. MERLIN Properties mainly invests in offices, shopping centers and logistics facilities, within the Core and Core Plus segments, forming part of the benchmark IBEX 35, Euro STOXX 600, FTSE EPRA/NAREIT Global Real Estate, GPR Global Index, GPR-250 Index, and MSCI Small Caps indices.

Please visit www.merlinproperties.com to learn more about the company.

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