

[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

MERLIN Properties declares the subscription on 30 December 2016 of an agreement with Foncière des Regions, through its subsidiary Foncière des Murs, to sell a portfolio of 19 hotels, for a total price of €535 million.

The corresponding press release is attached hereto.

Madrid, 2 January 2017.

MERLIN Properties SOCIMI, S.A.

MERLIN Properties sells to Foncière des Régions its hotel portfolio for €535 million

- Foncière des Régions, through its hotels specialized subsidiary Foncière des Murs, is one of the most dynamic investors on the hotel real estate market in Europe and manages a portfolio of €3.9 billion and a NAV of €2 billion.
- MERLIN's executive team had already classified this portfolio as non-core for the activity of the Company and had communicated its intention to sell it or contribute it to a separate company as a subsidiary.

Madrid – 2 January. MERLIN Properties has formalized, on 30 December 2016, an agreement with Foncière des Régions, a French listed real estate company, for the sale of its hotel portfolio for an amount of €535 million.

The portfolio comprises 19 hotels owned by MERLIN, including emblematic hotels such as Eurostars Grand Marina at port of Barcelona, NH Collection at plaza Colón in Madrid and Barceló Torre Madrid hotel at Plaza España, recently refurbished and that will be opened in January. The portfolio comprises 3,645 rooms mainly in urban hotels, primarily located in Madrid and Barcelona and leased to well-known operators such as NH, Barceló, Eurostars, Grupo Meliá or AC.

Eurostars 5* hotel of Torre Castellana 259 in Madrid or Novotel of Diagonal 199 in Barcelona have been excluded from the transaction, as both coexist with office buildings considered core assets for MERLIN.

In addition, on 28 December, MERLIN sold to Madrid City Council the 18,655 sqm office building headquarters of the Economy and Finance department located at Alcalá 45 for an amount of €104 million.

During 2016 the Company sold other non-core assets for an amount of €121.7 million including the high-street retail unit of Grande Armée in Paris, the commercial complex Centre del Mon in Perpignan (which included a hotel) and several BBVA branches.

Total divestments carried out during 2016 amounts to €761 million, which implies a 7.1% premium over the latest reported valuations, providing capital gains of €51 million.

The sale proceeds obtained will be used to reduce the leverage and for general purposes of the Company.

Once again, MERLIN successfully completes the execution of its strategic plan, by allowing to maximize the value for its shareholders, reducing the leverage of the Company, complying with the commitments assumed with the market and the rating agencies and reinvesting the proceeds in core high-quality with potential rental increase assets.

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 4,800 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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