

For information purposes only. Spanish version prevails.

TO THE SPANISH NATIONAL SECURITIES MARKET COMMISSION

MERLIN Properties SOCIMI, S.A. (“**MERLIN**” or the “**Company**”), in compliance with Article 82 of Securities Market Law 24/1988, of July 28, notifies the following:

RELEVANT FACT

The Company informs that its Board of Directors, at a meeting held on July 15, 2015, pursuant to the agreement adopted by the Ordinary Shareholders’ Meeting of MERLIN of April 1, 2015, has adopted a resolution, inter alia:

- (i) To increase the share capital of MERLIN by a total nominal amount of €129,212,000 by the issue and placing in circulation of 129,212,000 new ordinary shares, each with a par value of one euro (€1), of the same class and series as those currently in circulation and represented by book entries (the “**New Shares**” and the “**Capital Increase**”, respectively). The New Shares shall confer on the holders thereof the same rights as the shares currently in circulation since the entry thereof in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (“**IBERCLEAR**”).
- (ii) The New Shares are issued for their par value of one euro (€1) plus a share premium of €7 per share, which gives rise to an issue price of € 8 for each New Share, which must be paid up by monetary contributions. Therefore, the total actual amount of the Capital Increase shall be €1,033,696,000. The Capital Increase is underwritten by a syndicate of banks, although the possibility of an incomplete subscription is provided for.
- (iii) In accordance with the provisions of Article 304 of the Capital Enterprises Law, the shareholders of MERLIN who are recognized as such in the accounting records of IBERCLEAR at 23:59 hours Madrid time on the date of publication of the compulsory announcement of the Capital Increase in the Official Gazette of the Mercantile Registry (which is expected to occur on July 17, 2015) are entitled to a preferential subscription right in relation to the New Shares. For each existing share of MERLIN its holder shall be entitled to one preferential subscription right. Three (3) preferential subscription rights shall be necessary in order to subscribe two (2) New Shares.

The preferential subscription rights shall be transferable under the same conditions as the shares from which they are derived and may be traded on the Spanish Stock Market Interconnection System. Therefore, investors who acquire preferential subscription rights on the market may also subscribe New Shares. The preferential subscription period during which the preferential subscription rights may be exercised shall be 15 calendar days, beginning on the day following

the date of publication of the compulsory announcement of the Capital Increase in the Official Gazette of the Mercantile Registry, and once the prospectus of the Capital Increase has been registered at the National Securities Market Commission.

In relation to the foregoing, it is placed on record that on the date hereof an underwriting agreement has been signed between the Company, as issuer, and Morgan Stanley & Co. International plc, as sole global coordinator and joint bookrunner, Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Goldman Sachs International and UBS Limited, as joint bookrunners, Banco Santander, S.A., Bankinter, S.A., BNP PARIBAS, Crédit Agricole Corporate and Investment Bank and Société Générale as co-bookrunners and Banco Bilbao Vizcaya Argentaria, S.A., CaixaBank, S.A., Fidentiis Equities, Sociedad de Valores, S.A., Kempen & Co N.V. and Mediobanca - Banca di Credito Finanziario S.p.A., as co-lead managers (jointly referred to as the "**Underwriting Entities**"). In accordance with the above-mentioned underwriting agreement, all the New Shares (except for 750,000 New Shares, which MAGIC Kingdom, S.L., one of the Company's current shareholders, has undertaken to subscribe) have been underwritten by the Underwriting Entities.

The prospectus of the Capital Increase is expected to be registered at the National Securities Market Commission tomorrow morning. The terms and conditions of the Capital Increase shall appear in said prospectus, as well as the procedure established for the subscription of the New Shares.

The Company shall notify through the legal channels applicable the commencement of the preferential subscription period of the Capital Increase.

Madrid, July 15, 2015.

Merlin Properties SOCIMI, S.A.

Warning.

The information contained herein shall not be circulated, published or distributed, directly or indirectly, in the United States, Canada, Australia, Japan or any other jurisdiction in which such distribution, publication or circulation is unlawful.

This document does not constitute an offer for the sale of securities, nor a request for offers to purchase or subscribe securities in the United States. The securities referred to herein have not been nor will be registered in accordance with the Securities Act of 1933 and may not be offered or sold in the United States unless they are registered under the legislation applicable or are exempt from registration. There is no intention to register a portion of the offer in the United States or to make a public offer of securities in the United States.

The issue, exercise or sale of securities of the offer is subject to restrictions established by laws or regulations in certain jurisdictions. The Company does not assume any responsibility if there is a violation of such restrictions by any person. The information contained herein does not constitute an offer for the sale of securities, nor a request for offers to purchase, nor will there be any sale of the securities referred to herein in any jurisdiction in which such offer, request or sale is unlawful. Investors must not accept any offer, nor acquire securities referred to herein, unless they do so on the basis of the information contained in the prospectus relating to the transaction which may be published for such purpose.

*The Company has not authorized a public offer of securities in any Member State of the European Union other than Spain. In relation to Member States of the European Union other than Spain that have implemented Directive 2003/71/EC (each referred to as a “**Relevant Member State**” and such Directive as the “**Prospectus Directive**”), no actions have been undertaken nor will be undertaken to make a public offer of securities which requires the publication of a prospectus in such States. As a result of the foregoing, the securities referred to herein may only be offered in the Relevant Member States (a) to legal persons that are qualified investors as defined in Article 2(1)(e) of the Prospectus Directive, or (b) under any other circumstance which does not require the publication by the Company of a prospectus in accordance with Article 3 of the Prospectus Directive in such States.*

*This notice is addressed only to (i) persons that are outside the United Kingdom or (ii) in the United Kingdom, to persons with professional experience in matters relating to investments included in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and the amendments thereto (the “**Order**”), or to entities with a high net value and other persons who may be lawfully contacted under Article 49(2) of the Order (all these persons will be jointly referred to as the “**Relevant Persons**”). Any investment or investment activity referred to in this notice shall only be available to and may be engaged in with Relevant Persons. Any entity which is not a Relevant Person must not act or rely on this document or on any of its contents.*