

TO THE NATIONAL SECURITIES MARKET COMMISSION

Merlin Properties, SOCIMI, S.A. ("MERLIN"), in compliance with article 228 of the revised Securities Market Law approved by Legislative Royal Decree 4/2015, of October 23, notifies the following

RELEVANT INFORMATION

We hereby inform that the Board of Directors of Merlin Properties, SOCIMI, S.A. agreed to call the Extraordinary General Shareholders' Meeting of the Company to be held in Madrid, in "The Westin Palace", Plaza de las Cortes, 7, on 14 September 2016 at 12 noon, on first call, and on the following day, 15 September 2016 at 12 noon (CET), at the same venue, on second call (**It is foreseen that the Extraordinary General Shareholders' Meeting will be held on second call**). In such regard and in compliance with the applicable law, we enclose herein as **SCHEDULE** the formal call of the Extraordinary General Shareholders' Meeting of Merlin Properties, SOCIMI, S.A. that will be also published, tomorrow, 12 August 2016, (i) in the newspaper "Cinco Dias" and (ii) in the corporate web site of the company (www.merlinproperties.com).

The proposed resolutions prepared by the Board of Directors, together with the remaining legal documentation relating to the Shareholders' Meeting (and, in particular, the documentation referred to in article 39 of Law 3/2009, of April 3, 2009, on Structural Modifications to Commercial Companies) are available to the shareholders (as well as to holders or special rights, debenture holders and workers' representatives) at the registered office (Madrid, Paseo de la Castellana, 42) and on the corporate website of the company (www.merlinproperties.com)

Madrid, 11 August 2016.

Merlin Properties SOCIMI, S.A.

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Merlin Properties, SOCIMI, S.A.

Special Shareholders' Meeting

The Board of Directors of Merlin Properties, SOCIMI, S.A. (the “**Company**” or “**Merlin**”) has resolved to call a Special Shareholders' Meeting to be held in “The Westin Palace” hotel, situated at la Plaza de las Cortes, 7, on September 14, 2016, at 12 noon, on first call, or, if the necessary quorum is not reached, on second call, at the same venue and at the same time on September 15, 2016, so that the shareholders may deliberate and resolve on the items on the following

AGENDA

- One.-** Distribution of dividends with a charge to unrestricted reserves.
- Two.-** Total spin-off of Metrovacesa, S.A. in which Merlin Properties, SOCIMI, S.A. acts as recipient company. Subject to information, as the case may be, from the directors on significant changes in the assets and liabilities of the companies participating in the spin-off process between the date of drafting of the joint spin-off plan and the holding of the Shareholders' Meeting called pursuant to this call notice, on the terms established in articles 39.3 and 79 of the Law on Structural Modifications:
- (i) Approval, as the case may be, of the balance sheet of Merlin Properties, SOCIMI, S.A. as at December 31, 2015, as the spin-off balance sheet.
 - (ii) Approval, as the case may be, of the plan for the total spin-off of Metrovacesa, S.A., as company performing the spin-off, to Merlin Properties, SOCIMI, S.A., Testa Residencial, S.A.U. and a newly formed corporation to be called “Metrovacesa Promoción y Arrendamiento, S.A.”, as recipient companies, drafted and signed by the managing bodies of Metrovacesa, S.A., Merlin Properties, SOCIMI, S.A. and Testa Residencial, S.A.U. (the “**Spin-Off Plan**”).
 - (iii) Approval, as the case may be, of the total spin-off of Metrovacesa, S.A. to Merlin Properties, SOCIMI, S.A., Testa Residencial, S.A.U. and Metrovacesa Promoción y Arrendamiento, S.A., by means of the cessation of existence of Metrovacesa, S.A. and the division of all of its assets and liabilities into three parts (referred to in the Spin-Off Plan as the Commercial Assets and Liabilities, the Residential Assets and Liabilities and the Non-Strategic Assets and Liabilities), each of which will be transferred *en bloc* and by way of universal succession to Merlin Properties, SOCIMI, S.A. (in the case of the Commercial Assets and Liabilities), to Testa Residencial, S.A.U. (in the case of the Residential Assets and Liabilities) and to Metrovacesa Promoción y Arrendamiento, S.A. (in the case of the Non-Strategic Assets and Liabilities), all of the above on the terms of the Spin-Off Plan (the “**Spin-Off**”).
 - (iv) Approval, as the case may be, of the capital increase at Merlin Properties, SOCIMI, S.A., in an amount of €146,740,750, by issuing and allotting 146,740,750 new shares, each with a par value of €1, in the same class and series as the currently allotted shares and represented by book entries, with total additional paid-in capital of €1,526,103,800, that is, €10.40 per share issued; application for admission to trading; consequent amendment of article 5 of the bylaws.

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- (v) Approval, as the case may be, of the submission of the Spin-Off to the tax regime established in Chapter VII of Title VII of the Corporate Income Tax Law.
- (vi) Condition precedent: authorization of the concentration of the Commercial Assets and Liabilities of Metrovacesa, S.A. at Merlin Properties, SOCIMI, S.A. by the National Markets and Antitrust Commission.

Three.- Appointment (i) subject to approval of the Spin-Off referred to in item two on the agenda, and (ii) with effect from the execution of the deed formalizing the Spin-Off, of new members of the managing body. Establishment of a new number of members of the managing body.

- 3.1 Appointment, (i) subject to approval of the Spin-Off referred to in item two on the agenda, and (ii) with effect from the execution of the deed formalizing the Spin-Off, of Mr. Rodrigo Echenique Gordillo as a director, for the term provided for in the bylaws, with the category of nominee director.
- 3.2 Appointment, (i) subject to approval of the Spin-Off referred to in item two on the agenda, and (ii) with effect from the execution of the deed formalizing the Spin-Off, of Ms. Francisca Ortega Hernández-Agero as a director, for the term provided for in the bylaws, with the category of nominee director.
- 3.3 Appointment, (i) subject to approval of the Spin-Off referred to in item two on the agenda, and (ii) with effect from the execution of the deed formalizing the Spin-Off, of Mr. Javier Garcia-Carranza Benjumea as a director, for the term provided for in the bylaws, with the category of nominee director.
- 3.4 Appointment, (i) subject to approval of the Spin-Off referred to in item two on the agenda, and (ii) with effect from the execution of the deed formalizing the Spin-Off, of Mr. Agustin Vidal-Aragon de Olives as a director, for the term provided for in the bylaws, with the category of nominee director.
- 3.5 Appointment, (i) subject to approval of the Spin-Off referred to in item two on the agenda, and (ii) with effect from the execution of the deed formalizing the Spin-Off, of Ms. Pilar Cavero Mestre as a director, for the term provided for in the bylaws, with the category of independent director.
- 3.6 Appointment, (i) subject to approval of the Spin-Off set forth in item two of the agenda and (ii) with effect from the execution of the deed formalizing the Spin-Off, of Mr. Juan María Aguirre Gonzalo as a director, for the term provided for in the bylaws, with the category of independent director.
- 3.7 Establishment of the number of members of the managing body.

Four.- Authorization to the Board of Directors, with powers of delegation, for a maximum period of five years, to issue fixed-income securities (including, in particular, debentures, bonds and promissory notes) and preferred shares and to secure issues of such securities by other Group companies. Revocation of prior authorizations.

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

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

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Submission of proposed resolutions: Shareholders representing at least three percent of the share capital may 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.

This right should be exercised by notification which shall be received at the registered office of Merlin Properties, SOCIMI, S.A. (Paseo de la Castellana, 42, 28046 – Madrid) within five days after the publication of this call notice.

Right to attend: Company shareholders who hold, individually or in a group with other shareholders, at least five hundred (500) shares shall have the right to attend. 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. (The Shareholders' Meeting is scheduled to be held on September 15, 2016, at second call). 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 law.

Shareholders who do not hold the minimum number of shares required to attend may grant a proxy in writing to another shareholder entitled to attend. 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 scheduled start time of the Shareholders' Meeting. For the purposes of identifying the shareholders, at the entrance to 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 (or representatives), 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: Shareholders may (i) grant a proxy or (ii) cast their vote using means of distance communication before the Shareholders' Meeting is held, in accordance with, and subject to, the provisions of articles 25 and 26 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.
 - 1.1. Means permitted

The Board of Directors has considered that for this Shareholders' Meeting the valid means of distance communication for the grant of proxies are as follows:

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

A) Electronic means

In order to grant a proxy by electronic means, shareholders must do so through the corporate website of Merlin Properties, SOCIMI, S.A. (www.merlinproperties.com).

Having regard to the fact that the mechanism for the grant of proxies by electronic means must have adequate guarantees of authenticity and identification of the proxy-grantor, shareholders wishing to use this proxy mechanism must first hold an advanced or recognized electronic signature, on the terms provided for in Electronic Signature Law 59/2003, of December 19, 2003, based on a recognized electronic certificate in relation to which there is no record of its revocation and which may be (i) an Electronic User Certificate issued by the Spanish Public Certification Authority (CERES) dependent on the Fábrica Nacional de Moneda y Timbre - Real Casa de la Moneda (FNMT-RCM) or (ii) a recognized electronic signature incorporated into the Electronic National Identity Document issued in accordance with Royal Decree 1553/2005, of December 23, 2005, regulating the issue of the National Identity Document and its electronic signature certificates (hereinafter, jointly, a “**Valid Electronic Signature**”).

Once a shareholder holds their corresponding Valid Electronic Signature, they may, through the 2016 “*Shareholders’ Meetings/Special Shareholders’ Meeting/Proxies and electronic voting*” section of the corporate website of Merlin Properties, SOCIMI, S.A. (www.merlinproperties.com), by filling in the *Electronic Proxies* form and on the terms and conditions described therein, grant their proxy to another person, who need not be a shareholder, to represent them at the Shareholders Meeting. For the purposes of article 24.2 of the Bylaws, the electronic proxy document shall be considered an electronic copy of the attendance and proxy card.

B) 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 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., that may be downloaded from the Company’s website (www.merlinproperties.com) in the 2016 “*Shareholders’ Meetings/Special Shareholders’ Meeting/Proxies and distance voting*” 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

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

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 or equivalent courier service.

1.2. Notification of the proxy to the proxy-holder

Shareholders who grant a proxy must notify the designated proxy-holder of the proxy granted.

Where the proxy is granted to Merlin Properties, SOCIMI, S.A., to the Chairman of the Board or of the Shareholders' Meeting, 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.

2.1. Means permitted

The Board of Directors has considered that for this Shareholders' Meeting distance votes may be cast using the following means:

A) Electronic means

In order to cast a distance vote by electronic means, shareholders must do so through the corporate website of Merlin Properties, SOCIMI, S.A. (www.merlinproperties.com). Shareholders wishing to use this voting mechanism must first hold a Valid Electronic Signature. Once a shareholder holds their corresponding Valid Electronic Signature, they may, through the *2016 Shareholders' Meetings/Special Shareholders' Meeting/Proxies and Electronic Voting* section of the corporate website of Merlin Properties, SOCIMI, S.A. (www.merlinproperties.com), by filling in the *Electronic Voting* form, cast their distance vote in relation to the items on the agenda for the Shareholders' Meeting.

B) 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) in the 2016 "*Shareholders'*

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

Meetings/Special Shareholders' Meeting/Proxies and distance voting" 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 or equivalent courier service.

3. Basic rules on distance voting and proxies.

3.1 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 September 13, 2016. After the above deadline, only proxies granted or votes cast 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.

3.2 Priority between proxies, voting by distance means and in person at the Shareholders' Meeting

- (i) Personal attendance at the Shareholders' Meeting will constitute the revocation of a vote cast or proxy granted using means of distance communication.
- (ii) 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.
- (iii) Where a shareholder validly:
 - (a) Grants proxies or casts votes, electronically on the one hand, and by way of a card printed on paper on the other, the latter will prevail over the former, regardless of their respective dates;
 - (b) 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.
- (iv) Voting by means of distance communication, regardless of the means used to cast the vote, will render void any electronic or written proxy, whether prior, which will be deemed revoked, or subsequent, which will be deemed not granted.

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

3.3 Scope of the voting proxy and instructions

The scope of the proxy will extend to all items on the agenda and, 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 because the applicable legislation so permits.

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; in relation to the latter, the proxy-holder will abstain from voting, unless the proxy-holder has specific instructions or has reason to believe that voting for or against the proposals is more favorable to the interest's of the proxy-grantor.

3.4 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. Express proxies granted to the Board Chairman or to any other director (without expressly indicating their name) will be deemed granted to whoever acts as chair of the Shareholders' Meeting, in the absence of any of them from such meeting.

In cases of (express or implied) proxies to the Chairman of the Board or the Chairman of the Shareholders' Meeting, 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 (or instructions against) have not been issued by the proxy-grantor in the proxy document, the proxy will be deemed granted, for the specific matter in question, automatically and without the need for any step whatsoever, to the Secretary of the Shareholders' Meeting.

For these purposes, as well as for the purposes established in the applicable legislation, shareholders are informed that:

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 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;

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

3.5 Other provisions

- (i) Where electronic means are used, only one electronic action, proxy or vote, and one revocation will be possible. A revocation cancels the proxy granted or vote cast but does not permit a new proxy to be granted or a new vote to be cast using electronic means as such possibility has been exhausted with the first vote or proxy granted.
- (ii) The disposal of shares whose ownership confers the right to vote of which Merlin Properties, SOCIMI, S.A. may have knowledge will render void the vote and/or proxy granted.
- (iii) In order to attend, participate and vote at the Shareholders' Meeting, shareholders must have registered their shares on the relevant register of book entries at least five (5) days before that on which the Shareholders' Meeting is to be held (the Shareholders' Meeting is scheduled for September 15, 2016). 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.
- (iv) In order to validly cast a vote using distance communication means, regard must be had to the terms provided for in article 26 of the Bylaws and article 21 of the Shareholders' Meeting Regulations.
- (v) Merlin Properties, SOCIMI, S.A. shall make the forms to be used for granting proxies and distance voting available to shareholders on the corporate website (www.merlinproperties.com).
- (vi) Shareholders who validly cast their vote using distance means will be considered present for the purposes of the constitution of the Shareholders' Meeting.

3.6 Technical incidents

Merlin Properties, SOCIMI, S.A. reserves the right to modify, suspend, cancel or restrict the electronic proxy and voting mechanisms where technical or security reasons so require or necessitate, which circumstance will be duly published on the corporate website (www.merlinproperties.com) and by means of notification of the corresponding material event.

Merlin Properties, SOCIMI, S.A. will not be responsible for any difficulties or damage that may be caused to the shareholder as a result of breakdowns, overloads, line failures, connection failures, the malfunction of the postal service or courier 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.

3.7 Additional information

For more information on proxies and voting using means of distance communication, shareholders may (i) consult the corporate 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.

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

Right to information: Pursuant to the provisions of the applicable legislation (and, in particular, in accordance with article 39 of Law 3/2009, of April 3, 2009, on Structural Modifications to Commercial Companies (“LME”) by reference from article 73 of the same law), prior to this call, the following documents were published on the corporate website of Merlin Properties, SOCIMI, S.A. (www.merlinproperties.com) (which shall continue to be published at the time of the call and shall be maintained for the statutory time period), for their consultation, downloading and printing:

1. the joint plan for the total spin-off of Metrovacesa, S.A. (“**Metrovacesa**”), as the company performing the spin-off, to Merlin Properties, SOCIMI, S.A. (“**Merlin**”), Testa Residencial, S.A.U. (“**Testa Residencial**”) and Metrovacesa Promoción y Arrendamiento, S.A. (“**Metrovacesa Promoción y Arrendamiento**”), and, together with Merlin and Testa Residencial, the “**Recipient Companies**”) as recipient companies (the “**Spin-Off Plan**”);
2. the report issued by the managing body of Metrovacesa, S.A. on the Spin-Off Plan;
3. the reports issued by the managing bodies of Merlin Properties, SOCIMI, S.A. and Testa Residencial, S.A.U., on the Spin-Off Plan and the capital increase to be carried out at same.
4. the report issued by Valtecnic, S.A., the independent expert appointed by the Madrid Commercial Registry, on the Spin-Off Plan and the valuation of the assets and liabilities of Metrovacesa, S.A. to be contributed to each one of the Recipient Companies as a result of the Spin-Off;
5. the financial statements and directors’ reports for the last three fiscal years of Metrovacesa, S.A. and Testa Residencial, S.A.U. and the corresponding auditor’s reports. The financial statements and directors’ reports for the last two fiscal years of Merlin Properties, SOCIMI, S.A. (since it was formed in 2014) as well as the corresponding auditor’s reports;
6. even where it corresponds to the most recent annual balance sheet approved, for greater clarity, the spin-off balance sheet of each of the companies participating in the Spin-Off, accompanied by the corresponding audit reports (which correspond to those indicated in point 5 above);
7. the current bylaws recorded in a public deed of Metrovacesa, S.A., Merlin Properties, SOCIMI, S.A. and Testa Residencial, S.A.U. (including, regarding this entity, the bylaws both as a limited liability company as well as those resulting from the transformation process currently underway);
8. the draft bylaws of Merlin Properties, SOCIMI, S.A. and Testa Residencial, S.A.U. resulting from the performance of the Spin-Off;
9. the draft deed of spin-off, cessation of existence of Metrovacesa, S.A., capital increases at Merlin Properties, SOCIMI, S.A. and Testa Residencial, S.A.U. and creation of the new company Metrovacesa Promoción y Arrendamiento, S.A. including its draft bylaws;
10. the particulars of the directors of Metrovacesa, S.A., Merlin Properties, SOCIMI, S.A. and Testa Residencial, S.A.U., indicating the date on which they were appointed to office.

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

11. the persons who are proposed as new directors of Merlin Properties, SOCIMI, S.A., Testa Residencial, S.A.U. and Metrovacesa Promoción y Arrendamiento, S.A.U. as a result of the Spin-Off;
12. a copy of the publications in the Official Commercial Registry Gazette of (i) the publication of the Spin-Off Plan on the corporate websites of Merlin Properties, SOCIMI, S.A. and Metrovacesa, S.A. and (ii) of the deposit of the Spin-Off Plan at the Madrid Commercial Registry;

and the remaining documentation which, although not listed above, as result of the holding of this Shareholders' Meeting and pursuant to articles 39 LME and related legislation, should be published on the corporate website of Merlin Properties, SOCIMI, S.A. (www.merlinproperties.com) prior to the call.

In accordance with the provisions of article 40.2 LME, it is placed on record that the documents referred to above were published on the corporate website of Merlin Properties, SOCIMI, S.A. (www.merlinproperties.com), and may be examined, downloaded and printed, on August 10, 2016, save for the joint plan for the total spin-off of Metrovacesa, which was published on the website on July 28, 2016.

All of the above documents (as well as the rest of the documentation that must be made available, on the occasion of the holding of the Shareholders' Meeting, to the shareholders, holders or special rights, debenture holders and workers' representatives at the registered office and/or be delivered or sent immediately and free of charge if so requested) may be examined at the registered office (Paseo de la Castellana, 42, Madrid) and may be requested to be delivered or sent immediately and free of charge.

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. Directors shall be obliged to provide the information requested, on the terms and in the time periods established by the applicable legislation. Valid requests for information, clarification or questions submitted in writing and the replies provided in writing by the directors shall be posted on the corporate website.

Shareholders wishing to exercise their right to information may do so by delivering or sending by postal correspondence or an equivalent courier service 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; requests for information may also be made by sending an email to the following address juntaaccionistas@merlinprop.com, in which case and with a view to providing the system with the appropriate guarantees of authenticity and identification of the shareholder exercising their right to information, the request must also contain a Valid

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

Electronic Signature. The request must state the address to which the requesting shareholder wants the information to be sent (an e-mail address may be included).

Pursuant to article 11 *quater* 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 corporate website (www.merlinproperties.com): As from the date of the call notice and, at least, until the Spin-Off is formalized and registered (and in any event, until the subsequent date established in applicable legislation), the following documents, among others, will be available for consultation, downloading and printing on the corporate website (www.merlinproperties.com):

- 1) all of the documents referred to in the preceding section of this call notice entitled “Right to Information” (which however, were published prior to the call);
- 2) the full text of the call notice of the Shareholders’ Meeting;
- 3) the total number of shares and voting rights on the date of the call notice;
- 4) 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;
- 5) the reports by the directors, financial auditors and independent experts required as a result of this call;
- 6) the particulars, résumé and category of the directors whose appointment is submitted to the Shareholders’ Meeting under item three on the agenda, as well as the proposals and reports thereon referred to in article 529 *decies* of the Capital Companies Law;
- 7) a document describing the requirements and procedures to evidence ownership of the shares, the right to attend the Shareholders’ Meeting and the rules and procedure applicable to proxies and voting using means of distance communication;
- 8) the proxy and distance voting cards or forms;
- 9) the current revised texts of the Bylaws, Shareholders’ Meeting Regulations, Regulations of the Board of Directors and other documents comprising the Company’s corporate governance system;
- 10) the rules of operation of the “Shareholders’ Electronic Forum”; and
- 11) a document setting out the right to information available to shareholders.

and also, where applicable, the remaining documentation which, although not listed above, as result of the holding of this Shareholders’ Meeting should be published on

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

the corporate website of Merlin Properties, SOCIMI, S.A. (www.merlinproperties.com) prior to the call.

In relation to the above documents, the shareholders (and those individuals who are entitled to do so) will also be entitled to examine them and have them delivered at the registered office (Madrid, Paseo de la Castellana, 42), and to request their sending or delivery immediately and free of charge.

It is placed on record that, although the additional information and documentation available on the corporate 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.

Specific information on the total spin-off of Metrovacesa, S.A.:

For the purposes of the provisions of article 32.3 LME, the following is placed on record:

- (i) the Spin-Off Plan was published on the corporate websites of Merlin Properties, SOCIMI, S.A. on July 28, 2016;
- (ii) the Spin-Off Plan was published on the corporate website of Metrovacesa, S.A. on June 28, 2016;
- (iii) the Spin-Off Plan filed by Testa Residencial, S.A.U. was duly deposited at the Commercial Registry on July 29, 2016;
- (iv) on August 3, 2016, the publication of the Spin-Off Plan on the website of Metrovacesa, S.A. was published in Official Commercial Registry Gazette number 147;
- (v) on August 3, 2016, the publication of the Spin-Off Plan on the website of Merlin Properties, SOCIMI, S.A. was published in Official Commercial Registry Gazette number 147;
- (vi) on August 8, 2016, the presentation for deposit of the Spin-Off Plan at the Madrid Commercial Registry by the Sole Director of Testa Residencial, S.A. on July 28, 2016 and effectively deposited on July 29, 2016, was published in Official Commercial Registry Gazette number 150;
- (vii) the publication on the website of the rest of the pertinent documents in accordance with article 39 LME took place (i) on August 10, 2016, in the case of Metrovacesa, S.A.; and (ii) on August 10, 2016, in the case of Merlin Properties, SOCIMI, S.A. As from these dates, the documents referred to in article 39 LME have been made available, at the registered office of Testa Residencial, S.A.U. to

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

the Sole Shareholder of Testa Residencial, S.A.U. and to its workers (there being no debenture holders or holders of special rights at Testa Residencial), who are entitled to examine them at the registered office and request their delivery or sending free of charge.

In application of article 40.2, set out below are the minimum statutory references that must be made in the Spin-Off Plan submitted to the Shareholders' Meeting for approval:

1. INTRODUCTION

1.1 Description, effects and justification

- A) *Metrovacesa is one of the largest companies in the Spanish real estate industry, engaging mainly in the operation under lease of all manner of real estate, with a high quality portfolio of real estate assets, focused on the principal Spanish real estate markets, fundamentally those of Madrid and Barcelona. In particular, the assets owned by Metrovacesa directly, or indirectly through subsidiaries or investees, may be broken down into (i) non-residential properties to be operated under lease by third parties (included in the “**Commercial Assets and Liabilities**” defined under section 4.1.1 A)); (ii) residential properties to be operated under lease by third parties (included in the “**Residential Assets and Liabilities**” defined under section 4.1.1.B)); and (iii) lands and works in progress, for tertiary use, to be developed and subsequently leased; and other assets, the characteristics of which differ from the investment profile of Merlin (included in the “**Non-Strategic Assets and Liabilities**” defined under section 4.1.1. C)).*
- B) *Merlin is a listed corporation for investment in the real estate market (Sociedad Anónima Cotizada de Inversión Inmobiliaria) and one of the largest real estate companies listed on the Spanish securities markets, whose main activity is the acquisition and management of non-residential properties on the Iberian Peninsula for operation under lease.*
- C) *Testa Residencial is a company, most of which is owned indirectly by Merlin (through Testa), engaging fundamentally in the operation of residential properties under lease.*

*The spin-off set forth in this Plan (the “**Spin-off**”) is aimed at concentrating Metrovacesa’s Commercial Assets and Liabilities at Merlin, Metrovacesa’s Residential Assets and Liabilities at Testa Residencial and spinning off the Non-Strategic Assets and Liabilities in favor of a newly formed corporation, “**Metrovacesa Promoción y Arrendamiento, S.A.**”, of which the initial shareholders are to be the shareholders of Metrovacesa at the time when the Spin-off takes effect (“**Metrovacesa Promoción y Arrendamiento**”). Merlin, Testa Residencial and Metrovacesa Promoción y Arrendamiento will be referred to hereinafter as the “**Recipient Companies**”.*

*The concentration of the Commercial Assets and Liabilities at Merlin and of the Residential Assets and Liabilities at Testa Residencial (the “**Concentration**”) constitutes one of the largest transactions carried out on the Spanish real estate market, and makes complete commercial and strategic sense for all parties involved.*

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

The Concentration will entail the creation, on one hand, of the Spanish group with the largest volume of non-residential assets under lease and, on the other, the Spanish real estate company with the most residential assets under lease, with major economic and business benefits for the parties involved and for their clients:

- *It will create a company with major development capacity at national and international level in the real estate and commercial asset management industry, mainly focused on the Iberian market, which will be able to benefit especially from the opportunities that will be offered by this industry in the coming years.*
- *It will create one of the largest independent companies in its segment, focused on the residential lease business and which will become one of the most significant players in this sub-segment.*
- *It will increase the liquidity of the Merlin share, considerably increasing its market capitalization.*
- *In particular, it will provide liquidity to the shares of Metrovacesa shareholders, given that, as a result of the Spin-off, they will become shareholders of a listed company (Merlin).*
- *It will increase the rental assets of Merlin and of Testa Residencial, diversifying their revenues and risks, and will enable them to optimize and energize their capacity to obtain financing.*
- *It will permit not only the shareholders of Metrovacesa, but also those of Merlin, to own shares in two of the principal companies, in terms of size and importance, of the Spanish real estate industry (in their respective sub-segments), with more diversified revenues and a wider base for growth at national and international level, which will contribute to the objective of creating greater value for all Metrovacesa and Merlin shareholders.*
- *It will generate economies of scale derived from the greater volume of rental assets owned by the Recipient Companies, with synergies of cost savings and improved contracting terms with suppliers and commercial and financial creditors, both now and in the future.*
- *It will boost management capacity by combining the management and human resources teams of Metrovacesa, Merlin and Testa Residencial, with professionals of the highest qualifications and capacities, specialized in the Iberian real estate industry.*
- *Lastly, it will enable Metrovacesa shareholders to continue their exposure to the sub-segment of land development for lease, through a newly formed company, the initial shareholding structure of which will be completely the same as that of Metrovacesa at the time the Spin-off takes effect.*

As a result of the Spin-off, and by contributing the Non-Strategic Assets and Liabilities to Metrovacesa Promoción y Arrendamiento, the goal is to have such assets and liabilities managed separately, thus maximizing their value and, as a result, that of the interest of Metrovacesa shareholders therein.

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

It is expressly placed on record that, as of the date hereof, the Boards of Merlin and of Testa have approved a merger plan that envisages the merger by absorption of Testa by Merlin. The development of the process relating to this possible merger will have no impact whatsoever on the Spin-off subject to this Plan.

1.2 Structure of the transaction

The legal structure chosen for the Concentration is a total spin-off of Metrovacesa, pursuant to articles 69 and related provisions of the LME.

The Spin-off will cause Metrovacesa to cease to exist and will divide all of its assets and liabilities into three parts (the Commercial Assets and Liabilities, the Residential Assets and Liabilities and the Non-Strategic Assets and Liabilities), each of which will be transferred en bloc and by way of universal succession to Merlin (in the case of the Commercial Assets and Liabilities), to Testa Residencial (in the case of the Residential Assets and Liabilities) and to Metrovacesa Promoción y Arrendamiento (in the case of the Non-Strategic Assets and Liabilities), respectively, and the shareholders of Metrovacesa will receive shares in each of the Recipient Companies pro rata to their interest in the capital of Metrovacesa at the time the Spin-off takes effect, in accordance with the exchange ratio and procedure explained under section 7 of this Spin-off Plan.

For the purposes of article 32 of the LME, in connection with article 73 of the same law, this Spin-off Plan (i) will be posted on the website of Metrovacesa and of Merlin; and (ii) will be submitted by the Sole Director of Testa Residencial for deposit at the Madrid Commercial Registry.

The documents referred to in article 39 of the LME will be posted on the website of Metrovacesa and of Merlin pursuant to article 39 of the LME, in connection with article 73 of the same law, and will be made available to the Sole Shareholder of Testa Residencial and to its employees at its registered office (there being no bondholders or holders of special rights at Testa Residencial on whom analogous notice must, by law, be served).

2. IDENTIFICATION OF THE COMPANIES INVOLVED IN THE SPIN-OFF

The following are the identifying particulars of the companies involved in the Spin-off:

2.1 Company Performing the Spin-off

The Company Performing the Spin-off is Metrovacesa, S.A., a Spanish corporation with taxpayer identification number A-28017804 and registered office in Madrid, Parque Vía Norte, calle Quintanavides 13. It is registered at the Madrid Commercial Registry in volume 25.273, in book 0, on sheet 205, in section 8, on page M-16163.

2.2 Recipient Companies

The Recipient Companies of the Spin-off will be:

- A) Merlin Properties, SOCIMI, S.A., a Spanish corporation, with taxpayer identification number A-86977790 and registered office in Madrid, at Paseo de la Castellana 42. It is registered at the Madrid Commercial Registry, in volume 32.065, in book 0, on sheet 206, in section 8, on page M-577086.*

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

- B) *Testa Residencial, S.L.U., a Spanish limited liability company, with taxpayer identification number B-82865890 and registered office in Madrid, at Paseo de la Castellana 83-85. It is registered at the Madrid Commercial Registry, in volume 16.114, in book 0, on sheet 44, in section 8, on page M-272946. Prior to the Spin-off, Testa Residencial is to be reregistered as a corporation. For such purpose, the board of Testa (the sole shareholder of Testa Residencial) will, in the near future, adopt the related decision, as such sole shareholder, on the reregistration and will ask the Madrid Commercial Registry to designate an independent expert to issue the mandatory report on the assets and liabilities of Testa Residencial in accordance with the requirements of article 18.3 of the LME.*

Consequently, in the context of the Spin-off, capital will be increased at Testa Residencial by way of the issue of shares represented by book entries (or, as the case may be, by way of the creation of participaciones, i.e., the shares proper to Spanish limited liability companies) pursuant to section 6.2 of this Plan, the non-cash assets serving as consideration for the aforesaid capital increase being valued by an independent expert designated by the Madrid Commercial Registry.

- C) *A newly formed corporation to be called “**Metrovacesa Promoción y Arrendamiento, S.A.**”. The related certificate confirming that no other company has been registered at the Commercial Registry under the same name has been obtained, issued by Commercial Registrar José Miguel Masa Burgos on June 15, 2016, a copy of which is attached hereto as **Exhibit 1**.*

Metrovacesa Promoción y Arrendamiento will have its registered office in Madrid, Parque Vía Norte, at calle Quintanavides 13.

The public deed documenting the Spin-off resolutions will contain the references required by law in connection with the incorporation of Metrovacesa Promoción y Arrendamiento.

3. SPIN-OFF BALANCE SHEETS AND DATES OF THE FINANCIAL STATEMENTS USED TO ESTABLISH THE TERMS ON WHICH THE SPIN-OFF IS PERFORMED

3.1 Spin-off balance sheets

The following are taken as spin-off balance sheets, for the purposes of article 36.1 of the LME, with reference to article 73 of the same law:

- A) *The most recent individual annual balance sheet of Metrovacesa, as of December 31, 2015, prepared by the Board of Metrovacesa on February 18, 2016 as an integral part of the financial statements for the year ended December 31, 2015, which were audited by Metrovacesa’s auditors, Deloitte, S.L., who issued the related auditor’s report on February 18, 2016 (the “**Metrovacesa Spin-off Balance Sheet**”).*

It is expressly placed on record that, because the Spin-off Balance Sheet is as of December 31, 2015, it contains assets forming part of the land and real estate development branch of activity which no longer form part of its assets due to having been transferred to Metrovacesa Suelo y Promoción, S.A., incorporated by way of the partial spin-off of Metrovacesa documented in a public deed executed on February 18, 2016 in the presence of Madrid notary Antonio

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

*Morenés Giles, under number 295 of his protocol, registered at the Madrid Commercial Registry in volume 25.273, on sheet 205, in section 8, on page M-16163, entry number 690. The previously spun-off assets of Metrovacesa, which have therefore ceased to form part of its assets and liabilities and, accordingly, are not included in the current assets and liabilities of Metrovacesa to be spun off and transferred en bloc and by way of universal succession to the Recipient Companies, are listed in **Exhibit 2**.*

Neither does such balance sheet record the economic effects of three capital increases carried out by way of non-cash contribution, debt capitalization and cash contribution, respectively, documented in deeds executed in the presence of the same Madrid notary on January 8 and February 17, 2016 (protocol numbers 19, 20 and 290), registered at the Madrid Commercial Registry in volume 25.273, on sheet 96, in section 8, on page M-16163, entry number 685; in volume 25.273, on sheet 199, in section 8, on page M-16163, entry number 686; and in volume 25.273, on sheet 204, in section 8, on page M-16163, entry number 689, respectively.

- B) *The most recent individual annual balance sheet of Merlin, as of December 31, 2015, prepared by the Board of Merlin on February 26, 2016 as an integral part of the financial statements for the year ended December 31, 2015, which were audited by Merlin's auditors, Deloitte, S.L., who issued the related auditor's report on February 26, 2016 (the "**Merlin Spin-off Balance Sheet**").*
- C) *The most recent individual annual balance sheet of Testa Residencial, as of December 31, 2015, prepared by the sole director of Testa Residencial as an integral part of the financial statements for the year ended December 31, 2015, which were audited by Testa Residencial's auditors, Ernst & Young, S.L., who issued the related auditor's report (the "**Testa Residencial Spin-off Balance Sheet**").*

Subsequent to the date of the Testa Residencial Spin-off Balance Sheet (i.e., December 31, 2015) and foreseeably prior to the date on which the Spin-off is to be performed, the following actions, which will have an economic impact on Testa Residencial, are to be taken:

- 1) *Capital increase at Tesa Residencial by way of non-cash contribution, consisting of the contribution by the sole shareholder of Testa Residencial, i.e., by Testa, of two properties with a combined value of €32,490,000.*
- 2) *Assumption, as debtor, by Testa Residencial of the entire bank debt of Testa resulting from the following financing agreements:*
 - (i) *mortgage loan agreement executed on December 4, 2009 by Testa, as borrower, Testa Residencial, as guarantor, pledgor and mortgagee, and ING Bank, N.V., Sucursal en España as lender, for an amount of €70,000,000, in the presence of Madrid notary Rafael Monjo Carrio, under number 2941 of his protocol, as novated by virtue of the novation agreement executed on September 30, 2015, documented in a deed executed on the same day by Madrid notary Antonio Pérez-Coca Crespo, the outstanding principal of which, as of the date of this Plan, is equal to €53,200,000;*

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

- (ii) *financial derivative agreement executed on December 4, 2009 by Testa, as obligor, Testa Residencial, as guarantor, and ING Bank, N.V., Sucursal en España, as financial institution, covering a notional amount of €37,240,000, in the presence of Madrid notary Rafael Monjo Carrio; and*
- (iii) *mortgage loan agreement executed on December 2, 2013 by Testa, as borrower, Testa Residencial, as guarantor and mortgagee, and Banco Santander, S.A. as lender, for an amount of €23,616,000, in the presence of Madrid notary Rafael Monjo Carrio, under number 2486 of his protocol, the outstanding principal of which, as of the date of this Plan, is equal to €23,016,000;*

which assumption will release (effective vis-à-vis third-party creditors, provided that their consent has been obtained or, otherwise, only effective between Testa and Testa Residencial) Testa from all obligations under said agreements, including all guarantee obligations, whether collateral or personal, which shall be extinguished.

- 3) *The cancellation of (i) the debt existing between Testa and Testa Residencial for an amount of €84,481,125.94 as of March 31, 2016 and (ii) that resulting from the assumption of debt referred to in the preceding section, in both cases by way of the distribution of reserves, the purchase of shares or treasury stock for redemption or the reduction of capital, by Testa Residencial in favor of Testa for the amount of said claims of Testa Residencial (cancellation by offset), prior to the reregistration of Testa Residencial as a corporation.*

In addition to the assets and liabilities recorded on the respective Spin-off Balance Sheets (with the additional impact on the assets and liabilities of the transactions described in the preceding paragraph), each part into which the assets and liabilities of Metrovacesa are divided will be attributed with (a) the income generated on the exploitation of the assets respectively included in each part into which the assets and liabilities of Metrovacesa are divided, and (b) Testa Residencial will assume a bank debt for a principal amount of €250,000,000 and (c) Merlin will assume the total remaining financial debt of Metrovacesa (syndicated loan and bonds), as part of the respective financial liabilities transferred by way of universal succession, all in accordance with the provisions set forth in this Plan.

*The Metrovacesa Spin-off Balance Sheet, the Merlin Spin-off Balance Sheet and the Testa Residencial Spin-off Balance Sheet are attached hereto as **Exhibits 3, 4 and 5**, respectively.*

3.2 *Dates of the financial statements used as a basis for terms on which the Spin-off is to be performed and significant transactions subsequent to the dates of the financial statements*

The terms on which the Spin-off is to be performed were determined on the basis of the financial statements of Metrovacesa, Merlin and Testa Residencial for the year ended December 31, 2015 (with the specification made above with respect to (i) the financial statements of Metrovacesa, resulting from the partial spinoff of Metrovacesa

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

performed in favor of Metrovacesa Suelo y Promoción, S.A. on February 18, 2016, as well as the related capital increases by way of non-cash contributions, debt capitalization and cash contributions, (ii) the financial statements of Testa Residencial, resulting from the actions described in section 3.1. C) above and (iii) the financial debt assigned to the Commercial Assets and Liabilities and to the Residential Assets and Liabilities), all three companies having the same financial year which is, in turn, the same as the calendar year. The foregoing is hereby placed on record for the purposes of article 31.10 of the LME, in connection with article 74 of the same law.

In order to determine the terms on which the Spin-off is to be performed, the exchange ratio referred to in section 7.1 of this Plan, was based on the following:

- A) the estimate of the consolidated net asset value before taxes (NAV) of Metrovacesa and of Merlin (including Testa Residencial within their consolidated perimeter) as of December 31, 2015, calculated: (i) in the case of Merlin and Testa Residencial, in line with the indications of the European Public Real Estate Association (EPRA), having regard to asset valuations estimated by third parties; and (ii) in the case of Metrovacesa, in accordance with the International Financial Reporting Standard, having regard to asset valuations performed by third parties in accordance with the standards of the Royal Institution of Chartered Surveyors (RICS) of Great Britain, and the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC);*
- B) the profitability of the businesses of Merlin and Metrovacesa and the revaluation potential of their respective NAV;*
- C) the market price of the shares of Merlin and their previous performance;*
- D) the distribution by Merlin, before the Spin-off takes effect, of an interim dividend or the distribution of reserves in favor of its shareholders for a maximum amount of €66,221,150;*
- E) the distribution by Metrovacesa, before the Spin-off takes effect, of an extraordinary dividend or of reserves in favor of its shareholders for a maximum amount of €50,000,024.92;*
- F) the assumption by Testa Residencial, as a part of the liabilities transferred by way of universal succession within the Residential Assets and Liabilities of Metrovacesa, of (i) €250 million of current corporate debt of Metrovacesa or (ii) a financing agreement for €250 million to be executed by Metrovacesa between the date of this Spin-off Plan and the performance of the Spin-off, which will be used for the partial repayment of the current corporate debt of Metrovacesa prior to the performance of the Spin-off, with a maturity of between 5 and 10 years, and with a margin of not more than 200 base points above 1-year EURIBOR;*
- G) the contribution by Testa to Testa Residencial, in a capital increase by way of non-cash contribution, of the two real estate assets referred to in section 3.1.C) 1), with a combined value of €32,490,000;*
- H) assumption, as debtor, by Testa Residencial of the entire bank debt of Testa resulting from the following financing agreements:*

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

- (i) *mortgage loan agreement executed on December 4, 2009 by Testa, as borrower, Testa Residencial, as guarantor, pledgor and mortgagee, and ING Bank, N.V., Sucursal en España as lender, for an amount of €70,000,000, in the presence of Madrid notary Rafael Monjo Carrio, under number 2941 of his protocol, as novated by virtue of the novation agreement executed on September 30, 2015, documented in a deed executed on the same day by Madrid notary Antonio Pérez-Coca Crespo, the outstanding principal of which, as of the date of this Plan, is equal to €53,200,000;*
- (ii) *financial derivative agreement executed on December 4, 2009 by Testa, as obligor, Testa Residencial, as guarantor, and ING Bank, N.V., Sucursal en España, as financial institution, covering a notional amount of €37,240,000, in the presence of Madrid notary Rafael Monjo Carrio; and*
- (iii) *mortgage loan agreement executed on December 2, 2013 by Testa, as borrower, Testa Residencial, as guarantor and mortgagee and Banco Santander, S.A. as lender, for an amount of €23,616,000, in the presence of Madrid notary Rafael Monjo Carrio, under number 2486 of his protocol, the outstanding principal of which, as of the date of this Plan, is equal to €23,016,000*

which assumption will release (effective vis-à-vis third-party creditors, provided that their consent has been obtained or, otherwise, only effective between Testa and Testa Residencial) Testa from all obligations under said agreements, including all guarantee obligations, whether collateral or personal, which shall be extinguished;

- I) *The cancellation of (i) the debt existing between Testa and Testa Residencial for an amount of €84,481,125.94 as of March 31, 2016 and (ii) that resulting from the assumption of debt referred to in the preceding section, in both cases by way of the distribution of reserves, the purchase of shares or treasury stock for redemption or the reduction of capital, by Testa Residencial in favor of Testa for the amount of said claims of Testa Residencial (cancellation by offset), prior to the reregistration of Testa Residencial as a corporation;*
- J) *other items of value from the parts of the Spun-off Assets and Liabilities, which are acknowledged by the participating companies;*
- K) *the acquisition by Merlin, either of treasury stock or of Testa shares, to the extent necessary in order to comply with the commitments assumed by the former in the context of the merger by absorption of Testa by Merlin referred to above.*

4. DETERMINATION AND ALLOCATION OF THE SPUN-OFF Assets and Liabilities

4.1 Spun-off Assets and Liabilities

4.1.1 Reference perimeters

The Spin-off affects all assets and liabilities of Metrovacesa (the “Spun-off Assets and Liabilities”) which will be divided into three parts: the Commercial Assets and

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

Liabilities, the Residential Assets and Liabilities and the Non-Strategic Assets and Liabilities. Each one of these parts will be transferred en bloc and by way of universal succession to the respective recipient company: (i) Merlin, recipient of the Commercial Assets and Liabilities; (ii) Testa Residencial, recipient of the Residential Assets and Liabilities; and (iii) Metrovacesa Promoción y Arrendamiento, recipient of the Non-Strategic Assets and Liabilities. The composition and methods used to assign assets, rights, obligations, responsibilities and agreements to each of the three parts will be those stipulated below in accordance with article 74.1 of the LME.

A) Commercial Assets and Liabilities

*The Commercial Assets and Liabilities are defined with reference to all real estate owned directly or indirectly by Metrovacesa and not listed in **Exhibit 7** (residential properties operated under lease, to be included in the Residential Assets and Liabilities) or **Exhibit 8** (real estate whose characteristics, i.e., lands or works in progress, for tertiary use, to be developed and subsequently leased, or other assets, the characteristics of which differ from the profile defined by Merlin for its investments, to be included in the Non-Strategic Assets and Liabilities) (the “**Commercial Properties**”). The characteristic common to the real estate included in the Commercial Assets and Liabilities is its operation under lease by third parties for the pursuit of business activities therein.*

The Commercial Assets and Liabilities will comprise, in addition to the aforesaid Commercial Properties:

- a) all assets, rights, obligations, responsibilities and agreements directly related to the Commercial Properties;*
- b) all of the financial debt of Metrovacesa, reduced by €250 million of principal of bank debt, which will be assumed by Testa Residencial as the recipient of the Residential Assets and Liabilities on terms agreed with the creditors of said amount of its bank debt;*
- c) 74% of the total cash on hand of Metrovacesa and of its controlled subsidiaries (regardless of the part of the Spun-off Assets and Liabilities to which it is attributed or in which it is included) existing on the date on which the Spin-off is performed (the “**Cash Attributed to the Commercial Assets and Liabilities**”). Prior to the calculation of the Cash Attributed to the Commercial Assets and Liabilities, the net cash on hand will be reduced by any amount which, pursuant to section 4.1.2 B) below, replaces or results from any item of the Spun-off Assets and Liabilities; said amount will be attributed in full to the part of the Spun-off Assets and Liabilities in which the original assets are included, as Cash Attributed to the Assets and Liabilities to which said original assets relate;*
- d) all remaining assets and organizational elements of Metrovacesa, including its staff (with the exception of 8 employees who are assigned to the Residential Assets and Liabilities) and material resources common to the operation of Metrovacesa’s business prior to this Spin-off, which are not included in the Residential Assets and Liabilities or in the Non-Strategic Assets and Liabilities, having regard to the fact that the Commercial Properties have constituted practically all of said assets and have represented by far the largest part of Metrovacesa’s activity, with no further exception than (x) the operation of the Residential Properties since their acquisition by Metrovacesa and (y) the operation of the Non-Strategic Properties, which represent a small share of the*

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

assets and, comparatively, have made a very small contribution to Metrovacesa's business activity and to its income, either due to being in development, or to not yet having attained their potential profitability to date. Consequently, in the interest of simplification and given the enormity and complexity of providing an individualized list of the assets making up the Commercial Assets and Liabilities, the Commercial Assets and Liabilities will comprise the set of assets and liabilities of Metrovacesa which are not identified as forming part of the Residential Assets and Liabilities or the Non-Strategic Assets and Liabilities.

*In order to simplify the identification of the assets and liabilities of Metrovacesa subject to the Spin-off and, consequently, falling within the perimeter of Metrovacesa's Commercial Assets and Liabilities, but notwithstanding the effectiveness of their definition on a residual basis or by differences, as the remaining assets and liabilities not identified in the Residential Assets and Liabilities or the Non-Strategic Assets and Liabilities, as well as their remaining human and organizational resources, attached hereto as **Exhibit 6** is the balance sheet of Metrovacesa as of May 31, 2016 (the most recent balance sheet available).*

B) Residential Assets and Liabilities

*The Residential Assets and Liabilities are defined with reference to all real estate owned directly or indirectly by Metrovacesa and listed in **Exhibit 7**, characterized by its residential use and its operation under lease (the "**Residential Properties**").*

*Given that **Exhibit 7** includes certain real estate which, due to being residences under public protection regimes, is subject to certain preferred acquisition rights or prospective or retrospective rights of first refusal recognized by law in favor public authorities or third parties, it is assumed and accepted that, should such third parties or public authorities exercise their preferred acquisition rights or prospective or retrospective rights of first refusal, the Residential Assets and Liabilities to be transferred to Testa Residencial by virtue of the Spin-off will include, instead of said real estate, the right to receive the consideration payable by the related public authority or third party as a result of the exercise of its preferred acquisition right or prospective or retrospective right of first refusal (in rem replacement).*

*The Residential Assets and Liabilities will comprise, in addition to the Residential Properties listed in **Exhibit 7** or the consideration replacing them in the case provided for in the preceding paragraph:*

- a) all assets, rights, obligations, responsibilities and agreements (including employment contracts, estimated as those of eight (8) employees) directly related to the Residential Properties;*
- b) financial debt of Metrovacesa amounting to €250 million of principal of bank debt, which will be assumed by Testa Residencial as the recipient of the Residential Assets and Liabilities on terms agreed with the creditors of said amount of its bank debt;*
- c) 16% of the total cash on hand of Metrovacesa and of its controlled subsidiaries (regardless of the part of the Spun-off Assets and Liabilities to which it is attributed or in which it is included) existing on the date on which the Spin-off is performed (the "**Cash Attributed to the Residential Assets and Liabilities**"). Prior to the calculation of the Cash Attributed to the Residential Assets and Liabilities, the net cash on hand will be reduced by any amount which, pursuant*

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to section 4.1.2. B) below, replaces or results from any item of the Spun-off Assets and Liabilities; said amount will be attributed in full to the part of the Spun-off Assets and Liabilities in which the original assets are included, as Cash Attributed to the Assets and Liabilities to which said original assets relate.

Exhibit 7 also includes a description of the main items making up the Residential Assets and Liabilities together with the Residential Properties.

C) Non-Strategic Assets and Liabilities

*The Non-Strategic Assets and Liabilities are defined with reference to all real estate owned directly or indirectly by Metrovacesa and listed in **Exhibit 8**, comprising lands and works in process, for tertiary use, to be developed and subsequently leased by third parties, and certain assets already built, also to be operated under lease by third parties for non-residential purposes, the characteristics of which differ from the profile defined by Merlin for its investments (the “**Non-Strategic Properties**”).*

*The Non-Strategic Assets and Liabilities will comprise, in addition to the real estate listed in **Exhibit 8**:*

- a) All assets, rights, obligations, responsibilities and agreements (including employment contracts) directly related to the Non-Strategic Properties;*
- b) 10% of the total cash on hand of Metrovacesa and of its controlled subsidiaries (regardless of the part of the Spun-off Assets and Liabilities to which it is attributed or in which it is included) existing on the date on which the Spin-off is performed (the “**Cash Attributed to the Non-Strategic Assets and Liabilities**”). Prior to the calculation of the Cash Attributed to the Non-Strategic Assets and Liabilities, the net cash on hand will be reduced by any amount which, pursuant to section 4.1.2 B) below, replaces or results from any item of the Spun-off Assets or Liabilities; said amount will be attributed in full to the part of the Spun-off Assets and Liabilities in which the original assets are included, as Cash Attributed to the Assets and Liabilities to which said original assets relate.*

Exhibit 8 also includes a description of the main items making up the Non-Strategic Assets and Liabilities together with the Non-Strategic Properties.

*Identified in Exhibit 8 as part of the Non-Strategic Assets and Liabilities is the Non-Strategic Property known as “City Condominio” owned by Global Carihuela, S.L., a company totally controlled (directly and indirectly) by Metrovacesa, (“**Global Carihuela**”). This company also owns a Commercial Property known as “Centro Comercial Opción”. At the time the Spin-off is performed, either the dissolution and liquidation of Global Carihuela will have been carried out, or a dividend in kind will have been distributed to Metrovacesa for the Commercial Property, or the Commercial Property will have been sold by Global Carihuela to Metrovacesa, or any other transaction with an effect identical to that of the foregoing will have been carried out, so that the Commercial Property can be included in the Commercial Assets and Liabilities and Global Carihuela (now owner of only the aforesaid Non-Strategic Property “City Condominio”) can be included in the Non-Strategic Assets and Liabilities.*

4.1.2 Specification of the assets included in each set of Assets and Liabilities

- A) Assets, rights, obligations, responsibilities and agreements directly related to the respective real estate*

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

The transfer, as a result of the Spin-off, of the real estate owned directly or indirectly by Metrovacesa and making up each of the three parts into which the Spun Off Assets will be divided will entail the assumption, on statutory or contractual grounds, of obligations, liabilities and responsibilities, under both public and private law, related to the corresponding part of the Spun Off Assets in which such real estate is included, derived from their ownership or operation (such as, without limitation, the obligations to return the security deposits received from the renters occupying such assets, tax obligations, the charges or contributions incumbent on the assets, the right to collect outstanding rent, the obligations or responsibilities as owner and, as the case may be, lessor). The transfer of the aforesaid assets as a result of the Spin-off will also entail the subrogation of the corresponding Recipient Company, on statutory or contractual grounds, to the financial claims and the products, under both public and private law, related to, derived from or connected with the ownership and holding of the assets making up the corresponding part of the Spun Off Assets and Liabilities (such as, without limitation, rent payments, security deposits deposited with third parties, etc.).

B) Replacement of the assets making up each set of Assets and Liabilities as a result of the continuation of the business activity

Due to the dynamic nature of the Spun-off Assets and Liabilities, from the date on which this Plan is approved and signed until the execution date of the deed of spin-off, the Spun-off Assets and Liabilities and the elements they comprise may undergo variations due to the continuation of the business transactions of Metrovacesa.

Assets and liabilities that substitute or replace the assets and liabilities making up the three sets identified as Commercial Assets and Liabilities, Residential Assets and Liabilities or Non-Strategic Assets and Liabilities will also be included in the respective set of Spun-off Assets and Liabilities.

The same will occur with assets or liabilities that arise after the date of approval of the Plan through the date on which the Spin-off takes place, in connection with the assets and liabilities, or businesses, making up each set of Spun-off Assets and Liabilities.

C) Assets and liabilities arising between approval and performance

Any asset or liability identified between approval or performance of the Spin-off and which could objectively be related or linked to the Residential Assets and Liabilities or the Non-Strategic Assets and Liabilities, will be attributed to the related set and will be assumed by Testa Residencial or by Metrovacesa Promoción y Arrendamiento. All those not related or linked as stated above to either of the two sets (including, for example, actions brought against third parties not associated with the operation of the specific properties by Metrovacesa), will be attributed to the Commercial Assets and Liabilities and assumed by Merlin as their recipient.

D) Changes in the Spun-off Assets and Liabilities or in those of the recipients Merlin and Testa Residencial before the shareholders' meetings are held to resolve on the spin-off

The Board of Metrovacesa will notify the Shareholders' Meeting that is to approve the Spin-off of any significant changes to the Spun-off Assets and Liabilities that may have taken place.

The same information will be given by the directors of Merlin and of Testa Residencial with respect to significant changes with an impact on the assets and liabilities of Merlin

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

and of Testa Residencial after the date of this Plan to (a) the respective shareholders of these companies and (b) the managing body of Metrovacesa, so that, in turn, it informs its Shareholders' Meeting.

4.2 Valuation of the Spun-off Assets and Liabilities

For the purposes of article 31.9 of the LME, in connection with article 74 of the same law, it is placed on record that the total value of the Spun-off Assets and Liabilities is as follows:

- Total Assets: €4,261,124,550.
- Total Liabilities: €1,820,000,000.

Consequently, the net value of the Spun-off Assets and Liabilities to be transferred to the Recipient Companies by virtue of the Spin-off, according to the breakdown detailed below, amounts to €2,441,124,550.

Additionally, the valuation of the assets and liabilities that will be transferred to each of the Recipient Companies is specified below:

A) Commercial Assets and Liabilities:

- Total assets: €3,242,844,550.
- Total liabilities: €1,570,000,000.

Consequently, the net value of the assets and liabilities transferred by Metrovacesa to Merlin by virtue of the Spin-off (i.e., the value of the Commercial Assets and Liabilities) is €1,672,844,550.

B) Residential Assets and Liabilities:

- Total assets: €691,785,000.
- Total liabilities: €250,000,000.

Consequently the net value of the assets and liabilities transferred by Metrovacesa to Testa Residencial by virtue of the Spin-off (i.e., the value of the Residential Assets and Liabilities) is €441,785,000.

C) Non-Strategic Assets and Liabilities:

- Total assets: €326,495,000.
- Total liabilities: €0.

Consequently, the net value of the assets and liabilities transferred by Metrovacesa to Metrovacesa Promoción y Arrendamiento by virtue of the Spin-off (i.e., the value of the Non-Strategic Assets and Liabilities) is €326,495,000.

The assets and liabilities of Metrovacesa that make up the Spun-off Assets and Liabilities and are to be transferred to Merlin, to Testa Residencial and to Metrovacesa

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

Promoción y Arrendamiento by virtue of the Spin-off will be recorded at these companies pursuant to the recognition and valuation standards established by the Spanish National Chart of Accounts, approved by Royal Decree 1514/2007, of November 16, 2007.

4.3 Allocation of the Spun-off Assets and Liabilities among the Recipient Companies

The Spun-off Assets and Liabilities will be allocated among the Recipient Companies as follows:

- A) Merlin will receive the Commercial Assets and Liabilities.*
- B) Testa Residencial will receive the Residential Assets and Liabilities.*
- C) Metrovacesa Promoción y Arrendamiento will receive the Non-Strategic Assets and Liabilities.*

5. CESSATION OF EXISTENCE OF Metrovacesa

As a result of the spin-off and from its effective date, Metrovacesa will cease to exist, all of its assets and liabilities being divided into three parts, the Commercial Assets and Liabilities, the Residential Assets and Liabilities and the Non-Strategic Assets and Liabilities, which will be transferred en bloc and by way of universal succession to Merlin, Testa Residencial and Metrovacesa Promoción y Arrendamiento, respectively, the shareholders of Metrovacesa receiving shares in each of the aforesaid Recipient Companies pro rata to the interest they own the capital stock of Metrovacesa, according to the exchange ratio and procedure set forth in section 7 of this Plan.

6. CAPITAL INCREASES AT MERLIN AND Testa Residencial AND INCORPORATION OF Metrovacesa Promoción y Arrendamiento

6.1 Capital increase at Merlin

As a result of the Spin-off referred to in this Plan, the shareholders of Metrovacesa will receive shares in Merlin for a value equal to the value of the Commercial Assets and Liabilities indicated under section 4.2. A).

For such purpose, and in the same act as the performance of the Spin-off, the capital stock of Merlin will be increased with a charge to the non-cash contributions listed and described in sections 4.1.1. A) and 4.3. A) which, as already indicated, constitute the Commercial Assets and Liabilities. In particular, Merlin will increase its capital by a global par value of €146,740,750, by issuing and allotting 146,740,750 new common shares, each with a par value of €1, in the same class and series as the currently allotted shares of Merlin, and represented by book entries. The new shares will be issued with additional paid-in capital of €10.40 per share issued, i.e., the global additional paid-in capital for the increase as a whole is equal to €1,526,103,800.

Both the par value of the shares issued and the related additional paid in capital will be paid in in full as a result of the transfer en bloc and by way of universal succession to Merlin of the Commercial Assets and Liabilities. Because the Commercial Assets and Liabilities constitute a non-cash contribution by virtue of which the capital increase at Merlin referred to in this section 6.1, is subscribed and paid in, it is placed on record

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

that the valuation of the Commercial Assets and Liabilities will be audited by an independent expert, pursuant to article 78.1 of the LME.

It is also placed on record that, pursuant to article 304.2 of the Corporate Enterprises Law, the current shareholders of Merlin will have no preemptive right to subscribe to the new shares issued by Merlin in the context of the Spin-off.

As a result of the capital increase described above, a new wording will be given to article 5 of Merlin's bylaws, which will subsequently read as follows:

“ARTICLE 5. CAPITAL STOCK

- 1. The capital stock stands at €469,770,750, divided into 469,770,750 shares, each with a par value of one euro (€1), belonging to a single class and series, which confer the voting and dividend rights stipulated in the legislation in force.*
- 2. The capital stock is fully subscribed and paid in”.*

6.2 Capital increase at Testa Residencial

As a result of the Spin-off referred to in this Plan, the shareholders of Metrovacesa will receive shares in Testa Residencial (which, by the time the Spin-off is approved by the Shareholders' Meetings of Merlin and of Metrovacesa and by the Sole Shareholder of Testa Residencial, should already have been reregistered as a corporation and have its shares represented by book entries) for a value equal to the value of the Residential Assets and Liabilities indicated in section 4.2. B).

For such purpose, and in the same act as the performance of the Spin-off, capital stock will be increased at Testa Residencial with a charge to the non-cash contributions listed and described in sections 4.1.1. B) and 4.3. B) which, as already indicated, constitute the Residential Assets and Liabilities. In particular, Testa Residencial will increase its capital stock by a global par value of €30,752,781.54, by issuing and allotting 3,075,278.154 new common shares, each with a par value of 1 euro cent, of the same class and series as the currently allotted shares of Testa Residencial, and represented by book entries. The newly issued shares will be issued with additional paid-in capital of €0.133656923984379 per share issued, i.e., the global additional paid-in capital for the increase as a whole is €411,032,218.46. Should Testa Residencial not have been reregistered as a corporation by the time the Spin-off is approved by the Shareholders' Meetings of Merlin and of Metrovacesa and by the Sole Shareholder of Testa Residencial, shares (NB in Spanish, participaciones, specific to limited liability companies, rather than acciones specific to a corporation) will be issued for the same par value and additional paid-in capital as indicated above and numbered sequentially after the last number of the shares making up the capital stock of Testa Residencial when the Spin-off is approved.

Both the par value of the shares issued and the related additional paid-in capital will be fully paid in as a result of the transfer en bloc and by way of universal succession to Testa Residencial of the Residential Assets and Liabilities. Because the Residential Assets and Liabilities constitute a non-cash contribution by virtue of which the capital increase referred to in this section 6.2 is subscribed and paid in, and because Testa Residencial is expected to have been reregistered as a corporation by the time the Spin-off is approved by the Shareholders' Meetings of Merlin and of Metrovacesa and

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

by the Sole Shareholder of Testa Residencial, it is placed on record that the valuation of the Residential Assets and Liabilities will be submitted to an audit by an independent expert, pursuant to article 78.1 of the LME.

It is also placed on record that, pursuant to article 304.2 of the Corporation Enterprises Law, the Sole Shareholder of Testa Residencial will have no preemptive right to subscribe to the new shares issued by Testa Residencial in the context of the Spin-off.

As a result of the capital increase described above, a new wording will be given to article 5 of Testa Residencial's bylaws, which subsequently read as follows:

“ARTICLE 5. CAPITAL STOCK

- 1. The capital stock stands at 46,765,937.32, divided into 4,676,593,732 shares, each with a par value of 1 euro cent (€0.01), belonging to a single class and series, which confer the voting and dividend rights stipulated by the legislation in force.*
- 2. The capital stock is fully subscribed and paid in”.*

6.3 Incorporation of Metrovacesa Promoción y Arrendamiento

By virtue of the Spin-off, Metrovacesa Promoción y Arrendamiento will be incorporated as a corporation under the name Metrovacesa Promoción y Arrendamiento, S.A. Metrovacesa Promoción y Arrendamiento will have capital stock with a charge to the assets and liabilities transferred to it pursuant to section 4.3 C) of this Spin-off Plan.

The initial capital stock of Metrovacesa Promoción y Arrendamiento will stand at €307,527,815.4, made up of 307,527,815.4 common shares, each with a par value of 10 euro cents, belonging to the same class and series and represented by book entries.

The difference between the capital stock of Metrovacesa Promoción y Arrendamiento (€307,527,815.4) and the net value attributed to the Non-Strategic Assets and Liabilities pursuant to section 4.2 C) of this Plan (€326,495,000), which amounts to €18,967,184.6, will be assigned to additional paid-in capital. Accordingly, the additional paid-in capital with which Metrovacesa Promoción y Arrendamiento is to be incorporated will be €0.00616763221087155 per share.

The shares in Metrovacesa Promoción y Arrendamiento will be fully subscribed and paid in as a result of the transfer en bloc and by way of universal succession to Metrovacesa Promoción y Arrendamiento of the Non-Strategic Assets and Liabilities. Because the Non-Strategic Assets and Liabilities constitute a non-cash contribution by virtue of which the capital stock and additional paid-in capital of Metrovacesa Promoción y Arrendamiento is to be subscribed and paid in, it is placed on record that the valuation of the Non-Strategic Assets and Liabilities will be submitted to an audit by an independent expert pursuant to article 78.1 of the LME.

*Metrovacesa Promoción y Arrendamiento must be governed by the bylaws which, for the purpose of article 31.8 of the LME, in connection with article 74 of the same law, are attached to this Plan as **Exhibit 9**.*

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

Metrovacesa Promoción y Arrendamiento will have a corporate website, as stipulated in article 11 bis et. seq. of the Corporate Enterprises Law. From time at which the deed of Spin-off is registered at the Madrid Commercial Registry, the managers of Metrovacesa Promoción y Arrendamiento will be empowered to take all steps required to comply with the provisions of article 11 ter of the LME.

7. ALLOTMENT OF THE SHARES OF THE RECIPIENT COMPANIES AMONG THE SHAREHOLDERS OF THE COMPANY PERFORMING THE SPIN-OFF

7.1 Exchange ratio

Shareholders of Metrovacesa who have the status as such (as recorded in the public registries of book entries) at 00:01 hours on the execution date of the public deed of Spin-off will receive the shares of the Recipient Companies specified below; no supplementary cash compensation is foreseen:

- A) One Merlin share for each 20.95722 shares in the Company Performing the Spin-off.*
- B) One Testa Residencial share for each share in the Company Performing the Spin-off.*
- C) One Metrovacesa Promoción y Arrendamiento share for each share in the Company Performing the Spin-off.*

It is placed on record that the shares of Merlin, Testa Residencial and Metrovacesa Promoción y Arrendamiento issued as consideration for the contribution of the Spun-off Assets in the Spin-off will be subject to the restrictions imposed under article 34 of the Corporate Enterprises Law until the Spin-off deed has been registered, Metrovacesa has ceased to exist, capital has been increased at Merlin and Testa Residencial, and Metrovacesa Promoción y Arrendamiento has been incorporated and registered at the Madrid Commercial Registry.

The exchange ratios referred to above were agreed and calculated on the basis of the methodologies explained and justified in the report that will be prepared by the managing bodies of Metrovacesa, Merlin and Testa Residencial pursuant to article 77 of the LME.

The proposed exchange ratios will also be submitted to audit by the independent expert designated by the Madrid Commercial Registry for the purposes of article 78 of the LME.

7.2 Exchange procedure

The procedure whereby shares in Metrovacesa are exchanged for shares in Merlin, Testa Residencial and Metrovacesa Promoción y Arrendamiento will be as follows:

- A) After the Shareholders' Meetings of Metrovacesa and Merlin and the Sole Shareholder of Testa Residencial have adopted the Spin-off resolution; after the Spin-off deed has been registered at the Madrid Commercial Registry; and, with respect to the exchange of shares in Metrovacesa for shares in Merlin, after the National Securities Market Commission has checked the related Securities Report or equivalent document on the shares to be issued by Merlin*

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

pursuant to section 6.1 of this Spin-off Plan, the shares in Metrovacesa will be exchanged for shares in Merlin, Testa Residencial and Metrovacesa Promoción y Arrendamiento.

- B) The date on which the exchange is to take effect will be stated in the notices that will be published in the Official Gazette of the Commercial Registry, in one of the large circulation newspapers in the province of Madrid and, if required, in the Official Gazettes of the Spanish Stock Markets.*
- C) A financial institution will be designated to act as Agent and will be identified in the notices referred to in paragraph B) above.*
- D) The exchange will be carried out through the entities acting as depositories of the Metrovacesa shares, by applying the appropriate procedures pursuant to Royal Decree 878/2015, of October 2, 2015, on clearing, settlement and registration of marketable securities represented by book entries, on the legal regime governing central securities depositories and central counterparties and on transparency requirements of issuers of securities admitted to trading on an official secondary market.*
- E) With a view to facilitating the exchange and the acquisition of a whole number of shares in Merlin by the minority shareholders of Metrovacesa who at 00:01 hours on June 21, 2016 are recorded as owners of those shares in the detailed registers of the entities participating in the Securities Clearing and Settlement Service (Iberclear), any fraction of a Merlin share that pertains to the minority shareholder in excess of the whole number of Merlin shares exchanged for its holding in Metrovacesa will be allotted to said minority shareholder in co-ownership with one of the principal shareholders of Metrovacesa (Banco Santander, S.A., Banco Bilbao Vizcaya Argentaria, S.A. or Banco Popular Español, S.A.) to which the fraction, up to the total ownership of the share, will be allotted.*
- F) Such supplementary fractions of a share's ownership will be allotted among each of Metrovacesa's three principal shareholders pro rata to the interest they respectively own in Metrovacesa when this Spin-off Plan is approved, but on an individual basis, each one of the majority shareholders in co-ownership with each one of the minority shareholders.*
- G) The principal shareholders of Metrovacesa have undertaken to Metrovacesa to donate the fraction of co-ownership allotted to them in said Merlin shares to the minority shareholder of Metrovacesa who is the co-owner of the share, without requiring from it any consideration whatsoever.*
- H) Said undertaking of the principal shareholders extends to a maximum of 3,500 shares (in the event of a deficit, the allotments will be made beginning with the minority shareholders with the smallest number of shares) and to the co-ownership of not more than one share with each minority shareholder registered as an owner of Metrovacesa shares at the time and on the date indicated above.*
- I) As a result of the performance of the Spin-off, the Metrovacesa shares will be redeemed.*

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

8. DATE AFTER WHICH THE SHARES IN THE RECIPIENT COMPANIES WILL ENTITLE THEIR HOLDERS TO A SHARE IN THE CORPORATE EARNINGS

Metrovacesa shareholders will be entitled to a share in the corporate earnings of the Recipient Companies after the date on which the registration of the Spin-off at the Madrid Commercial Registry takes effect.

For the purpose of the last paragraph of article 31.6 of the LME, in connection with article 74 of the same law, it is placed on record that the aforesaid right to a share in the corporate earnings will not be affected by peculiarities of any type.

9. DATE on which the spin-off takes effect FOR ACCOUNTING PURPOSES

The date after which the transactions of the Company Performing the Spin-off related to the Commercial Assets and Liabilities and the Residential Assets and Liabilities are to be deemed made, for accounting purposes, for the account of Merlin and Testa Residencial, respectively, will be the date of the Shareholders' Meeting of Metrovacesa that approves the Spin-off.

The date after which the transactions of the Company Performing the Spin-off related to the Non-Strategic Assets and Liabilities will be deemed made, for accounting purposes, by Metrovacesa Promoción y Arrendamiento will be January 1, 2016.

The dates referred to in the preceding two paragraphs are in line with the Spanish National Chart of Accounts, approved by Royal Decree 1514/2007, of November 16, 2007.

10. BYLAWS OF THE RECIPIENT COMPANIES

*Attached hereto as **Exhibit 10** are the current bylaws of Merlin, which will be amended as a result of the capital increase referred to in section 6.1, as stipulated therein.*

*Attached hereto as **Exhibit 11** are the current bylaws of Testa Residencial, which will be amended as a result of the capital increase and reduction referred to in section 3.1. C) above. It is important to note that, as indicated above, prior to the performance of the Spin-off, Testa Residencial is to have been reregistered as a corporation. After the date on which the Spin-off takes effect, Testa Residencial will be governed by the bylaws of which a draft version is attached hereto as **Exhibit 12**; said bylaws include certain ancillary obligations on any shareholders of Testa Residencial who fulfill certain conditions (including those who become shareholders in Testa Residencial as a result of the Spin-off, provided that they fulfill such conditions), which obligations will apply from the time that Testa Residencial becomes a listed corporation for investment in the real estate market.*

The bylaws that will govern Metrovacesa Promoción y Arrendamiento are attached to this Spin-off Plan as Exhibit 9.

11. ANCILLARY OBLIGATIONS AND SPECIAL RIGHTS

Existing at Merlin are the ancillary obligations referred to in article 8 of its bylaws, attached hereto as Exhibit 10, which will be incumbent on any shareholders who fulfill the conditions stipulated therein. The Spin-off will, however, have no impact on said ancillary obligations and the shareholders on which they are incumbent will not

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

receive any compensation whatsoever as a result of the Spin-off. To date there are no ancillary obligations at the other participating companies. It is nonetheless placed on record that the Spin-off will have no impact on the ancillary obligations contained in the bylaws of Testa Residencial when the Spin-off is performed, and the shareholders on which they are incumbent will not receive any compensation whatsoever as a result of the Spin-off.

Neither are there any obligations related to shareholders' work contributions, or holders of special rights or of securities other than those representing capital to whom any right whatsoever is to be granted.

12. ADVANTAGES ATTRIBUTED TO DIRECTORS OR TO THE INDEPENDENT EXPERT

No advantages will be attributed by reason of the Spin-off to members of the managing body of the Company Performing the Spin-off or of the Recipient Companies, or to the independent expert or experts designated by the Madrid Commercial Registry.

13. TAX treatment

The Spin-off will be submitted to the tax regime stipulated under Title VII, Chapter VII of the Corporate Income Tax Law. Pursuant to article 89.1 of the Corporate Income Tax Law, the Recipient Companies of the Spin-off will serve the appropriate notices on the State Tax Agency, stating their submission to the regime, on the terms stipulated by regulation, notwithstanding the possibility of waiving any deferral of corporate income tax that may be chosen with respect to all or part of the assets and liabilities transferred to the Recipient Companies.

In this connection, the adoption of the decision to submit the Spin-off to the tax regime stipulated under Title VII, Chapter VII of the Corporate Income Tax Law, as well as the decision to serve notice of the submission to such regime on the Ministry of Economy and Finance pursuant to articles 48 and 49 of the Corporate Income Tax Regulations approved by Royal Decree 634/2015, of July 10, 2015, will be proposed to the shareholders of the Recipient Companies.

14. POSSIBLE CONSEQUENCES FOR EMPLOYMENT, GENDER-RELATED IMPACT ON THE MANAGING BODIES AND IMPACT ON corporate SOCIAL RESPONSIBILITY

14.1 Possible consequence of the Spin-off for employment

All employees of Metrovacesa will be assigned to the Commercial Assets and Liabilities (with the exception of 8 employees, who will be assigned the Residential Assets and Liabilities) and Merlin will therefore be subrogated to all employment rights and obligations of those employees.

Testa Residencial will be subrogated to all rights and obligations of the 8 employees assigned to it.

Apart from the foregoing, (a) one of the subsidiaries or investees forming part of the Residential Assets and Liabilities has 2 employees and (b) one of the subsidiaries or investees forming part of the Non-Strategic Assets and Liabilities has 10 employees.

FOR INFORMATION PURPOSES ONLY-SPANISH VERSION PREVAILS

Notice of the Spin-off will be served on all Metrovacesa employees, given that there are no elected employee representatives, by way of the related post on the Metronet (intranet of the Company Performing the Spin-off) to which each and every employee has access. Notice will also be served on the public bodies whose notification is required, in particular, on the Social Security General Treasury, all in accordance with the statutory provisions.

All Metrovacesa employees will also be informed of the Spin-off by letter.

Notice of the Spin-off will also be served on all Merlin and Testa Residencial employees by letter.

14.2 Gender-related impact on the managing bodies

An attempt will be made to ensure the strictest compliance by the managing bodies of the Recipient Companies with the corporate governance rules on the gender-related distribution of offices.

14.3 Management services

*For a period of 30 years following completion of the Spin-off, Merlin is to provide advisory, planning and strategic business, asset and liability management services to Testa Residencial for annual economic consideration of €7.7 million (adjustable annually by 1.5%) (consideration which may be capitalized, in certain cases of contractual termination, in Testa Residencial shares; thus resulting in an increase in Merlin's interest in Testa Residencial of up to a maximum of (a) 374,127,499 shares in Testa Residencial, each with a par value of 1 euro cent, if paid in existing shares or (b) 640,693,342 shares in Testa Residencial, each with a par value of 1 euro cent, if paid in newly issued shares and in accordance with the other essential terms described in **Exhibit 13** to this Plan.*

14.4 Impact of the Spin-off on corporate social responsibility

The Spin-off cannot be expected to have implications on the social responsibility policy of Merlin or of Testa Residencial.

15. AUTHORIZATIONS

The effectiveness of the Spin-off is subject, as a condition precedent, not only to approval by the shareholders' meetings of Metrovacesa and of Merlin and by the Sole Shareholder of Testa Residencial, but also to authorization of the concentration of the Commercial Assets and Liabilities of Metrovacesa at Merlin by the National Markets and Antitrust Commission (Comisión Nacional de los Mercados y de la Competencia or "CNMC").

This condition will be deemed to have been fulfilled:

- A) in the case of express authorization, on the date on which the CNMC notifies Merlin or Metrovacesa of the unconditional authorization of the concentration of the Commercial Assets and Liabilities of Metrovacesa at Merlin; or*
- B) in the event of tacit authorization, on the date on which the authorization is deemed to have been obtained tacitly pursuant to article 38 of Competition Defense Law 15/2007, of July 3, 2007.*

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This condition will also be deemed to have been fulfilled if the CNMC were to impose conditions (whether divestment commitments or of another nature) on the authorization of the Spin-off, unless the Boards of Metrovacesa and Merlin both decide, separately, within not more than 20 calendar days after the day following the day on which they received the notice from the CNMC, to reject the conditions imposed.

The entire contents of the Spin-Off Plan, together with its exhibits, may be consulted on the corporate website (www.merlinproperties.com), with the option to download and print it, and may also be examined at the registered office (Madrid, Paseo de la Castellana, 42), with the option to request that such documents be delivered or sent free of charge. Where necessary, the terms of same shall be deemed to be fully reproduced herein.

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 Merlin Properties, SOCIMI, S.A., which are set out on the corporate 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.

It is placed on record that the proceedings of some or all of the Shareholders' Meeting may be recorded and may be made available to the public on the corporate website of the Company (www.merlinproperties.com). By attending the venue for the Shareholders' Meeting, attendees give their consent for the recording and reproduction of images of their person and for the processing of their personal data by such means.

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

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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 September 15, 2016, 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 corporate website (www.merlinproperties.com) or through the appropriate material event to be sent to the CNMV.*

In Madrid, on August 11, 2016. Mónica Martín de Vidales Godino. Secretary of the Board of Directors.