MERLIN
PROPERTIES

## TO THE NATIONAL SECURITIES MARKET COMMISSION

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

## RELEVANT INFORMATION

The boards of directors of MERLIN and of TESTA INMUEBLES EN RENTA, SOCIMI, S.A. ("**TESTA**") have today approved the joint plan for the merger by absorption of TESTA into MERLIN (the "**Joint Merger Plan**"). A copy of the Joint Merger Plan is attached as a Schedule hereto.

As indicated in the Joint Merger Plan, the planned merger by absorption will entail the integration of TESTA into MERLIN by means of the block transfer of TESTA's assets and liabilities to MERLIN (the "**Merger**").

Since MERLIN will own, prior to the call of the shareholders' meeting of TESTA that is to decide on the Merger, more than 90% of the share capital of TESTA (specifically, 99.93% of its share capital), the Merger is structured in accordance with the provisions of articles 50 and 51 of Law 3/2009, of April 3, 2009, on Structural Modifications to Commercial Companies.

Madrid, June 21, 2016.

**Merlin Properties SOCIMI, S.A.**

# Schedule

*English version*

*Draft for information purposes only*

# Joint plan for the merger by absorption of Testa Inmuebles en Renta, SOCIMI, S.A. into Merlin Properties, SOCIMI, S.A.

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**In Madrid, on June 21, 2016**

*English version*

*Draft for information purposes only*

# 1. Basis of the Joint Merger Plan

## 1.1 Introduction

The managing bodies of Merlin Properties, SOCIMI, S.A. (the "**Absorbing Company**" or "**Merlin Properties**") and Testa Inmuebles en Renta, SOCIMI, S.A. (the "**Absorbed Company**" or "**Testa**" and jointly with Merlin Properties, the "**Merging Companies**"), have prepared and signed this joint merger plan (the "**Merger Plan**") in compliance with the provisions of article 30 of Law 3/2009, of April 3, 2009, on Structural Modifications to Commercial Companies ("**LME**").

## 1.2 Merger procedure

The planned merger by absorption will entail the integration of the Absorbed Company into the Absorbing Company by way of the block transfer of the assets and liabilities of the Absorbed Company to the Absorbing Company (the "**Merger**").

The transaction assumes that the Absorbing Company will, prior to the calling of the shareholders' meeting to be submitted the merger of the Absorbed Company, own more than 90% of the share capital of the Absorbed Company (specifically, 99.93% of its share capital). Under this assumption, the Merger is structured in accordance with articles 50 and 51 LME which, among other aspects, make it possible:

(i) To carry out the Merger without directors' and experts' reports on the merger plan, where the absorbing company offers to acquire the shares of the shareholders of the absorbed company, estimated at fair value, within a given time period (article 50 LME). Notwithstanding such regulation, given that, as indicated below, the Merger is subject to the provisions of article 35 LME, the Boards of Directors of the Merging Companies:

  (a) solely for the purposes established in article 35 LME, have issued a joint report where (i) they indicate (a) the reasons that justified the acquisition of control of Testa and (b) the justification for the Merger and (ii) they include an economic and financial plan, stating the resources and the description of the objectives sought to be achieved; and

  (b) will ask the Madrid Commercial Registry to appoint a sole independent expert, solely for the purposes of issuing the report referred to in the above-mentioned article.

(ii) To not hold a shareholders' meeting at the absorbing company, provided that at least one month before the date on which the shareholders' meeting of the absorbed company is to be held, certain information is made available to the shareholders of the absorbing company and to the

creditors of the merging companies (notwithstanding the right of the shareholders holding at least one percent of the share capital to request that such shareholders' meeting be held) (article 51 LME).

For these purposes, at least one month before the date on which the shareholders' meeting of the Absorbed Company is to be held, there will be published on the corporate website of the Absorbing Company (www.merlinproperties.com) and of the Absorbed Company (www.testainmo.com), and together with the Merger Plan, a notice stating the right of the shareholders of the Absorbing Company and of the creditors of the Merging Companies, to examine at the registered office the documents indicated in article 39 LME, in its numbers 1. (*Merger Plan*) and 4. (*Financial Statements and Directors' Reports for the past three years, as well as the related Auditors' Reports of the Merging Companies*), as well as (i) the right of the shareholders holding at least one percent of the share capital to request that the shareholders' meeting be held, and (ii) the right of the creditors to object to the Merger on the terms provided for in the LME.

It is placed on record that the above-mentioned notice will also offer:

(a) the option of examining at the registered office of the Merging Companies, the Joint Report of the Boards of Directors and the Independent Expert's Report which will be issued in accordance with article 35 LME; together with

(b) the option of the delivery or sending free of charge of the full text of all of the above-mentioned documents, even if they are published on the corporate website, with the option of being downloaded.

### 1.3 Justification for the Merger

The reasons that justify the Merger are set out in the report on the Merger Plan prepared by the Board of Directors of each one of the Merging Companies, issued for the purposes established in article 35 LME.

## 2. Offer to acquire the shares of the Absorbed Company

### 2.1 Share capital of the Merging Companies

On the date of the Merger Plan, the share capital of:

(i) Merlin Properties amounts to three hundred twenty-three million thirty thousand euros (€323,030,000), divided into three hundred twenty-three million thirty thousand (323,030,000) shares with a par value of one euro (€1) each, numbered from 1 through 323,030,000, belonging to the same class. All of the shares of Merlin Properties are subscribed and fully paid in.

The shares into which the share capital of Merlin Properties is divided are represented by book entries and are admitted to trading on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia through the Spanish Unified Computerized Trading System (Continuous Market).

(ii) Testa amounts to thirty million seven hundred ninety-three thousand five hundred forty-three euros and sixty euro cents (€30,793,543.60), divided into one hundred fifty-three million nine hundred sixty-seven thousand seven hundred eighteen (153,967,718) shares with a par value of twenty cents (0.20€) each, numbered from 1 through 153,967,718, belonging to the same class. All of the shares of Testa are subscribed and fully paid in.

The shares into which the share capital of Testa is divided are represented by book entries and are admitted to trading on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia through the Spanish Unified Computerized Trading System (Continuous Market).

(iii) At the time of approval of the Merger by the Shareholders' Meeting of the Absorbed Company, Merlin Properties will own 153,858,636 shares of Testa, representing 99.93% of its share capital.

Consequently, the share capital of Testa in the hands of third parties (other than Merlin Properties) will be 109,082 shares, representing 0.07% of the shares of Testa's capital.

## 2.2 Acquisition offer

In accordance with article 50.1 LME, the Absorbing Company offers to acquire from the shareholders of the Absorbed Company holding 109,082 shares representing 0.07% of the shares of the Absorbed Company's capital (the "**Minority Shareholders**"), their shares in the Absorbed Company (the "**Acquisition Offer**").

In this respect, in accordance with article 50.2 LME, it is placed on record that the Acquisition Offer is for all of the shares owned by the Minority Shareholders in the Absorbed Company (that is, 109,082 shares), estimated at their fair value, which is set at eleven euros and ninety euro cents (€11.90) per share (which amount is equal to that considered for the purposes of the exchange referred to in section **Error! Reference source not found.Error! Reference source not found.** below). The shareholders may exercise the rights and actions legally conferred for this case.

## 2.3 Time period and procedure to accept the Acquisition Offer

### (i) Time period

The Minority Shareholders of the Absorbed Company who are interested in accepting the Acquisition Offer and, therefore, in transferring their shares to the Absorbing Company on the terms established herein must notify the Absorbing Company within a maximum period of 30 calendar days from the date of approval of the Merger by the Shareholders' Meeting of the Absorbed Company, which will be duly disclosed by way of a relevant event issued to the Spanish National Securities Market Commission ("**CNMV**") (the "**Commitment Acceptance Period**").

### (ii) Procedure to accept the Acquisition Offer

The decision to accept the Acquisition Offer must be notified through the entities participating in the "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal" ("**Iberclear**") where they have their shares deposited, within the Commitment Acceptance Period. The absence of express notice will mean that the owner of the Testa shares accepts the exchange and will receive Merlin Properties shares in the proportion that applies in accordance with the exchange referred to in point **Error! Reference source not found.Error! Reference source not found.** below.

### (iii) Purchase of the shares

Merlin Properties will acquire the shares with respect to which the acceptance of the commitment has been notified, and will pay the appropriate amount to the shareholders who appear as authenticated in the accounting records of Iberclear, in accordance with the applicable legislation.

## 3. Statutory references that must be made in the Merger Plan.

## 3.1 Name, corporate form and registered office of the merging companies and of the resulting company, as well as the identifying particulars of the registration of such companies at the Commercial Registry

In accordance with article 31.1 LME, the references to the name, the corporate form, the registered office and the identifying particulars of the registration at the Commercial Registry of the Merging Companies are placed on record below:

3.1.1 Absorbing Company

Name: Merlin Properties, SOCIMI, S.A.

Corporate form: Corporation.

Registered office: Paseo de la Castellana, 42, Madrid.

Identifying particulars of the registration: Registered at the Madrid Commercial Registry in volume 32065, section 8 of the companies book, sheet 206, page number M-577.086.

Employer identification number: A86977790.

3.1.2 Absorbed Company

Name: Testa Inmuebles en Renta, SOCIMI, S.A.

Corporate form: Corporation.

Registered office: Paseo de la Castellana, 42, Madrid.

Identifying particulars of the registration: Registered at the Madrid Commercial Registry in volume 25,590, sheet 162, section 8, page number M-12.508.

Employer identification number: A08356727.

**3.2 Share exchange ratio, any supplementary compensation in cash that has been envisaged and, as the case may be, the exchange procedure**

The Merger is structured under the procedure established under article 50 LME, in the context of which the Absorbing Company offers to acquire the shares of the shareholders of the Absorbed Company, estimated at their fair value; notwithstanding this, in accordance with article 31.2 LME, the following particulars are placed on record for the shareholders of the Absorbed Company who have not opted for the Acquisition Offer:

**(i) Shares to be exchanged**

Given that:

(a) the share capital of Testa consists of one hundred fifty-three million nine hundred sixty-seven thousand seven hundred eighteen (153,967,718) shares, with a par value of twenty euro cents (€0.20) each;

(b) at the time of approval of the Merger by the Shareholders' Meeting of the Absorbed Company, Merlin Properties will own 153,858,636 shares of Testa, representing 99.93% of its share capital; and

(c) in accordance with article 26 LME, the shares of the Absorbed Company in the possession of the Absorbing Company (which will be redeemed and retired as a result of the Merger) will not be exchanged in any event,

the exchange will apply to a maximum of 109,082 shares representing 0.07% of the shares representing the share capital of Testa.

This maximum number of shares will be reduced, for the purposes of applying the exchange, by those shares whose owners decide to accept the Acquisition Offer, which, once acquired by the Company, will be subject to the provisions of article 26 LME (and, therefore, will not be exchange either).

**(ii) Exchange ratio**

The exchange ratio for the shares of the Merging Companies, which has been determined on the basis of their actual net worth, will be 1.222 shares of the Absorbing Company, with a par value of one euro, for each share of the Absorbed Company, with a par value of twenty euro cents each (that is, 0,8183306055646480 shares of the Absorbed Company will be needed to obtain 1 share of the Absorbing Company).

It is placed on record that, in accordance with article 50 LME, the proposed exchange ratio **will not be subject to verification by an independent expert**, as this article excludes this obligation provided that the Absorbing Company offers to acquire the shares of the shareholders of the Absorbed Company, estimated at their fair value (as is the case here).

**(iii) Justification of the exchange ratio**

To determine the exchange ratio, the method used was that of the net asset value ("**Net Asset Value**" or "**NAV**") of the Merging Companies, as it is considered the most relevant indicator of value for real estate companies.

The NAV is an indicator of the value of a company that consists basically of the sum of the book value of the company (equity value) and any unrealized gains on investment property, measured at fair value; accordingly, this value represents on an aggregate basis the underlying value of the investment property combined with other assets, adjusting for the financial debt and other obligations of the company.

In the opinion of the Boards of Directors of the Merging Companies, the NAV provides information on the fair value of the net assets from the standpoint of a going concern and over a long-term time horizon, which, based on the activity pursued by the Merging Companies provides a view closer to the actual value than other valuation methods such as share price, adjusted prices comparison, capitalization of income and cash flow, multiples or the residual method.

At both the Absorbing Company and the Absorbed Company account was taken, for the purposes of calculating the NAV, of the values resulting from the financial statements for the year ended December 31, 2015, which were duly audited and approved at the annual shareholders' meetings of the Absorbing Company and the Absorbed Company, held on

April 6 and 4, 2016, respectively, although in the case of the Absorbing Company, the resulting NAV per share has been adjusted downwards by the amount of the dividend and the share premium distributed, on April 27, 2016, after the Annual Shareholders' Meeting of such company.

To determine the above method and calculations, account was taken of the opinion of the respective third parties appointed by the Merging Companies, who have validated both the reasonableness of the method followed in valuing the Merging Companies and the amounts reached for the exchange ratio.

The Boards of Directors have considered that, in accordance with these valuation methods, the ratio that is proposed is in keeping with an adequate recognition of the holding that the shareholders of the Absorbed Company should receive in the Absorbing Company.

**(iv) Method for satisfying the exchange**

The Absorbing Company will satisfy the exchange of the shares of the Absorbed Company according to the exchange ratio established in section 3.2.(ii), with treasury stock. Accordingly, the execution of the Merger will not require increasing the capital of the Absorbing Company.

Considering the exchange ratio indicated in section 3.2.(ii) above and that the number of shares of the current shareholders of the Absorbed Company (other than the Absorbing Company) is 109,082 shares, the maximum number of shares to be delivered by the Absorbing Company to the current shareholders of the Absorbed Company (other than the Absorbing Company) is 133,299 shares.

In this respect, it is placed on record that the Board of Directors of the Absorbing Company will acquire, under the authorization conferred by the Shareholders' Meeting, a maximum number of shares of 133,299 during the period necessary to satisfy the exchange ratio, all in accordance with the applicable legislation.

**(v) Exchange procedure**

The shares of Testa will be exchanged for the shares of Merlin Properties once (a) the Merger has been approved by the Shareholders' Meetings of the Merging Companies; and (b) the merger deed has been registered at the Madrid Commercial Registry; the date set for such registration will be announced in due course. The exchange will be performed after the date indicated in the notices to be published in the Official Gazette of the Commercial Registry, in one of the largest circulation newspapers in the province of Madrid and, if mandatory, in the Official Gazettes of the Spanish stock exchanges. To this end, Banco Santander, S.A. has been appointed (the "**Agent Institution**") which will act as the agent and will be indicated in the notices.

The parties entitled to receive the shares of the Absorbing Company, according to the exchange ratio established, will be those who are authenticated in accordance with accounting records of Iberclear and its participating entities on the date determined by the legislation applicable to the clearing, settlement and recording of marketable securities represented by book entries.

In any case, it is placed on record that, in accordance with article 26 LME, the shares of the Absorbed Company in the possession of the Absorbing Company at the time of the exchange and any shares that may be held as treasury stock by the Absorbed Company will not be exchanged in any event.

The exchange of the shares of the Absorbed Company for shares of the Absorbing Company will be performed through the entities participating in Iberclear that are custodians of such shares, in accordance with the procedures established for the book-entry regime, pursuant to Royal Decree 878/2015, of October 2, 2015, on the clearing, settlement and recording of marketable securities represented by book entries, and pursuant to article 117 of Legislative Royal Decree 1/2010, of July 2, 2010, approving the revised Capital Companies Law, to the extent applicable.

**(vi) Mechanism aimed at facilitating the performance of the exchange**

The shareholders of the Absorbed Company who own a number of shares which, based on the agreed exchange ratio, does not entitle them to receive a whole number of shares of the Absorbing Company, may acquire or transfer shares so that the resulting shares entitle them, according to the exchange ratio, to receive a whole number of shares of the Absorbing Company. This decision, either to buy or sell, will fall to each shareholder individually.

Notwithstanding the foregoing, taking into account the indivisibility of a share, the impossibility of issuing or delivering fractions of a share and since the number of shares of the Absorbed Company is not a multiple of the exchange ratio, the Merging Companies have decided to establish a mechanism whereby the number of shares of the Absorbing Company to be delivered to the shareholders of the Absorbed Company (other than the Absorbing Company) by virtue of the exchange is a whole number.

Under this mechanism, the Absorbing Company will act as a counterparty for the purchase of remainders or fractions; accordingly, each shareholder of the Absorbed Company who, according to the exchange established, is not entitled to receive a whole number of shares of the Absorbing Company or is left with an excess number of shares of the Absorbed Company which do not entitle him to an additional share of the Absorbing Company (such number of shares of the Absorbed Company will be considered a "**Fraction**"), may transfer such Fraction to the Absorbing

Company, which, in its capacity as a counterparty, will pay him in cash for the Fraction acquired.

It will be understood that each shareholder of the Absorbed Company accepts the Fraction acquisition system envisaged herein, without such shareholder having to issue instructions to the relevant entity participating in Iberclear, which will inform him of the result of the transaction once it has been concluded, unless he expressly instructs it otherwise.

These transactions will be performed on behalf of the Absorbing Company by the Agent Institution.

The shares of the Absorbed Company acquired by the Absorbing Company in the context of the purchase of Fractions will be subject to the provisions of article 26 LME (and, therefore, will not be exchanged and will be retired in the context of the Merger).

**3.3 Impact of the Merger, if any, on shareholders' work contributions or on ancillary obligations at the companies that will cease to exist and the compensation to be granted, if any, to the affected shareholders at the resulting company**

In accordance with article 31.3 LME, it is placed on record that, given that at the company that ceases to exist (Testa Inmuebles en Renta, SOCIMI, S.A.) there are no shareholders who have made shareholders' work contributions and there are no ancillary obligations, it will not be necessary to grant any compensation for these items or to make any reference in this respect. However, it is placed on record that article 8 of the bylaws of the Absorbing Company imposes on the shareholders certain ancillary obligations which, in brief and if applied, relate to information obligations. Consequently, the shareholders of the Absorbed Company who receive shares of the Absorbing Company, because they have not opted for the Acquisition Offer, will be subject to such ancillary obligations.

**3.4 Rights to be granted at the resulting company to parties who have special rights or to the holders of instruments other than those representing capital or the options offered to them**

In accordance with article 31.4 LME, it is placed on record that, since there are no holders of special rights or holders of instruments other than those representing capital at any of the Merging Companies, no rights of this nature will be granted.

**3.5 Advantages of any kind to be granted at the resulting company to independent experts who must intervene, as the case may be, in the Merger Plan, as well as to the directors of the merging companies, of the absorbing company or of the new company**

In accordance with article 31.5 LME, it is placed on record that there will be no grant at the Absorbing Company of any advantages to any director of the Merging Companies or to the independent experts who must intervene in the Merger.

**3.6 Date as from which the holders of the new shares will be entitled to share in the corporate income or any special features relating to this right**

In accordance with article 31.6 LME, it is placed on record that, given that the Absorbing Company will not issue any new shares in the context of the Merger (given that the exchange will be satisfied with treasury stock), no reference is necessary in this connection. However, it is placed on record that the shares that are delivered to the shareholders as a result of the exchange will entitle their holders to share in the corporate income of the Absorbing Company as from the date on which they receive them, on the same terms as the rest of the shares of the Absorbing Company that are outstanding on such date.

**3.7 Date as from which the merger will be effective for accounting purposes in accordance with the provisions of the Spanish National Chart of Accounts**

In accordance with article 31.7 LME and with the National Chart of Accounts approved by Royal Decree 1514/2007, of November 16, 2007 (the "**PGC**"), it is placed on record that the transactions performed by the Absorbed Company will be deemed performed by the Absorbing Company for accounting purposes from January 1, 2016.

**3.8 Bylaws of the company resulting from the Merger**

In accordance with article 31.8 LME, the bylaws of the Absorbing Company are attached as **Exhibit 1**. No amendments are planned to be made to the bylaws as a result of the Merger.

**3.9 Valuation of the assets and liabilities of the Absorbed Company to be transferred to the Absorbing Company**

In accordance with article 31.9 LME, it is placed on record that the assets and liabilities making up the net worth of the Absorbed Company, which will be allotted to the Absorbing Company, are valued according to the rules contained in the PGC and will be included in the Absorbing Company in accordance with the provisions of the PGC.

**3.10 Dates of the financial statements of the merging companies used to establish the conditions for the Merger**

In accordance with article 31.10 LME, it is placed on record that the financial statements of the Merging Companies used to establish the conditions under which the Merger is performed are those for the year ended December 31, 2015, which were duly approved at the annual shareholders' meetings of the Absorbing Company and the Absorbed Company, held on April 6 and 4, 2016, respectively.

In accordance with article 36 LME, for the Merger the balance sheet of the Merging Companies will be those for the year ended December 31, 2015, which were duly approved at the annual shareholders' meetings of the Absorbing Company and the Absorbed Company, held on April 6 and 4, 2016, respectively.

**3.11 Possible consequences of the Merger for employment, as well as its potential impact on gender balance on the managing bodies and on the corporate social responsibility of the company**

In accordance with article 31.11 LME, the following is placed on record:

**(i) Consequences of the Merger for employment**

The Merger will entail the transfer of all of the workers of the Absorbed Company to the Absorbing Company, pursuant to the rules on business succession regulated in article 44 of the Workers' Statute. As a result, the Absorbing Company will be subrogated to the labor and social security rights and obligations of the Absorbed Company, when appropriate, including pension commitments, as provided for in the legislation specific thereto and, in general, to as many supplementary employee welfare obligations as may have been acquired by the Absorbed Company.

Apart from the foregoing, there are currently no plans for the Absorbing Company to unilaterally adopt employment measures relating to the workers of the Absorbed Company, notwithstanding the intention of negotiating the standardization of the working conditions of such group in order to adapt them to the provisions of the Collective Labor Agreement applicable to the Absorbing Company.

**(ii) Potential impact on the gender balance of the managing bodies**

The execution of the Merger will not have an impact on the composition of the Absorbing Company from the standpoint of gender balance.

**(iii) Potential impact on the corporate social responsibility of the company**

The execution of the Merger will not have a significant impact on the corporate social responsibility of the Absorbing Company since the Merging Companies belong to the same group and, consequently, have very similar corporate social responsibility policies.

**3.12 Indication of the resources and time periods envisaged for payment by the Absorbing Company of the debts incurred to acquire control of the Absorbed Company**

In accordance with article 35.1 LME, the following is placed on record:

**(i) Description of the financing for the acquisition of control**

Merlin Properties has incurred debts in the three (3) years immediately preceding this Merger Plan in order to acquire control of Testa.

In this respect, the acquisition of control of Testa by Merlin Properties has been financed mainly with the cash of the Company, with two capital increases and additionally with bank financing. The main terms of such capital increases and bank financing are described below:

(a) Capital increases

On May 7, 2015 Merlin Properties increased its capital by an effective amount of €613,756,990.50, by issuing and placing into circulation 64,605,999 new ordinary shares with a par value of one euro each and a share premium of €549,150,991.50 (equal to a share premium of €8.50 per share).

In addition, on August 7, 2015 Merlin Properties performed a new capital increase for an effective amount of €1,033,696,000, by issuing and placing into circulation 129,212,000 new ordinary shares with a par value of one euro each and a share premium of €904,484,000 (equal to a share premium of €7 per share).

(b) Bank financing

On June 21, 2015 Merlin Properties signed a bridge loan agreement with a syndicate of financial institutions, in which Morgan Stanley Bank International Limited acted as agent, for a total amount of €500,000,000 (the "**Bridge Loan**").

The Bridge Loan was fully repaid and canceled prior to the signature of this Merger Plan with the funds obtained in the second capital increase mentioned in point (a) above (with respect to €150 million) and (i) with the funds obtained by Merlin Properties under the senior loan that is described below (with respect to the rest).

On December 20, 2015 Merlin Properties entered into, with a syndicate of financial institutions, a facility in the amount of €1.7 billion (the "**Senior Loan**"). The Senior Loan was personally guaranteed by Merlin Retail, S.L.U. and Testa and was divided into two tranches, namely: (i) Tranche A, in the amount of €850 million and maturing on June 30, 2021, the purpose of which was to refinance the mortgage debt of Testa; and (ii) Tranche B, in the amount of €850 million and maturing on December 31, 2017 the purpose of which was to refinance the mortgage debt of Testa (with respect to €500 million) and to refinance the Bridge Loan (with respect to the rest).

After the above, the Absorbing Company carried out a bond issue, paid on April 25, 2016 and maturing on April 25, 2023 (on the seventh anniversary of the payment date), in the amount of €850 million, with which it refinanced, repaid and fully canceled Tranche B of the Senior Loan.

**(ii) Resources and time periods envisaged for the payment of the debts**

In accordance with article 35.1 LME, it is placed on record that the resources with which the Absorbing Company will pay the above-mentioned debt and the interest accruing thereon will be the cash flow that the Absorbing Company generates in the ordinary course of the businesses constituting its corporate purpose.

The time periods for paying the debt and the interest thereon will be those stated in the different instruments under which the debt is established. Upon maturity, should the case arise, it would be renewed in whole or in part taking into account the Absorbing Company's goal of maintaining a stable debt level of between 40% and 50% (measured as the ratio of net debt to GAV) and other considerations such as the risk profile of the company and of its group and its credit rating at the time, the availability of external financing on favorable terms, financing costs and the market situation, among others.

## 4. Other aspects

### 4.1 Right to hold the Shareholders' Meeting of the Absorbing Company

In accordance with article 51 LME, the Merger is structured in such a manner as to be formalized without a resolution of the shareholders' meeting of the Absorbing Company. However, and in compliance with the provisions of the above-mentioned article, it is placed on record that the shareholders of the Absorbing Company owning at least one percent of the share capital have the right to demand that a shareholders' meeting be held to approve the Merger, which must be called within 15 days from the date of publication of the notice of the Merger Plan on the corporate website of the Absorbing Company, to be held within two months after the date on which such shareholders have served a

notarial notice on the directors, all in accordance with article 51 LME. The shareholders will be informed of such right on the terms established in the LME.

### 4.2 Independent Expert's Report

In accordance with the provisions of paragraph two of article 34 LME, and of article 35.3 LME, it is placed on record that the directors of the Absorbing Company and of the Absorbed Company have signed an application for the appointment of a single independent expert to prepare a report on the terms included in the Merger Plan pursuant to the provisions of article 35.1 and .2 LME, which will contain an opinion on the reasonableness of the indications referred to, and in which the existence of financial assistance, if any, will be determined. The application will be submitted to the Madrid Commercial Registry given that the registered office of the Merging Companies is located in such province.

### 4.3 Applicable tax regime

In accordance with the provisions of article 89 of the Corporate Income Tax Law 27/2014, of November 27, 2014, it is placed on record that this structural modification will be performed under the special tax regime provided for in Chapter VII of Title VII of such law.

The directors of Merlin Properties and of Testa whose names are placed on record below sign and ratify with their signature this Merger Plan in three (3) counterparts, identical in their contents and presentation, which have been approved by the boards of directors of Merlin Properties and of Testa at their respective meetings held in Madrid, on June 21, 2016.

It is placed on record that the nominee directors of Testa sign this Merger Plan whereby they adhere to the unanimous decision of the other directors of Testa to sign it. Additionally, it is also placed on record that Mr. Fernando Ortiz Vaamond and Mr.. Hammad Waqar Sajjad Khan have no signed the Merger Project because they do not attend personally the meeting.

**[SIGNATURE PAGE FOLLOWS]**

**THE DIRECTORS OF MERLIN PROPERTIES, SOCIMI, S.A.**

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|---|---|
| **Mr. Ismael Clemente Orrego**,<br>in his own name and behalf | **Mr. Miguel Ollero Barrera**,<br>in his own name and behalf |
| **Mr. Alfredo Fernández Agras**,<br>in his own name and behalf | **Mr. Fernando Ortiz Vaamonde**,<br>in his own name and behalf |
| **Ms. Ana García Fau**,<br>in her own name and behalf | **Mr. George Donald Johnston**,<br>in his own name and behalf |
| **Ms. María Luisa Jordá Castro**,<br>in her own name and behalf | **Ms. Ana de Pro Gonzalo**<br>in her own name and behalf |
| **Mr. John Gómez-Hall**,<br>in his own name and behalf | **Mr. Hammad Waqar Sajjad Khan,**<br>in his own name and behalf |

**THE DIRECTORS OF TESTA INMUEBLES EN RENTA, SOCIMI, S.A.**

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**Mr. Fernando Rodriguez-Avial Llardent**,
in his own name and behalf

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**Mr. Fernando Lacadena Azpeitia**,
in his own name and behalf

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**Ms. Pilar Cavero Mestre**,
in her own name and behalf

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**Mr. Eduardo Fernandez-Cuesta Luca de Tena**,
in his own name and behalf

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**Mr. Miguel Heras Dolader**,
in his own name and behalf

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**Mr. Ismael Clemente Orrego**,
in his own name and behalf

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**Mr. Miguel Ollero Barrera**,
in his own name and behalf

**EXHIBIT**
**Bylaws of Merlin Properties**