

**ASSETS PORTFOLIO:
RETAIL, HOTEL, OFFICES,
LOGISTIC & BANK BRANCHES
MERLIN PROPERTIES SOCIMI S.A**



***Valuation Short Report
December 2014***

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TERMS OF REFERENCE



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Madrid, February 2015

Property: PROPERTY PORTFOLIO, COMPOSED BY RETAIL, HOTEL, OFFICES, LOGISTIC & BANK BRANCHES LOCATED ACROSS SPAIN

Client: MERLIN PROPERTIES, SOCIMI, S.A.

1. INSTRUCTIONS

In accordance with the terms agreed in our Terms of Engagement Letter, signed 26 November 2014, in this report we provide you a market valuation of the following assets listed below:

- Plot T-4 A-2. C/ Padres Dominicos 7. Madrid.
- Plot T-2. C/ María de Portugal 1-3-5 (Buildings 1,2 & 3). Madrid.
- Plot T-7-A. C/ Arroyo de Valdebebas 4. Madrid.
- WTC Almeda Park. Buildings 6 & 8. Cornellá de Llobregat, Barcelona.
- Portfolio Marineda City, composed by Marineda City Shopping Center, Marineda Hotel and Decathlon. A Coruña.
- Imaginarium Logistic Platform. Zaragoza.
- Sollana Logistic Platform. Valencia.
- Warehouse at Area Empresarial Nueva Andalucía. Getafe, Madrid.
- Vitoria Logistic Platform.
- BBVA Bank Branches Portfolio.

This valuation is for MERLIN PROPERTIES, SOCIMI, S.A.'s internal use only, and to be included in the annual accounting memo published by the publically held company, being their purpose know the market value of the properties listed above. Valuation date is December 31, 2014.

In addition we would confirm the following:

- We are not aware of any conflict of interest, either with the Property or with the Assets, preventing us from providing you with an independent valuation of the Property in accordance with the RICS Red Book.
- We will be acting as External Valuers, as defined in the Red Book.
- We have a Complaints Handling Procedure.
- The valuations are being completed by a qualified valuer, applying the knowledge, skills and ability to act on your behalf in respect of this instruction.

- Neither Savills Consultores Inmobiliarios S.A. or their valuers involved in this instruction have any material interest or obtain any benefit (other than from the receipt of the valuation fee) from this valuation instruction.
- We confirm that Savills Consultores Inmobiliarios S.A. carry sufficient Professional Indemnity Insurance for possible claims. According with the Terms of Engagement Letter, in case of responsibility for our advice, compensation is limited to the amount of the fees provided for carrying out the work.
- All information provided in respect of this instruction will be kept confidential and will not be disclosed to any un-authorised third party.

This report details the scope of work, valuation and other aspects concerning the assets.

The valuations has been carried out by qualified MRICS Registered Valuers, with the knowledge, skills and ability required to perform this valuation report competently.

The properties have been inspected by valuers of the Advisory & Valuation Department. The inspections has been carried out externally and internally, but limited to those areas that were easily accessible or visible.

2. BASIS OF VALUATION

Our valuation has been prepared in accordance to Royal Institution of Chartered Surveyors' ("RICS") Valuation Professional Standards January 2014 (the "RICS" Red Book), published November 2013 and effective from January 2014. In particular in accordance with the requirement of VPS 3 entitled Valuations reports

Red Book Valuation Standard VS 3.2 relates to the basis of value, and, in accordance therewith, you have instructed us to value the property on the basis of Market Value, the definition is defined as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

3. SCOPE OF WORK

- (a) This report has been carried out assuming that any relevant information and the details provided by MERLIN PROPERTIES, SOCIMI, S.A, are correct and complete.
- (b) We emphasize that we have not made any survey of assets, having taken as correct the areas provided by our client.
- (c) We have not carried out any structural surveys of the assets.
- (d) As agreed, although we have reviewed the information provided, we have limited our comments to those commercial aspects that may have implications for the values.
- (e) We have not made any enquiries about the planning information used in the valuations. As we indicate at section 5 (General Assumptions & Special Assumptions), we have assumed that the property has all necessary licenses and permits.
- (f) We have not carried out for the purposes of the present report and assessment, soil testing or environmental audits. No one has provided us with copies of any environmental report of the properties being valued. According to that, we are not in a position to confirm that the properties are free of contamination, toxic products or similar materials. Unless we receive confirmation to the contrary, the opinion of value is based on the assumption that deleterious materials or techniques have not been used. . As a result the review of our valuation assumes that the subject properties to be valued are free from contamination. We reserve therefore the right to change the valuation figures later date if it is proved that this assumption is incorrect. Therefore, we do not accept responsibility in this matter. Our General Assumptions about this are explained at section 5 (General Assumptions & Special Assumptions).

4. VALUATION

Market Value

We are of the opinion that the Market Value of the assets portfolio freehold, as at the date of valuation described at Section 1 is:

€2,231,623,000.00
(TWO BILLION TWO HUNDRED THIRTY ONE MILLION SIX HUNDRED AND TWENTY THOUSAND EUROS)

Market Value is distributed as follows:

ASSET	MARKET VALUE 31/12/2014 (€)
Plot T-4 A-2	€ 17,940,000.00
Plot T-2 (Building 1)	€ 20,500,000.00
Plot T-2 (Buildings 2 & 3)	€ 45,590,000.00
Plot T-7-A	€ 47,100,000.00
WTC Almeda Park. Building 6	€ 47,470,000.00
WTC Almeda Park. Building 8	€ 37,390,000.00
Marineda City Portfolio	€ 281,054,000.00
Imaginarium Logistic Platform	€ 11,050,000.00
Sollana Logistic Platform	€ 12,490,000.00
Warehouse at Area Empresarial Nueva Andalucía	€ 12,790,000.00
Vitoria Logistic Platform	€ 28,740,000.00
BBVA Bank Branches Portfolio	€ 1,669,509,000.00
TOTAL	€2,231,623,000.00

Excluding VAT

Our opinion of value is based on the scope of work and the general and special assumptions detailed in this report.

5. GENERAL ASSUMPTIONS & SPECIAL ASSUMPTIONS

Our report has been prepared on the basis of the following General Assumptions. In general we have received the information necessary to undertake our valuation. We have assumed:

- a) That the Freehold interest is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the Freehold Title. Should there be any mortgages or charges, we have assumed that the property would be sold free of them.
- b) That we have been supplied with all information likely to have an effect on the value of the properties, and that the information supplied to us and summarised in this report is both complete and correct.
- c) That the planning information provided by MERLIN PROPERTIES SOCIMI, S.A. is correct. We emphasize that for valuation purposes, has relied on the information provided on the status of urban development and have not been done in any case checks on the relevant municipal administrations. We understand that the property has all necessary planning consents and licenses.
- d) That all the surfaces information provided by our client is correct.
- e) That the buildings have been constructed and used in compliance with all regulatory and legal requirements, and that there is no urban failure. Any future construction or use about to come it will be within the law.
- f) That the properties are not adversely affected, nor are likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above).
- g) That the buildings are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the buildings we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the property and this report do not constitute a building survey.
- h) That the properties are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
- i) That in the construction or alteration of the buildings no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.
- j) That the properties has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination. We will provide general comments without liability on the likelihood of land contamination, but we will not be commissioning an environmental audit.

- k) That there are no adverse site or soil conditions, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.
- l) That the tenants will be capable of meeting their obligations, and that there are no arrears of rent or undisclosed breaches of covenant. Under valuation purposes it is assumed that the tenants comply their obligations, and that there will be no delays in the payment of rent or covert contractual breaches.

General Conditions

Our valuations has been carried out on the basis of the following general conditions:

1. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property(ies).
2. Our valuation(s) are exclusive of VAT (if applicable).
3. No allowance has been made for any expenses of realisation.
4. Excluded from our valuation(s) is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
5. It has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant EEC legislation.
6. In all cases, our valuation report includes facilities that are normally transferred to property, such as boilers, heating and air conditioning, lighting and ventilation, sprinklers, etc., while the equipment is normally removed before the sale has been excluded from our opinion of value.
7. Output prices of different products are those with whom will go on sale at the market uses different delivery date. To estimate the value a basis comparable are taken to the valuation date.

SPECIAL ASSUMPTIONS

According to RICS, special Assumptions only can be established if they are reasonably achievable, relevant and valid in relation to the special circumstances of valuation. Red Book Appendix 4 defines and gives examples of SPECIAL ASSUMPTIONS.

We have not taken any Special Assumption in our valuations.

6. CONFIDENTIALITY & LIMITATIONS TO THE DISTRIBUTION

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk.

Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "J. Mateo", with a long horizontal line extending to the left.

Jesús D. Mateo MRICS
Director Advisory & Valuation
Savills Consultores Inmobiliarios, S.A.

A handwritten signature in blue ink, appearing to read "E. Pimenta", with a long horizontal line extending to the left.

Eduardo Martins Pimenta MRICS
Associate Director Advisory & Valuation
Savills Consultores Inmobiliarios, S.A.