

MERLIN Properties announces € 1,033.7 million capital increase

MERLIN Properties SOCIMI, S.A. (“MERLIN” or the “Company”) informs that its Board of Directors, at a meeting held on July 15, 2015, pursuant to the agreement adopted by the Ordinary Shareholders’ Meeting of MERLIN of April 1, 2015, has adopted a resolution, inter alia:

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

The preferential subscription rights shall be transferable under the same conditions as the shares from which they are derived and may be traded on the Spanish Stock Market Interconnection System. Therefore, investors who acquire preferential subscription rights on the market may also subscribe New Shares. The preferential subscription period during which the preferential subscription rights may be exercised shall be 15 calendar days, beginning on the day following the date of publication of the compulsory announcement of the Capital Increase in the Official Gazette of the Mercantile Registry, and once the prospectus of the Capital Increase has been registered at the National Securities Market Commission.

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

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

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

Madrid, July 15, 2015.

Merlin Properties SOCIMI, S.A.

About MERLIN Properties

MERLIN Properties SOCIMI, S.A. (MC:MRL) is the largest real estate company trading on the Spanish Stock Exchange, with a market capitalization of approximately 2,200 million euros, specialized in the acquisition and management of commercial property in the Iberian region. MERLIN Properties mainly invests in offices, shopping centers and logistics facilities, within the Core and Core Plus segments. MERLIN Properties is part of the benchmark Euro STOXX 600, IBEX 35 Medium Cap, FTSE EPRA/NAREIT Global Real Estate, GPR Global Index and MSCI Small Cap indices.

Please visit www.merlinproperties.com to learn more about the company.

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