

PRESS RELEASE

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The CNMV approves and registers the prospectus relating to the IPO and admission to trading of the shares of MERLIN PROPERTIES SOCIMI, S.A.

- The initial value of the IPO, equivalent to up to 150,000,000 shares representing 99.96% of the share capital of the company, is expected to be up to 1,500 million euros (excluding the Over-allotment Option). The IPO is expected to be the largest flotation in the Spanish market since July 2011, and the third largest in Europe in the past 12 months
- The company has received binding investment commitments for a total amount of more than 600 million euros equivalent to 40.2% of the share capital
- MERLIN Properties has entered into an irrevocable undertaking agreement, subject to the success of the IPO, to acquire 100% of Tree Inversiones Inmobiliarias S.A., a company owning a portfolio of commercial properties which are fully leased to BBVA through long-term lease contracts
- The company's management team will be led by Ismael Clemente, Miguel Ollero and David Brush, professionals with extensive real estate experience in Spain and internationally

Madrid, 13 June 2014.- The initial public offering of shares (the "Offering") of MERLIN Properties SOCIMI, S.A. ("MERLIN Properties") on the Spanish Stock Exchanges shall begin now after the approval by and filing with the CNMV (Comisión Nacional del Mercado de Valores, the Spanish Financial Securities Markets Regulator) of the IPO Prospectus. The expected date for commencement of trading of the Company's shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges, and its inclusion on the Automated Quotation System (Sistema de Interconexión Bursátil – SIBE or Continuous Market), is 30 June.

MERLIN Properties is a newly created Spanish company established under the SOCIMI (Spanish REIT) regime which shall engage in the acquisition and management of commercial property in the Iberian region with a focus on Spain's main cities and, to a lesser extent, on Portugal. As regards the type of assets, MERLIN Properties will mainly invest in offices, shopping centres, industrial and logistics facilities and urban hotels, within the Core¹ and Core Plus² segments.

Ismael Clemente, Executive Chairman and CEO of MERLIN Properties stated: *"This is one of the first Spanish SOCIMI (Spanish REIT) principally focused on Core and Core Plus investments and comes at an excellent time for these segments in the markets".*

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"This IPO is a milestone for the SOCIMI market in Spain since, in view of the agreement to acquire the shares of Tree Inversiones, MERLIN Properties will immediately be able to benefit from the recurring income earned from a portfolio that is fully-leased to a blue-chip tenant like BBVA" he added.

In terms of size, this IPO is expected to be the largest stock market flotation in the real estate sector in Europe to take place in the past 12 months and the third largest IPO overall in the period. It will also represent the largest stock market flotation registered in Spain since July 2011. More importantly, the MERLIN Properties flotation is expected to be the largest IPO of a REIT ever registered in the EMEA region.

Main features of the Offering

- The Offering will be directed to qualified investors and private banking clients that acquire subscription orders for a minimum of 100,000 euros, and will amount to up to 150,000,000 shares (excluding the Over-allotment Option), representing 99,96% of the share capital of MERLIN Properties.
- The greenshoe option, should it be exercised, will reach a maximum of up to 22,500,000 shares, representing 15% of the initial size of the Offering.
- The issue price per share is 10 euros, resulting in an initial market capitalisation of up to 1,500 million euros.
- Cornerstone investors and management have signed binding investment commitments with Merlin Properties for a total amount of more than 600 million euros, equivalent to 40.2% of the company's share capital.
- The company has signed irrevocable undertakings with the shareholders of Tree Inversiones Inmobiliarias S.A., subject to the success of the IPO, whereby MERLIN Properties will acquire 100% of the share capital of Tree Inversiones Inmobiliarias S.A. for 739.5 million euros, after adjustments to reflect 2014 sales. Tree Inversiones Inmobiliarias S.A. currently holds a portfolio of real estate assets (880 bank branches and 5 buildings) located throughout Spain and leased in their entirety to BBVA. The acquisition of Tree Inversiones Inmobiliarias S.A. will enable shareholders to immediately benefit from the cash flows generated from this portfolio.
- Credit Suisse Securities (Europe) Limited will be acting as Sole Global Coordinator and Joint Bookrunner along with Deutsche Bank AG, London Branch and UBS Limited. MERLIN Properties has appointed Freshfields Bruckhaus Deringer LLP as legal advisor as to Spanish, UK and US law.

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Management team

The Company's management team will consist of senior professionals from MAGIC Real Estate, S.L., professionals with extensive and proven real estate experience in Iberia and internationally who have led the acquisition of close to 5 billion euros in real estate assets across all market segments (including companies, portfolios and individual assets) in Spain, Portugal and Morocco.

MERLIN Properties will be led by Ismael Clemente, Executive Chairman and CEO, and Miguel Ollero, CFO and COO, both of whom are founding partners of MAGIC Real Estate.

The team will also include David Brush as CIO, a highly recognised European industry expert who, prior to joining MERLIN Properties, was European head of real estate for Brookfield Asset Management and RREEF.

MERLIN Properties' management team are experts in the creation of real estate value, a fundamental trait to harness the opportunities currently offered by the property market.

In the interest of best practice and to ensure that the interests of investors are aligned with those of management, the executive team will make an investment in MERLIN Properties of 7.5 million euros, which represents 0.5% of the company's share capital.

Calendar for the Offering

- The roadshow and the bookbuilding period commences today.
- Shares are expected to start trading on 30 of June 2014.

- END -

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South Africa or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, South Africa or Japan. The Company does not intend to register any part of the Offering in the United States or to make any public offering of the securities in the United States.

This communication is directed only at persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments, or (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom it may otherwise be lawfully communicated (all such persons together being referred to as “relevant persons”). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

This communication is an advertisement for the purposes of Article 15 of Prospectus Directive 2003/71/EC and Article 28 of Spanish Royal Decree 1310/2005 of 4 November (*Real Decreto 1310/2005 de 4 de noviembre*). Investors should not purchase (or subscribe for) any shares referred to in this announcement except on the basis of information in the prospectus to be published by the Company and approved and registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) in connection with the admission of the shares in the capital of the Company to trading on the Spanish Stock Exchanges.

A prospectus relating to the Offering was approved by, and registered, with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on June 13, 2014. Copies of the prospectus are available to investors at the website of the CNMV (www.cnmv.es).

Note to editors: The prospectus relating to the Offering is available on the website of the CNMV (www.cnmv.es).

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¹ Core segment: high quality real estate assets, with a stabilised long-term cash flow stream derived from leases and low capital expenditure needs, which are easier to finance and generally command the lowest capitalisation rates.

² Core plus segment: assets of good quality, normally representing to an investor the opportunity to increase the asset’s investment yield through some event (for example, the asset might have some scheduled vacancy or leases rolling over which would give the owner the opportunity to increase rents), as well as assets which can benefit from some upgrades or renovations by which the investor can then command higher rents and improve its returns.