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**TO THE NATIONAL SECURITIES MARKET COMMISSION (COMISIÓN
NACIONAL DEL MERCADO DE VALORES)**

MERLIN Properties, SOCIMI, S.A. (“MERLIN”), in compliance with the applicable legislation, hereby notifies the following

RELEVANT INFORMATION

MERLIN will hold a conference call with analysts and institutional investors, today, Tuesday 31 July, 2018, at 3 p.m. Madrid/CET time, which can be followed on line, through audio and video conference, with the following link and access code:

Webex Link:

<https://merlinproperties.webex.com/merlinproperties/onstage/g.php?MTID=e351e6c8e5fc073892a87828a138e0a93>

Event number: 3293537

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Attached you will find the press release and supporting documentation for the presentation that is also available on MERLIN’s corporate website (www.merlinproperties.com)

Madrid, July 31st 2018.

MERLIN Properties SOCIMI, S.A.

Good first half for MERLIN Properties, with significant rental growth in all asset categories

- Gross rents: € 243.2 million (+3.5% vs YoY)
- Net earnings: € 457.6 million (+8.6% YoY)
- Gross asset value: € 11.8 billion (+4.5% vs Dec-2017)
- NAV per share: € 14.06 (+6.1% vs Dec-2017)
- Pay-out guidance for 2018 reconfirmed: € 50 cents per share

- During the first half, MERLIN has renewed or contracted ca. 473,000 sqm, with positive increases in rents in all asset classes, generating FFO per share of € 0.30
- Net asset value in accordance with EPRA recommendations (“EPRA NAV”) amounts to € 14.06 per share, an 18% increase year on year (+6% since 31/12/2017)
- The Company has created value to shareholders for an amount of € 501 million, delivering an implicit total shareholders return of 8.1% year to date and 22.1% LTM

Madrid, 31 July- MERLIN Properties has released its 1H 2018 consolidated financial statements with total revenues of € 247 million, recurring EBITDA of € 195 million, recurring FFO (EBITDA less interest) of € 141 million and a consolidated net profit in accordance with IFRS of € 458 million, representing a 8.6% increase versus the first half of 2017.

The gross asset value (GAV) of the portfolio amounts to over 11.8 billion, up 4.5% versus December 2017 (+3,7% LfL). EPRA NAV amounts to € 6,604 million or € 14.06 per share, compared to € 13.25 in December (+6.1%).

The intense leasing activity during the period, with over 473,000 sqm renewed or contracted, evidences the performance and excellent positioning of MERLIN to capture the positive market environment, which translates into rental growth and increase in occupancy.

Offices

- Business performance

Good performance with a 4.7% average release spread. The release spread has been 3.8% in Madrid, 8.8% in Barcelona and 7.3% in Lisbon. The occupancy has grown to 87.9%, which represents an increase of 86 bps quarter over quarter. Relevant leases include 9,135 sqm with CCC (Facebook) and 1,141 sqm with Dynatrace, both in Torre Glòries, 12,209 sqm renewed with Tecnicas Reunidas in PE Sanchinarro and 6,176 sqm with Allfunds Bank in Avda. de Burgos 210.

Significant leases have been signed since June 30, totaling 23,422 sqm, including 3,385 sqm with Oracle in Torre Glòries and heads of terms for 6,046 sqm in Torre Chamartin and 9,586

sqm in Muntadas.

- [Landmark Plan I](#)

Significant progress in the execution of works in Torre Glòries. Torre Chamartin has received occupancy license. MERLIN is also reaching completion in the phase 1 of Adequa.

Shopping Centers

- [Business performance](#)

The shopping center portfolio has seen a strong LfL rental growth (+3.2%), with a 3.4% release spread. The occupancy, which stands at 88.2%, is temporarily affected by the execution of Flagship Plan in Larios, Porto Pi and El Saler. Excluding this effect, occupancy would be 89.1%.

- [Flagship Plan](#)

Great progress on the Arturo Soria shopping center refurbishment, completed for the mall and only pending works on the parking. The new, modern lay-out, improved accesses and enhanced terraces have benefited tenant sales, up 7%. Larios is also progressing, with almost a quarter of the works executed and on track to be finished by year-end. The groundbreaking concept conceived for X-Madrid is also advancing, with completion scheduled for 2Q 2019. Cutting-edge retailers such as Ongravity, Crossfit, Brooklyn Boxing, Dock 39 and Levi's have now signed, and commercialization stands at 76%.

Logistics

- [Business performance](#)

MERLIN continues leveraging on its leadership position in this segment, benefitting from significant LfL growth of +7.8% and double digit release spread of +11.5%. Occupancy remains very high (97.4%).

- [Best Plan II](#)

On track and further expanding through acquisitions in the main logistics hubs of Valencia and The Basque Country.

Value created to shareholders

The gross asset value of the portfolio now stands at 11,755 million, after the appraisals performed by CBRE and Savills. This represents a 4.5% increase in the semester, reflecting the value created in the portfolio through focused management and capex plans under execution.

In accordance with EPRA standards, net asset value amounts to € 6,604 million, equivalent to € 14.06 per share, representing a meaningful 6.1% increase over 2017 EPRA NAV per share (€13.25).

Through a combination of dividends and value growth, the Company has created value to shareholders for an aggregate amount of € 501 million, delivering an implicit total shareholders return of 8.1% year to date and 22.1% LTM

The Company has reconfirmed the pay-out guidance of € 50 cents for 2018.



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 5,900 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, forming part of the benchmark IBEX-35, Euro STOXX 600, FTSE EPRA/NAREIT Global Real Estate, GPR Global Index, GPR-250 Index, and MSCI Small Caps indices.

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

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6M2018
RESULTS
PRESENTATION

31 July 2018



MERLIN

PROPERTIES

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ISMAEL CLEMENTE
CEO



MIGUEL OLLERO
GM / COO



DAVID BRUSH
CIO



CONTENTS

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- Portfolio performance
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Financial performance

- **+3.5% Rents** YoY
- **EPS up 8.6%** YoY
- **EPRA NAV per share up 18.2%** YoY to **€ 14.06**
- **DPS** guidance of **€ 0.50 per share** reconfirmed
- **TSR of 8.1%** in the period (22.1% LTM)
- **Leverage further reduced** to 43.3%

Operating performance

- **Strong letting activity** in the period: **473,473 sqm**
- **Strong momentum in rental growth** across all categories
- **Occupancy growing:**
 - Offices: +84 bps to 87.9%
 - Retail: +19 bps to 89.1% (excluding Flagship execution capex)

Value creation

- **€ 455m invested year to date** (Almada + Zen + logistics)
- Divestment activity on track
- **Good progress in Landmark I / Flagship / Best II**





6M18
FINANCIAL
RESULTS



+18.2% increase in EPRA NAV per share and +8.6% in IFRS EPS YoY

(€ million)	6M18	6M17	YoY
Gross Rents	243.2	235.1	+3.5%
Net rents	209.5	208.0	+0.7%
EBITDA⁽¹⁾	194.8	198.6	(1.9%)
FFO⁽²⁾	140.9	148.6	(5.2%)
AFFO	136.1	142.6	(4.6%)
IFRS net profit	457.6	421.4	+8.6%
EPRA NAV	6,603.8	5,585.9	+18.2%

Testa and Aedas
service fee

(€ per share)

FFO Recurring	0.30	0.32	(5.2%)
AFFO	0.29	0.30	(4.6%)
IFRS EPS	0.97	0.90	+8.6%
EPRA NAV	14.06	11.89	+18.2%

On track
with guidance

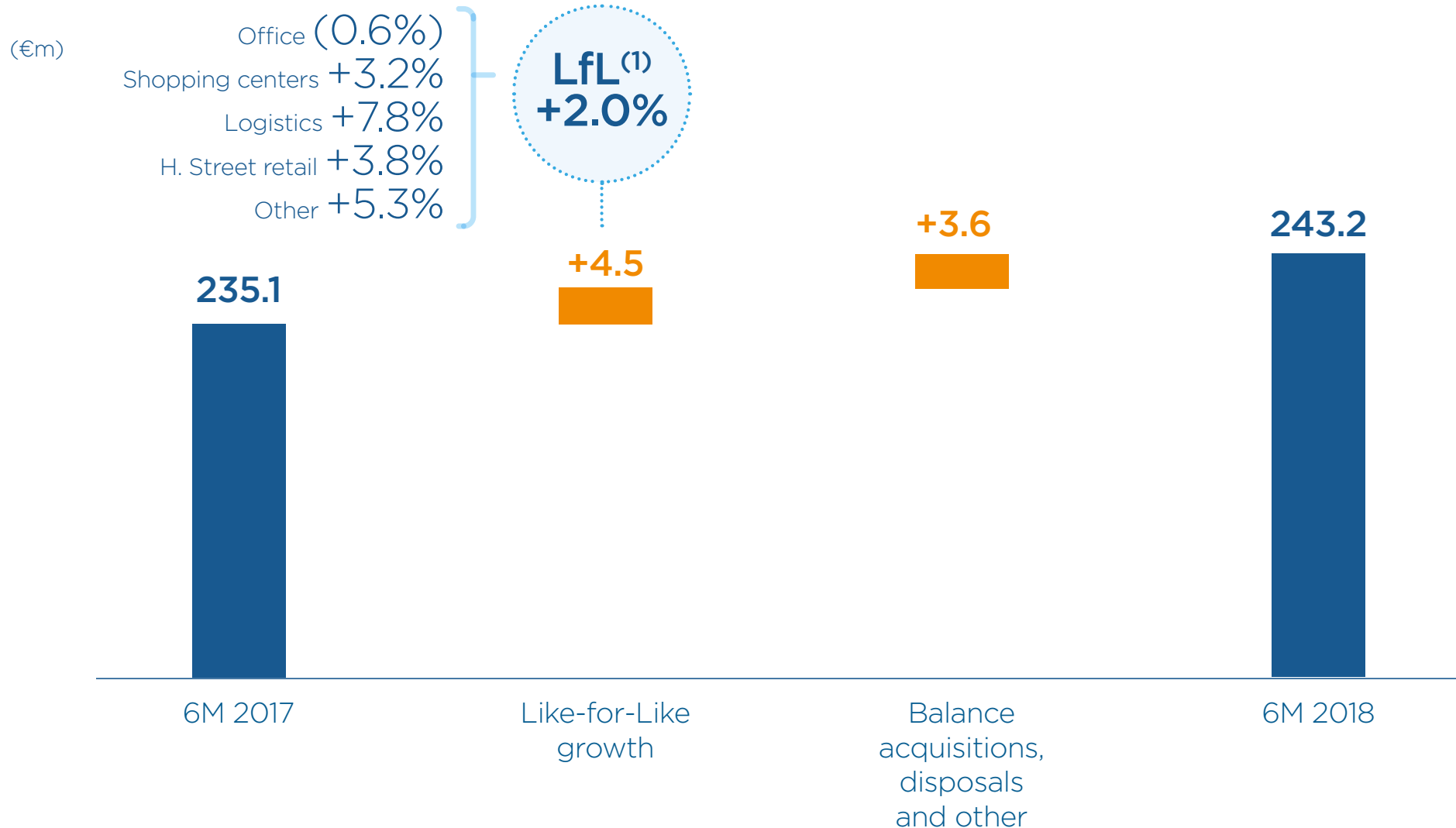
Source: Company

⁽¹⁾ Excludes non-recurring items (€ 0.8m) plus LTIP accrual (€ 21.9m)

⁽²⁾ FFO equals EBITDA less net interest payments, less minorities, less recurring income taxes plus share in earnings of equity method



Robust LfL growth in all asset categories except offices, still penalised by the exits of Renault and Huawei. If excluded +4.4% LfL in offices and +4.3% overall



⁽¹⁾ 6M18 (€ 229.0m GRI) vs 6M17 (€ 224.5m GRI)

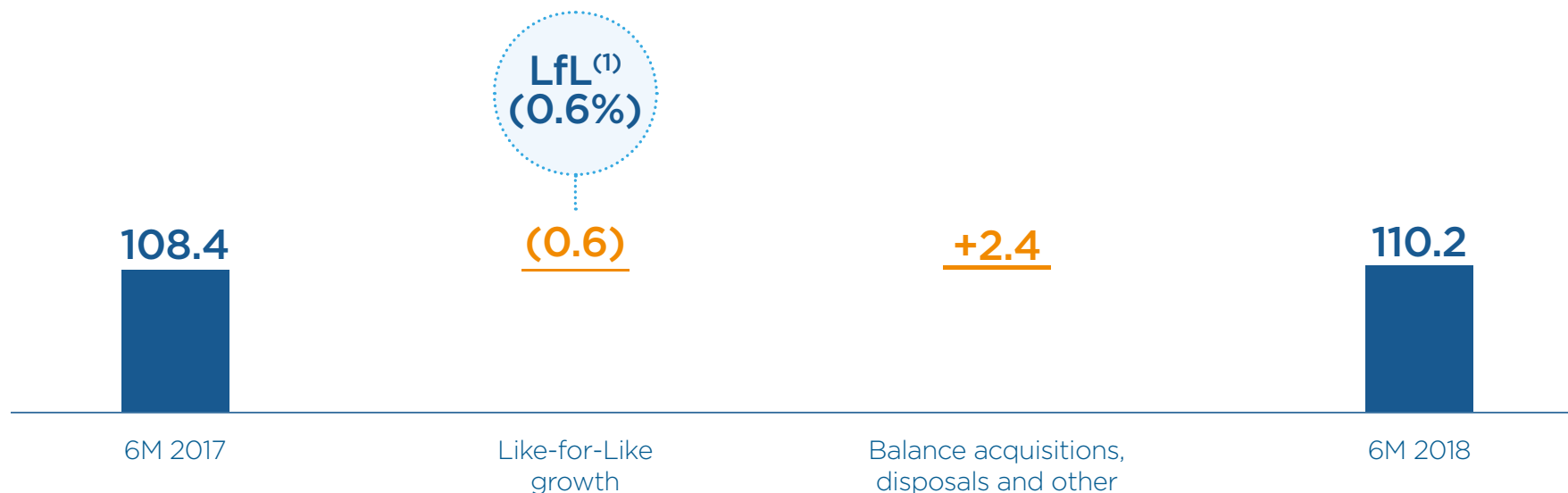


OFFICES

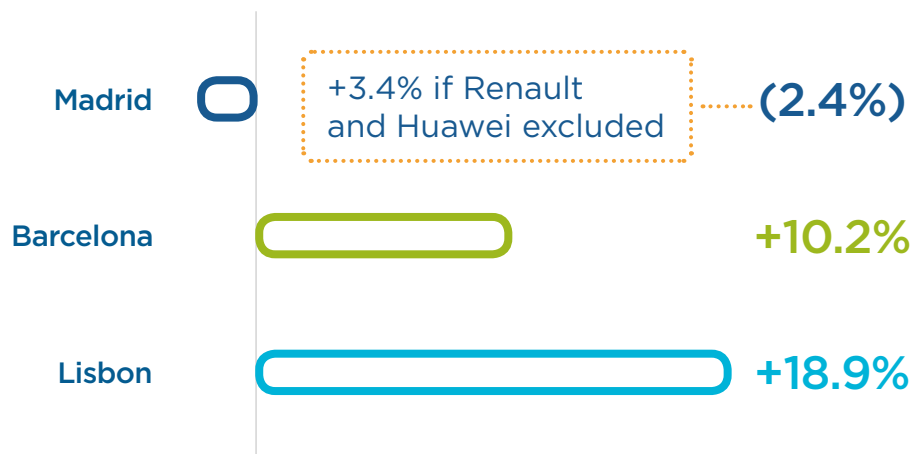


Offices LfL affected by Renault-Adequa and Huawei-Las Tablas. If excluded +4.4% LfL

(€m)



Lfl growth by area



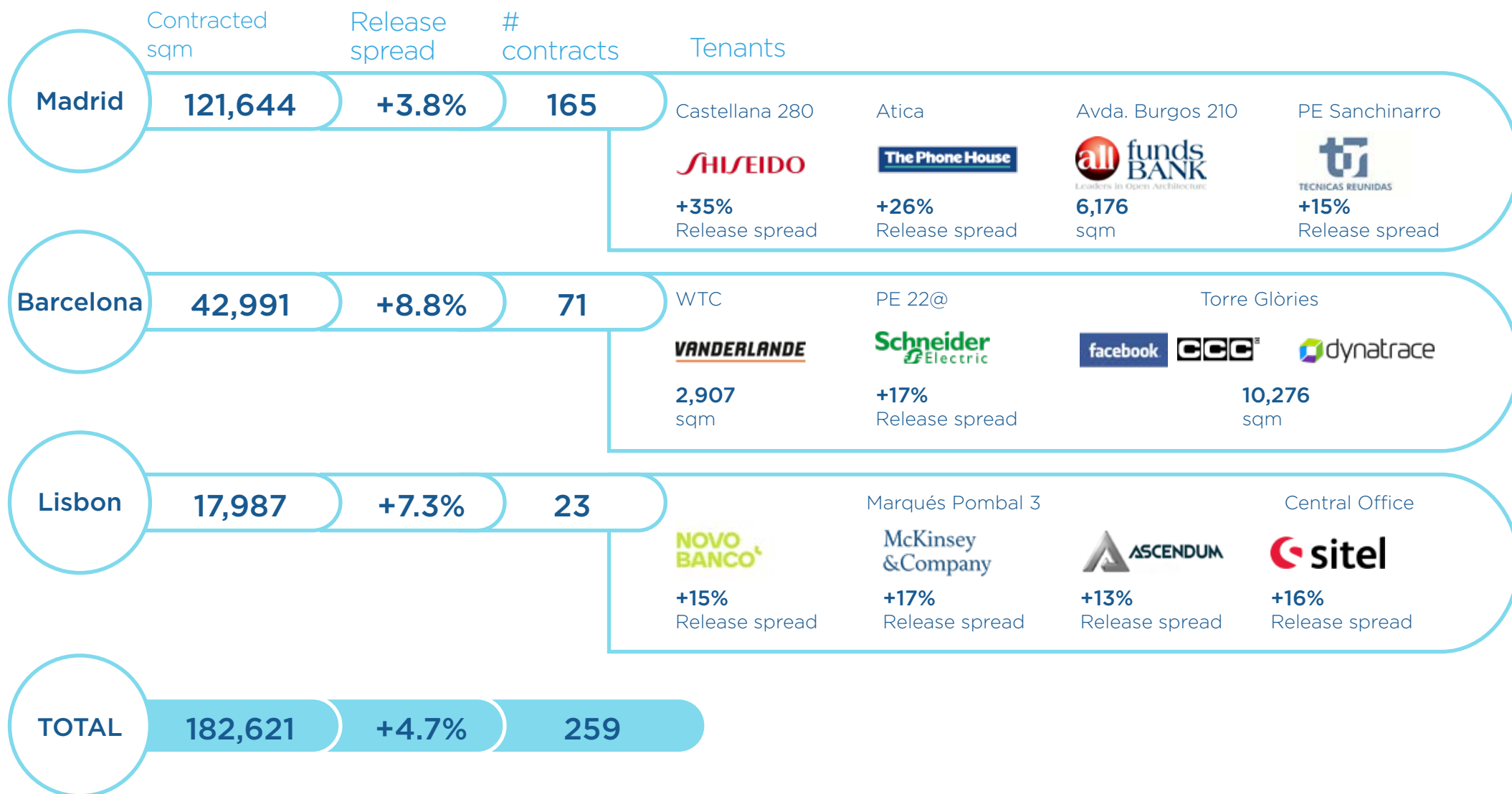
Occupancy by area



⁽¹⁾ Office portfolio in operation for the 6M17 (€ 103.4m GRI) and for the 6M18 (€ 102.8m GRI)



Rental growth accelerating (+4.7% release spread vs +3.4% FY17)





Roll out of Loom and launch of Twisttt



- Coworking spaces fostering the most innovative ecosystem
- Mono-tenant, third party buildings

Tapices



- Unique asset enjoying 3,000 sqm of gardens in Madrid city centre
- 5 mins from Atocha station

1,100 sqm
175 desks

Huertas 11



- Excellent location in the vibrant “Barrio de las letras” of Madrid
- 5 mins from Puerta del Sol

1,300 sqm
165 desks

**New flagship in Barrio de Salamanca
(300 desks)**



- Coworking spaces in MERLIN buildings to enhance our offer and serve as expansion space for existing occupiers
- Appealing to entrepreneurs and SMEs

Princesa 5



- One full floor featuring a 250 sqm spectacular terrace
- 2 mins from Gran Vía and Plaza España

1,100 sqm
146 desks

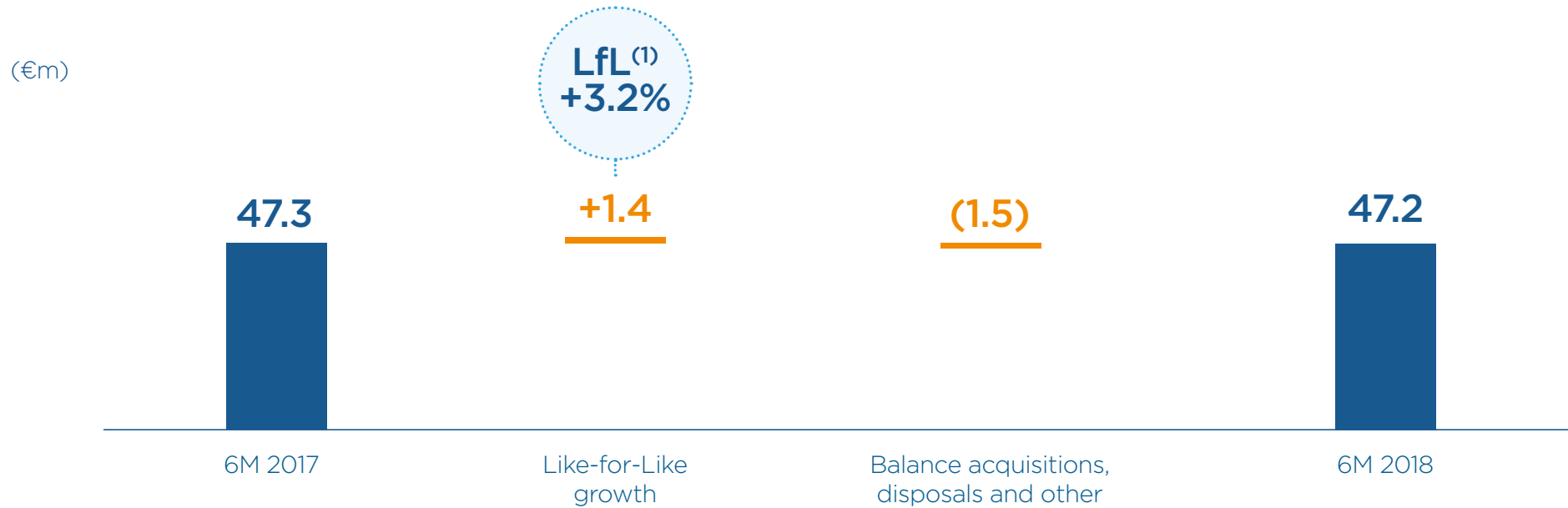
2 new locations before year end



SHOPPING CENTERS

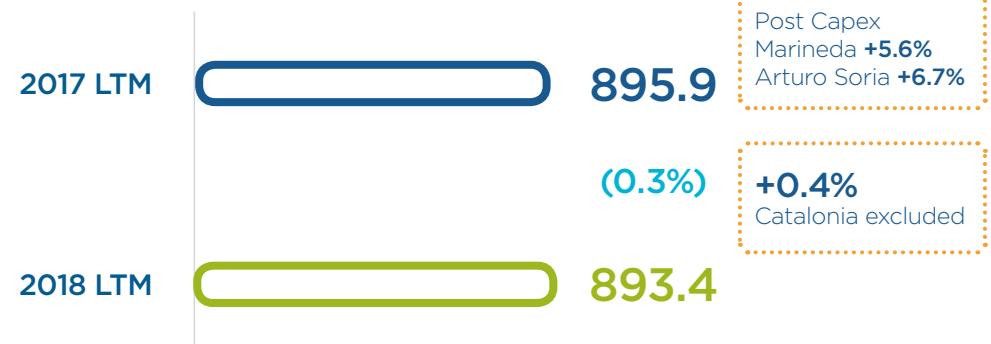
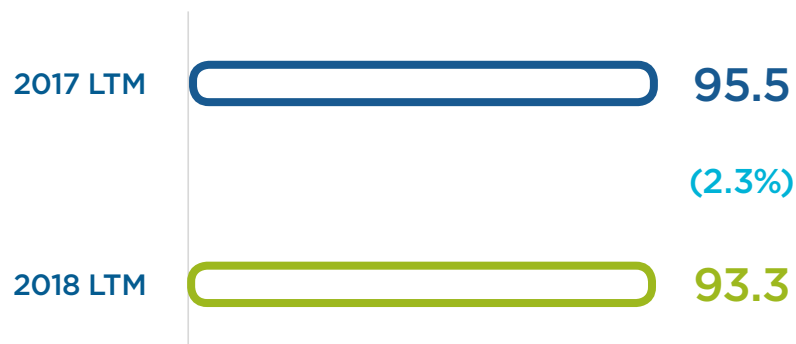


Steady LfL GRI growth in the portfolio.
Footfall and sales affected by Flagship capex and Catalonia



Visitors (million)

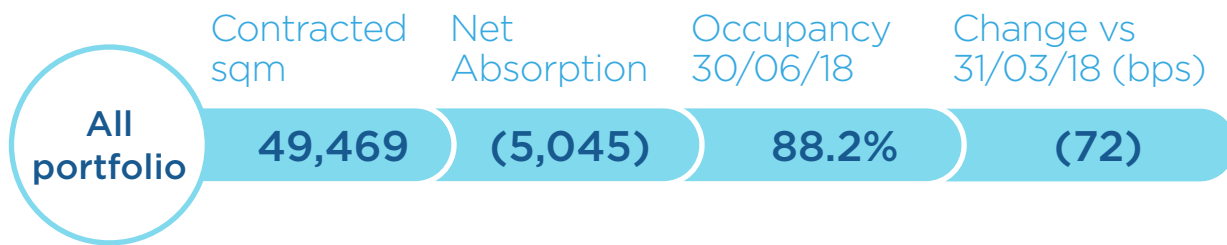
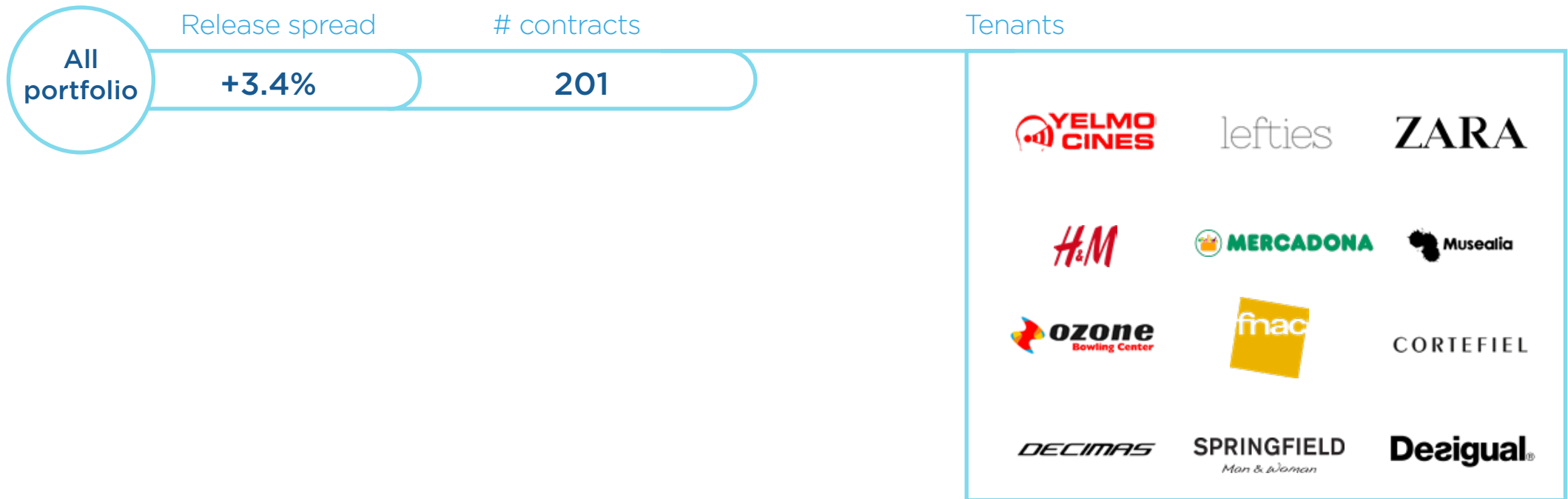
Tenant sales (million)



⁽¹⁾ Shopping centers portfolio in operation for the 6M17 (€ 45.2m GRI) and for the 6M18 (€ 46.7m GRI)



Upwards trend in performance with a **release spread of +3.4%**



- 4,328 sqm of units⁽¹⁾ affected by Flagship Plan
- 89.1% occupancy if excluded

⁽¹⁾ Larios, Porto Pi and El Saler



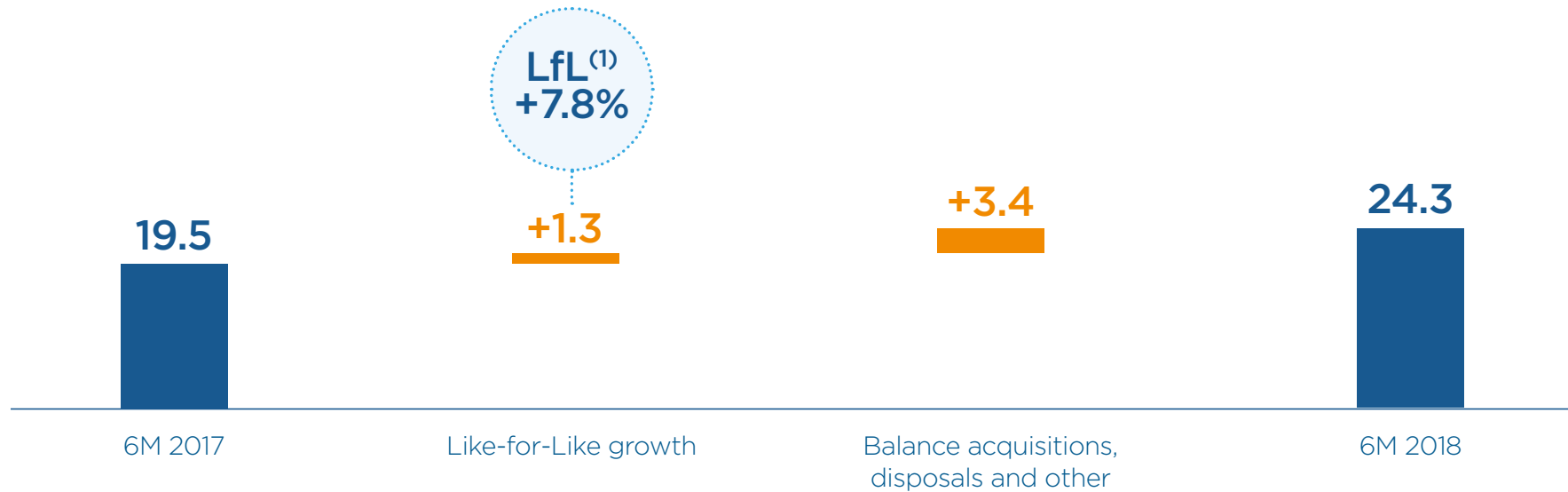
LOGISTICS



Significant LfL growth driven by meaningful increase in rents.

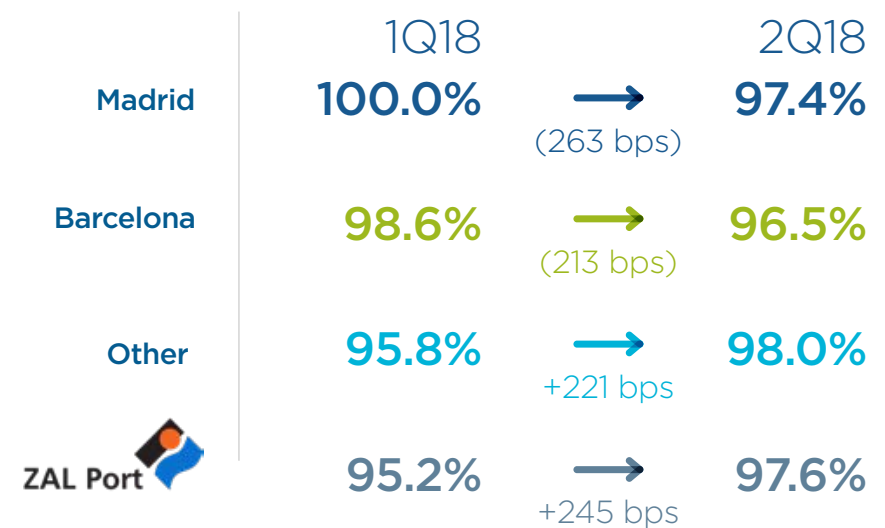
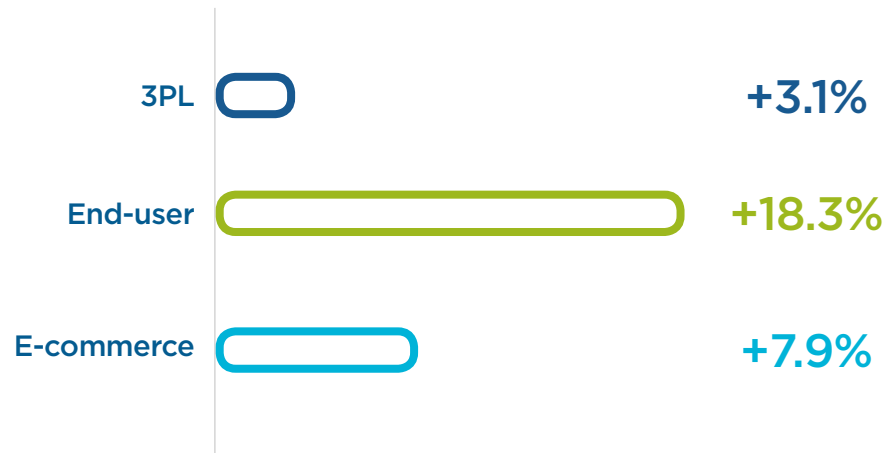
Temporary drop in occupancy due to the insolvency of one tenant in Madrid

(€m)



LfL growth by tenant type

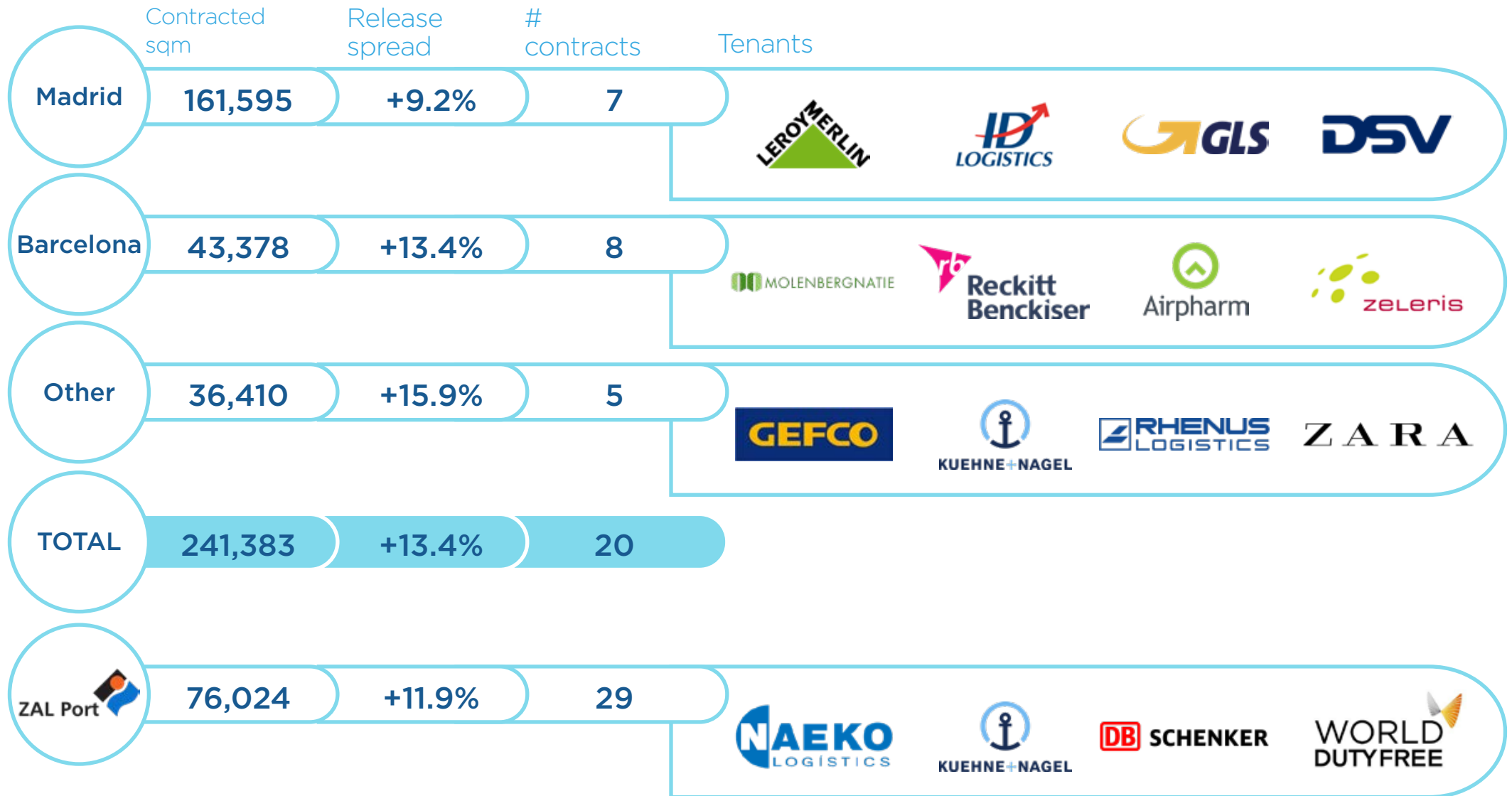
Occupancy by area



⁽¹⁾ Logistics portfolio in operation for 6M17 (€ 17.1m GRI) and for the 6M18 (€ 18.4m GRI)



Outstanding release spread in all markets (+13.4% all portfolio)

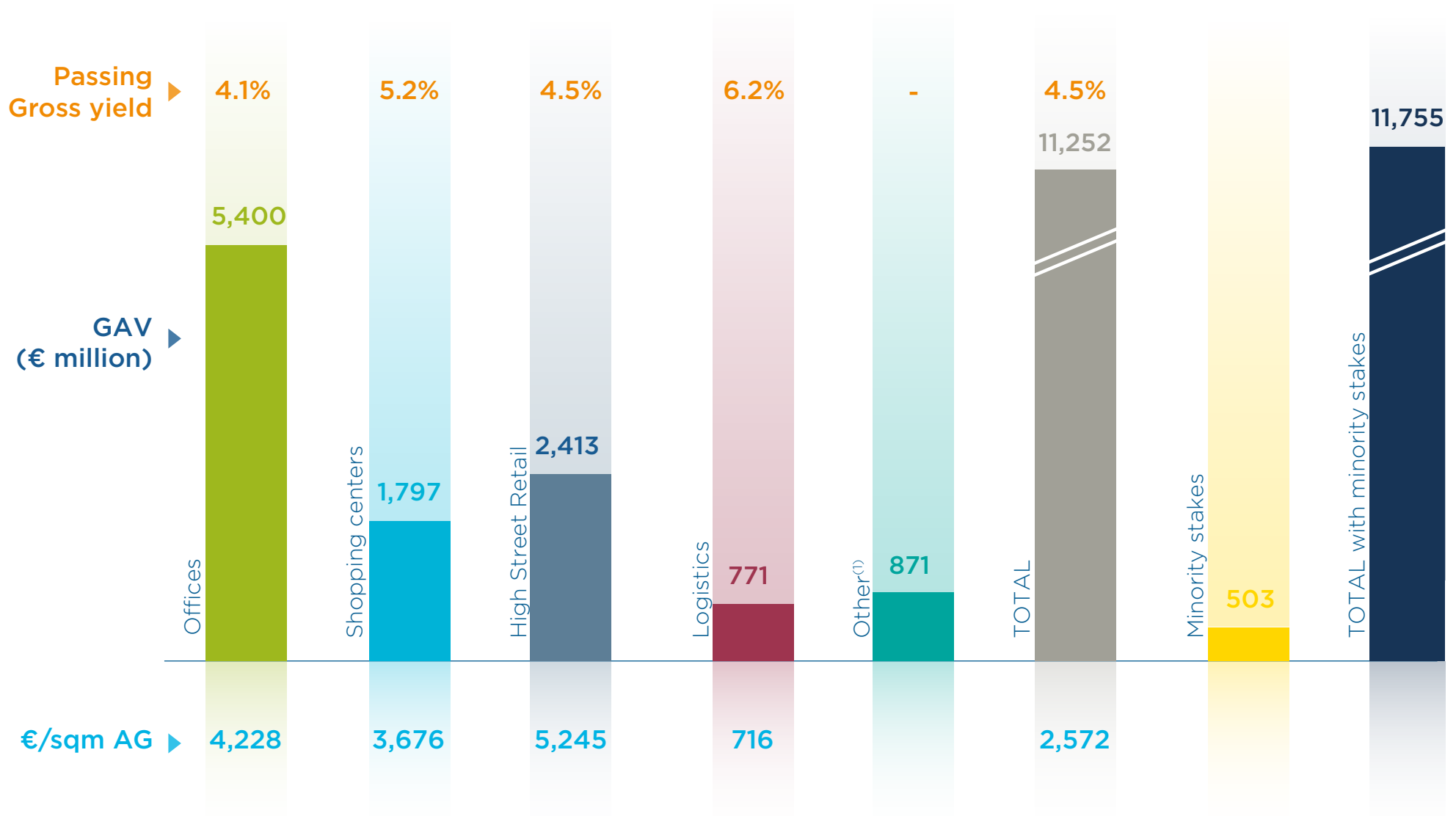




VALUATION AND DEBT POSITION



Gross asset value approaching € 12bn



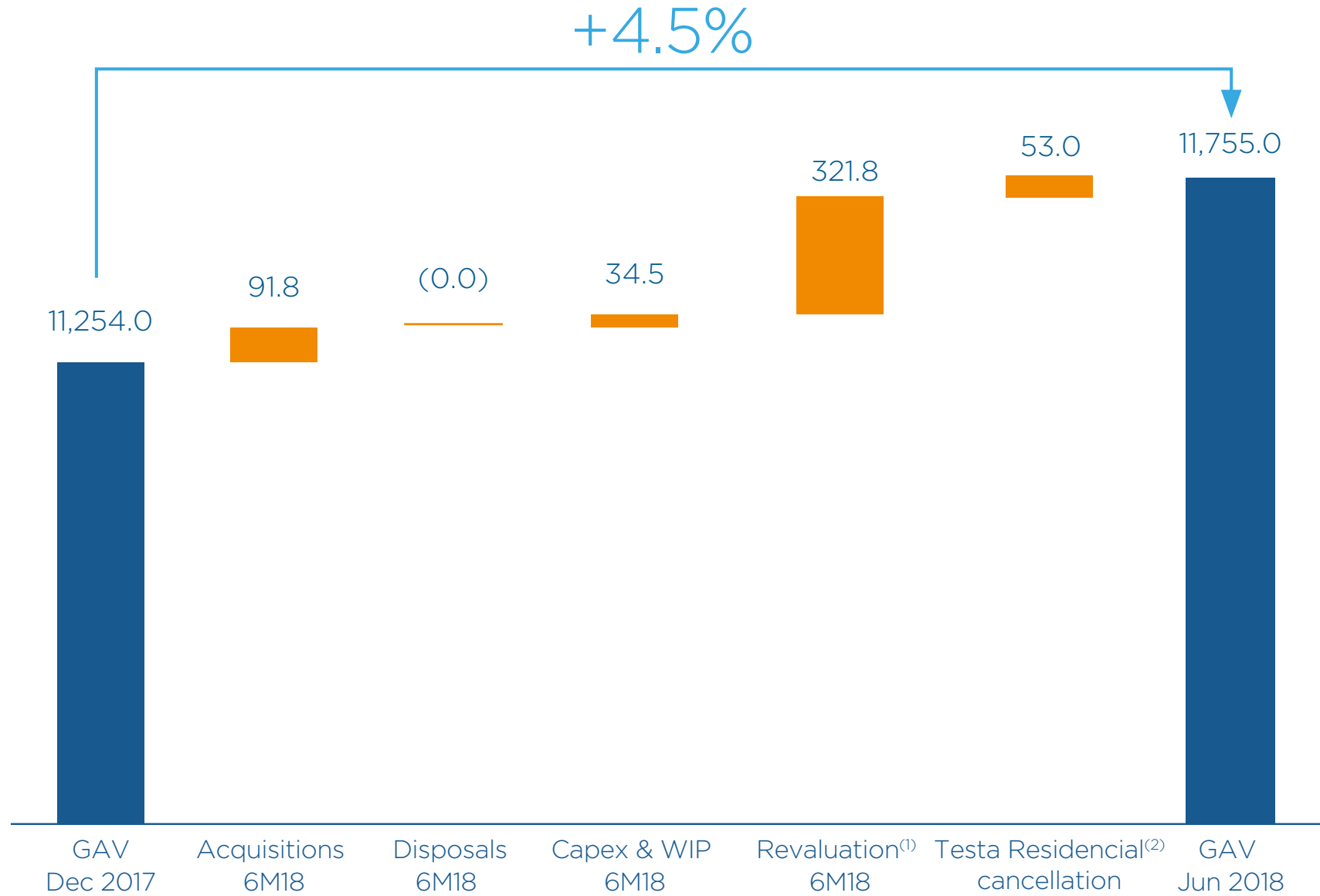
Source: Company

⁽¹⁾ Other includes logistics WIP, land for development, non-core land, hotels and miscellaneous



+4.5% GAV growth in the semester (3.7% LfL)

(€m)



Source: Company

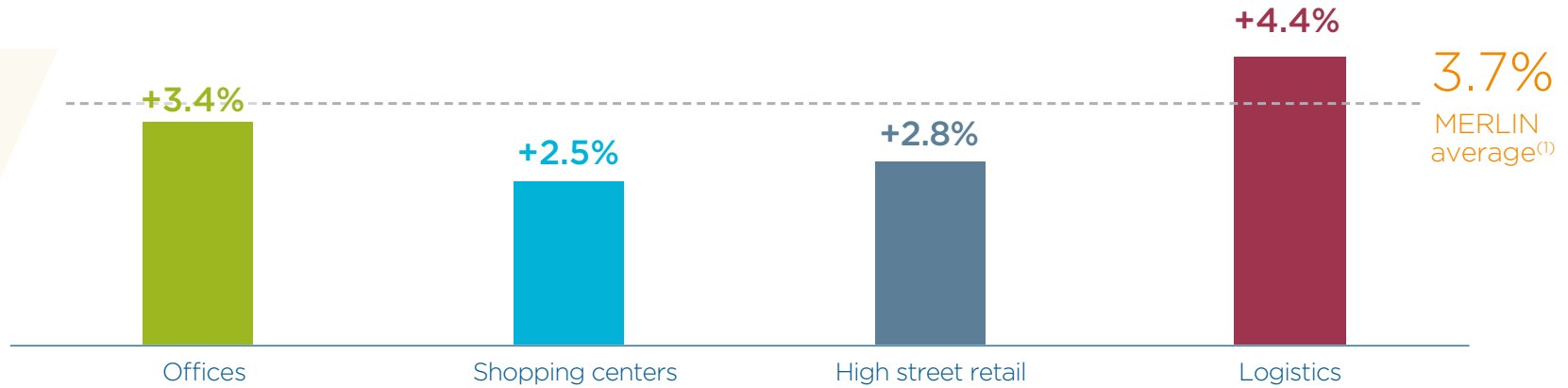
⁽¹⁾ Including off-balance sheet revaluations

⁽²⁾ Net value change taking into account cancellation of management contract in exchange of higher ownership stake

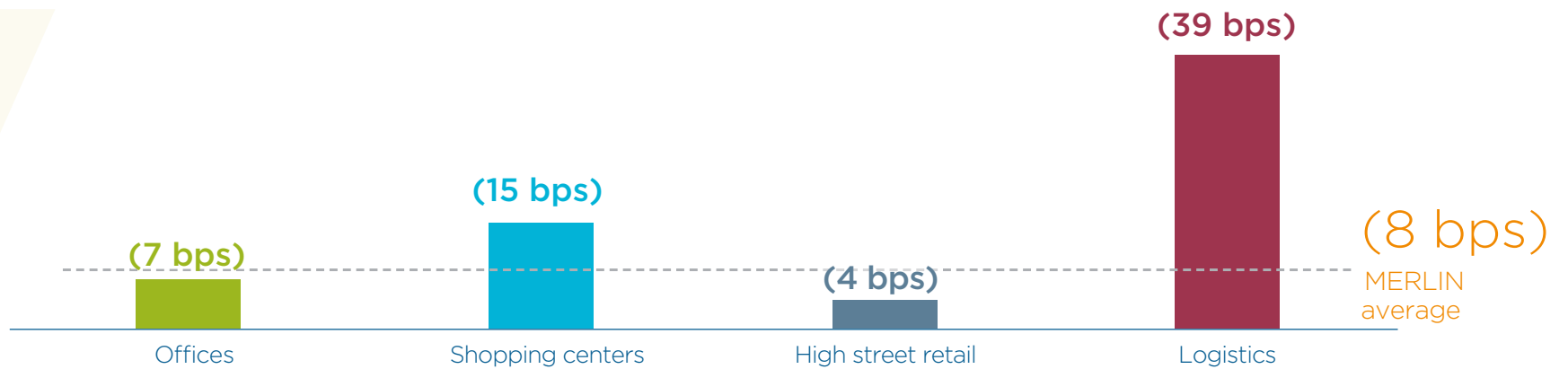


Appraisals reflecting market yields, rent evolution
and progressive adaptation of the portfolio to market

GAV
like-for-like
evolution⁽¹⁾



Yield
compression



⁽¹⁾ GAV of WIP projects included under offices and logistics for LfL purposes. Including equity method



Further leverage reduction. S&P has upgraded outlook to positive

(€ million)	30/06/2018	31/12/2017
Gross financial debt	5,282	5,413
Cash	190 ⁽¹⁾	509 ⁽¹⁾
Net financial debt	5,092	4,904

(Metrics)		
LTV	43.3%	43.6%
Average cost	2.21%	2.23%
Fixed interest rate	99.3%	98.6%
Average maturity (years)	5.7	6.1
Liquidity⁽²⁾ (€ million)	610	929

S&P Global
MOODY'S

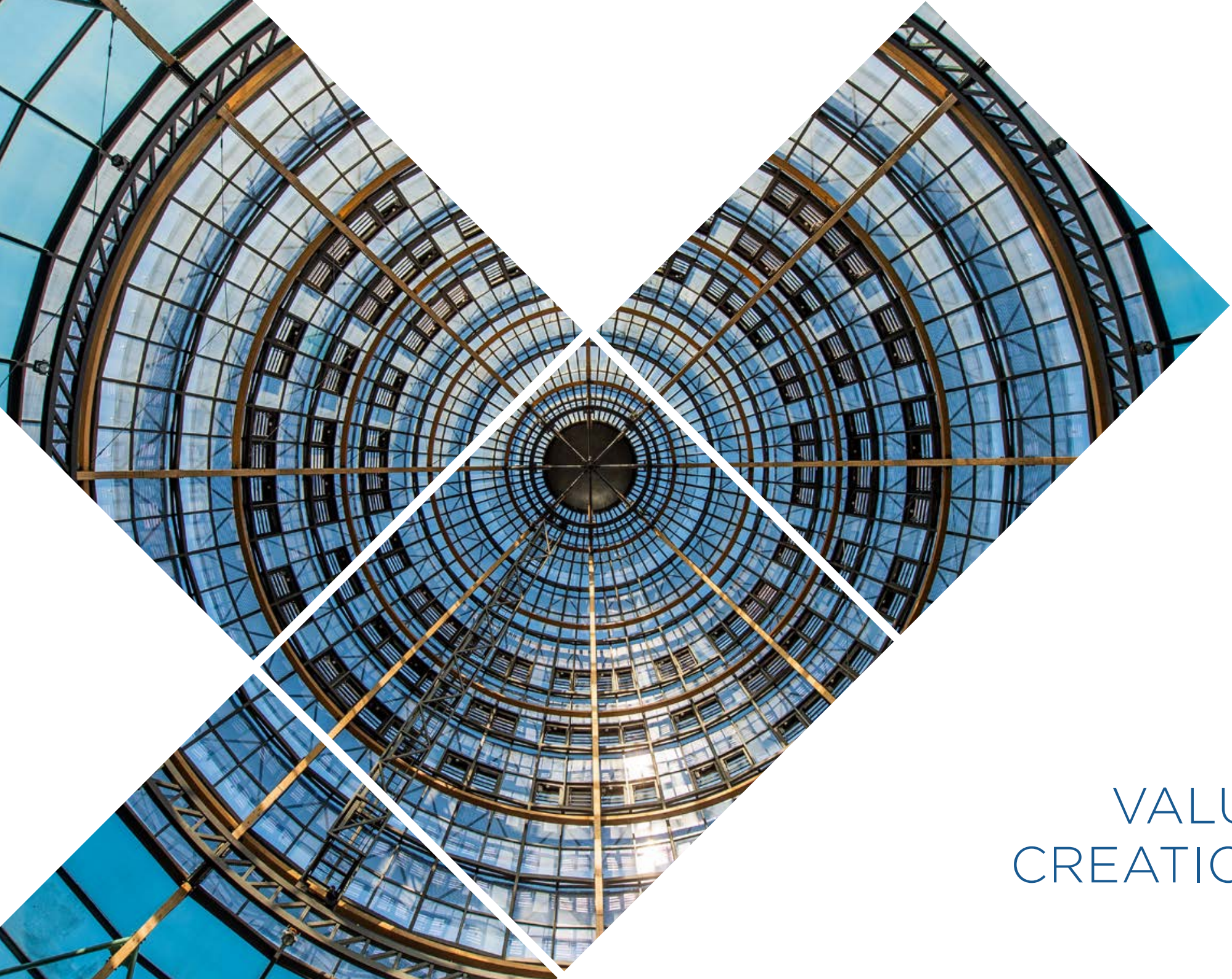
Rating
BBB
Baa2

Outlook
Positive
Stable

Source: Company

⁽¹⁾ Including cash and receivable of hotels disposal (€ 50.8m)

⁽²⁾ Including cash, receivable of hotels disposal and unused credit facilities



VALUE
CREATION



Almada is one of Portugal's premier retail and leisure destinations



- **Undisputed dominant** shopping and leisure destination in the south bank of river Tagus in **Lisbon**.
- Almada is one of the **most popular beach destinations** in Lisbon for both tourists and residents. As a result, **performance figures** of Almada Forum are **equally as strong in the summer months as they are at Christmas time**.
- **Easily accessible by car. Excellent visibility from the A2** motorway, connecting Lisbon to the southern parts of Portugal, and the highway **IC20**, connecting Lisbon to the popular beaches of Costa da Caparica.

Opened
2002

Tenants
285+

GLA⁽¹⁾
81,951 sqm

Footfall
14.4 m

Catchment
2.7 m

Occupancy
98%

GRI
€ 24m

NRI
€ 23m

ZARA

MANGO

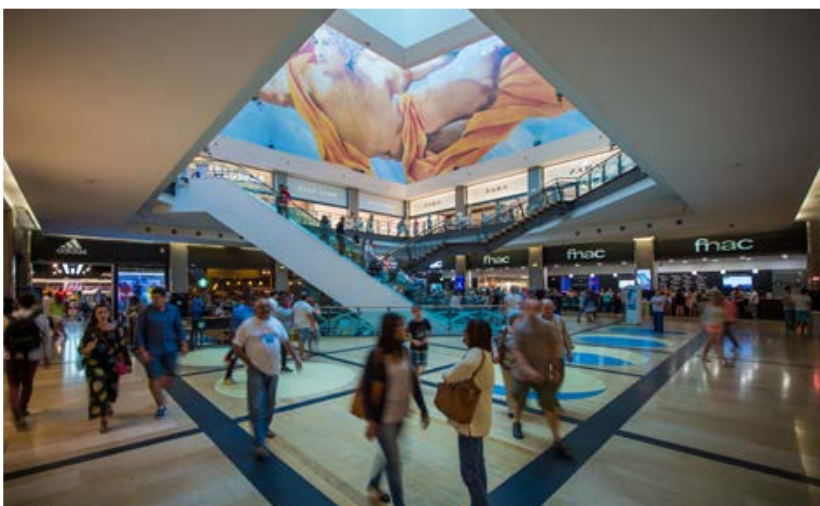
PRIMARK



⁽¹⁾ 60,049 sqm attributable



Almada is one of the Portugal's premier retail and leisure destination



Key growth drivers

- **Reversionary potential**
 - **73% of GRI** generated by tenants with leases signed in the economic downturn (2011)
- **Variable rent increase**
 - Sales up **+3.8% LTM**
 - Variable rent up **+10.6% LTM**
- Selected **Capex initiatives**
 - Update common areas and foodcourt
 - Digitalization

Enhancing MERLIN's retail profile

	Before Almada	After Almada
• Footfall	93.3m	107.7m
• Tenant sales	€ 893.4m	€ 1,094.1m
• Core dominant and urban increased share	80%	85%



Zen Tower

- Located in Dom Joao II, the main avenue in Parque das Nações in Lisbon
- Glass curtain wall design, raised floors, two terraces and excellent views over the Tagus river
- 100% let to best-in-class companies such as Danone and Motorola Solutions

GLA **10,207 sqm**
 GRI **€ 2.1m**
 Yield on cost **6.4%**



Cabanillas X

- Located in the third logistics ring of Madrid (50 kms. from city center), which covers cross-national activity. Excellent accesses
- Ready-to-build land for the construction of 2 modules in a multi-purpose warehouse
- Suitable for 3PL operators, including 23 loading docks

GLA **21,544 sqm**
 ERV **€ 0.9m**
 Yield on cost **7.4%**



Toledo-Seseña

- Development of a facility in the A-4 corridor, in an area with a clear deficit of modern logistics space suitable for 3PL operators
- The plot is located 36 kms from Madrid city centre, in Toledo-Seseña, in a very convenient location for the distribution of goods from Madrid to the south of Spain

GLA **28,541 sqm**
 ERV **€ 1.1m**
 Yield on cost **8.1%**



Gran Europa Portfolio

- Portfolio of 2 logistics assets:
 - (i) 26,775 sqm in Vitoria-Jundiz fully let to DHL (under a Mercedes-Benz procurement contract)
 - (ii) 15,075 sqm logistics asset in Cabanillas-Guadalajara, let to Jaguar Land Rover

GLA **41,850 sqm**
 GRI **€ 1.4m**
 Yield on cost **6.9%**



Valencia - Ribarroja

- Most prime logistics axis in Valencia, where logistics are surging
- Privileged location in the junction between the A-3 and the A-7 and easy access to the Port of Valencia (15 minutes)

GLA **35,000 sqm**
 ERV **€ 1.8m**
 Yield on cost **7.0%**



Torre Glòries

- Phase I (floors 2-24) reaching completion
- Phase II includes floors 25-30, vertical communication and lobby to start in 3Q
- World-class observatory project defined. Negotiations underway with operator
- 46% of the office space let (excluding options)
- 7,764 sqm optioned (+26%)



Torre Chamartin

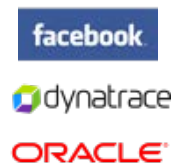
- Opening license obtained in June
- Executed on time and on budget
- LEED Platinum certified
- 6,046 sqm engaged with top-tier multinational services company
- 2,122 sqm optioned (+12%)



Adequa #1

- Refurbishment of former Renault and integration in the complex
- Separation of parkings, lobby, lighting and technical installations
- Works reaching completion (4Q18)
- 5,978 sqm let to Audi

GLA **37,614 sqm**
 Total cost **€ 167m**
 Yield on cost **6.5%**



GLA **17,733 sqm**
 Total cost **€ 62m**
 Yield on cost **6.3%**

CONFIDENTIAL

GLA **27,399 sqm**
 Cost **€ 3m**





X-Madrid

- Groundbreaking shopping center focused on experiences and cutting edge retailers
- Works advancing (nearing 20%) with completion scheduled for 2Q19
- Successful pre-commercialization of 76%



GLA **47,424 sqm**
 Cost **€ 32m**
 Yield on cost **8%**



Arturo Soria

- Deep renovation of façade, common areas, terraces and parking
- Only pending terraces and parking (works to resume after summer)
- Recent leases signed



GLA **6,959 sqm**
 Cost **€ 4.7m**
 Tenant sales **+7% after refurb**
 Yield on cost **>9.0%**



Larios

- Acquisition of 3rd party owned units (+16,500 sqm GLA) and subsequent full refurb
- Repurpose hypermarket and cinema spaces to fashion and restaurants, respectively
- Scope of works expanded to enhance public plaza entrance and LED screens in façade

GLA **37,958 sqm**
 Cost **€ 23m (capex)**
€ 20m (units acquired)
 Yield on cost **>5.7%**



CLOSING REMARKS



→ Financial performance

- **Solid set of results** delivering excellent return to shareholders (**TSR +8.1%YTD**)
- **Steady growth** in EPRA NAV per share (€ 14.06, +6% vs 31/12/17)
- DPS guidance of **€ 0.5 per share** (+9% YoY) reconfirmed
- LTV reduced to 43.3%

→ Business performance

- **Offices.** Rental growth accelerating and occupancy close to overcome Renault and Huawei impacts
- **Shopping centers.** Stable growth in rents. Performance temporarily affected by Flagship execution
- **Logistics.** Market remains very strong. MERLIN best placed company to capture future growth

→ Value creation

- **Asset recycling.** Investment target for the year close to completion. Divestments on track. **Almada, a superb quality asset added to MERLIN's retail portfolio**
- **Landmark I Plan.** Excellent leasing activity in both Glòries and Chamartin
- **Flagship Plan.** X-Madrid delivering high pre-let levels / Arturo Soria and Marineda tenant sales up 7% and 6% respectively after refurb completion
- **Best II Plan** on track and further expanding through acquisitions in the main logistics hubs of Valencia and The Basque Country



MERLIN

PROPERTIES

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