

A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

Merlin Properties, SOCIMI, S.A. (“**MERLIN**”), en cumplimiento del artículo 82 de la Ley 24/1988, de 28 de julio, del Mercado de Valores, comunica la siguiente

INFORMACIÓN RELEVANTE

- (i) MERLIN ha presentado su información de resultados del primer semestre de 2015, en el día hoy, que ha causado hecho relevante número 227859.
- (ii) MERLIN llevará a cabo mañana, **martes 1 de septiembre de 2015, a las 15:00 horas de Madrid/CET**, una presentación para analistas e inversores institucionales que podrá seguirse en tiempo real, vía audio-conferencia, a través del siguiente *link* y con los siguientes códigos de acceso:

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- (iii) La documentación que servirá de soporte a la presentación **se adjunta al presente hecho relevante** y será a su vez difundida a través de la página web corporativa de MERLIN (www.merlinproperties.com).

Madrid, 31 de agosto de 2015.

Merlin Properties SOCIMI, S.A.



1H 2015 results presentation

MERLIN
PROPERTIES

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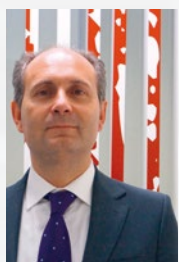
Presenting team



ISMAEL CLEMENTE
CEO



DAVID BRUSH
CIO



MIGUEL OLLERO
CFO / COO

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1. Financial highlights.

A strong performance

2. The portfolio.

High yielding and gaining
diversification

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Acquisition ahead of timeline





Assets
906

GLA
758k sqm

GAV
€2,861m

Lfl GAV Growth
+3.6%
vs Dec-14

GRI
€134.6m
Annualized

NRI
€130.2m
Annualized

EPRA
5.58%
Gross Yield

EPRA
5.40%
Net Yield

1H 15
€65.4m
Gross rents

1H 15
€42.4m
Recurring FFO

June 30
27.7%
LTV

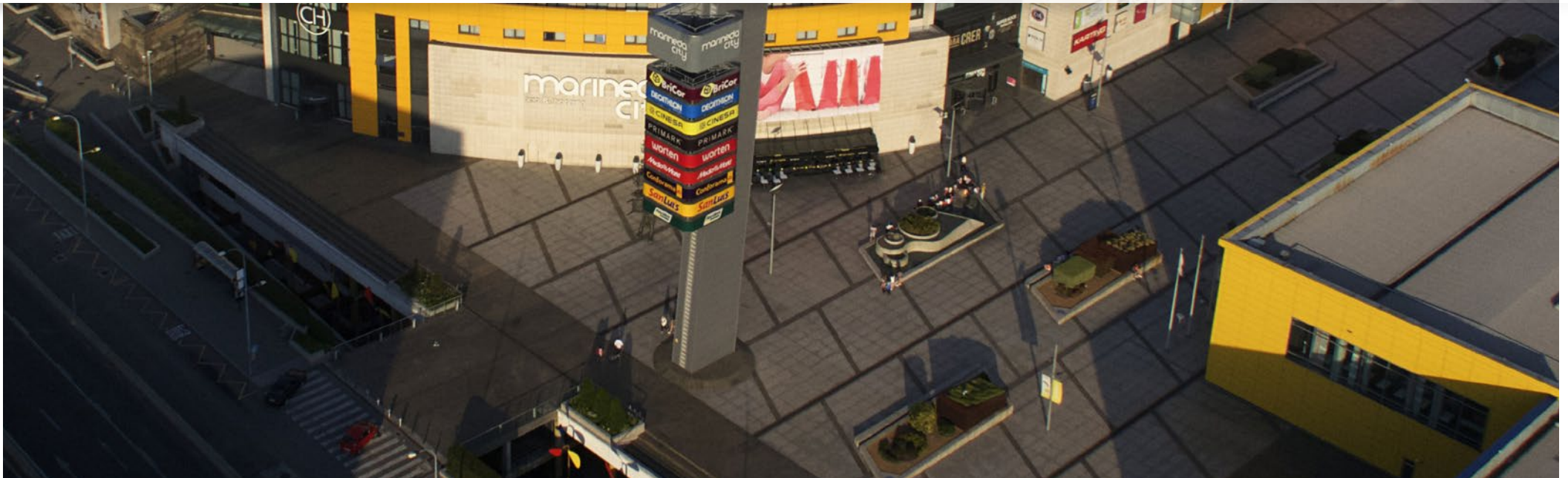
EPRA
10.64
NAV / share⁽¹⁾

Source: Company

¹ Shares outstanding as of 30 June 2015 amount to 193.8 million



Financial highlights



Outstanding gross-to-net ratio drives the strong cash flow generation in the period

Consolidated profit and loss

1H 2015

Gross rental income	€ 65.4 m
Tree	€ 44.5 m
Retail	€ 9.2 m
Office	€ 8.1 m
Logistics	€ 3.6 m
Net rental income ¹	€ 63.1 m
EBITDA	€ 57.3 m
Recurring FFO ³	€ 42.4 m
FFO ⁴	€ 41.2 m
IFRS net profit	€ 119.6 m

▶ **Annualized GRI**
€ 134.6² m

▶ **Annualized NRI**
€ 130.2² m

Per share⁵

EBITDA
0.30

Rec. FFO
0.22

FFO
0.21

EPS
0.62

Source: Company

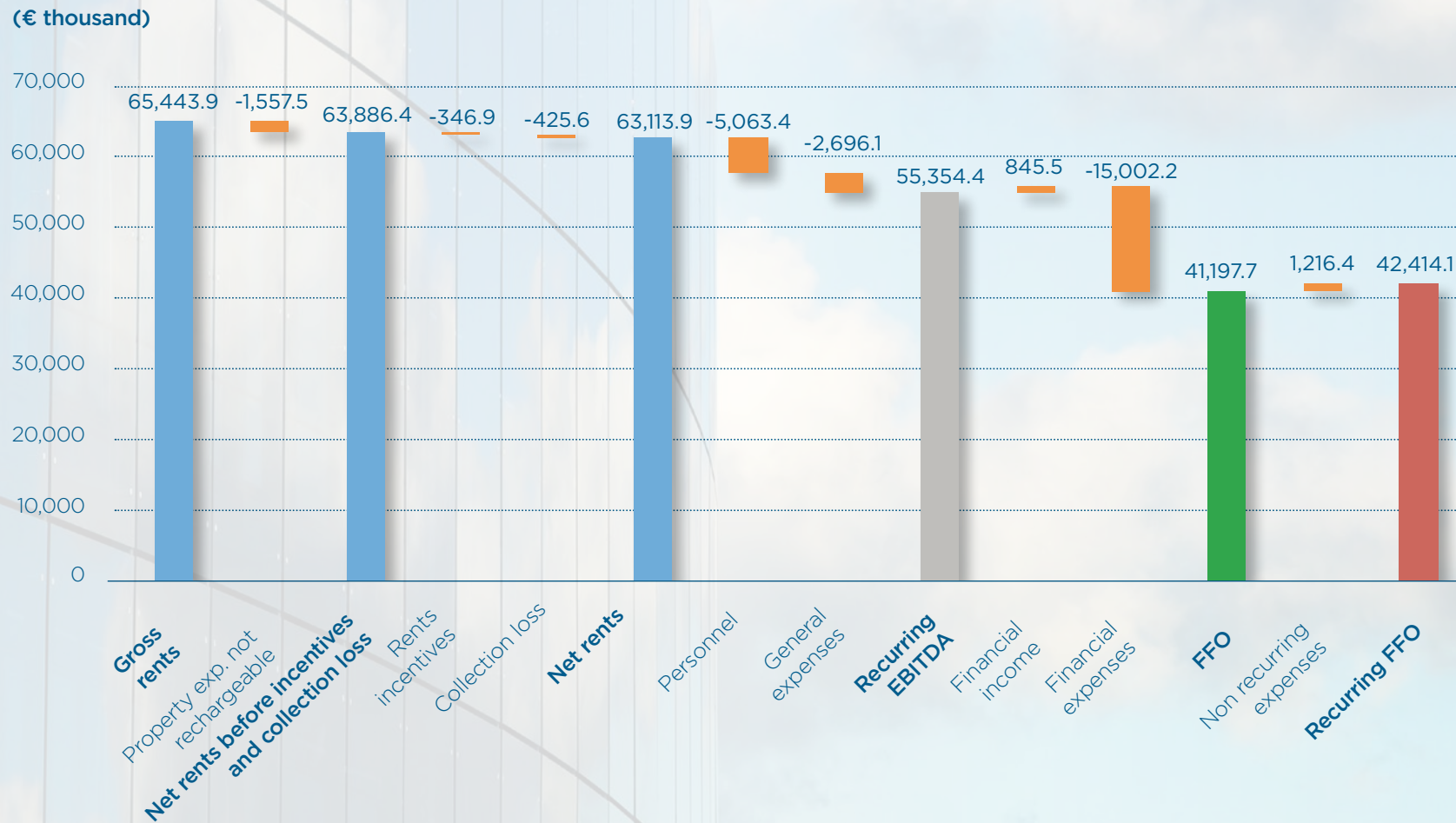
¹ Gross rents net of incentives and collection loss

² Annualized gross rents and net rents have been calculated as passing gross / net rent as of June 30st, multiplied by 12

³ Recurring funds from operations includes recurring rents less recurring expenses less recurring net financial expenses

⁴ FFO equals recurring FFO less expenses associated with the acquisition of companies and one-off financing expenses

⁵ Shares outstanding as of 30 June 2015 amount to 193.8 million



Financial discipline and proactive management of the capital structure leads to healthy financial ratios

Consolidated balance sheet

	June 2015	December 2014
Total assets	€ 3,294 m	€ 2,417 m
Total equity	€ 2,042 m	€ 1,309 m
Portfolio value	€ 2,861 m	€ 2,232 m
Gross financial debt	€ 1,192 m	€ 1,010 m
Cash	€ 400 m	€ 153 m
Net financial debt	€ 792 m	€ 857 m
Net LTV	27.7%	38.5%

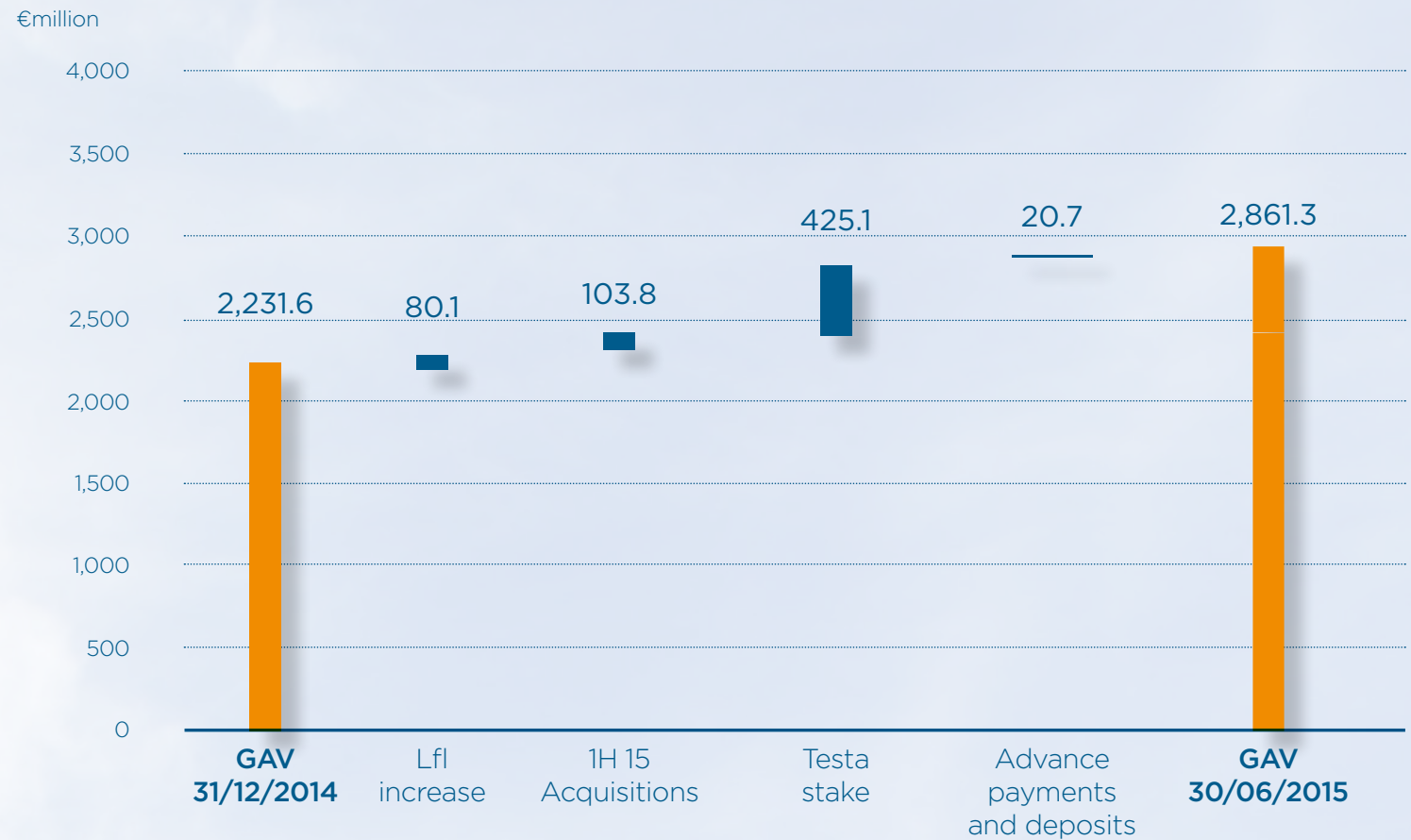
Cost of debt
 Until end 2017: **3.8%**
 From end 2017: **2.7%**

Av. maturity
9.0 years

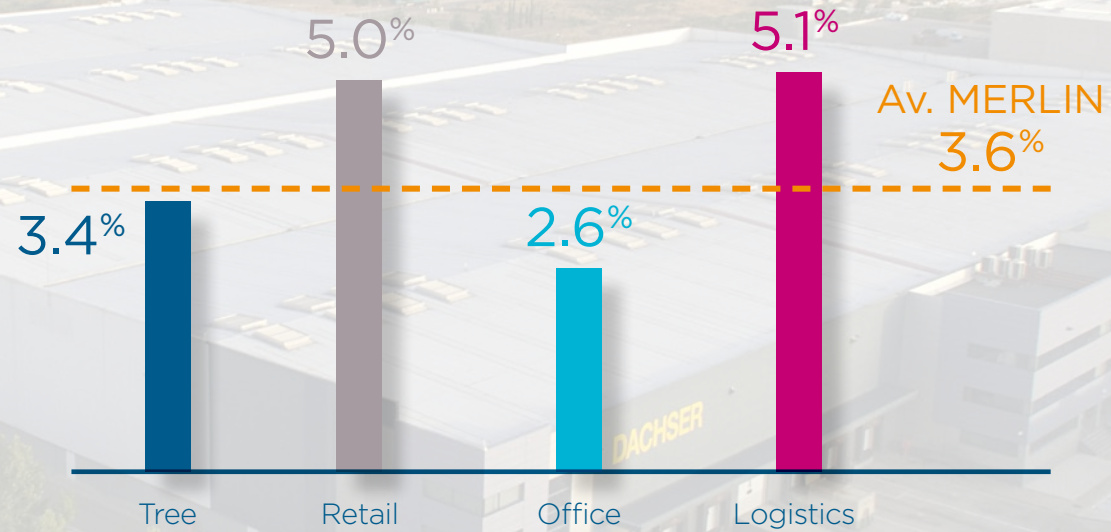
% Hedged
95.5%

GAV increase mostly driven by a prudent yield compression (20 bps) with potential room for further capital value growth

31/12/2014
GAV
bridge to
30/06/2015



GAV Ifl
increase
per asset
category



MERLIN commercial real estate portfolio is the highest yielding in the Spanish listed market

EPRA performance metrics

	June 2015		December 2014	
	€ m	Per share ³	€ m	Per share ³
EPRA earnings	€ 44.8 m	€ 0.23	€ 20.4 m	€ 0.16
EPRA NAV	€ 2,062 m	€ 10.64	€ 1,355 m	€ 10.49
EPRA NNAV	€ 2,018 m	€ 10.41	€ 1,286 m	€ 9.96
EPRA net initial yield¹	5.40 %		5.86 %	
EPRA "topped-up" NIY²	5.46 %		5.93 %	
EPRA vacancy	4.2%		3.4%	

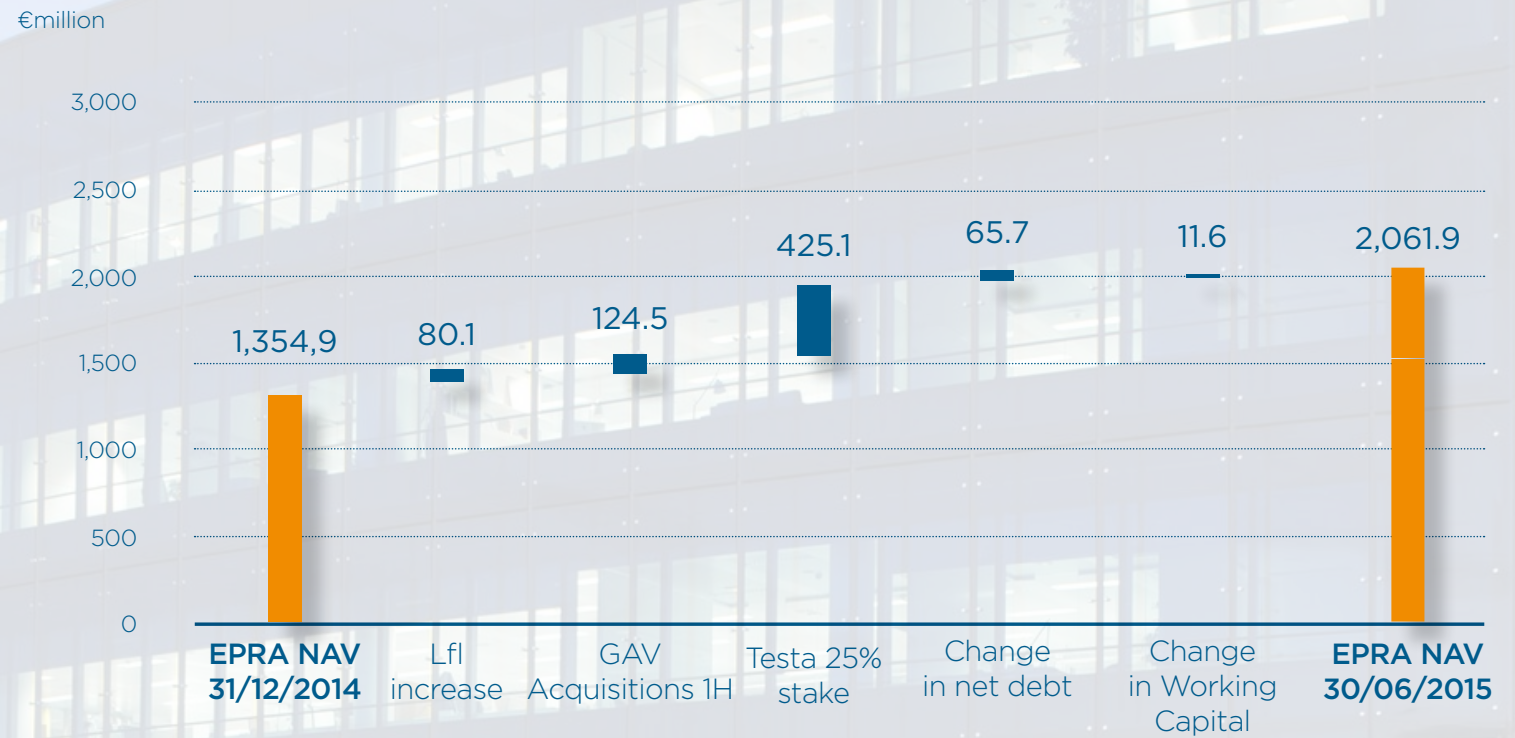
Source: Company

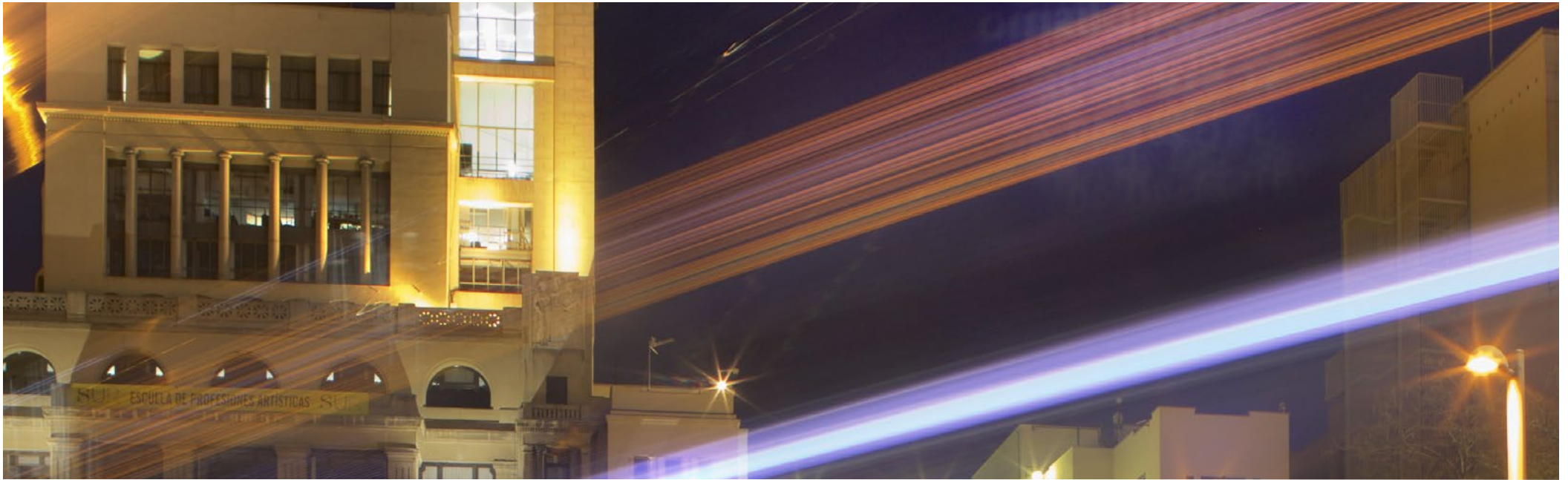
¹ Calculated as annualized net rents after incentives and collection loss (passing net rents as of June 30, multiplied by 12), divided by commercial portfolio GAV

² Adjustment to the EPRA Net Initial Yield in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents)

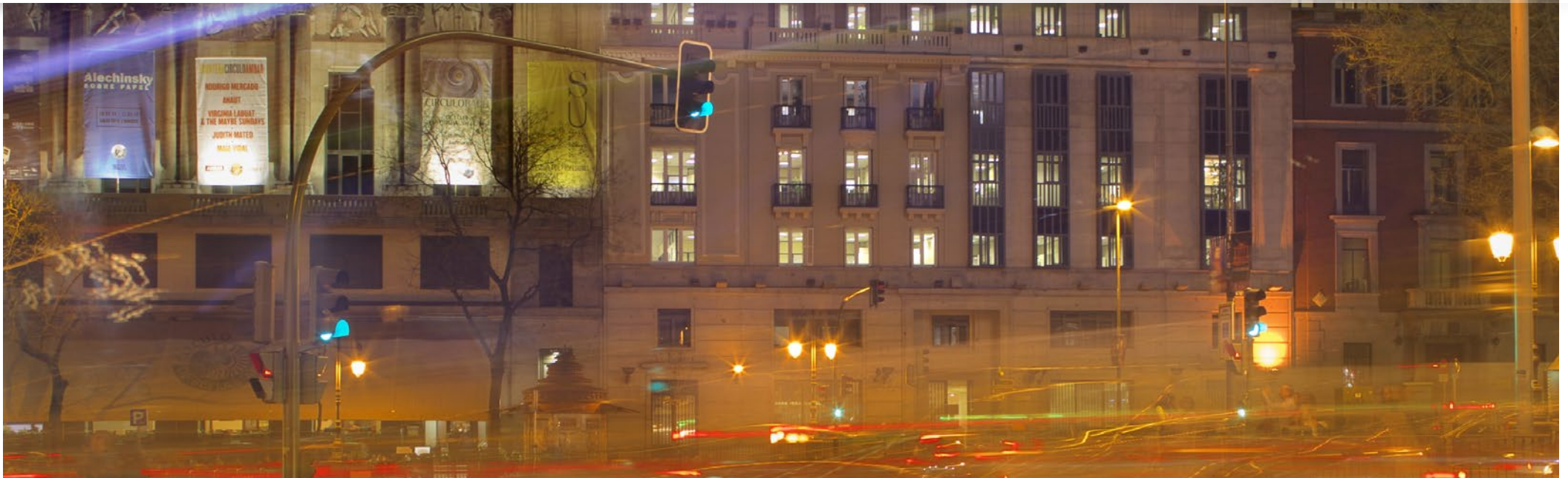
³ Outstanding shares as of December 2014 is 129.2m and as of June 2015 is 193.8m

31/12/2014
EPRA NAV
bridge to
30/06/2015

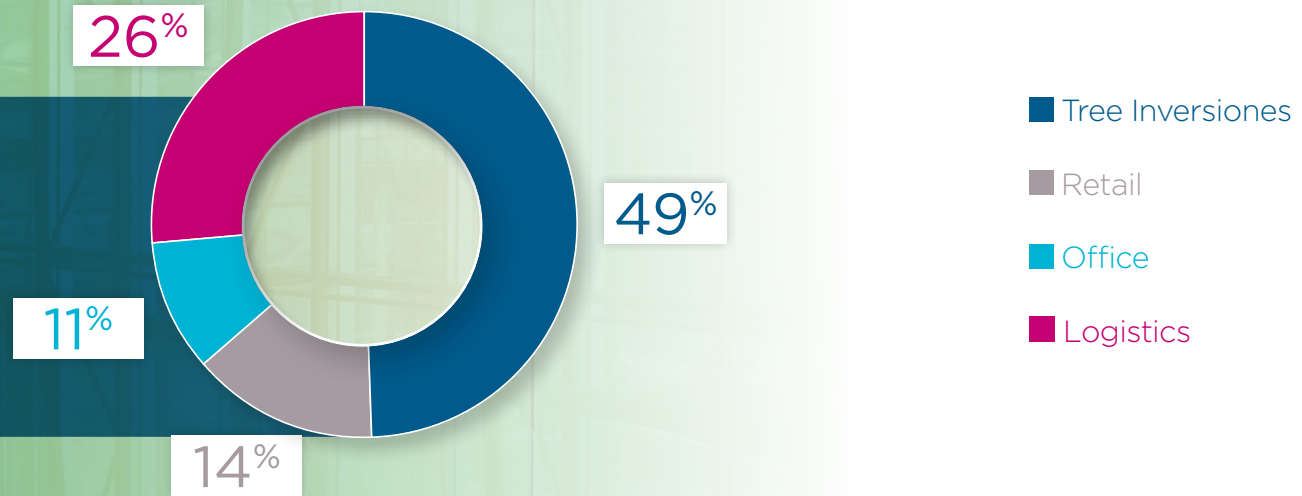




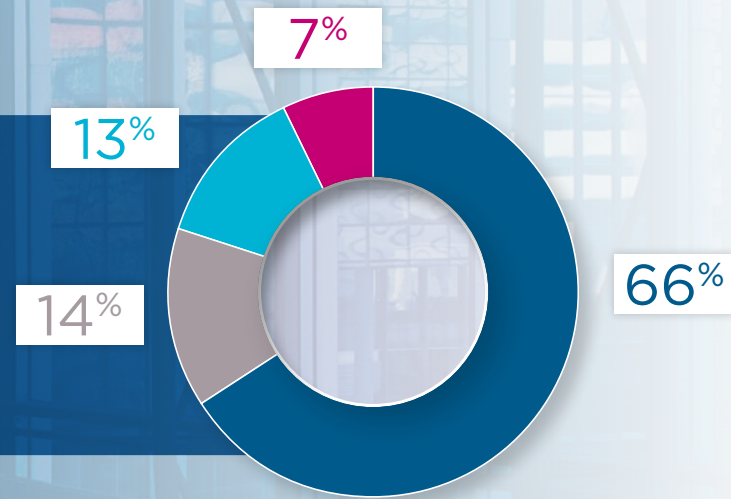
The portfolio



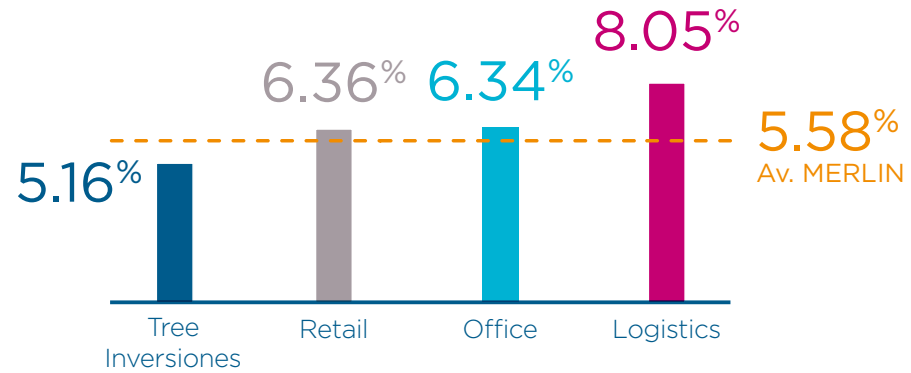
GLA breakdown per asset type



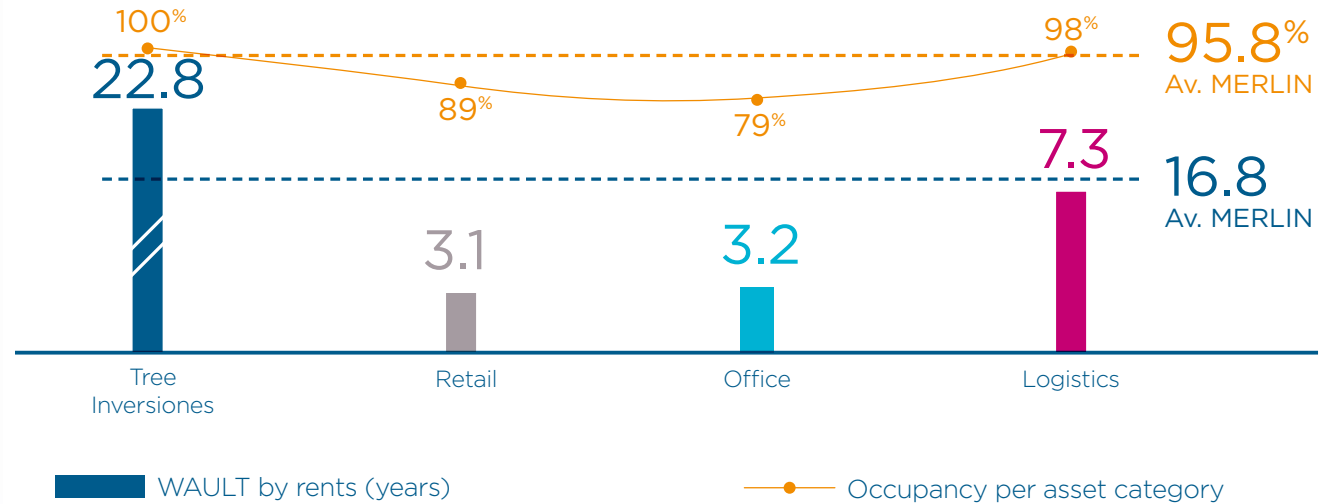
Rents breakdown per asset type



Gross Yield per asset type¹



Occupancy and average lease length per asset type²



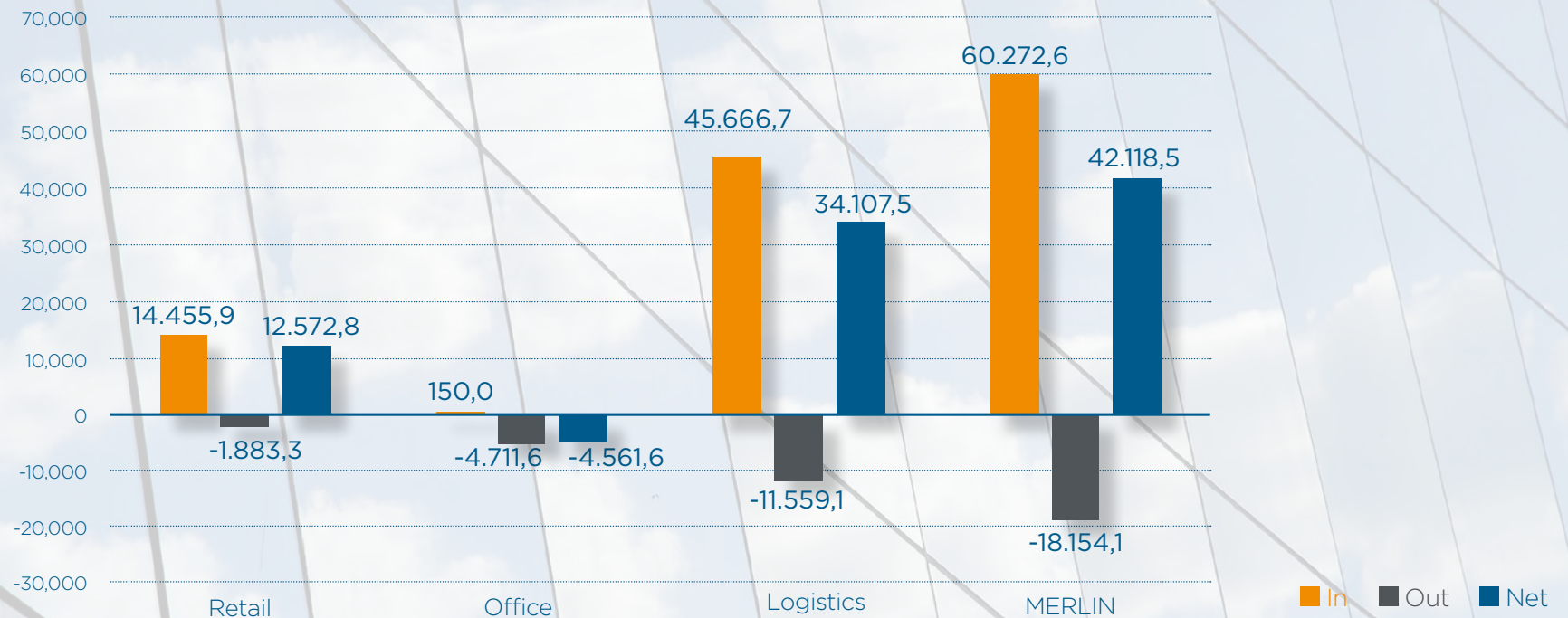
Source: Company

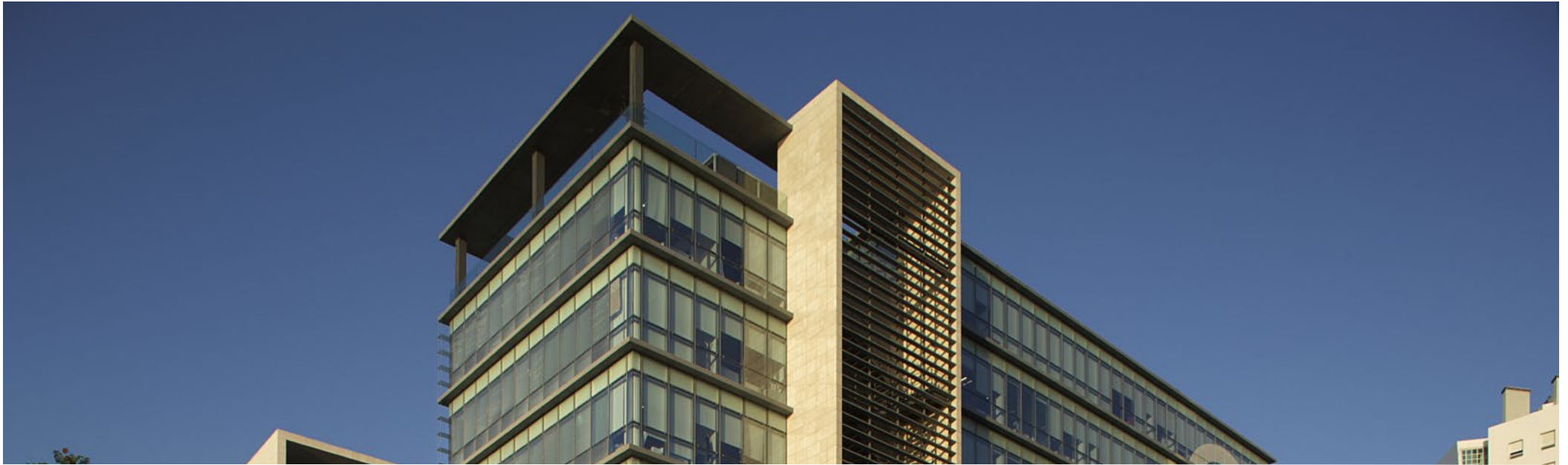
¹ Gross yield is calculated dividing annualized gross monthly rents by GAV, as per Savills valuation of June 30, 2015

² WAULT by Rents means the weighted average unexpired lease term, calculated as of 30 June 2015

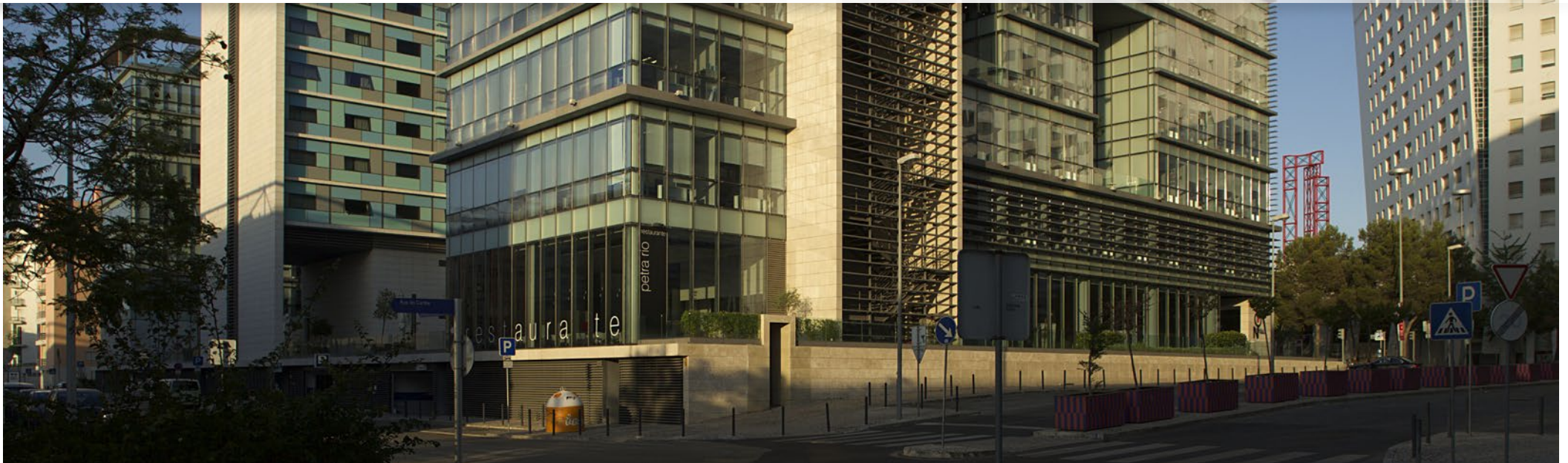
60k sqm signed (49k sqm new contracts and 11k sqm renewals)

- Marineda occupancy increasing after positive take-up in the period.
- Grade A logistics operator signed in Cabanillas (forward-purchase), well ahead business plan timeline, proving the excellent location and high logistics demand in the area.
- Negative take-up in office is mostly explained by the early termination of Sharp (3k sqm) due to their internal restructuring process. Rents from exit until first break option (March 17) has been paid by the tenant (€1.3 million), and has been relocated to 863 sqm in floor 4 (enclosed space very difficult to let). Another tenant left following a takeover process.





New acquisitions





DESCRIPTION

Office building **located in the heart of Madrid**, in Alcalá 38-40 street, in an excellent location, at the junction of the renowned streets of Alcalá and Gran Via, in an area known for its **high density and retail concentration**. This area is currently undergoing a remarkable redevelopment alongside the Canalejas project, which is taking place in the site of the former Banco Santander headquarters. The building has a **GLA of 9,315 sqm, and is fully let to the Home Office**.

KEY FACTS

- **100%** Percent Ownership
- **100%** Occupancy
- **No of tenants 1**
- Title **Freehold**
- **€1.9M** Annual GRI¹
- **9,315 sqm** GLA
- **1.8 years** Wault²



LOCATION



Source: Company

¹ Annualized 2015 GRI

² Weighted average unexpired lease term calculated as from June 30, 2015



DESCRIPTION

Logistics warehouse located in Madrid, in the **Logistics Transport Centre in Coslada**, a consolidated logistics area, known for its **excellent connection to the A-2 highway and proximity to Madrid (18 kms.)** and airport (7 kms.). The asset has a **GLA of 28,490 sqm**, fully let to Azkar (subsidiary of Dachser, one of the leading logistics operator in Europe).

KEY FACTS

- 100% Percent Ownership
- 100% Occupancy
- No of tenants 1
- Title Freehold
- €1.4M Annual GRI¹
- 28,490 sqm GLA
- 5.1 years Wault²



LOCATION



Source: Company
¹ Annualized 2015 GRI

² Weighted average unexpired lease term calculated as from June 30, 2015



DESCRIPTION

Logistics warehouse located in Madrid, in the **Meco industrial area**, a consolidated logistics area, known for its **excellent connection to the A-2** corridor. The asset has a **GLA of 35,285 sqm, fully let to Azkar** (subsidiary of Dachser, one of the leading logistics operator in Europe).

KEY FACTS

- 100% Percent Ownership
- 100% Occupancy
- No of tenants 1
- Title Freehold
- €1.8M Annual GRI¹
- 35,285 sqm GLA
- 4.3 years Wault²



LOCATION



Source: Company
¹ Annualized 2015 GRI

² Weighted average unexpired lease term calculated as from June 30, 2015



DESCRIPTION

The property, built in 2007, under a project signed by Broadway Malyan, comprises a total of **6,740 sqm of GLA** including retail on ground floor and office accommodation above (7 upper floors). The building is L shaped in configuration and has a glazed façade, compliant with the **most demanding office standards**. The building is **fully leased to Novabase**.

Located in the **Expo area**, the building has an **outstanding visibility**, being situated next to the Vodafone headquarters, the Lisbon Casino, and Vasco da Gama Shopping Centre. The asset benefits from **excellent communications**, situated less than 200 meters from **one of the country's largest regional transport centers**, Gare do Oriente Interchange Station (metro, bus and train) and 5 minutes-drive to the airport.

KEY FACTS

- **100%** Percent Ownership
- **176** Parking spaces
- **3.9 years** Wault²
- Title **Freehold**
- **100%** Occupancy
- No of tenants **3**
- **6,740 sqm** GLA
- **€1.4M** Annual GRI¹



LOCATION



¹ Annualized 2015 GRI.

² Weighted average unexpired lease term calculated as from June 30, 2015



DESCRIPTION

33 supermarkets long-term leased to Caprabo. The portfolio comprises **19 urban street retail supermarkets and 14 suburban big boxes**. 71% of rents of the portfolio are in **Barcelona** and the remaining 29% in **Tarragona, Lérida and Gerona**. Caprabo has been operating the supermarkets for over 22 years on average.

KEY FACTS

- **100%**
Percent Ownership
- **100%**
Occupancy
- No of tenants **1**
- Title
Freehold
- **€6.9M**
Annual GRI¹
- **64,242 sqm**
GLA
- **8.1 years**
Wault²



LOCATION



Source: Company

¹ Annualized 2015 GRI

² Weighted average unexpired lease term calculated as from September 15, 2015



DESCRIPTION

3 logistics facilities with a total G.L.A. of 103,519 sqm located in Cabanillas (third ring of Madrid - 50kms.), in the so-called “Corredor de Henares”, the **largest logistic hub in Spain**, comprising more than 15 municipalities and 70 km of logistic activity. The assets will benefit from a good accessibility from A-2 highway and R-2 radial.

- Turn-key acquisition.
- Delivery of finished warehouses by December 2016.
- 18 months rental guarantee after delivery.
- One facility leased in July, well ahead timeline, proving location and logistics demand in the area.

KEY FACTS

- **100%**
Percent Ownership
- **100%**
Occupancy
- Title
Freehold
- **€3.9M**
Annual GRI¹
- **103,519 sqm**
GLA

LOCATION



Source: Company
¹ Annualized forecast upon full occupancy GRI



Testa update



	Phase 1	Phase 2	Phase 3
Stake acquired ¹	25%	25.1%	49.5% 23% pending completion (not later than 30 June 2016)
Consideration	€431 million Capital increase at Testa fully subscribed by Merlin	€861 million Acquisition of secondary shares from Sacyr	€694 million Acquisition of secondary shares from Sacyr
Timing	Completed	Completed on 23 July 2015	26,9% completed on 12 August 2015. 77.01 % owned
Other	€186 million of incremental cash remains at Testa post capital increase	Triggers launch of mandatory tender offer for 0.4% ² (post-money) Registration with CNMV on August 24	Completion of the acquisition of 100% stake of Sacyr in Testa and merges into MERLIN
	Done	Done	Near future

¹ Post-money

² Mandatory takeover bid over approximately 0.4% of Testa's issued share capital in accordance with applicable takeover regulations in Spain at a price per share which is expected to be around €13.54, subject to approval by the CNMV

GLA
1,044k sqm

Occupancy
93.3%

GAV
€3,202m

1H 215
49k
Leases

GRI
€157.9m
Annualized

NRI
€147.8m
Annualized

EPRA
5.49%
Gross Yield

EPRA
5.14%
Net Yield

1H 15
€78.9m
Gross rents

1H 15
€68.4m
EBITDA

June 30
45.8%
LTV

EPRA
10.64
NAV / share⁽¹⁾

Source: Testa 2015 first half results presentation

¹ Shares outstanding as of 30 June 2015 amount to 153.9 million

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