

## 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 tercer trimestre de 2016, en el día hoy, que ha causado hecho relevante número 244758.
- (ii) MERLIN llevará a cabo mañana, **martes 15 de noviembre de 2016, 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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<https://MERLINproperties.webex.com/MERLINproperties/onstage/g.php?MTID=e8fad29af42b91ca8a284c6cfa775c2fa>

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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](http://www.merlinproperties.com)).

Madrid, 14 de noviembre de 2016.

**MERLIN Properties SOCIMI, S.A.**



15 NOVEMBER 2016

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## Presenters



**ISMAEL CLEMENTE**  
CEO



**MIGUEL OLLERO**  
CFO / COO



**DAVID BRUSH**  
CIO

## Contents

Introduction

9M 16 Financial results

Portfolio performance

Metrovacesa portfolio performance

Investment activity

Closing remarks



GLA <b>1,899,999 sqm</b> IN STOCK	GLA <b>502,915 sqm</b> EXPANSION PROJECTS	GRI <sup>(1)</sup> <b>€ 310.4 m</b> ANNUALIZED	ATTRIBUTED GRI <sup>(2)</sup> <b>€ 322.0 m</b> ANNUALIZED
9M16 <b>€ 229.5 m</b> GROSS RENTS	9M16 <b>€ 202.5m</b> REC. EBITDA	9M16 <b>€ 148.5 m</b> REC. FFO <sup>(3)</sup>	9M16 <b>€ 124.1 m</b> EPRA EARNINGS
EPRA <b>5.0%</b> GROSS YIELD	EPRA <b>4.6%</b> NET YIELD	EPRA <b>€ 3,459 m</b> NAV	EPRA <b>10.71</b> NAV/SHARE
SEPT 16 <b>€ 6,568 m</b> GAV <sup>(4)</sup>	SEPT 16 <b>€ 3,115 m</b> NET DEBT	SEPT 16 <b>47.4%</b> LTV	SPOT <b>2.3%</b> COST OF DEBT

Source: Company

<sup>(1)</sup> Annualized gross rents/net rents calculated as passing gross rent/net rent as of September 30, multiplied by 12. GRI and net rents include fully consolidated assets<sup>(2)</sup> Minority stakes would proportionally add € 11.6 m of gross rents to a total of € 321.9 million. Arturo Soria Plaza is now fully consolidated after the acquisition of the remaining 50%<sup>(3)</sup> Rec. FFO calculated as recurring EBITDA (€202.5 m) minus net financial expenses paid (€54.0 m)<sup>(4)</sup> Includes June 2016 Savills/CBRE appraisals plus total cost of assets acquired in the quarter plus Capex disbursed in the quarter less divestments in the quarter

A photograph of a modern glass and concrete office building at dusk. The building has the 'everis' logo on its upper facade. The sky is a deep blue with some clouds. In the foreground, there are palm trees and other greenery. Light trails from cars are visible in the lower part of the image, creating a sense of motion. The overall scene is illuminated by the building's lights and streetlights.

everis

# FINANCIAL RESULTS 9M 2016

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## OUTSTANDING +59% YOY GROWTH IN RECURRING FFO/SHARE

(€m)	30/09/16	30/09/15	YoY		
Gross rents	229.5	139.4	+64.7%		
Net rents after incentives	210.9	131.0	+61.0%		
EBITDA	191.1	99.8	+91.5%		
FFO <sup>(1)</sup>	137.1 <sup>(3)</sup>	73.4	+86.8%		
Recurring EBITDA <sup>(2)</sup>	202.5	119.6	+69.3%		
Recurring FFO <sup>(3)</sup>	148.5	93.2	+59.4%		
EPRA earnings	124.1	85.3	+45.4%		
IFRS net profit	254.9	(131.2)	n.a.		
(€)	Per share	Per share	Per Wtd. shares <sup>(4)</sup>	Per share	Per Wtd. shares <sup>(4)</sup>
Recurring EBITDA	0.63	0.37	0.38	+69.3%	+39.2%
Recurring FFO	0.46	0.29	0.35	+59.4%	+31.0%
FFO	0.42	0.23	0.28	+86.8%	+53.5%
EPRA EPS	0.38	0.26	0.32	+45.4%	+19.5%
IFRS EPS	0.79	(0.41)	(0.49)	n.a.	n.a.

Source: Company

<sup>(1)</sup> FFO calculated as EBITDA (€ 191.1m) less net financial expenses paid of €54.0m

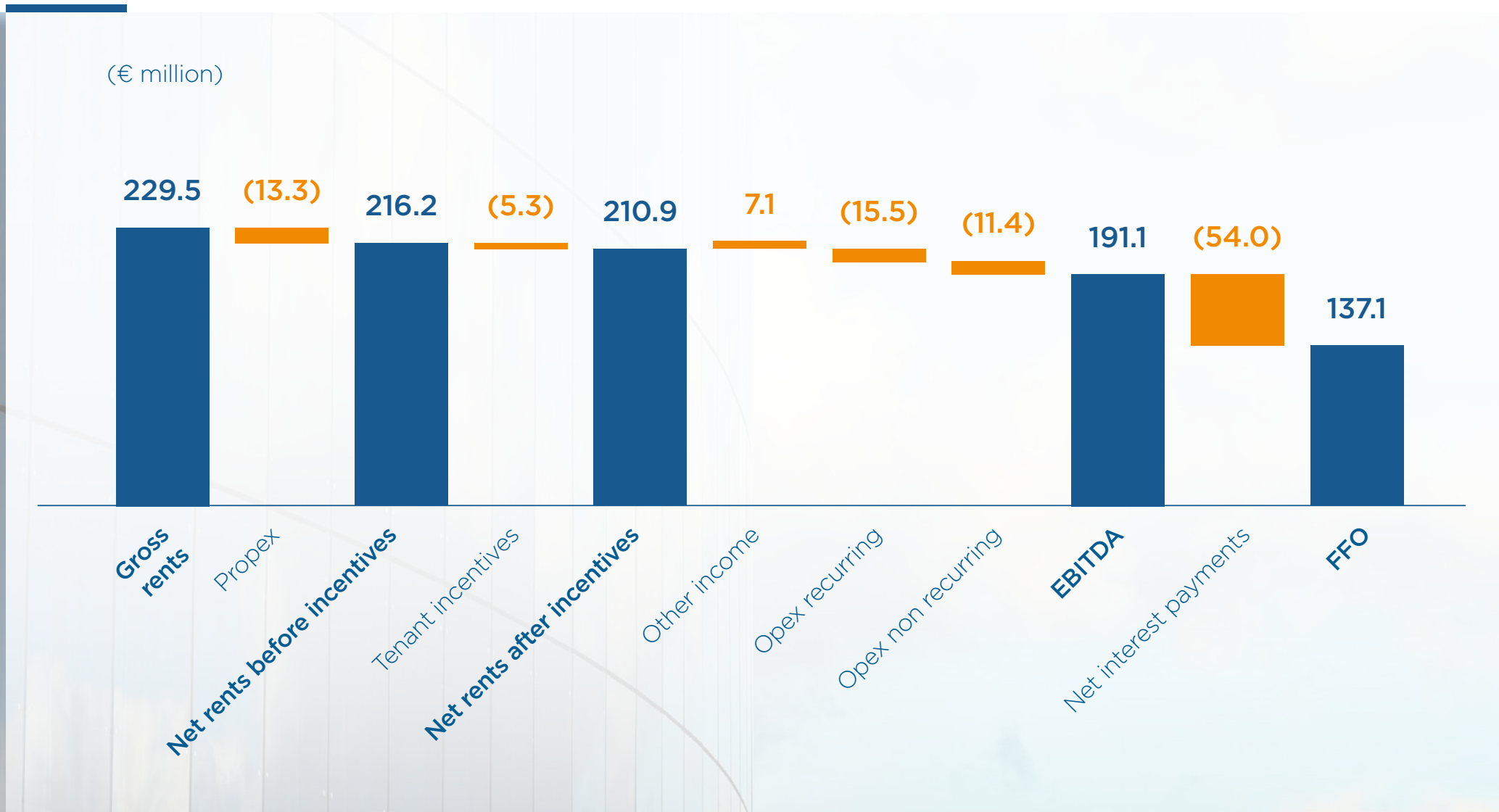
<sup>(2)</sup> Recurring EBITDA equals EBITDA less non-recurrent one-off expenses

<sup>(3)</sup> Recurring FFO equals FFO less non-recurrent one-off expenses

<sup>(4)</sup> Weighted number of outstanding shares in the period



**EXCELLENT OPERATING EFFICIENCY** (92% GROSS-TO-NET & 88% RECURRING EBITDA MARGIN)







## EPRA NAV PER SHARE GROWS € 0.11 IN THE QUARTER TO REACH € 10.71

	9M 2016		1H 2016	
	€ m	Per share	€ m	Per share
EPRA NAV	3,458.7	€ 10.71	3,423.2	€ 10.60
EPRA NNNAV	3,075.4	€ 9.52	3,045.7	€ 9.45
Adjusted EPRA NAV	3,380.5	€ 10.46	3,344.9	€ 10.35
EPRA NAV MVC PRO-FORMA <sup>(3)</sup>	5,131.6	€ 10.92	5,097.0	€ 10.85
<hr/>				
EPRA net initial yield <sup>(1)</sup>	4.6%		4.7%	
EPRA “topped-up” NIY <sup>(2)</sup>	4.7%		4.7%	
EPRA occupancy	95.7%		95.5%	
Recurring EPRA Costs	14.9%		14.6%	

Includes

Propex	5.8%		
Tenant incentives	2.3%		
Opex recurring	6.8%	Personnel	4.9%
		Other	1.8%

Source: Company

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

<sup>(2)</sup> 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)

<sup>(3)</sup> Combined after integrating MVC NAV at acquisition (€1,673 m) and divided by 469.7 m shares not adjusted for dividends distributed in October.



## STRONG CREDIT PROFILE WITH 75% OF DEBT UNSECURED (INCLUDES MVC)

(€ million)	L/T	S/T	TOTAL
Unsecured bank loans	1,220.0	0.0	1,220.0
Mortgage bank loans	1,128.0	10.7	1,138.7
Mortgage non-bank loans	133.6	0.0	133.6
Unsecured bonds	2,350.0	0.0	2,350.0
Leasings	154.9	11.9	166.8
<b>Total gross debt</b>	<b>4,986.5</b>	<b>22.5</b>	<b>5,009.1</b>
<b>Net debt</b>			<b>4,541.3</b>

Average  
interest  
rate (spot)  
**2.28%**

Average  
maturity  
**6.6 years**

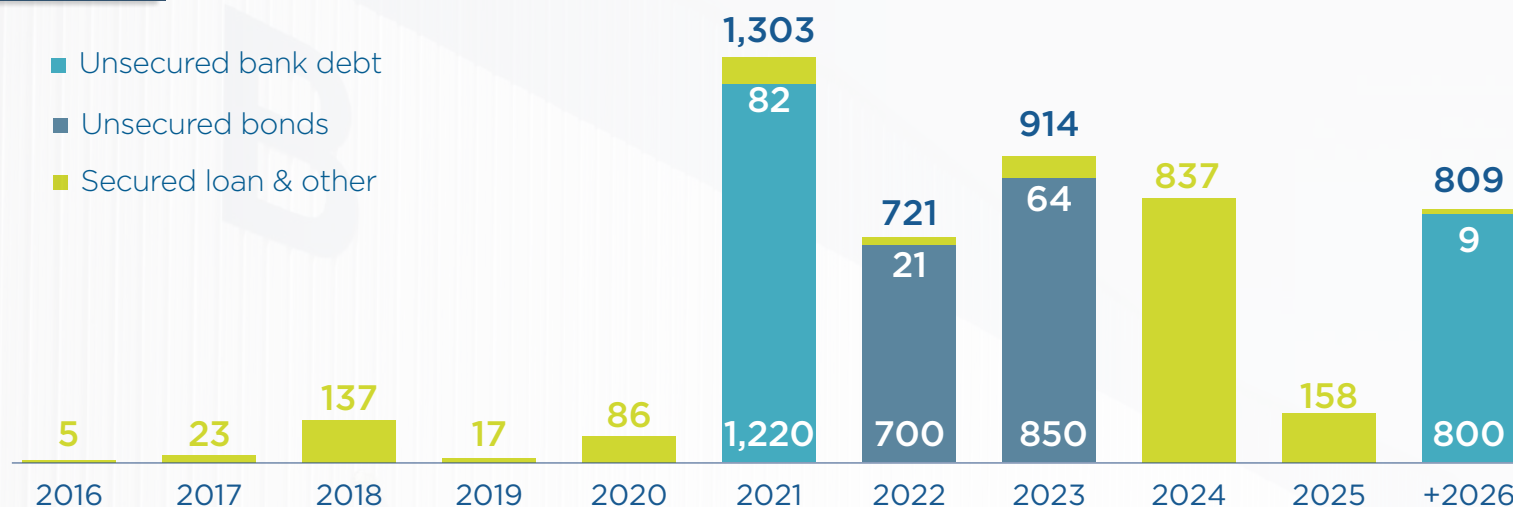
Unsecured  
debt /  
Total debt  
**74.6%**

Fixed  
rate debt  
**91.9%**



## FLOATING RATE EXPOSURE REDUCED TO A MINIMUM

### Pro-forma<sup>(1)</sup> debt schedule



### Pro-forma<sup>(1)</sup> debt metrics

	Pro-forma <sup>(2)</sup>	30/6/16	31/12/15
LTV	47.0%	47.9%	49.8%
Average Interest rate (spot)	2.3%	2.4%	2.2%
Debt with floating interest rate	8.1%	13.1%	56.7%
Unencumbered debt <sup>(1)</sup>	74.6%	57.2%	16.5%
Undrawn facilities (€m)	420.0	320.0	-
Average maturity (years)	6.6	6.6	3.7

Source: Company

<sup>(1)</sup> Pro-forma includes MVC debt, October bond issuance and repayment of €200 m of RFC and €500 m of MVC bridge to bond

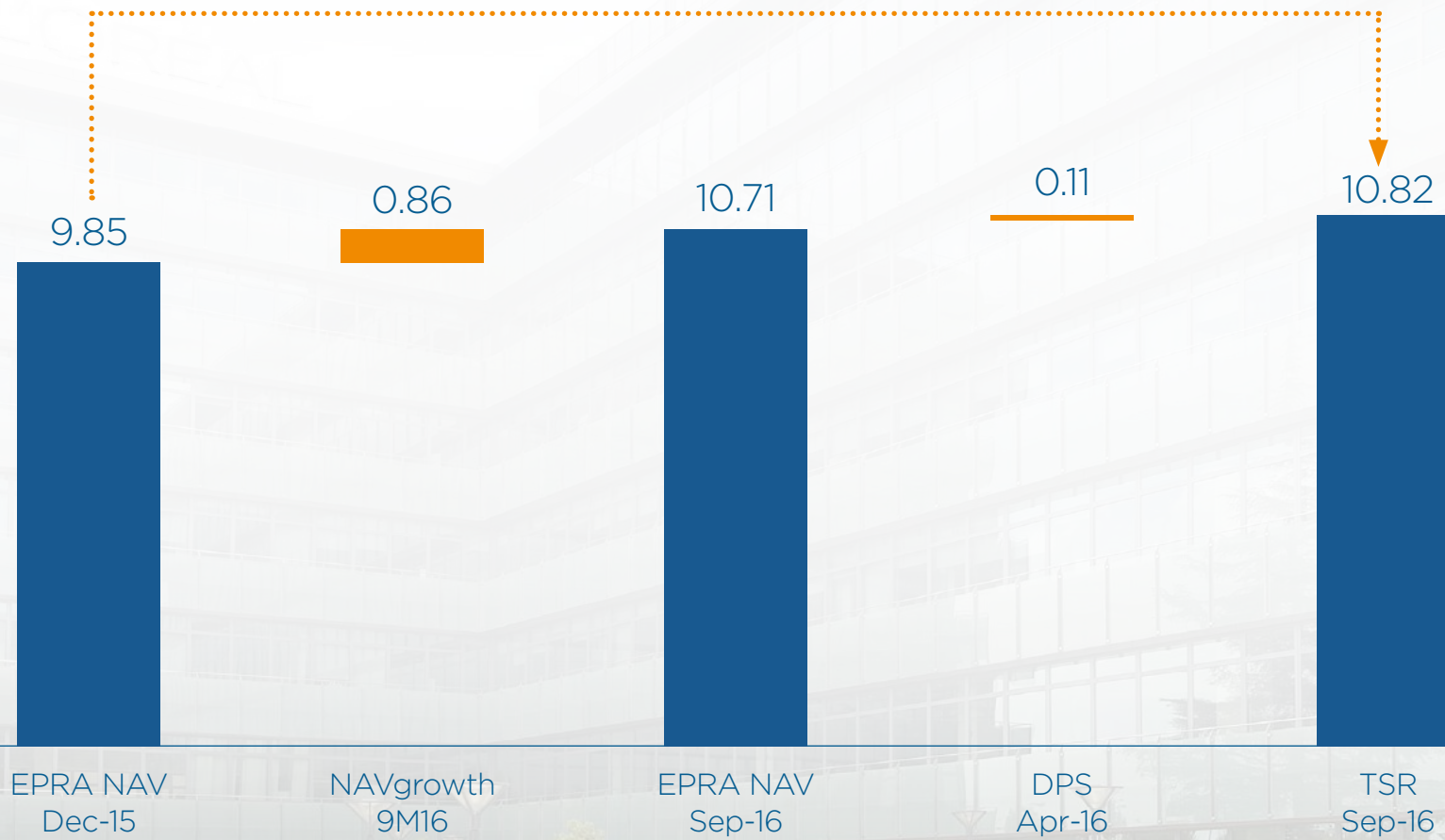
<sup>(2)</sup> Calculated as nominal debt amount without collateral security divided by total debt



## HIGH RETURN TO SHAREHOLDERS IN THE PERIOD

€ per share

TSR = +9.8%



A nighttime cityscape featuring several prominent skyscrapers. On the left, a tall building has a vertical red light strip. In the center, a dark skyscraper is lit up. To the right, a tall, cylindrical skyscraper is brightly lit. The foreground shows a large stadium with many lights. The sky is dark blue.

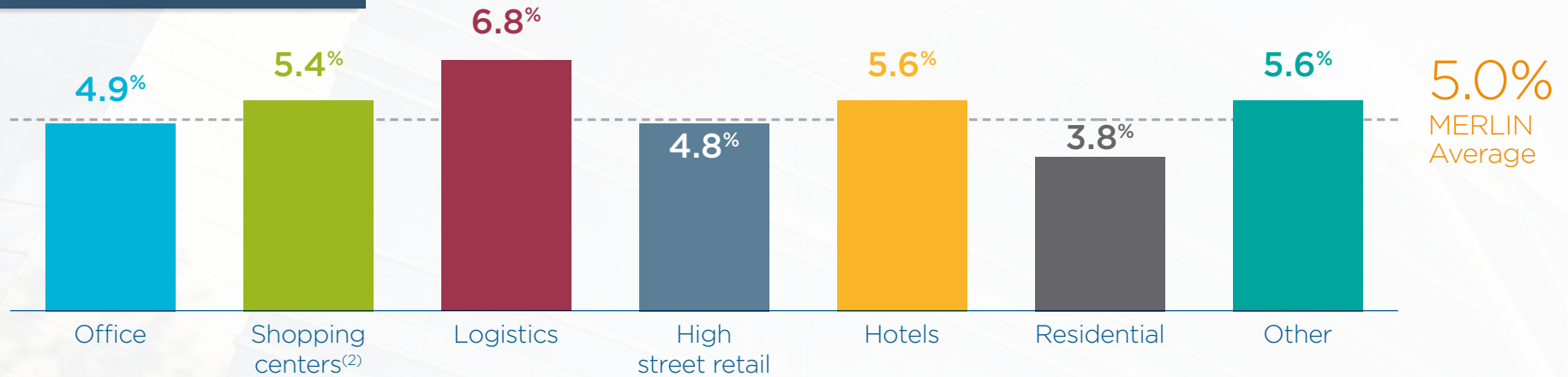
# PORTFOLIO PERFORMANCE

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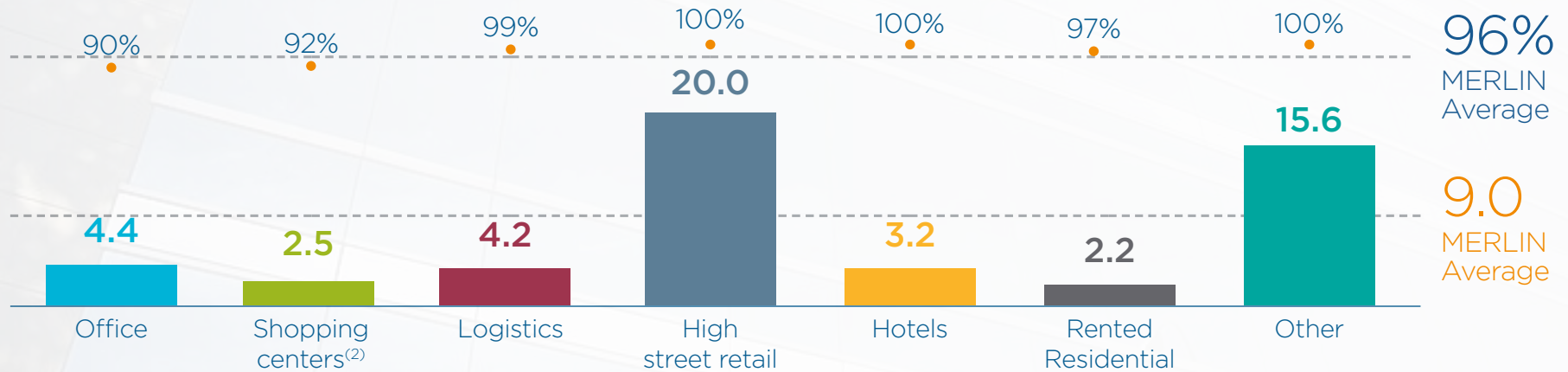


OCCUPANCY SHOWING ROBUSTNESS

EPRA Gross Yield per asset type<sup>(1)</sup>



Occupancy and WAULT per asset type<sup>(2)</sup>



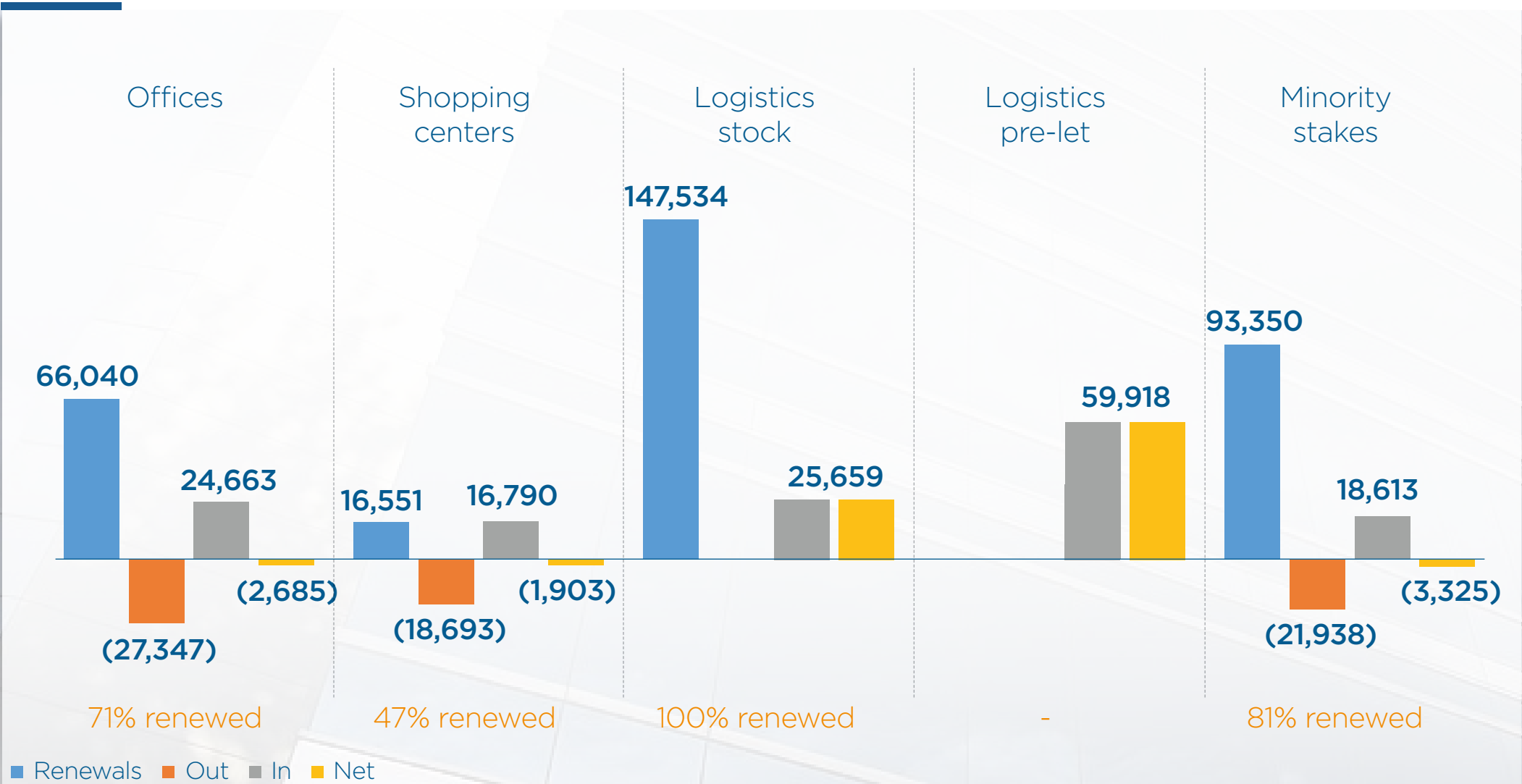
Source: Company

<sup>(1)</sup> Gross yield is calculated dividing annualized gross monthly rents by GAV

<sup>(2)</sup> WAULT by Rents means the weighted average unexpired lease term, calculated as of 30th September 2016



RECORD PERIOD IN LETTING ACTIVITY WITH 469K SQM CONTRACTED





ATTRACTING LEADING CLIENTS

Office



Renewal  
**6,352 sqm**  
Avenida de Bruselas 24



Renewal  
**5,644 sqm**  
Atica 2



Renewal  
**1,897 sqm**  
Avenida de Bruselas 24



In  
**1,012 sqm**  
Juan Esplandiú 11-13

Shopping centers



In  
**991 sqm**  
Porto Pi



Renewal  
**553 sqm**  
Centro Oeste



Renewal  
**352 sqm**  
Larios



In  
**200 sqm**  
Porto Pi

Logistics



Renewal  
**70,134 sqm**  
Guadalajara-Cabanillas I



In  
**11,450 sqm**  
Madrid-Pinto



In  
**2,094 sqm**  
Madrid-Coslada Complex



In  
**1,986 sqm**  
Madrid-Coslada Complex







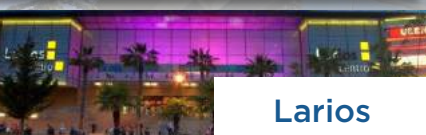



## REAL, POSITIVE LFL RENTAL GROWTH ACROSS THE BOARD

Commercial annualized LfL rent evolution (passing 30/09/16 vs. passing 31/12/15)

(€ thousand)


	% Renewed	# Leases	Rent Change	Occupancy	CPI	Like for like		
						Rent	% LfL effect in total	% LfL same space
<b>Office</b>	<b>15%</b>	<b>54</b>	<b>(3,273)</b>	<b>(3,024)</b>	<b>(258)</b>	<b>9</b>	<b>0.01%</b>	<b>0.04%</b>
<i>Excl. expiry of 2 old leases</i>	<i>12%</i>	<i>52</i>	<i>(12)</i>	<i>(733)</i>	<i>(252)</i>	<i>973</i>	<i>0.93%</i>	<i>5.75%</i>
Shopping Centres	16%	85	(260)	(731)	(53)	523	1.27%	8.03%
Logistics	35%	5	243	914	(26)	(646)	(3.33%)	(9.58%)
<i>Excl. expiry of 2 old lease</i>	<i>19%</i>	<i>3</i>	<i>739</i>	<i>647</i>	<i>(17)</i>	<i>109</i>	<i>0.78%</i>	<i>4.07%</i>
<b>TOTAL</b>	<b>18%</b>	<b>144</b>	<b>(3,217)</b>	<b>(2,841)</b>	<b>(262)</b>	<b>(114)</b>	<b>(0.07%)</b>	<b>(0.32%)</b>
<i>Excl. expiry of old leases</i>	<i>14%</i>	<i>140</i>	<i>540</i>	<i>(816)</i>	<i>(248)</i>	<i>1,604</i>	<i>1.00%</i>	<i>5.67%</i>

RETAIL METRICS WITH **STRONG PERFORMANCE**

	LTM Footfall (million)	LTM Footfall evolution	LTM Sales (million) <sup>(1)</sup>	LTM Sales evolution <sup>(1)</sup>
 <b>Marineda</b>	16.7	+3.8%	165.3	+3.9%
 <b>Porto Pi</b>	9.3	+15.1%	86.0	+1.7%
 <b>Larios</b>	11.2	+6.4%	58.6	+5.4%
 <b>Centro Oeste</b>	6.9	+4.2%	45.0	+0.7%
 <b>Arturo Soria</b>	4.9	+10.0%	26.2	+3.9%
 <b>Monumental</b>	2.3	+2.8%	8.5	+0.9%
<b>MERLIN</b>	<b>51.4</b>	<b>+6.8%</b>	<b>389.5</b>	<b>+3.2%</b>

Source: Company

<sup>(1)</sup> On a like-for-like basis



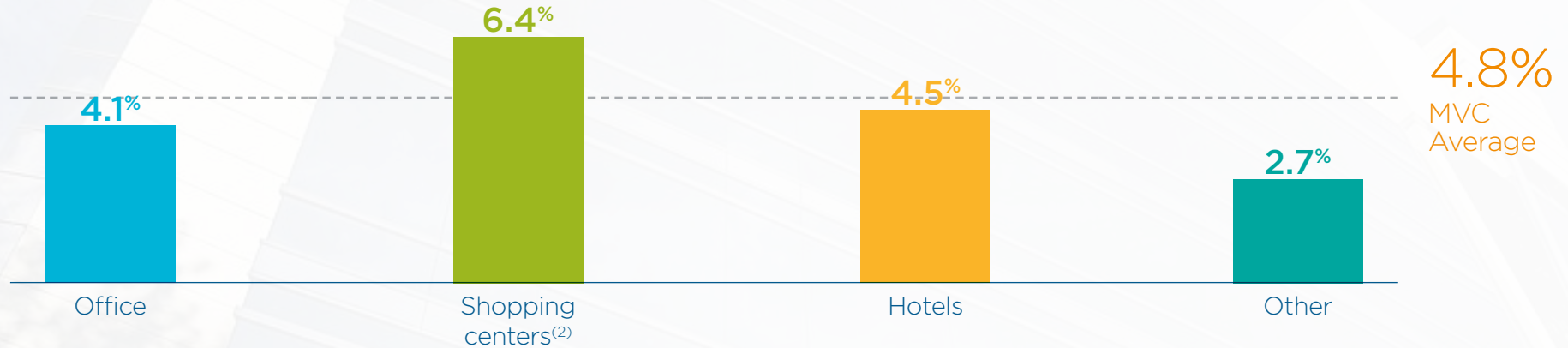
# METROVACESA PORTFOLIO PERFORMANCE

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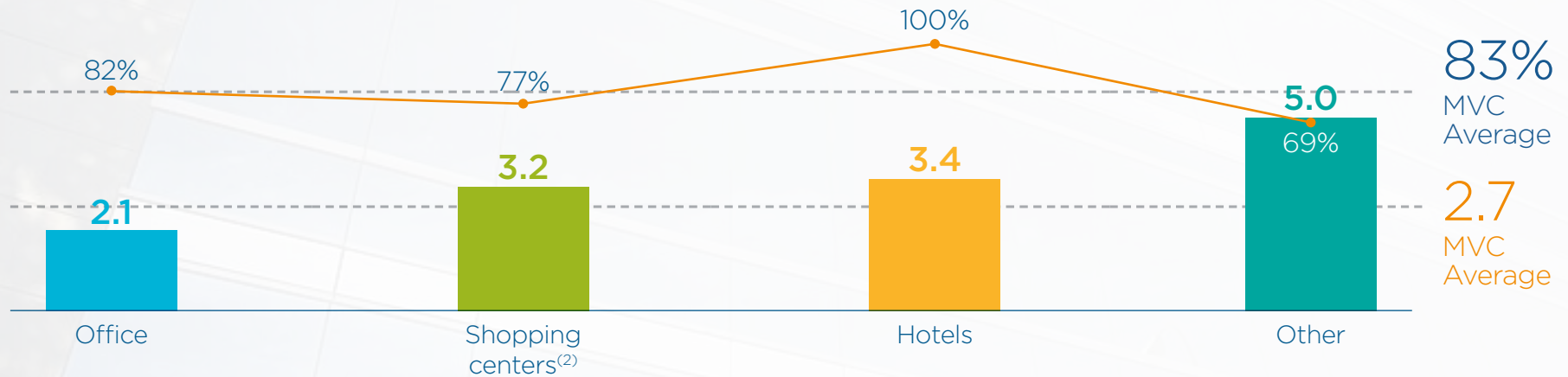


POTENTIAL TO INCREASE SUBOPTIMAL OCCUPANCY AND SHORT WAULT

EPRA Gross Yield per asset type<sup>(1)</sup>



Occupancy and WAULT per asset type<sup>(2)</sup>



Source: Company

<sup>(1)</sup> Gross yield is calculated dividing annualized gross monthly rents by GAV

<sup>(2)</sup> WAULT by Rents means the weighted average unexpired lease term, calculated as of 30th September 2016



## STRONG INCREASE IN OCCUPANCY SINCE ACQUISITION

Offices



Shopping centers  
(w and w/o Opción)





ATTRACTING LEADING CLIENTS

Office

**ferrovial**

Renewal  
**10,619 sqm**  
PE Puerta  
de las Naciones

**Barceló**  
VIAJES

Renewal  
**2,533 sqm**  
PE Cerro  
de los Gamos

**RES+ALIA**  
*Why not?*

Renewal  
**1,633 sqm**  
PE Atica XIX



In  
**844 sqm**  
PE Cerro  
de los Gamos

Shopping centers



Renewal  
**10,007 sqm**  
Nassica

*La Tagliatella*

In  
**316 sqm**  
Vilamarina

 **benetton**

In  
**258 sqm**  
Thader



In  
**256 sqm**  
Arenas



# INVESTMENT ACTIVITY

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MADRID MATADERO MADRID  
MADRID MUSICAL CITY  
Del 21 al 25 de junio

SUPER 8

TRAC

CÓMPRALO AHORA  
Extra de Verano de la Once 18 AGOSTO

Extra de Verano de la Once  
20.000.000€

MADRID



## LARGE CLASS A BUSINESS PARK WITH THE CLOSEST LOCATION TO MADRID CBD

### DESCRIPTION

- **Best located business park within the A-1 corridor, one the most consolidated office markets in Madrid**, benefiting from an excellent visibility from both A-1 and M-30.
- **6 class-A office buildings** (2 pending development) and 1 service building with an aggregate **GLA of 120,814 sqm** (44,886 sqm to be developed).
- Office stock fully occupied by **Renault, Técnicas Reunidas** and **Costa Cruceros**.
- Funding in **December 2016**.

### VALUE DRIVERS

- **#1 player in A-1 corridor (>360k sqm owned)**.
- Broadened breadth of product in business parks.

### KEY METRICS

**100%**  
Ownership

**75,928 sqm**  
Stock GLA

**44,886 sqm**  
Development GLA

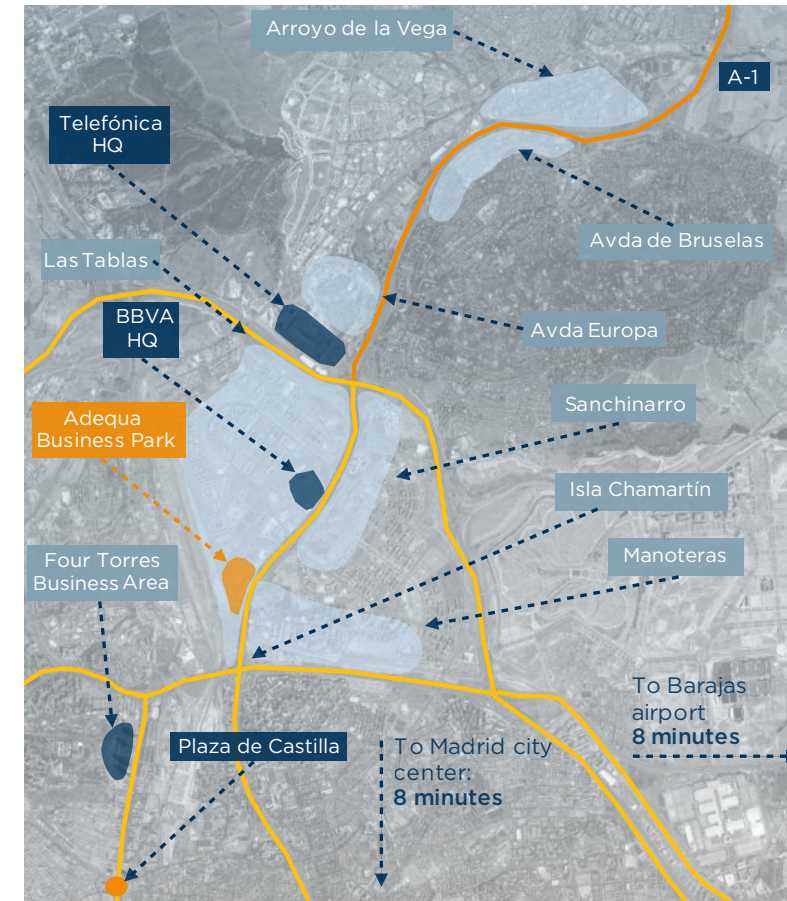
**€380.0m** Price      **€57.2m** Capex

**98%**  
Occupancy

**€19.4m**  
Annual GRI

**€27.1m**  
Annual ERV upon full development

**6.2%**  
ERV yield on cost







4 CLASS A OFFICE BUILDINGS / 2 BUILDINGS FOR FUTURE DEVELOPMENT / 1 SERVICE BUILDING





OVERVIEW





OVERVIEW





## ACHIEVED FULL OWNERSHIP OF A LANDMARK URBAN SHOPPING CENTER

### DESCRIPTION

- **Prime urban shopping center** in Arturo Soria (East of Madrid) in a high-end residential area. Excellent connections to the A2 and the M30/M40 highways.
- The property comprises a total **GLA of 6,965 sqm**, divided into two floors of retail and two floors of parking.
- The shopping center has **82 units**, with renowned brands such as **Massimo Dutti, Purificación García, Bimba y Lola, Zara Home, Lateral and Sanchez Romero** supermarket.

### VALUE DRIVERS

- Refurbishment aimed at achieving image modernization, enhancement of terraces experience and increase visibility
- Definition of new tenant mix
- Consolidation of food offer

### KEY METRICS

**100%**  
Ownership

**Freehold**  
Title

**€4.5m**  
Annual GRI

**100%**  
Occupancy

**5,974 sqm<sup>(1)</sup>**  
GLA

**€71.6m**  
Acq. price



PERFORMANCE LTM	Sep - 15	Dec - 15	Sep - 16
Annual GRI (€M) <sup>(1)</sup>	4.2	4.3	4.5
Annual NRI (€M)	3.7	3.6	3.8
Occupancy (%)	91.4	90.1	98.8

<sup>(1)</sup> Excludes owner operated supermarket of 991 sqm GLA



## CONSOLIDATION IN ATICA BUSINESS PARK

### DESCRIPTION

- Office building located in the **Ática Business Park in Pozuelo de Alarcón (Madrid)**, where MERLIN now owns 6 of the 7 buildings in the park.
- The building comprises a **GLA of 8,934 sqm** and is 100% leased to Transcom, Paradigma, Loyalcenter, Tecnitasa, Asentis and Kappa.
- The building is located **8 km from Madrid and 22 km from Adolfo Suarez Madrid Barajas Airport**. Quick access to the highway through Vía de las Dos Castillas (M-503) and excellent public transport connections.

### VALUE DRIVERS

- Consolidate ownership of a good performing business park.
- Excellent track record, with strong demand and rents increasing.

### KEY METRICS

**100%**  
Ownership

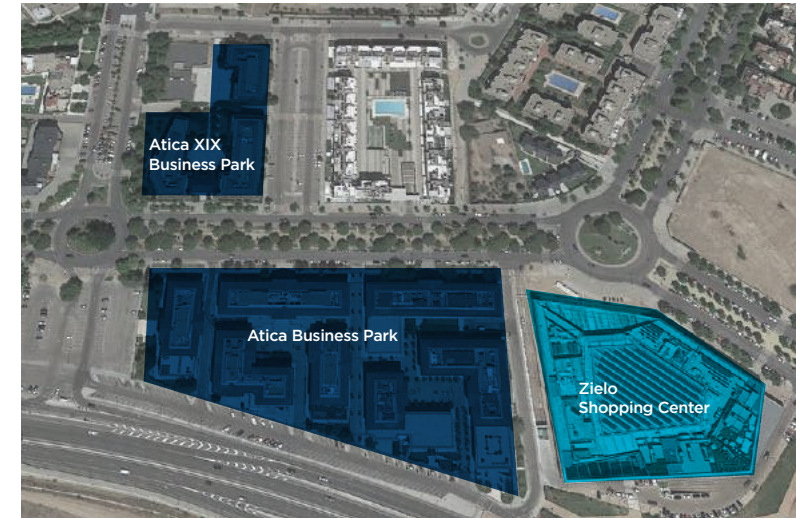
**Freehold**  
Title

**€1.2m**  
Annual GRI

**100%**  
Occupancy

**10,293 sqm<sup>(1)</sup>**  
GLA

**€23.0m**  
Acq. price



<sup>(1)</sup> Of which 1,359 sqm correspond to below ground storage areas



# CLOSING REMARKS

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## EXCELLENT SET OF RESULTS

- **+59.4%** Rec. FFO per share
- **+45.4%** EPRA EPS
- Total shareholders return of **9.8%** in the 9M 16 period
- **Robust financial pro-forma<sup>(1)</sup> position:** maturities extended and floating interest exposure reduced to a minimum

## HIGH QUALITY ASSETS DELIVERING PERFORMANCE

- **Great performance** across the board
- Rising rental **growth**
- **Strong letting** activity driving **occupancy upwards**

## INVESTMENT ACTIVITY OFFERING GROWTH POTENTIAL

- Adequa **consolidates** MERLIN in A-1 Corridor and brings in the closest Grade-A business park to Madrid CBD
- **Full ownership in Arturo Soria** Plaza achieved (and improved LTM performance)

## METROVACESA PERFORMANCE

- **Performance ahead** of the business plan
- **Outstanding hike** in office occupancy (+4%)
- Shopping centers occupancy also **increasing** (+2%)

<sup>(1)</sup> Pro-forma includes MVC debt, October bond issuance and repayment of €200 m and €500 m of MVC bridge to bond



# MERLIN

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PROPERTIES

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