

A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

Merlin Properties, SOCIMI, S.A. (“MERLIN”), en cumplimiento del artículo 228 del texto refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre, comunica la siguiente

INFORMACIÓN RELEVANTE

MERLIN celebrará una presentación con analistas e inversores institucionales, el lunes **29 de febrero de 2015, a las 15 horas de Madrid/CET**, la cual 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=eb37c0119c852058f6d8239d395a71ac0>

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Madrid, 29 de febrero de 2016.

Merlin Properties SOCIMI, S.A.

FY 2015 RESULTS PRESENTATION



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- **Introduction and highlights**

A strong performance

- **Financial results**

Solid numbers in a transformational year

- **Portfolio performance**

Diversified asset base with high yield, positive take-up and emerging LFL rental growth

- **Outlook 2016**

Attractive dividend guidance

Ismael Clemente

CEO

Miguel Ollero

CFO / COO

David Brush

CIO

Ismael Clemente

CEO



CHANGE IN SCALE ACROSS ALL METRICS

GLA
1,865,487
IN STOCK

GLA
223,024
EXPANSION PROJECTS

GRI⁽¹⁾
€ 301.7 m
ANNUALIZED

ATTRIBUTED GRI⁽²⁾
€ 316.2 m
ANNUALIZED

FY 15
€ 214.5 m
GROSS RENTS

FY 15
€ 186.7 m
RECURRING EBITDA

FY 15
€ 133.1 m
RECURRING FFO

FY 15
€ 99.3 m
EPRA EARNINGS

EPRA
5.3%
GROSS YIELD

EPRA
5.0%
NET YIELD

EPRA
€ 3,181 m
NAV

EPRA
9,85
NAV/SHARE

GAV
€ 6,053 m

DEC 15
€ 3,013 m
NET DEBT

DEC 15
49.8%
LTV

SPOT
2.0%
COST OF DEBT

Source: Company.

⁽¹⁾ Annualized gross rents/net rents calculated as passing gross rent/net rent as of December 31st, multiplied by 12. GRI and net rents include fully consolidated assets.

⁽²⁾ Minority stakes would proportionally add € 14.6 m of gross rents to a total of € 316.2 million.



FINANCIAL RESULTS 2015

SOLID NUMBERS IN A
TRANSFORMATIONAL YEAR

HEADLINE RESULTS REFLECT **STRONG GROWTH** IN THE PERIOD

Consolidated profit and loss

	FY 2015	FY 2014
Gross rents	€ 214.5 m	€ 56.8 m
Office	€ 63.3 m	€ 3.9 m
High street retail	€ 91.1 m	€ 44.2 m
Shopping centers	€ 29.3 m	€ 7.8 m
Logistics	€ 12.7 m	€ 0.8 m
Hotels	€ 11.5 m	-
Rented residential	€ 5.6 m	-
Other	€ 1.0 m	-
Net rents ⁽²⁾	€ 201.5 m	€ 54.0 m
EBITDA	€ 161.2 m	€ 38.0 m
FFO	€ 107.7 m	€ 19.9 m
Recurring EBITDA ⁽³⁾	€ 186.7 m	€ 50.4 m
Recurring FFO ⁽⁴⁾	€ 133.1 m	€ 32.4 m
EPRA net earnings	€ 99.3 m	€ 20.4 m
IFRS net profit	€ 49.1 m	€ 49.7 m

Passing Gross rents annualized
€ 301.7 m¹

Passing net rents annualized
€ 284.3 m¹

Per share

Recurring EBITDA
€ 0.58

Recurring FFO
€ 0.41

EPRA EPS
€ 0.31

IFRS EPS
€ 0.15

Source: Company.

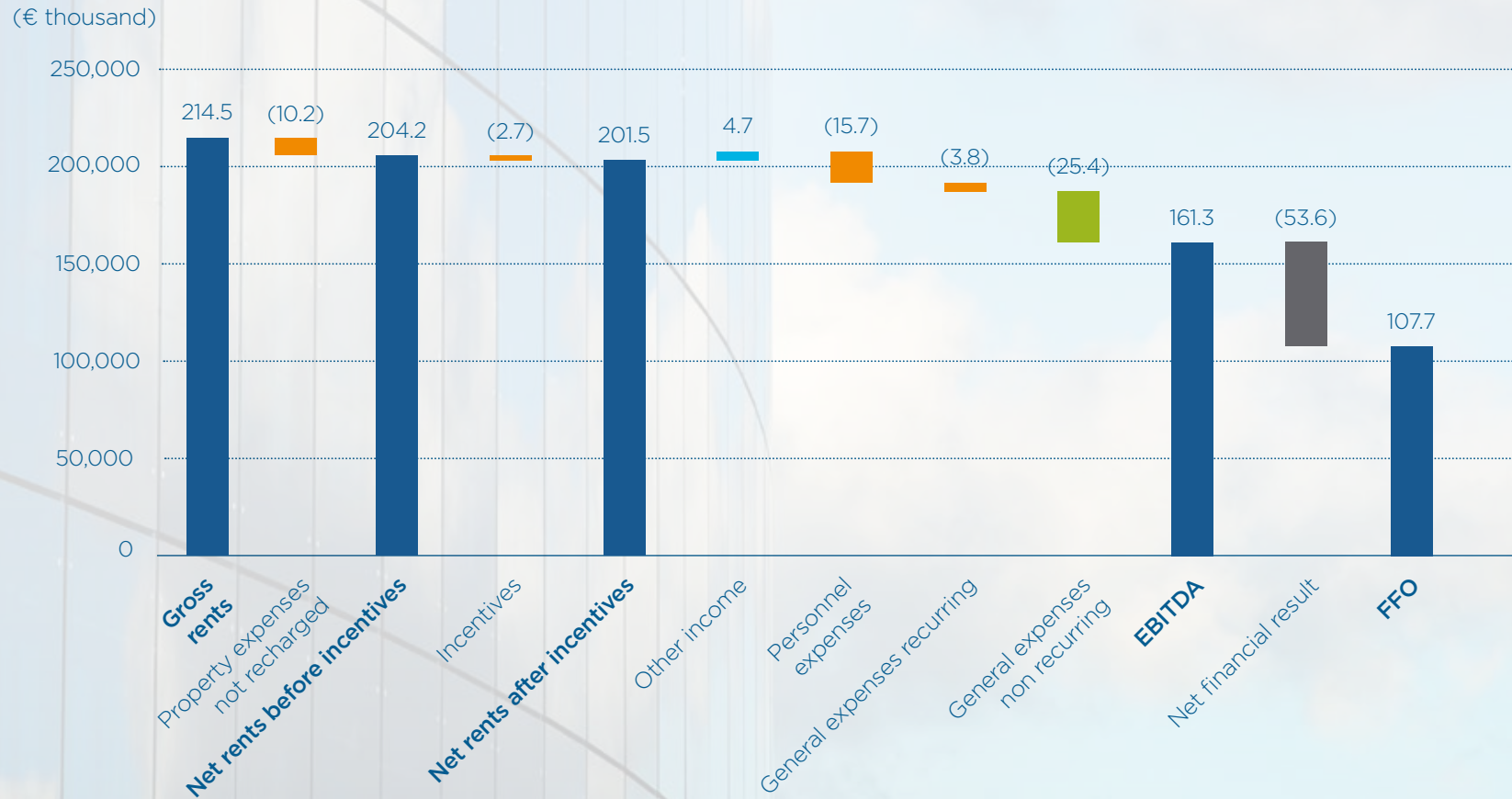
⁽¹⁾ Annualized gross rents and net rents have been calculated as passing gross / net rent as of December 31st, multiplied by 12.

⁽²⁾ Gross rents net of property expenses not recharged to tenants, incentives and collection loss.

⁽³⁾ Recurring EBITDA equals EBITDA less non-recurrent one-off expenses (€ 25.4 m).

⁽⁴⁾ Recurring FFO equals FFO less non-recurrent one-off expenses (€ 25.4 m).

OUTSTANDING GROSS-TO-NET RATIO OF 94%



Source: Company.

SIGNIFICANT GROWTH IN GAV AND NAV

AFTER INTENSIVE 2015
INVESTMENT ACTIVITY
AND PORTFOLIO
REVALUATION

PROACTIVE
MANAGEMENT OF
CAPITAL STRUCTURE
CROWNED WITH
**SUCCESSFUL EXECUTION
OF € 1.7 BN UNSECURED
DEBT⁽³⁾ FINANCING**

Valuation

	Dec-15	Adjusted Dec-14	Dec-14
GAV	€ 6,053 m	€ 5,389 m ⁽¹⁾	€ 2,232 m
EPRA NAV	€ 3,181 m	€ 2,951 m ⁽²⁾	€ 1,355 m
EPRA NAV per share	€ 9.85	€ 9.13	€ 10.50
Adjusted NAV	€ 2,982 m	€ 2,751 m	€ 1,355 m
Adjusted EPRA NAV per share	€ 9.23	€ 8.92	€ 10.50

Consolidated balance sheet

	Dec-15	Dec-14
Total assets	€ 6,916 m	€ 2,417 m
Total equity	€ 2,926 m	€ 1,309 m
Portfolio value	€ 6,053 m	€ 2,232 m
Gross financial debt	€ 3,257 m	€ 1,010 m
Cash ⁽⁴⁾	€ 244 m	€ 153 m
Net financial debt	€ 3,013 m	€ 857 m
Net LTV	49.8%	38.5%
EPRA gross yield	5.3%	6.0%
EPRA net initial yield	5.0%	5.9%

Source: Company.

⁽¹⁾ GAV includes the aggregate of MERLIN + Testa appraisal as of Dec-14.

⁽²⁾ Includes net proceeds of 2015 capital increases.

⁽³⁾ Accounted in the books on January 8th 2016.

⁽⁴⁾ Excluding € 316.8 m of pending payment of Sacyr 23% stake in Testa.

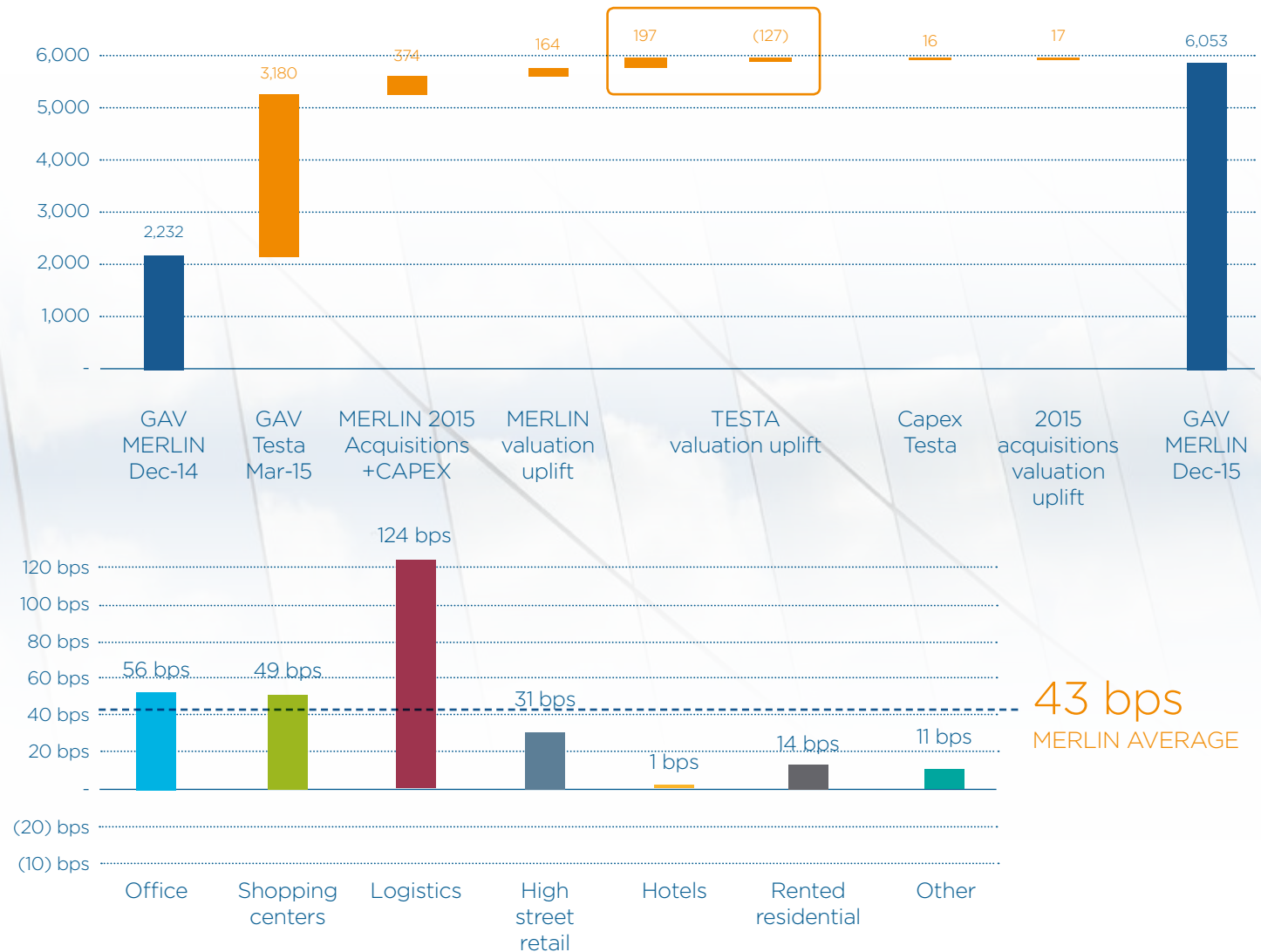
LFL GAV INCREASE 5.1% INCLUDING EFFECT OF NON-CORE LAND (**7.8%** IF EXCLUDED)

Asset Category (€ million)	31/12/2015	31/12/2014	LfL Change 31/12/15 vs 31/12/2014
Office	€ 2,189.6 m	€ 1,932.4 m	10.0%
High Street retail	€ 1,883.9 m	€ 1,669.5 m	6.8%
Shopping centers	€ 683.7 m	€ 619.6 m	10.3%
Logistics	€ 276.5 m	€ 178.1 m	11.3%
Hotels	€ 397.4 m	€ 391.6 m	1.5%
Rented residential	€ 288.1 m	€ 284.0 m	1.5%
Other	€ 12.2 m	€ 12.0 m	1.7%
Land for development	€ 50.5 m	-	n.a.
Non-core land	€ 132.6 m	€ 259.1 m	(48.8%)
Minority stakes	€ 138.0 m	€ 42.5 m	0.1%
TOTAL	€ 6,052.6 m	€ 5,388.9 m	5.1%
		TOTAL ex Non-core Land	7.8%

GAV INCREASE MOSTLY DRIVEN BY **PRUDENT YIELD COMPRESSION**
 POTENTIAL FOR **FURTHER CAPITAL VALUE GROWTH**

31/12/14 GAV
 bridge to 31/12/15

43 bps Yield
 compression



Source: Company.

€ 1.7 BN
SUCCESSFULLY
REFINANCED
**ON AN UNSECURED
BASIS**

**COST OF DEBT
DECREASES,
MATURITY IS
EXTENDED AND
HEALTHY FINANCING
RATIOS ARE ACHIEVED**

(€ million)	Current	31/12/2015	31/12/2014
Unsecured bank loans	€ 1,700 m	€ 350 m	€ 0 m
Mortgage bank loans	€ 1,157 m	€ 2,479 m	€ 1,010 m
Mortgage non-bank loans	€ 133 m	€ 133 m	€ 0 m
Leasings	€ 175 m	€ 175 m	€ 0 m
Non-core debt	€ 119 m	€ 119 m	€ 0 m
Total gross debt	€ 3,285 m	€ 3,257 m	€ 1,010 m
Cash		€ 244 m ⁽¹⁾	€ 153 m
Total Net debt		€ 3,013 m	€ 857 m

	Policy	Current	31/12/2015	31/12/2014
Net debt		n.a.	€ 3,013 m	€ 857 m
LTV	<50%	n.a.	49.8%	38.5%
Average interest rate (spot)		2.0%	2.2%	3.1%
Average maturity		6.0 years	3.8 years	9.0 years
Unsecured debt/ Total debt	>50%	51.6%	0%	0%
Interest cover	>2.5x	n.a.	2.8x	2.1x
Fixed rate debt	>60%	61.0%	43.3%	99.3%

Source: Company.

⁽¹⁾ Net on €316.8 M to be paid to Sacyr for the 22.6% stake of Testa remaining to be purchased.

2015 Proposed shareholder distribution

	(€'000s)	Per share (€ cents)
Interim dividend (Oct-15)	25,035	7.750
Complementary dividend (Apr-16)	1,838	0.569
Share premium distribution (Apr-16)	33,146	10.261
Total	60,019	18.580

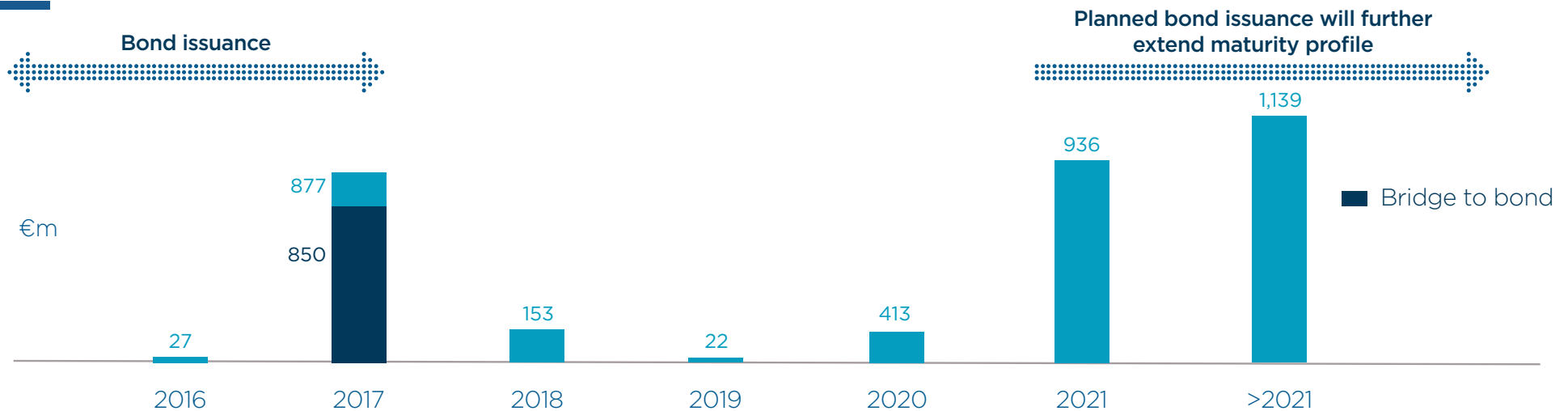
INVESTMENT GRADE BBB RATING FROM S&P

INVESTMENT GRADE
BBB

HIGHEST RATING
EVER FOR A SPANISH
REAL ESTATE COMPANY

STABLE
OUTLOOK

THE RATING WILL SUPPORT PLANNED **BOND ISSUANCE...**



...WITH THE OBJECTIVE TO **FURTHER DIVERSIFY FINANCIAL SOURCES**
AND EXTEND MATURITY PROFILE



PORTFOLIO PERFORMANCE

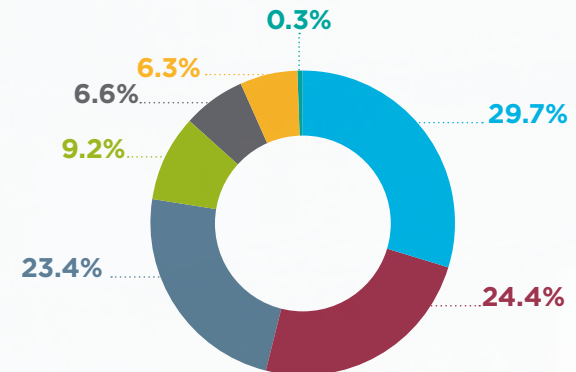
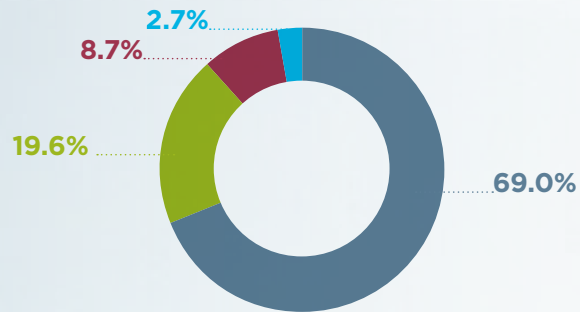
DIVERSIFIED ASSET BASE WITH
HIGH YIELD, POSITIVE TAKE-UP AND
EMERGING LFL RENTAL GROWTH

MERLIN HAS ACHIEVED **BROADER DIVERSIFICATION** IN THE PORTFOLIO...

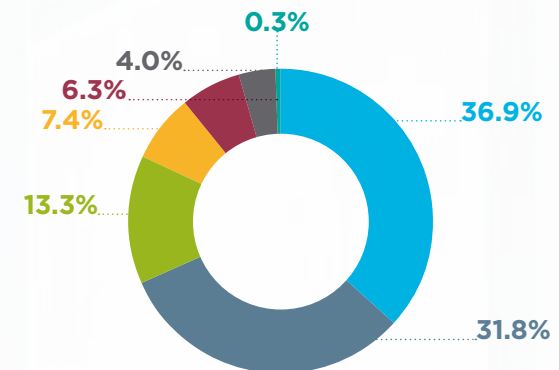
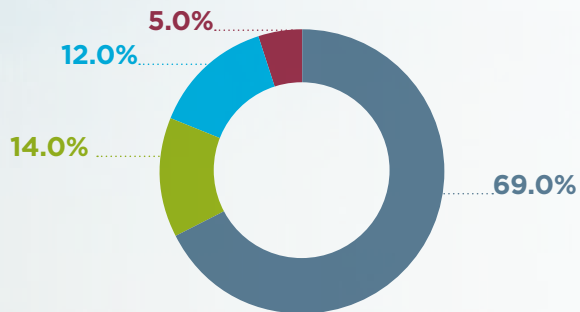
31/12/2014

31/12/2015

GLA BREAKDOWN PER ASSET TYPE

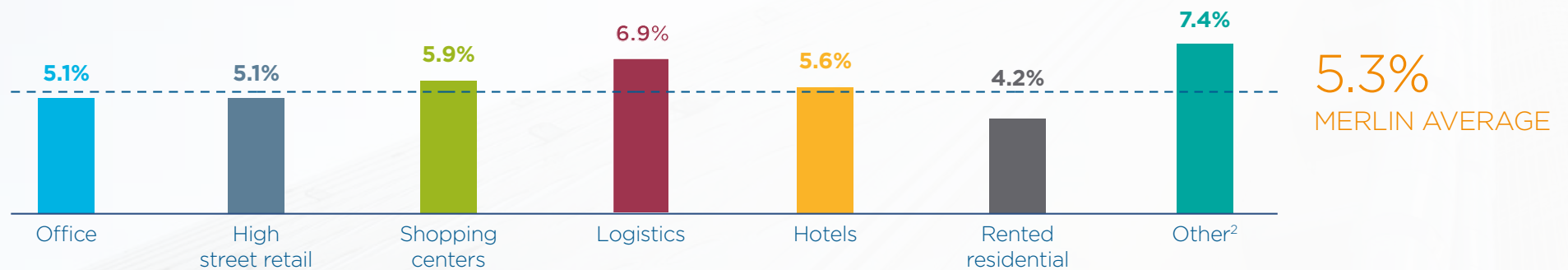


RENTS BREAKDOWN PER ASSET TYPE

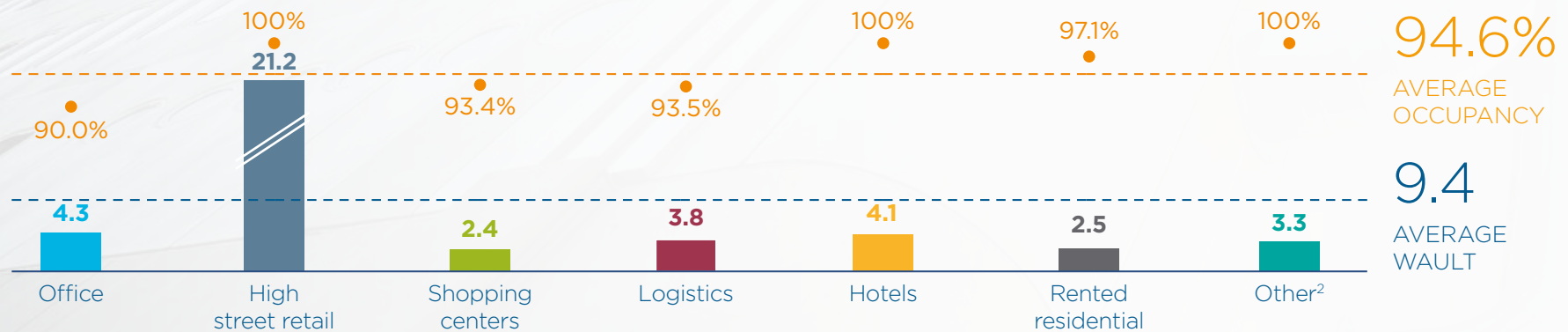


...WHILE MAINTAINING **HIGH OCCUPANCY AND WAULT**

EPRA GROSS YIELD PER ASSET TYPE⁽¹⁾



OCCUPANCY AND WAULT PER ASSET TYPE⁽²⁾

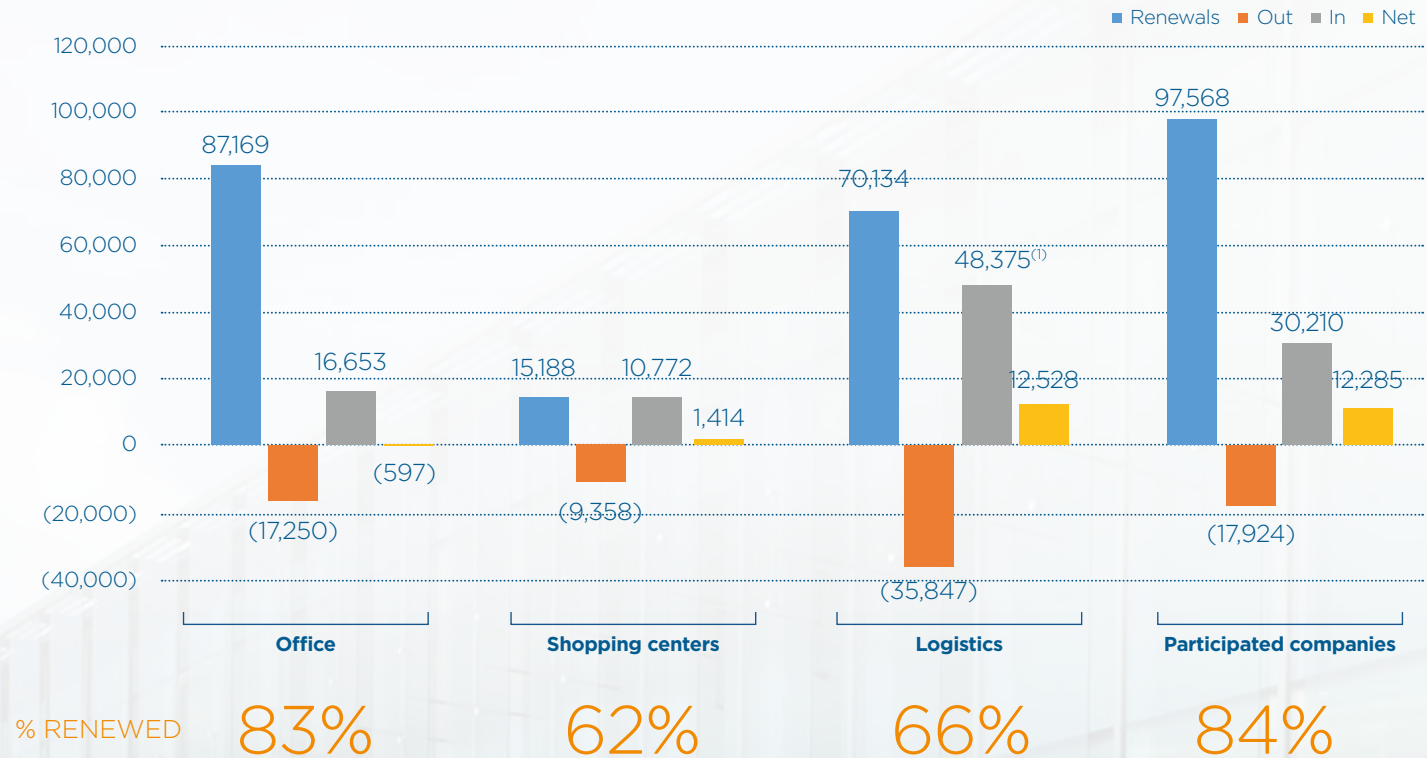


Source: Company.

⁽¹⁾ Gross yield is calculated dividing annualized December gross monthly rents multiplied by 12 by GAV.

⁽²⁾ WAULT by Rents means the weighted average unexpired lease term, calculated as of 31 December 2015.

STRONG LEASING ACTIVITY WITH:
376K SQM SIGNED:
106K SQM OF NEW CONTRACTS
 AND **270K** SQM RENEWALS



⁽¹⁾ Includes 38,054 sqm leased for Cabanillas II (currently under construction)

MERLIN HAS ATTRACTED TOP TIER TENANTS

Office



Comunidad de Madrid

Renewal
29,115 sqm
Princesa 3



Renewal
16,001 sqm
Costa Brava 2-4



In
1,837 sqm
Atica I

BANCODE ESPAÑA

Renewal
603 sqm
Juan Esplandiu

Shopping centers



Renewal
7,673 sqm
Marineda



In
1,877 sqm
Porto Pi



In
1,209 sqm
Marineda



In
579 sqm
Marineda

Logistics



Renewal
70,134 sqm
Cabanillas I



Renewal
7,171 sqm
Coslada Complex

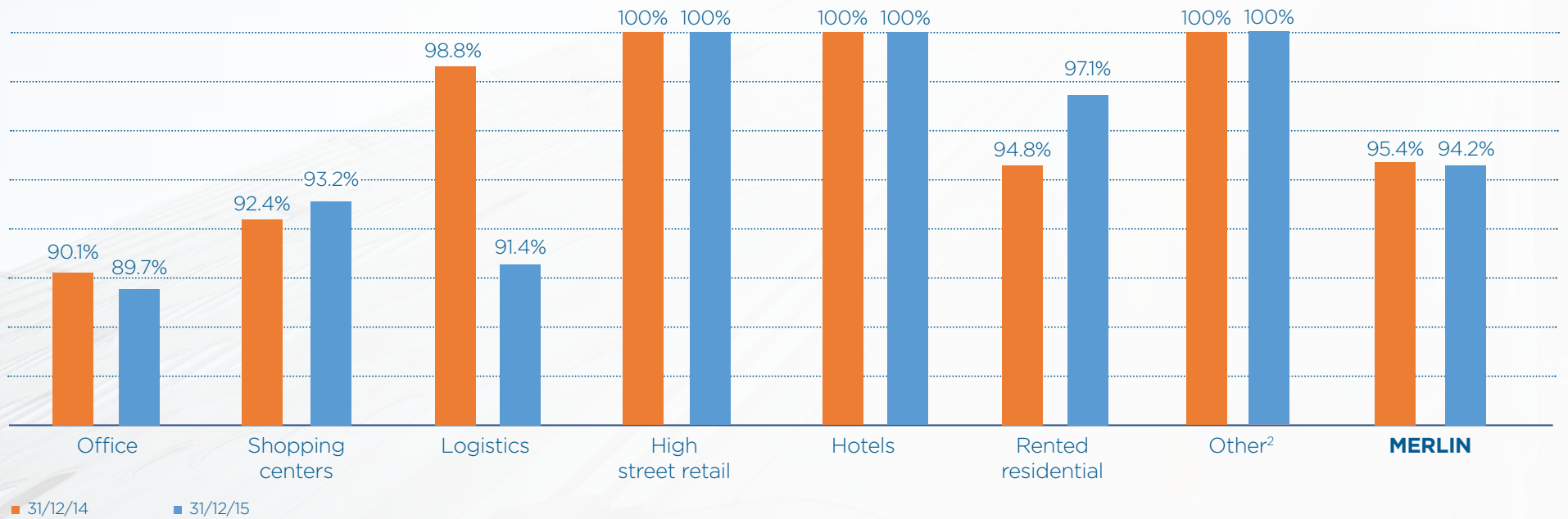


In
2,709 sqm
Coslada Complex

CONFIDENTIAL

In (Pre-let)
38,054 sqm
Cabanillas II

HIGH OCCUPANCY SHOWING STRENGTH DESPITE MINIMUM REDUCTION

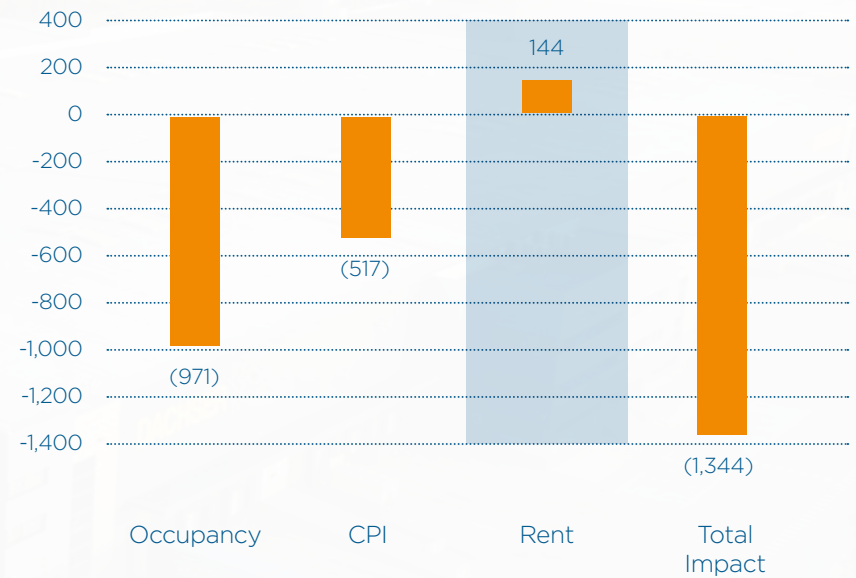


EMERGING LFL ⁽¹⁾ RENTAL GROWTH MAINLY CONCENTRATED IN 2H

Commercial LfL Rent Evolution (2014-2015)

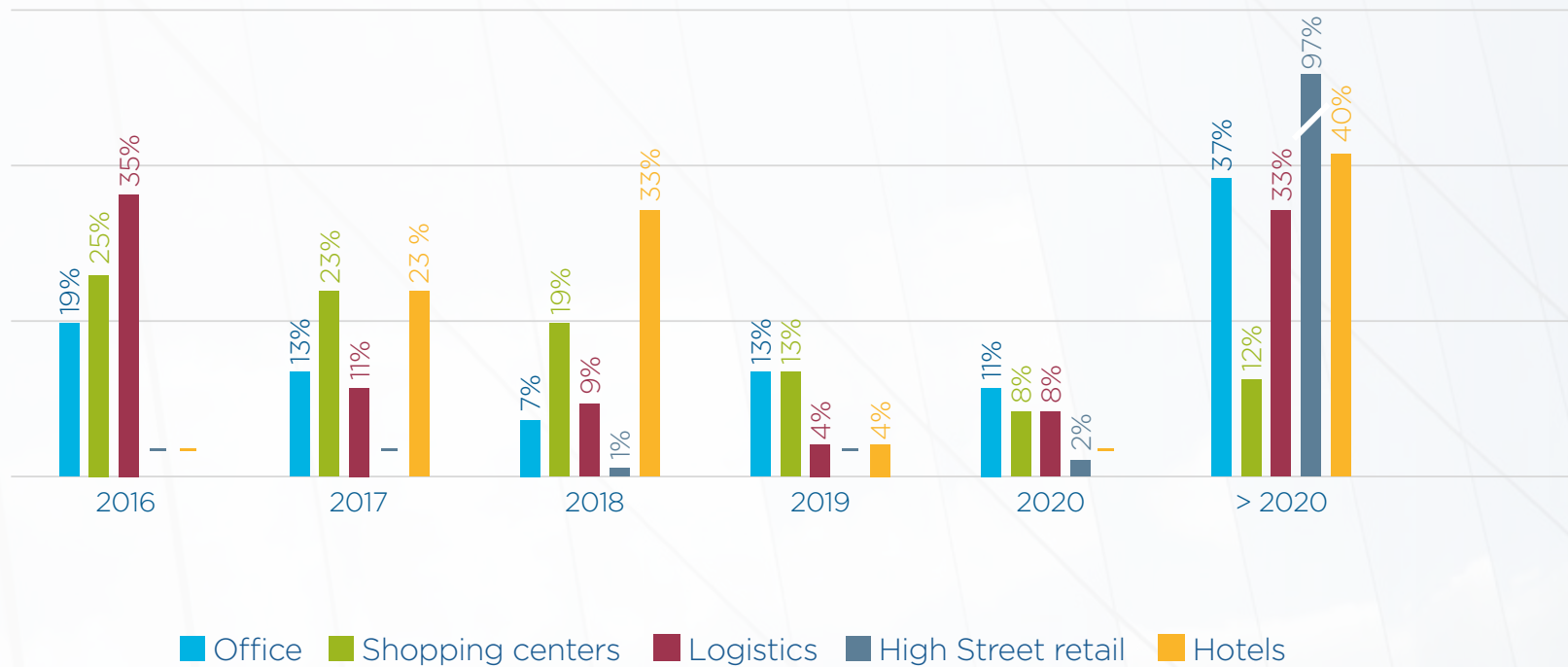
€ 000's	LfL Rent	Occupancy	Total
Office	(373)	(971)	(1,344)
Shopping centers	319	378	697
High Street retail	545	-	545
Logistics	(56)	(737)	(792)
Hotels	269	-	269
TOTAL	706	(1,330)	(624)

Office Portfolio: Detailed Analysis

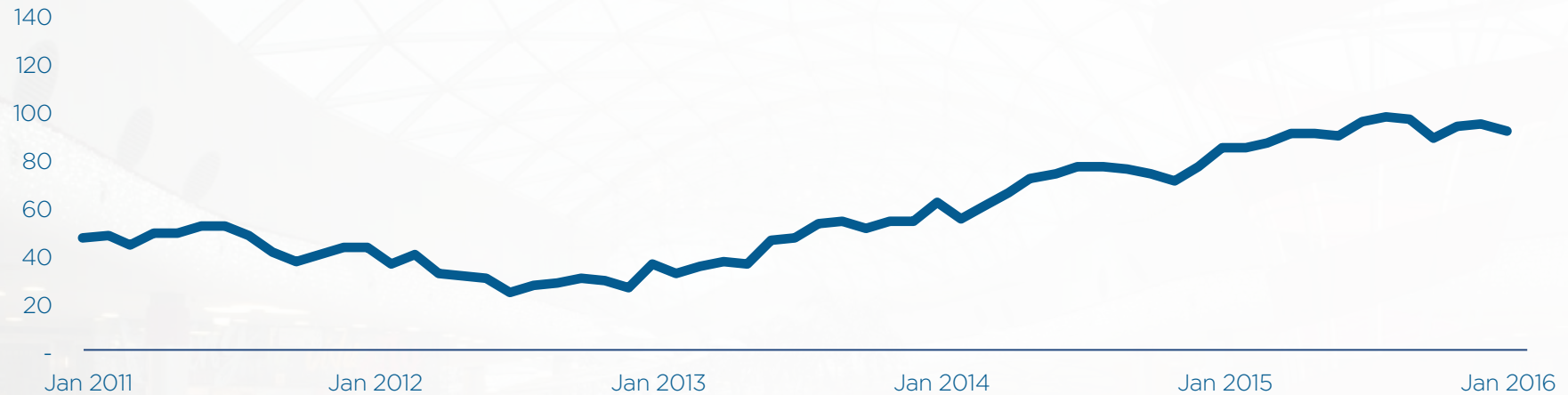


Source: Company.
⁽¹⁾ LFL calculated at same occupancy levels.

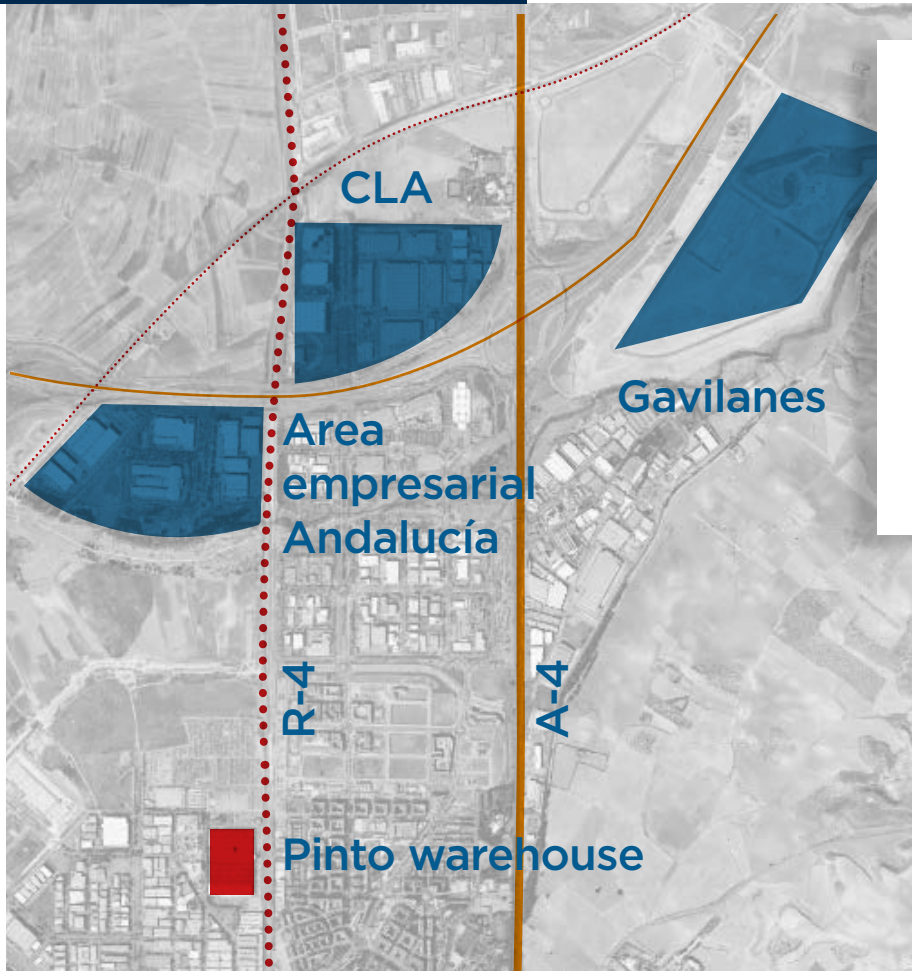
BALANCED MATURITY PROFILE SUPPORTS CASH FLOW **PREDICTABILITY**



INCREASING CONSUMER CONFIDENCE DRIVING GOOD SALES AND FOOTFALL GROWTH (+7% FOOTFALL / +10% SALES)



	2015 Footfall (million)	2015 Footfall vs 2014	2015 Sales (million)	2015 Sales vs 2014
Marineda	16.4	+8.6%	164.8	+10.5%
Porto Pi	8.5	+12.0%	87.3	+14.3%
Larios	10.6	+6.5%	56.8	+10.0%
Centro Oeste	6.7	+4.0%	45.3	+2.1%
Arturo Soria	4.6	(1.4%)	25.0	+1.3%



Logistics asset located in the prime area of Madrid’s southern logistics ring, formerly owned by PSA group. The warehouse has **70,000 sqm**, with the potential to be divided into several modules (2x35,000 sqm or 3x20,000 sqm), in a plot of 115,892 sqm. MERLIN’s business plan consists in undertaking a significant Capex renovation prior to positioning the asset in the market.

The warehouse benefits from a good accessibility to the **A-4 and A-42 highways**. The driving distance is approximately 17 km from Madrid centre and 40 km from Barajas airport.

KEY FACTS

- **100%**
Percent Ownership
- **70,000 sqm**
GLA
- **€12.8m**
Acquisition price
- **Title**
Freehold
- **€1.8m**
Annual GRI⁽¹⁾

LOCATION



⁽¹⁾ Expected GRI upon full occupancy of the warehouse.



Logistics **100k sqm** turn-key project in Miralcampo (second ring of Madrid, 40kms.), in the so-called “Corredor de Henares”, the largest logistic hub in Spain, comprising more than 15 municipalities and 70 km of logistics activity.

The warehouse will benefit from a good accessibility from **A-2 highway and R-2 radial.**

The driving distance is approximately 40 km from Madrid centre and 30 km from the airport.

KEY FACTS

- **100%**
Percent Ownership
- **€4.35m**
Annual GRI⁽¹⁾
- **100,000 sqm**
GLA
- Title
Freehold
- **€17.0m**
Acquisition price

LOCATION



⁽¹⁾ Expected GRI upon full occupancy of the warehouse.

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The sky is filled with soft, white clouds. The buildings are the central focus, with one particularly tall, cylindrical tower in the middle ground. The perspective creates a sense of height and architectural grandeur.

OUTLOOK 2016

ATTRACTIVE DIVIDEND
GUIDANCE

Our market

HEADLINE RENTS STARTING TO GROW IN OFFICE, LOGISTICS AND SHOPPING CENTERS

YIELDS HAVE ALREADY COMPRESSED IN LINE WITH OTHER EUROPEAN MARKETS. SOME FURTHER YIELD COMPRESSION EXPECTED, MAINLY IN LOGISTICS

VERY SCARCE NEW SUPPLY

INVESTMENT ACTIVITY AT LOWER PACE AFTER RECORD YEAR

MERLIN

ACQUISITION ACTIVITY FOCUSED ON LOGISTICS AND LISBON OFFICES

DECONSOLIDATION OF RENTED RESIDENTIAL

LEED/BREAAM PROGRAM

BBVA BANK BRANCH DISPOSAL PROGRAM

DEVELOPMENT: 2 LOGISTICS FORWARD PURCHASES + AAA OFFICE BUILDING

EMTN PROGRAM TO REFINANCE € 850 MILLION 2-YEAR BRIDGE LOAN

SHAREHOLDER DISTRIBUTION GUIDANCE: **MINIMUM OF € 140 M**
(€ 0.43 + PER SHARE) AGAINST FY 2016 RESULTS WITH THE FOLLOWING
 CHARACTERISTICS:

ALL CASH

PAYMENT IN TWO
 INSTALMENTS

Interim¹

Final
 (following approval
 by AGM of 2016 accounts)

Total
 FY 2016 proposed
 minimum dividend

€ 0.19

€ 0.24+

€ 0.43+

September
 2016

2017



AMBITIOUS **EFFICIENCY PROGRAM** TO ACHIEVE LEED/BREAAAM CERTIFICATION OVER 90% OF THE PORTFOLIO BETWEEN 2016-2018

Asset Category (# assets)	2016	2017	2018	Granted	TOTAL	% GAV
Office	9	15	9	2	35	85%
Shopping centers	2	2	-	-	4	93%
Logistics	4	13	-	-	17	92%
Hotels	2	1	7	-	10	100%

ADDITIONAL RENTS **DERIVING FROM DEVELOPMENT PROJECTS** EXISTING AS OF 31/12/15

2016

CABANILLAS I & II GLA: 152,583 sqm
 Expected Rents: € 5.9m
 Delivery: Dec-16 / Jun-17
 Pending Capex: € 52.3 m

2017

GAVILANES GLA: 39,576 sqm
 Expected Rents: € 2.3m
 Delivery: Jan-17
 Pending Capex: € 28.1 m

2018

ISLA CHAMARTIN GLA: 16,639 sqm
 Expected Rents: € 4.9m
 Delivery: Sep-18
 Pending Capex: € 52.5 m





Q&A



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