

## 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 celebrará una presentación con analistas e inversores institucionales, hoy martes 28 de febrero de 2017, a las 15 horas de Madrid/CET, que podrá seguirse en tiempo real, vía audio-conferencia, a través del siguiente *link* y con los siguientes códigos de acceso:

Webex Link:

<https://MERLINproperties.webex.com/MERLINproperties/onstage/g.php?MTID=e214fbfbe94bd062e17faeea9efc95724>

Número evento: 78487457

Números conexión:

España +34 91 414 3680

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USA 18666654042

- (ii) Adjunto se remite nota de prensa y la documentación soporte a la presentación que están igualmente disponibles a través de la página web corporativa de MERLIN ([www.merlinproperties.com](http://www.merlinproperties.com))

Madrid, 28 de febrero de 2017.

MERLIN Properties SOCIMI, S.A.

*Alcanza un beneficio neto de 583 millones de euros en 2016, pagará un dividendo complementario de 20 céntimos en mayo (11% por encima de lo esperado) y estima 44 céntimos (+10%) para 2017*

## MERLIN Properties dispara sus resultados y aumenta el dividendo con cargo a 2016

- Ingresos por rentas: € 351,0 millones (+64%)
- EBITDA recurrente: € 303,6 millones (+63%)
- FFO recurrente: € 232,7 millones (+75%)
- Valor bruto de los activos: € 9.824 millones
- Valor neto de los activos por acción: € 11,23 (+14%)
- Retribución al accionista prevista para 2017: € 0,44 por acción (+10,0%)

- MERLIN logra un beneficio récord de € 582,6 millones. La cartera inmobiliaria alcanza un valor bruto de más de 9.800 millones de euros, con un incremento superior al 6% en términos comparables (“Lfl”) respecto a 2015.
- El valor neto de los activos según recomendaciones EPRA (“EPRA NAV”) se sitúa en 11,23 euros por acción, con un crecimiento del 14% respecto al año pasado.
- Entre dividendo y aumento de valor EPRA NAV, la Compañía ha generado más de 520 millones para sus accionistas en el año, situando la rentabilidad implícita obtenida en 2016 en el 17.2%.
- Comunica un dividendo complementario de 20 céntimos por acción pagadero en mayo con cargo a 2016, para un total de 40 céntimos, un 11% más de lo esperado. Anuncia, además, una estimación de retribución con cargo al ejercicio 2017 de € 207 millones o 44 céntimos por acción (+10% vs 2016).

**Madrid, 28 de febrero.-** MERLIN Properties ha cerrado el ejercicio 2016 con unos ingresos de € 362,8 millones, un EBITDA recurrente de € 303,6 millones, un FFO recurrente de € 232,7 millones y un resultado neto consolidado conforme a IFRS de € 582,6 millones de euros.

**Comunica un aumento del dividendo complementario con respecto a 2016 y anuncia la estimación de retribución al accionista esperada para 2017 (44 céntimos por acción, +10% versus 2016)**

MERLIN comunica un aumento del dividendo complementario pagadero en mayo hasta 20 céntimos por acción, lo que unido a los 20 céntimos ya repartidos a cuenta, arroja un total de 40 céntimos de retribución al accionista en el ejercicio 2016, frente a los 36 céntimos esperados por el mercado (+11%). Este dividendo complementario será abonado tras la aprobación en la Junta General, que se celebrará previsiblemente el próximo 26 de abril.

La Compañía anuncia asimismo su estimación de retribución al accionista con cargo al ejercicio 2017 por un mínimo de 207 millones de euros. Esta retribución, que se abonaría íntegramente en efectivo, supondría más de 44 céntimos por acción, que se distribuirían en parte como dividendo y en parte como devolución de prima de emisión. Representa un incremento del 10% sobre la retribución por acción de 2016.

Los pagos con cargo al ejercicio 2017 se abonarán como hasta ahora en dos plazos, uno en el mes de septiembre de 2017 y otro en 2018, una vez celebrada la Junta General de Accionistas que apruebe las cuentas del año anterior.

**Crecimiento significativo en el valor de la cartera de activos**

La integración de Metrovacesa ha supuesto un salto muy notable en el valor bruto de los activos ("Gross Asset Value" o "GAV") de MERLIN, que a 31 de diciembre de 2016 asciende a € 9.824 millones según las tasaciones realizadas por Savills y CBRE, frente a los 6.053 millones de hace un año. El crecimiento de valor de la cartera patrimonial LfL es del 6,2% con respecto a la valoración a 31 de diciembre de 2015. Especialmente notable ha sido el incremento de valor en términos comparables en los segmentos de logística (+10%) y centros comerciales (+8%).

Por lo que respecta al valor neto de activos según recomendaciones EPRA, éste asciende a 5.275 millones de euros, equivalentes a 11,23 euros por acción, representando un incremento del 14% sobre el EPRA NAV por acción de 2015 (9,85 euros) y confirmando la importante creación de valor para el accionista lograda con la integración de Metrovacesa.

**Liderazgo en oficinas, retail y logística**

2016 ha sido el año de consolidación de MERLIN como la inmobiliaria patrimonial líder en España y una de las más importantes en Europa. La compañía disfruta de un fuerte posicionamiento competitivo en el mercado español en todas las tipologías de activos en que opera. A día de hoy la cartera patrimonial supone más de 3 millones de metros cuadrados, siendo líder en España en oficinas, retail y logística y el segundo operador en centros comerciales. Por ingresos de alquileres, la cartera está representada mayoritariamente por oficinas (47%), seguida de locales de calle (23%), centros comerciales (20%) y logística (7%).

### Gran actividad en rotación de activos

A lo largo de 2016 la Compañía ha cumplido ampliamente con sus objetivos de rotación de activos. En primer lugar, la operación de Metrovacesa permitió la desconsolidación de la cartera de residencial en alquiler, línea de negocio no estratégica. MERLIN cuenta hoy con una participación del 16,1% en Testa Residencial, compañía líder en este segmento tan especializado, que, tras la ampliación de capital que se completa en marzo, contará con más de 8.000 viviendas en alquiler, con un valor bruto de activos de € 1.716 millones.

Además, el pasado 30 de diciembre la Compañía cumplía con su objetivo de desinvertir la otra línea de negocio no estratégica, la hotelera, que fue vendida a Foncière des Murs por 535 millones de euros.

El conjunto de desinversiones llevadas a cabo durante 2016 asciende a €761 millones, lo que supone un 7,1% de prima por encima de las últimas tasaciones publicadas, generando plusvalías de €51 millones.

### Fuerte creación de valor para el accionista

MERLIN Properties ha cerrado el ejercicio 2016 con unos ingresos por alquileres de 351,0 millones de euros (+64% versus 2015), un EBITDA recurrente de 303,6 millones de euros (+63% versus 2015) y un beneficio neto de 582,6 millones de euros a nivel consolidado, conforme a IFRS (+1.087% versus 2015). Los resultados incluyen la integración de Metrovacesa desde 15 de septiembre hasta 31 de diciembre. Por acción, la creación de valor ha sido muy notable, con 64 céntimos de FFO por acción (versus 60 céntimos en 2015) y 1,59 euros de beneficio neto por acción (versus 0,22 en 2015).

La estructura financiera de la Compañía ha sido afinada aún más. Se ha mejorado el ratio de endeudamiento situándolo en el 45,5% (versus 49,8% en 2015), alargando los plazos de vencimiento medio a 6,2 años (versus 3,8) y manteniendo el tipo de interés medio en el 2,3%.

La Compañía ha creado más de € 522 millones de valor para sus accionistas en 2016 entre distribuciones realizadas en el año natural (€ 101 millones) y aumento del EPRA NAV (€ 421 millones), lo que representa una tasa de rentabilidad anual del 17,2%. Desde su salida a bolsa, MERLIN ha generado valor para el accionista por importe de 1.110 millones de euros entre dividendos e incremento de la valoración de sus activos.

### Perspectivas muy positivas para 2017

Con un sector inmobiliario en crecimiento, la Compañía tiene claros objetivos para 2017. MERLIN está centrada en la extracción del valor que atesora su cartera existente, por lo que su actividad inversora será menos intensa. La extracción de valor se centra en tres pilares: (i) un ambicioso plan de reformas para su cartera de oficinas y centros comerciales, (ii) un aumento de la ocupación, sobre todo en los activos procedentes de Metrovacesa, y (iii) un programa de desarrollo logístico que va a aumentar el stock de la Compañía en más 500.000 metros cuadrados en los próximos 18 meses.

## Acerca de MERLIN Properties

MERLIN Properties SOCIMI, S.A. (MC:MRL) es la mayor compañía inmobiliaria cotizada en la Bolsa española, con una capitalización de aproximadamente 5.100 millones de euros. Está especializada en la adquisición y gestión de activos terciarios en la península ibérica, invirtiendo principalmente en oficinas, centros comerciales y plataformas logísticas en los segmentos Core y Core Plus. MERLIN Properties forma parte de los índices de referencia IBEX 35, Euro STOXX 600, FTSE EPRA/NAREIT Global Real Estate Index, GPR Global Index, GPR-250 Index y MSCI Small Caps.

Visite [www.merlinproperties.com](http://www.merlinproperties.com) para obtener más información sobre la compañía.

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FY 2016  
RESULTS PRESENTATION



28 FEBRUARY 2017

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**ISMAEL CLEMENTE**  
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**MIGUEL OLLERO**  
CFO / COO



**DAVID BRUSH**  
CIO

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Investment & divestment activity

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# INTRODUCTION



## MERLIN IS THE LARGEST AND MOST DIVERSIFIED SPANISH REIT

GLA  
**3,038,341 sqm**  
 IN STOCK

GLA  
**550,329 sqm**  
 EXPANSION PROJECTS

GRI<sup>(1)</sup>  
**€ 451.3 m**  
 ANNUALIZED

ATTRIBUTED GRI<sup>(2)</sup>  
**€ 478.1 m**  
 ANNUALIZED

FY 16  
**€ 351.0 m**  
 GROSS RENTS

FY 16  
**€ 303.6 m**  
 REC. EBITDA<sup>(3)</sup>

FY 16  
**€ 232.7 m**  
 REC. FFO<sup>(3)</sup>

FY 16  
**€ 179.6 m**  
 EPRA EARNINGS

**5.0%**  
 GROSS YIELD

EPRA  
**4.5%**  
 NET YIELD

EPRA  
**€ 5,275 m**  
 NAV

EPRA  
**11.23**  
 NAV/SHARE

DEC 16  
**€ 9,824 m**  
 GAV<sup>(4)</sup>

DEC 16  
**€ 4,471 m**  
 NET DEBT

DEC 16  
**45.5%**  
 LTV

SPOT  
**2.3%**  
 COST OF DEBT

Source: Company

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

<sup>(2)</sup> Minority stakes would proportionally add € 26.8 m of gross

<sup>(3)</sup> Excluding stock plan accrual of 25% (€15.6 m). Rec. FFO calculated as recurring EBITDA (€303.6 m) minus net financial expenses paid (€70.9 m)

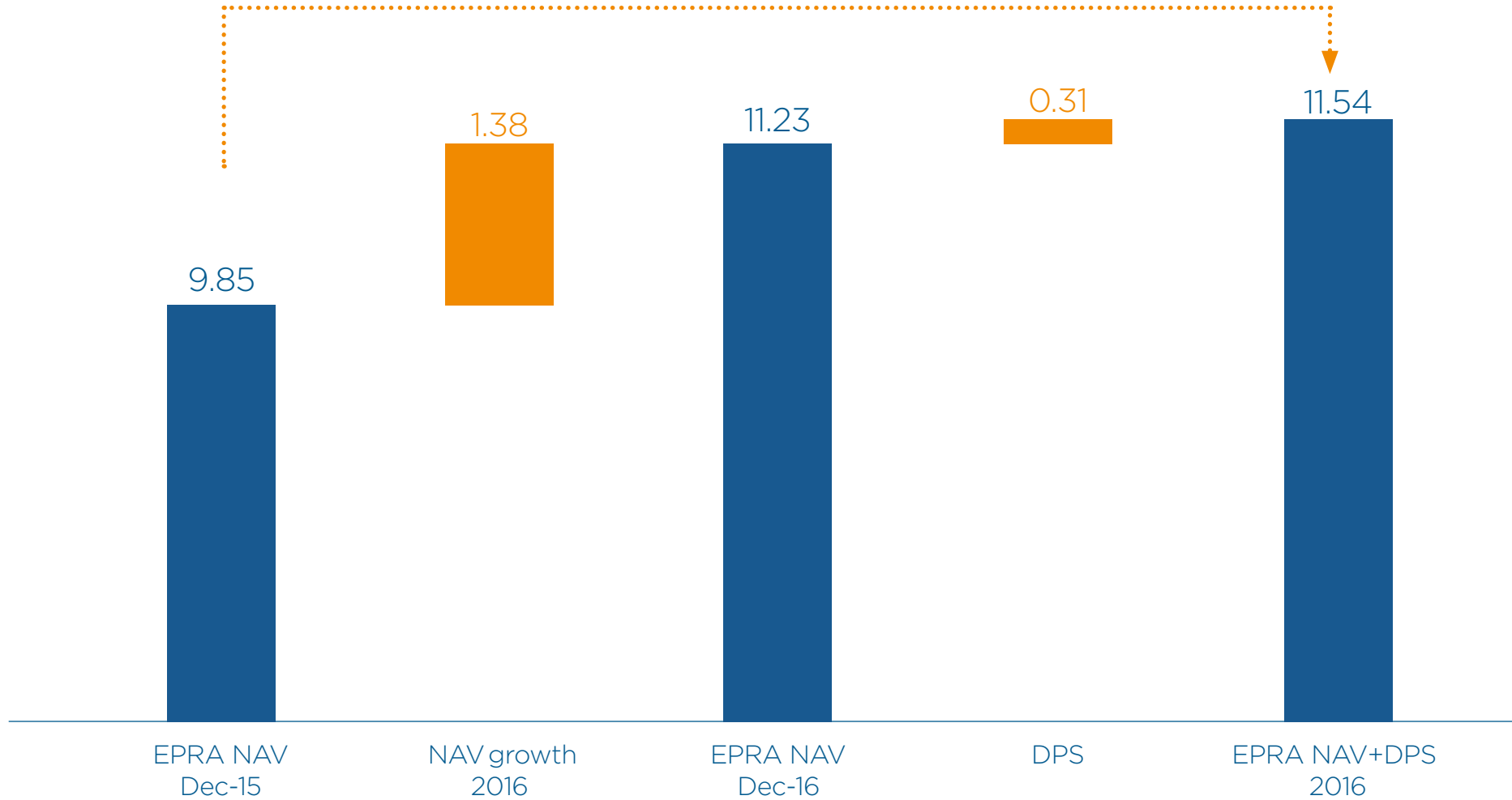
<sup>(4)</sup> Includes December 2016 Savills/CBRE appraisals plus total cost of assets acquired through "forward purchase"



## EXCELLENT RETURN TO SHAREHOLDERS IN 2016

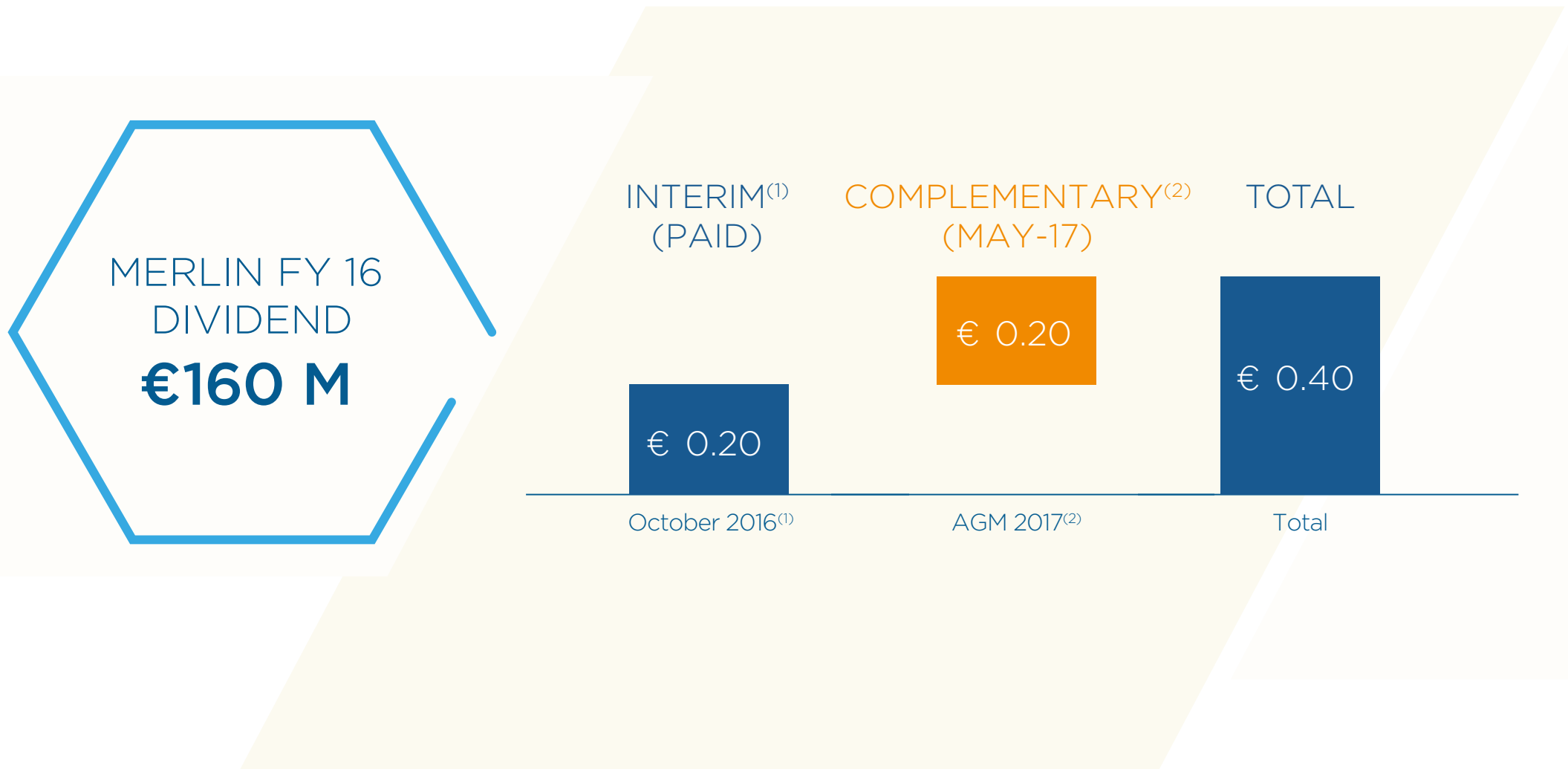
(€ per share)

TSR + 17.2%





+€20 M FY 2016 DIVIDEND TO REACH €160 M, AHEAD OF GUIDANCE OF €140 M



Source: Company

<sup>(1)</sup> Dividend holders were 323.0m shares. Following approval by AGM of 2016 accounts

<sup>(2)</sup> Dividend holders are 469.7m shares



# FY 16 FINANCIAL RESULTS





## +6.6% INCREASE IN FFO PER SHARE AND +9.6% IN EPRA EPS

(€ million)	31/12/16	31/12/15	YoY
Gross rents	351.0	214.4	+63.7%
Net rents after incentives	323.5	201.5	+60.5%
EBITDA	260.3	161.2	+61.5%
Recurring FFO <sup>(1)</sup>	232.7	133.1	+74.8%
FFO <sup>(2)</sup>	189.5	107.6	+76.0%
EPRA earnings	179.6	99.3	+80.8%
IFRS net profit	582.6	49.1	+1,087.2%

(€)	Per share <sup>(3)</sup>	Per share <sup>(3)</sup>	YoY
Recurring FFO	0.64	0.60	+6.0%
FFO	0.52	0.49	+6.6%
EPRA earnings	0.49	0.45	+9.6%
IFRS EPS	1.59	0.22	+619.5%

Source: Company

<sup>(1)</sup> Recurring FFO equals FFO less non-recurrent one-off expenses

<sup>(2)</sup> FFO calculated as EBITDA (€260.4 m) less net financial expenses paid of €70.9 m

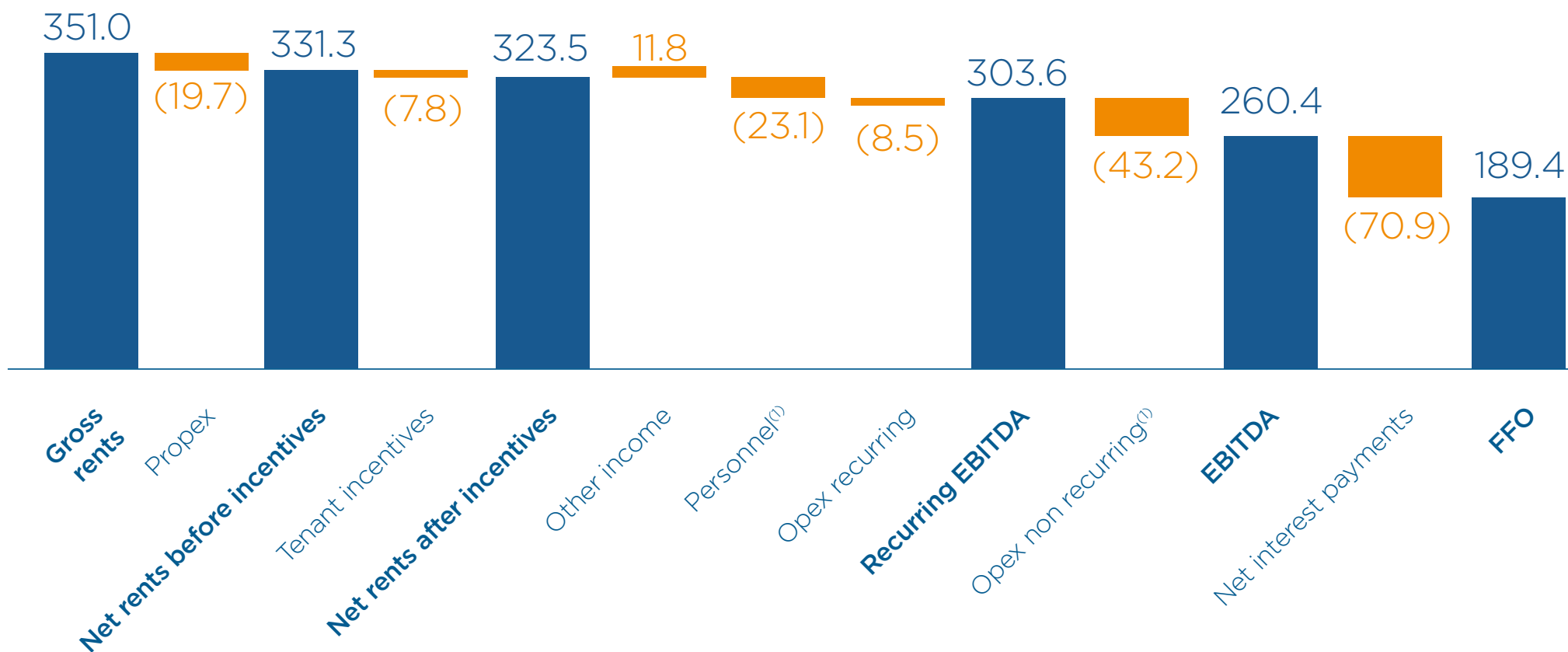
<sup>(3)</sup> Weighted number of outstanding shares in the period





HIGH OPERATING EFFICIENCY (92% GROSS-TO-NET & 86% RECURRING EBITDA MARGIN)

(€ million)

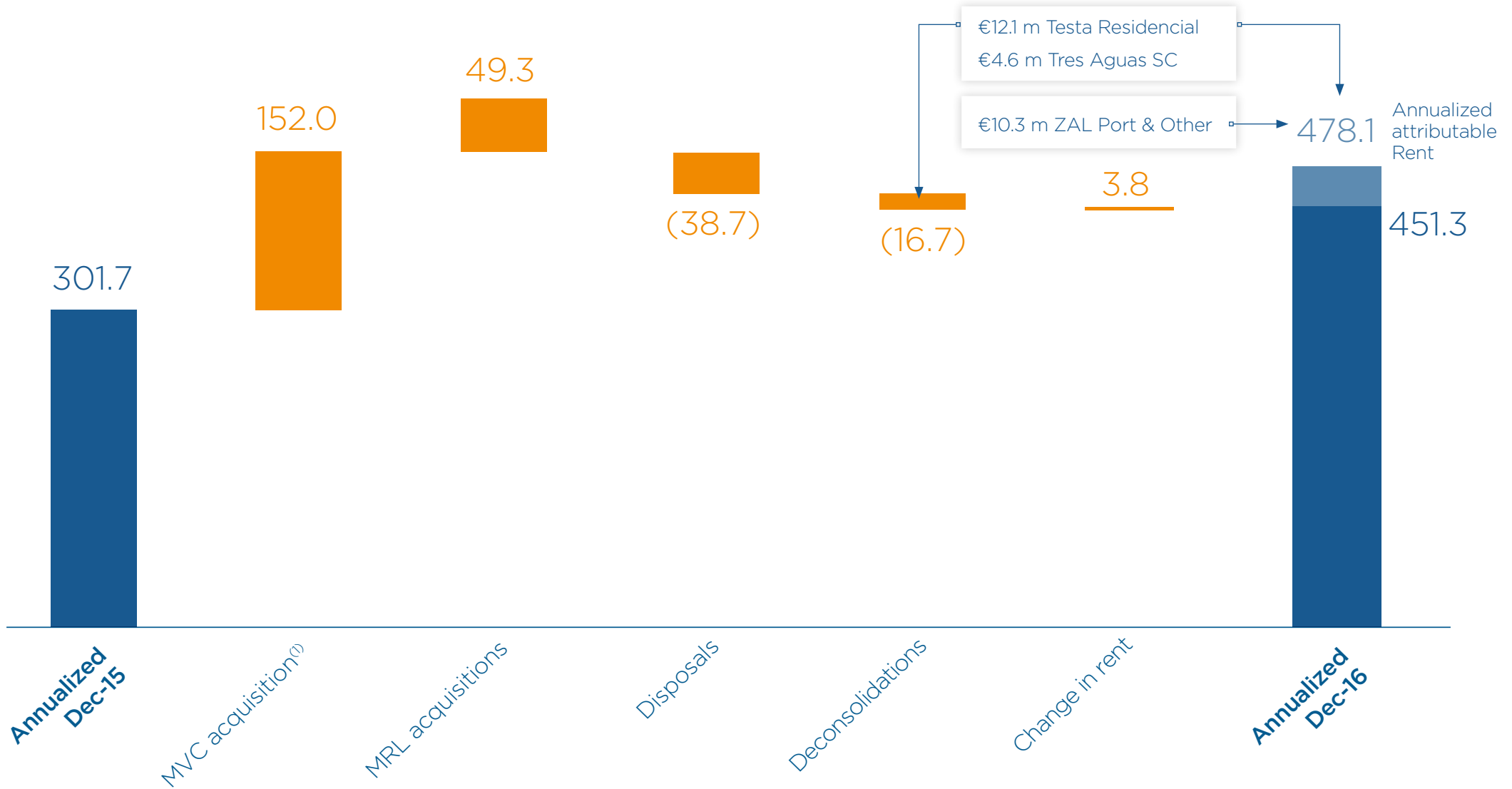


Source: Company  
<sup>(1)</sup> 25% of yearly accrual of MSP included in non recurring



€ 451 MILLION OF ANNUALIZED GROSS RENTS

(€ million)





EPRA NAV PER SHARE GROWS € 1.38 IN THE YEAR TO REACH € 11.23 (+14.0%)

	31/12/16		31/12/15		YoY	
	€ m	Per share	€ m	Per share	€ m	Per share
EPRA earnings	179.6	€ 0.49	99.3	€ 0.45	80.8%	+9.6%
EPRA NAV	5,274.7	€ 11.23	3,181.2	€ 9.85	65.8%	+14.0%
EPRA NNAV	4,819.5	€ 10.26	2,926.4	€ 9.06	64.7%	+13.2%
EPRA "topped-up" NIY <sup>(1)</sup>	4.6%		5.0%			
EPRA net initial yield <sup>(2)</sup>	4.5%		5.0%			
EPRA vacancy	9.8%		5.4%			
Recurring EPRA costs	16.9%		14.3%			

Includes

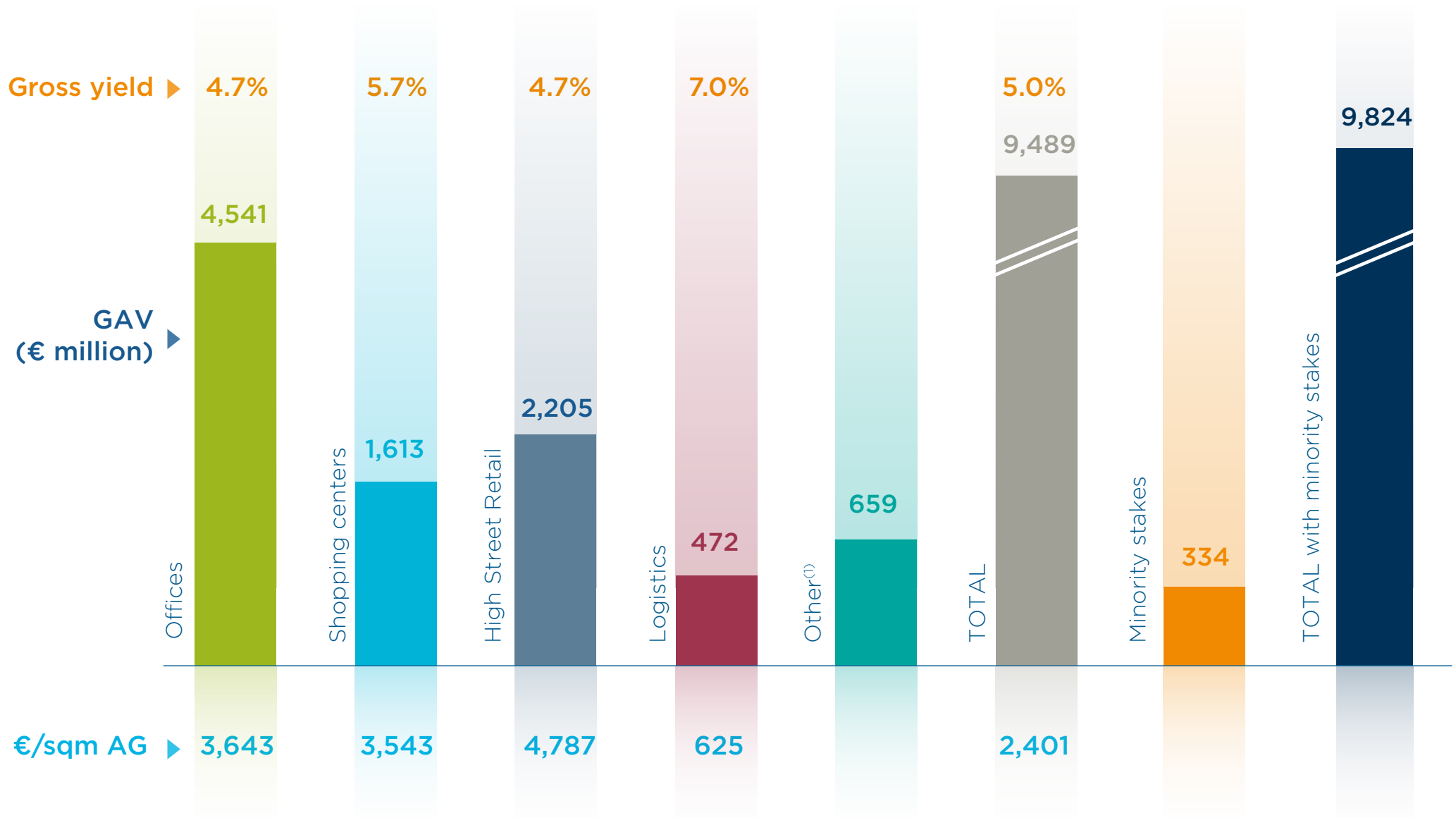
Propex	5.6%
Tenant incentives	2.2%
Personnel <sup>(3)</sup>	6.6%
Opex recurring	2.4%

Source: Company

<sup>(1)</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>(2)</sup> Calculated as annualized net rents after incentives and collection loss (passing net rents as of December 31, multiplied by 12), divided by commercial portfolio GAV.

<sup>(3)</sup> Vested component of MSP considered as non-recurring Opex



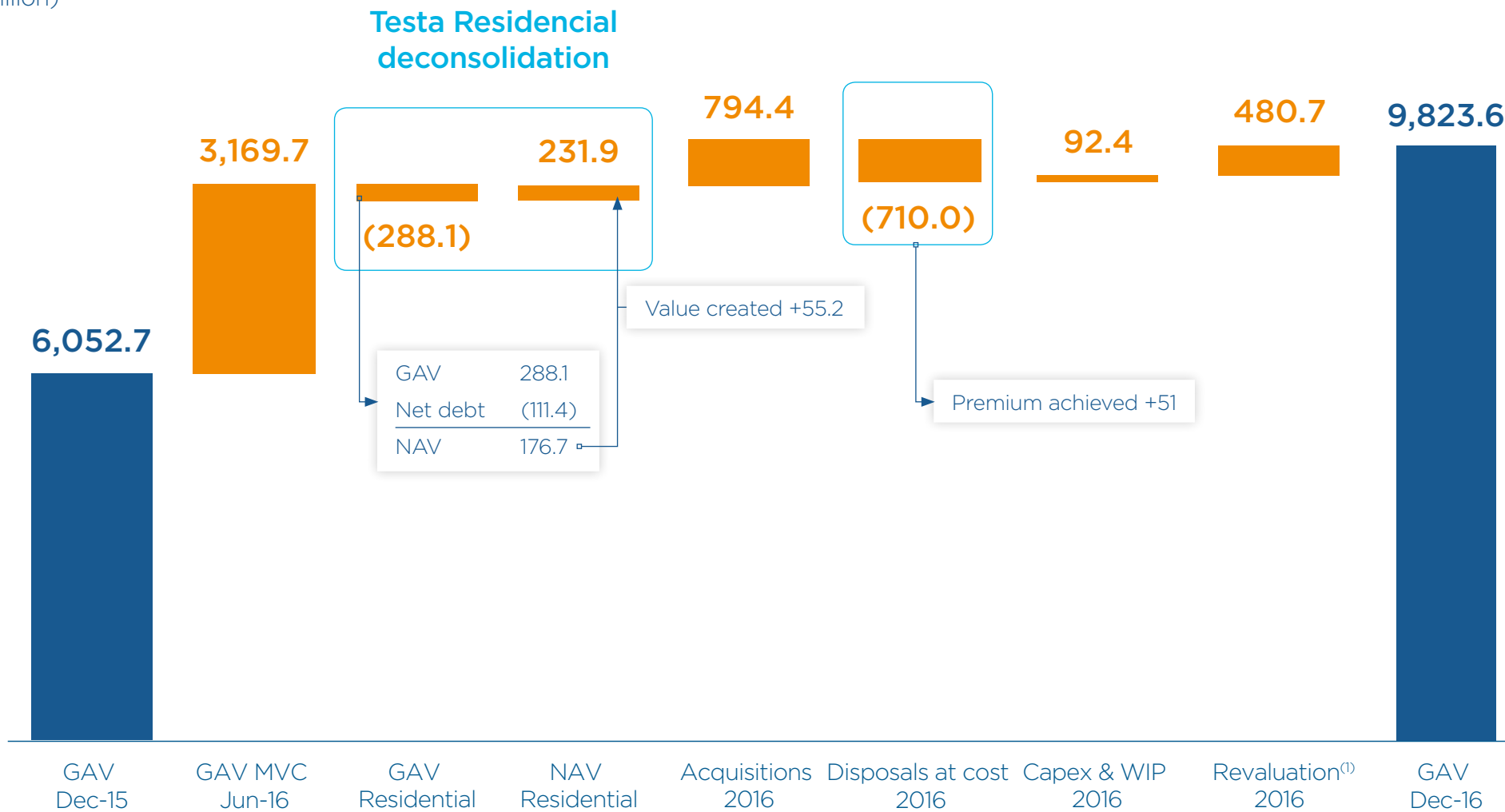
Source: Company

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



## METROVACESA DRIVES GAV GROWTH IN THE YEAR

(€ million)



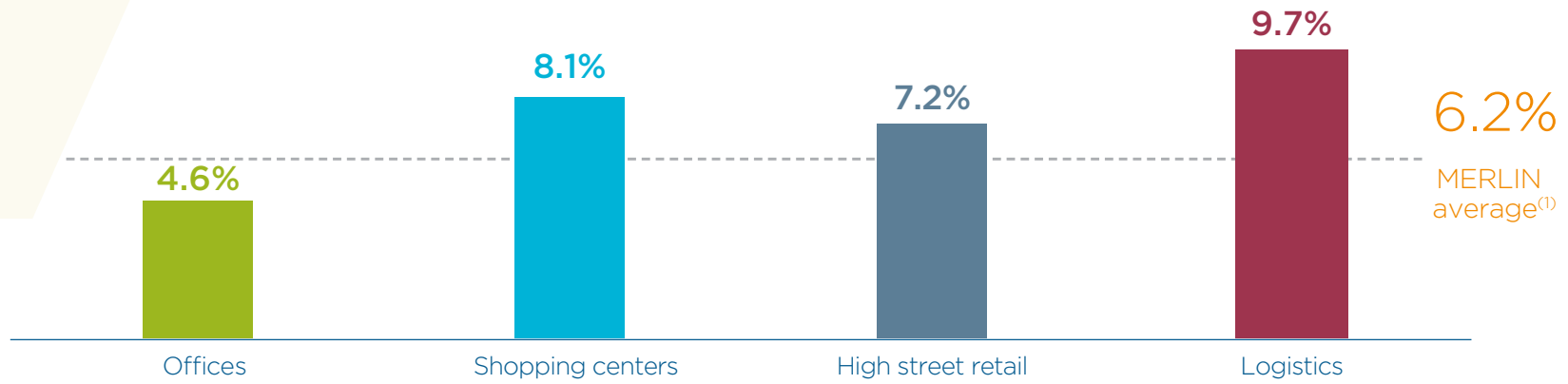
Source: Company

<sup>(1)</sup> Revaluation includes €465.6 m of valuation uplift in Balance Sheet + €15.1 m of valuation uplift of Balance Sheet (related to concessions and equity method)

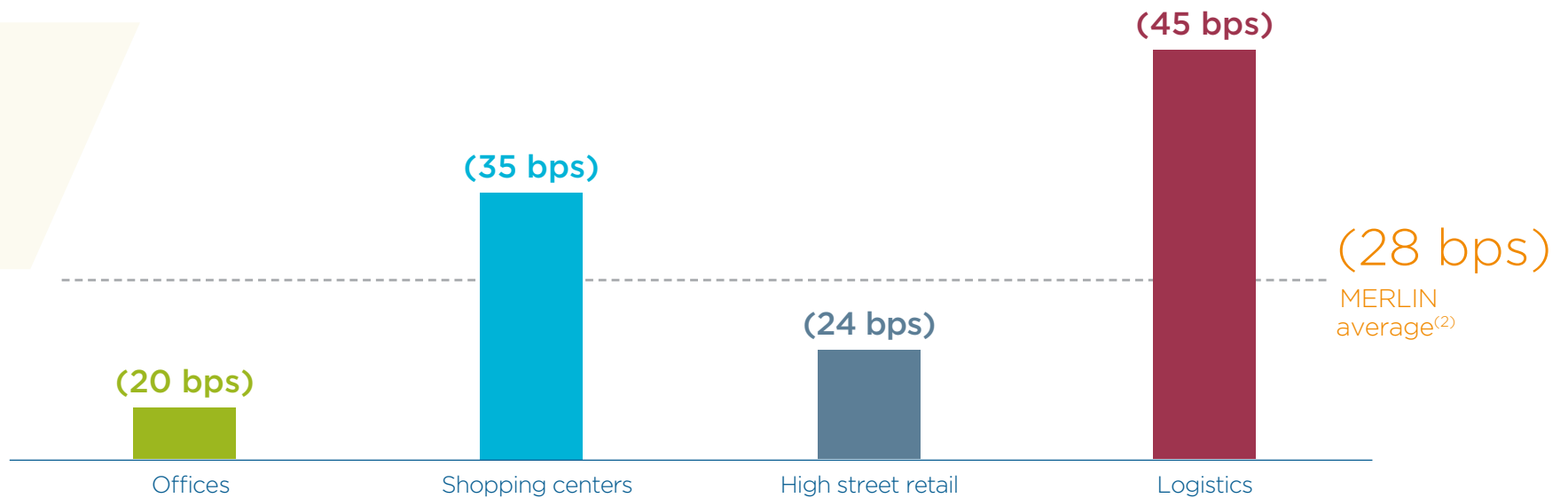


ROBUST GROWTH IN LFL GAV (+6.2%)

GAV  
like-for-like  
evolution



Yield  
compression



Source: Company

<sup>(1)</sup> Includes minority stakes and other assets

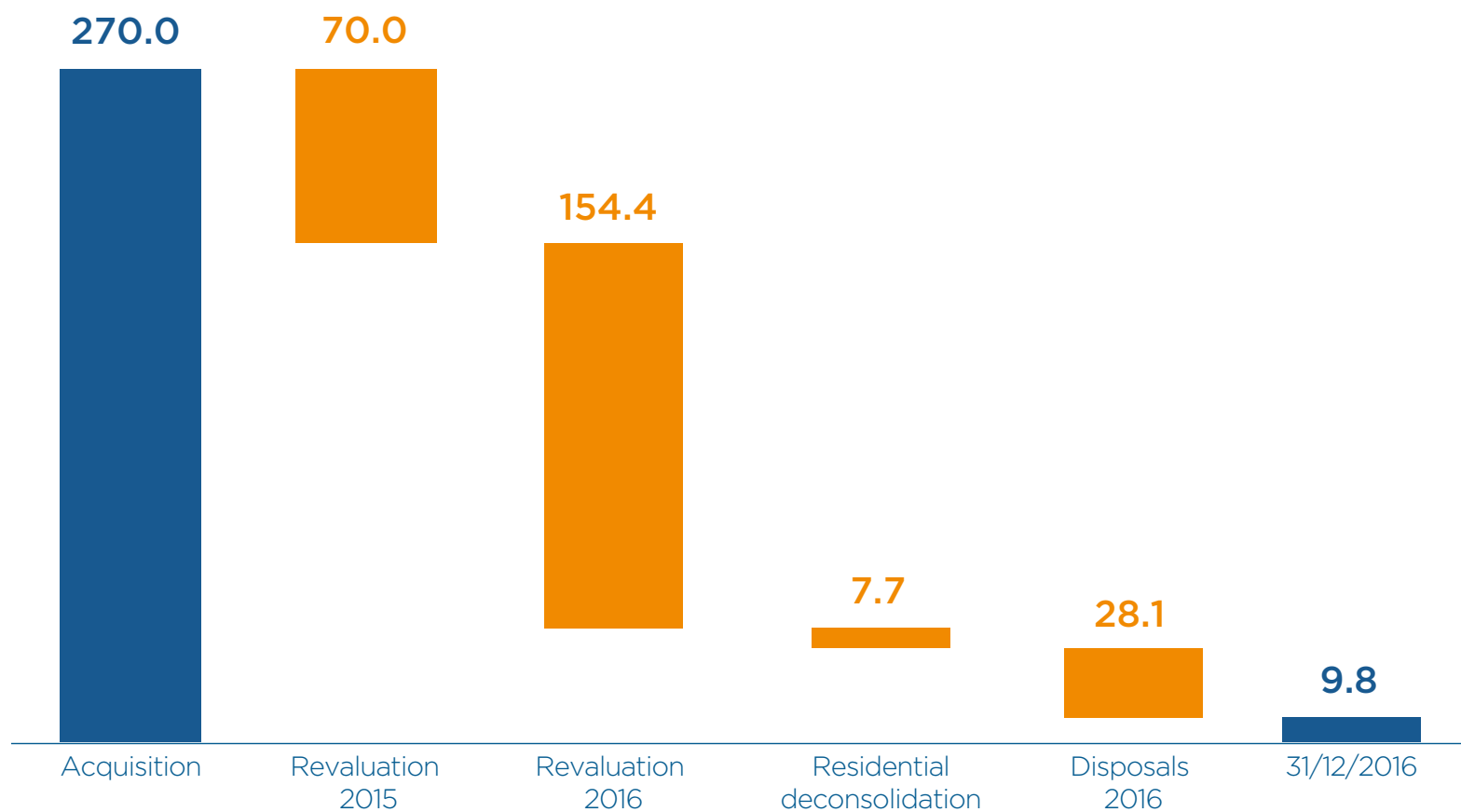
<sup>(2)</sup> MERLIN average yield compression in 'Other' stakes





## TESTA GOODWILL NOW VIRTUALLY OFFSET

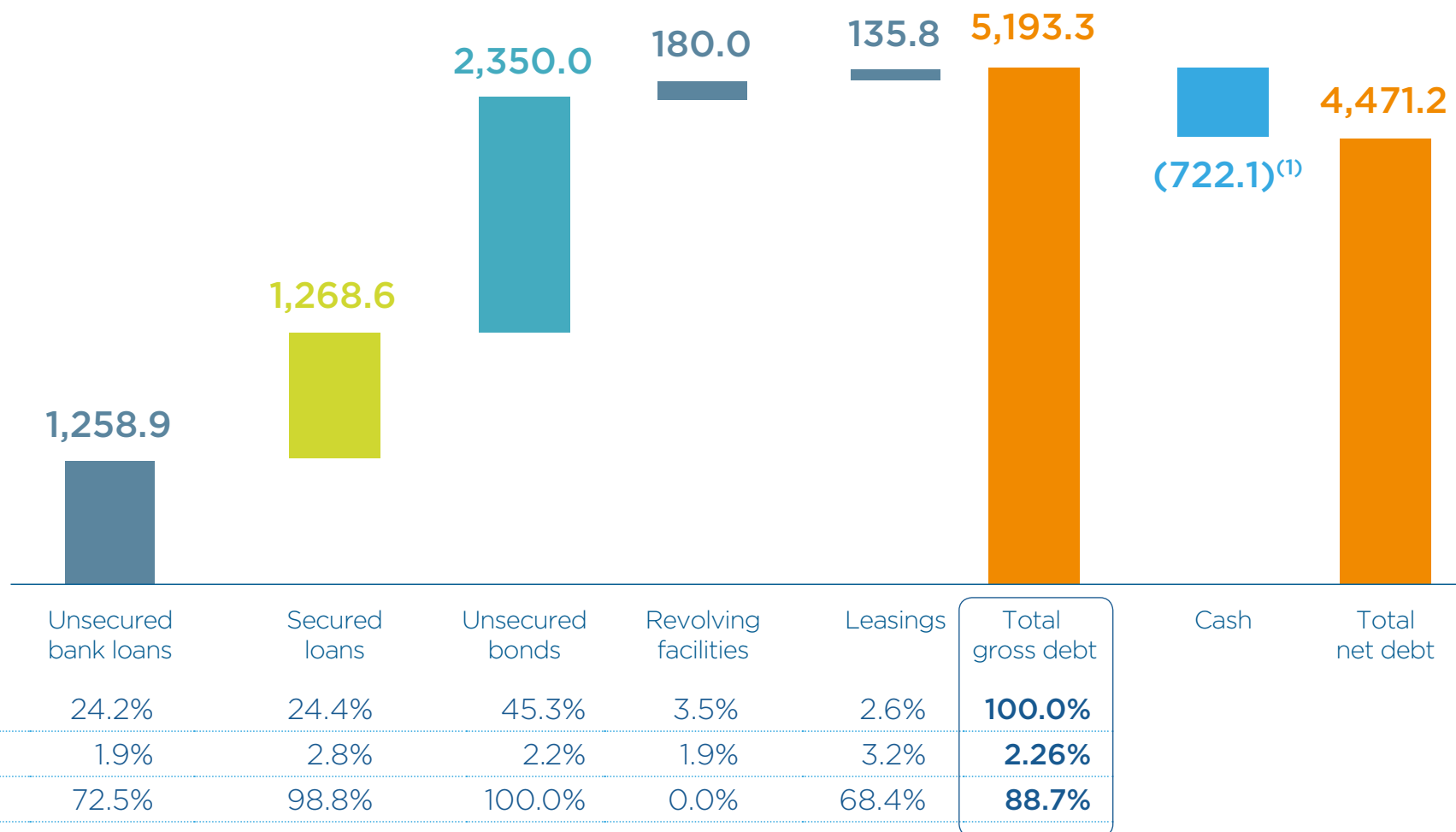
(€ million)





## STRONGER CREDIT PROFILE AND GOOD DIVERSIFICATION OF FINANCIAL SOURCES

(€ million)



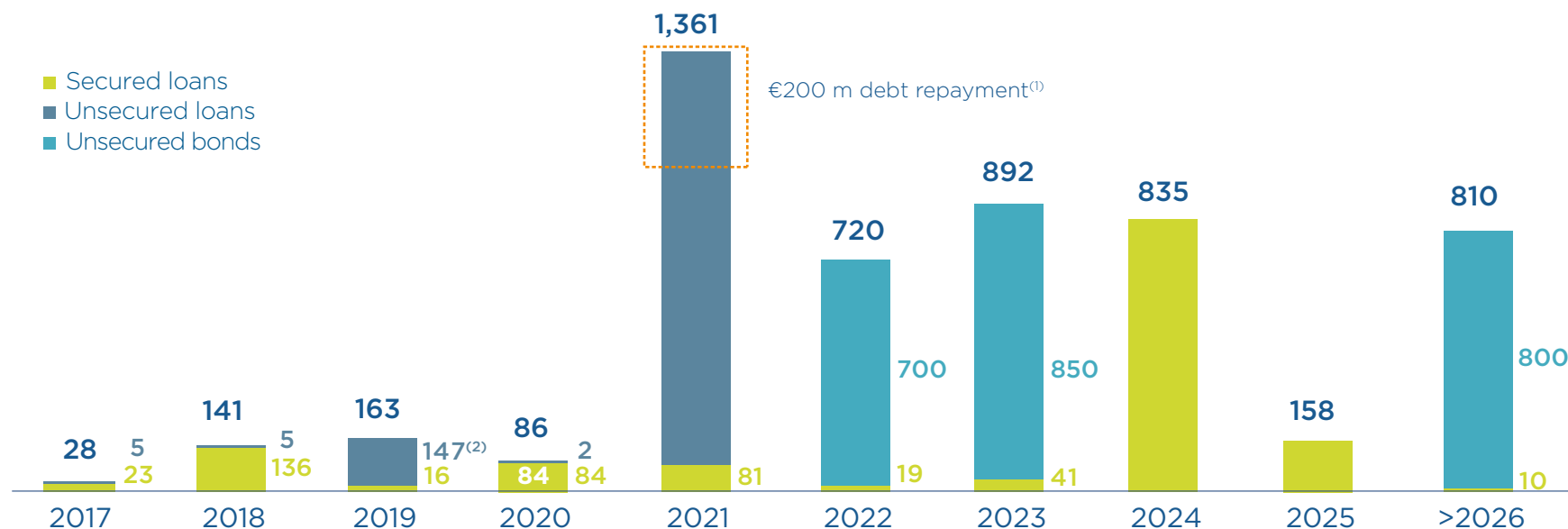
Source: Company

<sup>(1)</sup> Cash balance includes cash available at 31/12/2016 (€250.9m) and net receivables from the sale of hotels (€471.2m).



LTV REDUCED TO 45.5%

PLANNED EARLY REPAYMENT OF €200 M



	Policy	31/12/16	31/12/15
Net debt		€4,471.1 m	€3,013.4 m
LTV	<50%	45.5%	49.8%
Average interest rate (spot)		2.26%	2.22%
Average maturity		6.2 years	3.8 years
Unsecured debt/Total debt	>50%	75.6%	16.1%
Fixed rate debt	>60%	89.3%	43.3%

Source: Company

<sup>(1)</sup> €200 m early repayment of the term loan expiring in 2021

<sup>(2)</sup> €120 m corresponds to the RCF repayment of the drawdown amount as of December 16. RCF agreement allows the extension of the maturity until 2021

# PORTFOLIO PERFORMANCE



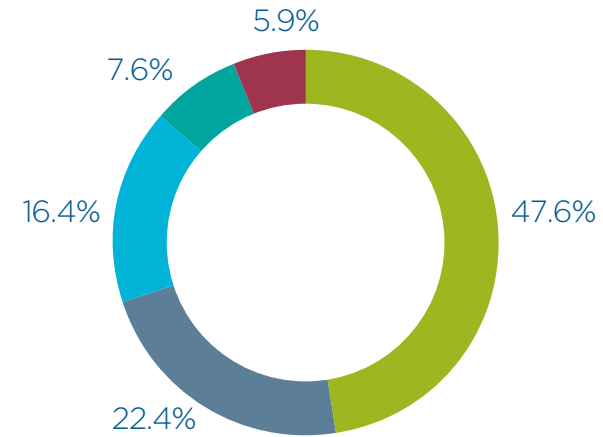
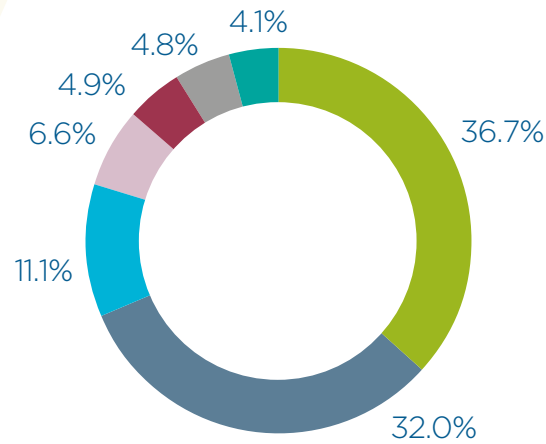


BALANCED PORTFOLIO IN LINE WITH COMPANY'S TARGET

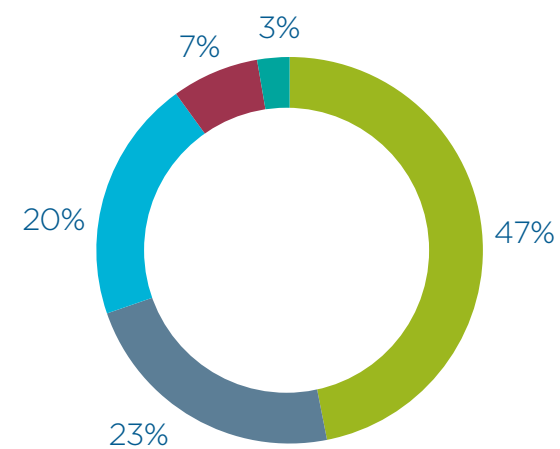
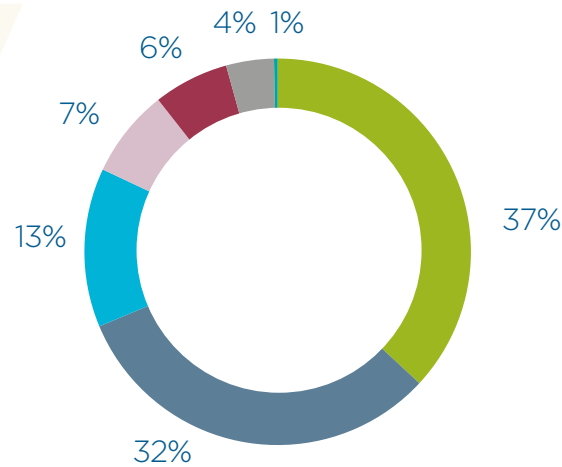
31/12/2015

31/12/2016

GAV  
breakdown  
per asset  
type



GRI  
breakdown  
per asset  
type

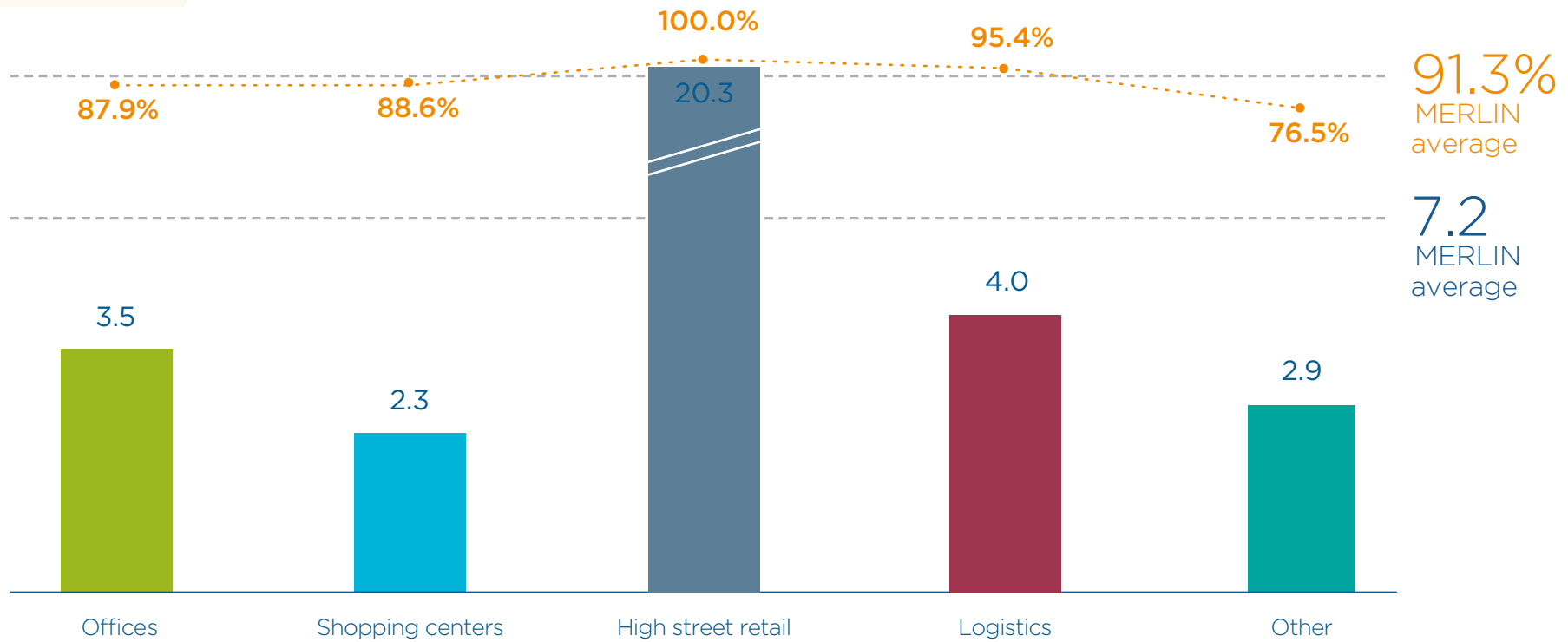


■ Offices ■ High Street retail ■ Shopping centers ■ Logistics ■ Other ■ Rented residential ■ Hotels



## OCCUPANCY IMPROVEMENT POTENTIAL AFTER MVC

Occupancy and WAULT per asset type<sup>(1)</sup>



Source: Company

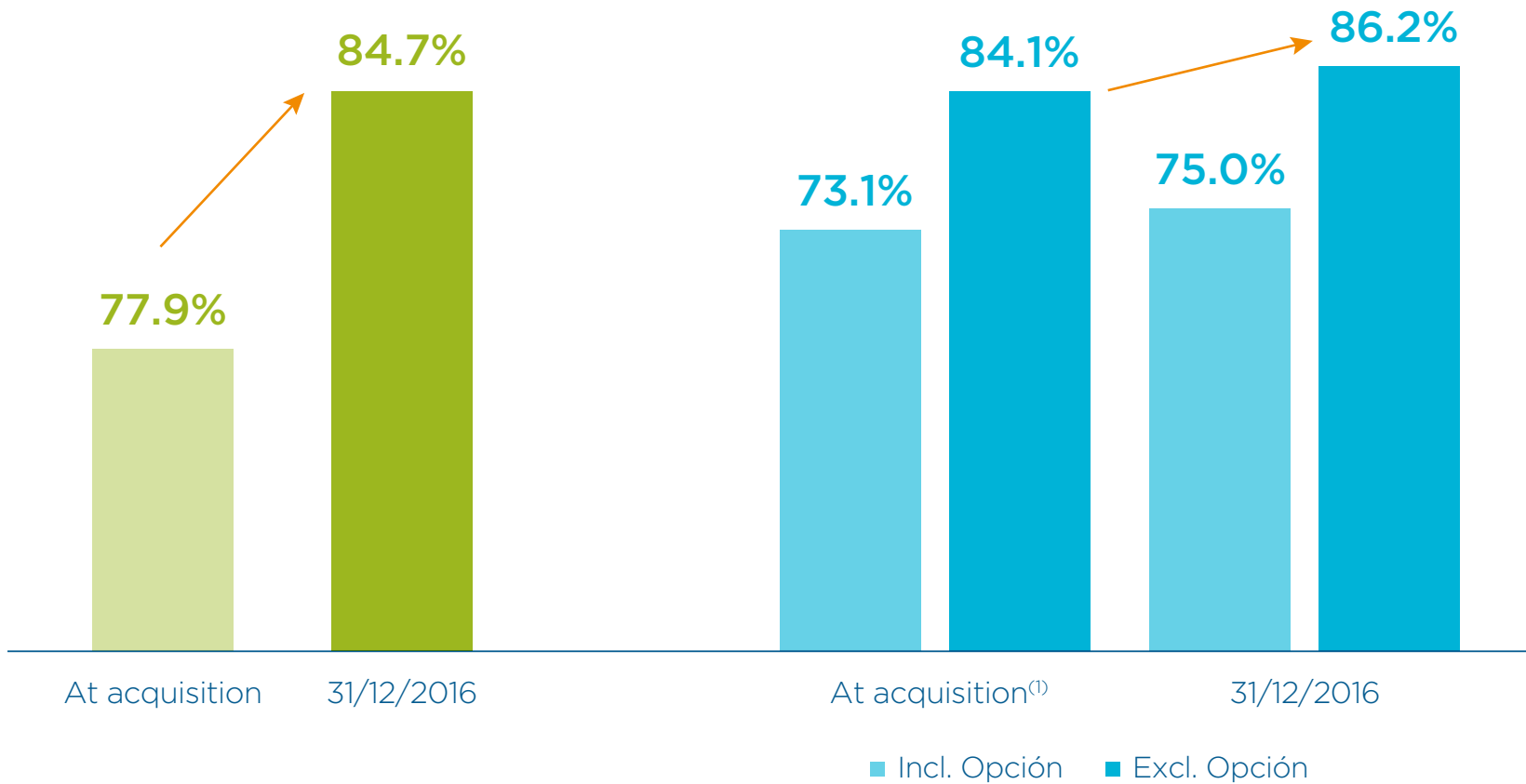
<sup>(1)</sup> WAULT by rents means the weighted average unexpired lease term, calculated as of 31 December 2016





OFFICES

SHOPPING CENTERS

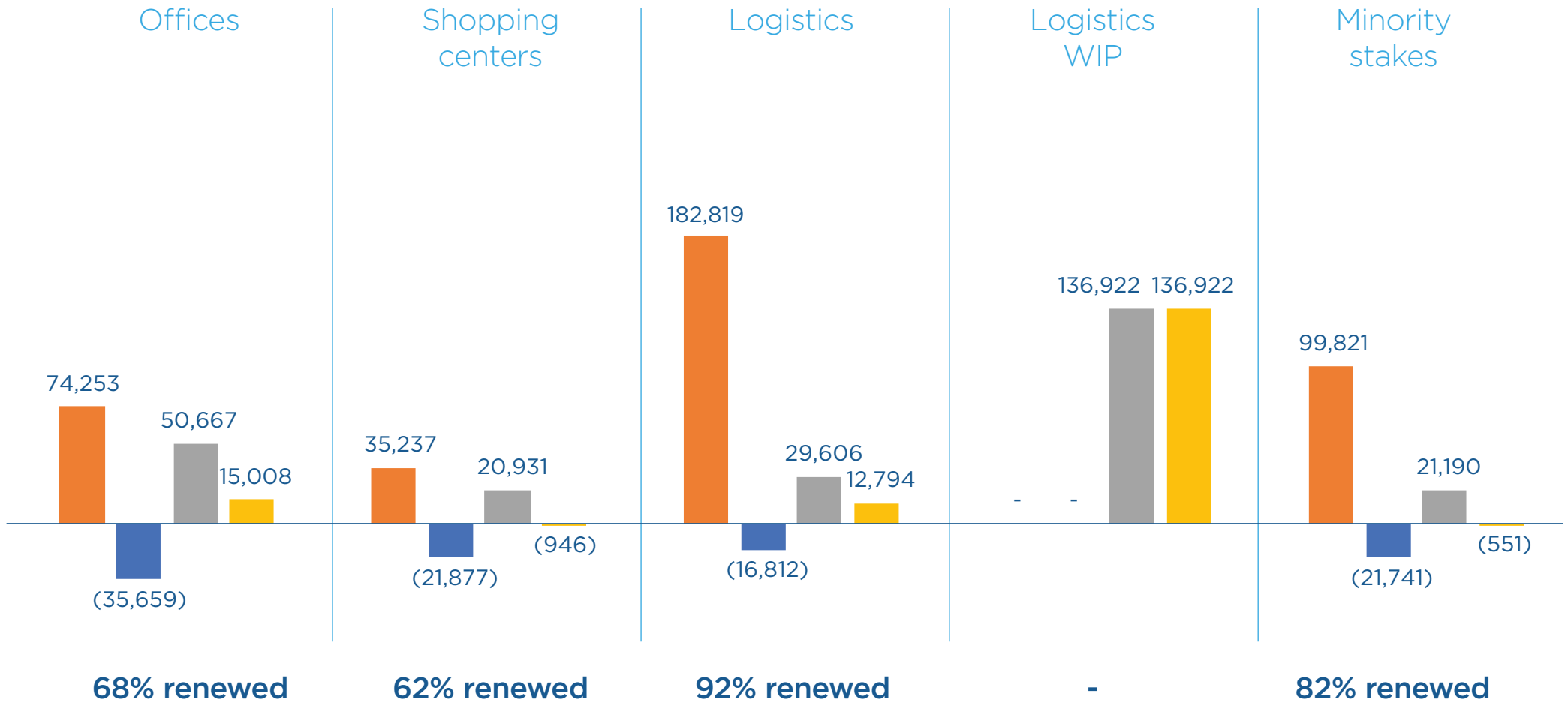


Source: Company

<sup>(1)</sup> Rebased to adjust for reallocated assets into different asset categories and disposals



+650K SQM CONTRACTED WITH EXCELLENT RETENTION RATE OF 80%



■ Renewals ■ In ■ Out ■ Net

Note: Data provided includes FY figures for MERLIN and Q4 for Metrovacesa



## ATTRACTING LEADING CLIENTS

### Offices



Renewal  
**7,267 sqm**  
Avenida de Bruselas 24



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



Renewal  
**10,732 sqm**  
Príncipe Vergara 187



Renewal  
**7,168 sqm**  
Josefa Valcarcel 48

### Shopping centers



In  
**11,984 sqm**  
Marineda



Renewal  
**2,026 sqm**  
Larios



Renewal  
**5,389 sqm**  
Larios



In  
**911 sqm**  
Porto Pi

### Logistics



Renewal  
**38,763 sqm**  
Guadalajara - Alovera



Renewal  
**28,490 sqm**  
Madrid - Coslada



Renewal  
**70,134 sqm**  
Cabanillas I



Renewal  
**35,285 sqm**  
Meco II

### Logistics WIP



In - Prelet  
**38,054 sqm**  
Cabanillas II (A)



In - Prelet  
**48,468 sqm**  
Cabanillas II (C)



In - Prelet  
**59,017 sqm**  
Pinto I



In - Prelet  
**47,891 sqm**  
Cabanillas II (D)



## POSITIVE LFL RENTAL GROWTH ACROSS THE BOARD (DATA FOR MERLIN ONLY)

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

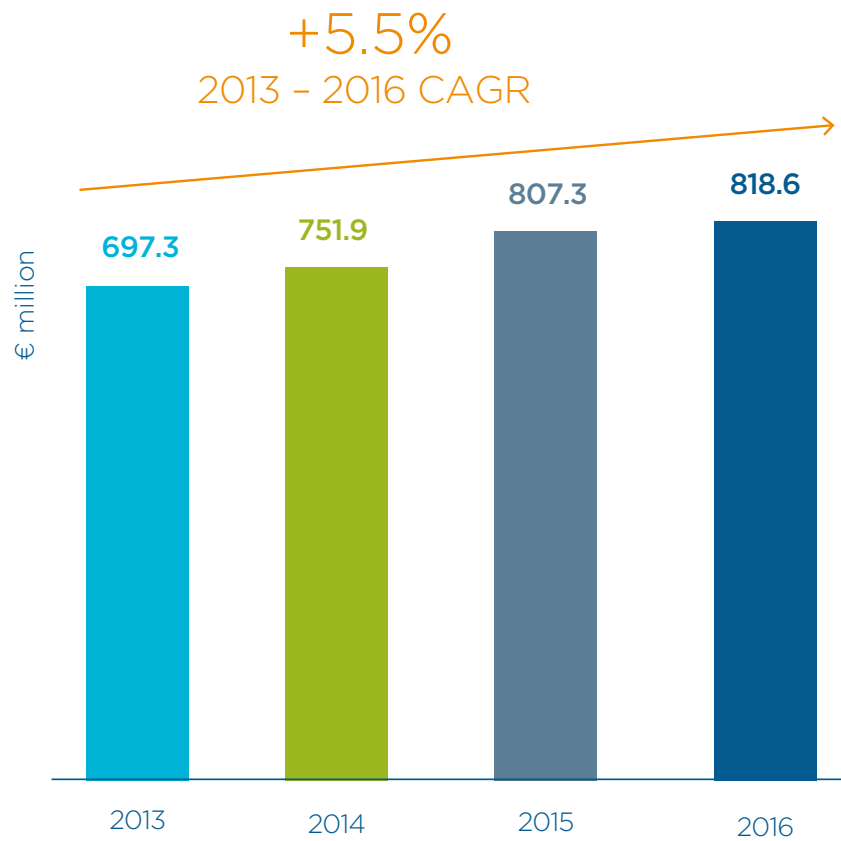
(€ thousand)	% Renewed	# leases	Absolute Rent Change	Occupancy	CPI	Like for like "same space"	
						Rent	%
Offices	18%	65	(2,498)	(2,432)	(211)	145	0.6%
<b>Excl. expiry of 2 old leases</b>	<b>15%</b>	<b>63</b>	<b>764</b>	<b>(141)</b>	<b>(211)</b>	<b>1,115</b>	<b>5.4%</b>
<b>Shopping Centres</b>	<b>21%</b>	<b>105</b>	<b>(816)</b>	<b>(1,404)</b>	<b>(58)</b>	<b>646</b>	<b>6.7%</b>
Logistics	42%	6	(256)	308	(27)	(536)	(6.6%)
<b>Excl. expiry of 2 old lease</b>	<b>29%</b>	<b>4</b>	<b>240</b>	<b>41</b>	<b>(19)</b>	<b>218</b>	<b>5.4%</b>
TOTAL	22%	176	(3,569) <sup>(1)</sup>	(3,529)	(296)	255	0.6%
<b>Excl. expiry of old leases</b>	<b>18%</b>	<b>172</b>	<b>188</b>	<b>(1,504)</b>	<b>(287)</b>	<b>1,979</b>	<b>6.0%</b>

<sup>(1)</sup> Excludes hotels and other. If included, rent change would be (€ 2,671) thousand and € 1,086 thousand if old leases are excluded

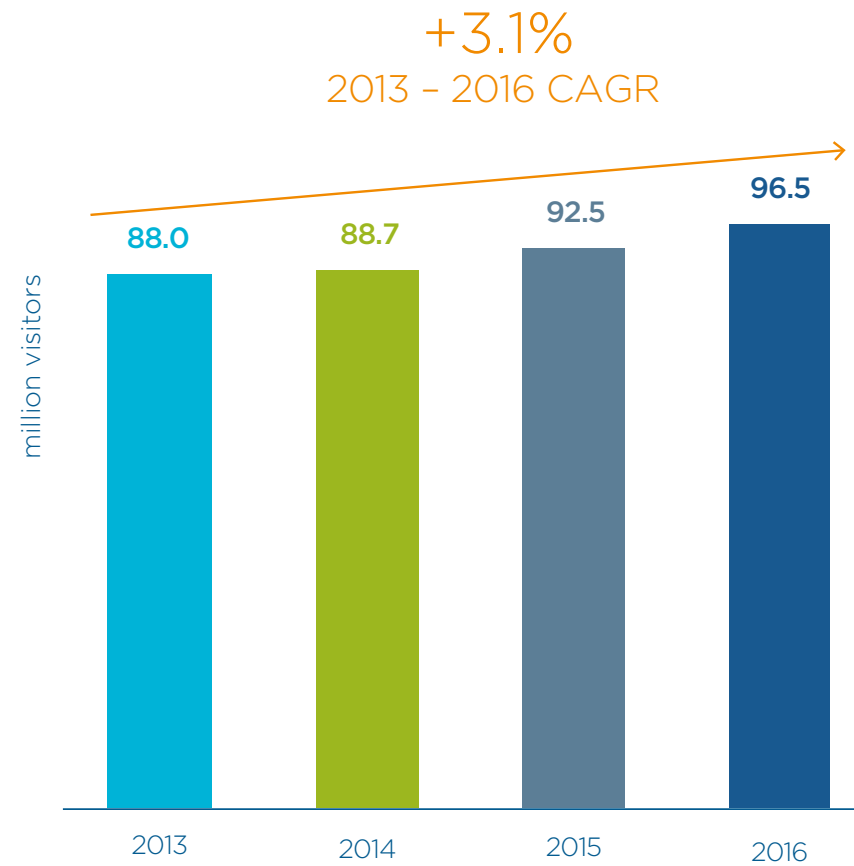


RETAIL METRICS SHOW SUSTAINED STRONG PERFORMANCE

Sales evolution



Footfall evolution





## DELIVERED

### Ulises 16-18



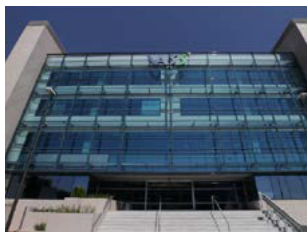
Scope:  
**Full refurb**  
Capex (€ 000):  
**6,950**  
Status:  
**100% let**

### Juan Esplandiu



Scope:  
**Partial refurb**  
Capex (€ 000):  
**2,302**  
Status:  
**87% let**

### Avda Europa I



Scope:  
**Full refurb**  
Capex (€ 000):  
**9,040**  
Status:  
**100% let**

### Partenon 12-14



Scope:  
**Full refurb**  
Capex (€ 000):  
**9,950**  
Status:  
**23% Pre-let**

## ON-GOING

### Avda Europa II



Scope:  
**Full refurb**  
Capex (€ 000):  
**6,600**  
Status:  
**100% let**

### Marineda



Scope:  
**Sports area creation**  
Capex (€ 000):  
**1,600**  
Status:  
**56% Pre-let**

### Eucalipto 33



Scope:  
**Lobby and common areas**  
Capex (€ 000):  
**3,450**  
Status:  
**Initial phase**

### El Saler



Scope:  
**Extension (+3,100 sqm),  
façade and accesses**  
Capex (€ 000):  
**13,100**  
Status:  
**Initial phase**

### Puerta de las Naciones #3



Scope:  
**Full refurb**  
Capex (€ 000):  
**5,173**  
Status:  
**100% let**

### Thader



Scope:  
**Nickelodeon park  
and common areas**  
Capex (€ 000):  
**8,900**  
Status:  
**100% let**

### Arturo Soria



Scope:  
**Façade, common areas,  
foodcourt**  
Capex (€ 000):  
**2,800**  
Status:  
**Initial phase**

### Tower Chamartín



Scope:  
**Development**  
Capex (€ 000):  
**38,000**  
Status:  
**Speculative  
development**



# INVESTMENT & DIVESTMENT ACTIVITY





## Description

- Torre Glòries is one of the most **iconic buildings in Barcelona**, located in the prime area of Avenida Diagonal junction with Plaza de Les Glòries, in the heart of the **Barcelona tech-oriented business district** known as 22@.
- The building was originally designed by prestigious architects Jean Nouvel and Fermín Vázquez and opened in 2005. It comprises a **gross area of 37,614 sqm**, in ground level plus 34 above ground floors, plus an auditorium with over 350 pax seating capacity. It also benefits from 300 parking spaces located in four below ground levels. The total constructed area amounts to **51,485 sqm**.

## Value drivers

- Capex of approximately € 15 million for **multi-tenancy** reconversion works to own one of the most attractive office buildings in Barcelona
- **22@ is one of the most compelling markets in Barcelona** with major transformation in the medium term (Plaza refurb and La Sagrera train station)
- Increased exposure to **Barcelona prime+CBD areas**

## Key Metrics

**100%**

Ownership

**Freehold**

Title

**€10.3 m**

Annual ERV

**37,614 sqm**

GLA

**€142.0 m**

Acq. price

**€15.0 m**

Capex

**6.5%**

ERV Yield








## EXCELLENT ACHIEVEMENTS IN 2016

PRICE (€M)

	<b>Hotel Portfolio</b> Dec-2016	<ul style="list-style-type: none"> <li>Urban hotels mainly located in Madrid and Barcelona</li> <li>Buyer: <b>Foncière des Murs</b></li> </ul>	535.0
	<b>Alcalá 45</b> Dec-2016	<ul style="list-style-type: none"> <li>Madrid CBD building located close to Gran Vía. Overrented lease expiring in 2019</li> <li>Buyer: <b>Madrid Town Hall</b></li> </ul>	104.0
	<b>Grande Armée</b> Nov-2016	<ul style="list-style-type: none"> <li>Conforama flagship store located in Grande Armée, Paris</li> <li>Buyer: <b>Deka</b></li> </ul>	58.5
	<b>BBVA branches</b> 2016	<ul style="list-style-type: none"> <li>17 bank branches let to BBVA</li> <li>Buyer: <b>Private individuals</b></li> </ul>	19.1
	<b>Other</b> 2016	<ul style="list-style-type: none"> <li>Several non-core assets, including 2 senior living facilities, 1 parking facility and 3 residential units from Metrovacesa</li> <li>Buyer: <b>Private corporates and individuals</b></li> </ul>	44.1
<b>TOTAL</b>		<b>+7.1% PREMIUM</b>	<b>760.7</b>

Quick delivery  
of strategic  
objectives

Focused  
strategy

Premia  
achieved  
prove hidden  
value within  
the company  
portfolio

Proof  
of assets  
liquidity

# OUTLOOK 2017

A photograph of a modern, multi-story building with a glass facade, viewed from an elevated perspective looking down into a central courtyard. The building features multiple levels with glass railings and a central glass atrium. The foreground is filled with lush green plants and shrubs. The sky is clear and blue.





Our market

- ▶ **Positive** trend in **rents**
- ▶ Further **yield compression** mainly in **logistics**
- ▶ **Rapid growth of logistics**
- ▶ **No major change in supply but incipient refurbishment activity**

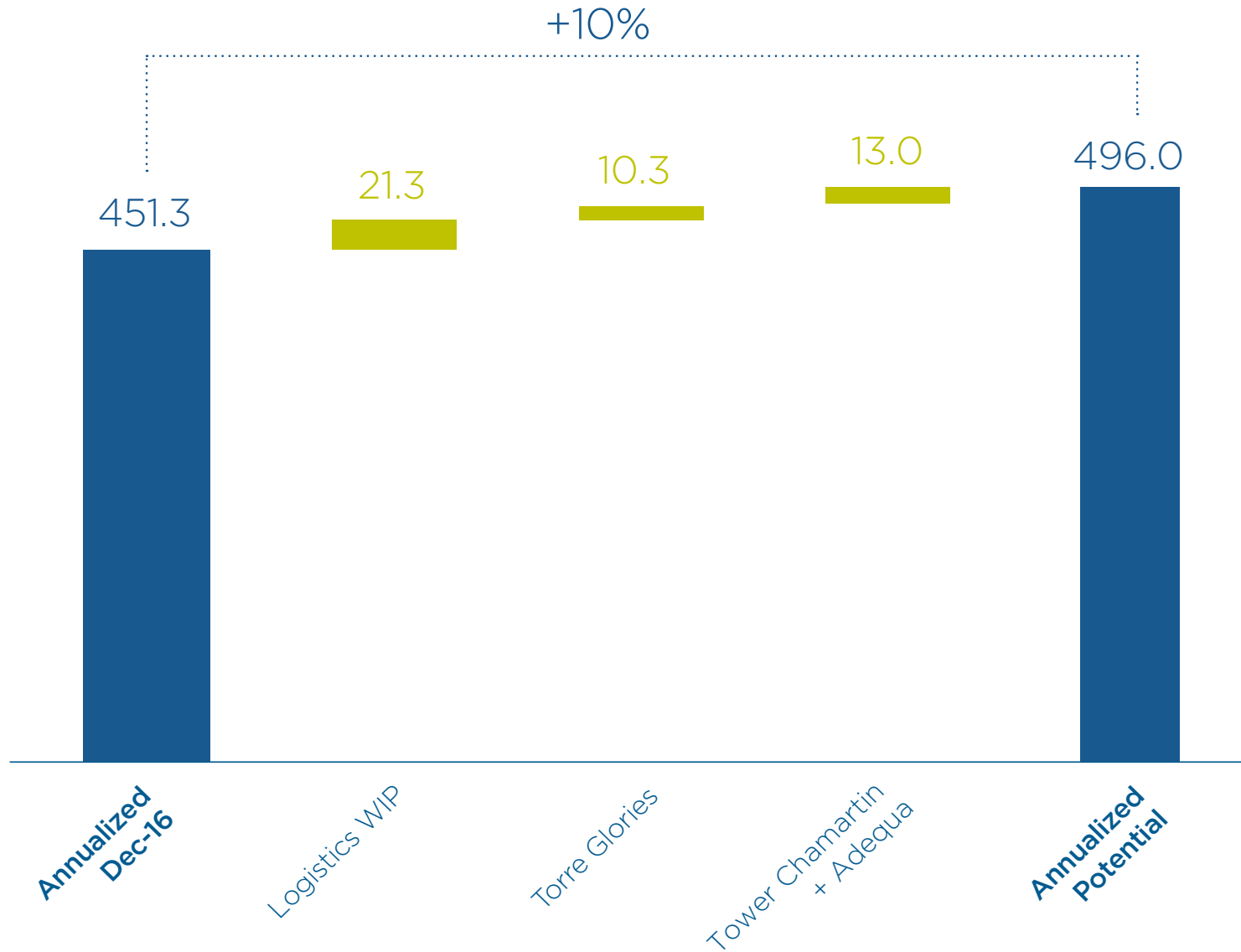
MERLIN

- ▶ **Acquisition activity more muted**
- ▶ **Ambitious Capex program** in office and shopping centers
- ▶ **Scale-up in logistics** as WIP program stock completes
- ▶ **Asset management opportunities** aimed at increasing Metrovacesa occupancy
- ▶ **Development:** logistics + AAA office
- ▶ **Debt reduction** €200 m early repayment



## +10% GROWTH POTENTIAL IN ANNUALIZED RENTS

(€ million)

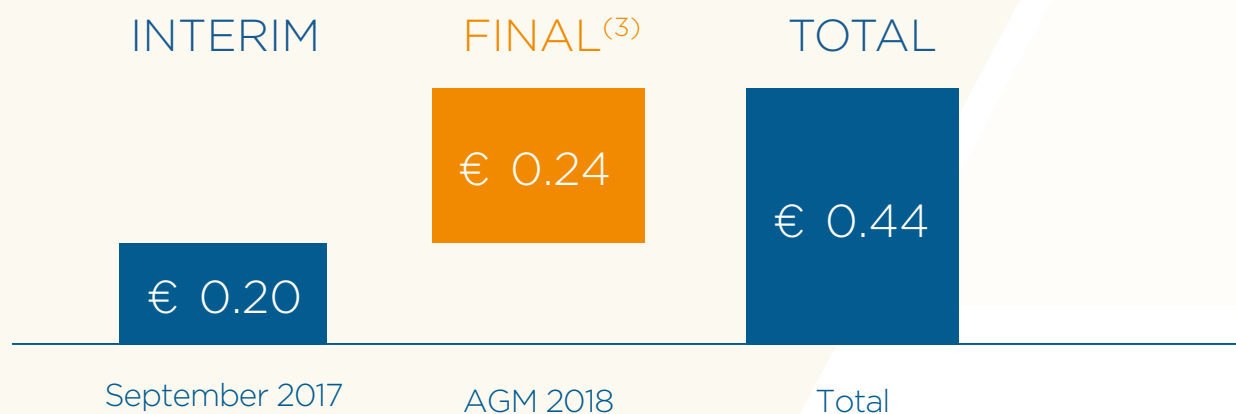




**MERLIN DIVIDEND GUIDANCE**  
 CALCULATED ON THE BASIS OF  
**80% OF FFO 1<sup>(1)</sup>**  
 ADJUSTED BY SALE OF HOTELS<sup>(2)</sup>

MANAGEMENT GUIDANCE FOR DISTRIBUTION **FY 2017:**  
**MINIMUM OF € 207 M**  
**(€ 0.44 + PER SHARE)**

- Payment in two instalments:
- All cash
- Minimum guidance



Source: Company

<sup>(1)</sup> FFO1 refers to FFO minus maintenance capex and subtracts 3 cents to an equivalent calculation based on FFO

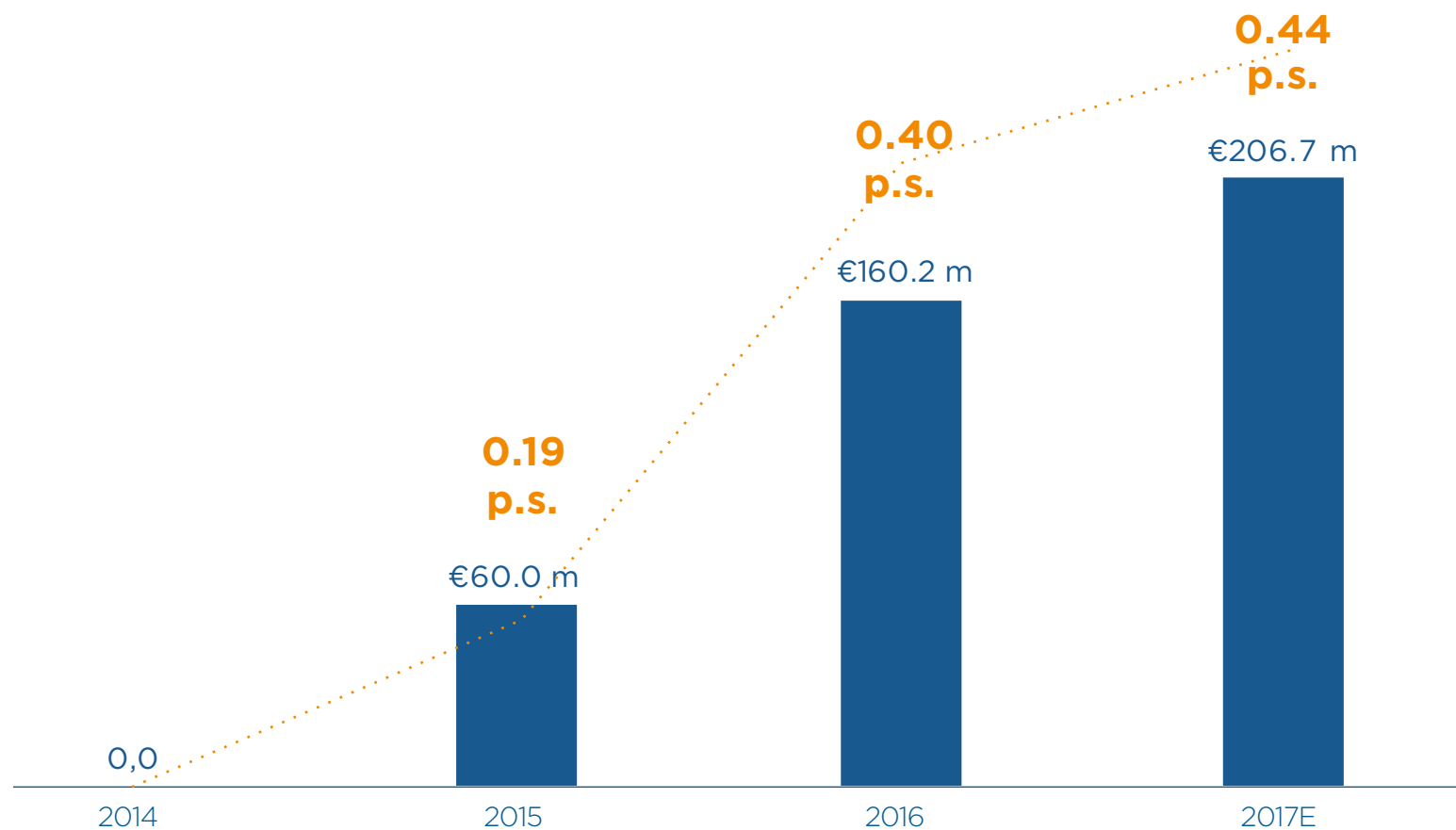
<sup>(2)</sup> The sale of the hotel portfolio deducts 7 cents from the company cash flow that results in a lower dividend capacity until fully reinvested

<sup>(3)</sup> Following approval by AGM of 2017 accounts



DPS GUIDANCE REPRESENTS +10% GROWTH YOY 2017 VS 2016

(€ per share)



Source: Company

<sup>(1)</sup> MERLIN average includes yield compression in 'Other' assets.





# CLOSING REMARKS



## Value creation to shareholders

- **+6.6%** FFO per share
- **+14.0%** EPRA NAV per share
- TSR of **17.2%**
- Credit profile **improved** in all metrics

## Performance

- **Strong letting activity** with high tenant retention rate
- Positive like-for-like rental growth: **+6.0%**
- Significant **hike** in **Metrovacesa occupancy**

## Investment & divestment activity

- Outstanding capital recycling: **€761 m** disposals at a **7.1%** premium
- Torre Glòries increases **exposure to Barcelona prime+CBD**
- **Logistics WIP program progressing according to plan**

## Outlook

- **Positive market** environment
- **Ambitious capex** program
- DPS guidance 2017 (**€ 0.44 per share**), +10% above 2016



# MERLIN

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PROPERTIES

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