

## A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

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

### INFORMACIÓN RELEVANTE

**En relación a la presentación con analistas e inversores institucionales a celebrar el jueves 12 de mayo de 2016, a las 15 horas de Madrid/CET, anunciada mediante hecho relevante número 238452, adjunto se remite la documentación soporte a la presentación.**

Esta información estará igualmente disponible a través de la página web corporativa de MERLIN ([www.merlinproperties.com](http://www.merlinproperties.com))

Madrid, 12 de mayo de 2016.

**Merlin Properties SOCIMI, S.A.**



12 MAY 2016

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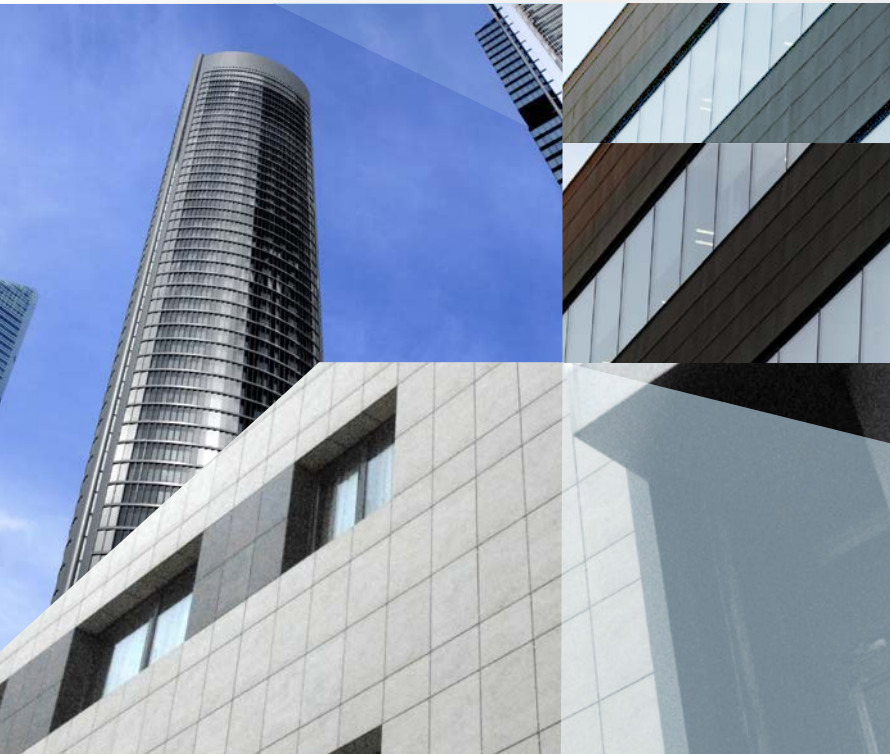
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- Introduction and highlights  
Ismael Clemente, CEO
- Financial results 1Q 2016  
Miguel Ollero, CFO / COO
- Portfolio performance  
David Brush, CIO
- Assets disposals  
Ismael Clemente, CEO

GLA  
**1,901,589 sqm**  
IN STOCK

GLA  
**452,915 sqm**  
EXPANSION PROJECTS

GRI<sup>(1)</sup>  
**€ 310.1 m**  
ANNUALIZED

ATTRIBUTED GRI<sup>(2)</sup>  
**€ 325.5 m**  
ANNUALIZED

1Q 16  
**€ 76.8 m**  
GROSS RENTS

1Q 16  
**€ 67.0 M**  
EBITDA

1Q 16  
**€ 48.5 m**  
RECURRING FFO<sup>(3)</sup>

1Q 16  
**€ 49.6 m**  
EPRA EARNINGS

EPRA  
**5.3%**  
GROSS YIELD

EPRA  
**4.9%**  
NET YIELD

EPRA  
**€ 3,218.3 m**  
NAV

EPRA  
**9.96**  
NAV/SHARE

GAV<sup>(4)</sup>  
**€ 6,202.5**

MAR 16  
**€ 3,137.8 m**  
NET DEBT

MAR 16  
**50.6%**  
LTV<sup>(5)</sup>

SPOT  
**2.3%**  
COST OF DEBT

Source: Company

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

<sup>(2)</sup> Minority stakes would proportionally add € 15.4 m of gross rents to a total of € 325.5 million.

<sup>(3)</sup> FFO calculated as EBITDA (€ 66.9m) minus P&L financial expenses (€ 12.2m) minus changes in equity due to interests associated with business combinations (€ 6.7m).

<sup>(4)</sup> No revaluation of assets has been done. Includes Dec-15 Savills/CBRE appraisals plus total acquisition costs for assets acquired in 1Q 16 and Capex of this quarter.

<sup>(5)</sup> Under no new appraisal of assets, like this quarter, LTV ratio is temporarily influenced by the mathematical effect of increasing numerator and denominator by the same absolute amount, which increases the ratio outcome.



A large, modern glass-fronted building with the L'Oréal logo on the roof. The building is multi-storied and has a curved facade. The sky is blue with some clouds. In the foreground, there is a parking area with some landscaping and a security barrier.

L'ORÉAL

# FINANCIAL RESULTS 1Q 2016

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Consolidated  
profit and loss

	1Q 2016	1Q 2015
<b>Gross rents</b>	<b>€76.8 m</b>	<b>€32.2 m</b>
Office	€28.5 m	€3.7 m
High street retail	€24.0 m	€22.3 m
Shopping centers	€10.5 m	€4.7 m
Logistics	€4.9 m	€1.5 m
Hotels	€5.7 m	€0.0 m
Rented residential	€2.4 m	€0.0 m
Other	€0.8 m	€0.0 m
<b>Net rents<sup>(2)</sup></b>	<b>€70.6 m</b>	<b>€31.3 m</b>
<b>EBITDA</b>	<b>€67.0 m</b>	<b>€29.7 m</b>
<b>FFO<sup>(3)</sup></b>	<b>€48.0 m</b>	<b>€22.2 m</b>
<b>Recurring EBITDA<sup>(4)</sup></b>	<b>€67.4 m</b>	<b>€29.7 m</b>
<b>Recurring FFO<sup>(5)</sup></b>	<b>€48.5 m</b>	<b>€22.2 m</b>
<b>EPRA net earnings</b>	<b>€49.6 m</b>	<b>€22.2 m</b>
<b>IFRS net profit</b>	<b>€45.2 m</b>	<b>€19.6 m</b>

 Passing Gross  
rents annualized

**€ 310.1 m<sup>1</sup>**

 Passing Net  
rents annualized

**€ 287.5 m<sup>1</sup>**

## Per share

 Recurring  
EBITDA  
**€ 0.21**

 Recurring  
FFO  
**€ 0.15**

 EPRA  
EPS  
**€ 0.15**

 IFRS  
EPS  
**€ 0.14**

Source: Company

<sup>(1)</sup> Annualized gross rents and net rents have been calculated as passing gross / net rent as of March 31st, multiplied by 12.<sup>(2)</sup> Gross rents net of property expenses not recharged to tenants, incentives and collection loss.<sup>(3)</sup> FFO calculated as EBITDA (€66,951 thousand) less debt interest expense of €18,928 thousand (€12,223 thousand recorded in P&L and €6,705 thousand recorded in equity net worth due to business combinations of Tree and Testa).<sup>(4)</sup> Recurring EBITDA equals EBITDA less non-recurrent one-off expenses.<sup>(5)</sup> Recurring FFO equals FFO less non-recurrent one-off expenses.

EPRA performance metrics

	1Q 2016	
	€ m	Per share
EPRA earnings	49.6	€ 0.15
EPRA NAV	3,218.3	€ 9.96
EPRA NNNNAV	2,927.2	€ 9.06
<b>EPRA net initial yield<sup>(1)</sup></b>	<b>4.9%</b>	
<b>EPRA "topped-up" NIY<sup>(2)</sup></b>	<b>5.0%</b>	
<b>EPRA vacancy</b>	<b>5.5%</b>	

Recurring EPRA Costs 14.3%

Includes

Property expenses	6.3%
Incentives + collection loss	1.8%
Personnel	4.2%
Recurrent general expenses	2.0%

Source: Company

<sup>(1)</sup> Calculated as annualized net rents after incentives and collection loss (passing net rents as of March 31st, 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)



Mar-2016

€ million	L/T	S/T	TOTAL
Unsecured bank loans	850.0	-	850.0
Corporate bonds	850.0	-	850.0
Mortgage bank loans	1,142.8	11.0	1,153.8
Mortgage non-bank loans	133.6	-	133.6
Leasings	160.9	11.8	172.6
Non-core debt	110.4	1.0	111.4
<b>Total gross debt</b>	<b>3,247.7</b>	<b>23.8</b>	<b>3,271.5</b>
Cash	-	-	(450.6)
Pending payment to Sacyr 22.68% Testa	-	-	316.8
<b>Total Net debt</b>	<b>-</b>	<b>-</b>	<b>3,137.8</b>
<b>LTV</b>			<b>50.6%</b>

Av. maturity  
**7.0 years**

Av. interest rate  
**2.3%**

Unsecured debt  
**59%**

Fixed rate debt  
**87%**



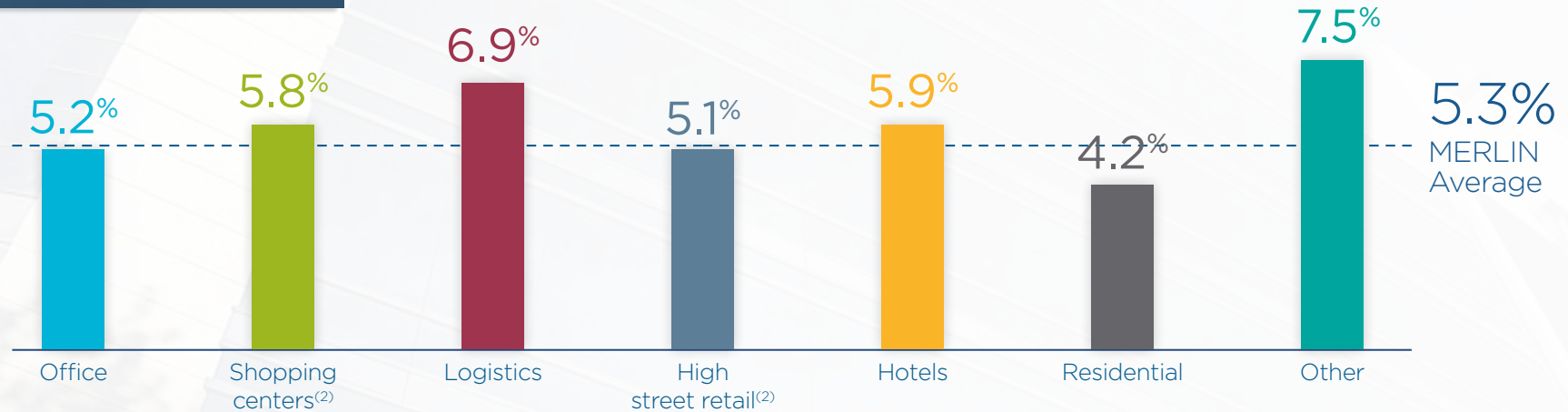


# PORTFOLIO PERFORMANCE

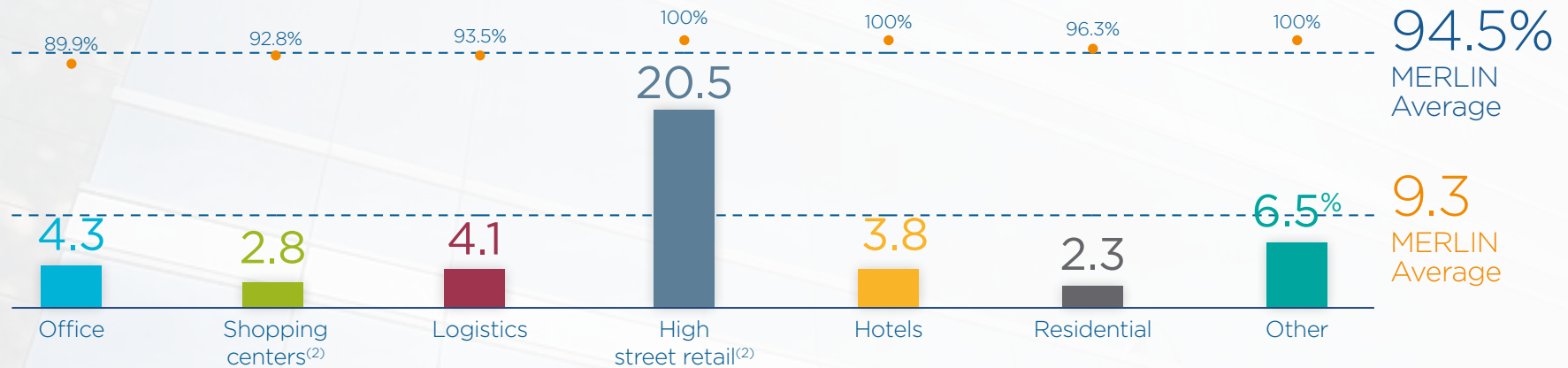
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EPRA Gross Yield per asset type<sup>(1)</sup>



Occupancy and WAULT per asset type<sup>(3)</sup>



Source: Company

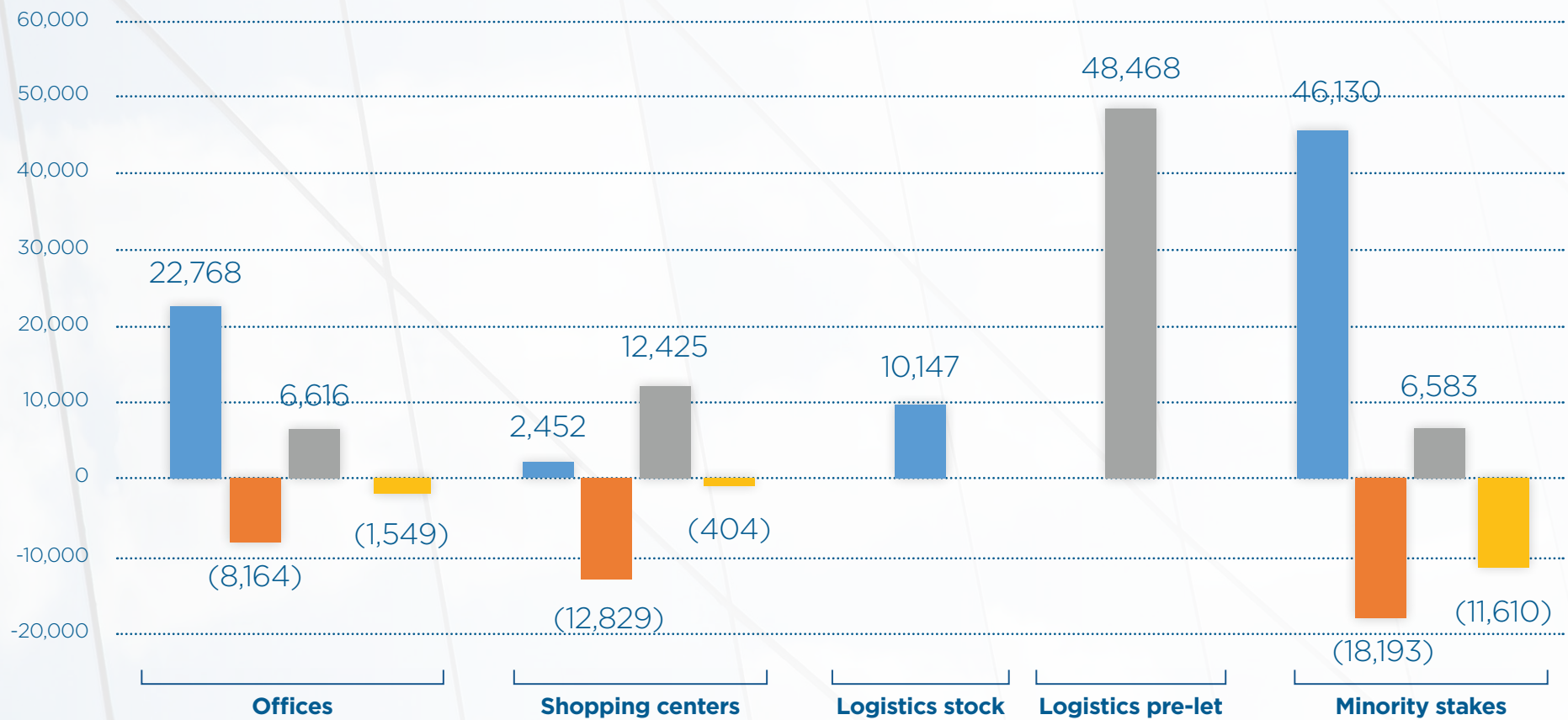
<sup>(1)</sup> Gross yield is calculated dividing annualized gross monthly rents by GAV

<sup>(2)</sup> Princesa (Pza. de los Cubos) retail units has been reclassified from shopping centers to high street retail

<sup>(3)</sup> WAULT by Rents means the weighted average unexpired lease term, calculated as of 31 March 2016



**156K SQM SIGNED**, OUT OF WHICH 103K SQM CORRESPOND TO FULLY CONSOLIDATED ASSETS AND 53K SQM TO MINORITY STAKES. **NEW CONTRACTS** ACCOUNT FOR **74K SQM** AND **RENEWALS** AMOUNT TO **81K SQM**



Office



IN  
**1,694 sqm**  
 CASTELLANA 83-85



RENEWAL  
**7,267 sqm**  
 AV. BRUSELAS 24



IN  
**1,089 sqm**  
 MUNTADAS I



RENEWAL  
**13,037 sqm**  
 SEVILLA - BORBOLLA

Shopping centers



IN  
**11,984 sqm**  
 MARINEDA



RENEWAL  
**2,026 sqm**  
 LARIOS

Logistics



IN  
**48,468 sqm**  
 CABANILLAS II




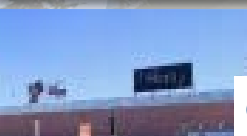




RENEWAL  
**7,171 sqm**  
 COSLADA COMPLEX



RENEWAL  
**2,976 sqm**  
 COSLADA COMPLEX

STEADY GROWTH IN SALES AND FOOTFALL CONTINUES (+8.3% FOOTFALL / +7.3% SALES)

	LTM Footfall (million)	LTM Footfall evolution	LTM Sales (million)	LTM Sales evolution
 Marineda	16.7	+8.2%	166.6	+7.5%
 Porto Pi	8.7	+15.0%	88.0	+12.9%
 Larios	10.8	+6.5%	56.8	+5.9%
 Centro Oeste	6.8	+4.1%	44.6	-0.2%
 Arturo Soria	4.7	+2.5%	25.2	+3.3%
 Monumental	2.2	+20.8%	8.5	+13.8%
<b>MERLIN</b>	<b>49.9</b>	<b>+8.3%</b>	<b>389.7</b>	<b>+7.3%</b>



## POSITIVE LFL RENTAL GROWTH IN OFFICES, HIGH STREET RETAIL AND HOTELS

Commercial annualized LfL rent evolution (passing 31/03/16 vs. passing 31/12/15)

€'000	Change	Occupancy	CPI	LfL	
				Rent	%
Offices <sup>(1)</sup>	(56)	(102)	(151)	197	0.18%
Shopping centers	(223)	(148)	(29)	(46)	(0.12%)
Logistics	(91)	-	(44)	(47)	(0.24%)
High Street Retail	74	-	-	74	0.08%
Hotels	1.039	-	(46)	1,085	4.67%
<b>TOTAL</b>	<b>744</b>	<b>(250)</b>	<b>(270)</b>	<b>1,264</b>	<b>0.44%</b>

<sup>(1)</sup> Excluding ENDESA Av. Borbolla in Seville, LfL rent increase in offices amounts to €587k (+0.53%)

3 NEW LEED CERTIFICATES OBTAINED TO A TOTAL OF 6 OFFICE BUILDINGS (1 PRE-CERTIFIED)

EUCALIPTO 25

NEW



EUCALIPTO 33

NEW



PARTENON 16-18

NEW



AV. BRUSELAS 33



PEDRO VALDIVIA 10



PARTENON 12-14

PRE CERT







# INVESTMENT ACTIVITY

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DESCRIPTION

Mixed used property (office and retail) located in the **Duque the Saldanha square, one of the top prime areas in Lisbon for both office and retail.**

The **office** area comprises a total **GLA 16,892 sqm** and is currently let at 88.6% to top multinational companies such as KMPG and Marsh.

The **retail** area comprises a total **GLA of 5,495 sqm** and is currently occupied at 96% by local and international retail brands.

KEY FACTS

- **100%**  
Percent Ownership
- **91%**  
Occupancy
- Title  
**Freehold**
- **€3.9m**  
Annual GRI<sup>1</sup>
- **22,387 sqm**  
GLA
- **€60.0m**  
Acq. price

LOCATION





## DESCRIPTION

Office building part of **Lisboa Business Park**, an office complex that includes 8 buildings (7 office buildings and 1 hospital).

**Strategically located in the intersection of Segunda Circular** (Lisbon main ring road) and the IP-7 highway, 5 minutes from the airport and 10 minutes from the city centre.

The building comprises a **GLA of 13,715 sqm and is 100% leased to Galp Energia** on a long-term basis (until August 2023) which uses the premises as its headquarters.

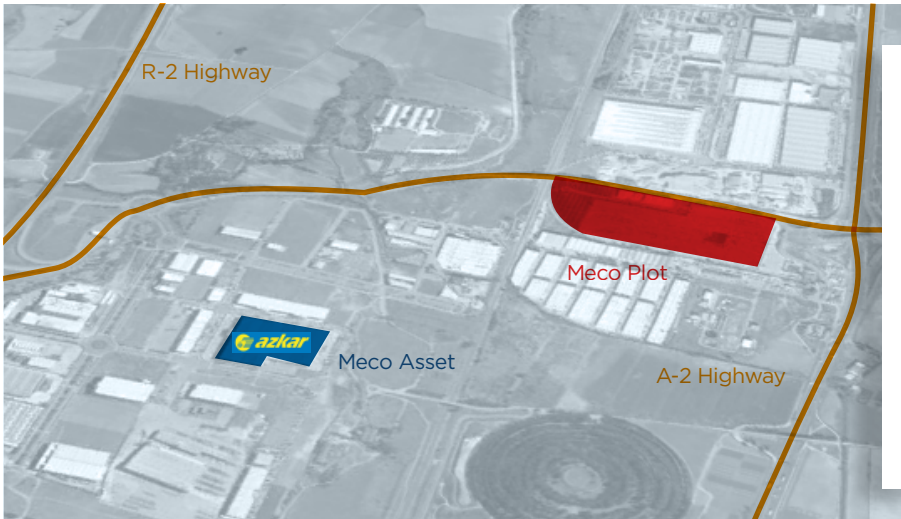
## KEY FACTS

- **100%**  
Percent Ownership
- **100%**  
Occupancy
- Title  
**Freehold**
- **€2.8m**  
Annual GRI<sup>1</sup>
- **13,715 sqm**  
GLA
- **€43.0m**  
Acq. price

## LOCATION



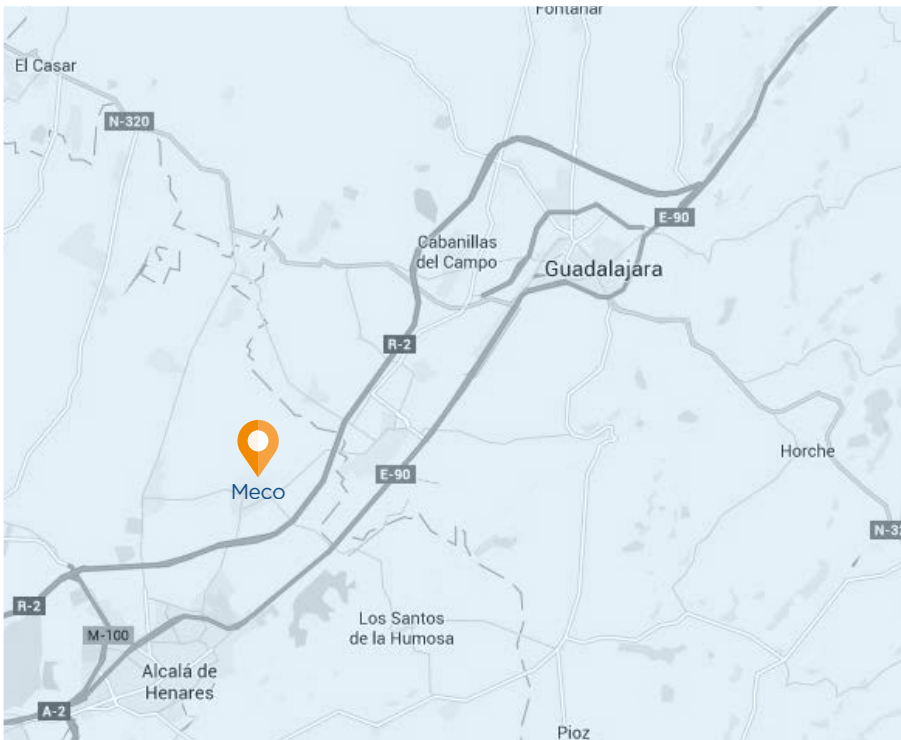




DESCRIPTION

Plot with approved logistics use, located in a highly consolidated logistics park. The plot benefits from excellent visibility from the **A-2 corridor and has good accessibility to both the A-2 and R-2 highways.** The driving distance is approximately 17 km from Madrid city centre and 40 km from Barajas airport.

Our business strategy consists in developing **4 flexible logistics sheds (2 with c.12,000 sqm and 2 with c.18,000 sqm).** MERLIN will act as developer and will initiate construction works in Q2 2016, with a view to deliver by Q1 2017.



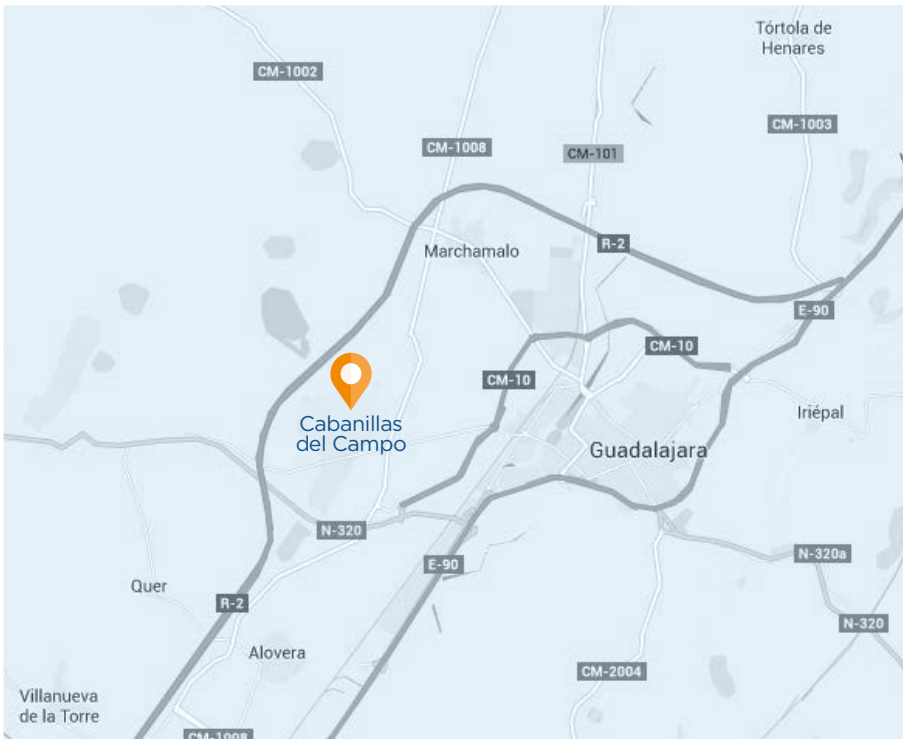
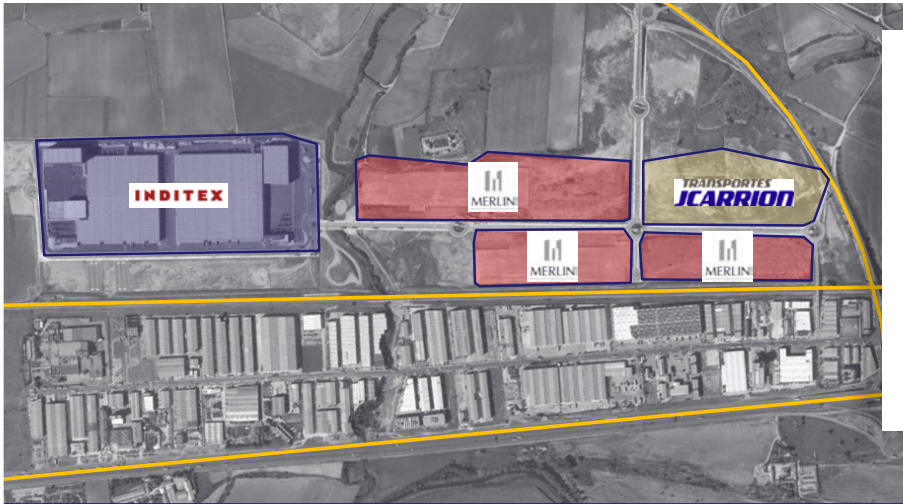
KEY FACTS

- **100%** Percent Ownership
- **€43.0m** Acq. price
- Title **Freehold**
- **€2.6m** Annual GRI<sup>1</sup>
- **59,891 sqm** Buildability
- **€18.7m** Devl. cost

LOCATION







DESCRIPTION

Plot with approved logistic use in Cabanillas del Campo, in the same logistics park where MERLIN is already engaged in several turn-key projects. The warehouses will benefit from **good accessibility from the A-2 highway and R-2 radial**. The driving distance is approximately 50 km from Madrid city centre and 35 km from the airport.

The deal consists in a turn-key project, to be delivered before June-17. **The warehouses (of 49,795 sqm) can be divided into modules of at least 12,000 sqm** in order to offer more flexibility.

KEY FACTS

- **100%** Percent Ownership
- **€24.0m** Acq. price
- Title **Freehold**
- **€2.6m** Annual GRI<sup>1</sup>
- **49,795 sqm** Buildability

LOCATION



ADDITIONAL RENTS OF +€24M DERIVING FROM DEVELOPMENT PROJECTS

**2016-2017 CABANILLAS II**

GLA: 151,809 sqm  
 Expected Rents: € 5.9m  
 Delivery: Dec-16 / Jun-17  
 Pending Capex: € 52.3 m



**2017 GAVILANES**

GLA: 39,576 sqm  
 Expected Rents: € 2.7m  
 Delivery: Mar-17  
 Pending Capex: € 32,1 m



**2017 MECO II**

GLA: 59,891 sqm  
 Expected Rents: € 2.6m  
 Delivery: Jul-17  
 Pending Capex: € 18.7 m



**2017 PINTO**

GLA: 70.000 sqm  
 Expected Rents: € 1.7m  
 Delivery: Jun-17  
 Pending Capex: € 6.1 m



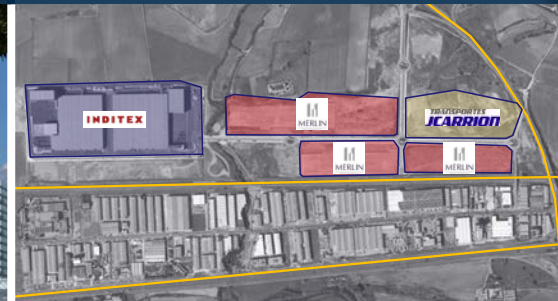
**2018 ISLA CHAMARTIN**

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



**2018 CABANILLAS III**

GLA: 49,795 sqm  
 Expected Rents: € 1.9m  
 Delivery: Jan-18  
 Pending Capex: € 24.0 m



**2018 AZUQUECA**

GLA: 100,000 sqm  
 Expected Rents: € 4.4m  
 Delivery: Dec-18  
 Pending Capex: € 39.8 m







# ASSETS DISPOSALS

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BBVA

BBVA

BBVA

u medica

PI

ENQI

Capital

MISCELLANEOUS ASSETS BEING DISPOSED **ON TRACK** WITH MERLIN'S TARGET:  
**CAPITAL GAIN + PORTFOLIO QUALITY ENHANCEMENT**

o 33 offers received for BBVA bank branches and 1 non-core asset

o BBVA branches buyers value:

- The strength of the lease contract.
- The credit quality of BBVA.
- The future yield increase due to inflation multiplier.
- The downside protection through deflation floor.
- The protection against branch closures.
- The compelling yields in this market environment.



€50.3<sup>M</sup>  
Sales proceeds

+22.6%  
over Dec-15 GAV

90%  
outside  
Madrid & Barcelona

±75<sup>BPS</sup>  
yield compression  
over Dec-15 appraisal





# MERLIN

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PROPERTIES

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