

## 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 2015, en el día hoy, que ha causado hecho relevante número 230820.
- (ii) MERLIN llevará a cabo mañana, **miércoles 11 de noviembre 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:

Webex Link:

<https://merlinproperties.webex.com/merlinproperties/onstage/g.php?MTID=ea9487c9919545da16a22277c5d3f9615>

Voz

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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, 10 de noviembre de 2015.

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

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# 3Q 2015 results presentation

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**MERLIN**

PROPERTIES

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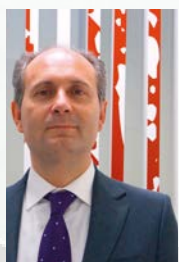
## Presenting team



**ISMAEL CLEMENTE**  
CEO



**DAVID BRUSH**  
CIO



**MIGUEL OLLERO**  
CFO / COO

## INDEX

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- 1. Financial highlights.**  
A strong performance
- 2. The portfolio.**  
High yielding and well diversified
- 3. Acquisitions.**  
Accretive investments



3Q15 results include full consolidation of Testa balance sheet and June to September profit and loss statement

3Q 15 € <b>139.4</b> m Gross rents	3Q 15 € <b>93.2</b> m Recurring FFO	September 30 € <b>2,939</b> m Net debt	September 30 <b>50.6%</b> LTV
GRI € <b>303.4</b> m Annualized	Net Rents € <b>283.3</b> m Annualized	EPRA <b>5.58%</b> Gross Yield	EPRA <b>5.21%</b> Net Yield
Assets <b>1,020</b>	GLA <b>1,880,998</b> sqm	GAV € <b>5,807</b> m	EPRA <b>9.51</b> NAV / share <sup>(1)</sup>

Source: Company

<sup>1</sup> Shares outstanding as of 30 September 2015 amount to 323 million



## Financial highlights



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

### Consolidated profit and loss

3Q 2015

Gross rents	€ 139.4 m
Offices	€ 36.0 m
High street retail	€ 67.1 m
Shopping centers	€ 19.6 m
Logistics	€ 7.9 m
Hotels	€ 5.7 m
Rented residential	€ 2.6 m
Other	€ 0.5 m
Net rents <sup>1</sup>	€ 131.0 m
Recurring EBITDA	€ 119.6 m
EBITDA	€ 99.8 m
Recurring FFO <sup>3</sup>	€ 93.2 m
FFO <sup>4</sup>	€ 71.4 m
EPRA net earnings	€ 85.3 m
IFRS net profit <sup>6</sup>	(€ 130.3 m)

▶ Annualized GRI  
€ 303.4<sup>2</sup> m

▶ Annualized NRI  
€ 283.3<sup>2</sup> m

### Per share<sup>5</sup>

Recurring  
EBITDA  
**0.37**

Recurring  
FFO  
**0.29**

EPRA  
EPS  
**0.26**

Source: Company

<sup>1</sup> Gross rents net of incentives straight lines, collection loss and non recoverable expenses.

<sup>2</sup> Annualized gross rents and net rents have been calculated as passing gross / net rent as of September 30st, multiplied by 12 for MERLIN and accumulated rents as of September for Testa divided by 9 and multiplied by 12.

<sup>3</sup> Recurring funds from operations includes recurring rents less recurring expenses less recurring net financial expenses.

<sup>4</sup> FFO equals recurring FFO less expenses associated with the acquisition of companies and one-off financing expenses.

<sup>5</sup> Shares outstanding as of 30 September 2015 amount to 323 million.

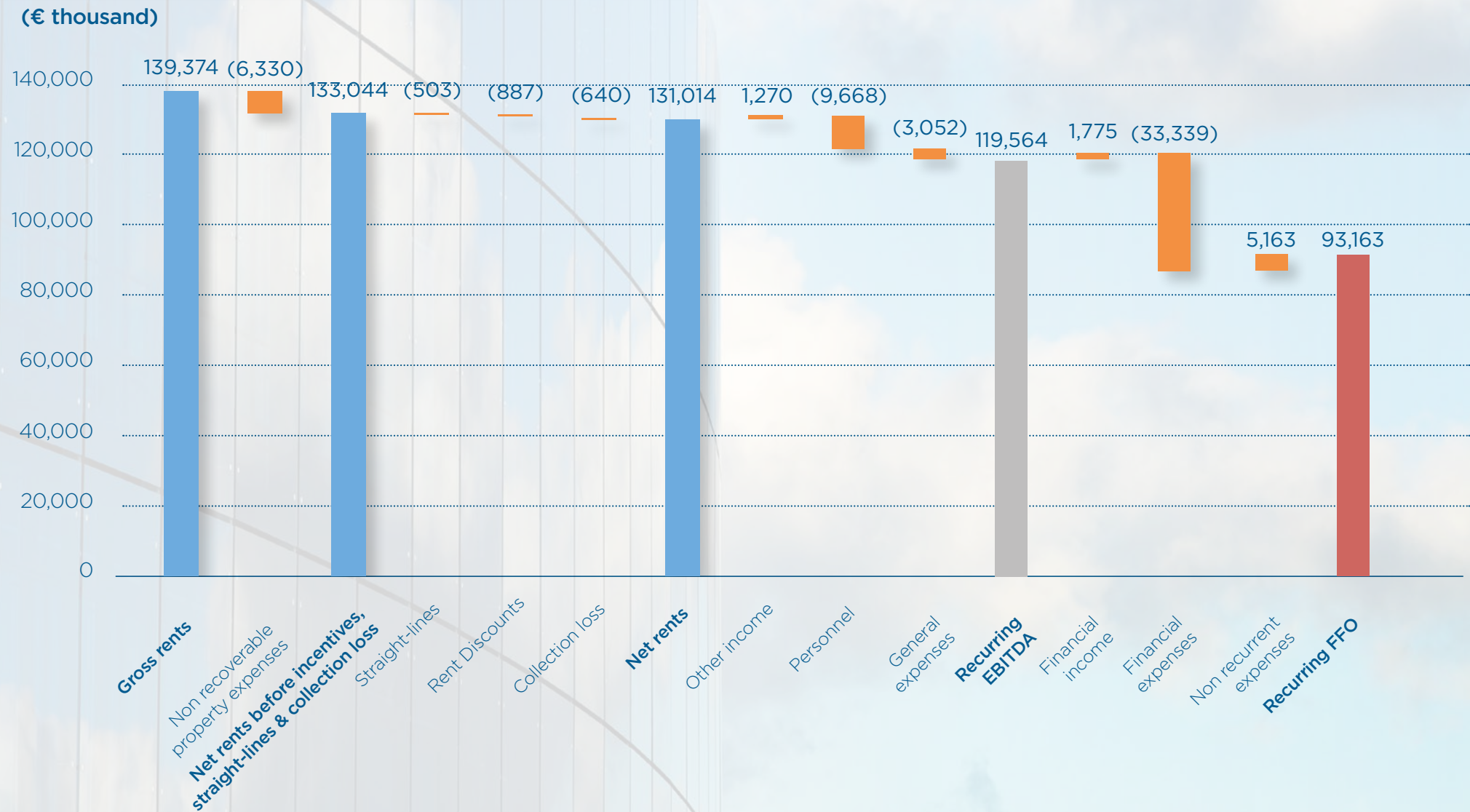
<sup>6</sup> includes the impairment of contingent deferred tax liabilities as a result of Testa acquisition. see next page.

The CDTL corresponds to the latent capital gain tax, which would only be materialized if Testa assets were to be sold. Accounting rules dictate that the Group take the latent CDTL as a negative result

Testa  
business  
combination

	Thousand euros	Ref.
<b>Purchase price</b>	<b>1,998,180</b>	<b>I</b>
<b>Shareholders' equity of Testa as of 30 June 2015</b>	<b>624,302</b>	<b>II</b>
Increase in value of property assets based on appraisals as of 30 June	1,000,708	III
Increase in value of intangible assets	69,147	IV
Increase in value of investments in associates accounted for using the equity method based on appraisals as of 30 June	12,839	V
Increase in value of investments in concessional financial assets based on appraisals as of 30 June	2,151	VI
Deferred tax liabilities associated with the increase in value of assets (25%)	(271,211)	VII
<b>TOTAL II, III, IV, V, VI, VII</b>	<b>1,437,936</b>	<b>VIII</b>
Excess of purchase price	550,244	IX=(I-VIII)
Impairment of contingent deferred tax liability	(271,211)	X
<b>Goodwill</b>	<b>279,032</b>	<b>XI=IX-X</b>





Source: Company

Financial discipline and proactive management of the capital structure leads to healthy financial ratios. The Company is in the process of refinancing Testa's debt

## Consolidated balance sheet

September 2015

Portfolio value	€5,807 m
Gross financial debt <sup>(1)</sup>	€3,501 m
Cash	€562 m
Net financial debt <sup>(1)</sup>	€2,939 m
<b>Net LTV</b>	<b>50.6%</b>

Cost of debt<sup>(2)</sup>  
Average: **2.6%**

Av. maturity<sup>(2)</sup>  
**4.8** years

% Hedged<sup>(2)</sup>  
**40.8%**

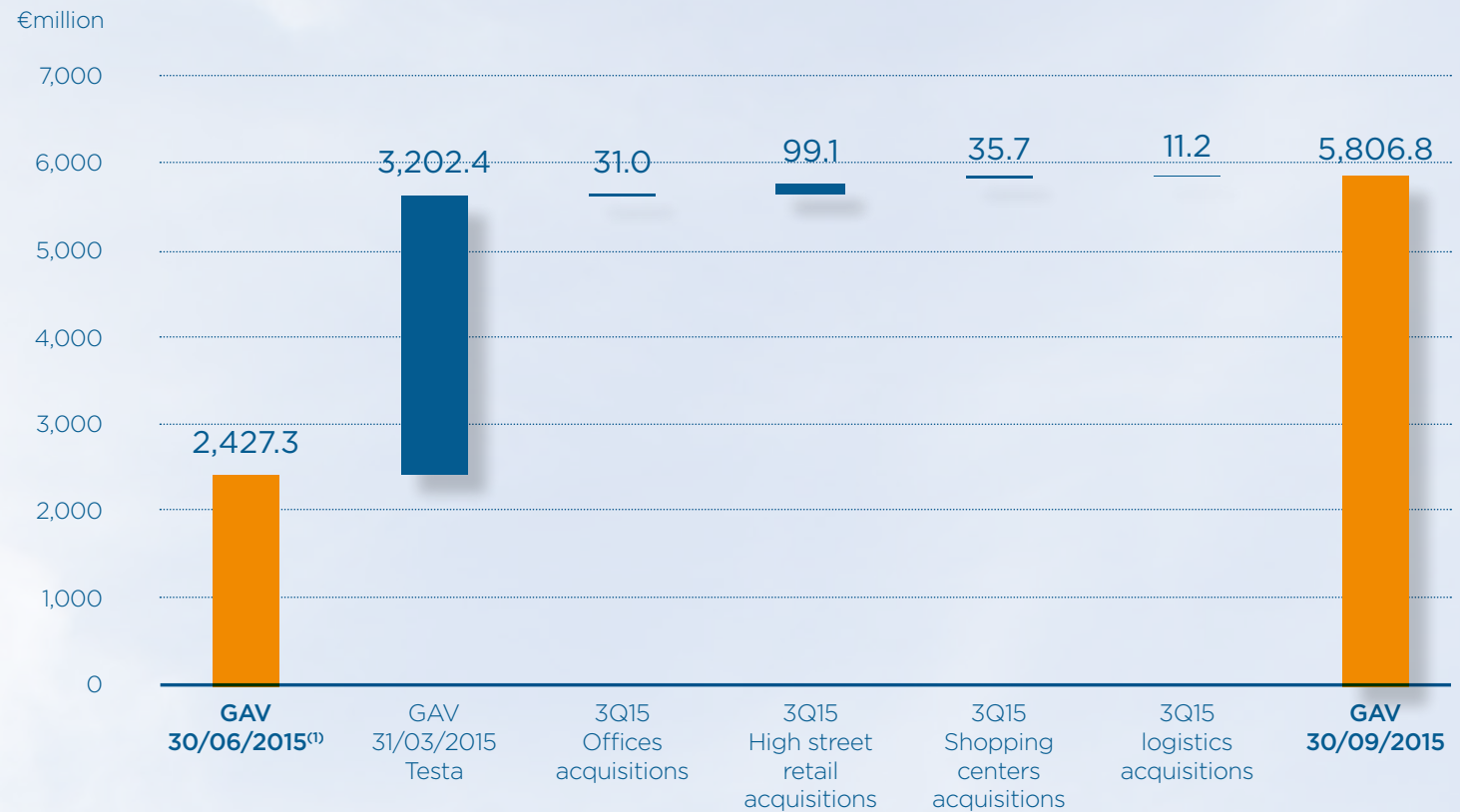
Source: Company

<sup>1</sup>Includes payable to Sacyr of €317 m for the 26.6% of Testa.

<sup>2</sup>Excluding Testa, cost of debt would be 2.96%, 6.6 years of average maturity and 75.3% hedged.

**The portfolio has not been revalued this quarter.** GAV increase does only reflect the assets bought in 3Q at acquisition price

30/06/2015  
GAV bridge  
to 30/09/2015



Source: Company

<sup>1</sup>Includes € 11.7m of advanced payments deposits paid for 2 turn-key projects

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

### EPRA performance metrics

	September 2015	
	€ m	Per share <sup>4</sup>
EPRA net earnings	85.3	€0.26
EPRA NAV	3,071.6	€9.51
Adjusted EPRA NAV <sup>1</sup>	2,794.0	€8.65
EPRA NNAV	2,740.5	€8.48
<b>EPRA "topped-up" yield<sup>2</sup></b>	<b>5.31%</b>	
<b>EPRA net yield<sup>3</sup></b>	<b>5.21%</b>	

Source: Company

<sup>1</sup>Adjusted NAV deducting the premium paid for Testa

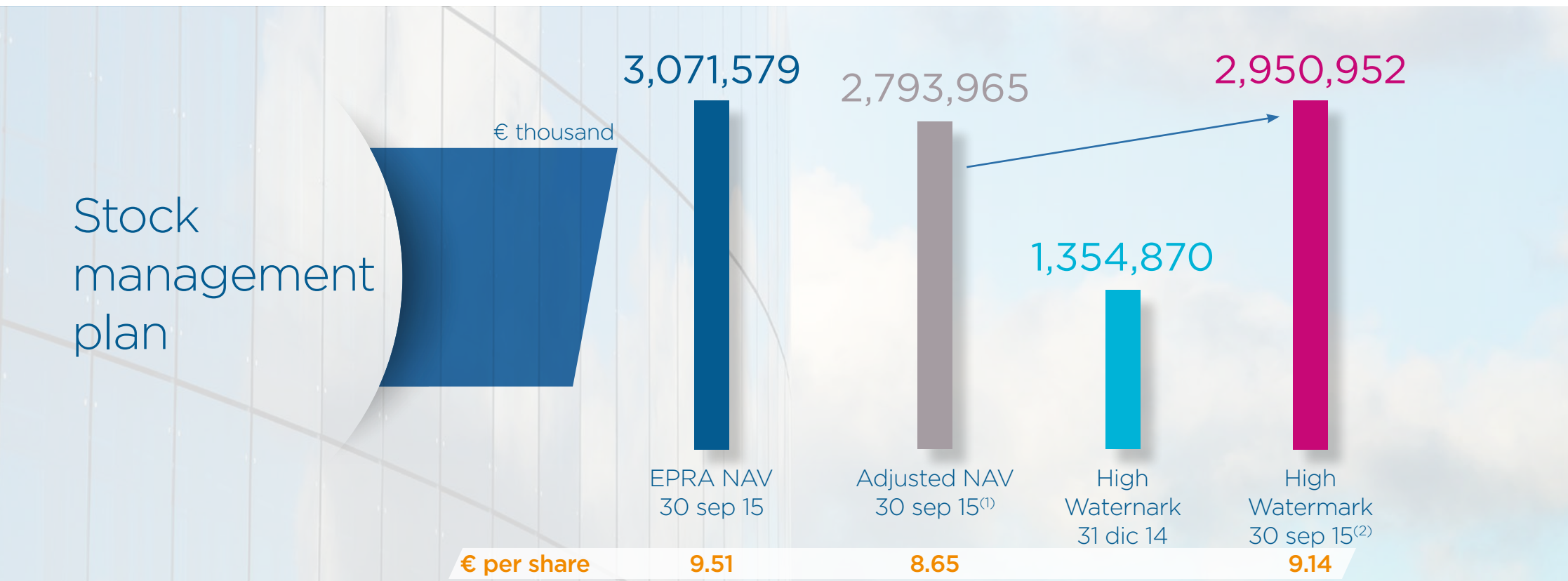
<sup>2</sup>Adjustment to the EPRA Net Initial Yield in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents)

<sup>3</sup>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

<sup>4</sup>Outstanding shares as of September 2015 is 323 million

## MERLIN's management at its own initiative has elected to calculate the stock plan based on the adjusted NAV, deducting attributable goodwill from EPRA NAV

Stock Plan states that EPRA NAV shall apply for the calculation of the year end shareholder return. However, at the initiative of the management the 2015 adjusted NAV will prevail instead. This means that the goodwill arising from Testa acquisition is deducted from EPRA NAV for stock plan calculation purposes



<sup>1</sup> Adjusted NAV is calculated as EPRA NAV less goodwill generated by Testa acquisition (€ 277,615 thousand).

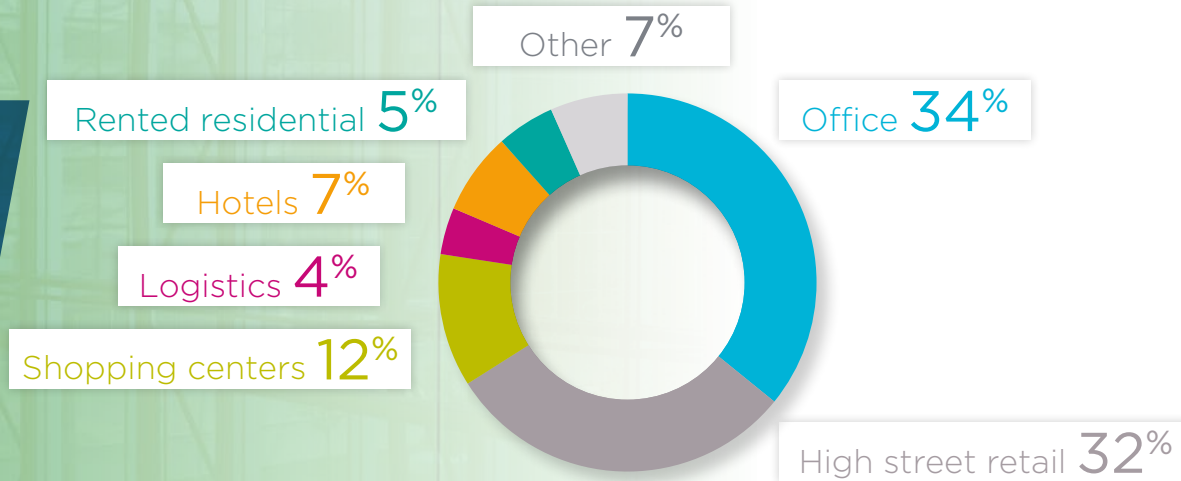
<sup>2</sup> High watermark as of 30 Sep 15 has been calculated as high watermark as of 31 Dec 14 (€ 1,354,970 thousand) plus May capital increase net proceeds (€ 596,235 thousand), plus August capital increase net proceeds (€ 999,747 thousand).



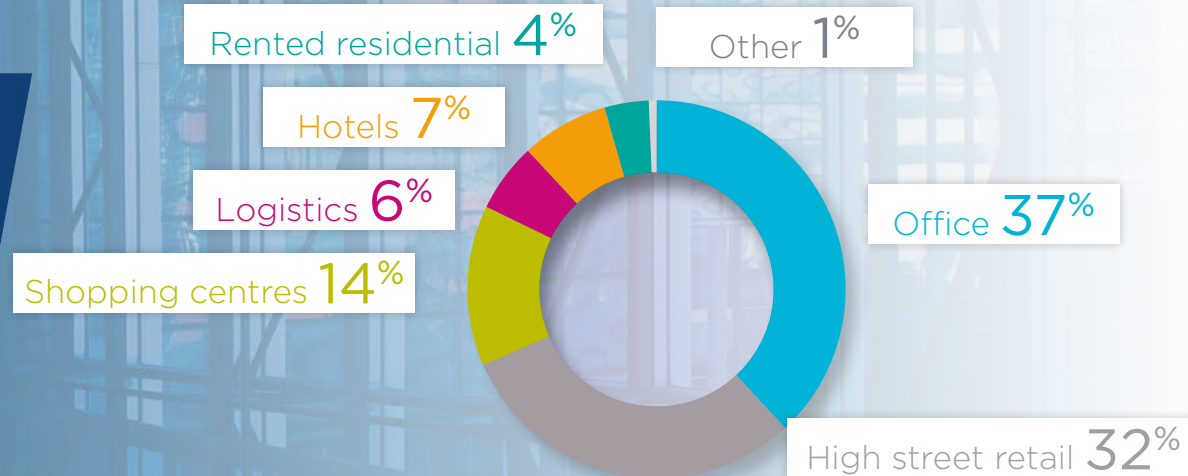
## The portfolio



Total GAV<sup>1</sup>  
€5,807m



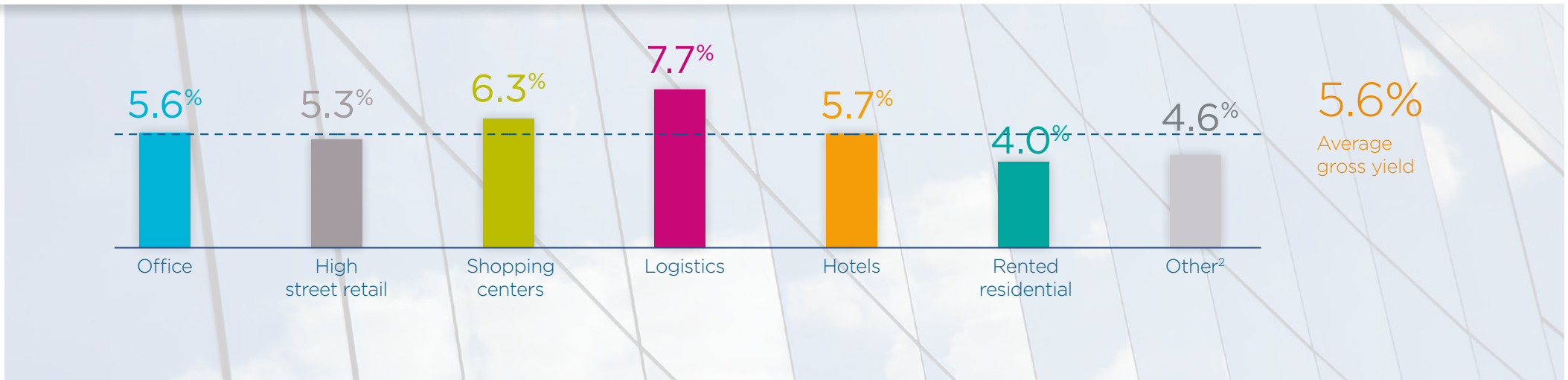
Total GRI<sup>2</sup>  
€303.4m



<sup>1</sup> Based on 100% consolidation of Testa. Includes € 2,416m of MERLIN GAV as of June 30th excluding Testa stake, plus € 3,202, of Testa GAV as of March 31st, plus € 177m of acquisitions in 3Q 2015, valued at acquisition cost, plus €11.7m of advanced payments deposits.

<sup>2</sup> Based on 100% consolidation of Testa. Annualized rents have been calculated as (i) MERLIN passing monthly gross / net rents as of June 30th, multiplied by 12, (ii) Testa passing gross / net rents for the first semester, multiplied by 2, and (iii) annual gross / net rents for rents for acquisitions executed post June 30th.

EPRA gross yields<sup>1</sup>



Occupancy and WAULT<sup>1</sup>



<sup>1</sup> Annualized gross rents per asset category divided by June 30th appraisal of MERLIN portfolio and March 31st appraisal of Testa portfolio.

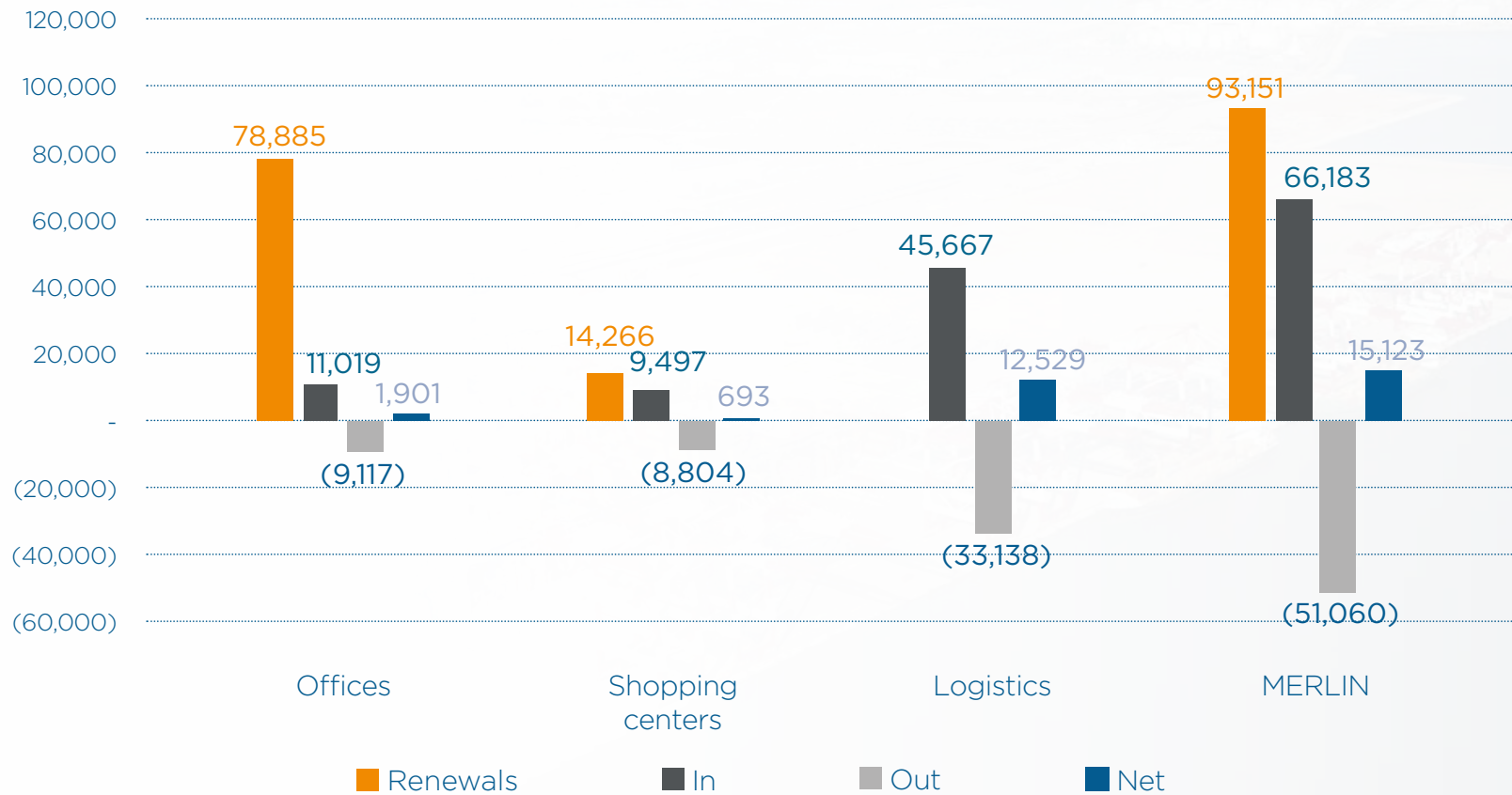
<sup>2</sup> Other includes senior residences and parking facilities.

<sup>3</sup> Includes financial assets (i.e. AC Forum and Costa Ballena). If excluded, the WAULT would be 4.1 years.

<sup>4</sup> Weighted by GRI, excludes AC Forum and Costa Ballena.



Positive net lease-up accross all asset classes.  
 159.3k sqm lease-up of which 66.2k sqm are new contracts and 93.2k sqm are renewals



On track with the latest €370m pipeline reported

Estimated  
c.€370m  
pipeline

	€m invested	Status	Deals
Up to 3Q15	€177m	✓	Caprabo/Cabanillas/Arturo Soria/Gefco/Office land
4Q15	€62m	✓	Zal Port/Sant Esteve/ La Granada
Up to 1Q17	€131m	Pending	Turn-keys funding + others



## New acquisitions





DESCRIPTION

This asset, built in 2004 following the highest standards for logistics facilities, perfectly suited for cross-docking requirements, has a gross lettable area of **11,488 sqm** and is **fully leased** on a long-term basis to **Gefco**, one of the leading French logistics.

The property is located in the industrial area known as Los Olivos **industrial area of Getafe** alongside the **A-4** highway and in front of the M-45 motorway, benefitting from direct access. Getafe is the prime logistics area in South Madrid, which boasts excellent access to the A-4, M-50, R-4 and A-42 roads. Other tenants in the logistic park include Dia, TNT and CBL.

KEY FACTS

- **100%** Percent Ownership
- **100%** Occupancy
- **€11.2m** Acquisition price<sup>3</sup>
- Title **Freehold**
- **€0.8m** Annual GRI<sup>1</sup>
- **7.3%** Gross Yield
- **11,488 sqm** GLA
- **3.0 years** Wault<sup>2</sup>

LOCATION

- No of tenants **1**



Source: Company.

<sup>1</sup> Annualized 2015 GRI.

<sup>2</sup> Weighted average unexpired lease term calculated as from September 30, 2015.

<sup>3</sup> Including transaction cost.



DESCRIPTION

Logistics asset comprising **6 modules** with a total **GLA of 39,576 sqm** located in the industrial area known as Gavilanes, in Getafe, with immediate **access to the A-4 highway, M-50, R-4 and M-45**. Getafe is a prime logistics area in Madrid (16 kms. to Madrid city centre, 9 kms. from Mercamadrid and 27 kms. from Madrid airport). Other close tenants in the area include Decathlon and Costco.

KEY FACTS

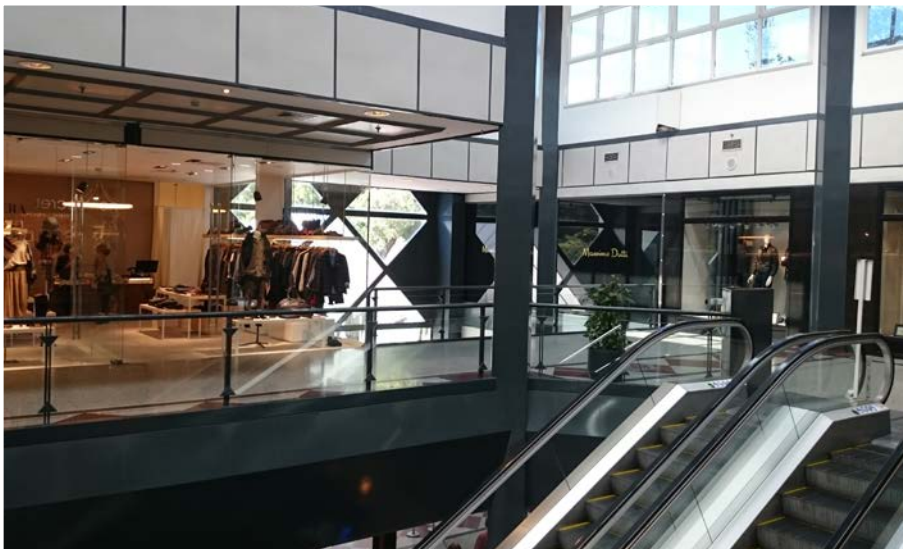
- **100%**  
Percent Ownership
- **100%**  
Occupancy
- **€29.2m**  
Acquisition price<sup>2</sup>
- Title  
**Freehold**
- **€2.3m**  
Annual GRI<sup>1</sup>
- **7.7%**  
Gross Yield<sup>1</sup>
- **39,576 sqm**  
GLA

LOCATION



- Turn-key acquisition.
- Delivery of finished asset by December 2016.
- 18 months rental guarantee after delivery.

Source: Company.  
<sup>1</sup> Annualized forecast GRI upon full occupancy.  
<sup>2</sup> Including transaction cost.



DESCRIPTION

Prime urban shopping center in Arturo Soria, East of Madrid, within a **high-end residential area, and excellent connections to the A2 and the busy 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 Garcia, Bimba y Lola, Zara Home, Lateral and Sanchez Romero supermarket.

KEY FACTS

- **50%** Percent Ownership
- **91%** Occupancy
- **€37.3m** Acquisition price<sup>3</sup>
- Title **Freehold**
- **€4.2M** Annual GRI<sup>1</sup>
- **5.8%** Gross Yield
- **6,965 sqm** GLA
- **1.5 years** Wault<sup>2</sup>

LOCATION



- No of tenants **82**
- ZARA HOME
- Massimo Dutti
- 

Source: Company.

<sup>1</sup> Annualized 2015 GRI.

<sup>2</sup> Weighted average unexpired lease term calculated as from September 30, 2015.

<sup>3</sup> Including transaction cost.



DESCRIPTION

Logistic asset, with **16,812 sqm of GLA**, located in Sant Esteve Sesrovires (Barcelona, **in the conjunction of the A-2 and AP-7 highways**), in a consolidated logistics park in close proximity to the SEAT car factory in Martorell, mostly accommodating tenants related to car manufacturing and food. The asset is leased to the French multinational Decathlon.

KEY FACTS

- **100%**  
Percent Ownership
- **100%**  
Occupancy
- **€9.8m**  
Acquisition price<sup>3</sup>
- Title  
**Freehold**
- **€769 K**  
Annual GRI<sup>1</sup>
- **7.9%**  
Gross Yield
- **16,812 sqm**  
GLA
- **0.9 years**  
Wault<sup>2</sup>

LOCATION

- No of tenants **1**

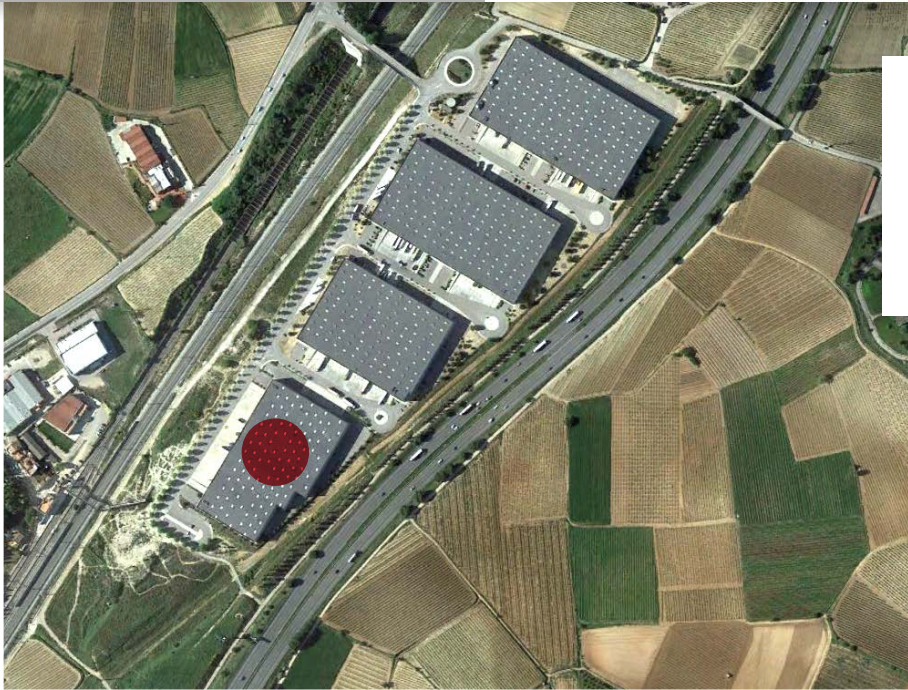


Source: Company.

<sup>1</sup> Annualized 2015 GRI.

<sup>2</sup> Weighted average unexpired lease term calculated as from September 30, 2015.

<sup>3</sup> Including transaction cost.



DESCRIPTION

Logistic asset, with **16,758 sqm of GLA**, located in the logistics park of La Granada del Penedés, (Barcelona, **facing the AP-7 highway**) **fully leased to Norwood**, a wholly-owned subsidiary of BIC and one of the leading suppliers of imprinted promotional products.

KEY FACTS

- **100%**  
Percent Ownership
- **100%**  
Occupancy
- **€9.2m**  
Acquisition price<sup>3</sup>
- Title  
**Freehold**
- **€736 K**  
Annual GRI<sup>1</sup>
- **8.0%**  
Gross Yield
- **16,758 sqm**  
GLA
- **4.3 years**  
Wault<sup>2</sup>

LOCATION

- No of tenants **1**



Source: Company.

<sup>1</sup> Annualized 2015 GRI.

<sup>2</sup> Weighted average unexpired lease term calculated as from September 30, 2015.

<sup>3</sup> Including transaction cost.





DESCRIPTION

The ZAL in the Port of Barcelona is the **most renowned logistics platform in the Mediterranean corridor** with a total surface of 212 hectares. The platform benefits from a unique location inside the **Port of Barcelona, only 2 km from the airport and 10 minutes-drive from the city centre**. The surface under leasehold includes **376,992 sqm** of GLA for logistics **warehouses** already built, **land** for the future development of **190,000 sqm** of GLA, and **407,063 sqm of land let** to third parties for logistics use. The platform is almost fully occupied by more than **130 logistics operators** and end users both domestic and international.

KEY FACTS

- **32%** Percent Ownership<sup>1</sup>
- **92.4%** Occupancy<sup>2</sup>
- **€50.0m** Acquisition price<sup>4</sup>
- Title **Leasehold**
- **€33.3 m** Annual GRI<sup>3</sup>
- **9.2%** Gross Yield
- **567k sqm** GLA
- **407k sqm** of additional leased land

LOCATION

- No of tenants **130**



Source: Company.

<sup>1</sup> Other shareholders of ZAL Port of Barcelona are Autoritat Portuaria de Barcelona (63%) and SEPES (5%).

<sup>2</sup> Based on 377k sqm of built area, excluding the 190k buildable sqm for future development.

<sup>3</sup> 2014 GRI reported.

<sup>4</sup> Acquisition of 32% stake.

MERLIN has become a **key logistics player** with 1.2m sqm of GLA under management and presence in all **main logistic hubs**



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