



CONSOLIDATED PERFORMANCE

+8.7%

Gross rents YoY

+12.5%

FFO per share YoY

+10.8%

NAV per share YoY

- **Excellent set of results** showing value creation across all metrics
- **Double digit growth in both FFO per share**, which stands at € 0.17 (+12.5% YoY), **and NAV per share** (no revaluation in the period), standing at € 14.94 (+10.8% YoY)
- **AFFO** (€ 0.16 per share in the quarter) **on track to surpass FY 2019 guidance** (€ 0.60 per share)
- **Gross to net margin improved to 90.2%** (+56 bps YoY) due to lower incentives. FFO margin improved to 60.0% (vs 57.9% in 3M18)
- Net earnings not comparable YoY due to the extraordinary gain in 3M18 related to the capitalization of Testa Residencial service contract

(€ million)	3M19	3M18	YoY
Total revenues	132.6	124.1	+6.8%
Gross rents	131.7	121.2	+8.7%
Gross rents after incentives	126.6	115.6	+9.5%
Net rents after propex	114.2	103.6	+10.2%
<i>Gross-to-net margin</i>	<i>90.2%</i>	<i>89.7%</i>	
EBITDA ⁽¹⁾	105.0	97.5	+7.7%
<i>Margin</i>	<i>79.7%</i>	<i>80.5%</i>	
FFO ⁽²⁾	79.0	70.2	+12.5%
<i>Margin</i>	<i>60.0%</i>	<i>57.9%</i>	
AFFO	75.4	68.5	+10.1%
Net earnings	60.1	114.1	(47.4%)

(€ per share)	3M19	3M18	YoY
FFO	0.17	0.15	+12.5%
AFFO	0.16	0.15	+10.1%
EPS	0.13	0.24	(47.4%)
NAV	14.94	13.49	+10.8%

BUSINESS PERFORMANCE

+4.9%

Rents like-for-like⁽³⁾ YoY

+6.1%

Office

+3.1%

S. Centers

+8.7%

Logistics

Release spread

-84 bps

Occupancy vs 31/12/18

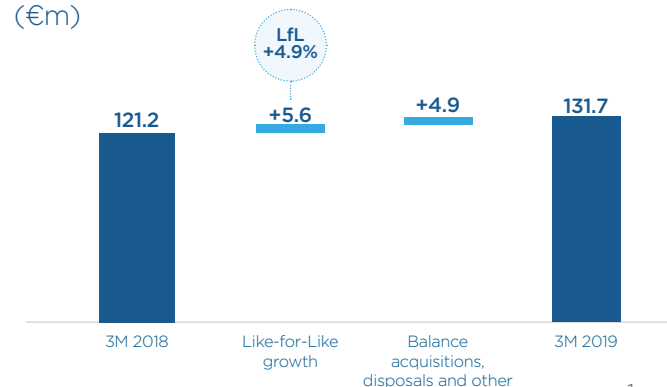
92.6%

- **Office:** 158,898 sqm contracted. LfL⁽³⁾ of **+7.5%** and **release spread** of **+6.1%**
- **Shopping centers:** 31,989 sqm contracted. LfL⁽³⁾ of **+3.1%** and **release spread** of **+3.1%**
- **Logistics:** 1,986 sqm contracted. LfL⁽³⁾ of **+2.9%** and **release spread** of **+8.7%**

3M19	Contracted sqm	Rent		Leasing activity	Occ. vs 31/12/18
		€ m	Lfl ⁽³⁾ change	Release spread	Bps
Office	158,898	60.3	+7.5%	+6.1%	+14
Shopping centers	31,989	30.5	+3.1%	+3.1%	(22)
High street retail	n.a.	24.4	+2.5%	n.m.	(15)
Logistics	1,986	13.2	+2.9%	+8.7%	(258)
Other	n.a.	3.5	+0.2%	n.m.	(1)
Total	192,873	131.7	+4.9%		(84)

Gross rents bridge

(€m)



⁽¹⁾ Excludes non-overhead costs items (€ 1.3m) plus LTIP accrual (€ 8.9m)

⁽²⁾ FFO equals EBITDA less net interest payments, less minorities, less recurring income taxes plus share in earnings of equity method

⁽³⁾ Portfolio in operation for the 3M19 (€ 121.3m of GRI) and for the 3M18 (€ 115.6m of GRI)

OFFICES

Gross rents bridge (€m)



Rents breakdown

	Gross rents 3M19 (€ m)	Passing rent (€/sqm/m)	Wault (yrs)
Madrid	44.5	17.2	2.7
Barcelona	9.6	14.8	3.5
Lisbon	5.4	19.4	3.4
Other	0.7	10.9	7.1
Total	60.3	16.8	2.9

Leasing activity

- Occupancy uplift YoY (90.1% vs 87.0%) and very good release spread of 6.1% result in **outstanding LfL rental growth in the period (+7.5%)**
- **3M leasing activity highlights:**
 - 2,055 sqm new lease with New Relic, 1,076 sqm with Oracle (expansion) and 1,128 sqm with Travelperk (expansion) in Torre Glòries, Barcelona
 - 1,424 sqm new lease with McDonald's in Marques de Pombal 3, Lisbon
 - 1,037 sqm new lease with Manpower in PE Alvento, Madrid
 - 45,941 sqm renewed with Técnicas Reunidas in Adequa and Sanchinarro, Madrid
 - 16,000 sqm renewed with El Corte Inglés in Costa Brava 2-4, Madrid
 - 11,262 sqm renewed with ICEX in Castellana 278, Madrid
 - 4,469 sqm renewed with Regus in PE Puerta de las Naciones, Madrid

3M19 (sqm)	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	145,358	(7,677)	5,559	139,800	(2,118)	+5.0%	140
Barcelona	8,385	(670)	4,505	3,880	3,835	+12.9%	37
Lisbon	5,155	-	1,424	3,731	1,424	+9.7%	22
Total	158,898	(8,347)	11,487	147,411⁽²⁾	3,140	+6.1%	199

Occupancy

- **Positive trend in occupancy continues**
- **Significant increase in occupancy YoY in all markets:** Madrid (+230 bps), Barcelona (+371 bps) and Lisbon (+1,205 bps)
- By markets, **best performer this quarter has been Lisbon Prime**

Stock	1,278,515 sqm
WIP	141,318 sqm
Stock incl. WIP	1,419,833 sqm

	Occupancy rate ⁽³⁾		Change bps
	31/03/19	31/12/18	
Madrid	88.3%	88.6%	(36)
Barcelona	94.0%	94.2%	(20)
Lisbon	99.1%	93.1%	+614
Other	100.0%	100.0%	-
Total	90.1%	90.0%	+14

⁽¹⁾ Office portfolio in operation for 3M18 (€ 53.3m of GRI) and for 3M19 (€ 57.3m of GRI)



⁽²⁾ Excluding roll-overs

⁽³⁾ MERLIN policy excludes buildings under complete refurbishment. Buildings excluded this period are Torre Chamartin, Torre Glories, Arturo Soria 343, Monumental, Adequa 2 and Costa Brava 6-8

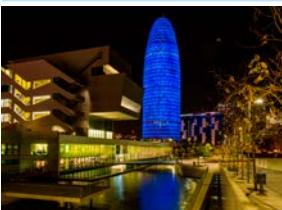

OFFICES (CONT.)

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

INVESTMENTS IN 3M19

	GLA (sqm)	GRI	YoC	Acquisition
 Art	22,150	€ 4.6m	5.4%	€ 84.9m
 TFM	7,835	€ 1.6m	5.7%	€ 27.3m

WIP

	GLA (sqm)	Scope	Acquisition	Capex	% executed	Delivery
 Torre Glòries	37,614	Development	€ 142m	€ 27m	Phase I 100%	3Q18
					Phase II 10%	2Q19
					Observatory	2Q20
 Torre Chamartín	18,295	Development	€ 31m	€ 38m	Phase I 100%	2Q18
					Phase II 36%	3Q19

LANDMARK I (on-going)

	GLA (sqm)	Scope	Budget
 Monumental	22,387	Full refurb (incl. SC)	€ 28.9m
 Castellana 85	15,254	Full refurb	€ 25.2m
 Marqués de Pombal	12,460	Lobby + common areas + exterior terrace	€ 1.6m
 Diagonal 605	14,795	Double height lobby + common areas + new retail space	€ 8.6m

SHOPPING CENTERS

Gross rents bridge

(€m)



Rents breakdown

	Gross rents 3M19 (€ m)	Passing rent (€/sqm/m)	Wault (yrs)
MERLIN	30.5	21.0	2.5

Footfall and tenant sales

	3M19 LTM	YoY
Footfall	107.0m	(1.6%)
Tenant sales	€ 1,122.7m	+0.4%
OCR	13.1%	

Leasing activity

- Rental growth continues, with positive LfL of +3.1% and release spread of +3.1%
- 3M leasing activity highlights:
 - 2,029 sqm new lease with Maisons du Monde in Marineda
 - 501 sqm new lease with Block House in Larios
 - 2,597 sqm renewal with Mercadona in Vilamarina
 - 1,878 sqm renewal with H&M in Artea
 - 369 sqm renewal with Oysho in Artea

3M19 (sqm)	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Total	31,989	(5,057)	4,220	27,769	(837)	+3.1%	243

Occupancy

- **Occupancy remains at the same level** than FY18. Monumental, now almost completely vacated, is excluded from inventory for the execution of works. Voluntary vacancy due to Flagship Plan on the other operating assets amounts to 4,044 sqm in aggregate
- **Best performer** in 3M19 has been **Marineda**

Stock	496,161 sqm
WIP + Tres Aguas ⁽²⁾	120,610 sqm
Stock incl. WIP	616,771 sqm

	Occupancy rate		Change bps
	31/03/19	31/12/18	
Total	90.8%	91.0%	(22)

⁽¹⁾ Shopping centers portfolio in operation for 3M18 (€ 23.3m of GRI) and for 3M19 (€ 24.0m of GRI)

⁽²⁾ Tres Aguas at 100% allocation






SHOPPING CENTERS (CONT.)

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

WIP

	Scope	Budget	GLA (sqm)	Delivery	Pre-let
	X-Madrid Full revamp	€ 35.2m	47,424	3Q19	90%

FLAGSHIP PLAN⁽¹⁾

	Scope	Budget	GLA (sqm)	Delivery
	Arturo Soria Façade, accesses, installations, terraces, floors and parking	€ 5.4m	6,959	2Q19 Phase II
	Larios Full refurb	€ 28.1m	45,076	2Q19
	Tres Aguas Common areas, exterior plaza, restaurants area	€ 20.2m	67,690	4Q19
	El Saler Full refurb	€ 25.1m	47,013	2Q20
	Porto Pi Full refurb	€ 21.1m	58,779	1Q21

⁽¹⁾ GLA and Capex budget for shopping centers refurbishments include 100% of the asset, regardless of the stake owned by MERLIN in the owners' community

LOGISTICS

Gross rents bridge

(€m)



Rents breakdown

	Gross rents 3M19 (€ m)	Passing rent (€/sqm/m)	Wault (yrs)
Madrid	6.9	3.9	4.8
Barcelona	3.1	5.6	2.7
Other	3.1	3.6	4.9
Total	13.2	4.1	4.1

Leasing activity

- Rental growth showing very good prospects
- Excellent release spread in all markets, with Barcelona being the top performer (+9.9%)
- 3M leasing activity muted in the existing portfolio due to high current occupancy
- Strong quarter in pre-lets for future product of Best II and Best III:
 - Logisfashion in Guadalajara Cabanillas III (21,879 sqm)
 - Damm in Madrid-San Fernando II (24,224 sqm)
 - DSV in Zaragoza-Plaza II (11,421 sqm)

3M19 (sqm)	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	1,986	(25,989)	1,986	-	(24,003)	+8.0%	13
Barcelona	-	(2,274)	-	-	(2,274)	+9.9%	12
Other	-	(2,098)	-	-	(2,098)	+8.3%	12
Total	1,986	(30,361)	1,986	-	(28,375)	+8.7%	37

Occupancy

- Coming from virtual full occupancy in FY2018, there has been a 24k sqm vacancy in 3M19 in the Madrid A-4 corridor. Negotiations underway for its recommercialization

Stock	1,101,243 sqm
Best II	493,545 sqm
Best III	509,663 sqm
Stock incl. WIP	2,104,451 sqm
ZAL PORT	468,743 sqm
ZAL PORT WIP	250,632 sqm
Stock managed	2,823,825 sqm

	Occupancy rate		
	31/03/2019	31/12/18	Change bps
Madrid	93.6%	97.4%	(379)
Barcelona	98.4%	99.6%	(122)
Other	98.4%	99.1%	(74)
Total	95.7%	98.2%	(258)

¹⁾ Logistics portfolio in operation for 3M18 (€ 11.8m of GRI) and for 3M19 (€ 12.1m of GRI)

LOGISTICS (CONT.)

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

Best II (as from 31/03/19)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
Madrid-Pinto II B	29,473	1.2	13.7	8.5%
Madrid-San Fernando II	34,244	1.9	21.6	8.9%
Guadalajara-Azuqueca II	98,000	4.5	51.2	8.7%
Guadalajara-Azuqueca III	51,000	2.3	30.1	7.5%
Guadalajara-Cabanillas Park I F	19,750	0.8	10.7	7.6%
Guadalajara-Cabanillas Park II	210,678	8.5	112.4	7.5%
Guadalajara-Cabanillas III	21,879	0.9	11.8	7.4%
Toledo-Seseña	28,541	1.2	15.2	7.6%
Total	493,545	21.1	266.6	7.9%

Best III (as from 31/03/19)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
Valencia Ribarroja	35,232	1.8	26.3	6.8%
Zaragoza-Plaza II	11,421	0.5	7.1	7.2%
Madrid San Fernando III	98,942	5.2	52.3	9.7%
Sevilla ZAL WIP	42,632	2.3	24.0	8.5%
Lisbon Park	224,864	10.0	131.5	7.2%
Valencia	96,572	4.2	51.6	7.9%
Total	509,663	24.1	309.0	7.8%

BALANCE SHEET

- As of 31/03/2019, all financial ratios are in line with FY2018, with **LTV now standing at 40.6% (12 bps reduction)**
- **Post-closing, € 1,550m of ESG-indexed loan** was signed, as further detailed below

	€ million
GAV	12,187
Gross financial debt	5,249
Cash ⁽¹⁾	(302)
Net financial debt	4,947
EPRA NAV	7,020

Ratios	31/03/2019	31/12/2018
LTV	40.6%	40.7%
Av. Interest rate	2.13%	2.13%
Av. Maturity (years)	5.7	5.9
Unsecured debt to total debt	81.3%	81.3%
Interest rate fixed	96.2%	96.3%
Liquidity position	572	634

Corporate rating	Outlook	
S&P Global	BBB	Positive
Moody's	Baa2	Stable

INVESTMENTS, DIVESTMENTS AND CAPEX

- Acquisitions in the period: Art & TFM office buildings
- The three plans of the Company, Landmark I, Flagship and Best II & III continue progressing properly

	Office	Retail	Logistics	€ million
Acquisitions	Art TFM			113.0
Development & WIP	Torre Chamartin Torre Glòries	X-Madrid	Cabanillas II Toledo-Seseña Madrid-Pinto II Lisbon Park Guadlajara-Azuqueca II Sevilla ZAL	14.7
Refurbishment	Adequa Marques de Pombal 3 Balmes 236	Larios Arturo Soria El Saler	PLZF Madrid-Getafe	11.4
Like-for-like portfolio (Defensive Capex) ⁽²⁾				4.3
Total				143.4

⁽¹⁾ Includes cash, pending receivable of Testa Residencial (€ 66.9m) and treasury stock (€56.0m)

⁽²⁾ € 3.6m are capitalized in balance sheet and € 0.7m are expensed in P&L

SUSTAINABILITY

- **Good start of the year in the portfolio certification program**, having obtained 9 new LEED/BREEAM certificates in 3M19
- The 7 BREEAM certificates obtained are scored **very good**



POST CLOSING

- On April 10, MERLIN held the AGM. All the items of the agenda were approved, including a **distribution to shareholders of € 0.30 per share**, which was paid on May 7th
- On April 26, MERLIN completed the refinancing of its existing term loan and revolving credit facility (RCF) through a **€ 1.55bn ESG Indexed financing**, being the **largest** of its kind in the **European REIT spectrum**. The facility consists of a € 850m term loan and a €700m RCF. It has a five-year tenor with two one-year extension options to be exercised in 2024 and 2025 for the RCF. As a result, **average cost of debt has been reduced to 2.04% and average maturity has been extended to 6.3 years**
- MERLIN has **sold two logistics assets**, Castellbisbal and Lliça del Val, totalling 36,419 sqm, at an aggregate price of € 26.2m **(+9.5% premium to latest appraisal)**

APPENDIX

1. Consolidated Profit and loss

2. Consolidated Balance sheet

1. Consolidated Profit and loss

(€ thousand)	31/03/19	31/03/18
Gross rents	131,712	121,191
Offices	60,288	54,535
Shopping centers	30,461	23,979
Logistics	13,152	11,942
High street retail	24,357	27,162
Other	3,453	3,573
Other income	861	2,924
Total revenues	132,573	124,115
Incentives	(5,132)	(5,581)
Collection loss	(155)	(213)
Total Operating Expenses	(32,448)	(32,016)
Propex	(12,250)	(11,750)
Personnel expenses	(7,816)	(6,940)
Opex general expenses	(2,187)	(2,132)
Opex overheads	(1,260)	(234)
LTIP Provision	(8,935)	(10,960)
ACCOUNTING EBITDA	94,838	86,305
Depreciation	(346)	(2,598)
Gain / (losses) on disposal of assets	(23)	(197)
Provision surpluses	(316)	9,141
Difference on business combination	(3,110)	-
EBIT	91,043	92,651
Net financial expense	(27,460)	(28,757)
Debt amortization cost	(3,053)	(2,315)
Gain / (losses) on disposal of financial instruments	43	(134)
Change in fair value of financial instruments	(1,395)	(1,615)
Share in earnings of equity method investments	2,671	1,987
Testa Residencial service agreement cancellation	-	52,866
PROFIT BEFORE TAX	61,849	114,683
Income taxes	(1,752)	(489)
PROFIT (LOSS) FOR THE PERIOD	60,097	114,194
Minorities	-	45
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE	60,097	114,149

2. Consolidated Balance sheet

(€ thousand)

ASSETS		EQUITY AND LIABILITIES	
NON CURRENT ASSETS	12,361,991	EQUITY	6,432,980
Intangible assets	932	Subscribed capital	469,771
Property, plant and equipment	3,849	Share premium	3,858,624
Investment property	11,883,157	Reserves	2,257,997
Investments in group companies	625	Treasury stock	(56,233)
Investments accounted for using the equity method	171,804	Other equity holder contributions	540
Non-current financial assets	213,029	Profit for the period	(93,522)
Deferred tax assets	88,595	Valuation adjustments	60,099
		Minorities	(64,297)
		NON CURRENT LIABILITIES	6,027,320
		Long term debt	5,302,126
		Long term provisions	57,884
		Deferred tax liabilities	667,311
CURRENT ASSETS	301,987	CURRENT LIABILITIES	203,678
Trade and other receivables	107,199	Short term debt	100,125
Short term investments in group companies and associates	1,142	Short term provisions	867
Short term financial assets	6,870	Trade and other payables	86,960
Cash and cash equivalents	174,965	Other current liabilities	15,726
Other current assets	11,810		
TOTAL ASSETS	12,663,978	TOTAL EQUITY AND LIABILITIES	12,663,978



MERLIN

PROPERTIES

Paseo de la castellana, 257
28046 Madrid
+34 91 769 19 00
info@merlinprop.com
www.merlinproperties.com