

**TO THE NATIONAL SECURITIES MARKET COMMISSION (COMISIÓN NACIONAL
DEL MERCADO DE VALORES)**

MERLIN Properties, SOCIMI, S.A. ("MERLIN"), in compliance with article 82 of Law 24/1988, of July 28, on the Securities Market, notifies the following

RELEVANT INFORMATION

- (i) Today MERLIN has published its results for the first nine month period of 2016, which have caused the relevant fact number 244758
- (ii) MERLIN will hold tomorrow, **Tuesday 15 November 2016, at 15:00 Madrid/CET**, an investor call with analyst and institutional investor which can be followed on line, through audio and video conference, with the following *link* and access code:

Webex Link:

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

Voice

Passcode: 45754439

Dial-in numbers:

Spain +34 91 414 3675
France 0170700781
Germany 03052002085
UK +44 (0) 207 192 8338
USA +1 877 870 9135

- (iii) The presentation to be used for the purpose of the investor call **is attached to this relevant fact** and will be also made available through the MERLIN corporate site (www.merlinproperties.com).

Madrid, 14 November 2016.

MERLIN Properties SOCIMI, S.A.



15 NOVEMBER 2016

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Presenters



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CEO



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CFO / COO



DAVID BRUSH
CIO

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9M 16 Financial results

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GLA 1,899,999 sqm IN STOCK	GLA 502,915 sqm EXPANSION PROJECTS	GRI ⁽¹⁾ € 310.4 m ANNUALIZED	ATTRIBUTED GRI ⁽²⁾ € 322.0 m ANNUALIZED
9M16 € 229.5 m GROSS RENTS	9M16 € 202.5m REC. EBITDA	9M16 € 148.5 m REC. FFO ⁽³⁾	9M16 € 124.1 m EPRA EARNINGS
EPRA 5.0% GROSS YIELD	EPRA 4.6% NET YIELD	EPRA € 3,459 m NAV	EPRA 10.71 NAV/SHARE
SEPT 16 € 6,568 m GAV ⁽⁴⁾	SEPT 16 € 3,115 m NET DEBT	SEPT 16 47.4% LTV	SPOT 2.3% COST OF DEBT

Source: Company

⁽¹⁾ Annualized gross rents/net rents calculated as passing gross rent/net rent as of September 30, multiplied by 12. GRI and net rents include fully consolidated assets⁽²⁾ Minority stakes would proportionally add € 11.6 m of gross rents to a total of € 321.9 million. Arturo Soria Plaza is now fully consolidated after the acquisition of the remaining 50%⁽³⁾ Rec. FFO calculated as recurring EBITDA (€202.5 m) minus net financial expenses paid (€54.0 m)⁽⁴⁾ Includes June 2016 Savills/CBRE appraisals plus total cost of assets acquired in the quarter plus Capex disbursed in the quarter less divestments in the quarter



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FINANCIAL RESULTS 9M 2016



OUTSTANDING +59% YOY GROWTH IN RECURRING FFO/SHARE

(€m)	30/09/16	30/09/15	YoY
Gross rents	229.5	139.4	+64.7%
Net rents after incentives	210.9	131.0	+61.0%
EBITDA	191.1	99.8	+91.5%
FFO ⁽¹⁾	137.1 ⁽³⁾	73.4	+86.8%
Recurring EBITDA ⁽²⁾	202.5	119.6	+69.3%
Recurring FFO ⁽³⁾	148.5	93.2	+59.4%
EPRA earnings	124.1	85.3	+45.4%
IFRS net profit	254.9	(131.2)	n.a.

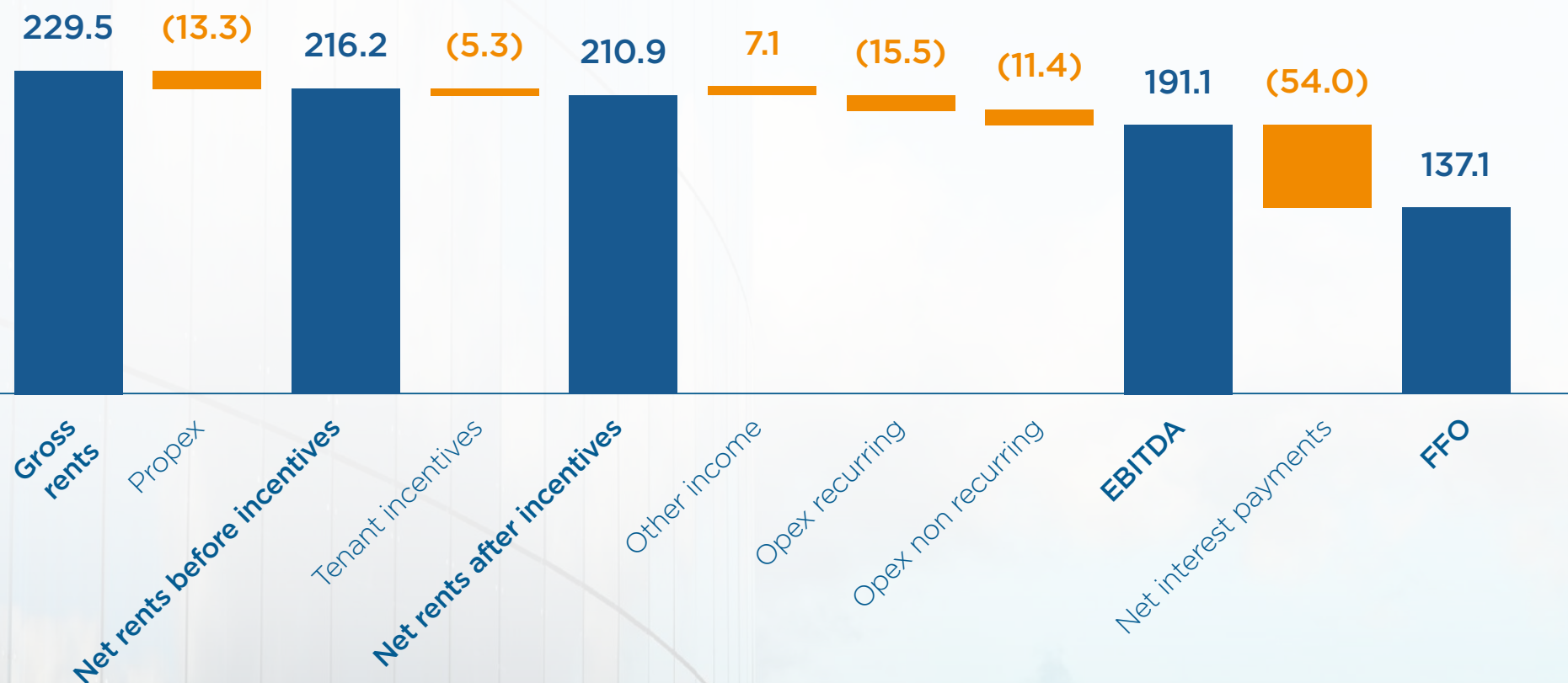
(€)	Per share	Per share	Per Wtd. shares ⁽⁴⁾	Per share	Per Wtd. shares ⁽⁴⁾
Recurring EBITDA	0.63	0.37	0.38	+69.3%	+39.2%
Recurring FFO	0.46	0.29	0.35	+59.4%	+31.0%
FFO	0.42	0.23	0.28	+86.8%	+53.5%
EPRA EPS	0.38	0.26	0.32	+45.4%	+19.5%
IFRS EPS	0.79	(0.41)	(0.49)	n.a.	n.a.

Source: Company

⁽¹⁾ FFO calculated as EBITDA (€ 191.1m) less net financial expenses paid of €54.0m⁽²⁾ Recurring EBITDA equals EBITDA less non-recurrent one-off expenses⁽³⁾ Recurring FFO equals FFO less non-recurrent one-off expenses⁽⁴⁾ Weighted number of outstanding shares in the period

**EXCELLENT OPERATING EFFICIENCY** (92% GROSS-TO-NET & 88% RECURRING EBITDA MARGIN)

(€ million)





EPRA NAV PER SHARE GROWS € 0.11 IN THE QUARTER TO REACH € 10.71

	9M 2016		1H 2016	
	€ m	Per share	€ m	Per share
EPRA NAV	3,458.7	€ 10.71	3,423.2	€ 10.60
EPRA NNNAV	3,075.4	€ 9.52	3,045.7	€ 9.45
Adjusted EPRA NAV	3,380.5	€ 10.46	3,344.9	€ 10.35
EPRA NAV MVC PRO-FORMA ⁽³⁾	5,131.6	€ 10.92	5,097.0	€ 10.85
EPRA net initial yield ⁽¹⁾	4.6%		4.7%	
EPRA “topped-up” NIY ⁽²⁾	4.7%		4.7%	
EPRA occupancy	95.7%		95.5%	
Recurring EPRA Costs	14.9%		14.6%	

Includes

Propex 5.8%

Tenant incentives 2.3%

Opex recurring 6.8%

Personnel 4.9%

Other 1.8%

Source: Company

⁽¹⁾ Calculated as annualized net rents after incentives and collection loss (passing net rents as of September 30, multiplied by 12), divided by commercial portfolio GAV

⁽²⁾ 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)

⁽³⁾ Combined after integrating MVC NAV at acquisition (€1,673 m) and divided by 469.7 m shares not adjusted for dividends distributed in October.



STRONG CREDIT PROFILE WITH 75% OF DEBT UNSECURED (INCLUDES MVC)

(€ million)	L/T	S/T	TOTAL
Unsecured bank loans	1,220.0	0.0	1,220.0
Mortgage bank loans	1,128.0	10.7	1,138.7
Mortgage non-bank loans	133.6	0.0	133.6
Unsecured bonds	2,350.0	0.0	2,350.0
Leasings	154.9	11.9	166.8
Total gross debt	4,986.5	22.5	5,009.1
Net debt			4,541.3

Average
interest
rate (spot)
2.28%

Average
maturity
6.6 years

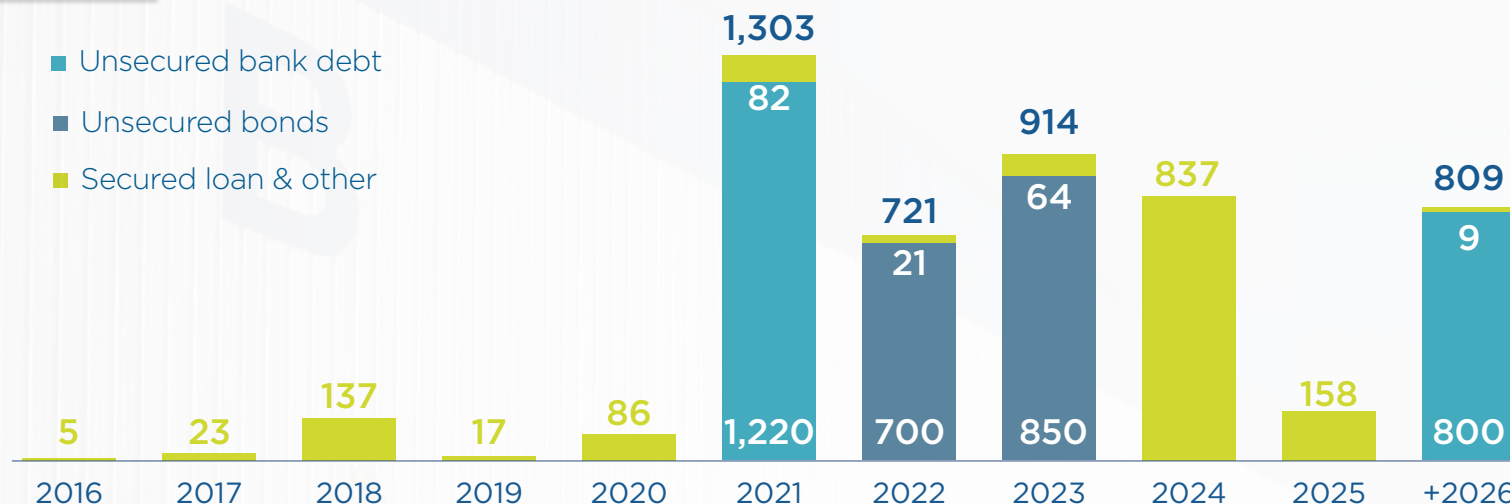
Unsecured
debt /
Total debt
74.6%

Fixed
rate debt
91.9%



FLOATING RATE EXPOSURE REDUCED TO A MINIMUM

Pro-forma⁽¹⁾ debt schedule



Pro-forma⁽¹⁾ debt metrics

	Pro-forma ⁽²⁾	30/6/16	31/12/15
LTV	47.0%	47.9%	49.8%
Average Interest rate (spot)	2.3%	2.4%	2.2%
Debt with floating interest rate	8.1%	13.1%	56.7%
Unencumbered debt ⁽¹⁾	74.6%	57.2%	16.5%
Undrawn facilities (€m)	420.0	320.0	-
Average maturity (years)	6.6	6.6	3.7

Source: Company

⁽¹⁾ Pro-forma includes MVC debt, October bond issuance and repayment of €200 m of RFC and €500 m of MVC bridge to bond

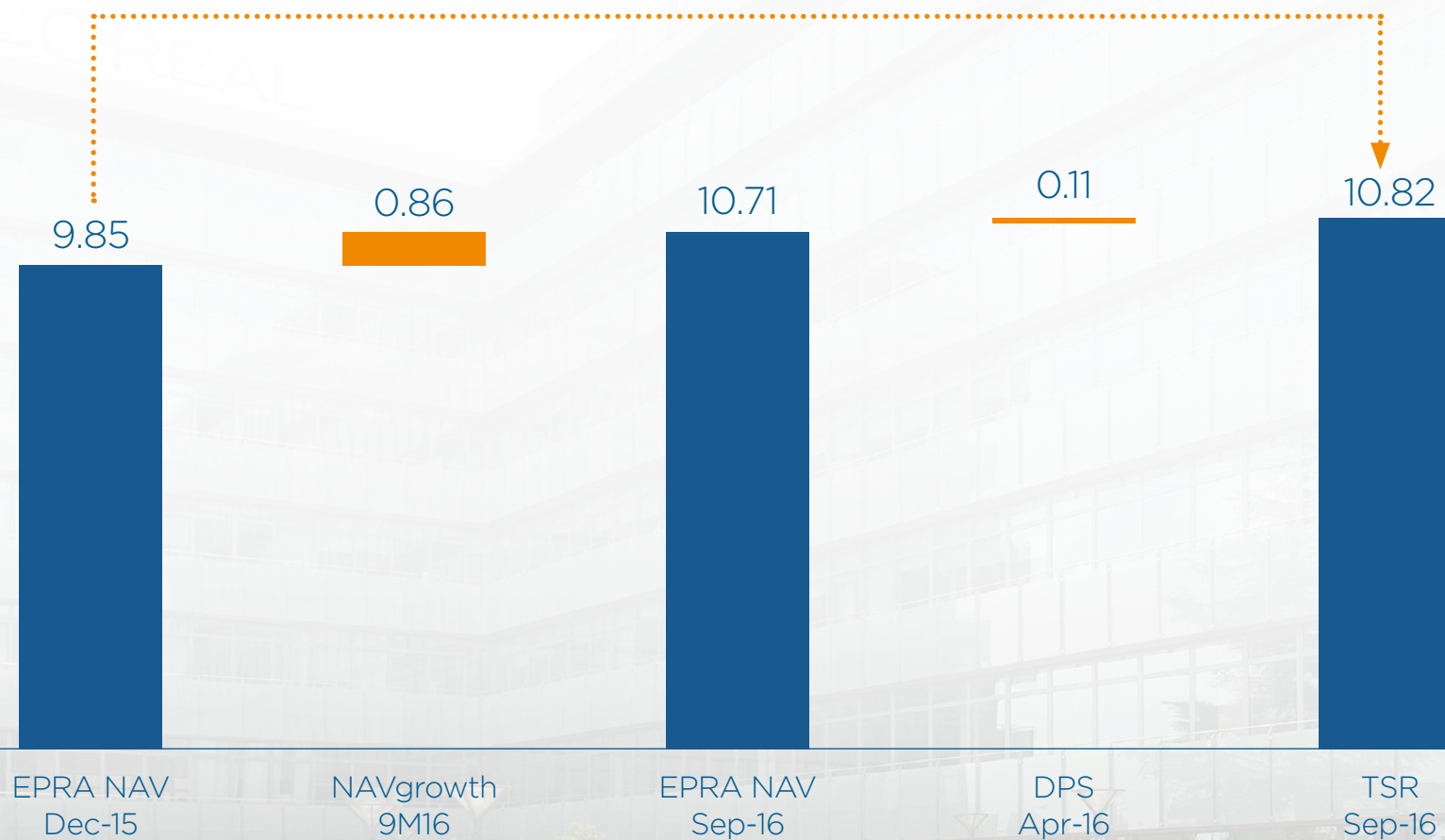
⁽²⁾ Calculated as nominal debt amount without collateral security divided by total debt



HIGH RETURN TO SHAREHOLDERS IN THE PERIOD

€ per share

TSR = +9.8%

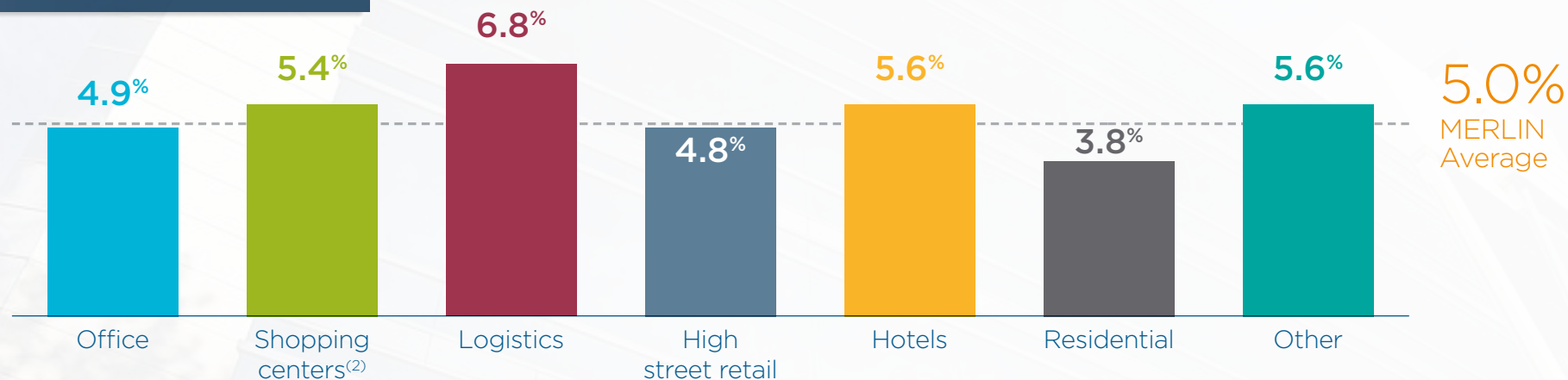
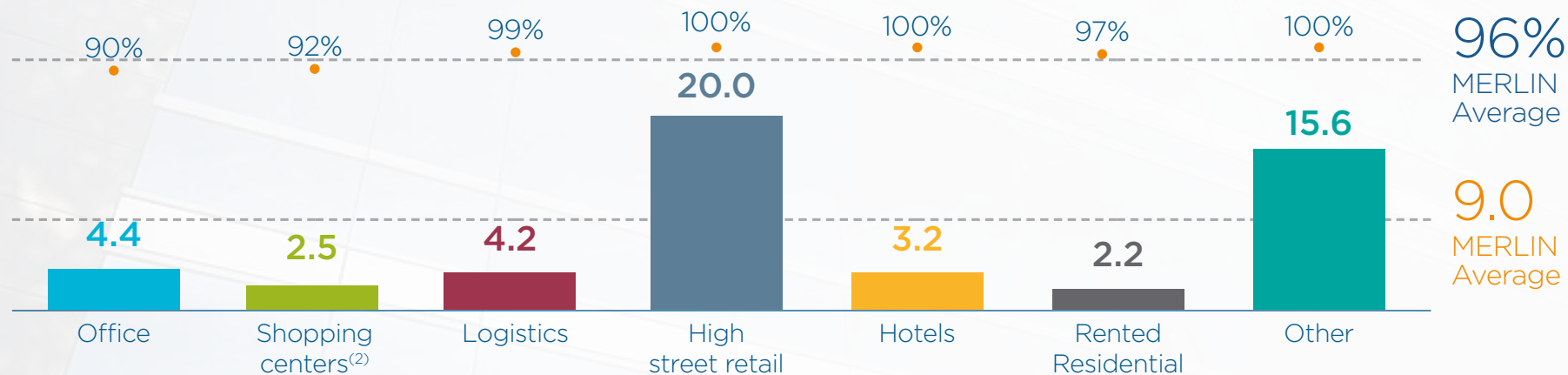


A nighttime photograph of a city skyline. In the foreground, a large stadium is filled with spectators, their lights creating a bright, textured glow. Behind the stadium, several tall skyscrapers are illuminated. One building on the left has a prominent red vertical light strip. Another building in the center has a glowing yellow top. To the right, a tall, cylindrical building is lit up. The background shows a dark sky and distant city lights.

PORTFOLIO PERFORMANCE



OCCUPANCY SHOWING ROBUSTNESS

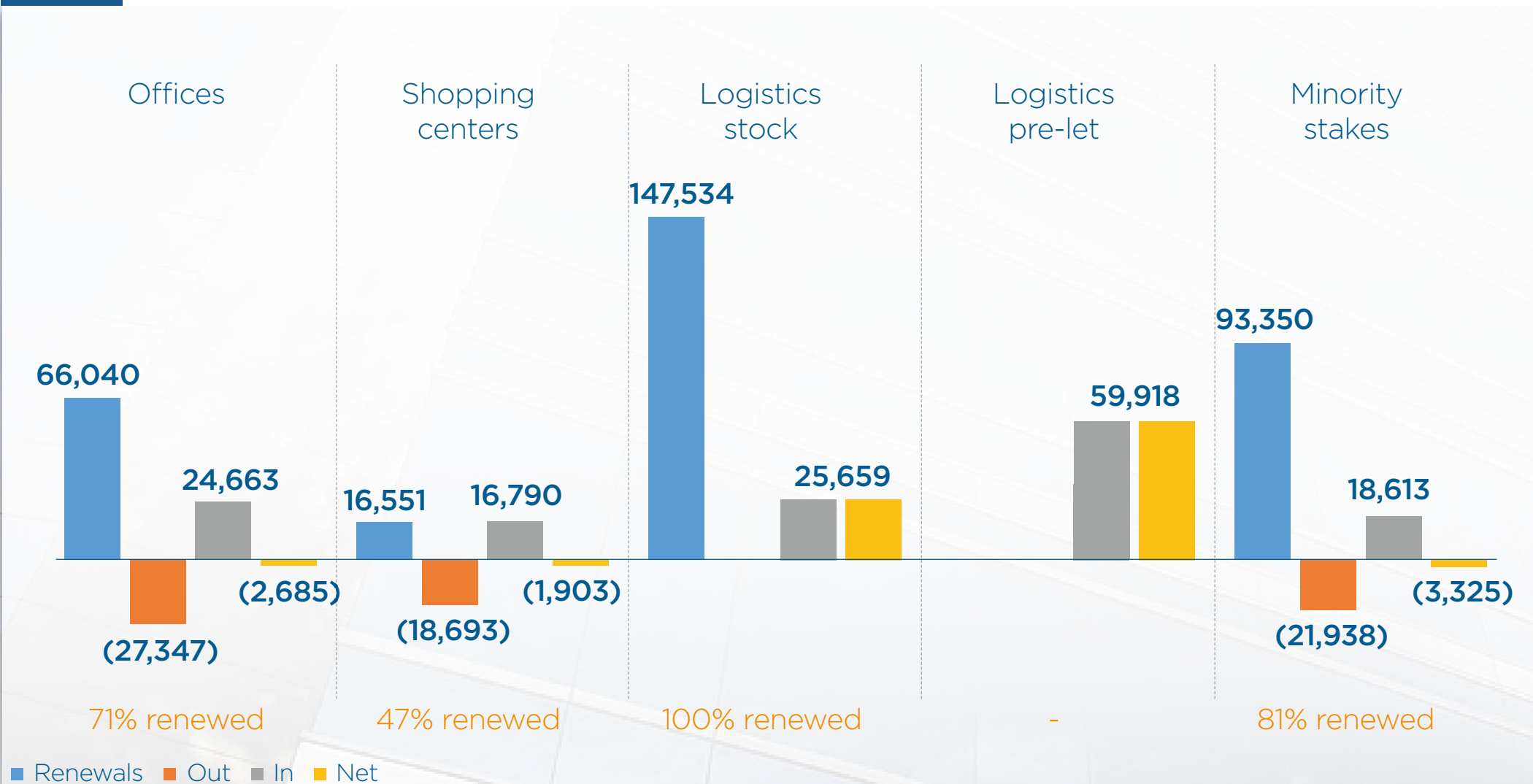
EPRA Gross Yield per asset type⁽¹⁾Occupancy and WAULT per asset type⁽²⁾

Source: Company

⁽¹⁾ Gross yield is calculated dividing annualized gross monthly rents by GAV⁽²⁾ WAULT by Rents means the weighted average unexpired lease term, calculated as of 30th September 2016



RECORD PERIOD IN LETTING ACTIVITY WITH 469K SQM CONTRACTED





ATTRACTING LEADING CLIENTS

Office



Renewal
6,352 sqm
Avenida
de Bruselas 24



Renewal
5,644 sqm
Atica 2



Renewal
1,897 sqm
Avenida
de Bruselas 24



In
1,012 sqm
Juan Esplandiú 11-13

Shopping centers



In
991 sqm
Porto Pi



Renewal
553 sqm
Centro Oeste



Renewal
352 sqm
Larios



In
200 sqm
Porto Pi

Logistics



Renewal
70,134 sqm
Guadalajara-
Cabanillas I



In
11,450 sqm
Madrid-Pinto



In
2,094 sqm
Madrid-Coslada
Complex



In
1,986 sqm
Madrid-Coslada
Complex





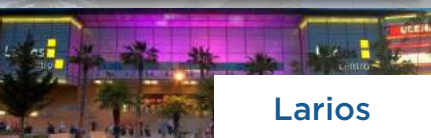


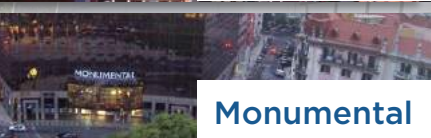
REAL, POSITIVE LFL RENTAL GROWTH ACROSS THE BOARD

Commercial annualized LfL rent evolution (passing 30/09/16 vs. passing 31/12/15)

(€ thousand)

	% Renewed	# Leases	Rent Change	Occupancy	CPI	Like for like		
						Rent	% LfL effect in total	% LfL same space
Office	15%	54	(3,273)	(3,024)	(258)	9	0.01%	0.04%
<i>Excl. expiry of 2 old leases</i>	<i>12%</i>	<i>52</i>	<i>(12)</i>	<i>(733)</i>	<i>(252)</i>	<i>973</i>	<i>0.93%</i>	<i>5.75%</i>
Shopping Centres	16%	85	(260)	(731)	(53)	523	1.27%	8.03%
Logistics	35%	5	243	914	(26)	(646)	(3.33%)	(9.58%)
<i>Excl. expiry of 2 old lease</i>	<i>19%</i>	<i>3</i>	<i>739</i>	<i>647</i>	<i>(17)</i>	<i>109</i>	<i>0.78%</i>	<i>4.07%</i>
TOTAL	18%	144	(3,217)	(2,841)	(262)	(114)	(0.07%)	(0.32%)
<i>Excl. expiry of old leases</i>	<i>14%</i>	<i>140</i>	<i>540</i>	<i>(816)</i>	<i>(248)</i>	<i>1,604</i>	<i>1.00%</i>	<i>5.67%</i>

RETAIL METRICS WITH **STRONG PERFORMANCE**

	LTM Footfall (million)	LTM Footfall evolution	LTM Sales (million) ⁽¹⁾	LTM Sales evolution ⁽¹⁾
 Marineda	16.7	+3.8%	165.3	+3.9%
 Porto Pi	9.3	+15.1%	86.0	+1.7%
 Larios	11.2	+6.4%	58.6	+5.4%
 Centro Oeste	6.9	+4.2%	45.0	+0.7%
 Arturo Soria	4.9	+10.0%	26.2	+3.9%
 Monumental	2.3	+2.8%	8.5	+0.9%
MERLIN	51.4	+6.8%	389.5	+3.2%

Source: Company

⁽¹⁾ On a like-for-like basis

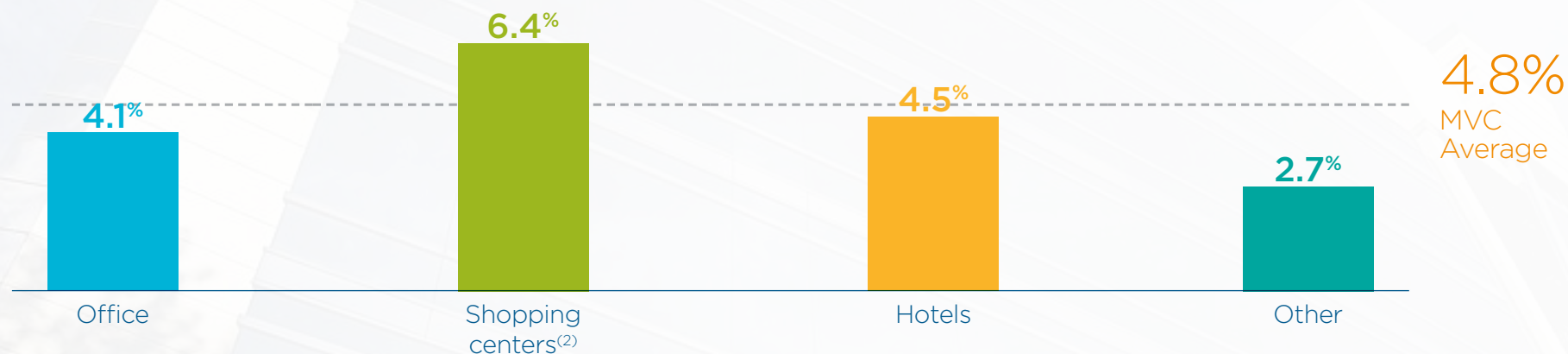


METROVACESA PORTFOLIO PERFORMANCE

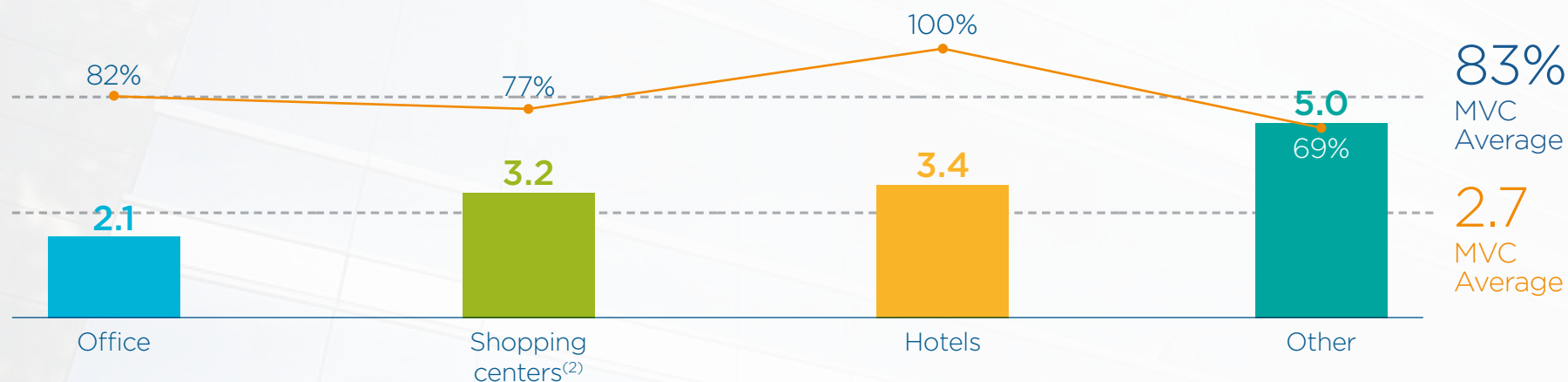


POTENTIAL TO INCREASE SUBOPTIMAL OCCUPANCY AND SHORT WAULT

EPRA Gross Yield per asset type⁽¹⁾



Occupancy and WAULT per asset type⁽²⁾



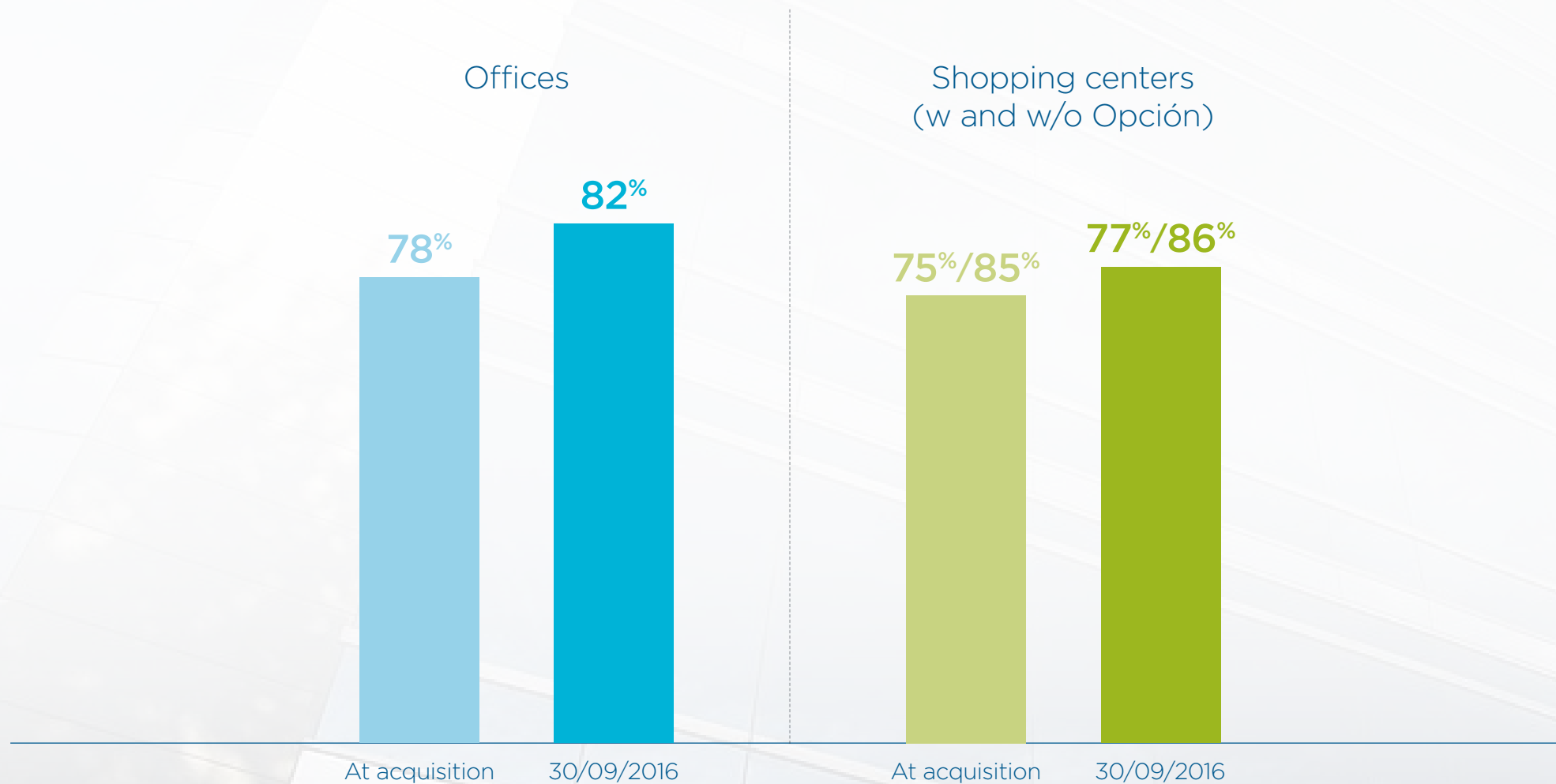
Source: Company

⁽¹⁾ Gross yield is calculated dividing annualized gross monthly rents by GAV

⁽²⁾ WAULT by Rents means the weighted average unexpired lease term, calculated as of 30th September 2016



STRONG INCREASE IN OCCUPANCY SINCE ACQUISITION





ATTRACTING LEADING CLIENTS

Office

ferrovial

Renewal
10,619 sqm
PE Puerta
de las Naciones

Barceló
VIAJES

Renewal
2,533 sqm
PE Cerro
de los Gamos

RES+ALIA
Why not?

Renewal
1,633 sqm
PE Atica XIX



In
844 sqm
PE Cerro
de los Gamos

Shopping centers



Renewal
10,007 sqm
Nassica

La Tagliatella[®]

In
316 sqm
Vilamarina

 **benetton**

In
258 sqm
Thader



In
256 sqm
Arenas



INVESTMENT ACTIVITY



LARGE CLASS A BUSINESS PARK WITH THE CLOSEST LOCATION TO MADRID CBD

DESCRIPTION

- **Best located business park within the A-1 corridor, one the most consolidated office markets in Madrid**, benefiting from an excellent visibility from both A-1 and M-30.
- **6 class-A office buildings** (2 pending development) and 1 service building with an aggregate **GLA of 120,814 sqm** (44,886 sqm to be developed).
- Office stock fully occupied by **Renault**, **Técnicas Reunidas** and **Costa Cruceros**.
- Funding in **December 2016**.

VALUE DRIVERS

- **#1 player in A-1 corridor** (>360k sqm owned).
- Broadened breadth of product in business parks.

KEY METRICS

100%

Ownership

75,928 sqm

Stock GLA

44,886 sqm

Development GLA

€380.0m **€57.2m**

Price

Capex

98%

Occupancy

€19.4m

Annual GRI

€27.1m

Annual ERV upon full development

6.2%

ERV yield on cost



4 CLASS A OFFICE BUILDINGS / 2 BUILDINGS FOR FUTURE DEVELOPMENT / 1 SERVICE BUILDING





OVERVIEW





OVERVIEW





ACHIEVED FULL OWNERSHIP OF A LANDMARK URBAN SHOPPING CENTER

DESCRIPTION

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

VALUE DRIVERS

- Refurbishment aimed at achieving image modernization, enhancement of terraces experience and increase visibility
- Definition of new tenant mix
- Consolidation of food offer

KEY METRICS

100%

Ownership

Freehold

Title

€4.5m

Annual GRI

100%

Occupancy

5,974 sqm⁽¹⁾

GLA

€71.6m

Acq. price



PERFORMANCE LTM

	Sep - 15	Dec - 15	Sep - 16
Annual GRI (€M) ⁽¹⁾	4.2	4.3	4.5
Annual NRI (€M)	3.7	3.6	3.8
Occupancy (%)	91.4	90.1	98.8

⁽¹⁾ Excludes owner operated supermarket of 991 sqm GLA



CONSOLIDATION IN ATICA BUSINESS PARK

DESCRIPTION

- Office building located in the **Ática Business Park in Pozuelo de Alarcón (Madrid)**, where MERLIN now owns 6 of the 7 buildings in the park.
- The building comprises a **GLA of 8,934 sqm** and is 100% leased to Transcom, Paradigma, Layalcenter, Tecnitasa, Asentis and Kappa.
- The building is located **8 km from Madrid and 22 km from Adolfo Suarez Madrid Barajas Airport**. Quick access to the highway through Vía de las Dos Castillas (M-503) and excellent public transport connections.

VALUE DRIVERS

- Consolidate ownership of a good performing business park.
- Excellent track record, with strong demand and rents increasing.

KEY METRICS

100%
Ownership

Freehold
Title

€1.2m
Annual GRI

100%
Occupancy

10,293 sqm⁽¹⁾
GLA

€23.0m
Acq. price



⁽¹⁾ Of which 1,359 sqm correspond to below ground storage areas

CLOSING REMARKS





EXCELLENT SET OF RESULTS

- **+59.4%** Rec. FFO per share
- **+45.4%** EPRA EPS
- Total shareholders return of **9.8%** in the 9M 16 period
- **Robust financial pro-forma⁽¹⁾ position:** maturities extended and floating interest exposure reduced to a minimum

HIGH QUALITY ASSETS DELIVERING PERFORMANCE

- **Great performance** across the board
- Rising rental **growth**
- **Strong letting** activity driving **occupancy upwards**

INVESTMENT ACTIVITY OFFERING GROWTH POTENTIAL

- Adequa **consolidates** MERLIN in A-1 Corridor and brings in the closest Grade-A business park to Madrid CBD
- **Full ownership in Arturo Soria** Plaza achieved (and improved LTM performance)

METROVACESA PERFORMANCE

- **Performance ahead** of the business plan
- **Outstanding hike** in office occupancy (+4%)
- Shopping centers occupancy also **increasing** (+2%)

⁽¹⁾ Pro-forma includes MVC debt, October bond issuance and repayment of €200 m and €500 m of MVC bridge to bond



MERLIN

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