

TO THE NATIONAL SECURITIES MARKET COMMISSION

Merlin Properties, SOCIMI, S.A. (“**MERLIN**”), in compliance with article 228 of the revised Securities Market Law approved by Legislative Royal Decree 4/2015, of October 23, notifies the following

RELEVANT INFORMATION

MERLIN will hold a presentation with analysts and institutional investors on Monday, **February 29, 2015, at 3 p.m. Madrid/CET time**, which may be followed in real time via audio-conference at the following link and with the following access codes:

Webex Link:

<https://merlinproperties.webex.com/merlinproperties/onstage/g.php?MTID=eb37c0119c852058f6d8239d395a71ac0>

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The supporting documentation for the presentation is attached hereto as well as available on MERLIN’s corporate website (www.merlinproperties.com).

Madrid, February 29 2016.

Merlin Properties SOCIMI, S.A.

FY 2015 RESULTS PRESENTATION



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- **Introduction and highlights**

A strong performance

- **Financial results**

Solid numbers in a transformational year

- **Portfolio performance**

Diversified and high yielding emerging assets with positive take-up and LfL rental growth

- **Outlook 2016**

Attractive dividend guidance

Ismael Clemente

CEO

Miguel Ollero

CFO / COO

David Brush

CIO

Ismael Clemente

CEO



CHANGE IN SCALE ACROSS ALL METRICS

GLA
1,865,487
IN STOCK

GLA
223,024
EXPANSION PROJECTS

GRI⁽¹⁾
€ 301.7 m
ANNUALIZED

ATTRIBUTED GRI⁽²⁾
€ 316.2 m
ANNUALIZED

FY 15
€ 214.5 m
GROSS RENTS

FY 15
94%
GROSS-TO-NET

FY 15
€ 133.1 m
RECURRING FFO

FY 15
€ 99.3 m
EPRA EARNINGS

EPRA
5.3%
GROSS YIELD

EPRA
5.0%
NET YIELD

EPRA
€ 3,181 m
NAV

EPRA
9,85
NAV/SHARE

GAV
€ 6,053 m

DEC 15
€ 3,013 m
NET DEBT

DEC 15
49.8%
LTV

SPOT
2.0%
COST OF DEBT

Source: Company.

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

⁽²⁾ Minority stakes would proportionally add € 14.6 m of gross rents to a total of € 316.2 million.



FINANCIAL RESULTS 2015

SOLID NUMBERS IN A
TRANSFORMATIONAL YEAR

HEADLINE RESULTS UNDERPINNING STRONG GROWTH IN THE PERIOD

Consolidated
profit and loss

	FY 2015	FY 2014
Gross rents	€ 214.5 m	€ 56.8 m
Office	€ 63.3 m	€ 3.9 m
High street retail	€ 91.1 m	€ 44.2 m
Shopping centers	€ 29.3 m	€ 7.8 m
Logistics	€ 12.7 m	€ 0.8 m
Hotels	€ 11.5 m	-
Rented residential	€ 5.6 m	-
Other	€ 1.0 m	-
Net rents ⁽²⁾	€ 201.5 m	€ 54.0 m
EBITDA	€ 161.2 m	€ 38.0 m
FFO	€ 107.7 m	€ 19.9 m
Recurring EBITDA ⁽³⁾	€ 186.7 m	€ 50.4 m
Recurring FFO ⁽⁴⁾	€ 133.1 m	€ 32.4 m
EPRA net earnings	€ 99.3 m	€ 20.4 m
IFRS net profit	€ 49.1 m	€ 49.7 m

Passing Gross
rents annualized
€ 301.7 m¹

Passing net
rents annualized
€ 284.3 m¹

Per share

Recurring
EBITDA
€ 0.58

Recurring
FFO
€ 0.41

EPRA
EPS
€ 0.31

IFRS
EPS
€ 0.15

Source: Company.

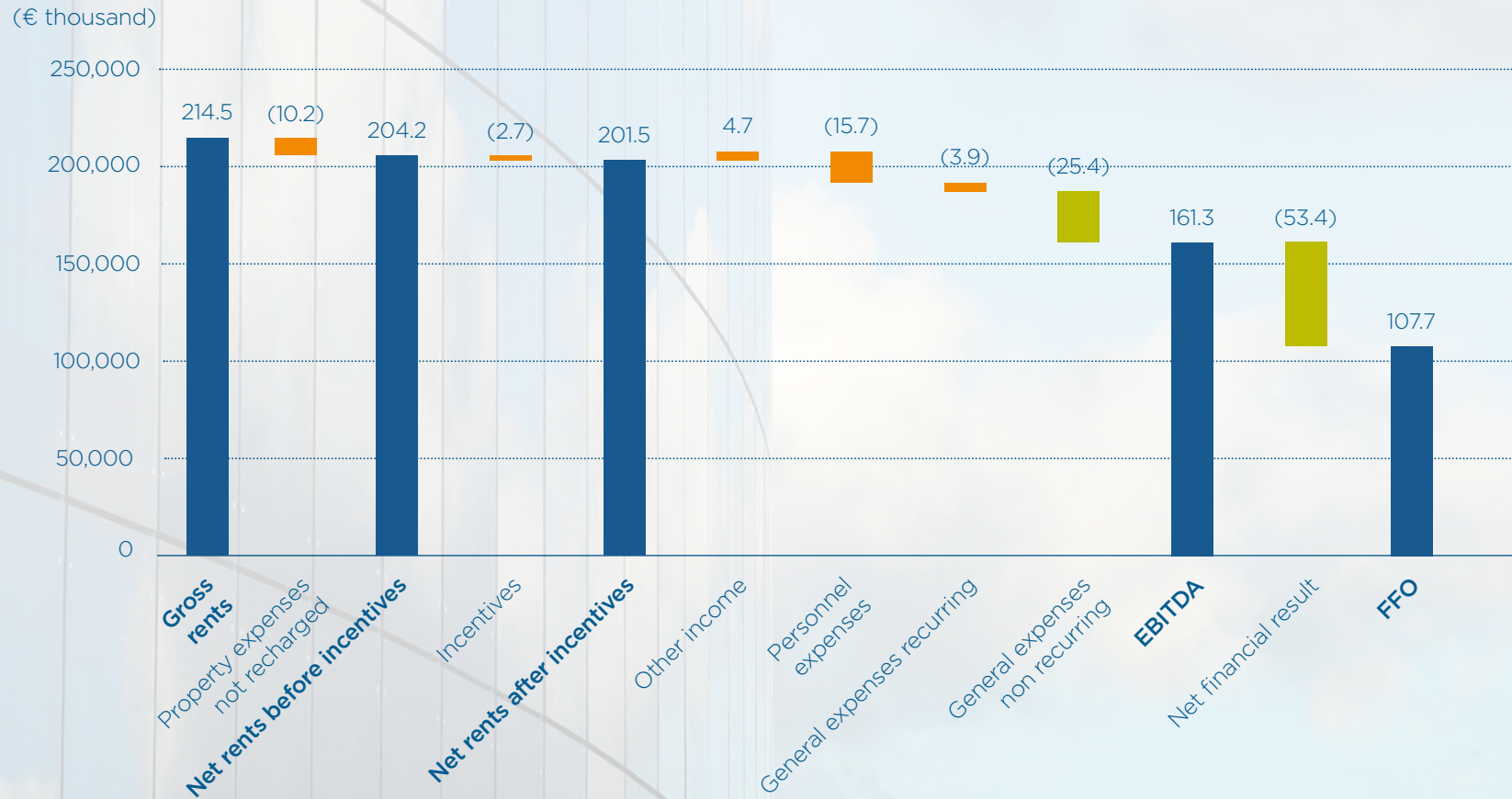
⁽¹⁾ Annualized gross rents and net rents have been calculated as passing gross / net rent as of December 31st, multiplied by 12.

⁽²⁾ Gross rents net of property expenses not recharged to tenants, incentives and collection loss.

⁽³⁾ Recurring EBITDA equals EBITDA less non-recurrent one-off expenses (€ 25.4 m).

⁽⁴⁾ Recurring FFO equals FFO less non-recurrent one-off expenses (€ 25.4 m).

OUTSTANDING GROSS-TO-NET RATIO OF 94%



Source: Company.

SIGNIFICANT GROWTH IN GAV AND NAV

AFTER INTENSIVE 2015
INVESTMENT ACTIVITY
AND PORTFOLIO
REVALUATION

PROACTIVE
MANAGEMENT OF
CAPITAL STRUCTURE
CROWNED WITH
**SUCCESSFUL EXECUTION
OF € 1.7 BN UNSECURED
DEBT⁽²⁾ FINANCING**

Valuation

	Dec-15	Adjusted Dec-14 ⁽¹⁾	Dec-14
GAV	€ 6,053 m	€ 5,389 m	€ 2,232 m
EPRA NAV	€ 3,181 m	€ 2,951 m	€ 1,355 m
EPRA NAV per share	€ 9.85	€ 9.13	€ 10.50
Adjusted NAV	€ 2,982 m	€ 2,751 m	€ 1,355 m
Adjusted EPRA NAV per share	€ 9.23	€ 8.92	€ 10.50

Consolidated balance sheet

	Dec-15	Dec-14
Total assets	€ 6,916 m	€ 2,417 m
Total equity	€ 2,926 m	€ 1,309 m
Portfolio value	€ 6,053 m	€ 2,232 m
Gross financial debt	€ 3,257 m	€ 1,010 m
Cash ⁽³⁾	€ 244 m	€ 153 m
Net financial debt	€ 3,013 m	€ 857 m
Net LTV	49.8%	38.5%
EPRA gross yield	5.3%	6.0%
EPRA net initial yield	5.0%	5.9%
EPRA “topped-up” yield	5.0%	5.9%

Source: Company.

⁽¹⁾ Includes net proceeds of 2015 capital increases.

⁽²⁾ Accounted in the books on January 8th 2016.

⁽³⁾ Excluding € 316.8 m of pending payment of Sacyr 23% stake in Testa.

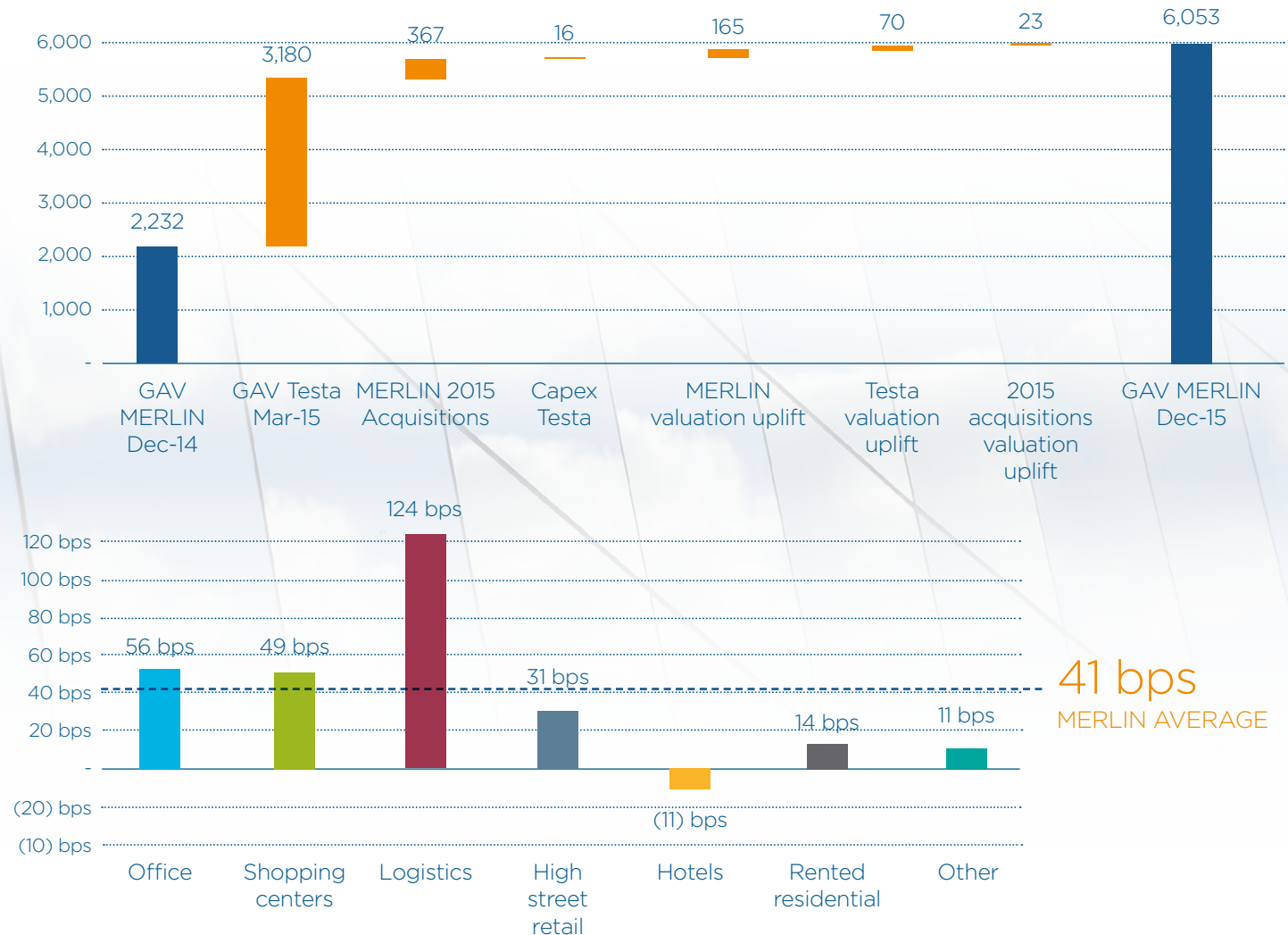
LFL GAV INCREASE 5.1% INCLUDING NON-CORE LAND WRITE OFF (7.8% IF EXCLUDED)

Asset Category (€ million)	31/12/2015	31/12/2014	LfL Change 31/12/15 vs 31/12/2014
Office	€ 2,189.6 m	€ 1,932.4 m	10.0%
High Street retail	€ 1,883.9 m	€ 1,669.5 m	6.8%
Shopping centers	€ 683.7 m	€ 619.6 m	10.3%
Logistics	€ 276.5 m	€ 178.1 m	11.3%
Hotels	€ 397.4 m	€ 391.6 m	1.5%
Rented residential	€ 288.1 m	€ 284.0 m	1.5%
Other	€ 12.2 m	€ 12.0 m	1.7%
Land for development	€ 50.5 m	-	n.a.
Non-core land	€ 132.6 m	€ 259.1 m	(48.8%)
Minority stakes	€ 138.0 m	€ 42.5 m	0.1%
TOTAL	€ 6,052.6 m	€ 5,388.9 m	5.1%
		TOTAL ex Non-core Land	7.8%

GAV INCREASE MOSTLY DRIVEN BY A **PRUDENT YIELD COMPRESSION** WITH POTENTIAL ROOM FOR **FURTHER CAPITAL VALUE GROWTH**

31/12/14 GAV bridge to 31/12/15

41 bps Yield compression



Source: Company.

€ 1.7 BN
SUCCESSFULLY
REFINANCED
**ON AN UNSECURED
BASIS**

**COST OF DEBT
DECREASES,
MATURITY IS
EXTENDED AND
HEALTHY FINANCING
RATIOS ARE ACHIEVED**

(€ million)	Current	31/12/2015	31/12/2014
Unsecured bank loans	€ 1,700 m	€ 350 m	€ 0 m
Mortgage bank loans	€ 1,157 m	€ 2,479 m	€ 1,010 m
Mortgage non-bank loans	€ 133 m	€ 133 m	€ 0 m
Leasings	€ 175 m	€ 175 m	€ 0 m
Non-core debt	€ 119 m	€ 119 m	€ 0 m
Total gross debt	€ 3,285 m	€ 3,257 m	€ 1,010 m
Cash		€ 244 m ⁽¹⁾	€ 153 m
Total Net debt		€ 3,013 m	€ 857 m

	Policy	Current	31/12/2015	31/12/2014
Net debt		n.a.	€ 3,013 m	€ 857 m
LTV	<50%	n.a.	49.8%	38.5%
Average interest rate (spot)		2.0%	2.2%	3.1%
Average maturity		6.0 years	3.8 years	9.0 years
Unsecured debt/ Total debt	>50%	51.6%	0%	0%
Interest cover	>2.5x	n.a.	2.8x	2.1x
Fixed rate debt	>60%	61.0%	43.3%	99.3%

Source: Company.

⁽¹⁾ Net on €316.8 M to be paid to Sacyr for the 22.6% stake of Testa remaining to be purchased.

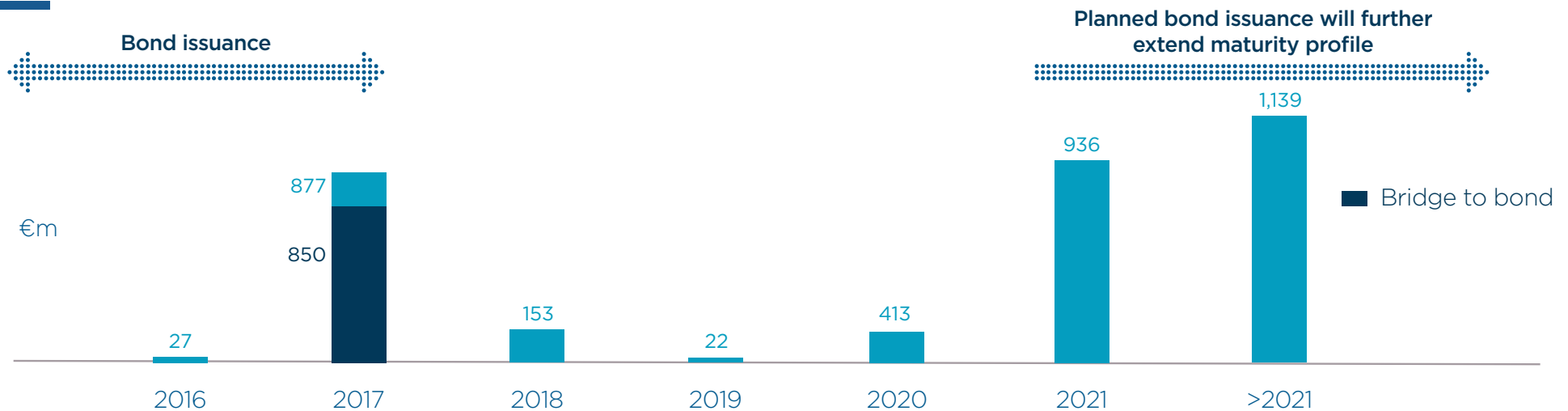
MERLIN PROPERTIES HAS OBTAINED **INVESTMENT GRADE BBB RATING BY S&P**

INVESTMENT GRADE
BBB

HIGHEST RATING
EVER FOR A SPANISH
REAL ESTATE COMPANY

STABLE
OUTLOOK

THE RATING WILL SUPPORT PLANNED **BOND ISSUANCE...**



...WITH THE OBJETIVE TO **FURTHER DIVERSIFY FINANCIAL SOURCES AND EXTEND MATURITY PROFILE**

2015 Proposed shareholders distribution

	(€'000s)	Per share (€ cents)
Interim dividend (Oct-15)	25,035	7.750
Complementary dividend (Apr-16)	1,838	0.569
Share premium distribution (Apr-16)	33,146	10.261
Hotels	760	-
Total	60,019	18.580

PORTFOLIO PERFORMANCE

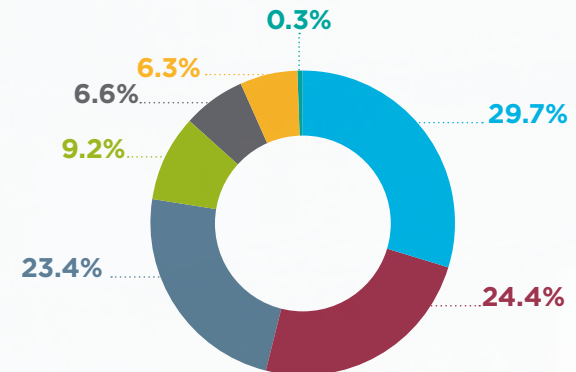
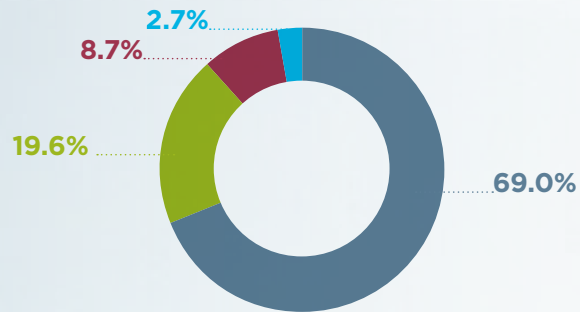
DIVERSIFIED AND HIGH
YIELDING ASSETS WITH
POSITIVE TAKE-UP AND
EMERGING LFL RENTAL
GROWTH

MERLIN HAS ACHIEVED **BROADER DIVERSIFICATION** IN THE PORTFOLIO...

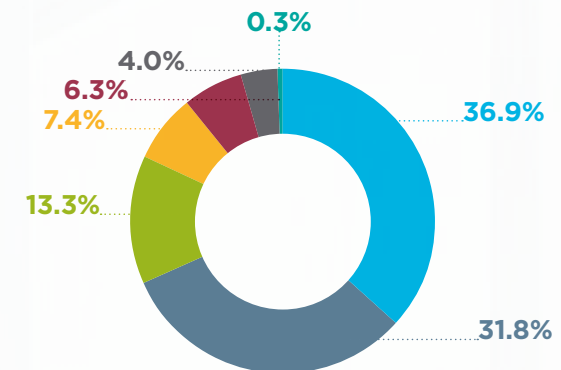
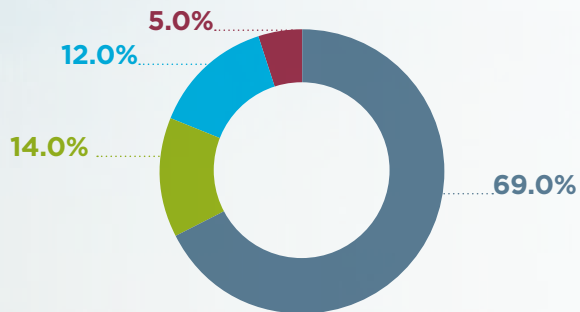
31/12/2014

31/12/2015

GLA BREAKDOWN PER ASSET TYPE

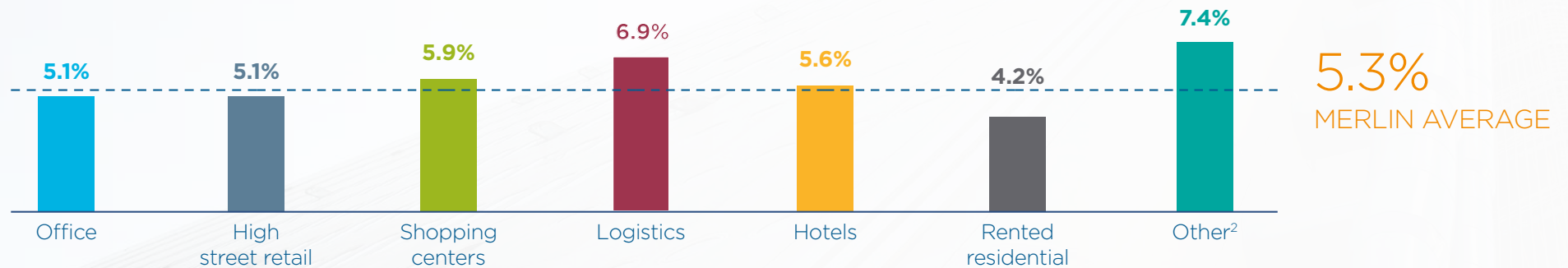


RENTS BREAKDOWN PER ASSET TYPE

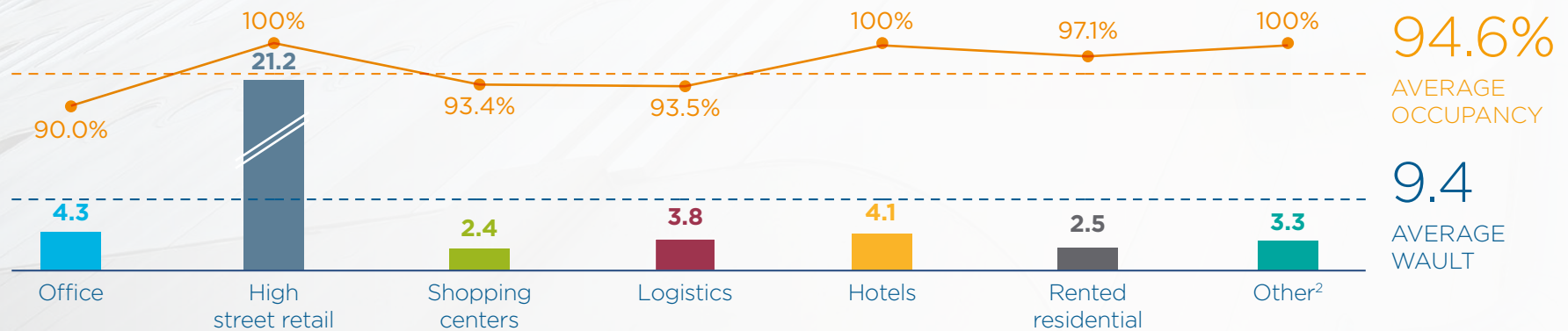


...WHILE MAINTAINING **HIGH OCCUPANCY AND WAULT**

EPRA GROSS YIELD PER ASSET TYPE⁽¹⁾



OCCUPANCY AND WAULT PER ASSET TYPE⁽²⁾

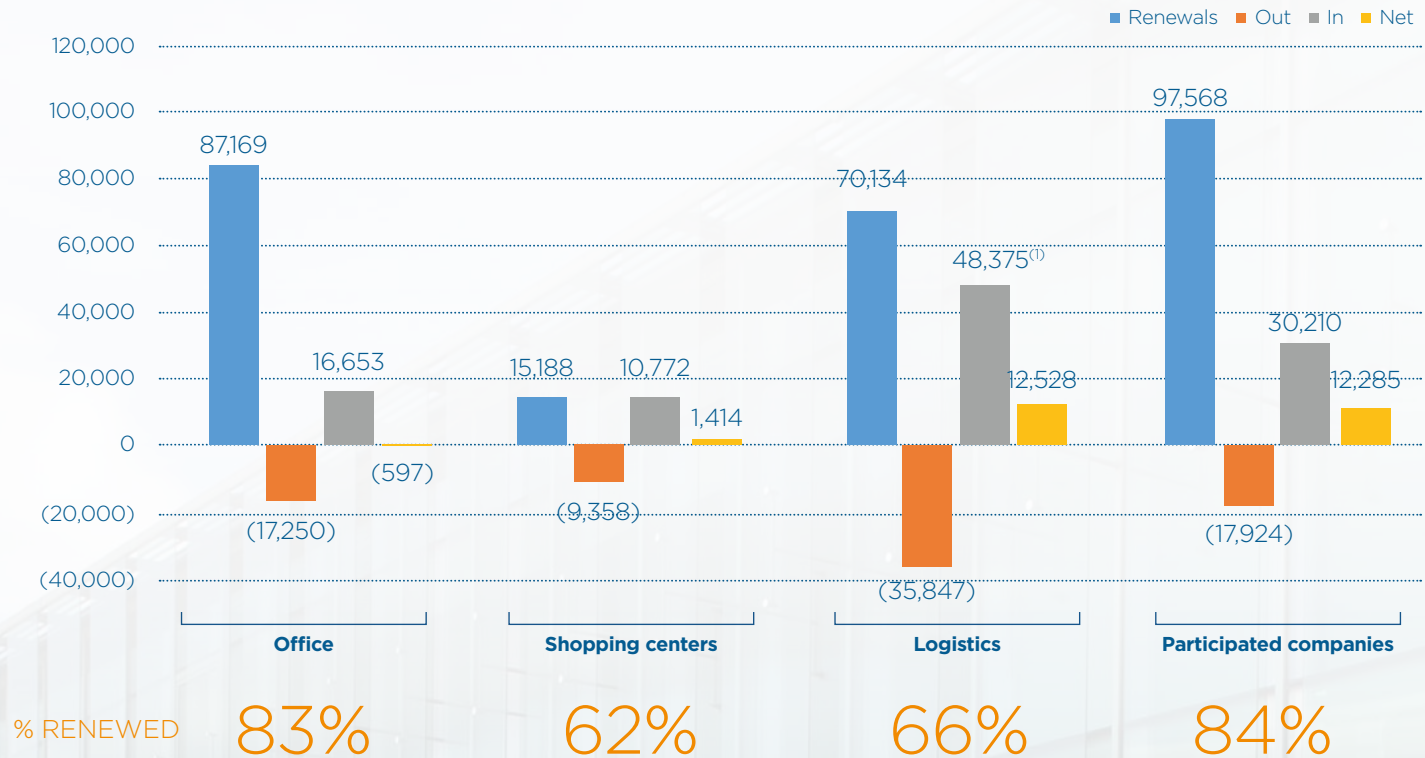


Source: Company.

⁽¹⁾ Gross yield is calculated dividing annualized December gross monthly rents multiplied by 12 by GAV.

⁽²⁾ WAULT by Rents means the weighted average unexpired lease term, calculated as of 31 December 2015.

STRONG LEASING
ACTIVITY WITH:
376K SQM SIGNED:
106K SQM OF NEW
CONTRACTS
AND **270K** SQM
RENEWALS



⁽¹⁾ Includes 38,054 sqm leased for Cabanillas II (currently under construction)

MERLIN HAS ATTRACTED TOP TIER TENANTS

Office



Comunidad de Madrid

Renewal
29,115 sqm
Princesa 3



Renewal
16,001 sqm
Costa Brava 2-4



In
1,837 sqm
Atica I

BANCODE ESPAÑA

Renewal
603 sqm
Juan Esplandiu

Shopping centers



Renewal
7,673 sqm
Marineda



In
1,877 sqm
Porto Pi



In
1,209 sqm
Marineda



Renewal
634 sqm
Plaza de los Cubos

Logistics



Renewal
70,134 sqm
Cabanillas I



Renewal
7,171 sqm
Coslada Complex



In
2,709 sqm
Coslada Complex

CONFIDENTIAL CLIENT

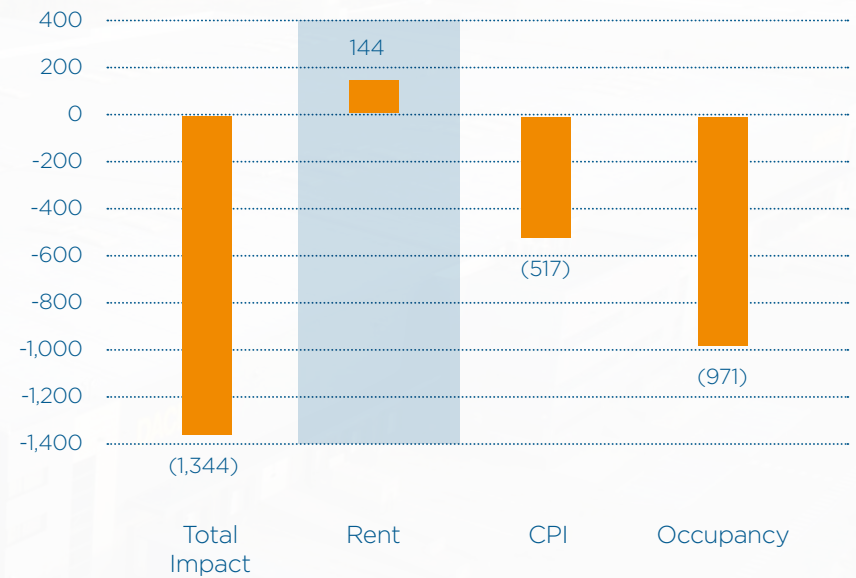
In (Pre-let)
38,054 sqm
Cabanillas II

LFL ⁽¹⁾ RENTAL GROWTH MAINLY CONCENTRATED IN 2H

Commercial Lfl Rent Evolution (2014-2015)

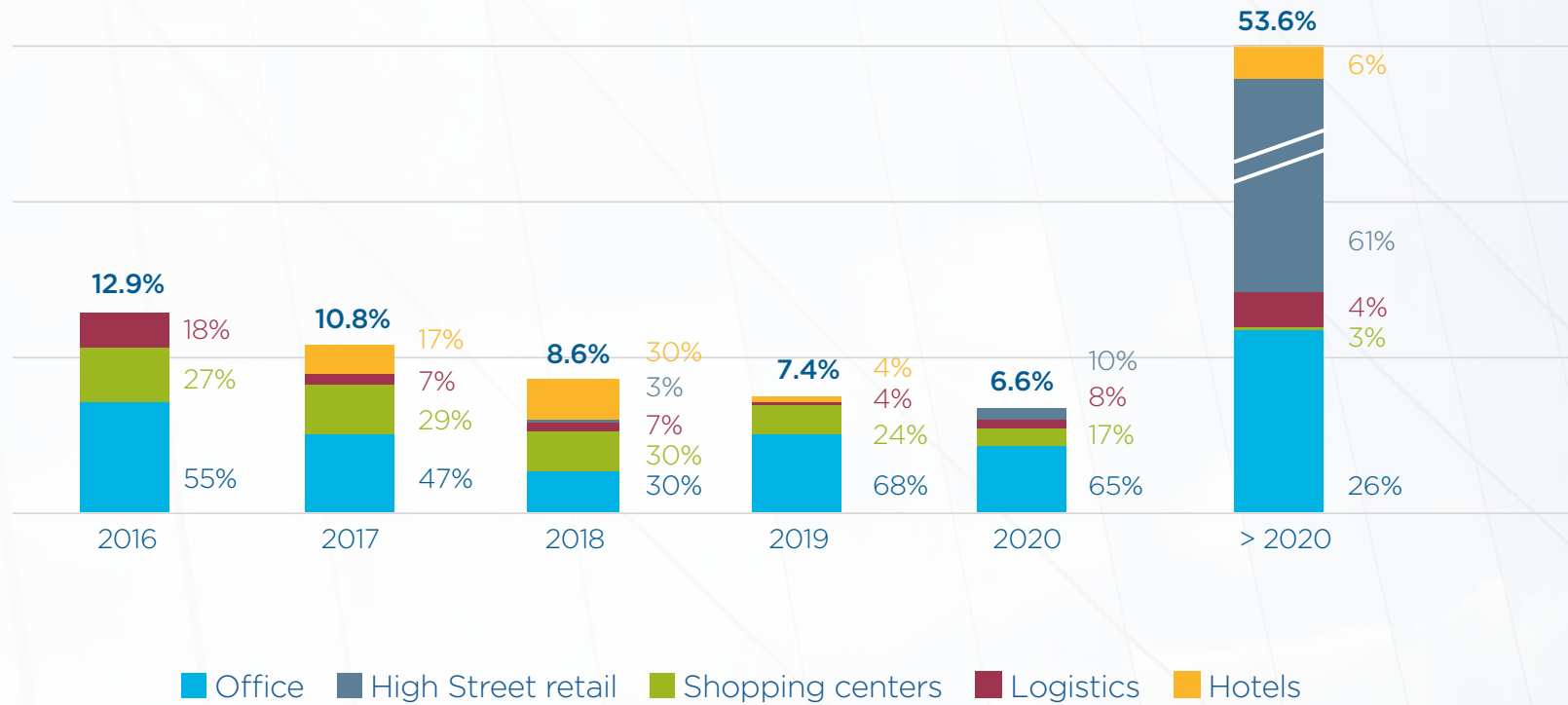
€ 000's	Change	Lfl Rent	Occupancy
Office	(1,344)	(373)	(971)
Shopping centers	697	319	378
High Street retail	545	545	-
Logistics	(792)	(56)	(737)
Hotels	760	760	-
TOTAL	(135)	1,195	(1,330)

Office Case Study

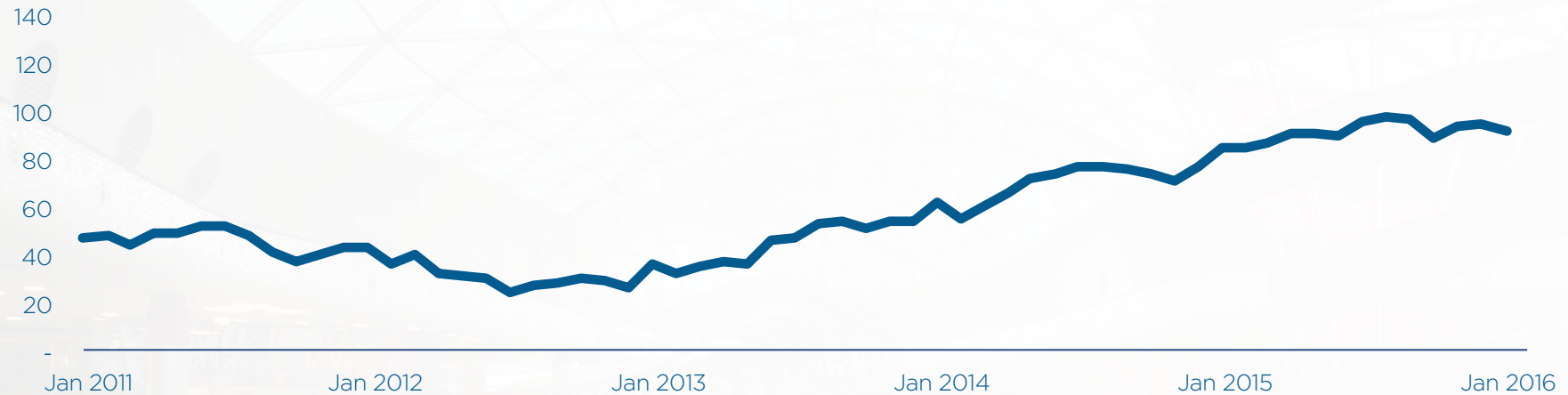


Source: Company.
⁽¹⁾ LFL calculated at same occupancy levels.

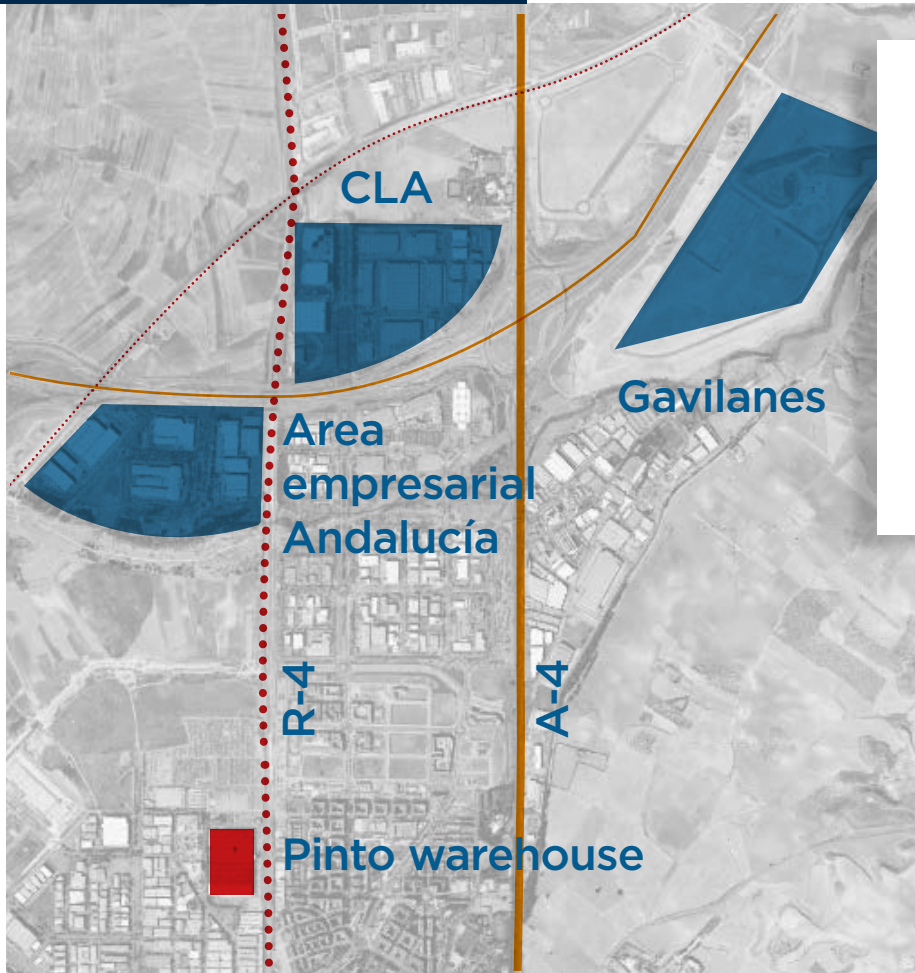
BALANCED MATURITY PROFILE SUPPORTS CASH FLOW **PREDICTABILITY**



INCREASING CONSUMER CONFIDENCE DRIVING GOOD SALES AND FOOTFALL GROWTH (+7% FOOTFALL / +10% SALES)



	2015 Footfall (million)	2015 Footfall vs 2014	2015 Sales (million)	2015 Sales vs 2014
Marineda	16.4	+8.6%	164.8	+10.5%
Porto Pi	8.5	+12.0%	87.3	+14.3%
Larios	10.6	+6.5%	56.8	+10.0%
Centro Oeste	6.7	+4.0%	45.3	+2.1%
Arturo Soria	4.6	(1.4%)	25.0	1.3%



Logistics asset located in the prime area of Madrid’s southern logistics ring, formerly owned by PSA group. The warehouse has **70,000 sqm**, with the potential to be divided into several modules (2x35,000 sqm or 3x20,000 sqm), in a plot of 115,892 sqm. MERLIN’s business plan consists in undertaking a significant Capex renovation prior to positioning the asset in the market.

The warehouse benefits from a good accessibility to the **A-4 and A-42 highways**. The driving distance is approximately 17 km from Madrid centre and 40 km from Barajas airport.

KEY FACTS

- **100%**
Percent Ownership
- **70,000 sqm**
GLA
- **€12.8m**
Acquisition price
- Title
Freehold
- **€1.8m**
Annual GRI⁽¹⁾

LOCATION



⁽¹⁾ Expected GRI upon full occupancy of the warehouse.



Logistics **100k sqm** turn-key project in Miralcampo (second ring of Madrid, 40kms.), in the so-called “Corredor de Henares”, the largest logistic hub in Spain, comprising more than 15 municipalities and 70 km of logistics activity.

The warehouse will benefit from a good accessibility from **A-2 highway and R-2 radial**.

The driving distance is approximately 40 km from Madrid centre and 30 km from the airport.

KEY FACTS

- **100%**
Percent Ownership
- **€4.35m**
Annual GRI⁽¹⁾
- **100,000 sqm**
GLA
- Title
Freehold
- **€17.0m**
Acquisition price

LOCATION



⁽¹⁾ Expected GRI upon full occupancy of the warehouse.



OUTLOOK 2016

ATTRACTIVE DIVIDEND
GUIDANCE

Our market

HEADLINE RENTS
STARTING TO GROW
IN OFFICE, LOGISTICS
AND SHOPPING CENTERS

YIELDS HAVE ALREADY
COMPRESSED IN LINE WITH OTHER
EUROPEAN MARKETS. SOME
FURTHER YIELD COMPRESSION
EXPECTED MAINLY IN LOGISTICS

VERY SCARCE
NEW SUPPLY

INVESTMENT
ACTIVITY AT
LOWER PACE
AFTER RECORD
YEAR

MERLIN

ACTIVE IN
LOGISTICS
AND LISBON
OFFICES

DECONSOLIDATION
OF RENTED
RESIDENTIAL

LEED/BREAAM
PROGRAM

BBVA BANK
BRANCH
DISPOSAL
PROGRAM

DEVELOPMENT:
2 LOGISTICS
FORWARD
PURCHASES +
AAA OFFICE
BUILDING

EMTN PROGRAM
TO REFINANCE
€ 850 MILLION
BRIDGE TO BOND

SHAREHOLDER DISTRIBUTION GUIDANCE: **MINIMUM OF € 140 M**
(€ 0.43 + PER SHARE) AGAINST FY 2016 RESULTS WITH THE FOLLOWING
 CHARACTERISTICS:

ALL CASH

PAYMENT IN TWO
 INSTALMENTS

Interim¹

Final
 (following approval
 by AGM of 2016 accounts)

Total
 FY 2016 proposed
 minimum dividend

€ 0.19

€ 0.24+

€ 0.43+

September
 2016

2017



AMBITIOUS **EFFICIENCY PROGRAM** TO ACHIEVE OVER 90% OF THE PORTFOLIO LEED/BREAAAM CERTIFIED IN 2016-2018

Asset Category (# assets)	2016	2017	2018	Granted	TOTAL	% GAV
Office	9	15	9	2	35	85%
Shopping centers	2	2	-	-	4	93%
Logistics	4	13	-	-	17	92%
Hotels	2	1	7	-	10	100%

ADDITIONAL RENTS **DERIVING FROM DEVELOPMENT PROJECTS**

2016

CABANILLAS I & II GLA: 152,583 sqm
 Expected Rents: € 5.9m
 Delivery: Dec-16 / Jun-17
 Pending Capex: € 52.3 m

2017

GAVILANES GLA: 39,576 sqm
 Expected Rents: € 2.3m
 Delivery: Jan-17
 Pending Capex: € 28.1 m

2018

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





Q&A



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