



CONSOLIDATED PERFORMANCE

+4.6%

FFO per share YoY

+14.1%

NAV per share YoY

- **Excellent set of results** showing **value creation** across all metrics
- **FFO** per share of **€ 0.16** (+4.6% YoY) and **NAV** per share (no revaluation in the period) at **€ 11.36** (+14.1% YoY)
- **AFFO** (€ 0.15 per share in the quarter) **on track** to meet full year **2017 guidance** (€ 0.55 per share)
- Erosion in margins reflect the vacancy imported with the MVC portfolio

(€ million)	1Q17	1Q16	YoY
Total revenues	119.9	78.4	+52.9%
Gross rents	115.3	76.8	+50.1%
Net rents	102.9	70.6	+45.9%
<i>Gross-to-net margin</i>	89.3%	91.9%	
EBITDA ⁽¹⁾	99.4	67.4	+47.5%
<i>Margin</i>	82.9%	86.0%	
FFO ⁽²⁾	74.2	48.8	+52.1%
AFFO	71.1	n.d.	n.a.
Net earnings	66.6	45.2	+47.1%

(€ per share)	1Q17	1Q16	YoY
FFO	0.16	0.15	+4.6%
AFFO	0.15	n.d.	n.a.
EPS	0.14	0.14	+1.2%
NAV	11.36	9.96	+14.1%

BUSINESS PERFORMANCE

+2.6%

Rents like-for-like⁽³⁾ YoY

Same perimeter as 1Q16

+3.6%

Office release spread

All portfolio in 1Q17

+102 bps

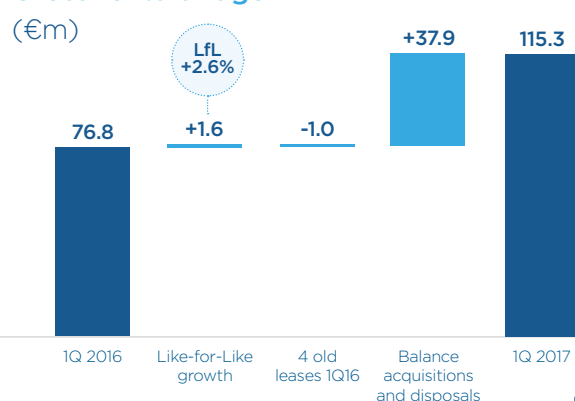
Occupancy vs 31/12/16

92.3%

- **Office:** 178,194 sqm contracted (14% of stock). Positive **LfL⁽³⁾** of **+2.8%** and positive **release spread** of **+3.6%**
- **Shopping centers:** 30,918 sqm contracted. Positive **LfL⁽³⁾** of **+4.9%** and positive **release spread** of **+9.7%**
- **Logistics:** 67,534 sqm contracted. Positive **LfL⁽³⁾** of **+3.7%** and positive **release spread** of **+8.0%**

	Rent		Leasing activity	Occ. QoQ
	€m	Lfl change	Release spread	Bps
Office	53.4	+2.8%	+3.6%	+56
Shopping centers	22.6	+4.9%	+9.7%	+149
High street retail	26.1	+0.9%	n.m.	-
Logistics	8.9	+3.7%	+8.0%	+160
Other	4.3	+5.7%	n.m.	-35
Total	115.3	+2.6%		+102

Gross rents bridge



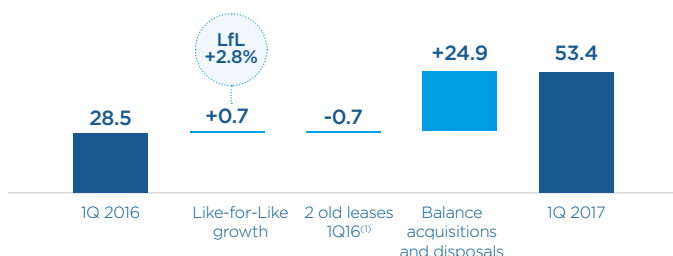
⁽¹⁾ Excludes non-recurring items (€ 1.0m) plus LTIP accrual (€ 7.1m)

⁽²⁾ FFO equals EBITDA less net interest payments

⁽³⁾ Portfolio in operation for the 1Q16 and for the 1Q17: € 62.3m of GRI in 1Q2016

OFFICES

Gross rents bridge (€m)



Rents breakdown

	Gross rents 1Q17	Annual passing rent (€ m)	Passing rent (€/sqm/m)
Madrid	43.5	176.5	17.0
Barcelona	7.1	28.6	13.2
Lisbon	1.9	7.6	18.2
Other	0.8	3.2	10.8
Total	53.4	215.9	16.3

Leasing activity

- **Good performance in our 3 core markets**, delivering +3.6% release spread on average
- **Main drivers** of the positive evolution are: PWC extension in Torre Castellana 259, and the renewals of Expedia in Sollube, Vass in Avda Europa I and Pepper in Juan Esplandiu

- Other includes the renewal of the two Endesa leases in Málaga and Granada. The Málaga asset has been sold in April at a 16% premium over last appraised value

	Contracted Sqm	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	161,864	(19,366)	27,783	134,081	8,417	+3.6%	47
Barcelona	11,298	(2,723)	1,502	9,796	(1,222)	+2.6%	9
Lisbon	945	(227)	-	945	(227)	+7.9%	1
Other	4,087	-	-	4,087	-	(13.4%)	2
Total	178,194	(22,316)	29,285	148,909	6,969	+3.6%⁽²⁾	57⁽²⁾

Occupancy

- **The positive trend** in occupancy in Madrid continues (+86 bps)
- **Positive net absorption in Madrid, while the negative figure in Barcelona** is driven by 1,116 sqm vacated in Balmes to undertake a full refurb on the back of a 100% pre-let (6,187 sqm)
- **By markets, best performer in the quarter has been Madrid NBA**, namely Campo de las Naciones. Amex has let 4,749 sqm in Partenon 12-14 and Roche 11,444 sqm in Puerta de las Naciones, thus retaining the tenant after leaving Eucalipto 33 (7,185 sqm)
- Emptying Monumental in Lisbon ahead of **future full refurbishment**

Stock	1,246,465 sqm
WIP	54,253 sqm
Stock incl. WIP	1,300,898 sqm

	Occupancy rate		Change bps
	31/03/17	31/12/16	
Madrid	88.7%	87.9%	+86
Barcelona	85.1%	85.7%	(58)
Lisbon	93.6%	94.2%	(61)
Other	100.0%	100.0%	-
Total	88.5%	87.9%	+56

⁽¹⁾ Vestas and Endesa-Sevilla

⁽²⁾ Excluding other. If included, the 59 contracts show an average release spread of 3.2%

OFFICES (CONT.)

WIP AND REFURBISHMENTS

WIP



Torre Glòries

- One of the **most iconic buildings** in Barcelona
- Located in the **prime area** of Diagonal junction with Plaza de les Glòries **(22@)**
- Originally **designed by Jean Nouvel**, ground level plus 34 floors, plus an auditorium

GLA **37,614 sqm**

ERV **€ 10.3m**

ERV YoC **6.5%**

Acquisition **€ 142m**

Investment **€ 15m**

Delivery **Mar-18**



Torre Chamartín

- **LEED Platinum tower**, located in the junction between A-1 and M-30
- **AAA** specifications, led by architect Miguel Oriol

GLA **16,639 sqm**

ERV **€ 4.3m**

ERV YoC **6.2%**

Acquisition **€ 31.0m**

Investment **€ 38.0m**

Delivery **Mar-18**

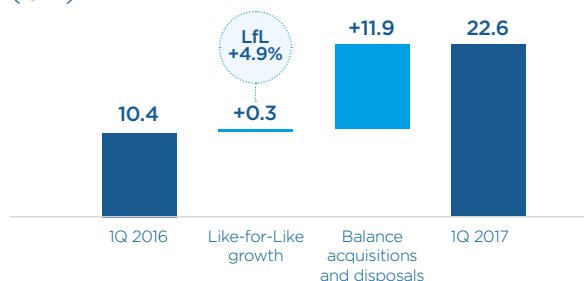
Refurbishments

	Scope	Budget	% executed	GLA (sqm)	Delivery	Pre-let
 <p>Avda. Europa</p>	Full refurb	€ 6.6m	85%	12,605	Sep-17	100%
 <p>Puerta de las Naciones</p>	Full refurb	€ 5.0m	80%	10,619	Dec-17	100%
 <p>Eucalipto 33</p>	Lobby and common areas	€ 3.4m	10%	7,185	Oct-17	Initial phase
 <p>Balmes</p>	Full refurb	€ 2.8m	0%	6,187	Jun-18	100%

SHOPPING CENTERS

Gross rents bridge

(€m)



Rents breakdown

	Gross rents 1Q17	Annual passing rent (€ m)	Passing rent (€/sqm/m)
MERLIN	22.6	92.7	19.3

Footfall and tenant sales

	1Q17 LTM	1Q16 LTM	YoY
Footfall	99.9m	96.1m	+3.9%
Tenant sales	€ 856.0m	€ 832.2m	+2.9%
OCR	12.9%		

Leasing activity

- **Positive release spread.** Main drivers are Larios, Porto Pi, El Saler, La Fira and Centro Oeste
- **The largest lease** signed in Thader with Nickelodeon (5,096 sqm)

	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Total	30,918	(6,487)	12,805	18,113	6,318	+9.7%	31

Occupancy

- **Positive move** in occupancy (+149 bps)
- **Marineda had an excellent quarter** (+1,894 sqm net absorption) following several extensions of Inditex brands plus addition of new tenants (i.e. New Yorker)

Stock	418,105 sqm
Opcion+Tres Aguas ⁽¹⁾	104,174 sqm
Stock with Opcion+Tres Aguas	522,279 sqm

	Occupancy rate		
	31/03/17	31/12/16	Change bps
Total	90.1%	88.6%	+149

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

Refurbishments

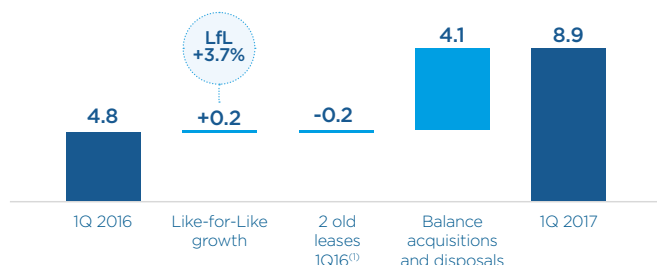
	Marineda	El Saler	Thader
Scope	Sports area creation	Extension (+3,100 sqm), façade and accesses	Nickelodeon park and common areas
Budget (€m)	1.6	13.1	8.9
% executed	85%	5%	10%
GLA (sqm)	3,402	23,086	5,096
Delivery	June-17	Mar-18	Oct-17
Pre-let	82%	Initial phase	100%

⁽¹⁾ Tres Aguas at 100% allocation

LOGISTICS

Gross rents bridge

(€m)



⁽¹⁾ Logista and UPS

Rents breakdown

	Gross rents 1Q17	Annual passing rent (€ m)	Passing rent (€/sqm/m)
Madrid	4.0	18.1	3.6
Barcelona	1.0	9.8	4.9
Other	3.9	10.4	3.6
Total	8.9	38.4	3.9

Leasing activity

- **Positive release spread** mainly driven by the renewals of Logiters in **Alovera** (A-2), and Tenneco and Madrid Town Hall both in **Madrid-Coslada** (A-2)

	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	53,165	-	-	53,165	-	8.0%	5
Barcelona	8,508	-	6,198	2,310	6,198	-	-
Other	5,861	-	2,367	3,494	2,367	-	-
Total	67,534	-	8,565	58,969	8,565	8.0%	-

Occupancy

- **No tenant vacating space** in the portfolio
- **New contracts** signed in Barcelona (Parc Logistic) and Sevilla drive the increase in occupancy
- Madrid portfolio is **fully occupied**

Stock	869,880 sqm
WIP	368,161 sqm
Stock incl. WIP	1,238,041 sqm
CILSA	417,268 sqm
CILSA WIP	16,859 sqm
Stock managed	1,672,168 sqm

	Occupancy rate		
	31/03/17	31/12/16	Change bps
Madrid	100.0%	100.0%	-
Barcelona	89.7%	86.6%	+308
Other	97.7%	96.8%	+96
Total	97.0%	95.4%	+160

LOGISTICS (CONT.)

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

Investments



Cabanillas

- **Logistics park** located 51 kms from Madrid city centre and 42 kms from Barajas airport
- **Direct access** to both A-2 and R-2 highways
- MERLIN-Cabanillas is **divided into 5 modules**. 100% let to Logista, Luis Simoes, XPO Logistics and an undisclosed tenant.
- GLA acquired in 1Q (3 modules) is **114,761 sqm**

GLA **202,600 sqm**






GRI **€ 7.8m**

YoC **8.2%**

Occupancy **100%**

Investment **€ 96.1m**

Developments

	Budget	% executed	GLA (sqm)	Delivery	Pre-let
 Meco II	€ 27.5m	86%	59,891	Jun-17	-
 Pinto I	€ 5.8m	66%	11,098	Jun-17	100%
 Pinto II	€ 20.2m	46%	59,017	Jul-17	100%
 Azuqueca II⁽¹⁾	€ 47.4m	66%	98,000	TBD	-
 Sevilla ZAL I	€ 2.7m	-	5,400	Jan-18	100%

⁽¹⁾ Currently negotiating BTS

BALANCE SHEET

- No significant event in the period

	€ million
GAV (no revaluation in the period)	10,026.7
Gross financial debt	5,185.3
Cash ⁽¹⁾	(615.2)
Net financial debt	4,570.1

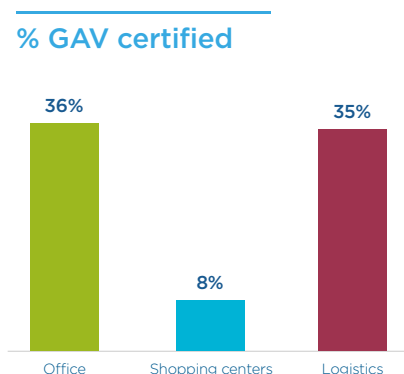
Ratios	
LTV	45.6%
Av. interest rate	2.26%
Av. Maturity (years)	6.0
Unsecured debt to total debt	76%
Interest rate fixed	88.7%
Liquidity position	€ 855.2m

Corporate rating	
S&P	BBB
Moody's	Baa2

SUSTAINABILITY

- 5 new LEED/BREEAM certificates obtained since end of 2016

Ribera del Loira	Atica 3	Madrid-Cabanillas (Module A)	Diagonal 514	Muntadas II
				
Gold	Good	Gold	Gold	Correct



CAPEX

	Assets	€ million
Acquisitions	• Cabanillas B, C & D • Torre Glòries	188.7
Development/ Refurbishment	• Juan Esplandiu • Avda Europa • Madrid-Meco II • Eucalipto 33 • Marineda • Madrid-Pinto • Puerta de las Naciones • El Saler • Madrid-Gavilanes	14.5
Like-for-like portfolio (Maintenance Capex)		3.1
Total		206.3

⁽¹⁾ Includes cash and deferred payment of hotels disposal (€ 66.6m)

POST CLOSING EVENTS

- On April 10, **€ 200m** of the unsecured bank loans maturing in 2021 were repaid early. As a result, **pro-forma gross financial debt** amounts to **€ 4,983.9m** as of the date of this report.
- On April 10, MERLIN acquired Central Office Building, a **10,310 sqm** office building located in the Expo area of Lisbon and 100% let to best-in-class tenants. Acquisition price was **€ 29 million**, representing a **6.8%** yield.
- On April 26, MERLIN held the **AGM**. **All the items of the agenda were approved**, including a **distribution to shareholders of € 0.20 per share, which will be paid on May 18th**.

APPENDIX

1. Consolidated Profit and loss
2. Consolidated Balance sheet
3. Alternative measures of performance

1. Consolidated Profit and loss account

(€ thousand)	1Q17	1Q16
Gross rents	115,293	76,818
Office	53,389	28,504
High street retail	26,094	24,022
Shopping centres	22,596	10,440
Logistics	8,938	4,851
Other	4,276	9,001
Other income	4,607	1,615
Total revenues	119,900	78,433
Incentives	(3,557)	(1,288)
Collection loss	(33)	(124)
Total operating expenses	(24,941)	(10,070)
Property expenses not recharged to tenants	(8,759)	(4,833)
Personnel expenses	(5,523)	(3,235)
Recurring general expenses	(2,582)	(1,536)
Non-recurring general expenses	(952)	(466)
LT Incentive Plan non-cash provision	(7,125)	-
EBITDA	91,369	66,951
Depreciation/disposals/business combination	(2,106)	(1,133)
EBIT	89,263	65,818
Net interest expense	(25,249)	(12,496)
Debt amortization cost	(2,449)	(4,385)
Gain/(losses) on disposal of financial instruments	216	-
Change in fair value of financial instruments	5,380	(3,969)
Share in earnings of equity method investees	474	730
PROFIT BEFORE TAX	67,635	45,698
Income taxes	(804)	(440)
PROFIT (LOSS) FOR THE PERIOD	66,831	45,258
Minorities	(280)	(21)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE	66,551	45,237

2. Consolidated Balance sheet

(€ thousand)

ASSETS	31/03/17	31/12/16	EQUITY AND LIABILITIES	31/03/17	31/12/16
NON CURRENT ASSETS	10,280,663	10,078,890	EQUITY	4,916,174	4,840,769
Intangible assets	256,868	257,969	Subscribed capital	469,771	469,771
Property plant and equipment	3,778	3,569	Share premium	4,017,485	4,017,485
Investment property	9,229,942	9,027,184	Reserves	445,110	(143,537)
Investments accounted for using the equity method	320,749	319,697	Treasury stock	(105)	(105)
Non-current financial assets	328,492	329,427	Other equity holder contributions	540	540
Deferred tax assets	140,834	141,044	Interim dividend	(59,759)	(59,759)
			Profit for the period	66,549	582,645
			Valuation adjustments	(45,008)	(47,582)
			Minorities	21,591	21,311
			NON CURRENT LIABILITIES	5,717,577	5,869,594
			Long term debt	5,123,589	5,278,731
			Long term provisions	37,217	34,092
			Deferred tax liabilities	556,771	556,771
CURRENT ASSETS	683,541	839,690	CURRENT LIABILITIES	330,453	208,217
Trade and other receivables	58,607	508,832	Short term debt	213,855	65,853
Short term investments in group companies and associates	72,763	76,919	Short term provisions	867	867
Short term financial assets	6,733	6,445	Trade and other payables	108,030	140,868
Cash and cash equivalents	544,789	247,081	Other current liabilities	7,701	629
Other current assets	649	413			
TOTAL ASSETS	10,964,204	10,918,580	TOTAL EQUITY AND LIABILITIES	10,964,204	10,918,580

3. Alternative measures of performance

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA), the alternative measures of performance are described as follows.

Glossary

EBITDA

Earnings before net revaluations, amortizations, provisions, interest and taxes.

Recurring EBITDA

EBITDA less non-recurring general expenses of the Company and long-term incentive plan accrual.

EPRA NAV

EPRA Net Asset Value (EPRA NAV) is calculated based on the consolidated shareholders' equity of the Group adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a longterm investment property business model, as per EPRA's recommendations.

EPRA Net Initial Yield

Annualised rental income based on the cash passing rents at the balance sheet date, less nonrecoverable property operating expenses, divided by the market value of the property, increased with acquisition costs.

EPRA "topped-up" NIY

Adjustment to the EPRA Net Initial Yield in respect of the expiration of rentfree periods (or other unexpired lease incentives such as discounted rent periods and step rents).

EPRA Vacancy Rate

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

FFO

Recurring result of the Company calculated

as EBITDA less debt interest expenses of the period.

Recurring FFO

FFO less non-recurring general expenses of the Company.

GAV

Value of the commercial portfolio in accordance with the latest external valuation available as of 31 December 2016 plus Capex and investments less disposals

Average debt maturity

It represents the average debt duration of the Company until maturity.

Gross annualized rents

Passing rent as of 31 March multiplied by 12.

Passing rent

It represents the rent for sqm/month to which an asset or category of assets is rented as of 31 March.

EPRA Earnings

Recurring earnings from core operational activities.

Gross yield

It represents the gross yield of an asset or category of assets. It is calculated by dividing the annualized gross rent between the latest available GAV.

Like-for-Like

Compares the growth of the gross rental income of the portfolio that has been consistently in operation in the three months of 1Q 2016 and the three months of 1Q 2017



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