

Strong growth in the operating profit during the first half

- Gross rents: € 262.7 million (+8.0% vs YoY)
- Operating profit (“FFO”): € 157.2 million (+11.6% YoY)
- NAV per share: € 15.11 (+7.5% vs Dec-2018)
- Pay-out guidance for 2019 reconfirmed: € 0.52 per share

- Operating profit exceeds € 157 million (equivalent to € 33 cents per share), a strong 11.6% increase year on year.
- Excellent business performance, with increases in the occupancy rate, LfL rents and positive release spreads in all asset categories.
- MERLIN announces the acquisition of a land plot to develop a 93,000 sqm extension of the successful Cabanillas Park I which will become the largest logistics park in Madrid with 320,000 sqm.

Madrid, 30 July- MERLIN Properties has released its 6M 2019 consolidated financial statements with total revenues of € 265.2 million, EBITDA of € 210.4 million, FFO (EBITDA less interest) of € 157.2 million and consolidated net earnings in accordance with IFRS of € 262.0 million, not comparable YoY due to the non-recurring items recorded in 6M18 (extraordinary gain related to the capitalization of Testa Residencial service contract, asset revaluation and changes in value of financial instruments). Excluding non-recurring items, net earnings amounts to €124.3m, a 22% increase year on year (€ 101.9 million in 6M 2018). The occupancy of the portfolio stands at 92,9%.

The gross asset value (GAV) of the portfolio amounts to €12,375 million, up 5.3% during the last year. EPRA NAV amounts to € 7,097 million or € 15.11 per share, up 7.5% during the last year.

On April, 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. MERLIN has also signed a € 67.9m secured bank loan on 7 logistics assets. As a result, average cost of debt has been reduced (2.04%) and average maturity extended (6 years), having closed the semester with a 41% LTV ratio.

Offices

- Business performance

Strong performance with an 8.3% like-for-like rent increase, which reflects both the occupancy increases and the consistent positive release spreads achieved during the last twelve months. The release spread has been 5.0% in Madrid, 14.9% in Barcelona and 10.5% in Lisbon. Occupancy stands at 90.3%, which represents an increase of 86 bps versus December 2018 and a significant increase compared to 6M 2018 (+243 bps).

- Landmark Plan I

Torre Chamartin has had an excellent semester in terms of commercialization. MERLIN has signed 8,487 sqm in the tower, including the extension with Deloitte of 6,365 sqm (plus the option to extend an additional 2,121 sqm) bringing the occupancy rate to 83% (94% if extension executed).

Torre Gloriès has also had an excellent semester in terms of commercialization, leasing 11,807 sqm and achieving the full occupancy in the tower. The observatory project, located in the top two floors, has been launched. It will offer a unique experience featuring content developed by Meadiapro.

Shopping Centers

- Business performance

The shopping center portfolio continues performing satisfactorily in a semester in which both the tenant sales and the footfall of the portfolio have experienced a positive trend. Regarding rents, the LfL increase stood at +3.9% and release spread at +2.9% during the last twelve months. Occupancy rate has increased significantly, to close the semester at 92.6%, 163 bps above December 2018 and 449 bps above last year figures.

- Flagship Plan

Larios refurbishment is paying off. All the renewed space is already let, having signed contracts with Primark, which will open its largest store in a shopping center in Spain (8,282 sqm), or Zara, which has extended its unit to 4,273 sqm. X-Madrid keeps adding tenants to this revolutionary concept, reaching a 92% pre-commercialization level. Both projects will open in October.

Logistics

- Business performance

Solid rental growth, both in terms of Like-for-like growth (+6.2%) and in release spread (+5.0%) during the last twelve months. Occupancy rate remains at the same level as in the first quarter of the year, at 95.7%.

- Best Plan II&III

Great semester in terms of pre-commercialization of the assets included in Best II & III. During the second quarter and until today, MERLIN has signed 164,286 sqm in new leases. MERLIN has signed the largest ever logistics lease in Spain, with 98,757 sqm, with Carrefour in Guadalajara-Azuqueca II. This turnkey project will be delivered at the beginning of 2021, featuring state-of-the-art specifications. Carrefour will cover national distribution of non-consumable goods from this core hub. MERLIN has also been signed the entire lease-up of Valencia-Ribarroja (part of Best III) to Dachser, in a turnkey project scheme of 34,992 sqm, and 21,879 sqm with Logisfashion in Guadalajara-Cabanillas III.

Value created to shareholders

The gross asset value of the portfolio now stands at 12,375 million, after the appraisals performed by CBRE, Savills and JLL. This represents a 5.3% increase compared to one year ago. In accordance with EPRA standards, net asset value amounts to € 7,097 million, equivalent to € 15.11 per share, representing a 7.8% versus one year ago.

Through a combination of dividends and value growth, the Company has created value to shareholders for an aggregate amount of € 707 million, delivering an implicit total shareholders return of 11.0% during the last twelve months.

The Company has reconfirmed the dividend pay-out guidance of € 52 cents for 2019 (+4% versus 2018).

About MERLIN Properties

MERLIN Properties SOCIMI, S.A. (MC:MRL) is the largest real estate company trading on the Spanish Stock Exchange, with a market capitalization exceeding 5,800 million euros, specialized in the acquisition and management of commercial property in the Iberian region. MERLIN Properties mainly invests in offices, shopping centers and logistics facilities, within the Core and Core Plus segments, forming part of the benchmark IBEX-35, Euro STOXX 600, FTSE EPRA/NAREIT Global Real Estate, GPR Global Index, GPR-250 Index, and MSCI Small Caps indices.

Please visit www.merlinproperties.com to learn more about the company.

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