



## CONSOLIDATED PERFORMANCE

**+6.4%**

Gross rents YoY

**+11.5%**

FFO per share YoY

**+6.5%**

NAV per share YoY

- **Value created** to shareholders **across all metrics**, with strong growth in cash flow generation
- **FFO per share** of **€ 0.50 (+11.5% YoY)** and **NAV per share** (no revaluation in the period) at **€ 15.27 (+6.5% YoY)**
- **Excellent business performance** in the period, with solid growth in occupancy, LfL rents and release spread
- **Cash flow margins continue rising** due to lower incentives and liabilities management (lower financial expenses)
- Net earnings not comparable YoY due to the extraordinary gain in 9M18 related to the capitalization of Testa Residencial service contract

(€ million)	9M19	9M18 <sup>(1)</sup>	YoY
Total revenues	397.9	376.1	+5.8%
Gross rents	394.9	371.0	+6.4%
Gross rents after incentives	379.8	353.8	+7.4%
Net rents after propex	344.9	321.7	+7.2%
<i>Gross-to-net margin</i>	90.8%	90.9%	
EBITDA <sup>(2)</sup>	317.0	298.2	+6.3%
<i>Margin</i>	80.3%	80.4%	
FFO <sup>(3)</sup>	237.0	212.7	+11.5%
<i>Margin</i>	60.0%	57.3%	
AFFO	230.0	205.5	+11.9%
Net earnings	316.2	504.9	(37.4%)

(€ per share)	9M19	9M18	YoY
FFO	0.50	0.45	+11.5%
AFFO	0.49	0.44	+11.9%
EPS	0.67	1.07	(37.4%)
EPRA NAV	15.27	14.33	+6.5%

## BUSINESS PERFORMANCE

**+4.8%**

Rents like-for-like<sup>(4)</sup> YoY

**+6.1%**

Office

**+2.4%**

S. Centers

**+4.7%**

Logistics

Release spread

**+27 bps**

Occupancy vs 30/06/19

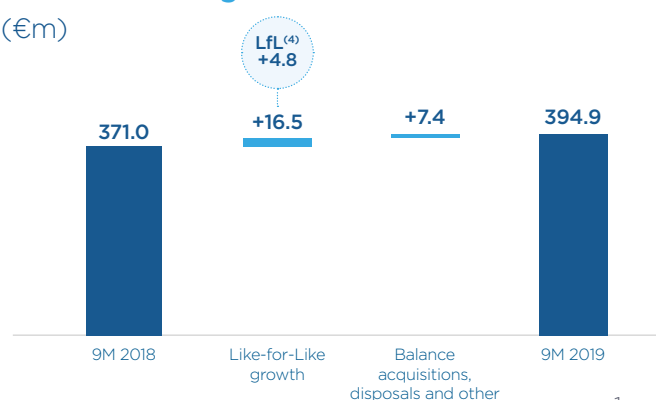
**93.2%**

- **Office:** 291,537 sqm contracted. LfL<sup>(4)</sup> of **+7.6%** and **release spread** of **+6.1%**
- **Shopping centers:** 65,633 sqm contracted. LfL<sup>(4)</sup> of **+3.0%** and **release spread** of **+2.4%**
- **Logistics:** 208,758 sqm contracted. LfL<sup>(4)</sup> of **+2.1%** and **release spread** of **+4.7%**

9M19	Contracted sqm	Rent		Leasing activity	Occ. vs 30/06/19
		€ m	Lfl change	Release spread	Bps
Office	291,537	182.9	+7.6%	+6.1%	+31
Shopping centers	65,633	95.8	+3.0%	+2.4%	+25
Net leases	n.a.	65.3	+3.1%	n.m.	-
Logistics	208,758	39.6	+2.1%	+4.7%	(5)
Other	n.a.	11.3	(4.0%)	n.m.	(250)
<b>Total</b>	<b>565,928</b>	<b>394.9</b>	<b>+4.8%</b>		<b>+27</b>

### Gross rents bridge

(€m)



<sup>(1)</sup> Restated to include the early adoption of IFRS 16 and implementation of IFRS 9

<sup>(2)</sup> Excludes non-overhead costs items (€ 2.6m) plus LTIP accrual (€ 33.2m)

<sup>(3)</sup> FFO equals EBITDA less net interest payments, less minorities, less recurring income taxes plus share in earnings of equity method

<sup>(4)</sup> Portfolio in operation for the 9M19 (€ 360.0m of GRI) and for the 9M18 (€ 343.5m of GRI)

# OFFICES

## Gross rents bridge (€m)



## Rents breakdown

	Gross rents 9M19 (€ m)	Passing rent (€/sqm/m)	Wault (yrs)
Madrid	135.1	17.2	2.6
Barcelona	29.6	15.6	3.2
Lisbon	16.0	17.8	4.0
Other	2.2	10.9	6.6
<b>Total</b>	<b>182.9</b>	<b>16.8</b>	<b>2.9</b>

## Leasing activity

- **Robust rental growth continues**, delivering +6.1% release spread in the period
- **3Q leasing activity highlights:**
  - 972 sqm new lease with New Relic and 599 sqm with Sisvel in Torre Glories, Barcelona
  - 1,689 sqm new lease with Grupo Netco in PE Cerro de los Gamos, Madrid
  - 1,061 sqm new lease with Buran in Torre Chamartin, Madrid
  - 772 sqm new lease with Alibaba in Pedro de Valdivia 10, Madrid
  - 5,311 sqm renewed with Unir in Beatriz de Bobadilla 14, Madrid
  - 5,228 sqm renewed with Everis in Diagonal 605, Barcelona
  - 1,984 sqm renewed with Danone in Torre Zen, Lisbon

9M19 (sqm)	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	242,185	(24,327)	28,185	214,001	3,857	+4.7%	141
Barcelona	39,325	(6,323)	23,694	15,632	17,371	+15.6%	32
Lisbon	10,026	-	2,076	7,950	2,076	+11.5%	18
<b>Total</b>	<b>291,537</b>	<b>(30,651)</b>	<b>53,955</b>	<b>237,583<sup>(2)</sup></b>	<b>23,304</b>	<b>+6.1%</b>	<b>191</b>

## Occupancy

- **Increase in occupancy in Madrid and Barcelona in 3Q19**
- **Torre Glóries fully occupied** after leases signed with New Relic and Sisvel
- By markets, **best performer this quarter has been Barcelona 22@**

<b>Stock</b>	1,325,716 sqm
<b>WIP</b>	120,976 sqm
<b>Stock incl. WIP</b>	1,446,692 sqm

	Occupancy rate <sup>(3)</sup>		
	30/09/19	30/06/19	Change bps
Madrid	88.7%	88.6%	+15
Barcelona	93.9%	93.4%	+51
Lisbon	100.0%	100.0%	-
Other	100.0%	100.0%	-
<b>Total</b>	<b>90.7%</b>	<b>90.4%</b>	<b>+31</b>

<sup>(1)</sup> Office portfolio in operation for the 9M19 (€ 172.3m of GRI) and for the 9M18 (€ 160.2m of GRI)

<sup>(2)</sup> Excluding roll-overs

<sup>(3)</sup> MERLIN policy: buildings under complete refurbishment are excluded from stock up until 12 months after completion of works. Castellana 85 has been excluded this quarter

## OFFICES (CONT.)

### INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS



#### INVESTMENTS IN 9M19

	GLA (sqm)	GRI	YoC	Acquisition
 <b>Nestlé HQ</b>	12,260	€ 1.4m	7.0% <sup>(1)</sup>	€ 19.5m <sup>(1)</sup>
 <b>Art</b>	22,150	€ 4.6m	5.4%	€ 84.9m
 <b>TFM</b>	7,835	€ 1.6m	5.7%	€ 27.3m
 <b>LOOM 22@ Ferreteria</b>	2,018	€ 0.4m	6.1% <sup>(2)</sup>	€ 6.5m <sup>(2)</sup>

#### LANDMARK I

WIP	GLA (sqm)	Scope	Budget	Delivery
 <b>Torre Chamartín</b>	18,295	Development	€ 38.0m	4Q19 Phase II
 <b>Monumental</b>	22,287	Full refurb (incl. SC)	€ 28.9m	1Q21
 <b>Castellana 85</b>	15,254	Full refurb	€ 25.1m	1Q21

#### IN STOCK

 <b>Marqués de Pombal</b>	12,460	Lobby + common areas + exterior terrace	€ 1.6m	1Q20
 <b>Diagonal 605</b>	13,244	Double height lobby + common areas + new retail space	€ 8.6m	4Q20

<sup>(1)</sup> Yield on cost calculated over purchase price (€12.5m) plus estimated Capex (€7.0m)

<sup>(2)</sup> Yield on cost calculated over purchase price (€4.0m) plus estimated Capex (€2.5m)

## SHOPPING CENTERS

### Gross rents bridge

(€m)



### Rents breakdown

	Gross rents 9M19 (€ m)	Passing rent (€/sqm/m)	Wault (yrs)
MERLIN	95.8	21.4	2.6

### Footfall and tenant sales<sup>(2)</sup>

	9M19 LTM	YoY
Footfall	108.7m	+1.6%
Tenant sales	€ 1,154.9M	+4.0%
OCR	12.5%	

### Leasing activity

- **Steady growth in rents, with a positive release spread of +2.4%**, but lower OCR overall given positive tenant sales per sqm
- **3Q leasing activity highlights:**
  - 2,763 sqm new lease with H&M in Larios
  - 1,089 sqm new lease with Mango in Marineda
  - 653 sqm new lease with Massimo Dutti in Artea
  - 651 sqm new lease with Cortefiel in El Saler
  - 484 sqm renewal with Tagliatella in Thader
  - 389 sqm renewal with Punto Roma in Almada

9M19 (sqm)	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Total	65,633	(21,079)	30,269	35,364	9,190	2.4%	150

### Occupancy

- **Occupancy** continues growing (+25 bps vs 6M19 and +169 bps vs FY18)
- **Best performer** in 3Q has been **Larios**

Stock	504,442 sqm
WIP + Tres Aguas <sup>(2)</sup>	120,610 sqm
Stock incl. WIP + Tres Aguas	625,052 sqm

	Occupancy rate		Change bps
	30/09/19	30/06/19	
Total	92.9%	92.7%	+25

<sup>(1)</sup> Shopping centers portfolio in operation for the 9M19 (€ 75.7m of GRI) and for the 9M18 (€ 73.5m of GRI)

<sup>(2)</sup> Tres Aguas at 100% allocation

# SHOPPING CENTERS (CONT.)

## INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

### FLAGSHIP

WIP		GLA (sqm)	Scope	Budget	Delivery
	<b>X-Madrid</b>	47,424	Full revamp	€ 35.2m	4Q19

### FLAGSHIP PLAN<sup>(1)</sup>

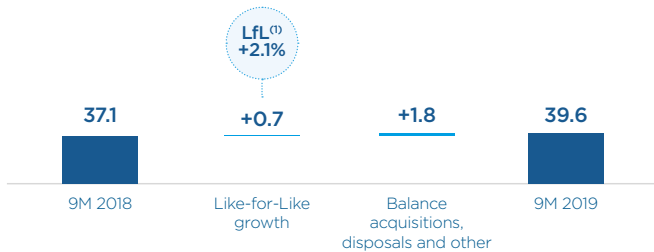
	<b>Arturo Soria</b>	7,054	Façade, accesses, installations, terraces, floors and parking	€ 5.4m	Finished
	<b>Larios</b>	41,460	Full refurb	€ 28.1m	Finished
	<b>Tres Aguas</b>	67,690	Common areas, exterior plaza, restaurants area	€ 20.2m	4Q19
	<b>El Saler</b>	47,471	Full refurb	€ 25.1m	3Q20
	<b>Porto Pi</b>	58,779	Full refurb	€ 21.1m	1Q21

<sup>(1)</sup> 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 9M19 (€ m)	Passing rent (€/sqm/m)	Wault (yrs)
Madrid	21.5	3.9	4.5
Barcelona	8.4	6.0	2.6
Other	9.7	3.8	4.4
<b>Total</b>	<b>39.6</b>	<b>4.1</b>	<b>4.0</b>

## Leasing activity

- **Good release spread** in all markets, with **Madrid** being the **top performer** (+7.3%)
- **3Q leasing activity highlights:**
  - 34,992 sqm new lease with Dachser in Valencia-Ribarroja
  - 29,473 sqm new lease with Media Markt in Madrid-Pinto II B
  - 8,798 sqm new lease with Amazon in Sevilla Zal
  - 4,906 sqm new lease with Carreras in Toledo-Seseña
  - 28,491 sqm renewal with Dachser in Madrid-Coslada

9M19 (sqm)	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	157,579	(28,965)	63,098	94,480	34,134	+7.3%	4
Barcelona	5,583	(8,271)	-	5,583	(8,271)	+4.1%	3
Other	45,596	(2,098)	45,596	-	43,499	+0.0%	2
<b>Total</b>	<b>208,758</b>	<b>(39,333)</b>	<b>108,695</b>	<b>100,063</b>	<b>69,362</b>	<b>+4.7%</b>	<b>9</b>

## Occupancy

- Occupancy remains at the same level than end of first half

<b>Stock</b>	1,159,902 sqm
<b>Best II<sup>(2)</sup></b>	536,917 sqm
<b>Best III<sup>(2)</sup></b>	465,554 sqm
<b>Stock incl. WIP</b>	2,162,373 sqm
<b>ZAL PORT</b>	468,745 sqm
<b>ZAL PORT WIP</b>	257,981 sqm
<b>Stock managed</b>	2,889,099 sqm

	Occupancy rate		
	30/09/2019	30/06/2019	Change bps
Madrid	94.4%	94.1%	+27
Barcelona	94.0%	96.5%	(249)
Other	99.1%	99.0%	+10
<b>Total</b>	<b>95.7%</b>	<b>95.7%</b>	<b>(5)</b>

<sup>(1)</sup> Logistics portfolio in operation for 9M19 (€ 36.2m of GRI) and for 9M18 (€ 35.5m)

<sup>(2)</sup> Pinto IIB, Valencia-Ribarroja and Sevilla ZAL (Amazon) have been added to existing inventory

## LOGISTICS (CONT.)

### INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

#### Best II (as from 30/09/19)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
<b>Delivered</b>				
Guadalajara-Cabanillas III <sup>(1)</sup>	21,879	0.9	11.8	7.4%
Madrid-Pinto II B	29,473	1.2	13.7	8.5%
<b>In progress</b>				
Madrid-San Fernando II	34,224	1.9	21.7	8.9%
Guadalajara-Azuqueca II	98,757	4.4	54.7	8.1%
Guadalajara-Azuqueca III	51,000	2.3	30.1	7.5%
Guadalajara-Cabanillas Park I F	20,723	0.8	10.7	7.6%
Guadalajara-Cabanillas Park II	210,678	8.5	112.4	7.5%
Toledo-Seseña	28,541	1.2	15.5	7.5%
Guadalajara-Cabanillas Park I Extension	92,994	3.9	56.0	6.9%
<b>Total</b>	<b>588,269</b>	<b>25.0</b>	<b>326.6</b>	<b>7.7%</b>

#### Best III (as from 30/09/19)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
<b>Delivered</b>				
Valencia-Ribarroja	34,992	1.9	25.5	7.4%
<b>In progress</b>				
Zaragoza-Plaza II	11,421	0.5	7.1	7.2%
Madrid San Fernando III	98,942	5.0	52.3	9.7%
Sevilla ZAL WIP <sup>(2)</sup>	42,632	2.0	24.0	8.5%
Lisbon Park	224,864	10.7	147.6	7.2%
Valencia	96,572	4.1	51.6	7.9%
<b>Total</b>	<b>509,423</b>	<b>24.2</b>	<b>308.2</b>	<b>7.9%</b>

<sup>(1)</sup> Delivered and reclassified as part of the existing stock

<sup>(2)</sup> 8,787 sqm already delivered and let to Amazon

## BALANCE SHEET

- **Leverage further reduced** to reach 40.6% LTV, before year end appraisals

	€ million
GAV	12,443
Gross financial debt	5,325
Cash <sup>(1)</sup>	(272)
Net financial debt	5,053
NAV	7,173

Ratios	30/09/19	30/06/19
LTV	40.6%	41.0%
Av. Interest rate	2.07%	2.04%
Av. Maturity (years)	5.8	6.0
Unsecured debt to total debt	81.7%	81.5%
Interest rate fixed <sup>(2)</sup>	94.7%	95.4%
Liquidity position <sup>(1)</sup>	722	706

Corporate rating	Outlook	
<b>S&amp;P Global</b>	BBB	Positive
<b>MOODY'S</b>	Baa2	Stable

## INVESTMENTS, DIVESTMENTS AND CAPEX

- Investment activity year to date has been mainly focused in Lisbon (Art, TFM and Nestlé's HQ) and logistics (Cabanillas Park I extension)
- The three plans of the Company, Landmark I, Flagship and Best II & III continue progressing steadily

	Office	Retail	Logistics	€ million
Acquisitions	Art TFM LOOM 22@ Ferreteria Nestlé HQ		Cabanillas Park I extension	177.1
Development & WIP	Torre Chamartin Torre Glòries	X-Madrid	Madrid-Pinto IIB Guadalajara-Cabanillas III Toledo-Seseña Sevilla ZAL WIP Lisbon Park Valencia-Ribarroja	68.7
Refurbishment	Diagonal 605 Castellana 85 Adequa Balmes Eucalipto 33	Larios El Saler		28.2
Like-for-like portfolio (Defensive Capex) <sup>(3)</sup>				8.9
<b>Total</b>				<b>282.9</b>

- In July, MERLIN sold 5 Tree Units, for a total amount of €5.0m (+5.0 premium to latest appraisal)
- In September, MERLIN sold CIM Valles, a **25,724 sqm** mixed-used asset under Other category, for a total amount of €8.5m, in line with latest appraisal

<sup>(1)</sup> Includes cash and treasury stock (€ 56.9m)

<sup>(2)</sup> 99.4% excluding RCF as of 30/09/19 and 99.3% excluding RCF as of 30/06/19

<sup>(3)</sup> € 7.1m are capitalized in balance sheet and € 1.8m are expensed in P&L



## SUSTAINABILITY

- MERLIN has obtained an **excellent mark in the 2019 GRESB edition**, with an 82/100 score
- **Progression continues in the portfolio certification program**, having obtained 21 new LEED/BREEAM certificates YTD



## POST CLOSING

- In October, MERLIN distributed an **interim dividend to shareholders of € 0.20 gross per share** representing a total outflow of € 92.9m
- In October, MERLIN **sold Medianas Bonaire**, a 4,584 sqm retail non-core asset for a **total amount of € 9.1m (+5.2% premium to latest appraisal)**
- In October, MERLIN has **signed a 19,324 sqm lease with Mercadona in Madrid-Getafe (Gavilanes)** reaching 97.3% occupancy in the logistics portfolio
- In October, MERLIN **acquired a 14.46% stake of Distrito Castellana Norte (“DCN”)** from Grupo SANJOSE for **€ 169m**. MERLIN also granted an € 86m loan (the security package includes a pledge over its remaining 10% stake in DCN)
- MERLIN has accepted a **deposit in advance of the potential sale of an office portfolio** (non-core) for an amount in excess **of € 200m** (at GAV). Closing is expected at the end of November. The portfolio comprises 26 office buildings totaling c. 133,000 sqm in Madrid and Barcelona

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## APPENDIX

Reporting with the new net lease category reclassification. For comparison purposes, historical figures have been restated. For further information on the reclassification, please refer to the CMD 2019 Presentation, available in our website

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### 1. Consolidated Profit and loss

### 2. Consolidated Balance sheet

## 1. Consolidated Profit and loss

(€ thousand)	30/09/19	30/09/18 <sup>(1)</sup>
<b>Gross rents</b>	<b>394,878</b>	<b>370,971</b>
Offices	182,939	168,852
Shopping centers	95,774	79,117
Logistics	39,623	37,114
Net leases	65,287	73,542
Other	11,256	12,347
<b>Other income</b>	<b>3,044</b>	<b>5,084</b>
<b>Total Revenues</b>	<b>397,922</b>	<b>376,055</b>
Incentives	(15,090)	(17,195)
<b>Total Operating Expenses</b>	<b>(101,565)</b>	<b>(95,487)</b>
Propex	(34,871)	(32,112)
Personnel expenses	(23,860)	(22,153)
Opex recurring	(7,071)	(6,433)
Opex non-recurring	(2,581)	(1,910)
LTIP Provision	(33,182)	(32,879)
<b>ACCOUNTING EBITDA</b>	<b>281,267</b>	<b>263,373</b>
Depreciation	(1,376)	(1,207)
Gain / (losses) on disposal of assets	636	(500)
Provision surpluses	(309)	7,724
Change in fair value of investment property	159,469	321,215
Difference on business combination	(2,865)	(31,568)
<b>EBIT</b>	<b>436,822</b>	<b>559,035</b>
Net financial expenses	(82,582)	(89,413)
Debt amortization costs	1,039	(10,366)
Gain / (losses) on disposal of financial instruments	114	(189)
Change in fair value of financial instruments	(33,419)	(32,623)
Share in earnings of equity method investments	3,529	38,971
Testa Residencial service agreement cancellation	-	53,027
<b>PROFIT BEFORE TAX</b>	<b>325,503</b>	<b>518,442</b>
Income taxes	(9,280)	(12,641)
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>316,223</b>	<b>505,801</b>
Minorities	-	940
<b>PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE</b>	<b>316,223</b>	<b>504,861</b>

<sup>(1)</sup> Re-stated to include the early adoption of IFRS16 and implementation of IFRS9

## 2. Consolidated Balance sheet

(€ thousand)

ASSETS	30/09/19	EQUITY AND LIABILITIES	30/09/19
<b>NON CURRENT ASSETS</b>	<b>12,624,522</b>	<b>EQUITY</b>	<b>6,523,894</b>
Intangible assets	628	Subscribed capital	469,771
Property, plant and equipment	9,601	Share premium	3,813,409
Investment property	12,143,918	Reserves	2,086,276
Investments in group companies	625	Treasury stock	(56,860)
Investments accounted for using the equity method	171,544	Other equity holder contributions	540
Non-current financial assets	209,497	Profit for the period	316,223
Deferred tax assets	88,709	Valuation adjustments	(105,465)
		Minorities	-
		<b>NON-CURRENT LIABILITIES</b>	<b>6,202,937</b>
		Long term debt	5,460,171
		Long term provisions	67,952
		Deferred tax liabilities	674,814
<b>CURRENT ASSETS</b>	<b>274,742</b>	<b>CURRENT LIABILITIES</b>	<b>172,433</b>
Trade and other receivables	36,101	Short term debt	57,736
Short term investments in group companies and associates	1,055	Short term provisions	851
Short-term financial assets	6,479	Trade and other payables	84,511
Cash and cash equivalents	211,572	Other current liabilities	29,335
Other current assets	19,535		
<b>TOTAL ASSETS</b>	<b>12,899,264</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,899,264</b>

APM: definitions and reconciliation of APMs to the latest audited financial accounts can be found on page 59 of Interim Management Report for the period ended on June 30, 2019



**MERLIN**

PROPERTIES

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