

Good first half for MERLIN Properties, with significant rental growth in all asset categories

- Gross rents: € 243.2 million (+3.5% vs YoY)
- Net earnings: € 457.6 million (+8.6% YoY)
- Gross asset value: € 11.8 billion (+4.5% vs Dec-2017)
- NAV per share: € 14.06 (+6.1% vs Dec-2017)
- Pay-out guidance for 2018 reconfirmed: € 50 cents per share

- During the first half, MERLIN has renewed or contracted ca. 473,000 sqm, with positive increases in rents in all asset classes, generating FFO per share of € 0.30
- Net asset value in accordance with EPRA recommendations (“EPRA NAV”) amounts to € 14.06 per share, an 18% increase year on year (+6% since 31/12/2017)
- The Company has created value to shareholders for an amount of € 501 million, delivering an implicit total shareholders return of 8.1% year to date and 22.1% LTM

Madrid, 31 July- MERLIN Properties has released its 1H 2018 consolidated financial statements with total revenues of € 247 million, recurring EBITDA of € 195 million, recurring FFO (EBITDA less interest) of € 141 million and a consolidated net profit in accordance with IFRS of € 458 million, representing a 8.6% increase versus the first half of 2017.

The gross asset value (GAV) of the portfolio amounts to over 11.8 billion, up 4.5% versus December 2017 (+3,7% LfL). EPRA NAV amounts to € 6,604 million or € 14.06 per share, compared to € 13.25 in December (+6.1%).

The intense leasing activity during the period, with over 473,000 sqm renewed or contracted, evidences the performance and excellent positioning of MERLIN to capture the positive market environment, which translates into rental growth and increase in occupancy.

Offices

- Business performance

Good performance with a 4.7% average release spread. The release spread has been 3.8% in Madrid, 8.8% in Barcelona and 7.3% in Lisbon. The occupancy has grown to 87.9%, which represents an increase of 86 bps quarter over quarter. Relevant leases include 9,135 sqm with CCC (Facebook) and 1,141 sqm with Dynatrace, both in Torre Glòries, 12,209 sqm renewed with Tecnicas Reunidas in PE Sanchinarro and 6,176 sqm with Allfunds Bank in Avda. de Burgos 210.

Significant leases have been signed since June 30, totaling 23,422 sqm, including 3,385 sqm with Oracle in Torre Glòries and heads of terms for 6,046 sqm in Torre Chamartin and 9,586 sqm in Muntadas.

- Landmark Plan I

Significant progress in the execution of works in Torre Glòries. Torre Chamartin has received occupancy license. MERLIN is also reaching completion in the phase 1 of Adequa.

Shopping Centers

- Business performance

The shopping center portfolio has seen a strong LfL rental growth (+3.2%), with a 3.4% release spread. The occupancy, which stands at 88.2%, is temporarily affected by the execution of Flagship Plan in Larios, Porto Pi and El Saler. Excluding this effect, occupancy would be 89.1%.

- Flagship Plan

Great progress on the Arturo Soria shopping center refurbishment, completed for the mall and only pending works on the parking. The new, modern lay-out, improved accesses and enhanced terraces have benefited tenant sales, up 7%. Larios is also progressing, with almost a quarter of the works executed and on track to be finished by year-end. The groundbreaking concept conceived for X-Madrid is also advancing, with completion scheduled for 2Q 2019. Cutting-edge retailers such as Ongravity, Crossfit, Brooklyn Boxing, Dock 39 and Levi's have now signed, and commercialization stands at 76%.

Logistics

- Business performance

MERLIN continues leveraging on its leadership position in this segment, benefitting from significant LfL growth of +7.8% and double digit release spread of +11.5%. Occupancy remains very high (97.4%).

- Best Plan II

On track and further expanding through acquisitions in the main logistics hubs of Valencia and The Basque Country.

Value created to shareholders

The gross asset value of the portfolio now stands at 11,755 million, after the appraisals performed by CBRE and Savills. This represents a 4.5% increase in the semester, reflecting the value created in the portfolio through focused management and capex plans under execution.

In accordance with EPRA standards, net asset value amounts to € 6,604 million, equivalent to € 14.06 per share, representing a meaningful 6.1% increase over 2017 EPRA NAV per share (€13.25).

Through a combination of dividends and value growth, the Company has created value to shareholders for an aggregate amount of € 501 million, delivering an implicit total shareholders return of 8.1% year to date and 22.1% LTM

The Company has reconfirmed the pay-out guidance of € 50 cents for 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 of approximately 5,900 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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