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TO THE NATIONAL SECURITIES MARKET COMMISSION (*COMISIÓN NACIONAL DEL MERCADO DE VALORES*)

MERLIN Properties, SOCIMI, S.A. ("MERLIN"), in compliance with the applicable legislation, hereby notifies the following

RELEVANT INFORMATION

MERLIN will hold a conference call with analysts and institutional investors, tomorrow, Wednesday 31 July, 2019, at 3 p.m. Madrid/CET time, which can be followed on line, through audio and video conference, with the following link and access code:

Webex Link:

<https://merlinproperties.webex.com/merlinproperties/onstage/g.php?MTID=e2b5880788b4944e740d88a1ee5a3020e>

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Attached you will find the press release and supporting documentation for the presentation that is also available on MERLIN's corporate website (www.merlinproperties.com)

Madrid, July 30th 2019.

MERLIN Properties SOCIMI, S.A.

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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6M2019 **RESULTS** **PRESENTATION**

31 July 2019

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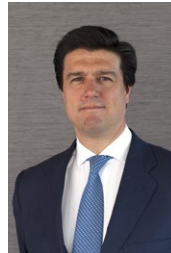
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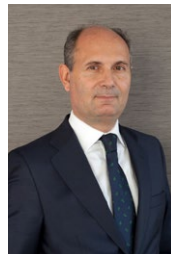
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BRUSH**
CIO

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Financial performance

- **+8.0% Rents** YoY
- **+11.6% FFO per share** YoY
- **EPRA NAV** per share **up 7.5%** YoY to **reach € 15.11**
- **DPS guidance** of **€ 0.52 per share** reconfirmed
- **TSR of 4.1%** in the period (**11.0% LTM**)

Operating performance

- **Rental growth very robust** across the board
- **Offices showing strength** with 8.3% LfL rental growth
- **Slight increase in occupancy of +37 bps (92.9%)**, being **shopping centers** the **top performer** in the quarter (+184 bps)

Value creation

- **8,487 sqm signed in Torre Chamartin** (+2,121 sqm option to extend) reaching 83% occupancy (**94% if option executed**)
- **Two large pre-lets achieved for Best II & III**, including the **largest logistics lease ever** signed in Spain (98,757 sqm with Carrefour)
- **Cabanillas Park I extension signed** (92,994 sqm) to become the **largest logistics park in Madrid** (314,867 sqm) and the landmark area for national e-commerce distribution





6M19 Financial results



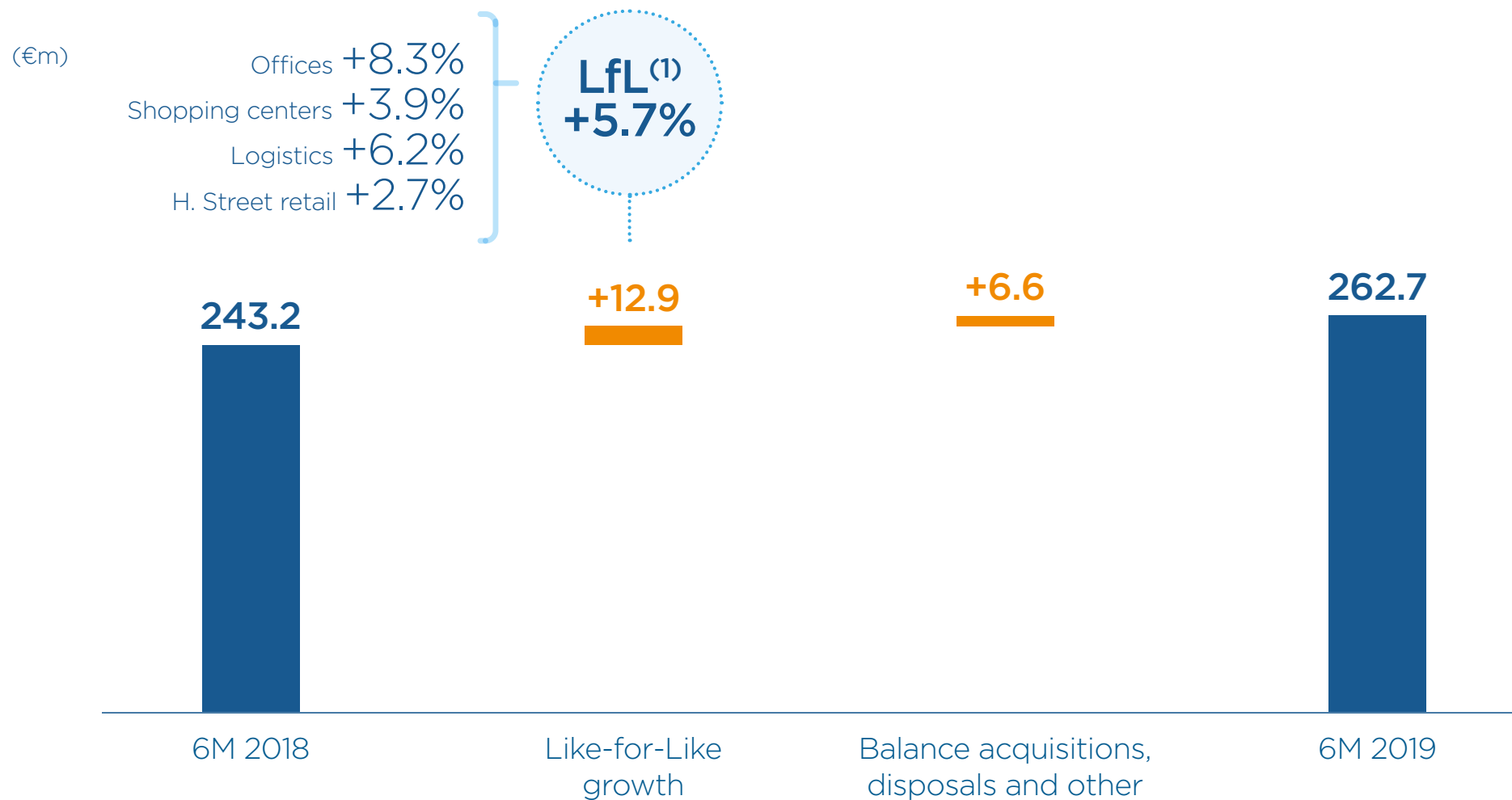
Strong cash flow generation (+11.6% in FFO per share YoY)

€ million	6M19	6M18	YoY
Gross rents	262.7	243.2	+8.0%
Gross rents after incentives	253.0	232.2	+9.0%
Net rents	228.2	210.7	+8.3%
EBITDA ⁽¹⁾	210.4	195.9	+7.4%
FFO	157.2	140.9	+11.6%
AFFO	151.6	136.1	+11.4%
IFRS net profit	262.0	479.7	(45.4%)
EPRA NAV	7,096.9	6,603.8	+7.5%
(€ per share) Includes Testa Residencial extraordinary sale			
FFO	0.33	0.30	+11.6%
AFFO	0.32	0.29	+11.4%
EPS	0.56	1.02	(45.4%)
EPRA NAV	15.11	14.06	+7.5%

⁽¹⁾ Excludes non-overhead costs items (€ 1.6m) plus LTIP accrual (€ 22.1m)



Robust LfL growth in all asset categories with offices standing out at 8.3%



⁽¹⁾ Portfolio in operation for 6M19 (€ 241.5m GRI) vs 6M18 (€ 228.6m GRI)

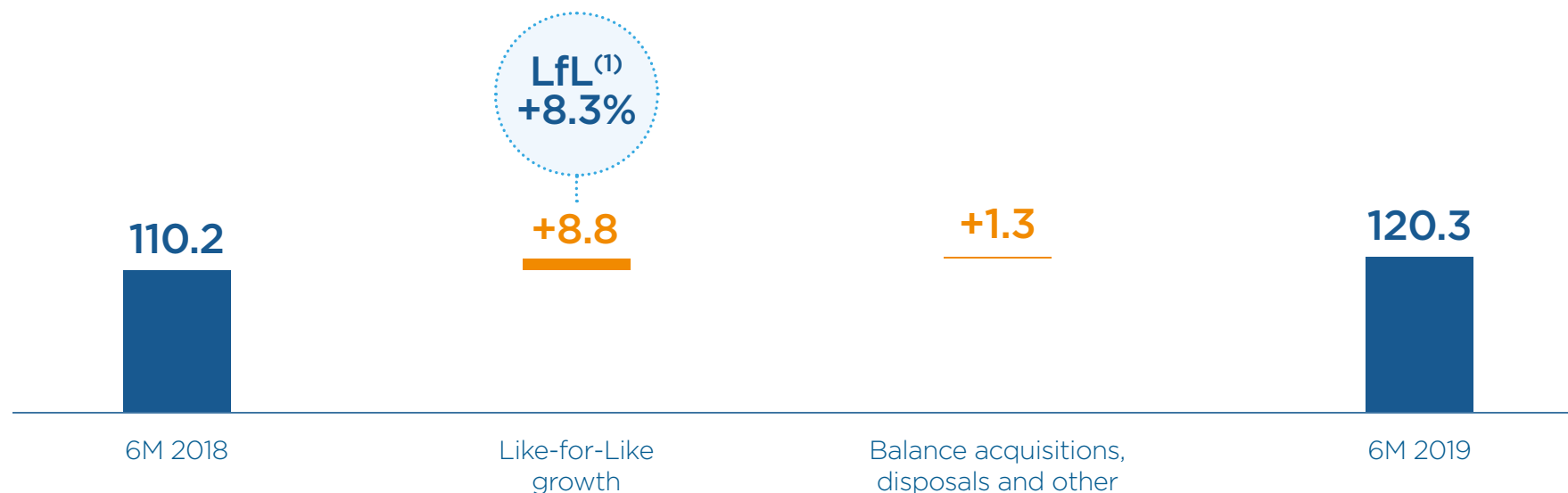


Offices

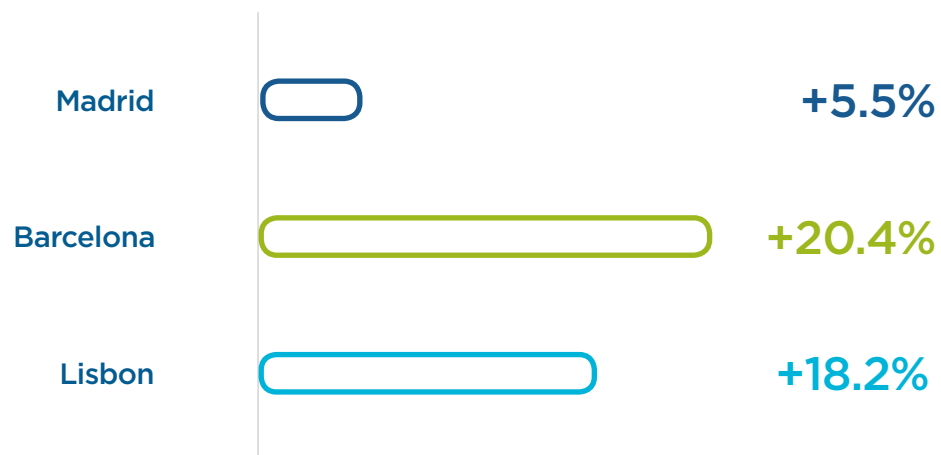


Offices performing strongly in our 3 markets

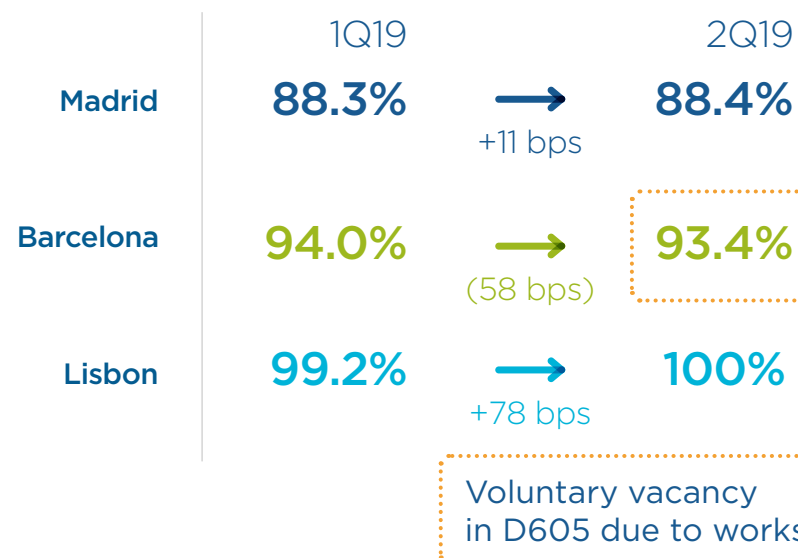
(€m)



Lfl growth by area



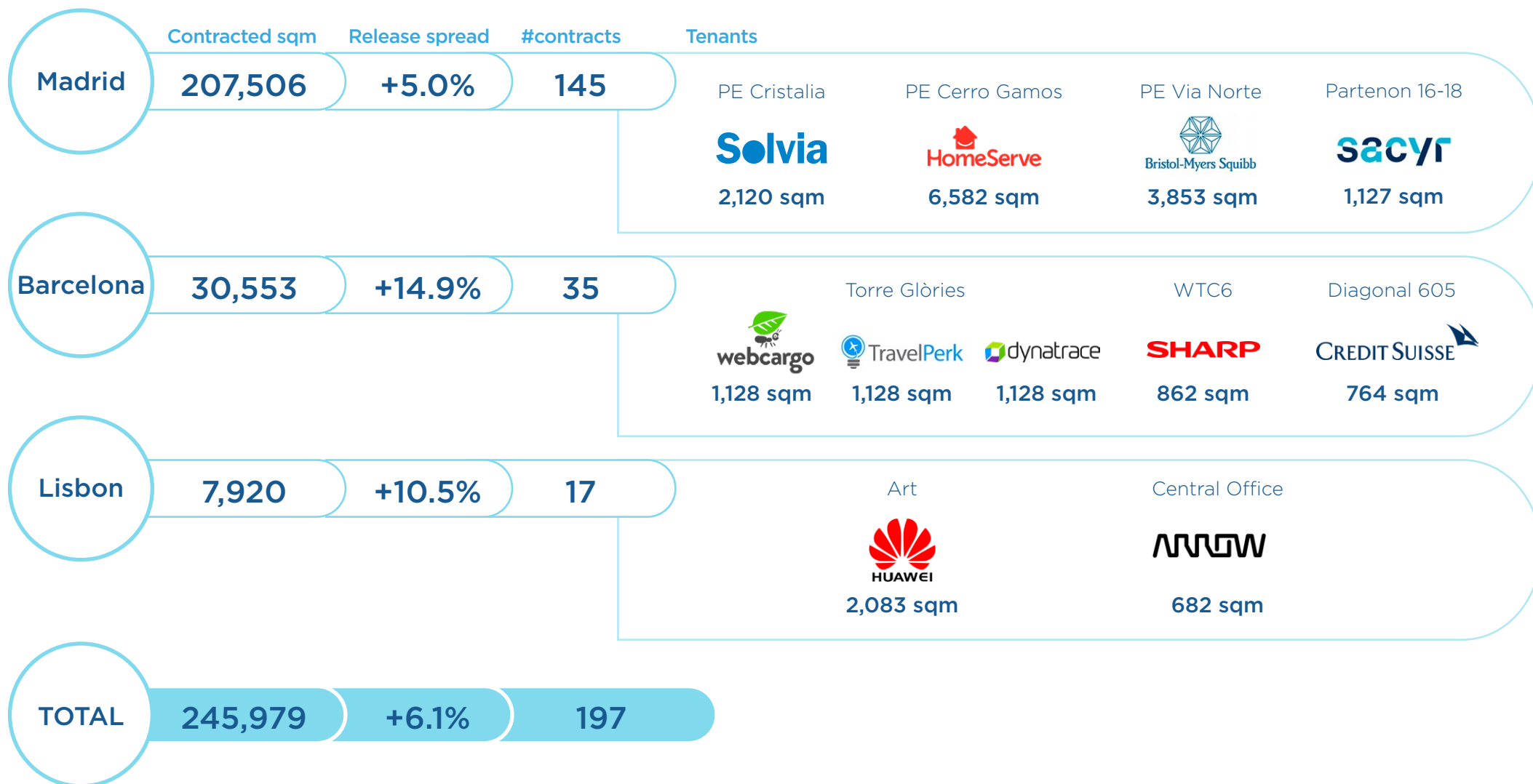
Occupancy by area



⁽¹⁾ Offices portfolio in operation for the 6M19 (€ 115.3m GRI) and for the 6M18 (€ 106.5m GRI)



Rental growth continues robust (+6.1% release spread)

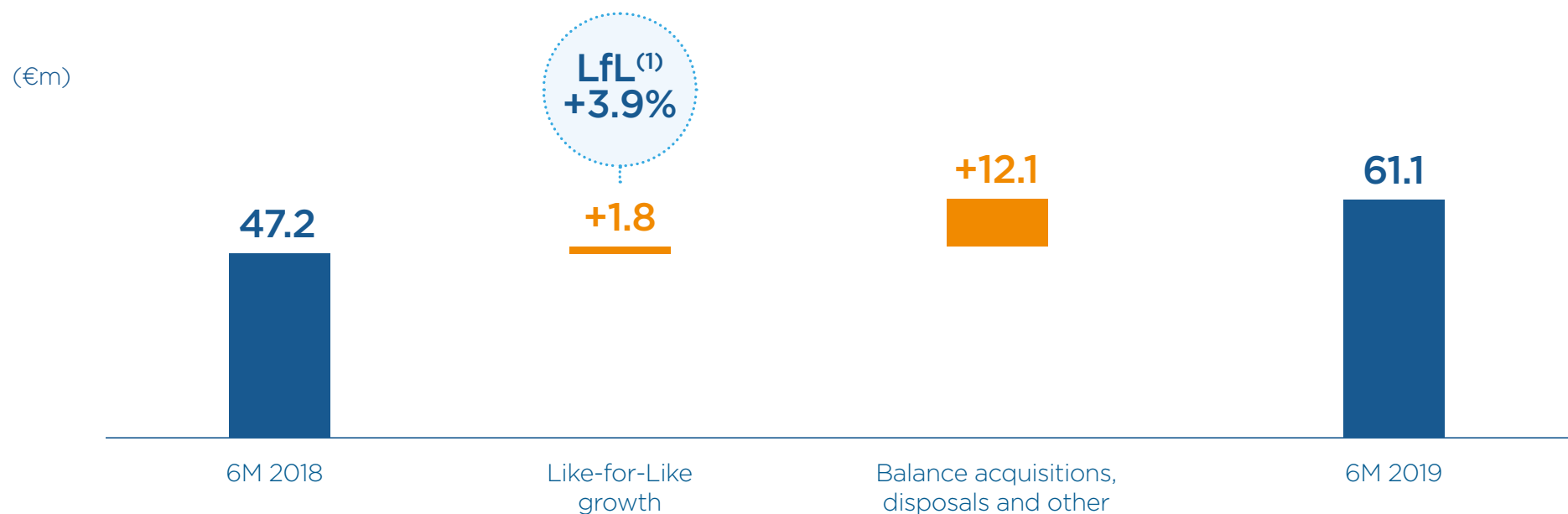




Shopping centers

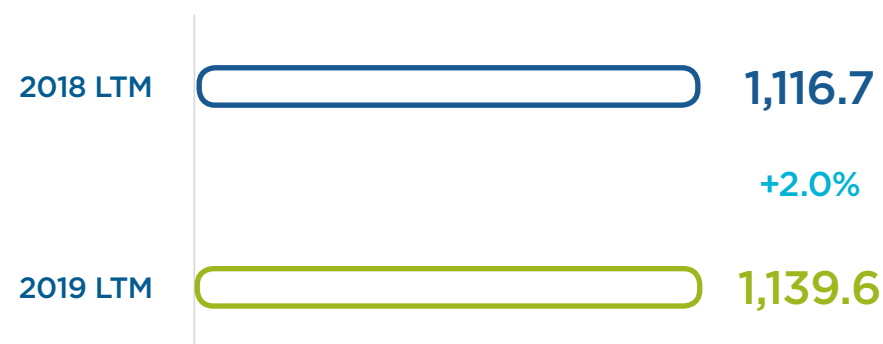
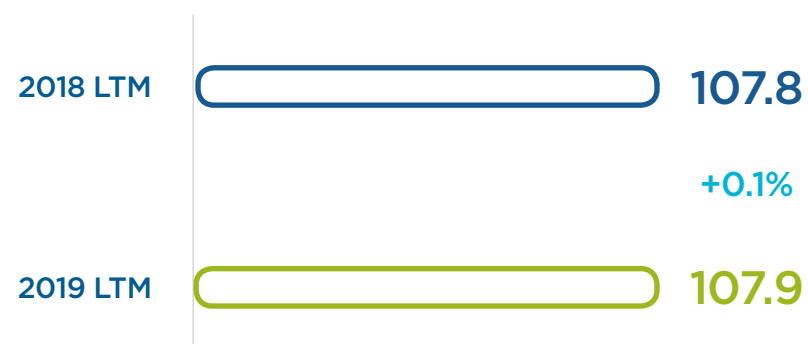


Steady LfL rental growth in the portfolio. Footfall and sales rising in the period



Footfall (million)

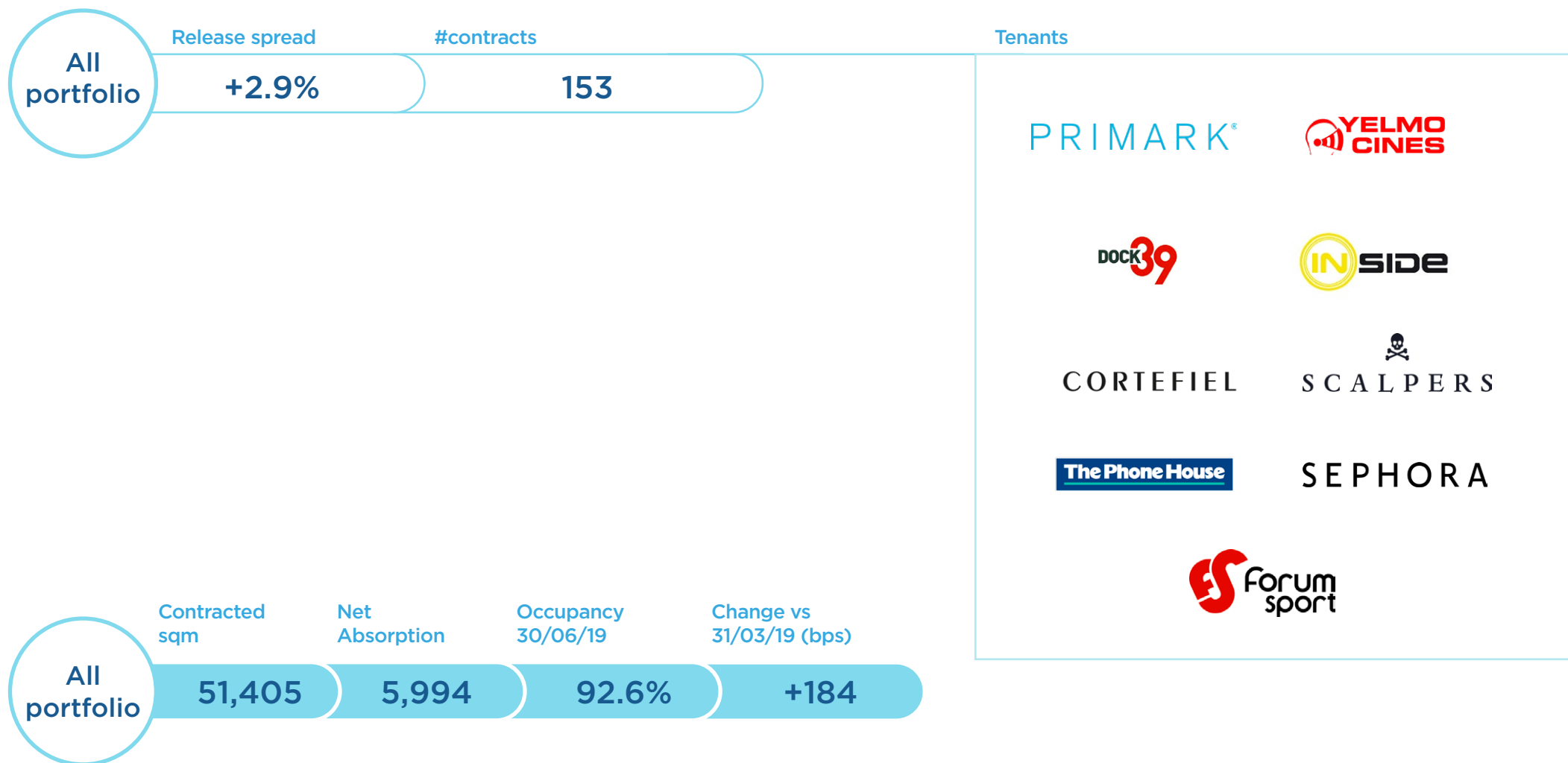
Tenant sales (million)



⁽¹⁾ Shopping centers portfolio in operation for the 6M19 (€ 47.7m GRI) and for the 6M18 (€ 45.9m GRI)



Meaningful increase in occupancy (+184 bps vs 3M19)



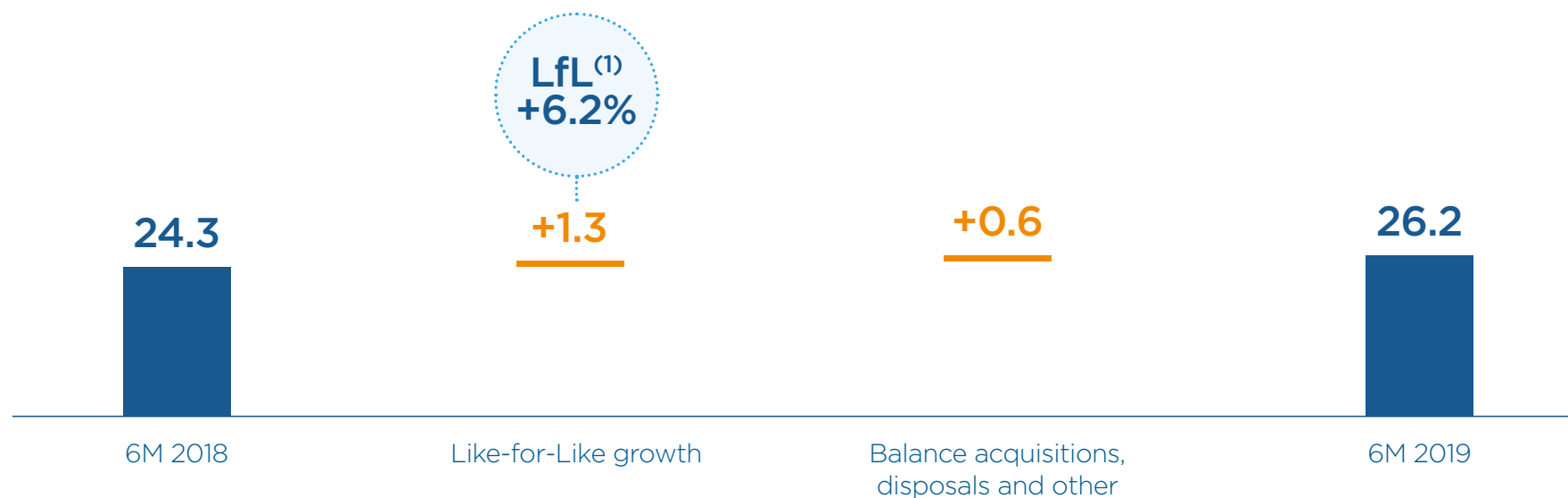


Logistics

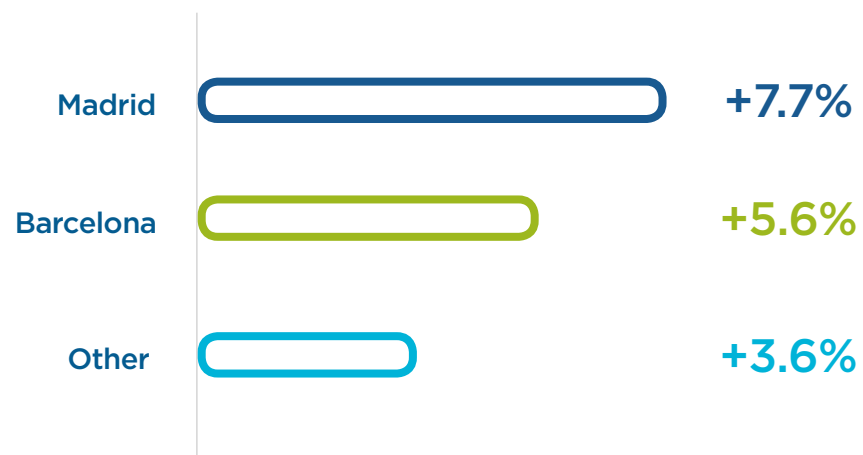


Solid LfL growth driven by increase in rents

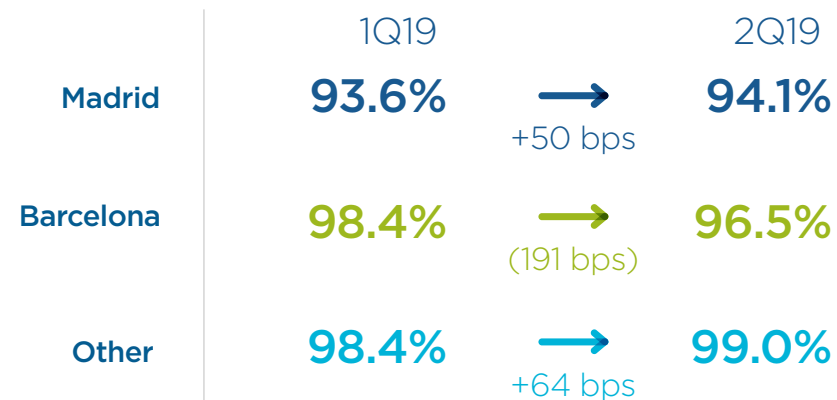
(€m)



LfL growth by location



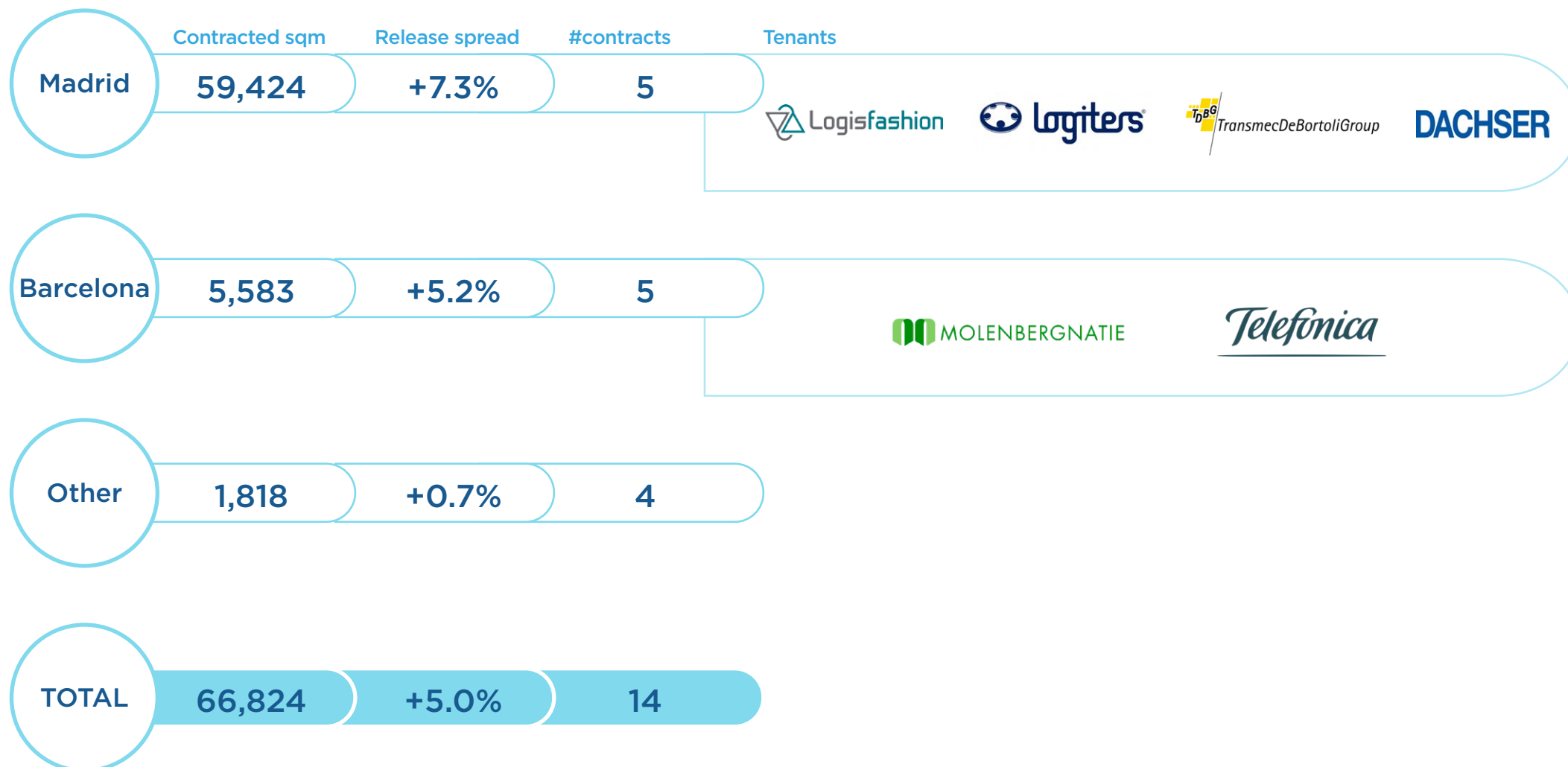
Occupancy by area



⁽¹⁾ Logistics portfolio in operation for 6M19 (€ 23.3m GRI) and for the 6M18 (€ 21.9m GRI)



Rents continue growing in all markets (+5.0% release spread in the portfolio)





Stock
468,745

Investment
€ 136m

WIP
257,981

ERV
€ 22m

Stock incl. WIP
726,726

Third parties stock
178,433

Stock under management
905,159

Contracted sqm

Release spread

#contracts

Tenants

135,007**+3.1%****22**

Occupancy by area

1Q19 **98.2%** → +177 bps → 2Q19 **100%**



€m

6M19

6M18

YoY

Gross rents

22.8

21.8

+4.3%

Net rents

22.5

21.5

+4.7%

EBITDA

21.5

20.3

+6.2%

FFO⁽¹⁾

12.6

12.0

+4.6%

Net earnings

4.5

4.2

+9.2%

MERLIN attributed

2.2

2.0

+9.2%

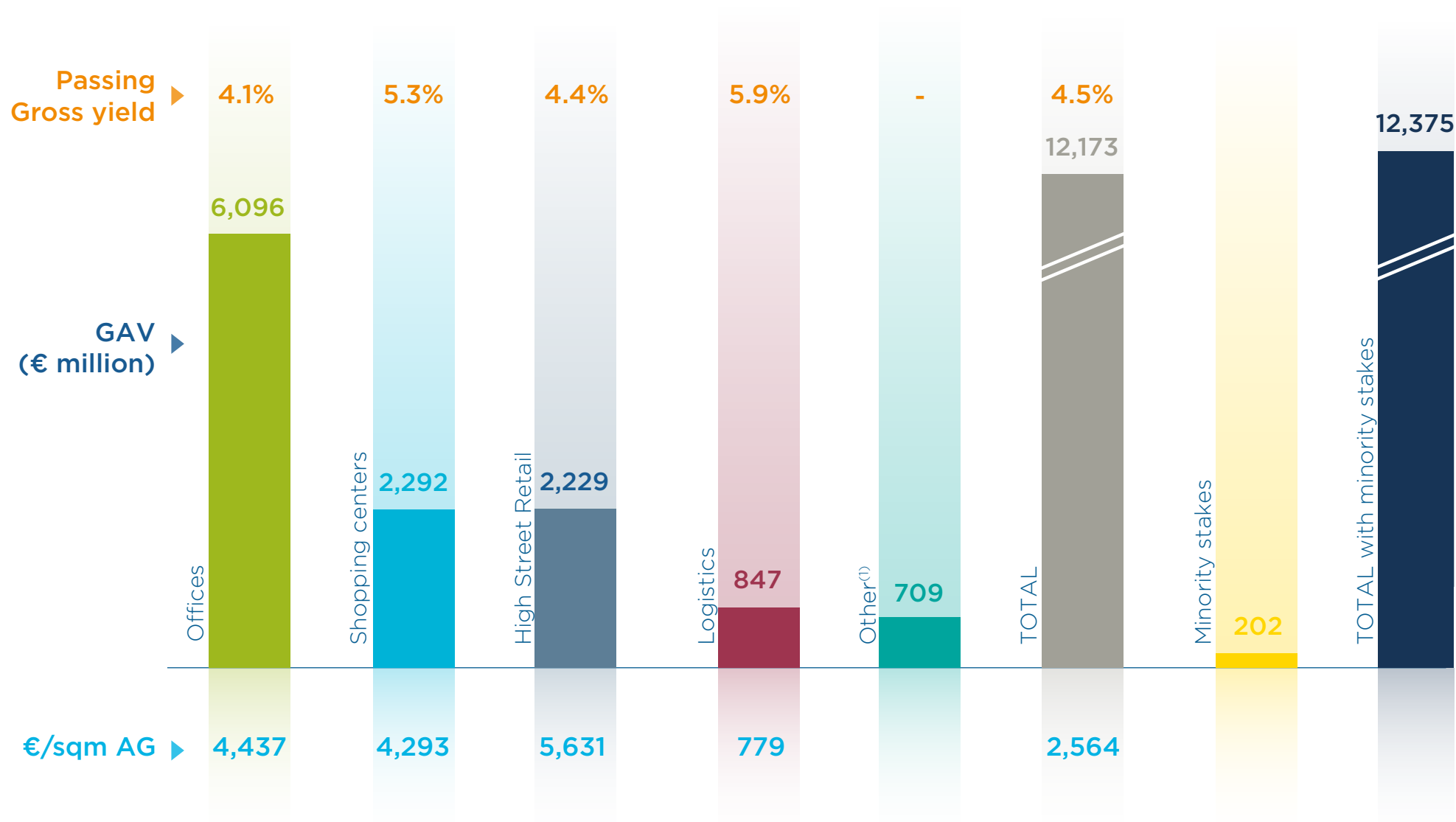
⁽¹⁾ After deducting leasehold concession charge



Valuation and debt position



Gross asset value approaching € 12.4bn

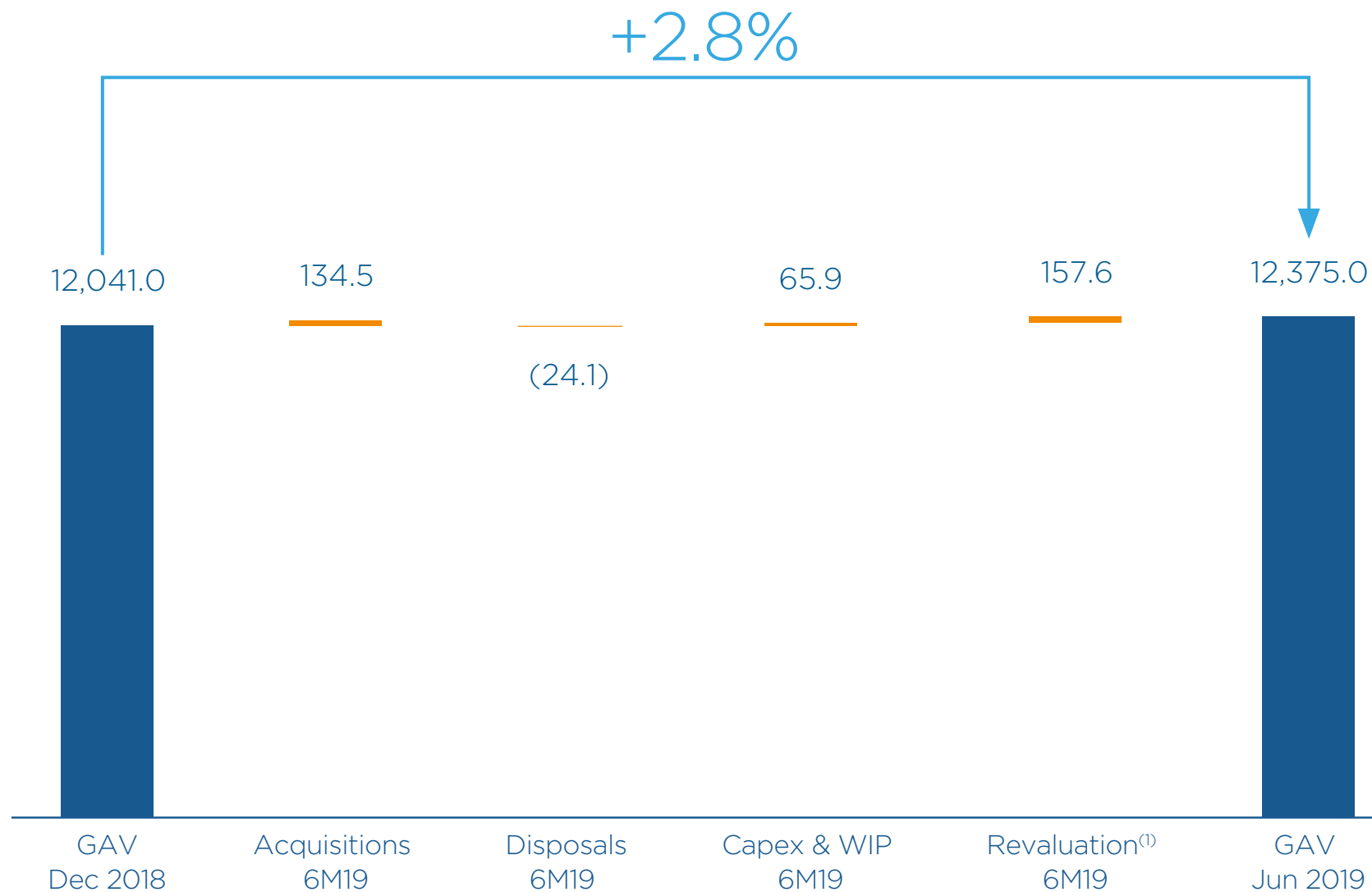


Source: Company

⁽¹⁾ Other includes WIP, hotels, non-core land and miscellaneous



(€m)

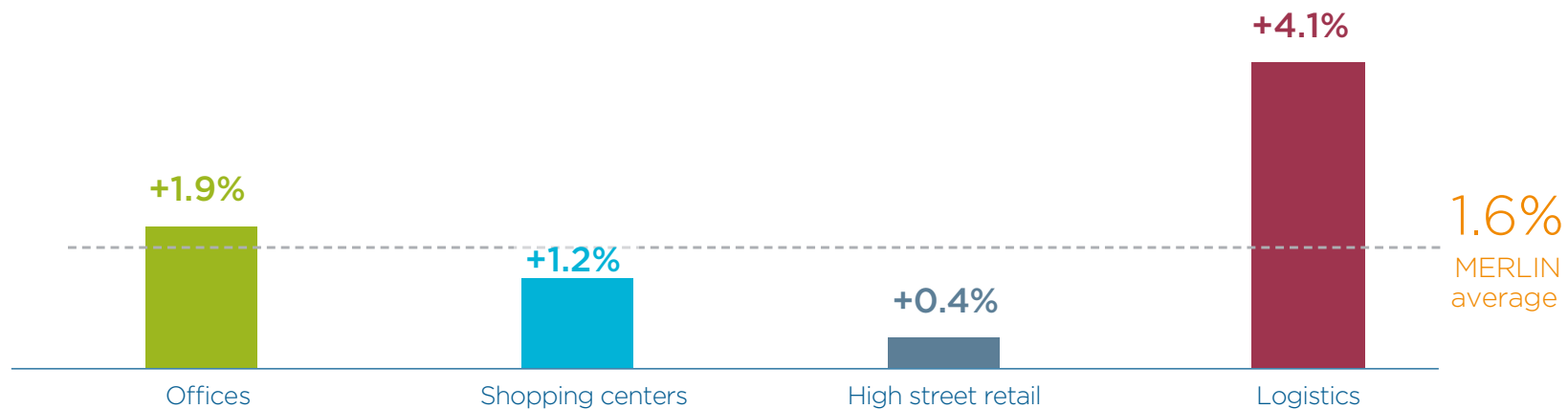


Source: Company

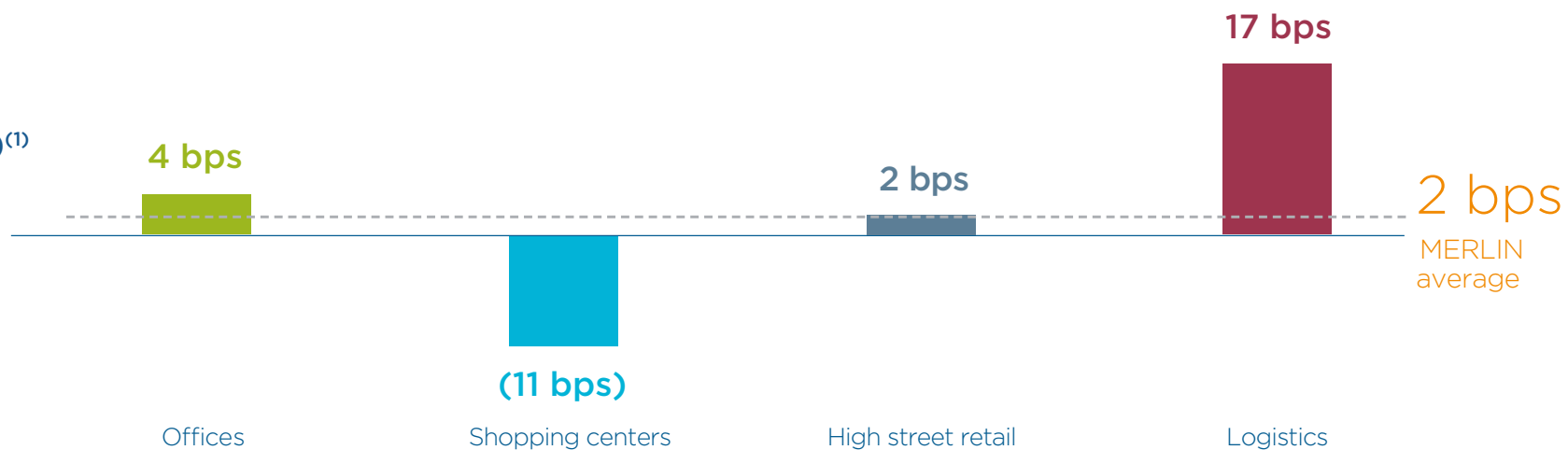
⁽¹⁾ Including off-balance sheet revaluations



GAV Like-for-Like evolution⁽¹⁾



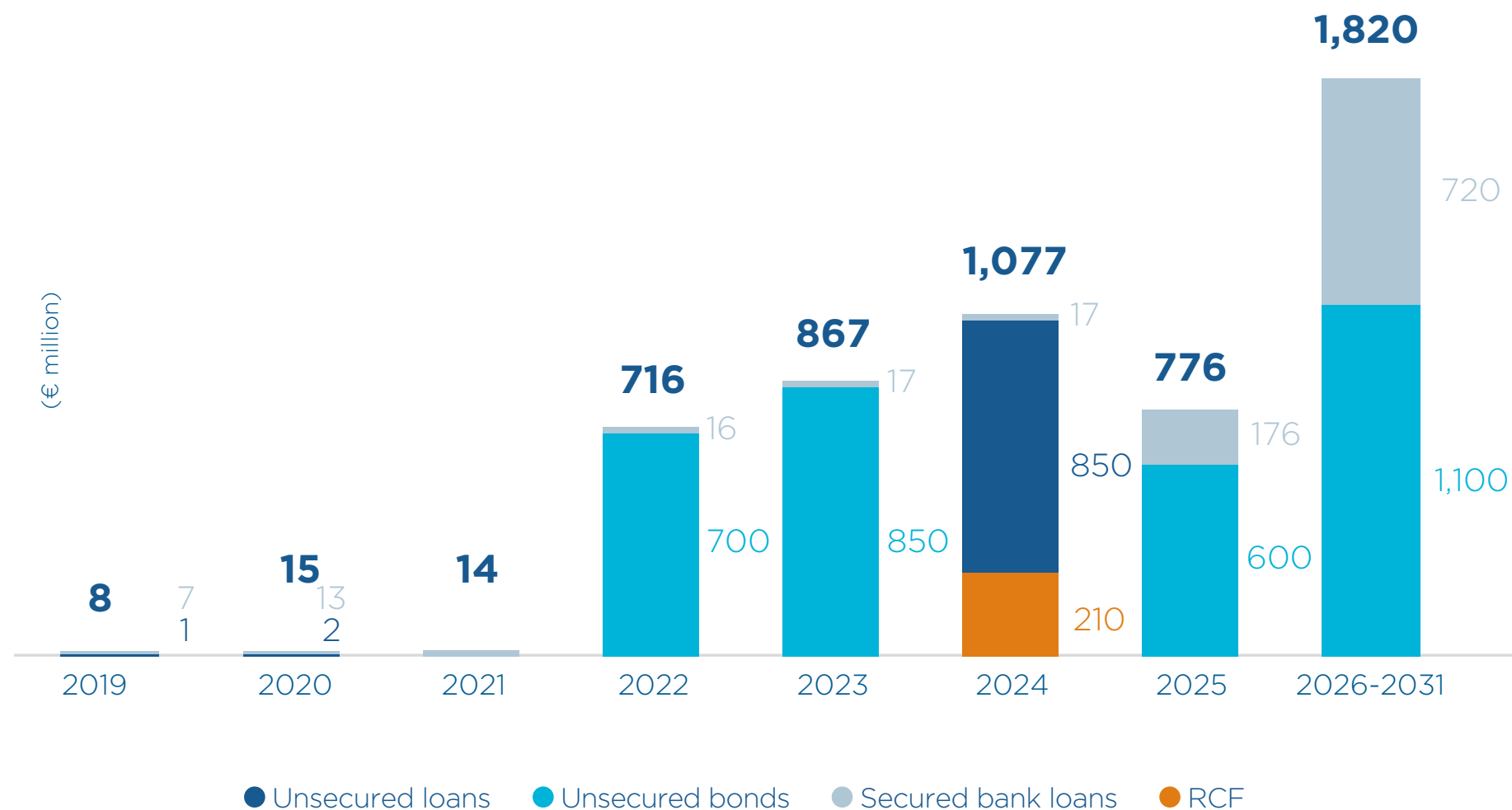
Yield compression / (expansion)⁽¹⁾



⁽¹⁾ Vs FY18



€ 1,550m ESG indexed financing has **extended maturities...**





... and further reduced the cost of debt

(€ million)	30/06/2019	31/12/2018
Gross financial debt	5,292	5,413
Cash⁽¹⁾	(216)	(509)
Net financial debt	5,076	4,904

(Metrics)		
LTV	41.0%	40.7%
Average cost (spot)	2.04% (1.74%)	2.13% (1.84%)
Fixed interest rate	95.4%	96.3%
Average maturity (years)	6.0	5.9
Liquidity⁽²⁾ (€ million)	706	634

S&P Global
MOODY'S

Rating
BBB
Baa2

Outlook
Positive
Stable

Source: Company

⁽¹⁾ Including cash, pending receivable of Testa Residencial and treasury stock

⁽²⁾ Including cash, pending receivable of Testa Residencial and treasury stock, and unused credit facilities



**Value
creation**



The project

- Development of **4 logistics modules**, adjacent to Cabanillas Park I, with a total **GLA of 92,994 sqm**
- MERLIN Cabanillas Park I + extension (**314,867 sqm GLA**) will become the **largest logistics park in Madrid**
- Delivery in **two phases**: 2020 and 2021

The market

- **A-2 corridor is the main logistics hub in Spain**, with a stock of ca. 5m sqm
- **Most dynamic market in Spain**, with a take-up of ca. 0.5m sqm per annum in the last two years. Vacancy stands at 6% (obsolete product for 3PLs)
- **MERLIN is the predominant leader in the area**, with a footprint upon full development of **1.2m sqm** and **€ 24m of annual rents**

KPIs

GLA **92,994 sqm**
 Total investment **€ 56.0m**
 ERV **€ 3.9m**
 Yield on cost **6.9%**

Clients in A-2

DACHSER
Intelligent Logistics

GLS

XPO
Logistics



Logista

DSV





Torre Glòries

- **Full occupancy of office** space after having signed 5,118 sqm in 2Q19
- **World class observatory** development **signed with Mediapro.** To open by end-2020
- LOOM flex space construction underway



Torre Chamartin

- **9,067 sqm signed in the year** (+ 2,121 sqm optioned) to reach 83% occupancy (94% if option executed). Deloitte will occupy 70% of the space
- LOOM in the top floor and rooftop terrace to enjoy 360° stunning views of Madrid, providing flex space solution to corporates of MERLIN Hub
- Direct access from A-1 progressing

facebook

ORACLE

TravelPerk

beazley



Deloitte.

BURAN <ENERGY>

GLA **37,614 sqm**Total investment **€ 169.2m**Yield on cost **7.0%**GLA **18,295 sqm**Total investment **€ 69.2m**Yield on cost **6.7%**



- Compelling **achievements in leasing-up** the refurbished additional space
- **Primark** will open its **largest shop** in a mall in Spain (8,282 sqm)
- **Upsizing Zara** shop to 4,273 sqm
- Opening in October

PRIMARK® ZARA Worten McDonald's

GLA **41,460 sqm**
Cost **€ 48.0m (incl. units acquired)**
Yield on cost **6.4%**



- **Preleasing** activity has reached **92%** and main anchors secured
- Opening in October



GLA **47,424 sqm**
Cost **€ 45.7m (incl. land)**
Yield on cost **11.8%**



- **Anchor tenants upsizing** and upscaling units
- Entertainment offer reinforced adding a **new leisure area**



GLA **67,690 sqm**
Cost **€ 20.2m**
Yield on cost **15.1%**



Guadalajara-Azuqueca II (Best II)

- **Largest logistics lease ever signed in Spain**, with Carrefour, for the entire lease-up (98,757 sqm)
- The turn-key project, currently under construction, will be **delivered by the beginning of 2021**
- **Carrefour will cover national distribution** of non-consumable goods from this core hub

GLA **98,757 sqm**GRI **€ 4.4m**YoC **8.1%**

Carrefour



Valencia Ribarroja (Best III)

- Turn key project let to Dachser upon delivery in the **most dynamic logistics hub of Valencia**
- Dachser will serve **Leroy Merlin e-commerce distribution** in the Mediterranean corridor
- Tailor made solution to clients of MERLIN, proving the **“top-of-mind” role of MERLIN** in the Iberian logistics arena

GLA **34,992 sqm**GRI **€ 1.9m**YoC **7.4%**



Closing
remarks



→ Financial performance

- **Significant growth in cash flow generation**, to reach €0.33 of FFO per share (+11.6% YoY)
- **Steady growth in EPRA NAV per share** (€ 15.11, +7.5% YoY)
- **DPS guidance** of € 0.52 per share **reconfirmed**
- LTV maintained at **41% LTV**, with **lower cost (2.0%)** and **extended maturities (6yr)**

→ Business performance

- **Offices. Excellent** growth in **LfL rents and release spreads**. Slight increase in occupancy and +91% guidance for year end reconfirmed
- **Shopping centers**. Footfall and tenant sales rising as compared to previous quarter. **Meaningful increase in occupancy** and steady growth in rents
- **Logistics**. Continues performing well, with **compelling pre-leases signed**

→ Value creation

- **Landmark I.**
 - **Torre Chamartin** has shown a **strong** leasing activity YTD
 - **Torre Glòries** office space at **full occupancy**
- **Flagship**
 - **Anchor tenants upsizing** Larios and Tres Aguas shops on the back of the refurb. Larios Primark will be the largest in a Spanish mall
 - **X-Madrid** poised to open at full occupancy (**92% pre-let**)
- **Best II & III**
 - **Cabanillas Park I extension** signed to become the **largest logistics park** in Madrid
 - **Largest lease ever** signed in Spain with **Carrefour** (98,757 sqm) plus **Dachser** in Valencia-Ribarroja (34,992 sqm)



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