



## CONSOLIDATED PERFORMANCE

**+2.7%**

Gross rents like-for-like<sup>(1)</sup> YoY

**(14.6%)**

FFO per share YoY

**+3.8%**

EPRA NAV per share YoY

- Top line revenues ahead of 2020 expectations, **with 2.7% LfL rental growth**, despite the challenging environment
- The Company launched a **Covid-19 commercial policy** to grant rent relief to retail tenants. We have recorded these incentives as a **one-off expense amounting to € 27.8m in the period**
- **FFO per share (€ 0.29, -14.6%)**. Decrease vs 6M19 due to the **incentive** granted to mall tenants (€ 0.06 per share) and **assets sold** (€ 0.02 per share)
- **EPRA NAV per share** standing at **€ 15.68**. **Valuations flat when compared to FY19**. Per categories, valuations have increased for offices (+2.1%) and logistics (+2.0%), while retail has decreased by 4.7%. Net leases remains equal

(€ million)	6M20	6M19	YoY
Total revenues	259.4	265.2	(2.2%)
Gross rents	256.6	262.7	(2.3%)
Gross rents after incentives	221.2	253.0	(12.6%)
Net rents after propex	198.7	228.2	(13.0%)
<i>Gross-to-net margin</i>	89.8%	90.2%	
EBITDA <sup>(2)</sup>	184.1	210.4	(12.5%)
<i>Margin</i>	71.8%	80.1%	
FFO <sup>(3)</sup>	134.3	157.2	(14.6%)
<i>Margin</i>	52.3%	59.8%	
AFFO	125.4	151.6	(17.3%)
Net earnings	70.9	262.0	(72.9%)

(€ per share)	6M20	6M19	YoY
FFO	0.29	0.33	(14.6%)
AFFO	0.27	0.32	(17.3%)
EPS	0.15	0.56	(72.9%)
EPRA NAV	15.68	15.11	+3.8%

## BUSINESS PERFORMANCE

**+4.0%**

Offices

**+2.8%**

S. Centers

**+2.9%**

Logistics

Rents like-for-like YoY

**+2.7%**

Offices

**+4.0%**

S. Centers

**+6.7%**

Logistics

Release spread

**(9 bps)**

Occupancy vs 31/03/2020

**93.9%**

- **Offices:** 137,266 sqm contracted. LfL of **+4.0%** and **release spread** of **+2.7%**
- **Shopping centers:** 18,112 sqm contracted. LfL of **+2.8%** and **release spread** of **+4.0%**
- **Logistics:** 60,885 sqm contracted. LfL of **+2.9%** and **release spread** of **+6.7%**

<sup>(1)</sup> Portfolio in operation for the 6M20 (€ 246.7m of GRI) and for the 6M19 (€ 240.3m of GRI)

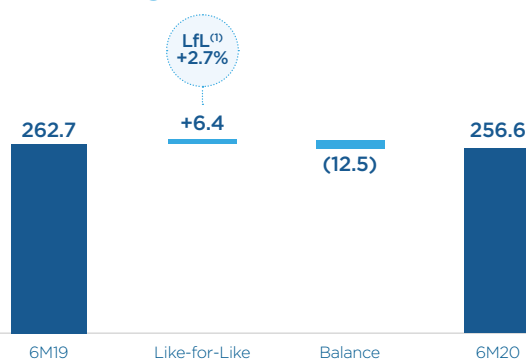
<sup>(2)</sup> Excludes non-overhead costs items (€ 2.4m) plus LTIP accrual (€ 10.1m)

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

6M20	Contracted	Rent		Leasing activity	Occ. vs 31/03/20
		sqm	€ m	Lfl change	Release spread
Offices	137,266	118.0	+4.0%	+2.7%	(55)
Shopping centers	18,112	60.6	+2.8%	+4.0%	(9)
Net leases	n.a.	43.5	+1.2%	n.m.	-
Logistics	60,885	28.8	+2.9%	+6.7%	+38
Other	n.a.	5.8	(12.5%)	n.m.	(63)
<b>Total</b>	<b>216,263</b>	<b>256.6</b>	<b>+2.7%</b>		<b>(9)</b>

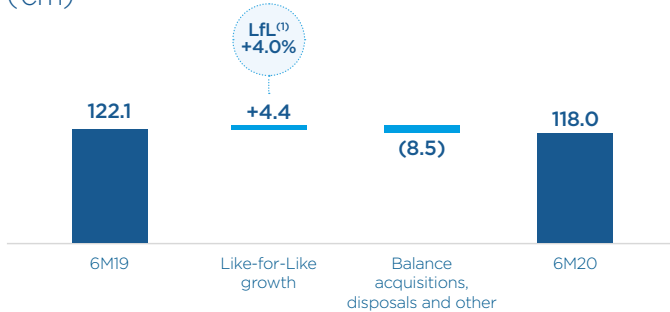
### Gross rents bridge

(€m)



# OFFICES

## Gross rents bridge (€m)



## Rents breakdown

	Gross rents 6M20 (€ m)	Passing rent (€/sqm/m)	Wault (yr)
Madrid	85.7	17.6	3.1
Barcelona	19.7	17.6	3.0
Lisbon	11.0	18.2	4.2
Other	1.5	11.0	6.0
<b>Total</b>	<b>118.0</b>	<b>17.5</b>	<b>3.2</b>

## Leasing activity

- **Positive LfL rental growth in the period (+4.0%) and release spread (+2.7%)**
- **2Q leasing activity highlights:**
  - 54,960 sqm renewal with Endesa in Ribera del Loira 60, Madrid
  - 6,672 sqm renewal with Ricoh in San Cugat II, Barcelona
  - 5,978 sqm renewal with Wagen Group in PE Adequa, Madrid
  - 4,201 sqm renewal with Zurich in PE Poblenou 22@, Barcelona
  - 2,143 sqm new lease with Ferrovial in PE Puerta de las Naciones, Madrid
  - 1,631 sqm new lease with Virtual Consulting in Atica 4, Madrid
  - 1,000 sqm new lease with Logicalis in PE Puerta de las Naciones, Madrid
  - 933 sqm new lease with Comunidad de Madrid in Ventura Rodriguez 7, Madrid

6M20	Contracted sqm	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	113,709	(23,276)	8,416	105,293	(14,860)	(1.9%)	122
Barcelona	21,011	(9,438)	2,047	18,964	(7,391)	+27.8%	26
Lisbon	2,546	(1,477)	1,477	1,069	-	+14.6%	8
<b>Total</b>	<b>137,266</b>	<b>(34,191)</b>	<b>11,940</b>	<b>125,326</b>	<b>(22,251)</b>	<b>+2.7%</b>	<b>156</b>

## Occupancy

- **Decline in occupancy due to the early cancellation of Travelperk in Torre Glòries**
- **Excellent pre-lets signed in landmark offices under refurb:** 19,425 sqm with a leading financial institution in Monumental and 12,789 sqm with a top tier consulting firm and a Spanish leading engineering company in Castellana 85
- **By markets, best performer this quarter has been Madrid CBD**

<b>Stock</b>	1,193,894 sqm
<b>WIP</b>	128,800 sqm
<b>Stock incl. WIP</b>	1,322,695 sqm

### Occupancy rate<sup>(2)</sup>

	6M20	3M20	Change bps
Madrid	89.3%	89.3%	+2
Barcelona	92.2%	95.5%	(328)
Lisbon	100.0%	100.0%	-
Other	100.0%	100.0%	-
<b>Total</b>	<b>90.9%</b>	<b>91.4%</b>	<b>(55)</b>


<sup>(1)</sup> Offices portfolio in operation for 6M20 (€ 113.4m of GRI) and for 6M19 (€ 109.0m of GRI)

<sup>(2)</sup> MERLIN policy excludes buildings under complete refurbishment. Buildings excluded this period are Plaza Ruiz Picasso, Castellana 85, Monumental, Arturo Soria 343, Plaza Cataluña 9, Pere IV and Adequa 2

## OFFICES (CONT.)

### INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

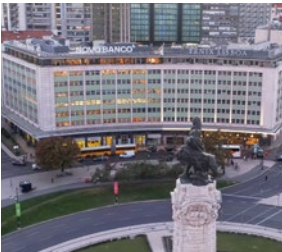

#### INVESTMENTS

	GLA (sqm)	ERV	ERV Yield <sup>(1)</sup>	Acquisition
 <b>Plaza de Cataluña 9</b>	3,048	€ 0.8m	4.5%	€ 15.4m

#### LANDMARK I

WIP	GLA (sqm)	Scope	Budget	Delivery	YoC
 <b>Castellana 85</b>	15,254	Full refurb	€ 33.0m	1Q21	8.3%
 <b>Monumental</b>	22,387	Full refurb (incl. SC)	€ 34.8m	1Q21	9.4%

#### IN STOCK

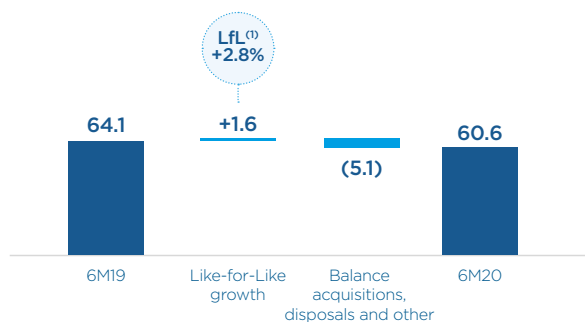
 <b>Marqués de Pombal</b>	12,460	Lobby + common areas + exterior terrace	€ 1.6m	3Q20	9.4%
 <b>Diagonal 605</b>	13,244	Double height lobby + common areas + new retail space	€ 8.7m	4Q20	15.5%

<sup>(1)</sup> Yield on cost calculated over acquisition (€ 15.4m) plus estimated Capex (€ 3.0m)

# SHOPPING CENTERS

## Gross rents bridge

(€m)



## Rents breakdown

	Gross rents 6M20 (€ m)	Passing rent (€/sqm/m)	Wault (yr)
MERLIN	60.6	21.5	2.7

## Footfall and tenant sales

	6M20 LTM	YoY
Tenant sales	879.3	(18.2%)
Footfall	81.1	(19.9%)
OCR	12.2% <sup>(2)</sup>	

## Leasing activity

- Footfall and tenant sales heavily affected by the compulsory shutdown of shops in almost all second quarter
- LfL rental growth continues for now (+2.8%)
- 2Q leasing activity highlights:
  - 1,916 sqm renewal with Mercadona in Arenas
  - 1,187 sqm new lease with Mango and 507 sqm with Denim & Friends in Saler
  - 844 sqm renewal with Mango in La Vital
  - 339 sqm renewal with Sprinter in Larios
  - 239 sqm new lease with Kentucky Fried Chicken in Porto Pi

6M20	Contracted sqm <sup>(3)</sup>	Out	In	Renewals <sup>(3)</sup>	Net	Release spread	# Contracts
Total	18,112	(8,090)	7,083	11,029	(1,007)	+4.0%	100

## Occupancy

- Occupancy remains flat during the quarter
- Best performer in 6M20 has been **Saler**

Stock	460,532 sqm
Tres Aguas <sup>(4)</sup>	67,691 sqm
Stock incl. Tres Aguas	528,223 sqm

	Occupancy rate		bps
	6M20	3M20	
Total	94.1%	94.2%	(9)

<sup>(1)</sup> Shopping centers portfolio in operation for 6M20 (€ 58.2m of GRI) and for 6M19 (€ 56.6m of GRI)

<sup>(2)</sup> LTM occupancy cost net of Covid-19 incentives granted/LTM sales




<sup>(3)</sup> Excluding renewals due to MERLIN's commercial policy. Please see Covid-19 section for further detail

<sup>(4)</sup> Tres Aguas at 100% allocation

## SHOPPING CENTERS (CONT.)

### INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

#### FLAGSHIP

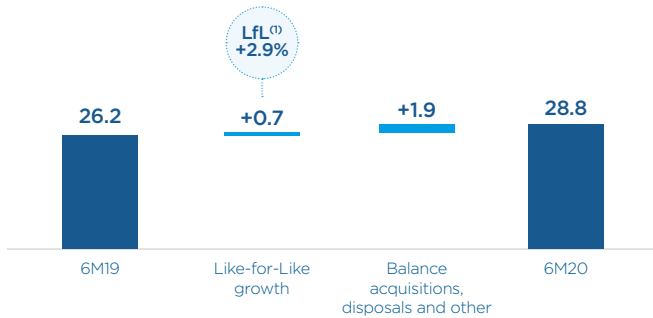
DELIVERED		GLA (sqm)	Scope	Budget	Delivery	YoC
	<b>X-Madrid</b>	47,105	Full revamp	€ 46.4m	Finished	9.1%
<b>IN STOCK<sup>(1)</sup></b>						
	<b>Saler</b>	47,853	Full refurb	€ 24.0m	1Q21	5.2%
	<b>Porto Pi</b>	58,779	Full refurb	€ 26.6m	1Q21	4.2%

<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 6M20 (€ m)	Passing rent (€/sqm/m)	Wault (yr)
Madrid	16.0	4.0	4.3
Barcelona	4.8	6.0	2.8
Other	8.0	3.9	3.6
<b>Total</b>	<b>28.8</b>	<b>4.2</b>	<b>3.8</b>

## Leasing activity

- Rental growth showing good prospects
- Excellent release spread in all markets (+6.7%)
- 2Q leasing activity highlights:
  - 9,561 sqm new lease with Carreras in Toledo-Seseña
  - 4,689 sqm new lease with Collbatalle and 4,349 sqm new lease with Airbus in Sevilla ZAL
  - 2,309 sqm new lease with Molenbergnatie and 1,861 sqm new lease with Vapores Suardiaz in PLZF
  - 1,834 sqm renewal with Sumitomo in PLZF

6M20	Contracted sqm	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	30,284	-	30,284	-	30,284	+4.5%	2
Barcelona	10,390	(16,750)	4,170	6,220	(12,580)	+14.5%	4
Other	20,211	(6,447)	11,136	9,075	4,689	+12.2%	1
<b>Total</b>	<b>60,885</b>	<b>(23,197)</b>	<b>45,590</b>	<b>15,295</b>	<b>22,393</b>	<b>+6.7%</b>	<b>7</b>

## Occupancy

- The portfolio remains highly occupied, with Barcelona showing 331 bps increase in the quarter

Stock	1,181,339 sqm
Best II	516,384 sqm
Best III	460,955 sqm
Stock incl. WIP	2,158,678 sqm
ZAL PORT	624,716 sqm
ZAL PORT WIP	102,965 sqm
Stock managed	2,886,360 sqm

	Occupancy rate		
	6M20	3M20	bps
Madrid	97.3%	97.2%	+8
Barcelona	88.7%	85.4%	+331
Other	99.4%	99.8%	(41)
<b>Total</b>	<b>96.8%</b>	<b>96.4%</b>	<b>+38</b>

<sup>①</sup> Logistics portfolio in operation for 6M20 (€ 26.3m of GRI) and for 6M19 (€ 25.5m of GRI)

## LOGISTICS (CONT.)

### INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

#### Best II (as from 30/6/2020)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
<b>Delivered</b>	<b>72,075</b>			
Madrid-Pinto II B	29,473	1.2	13.7	8.6%
Guadalajara-Cabanillas III	21,879	0.9	11.8	7.8%
Guadalajara-Cabanillas Park I F	20,723	0.9	10.8	7.9%
<b>In progress</b>	<b>516,384</b>			
Toledo-Seseña	28,731	1.2	15.5	7.7%
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	7.7%
Guadalajara-Cabanillas Park II	210,678	9.2	114.2	8.1%
Guadalajara-Cabanillas Park I Extension	92,994	3.8	56.0	6.8%
<b>Total</b>	<b>588,459</b>	<b>25.9</b>	<b>328.4</b>	<b>7.9%</b>

#### Best III (as from 30/6/2020)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
<b>Delivered</b>	<b>48,468</b>			
Valencia-Ribarroja	34,992	1.9	26.3	7.2%
Sevilla ZAL WIP	13,476	0.6	7.7	8.4%
<b>In progress</b>	<b>460,955</b>			
Zaragoza-Plaza II	11,421	0.5	7.1	7.2%
Madrid-San Fernando III	98,924	5.1	54.9	9.3%
Sevilla ZAL WIP	29,174	1.4	16.7	8.4%
Lisbon Park	224,864	10.5	147.6	7.1%
Valencia-Betera	96,572	4.4	56.2	7.8%
<b>Total</b>	<b>509,423</b>	<b>24.5</b>	<b>316.5</b>	<b>7.7%</b>

## BALANCE SHEET

- MERLIN enjoys **€ 1.2 bn in cash and equivalents**
- **Credit rating reaffirmed** by both S&P and Moody's post Covid outbreak
- **LTV further reduced to 40.4%**. Net debt and related **financial ratios in line with FY2019**

	€ million
GAV	12,755
Gross financial debt	6,369
Cash and equivalents <sup>(1)</sup>	(1,216)
Net financial debt	5,153
EPRA NAV	7,365

Ratios	30/06/2020	31/12/2019
LTV	40.4%	40.6%
Av. Interest rate	1.97%	2.09%
Av. Maturity (years)	6.0	6.4
Unsecured debt to total debt	85.2%	82.7%
Interest rate fixed	88.9%	99.5%
Liquidity position <sup>(1)</sup>	1,216	1,085

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

## VALUATION

- **€ 12,755m GAV, which remains flat (+0.2%)** as compared to December 2019
- By asset category, +2.1% LfL growth in offices, (4.7%) in shopping centers, + 2.0% in logistics, and 0.0% in net leases

	GAV (€ m)	LfL Growth	Gross yield	Yield compression / (expansion) <sup>(2)</sup>
Offices	6,334	+2.1%	4.0%	-
Shopping centers	2,274	(4.7%)	4.9%	(8)
Logistics	972	+2.0%	5.8%	1
Net leases	1,849	0.0%	4.7%	1
WIP & land	324	n.a.	n.a.	
Other	439	(3.0%)	3.1%	(4)
Equity method	562	0.0%	n.a.	
<b>Total</b>	<b>12,755</b>	<b>+0.2%</b>	<b>4.4%</b>	<b>(2)</b>

<sup>(1)</sup> Includes cash, treasury stock (€ 55.7m), Juno's receivable (€ 70.0m) and Silicius receivable (€86.5m)

<sup>(2)</sup> Based on exit yield







## INVESTMENTS, DIVESTMENTS AND CAPEX

- During the period, MERLIN Properties has acquired **Plaza de Cataluña 9**, a historical asset located in one of the most emblematic squares in Barcelona. The asset comprises **3,048 sqm** of GLA and will be operated as a **LOOM**
- **€ 198.0m of successful divestments** in the period including the contribution of 3 secondary retail assets (Thader, La Fira and Nassica) to Silicius Socimi at GAV and the sale of 18 BBVA branches
- The three plans of the Company, **Landmark I, Flagship and Best II & III continue progressing**. In light of Covid-19, the Company has revisited its Capex plans and is now focused on executing those assets already started and/or with pre-lets in place

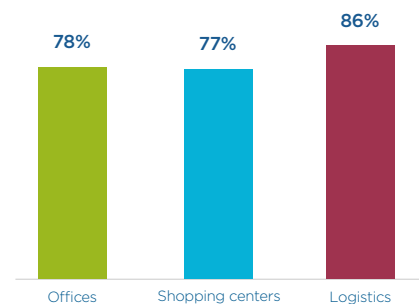
	Offices	Retail	Logistics	€ million
Acquisitions	Plaza de Cataluña 9			15.5
Development & WIP	Castellana 85 Monumental Plaza Ruiz Picasso Arturo Soria 343	X-Madrid	Guadalajara-Azuqueca II Madrid-San Fernando II Sevilla Zal WIP Zaragoza-Plaza II Lisbon Park	59.2
Refurbishment	Diagonal 605 Torre Glories Torre Chamartin	Saler Porto Pi Larios	Madrid-Getafe (Gavilanes) Madrid-Coslada Complex Madrid-Meco	30.4
Like-for-like portfolio (Defensive Capex) <sup>(1)</sup>				10.2
<b>Total</b>				<b>115.3</b>

## SUSTAINABILITY

- **Intensive effort in terms of portfolio certification**, having obtained 25 new LEED/BREEAM certificates
- 5 **LEED** certificates obtained are scored **Gold**

PE Cerro Gamos	Atica	Sevilla ZAL	Madrid-Pinto
			
LEED Gold	LEED Gold	BREEAM Good	BREEAM Good

### % GAV certified



<sup>(1)</sup> € 8.9m are capitalized in balance sheet and € 1.3m are expensed in P&L

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## POST CLOSING

- On July 17<sup>th</sup>, MERLIN delivered **9,135 sqm leased to BBVA in PE Las Tablas, Madrid**
- In July, the Company has delivered a warehouse of **8,202 sqm in Sevilla ZAL leased to 4Gasa**
- In July, CILSA (ZAL Port) delivered a cold storage warehouse of **23,234 sqm leased to Caprabo**
- In July, MERLIN issued a **€ 500m 7-year bond at a 2.375% coupon**. Part of the proceeds were used to repurchase € 151.7m of the bonds expiring in 2022 and € 107.2m of the bonds expiring in 2023. The balance (€ 241.1m) will be used to early repay mortgage loans expiring in 2025. As a result of this debt management initiative, the **average maturity will be extended from 6.0 years to 6.5 years, while maintaining the same average cost of debt, bearing no floating rate risk now**
- On July 17<sup>th</sup>, MERLIN **repaid in full the € 700m RCF** once the sanitary situation stabilized
- On July 8<sup>th</sup>, MERLIN distributed a **final 2019 dividend to shareholders of € 68.5m**

## COVID-19 UPDATE

### COMMERCIAL POLICY

- Over 1,000 tenants within our shopping centers occupying ~350k sqm<sup>(1)</sup> have accepted the Phase II of our commercial policy, ensuring business visibility and improving the maturity profile. As a result, the WAULT has increased by six months to reach 2.7 years in 6M20

Phase II	Offices	Shopping centers
Eligible universe <sup>(2)</sup>	4%	94%
Tenants that have accepted	93%	92%

### COLLECTION RATE

- MERLIN's collection rate during past Covid-19 outbreak has remained at very high levels

(as a % of total invoices due)

2Q20	Offices	Shopping centers	Net leases	Logistics
Commercial policy	0% <sup>(3)</sup>	59.7%	0%	0%
Collected	99.2%	37.7%	100%	96.4%
In process	0%	0%	0%	2.7%
Uncollected	0.8%	2.6%	0%	0.9%

<sup>(1)</sup> Excluding Tres Aguas

<sup>(2)</sup> As a % of annual gross rents of each category

<sup>(3)</sup> We have excluded the retail component of offices which is residual for the asset category (-3%)

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# APPENDIX

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1. Consolidated Profit and loss
2. Consolidated Balance sheet

## 1. Consolidated Profit and loss

(€ thousand)	30/06/2020	30/06/2019
<b>Gross rents</b>	<b>256,599</b>	<b>262,748</b>
Offices	117,951	122,061
Shopping centers	60,587	64,058
Logistics	28,793	26,168
Net Leases	43,451	43,557
Other	5,818	6,904
<b>Other income</b>	<b>2,764</b>	<b>2,497</b>
<b>Total Revenues</b>	<b>259,363</b>	<b>265,245</b>
Incentives	(7,616)	(9,714)
Covid-19 rent relief	(27,807)	-
<b>Total Operating Expenses</b>	<b>(52,295)</b>	<b>(68,785)</b>
Propex	(22,507)	(24,788)
Personnel expenses	(11,236)	(15,979)
Opex recurring	(6,084)	(4,330)
Opex non-overheads	(2,365)	(1,567)
LTIP Provision	(10,103)	(22,121)
<b>EBITDA</b>	<b>171,645</b>	<b>186,746</b>
Depreciation	(734)	(856)
Gain / (losses) on disposal of assets	(14,159)	36
Provision surpluses	(368)	(313)
Change in fair value of investment property	31,962	159,469
Difference on business combination	-	(2,865)
<b>EBIT</b>	<b>188,346</b>	<b>342,217</b>
Net financial expenses	(61,885)	(55,357)
Debt amortization costs	(8,414)	5,077
Gain / (losses) on disposal of financial instruments	(10)	64
Change in fair value of financial instruments	(39,889)	(21,408)
Share in earnings of equity method instruments	(8,346)	2,523
<b>PROFIT BEFORE TAX</b>	<b>69,802</b>	<b>273,116</b>
Income taxes	1,142	(11,111)
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>70,944</b>	<b>262,005</b>
Minorities	-	-
<b>PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE</b>	<b>70,944</b>	<b>262,005</b>

## 2. Consolidated Balance sheet

(€ thousand)

ASSETS	30/06/2020	EQUITY AND LIABILITIES	30/06/2020
<b>NON CURRENT ASSETS</b>	<b>13,097,453</b>	<b>EQUITY</b>	<b>6,702,548</b>
Intangible assets	843	Subscribed capital	469,771
Property, plant and equipment	19,403	Share premium	3,813,409
Investment property	12,118,977	Reserves	2,504,119
Investments accounted for using the equity method	428,374	Treasury stock	(55,687)
Non-current financial assets	442,104	Other equity holder contributions	540
Deferred tax assets	87,752	Interim dividend	-
		Profit for the period	70,944
		Valuation adjustments	(100,548)
		Minorities	-
		<b>NON-CURRENT LIABILITIES</b>	<b>7,233,942</b>
		Long term debt	6,513,770
		Long term provisions	34,061
		Deferred tax liabilities	686,111
<b>CURRENT ASSETS</b>	<b>1,059,221</b>	<b>CURRENT LIABILITIES</b>	<b>220,184</b>
Trade and other receivables	35,927	Short term debt	121,986
Short term investments in group companies and associates	2,334	Short term provisions	-
Short-term financial assets	108,659	Trade and other payables	75,752
Cash and cash equivalents	896,651	Other current liabilities	22,446
Other current assets	15,650		
<b>TOTAL ASSETS</b>	<b>14,156,674</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,156,674</b>



**MERLIN**

PROPERTIES

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