



CONSOLIDATED PERFORMANCE

+1.4%

Gross rents like-for-like YoY

(16.8%)

FFO per share YoY

+3.3%

NAV per share YoY

- Top line revenues showing **positive LfL rental growth (+1.4%)**, despite the challenging environment
- **Covid-19 rent relief** to tenants accepting our commercial policy amount to **€ 39.6m** in the period, recorded as a one-off expense (not straight lined), optically eroding operating margins. **Ordinary course of business incentives are declining**, representing 3.2% of gross rents vs 3.8% in the same period last year
- **FFO per share** (€ 0.42) **on track to exceed the updated guidance** provided (€ 0.53). Decrease vs 9M19 (-16.8%) due to Covid-19 rent reliefs (€ 0.08 per share) and assets sold (€ 0.03 per share)
- No revaluation in the period. **NAV per share** standing at **€ 15.77**

(€ million)	9M20	9M19	YoY
Total revenues	385.0	397.9	(3.2%)
Gross rents	380.9	394.9	(3.5%)
Gross rents after incentives	328.9	379.8	(13.4%)
Net rents after propex	297.0	344.9	(13.9%)
Gross-to-net margin ⁽¹⁾	90.3%	90.8%	
EBITDA ⁽²⁾	275.7	317.0	(13.0%)
Margin	72.4%	80.3%	
FFO ⁽³⁾	197.3	237.0	(16.8%)
Margin	51.8%	60.0%	
AFFO	186.1	230.0	(19.1%)
Net earnings	111.8	316.2	(64.7%)

(€ per share)	9M20	9M19	YoY
FFO	0.42	0.50	(16.8%)
AFFO	0.40	0.49	(19.1%)
EPS	0.24	0.67	(64.7%)
NAV	15.77	15.27	+3.3%

BUSINESS PERFORMANCE

+3.0%

Offices

+1.3%

S. Centers

+2.9%

Logistics

Rents like-for-like YoY

+4.0%

Offices

+4.1%

S. Centers

+8.5%

Logistics

Release spread

22 bps

Occupancy vs 30/6/2020

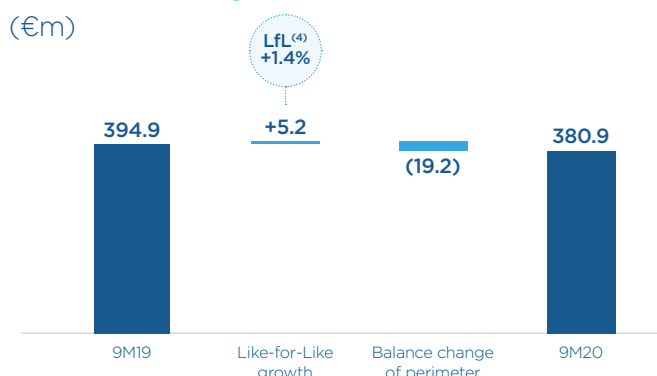
94.1%

- **Offices:** 197,975 sqm contracted. LfL of **+3.0%** and **release spread** of **+4.0%**
- **Shopping centers:** 21,464 sqm contracted. LfL of **+1.3%** and **release spread** of **+4.1%**
- **Logistics:** 135,111 sqm contracted. LfL of **+2.9%** and **release spread** of **+8.5%**

9M20	Contracted sqm	Rent		Leasing activity	Occ. vs 30/06/20
		€ m	Lfl change	Release spread	Bps
Offices	197,975	175.9	+3.0%	+4.0%	19
Shopping centers	21,464	88.2	+1.3%	+4.1%	(35)
Net leases	n.a.	65.0	+1.2%	n.a.	-
Logistics	135,111	43.7	+2.9%	+8.5%	67
Other	n.a.	8.1	(25.1%)	n.a.	(241)
Total	354,550	380.9	+1.4%		22

Gross rents bridge

(€m)



⁽¹⁾ Net of incentives

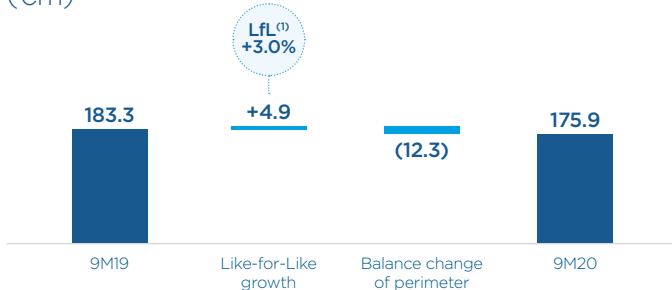
⁽²⁾ Excludes non-overhead costs items (€ 4.8m) plus LTIP accrual (€ 14.2m)

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

⁽⁴⁾ Portfolio in operation for the 9M20 (€ 367.5 of GRI) and for the 9M19 (€ 362.3 of GRI)

OFFICES

Gross rents bridge (€m)



Rents breakdown

	Gross rents 9M20 (€ m)	Passing rent (€/sqm/m)	Wault (yr)
Madrid	127.7	17.7	2.9
Barcelona	29.3	17.8	2.8
Lisbon	16.6	18.5	4.0
Other	2.3	11.0	5.8
Total	175.9	17.7	3.1

Only 6.8% of total rents expiring in 2021

Leasing activity

- **Positive LfL rental growth** in the period **(+3.0%)** and **release spread (+4.0%)**
- **3Q leasing activity highlights:**
 - 9,315 sqm renewal with Ministerio de Interior in Alcala 40, Madrid
 - 9,135 sqm new lease with BBVA in PE Las Tablas, Madrid
 - 4,909 sqm renewal with Cimpress in PE Poblenou, Barcelona
 - 4,424 sqm renewal with UNIR in Beatriz de Bobadilla 14, Madrid
 - 3,765 sqm renewal with Clece in PE Via Norte, Madrid
 - 1,845 sqm new lease with Alten in PLZFB, Barcelona
 - 1,225 sqm new lease with Ribera Salud in PE Alvento, Madrid

9M20	Contracted sqm	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	164,752	(36,282)	21,327	143,425	(14,955)	+0.2%	126
Barcelona	30,677	(9,534)	4,717	25,960	(4,817)	+31.2%	26
Lisbon	2,546	(1,477)	1,477	1,068	-	+14.5%	6
Total	197,975	(47,293)	27,521	170,453	(19,772)	+4.0%	158

Occupancy

- **Slight increase in occupancy vs 6M20** driven by the contract signed with Alten in PLZFB (1,845 sqm), Barcelona
- By markets, **best performer this quarter has been Barcelona NBA**

Stock	1,191,798 sqm
WIP	137,928 sqm
Stock incl. WIP	1,329,726 sqm

Occupancy rate⁽²⁾

	9M20	6M20	Change bps
Madrid	89.3%	89.3%	(4)
Barcelona	93.4%	92.2%	+124
Lisbon	100.0%	100.0%	-
Other	100.0%	100.0%	-
Total	91.1%	90.9%	+19


⁽¹⁾ Office portfolio in operation for 9M20 (€ 169.4 of GRI) and for 9M19 (€ 164.5m of GRI)

⁽²⁾ 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, Avenida de Burgos 208 and Adequa 2



OFFICES (CONT.)

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS


INVESTMENTS IN 9M20

	GLA (sqm)	ERV	ERV Yield ⁽¹⁾	Acquisition
	3,048	€ 0.8m	4.5%	€ 15.4m

LANDMARK I

WIP	GLA (sqm)	Scope	Budget	Delivery	YoC
	16,474	Full refurb	€ 33.0m	1Q21	8.3%
	25,385	Full refurb (incl. SC)	€ 34.8m	1Q21	9.4%

IN STOCK

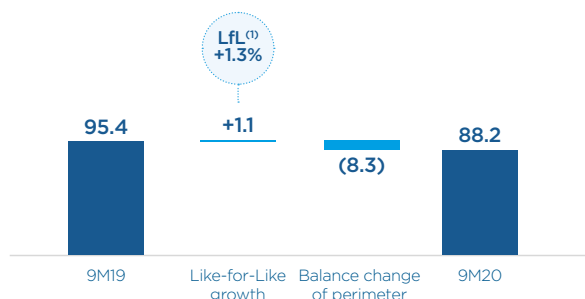
	13,244	Double height lobby + common areas + new retail space	€ 8.7m	Finished	15.5%
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⁽¹⁾ Yield on cost calculated over acquisition (€ 15.4m) plus estimated Capex (€ 3.0m)

SHOPPING CENTERS

Gross rents bridge

(€m)



Rents breakdown

	Gross rents 9M20 (€ m)	Passing rent (€/sqm/m)	Wault (yr)
MERLIN	88.2	21.6	2.6

Footfall and tenant sales

	9M20 LTM	YoY
Tenant sales ⁽²⁾	805.8	(26.1%)
Footfall	73.0	(28.5%)
OCR ⁽³⁾	12.2%	

Leasing activity

- Footfall and tenant sales affected by the second wave of the pandemia, with hard restrictions specially in Cataluña
- LfL rental growth continues delivering positive numbers (+1.3%)
- After implementation of commercial policy, OCR stands at 12.2%, slightly better than pre-Covid levels
- 3Q leasing activity highlights:
 - 259 sqm new lease with Bruebeck/Tiffosi in Vilamarina
 - 166 sqm new lease with Vittello in Saler
 - 144 sqm new lease with Clínica Médis in Almada
 - 129 sqm new lease with Skalop in Porto Pi
 - 126 sqm new lease with Misako in Porto Pi

9M20	Contracted sqm	Out	In	Renewals ⁽⁴⁾	Net	Release spread	# Contracts
Total	21,464	(13,006)	10,435	11,029	(2,571)	+4.1%	81

Occupancy

- Occupancy protected by the commercial policy
- Best performer in 9M20 has been Saler

Stock	461,481 sqm
Tres Aguas ⁽⁵⁾	67,691 sqm
Stock incl. Tres Aguas	529,172 sqm

	Occupancy rate		bps
	9M20	6M20	
Total	93.7%	94.1%	(35)

⁽¹⁾ Shopping centers portfolio in operation for 9M20 (€ 85.7 of GRI) and for 9M19 (€ 84.6 of GRI)

⁽²⁾ Excluding X-Madrid as it does not have comparable data

⁽³⁾ Including the impact of the commercial policy, 16.3% if excluded

⁽⁴⁾ Not including the renewals due to commercial policy

⁽⁵⁾ Tres Aguas at 100% allocation

SHOPPING CENTERS (CONT.)

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

FLAGSHIP

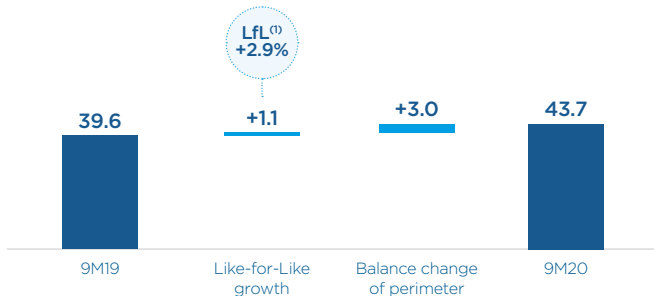
IN STOCK ⁽¹⁾	GLA (sqm)	Scope	Budget	Delivery	YoC
	47,853	Full refurb	€ 24.0m	1Q21	5.2%
	58,779	Full refurb	€ 26.6m	1Q21	4.2%

⁽¹⁾ 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 9M20 (€ m)	Passing rent (€/sqm/m)	Wault (yr)
Madrid	24.7	3.9	4.2
Barcelona	7.3	6.1	2.4
Other	11.7	3.9	3.4
Total	43.7	4.2	3.7

Leasing activity

- Upwards market environment translating into outstanding rental growth (release spread of +8.5%)
- 3Q leasing activity highlights:
 - 28,392 sqm new lease with Grupo Damm and Alcanor in A-2 San Fernando II
 - 11,913 sqm new lease with 4 Gasa and Rhenus Logistics in Sevilla ZAL
 - 11,420 sqm new lease with DSV in Zaragoza Plaza II
 - 7,132 sqm new lease with Carreras in Toledo-Seseña

9M20	Contracted sqm	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	74,596	(3,780)	70,976	3,620	67,196	(9.9%)	1
Barcelona	16,971	(17,250)	10,751	6,220	(6,498)	+14.5%	4
Other	43,544	(6,447)	34,469	9,075	28,022	+12.2%	1
Total	135,111	(27,477)	116,196	18,915	88,720	+8.5%	6

Occupancy

- Portfolio almost fully occupied, with Barcelona having 410 bps increase in the quarter thanks to 6,082 sqm net absorption in PLZF
- All Best II & III and ZAL Port WIP delivered assets are 100% let

Stock	1,200,727 sqm
WIP ⁽²⁾	957,951 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		bps
	9M20	6M20	
Madrid	97.6%	97.3%	+30
Barcelona	92.8%	88.7%	+410
Other	99.3%	99.4%	(2)
Total	97.5%	96.8%	+67

⁽¹⁾ Logistics portfolio in operation for 9M20 (€ 39.0 of GRI) and for 9M19 (€ 37.9 of GRI)

⁽²⁾ WIP includes In progress Best II & III and Zaragoza-Plaza I

LOGISTICS (CONT.)

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

Best II (as from 30/9/2020)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
Delivered	100,806			
A4-Pinto II	29,473	1.2	13.7	8.6%
A2-Cabanillas III	21,879	0.9	11.8	7.8%
A2-Cabanillas Park I F	20,723	0.9	10.8	7.9%
A4-Seseña	28,731	1.2	15.5	7.7%
In progress	487,653			
A2-San Fernando II	34,224	1.9	21.7	8.9%
A2-Azuqueca II	98,757	4.4	54.7	8.1%
A2-Azuqueca III	51,000	2.3	30.1	7.7%
A2-Cabanillas Park II	210,678	9.2	114.2	8.1%
A2-Cabanillas Park I G	92,994	3.8	56.0	6.8%
Total	588,459	25.9	328.4	7.9%

Best III (as from 30/9/2020)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
Delivered	59,889			
Valencia-Ribarroja	34,992	1.9	26.3	7.2%
Sevilla ZAL WIP	13,476	0.6	7.7	8.4%
Zaragoza-Plaza II	11,421	0.5	7.1	7.2%
In progress	449,534			
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%
Total	509,423	24.5	316.5	7.7%

BALANCE SHEET

- During the quarter, MERLIN issued a € 500m 7-year bond, paid back the RCF in full (€ 700m) and two mortgage loans (€ 174.9m) and repurchased bonds (€ 258.9m). **As a result of these debt management initiatives, maturities have been extended**
- **No maturities until May 2022**
- **Credit rating reaffirmed** by both S&P and Moody's post Covid outbreak
- MERLIN enjoys a **liquidity position of € 1.2bn**
- **LTV stands at 40.9%**. Net debt and related financial ratios in line with FY2019

Corporate rating		Outlook
S&P Global	BBB	Stable
Moody's	Baa2	Negative

	€ million
GAV	12,835
Gross financial debt	5,732
Cash and equivalents ⁽¹⁾	(479)
Net financial debt	5,253
NAV	7,410

Ratios	30/09/2020	31/12/2019
LTV	40.9%	40.6%
Av. Interest rate	2.11%	2.09%
Av. Maturity (years)	6.2	6.4
Unsecured debt to total debt	86.6%	82.7%
Interest rate fixed	99.8%	99.5%
Liquidity position ⁽²⁾ (€m)	1,179	1,085

INVESTMENTS, DIVESTMENTS AND CAPEX

- During the period, MERLIN Properties has acquired **Plaza de Cataluña 9**, an historical asset located in one of the most touristic and emblematic squares in Barcelona. The asset comprises **3,048 sqm** of GLA and will be used as a **LOOM**
- **€ 198.3m of successful divestments** at GAV in the period including the contribution of 3 secondary retail assets (Thader, La Fira and Nassica) to Silicius Socimi and 19 BBVA branches
- The three plans of the Company, **Landmark I, Flagship and Best II & III continue progressing well**. In light of Covid-19, the Company has revisited its Capex plans and is now focused on executing those assets underway and with pre-lets in place

	Offices	Retail	Logistics	Capex YTD (€m)
Acquisitions	Plaza de Cataluña 9			15.4
Development & WIP	Castellana 85 Monumental Plaza Ruiz Picasso Arturo Soria 343	X-Madrid	A2-Azuqueca II A2-Azuqueca III A2-San Fernando II A2-Cabanillas Park II Lisbon Park	106.0
Refurbishment	Diagonal 605 Torre Glories PE Las Tablas	Saler Porto Pi Larios	A4-Getafe (Gavilanes) A2-Cabanillas I A4-Pinto II	50.4
Like-for-like portfolio (Defensive Capex) ⁽³⁾				13.1
Total				184.9

⁽¹⁾ Includes cash (€ 266.8m), treasury stock (€ 55.5m), Juno's receivable (€ 70.0m) and Silicius receivable (€ 86.5m)

⁽²⁾ Includes cash (€ 266.8m), treasury stock (€ 55.5m), Juno's receivable (€ 70.0m), Silicius receivable (€ 86.5m) and undrawn credit facilities (€ 700m)

⁽³⁾ € 11.2m are capitalized in balance sheet and € 1.9m are expensed in P&L

SUSTAINABILITY

- **Intensive effort in terms of portfolio certification**, having obtained 30 new LEED/BREEAM certificates
- 6 **LEED** certificates obtained are scored **Gold** and 1 **Platinum**

A2 Azuqueca II	PE Cerro Gamos	Atica	Sevilla ZAL (Amazon)	Saler
				
LEED Platinum	LEED Gold	LEED Gold	BREEAM Very Good	BREEAM Very Good

% GAV certified



COVID-19 UPDATE

2021 COMMERCIAL POLICY

- The Company has approved a **Phase III** of our commercial policy for the first half of 2021. The goal is to continue supporting our tenants through an incentives policy commensurate with current sales pace in order **to maintain effort rates (OCR) at sustainable levels**
- The policy was launched in the last week of October, and will be applicable during the first half of 2021, with a maximum estimated impact of € 12.9m in the period (€ 11.9m for shopping centers and € 1.0m for the retail component in offices)

Eligibility	▶▶▶	Retail tenants up-to-date in their contractual obligations, including payment of past rents and common expenses
Eligible period	▶▶▶	January 1 st - June 30 th 2021
Policy	▶▶▶	<ul style="list-style-type: none"> • 100% rent relief in case of a mandatory lockdown exclusively during the period in which tenants are not legally authorized to open • 25% average rent relief granted to retailers (30% for Leisure and Food & Beverage) • Common service charges continue to be paid by tenants • This policy is not accumulative to any potential measures approved by public authorities

COLLECTION RATE

- MERLIN's collection rate remains at very high levels for the third consecutive quarter after the Covid-19 outbreak

(as a % of total invoices due)

3Q20	Offices	Shopping centers	Net leases	Logistics
Collected	99.8%	64.9%	100%	99.5%
Commercial policy	0%	33.2%	0%	0%
In process	0%	0%	0%	0%
Uncollected	0.2%	1.9%	0%	0.5%

INFORMATION ON CURRENT PROCEDURAL SITUATIONS

Minimum defaults and litigation

- The Spanish legal system operates under the principle that private contracts are binding for the parties from the moment on which consent by them is given. Private contracts have force of law and therefore must be complied with by the parties thereto in their exact terms. This overarching principle, known as *pacta sunt servanda* (agreements must be honored) is occasionally modulated if the conditions of the so-called *rebus sic stantibus* rule are met. The rebalancing of contract obligations, however, is only possible in a very limited number of situations. Rebalancing of contract obligations can occur as a result of consensus between the parties or when one of the parties requests judicial intervention. Whatever the case, such rebalancing does not imply the transfer of risks and burdens inherent to the tenant's business to the landlord, most so, in situations where neither the landlord nor the tenant has a bearing on the event which has given rise to the need for such rebalancing.
- With the above in mind, MERLIN has sought to help its retail, high street and hotel tenants, affected by compulsory shutdowns or severe operating restrictions, beyond legal or contractual requirements. It has also remained vigilant on footfall and sales levels with the aim to reach as fair as possible agreements with such tenants. This has led in practice, inter alia, to an effective reduction in the average effort rate for such tenants.
- As a result, contract-default and litigation levels for the company have remained low and we are proud that we have not contributed to further strain a public service, such as the administration of justice, which is already extraordinarily overloaded.
- Tenant default levels remain very low for the third consecutive quarter despite the pandemic, thus allowing for collection rates of 99.8% in offices, 98.1% in shopping centers, 99.5% in logistics and 100% in net leases.
- Tenant-protection legislation enacted in Portugal, Spain and by Spanish regional governments such as Cataluña has had very limited impact on our portfolio due to the fact that the commercial policies that have been deployed by the Company offer a more protective regime for tenants. Only seldom, occasional situations have arisen where the client cannot (or does not wish to) comply with its obligations. In those cases, MERLIN has had to rely on ad hoc procedural channels at avail for tenant defaults and commence litigation. This is part of a healthy and diligent asset management policy but also prevents that compliant and defaulting tenants are treated equally, which would lead to comparative grievance. The Company, therefore accepts an increase in temporary vacancy, with the consequential loss of rents and cash flow, in exchange for rotating tenants, which will in turn allow the entrance of new operators who are capable of dynamizing the activity in our shopping centers and high street retail premises.
- Despite a certain social trend, which enshrines a form of generosity based on someone else's money and a series of professionals who take advantage of such trend in order to obtain business and/or publicity, the Spanish judges and courts are playing a very important role in handing down resolutions that are strictly based on the Law. As a matter of fact, massive breaches, the expropriation of use of leased assets and continued default by tenants are not permitted by the Spanish legal system nor by the Spanish courts and tribunals, even if a certain self-serving strand of opinion may suggest otherwise.
- In the case of MERLIN, for example, only 48 post-covid default-based lawsuits are currently under way, out of a total of 1,787 existing lease contracts. Among these legal proceedings, 13 claims have been resolved already in our favor, 8 are pending the celebration of a hearing, and 27 are still in the early stages. To date, 7 tenant requests for precautionary measures have been commenced (of which, 3 were aimed at preventing us from executing the existing contractual guarantees and 4 at other issues). Of such claims for precautionary measures, 6 have been rejected and one is still underway. Furthermore, 5 legal proceedings currently exist where tenants plead for the *rebus sic stantibus* rule to be applied. Since such proceedings are still in the early stages, they are not expected to finalize soon. In spite of this, such proceedings relate to lease agreements where the average remaining term is lower than 2 years and we expect to see tenant rotation under such leases by operation of the law (i.e. expiry of term)

APPENDIX

1. Consolidated Profit and loss
2. Consolidated Balance sheet

1. Consolidated Profit and loss

(€ thousand)	30/09/2020	30/09/2019
Gross rents	380,878	394,878
Offices	175,946	183,309
Shopping centers	88,152	95,404
Logistics	43,689	39,623
Net Leases	64,991	65,287
Other	8,101	11,256
Other income	4,147	3,044
Total Revenue	385,025	397,922
Incentives	(12,376)	(15,090)
Covid-19 rebate	(39,615)	-
Total Operating Expenses	(76,293)	(101,565)
Propex	(31,909)	(34,871)
Personnel expenses	(16,938)	(23,860)
Opex general expenses	(8,497)	(7,071)
Opex non-overheads	(4,782)	(2,581)
LTIP Provision	(14,167)	(33,182)
ACCOUNTING EBITDA	256,741	281,267
Depreciation	(1,160)	(1,376)
Gain / (losses) on disposal of assets	(14,193)	636
Provisions	(542)	(309)
Change in fair value of investment property	31,962	159,469
Difference on business combination	-	(2,865)
EBIT	272,808	436,822
Net financial expenses	(98,192)	(82,582)
Debt amortization costs	(15,209)	1,039
Gain / (losses) on disposal of financial instruments	(10)	114
Change in fair value of financial instruments	(40,217)	(33,419)
Share in earnings of equity method instruments	(8,293)	3,529
PROFIT BEFORE TAX	110,887	325,503
Income taxes	888	(9,280)
PROFIT (LOSS) FOR THE PERIOD	111,775	316,223
Minorities	-	-
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE	111,775	316,223

2. Consolidated Balance sheet

(€ thousand)

ASSETS	30/09/2020	EQUITY AND LIABILITIES	30/09/2020
NON CURRENT ASSETS	13,168,595	EQUITY	6,748,273
Intangible assets	861	Subscribed capital	469,771
Property, plant and equipment	19,467	Share premium	3,813,409
Investment property	12,187,756	Reserves	2,507,972
Investments accounted for using the equity method	428,159	Treasury stock	(55,542)
Non-current financial assets	444,167	Other equity holder contributions	540
Deferred tax assets	88,185	Interim dividend	-
		Profit for the period	111,775
		Valuation adjustments	(99,652)
		Minorities	-
		NON-CURRENT LIABILITIES	6,614,933
		Long term debt	5,896,473
		Long term provisions	32,311
		Deferred tax liabilities	686,149
CURRENT ASSETS	357,784	CURRENT LIABILITIES	163,173
Trade and other receivables	41,414	Short term debt	61,999
Short term investments in group companies and associates	2,064	Trade and other payables	73,864
Short-term financial assets	8,903	Other current liabilities	27,310
Cash and cash equivalents	259,924		
Other current assets	45,479		
TOTAL ASSETS	13,526,379	TOTAL EQUITY AND LIABILITIES	13,526,379



MERLIN

PROPERTIES

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