



AT A GLANCE

2020 tested **the advantages of diversification and the resiliency of our business model**. **Key financial and operating metrics** such as LfL rental income (+0.4% YoY) and occupancy (94.2% -57 bps YoY) **remained in line with FY19**. Cash flow generation (€ 262.4m FFO, -16.2% YoY) better than expected but was impacted by Covid-19 rent reliefs and non-core disposals

GRI AND INCENTIVES

Top line resilience. **Net rents impacted by the commercial policy in retail**

€ 503m (-4.3% YoY)

GRI

€ 441m (-13.8% YoY)

GRI after incentives



FFO / AFFO

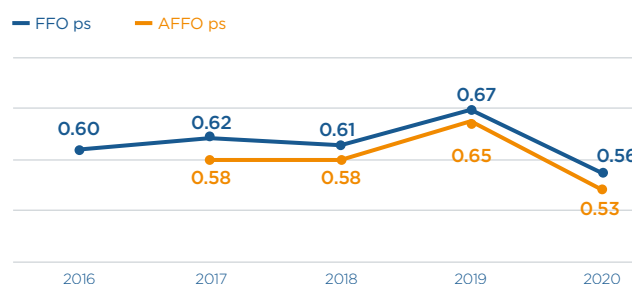
FFO per share **exceeded the updated guidance**. Decrease vs FY19 due to Covid-19 rent reliefs and non core disposals

€ 262m or € 0.56 ps (-16.2% YoY)

FFO

€ 248m or € 0.53 ps (-18.4% YoY)

AFFO



NAV AND NTA

EPRA NTA still on positive growth

€ 15.46 (+0.5% YoY)

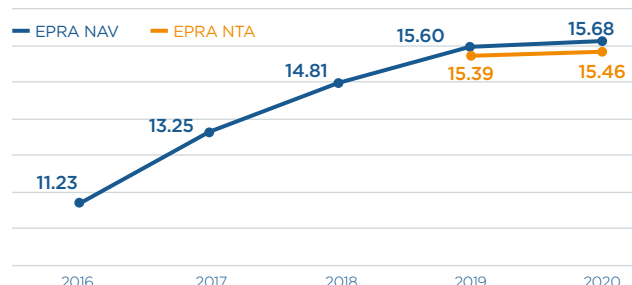
EPRA NTA per share increase

+0.5%

GAV increase (with capex)

(0.6%)

LfL GAV increase



FINANCIAL DEBT

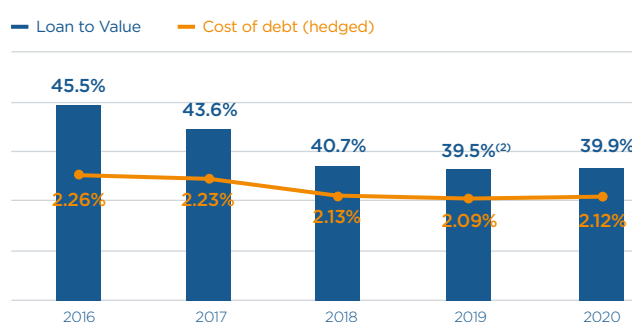
Leverage and cost of debt in line with 2019

39.9%

Loan to Value⁽¹⁾

1.80% spot (2.12% hedged)

Cost of debt



⁽¹⁾ 41.1% excluding transfer costs

⁽²⁾ 40.6% excluding transfer costs

CONSOLIDATED PERFORMANCE

+0.4%

Gross rents like-for-like YoY

(16.2%)

FFO per share YoY

+0.5%

EPRA NTA per share YoY

- **Resilient business performance** maintaining occupancy with slightly positive LfL rental growth
- **Covid-19 rent reliefs** amounted to **€ 46.7m**, recorded as one-off expense (i.e. not straight lined)
- **FFO per share** (€ 0.56) **exceeded guidance** (€ 0.53). Decrease vs FY19 (-16.2%) due to rent reliefs and non-core disposals
- **EPRA NTA** per share stands at **€ 15.46**, **+0.5% increase vs FY19** on a LfL basis. Per categories, valuations have increased for offices (+1,0%) and logistics (+8,0%), while retail decreased by 8.7%

(€ million)	FY20	FY19	YoY
Total revenues	508.6	530.6	(4.1%)
Gross rents	503.4	525.9	(4.3%)
Gross rents after incentives	441.1	511.5	(13.8%)
Net rents after propex	393.9	463.3	(15.0%)
Gross-to-net margin ⁽¹⁾	89.3%	90.6%	
EBITDA ⁽²⁾	365.4	425.5	(14.1%)
Margin	72.6%	80.9%	
FFO ⁽³⁾	262.4	313.3	(16.2%)
Margin	52.1%	59.6%	
AFFO	247.6	303.3	(18.4%)
Net earnings	56.4	563.6	(90.0%)

(€ per share)	FY20	FY19	YoY
FFO	0.56	0.67	(16.2%)
AFFO	0.53	0.65	(18.4%)
EPS	0.12	1.20	(90.0%)
EPRA NTA	15.46	15.39	+0.5%

BUSINESS PERFORMANCE

+2.2% | **+1.8%** | **(1.2%)**

Offices | Logistics | S. Centers
Rents like-for-like YoY

+3.0% | **+6.0%** | **+4.1%**

Offices | Logistics | S. Centers
Release spread

(57 bps)

Occupancy vs 31/12/2019

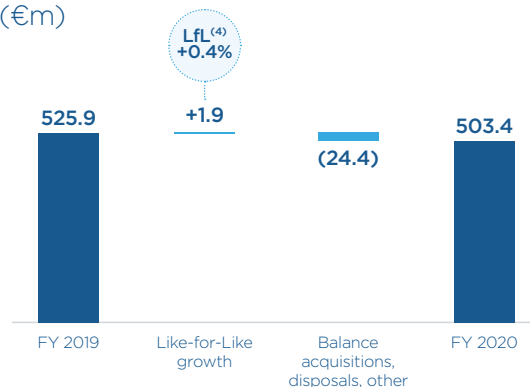
94.2%

- **Offices:** 248,992 sqm contracted. LfL of **+2.2%** and **release spread** of **+3.0%**
- **Logistics:** 155,572 sqm contracted. LfL of **+1.8%** and **release spread** of **+6.0%**
- **Shopping centers:** 45,365 sqm contracted. LfL of **(-1.2%)** and **release spread** of **+4.1%**

	Contracted sqm	Rent		Leasing activity	Occ. vs 31/12/19
		€ m	LfL change	Release spread	Bps
Offices	248,992	233.2	+2.2%	+3.0%	(168)
Logistics	155,572	58.9	+1.8%	+6.0%	(14)
Shopping centers	45,365	114.4	(1.2%)	4.1%	47
Net leases	n.a.	86.5	+1.2%	n.m.	(29)
Other	n.a.	10.5	(25.0%)	n.m.	0
Total	449,929	503.4	+0.4%		(57)

Gross rents bridge

(€m)



⁽¹⁾ Net of incentives

⁽²⁾ Excludes non-overhead costs items (€ 6.2m) plus LTIP accrual (€ 18.2m)

⁽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 FY19 (€485.2m of GRI) and for FY20 (€ 487.1m of GRI)

OFFICES

Gross rents bridge (€m)



Rents breakdown

	Gross rents FY20 (€ m)	Passing rent (€/sqm/m)	WAULT (yr)
Madrid	169.1	17.8	2.9
Barcelona	38.9	17.8	2.7
Lisbon	22.2	18.6	3.9
Other	3.0	11.0	5.5
Total	233.2	17.7	3.0

Leasing activity

- **Positive LfL rental growth** in the period **(+2.2%)** and **release spread (+3.0%)**

- **4Q leasing activity highlights:**

- 7,785 sqm new lease with Comunidad de Madrid in Castellana 280, Madrid
- 4,787 sqm renewal with Alcon Healthcare in WTC6&8, Barcelona
- 3,379 sqm renewal with Boston Scientific in PE Puerta de las Naciones, Madrid
- 1,805 sqm renewal with Liferay in Castellana 280, Madrid
- 1,800 sqm renewal with TBWA in Juan Esplandiu 11-13, Madrid
- 1,574 sqm new lease with Dominion in Partenon 14-16, Madrid
- 954 sqm new lease with Magna in PE Alvia XIX, Madrid

	Contracted sqm	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	204,268	(49,399)	36,000	168,268	(13,399)	(1.4%)	115
Barcelona	39,187	(12,183)	5,644	33,543	(6,539)	+29.5%	24
Lisbon	5,538	(2,744)	2,744	2,794	-	+31.1%	11
Total	248,992	(64,326)	44,388	204,605⁽²⁾	(19,938)	+3.0%	173

Occupancy

- **Resilient occupancy in a challenging market.**
Departures related to businesses heavily affected by Covid-19 (tourism and F&B) and tenant replacement
- By markets, **best performer in 4Q20 was Madrid Prime CBD**

Stock	1,191,825 sqm
WIP	137,928 sqm
Stock incl. WIP	1,329,753 sqm

	Occupancy rate ⁽³⁾		
	FY20	FY19	Change bps
Madrid	89.5%	91.0%	(150)
Barcelona	92.6%	96.0%	(341)
Lisbon	100.0%	100.0%	-
Other	100.0%	100.0%	-
Total	91.1%	92.8%	(168)

⁽¹⁾ Office portfolio in operation for FY19 (€ 220.5m of GRI) and for FY20 (€ 225.4m of GRI)

⁽²⁾ Excluding roll-overs

⁽³⁾ 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 FY20

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

LANDMARK I IN STOCK

	GLA (sqm)	Scope	Budget	Delivery	YoC
 Diagonal 605	13,244	Double height lobby + common areas + new retail space	€ 8.7m	Finished	15.5%

WIP

	GLA (sqm)	Scope	Budget	Delivery	YoC
 Castellana 85	16,474	Full refurb	€ 34.8m	2Q21	8.1%
 Monumental	25,385	Full refurb (incl. SC)	€ 34.8m	2Q21	9.4%

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

LOGISTICS

Gross rents bridge

(€m)



Rents breakdown

	Gross rents FY20 (€ m)	Passing rent (€/sqm/m)	WAULT (yr)
Madrid	33.7	4.0	3.8
Barcelona	9.9	6.1	2.4
Other	15.3	4.0	3.1
Total	58.9	4.2	3.4

Leasing activity

- Logistics continues delivering strong performance
- Excellent release spread (+6.0%) on a small sample given the few renewals in the year
- 4Q leasing activity highlights:
 - 7,668 sqm new lease with Sending Transporte y Comunicación in Barcelona-PLZF
 - 4,555 sqm new lease with Área Hospitalaria Virgen Macarena in Sevilla ZAL
 - 2,275 sqm new lease with Paack Logistics in Barcelona-PLZF
 - 2,275 sqm new lease with General Markets Food Ibérica in Barcelona-PLZF

	Contracted sqm	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	76,184	(7,932)	72,564	3,620	64,632	(9.9%)	1
Barcelona	29,191	(28,500)	22,971	6,220	(5,529)	+12.1%	3
Other	50,197	(11,002)	41,122	9,075	30,120	+12.2%	1
Total	155,572	(47,434)	136,657	18,915	89,223	+6.0%	5

Occupancy

- The portfolio remains almost fully occupied
- All Best II & III delivered assets 100% let

Stock	1,221,716 sqm
WIP ⁽²⁾	936,555 sqm
Stock incl. WIP	2,158,271 sqm
ZAL PORT	632,176 sqm
ZAL PORT WIP	103,784 sqm
Stock managed	2,894,231 sqm

	Occupancy rate		bps
	FY20	FY19	
Madrid	97.2%	97.2%	+3
Barcelona	93.3%	96.6%	(327)
Other	100.0%	99.1%	+88
Total	97.5%	97.7%	(14)

⁽¹⁾ Logistics portfolio in operation for FY19 (€ 52.3m of GRI) and for FY20 (€ 53.2m)

⁽²⁾ WIP includes in progress Best II & III

LOGISTICS (CONT.)

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

Best II (as from 31/12/2020)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
Delivered	100,806			
A4-Pinto II ⁽¹⁾	29,473	1.2	13.7	8.6%
A2-Cabanillas III ⁽¹⁾	21,879	0.9	11.8	7.8%
A2-Cabanillas Park I F ⁽¹⁾	20,723	0.9	10.8	7.9%
A4-Seseña ⁽¹⁾	28,731	1.2	15.5	7.7%
In progress	272,746			
A2-San Fernando II	33,592	1.9	22.1	8.5%
A2-Azuqueca II	98,757	4.4	54.7	8.1%
A2-Cabanillas Park II	47,403	2.1	25.7	8.1%
A2-Cabanillas Park I G	92,994	3.8	56.0	6.8%
Landbank	214,275			
A2-Cabanillas Park II	163,275	7.1	88.5	8.1%
A2-Azuqueca III	51,000	2.3	30.1	7.7%
Total	587,827	25.8	328.9	7.8%

Best III (as from 31/12/2020)

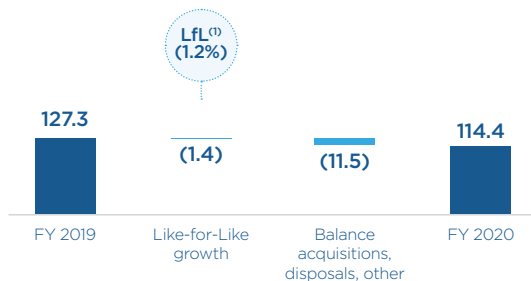
	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
Delivered	59,889			
Valencia-Ribarroja ⁽¹⁾	34,992	1.9	26.3	7.2%
Sevilla ZAL WIP ⁽¹⁾	13,476	0.6	7.7	8.4%
Zaragoza-Plaza II ⁽¹⁾	11,421	0.5	7.1	7.2%
In progress	74,147			
Sevilla ZAL WIP	29,174	2.4	22.2	10.2%
Lisbon Park	44,973	2.1	29.5	7.1%
Landbank	375,387			
Lisbon Park	179,891	8.4	118.1	7.1%
Madrid-San Fernando III	98,924	5.1	54.9	9.3%
Valencia	96,572	4.4	56.2	7.8%
Total	509,423	25.5	322.1	7.9%

⁽¹⁾ Reclassified as part of the existing stock

SHOPPING CENTERS

Gross rents bridge

(€m)



Rents breakdown

	Gross rents FY20 (€ m)	Passing rent (€/sqm/m)	WAULT (yr)
MERLIN	114.4	21.3	2.4

Footfall and tenant sales

	FY20	YoY
Tenant sales ⁽²⁾	€ 702.5m	(36.4%)
Footfall	64.3m	(37.4%)
OCR ⁽³⁾	12.9%	

Leasing activity

- **Footfall and tenant sales affected by heavy trading restrictions for 10 months**
- **OCR worsened at the end of the year due to new closures but remains at sustainable levels**
- **4Q leasing activity highlights:**
 - 2,621 sqm new lease with Ongravity in Marineda
 - 1,751 sqm new lease with Estrella Park Experience in Marineda
 - 973 sqm new lease with Sfera in Saler
 - 891 sqm new lease with Climbat in X-Madrid
 - 525 sqm new lease with Druni in Saler

	Contracted sqm	Out	In	Renewals	Net	Release spread	# Contracts
Total	45,365	(21,733)	20,369	24,996	(1,364)	+4.1%	95

Occupancy

- **Covid-19 commercial policy paying off, protecting occupancy through extension of maturities beyond 12/21**
- **9,934 sqm signed in 4Q (+20.8% YoY) offsetting insolvencies and evictions**
- **4,500 sqm signed in 2021**
- Best performer in 4Q20 was Marineda

Stock	461,714 sqm
Tres Aguas ⁽⁴⁾	67,691 sqm
Stock with Tres Aguas	529,405 sqm

	Occupancy rate		bps
	FY20	FY19	
Total	93.7%	93.3%	+47

⁽¹⁾ Shopping centers portfolio in operation for FY19 (€ 113.3m of GRI) and for FY20 (€ 111.9m of GRI)


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

⁽³⁾ Including the impact of the commercial policy

⁽⁴⁾ Tres Aguas at 100% allocation

SHOPPING CENTERS (CONT.)

FLAGSHIP

IN STOCK ⁽¹⁾	GLA (sqm)	Scope	Budget	Delivery	YoC
	50,747	Full refurb	€ 25.8m	2Q21	5.7%
	58,779	Full refurb	€ 28.5m	2Q21	4.1%

⁽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

BALANCE SHEET

- **Credit rating maintained** by both S&P and Moody's **post Covid** outbreak
- MERLIN enjoys **a very strong liquidity position of € 1.25bn**
- LTV stands at 39.9%. Net debt in line with FY2019 as net asset disposals and cash retained have mostly offset the Capex effort

Ratios	31/12/2020	31/12/2019
LTV	39.9%	39.5%
Av. Interest rate ⁽¹⁾	2.12%	2.09%
Av. Maturity (years)	6.0	6.4
Unsecured debt to total debt	86.7%	82.7%
Interest rate fixed	99.8%	99.5%
Liquidity position ⁽²⁾	1,253	1,085

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

	€ million
GAV	12,811
Gross financial debt	5,735
Cash and equivalents ⁽²⁾	(467)
Net financial debt	5,268
NAV	7,364
EPRA NTA	7,263

VALUATION

- **€ 12,811m GAV, slightly up (+0.5%) including Capex and down (-0.6%) like-for-like** as compared to December 2019
- By asset categories, **+1.0% LfL** growth in **offices, (8.7%)** in **shopping centers, +8.0%** in **logistics, and (0.2%) in net leases**. Offices resilience and logistics growth offset shopping centers decline

	GAV	LfL Growth	Gross yield	Yield expansion/(compression) ⁽³⁾
Offices	6,322	+1.0%	4.1%	(46)
Shopping centers	2,207	(8.7%)	5.0%	24
Logistics	1,026	+8.0%	5.6%	(26)
Net leases	1,846	(0.2%)	4.7%	(1)
WIP & land	390	n.a. ⁽⁴⁾	n.a.	
Other	444	(6.2%)	3.0%	2
Equity method	575	+4.9%	n.a.	
Total	12,811	(0.6%)	4.5%	(23)

⁽¹⁾ Spot interest rate 1.80% in FY20 and 1.79% in FY19

⁽²⁾ Includes cash (€ 255.9m) and treasury stock (€ 54.1m), Juno's receivable (€ 70.0m) and Silicius receivable (€ 86.5m) and undrawn credit facilities (€ 786m) in FY20

⁽³⁾ Bps based on exit yield

⁽⁴⁾ For LfL growth purposes WIP & land is included within its category

INVESTMENTS, DIVESTMENTS AND CAPEX

- No significant acquisitions activity in 2020
- € 198.3m divestments at GAV in the period including 3 retail assets and 19 BBVA branches
- Landmark I, Flagship and Best II & III continue
- The Company has revisited its Capex plans and is now focused on assets with pre-lets in place

	Offices	Retail	Logistics	€ million
Acquisitions	Plaza de Cataluña 9			15.4
Development		X-Madrid	A2-Azuqueca II A2-Azuqueca III (land) A2-San Fernando II A2-Cabanillas Park II (land) Lisbon Park	103.4
Investment properties	Castellana 85 Monumental Plaza Ruiz Picasso Arturo Soria 343	El Saler Porto Pi Larios	A4-Getafe (Gavilanes) A2-Cabanillas I A4-Pinto II	117.6
Like-for-like portfolio (Defensive Capex) ⁽¹⁾				17.6
Total				254.0

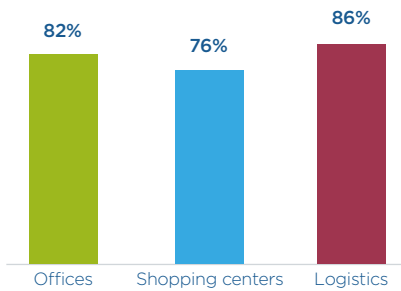
⁽¹⁾ € 14.8m are capitalized in balance sheet and € 2.8m are expensed in P&L

SUSTAINABILITY

- **Intensive effort in terms of portfolio certification**, having obtained 9 new LEED and 33 BREEAM seals⁽¹⁾
- 8 out of 9 **LEED** certificates obtained are either **Gold or Platinum**

A-2 Cabanillas Park G-H	Zaragoza Plaza II	A-2 Azuqueca II	Tres Aguas
			
LEED Gold	LEED Gold	LEED Platinum	BREEAM Very Good

% GAV certified



POST CLOSING

- In January, MERLIN delivered a **98,757 sqm** warehouse (A-2 Azuqueca II) **to Carrefour**
- In February, MERLIN **sold 3 non-core logistics assets comprising 50,904 sqm** and **1 BBVA branch** for **€ 44.0m** (+5% vs pre-Covid)

COVID-19 UPDATE

2021 COMMERCIAL POLICY

- In October, the Company approved **Phase III** of its commercial policy for 1H21. The goal is to continue supporting our tenants through incentives commensurate with current sales in order **to maintain effort rates (OCR) at sustainable levels**
- The policy is applicable during the first half of 2021, with an estimated revised impact of € 19.6m in the period (€ 18.6m for shopping centers and € 1.0m for the retail component in offices) due to longer lockdowns than initially forecasted

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 • Not cumulative to any potential measures approved by public authorities

COLLECTION RATE

- Collection rate remains very high for the fourth consecutive quarter after the Covid-19 outbreak

(as a % of total invoices due)

4Q20	Offices	Shopping centers	Net leases	Logistics
Collected	99.5%	77.8%	100%	99.8%
Commercial policy	0%	19.8%	0%	0%
In process	0.3%	0%	0%	0.2%
Uncollected	0.2%	2.4%	0%	0%

APPENDIX

1. Consolidated Profit and loss
2. Consolidated Balance sheet

1. Consolidated Profit and loss

(€ thousand)	31/12/20	31/12/19
Gross rents	503,448	525,918
Offices	233,215	243,431
Logistics	58,861	53,796
Shopping centers	114,374	127,300
Net Leases	86,513	86,962
Other	10,484	14,429
Other income	5,180	4,713
Total Revenues	508,628	530,631
Incentives	(15,651)	(14,393)
Covid-19 relief	(46,735)	-
Total Operating Expenses	(105,294)	(139,914)
Propex	(47,194)	(48,263)
Personnel expenses	(21,489)	(32,284)
Opex general expenses	(12,144)	(10,186)
Opex non-overheads	(6,235)	(4,939)
LTIP Provision	(18,232)	(44,242)
ACCOUNTING EBITDA	340,948	376,324
Depreciation	(1,614)	(2,123)
Gain / (losses) on disposal of assets	(14,300)	(19,063)
Provisions	(30)	87
Change in fair value of investment property	(84,468)	354,972
Difference on business combination	-	(2,866)
EBIT	240,536	707,331
Net financial expenses	(127,360)	(112,415)
Debt amortization costs	(18,906)	(3,163)
Gain / (losses) on disposal of financial instruments	(62)	(40)
Change in fair value of financial instruments	(35,152)	(11,068)
Share in earnings of equity method instruments	(3,444)	10,065
PROFIT BEFORE TAX	55,612	590,710
Income taxes	746	(27,071)
PROFIT (LOSS) FOR THE PERIOD	56,358	563,639
Minorities	0	0
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE	56,358	563,639

2. Consolidated Balance sheet

(€ thousand)

ASSETS	31/12/2020	EQUITY AND LIABILITIES	31/12/2020
NON CURRENT ASSETS	13,061,757	EQUITY	6,696,267
Intangible assets	961	Subscribed capital	469,771
Property, plant and equipment	7,106	Share premium	3,813,409
Investment property	12,139,347	Reserves	2,509,875
Investments accounted for using the equity method	434,127	Treasury stock	(54,149)
Non-current financial assets	392,747	Other equity holder contributions	540
Deferred tax assets	87,469	Interim dividend	-
		Profit for the period	56,358
		Valuation adjustments	(99,537)
		Minorities	-
		NON-CURRENT LIABILITIES	6,602,085
		Long term debt	5,899,335
		Long term provisions	18,296
		Deferred tax liabilities	684,454
CURRENT ASSETS	415,855	CURRENT LIABILITIES	179,260
Trade and other receivables	33,368	Short term debt	57,332
Short term investments in group companies and associates	2,094	Short term provisions	-
Short-term financial assets	77,271	Trade and other payables	113,586
Cash and cash equivalents	252,022	Other current liabilities	8,342
Other current assets	51,100		
TOTAL ASSETS	13,477,612	TOTAL EQUITY AND LIABILITIES	13,477,612



MERLIN

PROPERTIES

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