



6M2021 RESULTS PRESENTATION

30 JULY 2021



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ISMAEL CLEMENTE
CEO



MIGUEL OLLERO
COO



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6M21 Financial results

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Logistics

Shopping centers

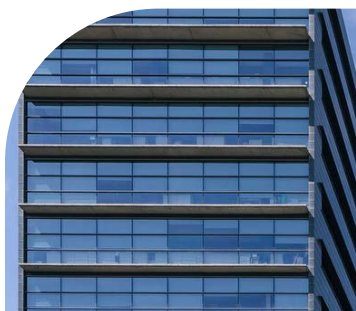
Valuation and debt position

Sustainability

Value creation

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Closing remarks



FINANCIAL PERFORMANCE

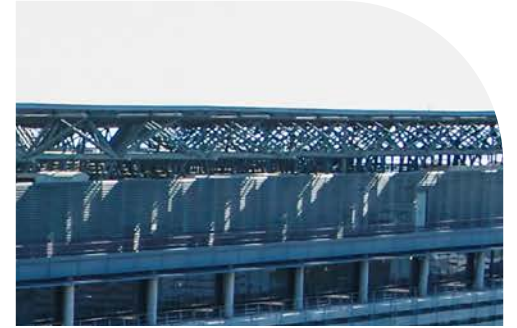
- **FFO per share in the period of €0.27.** An improving pattern (+4.1% 2Q vs 1Q) that will continue in 3Q and 4Q. 2021 guidance reconfirmed (€0.56 per share)
- **Valuations flat** vs Dec-20, with **offices and logistics on the positive territory** while retail down by 1.5%
- **Distribution to shareholders of €0.30** per share driving **LTV to 40.5%**
- **€ 500m bond issued** (9 years) for the repayment of the bond maturing in 2022 with c.100 bps of cost savings

OPERATING PERFORMANCE

- After a decline in occupancy in the first semester, **offices should recover slightly** for the second half of the year
- **Very strong performance in logistics** after a record high leasing activity of +275k sqm (c.50% market share) resulting in a hike in occupancy of +151 bps vs 3M21
- **Shopping centers are performing better than expected with good signs for the future:** release spread of +5.9%, high retenancing rate of spaces vacated since March-20 and 50% of 2022 maturities already out of risk

VALUE CREATION

- **Landmark I almost complete.** Castellana 85 and Monumental already delivered and fully occupied at compelling returns. Plaza Ruiz Picasso works starting now
- **Flagship completed.** Porto Pi and Saler delivered on track with business plans
- Best II & III: **All assets delivered are 100% let**, with additional c.90k sqm of pre-lets in the period
- Launch of **Digital Infrastructure Plan (Mega)** for the **construction and operation of 4 Data Centers**



6 M 21 FINANCIAL RESULTS



FFO of € 0.27 per share, on track to meet 2021 guidance (€ 0.56 per share)

(€ million)	6M21	6M20	YoY
Gross rents	248.5	256.6	(3.2%)
Gross rents after incentives	219.8	221.2	(0.6%)
Net rents⁽¹⁾	196.1	198.7	(1.3%)
EBITDA⁽²⁾	179.2	184.1	(2.7%)
FFO⁽³⁾	129.2	134.3	(3.8%)
AFFO	124.4	125.4	(0.8%)
IFRS net profit	190.3	70.9	+168.3%
EPRA NTA	7,304.2	7,264.7	+0.5%

(€ per share)	6M21	6M20	YoY
FFO	0.27	0.29	(3.8%)
AFFO	0.26	0.27	(0.8%)
EPS	0.41	0.15	+168.3%
EPRA NTA	15.55	15.46	+0.5%

APM: definitions and reconciliation of APMs to the latest audited financial accounts can be found on page 57 of www.merlinproperties.com/wp-content/uploads/2021/07/Results-report-6M21.pdf

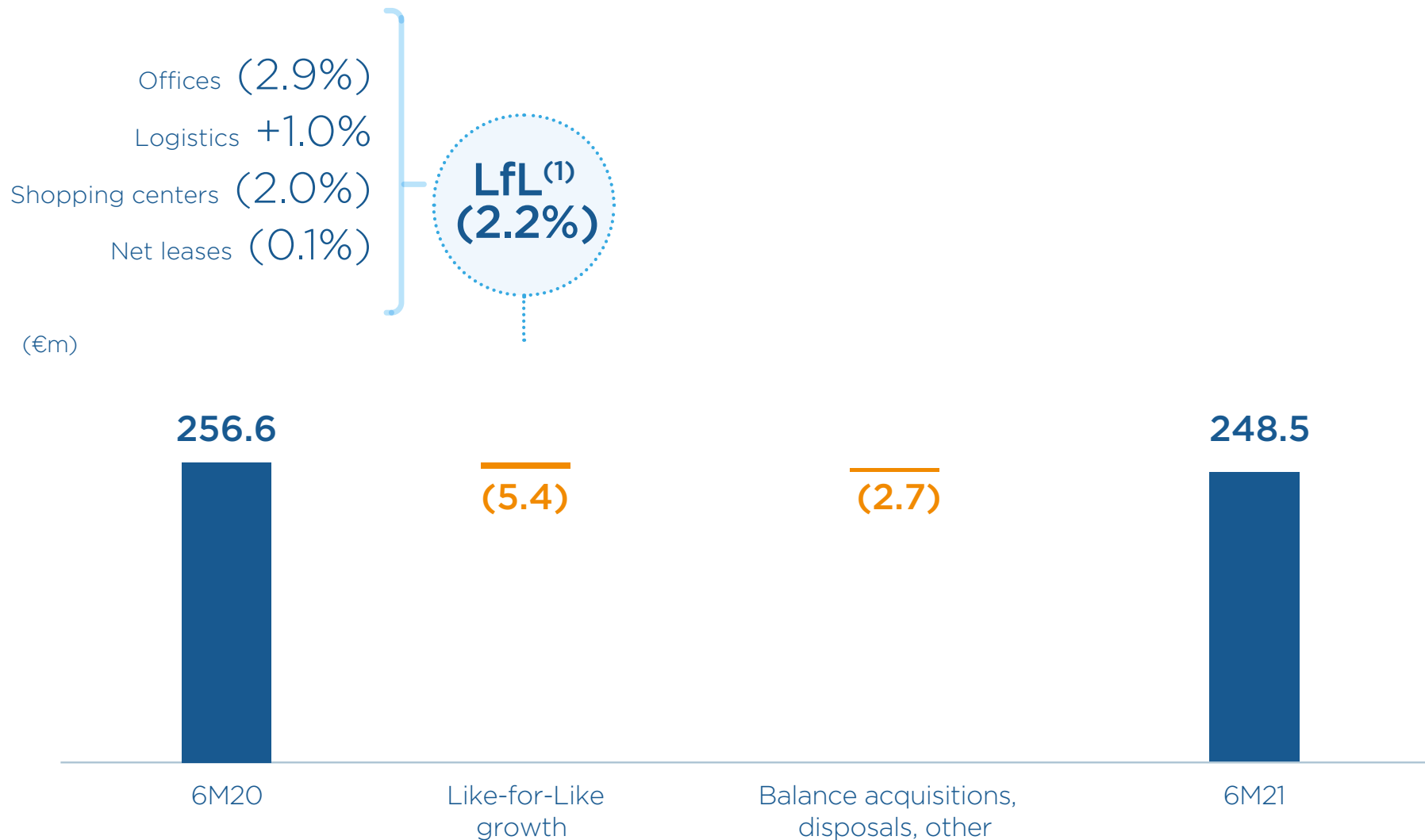
⁽¹⁾ Net of incentives

⁽²⁾ Excludes non-overhead costs items (€ 1.7m) plus LTIP accrual (€ 5.6m)

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



LfL decrease (2.2%) as the positive release spread in all categories does not offset the increased vacancy and negative CPI indexation in Q1

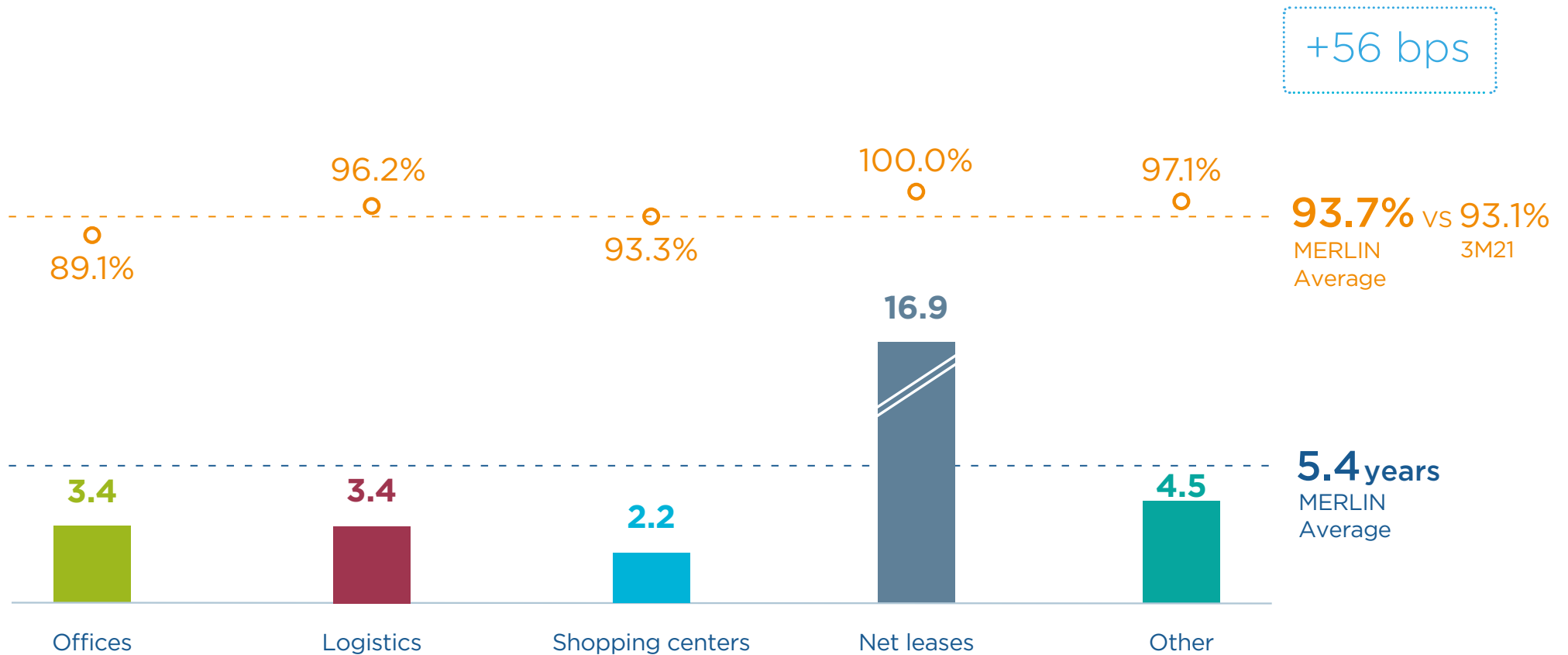


⁽¹⁾ Portfolio in operation for the 6M20 (€ 244.7m of GRI) and for the 6M21 (€ 239.3m of GRI)



Occupancy now bottoming out after a challenging period of economic trouble

OCUPANCY AND WAULT TO FIRST BREAK PER ASSET TYPE⁽¹⁾



Source: Company

⁽¹⁾ WAULT by rents means the weighted average unexpired lease term to first break, calculated as of 30th June 2021

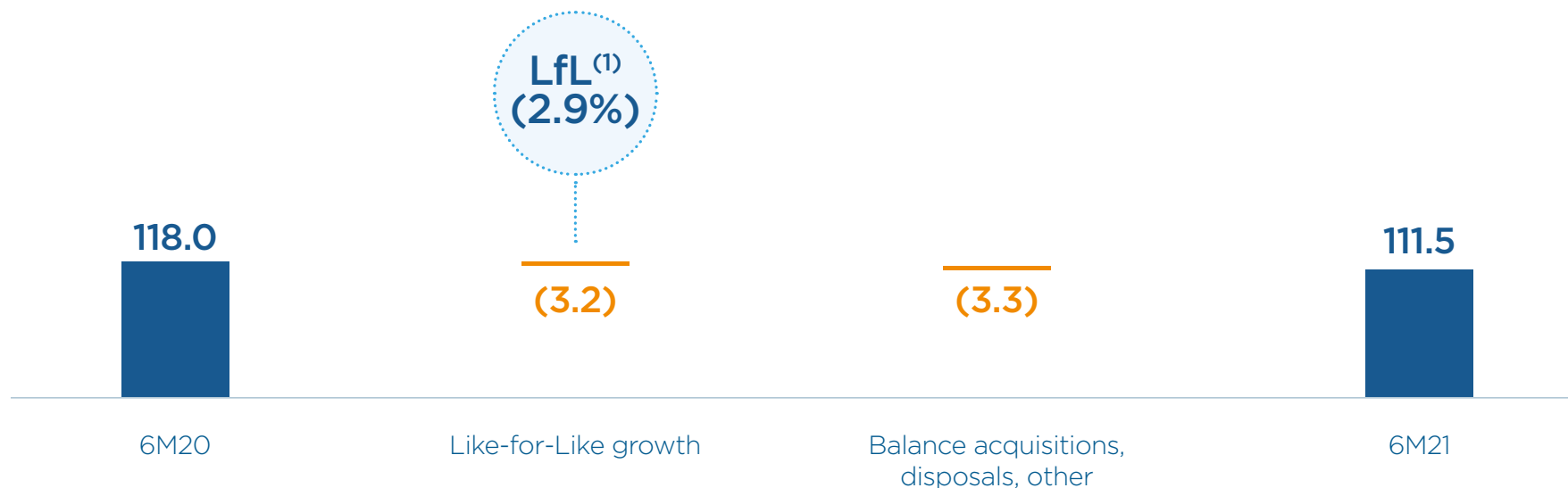


OFFICES

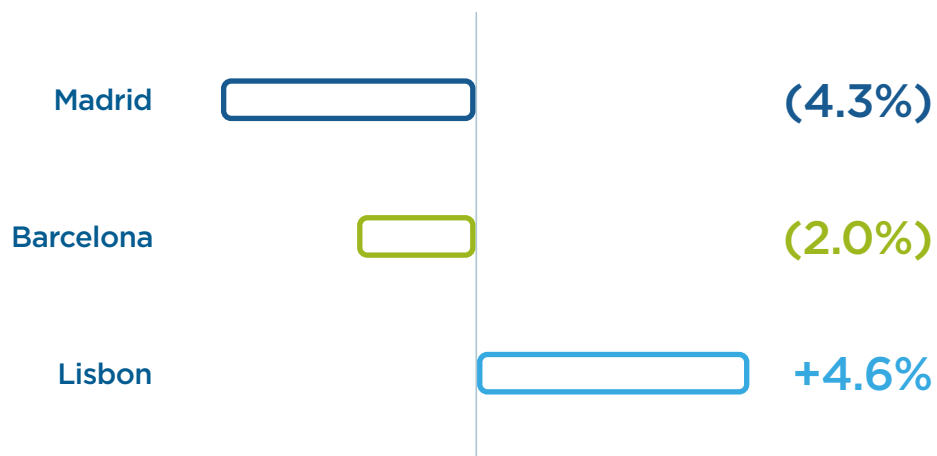


Slight rental LfL decline due to buildings vacated for refurbishment (Plaza Ruiz Picasso, Atica 1 and Cerro Gamos 5)

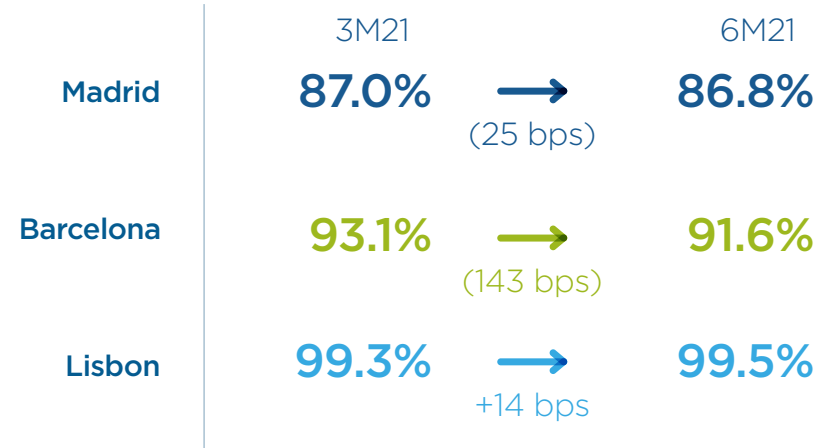
(€m)



LfL growth by area



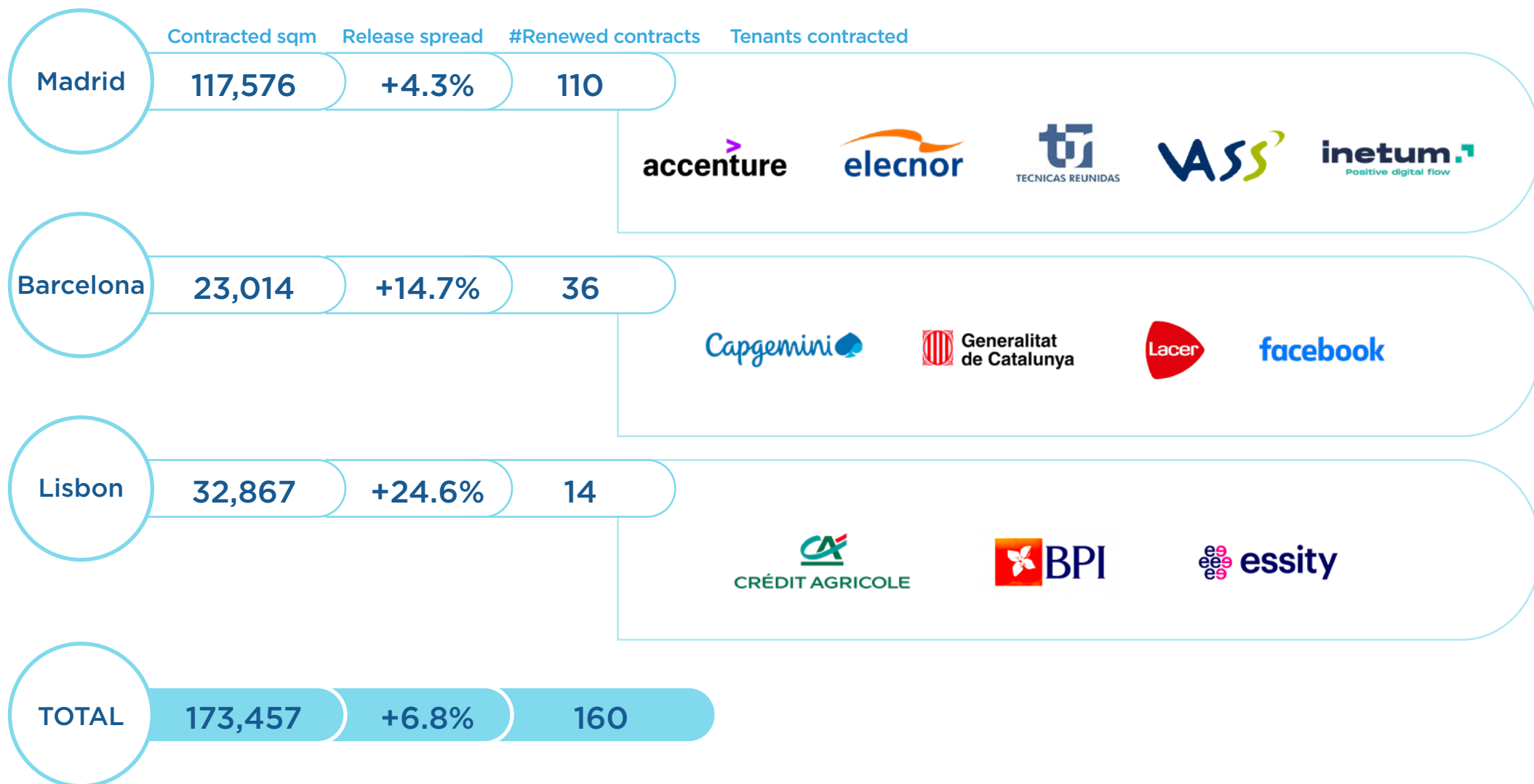
Occupancy by area



⁽¹⁾ Portfolio in operation for the 6M20 (€ 109.7 m of GRI) and for the 6M21 (€ 106.5m of GRI)



MERLIN continues capturing the reversionary potential in the portfolio (+6.8% release spread)





Demand for flex space is surging ahead of a comeback to the office after the summer

Madrid

Operating



7 spaces | 12,509 sqm
1,478 desks | 47% Occ.

New openings



Atica exp.
150 desks | Opening 1Q22



Torre Chamartín exp.
115 desks | Opening 1Q22



Castellana 85
392 desks | Opening 2Q22



Pza. Ruiz Picasso
305 desks | Opening 3Q23

Barcelona

Operating



2 spaces | 3,865 sqm
348 desks | 61% Occ.

New openings



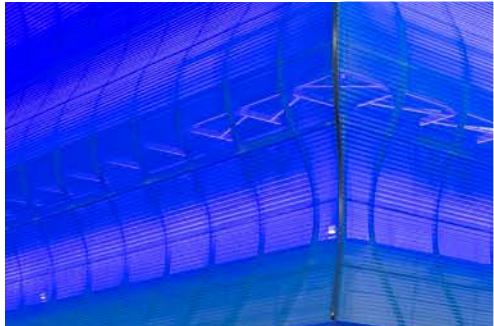
Torre Glòries exp.
98 desks | Opening 1Q22



Ferreteria 22@
233 desks | Opening 1Q22



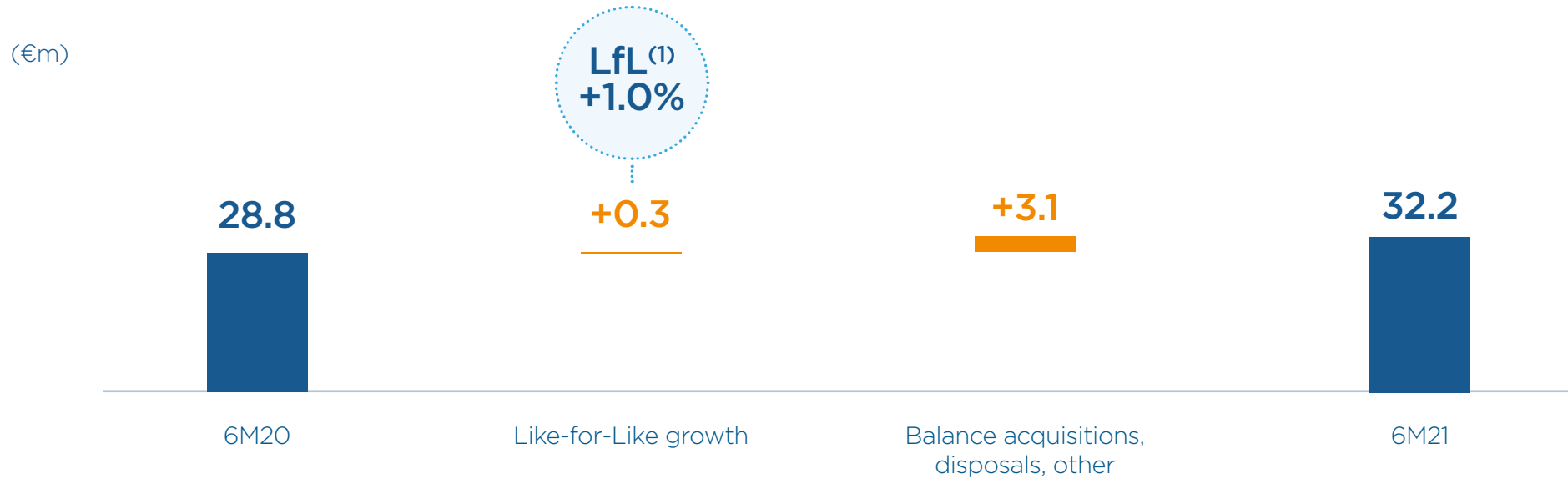
Plaza Cataluña 9
271 desks | Opening 1Q22



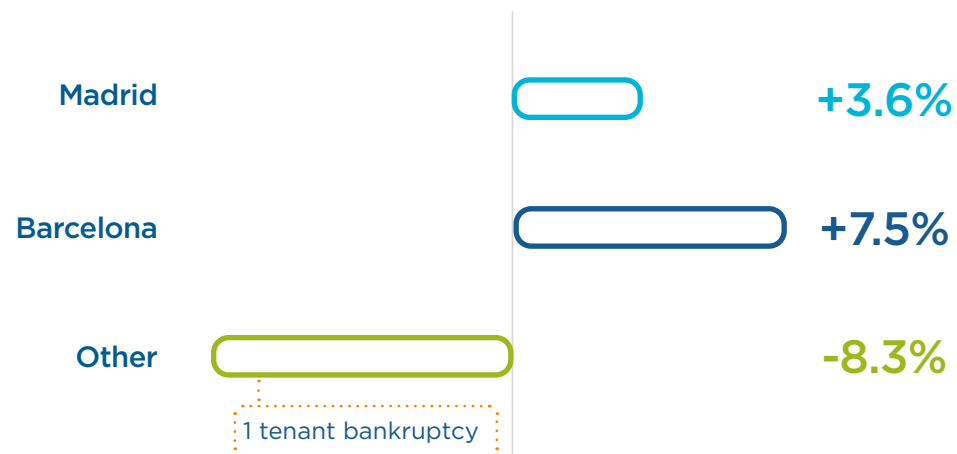
LOGISTICS



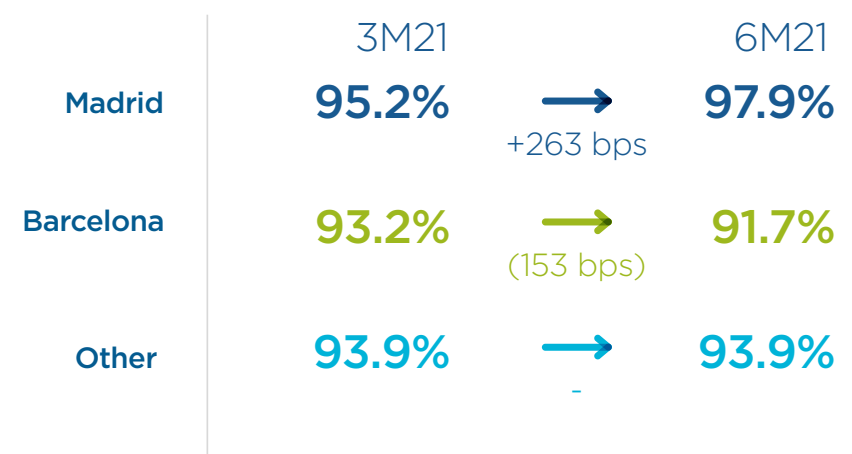
Logistics continues delivering a good performance both organic (LfL +1.0%) and inorganic



LfL growth by location



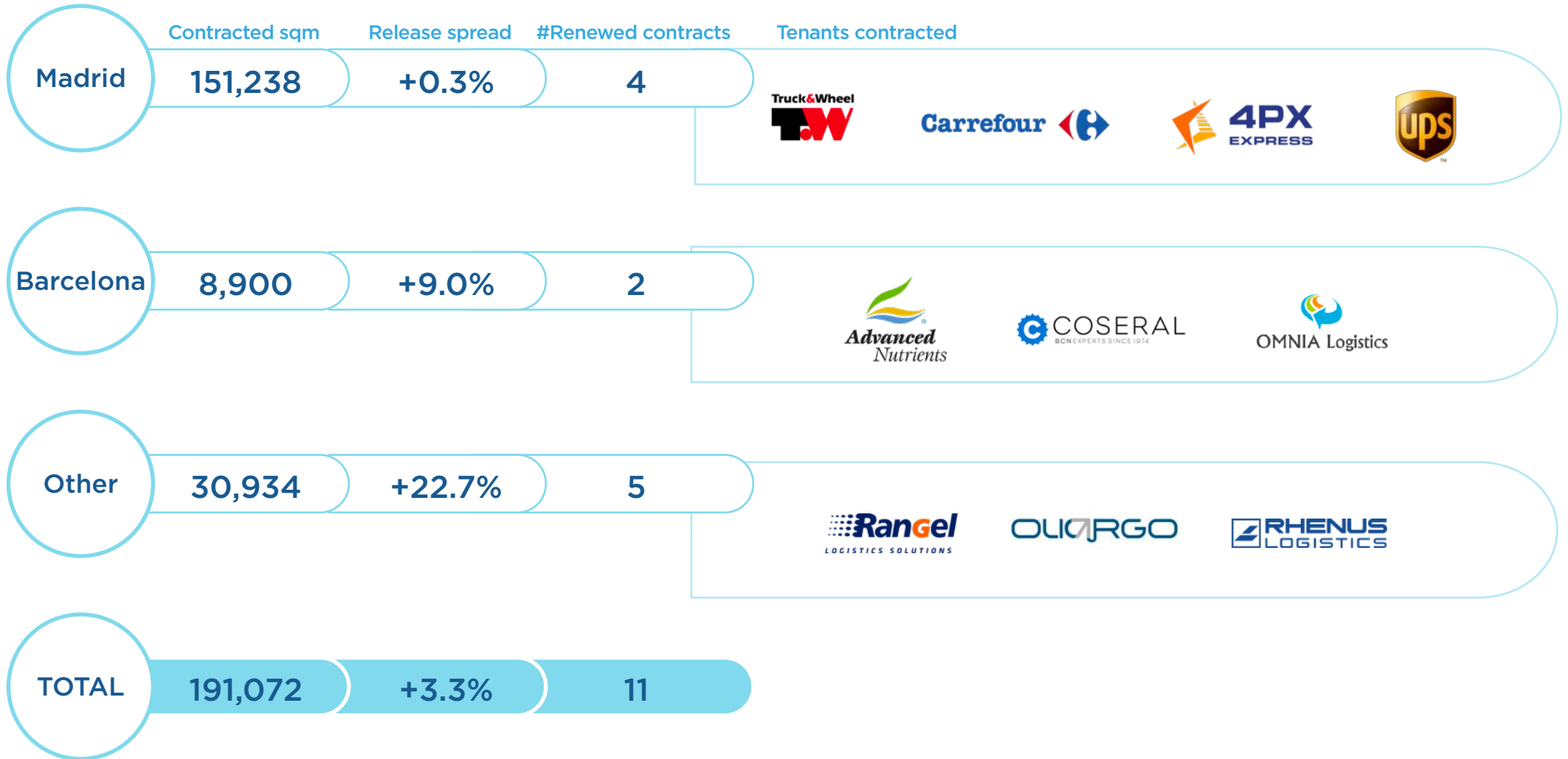
Occupancy by area



⁽¹⁾ Portfolio in operation for the 6M20 (€ 27.8 m of GRI) and for the 6M21 (€ 28.1m of GRI)



Good release spread (+3.3% whole portfolio)





Outstanding increase in FFO vs 6M20 (+26.9%) as WIP moves into operation



Stock
728,163 sqm

WIP
8,168 sqm

Stock incl. WIP
736,331 sqm

Third parties stock
183,252 sqm

Stock under management
919,583 sqm

Delivered in 2021

95,987 sqm
state-of-the-art
warehouse to
Decathlon

Contracted sqm Release spread #contracts Tenants

325,586

+0.0%

37



Damm



TransmecDeBortoliGroup

caprabo

DECATHLON



ZAL Port

Occupancy by area

FY20 **97.6%**

—(64)→

6M21 **97.0%**

€m	6M21	6M20	YoY
Gross rents	30.0	26.7	+12.4%
Net rents	28.0	22.7	+23.3%
EBITDA	26.7	21.8	+22.4%
FFO ⁽¹⁾	16.2	12.8	+26.9%

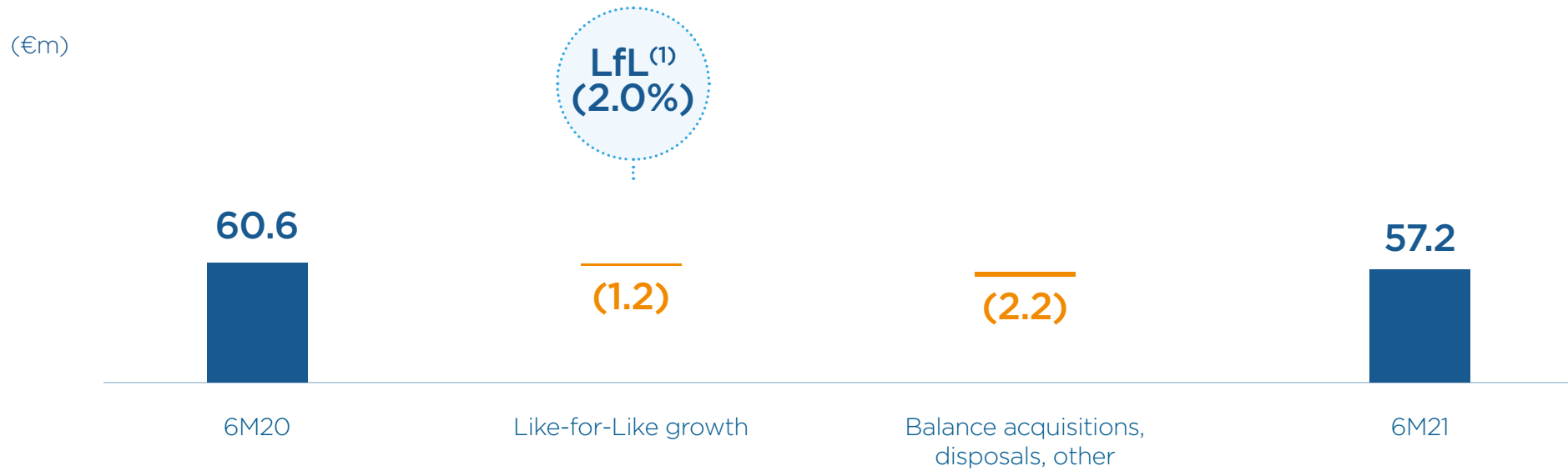
⁽¹⁾ After deducting leasehold concession charge



SHOPPING CENTERS



Footfall and tenant sales recovering while maintaining the OCR at sustainable levels of 12.7%



Footfall YTD⁽²⁾ (million)

2021 YTD vs 2019 (31.4%)

Tenant sales YTD⁽²⁾ (million)

2021 YTD vs 2019 (32.0%)

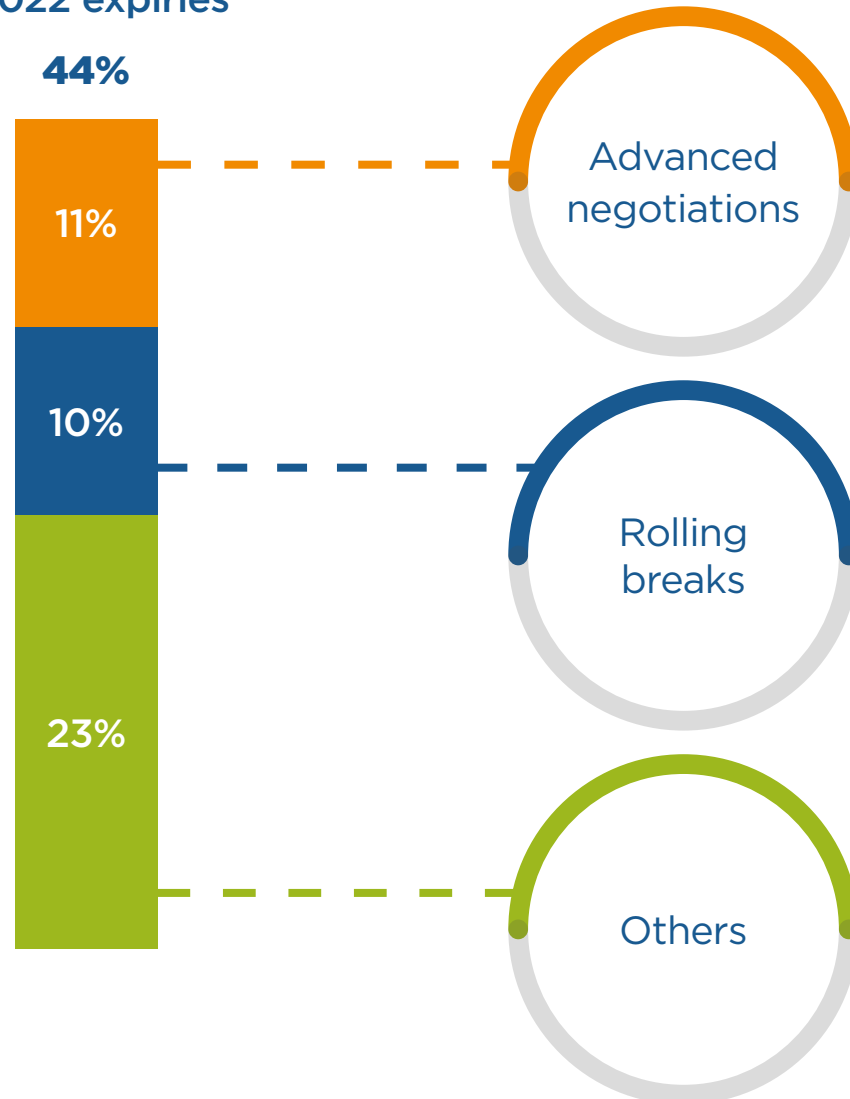
⁽¹⁾ Portfolio in operation for the 6M20 (€ 58.3m of GRI) and for the 6M21 (€ 57.1m of GRI)

⁽²⁾ YTD vs same period 2019



Half of the rents expiring in 2022 are out of risk

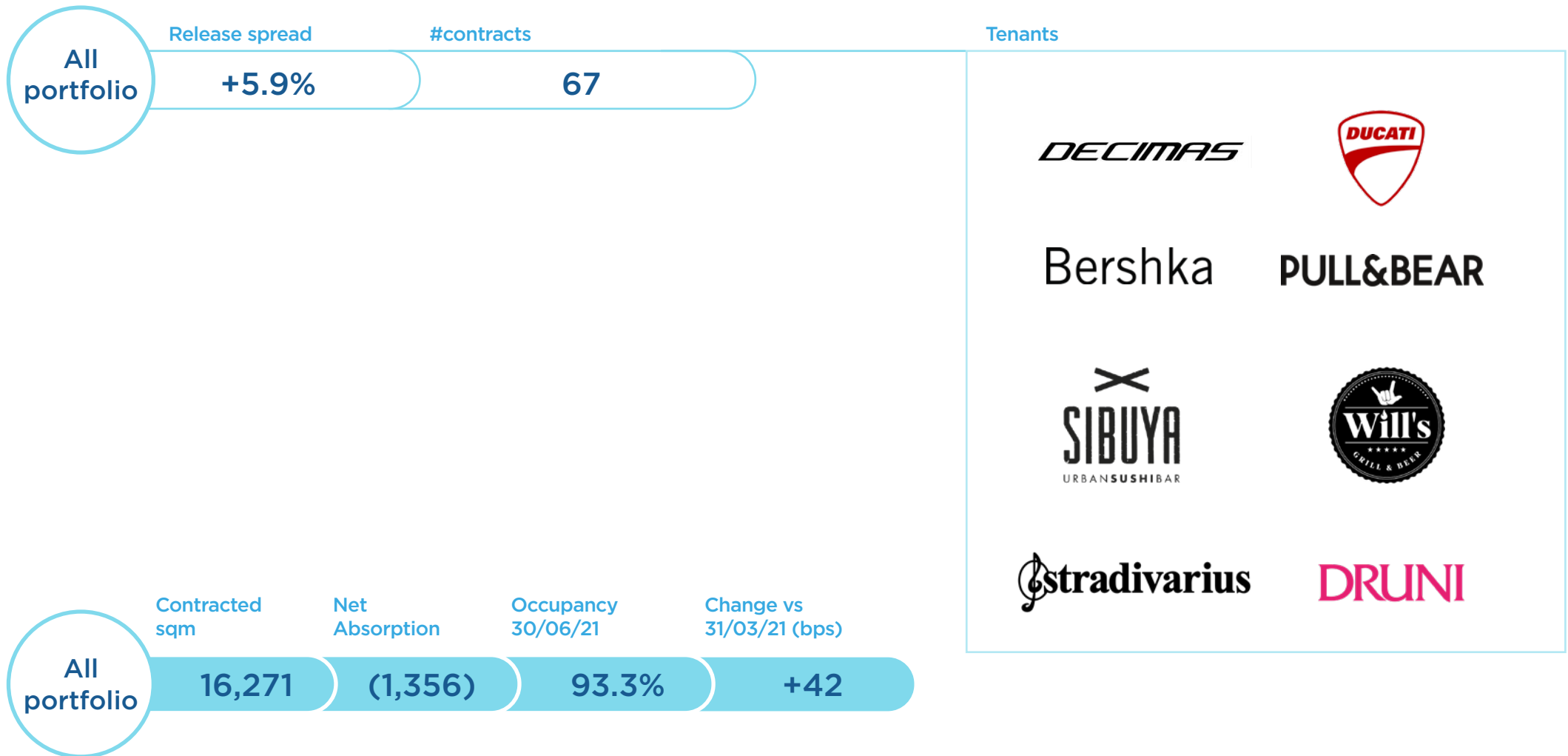
2022 expiries



- Advanced negotiations for the early renewal of the lease contracts
- Economic impact: flat to slightly positive release spread (GRI) and ca. 10% incremental incentives vs pre-Covid
- Several important tenants with rolling breaks have already redefined their footprint in Spain with no meaningful impact in our portfolio
- Tenants with contracts expiring in 2022 and those with advanced early renewal negotiations
- 31,610 sqm vacated since March-20 of which 30,875 sqm have been let already



Occupancy already increasing on a QoQ basis. Positive release spread explained by contractual step-ups

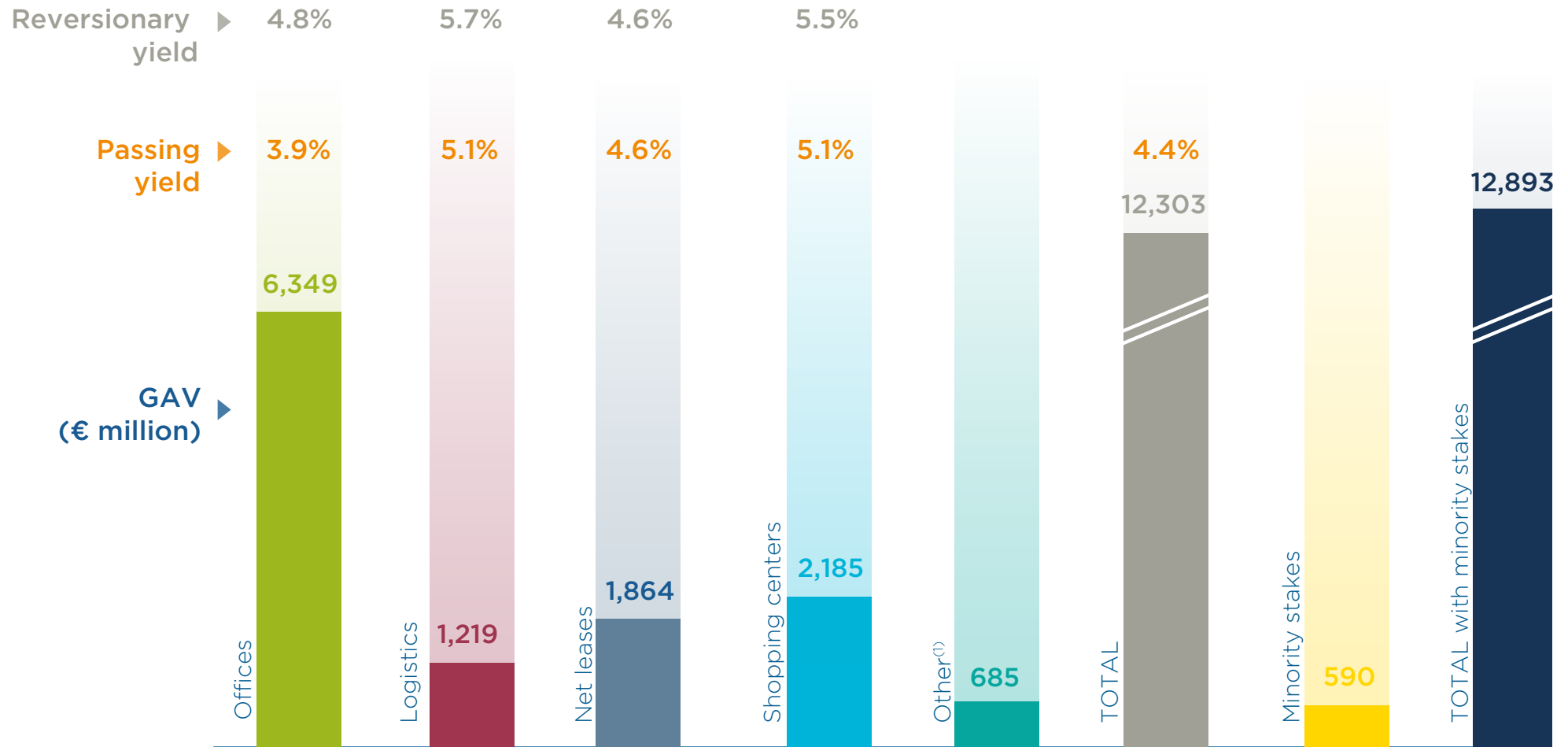




VALUATION AND DEBT POSITION



Overall valuation flat, with **logistics up**, offices and net leases flat, retail and hotels down

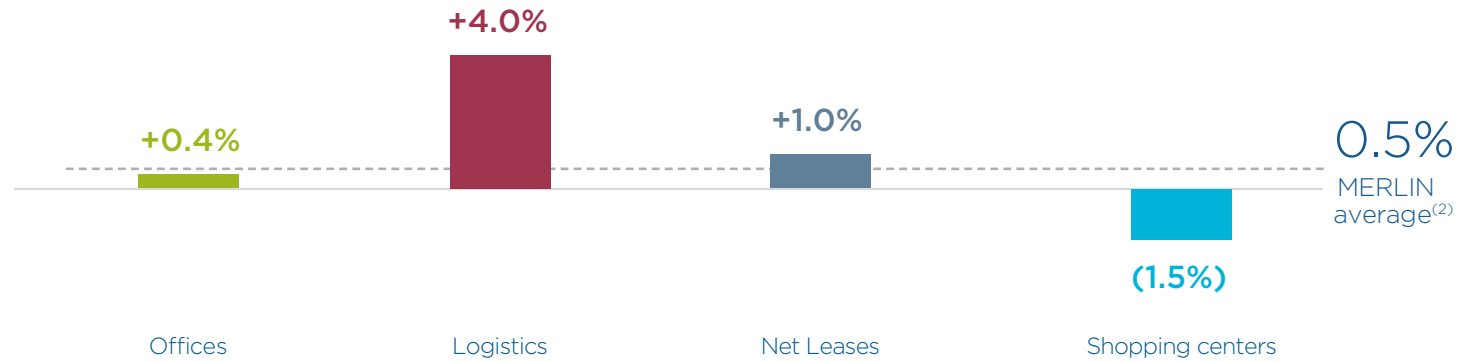


Source: Company

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



GAV LIKE-FOR-LIKE EVOLUTION⁽¹⁾



YIELD (COMPRESSION) / EXPANSION⁽³⁾



⁽¹⁾ GAV of WIP projects included under offices and logistics for LfL purposes.

⁽²⁾ Including equity method

⁽³⁾ Based on exit yields



Strong credit metrics, reinforced by S&P reaffirming the BBB rating

	30/06/2021	31/12/2020
Net debt	€ 5,368m	€ 5,268m
LTV	40.5%	39.9%
Average cost (spot)	2.06% (1.76%)	2.12% (1.80%)
Hedged debt	100.0%	99.8%
Average Maturity (years)	5.9	6.0
Liquidity⁽¹⁾ (€ million)	1,650	1,253

S&P Global

MOODY'S

Rating

BBB

Baa2

Outlook

Stable

Negative

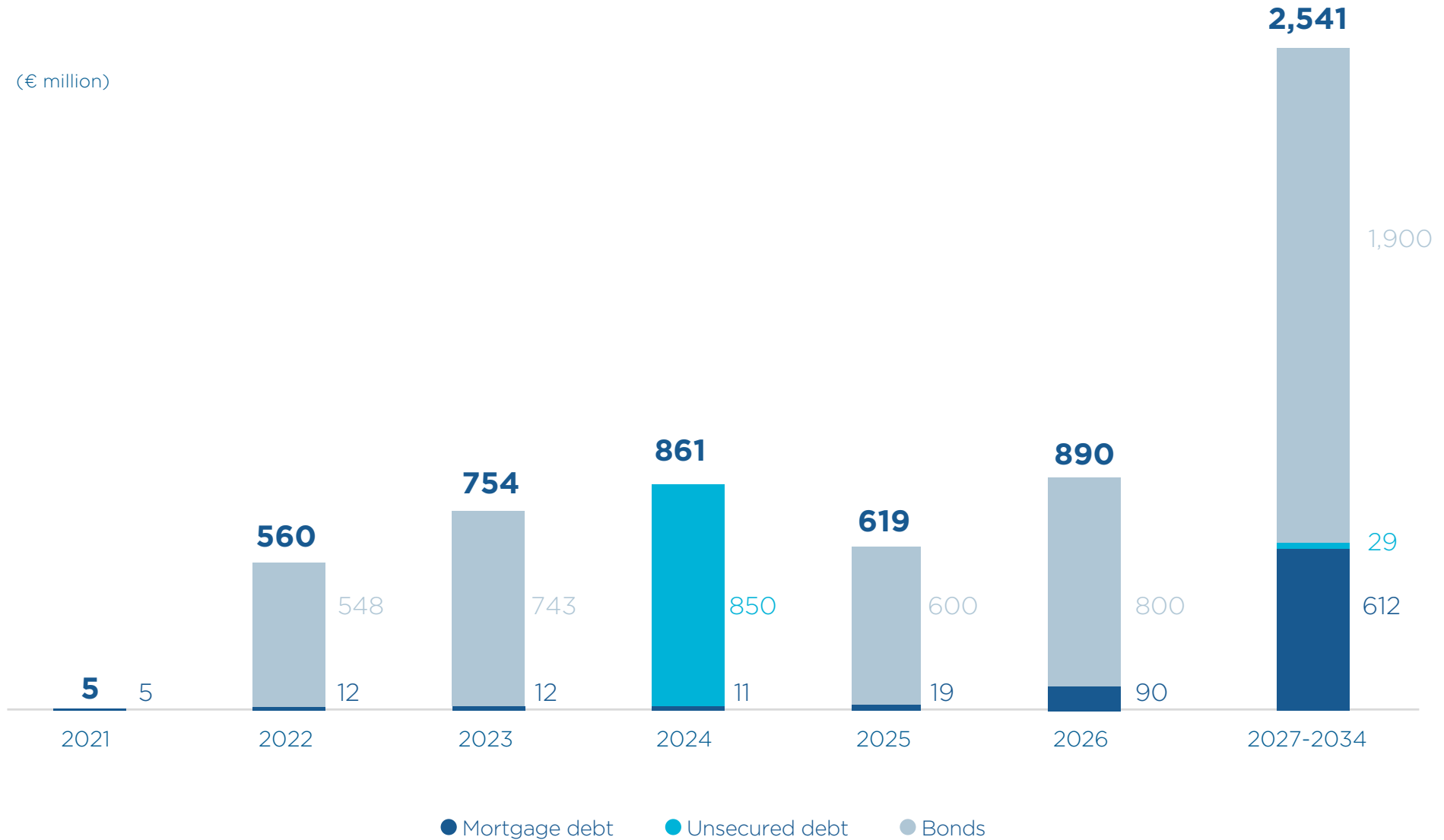
Source: Company

⁽¹⁾ Includes available cash plus pending receivable of Juno & Silicius, treasury stock and undrawn credit facilities (€ 786m RCF and EIB loan) in 6M21 and available cash plus pending receivable of Juno & Silicius, treasury stock and undrawn credit facilities (€ 786m RCF and EIB loan) in FY20



€ 500m - 9yr bond issuance to repay the bond maturing in 2022

(€ million)





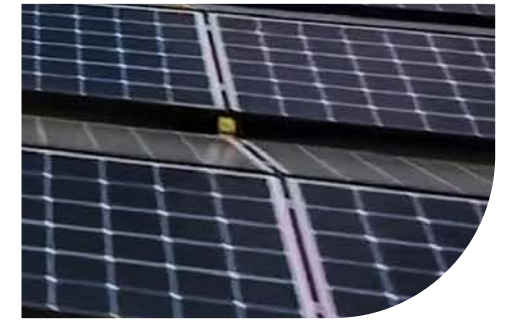
Minimum collection defaults. Therefore we will discontinue reporting Covid-19 collection rates

(as a % of total invoices due)

6M21	Offices	Logistics	Shopping centers	Net leases
Collected	99.1%	99.8%	72.4%	100%
Commercial policy	0%	0%	24.4%	0%
In process	0.7%	0.2%	0%	0%
Uncollected	0.2%	0%	3.2%	0%



Covid-19 commercial policy 6M21 amounts to € 19.6m (-29% vs. 6M20)
in line with the guidance provided to the market in FY20

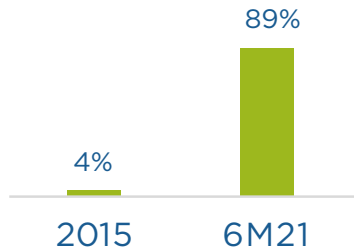


S U S T A I N A B I L I T Y



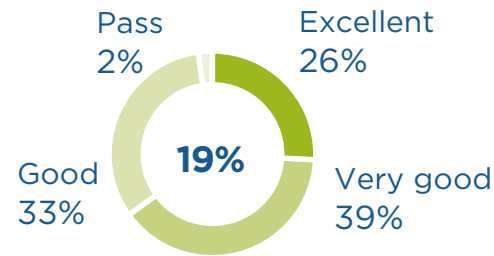
Outstanding achievement in terms of energy certifications, with more than 2.6 million sqm certified

Offices

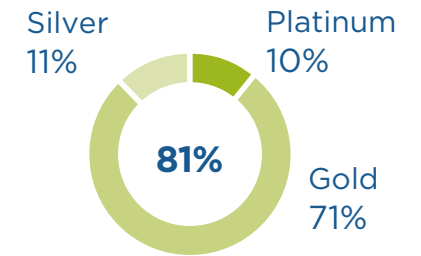


> 1,090k sqm
Certified (2016 - 2021 YTD)

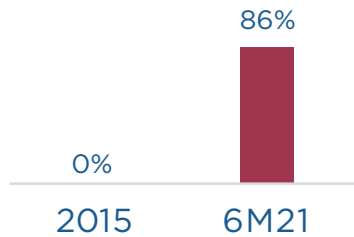
Breeam



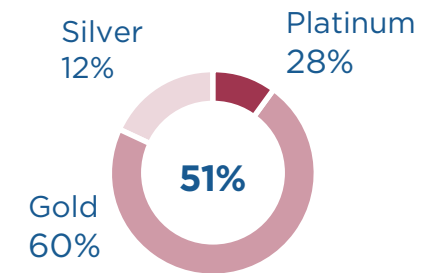
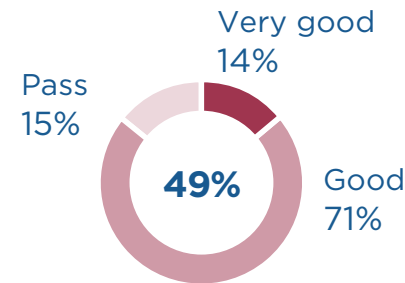
Leed



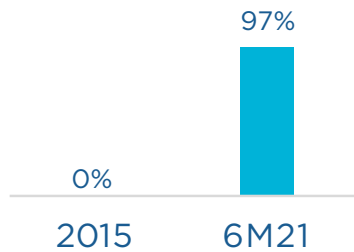
Logistics



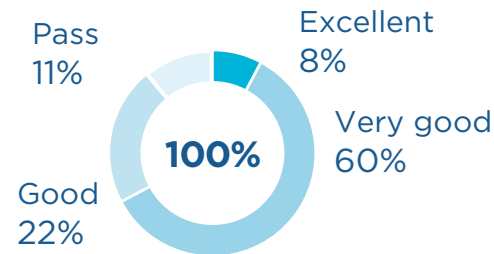
> 1,160k sqm
Certified (2016 - 2021 YTD)



Shopping Centers

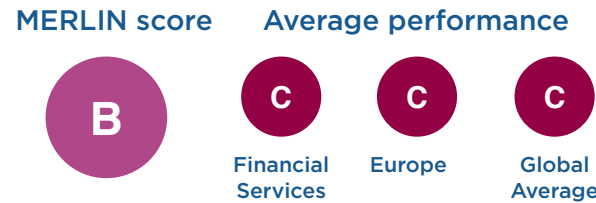
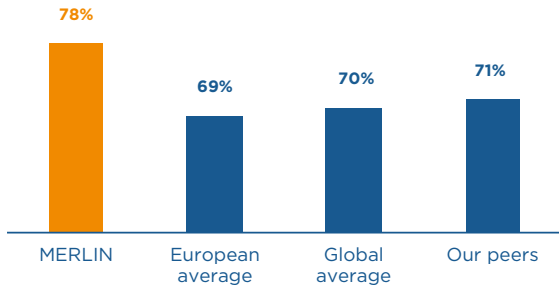


> 420k sqm
Certified (2016 - 2021 YTD)





First-rate quality seals in a variety of certificates



Gold since 2017 in the EPRA reporting



EPRA Sustainability Best Practices recommendations 2018



More than **1,1m sqm** under certification by the **ISO 14001 environmental management system**

64 assets amounting to **0.8m sqm** of **GLA** certified under the **ISO 50001 environmental management system**



52 offices certified
13 shopping centers certified



24 assets AEO certified, totaling more than **100k sqm**
Extensive pipeline of **65 office buildings**, representing nearly **775k sqm**



VALUE CREATION



No new investments in the period. € 109m of divestments executed to fund Capex plans YTD



Offices

- Sale of **1 office building** in Madrid (NBA A-2)



Logistics

- Disposal of **3 logistics warehouses**, 2 in Madrid and 1 in Zaragoza in February 2021



Net Leases

- Sale of **2 supermarkets** and **1 BBVA branch**

Other

- Sale of stake in Aedas



Castellana 85

- **Full refurbishment of the asset**, located in the heart of Azca, the best business area in **Madrid Prime CBD**
- C85 will become the HQ of **Accenture and Elecnor**

accenture

elecnor



GLA **16,474 sqm**

Total Capex **€ 34.8m**

Yield on cost **8.1%**

Delivered



Monumental

- **Full refurbishment of the building**, located in Duque de Saldanha, one of the most emblematic squares in the city at the core of **Lisbon's Prime CBD area**
- 10-year term lease agreement with **BPI** to become their HQ in Lisbon



GLA **25,358 sqm**

Total Capex **€ 34.8m**

Yield on cost **9.4%**

Delivered



	Torre Charmartín	Torre Glòries	Marqués de Pombal 3	Diagonal 605	Castellana 85	Monumental	Plaza Ruiz Picasso
GLA (sqm)	18,295	37,614	12,460	13,244	16,474	25,358	31,576 ⁽¹⁾
Acquisition (€m)	31.2	142.0	-	-	-	-	-
Capex (€m)	38.0	26.7	1.6	8.7	34.8	34.8	57.5
Rent ▲(€m)	4.3	11.8	0.2	1.3	2.8	3.3	6.0
Yield on Cost	6.2%	7.0%	8.5%	15.5%	8.1%	9.4%	10.4%
Delivery	2019	2019	2020	2020	2021	2021	2023

Total acquisition
€ 173.2m

Total Capex
€ 202.1m

Total investment
€ 375.3m

Total additional rents
€ 29.7m

Yield on Cost
7.9%

⁽¹⁾ 36,899 sqm post refurbishment



Zal Port WIP⁽¹⁾

- XXL Turn-key project in the port of Barcelona
- 100% let to Decathlon



GLA **95,987 sqm**
 ERV **€ 4.3m⁽²⁾**
 Yield on cost **8.0%⁽²⁾**



Lisbon Park

- Phased project located in the north of Lisbon
- Phase I has already been delivered



GLA **44,973 sqm**
 ERV **€ 2.1m**
 Yield on cost **7.1%**



A2 Cabanillas Park I-J

- Last available plot in Cabanillas Park. Upon delivery in 2022 the complex will comprise 316k sqm of state-of-the-art warehouses
- 100% pre-let to DSV



GLA **44,858 sqm**
 ERV **€ 1.9m**
 Yield on cost **7.0%**



A2 Cabanillas Park II

- First warehouse in our Cabanillas Park II development
- Turnkey project with Logista



GLA **47,403 sqm**
 ERV **€ 2.1m**
 Yield on cost **8.1%**

⁽¹⁾ MERLIN owns a 48.5% stake in Cilsa (ZAL Port)
⁽²⁾ Post canon
⁽³⁾ 93.348 sqm if the preferential right is exercised



A4
Pinto II B⁽¹⁾

A2
Cabanillas III

A4
Seseña

A2
Cabanillas F

A2
San Fernando II

A2
Azuqueca II

A2 Cabanillas
Park I G, H & J

A2
Cabanillas Park II

GLA (sqm)	29,473	21,879	28,731	20,723	33,592	98,757	92,994	47,403
Capex (€m)	13.7	11.8	15.5	10.8	22.1	54.7	56.0	25.7
ERV ▲(€m)	1.2	0.9	1.2	0.9	1.9	4.4	3.8	2.1
ERV YoC	8.6%	7.8%	7.7%	7.9%	8.5%	8.1%	6.8%	8.1%
Delivery	2019	2019	2019	2019	2020	2021	2020/2021/ 2022	2022/-

GLA
374k sqm⁽¹⁾

Total investment
€ 210.3m

Total additional rents
€ 16.4m

Yield on Cost
7.8%

⁽¹⁾ Including only 22.5% of the GLA and associated Capex of Cabanillas Park II



Valencia Ribarroja

Zaragoza Plaza II

Lisboa Park⁽²⁾

Sevilla⁽¹⁾ ZAL WIP

GLA (sqm)	34,992	11,421	44,973	42,650
Capex ▲ (€m)	26.3	7.1	29.5	29.9
ERV (€m)	1.9	0.5	2.1	3.0
ERV YoC	7.2%	7.2%	7.1%	10.2%
Delivery	2019	2020	2021	2019/2020/2021/2022

GLA
134k sqm

Total investment
€ 92.8m

Total additional rents
€ 7.5m

Yield on Cost
8.1%

⁽¹⁾ 27,528 sqm already delivered to Amazon, Collbatallé, Asmadee editions Logistics and 4 Gasa

⁽²⁾ Including only the GLA and associated Capex of the Phase I



Flagship Plan is now complete



Saler

- The refurbishment has consolidated Saler, facing the City of Arts and Sciences, as the **leading urban mall** in Valencia
- Anchor tenants **upsizing and upscaling** units

PULL&BEAR

MANGO



GLA **29,286 sqm (inc. additional GLA)**

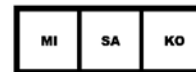
Cost **€ 37.8m (inc. units acquired)**

Yield on cost **5.7%**



Porto Pi

- **Full refurbishment** of the shopping center
- The asset counts with **outstanding exterior terraces** overlooking the Mediterranean sea
- The future additional space (2,486 sqm) is **fully let**



GLA **32,963 sqm (inc. additional GLA)**

Cost **€ 43.7m (inc. units acquired)**

Yield on cost **4.1%**



Flagship Plan is now complete



	Larios	Arturo Soria Plaza	X-Madrid	Tres Aguas ⁽¹⁾	Saler	Porto Pi
GLA (sqm)	41,460	7,054	47,170	67,690	47,471	58,779
GLA MERLIN (sqm)	37,957	6,069	47,170	33,845	29,286	32,963
Capex (€m)	Works: 27.5 Ad. GLA: 19.9	5.4	Works: 46.4 Investment: 10.5	12.1 ⁽¹⁾	Works: 25.8 Ad. GLA: 12.0	Works: 28.6 Ad. GLA: 15.2
Rent ▲(€m)	3.1	0.6	5.2	1.4 ⁽¹⁾	2.1	1.8
Yield on Cost	6.6%	11.3%	9.1%	11.2%	5.7%	4.1%
Delivery	2019	2019	2019	2019	2021	2021

Δ GLA + X-Mad inv.

€ 57.5m

Total Capex

€ 145.9m

Total investment

€ 203.4m

Total additional rents

€ 14.2m

Yield on Cost

7.0%

⁽¹⁾ Only including MRL 50%



DIGITAL INFRASTRUCTURE
PLAN (MEGA)



Data centers: expanding our array of client services within our logistics portfolio



- The move to cloud computing by businesses, the exponential generation of streaming content and the immediate adoption of 5G lead to a worldwide **increase demand for data centers to store and process the data**
- The **Iberian Peninsula** has the potential to become the **future data hub of Southern Europe** and North Africa given its **prime location in terms of subsea cables communications⁽¹⁾**. Amongst others, the following cables enter through Spain and Portugal:
 - **Project Marea** – completed in **2017** by Facebook & Microsoft and connecting the US and Europe;
 - **Project EllaLink** – to be completed in **2021** and connecting Europe and South America;
 - **Project Grace Hopper** – to be completed in **2022** by Google and connecting the US and Europe;
 - **Project 2Africa** – to be completed in **2023** and connecting Europe and Africa;
- As part of its logistics portfolio, MERLIN has selected **4 land plots** with **logistics/industrial use** compatible with data centers activity, in the **most suitable locations**
- This initiative will position MERLIN's portfolio for advanced digital logistics
- **Compelling stabilized low double digit YoC**, using existing, currently non-productive, land plots

⁽¹⁾ Other subsea cables entering through Spain or Portugal: Atlantis 1; SeaMeWe-3; Europe India Gateway (EIG); Tata TGN-Western Europe



Partnership with **edged**

MERLIN will fund and own the real estate assets which will be built and operated through an operational **Joint Venture with Edged Energy** (subsidiary of Endeavour), who provides years of data center construction and operations expertise to deliver **the most innovative technology available in the market** coupled with a competitive advantage in terms of **sustainability**

Triple Net zero

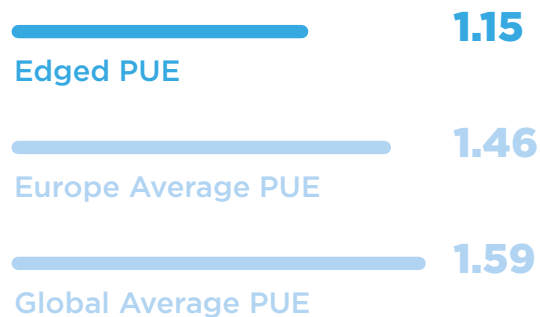
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2

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Net Zero Carbon footprint with 1.15 PUE⁽¹⁾

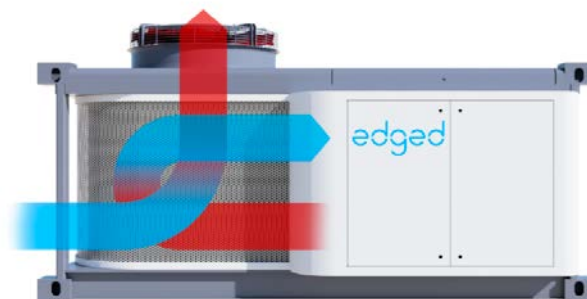
Each data center cuts overhead energy consumption by 75% compared with the global average



Source: Uptime Institute

Net zero water cooling

Edged uses a modular closed-loop cooling system that supports high density loads yet **uses no water** (WUE of 0.00)



100% renewable energy

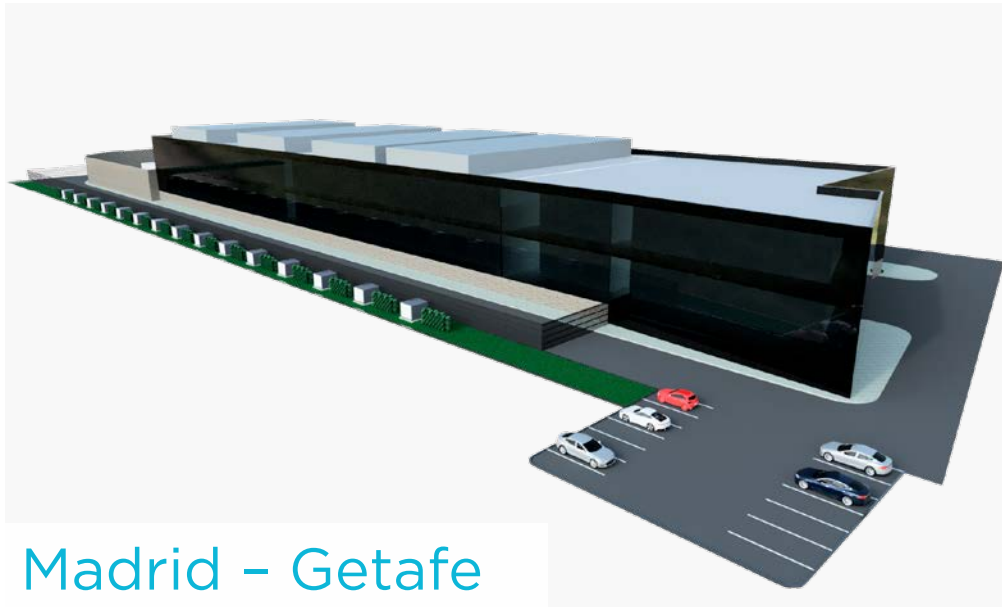
Supplying tenants with photovoltaic solar energy installed at the data centers sites; both in MERLIN's asset portfolio and in ground installations



⁽¹⁾ PUE: Power Usage Effectiveness (PUE) is a metric used to determine the energy efficiency of a data center. PUE measures the total facility energy divided by the IT equipment energy



4 strategic locations in the Iberian Peninsula to develop state-of-the-art data centers



Madrid – Getafe

Total GLA 22,508 sqm | Capacity 20 MW



Barcelona - PLZF

Total GLA 22,131 sqm | Capacity 16 MW

Within our portfolio, we have selected 4 land plots which comply with the three key characteristics to develop a data center:



1. **Low latency** due to their proximity and direct accesses to big cities and their infrastructures

2. Proximity in terms of **fiber interconnections and/or cable landing stations**

3. Proximity in terms of **power supply (substations)**



Bilbao-Álava and Lisbon-VFX data centers, **strategically fit for large cloud players, will be developed on demand**



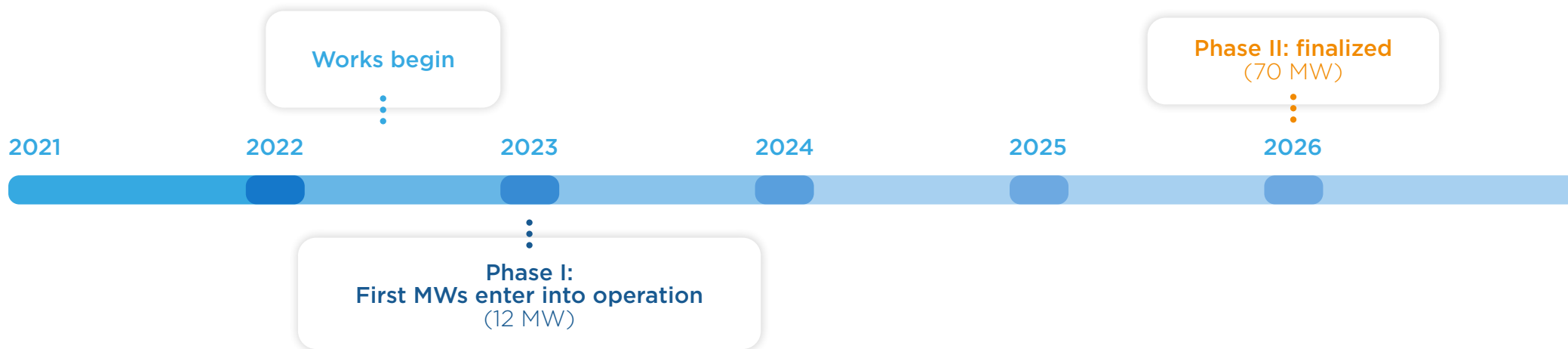
Basque Country - Álava

Total GLA **23,153 - 102,466 sqm**
Capacity **22 - 100 MW**



Lisbon - VFX

Total GLA **32,982 - 74,555 sqm**
Capacity **24 - 100 MW**

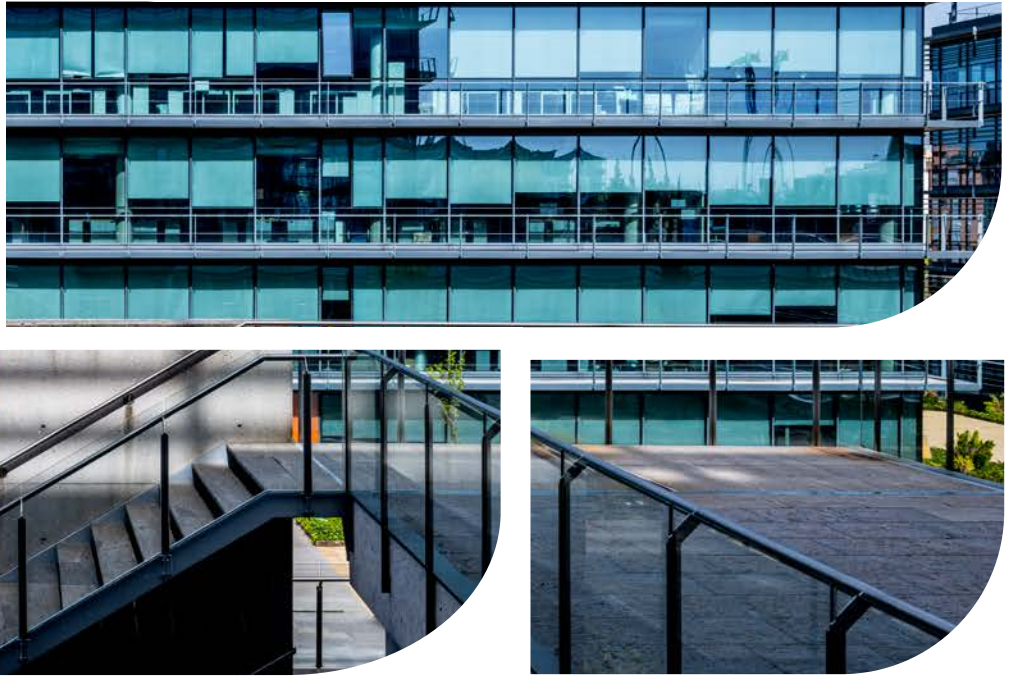


Investment and returns until 2025

<p>Phase I - Deployment</p> <ul style="list-style-type: none"> • Sqm built: 44,639 • MWs installed: 12 MW • Capex: € 147m⁽¹⁾ • GRI: € 14m 	<p>Phase II - Expansion</p> <ul style="list-style-type: none"> • New sqm built: 32,000 • MWs installed: 58 MW • Capex: € 428m⁽¹⁾ • GRI: € 59m 	<p>Phase III - On demand</p> <ul style="list-style-type: none"> • Maximum capacity installed in Basque Country - Álava and Lisboa - VFX • 150 MW
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Compelling stabilized low double digit YoC of +11.2%⁽²⁾

⁽¹⁾ Excluding land cost
⁽²⁾ Including land cost



CLOSING REMARKS



OPERATIONS

- **Covid-19 impact on business easing.** In the absence of new restrictions imposed by the pandemic, **incentives will continue reducing YoY helping FFO.** Meaningless collection default rates
- After a challenging first semester, **occupancy bottoming out in offices,** guiding towards ca. 90% at the end of the year
- **Excellent performance in logistics.** MERLIN's **AAA quality portfolio** outperforming the market, with ca. 50% market share in leasing activity
- **Positive signs in shopping centers,** with sound retenanting rates, and advanced negotiations to renew a significant part of 2022 maturities in 2021

VALUE CREATION

- After 4 years of implementation, **Landmark is almost complete** (Plaza Ruiz Picasso pending) and **Flagship complete.** All in all, 12 projects executed, delivering **attractive returns to shareholders of 7.9% YoC for offices and 7.0% for retail**
- **Best II & III continue their successful execution.** 1.1m sqm of pipeline development, 330k sqm already delivered (100% let), 180k sqm under construction (82% pre-let) and 590k sqm of land bank to be developed strategically to timely suit market needs
- MERLIN launches the **Digital Infrastructure Plan** to use logistics plots for the surging demand of space to store and process data. **Expected returns outperform conventional logistics yields**



MERLIN

PROPERTIES

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