



2020 results report





MERLIN Properties,
the leading Socimi
in the Spanish
real estate market



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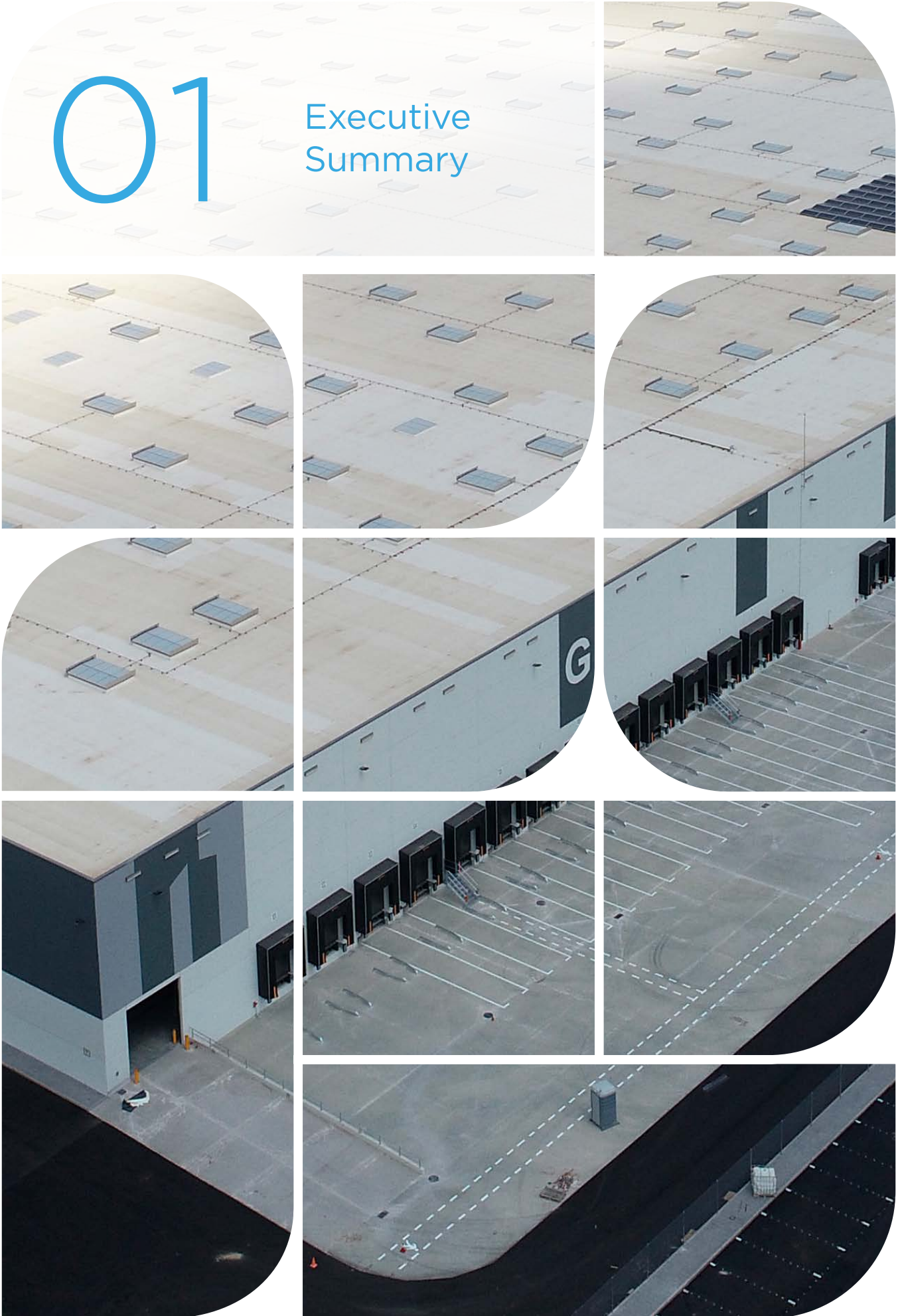
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Executive Summary



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

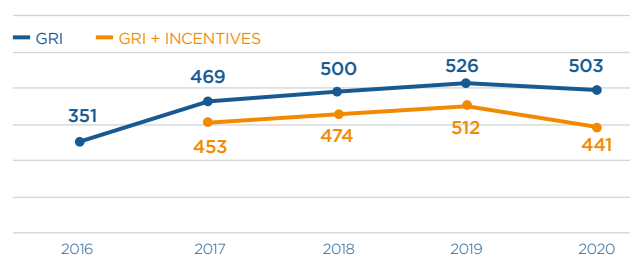
Top line resilience. **Net rents impacted by the commercial policy in retail**

€ 503m (-4.3% YoY)

GRI

€ 441m (-13.8% YoY)

GRI after incentives



FFO / AFFO

FFO per share **exceeded the updated guidance**.

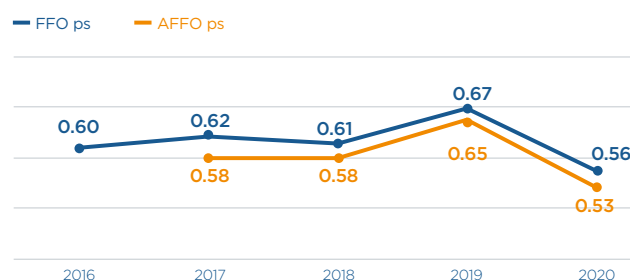
Decrease vs FY19 due to Covid-19 rent reliefs and non core disposals

€ 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)

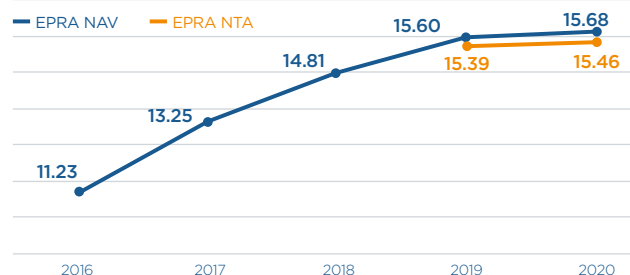
EPRA NTA per share increase

+0.5%

GAV increase (with capex)

(0.6%)

LfL GAV increase



FINANCIAL DEBT

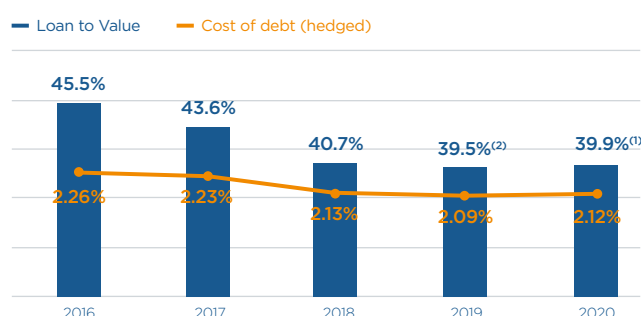
Leverage and cost of debt in line with 2019

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

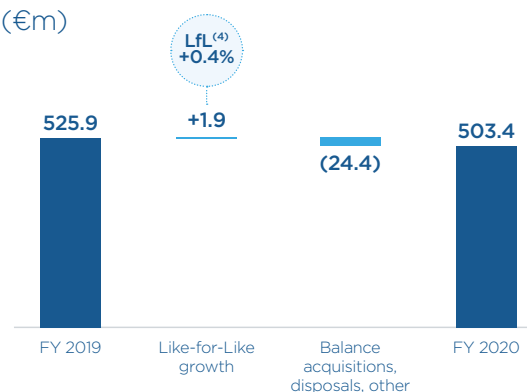
94.2%

- **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)

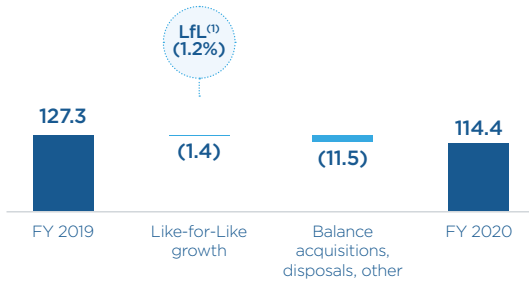
	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
Delivered	59,889			
Valencia-Ribarroja ⁽¹⁾	34,992	1.9	26.3	7.2%
Sevilla ZAL WIP ⁽¹⁾	13,476	0.6	7.7	8.4%
Zaragoza-Plaza II ⁽¹⁾	11,421	0.5	7.1	7.2%
In progress	74,147			
Sevilla ZAL WIP	29,174	2.4	22.2	10.2%
Lisbon Park	44,973	2.1	29.5	7.1%
Landbank	375,387			
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

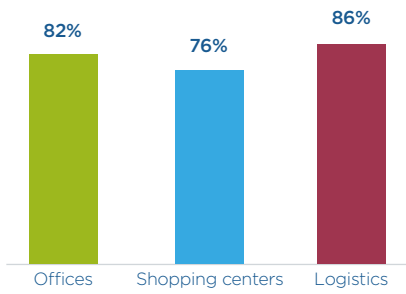
⁽¹⁾ € 14.8m are capitalized in balance sheet and € 2.8m are expensed in P&L

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

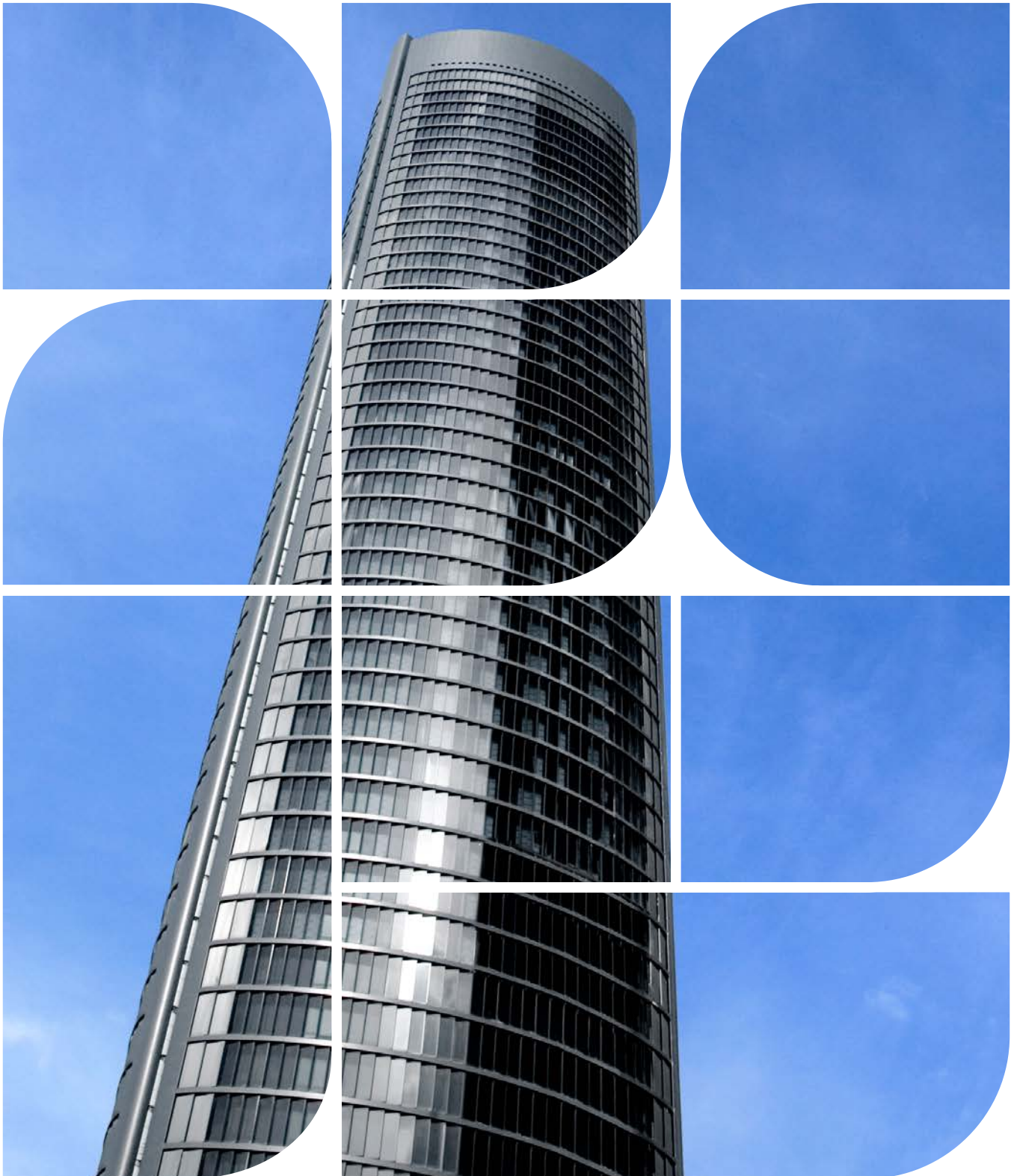
(as a % of total invoices due)

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%



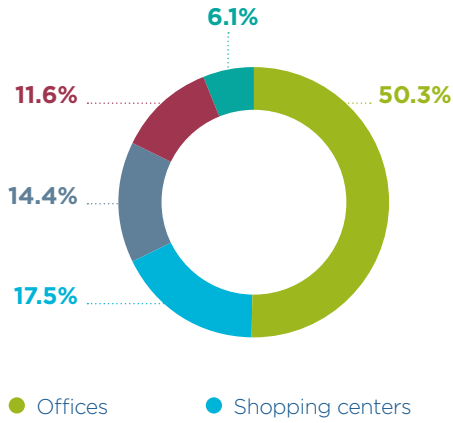
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Business Performance

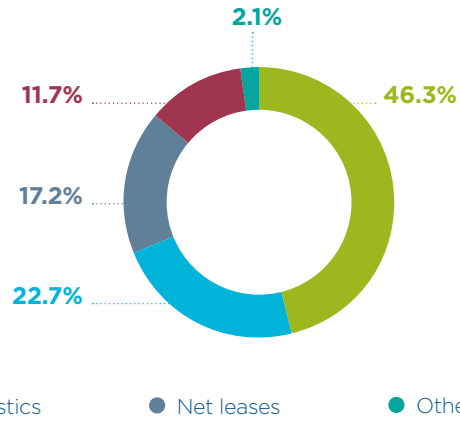


Business performance

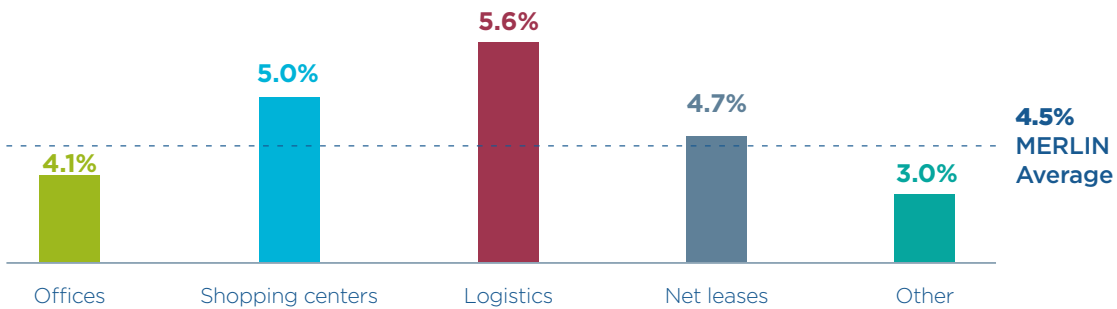
| GAV PER ASSET CLASS⁽¹⁾



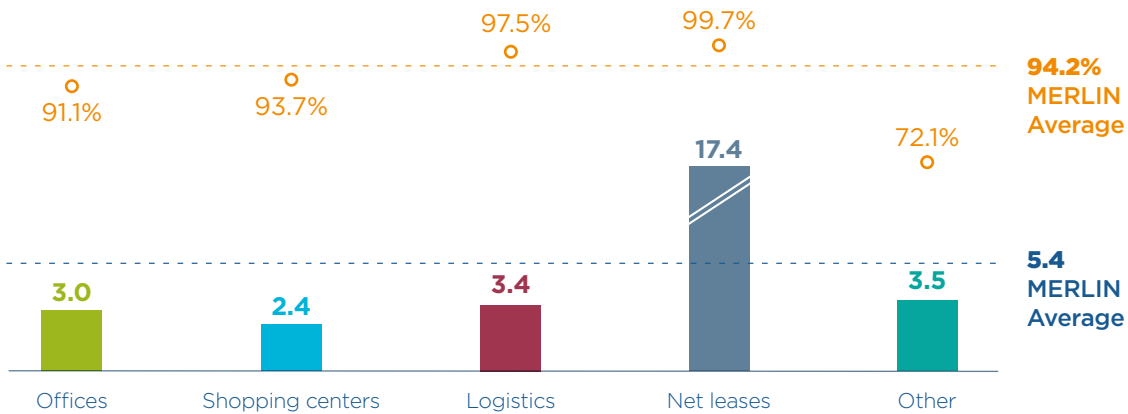
| GROSS RENTS PER ASSET CLASS⁽²⁾



| GROSS YIELD PER ASSET CLASS



| OCCUPANCY AND WAULT (YEARS) PER ASSET CLASS



⁽¹⁾ GAV of land under development and NAV of equity method included in its respective category (offices, shopping centers and logistics)

⁽²⁾ Gross annualized rent on full consolidated assets

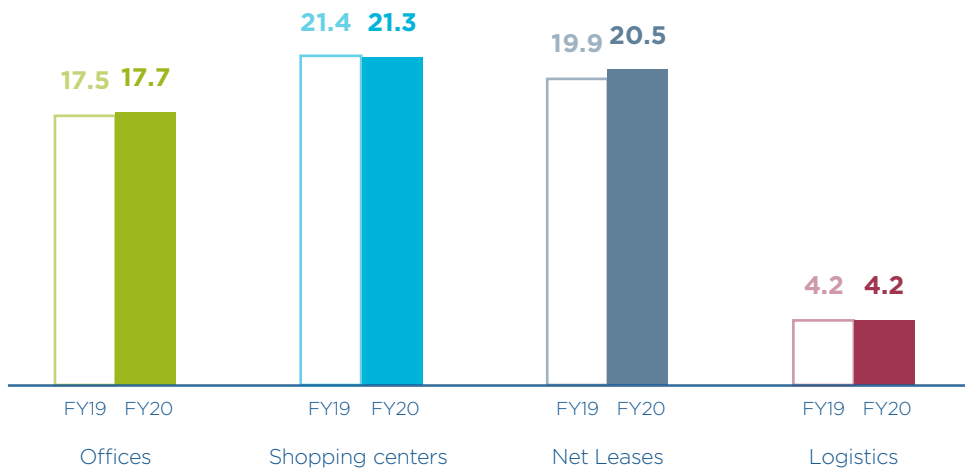
RENTS

Gross rents in the period amount to € 503,448 thousand with respect to € 525,918 thousand in FY19

GROSS RENTS BREAKDOWN

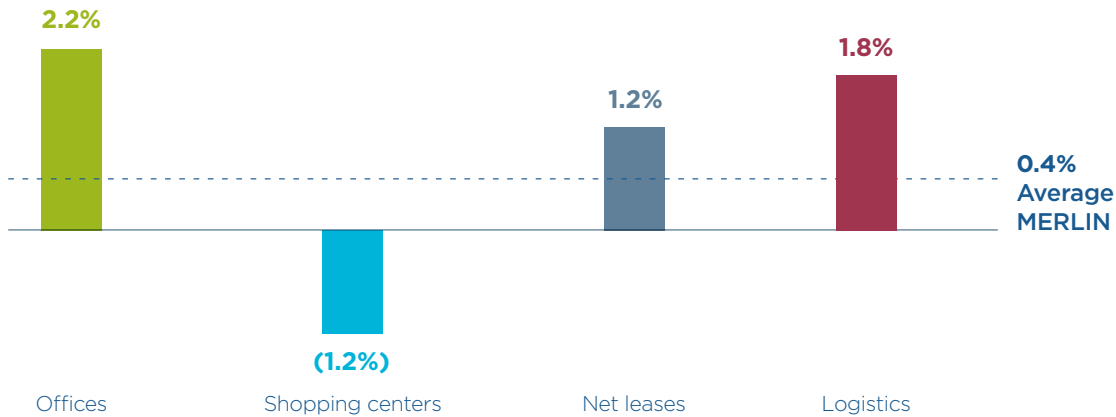
	FY20	FY19	YoY
Offices	233,215	243,431	(4.2%)
Shopping centers	114,374	127,300	(10.2%)
Net leases	86,513	86,962	(0.5%)
Logistics	58,848	53,796	+9.4%
Other	10,498	14,429	(27.2%)
Total	503,448	525,918	(4.3%)

AVERAGE PASSING RENT (€/SQM/MONTH)



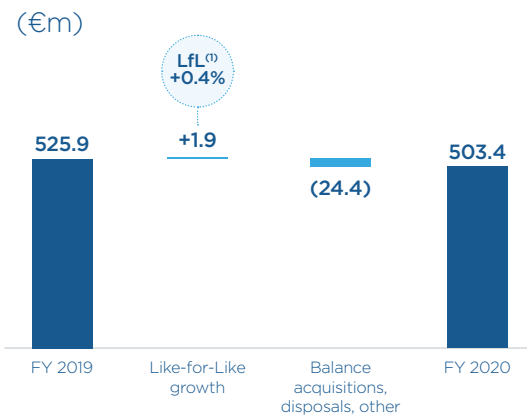
Aggregate gross rents have increased by 0.4% on a like-for-like basis. Per asset category, the like-for-like evolution is shown below

LIKE-FOR-LIKE INCREASE

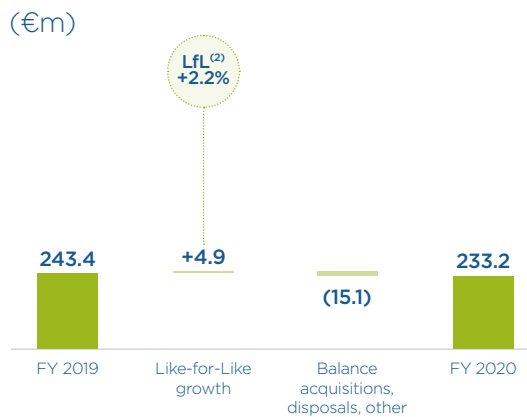


Bridge of FY19 gross rents to FY20, for MERLIN and by asset category:

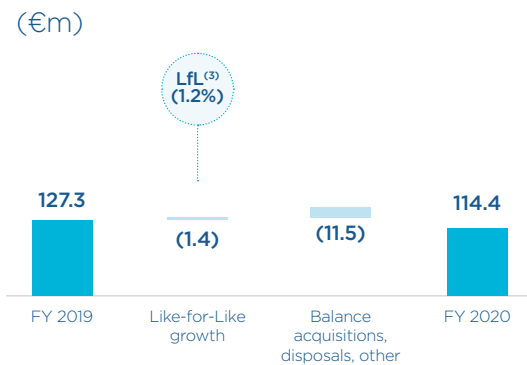
MERLIN



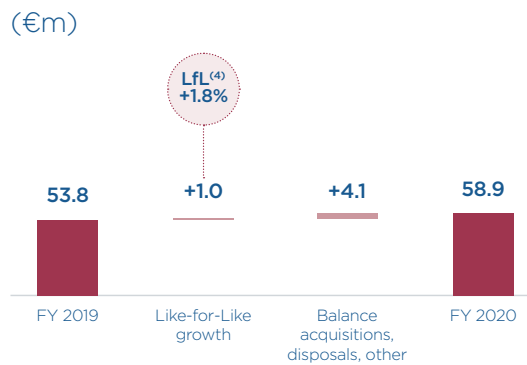
Offices



Shopping centers



Logistics



⁽¹⁾ Portfolio in operation for FY19 (€ 485.2m of GRI) and for FY20 (€ 487.1m of GRI)

⁽²⁾ Office portfolio in operation for FY19 (€ 220.5m of GRI) and for FY20 (€ 225.4m of GRI)

⁽³⁾ Shopping centers portfolio in operation for FY19 (€ 113.3m of GRI) and for FY20 (€ 111.9m of GRI)

⁽⁴⁾ Logistics portfolio in operation for FY19 (€ 52.3m of GRI) and for FY20 (€ 53.2m)

OCCUPANCY

Stock G.L.A. of MERLIN as of 31 December 2020 amounts to 3,313,314 sqm. Stock as of 31 December 2019 amounted to 3,303,736 sqm, resulting in a net increase of the stock during the period of 9,579 sqm. Occupancy rate as of 31 December 2020 is 94.2%⁽¹⁾.

	31/12/2020	31/12/2019	Change YoY Bps
Offices			
Total G.L.A. (sqm) ⁽¹⁾	1,191,825	1,193,364	
G.L.A. occupied (sqm)	1,085,511	1,106,939	
Occupancy rate (%)	91.1%	92.8%	(168)
Shopping centers			
Total G.L.A. (sqm)	461,714	500,056	
G.L.A. occupied (sqm)	426,134	461,073	
Occupancy rate (%) ⁽²⁾	93.7%	93.3%	+ 47
Logistics			
Total G.L.A. (sqm)	1,221,716	1,160,289	
G.L.A. occupied (sqm)	1,191,574	1,133,278	
Occupancy rate (%)	97.5%	97.7%	(14)
Net leases			
Total G.L.A. (sqm)	350,542	362,509	
G.L.A. occupied (sqm)	349,509	362,509	
Occupancy rate (%)	99.7%	100.0%	(29)
Other			
Total G.L.A. (sqm)	87,517	87,517	
G.L.A. occupied (sqm)	63,107	63,107	
Occupancy rate (%)	72.1%	72.1%	-
MERLIN			
Total G.L.A. (sqm)	3,313,314	3,303,736	
G.L.A. occupied (sqm)	3,115,835	3,126,907	
Occupancy rate (%)⁽²⁾	94.2%	94.8%	+8

⁽¹⁾ 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 land plots for development)

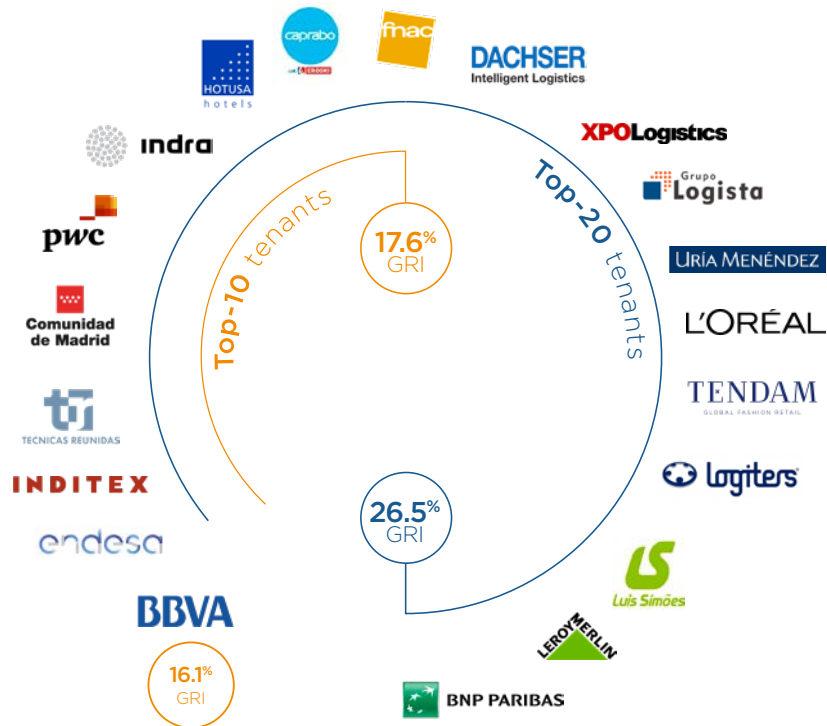
⁽²⁾ Excluding vacant units acquired under refurbishment (7,162 sqm in FY20 and 5,763 sqm in FY19)

TENANTS

MERLIN enjoys a high quality tenant base, broadly diversified. Top 10 tenants represent a 17.6% of the gross annualized rents

(plus an additional 16.1% from BBVA), while top 20 tenants represent a 26.5% of gross annualized rents (excluding BBVA)

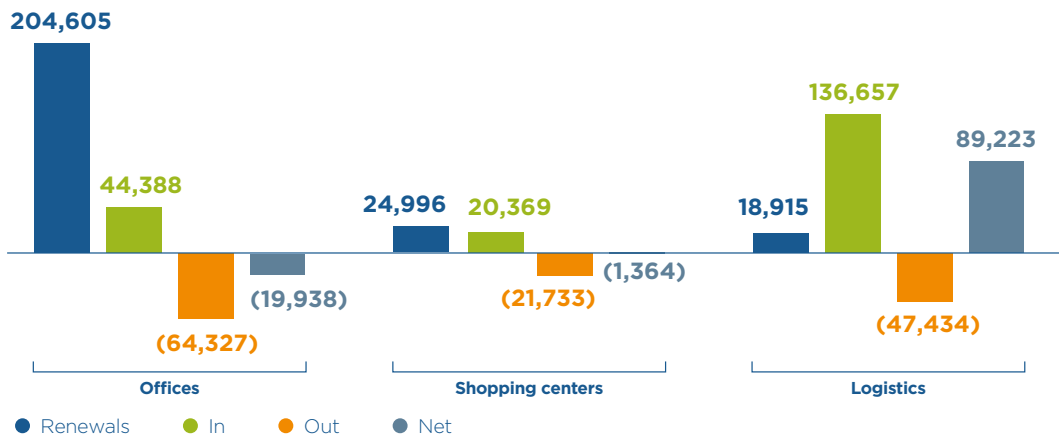
Tenant	Years as tenant
BBVA	12
Endesa	18
Inditex	30
Técnicas Reunidas	15
Comunidad de Madrid	16
PWC	11
Indra	19
Hotusa	20
Caprabo	29
FNAC	24



LEASING ACTIVITY

Since the beginning of 2020, or since the acquisition date for the assets acquired during the year, until 31 December 2020,

MERLIN has signed lease agreements amounting to 449,930 sqm, out of which 201,414 sqm corresponds to new leases and 248,516 sqm to renewals.



I OFFICES

Total take-up amounts to 248,992 sqm out of which 44,388 sqm correspond to new contracts and 204,605 sqm to renewals.

Exits amounted to 64,327 sqm, and therefore the net take up is negative by 19,938 sqm. Main contracts signed in 2020 are the following:

Asset	Tenant	G.L.A. (sqm)
Ribera del Loira 60	Endesa	54,960
Alcala 40	Ministerio del Interior	9,315
PE Las Tablas	BBVA	9,135
Castellana 280	Comunidad de Madrid	7,785
Sant Cugat II	Ricoh	6,672
Adequa	Wagen Group	5,978
PE Cerro Gamos	Vector Software Factory, S.L.	5,968
E-Forum	Agencia Estatal de la Administración Tributaria	5,190
PE Poble Nou 22@	Cimpress España	4,909
PE Sanchinarro	Medtronic	4,497
PE Churruca	Nuevas Tecnologías de la Información y Comunicación	4,424
PE Poble Nou 22@	Servizurich	4,201
Partenon 16-18	Maxamcorp	3,931

The release spread achieved in the contracts renewed or relet in the period amounts to 3.0%

	Release spread	# contracts
Madrid	(1.4%)	115
Barcelona	+29.5%	24
Lisbon	+31.1%	11
Total	+3.0%	173

I SHOPPING CENTERS

Total take-up amounts to 45,365 sqm out of which 20,369 sqm correspond to new contracts and 24,996 sqm renewals.

Exits amounted to 21,733 sqm, and therefore the net take-up is negative by 1,364 sqm. Main contracts signed in 2020 are the following:

Asset	Tenant	G.L.A. (sqm)
X-Madrid	Ozone	2,959
Marineda	Ongravity	2,621
X-Madrid	Ongravity	2,380
Arenas	Mercadona	1,916
Marineda	Estrella Park Experience	1,751
Larios	Worten	1,349
El Saler	Mango	1,187
Bonaire	Mango	975
El Saler	Sfera	973
X-Madrid	Climbat	891
X-Madrid	Juguetrónica	862

The release spread achieved in the contracts renewed or relet in the period amounts to +4.1%



I LOGISTICS

Total take-up amounts to 155,572 sqm, out of which 136,657 sqm correspond to new contracts and 18,915 sqm to renewals.

Exits amounted 47,434 sqm, therefore net take-up amounts to positive 89,223 sqm. Main contracts signed in 2020 are the following:

Asset	Tenant	G.L.A. (sqm)
A2-Cabanillas Park I F	Luis Simoes	20,723
A2-San Fernando II	Pallex	12,555
Zaragoza-Plaza II	DSV	11,420
A2-San Fernando II	Alfil	10,429
A4-Seseña	Carreras Grupo Logístico	9,561
Sevilla Zal	Airbus	9,075
Sevilla ZAL WIP 2.5	4 Gasa	8,203
Barcelona-PLZF	Sending Transporte y Comunicación	7,668
A4-Seseña	Carreras Grupo Logístico	7,132
A2-San Fernando II	Alcanor Express	5,408

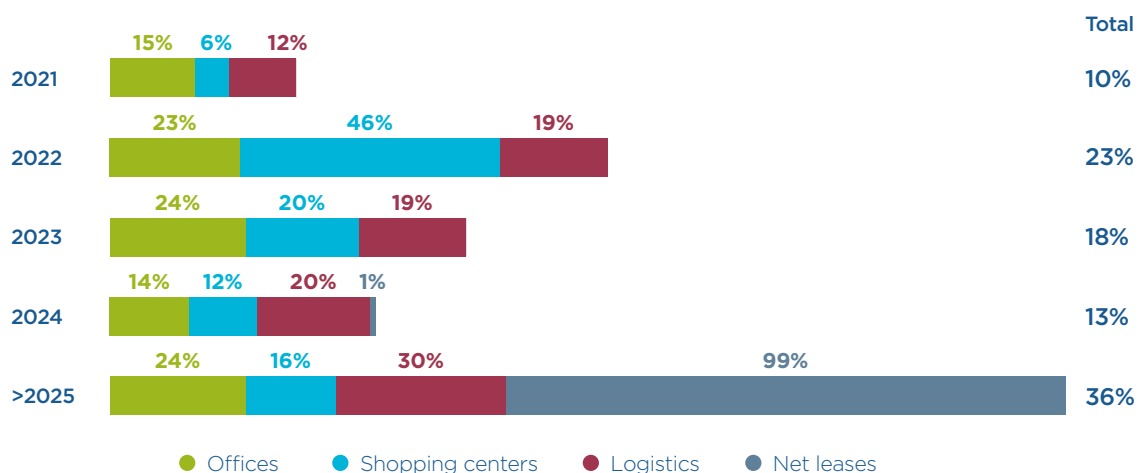
The release spread achieved in the contracts renewed or relet in the period amount to 6.0%.

	Release spread	# contracts
Madrid	(9.9%)	1
Barcelona	12.1%	3
Other	12.2%	1
Total	6.0%	5

I LEASE MATURITY PROFILE

The chart of lease contracts maturity (next break) shows a balanced profile. In aggregated terms, in the following three years, the gross

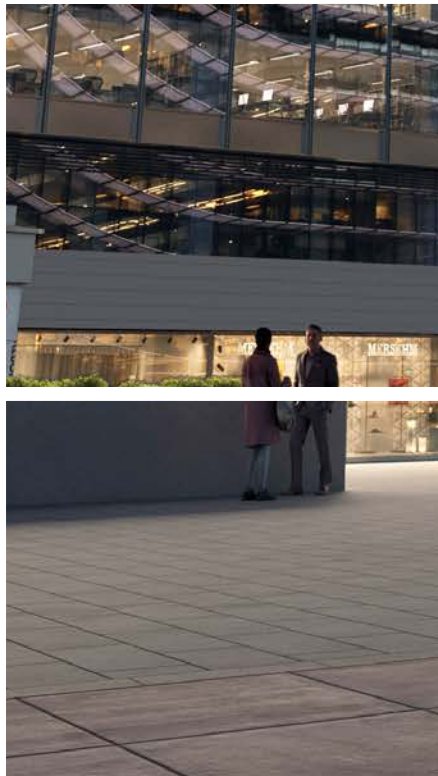
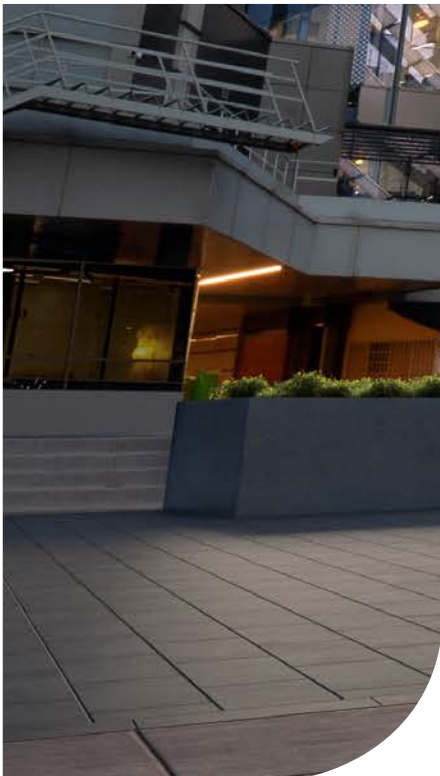
rents that have a break option amount to 10% in 2021, 23% in 2022 and 18% in 2023.





03

Investments, divestments and Capex



Investments, divestments and Capex

During 2020, investment activity has been as follows:

- **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 A2-San Fernando II A2-Cabanillas Park II 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
<i>Incremental lettable space⁽¹⁾</i>				21.9
<i>No incremental lettable space</i>				95.7
<i>Tenant incentives</i>				-
<i>Other material non-allocated types of expenditure</i>				-
Like-for-like portfolio (Defensive Capex)⁽²⁾				17.6
Capitalised interest (interest if applicable)				-
TOTAL				254.0

⁽¹⁾ Where expenditure is spent on both existing and incremental space, MERLIN classifies an expenditure as "incremental lettable space" where available lettable space is increased by at least 10% compared to the total lettable area of the asset. In 2020 Monumental and Plaza Ruiz Picasso are included within this category



ACQUISITIONS

I OFFICES

Acquisition of Plaza de Catalunya 9

In January 2020, MERLIN acquired Plaza de Catalunya 9, an historical asset located in one of the most emblematic squares in Barcelona with a total GLA of 3,048 sqm. The building, designed by the renowned modernist architect Josep Puig i Cadafalch, enjoys a special charm, ideal for coworking. It will be let to our subsidiary LOOM.

The acquisition price amounts to € 15.4 million and all in investment totals € 18.4 million, representing a 4.5% gross yield over € 0.8 million of gross rents.

	Plaza de Catalunya 9
Acquisition Price (€ thousand)	15,400
Estimated Capex (€ thousand)	3,000
Total cost (€ thousand)	18,400
ERV (€ million)	0.8
ERV yield ⁽¹⁾	4.5%
Total G.L.A. (sqm)	3,048

⁽¹⁾ Calculated as ERV divided by acquisition price plus estimated Capex

DEVELOPMENTS / WORK IN PROGRESS (WIP)

LANDMARK I PLAN (OFFICES)

INVESTMENTS IN FY20



Plaza de Cataluña 9

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

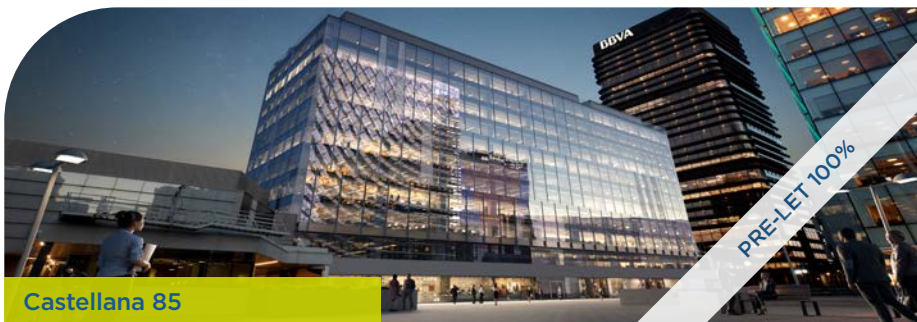
IN STOCK



Diagonal 605

GLA (sqm) **13,244**
 Scope **Scope Double height lobby + common areas + new retail space**
 Budget **€ 8.7m**
 Delivery **Finished**

WIP



Castellana 85

GLA (sqm) **16,474**
 Scope **Full refurb**
 Budget **€ 34.8m**
 Delivery **2Q21**



Monumental

GLA (sqm) **25,385**
 Scope **Full refurb (incl. SC)**
 Budget **€ 34.8m**
 Delivery **2Q21**

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

FLAGSHIP PLAN (SHOPPING CENTERS)

IN STOCK⁽¹⁾

GLA (sqm) **50,747**
 Scope **Full refurb**
 Budget **€ 25.8m**
 Delivery **2Q21**



Saler

GLA (sqm) **58,779**
 Scope **Full refurb**
 Budget **€ 28.5m**
 Delivery **2Q21**



Porto Pi

⁽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

I BEST II & III PLANS (LOGISTICS)

MERLIN continues expanding its logistics footprint through the developments / WIP program in logistics. As of 31 December 2020, main assets under Best II and III plans are the following:

Best II (as from 31/12/2020)

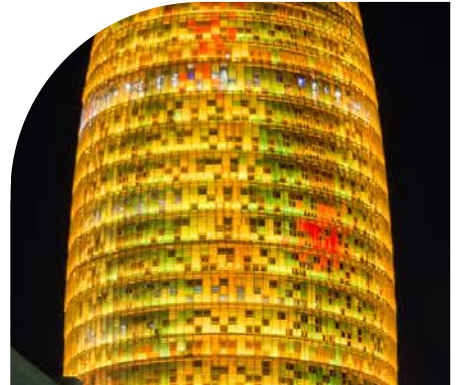
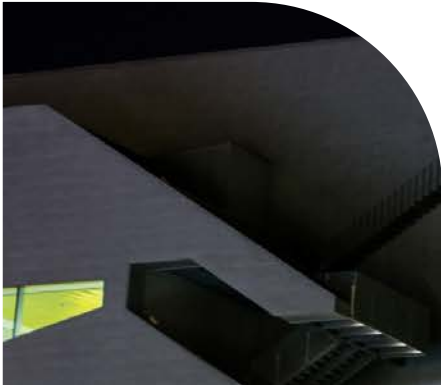
	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
Delivered	100,806			
A4-Pinto II ⁽¹⁾	29,473	1.2	13.7	8.6%
A2-Cabanillas III ⁽¹⁾	21,879	0.9	11.8	7.8%
A2-Cabanillas Park I F ⁽¹⁾	20,723	0.9	10.8	7.9%
A4-Seseña ⁽¹⁾	28,731	1.2	15.5	7.7%
In progress	272,746			
A2-San Fernando II	33,592	1.9	22.1	8.5%
A2-Azuqueca 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

04 Portfolio valuation



Portfolio valuation

MERLIN portfolio has been appraised by CBRE, Savills and JLL, for a total GAV of € 12,811m. GAV breakdown is the following:

	GAV (€ m)	LfL Growth	Gross yield	Yield expansion/(compression) ⁽¹⁾
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. ⁽²⁾	n.a.	0
Other	444	(6.2%)	3.0%	2
Equity method	575	+4.9%	n.a.	0
Total	12,811	(0.6%)	4.5%	(23)

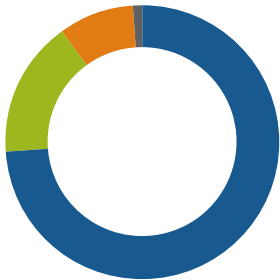
⁽¹⁾ Bps based on exit yield

⁽²⁾ For LfL Growth purposes WIP & land is included within its category

A broader analysis of the asset portfolio by valuation in the different categories is shown below:

OFFICES (BY GAV)

By geography



- Madrid **74%**
- Barcelona **16%**
- Lisbon **9%**
- Other Spain **1%**

By location



- Prime + CBD **53%**
- NBA **39%**
- Periphery **8%**

By product



- Multi tenant **68%**
- Single tenant **32%**

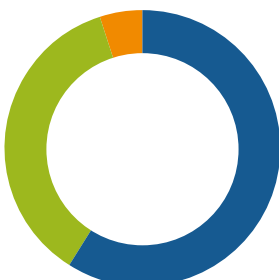
SHOPPING CENTERS (BY GAV)

By geography



- Madrid **25%**
- Valencia **10%**
- Lisbon **20%**
- Andalusia **7%**
- Galicia **13%**
- Other **15%**
- Catalonia **10%**

By type



- Urban **59%**
- Dominant **36%**
- Secondary **5%**

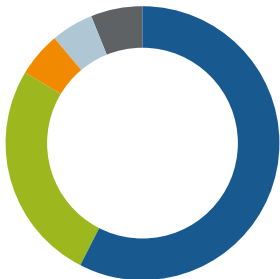
By size



- Extra-large **33%**
- Large **32%**
- Medium **20%**
- Small **15%**

LOGISTICS (BY GAV)

By geography



- Madrid **58%**
- Catalonia **26%**
- Seville **5%**
- Basque Country **5%**
- Other **6%**

By reach



- National **40%**
- Ports **30%**
- Regional **27%**
- Production related **3%**

By tenant type

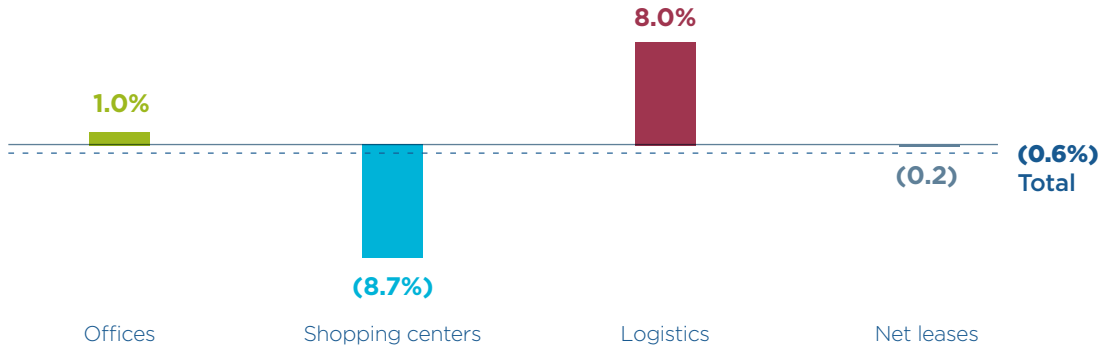


- 3PL mono-client **42%**
- 3PL multi-client **39%**
- End user **19%**



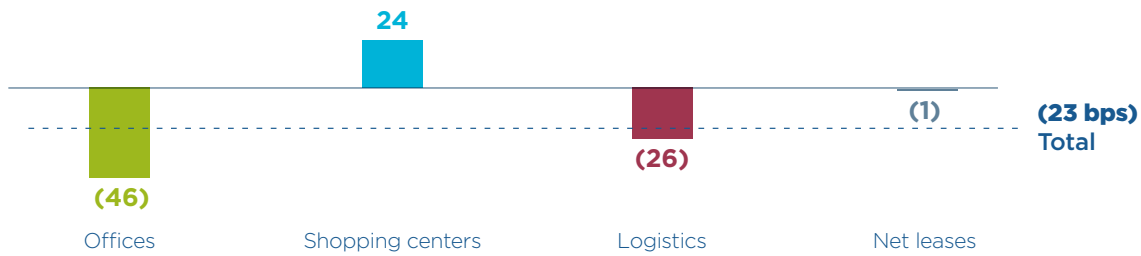
GAV EVOLUTION

GAV has increased by € 60m, raising from a GAV of € 12,751m as of 31 December 2019 to € 12,811m. The like-for-like decrease of GAV from 31 December 2019 is (0.6%)



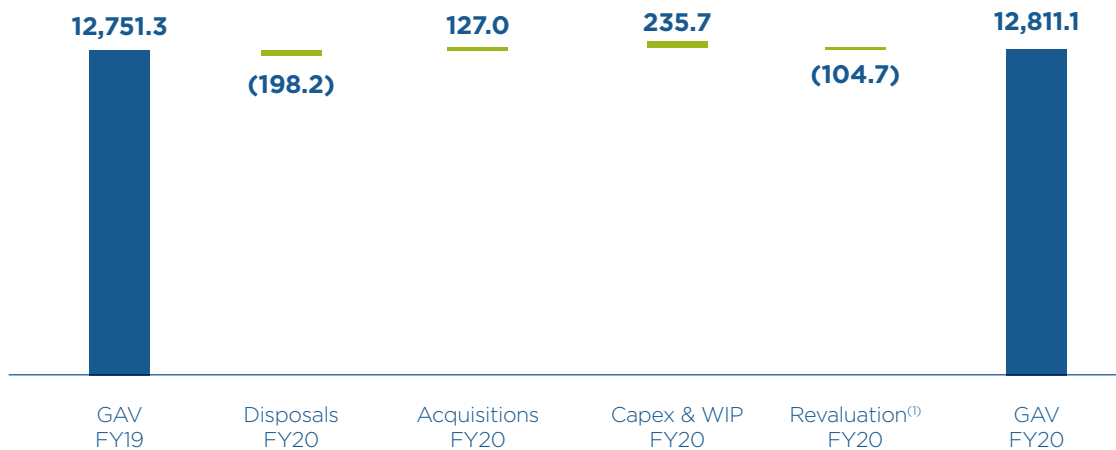
YIELD EXPANSION / (COMPRESSION)

Exit yields have compressed by 23 bps since December 2019



GAV BRIDGE

(€ millions)



⁽¹⁾ - € 105m revaluation FY20 = - € 84m P&L revaluation - € 1m equity method revaluation - € 15m Tree derivative - € 4m IFRS 16 adjustment

05

Financial statements



Financial statements

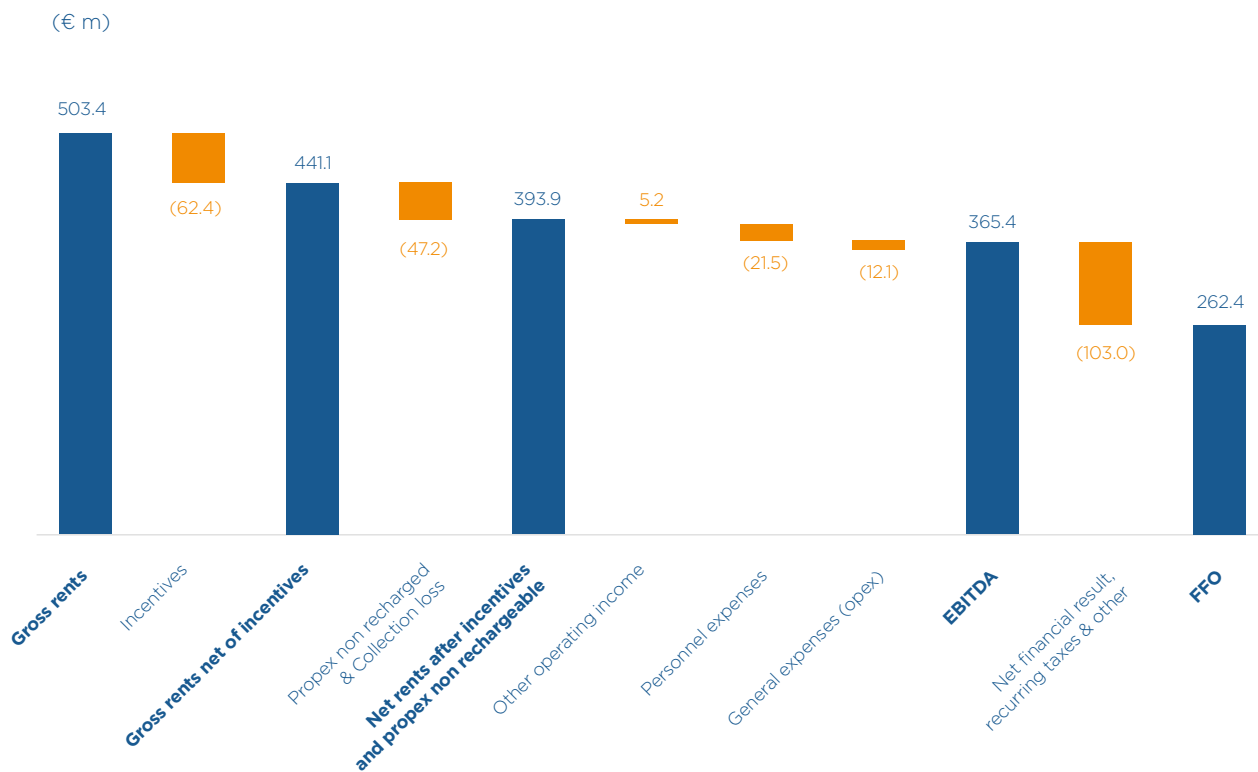
CONSOLIDATED INCOME STATEMENT

(€ thousand)	31/12/20	31/12/19
Gross rents	503,448	525,918
Offices	233,215	243,431
Shopping centers	114,374	127,300
Logistics	58,861	53,796
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	-	-
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE	56,358	563,639

I NOTES TO THE CONSOLIDATED INCOME STATEMENT

Gross rents (€ 503,448 thousand) less incentives of € 62,386 thousand equals to gross rents net of incentives of € 441,062 thousand. After deducting portfolio operating expenses not recharged to the tenants & collection loss (€ 47,194 thousand) the resulting amount is € 393,868 thousand of net rents. The total amount of operating expenses of the Company in the period is € 58,100 thousand, with the following breakdown:

- i. € 21,489 thousand correspond to personnel expenses
- ii. € 12,144 thousand of opex general expenses
- iii. € 18,232 thousand corresponding to the 2017-2019 long-term incentive plan (LTIP), already expired
- iv. € 6,235 thousand of Opex non-overheads operating expenses. The reconciliation between gross rents of the period and FFO is as follows:





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

I NOTES TO THE CONSOLIDATED BALANCE SHEET

Fair value of the portfolio corresponds to the appraisal value delivered by CBRE, Savills and JLL as of 31 December 2020. The referred appraisal value is reflected in the following accounting Items:

€ million	Notes	
Investment property	7	12,139.3
Derivatives (in non-current assets)	10	107.9
Equity method	9	434.1
Non current financial assets ⁽¹⁾	n.a.	103.7
Non-current assets	n.a.	0.9
Inventory	n.a.	19.5
Total balance sheet items		12,805.4
IFRS-16 (concessions)	7	(32.0)
Equity method adjustment	n.a.	37.5
Non-current assets adjustment	n.a.	0.3
Total valuation		12,811.1

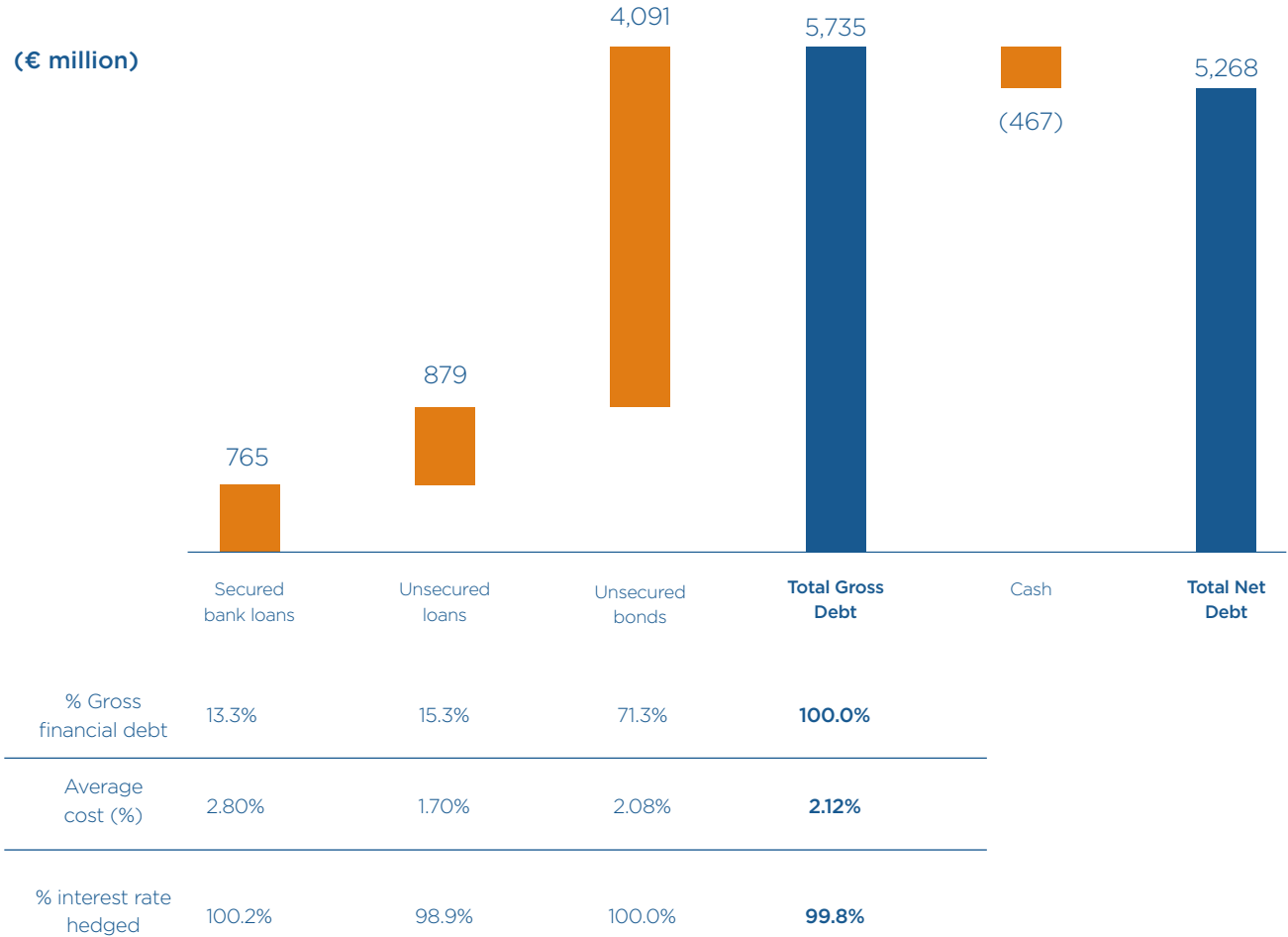
FINANCIAL DEBT

I FINANCIAL DEBT BREAKDOWN

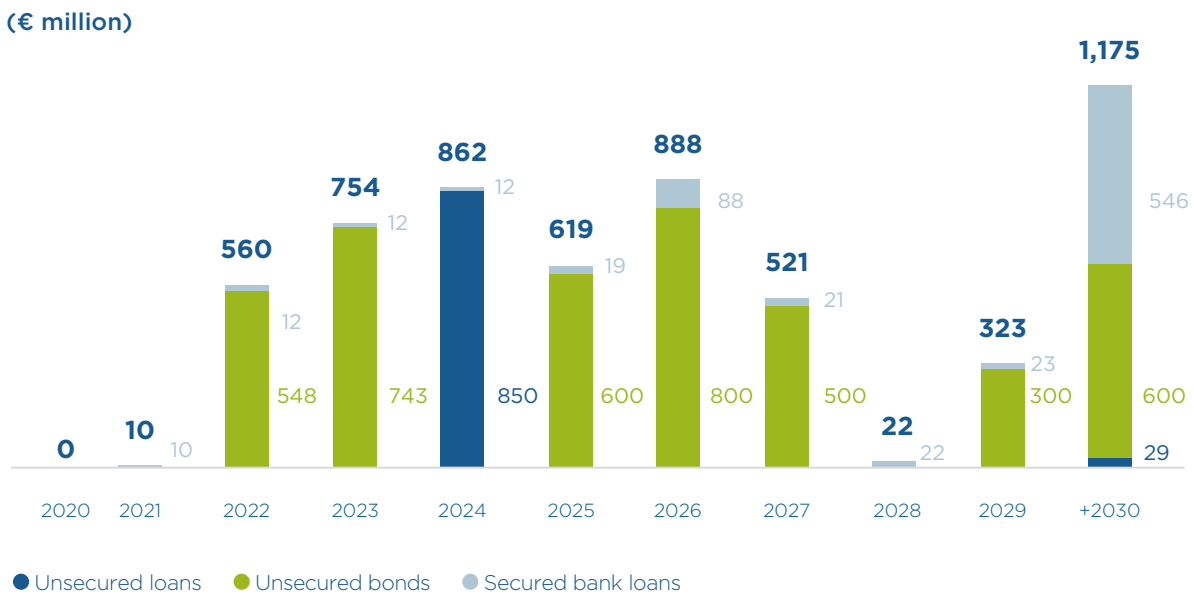
€ Thousand	Long term	Short term	Total
Financial debt	5,724,857	10,167	5,735,024
Loan arrangement costs	(94,302)	-	(94,302)
Debt interest expenses	-	38,108	38,108
Mark-to-market of interest-rate hedging contracts	127,345	1,277	128,622
Other financial liabilities (i.e. legal deposits)	135,586	6,018	141,604
Total debt	5,893,486	55,570	5,949,056

⁽¹⁾ Includes DCN loan and Aedas stake

MERLIN's net financial debt as of 31 December is € 5,268,483 thousand. This implies a Loan To Value of 39.9% including transfer costs, which represents an increase of 46 bps since 31/12/2019 (39.5%). The breakdown of MERLIN's debt is the following:



MERLIN'S debt has an average maturity period of 6.0 years. The chart showing debt maturity profile is the following



MERLIN's debt as of 31 December has an average cost of 2.12% (spot 1.80% plus derivatives cost). Nominal debt with interest rate hedged amounts to 99.8%. Key debt ratios are shown below:

(€ million)	31/12/2020	31/12/2019
Gross financial debt	5,735	5,567
Cash and equivalents ⁽¹⁾	(467)	(385)
Net financial debt	5,268	5,182
GAV	12,811	12,751
LTV	39.9%	39.5%
Av. Interest rate	2.12%	2.09%
Hedged debt	99.8%	99.5%
Av. Maturity (years)	6.0	6.4
Liquidity ⁽²⁾	1,253	1,200
Non-mortgage debt	86.7%	82.7%



⁽¹⁾ Includes cash and treasury stock (€ 54.1m), Juno's receivable (€ 70.0m) and Silicius receivable (€86.5m) in FY20 and cash, pending receivable of Juno (€ 70.0m) and treasury stock (€ 56.9m) in FY19

⁽²⁾ Includes available cash plus pending receivable of Juno & Silicius, treasury stock and undrawn credit facilities (€ 786m RCF and EIB loan) in FY20 and available cash plus pending receivable of Juno, treasury stock and unused and undrawn credit facilities in FY19

SHAREHOLDERS RETURN

The Shareholder Return for a given period is equivalent to the sum of (a) the change in the EPRA NTA per share of the Company during such period; and (b) the total dividends per share (or any other form of remuneration or distribution to the Shareholders) that are paid in such period (the “Shareholder Return”). The Shareholder Return Rate is defined as the Shareholder Return for a given period divided by the EPRA NTA per share of the Company at

the beginning of period (the “Shareholder Return Rate”). In accordance with these definitions, the Shareholder Return for 2020 amounts to € 0.22 per share (or € 102m of value created in absolute terms) and the Shareholder Return Rate amounts to 1.4%.

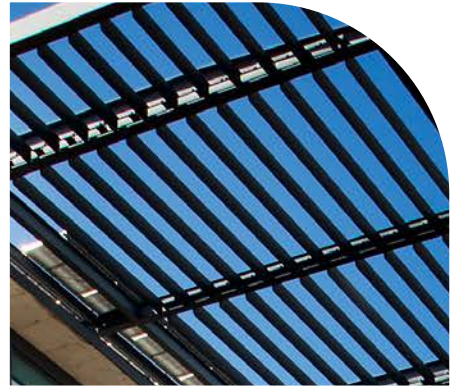
	Per share (€)	€ million
EPRA NTA 31/12/2019	15.39	7,230
NAV growth in 2020	0.07	34
EPRA NTA 31/12/2020	15.46	7,263
DPS	0.15	69
NTA growth + DPS (Shareholder Return)	15.61	7,332
Shareholder Return Rate	1.4%	1.4%

Figures may not add up due to the rounding



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Post-Closing events



Events 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)

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EPRA Metrics



EPRA Metrics

Performance Measure	Definition	31/12/2020	
		€ million	€ per share
EPRA Earnings	Earnings from core operational activities	262.4	0.56
NAV ⁽¹⁾	Net Asset Value (NAV) is calculated based on the consolidated shareholders' equity of the Group adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model, as per EPRA's recommendations	7,364	15.68
EPRA NRV	EPRA Net Reinstatement Value: assumes that entities never sell assets and aims to represent the value required to rebuild the entity	7,738	16.47
EPRA NTA	EPRA Net Tangible Assets: assumes that entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax	7,263	15.46
EPRA NDV	EPRA Net Disposal Value: represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax	6,544	13.93
EPRA Net Initial Yield	Annualized rental income based on the cash passing rents at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with acquisition costs	3.9%	
EPRA "topped-up" NIY	Adjustment to the EPRA Net Initial Yield in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents)	4.0%	
EPRA vacancy rate ⁽²⁾	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	6.1%	
EPRA Cost ratio (including direct vacancy costs)	Running costs of the Company divided by recurring rents including direct vacancy costs	19.7%	
EPRA Cost ratio (excluding direct vacancy costs)	Running costs of the Company divided by recurring rents excluding direct vacancy costs	17.2%	
EPRA costs (excluding non-recurring costs)	Recurring running costs of the Company divided by recurring rents	18.3%	



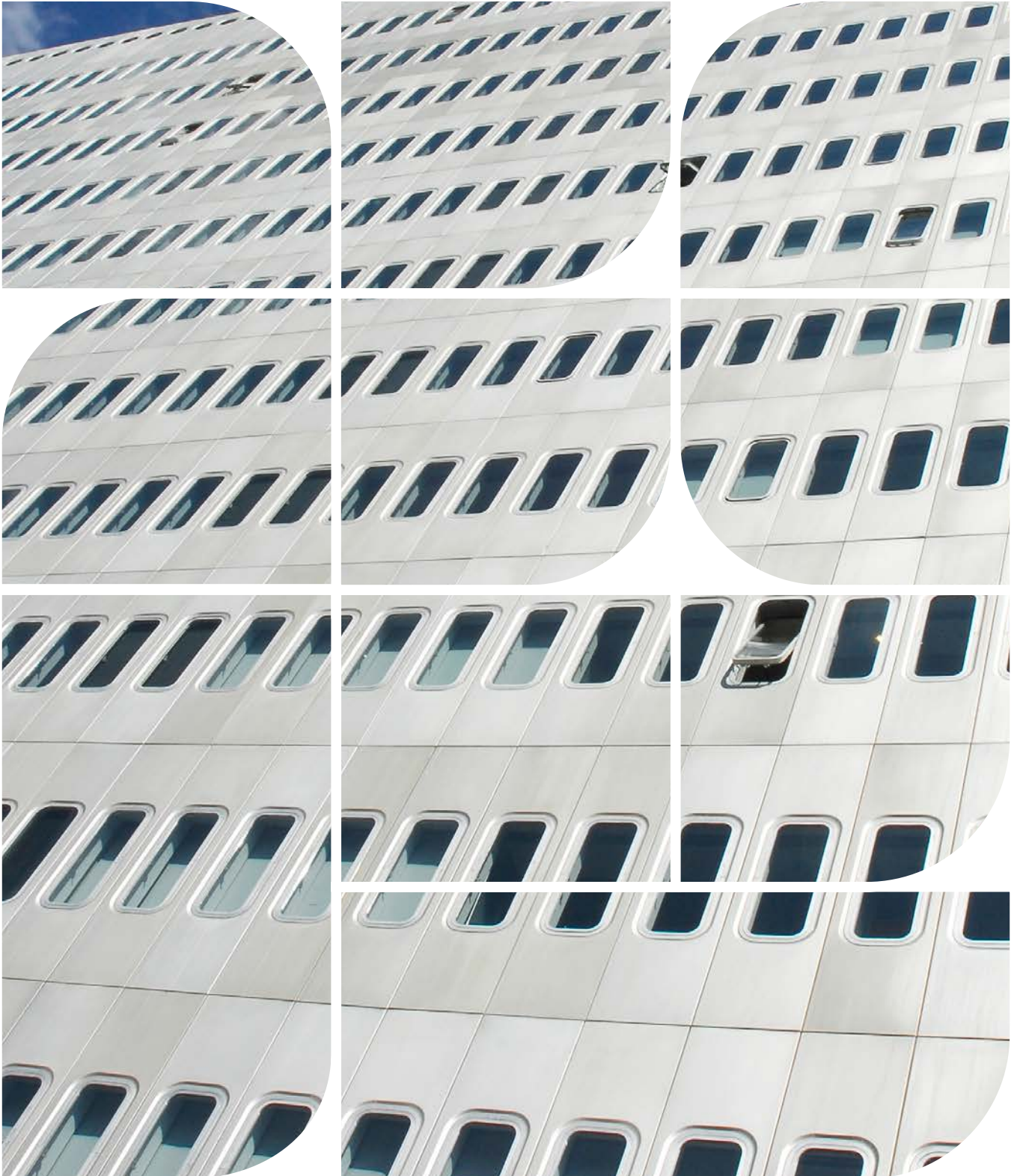
MERLIN Properties has been awarded by EPRA with the gold award of best practices in financial reporting. It is the highest recognition for an outstanding compliance with the best practices.

⁽¹⁾ Formerly EPRA NAV

⁽²⁾ ERV of occupied units under operations €533.0m, ERV of vacant units under operations €34.8m

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Stock exchange evolution

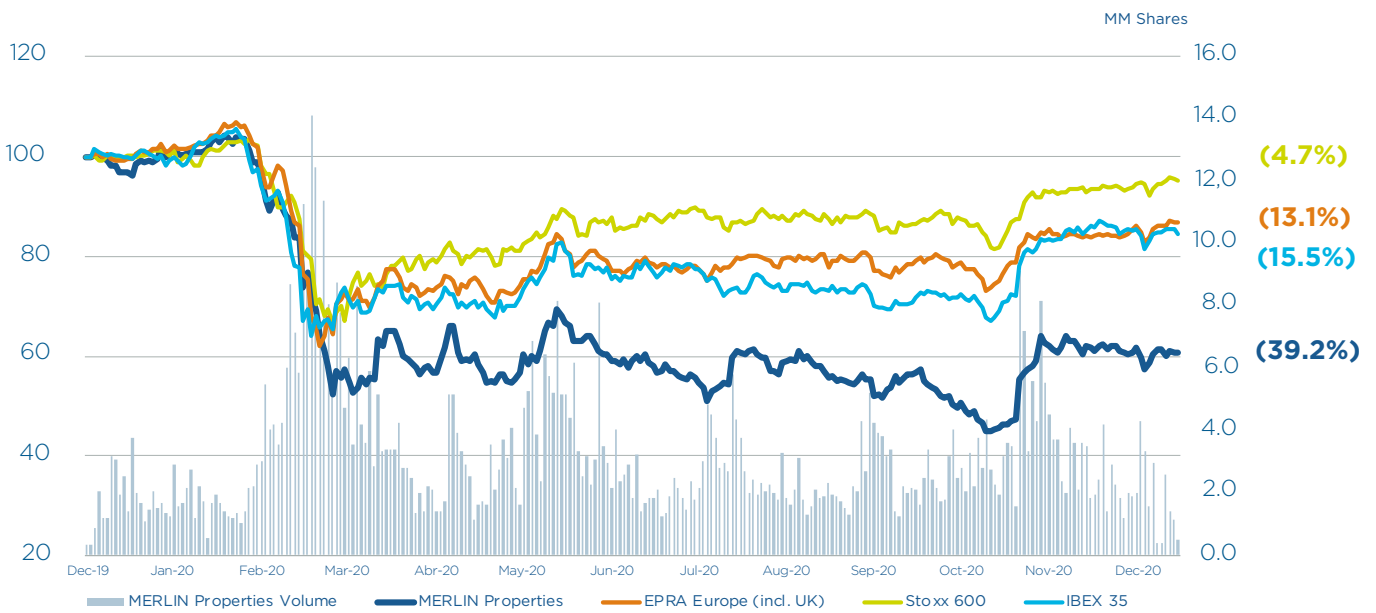


Stock exchange evolution

MERLIN shares closed on 31 December 2020 at € 7.78, a decrease of 39% versus 31 December 2019 closing price (€ 12.79).

I MERLIN SHARE PRICE PERFORMANCE⁽¹⁾ VS REFERENCE INDICES

From 31st December 2019 to 31st December 2020, Rebased to 100

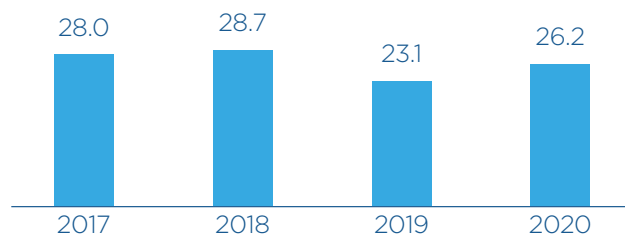


Source: Bloomberg

⁽¹⁾ Adjusted for any equity dilutive transactions

I AVERAGE DAILY TRADING VALUE (€ M)

Average daily trading volume during the period has been € 26.2 million



As of the date of this report, MERLIN is covered by a wide variety of 23 equity research houses. Consensus target price is € 10.07

■ TARGET PRICES AND ANALYST RECOMMENDATIONS

Broker	Report date	Recommendation	Target Price
 JBCapitalMarkets	10-02-2021	Neutral	10.00
BANK OF AMERICA 	18-01-2021	Buy	9.00
 Kepler Cheuvreux	13-01-2021	Buy	9.10
 SOCIETE GENERALE	07-01-2021	Neutral	8.30
bankinter.	03-12-2020	Buy	9.71
 ODDO BHF ASSET MANAGEMENT	16-11-2020	Neutral	9.00
 UBS	06-11-2020	Buy	9.00
 Green Street Advisors	01-10-2020	Buy	6.71
ALANTRA	23-09-2020	Buy	9.05
Morgan Stanley	03-09-2020	Neutral	8.00
 Goldman Sachs	31-08-2020	Sell	6.10
 citi	07-08-2020	Sell	5.90
 BPI <small>Grupo CaixaBank</small>	05-08-2020	Buy	9.55
 BARCLAYS	03-08-2020	Buy	8.90
renta4	13-07-2020	Buy	9.90
 Santander	11-06-2020	Buy	9.60
[®] Sabadell	05-06-2020	Buy	10.17
J.P.Morgan	01-04-2020	Buy	11.00
 intermoney valores sv	17-02-2020	Buy	14.50
 MIRABAUD	14-02-2020	Neutral	14.10
 Kempen	11-10-2019	Buy	15.00
 GVC Gaesco	14-05-2019	Buy	14.49
fidentiis	17-01-2019	Buy	14.50
Total Average			10.07



Appendix



EPRA METRICS

I EPRA EARNINGS

(€ thousand)	Notes	
Consolidated net profit in accordance with IFRS		56,358
Adjustments to calculate EPRA earnings		181,575
(i) changes in value of investment properties	7	86,112
(ii) gain/(losses) on disposal of assets	Consolidated income statement	14,300
(iii) absorption of revaluation on investment properties		-
(iv) non recurring taxes	n.a.	(3,046)
(v) share in equity method investees	n.a.	19,791
(vi) difference in business combination	3	-
(vii) changes in fair value of financial instruments and cancellation costs	n.a.	64,356
(viii) impairment of fiscal credit		-
(ix) gain/(losses) on disposal of financial instruments	Consolidated income statement	62
Minority interests in respect of previous adjustments		-
EPRA net earnings pre-specific adjustments		237,933
EPRA net earnings per share pre-specific adjustments		0.51
Company specific adjustments:		24,467
(i) LTIP provision	18 c	18,232
(ii) Opex non-overheads	18 b and c	6,235
EPRA net earnings post-specific adjustments		262,400
EPRA net earnings per share post-specific adjustments		0.56

I EPRA NRV, NTA AND NDV

(€ million)				
EPRA Net Asset Value Metrics	EPRA NRV	EPRA NTA	EPRA NDV	NAV⁽¹⁾
<i>IFRS Equity attributable to shareholders</i>	6,696.3	6,696.3	6,696.3	6,696.3
Include / Exclude:				
<i>i) Hybrid instruments</i>	-	-	-	-
Diluted NAV	6,696.3	6,696.3	6,696.3	6,696.3
Include:				
<i>ii.a) Revaluation of IP (if IAS 40 cost option is used)</i>	-	-	-	-
<i>ii.b) Revaluation of IPUC1 (if IAS 40 cost option is used)</i>	-	-	-	-
<i>ii.c) Revaluation of other non-current investments</i>	37.8	37.8	37.8	37.8
<i>iii) Revaluation of tenant leases held as finance leases</i>	-	-	-	-
<i>iv) Revaluation of trading properties</i>	-	-	-	-
Diluted NAV at Fair Value	6,734.1	6,734.1	6,734.1	6,734.1
Exclude:				
<i>v) Deferred tax in relation to fair value gains of IP</i>	597.0	497.3	-	597.0
<i>vi) Fair value of financial instruments</i>	33.0	33.0	-	33.0
<i>vii) Goodwill as a result of deferred tax</i>	-	-	-	-
<i>viii.a) Goodwill as per the IFRS balance sheet</i>	-	-	-	-
<i>viii.b) Intangibles as per the IFRS balance sheet</i>	-	(1.0)	-	-
Include:				
<i>ix) Fair value of fixed interest rate debt</i>	-	-	(190.0)	-
<i>x) Revaluation of intangibles to fair value</i>	-	-	-	-
<i>xi) Real estate transfer tax</i>	374.4	-	-	-
NAV	7,738.5	7,263.4	6,544.1	7,364.1
Fully diluted number of shares	469.8	469.8	469.8	469.8
NAV per share	16.47	15.46	13.93	15.68

I EPRA YIELDS

(€ million)	Offices	Shopping centers	Logistics
Asset value	6,322.4	2,207.5	1,026.1
Transfer tax	147.6	76.3	34.0
Gross asset value	6,470.1	2,283.8	1,060.0
Exclude			
WIP & Land	(700.0)	0.0	0.0
Commercial property portfolio GAV	5,770.1	2,283.8	1,060.0
Gross rents annualized	229.4	110.9	57.9
Exclude:			
Propex not recharged to tenants	(17.3)	(12.1)	(4.7)
“Topped-up” net rents annualized	212.0	98.8	53.1
Exclude:			
Incentives	(5.6)	(3.4)	(2.1)
Net rents annualized	206.5	95.3	51.0
EPRA “topped-up” yield	3.7%	4.3%	5.0%
EPRA net initial yield	3.6%	4.2%	4.8%

⁽¹⁾ Calculated as per the previous EPRA NAV definition. From now onwards, MERLIN will report the EPRA NRV, EPRA NTA and EPRA NDV



Net Leases	Other	WIP	TOTAL
1,845.8	444.3	389.8	12,235.9
57.2	11.1	34.7	361.0
1,903.1	455.4	424.5	12,596.9
0.0	(116.8)	(424.5)	(1,241.3)
1,903.1	338.6	-	11,355.5
86.1	9.9	-	494.1
(0.9)	(1.5)	-	(36.6)
85.1	8.4	-	457.5
(0.3)	(1.0)	-	(12.4)
84.8	7.5	-	445.1
4.5%	2.5%	-	4.0%
4.5%	2.2%	-	3.9%

EPRA COST RATIO

(€ thousand)	Notes	31/12/2020
Property expenses not recharged to tenants	18 b	(45,454)
Collection loss	18 b	(1,740)
Personnel expenses	18 c	(39,721)
Opex general expenses	18 b	(12,144)
Opex non-overheads	18 b and 18 c	(6,235)
LTIP accrual	18 c	18,232
Exclude:		
Investment property depreciation		-
Ground rent costs		-
Service charge recovered through rents but not invoiced separately		-
Expenses related to 3rd party asset management services		-
EPRA Cost ratio (including direct vacancy costs)		(87,062)
Gross rents	8.2	503,448.0
Less: incentives	n.a	(62,386.0)
Less: ground rent costs		0.0
Gross rental income	18 a	441,062.0
EPRA Cost ratio (including direct vacancy costs)		19.7%
EPRA Cost ratio (excluding direct vacancy costs)		17.2%

Note: as a per MERLIN's policy the company does not capitalize overheads or operating expenses

ALTERNATIVE PERFORMANCE MEASURES

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA), the alternative performance measures (“APM”) are described as follows.

GLOSSARY

Average debt maturity (years)

This APM represents the average debt duration of the Company until maturity.

It is a relevant metric as it provides the investor with the relevant information about the repayment commitments of the financial liabilities.

It is calculated as the addition of the pending years to maturity of each loan multiplied by its outstanding loan amount and divided by the total outstanding amount of all loans.

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements but the main information is available in the consolidated financial statements.

Average passing rent

It represents the rent per square meter per month at which an asset or category of assets are rented at a moment in time.

The average passing rent is a relevant performance metric as it shows the implied rents of all the prevailing lease contracts of the company at a moment in time per square meter and per month enabling the comparison with market rents.

Given the nature of the metric, it is not possible to reconcile it with the financial statements.

Release spread

Difference between the new rent signed and the old prevailing rent on renewals (same space, same tenant) or relets (same space, different tenant) during last twelve months.

The release spread provides the investor with a view on the prospective rental behaviour when negotiating with the tenants.

It is calculated on a lease by lease basis and therefore it is not possible to reconcile it with the financial statements.

Rents Like-for-like

Amount of the gross rents comparable between two periods. It is calculated on an asset by asset basis excluding from both periods the rents derived from acquisitions or disposals executed in such periods as well as other adjustments like early termination penalties from lease contracts.

We consider the rental like-for-like growth a relevant metric to understand the evolution of rents of an asset or an asset category.

It is calculated on an asset by asset basis and therefore it is not possible to reconcile it with the financial statements.

Gross annualized rents

Passing rent as of the balance sheet date multiplied by 12.

We consider the gross annualized rents a relevant performance metric as it represents the total amount of rents of the prevailing lease contracts at a given time enabling the calculation of the return of each asset (Gross yield).

Given the nature of the metric, it is not possible to reconcile it with the financial statements.

GAV

The GAV is the Gross Asset Value as of the latest available valuation report plus the advanced payments of turn-key projects and developments at cost.

The GAV is a standard valuation metric for comparison purpose, recognized on a global basis in the real estate sector, and performed by an independent external appraisal.

The reconciliation with the financial statements appears in Section 5 of this report (Notes to the consolidated balance sheet).

Gross yield

It represents the return of an asset or category of assets. It is calculated by dividing the annualized gross rent between the latest available GAV.

Wault

Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from the date balance sheet, until the lease contract first break weighted by the gross rent of each individual contract.

We consider the Wault a relevant metric as it provides the investor with the average term of secured leases and gives a sense of risk or opportunity to renegotiate the prevailing lease contracts.

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements.

Revenues

Is the addition of the total gross rent income, and the other operating income excluding extraordinaries.

The reconciliation with IFRS appears in the table thereafter.

Accounting EBITDA

The accounting EBITDA is calculated as the net operating income before net revaluations, amortizations, provisions, interest and taxes.

The accounting EBITDA is a performance metric widely used by investors to value companies, as well as the rating agencies and creditors to evaluate the level of indebtedness.

The reconciliation with IFRS metrics appears in the table hereafter.

EBITDA

The EBITDA is calculated as the Accounting EBITDA deducting the “non-overheads” costs and the LTIP Provision.

The EBITDA is a very useful metric as it excludes the impact of atypical costs incurred in the period. The atypical costs or “non-overheads” costs are the ones related to the acquisition and disposal of assets and indemnities among others (as described in the IPO prospectus).

The reconciliation with IFRS metrics appears in the table hereafter.

Accounting FFO and FFO

Accounting FFO or Accounting Funds From Operations is calculated as EBITDA less debt interest expenses and recurring taxes (excluding taxes from disposals or other extraordinary events).

FFO is calculated deducting the non-overheads costs of the company from the Accounting FFO.

It is a relevant performance and liquidity metric recognized on a global basis in the real estate sector.

MERLIN Properties, as a member of EPRA (European Public Real Estate Association), follows EPRA's best practices reporting standards which enables the investor to better compare certain performance metrics that are specific to the real estate sector. This metrics are released on a semi-annual basis and detailed in the management report.

EPRA costs

It is calculated as total operating costs of the company divided by the gross rents net of incentives.

This performance metric shows the operating efficiency on a recurring basis.

The reconciliation with the Financial Statements appears in the Appendix of this report.

EPRA Earnings

Earnings from core operational activities as per EPRA's recommendations.

The reconciliation with the Financial Statements appears in the Appendix of this report.

EPRA NRV, EPRA NTA and EPRA NDV

EPRA Net Reinstatement Value: Assumes that entities never sell assets and aims to represent the value required to rebuild the entity

EPRA Net Tangible Assets: Assumes that entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax

EPRA Net Disposal Value: Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax

EPRA Yields

Net Initial Yield: Annualized rental income based on the passing rents at the balance sheet date, less non recoverable property operating expenses, divided by the market value of the property (GAV) increased with acquisition costs.

EPRA “Topped-up” NIY: Adjustment to the EPRA Net Initial Yield in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

These are two relevant performance metrics widely used to compare the return of the real estate assets in the portfolio, based on the prevailing lease contracts at a given date regardless of the financial structure of the company as per EPRA's recommendations.

The calculation is provided in the Appendix of this report.

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements.

EPRA Vacancy Rate

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements.

I RECONCILIATION OF THE ALTERNATIVE PERFORMANCE MEASURES WITH CONSOLIDATED FINANCIAL STATEMENTS

(€ thousand)	Notes	FY20	FY19
Total revenues	18 a	446,132	514,853
Other operating income	Consolidated income statement	2,640	2,799
Personal expenses	18 c	(40,888)	(6,854)
Other operating expenses	18 b	(66,936)	(64,473)
Accounting EBITDA		340,948	376,324
<i>Costs related to acquisition and disposals</i>	18 b	4,173	4,492
<i>Other costs</i>	18 b	894	120
<i>Severances</i>	18 c	1,167	328
Non-overhead costs	18 b and 18 c	6,235	4,939
Long term incentive plan	18 c	18,232	44,242
EBITDA		365,414	425,505
Financial expenses excluding debt arrangement costs	Consolidated income statement	(127,360)	(112,415)
Equity method net income	n.a	16,347	6,012
IFRS16 Adjustment	n.a	4,273	-
Bond repurchase	n.a	6,026	
Current taxes	n.a	(2,300)	(6,030)
Extraordinary financial income	n.a	-	205
FFO		262,400	313,277
Non-overhead costs	18 b and 18 c	(6,235)	(4,939)
Accounting FFO		256,165	308,338
(€ thousand)			
Gross rental income	Consolidated income statement and 8.2	503,448	525,918
Revenue from rendering of services	18 a	5,070	3,327
Other net operating income	n.a	110	1,387
Revenues		508,628	530,631

LIST OF ASSETS

Asset	Location	G.L.A sqm AG
Torre Castellana 259	Madrid	21,390
Castellana 280	Madrid	16,803
Castellana 278	Madrid	14,468
Castellana 93	Madrid	11,650
Castellana 85*	Madrid	16,474
Plaza Pablo Ruíz Picasso*	Madrid	31,576
Alcala 40	Madrid	9,315
Principe de Vergara 187	Madrid	10,732
Alfonso XI	Madrid	9,945
Pedro de Valdivia 10	Madrid	6,721
Beatriz de Bobadilla 14	Madrid	17,055
Princesa 3	Madrid	17,810
Princesa 5	Madrid	5,693
Plaza de los Cubos	Madrid	13,528
Ventura Rodriguez 7	Madrid	10,071
Juan Esplandiú 11-13	Madrid	28,008
Eucalipto 33	Madrid	7,301
Eucalipto 25	Madrid	7,368
Santiago de Compostela 94	Madrid	13,130
Parking Princesa**	Madrid	-
Total Madrid Prime + CBD		269,037
Ulises 16-18	Madrid	9,576
Josefa Valcarcel 48	Madrid	19,893
Alvento	Madrid	32,928
Cristalia	Madrid	11,712
Trianon	Madrid	18,400
Ribera del Loira 36-50	Madrid	39,150
Ribera del Loira 60	Madrid	54,960
Partenon 12-14	Madrid	19,609
Partenon 16-18	Madrid	18,343
Arturo Soria 128	Madrid	3,226
Total Madrid NBA A2		227,798

*Project under development

**Below ground surface has not been taken into account for G.L.A. purposes.



Asset	Location	G.L.A sqm AG
Torre Chamartin	Madrid	18,295
Arturo Soria 343*	Madrid	6,615
Manoteras 18	Madrid	7,515
Fuente de la Mora	Madrid	4,482
Aquamarina	Madrid	10,685
Via Norte	Madrid	37,224
María de Portugal 9-13	Madrid	17,191
Las Tablas	Madrid	27,184
Avenida de Burgos 210**	Madrid	7,376
Manuel Pombo Angulo 20	Madrid	3,623
Avenida de Bruselas 24	Madrid	9,163
Avenida de Bruselas 26	Madrid	8,895
Avenida de Bruselas 33	Madrid	33,718
Avenida de Europa 1A	Madrid	12,606
Avenida de Europa 1B	Madrid	10,495
Maria de Portugal T2	Madrid	17,139
Adequa 1	Madrid	27,426
Adequa 2***	Madrid	3,710
Adequa 3	Madrid	15,937
Adequa 5	Madrid	13,790
Adequa 6	Madrid	13,789
Adequa 4*	Madrid	15,793
Adequa 7*	Madrid	32,109
Total Madrid NBA A1		351,050
Francisco Delgado 9A	Madrid	5,496
Francisco Delgado 9B	Madrid	5,400
Atica 1	Madrid	7,080
Atica 2	Madrid	5,644
Atica 3	Madrid	5,746
Atica 4	Madrid	4,936
Atica 5	Madrid	9,526
Atica 6	Madrid	3,434
Atica XIX	Madrid	15,411
Cerro Gamos 1	Madrid	36,105
Alvia	Madrid	23,567
Total Madrid Periphery		122,344

*Project under development

***Including 1,200 sqm under development

**Excluded from perimeter

Asset	Location	G.L.A sqm AG
Diagonal 605	Catalonia	13,793
Diagonal 514	Catalonia	9,664
Diagonal 458	Catalonia	4,174
Plaza de Catalunya 9*	Catalonia	3,048
Balmes 236-238	Catalonia	6,187
Vilanova 12-14	Catalonia	16,494
Gran Vía Cortes Catalanas 385	Catalonia	5,190
Diagonal 211 (Torre Glòries)	Catalonia	37,614
Diagonal 199	Catalonia	5,934
Llull 283 (Poble Nou 22@)	Catalonia	31,337
Loom 22@ Ferreteria*	Catalonia	2,018
Total Barcelona Prime + CBD		135,453
WTC6	Catalonia	14,461
WTC8	Catalonia	14,597
Av. Parc Logistic 10-12 (PLZFA)	Catalonia	11,411
Av. Parc Logistic 10-12 (PLZFB)	Catalonia	10,652
Total NBA WTC		51,121
Sant Cugat I	Catalonia	15,377
Sant Cugat II	Catalonia	10,008
Total Periphery		25,385
Monumental*	Lisbon	25,385
Marques de Pombal 3	Lisbon	12,461
Torre Lisboa	Lisbon	13,715
Central Office	Lisbon	10,310
Torre Zen	Lisbon	10,207
Art	Lisbon	22,150
TFM	Lisbon	7,837
Lisbon Expo	Lisbon	6,740
Total Lisbon Prime + CBD		108,805
Nestlé	Lisbon	12,260
Total Lisbon NBA		12,260

*Project under development



Asset	Location	G.L.A sqm AG
Lerida - Mangraners	Catalonia	3,228
Zaragoza - Aznar Molina	Zaragoza	4,488
Sevilla - Borbolla	Andalusia	13,037
Granada - Escudo del Carmen	Andalusia	2,040
TOTAL OFFICES		1,322,695*
Marineda	Galicia	100,475
Arturo Soria	Madrid	6,069
Centro Oeste	Madrid	10,876
Tres Aguas	Madrid	67,691
X-Madrid	Madrid	47,105
Callao 5	Madrid	11,629
Larios	Andalusia	37,956
Porto Pi	Mallorca	32,795
Artea	Basque Country	25,922
Arenas	Catalonia	31,905
Vilamarina	Catalonia	32,191
Saler	Valencian C.	29,360
La Vital	Valencian C.	20,878
Bonaire	Valencian C.	14,455
Almada	Lisbon	60,098
TOTAL SHOPPING CENTERS		529,405

*Adequa 2 is excluded from the perimeter (1,326,404 if included)

Asset	Location	G.L.A sqm AG
A2-Coslada	Madrid	28,491
A2-Coslada Complex	Madrid	36,234
A4-Getafe (Cla)	Madrid	16,100
A4-Getafe (Los Olivos)	Madrid	11,488
A2-Meco I	Madrid	35,285
A4-Pinto I	Madrid	11,099
A4-Pinto II	Madrid	58,990
A4-Getafe (Gavilanes)	Madrid	39,591
A2-Meco II	Madrid	59,814
A2-San Fernando I	Madrid	11,179
A2-San Fernando II*	Madrid	33,592
A2-San Fernando III*	Madrid	98,924
A4-Seseña	Castilla La Mancha	28,731
A2-Alovera	Castilla La Mancha	38,763
A2-Azuqueca I	Castilla La Mancha	27,995
A2-Azuqueca II*	Castilla La Mancha	98,757
A2-Azuqueca III*	Castilla La Mancha	51,000
A2-Cabanillas I	Castilla La Mancha	70,134
A2-Cabanillas II	Castilla La Mancha	15,078
A2-Cabanillas III	Castilla La Mancha	21,879
A2-Cabanillas Park I A	Castilla La Mancha	38,054
A2-Cabanillas Park I B	Castilla La Mancha	17,917
A2-Cabanillas Park I C	Castilla La Mancha	48,468
A2-Cabanillas Park I D	Castilla La Mancha	47,892
A2-Cabanillas Park I E	Castilla La Mancha	49,793
A2-Cabanillas Park I F	Castilla La Mancha	20,723
A2-Cabanillas Park II*	Castilla La Mancha	210,678
A2-Cabanillas Park G-H-I-J*	Castilla La Mancha	92,994
Barcelona-ZAL Port	Catalonia	735,960
Barcelona-Sant Esteve	Catalonia	16,811
Barcelona-PLZF	Catalonia	131,624
Zaragoza-Pedrola	Zaragoza	21,579
Zaragoza-Plaza	Zaragoza	20,764
Zaragoza-Plaza II	Zaragoza	11,421
Valencia*	Valencian C.	96,572
Valencia-Almussafes	Valencian C.	26,613
Valencia-Ribarroja	Valencian C.	34,992
Vitoria-Jundiz I	Basque Country	72,717
Vitoria-Jundiz II	Basque Country	26,774
Sevilla Zal	Andalusia	124,725
Sevilla Zal WIP*	Andalusia	29,174
Lisbon Park	Lisbon	224,864
TOTAL LOGISTICS		2,894,231

*Project under development



Asset	Location	G.L.A sqm AG
Tree		286,290
Caprabo	Catalonia	64,252
TOTAL NET LEASES		350,542
Eurostars Torre Castellana 259	Madrid	31,800
General Ampudia 12*	Madrid	-
Yunque	Madrid	1,780
San Francisco de Sales	Madrid	171
Local Plaza Castilla	Madrid	311
Locales Torre Madrid	Madrid	4,344
Torre Madrid residencial	Madrid	120
A4-Getafe**	Madrid	22,508
Novotel Diagonal 199	Catalonia	15,332
Jovellanos 91	Catalonia	4,067
Rambla Salvador Sama 45-47-49	Catalonia	1,140
Hotel Marineda	Galicia	5,898
Parking Palau*	Valencian C.	-
Bizcargi 11D	Basque Country	46
TOTAL OTHER		87,517

* Below ground surface has not been taken into account for G.L.A. purposes

**Project under development



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