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## TO THE NATIONAL SECURITIES MARKET COMMISSION

MERLIN Properties, SOCIMI, S.A. (“MERLIN”), in compliance with the applicable legislation, hereby notifies the following

### RELEVANT INFORMATION

MERLIN will hold a conference call with analysts and institutional investors on Friday, July 29<sup>th</sup>, 2022, at 3 p.m. Madrid/CET time, which can be followed on-line, through audio and video conference, with the following link and access code:

Webcast Link:

<https://streamstudio.world-television.com/1364-2525-33410/en>

Event number: 446776

Participant Dial in numbers:

France 09 70 73 39 58  
Germany 032 22109 8334  
Italy 06 9450 1060  
Netherlands 085 888 7233  
Spain 919 01 16 44  
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United States 1 646 664 1960  
All other locations +44 20 3936 2999

Attached you will find the press release and supporting documentation for the presentation that is also available on MERLIN’s corporate website ([www.merlinproperties.com](http://www.merlinproperties.com))

Madrid, July 28<sup>th</sup> 2022.

## Excellent first half of the year for MERLIN Properties, with rental and occupancy growth

- Gross rents: € 222.6 million (+8.3% YoY)
- EBITDA: € 165.8 million (+21.7% YoY)
- Net asset value per share: € 17.10 (+10.0% YoY)
- Operating profit (FFO): € 157.5 million (+19.5% YoY)
- Net earnings: €491.6 million (+158.3% YoY)

- The BBVA portfolio disposal has been a transformational milestone for the Company. As a result, loan-to-value (LTV) is reduced by 1,174 bps to 27.4% and an extraordinary dividend of 75 cents per share will be distributed on August 18<sup>th</sup> (LTV PF 30.4%)
- Operating profit (FFO) exceeds €157 million (equivalent to 34 cents per share). We raise our FFO estimate for 2022 from 58 to 60 cents per share
- Growth in all key financial and operating metrics such as occupancy (95.1% +69 bps vs. 3M22 PF), like-for-like rents (+7.1% vs. 6M21) and FFO (+19.5% vs. 6M21)
- Valuations remain stable (+1.2% LfL vs. FY21), with a moderate yield expansion (+15 bps) offset by rental growth
- Net asset value according to EPRA recommendations (EPRA NTA) stands at €17.10 per share (€16.35 PF after deducting the extraordinary dividend to be paid in August)

**Madrid, 28<sup>th</sup> July** – MERLIN Properties has reported 6M22 results, with total revenues of €226.6 million (including gross rents of €222.6 million), EBITDA of €165.8 million, FFO of €157.5 million (34 cents per share) and net earnings of €491.6 million.

Gross asset value (GAV) of the portfolio amounts to €11,390 million, with slight growth on a like-for-like basis (+1.2%), mainly driven by logistics (+3.6%). Net asset value amounted to €8,035 million (€17.10 per share), up 10.0% compared to the first semester of 2021.

With the sale of BBVA portfolio, the Company significantly reduces the Loan to Value to 27.4% (30.4% PF post extraordinary dividend), following the repayment of €2,068m of gross debt including €670m of BBVA's portfolio mortgage loan, €850m of syndicated loan and €548m from the cancellation of the 2022 bond. Furthermore, 100% of the debt is fixed rate, 98% of the debt is unsecured and the Company has a liquidity position of €1,773m. In addition, 100% of the bonds issued have been requalified into green bonds. This financial situation allows the company to navigate challenging times with relative peace of mind.

### Offices

- Business performance

Excellent performance of the office portfolio, highlighting the increase in LfL rents (+5.5%), release spread (+6.3%) and occupancy which stands at 90.4% (+126 bps of recovery since the Covid-19 trough in 6M21).

- Landmark Plan I

Works on Plaza Ruiz Picasso are progressing well, with strong commercial interest from potential tenants.

### Logistics

- Business performance

Outstanding performance in the logistics portfolio with record growth in LfL rents (+9.3%) thanks to virtually full occupancy (+99.2%), inflation and release spread (+6.7%). Commercial activity in the logistics market continues to be strong after signing more than 150,000 sqm in the first half of the year. Full occupancy in ZAL Port (100%).

- Best Plan II & III

The Cabanillas Park I H warehouse has been completed and delivered to DSV, leaving only the two turnkey projects, DSV in Cabanillas Park I J and Logista in Cabanillas Park II, to be delivered to the tenants.

### Shopping Centers

- Business performance

Good operating performance, with a +5.4% release spread, stable occupancy of 94.3% (+4 bps vs. 3M22) and an effort rate that remains at sustainable levels (12.5%). Continued recovery in footfall and sales with growth of 30.6% and 44.8%, respectively, in 6M22 vs. the same period in 2021.

### Mega Plan (Data Centers)

The Data Center program has reached cruising speed after starting works in Bilbao-Arasur and obtaining licenses in Madrid-Getafe and Barcelona-PLZF, where works will begin very soon.

### Sustainability

The Company has achieved three important milestones in sustainability: first, it has launched its Pathway to Net Zero, which sets out the roadmap to be a net zero emissions company by 2030; second, it has requalified all its outstanding bonds into green bonds; and finally, it has completed 100% of the certification program in Shopping Centers.

### Portfolio valuation

The Gross Asset Value (GAV) of MERLIN amounts to €11,390 million as of June 30<sup>th</sup>, 2022, according to valuations carried out by Savills, CBRE and JLL, which represents a growth in comparable terms (+1.2%) compared to December 2021. By asset category, the logistics portfolio stands out (+3.6%) with offices (+1.2%) and shopping centers (-0.4%) remaining stable. Net asset value amounted to €8,035 million, equivalent to €17.10 EPRA NTA per share, a solid increase of 10.0% vs. 6M21.

As part of its non-core asset disposal policy, MERLIN has divested €111.2 million at an 8.9% premium to latest appraisal, including four office buildings comprising 33,738 sqm, a high-street retail unit and a minority stake in an office building.

### Dividend

As a result of the disposal of the BBVA portfolio, an extraordinary dividend of 75 cents per share will be paid on August 18<sup>th</sup>. In addition, regarding the ordinary dividend, we revise our estimate for 2022 from 40 cents to 42 cents per share, subject to the decision and approval by the Company's Board of Directors.

### About MERLIN Properties

MERLIN Properties SOCIMI, S.A. (MC:MRL) is the largest real estate company trading on the Spanish Stock Exchange. Specialized in the acquisition and management of commercial property in the Iberian region, MERLIN Properties mainly invests in offices, shopping centers and logistics facilities, within the Core and Core Plus segments, forming part of the benchmark IBEX-35, Euro STOXX 600, FTSE EPRA/NAREIT Global Real Estate, GPR Global Index, GPR-250 Index, and MSCI Small Caps indices and DJSI.

Please visit [www.merlinproperties.com](http://www.merlinproperties.com) to learn more about the company.

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# 6M22 **Results** Presentation

29 July 2022





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**ISMAEL CLEMENTE**  
CEO



**MIGUEL OLLERO**  
COO







### Operating performance

- **Good performance in all three asset categories** with outstanding LfL rental growth (+7.1%) and occupancy at 95.1% (+69 bps vs. PF 3M22)
- **Offices** delivering excellent operating performance: +5.5% LfL rental increase, +6.3% release spread and 90.4% occupancy
- **Logistics** outperforming with +9.3% LfL growth, +6.7% release spread and 99.2% occupancy
- Solid operating performance in **retail**, with +6.0% LfL growth, +5.4% release spread and 94.3% occupancy

### Financial performance

- **€ 0.34 FFO per share**, +19.5% increase compared to 6M21
- **Flat revaluation (+1.2% LfL vs FY21)** in the period, taking on some yield expansion (15 bps) offset by rental growth
- Thanks to the BBVA portfolio disposal, € 670m mortgage loan and € 850m syndicated loan have been repaid YTD. Additionally, € 548m bond was repaid in February reducing the LTV from 39.2%
- Strong financial situation: **27.4% LTV (30.4% PF post-dividend)**, 100% interest rate fixed, 98% of unsecured debt and 100% of outstanding bonds requalified as green
- Total shareholder return of **+7.7%** in the semester

### Value creation

- **€ 2.1bn of BBVA portfolio disposal** at a 17.1% premium to GAV
- **€ 111m of non-core disposals** at an 8.9% premium to GAV
- **Landmark plan:** Plaza Ruiz Picasso under refurbishment with excellent lease-up prospects
- **Mega:** Bilbao works underway. Licenses obtained in Madrid-Getafe and Barcelona-PLZF. Works will start in 3Q22

### Extraordinary dividend

- The company has approved an extraordinary dividend linked to the disposal of the BBVA portfolio amounting to € 0.75 p.s, it will be paid on August 18<sup>th</sup>





## 6M22 **Financial** results



## 6M22 Financial results



### FFO OF € 0.34 PER SHARE, ON TRACK TO EXCEED OUR 2022 GUIDANCE (€ 0.58 PER SHARE)

(€ million)		6M22	6M21 restated <sup>(1)</sup>	YoY
Gross rents		222.6	205.4	+8.3%
Gross rents after incentives		<b>209.3</b>	<b>177.0</b>	<b>+18.3%</b>
Net rents <sup>(2)</sup>		186.4	153.1	+21.8%
EBITDA <sup>(3)</sup>		165.8	136.2	+21.7%
Margin		74.5%	66.3%	
FFO <sup>(4)</sup>		<b>157.5</b>	<b>131.7</b>	<b>+19.5%</b>
Margin		70.7%	64.1%	
AFFO		152.8	124.4	+22.8%
IFRS net profit		491.6	190.3	+158.3%
EPRA NTA	7,682 pro-forma after extraordinary dividend	8,034.5	7,304.2	+10.0%
(€ per share)				
FFO		<b>0.34</b>	<b>0.28</b>	<b>+19.5%</b>
AFFO		0.33	0.26	+22.8%
EPS		1.05	0.41	+158.3%
EPRA NTA	16.35 pro-forma after extraordinary dividend	<b>17.10</b>	<b>15.55</b>	<b>+10.0%</b>

<sup>(1)</sup> As a result of the reclassification of Net Leases as discontinued operations, income from Net Leases is only considered in Net earnings, FFO and AFFO metrics. PF metrics have been added for ease of comparison

<sup>(2)</sup> Net of incentives

<sup>(3)</sup> Excludes non-overhead costs items (€ 1.1m) plus LTIP accrual (€ 2.9m)

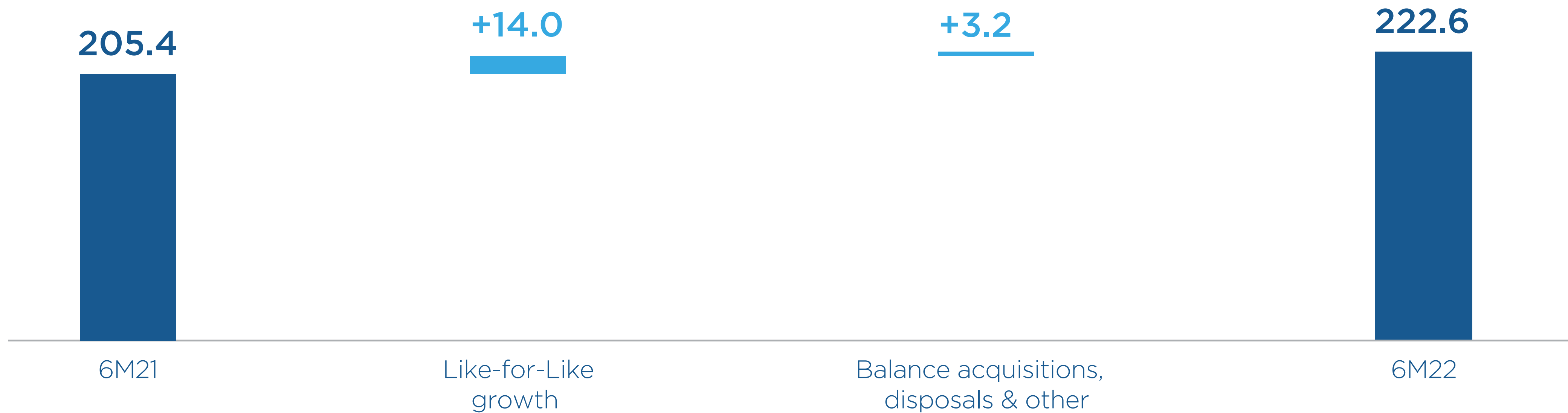
<sup>(4)</sup> FFO equals EBITDA less net interest payments, less minorities, less recurring income taxes plus share in earnings of equity method

APM: definitions and reconciliation of APMs to the latest audited financial accounts can be found on page 56 of <https://www.merlinproperties.com/wp-content/uploads/2022/07/Results-report-6M22-12.pdf>



OUTSTANDING RENTAL LFL GROWTH IN THE PERIOD (+7.1%)

(€m)

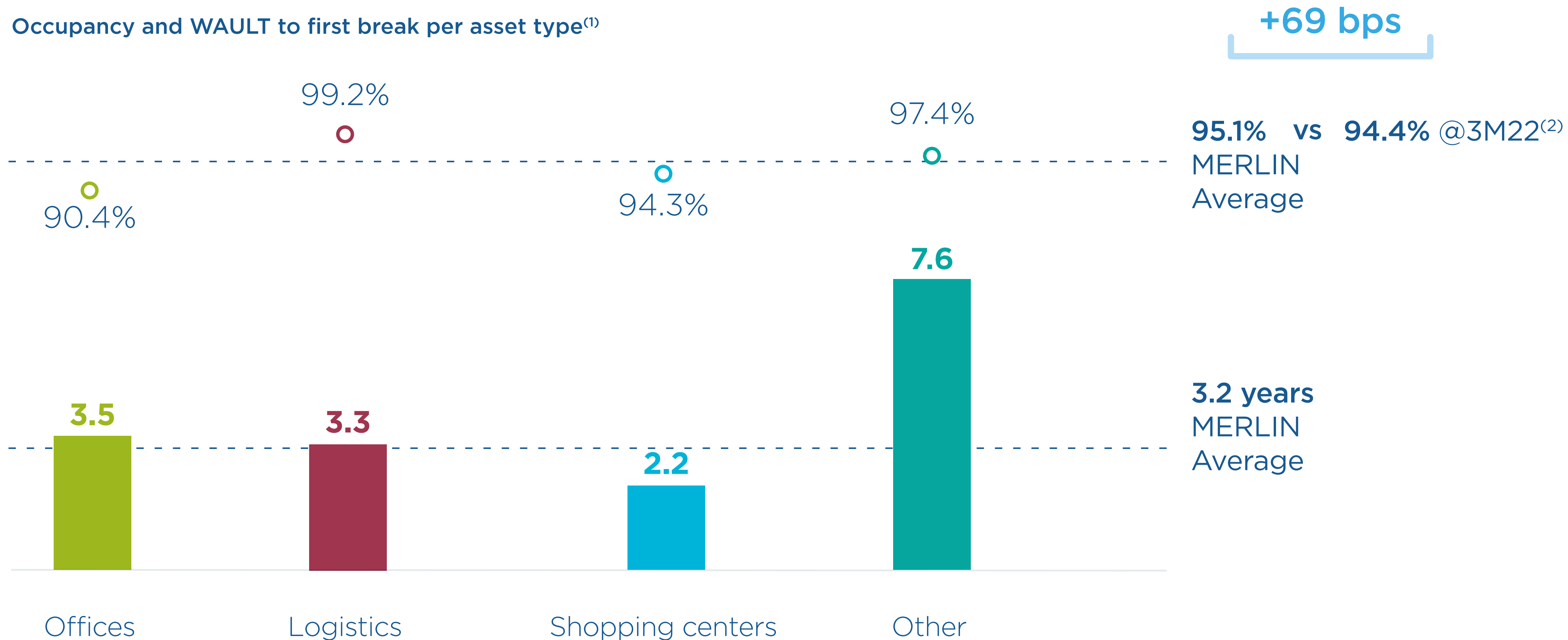


<sup>(1)</sup> Portfolio in operation for 6M21 (€ 196.5m of GRI) and for 6M22 (€ 210.5m of GRI)



OVERALL OCCUPANCY +69 BPS VS 3M22 PF POST-BBVA DISPOSAL

Occupancy and WAULT to first break per asset type<sup>(1)</sup>



Source: Company

<sup>(1)</sup> WAULT by rents means the weighted average unexpired lease term to first break, calculated as of 30<sup>th</sup> June 2022

<sup>(2)</sup> PF post - BBVA disposal





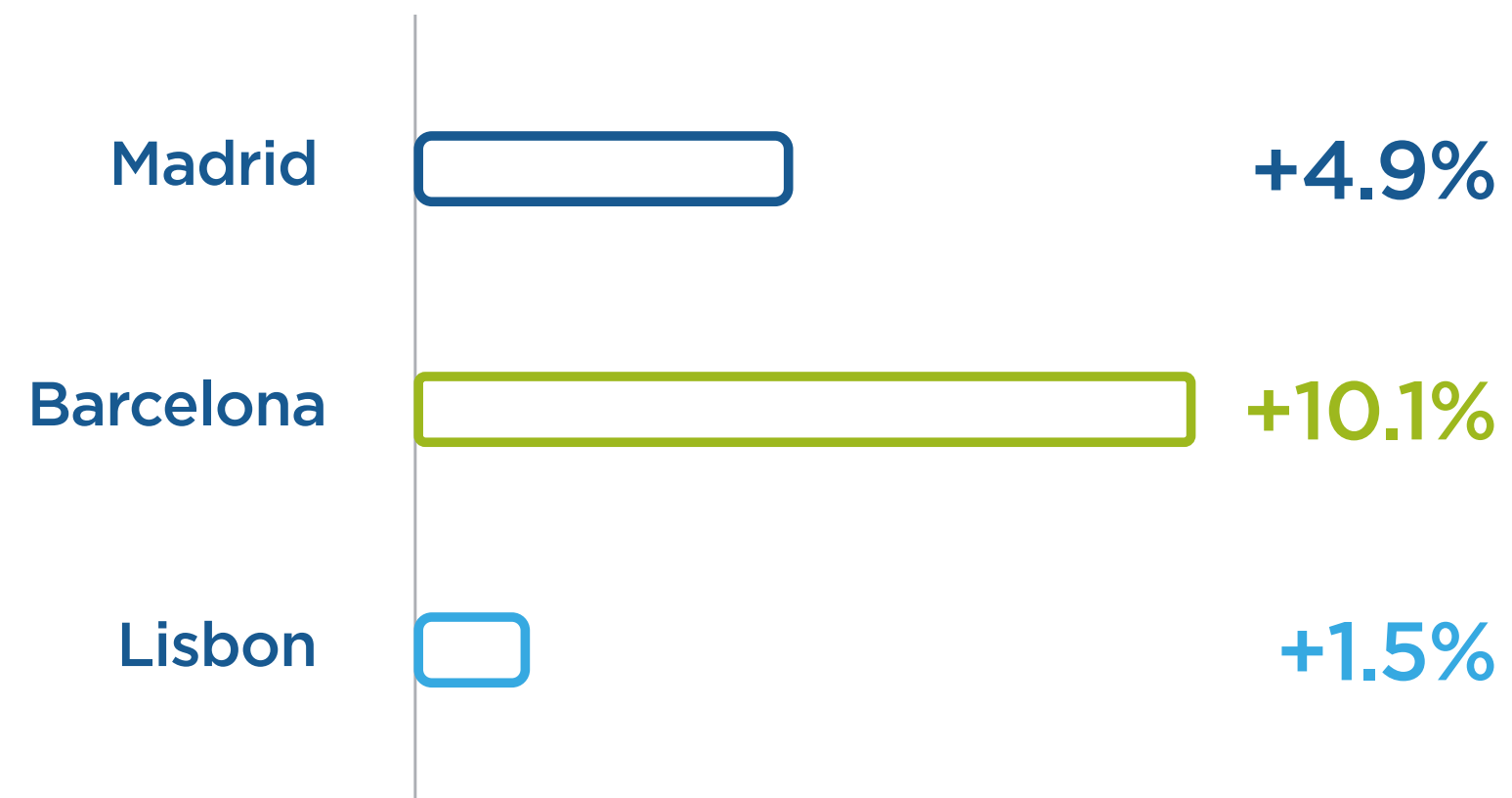
# Offices



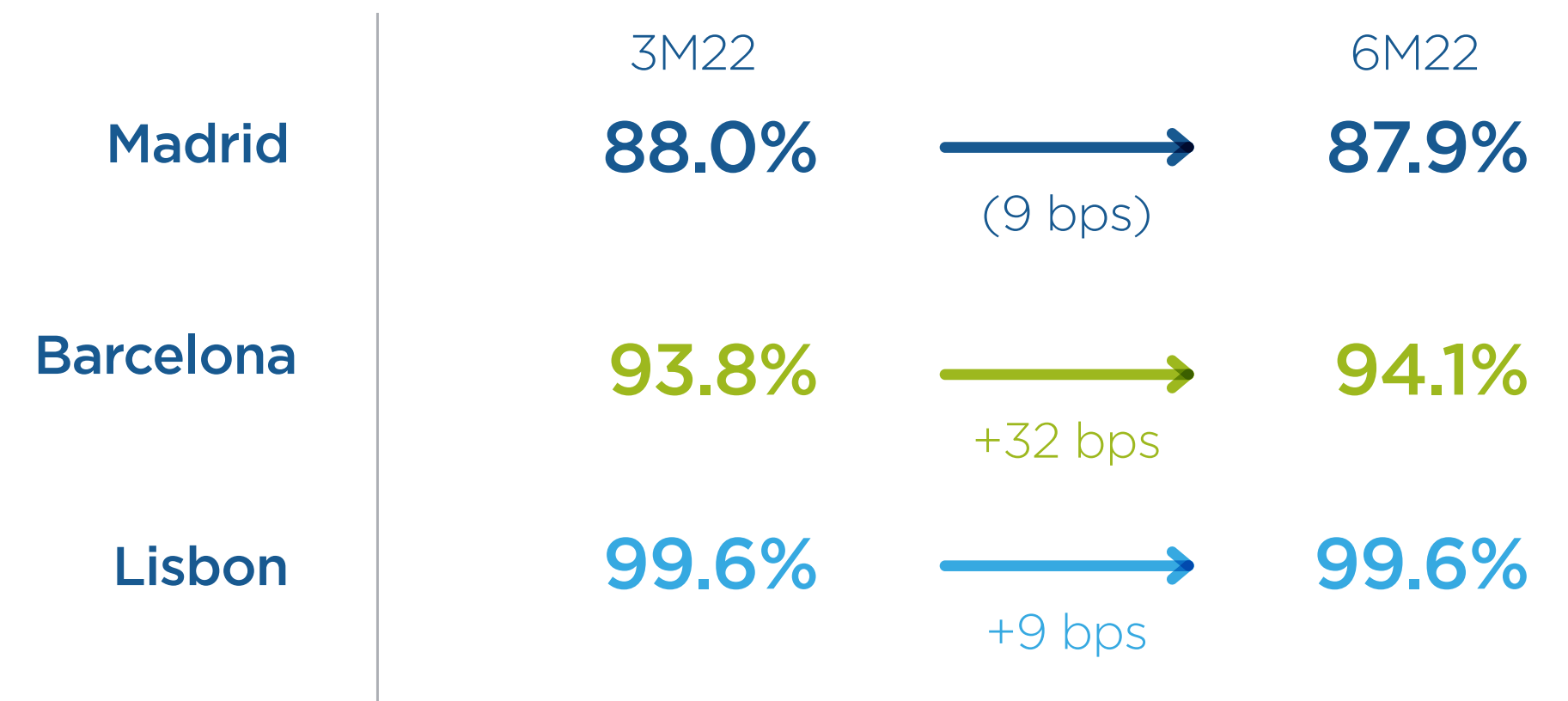
LFL RENTAL INCREASE (+5.5%) AND RELEASE SPREAD (+6.3%) VS 3M22



LfL growth by area



Occupancy by area



<sup>(1)</sup> Portfolio in operation for 6M21 (€ 103.6 m of GRI) and for 6M22 (€ 109.3m of GRI)

Offices | Leasing activity



	Contracted sqm	#Renewed contracts	Release spread	Tenants contracted
Madrid	36,234	91	+4.5%	
Barcelona	24,561	44	+10.0%	
Lisbon	4,912	7	+21.9%	
Total	65,797	142	+6.3%	





3 NEW SPACES OPENED THIS SEMESTER AND 3 MORE TO COME BEFORE YEAR-END WHICH WILL IMPLY A 51% INCREASE IN FOOTPRINT

KPIs

: 20,708 sqm                      : 2,176 desks                      : 72% occupancy                      : 10 spaces

New openings 2022

Open



Atica exp. 155 desks



Torre Glòries exp. 87 desks



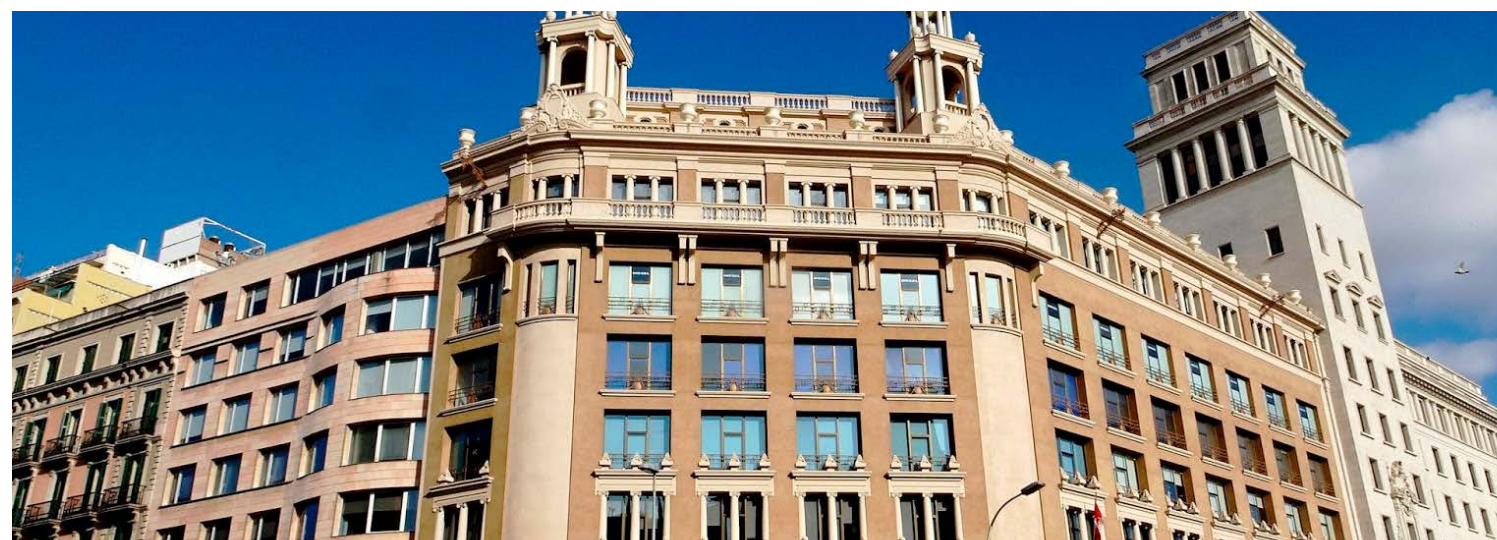
Castellana 93 exp. 69 desks

Works ongoing

July

September

December



Plaza Catalunya 9 248 desks

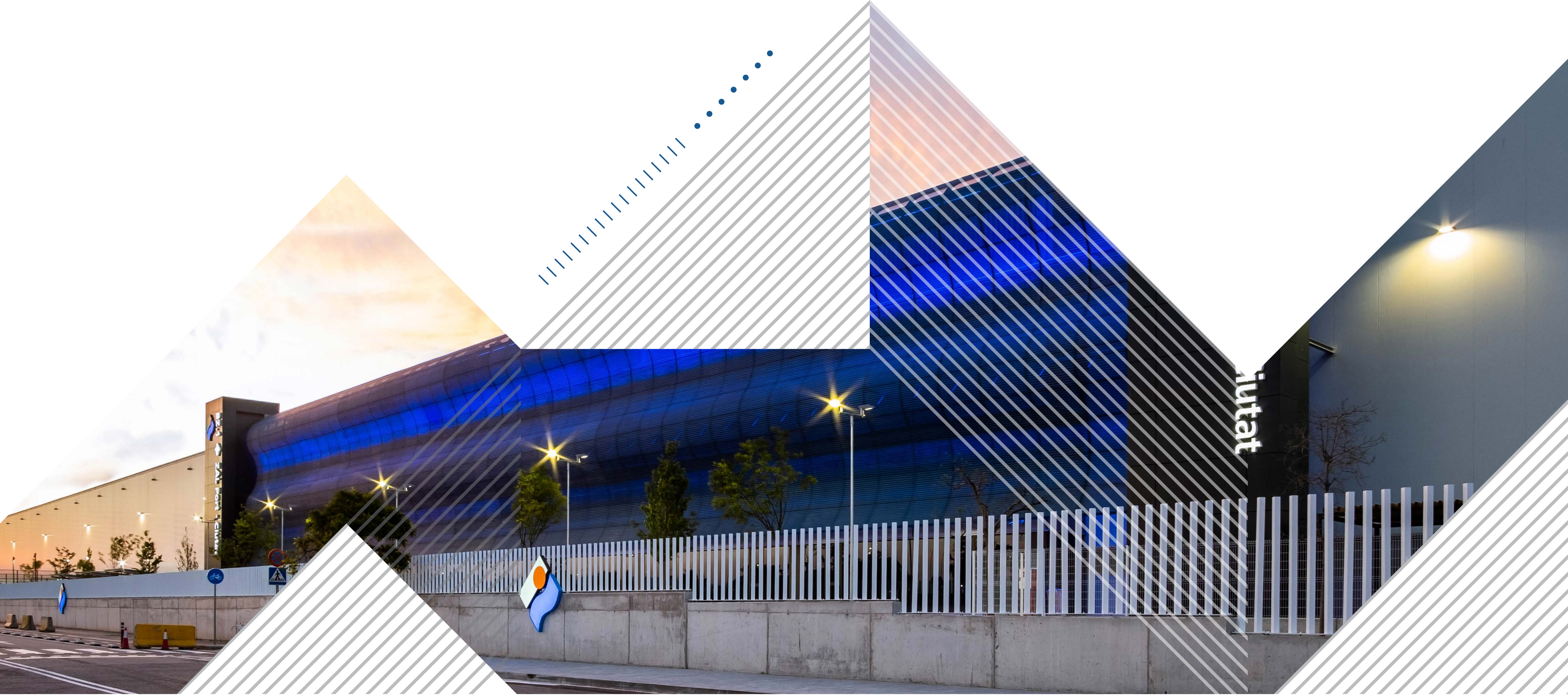


Ferreteria 22@ 222 desks



Castellana 85 196 desks



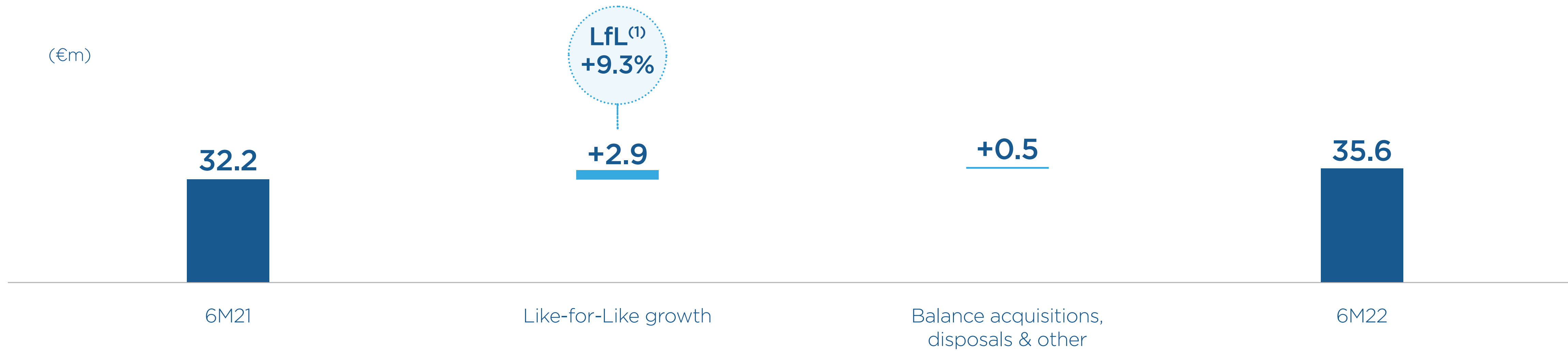


# Logistics

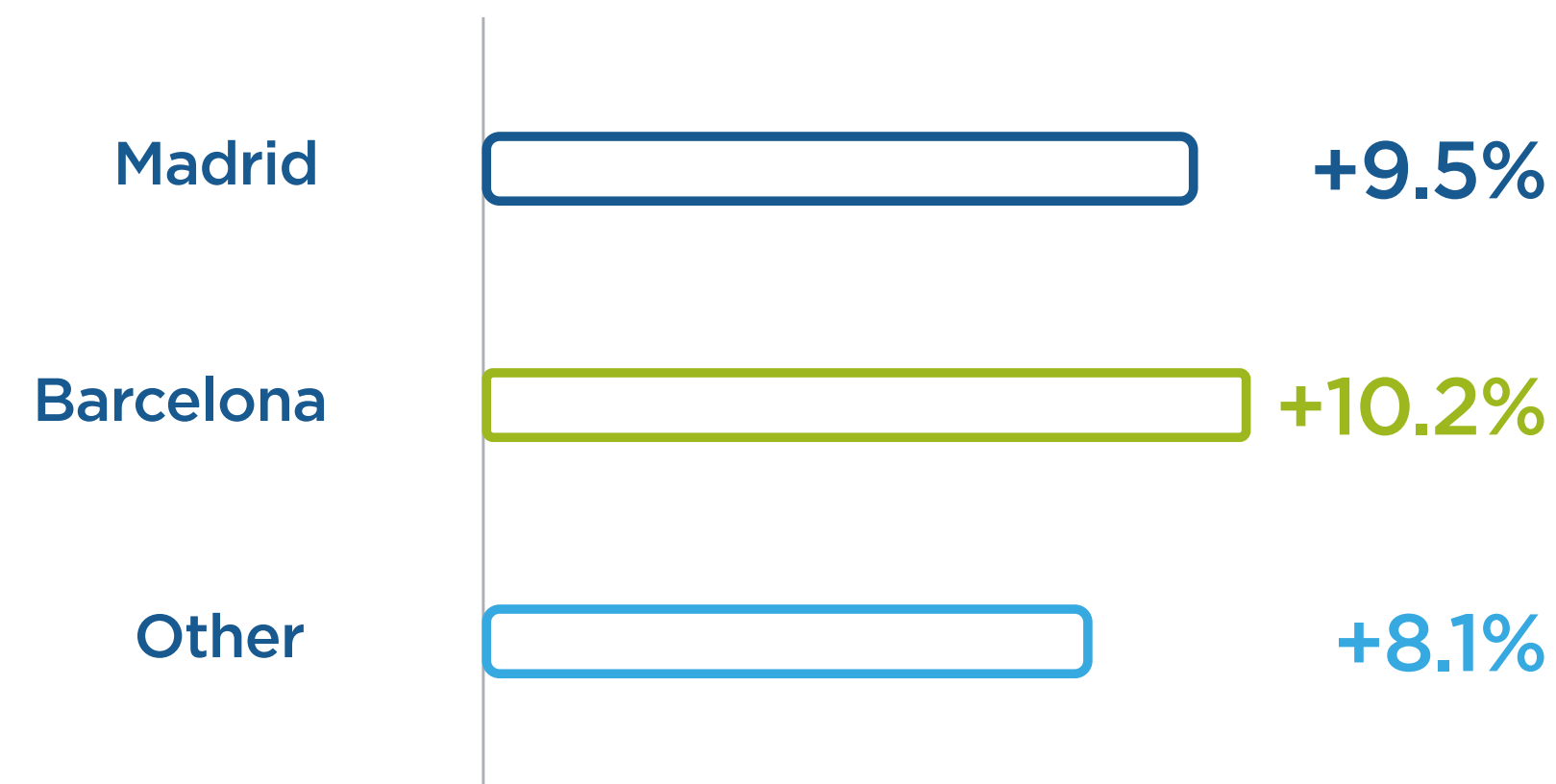




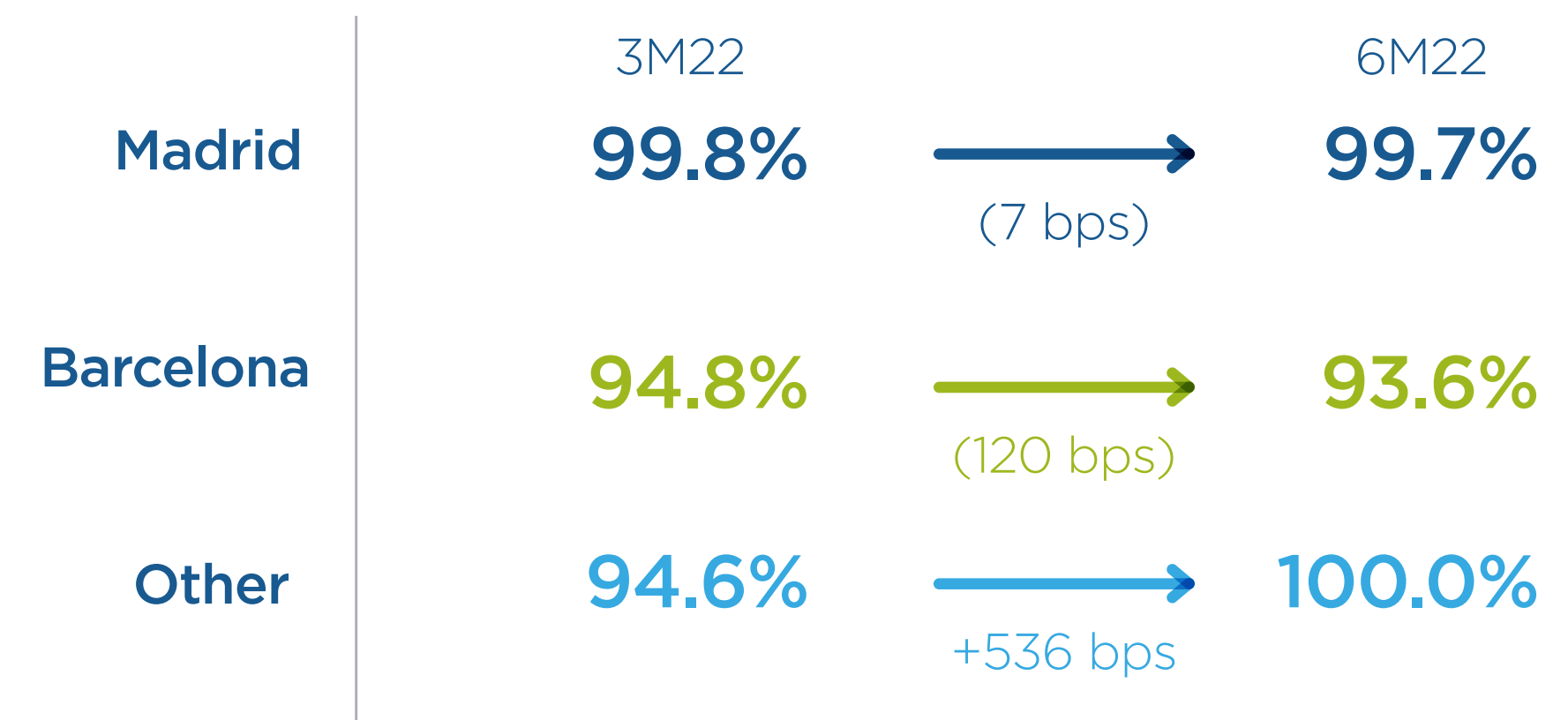
FULL OCCUPANCY COUPLED WITH RENTAL GROWTH RESULT IN OUTSTANDING LFL GROWTH (+9.3%)



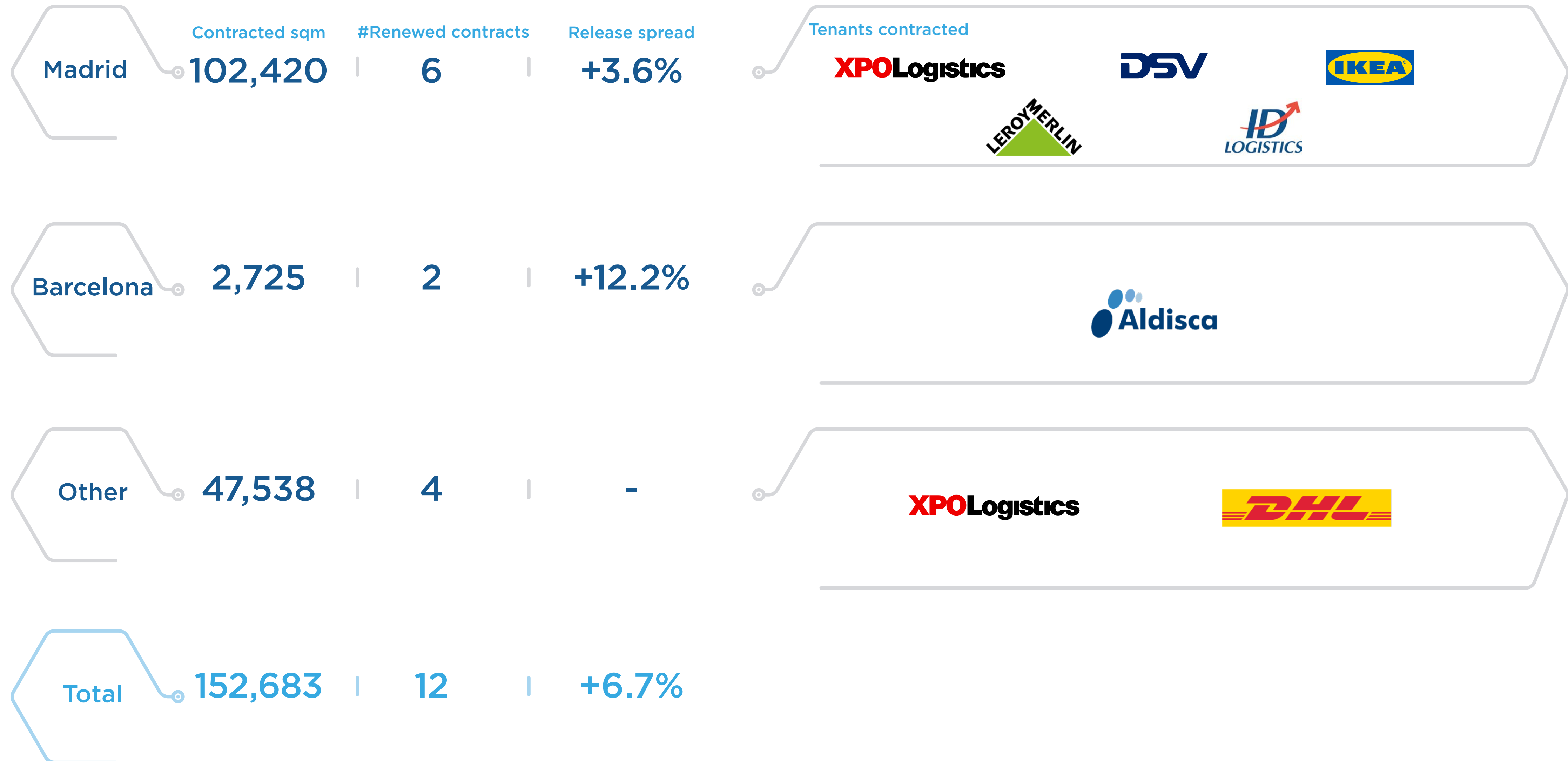
LfL growth by location



Occupancy by area



<sup>(1)</sup> Portfolio in operation for 6M21 (€ 31.4 m of GRI) and for 6M22 (€ 34.3m of GRI)







EXTRAORDINARY PERFORMANCE: FULL OCCUPANCY AND DOUBLE DIGIT FFO INCREASE (+35.2% VS 6M21)



Stock  
**736,384 sqm**  
 Third parties stock  
**183,252 sqm**  
 Stock under management  
**919,636 sqm**



Contracted sqm  
**176,434** | Release spread  
**(1.9%)** | # contracts  
**38**

Occupancy by area  
 6M21 **97.0%** → +305 → 6M22 **100%**

Tenants



€m	6M22	6M21	YoY
Gross rents	35.9	30.0	+19.5%
Net rents	35.4	28.6	+23.7%
EBITDA	33.0	26.7	+23.6%
FFO <sup>(1)</sup>	20.3	15.0	+35.2%

<sup>(1)</sup> After deducting leasehold concession charge



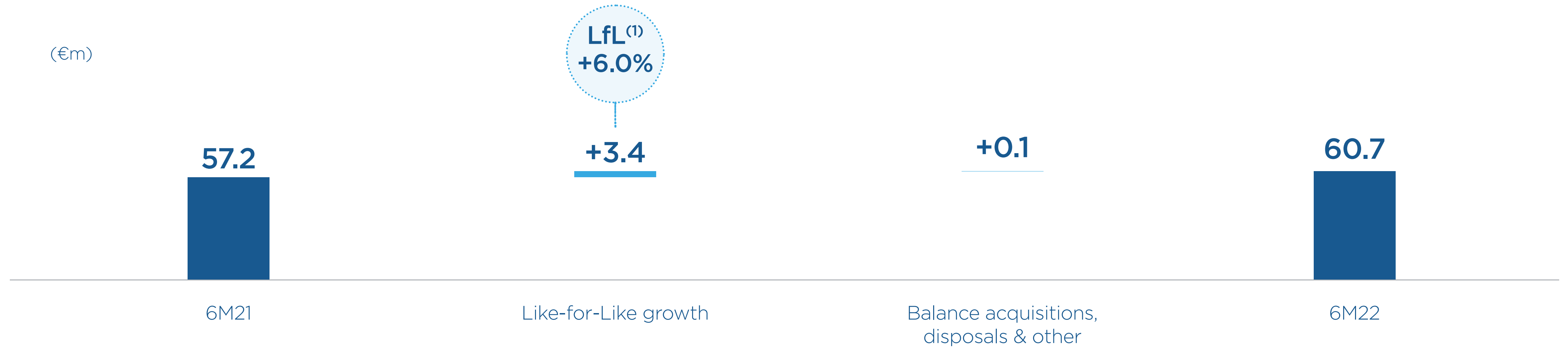


# Shopping centers



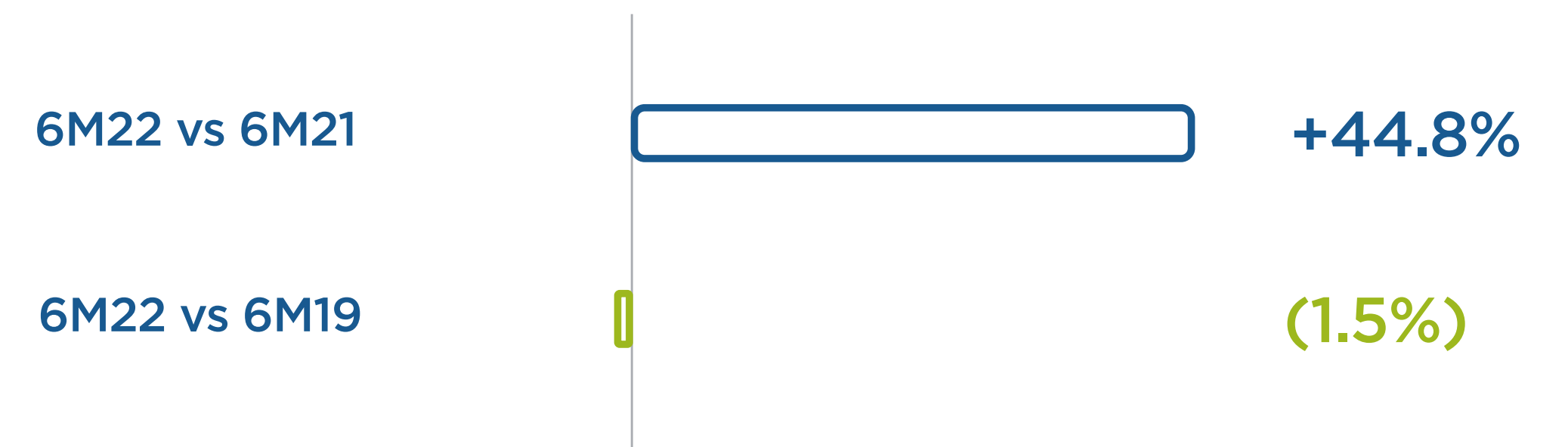
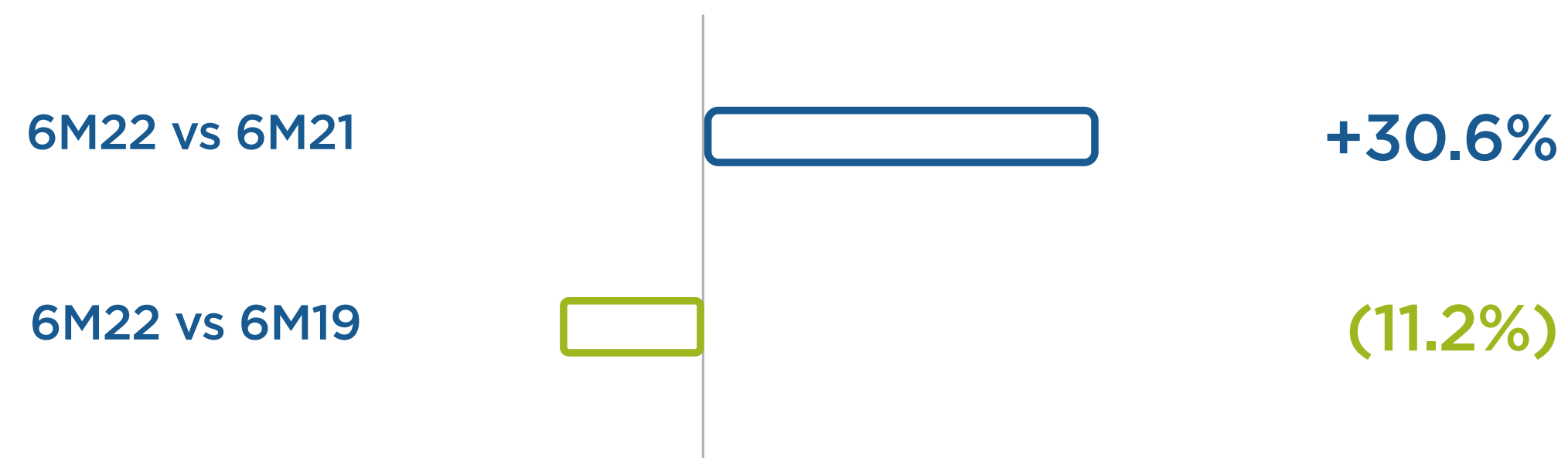


FOOTFALL AND TENANT SALES RECOVERING TO PRE-COVID LEVELS, MAINTAINING OCR AT 12.5%



Footfall evolution

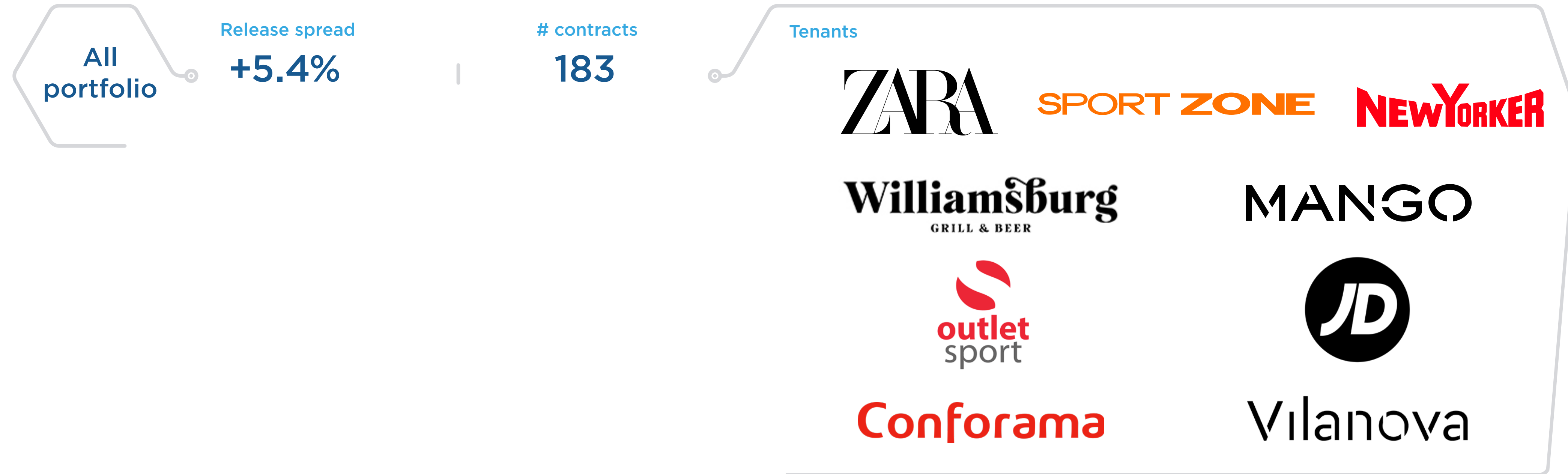
Tenant sales evolution



<sup>(1)</sup> Portfolio in operation for 6M21 (€ 57.1 m of GRI) and for 6M22 (€ 60.6m of GRI)



OCCUPANCY CONTINUES INCREASING FOR THE FIFTH CONSECUTIVE QUARTER





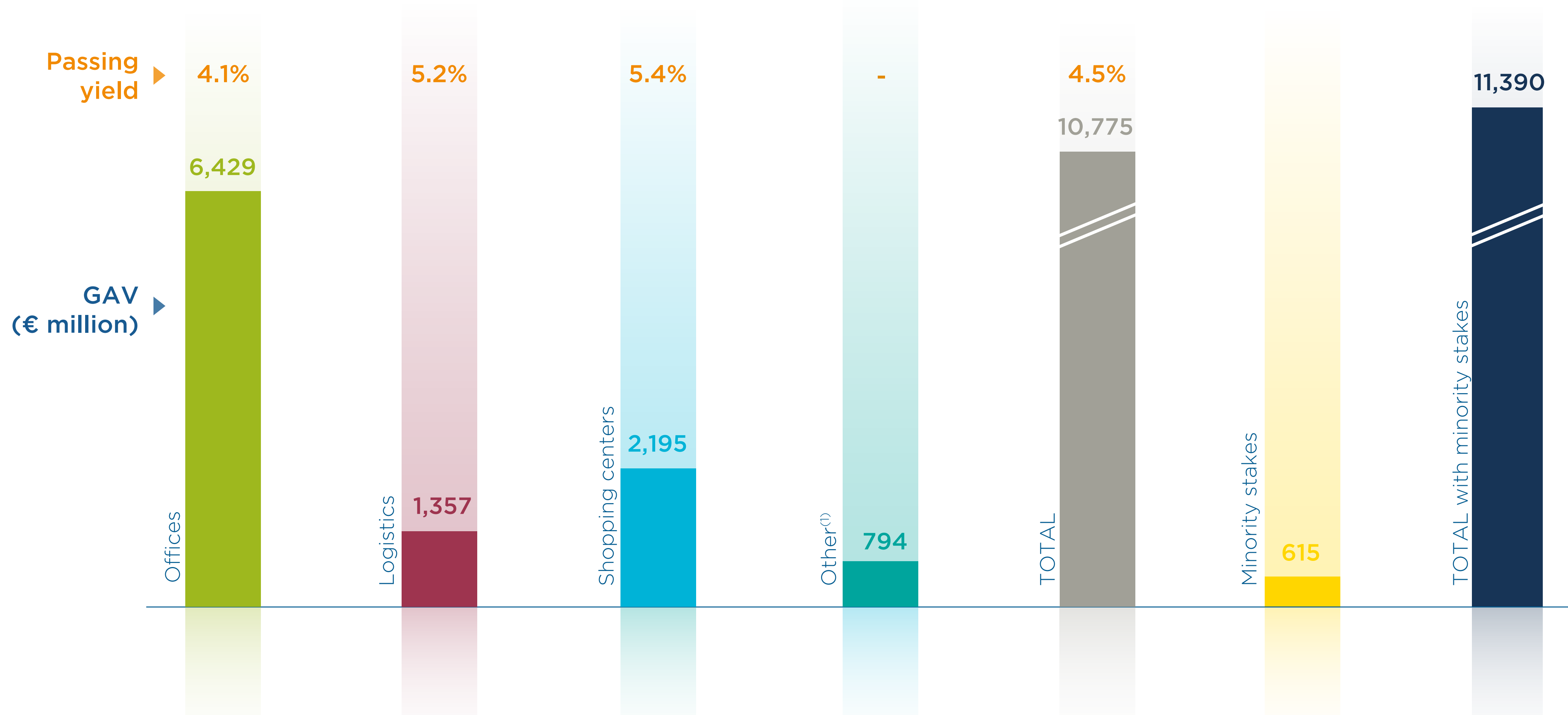


# **Valuation** and debt position





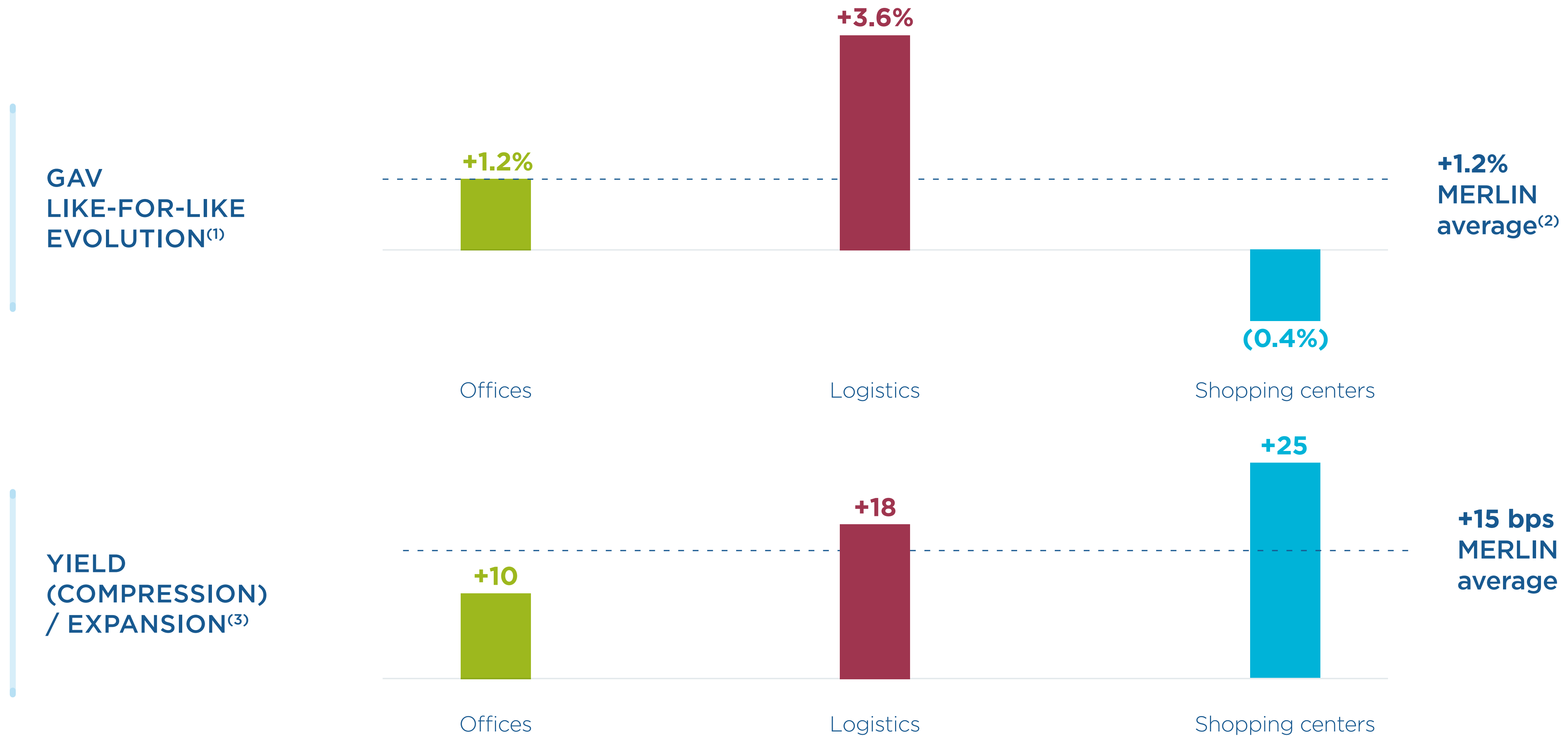
BROADLY STABLE GAV (+1.2% LFL) WITH LOGISTICS DRIVING THE REVALUATION OF THE OVERALL PORTFOLIO



<sup>(1)</sup> Other includes WIP, hotels, non-core land and miscellaneous



SLIGHT YIELD EXPANSION (+15 BPS) OFFSET BY RENTAL GROWTH



<sup>(1)</sup> GAV of WIP projects included under its respective asset class for LfL purposes

<sup>(2)</sup> Including equity method

<sup>(3)</sup> Based on passing rent



## LTV REDUCTION AT ITS BEST AFTER TREE DISPOSAL

	30/06/2022	31/12/2021
Net debt	€ 3,216m	€ 5,247m
LTV	27.4%	39.2%
Average cost (spot)	1.94% (1.93%)	2.07% (1.76%)
Fixed rate debt	99.6%	100%
Average maturity (years)	5.4	5.3
Liquidity <sup>(1)</sup> (€ million)	1,772	1,811

30.4% PF  
post-extraordinary  
dividend

S&P Global

MOODY'S

Rating

BBB

Baa2

Outlook

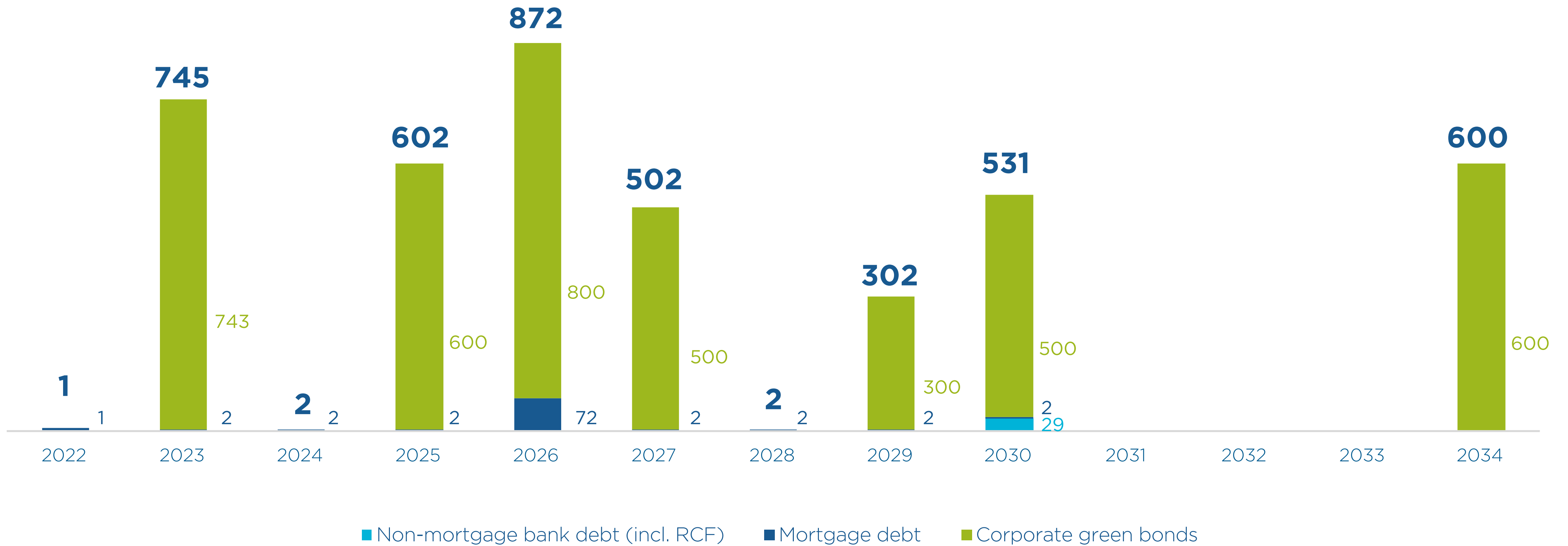
Positive

Positive

<sup>(1)</sup> Includes cash (€ 843.0m), treasury stock (€ 17.3m), Silicius receivable (€ 81.0m) and undrawn credit facilities (€ 831.2m) in 6M22



FINANCIAL DISCIPLINE: GREEN, LONG MATURITIES AND FIXED RATE DEBT TO NAVIGATE CHALLENGING TIMES







# Sustainability





INTENSE SEMESTER IN TERMS OF ESG INITIATIVES



3 main milestones achieved this semester

Launching of our **Pathway to Net Zero**

- 1. **Reducing** operational carbon (scope 1+2)
- 2. **Reducing** embodied carbon (offices & logistics developments)
- 3. **Reducing** scope 3 emissions
- 4. **Offsetting** unavoidable emissions

Certification program in **shopping centers completed**

Successful requalification of all of our **outstanding bonds into green**





Value **creation**





EXCELLENT TIMING IN TERMS OF EXECUTION OF THE TRANSACTION

**Transformational event for the company**

**1**

LTV reduced to 27.4% with € 2.1bn of gross debt repaid

**€ 670m**

BBVA portfolio mortgage

**€ 850m**

Syndicated bank loan

**€ 548m**

2022 bond

**2**

Rating upgrade perspective

**S&P Global**

Stable to

**Positive**

MOODY'S

Stable to

**Positive**

**3**

**€ 351m**

Extraordinary dividend

or

**0.75 € p.s**

to be paid on August 18<sup>th</sup>





**DIVESTMENTS** AT 8.9% PREMIUM TO LATEST GAV (EXCL. BBVA PORTFOLIO)



## Offices

**Sale of 4 office buildings** comprising 33,783 sqm (3 periphery and 1 NBA)





THE MOST TECHNOLOGICAL AND SUSTAINABLE ASSET IN THE IBERIAN PENINSULA



27% Pre-let  
+ 46% in advanced negotiations

GLA  
**36,899 sqm**  
After Refurbishment  
**5,323 sqm created**

Capex  
**€ 63.2m**

Incremental rents  
**€ 6.0m**

Delivery  
**2023**

Yield on cost  
**9.2%**





# Digital Infrastructure Plan (Mega)



	#Asset	License	1 <sup>st</sup> module MW	% Pre-let	Status
	<b>Bilbao-Arasur</b>	✓	3	66%	Construction works ongoing
	<b>Madrid - Getafe</b>	✓	3	Advanced negotiations for 53%	Construction works start on August 1 <sup>st</sup>
	<b>Barcelona - PLZF</b>	✓	3	Advanced negotiations for 20%	Construction works start on August 1 <sup>st</sup>
	<b>Lisbon - VFX</b>	1Q23	-	-	





# Outlook 2022









**Closing** remarks





### Operations

- MERLIN has delivered a **strong performance in all key financial and operating metrics** (occupancy, LfL rental growth, release spread and FFO generation)
- **Occupancy continues increasing in all three asset classes** (+69 bps vs. PF 31/03/2022)
- **Inflation favoring financials: 56%** of rents revised in the semester at a **5.4%** average uplift (**+13m** of additional rents)
- Uplifting our **FFO guidance** (€ 0.58 per share) to a minimum of **€ 0.60 per share**
- **Logistics** continues enjoying strong tailwinds with the **portfolio fully occupied**
- **Footfall (+30.6% vs. 6M21) & sales (+44.8% vs. 6M21)** continue recovering while maintaining a stable OCR (12.5%)

### Value creation

- **€ 2.1bn of BBVA portfolio disposal** at a 17.1% premium to GAV
- **Strong commercialization interest** for the only building remaining in Landmark, to be delivered in 3Q23
- **Works in Bilbao-Arasur (Mega)** are underway and the asset is already 66% pre-let
- Licenses for **Madrid-Getafe and Barcelona-PLZF (Mega)** have been obtained and under advanced negotiations to sign a pre-let in both assets. Construction works to start in 3Q22

### Dividends

- **€ 0.75 p.s. of extraordinary dividend** to be paid on August 18<sup>th</sup>
- **Upgrade our ordinary dividend guidance** from € 0.40 p.s. to € 0.42 p.s





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