

A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

MERLIN Properties, SOCIMI, S.A. (“MERLIN”), en cumplimiento de lo dispuesto por la normativa de aplicación, comunica la siguiente

INFORMACIÓN RELEVANTE

Asimismo, MERLIN celebrará un *Conference Call* con analistas e inversores institucionales, el viernes 28 de febrero de 2020, a las 15 horas de Madrid/CET, que podrá seguirse en tiempo real, vía audio-conferencia, a través del siguiente *link* y con los siguientes códigos de acceso:

Webex Link:

<https://merlinproperties.webex.com/merlinproperties/onstage/g.php?MTID=eb5a32929338ef7d3fe2a632624cb4083>

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Adjunto se remite la nota de prensa y la documentación soporte a la presentación, que están igualmente disponible a través de la página web corporativa de MERLIN (www.merlinproperties.com)

Madrid, 27 de febrero de 2020.

MERLIN Properties SOCIMI, S.A.

MERLIN Properties mejora un 9,2% su beneficio operativo hasta los 313 millones de euros

- Rentas brutas: € 525,9 millones (+5,2%)
- EBITDA: € 425,5 millones (+5,4%)
- Valor bruto de los activos: € 12.751 millones (+5,9%)
- Valor neto de los activos por acción: € 15,60 (+5,4%)
- Beneficio operativo ("FFO"): € 313,3 millones (+9,2%)
- Retribución al accionista prevista para 2020: € 0,52 por acción

- El beneficio operativo supera los € 313 millones (equivalente a € 67 céntimos por acción), con un crecimiento del +9,2% vs 2018.
- Excelente comportamiento del negocio. La ocupación alcanza el 94,8% (incremento de 140 puntos básicos), destacando oficinas, que sube 264 puntos básicos y centros comerciales, con 204 puntos de subida. Las rentas crecen en todos los segmentos, tanto en términos comparables ("like-for-like") como en renovaciones.
- El valor neto de los activos según recomendaciones EPRA ("EPRA NAV") se sitúa en 15,60 euros por acción, con un crecimiento del 5,4% respecto al año pasado. Entre dividendo y aumento de valor, la Compañía ha generado € 610 millones para sus accionistas en el año, lo que supone un retorno del 8,8%.
- Los planes de construcción y reforma para la creación de valor (Landmark I, Flagship y Best II y III) arrojan excelentes resultados, habiéndose entregado 11 proyectos en el ejercicio.
- Comunica un dividendo complementario de 32 céntimos por acción pagadero en mayo con cargo a 2019, para un total de 52 céntimos, un 4% más que en 2018. Anuncia, además, una estimación de retribución con cargo al ejercicio 2020 de € 244 millones, o 52 céntimos por acción, en línea con la de 2019.

Madrid, 27 de febrero.- MERLIN Properties ha cerrado el ejercicio 2019 con unos ingresos totales de € 530,6 millones (incluyendo rentas brutas de € 525,9 millones), un EBITDA recurrente de € 425,5 millones y un beneficio operativo de € 313,3 millones (67 céntimos por acción). El beneficio contable de € 563,6 millones de euros (1,2 euros por acción) no es comparable con el ejercicio anterior debido al resultado extraordinario registrado en 2018 por la venta de Testa Residencial. Excluyendo los atípicos, el beneficio neto ordinario asciende a € 212,5 millones, lo que supone un incremento del 3,6% con respecto a 2018.

Oficinas

- Evolución del negocio

Excelente año en ocupación, habiendo crecido 264 puntos básicos, hasta el 92,8%. Gran comportamiento también en rentas, con una subida en términos comparables del 7,3%, máximo histórico alcanzado por MERLIN hasta la fecha. El incremento en precio en las renovaciones ("release spread") arroja cifras excelentes, con subidas medias del 7,2%. Por mercados, la subida ha sido del 6,0% en Madrid, del 19,5% en Barcelona y del 11,2% en Lisboa.

Durante el año, MERLIN adquirió una participación del 14,46% en Distrito Castellana Norte (DCN) en una apuesta estratégica por jugar un papel relevante, aportando conocimiento y vocación de permanencia, al que es sin duda el proyecto urbanístico de mayor envergadura en Europa y el futuro centro de negocios de Madrid. También ha aumentado la presencia en Lisboa, con 3 adquisiciones (Art, TFM y Nestlé), y la apuesta por LOOM con las adquisiciones de 22@ Ferretería y Plaza de Cataluña, 9 en Barcelona.

- Plan Landmark I

Gran progreso en el plan de reformas Landmark I. Durante 2019 se han entregado Torre Chamartin y Torre Glòries, en ambos casos 100% ocupados, y generando retornos al accionista por encima de las previsiones iniciales. Para 2020 se esperan las entregas de Diagonal 605, ya comercializado al 95%, Castellana 85, 100% comercializado, y Marqués de Pombal, igualmente 100% comercializado.

Centros comerciales

- Evolución del negocio

Fuerte incremento tanto en ocupación como en rentas. 2019 cierra con una ocupación del 93,3%, un alza de 204 puntos básicos. Las rentas han experimentado una subida media del 4,2% en las renovaciones del periodo y han subido en términos comparables un 3,1% con respecto a 2018. La cartera además ha tenido unos datos muy sólidos en ventas de los inquilinos (+4%) y afluencia de público (+2%), lo que demuestra su calidad y su complementariedad con la oferta online, así como la resistencia del retail español.

MERLIN ha anunciado, además, el cierre de una operación por la que aporta 3 activos (Thader, La Fira y una mediana en Nassica) a Silicius Socimi. La transacción se ha ejecutado a NAV y MERLIN ha recibido un 34,4% de Silicius a cambio de los activos aportados.

- Plan Flagship

Gran año en las reformas, con 4 entregas en el ejercicio. El rompedor concepto X-Madrid está teniendo una excelente acogida, con un 95% comercializado, ofreciendo una experiencia al visitante nunca antes vista, como atestiguan los más de 1,2 millones de visitantes que han pasado por el centro en menos de 2 meses, a pesar de que algunos retailers aún no están operativos. Arturo Soria sigue demostrando su fortaleza, habiendo finalizado la última fase de reforma en las terrazas. Larios, en Málaga, ha completado su reforma por encima de las previsiones iniciales, con un 99% de ocupación y una rentabilidad del 6,6% sobre la inversión. Tres Aguas ha sido el más reciente en terminarse, reinaugurado en diciembre, habiendo subido la ocupación más de 900 puntos básicos y alcanzado las mayores ventas de los últimos 5 años tras la reforma.

Logística

- Evolución del negocio

Positivo comportamiento en el periodo, con un release spread del 7,6% y un crecimiento en rentas comparables del 3,6%, con una ocupación altísima, del 97,7%.

- Plan Best II & III

Se han entregado y reclasificado de producto en curso a stock los siguientes nuevos proyectos: Pinto IIB, alquilado a Media Markt (29.473 m²); Valencia-Ribarroja, alquilado a Dachser (34.992 m²); y Sevilla Zal, alquilado a Amazon (8.798 m²). Continúa el progreso en la construcción de Azuqueca II, alquilado a Carrefour en su totalidad (98.757 m²) y Toledo-Seseña, parcialmente alquilado a Carreras.

Crecimiento en el valor de la cartera de activos

Crecimiento del 5.9% en el valor bruto de los activos (“Gross Asset Value” o “GAV”) de MERLIN, que a 31 de diciembre de 2019 asciende a € 12.751 millones según las tasaciones realizadas por Savills, CBRE y JLL, frente a los 12.041 millones de hace un año; demostrando la excelente labor realizada en la gestión por los equipos de activo y el valor creado por los planes Landmark I, Flagship y Best II y III.

Por lo que respecta al valor neto de activos, éste asciende a 7.331 millones de euros, equivalentes a 15,60 euros por acción, representando un incremento del 5,4% sobre el EPRA NAV por acción de 2018 (14,81 euros por acción), que muestra la importante creación de valor para el accionista lograda durante el ejercicio.

Responsabilidad social corporativa

MERLIN ha obtenido una puntuación excelente en la edición 2019 de GRESB (82 sobre 100) y continúa la progresión en el programa de certificación de la cartera, habiendo obtenido 37 certificaciones LEED/BREEAM nuevas en 2019, lo que eleva el porcentaje de activos certificados a casi un 75% y hace factible llegar al ambicioso objetivo del 99% en 2022 que establecimos en 2018. El 100% de la cartera de centros comerciales se han certificado para accesibilidad (AIS) y se ha iniciado un programa para certificar la conectividad de los edificios con WiredScore.

Fuerte creación de valor para el accionista

A pesar de la adquisición extraordinaria de una participación en DCN durante el ejercicio, la Compañía ha reducido su nivel de endeudamiento relativo al valor de los activos hasta situarlo en el 40,6%, habiendo abaratado los costes de la deuda y alargado los plazos de vencimiento.

Se han creado € 610 millones de valor para los accionistas entre las distribuciones realizadas en el año natural (€ 235 millones) y el aumento del EPRA NAV (€ 375 millones), lo que representa una tasa de rentabilidad anual equivalente del 8,8%.

Comunica el dividendo complementario con respecto a 2019 y anuncia la estimación de retribución al accionista esperada para 2020 (52 céntimos por acción, en línea con 2019)

MERLIN comunica un dividendo complementario pagadero en mayo de 32 céntimos por acción, lo que unido a los 20 céntimos ya repartidos a cuenta el pasado mes de octubre, arroja un total de 52 céntimos de retribución al accionista en el ejercicio 2019 (+4% frente a 2018). Este dividendo complementario será abonado tras la aprobación en la Junta General, que se celebrará previsiblemente el próximo 29 de abril.

La Compañía anuncia su estimación de retribución al accionista con cargo al ejercicio 2020 por un mínimo de 244 millones de euros. Esta retribución, que se abonaría íntegramente en efectivo, supondría 52 céntimos por acción, en línea con lo repartido con cargo al ejercicio 2019.

Acerca de MERLIN Properties

MERLIN Properties SOCIMI, S.A. (MC:MRL) es una de las mayores compañías inmobiliarias cotizadas en la Bolsa española, con una capitalización de aproximadamente 6.200 millones de euros. Está especializada en la adquisición y gestión de activos terciarios en la península ibérica, invirtiendo principalmente en oficinas, centros comerciales y plataformas logísticas en los segmentos Core y Core Plus. MERLIN Properties forma parte de los índices de referencia IBEX 35, Euro STOXX 600, FTSE EPRA/NAREIT Global Real Estate Index, GPR Global Index, GPR-250 Index y MSCI Small Caps.

Visite www.merlinproperties.com para obtener más información sobre la compañía.

Si desea más información, póngase en contacto con:

Nuria Salas, nsalas@tinkle.es, +34 629 56 84 71

Sarah Estébanez, sestebanez@tinkle.es, +34 636 62 80 41

María Simal, msimal@tinkle.es, +34 607 94 70 96



MERLIN
PROPERTIES

FY 2019

RESULTS

PRESENTATION

28 February 2020



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ISMAEL CLEMENTE
CEO



MIGUEL OLLERO
GM / COO



DAVID BRUSH
CIO



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Highlights

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FINANCIAL PERFORMANCE

- Compelling growth in cash flow, with **FFO per share of € 0.67, +9.2% YoY** and +6.4% above guidance
- **EPRA NAV** per share up **5.4% YoY** to reach **€ 15.60**
- **Leverage reduced to 40.6%**, while improving all financial ratios

OPERATING PERFORMANCE

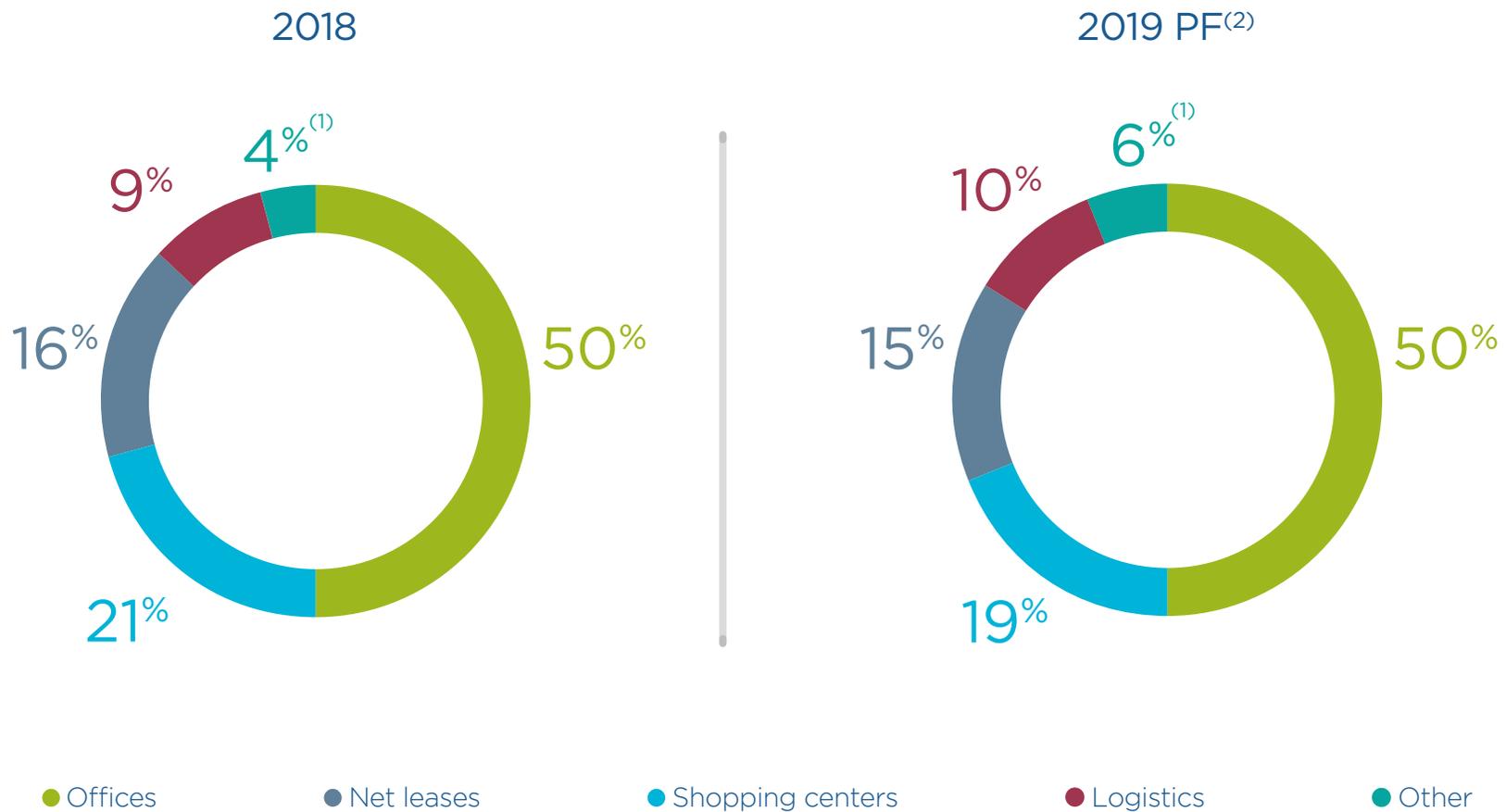
- **Excellent business performance**, with solid growth in occupancy, LfL rents and release spread across the board
- **High LfL rental growth in offices (+7.3% YoY)**, highest recorded to date, combined with **strong rise in occupancy (+264 bps)**
- Solid numbers in shopping centers with **tenant sales up 4%** underpinning healthy rental growth and meaningful **hike in occupancy (+204 bps)**
- **Logistics** continues showing **robust performance**

VALUE CREATION

- Strategic asset recycling **increasing exposure to logistics** and **reducing** exposure to **secondary retail** and **peripheral offices**
- Very positive advance in **Landmark, Flagship and Best II & III**, with 11 projects delivered in 2019, at very attractive returns
- **ESG at the core of our business**, accelerating sustainability initiatives in 2019
- **DPS of € 0.52**, meeting guidance



Logistics gaining weight while reducing retail exposure



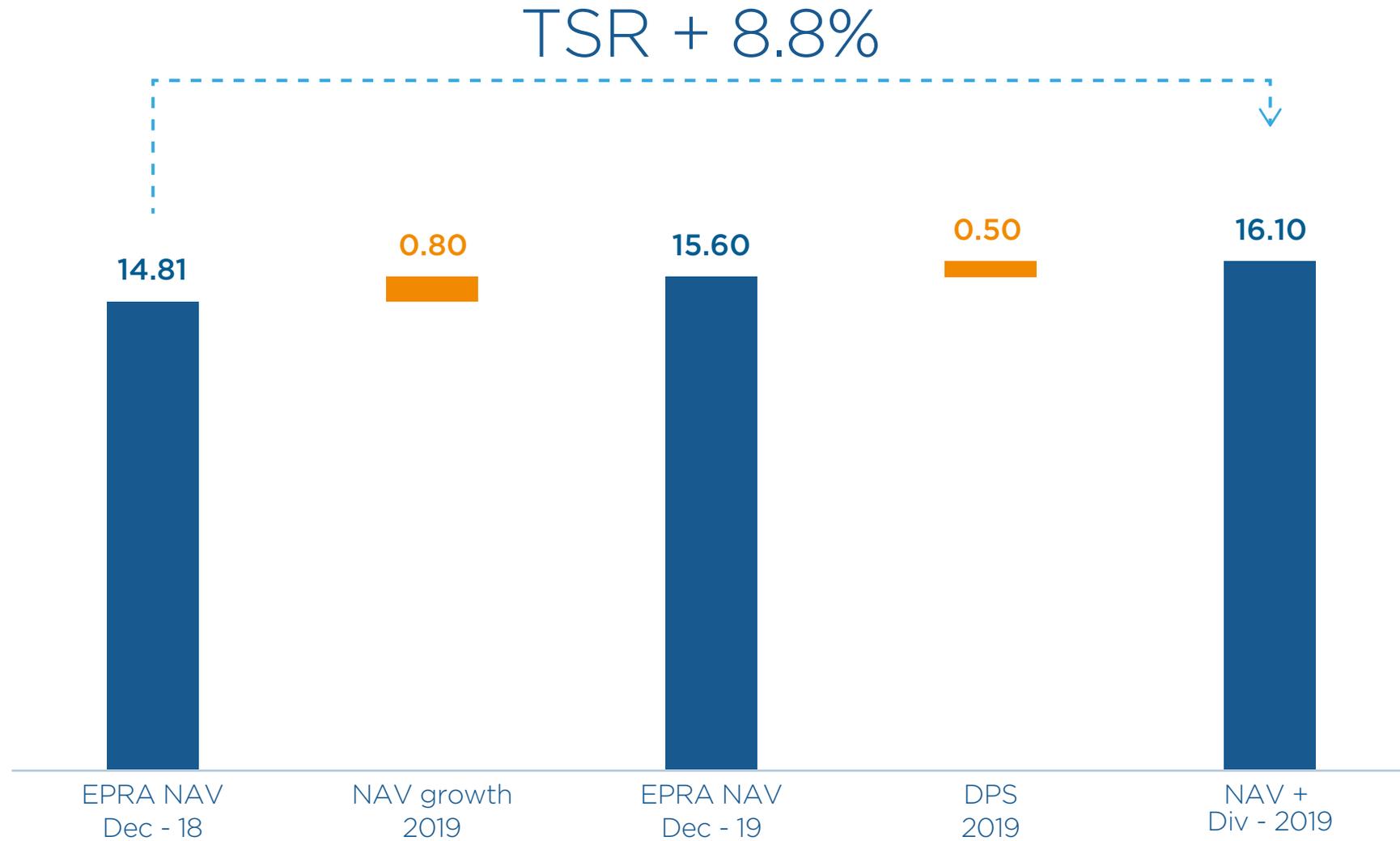
⁽¹⁾ Other includes hotels, non core land, miscellaneous and minority stakes including DCN

⁽²⁾ Pro-forma to include logistics WIP and offices WIP and the disposal of Mercury portfolio (post-closing)



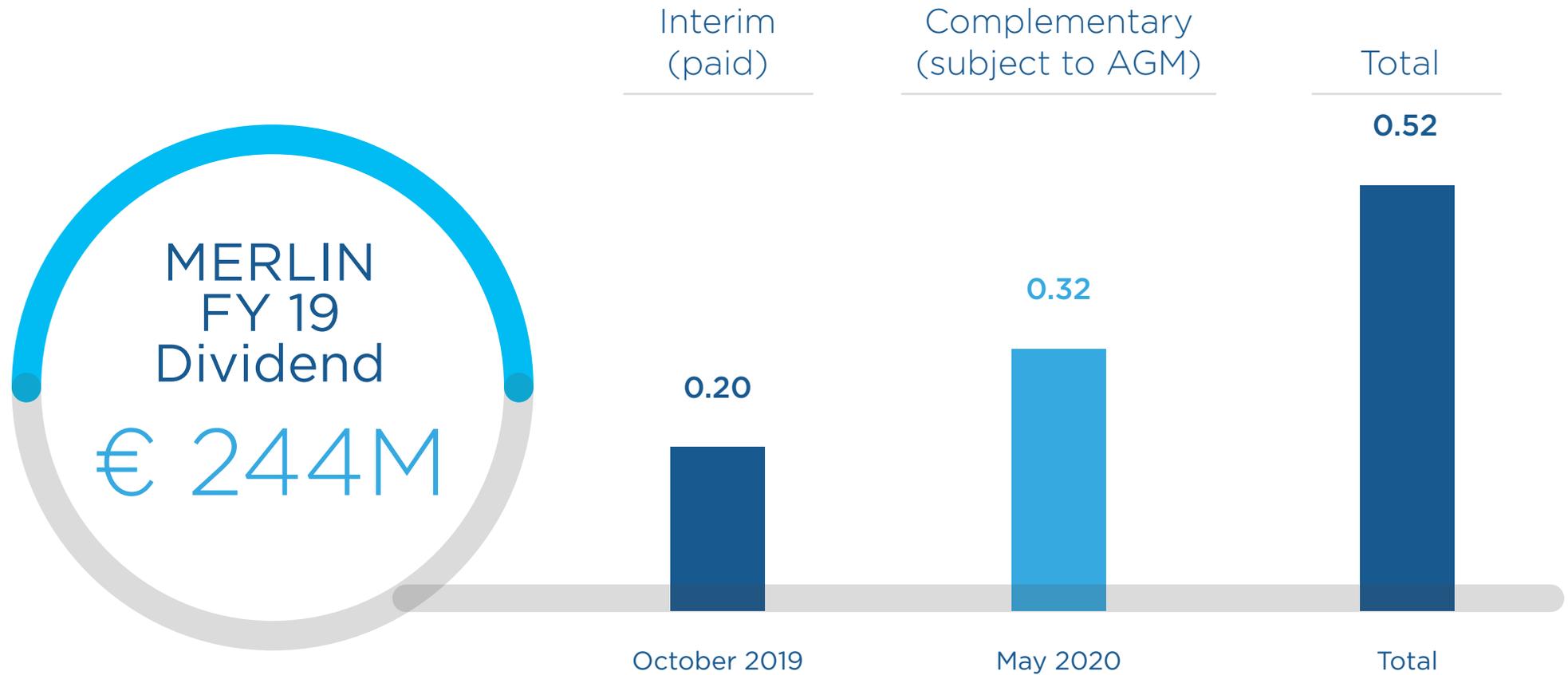
Compelling return to shareholders achieved in FY 2019

(€ per share)





FY 2019 dividend to reach € 244m, meeting guidance



An aerial night photograph of San Francisco, California. The Transamerica Pyramid is the central focus, brightly lit with warm orange and yellow lights. The rest of the city is visible in the background, with various buildings and streets illuminated by city lights. The sky is a deep, dark blue. A large, white, diamond-shaped graphic element is overlaid on the right side of the image, containing the text.

FY 2019
Financial
results



Excellent year in cash flow generation (+12.1% AFFO growth YoY)

(€ million)	FY 2019	FY 2018	YoY
Gross rents	525.9	499.7	+5.2%
Gross rents after incentives	511.5	475.6	+7.5%
Net rents	463.3	433.5	+6.9%
EBITDA⁽¹⁾	425.5	403.6	+5.4%
FFO	313.3	286.9	+9.2%
AFFO	303.3	270.5	+12.1%
IFRS net profit	563.6	854.9	(34.1%)
EPRA NAV	7,330.7	6,955.9	+5.4%

(€ per share)				
FFO	Exceeding guidance	0.67	0.61	+9.2%
AFFO		0.65	0.58	+12.1%
EPS		1.20	1.82	(34.1%)
EPRA NAV		15.60	14.81	+5.4%

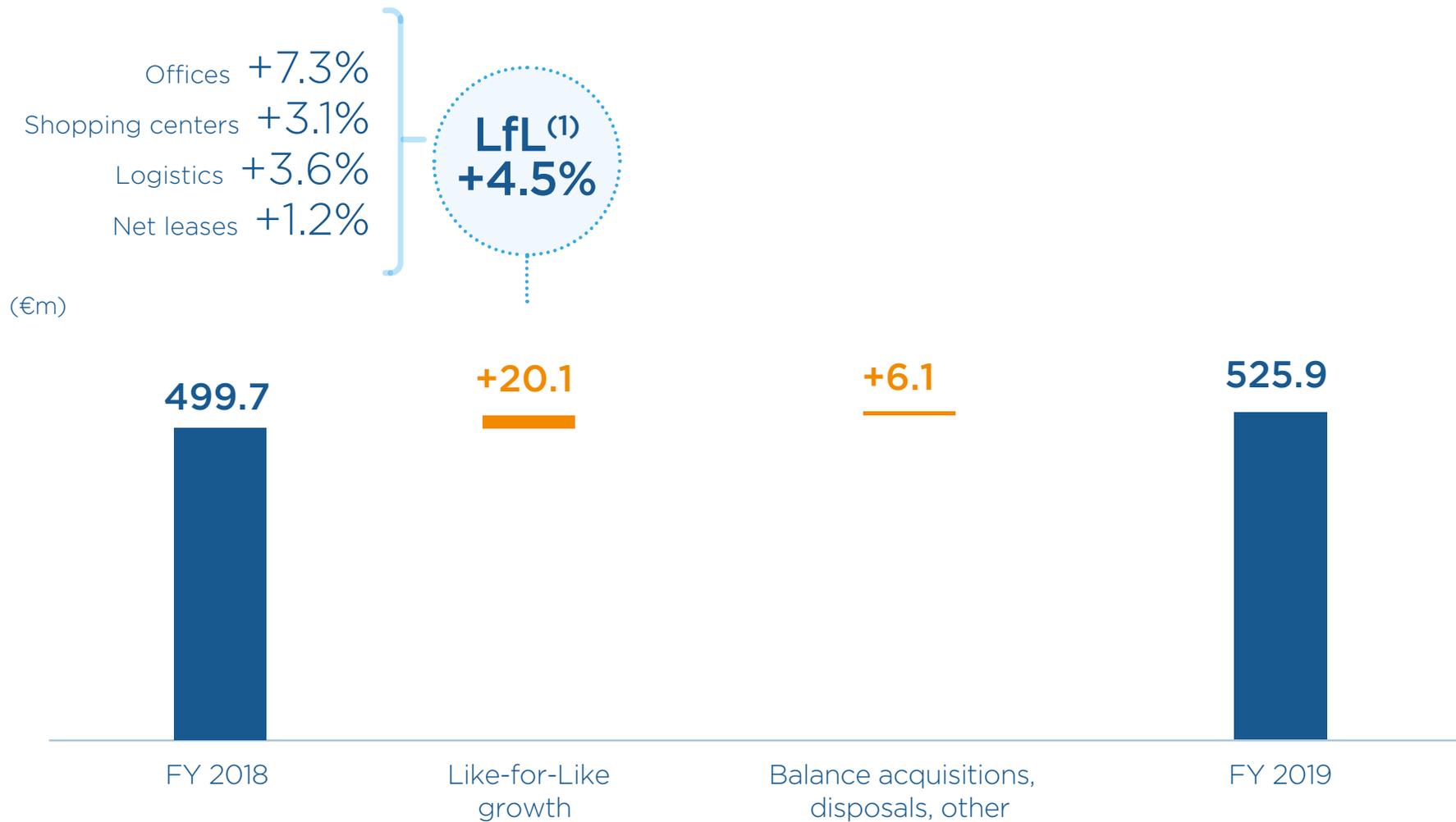
Includes extraordinary gain on Testa disposal

Source: Company

⁽¹⁾ Excludes non-overheads items (€ 4.9m) and LTIP accrual (€ 44.2m)



Robust LfL growth in all asset categories reaching historical high in offices (+7.3%)

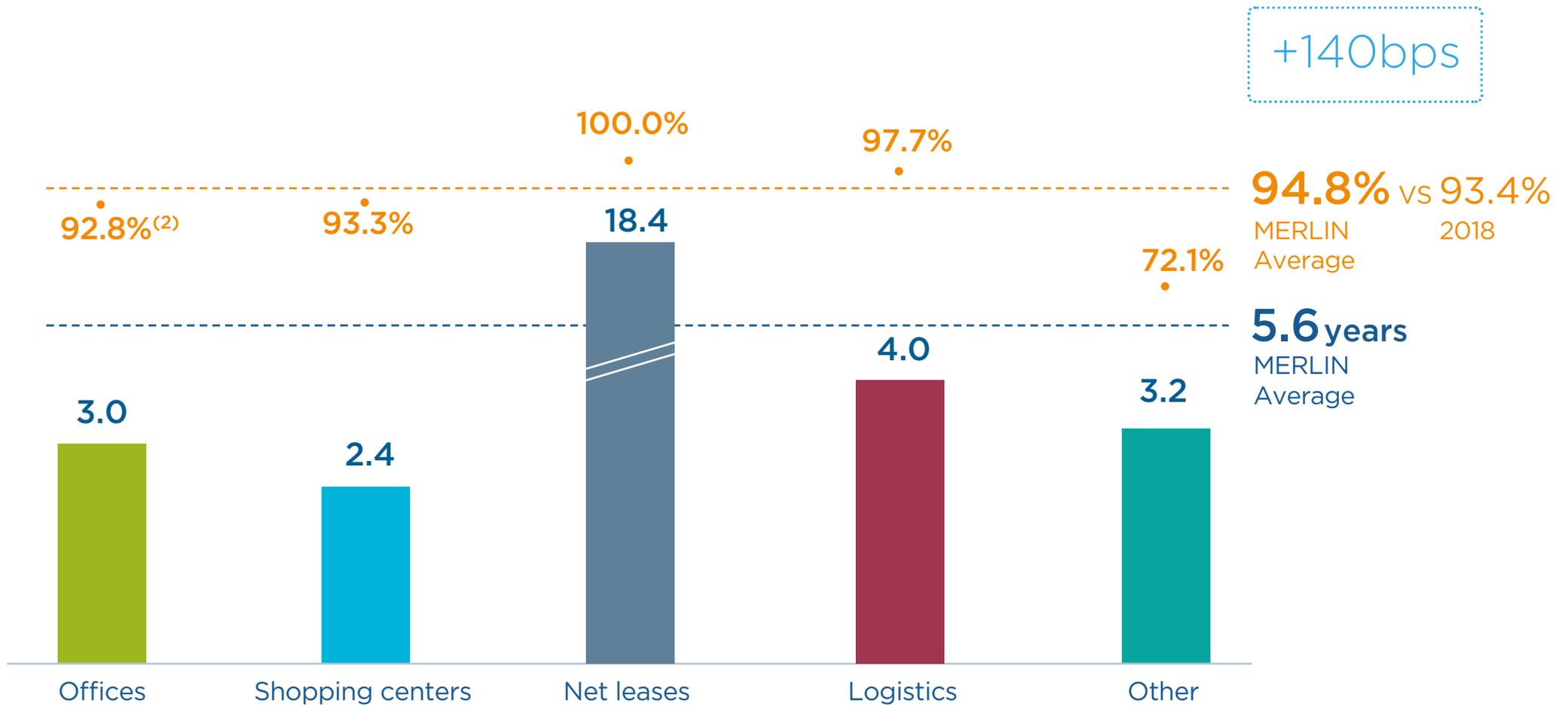


⁽¹⁾ FY18 (€ 443.6m GRI) vs FY19 (€ 463.7m GRI)



Outstanding **occupancy growth** in **offices** (+264 bps YoY) and **retail** (+204 bps YoY)

OCCUPANCY AND WAULT PER ASSET TYPE⁽¹⁾



Source: Company

⁽¹⁾ WAULT by rents means the weighted average unexpired lease term, calculated as of 31 December 2019

⁽²⁾ 92.0% on a like-for-like basis, excluding assets sold



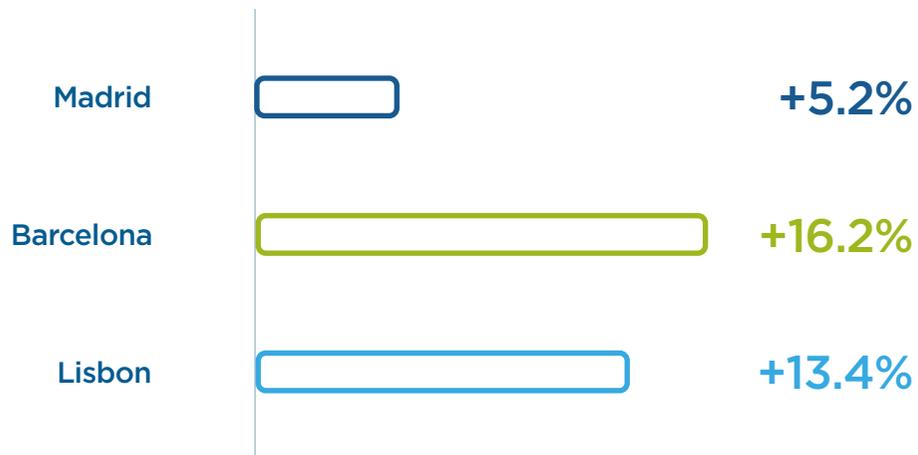
Offices



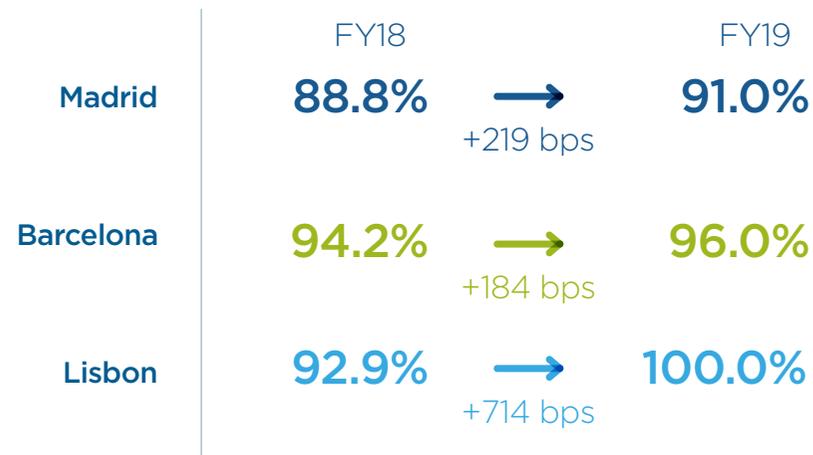
Steep LfL rental growth in 2019, after a very strong last quarter in Madrid and Barcelona



Lfl growth by area



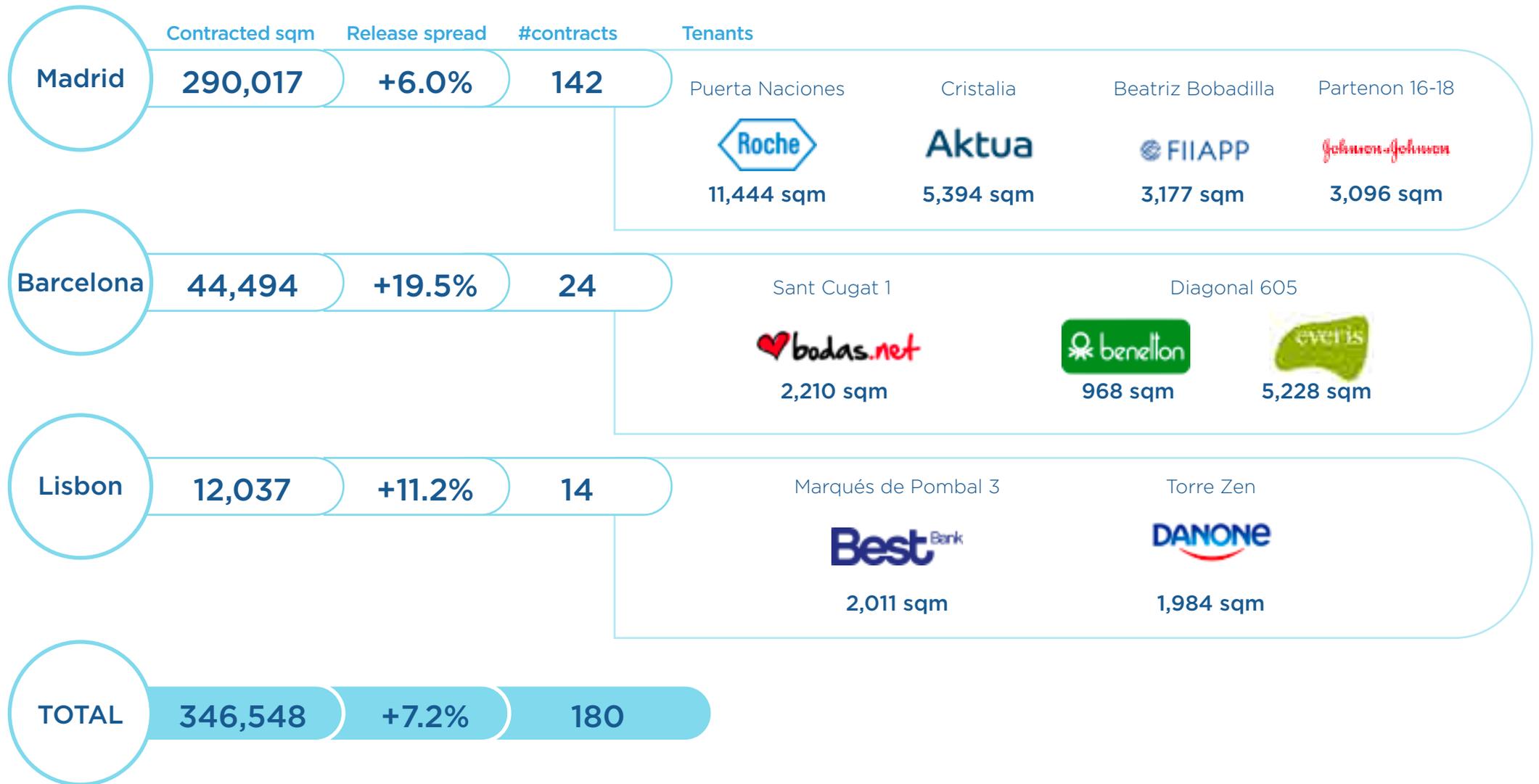
Occupancy by area



⁽¹⁾ Office portfolio in operation for FY18 (€ 198.3m of GRI) and for FY19 (€ 212.8m of GRI)



Rental growth continues to be robust (+7.2% release spread)





Rapid expansion of LOOM...

Madrid



Operating
6 spaces | 1,474 desks | 72% Occ.

Barcelona



Operating
1 space | 160 desks | 94% Occ.



New opening
Torre Chamartín
126 desks
Opening 2Q20



New openings
Cornellá
188 desks
Opening 1Q20

Ferreteria 22@
293 desks
Opening 1Q21

Plaza Cataluña 9
342 desks
Opening 1Q21



... while providing an **integral space solution** to our core clients

	Traditional (sqm)	Flex (desks)
 Comunidad de Madrid	3,949 sqm (Princesa)	70 desks (LOOM Princesa)
	10,380 sqm (PE Alvia)	40 desks (LOOM Pozuelo)
	10,619 sqm (PE Puerta de las Naciones)	32 desks (LOOM Eucalipto)
	5,189 sqm (PE Cerro de los Gamos)	156 desks (LOOM Pozuelo)
	Other landlord	233 desks (LOOM Eucalipto)
	Other landlord	90 desks (LOOM Glòries)

CORPORATES REPRESENT 70% OF LOOM'S CUSTOMER BASE



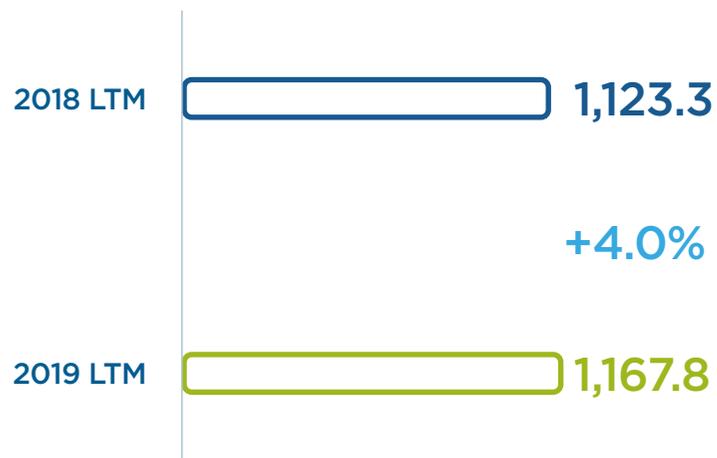
Shopping centers



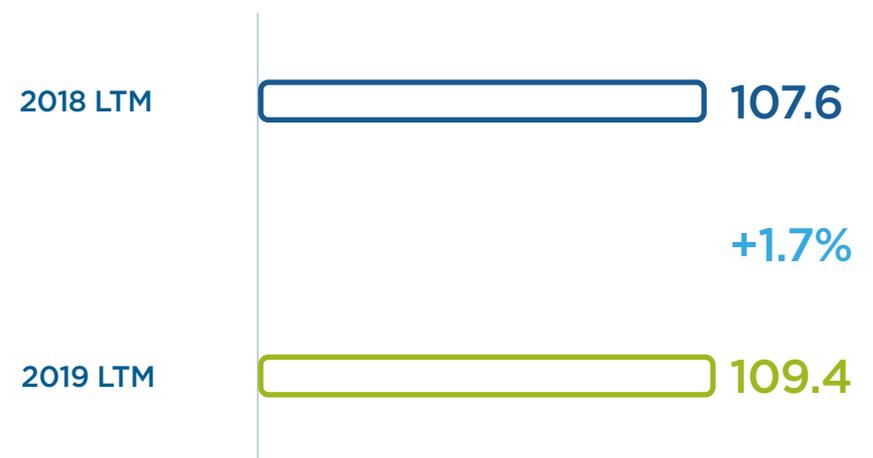
Positive LfL rental growth, underpinned by strong growth in tenant sales (+4.0%)



Tenant sales (million)



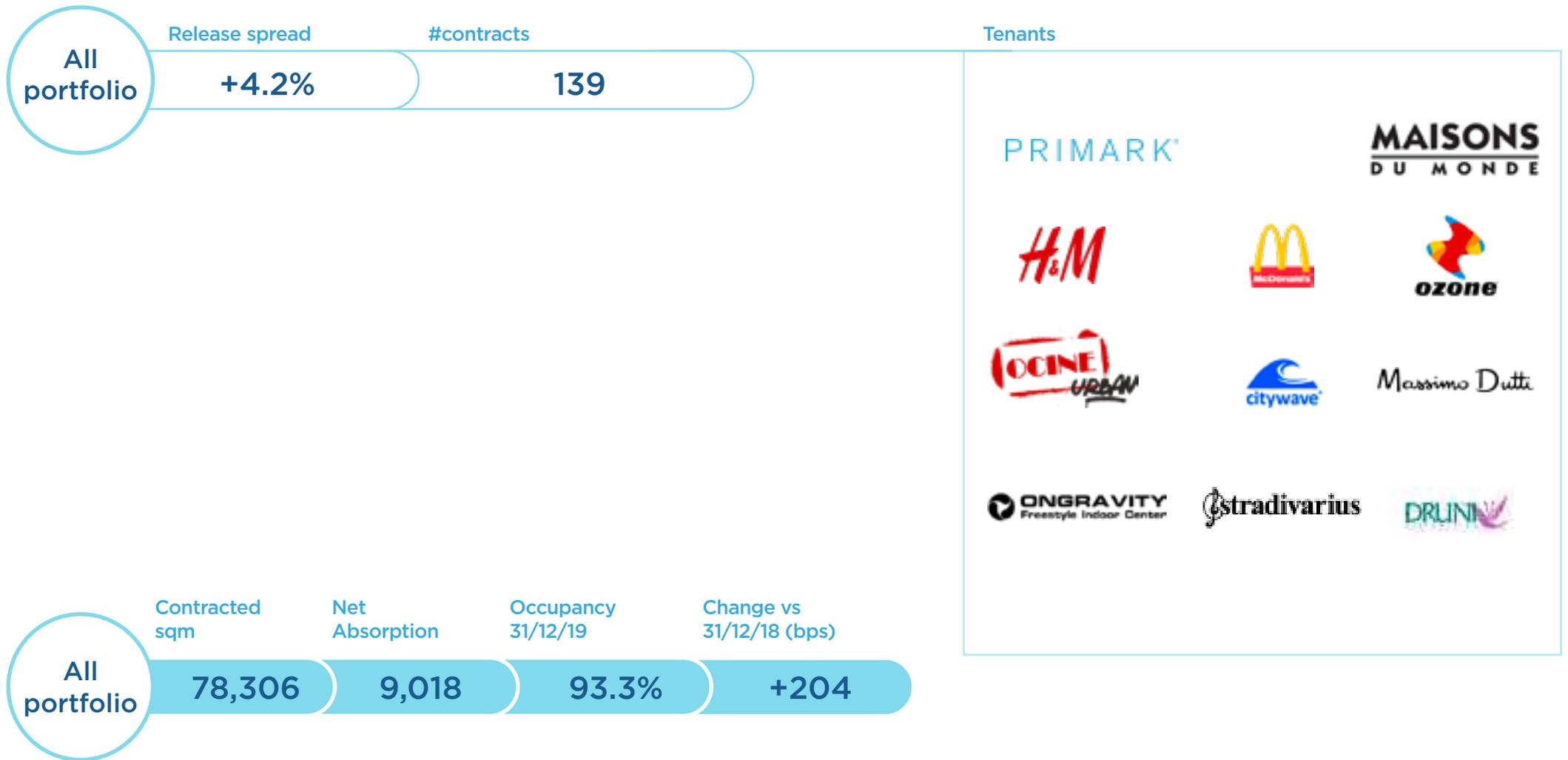
Visitors (million)



^① Shopping centers portfolio in operation for FY18 (€ 97.4m of GRI) and for FY19 (€ 100.4m of GRI)



Upward trend in performance with a release spread of 4.2% and meaningful growth in occupancy to end at 93.3% (+204 bps YoY)





Transforming our centers...



13 new stores



14 new stores



14 new stores



21 new stores



4 new stores



8 new stores



9 new stores



27 new stores

... and opening flagships



PRIMARK®

MAISONS
DU MONDE

8,266 sqm

2,029 sqm



4,251 sqm

2,959 sqm

2,380 sqm



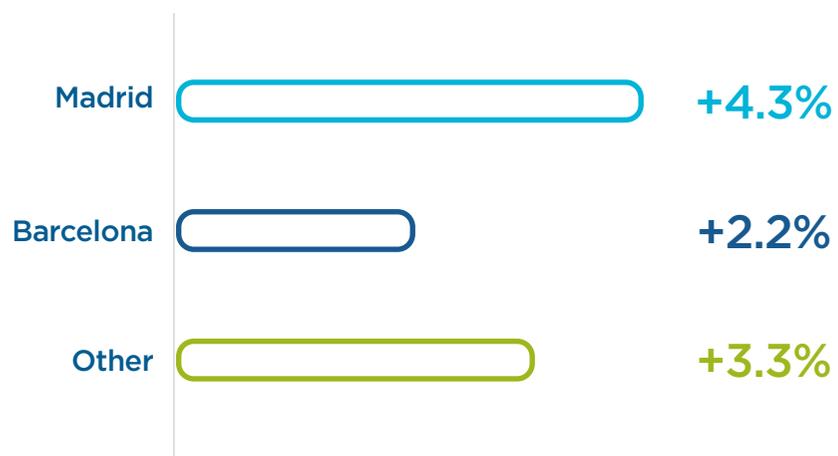
Logistics



A strong market and the quality of MERLIN's portfolio translates into good LfL rental growth



Lfl growth by area



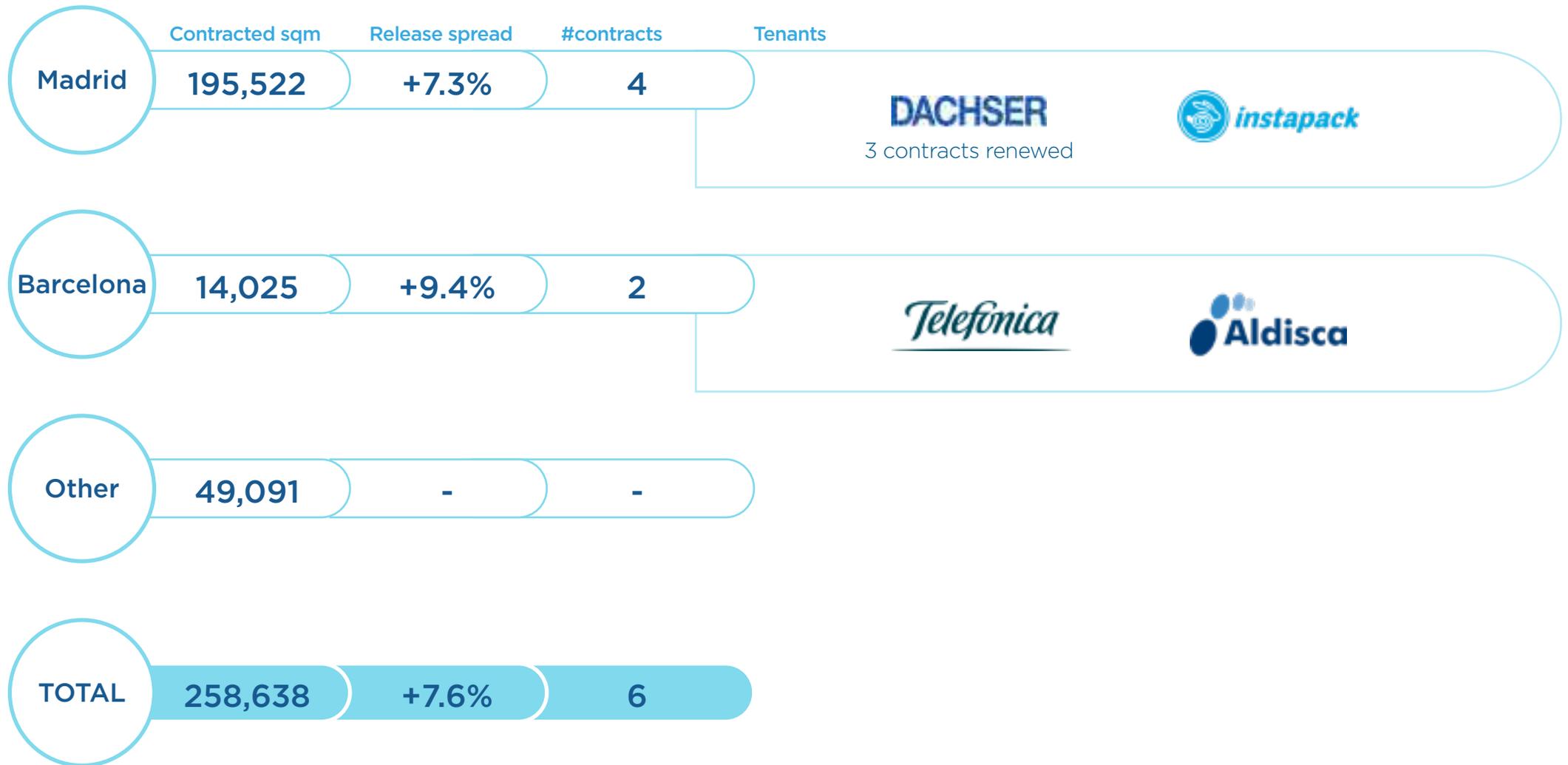
Occupancy by area



⁽¹⁾ Logistics portfolio in operation for FY18 (€ 47.9m of GRI) and for FY19 (€ 49.6m of GRI)



Outstanding release spread (7.6% all portfolio)





Stock
469,370 sqm Investment
 € 138m

WIP⁽¹⁾
258,138 sqm ERV
 € 22m

Stock incl. WIP
727,508 sqm

Third parties stock
178,433 sqm

Stock under management
905,941 sqm

Contracted sqm Release spread #contracts Tenants

202,857

+6.6%

34

ZAL Port



Occupancy by area

FY18 **97.6%** — (80 bps) → FY19 **96.8%**



€m	FY19	FY18	YoY
Gross rents	45.7	44.1	+3.5%
Net rents	45.1	43.5	+3.5%
EBITDA	43.2	41.7	+3.6%
FFO⁽²⁾	24.6	24.8	(1.1%)
Net earnings	8.8	9.1	(3.7%)
MERLIN attributed	4.2	4.4	(3.7%)

Delay in the delivery of UPS to Jan 2020

⁽¹⁾ 35,144 sqm delivered to Damm in January 2020

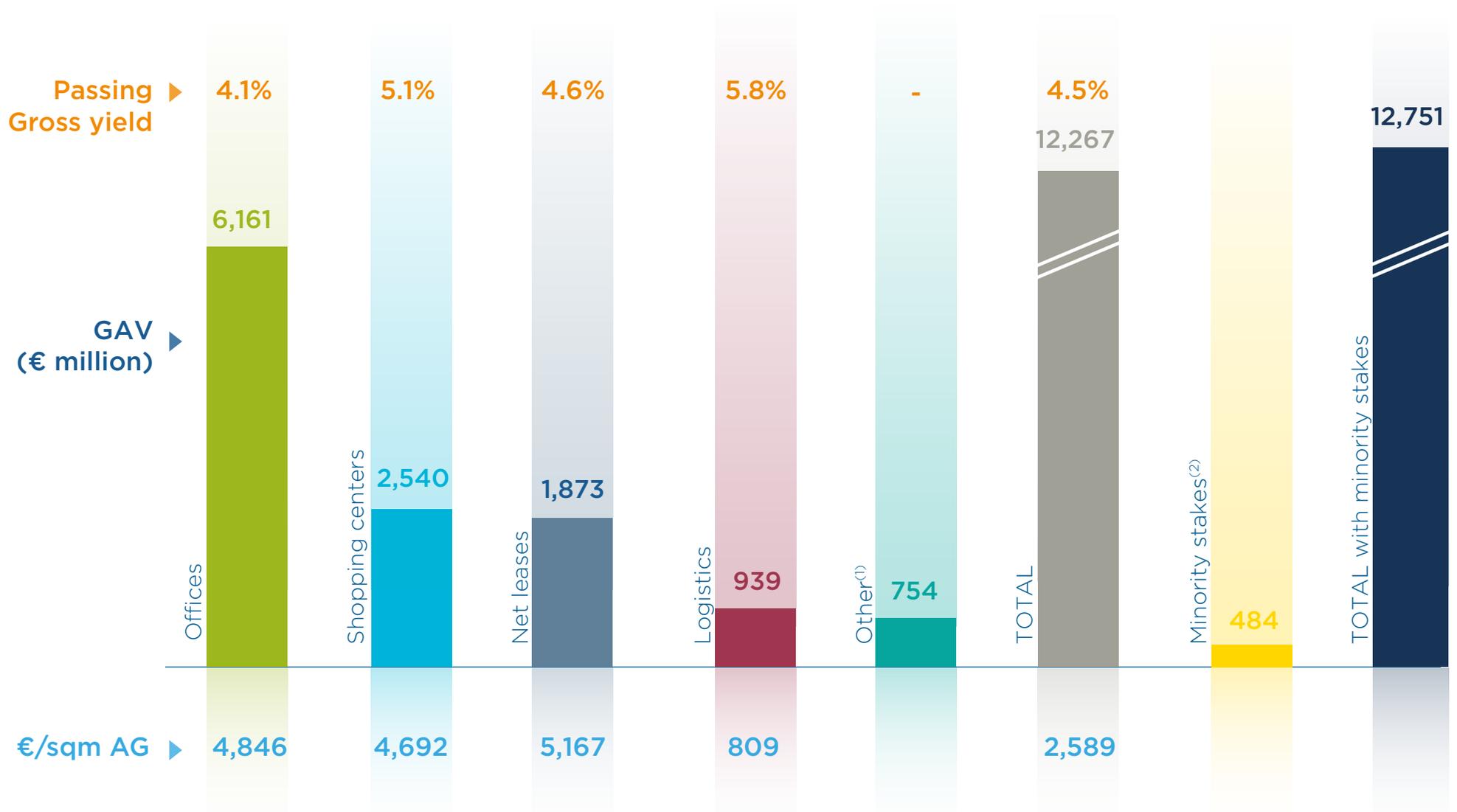
⁽²⁾ After deducting leasehold concession charge



Valuation
and debt
position



Gross asset value exceeding € 12.75bn



Source: Company

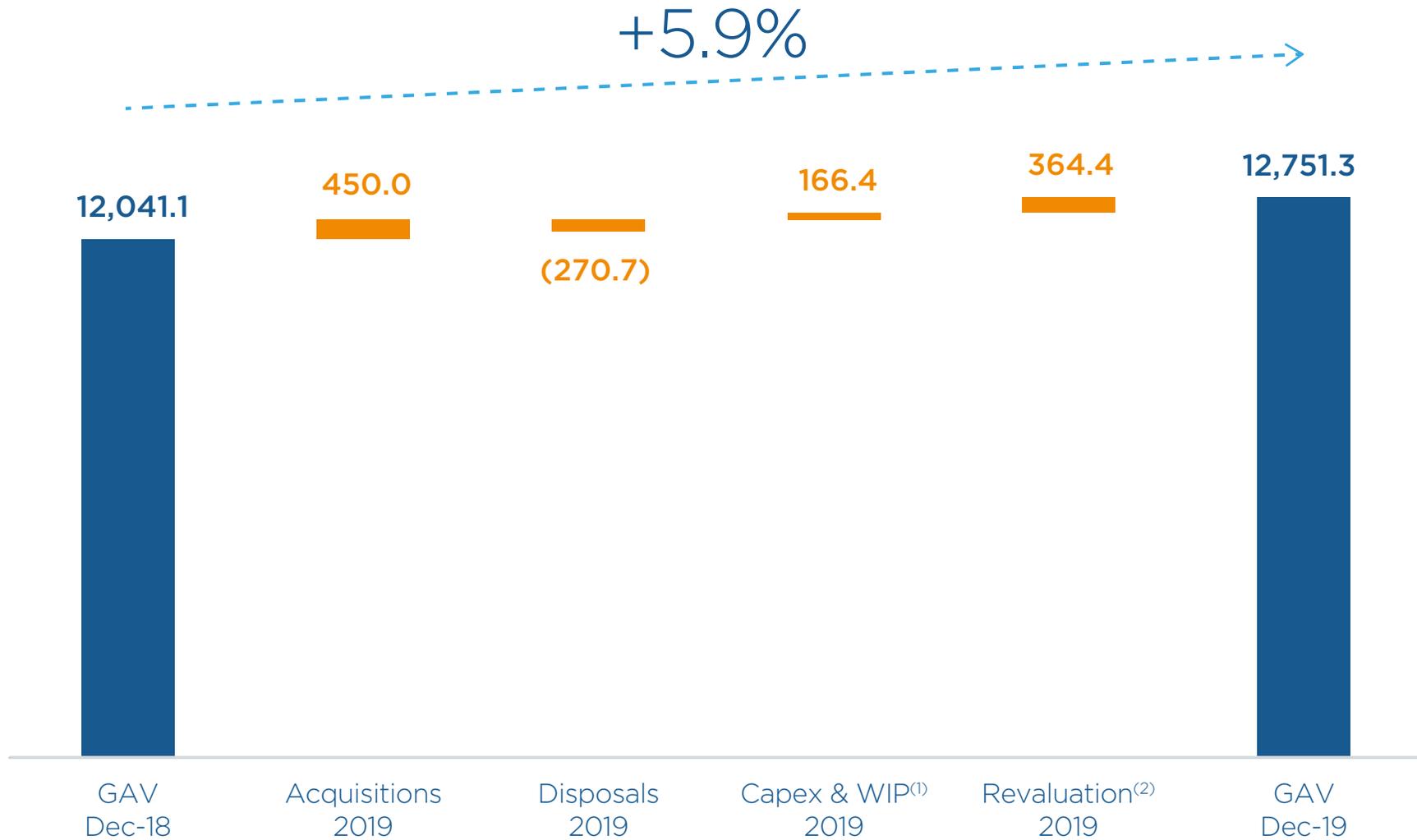
⁽¹⁾ Other includes logistics WIP, Office land for development, non-core land and miscellaneous

⁽²⁾ Including DCN and the DCN loan



Solid revaluation in the year of +5.9% (+3.3% LfL)

(€m)



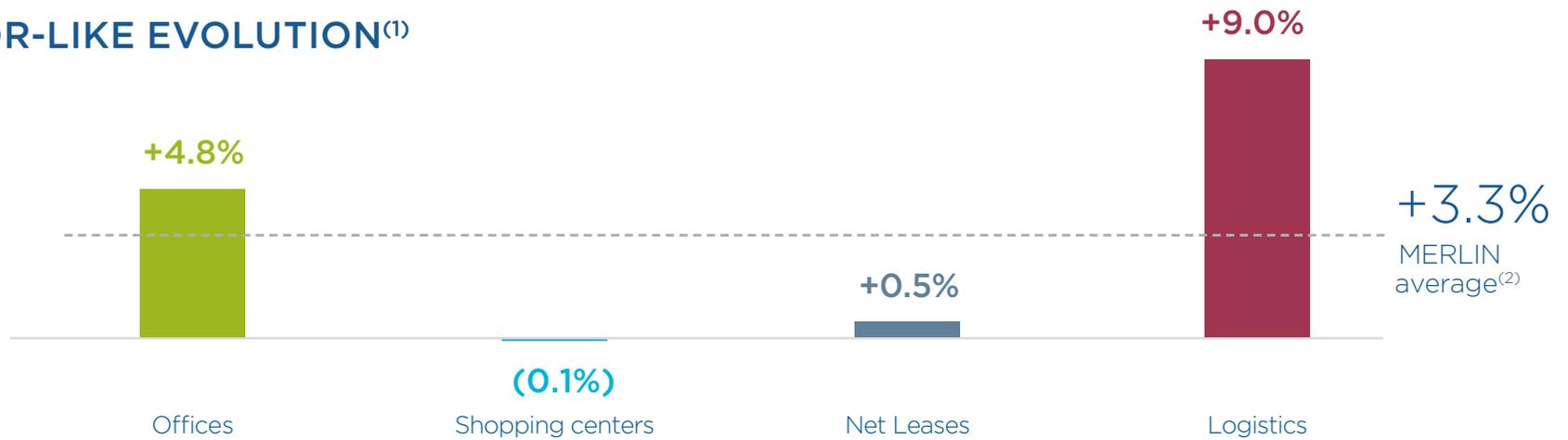
⁽¹⁾ Including acquisition of logistics assets to be developed

⁽²⁾ € 364.4m revaluation 2019 equals € 355.0m P&L revaluation plus € 10.6m equity method revaluation (€ 1.6m off B/S) minus € 1.1m of other adjustments

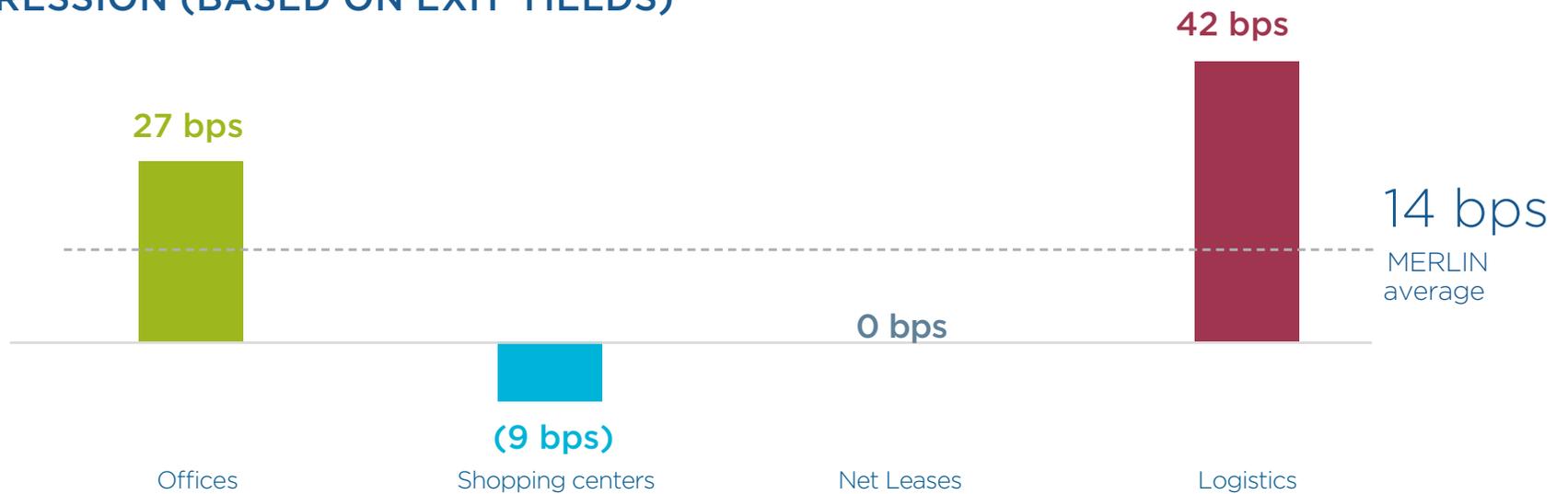


Appraisals reflecting income growth

GAV LIKE-FOR-LIKE EVOLUTION⁽¹⁾



YIELD COMPRESSION (BASED ON EXIT YIELDS)

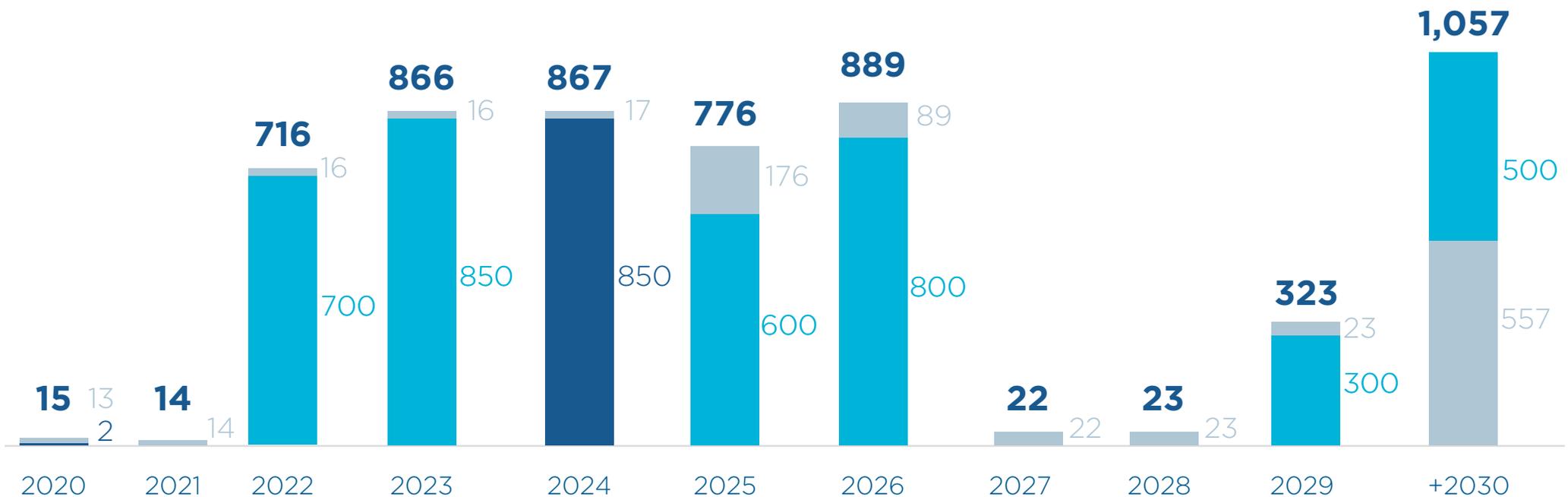


⁽¹⁾ GAV of WIP projects included under offices and logistics for LfL purposes.

⁽²⁾ Including equity method



Intense debt management further softening the maturity profile



● Unsecured loans ● Unsecured bonds ● Secured bank loans



Strengthening of MERLIN's financial profile, while maintaining a low LTV

	31/12/2019	31/12/2018	31/12/2017
Net debt	€ 5,182m ⁽¹⁾	€ 4,902m ⁽¹⁾	€ 4,904m
LTV	40.6% ⁽²⁾	40.7%	43.6%
Average cost (spot)	2.09% (1.79%)	2.13% (1.84%)	2.23%
Average maturity (years)	6.4	5.9	6.1
Unsecured debt/Total debt	82.7%	81.3%	78.5%
Fixed rate debt	99.5%	96.3%	98.6%

Source: Company

⁽¹⁾ Cash balance includes Treasury stock (€ 56.8m) and Juno's receivable (€ 70.0m)

⁽²⁾ Excluding transfer costs. If included LTV would amount to 39.5%



ESG &
Technology



Remarkable progress in ESG

ESG Benchmarks

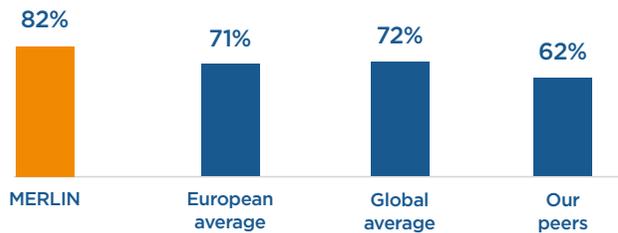
Certifications



MERLIN has obtained an excellent mark in the 2019 edition



Gold since 2017



Accessability



100%⁽¹⁾

Shopping centers

Efficiency



Target

99% 100% 97%

Actual

75% 77% 66%

Offices Shopping centers Logistics

Social engagement

Direct contributions

- 0.1% of GRI

- 17 foundations

Matching program

- 2x $\left\{ \begin{array}{l} \text{Employee contribution} \\ \text{Volunteering hours} \end{array} \right.$

- 47 foundations

61 foundations⁽²⁾

Quality



>850k sqm certified

Connectivity



Wiredscore kicks-off in Europe with MERLIN

⁽¹⁾ Excluding WIPs and Portugal

⁽²⁾ 3 foundations are bennefited both from direct contributions and matching program



MERLIN is focusing its technology efforts through 3 pillars

Deployment in our portfolio

Sensorization



Digitalization

Tenant engagement App



User experience



Mentoring

Proptech challenge



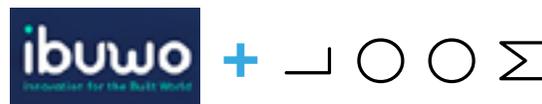
MERLIN teamed up with ISDI and Impact accelerator

The program allowed us to identify Proptech opportunities

Prized proptechs



Proptech Ecosystem



Sponsoring

MERLIN has invested in Fifth Wall, a venture capital proptech fund



Portfolio companies





Value
Creation



Art

- Located in Dom Joao II, main avenue in Parque das Nações in Lisbon
- 3 blocks in “U” shape
- Grade A specifications and 3 metres floor-to-ceiling height
- Fully let to best-in-class companies such as BNP Paribas, Huawei, Sage and DHL
- Strong reversionary potential



TFM

- Located in Dom Joao II, main avenue in Parque das Nações in Lisbon
- Fully let to shared services companies such as Webhelp and Bold International
- Strong reversionary potential



Nestlé HQ

- Located in the highly dynamic “western corridor” (A5 motorway)
- The building is divided into two wings connected by a common hall at the center
- 100% let to Nestle on a long term basis

GLA **22,150 sqm**
 ERV **€ 4.6m**
 Yield on cost **5.4%**
 ERV yield **6.1%**



GLA **7,837 sqm**
 ERV **€ 1.6m**
 Yield on cost **5.7%**
 ERV yield **6.5%**



GLA **12,260 sqm**
 GRI **€ 1.4m**
 Yield on cost **7.0%**





Cabanillas Park I ext.



22@ Ferreteria



Plaza de Cataluña 9⁽¹⁾

- Development of 4 logistics modules, adjacent to Cabanillas Park I, with a total GLA of 92,994 sqm
- MERLIN Cabanillas Park I + extension (314,867 sqm GLA) will become the largest logistics park in Madrid
- Delivery in two phases: 2020 and 2021

- Located in 22@ district in Barcelona
- The asset, formerly a hardware store, enjoys a special charm, ideal for coworking
- Cluster of common services and events management together with LOOM Torre Glòries

- Historical asset designed by the renowned modernist architect Josep Puig i Cadafalch
- Located in Plaza Cataluña, one of the most touristic and emblematic squares in Barcelona
- Spectacular terrace on the top floor

GLA **92,994 sqm**
 Total investment **€ 56.0m**
 ERV **€ 3.8m**
 Yield on cost **6.9%**

GLA **2,018 sqm**
 ERV **€ 0.4m**
 ERV yield **6.1%**



GLA **3,048 sqm**
 ERV **€ 0.8m**
 ERV yield **4.5%**



⁽¹⁾ Transaction closed on January 2020



Acquisition of a **strategic stake** in Distrito Castellana Norte, the **future of Madrid Prime CBD**



The Project

- **Largest development in Europe** with a total investment of € 6bn
- Future **Prime CBD area in Madrid** with second-to-none fast connections by air or train
- Comprises **4 independent phases**, one of which is divided in two sub-projects

Distrito Castellana Norte (DCN)

DCN is the largest owner of the development, with a total buildability of 1.2m sqm, 81% of which has office use and 19% residential

14.46% MERLIN Properties stake



The most ambitious real estate scheme in Europe



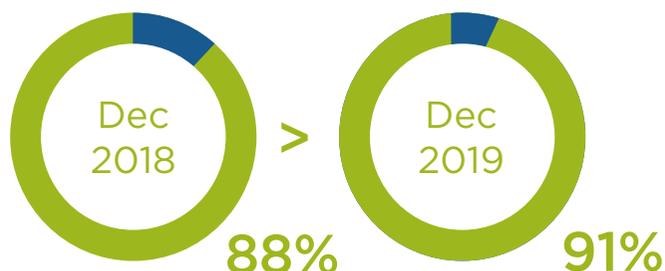


€ 281m of divestments in 2019, at an average premium of 4.3%

Offices

Exposure to Prime CBD + NBA

- Successful sale of a portfolio of **26 office buildings**, totalling **133,218 sqm** and **€ 11.8m** of gross annual rents



Shopping centers

Exposure to shopping centers

Exposure to secondary retail

- **Contribution of 3 secondary retail assets** (Thader, La Fira and Nassica) in exchange for 34.4% of Silicius, a multi-product vehicle. Executed on a NAV neutral basis
- **€ 175m** of disposal, out of which 50% are accounted for as true sale. The remaining 50% can be exchanged for non-retail assets of Silicius if not bought out within the next 5 years
- **Sale of 2 assets** in Bonaire Retail Park



⁽¹⁾ Pro-forma to exclude Thader, La Fira and Nassica by GAV



Torre Glòries



Torre Chamartín

Returns

- Acquisition € 142.0m
- Capex € 26.7m
- Total investment € 168.7m
- ERV € 11.8m
- Yield on cost 7.0%
(vs 6.5% underwriting)

Tenants

- 100% Let



Returns

- Acquisition € 31.2m
- Capex € 38.0m
- Total investment € 69.2m
- ERV € 4.3m
- Yield on cost 6.2%
(vs 6.2% underwriting)

Tenants

- 100% Let





Torre Charmartín

Torre Glòries

Marqués de Pombal 3

Castellana 85

Diagonal 605

Monumental

Plaza Ruiz Picasso

Adequa 4

Adequa 7

	Torre Charmartín	Torre Glòries	Marqués de Pombal 3	Castellana 85	Diagonal 605	Monumental	Plaza Ruiz Picasso	Adequa 4	Adequa 7
GLA (sqm)	18,295	37,614	12,460	15,254	13,244	22,387	31,576	15,793	32,109
Acquisition (€m)	31.2	142.0	-	-	-	-	-	28.2	64.5
Capex (€m)	38.0	26.7	1.6	32.1	8.7	34.8	50.3	16.8	61.5
Rent ▲(€m)	4.3	11.8	0.2	2.6	1.3	3.3	6.3	3.6	8.3
Yield on Cost	6.2%	7.0%	9.4%	8.1%	15.5%	9.4%	12.6%	7.9%	6.6%
Delivery	2019	2019	2020	2020	2020	2021	2022	2022	2022

Total Acquisition
€ 266.0m

Total Capex
€ 270.5m

Total investment
€ 536.4m

Pending Capex
€ 175.5m

Additional Rents
€ 41.7m

Yield on Cost
7.8%

Already captured
€ 4.5m

To come
€ 37.2m



Comercialization status

We have turned the mix upside down: 70% experience / 30% retail

95%
commercialized as of February

Tenants demanding
more space



Climbing
Spanish cup



Harley
gathering



Bowling
Tournament



Spanish
freestyle cup



> 1,500
surfers



> 1.2 million visitors since opening (less than 2 months)



Larios



Tres Aguas

- Total investment **47.3m⁽¹⁾**
- ERV **€ 3.1m**
- Yield on cost **6.6%** (vs 6.4% underwriting)
- **Top-of-mind mall** for retailers in Malaga
- **Full occupancy**
- After reform the center is achieving the **highest footfall** in 6 years

- Total investment **€ 12.1m⁽²⁾**
- ERV **€ 1.4m⁽³⁾**
- Yield on cost **11.2%** (vs 15.1% underwriting)
- **Occupancy gain of + 900 bps** after the refurbishment
- After reform, the center has achieved the **highest sales** in 5 years

- **New tenants⁽³⁾**
21 contracts 15,518 sqm
- **Renewals**
11 contracts 2,885 sqm

- **Anchor tenants are upscaling and upgrading their units**
- **New tenants**



⁽¹⁾ € 19.9m GLA + € 27.5m Capex ⁽²⁾ Only including MRL 50% ⁽³⁾ Or upscaled units



Larios

Arturo Soria Plaza

X-Madrid

Tres Aguas⁽¹⁾

El Saler

Porto Pi

Callao 5

GLA (sqm)	41,460	7,054	47,170	67,690	47,471	58,779	11,629
GLA MERLIN (sqm)	37,957	6,069	47,170	33,845	28,861	32,963	11,629

Capex (€m)	Works: 27.5 Ad. GLA: 19.9	5.4	Works: 46.4 Investment: 10.5	12.1 ⁽¹⁾	Works: 24.0 Ad. GLA: 12.0	Works: 26.6 Ad. GLA: 15.2	20.5
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Rent ▲(€m)	3.1	0.6	5.2	1.4 ⁽¹⁾	1.9	1.7	3.9
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Yield on Cost	6.6%	11.3%	9.1%	11.2%	5.2%	4.2%	18.9%
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Delivery	2019	2019	2019	2019	2020	2021	2021
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Δ GLA + X-Mad inv.
€ 57.5m

Total Capex
€ 162.6m

Total investment
€ 220.1m

Pending Capex
€ 86.0m

Additional Rents
€ 17.7m

Yield on Cost
8.1%

Already captured € 4.0m	To come € 12.3m	Equity method ⁽²⁾ € 1.4m
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⁽¹⁾ Only including MRL 50%

⁽²⁾ Equity method investments are not included in the GRI



Madrid Pinto II B⁽¹⁾

Guadalajara Cabanillas III

Toledo Seseña

Guadalajara Cabanillas F

Madrid San Fernando II

Guadalajara Azuqueca III

Guadalajara Cabanillas Park I extension

Guadalajara Azuqueca II

Guadalajara Cabanillas Park II

GLA (sqm)	29,473	21,879	28,731	20,723	34,224	51,000	92,994	98,757	210,678
Capex (€m)	13.7	11.8	15.5	10.8	21.7	30.1	56.0	54.7	114.2
ERV (€m)	1.2	0.9	1.2	0.9	1.9	2.3	3.8	4.4	9.2
ERV YoC	8.6%	7.8%	7.7%	7.9%	8.9%	7.7%	6.8%	8.1%	8.1%
Delivery	2019	2019	2019	2019	2020	2020	2020/2021	2021	2021

GLA
588k sqm

Total investment
€ 328.4m

Pending Capex
€ 193.4m



Yield on Cost
7.9%

⁽¹⁾ 2nd phase of Pinto II only



Launch of Best III to expand footprint to other areas of the Iberian Peninsula



Valencia
Ribarroja

Zaragoza
Plaza II

Sevilla⁽²⁾
ZAL WIP

Lisbon
Park

Madrid
San Fernando III

Valencia

GLA (sqm)	34,992	11,421	42,632	224,864	98,942	96,572
Capex (€m)	26.3	7.1	24.4	147.6	54.9	56.2
ERV (€m)	1.9	0.5	2.0	10.5	5.1	4.4
ERV YoC	7.2%	7.2%	8.4%	7.1%	9.3%	7.8%
Delivery	2019	2020	2019/2020	2020/2023	2022/2023	2022/2023

GLA
509k sqm

Total investment
€ 317m⁽¹⁾

Pending Capex
€ 261.2m



Yield on Cost
7.7%

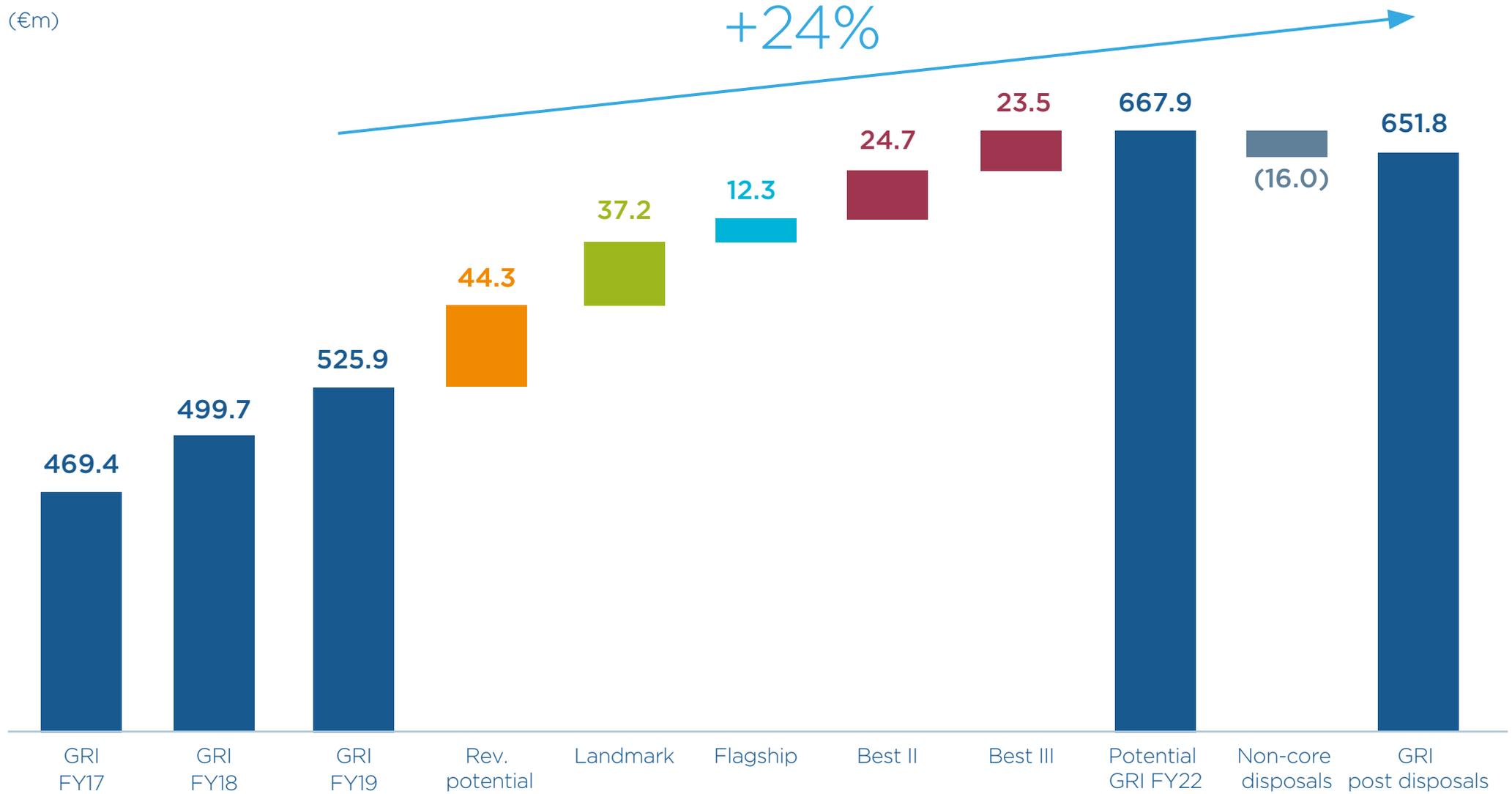
⁽¹⁾ € 163m total investment until 2022
⁽²⁾ 8.798 sqm already delivered to Amazon



Attractive growth profile with high degree of lets and pre-lets

(€m)

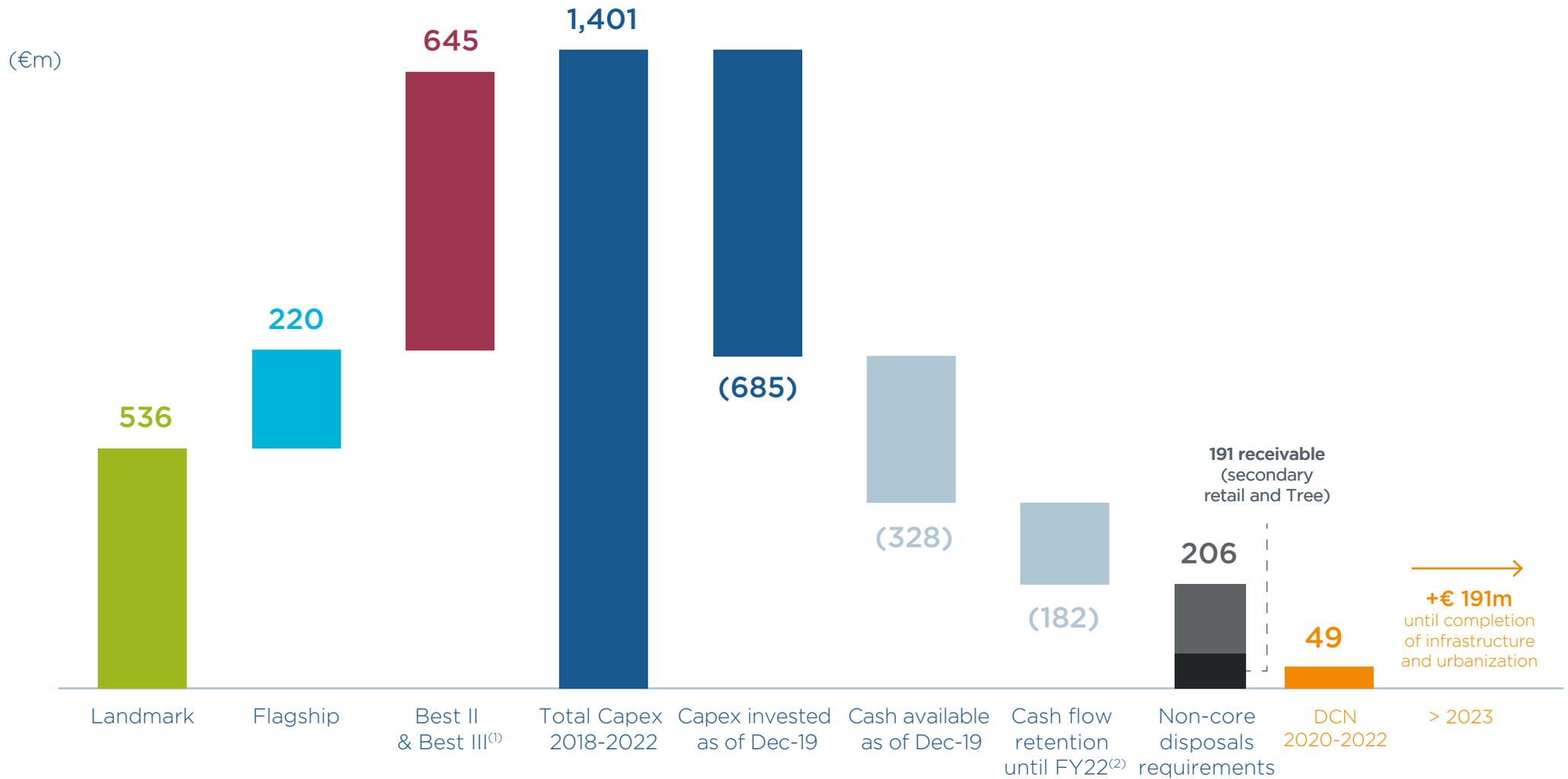
+24%





Capex program now self-funded

Cash from further non-core disposals to be used mainly for DCN and debt repayment



⁽¹⁾ Includes € 154m investments post 2022 (San Fernando III, Lisbon Park and Valencia)

⁽²⁾ 3 years cash retention based on 20% of FY19 AFFO



Outlook
2020



Execution of Capex plans translate into a net loss of FFO of approximately € 19.1m in 2020

	Assets	FFO increase	FFO decrease
Acquisitions 2019	<ul style="list-style-type: none"> • Art • TFM • Nestlé • Valencia Ribarroja 	+€ 1.5m	
Disposals 2019	<ul style="list-style-type: none"> • Juno portfolio + other • 3 secondary retail assets • Other 		(€ 11.9m)
Assets taken out from inventory	<ul style="list-style-type: none"> • Castellana 85 • Monumental • Plaza Ruiz Picasso 		(€ 13.0m)
Assets added-back to inventory	<ul style="list-style-type: none"> • Torre Glòries • Torre Chamartín • Toledo-Seseña-Madrid • X-Madrid 	+€ 4.3m	
Temporary net effect			(€ 19.1m)

FFO Guidance
€ 0.65 per share

AFFO Guidance
€ 0.62 per share

DPS
€ 0.52 per share
 € 0.50 from AFFO. € 0.02 from disposals



Closing
remarks



Performance

- Remarkable year in cash flow generation, with **FFO per share growing +9.2% YoY**
- **Offices. Outstanding increase both in rents** (+7.3% LfL) and occupancy (+264 bps)
- **Shopping centers proving its resilience**, with tenant sales rising and good business behaviour
- **Logistics** continue showing **strong momentum**

Value creation

- **Landmark/Flagship/Best II & III.** Substantial deliveries in 2019, all of them at very compelling returns
- Active management of capital recycling resulting in **enhanced quality of offices and retail portfolios**, as well as strategic stake in the most ambitious real estate scheme in Europe
- **+24% growth potential in rents**, with lower risk of execution at this point

Outlook 2020

- **Positive market backdrop** underpinning fundamentals in all asset categories
- **FFO guidance of € 0.65 per share.** Temporary loss of **FFO** due to buildings vacated for the execution of works
- DPS guidance of **€ 0.52**



MERLIN

PROPERTIES

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