

## 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

MERLIN celebrará un *Conference Call* con analistas e inversores institucionales, el jueves 30 de julio 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=e45a22ad0336677efc7d04dd11f0f6968>

Número evento: 6799664

Números conexión:

España	+34 91 414 3675
Reino Unido	+44 (0) 207 1928338
EEUU	+1 8778709135
Francia	0805101465
Alemania	08007234756
Italia	800131881
Canadá	18669250818
Países Bajos	08000235015

Adjunto se remite la nota de prensa y la documentación soporte a la presentación, que están igualmente disponibles a través de la página web corporativa de MERLIN ([www.merlinproperties.com](http://www.merlinproperties.com))

Madrid, 29 de julio de 2020.

MERLIN Properties SOCIMI, S.A.

## MERLIN resiste el impacto del Covid-19 con solvencia

- Ingresos por rentas: € 259,4 millones (-2,2% vs 6M 2019)
- EBITDA: € 184,1 millones (-12,5% vs 6M 2019)
- Beneficio operativo (“FFO”): € 134,3 millones (-14,6% vs 6M 2019)
- Valor neto de activos por acción: €15,68 (+3,8% vs 6M 2019)

- Sin cambio de perímetro tras las ventas de activos, los ingresos crecen un 2,7% en términos comparables.
- La Compañía lanzó una política comercial para ayudar a sus inquilinos de retail a superar la crisis del Covid-19 mediante incentivos. El impacto contable este semestre ha sido de € 27,8 millones.
- El beneficio operativo (“FFO”) alcanza los € 134,3 millones, 29 céntimos por acción, pese al menor perímetro y los incentivos contabilizados. Sin estos dos efectos, habría superado también el beneficio operativo del año anterior.
- La valoración de la cartera se mantiene en los niveles de diciembre, con crecimientos en oficinas y logística y descensos en centros comerciales. El valor neto de los activos según recomendaciones EPRA (“EPRA NAV”) se sitúa en 15,68 euros, un crecimiento del 3,8% respecto al año pasado.

**Madrid, 29 de julio.-** MERLIN Properties ha cerrado el primer semestre con una facturación de € 259,4 millones, un EBITDA de € 184,1 millones y un beneficio operativo (FFO) de € 134,3 millones. El beneficio neto consolidado conforme a IFRS asciende a € 70,9 millones de euros, no comparable con el ejercicio anterior por los atípicos (activos vendidos y menor revalorización de activos este año que el pasado). Excluyendo atípicos, el beneficio neto asciende a € 87,2 millones, un 30% inferior al primer semestre de 2019 (€ 124,3 millones). La ocupación de la cartera aguanta el efecto Covid-19 y se sitúa en los mismos niveles que antes del estallido de la pandemia, alcanzando el 93,9%, demostrando su calidad y la solidez de los arrendatarios.

La cartera de activos alcanza un valor bruto (GAV) de € 12.755 millones, en línea con la de diciembre de 2019 (+0,2%). Por categorías de activos, la valoración de oficinas y logística sigue creciendo por mayores rentas, net leases se mantiene y centros comerciales cae un 4,7%. El valor neto de los activos asciende a € 7.365 millones (15,68 euros por acción), un incremento del 3,8% en el último año.

MERLIN Properties continúa gestionando activamente su balance de situación, que, tras la emisión y recompra de bonos recientemente realizada, sitúa el nivel de endeudamiento

("LTV") en un 40,5% (40,6% en diciembre de 2019), con una posición de liquidez superior a € 1.200 millones y sin vencimientos de deuda hasta mayo de 2022. El vencimiento medio de la deuda se ha alargado hasta los 6,5 años.

### *Oficinas*

- Evolución del negocio

Buen comportamiento en el semestre con una subida en rentas like-for-like del 4,0%. Se han firmado contratos por 187.330 m2, de los cuales 147.909 m2 se han firmado durante el segundo trimestre, en el difícil contexto post Covid. Los contratos con nuevos inquilinos se han firmado por encima de las rentas de mercado y las renovaciones se han hecho a precios incrementados, logrando un *release spread* del 2,7% en el semestre. La ocupación se encuentra en el 90,9%, muy en línea con la alcanzada antes del impacto Covid (91,4% en marzo). El nivel de impagos ha sido irrelevante, un 0,8% durante el segundo trimestre.

- Plan Landmark I

Destacan en el semestre los contratos firmados en dos de los proyectos más emblemáticos, Castellana 85 en Madrid y Monumental en Lisboa, ambos en plena construcción y con entrega prevista para el primer trimestre de 2021. Castellana 85 será la sede central de una consultora de fama mundial y de una ingeniería española. Monumental será la sede central del banco BPI (grupo Caixabank).

### *Centros comerciales*

- Evolución del negocio

Para los inquilinos retail, MERLIN Properties lanzó una política comercial con descuentos en la renta del 100% durante los meses de cierre de las tiendas. Para los meses posteriores a la reapertura, MERLIN ha dado incentivos desde junio descendientes hasta diciembre (60% / 10%). La política ha sido acogida muy positivamente por nuestros inquilinos, siendo aceptada a día de hoy por más del 92% de los clientes retail. Como contrapartida, los clientes han extendido el vencimiento de sus contratos hasta 2022, protegiendo la ocupación de la cartera durante 2020 y 2021. El nivel de impagos se ha situado en solo un 2,6%.

La ocupación ha cerrado el semestre en un 94,1% (igual que antes del Covid) y los incentivos dados a los clientes han ascendido a € 27,8 millones, con su consecuente impacto directo en las cuentas de MERLIN. Tras la reapertura, la afluencia a los centros comerciales y ventas de los inquilinos ha sufrido el lógico impacto debido a la menor movilidad de personas, especialmente en áreas turísticas, con caídas del tráfico del 29% en la primera quincena de julio y caídas en las ventas del 18% durante el mes de junio.

- Plan Flagship

Porto Pi en Mallorca y Saler en Valencia siguen avanzando en sus reformas. Se prevé que tanto Saler como Porto Pi acaben durante el primer trimestre del año que viene. Tras ello, finalizará la reforma de todos los centros comerciales del Plan Flagship.

### *Logística*

- Evolución del negocio

El empuje de la venta online en el entorno post Covid impulsa el crecimiento de este segmento de mercado. MERLIN logra un sólido crecimiento en rentas, tanto en términos comparables *like-for-like* (+2,9%) como en las renovaciones (+6,7%). La ocupación crece hasta el 96,8% (+38 puntos básicos con respecto al primer trimestre). El nivel de impagos ha sido de apenas un 0,9% en el segundo trimestre.

- Plan Best II & III

Buen semestre en pre-comercialización de activos en desarrollo comprendidos en los planes Best II & III. En ZAL Port Barcelona se han entregado más de 150.000 m<sup>2</sup> a UPS, Damm y Caprabo, entre otros. En ZAL Sevilla se han entregado dos naves a Carbó Collbatallé y Cuatrogasa. Además, se han firmado el alquiler de la totalidad de Zaragoza-Plaza II (Best III) a DSV, un proyecto llave en mano de 11.421m<sup>2</sup>, así como 22.930 m<sup>2</sup> con Damm en Madrid-San Fernando II.

### *Impacto futuro del Covid-19 en el negocio*

MERLIN Properties ha cuantificado el impacto en flujo de caja del Covid-19 en el ejercicio 2020, por un máximo de unos € 60 millones, indicando al mercado que el beneficio operativo para el ejercicio ascenderá a € 250 millones (o € 53 céntimos por acción). La Compañía planifica el resto del ejercicio y 2021 con toda la cautela y prudencia pero afronta el corto y medio plazo con un balance de situación muy sólido. Solo el 12% de los contratos vencen en 2021 y MERLIN cuenta además con € 20 millones de rentas adicionales derivadas de los nuevos contratos firmados en Landmark y Best II & III, que entrarán en producción el año próximo.

## Acerca de MERLIN Properties

MERLIN Properties SOCIMI, S.A. (MC:MRL) es la mayor compañía inmobiliaria española. 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](http://www.merlinproperties.com) para obtener más información sobre la compañía.

Si desea más información, póngase en contacto con:

Nuria Salas, [nsalas@tinkle.es](mailto:nsalas@tinkle.es), +34 629 56 84 71

Sarah Estébanez, [sestebanez@tinkle.es](mailto:sestebanez@tinkle.es), +34 636 62 80 41



**MERLIN**  
PROPERTIES

# 6M 2020 RESULTS PRESENTATION

30 July 2020

## DISCLAIMER

---



This presentation has been prepared by MERLÍN Properties, SOCIMI, S.A. (the Company) for informational use only.

The information contained in this presentation does not purport to be comprehensive or to contain all the information that a prospective purchaser of securities of the Company may desire or require in deciding whether or not to purchase such securities, and has not been verified by the Company or any other person. The information contained in this document is subject to change without notice. Neither the Company nor any of affiliates, advisors or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of any information contained or referred to in this document. Each of the Company and its employees, officers, directors, advisors, agents or affiliates expressly disclaims any and all liabilities whatsoever (in negligence or otherwise, whether direct or indirect, in contract, tort or otherwise) for any loss howsoever arising from any use of this presentation, the information contained or referred to therein, any errors therein or omissions therefrom or otherwise arising in connection with this presentation. Neither the Company, nor any of its affiliates, advisors or agents undertakes any obligation to provide the recipients with access to additional information or to update this document or to correct any inaccuracies in the information contained or referred to therein.

Certain statements in this document regarding the market and competitive position data may be based on the internal analyses of the Company, which involve certain assumptions and estimates. These internal analyses may have not been verified by any independent sources and there can be no assurance that the assumptions or estimates are accurate. Additionally, certain information in this presentation may be based on management accounts and estimates of the Company and may have not been audited or reviewed by the Company's auditors, whereas the information on Metrovacesa S.A. and on certain competitors contained herein is based on publicly available information which has not been verified by the Company. Accordingly, recipients should not place undue reliance on this information.

This information is provided to the recipients for informational purposes only and recipients must undertake their own investigation of the Company. The information providing herein is not to be relied upon in substitution for the recipient's own exercise of independent judgment with regard to the operations, financial condition and prospects of the Company.

Neither this presentation nor any copy of it shall be taken, transmitted into, disclosed, diffused, sent, published or distributed in the United States, Canada, Australia or Japan. The distribution of this

presentation in other jurisdictions may also be restricted by law and persons into whose possession this presentation comes should inform themselves about and observe any such restrictions. In particular, any offer that might result from the transaction herein described will not be made, directly or indirectly, in the United States of America, or by use of mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telephone and internet) of interstate or foreign commerce of, or any facilities of any national securities exchange of, the United States, Canada, Australia or Japan. The securities of the Company have not been and, should there be an offering, will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act) and, subject to certain exceptions, may not be offered or sold in the United States. The securities of the Company have not been and, should there be an offering, will not be registered under the applicable securities laws of any state or jurisdiction of Canada or Japan and, subject to certain exceptions, may not be offered or sold within Canada or Japan or to or for the benefit of any national, resident or citizen of Canada or Japan.

THIS PRESENTATION DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER FOR SALE OR SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES IN THE UNITED STATES OR IN ANY OTHER JURISDICTION, NOR SHALL IT OR ANY PART OF IT FORM THE BASIS OF OR BE

RELIED ON IN CONNECTION WITH ANY CONTRACT OR COMMITMENT TO SELL OR PURCHASE SHARES. ANY DECISION TO SELL OR PURCHASE SHARES IN ANY OFFERING SHOULD BE MADE SOLELY ON THE BASIS OF PUBLICLY AVAILABLE INFORMATION.

This presentation may include forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause such actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the Company and the environment in which they expect to operate in the future. Forward-looking statements speak only as of the date of this presentation and the Company expressly disclaim any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this presentation, any change in their expectations or any change in events, conditions or circumstances on which these forward-looking statements are based.

In reviewing this presentation, the recipient is agreeing to, and accepting, the foregoing restrictions and limitations.



**ISMAEL CLEMENTE**  
CEO



**MIGUEL OLLERO**  
GM / COO



**DAVID BRUSH**  
CIO



## Contents

A resilient company

Key highlights

6M20 Financial results

Offices

Shopping centers

Logistics

Valuation and debt position

Value creation

Covid-19 update

Closing remarks



STOXX® Europe 600





51%  
OFFICES<sup>(1)</sup>



31%  
LOGISTICS + NET LEASES + OTHER<sup>(1)</sup>

18%  
RETAIL<sup>(1)</sup>



>1,900  
TENANTS<sup>(2)</sup>



91%  
OFFICES IN PRIME CBD AND NEW BUSINESS AREAS

90%  
E-COMMERCE LOGISTICS

96%  
URBAN AND DOMINANT MALLS

<sup>(1)</sup> By GAV  
<sup>(2)</sup> Excluding minority stakes



- **Contracted rents** exceed **€ 3bn<sup>(1)</sup>** to first break and **€ 5bn** to maturity
- **Only 15%** of rents maturing before end of 2021
- Covid-19 incentives **fully booked in 2020** (€ 66 million estimated, no change from April disclosure)
- Securing a minimum of **€ 101.1 million of rents** from retail in 2021<sup>(2)</sup> through lease extensions
- Only **3%-4% of retail tenants** deemed “unrecoverable”
- **40% LTV** (covenant 60%)
- **3.7x ICR** (covenant 2.5x)
- **No debt repayment** until May 2022
- Maturity profile extended to **6.5 years**
- **BBB stable rating** by S&P

<sup>(1)</sup> Including contracts on projects pending to be delivered. Not including CPI

<sup>(2)</sup> Assuming no mall income and 0% renewal rate



### FINANCIAL PERFORMANCE

- **Positive LfL rental growth of +2.7% YoY**, evidencing the strength of our portfolio
- **FFO per share of € 0.29**, affected by Covid -19 incentives (€ 0.06 per share) and assets sold (€ 0.02 per share), otherwise it would show growth when compared to 6M19
- **Valuations flat** vs Dec-19, with **offices and logistics on the positive territory** while retail down by 4.7%
- Debt management resulting in LTV on par with Dec-19 (40.4%). **Average maturity extended 6 months to 6.5 years** and no floating rate risk

### OPERATING PERFORMANCE

- **LfL growth in all asset categories**, combined with sound release spread
- **Leasing activity has continued at a good pace** during Covid-19, with **150,000 sqm signed in offices** in the second quarter. **Retail has seen modest activity** (ca 6,200 sqm signed) and **logistics advancing**, with ca 45,000 sqm signed. Leases generally signed above ERV
- **Occupancy resilience, standing today (94%)** where it was at the end of the first quarter. **The high adoption rate of our Covid-19 commercial policy** (which included an extension of contracts beyond 2021) plus the extension of the **Endesa lease**, provides greater visibility on future rents

### VALUE CREATION

- **Landmark.** Several significant leases signed in the period, in Castellana 85 and Monumental with rents at the same level as the pre-lets negotiated before Covid-19 outbreak. Both projects achieve very compelling returns (yield on cost of 8.3% and 9.4%, respectively). **Total secured future rents** for Landmark of € **13.3m** commencing in 2021
- **Flagship.** Works have progressed on pace in Saler and Porto Pi
- **Best II & III.** 2 projects delivered in Seville and pre-lets signed for Madrid-San Fernando II and Zaragoza-Plaza II. **Total secured future rents** for Best II & III of € **6.3m** commencing in 2021



**6M20**  
Financial  
results



## Top-line ahead of 2020 expectations. FFO impact of Covid-19 incentives

(€ million)	6M20	6M19	YoY
<b>Gross rents</b>	256.6	262.7	(2.3%)
<b>Gross rents after incentives</b>	221.2	253.0	(12.6%)
<b>Net rents</b>	198.7	228.2	(13.0%)
<b>EBITDA<sup>(1)</sup></b>	184.1	210.4	(12.5%)
<b>FFO<sup>(2)</sup></b>	134.3	157.2	(14.6%)
<b>AFFO</b>	125.4	151.6	(17.3%)
<b>IFRS net profit</b>	70.9	262.0	(72.9%)
<b>EPRA NAV</b>	7,365.3	7,096.9	+3.8%

(€ per share)	6M20	6M19	YoY
<b>FFO</b>	0.29	0.33	(14.6%)
<b>AFFO</b>	0.27	0.32	(17.3%)
<b>EPS</b>	0.15	0.56	(72.9%)
<b>EPRA NAV</b>	15.68	15.11	+3.8%

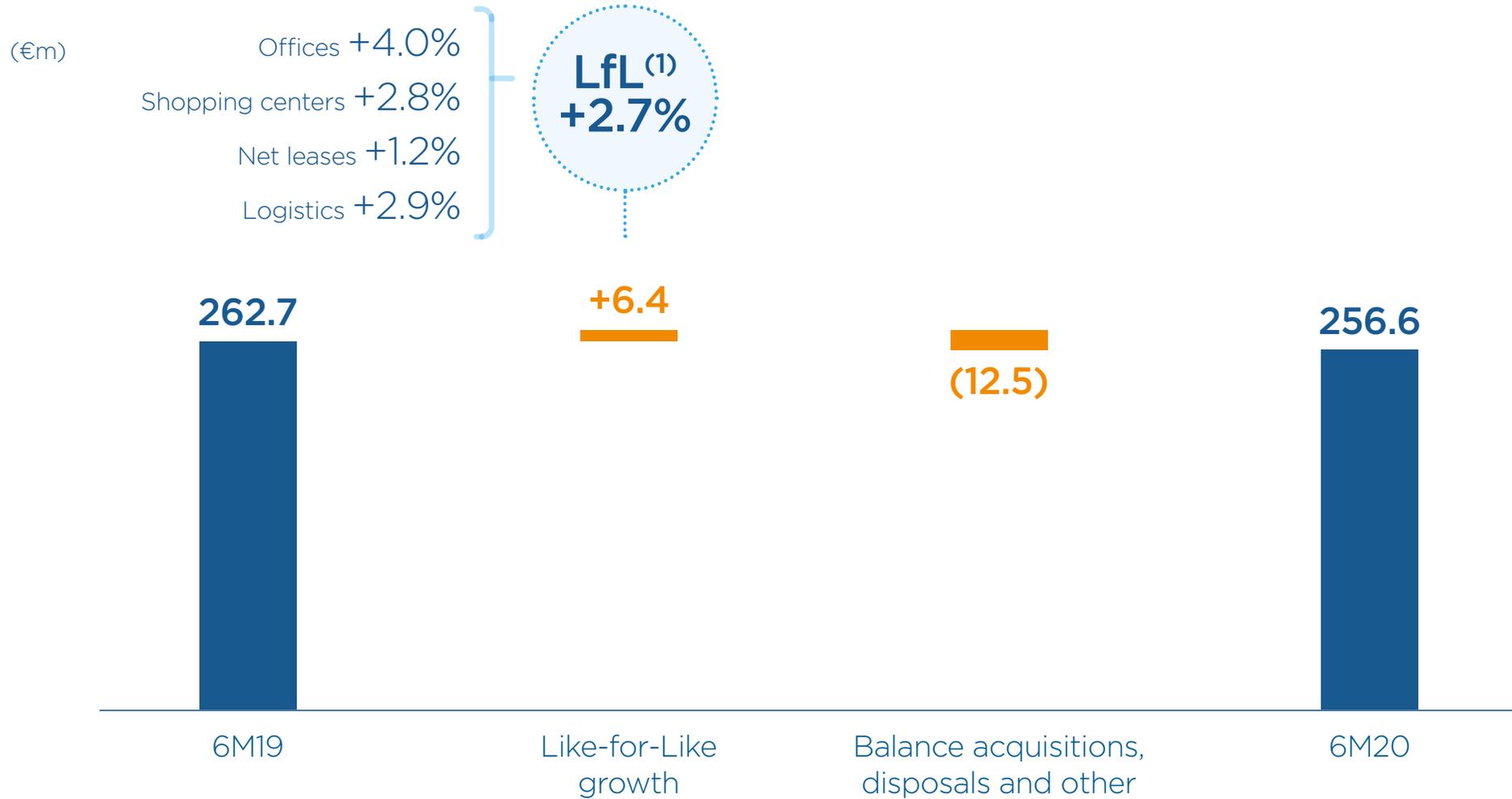
€ 0.06 of Covid incentives  
 € 0.02 of non core disposals

<sup>(1)</sup> Excludes non-overhead costs items (€ 2.4m) plus LTIP accrual (€ 10.1m)

<sup>(2)</sup> FFO equals EBITDA less net interest payments, less minorities, less recurring income taxes plus share in earnings of equity method



Positive LfL growth in all asset categories despite the challenging environment



<sup>(1)</sup> Portfolio in operation for the 6M20 (€ 246.7m) and for the 6M19 (€ 240.3m)



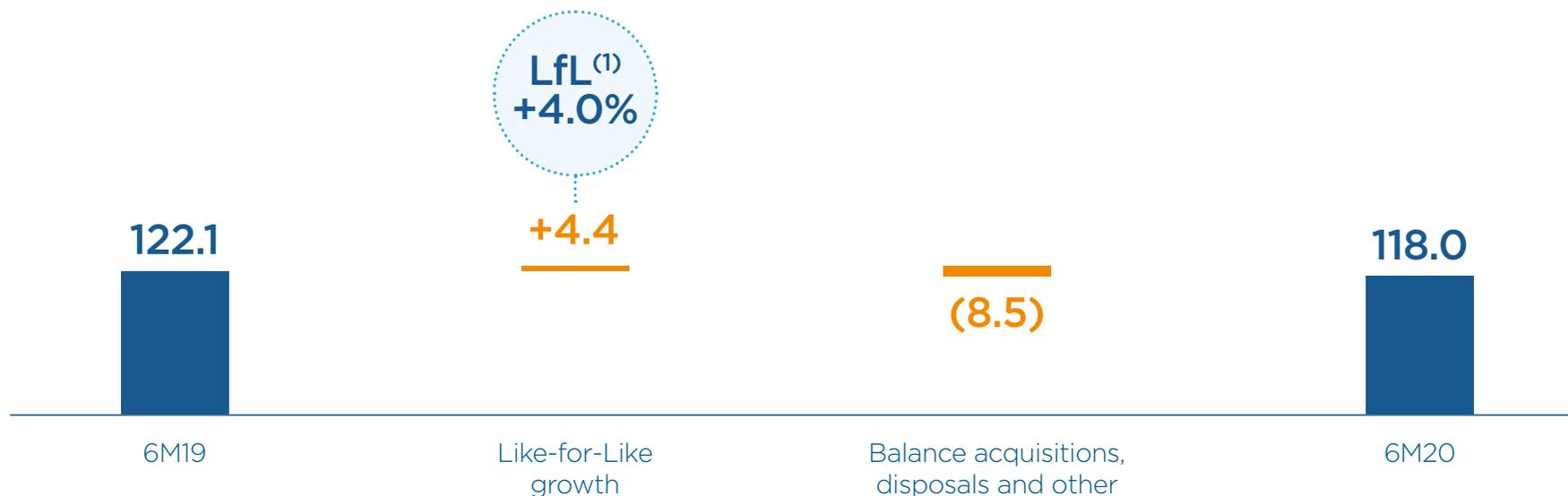
---

# Offices

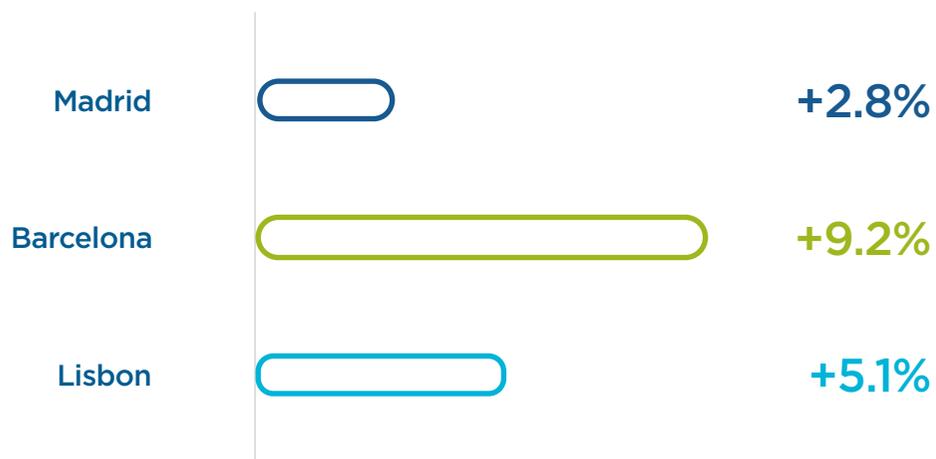


## Offices continue performing well in our 3 markets

(€m)



### Lfl growth by area



### Occupancy by area

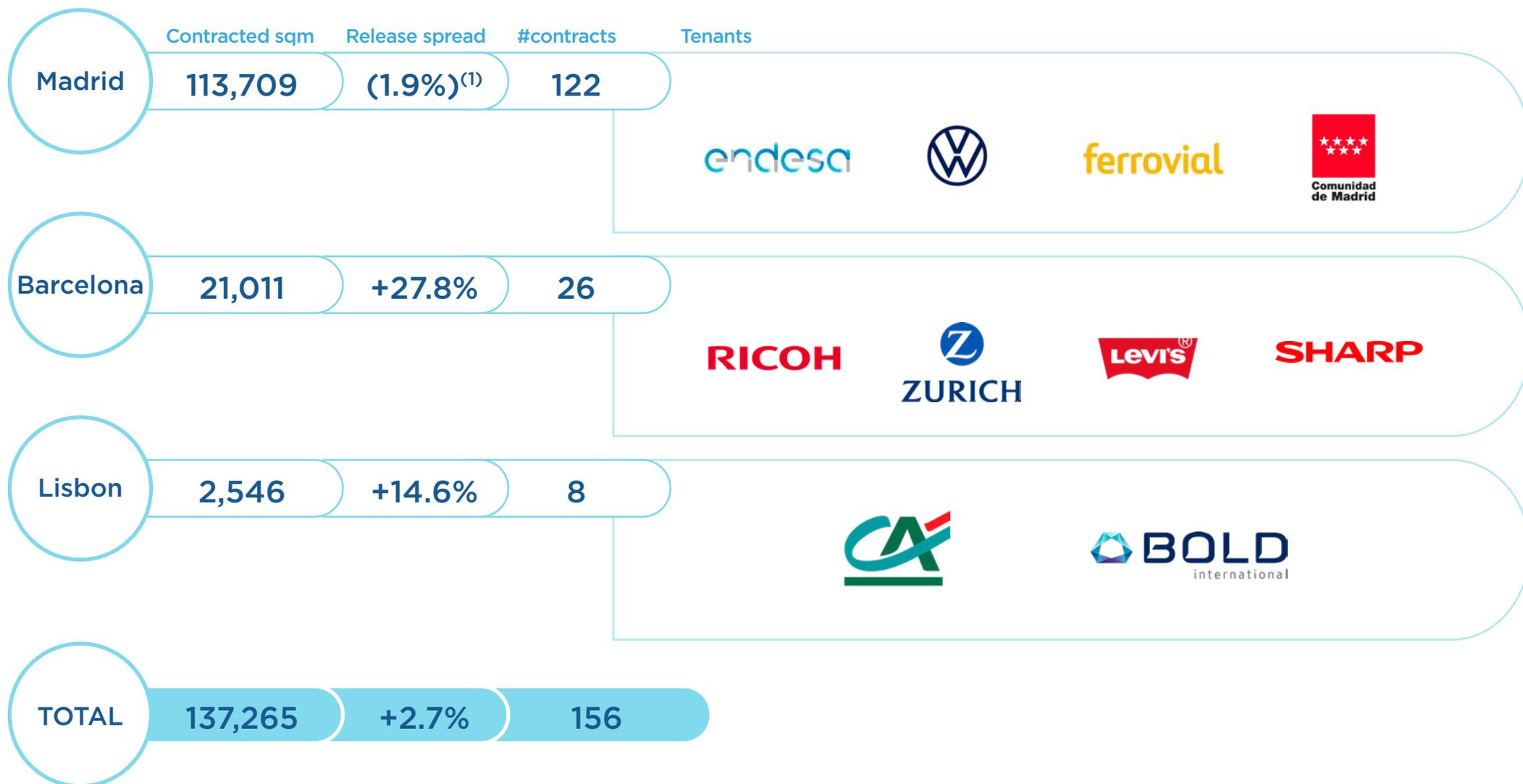


Travelperk early termination in Torre Glòries

<sup>(1)</sup> Office portfolio in operation for 6M20 (€ 113.4m) and for 6M19 (€ 109.0m)



Rental growth continues robust (+2.7% release spread)



<sup>(1)</sup> Endesa extension



1Q20

2Q20



PE Sanchinarro

Beatriz de Bobadilla 14

Diagonal 514

Ribera del Loira 60

Ribera del Loira 36-50

Sant Cugat II

New contracts signed<sup>(1)</sup>

11,927 sqm

50,078 sqm

Premium to ERV

+5.8%

+11.6%

Contracts renewed

27,494 sqm

97,831 sqm

Renewal rate<sup>(2)</sup>

75%

92%

Release spread

+11.7%

(7.5%)

**Endesa renewal**

- 54,960 sqm building
- Contract extended to 2030
- Trade-off of 16% rent reduction in exchange for contract extension. If excluded, release spread would have been 17.3%

<sup>(1)</sup> Including projects under refurbishment

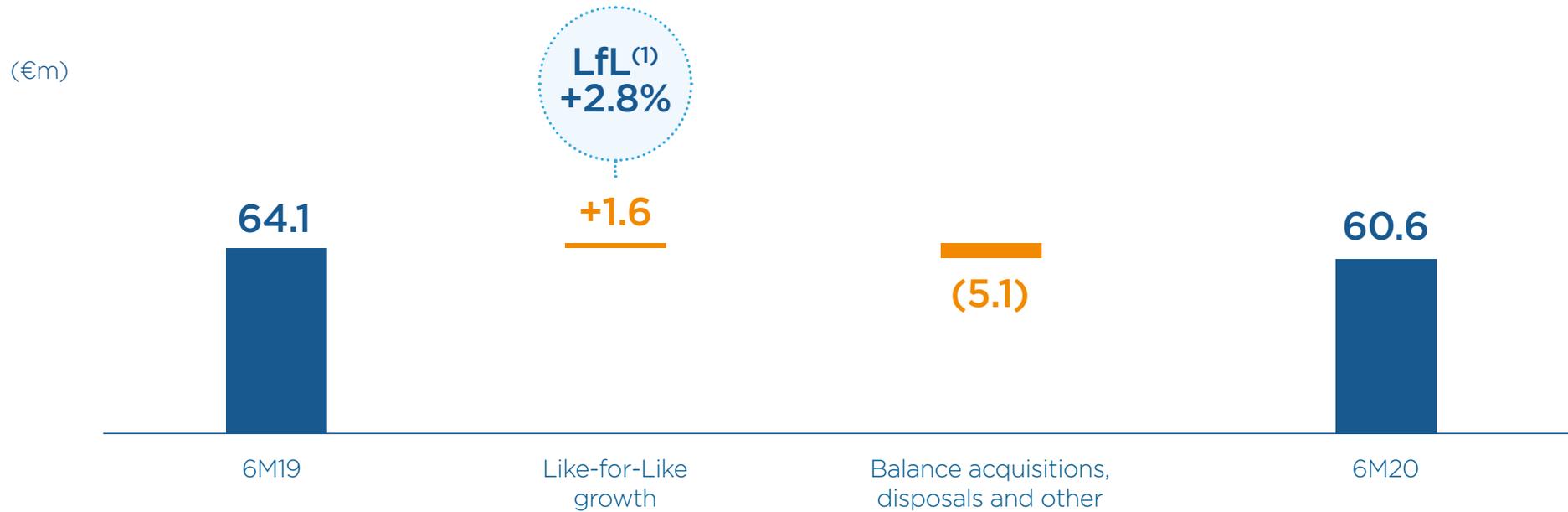
<sup>(2)</sup> Including roll-overs



# Shopping centers

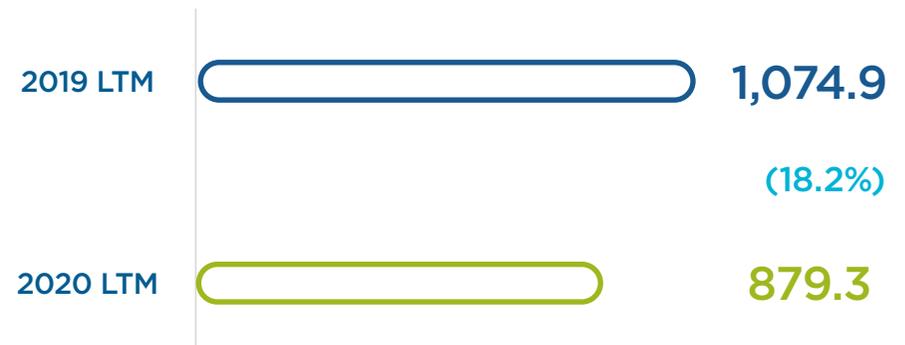


LfL rental growth positive



Footfall (million)

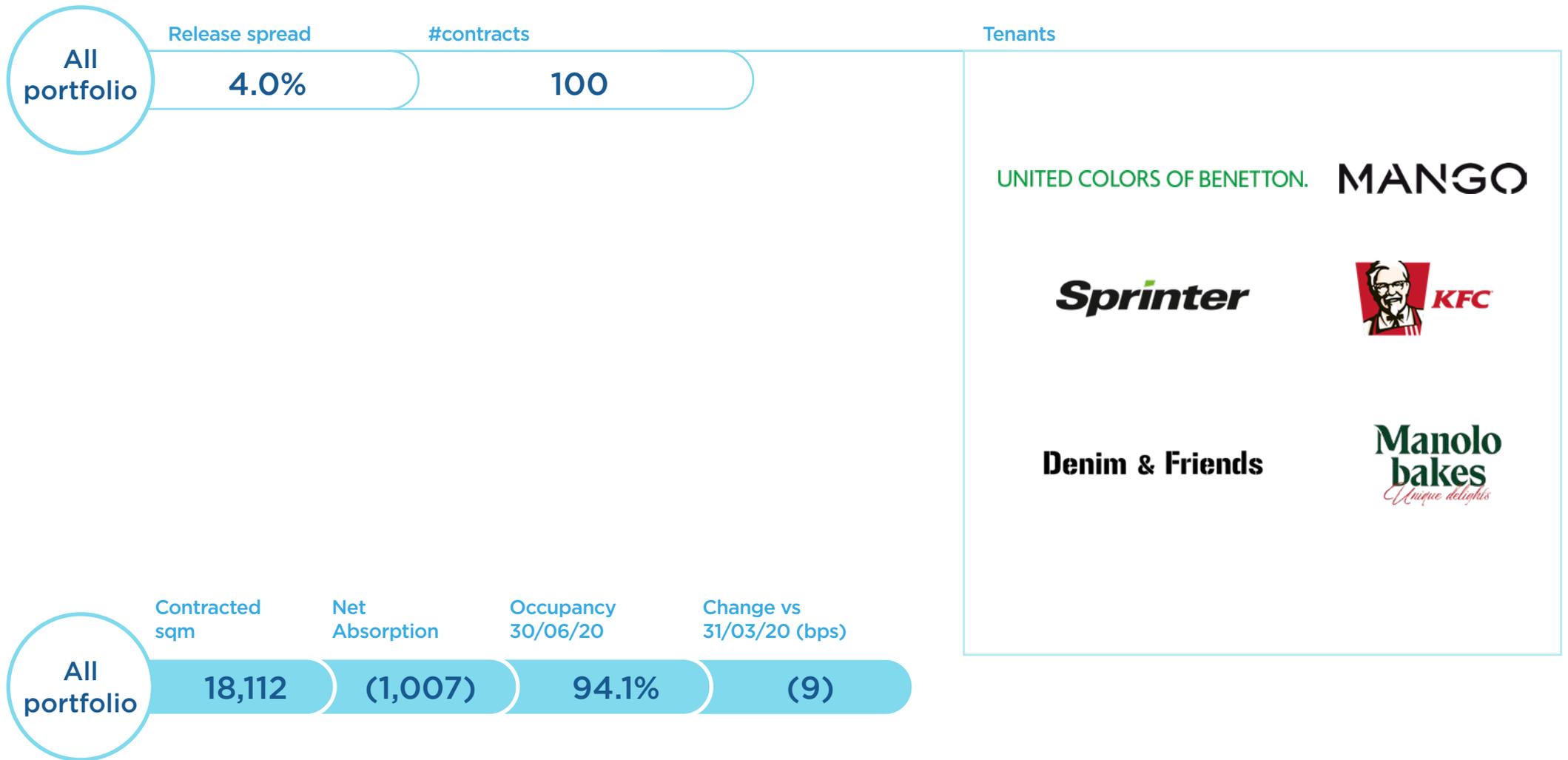
Tenant sales (million)



<sup>(1)</sup> Shopping centers portfolio in operation for 6M20 (€ 58.2m of GRI) and for 6M19 (€ 56.6m of GRI)



Occupancy secured by Covid-19 Commercial Policy





Since reopening, footfall and tenant sales are affected by Covid-19



Note: excluding X-Madrid since it opened in November 2019



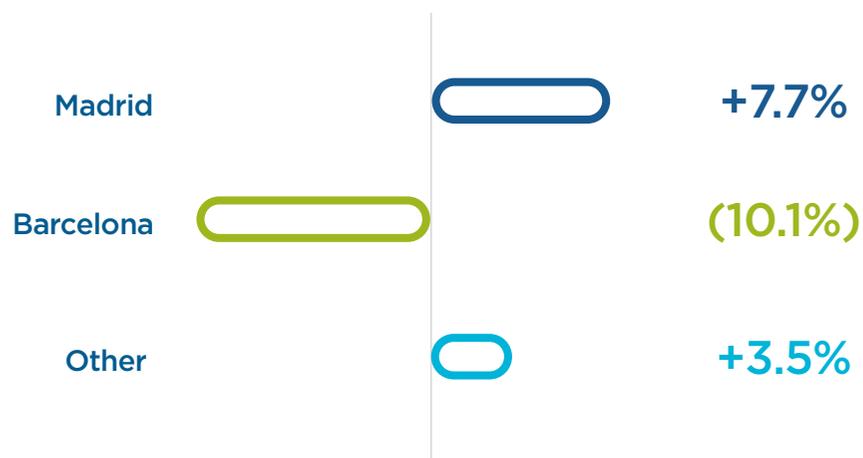
# Logistics



## Rental growth in a strong market



### LfL growth by location



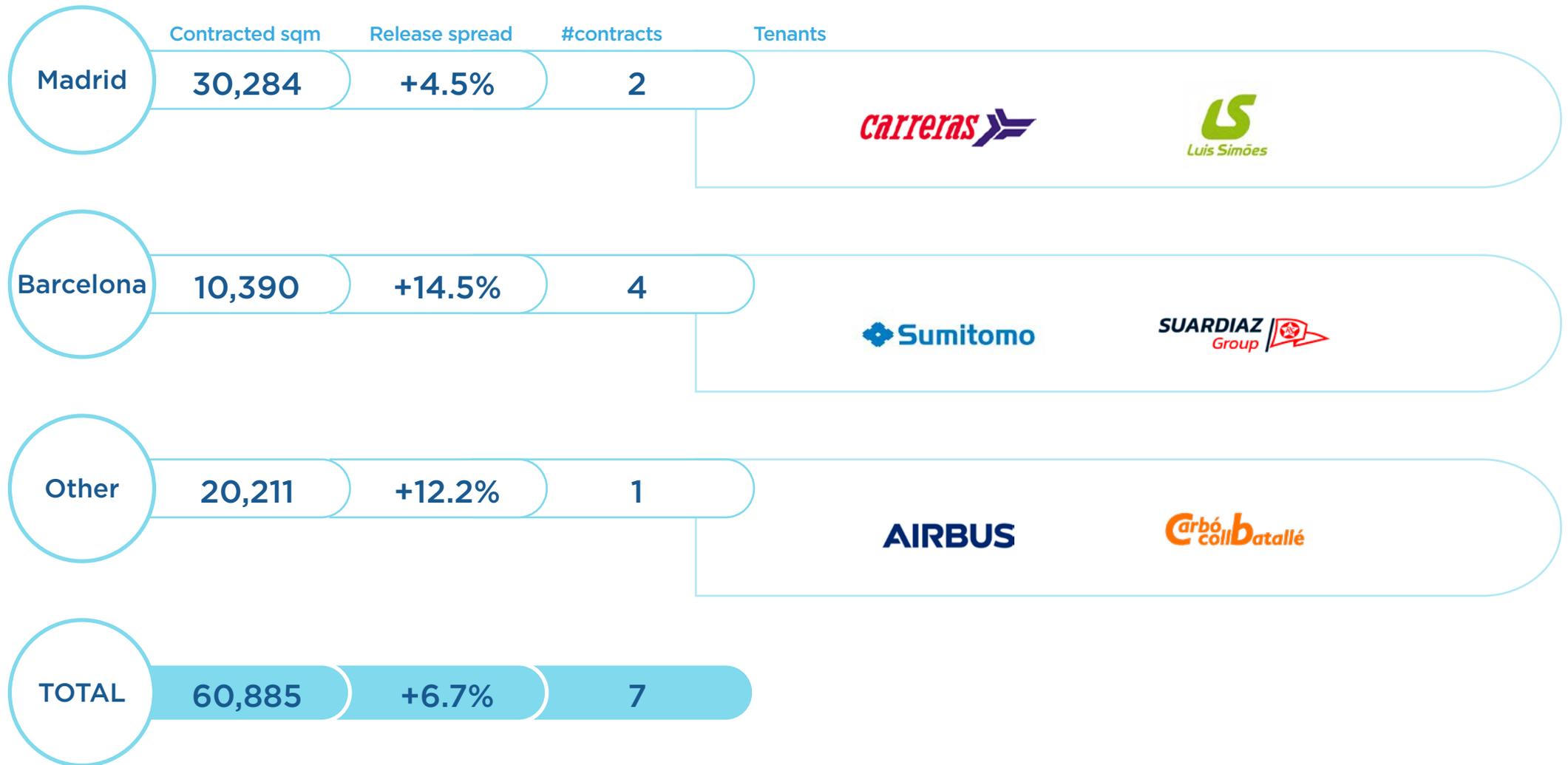
### Occupancy by area



<sup>(1)</sup> Logistics portfolio in operation for 6M20 (€ 26.3m of GRI) and for 6M19 (€ 25.5m of GRI)



Excellent release spread in all markets





Stock  
**624,716**

155,345 sqm delivered in 2020

WIP  
**102,965**

GRI  
€ 13.4m

Stock incl. WIP  
**727,681**

Third parties stock  
**183,252**

Stock under management **910,933**

Contracted sqm      Release spread      #contracts      Tenants

**280,944**

**(0.8%)**

**36**



**Damm**



**caprabo**



ZAL Port

Occupancy by area

FY19 **98.9%**      (-210 bps) →      6M20 **96.8%**

€m	6M20	6M19	YoY
<b>Gross rents</b>	26.7	22.9	+16.4%
<b>Net rents</b>	22.7	22.5	+0.7%
<b>EBITDA</b>	21.8	21.5	+1.3%
<b>FFO<sup>(1)</sup></b>	12.2	12.6	(2.6%)

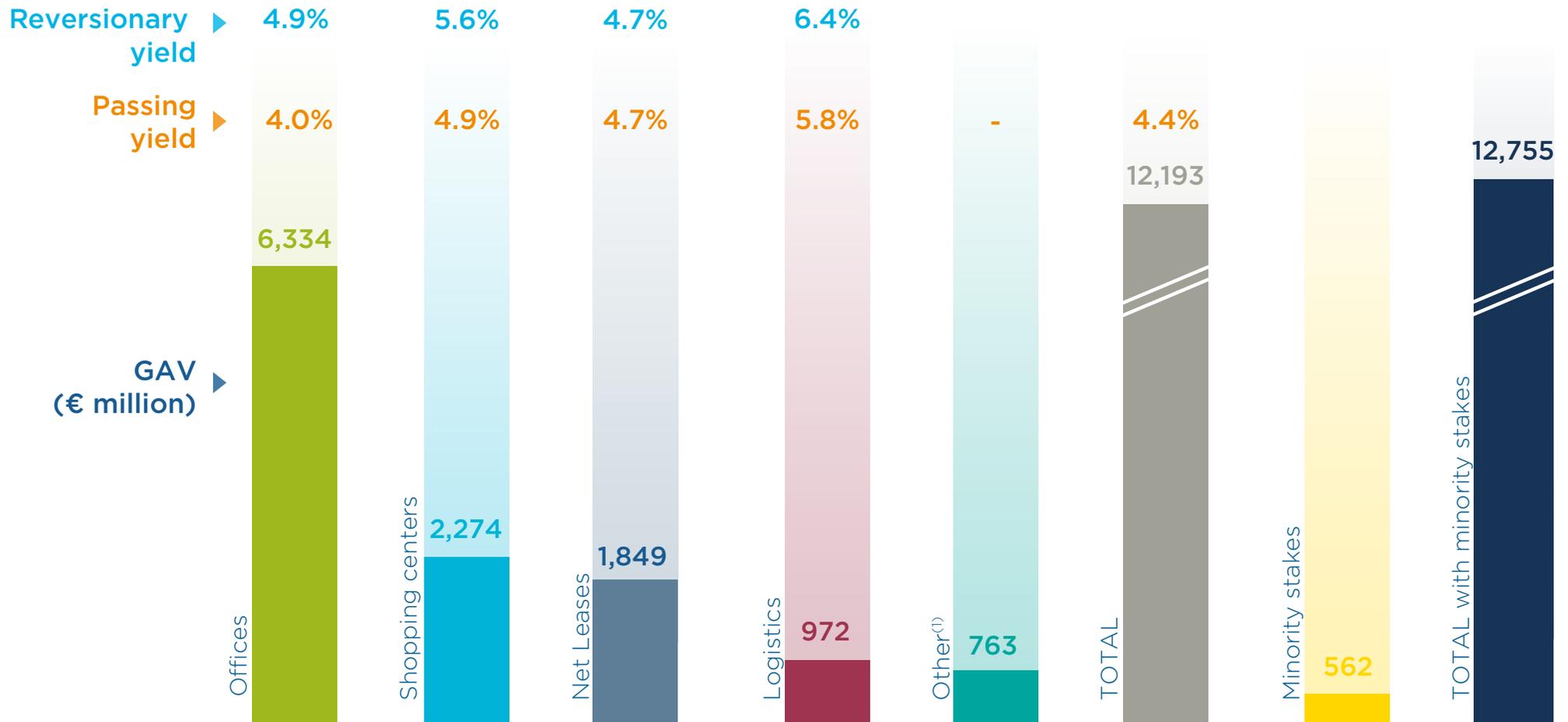
<sup>(1)</sup> After deducting leasehold concession charge FFO. Affected by free rent attached to the recently delivered units



# Valuation and debt position



Valuation remains flat (+0.2%) as compared to December 2019



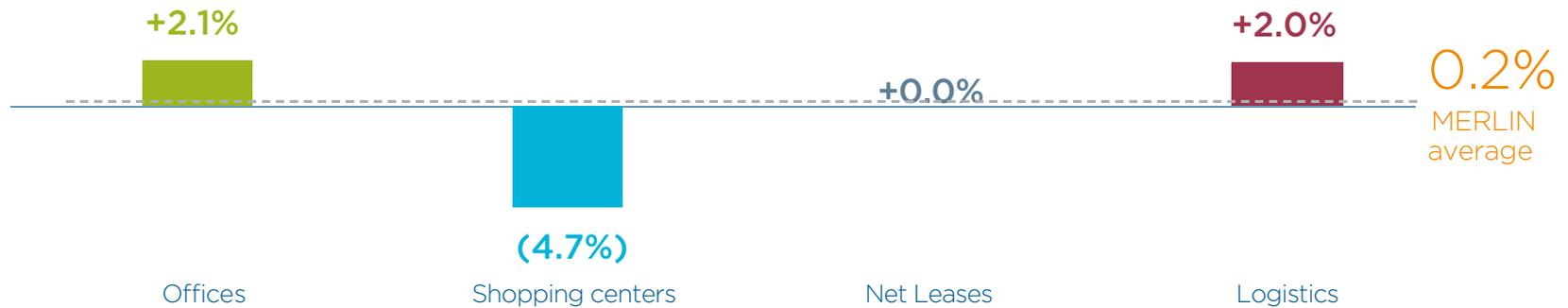
Source: Company

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

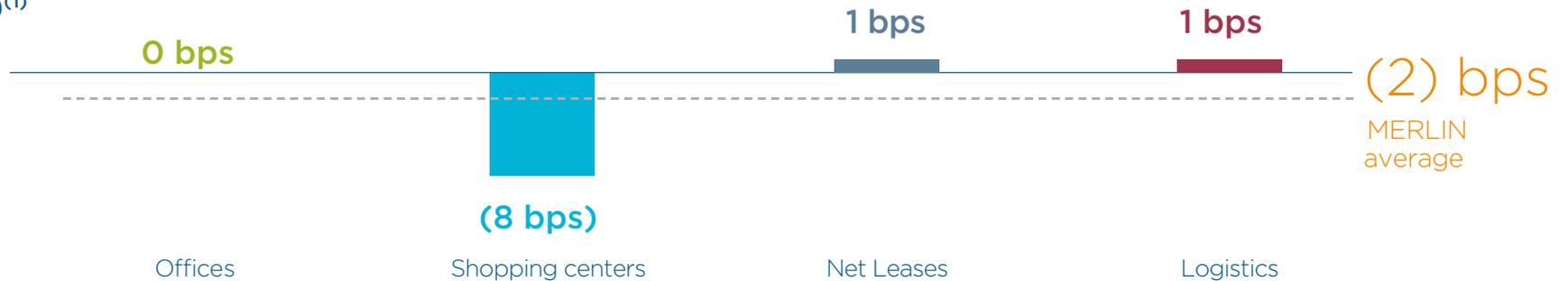


Offices and logistics showing positive LfL growth, net leases flat and shopping centers down by 4.7%, mainly due to yield expansion

**GAV**  
Like-for-Like  
evolution<sup>(1)</sup>



**Yield**  
compression  
/ (expansion)<sup>(1)</sup>

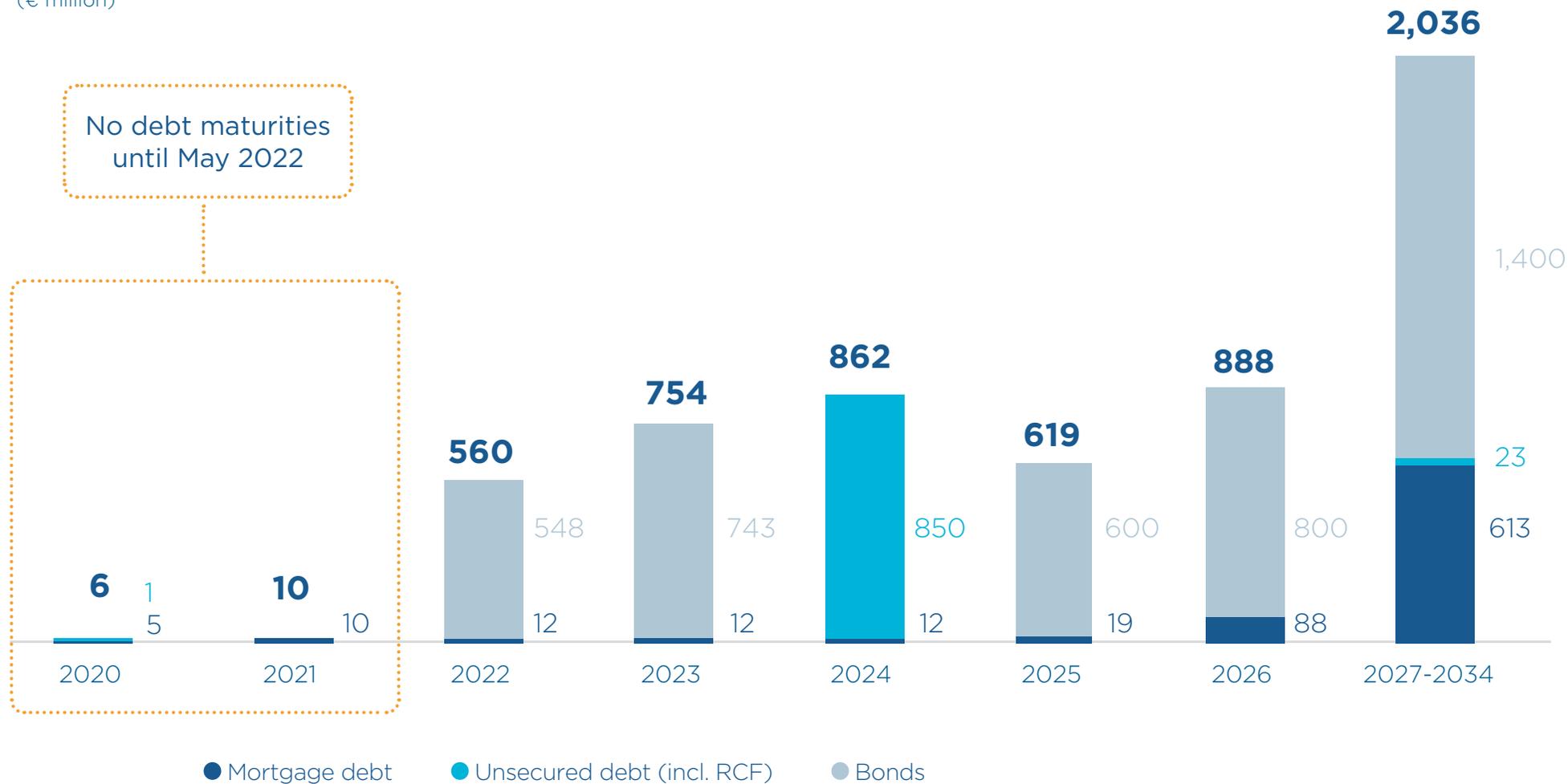


<sup>(1)</sup> Vs FY19



Recent debt management initiatives to extend maturity profile

(€ million)





Average maturity now at 6.5 years, with no floating rate risk

	30/06/2020 PF <sup>(1)</sup>	30/06/2020	31/12/2019
Net debt	€ 5,167m	€ 5,153 m	€ 5,182 m
LTV	40.5%	40.4% <sup>(2)</sup>	40.6%
Average interest rate	2.07%	1.97%	2.09%
Average maturity (years)	6.5	← 6.0	6.4
Unsecured debt/Total debt	86.6%	85.2%	82.7%
Fixed rate debt	99.8%	← 88.9%	99.5%

S&P Global  
MOODY'S

Rating  
**BBB**  
**Baa2**

Outlook  
**Stable**  
**Negative**

<sup>(1)</sup> PF after the €500m - 7yr bond issue, which includes the partial Bond repayment, the RCF repayment and the repayment of Retail mortgage debt

<sup>(2)</sup> Excluding transfer costs. If included, LTV would amount to 39.2%



Ample headroom to safely comply with all financial covenants

Covenant	Required	MERLIN Today
LTV	<60%	40.4%
ICR	>2.5x	3.7x
Unencumbered	>125%	190.8%



---

# Value creation



Castellana 85

- **Full refurbishment of the asset**, located in the heart of Azca, the best business area in **Madrid Prime CBD**
- **12,789 sqm** signed post Covid-19 outbreak (+ 1,842 sqm optioned)
- C85 will become the HQ of both a **top-tier consulting firm and construction company**

CONFIDENTIAL

GLA **16,471 sqm<sup>(1)</sup>**  
 Total Capex **€ 33.0m**  
 Yield on cost **8.3%**  
 Delivery **1Q21**

<sup>(1)</sup> Post refurbishment



Monumental

- **Full refurbishment of the building**, located in Duque de Saldanha, one of the most emblematic squares in the city and the core of **Lisbon's Prime CBD area**
- 10-year term lease agreement with **BPI comprising 19,425 sqm**, to become their main HQ in Lisbon



GLA **25,385 sqm<sup>(1)</sup>**  
 Total Capex **€ 34.8m**  
 Yield on cost **9.4%**  
 Delivery **1Q21**



Saler

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

PULL&BEAR

MANGO



GLA **28,834 sqm (inc. additional GLA)**

Cost **€ 36.0m (inc. units acquired)**

Yield on cost **5.2%**



Porto Pi

- **Full refurbishment** of the shopping center
- The asset will contain **outstanding exterior terraces** overlooking the Mediterranean sea
- The future additional space (2,400 sqm) is **fully let**



GLA **32,732 sqm (inc. additional GLA)**

Cost **€ 41.8m (inc. units acquired)**

Yield on cost **4.2%**



Madrid San Fernando II

- The project, currently under construction, will be delivered by 3Q20
- 67% pre-let to **Grupo Damm**

**Damm**

GLA **34,224 sqm**  
 Cost **€ 1.9m**  
 Yield on cost **8.9%**



Zaragoza Plaza II

- Turn key project in the **most dynamic hub of Zaragoza**
- **100% let to Dachser** upon delivery (September 2020)

**DSV**

GLA **11,421 sqm**  
 Cost **€ 0.5m**  
 Yield on cost **7.1%**



Sevilla ZAL WIP

- Phased project located in **Seville's Port area**
- **3 warehouses** totalling 27,248 sqm have already been delivered

**amazon** Grupo **Carbó Collbatallé**

**CUATROGASA**  
 profesionales como tú

GLA **42,632 sqm**  
 Cost **€ 2.0m**  
 Yield on cost **8.4%**



# Covid-19 update



## MERLIN Properties conceived a commercial policy in 2 phases to help its retail tenants

		Phase I	Phase II
<b>Enacted</b>	▶▶▶	Since March 15 <sup>th</sup> until the reopening	Since the reopening until December 31 <sup>st</sup>
<b>Eligibility</b>	▶▶▶	Tenants affected by the compulsory shutdown set forth in the state of alarm regulations which were up-to-date in their contractual obligations	Tenants affected by the compulsory shutdown or a severe operations limitation who were up-to-date in their contractual obligations
<b>Policy</b>	▶▶▶	<ul style="list-style-type: none"> <li>• 100% rent relief since March 15<sup>th</sup> (state of alarm) and up until the earliest of (i) end of compulsory shutdown, and (ii) July 31<sup>st</sup></li> <li>• Common service charges continue to be paid by tenants</li> <li>• Tenants waive rights to take any future actions against MERLIN as a consequence of Covid-19</li> </ul>	<ul style="list-style-type: none"> <li>• Partial rent relief until year end (progressive from 60% in June to 10% in December)</li> <li>• Tenants extend their contracts until 2022</li> <li>• Tenants continue paying common service charges and waive any future actions against MERLIN</li> </ul>
		Offices      Shopping centers	Offices      Shopping centers
<b>Implementation</b>	▶▶▶	Eligible universe <sup>(1)</sup> 3%      89%	Eligible universe <sup>(1)</sup> 4%      94%
		Tenants that have accepted      100%      >85%	Tenants that have accepted      93%      >92%

<sup>(1)</sup> As a % of annual gross rents of each category



## A high quality tenant base leads to high collection rates post-Covid

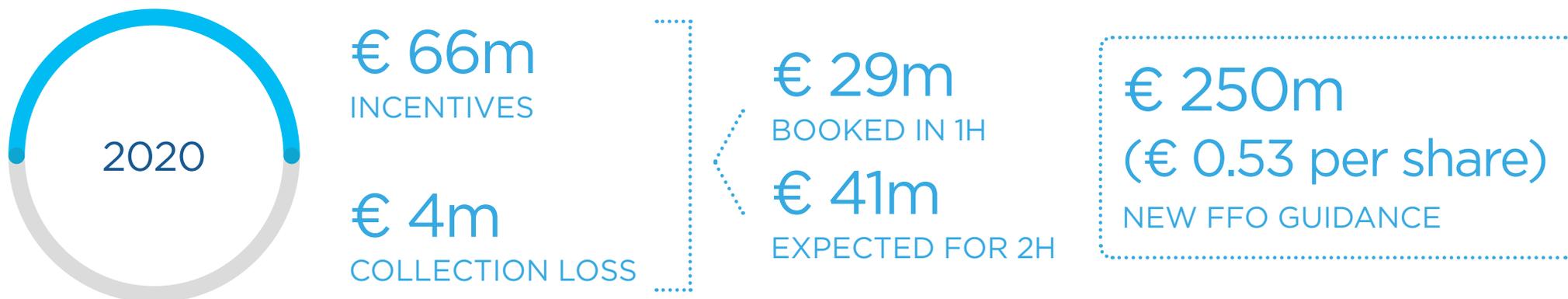
(as a % of total invoices due)

2Q 2020	Offices	Shopping centers	Net leases	Logistics
<b>Commercial policy</b>	0% <sup>(1)</sup>	59.7%	0%	0%
<b>Collected</b>	99.2%	37.7%	100%	96.4%
<b>In process</b>	0%	0%	0%	2.7%
<b>Uncollected</b>	0.8%	2.6%	0%	0.9%

<sup>(1)</sup> We have excluded the retail component of offices which is residual for the asset category (-3%)



No change in Covid-19 impact for 2020 previously quantified. 2021 impact mitigated by low level of maturities and delivery of new rents secured by Landmark and Best II & III



- Only 12% of rents mature in 2021
- 2020 incentives expensed, not straight-lined (no impact on 2021 P&L)
- € 20 million of incremental rents secured by new contracts already signed
- Retail occupancy supported by commercial policy<sup>(1)</sup>
- 13% reversionary potential in offices as a buffer against market declines
- Net leases as a “safe harbour”
- Logistics to continue its growth pace

<sup>(1)</sup> Maturities extended beyond December 2021



# Closing remarks



## Financial performance

- Covid-19 impact on 2020 net rents of € 70m and € 60m on FFO. FFO guidance for 2020 of € 250m (€ 0.53 per share)
- **Valuations flat**, with retail taking the biggest hit, a 4.7% decrease, mainly due to yield expansion (8 bps)
- **Strong balance sheet**, € 1.2bn in liquidity, no maturities until 2022 and ample headroom in covenants



## Business performance

- Leasing activity post-Covid revealing **higher retention rates, with new deals signed above ERV and renewals with positive release spread**
- Occupancy on par with FY19 and set up well for resilient performance going forward: **15% expiry rate from June 30 to December 2021**, commercial policy highly embraced by retail tenants whose expiries have been extended beyond December 2021 in exchange for incentives
- **Collection rates** in the hardest part of the crisis have maintained very **healthy levels**, underpinned by the quality of our tenant base



## Value creation

- **Landmark.** Important leases signed in Castellana 85 and Monumental, generating **compelling value creation** (yields on cost of 8.3% and 9.4%, respectively). **Secured rents of € 13.3m**
- **Flagship.** Works advancing in Saler and Larios, with leasing activity growing on the back of the reforms
- **Best II & III.** 2 warehouses delivered in Sevilla ZAL. Leases signed in Madrid-San Fernando II and Zaragoza-Plaza II. **Secured rents of € 6.3m**
- **Cabanillas Park II** moved back to priority 1 Capex category



# MERLIN

---

PROPERTIES

Paseo de la Castellana, 257  
28046 Madrid  
+34 91 769 19 00  
info@merlinprop.com  
**[www.merlinproperties.com](http://www.merlinproperties.com)**