MERLIN PROPERTIES

6M23 RESULTS
Trading Update

CONSOLIDATED PERFORMANCE

+7.7%
Gross rents like-for-like YoY

(6.4%)
FFO per share YoY

+16.7%
FFO PF excl. Tree

- **Positive release spreads and good rental growth (+7.7% LfL). Occupancy up QoQ** (+12 bps)
- **Strong operating performance helps offset FFO drag of the BBVA disposal**
- **€ 31.6m non-core divestments.** Muted investment activity
- **2023 bond repaid. RCF extended to 2028**
- **Continued absorption of expanding capitalization rates (+28 bps in 6M23),** with limited valuation impact so far (-1.4% LfL in 6M23) thanks to CPI and logistics
- **NTA per share** at **€ 15.36** after a € 0.24 cash dividend paid out in 2Q

(€ million)	6M23	6M22	YoY
Total revenues	243.4	226.6	7.4%
Gross rents	237.8	222.6	6.9%
Gross rents after incentives	222.4	209.3	6.3%
Net rents after propex & collection losses	201.1	186.4	7.9%
Gross-to-net margin[1]	*90.4%*	*89.0%*	
EBITDA[2]	181.7	165.8	9.6%
Margin	*76.4%*	*74.5%*	
FFO[3]	147.4	157.5	(6.4%)
Margin	*62.0%*	*70.7%*	
AFFO	140.8	152.8	(7.8%)
Net earnings	(47.5)	491.6	n.m.

(€ per share)	6M23	6M22	YoY
FFO	0.31	0.34	(6.4%)
AFFO	0.30	0.33	(7.8%)
EPS	(0.10)	1.05	n.m.
EPRA NTA	15.36	17.10	(10.2%)

BUSINESS PERFORMANCE

Rents like-for-like YoY

+7.5% Offices | **+4.3%** Logistics | **+10.5%** S. Centers

Release spread

+3.2% Offices | **+9.3%** Logistics | **+10.0%** S. Centers

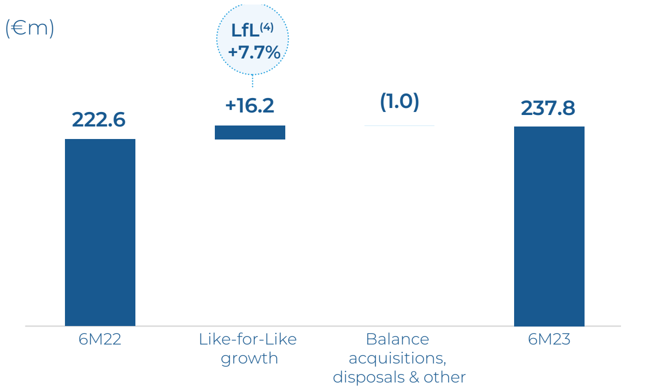
Occupancy vs 31/03/2023

+12 bps → **94.9%**

- **Offices:** 162,839 sqm contracted. **LfL** of **+7.5%** and **release spread** of **+3.2%**
- **Logistics:** 83,205 sqm contracted. **LfL** of **+4.3%** and **release spread** of **+9.3%**
- **Shopping centers:** 20,999 sqm contracted. **LfL** of **+10.5%** and **release spread** of **+10.0%**

6M23	Contracted	Rent		Leasing activity	Occ. vs 31/03/23
	sqm	€m	Lfl change	Release spread	Bps
Offices	162,839	127.1	+7.5%	+3.2%	13
Logistics	83,205	39.7	+4.3%	+9.3%	(39)
Shopping centers	20,999	64.2	+10.5%	+10.0%	201
Other	n.a.	6.9	+6.5%	n.m.	-
Total	**267,043**	**237.8**	**+7.7%**		**12**

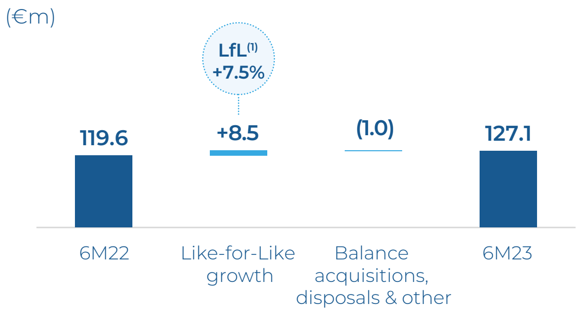
Gross rents bridge



[1] Net of incentives
[2] Excludes non-overhead costs items (€ 0.6m) plus LTIP accrual (€ 1.4m)
[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 6M22 (€ 210.3m of GRI) and for 6M23 (€ 226.5m of GRI)

OFFICES

Gross rents bridge



Rents breakdown

	Gross rents 6M23 (€ m)	Passing rent (€/sqm/m)	WAULT (yr)
Madrid	86.2	20.3	3.5
Barcelona	21.9	21.3	2.6
Lisbon	17.8	21.2	3.8
Other	1.3	11.8	6.3
Total	**127.1**	**20.4**	**3.4**

Leasing activity

- **Strong rental growth (+7.5%),** accelerating vs 3M23
- **2Q23 leasing activity highlights:**
  - 6,176 sqm renewal with All Funds in Avenida de Burgos 210, Madrid
  - 2,913 sqm new lease with Total in PE Puerta de las Naciones, Madrid
  - 2,515 sqm renewal with Transcom Worldwide in Atica 5, Madrid
  - 1,800 sqm renewal with TBWA in Juan Esplandiu 11-13, Madrid
  - 1,543 sqm new lease with Aernova Engineering in PE Alvento, Madrid
  - 1,296 sqm new lease with Essity in Central Office, Lisbon
  - 1,122 sqm new lease with Western Union in Princesa 5, Madrid

						LTM	
sqm	Contracted	Out	In	Renewals[2]	Net	Release spread	# Contracts
Madrid	123,617	(25,614)	22,436	101,181	(3,178)	+2.1%	101
Barcelona	35,942	(6,287)	8,314	27,628	2,027	+7.7%	45
Lisbon	3,280	(1,296)	1,296	1,984	-	+6.9%	4
Total	**162,839**	**(33,197)**	**32,046**	**130,793**	**(1,151)**	**+3.2%**	**150**

Occupancy

- **Resilient occupancy (+192 bps YoY, +13 bps vs 3M23)**
- By markets, **best performer this quarter has been Madrid NBA A-2**

Stock	1,153,127 sqm
WIP	162,646 sqm
Stock incl. WIP	1,315,773 sqm

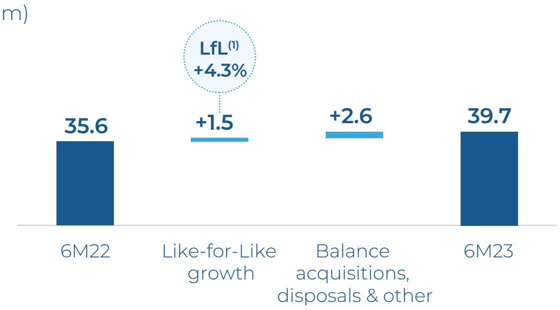
	Occupancy rate[3]		
	6M23	6M22	Change bps
Madrid	90.0%	87.9%	+214
Barcelona	95.3%	94.1%	+119
Lisbon	100.0%	99.6%	+36
Other	100.0%	100.0%	-
Total	**92.3%**	**90.4%**	**+192**

(1) Portfolio in operation for 6M22 (€ 114.1m of GRI) and for 6M23 (€ 122.6m of GRI)
(2) Excluding roll-overs
(3) MERLIN policy excludes buildings under complete refurbishment. Buildings excluded this period are Plaza Ruiz Picasso, Plaza Ruiz Picasso extension, Atica 1, PE Cerro Gamos, PLZFA, and Josefa Valcarcel 48

LOGISTICS

Gross rents bridge

(€m)



Rents breakdown

	Gross rents 6M23 (€ m)	Passing rent (€/sqm/m)	WAULT (yr)
Madrid	25.2	4.3	3.8
Barcelona	5.7	7.5	2.9
Other	8.8	4.4	2.8
Total	**39.7**	**4.7**	**3.4**

Leasing activity

- **Good organic performance (+4.3% LfL),** with rental growth offsetting tenant rotation
- **2Q23 leasing activity highlights:**
  - 10,402 sqm new leases with B4 Logistics, Erhardt Transitarios, Unidriver Cargo and Bela Padel Center in Barcelona-PLZF
  - 8,787 sqm renewal with Amazon in Sevilla ZAL
  - 4,520 sqm new lease with Moldtrans in Sevilla ZAL

						LTM	
sqm	**Contracted**	**Out**	**In**	**Renewals**	**Net**	**Release spread**	**# Contracts**
Madrid	49,554	(13,306)	-	49,554	(13,306)	+4.4%	4
Barcelona	16,398	(8,964)	14,123	2,275	5,159	+15.9%	1
Other	17,253	(8,025)	8,466	8,787	441	+0.0%	1
Total	**83,205**	**(30,295)**	**22,589**	**60,616**	**(7,706)**	**+9.3%**	**6**

Occupancy

- Very high occupancy (96.4%) as of end 6M23, following the signature of an additional lease **the pro-forma occupancy stands at 98.8%**
- **Strong demand for our WIP portfolio.** Currently working on crystalizing HoTs

Stock	1,463,379 sqm
WIP(2)	604,779 sqm
Best II	214,467 sqm
Best III	390,312 sqm
Stock incl. WIP	2,068,158 sqm
ZAL Port	736,217 sqm
Stock managed	2,804,375 sqm

	Occupancy rate		
	6M23	**6M22**	**bps**
Madrid	94.7%	99.7%	(501)
Barcelona	98.6%	93.6%	503
Other	100.0%	100.0%	-
Total	**96.4%**	**99.2%**	**(283)**

(1) Portfolio in operation for 6M22 (€ 35.5m of GRI) and for 6M23 (€ 37.0m of GRI)
(2) WIP includes in progress and Landbank Best II & III

LOGISTICS (CONT.)

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

Best II (as from 30/06/2023)

- **63% of Best II** has been delivered achieving a **7.8% YoC**
- **A2-Cabanillas Park II B** (47,342 sqm) under development
- **167,125 sqm of Landbank** remaining in the Madrid area (Cabanillas Park II and Azuqueca III), out of which 105,353 sqm will start construction in 2H23, taking the progress percentage to **92%**

Best III (as from 30/06/2023)

- **22% of Best III** has been delivered achieving a **8.0% YoC**
- **390,312 sqm of Landbank** remaining in Lisbon (Lisbon Park), Seville (Sevilla ZAL), Madrid (A2-San Fernando III) and Valencia (Valencia-Betera), out of which 77,391 sqm will start construction in 2H23, taking the progress percentage to **37%**

Pre-let status (as from 30/06/2023)

- ca. 160k sqm with HoTs agreed and 21k sqm speculative, **implying pending capex of € 109m and expected YoC of 7.4%**[1]
- Works to begin in 2H23, except for A2-Cabanillas Park II B, under construction
- ca. € 10.4m added rents to logistics portfolio

[1] Including land cost

SHOPPING CENTERS

Gross rents bridge

(€m)

Rents breakdown

	Gross rents 6M23 (€ m)	Passing rent (€/sqm/m)	WAULT (yr)
MERLIN	64.2	24.6	2.3

Footfall and tenant sales

	vs 6M22	vs 6M19
Tenant sales	+13.1%	+13.8%
Footfall	+5.2%	+0.9%
OCR	11.7%	

Leasing activity

- **Footfall (+5.2% vs 6M22) and sales (+13.1% vs 6M22) continue improving**
- **Top performing portfolio with affordable rents (11.7% OCR)**
- **2Q23 leasing activity highlights:**
  - 2,559 sqm new lease with Teatre Cupule in Arenas
  - 1,291 sqm new lease with Bershka in Larios
  - 847 sqm new lease with Kiabi in Saler
  - 844 sqm renewal with Mango in La Vital
  - 785 sqm new lease with Conforama in Marineda
  - 507 sqm renewal with Denim & Friends in Saler

						LTM	
sqm	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Total	20,999	(14,629)	15,061	5,938	432	+10.0%	104

Occupancy

- **Occupancy at 96.4% (+201 bps vs 3M23, +315 bps vs FY19), new record for MRL**
- **Homogeneous figures across the board,** all assets above 95%
- Best performer this quarter has been **Saler**

Stock[2]	432,965 sqm
Tres Aguas[3]	67,940 sqm
Stock with Tres Aguas	500,905 sqm

	Occupancy rate		
	6M23	6M22	bps
Total	96.4%	94.3%	+209

[1] Portfolio in operation for 6M22 (€ 54.3m of GRI) and for 6M23 (€ 60.0m of GRI)
[2] Including the surface under refurbishment (7,979 sqm in Callao and 18,232 sqm in Marineda)
[3] Tres Aguas at 100% allocation

BALANCE SHEET

- **LTV stands at 33.9%**
- **2023 maturity (€ 742.8m) refinanced at MS+126 bps.** No further maturities until May 2025
- **Solid financial situation:** low LTV, 98% interest rates fixed and € 1.0bn in liquidity

Ratios	30/06/2023	31/12/2022
LTV (Inc. TC)	33.9%	32.7%
Av. Interest rate	2.26%	1.98%
Av. Maturity (years)	5.3	4.9
Unsecured debt to total debt	98.0%	98.0%
Interest rate fixed	98.0%	99.6%
Liquidity position (€m)(1)	1,034	1,856

Corporate rating		Outlook
S&P Global	BBB	Positive
Moody's	Baa2	Positive

	€ million
GAV	11,301.4
Gross financial debt	4,160
Cash and equivalents(2)	(225)
Net financial debt	3,935
NTA	7,216

VALUATION

- **€ 11,301m of GAV, (1.4%) LfL** as compared to December 2022
- **Slight decline in valuation accross the board** driven by strong cap rate expansion, partially offset by CPI and revaluation of logistics
- **Data Centers still valued at cost**
- **Yields expanded by 28 bps** during 6M23, taking total expansion to 72 bps in 18 months

	GAV (€ m)	LfL Growth	Gross yield	Yield expansion /(compression)(3)
Offices	6,289	(2.5%)	4.6%	+24
Logistics	1,422	4.1%	5.4%	+20
Shopping centers	2,059	(2.9%)	5.9%	+32
Data Centers WIP	200	n.a.	n.a.	n.a.
Logistics WIP & land	284	n.a.	n.a.	n.a.
Other	366	(10.1%)	4.8%	+87
Equity method	680	8.4%	n.a.	
Total	**11,301**	**(1.4%)**	**4.9%**	**+28**

(1) Includes cash (€ 208.9m) and treasury stock (€ 15.8m) and undrawn credit facilities (€ 809m) in 6M23
(2) Includes cash (€ 208.9m) and treasury stock (€ 15.8m)
(3) Bps based on passing rent

INVESTMENTS, DIVESTMENTS AND CAPEX

- **€ 31.6m in non-core disposals in 6M23** including 2 secondary shopping centers and 1 industrial asset
- **Muted acquisitions during 6M23.** Acquisition of the Marineda department store, with a view to expand our mall by 18,232 sqm. Retrofitting works to start in late 2023 upon exit of current tenant. Expected delivery 1H25
- Capex efforts continue focused on **Best II & III and Digital Infrastructure Plan (Mega)**

	Offices	Retail	Logistics	Data Centers	€ million
Acquisitions		Marineda extension	Valencia-Betera		15.8
Development			A2-Cabanillas Park II A2-Cabanillas Park I J Lisboa-Park	Bilbao Arasur (Data Center) Madrid-Getafe (Data Center) Barcelona PLZF (Data Center)	105.3
Investment properties	Plaza Ruiz Picasso PE Cerro Gamos PLZFA Diagonal 605		A4-Pinto II A2-Cabanillas I		51.7
Like-for-like portfolio (Defensive Capex)[1]					8.9
Total					**181.7**

POST CLOSING

- In July MERLIN signed a new RCF, replacing the facility currently in place. As a result, the credit limit has been increased to € 740m and the maturity extended until 2028 (plus 2 annual extensions)

[1] € 6.6m are capitalized in balance sheet and € 2.3m are expensed in P&L

APPENDIX

1. Consolidated Profit and Loss

(€ thousand)	30/06/2023	30/06/2022
Gross rents	**237,811**	**222,556**
Offices	127,075	119,639
Logistics	39,674	35,618
Shopping centers	64,184	60,720
Other	6,878	6,579
Other income	**5,548**	**4,039**
Total Revenues	**243,359**	**226,595**
Incentives	(15,400)	(13,228)
Total Operating Expenses	**(48,231)**	**(51,647)**
Propex	(21,293)	(22,931)
Personnel expenses	(17,102)	(16,188)
Opex general expenses	(7,848)	(8,461)
Opex non-overheads	(586)	(1,141)
LTIP Provision	(1,402)	(2,926)
ACCOUNTING EBITDA	**179,728**	**161,720**
Depreciation	(1,003)	(878)
Gain / (losses) on disposal of assets	(7,188)	5,678
Provisions	94	(384)
Change in fair value of investment property	(198,477)	122,298
EBIT	**(26,846)**	**288,434**
Net financial expenses	(46,560)	(48,348)
Debt amortization costs	(5,147)	(10,952)
Gain / (losses) on disposal of financial instruments	-	(1)
Change in fair value of financial instruments	(1,327)	32,927
Share in earnings of equity method instruments	40,930	16,494
PROFIT BEFORE TAX	**(38,950)**	**278,554**
Income taxes	(8,578)	(8,640)
PROFIT (LOSS) FOR THE PERIOD RECURRING OPERATIONS	**(47,528)**	**269,914**
Result from discontinued operations	-	221,731
Minorities	-	-
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE	**(47,528)**	**491,645**

2. Consolidated Balance Sheet

(€ thousand)

ASSETS	30/06/2023	EQUITY AND LIABILITIES	30/06/2023
NON CURRENT ASSETS	**11,498,482**	**EQUITY**	**6,693,234**
Intangible assets	1,752	Subscribed capital	469,771
Property, plant and equipment	6,205	Share premium	3,541,379
Investment property	10,655,092	Reserves	2,729,477
Investments accounted for using the equity method	539,658	Treasury stock	(15,786)
Non-current financial assets	217,184	Other equity holder contributions	540
Deferred tax assets	78,591	Profit for the period	(47,528)
		Valuation adjustments	15,381
		Minorities	-
		NON-CURRENT LIABILITIES	**4,922,225**
		Long term debt	4,293,916
		Long term provisions	9,814
		Deferred tax liabilities	618,495
CURRENT ASSETS	**325,155**	**CURRENT LIABILITIES**	**208,178**
Trade and other receivables	44,834	Short term debt	48,122
Short term investments in group companies and associates	9,373	Trade and other payables	133,197
Short-term financial assets	29	Other current liabilities	26,859
Cash and cash equivalents	208,932		
Other current assets	61,987		
TOTAL ASSETS	**11,823,637**	**TOTAL EQUITY AND LIABILITIES**	**11,823,637**

APM: definitions and reconciliation of APMs to the latest audited financial accounts can be found on page 53 of https://ir.merlinproperties.com/wp-content/uploads/2023/07/Results-report-6M23.pdf

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