Merlin Properties SOCIMI, S.A.

Financial statements for the year ended 31 December 2023 and directors' report, together with independent auditor's report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Merlin Properties SOCIMI, S.A.,

Opinion

We have audited the financial statements of Merlin Properties SOCIMI, S.A. (the Company), which comprise the balance sheet as at 31 December 2023, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2023, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Compliance with the REIT tax regime

Description	Procedures applied in the audit
On 22 May 2014, the Company applied to be included in the REIT (Spanish "SOCIMI") tax regime, which was applicable from 1 January 2014. Therefore, in 2023 the Company was regulated by Spanish Real Estate Investment Trusts (SOCIMI) Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December. One of the main characteristics of companies of this nature is that they are subject to an income tax rate of 0%. The applicability of the REIT tax regime is conditional upon compliance with certain requirements in relation, inter alia, to company name and object, minimum share capital, the obligation to distribute the profit of each year in the form of dividends and the trading of the entity's shares on a regulated market, as well as other requirements such as the investments made and the nature of the income earned each year, predominantly, which requires significant judgements and estimates to be made by the directors, since failure to comply with any of these requirements will lead to the loss of entitlement to the special tax regime unless the cause of the non-compliance is rectified the following year. Therefore, compliance with the REIT tax regime requirements is a key matter in our audit, to the extent that the related tax exemption has a significant impact on both the financial statements and shareholder returns, since the business model of the Company is based on continuing to qualify for taxation under the REIT regime.	Our audit procedures included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with compliance with the REIT tax regime, as well as tests to verify that the aforementioned controls operate effectively. We obtained and reviewed the documentation prepared by the Company's directors on compliance with the obligations associated with this special tax regime, and we involved our internal experts from the tax area, who assisted us in analysing both the reasonableness of the information obtained and the completeness thereof in relation to all the matters provided for in the legislation in force at the analysis date. Lastly, we verified that Notes 1, 15 and 21 to the financial statements contained the disclosures relating to compliance with the conditions required by the REIT tax regime and other matters associated with the taxation of the Company.

Valuation of investment property and of non-current investments in Group companies and associates

Description

The Company manages, both directly and indirectly through its ownership interests in Group companies and associates, a portfolio of urban property assets earmarked for lease (offices, shopping centres, logistics parks, etc.) located mainly in Spain and Portugal. The Company measures these assets at acquisition cost, recognising the necessary impairment losses if the fair value of the assets is lower. At 31 December 2023, the total carrying amounts of the portfolio of property assets and the ownership interests in Group companies and associates that also engage in real estate activities were EUR 4,423 million and EUR 2,680 million, respectively.

The Company periodically uses third parties independent of it as experts to determine the fair value of its property assets, both those it manages directly and those managed through the Group companies and associates in which it has ownership interests. The aforementioned experts have substantial experience in the markets in which the Company operates and employ valuation methodologies and standards widely used in the market.

The valuation of the property asset portfolio is a key audit matter, since it requires the use of estimates with a significant degree of uncertainty.

Procedures applied in the audit

Our audit procedures included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the valuation of investment property and investments in Group companies and associates, as well as tests to verify that the aforementioned controls operate effectively. In particular, we tested those controls used by the directors to supervise and approve the engagement of and the work performed by the experts engaged for this purpose, and to ensure that no influence is exercised over the findings and conclusions of the work of those experts.

We obtained the valuation reports of the experts engaged by the entity to value the entire property asset portfolio and evaluated the competence, capability and objectivity of the experts and the adequacy of their work for use as audit evidence. In this connection, with the assistance of our internal valuation experts, we:

- analysed and concluded on the reasonableness of the valuation procedures and methodology used by the experts engaged by the Company's directors;

Valuation of investment property and of non-current investments in Group companies and associates

Description

Specifically, the discounted cash flow method is generally applied to the valuation of the rental property assets, which requires estimates of:

- the future net revenue from each property based on available historical information and market surveys;
- the internal rate of return or opportunity cost used when discounting;
- the residual value of the assets at the end of the projection period (exit yield).

In addition, small percentage changes in the key assumptions used for the valuation of the property assets could give rise to significant changes in the financial statements.

Therefore, we considered this matter to be a key matter in our audit.

Procedures applied in the audit

- performed a review of the valuations of a sample of assets, chosen from among those of most significance in the Company's portfolio and those whose change in value might imply an atypical characteristic with respect to the available market information and the other property assets, and evaluated, in conjunction with our internal experts, the matters involving the highest level of risk, including the occupancy rates and expected returns on the property assets. On conducting that review, we took into account the information available on the industry and transactions with property assets similar to the property asset portfolio owned by the Company; and
- held meetings with the experts engaged by the Company's directors, in order to check the findings of our work and obtain the necessary explanations.

Lastly, we also checked that the disclosures made by the Company in relation to these matters, included in Notes 6 and 9 to the financial statements for 2023, contained the information required in this connection by the applicable financial reporting framework.

Other Information: directors' report

The other information comprises only the directors' report for 2023, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that certain information included in the Annual Corporate Governance Report and the Annual Directors' Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the directors' report is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the directors' report was consistent with that contained in the financial statements for 2023 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the directors and of the Audit and Control Committee for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit and control committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description, which is on the following pages, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital file in European Single Electronic Format (ESEF) of Merlin Properties SOCIMI, S.A. for 2023, which comprise the XHTML file including the financial statements for 2023, which will form part of the annual financial report.

The directors of Merlin Properties SOCIMI, S.A. are responsible for presenting the annual financial report for 2023 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). In this regard, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report were included by reference in the directors' report.

Our responsibility is to examine the digital file prepared by the Company's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the financial statements included in the aforementioned file corresponds in full to that of the financial statements that we have audited, and whether those financial statements were formatted, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined corresponds in full to the audited financial statements, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit and control committee dated 26 February 2024.

Engagement Period

The Annual General Meeting held on 27 April 2023 appointed us as auditors for a period of one year from the year ended 31 December 2022.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 2014.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Ignacio Alcaraz Elorrieta
Registered in ROAC under no. 20687

28 February 2024

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the use by the directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit and compliance committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit and compliance committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the entity's audit and compliance committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

MERLIN PROPERTIES,
SOCIMI, S.A.

Financial Statements for the year ended 31 December 2023 and Directors' Report

MERLIN PROPERTIES SOCIMI, S.A.
BALANCE SHEET AT 31 December 2023
(Expressed in thousands of euros)

ASSETS	Notes to the financial statements	31-12-2023	31-12-2022	EQUITY AND LIABILITIES	Notes to the financial statements	31-12-2023	31-12-2022
NON-CURRENT ASSETS		**7,847,747**	**7,819,630**	**EQUITY**	**Note 10**	**3,902,449**	**4,030,143**
Intangible assets		**47,818**	**71,083**	**SHAREHOLDERS' EQUITY**		**3,911,870**	**4,017,345**
Goodwill	**Note 5**	46,321	69,481	**Subscribed capital**		**469,771**	**469,771**
Other intangible assets		1,497	1,602	**Share premium**		**3,541,379**	**3,541,379**
Property, plant and equipment		**2,594**	**2,183**	**Reserves**		**(88,347)**	**(443,080)**
Investment property	**Note 6**	**4,423,414**	**4,393,368**	**Tresury shares**		**(15,410)**	**(17,166)**
Land		2,111,940	2,138,286	**Other equity holders contributions**		**540**	**540**
Buildings		2,267,693	2,136,745	**Profit/(Loss) for the period**		**97,610**	**910,716**
Property, plant and equipment under construction and advances		43,781	118,337	**(Interim Dividend)**	**Note 3**	**(93,673)**	**(444,815)**
Non-current investments in Group companies and associates -		**3,150,926**	**3,120,068**	**VALUATION ADJUSTMENTS-**	**Note 10.4**	**(9,475)**	**12,798**
Equity instruments	**Note 9**	2,679,552	2,564,543	Hedging transactions		(9,475)	12,798
Loans to companies	**Notes 7 y 16.2**	471,374	555,525	**Capital grants**		**54**	**-**
Non-current financial investments -	**Note 7**	**149,704**	**158,848**				
Equity instruments		9,915	9,191	**NON-CURRENT LIABILITIES**		**4,856,576**	**3,853,965**
Derivatives		-	12,798	**Non-current provisions -**	**Note 12**	**18,796**	**11,558**
Loans to third parties		107,624	105,705	Long-term employee benefit obligations		4,510	4,619
Other financial assets		32,165	31,154	Other provisions		14,286	6,939
Deferred tax assets	**Note 14.2**	**73,291**	**74,080**	**Non-current payables -**		**4,487,617**	**3,442,284**
				Debt instruments and other marketable securities	**Note 11**	3,283,337	3,279,334
CURRENT ASSETS		**1,089,901**	**1,033,190**	Bank borrowings	**Note 11**	1,133,666	108,243
Inventories -		**4,922**	**3,715**	Derivatives	**Note 11**	9,475	-
Advances to suppliers		4,922	3,715	Other financial liabilities	**Note 12**	61,139	54,707
Trade and other trade receivables	**Note 7**	**31,224**	**27,744**	**Non-current payables to Group companies and associates**	**Notes 7 y 16.2**	**450**	**11,021**
Trade receivables for sales and services		15,766	9,533	**Deferred tax liabilities**	**Note 14.3**	**349,713**	**389,102**
Trade receivables from Group companies and associates	**Notes 7 y 16.2**	5,464	8,388				
Sundry accounts receivable		538	1,268				
Employee receivables		184	184	**CURRENT LIABILITIES**		**178,623**	**968,712**
Other accounts receivable from public authorities	**Note 14**	9,272	8,371	**Current payables -**		**26,521**	**781,283**
Current investments in Group companies and associates -	**Note 7**	**698,393**	**653,400**	Debt instruments and other marketable securities	**Note 11**	20,966	775,036
				Bank borrowings	**Note 11**	2,709	969
Loans to companies	**Note 16.2**	620,194	651,580	Other financial liabilities	**Note 12**	2,846	5,278
Other financial assets	**Note 16.2**	78,199	1,820	**Current payables to Group companies and associates**	**Notes 7 y 16.2**	**35,612**	**69,805**
Current financial investments -	**Note 7**	**1,835**	**294**	**Trade and other payables -**	**Note 13**	**116,451**	**117,599**
Equity instruments		18	18	Payables to suppliers		42,557	44,410
Loans to companies		236	236	Payables to suppliers - Group companies and associates	**Notes 13 y 16.2**	34,034	33,980
Debt securities		2	2	Sundry accounts payable		3,368	1,037
Other financial assets		1,579	38	Staff costs (remuneration payable)		11,739	15,025
Current prepayments and accrued income		**13,605**	**4,956**	Other accounts payable to public authorities	**Notes 13 y 14**	23,853	22,700
Cash and cash equivalents -	**Note 8**	**339,922**	**343,081**	Clients invoices		900	447
Cash		339,922	343,081	**Current accrued expenses and deferred income**		**39**	**25**
TOTAL ASSETS		**8,937,648**	**8,852,820**	**TOTAL LIABILITIES AND EQUITY**		**8,937,648**	**8,852,820**

The accompanying Notes 1 to 23 and Appendix I and II are an integral part of the balance sheet at 31 December 2023.

MERLIN PROPERTIES SOCIMI, S.A.

INCOME STATEMENT FOR 2023

(Thousands of euros)

	Notes to the financial statements	Year 2023	Year 2022
CONTINUING OPERATIONS:			
Revenue	**Note 18.1**	**399,048**	**428,075**
Other operating income		**2,186**	**1,308**
Staff costs -	**Note 18.2**	**(30,946)**	**(35,796)**
Salaries, wages and similar expenses		(27,722)	(32,910)
Employee benefit costs		(3,224)	(2,886)
Other operating expenses	**Note 18.3**	**(42,087)**	**(46,968)**
Depreciation and amortisation	**Notes 5 y 6**	**(64,913)**	**(64,556)**
Change in provisions		**(7,128)**	**(74)**
Impairment and gains or losses on disposal of non-current assets -	**Notes 6 ,1.2 ,7.2 y 9**	**(47,952)**	**684,147**
Impairment and other losses		(47,952)	684,147
Allocation of grants relating to non-financial assets and others		**7**	**-**
PROFIT/(LOSS) FROM OPERATIONS		**208,215**	**966,136**
Finance income -	**Note 18.4**	**8,994**	**3,795**
From marketable securities and other financial instruments		1,847	2,058
Other finance income	**Note 8**	7,147	1,737
Finance costs -	**Note 18.4**	**(108,893)**	**(99,391)**
On debts to Group companies and associates		(3,133)	(1,067)
On payables to third parties		(105,407)	(97,702)
Other finance costs		(353)	(622)
Changes in fair value of financial instruments	**Note 18.4**	**(9,891)**	**36,934**
Impairment and gains or losses on disposal of financial instruments -	**Notes 7.2, 9 y 18.4**	**5**	**2,812**
Impairment and other losses		-	3,424
Gains or losses on disposals and other		5	(612)
FINANCIAL PROFIT/(LOSS)		**(109,785)**	**(55,850)**
PROFIT/(LOSS) BEFORE TAX		**98,430**	**910,286**
Income tax	**Note 14.1**	**(820)**	**430**
PROFIT/(LOSS) FOR THE YEAR		**97,610**	**910,716**

The accompanying Notes 1 to 23 and Appendix I and II are an integral part of the income statement for 2023.

MERLIN PROPERTIES SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY FOR 2023

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSES

(Thousands of euros)

	Notes to the financial statements	Year 2023	Year 2022
PROFIT/(LOSS) PER INCOME STATEMENT (I)	**Notes 7 y 11**	**97,610**	**910,716**
Income and expense recognised directly in equity			
-Arising from cash flow hedges		(17,747)	12,780
- Capital grants		60	-
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)		**(17,687)**	**12,780**
Transfers to profit or loss			
- Arising from cash flow hedges		(4,526)	18
- Capital grants		(6)	-
TOTAL TRANSFERS TO PROFIT OR LOSS (III)		**(4,532)**	**18**
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)		**75,391**	**923,514**

The accompanying explanatory Notes 1 to 23 are an integral part of the statement of changes in equity for the period ending in 2023

MERLIN PROPERTIES SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY FOR 2023

B) STATEMENT OF CHANGES IN TOTAL EQUITY

(Thousand of euros)

	Share Capital	Share premium	Reserves	Shareholder Contribution	Valuation adjustments	Other Shareholder Contribution	Profit/(loss) for the year	Capital grants	Interim Dividend	TOTAL
BALANCE AT END OF 2021	**469,771**	**3,647,876**	**(432,104)**	**(32,305)**	**-**	**540**	**89,608**	**-**	**(70,033)**	**3,673,353**
Total recognised income and expense	**-**	**-**		**-**	**12,798**	**-**	**910,716**	**-**	**-**	**923,514**
Transactions with shareholders:	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
-Distribution of 2021 profit	-		8,961	-	-	-	(89,608)	**-**	70,033	(10,614)
- Distribution of dividends	-	(106,497)	-	-	-	-	-	**-**	(444,815)	(551,312)
Acquisition of treasury shares	-	-	(52)	142	-	-	-	-	-	90
Recognition of share-based payments (Note 17)	-	-	4,014	-	-	-	-	-	-	4,014
Delivery of 2017 stock plan share			(23,864)	14,133	-	-	-	-	-	(9,731)
Delivery of flexible remuneration shares	-	-	(35)	864	-	-	-	-	-	829
BALANCE AT END OF 2022	**469,771**	**3,541,379**	**(443,080)**	**(17,166)**	**12,798**	**540**	**910,716**	**-**	**(444,815)**	**4,030,143**
Total recognised income and expense	**-**	**-**	**-**	**-**	**(22,273)**	**-**	**97,610**	**54**	**-**	**75,391**
Transactions with shareholders:										
- Distribution of 2022 profit	-	-	352,551	-	-	-	(910,716)	**-**	444,815	(113,350)
- Distribution of dividends	-	-	-	-	-	-	-	**-**	(93,673)	(93,673)
Acquisition of treasury shares	-	-	(252)	418	-	-	-	-	-	166
Recognition of share-based payments (Note 17)	-	-	2,804	-	-	-	-	-	-	2,804
Delivery of 2017 stock plan share	-	-	-	-	-	-	-	-	-	**-**
Delivery of flexible remuneration shares	-	-	(370)	1,338	-	-	-	-	-	968
BALANCE AT END OF 2023	**469,771**	**3,541,379**	**(88,347)**	**(15,410)**	**(9,475)**	**540**	**97,610**	**54**	**(93,673)**	**3,902,449**

The accompanying explanatory Notes 1 to 23 and Appendix I and II are an integral part of the consolidated statement of changes in equity for the period ended as of 31 December 2023

MERLIN PROPERTIES SOCIMI, S.A.

STATEMENT OF CASH FLOWS FOR 2023

(Thousands of euros)

	Notes to the financial statements	Year 2023	Year 2022
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES (I)		**132,661**	**152,311**
Profit/(Loss) for the year before tax		**98,430**	**910,286**
Adjustments for:		**80,636**	**(760,758)**
- Depreciation and amortisation charge	**Note 5**	64,913	64,556
- Impairment losses	**Note 6**	27,610	29,936
- Changes in provisions		20,390	3,831
- Gains/Losses on derecognition and disposal of non-current assets	**Note 6**	20,342	(717,507)
- Gains/Losses on derecognition and disposal of financial instruments		(5)	612
- Changes in fair value of financial instruments		9,891	(36,934)
- Finance income		(8,994)	(3,795)
- Finance costs	**Note 18**	108,893	99,391
- Dividend income	**Note 18**	(114,412)	(176,161)
- Other income and expenses		(47,992)	(24,687)
Changes in working capital		**(50,417)**	**(23,300)**
- Inventories		(1,207)	(3,239)
- Trade and other accounts receivable		(5,105)	(14,733)
- Other current assets		(1,541)	16
- Accounts payable		(41,598)	7,394
- Other assets and liabilities		(966)	(12,738)
Other cash flows from/(used in) operating activities		**4,012**	**26,083**
- Interest payments		(107,523)	(99,438)
- Dividends received		102,858	122,253
- Interest received		7,149	1,738
- Collections /(payments) on debts to Group companies		(1)	171
- Income tax recovered (paid)	**Note 14**	1,529	1,655
- Other receivables/(payments) from operating activities		-	(296)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES (II)		**(113,295)**	**1,395,537**
Payments due to investments		**(143,421)**	**(790,176)**
- Group companies and associates		(7,829)	(683,452)
- Intangible assets		(874)	(1,055)
- Property, plant and equipment		(736)	(324)
- Investment property	**Note 6**	(133,258)	(103,069)
- Other financial assets		-	-
- Financial investments		(724)	(2,276)
Proceeds from disposals		**30,126**	**2,185,713**
- Group companies and associates		-	1,996,425
- Financial investments		-	-
- Investment property		30,126	108,324
- Other financial assets		-	80,964
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES (III)		**(22,525)**	**(1,775,492)**
Proceeds and payments relating to equity instruments-		**(207,441)**	**(562,068)**
- Treasury share purchases	**Note 10**	(418)	(142)
- Dividends paid		-	(455,429)
- Premium refunds and reserves		(207,023)	(106,497)
Proceeds and payments relating to financial liabilities		**184,916**	**(1,213,425)**
- Bank borrowings		1,021,625	81,760
- Issuance of debentures and bonds		-	-
- Repayment of borrowings from Group companies and associates		-	(850,000)
- Issuance / (repayment and amortization) of debt with Group companies and associates		(93,923)	78,786
-Cancellation of interest rate derivatives		-	24,329
- Repayment and redemption of debentures and bonds		(742,786)	(548,300)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV)			
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(3,159)**	**(227,644)**
Cash and cash equivalents at beginning of year		343,081	570,725
Cash and cash equivalents at end of year		339,922	343,081

The accompanying Notes 1 to 23 and Apendix I and II are an integral part of the statement of cash flows for 2023.

Merlin Properties SOCIMI, S.A.

Notes to the Financial Statements
for the year ended
31/12/2023

1. Nature and activities of the Company

Merlin Properties SOCIMI, S.A. ("the Company") was incorporated in Spain on 25 March 2014 under the name Merlin Properties, S.A., Sociedad Unipersonal, in accordance with the Spanish Corporate Enterprises Act [*Ley de Sociedades de Capital*] On 22 May 2014, the Company requested to be included in the tax regime for listed companies investing in the property market (REITs), effective from 25 March 2014 (date of incorporation of the Company).

On 27 February 2017, the Company changed its registered office from Paseo de la Castellana 42 to Paseo de la Castellana 257, Madrid, Spain.

The Company's corporate purpose is:

- The acquisition and development of urban property for subsequent leasing, including the refurbishment of buildings as per Spanish Law 37/1992, of 28 December, on Value Added Tax [*Ley 37/1992, de 28 de diciembre, del Impuesto sobre el Valor Añadido*];

- The holding of shares in other REITs or in other non-resident entities in Spain with the same corporate purpose and that operate under a similar regime as that established for REITs with respect to the mandatory profit distribution policy enforced by law or by the articles of association;

- The holding of shares in other resident or non-resident entities in Spain whose corporate purpose is to acquire urban property for subsequent leasing, and which operate under the same regime as that established for REITs with respect to the mandatory profit distribution policy enforced by law or by the articles of association, and which fulfil the investment requirements stipulated for these companies; and

- The holding of shares or shares in collective property investment institutions regulated by Law 35/2003, of 4 November, on collective investment undertakings, or any law that may replace this in the future.

In addition to the economic activity deriving from the principal corporate purpose, the Company may also carry on any other complementary activities; these being any that generate income representing less than 20%, taken as a whole, of the Company's income in each tax period, or any that can be classified as complementary as per prevailing legislation.

The activities included in the Company's corporate purpose may be indirectly carried on, either wholly or in part, through the ownership of shares in companies with a similar or identical corporate purpose.

The direct and, where applicable, indirect performance of any activities which are reserved under special legislation are excluded. If the law prescribes the need for a professional qualification, administrative authorization, entry in a public register, or any other requirement for the purpose of exercising any of the activities within the corporate purpose, no such activity can be exercised until all the applicable professional or administrative requirements have been met.

The Company engages mainly in the acquisition and management (through leasing to third parties) of offices, industrial buildings, logistic centers, local premises and shopping centers, and it may also invest to a lesser extent in other assets for lease.

The 2016 financial year saw the merger by absorption of Testa Inmuebles en Renta SOCIMI, S.A. as well as the business combination carried out with the property business of Metrovacesa, S.A. The information required by section 107 of Spanish Law 43/1995, of 27 December, on Corporation Tax [*Ley 43/1995 de 27 de diciembre del Impuesto sobre sociedades*] relating to mergers is broken down in the 2016 financial statements.

All the Company's shares can be publicly traded and are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. The market price of the Company's shares at 31 December 2023 and the average market price for the fourth quarter amounted to EUR 10.06 and EUR 8.72 per share, respectively.

On 15 January 2020, the Company's shares were listed on Euronext Lisbon under a dual listing.

The Company is the head of a group of subsidiaries and is obliged under current legislation to prepare consolidated financial statements separately. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, and with all the related implementing provisions and interpretations. The separate and consolidated financial statements for 2023 were formally prepared by the directors at the Board meeting held on 27 February 2024.

The consolidated financial statements for 2023 of the Merlin Group prepared in conformity with the IFRSs adopted by the European Union present total assets of EUR 12,065,411 thousand and equity attributable to the Parent's shareholders of EUR 6,539,038 thousand. Consolidated sales and consolidated profit attributable to the Parent amount to EUR 464,779 thousand and looses of EUR 83,497 thousand, respectively (EUR 439,038 thousand and profits of 263,087 thousand in 2022)

In view of the business activities currently carried out by the Company, it does not have any environmental liability, expenses, assets, provisions or contingencies that could be significant with regards to its equity, financial position and results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

1.1 SOCIMI Tax Regime

Merlin Properties, SOCIMI, S.A., as the Parent of its Group, is governed by Spanish Law 11/2009, of 26 October, amended by Spanish Law 16/2012, of 27 December, regulating listed companies investing in the property market (REITs) [*Ley 11/2009, de 26 de octubre, modificada por la Ley 16/2012, de 27 de diciembre, por la que se regulan las Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*].

Section 3 of that Law sets out the investment requirements for these types of companies, namely:

1. At least 80% of a REIT's assets must be invested in urban property for leasing purposes and/or in land to be developed for leasing purposes provided such development starts within three years of acquisition, along with investments in the capital or equity of other entities referred to in section 2.1 of that Law.

   The value of the assets will be determined based on the average of the individual balance sheets for each quarter of the year, and so the Company may opt to calculate such value by taking into account the market value of the assets included in such balance sheets instead of their carrying amount, in which case that value would apply to all balance sheets for the year. For these purposes, the money and collection rights arising from the disposal of these properties or shareholdings, if applicable, during the same year or previous years will not be calculated, provided that, in this last case, the reinvestment period referred to in section 6 of this Law has not elapsed.

2. Similarly, at least 80% of the income for the tax period for each year, excluding that arising from the disposal of shareholdings and properties used in the compliance of its main corporate purpose, once the holding period referred to below has elapsed, should come from the lease of properties and from dividends or shares in profit from these investments.

This percentage is calculated based on consolidated profit if the company is a parent of a group, as defined in section 42 of the Spanish Commercial Code [*Código de Comercio*], irrespective of the place of residence and the obligation to prepare consolidated financial statements. That group will be exclusively composed of the REIT and all the other entities referred to in section 2.1 of that Law.

3. The REIT's property assets must be leased for at least three years. The time that the properties have been offered for lease, up to a maximum of one year, will be included for the purposes of this calculation. This period will be calculated:

   a) In the case of properties that are included in the REIT's assets before it avails itself of the regime, from the date of commencement of the first tax period in which the special tax regime set forth in the Law is applied, provided that the property is leased or offered for lease at that date. Otherwise, the provisions of the following letter will apply.

   b) In the case of properties developed or acquired subsequently by the Company, from the date on which they were leased or offered for lease for the first time.

   c) Shares or equity investments in entities referred to in section 2.1 of that Law must be kept in the REIT's asset base at least during three years after their acquisition or, if applicable, from the beginning of the first tax period during which the special tax regime established in that Law applies.

As established in transitional provision one of Law 11/2009, of 26 December, amended by Law 16/2012, of 27 December, regulating listed companies investing in the property market (REITs), these companies may opt to apply the special tax regime pursuant to section 13 of that Law, even when the requirements stipulated in it are not met, under the condition that such requirements are met within two years of the date application of the REIT tax regime is sought.

REITs are taxed at a rate of 0% for income tax. However, where dividends distributed to an shareholder owning at least 5% of the REIT's share capital are exempt from taxation or taxed below 10%, such REIT will be subject to a special charge of 19% of the dividends distributed to those shareholders, in respect of corporation tax. If deemed applicable, this special charge will be paid by the REIT within two months after the dividend distribution date.

The transitional period in which the Company had to meet all requirements of this tax regime ended in 2017. The Company's directors, supported by the opinion of their tax advisers, assessed its compliance with the Regime's requirements in 2023, and concluded that all requirements are met.

Consequently, the Company's financial statements for 2023, prepared by its directors, awaiting approval by the General Shareholders' Meeting, have been prepared under the REIT Scheme. However, the Company’s directors consider that the aforementioned financial statements will be approved without any significant changes.

With effect for the years beginning on or after 1 January 2021, Spanish Law 11/2021, of 9 July, on measures to prevent and combat tax fraud [*Ley 11/2021, de 9 de julio, de medidas de prevención y lucha contra el fraude fiscal*] amended section 9.4 of Spanish Law 11/2009, of 26 October, regulating listed companies investing in the property market (REITs). Specifically, a special tax of 15% was introduced on the amount of profit obtained in the year that is not distributed, in the part that comes from: a) income that has not been taxed at the general tax rate of income tax and, b) income that does not stem from the transfer of eligible assets, once the three-year maintenance period has elapsed, which has been included in the three-year reinvestment period stipulated in section 6.1.b) of Law 16/2012, of 27 December. This special tax will be considered a tax liability under corporation tax and will accrue on the day of the resolution applying the profit for the year by the shareholders at the General Meeting or equivalent body. The tax must be self-assessed and deposited within two months of the accrual.

1.2 Corporate transactions

2023

Total split-up of the company Metroparque, S.A. with contribution of its Shopping Centers branch of activity to Merlin Retail, S.L. and the Offices branch of activity to Merlin Oficinas, S.L. (both 100% owned by the Company), with effective account date of 1 January 2023.

On 7 November 2023, the Company acquired 100% of the shares representing the share capital of Merlin Edged, S.L.U. for EUR 3 thousand. At the date of preparation of these Financial Statements, that company is inactive.

On 13 January 2023, the Company acquired 7.32% of the shares representing the share capital of Moregal Hotels, S.L. for EUR 1,585 thousand. This company owns land for tertiary use in the city of Malaga.

In 2023, the Company increased its share in Silicius Real Estate, SOCIMI, S.A. to 17.91% (17.80% previously) due to the distribution of a dividend via promissory notes convertible into shares.

2022

On 1 February 2022, the Company sent BBVA a communication that included, among other points, a proposed sale of 100% of the shares of Tree Inversiones Inmobiliarias Socimi, S.A. in accordance with right of first refusal held by BBVA. On 1 April 2022, the Company received a communication from BBVA on its acceptance of the proposed sale of Tree, which was subject, among others, to the approval of the Spanish National Markets and Competition Commission (CNMC). On 1 June 2022, the CNMC authorized the transaction and the sale was concluded on 15 June 2022.

Based on the above, the sale price of Tree Inversiones Inmobiliarias Socimi, S.A. amounted to EUR 1,987,400 thousand, which, after early settlement of the debt associated with Tree and the transaction costs, amounting to EUR 9,399 thousand, generated a capital gain of EUR 700,291 thousand. The following items are included in "Impairment and gains or losses on disposals fixed assets" in the attached Income Statement.

Prior to the sale, on 21 March 2022, Tree Inversiones Inmobiliarias Socimi, S.A. resolved to distribute a dividend of EUR 53,908 thousand to the Company charged to profit for 2021.

On 27 July 2022, 100% of the shares of Slack Tailwind Systems, S.L.U and Slow Rise Spain, S.L.U. were acquired for EUR 3 thousand each. Subsequently, on 29 July and 15 September 2022, these companies purchased part of the Serantes building, respectively.

On 3 August 2022, the Company acquired 100% of the shares Generous Profile Unipessoal Lda. for EUR 9 thousand. Subsequently, on 12 August 2022, Generous Profile Unipessoal Lda acquired the Liberdade 195 building.

In 2022, the General Meeting of PK Hoteles 22, S.L. unanimously resolved to liquidate the company, which was 32.50% owned by the Company. This transaction generated a loss of EUR 274 thousand in the 2022 income statement.

2. Basis of presentation of the financial statements

2.1 Regulatory financial reporting framework applicable to the Company

These financial statements were prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

- The Commercial Code and all other Spanish commercial law;

- The Spanish National Chart of Accounts [Plan General de Contabilidad] approved by Royal Decree 1514/2007, with the amendments introduced by Royal Decree 1159/2010, as well as by Royal Decree 602/2016 and Royal Decree 1/2021, and its industry adaptations.

- The mandatory rules approved by the Spanish Accounting and Audit Institute to implement the National Chart of Accounts and its supplementary rules.

- Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, regulating listed companies investing in the property market (REITs).

- All other applicable Spanish accounting legislation.

The figures included in the financial statements are expressed in thousands of euros.

2.2 Fair presentation

The accompanying financial statements for 2023, which were obtained from the Company's accounting records, are presented in accordance with Royal Decree 1514/2007 approving the Spanish National Chart of Accounts, as well as the amendments made thereto by Royal Decrees 1159/2010, 602/2016 and 1/2021 and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2023.

These financial statements, which were formally prepared by the Board of Directors, will be submitted for approval by the shareholders at the Ordinary General Shareholders Meeting, and it is considered that they will be approved without any changes.

2.3 Comparative information

For comparison purposes the directors present, in addition to the figures for 2023 for each item in the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements, the figures for 2022.

2.4 Accounting principles applied

The directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a significant effect on them. All obligatory accounting principles were applied. No non-obligatory accounting principles were applied.

2.5 Key issues in relation to the measurement and estimation of uncertainty

In preparing the Company's financial statements, the directors made estimates based on past experience and other factors that are considered to be reasonable in view of the current circumstances and that constitute the basis for establishing the carrying amount of the assets and liabilities whose value is not easily determinable through other sources. These estimates relate basically to the following:

- The market value of the Company's property assets (see Note 4.3). The Company obtained valuations from independent experts at 31 December 2023.

- The assessment of possible impairment losses on certain assets (see Notes 4.1, 4.2, 4.3 and 4.5).

- The fair value of certain financial instruments (see Note 4.5).

- The assessment of provisions and contingencies (see Note 4.9)

- The recovery of deferred tax assets and the tax rate applicable to temporary differences (see Note 4.11).

- Compliance with the requirements governing REITs(see Notes 1 and 15).

- Management of financial risk and, in particular, of liquidity risk and climate change risk (see Note 21).

Although these estimates were made on the basis of the best information available at 2023 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

2.6 Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

2.7 Correction of errors

In preparing the accompanying financial statements, no significant errors were detected that would have given rise to restating the amounts included in the financial statements for 2022.

2.8 Changes in estimates and accounting policies

The effect of any change in accounting estimates is recognised under the same income statement line item as that in which the expense or income based on the previous estimate had been recognised prospectively.

Changes in accounting policies and correction of errors: if material, the cumulative effect at the beginning of the year is adjusted under “Reserves” and the effect for the current year is recognised in the income statement. In these cases, the financial data for the comparative year presented together with those for the current year are restated.

2.9 Quantitative and qualitative information on current economic and geopolitical impacts

The main risk materialized in 2023 has been the uncertainty regarding the future evolution of the markets and, therefore, of the investment, in a context in which the risks surrounding growth prospects are increasing, considering that both interest rates and inflation rates will not reverse appreciably in the short term.

This increase in interest rates has directly led to a reduction in the valuations of the group's real estate investments by affecting both the exit yields and the discount rates used by independent external valuators.

In recent quarters, the sharp rise in global inflation has required a synchronized, very rapid, and intense tightening of monetary policies by the world's major central banks, although the pace of tightening has been slowing during fiscal 2023.

Thus, based on a better-than-expected performance in 2023, the outlook for 2024 is for a continuation of current trends, with overall growth very similar to that of 2023. During 2023, overall growth has been able to hold up considerably better than expected, at around 3% compared to the 2.3% forecast for 2023, thanks to the support of the labor market and accumulated savings. However, some of the incipient signs of weakening activity have already been seen recently in Spain and other economies, which could already be reflecting some of the adverse effects of the tightening of financial conditions on macroeconomic aggregates.

On the other hand, it is true, however, that the incipient signs of a slowdown in core inflation in Spain and other countries should still be confirmed in the coming months.

There are also other very significant materialized risks. At an international level, geopolitical uncertainties continue with the new conflict in the Middle East, which, although in this case has not caused a sharp increase in energy prices, as occurred in other past wars in the area, still poses a significant risk to global trade, as the recent attacks in the Red Sea and the war in Ukraine have stalled with uncertain future developments.

Not to mention a possible (but not likely) conflict between China and Taiwan that could increase supply chain and global trade uncertainties.

Domestically, we highlight uncertainty over the outcome of political and social tensions, which could lead to changes in legislation and other factors that could significantly impact Spain's overall economic growth, as well as the environment in which the group operates in Catalonia and Spain as a whole, as indicated by various players in the Spanish real estate market.

Valuation of investment property and participation in Group companies and associates

The Company regularly uses third parties from outside the Company as experts to determine the fair value of its property assets, whether directly managed and through the Group companies and associates in which it participates, on which the recoverable value of the assets is mainly recognised.

The measurement methodology has not changed with regard to the previous year.

Liquidity risk

In the opinion of the Company's directors, the current economic situation of high inflation and interest rate rises by central banks may have a significant impact on the overall financial position of the companies, which could be divided into the liquidity risk of the companies or groups and the liquidity risk of customers (credit risk).

In this context, at 31 December 2023, the Company had a cash position of EUR 355 million at the year-end (including Treasury stock), reaching a liquidity position, including the corporate line of credit and undrawn facilities, amounting to EUR 1,188 million.

The Company's directors and management are constantly monitoring the evolution of the current situation and the effects it may have on the credit market, and they believe that the Company's situation at 31 December 2023 ensures that the Company is solvent to fulfil the current obligations on the balance sheet at 31 December 2023, and there is no material uncertainty about the continuity of the Company's operations.

Credit risk

On the application of the simplified approach of impairment and credit risk, and also taking into consideration other differential factors of its portfolio of tenants and the characteristics of their leases, and the amounts collected thus far, the Company has concluded that the increased credit risk of its customers has not been significantly affected, with a risk of default below 1% of turnover.

In relation to its other financial assets exposed to credit risk, which mainly correspond to loans to associates and third parties, the Company's directors have determined that there has not been a significant increase in the risk, considering the measures agreed in some cases with tenants and the long-term expectations based on the historical experience with those entities, which make it possible to estimate that the credit risk will remain stable.

3. Allocation of profit/(loss)

The distribution of profit/(loss) for the year proposed by the Company's directors for approval by its shareholders at the General Meeting is as follows:

	Thousands of euros
Profit/(Loss) for the year	**97,610**
Distribution:	
Interim dividend to be offset	93,673
To dividends	3,937

Other dividends distributed

On 16 November 2023, the Company's Board of Directors approved the distribution of an interim dividend charged to profit for 2023 in the amount of EUR 93,673 thousand.

On 27 April 2023, the General Meeting approved the distribution of a final dividend from the profit for 2022 in the amount of EUR 113,350 thousand.

In the last five years, the Company has distributed the following dividends and Share Premium reimbursements:

	2023	2022	2021	2020	2019
Distributions to shareholders	207,023	561,926	210,099	68,518	232,347

3.1 Restrictions relating to the distribution of dividends

The Company is subject to the special regime for REITs. As established in section 6 of Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, the REITs opting to pay tax under the special tax regime are required to distribute the profit generated during the year to shareholders as dividends. Once the corresponding commercial obligations have been fulfilled, that distribution must be agreed within six months from year end, and the dividends paid within 30 days from the date on which the pay-out is agreed.

Moreover, as specified in Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, the Company must distribute the following as dividends:

- 100% of the profit from dividends or shares in profits distributed by the entities referred to in section 2.1 of Law 11/2009.

- At least 50% of the profits arising from the transfer of the properties, shares or ownership interests referred to in section 2.1 of Law 11/2009, of 26 October, subsequent to expiry of the time limits referred to in section 3.2 of Law 11/2009, which are used for pursuit of the entities' principal corporate purpose. The remainder of these profits must be reinvested in other property or investments used for the pursuit of that activity within three years after the transfer date. Otherwise these profits should be distributed in full together with any profit arising in the year in which the reinvestment period expires. If the items to be reinvested are transferred prior to the end of the holding period, that profit must be distributed in full together with, if applicable, the profit generated during the year in which the items were transferred. The obligation to distribute profit does not apply to the portion of the profit attributable to prior years in which the Company was not included under the special tax regime established in this Law.

- At least 80% of the remaining profits obtained.

When dividend distributions are charged to reserves generated from profits in a year in which the special tax regime applied, the distribution must necessarily be approved as set out above.

4. Accounting policies and measurement bases

The principal accounting policies and measurement bases applied by the Company in preparing its financial statements for 2023 were as follows:

4.1 Intangible assets

As a general rule, intangible assets are recognized initially at acquisition or production cost. They are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses. These assets amortized over their useful life. When the useful life of these assets cannot be estimated reliably, they will be amortized over a period of ten years.

The gains or losses arising from the derecognition of an intangible asset are calculated as the difference between the net profit obtained on the sale and the carrying amount of the asset, and are recognized in the consolidated income statement when the asset is derecognized.

Goodwill

Goodwill is recognized as an asset when it arises in an acquisition for valuable consideration in the context of a business combination. Goodwill is allocated to the cash-generating units to which the economic benefits of the business combination are expected to flow. After initial recognition, goodwill is measured at acquisition cost less any accumulated depreciation and any recognized accumulated impairment losses. In accordance with applicable legislation, the useful life of the goodwill is 10 years and it is amortized on a straight-line basis.

These cash-generating units are analyzed at least once a year for indications of impairment and, if those indications exist, they are tested for impairment in accordance with the methodology indicated below and the corresponding impairment loss is recognized.

Impairment losses recognized in goodwill may not be reversed in subsequent fiscal years.

Specifically, the Company recognizes under "Goodwill" the goodwill that arose on the merger by absorption in 2016 of Testa Inmuebles en Renta SOCIMI, S.A.

Computer software

The computer software acquired or developed by the Company is recognized at acquisition or production cost and, where applicable, amortized on a straight-line basis over four years. Computer software maintenance costs are recognized with a charge to the income statement for the year in which they are incurred.

Impairment of intangible assets, property, plant and equipment and investment property

Whenever there are indications of impairment of assets with a finite useful life (i.e. all the Company's intangible assets, property, plant and equipment, and investment property), the Company tests the tangible and intangible assets for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount.

The recoverable amount is the higher of fair value less costs to sell and value in use. In particular, the recoverable amount for virtually all the investment property is determined based on the evaluation of an independent expert (see Note 6).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. This impairment loss reversal is recognized as income, except in the case of goodwill, as mentioned in this Note.

4.2 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition or production cost, at which the amount of the additional or supplementary investments made are included, and are subsequently reduced by the related accumulated depreciation and by any impairment losses recognized, as indicated in Note 4.1 above.

The revaluation surpluses or net increases in value resulting from revaluations and the assignments of gains as a result of business combinations are depreciated over the tax periods in the remaining useful lives of the revalued assets.

Property, plant and equipment upkeep and maintenance expenses are recognized in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalized.

For non-current assets that necessarily take a period of more than twelve months to get ready for their intended use, the capitalized costs include those borrowing costs as might have been incurred before the assets are ready for their intended use and that have been charged by the supplier or relate to loans or other specific-purpose or general-purpose borrowings directly attributable to the acquisition or production of the assets.

Work carried out by the Company on its own property, plant and equipment is recorded at accumulated cost, resulting from external costs plus in-house costs (determined based on in-house materials consumption) and manufacturing costs applying the same criteria as those used for inventory valuation.

Depreciation of property, plant and equipment is calculated on a straight-line basis, based on the years of estimated useful life of the assets. The annual depreciation rates are applied to the respective values at the revalued cost, where applicable, and the years of estimated useful life are as follows:

	Years of useful life estimated
Buildings for lease	50 – 75
Other fixtures	10-18
Furniture	10
Computer hardware	4
Other items of property, plant and equipment	4 – 5

Property, plant and equipment under construction is not depreciated until it enters into operation, at which time it is transferred to the corresponding property, plant and equipment account in view of its nature.

4.3 Investment property

"Investment Property" in the balance sheet reflects the values of the land, buildings and other structures held either to earn rentals or for capital appreciation.

Depreciation of these items is carried out systematically and rationally based on the useful life of the assets and their residual value, in accordance with the normal decline in value caused by their use and by wear and tear, without prejudice to the technical or commercial obsolescence that may also affect the assets. The straight-line method is used to calculate the depreciation of investment property based on its estimated useful life (see Note 4.2).

Investment property is measured as described in Note 4.2 on property, plant and equipment.

The Company estimates the impairment losses on its investment property based on the fair value obtained in the appraisal performed by the independent expert. The method used to determine the fair value of the assets is detailed in Note 6.

4.4 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee.

All other leases are classified as operating leases.

Finance leases:

In finance leases in which the Company acts as the tenant, the cost of the leased assets is presented in the balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognized for the same amount. This amount is the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised.

The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor.

The total finance charges arising under the lease are allocated to the income statement for the year in which they are incurred using the effective interest method.

Contingent rent is recognized as an expense for the period in which it is incurred.

There are no finance leases in which the Company acts as landlord.

Operating leases:

In operating leases, the ownership of the leased asset and substantially all the risks and rewards relating to the leased assets remain with the landlord.

If the Company acts as the lessor, income and costs arising under operating leases are allocated to the income statement for the year in which they are incurred. Also, the acquisition cost of the leased asset is presented in the balance sheet based on the nature of the asset, increased by the costs directly attributable to the lease, which are recognized as an expense over the lease term, applying the same method as that used to recognise lease income.

If the Company acts as the tenant, costs arising under operating leases are allocated to the income statement for the year in which they are incurred. A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortized over the lease term in accordance with the pattern of benefits provided.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortized over the lease term in accordance with the pattern of benefits provided.

4.5 Financial assets

Classification

The financial assets held by the Company are classified into the following categories:

a) Financial assets at amortized cost: includes financial assets, including those admitted to trading on an organised market, in which the Company holds the investment to collect contractual cash flows, and the contractual terms of the asset give rise on specified dates to cash flows that are solely collections of principal and interest on the principal amount outstanding. In general, this category includes:

> i) Trade receivables: arising from the sale of goods or provision of services in the ordinary course of business for which collection is deferred, and
>
> ii) Non-trade receivables: arising from transactions involving loans or credit facilities granted by the Company with fixed or determinable payments.

b) Financial assets at fair value through changes in equity: financial assets whose contractual terms give rise, on specified dates, to cash flows that are only principal payments and interest on the amount of the principal outstanding, and are not held for trading and are not classified in the previous category, are included in this category. Investments in equity instruments irrevocably designated by the Company at the time of their initial recognition will also be included in this category, provided that they are not held for trading and should not be measured at cost.

c) Financial assets at cost: the following investments are included in this category:

a. equity instruments in Group companies, jointly controlled entities and associates;

b. equity instruments whose fair value cannot be reliably determined, and the derivatives whose underlying is these investments;

c. contributions made in joint accounts agreements and similar agreements;

d. participating loans with contingent interest;

e. financial assets that should be classified in the following category but whose fair value cannot be reliably estimated.

Group companies are considered to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence. Jointly controlled entities also include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other venturers.

d) Financial assets at fair value through profit or loss: includes financial assets held for trading and financial assets that have not been classified in any of the above categories. This category also includes financial assets that are optionally classified as such by the Company upon initial recognition that would otherwise have been included in another category, due to the fact that this classification eliminates or significantly reduces any measurement inconsistency or accounting mismatch that would otherwise arise.

Initial recognition

Financial assets are initially recognized, in general, at the fair value of the consideration given, plus any directly attributable transaction costs. However, transaction costs directly attributable to assets recognized at fair value through profit or loss are recognized in the income statement for the year.

In the case of equity investments in Group companies affording control over the subsidiary, since 1 January 2010 the fees paid to legal advisers and other professionals relating to the acquisition of the investment have been recognized directly in profit or loss.

Subsequent measurement

Financial assets at amortized cost are recognized in accordance with this measurement basis, with accrued interest taken to the income statement using the effective interest method.

Financial assets included in the fair value with changes in equity category will be recognized at fair value, without deducting the transaction costs that could be incurred in their disposal. Changes in fair value will be recognized directly in equity until the financial asset is derecognized or impaired, at which point the amount so recognized will be charged to the statement of comprehensive income statement.

Financial assets at fair value through profit or loss are measured at fair value and the gains and losses arising from changes in fair value are recognized in the income statement for the year.

Investments in Group companies and associates and interests in jointly controlled entities are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including any goodwill). The valuation was carried out in accordance with the Appraisal and Valuation Standards issued by the Royal Institute of Chartered Surveyors (RICS) of the United Kingdom and the International Valuation Standards (IVS) issued by the International Valuation Standards Committee (IVSC).

In the case of Company companies with an equity deficit, the Company follows the policy of recognizing provisions for this equity deficit.

Impairment

At least at each reporting date the Company tests financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognized in the income statement. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. In any case, equity instruments measured at fair value with changes in equity will be presumed to be impaired if their price has declined for one and a half years or by 40% and not recovered. The impairment is recognized in the income statement.

The Company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.

However, the Company does not derecognise financial assets, and recognizes a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained.

4.6 Financial liabilities

The financial liabilities assumed or incurred by the Company are classified in the following categories:

a) Financial liabilities at amortized cost: these include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business or those that, not having commercial substance and not considered derivative instruments, arise from transactions involving loans or credit facilities received by the Company. These liabilities are initially recognized at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortized cost.

b) Financial liabilities at fair value through profit or loss.

Liability derivative financial instruments are measured at fair value using the same methods as those described above for financial assets at fair value through profit and loss.

Assets and liabilities are presented separately on the balance sheet and their net amount is only presented if the Company has a legally enforceable right to offset the amounts recognized and also intends either to settle the amounts on a net basis or to realise the asset and settle the liability simultaneously.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

4.7 Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Capital instruments issued by the Company are recognized in equity at the proceeds received, net of issue costs.

The equity instruments acquired by the Company are recognized separately at acquisition cost and deducted from equity in the balance sheet, regardless of why they were acquired. No gains or losses from transactions involving own equity instruments are recognized in the consolidated income statement.

If the Company's own equity instruments are subsequently retired, capital is reduced by the nominal amount of these treasury shares and the positive or negative difference between the acquisition price and nominal amount of the shares is debited from or credited to reserves.

The transaction costs related to own equity instruments are recognized as a decrease in equity, net of any related tax effect.

4.8 Termination benefits

Under the current law, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognized as an expense in the year in which the decision to terminate the employment relationship is taken.

In this sense, at 31 December 2023, the Company does not have commitments for this item, and there is no Downsizing Plan in force.

4.9 Provisions and contingencies

When preparing the financial statements the directors made a distinction between:

a. Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and

b. Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The financial statements include all the provisions as regards which it is considered that it is more likely than not that the obligation will have to be settled. Unless they are considered unlikely, contingent liabilities are not recognized in the financial statements, but rather are disclosed.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognized as finance cost on an accrual basis.

The compensation receivable from a third party on settlement of the obligation is recognized as an asset, provided there is no doubt that the reimbursement will take place, unless there is a legal relationship under which a portion of the risk has been externalised, as a result of which the Company is not liable, in which case, the compensation will be taken into account when estimating, if appropriate, the amount of the related provision.

4.10 Share-based payments

On the one hand, the Company recognises the goods and services received as an asset, if qualifying, or an expense, when obtained, with an increase to equity, if the transaction is settled in equity instruments, or with the corresponding liability, if it is settled with an amount that is referenced to the value of equity instruments.

In the case of equity-settled transactions, both the services rendered and the increase in equity are measured at the fair value of the equity instruments granted, by reference to the grant date. In the case of cash-settled share-based payments, the goods and services received and the related liability are recognized at the fair value of the latter, by reference to the date on which the requirements for recognition are met.

2022-24 Incentive Plan

The General Meeting on 4 May 2022 approved a long-term incentive plan consisting of the delivery of a maximum number of ordinary shares of MERLIN Properties SOCIMI, S.A. equal to 3,491,767 shares (representing 0.74% of the share capital), aimed at the members of the MERLIN Group's executive and management team, including the Company's executive directors (“2022-24 LTIP”).

The LTIP will be implemented through a single-cycle performance share plan with a target measurement period of 3 years, beginning on 1 January 2022 and ending on 31 December 2024, and it will be payable by the delivery of Company shares in 2025, once (i) compliance with the specific targets established for 2022-2024 has been verified and (ii) the beneficiary has remained in the MERLIN Group.

In relation to the targets or metrics to which the plan is linked (see Note 17), it includes market and non-market conditions.

In relation to the “Total Shareholder Profitability” market condition, the Group applied a valuation methodology for the underlying assets at the delivery date of the incentive associated with the Monte Carlo simulation method. The Monte Carlo simulation is a statistical method applied to the financial modelling of the probability of different results where a random or independent variable is involved. In this regard, the Monte Carlo simulation method applied by the Group was based on a Brownian geometric model, which makes it possible to simulate the possible paths that the underlying asset can follow (price of Merlin's share and of the EPRA Nareit Development Europe index) based on the repetition of random samples to obtain different numerical results. For the development of the simulation, the generation of the random variable was carried out by applying standard normal distribution N (0.1). The average or expected value corresponding to the spot price of the Merlin share at the reporting date of the incentive and a standard deviation to describe the change with regard to the average, based on the volatility of the share, were established.

In relation to non-market conditions: (i) EPRA NTA, (ii) net carbon emissions and environment and (iii) environment and society, the Group gives its estimate of compliance with them at each measurement date over the duration of the plan with the best information available.

In 2023, the Company recognized an expense of EUR 2,804 thousand (EUR 2,804 thousand in 2022) with a balancing entry in reserves.

4.11 Income tax

4.11.1 General regime

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

Current tax expense is the tax payable by the Company on its taxable income for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill, goodwill for which amortisation is not deductible for tax purposes or the initial recognition of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognized for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised, and the deferred tax assets do not arise from the initial recognition of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss). The other deferred tax assets (tax loss, temporary differences and tax credit carryforwards) are only recognized if it is considered probable that the Company will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets recognized are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that they will be recovered through future taxable profits.

4.11.2 REIT regime

The REIT special tax regime, as amended by Law 16/2012 of 27 December, is based on a 0% corporation tax rate, provided certain requirements are met. Particularly noteworthy among those conditions is that at least 80% of income must come from urban property used for leasing purposes and acquired in full ownership or through holdings in Spanish or foreign companies, regardless of whether or not they are listed on organised markets, that meet the same investment and profit distribution requirements. Likewise, the main sources of income for these entities must come from the property market, either through leasing the properties, their subsequent sale after a minimum lease period, or the income generated from holdings in entities with similar characteristics. Nevertheless, tax is accrued in proportion to dividend distributions. Dividends received by the shareholders are exempt, unless the recipient is a legal person subject to corporation tax or a permanent establishment of a foreign entity, in which case a deduction in the tax liability is established, so that these earnings are taxed at the shareholder's rate. However, the remaining earnings will not be taxed so long as they are not distributed to shareholders.

As established in Transitional Provision Nine of Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, regulating listed companies investing in the property market (REITs), the entity will be subject to a special tax rate of 19% on the total dividends or profit shares distributed to shareholders with a shareholding in the entity of 5% or more, when these dividends are exempt or taxed at a rate below 10% in the shareholders. The Company has therefore established the procedure guaranteeing confirmation by shareholders of their tax rate, proceeding where applicable, to withhold 19% of the dividend distributed to shareholders that do not meet the aforementioned tax requirements.

With effect for years beginning on or after 1 January 2021, Law 11/2021, of 9 July, on measures to prevent and combat tax fraud amended section 9.4 of Spanish Law 11/2009, of 26 October, regulating listed companies investing in the property market (REITs). Specifically, a special tax of 15% was introduced on the amount of profit obtained in the year that is not distributed, in the part that comes from: a) income that has not been taxed at the general tax rate of income tax and, b) income that does not stem from the transfer of eligible assets, once the three-year maintenance period has elapsed, which has been included in the three-year reinvestment period stipulated in section 6.1.b) of Law 16/2012, of 27 December. This special tax will be considered a tax liability under corporation tax and will accrue on the day of the resolution applying the profit for the year by the shareholders at the General Meeting or equivalent body. The tax must be self-assessed and deposited within two months of the accrual.

4.12 Revenue and expenses

Revenue and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Interest and dividends received from financial assets

The Company's income that relates to dividends received from investees, in accordance with Ruling no. 2 of the Official ICAC Gazette no. 79/2009, on the classification for accounting purposes in separate financial statements of income and expenses of holding companies, is recognized as revenue, as the Company's ordinary business activities include the management and administration of investments in other companies.

Interest and dividends from financial assets accrued after the date of acquisition are recognized as income in the income statement. Interest is recognized using the effective interest method and dividends are recognized when the right to receive them is declared.

Upon initial measurement of financial assets, accrued explicit interest receivable at the measurement date is recognized separately, based on maturity. Dividends declared by the pertinent body at the acquisition date are also accounted for separately. Explicit interest is the interest obtained by applying the financial instrument's contractual interest rate.

If distributed dividends are clearly derived from profits generated before the acquisition date because amounts have been distributed which are higher than the profits generated by the investee since acquisition, the difference is accounted for as a reduction in the carrying amount of the investment and not recognized as income.

Revenue from sales and services

Revenue from sales is recognized when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Rental income is recognized on an accrual basis and incentives and the initial costs of the lease agreements are allocated to income on a straight-line basis.

Revenue arising from variable rental income, which is calculated based on the sales of the tenants at the leased premises, is accrued on a regular basis by virtue of the most recent known sales data, given that the income can be reliably measured at this time, and is invoiced once the final sales data for the year is available.

Interest income from financial assets is recognized using the effective interest method and dividend income is recognized when the shareholder's right to receive payment is established. In any case, interest and dividends from financial assets accrued after the date of acquisition are recognized as income in the income statement.

4.13 Classification of assets and liabilities as current and non-current

Assets and liabilities are classified in the balance sheet as current and non-current. For this purpose, assets and liabilities are classified as current when they are associated with the Company's normal operating cycle and when they will foreseeably be sold, used, realised or settled within a maximum of one year; non-current assets and liabilities are different from the foregoing and will foreseeably mature, be sold or realised within a period of more than one year

4.14 Transactions with related parties

The Company carries out all its transactions with related parties at market values and in accordance with the agreements. The Company's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

4.15 Environmental assets and liabilities

Environmental assets are considered to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Because of their nature, the Company's business activities do not have a significant environmental impact.

4.16 Business combinations

Business combinations are accounted for using the acquisition method, to which end the acquisition date and cost of the business combination are determined, measuring the identifiable assets acquired and liabilities assumed at their acquisition-date fair value.

Goodwill or the negative goodwill on the combination is the difference between the fair values of the assets acquired and liabilities assumed that are recognized and the cost of the business combination all at the aforementioned acquisition date.

The cost of the business combination is the sum of:

- The acquisition-date fair values of the assets transferred, liabilities incurred or assumed and equity instruments issued.

- The fair value of any contingent consideration that depends on future events or on the fulfilment of certain pre-defined conditions.

The cost of the business combination does not include expenses relating to the issuance of equity instruments offered or financial liabilities delivered in exchange for the items acquired.

Also, the cost of a business combination does not include the fees paid to legal advisers and other professionals involved in the combination, or any costs incurred internally in this connection. These amounts are taken directly to profit or loss.

In the exceptional case in which negative goodwill arises on the combination, it is recognized as income in the income statement.

If at the end of the year in which a combination occurs it has not been possible to complete the valuation work needed to apply the acquisition method outlined above, the combination is accounted for provisionally. These provisional amounts can be adjusted during the period necessary to obtain the required information, which in no case may exceed one year. The effects of any adjustments made during this period are accounted for retroactively, and the comparative information is modified if necessary.

Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss, unless the consideration was classified as equity, in which case subsequent changes in its fair value are not recognized.

4.17 Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are considered to be foreign currency transactions and are recognized by applying the exchange rates prevailing at the date of the transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognized directly in the income statement in the period in which they arise.

4.18 Statement of cash flows

The following terms are used in the statement of cash flows, which was prepared using the indirect method, with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities: the principal revenue-producing activities of the Company and other activities that are not investing or financing activities.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

5. Goodwill

The goodwill recognised at 31 December 2023 arose from the merger by absorption with Testa Inmuebles en Renta, SOCIMI, S.A. in 2016. The changes in this heading in 2023 and 2022 were as follows:

2023

	Thousands of euros			
	Balance at 31/12/22	Additions	Depreciation and amortisation	Balance at 31/12/23
Cost	69,481	-	(23,160)	46,321
	69,481	**-**	**(23,160)**	**46,321**

2022

	Thousands of euros			
	Balance at 31/12/21	Additions	Depreciation and amortisation	Balance at 31/12/22
Cost	92,641	-	(23,160)	69,481
	92,641	**-**	**(23,160)**	**69,481**

The Company amortises goodwill over a period of 10 years and, therefore, recognised the related depreciation for the year under “Depreciation of property, plant and equipment” in the accompanying income statement for 2023 at EUR 23,160 thousand (EUR 23,160 thousand at 31 December 2022).

The Company's directors, in accordance with their expectations of the evolution of the property market, as well as the market values of the acquired assets, have not identified any signs of impairment in their recoverable value. In this regard, at 31 December 2023 the existing gains in the property assets from Testa Inmuebles en Renta SOCIMI, S.A. amounted to EUR 714,877 thousand (EUR 869,185 thousand in 2022), as detailed as follows:

	Thousands of euros	
	2023	2022
Carrying amount of the investment property from Testa Inmuebles en Renta SOCIMI, S.A.	2,283,453	2,307,447
Fair value of the investment property from Testa Inmuebles en Renta SOCIMI, S.A.	2,998,330	3,176,632
Unrealised gains	**714,877**	**869,185**

The fair value indicated above was obtained from the valuations performed by independent experts, applying the methodology described in Note 6 below.

6. Investment property

The breakdown of and changes in this heading in 2023 and 2022 are as follows:

2023

	Thousands of euros				
	Initial balance 31/12/2022	Entries, Additions and Allocations	Removals, Disposals and Reversals	Transfers	Closing balance at 31/12/2023
Cost:					
Land	2,341,596	3,383	(20,368)	-	2,324,611
Buildings	2,398,586	85,890	(33,721)	114,824	2,565,579
Property, plant and equipment in the course of construction and advances	120,003	43,986	-	(114,824)	49,165
	4,860,185	**133,259**	**(54,089)**	**-**	**4,939,355**
Accumulated depreciation:					
Buildings	(238,683)	(40,448)	3,620	-	(275,511)
	(238,683)	**(40,448)**	**3,620**	**-**	**(275,511)**
Impairment:					
Land	(203,310)	(16,073)	6,712	-	(212,671)
Buildings	(23,158)	(15,827)	11,104	5,506	(22,375)
Property, plant and equipment in the course of construction and advances	(1,666)	(1,512)	3,300	(5,506)	(5,384)
	(228,134)	**(33,412)**	**21,116**	**-**	**(240,430)**
Investment property	**4,393,368**	**59,399**	**(29,353)**	**-**	**4,423,414**

2022

	Thousands of euros			
	Initial balance 31/12/2021	Entries, Additions and Allocations	Removals, Disposals and Reversals	Closing balance at 31/12/2022
Cost:				
Land	2,385,796	3,154	(47,354)	2,341,596
Buildings	2,393,121	52,879	(47,414)	2,398,586
Property, plant and equipment in the course of construction and advances	72,967	47,036	-	120,003
	4,851,884	**103,069**	**(94,768)**	**4,860,185**
Accumulated depreciation:				
Buildings	(202,162)	(40,181)	3,660	(238,683)
	(202,162)	**(40,181)**	**3,660**	**(238,683)**
Impairment:				
Land	(183,044)	(21,052)	786	(203,310)
Buildings	(11,393)	(12,517)	752	(23,158)
Property, plant and equipment in the course of construction and advances	(338)	(1,328)	-	(1,666)
	(194,775)	**(34,897)**	**1,538**	**(228,134)**
Investment property	**4,454,947**	**27,991**	**(89,570)**	**4,393,368**

The “Land and buildings” heading includes operational property assets. In addition, undeveloped land with a book value of EUR 66,177 thousand (EUR 80,816 thousand in 2022) is also included.

The “Property, plant and equipment in the course of construction and advances” heading corresponds to developing assets and assets that are being overhauled.

Buildings for lease

2023

Improvements to buildings in use and in progress

The additions for 2023 corresponded to the improvement and adaptation works carried out on certain properties owned by the Company, in particular, among others, the Plaza Ruiz Picasso building, corresponding to the office segment and the development of a data centre in Madrid, both commencing operations during 2023, proceeding to transfer them to the appropriate heading.

Acquisitions:

During 2023, premises in the Porto Pi shopping centre in Majorca were acquired for EUR 1,101 thousand.

Disposals

In 2023, the Company sold the Vilamarina and Bonaire shopping centres, a logistics warehouse in Barcelona and a leased residential property in the Torre de Madrid. Result of these divestments: the Company obtained a loss of EUR 22,167 thousand recognised under “Gains or losses on disposals” in the accompanying income statement.

2022

Improvements to buildings in use and in progress

The additions in 2022 corresponded to the improvement and adaptation works that have been carried out on certain properties owned by the Company, notably including the Plaza Ruiz Picasso building, corresponding to the offices branch of activity, the development of a data centre in Madrid, as well as the Porto Pi Shopping Centre in Palma de Mallorca.

Disposals

During 2022, the Company sold two business parks and non-strategic premises in Madrid, as well as an office building in Zaragoza. Result of these divestments: the Company obtained a profit of EUR 17,216 thousand, recognised under “Gains or losses on disposals of property, plant and equipment” in the accompanying income statement.

The Company takes out the insurance policies it considers necessary to cover the risks that might affect its investment property. At 31 December 2023, the Company’s directors considered that the property, plant and equipment were fully insured against these risks.

At 31 December 2023, the Company had no firm purchase commitments for investment property, without considering the investments committed in buildings and improvements.

In 2023, no significant finance costs were capitalised in the construction costs or as a result or improvements to or refurbishments of the properties.

At 31 December 2023, the Company did not have any investment property that was fully depreciated.

At 31 December 2023, the Company holds property assets with an associated cost of EUR 478,308 thousand, securing various loans. At the 2023 year-end, the balance of the loans was EUR 348,148 thousand, while derivative financial instruments show a balance in liabilities of EUR 2,555 thousand. At the 2022 year-end, the Company did not hold any property assets as collateral for loans. The Company holds no rights of use, seizure or similar situations with regard to its investment property.

At 31 December 2023 and 2022, the gross surface areas and occupancy rates of the assets by line of business were as follows:

2023

	GLA	Occupancy rate (%)*
Offices	810,804	92 %
Shopping centres	114,350	97 %
Logistics	166,710	99 %
Data centers	22,508	53%(1)
Others	54,679	98 %
Total surface area	**1,169,051**	**94 %**

** Not including projects under way or land*

(1) The market standard for data centres is to measure occupancy based on processing capacity rather than in relation to leasable surface area. At 31 December 2023, the data centre that the Company currently operates has an available processing capacity of 3 MW (20 MW forecasted), with 1.6 MW (53.3%) committed as of that date. The Company considers as committed capacity the capacity physically occupied at the reference date or with respect to which, without being occupied at that date, there are contractual commitments reserving that capacity to ensure the future growth of the Company’s customers.

2022

	GLA	Occupancy rate (%)*
Offices	812,632	92 %
Shopping centres	168,875	93 %
Logistics	166,710	100 %
Others*	58,629	97 %
Total surface area	**1,206,846**	**93 %**

** Not including projects under way or land*

All of the Company's investment property is used for its own business activities and is located in Spain.

Impairment losses

The fair value of the property assets was determined by independent experts in accordance with the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors (RICS) of the United Kingdom and the International Valuation Standards (IVS) issued by the International Valuation Standards Committee (IVSC).

The method used to calculate the market value of the property assets involves drawing up ten-year projections of income and expenses for each asset, adjusted at the reporting date using a market discount rate. The residual amount at the end of year 10 is calculated by applying an exit yield or cap rate to the net income projections for year 11. The market values obtained are analysed by calculating and assessing the capitalisation of the returns implicit in these values. In the case of the data centre, projections at 7 years have been used, which is the period considered for the stabilisation of the market. The projections are designed to reflect the best estimate of future income and expenses from the investment properties. Both the exit yield and discount rate are determined taking into account the national market and institutional market conditions.

The recoverable amount of the Company's investment property, calculated based on the appraisals carried out by Jones Lang LaSalle, S.A., Savills Consultores Inmobiliarios, S.A. and CB Richard Ellis, which are not related to the Company, amount to EUR 5,754,488 thousand at 31 December 2023 (EUR 5,927,303 thousand at 31 December 2022). Based on this appraisal, the Company's directors have identified several individual assets whose recoverable amount is less than their carrying amount and, therefore, an impairment loss of EUR 33,412 thousand (EUR 34,897 thousand at 31 December 2022) was recognised under "Impairment and gains or losses on disposals of property, plant and equipment" in the accompanying income statement for 2023. Furthermore, a reversal of impairment loss was recognisedin the amount of EUR 21,116 thousand, due, mainly, to the disposal of the Bonaire and Vilamarina shopping centres, which had an associated impairment loss of EUR 14,136 thousand. At 31 December 2023, the valuations performed by CBRE Valuation Advisory, S.A., Jones Lang LaSalle, S.A. and Savills Consultores Inmobiliarios, S.A. did not indicate any type of uncertainty regarding the market value of the Company's investment property.

Income and related expenses

In 2023 the rental income from the investment property owned by the Company amounted to EUR 227,678 thousand (EUR 224,118 thousand at 31 December 2022) and the operating expenses of all kinds relating thereto totalled EUR 79,518 thousand (EUR 78,925 thousand at 31 December 2022).

At the end of 2023 there were no restrictions on making new investment property investments, on the collection of rental income from them or in connection with the proceeds to be obtained from a potential disposal of them.

a. Operating leases as lessee

   At the end of 2023 and 2022 the Company had contracted with lessors for the following minimum lease payments, based on the leases currently in force, without taking into account the charging of common expenses, future increases in the CPI or future contractual lease payment revisions:

	Thousands of euros	
	Nominal value	
	2023	2022
Operating leases		
Minimum lease payments		
Within one year	727	741
1 to 5 years	741	62
	1,468	**803**

The main expense relating to operating leases corresponds to the lease agreement that the Company entered into to rent out its offices. On 27 February 2017, the Company changed its registered office from Paseo de la Castellana 42 to Paseo de la Castellana 257, Madrid. This lease was novated in 2021 and extended until January 2026.

The total lease expense accrued in 2023 amounted to EUR 778 thousand (EUR 730 thousand in 2022). The income for subleases in 2023 and 2022 from Magic Real Estate, S.L.U. and Testa Home, S.L. totalled EUR 13 thousand and EUR 19 thousand, respectively, and is recognised under "Other operating income" in the income statement for 2023.

b. Operating leases as lessor

At the end of 2023 the Company had contracted with tenants for the following minimum lease payments, based on the leases currently in force, without taking into account the charging of common expenses, future increases in the CPI or future contractual lease payment revisions (in thousands of euros).

	Thousands of euros	
	2023	2022
Minimum lease payments:		
Within one year	224,801	209,099
1 to 5 years	509,716	436,950
Over 5 years	104,205	120,032
	838,722	**766,081**

The detail of the operating lease and sublease payments recognised as an expense and as income, respectively, in 2023 is as follows:

	Thousands of euros	
	2023	2022
Minimum lease payments	227,678	224,118
Transfer of common expenses	53,683	49,106
	281,361	**273,224**

The expenses passed on to the tenants recognised in the income statement for 2023 decreased the balance of "Other operating expenses" (Note 18.3).

7. Financial assets

The detail of “Current and non-current financial investments” at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	12/31/2023	12/31/2022
Non-current financial investments:		
Equity instruments	9,915	9,191
Derivatives	-	12,798
Guarantees given and prepayments	32,165	31,154
Loans to Group companies	471,374	555,525
Loans to third parties	107,624	105,705
	621,078	**714,373**
Current financial investments:		
Equity instruments	18	18
Loans to Group companies	698,393	653,400
Loans to third parties	236	236
Trade and other receivables	31,224	27,744
Debt securities and other financial assets	1,581	40
	731,452	**681,438**
	1,352,530	**1,395,811**

7.1 Guarantees given and prepayments

“Guarantees given and prepayments” includes mainly the guarantees arranged for lease agreements as collateral that the Company has deposited in the Housing Institute of each region, the balance of which at 31 December 2023 amounted to EUR 31,432 thousand (EUR 30,440 thousand at 31 December 2022), as well as the deposits amounting to EUR 286 thousand at that date (EUR 307 thousand at 31 December 2022).

7.2 Balances with Group companies (current and non-current)

The Company has the following long-term and short-term balances with its subsidiaries at 31 December 2023 and 2022:

12/31/2023

Company	Thousands of euros								
	Long term credits	short term credits	Current Accounts – debit balances	Dividends Ptes collection	Long term debts	short term debt	Current accounts – credit balances	Customers	Suppliers
Group companies:									
Merlin Retail, S.L.U.	-	34,048	-	-	-	-	-	179	-
Merlin Oficinas, S.L.U.	-	2,298	-	-	-	-	-	251	(28)
Merlin Logística, S.L.U.	-	252,772	-	10,000	-	-	-	2,737	-
Sevisur Logistica, S.A.	-	11,721	-	-	-	-	-	43	-
Parc Logistic de la Zona Franca, S.A.	-	38,780	-	-	-	-	-	954	-
Slack Tailwind Systems, S.L.U.	-	140	-	-	-	-	-	-	-
Slow Rise Spain, S.L.U.	-	434	-	-	-	-	-	2	-
Innovación Colaborativa, S.L.U.	-	3,975	-	-	-	-	-	92	(200)
Exhibitions Company, S.A.U.	-	-	-	-	-	(1,117)	-	-	-
Gescentesta, S.L.U.	-	-	-	-	-	(902)	-	-	-
La Vital Centro Comercial y de Ocio, S.L.U.	-	-	-	-	-	(8,397)	-	23	-
Desarrollo Urbano de Patraix, S.A.U.	-	7,327	-	-	-	-	-	-	(32,006)
Sadorma 2003, S.L.U.	-	-	-	-	-	(22,640)	-	-	-
Global Murex Iberia, S.L.U.	2,664	-	-	-	-	(2,556)	-	-	-
Varitelia Distribuciones, S.L.U	-	190,898	-	-	-	-	-	67	-
Global Carihuela Patrimonio Comercial, S.L.U	-	51,233	-	-	-	-	-	29	-
MPCVI - Compra e Venda Imobiliária, S.A.	15,454	394	-	-	-	-	-	16	-
MPEP - Properties Escritórios Portugal, S.A.	21,325	393	-	-	-	-	-	7	-
MP Monumental, S.A.	58,750	1,140	-	-	-	-	-	41	-
MP Torre A, S.A.	22,000	527	-	-	-	-	-	7	-
VFX Logística, S.A.	26,360	2,602	-	-	-	-	-	62	-
Promosete, Invest Inmobiliaria	22,268	180	-	-	-	-	-	15	-
Praça do Marqués - Serviços Auxiliares, S.A.	-	-	-	-	-	-	-	20	-
Torre Dos Oceanus Investimentos Inmobiliarios,S.A.	17,750	420	-	-	-	-	-	13	-
Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda.	225,000	10,073	66,249	-	-	-	-	173	-
Forum Almada II, S.A.	-	-	-	-	-	-	-	84	-
Torre Arts - Investimentos Imobiliarios, S.A.	-	-	-	-	-	-	-	24	-
Torre Fernao Magalhaes - Investimentos Imobiliarios, S.A.	-	-	-	-	-	-	-	11	-
Milos Asset Development, S.A.	-	7,531	-	-	-	-	-	-	-
Generous Profile Unipessoal, Lda	56,500	2,110	-	-	-	-	-	24	-
Associates:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Merlin Edged, S.L.U	-	-	-	-	-	-	-	-	-
Provitae Centros Asistenciales, S.L.	-	1,198	-	-	-	-	-	-	-
Pazo de Congresos de Vigo, S.A.	-	-	-	-	-	-	-	340	-
Paseo Comercial Carlos III, S.A.	2,619	-	-	-	-	-	-	14	-
Edged Spain, S.L.	-	-	1,950	-	-	-	-	182	-
Silicius Real Estate, S.L.	-	-	-	-	(450)	-	-	49	(1,800)
Renazca	684	-	-	-	-	-	-	5	-
Total	**471,374**	**620,194**	**68,199**	**10,000**	**(450)**	**(35,612)**	**-**	**5,464**	**(34,034)**

12/31/2022

	Thousands of euros						
	Long-term loans	Short-term loans	Current accounts - receivables	Trade receivables	Non-current payables	Current payables	Payable to suppliers
Group companies:							
Tree Inversiones Inmobiliarias, SOCIMI, S.A.U.	-	-	-	-	-	-	-
Merlin Retail, S.L.U.	-	45,904	-	317	-	-	-
Merlin Oficinas, S.L.U.	-	13,941	-	217	-	-	-
Merlin Logística, S.L.U.	-	235,029	120	3,138	-	-	-
Sevisur Logistica, S.A.	-	18,317	-	41	-	-	-
Parc Logistic de la Zona Franca, S.A.	-	-	-	2,463	(8,771)	(5,522)	-
Slack Tailwind Systems, S.L.U.	-	1,050	-	-	-	-	-
Slow Rise Spain, S.L.U.	-	7,850	-	2	-	-	-
Innovación Colaborativa, S.L.U.	-	2,946	-	802	-	-	(174)
Exhibitions Company, S.A.U.	-	-	-	-	-	(1,868)	-
Gescentesta, S.L.U.	-	-	-	-	-	(1,013)	-
Metroparque, S.A.U.	-	-	-	143	-	(31,178)	-
La Vital Centro Comercial y de Ocio, S.L.U.	-	-	-	71	-	(6,550)	-
Desarrollo Urbano de Patraix, S.A.U.	-	7,027	-	-	-	-	(32,006)
Sadorma 2003, S.L.U.	-	-	-	-	-	(21,191)	-
Global Murex Iberia, S.L.U.	2,576	-	-	-	-	(2,483)	-
Varitelia Distribuciones, S.L.U	-	188,108	-	122	-	-	-
Global Carihuela Patrimonio Comercial, S.L.U	-	50,401	-	95	-	-	-
MPCVI – Compra e Venda Imobiliária, S.A.	15,690	-	-	16	-	-	-
MPEP – Properties Escritórios Portugal, S.A.	21,561	-	-	7	-	-	-
MP Monumental, S.A.	79,411	-	-	42	-	-	-
MP Torre A, S.A.	31,361	-	-	14	-	-	-
VFXIMO Investimentos Imobiliàrios, S.A.	28,171	-	-	23	-	-	-
Promosete, Invest Inmobiliaria	22,376	-	-	17	-	-	-
Praça do Marqués – Serviços Auxiliares, S.A.	-	-	-	20	-	-	-
Torre Dos Oceanus Investimentos Inmobiliarios,S.A.	17,512	-	-	13	-	-	-
Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda.	276,708	70,987	-	146	-	-	-
Forum Almada II, S.A.	-	-	-	86	-	-	-
Torre Arts – Investimentos Imobiliarios, S.A.	-	-	-	27	-	-	-
Torre Fernao Magalhaes – Investimentos Imobiliarios, S.A.	-	-	-	11	-	-	-
Milos Asset Development, S.A.	-	8,889	-	-	-	-	-
Generous Profile Unipessoal, LDA	56,891	-	-	25	-	-	-
Associates:							
Provitae Centros Asistenciales, S.L.	-	1,131	-	-	-	-	-
Pazo de Congresos de Vigo, S.A.	-	-	-	340	-	-	-
Paseo Comercial Carlos III, S.A.	2,590	-	-	10	-	-	-
Centro Intermodal de Logística, S.A.	-	-	-	1	-	-	-
Edged Spain, S.L.	-	-	1,700	116	-	-	-
Silicius Real Estate SOCIMI, S.A.	-	-	-	59	(2,250)	-	(1,800)
Other shares:							
Renazca, S.A.	678	-	-	4	-	-	-
	555,525	651,580	1,820	8,388	(11,021)	(69,805)	(33,980)

Long-term loans to Group companies and associates

The main long-term loans granted by the Company to Group companies and associates recognised under "Loans to Group companies" were as follows:

- In 2018, as a result of the purchase of Forum Almada-Gestao de Centro Comercial, Sociedade Uniperssoal, Lda, the Company subrogated to three primary loans that the subsidiary had with the previous shareholder for a total amount of EUR 276,708 thousand and with initial maturity set for 31 January 2022. These loans were extended for 7 years, at a new rate of 4.75%. In 2023, interest and principal were capitalised for an overall amount of EUR 56,880 thousand, through an increase in the cost of its share in the subsidiary. The outstanding principal balance at the 2023 year-end is EUR 225,000 thousand, with accrued and unpaid interest of EUR 10,073 thousand.

- In 2019, as a result of the purchase of the asset owned by MPEP- Properties Escritórios Portugal, S.A., the Company granted a loan amounting to EUR 13,330 thousand, accruing fixed interest of 5% and maturing on 2 September 2029. In 2023, an interest payment was made in the amount of EUR 605 thousand. The outstanding balance of principal plus accrued and unpaid interest at the 2023 year-end amounts to EUR 14,630 thousand.

- In 2016, as a result of the purchase of MPCVI-Compra e venda Imobiliária, S.A., the Company subrogated to a primary loan that the subsidiary had with the previous owner for an amount of EUR 11,800 thousand with maturity set for 1 June 2025. That loan accrues interest at a fixed annual rate of 5.98%. In 2023, an interest payment was made in the amount of EUR 780 thousand, leaving a balance of principal plus accrued interest of EUR 15,848 thousand outstanding at the end of 2023.

- In 2018, as a result of the purchase of Torre Dos Oceanus Investimentos Imobiliários, S.A., the Company subrogated to the primary loan that the subsidiary had with the previous owner for an amount of EUR 17,294 thousand, with maturity set for 17 April 2022. That loan was extended, with its new maturity set for 17 April 2023, accruing interest at a fixed annual rate of 5%. In 2023, interest was capitalised in the amount of EUR 456 thousand. The outstanding balance of principal plus accrued and unpaid interest at the 2023 year-end amounts to EUR 18,170.

- In 2017, as a result of the purchase of Promosete Investimentos Inmobiliarios, S.A., the Company subrogated to two primary loans that the subsidiary had with the previous owner for an amount of EUR 17,833 thousand with maturity set for 31 January 2022, extended to 31 December 2029. That loan accrues interest at a fixed rate of 1.93%. In 2023, an interest payment was made in the amount of EUR 358 thousand. The outstanding principal and interest balance at 31 December 2023 was EUR 22,268 thousand and EUR 180 thousand, respectively.

- In 2016, as a result of the purchase of MP Monumental, S.A., the Company subrogated to the two primary loans that the subsidiary had with the previous shareholder for an overall amount of EUR 38,040 thousand. In 2023, an interest payment was made in the amount of EUR 593 thousand, and interest and principal were capitalied for an overall amount of EUR 18,922 thousand, as supplementary contributions to the subsidiary's equity, increasing the cost of the Company's share in it. The outstanding principal balance at the 2023 year-end was EUR 28,500 thousand, and the accrued and unpaid interest was EUR 683 thousand. This loan matures on 31 January 2030, accruing interest at a rate of 4.75%.

- In 2016, as a result of the purchase of MP Torre, S.A., the Company subrogated to a primary loan that the subsidiary had with the previous shareholder for an amount of EUR 31,122 thousand. That loan accrued interest at an annual rate of 3%. In 2023, interest and principal were capitalised for an overall amount of EUR 9,415 thousand, by increasing the cost of the Company's share in the subsidiary. In 2023, an interest payment was made in the amount of EUR 458 thousand. The outstanding balance of principal and accrued and unpaid interest at the year-end were EUR 22,000 thousand and EUR 527 thousand, respectively. This loan matures on 31 January 2030, accruing interest at a rate of 4.75%.

- The Company holds a participation loan with Global Murex Iberia, S.L.U. amounting to EUR 18,000 thousand. This loan matured in 2019, at which time an addendum was signed extending the maturity of the agreement until 1 September 2024, extended to 31 December 2025. At 31 December 2023, the outstanding balance of the loan is impaired in an amount of EUR 15,336 thousand (EUR 15,424 thousand in 2022).

- In 2020, the Company signed a CAPEX line of credit with VFXIMO Investimentos Imobiliàrios, S.A., MP Monumental, S.A. and MPEP Properties Escritórios Portugal for maximum amounts of EUR 26,360, 30,250 and 7,000 thousand respectively. The maturity of these agreements is 31 December 2025, with an interest rate of 3%. The outstanding balance at 31 December 2023, including principal and interest, is EUR 28,962, EUR 30,707 and EUR 7,088 thousand, respectively. In 2023, MP Monumental, S.A. and MPEP Properties Escritórios Portugal paid interest in the amount of EUR 2,255 and 17h thousand, respectively.

- On 3 August 2022, the Company acquired 100% of the shares of Generous Profile Unipessoal Lda. Subsequently, on 12 August 2022, Generous Profile Unipessoal Lda acquired the Liberdade 195 office building, through a loan granted by the Company for EUR 56,500 thousand. On 16 October 2023, a new loan agreement was signed on the same principal, with the new maturity set for 31 December 2029 and accruing interest at a rate of 5.15%. The outstanding principal balance was EUR 56,500 thousand at 31 December 2023, with accrued and unpaid interest of EUR 2,110 thousand. In 2023, the corporate name of the subsidiary was changed to MPLIB – Investimientos Imobiliàrios, S.A., Unipessoal Lda.

Short-term loans and debts to Group companies and associates

- As a result of the purchase of Forum Almada-Gestao de Centro Comercial, Sociedade Uniperssoal, Lda, the Company subrogated to a primary loan that the subsidiary had with the previous shareholder for a total current amount of EUR 98,410 thousand. That loan does not accrue interest. The main outstanding balance at the end of 2023 amounted to EUR 66,249 thousand.

- Loan agreement between Group companies with Merlin Logistics, S.L.U. with a term of one year, maturing on 31 December 2023, with subsequent renewals permitted for similar periods, at an interest rate of 4.81% per year. The outstanding balance of principal at the 2023 year-end amounts to EUR 252,772 thousand. In 2023, interest and principal were capitalised for an overall amount of EUR 61,538 thousand.

- Loan with Global Carihuela Patrimonio Comercial, S.L.U., whose balance comes from the financing from the business combination with Metrovacesa executed in 2016 through current accounts with Group companies. That loan has a term of one year and matures on 31 December 2023, with subsequent renewals permitted for similar periods, accruing an annual interest rate of 4.81%. The outstanding balance of principal plus accrued and unpaid interest at the 2023 year-end amounts to EUR 51,233 thousand.

- Inter-Group loan agreement with Varitelia Distribuciones, S.L.U. with a term of one year, maturing on 31 December 2023, with subsequent renewals permitted for similar periods, at an interest rate of 4.81% per year. The outstanding balance of principal plus accrued and unpaid interest at the 2023 year-end amounts to EUR 190,898 thousand.

- Inter-Group loan agreement with Sevisur Logistics, S.A. with a term of one year, maturing on 31 December 2023, with subsequent renewals permitted for similar periods, at an interest rate of 4.81% per year. The outstanding balance of principal plus accrued and unpaid interest at the 2023 year-end amounts to EUR 11,721 thousand.

- Loan agreement with Sadorma, S.A. whose balance comes from the financing from the business combination with Metrovacesa executed in 2016 through current accounts with Group companies. That loan has a term of one year and matures on 31 December 2023, with subsequent renewals permitted for similar periods, accruing an annual interest rate of 4.81%. The outstanding balance of principal plus accrued and unpaid interest at the 2023 year-end amounts to EUR 22,640 thousand.

- Loan agreement with Parc Logisctic, Zona Franca, S.A. This agreement has a term of one year, maturing on 31 December 2023, with subsequent renewals permitted for similar periods, at an interest rate of 4.81% per year. The outstanding balance of principal plus accrued and unpaid interest at the 2023 year-end amounts to EUR 38,780 thousand.

- In 2023, the Company recognised an impairment in the short-term loan with Innovación Collaborativa, S.L.U. for EUR 4,093 thousand. The outstanding balance of principal plus accrued and unpaid interest at the 2023 year-end was EUR 8,068 thousand.

- Loan agreement between Group companies with Merlin Retail, S.L.U. with a term of one year, 31 December 2023, with subsequent renewals permitted for similar periods, accruing an annual interest rate of 4.81%. The outstanding balance at the 2023 year-end was EUR 34,048 thousand.

At 31 December 2023, the Company had no recorded impairment losses on the loans granted to Group companies and associates except that held with Innovación Colaborativa, S.L.U., Milos Asset Development, S.A. and the investee Global Murex Iberia, S.L.

7.3 Third-party loans (current and non-current)

The loan granted to Desarrollos Urbanísticos Udra, S.A.U. amounting to EUR 86,397 thousand is recorded under the heading “Third-Party Loans” under non-current assets, with a market interest rate. In 2020, the first capitalisation of interest took place, amounting to EUR 1,423 thousand. In 2021, 2022 and 2023, further capitalisations took place for EUR 1,442 thousand, EUR 1,466 thousand and EUR 1,490 thousand, respectively, with the resulting principal balance of the loan at 31 December 2023 of EUR 92,219 thousand (EUR 90,728 thousand at the end of 2022). The outstanding interest amounted to EUR 318 and 313 thousand at 31 December 2023 and 2022, respectively. In relation to the aforementioned loan, the Company has guarantees from the creditor associated with 10% of the shares it holds in Crea Madrid Nuevo Norte, S.A.

In addition, under this heading, rent linearisation, marketing costs and tenant installation costs amounting to EUR 15,030 thousand (EUR 14,607 thousand at the end of 2022) are recorded.

7.4 Trade and other receivables

At 31 December 2023, the heading “Trade and other receivables” includes the following items:

	Thousands of euros	
	12/31/2023	12/31/2022
Current assets:		
Trade and notes receivable	15,766	9,533
Group companies and associates	5,464	8,388
Sundry accounts receivable	538	1,268
Employee receivables	184	184
Other receivables from public authorities (Note 14)	9,272	8,371
	31,224	**27,744**

“Trade and notes receivable” in the balance sheet at 31 December 2023 mainly included the balances receivable from leasing investment property. In general these receivables are interest free and the terms of collection range from immediate payment on billing to payment at 30 days, while the average collection period is approximately 5 days (5 days in 2022).

The Company periodically analyses the risk of insolvency of its accounts receivable by updating the related provision for impairment losses. The Company’s directors consider that the amount of trade and other receivables approximates their fair value.

Movement in the provision for impairment and bad debt in 2023 was as follows:

	Thousands of euros	
	2023	2022
Initial balance	**(7,821)**	**(7,996)**
Charges for the year	(283)	(581)
Reversals/amounts used	943	697
Other	73	59
Closing balance	**(7,088)**	**(7,821)**

In 2023, losses on bad debts amounted to EUR 15 thousand (EUR 373 thousand in 2022).

The majority of impaired receivables are overdue by more than six months.

8. Cash and cash equivalents

"Cash and cash equivalents" includes the Company's cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. The balance of this heading of the accompanying balance sheet comprises mainly the current accounts in euros held by the Company at various financial institutions, which accrue interest at market rates, amounting to EUR 339,922 thousand (EUR 343,081 thousand in 2022).

At 31 December 2023 , there were no balances pledged to secure the Company's obligations.

The interest earned in this regard in 2023 amounted to EUR 7,147 thousand and is recognised under "Other finance Income" in the accompanying income statement (EUR 1,737 thousand in 2022).

9. Non-current investments in Group companies and associates

The breakdown of and changes in the balance of "Equity instruments" at 2023 and 2022 year-end is as follows:

2023

Company	Euros						
	Balance 12/31/2022	Additions	Retirement due to spin-of	Additions by spin-of	Deterioration	Others	Balance 12/31/2023
Group Companies:							
Merlin Retail, S.L.U.	251,408	-	-	139,025	-	-	390,433
Merlin Oficinas, S.L.U.	771,345	-	-	53,143	-	-	824,488
Merlin Logística, S.L.U.	292,304	61,538	-	-	-	-	353,842
Sevisur Logistica, S.A.	37,629	-	-	-	-	-	37,629
Parc Logistic de la Zona Franca, S.A.	118,310	-	-	-	-	-	118,310
Slack Tailwind Systems, S.L.U.	-	1,011	-	-	(71)	-	940
Slow Rise Spain, S.L.U.	3	7,721	-	-	-	-	7,724
Innovación Colaborativa, S.L.U.	-	-	-	-	-	-	-
Exhibitions Company, S.A.U.	2,224	-	-	-	(1,158)	-	1,066
Gescentesta, S.L.U.	3	-	-	-	-	-	3
Metroparque	231,557	-	(231,557)	-	-	-	-
La Vital Centro Comercial y de Ocio, S.L.U.	56,788	-	-	-	-	-	56,788
Desarrollo Urbano de Patraix, S.A.U.	24,977	-	-	-	(341)	-	24,636
Sadorma 2003, S.L.U.	19,089	-	-	-	1,608	-	20,697
Varitelia Distribuciones, S.L.U	22,702	-	-	-	(20,755)	-	1,947
Global Carihuela Patrimonio Comercial, S.L.U	9,240	-	-	-	11,339	-	20,579
MPCVI - Compra e Venda Imobiliária, S.A.	6,418	-	-	-	-	-	6,418
MPEP - Properties Escritórios Portugal, S.A.	1,085	-	-	-	-	-	1,085
MP Monumental, S.A.	22,648	18,922	-	-	-	-	41,570
MP Torre A, S.A.	10,686	9,415	-	-	-	-	20,101
VFXIMO Investimentos Imobiliàrios, S.A.	22,736	3,200	-	-	2,417	1,828	30,181
Promosete, Invest Inmobiliaria	10,386	-	-	-	-	-	10,386
Praça do Marqués - Serviços Auxiliares, S.A.	56,359	-	-	-	-	-	56,359
Torre Dos Oceanus Investimentos Inmobiliarios,S.A.	15,912	-	-	-	-	-	15,912
Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda.	32,574	56,880	-	-	-	-	89,454
Torre Arts - Investimentos Imobiliarios, S.A.	80,281	-	-	-	-	-	80,281
Torre Fernao Magalhaes - Investimentos Imobiliarios, S.A.	26,055	-	-	-	-	-	26,055
Milos Asset Development, S.A.	2	-	-	-	(2)	-	-
MPLIB – Investimentos Imobiliários, Unipessoal Lda.	56,252	-	-	-	(3,562)	-	52,690
Merlin Edged, S.L.U	-	3	-	-	-	-	3
Associates:	-	-	-	-	-	-	-
Moregal Hotels, S.L.	-	1,585	-	-	(2)	-	1,583
Provitae Centros Asistenciales, S.L.	3,316	-	-	-	(995)	-	2,321
Paseo Comercial Carlos III, S.A.	25,668	-	-	-	-	-	25,668
Centro Intermodal de Logística, S.A.	95,688	-	-	-	-	-	95,688
Parking del Palau, S.A.II., S.L.U.	1,084	-	-	-	(213)	-	871
Crea Madrid Nuevo Norte, S.A.	172,793	3,040	-	-	(565)	-	175,268
G36, Development, S.A.	3	-	-	-	-	-	3
Edged Spain, S.L.	-	-	-	-	1	-	1
Silicius Real Estate, S.L.	87,018	1,554	-	-	-	-	88,572
Total	**2,564,543**	**164,869**	**(231,557)**	**192,168**	**(12,299)**	**1,828**	**2,679,552**

2022

	In thousands of euros				
	Balance at 31/12/21	Additions	Disposals	Impairment	Balance at 31/12/22
Group companies:					
Tree Inversiones Inmobiliarias, SOCIMI, S.A.U.	657,984	619,726	(1,277,710)	-	-
Merlin Retail, S.L.U.	251,408	-	-	-	251,408
Merlin Oficinas, S.L.U.	771,345	-	-	-	771,345
Merlin Logística, S.L.U.	292,304	-	-	-	292,304
Sevisur Logistica, S.A.	37,629	-	-	-	37,629
Parc Logistic de la Zona Franca, S.A.	118,310	-	-	-	118,310
Slack Tailwind Systems, S.L.U.	-	3	-	(3)	-
Slow Rise Spain, S.L.U.	-	3	-	-	3
Innovación Colaborativa, S.L.U.	2,020	-	-	(2,020)	-
Exhibitions Company, S.A.U.	3,654	-	-	(1,430)	2,224
Gescentesta, S.L.U.	3	-	-	-	3
Metroparque, S.A.U.	231,557	-	-	-	231,557
La Vital Centro Comercial y de Ocio, S.L.U.	56,788	-	-	-	56,788
Desarrollo Urbano de Patraix, S.A.U.	25,060	-	-	(83)	24,977
Sadorma 2003, S.L.U.	18,857	-	-	232	19,089
Varitelia Distribuciones, S.L.U	21,885	-	-	817	22,702
Global Carihuela Patrimonio Comercial, S.L.U	7,661	-	-	1,579	9,240
MPCVI - Compra e Venda Imobiliária, S.A.	6,418	-	-	-	6,418
MPEP - Properties Escritórios Portugal, S.A.	85	1,000	-	-	1,085
MP Monumental, S.A.	21,548	1,100	-	-	22,648
MP Torre A, S.A.	10,186	500	-	-	10,686
VFX Logística, S.A.	12,310	3,800	-	6,626	22,736
Promosete, Invest Inmobiliaria	10,386	-	-	-	10,386
Praça do Marqués - Serviços Auxiliares, S.A.	56,359	-	-	-	56,359
Torre Dos Oceanus Investimentos Inmobiliarios,S.A.	15,912	-	-	-	15,912
Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda.	32,574	-	-	-	32,574
Torre Arts - Investimentos Imobiliarios, S.A.	85,781	-	(5,500)	-	80,281
Torre Fernao Magalhaes - Investimentos Imobiliarios, S.A.	27,555	-	(1,500)	-	26,055
Milos Asset Development, S.A.	2	-	-	-	2
Generous Profile Unipessoal, LDA		56,808	-	(556)	56,252
Associates:					
Provitae Centros Asistenciales, S.L.	3,514	-	-	(198)	3,316
Paseo Comercial Carlos III, S.A.	25,668	-	-	-	25,668
Centro Intermodal de Logística, S.A.	95,688	-	-	-	95,688
Parking del Palau, S.A.II., S.L.U.	1,217	-	-	(133)	1,084
PK Hoteles 22, S.L.	2,184	-	(2,468)	284	-
Crea Madrid Nuevo Norte, S.A.	171,898	1,511	-	(616)	172,793
G36, Development, S.A.	2,027	-	(2,024)	-	3
Edged Spain, S.L.	-	-	-	-	-
Silicius Real Estate SOCIMI, S.A.	87,018	-	-	-	87,018
Total net value of the investment	**3,164,795**	**684,451**	**(1,289,202)**	**4,499**	**2,564,543**

In compliance with section 155 of the Corporate Enterprises Act, the Company reported the holdings that exceed 10% of share capital in the companies described in the table above.

The most significant transactions executed in 2023 are as follows:

– On 27 July 2023, a deed was executed effecting the total split-up of the branch of activity of Metroparque, S.A.U., allocating it to the already existing companies Merlin Oficinas, S.L.U. and Merlin

Retail, S.L.U., 100% owned by the Company. This involved the transfer en bloc by universal succession of the equity of the Split Company to each of its branches, which would be terminated by winding it up without liquidation in favour of the Beneficiary Companies, distributing the assets in accordance with the branch of activity performed by them. The additions due to split-up were recognised as a higher cost of the Company's share in the beneficiary companies, and that amount was reduced in the deferred tax liabikity generated in the total split-up of Metrovacesa (See Note 1.2).

- During 2023, the Company increased the cost of its share in the subsidiary Merlin Logística, S.L. by partially capitalising the loan granted to it, in the amount of EUR 61,538 thousand.

- During 2023, the Company increased the cost of its share in the subsidiary Slack Tailwind Systems, S.L.U. by partially capitalising the loan granted to it, in the amount of EUR 1,011 thousand. In 2023, the Company recognised an impairment in the share in the amount of EUR 71 thousand.

- During 2023, the Company increased the cost of its share in the subsidiary Slow Rise Spain, S.L.U. by partially capitalising the loan granted to it, in the amount of EUR 7,721 thousand.

- In 2023, the Company recognised an impairment in its share in the subsidiary Varitelia Distribuciones, S.L.U. in the amount of EUR 20,755 thousand.

- The Company reversed the accumulated impairment in its share in the subsidiary Global Carihuela Patrimonio Comercial, S.L.U. in the amount of EUR 11,339 thousand.

- During 2023, the Company increased the cost of its share in the Portuguese subsidiary MP Monumental, S.A. by capitalising the interest and principal (EUR 9,422 and EUR 9,500 thousand, respectively) of the loan granted to it in the amount of EUR 18,922 thousand.

- During 2023, the Company extended the share in the equity of the Portuguese subsidiary MP Torre A, S.A. by capitalising interest and principal (EUR 293 and EUR 9,122 thousand, respectively) of the loan granted to it in the amount of EUR 9,415 thousand.

- During 2023, the Company increased the cost of its share in the Portuguese Subsidiary VFXIMO Investimentos Imobiliàrios, S.A. in the amount of EUR 3,200 thousand through shareholder contributions to the subsidiary's equity. Additionally, it recognised an increase in the cost of its share in it in the amount of EUR 1,828 thousand, as a result of the adjustment to the purchase price, due to tax contingencies envisaged in the sale and purchase agreement. The Company recognised a reversal of the provision for impairment of its share in the amount of EUR 2,417 thousand.

- During 2023, the Company increased the cost of its share in the Portuguese Subsidiary Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda. by capitalising interest and principal (EUR 5,172 and 51,708 thousand, respectively) of the loan granted to it in the amount of EUR 56,880 thousand.

- In 2023, the Company recognised an impairment in its share in the subsidiary MPLIB – Investimentos Imobiliários in the amount of EUR 3,562 thousand.

- On 13 January 2023, 7.32% of the shares of Moregal Hotels, S.L. were acquired for EUR 1,585 thousand.

- In 2023, the Company participated in the increase of the share capital of the investee Crea Madrid Nuevo Norte, S.A., acquiring 10,114 shares, with a cost of EUR 3,040 thousand. At 31 December 2023, the Company had a 14.46% shareholding.

- In 2023, the Company increased its share in Silicius Real Estate, SOCIMI, S.A. to 17.91% (previously 17.80%) due to the distribution of a dividend by promissory notes convertible into shares for an amount of EUR 1,554 thousand.

The most significant transactions executed in 2022 are as follows:

- On 1 February 2022, the Company sent BBVA a communication that included, among other points, a proposed sale of 100% of the shares of Tree Inversiones Inmobiliarias Socimi, S.A. in accordance with right of first refusal held by BBVA. On 1 April 2022, the Company received a communication from BBVA on its acceptance of the proposed sale of Tree, which was subject, among others, to the approval of the Spanish National Markets and Competition Commission (CNMC). On 1 June 2022, the CNMC authorised the transaction and the sale was concluded on 15 June 2022. Prior to the sale, a contribution of funds was made in order to cancel the financing held by the investee company. (see note 1.2).

- On 27 July 2022, 100% of the shares of Slack Tailwind Systems, S.L.U and Slow Rise Spain, S.L.U. were acquired for EUR 3 thousand each. At 31 December 2022, the share in Slack Tailwind Systems, S.L.U was fully provisioned.

- On 3 August 2022, the Company acquired 100% of the shares Generous Profile Unipessoal Lda. for EUR 9 thousand. Subsequently, a capital increase of EUR 56,800 thousand took place. (See note 1.2)

- In 2022 the General Meeting of PK Hoteles 22, S.L. unanimously resolved to liquidate the company, 32.50% of which was owned by the Company.

- In the first quarter of 2022, the Company's share in the Portuguese subsidiary MP Monumental, S.A. increased by means of a contribution of EUR 1,100 thousand, as supplementary contributions.

- In 2022, the Company increased the share in the Portuguese subsidiary MPEP- Properties Esctitórios Portugal, S.A. by capitalising interest on the loan granted to it in the amount of EUR 1,000 thousand, as supplementary contributions.

- In 2022, the Company increased the share in the Portuguese subsidiary MP Torre A, S.A. by capitalising interest on the loan granted to it in the amount of EUR 500 thousand, as supplementary contributions.

- In 2022, the Company's share in the Portuguese subsidiary VFXIMO Investimentos Imobiliàrios, S.A. increased be means of a contribution of EUR 3,800 thousand, as supplementary contributions. In 2022, the Company recognised a reversal of the impairment in the share in the amount of EUR 6,626 thousand.

- In 2022, the Company made a capital contribution to Crea Madrid Nuevo Norte, S.A. as a result of the capital increase carried out in the year, in the amount of EUR 1,511 thousand.

- In 2022, the Company recorded a reduction in its share in G36 Developments, S.L. in the amount of EUR 2,024 thousand, as a result of capital reduction and return of share premium.

- In October 2022, the Company's share in Torre Arts - Investimentos Imobiliarios, S.A. was reduced by the reimbursement of supplementary provisions in the amount of EUR 5,500 thousand.

- In October 2022, the Company's share in Torre Fernao Magalhaes - Investimentos Imobiliarios, S.A. was reduced by a reimbursement of supplementary provisions in the amount of EUR 1,500 thousand.

At 31 December 2023, the Company held a stake in Silicius Real Estate SOCIMI, S,A, equivalent to 17.91% of the share capital. As part of the terms and conditions agreed with Silicius Real Estate SOCIMI, S,A at the time of entry into the Company's capital, certain conditions were included in relation to the shares received:

On the fifth anniversary of the asset contribution, established in May 2025:

- Silicius Real Estate SOCIMI, S.A. has the option to proceed with the purchase of the shares at a price per share equivalent to the net asset value (NAV) per share available at the aforementioned date increased by 30%.

- If Silicius Real Estate SOCIMI, S.A. does not exercise the purchase option, Merlin will have the right to request the redemption of the interest through the return in kind of certain pre-selected assets.

- If the Board of Silicius Real Estate SOCIMI, S.A. is not satisfied with the selection of assets made by Merlin, it will be obliged to purchase or redeem in cash from Merlin the Liquid B shares at the issue price (including par value and premium) at which they were issued.

The aforementioned option is valued by Merlin on a periodic basis and is presented as a liability derivative, in case it could result in a negative adjustment to the recoverable value of the aforementioned shareholding (See Note 12).

The directors annually assess the existence of signs of impairment on the holdings above and concluded that there are no further impairments at 31 December 2023.

To determine whether the shares in Group companies and associates have become impaired, the proportional part of equity of the investees, adjusted by any unrealised gains and goodwill at the valuation date, was considered to be the best evidence of the recoverable amount, which were mainly identified based on third-party valuations of those assets. In 2023, impairment was identified for a total of EUR 27,665 thousand, mainly related to the shares held in Varitelia and MPLIB – Investimentos Imobiliários Varitelia and MPLIB – Investimentos Imobiliários. Similarly, recorded impairments amounting to EUR 9,538 thousand were reversed, mainly related to the shares held in VFXIMO Investimentos Imobiliàrios, S.A. and Global Carihuela Patrimonio Comercial, S.L.U.

The most significant information in relation to investments in Group companies and associates at 2023 and 2022 year-end is detailed in Appendix I.

10. Equity and shareholder's equity

10.1 Share capital and share premium

The detail of and changes in equity are presented in the statement of changes in equity.

Share capital

At 31 December 2023, the share capital of Merlin Properties SOCIMI, S.A., amounted to EUR 469,771 thousand, represented by 469,770,750 fully subscribed and paid shares of EUR 1 par value each, all of which are of the same class and confer the holders the same rights.

All the Company's shares can be publicly traded and are listed on the Madrid, Barcelona, Bilbao and Valencia and Lisbon Stock Exchanges. The market price of the Parent's shares at 31 December 2023 and the average market price for the fourth quarter amounted to EUR 10.06 and EUR 8.72 per share, respectively.

At 31 December 2023, based on information extracted from the CNMV, in relation to the provisions of Royal Decree 1362/2007, of 19 October and Circular 2/2007, of 19 December, the shareholders with significant holdings in the share capital of Merlin Properties SOCIMI, S.A., both direct and indirect, in excess of 3% of the share capital, are the following based on public information:

	Shares			% of share capital
	Direct	Indirect	Total	
Banco Santander, S.A.	89,400,553	26,072,123	115,472,676	24.580%
Nortia Capital Investment Holding, S.L.	38,371,083	-	38,371,083	8.168%
BlackRock, INC	-	23,488,538	23,488,538	5.000%

The information on Banco Santander and Nortia Capital Investment Holding, S.L.) was obtained from the Company's Register of Members at the end of 2023.

Share premium

The Consolidated Text of the Corporate Enterprises Act expressly permits the use of the share premium to increase capital and establishes no specific restrictions as to its use.

This reserve is unrestricted so long as its allocation does not lower equity to below the amount of share capital.

On 4 May 2022, the General Meeting approved the distribution of an interim dividend charged to the "share premium" in the amount of EUR 106,497 thousand.

10.2. Reserves

Legal reserve

The legal reserve will be established in accordance with section 274 of the Consolidated Text of the Corporate Enterprises Act, which stipulates, in all cases, that 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

This reserve cannot be distributed, and if it is used to offset losses, in the event no other reserves are available for this purpose, it must be restored with future profits.

At 31 December 2023, the Company had not yet reached the legally required minimum established in the revised text of the Corporate Enterprises Act.

The legal reserve of companies which have chosen to avail themselves of the special tax regime established in Law 11/2009, of 26 October, regulating listed companies investing in the property market (REITs), must not exceed 20% of share capital. The articles of association of these companies may not establish any other type of restricted reserves.

Merger reserves

The mergers carried out in 2017 generated positive merger reserves of EUR 1,629 thousand. As a result of the merger by absorption of Testa Inmuebles en Renta SOCIMI, S.A. with the Company in 2016, this transaction generated negative merger reserves in the amount of EUR 308,131 thousand.

10.3 Treasury shares

At 31 December 2023, the Company held treasury shares amounting to EUR 15,410 thousand.

The changes in 2023 were as follows:

	Number of Shares	Thousands of euros
Balance at 1 January 2022	**2,885,491**	**32,305**
Additions	6,625	122
Disposals	(1,355,932)	(15,261)
Balance at 31 December 2022	**1,536,184**	**17,166**
Additions	83,106	689
Disposals	(220,166)	(2,445)
Balance at 31 December 2023	**1,399,124**	**15,410**

The shareholders at the Annual General Meeting held on 27 April 2023 revoked the unused portion of the authorisation granted by the shareholders at the General Meeting of 10 April 2019 and authorised the acquisition of treasury shares by the Parent itself or by Group companies pursuant to section 146 et seq. of the Corporate Enterprises Act, complying with the requirements and restrictions established in current law during the five-year period.

The disposals of 22,166 treasury shares (average cost of EUR 11.10 per share) relate mainly to the delivery of shares to employees as part of the flexible remuneration plan in the amount of EUR 1,388 thousand. And the sales made under the liquidity agreement that the Group has for securities listed on the Lisbon Stock Exchange. That liquidity agreement made net sales of 16,840 shares (EUR 418 thousand) in 2023.

At 31 December 2023, the Parent held treasury shares representing 0.298% of its share capital.

10.4 Valuation adjustments

This heading of the statement of financial position includes changes in the value of financial derivatives designated as cash flow hedges, as well as that corresponding to financial assets through profit and loss. Movement in this heading in 2023 was as follows

:

	Thousands of euros
Balance at 31 December 2021	**-**
Changes in the fair value of hedges in 2022 Changes in the fair value of “Financial assets through profit and loss”	12,798 -
Balance at 31 December 2022	**12,798**
Changes in the fair value of hedges in 2023 Changes in the fair value of “Financial assets through profit and loss”	(22,273) -
Balance at 31 December 2023	**(9,475)**

The change in the fair value of the hedging instruments corresponds to the value recorded at the time of the rupture of the efficiency that will be accrued over the life of the derivative and that has been recognised as the largest financial expense in the attached income statement.

The balance at year-end 2023 relates to the assessment of the interest rate hedges that the Company took out in 2023 and 2022 to cover the new syndicated mortgage financing for April 2023 to July 2030 (see Note 11).

11. Current and non-current financial liabilities

The detail of current and non-current liabilities at 31 December 2023 and 2022 is as follows (in thousands of euros):

	Thousands of euros	
	2023	**2022**
Non-current:		
Measured at amortised cost		
Syndicated loan	665,000	-
Syndicated loan arrangement expenses	(3,889)	-
Total syndicated loan	**661,111**	**-**
Mortgage loan	350,000	-
Non-mortgage loan	127,880	111,000
Arrangement costs of the revolving loan facility and unsecured loan	(5,325)	(2,757)
Total other loans	**472,555**	**108,243**
Debentures and bonds	3,300,000	3,300,000
Debenture issue expenses	(16,663)	(20,666)
Total debentures and bonds	**3,283,337**	**3,279,334**
Total amortised cost	**4,417,003**	**3,387,577**
Measured at fair value		
(*) Interest rate derivative financial instruments	9,475	-
Total at fair value	**9,475**	**-**
Total non-current	**4,426,478**	**3,387,577**
Current:		
Measured at amortised cost		
Syndicated loan	1,144	195
Debentures and bonds	20,966	775,152
Non-mortgage loan	291	346
Mortgage loan	1,103	-
Revolving credit facility	525	410
Loan arrangement expenses	-	(116)
Total amortised cost	**24,029**	**775,987**
Measured at fair value		
(*) Interest rate derivative financial instruments	(354)	18
Total at fair value	**(354)**	**18**
Total current	**23,675**	**776,005**

There is no material difference between the carrying amount and the fair value of financial liabilities at amortised cost.

The detail of the Parent's credit rating is as follows:

AGENCY	RATING	OUTLOOK	LAST REVIEW	PREVIOUS
Standard & Poor´s	BBB	Positive	30/05/2023	BBB Positive
Moody´s	Baa2	Positive	24/07/2023	Baa2 Positive

11.1 Loans

The detail of loans at 31 December 2023 and 2022 is as follows (in thousands of euros):

12/31/2023

	Initial loan / Limit	Debt arrangement expenses	Long term	Short term	Short-term interest
Syndicated loan	665,000	(3,889)	665,000	-	1,144
Revolving credit facilities	740,000	(3,191)	-	-	525
Non-mortgage loan	220,225	(282)	127,880	-	291
Mortgage loan rest assets	350,000	(1,852)	350,000	-	1,103
Total	**1,975,225**	**(9,214)**	**1,142,880**	**-**	**3,063**

12/31/2022

	Initial loan / Limit	Debt arrangement expenses	Long term	Short term	Short-term interest
Syndicated loan	600,000	-	-	-	195
Revolving credit facilities	700,000	(2,486)	-	-	410
Non-mortgage loan	220,225	(271)	111,000	-	346
Total	**1,520,225**	**(2,757)**	**111,000**	**-**	**951**

Syndicated loans and revolving credit facilities

On 25 April 2019, the Group arranged a senior syndicated loan amounting to EUR 1,550 million, including two tranches, a corporate loan of EUR 850 million and a syndicated credit facility of EUR 700 million due in 2024.

The initial maturity date for this revolving credit facility was 2024, with the possibility of two optional one-year extensions. The second one-year extension was approved on 30 June 2021, and the new maturity date is 9 May 2026.

The syndicated loan of EUR 850 million accrued an interest rate of the one-month EURIBOR + 120 basis points, while the revolving credit facility accrued an interest rate of the one-month EURIBOR + 90 basis points, and both incorporate a cost adjustment mechanism based on four sustainability criteria.

On 21 June 2022, the Company early cancelled the syndicated loan of EUR 850 million.

On 18 November 2022, the Company arranged a new senior syndicated loan for EUR 600 million with the possibility of being drawn down before 24 April 2023 for the redemption of the bond maturing in 2023. This facility will have a maturity of 5 years from its drawdown date and will accrue a market rate of interest of EURIBOR plus 130 basis points. Until the facility is drawn down, a fee of 26 basis points will be applied for the undrawn balance. On 20 April 2023, the Company drew down this facility in full.

Furthermore, on that date, a novation agreement was executed in relation to the senior syndicated loan including a Tranche B corresponding to a revolving credit line in the amount of EUR 700,000 thousand.

This new credit line has a maturity of 5 years with the possibility of two optional one-year extensions. THe revolving credit line accrues an interest rate of EURIBOR + 100 basis points and includes a cost adjustment mechanism based on four sustainability criteria.

On 18 July 2023, the novation of the syndicated loan and credit line was signed. The senior syndicated loan increased to EUR 665 million with the incorporation of the amounts of the bilateral loans of Kutxabank and Unicaja outlined in the following heading. Additionally, the limit on the credit line was increased to EUR 740 million. At the end of December 2023, this line had not been drawn down.

These facilities have the same commitment to maintain certain coverage ratios as the Group bonds and the Banco Sabadell and European Investment Bank facilities described below. These ratios are defined as the ratio between the value of the assets and the outstanding debt (“Loan to Value”), the ratio between the Group's revenue and the debt service (“ICR”) and the ratio between assets and debt, both without mortgage guarantee (“Unencumbered Ratio”). The Parent’s directors have confirmed that these ratios were met at 31 December 2023 and do not expect that they will not be fulfilled in the coming years.

Unsecured loans:

Banco Sabadell loan

On 18 November 2022, the Company arranged a loan without mortgage security with Banco Sabadell for EUR 60 million, maturing in January 2028 and accruing a market rate of interest of EURIBOR + 120 basis points.

This facility includes commitments to maintain the coverage ratios described in the previous point. The Company’s directors have confirmed that these ratios were met at 31 December 2023 and do not expect that they will not be fulfilled in the coming years.

Other loans:

On 31 March 2023, the Company arranged a mortgage-free loan with Kutxabank, S.A. for EUR 30 million maturing 5 years after its drawdown and accruing a market rate of EURIBOR + 130 basis points. Until the facility is drawn down, an undrawn balance fee of 26 basis points applies. On 20 April 2023, this facility was drawn down in full.

On 24 April 2023, the Company arranged and drew down a mortgage-free loan with Unicaja Banco, S.A. for EUR 35 million, maturing 5 years after its drawdown and accruing a market rate of EURIBOR + 130 basis points.

On 18 July 2023, both entities (Kutxabank, S.A. and Unicaja Banco, S.A.) assented the senior syndicated loan, becoming part of it.

European Investment Bank loans

On 20 December 2018, the Company formalised a loan without mortgage security with the European Investment Bank in an amount of EUR 51 million. On 4 November 2019, the Company formalised the second tranche of the loan without mortgage security with the European Investment Bank amounting to EUR 64 million, making EUR 115 million in total over the two tranches. This facility can be drawn down through several loans with a maturity of 10 years each. This facility must be allocated to the development of logistics assets in the Castilla–La Mancha region.

On 10 March 2020 and 26 October 2020, the Group drew down EUR 23.4 million and EUR 5.6 million corresponding to the first tranche of the facility. This facility accrues fixed interest at a rate of 60 basis points. On 20 December 2022, the Group had EUR 22 million and 358 basis points, meaning the first tranche of EUR 51 million was drawn down in full.

On 20 December 2023, the Group drew down EUR 16.9 million at a rate of 386 basis points. This loan corresponds to the first drawdown of the second tranche of EUR 64 million.

On 16 December 2021, the Company arranged a loan without mortgage security with the European Investment Bank in an amount of EUR 45.2 million and with 10-year maturity. This facility will be used to make investments in energy efficiency. At the year-end, this loan was not drawn down.

These facilities include the commitments to maintain certain coverage ratios. These ratios are defined as the ratio between the value of the assets and the outstanding debt (“Loan to Value”), the ratio between the revenue of the Group and the debt service (“ICR”) and the ratio between assets and debt, both without mortgage guarantee (“Unencumbered Ratio”). The Company’s directors have confirmed that these ratios were met at 31 December 2023 and do not expect that they will not be fulfilled in the coming years.

Mortgage loans

On 27 July 2023, the Parent arranged a loan with BBVA secured by a mortgage on the Torre Castellana. The loan is for EUR 180 million, with a term of 7 years, and accrues interest at a market rate of EURIBOR + 110 basis points.

On 15 November 2023, the Parent entered into a loan with Allianz secured by a mortgage on a portfolio of 4 office buildings in Madrid (three of them owned by the Company and one owned by a 100% owned investee). The loan is for EUR 170 million, with a term of 10 years, and accrues interest at a fixed rate of 4.523%.

These facilities include commitments to maintain and comply with certain coverage ratios, such as the loan-to-value ratio between the ratio of the subsidiary's income and the debt service (ICR). The Parent's directors have confirmed that these ratios were met at 31 December 2023 and do not expect that they will not be fulfilled in the coming years.

Maturity of debt

The details on the maturity of the amounts provided in these loans is as follows (in thousands of euros):

	Syndicated loan	Non-mortgage loan	Mortgage loan	Total
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
Over 3 years	665,000	127,880	350,000	1,142,880
	665,000	**127,880**	**350,000**	**1,142,880**

None of the Company's debt was denominated in non-euro currencies at 31 December 2023.

The Company had undrawn credits and loans at 31 December 2023 with a number of financial institutions totalling EUR 832.3 million (EUR 1,409 million at 31 December 2023).

There are no significant differences between the fair values and carrying amounts of the Company's financial liabilities.

The finance cost for interest on the loans and the revolving lines of credit totalled EUR 34,280 thousand in 2023 (EUR 7,618 thousand in 2022) and is recognised in the accompanying income statement for 2023.

At 31 December 2023, the loan arrangement costs were recognised as a reduction in "Bank borrowings". In 2023, the Company recognised EUR 3,798 thousand (EUR 4,125 thousand in 2022) associated with the debt under "Finance costs" in the accompanying income statement for 2023, having capitalised EUR 10,256 thousand in 2023.

11.2 Debenture issues

On 12 May 2017, the Company subscribed a Euro Medium Term Notes (EMTN) issue programme of up to EUR 4,000 million, which will replace the original bond issue programme and its supplement subscribed on 06 April 2016 and 14 October 2016, respectively, for an overall maximum amount of EUR 2,700 million.

On 18 May 2018, the Company extended that bond-issue scheme (Euro Medium Term Notes – EMTN) up to an amount of EUR 5,000 million.

On 17 June 2020, the General Shareholders' Meeting approved the extension of this bond issuance program up to an amount of EUR 6,000 million, and the extension took place on 21 March 2021. On27 April 2023, the General Meeting authorized the bond issued scheme up to the same amount. On 4 August 2022and 11 May 2023, the scheme was renewed for another year.

On 30 June 2021, the Company issued a bond of EUR 500 million at 9 years at 99.196% of the nominal value and a coupon of 1.375%. These funds were used to pay the bond maturing in May 2022 early on 23 February 2022.

On 25 April 2023, the Company repaid the bond corresponding to that maturity in the amount of EUR 742.8 million.

On 1 June 2022, the Company converted all its bonds into green bonds under the Green Financing Framework published on 25 April 2022. The reclassification of the bonds to green bonds does not entail changes to any other features of the bonds, such as their terms and conditions, interest or maturity.

The terms of the bonds issued by the Company abide by UK laws and are traded on the Luxembourg Stock Exchange. The bond issue scheme has the same guarantees and ratio compliance obligations as the new syndicated loan and the revolving credit facility. At year-end 2023, the Company is compliant with the covenants in this agreement and the directors believe they will be met in 2024.

2023

The detail at 31 December 2023 and 2022 of the bonds issued by Company is as follows:

Maturity	Nominal value (Millions of euros)	Coupon	Listed price	Return	Market
May 2025	600	1.750 %	MS +82 p.b.s.	3.94 %	Luxemburg
November 2026	800	1.875 %	MS +74 p.b.s.	3.32 %	Luxemburg
July 2027	500	2.375 %	MS +105 p.b.s.	3.54 %	Luxemburg
September 2029	300	2.375 %	MS +102 p.b.s.	3.44 %	Luxemburg
June 2030	500	1.375 %	MS +176 p.b.s.	4.18 %	Luxemburg
December 2034	600	1.875 %	MS +184 p.b.s.	4.35 %	Luxemburg
	3,300	**1.898 %**			

2022

Maturity	Nominal value (Millions of euros)	Coupon	Listed price	Return	Market
April 2023	743	2.225 %	MS + 98 b.p.s.	3.32 %	Luxemburg
May 2025	600	1.750 %	MS + +115 b.p.s.	4.44 %	Luxemburg
November 2026	800	1.875 %	MS + +168 b.p.s.	4.88 %	Luxemburg
July 2027	500	2.375 %	MS + +183 b.p.s.	5.01 %	Luxemburg
September 2029	300	2.375 %	MS + +210 b.p.s.	5.24 %	Luxemburg
June 2030	500	1.375 %	MS + +205 b.p.s.	5.18 %	Luxemburg
December 2034	600	1.875 %	MS + +232 b.p.s.	5.46 %	Luxemburg
	4,043	**1.958 %**			

These bond issues include commitments to maintain certain coverage ratios. These ratios are defined as the ratio between the value of the assets and the outstanding debt (“Loan to Value”), the ratio between the Group's revenue and the debt service (“ICR”) and the ratio between assets and debt, both without mortgage guarantee (“Unencumbered Ratio”). The Company’s directors have confirmed that these ratios were met at 31 December 2023 and do not expect that they will not be fulfilled in the coming years.

The finance cost for interest on the debenture issues amounted to EUR 67,755 thousand (EUR 81,040 thousand in 2022) and is recognised in the accompanying income statement for 2023. The accrued interest payable at 31 December 2023 amounted to EUR 20,966 thousand (EUR 32,366 thousand in 2022). Debt arrangement expenses taken to the income statement in 2023 amounted to EUR 4,119 thousand (EUR 4,901 thousand in 2022).

11.3 Interest rate derivatives

In 2023 and 2022, the Group took out new interest rate hedges to cover the new syndicated facility for April 2023 to April 2028. The notional amount contracted was EUR 665,000 thousand at a fixed cost of 2.537%.

In 2022, an interest rate hedge was contracted to cover Sabadell's mortgage-free loan until its maturity in January 2028 for a notional amount of EUR 60,000 thousand and a fixed cost of 2.512%.

Furthermore, in 2023, an interest rate hedge was contracted to cover the BBVA mortgage-secured loan until its maturity in July 2023 for a notional amount of EUR 180,000 thousand at a fixed cost of 2.363%.

The detail of the financial instruments as of 31 December 2023 and 2022 is as follows (in thousands of euros):

2023

Interest rate	Interest contracted	Thousands of euros					
		Fair Value	Outstanding notional amount at each date				
			2023	2024	2025	2026	Subsequent years
Syndicated (start 2023)	2.54 %	(7,546)	665,000	665,000	665,000	665,000	665,000
Unsecured	2.512 %	(563)	60,000	60,000	60,000	60,000	60,000
Mortgage loans	2.363 %	(1,012)	180,000	180,000	180,000	180,000	180,000
		(9,121)	**905,000**	**905,000**	**905,000**	**905,000**	**905,000**

2022

Interest rate	Interest contracted	Thousands of euros					
		Fair Value	Outstanding notional amount at each date				
			2022	2023	2024	2025	Subsequent years
Syndicated (start 2023)	2.574 %	11,394	-	500,000	500,000	500,000	500,000
Unsecured	2.512 %	1,386	60,000	60,000	60,000	60,000	60,000
		12,780	**60,000**	**560,000**	**560,000**	**560,000**	**560,000**

	Thousands of euros	Thousands of euros
	12/31/2023	12/31/2022
Non-current		
Interest rate derivatives	9,475	(12,798)
Total non-current	**9,475**	**(12,798)**
Current		
Interest rate derivatives	(354)	18
Total current	**(354)**	**18**

At 31 December 2023 and 2022, the impact for interest rate derivatives on liabilities and profit before tax of a 5% fluctuation in the estimated credit risk rate would be as follows:

2023

Scenario	Thousands of euros		
	Liabilities	Equity	Consolidated profit/(loss) before tax
5% rise in credit risk rate	(19,887)	19,887	-
5% reduction in credit risk rate	19,317	(19,317)	-

2022

Scenario	Thousands of euros		
	Liabilities	Equity	Consolidated profit/(loss) before tax
5% rise in credit risk rate	(12,130)	12,130	-
5% reduction in credit risk rate	12,524	(12,524)	-

12. Other current and non-current liabilities

The detail of non-current and current liabilities at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	12/31/2023	12/31/2022
Non-current:		
Provisions	18,796	11,558
Other non-current liabilities	13,311	3,420
Guarantees and deposits received	47,828	51,287
	79,935	**66,265**
Current:		
Other payables	-	121
Other current liabilities	2,846	5,157
	2,846	**5,278**
	82,781	**71,543**

“Non-current provisions” mainly includes provisions for the risk assessment associated with a series of legal proceedings and third-party claims arising from the Company's activity, which have been recognised in accordance with the best existing estimates, as well as the provision corresponding to the variable remuneration that will be paid in the long term amounting to EUR 4,510 thousand (EUR 4,619 thousand in 2022).

Additionally, the liabilities for tax debts on which there is uncertainty regarding their amount or maturity are recognised in the heading "Non-current provisions", and it is likely that the Company will have to pay out resources to cancel these obligations as a result of a present obligation. On 10 February 2022, the tax authorities informed the Company about the beginning of audits and investigations relating to corporate income tax, value added tax and withholding on account for various years. In this regard, and based on the best estimates of the tax assessments amounts and supplementary tax returns for the years subsequent to those inspected, in 2023 the Company recognised a provision of EUR 5,862 thousand under "Changes in provisions" in the accompanying income statement (see Notes 14.4 and 23).

“Guarantees and deposits received” primarily comprise the amounts deposited by lessees to secure leases, which will be reimbursed at the end of the lease term.

The amount included under “Other non-current liabilities” includes the estimated value of the resulting put option on the share in Silicius for EUR 10,311 thousand (EUR 420 thousand at 31 December 2022) (see Note 9).

13. Trade and other payables

The detail of trade and other payables is as follows:

	Thousands of euros	
	12/31/2023	12/31/2022
Trade and other payables:		
Accounts Payables	42,557	44,410
Payable to suppliers, Group companies and associates	34,034	33,980
Sundry accounts payable	3,368	1,037
Remuneration payable	11,739	15,025
Other accounts payable to public authorities (see Note 14)	23,853	22,700
Advances from customers	900	447
	116,451	**117,599**

The directors consider that the carrying amount of trade payables approximates their fair value.

Information on the average period of payment to suppliers. Final Provision Two of Law 31/2014, of 3 December

The information required by additional provision three of Spanish Law 18/2022, of 28 September, on creating and growing companies [*Ley 18/2022, de 28 de septiembre, de creación y crecimiento de empresas*] and Spanish Law 15/2010, of 5 July (amended by final provision two of Spanish Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in the notes to financial statements in relation to the average period of payment to suppliers in commercial transactions, is detailed below.

	Days	
	2023	2022
Average period of payment to suppliers	39	23
Ratio of transactions settled	39	20
Ratio of transactions not yet settled	36	33

	Thousands of euros	
	2023	2022
Total payments made	252,107	194,123
Total payments outstanding	18,942	44,574

In accordance with the ICAC Resolution, the average period of payment to suppliers was calculated by taking into account the commercial transactions relating to the supply of goods or services for which payment has accrued in each year.

For the sole purpose of the disclosures provided for in the Resolution, suppliers are considered to be the trade creditors for the supply of goods or services included in “Payable to suppliers” and “Sundry accounts payable” under current liabilities in the balance sheet and regardless of any financing due to the early collection of the supplier.

“Average period of payment to suppliers” is taken to be the period that elapses from the delivery of the goods or the provision of the services by the supplier to the effective payment of the transaction.

The monetary volume and number of invoices paid within the established legal period are detailed below.

	2023	2022
Monetary volume (thousands of euros)	233,676	193,802
Percentage of total payments made	*92.7%*	*99.8%*
Number of invoices	19,950	19,752
Percentage of total invoices	*80.6%*	*99.9%*

The maximum legal payment period applicable to the Company in 2023 in accordance with Law 3/2004 of 29 December, establishing the measures to fight against default in commercial transactions is 60 days.

14. Tax situation

The breakdown of the tax receivables and payables at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	12/31/2023	12/31/2022
Tax receivables:		
Non-current-		
Deferred tax assets	73,291	74,080
Current-		
VAT refundable	1,746	1,814
Other tax receivables	7,526	6,557
	82,563	**82,451**
Tax payables:		
Non-current-		
Deferred tax liabilities	349,713	389,102
Current-		
VAT payable	4,754	4,025
Personal income tax withholdings payable	18,735	18,330
Payable to the Social Security	237	221
Deferred output VAT	127	124
	373,566	**411,802**

14.1 Reconciliation of accounting profit, taxable profit and tax expense

At 31 December 2023, the taxable profit was calculated as the accounting profit for the year. The reconciliation of the accounting profit, the taxable profit from corporation tax, the corporation tax payable or refundable, and the corporation tax expenses at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Accounting profit before tax	98,430	910,286
Temporary differences	19,993	45,493
Permanent differences	(15,805)	10,189
Taxable profit prior to offsetting tax losses	**102,618**	**965,968**
Offset of tax losses	-	(1,469)
Tax base	102,618	964,499
Tax base under the REIT regime	**156,796**	**960,093**
Tax base at the general tax rate	(54,178)	4,407
Tax charge under the REIT regime (0%)	-	-
Tax charge under the standard regime (25%)	(13,545)	1,102
Adjustments to the tax charge	-	-
Tax credit for reinvestment	-	(275)
Tax credit for temporary measures	-	(157)
Prepayments	-	(2,029)
Corporation tax payable / (receivable)	(7,235)	(1,360)
Tax base under the REIT regime	**156,796**	**960,093**
Tax base at the general tax rate	(54,178)	4,407
Tax charge under the REIT regime (0%)	-	-
Tax charge under the standard regime (25%)	-	1,102
Activated deductions	-	(433)
Special charge	-	(385)
Total current income tax expense	**-**	**284**
Tax bases	-	367
Deductions offset	-	1,219
Offset of prior years' corporation tax	-	-
Other corporation tax adjustments	-	-
Deferred tax asset adjustments	-	-
Deferred tax liability adjustments	(820)	(2,301)
Total deferred tax expense	**(820)**	**(714)**
Total corporation tax expense	**(820)**	**(430)**

The current tax expense recognised in 2023 relates mainly to the tax impact due to the sale of investment property whose portion of the margin has been taxed under the general regime.

The permanent differences in 2023 mainly correspond to the amortisation of goodwill arising from the merger by absorption of Testa Inmobilia en Renta, SOCIMI, S.A., as well as various expenses and provisions not tax deductible in 2023.

The temporary differences in 2023 correspond mainly to adjustments for differences between accounting and tax depreciation of the assets of Testa and Metrovacesa.

The detail of the corporation tax (expense)/income at year-end 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Current tax:		
Continuing operations	-	284
Deferred tax:		
Continuing operations	(820)	(714)
Total tax (income)/expense	**(820)**	**(430)**

14.2 Deferred tax assets recognised

The changes in 2023 and 2022 in the deferred tax assets recognised are as follows:

	Thousands of euros
Total deferred tax assets at 31 December 2022	74,080
Offset of tax losses	(1)
Offset of deductions	(788)
Total deferred tax assets at 31 December 2023	**73,291**

	Thousands of euros
Total deferred tax assets at 31 December 2021	75,367
Offset of tax losses	(196)
Offset of deductions	(1,091)
Total deferred tax assets at 31 December 2022	**74,080**

The detail of the tax loss carryforwards at 31 December 2023 is as follows:

	Thousands of euros	
	Recognised Tax base	Tax credit
Tax loss carryforwards:		
2009	134,567	33,641
2010	1,650	413
2011	86,402	21,600
2019	356	89
2020	-	-
Total tax loss carryforwards	222,975	55,743
Other deferred taxes recognised	70,191	17,548
Total capitalised deferred tax assets	293,166	73,291

The “Other deferred taxes recognised” heading mainly includes the timing differences caused by the limitation of the depreciation of the assets generated by the acquisition of the Testa subgroup and Metrovacesa and the tax deductions pending application mainly due to reinvestment.

The deferred tax assets indicated above were recognised in the accompanying balance sheet because the Company’s directors considered that, based on their best estimate of the Company’s future earnings, including certain tax planning measures, it is probable that these assets will be recovered.

As a result of the merger of Testa Inmuebles en Renta SOCIMI, S.A. and the property business of Metrovacesa, S.A., tax gains were generated arising from the difference between the values at which the assets were included in the financial statements and their tax bases. In accordance with the REIT regime, the Company will pay tax on these gains when the property asset is sold. The directors estimate that the deferred tax assets detailed in the table above will be recovered when the property assets are sold, thus offsetting the aforementioned gains.

The Company had unused tax deductions and credits at 31 December 2023 amounting to EUR 17,548 thousand (EUR 16,857 thousand in 2022), mainly due to the tax credits for reinvestment.

Deferred tax assets not recognised

The detail of tax assets not recognised at 31December 2023 is as follows:

	Thousands of euros
	No recognised Tax base
Tax loss carryforwards:	
2019	845
2020	8,307
2023	54,177
Total tax loss carryforwards	**63,329**

14.3 Deferred tax liabilities

The deferred tax liabilities mainly arose from the merger and the business combination executed in 2016 with Testa Inmuebles en Renta, SOCIMI, S.A. and the property business of Metrovacesa, S.A. and were caused by the differences existing between the book values and the tax values of the assets received in those transactions. Part of these deferred tax liabilities have been derecognised as a result of the split-up of Metroparque explained in Note 1.2.

The changes in "Deferred tax liabilities" at 31 December 2023 and 2022 were as follows:

	Thousands of euros
Total deferred tax liabilities at 31 December 2022	389,102
Corporate transactions (Notes 1.2 and 9)	(39,389)
Total deferred tax liabilities at 31 December 2023	**349,713**

	Thousands of euros
Total deferred tax liabilities at 31 December 2021	391,103
Sale of property assets	(2,001)
Total deferred tax liabilities at 31 December 2022	**389,102**

As a result of the merger of Testa Inmuebles en Renta SOCIMI, S.A. and the property business of Metrovacesa, S.A., tax gains were generated arising from the difference between the values at which the assets were included in the financial statements and their tax bases. In accordance with the REIT regime, the Company will pay tax on these gains when the property asset is sold.

14.4 Years open for review and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute of limitations has expired.

At year-end 2023, the Company had open for review the 2020 to 2022 financial years for corporation tax, the 2020 to 2023 financial years for VAT and personal income tax and non-resident income tax withholdings, and the 2021 to 2024 financial years for the economic activities tax and property tax. In accordance with the provisions of Additional Provision Nine of Royal Decree Law 11/2020 of 31 March and Additional Provision One of Royal Decree Law 15/2020 of 21 April, the period between 14 March and 30 May 2020 will not count for the purposes of the limitation periods established in Law 58/2003 of 17 December, on General Taxation, so that the usual deadlines are extended by 78 additional days.

The Company's managing body considers that the tax returns for the aforementioned taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, the possible liabilities as might arise would not have a material effect on the accompanying financial statements.

Also, Law 34/2015, of 21 September, partially amending Law 58/2003, of 17 December, on General Taxation establishes the right of the tax authorities to initiate a review and investigation procedure of the tax losses offset or carried forward or tax credits taken or carried forward, which will become statute barred after ten years from the day on which the regulatory period established for filing the tax return or self-assessment relating to the year or the tax period in which the right to offset the tax loss or to apply the tax credits arose.

On the other hand, on 10 February 2022, the tax authority notified the Company that verification and investigation proceedings were being opened in relation to corporation tax for 2019, and value added tax and withholdings on account of non-resident income tax and capital gains tax for the years 2018 to 2019. These measures were completed on 21 February 2024 and the amounts payable were recognised under "Changes in provisions" in the accompanying income statement (Notes 12 and 23).

15. Disclosure requirements arising from REIT status, Law 11/2009, amended by Law 16/2012 and Law 11/2021

a. Reserves arising from the years prior to applying the tax regime established in Law 11/2009, as amended by Law 16/2012, of 27 December.

   There are no reserves from years prior to the Company's adherence to the REIT regime, taking into consideration the Company was incorporated in 2014, the year in which it requested to apply the aforementioned tax regime.

b. Reserves arising from the years in which the tax regime established in this Act was applied, distinguishing between the portion that comes from income subject to a 0%, 15% and 19% tax rate and that which is taxed at the general tax rate, where applicable.

   The following changes in reserves occurred in 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014:

	Thousands of euros				
	Subject to a 0% tax rate	Subject to a 19% tax rate	Subject to a 15% tax rate	Subject to the general tax rate	Not Subject
2023	352,551	-	-	-	-
2022	8,961	-	-	-	-
2021	(25,467)	-	-	-	-
2020	17,940	-	-	-	-
2019	20,857	-	-	-	-
2018	11,453	-	-	-	(38)
2017	11,897	-	-	-	1,628
2016	2,986	-	-	-	(532,767)
2015	(54,543)	-	-	-	-

In 2023, among others, EUR 332,961 thousand in reserves generated at 0% were generated from the undistributed profit arising from the transfer of properties and shares referred toin section 2(1) of Law 11/2009, of 26 October, regulating REITs. That amount must be reinvested in otherproperties or shares assigned to performance of the Company's main corporate purpose within three years of the transfer date. That amount corresponds to the undistributed profits from the divestment of the share in Tree Inversiones

Inmobiliarias, SOCIMI, S.A. in 2022 and must be reinvested in other properties or shares assigned to performance of the Company's main corporate purpose within three years of the transfer date.

c. Dividends distributed charged to profit for each year in which the tax regime established in this Act was applied, distinguishing between the portion that comes from income subject to a 0%, 15% or 19% tax rate and that which is taxed at the general tax rate, where applicable.

	Thousands of euros			
	Subject to a 0% tax rate	Subject to a 19% tax rate	Subject to a 15% tax rate	Subject to the general tax rate
2023	207,023	-	-	-
2022	444,815	-	-	-
2021	70,033	-	-	-
2020	68,519	-	-	-
2019	185,857	-	-	1,275
2018	16,235	-	-	86,911
2017	102,687	-	-	38,081
2016	3,789	-	-	57,808
2015	25,035	-	-	-

d. (*) Based on the distribution year, including final dividends generated in the previous year.

In the case of dividends distributed charged to reserves, indicate the year relating to the reserves applied and whether they were taxed at a rate of 0%, 15%, 19% or at the general tax rate.

No dividends were distributed charged to reserves in 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014.

e. Date of the resolution to distribute dividends referred to in letters c) and d) above.

On 16 November 2023, the Company's Board approved the distribution of an interim dividend charged to the profits for 2023 in the amount of EUR 93,673 thousand.

On 27 April 2023, the General Meeting approved the distribution of a final dividend charged to the profitsfor 2022 in the amount of 113,350 thousand.

On 10 November 2022, the Company's Board approved the distribution of a dividend of EUR 93,646 thousand charged to profit for 2022.

On 28 July 2022, the Company's Board of Directors approved the distribution of an interim dividend charged to profit for 2022 in the amount of EUR 351,169 thousand.

On 4 May 2022, the General Shareholders Meeting approved the distribution of a dividend charged to the "share premium" reserve in the amount of EUR 106,497 thousand, and the distribution of a dividend charged to profit for 2021 for EUR 10,614 thousand.

On 11 November 2021, the General Shareholders Meeting approved the distribution of a dividend of EUR 70,033 thousand charged to the profit for 2021.

On 17 June 2020, the Company's General Shareholders Meeting approved the distribution of an interim dividend charged to profit for 2019 in the amount of EUR 68,518 thousand. That dividend was paid on 8 July 2020.

On 10 October 2019, the Company's Board of Directors resolved to distribute of an interim dividend charged to profit for 2019 in the amount of EUR 92,939 thousand. This interim dividend was paid to shareholders on 28 October 2019.

On 10 April 2019, the Company's General Shareholders Meeting approved the distribution of an interim dividend charged to profit for 2018 in the amount of EUR 94,193 thousand. That dividend was paid on 7 May 2019.

On 9 October 2018, the Company's Board of Directors resolved to distribute of an interim dividend charged to profit for 2018 in the amount of EUR 93,522 thousand. This interim dividend was paid to shareholders on 25 October 2018.

On 7 May 2018, the Company's General Shareholders Meeting approved the distribution of an interim dividend charged to profit for 2017 in the amount of EUR 9,624 thousand. That dividend was paid on 25 May 2018.

On 9 October 2017, the Company's Board of Directors resolved to distribute a dividend in the amount of EUR 93,457 thousand as an interim dividend charged to profit for 2017. This interim dividend was paid to shareholders on 25 October 2017.

The General Shareholders' Meeting held on 26 April 2017 approved the distribution of a dividend out of 2016 profit of EUR 47,311 thousand, which was paid to shareholders on 18 May 2017.

On 19 October 2016, the Company's Board of Directors resolved to distribute EUR 59,759 thousand as an interim dividend with a charge to profit for 2016. This interim dividend was paid to shareholders on 25 October 2016.

The General Shareholders' Meeting held on 6 April 2016 approved the distribution of a dividend out of 2015 profit of EUR 1,838 thousand, which was paid to shareholders on 27 April 2016.

On 14 October 2015, the Company's Board of Directors resolved to distribute EUR 25,035 thousand as an interim dividend with a charge to profit for 2015. This interim dividend was paid to shareholders on 28 October 2015.

f. Acquisition date of the properties intended for lease and the shares in the share capital of companies referred to in section 2.1 of this Act.

   Detail in Appendix II

g. Identify the assets included in the calculation of the 80% referred to in section 3.1 of this Law.

   100% of the Company's investment property is made up of urban properties intended for lease, as well as land intended for property development and subsequent lease. Accordingly, the majority of the shares in companies complies with the requirements of section 2.1 of Law 11/2009. These assets are identified in Appendix II, which is an integral part of these financial statements.

   The Company's consolidated balance sheet of the Merlin Group for REIT purposes complies with the minimum investment requirement of 80%.

h. Reserves arising from the years in which the special tax regime established in this Act was applied, that were drawn down in the tax period, that were not used for distribution or to offset losses, identifying the year relating to these reserves.

   No reserves were provisioned in 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014.

16. Balances and transactions with related parties

16.1 Transactions with Group companies and associates

The detail of the transactions with Group companies and associates in 2023 and 2022 is as follows:

Society	2023	2022
Importe neto de la cifra de negocios -	**124,722**	**205,645**
Sales		
Dividends	**114,412**	**176,162**
Global Carihuela Patrimonio Comercial, S.L.U	1,371	-
Tree Inversiones Inmobiliarias, SOCIMI, S.A.U.	-	53,908
Merlin Retail, S.L.U.	13,330	42,922
Merlin Oficinas, S.L.U.	22,377	16,130
Merlin Logística, S.L.U.	43,842	31,544
Sevisur Logistica, S.A.	3,906	3,455
MP Torre A, S.A.	404	-
Parc Logistic de la Zona Franca, S.A.	-	5,903
Metroparque, S.A.U.	8,808	8,186
La Vital Centro Comercial y de Ocio, S.L.U.	2,896	2,245
Varitelia Distribuciones, S.L.U	1,150	333
Centro Intermodal de Logística, S.A.	7,880	2,556
Parking del Palau, S.A.	66	-
PK Hoteles 22, S.L.	-	260
Silicius Real Estate, SOCIMI, S.A.	1,554	307
MPCVI - Compra e Venda Imobiliária, S.A.	198	277
MP Monumental, S.A.	214	-
Torre Arts - Investimentos Imobiliarios, S.A.	2,097	2,177
Torre Fernao Magalhaes - Investimentos Imobiliarios, S.A.	673	995
Promosete, Invest Inmobiliaria	837	1,323
G36, Development, S.A.	-	1,040
Praça do Marqués - Serviços Auxiliares, S.A.	1,982	2,008
Torre Dos Oceanus Investimentos Inmobiliarios,S.A.	827	593
Income from Loans to Group and Associated Companies	**49,826**	**21,067**
Parc Logistic de la Zona Franca, S.A.	775	-
Slack Tailwind Systems	61	-
Merlin Retail, S.L.U.	2,494	581
Merlin Logística, S.L.U.	12,769	2,275
Sevisur Logistica, S.A.	691	190
Innovación Colaborativa, S.L.U.	301	42
Slow Rise Spain	279	-
Gescentesta, S.L.U.	-	-
Paseo Comercial Carlos III, S.A.	29	-
Desarrollo Urbano de Patraix, S.A.U.	339	29
MPLIB Investimentos Imobiliàrios, S.A.	1,946	80
Generous Profile	-	391
Varitelia Distribuciones, S.L.U	8,992	2,190
Global Carihuela Patrimonio Comercial, S.L.U	2,392	580

MPCVI - Compra e Venda Imobiliária, S.A.	937	827
MPEP - Properties Escritórios Portugal, S.A.	936	908
MP Monumental, S.A.	2,250	2,119
MP Torre A, S.A.	1,039	992
VFXIMO Investimentos Imobiliàrios, S.A.	791	791
Promosete, Invest Inmobiliaria	430	421
Torre Dos Oceanus Investimentos Inmobiliarios,S.A.	962	865
Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda.	10,507	7,542
Provitae Centros Asistenciales, S.L.	39	-
G36, Development, S.A.	-	1
Milos Asset Development, S.A.	404	131
Merlin Oficinas, S.L.U.	456	106
Renazca, S.A.	7	6
Rental activity	**4,797**	**2,716**
Innovación Colaborativa, S.L.U.	4,769	2,692
Parking del Palau, S.A.	28	24
Service activity	**5,453**	**5,702**
Tree Inversiones Inmobiliarias, SOCIMI, S.A.U.	-	762
Merlin Retail, S.L.U.	796	479
Merlin Oficinas, S.L.U.	961	803
Merlin Logística, S.L.U.	984	888
Sevisur Logistica, S.A.	173	164
Parc Logistic de la Zona Franca, S.A.	279	236
Metroparque, S.A.U.	-	221
Paseo Comercial Carlos III, S.A.	50	58
La Vital Centro Comercial y de Ocio, S.L.U.	95	87
Varitelia Distribuciones, S.L.U	257	229
Global Carihuela Patrimonio Comercial, S.L.U	100	92
MPCVI - Compra e Venda Imobiliária, S.A.	32	32
MPEP - Properties Escritórios Portugal, S.A.	28	28
MP Monumental, S.A.	144	142
MP Torre A, S.A.	41	57
VFXIMO Investimentos Imobiliàrios, S.A.	48	44
Promosete, Invest Inmobiliaria	62	69
Praça do Marqués - Serviços Auxiliares, S.A.	82	78
Torre Dos Oceanus Investimentos Inmobiliarios,S.A.	55	51
Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda.	586	545
Forum Almada II, S.A.	346	346
Torre Arts - Investimentos Imobiliarios, S.A.	100	97
Torre Fernao Magalhaes - Investimentos Imobiliarios, S.A.	46	54
PK Hoteles 22, S.L.	-	12
Renazca, S.A.	18	35
Edged Spain	66	66
Slow Rise Spain	7	2
MPLIB Investimentos Imobiliàrios, S.A.	97	25
Other operating income	**988**	**539**
Edged Spain	-	-
Centro Intermodal de Logística, S.A.	3	5

Merlin Retail, S.L.U.	-	-
Innovación Colaborativa, S.L.U.	-	-
Renazca, S.A.	-	-
Silicius Real Estate, S.L.	11	20
Other operating expenses	**974**	**514**
Revenues from re-invoicing of expenses	**1,276**	**839**
Innovación Colaborativa, S.L.U.	1,276	839
External services	**(297)**	**(320)**
Merlin Oficinas, S.L.U.	(23)	-
Innovación Colaborativa, S.L.U.	(176)	(224)
Testa Residencial, S.A.	-	-
Varitelia Distribuciones, S.L.U	(84)	(80)
Parking del Palau, S.A.	(14)	(13)
Exhibitions Company, S.A.U.	-	(3)
Tributes	**(5)**	**(5)**
Varitelia Distribuciones, S.L.U	(5)	(5)
Financial expenses	**(3,132)**	**(1,067)**
Tree Inversiones Inmobiliarias, SOCIMI, S.A.U.	-	(158)
Merlin Retail, S.L.U.	(990)	-
Merlin Oficinas, S.L.U.	(487)	-
Parc Logistic de la Zona Franca, S.A.	(16)	(187)
Exhibitions Company, S.A.U.	(60)	(29)
Gescentesta, S.L.U.	(49)	(3)
Metroparque, S.A.U.	-	(355)
La Vital Centro Comercial y de Ocio, S.L.U.	(371)	(68)
Sadorma 2003, S.L.U.	(1,041)	(239)
Global Murex Iberia, S.L.U.	(118)	(28)
Total	**122,576**	**205,116**

At 31 December 2023 and 2022, the Company had entered into services agreements with some companies of its Group, by virtue of which it earned income for the provision of services amounting to EUR 5,453 thousand and EUR 5,701 thousand, respectively. These services were recognised under “Revenue” in the accompanying income statement.

16.2 Balances with Group companies and associates

The amount of the balances in the balance sheet at 31 December 2023 detailed in Note 7 is as follows:

	Thousands of euros	
	12/31/2023	12/31/2022
Long-term loans to Group companies and associates	471,374	555,525
Current loans to Group companies and associates	620,194	651,580
Other current financial assets	78,199	1,820
Non-current payables to Group companies and associates	(450)	(11,021)
Current payables to Group companies and associates	(35,612)	(69,805)
Receivable from Group companies and associates	5,464	8,388
Payable to suppliers, Group companies and associates	(34,034)	(33,980)

16.3 Balances and transactions with related parties

The detail of the balances and transactions with related parties is as follows:

	Thousands of euros			
	2023		**2022**	
	Assets	Liabilities	Assets	Liabilities
Balances:				
Banco Santander, S.A. (a)	47,332	100,000	147,274	-
Banco Santander, S.A. (a)	-	-	-	-
Banco Santander, S.A. (b)	-	389	-	389
Pº Comercial Carlos III (c)	2,619	-	2,590	-
Provitae Centros Asistenciales, S.L. (d)	1,198	-	1,131	-
Silicius Real Estate SOCIMI, S.A. (e)	-	2,250	-	4,050
G36 Developments S.L.	-	-	-	-
Total	**51,149**	**102,639**	**150,995**	**4,439**

	2023		**2022**	
	Income	Expenses	Income	Expenses
Transactions:				
Banco Santander, S.A. (a y b)	3,304,370	495,975	2,921	849
Pº Comercial Carlos III	29,200	-	29	-
Provitae Centros Asistenciales, S.L.	38,658	-	-	-
G36 Developments S.L.	-	-	-	-
Total	**3,372,000**	**496,000**	**2,950**	**849**

During 2023, only the shareholder Banco Santander, S.A. held the status of significant shareholder pursuant to the regulations in force.

(a) Balances with Banco Santander Group

At 31 December 2023, the Company had bank balances deposited at Banco Santander, S.A. in the amount of EUR 47,332 thousand.

At 31 December 2023, the Company had no loans contracted with shareholders except for a corporate line of credit in the amount of EUR 740 million, which was undrawn at 31 December 2023, in which Banco Santander, S.A. participated with EUR 100 million.

In 2023, the finance costs incurred in transactions with Santander, S.A. amounted to EUR 353 thousand, which included EUR 48 thousand in guarantee fees and EUR 2 thousand in current account management costs.

The Company also has guarantee lines granted by the shareholder Banco Santander, S.A. in the amount of EUR 3,069 thousand.

(b) Transactions with Banco Santander Group

In 2023, the Company recognised financial income of EUR 2,559 thousand as remuneration for current accounts.

In 2023, the Company had 4 leases with Banco Santander Group in different buildings. The duration of the leases covers a period of up to 4 years, and in 2023 they generated of EUR 745 thousand, including income from leasing, as well as parking spaces and transfers of ATM space in shopping centres. The securities deposited by the tenants amounted to EUR 389 thousand.

In addition, the Company has contracted General Shareholders Meeting and shareholder registration organisation services amounting to EUR 64 thousand, in addition to listing agent services on the Euronext Lisboa stock exchange, dividend agent and register of members management services for EUR 79 thousand.

(c) Paseo Comercial Carlos III, S.A.

At 31 December 2023, the Company, together with the other shareholder of the associate and as a condition of the bank facility, had a loan of EUR 2,619 thousand in force, which included EUR 80 thousand of accrued interest (EUR 51 thousand in 2022), granted on 27 July 2020 to the associate Paseo Comercial Carlos III, S.A. that manages a shopping centre in Madrid.

(d) Provitae Centros Asistenciales, S.L.

At 31 December 2022, the Company had a loan in force in the amount of EUR 1,131 thousand (EUR 962 thousand at 31 December 2021), which included EUR 144 thousand of interest accrued (EUR 144 thousand and 2021), granted on 10 January 2002 to the associate Provitae Centro Asistenciales, S.L., which holds land in Villajoyosa.

(e) Silicius Real Estate SOCIMI, S.A.

The Company also had outstanding payment obligations of EUR 2,250 thousand, recognised as “Other current and non-current financial liabilities”.

Dividends and other profits distributed to related parties (thousands of euros)

	2023	2022
Significant shareholders	**50,290**	**136,701**
Banco Santander, S.A.	50,290	136,701
Directors and executives	**3,002**	**8,245**
Directors	1,806	4,806
Executives	1,196	3,439
Total	**53,292**	**144,946**

17. Information relating to the Company’s Board of Directors and senior executives

The Company's directors and the parties related to them did not have any conflicts of interest that had to be reported in accordance with section 229 of the revised text of the Corporate Enterprises Act.

Directors' compensation and other benefits

At 31 December 2023 and 2022, salaries, per diem attendance fees and any other type of compensation paid to members of the Company's Management Bodies totalled EUR 6,239 thousand and EUR 7,917 thousand, as detailed below:

	Thousands of euros	
	2023	2022
Fixed and variable remuneration	6,010	7,673
Statutory compensation	-	-
Compensation	-	-
Per diems	218	234
Life and health insurance	11	10
	6,239	7,917

In relation to the above amounts, the executive directors received total payments of EUR 3,618 thousand corresponding to variable remuneration for 2022, deferred variable remuneration for 2021 and the extraordinary incentive of 2022. At 31 December 2023, outstanding accrued amounts associated with the variable remuneration for 2021 to 2023, amounting to EUR 4,447 thousand, were maintained, of which EUR 1,886 thousand were recognised under "Non-current provisions" and EUR 2,561 thousand under "Trade and other accounts payable" in the accompanying balance sheet.

Also, in accordance with the 2017-19 Incentive Plan, described in this Note, in 2022, the executive directors received 538,460 net shares corresponding to the second half of the incentive linked to the EPRA NAV, and the 2017-19 Incentive Plan was settled.

With regard to the 'golden parachute' clauses for executive directors of the Company in the event of dismissal or takeover, these clauses provide for compensation that represented a total commitment of EUR 9,058 thousand as of 31 December 2023.

The breakdown, by board member, of the amounts disclosed above is as follows:

		Thousands of euros	
		2023	2022
Director:			
Remuneration of board members			
Javier García Carranza Benjumea	Chairman - Nominee director	-	-
Ismael Clemente Orrego	CEO	2,686	3,507
Miguel Ollero Barrera	Executive director	1,843	2,679
María Luisa Jordá Castro	Independent director	187	189
Ana García Fau	Independent director	207	207
George Donald Johnston	Independent director	187	172
Fernando Ortiz Vaamonde	Independent director	142	142
Juan María Aguirre Gonzalo	Independent director	177	182
Pilar Cavero Mestre	Independent director	152	152
Francisca Ortega Hernández Agero	Nominee director	167	169
Emilio Novela Berlín	Independent director	185	187
María Ana Forner Beltrán	Nominee director	78	177
Ignacio Gil Casares Satrústegui	Nominee director	142	144
Juan Antonio Alcaraz García	Nominee director	75	-
		6,228	**7,907**

The Company has granted no advances, loans or guarantees to any of its directors.

The Company's directors are covered by the “Corporate Third-Party Liability Insurance Policies for Directors and Executives” taken out by the Parent to cover possible damages that may be claimed, and that are evidenced as a result of a management error committed by its directors or executives, as well as those of its subsidiaries, in discharging their duties. The premium amounted to an annual total of EUR 320 thousand (EUR 400 thousand in 2022).

Remuneration and other benefits for senior management

The remuneration of the Company's senior management, including the Head of Internal Audit, excluding those who are simultaneously members of the Board of Directors (whose remuneration is disclosed above) in 2023 and 2022, is summarised as follows:

2023

Number of employees	Thousands of euros		
	Fixed and variable remuneration	Other remuneration	Total
9	5,800	32	5,832

2022

Number of employees	Thousands of euros		
	Fixed and variable remuneration	Other remuneration	Total
9	7,324	31	7,355

In relation to the above amounts, senior management received payments for a total amount of EUR 4,516 thousand corresponding the variable remuneration for 2022, the deferred variable remuneration for 2021 and the extraordinary incentive for 2022. At 31 December 2023, outstanding accrued amounts associated with the variable remuneration for 2021 to 2023, amounting to EUR 6,361 thousand, were maintained, of which EUR 2,624 thousand were recognised under "Non-current provisions" and EUR 3.7 thousand under "Trade and other accounts payable" in the accompanying balance sheet.

Also, in accordance with the 2017-19 Incentive Plan, described in this Note, in the first half of 2022, senior management received 444,950 shares corresponding to the second half of the incentive linked to the EPRA NAV, and the 2017-19 Incentive Plan was settled.

2017-19 incentive plan

Also, at the General Shareholders Meeting held on 26 April 2017, the shareholders approved a new remuneration plan for the management team and other important members of the Company's workforce, the measurement period of which is from 1 January 2017 to 31 December 2019 (the "2017-19 Incentive Plan"). Based on the plan, the members of the management team could be entitled to receive: (i) a certain monetary amount in accordance with the increase of the share price and (ii) shares of the Company, if certain objectives are met.

In this regard, as of 31 December 2022, the Company recognized the expense in the amount of EUR 1,210 thousand, corresponding to the accrued portion of the 2017-2019 Incentive Plan, with a balancing entry in reserves.

In 2022, a total of 1,262,398 net shares were paid corresponding to the second payment of the incentive linked to the EPRA NAV. With this payment, the 2017-19 Incentive Plan was fully settled and paid.

2022-24 Incentive Plan

The General Meeting held on 4 May 2022 approved a long-term remuneration plan consisting in the delivery of 3,491,767 shares ordinary shares of the Company (representing 0.74% of the share capital), aimed at the management team and other important members of the Group's workforce (the 2022-24 Incentive Plan).

The 2022-24 Incentive Plan consists in a single cycle with a target measurement period of 3 years, beginning on 1 January 2022 and ending on 31 December 2024. If the targets are met, the shares will be delivered in 2025, once the corresponding financial statements for 2024 have been prepared and audited. All shares delivered under the 2022-24 Incentive Plan to executive directors will be subject to a retention period of 2 years. The maximum number of shares assigned to the executive directors is 1,088,082 shares.

The specific number of shares of the Company that, within the maximum established, will be delivered to the Beneficiaries of the 2022-24 Incentive Plan at the end of the Plan will be conditional on the compliance with the following objectives related to the creation of value for shareholders and sustainability:

Metrics	Definition	Weighting
Absolute TSR Relative TSR	Absolute Total Shareholder Return (TSR) is the return on the share taking into account the cumulative change in the Company's listed share price, including dividends and other similar items received by shareholders in 2022-2024. The Relative TSR measures the evolution of the TSR of the Company's share in 2022-2024, in relation to the TSR experienced in the FTSE EPRA Nareit Developed Europe Index during the same period.	50%
EPRA NTA 31/12/24 + Dividends (2022-2024) / share	The EPRA NTA is calculated based on the Company's consolidated equity and by adjusting certain items following the recommendations of the EPRA. Moreover, the dividends paid and other similar items received by the shareholder during the targets measurement period (2022, 2023 and 2024) are taken into account.	35%
Net carbon emissions	Level of reduction of the Company's CO2 emissions at 31 December 2024, compared with 31 December 2021, calculated for the comparable asset portfolio over which the Company has operational control (perimeter of the Company's pathway to net zero).	10%
Environment and society	Progress on initiatives linked to improving the environment and society. The economic and social impact of the Company's assets on local communities in which these assets are based and the various stakeholders will be assessed.	5%

In 2023, the Company recognised an expense in the amount of EUR 2,804 thousand (EUR 2,804 thousand in 2022), corresponding to the accrued portion of the 2022-24 Incentive Plan, with a balancing entry in reserves.

Transactions outside the normal course of business or not on an arm's length basis performed by the managing body

Apart from the transactions with related parties described in Note 16, the Company's managing body did not carry out any transactions with the Company or Group companies outside the normal course of business or were not on an arm's length basis in 2023.

Stakes held by directors and their affiliates in other companies

The Company's directors and the parties related to them did not have any conflicts of interest that had to be reported in accordance with section 229 of the revised text of the Corporate Enterprises Act.

18. Revenue and expenses

18.1 Ordinary revenue

The distribution of revenue is as follows:

	Thousands of euros	
	2023	2022
Lease income	227,678	224,118
Revenue from services provided	7,132	6,729
Dividend income	114,412	176,161
Interest income	49,826	21,067
Total revenue	**399,048**	**428,075**

The breakdown, by type of activity and geographical market, of rental income for 2023 is as follows:

	Thousands of euros	
	2023	%
Branch of activity		
Offices	167,228	73%
Shopping centres	38,638	17%
Logistics	8,273	4%
Data Centers	106	-
Other	13,433	6%
	227,678	**100%**

	Thousands of euros	
	2023	%
Autonomous regions:		
Madrid	149,774	66%
Catalonia	40,584	18%
Andalusia	13,191	6%
Valencia	9,835	4%
Castilla-La Mancha	4,777	2%
Rest of Spain	9,517	4%
	227,678	**100%**

18.2 Staff costs

The detail of the remuneration expenses for employees at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Wages, salaries and similar expenses	24,635	28,896
Compensation	283	-
Other employee benefit costs and taxes	3,224	2,886
Long-term and extraordinary incentive plan	2,804	4,014
	30,946	**35,796**

18.3 Other operating expenses

The detail of this heading of the accompanying 2023 and 2022 income statements is as follows:

	Thousands of euros	
	2023	2022
Non-recoverable expenses of leased properties	25,835	29,819
Outside services -	-	-
Professional services	11,405	11,395
Insurance	668	764
Costs associated with asset acquisitions and sales, financial investments and financing	2,103	2,098
Utilities and other outside services	2,673	2,587
Taxes other than income tax	48	48
Losses on, impairment of and change in allowances for trade receivables	(645)	257
Total other operating expenses	**42,087**	**46,968**

18.4 Finance income and finance costs

The detail of the balances of these headings in the income statement is as follows:

	Thousands of euros	
	2023	2022
Interest on credits and others	2,845	3,310
Interest on deposits and current accounts	6,149	485
Finance income	**8,994**	**3,795**
Interest on loans and other credits	(108,893)	(99,391)
Finance expenses	**(108,893)**	**(99,391)**
Changes in fair value of financial instruments	**(9,891)**	**36,934**
Impairment and other losses	-	3,424
Gains/(losses) on disposals	5	(612)
Gains/(losses) on disposals of financial instruments	**5**	**2,812**
Net finance expense	**(109,785)**	**(55,850)**

“Interest on loans and other credits” includes the repayment of the debt arrangement expenses in the amount of EUR 7,917 thousand for 2023 (EUR 9,026 thousand for 2022), applying the effective interest method to the financial debt.

19. Information on employees

The average number of employees in the Company, by professional category, in 2023 and 2022 was as follows:

	Average number of employees	
	2023	2022
Professional category:		
Management	26	27
Middle management	61	64
Other professionals	90	86
	177	**177**

The distribution, by gender, of the Company's workforce at the end of 2023 and 2022 was as follows:

	2023		2022	
	Women	Men	Women	Men
Management	1	26	1	26
Middle management	21	41	20	44
Other professionals	50	46	49	41
	72	**113**	**70**	**111**

The average number of employees at the Group in 2023 and 2022 with a disability equal to or greater than 33%, by category, was as follows:

	Average number of employees	
	2023	2022
Professional category:		
Management	-	-
Middle management	-	-
Other professionals	5	6
	5	**6**

20. Fees paid to auditors

In 2023 the fees for financial audit and other services provided by the auditor of the Company's financial statements, Deloitte, S.L., or by companies related to these auditors as a result of control, common ownership or common management, were as follows:

	Thousands of euros	
	2023	2022
Audit services	**422**	**406**
Other verification services	144	138
Total audit services	**566**	**544**
Services required under applicable regulations:	-	-
Tax advisory services	-	-
Other services	**-**	**-**
Total	**566**	**544**

“Other audit-related services” includes the verification services performed by the auditor in the bond issue process, as well as certain agreed procedures related to the performance of covenants.

For its part, the audit services include, in addition to the statutory annual audit, services from revisions of intermediate periods.

21. Information on financial risk management

Financial risk factors

The Company’s activities are exposed to various financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The Company’s global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on the Company’s financial returns.

Risk management is undertaken by the Company’s senior management in accordance with the policies approved by the Board of Directors. Senior management identifies, assesses and hedges financial risks in close cooperation with the Company’s operating units. The Board of Directors issues the written global risk management policies and the policies for specific areas, including those for covering market risk, interest rate risk and liquidity risk and investing cash surpluses.

Market risk

Given the current status of the real-estate sector and in order to mitigate its effects, the Group has specific measures in place to minimise that impact on its financial position.

These measures are applied pursuant to the results of sensitivity analyses carried out by the Company on a regular basis. These analyses involve:

- The economic environment in which it operates: Designing different economic scenarios and modifying the key variables potentially affecting the Group. Identifying interdependent variables and the extent of their relationship; and

- The time scale in which the assessment is being carried out: The time frame of the analysis and its possible deviations will be taken into account.

The Company is exposed to market risk from possible vacancies or renegotiations of leases when the leases expire. This risk could have a direct negative impact on the valuation of the Company's assets.

However, market risk is mitigated by the customer acquisition and selection policies and the mandatory lease terms negotiated with customers. Therefore, at 31 December 2023, the average occupancy rate of the Company’s asset portfolio was 93.7%, with a weighted average unexpired lease term of 3.4 years (weighted by GRI).

Credit risk

Credit risk is defined as the risk of financial loss to which the Company is exposed if a customer or counterparty does not comply with its contractual obligations.

In general, the Company holds its cash and cash equivalents at banks with high credit ratings.

The Group does not have any material credit risk concentration and has policies in place to limit the volume of risks posed by customers. Exposure to the risk of being unable to recover receivables is mitigated in the normal course of business through funds or guarantees deposited as collateral.

The Company has formal procedures to identify any impairment of trade receivables. Delays in payment are detected through these procedures and individual analysis by business area and methods are established to estimate impairment loss.

Cash and cash equivalents

The Company has cash and cash equivalents of EUR 339,922 thousand, which represents its maximum exposure to the risk posed by these assets.

Cash and cash equivalents are deposited with banks and financial institutions.

Liquidity risk

Liquidity risk is defined as the risk of the Company encountering difficulties meeting its obligations regarding financial liabilities settled in cash or with other financial assets.

At 31 December 2023, the Company’s working capital amounted to EUR 911,278 thousand.

The Company conducts prudent management of liquidity risk by maintaining sufficient cash to meet its payment obligations when they fall due, both in normal and stressed conditions, without incurring unacceptable losses or risking the Company’s reputation.

In addition, liquidity risk has the following mitigating factors, which should be highlighted: (i) the generation of recurrent cash from the businesses in which the Company conducts its activity; and (ii) the credit facilities available in the amount of EUR 832,345 and (iii) the capacity to renegotiate and obtain new financing facilities based on the Company's long-term business plans and the quality of its assets.

At the date the financial statements were authorised for issue, taking into account the foregoing, the Company had covered all its funding requirements to fully meet its commitments to suppliers, funders, employees and the authorities based on the cash flow forecast for 2024. Likewise, the type of sector in which the Company operates, the investments it makes, the financing it obtains to make such investments, the EBITDA they generate and the occupancy rates of the properties, enables the liquidity risk to be mitigated and excess cash to be produced.

Any cash surpluses are used to make short-term investments in highly liquid deposits with no risk. The acquisition of share options or futures, or any other high-risk deposits as a method of investing cash surpluses, is not among the possibilities considered by the Company for investing cash surpluses.

Interest rate risk in cash flows

The Company manages its interest rate risk by borrowing at fixed and floating rates of interest. The Company’s policy is to ensure non-current net financing from third parties is at a fixed rate.

Exchange rate risk

The Company's policy is to borrow in the same currency as that of the cash flows of each business. Consequently, currently there is no foreign currency risk. The Company is not exposed to exchange rate fluctuations as all its operations are in its functional currency.

Tax risk

As mentioned in Note 1, the Company and part of its subsidiaries are subject to the special tax regime for listed companies investing in the property market (REITs). The transitional period of the Parent ended in 2017 and, therefore, compliance with all requirements established by the regime (see Notes 1 and 4.11) became mandatory. Some of the more formal obligations that the Company must meet involve the inclusion of the term SOCIMI (REIT) in its company name, the inclusion of certain information in the notes to its separate financial statements, the share price on the stock market, etc., and other obligations that require estimates to be made and judgements to be applied by management that may become fairly complex, especially considering that the REIT regime is relatively recent and was developed by the Directorate-General of Taxes mainly in response to the queries posed by various companies. The Company management, based on the opinion of its tax advisers, assessed compliance with the requirements of the regime, concluding that such requirements were met at 31 December 2023.

Accordingly, and also for the purpose of taking into consideration the financial effect of the regime, it should be noted that, as established in section 6 of Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, on REITs, and in the percentages established in it, companies that have opted for the special tax regime are required to distribute the profit generated during the year to their shareholders in the form of dividends, once the related corporate obligations have been met. This distribution must be approved within six months from each year-end, and the dividends paid in the month following the date on which the pay-out is agreed (see Note 4.11).

If the Company does not comply with the requirements established in the regime or if the shareholders at the General Meetings of these companies do not approve the dividend distribution proposed by the Board of Directors, calculated in accordance with the requirements of this Act, it would not be complying therewith and, accordingly, tax would have to be paid under the general regime, not the regime applicable to REITs.

Risk in climate change management

Within the framework of the European Green Pact and the UN Sustainable Development Goals, the Group is performing various actions on sustainability.

First, the Group, in 2021, formed a Sustainability and Innovation Committee under the Board that has the main competencies to advise the Board, among other aspects, on environmental and sustainability issues; to advise the Board on the development of the Company's strategy on sustainability in its relationships with stakeholders and in its publication and public communication; and to supervise the communication and information to the market of any information that refers to sustainability issues and non-financial information and to keep the ESG risk map updated (Environmental Social and Governance).

In this regard, the Group included decision factors in relation to non-financial KPIs in its investment and financing policies. In this line, the investment studies of real estate acquisitions and investments in repositioning of the Company's assets take into account, among other factors, elements such as obtaining energy efficiency certificates with the highest rating (see Note 7), air conditioning, lighting, solar energy, irrigation of green areas, accessibility, etc.

When certifying assets, the Group selects the most appropriate framework and modality based on the asset's phase, the characteristics of the building, its occupancy rate at the time of certification or the tenants who occupy it.

We are continuing the process of certifying the portfolio under the standards of the leaders in this market, BREEAM and LEED, with the aim of certifying 99% of our portfolio. In 2023 the Group certified or obtained the renewal of 36 assets The Group considers the certification process of its assets as an anticipated response to the demands that the market will place on property lessors in the medium term and which will enable it to maintain its current competitive position.

Additionally, the Group obtained a 83% rating in the 2023 edition of GRESB, a platform that makes it possible to harmonise and compare information related to sustainability criteria (environmental, social and corporate governance - ESG) in real estate investments.

In addition, the Group has an Environmental Management System (EMS) certified according to ISO 14001, which is the umbrella under which it manages its portfolios and that incorporates new properties into its scope every year.

From 2015, the Group performed plan for ISO 14001 (environmental management) and ISO 50001 (energy management) certifications to maintain and expand the number of real estate assets that have at least ISO 14001 certification, and subsequently ISO 50001 certification (based on the understanding that it is a natural step to obtain ISO 14001 certification before aspiring to ISO 50001). This plan includes office buildings, shopping centres and logistics warehouses. ISO 14001, in 2023, 91 buildings composing a surface area of 1,214,79As regards6 m2 were certified, 3 more buildings than in 2022.

Since 2017, the Group has also performed a process of implementing an Energy Management System under the ISO 50001 standard, which began in 2017. Currently, 88 buildings are certified composing a surface area of 417,366 m2, 3 more than in 2022. IThe assets included in this system aim to reduce total energy consumption by 8% compared to 2022, based on the implementation of MAEs (energy saving measures).

In 2023, the Group performed an analysis of the entire portfolio to determine the carbon footprint of each of its assets, and the measures necessary to reduce the above carbon footprint.

The Group’s progress in 2023 has enabled the Company to comply with its emissions reduction objective and “Pathway to Net Zero” for 2030, thus getting a head start on the European strategy for decarbonisation of the economy and ensuring the present and future survival of the Company and its assets.

MERLIN’s progress over the last few years has enabled the Company to define its emissions reduction strategy or “Pathway to Net Zero” for 2030, thus getting a head start on the European strategy for decarbonisation of the economy and ensuring the present and future survival of the Company and its assets.

The Group's Path to Net Zero is a road map that includes improving the performance not only of the Company itself and of those assets over which it has operational control, but of the main stakeholder responsible for the Group's issues throughout its entire value chain, including suppliers and tenants.

The Company’s financing policies are also aligned with the Group's sustainability objectives through the Green Financing Program published in April 2022 and the conversion of 100% of its bonds in circulation into green bonds.

Currently, 98.2% of the Group's debt with credit and bond institutions is linked to the Green Financing Program or ESG criteria (see Note 14).

The Green Financing Program, in line with best market practices, includes the following eligibility criteria:

1. Green assets with the best LEED/BREEAM certification levels or energy efficiency certificates and/or minimum carbon emission levels
2. Investments in Energy Efficiency
3. Investments in renewable energy
4. Investments in pollution control and prevention mechanisms
5. Investments in transport mechanisms with low carbon emissions

Financing linked to ESG targets includes a cost adjustment mechanism linked, in the Company's opinion, to own credit risk, based on management indicators calculated based on four sustainability criteria that must be met at least three times annually and cumulatively over the 2019-2025 period.

In addition, the Group in its commitment to climate responsibility incorporated qualitative factors related to the Group's sustainability strategy into the measurement targets for short-term variable compensation for its staff and management team (see Note 17).

It has also committed to report in the Statement of Non-Financial Information (NFI) in accordance with TCFD recommendations.

The above initiatives, while increasing the Group's operating costs, are aimed at anticipating regulatory developments and building customer loyalty.

Finally, the Group has also made progress in publishing its Path to Net Zero. The Group's Path to Net Zero is a road map that includes improving the performance not only of the Company itself and of those assets over which it has operational control, but of the main stakeholder responsible for the Group's issues throughout its entire value chain, including suppliers and tenants. This strategy has 5 axes of action:

1. Operational carbon reduction: 85% of operational carbon reduction from baseline (2018) to target (2028).
2. Reduction of embodied carbon: Embodied carbon footprint calculated in all new developments and repositions.
3. Offset of residual emissions: The inevitable footprint will be mostly offset by duly certified own initiatives.
4. Reduction in tenant emissions: Green clauses in all new contracts and reduction in the rental price associated with their own credit risk for net zero tenants.
5. Renewable energy: Acquisition of 100% renewable energy and on-site generation of energy through solar power panels (Sun Project).

All of the above is part of the Group's net zero path or commitment to combating climate change. By 2022, the decarbonisation targets included in its "Road to Net Zero" have been validated and approved by the SBTi initiative.

22. Securities issued to third parties and other contingent liabilities

At 31 December 2023 and 2022, the Company had granted bank guarantees amounting to EUR 21,541 thousand and EUR 24,275 thousand, respectively.

23. Events after the reporting period

In January 2024, the Company signed a mortgage loan of EUR 150 million, maturing in 2034 and with a spread of 130 bp. This loan is expected to be drawn down in March 2024.

In January 2024, the Company increased to 2.375% the amount drawn down (tap) on the bond maturing in September 2029 for EUR 100 million (implicit cost 3.93%).

In relation to the verification and investigation actions that the Tax Agency notified to the Company in 2022 (Note 14.4), the following tax assessments were signed on 21 February 2024:

- Corporate Income Tax for 2016 to 2019, which determined a refund of EUR 13,984 thousand to the Company, comprising tax liability and late-payment interest. This Act recognises the effects of the ruling of 19 January 2024 of the Constitutional Court, which invalidates certain provisions of Royal Decree Law 3/2016 that had an impact on the taxable income for corporate income tax purposes for 2016 to 2019.

- Value Added Tax for 2018 to 2019, which determined an amount of EUR 799 thousand to be paid, comprising tax payable and late payment interest.

- Withholdings on account of Non-Resident Income Tax (IRNR) for the years 2018 to 2019, which determined a payment of EUR 834 thousand, comprising tax liability and late payment interest.

- Withholdings and payments on account on capital assets for the 2018 and 2019 financial years, where no refund or payment were determined.

The amounts resulting from the previous assessments have been registered in 2023 under "Changes in provisions" in the accompanying income statement (Note 12).

APPENDIX I - Group companies and associates 2023

			Thousands of euros									
				Profit/(Loss)		Other	Total	Dividends	Carrying amount			
Company	Line of business/Location	Ownership interest	Share capital	From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment	Consolidation method	Auditor
Merlin Retail, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	24,212	7,231	5,718	378,597	408,527	13,330	390,432	0	Global Integration	Deloitte
Merlin Oficinas, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	32,797	16,763	16,097	768,987	817,881	22,377	824,488	0	Global Integration	Deloitte
Merlin Logística, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	34,290	32,352	15,841	319,496	369,628	43,842	353,842	0	Global Integration	Deloitte
Sevisur Logística	Urban development, construction and operation of logistics and common services buildings. Ctra. de la Esclusa, 15. 41011, Seville.	100%	17,220	4,954	4,285	10,335	31,840	3,906	37,629	0	Global Integration	Deloitte
Parques Logísticos de la Zona Franca, S.A.	Real estate acquisition and development for leasing, Avda. 3 del Parc Logístic, nº 26, Barcelona	100%	15,701	1,720	925	105,845	122,471	0	118,310	0	Global Integration	Deloitte
The Exhibitions Company , S.A.U.	Provision of all kinds of technical, commercial or economic services/ Paseo de la Castellana 257, Madrid	100%	180	(1,218)	(1,158)	2,044	1,066	0	4,287	(3,221)	Global Integration	N/A
Gescentesta, S.L.U.	Provision of Services / Paseo de la Castellana 257, Madrid	100%	3	249	250	1,054	1,307	0	3	0	Global Integration	N/A
La Vital Centro Comercial y de Ocio, S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	14,846	3,742	4,130	19,302	38,278	2,896	56,788	0	Global Integration	Deloitte
Desarrollo Urbano de Patraix, S.A.	Land management / Avda. Barón de Carcer, 50, Valencia	100%	2,790	(2)	(341)	22,186	24,635	0	25,090	(455)	Global Integration	N/A
Sadorma 2003, S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	73	598	1,608	19,016	20,696	0	25,485	(4,788)	Global Integration	N/A
Global Murex Iberia, S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	14	(1)	88	(15,438)	(15,336)	0	0	0	Global Integration	N/A
Varitelia Distribuciones, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	15,443	(10,613)	(19,604)	6,110	1,949	1,150	172,979	(171,031)	Global Integration	Deloitte
Global Carihuela, Patrimonio Comercial S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	3,303	15,127	12,766	4,510	20,579	1,371	34,102	(13,524)	Global Integration	Deloitte
Innovación Colaborativa, S.L.	Selection, contracting, fitting out, organization and management of coworking spaces / Paseo de la Castellana 257, Madrid	100%	15	(2,719)	(3,021)	(1,087)	(4,093)	0	15,868	(15,868)	Global Integration	N/A

Milos Asset Development,	Acquisition, ownership, administration, disposal and development of land located within the "Distrito Castellana Norte" project / Paseo de la Castellana 257, Madrid	100%	3	(3)	(407)	136	(268)	0	3	(2)	Global Integration	N/A
Slack Tailwind Systems, S.L.U	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	1,014	(14)	(75)	(10)	930	0	1,014	(74)	Global Integration	Deloitte
Slow Rise Spain, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	7,724	312	33	1	7,757	0	7,724	0	Global Integration	Deloitte
Merlin Edged, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	3	0	0	0	3	0	3	0	Global Integration	N/A
MPCVI – Compra e Venda Imobiliária, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	1,050	1,162	198	5,980	7,228	198	6,418	0	Global Integration	Deloitte Portugal
MPEP – Properties Escritórios Portugal, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	50	684	(248)	662	464	0	1,085	0	Global Integration	Deloitte Portugal
MP Monumental, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	50	2,498	12	25,554	25,616	214	41,570	0	Global Integration	Deloitte Portugal
MP Torre A, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	50	874	(137)	9,498	9,410	404	20,101	0	Global Integration	Deloitte Portugal
VFX Logística, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	5,050	21,837	21,562	19,873	46,486	0	30,182	0	Global Integration	Deloitte Portugal
Promosete, Invest. Inmobil. SA.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	200	1,976	1,221	7,515	8,936	837	10,384	0	Global Integration	Deloitte Portugal
Praça Do Marquês serviços Auxiliares, SA	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	15,893	3,566	886	61,273	78,052	1,982	56,361	0	Global Integration	Deloitte Portugal
Torre Dos Oceanus Investimentos Inmobiliarios,S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	50	2,018	838	3,319	4,207	827	15,912	0	Global Integration	Deloitte Portugal
Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	5	20,714	9,914	83,801	93,720	0	89,453	0	Global Integration	Deloitte Portugal
Forum Almada II, S.A. (*)	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	10,000	13,374	9,594	75,471	95,065	0	325,660	0	Global Integration	Deloitte Portugal
Torre Arts Investimentos Imobiliarios, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	100	2,971	2,267	78,153	80,520	2,097	80,281	0	Global Integration	Deloitte Portugal
Torre Fernao Magalhaes Investimentos Imobiliarios, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	100	1,537	1,193	25,370	26,663	673	26,055	0	Global Integration	Deloitte Portugal
MPLIB – Investimentos Imobiliários, Unipessoal Lda.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	2,000	(1,079)	(3,562)	54,252	52,690	0	56,808	(4,118)	Global Integration	Deloitte Portugal
Paseo Comercial Carlos III, S.A.	Real estate acquisition and development for leasing / Avda. San Martín Valdeiglesias, 20 28922 Madrid	50%	8,698	4,328	491	25,902	35,091	0	25,668	0	Equity method	Deloitte
Provitae Centros Asistenciales, S.L.	Real estate acquisition and development for leasing / C. Fuencarral, 123. Madrid	50%	6,314	(1,340)	(1,417)	(258)	4,639	0	5,061	(2,742)	Equity method	Deloitte
G36 Development, S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 93, Madrid	50%	3	21	21	8	32	0	2	0	Equity method	N/A

Centro Intermodal de Logística S.A. (CILSA)	Development, management and implementation of logistics activities in the port system / Avenida Ports d'Europa 100, Barcelona	49%	18,920	26,942	17,443	124,043	160,406	7,880	95,688	0	Equity method	EY
Pazo de Congresos de Vigo, S.A.	Execution project, construction and operation of the Vigo Conference Center / Avda. García Barbón, I. Vigo	44%	n.d	n.d	n.d.	n.d.	0	0	3,600	(3,600)	Equity method	N/A
Parking del Palau, S.A.	Real estate acquisition and development for leasing / Paseo de la Alameda, s/n. Valencia	33%	1,698	22	24	440	2,162	66	2,137	(1,265)	Equity method	BDO
Araba Logística, S.A.	Real estate acquisition and development for leasing / Avda. Álava s/n Rivabellosa (Álava)	25%	1,750	911	391	2,925	5,066	0	2,257	(2,257)	Equity method	Mazars
Crea Madrid Nuevo Norte, S.A.	Performing all types of real estate activities / Paseo de la Castellana 216, Madrid	14%	227,535	(5,858)	(3,907)	(34,440)	189,188	0	177,485	(2,216)	Equity method	KPMG
Moregal Hotels, S.L.	Real estate acquisition and development for leasing / Alameda de Colón , 9, Málaga	7%	5,307	(34)	(26)	1,205	6,486	0	1,585	(2)	Equity method	n.d
Silicius Real Estate, SOCIMI, S.A.	Performing all types of real estate activities / Calle de Velázquez, 123, Madrid	18%	31,394	(7,558)	(26,900)	331,139	335,633	1,554	88,572	0	Equity method	PWC
Edged Spain, S.L.U	Provision of Data Center services / Paseo de la Castellana 257, Madrid	50%	3	223	223	(224)	2	0	2	0	Equity method	Deloitte

(*) Indirect

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			Thousands of euros									
				Profit/(Loss)		Other	Total	Dividends	Carrying amount			
Company	Line of business/Location	Ownership interest	Share capital	From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment	Consolidation method	Auditor
Merlin Retail, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	17,963	13,998	13,330	236,491	267,784	42,922	251,408	-	Global Integration	Deloitte
Merlin Oficinas, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	29,674	22,934	22,377	718,601	770,652	16,130	771,345	-	Global Integration	Deloitte
Merlin Logística, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	28,166	29,978	33,842	274,082	336,090	31,544	292,304	-	Global Integration	Deloitte
Sevisur Logística	Urban development, construction and operation of logistics and common services buildings. Ctra. de la Esclusa, 15. 41011, Seville.	100%	17,220	4,438	4,249	9,910	31,379	3,455	37,629	-	Global Integration	Deloitte
Parques Logísticos de la Zona Franca, S.A.	Real estate acquisition and development for leasing, Avda. 3 del Parc Logístic, nº 26, Barcelona	100%	15,701	(1,253)	(1,172)	107,017	121,546	5,903	118,310	-	Global Integration	Deloitte
The Exhibitions Company , S.A.U.	Provision of all kinds of technical, commercial or economic services/ Paseo de la Castellana 257, Madrid	100%	180	(1,452)	(1,430)	3,474	2,224	-	4,287	(2,063)	Global Integration	N/A
Gescentesta, S.L.U.	Provision of Services / Paseo de la Castellana 257, Madrid	100%	3	177	121	933	1,057	-	3	-	Global Integration	N/A
Metroparque, S.A.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	56,194	8,477	8,808	33,086	98,088	8,186	231,557	-	Global Integration	Deloitte
La Vital Centro Comercial y de Ocio, S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	14,846	3,152	3,218	18,980	37,044	2,245	56,788	-	Global Integration	Deloitte
Desarrollo Urbano de Patraix, S.A.	Land management / Avda. Barón de Carcer, 50, Valencia	100%	2,790	(3)	(83)	22,270	24,977	-	25,090	(114)	Global Integration	N/A
Sadorma 2003, S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	73	(2)	231	18,785	19,089	-	25,485	(6,396)	Global Integration	N/A
Global Murex Iberia, S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	14	-	21	(15,459)	(15,424)	-	-	-	Global Integration	N/A

			Thousands of euros									
				Profit/(Loss)		Other	Total	Dividends	Carrying amount			
Company	Line of business/Location	Ownership interest	Share capital	From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment	Consolidation method	Auditor
Varitelia Distribuciones, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	15,443	3,344	1,150	6,110	22,703	333	172,979	(150,277)	Global Integration	Deloitte
Global Carihuela, Patrimonio Comercial S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	3,303	2,123	1,578	4,358	9,239	-	34,102	(24,863)	Global Integration	Deloitte
Innovación Colaborativa, S.L.	Selection, contracting, fitting out, organization and management of coworking spaces / Paseo de la Castellana 257, Madrid	100%	15	(3,049)	(3,092)	2,005	(1,072)	-	15,868	(15,868)	Global Integration	N/A
Milos Asset Development,	Acquisition, ownership, administration, disposal and development of land located within the "Distrito Castellana Norte" project / Paseo de la Castellana 257, Madrid	100%	3	-	(114)	250	139	-	3	-	Global Integration	N/A
Slack Tailwind Systems, S.L.U	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	3	(10)	(10)	-	(7)	-	3	(3)	Global Integration	Deloitte
Slow Rise Spain, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	3	82	82	-	85	-	3	-	Global Integration	Deloitte
MPCVI – Compra e Venda Imobiliária, S.A.	Real estate acquisition and development for leasing / Av. Fontes Pereira de Melo, Nº 51, Lisbon	100%	1,050	1,095	208	5,969	7,227	277	6,418	-	Global Integration	Deloitte Portugal
MPEP – Properties Escritórios Portugal, S.A.	Real estate acquisition and development for leasing / Av. Fontes Pereira de Melo, Nº 51, Lisbon	100%	50	677	(241)	903	712	-	1,085	-	Global Integration	Deloitte Portugal
MP Monumental, S.A.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	50	2,502	214	6,632	6,896	-	22,648	-	Global Integration	Deloitte Portugal
MP Torre A, S.A.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	50	1,538	414	73	537	-	10,686	-	Global Integration	Deloitte Portugal
VFX Logística, S.A.	Real estate acquisition and development for leasing. Av. Fontes Pereira de Melo, Nº 51, Lisbon	100%	5,050	6,406	5,614	11,060	21,724	-	25,153	(2,417)	Global Integration	Deloitte Portugal
Promosete, Invest. Inmobil. SA.	Real estate acquisition and development for leasing. Av. Fontes Pereira de Melo, Nº 51, Lisbon	100%	200	1,554	837	7,385	8,422	1,323	10,384	-	Global Integration	Deloitte Portugal
Praça Do Marquês serviços Auxiliares, SA	Real estate acquisition and development for leasing. Av. Fontes Pereira de Melo, Nº 51, Lisbon	100%	15,893	3,178	2,086	61,169	79,148	2,008	56,361	-	Global Integration	Deloitte Portugal

Company	Line of business/Location	Ownership interest	Thousands of euros								Consolidation method	Auditor
				Profit/(Loss)		Other	Total	Dividends	Carrying amount			
			Share capital	From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment		
Torre Dos Oceanus Investimentos Inmobiliarios,S.A.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	50	1,933	827	3,319	4,196	593	15,912	-	Global Integration	Deloitte Portugal
Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	5	16,556	10,013	16,908	26,926	-	32,573	-	Global Integration	Deloitte Portugal
Forum Almada II, S.A.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	10,000	13,028	9,153	66,132	85,285	-	325,660	-	Global Integration	Deloitte Portugal
Torre Arts Investimentos Imobiliarios, S.A.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	100	2,755	2,097	78,153	80,350	2,177	80,281	-	Global Integration	Deloitte Portugal
Torre Fernao Magalhaes Investimentos Imobiliarios, S.A.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	100	869	673	25,370	26,143	995	26,055	-	Global Integration	Deloitte Portugal
Generous Profile , Unipessoal LDA.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	2,000	(27)	(547)	54,799	56,252	-	56,808	(556)	Global Integration	Deloitte Portugal
Paseo Comercial Carlos III, S.A.	Real estate acquisition and development for leasing / Avda. San Martín Valdeiglesias, 20 28922 Madrid	50%	8,698	2,864	3,978	21,915	34,591	-	25,668	-	Equity method	Deloitte
Provitae Centros Asistenciales, S.L.	Real estate acquisition and development for leasing / C. Fuencarral, 123. Madrid	50%	6,314	944	944	(1,202)	6,056	-	5,061	(1,746)	Equity method	Deloitte
G36 Development, S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana, 93 Madrid	50%	3	21	21	8	32	1,040	2	-	Equity method	N/A
Centro Intermodal de Logística S.A. (CILSA)	Development, management and implementation of logistics activities in the port system / Avenida Ports d'Europa 100, Barcelona	49%	18,920	25,289	17,079	123,701	159,700	2,556	95,688	-	Equity method	EY
Pazo de Congresos de Vigo, S.A.	Execution project, construction and operation of the Vigo Conference Center / Avda. García Barbón, I. Vigo	44%	n.d	n.d	n.d.	n.d.	—	-	3,600	(3,600)	Equity method	n.d
Parking del Palau, S.A.	Real estate acquisition and development for leasing / Paseo de la Alameda, s/n. Valencia	33%	1,698	42	40	459	2,197	-	2,137	(1,052)	Equity method	BDO
Araba Logística, S.A.	Real estate acquisition and development for leasing / Avda. Álava s/n Rivabellosa (Álava)	25%	1,750	911	391	2,925	5,066	-	2,257	(2,257)	Equity method	Mazars

			Thousands of euros									
				Profit/(Loss)		Other	Total	Dividends	Carrying amount			
Company	Line of business/Location	Ownership interest	Share capital	From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment	Consolidation method	Auditor
Crea Madrid Nuevo Norte, S.A.	Performing all types of real estate activities / Paseo de la Castellana 216, Madrid	14%	206,509	(6,081)	(4,058)	(36,574)	165,877	-	174,445	(1,651)	Equity method	KPMG
Silicius Real Estate, SOCIMI, S.A.	Performing all types of real estate activities / Calle de Velázquez, 123, Madrid	18%	30,955	13,299	15,017	341,871	387,843	307	87,018	-	Equity method	PWC
Edged Spain, S.L.U	Provision of Data Center services / Paseo de la Castellana 257, Madrid	50%	3	96	88	(211)	(120)	-	2	(2)	Equity method	Deloitte

APPENDIX II - List of the properties intended for lease and the holding in the share capital of companies referred to in section 2.1 of Law 11/2009, amended by Law 16/2012

	ACQ. DATE	REIT DATE	ASSET NAME	ADDRESS	TOWN	ASSET TYPE	USE
1	1 Jan 15	1 Jan 15	Av. de Bruselas, 24	AV Bruselas 24	Alcobendas	Invest. Prop.	Offices
2	1 Jan 15	1 Jan 15	Av. de Bruselas, 26	AV Bruselas 26	Alcobendas	Invest. Prop.	Offices
3	1 Jan 15	1 Jan 15	Av. de Bruselas, 33	AV Bruselas 33	Alcobendas	Invest. Prop.	Offices
4	14-sep-16	14-sep-16	Encinar	CL Manuel Pombo Angulo 20	Alcobendas	Invest. Prop.	Offices
5	14-sep-16	14-sep-16	Av. Europa, 1 - Edificio A-B	AV Europa 1	Alcobendas	Invest. Prop.	Offices
6	1 Jan 15	1 Jan 15	Naves Alovera I-II-III	CL Rio Henares 1	Alovera	Invest. Prop.	Logistics
7	1 Jan 15	1 Jan 15	Naves Azuqueca II y III	CL Milan 8 y 12	Azuqueca de Henares	Invest. Prop.	Logistics
8	1 Jan 15	1 Jan 15	Vilanova, 12-14	AV Vilanova 12	Barcelona	Invest. Prop.	Offices
9	14-sep-16	14-sep-16	Diagonal 199	AV Diagonal 199	Barcelona	Invest. Prop.	Offices/Hotel
10	14-sep-16	14-sep-16	Diagonal 458	AV Diagonal 458	Barcelona	Invest. Prop.	Offices
11	1 Jan 15	1 Jan 15	Diagonal, 514	AV Diagonal 514	Barcelona	Invest. Prop.	Offices
12	1 Jan 15	1 Jan 15	Diagonal, 605	AV Diagonal 605	Barcelona	Invest. Prop.	Offices
13	14-sep-16	14-sep-16	Balmes	CL Balmes 236-238	Barcelona	Invest. Prop.	Offices
14	14-sep-16	14-sep-16	P.E. Poble Nou 22@ Ed. A-C-D	CL Bac de roda 52	Barcelona	Invest. Prop.	Offices
15	14-sep-16	14-sep-16	P.E. Poble Nou 22@ Ed. B	CL Fluviá 65	Barcelona	Invest. Prop.	Offices
16	14-sep-16	14-sep-16	Bizcargi 1 1D	CL Bizcargi 1 1D	Bilbao	Invest. Prop.	Other
17	1 Jan 15	1 Jan 15	Naves Cabanillas I	CL Castilla la Mancha P. I. Cabanillas	Cabanillas del Campo	Invest. Prop.	Logistics
18	1 Jan 15	1 Jan 15	Naves Coslada I	AV de la Cañada 64	Coslada	Invest. Prop.	Logistics
19	1 Jan 15	1 Jan 15	Naves Coslada III	CL Torres Quevedo 1	Coslada	Invest. Prop.	Logistics
20	14-sep-16	14-sep-16	A4-Getafe (Data Center)	CA Polig. Industrial Los Ángles P-33	Getafe	Invest. Prop.	Other
21	1 Jan 15	1 Jan 15	Escudo del Carmen	CL Escudo del Carmen 31	Granada	Invest. Prop.	Offices
22	14-sep-16	14-sep-16	P.E. Alvia Ed. 1-2-3	CL Jose Echegaray 8	Las Rozas	Invest. Prop.	Offices
23	14-sep-16	14-sep-16	P.I. Európolis	CL Londres S/N	Las Rozas	Invest. Prop.	Other
24	1 Jan 15	1 Jan 15	Mangraners	CL Els Mangraners N-240 Km.88	Lerida	Invest. Prop.	Offices
25	14-sep-16	14-sep-16	Torre De Madrid	PL De España 18	Madrid	Invest. Prop.	High Street retail
26	14-sep-16	14-sep-16	Torre de Madrid (Viviendas)	PL de España 18	Madrid	Invest. Prop.	Other
27	1 Jan 15	1 Jan 15	Plaza de los Cubos	CL Princesa 3	Madrid	Invest. Prop.	High Street retail
28	1 Jan 15	1 Jan 15	Princesa, 3	CL Princesa 3	Madrid	Invest. Prop.	Offices
29	1 Jan 15	1 Jan 15	Princesa, 5	CL Princesa 5	Madrid	Invest. Prop.	Offices
30	1 Jan 15	1 Jan 15	Aparcamiento Princesa	CL Princesa 5	Madrid	Invest. Prop.	Car park

	ACQ. DATE	REIT DATE	ASSET NAME	ADDRESS	TOWN	ASSET TYPE	USE
31	1 Jan 15	1 Jan 15	Ventura Rodríguez, 7	CL Ventura Rodriguez 7	Madrid	Invest. Prop.	Offices
32	14-sep-16	14-sep-16	Callao	PL Callao 5	Madrid	Invest. Prop.	High Street retail
33	1 Jan 15	1 Jan 15	Partenón, 12-14	AV Partenon 12	Madrid	Invest. Prop.	Offices
34	1 Jan 15	1 Jan 15	Partenón, 16-18	AV Partenon 16	Madrid	Invest. Prop.	Offices
35	1 Jan 15	1 Jan 15	Eucalipto, 25	CL Eucalipto 25	Madrid	Invest. Prop.	Offices
36	1 Jan 15	1 Jan 15	Eucalipto, 33	CL Eucalipto 33	Madrid	Invest. Prop.	Offices
37	1 Jan 15	1 Jan 15	Josefa Valcárcel, 48	CL Josefa Valcarcel 48	Madrid	Invest. Prop.	Offices
38	1 Jan 15	1 Jan 15	Pedro de Valdivia, 10	CL Pedro de Valdivia 10	Madrid	Invest. Prop.	Offices
39	1 Jan 15	1 Jan 15	Juan Esplandiú, 11-13	CL Juan Esplandiu 11-13	Madrid	Invest. Prop.	Offices
40	1 Jan 15	1 Jan 15	Príncipe de Vergara, 187	CL Principe de Vergara 187	Madrid	Invest. Prop.	Offices
41	1 Jan 15	1 Jan 15	Ribera del Loira, 60	CL Ribera del Loira 60	Madrid	Invest. Prop.	Offices
42	14-sep-16	14-sep-16	P.E. Puerta de las Naciones Ed. 1 a 4	CL Ribera del Loira 38-50	Madrid	Invest. Prop.	Offices
43	1 Jan 15	1 Jan 15	Castellana, 83-85	PS de la Castellana 83	Madrid	Invest. Prop.	Offices
44	14-sep-16	14-sep-16	Cadagua	PS de la Castellana 93	Madrid	Invest. Prop.	Offices
45	14-sep-16	14-sep-16	Castellana, 278	PS de la Castellana 278	Madrid	Invest. Prop.	Offices
46	1 Jan 15	1 Jan 15	Torre Castellana 259	PS de la Castellana 259	Madrid	Invest. Prop.	Offices/Hotel
47	14-sep-16	14-sep-16	Plaza Ruiz Picasso	PL Carlos Trías Bertrán 7	Madrid	Invest. Prop.	Offices
48	14-sep-16	14-sep-16	Santiago de compostela, 94	CL Santiago de Compostela 94	Madrid	Invest. Prop.	Offices
49	14-sep-16	14-sep-16	Jose María Churruca Ed. I-II	CL Almansa 101-105	Madrid	Invest. Prop.	Offices
50	14-sep-16	14-sep-16	Jose María Churruca Ed. III-IV	CL Beatriz de Bobadilla 14-18	Madrid	Invest. Prop.	Offices
51	14-sep-16	14-sep-16	Fuente De La Mora	CM Fuente de la Mora 9	Madrid	Invest. Prop.	Offices
52	14-sep-16	14-sep-16	P.E. Vía Norte Ed. 1 a 6	CL Quintanavides 11 a 21	Madrid	Invest. Prop.	Offices
53	14-sep-16	14-sep-16	P.E. Alvento A-B-C-D	VI de los Poblados 1	Madrid	Invest. Prop.	Offices
54	14-sep-16	14-sep-16	Cristalia	VI de los Poblados 3	Madrid	Invest. Prop.	Offices
55	14-sep-16	14-sep-16	P.E. Sanchinarro Ed. I-II	CL María de Portugal 9-11	Madrid	Invest. Prop.	Offices
56	14-sep-16	14-sep-16	P.E. Las Tablas Ed. 1-2-3	CL Federico Mompou 5	Madrid	Invest. Prop.	Offices
57	14-sep-16	14-sep-16	Elipse	AV Manoteras 18	Madrid	Invest. Prop.	Offices
58	14-sep-16	14-sep-16	Arturo Soria, 343	CL Arturo soria 343	Madrid	Invest. Prop.	Offices
59	14-sep-16	14-sep-16	G. Ampudia 12	CL General Ampudia 12	Madrid	Invest. Prop.	Other
60	1 Jan 15	1 Jan 15	C.C. Centro Oeste	CL El Carralero. Las Moreras	Majadahonda	Invest. Prop.	Shopping centre
61	1 Jan 15	1 Jan 15	C.C. Larios	AV de la Aurora 21	Málaga	Invest. Prop.	Shopping centre
62	1 Jan 15	1 Jan 15	C.C. Porto Pi	AV de Gabriel Roca 54	Palma de Mallorca	Invest. Prop.	Shopping centre
63	1 Jan 15	1 Jan 15	Nave Pedrola	CL General Motors 1. P.I. El Pradillo	Pedrola	Invest. Prop.	Logistics

	ACQ. DATE	REIT DATE	ASSET NAME	ADDRESS	TOWN	ASSET TYPE	USE
64	1 Jan 15	1 Jan 15	Ática II, A-B-C	AV de Europa 19	Pozuelo de Alarcón	Invest. Prop.	Offices
65	1 Jan 15	1 Jan 15	Ática 1	AV de Europa 26	Pozuelo de Alarcón	Invest. Prop.	Offices
66	1 Jan 15	1 Jan 15	Ática 2	CL Inglaterra 2	Pozuelo de Alarcón	Invest. Prop.	Offices
67	1 Jan 15	1 Jan 15	Ática 3 y 4	VI Dos Castillas 33 Edf. 3 y 4	Pozuelo de Alarcón	Invest. Prop.	Offices
68	14-sep-16	14-sep-16	Ática Ed. 6	VI Dos Castillas 33 Edf.6	Pozuelo de Alarcón	Invest. Prop.	Offices
69	14-sep-16	14-sep-16	Cerro Gamos I-II-III-V-VI	CL Cerro de los Gamos 1	Pozuelo de Alarcón	Invest. Prop.	Offices
70	1 Jan 15	1 Jan 15	Sant Cugat I	CL Alcalde Barnils 64	San Cugat del Valles	Invest. Prop.	Offices
71	1 Jan 15	1 Jan 15	Sant Cugat II	AV Via Augusta 71	San Cugat del Valles	Invest. Prop.	Offices
72	1 Jan 15	1 Jan 15	Borbolla	AV Borbolla 5	Sevilla	Invest. Prop.	Offices
73	14-sep-16	14-sep-16	C.C. El Saler	CA Autovía De El Saler 16	Valencia	Invest. Prop.	Shopping centre
74	1 Jan 15	1 Jan 15	Aparcamiento Palau	PS de la Alameda 34	Valencia	Invest. Prop.	Other
75	14-sep-16	14-sep-16	Rambla Salvador Sama	CL Rambla Salvador Samà 45/49	Vilanova I La Geltrù	Invest. Prop.	Other
76	12 Jan 17	12 Jan 17	Torre Glories	Av. Diagonal, 211	Barcelona	Invest. Prop.	Offices
77	21 Jan 20	21 Jan 20	Plaza Cataluña, 9	Plaza Cataluña, 9	Barcelona	Invest. Prop.	Offices
78	30 Dec 21	30 Dec 21	PE Atica XIX D	Pozuelo De Alarcón, 19	Pozuelo de Alarcon	Invest. Prop.	Offices
79	30 Juj 14	1 Jan 14	Merlin Retail S.L.	PS Castellana 257	Madrid	Ownership interest	
80	04 Aug 14	1 Jan 144	Merlin Oficinas, S.L.	PS Castellana 257	Madrid	Ownership interest	
81	30 Juj 14	1 Jan 14	Merlin Logística, S.L.	PS Castellana 257	Madrid	Ownership interest	
82	14-sep-16	1 Jan 17	La Vital Centro Comercial y de Ocio, S.L.	PS Castellana 257	Madrid	Ownership interest	
83	14-sep-16	1 Jan 17	Varitelia Distribuciones, S.L.	PS Castellana 257	Madrid	Ownership interest	
84	14-sep-16	1 Jan 18	Global Carihuela Patrimonio Comercial, S.L.	PS Castellana 257	Madrid	Ownership interest	
85	28 Jul 17	1 Jan 17	Sevisur, S.A.	PS Castellana 257	Madrid	Ownership interest	
86	17 Oct 16	1 Jan 19	Parc Logístic de la Zona Franca, S.A.U.	Avda. 3 del Parc Logístic, nº 26	Madrid	Ownership interest	
87	27 Jul 22	1 Jun 22	Slack Tailwind Systems, S.L.U	PS Castellana 257	Madrid	Ownership interest	
88	27 Jul 22	1 Jun 22	Slow Rise Spain, S.L.U.	PS Castellana 257	Madrid	Ownership interest	
89	27 Feb 20	1 Jan 19	Silicius Real Estate SOCIMI, S.A.	Velázquez, 123	Madrid	Ownership interest	
90	17 Oct 16	27 Dec 19	VFXIMO Investimentos Imobiliarios, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
91	18 Jan 15	05 Oct 18	MPEP - Properties Escritórios Portugal, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
92	18 Mar 15	05 Oct 18	MP Compra e Venda Inmobiliária, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
93	31 Mar 16	05 Oct 18	MP Monumental, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
94	31 Mar 16	05 Oct 18	MP Torre A, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
95	07 Apr 17	07 Apr 17	Promosete Investimentos Inmobiliarios, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
96	28 Sep 17	05 Oct 18	Praça do Marques - serviços auxiliares, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	

	ACQ. DATE	REIT DATE	ASSET NAME	ADDRESS	TOWN	ASSET TYPE	USE
97	30 Apr 18	05 Oct 18	Torre dos Oceanus - Investimentos Inmobiliarios, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
98	17 Jan 19	13 Mar 19	Torre Arts, Investimentos inmobiliàrios, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
99	17 Jan 19	13 Mar 19	Torre Fernão Magalhães Investimentos inmobiliàrios, S.A	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
100	03 Aug 22	03 Aug 22	MPLIB – Investimentos Imobiliários, Unipessoal Lda.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	

MERLIN PROPERTIES,
SOCIMI, S.A.

Individual Directors' Report for
the year ended 31 December 2023

1. Company description

Economic Situation

The markets in which MERLIN operates have generally performed well in 2023. The economic situation has led to significant increases in contract volumes, resulting in an increase in occupancy in the four main asset categories in which we operate.

In contrast, rising interest rates have brought the investment market in Spain and Europe to a standstill. The volume of investment has fallen by 33%, reaching 11.5 billion euros in 2023 compared to 17.2 billion euros of direct investment in Spain in 2022.

1.1. Situation of the rental market by geographical area

Madrid

Madrid is both the largest metropolitan area and the main real estate market on the Iberian Peninsula. The absorption of office space was around 390,000 sqm, 23% lower than in 2022, mainly due to a second half of the year with less activity. Moreover, prime rents continue to rise to EUR 40 sqm/month (+8.1% vs. 2022) and the availability rate increased slightly to 11.6%[12]. As for the logistics market, it was a weaker year in terms of space absorption with take-up of 995,100 sqm, 21% lower than the previous year, although 2022 was a record year for take-up and we continue to see a growth in prime rent, reaching EUR 5.90 sqm/month. Finally, shopping centres have surpassed pre-Covid levels in both sales and footfall.

Barcelona

Barcelona's office rental market demonstrated its resilience in the final stretch of the year despite a 27% year-on-year drop, in line with the performance of Europe's major capitals. Take-up was around 238,000 sqm and prime rents increased slightly to EUR 28.50 sqm/month. It should also be noted that there was an increase of around 180,000 sqm in the period, particularly in the 22@, causing the vacancy rate to rise to 14.0%. On the other hand, the logistics market is suffering from a lack of both available land and quality product for e-commerce operators. As far as shopping centres are concerned, the effort rate remains at very sustainable levels and availability is very limited.

Lisbon

The performance of the office rental market was well in line with other European cities, with 112,500 sqm absorbed (-59%) and a vacancy rate that fell slightly to 6.3%. Prime rents increased during the year, reaching EUR 27/sqm/month. In relation to logistics, rents remained stable and stand at EUR 5/sqm/month, on the Alverca/Azambuja axis. Lastly, shopping centres have recovered relatively well with sales and footfall at pre-covid levels.

1.2. Situation of the rental market by branch of activity

Offices

According to EY, the Spanish office market recorded a dramatic fall in investment activity in 2023 compared with 2022 (-20% fall year-on-year) although Madrid performed better than Barcelona (-76% fall year-on-year). In addition, the vacancy rate rose in both markets to 11.6% in Madrid and 14.0% in Barcelona, although the vacancy rate in the more central submarkets remains low: 4% for both locations. Prime rents have risen slightly in both markets, although there have been slight declines in more peripheral locations. Similar performance has been observed in Portugal.

Logistics

The upward trend in the logistics sector continues to be fuelled by consumer habits learned during the pandemic and geopolitical events that force many tenants to rethink their off-shoring strategy. It was a weaker year for logistics take-up in Madrid and Barcelona but it is important to take into account that 2022 was a record year for take-up.

Shopping centres

The recovery of the shopping centre activity after the pandemic is already complete and this is reflected in the good levels of sales and footfall in 2023, +8.4% and +7.4%, respectively. Footfall continues to recover due to improved activity by leisure operators, especially cinemas. The first transactions in this asset class are beginning to emerge.

Data centres

This is a booming market driven by product scarcity, the arrival of submarine cables and the exponential increase in data traffic based on the adoption of the cloud and the emergence of Artificial Intelligence. In addition, the strategic geographical position (port of entry of submarine cables connecting with other continents and installed capacity and development of renewable energies) makes the Iberian Peninsula an attractive location for the development of data centers.

1.3. Organisational and operational structure

The Company's main objective is to generate sustainable shareholder return through the acquisition, focused management and selective rotation of property assets in segments with a moderate risk profile ("Core" and "Core Plus").

Its strategy and operations are characterised by the following:

1. Focusing on Core and Core Plus assets in Spain and Portugal
2. An investment grade capital structure
3. Distribution, through dividends or return of premium, of 80% of the AFFO generated in the year.
4. Being one of the most efficient REITs in Europe
5. Implementing best practices in corporate governance

Its internal organisational structure can be summarised as follows:

- A Board of Directors composed of 13 directors and advised by the Audit and Control Committee (ACC), the Appointments and Remuneration Committee (ARC) and the Sustainability and Innovation Committee (SIC). MERLIN's Board of Directors is composed of a majority of independent directors and its activities are focused on defining, supervising and monitoring the policies, strategies and general guidelines to be followed by the Group. The Board is responsible for long-term strategy and for monitoring its implementation.
- A General Management, composed of the Chief Executive Officer, (CEO) and the Chief Operating Officer (COO), which reports directly to the Board and sits on it.
- An Investment Committee is formed by the management team.

2. Business evolution and results

2.1. Business performance and results in 2023

The Company's business performed excellently during the year, with growth in comparable rents and release spread in all asset categories.

The Company closed the year with lease income of EUR 227.7 million, 2% more than in 2022 and an operating profit of EUR 223.5 million.

During 2023, the Company launched the data centre located in Madrid.

2.2. Outlook for the Company in 2022

In the absence of externalities, the four main asset classes (offices, logistics and shopping centers) are expected to maintain occupancy levels, while rents will continue to benefit from rising inflation as leases are indexed to the CPI.

3. Results information by branch of activities

a) Criteria

The Company's management has segmented its business into the branches of activity outlined below in accordance with the asset class it acquires and manages:

- Office buildings.
- Shopping centres.
- Logistics assets.
- Data centres.
- Other: Assets not included in the above branches of activity, which essentially correspond to 2 hotels (which form part of other buildings corresponding to the offices branch of activity), non-strategic land and smaller assets.

Any revenue or expense that cannot be attributed to a specific line of business or relate to the Company in general are attributed as a "Corporate unit/Other", as are the reconciling items arising from the reconciliation of the result of integrating the financial statements of the various branches of activity (prepared using a management approach) and the Company's individual financial statements.

The profits of each branch of activity, and each asset within each of them, are used to measure performance as the Group considers this information to be the most relevant when evaluating the results of the branches of activity compared with other groups operating in the same businesses.

b) Basis and methodology of profit/loss by branch of activity

The information on profit/loss by branch of activity below is generated by the same computer application used to obtain the Company's accounting information. The branches of activity follow the same accounting policies as the Company, which are described in Note 2.

The ordinary income of the branch of activity relates to ordinary revenue directly attributable to the branch of activity plus the relevant proportion of the Company's general income that can be allocated to it on a reasonable basis.

The expenses of each branch of activity are calculated as the directly attributable expenses incurred in the operating activities, plus the corresponding proportion of the expenses that can be reasonably allocated to the branch of activity.

Profit or loss of branches of activity

The profit or loss by branch of activity for 2023 and 2022 are presented below:

2023	Thousands of Euros						
	Office buildings	Shopping centres	Logistics	Data Centers	Other	Corporate Unit	Total
Dividend income	-	-	-	-	-	114,412	114,412
Interest income	-	-	-	-	-	49,826	49,826
Rental income	167,228	38,638	8,273	106	13,433	-	227,678
Services rendered	1,654	2,230	1,483	679	18	1,068	7,132
Revenue	**168,882**	**40,868**	**9,756**	**785**	**13,451**	**165,306**	**399,048**
Other operating income	1,414	120	10	-	1	641	2,186
Staff costs	(3,717)	(4,680)	(1,179)	(242)	-	(21,128)	(30,946)
Other operating expenses	(17,462)	(6,912)	(713)	(1,265)	(1,015)	(14,720)	(42,087)
Depreciation and amortisation	(29,918)	(6,481)	(2,150)	(157)	(1,752)	(24,455)	(64,913)
Change in provisions	-	-	-	(404)	-	(6,724)	(7,128)
Impairment and gains or losses on disposal of non-current	(958)	(19,513)	1	-	(12,167)	-	(32,637)
Allocation of grants relating to non-financial assets and others	7	-	-	-	-	-	7
Profit / (loss) from operations	**118,248**	**3,402**	**5,725**	**(1,283)**	**(1,482)**	**98,920**	**223,530**
Finance income	-	-	-	-	-	8,994	8,994
Finance Costs	(3,203)	-	-	-	(1,606)	(104,084)	(108,893)
Changes in fair value of financial instruments	-	-	-	-	-	(9,891)	(9,891)
Impairment and gains or losses on disposal of financial	-	5	-	-	-	(15,315)	(15,310)
Profit / (loss) before tax	**115,045**	**3,407**	**5,725**	**(1,283)**	**(3,088)**	**(21,376)**	**98,430**
Income tax	-	-	-	-	-	(820)	(820)
Profit / (loss) for the year	**115,045**	**3,407**	**5,725**	**(1,283)**	**(3,088)**	**(22,196)**	**97,610**

2022	Thousands Euros						
	Office buildings	Shopping centres	Logistics	Data Centers	Other	Corporate Unit	Total
Dividend income	-	-	-	-	-	176,161	176,161
Interest income	-	-	-	-	-	21,067	21,067
Rental income	162,063	41,955	8,116	5	11,979	-	224,118
Services rendered	1,491	2,003	1,333	66	809	1,027	6,729
Revenue	**163,554**	**43,958**	**9,449**	**71**	**12,788**	**198,255**	**428,075**
Other operating income	286	99	4	-	2	917	1,308
Staff costs	(4,716)	(5,690)	(1,811)	(302)	-	(23,277)	(35,796)
Other operating expenses	(20,052)	(9,700)	(699)	(212)	(1,365)	(14,940)	(46,968)
Depreciation and amortisation	(29,701)	(6,556)	(2,027)	(153)	(1,755)	(24,364)	(64,556)
Change in provisions	-	-	-	-	-	(74)	(74)
Impairment and gains or losses on disposal of non-current	(9,955)	(4,534)	-	-	(1,655)	700,291	684,147
Profit / (loss) from operations	**99,416**	**17,577**	**4,916**	**(596)**	**8,015**	**836,808**	**966,136**
Finance income	-	-	-	-	-	3,795	3,795
Finance Costs	-	-	-	-	-	(99,391)	(99,391)
Changes in fair value of financial instruments	-	-	-	-	-	36,934	36,934
Impairment and gains or losses on disposal of financial	-	8	-	-	-	2,804	2,812
Profit / (loss) before tax	**99,416**	**17,585**	**4,916**	**(596)**	**8,015**	**780,950**	**910,286**
Income tax	-	-	-	-	-	430	430
Profit / (loss) for the year	**99,416**	**17,585**	**4,916**	**(596)**	**8,015**	**781,380**	**910,716**

4. Capital and Liquidity Resources

4.1. Debt

The Company's financial strategy is to actively manage liabilities in order to lengthen the average maturity period of the debt, as well as to try to maintain the financial cost levels and eliminate the risk derived from interest rate variations. Currently, 100% of the Company's debt is at a fixed rate or with interest rate hedges.

During 2023, MERLIN has carried out several actions on its financial liabilities.

The transactions carried out are as follows:

a. On November 18, 2022, the Company formalized a new senior syndicated loan in the amount of €600 million with the possibility of drawing down before April 24, 2023 for the amortization of the bond maturing in 2023. This financing has a maturity of 5 years from drawdown and will accrue a market rate of EURIBOR plus 130 basis points. While the financing is undrawn, a fee of 26 basis points will be applied to the undrawn balance. On April 20, 2023 the Company has drawn down the total amount of this financing.

Additionally, on that date a novation agreement of the senior syndicated loan has been formalized including a Tranche B corresponding to a revolving credit line for a limit of 700,000 thousand euros.

This new credit line has a maturity of 5 years with the possibility of two optional one-year extensions. The revolving credit facility bears interest at EURIBOR + 100 basis points and incorporates a cost adjustment mechanism based on four sustainability criteria.

b. On March 31, 2023 the Company has entered into an unsecured loan with Kutxabank, S.A. in the amount of 30 million euros with a maturity of 5 years from drawdown and accrues a market rate of EURIBOR + 130 basis points. While the financing is undrawn, a fee of 26 basis points will be applied to the undrawn balance. On April 20, 2023, the entire amount of this financing was drawn down.

c. On April 24, 2023 the Company has formalized and drawn down a loan without mortgage guarantee with Unicaja Banco, S.A. for an amount of 35 million euros, with a maturity of 5 years from its drawdown and accrues a market rate of EURIBOR + 130 basis points.

d. On April 25, 2023, the Company repaid the bond corresponding to this maturity for an amount of 743 million euros.

e. On July 18, 2023, the novation of the corporate loan and credit facility was signed. The senior syndicated loan has been increased to 665 million euros with the incorporation of the amounts of the bilateral loans of Kutxabank and Unicaja described above. Additionally, the limit of the credit line has been increased to 740 million euros. At the end of December 2023 it was undrawn.

f. At year-end 2023, the Company has 92.3 million euros undrawn corresponding to Tranche 2 of the logistics financing and the green loan signed with the European Investment Bank, as well as 740 million euros corresponding to the revolving credit line.

At year-end 2023, the Company's financial indebtedness amounted to 4,442.8 million euros, consisting of corporate financing without mortgage guarantee (loans and bonds) and mortgage loans.

The Company's liquidity position at December 31, 2023 amounts to 355 million euros, including 15 million euros of treasury stock. This liquidity is increased by 832.3 million euros through the revolving credit line, undrawn at year-end 2023, and undrawn financing from the European Investment Bank.

In addition, the Company has the capacity to access the capital market through the EMTN bond issue program, the limit of which amounts to 6,000 million euros. At the end of the 2023 fiscal year, this program has an available amount of 1,957 million euros.

5. Environmental matters

Since the assets were acquired, the Company has incorporated sustainability into its decision-making process, aware of its impact on improving the performance of assets and the well-being of tenants. The Copay and the Group to which it belongs seek to differentiate its properties along these lines and, to that end, in 2023 they have continued with its three key repositioning plans: Landmark, Best II and Best III. These plans are focused on creating value by repositioning selected properties, incorporating sustainability into the process, as well as in obtaining better financing terms linked to meeting sustainability targets.

6. Staff management

a. Composition of the workforce

Merlin Properties SOCIMI, S.A.'s staff are its main asset. At year-end 2023, the Company's team was comprised a total of 185 employees, divided into 3 categories in keeping with MERLIN's strategy of maintaining a horizontal structure.

Total number of employees at 2021 year end. Country, Sex, Professional Category and Age

Professional category	Women	Men	Overall total
Executive directors	1	26	27
Middle management	21	41	62
Other staff	50	46	96
Total employees	**72**	**113**	**185**

Spain	Women	Men	Overall Total
30-50 years old	1	12	13
>50 years old	0	14	14
Executive Directors	**1**	**26**	**27**
<30 years old	2	5	7
30-50 years old	11	20	31
>50 years old	8	16	24
Middle management	**21**	**41**	**62**
<30 years old	9	5	14
30-50 years old	29	25	54
>50 years old	12	16	28
Other staff	**50**	**46**	**96**
MRL	**72**	**113**	**185**

Total number of employees at 2023 year-end by type of employment contract

The Company has a team of professionals with permanent contracts and an average age of 44. Throughout 2023, to promote the employability of young people, it implemented a first job plan for young people who, having just finished their compulsory education, want to continue training and combine their studies with employment on some weekends.

From the moment they join the Company, it offers its employees stable contracts to ensure their loyalty and improve its ability to attract talent to the organisation. At the end of 2023, 99% of the Company's employees had an indefinite contract.

Contract term	Time	Total
Open-ended	Full-time	176
	Part-time	7
Total open-ended		**183**
Temporary	Full-time	2
Total temporary		**2**
Overall total		**185**

7. Dividends policy

The Company’s dividend policy takes into account sustainable levels of distribution and reflects the Company’s expectation of obtaining recurring profits. The Company does not intend to create reserves that cannot be distributed to Shareholders, except as required by law.

Under the REIT regime, after complying with any relevant requirement of the Corporate Enterprises Act, the Company will be required to pass resolutions to distribute the profit obtained in the year to shareholders in the form of dividends and this distribution must be approved within six months of the end of each year, as follows: (i) at least 50% of the profit from the transfer of properties and shares in qualified subsidiaries, provided that the remaining profit is reinvested in other property assets within no more than three years of the date of the transfer, otherwise, 100% of the profit must be distributed as dividends after such period has elapsed; (ii) 100% of the profit obtained from receiving the dividends paid by qualified subsidiaries; (iii) at least 80% of the remaining profit obtained.

If the resolution to distribute dividends is not passed within the legally established period, the Company will lose its REIT status for the financial year to which the dividends refer. As established in the Company's IPO Prospectus, Merlin Properties, SOCIMI, S.A. has set itself the target of distributing an annual dividend of between 4% and 6% of the IPO value.

The Company's dividend policy establishes a minimum distribution of 80% of the AFFO ("Adjusted FFO"), understood as the cash flow from operations less interest paid and less ordinary maintenance expenses for the assets.

On 27 April 2023, the General Shareholders Meeting approved the distribution of a final dividend from profits for 2022 in the amount of EUR 113,350 thousand.

On 16 November 2023, the Company's Board of Directors approved the distribution of an interim dividend from profits for 2023 in the amount of EUR 93,673 thousand.

8. Main risks and uncertainties

Financial risk factors

The Company's activities are exposed to various financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The Company's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on the Company's financial returns.

Risk management is undertaken by the Company's senior management in accordance with the policies approved by the Board of Directors. Senior management identifies, assesses and hedges financial risks in close cooperation with the Company's operating units. The Board of Directors issues the written global risk management policies and the policies for specific areas, including those for covering market risk, interest rate risk and liquidity risk and investing cash surpluses.

Market risk

Given the current status of the real-estate sector and in order to mitigate its effects, the Group has specific measures in place to minimise that impact on its financial position.

These measures are applied pursuant to the results of sensitivity analyses carried out by the Company on a regular basis. These analyses involve:

- The economic environment in which it operates: Designing different economic scenarios and modifying the key variables potentially affecting the Group. Identifying interdependent variables and the extent of their relationship; and

- The time scale in which the assessment is being carried out: The time frame of the analysis and its possible deviations will be taken into account.

The Company is exposed to market risk from possible vacancies or renegotiations of leases when the leases expire. This risk could have a direct negative impact on the valuation of the Company's assets.

However, market risk is mitigated by the customer acquisition and selection policies and the mandatory lease terms negotiated with customers. Therefore, at 31 December 2023, the average occupancy rate of the Company's asset portfolio was 93.7%, with a weighted average unexpired lease term of 3.4 years (weighted by GRI).

Credit risk

Credit risk is defined as the risk of financial loss to which the Company is exposed if a customer or counterparty does not comply with its contractual obligations.

In general, the Company holds its cash and cash equivalents at banks with high credit ratings.

The Company does not have any material credit risk concentration and has policies in place to limit the volume of risks posed by customers. Exposure to the risk of being unable to recover receivables is mitigated in the normal course of business through funds or guarantees deposited as collateral.

The Company has formal procedures to identify any impairment of trade receivables. Delays in payment are detected through these procedures and individual analysis by business area and methods are established to estimate impairment loss.

Cash and cash equivalents

The Company has cash and cash equivalents of EUR 339,922 thousand, which represents its maximum exposure to the risk posed by these assets.

Cash and cash equivalents are deposited with banks and financial institutions.

Liquidity risk

Liquidity risk is defined as the risk of the Company encountering difficulties meeting its obligations regarding financial liabilities settled in cash or with other financial assets.

At 31 December 2023, the Company’s working capital amounted to EUR 911,278 thousand.

The Company conducts prudent management of liquidity risk by maintaining sufficient cash to meet its payment obligations when they fall due, both in normal and stressed conditions, without incurring unacceptable losses or risking the Company’s reputation.

In addition, liquidity risk has the following mitigating factors, which should be highlighted: (i) the generation of recurrent cash from the businesses in which the Company conducts its activity; and (ii) the drawable credit facilities in the amount of EUR 832,345 thousand; and (iii) the capacity to renegotiate and obtain new financing facilities based on the Company's long-term business plans and the quality of its assets.

At the date of preparation of the financial statements, taking into account the foregoing, the Company had covered all its funding requirements to fully meet its commitments to suppliers, financers, employees and the authorities based on the cash flow forecast for 2024. Likewise, the type of sector in which the Company operates, the investments it makes, the financing it obtains to make such investments, the EBITDA they generate and the occupancy rates of the properties, enables the liquidity risk to be mitigated and excess cash to be produced.

Any cash surpluses are used to make short-term investments in highly liquid deposits with no risk. The acquisition of share options or futures, or any other high-risk deposits as a method of investing cash surpluses, is not among the possibilities considered by the Company for investing cash surpluses.

Interest rate risk in cash flows

The Company manages its interest rate risk by borrowing at fixed and floating rates of interest. The Company's policy is to ensure non-current net financing from third parties is at a fixed rate.

Exchange rate risk

The Company's policy is to borrow in the same currency as that of the cash flows of each business. Consequently, currently there is no foreign currency risk. The Company is not exposed to exchange rate fluctuations as all its operations are in its functional currency.

Tax risk

As mentioned in Note 1, the Company and part of its subsidiaries are subject to the special tax regime for listed companies investing in the property market (REITs). The transitional period of the Company ended in 2017 and, therefore, compliance with all requirements established by the regime (see Notes 1 and 4.11) became mandatory. Some of the more formal obligations that the Company must meet involve the inclusion of the term SOCIMI (REIT) in its company name, the inclusion of certain information in the notes to its separate financial statements, the share price on the stock market, etc., and other obligations that require estimates to be made and judgements to be applied by management that may become fairly complex, especially considering that the REIT regime is relatively recent and was developed by the Directorate-General of Taxes mainly in response to the queries posed by various companies. The Company's management, based on the opinion of its tax advisors, assessed compliance with the requirements of the regime, concluding that such requirements were met at 31 December 2023.

Accordingly, and also for the purpose of taking into consideration the financial effect of the regime, it should be noted that, as established in section 6 of Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, on REITs, and in the percentages established in it, companies that have opted for the special tax regime are required to distribute the profit generated during the year to their shareholders in the form of dividends, once the related corporate obligations have been met. This distribution must be approved within six months from each year-end, and the dividends paid in the month following the date on which the pay-out is agreed (see Note 4.11).

If the Company does not comply with the requirements established in the regime or if the shareholders at the General Meetings of these companies do not approve the dividend distribution proposed by the Board of Directors, calculated in accordance with the requirements of this Act, it would not be complying therewith and, accordingly, tax would have to be paid under the general regime, not the regime applicable to REITs.

Risk in climate change management

Within the framework of the European Green Pact and the UN's Sustainable Development Goals, the Group is carrying out various sustainability actions.

First, in 2021, the Company created a Sustainability and Innovation Committee reporting to the Board whose main functions are advising the Board, among other aspects, on environmental and sustainability issues; advising the Board on formulating the Company's strategy on sustainability in its relationships with stakeholders and publishing and communicating it to the public; supervising the reporting and communication to the market of any information that refers to sustainability issues and non-financial information; and keeping the ESG (Environmental, Social and Governance) risk map updated.

In this respect, the Company included criteria in relation to non-financial KPIs in its investment and financing policies. Along these lines, the investment studies of property acquisitions and investments in the repositioning of the Company's assets consider, among other factors, elements such as obtaining energy efficiency certificates with the highest rating (see Note 7), air conditioning, lighting, solar power, irrigation of green areas, accessibility, etc.

When certifying assets, the Company selects the most appropriate framework and modality based on the asset's phase, as well as the characteristics of the building, its occupancy rate at the time of certification or the tenants who occupy it.

We are continuing the process of certifying the portfolio under the standards of the leaders in this market, BREEAM and LEED. In 2023, the Group certified or renewed the certification for 36 assets. The Group considers the certification process of its assets as an anticipated response to the demands that the market will require from property lessors in the medium term and that will allow it to maintain its current competitive position.

Additionally, the Group obtained a rating of 83% in the 2023 edition of GRESB, a platform that makes it possible to harmonise and compare information related to sustainability criteria (environmental, social and corporate governance - ESG) in real estate investments.

The Group has an Environmental Management System (EMS) certified in accordance with ISO 14001, which is the umbrella under which it manages its portfolios and that incorporates new properties into its scope every year.

Since 2015, the Group has carried out a plan for ISO 14001 (environmental management) and ISO 50001 (energy management) certifications to maintain and expand the number of property assets that have at least ISO 14001 certification, and subsequently ISO 50001 certification (based on the understanding that it is a natural step to obtain ISO 14001 certification before aspiring to ISO 50001). This plan includes office buildings, shopping centres and logistics warehouses. With regard to ISO 14001, in 2023, 91 buildings comprising a surface area of 1,232,053 sqm were certified, 3 more buildings than in 2022.

Since 2017, the Group has undertaken a process of implementing an Energy Management System under the ISO 50001 standard, which began in 2017. Currently, 88 buildings are certified, comprising a surface area of 1,232,053 sqm, 3 more than in 2022. In the assets included in said System, there is a target of reducing total energy consumption by 8% in 2026, measured in kilowatt hours of the square meters occupied, with respect to 2022, based on the implementation of ESMs (energy saving measures).

In 2023, the Group continued to carry out an analysis of the entire portfolio to determine the carbon footprint of each of its assets, as well as the additional measures necessary to reduce that carbon footprint.

The Group's progress in 2023 has enabled the Company to meet its objective of reducing its emissions and its "Pathway to Net Zero" for 2030, thus getting a head start on the European strategy for decarbonisation of the economy and ensuring the present and future survival of the Company and its assets.

The Group's Pathway to Net Zero is a roadmap that outlines the way to improve not only the performance of the Company and its assets under operational control, but also the behaviour of the key agents responsible for the Group's emissions along its value chain, including suppliers and tenants.

The Company's financing policies are also aligned with the Group's sustainability objectives through the Green Financing Programme published in April 2022 and the conversion of 100% of its bonds in circulation into green bonds.

Currently 98.2% of the Group's debt with credit institutions and bondholders is linked to the Green Finance Programme or ESG criteria (see Note 14).

The Green Financing Programme, in line with best market practices, includes the following eligibility criteria:

1. Green assets with the best LEED/BREEAM rating levels or energy efficiency certificates and/or minimum carbon emission levels
2. Investments in energy efficiency
3. Investments in renewable energy
4. Investments in pollution control and prevention mechanisms
5. Investments in transport mechanisms with low carbon emissions

Financing linked to ESG targets includes a cost adjustment mechanism linked, in the Company's opinion, to own credit risk, based on management indicators calculated based on four sustainability criteria of which at least 3 must be met annually and cumulatively over the 2019-2025 period.

In addition, in its commitment to climate responsibility, the Group has incorporated qualitative factors related to the Group's sustainability strategy into the measurement targets for short-term variable compensation for its staff and management team (see Note 17).

It also agreed to report in the Statement of Non-Financial Information (SNFI) in accordance with the recommendations of the TCFD.

These initiatives, while increasing the Group's operating costs, are aimed at anticipating regulatory developments and building customer loyalty.

Finally, the Group has also made progress in publishing its Pathway to Net Zero. The Group’s Pathway to Net Zero is a roadmap that outlines the way to improve not only the performance of the Company and its assets under operational control, but also the behaviour of the key agents responsible for the Group’s emissions along its value chain, including suppliers and tenants. This strategy has 5 main lines of action:

1. Operational carbon reduction: 85% reduction in operational carbon from baseline (2018) to target (2028).
2. Reduction of embodied carbon: Embodied carbon footprint calculated in all new developments and repositionings.
3. Offset of residual emissions: The unavoidable footprint will be mostly offset by own duly certified initiatives.
4. Reduction in tenant emissions: Green clauses in all new leases and reduction in rental price, linked to their own credit risk, for net zero tenants,
5. Renewable energy: Acquisition of 100% renewable energy and on-site generation of energy through solar panels (Sun Project).

All the above is part of the Company's pathway to net zero or commitment to combating climate change. In 2022, the decarbonisation objectives included in its “Pathway to Net Zero” were validated and approved by the SBTi initiative.

9. Acquisition and disposal of treasury shares

At 31 December 2023, the Company held treasury shares amounting to EUR 15,410 thousand.

The changes in 2023 were as follows:

	Number of Shares	Thousands of euros
Balance at 1 January 2022	**2,885,491**	**32,305**
Additions	6,625	122
Disposals	(1,355,932)	(15,261)
Balance at 31 December 2023	**1,536,184**	**17,166**
Additions	83,106	689
Disposals	(220,166)	(2,445)
Balance at 31 December 2023	**1,399,124**	**15,410**

The shareholders at the Annual General Meeting held on 27 April 2023 revoked the unused portion of the authorisation granted by the shareholders at the General Meeting of 10 April 2019 and authorised the acquisition of treasury shares by the Company itself or by Group companies pursuant to section 146 et seq. of the Corporate Enterprises Act, complying with the requirements and restrictions established in current law during the five-year period.

The retirement of 220,166 treasury shares (average cost of EUR 11.10 per share) corresponds mainly to the delivery of shares to employees under the flexible remuneration plan in the amount of EUR 1,338 thousand and to sales under the Group's liquidity agreement for securities listed on the Lisbon Stock Exchange. This liquidity agreement made net sales of 16,840 shares (EUR 418 thousand) in 2023.

At 31 December 2023, the Parent held treasury shares representing 0.298% of its share capital.

10. Other relevant information

10.1. Stock market information

On 31 December 2023, the Company shares closed at a price of EUR 10.06, representing a 14.58% rise in their price compared with the closing price on 31 December 2022 (EUR 8.78 per share).

10.2. Average period of payment to suppliers

The information required by additional provision three of Law 18/2022, of 28 September, on creating and growing companies and Spanish Law 15/2010, of 5 July (amended by final provision two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in the notes to financial statements in relation to the average period of payment to suppliers in commercial transactions, is detailed below.

	Days	
	2023	2022
Average period of payment to suppliers	39	23
Ratio of transactions settled	39	20
Ratio of transactions not yet settled	36	33

	Thousands of euros	
	2023	2022
Total payments made	252,107	194,123
Total payments outstanding	18,942	44,574

In accordance with the ICAC Resolution, the average period of payment to suppliers was calculated by taking into account the commercial transactions relating to the supply of goods or services for which payment has accrued in each year.

For the sole purpose of the disclosures provided for in the Resolution, suppliers are considered to be the trade creditors for the supply of goods or services included in “Payable to suppliers” and “Sundry accounts payable” under current liabilities in the balance sheet and regardless of any financing due to the early collection of the supplier.

“Average period of payment to suppliers” is taken to be the period that elapses from the delivery of the goods or the provision of the services by the supplier to the effective payment of the transaction.

The monetary volume and number of invoices paid within the legally established period are detailed below.

	2023	2022
Monetary volume (thousands of euros)	233,676	193,802
Percentage of total payments made	*92.7%*	*99.8%*
Number of invoices	19,950	19,752
Percentage of total invoices	*80.6%*	*99.9%*

The legal maximum payment period applicable to the Company in 2023 in accordance with Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions is 60 days.

10.3. R&D&I activities

In relation to R&D+I activities and other innovating initiatives, the Company is committed to offering tenants and users comprehensive services of the highest quality that go beyond pure asset management, incorporating the most innovative solutions into its assets to enhance the user’s experience. In line with this philosophy, the Company continues to focus on improving the quality of life of the users of its assets. An example of this is the implementation of Mayordomo Smart Points, a system of smart lockers where users can receive packages and various services assisting with their work-life balance. At the end of 2023, MERLIN had a total of 32 assets with this system, 3 % more than in 2022.

The Company is also focused on LOOM flexible workspaces as a solution to the hybrid work model. During the year, the Company has continued to drive several projects of a technological nature to position itself at the forefront in terms of solutions for its clients and internal management. These include the sensorisation programme for office buildings, the energy consumption reading project, the photovoltaic self-consumption project and the development of the various user experience apps.

11. Events after the reporting period

In January 2024, the Company signed a mortgage loan of EUR 150 million, maturing in 2034 and with a spread of 130 bp. This loan is expected to be drawn down in March 2024.

In January 2024, the Company increased to 2.375% the amount drawn down (tap) on the bond maturing in September 2029 for EUR 100 million (implicit cost 3.93%).

In relation to the verification and investigation actions that the Tax Agency notified to the Company in 2022 (Note 14.4), the following tax assessments were signed on 21 February 2024:

- Corporate Income Tax for 2016 to 2019, which determined a refund of EUR 13,984 thousand to the Company, comprising tax liability and late-payment interest. This Act recognises the effects of the ruling of 19 January 2024 of the Constitutional Court, which invalidates certain provisions of Royal Decree Law 3/2016 that had an impact on the taxable income for corporate income tax purposes for 2016 to 2019.

- Value Added Tax for 2018 to 2019, which determined an amount of EUR 799 thousand to be paid, comprising tax payable and late payment interest.

- Withholdings on account of Non-Resident Income Tax (IRNR) for the years 2018 to 2019, which determined a payment of EUR 834 thousand, comprising tax liability and late payment interest.

- Withholdings and payments on account on capital assets for the 2018 and 2019 financial years, where no refund or payment were determined.

The amounts resulting from the previous assessments have been registered in 2023 under "Changes in provisions" in the accompanying income statement (Note 12).

12. Alternative Performance Measures

See the definitions of the APMs, as well as their reconciliation with MERLIN’ financial statements, in the consolidated directors’ report accompanying the 2023 consolidated financial statements.

13. Annual Corporate Governance Report

The Annual Corporate Governance Report is available in full on the website of the Spanish Securities Market Commission (www.cnmv.es) and the Company's website (www.merlinproperties.com).

In addition, the Annual Corporate Governance Report has been filed as Other Relevant Information (OIR) with the Spanish Securities Market Commission.

14. Annual Board Remuneration Report

The Annual Board Remuneration Report is available in full on the website of the Spanish Securities Market Commission (www.cnmv.es) and the Company's website (www.merlinproperties.com)

In addition, the Annual Board Remuneration Report has been filed as Other Relevant Information (OIR) with the Spanish Securities Market Commission.

MERLIN PROPERTIES, SOCIMI, S.A.
Preparation (*formulación*) of the Individual Financial Statements and individual Directors' Report relating to the fiscal year ended December 31, 2023.

In accordance with articles 365 and 366 of the Companies Registry Regulations, in relation to subarticle one of article 253 of the Capital Companies Law in force, the Board of Directors of MERLIN Properties, SOCIMI, S.A. (the "Company") has prepared (*formulado*) (in English) the individual financial statements and the individual directors' report (which has attached, as a separate section, the Annual Corporate Governance Report and the Annual Director Remuneration Report), relating to the year ended December 31, 2023, in single electronic format according with the Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 and included in the electronic file/s with the following hash code/s

Number:

(The "**Individual Financial Statements File**").

The Statement of Non-Financial Information is included in the consolidated directors' report.

In addition, through the execution and signature of this signature page, and pursuant to subarticle two of said article 253, the members forming the Company's Board of Directors declare that they have signed, in their own handwriting, the entire contents of the Individual Financial Statements File.

Mr. Javier Garcia-Carranza Benjumea (Chairman)	Mr. Ismael Clemente Orrego (Deputy Chairman)
Ms. Francisca Ortega Hernández-Agero (Member)	Mr. Juan Antonio Alcaraz García (Member)
Ms. María Luisa Jorda Castro (Member)	Ms. Pilar Cavero Mestre (Member)
Mr. Juan María Aguirre Gonzalo (Member)	Mr. Miguel Ollero Barrera (Member)
Mr. Fernando Javier Ortiz Vaamonde (Member)	Ms. Ana María García Fau (Member)
Mr. Emilio Novela Berlin (Member)	Mr. George Donald Johnston (Member)
Mr. Ignacio Gil-Casares Satrústegui (Member)	

Madrid, February 27, 2024

MERLIN Properties, SOCIMI, S.A.
DECLARATION OF RESPONSIBILITY FOR THE 2023 FINANCIAL STATEMENTS

The members of the Board of Directors of Merlin Properties, SOCIMI, S.A. declare that, to the best of their knowledge, the individual financial statements of Merlin Properties, SOCIMI, S.A. and the consolidated financial statements with its subsidiaries, for the year ended December 31, 2023, prepared (formuladas) (in English) by the Board of Directors at the meeting held on February 27, 2024, in accordance with the applicable accounting principles and in single electronic format, offer a true and fair view of the net worth, financial situation and results of Merlin Properties, SOCIMI, S.A. and of the subsidiaries included in the consolidated group, taken as a whole, and that the directors' reports accompanying the individual and consolidated financial statements (along with their attachments and supplementary documentation including the Statement of Non-Financial Information as part of the Consolidated Directors' Report) include a true analysis of the business performance, results and position of Merlin Properties, SOCIMI, S.A. and of the subsidiaries included in the consolidated group, taken as a whole, and a description of the main risks and uncertainties they face.

Mr. Javier Garcia-Carranza Benjumea (Chairman)

Mr. Ismael Clemente Orrego (Deputy Chairman)

Ms. Francisca Ortega Hernández-Agero (Member)

Mr. Juan Antonio Alcaraz García (Member)

Ms. María Luisa Jorda Castro (Member)

Ms. Pilar Cavero Mestre (Member)

Mr. Juan María Aguirre Gonzalo (Member)

Mr. Miguel Ollero Barrera (Member)

Mr. Fernando Javier Ortiz Vaamonde (Member)

Ms. Ana María García Fau (Member)

Mr. Emilio Novela Berlin (Member)

Mr. George Donald Johnston (Member)

Mr. Ignacio Gil-Casares Satrústegui (Member)

In Madrid, on February 27, 2024