

Merlin Properties SOCIMI, S.A. and subsidiaries

Auditor's report

Consolidated annual accounts for the financial year 2024

Consolidated directors' report



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the consolidated annual accounts

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

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Merlin Properties SOCIMI, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2024, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2024, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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 judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

Valuation of investment properties

Investment properties constitute 81% of the Group's assets. The Group, as described in note 5.1, applies the fair value model in accordance with IAS 40, and has recorded in the consolidated income statement for the year 2024 a negative change in the fair value of investment properties of 1,067 thousand euros, as described in note 7. The total investment property recorded in non-current assets on the consolidated balance sheet amounts to 10,865,480 thousand euros as of December 31, 2024.

The Group records the fair value of investment properties based on valuations made by independent experts. The valuations are carried out in accordance with the Valuation and Appraisal Standards published by the Royal Institution of Chartered Surveyors (RICS) and in accordance with the international Valuation Standards issued by the International Valuation Standards Council (IVSC), whose methodology has been described in note 7 of the attached consolidated annual accounts.

The valuers consider specific variables such as signed lease contracts, and particularly the rents. They also assume certain hypotheses regarding variables such as discount rates, estimated market rents and exit yields, reaching at a final assessment.

The importance of the estimates and judgements involved in these valuations, as well as the fact that a percentage difference in the valuation of a property could result in a material figure, makes the valuation of investment properties to be considered as a key audit matter.

How our audit addressed the key audit matters

We reviewed the design and implementation of key controls that mitigate the risk associated with the investment property valuation process, as well as their operational effectiveness.

For the acquisitions of investment properties recorded during the year, we have verified the supporting documentation of a sample of them, such as contracts and deeds of sale, or other documents that affect the acquisition price.

Additionally, we have obtained the valuation of investment properties carried out by independent experts hired by the management, on which we have carried out, among others, the following procedures:

- Verification of the competence, capacity and independence of the valuer experts through confirmation and verification of its recognized prestige in the market.
- We have verified that the valuations have been carried out in accordance with accepted methodology.
- Discussion of the main key assumptions of the valuation through several meetings with valuer experts and management, evaluating the consistency of the estimates for a sample of assets.
- Carrying out tests to verify the accuracy of the most relevant data supplied by management to the valuer for a sample of assets.

Lastly, we have evaluated the adequacy of the information disclosed in the consolidated annual accounts.

The result of the procedures carried out has made it possible to reasonably achieve the audit objectives for which said procedures were designed.

Other matters

On 28 February 2024, other auditors issued their audit report on the consolidated annual accounts for the 2023 financial year in which a favorable opinion was expressed.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2024 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

- a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.
- b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2024 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit and control committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group'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 aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit and control committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts 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 legislation governing the audit practice 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 consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.
- Conclude on the appropriateness of the Parent company's directors' use 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 Group'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 consolidated annual accounts 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's audit and control 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 Parent company's audit and control committee with a statement that we have complied with ethical requirements relating to independence and we communicate with the aforementioned those matters that may reasonably be considered to threaten our independence and, where applicable, the safeguards adopted to eliminate or reduce such threat.

From the matters communicated with the Parent company's audit and control committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts 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.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Merlin Properties SOCIMI, S.A. and its subsidiaries for the 2024 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, 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 the 2024 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration have been incorporated by reference in the consolidated management report.

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit and control committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit and control committee of the Parent company dated 27 February 2025.

Appointment period

The General Ordinary Shareholders' Meeting held on 27 April 2023 appointed us as auditors of the Group for a period of three years, as from the year ended 31 December 2024.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 21 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)



Rafael Pérez Guerra (20738)

27 February 2025

Merlin Properties SOCIMI, S.A. and Subsidiaries

Consolidated Financial Statements for the year
ended 31 December 2024
prepared in accordance with International
Financial Reporting Standards (IFRSs)
as adopted by the European Union and
Consolidated Directors' Report

MERLIN PROPERTIES SOCIMI, S.A.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2024

(Thousand euros)

ASSETS	Notes	31/12/2024	31/12/2023	EQUITY AND LIABILITIES	Notes	31/12/2024	31/12/2023
NON-CURRENT ASSETS				EQUITY	Note 13		
Other intangible assets		1,025	1,570	Share capital		563,725	469,771
Property, plant and equipment		22,132	7,142	Share premium		4,259,670	3,541,379
Investment property	Note 7	10,865,480	10,639,763	Reserves		2,529,381	2,729,403
Investments accounted for using the equity method	Note 9	586,513	537,288	Other shareholder contributions		540	540
Non-current financial assets	Note 10	229,934	202,109	Valuation adjustments		(20,411)	(9,475)
Derivatives		1,622	3,429	Treasury shares		(14,450)	(15,410)
Other financial assets		228,312	198,680	Interim dividend		(101,234)	(93,673)
Deferred tax assets	Note 17	53,321	77,573	Profit/(Loss) for the year attributable to the Parent		283,759	(83,497)
Total non-current assets		11,758,405	11,465,445	Equity attributable to the Parent		7,500,980	6,539,038
				Total equity		7,500,980	6,539,038
				NON-CURRENT LIABILITIES			
				Debt instruments and other marketable securities	Note 14	2,781,045	3,283,337
				Long-term bank borrowings	Note 14	1,523,202	1,223,731
				Other financial liabilities	Note 15	194,763	171,262
				Deferred tax liabilities	Note 17	607,562	613,190
				Provisions	Note 15	11,390	20,181
				Total non-current liabilities		5,117,962	5,311,701
CURRENT ASSETS				CURRENT LIABILITIES			
Inventories	Note 5.2	54,005	50,976	Debt instruments and other marketable securities	Note 14	621,361	20,966
Trade and other receivables	Notes 10 y 11	60,102	62,598	Bank borrowings	Note 14	4,124	4,528
Other current financial assets	Note 10	11,659	4,990	Other current financial liabilities	Note 15	7,639	7,369
Other current assets		22,348	20,179	Trade and other payables	Note 16	189,426	164,008
Cash and cash equivalents	Note 12	1,552,676	461,223	Current income tax liabilities	Note 17	6,859	7,591
Total current assets		1,700,790	599,966	Other current liabilities	Note 15	10,844	10,210
				Total current liabilities		840,253	214,672
TOTAL ASSETS		13,459,195	12,065,411	TOTAL EQUITY AND LIABILITIES		13,459,195	12,065,411

The accompanying explanatory Notes 1 to 24 and Appendix I and II are an integral part of the consolidated statement of financial position as at 31 December 2024.

**MERLIN PROPERTIES SOCIMI, S.A.
AND SUBSIDIARIES**

CONSOLIDATED INCOME STATEMENT FOR 2024

(Thousand euros)

	Notes	Year 2024	Year 2023
CONTINUING OPERATIONS:			
Revenue	Notes 6 y 18	494,572	464,779
Other operating income		8,428	4,754
Staff costs	Note 18.c	(36,199)	(34,845)
Other operating expenses	Note 18.b	(96,588)	(73,325)
Profit/(loss) on disposals of non-current assets	Note 7	5,351	(7,023)
Depreciation and amortisation charge		(4,350)	(2,075)
Allocation of grants relating to non-financial assets and others		52	36
Provisions	Note 15	5,337	(7,410)
Change in fair value of investment properties	Note 7	(1,067)	(335,984)
PROFIT/(LOSS) FROM OPERATIONS		375,536	8,907
Changes in the fair value of financial instruments-	Note 10 y 14	(1,076)	(6,232)
Finance income	Note 18.d	42,160	10,106
Profit/(loss) on disposal of financial instruments		20	-
Finance expenses	Note 18.d	(134,758)	(127,786)
Share of results of companies accounted for using the equity method	Note 9	14,073	39,923
Exchange differences		(1)	90
PROFIT/(LOSS) BEFORE TAX		295,954	(74,992)
Income tax	Note 17	(12,195)	(8,505)
PROFIT/(LOSS) FOR THE YEAR		283,759	(83,497)
Attributable to shareholders of the Parent		283,759	(83,497)
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (in €):	Note 13.6		
Basic		0.56	(0.18)
Diluted		0.56	(0.18)

The accompanying Notes 1 to 24 to the consolidated financial statements and Appendices I and II are an integral part of the consolidated income statement for 2024.

**MERLIN PROPERTIES SOCIMI, S.A.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2024

(Thousand euros)

	Notes	Year 2024	Year 2023
PROFIT/(LOSS) PER INCOME STATEMENT (I)		283,759	(83,497)
OTHER COMPREHENSIVE INCOME:			
Income and expense recognised directly in equity-			
Arising from cash flow hedges (*) from continuing operations	Note 13.7	1,017	(17,729)
OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY (II)		1,017	(17,729)
Transfers to the income statement from continuing operations	Note 13.7	(12,369)	(4,544)
Tax effect		416	-
TOTAL TRANSFERS TO THE INCOME STATEMENT (III)		(11,953)	(4,544)
TOTAL COMPREHENSIVE INCOME (I+II+III)		272,823	(105,770)
Attributable to shareholders of the Parent from continuing operations		272,823	(105,770)
Attributable to shareholders of the Parent		272,823	(105,770)

(*) Amounts that will be taken to the income statement in subsequent years

The accompanying Notes 1 to 24 and Appendices I and II are an integral part of the consolidated statement of comprehensive income for 2024.

MERLIN PROPERTIES SOCIMI, S.A.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR
ENDED 31 December 2024

(Thousand euros)

	Share Capital	Share premium	Reserves	Shareholder Contribution	Profit/ (loss) for the year	Interim Dividend	Valuation adjustments	Treasury shares	Equity attributed to the Parent Company	Non- controlling interests	Total Equity
Balance as of 31 December 2022	469,771	3,541,379	3,023,630	540	263,087	(444,815)	12,798	(17,166)	6,849,224	-	6,849,224
Consolidated income for 2023	-	-	-	-	(83,497)	-	-	-	(83,497)	-	(83,497)
Other comprehensive income for 2023	-	-	-	-	-	-	(22,273)	-	(22,273)	-	(22,273)
Distribution of 2022 profit	-	-	(181,728)	-	(263,087)	444,815	-	-	-	-	-
Transactions with shareholders or owners											
Distribution of dividends	-	-	(113,350)	-	-	(93,673)	-	-	(207,023)	-	(207,023)
Acquisition/(sale) of treasury shares	-	-	(252)	-	-	-	-	418	166	-	166
Recognition of share-based payments	-	-	2,804	-	-	-	-	-	2,804	-	2,804
Delivery of share distribution scheme	-	-	(371)	-	-	-	-	1,338	967	-	967
Other changes	-	-	(1,330)	-	-	-	-	-	(1,330)	-	(1,330)
Balance as of 31 December 2023	469,771	3,541,379	2,729,403	540	(83,497)	(93,673)	(9,475)	(15,410)	6,539,038	-	6,539,038
Consolidated income for 2024	-	-	-	-	283,759	-	-	-	283,759	-	283,759
Other comprehensive income for 2024	-	-	-	-	-	-	(10,936)	-	(10,936)	-	(10,936)
Distribution of 2023 profit	-	-	(177,170)	-	83,497	93,673	-	-	-	-	-
Transactions with shareholders or owners											
Distribution of dividends	-	(108,505)	(3,937)	-	-	(101,234)	-	-	(213,676)	-	(213,676)
Capital increase	93,954	826,796	(21,606)	-	-	-	-	-	899,144	-	899,144
Acquisition/(sale) of treasury shares	-	-	(18)	-	-	-	-	(59)	(77)	-	(77)
Recognition of share-based payments	-	-	2,804	-	-	-	-	-	2,804	-	2,804
Delivery of share distribution scheme	-	-	(95)	-	-	-	-	1,019	924	-	924
Other changes	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2024	563,725	4,259,670	2,529,381	540	283,759	(101,234)	(20,411)	(14,450)	7,500,980	-	7,500,980

The accompanying Notes 1 to 24 and Appendices I and II are an integral part of the consolidated statement of changes in equity for 2024.

MERLIN PROPERTIES SOCIMI, S.A.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 31 December 2024

(Thousand euros)

CONTINUED OPERATIONS	Notes	Year 2024	Year 2023
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:		316,784	227,965
Profit for the year before tax		295,954	(74,992)
Adjustments for-		74,279	436,354
Depreciation and amortisation charge		4,350	2,075
Change in fair value of investment property	Note 7	1,067	335,984
Changes in operating provisions		(5,337)	7,410
Profit/(Loss) on derecognition and disposal of non-current assets	Note 7	(5,351)	7,023
Finance income		(42,160)	(10,106)
Finance expenses		134,758	127,786
Changes in fair value of financial instruments		1,076	6,232
Share of results of investments accounted for using the equity method	Note 9	(14,073)	(39,923)
Other adjustments to profit		(51)	(127)
Changes in working capital-		31,825	(35,077)
Inventories		(3,029)	(6,468)
Accounts receivable		2,496	(12,758)
Other current assets		(2,170)	(9,746)
Accounts payable		28,223	5,347
Other assets and liabilities		6,305	(11,452)
Other cash flows from operating activities-		(85,274)	(98,320)
Interest paid		(119,407)	(109,299)
Interest received		32,929	8,994
Income tax recovered (paid)		1,204	1,985
CASH FLOWS FROM/(USED IN) INVESTMENT ACTIVITIES:		(294,378)	(274,747)
Payments due to investments-		(365,661)	(315,528)
Investment property	Note 7	(292,716)	(308,172)
Property, plant and equipment		(18,768)	(1,101)
Contributions to associates and other non-current investments		(53,465)	(5,349)
Intangible assets		(712)	(906)
Proceeds from disposals-		71,283	40,781
Investment property	Note 7	71,283	40,781
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:		1,069,047	78,556
Proceeds and payments relating to equity instruments-		691,791	(198,660)
Issue of equity instruments	Note 13	899,487	-
Treasury share purchases / disposals	Note 13	58	418
Premium Refunds	Note 4	(108,505)	-
Dividends Paid	Note 4	(105,171)	(207,023)
Dividends Paid / Premium Refunds from subsidiaries	Note 9	5,922	7,945
Proceeds and payments relating to financial liabilities-	Note 14	377,256	277,216
Debt issuance with credit institutions		297,987	1,021,625
Issuance of debentures and bonds		92,914	-
Repayment of bank borrowings		(13,645)	(1,623)
Return of debentures and bonds		-	(742,786)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,091,453	31,774
Cash and cash equivalents at beginning of period		461,223	429,449
Cash and cash equivalents at end of period		1,552,676	461,223

The accompanying Notes 1 to 24 to the consolidated financial statements and Appendices I and II are an integral part of the consolidated statement of cash flows for 2024.

Merlin Properties SOCIMI, S.A. and Subsidiaries

Notes to the consolidated financial statements
for the year ended
31 December 2024

1. Nature and activity of the Group

Merlin Properties SOCIMI, S.A. ("the Parent" or "MERLIN") was incorporated in Spain on 25 March 2014 under the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital). On 22 May 2014, the Parent requested to be included in the tax regime for real estate investment trusts (REITs), effective from 25 March 2014 (date of incorporation of the Parent).

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

The Parent's corporate purpose, as in its articles of association, is as follows:

- The acquisition and development of urban real estate 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 equity interests in real estate investment trusts ("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 stipulated by law or by the Articles of Association;
- The holding of equity interests in other resident or non-resident entities in Spain whose main corporate purpose is to acquire urban real estate for subsequent leasing, and that 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 that fulfil the investment requirements stipulated for these companies; and
- The holding of shares or equity interests in collective real estate investment undertakings regulated by Spanish Law 35/2003, of 4 November, on collective investment undertakings (Ley 35/2003, de 4 de noviembre, de Instituciones de Inversión Colectiva), or any law that may replace it in the future.

In addition to the economic activity relating to the main corporate purpose, the Parent may also carry on any other ancillary activities, i.e., those that generate income representing less than 20%, taken as a whole, of its income in each tax period, or those that may be considered ancillary activities in accordance with the law applicable at any given time.

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

The direct and, where applicable, indirect performance of any activities that are reserved under special law are excluded. If the law requires a professional qualification, prior administrative authorisation, registration with a public registry, or any other requirement for the purpose of exercising any of the activities within the corporate purpose, such activity may not commence until all the applicable professional or administrative requirements have been met.

Merlin Properties SOCIMI, S.A. and Subsidiaries ("the Group") engage mainly in the acquisition and management (through leasing to third parties) of offices, industrial buildings, logistic centers, Data

Centers, shops and shopping centers, and they may also invest, to a lesser extent, in other assets for lease.

On 30 June 2014, the Parent was floated on the Spanish stock market through the issuance of EUR 125,000 thousand shares, with a share premium of EUR 1,125,000 thousand. Merlin Properties SOCIMI, S.A.'s shares/securities have been listed on the electronic trading system of the Spanish stock exchanges since 30 June 2014.

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

On 24 July 2024, the Parent carried out a capital increase amounting to EUR 93,954 thousand, with a share premium of EUR 826,796 thousand (see Note 13.1).

The tax regime of the Parent and the majority of its subsidiaries is governed by Spanish Law 11/2009, of 26 October, as amended by Spanish Law 16/2012, of 27 December and subsequent laws, regulating REITs (Ley 16/2012, de 27 de diciembre, por la que se regulan las Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario). Article 3 of this 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 real estate 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 Article 2.1 of the above Law.

The value of the asset is calculated based on the average of the quarterly individual balance sheets of the year. To calculate this value, the REIT may opt to substitute the carrying amount for the fair value of the items contained in these balance sheets, which will apply to all the balance sheets of 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 Article 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 fulfilment of its primary 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 Article 42 of the Spanish Commercial Code, 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 1, Article 2 of said Law.

3. The REIT's real estate 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 this Act is applied, provided that the property is leased or offered for lease at that date. Otherwise, the following paragraph must be applied.
- b) In the case of properties developed or acquired subsequently by the REIT, 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 1, Article 2 of the Act must be kept in the REIT's asset base for a period of at least three years after their acquisition or, if applicable, from the beginning of the first tax period during which the special tax regime in the Law applies.

As in transitional provision one of Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, governing listed companies investing in the property market, these companies may opt to apply the special tax regime under Article 13 of this Act, even when the requirements stipulated therein are not fulfilled, 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 corporate income tax. However, where dividends distributed to an equity holder 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 the said equity holder, in respect of corporate income tax. If applicable, this special charge must be paid by the REIT within two months after the dividend distribution date.

With effect for financial years beginning on or after 1 January 2021, Law 11/2021, of 9 July, on measures to prevent and combat tax fraud amended Article 9 (4) of Spanish Law 11/2009, of 26 October, regulating REITs. Specifically, a special tax of 15% was introduced on the amount of profit obtained in the year which is not distributed, in the portion that arises from: a) income that has not been taxed at the general corporate income tax rate and, b) income that does not arise from the transfer of eligible assets, once the three-year maintenance period has elapsed, which has been included in the three-year reinvestment period in Article 6.1.b) of Law 16/2012, of 27 December. This special tax will be considered corporate income tax and will accrue on the day of the agreement to apply profit for the year by the general shareholders meeting or equivalent body. The self-assessment and payment of the tax must be performed within two months of the accrual.

The transitional period in which the Company had to meet all requirements of this tax regime ended in 2017. Group 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 2024.

Consequently, the Group's consolidated financial statements and the individual financial statements of the Parent for 2024, prepared by its Directors, which are awaiting approval by the General Meeting, have been prepared under the REIT Regime. However, the directors of the Parent consider that the above financial statements will be approved without any material changes.

On the other hand, the financial statements for 2024 for the companies that make up the Group are pending preparation by their respective Directors and are expected to be approved by their respective General Shareholders' or Partners' Meetings within the deadlines established by applicable law.

The separate and consolidated financial statements of Merlin Properties SOCIMI, S.A. for 2023 prepared by its directors, were approved by the shareholders at the Annual General Meeting on 9 May 2024.

The 2023 separate annual financial statements of the Group companies, which were prepared by their respective directors, were approved at the respective General Meetings within the periods in applicable tax legislation.

In view of the business activities currently performed by the Group, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results.

The Company did not change its corporate or trading name in 2024 or 2023.

2. Basis of presentation of the consolidated financial statements

2.1 Regulatory framework

The regulatory financial reporting framework applicable to the Group consists of the following:

- The Spanish Commercial Code and all other Spanish commercial laws.
- International Financial Reporting Standards (IFRSs) as adopted by the European Union pursuant to Regulation (EC) No 1606/2002 of the European Parliament and Law 62/2003, of 30 December, on tax, administrative and social security measures, and applicable rules and circulars of the Spanish National Securities Market Commission (CNMV);
- Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, and subsequent amendments, regulating REITs, and other commercial law.
- All other applicable Spanish accounting regulations.

2.2 Basis of presentation of the consolidated financial statements

The consolidated financial statements for 2024 were obtained from the accounting records of the Parent and the consolidated companies, and have been prepared in accordance with the regulatory financial reporting framework described in Note 2.1 and, accordingly, they present fairly the Group's consolidated equity and consolidated financial position at 31 December 2024 and the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended. The consolidated financial statements were prepared on a historical cost basis except for those items that have been measured at fair value.

Given that the accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2024 may differ from those applied by some of the Group companies, the necessary adjustments and reclassifications were made on consolidation to unify these policies and bases and to make them compliant with IFRSs as adopted by the European Union.

To present the various items composing the consolidated financial statements in a uniform manner, the accounting, policies and measurement bases used by the Parent were applied to all the consolidated companies.

2.2.1 Adoption of Financial Reporting Standards and Interpretations effective as from 1 January 2024

In 2024 the following standards, amendments and interpretations entered into force, which, where applicable, were used by the Group in preparing these financial statements:

Standards, Amendments and Interpretations	Description	Mandatory application in the financial years beginning on or after:
Amendments to IAS 1 Classification of liabilities as current and non-current, and non-current liabilities with conditions	Clarifications regarding the presentation of liabilities as current or non-current, particularly those with maturity conditional on covenant compliance.	01 January 2024
Amendment to IAS 16 Liabilities for leases in a sale and leaseback transaction	This amendment clarifies the subsequent accounting of lease liabilities arising in sale and leaseback transactions.	01 January 2024
Amendment to IAS 7 and IFRS 7 Supplier financing arrangements ("confirming")	This amendment introduces specific disclosure requirements for financial agreements with suppliers and their impact on liabilities and cash flows of the company, including liquidity risk and management of associated risks.	01 January 2024

These standards and amendments have not had a significant impact.

All accounting policies and measurement bases with a significant effect on the consolidated financial statements were applied.

2.2.2 Standards not yet in force in 2024

The following standards were not yet in force in 2024, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union.

Standards, Amendments and Interpretations	Description	Mandatory application in the financial years beginning on or after:
Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associates or joint ventures	These amendments clarify the accounting treatment of sales and contributions of assets between an investor and its associates and joint ventures depending on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business".	No date set
Amendments to IAS 21 Lack of exchangeability	This amendment adds requirements to help institutions determine whether a currency is exchangeable for another currency and the spot rate to use when it is not.	01 January 2025
IFRS 18 Presentation and disclosure in financial statements	A new standard replacing IAS 1, the key new concepts introduced relate to the structure of the income statement; disclosures for certain performance measures reported in the financial statements; and improved principles on aggregation and disaggregation of information in the financial statements and notes.	1 January 2027
IFRS 19 Subsidiaries without public accountability: Disclosures	This new standard has been developed to permit subsidiaries without public accountability, with a parent that applies IFRS Standards in its consolidated financial statements, to apply IFRS Standards with reduced disclosure requirements.	1 January 2027
Amendments to IFRS 9 and IAS 7 Amendments to the classification and measurement of financial instruments	These amendments clarify the date of recognition and derecognition of certain financial assets and financial liabilities; clarify and add additional guidance for assessing whether a financial asset meets the solely payments of principal and interest test; include new disclosure requirements; and update the disclosures for equity instruments designated at fair value through other comprehensive income.	1 January 2026
Annual Improvements to IFRS Accounting Standards. Volume 11	The purpose of the amendments is to avoid potential confusion arising from inconsistencies in the wording of the standards by making changes to the following standards: • IFRS 1 "First-time Adoption of International Financial Reporting Standards"; • IFRS 7 "Financial Instruments: Disclosures"; • IFRS 9 "Financial Instruments"; • IFRS 10 "Consolidated Financial Statements"; - and • IAS 7 "Statement of Cash Flows".	1 January 2026
Amendments to IFRS 9 and IAS 7 Contracts referencing nature-dependent electricity	Contracts referencing nature-dependent electricity production, also known as power purchase agreements (PPAs), are contracts to buy and receive electricity that is produced from renewable sources. The amendments include details on which PPAs can be used in hedge accounting and the specific conditions allowed in these hedging transactions and new disclosure requirements.	1 January 2026

At present, the Group is assessing the impacts that the future application of standards with a mandatory application date from 1 January 2025 could have on the consolidated financial statements once they come into force, although these impacts are not expected to be significant.

2.3 *Functional currency*

These consolidated financial statements are presented in euros, since the euro is the functional currency in the area in which the Group operates.

2.4 *Comparative information*

The information relating to 2023 contained in these notes to the consolidated financial statements is presented solely for comparison purposes with similar information relating to the year ended 31 December 2024.

2.5 *Responsibility for the information and use of estimates*

The information in these consolidated financial statements is the responsibility of the Parent's directors.

In the Group's consolidated financial statements for 2024 estimates were occasionally made by the senior executives of the Group and of the consolidated companies, later ratified by the directors, to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The market value of the Group's property assets (see Note 5.1). The Group obtained valuations from independent experts at 31 December 2024.
- The fair value of certain financial instruments (see Notes 5.5 and 5.6).
- The assessment of provisions and contingencies (see Note 5.11)
- Management of financial risk and, in particular, of liquidity risk and climate change risk (see Note 23).
- The recovery of deferred tax assets and the tax rate applicable to temporary differences (see Note 5.13).
- Compliance with the requirements that govern listed real estate investment companies (see Note 1).

Changes in estimates:

Although these estimates were made based on the best information available at 31 December 2024, on the events analysed, 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 in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statement.

2.6 *Basis of consolidation applied*

All companies over which the Group is exposed, or has the right, to variable returns from its involvement in the subsidiary and has the capacity to influence these returns through the power to direct the activities of the entity have been fully consolidated using the full consolidation method; and by applying the equity method, where appropriate, when significant influence is held but not a majority of the voting rights, with a shareholding of more than 20% (see Note 9). Likewise, a significant influence on the investments held by the Group with a participation rate of less than 20% is considered to exist if it has representation on the Board of these companies of the parties related to it.

A number of adjustments have been made to align the accounting principles and measurement bases of Group companies with those of the Parent, including the application of International Financial Reporting Standards measurement bases to all Group companies and associates.

It was not necessary to unify accounting periods since the balance sheet date of all the Group companies and associates is 31 December of each year.

2.6.1 Subsidiaries

Subsidiaries are considered to be those companies over which the Parent directly or indirectly exercises control through subsidiaries. The Parent has control over a subsidiary when it is exposed or has rights to variable returns from its involvement with the subsidiary, and when it has the ability to exercise its power to affect its returns. The Parent has power when the voting rights are sufficient to give it the ability to direct the relevant activities of the subsidiary. The Parent is exposed or has rights to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The financial statements of the subsidiaries are fully consolidated with those of the Parent. Accordingly, all material balances and effects of the transactions between consolidated companies are eliminated on consolidation.

Any third-party interests in the Group's equity and profit or loss are recognised under "Non-controlling interests" in the consolidated statement of financial position and "Result attributable to non-controlling interests" in the consolidated income statement and consolidated comprehensive income statement.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or until the effective date of disposal, as appropriate.

Appendix I includes information on Group companies and associates.

2.6.2 Associates

The companies listed in Appendix I and II, over which Merlin Properties, SOCIMI, S.A. does not exercise control but rather has a significant influence, are included under "Investments accounted for using the equity method" in the accompanying consolidated statement of financial position and are measured using the equity method, which consists of the value of the net assets and any goodwill of the associate. The share of these companies' net profit or loss for the year is included under "Share of results of associates accounted for using the equity method" in the accompanying consolidated income statement.

2.6.3 Inter-group transactions

Gains or losses on transactions between consolidated companies are eliminated on consolidation and deferred until they are realised with third parties outside the Group. The capitalised expenses of Group work on non-current assets are recognised at production cost, and any intra-Group results are eliminated. Receivables and payables between the consolidated Group companies and intra-Group income and expenses were eliminated from the consolidated financial statements.

2.6.4 First-time consolidation differences

At the date of an acquisition, the assets and liabilities of a subsidiary are recognised at their fair values at that date. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. When there is a negative difference between the acquisition cost and the fair values of the identifiable net assets acquired (i.e. a discount on acquisition), the valuations of the net assets are reviewed and, if applicable, said difference is credited to profit or loss in the period in which the acquisition is made.

2.6.5 Business combinations

The Group accounts for business combinations using the purchase method. The date of acquisition is the date on which the Group takes control of the acquiree.

The consideration paid is calculated at the date of acquisition as the sum of the fair values of the assets delivered, the liabilities incurred and assumed and the equity instruments issued by the Group in exchange for control of the business acquired. Acquisition costs, such as professional fees, do not form part of the cost of the business combination, but are taken directly to the consolidated income statement.

Where applicable, the contingent consideration is recognised at the acquisition-date fair value.

Subsequent changes to the fair value of the contingent consideration are taken to the consolidated income statement unless this change arises within the one-year period established as the provisional accounting period, in which case the business combination will be modified.

Goodwill is calculated as the excess of the aggregate of the consideration transferred, any non-controlling interests, and the fair value of any previously acquired interest less the net identifiable assets acquired.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If these amounts are less than the fair value of the identifiable net assets of the acquired subsidiary, the difference is recognised directly in the consolidated income statement as a bargain purchase.

2.6.6 Scope of consolidation

The companies composing the Merlin Group at 31 December 2024, along with information relating to the consolidation method, are listed in Appendix I of the consolidated financial statements.

2.7 Quantitative and qualitative information on current economic and geopolitical impacts

In recent months, no significant changes have been observed in the pattern of global economic activity, with global GDP growth rates expected to be slightly above 3% over the next few years (relatively modest rates from a historical perspective). Despite persistently high levels of uncertainty, the pace of global economic activity remains relatively robust, services are still the main driver of growth and the Economic and Monetary Union (EMU) continues to show signs of weakness, especially compared to the United States, where activity remains considerably strong.

The slowdown in inflation is consolidating. In the second half of the year, headline inflation continued its path of gradual moderation, supported mainly by a sharper than expected slowdown in energy prices. In any case, core inflation, and especially services inflation, continues to show greater downward resilience.

Monetary policy continues to be eased in most global economies. Compared to market expectations three months ago, monetary policy easing is now expected to be more intense in the euro area and less pronounced in the United States, where good employment data is casting doubt as to whether the Fed will continue its rate easing path.

The financial markets have seen: (i) recent improved performance of risk assets in the United States along with an appreciation of the US dollar against major world currencies and rising inflation expectations, and (ii) an increase in bond yields.

Crude oil prices are below levels anticipated three months ago, partly as a result of weak demand from China. In contrast, the price of natural gas has recently rebounded due to certain supply-side disruptions.

However, this scenario is surrounded by exceptionally high uncertainty, mainly associated with ongoing geopolitical tensions and, more recently, with the possible policies that the newly-elected US administration could roll out in the coming months (a hypothetical generalised increase in tariffs would foreseeably put downward pressure on economic activity and upward pressure on global inflation).

Persistent core inflation in Spain

Compared with the projections of the third quarter, the Bank of Spain has revised GDP growth in 2024 and 2025 upwards to 3.1% and 2.5%, respectively, while projections for 2026 have remained unchanged at 1.9%, before decelerating slightly in 2027 to 1.7%. The upward revision is due to stronger than expected activity in the second half of the year (lower interest rates, a more depreciated euro and lower oil prices (in US dollar terms)).

Although 2024 ended with an increase in inflation to 2.8%, price increases are expected to moderate over the next few years. The projected slowdown in 2024-2026 would reflect a gradual moderation of core inflation and, especially in 2025, a deceleration of inflationary pressures in food. However, core inflationary pressures have been revised upwards, given the unexpected increases recorded in recent months in changes in services inflation.

Decrease in operating margin of shopping center tenants

In 2024, we saw an increase in the costs borne by our tenants, especially in shopping centers (increase in minimum wage, direct cost increases, etc.).

Small and medium-sized enterprises, which form the backbone of many national markets and are a significant share of our tenants in the shopping centers, are particularly sensitive to cost increases despite reductions in the leasing effort rate. Companies that are struggling are cutting costs and unemployment may rise, thus reducing consumer spending and creating a negative feedback loop that could contribute to a weakening economy.

Measurement of fair value of investment property

The Group adjusted the fair value of its real estate investments according to IAS 40. This fair value is determined using the reference of the valuations made by independent third parties every six months so that, at the close of each six-month period, the fair value reflects the market conditions of the elements of the investment properties at that date.

At 31 December 2024, 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 Group's investment property.

The measurement methodology described in Note 7 was not changed.

In 2024 and 2023, the Group included at fair value those assets constructed that came into operation during the year in the data center branch of activity, since Group management considers that they meet the necessary requirements for their valuation at market value.

Although these assets are in their early stages, it should be noted that assumptions have been taken into consideration for these assets regarding growth in occupancy, rents and normalised margins in mature markets, and the rate of completion of the capacity expansion work. The valuation of these assets is therefore highly sensitive to achieving the assumptions made, and there may be significant changes in value in the event of variances with respect to these assumptions.

Meanwhile, the details of main assumptions used in the appraisals at December 2024 and December 2023 based on the nature of the assets and the sensitivities to increases and decreases of those variables are included in Note 7.

Liquidity risk

Experience has shown that consumer and investor behaviour can change rapidly during these times of uncertainty and volatility. Therefore, lending and investment decisions must reflect this high level of volatility and a potential deterioration in market conditions that may have a significant impact on the

overall financial position of companies, which could be divided into the companies' or groups' own liquidity risk and the liquidity risk or credit risk of their customers.

Against this backdrop, at 31 December 2024 the Group had a leverage ratio of 28.3%, understood as debt over the fair value of the assets (LTV) (this ratio is obtained by dividing the Company's net debt by the fair value of the assets including transaction costs) and cash and cash equivalents (including treasury shares) amounting to EUR 1,567,126 thousand. The only significant debt maturity for the Group over the next twelve months is in May 2025, due to the maturity of a bond amounting to EUR 600 million. However, the Group has a liquidity position, including the corporate credit facility and undrawn borrowings, of EUR 2,364 million (see Note 14).

The Parent's Directors and Management Team are constantly monitoring the evolution of the current situation and the effects it may have on the credit market, and they believe that the Group's situation at 31 December 2024 ensures that it will be solvent to fulfil the obligations on the balance sheet at 31 December 2024, and there is no material uncertainty about the continuity of the Group's operations.

Credit risk

With respect to the application of the simplified approach of impairment and credit risk, and also taking into consideration other differential factors of the Group's portfolio of tenants and the characteristics of their leases, and the amounts collected thus far, the Group has concluded that the increased credit risk of its customers has not been significantly affected, this risk falling 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 Directors of the Parent 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 in line with the previous year.

3. Changes in the scope of consolidation

2024

On 27 May 2024, the merger by absorption of Slack Tailwind Systems, S.L.U. and Slow Rise Spain, S.L.U. into Merlin Oficinas, S.L.U. was carried out (all of which are wholly owned by Merlin Properties SOCIMI, S.A.). This transaction had no effect on the consolidated financial statements.

On 27 November 2024, the shareholders at the General Meeting of Global Murex Iberia, S.L. resolved to dissolve and liquidate the company, which was wholly owned by the Group. This transaction had no effect on the consolidated financial statements.

On 17 December 2024, the Group acquired 5.84% of the shares representing the share capital of HCG Levante, S.L. for EUR 1,070 thousand. The company owns land for tertiary use in the city of Valencia.

2023

The following changes in the scope of consolidation took place in 2023:

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

On 7 November 2023, the Group acquired all the shares representing the share capital of Merlin Edged, S.L.U. for EUR 3 thousand.

In 2023, Metroparque, S.A. was fully spun off with the dissolution of Metroparque, S.A. through the transfer en bloc of its shopping center business to Merlin Retail, S.L. and its office business to Merlin Oficinas, S.L. (both wholly owned by Merlin Properties SOCIMI, S.A.). This transaction had no effect on the consolidated financial statements.

In 2023, the Group increased its ownership interest in Silicius Real Estate, SOCIMI, S.A. to 17.91% (previously 17.80%) due to the distribution of a dividend by means of promissory notes convertible into shares amounting to EUR 1,554 thousand.

4. Distribution of the Parent's profit

The distribution of profit proposed by the Parent's directors for approval by its shareholders at the Annual General Meeting is as follows:

	Thousands of euros
Profit/(Loss) for the year	124,431
Distribution:	
To legal reserves	12,443
To offset interim dividend	101,234
Dividends	10,754
To voluntary reserves	-

Other dividends distributed

On 9 May 2024, the shareholders at the Annual General Meeting approved the distribution of a final dividend out of 2023 profit in the amount of EUR 3,937 thousand, and the distribution of a dividend with a charge to the share premium for EUR 108,505 thousand.

On 14 November 2024, the Parent's Board approved the distribution of an interim dividend out of profit for 2024 in the amount of EUR 101,234 thousand.

Over the past five years, the Company has distributed the following dividends and share premium refunds:

	2024	2023	2022	2021	2020
Shareholder remuneration	213,676	207,023	561,926	210,099	68,518

5. Accounting policies

The main accounting policies and measurement bases applied in preparing the Group's consolidated financial statements, which comply with the IFRSs in force at that date, are as follows:

5.1 Investment property

Investment property comprises buildings under construction and development for use as investment property held (by the owner or by the tenant as an asset under usage rights), which are partially or fully held to generate revenue, profits or both, rather than for use in the production or supply of goods or services, or for the Group's administrative purposes or sale in the ordinary course of business.

All assets and usage rights (through the corresponding administrative concession or area right granted by a public body) classified as real estate investments are in operation with various tenants. These properties are earmarked for leasing to third parties. The Parent's directors do not plan to dispose of these assets in the coming 12 months and have therefore decided to recognise them as investment property in the consolidated statement of financial position.

Investment property is carried at fair value at the reporting date and is not depreciated. Investment property includes land, buildings, usage rights of concessionaire projects and other constructions held to earn rentals or with the aim of achieving gains on the sale as a result of future increases in the respective market prices.

Gains or losses arising from changes in the fair value of investment property are included in the income statement for the year in which they arise.

While construction work is in progress, the costs of construction work and finance costs are capitalised. The above assets are recognised at fair value when they become operational. The contingent payments related to the cost of the investment properties are capitalised as an increase in their value. If the variable payment changes is a result of the asset's profitability, this change is recognised as an increase in the value of the asset.

Subsequent expenses are capitalised at the carrying amount of the asset only when it is probable that the future economic benefits associated with these expenses will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised as expenses when incurred. When part of an investment property is replaced, the replacement cost is included in the carrying amount of the property and the fair value is reassessed.

In accordance with IAS 40, the Group periodically determines the fair value of its investment property so that the fair value reflects the actual market conditions of the investment property items at that date. This fair value is determined every six months based on the appraisals undertaken by independent experts.

Investment property obtained under a lease is initially measured at the amount of the lease liability adjusted for any lease payments made on or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group and an estimate of the costs to be incurred by the lessee to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The market value of the Group's investment property at 31 December 2024, calculated based on the appraisals carried out by Savills, JLL and CBRE, independent appraisers not related to the Group, amounted to EUR 10,742,187 thousand (see Note 7).

5.2 Inventories

Land held for sale or integration into property development is considered as inventories. The Group considers that its inventories do not meet the requirements of IAS 40 for consideration as investment property.

At 31 December 2024, certain land acquired in 2020 was recognised as inventories, which form part of an increased development area and are considered to be inventories as they are intended for sale. Pursuant to the future sale agreement reached with a third party, the land resulting in final residential use will be transferred to said third party, once all the buildable areas corresponding to each of the uses are finally assigned by the approved and registered Reparcelling Project. . In accordance with the above, the intended use of the land will be its recovery through sale, and the Group's objective is not to obtain rental income on the land. Therefore, they were recognised as inventories at the end of 2024.

In relation to them, the Group has agreements with third parties for the future sale of those intended for residential use and for which it has received, as of 31 December 2024, advances amounting to EUR 19,043 thousand that are recognised under "Trade and other payables" in the accompanying consolidated statement of financial position.

The Group values its inventories at acquisition cost (or at market value if the latter is lower), including both the acquisition cost of the land and plots, the urban planning costs, the construction costs and the personnel directly related to the real estate activity, and, where applicable, financial expenses to the extent that those expenses correspond to the period of urban planning and construction, provided that they are inventories that need a period of more than one year to be able to be sold. If the inventories are registered at a cost price higher than their market value, the appropriate valuation adjustments are made, recording the corresponding impairment.

5.3 Investments accounted for using the equity method

At 31 December 2024, this heading in the consolidated statement of financial position included the amount corresponding to the percentage of shareholders' equity of the investee relating to the Parent and accounted for using the equity method once aligned to the accounting criteria applied by the Group. In addition, and after accounting for these investments using the equity method, the Group decides whether or not an additional impairment loss needs to be recognised as regards the Group's net investment in the associate.

5.4 Leases

At the beginning of a contract, the Group assesses whether the contract is or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group reassesses whether a contract is, or contains, a lease only if the terms of the contract change.

5.4.1 Tenant

For a contract containing a lease component and one or more additional leases or non-leases, the Group will distribute the consideration of the contract to each component of the lease based on the relative price regardless of the lease component and the aggregate price independent of the components that are non-lease components.

The relative price, independent of the lease and non-lease components, will be determined based on the price that the landlord, or a similar supplier, would charge an entity separately for that component or for a similar component. If there is no readily available separate observable price, the Group will estimate the separate price, maximising the use of observable information.

The Group chose not to apply the recognition and measurement requirements indicated in IFRS 16 to short-term leases in which the underlying asset is of low value, recognising the lease payments associated with leases as a straight-line expense over the lease term.

Initial recognition

At the commencement date, a tenant recognises a right-of-use asset and a lease liability. At the commencement date, a tenant will measure a right-of-use asset at cost. The cost of the right-of-use asset includes:

- a. the amount of the initial measurement of the lease liability measured at the commencement date at the present value of the lease payments that were not paid at that date. Lease payments will be discounted using the interest rate specified in the lease, if that rate could be easily determined. If that rate cannot be easily determined, the tenant will use the tenant's incremental loan rate.
- b. lease payments paid before or from the commencement date, less leases received;
- c. the initial direct costs incurred by the tenant; and
- d. an estimate of the costs incurred by the tenant when dismantling and eliminating the underlying asset, restoring the location where it is located or restoring the underlying asset to the condition required by the terms of the lease, unless those costs are incurred to produce inventories. The tenant could incur obligations as a result of these costs either at the commencement date or as a result of using the underlying asset for a specified period.

At the start date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a. fixed payments, less any leases receivable;
- b. variable lease payments, which depend on an index or rate, initially measured using the index or rate at the commencement date;
- c. amounts expected to be paid by the tenant as guarantees of residual value;
- d. the exercise price of a call option if the tenant is reasonably confident of exercising that option;
- e. late lease payments if the lease term reflects that the tenant will exercise an option to terminate the lease.

Subsequent measurement of the right-of-use asset

After the commencement date, the Group will measure its right-of-use assets using the cost model, unless it applies the fair value model of IAS 40 "Investment Property" to its investment property and rights of use that meet the definition of investment property (see Note 5.1).

Subsequent measurement of lease liabilities

After the commencement date, the Group will measure a lease liability by:

- a. increasing the carrying amount to reflect interest on the lease liability;
- b. reducing the carrying amount to reflect the lease payments paid; and
- c. re-measuring the carrying amount to reflect the new measurements or changes in the lease and also to reflect the essentially fixed lease payments that have been revised.

5.4.2 Landlord

A landlord will classify each lease as an operating lease or a finance lease.

A lease will be classified as a finance lease when it substantially transfers all the risks and rewards inherent to owning an underlying asset. A lease will be classified as an operating lease if it does not substantially transfer all the risks and rewards inherent to owning an underlying asset.

Finance leases

At the commencement of the lease term, the Group recognises finance leases in the consolidated statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. To calculate the present value of the lease payments the interest rate stipulated in the finance lease is used.

The cost of assets acquired under finance leases is presented in the consolidated statement of financial position based on the nature of the leased asset. These assets relate in full to investment property and are measured in accordance with that established in Note 5.1.

Operating leases

A landlord recognises lease payments from operating leases as income on a straight-line basis or on another systematic basis. The landlord will apply another systematic basis if it is more representative of the structure with which the profit from the use of the asset is reduced.

The Group will recognise costs, including depreciation, incurred in earning the lease income as an expense. It will also add the initial direct costs incurred to obtain an operating lease to the carrying amount of the underlying asset and recognise these costs as an expense over the lease term, on the same basis as the lease income.

5.5 Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group classifies its financial assets in accordance with IFRS 9 "Financial Instruments".

The classification of financial assets will depend both on how an entity manages its financial instruments (its business model) and on the existence and characteristics of the contractual cash flows of the financial assets. Based on the above, an asset is measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss for the period, as follows:

- If the objective of the business model is to hold a financial asset to collect contractual cash flows and, depending on the terms of the contract, cash flows that are solely payments of principal and interest on that principal are received on specified dates, the financial asset is measured at amortised cost.
- If the objective of the business model is both to collect contractual cash flows and sell financial assets and, depending on the terms of the contract, cash flows that are solely payments of principal and interest on that principal are received on specified dates, the financial asset is measured at fair value through other comprehensive income (equity).

Any assets not meeting the above criteria will be measured at fair value through profit or loss in the income statement. All equity instruments (e.g. shares) are, by default, measured in this category. This is because their contractual flows do not meet the characteristic of being only payments of principal and interest. Financial derivatives are also classified as financial assets at fair value through profit or loss unless they are designated as hedging instruments.

For the purposes of measurement, financial assets should be classified into one of the following categories, with the accounting policies of each category being as follows:

1. Financial assets at amortised cost: these assets are subsequently recognised at their initial cost amortised in accordance with the effective interest method. This amortised cost will be reduced by any impairment loss. They are recognised in the consolidated income statement for the period when the financial asset is de-recognised or impaired, or due to exchange differences. Interest calculated using the effective interest method is recognised in the income statement under the heading 'Financial income'.
2. Financial assets at fair value with profit or loss: financial assets at fair value with profit or loss are recognised initially and subsequently at fair value, excluding transaction costs, which are charged to the income statement. Gains or losses from changes in fair value are presented in the income statement under the heading 'Changes in the fair value of financial instruments' in the period in which they originated. Any dividends and interest also leads to financial results.
3. Debt instruments at fair value through other comprehensive income: These instruments are subsequently recognised at fair value, with the changes in fair value recognised under "Other comprehensive income". Interest income, impairment losses and exchange differences are recognised in the consolidated income statement. When they are sold or derecognised, the cumulative fair value adjustments recognised under "Other comprehensive income" are included in the income statement as other finance income / (costs).
4. Debt instruments at fair value through other comprehensive income: They are subsequently measured at fair value. Dividends are only taken to profit or loss, unless these dividends clearly represent a recovery of the investment cost. Other gains or losses are recognised as 'Other comprehensive income' and are never reclassified as profit or loss.

Impairment of financial assets

The Group assesses on a prospective basis the expected credit losses associated with its assets at amortised cost and at fair value through other comprehensive income, with the main item being "Trade and other receivables".

The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model is based on a dual measurement approach, under which there will be an impairment provision based on expected losses over the next 12 months or based on expected losses over the entire life of the asset. The fact that determines the transition from the first approach to the second is that there is a significant decline in creditworthiness.

The deterioration of the Group's receivables was not significant, taking into account that the risk of default was less than 1% of turnover and that the Group has deposits from its tenants to secure its loans.

For trade receivables, given the composition of the Group's portfolio, which comprises companies of recognised prestige and proven financial solvency, and the low history of losses from trade receivables over the last 10 years, including the years of financial crisis, the Group has estimated that the impairment due to expected loss on these financial assets is not significant.

Financial liabilities

The main financial liabilities held by the Group companies are held-to-maturity financial liabilities, which are measured at amortised cost. The financial liabilities held by the Group companies are classified as:

1. Bank loans and other loans: loans from banks and other lenders are recognised by the proceeds received, net of transaction costs.

Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the borrowings using the effective interest method.

Financial debt is eliminated from the consolidated statement of financial position when the obligation specified in the agreement is paid, cancelled or expired. The difference between the carrying amount of a financial liability that has been cancelled or transferred to another party and the consideration paid, including any transferred assets other than the cash or liabilities assumed, is recognised in profit or loss for the year as other financial income or expenses.

Exchanges of debt instruments between the Group and the counterparty or substantial changes in the liabilities initially recognised are accounted for as a cancellation of the original liability and the recognition of a new financial liability, provided that the instruments have substantially different terms. The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least ten per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the exchange is recognised as a cancellation of the original financial liability, the costs or fees are recognised in the consolidated income statement as part of the consolidated income statement. Otherwise, the modified flows are discounted at the original effective interest rate, recognising any difference with the prior carrying amount, in profit or loss. Likewise, the costs or fees adjust the carrying amount of the financial liability and are amortised by the amortised cost method for the remaining life of the modified liability.

The Group recognises the difference between the carrying amount of a financial liability or the part of it cancelled or transferred to a third party and the consideration paid, including any assets transferred other than the cash or liabilities assumed in profit or loss.

The Group will account for exchanges of debt instruments with a lender, provided that the instruments have substantially different conditions, such as a cancellation of the original financial liability and subsequent recognition of a new financial liability. Similarly, a substantial change in the terms of an existing financial liability or a part of it will be recognised as a cancellation of the original financial liability and a subsequent recognition of a new financial liability. The difference between the carrying amount of the cancelled financial liability and the consideration paid, which includes any transferred assets other than cash or any liabilities assumed, will be recognised in profit or loss for the year.

If it is determined that the new terms or changes of a financial liability are not substantially different from the existing ones and it is therefore determined that the change is not substantial, the existing financial liability will not be derecognised. The Group will recalculate the gross carrying amount of the

financial liability and recognise a change gain or loss in profit/(loss). The gross carrying amount of the financial liability will be recalculated as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate of the financial liability.

2. Trade and other payables: trade payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

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

5.6 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge the risks to which its future activities, transactions and cash flows are exposed. These risks are mainly due to changes in interest rates. Among the various transactions, the Group uses certain financial instruments as economic hedges.

Derivatives are initially recognised at fair value on the date on which the derivative contract is signed and are subsequently measured at fair value at each reporting date. Subsequent changes in fair value are recognised depending on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the item being hedged.

At the beginning of the hedging relationship, the Group documents the economic relationship between the hedging instruments and the hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of the hedged items. The Group documents its risk management objective and strategy to undertake its hedge transactions.

The effective part of the changes in the fair value of the derivatives that are designated and classified as cash flow hedges is recognised in the cash flow hedge reserve under equity. The loss or gain relating to the ineffective part is immediately recognised in the consolidated income for the year under 'Changes in the fair value of financial instruments' in the consolidated income statement.

Gains or losses relating to the effective part of the change in the intrinsic value of the option agreements are recognised in the cash flow reserve hedge under equity. Changes in the time value of option agreements that relate to the hedged item ('aligned time value') are recognised under other comprehensive income in the costs of the hedge reserve in equity.

When forward contracts are used to hedge expected transactions, the Group generally designates only the change in the fair value of the forward contract related to the cash component as the hedging instrument. Gains or losses related to the effective part of the change in the cash component of forward contracts are recognised in the cash flow hedge reserve under equity. The change in the forward element of the contract related to the hedged item is recognised in other comprehensive income on the costs of the hedge reserve under equity. In some cases, the gains or losses corresponding to the effective part of the change in fair value of the full term contract are recognised in the cash flow hedge reserve under equity.

- Cash flow hedges: In hedges of this nature, the portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is recognised in the income statement in the same period during which the hedged item affects profit or loss, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or a non-financial liability, in which case the amounts recognised in equity are included in the initial cost of the asset or liability when it is acquired or assumed.
- Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gains or losses on the hedging instrument recognised in equity are retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and provided that the host contracts are not measured at fair value by recognising changes in fair value in the consolidated statement of comprehensive income.

The fair value of the derivative financial instruments is calculated using the valuation techniques described in Note 5.7 below.

5.7 Valuation techniques and applicable assumptions to measure fair value

The fair value of financial assets and liabilities is calculated as followed:

- The fair value of financial assets and liabilities with standard terms and that are traded on active, liquid markets is calculated by reference to prices quoted in the market.
- The fair value of financial assets and liabilities (except derivative instruments) is calculated in accordance with the generally accepted valuation models based on discounted cash flows using the prices of observable market transactions and the contributor prices of similar instruments.
- The fair value of interest rate swaps is calculated by discounting future settlements between fixed and floating interest rates to their present value, in line with implicit market interest rates, obtained from long-term interest rate swap curves. Implicit volatility is used to calculate the fair values of caps and floors using option valuation models.

Likewise, in the valuation of derivative financial instruments, the risk inherent to the element or position hedged must be effectively eliminated during the entire expected term of the hedge and there must be adequate documentation evidencing the specific designation of the financial derivative to hedge certain balances or transactions and how this effectiveness was intended to be achieved and measured. Moreover, pursuant to IFRS 13 and due to the inherent risk, the credit risk of the parties to the contract (both their own risk and that of the counterparty) must be included in the valuation of the derivatives. The Group applied the discounted cash flow method, considering a discount rate affected by the Merlin Group's own credit risk.

Financial instruments measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: those measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: those measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: those measured using valuation techniques, including inputs for the asset or liability that are not based on observable market data (non-observable inputs).

The Group's financial assets and liabilities measured at fair value were as follows at 31 December 2024:

2024

	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments (Note 14.3)	-	(20,941)	(16,407)	(37,348)
Financial instruments - assets (Note 14.3)	-	1,622	-	1,622
	-	(19,319)	(16,407)	(35,726)

2023

	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments (Note 14.3)	-	(9,475)	(14,828)	(24,303)
Financial instruments - assets (Note 14.3)	-	3,429	-	3,429
	-	(6,046)	(14,828)	(20,874)

No financial instruments were reclassified from one level to another during 2024 or 2023. In addition, Note 7 includes information regarding the determination of the fair value of investment property.

5.8 Treasury shares

An equity instrument is a contract that evidences a residual interest in the assets of the Parent after deducting all of its liabilities.

Capital instruments issued by the Parent are recognised in equity at the proceeds received, net of issue costs.

The Parent Company's equity instruments acquired by the Group are recognised separately at cost and deducted from equity in the consolidated statement of financial position, regardless of why they were acquired. No gains or losses from transactions involving own equity instruments are recognised in the consolidated income statement.

The subsequent amortisation of the equity instruments of the Parent gives rise to a capital reduction for the nominal amount of said shares and the positive or negative difference between the acquisition price and the nominal value of the shares is charged or credited to accounts of reserves.

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

5.9 Distributions to shareholders

Dividends are paid in cash and recognised as a reduction in equity when the pay-outs are approved by shareholders at the Annual General Meeting.

The Parent is subject to the special regime for REITs. As established in Article 6 of Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, and subsequent amendments, the REITs opting to pay tax under the special tax regime are required to distribute the profit generated during the year to shareholders in the form of dividends, once the related commercial 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 payout is agreed.

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

- 100% of the profit from dividends or shares in profits distributed by the entities referred to in Article 2.1 of Law 11/2009.
- At least 50% of the profit generated from the transfer of properties, shares or investments referred to in Article 2.1 of Law 11/2009, once the periods referred to in Article 3.2 of Law 11/2009 have elapsed, which are used to achieve the Company's main corporate purpose. The remainder of these profits must be reinvested in other property or investments used for the pursuit of said 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 ends. If the items to be reinvested are transferred before 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 in this Act.
- 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.

5.10 Cash and cash equivalents

The Group includes under this heading cash and short-term highly liquid investments maturing in less than three months that are readily convertible to cash and which are subject to an insignificant risk of changes in value. The interest income associated with these transactions is recognised as income when accrued while unmatured interest is presented in the consolidated statement of financial position as an addition to the balance of the above heading.

5.11 Provisions

The Group differentiates between:

- Provisions: credit balances covering present obligations arising from past events, the settlement of which is expected to result in an outflow of resources, but that are uncertain as to their amount and/or timing.
- 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 Group's control.

The consolidated financial statements include all the provisions with respect to which it is likely that the obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements but rather are disclosed in the notes to the consolidated financial statements, unless the possibility of an outflow in settlement is considered to be remote.

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 recognised as finance cost on an accrual basis.

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

5.12 Revenue recognition

Revenue and expenses are recognised 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. Rental income is measured at the fair value of the consideration received, net of discounts and taxes.

Discounts (rent waivers and rebates) granted to lessees are recognised as a reduction in rental income when it is probable that conditions precedent will be fulfilled requiring them to be granted.

Discounts are recognised by expensing the total rent waiver or rebate on a straight-line basis over the term of the lease in force. If a lease is cancelled earlier than expected, any outstanding rent waiver or rebate is recognised in the last period prior to the end of the agreement.

Leasing of investment property to third parties

The Group companies' principal activity comprises the acquisition and leasing of primarily offices, shopping centers, logistics units and Data Centers. The Group's ordinary income is generated from the leasing of this investment property to third parties.

Ordinary income from the leasing of investment property is recognised taking into account the stage of completion of the transaction at the reporting date, provided the result of the transaction can be reliably estimated. Income from the Group's leases is recognised by Group companies on a monthly basis pursuant to the conditions and amounts agreed with the lessees in the various agreements. This income is only recognised when it can be measured reliably and it is probable that the economic benefits from the lease will be received.

Where the outcome of services rendered cannot be measured reliably, revenue is recognised to the extent that the expenses incurred are deemed recoverable.

Service charges re-billed to lessees are recognised net of other operating expenses.

5.13 Income tax

5.13.1 General regime

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

The current income tax expense is the amount payable by the Group as a result of income tax settlements 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 recognised 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 recognised 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 recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets recognised 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, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

5.13.2 REIT regime

The REIT special tax regime, as amended by Law 16/2012 of 27 December, is based on a 0% corporate income tax rate, provided certain requirements are met. Particularly noteworthy amongst those conditions is that at least 80% of income must come from urban real estate 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 real estate 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 corporate income tax or a permanent establishment of a foreign entity, in which case a tax credit is taken, so that these earnings are taxed at the tax rate applicable to the shareholder. However, the other income will not be taxed as long as it is not distributed to the shareholders.

As established in Article Nine of Spanish Law 11/2009, of 26 October, as amended by Spanish Law 16/2012, of 27 December, regulating REITs, the Company will be subject to a special tax rate of 19% on the total dividends or shares in profit distributed to shareholders that have an ownership interest in the Company's share capital equal to or greater than 5%, when these dividends, in reference to the shareholders, are exempt or are taxed at a rate less than 10%. The Group 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 financial years beginning on or after 1 January 2021, Law 11/2021, of 9 July, on measures to prevent and combat tax fraud amended Article 9 (4) of Spanish Law 11/2009, of 26 October, regulating REITs. Specifically, a special tax of 15% was introduced on the amount of profit obtained in the year which is not distributed, in the portion that arises from: a) income that has not been taxed at the general corporate income tax rate and, b) income that does not arise from the transfer of eligible assets, once the three-year maintenance period has elapsed, which has been included in the three-year reinvestment period in Article 6.1.b) of Law 16/2012, of 27 December. This special tax will be considered corporate income tax and will accrue on the day of the agreement to apply profit for the year by the general shareholders meeting or equivalent body. The self-assessment and payment of the tax must be performed within two months of the accrual.

5.14 Share-based payments

The Parent Company recognises, on the one hand, the goods and services received as an asset or as an expense, depending on their nature, when they are received and, on the other, the related increase in equity, if the transaction is equity-settled, or the related liability if the transaction is settled with an amount based on the value of the 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 recognised at the fair value of the latter, by reference to the date on which the requirements for recognition are met.

2022 – 2024 Incentive Plan

The shareholders at the Annual General Meeting held 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 Parent's share capital on the date of approval), aimed at members of the MERLIN Group's management team, including the executive directors of the Parent (LTIP 2022-2024).

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 will be payable through the delivery of shares of the Parent 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.

With respect to the targets or metrics to which the plan is linked (see Note 20), it includes market and non-market conditions.

With respect to the market condition 'Total shareholder profitability,' the Group applied a valuation methodology for the underlying assets on the date of delivery of the incentive associated with the Monte Carlo simulation method. The Monte Carlo simulation is a statistical method applied to the financial modelling on the probability of different results where a random or independent variable comes into play. Accordingly, the Monte Carlo simulation method applied by the Group was based on a geometric Brownian motion model, which makes it possible to simulate the possible paths that the underlying asset may follow (price of Merlin's share and EPRA Nareit Development Europe index) from the repetition of random samples to obtain different numerical results. For the development of the simulation, the generation of the random variable was performed by applying a standard normal distribution $N(0,1)$. The average or expected value corresponding to the spot price of the Merlin share was therefore established at the date of communication of the incentive and a standard deviation to describe the change as regards the average, based on the volatility of the share.

With respect to the non-market conditions: i) EPRA NTA, ii) net carbon and environment issues and iii) environment and society, the Group estimated its compliance with them at each measurement date during the term of the plan with the best information available.

In this respect, the Group has recognised an expense of EUR 2,804 thousand in 2024 (EUR 2,804 thousand in 2023) with a balancing entry to reserves. The total provisions recognised during the term of the LTIP 2022-2024 amounted to EUR 8,413 thousand and were recognised under reserves.

5.15 Employee obligations

Under current labour legislation, the Group companies are required to pay termination benefits to employees terminated under certain conditions.

When a restructuring plan is approved by the directors, made public and communicated to employees, the Group recognises the provisions required to meet any future payments resulting from their application. These provisions are calculated in accordance with the best estimates available of the foreseeable costs.

At 31 December 2024, the Group had no commitments in this connection and there is no collective redundancy plan in force.

5.16 Current assets and liabilities

The Group classifies its assets and liabilities as current and non-current in the consolidated statement of financial position. To this end, current assets and current liabilities are those that meet the following criteria:

- Assets are classified as current when they are expected to be realised, or are intended for sale or consumption, over the course of the Group's normal operating cycle, when they are held primarily for the purpose of being traded, when they are expected to be realised within twelve months after the reporting date, or when they constitute cash and cash equivalents, except in cases where they cannot be exchanged or used to settle a liability for at least twelve months after the reporting date.
- Liabilities are classified as current when they are expected to be settled over the course of the Group's normal operating cycle, when they are held primarily for the purpose of being traded, when they must be settled within twelve months after the reporting date, or when the Group does not have an unconditional right to defer repayment of the liabilities for twelve months after the reporting date.
- Derivative financial instruments not held for trading are classified as current or non-current according to the period of maturity or periodic settlement.

5.17 Financial information by branch activity

In relation to IFRS 8 on operating segments, the Parent's directors internally identify these segments based on the definition of a branch of activity, an aspect to be considered when reading the accompanying consolidated financial statements and related financial information.

The Group groups its branches of activity based on the nature of the assets in the various areas in which it implements its strategy. In this sense, each branch of activity is a component of the Group that performs business activities from which it can earn revenue and incur expenses. The operating results of each branch of activity are regularly reviewed by the Group's management to decide on the resources to be allocated to each of them, assess its performance and for which differentiated financial information is available.

5.18 Earnings per share

Basic earnings per share are calculated by dividing net profit or loss attributable to the Parent shareholders by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Parent held by the Group companies.

For the calculation of the diluted profit per share, the Group calculates the amounts of the diluted earnings per share for the profit for the year attributable to the shareholders of the Parent and, where applicable, the profit for the year of the ongoing activities attributable to those holders of equity instruments.

For the purpose of calculating diluted earnings per share, the Group takes the profit or loss attributable to ordinary equity holders of the Parent, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

5.19 Environment

The Group performs activities whose primary purpose is to prevent, mitigate or repair environmental damage caused by its operations, see climate change management policies in Note 23.

Expenses incurred in connection with these environmental activities are recognised as other operating expenses in the year in which they are incurred. However, because of their nature, the Group's business activities do not have a significant environmental impact.

5.20 Consolidated statements of cash flows

The following terms are used in the consolidated statements of cash flows (prepared using the indirect method) with the meanings specified:

1. 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.
2. Operating activities: the principal revenue-producing activities of the entities composing the consolidated Group and other activities that are not investing or financing activities.
3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

6. Financial information by branch of activities

a) Criteria

Group management has segmented its activities into the branches of activity detailed below according to the type of assets acquired and managed:

- Office buildings
- Shopping centers
- Logistics warehouses
- Data centers
- Others: Assets not included in the above branches of activity, which correspond mainly to non-strategic land and other smaller assets.

Any revenue or expense that cannot be attributed to a specific line of business or relate to the entire Group are attributed to the Parent 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 Group's consolidated 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

In the year ended 31 December 2024 the Group carried out its activities in Spain and Portugal. In addition, in 2024 the Group reclassified certain assets from the Other branch of activity to the Offices and Shopping Center branches of activity based on their main use. This reclassification, although not significant, has been reflected in the comparative figures for 2023.

b) Basis and methodology for information by branch of activity

The information by branch of activity below is based on monthly reports prepared by Group management and is generated using the same computer application that prepares all the Group's accounting information. The branches of activity follow the same accounting policies as the Group, which are described in Note 5.

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 Group's general income that can be allocated on a reasonable basis to that segment. The ordinary income of each branch of activity does not include

interest or dividend income, gains on the disposal of investment property, debt recoveries or cancellation.

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.

The profit or loss of the branch of activity is presented before any adjustment for non-controlling interests.

The assets and liabilities of the branches of activity are those directly related to each branch of activity's operations, plus the assets and liabilities that can be directly attributed thereto using the above allocation system, and include the proportional part of the assets and liabilities of joint ventures.

Branch of activities information

The information by branch of activity at 31 December 2024 is presented below:

2024	Thousands of euros						
	Office buildings	Shopping centers	Logistics	Data Centers	Other	Corporate Unit	Group total
Revenue from non-Group customers							
Rental income	268,530	119,020	80,786	2,157	96	-	470,589
Services rendered	13,483	2,195	-	6,880	-	1,425	23,983
Net income	282,013	121,215	80,786	9,037	96	1,425	494,572
Other operating income	5,695	732	218	-	26	1,757	8,428
Staff costs	(6,881)	(6,277)	(2,436)	(314)	-	(20,291)	(36,199)
Operating expenses	(36,879)	(15,393)	(2,569)	(15,761)	(2,908)	(23,078)	(96,588)
Gains or losses on disposals of non-current assets	5,074	8	(70)	-	339	-	5,351
Depreciation and amortisation charge	(2,747)	-	-	-	(44)	(1,559)	(4,350)
Allocation of grants relating to non-financial assets and others	52	-	-	-	-	-	52
Allocation/Excess provisions	-	-	-	-	-	5,337	5,337
Changes in fair value of investment property	(6,587)	(17,749)	(36,366)	60,293	(658)	-	(1,067)
Profit/(Loss) from operations	239,740	82,536	39,563	53,255	(3,149)	(36,409)	375,536
Changes in fair value of financial instruments - Other	-	-	543	-	-	(1,619)	(1,076)
Finance income	-	-	2	-	-	42,158	42,160
Finance expenses	(14,014)	-	(1,977)	(1,227)	-	(117,540)	(134,758)
Gains on disposal of financial instruments	-	-	-	-	-	20	20
Share of results of companies accounted for using the equity method	-	-	-	-	-	14,073	14,073
Translation differences	-	-	-	-	-	(1)	(1)
Profit/(Loss) before tax	225,726	82,536	38,131	52,028	(3,149)	(99,318)	295,954
Income tax	(5,622)	(4,185)	29	-	-	(2,417)	(12,195)
Profit/(Loss) for the year	220,104	78,351	38,160	52,028	(3,149)	(101,735)	283,759

At 31 December 2024	Thousands of euros						
	Office buildings	Shopping centers	Logistics	Data Centers	Other	Corporate Unit	Group total
Investment property	6,586,397	2,014,249	1,651,459	569,693	43,682	-	10,865,480
Non-current financial assets-	43,744	25,268	10,925	319	967	148,711	229,934
Derivatives	-	-	1,622	-	-	-	1,622
Other financial assets	43,744	25,268	9,303	319	967	148,711	228,312
Deferred tax assets	983	-	3,404	-	-	48,934	53,321
Other non-current assets	15,067	18	2	5,051	1,674	587,858	609,670
Non-current assets	6,646,191	2,039,535	1,665,790	575,063	46,323	785,503	11,758,405
Trade receivables	29,235	16,368	5,443	8,750	-	306	60,102
Other current financial assets	33	196	-	-	177	11,253	11,659
Other current assets	93,216	65,845	19,743	13,708	12	1,436,505	1,629,029
Current assets	122,484	82,409	25,186	22,458	189	1,448,064	1,700,790
Total assets	6,768,675	2,121,944	1,690,976	597,521	46,512	2,233,567	13,459,195
Non-current bank borrowings and debenture issues	486,356	-	69,377	-	-	3,748,514	4,304,247
Other non-current liabilities	355,926	254,992	96,833	27,022	12,167	66,775	813,715
Non-current liabilities	842,282	254,992	166,210	27,022	12,167	3,815,289	5,117,962
Current liabilities	51,494	32,720	21,624	45,887	10,976	677,552	840,253
Total liabilities	893,776	287,712	187,834	72,909	23,143	4,492,841	5,958,215

The information by branch of activity at 31 December 2023 is presented below:

2023	Thousands of euros						
	Office buildings	Shopping centers	Logistics	Data Centers	Other	Corporate Unit	Group total
Revenue from non-Group customers							
Rental income	252,406	116,425	77,399	539	438	-	447,207
Services rendered	11,721	2,075	-	2,499	-	1,277	17,572
Net income	264,127	118,500	77,399	3,038	438	1,277	464,779
Other operating income	3,643	252	167	-	1	691	4,754
Staff costs	(6,958)	(6,672)	(2,024)	(295)	-	(18,896)	(34,845)
Operating expenses	(31,204)	(14,882)	(2,259)	(5,377)	(2,907)	(16,696)	(73,325)
Gains or losses on disposals of non-current assets	95	(10,376)	399	-	2,859	-	(7,023)
Depreciation and amortisation charge	(642)	-	-	-	(12)	(1,421)	(2,075)
Allocation of grants relating to non-financial assets and others	36	-	-	-	-	-	36
Allocation/Excess provisions	-	-	-	(1,212)	-	(6,198)	(7,410)
Changes in fair value of investment property	(337,920)	(125,917)	51,150	92,081	(15,378)	-	(335,984)
Profit/(Loss) from operations	(108,823)	(39,095)	124,832	88,235	(14,999)	(41,243)	8,907
Changes in fair value of financial instruments - Other	-	-	(660)	-	-	(5,572)	(6,232)
Finance income	-	6	-	-	-	10,100	10,106
Finance expenses	(5,656)	-	(8,708)	(8,885)	-	(104,537)	(127,786)
Gains on disposal of financial instruments	-	-	-	-	-	-	-
Share of results of companies accounted for using the equity method	-	-	-	-	-	39,923	39,923
Translation differences	-	-	-	-	-	90	90
Profit/(Loss) before tax	(114,479)	(39,089)	115,464	79,350	(14,999)	(101,239)	(74,992)
Income tax	(1,328)	(4,307)	(1,904)	-	-	(966)	(8,505)
Profit/(Loss) for the year	(115,807)	(43,396)	113,560	79,350	(14,999)	(102,205)	(83,497)

At 31 December 2023	Thousands of euros						
	Office buildings	Shopping centers	Logistics	Data Centers	Other	Corporate Unit	Group total
Investment property	6,558,775	2,011,388	1,648,314	350,177	71,109	-	10,639,763
Non-current financial assets-	28,656	25,396	12,827	261	967	134,002	202,109
Derivatives	-	-	3,429	-	-	-	3,429
Other financial assets	28,656	25,396	9,398	261	967	134,002	198,680
Deferred tax assets	768	22	3,492	-	-	73,291	77,573
Other non-current assets	4,554	1	2	-	1,559	539,884	546,000
Non-current assets	6,592,753	2,036,807	1,664,635	350,438	73,635	747,177	11,465,445
Trade receivables	23,848	17,503	7,888	3,819	3	9,537	62,598
Other current financial assets	4	189	(1)	-	177	4,621	4,990
Other current assets	76,253	55,629	9,071	9,222	15	382,188	532,378
Current assets	100,105	73,321	16,958	13,041	195	396,346	599,966
Total assets	6,692,858	2,110,128	1,681,593	363,479	73,830	1,143,523	12,065,411
Non-current bank borrowings and debenture issues	360,849	-	68,901	-	-	4,077,318	4,507,068
Other non-current liabilities	350,647	253,351	94,596	10,205	12,846	82,988	804,633
Non-current liabilities	711,496	253,351	163,497	10,205	12,846	4,160,306	5,311,701
Current liabilities	54,934	29,982	18,742	18,090	10,642	82,282	214,672
Total liabilities	766,430	283,333	182,239	28,295	23,488	4,242,588	5,526,373

c) Geographical segment reporting

For the purpose of reporting information on geographical areas, the revenue from the branch of activity is grouped based on the geographical location of the assets. The assets of the branch of activity are also grouped according to their geographical location.

The following table summarises the revenue and non-current investment property for each of the assets held by the Group by geographical area:

2024

	Thousands of euros			
	Rental income	%	Investment property	%
Madrid	243,203	48%	5,882,323	54%
Catalonia	73,520	15%	1,498,330	14%
Portugal	65,113	13%	1,292,933	12%
Castille-La Mancha	31,776	6%	676,138	6%
Andalusia	22,172	5%	295,701	3%
Galicia	20,297	4%	329,140	3%
Valencia	18,759	4%	285,775	3%
Basque Country	14,726	3%	440,810	4%
Resto of Spain	10,814	2%	164,330	1%
Total	500,380	100%	10,865,480	100%

2023

	Thousands of euros			
	Rental income	%	Investment property	%
Madrid	222,470	47%	5,799,910	54%
Catalonia	73,897	15%	1,498,010	14%
Portugal	65,122	14%	1,231,631	12%
Castille-La Mancha	28,134	6%	662,635	6%
Andalusia	21,931	5%	303,353	3%
Galicia	19,229	4%	282,167	3%
Valencia	20,400	4%	328,731	3%
Basque Country	13,961	3%	362,225	3%
Rest of Spain	10,469	2%	171,101	2%
Total	475,613	100%	10,639,763	100%

d) Main customers

The table below lists the most important tenants at 31 December 2024 and 2023, and the primary characteristics of each of them:

2024

Position	Name	Type	% of total of Income	% accumulated	Maturity
1	Endesa	Offices	4.1%	4.1%	2028-2030
2	Inditex	Shopping centers	3.3%	7.4%	2025-2026
3	Comunidad de Madrid	Offices	2.4%	9.8%	2025-2031
4	Tecnicas Reunidas	Offices	2.3%	12.1%	2028-2032
5	PwC	Offices	1.8%	13.9%	2028-2030
6	Hotusa	Offices	1.6%	15.5%	2028
7	BPI	Offices	1.5%	17.0%	2031
8	Indra	Offices	1.5%	18.5%	2025-2033
9	IBM	Offices	1.4%	19.9%	2025-2030
10	Logista	Logistics	1.4%	21.3%	2025-2040

2023

Position	Name	Type	% of total of Income	% accumulated	Maturity
1	Endesa	Offices	4.2 %	4.2%	2024-2030
2	Inditex	Shopping centers / Logistics	3.3 %	7.5%	2024-2025
3	Comunidad de Madrid	Offices	2.5 %	10.0%	2024-2031
4	Técnicas Reunidas	Offices	2.4 %	12.4%	2025
5	Hotusa	Offices	1.6 %	14.0%	2028
6	PWC	Offices	1.5 %	15.5%	2028
7	BPI	Offices	1.5 %	17.0%	2031
8	Logista	Logistics	1.4 %	18.4%	2025-2040
9	Indra	Offices	1.3 %	19.7%	2030
10	IBM	Offices	1.3 %	21.0%	2030

7. Investment property

The breakdown of and changes in items included under “Investment property” in the accompanying consolidated statement of financial position in 2024 and 2023 were as follows:

	Thousands of euros	
	2024	2023
Beginning balance	10,639,763	10,714,200
Additions for the financial year	292,716	308,172
Disposals	(65,932)	(46,625)
Changes in value of investment property	(1,067)	(335,984)
Closing balance	10,865,480	10,639,763

Investment property is recognised at fair value. The loss recognised in the consolidated income statement for 2024 from measuring investment property at fair value amounted to EUR 1,067 thousand (a loss of EUR 335,984 thousand in 2023).

Investment property comprises property assets mainly in the offices, shopping centers, logistics and Data Centers branches of activity.

Additions and assets acquired in the 2024 and 2023 financial years are as follows:

	Thousands of euros	
	2024	2023
Purchases	22,782	23,756
Offices	8,693	-
Shopping centers	-	15,451
Logistics	-	8,305
Data Centers	14,089	-
Additions	269,934	284,416
	292,716	308,172

The acquisitions made in 2024 related to the purchase of land for the construction of a data center in Álava and the acquisition of part of an office building in Madrid.

The additions in 2024 mainly related to the development of Data Centers and construction and refurbishment works, which were carried out in the Marineda Shopping Center in La Coruña and office buildings such as Plaza Ruiz Picasso.

The disposals in 2024 mainly relate to the sale of two office buildings, several commercial premises and a plot of land in Madrid and the sale of an office building in Granada, giving rise to a capital gain of EUR 5,351 thousand recognised under "Gains or losses on disposal of non-current assets" in the accompanying consolidated income statement.

The acquisitions made in 2023 related to the purchase of a space next to the Marineda Shopping Center in La Coruña, premises in a shopping center and the acquisition of land for logistics use in Valencia.

The additions for 2023 mainly related to the development of Data Centers, and the improvement and adaptation work performed on certain properties owned by the Group, most notably including certain logistics warehouses in Cabanillas del Campo and office buildings such as Plaza Ruiz Picasso.

The disposals in 2023 mainly related to the sale of two shopping centers in Barcelona and Valencia, and a logistics warehouse in Zaragoza. The accounting loss on these disposals amounted to a loss of EUR 9,995 thousand recognised under "Gains or losses on disposal of non-current assets" in the accompanying consolidated income statement.

At 31 December 2024, the Group had real estate assets amounting to EUR 1,672,779 thousand (EUR 1,046,328 thousand in 2023) to guarantee various loans. At 31 December 2024, the balance of these loans amounted to EUR 703,719 thousand (EUR 433,364 thousand at year-end 2023) (see Note 14). There are no rights of use, attachments or similar situations affecting the Group's investment property. The Group did not hold financial leases in 2024 or 2023.

All properties included under "Investment property" were insured as of 31 December 2024.

At 31 December 2024, the Group did not have any firm purchase commitments for investment property, excluding the committed investments in construction and improvements.

In 2024 and 2023 no significant finance costs were capitalised in the cost of constructing the properties.

Fair value measurement and sensitivity

All investment property leased or to be leased through operating leases are classified as investment property.

According to IAS 40, the Group periodically determines the fair value of its investment property so that the fair value reflects the actual market conditions of the investment property items at that date. This fair value is determined each year based on the appraisals undertaken by independent experts.

The market value of the Group's investment property at 31 December 2024 and 2023, calculated based on appraisals carried out by Savills Consultores Inmobiliarios, S.A., CBRE Valuation Advisory, S.A. and Jones Lang LaSalle, S.A., independent appraisers not related to the Group, amounted to EUR 10,742,187 thousand (EUR 10,566,124 thousand in 2023). This appraisal does not include the value of the rights of use recognised in accordance with IFRS 16 amounting to EUR 53,965 thousand (EUR 51,903 thousand in 2023) or other unvalued assets amounting to EUR 69,328 thousand (EUR 21,736 thousand in 2023). 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 Council (IVSC). In relation to the fair value of the rights of use, the Group also obtained valuations from independent third parties.

The method used to calculate the market value of the investment property 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 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 Data Centers, 6-year projections have been used, which is the period considered for market stabilisation. The projections are intended to reflect the best estimate of future income and expenses from the real estate assets. Both the exit yield and discount rate are determined taking into account the national market and institutional market conditions.

Fees paid by the Group to valuers for valuation services conducted up to 31 December 2024 and 2023 were as follows:

	Thousands of euros	
	2024	2023
Valuation services	664	651
Total	664	651

Breakdown of fair value of investment property

A breakdown of assets measured at fair value by their level in the fair value hierarchy is as follows:

2024

	Thousands of euros			
	Total	Level 1	Level 2	Level 3
Fair value measurement				
Investment property:				
Offices				
Land	2,263,658	-	-	2,263,658
Buildings	4,322,739	-	-	4,322,739
Shopping centers				
Land	380,866	-	-	380,866
Buildings	1,633,383	-	-	1,633,383
Logistics-				
Land	430,556	-	-	430,556
Buildings	1,220,903	-	-	1,220,903
Data Centers-				
Land	36,962	-	-	36,962
Buildings	532,731	-	-	532,731
Other-				
Land	42,424	-	-	42,424
Buildings	1,258	-	-	1,258
Total assets measured at fair value	10,865,480	-	-	10,865,480

2023

	Thousands of euros			
	Total	Level 1	Level 2	Level 3
Fair value measurement				
Investment property:				
Offices				
Land	2,253,954	-	-	2,253,954
Buildings	4,304,821	-	-	4,304,821
Shopping centers				
Land	380,023	-	-	380,023
Buildings	1,631,365	-	-	1,631,365
Logistics-				
Land	405,689	-	-	405,689
Buildings	1,242,625	-	-	1,242,625
Data Centers -				
Land	31,852	-	-	31,852
Buildings	318,325	-	-	318,325
Other-				
Land	67,081	-	-	67,081
Buildings	4,028	-	-	4,028
Total assets measured at fair value	10,639,763	-	-	10,639,763

No assets were reclassified from one level to another during 2024 or 2023. At 31 December 2024 and 2023, the gross surface areas and occupancy rates of the assets were as follows:

2024

	Square metres (*)										Occupancy rate (%)
	Gross leasable area										
	Comm. of Madrid	Catalonia	Comm. of Valencia	Galicia	Andalusia	Basque Country	Castille-La Mancha	Rest of Spain	Portugal	Total	
Offices	871,645	232,622	-	-	13,037	-	-	-	107,322	1,224,626	93.7%
Shopping centers	74,606	31,905	49,831	124,003	37,956	25,922	-	32,888	60,089	437,200	96,5% (**)
Logistics	330,389	132,100	61,604	-	139,218	26,774	681,270	21,579	45,171	1,438,105	99.4%
Data Centers	22,508	22,131	-	-	-	21,750	-	-	-	66,389	81,5% (1)
Other	1,899	1,140	-	-	-	46	-	-	-	3,085	61.6%
Total surface area	1,301,047	419,898	111,435	124,003	190,211	74,492	681,270	54,467	212,582	3,169,405	96.7%
% weight	41.1%	13.2%	3.5%	3.9%	6.0%	2.4%	21.5%	1.7%	6.7%	100.0%	

(*) Not including square metres of ongoing projects or land.

(**) Excluding vacant units acquired for refurbishment.

(1) The market standard for Data Centers is to measure occupancy on the basis of processing capacity, considering the required square metres of processing room space, being the latter the main object of the leasing contracts of the Data Centers. At 31 December 2024, the Group's three Data Centers currently in operation have an available processing capacity of 26 MW, with 21.2 MW (81.5%) committed at that date. The Group considers committed capacity to be that which is physically occupied at the reporting date or, while not occupied at the reporting date, that for which there are contractual commitments that reserve such capacity to ensure future growth for the Group's customers.

2023

	Square metres (*)										Occupancy rate (%)
	Gross leasable area										
	Comm. of Madrid	Catalonia	Comm. of Valencia	Galicia	Andalusia	Basque Country	Castille-La Mancha	Rest of Spain	Portugal	Total	
Offices	849,178	220,838	-	-	15,078	-	-	-	123,832	1,208,926	92.8 %
Shopping centers	74,606	31,905	49,897	124,003	37,956	25,922	-	32,869	60,089	437,247	96,2% (**)
Logistics	330,375	132,100	61,604	-	139,218	99,491	633,841	21,579	45,171	1,463,379	99.0 %
Data Centers	22,508	22,131	-	-	-	17,600	-	-	-	62,239	68,9% (1)
Other	1,899	1,140	-	-	-	46	-	-	-	3,085	61.6 %
Total surface area	1,278,566	408,114	111,501	124,003	192,252	143,059	633,841	54,448	229,092	3,174,876	96.2%
% weight	40.3%	12.8%	3.5%	3.9%	6.1%	4.5%	20.0%	1.7%	7.2%	100,0%	

(*) Not including square metres of ongoing projects or land

(**) Excluding vacant units acquired for refurbishment.

(1) The market standard for Data Centers is to measure occupancy based on processing capacity, considering the required square metres of processing room space, being the latter the main object of the leasing contracts of the Data Centers. At 31 December 2023, the Group's three Data Centers currently in operation had an available processing capacity of 9 MW, with 6.2 MW (68.9%) committed at that date. The Group considers committed capacity to be that which is physically occupied at the reporting date or, while not occupied at the reporting date, that for which there are contractual commitments that reserve such capacity to ensure future growth for the Group's customers.

Hypotheses used in the valuation

In relation to determining the fair value of investment property, the significant unobservable inputs used to measure the fair value of investment property corresponded to the rental income, future exit yields and the rate used for discounting the cash flows of the projections (IRR).

The quantitative information on the significant non-observable input data used in measuring fair value is shown below.

2024

	Exit yield	Discount rate
Offices	3,70% - 7,60%	5,20% - 10,10%
Shopping centers	3,92% - 7,75%	6,25% - 9,75%
Logistics	4,75% - 6,25%	6,50% - 9,50%
Data Centers	5,50% - 7,00%	10,00% - 12,00%
Other	5,50% - 7,50%	6,62% - 18,50%

2023

	Exit yield	Discount rate
Offices	3.70% - 7.35%	5.20% - 10.10%
Shopping centers	3,92% - 7,75%	6.25% - 9.75%
Logistics	4.75% - 6.25%	6.25% - 9.50%
Data Centers	5.50% - 6.25%	12.00%
Other	4.50% - 7.50%	5.25% - 16.00%

Market rents: the amounts per square metre used in the valuation have ranged between 3.24 and 67.53 euros depending on the type of asset and location. The growth rates of the rents used in the projections are mainly based on the CPI. It should be noted that the minimum range relates to a logistics asset and the maximum range is a retail asset located in a prime zone.

Analysis of the sensitivity of the hypotheses

The effect of a one-quarter, one-half and one point change in the rate used to discount the cash flows of the projections (IRR) on consolidated assets and on the consolidated income statement, with respect to investment property, would be as follows:

31 December 2024

	Thousands of euros					
	31.12.2024					
	Assets			Consolidated profit/(loss) before tax		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in IRR	(209,144)	(413,400)	(807,755)	(209,144)	(413,400)	(807,755)
Decrease in IRR	214,167	433,492	888,190	214,167	433,492	888,190

31 December 2023

	Thousands of euros					
	31.12.2023					
	Assets			Consolidated profit/(loss) before tax		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in IRR	(206,813)	(408,786)	(798,719)	(206,813)	(408,786)	(798,719)
Decrease in IRR	211,785	428,677	878,346	211,785	428,677	878,346

The effect of a 1%, 5% and 10% change in the rents considered has the following impact on investment property in consolidated assets and in the consolidated income statement:

31 December 2024

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	1%	5%	10%	1%	5%	10%
Increase in rents	83,801	419,003	838,006	83,801	419,003	838,006
Decrease in rents	(83,801)	(419,003)	(838,006)	(83,801)	(419,003)	(838,006)

31 December 2023

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	1%	5%	10%	1%	5%	10%
Increase in rents	83,131	415,654	831,308	83,131	415,654	831,308
Decrease in rents	(83,131)	(415,654)	(831,308)	(83,131)	(415,654)	(831,308)

The effect of a one-quarter, one-half and one point change in the future exit yields considered, in the case based on return calculated as the result of dividing the net operating income for the last year of the period analysed by the estimated exit value, on consolidated assets and on the consolidated income statement, regarding investment property, would be as follows:

31 December 2024

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in exit yield	(298,733)	(572,205)	(1,055,183)	(298,733)	(572,205)	(1,055,183)
Decrease in exit yield	327,665	688,677	1,533,417	327,665	688,677	1,533,417

31 December 2023

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in exit yield	(293,554)	(562,416)	(1,037,559)	(293,554)	(562,416)	(1,037,559)
Decrease in exit yield	321,810	676,164	1,504,467	321,810	676,164	1,504,467

Details of the "Change in value of investment property" in the accompanying consolidated income statement are as follows:

Type of asset	Thousands of euros	
	2024	2023
Offices	(6,587)	(337,920)
Shopping centers	(17,749)	(125,917)
Logistics	(36,366)	51,150
Data Centers	60,293	92,081
Other	(658)	(15,378)
	(1,067)	(335,984)

8. Operating leases

8.1 Operating Leases - Tenant

The Group, in its position as a tenant, only maintains short-term and low-value leases, which, following an analysis of the application of IFRS 16, recognises them as a straight-line expense over the lease term. In 2024, the Group recognised an expense of EUR 850 thousand (EUR 751 thousand in 2023) included under “Other operating expenses” in the accompanying consolidated income statement.

8.2 Operating leases – Landlord

The occupancy rates of the leased buildings at 31 December 2024 and 2022 were as follows:

	% occupancy	
	2024	2023
Offices	93.7	92.8
Shopping centers	96.5	96.2
Logistics	99.4	99.0
Data Centers (1)	81.5 ⁽¹⁾	68.9 ⁽¹⁾
Other	61.6	61.6

(1) The market standard for Data Centers is to measure occupancy on the basis of processing capacity, considering the required square metres of processing room space, being the latter the main object of the leasing contracts of the Data Centers. At 31 December 2024, the Group's 3 Data Centers currently in operation had a processing available capacity 26 MW, with 21.2 MW (81.5%) committed at that date. The Group considers committed capacity to be that which is physically occupied at the reporting date or, while not occupied at the reporting date, that for which there are contractual commitments that reserve such capacity to ensure future growth for the Group's customers.

At 31 December 2024 and 2023, the gross rental income from and the fair value of the assets grouped by branch of activity were as follows:

2024

	Thousands of euros	
	Rent Gross (a)	Value Fair
Offices	287,673	6,586,397
Shopping centers	126,790	2,014,249
Logistics	83,663	1,651,459
Data Centers	2,157	569,693
Other	97	43,682
Total	500,380	10,865,480

(a) The gross income indicated in the table above refers to income from leases (Note 6) of the properties, without taking into account credits or rent straight-lining.

2023

	Thousands of euros	
	Rent Gross (a)	Value Fair
Offices	268,021	6,558,775
Shopping centers	126,308	2,011,388
Logistics	80,273	1,648,314
Data Centers	539	350,177
Other	472	71,109
Total	475,613	10,639,763

(a) The gross income indicated in the table above refers to income from leases (Note 6) of the properties, without taking into account credits or rent straight-lining.

The leases agreements entered into between the Group and its customers include a fixed rent and, where applicable, a variable rent linked to the lessee's performance.

At 31 December 2024 and 2023, future minimum lease payments under non-cancellable operating leases (calculated at the nominal amount) are as follows:

	Thousands of euros	
	2024	2023
Up to a year	474,149	443,771
1 to 5 years	953,816	893,441
Over 5 years	208,138	202,804
Total	1,636,103	1,540,016

In 2024, the Group recognised EUR 7,958 thousand (EUR 8,224 thousand in 2023) for rental income relating to variable lease payments not benchmarked against a rate or index.

9. Investments accounted for using the equity method

The changes in 2024 and 2023 in investments in companies accounted for using the equity method are as follows:

	Thousands of euros	
	2024	2023
Beginning balance	537,288	500,300
Additions made during the year	41,074	6,678
Payments made in the financial year	-	-
Transfers	-	(110)
Dividends	(5,922)	(9,503)
Profit/(Loss) for the year	14,073	39,923
Closing balance	586,513	537,288

In relation to investments accounted for using the equity method, the additions in 2024 related mainly to the subscription of the capital increases carried out by Crea Madrid Nuevo Norte, S.A. in 2024, which entailed an increase in the Group's share capital of EUR 40,002 thousand, and the purchase of 5.84% of HCG Levante, S.L. (see Note 3) for EUR 1,070 thousand

The other changes in 2024 related to the profit obtained by the investees and the dividend distributed by CILSA.

The investee Silicius Real Estate SOCIMI, S.A. holds a call option on the shares held by the Group, the fair value of which is recognised under "Other non-current financial liabilities". Its final settlement will not be in cash but rather will affect the final valuation adjustment of the shareholding, if any (see Note 14.3 and 15).

The most significant shareholdings relate to the 48.5% investment in CILSA with a consolidated net value of EUR 238,718 thousand and the 14.46% investment in Crea Madrid Nuevo Norte, S.A. with a consolidated net value of EUR 214,616 thousand. In relation to the investment accounted for using the equity method in Crea Madrid Nuevo Norte, S.A., the Group considers that the value recognised for accounting purposes is reasonable as it does not differ significantly from the current value, in view of the long-term time horizon for developing the investment.

As regards those associates in which the Group has an interest of less than 20%, management assessed the significant judgements and concluded that it did have significant influence.

In relation to investments accounted for using the equity method, the additions in 2023 related mainly to the subscription of the capital increase carried out by Crea Madrid Nuevo Norte, S.A. as a result of the capital increase carried out in 2023, which entailed an increase in the Group's share capital of EUR 3,040 thousand, the distribution of a dividend in shares of Silicius Real Estate SOCIMI, S.A. amounting to EUR 1,554 thousand, and the purchase of 7.32% of Moregal Hotels, S.L. (see Note 3) for EUR 1,585 thousand.

The other changes in 2023 related to the profit obtained by the investees.

The detail of investments in companies accounted for using the equity method and the profit or loss attributable to the Group at 31 December 2024 and 2023 is as follows:

2024

Associate	Line of business	Registered office	Percentage of ownership	Thousands of euros	
				Investment	Profit/(loss) attributed to the Group
Centro Intermodal de Logística, S.A.	Management of the port concession of the logistics activity area	Barcelona	48.50%	238,710	7,411
Crea Madrid Nuevo Norte, S.A.	"Operación Chamartín" construction development and property operation	Madrid	14.46%	214,616	(658)
Silicius Real Estate SOCIMI, S.A.	Sale and lease of property	Madrid	17.91%	91,239	(1,850)
Paseo Comercial Carlos III, S.A.	Lease of shopping center	Madrid	50.00%	28,423	1,555
Provitae Centros Asistenciales, S.L.	Healthcare services	Madrid	50.00%	2,255	(65)
Other investments				11,270	7,680
				586,513	14,073

2023

Associate	Line of business	Registered office	Percentage of ownership	Thousands of euros	
				Investment	Profit/(loss) attributed to the Group
Centro Intermodal de Logística, S.A.	Management of the port concession of the logistics activity area	Barcelona	48.50%	237,221	50,119
Crea Madrid Nuevo Norte, S.A	"Operación Chamartín" construction development and property operation	Madrid	14.46%	175,269	(565)
Silicius Real Estate SOCIMI, S.A.	Sale and lease of property	Madrid	17.91%	93,089	(3,264)
Paseo Comercial Carlos III, S.A.	Lease of shopping center	Madrid	50%	26,868	(5,337)
Provitae Centros Asistenciales, S.L.	Healthcare services	Madrid	50%	2,320	(996)
Other investments				2,521	(34)
				537,288	39,923

All companies detailed in the table above are accounted for using the equity method.

The key business indicators at 100% for the Group's associates (standardised using the regulatory framework applicable to the Group) are as follows:

2024

	Thousands of euros					
	Provitae Centros Asistenciales, S.L.	Paseo Comercial Carlos III, S.A.	Centro Intermodal de Logística, S.A. (CILSA)	Crea Madrid Nuevo Norte, S.A.	Silicius Real Estate SOCIMI, S.A.	Other
Non-current assets	7,036	125,608	740,260	7,010	792,247	52,823
Current assets	9	12,514	42,479	2,531,341	18,219	49,915
Non-current liabilities	-	78,573	265,200	815,173	232,311	13,568
Current liabilities	2,536	2,703	25,345	238,975	68,723	15,974
Net assets	4,509	56,846	492,194	1,484,204	509,432	73,196
Revenue	-	9,240	84,121	2,182	31,477	5,044
Operating profit/(loss)	(130)	3,110	3,070	(4,550)	(10,329)	30,474

2023

	Thousands of euros					
	Provitae Centros Asistenciales, S.L.	Paseo Comercial Carlos III, S.A.	Centro Intermodal de Logística, S.A. (CILSA)	Crea Madrid Nuevo Norte, S.A.	Silicius Real Estate SOCIMI, S.A.	Other
Non-current assets	7,036	125,673	753,103	6,055	796,329	22,485
Current assets	8	7,859	40,584	1,216,051	29,774	14,451
Non-current liabilities	-	75,394	278,980	1,027	279,652	172
Current liabilities	2,404	4,403	25,583	8,981	26,691	12,359
Net assets	4,639	53,736	489,124	1,212,098	519,761	24,405
Revenue	-	8,719	84,898	-	34,554	1,586
Operating profit/(loss)	(1,992)	(10,674)	87,092	(3,907)	(26,901)	(448)

At the end of the year, there were no indications of impairment on the recoverable value of the investments held, in addition to those already recorded.

10. Current and non-current financial assets

The breakdown, by type, of the balance of this heading in the consolidated statement of financial position at 31 December 2024 and 2023 is as follows:

Classification of financial assets by category:

	Thousands of euros	
	2024	2023
Non-current:		
At fair value-		
Interest rate derivatives	1,622	3,429
Equity instruments	11,151	9,915
At amortised cost-		
Loans to third parties	146,589	130,107
Loans to associates	13,745	3,303
Deposits and guarantees	56,827	55,355
Total Non-current	229,934	202,109
Current:		
At amortised cost-		
Loans to associates	4,312	3,148
Loans to third parties	236	236
Other financial assets	7,111	1,606
Trade and other receivables	60,102	62,598
Total current	71,761	67,588

The carrying amount of financial assets recognised at amortised cost does not differ from their fair value.

Derivatives

At the end of 2024 and 2023, the valuation of interest rate derivatives receivable was recognised under "Derivatives" (see Note 14).

Loans to third parties

"Other non-current financial assets" included the loan granted to Urbanísticos Udra, S.A.U., shareholder of Crea Madrid Nuevo Norte, S.A., amounting to EUR 86,397 thousand, which accrues market interest. At 31 December 2024, due to the annual capitalisation of interest, EUR 93,737 thousand in principal and EUR 323 thousand in interest had yet to be paid. In relation to this loan, the Group has guarantees from the creditor associated with 10% of shares in Crea Madrid Nuevo Norte, S.A., and no credit risk has been identified for the debtor.

In addition, this heading also includes rental income recognised on a straight-line basis, marketing costs and tenant establishment expenses amounting to EUR 52,528 thousand (EUR 37,571 in 2023).

Deposits and guarantees

"Deposits and guarantees" primarily includes the guarantees provided by lessees as security deposits amounting to EUR 55,052 thousand (EUR 53,796 thousand at 31 December 2023), which the Group has deposited with the housing authority (Instituto de la Vivienda) in each region. At 31 December 2024, the guarantees provided by lessees as security deposits amounted to EUR 70,197 thousand (EUR 64,567 thousand at 31 December 2023) and were recognised under "Non-current liabilities –

Other financial liabilities” on the liability side of the accompanying consolidated statement of financial position for 2024 (see Note 15).

Classification of financial assets by maturity:

The classification of financial assets by maturity at 31 December 2024 and 2023 is as follows:

2024

	Thousands of euros				
	Less than 1 year	From 1 to 5 years	Over 5 years	Undetermined maturity	Total
Interest rate derivatives	-	1,622	-	-	1,622
Equity instruments	-	-	-	11,151	11,151
Loans to third parties and associates	236	40,009	120,325	-	160,570
Deposits and guarantees	-	-	-	56,827	56,827
Loans to associates	4,312	-	-	-	4,312
Other financial assets	7,111	-	-	-	7,111
Trade and other receivables	60,102	-	-	-	60,102
Total financial assets	71,761	41,631	120,325	67,978	301,695

2023

	Thousands of euros				
	Less than 1 year	From 1 to 5 years	Over 5 years	Undetermined maturity	Total
Interest rate derivatives	-	3,429	-	-	3,429
Equity instruments	-	-	-	9,915	9,915
Loans to third parties and associates	236	22,089	111,321	-	133,646
Deposits and guarantees	-	-	-	55,355	55,355
Investments in Group companies and associates	3,148	-	-	-	3,148
Other financial assets	1,606	-	-	-	1,606
Trade and other receivables	62,598	-	-	-	62,598
Total financial assets	67,588	25,518	111,321	65,270	269,697

11. Trade and other receivables

“Trade and other receivables” included the following items at 31 December 2024 and 2023:

	Thousands of euros	
	2024	2023
Trade and notes receivable	41,900	45,820
Sales debentures	4,288	6,186
Associates	636	589
Sundry accounts receivable	1,165	1,263
Remuneration payable	184	184
Other receivables from public authorities (Note 17)	19,456	19,515
Impairment of trade receivables	(7,527)	(10,959)
	60,102	62,598

“Trade and notes receivable” in the accompanying consolidated statement of financial position at 31 December 2024 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 2023).

The analysis of the age of the past-due balances that were not considered to have become impaired at 31 December 2024 is as follows:

	Thousands of euros	
	2024	2023
Less than 30 days	4,814	7,927
31 to 60 days	2,610	1,748
61 to 90 days	369	1,002
Over 90 days	546	286
	8,339	10,963

At 31 December 2024 and 2023, no collection rights had been transferred to financial institutions.

In accordance with IFRS 9, the Group periodically analyses the risk of insolvency of its accounts receivable by updating the related provision for impairment losses. The Parent's directors consider that the amount of trade and other receivables approximates their fair value.

The changes in the impairment losses and bad debt in 2024 and 2023 were as follows:

	Thousands of euros
Balance at 31 December 2022	(11,394)
Charges for the year	(939)
Reversals/amounts used	1,320
Other	54
Balance at 31 December 2023	(10,959)
Charges for the year	(1,076)
Reversals/amounts used	4,378
Other	130
Balance at 31 December 2024	(7,527)

Losses from bad debts amounted to EUR 3,457 thousand in 2024. The majority of impaired receivables are overdue by more than six months.

Details of the concentration of customers (customers that account for a significant share of business) are included in the information on branches of activity in Note 6.

12. Cash and cash equivalents

“Cash and cash equivalents” includes the Group’s cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets does not differ from their fair value. At 31 December 2024, short-term bank deposits amounted to EUR 1,293 million.

At 31 December 2024 and 2023, the amount included under “Cash and cash equivalents” is unrestricted, except for EUR 2,220 thousand and EUR 5,527 thousand, respectively.

13. Equity

The detail of and changes in “Equity” are presented in the consolidated statement of changes in equity.

13.1 Share capital

As of 31 December 2024, the share capital of Merlin Properties SOCIMI, S.A. amounted to EUR 563,725 thousand, represented by 563,724,899 fully subscribed and paid shares of EUR 1 par value each, all of which are of the same class and grant the same rights to their holders.

On 23 July 2024, the Parent’s Board approved a capital increase through the issue of up to 93,954,149 new ordinary shares, representing approximately 20% of the share capital, all of the same class and series as the shares currently outstanding at that date. The capital increase would be carried out by means of monetary contributions and with the disapplication of pre-emption rights, and would be carried out through a private accelerated bookbuilding process aimed exclusively at qualified investors.

On 23 July 2024, the Parent’s Board approved a capital increase through the issue of up to 93,954,149 new ordinary shares, representing approximately 20% of the share capital, all of the same class and series as the shares currently outstanding at that date. The capital increase would be carried out by means of monetary contributions and with the disapplication of pre-emption rights, and would be carried out through a private accelerated bookbuilding process aimed exclusively at qualified investors.

On 24 July 2024, the bookbuilding process described above was completed on the following terms:

- Issue of 93,954,149 shares of EUR 1 par value each, all of the same class and series as the shares currently outstanding.
- Effective amount of the capital increase: EUR 920,750,660.
- Issue price: EUR 9.80 per share, of which EUR 1.00 corresponded to the par value and EUR 8.80 to the share premium.

These new shares were admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges on 25 July 2024 and on the Lisbon Stock Exchange on 29 July 2024.

All the Parent’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 2024

and the average market price for the fourth quarter amounted to EUR 10.16 and EUR 10.40 per share, respectively.

At 31 December 2024, according to information extracted from the CNMV, in relation to 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 according to public information:

	Shares			% of share capital
	Direct	Indirect	Total	
Banco Santander, S.A.	112,958,071	26,072,122	139,030,193	24.66 %
Nortia Capital Investment Holding, S.L.	46,045,299	-	46,045,299	8.17 %
BlackRock, INC	-	29,105,117	29,105,117	5.16 %

The information on Banco Santander and Nortia Capital Investment Holding, S.L. was obtained from the Company's Shareholder Register at the 2024 reporting date.

13.2 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.

As a result of the capital increase described above, the share premium was increased by EUR 826,796 thousand.

On 9 May 2024, the shareholders at the Annual General Meeting approved the distribution of a dividend with a charge to the share premium in the amount of EUR 108,505 thousand.

13.3 Other reserves

The detail of reserves at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Legal reserve	93,954	93,954
Reserves of consolidated companies	2,105,466	2,286,573
Other reserves	329,961	348,876
Total other reserves	2,529,381	2,729,403

In 2024, the changes in "Other reserves" was mainly due to the expenses associated with the capital increase carried out during the year (see Note 13.1) amounting to EUR 21,606 thousand.

The balance of "Other reserves" includes the amount of undistributed profit arising from the transfer of properties and the shares or holdings referred to in Article 2.1 of Law 11/2009, of 26 October, regulating real estate investment trusts, made after the expiration of the time limits referred to in Article 3(3) of the mentioned Law. This amount relates to the undistributed profits from the divestment of the subsidiary Tree Inversiones Inmobiliarias SOCIMI, S.A. in 2022 and must be reinvested in other properties or holdings used for the Parent's main corporate purpose within three years of the date of transfer. This reinvestment commitment has been fully met at year-end 2024. In relation to this issue, the Parent Company has obtained a binding tax consultation confirming the criteria applied.

Legal reserve

The legal reserve will be established in accordance with Article 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 may not be distributed, and if it is used to offset losses, provided that sufficient other reserves are not available for this purpose, it must be restored with future profits.

At 31 December 2024, the Group had not yet reached the legally required minimum established in the consolidated text of the Corporate Enterprises Act.

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

Reserves in consolidated companies

The changes in 2024 and 2023 in "Reserves in consolidated companies" are as follows:

	Thousands of euros				
	31/12/2023	Incorporation of prior year's results	Distribution of reserves	Other changes	31/12/2024
Reserves in consolidated	2,286,573	(83,497)	(97,610)	-	2,105,466

	Thousands of euros				
	31/12/2022	Incorporation of prior year's results	Distribution of reserves	Other changes	31/12/2023
Reserves in consolidated	2,935,532	263,087	(910,716)	(1,330)	2,286,573

The distribution corresponds to the Parent's profit for 2023 and 2022.

Dividends

On 9 May 2024, the shareholders at the Annual General Meeting approved the distribution of a dividend with a charge to the share premium in the amount of EUR 108,505 thousand, and the distribution of a final dividend out of 2023 profit for EUR 3,937 thousand, with both dividends being paid on 4 June 2024.

On 14 November 2024, the Parent's Board approved the distribution of an interim dividend out of profit for 2024 in the amount of EUR 101,234 thousand, which was paid on 10 December 2024.

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

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

13.4 Treasury shares

At 31 December 2024, the Parent held treasury shares amounting to EUR 14,450 thousand.

The changes in 2024 and 2023 were as follows:

	Number of Shares	Thousands of euros
Balance at 1 January 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
Additions	29,471	293
Disposals	(113,950)	(1,253)
Balance at 31 December 2024	1,314,645	14,450

The General Meeting held on 27 April 2023 revoked the authorisation granted by the General Meeting of 10 April 2019 in the part not used and then authorised the acquisition of shares by the Company itself or by a Group company, under Article 146 and related provisions of the Corporate Enterprises Act, in accordance with the requirements and restrictions under the current law during the five-year period.

The disposal of 113,950 treasury shares (average cost of EUR 10.99 per share) relate mainly to the delivery of shares to employees under the flexible remuneration plan in the amount of EUR 1,019 thousand and to sales under the Group's liquidity agreement for securities listed on the Lisbon Stock Exchange. Net sales of 8,142 shares (EUR 59 thousand) were made under this liquidity agreement in 2024.

At 31 December 2024, the Parent held treasury shares representing 0.233% of its share capital.

13.5 Capital management

The Group's capital management objectives are to safeguard its capacity to continue operating as a going concern so that it can continue to provide returns to shareholders and to benefit interest groups, and to maintain an optimum financial structure to reduce the cost of capital.

In line with the practices of other groups present in the sector, the Group controls its capital structure through the debt ratio, calculated as net debt divided by total capital. Net debt is determined as the sum of financial liabilities less cash and cash equivalents. Total capital is calculated as the sum of equity plus net debt.

	Thousands of euros	
	2024	2023
Total financial debt (b)	4,914,300	4,526,244
Less - Cash and cash equivalents and Other current financial assets (a)	(1,567,126)	(476,633)
Net debt	3,347,174	4,049,611
Equity	7,500,980	6,539,038
Total capital	10,848,154	10,588,649
Debt-to-equity ratio	31%	38%

1. In both 2024 and 2023, the amount in treasury shares is included as Other current financial assets
2. Gross debt amounts without considering debt arrangement expenses and interest accrued and unpaid.

13.6 Earnings per share

Basic

Basic earnings per share are calculated by dividing the net profit attributable to common equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

The detail of the calculation of basic earnings per share is as follows

	2024	2023
Weighted average number of shares outstanding (thousands)	509,857	468,324
Profit (Loss) for the period attributable to the Parent (thousands of euros)	283,759	(83,497)
Basic earnings/ Loss per share (euros)	0.56	(0.18)

The average number of ordinary shares outstanding is calculated as follows:

	Number of Shares (Thousands)	
	2024	2023
Ordinary shares at beginning of period	469,771	469,771
Treasury shares	(1,315)	(1,399)
Average adjustment of outstanding shares	41,401	(48)
Weighted average number of ordinary shares outstanding at 31 December (thousands of shares)	509,857	468,324

Diluted

In accordance with paragraph 41 of IAS 33, potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share from continuing operations. At 31 December 2024, there was no potential dilutive effect arising from the variable remuneration granted by the Group to its executives and key management personnel (see Note 20), with basic earnings matching diluted earnings.

13.7 Valuation adjustments

This heading of the consolidated statement of financial position includes changes in the value of financial derivatives designated as cash flow hedges. The changes in the balance of this heading in 2024 and 2023 are as follows:

	Thousands of euros
Balance at 31 December 2022	12,798
Changes in the fair value of hedges in the year	(22,273)
Balance at 31 December 2023	(9,475)
Changes in the fair value of hedges in the year	(11,352)
Tax effect	416
Balance at 31 December 2024	(20,411)

The balance at year-end 2024 relates to the valuation of the interest rate hedges arranged by the Group in 2022 to 2024 to cover the new financing taken out at floating interest rates for the period from April 2023 to June 2031 (see Note 14).

14. Current and non-current financial liabilities

The detail of current and non-current liabilities at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Non-current:		
Measured at amortised cost-		
Syndicated loan	665,000	665,000
Syndicated loan arrangement expenses	(2,983)	(3,889)
Total syndicated loan	662,017	661,111
Non-mortgage loan	145,581	127,880
Mortgage loans	703,063	431,735
Loan arrangement expenses	(8,400)	(6,470)
Total other loans	840,244	553,145
Debentures and bonds	2,800,000	3,300,000
Debenture issue expenses	(18,955)	(16,663)
Total debentures and bonds	2,781,045	3,283,337
Total amortised cost	4,283,306	4,497,593
Measured at fair value		
Derivative financial instruments	20,941	9,475
Total at fair value	20,941	9,475
Total non-current	4,304,247	4,507,068
Current:		
Measured at amortised cost		
Syndicated loan	900	1,144
Debentures and bonds	621,654	20,966
Mortgage loans	2,697	2,943
Revolving credit facility	510	525
Non-mortgage loan	298	291
Loan arrangement expenses	(293)	-
Total amortised cost	625,767	25,869
Measured at fair value		
Derivative financial instruments	(282)	(375)
Total at fair value	(282)	(375)
Total current	625,485	25,494

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

The details of the Parent's rating are as follows:

Agency	Rating	Outlook	Last Review	Previous
Standard & Poor's	BBB+	Stable	26/03/2024	BBB Positive
Moody's	Baa1	Stable	02/10/2024	Baa2 Positive

In 2024, both rating agencies have upgraded MERLIN's credit rating.

14.1 Loans

The detail of loans at 31 December 2024 and 2023 is as follows:

2024

	Thousands of euros				
	Bank borrowings				
	Initial loan/Limit	Expenses incurred from formalising loans (Note 14.5)	31.12.2024		Short-term interest
			Long-term	Short-term	
Syndicated loan	665,000	(2,983)	665,000	-	900
Non-mortgage loan	202,904	(225)	145,581	-	298
Revolving credit facilities	740,000	(3,181)	-	-	510
Mortgage loans	704,000	(4,994)	703,063	656	2,041
Total	2,311,904	(11,383)	1,513,644	656	3,749

2023

	Thousands of euros				
	Bank borrowings				
	Initial loan/Limit	Expenses incurred from formalising loans (Note 14.5)	31.12.2023		Short-term interest
			Long-term	Short-term	
Syndicated loan	665,000	(3,889)	665,000	-	1,144
Non-mortgage loan	220,225	(283)	127,880	-	291
Revolving credit facilities	740,000	(3,191)	-	-	525
Mortgage loans	441,000	(2,996)	431,735	1,629	1,314
Total	2,066,225	(10,359)	1,224,615	1,629	3,274

Syndicated loans and revolving credit facility - Parent

On 18 November 2022, the Parent arranged a senior syndicated loan for EUR 600 million with the possibility of being drawn down before 24 April 2023 to repay the bond maturing in 2023. This facility has a maturity of 5 years from its disposal and accrues a market rate of EURIBOR + 130 basis points. As long as the financing is not drawn down, an undrawn funds fee of 26 basis points is applicable. On 20 April 2023, the Parent had drawn down the full amount of this financing.

In addition, a novation agreement was entered into on that date for the senior syndicated loan, including a Tranche B corresponding to a revolving credit facility with a limit of EUR 700 million. This new credit facility has a term of 5 years with the possibility of two optional one-year extensions. The revolving credit facility accrues interest at a rate of EURIBOR + 100 basis points and incorporates a cost adjustment mechanism based on four sustainability criteria.

On 18 July 2023, the novation of the syndicated loan and credit facility was signed. The senior syndicated loan was increased to EUR 665 million with the inclusion of the amounts of the bilateral loans of Kutxabank and Unicaja described in the following section. In addition, the credit facility limit was increased to EUR 740 million. At 31 December 2024, this credit facility had not been drawn down. On 16 July 2024, this credit facility has been extended until 20 April 2029.

These funds have the same commitment to maintain certain coverage ratios as the Group bonds and in the facilities from Banco Sabadell and the European Investment Bank. These ratios are defined as the ratio between the value of the assets over 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 ("Unissued Ratio"). The Parent's directors have confirmed that these ratios were met at 31 December 2024 and do not expect that they will not be fulfilled in the coming years.

Bilateral loans without mortgage guarantee

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

This facility includes commitments to maintain the coverage ratios described in the previous point. The Parent's directors have confirmed that these ratios were met at 31 December 2024 and do not expect that they will not be fulfilled in the coming years.

On 31 March 2023, the Parent took out an unsecured loan with Kutxabank, S.A. for EUR 30 million, maturing in 5 years from its drawdown and accruing interest at a market rate of EURIBOR + 130 basis points. While the financing was not drawn down, an undrawn funds fee of 26 basis points was applied. On 20 April 2023, this financing was drawn down in full.

On 24 April 2023, the Parent took out and drew down on an unsecured loan with Unicaja Banco, S.A. for EUR 35 million, maturing in 5 years from its drawdown and accruing interest at a market rate of EURIBOR + 130 basis points.

On 18 July 2023, both entities (Kutxabank, S.A. and Unicaja Banco, S.A.) were included in the senior syndicated loan, becoming part of this arrangement.

Loans from the European Investment Bank

On 20 December 2018, the Parent arranged a mortgage-free loan with the European Investment Bank for EUR 51 million. On 4 November 2019, the Parent arranged the second tranche of the unsecured loan with the European Investment Bank for EUR 64 million, with the two tranches amounting to EUR 115 million. This financing can be arranged through several loans with a maturity of 10 years on each drawdown. This credit facility must be allocated to the development of logistical 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 loan accruals a fixed interest rate of 60 basis points. On 20 December 2022, the Group had drawn down EUR 22 million at a rate of 358 basis points, meaning the first tranche of EUR 51 million was drawn down in full.

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

On 7 November 2024, a new limit was set for the second tranche, from the initial EUR 64 million to EUR 46.7 million.

On 18 December 2024, the Group had drawn down EUR 17.7 million of the second tranche mentioned above, accruing interest at a fixed rate of 325.6 basis points.

On 16 December 2021, the Parent arranged an unsecured loan with the European Investment Bank amounting to EUR 45.2 million and maturing in 10 years. This financing will be used to make investments in energy efficiency. At year-end 2024, this loan had not been drawn down.

This financing includes commitments to maintain certain coverage ratios. These ratios are defined as the ratio between the value of the assets over 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 ("Unissued Ratio"). The Parent's directors have confirmed that these

ratios were met at 31 December 2024 and do not expect that they will not be fulfilled in the coming years.

Mortgage loans - other assets

At 31 December 2024 and 2023, the Group had taken out the following mortgage loans:

2024

Financial institution	Thousands of euros				Collateral
	Original Loan	Long-term Term	Short-term Term	Interest	
Novo Banco	134,000	134,000	-	228	Mortgage
Caixabank	150,000	149,063	656	1,427	Mortgage
ING	70,000	70,000	-	7	Mortgage
BBVA	180,000	180,000	-	37	Mortgage
Allianz	170,000	170,000	-	342	Mortgage
Total	704,000	703,063	656	2,041	

2023

Financial institution	Thousands of euros				Collateral
	Original Loan	Long-term Term	Short-term Term	Interest	
Caixabank	21,000	11,735	1,629	182	Mortgage
ING	70,000	70,000	-	29	Mortgage
BBVA	180,000	180,000	-	99	Mortgage
Allianz	170,000	170,000	-	1,004	Mortgage
Total	441,000	431,735	1,629	1,314	

On 26 March 2015, the Group subrogated a mortgage-backed loan taken out with Caixabank, S.A. with a mortgage guarantee on the Alcalá 38-40 office building. This loan had a principal of EUR 21 million, a term of 15 years, an interest rate of 3-month EURIBOR + 150 basis points, a 4-year grace period for the principal, and the principal is repayable in full using the French method over the following 11 years. On 2 April 2024, the Group repaid this loan early.

On 26 April 2019, the Group entered into a novation agreement modifying the mortgage loan subscribed on 4 December 2015 with ING Bank N.V. by the subsidiary Merlin Logística S.L.U. The due date for this financial arrangement, originally set to be in 2020, was extended until 2026. This financial arrangement accrues an interest rate of EURIBOR at three months + 100 basis points; it includes a financial cost adjustment mechanism based on meeting four sustainability criteria. On 26 March 2021, the mortgage financing agreement was changed, extending the loan amount by EUR 2.1 million to a total of EUR 70 million.

This loan requires that the company maintain and comply with certain coverage ratios, such as the loan-to-value ratio and the ratio of the company's income used to service the debt (interest coverage ratio, ICR). It also envisages certain conditions linked to compliance with the following factors associated with the environment and sustainability: i) sustainable capex, ii) LEED and BREAM certifications, iii) AIS certifications and iv) green energy consumption, which can lead to certain savings in the financial burden. The Parent's directors have confirmed that these ratios were met at 31 December 2024 and do not expect that they will not be fulfilled in the coming years.

In accordance with IFRS 9, the Group evaluated the nature of the refinancing undertaken of the previous ING loan and concluded that it does not represent a material change (10% test). Therefore,

the difference between the value of the old debt at amortised cost and the new debt discounted at the effective interest rate of the old debt was recognised as a lower finance costs of EUR 2,291 thousand under “Finance costs” on the 2019 consolidated income statement. This amount will be reversed in the consolidated income statement for subsequent years in accordance with the effective interest rate of the debt. In 2024, the application of the amortised cost in relation to these concepts involved a financial cost of EUR 364 thousand (EUR 362 thousand in 2023).

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. The loan is for EUR 170 million, with a term of 10 years and accrues interest at a fixed rate of 4.523%.

On 17 January 2024, the Parent took out a loan with Caixabank, S.A. secured by a mortgage on a portfolio of two office buildings in Madrid. The loan is for EUR 150 million, matures in 2034 and has a spread of 130 basis points. This loan was drawn down on 2 April 2024.

On 28 June 2024, the Group took out a loan with Novo Banco, S.A. secured by a mortgage on a portfolio of five office buildings in Lisbon. The loan is for EUR 134 million, matures in 2031 and has a spread of 125 basis points. At 30 June 2024, this loan had been drawn down in full.

These facilities require that the company maintain and comply with certain coverage ratios, such as the loan-to-value ratio and the ratio of the company's income used to service the debt (interest coverage ratio, ICR). The Parent's directors have confirmed that these ratios were met at 31 December 2024 and do not expect that they will not be fulfilled in the coming years.

Maturity of debt

The breakdown by maturity of these loan principals is as follows:

2024

	Thousands of euros			
	Syndicated loans and other loans	Secured Loans	Revolving line of credit	Total
2025	-	656	-	656
2026	-	70,750	-	70,750
2027	-	1,313	-	1,313
2028	725,000	1,500	-	726,500
2029	-	1,781	-	1,781
Over 5 years	85,581	627,719	-	713,300
	810,581	703,719	-	1,514,300

2023

	Thousands of euros			
	Syndicated loans and other loans	Secured Loans	Revolving line of credit	Total
2024	-	1,629	-	1,629
2025	-	1,721	-	1,721
2026	-	71,808	-	71,808
2027	-	1,900	-	1,900
2028	725,000	1,996	-	726,996
Over 5 years	67,880	354,310	-	422,190
	792,880	433,364	-	1,226,244

The Group had undrawn loans and credit facilities at 31 December 2024 with a number of financial institutions totalling EUR 797.3 million (EUR 832.3 million at 31 December 2023).

None of the Group's debt was denominated in non-euro currencies at 31 December 2024 or 2023.

The finance cost for interest on the loans totalled EUR 69,287 thousand in 2024 (EUR 37,901 thousand in 2023) and is recognised in the accompanying consolidated income statement for 2024.

At 31 December 2024 and 2023, the debt arrangement expenses had been deducted from the balance of "Bank borrowings". In 2024, the Group recognised an expense of EUR 2,690 thousand (EUR 4,286 thousand recognised in 2023 under "Finance costs" in the accompanying consolidated income statement (see Note 18.d).

14.2 Debenture issues

On 12 May 2017, the Parent subscribed a Euro Medium Term Notes (EMTN) issue programme of up to EUR 4,000 million, which replaced the original bond issue programme and its supplement subscribed on 6 April 2016 and 14 October 2016, respectively, for an overall maximum amount of EUR 2,700 million.

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

On 17 June 2020, the shareholders at the Annual General Meeting approved the extension of this bond issuance programme up to an amount of EUR 6,000 million, with the extension carried out on 21 March 2021. The programme was subsequently renewed on 4 August 2022, 11 May 2023 and 10 May 2024 for another year.

On 1 June 2022, the Group obtained consent from its bondholders to convert all its bonds into green bonds under the Green Financing Framework published by the Group 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. In April 2024, the Group renewed the Green Financing Reference Framework.

On 30 June 2021, the Parent issued a 9-year bond of EUR 500 million at 99.196% of the par value and a coupon of 1.375%. These funds were used to prepay the bond maturing in May 2022 on 23 February 2022.

On 25 April 2023, the Group repaid the corresponding bond on the maturity date in the amount of EUR 742.8.

On 2 February 2024, the Group increased the amount drawn down (tap) on the bond maturing in September 2029 at 2.375% for an amount of EUR 100 million (implicit cost 3.93%).

The terms of the bonds issued by the Group 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 syndicated loan and the revolving credit facility.

The detail at 31 December 2024 and 2023 of the bonds issued by the Parent is as follows :

2024

Maturity	Face value (Millions of Euros)	Coupon	Listed price	Return	Market
may-25	600	1.750%	MS +22 p.b.	2.84%	Luxembourg
nov-26	800	1.875%	MS +50 p.b.	2.69%	Luxembourg
jul-27	500	2.375%	MS +73 p.b.	2.91%	Luxembourg
sep-29	400	2.375%	MS +81 p.b.	3.04%	Luxembourg
jun-30	500	1.375%	MS +89 p.b.	3.14%	Luxembourg
dic-34	600	1.875%	MS +128 p.b.	3.64%	Luxembourg
	3,400	1.912%			

2023

Maturity	Face value (Millions of Euros)	Coupon	Listed price	Return	Market
may-25	600	1.750%	MS +82 b.p.	3.94%	Luxembourg
nov-26	800	1.875%	MS +74 b.p.	3.32%	Luxembourg
jul-27	500	2.375%	MS +105 b.p.	3.54%	Luxembourg
sep-29	300	2.375%	MS +102 b.p.	3.44%	Luxembourg
jun-30	500	1.375%	MS +176 b.p.	4.18%	Luxembourg
dic-34	600	1.875%	MS +184 b.p.	4.35%	Luxembourg
	3,300	1.898%			

These bond issues include commitments to maintain certain coverage ratios. These ratios are defined as the ratio between the value of the assets over 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 ("Unissued Ratio"). The Parent's directors have confirmed that these ratios were met at 31 December 2024 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 64,799 thousand (EUR 67,755 thousand in 2023) and is recognised in the accompanying consolidated income statement for 2024. The accrued interest payable at 31 December 2024 amounted to EUR 21,654 thousand (EUR 20,966 thousand in 2023). Debt arrangement expenses taken to the consolidated income statement in 2024 amounted to EUR 5,390 thousand (EUR 4,119 thousand in 2023).

14.3 Derivatives

The detail of the financial instruments at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Non-current:		
Asset interest rate	(1,622)	(3,429)
Liability interest rate	20,941	9,475
Other (Note 9)	16,407	14,828
Total non-current	35,726	20,874
Current:		
Interest rate derivatives	(282)	(375)
Total current	(282)	(375)

To determine the fair value of interest rate derivatives, the Group discounts the cash flows based on the implicit EURIBOR interest rate calculated in accordance with market conditions at the measurement date.

These financial instruments have been classified as Level 2 in accordance with the fair value hierarchy established in IFRS 7, except for that related to the investment in Silicius classified as Level 3, associated with the value of the call option that Silicius Real Estate SOCIMI, S.A. has on the ownership interest held by the Group. (see Note 9).

The detail of the derivative financial instruments included in the accompanying consolidated statement of financial position at 31 December 2024 and 2023 is as follows:

2024

	Thousands of euros	
	Assets Financial	Liabilities Financial
Non-current:		
Interest rate derivatives	(1,622)	20,941
Current:		
Interest rate derivatives	-	(282)
Total derivatives recognised	(1,622)	20,659

2023

	Thousands of euros	
	Assets Financial	Liabilities Financial
Non-current:		
Interest rate derivatives	(3,429)	9,475
Current:		
Interest rate derivatives	-	(375)
Total derivatives recognised	(3,429)	9,100

On 26 April 2019, the subsidiary Merlin Logistics S.L.U., in the framework of the refinancing of the mortgage loan with ING Bank N.V., signed a new interest rate swap (IRS) to hedge the extension of

the maturity of the financing from 2020 to 2026. The notional amount arranged totalled EUR 67.9 million with a fixed cost of 0.31%.

In addition to the early repayment of the EUR 850 million syndicated loan, in June 2022, the Group cancelled the interest rate hedging instruments associated with this corporate syndicated loan.

In 2023 and 2022, the Group arranged new interest rate hedges to cover the new syndicated financing for April 2023 to April 2028. The notional amount arranged totalled EUR 665 million with a fixed cost of 2.537%.

In 2022, an interest rate hedge was arranged to cover Sabadell's unsecured loan until its maturity in January 2028 for a notional amount of EUR 60 million and a fixed cost of 2.512%.

In 2023, an interest rate hedge was arranged to cover BBVA's mortgage loan until its maturity in July 2030 for a notional amount of EUR 180 million and a fixed cost of 2.363%.

In March 2024, the Group arranged an interest rate hedge to cover Caixabank's mortgage loan until its maturity in March 2034 for a notional amount of EUR 150 million to EUR 135 million and a fixed cost of 2.598%.

In addition, an interest rate hedge was arranged in 2024 to cover Novo Banco's mortgage loan until its maturity in June 2031 for a notional amount of EUR 134 million and a fixed cost of 2.553%.

The interest rate derivatives contracted by the Group and their fair values are as follows:

2024

	Interest Contracted	Fair Value	Thousands of euros				
			Outstanding notional amount at each date				
			2024	2025	2026	2027	Subsequent years
Syndicated Parent Company	2.537%	10,958	665,000	665,000	665,000	665,000	665,000
Non-mortgage - Parent Company	2.512%	883	60,000	60,000	60,000	60,000	60,000
Mortgage - Parent Company	2.363%	6,208	329,719	329,063	328,313	327,000	325,500
Mortgage - Other spanish subsidiaries	0.310%	(1,622)	67,900	67,900	67,900	-	-
Mortgage - Portugal	2.553 %	2,893	134,000	134,000	134,000	134,000	134,000
		19,320	1,256,619	1,255,963	1,255,213	1,186,000	1,184,500

2023

	Interest Contracted	Fair Value	Thousands of euros				
			Outstanding notional amount at each date				
			2023	2024	2025	2026	Subsequent years
Syndicated Parent Company	2.537%	7,546	665,000	665,000	665,000	665,000	665,000
Non-mortgage - Parent Company	2.512%	562	60,000	60,000	60,000	60,000	60,000
Mortgage - Parent Company	2.363%	1,012	180,000	180,000	180,000	180,000	180,000
Mortgage - Other spanish subsidiaries	0.310%	(3,449)	67,900	67,900	67,900	67,900	-
		5,671	972,900	972,900	972,900	972,900	905,000

The Group has opted for hedge accounting, suitably designating the hedging relationships in which these financial instruments are hedging instruments of the financing used by the Group. In this manner, the Group has neutralized flow variations stemming from interest payments and fixed the rate to be paid for said financing. The derivatives that are highly effective, prospectively and retrospectively, on a cumulative basis, since the date of designation are those associated with the new

syndicated financing, the bilateral loan with Banco Sabadell, and the mortgage loans with BBVA, Caixabank and Novo Banco, with their changes in value therefore recognised under “Equity”.

The Group has recognised in equity the fair value of the derivatives that meet the effectiveness requirements, without considering any tax effect due to adhering to the REIT regime. The Group recognised income of EUR 501 thousand in 2024 (an expense of EUR 660 thousand in 2023) under “Changes in fair value of financial instruments” in the consolidated income statement as a result of the derivative financial instruments that did not meet the hedging requirements due to ineffectiveness and cancellations.

On adopting IFRS 13, the Group adjusted the measurement techniques for calculating the fair value of its derivatives. The Group includes a bilateral credit risk adjustment to reflect both the own credit risk and the counterparty party risk in the measurement of the fair value of the derivatives. The Group applied the discounted cash flow method, considering a discount rate affected by its own credit risk.

To calculate the fair value of the financial derivatives, the Group used generally accepted measurement techniques in the market, which account for current and future expected exposure, adjusted by the probability of default and the potential loss given default affecting the contract. The CVA (Credit Value Adjustment) or counterparty credit risk and DVA (Debt Value Adjustment) or own credit risk were therefore estimated.

Current and expected exposure in the future is estimated using simulations of scenarios of fluctuations in market variables, such as interest rate curves, exchange rates and volatilities as per market conditions at the measurement date.

Furthermore, for the credit risk adjustment, the Group's net exposure has been taken into account with regards to each of the counterparties, if the financial derivatives arranged with them are within a financial transaction framework agreement that provides for netting positions. For counterparties for whom credit information is available, the credit spreads have been obtained from the CDS (Credit Default Swaps) quoted in the market; whereas for those with no available information, references from peers have been used. The Group hired an independent expert to measure the fair value of the derivatives.

The impact of interest rate derivatives on liabilities and profit or loss before tax of a 5% in the estimated credit risk rate at 31 December 2024 and 2023 would be as follows:

2024

Scenario	Thousands of euros		
	Liabilities	Equity	Consolidated profit before tax
5% rise in credit risk rate	(25,732)	25,385	347
5% reduction in credit risk rate	26,568	(26,217)	(351)

2023

Scenario	Thousands of euros		
	Liabilities	Equity	Consolidated profit before tax
5% rise in credit risk rate	(20,530)	19,887	643
5% reduction in credit risk rate	19,948	(19,317)	(631)

14.4 Reconciliation of the carrying amount of the liabilities arising from financing activities

The breakdown of the financing activities and their impact on the Group's cash flows, in undiscounted amounts, during 2024 and 2023 is as follows:

2024

		Thousands of euros					
		Impact on cash		No impact on cash			
		Principal Debt	Interest paid	Reclasification	Accrued interest	Other adjustments	
	31/12/2023						31/12/2024
Long-term loans	1,224,615	290,407	-	(1,369)	-	(9)	1,513,644
Short-term loans	4,378	(2,350)	(66,182)	1,369	66,681	(1)	3,895
Short-term revolving credit facilities	525	-	(2,621)	-	2,606	-	510
L/T bonds	3,300,000	100,000	-	(600,000)	-	-	2,800,000
S/T bonds	20,966	889	(65,000)	600,000	64,799	-	621,654
	4,550,484	388,946	(133,803)	-	134,086	(10)	4,939,703

2023

		Thousands of euros					
		Impact on cash		No impact on cash			
		Principal Debt	Interest paid	Reclasification	Accrued interest	Other adjustments	
	31/12/2022						31/12/2023
Long-term loans	194,256	1,031,880	-	(1,629)	-	108	1,224,615
Short-term loans	2,387	(1,623)	(33,457)	1,629	35,444	-	4,378
Short-term revolving credit facilities	410	-	(2,342)	-	2,457	-	525
L/T bonds	3,300,000	-	-	-	-	-	3,300,000
S/T bonds	775,152	(742,786)	(79,152)	-	67,755	(3)	20,966
	4,272,205	287,471	(114,951)	-	105,656	105	4,550,484

Furthermore, within the framework of the interest rate swaps arranged (see Note 14.3), the net balance of the settlements amounted to EUR 14,395 thousand in 2024 (EUR 6,154 thousand in 2023).

14.5 Debt arrangement expenses

Changes in debt arrangement expenses during 2024 and 2023 are as follows:

Thousands of euros					
	31/12/2023	Allocation to profit and loss account – Amortised cost	Impact of IFRS 9 on income statement	Capitalisations of arrangement expenses	31/12/2024
Non-mortgage financing	7,363	(1,713)	-	740	6,390
Mortgage loans - other assets	2,996	(613)	(364)	2,974	4,993
Debentures and bonds	16,663	(5,390)	-	7,975	19,248
	27,022	(7,716)	(364)	11,689	30,631

Thousands of euros					
	31/12/2022	Allocation to profit and loss account – Amortised cost	Impact of IFRS 9 on income statement	Capitalisations of arrangement expenses	31/12/2023
Non-mortgage financing	2,757	(3,730)	-	8,336	7,363
Mortgage loans - other assets	1,633	(194)	(362)	1,919	2,996
Debentures and bonds	20,782	(4,119)	-	-	16,663
	25,172	(8,043)	(362)	10,255	27,022

15. Other current and non-current liabilities

The detail of these headings at 31 December 2024 and 2023 is as follows:

	Thousands of euros			
	2024		2023	
	Non-current	Current	Non-current	Current
Other provisions	11,390	-	20,181	-
Guarantees and deposits received	91,152	4,805	84,190	1,976
Other payables	73,820	2,834	71,794	5,393
Other (Note 9)	16,407	-	14,828	-
Borrowings from Group companies and associates	13,384	-	450	-
Other current liabilities	-	10,844	-	10,210
Total	206,153	18,483	191,443	17,579

“Other provisions” includes provisions for measuring the risk associated with a number of lawsuits and claims filed by third parties arising from the Group's activities, which have been recognised in accordance with the best estimates to date, and the provision corresponding to the long-term variable remuneration to be paid in the amount of EUR 4,510 thousand (EUR 4,510 thousand in 2023).

In addition, “Other provisions” includes liabilities for tax charges that are uncertain as to their amount or timing, whereby it is probable that an outflow of resources will be required to settle these obligations as the result of a present obligation. On 10 January 2022, the tax authorities notified the Parent of the commencement of a tax audit relating to corporation tax, value added tax and tax withholdings for various years. Based on the best estimates of the amounts to be paid as a result of the assessments arising from this tax audit and supplementary tax returns for the years subsequent to those reviewed, in 2023 the Group recognised a provision of EUR 5,862 thousand under “Period provisions” in the accompanying consolidated income statement. On 21 February 2024, the following assessments were signed on an uncontested basis:

Corporation tax for 2016 to 2019, by virtue of which it was determined that EUR 13,984 thousand was to be refunded to the Parent, which includes the tax charge and late payment interest. This assessment recognises the effects of the ruling of 19 January 2024 handed down by the Spanish Constitutional Court, which renders null and void certain provisions of Royal Decree Law 3/2016 that had an impact on taxable profit for corporation tax for 2016 to 2019.

- Value added tax for 2018 to 2019, by virtue of which EUR 799 thousand was determined to be payable by the Parent to the tax authorities, which includes the tax charge and late payment interest.
- Tax withholdings on non-resident income tax for 2018 to 2019, by virtue of which EUR 834 thousand was determined to be payable by the Parent to the tax authorities, which includes the tax charge and late payment interest.
- Tax withholdings and prepayments on income from movable capital for 2018 and 2019, by virtue of which it was determined that no amount was to be paid or refunded.

On 2 April 2024, the tax authorities issued a net refund to the Parent for the amounts relating to the assessments described above.

In 2024, the Parent made a voluntary adjustment by filing supplementary self-assessments for VAT and non-resident income tax for 2020 to 2024. As a result of these self-assessments, the Parent paid the tax authorities a total of EUR 2,234 thousand, comprising the tax payable and late-payment interest, after which the Parent reversed the remaining amount of the provision recognised in 2023, which amounted to EUR 1,834 thousand and was recognised under "Provision/Excessive provisions" in the accompanying consolidated income statement.

"Guarantees and deposits received" primarily includes the amounts deposited by lessees to secure leases and that will be returned at the end of the lease term.

The Parent and the majority of its subsidiaries adhere to the REIT regime. Under this regime, gains from the sale of assets are taxed at 0%, provided that certain requirements are met (basically, the assets must have been held by the REIT for at least three years). Any gains from the sale of assets acquired prior to joining the REIT tax regime will be distributed on a straight-line basis (unless proven to be distributed otherwise) over the period during which the REIT owned them. Any gains generated prior to joining the REIT tax regime will be taxed at the general rate, while a rate of 0% will be applied for the other years. In this regard, the Parent's directors estimated the tax rate applicable to the tax gain on the assets acquired prior to their inclusion to the REIT regime (calculated in accordance with the fair value of the assets obtained from expert appraisals at the date of the business combination and as of 31 December 2024), recognising the related deferred tax liability.

The Parent's directors do not envisage disposing of any of the investment property acquired after the Parent and its subsidiaries adhered to the REIT tax regime within three years and, therefore, have not recognised the deferred tax liability corresponding to the changes in fair value since the assets were acquired as the applicable tax rate is 0%.

16. Trade and other payables

The detail of this heading at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Current:		
Suppliers	116,530	84,585
Payables to suppliers - Group companies and associates	502	1,800
Various creditors	10,448	8,660
Pendings remunerations	12,778	12,612
Other payables to public authorities (Note 17)	26,253	31,392
Advances from customers	22,915	24,959
	189,426	164,008

The carrying amount of the trade payables is similar to their fair value.

In 2024 and 2023, the Group does not have any supplier reverse factoring contracts.

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 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	
	2024	2023
Average period of payment to suppliers	43	39
Ratio of transactions settled	44	39
Ratio of transactions not yet settled	39	35

	Thousands of euros	
	2024	2023
Total payments made	443,227	478,960
Total payments outstanding	68,042	41,125

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 since the date of entry into force of Law 31/2014, of 3 December.

For the exclusive purpose of providing the information envisaged in this Resolution, payable to suppliers are considered trade payables for debts with suppliers of goods and services, included under "Trade receivables and other payables" under current liabilities in the attached balance sheet.

"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 maximum legal period applicable to the Group in accordance with Law 11/2013, of 26 July was 30 days following the publication of the above law to date (unless the terms established therein are met that would enable the above maximum period to be extended up to 60 days).

The monetary volume and number of invoices paid within the established legal period of 60 days are detailed below.

	2024	2023
Monetary volume (thousands of euros)	360,676	446,079
<i>Percentage of total payments made</i>	81.4%	93.1%
Number of invoices	33,314	34,949
<i>Percentage of total invoices</i>	78.3%	79.9%

17. Tax situation

a) Tax receivables and tax payables

The detail of the main tax receivables and payables at 31 December 2024 and 2023 is as follows:

2024

	Thousands of euros			
	Tax assets		Tax liabilities	
	No Current	Current	No Current	Current
Public Treasury for withholdings and other items	-	19,187	-	23,882
VAT	-	269	-	2,013
Tax assets	53,321	-	-	-
Corporate income tax	-	-	-	6,859
Payable to the Social Security	-	-	-	358
Deferred tax liabilities	-	-	607,562	-
	53,321	19,456	607,562	33,112

	Thousands of euros			
	Tax assets		Tax liabilities	
	No Current	Current	No Current	Current
Public Treasury for withholdings and other items	-	17,530	-	24,365
VAT	-	1,985	-	6,712
Tax assets	77,573	-	-	-
Corporate income tax	-	-	-	7,591
Payable to the Social Security	-	-	-	315
Deferred tax liabilities	-	-	613,190	-
	77,573	19,515	613,190	38,983

b) Reconciliation of the corporate income tax result in relation to the applicable tax rate

At 31 December 2024, the taxable profit was calculated as the accounting profit for the year plus the effect of changes in the fair value of investment property, and temporary differences due to the existing limitations. At the reporting date of these financial statements, the Group did not recognise any deferred tax assets in this regard, as it is generally subject to a tax rate of 0% as the Parent and the majority of the subsidiaries adhere to the REIT regime.

The reconciliation of the accounting profit to the consolidated tax expense in 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Profit/(Loss) before tax	295,954	(74,992)
25% Tax rate in Spain	73,989	(18,748)
Tax effect of amounts that are non-deductible (taxable)		
Impairment of goodwill	(5,790)	(5,790)
Application of IAS 40 (amortization and change in fair value)	(23,768)	63,105
Amortization of intangibles	(1,712)	(1,673)
Employee stock option plan	(2,103)	701
Dividends paid to shareholders	20,474	41,059
Other adjustments	(665)	(9,280)
Subtotal	60,425	69,374
Tax rate difference under SOCIMI regime	(47,531)	(56,091)
Difference in foreign tax rates	(699)	(4,778)
Income tax	12,195	8,505

The Parent and a significant number of its subsidiaries adhere to the REIT regime. As indicated in Note 5.13, the taxation of this scheme is constructed at a rate of 0%, provided that certain requirements are met.

In relation to the application of IAS 40 (depreciation and revaluation), the amounts refer to the tax effect of the change in the value of investment property (IAS 40 - fair value model) and of the depreciation expenses of investment property not included in profit before tax in the accompanying consolidated income statement.

In this regard, it should be noted that for those investment property acquired by subsidiaries previously under the SOCIMI regime, to the extent that the Parent Company's directors estimate and state that

the investment property will not be sold before 3 years, the fair value adjustment made in 2024 and 2023 should be taxed at 0%, so that the deferred tax liability is also null and void.

Other adjustments include the results of companies accounted for using the equity method.

c) Reconciliation of accounting profit and tax expense

	Thousands of euros	
	2024	2023
<i>Current tax</i>		
Corporate income tax current fiscal year	6,288	7,737
Corporate income tax previous fiscal year	-	-
Other items	-	-
Total corporate current tax expense	6,288	7,737
<i>Deferred tax</i>		
Expense for change in value of investment property (IAS 40)	3,053	68
Other Decrease / (Increase) tax assets	10,875	923
Other (Decrease) / Increase deferred tax liabilities	(8,021)	(223)
Total corporate deferred tax expense	5,907	768
Total corporate income tax expense	12,195	8,505

The deferred tax on the revaluation of assets at fair value corresponds to the tax effect of the non-SOCIMI subsidiaries (resident in Portugal), which meet the requirements established in article 2.1.c) of the SOCIMI Law to be considered as eligible assets for the purposes of the aforementioned regime. The resulting amount is the result of applying to the increase in value the tax rate that the Directors estimate will be applicable to the capital gain.

The decreases in deferred tax assets recognised in 2024 relate mainly to the effect of the ruling of 19 January 2024 of the Constitutional Court, which annulled 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 and 2021 to 2022, as well as the deactivation of reinvestment tax credits that had expired at year-end 2024.

The decreases in deferred tax liabilities recognised in 2024 relate mainly to the sale of investment property carried out by the Group.

d) Deferred tax assets recognised

A breakdown of the tax loss carryforwards at 31 December 2024 is as follows:

	Thousands of euros	
	Recognised Tax base	Fiscal credit
<i>Tax loss carryforwards:</i>		
2009	60,924	15,231
2010	1,650	413
2011	86,402	21,600
2014	13,313	3,328
2018	718	180
2019	1,662	416
2020	952	238
Total tax loss carryforwards	165,622	41,406
Other deferred taxes recognised	47,662	11,915
Total capitalised deferred tax assets	213,284	53,321

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 and Metrovacesa subgroup and the tax deductions pending application mainly due to reinvestment, and credits for losses from companies absorbed in previous years.

The deferred tax assets indicated above were recognised in the consolidated statement of financial position because the Parent's directors considered that, based on their best estimate of the Group's future earnings, including certain tax planning measures, it is probable that these assets will be recovered.

A breakdown of the tax assets not recognised at 31 December 2024 is as follows:

	Thousands of euros
	Not recognised Tax base
<i>Tax loss carryforwards:</i>	
2009	50,955
2010	5,673
2011	1,214
2012	1,676
2013	440
2014	17,987
2016	456
2017	2,199
2018	1,236
2019	2,845
2020	14,459
2021	6,828
2022	6,138
2023	59,793
2024	8,405
Total tax loss carryforwards	180,304

e) Deferred tax liabilities

As indicated above, the deferred tax liabilities arise mainly from the business combinations performed in recent years and the non-REIT subsidiaries (resident in Portugal, which meet the requirements of article 2.1 (c) of the REIT Law to be considered as eligible assets for that regime).

The changes at 31 December 2024 and 2023 are as follows:

	Thousands of euros
Total deferred tax liabilities at 31 December 2022	613,479
Increase in value of investment property	(209)
Reductions due to disposals	-
Temporary differences	(80)
Total deferred tax liabilities at 31 December 2023	613,190
Increase (decrease) in value of investment property	3,352
Reductions due to disposals	(8,437)
Temporary differences	(543)
Total deferred tax liabilities at 31 December 2024	607,562

As stipulated in Note 17.b, the increase in value of investment property acquired by subsidiaries subject to the REIT regime generate temporary differences at a tax rate of 0%, whereby no deferred tax liability has been recognised.

f) Years open to audit and tax inspections

Under the current law, taxes cannot be considered to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year limitation period has elapsed. At year-end 2024, the Parent had 2020 to 2023 open for review for income tax, 2021 to 2024 for VAT and tax withholdings on income tax and non-resident income tax, and 2022 to 2025 for the tax on economic activities and property tax. The subsidiaries had 2020 to 2023 open for review for income tax, 2021 to 2024 for VAT and tax withholdings on income tax and non-resident income tax, and 2022 to 2025 for the tax on economic activities and property tax.

The Parent's directors consider 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, such 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.

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

The disclosure requirements arising from the Parent and certain subsidiaries being considered REITs are included in the related notes of the separate financial statements.

18. Revenue and expenses

a) Net income

The breakdown of ordinary income of the Group relating to 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Rental income	470,589	447,207
Income from services rendered	23,983	17,572
	494,572	464,779

b) Other operating expenses

The breakdown of the balance of this heading in the accompanying consolidated income statement for 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Non-recoverable expenses of leased properties	52,326	43,823
Overheads-		
Professional services	13,014	11,304
Headquarters expenses	2,783	2,688
Insurance	600	703
Other	5,534	2,956
Costs associated with asset acquisitions and financing	5,971	2,166
Losses on, impairment of and change in provisions	155	(323)
Other current operating expenses	16,100	9,708
Other exceptional expenses	105	300
	96,588	73,325

c) Staff costs and average headcount

The detail of the staff costs in 2024 and 2023 was as follows:

	Thousands of euros	
	2024	2023
Wages, salaries and similar expenses	29,243	27,711
Termination benefits	34	282
Social security costs	3,603	3,548
Other employee benefit costs	515	500
Long-term incentive plan	2,804	2,804
	36,199	34,845

The average number of employees at the various Group companies in 2024 and 2023 was 276 and 257 respectively.

A breakdown of the headcount at 2024 and 2023 year-end, by category, is as follows:

2024

	Women	Men	Total
Senior management	1	28	29
Middle management	32	51	83
Other professionals	108	73	181
	141	152	293

2023

	Women	Men	Total
Senior management	1	27	28
Middle management	28	52	80
Other professionals	97	61	158
	126	140	266

The average number of employees in 2024 and 2023 with a disability equal to or greater than 33%, by category, was as follows:

Categories	2024	2023
Senior management	-	-
Middle management	1	1
Other professionals	5	5
	6	6

d) Finance income and costs

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

	Thousands of euros	
	2024	2023
Finance income:		
Interest on loans	1,910	1,880
Interest on deposits and current accounts	37,354	6,501
Other financial income	2,896	1,725
	42,160	10,106
Finance costs:		
Interest on loans and other credits	(130,214)	(109,516)
Other finance costs	(4,544)	(18,270)
	(134,758)	(127,786)
Net finance expense	(92,598)	(117,680)

In 2024 finance costs include mainly the interest corresponding to the bank borrowings and debentures detailed in Note 14 amounting to EUR 69,287 thousand and EUR 64,799 thousand, respectively (EUR 37,901 thousand and EUR 67,755 thousand, respectively, in 2023). These amounts do not include the amortisation of the debt arrangement expenses amounting to EUR 8,080 thousand (EUR 8,405 thousand in 2023), as a result of applying the effective interest rate to the financial debt (see Note 14.5), and the finance income associated with the interest rate derivatives amounting to EUR 11,953 (an expense of EUR 4,544 thousand in 2023).

e) Contribution to consolidated profit

The contribution of each subsidiary included in the scope of consolidation to profit for 2024 and 2023 was as follows:

Company	Thousands of euros	
	2024	2023
Full consolidation:		
Merlin Properties SOCIMI, S.A.	59,118	(277,112)
Merlin Retail, S.L.	13,409	12,481
Merlin Oficinas, S.L.	46,353	(44,034)
Merlin Logística, S.L.	40,433	93,112
Varitelia Distribuciones, S.L.U.	7,094	(10,445)
La Vital Centro Comercial y de Ocio, S.L.	5,234	2,222
Global Carihuela Patrimonio Comercial, S.L.U.	740	15,203
Parques Logísticos de la Zona Franca, S.A.	29,750	31,194
Sevisur Logística, S.A.	4,544	11,452
The Exhibitions Company, S.A.	(1,155)	(1,218)
Innovación Colaborativa, S.L.U.	2,764	4,795
Promosete Invest. Inmobiliaria, S.A.	2,452	3
Praça do Marquês - Serviços auxiliares, S.A.	4,086	968
MPCVI - Compra e Venda Imobiliária, S.A.	1,244	(157)
MPEP - Properties Escritórios Portugal, S.A.	2,419	38
MP Monumental, S.A.	5,449	499
MP Torre A, S.A.	(159)	(360)
Forum Almada – Gestao Centro Comercial, Lda	29,813	13,339
Torre dos Oceanus Investimentos Imobiliarios,S.A.	1,947	248
Torre Arts Investimentos Imobiliarios,S.A.	5,158	(3,321)
Torre Fernão Magalhães Investimentos Imobiliarios,S.A.	2,215	64
VFX Logística, S.A.	(5,752)	27,919
MPLIB - – Investimentos Imobiliários, Unipessoal Lda.	12,222	(1,519)
Other companies	308	1,209
Equity method:		
Paseo Comercial Carlos III, S.A.	1,555	(5,337)
Centro Intermodal de Logística, S.L.	7,411	50,119
Provitae, S.L.	(65)	(996)
Sicilius Real Estate SOCIMI S.A.	(1,850)	(3,264)
Crea Madrid Nuevo Norte, S.A.	(658)	(565)
Other investments	7,680	(34)
Total	283,759	(83,497)

19. Related party transactions

Related transactions performed by the Parent or its Subsidiaries with directors, with a holding of 10% or more of the voting rights or represented on the Parent's Board, or with any other persons that must be considered related parties in accordance with International Accounting Standards, adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, are considered related transactions.

At 31 December 2024 and 2023, , the detail of transactions that are significant in amount or material, carried out between the Parent or its Group companies and related parties, is as follows:

2024

Related party	Nature of relationship	Thousands of euros			
		Revenue	Expense	Assets	Liabilities
Banco Santander, S.A. (a)	Financing (*)	3,026	413	-	100,000
Banco Santander, S.A. (a)	Cash	-	-	111,249	-
Banco Santander, S.A. (b)	Lease	794	-	-	375
Banco Santander, S.A. (b)	Services	-	116	-	-
Banco Santander, S.A. (c)	Share increase	-	1,250	-	-
Pº Comer. Carlos III, S.A. (d)	Financing	436	-	13,056	-
Provitae Centros Asistenciales, S.L. (e)	Financing	42	-	1,262	-
Silicius Real Estate SOCIMI, S.A. (f)	Financing	-	-	-	450
Edged Spain, S.L. (h)	Services	-	2,511	11,408	13,384
		4,298	4,290	136,975	114,209

2023

Related party	Nature of relationship	Thousands of euros			
		Revenue	Expense	Assets	Liabilities
Banco Santander, S.A. (a)	Financing (*)	2,559	382	-	100,000
Banco Santander, S.A. (a)	Cash	-	-	130,728	-
Banco Santander, S.A. (b)	Lease	825	-	-	391
Banco Santander, S.A. (b)	Services	-	144	-	-
Banco Santander, S.A. (g)	Asset disposal	8,600	-	-	-
Pº Comer. Carlos III, S.A. (d)	Financing	29	-	2,619	-
Provitae Centros Asistenciales, S.L. (e)	Financing	39	-	1,198	-
Silicius Real Estate SOCIMI, S.A. (f)	Financing	-	-	-	2,250
Edged Spain, S.L. (h)	Services	-	1,827	8,568	1,212
		12,052	2,353	143,113	103,853

(*) The liability relates to the portion of the undrawn corporate credit facility corresponding to Banco Santander at 31/12/2023

Transactions executed with significant shareholders

In 2024, the only shareholder considered a significant shareholder pursuant to current regulations was Banco Santander, S.A.

a) Financing transactions

At 31 December 2024, the Group had no loans taken out with shareholders except for a corporate credit facility of EUR 740 million, which was not drawn down at 31 December 2024, in which Banco Santander, S.A.'s share was EUR 100 million (see Note 14).

At 31 December 2024, the Group had bank balances deposited with Banco Santander, S.A. amounting to EUR 111,249 thousand (EUR 130,728 thousand at 31 December 2023), which includes accounts on behalf of the associate Edged Spain, S.L.U. amounting to EUR 924 thousand (EUR 469 thousand at 31 December 2023).

In 2024, the finance costs incurred in transactions with Banco Santander, S.A. amounted to EUR 413 thousand (EUR 382 thousand in 2023), which included EUR 16 thousand in guarantee fees and EUR 42 thousand in current account management expenses (EUR 61 thousand and EUR 18 thousand in 2023, respectively).

The Group has been granted guarantee lines for MERLIN Properties SOCIMI, S.A. by its shareholder Banco Santander, S.A. in the amount of EUR 3,069 thousand (EUR 3,069 thousand in 2023).

The income of EUR 3,026 thousand (EUR 2,559 thousand in 2023) relates to ordinary remuneration of the current accounts held by MERLIN Properties SOCIMI, S.A. with Banco Santander.

b) Leases and services rendered

In 2024 the Group had 4 leases with Banco Santander Group in various office properties and shopping centers. The terms of the leases cover a period of up to 6 years and in 2024 they generated income amounting to EUR 794 thousand (EUR 825 thousand in 2023) which includes rental income, and income from parking spaces and the assignment of space for ATMs in shopping centers. The security deposits received for these leases amounted to EUR 376 thousand (EUR 391 thousand in 2023).

In addition, the Group contracted organisational services for the General Meeting and shareholder registration services amounting to EUR 80 thousand, in addition to agent services for the listing on the Euronext Lisbon stock exchange and agent services for dividends amounting to EUR 36 thousand.

c) Increase in the Parent's share capital

On 24 July 2024, MERLIN Properties SOCIMI, S.A. increased capital by means of an accelerated bookbuilding process with a charge to monetary contributions and with the disapplication of pre-emption rights through the issue of 93,954,149 ordinary MERLIN shares, each with a par value of one euro (EUR 1.00), of the same class and series as the shares currently outstanding (see Note 13.1).

As a result of this capital increase, the following transactions were performed with significant shareholders:

- Shareholding of Banco Santander, S.A. as the Agent Bank (EUR 50 thousand; 0.005% of the issue) and as the Co-Global Coordinator, with the fee invoiced in this transaction amounting to EUR 1,250 thousand, of which EUR 50 thousand are considered as the agent bank fee and EUR 1,200 thousand as the basic fee and discretionary fee.
- Banco Santander, S.A., which directly or indirectly holds approximately 24.6% of MERLIN's share capital, subscribed 23,094,534 new shares, thus maintaining its holding in MERLIN's share capital after the capital increase (at the same 24.6%).
- Nortia Capital Investment Holding, S.L., which directly or indirectly holds approximately 8.17% of MERLIN's share capital, subscribed 7,674,216 new shares, thus maintaining its holding in MERLIN's share capital after the capital increase (at the same 8.17%).

The above related party transactions in connection with the capital increase were reported by the Audit and Control Committee to the Board on 22 July 2024. These reports, in compliance with current law, were sent to the CNMV (registration numbers 29819 and 29820) and published on the corporate website: <https://ir.merlinproperties.com/regulador/operaciones-vinculadas/>

Transactions performed with the directors

In addition, the capital increase of MERLIN Properties SOCIMI, S.A. carried out on 24 July 2024 resulted in the following transaction related to the Company's directors:

- Pre-emption right by the Chief Executive Officer, holder of approximately 0.14% of the share capital, and by the Managing Director, holder of approximately 0.13% of the share capital, subscribing 131,893 and 124,392 new shares, respectively, in the capital increase, thus maintaining their holding in MERLIN's share capital after the capital increase.

Transactions with companies accounted for using the equity method

d) Paseo Comercial Carlos III S.A.

At 31 December 2024, the Parent had three outstanding loans for a combined amount of EUR 13,056 thousand as regards the associate Paseo Comercial Carlos III, S.A. (owner of a shopping center in Madrid).

This amount includes EUR 2,539 thousand of the initial loan that was granted on 27 July 2020 (EUR 2,539 thousand at 31 December 2023).

In 2024, the Group carried out a novation of this loan, which led to an additional EUR 10,000 thousand being granted. This additional facility is part of the guarantee requested of the shareholders by the Company's lending institutions.

The amount at 31 December 2024 also includes EUR 517 thousand in accrued interest (EUR 80 thousand at 31 December 2023), with the finance income for 2024 amounting to EUR 436 thousand.

e) Provitae Centros Asistenciales, S.L.

At 31 December 2024, the Parent had an outstanding loan amounting to EUR 1,262 thousand (EUR 1,198 thousand at 31 December 2023), which includes EUR 224 thousand (EUR 182 thousand in 2023), in accrued interest, granted on 10 January 2002 to the associate Provitae Centros Asistenciales, S.L., which owns a plot of land in Villajoyosa. The finance income for 2024 amounted to EUR 42 thousand.

f) Silicius Real Estate SOCIMI, S.A.

The Parent had outstanding obligations amounting to EUR 450 thousand, recognised as current and non-current other financial liabilities.

g) Sale of assets

On 28 June 2023, the Group sold a logistics warehouse in Zaragoza to Santander Lease S.A. EFC, a company of the Banco Santander Group, for EUR 8,600 thousand, generating a consolidated profit of EUR 409 thousand.

h) Edged Spain, S.L.

Under the agreements between MERLIN and its subsidiaries that own the Data Centers currently operated and Edged Spain, S.L., there are a series of commitments based on the overheads, turnover and future profitability of these Data Centers and, therefore, the MERLIN Group recognised EUR 2,511 thousand in expenses, EUR 11,408 thousand in assets and EUR 13,384 thousand in liabilities in 2024, respectively (EUR 1,827 thousand, EUR 8,568 thousand and EUR 1,212 thousand in 2023).

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

	Thousands of euros	
	2024	2023
Significant shareholders	52,086	50,290
Banco Santander, S.A.	52,086	50,290
Directors and managers	2,966	3,002
Directors	1,757	1,806
Executives	1,209	1,196
	55,052	53,292

20. Information on Directors

The Parent's directors and the parties related to them did not have any conflicts of interest that had to be reported in accordance with that set out in Article 229 of the consolidated text of the Corporate Enterprises Act.

Directors' compensation and other benefits

At 31 December 2024 and 2023, salaries, per diem attendance fees and other remuneration earned by members of the Parent's governing bodies totalled EUR 6,791 thousand and EUR 6,239 thousand, respectively, as detailed below:

	Thousands of euros	
	2024	2023
Fixed and variable remuneration	6,492	6,010
Statutory compensation	-	-
Termination benefits	-	-
Per diems	288	218
Life and health insurance	11	11
	6,791	6,239

In addition to the above amounts, in 2024, the executive directors received payments totalling EUR 2,561 thousand corresponding to the variable remuneration for 2023 and the deferred variable remuneration for 2021 and 2022. At 31 December 2024, the accrued amounts payable related to the variable remuneration for 2022 to 2024 totalled EUR 4,380 thousand, of which EUR 1,879 thousand are recognised under "Non-current provisions" and EUR 2,501 thousand under "Trade and other payables" in the accompanying balance sheet.

In regard to the "golden parachute" clauses for executive directors and other senior executives of the Company or its Group in the event of dismissal or takeover, these clauses provide for compensation that represented a total commitment of EUR 8,989 thousand at 31 December 2024.

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

		Thousands of euros	
		2024	2023
Director:			
Remuneration of board members			
José Luis de Mora Gil-Gallardo (*)	Chairman - Proprietary director	280	-
Javier García Carranza Benjumea (*)	Chairman - Proprietary director	170	-
Ismael Clemente Orrego	CEO	2,663	2,686
Miguel Ollero Barrera	Executive director	1,832	1,843
María Luisa Jordá Castro	Independent director	183	187
Ana García Fau	Independent director	211	207
George Donald Johnston	Independent director	189	187
Fernando Ortiz Vaamonde	Independent director	148	142
Juan María Aguirre Gonzalo	Independent director	183	177
Pilar Caveró Mestre	Independent director	158	152
Francisca Ortega Hernández Agero	Proprietary director	171	167
Emilio Novela Berlín	Independent director	193	185
María Ana Forner Beltrán	Proprietary director	-	78
Ignacio Gil-Casares Satrustegui	Proprietary director	51	142
Juan Antonio Alcaraz García	Proprietary director	148	75
Inès Archer Toper	Independent director	103	-
Julia Bayón Pedraza	Proprietary director	97	-
		6,780	6,228

(*) On 16 May 2024, the Parent's Board accepted and approved the resignation of Javier García Carranza Benjumea as Board member. At this same meeting, the Parent's Board unanimously approved the appointment by co-option of José Luis de Mora Gil-Gallardo as proprietary director representing the shareholder Banco Santander, S.A., and his appointment as Chairman of the Board of the Parent, following a favourable report from the Appointments and Remuneration Committee, to fill the vacancy on the Board.

The term of office of director Ignacio Gil Casares Satrustegui ended in 2024.

The shareholders at the Annual General Meeting held on 9 May 2024 approved the appointment of Inès Archer Toper as an independent director and Julia Bayón Pedraza as a proprietary director representing the shareholder Banco Santander, S.A., after which the Parent's Board had a total of 14 members.

The Parent has not granted any advances, loans or guarantees to any of its Board members.

The Parent'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, and those of its subsidiaries, in discharging their duties. The premium amounted to an annual total of EUR 272 thousand (EUR 320 thousand in 2023).

Remuneration and other benefits of senior executives

The remuneration of the Parent's senior executives, including the Head of Internal Audit, excluding those who are also Board members (whose remuneration is disclosed above) in 2024 and 2023, is summarised as follows:

2024

Thousands of euros			
Number of persons	Fixed and variable remuneration	Other remuneration	Total
9	5,856	35	5,891

2023

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

In addition to the above amounts, in 2024, the senior executives received payments totalling EUR 3,736 thousand corresponding to the variable remuneration for 2023 and the deferred variable remuneration for 2021 and 2022. At 31 December 2024, the accrued amounts payable related to the variable remuneration for 2022 to 2024 totalled EUR 6,116 thousand, of which EUR 2,631 thousand are recognised under “Non-current provisions” and EUR 3,485 thousand under “Trade and other payables” in the accompanying balance sheet.

2022 – 2024 Incentive Plan

The shareholders at the General Meeting held on 4 May 2022 approved a long-term remuneration plan consisting of the delivery of 3,491,767 ordinary shares of the Parent (representing 0.74% of the Parent's share capital at the date of approval), for the management team and other important members of the Group's workforce (“2022-2024 Incentive Plan”).

The 2022-2024 Incentive Plan consisted of a single cycle with a target measurement period that lasted three years, starting on 1 January 2022 and ending on 31 December 2024. If the targets are met, the shares will be delivered in 2025 once the financial statements for 2024 have been authorised for issue and audited. All shares delivered under the 2022-2024 Incentive Plan to executive directors will be subject to a 2-year vesting period. The maximum number of shares assigned to the Executive Directors is 1,088,082 shares.

The specific number of shares of the Parent that, within the maximum established, will be delivered to the Beneficiaries of the 2022-2024 Incentive Plan at the end of the Plan will be conditional on the fulfilment of 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 share price, including dividends and other similar items received by the shareholder during the 2022-2024 period. Relative TRS measures the performance of the TRS of the Company's share over the 2022-2024 period in relation to the TRS of the FTSE EPRA Nareit Developed Europe Index over the same period.	50%
EPRA NTA 31/12/2024 + Dividends (2022-2024) / Share	The EPRA NTA is calculated based on the Company's consolidated equity and adjusting specific items in accordance with EPRA recommendations. Furthermore, the dividends paid and other similar items received by the shareholder during the target measurement period (2022, 2023 and 2024) are taken into account	35%
Net carbon issues	Level of reduction of the Company's CO2 emissions at 31 December 2024, compared to 31 December 2021, calculated for the comparable portfolio of assets over which the Company has operational control (scope of the Company's pathway to net zero).	10%
Environment and Company	Progress on the initiatives linked to improving the environment and society. The economic and social impact of the Company's assets on the local communities around these assets and the various stakeholders will therefore be assessed.	5%

In 2024, the Group recognised an expense in the amount of EUR 2,804 thousand (EUR 2,804 thousand in 2023), corresponding to the vested portion of the 2022-2024 Incentive Plan, with a balancing entry under reserves. The total provisions recognised during the term of the LTIP 2022-2024 amounted to EUR 8,413 thousand and were recognised under reserves.

21. Auditors' remuneration

The shareholders at the Annual General Meeting held on 27 April 2023 approved the appointment of PricewaterhouseCoopers Auditores, S.L. as the auditor of the Parent and its consolidated group to audit the individual and consolidated financial statements for 2024, 2025 and 2026.

In 2024 and 2023, the fees for financial audit services provided to the various companies composing the MERLIN Group by the main auditor PricewaterhouseCoopers Auditores, S.L. (the auditor for 2024), Deloitte, S.L. (the auditor for 2023), and the entities related to them and by other auditors, were as follows:

	Thousands of euros	
	2024	2023
Audit services	622	680
Other audit-related services:		
Other attest services	84	147
Total audit and related services	706	827
Services required by applicable law		
Tax advisory services	-	-
Other services	38	-
Total other services	38	-
Total	744	827

The heading "Other audit-related services" includes the verification services performed by the auditor in the bond issue process, and certain agreed procedures related to the performance of covenants.

In addition to the annual statutory audit, the audit services include services for reviews of intermediate periods.

22. Environmental information

Given the activity in which the Group engages, it has no environmental liabilities, expenses, assets, provisions or contingencies that could have a material impact on its equity, financial position and results of its operations.

Therefore, no specific environmental disclosures have been included in these notes to the consolidated financial statements.

23. Risk exposure

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme is based on the uncertainty of financial markets and aims to minimize the adverse effects of such risks on the financial profitability of the Group.

Risk management is coordinated by the Group's senior management in accordance with the policies established by the Parent's Board. Senior Management identifies, evaluates and mitigates financial risks in close collaboration with the Group's operating units. The Parent's Board provides written policies for global risk management, and specific subjects such as market risk, interest rate risk, liquidity risk and investment of surplus liquidity.

Market risk

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

These measures are applied pursuant to the results of sensitivity analyses performed by the Group on a regular basis. These analyses involve:

- Assessing the economic environment in which the Group operates: Designing different economic scenarios and modifying the key variables potentially affecting the Group. Identifying interdependent variables and the extent of their relationship; and
- Taking into account the time frame of the analyses: consideration is given to the periods over which analyses are performed and any possible deviations thereof.

MERLIN 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 compliance deadlines negotiated with them, and the guarantees that the Group has associated with the leases. Therefore, at 31 December 2024, the average occupancy rate of the asset portfolio was 96.7%, with an average lease term of 3.2 years (weighted by gross rental income).

Credit risk

Credit risk is defined as the potential risk of loss in earnings to which the Group is exposed if a customer or counterparty breaches its contractual obligations.

As a general rule, the Group places cash and cash equivalents with financial institutions with high credit ratings.

The Group does not have significant concentrations of credit risk, having policies to limit the volume of risk posed to customers and exposure to credit recovery risk is managed as part of normal activities through, among other things, funds or guarantees deposited as collateral.

The Group 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.

Details of the estimated maturities of the Group's financial assets in the consolidated statement of financial position at 31 December 2024 are as follows.

2024

	Thousands of euros				
	Less than 3 months	More than 3 and less than 6 months	6 months to 1 year	Over 1 year (*)	Total
Loans to third parties and associates	-	-	4,549	160,334	164,882
Equity instruments	-	-	-	11,151	11,151
Guarantees and deposits	-	-	-	56,827	56,827
Trade and other receivables	28,326	23,110	8,666	-	60,102
Other current financial assets	7,111	-	-	-	7,111
Cash and cash equivalents	1,552,676	-	-	-	1,552,676
Total	1,588,113	23,110	13,215	228,312	1,852,749

(*) Does not include derivatives

2023

	Thousands of euros				
	Less than 3 months	More than 3 and less than 6 months	6 months to 1 year	Over 1 year (*)	Total
Loans to third parties and associates	-	-	3,384	133,410	136,794
Equity instruments	-	-	-	9,915	9,915
Guarantees and deposits	-	-	-	55,355	55,355
Trade and other receivables	28,169	25,039	9,390	-	62,598
Other current financial assets	1,606	-	-	-	1,606
Cash and cash equivalents	461,223	-	-	-	461,223
Total	490,998	25,039	12,774	198,680	727,491

(*) Does not include derivatives

Cash and cash equivalents

The Group has cash and cash equivalents of EUR 1,552,676 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 Group encountering difficulties meeting its obligations regarding financial liabilities settled in cash or with other financial assets.

To manage liquidity risk and meet its various funding requirements, the Group uses an annual cash budget and a monthly cash projection, the latter being detailed and updated daily. At 31 December 2024, the Group's working capital amounted to EUR 858,346 thousand.

At the date of preparation of these consolidated financial statements, taking into account the foregoing, the Group had covered all its funding requirements to fully meet its commitments to suppliers, providers of financing, employees and the authorities based on the cash flow forecast for 2025. 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 Group for investing cash surpluses.

Details of the Group's exposure to liquidity risk at 31 December 2024 are provided in the table below. The tables present the results of the analysis of gross financial liabilities, excluding the cost of bond issuance, by remaining contractual maturity date:

2024

	Thousands of euros				
	Less than 1 month	1 to 3 months	3 months to 1 year	Over 1 year	Total
Bank borrowings	94	-	563	1,513,643	1,514,300
Other non-current liabilities and guarantees	-	-	-	91,152	91,152
Trade and other payables (excluding payables to public authorities)	38,518	85,152	39,503	-	163,173
Total	38,612	85,152	40,066	1,604,795	1,768,625

2023

	Thousands of euros				
	Less than 1 month	1 to 3 months	3 months to 1 year	Over 1 year	Total
Bank borrowings	395	-	1,234	1,224,615	1,226,244
Other non-current liabilities and guarantees	-	-	-	84,190	84,190
Trade and other payables (excluding payables to public authorities)	30,735	70,360	31,521	-	132,616
Total	31,130	70,360	32,755	1,308,805	1,443,050

Cash flow interest rate risk and fair value risk

The Group manages its interest rate risk by borrowing at fixed and floating rates of interest. The Group's policy is to ensure non-current net financing from third parties is at a fixed rate. To manage this, the Group enters into interest rate swaps which are designated as hedges of the respective loans. At 31 December 2024, the interest rate of 99.9% of the debt was covered by the above financial instruments. The impact of interest rate fluctuations is explained in Note 14.3.

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. However, noteworthy in this connection are the exchange rate fluctuations arising in translating the financial statements of foreign companies whose functional currency is not the euro. At 31 December 2024, the functional currency of all the Group's subsidiaries and associates was the euro.

Tax risk

As mentioned in Note 1, the Parent and part of its subsidiaries are subject to the special tax regime for Real Estate Investment Trusts (REITs). The transitional period of the Parent ended in 2017 and, therefore, compliance with all requirements established by the regime (see Notes 1 and 5.13) became mandatory. Some of the more formal obligations that the Parent must meet involve the inclusion of the term 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. Group 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 2024.

Accordingly, and also for the purpose of taking into consideration the financial effect of the regime, it should be noted that, as in Article 6 of Law 11/2009, of 26 October 2009, amended by REITs Act (Ley 16/2012 de 27 de diciembre), and in the percentages 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 5.13).

If the Parent does not comply with the requirements in the regime or if the shareholders at the General Meetings of these companies do not approve the dividend distribution proposed by the Board, 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.

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 Parent of the Group, in 2021, formed a Sustainability and Innovation Committee under the Board whose main functions are to advise the Board, among other aspects, on environmental and sustainability issues, and the development of the Group'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 Group'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. In 2024 the Group certified or obtained the renewal of 35 assets. The Group considers the certification process of its assets as an early 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 2024 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 centers, logistics warehouses and Data Centers. In 2024, 96 buildings with a surface area of 1,352,235 sqm were certified under ISO 14001, 5 more buildings than in 2023.

The Group also continued the process of implementing an Energy Management System under the ISO 50001 standard, which began in 2017. Currently, 93 buildings are certified composing a surface area of 1,300,038 sqm, 5 more than in 2023. The assets included in this system aim to reduce total energy consumption, measured in kilowatt hours for the square metres occupied, by 8% in 2026 compared with 2022, based on the implementation of MAEs (energy saving measures).

In 2024, the carbon footprint of each of its assets, and the additional measures necessary to reduce the carbon footprint. The Group's progress in 2024 has enabled the Company to be in a position to meet its emissions reduction target 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 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 Group's financing policies are also aligned with the Group's sustainability objectives through the Green Financing Program published in April 2022 and subsequently renewed in 2024, and the conversion of 100% of its outstanding bonds into green bonds.

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. Green assets with built in embodied carbon targets
3. Investments in Energy Efficiency
4. Investments in renewable energy
5. Investments in pollution control and prevention mechanisms
6. Investments in transport mechanisms with low carbon emissions
7. Inclusion of Data Centers

Financing linked to ESG targets includes a cost adjustment mechanism linked, in the Group'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 20).

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

It has also committed to report in the Statement of Non-Financial Information (SNFI) in accordance with TCFD recommendations¹.

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.

¹ Taskforce on Climate related Financial Disclosure

- 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. In 2024, the decarbonisation targets included in its "Road to Net Zero" were validated and approved by the SBTi initiative.

24. Events after the reporting period

From the closing of the 2024 financial year until the date of preparation of these consolidated annual accounts, no significant events have occurred.

Appendix I - Group companies and associates 2024

Company	Line of business / Location	Ownership interest	Thousands of euros								Consolidation method	Auditor
			Share capital	Profit/(Loss)		Other	Total	Dividends	Carrying amount			
				From operations	Net	Shareholder s' Equity	Equity	Received	Cost	Impairment		
Merlin Retail, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	24,212	19,777	18,544	372,168	414,924	12,146	390,432	-	Global integration	PwC
Merlin Oficinas, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	32,797	30,115	29,536	767,292	829,625	26,502	833,226	-	Global integration	PwC
Merlin Logística, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	34,290	28,180	12,379	325,721	372,390	9,616	353,842	-	Global integration	PwC
Sevisur Logística	Urban development, construction and operation of logistics and common services buildings. Ctra. de la Esclusa, 15. 41011, Seville.	100%	17,220	4,797	4,332	10,763	32,315	3,857	37,629	-	Global integration	PwC
Parques Logísticos de la Zona Franca, S.A.	Real estate acquisition and development for leasing, Avda. 3 del Parc Logistic, nº 26, Barcelona	100%	15,701	28	(2,232)	105,845	119,314	925	118,310	-	Global integration	PwC
The Exhibitions Company , S.A.U.	Provision of all kinds of technical, commercial or economic services/ Paseo de la Castellana 257, Madrid	100%	180	(1,155)	(1,161)	886	(95)	-	4,287	(4,287)	Global integration	N/A
Gescentesta, S.L.U.	Provision of Services / Paseo de la Castellana 257, Madrid	100%	3	253	208	1,304	1,515	-	3	-	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	3,936	4,357	19,310	38,513	4,123	56,788	-	Global integration	PwC
Desarrollo Urbano de Patraix, S.A.	Land management / Avda. Barón de Carcer, 50, Valencia	100%	2,790	-	(357)	21,845	24,278	-	25,090	(812)	Global integration	N/A
Sadorma 2003, S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	73	-	3,454	20,624	24,151	-	25,485	(1,335)	Global integration	N/A
Varitelia Distribuciones, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	18,443	6,886	(736)	13,506	31,213	-	202,979	(171,767)	Global integration	PwC
Global Carihuela, Patrimonio Comercial S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	3,303	626	(2,071)	5,018	6,250	12,244	34,102	(27,852)	Global integration	PwC
Innovación Colaborativa, S.L.	Selection, contracting, fitting out, organization and management of coworking spaces / Paseo de la Castellana 257, Madrid	100%	27	(5,158)	(5,760)	10,880	5,147	-	30,868	(25,721)	Global integration	PwC
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%	163	(9)	(374)	1,169	958	-	1,603	(648)	Global integration	N/A

Company	Line of business / Location	Ownership interest	Thousands of euros								Consolidation method	Auditor
			Share capital	Profit/(Loss)		Other	Total	Dividends	Carrying amount			
				From operations	Net	Shareholder s' Equity	Equity	Received	Cost	Impairment		
Merlin Edged, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	3	116	116	-	119	-	3	-	Global integration	PwC
MPCVI – Compra e Venda Imobiliária, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	1,050	1,134	362	5,990	7,402	188	6,418	-	Global integration	PwC Portugal
MPEP – Properties Escritórios Portugal, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	50	910	32	414	496	-	1,085	-	Global integration	PwC Portugal
MP Monumental, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	50	2,704	(20)	25,554	25,584	12	41,570	-	Global integration	PwC Portugal
MP Torre A, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	50	(644)	(1,656)	10,860	9,254	-	21,601	-	Global integration	PwC Portugal
VFX Logística, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	5,050	(6,448)	(7,265)	61,880	59,665	-	50,382	-	Global integration	PwC Portugal
Promosete, Invest. Imobil. SA.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	200	1,625	861	7,593	8,654	1,221	10,384	-	Global integration	PwC Portugal
Praça Do Marquês serviços Auxiliares, SA	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	15,893	3,707	3,999	61,317	81,209	841	56,361	-	Global integration	PwC Portugal
Torre Dos Oceanus Investimentos Imobiliarios,S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	50	2,104	1,065	3,319	4,434	838	15,912	-	Global integration	PwC Portugal
Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	5	20,000	10,594	94,390	104,989	-	89,453	-	Global integration	PwC Portugal
Forum Almada II, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	10,000	13,320	9,559	84,178	103,737	-	344,112	-	Global integration	PwC Portugal
Torre Arts Investimentos Imobiliarios, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	100	3,844	3,017	78,153	81,270	2,267	80,281	-	Global integration	PwC Portugal
Torre Fernao Magalhaes Investimentos Imobiliarios, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	100	1,608	1,042	12,370	13,512	1,193	13,055	-	Global integration	PwC Portugal
MPLIB – Investimentos Imobiliários, Unipessoal Lda.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	2,000	10,549	7,519	50,716	60,235	-	56,808	-	Global integration	PwC Portugal

Company	Line of business / Location	Ownership interest	Thousands of euros								Consolidation method	Auditor
			Share capital	Profit/(Loss)		Other	Total	Dividends	Carrying amount			
				From operations	Net	Shareholder s' Equity	Equity	Received	Cost	Impairment		
Paseo Comercial Carlos III, S.A.	Real estate acquisition and development for leasing / Avda. San Martín Valdeiglesias, 20 28922 Madrid	50%	8,698	5,603	1,548	26,393	36,639	-	25,668	-	Equity method	PwC
Provitae Centros Asistenciales, S.L.	Real estate acquisition and development for leasing / C. Fuencarral, 123. Madrid	50%	6,314	(46)	(130)	(1,675)	4,509	-	5,061	(2,807)	Equity method	PwC
G36 Development, S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 93, Madrid	50%	3	21	21	8	32	-	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	48.5%	18,920	26,715	17,737	130,084	166,741	5,922	95,688	-	Equity method	Mazars
Pazo de Congresos de Vigo, S.A.	Execution project, construction and operation of the Vigo Conference Center / Avda. García Barbón, I. Vigo	44.44%	n.d.	n.d.	n.d.	n.d.	n.d.	-	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	235	252	392	2,342	-	2,137	(1,199)	Equity method	BDO
Araba Logística, S.A.	Real estate acquisition and development for leasing / Avda. Álava s/n Rivabellosa (Álava)	25.14%	1,750	12,003	11,513	22,001	35,264	-	2,257	-	Equity method	Mazars
Crea Madrid Nuevo Norte, S.A.	Performing all types of real estate activities / Paseo de la Castellana 216, Madrid	14.46%	504,197	(5,440)	(4,550)	(38,347)	461,300	-	217,490	(2,874)	Equity method	EY
HCG Levante, S.L.	Property management and administration under a rental regime /Calle Travessera de Gracia, 30, Barcelona	5.84%	64	(61)	(61)	14,351	14,354	-	1,070	-	Equity method	N/A
Moregal Hotels, S.L.	Real estate acquisition and development for leasing / Alameda de Colón , 9, Málaga	7.32%	5,307	(46)	(16)	1,179	6,470	-	1,585	(3)	Equity method	N/A
Silicius Real Estate, SOCIMI, S.A.	Performing all types of real estate activities / Calle de Velázquez, 123, Madrid	17.8%	31,394	4,736	(10,329)	288,128	309,193	-	88,572	-	Equity method	PwC
Edged Spain, S.L.U	Provision of Data Center services / Paseo de la Castellana 257, Madrid	50%	3	-	-	(1)	2	-	2	-	Equity method	PwC

Appendix II - Group companies and associates 2023

Company	Line of business/Location	Ownership interest	Thousands of euros								Consolidation method	Auditor
			Share capital	Profit/(Loss)		Other	Total	Dividends	Carrying amount			
				From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment		
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	-	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	-	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	369,627	43,842	353,842	-	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	-	Global integration	Deloitte
Parques Logísticos de la Zona Franca, S.A.	Real estate acquisition and development for leasing, Avda. 3 del Parc Logistic, nº 26, Barcelona	100%	15,701	1,720	925	105,845	122,471	-	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	(1,218)	(1,158)	2,044	1,066	-	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	-	3	-	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	-	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	-	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	20,697	-	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)	-	-	-	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

Company	Line of business/Location	Ownership interest	Thousands of euros								Consolidation method	Auditor
			Share capital	Profit/(Loss)		Other	Total	Dividends	Carrying amount			
				From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment		
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)	-	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	100%	3	(3)	(407)	136	(268)	-	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)	929	-	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	7,758	-	7,724	-	Global integration	Deloitte
Merlin Edged, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	3	-	-	-	3	-	3	-	Global Integration	N/A
MPCVI – Compra e Venda Imobiliária, S.A.	Real estate acquisition and development for leasing / Av. Fontes Pereira de Melo, N° 51, Lisbon	100%	1,050	1,162	198	5,980	7,228	198	6,418	-	Global integration	Deloitte Portugal
MPEP – Properties Escritórios Portugal, S.A.	Real estate acquisition and development for leasing / Av. Fontes Pereira de Melo, N° 51, Lisbon	100%	50	684	(248)	662	464	-	1,085	-	Global integration	Deloitte Portugal
MP Monumental, S.A.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	50	2,498	12	25,554	25,616	214	41,570	-	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	9,411	404	20,101	-	Global integration	Deloitte Portugal
VFX Logística, S.A.	Real estate acquisition and development for leasing. Av. Fontes Pereira de Melo, N° 51, Lisbon	100%	5,050	21,837	21,562	19,873	46,485	-	30,182	-	Global integration	Deloitte Portugal
Promosete, Invest. Imobil. SA.	Real estate acquisition and development for leasing. Av. Fontes Pereira de Melo, N° 51, Lisbon	100%	200	1,976	1,221	7,515	8,936	837	10,384	-	Global integration	Deloitte Portugal
Praça Do Marquês serviços Auxiliares, SA	Real estate acquisition and development for leasing. Av. Fontes Pereira de Melo, N° 51, Lisbon	100%	15,893	3,566	886	61,273	78,052	1,982	56,361	-	Global integration	Deloitte Portugal
Torre Dos Oceanus Investimentos Imobiliarios,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	-	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	-	89,453	-	Global integration	Deloitte Portugal

Company	Line of business/Location	Ownership interest	Thousands of euros								Consolidation method	Auditor
			Share capital	Profit/(Loss)		Other	Total	Dividends	Carrying amount			
				From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment		
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	-	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	2,971	2,267	78,153	80,520	2,097	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	1,537	1,193	25,370	26,663	673	26,055	-	Equity method	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	-	56,808	(4,118)	Equity method	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	-	25,668	-	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	-	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	-	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	26,942	17,443	124,043	160,406	7,880	95,688	-	Equity method	EY
Pazo de Congressos 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/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	-	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	-	177,485	(2,216)	Equity method	EY
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	-	1,585	(2)	Equity method	n.d

Company	Line of business/Location	Ownership interest	Thousands of euros								Consolidation method	Auditor
			Share capital	Profit/(Loss)		Other	Total	Dividends	Carrying amount			
				From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment		
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	-	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	-	2	-	Equity method	Deloitte



MANAGEMENT REPORT

Statement of Non-Financial Information

31/12/2024



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The minimum content of the Consolidated Management Report, as required by Spanish Law 1/2010, of 2 July, on Corporate Enterprises (Ley 1/2010, de 2 de julio, de Sociedades de Capital) and by the Spanish Commercial Code (Código de Comercio), is included in this Statement of Non-Financial Information.

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 (ORI) with the Spanish Securities Market Commission (CNMV).

Annual Board Remuneration Report

The Annual Board Remuneration Report is available in full on the website of the CNMV (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 (ORI) with the CNMV.

Letter from the CEO



Dear MERLIN Properties shareholders and stakeholders,

This year has provided MERLIN Properties Socimi, S.A. ("MERLIN Properties", "MERLIN" or the "Company") with the opportunity to demonstrate its strength, returning to pre-Covid levels in its key figures. Throughout 2024 MERLIN's key financial and operating metrics followed an upward trajectory, with year-on-year growth in all of them.

MERLIN Properties has achieved gross rents of 500 million euros in 2024, as a result of growth in both like-for-like rents (3.4% vs. 2023) and the occupancy of

the asset portfolio (+58 basic points vs. 2023), standing at 96.7% at 31 December 2024. The year was also noteworthy in terms of cash flow generation, with FFO at EUR 311 million, an increase of 9.4%. Finally, the Company's level of debt remains low, standing at 28.3% at 31 December.

I am pleased to present to you the Management Report and Statement of Non-Financial Information 2024 ("SNFI"), in which we provide all relevant environmental, corporate governance and social information for the year to our stakeholders and outline our main plans for the future.

Progress in environmental matters

MERLIN continues to aspire to the highest levels of sustainability and efficiency in its portfolio. It does so by integrating sustainability into the entire life cycle of the asset and supporting this commitment by obtaining sustainability certifications.

In April 2022, MERLIN launched its "Pathway to Net Zero" strategy, a roadmap that outlines the way to improve not only the environmental performance of the Company itself and its assets under operational control, but also the behaviour of the key agents responsible for MERLIN's emissions throughout its value chain, including suppliers and tenants. This strategy has 5 main lines of action:

- Reduction of operational carbon: 85% reduction in operational carbon from baseline (2018) to 2028.
- Reduction of embodied carbon in all new developments and refurbishments.
- Offsetting of residual emissions: offsetting of the unavoidable footprint through own certified initiatives.
- Reduction of scope 3 emissions: engage tenants through green clauses in new leases and pioneering initiatives such as rent reduction for tenants who certify that their operations are net zero.
- Renewable energy: 100% renewable energy supply and photovoltaic power generation through the "SUN" project, which consists of installing photovoltaic panels on the roofs of the assets.

Progress in the implementation of the "Road to Net Zero" is noteworthy. Operational carbon footprint reduction targets have already been achieved by 2024 and the Company is working on reformulating long-term targets, also taking advantage of the addition of Data Centers. In terms of embedded carbon footprint, the Company has measured this footprint originating from the construction process in all developments and major refurbishments during the year and we have set maximum limits for future developments, fulfilling our commitment to our shareholders. In offsetting, we have already analysed the forest mass and type to offset MERLIN's future footprint, having started the process to find a forest that meets these requirements. In 2024 we also made

progress with our pioneering "green clause" with 249 agreements signed by the year-end, giving our tenants a rent reduction if they operate their private space efficiently. And we continue to make progress in the project aiming to install photovoltaic panels on roofs, ending the year with 15.6 MW of installed capacity, having self-produced 5.6% of the energy consumed by the Company.

In terms of environmental performance data, 2024 has been a good year. The energy consumption of the asset portfolio on a like-for-like basis was 108,289 MWh, a reduction of 0.5% compared with 2023. We also made significant progress on the portfolio's decarbonisation targets, with the corporation's carbon footprint at 2,696 tonnes of CO₂ equivalent, a decrease of 1% compared with 2023. We successfully completed the portfolio certification programme under the most demanding LEED or BREEAM standards. We also verified our environmental management systems and energy management system, achieving ISO 14.001 and ISO 50.001 for 42% of the portfolio.

The above-mentioned good data have been endorsed by sustainability ratings or "scorings". Specifically, in 2024, MERLIN participated and obtained excellent ratings in seven sustainability indices: GRESB (real estate), CDP (climate change), S&P Global (general), Sustainalytics (ESG risks), MSCI (general), Vigeo Eiris (general) and ISS ESG (ESG). It is significant that MERLIN Properties has again been included in one of the world's most prestigious sustainability ratings, the Dow Jones Sustainability World Index, while maintaining its inclusion in the Dow Jones Sustainability Europe Index for the fourth consecutive year.

Progress in corporate governance

MERLIN has a robust governance system in line with its commitment to ethics, compliance and transparency, which is backed by independent third-party validation. The main milestones achieved in 2024 were as follows:

- MERLIN continued with the process of constant improvement of the Corporate Governance system by simplifying it. Policies have been merged and others removed because they are considered to have similar content or to repeat with what is envisaged in current law or other internal regulations.
- Approval of an Information Security Policy
- Outsourcing the management of the internal reporting system (whistleblower channel).
- For the third consecutive year, the documentation and verification of the controls of the System of Internal Control over Non-Financial Reporting (ICNFR) was carried out.

With regard to risk management, in 2024, MERLIN's Board of Directors approved the list of the most significant financial and non-financial risks and the tolerance level established for each one based on the information provided by the Audit and Control Committee.

Progress on social issues

MERLIN creates value for society by supporting various initiatives and activities that ultimately have a positive impact on the development of the surrounding communities. This contribution is approached from a dual perspective. On the one hand, at the corporate level and on the other hand, at the level of its various assets.

In 2024 the Group donated a total of EUR 248,280 in direct contributions, with a multiplier effect of EUR 246,449 through the collaboration of 66 employees and directors. Together, these contributions have supported 81 foundations. MERLIN also contributes to local development through its assets, supporting different initiatives and activities in four key areas: training; social action; promotion of culture and local development; and awareness-raising.

After joining the internationally recognised London Benchmarking Group (LBG) in Spain, MERLIN measures its contribution to society using the LBG model.

At the end of 2024, MERLIN's workforce comprised 293 employees. In its relationship with employees MERLIN adheres to the strictest labour standards, complying with the principles set out in the ILO Declaration on Fundamental Principles and Rights at Work. The Human Capital Policy, the Equality Plan and the Human Resources Processes Handbook and Employee Handbook currently set out the guiding principles for human capital management at the Company.

It is to this team that we owe the milestones achieved by the Company in 2024. It was a year of great progress on the Company's path to decarbonisation, of strengthening the corporate governance structure and of advances in social matters, through the various initiatives implemented on a daily basis at corporate, asset and local level.

Sincerely,



Ismael Clemente Orrego

CEO

MERLIN PROPERTIES SOCIMI, S.A.

1. Our business model

1.1 MERLIN Properties. At the forefront of Tertiary Asset Management on the Iberian Peninsula.

MERLIN Properties is the leading REIT in Spain and Portugal, and among the 10 largest REITs in Europe

MERLIN Properties SOCIMI, S.A. (“MERLIN”, “MERLIN Properties” or “the Group”) is one of the leading real estate groups listed on the Spanish Stock Exchange (IBEX-35) and mainly engages in the acquisition and management of commercial real estate assets in the Iberian Peninsula.

The Group is a public limited company applying the REIT regime. It mainly engages in the acquisition, active management, operation and selective rotation of quality commercial real estate assets in the “Core” and “Core Plus” investment segment, mainly in Spain and, to a lesser extent, in Portugal. The Group focuses on the office, logistics warehouse, shopping centre and data center markets.

MERLIN Properties has a team of professionals who manage the portfolio of assets that it owns with the aim of maximising the operational efficiency and profitability of each asset.

MERLIN Properties’ objective regarding returns is based on sustainable shareholder remuneration consisting of annual dividend payouts and value creation¹ by increasing the Company’s EPRA NTA.

Performance in 2024. Main Figures

In its firm commitment to transparency and accountability to its stakeholders, in this report, MERLIN presents a detailed record of its sustainability performance, covering three aspects: economic, environmental and social. This update reaffirms our commitment to accountability and open communication on the impact and progress in these key areas.

During the year, MERLIN took the opportunity to strengthen its resilience by identifying growth opportunities and mitigating the effects of challenges such as inflation or the weakening of the economy on its business, through its focus on digitalisation and sustainability as a driver of transformation. Throughout 2024 MERLIN’s key financial and operating metrics confirmed its path to recovery, with year-on-year growth in all of them. Examples of this include occupancy (+58 bps vs 2023), LfL rents (3.4% vs 2023) and cash flow generation (EUR 311M FFO, +9.4% vs 2023).

¹ Note: MERLIN Properties, as a member of the EPRA (European Public Real Estate Association), follows best practice standards in reporting that enables investors to more easily compare certain measures that are specific to the real estate sector. The measures are published every six months and are detailed in Appendix V. In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA), the alternative performance measures are described in Appendix V.

MERLIN defines value creation as the increase in shareholder return as a result of increasing the EPRA NTA and operating profit as a result of increasing the occupancy or rent of the assets in the portfolio.

Economic performance

0.55 € p.s.	14.32 € p.s.	28%
(-8.9% vs 2023)	(-5.0% vs 2023)	(-674 bps vs 2023)
FFO	EPRA NTA	LOAN TO VALUE (LTV)

Environmental performance

Dow Jones Sustainability Index	167 ASSETS	1.838 KgCO₂eq/sqm
	(+3.7% vs 2023)	(- 0.7% vs 2023)
MEMBER OF THE EUROPE INDEX FOR THE FOURTH YEAR IN A ROW AND OF THE WORLD INDEX FOR THE SECOND TIME	LEED or BREEAM CERTIFIED ²	MARKET-BASED INTENSITY OF SCOPE 1 AND SCOPE 2 GREENHOUSE GAS EMISSIONS IN <i>LIKE-FOR-LIKE</i> ASSETS UNDER MANAGEMENT
108,289 MWh	656,138 m3	7,523 t
(-0.4% vs 2023)	(-0.7% vs 2023)	(+9.8% vs 2023)
ENERGY CONSUMPTION IN LIKE FOR LIKE ASSETS UNDER MANAGEMENT	WATER CONSUMPTION IN LIKE-FOR-LIKE ASSETS UNDER MANAGEMENT	WASTE GENERATED IN LIKE-FOR-LIKE ASSETS

Social performance

293	524 M€	8.8 M€
(+10.2% vs 2023)	(+2.7% vs 2023)	(+33.3% vs 2023)
EMPLOYEES	VALUE DISTRIBUTED TO STAKEHOLDERS ³	ECONOMIC IMPACT SOCIAL FOOTPRINT ⁴

² The certified assets of Barcelona-Zal Port are not included

³ This includes the payment of salaries, payments to suppliers, payments to governments, investments in communities and operating costs. It corresponds to indicator 201-1 included in the GRI Standards.

⁴ In accordance with London Benchmarking Group methodology

MERLIN Properties' portfolio

MERLIN manages a diversified portfolio of around 3.2 million sqm of leasable space in the office, logistics warehouse, shopping centre and data center markets.

GLOBAL PORTFOLIO

11,540 M€	3,169,405 sqm	96.7%
(LfL 0.0% vs 2023)	93.3% SPAIN	(+58 bps vs 2023)
GROSS ASSET VALUE (GAV)	6.7% PORTUGAL	OCCUPANCY RATE
500 M€	311 M€	3.2 years
(+5.2% vs 2023)	(9.4% vs 2023)	AVERAGE LEASE PERIOD
GROSS RENTAL INCOME		

1.2 Our Mission, Vision and Values

MERLIN's mission is to stand out as the leading REIT in the Iberian Peninsula with a commitment to create long-term value and to generate sustainable and growing dividends for our shareholders. All this takes place in a context where the values of transparency, ethics and corporate and social responsibility are fundamental.



1.3 Structure of MERLIN

The Group's strategy and operation are characterized by:

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

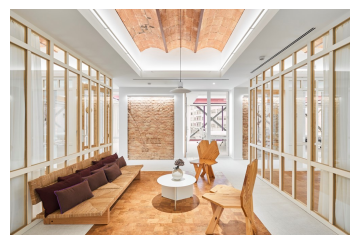
Its internal organisational structure can be summarised as follows:

- A Board of Directors (Board) composed of 14 directors and advised by the Audit and Control Committee (ACC), the Appointments and Remuneration Committee (ARC) and the Sustainability and Innovation Committee (SIC). The Company also has a Planning and Coordination Committee (PCC).
- MERLIN's Board of Directors, subject to individual re-election every two years and composed mainly of independent directors, defines, oversees and monitors the policies, strategies and general guidelines for the management of the Group. The Board is responsible for long-term strategy and for monitoring its implementation.
- General Management, composed of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO), who report directly to the Board and are also Board members.
- An Investment Committee made up of the management team⁵.

1.4 Business activities

MERLIN Properties owns a portfolio of property assets valued at EUR 11,540 million, mainly comprising 109 office buildings, 106 logistics warehouses, 13 shopping centers centres, 3 data centers and land for the development of logistics warehouses and data centers. The portfolio has a gross leasable area (GLA) of more than 3.2 million square metres that generates EUR 500 million in gross rental income

⁵ The Management Team means: <https://ir.merlinproperties.com/en/corporate-governance/management-team/>


OFFICES⁹
EUR 6,488 M GAV
109 ASSETS
1,225 m sqm GLA
EUR 288 M GRI⁶

LOOM
14 SPACES⁷ and 3,439 desks
35,152 sqm GLA
OCCUPANCY: 82%

LOGISTICS
EUR 1,392 M GAV
106 ASSETS
1,438 m sqm GLA
EUR 84 M GRI

ZAL PORT (48,5%)⁸
52 ASSETS
765 k sqm GLA
EUR 76 M GRI

SHOPPING CENTERS⁹
EUR 2,014 M GAV
13 ASSETS
437 m sqm GLA
EUR 127 M GRI

TRES AGUAS (50%)⁸
1 ASSET
68 k sqm GLA
EUR 10 M GRI
DATA CENTERS
3 ASSETS
9 MW - Already installed
64 MW - Total capacity
DATA CENTERS PIPELINE
203 MW - Total capacity (Phase II)
2,510 MW - Total capacity (Phase III+IV)
⁶ Gross rental income Note 8.2 Operating leases-lessor.

⁷ Of the 14 spaces, 12 are owned by MERLIN.

⁸ 100% of the asset.

⁹ Hotels have been reclassified as Offices and Shopping Centers

Offices

MERLIN once again consolidated its leadership position in the office market, surpassing pre-pandemic levels in key financial and operational indicators, as reflected in the growth in rents in the like-for-like portfolio (+3.9%), a positive release spread (2.3%) and exceeding the indication given to the market at the start of the year regarding the occupancy rate (93.7%).

EUR 6,488 M	109	1.2 M sqm
GAV	ASSETS	GLA
EUR 288 M	93.7%	+3.9%
GROSS RENTAL INCOME	OCCUPANCY RATE	GRI LFL

2024 Milestones

Occupancy at record levels

➤ Office occupancy finished at record levels (93.7%) thanks to the quality of the office portfolio and the Company's marketing efforts. Of particular note is the recovery of occupancy on the A-1 where occupancy has increased by almost 80,000 sqm since 2018, implying an 18% increase in occupancy in the area.

➤ Among the year's most notable additions and renewals are:

- 36,550 sqm in Plaza Ruiz Picasso of new rentals to top tenants such as IBM, SAP, Willis Tower Watson or Globant
- Renovation of 6,352 sqm with P&G at Avenida de Bruselas 24
- 6,299 sqm new rental in Adequa 1 with PWC
- 6,061 sqm new rental in P.E. Las Tablas with BBVA

Strong growth of LOOM (flexible offices)

- LOOM spaces, the highest rated co-working spaces according to the Google My Business tool, continue to grow with the opening of three new spaces in Madrid and two extensions in Madrid and Barcelona. These are in addition to the 11 locations already in operation.
- Partial handover of LOOM Azca, in Madrid. With a total surface area of almost 9,000 sqm and c.600 workstations, this space will become the largest co-working space in Spain. Located in the heart of the city, this space will have a floor dedicated exclusively to events, with an auditorium, meeting rooms and multi-purpose event rooms.

Continuation of the Renazca project

- The RENAZCA Project aims to promote a complete refurbishment plan for the Azca complex, located in the heart of the city, creating a place for the enjoyment of all citizens and the subsequent revitalisation of the area, with the aim of making it a destination in the city of Madrid and an example of good practices in sustainability.

In November, the agreement was signed between the owners of Azca and Madrid City Council for the execution of the project by the Council and co-financed by it and the owners.

Construction of the A-1 bus lane

- The group considers it essential to boost its positive impact on cities. An example of this is the recent opening of a bus lane connecting Madrid's public transport network from Plaza de Castilla to Las Tablas via a new alternative route that saves more than 25% of travel time, conceived, designed, built and financed entirely by MERLIN Properties in collaboration with the authorities responsible for transport, mobility and the environment of the Madrid City Council and the Region of Madrid.

Contracts with Green Clauses

- Increase in the number of contracts including green clauses, reinforcing MERLIN's commitment to sustainability and operational efficiency.
- Specifically, the number of contracts signed has risen from 57 in 2023 to 63 in 2024 (an 11% increase, totalling 120).

Future objectives

Completion and handover of new offices

- In 2025, the works in the office at Josefa Valcarcel 48 will continue, and the refurbishment of the Liberdade 195 building in Lisbon will begin.
- In the development of the Cerro de los Gamos Business Park, it is planned to complete work on the third building and start work on buildings two and five.

Improving the user experience at LOOM

- Increase retention of the host team.
- Automation of the LOOM Events booking, contracting and invoicing process.
- Improvements in the process and control when launching digital marketing campaigns.

Increase in contracts with green clauses

- As part of the Group's commitment to sustainability, MERLIN is committed to green clauses in its leases. These consist of a rent reduction of up to 50 basis points if the tenant meets a series of milestones and shares its consumption data.

Logistics

MERLIN is the undisputed leader in the logistics market throughout the Iberian Peninsula, thanks to the size and quality of its portfolio and the Group's rapid response to its customers' new requirements. A release spread of 1.4% was obtained in 2024, with comparable rental income growth of 2.8% and full occupancy (99%) was almost achieved.

1,392 M€	106	1.4 M sqm
GAV	ASSETS	GLA
84 M€	99.4%	+2.8%
GROSS RENTAL INCOME	OCCUPANCY RATE	GRI LFL

2024 Milestones

Full occupancy achieved

- MERLIN's logistics portfolio reached full occupancy in 2024 (99.5%), once again consolidating its position as the undisputed leader in the Iberian market. Among the year's most notable additions and renewals are:
 - Truck & Wheel in Cabanillas Park I F (20,716 sqm).
 - Inpost in San Fernando I (11,193 sqm).
 - Nearly 8,000 sqm in Coslada Complex, with contracts renewed with Phone House and Transmec de Bortoli.
 - PLZF: Renovation of over 36,800 sqm, including the post office, Alonso Logistica and Aldisca, and new contracts for more than 8,600 sqm.
 - 45,171 sqm with DSV and Rangel in Lisboa Park A.

Continuation of logistics developments

- **Full development of Lisboa Park:** A commitment has been reached with two renowned operators to develop several turnkey warehouses for approximately 135,000 sqm of GLA, which means the full development of the Lisboa Park logistics park, marking the successful completion of the project.
- **Full development of Cabanillas Park II:** Cabanillas Park II warehouse B has been handed over to the operator Pepco; a pre-lease agreement has been signed for Cabanillas Park II warehouse D and construction work has begun on Cabanillas Park II warehouses C and D.
- **Development of a warehouse in Seville Zal:** An agreement has been closed with the operator XPO for a logistics warehouse in the Seville ZAL park.

Green Clauses

The number of contracts with green clauses is 19

Future objectives

Continuation of new developments

In 2025, MERLIN will continue to strengthen its logistics portfolio with the following developments:

- Completion of the development of the A2-Cabanillas Park II logistics park.
- Start of work on three new logistics warehouses in Seville ZAL, with tailor-made projects for three different operators.
- Progress on the logistics works at Lisboa Park.

Comprehensive refurbishment of Vitoria-Jundiz

- The Vitoria-Jundiz I logistics warehouse will be completely refurbished, consolidating its attractiveness and functionality for logistics operators.

Increase in contracts with green clauses

In line with its commitment to sustainability, MERLIN promotes the use of green clauses in leases. These include:

- Rent reductions of up to 50 basis points for tenants who meet certain sustainability milestones.
- Access to benefits for those who share energy consumption data and promote good environmental practices.

Shopping centres

MERLIN's shopping centres continue to be a benchmark in the Spanish and Portuguese real estate sector, strategically located in urban centres and in areas with high per capita GDP. This enables the Group to maintain the progress made in previous years. A release spread of 3.3% was obtained in 2024, with comparable rental income growth of 2.7% and occupancy was increased (96.5%, +21 bps). Footfall (+5.0%) and sales (+10.7%) above pre-Covid levels.

2,014 M€	13	437 m sqm	11.2%
GAV	ASSETS	GLA	OCCUPANCY COST RATIO
127 M€	96.5%	+2.7%	
GROSS RENTAL INCOME	OCCUPANCY RATE	GRI LFL	

2024 Milestones

Modernisation of the shopping centre portfolio management

During 2024, MERLIN has carried out a profound modernisation in the management of its shopping centres, placing them at the forefront of innovation and sustainability.

- **Innovation**

MERLIN relies on state-of-the-art data processing systems, designed to:

- Offer differential experiences to users and customers.
- Create a vibrant ecosystem and community around the shopping centres.

- **Sustainability**

With the SUN Project, MERLIN promotes sustainable practices through photovoltaic installations:

- 4 assets already have installations in place by the end of 2024.
- 2 additional ones are under construction.

BREEAM certifications:

- Focus on sustainable construction.
 - First "Very Good" certificate obtained in Almada.

- **Advanced Management Tools**

- Centralised CRM: Implementation of Salesforce in all shopping centres, enabling unified and efficient management.
- Connection to the Alarm Monitoring Centre: Two shopping centres are already integrated, improving security and monitoring.

Consolidation and expansion of prominent operators

MERLIN reinforces its position as a reference owner for key players in the sector. Notable new firms joining its portfolio in 2024 include:

- X-Madrid: Mundimoto, Bike Ocasión, Indy Golf, Hit Ball, Mango.
- Arenas: Llongueras, Mango Biche Mía, Stone by Stone.
- TresAguas: Homa, Normal, TGB, Tramas+, Sweet Space.
- Other relevant operators: Milbby (in Marineda); Hoss, Silbon, Baimara (in Arturo Soria Plaza); Bareto (in Centro Oeste); Samsonite (in Almada)

MERLIN can also boast that it has all the tenants recognised with awards at the 2024 Conference of the Spanish Shopping Centres Association, such as Motocard, Sibuya, Alehop or Ilusiona.

Implementation and roll-out of the Zero Waste programme

First property management company to obtain the Zero Waste Programme certificate.

- **Marineda City:** First centre with AENOR's "Zero Waste" certificate thanks to its good environmental practices.
- **Artea and Porto Pi:** Certified in 2024.
- Ongoing work to extend the certification to more centres.

Resounding success at the Spanish Shopping Centres Association Conference for 2024

MERLIN was given two important awards:

1. **Best sustainability and environmental impact action:** R8tech project in Arenas, which uses artificial intelligence for sustainability.
2. **Best digital strategy:** X-Madrid

Expansion of the Marineda City Shopping Centre

In 2024, works began on the expansion of Marineda City, which will include:

- Comprehensive refurbishment and extension of the commercial space.
- Attraction of new brands and creation a destination for socialisation and user experiences.

Currently, 83% of the enlarged surface area is already committed to new firms, consolidating Marineda City's position as a commercial reference in Galicia and the northwest of the peninsula.

Green Clauses

The number of contracts with green clauses has grown significantly, reaching a total of 87 contracts, compared with the figure for 2023 (25 contracts).

Future objectives

Refurbishment of Callao 5

In 2025, MERLIN will continue with the total refurbishment of the emblematic building located at Callao 5. This project includes:

- Complete remodelling of uses, installations and formats, transforming this iconic building into one of Madrid's most valuable and representative assets.
- 72% pre-leased.
- Completion of 100% of the commercial area and development of the restoration project.

Completion of the refurbishment of Marineda City Shopping Centre

As the largest shopping centre in Galicia, now under full control of MERLIN, Marineda City will undergo a comprehensive refurbishment that will include:

- Expansion of retail space to attract new brands.
- Creation of a new destination for socialisation and unique user experiences.

Increase in contracts with green clauses

In line with its commitment to sustainability, MERLIN promotes the use of green clauses in leases. These include:

- Rent reductions of up to 50 basis points for tenants who meet certain sustainability milestones.
- Access to benefits for those who share energy consumption data and promote good environmental practices.

Implementation of a Digital Counting System

MERLIN's portfolio has implemented a digital system for counting visitors in shops and in 2025 the last centres, which are Almada and Centro Oeste, will be included. This system provides key data to optimise the commercial and operational experience.

Roll-out of the Zero Waste Programme

MERLIN continues to work on the extension of its successful Zero Waste Programme, advancing in the environmental certification of its portfolio and reaffirming its commitment to sustainability.

Data Centers

At the end of 2021, MERLIN launched a new business line, data centers (Mega Plan), an asset class with 4 strategic locations in the Iberian Peninsula to develop state-of-the-art data centers.

2024 Milestones

Full occupancy at BCN-PLZF

- In October, a lease was signed with an artificial intelligence operator for a single batch of 15 MW IT at the Barcelona-Zona Franca Data Center (BCN01-PLZF), which is 100% leased at its Total Design Capacity. A fully equipped 9 MW was delivered to the customer in Q4 2024 and an additional 6 MW will be delivered in Q1 2025. The effect of BCN01-PLZF on gross income in 2025 will be EUR +23 million.

Approved certifications

3 certifications approved during the year:

1. ISO 9001: Certification obtained for Edged Spain (Aenor). Currently awaiting accreditation.
2. ISO 14001: No discrepancies identified in the internal audit (Aenor).
3. ISO 50001: No discrepancies identified during internal audit (Aenor).

Capital increase to fund Phase II

- In July, a capital increase for a total amount of EUR 921M was carried out to fund Phase II (200 MW) of the Mega Plan.

Phase II: Start of work

- Work has already begun on the Lisbon Data Center and the construction permit for the second building of the Bilbao-Arasur Data Center has been received

Future objectives

Future certifications

- ISO 27001, ENS (Spanish National Security Scheme): Scheduled for 17 March (Aenor).
- PCI-DSS, NIS 2 (focused on IT security, cybersecurity and physical security): Scheduled for April.

Obtainment of the licence for the next Data Center

- Obtaining the licence for the third Data Center in Bilbao-Arasur

Continuation of the Mega Plan (Phase I)

- The first 26 MW were equipped and installed in 2024
- It is expected to continue with the staggered MW target: 46 MW in 2025 and 60 MW in the first quarter of 2026.

1.5 Main milestones and corporate objectives

MERLIN Properties has demonstrated and strengthened its leadership position in the Iberian Peninsula, posting excellent results

In 2024, MERLIN posted excellent results in key financial and operating metrics. As a result, MERLIN ended 2024 with total revenue of EUR 516.7 million (including gross rents of EUR €500 million), like-for-like growth of 3.4% (vs 2023), EBITDA¹⁰ of EUR €379.2 million and operating profit (FFO) of EUR €310.8 million (55 euro cents per share). At the 2024 year-end, the gross asset value stands at EUR 11,540 million.

MERLIN continues to strengthen its position in the Spanish and Portuguese markets with a diversified portfolio of top-quality assets, and is committed to the integration of differential solutions that provide added value to the users of its assets, with sustainability and innovation as two of its main pillars.

Compliance with Value Creation Plans

MERLIN made significant progress in the value creation plans for its portfolios in 2024. Within the framework of the Landmark Plan (offices), the project concludes with the delivery of Plaza Ruiz Picasso in 2024, while the development of the short- and long-term projects (logistics) is progressing well. The Flagship Plan (shopping centres) ended in 2022. The data centers project is progressing on schedule and the licence is expected to be obtained to start construction of the fourth centre, in Lisbon, in 2024.

¹⁰ EBITDA excluding LTIP and non-overhead expenses.

2. Our Strategic Proposal for sustainable development

2.1 Environment (sector)

Company Situation

Economic Situation

The markets in which MERLIN operates have generally performed well in 2024. This economic environment has led to significant increases in trading volumes, which results in higher occupancy in the four main asset classes in which we operate.

Against a backdrop of economic growth and a more stable interest rate environment, domestic investors once again took centre stage in the market, accounting for more than half of the total amount transacted, a significant increase on 2023. The investment volume rose 27%, reaching EUR 14,500 million in 2024 compared with EUR 11,500 million of direct investment in Spain in 2023.

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 570,000 sqm, 30% more than in 2023. Moreover, prime rents continue to increase to EUR 38 sqm/month and the vacancy rate decreased slightly to 9.0%. As regards the logistics market, it has been a good year in terms of surface area absorption with 1,000,000 sqm contracted, up 17% on the previous year. Rents continue to trend upwards, reaching EUR 5.50-6.00 sqm/month. Finally, shopping centres continue their upward trend in both footfall and sales

Barcelona

The office rental market in Barcelona continues its upward trend, with absorption of office space standing at around 289,000 sqm (+22% year-on-year) and prime rents rising slightly to EUR 29.75 sqm/month. The vacancy rate has fallen slightly to 12.3%. 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 ratio remains at very sustainable levels and availability is very limited.

Lisboa

Record year in terms of surface area absorption, which stood at around 207,000 sqm (+80% increase on 2023) and a vacancy rate that remained at around 8%. Prime rents increased during the year, reaching EUR 27.24/sqm/month. In relation to logistics, rents remained stable and stand at EUR 5.25/sqm/month, on the Alverca/Azambuja axis. Lastly, shopping centres have recovered relatively well with sales and foot traffic at pre-covid levels.

Situation of the rental market by branch of activity:

Offices

According to Savills, the Spanish office market recorded a dramatic increase in investment activity in 2024 compared with 2023 (+50% year-on-year increase). In addition, the vacancy rate rose in both markets to 8.96% in Madrid and 12.3% 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 offshoring strategy. A good year in terms of logistics contracting in Madrid and Barcelona, far exceeding with pre-Covid volumes.

Shopping centres

The recovery of activity at shopping centres after the pandemic is now complete, as reflected in the high levels of sales and footfall in 2024. Footfall continues to recover due to improved activity by leisure operators, especially cinemas. Investment volumes are close to EUR 2 billion.

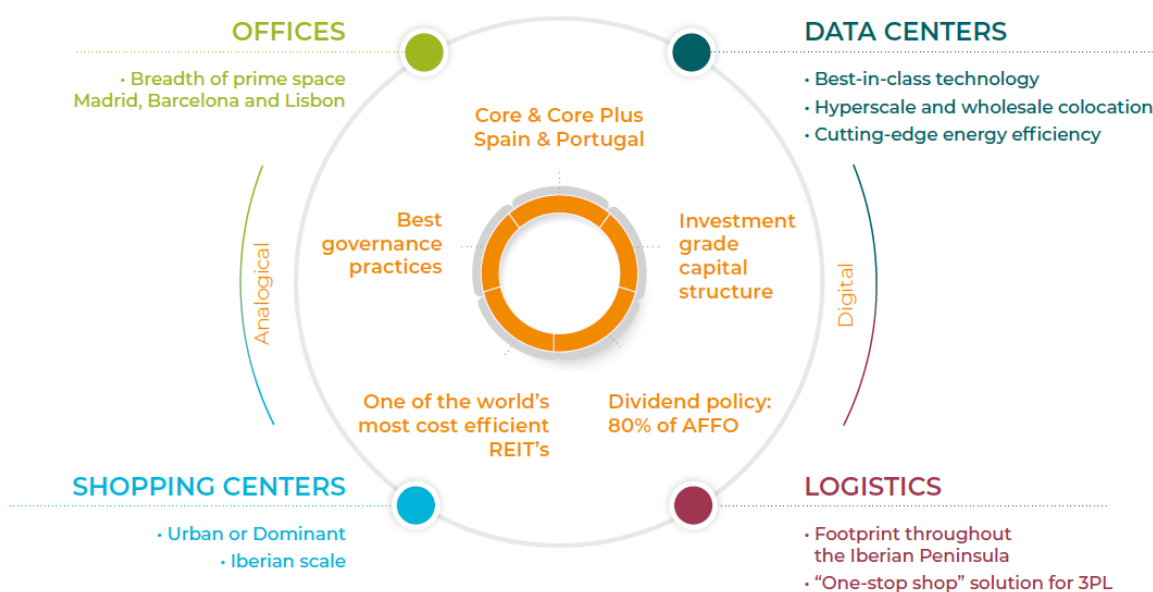
Data Centers

This is a booming market driven by product scarcity, the advent 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.

2.2 MERLIN's strategic horizon

MERLIN's strategy focuses on generating sustainable returns for shareholders through the acquisition, development, specialised management and selective rotation of property assets, mainly in the Spanish market and, to a lesser extent, in Portugal.

In line with this purpose, MERLIN has set itself the goal of remunerating shareholders through a dividend policy covering 80% of the AFFO generated during the year. To achieve this objective, the company has defined a specific mix in the various segments of its activity, focusing on continued investments in Core and Core Plus assets in the Spanish and Portuguese markets. At the same time, it is committed to maintaining cost efficiency and applying best practices in corporate governance.



To this end, and based on industry best practice, the Group operates in four key strategic areas:

- **Internal portfolio management:** MERLIN is committed to internalising the management of its properties by a first-class team with extensive experience in the real estate sector. In doing so, the Company is able to maximise the operational efficiency and profitability of each asset in all stages of the life cycle.
- **Profitability through asset refurbishment:** MERLIN strives to realise the full potential of each asset through refurbishment, maximising the value of the portfolio and generating higher returns for shareholders.
- **Entry in a new asset class:** data centers.
- **Sustainability, a key aspect of the assets:** MERLIN continues to aspire to the highest levels of sustainability and efficiency in its portfolio. It does so by integrating sustainability into the entire life cycle of the asset and supporting this commitment by obtaining sustainability certifications.

2.3 Outlook

In the absence of externalities, occupancy levels in the three main asset classes (offices, logistics and shopping centres) are expected to be maintained, while rents will continue to benefit slightly from inflation as leases are indexed to the CPI.

In October, a lease was signed with an artificial intelligence operator for a single batch of 15 MW IT at the Barcelona-Zona Franca Data Center (BCN01-PLZF), which is 100% leased at its Total Design Capacity. A fully equipped 9 MW were delivered to the customer in Q4 2024 and an additional 6 MW which will be delivered in Q1 2025. The effect of BCN01-PLZF on gross income in 2025 will be EUR +23 million.

Further progress in equipment is expected during 2025, to reach 46 MW installed by the year-end.

2.4 MERLIN's commitment to sustainable management

MERLIN manages its activities responsibly, ensuring the sustainable achievement of long-term objectives and the generation of shared value for its stakeholders. This practice is based on strict compliance with current legislation and adherence to international benchmark standards, reflecting its commitment to operational excellence and corporate responsibility.

In this context, MERLIN's primary commitment is to achieve sustainable profitability to ensure the success of its business project, taking into account the expectations of its stakeholders. In addition, growth is sought that does not harm the environmental performance of the organisation, minimising any impact on the environment. The integration of sustainability into asset development and repositioning processes is prioritised as a core strategy.

MERLIN's sustainability roadmap

Sustainability policy

MERLIN Properties views sustainability as a key driver to generate value in the environment in which it operates, in particular through its assets. The essential principles guiding MERLIN's sustainability roadmap are as follows:



The Sustainability Policy has been approved by the MERLIN Properties Board of Directors and has been in effect since its approval, remaining in force until amendments are made to it.

The Board of Directors, through its delegated Committees and, in particular, the Sustainability and Innovation Committee, carries out the oversight to ensure the correct implementation and fulfilment of all guiding principles and commitments established.

Guiding principles

- Responsible governance and ethical behaviour:** MERLIN is committed to the highest standards, guarantees and transparency in the Group's management and decision-making, and to the success of the business when carrying out its activities, safeguarding ethics and integrity in its operations.
- Transparency with stakeholders:** MERLIN considers it a priority to provide complete, accurate and truthful information on the Group's performance and activities, and to maintain sufficient relationship channels with its stakeholders, actively communicating with them and responding to their main demands and expectations.
- Independent external validation of commitments:** MERLIN seeks to endorse its commitments by obtaining external validation, which guarantees the effective integration of sustainability in its internal management and assets, and this gives credibility to the practical implementation of the commitments made in the Group's decision-making and activities.

Pathway to Net Zero



Following the 2.0°C pact made at COP21¹¹, MERLIN announced its commitment to become a net zero carbon company by 2030, in line with the with science-based targets (SBTi), reporting risks under the TCFD recommendation¹² and committed to the SDGs set by the UN.

Strategy:



1. Reduction of operational carbon: In 2022, MERLIN launched its Pathway to Net Zero strategy, a roadmap that outlines the way to improve not only the performance of the Group itself and its assets under operational control, but also the behaviour of the key agents responsible for MERLIN's emissions throughout its value chain, including suppliers and tenants.

Milestones: In 2024, MERLIN reduced its carbon footprint measured as Scope 1 and 2 for the like-for-like portfolio and intensity by 0.7%.

Objectives: 85% reduction in operational carbon from baseline (2018) to 2028.

¹¹ Climate Change Conference in Paris

¹² Task Force on Climate-related Financial Disclosures

2. Reduce embodied carbon in all new developments and refurbishments. Since 2022, MERLIN developed a procedure for measuring the embodied carbon footprint for developments and refurbishments. Specifically, in the case of CAPEX awards for amounts over EUR 3 million, the proposal must include the calculation of the embodied carbon footprint of the project awarded. This procedure means that an additional sustainability criteria is added when selecting suppliers.

Ambitious targets have also been set for new office, shopping centre and logistics developments since 2023. Specifically, the objectives are as follows:

- Offices - 500 kgCO₂/sqm
- Logistics - 400 kgCO₂/sqm
- Shopping Centres - 500 kgCO₂/sqm

Milestones: In 2024, embedded carbon targets have been included in the renewed Green Financing Framework. The only European company to have these criteria included.

Objectives: Meet the objectives set and reported to the market.

3. Offset residual emissions: offsetting the unavoidable footprint through duly certified own initiatives focused on environmentally-based solutions with a positive impact on local and/or underdeveloped communities.

Milestones: in 2024, the number of tonnes the Company needs to offset its carbon footprint has been determined, which is around 3,000 tonnes of CO₂.

Objective: Start implementing the reforestation project

4. Reduce scope 3 emissions: engage tenants through green clauses in new leases and pioneering initiatives such as rent reduction for tenants who certify that their operations are net zero.

On 1 January 2023, the new green clause came into force for all contracts, under which all tenants who wish to benefit from a reduction in rent must share their consumption data through a technological platform (Deepki). This green clause includes a series of milestones and, if achieved, the tenant can benefit from a reduction in rent of up to 50 basis points.

Milestones: By the end of 2024, we have around 250 contracts incorporating the green clause.

Objective: increase the number of contracts with the green clause and extend it to existing contracts.

5. Renewable energy: 100% renewable energy supply and photovoltaic power generation through Project SUN, which consists of installing photovoltaic panels on the roofs of the assets.

Milestones: Significant efforts have been made this year in implementing the project, having carried out 10 projects representing an 0.9 MW in the year, which brings the total installed capacity to 15.6 MW. The new facilities include 4 office assets, 4 logistics assets, 2 shopping centres. Following the completion of Phase I of the Sun Project, the peak installed capacity is expected reach 39.8 MW. The total percentage of self-consumption is currently 5.6%.

Likewise, 100% of MERLIN's assets under operational control consume renewable electricity with a guarantee of origin certificate.

Objective: Continue the development of Project SUN to reach more than 40 MWp installed

2.5 A Deep Dive into the Materiality of Sustainability

As a sign of its commitment to sustainability and using it as a strategic tool, MERLIN has carried out a Double Materiality analysis, which will be subject to evolution in the coming years, particularly with the expected entry into force of the CSRD.

The objective is to identify and prioritise the most relevant aspects for MERLIN, based on an analysis of the Impacts that affect its environmental and socio-economic surroundings, and the Risks and Opportunities that affect the Company. These aspects have been classified following the ESG (environmental, social and governance) perspective and the themes proposed by ESRS.

The analysis has been carried out taking the EFRAG and CSRD's "Materiality Assessment Implementation Guidance" draft as a reference, as well as the definitions in the ESRS (European Sustainability Reporting Standards) with regard to the companies' Dual Materiality analysis. Dual Materiality is critical for the company. It identifies the Impacts, Risks and Opportunities faced by the entity and assesses their relevance. It makes it possible to visualise which are the most relevant facts that must be addressed by establishing action plans and defining objectives, which must be integrated in the Sustainability Plan, which in turn is one of the fundamental pillars of the Strategic Plan.

The involvement of the analysis of the company's main stakeholders is proposed as a key element in a process that has been structured as follows:

SECTOR CONTEXT AND BUSINESS MODEL ANALYSIS

In the first phase of work, a context analysis of the sector in which MERLIN operates, as well as of the company's business model, was carried out. This allowed a first approximation of the most relevant Impacts, Risks and Opportunities.

The issues analysed include the following:

- Trends in the business model and sustainability, through the study of sectoral reports and other sources.
- Benchmarking of competitors in the sector.
- Analysis of opinion leaders (MSCI, SASB, etc.).
- Internal meetings with the heads of the company's most important lines of business.

All this information gathering was used to gain an in-depth understanding of the current situation and context of the company to accurately identify Impacts, Risks and Opportunities. MERLIN considers that the context has not changed compared to the analysis of past years.

IDENTIFICATION OF ISSUES, SUB-ISSUES, IMPACTS, RISKS AND OPPORTUNITIES (IROs):

In this phase of the work, internal meetings were held with the managers of each lines of business to correctly identify MERLIN's main IROs. The initial result from past years is an initial list of 49 impacts, 25 risks and 36 opportunities, considering both positive and negative impacts, as well as actual and potential impacts. A subsequent analysis in 2024 reduced the list to 49 impacts, 24 risks and 31

opportunities, although we view this process as a continuous work of identification, analysis and prioritisation.

It should be added that the entire value chain has been taken into account when identifying IROs, and certain issues have been identified that are material only for the value chain (i.e. resource use and management, and waste management).

Once identified, MERLIN's Sustainability team defined the Scope, Likelihood and Remediability of these IROs.

To complete the analysis and make it easier to understand, the impacts have been classified by ESG issues, which in turn correspond to the 3 sustainability verticals: Environment, Social and Governance (ESG). These issues have been formulated taking into account the ESRS, MERLIN's previous materiality exercises and analysis of the company's context. The following issues were selected:

Environment

- Energy efficiency and emission reduction.
- Adaptation to climate change.
- Pollution of the environment.
- Resource use and management.
- Waste management and circular economy.
- Biodiversity and natural capital.

Social

- Working conditions of employees.
- Value chain.
- Occupational health and safety.
- Contribution to society and relationship with local communities.
- Relations with customers and users.

Governance

- Business ethics and governance.
- Business risk management.
- Corruption, bribery and money laundering.
- Cybersecurity and data processing.
- Digitalisation and innovation.

PRIORITISATION OF IMPACTS, RISKS AND OPPORTUNITIES

The IROs have been assessed using a methodology that has combined their scope, likelihood and remediability, as well as the internal and external significance of each Impact, Risk and Opportunity.

Additionally, time frame has been taken into account for all potential Impacts (short term - 12 months, medium term - between 12 and 36 months, and long term - over 36 months), as well as the Risks and Opportunities. To this end, we have assessed when such IROs may occur and scored their metrics accordingly.

As an essential part of the process, the company's main stakeholders, both internal and external, have been involved through surveys.

Internal stakeholders

Interviews and questionnaires were carried out with managers and employees.

External stakeholders

A public information analysis has been carried out to identify the most relevant issues for Analysts and Competitors through a benchmarking exercise.

Suppliers, Banks, Shareholders and Tenants have also been consulted.

DATA PROCESSING AND RESULTS

Finally, the information obtained from the stakeholder consultations has been compiled and processed, identifying the main issues linked to each of the Impacts, Risks and Opportunities identified.

The result of this final part of the process is a list of the most relevant IROs and ESG issues for the company, considering their scope, likelihood and remediability, as well as the scale of importance attached to them by its stakeholders.

The results have been validated by the company's Sustainability department, which has acted as a key part of the process.

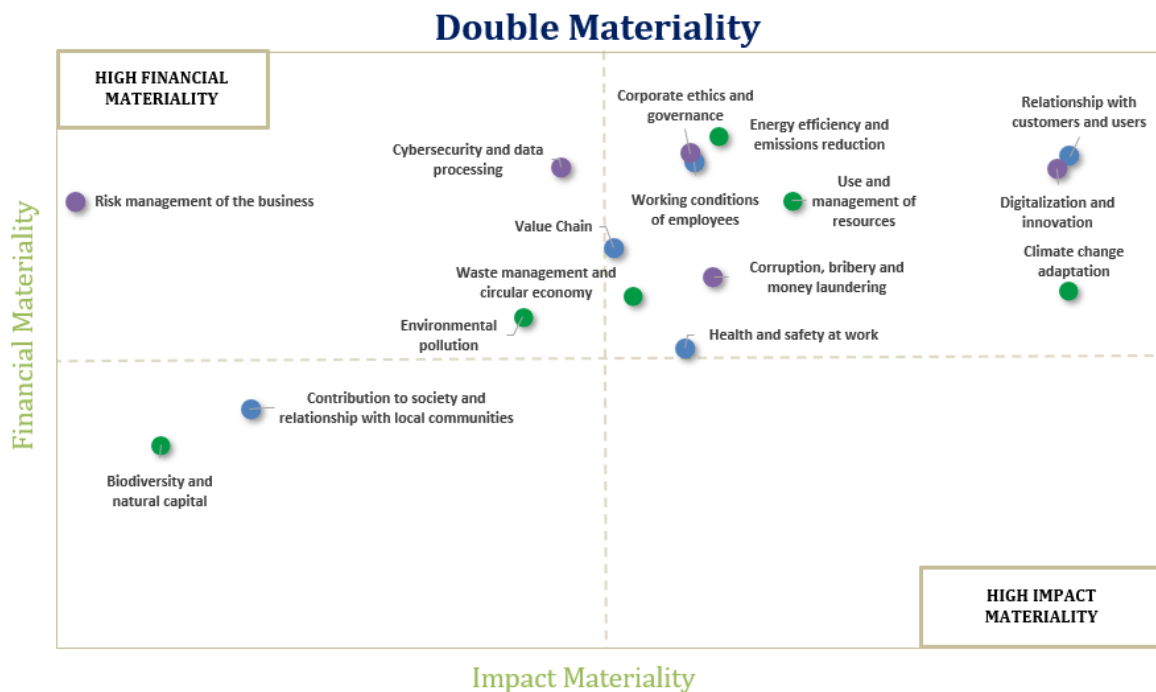
The prioritisation of the most relevant ESG issues is included below.

The results conclude identifying 16 issues for the company analysed both from the perspective of Impact Materiality (Impacts) and Financial Materiality (Risks and Opportunities). The data are shown in the following table and matrix.

"Biodiversity and natural capital" and "Contribution to society and relationship with local communities" are the two non-material issues. The "Customer and user relations", "Adaptation to climate change" and "Digitalisation and innovation" issues are the most material topics for MERLIN.

During 2025, MERLIN will continue working on the update of the Dual Materiality, improving the methodology, the process for identification of IROs and their prioritisation, complying with the requirements of the CSRD and EFRAG guidelines, and so the results may vary from those currently possessed.

ESG	Subject	Impact Materiality Score	Impact Materiality Stoplight	Financial Materiality Score	Financial Materiality Stoplight	Materiality
E	Energy efficiency and emission reduction	3.79	●	4.58	●	●
	Climate change adaptation	4.73	●	3.8	●	●
	Environmental pollution	3.26	●	3.67	●	●
	Resource use and management	3.99	●	4.25	●	●
	Waste management and circular economy	3.56	●	3.77	●	●
	Biodiversity and natural capital	2.28	●	3.03	●	●
S	Employee working conditions	3.72	●	4.44	●	●
	Value chain	3.51	●	4.01	●	●
	Occupational health and safety	3.7	●	3.51	●	●
	Contribution to society and relationship with local communities	2.52	●	3.2	●	●
	Customer and user relations	4.74	●	4.48	●	●
G	Business ethics and governance	3.71	●	4.49	●	●
	Business risk management	2.05	●	4.24	●	●
	Corruption, bribery, and money laundering	3.78	●	3.87	●	●
	Cybersecurity and data processing	3.36	●	4.42	●	●
	Digitization and innovation	4.7	●	4.41	●	●



3. Foundations and practices of responsible management

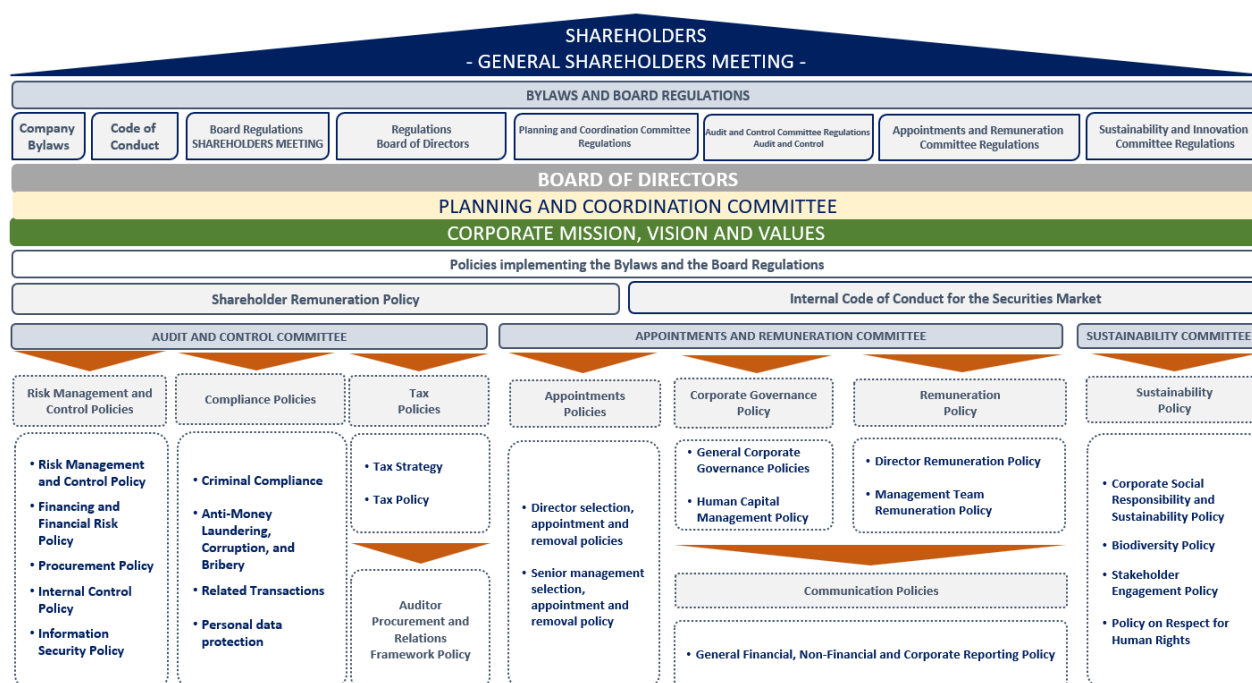
MERLIN has a robust governance system in line with its commitment to ethics, compliance and transparency, which is backed by independent third-party validation.

MILESTONES IN 2024	FUTURES OBJECTIVES
• MERLIN has continued with the process of continuous improvement of the Corporate Governance System by incorporating best corporate governance practices in the various Regulations of the Board and its Committees. • The Board has implemented the 2024 Work Plan which included the opportunities for improvement identified in the Board and Board Committees Evaluation conducted by EY in 2023 • During 2024, MERLIN carried out a proactive analysis of sustainability-related regulations (CSRD and EU Taxonomy), analysing the gaps in the information currently reported by the Group, although the new regulations are not yet applicable to the Group. • During the course of 2024, progress has been made in the design and implementation of a new GRC internal control model in a new tool (Workiva) that will help strengthen the integrity and efficiency of MERLIN's internal control processes (ICFR and ICSR).	• Continue the process of continuous improvement of the Governance System, aligning it with international best practices. • Develop and implement the opportunities for improvement identified in the 2024 Board Evaluation, conducted internally and led by the Appointments and Remuneration Committee. • Approve a new Directors' Remuneration Policy for 2025-2027 based on best market standards and practices. • Continue work on third-party risk analysis with the aim of extending best practices in supply chain integration, monitoring and control. • Retain the UNE 19.601 Criminal Compliance Management Systems and ISO 37.001 Anti-Bribery Management Systems certifications, the scope of which covers all Group companies. • Continuously improve the Risk Management System with a particular focus on climate-related risks and exposure of assets to extraordinary events.

KEY INDICATORS FOR THE YEAR		
	2024	Change 2023-2024
Independent directors ¹³	8/14	+3% (7/13)
Women on the Board of Directors	6/14	+12% (4/13)
Non-executive directors with industry experience	5/12	-13% (6/11)
Directors with 4 or more mandates (2-year terms)	6/8	-11% (6/7)
Scope of ethics and compliance training (employees trained)	100%	+8%

MERLIN has developed a Governance System that sets out the principles that should the Company, all Group companies and their professionals.

3.1 Governance structure



The Board Regulations, the Regulations of its Committees, the General Meeting Regulations and the main policies of MERLIN's Governance System, along with a summary of the remaining policies, are published on the corporate website: <https://ir.MERLINproperties.com/gobierno-corporativo/normativa-de-gobierno-corporativo/>

¹³ Under section 529 duodecies of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital), an independent director is considered to be a director who, appointed based on their personal and professional qualifications, may perform their duties without being conditioned by their relationships with the Company or its Group, its significant shareholders or management.

MERLIN uses the CNMV's "Good Governance Code for Listed Companies" as a reference, along with the good governance recommendations generally recognised and accepted by the markets. In 2024, the Board approved the following updates to the Governance System:

Articles of Association and Board Regulations

The amendments made in financial year 2024 to the Articles of Association and the Board Regulations (approved by the Annual General Shareholders Meeting and the Board in May 2024) are part of the Company's ongoing review and updating process in relation to its internal corporate governance rules.

In general, the purpose of these amendments is to include an improvement in the Company's corporate governance, doing away with the casting vote held by the chair of the Board in the event of a tie in a vote held by the Board.

In this respect, the Board Regulations (Conduct of Meetings) attributed to the chair of the Board the casting vote in the event of a tie vote. This casting vote is particularly relevant when the number of directors is even, since it allows a single person to decide the direction of the vote even in those cases in which there is not a majority of votes that would allow the passing of a resolution with a majority of the Board.

Therefore, the amendment has been made considering that it is a measure that improves the Company's corporate governance, insofar as it allows resolutions to be passed where there is an actual majority (understood as more votes in favour than against).

Audit and Control Committee Regulations

The amendments to the Audit and Control Committee Regulations were approved by the Board on 19 December 2024 following a proposal by the Audit and Control Committee itself.

Those Regulations include all the aspects included in the recommendations of Technical Guide 1/2024 of the CNMV on Audit Committees of Public Interest Entities, as well as the updates to the recommendations included in the New Code of Good Governance approved by the CNMV in June 2020, to include, among other aspects, the responsibilities regarding sustainability reporting and the verifier of sustainability information, as well as the supervision of the communication and publication of related-party transactions.

Appointments and Remuneration Committee Regulations

The organisation and competence of the Appointments and Remuneration Committee is established in the Regulations of the Company's Appointments and Remuneration Committee, approved by the Board on 9 May 2024, at the proposal of that Committee, including the modification of its composition to 7 (seven) members.

Sustainability and Innovation Committee Regulations

The organisation and competence of MERLIN's Sustainability and Innovation Committee is regulated in the Sustainability and Innovation Committee Regulations, approved by the Board in their latest version on 4 May 2024, including the sole modification of eliminating the casting vote of its chair, as a best practice in corporate governance.

Its **internal organisational structure** can be summarised as follow:

- A **Board composed of 14 directors**. 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 **Planning and Coordination Committee** composed of 4 directors, including the chair, the CEO and the lead director, assigned the functions of preparation, coordination, proposal and preliminary review of the agenda and proposed resolutions to be submitted to the Board, without executive functions and without supervisory or control functions.
- A **Lead Director**, who will chair the Board in the absence of the chair, and, as applicable, the vice-chair and who coordinates the external directors and is informed and aware of the concerns of investors and shareholders. The lead directors also plays an important role in managing the internal reporting system (Whistleblower Channel).
- An **Audit and Control Committee (ACC)** composed of 5 directors, an **Appointments and Remuneration Committee (ARC)** with 7 directors, and a **Sustainability and Innovation Committee (SIC)** with 4 directors; all of these committees are made up of a majority of independent directors, are informative and advisory bodies, without executive functions, with advisory, reporting and proposal-making powers within their scope of action.
- A **Chief Executive Officer (CEO)** who reports directly to the Board and is a Board member, responsible for carrying out the Company's strategy and operations.
- A **Chief Operating Officer (COO)** who reports directly to the Board and is a Board member, responsible for managing and carrying out the Company's operations.
- An **Investment Committee** made up of the management team.

Composition and operation of the Board of Directors

The Board, in exercising its functions of submitting proposals to the General Meeting and co-option to fill vacancies, will ensure that, in the composition of the Board, external or non-executive directors represent a majority over executive directors and that there is a majority of independent directors.

Likewise, the Board ensures that member selection procedures favour diversity of gender, experience, and knowledge and are not affected by any implicit bias that may entail any kind of discrimination, and in particular, that they facilitate the selection of women directors.

In accordance with section 15.5 of the Board Regulations, the Board and the Appointments and Remuneration Committee, within the scope of their respective powers, will ensure that persons of renowned solvency, competence and experience are elected as candidates, and will exercise the utmost care when inviting persons to fill the position of independent director provided for in section 5 of the Board Regulations.



Mr. José Luis de Mora Gil-Gallardo
Chairman of the Board



Mr. Ismael Clemente
Vice Chairman



Mr. Miguel Ollero
Executive Director



Mr. Juan María Aguirre Gonzalo
Independent Director



Mr. Emilio Novela
Independent Director



Mr. Juan Antonio Alcaraz García
Shareholder Related



Mr. Donald Johnston
Independent Director



Ms. María Luisa Jordá
Independent Director



Ms. Ana García Fau
Independent Director



Mr. Fernando Ortiz
Independent Director



Ms. Francisca Ortega Hernández-Agero
Shareholder Related



Ms. Pilar Caveró Mestre
Independent Director



Dña. Inès Archer-Topper
Independent Director



Dña. Julia Bayón Pedraza
Propietary Director



Ms. Mónica Martín de Vidales
Secretary (Non-Director)



Mr. Ildefonso Polo del Mármol
Vicesecretary (Non-Director)

14
members

43%
women

57%
independent

61
average age
54 y 73 years old

6.5
years of tenure
on average

95%
attendance in person
14 meetings

More information on the composition, selection, evaluation and compensation of the Board can be found in the Annual Corporate Governance Report, available on the corporate website (<https://ir.MERLINproperties.com/gobierno-corporativo/informes-anales/>), and on the website of the Spanish Securities Market Commission (www.cnmv.es). The bios of all members of MERLIN's Board, including information on their education, work and management experience, and Board tenure, can also be consulted on the corporate website (<https://ir.MERLINproperties.com/gobierno-corporativo/consejo-de-administracion/>)

Skills matrix of the Board of Directors:

Name	Type*	Gender	1er Designation	COMPETENCES									
				Senior Management	Other Boards	Real Estate	Finance & M&A	Audit and Risk Control	Digital / Technology	Legal	HHRR compensation	International Experience	Sustainability
José Luis de Mora (P)	P		 2024	X	X		X	X	X		X	X	
Ismael Clemente (CEO)	E		 2014	X	X	X	X	X	X	X		X	X
Miguel Ollero (COO)	E		 2014	X	X	X	X	X	X			X	X
Donald Johnston	I		 2014	X	X		X	X			X	X	
Maria Luisa Jordá	I		 2014	X	X	X	X	X	X		X	X	X
Ana García –Fau	I		 2014	X	X		X	X	X		X	X	X
Fernando Ortiz	I		 2014	X	X		X			X	X	X	X
Inés Archer-Toper	I		 2024	X	X	X	X	X			X	X	
Francisca Ortega	D		 2016	X	X		X	X					X
Pilar Cervero	I		 2016	X	X					X	X	X	X
Juan María Aguirre	I		 2016	X	X	X	X	X					
Emilio Novela	I		 2018	X	X	X	X	X				X	X
Juan Antonio Alcaraz	D		 2023	X	X	X	X	X			X		
Julia Bayón	D		 2024	X	X		X	X		X		X	

Selection, evaluation and remuneration of Board members

- The criteria for selecting Board members are established in the **Director Selection Policy** (approved by the Board, at the initiative of the Appointments and Remuneration Committee), ensuring that proposals for the appointment of directors, which are made individually, are based on objective criteria and focused on the candidate's professional qualities, favouring diversity of gender, experience, age and knowledge. Selection criteria do not take into account aspects such as gender, race, ethnicity, religion or nationality.
- The **Appointments and Remuneration Committee** will choose candidates to fill these positions who are honourable, suitable, reputable, competent, experienced, qualified and committed to the task, guaranteeing the appropriate balance of the Board as a whole.

- In accordance with the recommendations of the **Good Governance Code for Listed Companies**, the Company contracts an external consultant every three years and in accordance with the recommendations for good corporate governance of listed companies, to evaluate the functioning and composition of the Board and its committees.
- In 2017, 2020 and 2023 the Company received advice from an independent external consultant (Egon Zehnder, KPMG and EY, respectively). Moreover, in 2018, 2019, 2021, 2022 and 2024 it was not considered necessary to engage an external consultant to re-assess the functioning of the Board and its committees, whereby the Company carried out a self-assessment process by means of a personal, individual and anonymous questionnaire sent to all the directors, in which they were asked for their opinion in relation to the composition, competencies and functioning of the Board and its committees, and in relation to the Company's chair and the chief executive.
- Thus, despite the fact that the last Board evaluation carried out in January 2024 was generally satisfactory and indicated the Board's great strength, capacity and proven commitment to implement resources to overcome difficulties, the Board maintains a general proactive approach to improving the Company's governance, recurrently analysing measures to strengthen and improve the Company's corporate governance.
- To this end, and following the analysis of the evaluation carried out by the external consultant Ernst & Young Abogados S.L.P. (EY), the Board approved a Work Plan for 2024 at its meeting on 15 February 2024.
- This 2024 Work Plan, among others, included aspects related to the functioning and decision-making of the Board as a whole, as well as actions related to the role of the lead director and other practices to be carried out related to planning, available information, monitoring of agreements and improvements to the information tool for directors.
- The 2024 evaluation was carried out internally and led by the Appointments and Remuneration Committee, whose 2025 Work Plan was approved by the Board on 13 February 2025 and contains various measures to improve the size, composition and selection of the members of the Board and its Committees, as well as various measures to increase efficiency and effectiveness in decision-making.
- The remuneration of the Group's Board members and management team is based on the principles of transparency, consistency, competitiveness, profitability and sustainability and the ability to attract the best professionals, as stated in its **Directors' Remuneration Policy**.
- The remuneration of the various Board members is determined in accordance with these principles and taking into account factors such as the economic environment, the Company's earnings, the Group's strategy, legal requirements, good corporate governance recommendations and best market practices, including metrics linked to sustainability.
- Each year, the **Appointments and Remuneration Committee** establishes the quantitative, qualitative, financial and non-financial objectives that will determine the remuneration of the Executive Directors for 2024 (STIP or Short-Term Incentive Plan). The non-financial targets for 2024, representing 30% of the total, include sustainability objectives such as the reduction of CO₂ emissions per square meter and MERLIN's position in sustainability indexes, including GRESB, CDP and S&P CSA.

3.2 Proactive risk management

MERLIN has a Risk Management System based on the principles, key elements and methodology established in the **COSO Framework** (“Committee of Sponsoring Organizations of the Treadway Commission”).

This system aims to minimise the variability of financial results (profitability) and, consequently, to maximise the economic value of the Group. Its approach is based on the inclusion of risk and uncertainty in the decision-making process, with the aim of providing reasonable assurance of the achievement of defined strategic objectives. This ensures shareholders, as well as other stakeholders and the market in general, an adequate level of security to preserve the value generated.

Based on an integrating Risk Management perspective, MERLIN has adopted a methodological approach based on the Enterprise Risk Management Framework, which is integrated with strategy and performance (**COSO ERM 2017**).

This approach highlights the relevance of enterprise risk management in strategic planning and its inclusion at all levels of the organisation. It recognises that risk impacts on strategy and performance across all areas, departments and functions of the company.

The Risk Management and Control Policy (<https://ir.MERLINproperties.com/gobierno-corporativo/normativa-de-gobierno-corporativo/>) was initially approved by the Board in February 2016 and was updated in March 2022, at the proposal of the Audit and Control Committee. In accordance with its corporate policy, MERLIN identifies and monitors the risks associated with its activity, comprehensively addressing the risks affecting both the Group and its subsidiaries.

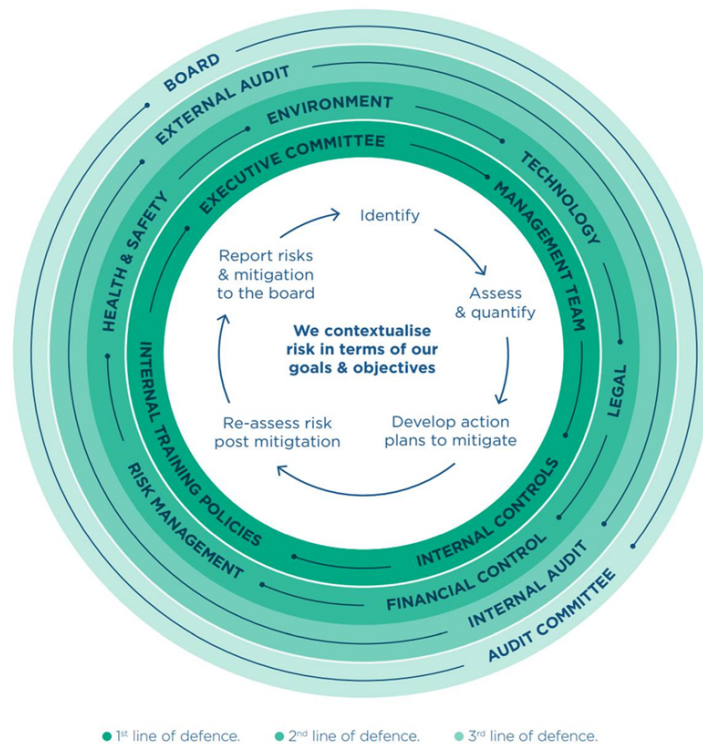
This policy sets out the fundamental principles of action, defining risk management as a continuous process. It is based on the identification and assessment of the Group's potential risks, based on strategic and business objectives. It also involves the definition of action plans and controls for the most critical risks, as well as the constant monitoring of the effectiveness of these controls and the evolution of residual risk within the tolerance thresholds approved by the Board.

Risk Management at MERLIN is a procedure led by the Board and Senior Management, and is a responsibility shared by each individual in the organisation, in accordance with their respective areas of activity.

The oversight of risk management by the Audit and Control Committee authorises management to effectively manage uncertainty and inherent risks, resulting in a significant improvement in the ability to create value.

With the support of the Internal Audit management, **the Committee carries out this oversight using a specific risk management methodology**. This is done by monitoring and evaluating the identification of risks and their assessment, which have an impact on the particular objectives of each of the areas. Through the implementation of the plan, the Committee assesses and concludes on the adequacy and effectiveness of the controls implemented by the Group, issuing recommendations as needed.

MERLIN's risk management model



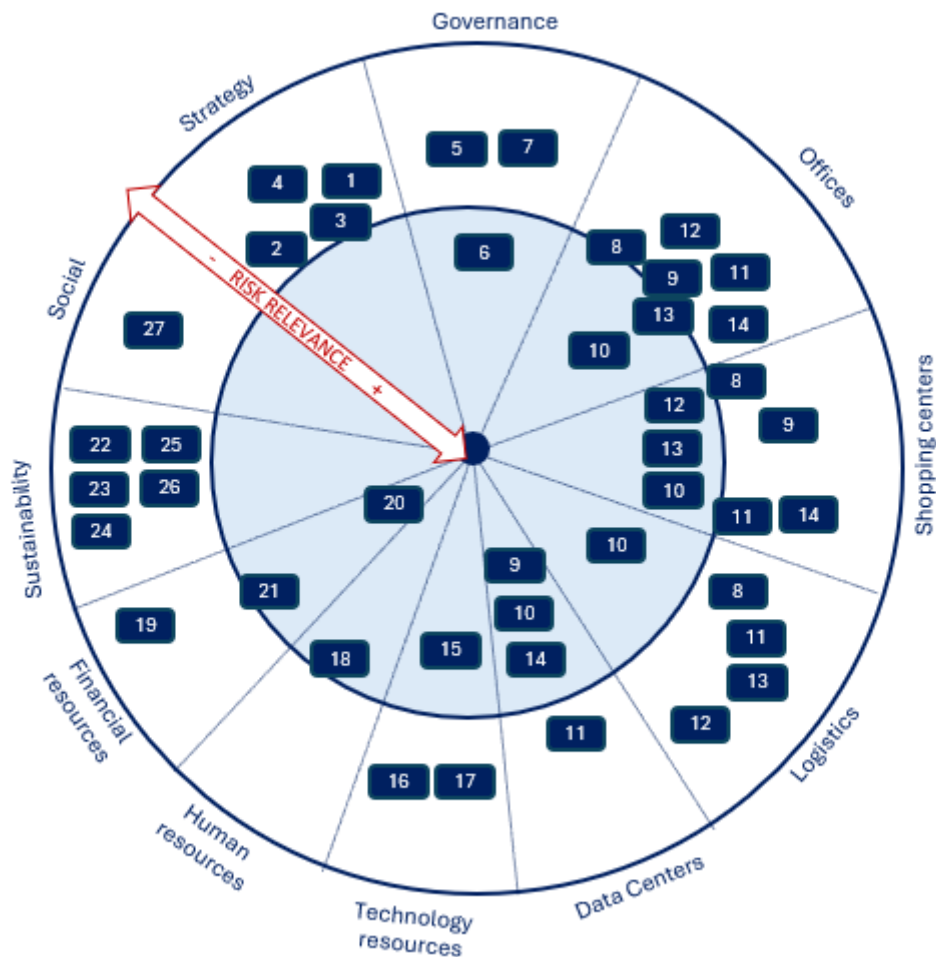
In 2024, MERLIN updated the identification and assessment of MERLIN's main corporate risks by:

- ✓ **Compare the main competitors** in the sector and review corporate risks and sustainability documentation.
- ✓ **Holding working meetings with MERLIN's key staff to identify risks** or update/adjust/calibrate existing ones to bring them into line with the reality of the business, MERLIN's plan and the current environment and market situation.
- ✓ **Grouping and classifying all the risks identified** based on the reporting categories (business, resources, ESG) of the Risk Management System, identifying a **new category related to strategy**.
- ✓ **Reviewing MERLIN's materiality matrix** and analyse the consistency of the 106 risks identified with the matrix and the key aspects in relation to GRI reporting and the SDGs.
- ✓ **Assess the risks identified (COO/Audit/MRL) based on the impact and probability criteria established** and the other attributes identified:
 - Impact: strategic, financial, stakeholder and reputational
 - Probability: timing and occurrence
 - Attributes: speed, persistence and adaptability.
- ✓ **Update and digitalise the Risk Map.**

In 2024, MERLIN's Risk Map was regularly updated to reflect every six months the perception of the Company's main executives and governing bodies of the risks faced by the Group.

MERLIN's latest Risk Map, updated by the Audit and Control Committee and approved by the Board, includes a total of 27 key risks

MERLIN's latest Risk Map, last updated by the Audit and Control Committee and approved by the Board in January 2025, includes a total of 27 key risks, as shown below:



In MERLIN's Risk Management System, a **comprehensive assessment of all risks has been carried out considering their Impact and Probability** as well as in terms of time frame (short term - 12 months, medium term - between 12 and 36 months, and long term - over 36 months). This has generated a residual risk indicator for the current period. In addition, KPIs for reporting have been identified, together with KRIs (leading indicators), and responsible persons have been designated for both reporting and implementing or developing the mitigation measures identified for each of these risks.

- The **short-term** risks notably include those related to the management of contract renewals and the marketing of new and/or developing assets.
- Moreover, **longer-term risks** most notably include those related to changes in consumer behaviour (remote working, e-commerce, etc.), failure to attract and retain talent, risks related to climate change (lack of third-party traction for footprint reduction, inefficiency in energy efficiency investments, natural disasters), and those risks related to regulatory non-compliance (GDPR, occupational risk prevention, etc.).

Nº	Category / Risk description	S/2024.V2	Criticality	Probability	Impact
Strategy					
1	Business model definition	↔			
2	Adapting to a change in real estate cycle	↓			
3	Delay in the divestments to raise funds	↓			
4	Communication and traceability of the strategy in long-term objectives	↔			
Governance					
5	Inadequate development of MERLIN 's Corporate Governance System	↔			
6	Lack of leadership and IT strategy	↔			
7	Succession plans for key staff (management staff)	↔			
Business					
			OF CC LG DC		
8	Loss of asset value	↓			
9	Occupancy rate of the assets	↔			
10	Delays and cost overruns in CAPEX	↑			
11	Impact on chargeable expenses (services and supplies)	↔			
12	Decrease in tenant operating margin	↔			
13	Credit rating of tenants	↔			
14	Delays due to lack of energy supply	new			
Resources					
			0		
15	Cybersecurity breaches	↔			
16	Lack of digitisation and automation of processes	↔			
17	Lack of formation of IT policies and procedures	↔			
18	Failure to attract/retain new talent (loss of attractiveness)	↔			
19	Management of strategic investments/divestments	↔			
20	Macroeconomic conditions in Spain and Portugal	↔			
21	Increase in the cost of financing the Company	↑			
Sustainability					
22	(Preference) Shifts in customer expectations and requirements	↔			
23	(Costs) Increasing repair costs (extraordinary events)	↔			
24	Lack or non-existence of environmental due diligence in investments	↔			
25	Increasing cost of commodities/supplies due to sustainability criteria	↔			
26	Supply chain sustainability	↔			
Social					
27	Protecting asset user health	↔			

The various key risks identified are therefore classified into several key pillars to achieve the Group's objectives, such as:

- Strategic and governance risks:** These risks impact the strategic objectives of leadership and benchmark position (to be an REIT and be the benchmark REIT). They also influence the core values of transparency, ethics and accountability, affecting the formulation and execution of the group's strategy: the definition of the business model, adaptation to changes in the property cycle, possible delays in strategic divestments, deficiencies in the development of the governance system and succession plans for key personnel, among others.
- Business risks:** have a direct impact on the strategic objectives of generating long-term value and maintaining a sustainable and rising dividend. These objectives depend to a large extent on the group's various assets, which are distributed across different business segments such as offices, shopping centres, logistics and Data Centers. Examples of these risks include a fall in property values, delays and additional Capex, passing on costs to tenants, and reduced tenant margins, among others.
- Resource risks:** These risks have an impact on the strategic objectives of maintaining a sustainable and growing dividend, as well as on the values of transparency, ethics and accountability. To achieve these objectives, the various internal and external resources available to the Group (human, technological and financial resources) are primarily taken as a basis. Examples of these risks include macroeconomic conditions in Spain and Portugal, difficulty in attracting and retaining talent, dependence on key figures and their

compensation, vulnerabilities in cybersecurity, as well as technological innovation, among others.

- **Social and sustainability risks:** These risks affect the long-term sustainability of the Group and its relationship with its various stakeholders. They are mainly based on the various actions and policies implemented to ensure the sustainability of its assets. Examples of these risks include the physical impact of cost increases due to exceptional events, the costs associated with transition due to changes in customer expectations and preferences, as well as the sustainability of the supply chain. These aspects are critical to the Group's various stakeholders, such as customers, suppliers, society in general, investors and shareholders, as well as regulatory bodies, and they address issues such as the protection of the health of asset users.

Emerging risk

In recent months, no significant changes have been observed in the pattern of global economic activity, with world GDP growth rates expected to be slightly above 3% over the next few years (relatively modest rates from a historical perspective). Despite persistently high levels of uncertainty, the pace of global economic activity remains relatively strong, services remain the main engine of growth and the Economic and Monetary Union (EMU) continues to show signs of weakness, particularly in comparison with the United States, where activity remains considerably strong.

The slowdown in inflation is consolidating. In the second half of the year, headline inflation continued its gradual moderation, supported mainly by a sharper than expected slowdown in energy prices. In any case, underlying inflation, and especially services inflation, continues to show greater downward resilience.

Monetary policy remains on an easing path in most world economies. Compared with market expectations three months ago, monetary policy easing is now expected to be more intense in the eurozone and less pronounced in the United States, where good employment data cast doubt on a continuation of the Fed's rate cutting path.

Financial markets are showing: (i) a recent improved performance of US risky assets along with an appreciation of the dollar against major world currencies and rising inflation expectations and (ii) an increase in bond yields.

Crude oil prices are below levels anticipated three months ago, partly as a result of weak demand from China. In contrast, the price of natural gas has recently rebounded due to some supply-side disruptions.

However, this scenario is surrounded by exceptionally high uncertainty, mainly associated with ongoing geopolitical tensions and, more recently, with the possible policies that the newly elected US administration could deploy in the coming months (a hypothetical generalised increase in tariffs would foreseeably put downward pressure on economic activity and upward pressure on global inflation).

Persistent underlying inflation in Spain

Compared with the projections of the third quarter, the Bank of Spain has revised GDP growth in 2024 and 2025 upwards to 3.1% and 2.5%, respectively, while it remains unchanged for 2026 at 1.9%, before decelerating slightly in 2027 to 1.7%. The upward revision is due to stronger than expected activity in the second half of the year (lower interest rates, a more depreciated euro and lower oil prices (in dollars)).

Although 2024 ended with an increase in inflation to 2.8%, price rises are expected to continue to moderate over the next few years. The projected slowdown in 2024-2026 would reflect a gradual moderation of underlying inflation and, especially in 2025, a deceleration of inflationary pressures in

food. Moreover, underlying inflationary pressures have been revised upwards, given the upward surprises in services inflation developments in recent months.

Decrease in tenant operating margin

In 2024, we have seen an increase in the costs borne by our tenants, especially in shopping centres (increase in minimum wages, direct cost increases, etc.).

Small and medium-sized enterprises, which form the backbone of many national markets and represent a significant portion of our tenants in shopping centres, are particularly sensitive to cost increases despite reductions in the leasing effort ratio. Struggling firms cut costs and unemployment may rise, reducing consumer spending and creating a vicious circle that can contribute to a weaker economy.

Identification of other risks and action plans

MERLIN develops action plans through policies, procedures and controls, adapted to the different risks that impact or may affect the company. In this context, the Group has defined and catalogued a number of controls with various characteristics, assigning a manager to each and regularly assessing the risk and its residual component after the execution and documentation of the control. In addition, specific improvement plans have been established focusing on risks considered significant in the operational, strategic, compliance and reporting areas.

The Audit and Control Committee is actively engaged in the risk management and control process, promoting and implementing the policies, procedures and control structures it deems necessary to ensure the integrity and effectiveness of the risk management and control process.

The Company's General Management, the Finance Department and the Company's other business divisions analyse at their regular meetings the situation and evolution of the main risks affecting the Group, taking corrective measures when considered necessary.

The following is a summary of the main mitigation measures implemented to manage the other risks considered to be significant:

Identified risks	Action plan
Business risk management	
• Business model definition. • Occupancy rate of the assets / Sale of assets under development or being refurbished / Contract renewals. • Fluctuating rent levels (real estate cycle; competition from new developments). • Concentration of rents and solvency in top 10 tenants • Effect of inflation (CPI) on tenants. • Delays and cost overruns in investments (higher material costs, delayed deadlines,. licences, etc.) • Decrease in operating margin of tenants and operators (increase in internal costs and raw materials). • Ability to achieve the desired asset mix (location, turnover and asset obsolescence). • Changes in user behaviour (less use of offices; remote working and hybrid models). • Excessive holdings of non-core assets; delay in divestments to raise funds.	• Exclusively strategic Board meetings in which the business model and risks are reviewed and the various strategic alternatives are analysed based on the economic situation and the real estate cycle. • Monitoring external factors of the real economy with an impact on the value of the assets, i.e. factors that affect demand (rent renegotiations, unexpected tenant departures, potential future supply, etc.), and factors that affect the return and valuation of assets (interest rates, real estate market yields). • Independent asset valuation every six months, rotation plan for appraisers, review of appraisals by the external auditor, and internal verification of the appraisal: monitoring of the discount rates applied in the appraisal and of the investment alternatives. • Ongoing monitoring of business indicators (occupancy, rent, vacancies, like-for-like, release spread, etc.) of the contracts for each tenant / operator, the concentration of gross rents for the largest tenants, the credit risk of the main tenants and the design of contingency plans for the potential departure of a major tenant.

Identified risks	Action plan
Business risk management	
	• Implementation of an internal marketing team that provides service to all business segments in the processes of attracting, marketing and renewing asset contracts. • Five-year Investment Plan that will allow the quality of a certain number of properties to be refurbished, which will contribute to an increase in gross rents and maximise the profitability of the current portfolio. • Non-core divestment programme approved by the Board of Directors and monitored monthly.

Identified risks	Action plan
Climate change management and operational efficiency	
• (Objectives) Failure to comply with GHG emission reduction commitments or errors in their measurement (scope 1 - 2). • (Objectives) Lack of traction/commitment by third parties in reducing the Group's carbon footprint for its assets (scope 3). • (Preference) Change in customer expectations and requirements regarding sustainability, innovation and the environment. • (Costs) Increase in repair and maintenance costs (due to storms, snowfall, floods, heat waves). • Inadequate management of inputs (electricity, gas and water) and waste from an asset. • (Investments) Inefficiency in energy efficiency investments / obsolescence of assets and replacement by assets with lower emissions. • Increasing cost of raw materials/ supplies due to sustainability requirements. • Suppliers with low quality and ESG (supplier scoring) standards	• Sustainable certification of assets: monitoring the objective of having almost all of its assets LEED and BREEAM certified, and maintaining accessibility certifications at centres. • Independent external validation of GHG emissions (scope 1 and scope 2), as certified by AENOR. • Energy efficiency: monitoring numerous initiatives linked to efficiency (MAEs), including the Photovoltaic Project. • Sustainability index reporting: monitoring and review of the information reported to the various sustainability indexes (GRESB, CDP, DowJones Sustainability Index, Vigeo, Sustainalytics or S&P), analysing the scores obtained and establishing action plans for continuous improvement. • Study, design and implementation of a green clause in leases, where lessees who share energy information and reduce their carbon footprint will benefit from rent discounts.

Identified risks	Action plan
Lack of environmental due diligence in the acquisition of assets.	Installation of meters in all assets (and in lessee spaces), which allows us to obtain information on energy consumption in real time. Sustainability Committee (reporting to the Sustainability and Innovation Committee), which meets every two weeks, with members from various departments, to continuously monitor all actions related to the Group's sustainability. Identification of sustainable Capex initiatives to improve the energy efficiency of the assets, making them a priority and subject to special monitoring. Changes to the Procurement Procedure, requiring an ESG questionnaire from suppliers with contracts for more than EUR 150 thousand and the calculation of their embodied carbon footprint for those with contracts for more than EUR 3 million.

Identified risks	Action plan
Talent creation	
• Failure to attract new talent (loss of attractiveness). • Failure to retain existing talent (motivation, ambition, remuneration, career plan). • Inadequate staff structure, composition and sizing (business vs support). • Lack or non-existence of adequate training plans. • Failure to comply with occupational risk prevention regulations with employees. • Lack of communication and traceability of the strategy in long-term objectives • Inadequate (or non-existent) management of succession plans for key personnel (senior management and other staff). • Failure to comply with inclusion, diversity and equality plans.	• Approval of a new Long-term Remuneration Policy (2025-2027) which introduces some modifications to bring it into line with best market practices. • Short-term Remuneration Incentive Plan: with a weighting of non-financial targets of 30% for 2024, expecting a reduction in weight for 2025. • Variable remuneration in line with the achievement of targets linked to the Company's short- and long-term strategic plans and the interests of shareholders, without being guaranteed, but sufficiently flexible to not pay, or partially pay, this component if the targets set are not achieved. • Succession plans for key personnel reviewed by the Appointments and Remuneration Committee. • Employee evaluation based on objective criteria to ensure appropriate remuneration of each employee's professional value, experience, dedication and responsibility. • Registered Equality Plan and Sexual Harassment Action Protocol disseminated throughout the company. • Outsourced occupational risk prevention plan with special emphasis on prevention of workplace accidents in the building refurbishment works.

Identified risks	Action plan
Management of stakeholders	
• Inadequate management of the impact of CSR activity (Corporate/Centres). • Inadequate management of the (physical and social) impact of our assets on local communities. • Failure to comply with local taxation (property taxes, tax on economic activities, duties, no-parking zones, environmental taxes) and its impact on local communities. • Failure to comply with occupational risk prevention regulations with third parties. • Protecting the health (well-being) of the users of the assets. • Inadequate management of data protection and privacy of the users of the assets.	Measurement the ongoing social impact using the London Benchmark Group (LBG) methodology, which allows us to quantify the impact of all actions with social implications. Implementation of general controls (Strategy and Tax Policy), tax department regulations and a protocol for reviewing compliance with Spanish Law 16/2012. Appointment of a Health and Safety Coordinator for all projects and a Business Coordinator for all works when required, and monthly monitoring of the accident rate. Implementation of services (MERLIN HUB, urban gardens, etc.), and investments in HVAC to improve mobility and experience and to protect the health of our users.

Identified risks	Action plan
Capital management	
• Increase in the Company's financing costs (rating, rate hikes, etc.). • Volume of short-term payables. • Compliance with financial covenants • Management of strategic investments/divestments. • Access to sustainable financing (non-compliance with required KPIs). • Macroeconomic conditions in Spain and Portugal.	• Strict financial policy, by continuously monitoring the debt markets (mortgage, corporate banking, bonds), monitoring the gearing ratio, maturities and average cost of debt, maintaining lines of credit open and reports from the external auditor on compliance with covenants. An example of this financial planning has been the capital increase carried out in July 2024 to obtain financing for the Data Center business. • Investment procedures and control structures: documentation on the operation of the financial models, implementation of modification and integrity controls in all models. • Reconversion of all corporate debt to green financing (corporate bonds and debt), subject to compliance with certain Sustainable ESG KPIs. • Monitoring of the political and regulatory environment: regular reporting of new sector regulations, analysis of drafts of new regulations anticipating impacts and ongoing contact with specialised advisors.

Commitment to Information Security and Cybersecurity

At MERLIN, we are firmly committed to ensuring information security at all levels of the company. This commitment is reflected in the adoption of a strategic approach, based on market best practices and continuous improvement, to protect our digital assets, ensure the trust of our stakeholders and promote a secure and resilient digital environment.

Security Policy and Governance

Our Information Security Policy, approved by the Board, sets out the principles underpinning our security strategy and applies to all business units. This policy, which is reviewed periodically, is available to all stakeholders at <https://ir.MERLINproperties.com/gobierno-corporativo/normativa-degobierno-corporativo/>.

We also have an Information Security Committee made up of key figures in the company (COO, CISO, CIO, DPO, Internal Audit Manager and HR Manager), in charge of supervising and guaranteeing the integral application of this policy in all areas of the organisation.

The committee conducts regular reviews of security risks and evaluates the effectiveness of implemented measures, integrating information security into all company decisions and processes.

Certifications and Regulatory Compliance

Our security model is backed by certification in the **UNE-EN-ISO 27001:2022** standard, which endorses our information security management, and our adherence to the **Code of Good Governance in Cybersecurity** published by the National Cybersecurity Forum.

In addition, we are in the process of being certified by the **National Security Scheme (ENS) at its highest level**, to guarantee compliance with the most demanding legal, contractual and regulatory requirements.

In line with new regulatory requirements, we are also working to align our company with the obligations set out in the NIS2 Directive, which strengthens Europe-wide cybersecurity measures for essential operators and digital services.

Strategic Security and Resources Plan

In 2024, our governing bodies approved an ambitious Strategic Security Plan, currently under development, covering the next three years. This plan will allow us to further identify areas for improvement and strengthen the protection of our information and technology systems. As part of this effort, we have created a Technical Security Office, which has specialised resources for the oversight, management and continuous improvement of our cybersecurity capabilities.

Incident Management and Resilience

To ensure the protection of our digital assets and respond efficiently to security incidents, we have a formal security incident and cybersecurity incident management process in place, including

- Threat detection.
- Containment and eradication of incidents.
- Recovery from disruptive events.

This process is complemented by a contingency and recovery plan designed to ensure business continuity, backed by a cyber-insurance policy that covers potential security incidents.

Audits and Continuous Improvement

Continuous improvement is a fundamental pillar of our cybersecurity model. To this end, we subject our systems to independent reviews and audits, including pentesting exercises and vulnerability scans, ensuring that our defences remain robust against evolving threats.

Security Awareness and Culture

Aware that information security requires the commitment of the entire organisation, we have established an annual cybersecurity training and awareness programme, which is mandatory for all employees, regardless of their function or seniority. This programme includes initiatives designed to promote a strong security culture that is part of our DNA.

At MERLIN we understand that cybersecurity is a daily effort and a shared responsibility. Thanks to this holistic approach, we are prepared to protect the confidentiality, integrity and availability of the

information we process, thus contributing to a secure and trusted digital environment for all our stakeholders.

3.3 Ethics and compliance: Pillars of Exemplary Business conduct

MERLIN restates its firm commitment to ethics, transparency and the generation of value for its stakeholders in carrying out its activities.

MERLIN's **Code of Conduct** is the compilation that reflects the company's commitment to the foundations of business ethics and transparency in all areas of operation. This document sets out a series of principles and guidelines for behaviour designed to ensure that all the Group's professionals act in an ethical and responsible manner in the course of their work.

Each year, all professionals receive training on the Code of Conduct and are also provided with regular internal communications. In addition, adherence to the Code of Conduct is a mandatory requirement for all new recruits. In addition, MERLIN's contracts with suppliers and tenants include clauses including provisions referring to both MERLIN's compliance policies and its Code of Conduct.

Merlin's Ethics Channel (<https://www.MERLINproperties.com/sistema-interno-de-informacion/>) is a tool that aims to provide a secure, anonymous and confidential way for anyone to report any irregularity or non-compliance related to malpractice within the organisation, committed in relation to the requirements, values and principles of the Code of Conduct, the responsibilities of the Group's Criminal Risk Prevention Model, as well as current legislation on the Criminal Liability of Legal Entities and in the area of workplace harassment.

MERLIN wants to be diligent in protecting whistleblowers. Since 2023, **MERLIN outsourced the management of the Ethics Channel ("Internal Reporting System") to BDO to ensure maximum confidentiality regarding the identity of the whistleblower**, as well as compliance with current legislation in the processing of the reports received.

Thus, any third party that has a relationship with MERLIN and has reasonable evidence of any Irregularity may report it to MERLIN through this Channel. MERLIN Professionals will, in any case, be obliged to report any reasonable indication of any irregularity. This channel is available to all internal employees and is also accessible to the general public via the company's corporate website.

The adaptation to current legislation has entailed a modification of the **Code of Conduct** and the **Channel's reporting procedure**, and the Board has approved a specific Policy in this respect (**Internal Information System Policy**), which establishes that queries and incidents will always be handled in a confidential, fair, complete, objective, independent and honest manner. Independence, impartiality and absence of conflicts of interest are guaranteed by ensuring objectivity throughout all parts of the process.

As established in the **Channel's reporting Procedure**, once these Reports have been received, the **External Manager** (BDO) will prepare the corresponding report, sending the acknowledgement of receipt of the Report to the Whistleblower within 7 calendar days of its receipt.

Once the External Manager has completed the investigation of the Report, they will prepare a report reflecting the investigations carried out, as well as the conclusions reached. This report will be sent to the head of the Information System (Internal Audit Director) through the Ethics Channel within a maximum of 7 working days of receiving the Communication.

The head of the Information System will forward the report to the Board's delegated committee, which may appoint an internal manager (the **"Internal Manager"**), who will proceed to investigate the facts and may contact the persons concerned and request any additional information necessary.

The Internal Manager must submit their report and the conclusions of the investigation carried out to the Board's delegated committee assigned within thirty (30) calendar days of their appointment as Internal Manager.

At a meeting of the Board, the Board's committee that has been assigned will analyse the report and conclusions submitted by the Internal Manager and prepare its own report including its decision on the measures and actions to be taken (the "**Assigned Committee's Report**"). The Assigned Committee's Report will, in any case, reflect the details of the investigation carried out, the type of Report received, its resolution status and the conclusion reached.

The deadline for giving a response to the investigation proceedings is 3 months, except in the case of a complex investigation, which may take up to 6 months.

If the Assigned Committee deems it necessary to apply the **Group's Disciplinary System**, the Assigned Committee's Report will be (a) communicated to the Appointments and Remuneration Committee (provided that this is not the Assigned Committee) and to the Head of Human Resources, for their knowledge and report prior to implementing any measures (which will be the responsibility of the Head of Human Resources) and (b) submitted to the Board, for its knowledge.

However, if the Report contains Irregularities or the measures are of such importance that the competence for deciding on measures or actions lies with the Board of Directors, the Assigned Committee will directly submit its report to the Board of Directors for its decision on how to proceed.

After determining the action to be taken, the Internal Audit Director, together with the Head of Human Resources, will inform the person concerned of the resolution of the Report.

During 2024, 7 complaints were received (1 in 2023), which did not result in any disciplinary procedure against any employee.

Integrity and strict compliance with existing regulations are inseparable components of ethical conduct. Since its inception, MERLIN has established bodies, policies and procedures to ensure this integrity at all levels. Along these lines, the Group has developed an integrated, effective internal control model, aligned with best practices, aimed at ensuring compliance with the requirements associated with priority regulations. The following tools are currently available:

- **Crime Prevention Model (CPM)**, which covers all activities and companies with operations that are controlled by MERLIN.
- **Anti-money laundering mechanisms**: MERLIN has mechanisms in place to comply with the requirements established in anti-money laundering regulations, including a Prevention Manual, annual external audits, an Internal Control Body (ICB), a Customer Acceptance Policy and a Technical Unit for the prevention of money laundering. All these mechanisms have been adapted to cover the Company's activities in Portugal.
- **System of Internal Control over Financial Reporting (ICFR)**: MERLIN has an effective and reliable financial control model, based on identifying key risks and selecting relevant processes for financial reporting, the methodology and procedures of which are documented in the ICFR Manual.
- **System of Internal Control over Sustainability Reporting (ICSR)**: MERLIN has an effective and reliable model for controlling non-financial information, based on identifying key risks and selecting relevant processes for financial reporting, the methodology and procedures of which are documented in the different ICSR indicator manuals.

- **Personal data protection mechanisms:** The Group has mechanisms in place to ensure that personal data is processed correctly, including a DPO (Data Protection Officer) and the Personal Data Protection Policy.
- In addition, in 2024 it is worth highlighting the continuation of global training for the entire workforce in **Regulatory Compliance**, aimed at all the Group's professionals, by means of a week of awareness-raising on compliance issues. Compliance training was added to the onboarding process for new employees since 2022 and global training is focused on issues related to the Code of Conduct, sustainability, the policies on respect for human rights and the Personal Data Protection Policy).

Anti-fraud and anti-corruption measures

In accordance with its Articles of Association, MERLIN seeks to ensure that its conduct and that of its employees complies not only with current legislation and its corporate governance system but also with widely accepted ethical and social responsibility principles. MERLIN has implemented a **Criminal Compliance Management System**, based on the company's firm commitment to values and principles that reject and prohibit any type of unlawful activity.

These principles are reflected in the **Code of Conduct**, approved by the Board in 2015 and updated in 2023. These principles apply to employees, managers and governing bodies of the organisation, conveying a strong message of absolute rejection and zero tolerance of any unlawful conduct that violates the Group's policies, values and principles.

The **Criminal Compliance Policy** strengthens the company's commitment to corporate governance in line with its values and principles. It also establishes rigorous organisational control over the Group's management bodies, executives and employees, with the aim of minimising the possibility of improper practices or breaches of regulations in the exercise of its activities as far as possible.

As regards MERLIN's **Compliance System**:

- **MERLIN's Compliance Management System certification was renewed in 2024 under the UNE 19,601 Standard for all Group companies, including Portugal.** The UNE 19,601 standard aims to reduce the organisation's exposure to criminal risk and to foster a culture of crime prevention.
- **Furthermore, in 2024, MERLIN's Anti-Corruption and Bribery System was renewed under the ISO 37,001 international standard certification.** ISO 37,001 is the international standard that specifies requirements and provides guidance for establishing, implementing, maintaining, reviewing and improving an anti-bribery management system.



Both certifications accredit that **MERLIN's Crime Prevention and Detection Model meets the standard's requirements and is also effective** in its commitment to ongoing improvement to incorporate the highest standards of compliance.

MERLIN's Crime Prevention and Detection Model includes a Map of Risks or Criminal Offences associated with the nature of the Group's operations. This map identifies, documents and implements over 90 controls related to such offences. This implementation reflects that the

organisation has established the necessary mechanisms and controls within the area of Criminal Compliance.

Respect for human rights

In 2022 the Board of Directors approved the **Policy on respect for human rights** to clearly state the Group's commitment to the human rights recognised in both national and international law. In addition, the policy defines the principles that will be implemented by the Group to apply due diligence on human rights issues. This diligence is in line with the Guiding Principles on companies and human rights, the OECD guidelines for multinational enterprises, the principles endorsed by the United Nations Global Compact, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the conventions established by the International Labour Organization, as well as the Sustainable Development Goals (SDGs) adopted by the United Nations. This approach is also in line with the Company's Code of Conduct and considers other documents or texts that may complement or replace those mentioned above.

MERLIN and its Group are committed to guiding their actions based on the following principles:

- Reject discriminatory practices or practices that undermine the dignity of individuals on the basis of their age, gender, marital status, nationality, religion, disability, race or ethnicity, or any other personal circumstance.
- Reject child labour and forced or compulsory labour.
- Respect freedom of association and collective bargaining
- Protect the health of workers and provide decent employment.
- Respect the rights of local communities and other stakeholders.
- Respect the environment and protect natural resources.
- Integrity, zero tolerance for corruption.
- Implement monitoring and control procedures to identify, with due diligence, potential situations of risk of human rights violations, and establish mechanisms to prevent and mitigate these risks.

To achieve these objectives and commitments, MERLIN assumes and promotes the following basic guiding principles that should govern its actions and those of the Group in all areas:

- a) Promote a culture of respect for human rights and actions aimed at raising the awareness of the Group's professionals, suppliers, contractors and third parties with which professional relationships are maintained;
- b) Identify the potential impacts that the operations and activities carried out by the Group, either directly or through a third party, may have on human rights;
- c) Assess the effectiveness of the due diligence system through monitoring indicators, with a special focus on those activities where there may be a higher risk of human rights violations. This assessment will be supported by the Group's internal control systems;
- d) **Complaint and grievance mechanisms, with sufficient guarantees and adequate resolution procedures**, to address potential cases of human rights violations. MERLIN has set up an Ethical Channel (Internal Reporting System) at the address <https://www.merlinproperties.com/sistema-interno-de-informacion/>, which can be used to report any indication of irregularities in the actions or conduct of employees, executives or

collaborators of the Group companies that could imply a breach of the Code of Conduct or that could be considered an act of discrimination, corruption, extortion, bribery or any other type of offence. In 2024, MERLIN did not receive any report regarding human rights breaches (nor did it in 2023).

- e) **React by diligently adopting the appropriate measures if a violation of human rights is detected in the Group's operations** or in those of its customers or suppliers, and inform the competent authorities so that they can take the appropriate actions when this violation may constitute an administrative, criminal or any other type of offence.

In particular, with regard to its **Supply Chain**, MERLIN will actively encourage the suppliers with which the Group's companies maintain commercial relations to show strict respect for the human rights recognised in international and national legislation in each of the countries where they operate.

MERLIN recognises the importance of its suppliers as key partners in compliance with this Policy, understanding that they share a joint responsibility with the Group. **In this regard, the company will continue working for the effective implementation of a Code of Conduct for suppliers based on respect for human rights throughout the supply chain.**

Specifically, MERLIN will ensure that the commitments established by MERLIN are also adopted by suppliers, while preserving their management autonomy. This approach will be carried out in accordance with the practices and procedures set out in the Group's regulations.

In line with its Procurement Policy, MERLIN carries out ESG (environmental, social and corporate governance) assessments of its critical suppliers. These assessments include the analysis of Fundamental Rights and include guidelines aiming for suppliers, within the scope of their responsibilities, to assume the protection of human rights when entering into contractual relationships with the company.

MERLIN will ensure that its business partners are aware of and respect the principles and commitments made in this policy.

In 2024, **MERLIN requested information from 97 suppliers in tenders for improvement and refurbishment of assets (CAPEX) in excess of EUR 150,000** (over 250 purchase orders), covering information and details on environmental, social and regulatory compliance matters, including aspects regarding human rights compliance (policies, demands, etc.) for each third party assessed.

4. Climate change management and operational efficiency, our ecological footprint

The Group's environmental sustainability is a key aspect to ensure compliance with its objectives at all levels and to enhance its value creation, with active climate change management and efficiency in the use of resources as key pillars.

2024 MILESTONES	FUTURES OBJECTIVES
- Continued inclusion in the Dow Jones World Sustainability Index – World for the second year and Europe for the fourth year - Renewal of the Green Finance Framework including embedded carbon footprint ceilings in future newbuilds and refurbishments. - Measurement of embodied carbon footprint in refurbishments and newbuilds valued at more than EUR 3 million. - The Marineda Shopping Centre renewed its “Zero Waste” certification for the fourth consecutive year and Artea and Porto Pi Shopping centres obtained it this year for the first time. - Implementation of the centralised BMS (Building Management System) for the entire property portfolio.	- Reformulation of the path to net zero to include the Data Center business line. - Increased implementation of the green clause in contracts. - Project to implement the Zero Waste initiative in more shopping centres. - Forest awarding capable of offsetting the MERLIN's entire unavoidable carbon footprint.

KEY INDICATORS FOR THE YEAR				
	Like for Like Data		Absolute Data	
	2024 Data	2023-2024 Evolution	2024 Data	2023-2024 Evolution
Energy consumption (GJ)	389,839	-0.4%	451,939	8.9%
Energy consumption (MwH)	108,289	-0.4%	125,538	8.9%
Greenhouse gas emissions (tCO2eq) Market-based	2,696	-0.7%	2,930	7.6%
Greenhouse gas emissions (tCO2eq) Location-based	9,084	-9.7%	9,935	-4.5%
Water withdrawal (m3)	656,138	-0.7%	677,878	-0.2%
Waste (ton)	7,523	9.8%	7,719	10.1%
% of self-produced energy	4.8%	41.3%	4.5%	52.0%
% of portfolio (in terms of GAV) certified with LEED, BREEAM	n/a		90.0%	-4.5%
% of the portfolio certified on ISO 14001 y 50001	61%		42%	

4.1 Key environmental performance reporting criteria and concepts

a) Methodology

MERLIN includes information on environmental performance of its asset portfolio in accordance with the methodology established by EPRA Sustainability Best Practice Recommendations (3rd edition, 2017) and based on the GRI (Global Reporting Initiative) Indices.

b) Reporting scope

Asset categories

MERLIN reports environmental performance information for its office, logistics, shopping centre and Data Center portfolios, not including assets in which it holds a minority interest.

Type of surface area control

For more accurate performance management of its assets in terms of energy consumption efficiency, water withdrawal and carbon footprint, MERLIN separates the data for these indicators by type of property:

- Assets over which the Group exercises operational control. These are generally multi-tenant assets where the Group continuously assesses their environmental impact.
- Assets over which the Group does not exercise operational control. For these single-tenant assets, although MERLIN is the holder of some of the utility contracts, the consumption management tasks fall to the tenant of the asset.
- MERLIN's corporate headquarters and LOOM spaces leased by the Group.

In particular, MERLIN reports the information for the environmental indicator of waste management in terms of those assets where it is responsible for waste management, since in some cases this management is carried out by the owners' associations.

Reported data

The Group has established the following reporting criteria taking into account the criteria set out above and the condition of the asset:

	Energy	Water	Waste	Certificates
Assets in operation full year ¹⁴	✓	✓	✓	✓
Assets in operation part of the year ¹⁵	✓	✓	✓	✓/x
WIP ¹⁶	x	x	x	✓
Land ¹⁷	x	x	x	x

Environmental performance data are reported both in absolute terms and in relative terms, known as intensity, i.e. absolute consumption or emissions divided by the surface area for which the consumption or emissions are reported.

Environmental indicators on that basis are calculated taking into account the percentage of gross leasable area (GLA):

- To measure the intensities for assets that are in operation for part of the year, each asset's GLA is weighted according to the time it has been in operation.
- In the case of assets that form part of an owners' association, the share of equity is applied to the energy and water consumption data. In these cases, the surface area taken into account in the calculations represents MERLIN's share of equity in the asset.
- The total GLA of the assets is considered in the calculation of energy and water intensity, except in those cases where MERLIN only has control over the management of consumption in the common areas, in which case only the surface area of these common areas is considered.

The data reported express the following coverage percentage of total GLA in each asset category:

¹⁴ Assets in operation for the full fiscal year

¹⁵ Assets that are in operation for part of the fiscal year, if the asset is in operation at the end of the fiscal year, the information on certifications is reported

¹⁶ WIP: Assets under construction or refurbishment/retrofitting

¹⁷ Plots or tracts acquired by the Group on which building has not yet started.

	Energy % GLA	Water % GLA	Waste % GLA	Certifications % GLA
Offices	78%	79%	68%	97%
Logistics	52%	27%	12%	81%
Shopping Centres	99%	99%	87%	100%
Data centers	100%	67%	100%	54%

Absolute scope and like-for-like scope

Based on the EPRA sBPR Guidelines, MERLIN reports on a series of environmental indicators or KPIs (integrated in the EPRA Sustainability Performance Measures). These KPIs cover information on energy consumption, GHG emissions, water withdrawal and waste generation¹⁸.

There are two types of KPI: Total or absolute KPIs and like-for-like KPIs. Absolute KPIs are calculated in terms of the total asset portfolio. Like-for-like KPIs are calculated considering only assets that have been in continuous operation for the last three years.

Environmental performance data is reported including the degree of coverage of each KPI. Coverage is defined as the proportion of assets for which there is information available to calculate the respective KPI with regard to total assets, calculated both in terms of the number of assets and surface area of the assets.

MERLIN uses the criteria for calculating its GHG emissions to taking into account operational control and its equity share in the assets as provided in the GHG Protocol¹⁹, using the market-based method, in which data on the emission factors for electricity consumption are obtained from the electric company from which the electricity is purchased.

Scope 1, 2, and 3 emissions are reported as described below:

- 1) **Scope 1** emissions, which include direct GHG emissions:
 - Associated with fuel consumption at fixed installations of assets under operational control.
 - Associated with fugitive emissions of greenhouse gas refrigerants.
- 2) **Scope 2** emissions, which include indirect GHG emissions:
 - Associated with electricity consumption at installations.
 - Associated with thermal energy consumption at installations.
- 3) **Scope 3**, direct emissions from fuel consumption at fixed installations of assets not under operational control and indirect emissions as a result of the company's activities at sources that are neither owned nor controlled by the company (*see Appendix II to this report*).

4.2 Environmental and energy management systems

¹⁸ The full definition of the above KPIs is given in detail in chapter 8.b. "EPRA sBPR Table of Contents" of this SNFI.

¹⁹ The GHG Protocol (Greenhouse Gas Protocol) sets out the global standardised frameworks for measuring and managing greenhouse gas (GHG) emissions from both private and public sector operations and value chains and mitigation actions.

MERLIN, under the continuous improvement approach in its role as manager of its portfolios, has an Integrated Management System (IMS) for the ISO 14001:2015 (Environmental Management Systems) international standard and for the ISO 50001:2018 (Energy Management Systems) international standard, both benchmarks certified by an accredited certification body.

The Environmental Management System supports environmental best practices, and its systematic approach to identifying and complying with all applicable legal environmental requirements and identifying and managing the associated environmental risks evidences its commitment to continuous environmental improvement.

The Energy Management System, in turn, encompasses improving energy efficiency, reducing consumption, improving operations and activities, and reducing the emissions associated with MERLIN's activities and evidences its commitment to energy efficiency in the framework of continuous improvement.

In 2015 MERLIN set out on an ambitious plan to implement these management systems and successfully achieve ISO 14001 (environmental management) and ISO 50001 (energy management) certification by expanding the number of real estate assets with at least one of those certifications.

This plan covers office buildings as well as shopping centres, logistics warehouses and Data processing Centers. With regard to ISO 14001, in 2024, 96 buildings composing a surface area of 1,351,930 sqm were ISO 14001 certified, 5 more than in 2023.

The Group also continued the process of implementing an Energy Management System under the ISO 50001 standard, which began in 2017. Currently, 93 are certified composing a surface area of 1,299,733 sqm are certified, 5 more than in 2023.

The target for the assets included in the ISO 50001 certified Energy Management System is to implement ESMs (energy saving measures) to reduce energy consumption by 8% compared to 2021 (96.71 kWh/sqm occupied space).

Through its Environmental Management System the Group identifies the most significant environmental impacts of its activities and establishes the mechanisms necessary to identify, assess, and control those impacts in keeping with the precautionary principle.

The Group allocates 7.64 FTEs (2.61% of the workforce) to environmental risk prevention, including time spent by the management bodies, senior management, and prevention and management teams.

With regard to cover for potential environmental risks, the Group has third-party liability insurance that expressly covers any third-party liability arising from contamination or pollution of the atmosphere, soil or water, provided that these harmful actions occurred as a result of an accidental, sudden, unforeseeable, unexpected and unintentional cause.

This insurance also covers the costs of removal, cleaning or disposal of contaminating substances for which MERLIN is legally liable due to contamination of third party sites or facilities.

In 2024, following an analysis, the Group did not consider it necessary to make provisions for potential environmental risks.

4.3 Development and operation of sustainable assets

Integrating sustainability into each of the different phases of the asset's life cycle has always been a priority for MERLIN:

Acquisition of new land or buildings

In the due diligence process for investments in land and buildings, MERLIN considers environmental and social sustainability aspects such as the property's construction characteristics, the asset's energy efficiency, alignment with the Group's strategy regarding sustainable mobility, or the status of legal compliance and sanctions. Furthermore, as a starting point, the Group's strategy is to prioritise the location of assets in urban environments as this in and of itself ensures that no ecologically critical or endangered areas will be affected.

MERLIN is therefore committed to ensuring that:

- 100% of office and shopping centre assets are located within 10 minutes/1 km of public transport.
- 100% of assets are located outside protected or ecologically critical areas.
- 100% of acquisitions take environmental and social criteria into account.

MERLIN has made progress fulfilling these commitments. For example, 100% of the Company's offices and shopping centres are accessible by public transport and all assets are located in urban areas that do not impact protected or ecologically critical areas. MERLIN also continues to work on integrating environmental and social criteria in line with LEED and BREEAM certifications.

Developments and refurbishments

Sustainability is a factor that enters into the design phase of MERLIN's new developments and refurbishments, which raises the value generated by the project from the initial stages. The Company also sets sustainability requirements for contractors, certifies the assets of their projects based on sustainable construction schemes, and reduces and mitigates the negative impacts associated with the construction. In this phase, the Group replaces or installs resource-efficient equipment, systems and devices.

MERLIN has implemented a new policy that makes it compulsory to calculate the embodied carbon footprint for projects worth more than EUR 3 million and assign an ESG performance rating to suppliers involved in projects worth more than EUR 150 thousand. The embodied carbon footprint of five projects was calculated in 2024.

MERLIN is firmly committed to integrating sustainability into all stages of the life cycle its assets and performs Life Cycle Assessments for new building construction and refurbishment works. This assessment enables a comprehensive and detailed evaluation of the environmental performance of buildings taking into account all their phases, from raw material extraction to final disposition. This enables different design alternatives, materials, and technologies to be compared, contributing to more well-founded decision-making and optimisation of environmental performance over the lifetimes of buildings. In addition, life cycle assessments are an opportunity to identify areas where circular economy strategies such as reuse, recycling, and remanufacturing can be applied to optimise resource use and minimise waste over the building's entire life cycle.

The following table presents the life cycle assessments carried out in 2024.

PE Cerro de los Gamos. Buildings I and IV.
Torre Lisboa
Data Center Barcelona
Lisbon Park Lot 14.
Valencia - Bétera

MERLIN also seeks synergies among its assets to minimise and reuse waste generated during refurbishment. It is worth highlighting the reuse of building materials or building installations, or the reuse of the raised floor and carpeting in Plaza Ruiz Picasso 11, which had to be lifted based on the needs of two customers, and which have been moved to Partenon 16-18 (around 900sqm), and Las Tablas (around 350sqm).

The Group's roadmap calls for greater circularity by its contractors in building and refurbishment projects, and the Group therefore plans to include these criteria when evaluating bids submitted in tender processes.

With regard to biodiversity in developments and refurbishments, MERLIN studies the ecological value of the environment and proposes measures to preserve it, with priority given to native plant species in landscaped areas around our assets, avoiding exotic species. Likewise, although implicit in its expansion strategy, the Group avoids deforestation in its developments and refurbishments by acquiring land in urban settings or with previous uses.

MERLIN is therefore committed to ensuring that:

- 100% of developed/refurbished assets have sustainable construction certification.
- 100% of critical suppliers will be evaluated on ESG aspects.

MERLIN has made progress in meeting these commitments by obtaining LEED or BREEAM certification for all newbuilds and refurbishments.

MERLIN is committed to not exceeding the following thresholds on embodied carbon in newbuilds:

- Offices: 500 kg CO2/sqm.
- Logistics: 400 kg CO2/sqm.
- Shopping centres: 500 kg CO2/sqm.

Management of properties in operation

MERLIN employs strategies based on continuous supervision and proactive management of consumption when operating its assets. It takes measures and works closely with tenants and operators to optimise consumption and minimise adverse effects on the sustainability of its assets. In addition, it uses sustainability criteria to evaluate its suppliers and recognised sustainability performance measurement systems to certify its assets.

The operational phase is where MERLIN has the most scope for action, so the Group concentrates its efforts on maximising the inclusion of sustainability aspects in that phase. The following sustainability initiatives that it has implemented in its portfolio of assets in operation can be highlighted at this time:

- Monitor the environmental performance of each asset throughout the chain of command, and establish specific action plans on a quarterly basis.
- Approve an investment plan for the installation of equipment (lighting, temperature, etc.) that improves asset performance.
- Include green clauses to encourage energy efficiency in the tenant's operations. We count with 160 tenants with the green clause, some leased in more than one asset.
- MERLIN is continuing to install photovoltaic panels on assets in its branches of activity (offices, shopping centres, logistics warehouses and Data Centers) as part of the Sun Project intended to position itself as the largest developer of self-generated energy in its sector and an essential player in the energy transition. With the achievement of last year's targets, the project amounts to 15.6 MW installed, capacity at a total of 10 assets (4 offices, 2 shopping centres, 4 logistics warehouses), which achieves a total self-consumption rate of 5.6%.
- Likewise, 100% of MERLIN's assets under operational control consume renewable electricity with a guarantee of origin certificate.
- MERLIN takes different initiatives to optimise material use, reduce waste generation, and manage the generated waste more efficiently in an effort to improve the circular economy of its assets. All assets (offices and shopping centres) therefore have waste sorting systems.

MERLIN's main objective in operating its assets is to have photovoltaic panels installed at 100% of its assets²⁰.

²⁰ This commitment applies to those assets where installation is feasible based on the technical and/or structural characteristics of the assets

4.4 Sustainability advances in MERLIN's portfolio

MERLIN draws up its report on the environmental performance of its portfolio in strict compliance with the most up-to-date sustainability practices as per the EPRA Sustainability Best Practice Recommendations (3rd version, 2017) to ensure comparability with the data reported by other companies in the sector²¹.

For more information on the environmental performance of MERLIN's portfolio, and the methodology used, please refer to "Appendix I. Environmental performance reporting in accordance with the EPRA Sustainability Best Practices Recommendations (sBPR)".

Key environmental performance indicators of MERLIN's portfolio²²

	2022		2023		2024	
	Absolute	LfL	Absolute	LfL	Absolute	LfL
 Energy	421,611 GJ	392,515 GJ	414,876 GJ	391,643 GJ	451,939 GJ	389,839 GJ
	0.261 GJ/m ²	0.269 GJ/m ²	0.243 GJ/m ²	0.267 GJ/m ²	0.255 GJ/m ²	0.266 GJ/m ²
	117,114 Mwh	109,032 Mwh	115,243 Mwh	108,790 Mwh	125,538 Mwh	108,289 Mwh
	0.073 Mwh/m ²	0.075 Mwh/m ²	0.068 Mwh/m ²	0.074 Mwh/m ²	0.071 Mwh/m ²	0.074 Mwh/m ²
 Water	684,413 m ³	650,288 m ³	679,061 m ³	660,604 m ³	677,878 m ³	656,138 m ³
	0.476 m ³ /m ²	0.477 m ³ /m ²	0.463 m ³ /m ²	0.480 m ³ /m ²	0.451 m ³ /m ²	0.478 m ³ /m ²
 Waste	7,513 tons	7,116 tons	7,010 tons	6,851 tons	7,719 tons	7,523 tons

Regarding the energy consumption of like for like²³ assets, there has been a slight decrease compared of fell by 0.4% compared to 2023, mainly due to implementation of energy-saving measures and and despite the increase in office occupancy, logistics activity and shopping centre footfall. Absolute consumption by the portfolio rose by 8.9%.

Energy intensity was down 0.5% from 2023 for the like-for-like portfolio and down 4.7% from 2023 for the absolute portfolio.

Like-for-like water performance data for the total volume of water withdrawal at the assets under MERLIN's operational control was 656,138 m³ in 2024, namely, office assets (43%), logistics warehouses (6%) and shopping centres (50%). There has been a decrease of (0.68%) compared with

²¹ The GRI (Global Reporting Initiative) Standards are the starting point for the third and most recent edition of the EPRA (European Public Real Estate Association) sBPR Guidelines released in 2017. These recommendations are the world's most important sustainability reporting standards, but since they are intended for a wide range of companies, they are general and all-encompassing in nature. Consequently, in some cases they do not address the specific characteristics of the real estate sector. Accordingly, the EPRA sBPR Guidelines provide very specific reporting criteria that sum up the requirements in the GRI Standards. Following the recommendations of the EPRA sBPR Guidelines, Appendix I includes a series of tables that provide a full breakdown of the portfolio's environmental performance data.

²² The environmental indicators reported in the infographic only include information on assets over which MERLIN exercises operational control.

²³ Assets that have been operating continuously for the last three years are included.

2023, mainly due to the adoption of water saving measures, drought restrictions in Catalonia and all this despite the increase in footfall in the portfolio of offices and shopping centres.

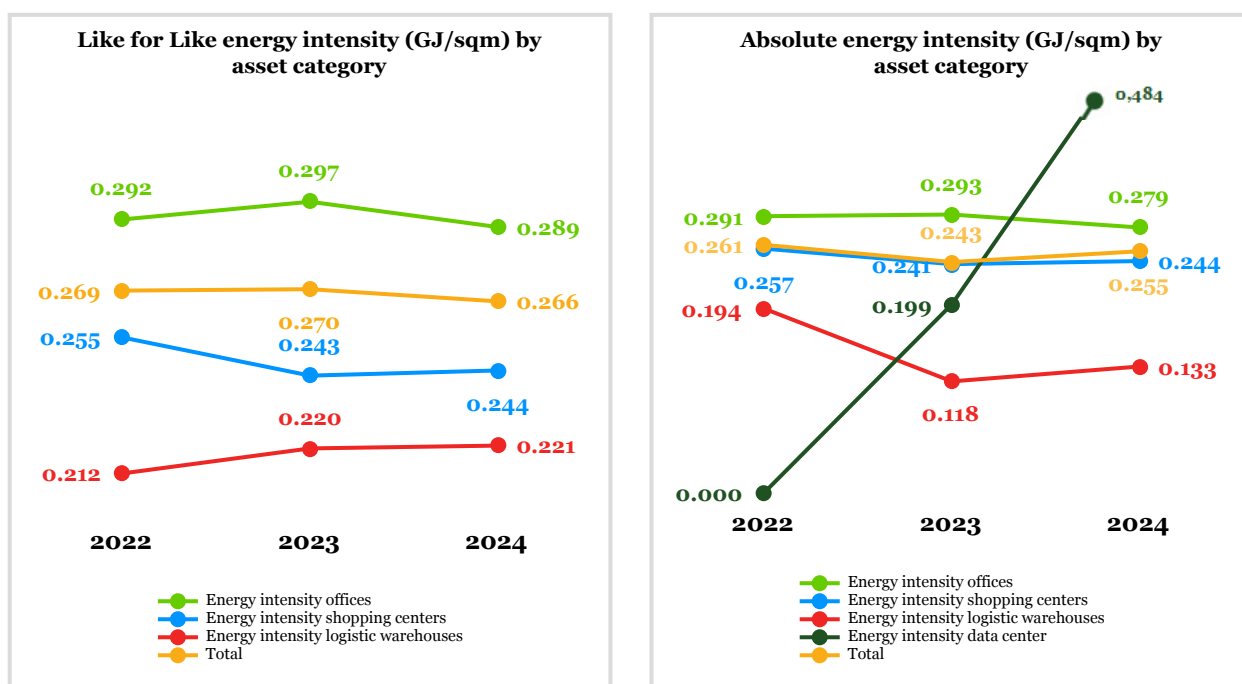
The increase in like-for-like general waste mainly relates to the increase in occupancy and footfall in shopping centres as well as the contracting of the management of certain types of waste with an authorized manager where this was previously managed through council removals.

Energy consumption

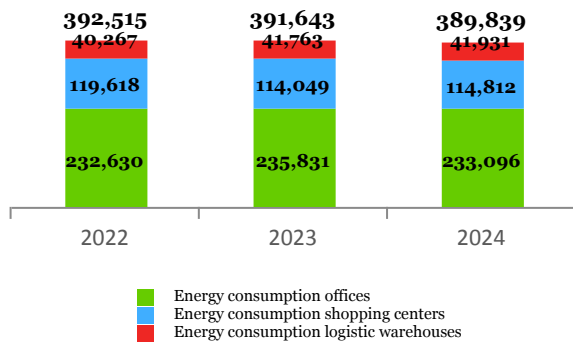
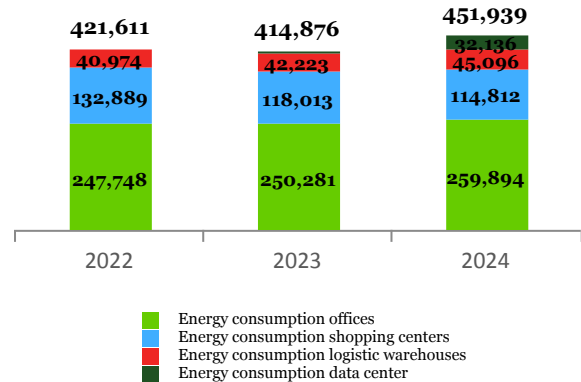
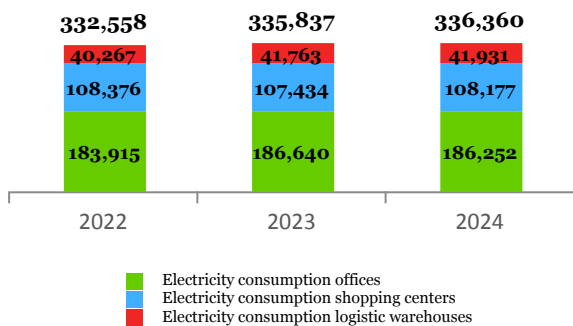
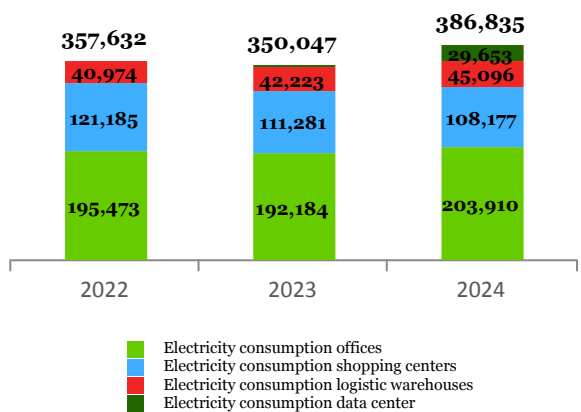
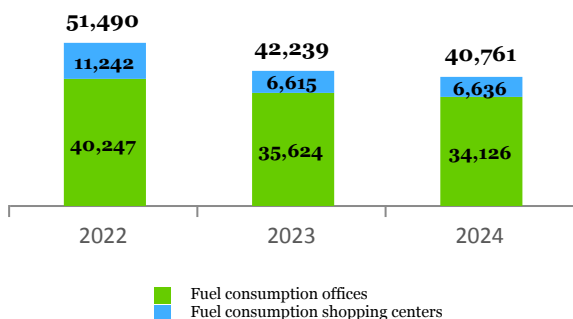
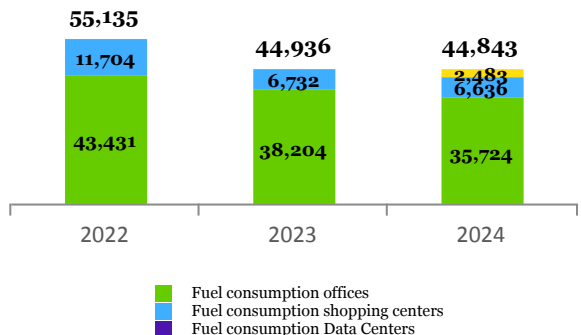
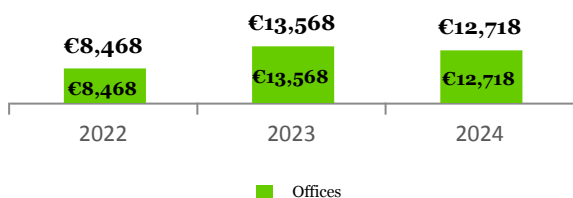
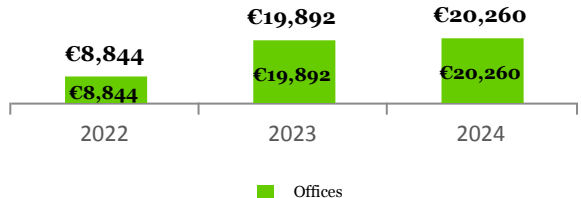
MERLIN collects information on energy consumption by different components of its portfolio, including assets under its operational control, assets not under its operational control, its headquarters in Madrid, and the LOOM locations in Huertas and Salamanca. The data collected include detailed consumption of electricity, fuels like natural gas and diesel, and use of district heating & cooling.

ENERGY CONSUMPTION OF MERLIN'S ASSETS UNDER OPERATIONAL CONTROL²⁴

For assets the Company for which is able to monitor and evaluate energy consumption, MERLIN has data for 67% of its absolute portfolio in terms of floor area, 13% less than in 2023.



²⁴ The total surface area of the assets has been considered in the calculation of energy intensity, except in those cases where MERLIN only has control over the management of consumption in the common areas, in which case only the surface area of these common areas is considered

Like for Like energy consumption per by asset category (GJ)

Absolute energy consumption (GJ) by asset category

Like for like electricity consumption by asset category (GJ)

Absolute electricity consumption by asset category (GJ)

Like for like fuel consumption by asset category (GJ)

Absolute fuel consumption by asset category (GJ)

Like for like district heating & cooling consumption by asset category (GJ)

Absolute district heating & cooling consumption by asset category (GJ)


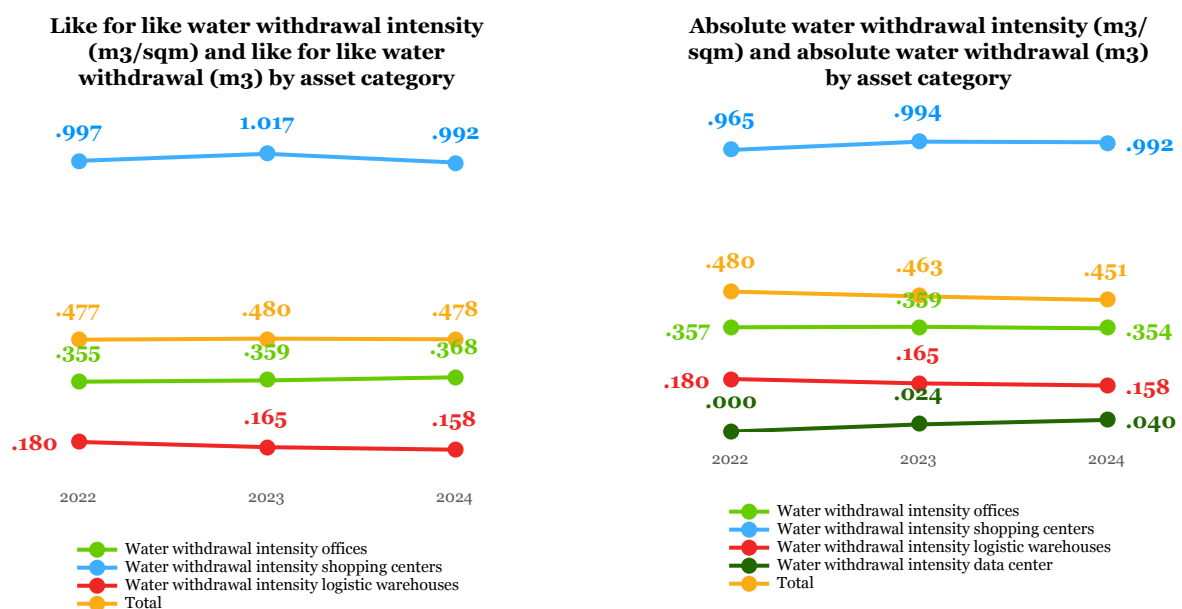
MERLIN remains committed to renewable energy through the production and self-consumption of photovoltaic energy at its assets and to increasing the number of assets supplied with renewable energy with a guarantee of origin. In 2024²⁵, electricity consumed from renewable sources accounted for 99.99% of the total electricity consumed under its operational control.

In addition, MERLIN purchases Renewable Energy Certificates (RECs) for some assets in the framework of their LEED and BREEAM certifications. Thanks to this green energy purchase mechanism, in 2024, the Group acquired a total of 1,627 GJ, worth approximately USD 1,447.

Water withdrawal

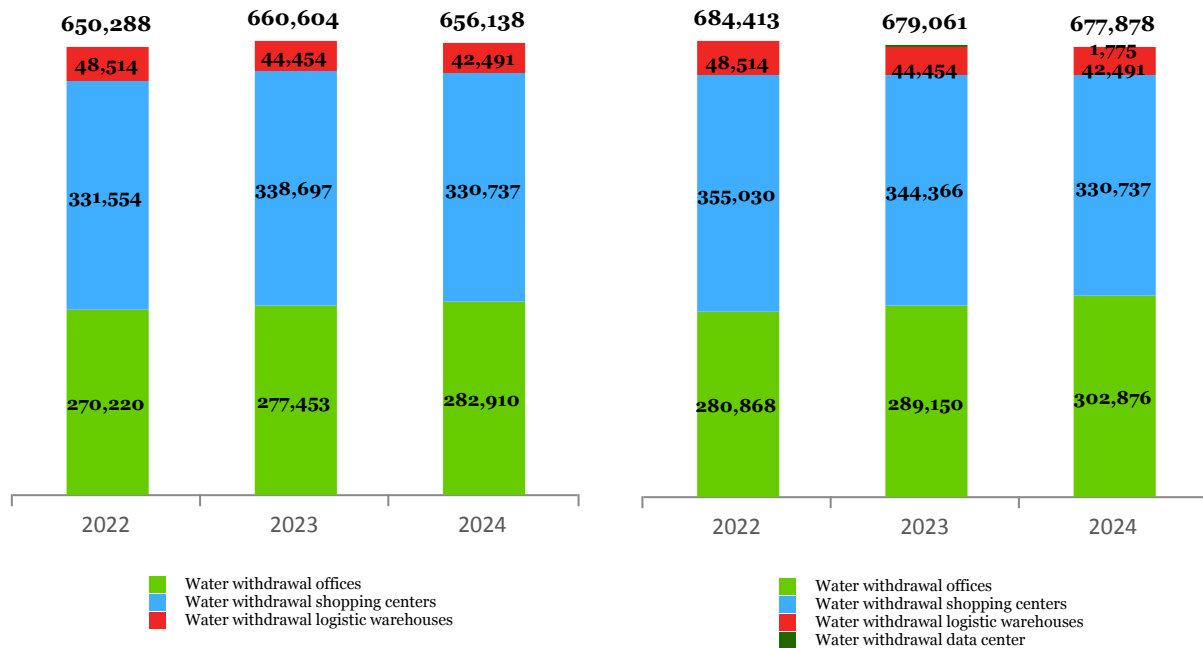
MERLIN has water withdrawal data for 57% of the assets it manages in terms of floor area.

WATER WITHDRAWAL FROM MERLIN'S ASSETS UNDER OPERATIONAL CONTROL²⁶



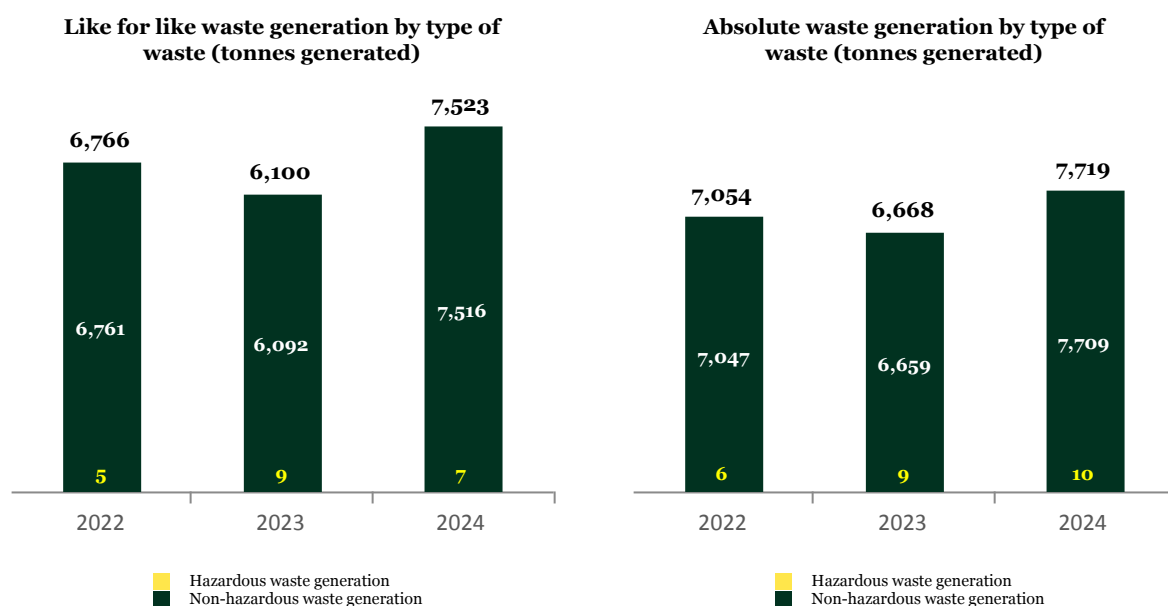
²⁵ The remaining electricity consumption (54 GJ, 0.01% of the total electricity consumption) was from electricity supplied by conventional electric utilities.

²⁶ The total surface area of the assets has been considered in the calculation of energy intensity, except in those cases where MERLIN only has control over the management of consumption in the common areas, in which case only the surface area of these common areas is considered.



Waste management

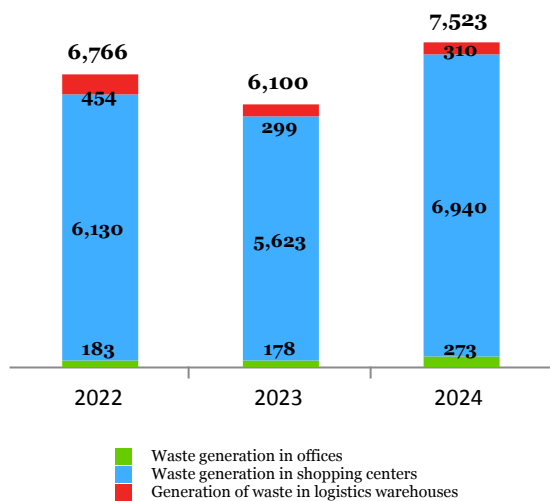
In accordance with the ISO 14001 Environmental Management System, MERLIN employs a systematic approach to waste management for its portfolio based on waste segregation by type at source, including classification into hazardous and non-hazardous waste. Having in mind the nature of the activities carried on by the Group, the amount of hazardous waste generated at its assets is significantly lower than the non-hazardous waste in terms of weight.



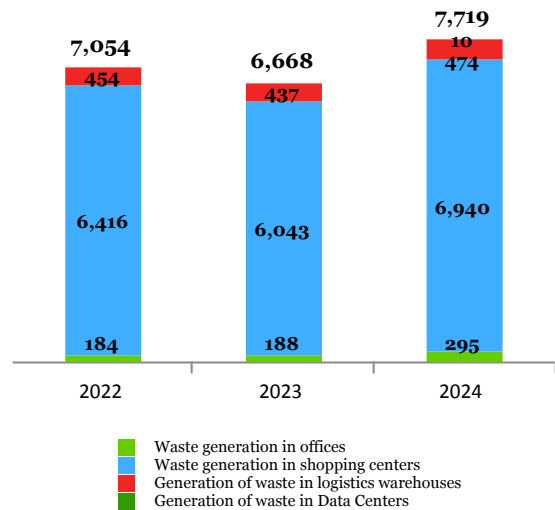
MERLIN has information on the final destination of 100% of the waste generated by the assets under operational control in its portfolio. Furthermore, nearly all the waste managed goes through

recovery processing of some sort. The quantities of waste that undergo some sort of treatment are depicted below by asset class.

Like for like waste generation by asset category (tonnes generated)

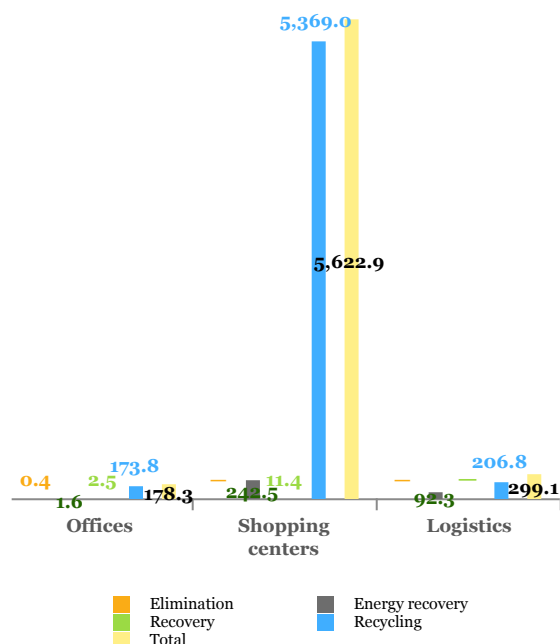


Absolute waste generation by asset category (tonnes generated)

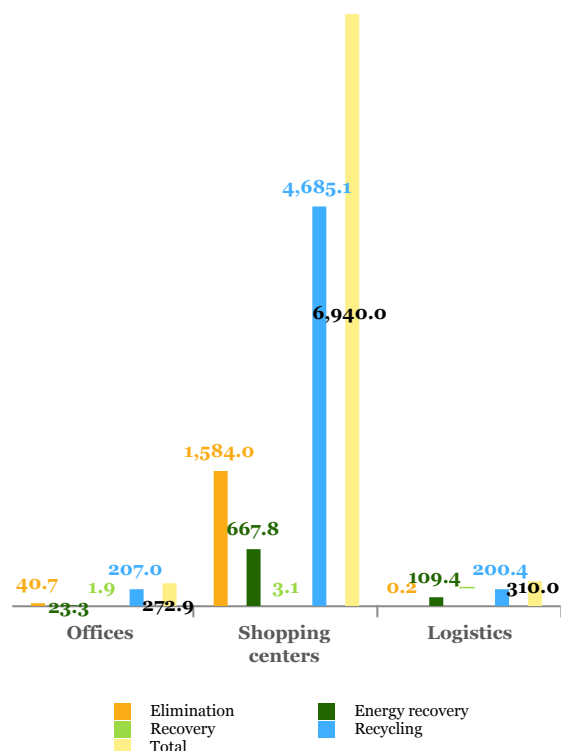


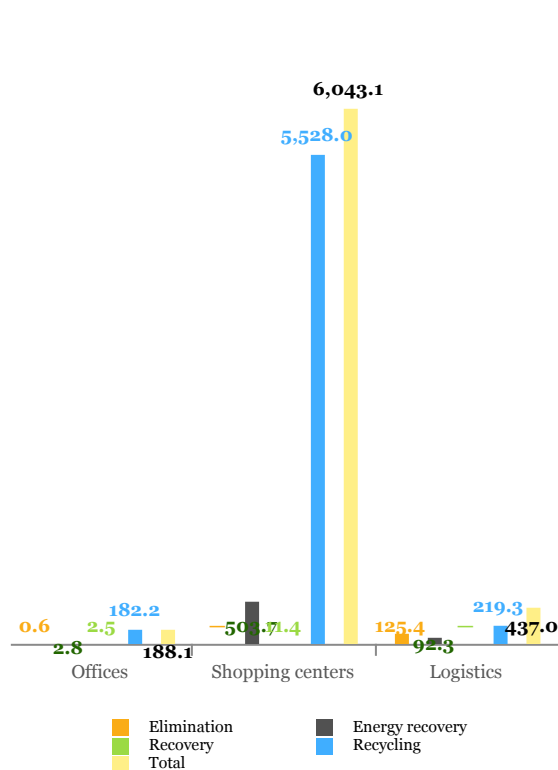
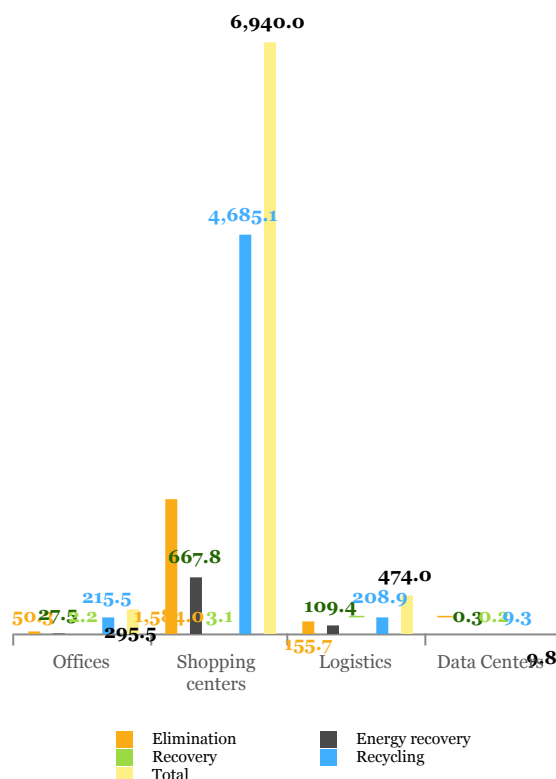
The like for like increase corresponds mainly to the contracting of the management of certain types of waste with an authorised waste manager, which were previously managed through municipal waste collections. This improves the management and correct segregation of the waste generated so that it can be recovered.

Like for like total weight of waste by disposal route (tonnes generated) 2023



Like for like total weight of waste by disposal route (tonnes generated) 2024



Absolute total weight of waste by disposal route (tonnes generated) 2023

Absolute total weight of waste by disposal route (tonnes generated) 2024


The company plans to continue with its continuous improvement in waste management in future to increase the amount of waste undergoing recovery and recycling processing while minimising unsorted waste and waste sent to landfills. In this context, attention can be drawn to the Marineda shopping centre, which has a "Zero Waste" certification from AENOR [*Spanish Association for Standardisation and Certification*], and the Artea and Porto Pi shopping centres, which have obtained this certification in 2024.

Given the nature of its operations, food waste is not a material issue for MERLIN.

4.5 Decarbonisation of MERLIN Properties' portfolio

MERLIN's experience over the past few years has enabled it to specify the details of its emissions reduction strategy, or Pathway to Net Zero in 2030, thus getting a head start on the European strategy for decarbonising the economy and ensuring the present and future survival of the Company and its assets.

MERLIN's pathway to net zero is a comprehensive plan aimed at optimising performance not only of the Company itself and the assets under its direct control but also of the principal players responsible for the emissions associated with MERLIN over its entire value chain, including suppliers and tenants.

MERLIN updated the criteria it uses to calculate emissions in 2022. Following the GHG Protocol guidelines, the market-based method²⁷ has been chosen as a basis.

²⁷ Market-based method: The market-based method calculates emissions based on the electricity that organisations have chosen to purchase. The difference is that the market-based method treats off-site renewable electricity use as a zero carbon generator, whereas the location-based method assigns the local grid average emission factor to off-site renewable use.

 tCO ₂ e Emissions	2022 Absolute	2023 Absolute	2024 Absolute
Market-based Scopes 1 and 2	2,713	2,722	2,930
Scope 1	2,668	2,602	2,878
Scope 2 Market-based	46	120	52
Intensity KgCO₂e/sqm	1.706	1.662	1.753
Scope 3	N/D	N/D	N/D

MERLIN also continues to report its emissions using the location based method²⁸.

 tCO ₂ e Emissions	2022 Absolute	2023 Absolute	2024 Absolute
Location-based Scopes 1 and 2	13,516	10,399	9,935
Scope 1	2,668	2,602	2,878
Scope 2 Location-based	10,848	7,797	7,057
Intensity KgCO₂e/m²	8.499	6.347	5.945
Scope 3	133,674	146,067	162,463

4.5.1. Scope 1 and scope 2 greenhouse gas (GHG) emissions

A breakdown of greenhouse gas (GHG) emissions for consumption of electricity, fuels (natural gas and diesel) and district heating and cooling, including recharging refrigerant gases in cooling systems, is shown below. These data cover assets under MERLIN's operational control, along with MERLIN's headquarters in Madrid and the LOOM locations in Huertas and Salamanca.

For more information on the environmental performance of MERLIN's portfolio and the methodological approach used, please see "**Appendix I. EPRA Sustainability Best Practice Recommendations (sBPR) environmental performance report**".

Market-based GHG emissions at assets under MERLIN's operational control

First, applying the market-based calculation method to the like-for-like portfolio, the sum of Scope 1 and Scope 2 GHG emissions in 2024 was 2,696 tCO₂e, 0.7% lower than in 2023.

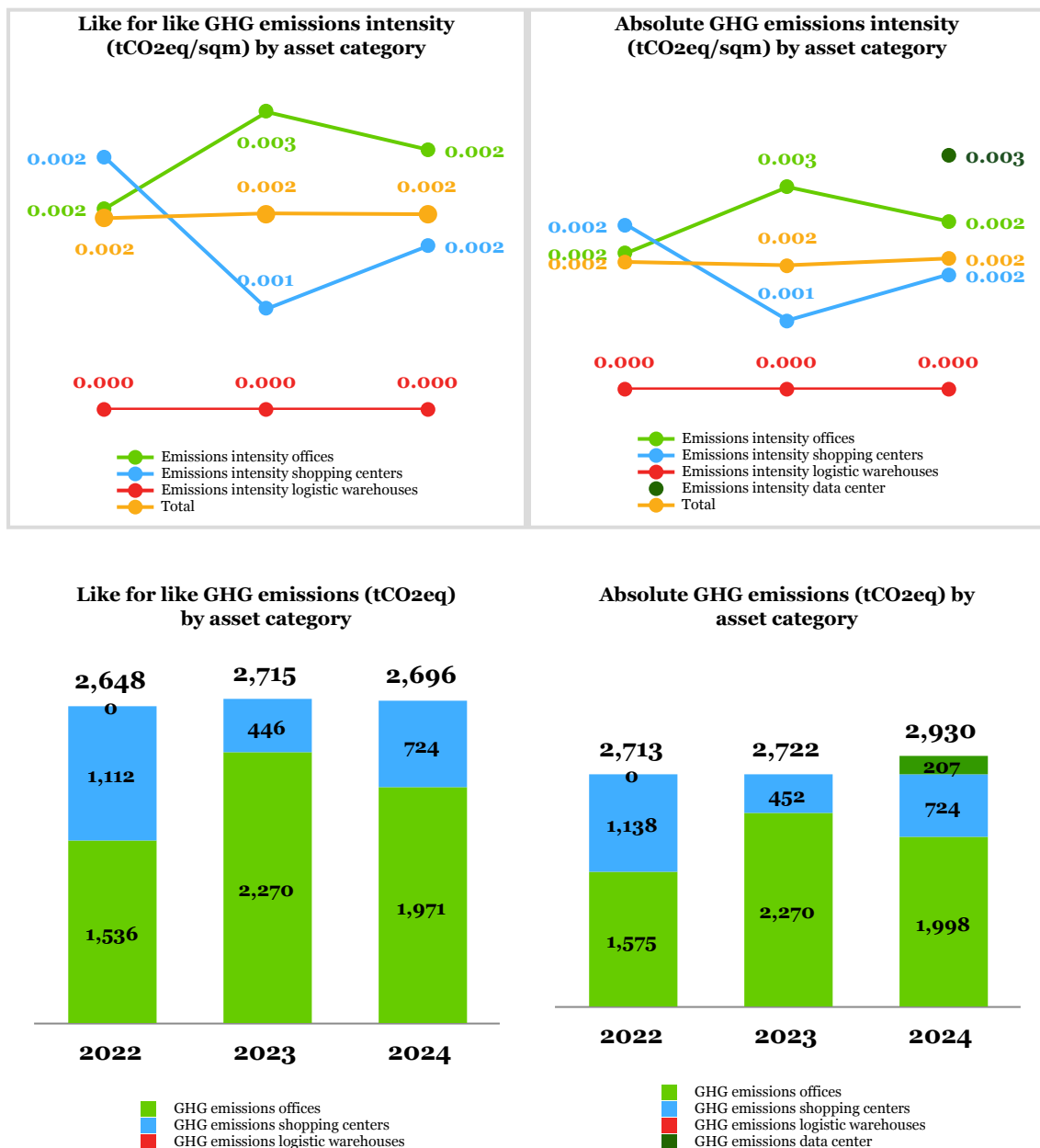
For the absolute portfolio, the sum of Scope 1 and Scope 2 market-based GHG emissions in 2024 was 2,930 tCO₂e, 7.6% lower than in 2023. Broken down by scope, 2,878 tCO₂e were Scope 1 emissions²⁹ and the remaining 52 tCO₂e were Scope 2 emissions³⁰.

²⁸ Location based method: The location-based method does not factor in instruments and contracts and assigns the local grid average emission factor to all external usage, regardless of origin.

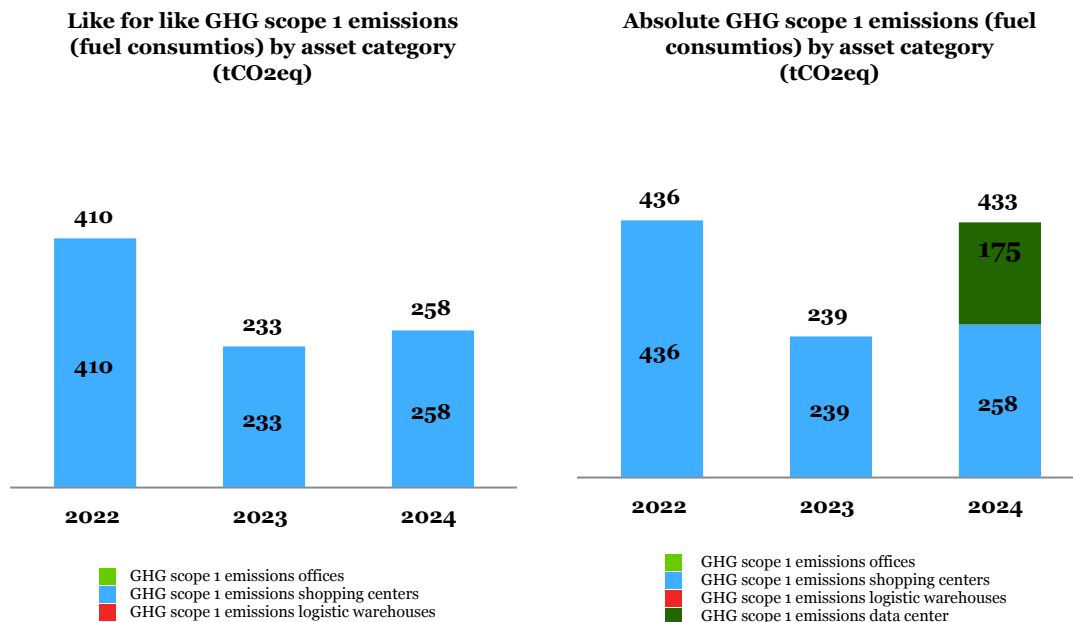
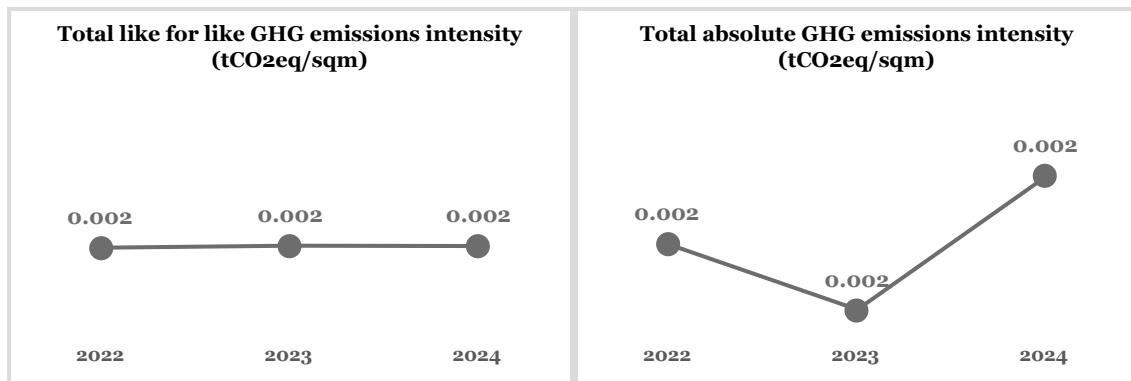
In both methods Scope 1 emissions were calculated using the factors recommended by the Spanish Ministry for Ecological Transition and Demographic Challenge (MITERD). Scope 2 location-based emissions from electricity consumption were calculated using the emission factor for the electricity mix for Spain and Portugal. The emission factor for the electricity mix is a rate that represents the CO₂ emission intensity associated with generating the electricity consumed. Therefore, it is a significant indicator of the ratio of low carbon energy sources to the country's total electricity production. Scope 2 location-based emissions from district heating were obtained from the emission factor provided by each of the suppliers and emissions from district cooling were obtained considering the specific electricity consumption necessary for the cold water service and the emission factor for the Spanish electricity mix.

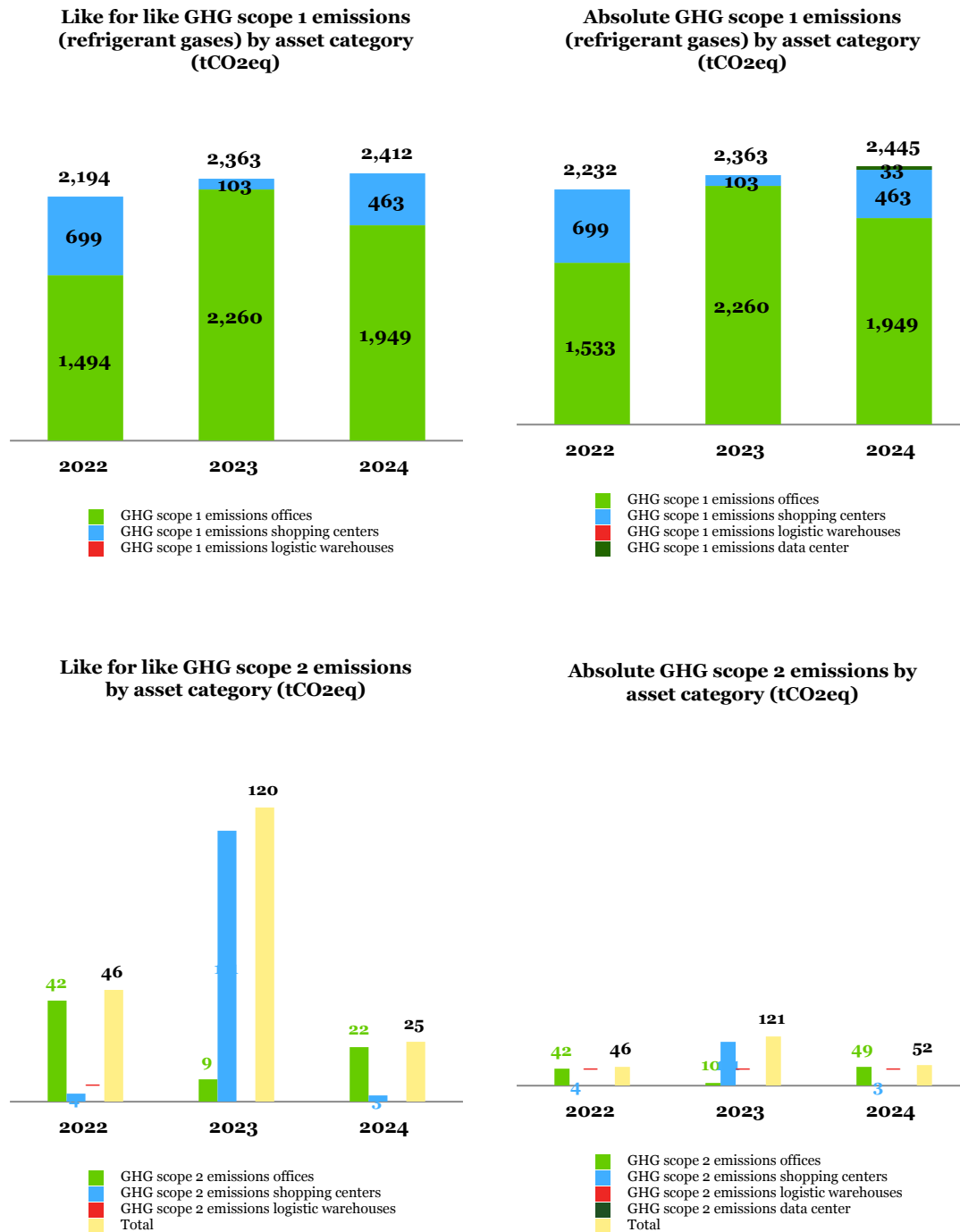
²⁹ Includes fuel consumption and refrigerant gas recharges.

³⁰ Includes electricity and district heating & cooling consumption

KPIs – MARKET-BASED SCOPE 1 AND SCOPE 2 GREENHOUSE GAS (GHG) EMISSIONS AT ASSETS UNDER MERLIN'S OPERATIONAL CONTROL³¹


³¹ The scope 1 and scope 2 GHG emissions reported below are for assets over which MERLIN exercises operational control. The total surface area of the assets has been considered in the calculation of energy intensity, except in those cases where MERLIN only has control over the management of consumption in the common areas, in which case only the surface area of these common areas is considered.



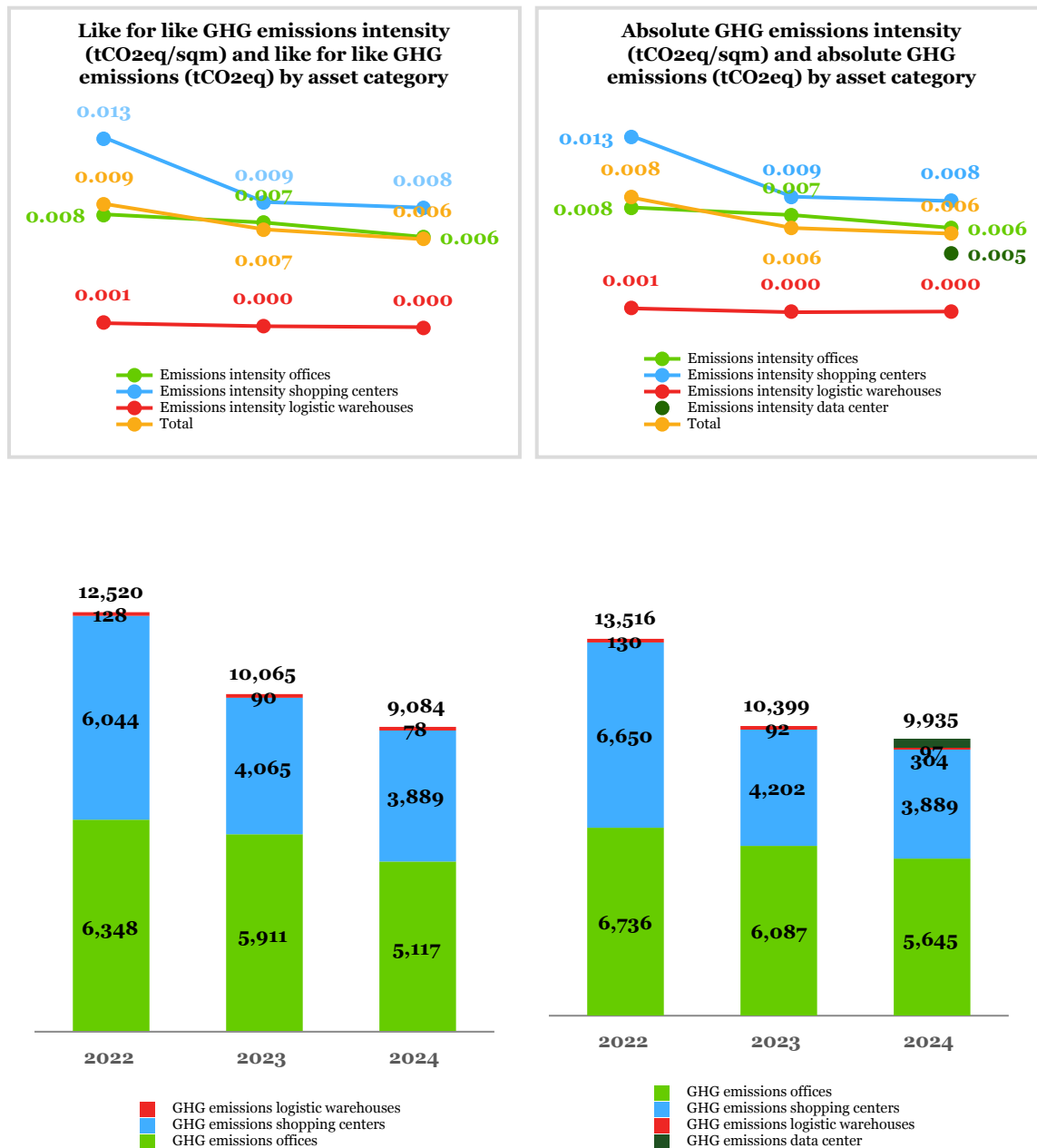


Location-based GHG emissions at assets under MERLIN's operational control

First, applying the location-based calculation method to the like-for-like portfolio, the sum of Scope 1 and Scope 2 GHG emissions was 9,084 tCO₂eq, 10% lower than in 2023. For the absolute portfolio, the sum of Scope 1 and Scope 2 location-based GHG emissions was 9,935 tCO₂eq, 4% lower than in 2023. By scope, 2,878 tCO₂eq were Scope 1 emissions³² and the remaining 7,057 tCO₂eq were Scope 2 emissions³³.

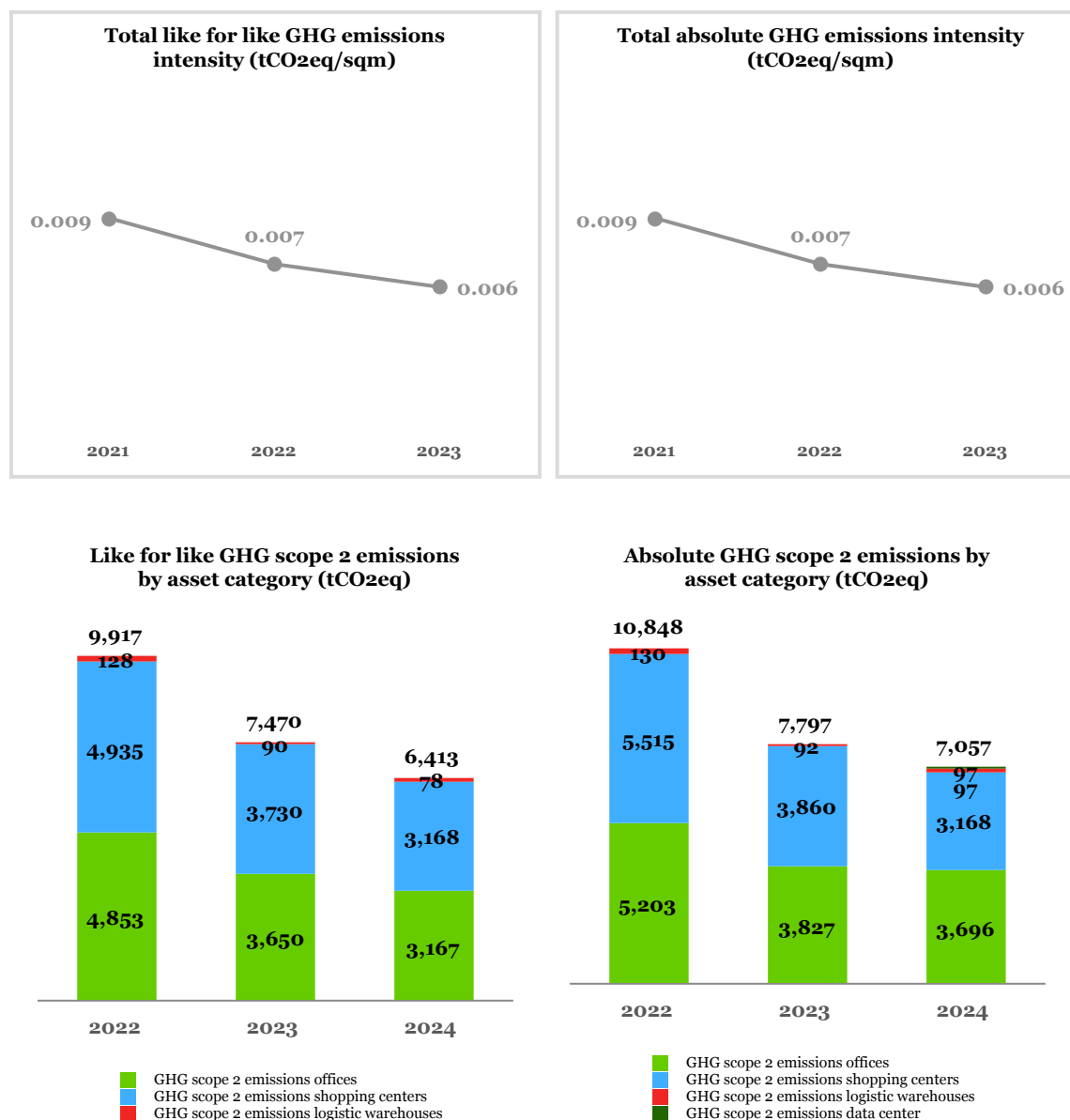
³² Includes fuel consumption and refrigerant gas recharges.

³³ Includes electricity and district heating & cooling consumption.

KPIs – LOCATION-BASED SCOPE 1³⁴ AND SCOPE 2 GREENHOUSE GAS (GHG) EMISSIONS AT ASSETS UNDER MERLIN'S OPERATIONAL CONTROL³⁵


³⁴Since the Scope 1 emissions were calculated using the factors recommended by MITERD in both methods, this section does not include the Scope 1 data, already reported for the market-based method

³⁵ The scope 1 and scope 2 GHG emissions reported below are for assets over which MERLIN exercises operational control. The total surface area of the assets has been considered in the calculation of energy intensity, except in those cases where MERLIN only has control over the management of consumption in the common areas, in which case only the surface area of these common areas is considered.



4.5.2 Scope 3 greenhouse gas (GHG) emissions

MERLIN has expanded the coverage of the calculation of its Scope 3 indirect greenhouse gas (GHG) emissions in accordance with its Path to Net Zero strategy. The origin of these emissions is the Company's activities at sources that are not under its direct ownership or control. MERLIN has assessed its GHG emissions in the categories defined in the Greenhouse Gas Protocol (GHG Protocol) that are most relevant for the Group's activities, as detailed below.

Based on the updated criteria for calculating the Scope 1 and Scope 2 emissions, MERLIN has established the following guidelines for including indirect GHG emissions originating in its value chain for calculating Scope 3 emissions:

- Emissions associated with assets where MERLIN is a lessor: emissions from fuel consumption at fixed installations in offices used to air condition lessees' private areas or at shopping

centres where it is used to air condition leased premises. The use of this fuel, the control of its use, and the bills issued are paid by the lessees.

- Emissions associated with assets for which the energy consumed in the building is fully metered and billed in the name of a Group company, considering 88% of that consumption to be the tenants' own consumption in carrying on their own activities.
- Emissions from the utilities of single-tenant assets held in MERLIN's name.

Type of emission	GHG protocol category	2023	2024
		Emissions (tCO ₂ eq)	
Emissions related to the supply chain	1. Goods and services purchased	7,976	14,515
	2. Capital goods	66,805	82,007
	4. Upstream transport and distribution	1,713	1,651
Upstream emissions from fuels	3. Fuel and energy-related activities	1,995	1,066
Emissions from waste disposal and waste treatment	5. Waste generated from operations	0	4,306
Emissions related to business travel	6. Business travel		187
Emissions associated with employee commuting	7. Employee commuting	8,605	8,632
Emissions associated with assets where MERLIN is a tenant	8. Upstream leases	82	58
Emissions associated with assets where MERLIN is a landlord	13. Downstream leases	58,891	50,041
TOTAL		146,067	162,463

Further information on the method used to calculate the Scope 3 GHG emissions is available in "Appendix II. Method of calculating Scope 3 GHG emissions".

4.6 Carbon footprint certification

MERLIN's calculation of its Scope 1 and Scope 2 carbon footprint is verified by an independent third party as required by the UNE EN ISO 14064-3:2012 Greenhouse Gases standard. The Group reports all greenhouse gas emissions and removals attributable to operations under its control, where applicable together with its shareholdings in the relevant facilities, in accordance with the GHG Protocol.

MERLIN mitigates its emissions through carbon offset projects based on its gross footprint. These projects include creating orchards and vertical gardens at certain assets and reforestation initiatives. Ultimately, MERLIN offsets the emissions at some of its assets by acquiring removal credits or offsets from certified carbon emissions reduction projects. This takes the form of obtaining carbon offset certificates.

The verified emissions data for the organisation in 2023 (latest year available to date) are listed below:

- Total Emissions: 2,783.02 t CO₂e
- Avoided Emissions: 18,224.61 t CO₂e
- Offset Emissions: 422.23 t CO₂e

4.7 Validation of MERLIN's commitments by independent third parties

As reported in MERLIN's Sustainability Policy, validation by independent third parties of the robustness and practical implementation of the commitments it has assumed is a basic principle that MERLIN follows. This principle is particularly relevant for asset operation, an area concentrating the Group main efforts where there is the most scope for outside validation of the actions undertaken.

That is why MERLIN obtains LEED, BREEAM, ISO, AEO [*Spanish Office Association*], AIS, and WELL certification for its portfolio.

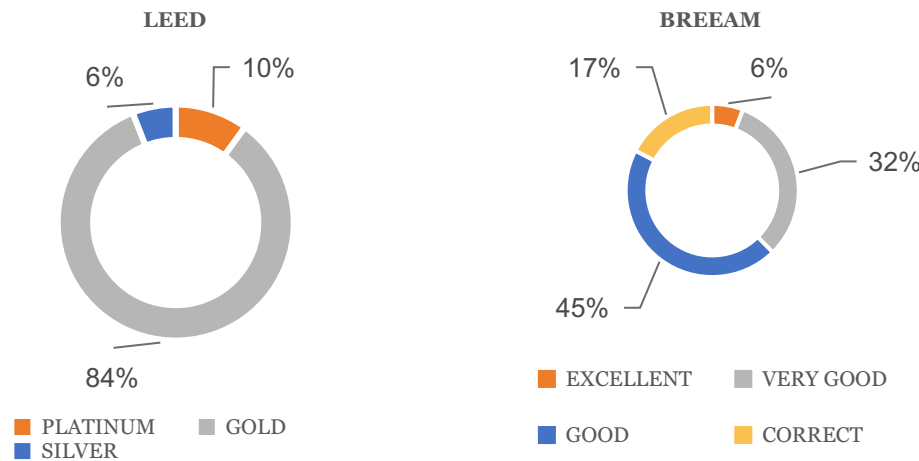
LEED/BREEAM certifications

MERLIN is committed to the highest standards of quality and excellence in its role as leader in developing and operating sustainable assets. This commitment is evidenced by the Company's aspiration to obtain certification under the leading sustainable building standards available, such as LEED and BREEAM, for virtually all its assets, including offices, logistics facilities, and shopping centres.

MERLIN prioritises Building Design and Construction category LEED certification for new construction and complete renovation projects. For assets already in operation, the Company seeks to achieve the highest BREEAM standard In Use and Maintenance ratings and LEED Building Operations & Maintenance certification. This requires cooperative engagement of the tenants of these buildings with MERLIN.

As part of the certification plan introduced by the Group in 2016, at the end of 2024, 90%, of MERLIN's strategic portfolio, measured in terms of GAV (including Data Centers), had been certified under one of these two international benchmark standards for sustainable construction, LEED and BREEAM. MERLIN has thus positioned itself as a benchmark REIT in this area and has nearly achieved its goals having 95% of offices, 100% of shopping centres, and 87% of logistics assets, measured in terms of GAV, certified. Data Centers are not certified at this stage.

MERLIN obtained or renewed a total of 35 LEED or BREEAM certifications in 2024 with the addition of these certifications, the current status of the portfolio in terms of sustainable construction certifications is as follows:

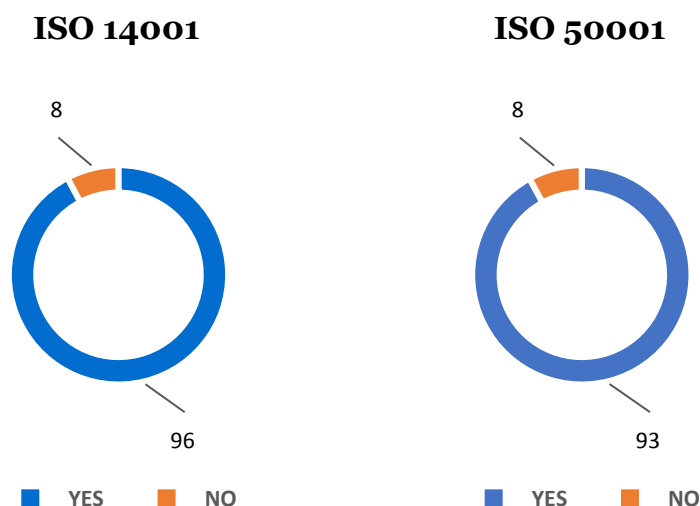


Management System Certification

First, MERLIN's commitment to minimising the environmental impacts stemming from the existence and operation of its assets is backed by its ISO 14001 certified Environmental Management System. At the end of 2024, the System encompassed a total of 96 assets (including 80 office assets, 8 shopping centres, and 5 logistics assets and 3 Data Centers) representing a surface area of 1,351,930 sqm, or 39% of the strategic portfolio's total floor area. MERLIN continues to make progress in the integration of new assets under its Environmental Management System, with the aim of certifying all multi-tenant office assets and as many shopping centres as possible in the coming years.

In addition, the Group seeks to strengthen its commitment by improving the energy efficiency of its assets and taking measures to optimise consumption by obtaining ISO 50001 certification of its assets. Over the last year, 5 new buildings were certified under this standard, bringing the total to 93 assets (including 79 office assets, 1 shopping centres, 3 logistics assets and 3 Data Centers) covering a surface area of 1,299,733 sqm, or 37% of the total floor area of those portfolios.

Below is a breakdown of the assets certified, in relation those eligible for ISO 14001 and ISO 50001 certification.

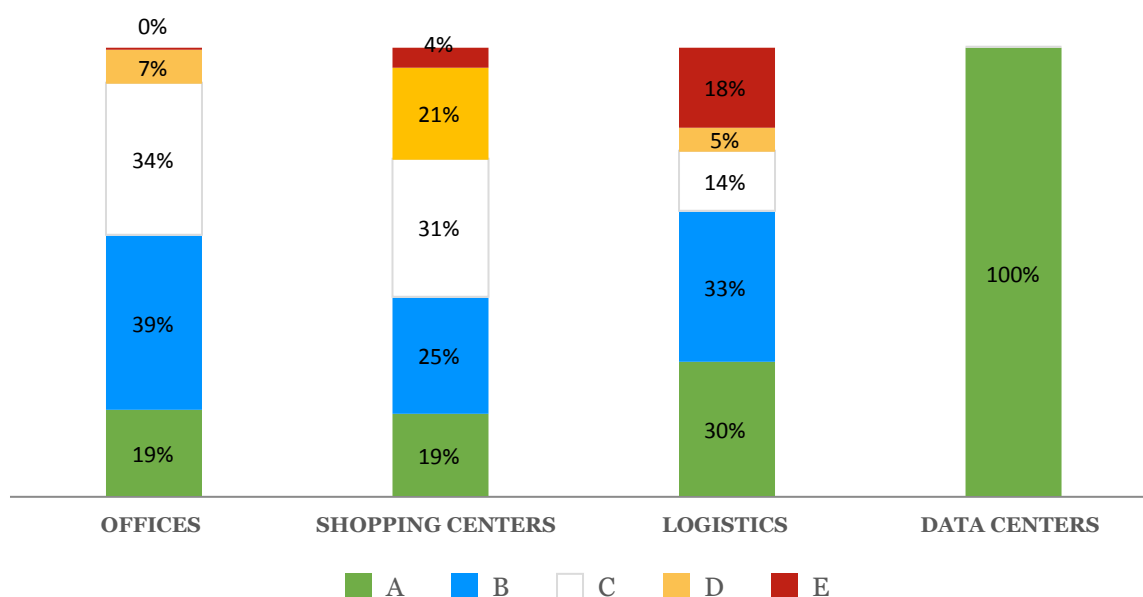


Energy rating of MERLIN's assets

MERLIN has continued to make progress in obtaining energy performance certificates for all the assets in its portfolio as required by the Spanish Energy Performance Certification Act [*Real Decreto 235/2013*]. At the end of 2024, 98% of MERLIN's strategic portfolio (offices, shopping centres, logistics warehouses and Data Centers) had an energy rating.

MERLIN also uses these certifications to gauge the energy performance of air conditioning, lighting and domestic hot water systems, which allows the Group to prioritise and optimise the implementation of energy efficiency measures.

Energy rating of MERLIN's assets (% of surface area)



Other certifications

In 2024, MERLIN continued the process of certifying its assets under recognised industry standards. For instance, AEO certification, which certifies the technical quality of office buildings, assessing such technical aspects as architectural features, facilities, equipment, and property maintenance. At year-end, a total of 31 assets were certified under this system.

Furthermore, as reflected in the Sustainability Policy, one of the Group's priorities is the well-being of the users of its assets. MERLIN therefore seeks to further support its commitment by obtaining external certifications that allow the Company to advance and improve its performance in this area.

The Company has been certifying its assets under the AIS certification system for years, which certifies the degree of accessibility of the assets. MERLIN continued expanding its AIS-certified portfolio, to 73 assets in 2024, 13 of them with the highest rating.

In addition, the Group has obtained the WELL certification for 2 of its assets. This certification is aimed at taking measures focused on the health and well-being of the asset's occupants, and has begun the preliminary work on another 2 of its assets to obtain the highest WELL rating.

In addition, in 2024 the Group obtained WiredScore certification for 19 of its assets. This certification measures such features as flexibility, infrastructure quality, and data transmission speed.

In 2024, MERLIN invested a total of EUR 0.8 million to obtain, maintain, and extend these certifications, as part of the Group's commitment to effectively incorporate sustainability into its asset management.

4.8 Sustainability ratings

MERLIN regularly participates in various sustainability benchmark indices, which reflect the advances made by the Group and the effectiveness of the steps taken in both internal management and asset management.

The Group's rating on 5 of the 7 sustainability indices to which it applied held steady or increased in 2024 compared to 2023. Specifically, MERLIN participates in 7 sustainability indices; 3 of them — GRESB (real estate), CDP (climate change), and S&P Global (general) — consist of a questionnaire, while the other 4 — Sustainalytics (ESG risks), ISS ESG (ESG), Vigeo Eiris (general), and MSCI (general) — are based on the Group's public reporting.

MERLIN has reinforced its position on GRESB, an international benchmark that measures the environmental, social and governance performance of companies in the real estate sector, in which it has participated since 2018. The Group achieved a score of 83 points out of 100, which places it above the global average and ahead of its peers (companies classified as comparable to MERLIN).

One more year, MERLIN also participated in the CDP questionnaire, which assesses the degree of a company's commitment to climate change issues. In 2024, MERLIN obtained a rating of “B”, which means that the Group is transparent and manages climate change issues adequately.

MERLIN again actively participated in the S&P CSA questionnaire, scoring 70%. This allows the Company to maintain its inclusion in the Dow Jones Sustainability European Index for the fourth consecutive year and retain its position in the Dow Jones Sustainability World Index for the second consecutive year. With regard to sustainability reporting, MERLIN received the Gold Award from EPRA for the seventh year in a row. This award recognises the degree to which its Sustainability Report (formerly CSR) is aligned with EPRA Sustainability Best Practices Recommendations.

MERLIN has considerably improved its Sustainalytics ESG risk rating since 2022, positioning itself as a leader both globally and in the real estate and REIT sector, obtaining a total rating of 8.7 points and thus being included among the best rated companies worldwide.

83% GRESB	70% S&P Global	58% Vigeo Eiris
B CDP	A MSCI	Negligible Risk Sustainalytics
	B- ISS ESG	

4.9 Protection of biodiversity

The Biodiversity Policy aims at establishing a framework for integrating biodiversity protection and promotion into the Group's strategy. It also defines the action principles for developing a sustainable business model that fosters a positive impact on nature. Under this policy the Company's activities are intended to protect and promote the betterment and growth of our natural heritage, placing special attention on protecting animals.

Ecosystem deterioration and the extraordinary decline in biodiversity, widely recognised by the scientific community as a direct result of the impact of human activities, pose significant environmental, economic, and social risks. Urgent action to reverse biodiversity loss is called for.

MERLIN is committed to taking a leading role in the conservation and furtherance of biodiversity within its sector of operations and to incorporating the United Nations' long-term "Living in Harmony with Nature" vision for the year 2050 into its management system. This vision prioritises valorisation, conservation, restoration, and sustainable use of biodiversity, preserving ecosystem services, promoting the health of our planet, and providing fundamental benefits for all people.

Guiding principles

- Integrate biodiversity into the Group's internal strategic planning and decision-making processes and into the assessment, management, and reporting of long-term risks.
- Identify, quantify, and evaluate, on an ongoing basis and throughout the life cycle of the assets, the impacts and dependencies of the activities on natural capital, including the diversity and protection of wild animals and protected and vulnerable species, respecting them in all lines of action.
- Protect species and habitats, both those under threat and those of high biodiversity value, through the adoption of preventive, minimising, and enhancing measures.
- Manage and offset in quantity and quality the negative impacts produced on the environment, giving priority to nature-based solutions, facilitating the connectivity of populations and encouraging the development of specially protected areas or private conservation.
- Promote knowledge of and training in biodiversity by/for the Group's employees and suppliers.

MERLIN is firmly committed to preserving the environment, and the Group actively contributes to helping to improve the environment in its daily activities. MERLIN carries out comprehensive assessments of and minimises potential adverse impacts on biodiversity throughout the life cycle of its assets, with special attention to newbuilds and relocations. To achieve this, it proposes measures that will preserve biodiversity and prioritises using indigenous plant species and avoiding exotic species in the landscaped areas of its various assets.

In addition, an intrinsic part of the Group's expansion strategy is avoiding deforestation in its newbuild and relocation projects, instead opting to acquire land in urban settings or previously improved land, a reflection of its commitment to conserving natural ecosystems.

In addition, MERLIN Properties has no substantial involvement in ecosystem and/or abiotic services either in its internal operations, in its supply chain, or in the process of building/refurbishing buildings and managing existing ones. Section 6.2 discusses the Company's relationship with community suppliers and job creation in detail. In addition, section 4.3 sets forth a comprehensive description of its development and operation of assets that satisfy sustainability criteria.

The actions carried out by the Group in this area are as follows:

- MERLIN manages various urban gardens in the common areas of its properties where the Group has begun promoting actions to preserve biodiversity, e.g., installing insect hotels, bird houses, and bat houses.
- With regard to biodiversity in developments and refurbishments, MERLIN studies the ecological value of the environment and proposes measures for its conservation. Priority is given to native plant species in the landscaped areas around their assets and exotic species are avoided.

5. Talent creation³⁶

2024 MILESTONES	FUTURE OBJECTIVES
- Established partnerships with 13 universities and vocational schools to attract young talent. - Reduced staff turnover in those jobs with a higher turnover rate. - Digitalised onboarding processes. - Improved internal communication through the corporate Intranet. - Created a committee to monitor compliance with the Group's Equality Plans. - Encouraged teamwork and sense of belonging through different social activities among employees. - Increased actions aimed at employees' children to facilitate work-life balance. - Extended volunteer programmes to Portugal. - Increased training hours.	- Creation of a feedback channel to improve communication between employees and the company. - Digitalise the management of employee training through new digital platforms with a focus on employee feedback on the training received. - Collaborate with new foundations to carry out new volunteer actions in Spain. - Extend social benefits for employees. - Develop a new Equality Plan for another group company. - Conduct the biannual employee satisfaction survey. - Organise activities among employees to foster camaraderie and teamwork.

KEY INDICATORS FOR THE YEAR

	2024	Change 2023-2024
Number of employees	293	(266 - 293)
% of women employees	48%	(47% - 48%)
% of employees with a permanent contract	99%	(99,25% - 99,32%)

³⁶ See MERLIN's Human Capital Management risks and action plans in Section 3.2. Risk Management.

5.1 Employee loyalty

In its relationship with employees MERLIN adheres to the strictest labour standards, complying with the principles set out in the ILO Declaration on Fundamental Principles and Rights at Work. The Human Capital Policy, the Equality Plan and the Human Resources Processes Handbook and Employee Handbook currently set out the guiding principles for human capital management at the Company.

The risks inherent in the Company's social and personnel issues are discussed with in chapter 3.2. of the report.

A strong and unique workforce

At the end of 2024, MERLIN's workforce consisted of 293 professionals divided into three categories, as follows:

- **Executives:** Category composed of 29 professionals (28 men and 1 woman). Team comprising the Chief Executive Officer, the Chief Operating and Corporate Officer and the management and business area teams that oversee the optimum functioning of each area of the Company.
- **Middle Management:** Category composed of 83 employees (51 men and 32 women). Team composed of professionals closely linked to the business and to projects with great responsibility.
- **Other professionals:** Category composed of 181 employees (73 men and 108 women). The team is made up of expert professionals with a high level of knowledge and experience to carry out their activity, as well as general support staff.

All of them form a team of highly qualified professionals committed to the Company and its corporate philosophy and values

Current profile of MERLIN Properties’ employees³⁷



- I represent 48% of the workforce.
- I represent 57% of new hires in 2024.
- I am between 30 and 50 year (51% of women).
- I have a permanent contract (99% of women).
- I received 43 hours of training in 2024³⁸.
- I work in Spain (95% of women).
- I represent 33% of income generating positions.
- I represent 26% of STEM positions.

- I represent 52% of workforce.
- I represent 43% of new hires in 2024.
- I am between 30 and 50 year (49% of men).
- I have a permanent contract (100% of men).
- I received 20 hours of training in 2024.
- I work in Spain (93% of men).
- I represent 67% of income generating positions.
- I represent 74% of STEM positions.



MERLIN’s distinctive aspects in relation to its employees

MERLIN’s team, which is so critical to the Group’s success, is composed of a group of highly qualified professionals with extensive experience in the sector.

MERLIN goes to great lengths to keep its employees motivated and committed and has a high talent retention rate.

24	<i>Excellence</i>
<i>average years of experience of the management team in the property sector</i>	<i>MERLIN’s staff is made up of a team of top professionals with extensive knowledge of the real estate sector and vast experience, especially the management team</i>

³⁷ Data as of 31 December 2024, except for average training hours per employee.

³⁸ The average number of training hours based on the average headcount in 2024. The average number of training hours in 2024 in total terms (including men and women) was 8,522 hours.

EUR 50 M	Productivity
GAV/employee	MERLIN has a very competitive GAV per employee ratio, in line with its philosophy of productivity and efficiency.
8%	Talent retention
Voluntary turnover rate	MERLIN strives to offer professionals long-term development opportunities, ensuring their well-being as members of the Company and making all employees feel comfortable and identified with the Group's philosophy and objectives.
38%	Commitment
of employees have chosen to receive Group shares as salary in kind	MERLIN's professionals are highly committed to the Company. Worth noting here is the percentage of employees who have chosen to receive part of their remuneration in Group shares.
96%	Independence
of employees have received training	MERLIN has a proactive and responsible team of professionals who are equipped with the necessary skills and independence to guarantee good decision-making.

5.1.1 Composition of the workforce

MERLIN's staff are the Group's main asset. At year-end 2024, the MERLIN Group's workforce was composed of a total of 293 employees, divided into 3 categories in keeping with MERLIN's strategy of maintaining a horizontal structure.

	2023			2024		
	Men	Women	Total	Men	Women	Total
Directors	27	1	28	28	1	29
Middle management	52	28	80	51	32	83
Other professionals	61	97	158	73	108	181
Total	140	126	266	152	141	293

			2023		2024		
Country	Category	Age range	Men	Women	Men	Women	
Spain	Directors	<30 years old	-	-			
		30-50 years old	12	1	10	1	
		>50 years old	14	-	17		
	Total		26	1	27	1	
	Middle management	<30 years old	5	2	4	3	
		30-50 years old	21	14	21	14	
		>50 years old	20	11	20	15	
	Total		46	27	45	32	
	Other professionals	<30 years old	10	22	13	23	
		30-50 years old	32	51	37	58	
		>50 years old	17	17	20	20	
	Total		59	90	70	101	
	TOTAL		131	118	142	134	
	Portugal	Directors	<30 years old	-	-		
			30-50 years old	1		1	-
>50 years old			-	-			
Total			1	-	1	-	
Middle management		<30 years old	1	-			
		30-50 years old	4	1	4		
		>50 years old	1	-	2		
Total			6	1	6	-	
Other professionals		<30 years old	-	1		1	
		30-50 years old	1	4	2	4	
		>50 years old	1	2	1	2	
Total			2	7	3	7	
TOTAL		9	8	10	7		
TOTAL			140	126	152	141	

MERLIN has a team of professionals with permanent contracts and an average age of 44.

From the moment they join the Company, MERLIN offers its employees stable contracts to ensure their loyalty and improve its ability to attract talent to the organisation. At year-end 2024, 99% of the Group's employees had a permanent contract.

Type of contract	Time	2023	2024
Permanent	Full-time	256	282
	Part-time	8	9
Total permanent		264	291
Temporary	Full-time	2	2
	Part-time	-	-
Total temporary		2	2
Overall total		266	293

5.1.2 Average contracts

Annual average number of permanent, temporary and part-time contracts by gender, age and professional classification is as follows:

Contract	Category	Age range	2023		2024	
			Men	Women	Men	Women
Full-time permanent	Directors	<30 years old	-	-		
		30-50 years old	13	1	11	1
		>50 years old	13	-	17	
	Total		26	1	28	1
	Middle management	<30 years old	5	2	4	3
		30-50 years old	24	14	25	14
		>50 years old	22	11	22	14
	Total		51	27	51	31
	Other professionals	<30 years old	6	20	9	20
		30-50 years old	33	47	35	54
		>50 years old	19	19	20	20
	Total		58	86	64	94
Part-time permanent	Other professionals	<30 years old	-	-		
		30-50 years old	1	4	1	3
		>50 years old	1	1	1	1
	Total		2	5	2	4
Full-time temporary	Other professionals	<30 years old	1		-	1
		30-50 years old	-			
		>50 years old	-			
	Total		1	-	-	1
TOTAL			138	119	145	131

5.1.3 Departures by type, sex, age and professional classification

Breakdown by type of departures:

Type of departure	2023		2024	
	Men	Woman	Men	Woman
Voluntary employee departure	7	11	8	12
Employee dismissal	6	8	-	1
End of temporary contract	8	3	1	1
Employee retirement	1	-	1	-
Termination of trial period	-	1	-	-
Leave of absence	1	-	-	3
Total	23	23	11	17

The number of total departures has decreased from 46 in 2023 to 28 in 2024. Mainly the number of dismissals and temporary contracts have decreased. Temporary recruitment in 2023 was due to the replacement of employees during the holiday period. In 2024, holidays have been better spread throughout the year to avoid the need for temporary recruitment. In 2023, 4 of the dismissals were due to the sale of a shopping centre.

Voluntary departures		2023		2024	
Category	Age range	Men	Women	Men	Women
Directors	>50 years old	1	-		
Middle management	<30	-	-		
	30-50	1	-	2	
Other professionals	<30	-	3	2	2
	30-50	4	8	4	9
	>50 years old	1	-	-	1
TOTAL		7	11	8	12

The number of voluntary departures has remained unchanged in percentage terms. Voluntary turnover is mainly in positions of lesser responsibility and in the 30-50 age range.

Dismissals		2023		2024	
Category	Age range	Men	Women	Men	Women
Middle management	<30	—	—	-	-
	30-50	1	—	-	-
	>50 years old	3	—	-	-
Other professionals	<30	1	1	-	-
	30-50	1	5	-	1
	>50 years old	—	2	-	-
TOTAL		6	8	-	1

Changes in turnover

The total turnover rate was calculated taking into consideration all employees who leave the organisation either voluntarily, due to dismissal, retirement, end of contract, leave of absence, expiry

of temporary incapacity or termination in trial period. If an employee has had different employment relationships and has left more than once, this is not counted as one but as the total number of departures.

Total number of departures/ Number of employees at the end of year = Turnover rate.

	2023	2024
Voluntary turnover rate	7%	8%
Total turnover rate for departures	17%	10%

MERLIN conducts exit interviews to learn the reasons why employees leave voluntarily, to allow it to implement the appropriate measures to retain talent.

For positions with higher turnover, MERLIN has implemented a series of measures consisting of: improvements in working hours, specific training to improve employees' professional skills and improvements in the career plan and its communication.

5.1.4 Training

MERLIN offers all professionals the opportunity to get involved in different projects and to assume new responsibilities throughout their professional careers. Training is a fundamental part of career development and, therefore the Group ensures that training is available to all employees.

A total of 8,522 hours of training were provided in 2024, an increase of 30% on the previous year(7,396 in 2023). This represents a total investment of EUR 105,654 in training after allowances.

Age range	Men	Women	Total
<30 years old	153	601	753
30-50 years old	1,766	4,513	6,279
>50 years old	971	518	1,489
Total	2,890	5,632	8,522

Hours of training by professional category:

Professional category	Hours of training	
	2024	2023
Directors	413	483
Middle management	1,149	2,265
Other professionals	6,960	4,647
Overall total	8,522	7,396

96% of employees have received training.

The average number of training hours per employee is 31 hours.

In 2024, employees with disabilities received an average of 55 hours of training, mainly in digital skills.

MERLIN offers its employees training to enhance their professional development. This training is divided into three categories:

- **Personalised training:** Employees can select the courses that best suit their needs without the training being limited to a catalogue of courses. If necessary, MERLIN provides guidance, through the experience of its staff members, so that employees can choose those courses that best suit their needs.
- **Knowledge sharing:** MERLIN considers it a priority to share the knowledge accumulated by its professionals in different areas of expertise. For this reason, the Group provides annual "in-house training" courses given by MERLIN's own staff to the rest of their colleagues.
- **Language Training Plan:** MERLIN offers all its employees language training in English or Portuguese, in different modalities: face-to-face, online, conversation or preparation for official exams. The employee can choose the modality that they prefer.

Relevance of each category of training, with respect to the company's total training:

- Personalised training tailored to the needs of each employee accounts for 80% of total training.
- Language training accounts for 16% of total training.
- Knowledge sharing (training delivered by MERLIN's own professionals) accounts for 4% of total training.

In 2024, MERLIN funded 2 university master's degrees, an MBA in Business Administration and Management and a master's degree in Online Marketing. Also noteworthy is the technical training employees have received in security and safety, such as the National Security Scheme, video surveillance, fire extinguishing and working at heights. Representing 10% of the personalised training hours.

64% of Knowledge Sharing training hours are on digital tools and 24% are on sales techniques and customer service.

5.1.5 Interns

In 2024, MERLIN signed partnership agreements with 10 universities and 3 vocational schools. It has been a year in which the presence of students doing business internships has been noteworthy.

22 interns have joined the programme, mainly from universities in Madrid. The average duration of the internship was 3 months.

Gendre	No. of trainees	Average duration of traineeship
Male	8	2.66
Female	14	3
Total	22	2.87

6 of the interns were hired at the end of their internships.

Situation at 31/12	Total
End of internships	10
Recruited	6
Continues intership	6
Total	22

5.2 Employee compensation

Differential remuneration scheme

Remuneration is a key tool for attracting and retaining the best talent. The Company's remuneration scheme has a differential aspect in that it prioritises performance over any other variable when establishing remuneration and, therefore, employee growth is monitored on an ongoing basis.

MERLIN employees receive fixed annual remuneration along with annual variable remuneration tied to the fulfilment of the Group's objectives and to each employee's individual performance.

100% of MERLIN's employees receive variable remuneration or bonuses, regardless of their professional category. This allows the company to reward performance and attract and retain the best talent, without it being a tool used only for a specific group. 15% of this remuneration is linked to compliance with various sustainability metrics, such as reduction of carbon footprint intensity and improvement in sustainability indexes (GRESB, CDP, SP Global, Sustainalytics, MSCI, etc.).

Some 23% of employees are also on a long-term incentives plan, further strengthening the retention of key talent for the company's business.

Employee benefits

In addition to MERLIN's remuneration system, the Group offers all its employees employment benefits and alternative remuneration formulas.

All Group employees have the same remuneration in kind conditions and social benefits: health insurance (for employees, spouse and children), life and accident insurance and language training.

In addition, in Spain, all employees have access to a flexible remuneration plan which includes: restaurant card, transport card, childcare vouchers, training plans and access to the purchase of shares in the Parent. In Portugal, all employees receive a food allowance.

Employees have access to discounts in different areas such as restaurants and pharmacies close to the offices, as well as in training schools, hotels and different establishments in shopping centres. In 2023, a "Shopping Club" was included where employees can access discounts from different brands for online shopping.

5.2.1 Wage gap analysis

The total compensation earned per employee, including executive directors who are included in the category of Managers, by the average number of employees has been taken into account to calculate the average remuneration and the wage gap.

The total compensation accrued includes:

- Fixed Salary: includes all remuneration received by the employee during the year including salary increases, components of collective bargaining agreement, bonuses, sickness or accident benefits, temporary disability compensation and all remuneration agreed as fixed salary in general with employees.
- Variable Remuneration: includes the annual bonus accrued in the year.
- Remuneration in kind: health insurance, life insurance, shares and flexible remuneration.

- Does not include severance payments and compensation.

Average remuneration and changes in salaries broken down by gender, age and professional classification or equal value

Average remuneration by gender (€k)	2023	2024
Men	158	158
Women	57	57

Average remuneration by age (€k)	2023	2024
Under 30 years old	46	46
30 to 50 years old	96	84
Over 50 years old	163	173

Average remuneration by category (€k)	2023	2024
Directors	529	519
Middle management	102	103
Other professionals	41	42
Overall total	111	110

In the above tables, all employees, including executive directors, are included.

The average remuneration table by category is not broken down by sex as there is only one woman in the Managers category.

- Gender wage gap³⁹

Gender wage gap	2023	2024
Directors	N/A	N/A
Middle management	5%	5%
Other professionals	10%	16%

The pay gap in the Managers category is not reported because there is only one woman in that category.

The gender wage gap for the total workforce including Managers and Executive Directors was 64% in 2024 (64% in 2023). The average salary remuneration comprising fixed salary, variable salary and

³⁹ Definition Wage gap=Average pay for men-Average pay for women / Average pay for men x 100

remuneration in kind of all employees of the group, including executive directors, was taken into account for its calculation.

Moreover, the gender wage gap without Executive Directors is 55% in 2024 (55% in 2023), and the gap without Executive Directors and Managers is 26% in 2024 (26% in 2023).

It should be noted that the gender wage gap within each of the categories of employees is within the ranges of reasonableness envisaged by Royal Decree 901/2020, of 13 October, which regulates equality plans.

To improve the gender wage gap, MERLIN follows the Equality Plan Measures.

All the measures envisaged in the Equality Plan are outlined in section 5.6 on Diversity and Equal Opportunities.

Some results that have contributed to improving the gender gap are discussed below.

In the area of Selection and Recruitment

MERLIN seeks out the best individuals to add differential value through their work, which contributes to the Group's success, providing them with stable, high-quality employment.

In 2024, MERLIN hired a total of 53 new professionals to the staff, which represents a recruitment rate of 18%.

Recruitment of women represents 56.6% of total recruitment.

Recruitment of women has increased by (3)% on the previous year. In 2023, 31 women joined, while in 2024, 30 women joined.

Category	Age range	Men	Women	Total
Directors	<30 years old	-	-	-
	30-50 years old	1	-	1
	>50 years old	-	-	-
Middle management	<30 years old			-
	30-50 years old	2		2
	>50 years old		2	2
Other professionals	<30 years old	8	12	20
	30-50 years old	10	16	26
	>50 years old	2	-	2
Total		23	30	53

In the area of Professional Promotion:

MERLIN is committed to internal mobility and talent retention. In 2024, as in 2023, 14 employees changed jobs. 11 of these changes involved promotions by changing functions and departments, and 45% of these were women.

In the area of Training:

The average number of training hours for women is 43 hours and the average number of training hours for men is 20 hours. In 2024, MERLIN maintained its partnership with WIRES (Women In Real Estate), of which 5 female employees are currently members. WIRES offers women networking and learning opportunities to promote the advancement of women in the sector. This is evidence of MERLIN's commitment to the empowerment of women in the property sector.

5.2.2 Remuneration of non-executive directors

Average remuneration of non-executive directors, including attendance fees and any other compensation broken down by gender (no variable remuneration or termination benefits).

Average remuneration of non-executive directors by gender (€k)	2023	2024
Men	164	170
Women	178	174

5.3 Organisation of work

5.3.1 Organization of work

MERLIN uses the collective bargaining agreement to determine the length of the annual working time, which is 1,765 hours for full-time employees. The Company's working hours are from 9am to 2pm and from 4pm to 7pm from Monday to Friday. Employees have 23 working days of holiday leave and the Company adds extra days onto public holidays to comply with the total number of hours established in the collective agreement.

At MERLIN, all employees who meet the conditions set out in the Workers' Statute (Estatuto de los Trabajadores) are eligible for reduced or adapted working hours. There are currently 8 employees with reduced working hours, 7 women and 1 man. There are also 7 workers with adapted working hours, 4 women and 3 men.

5.3.2 Total hours of absenteeism

During 2024, 54 employees took sick leave. Compared with the previous year, the number of instances of sick leave increased, but the duration of sick leave decreased, with the average duration of sick leave in 2023 being 19 days and an average of 24 days in 2024. The duration of sick leave for women is longer than for men, 24 days compared with 22 days.

In 2024, there were 3 work-related accidents, 2 of which were on the way to or from work.

2024	Working days			Number of cases		
Type of absenteeism	Men	Women	Total days	Men	Women	Total cases
Occupational accident	124	67	191	1	2	3
Non-occupational accident	25	25	50	1	1	2
Common illness	355	914	1,269	16	38	54
Parental leave	105	335	440	2	6	8
Overall total	609	1,341	1,950	20	47	67

2023	Working days			Number of cases		
Type of absenteeism	Men	Women	Total days	Men	Women	Total cases
Occupational accident	-	-	-	-	-	-
Non-occupational accident	-	10	10	-	1	1
Common illness	493	252	745	18	22	40
Parental leave	259	80	339	5	1	6
Overall total	752	342	1,094	23	24	47

Absenteeism rates:

Absenteeism rate	Men	Women	Total
2024	1.6%	3.9%	2.7%
2023	2.2%	1.2%	1.7%

The absenteeism rate is expressed as the ratio of days on which employees are absent on medical or parental leave to scheduled working days.

In 2024, the total hours of absenteeism were 15,600 compared with 8,752 in 2023. Hours of absenteeism are estimated by multiplying the number of working days of absenteeism by an average of 8 hours a day.

5.3.3 Work-life balance measures

Among the Group's existing measures aimed at facilitating work-life balance, the following stand out:

- **Holidays:** In addition to the holidays established in the collective bargaining agreement, MERLIN gives extra days off that coincide with public holidays during the school calendar, thus helping with work-life balance. In addition, MERLIN provides flexibility so that employees can take their holiday leave without having to take their holidays at a specific time of year.
- **Flexible working hours:** MERLIN gives its employees flexibility regarding when they arrive at work and when they leave to help with work-life balance. Remote working is not established as standard practice but MERLIN has the necessary resources to enable its employees to work remotely if necessary.
- **Reduced working hours:** In the Work-Life Balance and Digital Disconnection Handbook, MERLIN encourages both parents, regardless of gender, to apply for reduced working hours to care for a child under 12 years of age.
- **Compensation:** MERLIN compensates 100% of the salary of all employees who apply for parental, sick or accident leave, irrespective of gender; in 2024, this entailed an additional cost of EUR 65,981. All MERLIN employees have access to childcare vouchers through the Flexible Remuneration Plan.
- **Events:** MERLIN organises activities for employees' children. This activity takes place on working days that are also holidays for schools to help employees with work-life balance. In 2024, 3 days of children's activities were held.
- **Organisation of work:** MERLIN ensures that work meetings are always held during the working hours of all employees who are required to attend the meeting. If training is provided when an employee is on sick leave or parental leave, this training will be repeated so that the employee is not at a disadvantage as a result of having been absent.

5.3.4 Implementation of work disconnection policies

MERLIN instructs all employees not to send emails outside working hours as far as possible. In the Work-Life Balance and Digital Disconnection Handbook that all professionals receive on joining the company, to which they have access via the corporate intranet at any time during their employment relationship. In this chapter, MERLIN emphasises the importance of having rest periods for the physical and mental well-being of all employees and co-workers, and creates a set of guidelines and criteria to help employees ensure good email habits.

5.4 Safety, health and well-being of employees

MERLIN seeks to ensure the well-being of its employees by creating healthy work environments that maximise their well-being through design, the ventilation and air conditioning equipment used, light output, and ergonomics, among others, meeting needs in terms of thermal, visual and acoustic comfort, and air quality inside the spaces.

MERLIN has an external Occupational Risk Prevention Service that inspects the offices where employees work on an annual basis to assess the risks and the adequacy of the facilities in terms of safety and occupational risk prevention. All offices have been assessed this year and all recommendations of the Occupational Risk Prevention Service have been implemented to improve the health and safety of employees at work. MERLIN offers its employees an annual medical check-up and flu vaccination as part of its social benefits.

As part of the Onboarding Process, all employees are trained in Occupational Risk Prevention and receive information on the risks of their jobs and the main mitigation measures.

In addition, emergency drills are conducted every year and the headquarters are evacuated. Employees who are part of the Emergency Brigade are in charge of helping other employees to comply with the Occupational Risk Prevention Plan and to evacuate the building in a timely manner. The central offices drill was conducted on 11 December 2024 without incident.

As part of their remuneration in kind, MERLIN provides its employees with high-cover health insurance that is 80% reimbursed. This health insurance is both for employees and their direct family (spouse and children). All employees, without differentiation between professional categories, have the same health insurance with the same coverage. MERLIN organises a training session once a year to raise awareness of company health insurance so that employees and their families can get the most out of their health insurance. This session also analyses the coverage and new features that the insurance company presents each year.

In addition, MERLIN implements other health and wellness measures for all employees with regard to nutrition and physical well-being, such as providing fruit in the workspaces, or the possibility of access to physiotherapy services at the corporate offices.

The Company communicates with employees regularly on healthy lifestyles, promoting physical activity, a balanced diet and digital disconnection, among other things.

The accident rates were as follows:

	2023			2024		
Rate	Men	Women	Total	Men	Women	Total
Number of occupational accidents with sick leave	-	-	-	1	2	3

	2023			2024		
Rate	Men	Women	Total	Men	Women	Total
Lost time injury frequency rate (LTIFR) ⁴⁰	-	-	-	1%	2%	1%
Severity rate ⁴¹	-	-	-	49%	29%	39%
Lost workdays (TLW) ⁴²	-	-	-	124	67	191
Occupational diseases (TOD) ⁴³	-	-	-	-	-	-
Absenteeism (TA) ⁴⁴	2%	1%	2%	2%	4%	3%
Number of deaths due to occupational accidents or diseases	-	-	-	-	-	-
Number of occupational diseases	-	-	-	-	-	-

5.5 Labour relations

5.5.1 Organisation of social dialogue

MERLIN has several public documents such as the Code of Conduct, the Whistleblower Channel, the Equality Plan and the Protocol against Sexual Harassment. All these codes and procedures ensure that social dialogue is guaranteed, channelled and of the highest quality standards.

In addition, MERLIN is an organisation with a small number of employees, meaning that social dialogue is direct, simple and effective. Management is available to all employees without having to go through a chain of command. Their mobile phones and email addresses are made available to all employees and conflict resolution is streamlined.

MERLIN opts for in-person work at the office, which is the Company's main form of work organisation, as it promotes communication, collaboration and a sense of belonging.

MERLIN carries out an employee satisfaction survey every two years. The employee satisfaction survey was not conducted in 2024, It is scheduled to take place in 2025. The surveys are conducted based on best practices, asking questions focused on sense of purpose, feelings of happiness and level of stress at work.

In terms of communication channels, the Human Capital Area sends communications to the entire organisation through emails, and surveys are also conducted on different social actions to be able to carry out these actions depending on how well they are received by the organisation's employees. Employees have access via the Intranet and the Employee Portal to different information, such as social benefits, open recruitment processes, CSR actions, news, events and corporate documentation.

⁴⁰ Frequency rate: Frequency of accidents in relation to the total time worked by employees during the reported period.

⁴¹ Severity rate: Number of days not worked due to accidents occurring during working hours, per thousand hours worked.

⁴² TLW: Total lost workdays - impact of occupational diseases and accidents, reflected in the days off of affected workers.

⁴³ TOD: Total occupational diseases - frequency in relation to the total time worked by all employees during the reported period.

⁴⁴ TA: Total absenteeism - a measure of actual days lost by an absent employee, expressed as a percentage of total scheduled working days for employees during the same period

A total of 68 internal news items were published on the corporate Intranet in 2024.

- 9 on training actions. In this news, employees are offered the possibility to sign up for different training courses.
- 12 on hiring of new employees. Through these news items, all employees are notified of the hiring of new colleagues in the team, with a brief description of the people joining and the department they will be joining.
- 3 on volunteering and corporate social responsibility actions. These news items serve to inform employees about the different volunteering or corporate social responsibility actions organised by the company so that they can participate in them.
- 13 on social benefits and discounts for employees. Through these publications, the company informs employees about its current social benefits as well as new benefits and discounts.
- 10 on events for all audiences that take place in shopping centres. These newsletters inform employees about the activities carried out in the shopping centres owned by MERLIN, to bring employees closer to our real estate assets.
- 22 on events, corporate activities and other employee news. These include events for the children of employees, sports races, Christmas parties, tenth anniversary celebrations, etc.

5.5.2 Balance of collective bargaining agreements

As in the previous year, all employees in Spain are subject to a collective bargaining agreement, and their salary set out in this collective agreement is higher than that of their peers. None of the employees in Portugal are subject to collective bargaining agreements. Portuguese labour law applies to employees in Portugal.

MERLIN compensates all of the remuneration of employees on medical or parental leave so that the employee does not receive less pay for being on sick or parental leave. If an employee is on sick leave, they will therefore receive the same salary as if they were working. The same will apply in cases of parental leave.

5.5.3 Mechanisms to promote employee involvement in management

MERLIN uses different tools to promote employee involvement:

- **The Satisfaction survey**

MERLIN conducts a biannual Satisfaction Survey of all employees. Through this survey MERLIN is able to identify areas for improvement and undertake necessary actions.

In 2023, the most highly rated questions were on the working environment, employee camaraderie and training. The lowest rated questions were about temperature in the workplace, flexible working hours and work-related stress.

In 2024, the provider of the company health insurance, a social benefit that all employees receive, gave a presentation on the cover and new features of the health insurance, placing special emphasis on prevention and psychological support. In this regard, the mobile application with guides and tips on how to take care of emotional well-being was shown. In addition, the possibility of having 20

sessions of clinical psychology and up to 40 sessions in case of work-related stress was reported. A phone line was also made available to all employees to speak to a psychologist without a medical prescription up to 6 times a year in 30-minute sessions.

- **The corporate Intranet and the Employee Portal**

In 2023, MERLIN launched its corporate Intranet. Through the Intranet, employees can access internal news, on which they can leave comments and interact. They can also access the corporate directory, information on the company's corporate social responsibility, information on social benefits and open recruitment processes, training, all group policies, manuals and procedures, and everything related to corporate branding. The Intranet has been equipped with images and videos to make it easy, intuitive and enjoyable to navigate.

In 2024, the Intranet was further developed. The onboarding process is carried out for all new recruits, including audiovisual material with corporate videos and videos of different area managers of flexible office spaces explaining their business area to new recruits. In addition, the Job Offers area has been developed, so that all employees can see which selection processes are open and can recommend candidates or position themselves.

The Employee Portal is a website and an app to which all employees have access. This is a communication channel used for administrative purposes. Employees can consult their pay slips, request holidays and download employment documents.

- **Dialogue and participation in CSR activities**

Through the Intranet, surveys and direct and face-to-face dialogue, MERLIN is able to detect the different interests of employees to undertake actions of social interest such as the Companies Race, visits to company assets or the No School Day.

MERLIN encourages dialogue and employee participation in the company's decision-making process. For example, through the Donations and Sponsorship Protocol, the Company allocates part of the funds earmarked for donations to those foundations that employees are directly involved with, thus taking into consideration the employees' favourite foundations to collaborate with them.

5.5.4 Employees with disabilities

MERLIN is committed to including and integrating people with disabilities into its workforce.

As mentioned throughout the document, MERLIN guarantees ease of accessibility to its assets and backs this commitment up by obtaining AIS certification.

In this context, the Company currently has a total of 6 disabled employees on its staff, all of whom have permanent contracts — 4 of them part-time and 2 full-time —, representing 2.0% of MERLIN's workforce. These staff members are fully integrated and perform necessary and valued functions at the Company. The Company exceeds the requirements under the current law in this area (Spanish General Disability Act (*Ley General de la Discapacidad*) through direct hiring.

Professional category	2023	2024
Middle management	1	1
Other professionals	5	5
Total	6	6

5.6 Diversity and equal opportunities

MERLIN promotes equal opportunities, especially in access to employment, training, promotion and working conditions. As stated in its Code of Conduct and its Protocol against Sexual Harassment, MERLIN rejects any and all discrimination in the workplace on the basis of race, colour, nationality, social origin, age, gender, marital status, sexual orientation, ideology, political opinions, religion or any other personal, physical or social condition of an individual. The Group provides professionals with a whistle-blowing channel to report any discriminatory conduct or harassment in the workplace.

In terms of gender equality, in 2021 MERLIN worked on its Equality Plan in compliance with Royal Decree Law 6/2019. The Equality Plan was finally approved after a process of analysing the Group's situation in terms of equality and the negotiation and drafting of the Plan by the Negotiating Committee, and came into force on 18 January 2022, with its validity extended for a period of four years, until 17 January 2026. The Equality Plan was registered by the Directorate General for Employment on 18 August 2022.

The Equality Plan applies to all MERLIN Properties employees and lays down the guiding principles of the Group's conduct in this area, along with a series of objectives and metrics, some of which include addressing the under-representation of women throughout the organisational structure, promoting women's participation in training activities to enhance leadership and compensation by MERLIN for sick leave and parental leave. MERLIN is also committed to promoting equal parental leave for both parents.

Objectives of the Equality Plan:

In the area of Selection and Recruitment:

- Review the selection criteria and avoid the generalisation of criteria that could be an additional obstacle for women, such as availability to travel, requiring it only for positions where it is necessary, but not in general.
- Review of all documents related to the selection and recruitment procedure (applications, forms, website, job offers, etc.) to ensure that they contain inclusive and non-sexist language in content and images.
- Adopt positive action measures for recruitment, so that, under equal conditions, merits, suitability and capacity, the candidate from the least represented group in the corresponding group or category is recruited.

In the area of Training:

- Implement a register of workers' requests for training, disaggregated by sex, detailing those granted and those rejected.
- Promote the participation of women in training actions that foster their leadership or their insertion in male-dominated areas of work.

In the area of Professional Promotion:

- Provide up-to-date information on internal vacancies, with the necessary requirements and competences, using means and channels that ensure that the information is available to the whole workforce.
- Have statistical information, disaggregated by sex and professional groups, on promotion processes (number of candidates) and their outcome (number of people promoted).
- Analyse the interconnection between training and promotion to check whether the promoted individuals have actively participated in the training courses offered by the Company, and if so, in which ones.
- Implement specific training on equality for the people in charge of HR in the Company and for managers who have decision-making powers in the recruitment and promotion processes.

In the area of Co-responsible Exercise of the Rights of Personal, Family and Work Life:

- Ensure that, when an individual returns from long-term sick leave, parental leave, etc., the Company provides training in any new procedures that may have been implemented during their absence.
- Disseminate the existing work-life balance measures in the company among the workforce, whether they are established in statutes, collective bargaining agreements or company policies.
- Continue to supplement the benefit received by workers during leave due to childbirth, adoption, foster care, common illness or occupational accident up to 100% of their fixed salary.

In the area of Prevention of Sexual and Gender-Based Harassment:

- Implement the anti-sexual and/or gender-based harassment protocol, including specific processing of complaints and guaranteeing privacy, confidentiality and dignity.
- Establish measures to disseminate the anti-sexual and/or gender-based harassment protocol and awareness campaigns against such harassment.

In the area of Under-Representation of Women:

- Adopt positive action measures so that, under equal conditions, merits, suitability and capacity, women are recruited until the under-representation of women in some positions is reduced.
- Adopt positive action measures so that, under equal conditions, merits, suitability and ability, women have access to vacancies in positions where they are under-represented, including management and leadership positions.

In the area of Professional Classification:

- Maintain an updated job catalogue and job evaluation in relation to functions, responsibility, dependants, professional relations, problem-solving skills, etc.

- Have statistical information, disaggregated by sex and professional groups, on the presence of women and men in the different jobs, sections/areas and professional groups.

In the area of Working Conditions:

- Promote the use of technological means that facilitate flexibility and avoid travel and business trips (video-conferencing and others).

In the area of Remuneration:

- Maintain the remuneration register, disaggregated by gender, up to date throughout the term of the equality plan.
- Reduce at Level 5 of the Pay Audit the difference in annual fixed salary between men and women.

The Group also supports all types of diversity beyond gender among the workforce.

MERLIN employees professionals of different nationalities but is equally commitment to local employment. In 2024, 91% of the workforce was Spanish, 6% Portuguese and 2% other European or South American nationalities.

MERLIN has 6 employees with different abilities (2.05%), which exceeds the legal requirement of 2%. These employees have indefinite contracts and perform functions which are necessary and valuable to the Group.

6. Management of stakeholders

6.1 Stakeholder management model

Transparency with stakeholders

MERLIN considers it a priority to provide complete, accurate and truthful information on the Group's performance and activities, and to maintain sufficient relationship channels with its stakeholders, by actively communicating with them and responding to their main demands and expectations.

The Company's relationship with stakeholders is regulated in the Stakeholder Relations Policy. One of the key principles of the policy is the transparency of the information shared with stakeholders, which must be complete, correct and truthful. In keeping with this principle and with the recommendations of the CNMV's Good Governance Code published in June 2020, aside from this policy MERLIN also has a general financial, non-financial and corporate reporting policy that serves as a framework for preparing and monitoring the financial, non-financial and corporate information shared with stakeholders.

This policy is also intended to guide the Group in prioritising and integrating the various stakeholders in the decision-making process by encouraging their participation.

As a result of this prioritisation exercise, MERLIN has identified investors, employees, tenants, end users and the communities surrounding our assets as our main stakeholders. Other stakeholders have also been identified, such as regulatory bodies, government agencies, analysts, suppliers and the media, with which the Group has an occasional or regular relationship.

To ensure a consistent and smooth relationship with stakeholders, MERLIN provides them with various communication channels, some general, some specific but always based on the relevance of each stakeholder, and they are managed by the Investor Relations Department and the Marketing Department.

The various communication channels most notably include the different corporate reports and presentations published periodically by the Group with information on its activities and performance, and the General Shareholders Meeting, which in 2024 was held in person with the option of attending online. During the year MERLIN continued to have a presence at 27 of the sector's most important events and conferences, held meetings with more than 792 investors, gave 23 asset visits to those investors who requested them.

The table below shows the main stakeholder relations channels, and the concerns and expectations they convey to MERLIN through these channels:

Main stakeholders	Relevant aspects in the Company	COMMUNICATION CHANNELS										
		Face-to-face meetings	Conferences, workshops, events and roadshows	Corporate website	Periodic reports and corporate presentations	Satisfaction surveys	Intranet platform	Web apps (apps)	Webpages of MERLIN initiatives	Telephone and email contact	Communication agency	Ethics channel
Investors	• Long-term dividend. • Share value.											
Analysts	• Relevant information. • Company's operations. • Share price performance.											
Employees	• Labor uncertainty and stability. • Working conditions. • Working hours. • Adaptation of working conditions due to COVID-19. (*)											
Tenants and end customers	• Personalized service. • Portfolio flexibility. • Services offered at assets. • Action plans and measures to combat COVID-19. (*)											
Suppliers	• Maintenance, development and remodeling of the Company's assets.											
Local communities	• Economic and social impacts of assets on local communities.											
Regulatory bodies	• Relevant events of the Company. • Compliance with legislation and periodic reporting requirements.											
Public Administration	• Compliance with legislation governing the Company's assets (permits, licenses...). • Public/private collaboration.											
Media	• Relevant operations and events.											

Relevant aspects:

(*) Aspect associated with the pandemic situation of the financial year and dealt with through

Communication channels:

● Channel with activity during the year.
● Channel with activity during the year, adapted to the pandemic.

6.1.1 Shareholder return

In 2024, MERLIN had relatively positive performance within the REIT sector, with the share price rising 0.99% in the period, and compared with the sector the stock market performance has been very good (EPRA Index -6.5% and European comparables⁴⁵ 12.1%). The Company achieved a cash flow per share (FFO per share) of EUR 0.55 per share and an EPRA NTA of EUR 14.32.

In addition, a total of EUR 214 million or EUR 0.42 per share was distributed to shareholders during the year. Total shareholder return measured as the change in EPRA NTA per share and the dividends per share paid out during the year was (2.26%), as shown in the table below. Alignment with shareholders is reflected in the percentage of staff who are shareholders of the Company (44%) and the 2% of shares held by management⁴⁶.

Shareholder return	Per share (€)	Millions of €os
EPRA NTA 31/12/2023	15.08	7,083
NTA growth in 2024	-0.76	988
EPRA NTA 31/12/2024	14.32	8,071
Dividend per share (DPS)	0.42	214
NTA growth + DPS (shareholder return)	14.74	8,285
Shareholder rate of return	-2.3%	-1.0%

Note: Data per share calculated with the number of shares at 31/12/24 (586,724,899 shares)

6.1.2 Treasury shares

At 31 December 2024, the Parent held treasury shares amounting to EUR 14,450 thousand. The changes in 2024 were as follows:

Treasury shares	Number of Shares	Thousands of €
Balance as of 1 January 2023	2,885,491	32,305
Additions	6,625	122
Disposals	(1,355,932)	(15,261)
Balance as of 31 December 2023	1,536,184	17,166
Additions	29,471	293
Disposals	(113,950)	1,253
Balance as of 31 December 2024	1,314,645	14,450

⁴⁵ European comparables include Inmobiliaria Colonial, Gecina, Unibail-Rodamco, Segro and British Land

⁴⁶ Including related persons

At the General Meeting held on 27 April 2023, the authorisation granted to the Board, with powers of substitution, to increase the share capital in accordance with sections 297(1)(b) and 506 of the Consolidated Text of the Corporate Enterprises Act, by means of monetary contributions and with the power to exclude pre-emption rights, up to a maximum nominal amount equal to one half (50%) of the share capital at the time of this authorisation, or twenty per cent (20%) of the share capital at the time of this authorisation in the event that the increase excludes the shareholders' pre-emption rights, was renewed for a maximum period of five years.

The retirement of treasury shares amounting to EUR 1,253 thousand (average cost of EUR 11 per share) partly corresponds to the delivery of EUR 1,019 thousand to employees under the flexible remuneration plan.

The Group has a liquidity agreement for securities listed on the Lisbon Stock Exchange (Euronext Lisbon), having made net sales of 21,329 shares, totalling EUR 234,557 thousand, in 2024.

At 31 December 2024, the Parent held treasury shares representing 0.233% of its share capital.

6.1.3 Stock market performance

On 31 December 2024, MERLIN shares closed at a price of EUR 10.16€, representing a 0.99% rise in their price compared with the closing price on 31 December 2023 (EUR 10.06).

6.1.4 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 Group 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 Parent 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 or equity interests in qualified subsidiaries, provided that the remaining profit is reinvested in other real estate 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 Parent will lose its REIT status for the financial year to which the dividends refer.

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

On 9 May 2024, the General Meeting of Shareholders approved the distribution of a supplementary dividend from the profit for 2023 in the amount of EUR 112,442 thousand euros (EUR 0.24 per share). In addition, on 14 November 2024, the Company's Board of Directors approved the

distribution of an interim dividend of EUR 101,234 thousand (EUR 0.18 per share) from the profit for 2024.

6.2 Supply chain

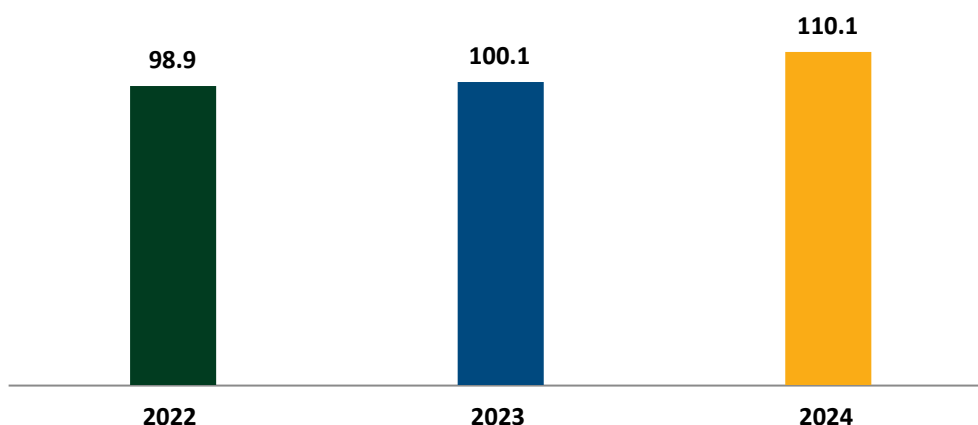
Sourcing products and services

By sourcing products and services locally, MERLIN has a positive impact on the communities where its assets are located.

In 2024 payments to suppliers of products and services totalled EUR 110 million, with an average period of payment to suppliers of 43 days⁴⁷, in line with that established by law on measures to combat late payment in commercial transactions (Law 15/2010 of July 5).

When hiring suppliers, MERLIN prioritises local suppliers that meet the Group's social and environmental standards. For developments and the refurbishments of its assets in particular, in keeping with the sustainable construction standards in which the Group is certified, MERLIN purchases local raw materials and works with local contractors, which is an added benefit for the local economy. In addition, MERLIN's contracts with suppliers and lessees include clauses referencing both MERLIN's compliance policies and its Code of Conduct.

**Annual expenditure on purchases and contracts associated with MERLIN's assets
(€M)**



In accordance with the Procurement Procedure, the sustainability factors are an additional component to those currently in place to assess each of the CAPEX and OPEX tenders based on environmental, social and governance criteria.

In 2023, MERLIN amended the Procurement Procedure to require suppliers to answer an ESG questionnaire on environmental, social and governance issues for all tenders over EUR 150,000.

In 2024, **MERLIN requested information from all suppliers in tenders for improvement and refurbishment of assets (CAPEX) in excess of EUR 150,000**, covering information and details on environmental, social and regulatory compliance matters, including aspects regarding human rights compliance (policies, demands, etc.) for each third party assessed.

⁴⁷ See all the information on the average payment period required under Final Provision Two of Law 31/2014 in Note 13 of the Consolidated Financial Statements .

6.3 Maximising the well-being of users of the assets

The Group views these spaces as an opportunity to offer high quality, value-added service to provide the tenants and users of the assets with the best possible experience. MERLIN has therefore set up the following framework for collaborating with tenants and user that consists of four basic pillars:



2024 MILESTONES	FUTURE OBJECTIVES
• Opening of the A1 bus lane. • Implementation of the centralised BMS (Building Management System) for the entire property portfolio. • Commissioning of the CRA, MERLIN's alarm registration centre. • Satisfaction surveys and making them automated in LOOM spaces. • CAU project for incident management in offices: roll-out in 100% of buildings. • Progress on Wired score. 19 certified assets. • Increase in the number of assets with clean air purification technology, to 53 assets. • Cumulative installation of 1,914 electric vehicle charging points. • Extension of the MERLIN Hub app (1,699 new users).	• Increase the number of assets with air purification technology. • Participation in the agreement between the City Council and GMP for an entry and exit lane to the A1 service road in the Aquamarina area • Increase the assets connected to the BMS (Building Management System) for the entire property portfolio. • Increase the assets connected to the CRA, MERLIN's alarm registration centre.

KEY INDICATORS FOR THE YEAR		
	DATA 2024	Change 2023-2024
Level of satisfaction ⁴⁸	3.03/4	+0.07
Asset occupancy	96.7%	+58 bps
Assets with accessibility certifications	73	0 assets

MERLIN's distinguishing features in its relationship with tenants

MERLIN works to build relationships of trust with tenants and strives for the highest level of satisfaction by fostering active communication based on dialogue and teamwork.

⁴⁸ Surveys conducted on all assets (single-tenant, multi-tenant and shopping centres). The overall score is calculated in terms of the Average Quality Index (AQI) taken from the surveys.

3.03 out of 4
overall score in satisfaction
surveys

Working together

MERLIN is committed to the active involvement of asset users in optimising their performance and making the most of the assets' services and functionalities to keep them completely satisfied

100% of assets have tenant
relationship channels

Constant communication

MERLIN encourages active communications with tenants through the various channels available to them so as to identify possible concerns and needs, solve problems and hear their suggestions for maximising their experience

73 assets with AIS certification
including 13 with the highest
rating

Commitment to accessibility

MERLIN guarantees ease of accessibility to its assets and backs this commitment up by obtaining AIS certification

Well-being of tenants and users of the assets

Maximising the well-being of its tenants and users of the assets is one of the basic pillars of MERLIN's management. Among other things, well-being includes indoor air quality, lighting, connectivity and complementary services available to users.

MERLIN is committed to ventilation as a key element of indoor air quality. This is achieved by installing filters, renovating equipment and using thermal insulation in buildings to prevent harmful substances from the outside getting in. In terms of lighting quality, the Group prioritises natural light and the installation of LED lighting to avoid glare and provide adequate illumination of the space.

Along these lines, MERLIN has air filtration and purification systems installed in its office assets, with the aim of improving users' health and the sustainability of the assets.

These solutions use filtration and ventilation to reduce suspended particles, biological agents (viruses, bacteria and fungi), volatile organic compounds (VOCs) and chemical pollutants, thus reducing the incidence of cyclical diseases and improving the users' working experience in offices.

The environmental solutions installed generate energy savings in the buildings' air conditioning systems, since the filters used have lower air resistance than traditional filters and have longer useful lives, which also cuts down on waste.

As part of its commitment to improving the digital infrastructure of its buildings, MERLIN has continued to certify office assets with the Wired Score seal. This is an online connectivity standard that guarantees the fastest upload and download speeds at all offices, including common areas and outdoor spaces, and provides the assets with the necessary infrastructure to adapt to future technological advances.

MERLIN also provides the users of its asset with a series of complementary services, essentially related to mobility, to enhance the user experience, such as the MERLIN Hub, for which approximately EUR 1,387 thousand was earmarked in 2024.

Sustainable mobility

The mobility of the users of its assets is a key aspect for MERLIN. Accordingly, the Group prioritises assets that are strategically located with good public transport options, especially for the office portfolio, which enhances users' quality of life.

MERLIN also developed other initiatives at its office assets, such as providing shuttle services, promoting carsharing and carpooling services, and the use of electric bicycles to travel from public transport stations to the offices. MERLIN also promotes the installation of electric vehicle charging points at the assets in its strategic portfolios (offices, logistics and shopping centres), with 1,914 currently installed.

Through these initiatives, MERLIN promotes and encourages users of the MERLIN Hub community to opt for alternative and sustainable forms of transport through specific mobility plans, thus contributing to the decarbonisation of the cities where it operates.

Asset accessibility

In terms of accessibility, MERLIN considers it a priority to maximise the millions of people who can access shopping centres each year, regardless of their abilities, so that they can enjoy their shopping experience. Along these lines, the Group continues to increase the number of certified assets based on the Accessibility Indicator System (AIS), which assesses the usability, comfort and safety conditions of the building.

All of the assets in the shopping centre portfolio are AIS certified. These shopping centres are constantly improving their accessibility performance, which in turn implies higher ratings obtained within the framework of this certification. In 2023, it should be highlighted that 7 shopping centres obtained the highest possible score awarded by AIS (five stars). MERLIN continues to add to the number of certified office assets, with a total of 66 certified assets at year-end (6 more than in 2023).

Technology and innovation

MERLIN 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, MERLIN continues to focus on improving the quality of life of the users of its assets. Thus, it has maintained the Mayordomo Smart Points, a system of smart lockers that allow users to conveniently receive parcels and various services that help achieve a work-life balance. By the end of 2024, 23 MERLIN assets had such points, a decrease of 28% compared with 2023 as the usage ratio was calibrated, eliminating unnecessary Smart Points.

MERLIN is also focused on LOOM flexible workspaces as a solution to the hybrid work model.

Sustainability, maximising efficiency

MERLIN is highly committed to the sustainability of its portfolios and maximises their efficiency in the use of resources by benchmarking against international industry standards. The Group integrates

sustainability into its decision-making process, focusing on the well-being of its tenants and improving its assets, with a carbon footprint that is as low as possible.

MERLIN offices also seek excellence in energy efficiency through LEED and BREEAM certifications.

Omnichannel in shopping centres

For shopping centres, MERLIN continues to be committed to omnichannel shopping and is therefore expanding the Click&Collect points for online order pick-up. At the end of the year, this portfolio had a total of 28 such points.

Community

MERLIN offers numerous opportunities to its users with the intent of promoting networking and enriching each employee's workday. There are many opportunities during the workday to connect with other users, whether or not they are from your own company. A programme of events and experiences has also been designed, such as solidarity stalls, sports activities, talks with experts on current affairs.

Some of the initiatives carried out in 2024 include the Spanish Cancer Association (AECC) solidarity stall, a talk on Women's Day with numerous speakers and blood donations organised by the Red Cross at the various asset locations. In addition, MERLIN contributes to different types of social initiatives by illuminating the façade of Torre Glòries in different colours, such as the collaboration with Pride Barcelona or with the Duchenne Syndrome Foundation.

Constantly listening to users

MERLIN believes it is essential to provide tenants and users with sufficient communication channels to maintain active dialogue and generate a relationship of trust. This allows MERLIN to understand their needs and expectations and to detect opportunities and possible areas for improvement in asset management.

Among these channels, satisfaction surveys stand out. In 2024, surveys were sent to all tenants of multi-tenant and single-tenant offices, shopping and logistics centres, with a total participation of 28%. The tenants rated specific aspects that influence their well-being such as the condition of common areas, the management of information and MERLIN's attention to possible incidents, administrative management, treatment of staff and overall satisfaction with the service. The average overall satisfaction rate according to the survey was 3.03 out of 4, which translates to 90% of satisfied tenants.⁴⁹

Regarding the portfolio of logistics assets, since 2020 MERLIN has had a **Facility Management** service integrated in all logistics assets that provides monitoring and advice to tenants on maintenance, technical and legal matters. This initiative creates a framework for collaboration with tenants, which makes it possible to do things like adapt response times to the seriousness of the incident reported by the tenant. To streamline two-way communications, tenants can share information in real time on a collaborative IT platform.

For the shopping centre portfolio, since 2023 MERLIN has enhanced communications with tenants at all levels to build closer relationships. Along these lines, the Company has launched the **LIFE! portal**

⁴⁹ A satisfied tenant is one with an Average Quality Index (AQI) higher than 2.5 out of 4.

at its centres. Besides serving as an online communication channel, it centralises management and optimises the use of resources in a more efficient, interactive and paper free manner.

With the **LIFE! portal**, tenants have direct, smooth two-way communications with MERLIN's shopping centre management team. The tool also has a repository of documentation with relevant information on each asset and two different marketing sections: the first one with promotions that are then published in the app and on the shopping centre's website; and the second one with promotions for the employees of the operators of MERLIN's shopping centres.

In relation to the offices, the CAU project has been developed, which makes it possible to manage incidents or complaints from users of office assets and monitor the information for better follow-up.

MERLIN maintains a direct relationship with clients so that any type of incident is resolved and managed through the Group's managers located at the assets.

An incident management system is currently in the process of being installed in the office assets where the resolution and handling of incidents can be pooled. In addition, the Group has complaint forms at its shopping centres and a portal on its intranet where tenants and users can report any type of incident.

In 2024, 15 complaints were received in offices and logistics warehouses (3 less than in 2023) and all 15 were satisfactorily resolved.

6.4 Development and relationship with the environment

Generating positive impacts on the environment

2024 MILESTONES	FUTURE OBJECTIVES
• Opening of the A1 bus lane • Signing of the agreement with the Madrid City Council for the Renazca project. • The renovation of the Clara Campoamor gardens in Barcelona was completed.	• Complete the remodelling of the area surrounding the office building located at Plaza Ruiz Picasso 11. • Participation in the agreement between the City Council and GMP for an entry and exit lane to the A1 service road in the Aquamarina area

KEY INDICATORS FOR THE YEAR		
	DATA 2024	Change 2023-2024
Economic value distributed (€M)	524.5	3%
Purchases from suppliers (€M)	110.1	10%
Average period of payment to suppliers (days)	43	10%
Social or environmental complaints from communities (N.º)	0	0
Social contribution of the Group (LBG/ONLBG Method) €M	8.8	33%

6.4.1 Improving cities

MERLIN is firmly committed to and responsible for the physical and social environment in which it operates, and seeks to have the best possible impact through different initiatives to improve the cities in which its assets are located.

Along these lines, all of the Group’s assets contribute to the development of the communities in which they are located, for example, through sourcing local products and services. In addition, 28%⁵⁰ of the portfolio assets have specific development programmes, impact assessments and local community participation, with the shopping centre portfolio having the most of these types of programmes (95%), as it has the strongest links to local communities. Meanwhile, 44% of office buildings and 6% of logistics warehouses have specific programmes.

MERLIN’s distinguishing features in its relationship with local communities

MERLIN maintains stable and lasting relationships with the local communities around its assets based on the creation of positive impacts and two-way communications using different channels. This enables the Group to identify their needs and expectations, which we try to satisfy through different programmes and initiatives, offsetting any potential negative impacts arising from our activities.

MERLIN continues to work with local agents to enhance the value of public spaces around our assets, reinforcing the social and economic value contributed by these assets.

EUR 8.77 M in MERLIN’s contribution to communities	Impact management and value creation MERLIN works to maximise the positive impacts of its activities and to minimise and, where applicable, offset the negative ones.
EUR 6.5 M earmarked in 2024 for the redevelopment of public spaces	Quality spaces MERLIN uses its own resources to renovate the public spaces around its assets, maximising the value of the contribution to the communities surrounding its assets.
More than 195,000 downloads of user relationship apps in shopping centres	Dialogue and transparency MERLIN establishes and maintains ongoing and smooth relations with the communities linked to its assets, continuously adding new channels to strengthen these relationships.
29% growth in followers on LinkedIn compared with 2023 X-Madrid, Spain’s shopping centre with the most followers on Instagram	Impact on social media MERLIN meets the milestones and objectives set in terms of followers and engagement rate by following a content strategy that prioritises quality over quantity.

Job creation

⁵⁰ By GLA; including offices, shopping centres and logistics assets, excluding assets under development (WIP).

MERLIN's assets contribute to local employment both directly, through the hiring of personnel, and indirectly through the companies that provide ancillary services such as maintenance, facility management, security and cleaning. In addition, the economic environment surrounding the asset also benefits from the creation of hospitality and retail services to meet the needs of the users of the assets.

Initiatives for improving cities

Improvement of public spaces

The rehabilitation of public spaces surrounding its assets is a key part of MERLIN's strategy of delivering value to local communities, including other assets in the area.

In 2024, an agreement was signed with the Madrid City Council for the execution of the urban renovation and revitalisation project for the AZCA area. It is a historic agreement between the City Council, asset owners, residents and businesses to implement the comprehensive remodelling of AZCA, which highlights the value of public-private collaboration as a tool to tackle an action that has been needed for decades.

The project to be worked on will address all the public spaces that serve all citizens; its intervention will be carried out simultaneously in publicly and privately owned areas to ensure the coordination of the action.

Enhancement of the local area

Through its refurbishment projects such as MERLIN Hub and Renazca, the Group acts as a driver for the revaluation of the areas surrounding its assets.

In 2024, MERLIN completed the construction of a new bus lane on Avenida de Burgos to ease the A-1. It runs from the roundabout at Avenida de San Luis to the junction with the carretera de Fuencarral in Las Tablas. The area near the A-1 has become a major business hub and both employees of these business parks and local residents experience heavy traffic every day, especially during rush hour. Specifically, the service road outbound from Madrid on the A-1 registers an average intensity of 28,000 vehicles per day. The new lane substantially improves the mobility of people living and working in Madrid along the A-1 and responds to the need for better public transport, so that citizens can reach their workplaces quickly and more economically, thus avoiding the need to travel in their private vehicles.

6.4.2 Social initiatives

MERLIN creates value for society by supporting various initiatives and activities that ultimately have a positive impact on the development of the surrounding communities. This contribution is approached from a dual perspective. On the one hand, at the corporate level and on the other hand, at the level of its various assets.

– Contribution at the corporate level

At the corporate level, most of MERLIN's contributions to the community are part of its CSR Plan, under which MERLIN commits up to 0.1% of its gross annual revenue to social programmes or projects. This financial contribution is divided into two parts: the first part is the Group's direct cash contribution, and the second part is MERLIN's matching contribution, in which it doubles the cash donations or volunteer hours of employees, executives and directors. It should be noted that MERLIN does not make any political contributions.

In 2024, the Group donated a total of EUR 248,280 (230,850 in 2023) in direct contributions, with a multiplier effect⁵¹ of EUR 246,449 (189,866 in 2023) through the collaboration of 66 employees and directors. Together, these contributions have supported 81 foundations.

In addition to the CSR Plan, in 2024, for the eighth year in a row, a total of 29 MERLIN employees taught classes in the university degree programme titled "Intensification in Real Estate Planning and Management" at the School of Quantity Surveyors of the Polytechnic University of Madrid. And once again this year, the training included a talk by Ismael Clemente, the Group's CEO. In all, MERLIN professionals dedicated 195 hours to this activity. In addition, 5 of the Company's employees taught on the Master's Degree in Real Estate Strategy and Business at the Universidad de Navarra, devoting 32 hours of teaching time. In addition, 2 MERLIN employees taught in the "MDI" Master's Decree (Master in Management of Construction and Real Estate Companies) organised by the ESCUELA TECNICA SUPERIOR DE ARQUITECTURA of the Universidad Politécnica de Madrid. MERLIN professionals dedicated 22.5 hours to this activity. Finally, an employee who is an expert in Data Centers gave a master class within the GPS IV Programme of 1 hour and the same employee also taught a subject in the Universidad Politécnica de Madrid's Real Estate Finance Bootcamp (4 hours)

As in past years, MERLIN donated the cash allowance to fund two academic scholarships awarded to the top two students in this degree programme for a total of EUR 3,000.

– Contribution through assets

MERLIN also contributes to local development through its assets, supporting different initiatives and activities in four key areas: training; social action; promotion of culture and local development; and awareness-raising.

⁵¹ In accordance with the LBG/ONLBG framework, the multiplier effect is considered to be the additional resources that the company manages to raise for an activity or project from third parties or entities.

Breakdown of local development programmes by type



Initiatives promoting social cohesion and inclusion

Training activities

Numerous training activities open to the community and activities aimed at LOOM users were held in the LOOM spaces in 2024. These activities are especially focused on the personal and professional growth of the participants, such as yoga activities, seminars on topics of interest such as "How do brands work?", "From Entrepreneur to CEO", "Laughter therapy workshop", "Emotional intelligence", etc.

Meanwhile, in the Arturo Soria Plaza and Tres Aguas shopping centres, a children's activity "Get into dance mode with Bluey" was held with the aim of promoting friendship, empathy, solidarity and teamwork. The event consisted of music and dance performances of the character "Bluey" and her companions, encouraging the children to participate with various games and songs.

Social action

MERLIN continues to collaborate with the Juan XXIII Roncalli Foundation to install, manage and maintain the urban vegetable gardens at MERLIN Hub, promoting the social and workplace inclusion of workers with intellectual disabilities. In 2024, these gardens yielded 0.90 tonnes of produce. Some 554 kgs of vegetables were donated to the Food Bank to help 230 families, and the rest were distributed among the people who work there. Some 212 environmental awareness actions and activities with tenants were also held, such as Gardening Tips, continuing with two initiatives in 2024: the Micro Workshop Experiences and the Points Programme, following their success last year.

Various MERLIN shopping centres have solidarity stands in their common areas, which are occupied at various times throughout the year by non-profit organisations such as the Red Cross, UNICEF, Doctors without Borders, etc.

Promoting culture and local development

In 2024, to cite some illustrative examples, in the La Vital shopping centre there was a programme of family shows on Saturday afternoons, with musical performances, concerts, storytelling, puppet shows, magic shows, street parades, mini discos, etc.

In Las Arenas shopping centre, "Drap Art", an exhibition of works by artists who use recycled materials who belong to the organisation, was held over a month. Local, national and international artists took part.

The Porto Pi shopping centre hosted "Let's Art Fest!", a festival to showcase urban artists from Majorca and, at the same time, give visibility to social causes on the island. Each artist chose an association or social cause to which they wish to link their work, to raise awareness of its work.

In addition, the FLECHA project has been ongoing for several years, which allows users of shopping centres such as Arturo Soria Plaza to visit an art exhibition with the works of top level and emerging artists at affordable prices, thus breaking the traditional barrier of art in galleries. Sometimes there are Cupid's arrows too.

Finally, the Group continued to showcase the work of young Spanish artists through the MERLIN Art Programme, which acquires and exhibits their work in its main assets, while providing tenants with a better experience.

Awareness raising activities

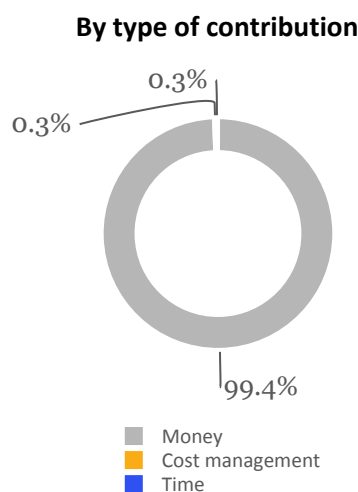
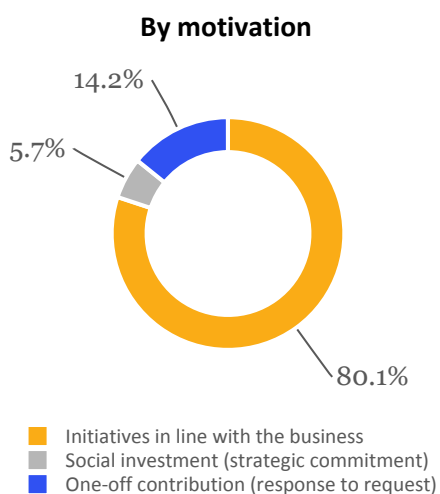
During 2024 MERLIN Hub developed various social awareness events such as the Christmas Campaign in Partenón 12 with the Saint Vincent de Paul Foundation, or the numerous blood donation points set up throughout the year at its assets. In addition, MERLIN's shopping centres have numerous awareness-raising initiatives throughout the year, such as the collaboration in the Artea shopping centre with HASZTEN, an association dedicated to promoting the introduction of sports and physical activity among children with functional diversity in the province of Biscay.

6.4.3 Measuring the distribution of contributions to the MERLIN community

Contribution to the community

After joining the internationally recognised London Benchmarking Group (LBG) in Spain, MERLIN measures its contribution to society using the LBG model. This is the most prestigious standard for measuring the investments made by companies in the form of social and environmental initiatives. LBG recognises voluntary contributions to social or environmental protection programmes and donations to non-profit organisations, not restricted to groups that are related to the Group. All initiatives are located in Spain and are broken down as shown on the following table.

By type of initiative	2023	2024
Social well-being	€321,495	€381,680
Education	€259,167	€323,244
Health	€19,681	€40,593
Art and culture	€550,018	€636,459
Humanitarian aid	€4,960	€1,007,310
Socioeconomic development	€7,755	€6,258,836
Environment	€5,373,358	€810
Employment and entrepreneurship	€181	— €
Diversity and strengthening of the family	€12,363	€330
Other ⁵²	€30,062	€120,170
TOTAL	€6,579,039	€8,771,796



In terms of sponsorship actions, the Group continuously supports the initiatives of the associations with which it collaborates, as is the case with the "Valencia 10K" runner's expo in the Saler shopping centre, which is also the collection point for race bibs, which it has sponsored since 2018.

Floods in Valencia and Albacete

In light of the tragic events at the end of October 2024, MERLIN obtained the approval of the Board to provide a financial aid package for the victims of the floods.

The total amount contributed was EUR 1 million, to be supplemented with donations from employees.

The aid initiatives were:

⁵² Includes collaborative actions with associations in the shopping centre portfolio.

- Rental of heavy machinery to remove mud, debris and destroyed cars in the flooded area, including heavy goods vehicles, drivers and operators, at MERLIN's expense, for the benefit of the Valencian Regional Government.
 - Direct assistance to the employees in charge of the management of the owners association the Saler Shopping Centre who suffered material losses.
 - Direct aid to the Parish of Nuestra Señora de la Asunción de Letur in Albacete (Castilla La Mancha) to help the victims of the floods (mainly kitchen equipment and basic electrical appliances).
- Contribution through assets

MERLIN also contributes to local development through its assets, supporting different initiatives and activities in four key areas: training; social action; promotion of culture and local development; and awareness-raising.

MERLIN also maintains relationships with associations of which it is a member, such as: The Spanish Association of Offices, Spanish Association of Shopping Centres, European Public Real Estate Association, Spanish Confederation of Business Organisations, Association of Real Estate Companies with Rental Properties (ASIPA), GRI, Portuguese Association of Real Estate Developers and Investors, Madrid Futuro Association and the Barcelona Global Association (see details in Table GRI 2-28).

Contribution to the Sustainable Development Goals (SDGs)

Since its incorporation, MERLIN has integrated sustainability into its activities and decisions. For MERLIN, the practical implementation of this commitment takes the form of striving to achieve the Sustainable Development Goals of the 2030 Agenda adopted by the United Nations General Assembly in 2015.

The SDGs that benefit most from MERLIN's contributions, as identified in 2024 by the Company, are discussed below.



SDG 3 - Good health and well-being: MERLIN maximises the user experience by creating quality spaces that prioritise aspects such as air quality, lighting, and accessibility.



SDG 4 - Quality education: MERLIN promotes training initiatives by using its assets to improve social cohesion and inclusion and by offering its employees ongoing professional development.



SDG 5 - Gender equality: equal opportunities for men and women and non-discrimination are key aspects for MERLIN in the performance of its activities.



SDG 7 - Affordable and clean energy: Through its assets, MERLIN contributes to the transition to low-carbon energy by making a commitment to renewable energy and energy efficiency.



SDG 8 - Decent work and economic growth: through the refurbishment and operation of its assets, MERLIN generates quality employment by maximising the user experience and ensuring the best health and safety conditions.



SDG 9 - Industry, innovation and infrastructure: MERLIN's assets integrate the latest trends in innovation and digitalisation at both the building and user level.



SDG 11 - Sustainable cities and communities: Through its assets, MERLIN has a positive impact on cities from both an environmental and social perspective.



SDG 12 - Responsible consumption and production: MERLIN is committed to maximising the environmental performance of its assets in line with the market's benchmark sustainable construction certifications.



SDG 13 - Climate action: MERLIN is aware of its role the decarbonisation of the economy, and in 2021 MERLIN developed an emission reduction strategy ("Pathway to Net Zero") that involves its entire value chain.



SDG 15 - Life on land: MERLIN analyses and minimises the potential negative impacts on biodiversity throughout the life cycle of its assets, especially in new developments and refurbishments.



SDG 17 - Partnerships for the goals: MERLIN builds and consolidates relationships with the public and private stakeholders with which it interacts, especially with the communities where it operates.

7. Capital management

2024 MILESTONES	FUTURE OBJECTIVES
• In July, a share capital increase was executed for a total amount of EUR 921M, to be used to fund Phase II (203 MW) of the Mega Plan. The number of shares after the increase was 563,724,899. • Notch improvement in both S&P (BBB+) and Moody's (Baa1). • Renewal of the green/sustainable debt framework. • Publication of Allocation and Impact reports as part of the Green Finance Programme, focusing on sustainability metrics.	• Maintenance of the credit rating and stable outlook. • Payment of the bond at maturity in May 2025 in the amount of EUR 600 million.

KEY INDICATORS FOR THE YEAR		
	2024	CHANGES 2024-2023
Share price (€)	10.16	+0.99%
Distributions to shareholders (€M)	213.7	+3.23%
Number of analysts covering the Group	25	(3.85)%
Average daily trading volume (€M)	24.2 M€	+77.94%

7.1 Tax information

7.1.1 Tax strategy

MERLIN contributes to supporting public finances through the payment and collection of taxes payable to them.

MERLIN's Board of Directors approved the Group's tax strategy, the aim of which is to determine the fundamental principles and pillars on which MERLIN's fulfillment of its tax obligations is based.

Compliance with its tax obligations is governed by the following principles in its conduct regarding tax matters:

- Fulfillment of tax obligations and payment of legally required taxes. In particular, MERLIN will govern its conduct in accordance with that set out in the REIT regime that applies to it, based on the case law and commentary established in relation to the regime.
- Adoption of actions in tax matters based on a reasonable interpretation of the law.
- Tax treatment and decision making with tax implications based on the business rationale and reality of transactions and on the distribution of resources, risks and adding value.
- Not using structures that are contrived or that make no economic or business sense so as to reduce the tax burden of the Group or its shareholders.
- Not operating in territories classified as tax havens for the main purpose of reducing the tax burden of the Group or its shareholders.
- Maintaining a relationship with the tax authorities based on transparency, good faith, cooperation, reciprocity and professionalism without prejudice to legitimate disputes that may arise with the tax authorities in the defense of its interests or those of its shareholders.
- Promoting, together with business associations, improvements in regulations and the administrative procedures to boost companies' competitiveness and employment.

Together with the above principles, MERLIN's Board of Directors has the necessary internal and external resources to comply with this tax strategy and the policies approved in implementing it.

This tax strategy is applied and monitored by the Tax Department, under the supervision of the Group's Corporate General Manager.

With regard to notification mechanisms, MERLIN channels any concerns regarding unethical or illegal conduct and the organisation's integrity in relation to taxation through the Whistleblower Channel and the continuous availability of the Head of the Tax Department. In addition, content regarding tax matters is verified through external audits and internal tax controls.

Compliance with the tax strategy is monitored and overseen by the Internal Audit Department, which, in accordance with the general procedures established for its function, is configured as an independent function of the Company.

The Audit and Control Committee therefore monitors the effectiveness of the internal control and risk management system for these purposes, and also in accordance with the generally established mechanisms.

7.1.2 Profits earned by country and income tax paid

MERLIN is committed to complying with its tax obligations as an additional way of contributing to the development of the communities in which it operates in both Spain and Portugal. The Company's earnings as at 31 December 2024 were as follows:

- Income obtained

Income from leases to third parties (€M)	2023	2024
Spain	341.8	360.2
Portugal	61.6	58.2
TOTAL	403.4	418.4

Income from intra-group transactions with other tax jurisdictions (€M)	2023	2024
Spain	-	-
Portugal	28.7	26.8
TOTAL	28.7	26.8

- Profit before tax

Profit before tax obtained (€M)	2023	2024
Spain	(120.2)	225.2
Portugal	45.2	70.7
TOTAL	(75.0)	296.0

- Tangible assets

Tangible assets other than cash and cash equivalents (€M)	2023	2024
Spain	9,357.5	9,586.5
Portugal	1,054.9	1,064.4
TOTAL	10,412.4	10,650.9

- Taxes

Taxes paid (€M)	2023	2024
Spain	148.5	141.9
Portugal	21.2	22.1
TOTAL	169.7	163.9

Corporation tax accrued (€M)	2023	2024
Spain	1.0	2.6
Portugal	7.5	9.6
TOTAL	8.5	12.2

7.1.3 Total Tax Contribution

The Total Tax Contribution (TTC) measures the contribution made by a company or group of companies to the various authorities.

As a general rule, both taxes paid and collected are charged to each fiscal year following a cash basis approach.

- Taxes paid are those taxes that have incurred an effective cost for companies, e.g. income tax, social security contributions paid by the company, or certain environmental taxes.
- Taxes collected are those that have been paid as a result of the company's economic activity, without entailing a cost for the companies other than that of their management, such as employee tax withholdings.

Accordingly, the MERLIN Group's **total tax contribution**, between Spain and Portugal in 2024, amounted to EUR 163.9 million. Based on the nature of the tax and the country of residence of the companies, the following is a breakdown of the total tax contribution collected and paid by the Group in 2024 following a cash basis approach:

Spain:

The total contribution in Spain amounted to EUR 142 taking into account direct and indirect taxation. This amount is differentiated into tax paid and tax collected/withheld. The former are those that entail a cost for the Group, while the latter are those that, without entailing a cost for the Group, consist of a collection on behalf of third parties.

Amounts in million euros.

Taxes paid	2023	2024
Property tax	34.9	35.6
Tax on economic activities	4.9	4.9
Tax on buildings, installations and works	2.4	7.0
Company social security contributions	3.4	3.4
Duties	1.9	1.9
Urban property capital gains tax	0.3	0.7
Transfer tax and stamp duty	0.5	1.6
Corporate Tax	(2.0)	(7.9)
IGEC	0.1	-
IVPEE	-	-
Others	-	-
<i>SUBTOTAL</i>	<i>46.4</i>	<i>47.2</i>
Taxes collected/withheld	2023	2024
VAT/Canary Islands general indirect tax	52.3	59.0
Suppliers personal income tax/non-resident income tax	3.7	8.8
Employees personal income tax/non-resident income tax	11.2	10.2
Dividend personal income tax/non-resident income tax	34.2	16.0
Employee social security contributions	0.7	0.7
<i>SUBTOTAL</i>	<i>102.1</i>	<i>94.7</i>

Portugal:

The total contribution in Portugal amounted to EUR 22.1 million.

Amounts in million euros.

Taxes paid	2023	2024
Property tax	1.1	1.1
Company social security contributions	0.2	0.2
Transfer tax and stamp duty	-	-
Corporate Tax	3.8	4.9
Others	-	-
<i>SUBTOTAL</i>	<i>5.1</i>	<i>6.3</i>
Taxes collected/withheld	2023	2024
VAT/Canary Islands general indirect tax	9.3	10.7
Suppliers personal income tax/non-resident income tax	6.4	4.7
Employees personal income tax/non-resident income tax	0.3	0.3
Employee social security contributions	0.1	0.1
<i>SUBTOTAL</i>	<i>16.1</i>	<i>15.8</i>

Impact of MERLIN's total tax contribution 2024

The purpose of this calculation is to measure the business asset represented by the MERLIN Group's tax contribution so that it is effectively incorporated into the reputational value given the value it generates and contributes to society.

Therefore, the impact of the various taxes that entail an outflow of cash for the Group is detailed below:

Amounts in million euros.

Income tax	2023	2024
Corporation Tax	1.8	(3.0)
Suppliers personal income tax/non-resident income tax	10.1	13.5
Tax on economic activities	4.9	4.9
Urban property capital gains tax	0.3	0.7
SUBTOTAL	17.1	16.1
Taxes on shareholders	2023	2024
Dividend personal income tax/non-resident income tax	34.2	16.0
SUBTOTAL	34.2	16.0
Property taxes	2023	2024
Property tax	36.0	36.7
SUBTOTAL	36.0	36.7
Employment-related taxes	2023	2024
Employees personal income tax/non-resident income tax	11.5	10.5
Company social security contributions	3.6	3.6
Employee social security contributions	0.8	0.8
SUBTOTAL	15.9	14.9
Taxes on products and services	2023	2024
VAT/Canary Islands general indirect tax	61.6	69.7
Transfer tax and stamp duty	0.5	1.6
Tax on buildings, installations and works	2.4	7.0
SUBTOTAL	64.4	78.3
Environmental taxes	2023	2024
IGEC	0.1	-
Duties	1.9	1.9
Others	-	-
SUBTOTAL	2.0	1.9
Total	169.7	163.9

As mentioned above, in 2024 the MERLIN Group's total tax contribution amounted to EUR 163.9 million between Spain and Portugal, of which 32.6% corresponded to taxes paid and 67.4% to taxes collected/withheld.

- The taxes paid by the MERLIN Group in 2024 amounted to 53.5 million, most notably including property tax that amounted to EUR 36.7 million, representing 68.7% of its taxes.
- The taxes collected by the MERLIN Group in 2024 amounted to EUR 110.5 million, most notably including taxes withheld on dividends paid that amounted to EUR 16.0 million, representing 14.5%, and taxes on products and services, mainly VAT, amounting to EUR 69.7 million, representing 63.1%.

According to the TTC method, the distributed value of a company comprises the sum of the following components: net interest, wages and salaries (net of taxes withheld from employees), taxes (paid and collected) and shareholder value (i.e., dividends, reserves, etc.), among others.

Thus, the ratio of distributed tax value reveals what percentage of the total value generated by MERLIN is allocated to the taxes paid to or collected/withheld for the public authorities. In essence, the distributed tax value reflects the way in which MERLIN contributes the value it generates to society.

Finally, at year-end 2024, the Group has received grants from various public bodies for an immaterial amount (EUR 51,822 in 2024, 36,040 in 2023).

Financial data (€M and reference to Notes to Consolidated Financial Statements 2024)	2023	2024
Revenue (Note 18.a)	464.8	494.6
Wages and salaries (Note 18.c)	(27.7)	(29.2)
Net interest (Note 18.d)	(117.7)	(92.6)
Changes in value of investment property (Note 7)	(336.0)	(1.1)
Change in value of financial instruments (Note 14)	(6.2)	(1.1)
Profit before tax	(75.0)	296.0
Profit after tax	(83.5)	283.8
Profit before tax paid	(23.5)	349.4
Profit before tax (without market revaluation)	267.2	298.1
Profit before taxes paid (without market revaluation)	318.7	351.6
Profit after taxes paid (without market revaluation)	258.7	285.9
Total taxes paid	51.5	53.5
Total taxes collected/withheld	118.2	110.5
Total tax contribution	169.7	163.9
Tax contribution indicators		

1. Total tax contribution ratio	16%	15%
2. TTC with regard to revenue	37%	33%
3. Taxes paid as a percentage of revenue	11%	11%
4. Taxes collected/withheld as a percentage of revenue	25%	22%
5. Distributed tax value in the Company	60%	50%

For every EUR 100 of the Company's revenue, EUR 33 was allocated to the payment of taxes, of which EUR 11 are taxes paid and 22 are taxes collected/withheld. In 2024, for the purposes of the total tax contribution, taxes paid represented 15.2% of total profit before tax (without revaluation of the investment property).

7.2 Green Financing

7.2.1 Financial strategy

The Group's strategy is to actively manage both the Group's assets and the liabilities. In relation to liabilities, the goal is to extend the average maturity of the debt and to try to maintain borrowing costs and eliminate the risk arising from interest rate fluctuations. Currently, 100.0% of the Company's debt accrues interest at a fixed rate or is subject to interest rate hedges.

7.2.2 Liquidity and capital resources

Debt

MERLIN carried out several transactions involving its financial liabilities in 2024

The transactions carried out were:

Syndicated loans and revolving credit facility - Parent

- On 18 November 2022, MERLIN entered into a new senior syndicated loan in the amount of EUR 600 million with the possibility of drawdown before 24 April 2023 for the redemption of the bond maturing in 2023. This facility has a maturity of 5 years from drawdown and accrues a market rate of EURIBOR plus 130 basis points. As long as the facility is undrawn, an undrawn balance fee of 26 basis points applies. On 20 April 2023 the Parent drew down this facility in full.
- In addition, on that date, a novation agreement was entered into for the senior syndicated loan including a Tranche B corresponding to a revolving credit facility with a limit of EUR 700 million. This new credit facility has a maturity of 5 years with the possibility of two optional one-year extensions. The revolving credit facility bears an interest rate of EURIBOR + 100 basis points and incorporates a cost adjustment mechanism based on four sustainability criteria.
- On 18 July 2023, the novation of the syndicated loan and the credit facility was signed. The senior syndicated loan was increased to EUR 665 million with the incorporation of the amounts of the bilateral loans from Kutxabank and Unicaja described in the following section. In addition, the credit facility limit was increased to EUR 740 million. At 31 December 2024, the credit facility had not been drawn down. On 16 July 2024, this credit facility was extended until 20 April 2029. At the end of December 2024, this credit facility was not drawn down.

Bilateral loans without mortgage security

- On 18 November 2022, the Parent entered into an unsecured loan with Banco Sabadell for EUR 60 million, maturing in January 2028 and accruing a market rate of EURIBOR + 120 basis points.
- On 31 March 2023, the Parent entered into an unsecured loan with Kutxabank, S.A. for EUR 30 million with a maturity of 5 years from drawdown, accruing a market rate of EURIBOR + 130 basis points. As long as the facility was undrawn, an undrawn balance fee of 26 basis points was applied. As of 20 April 2023, this facility was fully drawn down.

- On 24 April 2023, the Parent entered into and drew down an unsecured loan with Unicaja Banco, S.A. for EUR 35 million with a maturity of 5 years from drawdown, accruing a market rate of EURIBOR + 130 basis points.
- On 18 July 2023, both entities (Kutxabank, S.A. and Unicaja Banco, S.A.) assented to the senior syndicated loan, becoming part of it.

European Investment Bank loans

- On 20 December 2018, the Parent formalised a loan without mortgage security with the European Investment Bank in an amount of EUR 51 million. On 4 November 2019, the Parent formalised the second tranche of the mortgage-free loan with the European Investment Bank amounting to EUR 64 million, amounting to EUR 115 million. That financing can be drawn down through several loans with a maturity of 10 years for each drawdown. This credit facility must be allocated to the development of logistical 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 financing. This loan accrues a fixed interest rate of 60 basis points. On 20 December 2022, the Group drew down EUR 22 million at a rate of 358 basis points, and the first tranche of EUR 51 million was drawn down in full.
- On 16 December 2021, the Parent formalised a loan without mortgage security with the European Investment Bank in an amount of EUR 45.2 million and with 10-year maturity. This financing will be used for energy efficiency investments. At year-end this loan was undrawn.
- On 20 December 2023, the Group drew down EUR 16.9 million, accruing a fixed interest rate of 386 basis points. This loan corresponds to the first drawdown of the second tranche of EUR 64 million.
- On 7 November 2024, a new limit was set for the second tranche which fell from the initial EUR 64 million to EUR 46.7 million.
- On 18 December 2024, the Group drew down EUR 17.7 million of the second tranche mentioned in the previous paragraph at a fixed interest rate of 325.6 basis points.

Mortgage loans

- On 26 March 2015, the Group subrogated a mortgage-backed loan taken out with Caixabank, S.A. with a mortgage guarantee on the Alcalá 38-40 office building. This loan has a principal of EUR 21 million, a term of 15 years, an interest rate of 3-month EURIBOR + 150 basis points, a 4-year grace period for the principal, and the principal is repayable in full using the French method over the following 11 years. On 2 April 2024, the Group repaid this loan early.
- On 26 April 2019, the Group entered into a novation agreement modifying the mortgage loan subscribed on 4 December 2015 with ING Bank N.V. by the subsidiary MERLIN Logística S.L.U. The due date for this financial arrangement, originally set to be in 2020, was extended until 2026. This financial arrangement accrues an interest rate of EURIBOR at three months + 100 basis points; it includes a finance cost adjustment mechanism based on compliance with four sustainability criteria. On 26 March 2021, the mortgage financing agreement was amended, increasing the loan amount by EUR 2.1 million to a total amount of EUR 70 million.

- On 27 July 2023, the Parent entered into a loan with BBVA secured by a mortgage on the Torre Castellana. The loan is for an amount of EUR 180 million, with a term of 7 years and, accrues 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. The loan is for an amount of EUR 170 million, with a term of 10 years, and accrues a fixed interest rate of 4.523%.
- On 17 January 2024, the Parent entered into a loan with Caixabank, S.A. secured by a mortgage on a portfolio of 2 office buildings in Madrid. The loan is for an amount of EUR 150 million, maturing in 2034 and with a spread of 130 basis points. This loan was drawn down on 2 April 2024.
- On 28 June 2024, the Group entered into a loan with Novo Banco, S.A. secured by a mortgage on a portfolio of 5 office buildings in Lisbon. The loan is for an amount of EUR 134 million, maturing in 2031 and with a spread of 125 basis points. As of 30 June 2024, this loan is fully drawn down.

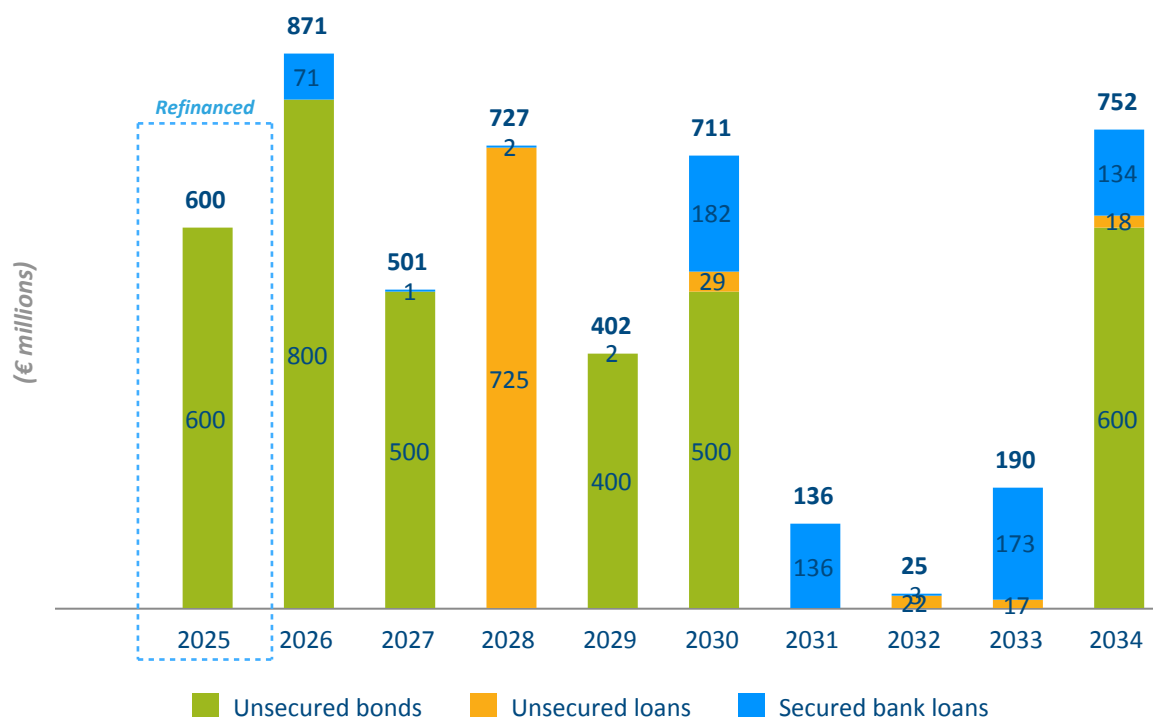
Derivatives

- On 26 April 2019, the subsidiary MERLINLogistics S.L.U., in the framework of the refinancing of the mortgage loan with ING Bank N.V., signed a new interest rate swap (IRS) to hedge the extension of the maturity of the financing from 2020 to 2026. The notional contract amounts to EUR 67.9 million at a cost of 0.31%.
- In addition to the early repayment of the EUR 850 million syndicated loan, in June 2022, the Group cancelled the interest rate hedging instruments associated with this corporate syndicated loan.
- During 2023 and 2022, the Group executed new interest rate hedges to cover the new syndicated financing for the April 2023 to April 2028 period. The notional contract amounts to EUR 665 million at a fixed cost of 2.537%.
- In 2022, an interest rate hedge was contracted to cover the Sabadell non-mortgage loan until its maturity in January 2028 for a notional amount of EUR 60 million and a fixed cost of 2.512%.
- In 2023, an interest rate hedge was contracted to cover the BBVA mortgage loan until its maturity in July 2030 for a notional amount of EUR 180 million and a fixed cost of 2.363%.
- In addition, in 2024, an interest rate hedge was contracted to cover the Novo Banco mortgage loan until its maturity in June 2031 for a notional amount of EUR 134 million and a fixed cost of 2.552%.

At the end of 2024 the Group's financial debt amounted to EUR 4,914 million made up of corporate financing without mortgage collateral (loans and bonds) and mortgages.

As a result of these transactions, the debt's average maturity at year end stood at 4.35 years and there are no significant debt maturities at short-term, the first relevant maturity being the EUR 600 million bond maturing in May 2025, the amount of which is already covered by the new financing obtained.

The maturity schedule of the debt is as follows:



Liquidity available

MERLIN's cash position at 31 December 2024 amounts to EUR 1,567 million, including EUR 15 million in treasury shares.

The liquidity position amounts to EUR 797 million by the revolving credit facility, which had not yet been drawn down at the end of 2024, and the undrawn financing from the European Investment Bank and the syndicated loan.

Additionally, the Group has the ability to access the capital markets through the euro medium-term note (EMTN) programme, which has a limit of EUR 6,000 million. At 2024 year end, EUR 2,600 million was available through this programme.

Off-balance-sheet obligations and transactions

The Group's investment strategy currently focuses on two pillars, the refurbishment of core assets in the office and shopping centre branches of activity, developing new logistics warehouses and the new data center branch of activity.

In this regard, at 31 December 2024, the Group does not have firm purchase commitments for investment property, excluding committed investments in construction and improvements.

7.2.3 Green financing framework

On 25 April 2022, the Group published its **Green Financing Framework**. This programme bring its financing strategy into line with its sustainability objectives. The Group therefore requested the conversion of its outstanding senior bonds into green bonds and is committed to linking its future financing to this programme.

In April 2024, the Group renewed its Green Financing Framework. This renewal is characterised by aligning the company's new strategy with the green finance strategy by including Data Centers, our new asset class, and being pioneers in the inclusion of Data Centers.

It is also noteworthy that, with the renewal, the Group is one of the first REITs to use its Embodied Carbon Emissions commitment as an eligibility criterion. Setting maximums of:

- Offices - 500 kgCO₂/sqm
- Logistics - 400 kgCO₂/sqm
- Shopping Centres - 500 kgCO₂/sqm

The Group may finance or refinance Data Centers that meet energy efficiency (PUE) levels, with a PUE of 1.5 or less and complying with the 2023 Best Practice Guidelines for the EU Code of Conduct for Energy Efficiency in Data Centers.

The Green Financing Framework is in line with the Green Bond Principles 2021 (GBP) and the Green Lending Principles 2023 (GLP) published respectively by the International Capital Markets Association (ICMA) and the Loan Market Association (LMA), and its four components are as follows:

- **Use of proceeds**

To use the funds from any green finance instrument to (re)finance in part or in full an Eligible Green Portfolio in accordance with the eligibility criteria set out in the "Green Financing Framework".

Each eligible category is based on clear eligibility criteria, is linked to the EU environmental objective of climate change mitigation or to one or more UN Sustainable Development Goals ("SDGs") and aims to address a specific environmental benefit.

Eligible Projects are composed of two types of expenditure: acquisition, ownership or development cost of the Eligible Green Asset and Green Capex.

- **Process for project evaluation and selection**

In line with the approach of integrating Corporate Social Responsibility (CSR), the MERLIN working group will oversee the allocation of the amounts and their CSR performance based on selecting projects under the criteria described above, the monitoring of the financing instruments issued under the Green Financing Framework and the management of future updates to the framework.

The working group will consist of representatives from the Finance, Treasury, CSR and Investor Relations departments, and from other technical departments when necessary, and will meet at least on a monthly basis or as needed.

The responsibilities of the working group will include:

- Monitor the eligibility criteria in accordance with the eligible project categories during the lifetime of the transactions.
- Manage any identified potential ESG risks associated with the eligible project categories:
 - Under the control of the Board of Directors and the Audit and Control Committee, MERLIN oversees the effectiveness, adequacy and integrity of the Group's internal control and risk management systems. ESG risk management is part of the first line of defence in MERLIN's risk management plan.
 - MERLIN has also established a certified Environmental Management System based on ISO 14001 and ISO 50001 standards.
 - Furthermore, as part of the Group's vision and values, MERLIN is committed to long-term value creation in a context of transparency, ethics and responsibility in business and society.
- In particular, when any eligible sustainable building leaves MERLIN's portfolio or when the ESG Committee decides to remove an eligible sustainable building from the portfolio of eligible sustainable buildings, the ESG Committee will make every effort to replace these assets as soon as possible, once a suitable eligible sustainable building has been identified for replacement.

- **Management of proceeds**

MERLIN will allocate the equivalent amount of all the Group's outstanding green financing to the eligible project categories set out above.

The working group will allocate any future financing by verifying on an annual basis the adequacy of the pre-selected eligible project categories with the total amount of funds obtained through green financing. In addition, the working group will establish a process in its Internal Reporting System to follow up on the use of the proceeds from the outstanding green financing.

If, for any reason (e.g. new issuance), the amount allocated under the eligible project categories falls below the amount of outstanding Green Financing Instruments, the unallocated funds will be temporarily placed in accordance with MERLIN's investment guidelines. MERLIN may consider investing in money market funds (cash and cash equivalents, i.e. short-term deposits) in accordance with a responsible investment policy and excluding investments in environmentally or socially damaging activities. MERLIN is committed, to the extent possible, to achieving the full allocation within 24 months.

- **Reporting**

MERLIN, in its commitment to transparency and sustainable engagement, will publish on an annual basis a report on the allocation of the proceeds and an impact report on the main indicators set out in the Green Financing Framework:

- Verified report (ISAE 3000) of the allocation of funds detailing the different green financing instruments or financing, the amount allocated to each eligible project category broken down by each eligibility criteria, an analysis of the portfolio according to the eligibility criteria, including the part that is aligned with the EU Taxonomy, the percentage of unallocated funds and the types of temporary investments used, the percentage and amount of the new funding and refinancing broken down by eligible project category, as well as the proportion of refinancing, and any relevant developments related to the projects or assets.
- A report that will include a quantitative and qualitative measurement of the main CSR indicators for the eligible project categories selected for allocation of the proceeds.

Eligible project category	Example of impact indicators
Sustainable buildings	Breakdown of external certification by asset type (shopping centres, offices and logistics centres) Average energy intensity of buildings included in the portfolio of eligible sustainable buildings (in kWh/sqm/year) by asset type (shopping centres, offices and logistics centres) Average greenhouse gas emissions intensity of buildings included in the portfolio of sustainable eligible buildings (in tCO ₂ eq/sqm) by asset type (shopping centres, offices and logistics centres) CO ₂ emissions avoided by buildings included in the portfolio of sustainable eligible buildings (in tCO ₂ eq/year) by asset type (shopping centres, offices and logistics centres)
Renewable energy	Installed capacity (MW) Expected renewable energy generation (MWh/year) CO ₂ emissions avoided (in tCO ₂ e/year)
Energy efficiency	Expected energy savings (MWh/year)
Clean transport	Number of electric chargers CO ₂ emissions avoided (in tCO ₂ e/year)
Pollution prevention and control	Estimated CO ₂ emissions offset (in tCO ₂ e/year).

At year-end 2024, the eligible project category selected by the Group for allocation of the proceeds was Sustainable Buildings. The main indicators of the Sustainable Buildings portfolio by asset class for 2024 are as follows:

Indicator ⁵³	Offices	Shopping Centers	Logistics
Energy intensity (in kWh/sqm/year)	78.14	71.83	95.29
GHG Intensity (in tCO ₂ eq/sqm) Market-based	0.003	0.001	0.000
Avoided CO ₂ emissions (in tCO ₂ e/year)	4,862	5,327	152

In addition to the above, the Group has a corporate revolving credit facility in the amount of EUR 740 million, signed in April 2019, which is labelled as sustainable financing and is linked to the fulfilment of at least three of the following KPIs:

- **Green energy production:** Obtain a cumulative installation of MW peak green energy.

⁵³ Information on assets under operational control within the Sustainable Buildings portfolio. In business parks consisting of sustainable and non-sustainable buildings, for the purposes of the Green Financing Programme, and a single supply point, the total consumption has been considered.

- **Green energy consumption:** Ensure a certain amount of energy consumption is from renewable energy sources.
- **Obtainment of LEED/BREEAM certificates:** Maintain (i) LEED ('Silver', 'Gold' or 'Platinum') and/or (ii) BREEAM ('Good', 'Very Good', 'Excellent' or 'Outstanding') certification above 92% of the portfolio's certified assets.
- **GRESB:** Maintain a rating higher than (i) the "global average of Real Estate", as defined by the Global Real Estate Sustainability Benchmark (GRESB), in the relevant calculation year; and (ii) the highest "global average Real Estate Real Estate" achieved in previous years (the "maximum peak of the global average of Real Estate")

The Group has met the target set for 2024 in all categories.

In addition, the Group has a EUR 70 million mortgage loan, signed in May 2019, which is labelled as sustainable financing.

Finally, 100% of the debt is considered sustainable.

8. About this report

8.1 Basis of preparation of this report

Reporting scope

MERLIN reports social, environmental and governance performance information for the office, logistics, shopping centre and Data Center portfolios, excluding companies with a minority (and therefore non-controlling) shareholding.

In this regard, assets with minority shareholdings are excluded from the calculation of environmental performance, on the understanding that their non-financial risks are similar to those presented in this Statement of Non-Financial Information, as they are companies with the same or a complementary corporate purpose to that of MERLIN, and their inclusion would not significantly change the analysis of risks and actions described in this Statement of Non-Financial Information.

Where relevant, particularly for environmental performance information, information from the two previous years has also been included to show the evolution of the Group's performance.

Standards employed

The statement of non-financial information was prepared in accordance with current company law applicable to MERLIN and following the criteria of chosen **Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI Standards)**, and other criteria described in accordance with each topic in the Table of Contents of the Statement of Non-Financial Information.

In this year, the Dual Materiality analysis has been carried out taking the EFRAG and CSRD's draft "Materiality Assessment Implementation Guidance" as a reference, as well as the definitions in the ESRS (European Sustainability Reporting Standards).

Likewise, although not yet applicable to MERLIN, some indicators or breakdowns required by the ESRS (European Sustainability Reporting Standards) have been included.

Principles applied

The GRI Standards Sustainability Report guidelines lay down a number of principles that have been taken into account when preparing the report, which are as follows:

- **Stakeholder inclusiveness.** The 2024 Statement of Non-Financial Information has been prepared with stakeholder expectations and concerns regarding the Group's operations and performance in mind. These expectations have been considered through the MERLIN Properties staff who are in contact with their stakeholders and relevant matters published in the media and included in questionnaires and sustainability ratings targeting investors, such as DJSI/CSA, EPRA or GRESB have also been analysed.
- **Sustainability context at MERLIN Properties.** The way in which the Group's activities and services interact with the social, economic and environmental context in which it operates has been evaluated.
- **Materiality.** A dual materiality analysis has been conducted to define the most relevant sustainability aspects for MERLIN Properties and its environment.

- **Completeness.** After identifying material aspects, the content of the Statement of Non-Financial Information has been designed to include sufficient information on these aspects to allow stakeholders to assess and understand MERLIN Properties' economic, environmental and social performance in recent years.

GRI principles for information processing and quality

This Statement of Non-Financial Information has been drawn up following the GRI principles established to ensure the quality of the information:

- **Balance.** This principle indicates that reports should reflect both positive and negative aspects of the Group's performance. By applying this principle, a broad and unbiased picture of MERLIN Properties' overall performance has been provided.
- **Comparability.** The Group has compiled and reported information so that stakeholders can analyse how its performance has evolved in recent years, thus facilitating comparison with the performance of other organisations.
- **Accuracy.** The information contained in this Statement of Non-Financial Information is intended to include sufficient details to meet the expectations expressed by the Group's stakeholders.
- **Timeliness.** MERLIN Properties' aims to update the content of this Statement of Non-Financial Information on an annual basis to provide stakeholders with regular access to information on the Group's performance.
- **Clarity.** MERLIN Properties seeks to report on its performance in a manner that is accessible and clear to all its stakeholders.
- **Reliability.** MERLIN Properties has described in detail the process for preparing this Statement of Non-Financial Information, which guarantees that the content can be subject to external examination to establish the quality and degree of materiality of the information.

Robustness of the information

MERLIN has a **Non-Financial Information Control System (NFICS)**, subsequently audited by Internal Audit, to ensure the accuracy and completeness of the information included in the statement of non-financial information.

Additionally, to prepare it, there is a formal review procedure, from its drafting by the Internal Sustainability Committee, review by Internal Audit and subsequent review by the Governing Bodies.

In this respect, **MERLIN has a procedure for coordination between the different Board Committees: Appointments and Remuneration Committee, Sustainability and Innovation Committee and Audit and Control Committee, for the review** and assessment by each of them of the sections of information for the review of which they are responsible. Subsequently, together with the comments received from the other Committees, it is submitted to the Audit and Control Committee for review, which is ultimately responsible for reviewing the financial and non-financial information that the Group sends to the markets and its recommendation to the Board of Directors for its authorisation for issue together with the Consolidated Financial Statements, issuing any recommendations that it deems appropriate to improve the process of preparing said information.

Contact details

If you require any clarification regarding the information contained in this Statement of Non-Financial Information or any aspect of the Group's sustainability performance, please contact MERLIN Properties at the following address: info@merlinproperties.com

8.2 Information on MERLIN Properties' sustainability performance

Contents	Response
Aspect: Environment	
Scope of disclosure	The scope of the assets on which information is provided regarding their energy consumption, GHG emissions, water consumption and waste is detailed in Appendix I of this report.
GHG emissions per production unit	The GHG emissions (Location Based) ratio in terms of surface area, for all operational assets for which MERLIN exercises operational control, is 0.023 tCO ₂ e/sqm, including scope 1, scope 2 and scope 3 emissions
Energy consumption per production unit	The energy consumption ratio in terms of surface area, for all operational assets for which MERLIN exercises operational control, is 0.266 GJ/sqm
Number and amount of significant environmental fines	No significant fines of an environmental nature were recognised during 2024.
Policies regarding energy consumption, water consumption, GHG emissions and waste	In accordance with its Sustainability and Corporate Social Responsibility Policy, MERLIN is committed to reducing the consumption of resources and improving the circularity of its assets throughout their life cycle through operational efficiency and minimising the carbon footprint of the entire value chain.
Aspect: Society	
Complaints and quality assurance policy	For the purposes of understanding the expectations and needs of its stakeholders, and offering maximum transparency, MERLIN has implemented numerous communication channels, such as satisfaction questionnaires aimed at its tenants. Within the framework of these questionnaires, any potential complaints and claims that tenants may have are gathered, allowing their concerns and needs to be addressed.
Customer data protection policy	MERLIN has a Personal Data Protection Policy, which guarantees that personal data is processed respecting the principles established in the General Data Protection Regulation (GDPR) (lawfulness, fairness, transparency, purpose limitation, data minimisation, accuracy and limited storage periods).
Donations to foundations and other types of donations	The total amount donated to foundations by the Group was EUR 495 thousand. In addition, EUR 1 million has been earmarked for flood relief in Valencia and Albacete.
Percentage of female executives and middle managers	The percentage of women in senior management is 3% (1 out of 29) and in middle management 39% (32 out of 83)
Anti-Money Laundering, Terrorist Financing, Corruption and Bribery Policy	In 2023, MERLIN unified the Anti-Corruption, Bribery and Fraud Policy into the Anti-Money Laundering, Terrorist Financing, Corruption and Bribery Policy. Its aim is to lay out the Group's basic guiding principles for preventive actions and proactive steps in the fight against corruption, bribery and fraud in all areas of its business activities. In addition, the Group is certified under the ISO 37.001 Anti-Corruption and Bribery standard.

Rate of lost workdays associated with employees (TLW)	The average days lost in 2024 among MERLIN employees is 124 for men and 67 for women.
Lost time injury frequency rate associated with employees (LTIFR)	The lost time injury frequency rate (LTIFR) in 2024 among MERLIN employees is 1%
Number of suppliers	The number of suppliers with orders in 2024 was 384
Number of suppliers audited and audits carried out	Suppliers with orders are analysed in terms of compliance and finance, which includes being up to date with the tax and social security authorities, and the financial solvency of the supplier. In addition, if the tender is for more than EUR 1 million, the supplier's execution capacity and the Group's degree of exposure are analysed. In 2024, there were a total of 1,910 orders (OpEx and CapEx) and 384 suppliers.
Percentage of suppliers audited	100% of MERLIN's critical suppliers (>EUR 1 M) are audited.
Percentage of assets with public transport connection ⁵⁴	The percentage of assets with a public transport connection nearby is 100%.
Aspect: Governance	
Years with the auditor	PWC began auditing MERLIN's Consolidated Financial Statements in 2024, making this the first year.
Number of executive and non-executive directors	The Board of Directors is composed of 2 executive directors and 12 non-executive directors (8 independent and 4 proprietary directors).
Number of directors and independent directors on the Audit and Control Committee	The Audit and Control Committee is composed of 5 directors, 4 of whom are independent.
Number of directors and independent directors on the Appointments and Remuneration Committee	The Appointments and Remuneration Committee is composed of 7 directors, 6 of whom are independent.
Number of directors and independent directors on the Sustainability and Innovation Committee	The Sustainability and Innovation Committee is composed 4 directors, 3 of whom are independent.
Number of female executives	Senior Management is composed of 1 woman and 8 men (for a total of 9, including executive directors).
Number of female directors	The Board of Directors is composed of 6 women and 8 men (for a total of 14 members).
Number of Board meetings and percentage of attendance	MERLIN's Board of Directors met 14 times with 95.0% attendance.

⁵⁴ Percentage obtained in terms of surface area, taking into account those assets that are located at least 500 metres from a public transport or station. Includes only those assets from the offices and shopping centres portfolios in operation.

Number of Audit and Control Committee meetings and percentage of attendance	The Audit and Control Committee met 10 times with 96% attendance.
Number of Appointments and Remuneration Committee meetings and percentage of attendance	The Appointments and Remuneration Committee met 10 times with 97% attendance.
Number of Sustainability and Innovation Committee meetings and percentage of attendance	The Sustainability and Innovation Committee met 6 times with 96% attendance.
Share ownership	MERLIN has guidelines for its executives regarding the minimum requirements for holding the Group's shares on an ongoing basis.
Content considered non-material for the Group	
Emissions of particulates, SO2 and NOx	The main fuel consumed by MERLIN is natural gas, a gas that barely emits SO2 and particles in its combustion. The possible emissions of this type of pollutant are due to the consumption of diesel, a fuel that is hardly used by MERLIN. In addition, NOx emissions are also considered as barely representative, given that the water heaters that use these types of fuels are of a residential type.
Percentage of raw material from sustainable sources	The amount of materials acquired by MERLIN is low, given that the refurbishment processes of the assets are carried out by subcontracted companies.
Policy against child labour	MERLIN has implemented a Respect for Human Rights Policy that expressly rejects the exploitation of children. Nonetheless, due to the location of MERLIN's assets (Spain and Portugal) and the type of activities carried out by the Group, it is considered that there are no risks concerning child labour.
Supply chain management at a societal level	In 2022, MERLIN amended the Procurement Procedure to require suppliers to answer an ESG questionnaire on social and governance issues for all tenders over EUR 150,000. In 2024, MERLIN requested information from all suppliers in tenders for improvement and refurbishment of assets (CAPEX) in excess of EUR 150,000, covering information and details on environmental, social and regulatory compliance matters, including aspects regarding human rights compliance (policies, demands, etc.) for each third party assessed.

8.3 Table of contents of 11/2018 Law

Information required by Spanish Law 11/2018	Page or section of the report providing the response to the requirement of Law 11/2018	Reporting criteria: GRI
General information		
A brief description of the business model including its business environment, organisation and structure	1. Our business model Pg 8-10 2.1 Environment (sector) Pg 21-24	GRI 2-1 GRI 2-6 GRI 2-22
Markets in which it operates	1.4 Business activities Pg 11-20	
Objectives and strategies of the organisation	1.5 Main milestones and corporate objectives Pg 20-21	
Main factors and trends that may affect its future progress	2.3 Outlook Pg 24-24	
Reporting framework used	8.1 Basis of preparation of this report Pg 148-151	GRI 1 – Requirement 8
Principle of materiality	2.5 A Deep Dive into the Materiality of Sustainability Pg. 28-32	GRI 3-1 GRI 3-2
Environmental issues		
Management approach: description and results of the policies related to these matters and the main risks related to these matters linked to the Group's activities	4. Climate change and operational efficiency management, our ecological footprint Pg. 59-88	GRI 3-3
General detailed information		
Detailed information on the current and foreseeable effects of the Company's activities on the environment and, if applicable, on health and safety	4. Climate change and operational efficiency management, our ecological footprint Pg. 59-88	GRI 3-3
Environmental assessment and certification procedures	4.6 Carbon footprint certification 4.7 Validation of MERLIN's commitments by independent third parties Pg 80-84	GRI 3-3

Information required by Spanish Law 11/2018	Page or section of the report providing the response to the requirement of Law 11/2018	Reporting criteria: GRI
Resources allocated to the prevention of environmental risks	4.2 Environmental and energy Management System Pg 62	GRI 3-3
Application of the precautionary principle	4.2 Environmental and energy Management System Pg 62	GRI 2-23 GRI 3-3
Amount of provisions and guarantees for environmental risks	4.2 Environmental and energy Management System Pg 62	GRI 3-3
Pollution		
Measures to prevent, reduce or redress carbon emissions that seriously affect the environment, taking into account any type of activity-specific atmospheric pollutants including noise and light pollution	4.5 Decarbonisation of MERLIN Properties' portfolio Pg 73-80	GRI 3-3
Circular economy and waste prevention and management		
Measures for the prevention, recycling, reuse and other forms of recovering and eliminating waste.	4.4 Sustainability advances in the MERLIN's portfolio Pg 67-73	GRI 3-3 GRI 306-1 (2020) GRI 306-2 (2020) GRI 306-3 (2020) GRI 306-4 (2020) GRI 306-5 (2020)
Actions taken to combat food waste	-	Non-material
Sustainable use of resources		
Water consumption and supply in accordance with local limitations	4.4 Sustainable progress in the MERLIN portfolio Pg 70-71	GRI 303-3 (2018) as regards the origin of water consumed GRI 303-5 (2018)
Consumption of raw materials and measures taken to use them more efficiently	-	Non-material

Information required by Spanish Law 11/2018	Page or section of the report providing the response to the requirement of Law 11/2018	Reporting criteria: GRI
Direct and indirect energy consumption	4.4 Sustainability advances in MERLIN's portfolio Pg 67-70	GRI 302-1
Measures taken to improve energy efficiency	4.3 Development and operation of sustainable assets Pg 64-67	GRI 3-3
Use of renewable energies	2.4 MERLIN's commitment to sustainable management Pg 24-28	GRI 3-3
Climate change		
Greenhouse gas emissions generated as a result of the Company's activities, including use of the goods produced and services provided	4.5.1 Scope 1 and scope 2 greenhouse gas (GHG) emissions 4.5.2. Scope 3 greenhouse gas (GHG) emissions Pg 74-79	GRI 3-3 GRI 305-1 GRI 305-2 GRI 305-3
Measures adopted to adapt to the consequences of climate change	Appendix IV. Climate risk reporting in accordance with TCFD methodology Pg 216-225	GRI 3-3
Medium- and long-term targets voluntarily established to reduce greenhouse gas emissions and the means implemented for this purpose	2.4 MERLIN's commitment to sustainable management Pg 24-28	GRI 3-3 GRI 305-5
Protection of biodiversity		
Measures taken to preserve or restore biodiversity	4.9 Protection of biodiversity Pg 86-88	GRI 3-3

Information required by Spanish Law 11/2018	Page or section of the report providing the response to the requirement of Law 11/2018	Reporting criteria: GRI
Impacts caused by activities or operations in protected areas	4.9 Protection of biodiversity Pg 86-88	GRI 3-3
Social and personnel matters		
Management approach: description and results of the policies related to these matters and the main risks related to these matters linked to the Group's activities	5. Talent creation Pg 88-89	GRI 3-3
Employment		
Total number of employees and breakdown by country, gender, age and professional classification	5.1.1 Composition of the workforce Pg 91-94	GRI 2-7 GRI 405-1
Total number and distribution of types of employment contracts	5.1.1 Composition of the workforce Pg 91-94	GRI 2-7
Annual average of permanent, temporary and part-time contracts by gender, age and professional classification.	5.1.2 Average contracts Pg 94	GRI 2-7 GRI 405-1
Number of dismissals by gender, age and professional classification	5.1.3 Departures by type, sex, age and professional classification Pg 95	GRI 3-3 GRI 401-1
Average remuneration and changes in salaries broken down by gender, age and professional classification or equal value	5.2 Employee compensation Pg 98-101	GRI 3-3 GRI 2-21
Wage gap	5.2.1 Wage gap analysis Pg 98-102	GRI 3-3 GRI 405-2
Remuneration for the Company's equal or average job positions	5.2.1 Wage gap analysis Pg 98-101	GRI 3-3 GRI 405-2
Average remuneration for directors and executives, including variable remuneration, attendance fees, termination benefits, long-term savings/pension plans and any other compensation, broken down by gender	5.2.2 Remuneration of non-executive directors Pg 101 5.2.1 Wage gap analysis Pg 98-101	GRI 3-3 GRI 2-19

Information required by Spanish Law 11/2018	Page or section of the report providing the response to the requirement of Law 11/2018	Reporting criteria: GRI
Implementation of work disconnection policies	5.3.4 Implementation of work disconnection policies Pg 104-104	GRI 3-3
Number of employees with disabilities	5.5.4 Employees with disabilities Pg 107	GRI 3-3 GRI 405-1
Organisation of work		
Organisation of working hours	5.3.1 Organisation of work Pg 102	GRI 3-3
Number of hours of absenteeism	5.3.2 Total hours of absenteeism Pg 102-103	GRI 3-3 GRI 403-9 (2018)
Measures designed to facilitate work-life balance and promote the sharing of responsibility by both parents	5.3.3 Work-life balance measures Pg 103	GRI 3-3
Health and safety		
Occupational health and safety conditions	5.4 Safety, health and well-being of employees Pg 104-105	GRI 403-1 (2018) GRI 403-2 (2018) GRI 403-3 (2018) GRI 403-5 (2018) GRI 403-6 (2018) GRI 403-8 (2018)
Occupational accidents, in particular their frequency and seriousness, and work-related illness, broken down by gender	5.4 Safety, health and well-being of employees Pg 104-105	GRI 403-9 (2018) GRI 403-10 (2018) as regards occupational accidents, in particular their frequency and seriousness, and work-related illness
Labour relations		
Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff	5.5.1 Organisation of social dialogue Pg 105	GRI 3-3

Information required by Spanish Law 11/2018	Page or section of the report providing the response to the requirement of Law 11/2018	Reporting criteria: GRI
Percentage of employees covered by collective bargaining agreements by country	5.5.2 Balance of collective bargaining agreements Pg 106-106	GRI 2-30
Balance of collective bargaining agreements, particularly as regards occupational health and safety	5.5.3 Mechanisms to promote employee involvement in management Pg 106-107	GRI 3-3 GRI 403-4 (2018)
Training		
Policies implemented in the area of training	5.1.4 Training Pg 96-98	GRI 3-3
Total number of training hours by professional category	5.1.4 Training Pg 96	GRI 404-1
Universal accessibility		
Universal accessibility for people with disabilities	6.3 Maximising the well-being of users of the assets Pg 116-122	GRI 3-3
Equality		
Measures taken to foster equal treatment and opportunities for men and women	5.6 Diversity and equal opportunities Pg 108-111	GRI 3-3
Equality plans	5.6 Diversity and equal opportunities Pg 108-111	GRI 3-3
Measures taken to promote employment		
Protocols against sexual and gender-based harassment		
Non-discrimination and diversity management policies	5.6 Diversity and equal opportunities Pg 108-111	GRI 3-3

Information required by Spanish Law 11/2018	Page or section of the report providing the response to the requirement of Law 11/2018	Reporting criteria: GRI
Respect for human rights		
Management approach: description and results of the policies related to these matters and the main risks related to these matters linked to the Group’s activities	3.3 Ethics and compliance Pillars of Exemplary Business Conduct Pg 54-59	GRI 3-3
Application of due diligence procedures		
Application of due diligence procedures on human rights	3.3 Ethics and compliance Pillars of Exemplary Business Conduct Pg 56-57	GRI 2-23
Prevention of risks of human rights infringements and, where appropriate, measures to mitigate, manage and redress possible abuses committed		GRI 2-26
		GRI 3-3
		GRI 412-2
Complaints of human rights violations	3.3 Ethics and compliance Pillars of Exemplary Business Conduct Pg 57	GRI 406-1
Measures implemented for the promotion of and compliance with the provisions of the ILO core conventions related to:	3.3 Ethics and compliance Pillars of Exemplary Business Conduct Pg 56-57	GRI 3-3
– respect for freedom of association and the right to collective bargaining;		GRI 406-1
– the elimination of discrimination in employment and occupation;		GRI 407-1
– the elimination of forced or compulsory labour;		GRI 408-1
– the effective abolition of child labour.		GRI 409-1
Fight against corruption and bribery		
Management approach: description and results of the policies related to these matters and the main risks related to these matters linked to the Group’s activities	3. Foundations and practices of responsible management Pg 32-59	GRI 3-3
Measures taken to prevent corruption and bribery	3.3 Ethics and compliance Pillars of Exemplary Business Conduct Pg 56-57	GRI 2-23
		GRI 2-26
		GRI 205-2
Anti-money laundering measures	3.3 Ethics and compliance Pillars of Exemplary Business Conduct Pg 56	GRI 205-2
Contributions to foundations and non-profit entities	6.4.2.Social initiatives and 6.4.3 Measuring the distribution of contributions to the MERLIN community Pg 125-131	GRI 413-1

Information required by Spanish Law 11/2018	Page or section of the report providing the response to the requirement of Law 11/2018	Reporting criteria: GRI
Society matters		
Management approach: description and results of the policies related to these matters and the main risks related to these matters linked to the Group's activities	6. Management of stakeholders Pg 111-131	GRI 3-3
Commitment to sustainable development		
Impact of the Company's activities on employment and local development	6.4.1. Improving cities 6.4.2 Social initiatives Pg 122-127	GRI 203-1
Impact of the Company's activities on local communities and on the land	6.4.1 Improving cities Pg 122-125	GRI 3-3 GRI 413-1
Engagement with local community representatives, and communication channels in place	6.4.1 Improving cities Pg 122-125	GRI 2-29 GRI 413-1
Association or sponsorship activities	6.4.3 Measuring the distribution of contributions to the MERLIN community Pg 127-130	GRI 2-28
Subcontracting and suppliers		
Inclusion of social, gender equality and environmental matters in the procurement policy	6.2 Supply chain Pg 115-116	GRI 3-3
Consideration of social and environmental responsibility in relationships with suppliers and subcontractors	6.2 Supply chain Pg 115-116	GRI 2-6 GRI 308-1 GRI 414-1
Monitoring and audit systems and results	6.2 Supply chain Pg 115-116	GRI 3-3
Consumers		
Measures for the health and safety of consumers	6.3 Maximising the well-being of users of the assets Pg 118-119	GRI 3-3 GRI 416-1

Information required by Spanish Law 11/2018	Page or section of the report providing the response to the requirement of Law 11/2018	Reporting criteria: GRI
Consumer claims, complaints and grievance systems	6.3 Maximising the well-being of users of the assets Pg 119-122	GRI 3-3
Tax information		
Profits earned on a country-by-country basis	7.1.2 Profits earned on a country-by-country basis and income tax paid Pg 133-134	GRI 207-4 (2019)
Income tax paid	7.1.2 Profits earned on a country-by-country basis and income tax paid. Pg 133-134	GRI 207-4 (2019)
Government grants received	7.1.3 Total tax contribution Pg 138	GRI 201-4 (2019)

a. GRI Content Index

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
2-1		a. Pg 6 2-1.c Back cover 2-1.d Spain and Portugal MERLIN Properties is included in the main benchmark indices: -IBEX 35. -Euro STOXX 600. -FTSE EPRA/ NAREIT Global Real Estate Index. -GPR Global Index. -GPR-250 Index. -MSCI Small Caps. - Dow Jones Sustainability Index Europe & World		Organisational details
2-2		8.1. Pg 148 Appendix III – Pg 207-216 The organisation's financial statements include MERLIN Properties and all its subsidiaries. Further information can be found in the financial statements included in the management report. The management report is available at www.merlinproperties.es		Entities included in the organisation's sustainability report
2-3		8.1. Pg 148 2-3.a 2023-2022. MERLIN Properties prepares the report on an annual basis.		Reporting period, frequency and contact point

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
2-4		In 2024, MERLIN continued the criteria for calculating its GHG emissions established in 2022, based on operational control and its share of equity in the assets as established in the GHG Protocol, using the market-based method, based on which the data on emission factors arising from electricity consumption must be obtained from the suppliers from which the electricity has been purchased. The Group previously calculated the emission factor based on the electricity mix for Spain and Portugal (location-based method). In view of the above, the data for the two previous years have been recalculated to facilitate year-on-year comparability. Pg 62-62		Restatement of information
2-5		MERLIN's Statement of Non-Financial Information has been externally audited by PWC, whose report is included in Appendix VII. Pg 242		External assurance
2-6		1.4. Pg 11-20 6.2. pg 115-116 2-6.b The Group's supply chain mainly comprises project contractors and other service providers in the operation of the buildings		Activities, value chain and other business relationships
2-7		5.1.1 y 5.1.2 Pg 91 a 95		Employees
2-9	Gov-Board	3.1. Pg 33-39		Governance structure and composition
2-10	Gov-Selec	Pg 35.- The processes for appointing and selecting members of the highest governing body and its committees are described in the Annual Corporate Governance Report (ACGR) and are established in the Group's Director Selection Policy		Appointing and selecting members of the highest governance body
2-11		3.1. Pg 35		Chair of the highest governance body

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
2-12		3.1. Pg 35 3.2. Pg 39- 45		Role of the highest governance body in monitoring impact management
2-14		Board of Directors 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.		Role of the highest governance body in sustainability reporting
2-15	Gov-Col	Section 28 of the Board Regulations sets out the mechanisms established to prevent and manage potential conflicts of interest		Conflicts of interest
2-16		This information is available in the Annual Corporate Governance Report		Communicating critical concerns
2-17		Pg 38		Collective knowledge of highest governing body
2-18		Pg 38		Assessment of the highest governance body's performance
2-20		5.2. Pg 98-101 2-20. a. ii Through the General Meeting		Process for determining remuneration
2-21		5.2. Pg 98-101		Annual total compensation ratio
2-22		2.5. Pg 24-28		Statement on the sustainable development strategy
2-23		3.1 Pg 32-35		Policy commitments

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
2-26		Directors may seek external advice. These mechanisms are explained in the Group's ACGR 2024.		Mechanisms for seeking advice and raising concerns

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
2-28		- Spanish Association of Shopping Centres (AECC) [EUR 57,698] - Association of Business Owners of Southern Spain (CESUR) [EUR 4,840] - Association of Property Companies with Rental Property (ASIPA) [EUR 18,150] - Association of Developers, Owners and Users of Logistics Warehouses of Spain [EUR 2,500] - Association of SAP Users Spain (AUSAPE) [EUR 1,587] - Spanish Association of Offices (AEO) [EUR 2,771] - Spanish Association for Investor Relations (AERI) [EUR 4,598] - Madrid Futuro Association [EUR 15,000] - Association for the Progress of Management (APD) [EUR 2,449] - Spanish Professional Privacy Association [EUR 200] - Association for the Promotion of the Port of Seville [EUR 3,000] - Associação Portuguesa de Logística (APLOG) [EUR 2,545] - Associação Portuguesa de Promotores e Investidores Imobiliários [EUR 1,257] - Associació Barcelona Global [EUR 10,000] - Barcelona Catalunya Centre Logístic [EUR 1,210] - Business Owners Circle [EUR 7,200] - Spanish Confederation of Business Organisations (CEOE) [EUR 14,520] - Companies for Sustainable Mobility [EUR 4,235] - European Public Real Estate Association (EPRA) [EUR 30,000] - Foment de Treball Nacional [EUR 5,000] - GRI [EUR 5,586] - Iberinmo [EUR 13,310] - Institute of Internal Auditors (IIA) [EUR 7,428] - Institute of Compliance Officers [EUR 1,121] - ISMS FORUM [EUR 650] - Madrid Green Urban Mobility Lab [EUR 17,310] - Campus courtyard [EUR 18,750] - Spanish Global Compact Network [EUR 4,700] - Royal Institution of Chartered Surveyors [EUR 859] - WIRES - Women in Real Estate [EUR 4,840] - TOTAL 2024 - EUR 263,313		List of membership of associations

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
2-29		6.1. Pg 111-115		Approach to stakeholder engagement
2-30		5.5.2 Pg 105-106 100% of the Group's employees in Spain are covered by collective bargaining agreements (in Portugal it does not apply)		Collective bargaining agreements
3-1		2.5 Pg 28-32		Process for determining material issues
3-2		2.5. Pg 32		List of material aspects

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
3		2.5 Pg 28-32		Management
3-1		2.5 Pg. 32-36		Process for determining material issues
3-2		2.5. Pg.32		List of material aspects
3-3		4, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.8, 2.5, 5, 5.1.3, 5.2, 5.2.1, 5.2.2, 5.1.4, 5.5.5, 5.3.1, 5.3.2, 5.3.3, 5.5.1, 5.5.2, 5.5.3, 5.6, 6.3, 3.3, 3, 6, 6.4.2, 6.2, 6.3		Management of material topics
201-1		1.1 Pg. 8. After joining the London Benchmarking Group (LBG) in Spain, as well as the value distributed to stakeholders, MERLIN measures its contribution to society using the LBG model.		Direct economic value generated and distributed

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
201-3		MERLIN Properties does not have a pension plan, so this does not apply to the Group		Defined benefit plan obligations and other retirement plans
201-4		Pg 138. MERLIN Properties has not received significant financial support from government bodies		Financial assistance received from government
Indirect economic impacts				
3		6.4. Pg 122-131		Management approach
203-1		Signing of the agreement with the Madrid City Council for the Renazca project (EUR 6.25 M)		Infrastructure investments and services supported
203-2		6.4.2. Pg 125- 131		Significant indirect economic impacts
Taxation				
207-1		7.1. Pg 132 - 138		Approach to tax
207-2		7.1.1. Pg 132		Tax governance, control and risk management
20-3		7.1.3. CTT Pg 134-140		Stakeholder engagement and management of concerns related to tax
207-4		7.1.2. Pg 133-134		Country-by-country reporting

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
ENVIRONMENTAL PERFORMANCE				
Energy				
3		4.Pg 59 - 88		Management approach
302-1	Elec-Abs Elec-LfL DH&C-Abs DH&C-LfL Fuels-Abs Fuels-LfL	4.4. 67-70		Energy consumption within the organisation
302-2	Elec-Abs Elec-LfL DH&C-Abs DH&C-LfL Fuels-Abs Fuels-LfL	4.4. 67-70		Energy consumption outside of the organisation
302-3		4.4. 67-70		Energy intensity
G4-CRE1	Energy-Int	4.4. 67-70		Energy intensity of buildings
Water				
3		4.Pg 59 - 88		Management approach
303-1		4.4. Pg 70		Interactions with water as a shared resource
303-2		4.4. Pg 70. Water from the assets is discharged to the municipal sanitation system, and is treated as domestic water discharge		Management of water discharge-related impacts
303-3	Water-Abs Water-LfL	4.4. Pg 70 Water is mainly withdrawn through the municipal water supply. Also, part of the water collected in the Marineda and Torre Chamartin assets comes from cisterns, and in Alvia there is a well.		Water withdrawal

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
G4-CRE2	Water-Int	4.4. Pg 70		Water consumption intensity of buildings
Emissions				
3		4.5 Pg 73-80		Management approach
305-1	GHG-Dir-Abs GHG-Dir-LfL	4.5. Pg 73- 79		Direct GHG emissions (scope 1)
305-2	GHG-Indir-Abs GHG-Indir-LfL	4.5. Pg 73- 79		Indirect GHG emissions (scope 2)
305-3	GHG-Indir-Abs GHG-Indir-LfL	4.5 Pg 79-80		Indirect GHG emissions (scope 3)
305-4	GHG-Int	4.5. Pg 73-79		GHG emissions intensity
G4-CRE3	GHG-Int	4.5. Pg 73- 79		GHG emissions intensity of buildings
Effluents and waste				
3		Pg 59-88		Management approach
306-3	Waste-Abs Waste-LfL	Pg 71		Waste by type and disposal method
Environmental compliance				
3		Pg 59-88		Management approach
307-13		MERLIN Properties has not received any fines or sanctions		Non-compliance with environmental laws and regulations
SOCIAL PERFORMANCE - LABOUR PRACTICES AND DECENT WORK				
Employment				
3		5. Pg 88-111		Management approach

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
401-1	Emp-Turnover	Turnover 5.1.3. Pg 95 New hires 5.6. Pg 108		New employee hires and employee turnover
401-2		5.2. Pg 98. 100% of employees have access to social benefits		Benefits provided to full-time employees that are not provided to temporary or part-time employees
401-3		Pg 102. 5 men and 1 women in 2024		Parental leave
Occupational health and safety				
3		5.4. Pg 104-107		Management approach
403-1		5.4. Pg 104-107		Occupational health and safety management system
403-2		Pg 104. MERLIN has an external Occupational Risk Prevention Service that inspects the offices where employees work on an annual basis to assess the risks.		Hazard identification, risk assessment and incident investigation

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
403-3		Pg 104. MERLIN has an external Occupational Risk Prevention Service that inspects the offices where employees work on an annual basis to assess the risks and the adequacy of the facilities in terms of safety and occupational risk prevention		Occupational health services
403-4		Health and safety committees have not yet been formed		Worker participation, consultation, and communication on occupational health and safety
403-5		Pg 106. As part of the Welcome Pack, all employees receive mandatory training on Occupational Risk Prevention, receiving information on the risks of their jobs and the main mitigation measures.		Worker training on occupational health and safety
403-6		5.4. Safety, health and well-being of employees Pg. 104-105		Promotion of worker health

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
403-7		5.4. Safety, health and well-being of employees Pg. 104-105		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
403-9	H&S-Emp	MERLIN also ensures the health and safety of contractors who work on its refurbishment or construction projects. In 2020, the Group launched and it continues to operate a reporting system that compiles information on occupational accidents recorded at its assets, including the type of accident, the number of days of sick leave involved and the corrective measures to be taken		Work-related injuries
G4-CRE6		Not applicable.		Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system
Training and education				
3		5. Talent creation Pg 88-111		Management approach
404-1	Emp-Training	5.1.4 Training Pg. 108-111		Average hours of training per year per employee

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
404-2		5.1.4 Training Pg. 108-111		Programmes to improve employee skills and transition assistance programmes
404-3	Emp-Dev	100% of employees receive performance assessments once a year		Percentage of employees receiving regular performance and career development reviews
Diversity and equal opportunities				
3		5.6 Diversity and equal opportunities		Management approach
405-1	Diversity-Emp	5.6 Diversity and equal opportunities Pg. 108-111		Diversity of governing bodies and employees
SOCIAL PERFORMANCE - SOCIETY				
Local communities				
3		6.4. Development and relationship with the environment Pg. 122-131		Management approach
413-1	Comty-Eng	6.4.2. Social initiatives Pg. 125-127 In all assets, dialogue and participation mechanisms have been developed, as described in the management approach		Operations with local community engagement, impact assessments, and development programmes
413-2		Not applicable		Operations with significant actual and potential negative impacts on local communities

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
G4-CRE7		No one has had to be displaced or resettled		Number of people voluntarily and involuntarily displaced and/or resettled by the Group's activities, broken down by project
Anti-corruption				
3		3. Foundations and practices of responsible management Pg. 32-59		Management approach
205-1		3.3 Ethics and compliance Pillars of Exemplary Business Conduct Pg. 54-59 Risks in general, including corruption, are assessed through the Group's Risk Management System.		Operations assessed for risks related to corruption
205-2		3.3 Ethics and compliance Pillars of Exemplary Business Conduct Pg. 54-59		Communication and training about anti-corruption policies and procedures
205-3		No cases of corruption have been detected		Confirmed incidents of corruption and actions taken
Anti-competitive behaviour				
3		3. Foundations and practices of responsible management Pg 32-59		Management approach
206-1		MERLIN Properties has not received any lawsuits for anti-competitive behaviour		Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
Socioeconomic compliance				
3		3. Foundations and practices of responsible management		Management approach
419-15		MERLIN Properties has paid EUR 536,350.57 in penalties.		Non-compliance with laws and regulations in the social and economic area
SOCIAL PERFORMANCE - RESPONSIBILITY OVER PRODUCTS				
Customer health and safety				
3		5.4. Safety, health and well-being of employees		Management approach
416-1		MERLIN assesses the potential health and safety impacts of all its assets on their occupants (tenants and users).		Assessment of the health and safety impacts of product and service categories
416-2	H&S-Comp	We have not been notified of any incident of non-compliance with health and safety regulations has been detected		Incidents of non-compliance concerning the health and safety impacts of product and service
Product and service labelling				
3		-		Management approach
417-2		Not applicable		Incidents of non-compliance concerning product and service information and labelling
G4-CRE8	Cert-Tot	4.7. Validation of MERLIN's commitments by independent third parties Pg. 81-84		Type and number of sustainability certification, rating and labelling schemes for new developments, management, occupation and refurbishment

Information on management approach and indicators	EPRA Sustainability Performance Measures	Page or direct answer	Omissions	Description
Customer privacy				
3		3.3 Ethics and compliance Pillars of Exemplary Business Conduct Pg 54-59		Management approach
418-1		MERLIN Properties has not received any claims for breach of customer privacy or leak of customer data		Substantiated complaints concerning breaches of customer privacy and losses of customer data

b. EPRA sBPR Table of Contents

EPRA Code	GRI Standard	Description	Page and/or direct answer
ENVIRONMENTAL PERFORMANCE INDICATORS			
Elec-Abs	302-1	Total electricity consumption	185
Elec-LfL	302-1	Like-for-like total electricity consumption	185
DH&C-Abs	302-1	Total district heating & cooling consumption	185
DH&C-LfL	302-1	Like-for-like district heating & cooling consumption	185
Fuels-Abs	302-1	Total fuel consumption	185
Fuels-LfL	302-1	Like-for-like fuel consumption	185
Energy-Int	CRE1	Energy intensity of buildings	185
GHG-Dir-Abs	305-1	Direct greenhouse gas (GHG) emissions	198
GHG-Indir-Abs	305-2	Indirect greenhouse gas (GHG) emissions	198
GHG-Int	CRE3	Greenhouse gas (GHG) emissions intensity from energy consumption of buildings	198
Water-Abs	303-1	Total water consumption	192
Water-LfL	303-1	Like-for-like water consumption	192
Water-Int	CRE2	Water consumption intensity of buildings	192
Waste-Abs	306-3	Total weight of waste by disposal method	196
Waste-LfL	306-3	Like-for-like weight of waste by disposal method	196
Cert-Tot	CRE8	Type and number of sustainably certified assets	199
SOCIAL PERFORMANCE INDICATORS			
Diversity-Emp	405-1	Employee gender diversity	91
Diversity-Pay	405-2	Ratio of basic salary and remuneration of women to men	102
Emp-Training	404-1	Average hours of training per year per employee	96
Emp-Dev	404-3	Percentage of employees receiving regular performance and career development reviews	MERLIN Properties employees receive continuous feedback from their managers and have direct and constructive communication with them to help them progress in their professional development. In addition, 100% of employees are evaluated each year by area managers and senior management. The results of this evaluation determine the distribution of variable remuneration
Emp-Turnover	401-1	New employee hires and employee turnover	100. In 2024 there were a total of 20 departures. The voluntary turnover rate in 2024 was 8%.
H&S-Emp	403-2	Employee health and safety	104

EPRA Code	GRI Standard	Description	Page and/or direct answer
H&S-Asset	416-1	Assessment of the health and safety of the assets	104 MERLIN assesses the potential health and safety impacts of all its assets on their occupants (tenants and visitors).
H&S-Comp	416-2	Compliance with health and safety regulations concerning the assets	No incident of non-compliance with health and safety regulations has been detected
Comty-Eng	413-1	Community engagement, impact assessments and development programmes	125 In all assets, dialogue and participation mechanisms have been developed, as described in the management approach.
GOVERNANCE PERFORMANCE INDICATORS			
Gov-Board	2-9	Governance structure and composition	35-38 More information on this indicator can be found in the Annual Corporate Governance Report (ACGR).
Gov-Selec	2-10	Appointing and selecting members of the highest governance body	The processes for appointing and selecting members of the highest governing body and its committees are described in the Annual Corporate Governance Report (ACGR) and are established in the Group's Director Selection Policy
Gov-Col	2-15	Management of conflicts of interest	Section 28 of the Board Regulations sets out the mechanisms established to prevent and manage potential conflicts of interest

Appendix I. Environmental performance reporting in accordance with the EPRA Sustainability Best Practices Recommendations (sBPR)

MERLIN's environmental performance report on its assets was prepared in accordance with the EPRA Sustainability Best Practice Recommendations (3rd edition, 2017). In line with these recommendations, the following tables include the environmental KPIs of MERLIN's assets, as established by the EPRA in these Guidelines⁵⁵. The tables reflect the environmental performance of the assets in terms of energy consumption, greenhouse gas (GHG) emissions, water withdrawal and waste generation, and the percentage of assets with environmental certification.

Key concepts

In accordance with the recommendations in the EPRA sBPR Guidelines, only assets in operation in 2024 have been included in the reporting scope for calculating MERLIN's environmental performance information.

In particular, and in view of their strategic importance to the Group's overall assets, environmental performance information for the offices, logistics assets, shopping centres, and data centers has been included, in that order, based on the floor area in each portfolio, and the calculation excludes any asset in which it holds a non-controlling interest⁵⁶. In addition, information on the environmental performance of its own offices, and properties leased by the Group for the LOOM space, is reported separately.

Based on the EPRA sBPR Guidelines, MERLIN also reports on a series of environmental indicators or KPIs (integrated in the EPRA Sustainability Performance Measures). These KPIs cover information on energy consumption, GHG emissions, water withdrawal and waste generation⁵⁷.

There are two types of KPI: Absolute KPIs and like-for-like KPIs. Absolute KPIs are calculated in terms of the total asset portfolio, while like-for-like KPIs are calculated considering only assets that have been in continuous operation for the last three years.

In addition, some of the KPIs are calculated in terms of energy consumption intensity, GHG emissions and water consumption. These KPIs are calculated as the ratio of the absolute or like-for-like value of consumption or GHG emissions and the reported floor area for that consumption or those GHG emissions.

Information on the coverage of each KPI is also included throughout the environmental report. Coverage is defined as the proportion of assets for which there is information available to calculate each KPI, expressed in this Non-Financial Information Statement in terms of number of assets.

For more accurate performance management of its assets in terms of energy consumption efficiency, water withdrawal and carbon footprint, MERLIN separates the data for these KPIs by type of property:

⁵⁵ EPRA Sustainability Performance Measures.

⁵⁶ The scope excludes the Barcelona ZAL Port assets, as they constitute a non-controlling interest.

⁵⁷ The full definition of the above KPIs is given in detail in chapter 8.b. "EPRA sBPR Table of Contents" of this report.

- Assets over which the Group exercises operational control. These are generally multi-tenant assets where the Group continuously assesses their environmental impact to take the relevant steps to monitor and reduce environmental impacts.
- Assets over which the Group does not exercise operational control. For these single-tenant assets, MERLIN's name is on the power and water utility contracts, so it is able to collect the data to record the environmental performance of these assets. However, consumption tracking is handled by the lessee.
- MERLIN'S corporate headquarters and LOOM spaces leased by the Group (only information on energy consumption and GHG emissions is available for these properties).

Regarding the KPIs related to the amount of waste generated, MERLIN collects waste from the assets included in its ISO 14001 Corporate Environmental Management System (except in those cases where this is handled by the owners' associations), and from other assets that are not included in the Environmental Management System. MERLIN therefore reports on these KPIs for all of the assets where it is responsible for waste management.

In general terms, the KPIs are calculated using the based on the invoices issued by power, water, and waste collection utility service providers and refrigerant gas recharge reports. The estimates calculated were all immaterial. Furthermore, in the case of assets that form part of an owner's association, the coefficient of ownership is applied to the energy and water consumption data. In these cases, the surface area taken into account in the calculations represents the proportional part of the coefficient of MERLIN's ownership or expense in the asset.

Energy consumption

Energy consumption at assets over which MERLIN exercises operational control

MERLIN has like-for-like energy consumption information for 77 office assets, 12 shopping centres, and 28 logistics warehouses, and absolute data for 87 office assets, 12 shopping centres, and 30 logistics warehouses, and 3 Data Centers⁵⁸. The coverage area of the information on energy consumption is broken down below.

Like-for-Like portfolio		Absolute portfolio	
	Reported surf.	Reported surf.	% area covered (surface)
Offices	817,905 sqm	936,086 sqm	78%
Logistics warehouses	436,333 sqm	686,147 sqm	47%
Shopping centres	470,207 sqm	470,207 sqm	100%
Data center	0 sqm	66,389 sqm	100%
Total	1,724,444 sqm	2,158,828 sqm	68%

⁵⁸ Appendix III contains a list of the assets included in the reporting of this type of environmental performance information.

Broken down by country, the floor area covered in Spain was 2,043,612 sqm in absolute terms and 1,609,228 sqm in like-for-like terms, and in Portugal the breakdown was 115,216 sqm and 115,216 sqm.

It can also be noted that the source of energy consumption data depend on the type of asset and the type of energy source. The following distinctions are made when it comes to calculating electricity usage:

- Assets where MERLIN controls the total electricity used throughout the building, including common areas and tenant (or private) areas. In these cases, coverage is calculated based on the surface area of the corresponding asset.
- Assets where MERLIN controls the electricity used for lighting the common areas and running the air conditioning systems of the entire asset. In these cases, it is also calculated based on the surface area of the corresponding asset.
- Assets where MERLIN only controls the electricity consumed in the common areas. In these cases, coverage is calculated based only on the surface area of the corresponding asset common areas.

Energy consumption information for fuel and district heating & cooling is available for the overall asset.

The following district heating & cooling cases were compiled:

- Assets where MERLIN controls the total electricity used throughout the building, including common areas and tenant (or private) areas. In these cases, coverage is calculated based on the surface area of the corresponding asset.
- Assets where MERLIN controls the electricity consumed in the common areas only. In these cases, coverage is calculated based only on the surface area of the corresponding asset common areas.

For both the like-for-like portfolio and the absolute portfolio, the highest share of energy consumption comes from the grid, with a much smaller proportion from the use of fuel (diesel or natural gas) for some of the offices, shopping centres and Data Centers within the reported coverage. To a lesser extent, it also includes absolute district heating & cooling consumption at four office assets in Barcelona, Torre Glòries, Pere IV, and the Poble Nou 22@ business park, connected to the Districlima network and PLZFA connected to the Ecoenergies network, and at three assets in Portugal, Central Office, Torre Zen, and Arts, connected to the Climaespaço network.

With regard to the energy consumption of Like for Like assets⁵⁹, the level decreased 0.4% compared to 2023, mainly due to the increase in occupancy in offices, activity in logistics and footfall in shopping centres, and mitigated continuing the adoption of energy saving measures in both 2023 and 2024.

Energy consumption at like-for-like assets in 2024 was 108,288,670 kWh, of which 60% was at offices, 29% at shopping centres, and the rest (11%) at logistics assets. Broken down by type of energy source, 93,433,179 kWh came from electricity (86%), 9,283,164 from natural gas (9%), 2,039,435 kWh from diesel fuel and gasoil (2%) and 3,532,892 kWh from District Heating & Cooling (3%). As regards consumption by country, 101,079,822 kWh was in Spain, and (93%) and 7,208,848 was in Portugal (7%).

In the like-for-like office portfolio, energy consumption was 64,748,821 a consumption (3.2)% lower than 2023. This consumption was 80% from electricity, 11% from natural gas, 3% diesel fuel and

⁵⁹ Assets that have been operating continuously for the last three years are included.

gasoil, and 5% District Heating & Cooling. In the like-for-like logistics assets, energy consumption was 11,647,597 kWh (all electricity) compared to 11,600,889 kWh in 2023. The energy consumed at shopping centres was 31,892,253 kWh, down 0.7% from 2023, broken down into 94% electricity and 6% natural gas.

In 2024 absolute energy consumption was similar to that in 2023. Absolute Energy consumption in 2024 was 125,538,478 kWh among offices (58%), logistics warehouses (10%), shopping centres (25%) and Data centers (7%). By type of energy source, 107,454,184 kWh came from electricity (86%), 9,727,190 kWh from natural gas (8%), 2,729,239 kWh from diesel fuel and gasoil (4%) and 5,627,865 kWh from District Heating & Cooling (4%). By country, energy consumption in Spain accounted for 115,720,597 kWh (92%) and in Portugal 9,817,881 kWh (8%).

Absolute energy consumption for the office portfolio in 2024 was 72,192,827.67 kWh, an increase of 3.94% with respect to 2023. The breakdown of this energy consumption was 78% electricity, 10% natural gas, 4% diesel fuel and gasoil, and 8% District Heating & Cooling. Energy consumption for the like-for-like logistics assets was 12,526,599 kWh (all electricity), compared to 11,728,560 kWh in 2023. The energy consumed at shopping centres was 31,892,253 kWh, down 2.7% on 2023, broken down into (94%) electricity and (6%) natural gas. The energy consumed at Data Centers was 8,926,799 kWh, broken down into (92)% electricity and (8)% natural gas.

Energy intensity in the like-for-like portfolio was 75.06 kWh/sqm, up 0.2% on 2023, and in the absolute portfolio it was 70.70 kWh/sqm, down 4.7% on 2023.

Generation of renewable energy for self-consumption in assets under operational control in 2024 was 5,720 kWh; 2,516 kWh at office assets, 2,450 kWh at shopping centres, and 359 at logistics assets and 395 MWh at Data Centers. In addition, 582 kWh produced at logistics buildings (546 kWh) and at office buildings (36 kWh) were fed into the grid. These assets are included in Project SUN, with the number of photovoltaic generation facilities expected to increase in the coming years.

MERLIN continued to increase the proportion of renewable electricity purchased from green energy suppliers for assets under its operational control. Electricity consumption from these types of suppliers totalled 99.99% in 2024, similar to the value for the previous year.

In terms of other energy sources used by the assets, district heating & cooling energy consumption is partially renewable (4,418,971 kWh) and partially non-renewable (1,208,894 kWh). Energy consumption from fuels comes from entirely non-renewable sources.

Energy consumption for MERLIN Properties’ portfolios (under operational control)

EPRA Code	Indicator and units		Total MERLIN					Offices					Shopping centres					Logistic assets					Data Centers					
			Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like			
			2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	
Elect-Abs, Elect-LfL	Electricity (kWh)	Electricity consumption	Common areas	25,691,423	24,318,363	23,271,753	23,044,359	1.0%	14,386,493	13,592,841	13,060,743	12,944,178	0.9%	9,429,408	9,812,239	9,429,408	9,347,525	0.9%	887,083	767,976	781,602	752,655	3.8%	988,439	145,306	0	0	
			Tenant space	81,762,761	72,916,909	70,161,425	70,243,661	-0.1%	42,255,040	39,791,534	38,675,781	38,900,124	-0.6%	20,619,650	21,099,211	20,619,650	20,495,304	0.6%	11,639,516	10,960,584	10,865,995	10,848,233	0.2%	7,248,556	1,065,581	0	0	
		Electricity from renewable sources (%)		99.99%	99.56%	99.99%	99.99%		100.00%	100.00%	100.00%	100.00%		99.96%	98.62%	99.96%	100.00%		100.00%	100.00%	100.00%	100.00%		100.00%	—%	—%	—%	
		Total electricity consumption		107,454,184	97,235,272	93,433,179	93,288,019	0.2%	56,641,532	53,384,375	51,736,525	51,844,302	-0.2%	30,049,057	30,911,451	30,049,057	29,842,829	0.7%	12,526,599	11,728,560	11,647,597	11,600,889	0.4%	8,236,996	1,210,887	0	0	
DH&C-Abs, DH&C-LfL	District heating & cooling (kWh)	Electricity consumption	Common areas	2,104,633	1,855,834	1,853,237	1,645,005	12.7%	2,104,633	1,855,834	1,853,237	1,645,005	12.7%	0	0	0	0		0	0	0	0		0	0	0	0	
			Tenant space	3,523,232	3,604,490	1,679,655	2,058,408	-18.4%	3,523,232	3,604,490	1,679,655	2,058,408	-18.4%	0	0	0	0		0	0	0	0		0	0	0	0	
		District heating & cooling from renewable sources (%)		79%	74%	98%	98%		79%	74%	98%	98%		—%	—%	—%	—%		—%	—%	—%	—%		—%	—%	—%	—%	
		Total district heating & cooling consumption		5,627,865	5,525,668	3,532,892	5,151,572	-31.4%	5,627,865	5,460,324	3,532,892	5,151,572	-31.4%	0	0	0	0		0	0	0	0		0	0	0	0	
Fuels-Abs, Fuels-LfL	Fuel (kWh)	Fuel	Common areas	1,964,977	1,181,447	1,275,173	1,148,959	11.0%	0	0	0	0		1,275,173	1,181,447	1,275,173	1,148,959	11.0%	0	0	0	0		689,803	0	0	0	
			Tenant space	10,491,452	11,300,868	10,047,426	10,584,009	-5.1%	9,923,430	10,612,337	9,479,404	9,895,478	-4.2%	568,022	688,531	568,022	688,531	-17.5%	0	0	0	0		0	0	0	0	
		Fuel from renewable sources (%)		—%	—%	—%	—%		—%	—%	—%	—%		—%	—%	—%	—%		—%	—%	—%	—%		—%	—%	—%	—%	
		Total fuel consumption		12,456,429	12,482,315	11,322,600	11,732,968	-3.5%	9,923,430	10,612,337	9,479,404	9,895,478	-4.2%	1,843,195	1,869,978	1,843,195	1,837,490	0.3%	0	0	0	0		689,803	0	0	0	
Energy-Int	Energy intensity (kWh/sqm)		71	68	75	75		78	81	83	83		68	67	68	67		37	33	61	61		134	55	0	0		
Coverage (based on number of assets)			132	131	117	117		87	85	77	77		12	14	12	12		30	30	28	28		3	2	0	0		
% of data estimated			—%	—%	—%	—%		—%	—%	—%	—%		—%	—%	—%	—%		—%	—%	—%	—%		—%	—%	—%	—%		

Energy consumption at assets over which MERLIN does not exercise operational control

With regard to the assets not under MERLIN's operational control (single-tenant), the Group has like-for-like information on energy consumption for 3 logistics warehouse and 1 office assets and absolute information for 2 office assets and 8 logistics warehouses⁶⁰ (all located in Spain). The table below shows the coverage area of the information on energy consumption.

Like-for-Like portfolio		Absolute portfolio	
	Reported surf.	Reported surf.	% area covered (surface)
Offices	10,495 sqm	32,827 sqm	3%
Logistics warehouses	140,536 sqm	255,520 sqm	15%
Shopping centres	0 sqm	0 sqm	—%
Total	151,031 sqm	288,347 sqm	8%

Absolute energy consumption for assets not under the Company's operational control was 7,212,750 kWh in 2024, (32%) for offices and 68% for logistics warehouses. Consumption has been almost entirely electricity (98%) compared with fuel, which accounts for 2% of energy consumption and is reported in office assets. Electricity consumption has been distributed in a proportion of 70% in logistics warehouses and the remaining 30% in offices.

In the like-for-like portfolio (made up of one logistics asset), energy consumption was 3,521,494 kWh, 95% of which corresponds to electricity and 5% to natural gas. This consumption was 20.0% lower than in 2023.

Energy intensity in the absolute portfolio was 16.6 kWh/sqm and 21.4 kWh/sqm in the Like-for-Like portfolio.

⁶⁰ Appendix III contains a list of the assets included in the reporting of this type of environmental performance information.

Energy consumption for MERLIN Properties' portfolios (not under operational control)

EPRA code	Indicator and units		Total MERLIN					Offices					Shopping centres					Logistic assets				
			Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like		
			2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.
Elect- Abs, Elect- LfL	Electricity (kWh)	Electricity consumption	7,042,121	4,188,291	3,350,865	4,188,291	-20%	2,123,565	830,594	739,710	830,594	-11%	0	0	0	0		4,918,556	3,357,697	2,611,155	3,357,697	-22%
		Electricity from renewable sources (%)	71%	100%	100%	100%	—%	100%	100%	100%	100%	0%	0%	0%	0%	0%		58%	100%	100%	100%	0%
DH&C- Abs, DH&C- LfL	District heating & cooling (kWh)	Total district heating & cooling consumption	0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0	
		Fuel from renewable sources (%)	0%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%	
Fuels- Abs, Fuels- LfL	Fuel (kWh)	Total fuel consumption	170,629	222,107	170,629	222,107	-23%	170,629	222,107	170,629	222,107	-23%	0	0	0	0		0	0	0	0	
		District heating & cooling from renewable sources (%)	0%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%	
Energy- Int	Energy intensity (kWh/sqm)		16.6	46.4	21.4	46.4		42.2	100.3	86.7	100.3	-14%	0.0	0.0	0.0	0.0		13.3	39.7	16.5	39.7	
Coverage (based on number of assets)			10	4	3	3		2	1	1	1	0%	0	0	0	0		8	3	3	3	
% of data estimated			9%	0%	9%	0%		0%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%	

Electricity consumption at MERLIN's corporate headquarters and LOOM spaces

MERLIN has corporate headquarters in Madrid, Barcelona and Lisbon. Given that the Madrid headquarters, with a floor area of 2,412 sqm, are the most representative, the energy consumption figures for that office are reported below. Electricity consumption was 221,483 kWh, which indicates a consumption intensity of 91.83 kWh/sqm, an increase of 7% compared to 2023, with no fuel consumption at this building.

In addition, the Company has three buildings, of which it is the lessee, that exclusively host FlexSpace areas as part of the LOOM brand (Fábrica de Tapices, Huertas and Salamanca). Of these three buildings, the Group controls electricity consumption at Huertas and Salamanca, with total floor areas of 3,031 sqm, 1,100 sqm, and 1,931 sqm, respectively.

In 2024, electricity consumption was 474,942 kWh (171,990 kWh at Huertas and 302,952 kWh at Salamanca), an increase of 1.2% over 2023 (469,456 kWh). Consumption intensity was 156.69 kWh/sqm. There is no fuel consumption at these locations.

Energy consumption in the LOOM spaces leased in MERLIN's multi-tenant buildings was 1,316,913 kWh, broken down between electricity (62.8%), natural gas (8.1%) and district heating&cooling (29.1%).

Energy consumption at properties leased by LOOM

EPRA Code	Indicator		Buildings leased by LOOM		
			2024	2023	Evol.
Elect-Abs, Elect-LfL	Electricity (kWh)	Total electricity consumption	474,942	469,456	1%
		Electricity from renewable sources (%)	100%	100%	
Fuels-Abs, Fuels-LfL	Fuel (kWh)	Total fuel consumption	N/A	N/A	
		Fuel from renewable sources (%)	N/A	N/A	
Energy-Int	ENERGY INTENSITY (kWh/m2)		156.69	154.88	1%
% of estimated data			0	0	

Energy consumption at MERLIN Properties' corporate headquarters⁶¹

EPRA Code	Indicator		Buildings leased by LOOM		
			2024	2023	Evol.
Elect-Abs, Elect-LfL	Electricity (kWh)	Total electricity consumption	221,483	206,410	7%
		Electricity from renewable sources (%)	100%	100%	
Fuels-Abs, Fuels-LfL	Fuel (kWh)	Total fuel consumption	N/A	N/A	
		Fuel from renewable sources (%)	N/A	N/A	
Energy-Int	ENERGY INTENSITY (kWh/m2)		91.83	85.58	7%
% of estimated data			0	0	

⁶¹ The energy consumption figures for the corporate headquarters do not include fuel consumption, so the consumption figures on the table refer exclusively to the electricity grid.

Water withdrawal

MERLIN has like-for-like information on water withdrawal at multi-tenant assets under its operational control for 77 office assets, 26 logistics warehouses, and 12 shopping centres. There is absolute information for 87 office assets, 30 logistics warehouses, 12 shopping centres, and 2 Data Centers⁶². The table below shows the information on water withdrawal and the corresponding floor area coverage.

Like-for-Like portfolio		Absolute portfolio	
	Reported surf.	Reported surf.	% area covered (surface)
Offices	812,715 sqm	956,946 sqm	79%
Logistics warehouses	396,742 sqm	396,742 sqm	27%
Shopping centres	470,216 sqm	470,207 sqm	100%
Data center	0 sqm	44,639 sqm	67%
Total	1,679,673 sqm	1,868,533 sqm	59%

By country, the floor area covered for water withdrawal in Spain was 1,753,317 sqm in the absolute portfolio and 1,563,372 sqm in the like-for-like portfolio. In Portugal, that area was 115,216 sqm and 115,216 sqm, respectively.

For office and shopping centre assets, the source information available to MERLIN refers, as a general rule, to the water withdrawal for the entire asset. However, the data for logistics assets sometimes refers to common areas only and other times to the entire asset.

With regard to like-for-like performance data, the total volume of water withdrawal at the assets under MERLIN's operational control in 2024 was 656,138 m³, broken down as follows: office assets (43%), logistics warehouses (6%) and shopping centres (50%). Compared to 2023, there is a (1)% decrease.

In the like-for-like office portfolio, water withdrawal in 2024 was 282,910 m³, a 2% difference compared with 2023. giving similar data for both years. At the logistics warehouses, water withdrawal was 42,491 m³, down 4% from 2023. Lastly, the volume at shopping centres was 330,737 m³, up (2%) on 2023.

In absolute terms, the volume of water withdrawal in 2024 was 677,878 m³ among offices (45%), logistics warehouses (6%) and shopping centres (49%)and Data Centers (0.26%). The absolute volume of water withdrawal fell (0.2)% compared with 2023. By country, the volume of water withdrawal was 620,288 m³ in Spain (92% of the total) and 57,590 m³ in Portugal (8% of the total).

⁶² Appendix II contains a list of the assets included in the reporting of this type of environmental performance information

In the office portfolio, absolute water withdrawal in 2024 was 302,876 m³, up 4.7% from 2023; at the logistics assets it was 42,491 m³, down 4% from 2023; and at the shopping centres it was 330,737 m³, up (4.0%) on 2023.

Practically all water withdrawals come from the municipal network, representing a total volume of 662,202 m³ in absolute terms (97.7% of the total water withdrawn). Some of the water used at the Marineda shopping centre in A Coruña and at the Torre Chamartín office asset comes from a rainwater tank. There is a groundwater well at the Alvia business park asset. The water withdrawal data for the two office assets come from meter data, and the volume of water collected and used at the Marineda asset was estimated based on the rainfall recorded in the A Coruña area in 2024 and the collection surface area of the rainwater tank⁶³, yielding a total water withdrawal of 15,677 m³ for the three assets.

Lastly, water withdrawal intensity in the like-for-like portfolio was 0.478 m³/sqm, down 0.40% from 2023, and in the absolute portfolio it was 0.451 m³/sqm, down 3% from 2023.

⁶³ The estimate considers the annual recorded rainfall in La Coruña in 2023, according to data provided by Meteogalicia, and a catchment area of about 16,000 sqm. A 10% loss rate was assumed.

Water withdrawal for MERLIN Properties' portfolios (under operational control)

EPRA Code	Indicator and units	Total MERLIN					Offices					Shopping centres					Logistic assets					Data center				
		Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like		
		2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.
Water-Abs, Water-LfL	Water consumption in common areas (m3)	179,268	189,654	177,093	188,375	-6%	42,125	41,362	40,129	40,192	—%	129,923	140,500	129,923	140,500	-8%	7,042	7,683	7,042	7,683	-8%	178	109	0	0	
	Water consumption in tenant spaces (m3)	498,611	492,346	479,044	480,837	—%	260,750	247,788	242,781	237,261	2%	200,814	206,805	200,814	206,805	-3%	35,449	36,771	35,449	36,771	-4%	1,598	982	0	0	
	Water consumption in the entire building (m3)	677,878	679,061	656,138	660,604	-1%	302,876	289,150	282,910	277,453	2%	330,737	344,366	330,737	338,697	-2%	42,491	44,454	42,491	44,454	-4%	1,775	1,091	0	0	
	Total water consumption (m3)	677,878	679,061	656,138	660,604	-1%	302,876	289,150	282,910	277,453	2%	330,737	344,366	330,737	338,697	-2%	42,491	44,454	42,491	44,454	-4%	1,775	1,091	0	0	
Water-Int	Water consumption intensity (m3/sqm)	0.451	0.463	0.478	0.480		0.354	0.359	0.368	0.359		0.992	0.994	0.992	1.017		0.158	0.165	0.158	0.165		0.040	0.02	0.00	0.00	
Coverage (based on number of assets)		127	124	115	115		87	84	77	77		12	13	12	12		26	26	26	26		2	1	0	0	
% of data estimated		—%	—%	—%	—%		—%	—%	—%	—%		—%	—%	—%	—%		—%	—%	—%	—%		—%	—%	—%	—%	

Water withdrawal at assets over which MERLIN does not exercise operational control

MERLIN has absolute and like-for-like information on water withdrawal at single-tenant assets not under its operational control for 4 office assets⁶⁴(all located in Spain). The table below shows the information on water withdrawal and the corresponding floor area coverage.

Like-for-Like portfolio		Absolute portfolio	
	Reported surf.	Reported surf.	% area covered (surface)
Offices	48,189 sqm	48,189 sqm	4%
Logistics warehouses	0 sqm	0 sqm	0%
Shopping centres	0 sqm	0 sqm	0%
Total	48,189 sqm	48,189 sqm	1%

For assets not under MERLIN'S operational control, absolute water withdrawal from the municipal network amounted in 2024 to 20,895 m³ (water withdrawal intensity of 0.296 m³/sqm in, with office assets accounting for all consumption. Consumption in 2024 was 19% lower than in 2023.

In 2024, the like-for-like portfolio, consumption was 20,895 m³ (water withdrawal intensity of 0.296 m³ /sqm) a decrease of 19% from 2023.

⁶⁴ Appendix III contains a list of the assets included in the reporting of this type of environmental performance information.

Water withdrawal for MERLIN Properties' portfolios (not under operational control)

EPRA Code	Indicator and units	Total MERLIN					Offices					Shopping centres					Logistic assets				
		Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like		
		2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.
Water-Abs, Water-Lfl	Total water consumption (m3)	20,895	17,503	20,895	17,503	19%	19,401	17,503	19,401	17,503	11%	0	0	0	0		1,494	0	1,494	0	
Water-Int	Water consumption intensity (m3/sqm)	0.296	0.268	0.296	0.268		0.268	0.268	0.268	0.268		0.000	0.000	0.000	0.000		0.281	0.000	0.281	0.000	
Coverage (based on number of assets)		5	4	5	4		4	4	4	0		0	0	0	0		1	0	0	0	
% of data estimated		0%	0%	0%	0%			0%		0%		0%	0%	0%	0%		0%	0%	0%	0%	

MERLIN has no water data for its corporate headquarters or for the leased LOOM buildings.

Waste management

For waste management, the Group has like-for-like information on 73 office assets, 11 shopping centres, and 1 logistics warehouse, and it has absolute information on 80 office assets, 11 shopping centres, 3 Data Centers and 10 logistic warehouses⁶⁵ (all located in Spain). The table below shows the coverage area of the information on waste management.

Like-for-Like portfolio		Absolute portfolio	
	Reported surf.	Reported surf.	% area covered (surface)
Offices	788,976 sqm	825,480 sqm	68%
Logistics warehouses	36,234 sqm	169,030 sqm	12%
Shopping centres	410,118 sqm	410,118 sqm	87%
Data Centers	0 sqm	66,389 sqm	100%
Total	1,235,327 sqm	1,471,016 sqm	46%

In 2024 , assets in the like-for-like portfolio accounted for a total of 7,523 tonnes of waste, 99.9% of which was non-hazardous waste and the remainder hazardous. The assets in the absolute portfolio accounted for 7,719 tonnes of waste, 99.9% of which was non-hazardous waste and the remainder hazardous.

There was an overall increase in the like-for-like waste managed in 2024 compared to 2023 (11%). This decrease is mainly due to non-hazardous waste managed in shopping centres and offices.

In contrast, in absolute terms, in 2024 compared to 2023 there was a 10%% increase in the amount of waste managed in 2024 compared with 2023. This was a slightly higher increase than in the like-for-like portfolio.

⁶⁵ Appendix III contains a list of the assets included in the reporting of this type of environmental performance information.

Waste generation at assets managed by MERLIN

EPRA Code	Indicator	Total MERLIN					Offices					Shopping centres					Logistics assets					Data Centers				
		Absolute		Like-for-like			Absolute		Like-for-like			Absolute		Like-for-like			Absolute		Like-for-like			Absolute		Like-for-like		
		2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.
Waste-Abs, Waste-LfL	Total generation of non-hazardous waste (t)	7,709.0	7,002.3	7,515.6	6,794.2	11%	292.4	316.8	270.4	254.5	6%	6,935.3	6,239.3	6,935.3	6,239.3	11%	473.8	446.2	309.9	300.4	3%	7.40	—%	0.00	—%	
	Total generation of hazardous waste (t)	10.2	7.9	7.3	7.8	-7%	2.9	3.1	2.4	3.1	-21%	4.7	4.8	4.7	4.8	-2%	0.2	0.0	0.2	0.0	9500%	2.41	—%	0.00	—%	
	Waste to be eliminated (t)	1,789.9	186.5	1,624.8	52.3	3009%	50.3	51.9	40.7	51.9	-22%	1,584.0	0.4	1,584.0	0.4	401921%	155.7	134.1	0.2	0.0		0.00	—%	0.00	—%	
	Waste to be recovered through energy (t)	805.0	685.1	800.5	685.0	17%	27.5	16.2	23.3	16.0	45%	667.8	575.4	667.8	575.4	16%	109.4	93.6	109.4	93.6	17%	0.27	—%	0.00	—%	
	Waste to be recovered (t)	5.6	11.9	5.0	11.8	-58%	2.2	2.6	1.9	2.5	-26%	3.1	9.3	3.1	9.3	-66%	0.0	0.0	0.0	0.0	-100%	0.22	—%	0.00	—%	
	Waste to be recycled (t)	5,118.9	6,126.8	5,092.5	6,101.8	-17%	215.6	249.2	207.0	236.0	-12%	4,685.1	5,659.0	4,685.1	5,659.0	-17%	208.9	218.6	200.4	206.8	-3%	9.33	—%	0.00	—%	
Coverage (based on number of assets)		106 of 188	103 of 190	85 of 85	84 of 84		80 of 115	82 of 113	73 of 73	72 of 72		11 of 12	11 of 14	11 of 11	11 of 11		10 of 56	10 of 56	1 of 1	1 of 1		3 de 3	—%	—%	—%	
% of data estimated		0%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%	

There is no information available on waste generation at corporate headquarters or the LOOM buildings.

Scope 1 and scope 2 greenhouse gas (GHG) emissions

GHG emissions at assets over which MERLIN exercises operational control

First, applying the location-based calculation method⁶⁶ to the like-for-like portfolio, the sum of Scope 1 and Scope 2 GHG emissions was 9,084 tCO₂eq, 10% lower than in 2023. Specifically, direct emissions (Scope 1), including emissions from fuel consumption and refrigerant gas recharges at the assets, amounted to 2,671 tCO₂eq. Indirect emissions (Scope 2) associated with the generation of electricity consumed and District Heating & Cooling consumption at the assets amounted to 6,413 tCO₂eq.

In the breakdown of like-for-like emissions by portfolio, Scope 1 and 2 emissions from office assets were 1,949 tCO₂eq and 3,167 tCO₂eq, 78 tCO₂eq of Scope 2 emissions from logistics warehouses and 721 tCO₂eq and 3,168 tCO₂eq from shopping centres, respectively.

For the absolute portfolio, the sum of Scope 1 and Scope 2 location-based GHG emissions was 9,935 tCO₂eq, 4.5% lower than in 2023. By scope, 2,878 tCO₂eq were Scope 1 emissions⁶⁷ and the remaining 7,057 tCO₂eq were Scope 2 emissions⁶⁸. By asset type, absolute Scope 1 and Scope 2 emissions at office assets were 1,949 tCO₂eq and 3,696 tCO₂eq in office assets and 97 tCO₂eq Scope 2 emissions from logistics warehouses, 721 tCO₂eq and 3,168 tCO₂eq in shopping centres and 207 tCO₂eq in Scope 1 and 97 tCO₂eq Scope 2 emissions in Data Centers.

Compared to 2023 there was a slight decrease in Scope 1 emissions and an appreciable decrease in Scope 2 emissions, mainly due to the decrease in the Spanish emission factor published by REE [Spain's grid operator].

Furthermore, by country, in absolute terms, Spain produced 8,760 tCO₂eq of Scope 1 and Scope 2 GHG emissions (2,830 tCO₂eq Scope 1 and 5,930 tCO₂eq Scope 2), while Portugal produced 1,175 tCO₂eq (48 tCO₂eq Scope 1 and 1,128 tCO₂eq Scope 2).

GHG emission intensity was 0.006 tCO₂eq (9% lower than in 2023) for the like-for-like portfolio and 0.006 tCO₂eq (6% lower than in 2023) for the absolute portfolio.

Direct emissions from fuel consumption in assets under MERLIN's operational control (scope 1) obtained following the recommendations of the Ministry of Ecological Transition and Demographic Challenge (MITERD).

A location-based calculation method was used to determine the indirect emissions associated with electricity consumption at assets under MERLIN'S operational control (scope 2). For this calculation MERLIN used the emission factors for the countries where its assets are located, Spain and Portugal⁶⁹.

⁶⁶ Scope 1 emissions were calculated considering the factors recommended by the Spanish Ministry for Ecological Transition and Demographic Challenge (MITERD). Scope 2 location-based emissions from electricity consumption were calculated considering the emission factor of the electricity mix for Spain and Portugal. The emission factor of the electricity mix is a rate that represents the CO₂ emission intensity associated with generating the electricity that is consumed. Therefore, it is a significant indicator of the ratio of low carbon energy sources to the country's total electricity production. Scope 2 location-based emissions from district heating were obtained from the emission factor provided by Districlima, and emissions from district cooling were obtained considering the emission factor of the Spanish electricity mix and a grid loss percentage of 10%.

⁶⁷ Includes fuel consumption and refrigerant gas recharges.

⁶⁸ Includes electricity consumption and district heating & cooling

⁶⁹ The 2024 factor for Spain was obtained from the information published by Red Eléctrica de España (REE), while the factor for Portugal was taken from the data published by the Energy Observatory run by the Portuguese Ministry of Environment and Climate Action.

Location-based greenhouse gas emissions for MERLIN Properties' portfolios (under its operational control)

EPRA Code	Indicator and units	Total MERLIN					Offices					Shopping centres					Logistic assets					Data center				
		Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like		
		2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.
-	Direct scope 1 emissions, refrigerant gases (tCO2eq)	2,445	2,363	2,412	2,363	2%	1,949	2,260	1,949	2,260	-14%	463	103	463	103	352%	0	0	0	0		33	0	0	0	
-	Direct scope 1 emissions, fuels (tCO2eq)	433	239	258	233	11%	0	0	0	0		258	239	258	233	11%	0	0	0	0		175	0	0	0	
GHG-Dir-Abs, GHG-Dir-LfL	Direct scope 1 emissions (tCO2eq)	2,878	2,602	2,671	2,596	3%	1,949	2,260	1,949	2,260	-14%	721	342	721	335	115%	0	0	0	0		207	0	0	0	
GHG-Indir-Abs, GHG-Indir-LfL	Indirect scope 2 emissions (tCO2eq)	7,057	7,797	6,413	7,469	-14%	3,696	3,827	3,167	3,649	-13%	3,168	3,860	3,168	3,730	-15%	97	92	78	90	-13%	97	18	0	0	
-	Total emissions - Scopes 1+2 (tCO2eq)	9,935	10,399	9,084	10,064	-10%	5,645	6,087	5,117	5,910	-13%	3,889	4,202	3,889	4,065	-4%		92	78	90	-13%	304	18	0	0	
GHG-Int	EMISSIONS INTENSITY (tCO2eq/sqm)	0.006	0.006	0.006	0.007		0.006	0.007	0	0		0	0	0	0		0	0	0	0		0	0	0	0	
Coverage (based on number of assets)		132	0	115	0		86	0	75	0		14	0	12	0		30	0	28	0		2	0	0	0	
% of data estimated		0%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%		—%	—%	—%	—%	

Location-based greenhouse gas emissions for MERLIN's portfolios (not under its operational control)

EPRA Code	Indicator and units	Total MERLIN					Offices					Shopping centres					Logistic assets				
		Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like			Absolute		Like for Like		
		2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.	2024	2023	2024	2023	Evol.
-	Scope 3 emissions, refrigerant gases (tCO ₂ eq)	0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0	
-	Scope 3 emissions, fuels (tCO ₂ eq)	35	45	35	45	-23%	35	45	35	45	-23%	0	0	0	0		0	0	0	0	
-	Indirect scope 3 emissions, electricity (tCO ₂ eq)	775	433	228	433	-47%	324	101	76	101	-25%	0	0	0	0		451	332	152	332	-54%
GHG-IndirAbs, GHG-Indir-LfL	Total scope 3 emissions (tCO ₂ eq)	809	478	263	478	-45%	324	101	76	101	-25%	0	0	0	0		451	332	152	332	-54%
GHG-Int	EMISSIONS INTENSITY - Scope 3 (tCO ₂ eq/sqm)	0.003	0.005	0.003	0.005		0.010	0.014	0.011	0.014		0.000	0.000	0.000	0.000		0.003	0.005	0.003	0.005	
Coverage (based on number of assets)		10	4	4	4		2	1	1	1							8	3	3	3	
% of data estimated		0%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%	

Certificates

The table below details the number and types of asset certifications in each portfolio. They include energy certifications under Royal Decree 235/2013; LEED/BREEAM sustainable construction certificates; and ISO 14001 and ISO 50001 Management Systems certifications.

The percentage of certified assets is calculated by surface area based only on the assets in operation in the office, shopping centre, logistics and Data Center portfolios and the WIP assets, Josefa Valcárcel 48, PE Churruca and PE Cerro Gamos WIP. The calculations did not include the Barcelona ZAL Port assets, other non-strategic assets, or the rest of the WIP assets.

Certificates

EPRA Code	Indicator and units	Total MERLIN		Offices		Shopping centres		Logistics assets		Data Center	
		Absolute	Like-for-like	Absolute	Like-for-like	Absolute	Like-for-like	Absolute	Like-for-like	Absolute	Like-for-like
Cert-Tot	Energy certificates (% surface area)	98%	99%	97%	98%	100%	100%	81%	100%	100%	—%
	Coverage (based on number of assets)	180 of 184	126 of 127	111 of 114	78 of 79	12 of 12	12 of 12	54 of 55	36 of 36	3 de 3	0 de 0
	Sustainable building certificates (% surface area)	92%	90%	90%	94%	99%	97%	81%	100%	—%	—%
	Coverage (based on number of assets)	167 of 184	114 of 127	101 of 114	75 of 79	12 of 13	12 of 12	54 of 59	36 of 36	0 de 3	0 de 0
	Management systems (% surface area)	42%	61%	66%	89%	66%	66%	8%	21%	100%	—%
	Coverage (based on number of assets)	96 of 184	83 of 127	80 of 114	72 of 79	8 of 12	8 of 12	5 of 55	3 of 36	3 de 3	0 de 0

Appendix II. Methodology for calculating scope 3 GHG emissions

In line with its Path to Net Zero strategy, in 2024, the Company enhanced its calculation of its Scope 3 indirect GHG emissions, those resulting from the Company's activities at sources that are neither owned nor controlled by the Company. MERLIN therefore calculated its GHG emissions in the most relevant categories defined in the GHG Protocol based on the Group's lines of business

Type of emission	GHG protocol category	Emissions (tCO ₂ eq)
Emissions related to the supply chain	1. Goods and services purchased	14,515
	2. Capital goods	82,007
	4. Upstream transport and distribution	1,651
Upstream emissions from fuels	3. Fuel and energy-related activities	1,066
Emissions from waste disposal and waste treatment	5. Waste generated from operations	4,306
Emissions related to business travel	6. Business travel	187
Emissions associated with employee commuting	7. Employee commuting	8,632
Emissions associated with assets where MERLIN is a tenant	8. Upstream leases	58
Emissions associated with assets where MERLIN is a landlord	13. Downstream leases	50,041
TOTAL		162,463

Category 13 - Downstream leased assets

Based on the emission intensity data per square meter (kgCO₂eq/sqm) included in the energy certifications for most of MERLIN'S strategic assets (as discussed in section 4.7 of this Statement of Non-Financial Information, in the subsection titled "Energy rating of MERLIN'S assets"), MERLIN has

estimated GHG emissions from energy consumption at assets over which the Company does not exercise operational control. Emissions of this type fall in category 13 of Scope 3 (called "Downstream leases" in the GHG Protocol). The calculation focuses on the asset portfolios designated as strategic, as they are most representative of the Group's assets (offices, logistics assets, shopping centres, and Data Centers).

Given the characteristics of this type of emissions, GHG emissions in this category are calculated using a location-based method (i.e., taking as the basis the electricity mix for the country where the asset is located).

Depending on the type of asset, GHG emissions from energy sources managed and/or controlled by tenants (scope 3, category 13 GHG emissions) may account for the total (see point 1 below) or only a portion of the asset's GHG emissions (see point 2). There are also some cases where MERLIN manages and/or controls all of the asset's energy consumption and, therefore, the scope 3, category 13 GHG emissions associated with that asset are zero (see point 3)⁷⁰.

1. In the case of **single-tenant assets**, the tenant has control over all of the fuel (if fuel is used for heating) and electricity consumption. Thus, based on the energy certification reports, the GHG emissions of the asset as a whole were estimated and assigned to scope 3, category 13.
2. For **most multi-tenant assets**, the tenant has partial control over the electricity consumed at the asset. Based on the energy certification reports, the GHG emissions from electricity consumption (under the tenant's control) were calculated and the GHG emissions were assigned to scope 3, category 3⁷¹.
3. For the **remaining multi-tenant assets** where the tenant does not control any of the asset's energy sources, no estimates are made of the asset's GHG emissions².

In all cases, a GHG emissions intensity factor per square meter (kgCO₂e/sqm), "updated" to 2024, is obtained at the asset-to-asset level. This correction of the factor is critical to the calculations, as both Spain and Portugal have experienced a sharp increase in energy generation from renewable sources in recent years. The intensity factor is based on the GHG emissions intensity that appears on the energy certification, considering both the year in which the certification report is issued, and the type of energy sources used by the asset (electricity and fuel or only electricity)⁷².

For assets that do not have an energy rating, an average emissions intensity factor was calculated and considered for each strategic portfolio (offices, logistics assets and shopping centres).

In the particular case of single-tenant assets for which MERLIN has compiled energy consumption data for 2024 based on invoices, which are in turn re-invoiced to the tenant (see the sub-section on "Energy consumption at assets over which MERLIN does not exercise operational control" in Appendix I⁷³), GHG emissions were calculated by multiplying the consumption data on the invoices by the same emission factors used to calculate the Scope 1 and Scope 2 emissions (using a location-based method). In these specific cases, it was not necessary to create estimates from data on energy ratings.

⁷⁰ According to the GHG Protocol guidelines for electricity consumption, the buyer of the electricity (i.e., the party billed by the electricity seller) is the one that controls the energy

⁷¹ GHG emissions associated with energy sources under MERLIN's control refer to the Scope 1 and Scope 2 GHG emissions reported in the section of Schedule I titled "Scope 1 and Scope 2 greenhouse gas (GHG) emissions"

⁷² Since energy certification reports are valid for 10 years, there are cases where the data on GHG emissions intensity (kgCO₂e/sqm) for an asset refer to equipment and systems that have already been replaced with more efficient ones (especially on refurbishment projects). Consequently, on a global level the estimates are considered to provide an "upwards" value of the scope 3 GHG emissions of the portfolios.

⁷³ See also Schedule III: "Breakdown of the environmental performance reporting scope". These assets are the ones marked "Yes*" in the "Energy Report" column ("Yes" with an asterisk). "Yes*" (a "Yes" followed by an asterisk).

Estimated GHG emissions for this category were 50,041 tCO₂eq. The breakdown among strategic portfolios is 22,577 tCO₂eq for offices, 21,272 tCO₂eq for logistics assets, and 5,482 tCO₂eq for shopping centres and 711 tCO₂eq for Data Centers. The table below shows the GHG emissions for single-tenant assets and private energy consumption at multi-tenant assets:

Portfolio	Total scope 3, category 13 GHG emissions	Scope 3 by asset type	
		Single-tenant	Multi-tenant (private energy consumption)
Offices	22,577 ton CO ₂ e	6,731 ton CO ₂ e	15,845 ton CO ₂ e
Logistics warehouses	21,272 ton CO ₂ e	9,414 ton CO ₂ e	11,858 ton CO ₂ e
Shopping centres	5,482 ton CO ₂ e	0 ton CO ₂ e	5,482 ton CO ₂ e
Data center	711 ton CO ₂ e	0 ton CO ₂ e	711 ton CO ₂ e
Total	50,041 ton CO₂e	16,145 ton CO₂e	33,896 ton CO₂e

Other scope 3 categories

Emissions related to the supply chain

Using billing data from suppliers, in 2024 MERLIN estimated the Scope 3 emissions associated with its supply chain (GHG Protocol categories 1, 2, and 4) based on its purchase data for 2024. The Group has therefore followed an Environmentally-Extended Input-Output Model (based on the WIOD 2016 database), which takes into account national emission factors by activity sectors. Under this approach, GHG emissions in 2024 were 98,173 tCO₂eq. This category includes embodied carbon incurred in carrying out work in progress.

Upstream emissions from fuels

Category 3 of the GHG Protocol calculates GHG emissions from fuels consumed by MERLIN that occur upstream (prior to combustion), GHG emissions associated with electricity losses during transport and distribution, and upstream GHG emissions from fuels used in electricity generation⁷⁴. Applying the above concepts yields GHG emissions of 1,066 for this category in the absolute **portfolio**.

Emissions from waste disposal and waste treatment

GHG Protocol category 5 counts GHG emissions from waste treatment in facilities owned or operated by third parties⁷⁵. Applying the above concepts yields GHG emissions of 4,306 tCO₂eq for this category in the absolute portfolio.

Emissions associated with business travel

GHG Protocol category 6 counts GHG emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses and passenger cars, yielding GHG emissions for this category of 187 tCO₂eq.

⁷⁴ The data on electricity losses in the transmission grid as a percentage of demand in Spain were obtained from the Red Eléctrica de España (REE) 2022 Sustainability Report.

⁷⁵ In most cases, emission factors obtained from the report "Guia de càlcul d'emissions de gasos amb efecte d'hivernacle" of the OCCO dated June 2024 have been used and in the rest DEFRA and Ademe have been used.

Emissions associated with employee commuting

In relation to emissions from employee commuting (category 7 of the GHG Protocol), MERLIN calculated the emissions associated with the Group's employees commuting to and from work and those associated with MERLIN Hub users commuting to and from these assets.

To learn more about how MERLIN employees commute, the Group launched a survey to find out about their commuting habits to and from work. Total GHG emissions in 2024 were therefore estimated to be 272 tCO₂eq, 0.93 tCO₂eq per employee.

In addition to the calculations discussed in this section, GHG emissions produced by office workers at the MERLIN Hub Madrid Norte (New Business Area A-1 in Madrid) were also estimated. To do so, the Company used information from the Transport to Work Plans (TWP) prepared for this set of assets by the Office of Sustainability and Mobility (OSM). The effects of the shuttle service arranged by MERLIN (through the OSM) on the mobility of these users were also taken into account. The shuttle connects key points in the city of Madrid with the group of offices that make up MERLIN Hub Madrid Norte. Taking into consideration that there are an estimated 18,000 employees working at offices in this area of Madrid, GHG emissions in 2024 stood at 8,359 tCO₂eq (0.46 tCO₂eq per employee).

The difference between the GHG emissions intensity ratio per employee in the case of MERLIN staff compared to MERLIN Hub Madrid Norte employees is mainly due to a higher rate of remote working among MERLIN Hub Madrid Norte employees compared to MERLIN employees.

These GHG emissions are associated with the commuting of MERLIN office users and, like the GHG emissions produced by commuting MERLIN employees (reported in this section), they are assigned to Scope 3, category 7 in accordance with GHG Protocol guidelines. However, both types of emissions are reported separately, since the calculation of GHG emissions associated with the commuting of the users of these assets is optional within this category.

Emissions associated with assets where MERLIN is a lessee

MERLIN also calculates scope 3, category 8 emissions as defined by the GHG Protocol by accounting for emissions from assets where it is a lessee. This category includes GHG emissions associated with electricity consumption at the Group's corporate headquarters in Madrid and GHG emissions from the LOOM Huertas and LOOM Salamanca locations. Overall GHG emissions in this category in 2024, were 71.73 tCO₂eq (0.013 tCO₂eq/sqm), broken down between the corporate headquarters (22.8 tCO₂eq, 0.009 tCO₂eq/sqm) and LOOM locations (48.9 tCO₂eq, 0.016 tCO₂eq/sqm).

Scope 3 emissions report in accordance with EPRA sBPR

Greenhouse gas emissions for properties leased by LOOM⁷⁶

EPRA Code	Indicator and units	Offices		
		2024	2023	Evol.
GHG-Dir-Abs, GHG-Dir-LfL	Direct emissions – Scope 1 (t CO ₂ eq)	N/A	N/A	
GHG-Indir Abs, GHG-Indir-LfL	Indirect emissions - Scope 2 (t CO ₂ eq)	48.9	57.3	-15%
-	Total emissions – Scope 1+2 (t CO ₂ eq)	48.9	57.3	-15%
GHG-Int	EMISSIONS INTENSITY (t CO ₂ eq/m ²)	0.016	0.019	-15%
% of estimated data		—%	—%	

Emissions in leased LOOM spaces in MERLIN multi-tenant buildings under the Location Based method amount to 114.70 tCO₂eq, split between Scope 1 (21.53 tCO₂eq) and Scope 2 (93.17 tCO₂eq). In market based, emissions are reduced to 23.61 tCO₂eq.

Greenhouse gas emissions for MERLIN Properties' corporate headquarters⁷⁷

EPRA Code	Indicator and units	Offices		
		2024	2023	Evol.
GHG-Dir-Abs, GHG-Dir-LfL	Direct emissions – Scope 1 (t CO ₂ eq)	16.3	21.6	-25%
GHG-Indir Abs, GHG-Indir-LfL	Indirect emissions - Scope 2 (t CO ₂ eq)	22.8	25.2	-9%
-	Total emissions – Scope 1+2 (t CO ₂ eq)	39.1	46.8	-17%
GHG-Int	EMISSIONS INTENSITY (t CO ₂ eq/m ²)	0.016	0.019	-17%
% of estimated data		—%	—%	

⁷⁶ Scope 2 market-based emissions are zero. Direct emissions include those emissions from mobile sources.

⁷⁷ Market-based emissions are zero.

Appendix III. Breakdown of the environmental performance reporting scope

Asset name	Portfolio	No. of buildings	Surface area (sqm)	Energy report (GL)	Water report (sqm)	Waste report (tonnes)	Sustainable building certification	ISO 14001	ISO 50001	Energy classification
Torre Castellana 259	Offices	1	21,390	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Castellana 280	Offices	1	16,853	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Castellana 278	Offices	1	14,468		Yes*		LEED GOLD			Yes
Castellana 93	Offices	1	11,621	Yes	Yes	Yes	BREEAM VERY GOOD	Yes	Yes	Yes
Alcala 40	Offices	1	9,315							Yes
Principe de Vergara 187	Offices	1	11,710				LEED GOLD			Yes
Alfonso XI	Offices	1	9,945	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Pedro de Valdivia 10	Offices	1	6,738	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Churruca business park	Offices	3	13,145	Yes**	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Complejo Princesa business park	Offices	3	33,573	Yes	Yes	Yes	BREEAM GOOD	Yes	Yes	Yes
Juan Esplandiu 11-13	Offices	1	28,008	Yes	Yes	Yes	BREEAM GOOD	Yes	Yes	Yes
Eucalipto 33	Offices	1	7,301	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Eucalipto 25	Offices	1	7,368	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Santiago de Compostela 94	Offices	1	13,130	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Alvento business park	Offices	2	32,948	Yes	Yes	Yes	LEED SILVER	Yes	Yes	Yes
Cristalia	Offices	1	11,713	Yes	Yes	Yes		Yes	Yes	Yes
Puerta de las Naciones business park	Offices	4	39,150	Yes**	Yes**	Yes**	LEED PLATINUM(1)/ GOLD(3)	Yes (2)	Yes (2)	Yes
Ribera del Loira 60	Offices	1	54,960				LEED GOLD			Yes
Partenon 12-14	Offices	1	19,609	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Partenon 16-18	Offices	1	18,345	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Arturo Soria 128	Offices	1	3,226	Yes	Yes	Yes	BREEAM VERY GOOD	Yes	Yes	Yes
Torre Chamartin	Offices	1	13,791	Yes	Yes	Yes	LEED PLATINUM	Yes	Yes	Yes

Asset name	Portfolio	No. of buildings	Surface area (sqm)	Energy report (GL)	Water report (sqm)	Waste report (tonnes)	Sustainable building certification	ISO 14001	ISO 50001	Energy classification
Arturo Soria 343	Offices	1	6,621				LEED GOLD			Yes
Elipse	Offices	1	7,515	Yes	Yes	Yes	BREEAM VERY GOOD	Yes	Yes	Yes
Fuente de la Mora	Offices	1	4,482	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Aquamarina	Offices	1	10,685	Yes	Yes	Yes	BREEAM VERY GOOD	Yes	Yes	Yes
Via Norte business park	Offices	6	37,224	Yes**	Yes**	Yes**	LEED GOLD (4)	Yes (5)	Yes (5)	Yes
Sanchinarro business park	Offices	2	17,191	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Las Tablas business park	Offices	3	27,184	Yes	Yes	Yes	BREEAM VERY GOOD	Yes	Yes	Yes
Avenida de Burgos 210	Offices	1	6,176				LEED GOLD			Yes
Avenida de Burgos 208	Offices	1	1,200				LEED GOLD			Yes
Encinar	Offices	1	3,623	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Avenida de Bruselas 24	Offices	1	9,163	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Avenida de Bruselas 26	Offices	1	8,895	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Avenida de Bruselas 33	Offices	1	33,718				LEED GOLD			Yes
Avenida de Europa 1A	Offices	1	12,606		Yes*	Yes	LEED PLATINUM	Yes		Yes
Avenida de Europa 1B	Offices	1	10,495	Yes*	Yes*	Yes	LEED PLATINUM	Yes	Yes	Yes
Maria de Portugal T2	Offices	3	17,140	Yes	Yes	Yes	BREEAM VERY GOOD	Yes	Yes	Yes
Adequa business park	Offices	5	75,545	Yes	Yes	Yes	BREEAM VERY GOOD (2) / LEED PLATINUM(3)	Yes	Yes	Yes
Ática business park	Offices	4	23,405	Yes	Yes	Yes	LEED GOLD (3) / BREEAM GOOD (1)	Yes	Yes	Yes
Atica 5	Offices	1	9,526	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Atica 6	Offices	1	3,434	Yes	Yes					Yes
Atica XIX business park	Offices	3	15,411	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Cerro Gamos business park	Offices	3	21,221	Yes**	Yes	Yes	LEED GOLD	Yes (1)	Yes (1)	Yes

Asset name	Portfolio	No. of buildings	Surface area (sqm)	Energy report (GL)	Water report (sqm)	Waste report (tonnes)	Sustainable building certification	ISO 14001	ISO 50001	Energy classification
Alvia business park	Offices	3	23,567	Yes	Yes	Yes	LEED GOLD (1) / BREEAM GOOD (1)	Yes (2)	Yes (2)	Yes
Diagonal 605	Offices	1	15,117	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Diagonal 514	Offices	1	10,263	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Diagonal 458	Offices	1	4,174	Yes	Yes	Yes		Yes	Yes	Yes
Balmes 236-238	Offices	1	6,187							Yes
Vilanova 12-14	Offices	1	16,494				LEED GOLD			Yes
E-Forum	Offices	1	5,190	Yes						Yes
Torre Glories	Offices	1	37,614	Yes	Yes	Yes	LEED GOLD / BREEAM EXCELLENT	Yes	Yes	Yes
Diagonal 199	Offices	1	5,934	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Poble Nou 22@ business park	Offices	4	31,337	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
WTC6	Offices	1	14,461	Yes	Yes		LEED GOLD	Yes	Yes	Yes
WTC8	Offices	1	14,597	Yes	Yes		LEED GOLD	Yes	Yes	Yes
PLZFB	Offices	1	10,541	Yes	Yes	Yes	BREEAM GOOD	Yes	Yes	Yes
Sant Cugat I	Offices	1	15,377	Yes	Yes	Yes	BREEAM VERY GOOD	Yes	Yes	Yes
Sant Cugat II	Offices	1	10,008	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Marques de Pombal 3	Offices	1	12,461	Yes	Yes		LEED GOLD			Yes
Torre Lisboa	Offices	1	13,715		Yes					Yes
Central Office	Offices	1	10,310	Yes	Yes		LEED GOLD			Yes
Torre Zen	Offices	1	10,207	Yes	Yes		LEED GOLD			
Art	Offices	1	22,150	Yes	Yes		LEED GOLD			Yes
TFM	Offices	1	7,837				LEED GOLD			
Lisbon Expo	Offices	1	6,740				LEED GOLD			
Nestle	Offices	1	12,260				LEED GOLD			Yes
Lerida - Mangraners	Offices	1	3,228							Yes

Asset name	Portfolio	No. of buildings	Surface area (sqm)	Energy report (GL)	Water report (sqm)	Waste report (tonnes)	Sustainable building certification	ISO 14001	ISO 50001	Energy classification
Sevilla - Borbolla	Offices	1	13,037				LEED SILVER			Yes
Castellana 85	Offices	1	16,474	Yes	Yes	Yes	LEED PLATINUM	Yes	Yes	Yes
PLZFA	Offices	1	11,723	Yes	Yes	Yes	LEED GOLD	Yes	Yes	Yes
Pere IV	Offices	1	2,018	Yes	Yes		LEED GOLD	Yes	Yes	Yes
Plaza de Cataluña 9	Offices	1	3,026	Yes	Yes					Yes
Monumental	Offices	0	25,358				LEED GOLD			Yes
Liberdade, 195	Offices	1	16,510							Yes
Plaza Ruiz Picasso	Offices	1	36,499	Yes	Yes	Yes		Yes	Yes	Yes
Coverage (area)	Offices		1,205,180	936,083	956,943	825,477	1,069,776	832,394	819,788	1,171,868
Coverage (number of assets)	Offices		110	87	91	78	99	79	78	107
% Coverage (area)	Offices			78%	79%	68%	89%	69%	68%	97%
% Coverage (number of assets)	Offices			79%	83%	71%	90%	72%	71%	97%
Cerro Gamos business park	WIP offices	2	15,024				LEED SILVER (1)			Yes
Serante	WIP offices	1	9,539							Yes
Josefa Valcarcel 48	WIP offices	1	19,893				LEED GOLD			Yes
Churruca business park	WIP offices	1	4,602					Yes	Yes	Yes
Coverage (area)	WIP offices		49,057	0	0	0	34,917	4,602	4,602	49,057
Coverage (number of assets)	WIP offices		5	0	0	0	2	1	1	5
Coverage (area)	Total Offices		1,254,237	936,083	956,943	825,477	1,104,692	836,996	824,390	1,220,925
Coverage (number of assets)	Total Offices		115	87	91	78	101	80	79	112
% Coverage (area)	Total Offices			75%	76%	66%	88%	67%	66%	97%
% Coverage (number of assets)	Total Offices			76%	79%	68%	88%	70%	69%	97%
Marineda	Shopping Centres	1	99,897	Yes	Yes	Yes	BREEAM EXCELLENT	Yes	Yes	Yes

Asset name	Portfolio	No. of buildings	Surface area (sqm)	Energy report (GL)	Water report (sqm)	Waste report (tonnes)	Sustainable building certification	ISO 14001	ISO 50001	Energy classification
Arturo Soria	Shopping Centres	1	6,069	Yes	Yes	Yes	BREEAM VERY GOOD	Yes	Yes	Yes
Centro Oeste	Shopping Centres	1	10,867	Yes	Yes	Yes	BREEAM GOOD			Yes
Tres Aguas	Shopping Centres	1	67,663	Yes	Yes	Yes	BREEAM VERY GOOD			Yes
X-Madrid	Shopping Centres	1	47,120	Yes	Yes	Yes	BREEAM EXCELLENT	Yes	Yes	Yes
Larios	Shopping Centres	1	37,956	Yes	Yes	Yes	BREEAM VERY GOOD	Yes	Yes	Yes
Porto Pi	Shopping Centres	1	32,880	Yes	Yes	Yes	BREEAM GOOD	Yes	Yes	Yes
Artea	Shopping Centres	1	25,922	Yes	Yes	Yes	BREEAM EXCELLENT	Yes	Yes	Yes
Arenas	Shopping Centres	1	31,905	Yes	Yes	Yes	BREEAM GOOD	Yes	Yes	Yes
Saler	Shopping Centres	1	28,953	Yes	Yes	Yes	BREEAM VERY GOOD	Yes	Yes	Yes
La Vital	Shopping Centres	1	20,878	Yes	Yes	Yes	BREEAM VERY GOOD			Yes
Almada	Shopping Centres	1	60,089	Yes	Yes		BREEAM VERY GOOD			Yes
Coverage (area)	Shopping Centres		470199	470199	470199	410110	470199	310703	310703	470199
Coverage (number of assets)	Shopping Centres		12	12	12	11	12	8	8	12
% Coverage (area)	Shopping Centres			100%	100%	87%	100%	66%	66%	100%
% Coverage (number of assets)	Shopping Centres			100%	100%	92%	100%	67%	67%	100%
Callao 5	WIP shopping centres	1	3,640							Yes
Coverage (area)	WIP shopping centres		3640	0	0	0	0	0	0	3640
Coverage (number of assets)	WIP shopping centres		1	0	0	0	0	0	0	1

Asset name	Portfolio	No. of buildings	Surface area (sqm)	Energy report (GL)	Water report (sqm)	Waste report (tonnes)	Sustainable building certification	ISO 14001	ISO 50001	Energy classification
Coverage (area)	Total Shopping Centres		473,839	470,199	470,199	410,110	470,199	310,703	310,703	473,839
Coverage (number of assets)	Total Shopping Centres		13	12	12	11	12	8	8	13
% Coverage (area)	Total Shopping Centres			99%	99%	87%	99%	66%	66%	100%
% Coverage (number of assets)	Total Shopping Centres			92%	92%	85%	92%	62%	62%	100%
A2-Coslada	Logistics	1	28,491				BREEAM PASS			Yes
A2-Coslada Complex	Logistics	1	36,234	Yes	Yes	Yes	BREEAM GOOD	Yes	Yes	Yes
A4-Getafe (Cla)	Logistics	1	16,100				BREEAM GOOD			Yes
A2-Meco I	Logistics	1	35,285	Yes*			BREEAM GOOD			Yes
A4-Pinto I	Logistics	13	11,099				BREEAM GOOD			Yes
A4-Pinto II	Logistics	1	58,990				BREEAM GOOD			Yes
A4-Getafe (Gavilanes)	Logistics	2	39,591	Yes			LEED GOLD	Yes		Yes
A2-Meco II	Logistics	1	59,814				LEED PLATINUM			Yes
A2-San Fernando I	Logistics	1	11,182	Yes			LEED GOLD			Yes
A2-San Fernando II	Logistics	1	33,592	Yes	Yes		LEED GOLD	Yes	Yes	Yes
A4-Seseña	Logistics	1	28,731	Yes	Yes		LEED GOLD	Yes	Yes	Yes
A2-Alovera	Logistics	1	38,763				BREEAM GOOD			Yes
A2-Azuqueca II	Logistics	1	96,810				LEED PLATINUM			Yes
A2-Cabanillas I	Logistics	1	70,134				BREEAM GOOD			Yes
A2-Cabanillas II	Logistics	1	15,078				BREEAM GOOD			Yes
A2-Cabanillas III	Logistics	1	21,879				LEED GOLD			Yes

Asset name	Portfolio	No. of buildings	Surface area (sqm)	Energy report (GL)	Water report (sqm)	Waste report (tonnes)	Sustainable building certification	ISO 14001	ISO 50001	Energy classification
A2-Cabanillas Park I A	Logistics	1	38,054	Yes*			LEED GOLD			Yes
A2-Cabanillas Park I C	Logistics	1	48,468	Yes*			LEED GOLD			Yes
A2-Cabanillas Park I D	Logistics	1	47,892				LEED GOLD			Yes
A2-Cabanillas Park I E	Logistics	1	49,793				LEED SILVER			Yes
A2-Cabanillas Park I F	Logistics	1	20,723				LEED SILVER			Yes
A2-Cabanillas Park I G	Logistics	1	22,506	Yes			LEED GOLD			Yes
A2-Cabanillas Park I H	Logistics	1	25,247				LEED GOLD			Yes
ZAL Port	Logistics	0	0							
Barcelona-PLZF	Logistics	9	132,796	Yes	Yes	Yes	BREEAM GOOD			Yes
Zaragoza-Pedrola	Logistics	1	21,579				BREEAM GOOD			Yes
Valencia-Almussafes	Logistics	1	26,613	Yes	Yes		BREEAM GOOD			Yes
Valencia-Ribarroja	Logistics	1	34,992				BREEAM VERY GOOD			Yes
Vitoria-Jundiz II	Logistics	1	26,774	Yes*			BREEAM PASS			Yes
Sevilla Zal	Logistics	1	138,777	Yes	Yes		SILVER (2)/ BREEAM			Yes
Lisbon Park A	Logistics	1	45,171	Yes						Yes
A2-Cabanillas Park II A	Logistics	1	47,211				LEED GOLD			Yes
A2-Cabanillas Park I J	Logistics	1	44,637	Yes			LEED GOLD			Yes
A2-Cabanillas Park II B	Logistics	1	57,983				LEED GOLD			
Coverage (area)	Logistics		1,448,903	726,327	396,742	169,030	1,388,654	138,148	98,557	1,390,920
Coverage (number of assets)	Logistics		55	25	14	10	54	5	3	54
% Coverage (area)	Logistics			50%	27%	12%	96%	10%	7%	96%
% Coverage (number of assets)	Logistics			45%	25%	18%	98%	9%	5%	98%
Vitoria-Jundiz I	WIP Logistics	1	72,717							
A2-Cabanillas Park II C	WIP Logistics	1	57,920							

Asset name	Portfolio	No. of buildings	Surface area (sqm)	Energy report (GL)	Water report (sqm)	Waste report (tonnes)	Sustainable building certification	ISO 14001	ISO 50001	Energy classification
A2-Cabanillas Park II D	WIP Logistics	1	84,223							
Lisboa Park I - Lot 14	WIP Logistics	1	32,748							
Coverage (area)	WIP Logistics		247,607	0	0	0	0	0	0	0
Coverage (number of assets)	WIP Logistics		4	0	0	0	0	0	0	0
Coverage (area)	Total Logistics		1,696,510	726,327	396,742	169,030	1,388,654	138,148	98,557	1,390,920
Coverage (number of assets)	Total Logistics		59	25	14	10	54	5	3	54
% Coverage (area)	Total Logistics			43%	23%	10%	82%	8%	6%	82%
% Coverage (number of assets)	Total Logistics			42%	24%	17%	92%	8%	5%	92%
A4-Getafe (Data Center)	Data Centers	1	22,508	Yes	Yes	Yes		Yes	Yes	Yes
Barcelona Data Center	Data Centers	1	22,131	Yes	Yes	Yes		Yes	Yes	Yes
Bilbao Data Center	Data Centers	1	21,750	Yes		Yes		Yes	Yes	Yes
Coverage (area)	Data Centers		66,389	66,389	44,639	66,389	0	66,389	66,389	66,389
Coverage (number of assets)	Data Centers		3	3	2	3	0	3	3	3
% Coverage (area)	Data Centers			100%	67%	100%	—%	100%	100%	100%
% Coverage (number of assets)	Data Centers			100%	67%	100%	—%	100%	100%	100%
Bilbao Data Center B.2	WIP Data Center	1	33,450							
Lisbon Data Center	WIP Data Center	1	23,285							
Coverage (area)	WIP Data Center		56,735	0	0	0	0	0	0	0

Asset name	Portfolio	No. of buildings	Surface area (sqm)	Energy report (GL)	Water report (sqm)	Waste report (tonnes)	Sustainable building certification	ISO 14001	ISO 50001	Energy classification
Coverage (number of assets)	WIP Data Center		2	0	0	0	0	0	0	0
Coverage (area)	Total Data Centers		123,124	66,389	44,639	66,389	0	66,389	66,389	66,389
Coverage (number of assets)	Total Data Centers		5	3	2	3	0	3	3	3
% Coverage (area)	Total Data Centers			54%	36%	54%	—%	54%	54%	54%
% Coverage (number of assets)	Total Data Centers			60%	40%	60%	—%	60%	60%	60%
Coverage (area)	Total		3,547,710	2,220,876	1,868,523	1,471,006	2,963,546	1,352,235	1,300,038	3,152,073
Coverage (number of assets)	Total		192	128	119	102	167	96	93	182
% Coverage (area)	Total			63%	53%	41%	84%	38%	37%	89%
% Coverage (number of assets)	Total			67%	62%	53%	87%	50%	48%	95%

* MERLIN does not exercise operational control over these assets and, therefore, consumption data are included in the environmental performance information of the asset portfolio not under operational control.

** MERLIN exercises operational control over only some of the buildings in these business parks, so the consumption data reported in the portfolio of assets with operational control is limited to those attributable to MERLIN.

Like-for-like assets are highlighted in bold.

NOTE: Land reserves are not included in the table above.

Appendix IV. Climate risk reporting in accordance with TCFD methodology

Since its inception, MERLIN has integrated sustainability into both its activities and decision-making process, understanding its relevance not only in stakeholder relations, but also in the performance of financial metrics.

As a leader in its sector, MERLIN is aware of the substantial changes taking place due to climate change and its impact on the economy and, specifically, on its business activities.

In 2022, MERLIN prepared its first report following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), thus disclosing information on climate change risks and opportunities in a transparent and comparable manner for its stakeholders.

The Company is therefore ahead of and well positioned regarding regulation on climate-related risks such as Spanish Law 7/2021, of 20 May, on climate change and energy transition (Ley 7/2021 de cambio climático y transición energética), Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088 (and delegated acts implementing the above that supplement the regulation associated with the European green taxonomy) or the Corporate Sustainability Reporting Directive (CSRD).

The TCFD recommendations, launched in 2017, are structured around four pillars: (i) Governance, (ii) Strategy, (ii) Risk Management, and (iv) Metrics and Targets, and eleven recommendations that support effective disclosure in each pillar.

In October 2021, the TCFD issued an update on the implementation of the TCFD recommendations. This document also includes recommendations at the sector level, in particular for real estate asset management companies such as MERLIN. This report details the four pillars and eleven recommendations, and the sector-specific issues. **The data included in this report refer to the financial year from 1 January to 31 December 2024, and include the entire MERLIN Group and controlled subsidiaries.**

Scenario analysis

To identify climate-related risks and opportunities, MERLIN first prepared a preliminary list of risks and opportunities based on the risks identified by the TCFD and in the Commission Delegated Regulation 2021/2139 (climate delegated act), information on competitors and an analysis of scientific and regulatory literature. The result of this work was adapted to MERLIN's reality and circumstances through interviews with the Company's main managers.

The preliminary list of physical risks was analysed for the scenario in which emissions remain stable, SSP2-4.5 "Middle of the road", and the scenario where emissions are very high SSP5-8.5 "Fossil-fuelled development". Risks were assessed for the short (2021-2040), medium (2041-2060) and long term (2081-2100) for all of the Company's assets.

Transition risks were analysed considering the Net Zero Emissions by 2050 Scenario (NZE Scenario of the International Energy Agency). This scenario is considered to be consistent with the European target of achieving net zero emissions by the same date.

For the preliminary risks and opportunities, different criteria were analysed to identify the inherent and residual risk of each asset. Finally, a cut-off has been established for the residual risk level resulting from the analysis carried out to differentiate between risks that are considered material and those that are not.

Governance

Supervisory functions of the Board

MERLIN's highest governing body is the Board of Directors, which is made up of 14 directors, most of whom are independent directors. The Board focuses on defining, supervising and monitoring the policies, strategies and guidelines to be followed by the Group. The Board is also responsible for long-term strategy and for monitoring its implementation. The Board relies on its delegated committees for practical implementation.

The **Audit and Control Committee**, with the support of the **Sustainability and Innovation Committee**, has been responsible for identifying and assessing MERLIN's financial and non-financial risk management and control systems since 2021, including those related to climate change. In addition, the main function of the Sustainability and Innovation Committee is to promote responsible and sustainable business practices, integrating environmental, social and governance aspects, and to promote innovation and the digitalisation of the Company.

In 2024 the Board of Directors met 14 and dealt with specific climate change issues at 6 of these meetings⁷⁸. In addition, in 2024, the Sustainability and Innovation Committee reviewed the ESG risks identified and assessed, and particularly focused on climate-related risks, supporting the Audit and Control Committee in preparing MERLIN's Corporate Risk Map, which has been updated and approved by the Board of Directors on 2 occasions, each time including ESG risks such as those related to climate change.

Supervisory functions of the Management Team

MERLIN's **Chief Executive Officer** (CEO) and **Chief Operating Officer** (COO), who are also Board members, are ultimately responsible for executing the strategy approved by the Board of Directors, including the implementation of the sustainability strategy. In turn, this strategy includes those aspects linked to climate-related risks and opportunities.

At the operational level, a **Sustainability Committee** has been in place since 2021 to monitor the progress of the Company's various sustainability plans and initiatives, and to follow up on sustainability objectives and indicators. The Committee comprises several members of the management team who lead the asset management, technical, treasury and finance, investor relations and internal audit areas of the Company.

The asset management area and the technical department take into consideration the vision of the assets and how they pertain to climate-related risks and opportunities. The investor relations area is actively involved in the two-way communication of investors' concerns regarding this issue. The treasury and finance area takes into consideration financial markets and green financing compliance indicators (100% reclassified by 2022). Lastly, the internal audit department, in supporting the Audit and Control Committee, is responsible for drawing up and updating the Company's Risk Map, which includes climate-related risks.

In 2024 as a result of the climate risk identification and assessment analysis, 7 material or priority climate-related risks were identified.

In addition, the **Investment Committee** takes into consideration climate-related risks and opportunities when preparing the Company's investment plans.

⁷⁸ More information on MERLIN's organisational structure and corporate governance can be found at

- ACGR: <https://www.merlinproperties.com/gobierno-corporativo/informes-anuales/>
- SNFI: <https://www.merlinproperties.com/inversores/informacion-financiera/>

The management team, the CEO, the COO and the Sustainability and Innovation Committee report on a regular basis to the Board of Directors on the progress made regarding sustainability.

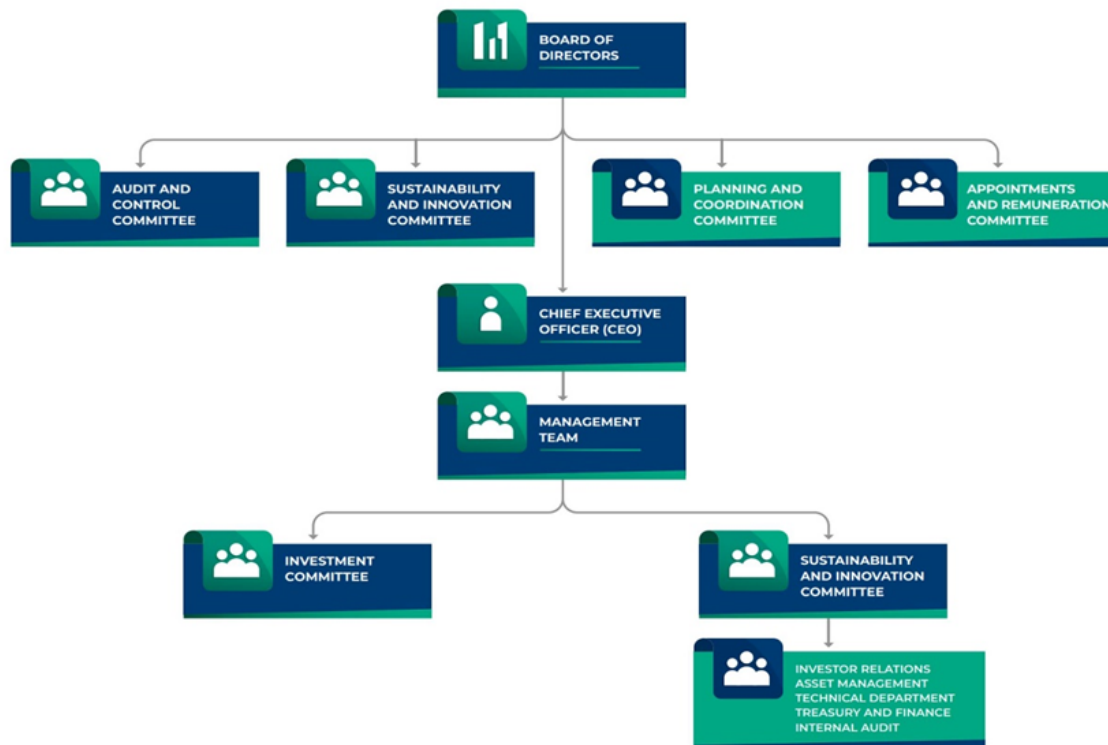


Figure 1: MERLIN's organisational structure. Source: Own preparation

Strategy

Climate-related impacts and resilience

Based on historical data on MERLIN's operations and business development, it seems that physical risks, mainly extreme precipitation, including snowfall, and high winds, are the most recurrent. In addition, these climate-related risks have occasionally affected some of the Company's assets, causing damage to structural elements and resulting in unforeseen expenses for repairs such as maintenance work due to leaks and waterproofing. As a preventive measure, technical specifications have been tightened in recent years in tenders for the construction of asset structures.

To date, no transition risks have been identified that have had a significant impact on the Company, with the exception of the potential mandatory installation of electric vehicle charging points (pending legislative approval). MERLIN has gone beyond the potential minimum regulatory requirements, looking ahead at potential regulations and changes in consumer preferences, and accelerating the development of a low carbon economy.

These types of events, in addition to MERLIN's commitment, have encouraged the Company to develop and implement adaptation and mitigation measures to respond to such risks. MERLIN has therefore incorporated climate-related aspects into its overall risk management system, which is described in detail in the next section of the report on risk management.

In addition, the decarbonisation of buildings is one of the challenges facing the property sector. MERLIN has therefore taken climate-related aspects into consideration in its strategy from the very beginning. In 2024 the Company continued to make progress in this regard by monitoring its Pathway to Net Zero.

General process for identifying climate-related risks

In line with its climate change commitment, in 2024 MERLIN continued to further improve the identification and assessment of climate-related risks and opportunities, and has therefore taken the following steps: It has taken the following steps to do so:

- 1 Prepare a list of physical and transition risks indicated by the [TCFD](#) reference framework and the [Commission Delegated Regulation 2021/2139 \("climate delegated act"\)](#).
- 2 Analyse MERLIN's main competitors in terms of information reported in their TCFD and CDP (Carbon Disclosure Project) reports.
- 3 Review and analyse scientific articles related to the building sector and specific applicable regulations.
- 4 Review MERLIN's ability to adapt to the main physical and transition risks identified given the current context.
- 5 Interview MERLIN's stakeholders to conduct a more comprehensive analysis of climate change-related risks and opportunities, and the adaptation and mitigation measures in place.
- 6 Obtain the preliminary list identifying both physical and transition risks, and opportunities.

This list of risks is expected to be updated on a regular basis.

Risk management

General risk management

MERLIN has a Risk Management System based on the principles, key elements and methodology established in the COSO Framework⁷⁹, which aims to minimise the volatility of results (profitability) and, therefore, maximise the Group's economic value, incorporating risk and uncertainty into the decision-making process to provide reasonable assurance of achieving the strategic objectives established, providing shareholders, other stakeholders and the market in general with an adequate level of guarantees to ensure that the value generated is protected.

Based on a comprehensive view of risk management, MERLIN has adopted a methodological approach based on the Enterprise Risk Management Framework - Integrating with Strategy and Performance (COSO ERM 2017), which emphasises the importance of enterprise risk management in strategic planning and incorporates it throughout the Company, since risk influences strategy and performance in all areas, departments and functions.

The general guiding principles regarding risk management are set out in MERLIN's **Risk Management and Control Policy**⁸⁰ which was initially approved by the Board of Directors in February 2016 and updated in April 2022.

MERLIN's non-financial risks are managed by the Board of Directors, through the **Audit and Control Committee** and with the coordination and cooperation of the **Sustainability and Innovation Committee and the Appointments and Remuneration Committee**, and by senior management with the support of the Internal Audit department.

In 2024, **MERLIN's Risk Map** was regularly updated to reflect every six months the perception of the Company's main executives and governing bodies of the risks faced by MERLIN.

MERLIN's Risk Map is broken down into different key areas for achieving the Group's objectives: strategy, governance, business, resources, social and sustainability. This last group includes the risks related to climate change based on the review and recommendations of the on Sustainability and Innovation Committee.

MERLIN's Risk Management System assesses all risks in terms of impact and probability, obtaining a residual risk indicator for the current year, identifies those key performance indicators (KPIs) and key risk indicators (KRIs) to be reported, and assigns those responsible for reporting, and those responsible for implementing or developing the mitigating measures identified for each of the risks. In addition, all risks are assessed in terms of time frame (short, medium and long term), and in terms of speed, persistence and adaptability⁸¹.

Climate risk management

First, it should be noted that the management of climate-related risks and opportunities is integrated into MERLIN's overall risk management process described in the previous section.

The Internal Audit department is responsible for coordinating the identification and assessment of climate-related risks and opportunities, along with the Company's other risks, although in this case it may rely on support from the **Sustainability Committee**, as mentioned in the "Governance" section.

⁷⁹ Committee of Sponsoring Organizations of the Treadway Commission.

⁸⁰ More information can be found at <https://www.MERLINproperties.com/gobierno-corporativo/normativa-de-gobierno-corporativo/>

⁸¹ More information on MERLIN's organisational structure and corporate governance can be found at

- ACGR: <https://www.merlinproperties.com/gobierno-corporativo/informes-anuales/>

- SNFI: <https://www.merlinproperties.com/inversores/informacion-financiera/>

The Internal Audit department is responsible for coordinating the identification and assessment of climate-related risks and opportunities, along with the Company's other risks, although in this case it may rely on support from the Sustainability Committee, as mentioned in the "Governance" section.

To identify climate-related risks, MERLIN analyses climate scenarios for the short (2021-2040), medium (2041-2060) and long term (2081-2100) for its assets. Physical risks are classified as acute and chronic events, while transition risks include regulatory, legal, technological, market and reputational risks.

The same methodology is followed regarding climate-related opportunities, which are classified in terms of resource efficiency, energy source, products and services, and markets.

After identifying climate change risks and opportunities, they are assessed in terms of likelihood and impact on a qualitative scale of 1 to 5. Any mitigation and adaptation measures implemented in the assets to reduce the impact of the risk should it materialise are also taken into account.

The Company reviews the Risk Map every six months to analyse whether any climate-related risks that may affect MERLIN need to be included or modified.

The Company is also aware of the role tenants play in achieving its climate strategy and managing related risks. Therefore, as mentioned in the previous section, MERLIN's Pathway to Net Zero focuses on reducing tenant emissions, which can have a considerable impact in relation to transition risks.

Assets subject to physical risks

MERLIN has chosen two climate change scenarios to model the potential future impacts of climate change on its business and the resilience of its strategy. These scenarios have been taken from the **Intergovernmental Panel on Climate Change (IPCC)** and include five possible climate futures with different emission concentrations and socioeconomic changes in areas such as population, urban density, education, land use and wealth. Each scenario is labelled to identify both the level of emissions and the Shared Socioeconomic Pathway (SSP)⁸², used in these calculations.

MERLIN's climate-related risk analysis has taken into account a scenario in which emissions remain stable, SSP2-4.5 "**Middle of the road**", and the scenario where emissions are very high SSP5-8.5 "**Fossil-fuelled development**". In both cases, risks have been assessed in the short (2021-2040), medium (2041-2060) and long term (2081-2100), in line with the IPCC recommendations, focusing on the consequences in Spain and Portugal as this is where the Company's assets are located.

For each physical risk initially identified, the following criteria have been analysed at the asset level to calculate the inherent risk level:

- (1) Hazard/Climate impact, taking into account the driving variable.
- (2) Exposure of the asset, analysed through external sources that assess the location of the asset and the impact of the driving variable.
- (3) Vulnerability of the asset.
- (4) The measures that MERLIN takes to adapt its assets have also been considered, which allows the residual risk for each asset to be obtained.

⁸² Shared Socioeconomic Pathways.

Identification of transition risks

Similarly, in relation to transition scenarios, the medium- and long-term forecasts of the **International Energy Agency (IEA)** use a scenario approach to examine future energy trends.

Of the three scenarios proposed by the IEA, the normative scenario of **Net Zero Emissions by 2025 (NZE Scenario)** has been used in the transition risk analysis applied to MERLIN; this scenario has an emissions trajectory consistent with keeping the global temperature rise below 1.5°C, would enable universal access to modern energy services and would result in significant improvements in air quality.

Similar to the physical risks, the following criteria have been analysed for the transition risks identified on a preliminary basis to obtain the inherent risk level at the asset level: (i) economic impact that a measure may have on MERLIN's business and (ii) likelihood of occurrence of the identified transition risk. The mitigation measures implemented by MERLIN have also been analysed to determine the Company's capacity to react to the transition risks identified. This gives a level of residual risk per asset.

Identification of climate-related opportunities

The opportunities related to climate change vary depending on MERLIN's strategic planning or risk management. Following a preliminary identification of climate-related opportunities, they have been assessed in accordance with the following criteria:

- Potential impact of measures currently in place that generate savings or that may be beneficial for future change.
- Likelihood of application of the measure in question or opportunity for access to be implemented at the **Company**.

Identification of assets with material risks and opportunities and their financial impact

Depending on the methodology used to assess both the physical and transition risks, and the material opportunities of MERLIN's assets, a threshold has been considered regarding the level of residual risk resulting from the analysis carried out to determine materiality.

The main climate-related risks and opportunities identified for MERLIN are set out below.

Type	Risk characterisation	Potential impact for MERLIN
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Physical climate-related risk (acute)	Extreme precipitation	Breakage and damage to structural elements of the asset and possible personal injury.
	Periods of drought	Devaluation of the asset in the medium to long term, increase in the price of the insurance policy for future years and financial losses.
	River flooding	Change in behaviour of asset users in the face of water restrictions (Catalonia) or major floods (Valencia).
Transition climate-related risk (regulatory/legal)	Applying a carbon price to direct or indirect greenhouse gas emissions	Financial impact in the medium or long term by applying a carbon price for direct greenhouse gas emissions from its assets, and indirect upstream and downstream emissions from its value chain.
Transition climate-related risk (regulatory/legal)	Mobility-related urban planning policies that can change travel patterns	Increased investment in retrofitting existing assets to new requirements for low emission zones in urban areas and other mitigation or adaptation measures with an impact on buildings and transport.
Transition climate-related risk (market)	Potential devaluation of assets as a result of the rate decarbonisation being insufficient	Potential devaluation of assets (stranded assets) in the case of slower decarbonisation than the trend required by the European Union.
Transitional climate-related risk (technological)	Increase in operating expenses due to higher energy prices	Increased operating expenses as a result of volatile energy prices, which may disrupt project development and lead to supply shortages for suppliers.
Opportunity (mitigation-linked services)	Use of more efficient modes of transport	Potential leadership in the sector and increase in asset value as a result of the installation of charging points for electric vehicles.

Opportunity (mitigation-linked services)	Switching to more efficient buildings and use of low-emission energy sources	Potential leadership in the sector with energy efficient assets and reduced carbon footprint by using energy from renewable sources (e.g. solar photovoltaic).
Opportunity (mitigation-linked services)	Use of incentives in supporting policies	Potential leadership in the sector and promotion of consumer awareness (green clause in leases).
Opportunity (energy saving)	Use of new technologies	Decrease in costs as a result of reduced energy consumption from fossil fuels.
Opportunity (adaptation-linked services)	Commitment and transparency	External verification of all sustainability commitments assumed to generate confidence among the various stakeholders.

Table 1: Main climate-related risks and opportunities identified for MERLIN. Source: Own preparation

MERLIN has also begun to internally assess the financial impacts of the risks and opportunities related to climate change from a financial perspective in line with the EFRAG climate change standard published on 15 November 2022, which is effective for reporting financial years beginning on or after 01/01/2024.

The conclusions drawn from the process of analysing physical and transitional risks and climate-related opportunities are taken into account in the Company's strategic and financial planning, e.g. in determining MERLIN's investment and divestment plan. The Company also continues to implement various measures in line with its decarbonisation strategy on the Pathway to Net Zero.

Appendix V. Reconciliation of Alternative Performance Measures

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA), the alternative performance measures are described below.

GLOSSARY

Average maturity period (years) - It represents the average term of the Company's debt until its maturity. It is an important measure as it provides investors with important information on its commitments to repay its the financial obligations. It is calculated as the sum of the years remaining to maturity of each loan multiplied by the outstanding debt of the loan and divided by the total outstanding amount of all loans. Given the nature of this measure, it is not possible to reconcile it with the Group's financial statements; however, the main information is available in the consolidated financial statements.

Passing rent - This represents the rent per square meter per month at which an asset or category of assets is leased at a particular point in time. Average passing rent is a relevant performance measure as it shows the implicit rents of all the Company's current leases at a particular point in time per square meter per month, enabling it to be compared to market rents. Given the nature of this measure, it is not possible to reconcile it with the Financial Statements.

Release spread - The difference between the new rent signed and the previous rent in renewals (same space, same tenant) or relets (same space, different tenant) over the last twelve months. The release spread provides investors with an insight into rental behaviour (rental trends) when negotiating with tenants. It is calculated on a rent-by-rent basis and, therefore, cannot be reconciled with the financial statements.

Like-for-like rents (LfL rent) - Amount of comparable gross rents between two periods. Assets are calculated on a per-asset basis, excluding income from investments or divestments made between the two periods and other atypical adjustments, such as compensation for early termination of rental agreements. We consider gross like-for-like rent growth a relevant measure that allows us to compare, on a homogeneous basis, the evolution of rental income for an asset or category of assets. It is calculated on an asset-by-asset basis and, therefore, cannot be reconciled with the financial statements.

Annualised GRI - Passing rent at the balance sheet date multiplied by 12. We consider annualised GRI to be a relevant performance measure since it represents the total amount of rent from the Company's current leases at a given point in time, allowing the return on each asset (Gross Return) to be calculated. Given the nature of this measure, it is not possible to reconcile it with the Financial Statements.

GAV - The portfolio value according to the latest available external appraisal, plus prepayments at cost for turnkey projects and developments GAV is a standard measurement for comparative purposes, recognised globally in the real estate sector, and calculated by an independent external appraiser.

Gross yield or gross return - This represents the gross return of an asset or asset class. It is calculated by dividing the annualised GRI by the latest available GAV.

WAULT - Weighted average unexpired lease term, calculated as the number of years of unexpired lease terms from the balance sheet date to the first break of a lease weighted by the GRI from each lease. We consider WAULT a relevant measure as it provides investors with the period of risk and opportunity to renegotiate current leases. Given the nature of this measure, it is not possible to reconcile it with the Financial Statements.

Total revenue - Consists of the sum of total GRI and all other operating income excluding extraordinary income. Reconciliation with IFRS is shown in the table below.

Accounting EBITDA - Accounting EBITDA is calculated as earnings before interest, taxes, depreciation and amortisation. Accounting EBITDA is a performance measure widely used by investors to assess companies, as well as by rating agencies and creditors to evaluate the level of debt by comparing accounting EBITDA with net debt and the debt service. Reconciliation with IFRS measures is shown in the table below.

EBITDA - EBITDA is calculated as accounting EBITDA by deducting non-overhead expenses and the provision for the LTIP. EBITDA is a very useful measure as it excludes the impact of atypical costs incurred in the period. Non-overhead expenses are those associated with the acquisition or sale of assets and compensation, inter alia (as described in the IPO prospectus). Reconciliation with IFRS measures is shown in the table below.

Accounting FFO and FFO - Accounting FFO or Accounting Funds from Operations is calculated as EBITDA less net financial expenses and taxes (excluding taxes from divestments and other events). FFO is calculated by deducting the company's non-overhead expenses from the accounting FFO. It is a globally recognised measure of performance and liquidity in the property sector.

Loan to Value (LTV) - Loan to Value is calculated as net debt divided by the fair value of the company's assets (GAV + transaction costs). LTV is a performance metric widely used by investors to assess the risk level, as well as by rating agencies and creditors to assess the level of debt. The reconciliation with IFRS metrics is shown in the table below.

MERLIN Properties, as a member of the EPRA (European Public Real Estate Association), follows best practice standards in reporting that enables investors to more easily compare certain measures that are specific to the real estate sector. The measures are published twice a year and are detailed in the Management Report.

EPRA costs - It is calculated as the company's total management costs divided by GRI net of incentives. This performance measure shows operating efficiency on a recurring basis. The reconciliation with the financial statements is provided in the Appendix to this report.

EPRA net earnings - Core earnings from strategic businesses as recommended by EPRA. The reconciliation with the financial statements is provided in the Appendix to this report.

EPRA NRV, EPRA NTA and EPRA NDV **EPRA: Net Reinstatement Value (NRV)** - Assumes that the Company never sells assets and intends to represent the value necessary to rebuild the Company **EPRA Net Tangible Assets (NTA)**: assumes that the companies buy and sell assets, thus crystallizing certain levels of deferred tax liabilities **EPRA Net Disposal Value (NDV)**: represents the value of shareholders under a liquidation scenario, in which deferred tax liabilities, financial instruments and other adjustments are calculated taking into account all the latent liabilities, net of any tax.

EPRA Yields -

Net Initial Yield: Annualised rental income based on the passing rent at the balance sheet date, less non-recoverable operating expenses, divided by the fair value of the assets (GAV) plus the acquisition costs. **EPRA "Topped-up" NIY**: Adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents). These are two relevant performance measures as they are a globally recognised standard of comparison in the real estate sector, providing the net return on the portfolio assets based on the leases in force at a particular date regardless of the Company's financial structure, as recommended by the EPRA. The calculation is provided in the Appendix to this report. Given the nature of this measure, it is not possible to reconcile it with the Financial Statements.

EPRA vacancy ratio - It is calculated as the Estimated Market Rental Value ("ERV") of vacant space divided by ERV of the whole portfolio. Given the nature of this measure, it is not possible to reconcile it with the Financial Statements.

Net financial debt - Net financial debt (or net debt) is a financial metric calculated by subtracting cash (cash and cash equivalents, treasury shares and deferred payments on sale of assets) from the nominal amount owed by the consolidated group to financial institutions and bondholders (gross financial debt). This metric provides information about the company's level of debt by providing the amount owed to financial institutions and bondholders after deducting cash.

Leverage ratio - The leverage ratio is calculated as net debt divided by net debt plus equity. The leverage ratio is a performance metric widely used by investors to assess the risk level, as well as by rating agencies and creditors to assess the level of debt. The reconciliation with NIIF metrics is shown in the table below.

Financial debt - Financial debt is calculated as the sum of any amounts owed by the Group in the short and long term as a result of loans, credits, bonds, debentures and, in general, any instrument of a similar nature. Financial debt is a performance metric widely used by investors to assess the risk level, as well as by rating agencies and creditors to assess the level of debt. The reconciliation with IFRS metrics is shown in the table below.

Percentage of fixed-rate debt or debt with interest rate hedges - Corresponds to the sum of the amount of fixed-rate financial debt and the amount of floating-rate financial debt with associated interest rate risk hedging transactions with respect to the Group's financial debt.

Average cost of debt - The average cost of debt is calculated as the ratio between past interest cost, including derivatives, on interest-bearing debt and the Group's financial debt. The average cost of debt is a performance metric widely used by investors to assess the cost of borrowed funds, as well as by rating agencies and creditors to assess the ability to meet interest obligations. Given the nature of this metric, it is not possible to reconcile it with the Group's Financial Statements; however, the main information is available in the consolidated financial statements.

Liquidity position - This is calculated as the sum of the Group's cash plus the amount of receivables from corporate transactions, the treasury shares position at market value and available credit facilities. Liquidity position is an operational metric commonly used by investors to analyse the level of financial flexibility, as well as by rating agencies and debtors to assess the ability to repay debt. The reconciliation with IFRS metrics is shown in the table below.

Net debt - Net debt is calculated as financial debt minus cash and cash equivalents (e.g. receivables or treasury shares). Net debt is a performance metric widely used by investors to assess the risk level, as well as by rating agencies and creditors to assess the level of debt. The reconciliation with NIIF metrics is shown in the table below.

Investment in energy efficiency improvements - Investments aimed at measuring, controlling, or directly or indirectly reducing energy consumption or carbon footprint in all assets over which we have operational control. This allows us to continuously improve the energy performance of our assets.

Total tax contribution - The Total Tax Contribution (TTC) measures the contribution made by a company or group of companies to the various authorities. As a general rule, both taxes paid and collected are charged to each fiscal year following a cash basis approach.

- Taxes paid are those taxes that have incurred an effective cost for companies, e.g. income tax, social security contributions paid by the company, or certain environmental taxes.

- Taxes collected are those that have been paid as a result of the company's economic activity, without entailing a cost for the companies other than that of their management, such as employee tax withholdings.

Reconciliation of the APM with the Financial Statements

(€ thousand)	Notes	FY24	FY23
<i>Total revenues</i>	6	494,572	464,779
<i>Other operating income (1)</i>	Consolidated income statement	8,428	4,790
<i>Subsidies</i>	6		
<i>Personel expenses</i>	18	(36,199)	(34,845)
<i>Other operating expenses</i>	18	(96,588)	(73,325)
Accounting EBITDA		370,265	361,400
<i>Costs related to acquisition and disposals</i>	18	5,971	2,166
<i>Other costs</i>	n.a.	104	300
<i>Severances</i>	18	34	282
<i>Non-overhead costs</i>		6,109	2,747
<i>Long term incentive plan</i>	18	2,804	2,804
EBITDA		379,179	366,952
Financial expenses excluding debt arrangement costs	Consolidated income statement	(84,519)	(109,185)
Equity method attributable FFO	n.a	20,399	19,458
IFRS16 Adjustment	n.a	2,062	14,751
Discontinued operations	n.a	—	—
Current taxes (2)	n.a	(6,288)	(7,737)
FFO		310,833	284,239
Non-overhead costs	n.a.	(6,109)	(2,747)
Long term incentive plan		(2,804)	(2,804)
Accounting FFO		301,920	278,687

- (1) Profit/(Loss) for the period excluding revaluation adjustment, derivative impact and including income from dividends received
- (2) Current tax excluding impact on sales of fixed assets

(€ thousand)	Notes	FY24	FY23
<i>Gross rental income</i>	Consolidated income statement	500,380	475,614
<i>Revenue from rendering of services</i>	6	23,983	17,572
<i>Other net operating income</i>	n.a	(7,621)	(4,918)
Revenues		516,743	488,268

€ million	Notes	FY24	FY23
Investment property	7	10,865.5	10,639.8
Equity method(1)	9	570.1	522.5
Non current financial assets(2)	10	94.1	92.5
Non-current assets	n.a.	0.9	0.9
Inventory(3)	n.a.	7.0	7.0
Total balance sheet items		11,537.5	11,262.6
IFRS-16 (concessions)	n.a.	(54.0)	(51.9)
Equity method adjustment	n.a.	55.9	58.5
Non-current assets adjustment(4)	n.a.	0.3	0.3
Total valuation		11,539.8	11,269.6
Offices		6,487.7	6,191.3
Logistics		1,391.9	1,409.8
Shopping centers		2,014.2	2,005.8
Logistics WIP & Office landbank		313.6	293.7
Data Centers WIP & Landbank		560.4	341.6
Others		51.9	353.8
Equity method		720.1	673.5

(1) Including Silicius at amortised cost (EUR 86.6 M) net of derivative impact

(2) Including DCN loan

(3) Amount actually paid by MERLIN. Excludes both unpaid amounts and pre-sold commercial stocks. Total commercial stocks amounted to EUR 37.7 million in FY22

(4) MtM of the non-current assets

(€ m)		Notes	FY24	FY23
A	GAV	Section 3 Results Report	11,540	11,270
B	Transaction costs	n.a.	302	299
C=A+B	GAV + transaction		11,842	11,569
N	Net debt	Section 4 Results Report	3,347	4,050
D= N/C	LTV		28.3%	35.0%
E	Net debt	Section 4 Results Report	3,347	4,050
F	Equity	Balance sheet	7,501	6,539
G= E+F	Total capital		10,848	10,589
H=E/G	Leverage ratio		30.9%	38.2%
I	Financial debt	Section 4 Results Report	4,914	4,526
J= K+L+M	Cash and cash	Balance sheet	1,567	477
K	Cash	Balance sheet	1,553	461
L	Receivables	Balance sheet	—	—
M	Treasury stock		14	15
N=I-J	Net debt		3,347	4,050
J	Cash and cash		1,567	477
O	Undrawn credit	14.1	797	832
P=J+O	Liquidity position		2,364	1,309

FY24

EPRA Net Asset Value Metrics	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	7,501	7,501	7,501
Include / Exclude:			
<i>i) Hybrid instruments</i>	—	—	—
Diluted NAV	7,501	7,501	7,501
Include:			
<i>ii.a) Revaluation of IP (if IAS 40 cost option is used)</i>	—	—	—
<i>ii.b) Revaluation of IPUC1 (if IAS 40 cost option is used)</i>	—	—	—
<i>ii.c) Revaluation of other non-current investments</i>	56.3	56.3	56.3
<i>iii) Revaluation of tenant leases held as finance leases</i>	—	—	—
<i>iv) Revaluation of trading properties</i>	—	—	—
Diluted NAV at Fair Value	7,557.2	7,557.2	7,557.2
Exclude:			
<i>v) Deferred tax in relation to fair value gains of IP</i>	554.2	526.1	—
<i>vi) Fair value of financial instruments</i>	(11.3)	(11.3)	—
<i>vii) Goodwill as a result of deferred tax</i>	—	—	—
<i>viii.a) Goodwill as per the IFRS balance sheet</i>		—	—
<i>viii.b) Intangibles as per the IFRS balance sheet</i>		(1.0)	
Include:			
<i>ix) Fair value of fixed interest rate debt</i>			162.3
<i>x) Revaluation of intangibles to fair value</i>	—		
<i>xi) Real estate transfer tax</i>	301.7	—	—
NAV	8,402	8,071	7,720
Fully diluted number of shares	563,724,899	563,724,899	563,724,899
NAV per share	14.90	14.32	13.69

FY23 – The EPRA NAV metrics for 2023 are presented below. This information corresponds to that included in the consolidated financial statements for 2023. The above information has not been restated in accordance with the recognition of the restated discontinued activity in the consolidated accounts for financial year 2024.

EPRA Net Asset Value Metrics	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	6,849.2	6,849.2	6,849.2
Include / Exclude:			
<i>i) Hybrid instruments</i>	—	—	—
Diluted NAV	6,849.2	6,849.2	6,849.2
Include:			
<i>ii.a) Revaluation of IP (if IAS 40 cost option is used)</i>	—	—	—
<i>ii.b) Revaluation of IPUC1 (if IAS 40 cost option is used)</i>	—	—	—
<i>ii.c) Revaluation of other non-current investments</i>	50.6	50.6	50.6
<i>iii) Revaluation of tenant leases held as finance leases</i>	—	—	—
<i>iv) Revaluation of trading properties</i>	—	—	—
Diluted NAV at Fair Value	6,899.8	6,899.8	6,899.8
Exclude:			
<i>v) Deferred tax in relation to fair value gains of IP</i>	534.8	508.8	—
<i>vi) Fair value of financial instruments</i>	(44.1)	(449.1)	—
<i>vii) Goodwill as a result of deferred tax</i>	—	—	—
<i>viii.a) Goodwill as per the IFRS balance sheet</i>	—	—	—
<i>viii.b) Intangibles as per the IFRS balance sheet</i>	—	(1.7)	—
Include:			
<i>ix) Fair value of fixed interest rate debt</i>	—	—	532.5
<i>x) Revaluation of intangibles to fair value</i>	—	—	—
<i>xi) Real estate transfer tax</i>	291.6	—	—
NAV	7,682.2	6,957.9	7,432.3
Fully diluted number of shares	469,770,750	469,770,750	469,770,750
NAV per share	16.35	15.67	15.82

FY24

EPRA NIY and 'topped-up' NIY	(€ million)	Offices	Logistics	Shopping Centers	Data Centers	Others	Total
Investment property – wholly owned		6,581	1,613	2,014	560	52	10,820
Investment property – share of JVs/Funds		—	—	—	—	—	—
Trading property (including share of JVs)		—	—	—	—	—	—
Less: developments		(563)	(221)	—	(560)	(49)	(1,392)
Completed property portfolio		6,018	1,392	2,014	—	3	9,427
Allowance for estimated purchasers' costs		181	38	42	—	—	261
Gross up completed property portfolio valuation	B	6,199	1,430	2,056	—	3	9,688
Annualised cash passing rental income		294	80	127	—	—	501
Property outgoings		(44)	(7)	(17)	—	—	(68)
Annualised net rents	A	250	73	110	—	—	433
Add: notional rent expiration of rent free periods or other lease incentives		22	2	5	—	0	29
Topped-up net annualised rent	C	272	75	115	—	—	462
EPRA NIY	A/B	4.0%	5.1%	5.4%		(1.9)%	4.5%
EPRA "topped-up" NIY	C/B	4.4%	5.2%	5.6%		(1.9)%	4.8%

FY23 – The EPRA NAV metrics for 2023. are presented below. This information corresponds to that included in the consolidated financial statements for 2023. The above information has not been restated in accordance with the recognition of the restated discontinued activity in the consolidated accounts for financial year 2022.

EPRA NIY and 'topped-up' NIY	(€ million)	Offices	Logistics	Shopping Centers	Others	Total
Investment property – wholly owned		6,504	1,641	2,135	405	10,685
Less: developments		(648)	(241)	—	(88)	(977)
Completed property portfolio		5,856	1,400	2,135	317	9,708
Allowance for estimated purchasers' costs		169	41	44	10	264
Gross up completed property portfolio valuation	B	6,025	1,442	2,179	327	9,972
Annualised cash passing rental income		257	72	124	12	466
Property outgoings		(28)	(5)	(19)	(1)	(54)
Annualised net rents	A	229	67	105	11	412
Add: notional rent expiration of rent free periods or other lease incentives		10	1	5	0	16
Topped-up net annualised rent	C	238	68	110	11	428
EPRA NIY	A/B	3.8%	4.6%	4.8%	3.4%	4.1%
EPRA "topped-up" NIY	C/B	4.0%	4.7%	5.0%	3.5%	4.3%

FY24

EPRA Cost Ratios	Notes (€ thousand)	
Include:		
Administrative/operating expense line per IFRS income statement	18	132,787
Net service charge costs/fees		
Management fees less actual/estimated profit element		
Other operating income/recharges intended to cover overhead expenses less any related profits		
Share of Joint Ventures expenses		
Exclude (if part of the above):		
Investment property depreciation		
Ground rent costs		
Service charge costs recovered through rents but not separately invoiced		
EPRA Costs (including direct vacancy costs)	A	132,787
Direct vacancy costs		9,972
EPRA Costs (excluding direct vacancy costs)	B	122,815
		—
Gross Rental Income less ground rents – per IFRS (1)⁸³		466,785
Less: service fee and service charge costs components of Gross Rental Income (if relevant)		
Add: share of Joint Ventures (Gross Rental Income less ground rents)		
Gross Rental Income	C	466,785
EPRA Cost Ratio (including direct vacancy costs)	A/C	28.4%
EPRA Cost Ratio (excluding direct vacancy costs)	B/C	26.3%

MERLIN's has a policy of not capitalising any overhead or operating expenses

⁸³Gross rental income (EUR 475.6 million) - incentives (EUR 28.4 million) - royalty (EUR 3.1 million)

FY23 – The EPRA NAV metrics for 2023. are presented below. This information corresponds to that included in the consolidated financial statements for 2023. The above information has not been restated in accordance with the recognition of the restated discontinued operation in the consolidated financial statements for 2024.

EPRA Cost Ratios		Notes	(€ thousand)
Include:			
Administrative/operating expense line per IFRS income statement		Note 13	113,491
Net service charge costs/fees		—	—
Management fees less actual/estimated profit element		—	—
Other operating income/recharges intended to cover overhead expenses less any related profits		—	—
Share of Joint Ventures expenses		—	—
Exclude (if part of the above):			
Investment property depreciation		—	—
Ground rent costs		—	—
Service charge costs recovered through rents but not separately invoiced		—	—
EPRA Costs (including direct vacancy costs)	A	—	113,491
Direct vacancy costs		—	9,164
EPRA Costs (excluding direct vacancy costs)	B	—	104,327
Gross Rental Income less ground rents – per IFRS (1)			
		—	425,637
Less: service fee and service charge costs components of Gross Rental Income (if relevant)		—	—
Add: share of Joint Ventures (Gross Rental Income less ground rents)		—	—
Gross Rental Income	C	—	425,637
	A/		
EPRA Cost Ratio (including direct vacancy costs)	C		26.7%
EPRA Cost Ratio (excluding direct vacancy costs)	B/C		24.5%

MERLIN's has a policy of not capitalising any overhead and operating expenses

(1) Gross Rental income (€ 452.8m) - incentives (€ 24.7m) - ground lease rents (€ 2.5m)

FY24

	(€ million)	Offices	Shopping Centers	Logistics	Data Centers	Others	Total
EPRA Vacancy Rate							
Estimated Rental Value of vacant space	A	16.1	7.5	1.1	12.6	0.2	37.4
Estimated Rental Value of the whole portfolio	B	308.9	125.5	83.4	37.9	0.2	555.9
EPRA Vacancy Rate	A/B	5.2%	5.9%	1.3%	33.2%	80.1%	6.7%

FY24

EPRA Earnings	Notes	FY24
Earnings per IFRS income statement		(83,497)
Adjustments to calculate EPRA Earnings, exclude:		(362,184)
Changes in value of investment properties, development properties held for investment and other interests ⁸⁴	Income statement	(345,470)
Profits or losses on disposal of investment properties, development properties held for investment and other interests	Income statement	(7,023)
Profits or losses on sales of trading properties including impairment charges in respect of trading properties.		—
Tax on profits or losses on disposals ⁸⁵	n.a.	(768)
Negative goodwill / goodwill impairment	n.a.	—
Changes in fair value of financial instruments and associated close-out costs ⁸⁶	n.a.	(29,388)
Acquisition costs on share deals and non-controlling joint venture interests	n.a.	—
Deferred tax in respect of EPRA adjustments		—
Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	Income statement	—
Non-controlling interests in respect of the above ⁸⁷		20,465
EPRA Earnings		278,687
Basic number of shares		469,770,750
EPRA Earnings per Share (EPS)		0.59
Company specific adjustments:		5,551
LTIP provision	18	2,804
Opex non-overheads	18	2,747
Company specific Adjusted Earnings		284,239
Company specific Adjusted EPS		0.61

⁸⁴ Including the change in fair value of investment property, depreciation, and provisions

⁸⁵ Deferred taxes that are not expected to have a cash impact in the short to mid term

⁸⁶ Change in fair value of financial instruments (Consolidated income statement) + debt amortization costs (Consolidated income statement) + IFR16 adjustment

⁸⁷ Difference between share in profits from equity instruments (Consolidated income statement) and attributable EPRA profits of subsidiaries

FY23 – The EPRA NAV metrics for 2022 are presented below. This information corresponds to that included in the consolidated financial statements for 2023. The above information has not been restated in accordance with the recognition of the restated discontinued activity in the consolidated accounts for financial year 2022.

EPRA Earnings	Notes	FY22
Earnings per IFRS income statement		263,087
Adjustments to calculate EPRA Earnings, exclude:		(20,656)
Changes in value of investment properties, development properties held for investment and other interests	Income statement	(251,317)
Profits or losses on disposal of investment properties, development properties held for investment and other interests	Income statement	11,278
Profits or losses on sales of trading properties including impairment charges in respect of trading properties.		—
Tax on profits or losses on disposals	n.a.	(964)
Negative goodwill / goodwill impairment	n.a.	—
Changes in fair value of financial instruments and associated close-out costs	n.a.	218,051
Acquisition costs on share deals and non-controlling joint venture interests	n.a.	—
Deferred tax in respect of EPRA adjustments	n.a.	—
Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	Income statement	—
Non-controlling interests in respect of the above		2,012
EPRA Earnings		284,026
Basic number of shares		469,770,750
EPRA Earnings per Share (EPS)		0.60
Company specific adjustments:		6,457
LTIP provision	18	4,014
Opex non-overheads	18	2,443
Company specific Adjusted Earnings		290,483
Company specific Adjusted EPS		0.62

FY24

EPRA LTV Metric (€ M)	Group as reported	Proportionate consolidation			
		Share of Joint Ventures	Share of Material Associates	Non-controlling Interests	Combined
Include:					
<i>Borrowings from financial institutions</i>	1,518.0	–	164.8	–	1,682.8
<i>Commercial paper</i>	–	–	–	–	–
<i>Hybrids (including convertibles, preference shares, debt, options, perpetuals)</i>	–	–	–	–	–
<i>Bond loans</i>	3,421.7	–	–	–	3,421.7
<i>Foreign currency derivatives (futures, swaps, options and forwards)</i>	–	–	–	–	–
<i>Net payables</i>	66.7	–	89.5	–	156.1
<i>Owner-occupied property (debt)</i>	–	–	–	–	–
<i>Current accounts (equity characteristic)</i>	–	–	–	–	–
Exclude:	–				–
<i>Cash and cash equivalents</i>	(1,552.7)	–	(13.2)	–	(1,565.9)
Net Debt (a)	3,453.7	–	241.0	–	3,694.7
Include:	–				
<i>Owner-occupied property</i>	1.2	–	–	–	1.2
<i>Investment properties at fair value</i>	10,865.5	–	697.8	–	11,563.3
<i>Properties held for sale</i>	–	–	–	–	–
<i>Properties under development</i>	–	–	–	–	–
<i>Intangibles</i>	–	–	–	–	–
<i>Net receivables</i>	–	–	–	–	–
<i>Financial assets</i>	94.1	–	–	–	94.1
Total Property Value (b)	10,960.7	–	697.8	–	11,658.5
EPRA LTV (a/b)	31.5%	–%	–%	–%	31.7%
Real Estate Transfer Taxes (RETTS) (c)	301.7	–	15.2	–	317.0
EPRA LTV (incl. RETTS) (a/(b+c))	30.7%	–%	–%	–%	30.9%

(1) Notional amount (EUR 860.2 M) and accrued interest (EUR 2.0 M). See Note 14 to the Financial Statements for further details.

(2) Notional amount (EUR 3,300.0 M) and accrued interest (EUR 34.7 M). See Note 14 to the Financial Statements for further details.

(3) Considering the net result between payables (trade and other receivables, other current liabilities, other current financial liabilities and current income tax liabilities) and payables (trade and other payables, stocks, other current assets and other current financial assets). Note that accrued interest is included in loans from financial institutions and bond loans.

(4) Market value of owner-occupied assets. Carrying amount at amortised cost of EUR 0.9 M and MtM adjustment of EUR 0.3 M

(5) Amortised cost of the loan granted to Desarrollos Urbanísticos Udra, S.A.U., secured by 10% of the shareholding in Distrito Castellana Norte, S.A. (currently Madrid Crea Nuevo Norte, S.A.). See Note 10 to the Financial Statements for further details.

(6) 14.46% in Distrito Castellana Norte, S.A. (now Madrid Crea Nuevo Norte, S.A.), the developer of the largest urban development plan in Europe. See Note 9 to the Financial Statements for further details.

Note: See Note 9 of the Financial Statements for more details on minority shareholdings. MERLIN considers as material partner companies: ZAL Port (Centro Intermodal de Logística, S.A.), Tres Aguas (Paseo Comercial Carlos III, S.A.) and Silicius (Silicius Real Estate SOCIMI, S.A.).

	48.50%	50.00%	14.46%	17.91%	
EPRA LTV Metric	ZAL Port	Tres Aguas	CreaMNN	Silicius	Share of Material Associates € M
Include:					
<i>Borrowings from financial institutions</i>	123.7	73.3	209.1	211.4	164.8
<i>Commercial paper</i>	—	—	—	—	—
<i>Hybrids (including convertibles, preference shares, debt, options, perpetuals)</i>	—	—	—	—	—
<i>Bond loans</i>	—	—	—	—	—
<i>Foreign currency derivatives (futures, swaps, options and forwards)</i>	—	—	—	—	—
<i>Net payables</i>	11.8	1.3	571.5	2.5	89.5
<i>Owner-occupied property (debt)</i>	—	—	—	—	—
<i>Current accounts (equity characteristic)</i>	—	—	—	—	—
Exclude:					
<i>Cash and cash equivalents</i>	(11.0)	(11.7)	—	(11.4)	(13.2)
Net Debt (a)	124.5	63.0	780.6	202.5	241.0
Include:					
<i>Owner-occupied property</i>	—	—	—	—	—
<i>Investment properties at fair value</i>	730.3	122.7	1,227.7	584.8	697.8
<i>Properties held for sale</i>	—	—	—	—	—
<i>Properties under development</i>	—	—	—	—	—
<i>Intangibles</i>	—	—	—	—	—
<i>Net receivables</i>	—	—	—	—	—
<i>Financial assets</i>	—	—	—	—	—
Total Property Value (b)	730.3	122.7	1,227.7	584.8	697.8

Appendix VI. Significant events after the reporting date

From the closing of the 2024 financial year until the date of preparation of these consolidated annual accounts, no significant events have occurred.



Merlin Properties SOCIMI, S.A.

Independent verification report
Consolidated Statement of Non-Financial Information
31 December 2024



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

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

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, the Consolidated Statement of Non-Financial Information ("SNFI") for the year ended 31 December 2024 of Merlin Properties SOCIMI, S.A. (Parent company) and subsidiaries (hereinafter "Merlin Properties" or the Group) which forms part of the accompanying Group consolidated management report.

The content of the consolidated management report includes information additional to that required by current mercantile legislation in relation to non-financial information, which has not been covered by our verification work. In this respect, our work was limited solely to verifying the information identified in section "8.3 Table of contents of 11/2018 Law" included in the accompanying consolidated management report.

Responsibility of the directors of the Parent company

The preparation of the SNFI included in Merlin Properties' consolidated management report and the content thereof, are the responsibility of the directors of Merlin Properties SOCIMI, S.A. The SNFI has been drawn up in accordance with the provisions of current mercantile legislation and following the criteria of the *Sustainability Reporting Standards* of the *Global Reporting Initiative* ("GRI Standards") selected as per the details provided for each matter in the section "8.3 Table of contents of 11/2018 Law" of the consolidated management report.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the SNFI to be free of material misstatement due to fraud or error.

The directors of Merlin Properties SOCIMI, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the SNFI is obtained.

Our independence and quality management

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed. We carried out our work in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in the Guidelines for verification engagements of the Statement of Non-Financial Information issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of the Group that were involved in the preparation of the SNFI, of the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the Merlin Properties SOCIMI, S.A. personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the SNFI for the year 2024, based on the materiality analysis carried out by the Group and described in section "2.5 A Deep Dive into the Materiality of Sustainability", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the SNFI for the year 2024.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the SNFI for the year 2024.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the year 2024 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the SNFI of Merlin Properties SOCIMI, S.A. and its subsidiaries, for the year ended 31 December 2024 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and following the criteria of GRI selected as per the details provided for each matter in the section "8.3 Table of contents of 11/2018 Law" of the consolidated management report.

Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

A stylized signature in black ink, consisting of a large 'P' and a long horizontal stroke.

Pablo Bascones Ilundáin

27 February 2025

MERLIN PROPERTIES, SOCIMI, S.A.

Preparation of the Consolidated Financial Statements and Consolidated Directors' Report relating to the fiscal year ended December 31, 2024.

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 consolidated financial statements and the consolidated directors' report (which has attached, as a separate section, the Annual Corporate Governance Report, the Annual Director Remuneration Report and the Statement of Non-Financial Information), relating to the year ended December 31, 2024, 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 "**Consolidated Financial Statements File**").

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 Consolidated Financial Statements File.

Mr. José Luis de Mora Gil-Gallardo
Chairman

Mr. Ismael Clemente Orrego
Vice-Chairman

Mrs. Francisca Ortega Hernández-Agero
Member

Mr. Juan Antonio Alcaraz García
Member

Mrs. María Luisa Jorda Castro
Member

Mrs. Pilar Caveró Mestre
Member

Mr. Juan María Aguirre Gonzalo
Member

Mr. Miguel Ollero Barrera
Member

Mrs. Inès Archer Toper
Member

Mrs. Ana María García Fau
Member

Mr. Emilio Novela Berlín
Member

Mr. George Donald Johnston
Member

Mr. Fernando Javier Ortiz Vaamonde
Member

Mrs. Julia Bayón Pedraza
Member

Madrid, 27 February 2025

MERLIN Properties, SOCIMI, S.A.
DECLARATION OF RESPONSIBILITY FOR THE 2024 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, 2024, prepared (*formuladas*) (in English) by the Board of Directors at the meeting held on February 27, 2025, 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.

Signatories:

Mr. José Luis de Mora Gil-Gallardo
Chairman

Mr. Ismael Clemente Orrego
Vice-Chairman

Mrs. Francisca Ortega Hernández-Agero
Member

Mr. Juan Antonio Alcaraz García
Member

Mrs. María Luisa Jorda Castro
Member

Mrs. Pilar Caveró Mestre
Member

Mr. Juan María Aguirre Gonzalo
Member

Mr. Miguel Ollero Barrera
Member

Mrs. Inès Archer Toper
Member

Mrs. Ana María García Fau
Member

Mr. Emilio Novela Berlín
Member

Mr. George Donald Johnston
Member

Mr. Fernando Javier Ortiz Vaamonde
Member

Mrs. Julia Bayón Pedraza
Member

In Madrid, on February 27, 2025