

Merlin Properties SOCIMI, S.A.

Auditor's report

Annual accounts for the financial year 2024

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 annual accounts

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

Report on the annual accounts

Opinion

We have audited the annual accounts of Merlin Properties SOCIMI, S.A. (the Company), which comprise the balance sheet as at 31 December 2024, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2024, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2.1 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

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 annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the 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 annual accounts of the current period. These matters were addressed in the context of our audit of the 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	How our audit addressed the key audit matters
Valuation of investment properties Investment properties constitute 44% of the Company's assets. The Company values its investment properties at their acquisition cost less their corresponding depreciation and any impairment losses, as set out in notes 4.2 and 4.3 of the annual accounts. The total investment property recorded in non-current assets on the balance sheet amount to 4,421,916 thousand euros as of December 31, 2024. At least at the end of the financial year, the Company assesses whether there is an indication that any investment property may be impaired and, in particular, whether there is a significant decrease in the fair value or value in use of such asset. As described in note 6, the Company recorded an impairment loss associated with its investment properties amounting to 8,857 thousand euros as of December 31, 2024. In determining the fair value of the investment properties, the Company relies on valuations made by independent experts. The valuations are made in accordance with the Valuation and Appraisal Standards published by the Royal Institution of Chartered Surveyors (RICS) and in accordance with the Valuation Standards issued by the International Valuation Standards Council (IVSC), whose methodology has been described in note 6 of the attached 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 Company records the depreciation of the investment properties on a straight-line basis and based on the estimated useful lives included in note 4.2 of the annual accounts.	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 real estate investments 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 cost. 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 valuations 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 We check that the useful life considered for the investment properties corresponds to their nature and we perform tests on the arithmetic calculation of the depreciation expense for the year. Lastly, we have evaluated the adequacy of the information disclosed in the 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.

Key audit matters	How our audit addressed the key audit matters
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. Valuation of long-term equity instruments in group companies and associates As of December 31, 2024, the net book value of investments in the equity of group companies and associates recorded in non-current assets amounts to 2,755,926 thousand euros, constituting 28% of the total assets of the attached balance sheet. As indicated in note 4.5 of the attached annual accounts, the Company values investments in the equity of group companies and associates at cost, reduced, where applicable, by the accumulated amount of impairment corrections. As of December 31, 2024, the Company has recorded an impairment of 27,710 thousand euros and a reversal of 7,712 thousand euros, as shown in note 9 of the annual accounts. These corrections are calculated as the difference between the book value and the recoverable amount. Unless there is better evidence of the recoverable amount, it is considered the equity of the investee, corrected by the implicit capital gains existing at the valuation date. Likewise, as described in note 4.5 of the annual accounts, the valuations of investment properties owned by group companies and associates in which the Company holds equity instruments are valued in accordance with international valuation standards. We consider the valuation of long-term equity instruments in group companies and associates to be a key audit matter, mainly due to its significance in relation to the annual accounts as a whole and the importance of the estimates and judgements involved in these valuations.	We have made an understanding of the methodology used by the Company to conclude that the book value of the investments is recoverable. Regarding the additions and disposal of investments recorded during the year, we have obtained the supporting documentation, including minutes, contracts or other documents that affect them and verified their registration. We have also obtained the financial statements of the investee entities, and the amounts of the unrealized capital gains identified. Unrealized capital gains correspond to the difference between the fair value and the book value of the investment properties owned by the investee entities net of tax impact. We have obtained the valuation of the investment properties made on said assets by independent experts hired by management, to verify the existence or not of implicit capital gains and their impact. In addition, we have evaluated the main assumptions used in the valuations, contrasting the coherence of the estimates, considering market conditions for a sample of them. Lastly, we have evaluated the adequacy of the information disclosed in the 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 annual accounts for the 2023 financial year in which a favorable opinion was expressed.

Other information: Management report

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

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

- a) Verify only that 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 management report and the annual accounts as a result of our knowledge of the Company 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 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 management report is consistent with that contained in the 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 annual accounts

The directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

The audit and control committee is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the 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 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 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity'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 entity'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 entity's audit and control committee, we determine those matters that were of most significance in the audit of the 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 file of the European single electronic format (ESEF) of Merlin Properties SOCIMI, S.A. for the 2024 financial year that comprises an XHTML file of the annual accounts for the financial year, 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 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 management report.

Our responsibility is to examine the digital file prepared by the 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 annual accounts included in the aforementioned file completely agrees with that of the annual accounts that we have audited, and whether the format of these accounts has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined completely agrees with the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit and control committee

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

Appointment period

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

Services provided

Services provided to the audited entity for services other than the audit of the accounts are disclosed in note 20 to the annual accounts.

In relation to the services provided to the subsidiary companies of the Company for services other than the audit of the accounts, refer to the audit report dated 27 February 2025 on the consolidated annual accounts of Merlin Properties SOCIMI, S.A. and its subsidiary companies, where these subsidiary companies have been consolidated.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Rafael Pérez Guerra (20738)

27 February 2025

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

Financial Statements for the year ended
31 December 2024 and Directors' Report

MERLIN PROPERTIES SOCIMI, S.A.

BALANCE SHEET AT 31 December 2024

(Expressed in thousands of euros)

ASSETS	Notes to the financial statements	31-12-2024	31-12-2023	EQUITY AND LIABILITIES	Notes to the financial statements	31-12-2024	31-12-2023
NON-CURRENT ASSETS		7,799,284	7,847,747	EQUITY	Note 10	4,707,425	3,902,449
Intangible assets		24,103	47,818	SHAREHOLDERS' EQUITY		4,725,420	3,911,870
Goodwill	Note 5	23,161	46,321	Subscribed capital		563,725	469,771
Other intangible assets		942	1,497	Share premium		4,259,671	3,541,379
Property, plant and equipment		7,097	2,594	Reserves		(107,263)	(88,347)
Investment property	Note 6	4,421,916	4,423,414	Treasury shares		(14,450)	(15,410)
Land		2,076,195	2,110,043	Other equity holders contributions		540	540
Buildings		2,263,788	2,273,995	Profit/(Loss) for the period	Note 3	124,431	97,610
Property, plant and equipment under construction and advances		81,933	39,376	(Interim Dividend)		(101,234)	(93,673)
Non-current investments in Group companies and associates -		3,129,456	3,150,926	VALUATION ADJUSTMENTS-	Note 10.4	(18,049)	(9,475)
Equity instruments	Note 9	2,755,926	2,679,552	Hedging transactions		(18,049)	(9,475)
Loans to companies	Notes 7 y 16.2	373,530	471,374	Capital grants		54	54
Non-current financial investments -	Note 7	167,779	149,704				
Equity instruments		11,151	9,915	NON-CURRENT LIABILITIES		4,522,832	4,856,576
Derivatives		-	-	Non-current provisions -	Note 12	10,778	18,796
Loans to third parties		123,099	107,624	Long-term employee benefit obligations		4,511	4,510
Other financial assets		33,529	32,165	Other provisions		6,267	14,286
Deferred tax assets	Note 14.2	48,933	73,291	Non-current payables -		4,166,316	4,487,617
				Debt instruments and other marketable securities	Note 11	2,781,045	3,283,337
CURRENT ASSETS		2,216,127	1,089,901	Bank borrowings	Note 11	1,300,597	1,133,666
Inventories -		4,286	4,922	Derivatives	Note 11	18,049	9,475
Advances to suppliers		4,286	4,922	Other financial liabilities	Note 12	66,625	61,139
Trade and other trade receivables	Note 7	42,701	31,224	Non-current payables to Group companies and associates	Notes 7 y 16.2	4,461	450
Trade receivables for sales and services		18,327	15,766	Deferred tax liabilities	Note 14.3	341,277	349,713
Trade receivables from Group companies and associates	Notes 7 y 16.2	14,100	5,464				
Sundry accounts receivable		491	538				
Employee receivables		184	184	CURRENT LIABILITIES		785,154	178,623
Other accounts receivable from public authorities	Note 14	9,599	9,272	Current payables -		630,436	26,521
Current investments in Group companies and associates -	Note 7	753,560	698,393	Debt instruments and other marketable securities	Note 11	621,361	20,966
Loans to companies	Note 16.2	671,717	620,194	Bank borrowings	Note 11	3,913	2,709
Other financial assets	Note 16.2	81,843	78,199	Other financial liabilities	Note 12	5,162	2,846
Current financial investments -	Note 7	7,316	1,835	Current payables to Group companies and associates	Notes 7 y 16.2	37,692	35,612
Equity instruments		18	18	Trade and other payables -	Note 13	117,026	116,451
Loans to companies		236	236	Payables to suppliers		45,309	42,557
Debt securities		2	2	Payables to suppliers - Group companies and associates	Notes 13 y 16.2	32,690	34,034
Other financial assets		7,060	1,579	Sundry accounts payable		3,298	3,368
Current prepayments and accrued income		14,670	13,605	Staff costs (remuneration payable)		11,931	11,739
Cash and cash equivalents -	Note 8	1,393,594	339,922	Other accounts payable to public authorities	Notes 13 y 14	20,797	23,853
Cash		1,393,594	339,922	Clients invoices		3,001	900
				Current accrued expenses and deferred income		-	39
TOTAL ASSETS		10,015,411	8,937,648	TOTAL LIABILITIES AND EQUITY		10,015,411	8,937,648

The accompanying Notes 1 to 23 and Appendix I and II are an integral part of the balance sheet at 31 December 2024.

MERLIN PROPERTIES SOCIMI, S.A.

INCOME STATEMENT FOR 2023

(Thousands of euros)

	Notes to the financial statements	Year 2024	Year 2023
CONTINUING OPERATIONS:			
Revenue	Note 18.1	381,466	399,048
Other operating income		3,566	2,186
Staff costs -	Note 18.2	(32,182)	(30,946)
Salaries, wages and similar expenses		(28,897)	(27,722)
Employee benefit costs		(3,285)	(3,224)
Other operating expenses	Note 18.3	(54,280)	(42,087)
Depreciation and amortisation	Notes 5 y 6	(69,033)	(64,913)
Change in provisions		8,019	(7,128)
Impairment and gains or losses on disposal of non-current assets -	Notes 6 ,7.2 y 9	(19,336)	(47,952)
Impairment and other losses		(19,336)	(47,952)
Allocation of grants relating to non-financial assets and others		7	-
PROFIT/(LOSS) FROM OPERATIONS		218,237	208,215
Finance income -	Note 18.4	39,413	8,994
From marketable securities and other financial instruments		1,882	1,847
Other finance income	Note 8	37,531	7,147
Finance costs -	Note 18.4	(126,425)	(108,893)
On debts to Group companies and associates		(1,935)	(3,133)
On payables to third parties		(123,411)	(105,407)
Other finance costs		(1,079)	(353)
Changes in fair value of financial instruments	Note 18.4	(3,427)	(9,891)
Impairment and gains or losses on disposal of financial instruments -	Notes 7.2, 9 y 18.4	(1,001)	5
Impairment and other losses		-	-
Gains or losses on disposals and other		(1,001)	5
FINANCIAL PROFIT/(LOSS)		(91,440)	(109,785)
PROFIT/(LOSS) BEFORE TAX		126,797	98,430
Income tax	Note 14.1	(2,366)	(820)
PROFIT/(LOSS) FOR THE YEAR		124,431	97,610

The accompanying Notes 1 to 23 and Appendix I and II are an integral part of the income statement for 2024.

MERLIN PROPERTIES SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY FOR 2024
A) STATEMENTS OF RECOGNISED INCOME AND EXPENSES

(Thousands of euros)

	Notes to the financial statements	Year 2024	Year 2023
PROFIT/(LOSS) PER INCOME STATEMENT (I)		124,431	97,610
Income and expense recognised directly in equity			
- Arising from cash flow hedges		2,696	(17,747)
- Capital grants		17	60
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)		2,713	(17,687)
Transfers to profit or loss			
- Arising from cash flow hedges		(11,270)	(4,526)
- Capital grants		(17)	(6)
TOTAL TRANSFERS TO PROFIT OR LOSS (III)		(11,287)	(4,532)
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)		115,857	75,391

The accompanying explanatory Notes 1 to 23 are an integral part of the statement of changes in equity for the period ending in 2024

MERLIN PROPERTIES SOCIMI, S.A.

STATEMENT OF CHANGES IN EQUITY FOR 2024

B) STATEMENT OF CHANGES IN TOTAL EQUITY

(Thousand of euros)

	Share Capital	Share premium	Reserves	Shareholder Contribution	Valuation adjustments	Other Shareholder Contribution	Profit/(loss) for the year	Capital grants	Interim Dividend	TOTAL
BALANCE AT END OF 2022	469,771	3,541,379	(443,080)	(17,166)	12,798	540	910,716	-	(444,815)	4,030,143
Total recognised income and expense	-	-	-	-	(22,273)	-	97,610	54	-	75,391
Transactions with shareholders:										
- Distribution of 2022 profit	-	-	352,551	-	-	-	(910,716)	-	444,815	(113,350)
- Distribution of dividends	-	-	-	-	-	-	-	-	(93,673)	(93,673)
Acquisition of treasury shares	-	-	(252)	418	-	-	-	-	-	166
Recognition of share-based payments (Note 17)	-	-	2,804	-	-	-	-	-	-	2,804
Delivery of 2017 stock plan share	-	-	-	-	-	-	-	-	-	-
Delivery of flexible remuneration shares	-	-	(370)	1,338	-	-	-	-	-	968
BALANCE AT END OF 2023	469,771	3,541,379	(88,347)	(15,410)	(9,475)	540	97,610	54	(93,673)	3,902,449
Total recognised income and expense	-	-	-	-	(8,574)	-	124,431	-	-	115,857
Transactions with shareholders:										
- Distribution of 2023 profit	-	-	-	-	-	-	(97,610)	-	93,673	(3,937)
- Distribution of dividends	-	(108,505)	-	-	-	-	-	-	(101,234)	(209,739)
- Capital increase	93,954	826,797	(21,607)	-	-	-	-	-	-	899,144
Acquisition of treasury shares	-	-	(18)	(59)	-	-	-	-	-	(77)
Recognition of share-based payments (Note 17)	-	-	2,804	-	-	-	-	-	-	2,804
Delivery of 2017 stock plan share	-	-	-	-	-	-	-	-	-	-
Delivery of flexible remuneration shares	-	-	(95)	1,019	-	-	-	-	-	924
BALANCE AT END OF 2024	563,725	4,259,671	(107,263)	(14,450)	(18,049)	540	124,431	54	(101,234)	4,707,425

The accompanying explanatory Notes 1 to 23 and Appendix I and II are an integral part of the consolidated statement of changes in equity for the period ended as of 31 December 2024

MERLIN PROPERTIES SOCIMI, S.A.
STATEMENT OF CASH FLOWS FOR 2024
(Thousands of euros)

	Notes to the financial statements	Year 2024	Year 2023
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES (I)		133,058	132,661
Profit/(Loss) for the year before tax		126,797	98,430
Adjustments for:		38,629	80,636
- Depreciation and amortisation charge	Note 5	69,033	64,913
- Impairment losses	Note 6	2,406	27,610
- Changes in provisions		6,083	20,390
- Gains/Losses on derecognition and disposal of non-current assets	Note 6	16,930	20,342
- Gains/Losses on derecognition and disposal of financial instruments		1,001	(5)
- Changes in fair value of financial instruments		3,427	9,891
- Finance income		(39,412)	(8,994)
- Finance costs	Note 18	126,425	108,893
- Dividend income	Note 18	(81,895)	(114,412)
- Other income and expenses		(65,369)	(47,992)
Changes in working capital		(44,345)	(50,417)
- Inventories		636	(1,207)
- Trade and other accounts receivable		(31,037)	(5,105)
- Other current assets		(5,482)	(1,541)
- Accounts payable		(8,850)	(41,598)
- Other assets and liabilities		388	(966)
Other cash flows from/(used in) operating activities		11,977	4,012
- Interest payments		(115,674)	(107,523)
- Dividends received		91,865	102,858
- Interest received		27,779	7,149
- Collections /(payments) on debts to Group companies		867	(1)
- Income tax recovered (paid)	Note 14	7,140	1,529
- Other receivables/(payments) from operating activities		-	-
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES (II)		(17,473)	(113,295)
Payments due to investments		(310,861)	(143,421)
- Group companies and associates		(211,244)	(7,829)
- Intangible assets		(650)	(874)
- Property, plant and equipment		(4,828)	(736)
- Investment property	Note 6	(91,329)	(133,258)
- Other financial assets		(1,519)	-
- Financial investments		(1,291)	(724)
Proceeds from disposals		293,388	30,126
- Group companies and associates		248,566	-
- Financial investments		-	-
- Investment property		44,822	30,126
- Other financial assets		-	-
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES (III)		938,087	(22,525)
Proceeds and payments relating to equity instruments-		685,870	(207,441)
- Issuance of equity instruments		899,488	-
- Treasury share purchases	Note 10	58	(418)
- Dividends paid		(108,505)	-
- Premium refunds and reserves		(105,171)	(207,023)
Proceeds and payments relating to financial liabilities		252,217	184,916
- Bank borrowings		165,836	1,021,625
- Issuance of debentures and bonds		92,025	-
- Repayment of borrowings from Group companies and associates		-	-
- Issuance / (repayment and amortization) of debt with Group companies and associates		(5,363)	(93,923)
- Cancellation of interest rate derivatives		-	-
- Repayment and redemption of debentures and bonds		(281)	(742,786)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV)			
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		1,053,672	(3,159)
Cash and cash equivalents at beginning of year		339,922	343,081
Cash and cash equivalents at end of year		1,393,594	339,922

The accompanying Notes 1 to 23 and Appendix I and II are an integral part of the statement of cash flows for 2024.

Merlin Properties SOCIMI, S.A.

Notes to the Financial Statements for the year ended 31/12/2024

1. Nature and activities of the Company

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

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

The Company's corporate purpose is:

- The acquisition and development of urban property for subsequent leasing, including the refurbishment of buildings as per Spanish Law 37/1992, of 28 December, on Value Added Tax [Ley 37/1992, de 28 de diciembre, del Impuesto sobre el Valor Añadido];
- The holding of shares in other REITs or in other non-resident entities in Spain with the same corporate purpose and that operate under a similar regime as that established for REITs with respect to the mandatory profit distribution policy enforced by law or by the articles of association;
- The holding of shares in other resident or non-resident entities in Spain whose corporate purpose is to acquire urban property for subsequent leasing, and which operate under the same regime as that established for REITs with respect to the mandatory profit distribution policy enforced by law or by the articles of association, and which fulfil the investment requirements stipulated for these companies; and
- The holding of shares or shares in collective property investment institutions regulated by Law 35/2003, of 4 November, on collective investment undertakings, or any law that may replace this in the future.

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

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

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

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

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

On 15 January 2020, the Company's shares were admitted to trading on Euronext Lisbon under a dual listing system.

On 24 July 2024, the Company carried out a capital increase amounting to EUR 93,954 thousand with a share premium of EUR 826,796 thousand (see Note 10.1).

All the Company's shares can be publicly traded and are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. The market price of the Company's shares at 31 December 2024 and the average market price for the fourth quarter amounted to EUR 10.16 and EUR 10.40 per share, respectively.

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

The consolidated financial statements for 2024 of the Merlin Group prepared in conformity with the IFRSs adopted by the European Union present total assets of EUR 13,459,195 thousand and equity attributable to the Parent's shareholders of EUR 7,500,980 thousand. Consolidated sales and consolidated profit attributable to the Parent amount to EUR 494,572 thousand and losses of EUR 283,759 thousand, respectively (EUR 464,779 thousand and profits of (83,497) thousand in 2023).

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

1.1 SOCIMI Tax Regime

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

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

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

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

2. Similarly, at least 80% of the income for the tax period for each year, excluding that arising from the disposal of shareholdings and properties used in the compliance of its main corporate purpose, once

the holding period referred to below has elapsed, should come from the lease of properties and from dividends or shares in profit from these investments.

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

3. The REIT's property assets must be leased for at least three years. The time that the properties have been offered for lease, up to a maximum of one year, will be included for the purposes of this calculation. This period will be calculated:
 - a) In the case of properties that are included in the REIT's assets before it avails itself of the regime, from the date of commencement of the first tax period in which the special tax regime set forth in the Law is applied, provided that the property is leased or offered for lease at that date. Otherwise, the provisions of the following letter will apply.
 - b) In the case of properties developed or acquired subsequently by the Company, from the date on which they were leased or offered for lease for the first time.
 - c) Shares or equity investments in entities referred to in section 2.1 of that Law must be kept in the REIT's asset base at least during three years after their acquisition or, if applicable, from the beginning of the first tax period during which the special tax regime established in that Law applies.

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

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

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

The transitional period ended in 2017, and the Company is required to comply with all the requirements of the regime from then on. The Company's Management, supported by the opinion of its tax advisors, has carried out an assessment of compliance with the requirements of the Regime in the 2023 financial year, concluding that all the requirements are met.

Consequently, the Company's financial statements for the 2024, financial year, prepared by its Directors and pending approval by the General Meeting, have been prepared under the SOCIMI Regime. The Company's Directors consider that these financial statements will be approved without significant changes.

The financial statements for 2023, drawn up by the Directors, were approved by the General Meeting held on 9 May 2024.

1.2 Corporate transactions

2024

On 27 May 2024, the companies Slack Tailwind Systems, S.L.U. and Slow Rise Spain, S.L.U. were merged by absorption by Merlin Oficinas, S.L.U. (both fully owned by the Company).

On 27 November 2024, the General Meeting of Global Murex Iberia, S.L., agreed to wind and liquidate the company, fully owned by the Company.

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

2023

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

On 7 November 2023, the Company acquired 100% of the shares representing the share capital of Merlin Edged, S.L.U. for EUR 3 thousand.

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

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

2. Basis of presentation of the financial statements

2.1 Regulatory financial reporting framework applicable to the Company

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

- The Commercial Code and all other Spanish commercial law;
- The Spanish National Chart of Accounts [Plan General de Contabilidad] approved by Royal Decree 1514/2007, with the amendments introduced by Royal Decree 1159/2010, as well as by Royal Decree 602/2016 and Royal Decree 1/2021, and its industry adaptations.
- The mandatory rules approved by the Spanish Accounting and Audit Institute to implement the National Chart of Accounts and its supplementary rules.
- Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December and following provisions, regulating listed companies investing in the property market (REITs).
- All other applicable Spanish accounting legislation.

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

2.2 Fair presentation

The accompanying financial statements for 2024, which were obtained from the Company's accounting records, are presented in accordance with Royal Decree 1514/2007 approving the Spanish National Chart of Accounts, as well as the amendments made thereto by Royal Decrees 1159/2010, 602/2016 and 1/2021 and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2024.

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

2.3 Comparative information

For comparison purposes the directors present, in addition to the figures for 2024 for each item in the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements, the figures for 2023.

2.4 Accounting principles applied

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

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

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

- The market value of the Company's property assets (see Note 4.3). The Company obtained valuations from independent experts at 31 December 2024.
- The assessment of possible impairment losses on certain assets (see Notes 4.1, 4.2, 4.3 and 4.5).
- The fair value of certain financial instruments (see Note 4.5).
- The assessment of provisions and contingencies (see Note 4.9)
- The recovery of deferred tax assets and the tax rate applicable to temporary differences (see Note 4.11).
- Compliance with the requirements governing REITs (see Notes 1 and 15).

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Although these estimates were made on the basis of the best information available at 2024 year-end, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

2.6 Grouping of items

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

2.7 Correction of errors

In preparing the accompanying financial statements, no significant errors were detected that would have given rise to restating the amounts included in the financial statements for 2023.

2.8 Changes in estimates and accounting policies

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

Changes in accounting policies and correction of errors: if material, the cumulative effect at the beginning of the year is adjusted under "Reserves" and the effect for the current year is recognised in the income

statement. In these cases, the financial data for the comparative year presented together with those for the current year are restated.

2.9 Quantitative and qualitative information on current economic and geopolitical impacts

No significant changes in the pattern of global economic activity have been observed in recent months, with global GDP growth rates expected to be slightly above 3% over the next few years (relatively modest rates by historical standards). Despite persistently high levels of uncertainty, the pace of global economic activity remains relatively robust, with services remaining the main engine of growth.

The disinflation process is consolidating. In the second half of the year, headline inflation continued its gradual decline, mainly supported by a sharper-than-expected decline in energy prices. In any case, core inflation and, in particular, services inflation continue to show greater downward resilience.

Monetary policy remains on an easing path in most of the world's economies. Compared with market expectations three months ago, monetary policy is now expected to ease more in the euro area and less in the United States, where strong employment data have cast doubt on the Fed's commitment to a continued downward path for interest rates.

In financial markets, the following can be observed: (i) a recent outperformance of risky assets in the United States, together with an appreciation of the dollar against major world currencies and rising inflation expectations; and (ii) a rise in bond yields.

Crude oil prices are lower than expected three months ago, partly due to weak demand from China. Natural gas prices, on the other hand, have rebounded recently on the back of some supply disruptions.

However, this scenario is surrounded by exceptionally high uncertainty, mainly related to ongoing geopolitical tensions and, more recently, to the possible policies that the newly elected US administration might adopt in the coming months (a hypothetical general increase in tariffs would put downward pressure on economic activity and upward pressure on global inflation).

Valuation of investment property and participation in Group companies and associates

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

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

Liquidity risk

At 31 December 2024, the Company had a cash position of EUR 1,394 million at the year-end (including Treasury stock), reaching a liquidity position, including the corporate line of credit and undrawn facilities, amounting to EUR 793.3 million.

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

Credit risk

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

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

3. Allocation of profit/(loss)

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

	Thousands of euros
Profit/(Loss) for the year	124,431
Distribution:	
Interim dividend to be offset	101,234
To dividends	10,754

Other dividends distributed

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

On 14 November 2024, the Company's Board of Directors approved the distribution of an interim dividend out of 2024 profits in the amount of EUR 101,234 thousand..

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

	2024	2023	2022	2021	2020
Distributions to shareholders	213,676	207,023	561,926	210,099	68,518

3.1 Restrictions relating to the distribution of dividends

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

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

- 100% of the profit from dividends or shares in profits distributed by the entities referred to in section 2.1 of Law 11/2009.
- At least 50% of the profits arising from the transfer of the properties, shares or ownership interests referred to in section 2.1 of Law 11/2009, of 26 October, subsequent to expiry of the time limits referred to in section 3.2 of Law 11/2009, which are used for pursuit of the entities' principal corporate purpose. The remainder of these profits must be reinvested in other property or investments used for the pursuit of that activity within three years after the transfer date. Otherwise these profits should be distributed in full together with any profit arising in the year in which the reinvestment period expires. If the items to be reinvested are transferred prior to the end of the holding period, that profit must be distributed in full together with, if applicable, the profit generated during the year in which the items were transferred. The obligation to distribute profit does not apply to the portion of the profit attributable to prior years in which the Company was not included under the special tax regime established in this Law.
- At least 80% of the remaining profits obtained.

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

4. Accounting policies and measurement bases

The principal accounting policies and measurement bases applied by the Company in preparing its financial statements for 2024 were as follows:

4.1 Intangible assets

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

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

Goodwill

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

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

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

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

Computer software

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

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4.2 Property, plant and equipment

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

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

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

For non-current assets that necessarily take a period of more than twelve months to get ready for their intended use, the capitalised costs include those borrowing costs as might have been incurred before the

assets are ready for their intended use and that have been charged by the supplier or relate to loans or other specific-purpose or general-purpose borrowings directly attributable to the acquisition or production of the assets.

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

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

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

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

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

Whenever there is an indication that an asset with a finite useful life may be impaired, at least at year-end, which is the case for all of the Company's intangible assets, property, plant and equipment and investment property, the Company performs an impairment test to estimate the possible existence of impairment losses that reduce the recoverable amount of these assets to an amount below their carrying amount.

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

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

4.3 Investment property

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

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

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

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

4.4 Leases

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

All other leases are classified as operating leases.

Finance leases:

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

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

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

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

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

Operating leases:

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

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

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

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4.5 Financial assets

Classification

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

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

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

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

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

- a. equity instruments in Group companies, jointly controlled entities and associates;
- b. equity instruments whose fair value cannot be reliably determined, and the derivatives whose underlying is these investments;
- c. contributions made in joint accounts agreements and similar agreements;
- d. participating loans with contingent interest;
- e. financial assets that should be classified in the following category but whose fair value cannot be reliably estimated.

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

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

Initial recognition

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

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

Subsequent measurement

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

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

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

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

Valuation and Appraisal Standards published by the Royal Institute of Chartered Surveyors (RICS) of the United Kingdom and the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC).

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

Impairment

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

Assets that have been impaired are reviewed at each balance sheet date to determine whether the impairment loss has been reversed.

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

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

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

4.6 Financial liabilities

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

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

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

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

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

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

4.7 Derivative financial instruments and accounting for hedging transactions

The Group uses derivative financial instruments to hedge risks arising from its activities, transactions and future cash flows. These risks are mainly related to interest rate fluctuations. As part of these transactions, the Group enters into economic hedges.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date. The accounting treatment of subsequent

changes in fair value depends on whether the derivative has been designated as a hedging instrument and, if so, the nature of the hedged item.

At the inception of the hedge, the Group documents the economic relationship between the hedging instrument and the hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flows of the hedged item. The Group documents its risk management objective and strategy for undertaking its hedging transactions. The Group documents its risk management goals and strategy for undertaking its hedging transactions.

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

Gains or losses relating to the effective portion of the change in the intrinsic value of the option contracts are recognised in the cash flow hedge reserve in equity. Changes in the time value of the option contracts that are related to the hedged item (aligned time value) are recognised in other comprehensive income in the hedging reserve cost in equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates as the hedging instrument only the change in fair value of the forward contract related to the spot component. Gains or losses relating to the effective portion of the change in the spot component of the forward contract are recognised in the cash flow hedge reserve in equity. The change in the forward component of the contract related to the hedged item is recognised in other comprehensive income in the hedging reserve in equity. In some cases, the gain or loss relating to the effective portion of the change in fair value of the entire forward contract is recognised in the cash flow hedge reserve in equity.

- Cash flow hedges: For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised temporarily in equity and transferred to the income statement in the same period in 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 liability, in which case the amounts recognised in equity are included in the cost of the asset or liability when acquired or assumed.
- Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or when it no longer meets the criteria for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument that has been recognised in equity remains in equity until the forecast transaction occurs. When the hedged transaction is no longer expected to occur, the cumulative gain or loss that had been recognised in equity is transferred to the income statement.

Derivatives embedded in other financial instruments or in host contracts are accounted for separately as derivatives only if their risks and characteristics are not closely related to those of the host contracts and provided that such host contracts are not carried at fair value through profit or loss.

The valuation techniques described in Note 5.7 are used to determine the fair value of the various derivative financial instruments.

4.8 Equity instruments

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

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

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

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

4.9 Termination benefits

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

In this sense, at 31 December 2024, the Company does not have commitments for this item, and there is no Downsizing Plan in force.

4.10 Provisions and contingencies

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

- a. Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and
- b. Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

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

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

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

4.11 Share-based payments

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

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

2022-24 Incentive Plan

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

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

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

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

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

In 2024, the Company recognised an expense of EUR 2,804 thousand (EUR 2,804 thousand in 2023) with a balancing entry in reserves.

4.12 Income tax

4.12.1 General regime

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

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

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

Deferred tax liabilities are 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 Company 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.

4.12.2 REIT regime

The REIT special tax regime, as amended by Law 16/2012 of 27 December, is based on a 0% corporation tax rate, provided certain requirements are met. Particularly noteworthy among those conditions is that at least 80% of income must come from urban property used for leasing purposes and acquired in full ownership or

through holdings in Spanish or foreign companies, regardless of whether or not they are listed on organised markets, that meet the same investment and profit distribution requirements. Likewise, the main sources of income for these entities must come from the property market, either through leasing the properties, their subsequent sale after a minimum lease period, or the income generated from holdings in entities with similar characteristics. Nevertheless, tax is accrued in proportion to dividend distributions. Dividends received by the shareholders are exempt, unless the recipient is a legal person subject to corporation tax or a permanent establishment of a foreign entity, in which case a deduction in the tax liability is established, so that these earnings are taxed at the shareholder's rate. However, the remaining earnings will not be taxed so long as they are not distributed to shareholders.

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

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

4.13 Revenue and expenses

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

Interest and dividends received from financial assets

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

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

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

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

Revenue from sales and services

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

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

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

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

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

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

4.15 Transactions with related parties

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

4.16 Environmental assets and liabilities

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

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

4.17 Business combinations

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

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

The cost of the business combination is the sum of:

- The acquisition-date fair values of the assets transferred, liabilities incurred or assumed and equity instruments issued.
- The fair value of any contingent consideration that depends on future events or on the fulfilment of certain pre-defined conditions.

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

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

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

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

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

4.18 Foreign currency transactions

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

4.19 Statement of cash flows

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

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the Company and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

5. Goodwill

The goodwill recognised at 31 December 2024 arose from the merger by absorption with Testa Inmuebles en Renta, SOCIMI, S.A. in 2016. The changes in this heading in 2024 and 2023 were as follows:

2024

	Thousands of euros			
	Balance at 31/12/23	Additions	Depreciation and amortisation	Balance at 31/12/24
Cost	46,321	-	(23,160)	23,161
	46,321	-	(23,160)	23,161

2023

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

The Company amortises goodwill over a period of 10 years and, therefore, recognised the related depreciation for the year under “Depreciation of property, plant and equipment” in the accompanying income statement for 2024 at EUR 23,160 thousand (EUR 23,160 thousand at 31 December 2023).

The Company's directors, in accordance with their expectations of the evolution of the property market, as well as the market values of the acquired assets, have not identified any signs of impairment in their recoverable value. In this regard, at 31 December 2024 the existing gains in the property assets from Testa Inmuebles en Renta SOCIMI, S.A. amounted to EUR 737,455 thousand (EUR 714,877 thousand in 2023), as detailed as follows:

	Thousands of euros	
	2024	2023
Carrying amount of the investment property from Testa Inmuebles en Renta SOCIMI, S.A.	2,244,930	2,283,453
Fair value of the investment property from Testa Inmuebles en Renta SOCIMI, S.A.	2,982,385	2,998,330
Unrealised gains	737,455	714,877

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

6. Investment property

The breakdown of and changes in this heading in 2024 and 2023 are as follows:

2024

	Thousands of euros				
	Initial balance 31/12/2023	Entries, Additions and Allocations	Removals, Disposals and Reversals	Transfers	Closing balance at 31/12/2024
Cost:					
Land	2,329,173	1,165	(50,358)	-	2,279,980
Buildings	2,563,196	73,097	(13,926)	(28,512)	2,593,855
Property, plant and equipment in the course of construction and advances	42,365	17,067	-	25,769	85,201
	4,934,734	91,329	(64,284)	(2,743)	4,959,036
Accumulated depreciation:					
Buildings	(270,890)	(44,337)	2,532	2,743	(309,952)
	(270,890)	(44,337)	2,532	2,743	(309,952)
Impairment:					
Land	(219,130)	(4,851)	20,196	-	(203,785)
Buildings	(18,310)	(3,728)	1,923	—	(20,115)
Property, plant and equipment in the course of construction and advances	(2,990)	(278)	—	—	(3,268)
	(240,430)	(8,857)	22,119	-	(227,168)
Investment property	4,423,414	38,135	(39,633)	-	4,421,916

2023

	Thousands of euros				
	Initial balance 31/12/2022	Entries, Additions and Allocations	Removals, Disposals and Reversals	Transfers	Closing balance at 31/12/2023
Cost:					
Land	2,345,168	4,373	(20,368)	-	2,329,173
Buildings	2,396,203	85,858	(33,689)	114,824	2,563,196
Property, plant and equipment in the course of construction and advances	118,783	42,996	-	(119,414)	42,365
	4,860,154	133,227	(54,057)	(4,590)	4,934,734
Accumulated depreciation:					
Buildings	(238,652)	(40,448)	3,620	4,590	(270,890)
	(238,652)	(40,448)	3,620	4,590	(270,890)
Impairment:					
Land	(203,575)	(24,332)	8,777	-	(219,130)
Buildings	(23,159)	(6,910)	8,805	2,954	(18,310)
Property, plant and equipment in the course of construction and advances	(1,401)	(36)	1,401	(2,954)	(2,990)
	(228,135)	(31,278)	18,983	-	(240,430)
Investment property	4,393,367	61,501	(31,454)	-	4,423,414

The “Land and buildings” heading includes operational property assets. In addition, undeveloped land with a book value of EUR 41,658 thousand (EUR 66,177 thousand in 2023) is also included.

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

Buildings for lease

2024

Improvements to buildings in use and in progress

The additions for 2024 mainly corresponded to the development of Data Center in Getafe and the construction and refurbishment works at offices such as the Plaza Ruiz Picasso building.

Acquisitions:

During 2024, an office building in Madrid was acquired for EUR 542 thousand.

Disposals

In 2024 disposals mainly corresponded to the sale of an office building, various commercial premises and a plot of land in Madrid, and the sale of an office building in Granada. As a result of these divestments, the Company obtained a positive result of Euros 2,916 thousand, as the impairment associated with the assets disposed of, amounting to Euros 19,846 thousand, was written off on the sale. The remaining impairment reversals amounting to Euros 2,273 thousand relate to assets held by the Company at year-end 2024.

2023

Improvements to buildings in use and in progress

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

Acquisitions:

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

Disposals

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

The Company takes out the insurance policies it considers necessary to cover the risks that might affect its investment property. At 31 December 2024, the Company’s directors considered that the property, plant and equipment were fully insured against these risks.

At 31 December 2024, the Company had no firm purchase commitments for investment property, without considering the investments committed in buildings and improvements.

In 2024, no significant finance costs were capitalised in the construction costs or as a result of improvements to or refurbishments of the properties.

At 31 December 2024, the Company did not have any investment property that was fully depreciated.

At 31 December 2024, the Company holds property assets with an associated cost of EUR 726,686 thousand (EUR 478,308 thousand at 31 December 2023), securing various loans. At the 2024 year-end, the balance of the loans was EUR 499,719 thousand, while derivative financial instruments show a balance in liabilities of EUR 6,208 thousand. The Company holds no rights of use, seizure or similar situations with regard to its investment property.

At 31 December 2024 and 2023, the gross surface areas and occupancy rates of the assets by line of business were as follows:

2024

	GLA	Occupancy rate (%)*
Offices	892,830	94 %
Shopping centres	114,303	98 %
Logistics	166,710	98 %
Data centers	22,508	27 %
Others	3,085	62 %
Total surface area	1,199,436	95 %

** Not including projects under way or land*

(1) The market standard for Data Centers is to measure occupancy in terms of processing capacity, taking into account the square metres of floor space required for processing rooms, which is the main subject of leases in the Data Center business. At 31 December 2024, the Data Center that the Company currently operates has an available processing capacity of 6 MW, with 1.6 MW (26.7%) committed as of that date. The Company considers as committed capacity the capacity physically occupied at the reference date or with respect to which, without being occupied at that date, there are contractual commitments reserving that capacity to ensure the future growth of the Company’s customers.

2023

	GLA	Occupancy rate (%)*
Offices	862,399	92 %
Shopping centres	114,350	97 %
Logistics	166,710	99 %
Data centers	22,508	53 %
Others	3,085	62 %
Total surface area	1,169,052	94 %

* Not including projects under way or land

(1) The market standard for Data Centers is to measure occupancy in terms of processing capacity, taking into account the square metres of floor space required for processing rooms, which is the main subject of leases in the Data Center business. At 31 December 2023, the Data Center that the Company currently operates has an available processing capacity of 3 MW, with 1.6 MW (53.3%) committed as of that date. The Company considers as committed capacity the capacity physically occupied at the reference date or with respect to which, without being occupied at that date, there are contractual commitments reserving that capacity to ensure the future growth of the Company's customers.

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

Impairment losses

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

The method used to calculate the market value of the property assets involves drawing up ten-year projections of income and expenses for each asset, adjusted at the reporting date using a market discount rate. The residual amount at the end of year 10 is calculated by applying an exit yield or cap rate to the net income projections for year 11. The market values obtained are analysed by calculating and assessing the capitalisation of the returns implicit in these values. In the case of the data centre, projections at 6 years have been used, which is the period considered for the stabilisation of the market. The projections are designed to reflect the best estimate of future income and expenses from the investment properties. Both the exit yield and discount rate are determined taking into account the national market and institutional market conditions.

The recoverable amount of the Company's investment property, calculated based on the appraisals carried out by Jones Lang LaSalle, S.A., Savills Consultores Inmobiliarios, S.A. and CBRE Valuation Advisory S.A., which are not related to the Company, amount to EUR 5,786,958 thousand at 31 December 2024 (EUR 5,754,488 thousand at 31 December 2023). Based on this appraisal, the Company's directors have identified several individual assets whose recoverable amount is less than their carrying amount and, therefore, an impairment loss of EUR 8,857 thousand (EUR 33,412 thousand at 31 December 2023) was recognised under "Impairment and gains or losses on disposals of property, plant and equipment" in the accompanying income statement for 2024. Furthermore, a reversal of impairment loss was recognised in the amount of EUR 22,119 thousand, due, mainly, to the disposal of a plot of land in Madrid, which had an associated impairment loss of EUR 18,541 thousand. 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 Company's investment property.

The amount of the impairment and gains or losses on disposals of investment property described above are recognised under "Impairment and gains or losses on disposals of fixed assets" in the accompanying income statement. This heading also includes the impairment movements associated with investments in Group companies and associates, as well as those related to loans to Group companies and associates (see Notes 7.2 and 9), as detailed below:

	Thousands of euros	
	2024	2023
Investment Property	(3,668)	(32,638)
<i>Balances with Group companies (current and non-current)</i>	4,330	(3)
Non-current investments in Group companies and associates	(19,998)	(12)
	(19,336)	(48)

Income and related expenses

In 2024, the rental income from the investment property owned by the Company amounted to EUR 242,884 thousand (EUR 245,211 thousand at 31 December 2023) and the operating expenses of all kinds relating thereto totalled EUR 82,225 thousand (EUR 79,518 thousand at 31 December 2023).

At the end of 2024 there were no restrictions on making new investment property investments, on the collection of rental income from them or in connection with the proceeds to be obtained from a potential disposal of them.

a. Operating leases as lessee

At the end of 2024 and 2023 the Company had contracted with lessors for the following minimum lease payments, based on the leases currently in force, without taking into account the charging of common expenses, future increases in the CPI or future contractual lease payment revisions:

	Thousands of euros	
	Nominal value	
	2024	2023
Operating leases		
Minimum lease payments		
Within one year	768	727
1 to 5 years	64	741
	832	1,468

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

The total lease expense accrued in 2024 amounted to EUR 880 thousand (EUR 778 thousand in 2023). The income for subleases in 2024 and 2023 from Magic Real Estate, S.L.U. and Testa Home, S.L. totalled EUR 4 thousand and EUR 13 thousand, respectively, and is recognised under "Other operating income" in the income statement for 2024.

b. Operating leases as lessor

At the end of 2024 the Company had contracted with tenants for the following minimum lease payments, based on the leases currently in force, without taking into account the charging of common expenses, future increases in the CPI or future contractual lease payment revisions (in thousands of euros).

	Thousands of euros	
	2024	2023
Minimum lease payments:		
Within one year	246,255	224,801
1 to 5 years	516,115	509,716
Over 5 years	90,134	104,205
	852,504	838,722

The detail of the operating lease and sublease payments recognised as an expense and as income, respectively, in 2024 is as follows:

	Thousands of euros	
	2024	2023
Minimum lease payments	245,211	227,678
Transfer of common expenses	54,758	53,683
	299,969	281,361

The expenses passed on to the tenants recognised in the income statement for 2024 decreased the balance of “Other operating expenses” (Note 18.3).

7. Financial assets

The detail of “Current and non-current financial investments” at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	12/31/2024	12/31/2023
Non-current financial investments:		
Equity instruments	11,151	9,915
Derivatives	-	—
Guarantees given and prepayments	33,529	32,165
Loans to Group companies	373,530	471,374
Loans to third parties	123,099	107,624
	541,309	621,078
Current financial investments:		
Equity instruments	18	18
Loans to Group companies	753,560	698,393
Loans to third parties	236	236
Trade and other receivables	42,701	31,224
Debt securities and other financial assets	7,062	1,581
	803,577	731,452
	1,344,886	1,352,530

7.1 Guarantees given and prepayments

“Guarantees given and prepayments” includes mainly the guarantees arranged for lease agreements as collateral that the Company has deposited in the Housing Institute of each region, the balance of which at 31 December 2024 amounted to EUR 32,734 thousand (EUR 31,432 thousand at 31 December 2023), as well as the deposits amounting to EUR 286 thousand at that date (EUR 286 thousand at 31 December 2023).

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

The Company has the following long-term and short-term balances with its subsidiaries at 31 December 2024 and 2023:

12/31/2024

Company	Thousands of euros								
	Long term credits	short term credits	Current Accounts – debit balances	Dividends Ptes collection	Long term debts	short term debt	Current accounts – credit balances	Customers	Suppliers
Group companies:									
Merlin Retail, S.L.U.	-	26,584	(15)	-	-	-	-	172	-
Merlin Oficinas, S.L.U.	-	-	(134)	-	-	(5,467)	-	245	-
Merlin Logística, S.L.U.	-	302,064	(15)	-	-	-	-	254	-
Sevisur Logística, S.A.	-	10,197	(304)	-	-	-	-	45	-
Parc Logistic de la Zona Franca, S.A.	-	56,824	-	-	-	-	-	12,110	-
Slack Tailwind Systems, S.L.U.	-	-	-	-	-	-	-	-	-
Slow Rise Spain, S.L.U.	-	-	-	-	-	-	-	-	-
Innovación Colaborativa, S.L.U.	-	8,922	-	-	-	-	-	23	(228)
Exhibitions Company, S.A.U.	-	472	-	-	-	-	-	-	-
Gescentesta, S.L.U.	-	-	-	-	-	(758)	-	-	-
La Vital Centro Comercial y de Ocio, S.L.U.	-	-	(6)	-	-	(7,942)	-	24	-
Desarrollo Urbano de Patraix, S.A.U.	-	7,686	-	-	-	-	-	-	(32,007)
Sadorma 2003, S.L.U.	-	-	-	-	-	(23,525)	-	-	-
Global Murex Iberia, S.L.U.	-	-	-	-	-	-	-	-	-
Varitelia Distribuciones, S.L.U	-	160,516	-	-	-	-	-	71	-
Global Carihuela Patrimonio Comercial, S.L.U	-	64,196	18	-	-	-	-	24	-
MPCVI - Compra e Venda Imobiliária, S.A.	-	-	-	-	-	-	-	16	-
MPEP - Properties Escritórios Portugal, S.A.	21,325	549	-	-	-	-	-	8	-
MP Monumental, S.A.	-	-	-	-	-	-	-	44	-
MP Torre A, S.A.	23,800	630	-	-	-	-	-	17	-
VFX Logística, S.A.	33,160	3,415	-	-	-	-	-	68	-
Promosete, Invest Inmobiliaria	-	-	-	-	-	-	-	19	-
Praça do Marquês - Serviços Auxiliares, S.A.	-	-	-	-	-	-	-	22	-
Torre Dos Oceanus Investimentos Imobiliarios,S.A.	-	-	-	-	-	-	-	14	-
Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda.	225,000	6,266	66,249	-	-	-	-	162	-
Forum Almada II, S.A.	-	-	-	-	-	-	-	86	-
Torre Arts - Investimentos Imobiliarios, S.A.	-	-	-	-	-	-	-	27	-
Torre Fernao Magalhaes - Investimentos Imobiliarios, S.A.	-	-	-	13,000	-	-	-	12	-
Milos Asset Development, S.A.	-	6,353	-	-	-	-	-	-	-
Generous Profile Unipessoal, Lda	56,500	1,706	-	-	-	-	-	-	-
Merlin Edged, S.L.U	-	14,075	-	-	-	-	-	-	-
Associates:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Provitae Centros Asistenciales, S.L.	-	1,262	-	-	-	-	-	-	-
Pazo de Congressos de Vigo, S.A.	-	-	-	-	-	-	-	340	-
Paseo Comercial Carlos III, S.A.	13,056	-	-	-	-	-	-	-	-
Edged Spain, S.L.	-	-	3,050	-	(4,461)	-	-	248	(5)
Silicius Real Estate, S.L.	-	-	-	-	-	-	-	49	(450)
Renazca	689	-	-	-	-	-	-	-	-
Total	373,530	671,717	68,843	13,000	(4,461)	(37,692)	-	14,100	(32,690)

12/31/2023

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

Long-term loans to Group companies and associates

Long-term loans to Group companies and associates

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

- In 2018, as a result of the purchase of Forum Almada-Gestao de Centro Comercial, Sociedade Uniperssoal, Lda, the Company subrogated to three primary loans that the subsidiary had with the previous shareholder for a total amount of EUR 276,708 thousand and with initial maturity set for 31 January 2022. These loans were extended for 7 years, at a new rate of 4.75%. During 2023, interest and principal were capitalised for an overall amount of EUR 56,880 thousand, through an increase in the cost of its share in the subsidiary. In 2024 an interest payment was made in the amount EUR 14,523 thousand. The outstanding principal balance at the 2024 year-end is EUR 225,000 thousand, with accrued and unpaid interest of EUR 6,266 thousand (EUR 225,000 thousand and EUR 10,073 thousand in 2023).
- In 2019, as a result of the purchase of the asset owned by MPEP- Properties Escritórios Portugal, S.A., the Company granted a loan amounting to EUR 13,330 thousand, accruing fixed interest of 5% and maturing on 2 September 2029. In 2023, an interest payment was made in the amount of EUR 605 thousand. In 2024 an interest payment was made in the amount EUR 607 thousand was made. The outstanding balance of principal plus accrued and unpaid interest at the 2024 year-end amounts to EUR 14,751 thousand (EUR 14,630 thousand in 2023).
- In 2016, as a result of the purchase of MPCVI-Compra e venda Imobiliária, S.A., the Company subrogated to a primary loan that the subsidiary had with the previous owner for an amount of EUR 11,800 thousand with maturity set for 1 June 2025. That loan accrued interest at a fixed annual rate of 5.98%. In 2024, MPCVI-Compra e venda Imobiliária, S.A. repaid the full amount of the principal and interest, and the loan was cancelled on 31 December 2024.
- In 2018, as a result of the purchase of Torre Dos Oceanus Investimentos Imobiliários, S.A., the Company subrogated to the primary loan that the subsidiary had with the previous owner for an amount of EUR 17,294 thousand, with maturity set for 17 April 2022. That loan was extended, with its new maturity set for 17 April 2023, accruing interest at a fixed annual rate of 5%. In 2024, Torre Dos Oceanus Investimentos Imobiliários, S.A., repaid the full amount of the principal and interest, and the loan was cancelled on 31 December 2024.
- In 2017, as a result of the purchase of Promosete Investimentos Imobiliarios, S.A., the Company subrogated to two primary loans that the subsidiary had with the previous owner for an amount of EUR 17,833 thousand with maturity set for 31 January 2022, extended to 31 December 2029. That loan accrued interest at a fixed rate of 1.93%. In 2024, Promosete Investimentos Imobiliarios, S.A., repaid the full amount of the principal and interest, and the loan was cancelled on 31 December 2024.
- In 2016, as a result of the purchase of MP Monumental, S.A., the Company subrogated to the two primary loans that the subsidiary had with the previous shareholder for an overall amount of EUR 38,040 thousand. This loan matured on 31 January 2030, accruing interest at a rate of 4.75%. In 2024, MP Monumental, S.A. repaid the full amount of the principal and interest, and the loan was cancelled on 31 December 2024.
- In 2016, as a result of the purchase of MP Torre, S.A., the Company subrogated to a primary loan that the subsidiary had with the previous shareholder for an amount of EUR 31,122 thousand. That loan accrued interest at an annual rate of 3%. In 2024, the capital of the loan was increased by EUR 1,800 thousand, with a balance at 31 December of EUR 28,800 thousand. Furthermore, in 2024, interest was paid in the amount of EUR 962 thousand, leaving an outstanding balance of accrued and unpaid interest at year-end of EUR 630 thousand. This loan matures on 31 January 2030, accruing interest at a rate of 4.75%.
- At 31 December 2023, the Company held a participation loan with Global Murex Iberia, S.L.U. amounting to EUR 18,000 thousand. This loan matured in 2019, at which time an addendum was signed extending the maturity of the agreement until 1 September 2024, extended to 31 December 2025. At 31 December 2023, the outstanding balance of the loan was impaired in an amount of EUR 15,336 thousand. During 2024, prior to the winding up and liquidation of Global Murex Iberia, S.L.U.,

(see Notes 1.2 and 9), the reversal of the impairment has been recorded and the existing participation loan at the end of 2023 has been capitalised in the amount of EUR 18,000 thousand.

- In 2020, the Company signed a CAPEX three lines of credit with VFXIMO Investimentos Imobiliários, S.A., MP Monumental, S.A. and MPEP Properties Escritórios Portugal, S.A. for maximum amounts of EUR 26,360, 30,250 and 7,000 thousand, respectively. The maturity of these agreements is 31 December 2025, with an interest rate of 3%. In 2024, MP Monumental, S.A. repaid the full amount of principal and interest, and its credit line was cancelled as of 31 December 2024. The company VFXIMO Investimentos Imobiliários, S.A. maintains its credit line fully drawn down, with an outstanding balance at 31 December 2024 of principal and interest totalling EUR 29,755 thousand. In 2024, the Company formalised a new CAPEX credit line with VFXIMO Investimentos Imobiliários, S.A., for a maximum amount of EUR 70,000 thousand, maturing on 31 December 2034, accruing interest at 4%. The outstanding balance of this credit line at 31 December 2024 for principal and interest amounted to a total of EUR 6,820 thousand. The company MPEP Properties Escritórios Portugal, S.A. maintains its credit line fully drawn down, with an outstanding balance as at 31 December 2024 for principal and interest totalling EUR 7,123,000..
- On 3 August 2022, the Company acquired 100% of the shares of Generous Profile Unipessoal Lda. Subsequently, on 12 August 2022, Generous Profile Unipessoal Lda acquired the Liberdade 195 office building, through a loan granted by the Company for EUR 56,500 thousand. On 16 October 2023, a new loan agreement was signed on the same principal, with the new maturity set for 31 December 2029 and accruing interest at a rate of 5.15%. In 2023, the corporate name of the subsidiary was changed to MPLIB – Investimentos Imobiliários, Unipessoal Lda. In 2024, this company paid interest amounting to EUR 3,112 thousand, with an outstanding balance at 31 December 2024 for principal and interest totalling EUR 58,206 thousand.
- At 31 December 2024, the Company held three outstanding loans with the affiliated company Paseo Comercial Carlos III, S.A. (owner of a shopping centre in Madrid) for a total of EUR 13,056 thousand. This amount includes the combined amount of EUR 2,648 thousand, in principal and interest, of two initial loans granted on 27 July 2017. Both loans have an interest rate of 1.15%, maturing on 27 September 2027. In 2024, the Company took out a new loan with its investee, for a principal of EUR 10,000 thousand euros, with a balance at 31 December 2024 of EUR 10,407 thousand, including interest accrued during the year, which amounted to EUR 407 thousand. This loan accrues interest at a rate of 4.81%, maturing on 21 December 2028.
- There are a number of commitments under the contracts between the Company, which owns a Data Centre currently in operation, and its associate Edged Spain, S.L. With regard to the commitment relating to future profits, the Company has a liability to this investee of EUR 4,461 thousand at 31 December 2024.

Short-term loans and debts to Group companies and associates

- As a result of the purchase of Forum Almada-Gestao de Centro Comercial, Sociedade Uniperssoal, Lda, the Company subrogated to a primary loan that the subsidiary had with the previous shareholder for a total current amount of EUR 98,410 thousand. That loan does not accrue interest. The main outstanding balance at the end of 2024 amounted to EUR 66,249 thousand.
- At 31 December 2024, the Company has a balance with Edged Spain, S.L. amounting to EUR 3,050 thousand (EUR 1,950 thousand in 2023), corresponding to the contributions made to its investee.
- Loan agreement between Group companies with Merlin Logistics, S.L.U. with a term of one year, with subsequent renewals permitted for similar periods, at an interest rate of 4.81% per year. In 2024, interest and principal were capitalised for an overall amount of EUR 61,538 thousand, with an outstanding balance of EUR 252,772 thousand at 31 December 2023. In 2024 there was a repayment of principal and interest totalling EUR 13,790 thousand. Likewise, an increase in capital of EUR 56,567 thousand was recorded, of which EUR 21,167 thousand resulted from the capitalisation of interest and the set-off of debts between the Company and its subsidiary (EUR 6,420 thousand and EUR 14,747 thousand respectively). At year-end 2024, the interest debt was settled, leaving an outstanding principal balance of EUR 302,064 thousand.
- Loan with Global Carihuella Patrimonio Comercial, S.L.U., whose balance comes from the financing from the business combination with Metrovacesa executed in 2016 through current accounts with

Group companies. That loan has a term of one year and matures on 31 December 2025, with subsequent renewals permitted for similar periods, accruing an annual interest rate of 4.81%. In 2024, interest and principal repayments on the loan amounted to EUR 2,530 thousand and EUR 1,108 thousand, respectively. There was also an increase in the principal of EUR 13,880 thousand, of which EUR 780 thousand originated from the offsetting of debts between the Company and its subsidiary. The outstanding balance of principal plus accrued and unpaid interest at the 2024 year-end amounts to EUR 64,196 thousand (EUR 51,233 thousand in 2023).

- Inter-Group loan agreement with Varitelia Distribuciones, S.L.U. with a term of one year, maturing on 31 December 2025, with subsequent renewals permitted for similar periods, at an interest rate of 4.81% per year. In 2024, the principal was capitalised in the amount of EUR 30,000 thousand, as the Company increased its stake in its subsidiary. In addition, principal and interest in the amount of EUR 4,040 thousand and EUR 6,114 thousand, respectively, were repaid. The principal of the loan has been increased by EUR 2,117 thousand through the offsetting of debts owed by the Company to its subsidiary. The outstanding balance of principal plus accrued and unpaid interest at the 2024 year-end amounts to EUR 160,516 thousand (EUR 190,898 thousand in 2023).
- Inter-Group loan agreement with Sevisur Logistics, S.A. with a term of one year, maturing on 31 December 2025, with subsequent renewals permitted for similar periods, at an interest rate of 4.81% per year. In 2024 year, principal and interest were repaid totalling EUR 4,904 thousand and EUR 2,025 thousand, respectively, recording an increase in the principal of the loan of EUR 3,329 thousand, of which EUR 329 thousand originate from the offsetting of debts between the Company and its subsidiary. The outstanding balance of principal plus accrued and unpaid interest at the 2024 year-end amounts to EUR 10,197 thousand (EUR 11,721 thousand at 31 December 2023).
- Loan agreement with Parc Logistic, Zona Franca, S.A. This agreement has a term of one year, maturing on 31 December 2025, with subsequent renewals permitted for similar periods, at an interest rate of 4.81% per year. Over the course of the 2024 financial year, interest and principal totalling EUR 1,870 thousand and EUR 8,408 thousand, respectively, were amortised. Of this principal reduction, EUR 5,055 thousand originated from the offsetting of debts between the Company and its subsidiary. Likewise, during the 2024 financial year, the principal of the loan was increased by EUR 26,100 thousand. The outstanding balance of principal plus accrued and unpaid interest at the 2024 year-end amounts to EUR 56,824 thousand (EUR 38,780 thousand at 31 December 2023).
- In 2023, the Company recognised an impairment in the short-term loan with Innovación Colaborativa, S.L.U. for EUR 4,093 thousand. In 2024, this impairment was reversed after capitalising EUR 15,000 thousand of loan principal as an increase in the Company's stake in its subsidiary. In addition to this decrease, EUR 2,434 thousand of principal repayment was recorded, originating from the offsetting of debts between the Company and its subsidiary. The Company also extended the loan by an additional EUR 18,288 thousand, of which EUR 488 thousand originated from the capitalisation of interest. At year-end 2024, an outstanding balance remains of principal plus accrued and unpaid interest of EUR 8,922 thousand (EUR 8,068 thousand at 31 December 2023).
- Loan agreement between Group companies with Merlin Retail, S.L.U. maturing on 31 December 2025, with subsequent renewals permitted for similar periods, accruing an annual interest rate of 4.81%. In 2024, interest and principal repayments of EUR 973 thousand and EUR 24,648 thousand, respectively, were made. In 2024, the principal of the loan was increased by EUR 16,997 thousand, of which EUR 5,497 thousand originated from the offsetting of debts between the Company and its subsidiary. The outstanding balance of accrued and unpaid interest at the 2024 year-end was EUR 26,584 thousand (EUR 34,048 thousand at 31 December 2023).
- At year-end 2023, the Company held two short-term loans with Slack Taiwind Systems, S.L.U. and Slow Rise Spain, S.L.U. (wholly owned by the Company), two short-term loans for the amounts of EUR 140 thousand and EUR 434 thousand, respectively, after having increased, during the 2023 financial year, the cost of its stake in both subsidiaries by EUR 1,011 thousand and EUR 7,721 thousand, respectively. On 27 May 2024, the two companies were merged by absorption by Merlin Oficinas, S.L.U., with the debt that the two subsidiaries held with the Company being transferred as the principal increase to the loan of Merlin Oficinas, S.L.U., for a total amount of EUR 574 thousand. The absorbing subsidiary, for its part, has increased the principal of the loan it held with the Company (EUR 2,298 thousand at the end of the 2023 financial year), through successive drawdowns and the offsetting of the Company's debts with Merlin Oficinas, S.L.U. and with the merged subsidiaries, for a combined amount of EUR 51,292 thousand. Likewise, during the 2024 financial year, Merlin Oficinas, S.L.U. has

fully repaid the loan it held with the Company, after paying EUR 54,096 thousand in principal and interest accrued to date.

- On 7 November 2023, the Company acquired 100% of the shares representing the share capital of the company Merlin Edged, S.L.U. (See Note 1.2). In 2024, a loan was formalised between the Company and its subsidiary for a principal amount of EUR 14,075, maturing on 31 December 2025 and accruing interest at a rate of 4.81%.
- Debt contract with the company Sadorma, S.A., whose balance originated in the financing from the business combination with Metrovacesa, carried out in the 2016 financial year, through current accounts with Group companies. This loan has a duration of one year and matures on 31 December 2025, with the possibility of subsequent renewals for similar periods, accruing interest at an annual rate of 4.81%. The outstanding balance at the end of the 2024 financial year of principal plus accrued and unpaid interest amounts to EUR 23,525 thousand.

At 31 December 2024, the Company had no recorded impairment losses on the loans granted to Group companies and associates except that held with The Exhibitions Company S.A., having recorded a provision of EUR 95 thousand in 2024. An impairment reversal of EUR 200 thousand on the receivables from Milos Asset Development, S.A. was also recorded.

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

The loan granted to Desarrollos Urbanísticos Udra, S.A.U. amounting to EUR 86,397 thousand is recorded under the heading “Third-Party Loans” under non-current assets, with a market interest rate. In 2020, the first capitalisation of interest took place, amounting to EUR 1,423 thousand. In 2021, 2022, 2023 and 2024, further capitalisations took place for EUR 1,442 thousand, EUR 1,466 thousand, EUR 1,490 thousand, and EUR 1,519 thousand respectively, with the resulting principal balance of the loan at 31 December 2024 of EUR 93,737 thousand (EUR 92,219 thousand at the end of 2023). The outstanding interest amounted to EUR 323 and 318 thousand at 31 December 2024 and 2023, respectively. In relation to the aforementioned loan, the Company has guarantees from the creditor associated with 10% of the shares it holds in Crea Madrid Nuevo Norte, S.A.

In addition, under this heading, rent linearisation, marketing costs and tenant installation costs amounting to EUR 28,981 thousand (EUR 15,030 thousand at the end of 2023) are recorded.

7.4 Trade and other receivables

At 31 December 2024, the heading “Trade and other receivables” includes the following items:

	Thousands of euros	
	12/31/2024	12/31/2023
Current assets:		
Trade and notes receivable	18,327	15,766
Group companies and associates	14,100	5,464
Sundry accounts receivable	491	538
Employee receivables	184	184
Other receivables from public authorities (Note 14)	9,599	9,272
	42,701	31,224

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

Movement in the provision for impairment and bad debt in 2024 was as follows:

	Thousands of euros	
	2024	2023
Initial balance	(7,088)	—
Charges for the year	(188)	(283)
Reversals/amounts used	1,193	(6,805)
Other	—	—
Closing balance	(6,083)	(7,088)

In 2024, losses on bad debts amounted to EUR 423 thousand (EUR 15 thousand in 2023).

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

8. Cash and cash equivalents

“Cash and cash equivalents” includes the Company’s cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. The balance of this heading of the accompanying balance sheet comprises mainly the current accounts in euros held by the Company at various financial institutions, which accrue interest at market rates, amounting to EUR 1,393,594 thousand (EUR 339,922 thousand in 2023).

At 31 December 2024 , there pledged balances in the amount of EUR 2,000 thousand.

The interest earned in this regard in 2024 amounted to EUR 34,723 thousand and is recognised under “Other finance Income” in the accompanying income statement (EUR 7,147 thousand in 2023).

9. Non-current investments in Group companies and associates

The breakdown of and changes in the balance of “Equity instruments” at 2024 and 2023 year-end is as follows:

Company	Euros						
	Balance 12/31/2023	Additions	Retirement due to spin- of	Additions by spin-of	Deterioratio n	Retirement	Balance 12/31/2024
Group Companies:							
Merlin Retail, S.L.U.	390,432	-	-	-	-	-	390,432
Merlin Oficinas, S.L.U.	824,488	-	-	8,738	-	-	833,226
Merlin Logística, S.L.U.	353,842	-	-	-	-	-	353,842
Sevisur Logística, S.A.	37,629	-	-	-	-	-	37,629
Parc Logistic de la Zona Franca, S.A.	118,310	-	-	-	-	-	118,310
Slack Tailwind Systems, S.L.U.	940	-	(1,014)	-	74	-	-
Slow Rise Spain, S.L.U.	7,724	-	(7,724)	-	-	-	-
Innovación Colaborativa, S.L.U.	-	15,000	-	-	(9,853)	-	5,147
Exhibitions Company, S.A.U.	1,066	-	-	-	(1,066)	-	-
Gescentesta, S.L.U.	3	-	-	-	-	-	3
Metroparque	-	-	-	-	-	-	-
La Vital Centro Comercial y de Ocio, S.L.U.	56,788	-	-	-	-	-	56,788
Desarrollo Urbano de Patraix, S.A.U.	24,636	-	-	-	(357)	-	24,279
Sadorma 2003, S.L.U.	20,696	-	-	-	3,454	-	24,150
Varitelia Distribuciones, S.L.U	1,947	30,000	-	-	(736)	-	31,211
Global Carihuela Patrimonio Comercial, S.L.U	20,580	-	-	-	(14,329)	-	6,251
MPCVI - Compra e Venda Imobiliária, S.A.	6,418	-	-	-	-	-	6,418
MPEP - Properties Escritórios Portugal, S.A.	1,085	-	-	-	-	-	1,085
MP Monumental, S.A.	41,570	-	-	-	-	-	41,570
MP Torre A, S.A.	20,101	1,500	-	-	-	-	21,601
VFXIMO Investimentos Imobiliários, S.A.	30,182	20,200	-	-	-	-	50,382
Promosete, Invest Imobiliária	10,386	-	-	-	-	-	10,386
Praça do Marqués - Serviços Auxiliares, S.A.	56,359	-	-	-	-	-	56,359
Torre Dos Oceanus Investimentos Imobiliarios, S.A.	15,912	-	-	-	-	-	15,912
Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda.	89,454	-	-	-	-	-	89,454
Torre Arts - Investimentos Imobiliarios, S.A.	80,281	-	-	-	-	-	80,281
Torre Fernao Magalhaes - Investimentos Imobiliarios, S.A.	26,055	-	-	-	-	(13,000)	13,055
Milos Asset Development, S.A.	-	1,600	-	-	(646)	-	954
MPLIB – Investimentos Imobiliários, Unipessoal Lda.	52,690	-	-	-	4,118	-	56,808
Merlin Edged, S.L.U	3	-	-	-	-	-	3
Global Murex Iberia, S.L.U.	-	2,664	-	-	-	(2,664)	-
Associates:							
Moregal Hotels, S.L.	1,583	-	-	-	(1)	-	1,582
Provitae Centros Asistenciales, S.L.	2,320	-	-	-	(64)	-	2,256
Paseo Comercial Carlos III, S.A.	25,668	-	-	-	-	-	25,668
Centro Intermodal de Logística, S.A.	95,688	-	-	-	-	-	95,688
Parking del Palau, S.A.II., S.L.U.	872	-	-	-	66	-	938
Crea Madrid Nuevo Norte, S.A.	175,269	40,002	-	-	(658)	-	214,613
G36, Development, S.A.	2	-	-	-	-	-	2
Edged Spain, S.L.	1	-	-	-	-	-	1
Silicius Real Estate, S.L.	88,572	-	-	-	-	-	88,572
HCG Levante, S.L	-	1,070	-	-	-	-	1,070
Total	2,679,552	112,036	(8,738)	8,738	(19,998)	(15,664)	2,755,926

2023

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

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

The most significant transactions executed in 2024 are as follows:

- In 2024, the Company increased the cost of its stake in the subsidiary Innovación Colaborativa, S.L.U., through the partial capitalisation of the loan granted to it, amounting to EUR 15,000 thousand (see Note 7).

- In 2024, the Company increased the cost of its stake in the subsidiary Varitelia Distribuciones, S.L.U., through the partial capitalisation of the loan granted to it, amounting to EUR 30,000 thousand (see Note 7).
- In 2024, the Company increased the cost of its stake in the subsidiary Milos Asset Development, S.A., through the partial capitalisation of the loan granted to it, amounting to EUR 1,600 thousand.
- On 27 May 2024, the companies Slack Tailwind Systems, S.L.U. and Slow Rise Spain, S.L.U. were merged by absorption by Merlin Oficinas, S.L.U., all of them 100% owned by the Company (see Note 7).
- On 27 November 2024, the General Meeting of Global Murex Iberia, S.L. agreed to wind up and liquidate the company, 100% owned by the Company (see Note 7).
- On 17 December 2024, the Company acquired 5.84% of the shares representing the share capital of HCG Levante S.L. for EUR 1,070 thousand. This company owns land for tertiary use in the city of Valencia.
- During 2024, the investee Crea Madrid Nuevo Norte recorded an addition of EUR 40,002 thousand, corresponding to the capital increase subscribed by the Company.
- During 2024, there was an increase in the cost of the Company's interest in the subsidiary VFXIMO Investimentos Imobiliários, S.A. amounting to EUR 20,200 thousand, as ancillary benefits to its equity.
- During 2024, a share premium of EUR 13,000 thousand was distributed by the subsidiary Torre Fernao Magalhaes - Investimentos Imobiliarios, S.A., reducing the cost of the Company's shareholding.

The most significant transactions executed in 2023 are as follows:

- On 27 July 2023, a deed was executed effecting the total split-up of the branch of activity of Metroparque, S.A.U., allocating it to the already existing companies Merlin Oficinas, S.L.U. and Merlin Retail, S.L.U., 100% owned by the Company. This involved the transfer en bloc by universal succession of the equity of the Split Company to each of its branches, which would be terminated by winding it up without liquidation in favour of the Beneficiary Companies, distributing the assets in accordance with the branch of activity performed by them. The additions due to split-up were recognised as a higher cost of the Company's share in the beneficiary companies, and that amount was reduced in the deferred tax liability generated in the total split-up of Metrovacesa (See Note 1.2).
- During 2023, the Company increased the cost of its share in the subsidiary Merlin Logística, S.L. by partially capitalising the loan granted to it, in the amount of EUR 61,538 thousand.
- During 2023, the Company increased the cost of its share in the subsidiary Slack Tailwind Systems, S.L.U. by partially capitalising the loan granted to it, in the amount of EUR 1,011 thousand. In 2023, the Company recognised an impairment in the share in the amount of EUR 71 thousand.
- During 2023, the Company increased the cost of its share in the subsidiary Slow Rise Spain, S.L.U. by partially capitalising the loan granted to it, in the amount of EUR 7,721 thousand.
- In 2023, the Company recognised an impairment in its share in the subsidiary Varitelia Distribuciones, S.L.U. in the amount of EUR 20,755 thousand.
- The Company reversed the accumulated impairment in its share in the subsidiary Global Carihuela Patrimonio Comercial, S.L.U. in the amount of EUR 11,339 thousand.
- During 2023, the Company increased the cost of its share in the Portuguese subsidiary MP Monumental, S.A. by capitalising the interest and principal (EUR 9,422 and EUR 9,500 thousand, respectively) of the loan granted to it in the amount of EUR 18,922 thousand.
- During 2023, the Company extended the share in the equity of the Portuguese subsidiary MP Torre A, S.A. by capitalising interest and principal (EUR 293 and EUR 9,122 thousand, respectively) of the loan granted to it in the amount of EUR 9,415 thousand.

- During 2023, the Company increased the cost of its share in the Portuguese Subsidiary VFXIMO Investimentos Imobiliários, S.A. in the amount of EUR 3,200 thousand through shareholder contributions to the subsidiary's equity. Additionally, it recognised an increase in the cost of its share in it in the amount of EUR 1,828 thousand, as a result of the adjustment to the purchase price, due to tax contingencies envisaged in the sale and purchase agreement. The Company recognised a reversal of the provision for impairment of its share in the amount of EUR 2,417 thousand.
- During 2023, the Company increased the cost of its share in the Portuguese Subsidiary Forum Almada – Gestão Centro Comercial Sociedade Unipessoal, Lda. by capitalising interest and principal (EUR 5,172 and 51,708 thousand, respectively) of the loan granted to it in the amount of EUR 56,880 thousand.
- In 2023, the Company recognised an impairment in its share in the subsidiary MPLIB – Investimentos Imobiliários in the amount of EUR 3,562 thousand.
- On 13 January 2023, 7.32% of the shares of Moregal Hotels, S.L. were acquired for EUR 1,585 thousand.
- In 2023, the Company participated in the increase of the share capital of the investee Crea Madrid Nuevo Norte, S.A., acquiring 10,114 shares, with a cost of EUR 3,040 thousand. At 31 December 2024, the Company had a 14.6% shareholding.
- In 2023, the Company increased its share in Silicius Real Estate, SOCIMI, S.A. to 17.91% (previously 17.80%) due to the distribution of a dividend by promissory notes convertible into shares for an amount of EUR 1,554 thousand.

At 31 December 2023, the Company held a stake in Silicius Real Estate SOCIMI, S.A, equivalent to 17.80% of the share capital. As part of the terms and conditions agreed with Silicius Real Estate SOCIMI, S.A at the time of entry into the Company's capital, certain conditions were included in relation to the shares received:

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

- Silicius Real Estate SOCIMI, S.A. has the option to proceed with the purchase of the shares at a price per share equivalent to the net asset value (NAV) per share available at the aforementioned date increased by 30%.
- If Silicius Real Estate SOCIMI, S.A. does not exercise the purchase option, Merlin will have the right to request the redemption of the interest through the return in kind of certain pre-selected assets.
- If the Board of Silicius Real Estate SOCIMI, S.A. is not satisfied with the selection of assets made by Merlin, it will be obliged to purchase or redeem in cash from Merlin the Liquid B shares at the issue price (including par value and premium) at which they were issued.

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

The directors annually assess the existence of signs of impairment on the holdings above and concluded that there are no further impairments at 31 December 2024.

To determine whether the shares in Group companies and associates have become impaired, the proportional part of equity of the investees, adjusted by any unrealised gains and goodwill at the valuation date, was considered to be the best evidence of the recoverable amount, which were mainly identified based on third-party valuations of those assets. In 2024, impairment was identified for a total of EUR 27,710 thousand, mainly related to the shares held in Global Carihuela Patrimonio Comercial, S.L.U., Innovación Colaborativa, S.L.U. and Exhibitions Company, S.A.U. Similarly, recorded impairments amounting to EUR 7,712 thousand were reversed, mainly related to the shares held in Imobiliários, Unipessoal Lda. y Sadorma 2003, S.L.U.

The most significant information in relation to investments in Group companies and associates at 2024 and 2023 year-end is detailed in Appendix I.

10. Equity and shareholder's equity

10.1 Share capital and share premium

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

Share capital

At 31 December 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 confer the holders the same rights.

On 23 July 2024, the Board of Directors of the Company approved a capital increase through the issuance of up to 93,954,149 new ordinary shares, representing approximately 20% of the share capital, of the same class and series as the then outstanding shares. The capital increase was to be made through cash contributions with no pre-emptive rights and by way of an accelerated private placement to qualified investors only.

The placement process described above was completed on 24 July 2024 under the following conditions:

- Issue of 93,954,149 shares with a par value of EUR 1 each, of the same class and series as the existing shares in circulation.
- Cash amount of the capital increase: EUR 920,750,660.
- The issue price was EUR 9.80 per share, of which EUR 1.00 represented the nominal value and EUR 8.80 represented the share premium.

The 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 Company's shares can be publicly traded and are listed on the Madrid, Barcelona, Bilbao and Valencia and Lisbon Stock Exchanges. The market price of the Parent's shares at 31 December 2024 and the average market price for the fourth quarter amounted to EUR 10.06 and EUR 8.72 per share, respectively.

At 31 December 2024, based on information extracted from the CNMV, in relation to the provisions of Royal Decree 1362/2007, of 19 October and Circular 2/2007, of 19 December, the shareholders with significant holdings in the share capital of Merlin Properties SOCIMI, S.A., both direct and indirect, in excess of 3% of the share capital, are the following based on public information:

	Shares			% of share capital
	Direct	Indirect	Total	
Banco Santander, S.A.	112,958,071	26,072,122	139,030,193	24.660%
Nortia Capital Investment Holding, S.L.	46,045,299	-	46,045,299	8.170%
BlackRock, INC	-	29,105,117	29,105,117	5.160%

The information on Banco Santander and Nortia Capital Investment Holding, S.L.) was obtained from the Company's Register of Members at the end of 2024.

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 amount of the share premium was increased by EUR 826,796 thousand.

On 9 May 2024, the General Meeting approved the distribution of an interim dividend charged to the “share premium” in the amount of EUR 108,505 thousand.

10.2. Reserves

Legal reserve

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

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

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

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

Merger reserves

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

Other reserves

During 2024, the movement in “Other reserves” is mainly due to the expenses related to the capital increase carried out in that financial year, amounting to EUR 21,606 thousand.

The item “Other reserves” includes the amount of the undistributed profit arising from the transfer of properties and shares or participations, as referred to in section 2(1) of Spanish Law 11/2009, of 26 October, regulating REITs, carried out after the periods referred to in section 3(3) of the aforementioned Law. This amount corresponds to the undistributed profits from the sale of the subsidiary Tree Inversiones Inmobiliarias SOCIMI, S.A. in 2022, and must be reinvested in other properties or interests used to fulfil the parent company's main corporate purpose within three years from the date of the transfer. At the end of 2024, this reinvestment obligation had been fully met. In this regard, the company obtained a binding tax consultation confirming the criteria applied.

10.3 Treasury shares

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

The changes in 2024 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	59
Disposals	(113,950)	(1,019)
Balance at 31 December 2024	1,314,645	14,450

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

The disposals of 113,950 treasury shares (average cost of EUR 10.99 per share) relate mainly to the delivery of shares to employees as part of the flexible remuneration plan in the amount of EUR 1,019 thousand. And the sales made under the liquidity agreement that the Group has for securities listed on the Lisbon Stock Exchange. That liquidity agreement made net sales of 8,142 shares (EUR 59 thousand) in 2024.

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

10.4 Valuation adjustments

This heading of the statement of financial position includes changes in the value of financial derivatives designated as cash flow hedges, as well as that corresponding to financial assets through profit and loss. Movement in this heading in 2024 was as follows

:

	Thousands of euros
Balance at 31 December 2022	12,798
Changes in the fair value of hedges in 2023	(22,273)
Changes in the fair value of "Financial assets through profit and loss"	-
Balance at 31 December 2023	(9,475)
Changes in the fair value of hedges in 2024	(8,574)
Changes in the fair value of "Financial assets through profit and loss"	-
Balance at 31 December 2024	(18,049)

The balance at year-end 2023 relates to the assessment of the interest rate hedges that the Company took out in 2024 and 2023 to cover the new syndicated mortgage financing for April 2023 to July 2030 (see Note 11).

11. Current and non-current financial liabilities

The detail of current and non-current liabilities at 31 December 2024 and 2023 is as follows (in thousands of euros):

	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
Mortgage loan	499,063	350,000
Non-mortgage loan	145,581	127,880
Arrangement costs of the revolving loan facility and unsecured loan	(6,064)	(5,325)
Total other loans	638,580	472,555
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	4,081,642	4,417,003
Measured at fair value		
(*) Interest rate derivative financial instruments	18,049	9,475
Total at fair value	18,049	9,475
Total non-current	4,099,691	4,426,478
Current:		
Measured at amortised cost		
Syndicated loan	900	1,144
Debentures and bonds	621,654	20,966
Non-mortgage loan	298	291
Mortgage loan	2,462	1,103
Revolving credit facility	511	525
Loan arrangement expenses	(293)	-
Total amortised cost	625,532	24,029
Measured at fair value		
(*) Interest rate derivative financial instruments	(258)	(354)
Total at fair value	(258)	(354)
Total current	625,274	23,675

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

The Company does not have any confirming contracts at 31 December 2024.

The detail of the Parent's credit rating is 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

Both ratings agencies have upgraded the Company's credit rating in 2024.

11.1 Loans

The detail of loans at 31 December 2024 and 2023 is as follows (in thousands of euros):

12/31/2024

	Initial loan / Limit	Debt arrangement expenses	Long term	Short term	Short-term interest
Syndicated loan	665,000	(2,983)	665,000	-	900
Revolving credit facilities	740,000	(3,181)	-	-	510
Non-mortgage loan	202,904	(226)	145,581	-	298
Mortgage loan	570,000	(2,657)	499,063	656	1,806
Total	2,177,904	(9,047)	1,309,644	656	3,514

12/31/2023

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

Syndicated loans and revolving credit facilities

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

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

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

On 18 July 2023, the novation of the syndicated loan and credit line was signed. The senior syndicated loan increased to EUR 665 million with the incorporation of the amounts of the bilateral loans of Kutxabank and Unicaja outlined in the following heading. Additionally, the limit on the credit line was increased to EUR 740 million. At the end of December 2024, this line had not been drawn down. On 16 July 2024, this credit line was extended until 20 April 2029.

These facilities have the same commitment to maintain certain coverage ratios as the Company bonds and the Banco Sabadell and European Investment Bank facilities described below. These ratios are defined as the ratio between the value of the assets and the outstanding debt ("Loan to Value"), the ratio between the Group's revenue and the debt service ("ICR") and the ratio between assets and debt, both without mortgage guarantee ("Unencumbered Ratio"). The Company'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 security

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

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

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

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

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

European Investment Bank loans

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

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

On 20 December 2023, the Company 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, from the initial EUR 64 million to EUR 46.7 million.

On 18 December 2024, the Company drew down EUR 17.7 million of the second tranche mentioned in the previous paragraph accruing a fixed interest rate of 325.6 basis points.

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

These facilities include the commitments to maintain certain coverage ratios. These ratios are defined as the ratio between the value of the assets and the outstanding debt ("Loan to Value"), the ratio between the revenue of the Group and the debt service ("ICR") and the ratio between assets and debt, both without mortgage guarantee ("Unencumbered Ratio"). The Company's directors have confirmed that these ratios were met at 31 December 2024 and do not expect that they will not be fulfilled in the coming years.

Mortgage loans

On 27 July 2023, the Company 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 Company entered into a loan with Allianz secured by a mortgage on a portfolio of 4 office buildings in Madrid (three of them owned by the Company and one owned by a 100% owned investee). The loan is for EUR 170 million, with a term of 10 years, and accrues interest at a fixed rate of 4.523%.

These facilities include commitments to maintain and comply with certain coverage ratios, such as the loan-to-value ratio between the ratio of the subsidiary's income and the debt service (ICR). The Company'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 details on the maturity of the amounts provided in these loans is as follows (in thousands of euros):

	Syndicated loan	Non-mortgage loan	Mortgage loan	Total
2025	-	-	-	656
2026	-	-	-	750
2027	-	-	-	1,313
Over 3 years	665,000	145,581	350,000	1,307,581
	665,000	145,581	350,000	1,310,300

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

The Company had undrawn credits and loans at 31 December 2024 with a number of financial institutions totalling EUR 797.3 million (EUR 832.3 million at 31 December 2024).

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

The finance cost for interest on the loans and the revolving lines of credit totalled EUR 62,459 thousand in 2024 (EUR 34,280 thousand in 2023) and is recognised in the accompanying income statement for 2024.

At 31 December 2024, the loan arrangement costs were recognised as a reduction in "Bank borrowings". In 2024, the Company recognised EUR 2,033 thousand (EUR 3,798 thousand in 2023) associated with the debt under "Finance costs" in the accompanying income statement for 2024, having capitalised EUR 2,023

thousand in 2024.

11.2 Debenture issues

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

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

On 17 June 2020, the General Shareholders' Meeting approved the extension of this bond issuance program up to an amount of EUR 6,000 million, and the extension took place on 21 March 2021. Subsequently, on 4 August 2022, 11 May 2023 and 10 May 2024, the scheme was renewed for another year.

On 1 June 2022, the Company received the approval of its bondholders to convert all of its bonds into green bonds in accordance with the Green Funding 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, either regarding their terms and conditions, interest or maturities. In April 2024, the Group renewed the Green Funding Framework.

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

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

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

The terms of the bonds issued by the Company are governed by and construed in accordance with English law and are listed on the Luxembourg Stock Exchange. In addition, the bond issuance scheme has the same guarantees and ratio performance obligations as the syndicated loan and the revolving credit facility.

The terms of the bonds issued by the Company abide by UK laws and are traded on the Luxembourg Stock Exchange. The bond issue scheme has the same guarantees and ratio compliance obligations as the new syndicated loan and the revolving credit facility. At year-end 2024, the Company is compliant with the covenants in this agreement and the directors believe they will be met in 2025.

2024

The detail at 31 December 2024 and 2022 of the bonds issued by Company is as follows:

Maturity	Nominal value (Millions of euros)	Coupon	Listed price	Return	Market
May 2025	600	1.750 %	MS +22 p.b.	2.84 %	Luxemburg
November 2026	800	1.875 %	MS +50 p.b.	2.69 %	Luxemburg
July 2027	500	2.375 %	MS +73 p.b.	2.91 %	Luxemburg
September 2029	400	2.375 %	MS +81 p.b.	3.04 %	Luxemburg
June 2030	500	1.375 %	MS +89 p.b.	3.14 %	Luxemburg
December 2034	600	1.875 %	MS +128 p.b.	3.64 %	Luxemburg
	3,400				

2023

Maturity	Nominal value (Millions of euros)	Coupon	Listed price	Return	Market
May 2025	600	1.750 %	MS +82 p.b.	3.94 %	Luxemburg
November 2026	800	1.875 %	MS +74 p.b.	3.32 %	Luxemburg
July 2027	500	2.375 %	MS +105 p.b.	3.54 %	Luxemburg
September 2029	300	2.375 %	MS +102 p.b.	3.44 %	Luxemburg
June 2030	500	1.375 %	MS +176 p.b.	4.18 %	Luxemburg
December 2034	600	1.875 %	MS +184 p.b.	4.35 %	Luxemburg
	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 and the outstanding debt ("Loan to Value"), the ratio between the Group's revenue and the debt service ("ICR") and the ratio between assets and debt, both without mortgage guarantee ("Unencumbered Ratio"). The Company's directors have confirmed that these ratios were met at 31 December 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 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 income statement in 2024 amounted to EUR 5,391 thousand (EUR 4,119 thousand in 2023).

11.3 Interest rate derivatives

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

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

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

In March 2024, the Group took out an interest rate hedge to cover the Caixabank mortgage-secured loan until its maturity in March 2034 for a notional amount of EUR 150 to EUR 135 million at a fixed cost of 2.598%.

The detail of the financial instruments as of 31 December 2024 and 2022 is as follows (in thousands of euros):

2024

Interest rate	Interest contracted	Thousands of euros					
		Fair Value	Outstanding notional amount at each date				
			2024	2025	2026	2027	Subsequent years
Syndicated (start 2023)	2.54 %	10,958	665,000	665,000	665,000	665,000	665,000
Unsecured	2.512 %	883	60,000	60,000	60,000	60,000	60,000
Mortgage loans	2.470 %	6,208	329,719	329,063	328,313	327,000	325,500
		18,049	1,054,719	1,054,063	1,053,313	1,052,000	1,050,500

2023

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

	Thousands of euros	Thousands of euros
	12/31/2024	12/31/2023
Non-current		
Interest rate derivatives	18,049	9,475
Total non-current	18,049	9,475
Current		
Interest rate derivatives	(258)	(354)
Total current	(258)	(354)

At 31 December 2024 and 2023, the impact for interest rate derivatives on liabilities and profit before tax of a 5% fluctuation in the estimated credit risk rate would be as follows:

2024

Scenario	Thousands of euros		
	Liabilities	Equity	Consolidated profit/(loss) before tax
5% rise in credit risk rate	(21,499)	21,499	-
5% reduction in credit risk rate	22,181	(22,181)	-

2023

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

12. Other current and non-current liabilities

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

	Thousands of euros	
	12/31/2024	12/31/2023
Non-current:		
Provisions	10,778	18,796
Other non-current liabilities	16,739	13,311
Guarantees and deposits received	49,886	47,828
	77,403	79,935
Current:		
Other payables	-	—
Other current liabilities	5,162	2,846
	5,162	2,846
	82,565	82,781

“Non-current provisions” mainly includes provisions for the risk assessment associated with a series of legal proceedings and third-party claims arising from the Company's activity, which have been recognised in accordance with the best existing estimates, as well as the provision corresponding to the variable remuneration that will be paid in the long term amounting to EUR 1,517 thousand (EUR 4,510 thousand in 2023).

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

On 21 February 2024, the following Conformity Certificates were signed:

- Corporate income tax for 2016 to 2019, under which an amount to be refunded to the Company of EUR 13,984 thousand was determined, comprising tax payable and late-payment interest. The above mentioned certificate recognises the effects 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.
- Value Added Tax for the years 2018 to 2019, under which an amount of EUR 799 thousand was determined to be paid to the Tax Agency by the Company, comprising tax payable and late payment interest.
- Withholdings on account of non-resident income tax (IRNR) for 2018 to 2019, under which an amount of EUR 834 thousand was determined to be paid to the tax authorities by the Company, comprising tax payable and late payment interest.
- Withholdings and payments on account on capital assets for 2018 and 2019, under which no amount was determined to be paid or refunded.

On 2 April 2024, the Tax Agency made a net refund to the Company of the amounts relating to the aforementioned certificates.

During 2024, the Company made a voluntary adjustment by filing supplementary VAT and non-resident income tax (IRNR - Impuesto sobre la Renta de No Residentes) self-assessments for the years 2020 to 2024. These self-

assessments resulted in an amount payable by the Company to the tax authorities of EUR 2,234 thousand, comprising tax payable and late-payment interest, after which the Company reversed the remaining amount of the provision recognised in 2023, amounting to EUR 1,834 thousand, which is recognised under the heading “Provisions” in the accompanying income statement.

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

The amount included under “Other non-current liabilities” includes the estimated value of the resulting put option on the share in Silicius for EUR 13,739 thousand (EUR 10,311 thousand at 31 December 2023) (see Note 9).

13. Trade and other payables

The detail of trade and other payables is as follows:

	Thousands of euros	
	12/31/2024	12/31/2023
Trade and other payables:		
Accounts Payables	45,309	42,557
Payable to suppliers, Group companies and associates	32,690	34,034
Sundry accounts payable	3,298	3,368
Remuneration payable	11,931	11,739
Other accounts payable to public authorities (see Note 14)	20,797	23,853
Advances from customers	3,001	900
	117,026	116,451

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

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

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

	Days	
	2024	2023
Average period of payment to suppliers	44	39
Ratio of transactions settled	44	39
Ratio of transactions not yet settled	45	36

	Thousands of euros	
	2024	2023
Total payments made	204,187	252,107
Total payments outstanding	26,446	18,942

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

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

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

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

	2024	2023
Monetary volume (thousands of euros)	166,814	233,676
<i>Percentage of total payments made</i>	<i>81.7%</i>	<i>92.7%</i>
Number of invoices	18,707	19,950
<i>Percentage of total invoices</i>	<i>80.1%</i>	<i>80.6%</i>

The maximum legal payment period applicable to the Company in 2024 in accordance with Law 3/2004 of 29 December, establishing the measures to fight against default in commercial transactions is 60 days.

14. Tax situation

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

	Thousands of euros	
	12/31/2024	12/31/2023
Tax receivables:		
Non-current-		
Deferred tax assets	48,933	73,291
Current-		
VAT refundable	225	1,746
Other tax receivables	9,374	7,526
	58,532	82,563
Tax payables:		
Non-current-		
Deferred tax liabilities	341,277	349,713
Current-		
VAT payable	462	4,754
Personal income tax withholdings payable	20,058	18,735
Payable to the Social Security	268	237
Deferred output VAT	9	127
	362,074	373,566

14.1 Reconciliation of accounting profit, taxable profit and tax expense

At 31 December 2024, the taxable profit was calculated as the accounting profit for the year. The reconciliation of the accounting profit, the taxable profit from corporation tax, the corporation tax payable or refundable, and the corporation tax expenses at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Accounting profit before tax	126,797	98,430
Temporary differences	36,664	19,993
Permanent differences	(16,045)	(15,805)
Taxable profit prior to offsetting tax losses	147,416	102,618
Offset of tax losses	(994)	-
Tax base	146,422	102,618
Tax base under the REIT regime	146,462	156,796
Tax base at the general tax rate	—	(54,178)
Tax charge under the REIT regime (0%)	-	-
Tax charge under the standard regime (25%)	—	(13,545)
Adjustments to the tax charge	-	-
Tax credit for reinvestment	-	-
Tax credit for temporary measures	-	-
Prepayments	-	—
Corporation tax payable / (receivable)	-	(7,235)
Tax base under the REIT regime	146,462	156,796
Tax base at the general tax rate	—	(54,178)
Tax charge under the REIT regime (0%)	-	-
Tax charge under the standard regime (25%)	-	—
Activated deductions	-	-
Special charge	-	-
Total current income tax expense	-	—
Tax bases	-	-
Deductions offset	-	-
Offset of prior years' corporation tax	(9,883)	-
Other corporation tax adjustments	(132)	-
Deferred tax asset adjustments	-	-
Deferred tax liability adjustments	7,649	(820)
Total deferred tax expense	(2,366)	(820)
Total corporation tax expense	(2,366)	(820)

The current tax expense recognised in 2024 relates mainly to the tax impact due to the sale of investment property whose portion of the margin has been taxed under the general regime.

The permanent differences in 2024 mainly correspond to the amortisation of goodwill arising from the merger by absorption of Testa Inmobilia en Renta, SOCIMI, S.A., as well as various expenses and provisions not tax deductible in 2024.

The temporary differences in 2024 correspond mainly to adjustments for differences between accounting and tax depreciation of the assets of Testa and Metrovacesa.

The detail of the corporation tax (expense)/income at year-end 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Current tax:		
Continuing operations	-	—
Deferred tax:		
Continuing operations	(2,366)	(820)
Total tax (income)/expense	(2,366)	(820)

14.2 Deferred tax assets recognised

The changes in 2024 and 2023 in the deferred tax assets recognised are as follows:

	Thousands of euros
Total deferred tax assets at 31 December 2023	73,291
Offset of tax losses	(18,162)
Offset of deductions	(6,196)
Total deferred tax assets at 31 December 2024	48,933

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

On 10 January 2022, the Tax Agency notified the Company of the commencement of audits and investigations relating to Corporate Income Tax, Value Added Tax and withholdings on account for various years. On 21 February 2024, the conformity certificates were signed. The income tax assessment for 2016 to 2019 determined an amount to be refunded to the Company of EUR 13,984 thousand, comprising tax payable and late-payment interest. The above mentioned certificate recognises the effects 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. The Company also filed supplementary income tax returns for the years 2021 to 2023. Based on the above, in 2024 the Company derecognised EUR 18,162 thousand of tax loss carryforwards and EUR 6,196 thousand of tax credits.

The detail of the tax loss carryforwards at 31 December 2024 is as follows:

	Thousands of euros	
	Recognised Tax base	Tax credit
Tax loss carryforwards:		
2009	60,924	15,231
2010	1,650	413
2011	86,402	21,600
2019	1,201	300
2020	149	37
Total tax loss carryforwards	150,326	37,581
Other deferred taxes recognised	45,408	11,352
Total capitalised deferred tax assets	195,734	48,933

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

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

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

pay tax on these gains when the property asset is sold. The directors estimate that the deferred tax assets detailed in the table above will be recovered when the property assets are sold, thus offsetting the aforementioned gains.

The Company had unused tax deductions and credits at 31 December 2024 amounting to EUR 11,352 thousand (EUR 17,548 thousand in 2023), mainly due to the tax credits for reinvestment.

Deferred tax assets not recognised

The detail of tax assets not recognised at 31 December 2024 is as follows:

	Thousands of euros
	No recognised Tax base
Tax loss carryforwards:	
2019	
2020	8,158
2023	54,174
Total tax loss carryforwards	62,332

14.3 Deferred tax liabilities

The deferred tax liabilities mainly arose from the merger and the business combination executed in 2016 with Testa Inmuebles en Renta, SOCIMI, S.A. and the property business of Metrovacesa, S.A. and were caused by the differences existing between the book values and the tax values of the assets received in those transactions.

The changes in “Deferred tax liabilities” at 31 December 2024 and 2023 were as follows:

	Thousands of euros
Total deferred tax liabilities at 31 December 2023	349,713
Asset sales	(8,436)
Total deferred tax liabilities at 31 December 2024	341,277

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

As a result of the merger of Testa Inmuebles en Renta SOCIMI, S.A. and the property business of Metrovacesa, S.A., tax gains were generated arising from the difference between the values at which the assets were included in the financial statements and their tax bases. In accordance with the REIT regime, the Company will pay tax on these gains when the property asset is sold. A portion of these deferred tax assets has been derecognised as a result of the Metroparque demerger as described in Note 1.2.

14.4 Years open for review and tax audits

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

At year-end 2024, the Company had open for review the 2020 to 2023 financial years for corporation tax, the 2021 to 2024 financial years for VAT and personal income tax and non-resident income tax withholdings, and the 2022 to 2025 financial years for the economic activities tax and property tax.

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

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

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

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

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

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

The following changes in reserves occurred in 2014 to 2024:

	Thousands of euros				
	Subject to a 0% tax rate	Subject to a 19% tax rate	Subject to a 15% tax rate	Subject to the general tax rate	Not Subject
2024					
2023	352,551	-	-	-	-
2022	8,961	-	-	-	-
2021	(25,467)	-	-	-	-
2020	17,940	-	-	-	-
2019	20,857	-	-	-	-
2018	11,453	-	-	-	(38)
2017	11,897	-	-	-	1,628
2016	2,986	-	-	-	(532,767)
2015	(54,543)	-	-	-	-

In 2023, among others, EUR 332,961 thousand in reserves generated at 0% were generated from the undistributed profit arising from the transfer of properties and shares referred to in section 2(1) of Law 11/2009, of 26 October, regulating REITs. That amount must be reinvested in other properties or shares assigned to performance of the Company's main corporate purpose within three years of the transfer date. That amount corresponds to the undistributed profits from the divestment of the share in Tree Inversiones Inmobiliarias, SOCIMI, S.A. in 2022 and must be reinvested in other properties or shares assigned to performance of the Company's main corporate purpose within three years of the transfer date.

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

	Thousands of euros			
	Subject to a 0% tax rate	Subject to a 19% tax rate	Subject to a 15% tax rate	Subject to the general tax rate
2024				
2023	207,023	-	-	-
2022	444,815	-	-	-
2021	70,033	-	-	-
2020	68,519	-	-	-
2019	185,857	-	-	1,275
2018	16,235	-	-	86,911
2017	102,687	-	-	38,081
2016	3,789	-	-	57,808
2015	25,035	-	-	-

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

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

No dividends were distributed charged to reserves in 2014 to 2024

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

On 26 November 2024, the Company's Board approved the distribution of an interim dividend charged to the profits for 2023 in the amount of EUR 101,234 thousand.

On 9 May 2024, the General Meeting approved the distribution of a final dividend charged to the profits for 2023 in the amount of 3,937 thousand and the distribution of a dividend charged to the share premium in the amount of EUR 108,805 thousand.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Detail in Appendix II

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

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

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

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

No reserves were provisioned in financial years 2014 to 2024.

16. Balances and transactions with related parties

16.1 Transactions with Group companies and associates

The detail of the transactions with Group companies and associates in 2024 and 2023 is as follows:

Society	2024	2023
Importe neto de la cifra de negocios	142,282	174,486
Sales		
Dividends	81,895	114,412
Merlin Retail, SLU	12,146	13,330
Merlin Oficinas, SLU	26,502	22,377
Merlin Logística, SLU	9,616	43,842
Sevisur Logística, SA	3,857	3,906
Parc Logístic Zona Franca, SA	925	
La Vital Centro Comercial, SL	4,123	2,896
Global Carihuela PC, SLU	12,244	1,371
MPCVI Investim. Imobil., SA	188	198
MP Monumental, SA	12	214
Promosete Invest. Imobil., SA	1,221	837
Praça do Marquês Serv.Aux, SA	841	1,982
Torre dos Oceanus-Invest. Imob	838	827
Torre Arts-Invest. Imob., SA	2,267	2,097
Torre Fernão Magalhães-Invest.	1,193	673
Centro Intermodal de Logística, S.A.	5,922	7,880
MP Torre A, SA		404
Metroparque, SA		8,808
Varitelia Distribuciones, SLU		1,150
Parking del Palau, SA		66
Silicius Real Estate SOCIMI, S.A.		1,554
Income from Loans to Group and Associated Companies	48,049	49,826
Merlin Retail, SLU	1,159	2,494
Merlin Oficinas, SLU	506	456
Merlin Logística, SLU	12,935	12,769
Sevisur Logística, SA	474	691
Parc Logístic Zona Franca, SA	2,222	775
Innovación Colaborativa, SLU	603	301
The Exhibitions Company, SAU	14	-
Desarrollo Urbano de Patraix, SA	357	339
Varitelia Distribuciones, SLU	7,656	8,992
Global Carihuela PC, SLU	2,720	2,392
MPCVI Investim. Imobil., SA	467	937
MPEP Properties Escritórios	939	936
MP Monumental, SA	1,128	2,250
MP Torre A, SA	1,066	1,039

VFXIMO Invest. Imobil., SA	813	791
Promosete Invest. Imobil., SA	214	430
Torre dos Oceanus-Invest. Imob	500	962
Forum Almada-Gestao Centr Com	10,717	10,507
Milos Asset Development, SLU	365	404
MPLIB Investimentos Imobiliarios, Unipessoal Lda.	2,709	1,946
Provitae Centros Assistenc., SL	42	39
Pº Comer. Carlos III, SA	436	29
Renazca, SA	7	7
Slack Tailwind Systems, SL	-	61
Slow Rise Spain, SL		279
Rental activity	6,900	4,797
Innovación Colaborativa, SLU	6,867	4,769
Parking del Palau, SA	33	28
Service activity	5,439	5,453
Merlin Retail, SLU	702	796
Merlin Oficinas, SLU	977	961
Merlin Logística, SLU	1,047	984
Sevisur Logística, SA	178	173
Parc Logístic Zona Franca, SA	296	279
La Vital Centro Comercial, SL	99	95
Varitelia Distribuciones, SLU	260	257
Global Carhuela PC, SLU	99	100
MPCVI Investim. Imobil., SA	34	32
MPEP Properties Escritórios	29	28
MP Monumental, SA	150	144
MP Torre A, SA	12	41
VFXIMO Invest. Imobil., SA	39	48
Promosete Invest. Imobil., SA	71	62
Praça do Marquês Serv.Aux, SA	86	82
Torre dos Oceanus-Invest. Imob	56	55
Forum Almada-Gestao Centr Com	596	586
Forum Almada II, SA	346	346
Torre Arts-Invest. Imob., SA	106	100
Torre Fernão Magalhães-Invest.	48	46
MPLIB Investimentos Imobiliarios, Unipessoal Lda.	74	97
Edged Spain, SLU	66	66
Pº Comer. Carlos III, SA	50	50
Renazca, SA	18	18
Slow Rise Spain, SL		7
Other operating income	68	14
Edged Spain, SLU	55	-
Centro Intermodal de Logística, S.A.	2	3

Silicius Real Estate SOCIMI, S.A.	11	11
Other operating expenses	64	974
Revenues from re-invoicing of expenses	1,553	1,276
Innovación Colaborativa, SLU	1,553	1,276
External services	(1,489)	(297)
Merlin Properties SOCIMI, SA	(12)	-
Innovación Colaborativa, SLU	(760)	(176)
Testa Residencial SOCIMI, SA	-	-
Edged Spain, SLU	(617)	
The Exhibitions Company, SAU	(1)	
Varitelia Distribuciones, SLU	(85)	(84)
Parking del Palau, SA	(14)	(14)
Merlin Oficinas, SLU		(23)
Tributes	(5)	(5)
Varitelia Distribuciones, SLU	(5)	(5)
Financial expenses	(1,936)	(3,132)
Merlin Oficinas, SLU	(256)	(487)
The Exhibitions Company, SAU	(9)	(60)
Gescentesta, SLU	(44)	(49)
La Vital Centro Comercial, SL	(422)	(371)
Sadorma 2003, SL	(1,092)	(1,041)
Global Murex Iberia, SL	(113)	(118)
Parc Logístic Zona Franca, SA	-	(16)
Merlin Retail, SLU		(990)
Total	140,474	172,341

At 31 December 2024 and 2023, the Company had entered into services agreements with some companies of its Group, by virtue of which it earned income for the provision of services amounting to EUR 5,439 thousand and EUR 5,453 thousand, respectively. These services were recognised under “Revenue” in the accompanying income statement.

16.2 Balances with Group companies and associates

The amount of the balances in the balance sheet at 31 December 2024 detailed in Note 7 is as follows:

	Thousands of euros	
	12/31/2024	12/31/2023
Long-term loans to Group companies and associates	373,530	471,373,654
Current loans to Group companies and associates	671,717	620,194,097
Other current financial assets	81,843	78,199,066
Non-current payables to Group companies and associates	(4,461)	(450,000)
Current payables to Group companies and associates	(37,692)	(35,612,251)
Receivable from Group companies and associates	14,100	5,464,245
Payable to suppliers, Group companies and associates	(32,690)	(34,033,865)

16.3 Balances and transactions with related parties

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

	Thousands of euros			
	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Balances:				
Banco Santander, S.A. (a) (*)	23,396	100,000	47,332	100,000
Banco Santander, S.A. (a)	-	-	-	-
Banco Santander, S.A. (b)	-	373	-	389
Pº Comercial Carlos III (d)	13,056	-	2,619	-
Provitae Centros Asistenciales, S.L. (e)	1,262	-	1,198	-
Silicius Real Estate SOCIMI, S.A. (f)	-	450	-	2,250
Edged Spain, S.L.U. (g)	3,803	4,461	2,856	404
Total	41,517	105,284	54,005	103,043

(*) The liability corresponds to the part of the corporate credit line corresponding to Banco Santander, undrawn at 31.12.2024 and 31.12.2023.

	2024		2023	
	Income	Expenses	Income	Expenses
Transactions:				
Banco Santander, S.A. (a, b y c)	2,015	1,748	3,304	496
Pº Comercial Carlos III (d)	436	—	29	—
Provitae Centros Asistenciales, S.L. (e)	42	—	39	—
Edged Spain, S.L.U. (g)	—	837	—	609
Total	2,493	2,585	3,372	1,105

During 2024, only the shareholder Banco Santander, S.A. held the status of significant shareholder pursuant to the regulations in force.

(a) Balances with Banco Santander Group

At 31 December 2024, the Company had bank balances deposited at Banco Santander, S.A. in the amount of EUR 23,936 thousand.

At 31 December 2024, the Company had no loans contracted with shareholders except for a corporate line of credit in the amount of EUR 740 million, which was undrawn at 31 December 2024, in which Banco Santander, S.A. participated with EUR 100 million.

In 2024, the finance costs incurred in transactions with Santander, S.A. amounted to EUR 382 thousand, which included EUR 16 thousand in guarantee fees and EUR 11 thousand in current account management costs.

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

(b) Transactions with Banco Santander Group

In 2024, the Company recognised financial income of EUR 1,300 thousand as remuneration for current accounts.

In 2024, the Company had 3 leases with Banco Santander Group in different buildings. The duration of the leases covers a period of up to 2 years, and in 2024 they generated of EUR 715 thousand, including income from leasing, as well as parking spaces and transfers of ATM space in shopping centres. The securities deposited by the tenants amounted to EUR 373 thousand.

In addition, the Company has contracted General Shareholders Meeting and shareholder registration organisation services amounting to EUR 80 thousand, in addition to listing agent services on the Euronext Lisboa stock exchange, dividend agent and register of members management services for EUR 36 thousand.

(c) Company share capital increase

On 24 July 2024, MERLIN Properties S.A. SOCIMI carried out a capital increase by means of an accelerated placement against cash contributions and excluding pre-emptive rights through the issue of 93,954,149 ordinary shares of MERLIN, each with a par value of one euro (EUR 1), of the same class and series as the shares currently existing and outstanding (see Note 10.1).

As a result of their performance, the following transactions with significant shareholders have taken place:

- Participation of Banco Santander, S.A. as Agent Bank (EUR 50 thousand; 0.005% of the issue) and as Co-Global Coordinator, the amount of the fee invoiced in this transaction being EUR 1,250 thousand, of which EUR 50 thousand are raised as agent bank commission and EUR 1,200 thousand as basic commission and discretionary commission.
- Banco Santander, S.A., direct or indirect holder of approximately 24.6% of MERLIN's share capital, subscribed 23,094,534 new shares, thus maintaining its stake 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 interest in MERLIN's share capital after the Capital Increase (at the same 8.17%).

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

Transactions with Directors

In addition, the capital increase of 24 July 2024 in MERLIN Properties S.A. SOCIMI resulted in the following transaction involving the Company's Directors:

- The pre-emptive subscription by the Chief Executive Officer, holding approximately 0.14% of the share capital, and by the Managing Director, holding approximately 0.13% of the share capital, who subscribed to 131,893 and 124,392 new shares respectively in the capital increase, thus maintaining their shareholding in MERLIN's share capital after the capital increase.

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

At 31 December 2024, the Company has three loans outstanding for a combined amount of EUR 13,056 thousand with its associate Paseo Comercial Carlos III, S.A. (owner of a shopping centre in Madrid) (see Note 7).

This amount includes EUR 2,539 thousand corresponding to two initial loans granted on 27 July 2020, which were EUR 2,539 thousand at 31 December 2023.

During 2024, the Company entered into a new loan for an additional EUR 10,000 thousand. This additional facility is part of the guarantee requested from the shareholders by the company's financing entities.

Furthermore, the amount as at 31 December 2024 includes EUR 517 thousand of accrued interest (EUR 80 thousand as at 31 December 2023), and the financial income for the year 2024 is EUR 436 thousand.

(e) Provitae Centros Asistenciales, S.L.

At 31 December 2024, the Company had a loan in force in the amount of EUR 1,262 thousand (EUR 1,198 thousand at 31 December 2023), which included EUR 224 thousand of interest accrued (EUR 182 thousand and 2021), granted on 10 January 2002 to the associate Provitae Centro Asistenciales, S.L., which holds land in Villajoyosa. The financial income for the year 2024 is EUR 42 thousand.

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

The Company also had outstanding payment obligations of EUR 450 thousand, recognised as "Other current and non-current financial liabilities" in the attached balance sheet.

(g) Edged Spain, S.L.U.

Under the contracts between the Company, owner of a Data Center currently in operation, and Edged Spain, S.L., there are a number of commitments based on the overheads, turnover and future utility of these Data Centers, for which the Company has recorded in 2024, EUR 837 thousand of expenses, EUR 3,803 thousand of assets and EUR 4,461 thousand of liabilities, respectively (EUR 609 thousand, EUR 2,856 thousand and EUR 404 thousand in 2023).

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

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

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

The Company's directors and the parties related thereto did not have any conflicts of interest that had to be reported in accordance with article 229 of the revised text of the Spanish Capital Companies Act.

Directors' compensation and other benefits

At 31 December 2024 and 2023, salaries, per diem attendance fees and any other type of compensation paid to members of the Company's bodies totalled EUR 6,791 thousand and EUR 6,239 thousand, 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 total payments of EUR 2,561 thousand corresponding to variable remuneration for 2023 and deferred variable remuneration for 2021 and 2022. At 31 December 2024, outstanding accrued amounts associated with the variable remuneration for 2022 to 2024, amounting to EUR 4,380 thousand, were maintained, of which EUR 1,879 thousand were recognised under “Non-current provisions” and EUR 2,501 thousand under “Trade and other accounts payable” in the accompanying balance sheet.

With regard to the ‘golden parachute’ clauses for executive directors of the Company in the event of dismissal or takeover, these clauses provide for compensation that represented a total commitment of EUR 8,989 thousand as of 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 Cavero 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 Board of Directors of the Company accepted and approved the resignation of Mr Javier García Carranza Benjumea as a member of the Board of Directors. At the same meeting, following a favourable report from the Appointments and Remuneration Committee, the Board of Directors of the Company unanimously approved the appointment by co-option of Mr José Luis de Mora Gil-Gallardo as a director representing the shareholder Banco Santander, S.A. and his appointment as Chairman of the Board of Directors of the Company to fill the existing vacancy.

The term of office of director Ignacio Gil Casares Satrústegui expired in 2024.

At the Ordinary General Meeting of Shareholders held on 9 May 2024, the appointment of Inès Archer Toper as an independent director and Julia Bayón Pedraza as a nominee director representing the shareholder Banco Santander, S.A. was approved, bringing the number of members of the Company's Board of Directors to 14.

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

The Company's directors are covered by the "Corporate Third-Party Liability Insurance Policies for Directors and Executives" taken out by the Parent to cover possible damages that may be claimed, and that are evidenced as a result of a management error committed by its directors or executives, as well as those of its subsidiaries, in discharging their duties. The premium amounted to an annual total of EUR 272 thousand (EUR 320 thousand in 2023).

Remuneration and other benefits for senior management

The remuneration of the Company's senior management, including the Head of Internal Audit, excluding those who are simultaneously members of the Board of Directors (whose remuneration is disclosed above) in 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 senior management received payments for a total amount of EUR 3,736 thousand corresponding the variable remuneration for 2023 and the deferred variable remuneration for 2021 and 2022. At 31 December 2024, outstanding accrued amounts associated with the variable remuneration for 2022 to 2024, amounting to EUR 6,236 thousand, were maintained, of which EUR 2,631 thousand were recognised under "Non-current provisions" and EUR 3,605 thousand under "Trade and other accounts payable" in the accompanying balance sheet.

2022-24 Incentive Plan

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

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

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

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

In 2024, the Group recognised an expense in the amount of EUR 2,804 thousand (EUR 2,804 thousand in 2023), corresponding to the accrued portion of the 2022-24 Incentive Plan, with a balancing entry in reserves. The total amount provisioned during the term of the LTIP 2022-2024 was EUR 8,413 thousand, recorded under reserves.

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

Apart from the transactions with related parties described in Note 16, the Company's managing body did not carry out any transactions with the Company or Group companies outside the normal course of business or were not on an arm's length basis in 2024.

Stakes held by directors and their affiliates in other companies

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

18. Revenue and expenses

18.1 Ordinary revenue

The distribution of revenue is as follows:

	Thousands of euros	
	2024	2023
Lease income	245,211	227,678
Revenue from services provided	6,313	7,132
Dividend income	81,895	114,412
Interest income	48,047	49,826
Total revenue	381,466	399,048

The breakdown, by type of activity and geographical market, of rental income for 2024 is as follows:

	Thousands of euros	
	2024	%
Branch of activity		
Offices	201,333	81%
Shopping centres	40,082	16%
Logistics	8,604	3%
Data Centers	653	-
Other	43	-%
	250,715	100%

	Thousands of euros	
	2024	%
Autonomous regions:		
Madrid	172,238	69%
Catalonia	39,074	16%
Andalusia	13,191	5%
Valencia	10,237	4%
Castilla-La Mancha	5,105	2%
Rest of Spain	10,870	4%
	250,715	100%

18.2 Staff costs

The detail of the remuneration expenses for employees at 31 December 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Wages, salaries and similar expenses	26,093	24,635
Compensation	-	283
Other employee benefit costs and taxes	3,285	3,224
Long-term and extraordinary incentive plan	2,804	2,804
	32,182	30,946

18.3 Other operating expenses

The detail of this heading of the accompanying 2024 and 2023 income statements is as follows:

	Thousands of euros	
	2024	2023
Non-recoverable expenses of leased properties	27,467	25,835
Outside services -		
Professional services	13,612	11,405
Insurance	558	668
Costs associated with asset acquisitions and sales, financial investments and financing	6,887	2,103
Utilities and other outside services	3,275	2,673
Taxes other than income tax	3,064	48
Losses on, impairment of and change in allowances for trade receivables	(583)	(645)
Total other operating expenses	54,280	42,087

18.4 Finance income and finance costs

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

	Thousands of euros	
	2024	2023
Interest on credits and others	4,689	2,845
Interest on deposits and current accounts	34,724	6,149
Finance income	39,413	8,994
Interest on loans and other credits	(126,425)	(108,893)
Finance expenses	(126,425)	(108,893)
Changes in fair value of financial instruments	(3,427)	(9,891)
Impairment and other losses	-	—
Gains/(losses) on disposals	(1,001)	5
Gains/(losses) on disposals of financial instruments	(1,001)	5
Net finance expense	(91,440)	(109,785)

“Interest on loans and other credits” includes the repayment of the debt arrangement expenses in the amount of EUR 7,424 thousand for 2024 (EUR 7,917 thousand for 2023), applying the effective interest method to the financial debt.

In 2024, the financial income generated by short-term bank deposits amounted to EUR 24,723 thousand (EUR 6,149 thousand in 2023),

19. Information on employees

The average number of employees in the Company, by professional category, in 2024 and 2023 was as follows:

	Average number of employees	
	2024	2023
Professional category:		
Management	28	26
Middle management	65	61
Other professionals	103	90
	196	177

The distribution, by gender, of the Company's workforce at the end of 2024 and 2023 was as follows:

	2024		2023	
	Women	Men	Women	Men
Management	1	27	1	26
Middle management	26	40	21	41
Other professionals	59	54	50	46
	86	121	72	113

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

	Average number of employees	
	2024	2023
Professional category:		
Management	-	-
Middle management	-	-
Other professionals	5	5
	5	5

20. Fees paid to auditors

At the Annual General Meeting held on 27 April 2023, the shareholders approved the appointment of PricewaterhouseCoopers Auditores, S.L. as the Company's auditors to audit the financial statements for the financial years 2024, 2025 and 2026.

In 2024 and 2023, the fees for audit services of the Company provided by PricewaterhouseCoopers Auditores, S.L., auditor for 2024 and Deloitte, S.L. auditor for 2023, were as follows:

	Thousands of euros	
	2024	2023
Audit services	356	422
Other verification services	78	144
Total audit services	434	566
Services required under applicable regulations:	-	-
Tax advisory services	-	-
Other services	38,200	-
Total	472	566

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

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

21. Information on financial risk management

Financial risk factors

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

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

Market risk

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

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

- The economic environment in which it operates: Designing different economic scenarios and modifying the key variables potentially affecting the Group. Identifying interdependent variables and the extent of their relationship; and
- The time scale in which the assessment is being carried out: The time frame of the analysis and its possible deviations will be taken into account.

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

However, market risk is mitigated by the customer acquisition and selection policies and the mandatory lease terms negotiated with customers. Therefore, at 31 December 2024, the average occupancy rate of the Company’s asset portfolio was 94.8%, with a weighted average unexpired lease term of 3.2 years (weighted by GRI).

Credit risk

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

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

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

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

Cash and cash equivalents

The Company has cash and cash equivalents of EUR 1,394 million, which represents its maximum exposure to the risk posed by these assets.

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

Liquidity risk

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

At 31 December 2024, the Company's working capital amounted to EUR 1,430,973 thousand.

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

In addition, liquidity risk has the following mitigating factors, which should be highlighted: (i) the generation of recurrent cash from the businesses in which the Company conducts its activity; and (ii) the credit facilities available in the amount of EUR 797,322 and (iii) the capacity to renegotiate and obtain new financing facilities based on the Company's long-term business plans and the quality of its assets.

At the date the financial statements were authorised for issue, taking into account the foregoing, the Company had covered all its funding requirements to fully meet its commitments to suppliers, funders, employees and the authorities based on the cash flow forecast for 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 Company for investing cash surpluses.

Interest rate risk in cash flows

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

Exchange rate risk

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

Tax risk

As mentioned in Note 1, the Company and part of its subsidiaries are subject to the special tax regime for listed companies investing in the property market (REITs). The transitional period of the Parent ended in 2017 and, therefore, compliance with all requirements established by the regime (see Notes 1 and 4.11) became mandatory. Some of the more formal obligations that the Company must meet involve the inclusion of the term SOCIMI (REIT) in its company name, the inclusion of certain information in the notes to its separate financial statements, the share price on the stock market, etc., and other obligations that require estimates to be made and judgements to be applied by management that may become fairly complex, especially considering that the REIT regime is relatively recent and was developed by the Directorate-General of Taxes mainly in response to the queries posed by various companies. The Company management, based on the opinion of its tax advisers, assessed compliance with the requirements of the regime, concluding that such requirements were met at 31 December 2024.

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

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

Risk in climate change management

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

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

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

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

We are continuing the process of certifying the portfolio under the standards of the leaders in this market, BREEAM and LEED, with the aim of certifying 99% of our portfolio. In 2024 the Group certified or obtained the renewal of 35 assets. The Group considers the certification process of its assets as an anticipated response to the demands that the market will place on property lessors in the medium term and which will enable it to maintain its current competitive position.

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

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

From 2015, the Group performed plan for ISO 14001 (environmental management) and ISO 50001 (energy management) certifications to maintain and expand the number of real estate assets that have at least ISO 14001 certification, and subsequently ISO 50001 certification (based on the understanding that it is a natural step to obtain ISO 14001 certification before aspiring to ISO 50001). This plan includes office buildings, shopping centres and logistics warehouses. ISO 14001, in 2024, 91 buildings comprising a surface area of 1,232,053 m2 were certified, 3 more buildings than in 2023.

Since 2017, the Group has also performed a process of implementing an Energy Management System under the ISO 50001 standard, which began in 2017. Currently, 88 buildings are certified composing a surface area of 417,366 m2, 3 more than in 2023. The assets included in this system aim to reduce total energy consumption by 8% compared to 2023, based on the implementation of MAEs (energy saving measures).

In 2024, the Group performed an analysis of the entire portfolio to determine the carbon footprint of each of its assets, and the measures necessary to reduce the above carbon footprint.

The Group's progress in 2024 has enabled the Company to comply with its emissions reduction objective and "Pathway to Net Zero" for 2030, thus getting a head start on the European strategy for decarbonisation of the economy and ensuring the present and future survival of the Company and its assets.

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

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

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

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

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

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

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

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

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

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

Finally, the Group has also made progress in publishing its Path to Net Zero. The Group's Path to Net Zero is a road map that includes improving the performance not only of the Company itself and of those assets over

which it has operational control, but of the main stakeholder responsible for the Group's issues throughout its entire value chain, including suppliers and tenants. This strategy has 5 axes of action:

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

All of the above is part of the Group's net zero path or commitment to combating climate change. By 2024, the decarbonisation targets included in its "Road to Net Zero" have been validated and approved by the SBTi initiative.

22. Securities issued to third parties and other contingent liabilities

At 31 December 2024 and 2023, the Company had granted bank guarantees amounting to EUR 33,591 thousand and EUR 21,541 thousand, respectively.

23. 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	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	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 Logístic, 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				Shareholders' Equity	Equity		
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	413.878	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. Inmobil. 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
	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
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 Congressos 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

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		
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%	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%	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	6%	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%	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	18%	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

(*) Indirect

APPENDIX I - 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 Logístic, 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

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		
Global Carihuela, Patrimonio Comercial S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	3,303	15,127	12,766	4,510	20,579	1,371	34,102	(13,524)	Global Integration	Deloitte
Innovación Colaborativa, S.L.	Selection, contracting, fitting out, organization and management of coworking spaces / Paseo de la Castellana 257, Madrid	100%	15	(2,719)	(3,021)	(1,087)	(4,093)	-	15,868	(15,868)	Global Integration	N/A
Milos Asset Development,	Acquisition, ownership, administration, disposal and development of land located within the "Distrito Castellana Norte" project / Paseo de la Castellana 257, Madrid	100%	3	(3)	(407)	136	(268)	-	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, Nº 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, Nº 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, Nº 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, Nº 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, Nº 51, Lisbon	100%	15,893	3,566	886	61,273	78,052	1,982	56,361	-	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		
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
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	-	Global Integration	Deloitte Portugal
MPLIB – Investimentos Imobiliários, Unipessoal Lda.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	2,000	(1,079)	(3,562)	54,252	52,690	-	56,808	(4,118)	Global Integration	Deloitte Portugal
Paseo Comercial Carlos III, S.A.	Real estate acquisition and development for leasing / Avda. San Martín Valdeiglesias, 20 28922 Madrid	50%	8,698	4,328	491	25,902	35,091	-	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

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		
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
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

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

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

	ACQ. DATE	REIT DATE	ASSET NAME	ADDRESS	TOWN	ASSET TYPE	USE
32	1 Jan 15	1 Jan 15	Partenón, 12-14	AV Partenon 12	Madrid	Invest. Prop.	Offices
33	1 Jan 15	1 Jan 15	Partenón, 16-18	AV Partenon 16	Madrid	Invest. Prop.	Offices
34	1 Jan 15	1 Jan 15	Eucalipto, 25	CL Eucalipto 25	Madrid	Invest. Prop.	Offices
35	1 Jan 15	1 Jan 15	Eucalipto, 33	CL Eucalipto 33	Madrid	Invest. Prop.	Offices
36	1 Jan 15	1 Jan 15	Josefa Valcárcel, 48	CL Josefa Valcarcel 48	Madrid	Invest. Prop.	Offices
37	1 Jan 15	1 Jan 15	Pedro de Valdivia, 10	CL Pedro de Valdivia 10	Madrid	Invest. Prop.	Offices
38	1 Jan 15	1 Jan 15	Juan Esplandiú, 11-13	CL Juan Esplandiu 11-13	Madrid	Invest. Prop.	Offices
39	1 Jan 15	1 Jan 15	Príncipe de Vergara, 187	CL Principe de Vergara 187	Madrid	Invest. Prop.	Offices
40	1 Jan 15	1 Jan 15	Ribera del Loira, 60	CL Ribera del Loira 60	Madrid	Invest. Prop.	Offices
41	14 sep 16	14 sep 16	P.E. Puerta de las Naciones Ed. 1 a 4	CL Ribera del Loira 38-50	Madrid	Invest. Prop.	Offices
42	1 Jan 15	1 Jan 15	Castellana, 83-85	PS de la Castellana 83	Madrid	Invest. Prop.	Offices
43	14 sep 16	14 sep 16	Cadagua	PS de la Castellana 93	Madrid	Invest. Prop.	Offices
44	14 sep 16	14 sep 16	Castellana, 278	PS de la Castellana 278	Madrid	Invest. Prop.	Offices
45	14 sep 16	14 sep 16	Torre Castellana 259	PS de la Castellana 259	Madrid	Invest. Prop.	Offices
46	14 sep 16	14 sep 16	Plaza Ruiz Picasso	PL Carlos Trias Bertrán 7	Madrid	Invest. Prop.	Offices
47	14 sep 16	14 sep 16	Santiago de compostela, 94	CL Santiago de Compostela 94	Madrid	Invest. Prop.	Offices
48	14 sep 16	14 sep 16	Jose María Churruga Ed. I-II	CL Almansa 101-105	Madrid	Invest. Prop.	Offices
49	14 sep 16	14 sep 16	Jose María Churruga Ed. III-IV	CL Beatriz de Bobadilla 14-18	Madrid	Invest. Prop.	Offices
50	14 sep 16	14 sep 16	Fuente De La Mora	CM Fuente de la Mora 9	Madrid	Invest. Prop.	Offices
51	14 sep 16	14 sep 16	P.E. Vía Norte Ed. 1 a 6	CL Quintanavides 11 a 21	Madrid	Invest. Prop.	Offices
52	14 sep 16	14 sep 16	P.E. Alvento A-B-C-D	VI de los Poblados 1	Madrid	Invest. Prop.	Offices
53	14 sep 16	14 sep 16	Cristalia	VI de los Poblados 3	Madrid	Invest. Prop.	Offices
54	14 sep 16	14 sep 16	P.E. Sanchinarro Ed. I-II	CL María de Portugal 9-11	Madrid	Invest. Prop.	Offices
55	14 sep 16	14 sep 16	P.E. Las Tablas Ed. 1-2-3	CL Federico Mompou 5	Madrid	Invest. Prop.	Offices
56	14 sep 16	14 sep 16	Elipse	AV Manoterias 18	Madrid	Invest. Prop.	Offices
57	14 sep 16	14 sep 16	Arturo Soria, 343	CL Arturo soria 343	Madrid	Invest. Prop.	Offices
58	1 Jan 15	1 Jan 15	C.C. Centro Oeste	CL El Carralero. Las Moreras	Majadahonda	Invest. Prop.	Shopping centre
59	1 Jan 15	1 Jan 15	C.C. Larios	AV de la Aurora 21	Málaga	Invest. Prop.	Shopping centre
60	1 Jan 15	1 Jan 15	C.C. Porto Pi	AV de Gabriel Roca 54	Palma de Mallorca	Invest. Prop.	Shopping centre
61	1 Jan 15	1 Jan 15	Nave Pedrola	CL General Motors 1. P.I. El Pradillo	Pedrola	Invest. Prop.	Logistics
62	1 Jan 15	1 Jan 15	Ática II, A-B-C	AV de Europa 19	Pozuelo de Alarcón	Invest. Prop.	Offices
63	1 Jan 15	1 Jan 15	Ática 1	AV de Europa 26	Pozuelo de Alarcón	Invest. Prop.	Offices
64	1 Jan 15	1 Jan 15	Ática 2	CL Inglaterra 2	Pozuelo de Alarcón	Invest. Prop.	Offices

	ACQ. DATE	REIT DATE	ASSET NAME	ADDRESS	TOWN	ASSET TYPE	USE
65	1 Jan 15	1 Jan 15	Ática 3 y 4	VI Dos Castillas 33 Edf. 3 y 4	Pozuelo de Alarcón	Invest. Prop.	Offices
66	1 Jan 15	1 Jan 15	Ática Ed. 6	VI Dos Castillas 33 Edf.6	Pozuelo de Alarcón	Invest. Prop.	Offices
67	1 Jan 15	1 Jan 15	Cerro Gamos I-II-III-V-VI	CL Cerro de los Gamos 1	Pozuelo de Alarcón	Invest. Prop.	Offices
68	1 Jan 15	1 Jan 15	Sant Cugat I	CL Alcalde Barnils 64	San Cugat del Valles	Invest. Prop.	Offices
69	1 Jan 15	1 Jan 15	Sant Cugat II	AV Via Augusta 71	San Cugat del Valles	Invest. Prop.	Offices
70	1 Jan 15	1 Jan 15	Borbolla	AV Borbolla 5	Sevilla	Invest. Prop.	Offices
71	14 sep 16	14 sep 16	C.C. El Saler	CA Autovía De El Saler 16	Valencia	Invest. Prop.	Shopping centre
72	1 Jan 15	1 Jan 15	Aparcamiento Palau	PS de la Alameda 34	Valencia	Invest. Prop.	Others
73	14 sep 16	14 sep 16	Rambla Salvador Sama	CL Rambla Salvador Samà 45/49	Vilanova I La Geltrú	Invest. Prop.	Others
74	12 Jan 17	12 Jan 17	Torre Glories	Av. Diagonal, 211	Barcelona	Invest. Prop.	Offices
75	21 Jan 20	21 Jan 20	Plaza Cataluña, 9	Plaza Cataluña, 9	Barcelona	Invest. Prop.	Offices
76	30 Dec 21	30 Dec 21	PE Atica XIX D	Pozuelo De Alarcón, 19	Pozuelo de Alarcon	Invest. Prop.	Offices
77	30 Jul 14	21 Jan 20	Merlin Retail S.L.	PS Castellana 257	Madrid	Invest. Prop.	
78	4 Ago 14	30 Dec 21	Merlin Oficinas, S.L.	PS Castellana 257	Madrid	Invest. Prop.	
79	30 Jul 14	1 Jan 14	Merlin Logística, S.L.	PS Castellana 257	Madrid	Ownership interest	
80	14 sep 16	1 Jan 17	La Vital Centro Comercial y de Ocio, S.L.	PS Castellana 257	Madrid	Ownership interest	
81	14 sep 16	1 Jan 17	Varitelia Distribuciones, S.L.	PS Castellana 257	Madrid	Ownership interest	
82	14 sep 16	1 Jan 18	Global Carihuela Patrimonio Comercial, S.L.	PS Castellana 257	Madrid	Ownership interest	
83	28 Jul 17	1 Jan 17	Sevisur, S.A.	PS Castellana 257	Madrid	Ownership interest	
84	14 sep 16	1 Jan 17	Parc Logístic de la Zona Franca, S.A.U.	Avda. 3 del Parc Logístic, nº 26	Madrid	Ownership interest	
85	7-Nov-23	1 Jan 24	Merlin Edged, S.L.U.	PS Castellana 257	Madrid	Ownership interest	
86	27-Feb-20	1 Jan 19	Silicius Real Estate SOCIMI, S.A.	Velázquez, 123	Madrid	Ownership interest	
87	17-Oct-16	27 Dec 19	VFXIMO Investimentos Imobiliarios, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
88	18-Mar-15	5 Oct 18	MPEP - Properties Escritórios Portugal, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
89	18-Mar-15	5 Oct 18	MP Compra e Venda Imobiliária, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
90	31-Mar-16	5 Oct 18	MP Monumental, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
91	31-Mar-16	05 Oct 18	MP Torre A, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
92	07-Apr-17	07 Apr 17	Promosete Investimentos Imobiliarios, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
93	28 Sep 17	05 Oct 18	Praça do Marques - serviços auxiliares, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
94	30 Apr 18	05 Oct 18	Torre dos Oceanus - Investimentos Imobiliarios, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
95	17 Jan 19	13 Mar 19	Torre Arts, Investimentos imobiliários, S.A.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
96	17 Jan 19	13 Mar 19	Torre Fernão Magalhães Investimentos imobiliários, S.A	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	
97	03 Ago 22	03 Ago 22	MPLIB – Investimentos Imobiliários, Unipessoal Lda.	Av. D. João II, 45, 5ºC	Lisboa (Portugal)	Ownership interest	

	ACQ. DATE	REIT DATE	ASSET NAME	ADDRESS	TOWN	ASSET TYPE	USE
			0	0	0		
			0	0	0		
			0	0	0	Ownership interest	

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

**Individual Directors' Report for
the year ended 31 December 2024**

1. Company description

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.

1.1. Situation of the rental market by geographical area

Madrid

Madrid is both the largest metropolitan area and the main real estate market on the Iberian Peninsula. The absorption of office space was around 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.

Lisbon

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.

1.2. 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.

1.3. Organisational and operational structure

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

Its strategy and operations are characterised by the following:

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

Its internal organisational structure can be summarised as follows:

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

2. Business evolution and results

2.1. Business performance and results in 2024

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

The Company closed the year with lease income of EUR 245 million, 7.7% more than in 2023 and an operating profit of EUR 218.2 million.

2.2. Outlook for the Company in 2025

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

3. Results information by branch of activities

a) Criteria

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

- Office buildings.
- Shopping centres.
- Logistics assets.
- Data Centers.
- Other: Assets not included in the above branches of activity, which essentially correspond to non-strategic land and smaller assets.

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

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

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

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

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

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

During 2024, the Company reclassified certain assets from the 'Other' business line to the 'Office' business line on the basis of their primary use. This reclassification, although not significant, has been reflected in the comparative figures for 2023.

Profit or loss of branches of activity

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

2024	Thousands of Euros						
	Office buildings	Shopping centres	Logistics	Data Centers	Other	Corporate Unit	Total
Dividend income	-	-	-	-	-	81,895	81,895
Interest income	-	-	-	-	-	48,047	48,047
Rental income	197,894	38,101	8,467	653	97	-	245,212
Services rendered	2,200	1,661	1,560	67	18	806	6,312
Revenue	200,094	39,762	10,027	720	115	130,748	381,466
Other operating income	1,675	149	26	-	26	1,690	3,566
Staff costs	(4,984)	(5,075)	(1,866)	(314)	-	(19,943)	(32,182)
Other operating expenses	(19,694)	(5,547)	(759)	(3,085)	(433)	(24,762)	(54,280)
Depreciation and amortisation	(33,812)	(6,386)	(2,206)	(1,855)	(122)	(24,652)	(69,033)
Change in provisions	-	-	-	-	-	8,019	8,019
Impairment and gains or losses on disposal of non-current	2,210	(5,804)	-	-	(74)	(15,668)	(19,336)
Allocation of grants relating to non-financial assets and others	17	-	-	-	-	-	17
Profit / (loss) from operations	145,506	17,099	5,222	(4,534)	(488)	55,432	218,237
Finance income	-	-	-	-	-	39,413	39,413
Finance Costs	(13,550)	-	-	-	-	(112,875)	(126,425)
Changes in fair value of financial instruments	-	-	-	-	-	(3,427)	(3,427)
Impairment and gains or losses on disposal of financial	3	-	-	-	-	(1,004)	(1,001)
Profit / (loss) before tax	131,959	17,099	5,222	(4,534)	(488)	(22,461)	126,797
Income tax	-	-	-	-	-	(2,366)	(2,366)
Profit / (loss) for the year	131,959	17,099	5,222	(4,534)	(488)	(24,827)	124,431

2023	Thousands Euros						
	Office buildings	Shopping centres	Logistics	Data Centers	Other	Corporate Unit	Total
Dividend income	-	-	-	-	-	114,412	114,412
Interest income	-	-	-	-	-	49,826	49,826
Rental income	180,223	38,638	8,273	106	438	-	227,678
Services rendered	1,654	2,230	1,483	679	18	1,068	7,132
Revenue	181,877	40,868	9,756	785	456	165,306	399,048
Other operating income	1,414	120	10	-	1	641	2,186
Staff costs	(3,717)	(4,680)	(1,179)	(242)	-	(21,128)	(30,946)
Other operating expenses	(17,979)	(6,912)	(713)	(1,265)	(498)	(14,720)	(42,087)
Depreciation and amortisation	(31,448)	(6,481)	(2,150)	(157)	(222)	(24,455)	(64,913)
Change in provisions	-	-	-	(404.1)	-	(6,724)	(7,128)
Impairment and gains or losses on disposal of non-current	(958)	(19,513)	1	-	(12,167)	—	(32,637)
Profit / (loss) from operations	129,196	3,402	5,725	(1,283)	(12,430)	98,920	223,530
Finance income	-	-	-	-	-	8,994	8,994
Finance Costs	(4,809.193)	-	-	-	-	(104,084)	(108,893)
Changes in fair value of financial instruments	-	-	-	-	-	(9,891)	(9,891)
Impairment and gains or losses on disposal of financial	-	5	-	-	-	(15,315)	(15,310)
Profit / (loss) before tax	124,387	3,407	5,725	(1,283)	(12,430)	(21,376)	98,430
Income tax	-	-	-	-	-	(820)	(820)
Profit / (loss) for the year	124,387	3,407	5,725	(1,283)	(12,430)	(22,196)	97,610

4. Capital and Liquidity Resources

4.1. Debt

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% of the Company's debt accrues interest at a fixed rate or is subject to interest rate hedges.

MERLIN carried out the following transactions involving its financial liabilities in 2024 and 2023:

- On 17 January 2024, the Company arranged 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, matures in 2034 and has a spread of 130 basis points. The loan was drawn down on 2 April 2024.
- On 2 February 2024, the Company increased the amount drawn down (tap) on the bond maturing in September 2029 to 2.375% for an amount of EUR 100 million (implicit cost 3.93%).
- On 7 November 2024, a new limit was set for the second tranche of the European Investment Bank in the amount of EUR 46.7 million, of which EUR 34.6 million was drawn down at year-end 2024.
- On 18 December 2024, the Company drew down EUR 17.7 million from the above-mentioned second tranche of the European Investment Bank at a fixed interest rate of 325.6 basis points.
- At year-end 2024, the Company has EUR 57.3 million undrawn under tranche 2 of the logistics financing and the green loan signed with the European Investment Bank, as well as EUR 740 million under the revolving credit facility.
- On 31 March 2023, the Company arranged an unsecured loan with Kutxabank, S.A. for EUR 30 million with a maturity of 5 years from drawdown and accrues a market rate of EURIBOR + 130 basis points.

While the financing is undrawn, a fee of 26 basis points will be applied to the undrawn balance. On 20 April 2023, the entire amount of this facility was drawn down.

- g. On 24 April 2023, the Company formalised and drew down an unsecured loan with Unicaja Banco, S.A. for EUR 35 million, maturing 5 years from drawdown and bearing a market rate of EURIBOR + 130 basis points.
- h. On 25 April 2023, the Company repaid the bond corresponding to said maturity for an amount of EUR 743 million.
- i. On 18 July 2023, the novation of the corporate 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 above. In addition, the limit of the credit line was increased to EUR 740 million. At the end of December 2024 it was undrawn. On 16 July 2024, this credit line was extended until 20 April 2029.
- j. On 15 November 2023, the Company 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%.

At the end of 2024, the Group's financial debt amounted to EUR 4,707 million, made up of corporate financing without mortgage collateral (loans and bonds) and mortgages.

The Company's cash position at December 31, 2024 amounted to EUR 1,409 million, including EUR 15 million of treasury shares. This liquidity is increased by EUR 797.3 million through the revolving credit line, undrawn at year-end 2024, and 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.

5. Environmental matters

Since the assets were acquired, the Company has incorporated sustainability into its decision-making process, aware of its impact on improving the performance of assets and the well-being of tenants. The Copay and the Group to which it belongs seek to differentiate its properties along these lines and, to that end, in 2024 they have continued with its three key repositioning plans: Landmark (which has reached its conclusion with the handover of Plaza Ruiz Picasso), Best II and Best III. These plans are focused on creating value by repositioning selected properties, incorporating sustainability into the process, as well as in obtaining better financing terms linked to meeting sustainability targets.

6. Staff management

a. Composition of the workforce

Merlin Properties SOCIMI, S.A.'s staff are its main asset. At year-end 2024, the Company's team was comprised a total of 207 employees, divided into 3 categories in keeping with MERLIN's strategy of maintaining a horizontal structure.

Total number of employees at 2024 year end. Country, Sex, Professional Category and Age

Professional category	Women	Men	Overall total
Executive directors	1	27	28
Middle management	26	40	66
Other staff	59	54	113
Total employees	86	121	207

Spain	Women	Men	Overall Total
30-50 years old	1	10	11
>50 years old	0	17	17
Executive Directors	1	27	28
<30 years old	3	4	7
30-50 years old	12	20	32
>50 years old	11	16	27
Middle management	26	40	66
<30 years old	10	7	17
30-50 years old	29	25	54
>50 years old	12	16	28
Other staff	50	46	96
MRL	72	113	185

Total number of employees at 2024 year-end by type of employment contract

The Company has a team of professionals with permanent contracts and an average age of 45.

From the moment they join the Company, it offers its employees stable contracts to ensure their loyalty and improve its ability to attract talent to the organisation. At the end of 2024, 99.52% of the Company's employees had an indefinite contract.

Contract term	Time	Total
Open-ended	Full-time	199
	Part-time	7
Total open-ended		206
Temporary	Full-time	1
Total temporary		1
Overall total		207

7. Dividends policy

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

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

of the profit obtained from receiving the dividends paid by qualified subsidiaries; (iii) at least 80% of the remaining profit obtained.

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

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

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

On 9 May 2024, the General Meeting approved the distribution of a dividend charged to the share premium in the amount of EUR 108,505 thousand, as well as the distribution of a final dividend out of the profit for 2023 in the amount of EUR 3,937 thousand, both dividends having been paid on 4 June 2024.

8. Main risks and uncertainties

Financial risk factors

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

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

Market risk

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

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

- The economic environment in which it operates: Designing different economic scenarios and modifying the key variables potentially affecting the Group. Identifying interdependent variables and the extent of their relationship; and
- The time scale in which the assessment is being carried out: The time frame of the analysis and its possible deviations will be taken into account.

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

However, market risk is mitigated by the customer acquisition and selection policies and the mandatory lease terms negotiated with customers. Therefore, at 31 December 2024, the average occupancy rate of the Company's asset portfolio was 94.8%, with a weighted average unexpired lease term of 3.2 years (weighted by GRI).

Credit risk

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

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

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

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

Cash and cash equivalents

The Company has cash and cash equivalents of EUR 1,393,594 thousand, which represents its maximum exposure to the risk posed by these assets.

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

Liquidity risk

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

At 31 December 2024, the Company's working capital amounted to EUR 1,430,973 thousand.

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

In addition, liquidity risk has the following mitigating factors, which should be highlighted: (i) the generation of recurrent cash from the businesses in which the Company conducts its activity; and (ii) the drawable credit facilities in the amount of EUR 797,322 thousand; and (iii) the capacity to renegotiate and obtain new financing facilities based on the Company's long-term business plans and the quality of its assets.

At the date of preparation of the financial statements, taking into account the foregoing, the Company had covered all its funding requirements to fully meet its commitments to suppliers, financiers, 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 Company for investing cash surpluses.

Interest rate risk in cash flows

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

Exchange rate risk

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

Tax risk

As mentioned in Note 1, the Company and part of its subsidiaries are subject to the special tax regime for listed companies investing in the property market (REITs). The transitional period of the Company ended in 2017 and, therefore, compliance with all requirements established by the regime (see Notes 1 and 4.11) became mandatory. Some of the more formal obligations that the Company must meet involve the inclusion of the term SOCIMI (REIT) in its company name, the inclusion of certain information in the notes to its separate financial statements, the share price on the stock market, etc., and other obligations that require estimates to be made and judgements to be applied by management that may become fairly complex, especially considering that the REIT regime is relatively recent and was developed by the Directorate-General of Taxes mainly in response to the queries posed by various companies. The Company's management, based on the opinion of its tax advisors, assessed compliance with the requirements of the regime, concluding that such requirements were met at 31 December 2024.

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

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

Risk in climate change management

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

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

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

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

We are continuing the process of certifying the portfolio under the standards of the leaders in this market, BREEAM and LEED. In 2024, the Group certified or renewed the certification for 35 assets. The Group considers the certification process of its assets as an anticipated response to the demands that the market will require from property lessors in the medium term and that will allow it to maintain its current competitive position.

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

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

Since 2015, the Group has carried out a plan for ISO 14001 (environmental management) and ISO 50001 (energy management) certifications to maintain and expand the number of property assets that have at least

ISO 14001 certification, and subsequently ISO 50001 certification (based on the understanding that it is a natural step to obtain ISO 14001 certification before aspiring to ISO 50001). This plan includes office buildings, shopping centres and logistics warehouses. With regard to ISO 14001, in 2024, 91 buildings comprising a surface area of 1,232,053 sqm were certified, 3 more buildings than in 2023.

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

In 2024, the Group continued to carry out an analysis of the entire portfolio to determine the carbon footprint of each of its assets, as well as the additional measures necessary to reduce that carbon footprint.

The Group's progress in 2024 has enabled the Company to meet its objective of reducing its emissions and its "Pathway to Net Zero" for 2030, thus getting a head start on the European strategy for decarbonisation of the economy and ensuring the present and future survival of the Company and its assets.

The Group's Pathway to Net Zero is a roadmap that outlines the way to improve not only the performance of the Company and its assets under operational control, but also the behaviour of the key agents responsible for the Group's emissions along its value chain, including suppliers and tenants.

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

Currently 98.2% of the Group's debt with credit institutions and bondholders is linked to the Green Finance Programme or ESG criteria (see Note 14).

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

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

Financing linked to ESG targets includes a cost adjustment mechanism linked, in the Company's opinion, to own credit risk, based on management indicators calculated based on four sustainability criteria of which at least 3 must be met annually and cumulatively over the 2019-2025 period.

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

It also agreed to report in the Statement of Non-Financial Information (SNFI) in accordance with the recommendations of the TCFD.

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

Finally, the Group has also made progress in publishing its Pathway to Net Zero. The Group's Pathway to Net Zero is a roadmap that outlines the way to improve not only the performance of the Company and its assets under operational control, but also the behaviour of the key agents responsible for the Group's emissions along its value chain, including suppliers and tenants. This strategy has 5 main lines of action:

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

All the above is part of the Company's pathway to net zero or commitment to combating climate change. In 2024, the decarbonisation objectives included in its "Pathway to Net Zero" were validated and approved by the SBTi initiative.

9. Acquisition and disposal of treasury shares

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

The changes in 2024 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 shareholders at the Annual General Meeting held on 27 April 2023 revoked the unused portion of the authorisation granted by the shareholders at the General Meeting of 10 April 2019 and authorised the acquisition of treasury shares by the Company itself or by Group companies pursuant to section 146 et seq. of the Corporate Enterprises Act, complying with the requirements and restrictions established in current law during the five-year period.

The retirement of 130,950 treasury shares (average cost of EUR 10.99 per share) corresponds 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. This liquidity agreement made net sales of 8,142 shares (EUR 59 thousand) in 2024.

At 31 December 2024, the Company held treasury shares representing 0.2333% of its share capital.

10. Other relevant information

10.1. Stock market information

On 31 December 2024, the Company 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 per share).

10.2. Average period of payment to suppliers

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

	Days	
	2024	2023
Average period of payment to suppliers	21	39
Ratio of transactions settled	18	39
Ratio of transactions not yet settled	45	36

	Thousands of euros	
	2024	2022
Total payments made	230,671	252,107
Total payments outstanding	26,446	18,942

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

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

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

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

	2023	2022
Monetary volume (thousands of euros)	226,278	233,676
<i>Percentage of total payments made</i>	<i>98.1 %</i>	<i>92,7 %</i>
Number of invoices	23,793	19,950
<i>Percentage of total invoices</i>	<i>98.7 %</i>	<i>80.6 %</i>

The legal maximum payment period applicable to the Company in 2024 in accordance with Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions is 60 days.

10.3. R&D&I activities

In relation to R&D+I activities and other innovating initiatives, the Company is committed to offering tenants and users comprehensive services of the highest quality that go beyond pure asset management, incorporating the most innovative solutions into its assets to enhance the user's experience. In line with this philosophy, the Company continues to focus on improving the quality of life of the users of its assets. An example of this is the implementation of Mayordomo Smart Points, a system of smart lockers where users can receive packages and various services assisting with their work-life balance. At the end of 2024, MERLIN had a total of 23 assets with this system, 28 % less than in 2023 due to the rationalisation of their use..

The Company is also focused on LOOM flexible workspaces as a solution to the hybrid work model. During the year, the Company has continued to drive several projects of a technological nature to position itself at the forefront in terms of solutions for its clients and internal management. These include the sensorisation programme for office buildings, the energy consumption reading project, the photovoltaic self-consumption project and the development of the various user experience apps.

11. Events after the reporting period

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

12. Alternative Performance Measures

See the definitions of the APMs, as well as their reconciliation with MERLIN' financial statements, in the consolidated directors' report accompanying the 2023 consolidated financial statements.

13. Annual Corporate Governance Report

The Annual Corporate Governance Report is available in full on the website of the Spanish Securities Market Commission (www.cnmv.es) and the Company's website (www.merlinproperties.com).

In addition, the Annual Corporate Governance Report has been filed as Other Relevant Information (OIR) with the Spanish Securities Market Commission.

14. Annual Board Remuneration Report

The Annual Board Remuneration Report is available in full on the website of the Spanish Securities Market Commission (www.cnmv.es) and the Company's website (www.merlinproperties.com)

In addition, the Annual Board Remuneration Report has been filed as Other Relevant Information (OIR) with the Spanish Securities Market Commission.

MERLIN PROPERTIES, SOCIMI, S.A.
Preparation (*formulación*) of the Individual Financial Statements and individual Directors' Report relating to the fiscal year ended December 31, 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 individual financial statements and the individual directors' report (which has attached, as a separate section, the Annual Corporate Governance Report and the Annual Director Remuneration Report), relating to the year ended December 31, 2024, in single electronic format according with the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 and included in the electronic file/s with the following hash code/s

Number:

(The "**Individual Financial Statements File**").

The Statement of Non-Financial Information is included in the consolidated directors' report.

In addition, through the execution and signature of this signature page, and pursuant to subarticle two of said article 253, the members forming the Company's Board of Directors declare that they have signed, in their own handwriting, the entire contents of the Individual Financial Statements File.

Mr. 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 Caverro 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 Berlin
Member

Mr. George Donald Johnston
Member

Mr. Fernando Javier Ortiz Vaamonde
Member

Mrs. Julia Bayón Pedraza
Member

Madrid, February 27, 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 Cavero 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