Merlin Properties SOCIMI, S.A. and its subsidiaries

Auditor's report
Consolidated annual accounts as at 31 December 2025
Consolidated management report

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

Independent auditor's report on the consolidated annual accounts

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

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Merlin Properties SOCIMI, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2025, and the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2025, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

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

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

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

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Valuation of investment properties	
Investment properties constitute 84% of the Group's assets. The Group, as described in note 5.1, applies the fair value model in accordance with IAS 40 and has recorded in the consolidated income statement for the 2025 financial year a positive change in the fair value of investment properties amounting to 493,846 thousand euros, as described in note 7 to the accompanying consolidated notes to the financial statements. The total amount of investment properties recorded under non-current assets in the consolidated balance sheet amounts to EUR 11,983,699 thousand as of 31 December 2025. The Group records the fair value of investment properties based on valuations made by independent experts. The valuations are carried out in accordance with the Valuation and Appraisal Standards published by the Royal Institution of Chartered Surveyors (RICS) and in accordance with the Valuation Standards issued by the International Valuation Standards Council (IVSC), whose methodology has been described in note 7 of the attached consolidated annual accounts. The valuers consider specific variables such as signed lease contracts, and particularly the rents. They also assume certain hypotheses regarding variables such as discount rates, estimated market rents and exit yields, reaching at a final assessment. The importance of the estimates and judgements involved in these valuations, as well as the fact that a percentage difference in the valuation of a property could result in a material figure, makes the valuation of investment properties to be considered as a key audit matter.	We reviewed the design and implementation of the key controls that mitigate the risk associated with the investment properties valuation process, as well as their operational effectiveness. For acquisitions of investment properties recorded during the year, we inspected the supporting documentation for a sample of them, such as contracts and deeds os sales, or other documents affect the acquisition cost. Additionally, we have obtained the valuations of the investment properties carried by the independent experts hired by the management, on which we carried out, among others, the following procedures: • Verification of the competence, capacity, objectivity and independence of the valuer experts through confirmation and verification of its recognized standing in the market. • We have verified that the valuations have been carried out in accordance with accepted methodology for a sample of assets. • Discussion of the main key assumptions of the valuation through several meetings with valuer experts and management, evaluating the consistency of the estimates for a sample of assets. • Carrying out tests to verify the accuracy of the most relevant data supplied by management to the valuer experts for a sample of assets. Lastly, we have evaluated the adequacy of the information disclosed in the consolidated annual accounts. The results of the procedures performed have reasonably allowed us to achieve the audit objectives for which such procedures were designed.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2025 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

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

a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2025 financial year, and its content and presentation are in accordance with applicable regulations.

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

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

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

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Merlin Properties SOCIMI, S.A. and its subsidiaries for the 2025 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Merlin Properties SOCIMI, S.A. are responsible for presenting the annual financial report for the 2025 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration have been incorporated by reference in the consolidated management report.

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

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

Report to the Audit and control committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the Audit and control committee of the Parent company dated 26 February 2026.

Appointment period

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

Services provided

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

PricewaterhouseCoopers Auditores, S.L. (S0242)

Rafael Pérez Guerra (20738)

26 February 2026

Merlin Properties SOCIMI, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2025 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Consolidated Directors' Report

MERLIN PROPERTIES SOCIMI, S.A.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2025

(Thousands of euros)

ASSETS	Notes	31/12/2025	31/12/2024	EQUITY AND LIABILITIES	Notes	31/12/2025	31/12/2024
NON-CURRENT ASSETS				**EQUITY**	**Note 13**		
Other intangible assets		**4,494**	**1,025**	**Share capital**		**563,725**	**563,725**
Property, plant and equipment		**24,197**	**22,132**	**Share premium**		**4,146,605**	**4,259,670**
Investment property	**Note 7**	**11,983,699**	**10,865,480**	**Reserves**		**2,708,167**	**2,529,381**
Investments accounted for using the equity method	**Note 9**	**530,570**	**586,513**	**Other shareholder contributions**		**540**	**540**
Non-current financial assets	**Note 10**	**283,813**	**229,934**	**Valuation adjustments**		**(8,138)**	**(20,411)**
Derivatives		229	1,622	**Tresury shares**		**(10,033)**	**(14,450)**
Other financial assets		283,584	228,312	**Interim dividend**		**(112,563)**	**(101,234)**
Deferred tax assets	**Note 17**	**53,404**	**53,321**	**Profit/(Loss) for the year attributable to the Parent**		**786,129**	**283,759**
Total non-current assets		**12,880,177**	**11,758,405**	**Equity attributable to the Parent**		**8,074,432**	**7,500,980**
				Total equity		**8,074,432**	**7,500,980**
				NON-CURRENT LIABILITIES			
				Debt instruments and other marketable securities	**Note 14**	**2,532,309**	**2,781,045**
				Long-term bank borrowings	**Note 14**	**1,573,449**	**1,523,202**
				Other financial liabilities	**Note 15**	**271,807**	**194,763**
				Deferred tax liabilities	**Note 17**	**627,862**	**607,562**
				Provisions	**Note 15**	**12,987**	**11,390**
				Total non-current liabilities		**5,018,414**	**5,117,962**
				CURRENT LIABILITIES			
CURRENT ASSETS				**Debt instruments and other marketable securities**	**Note 14**	**820,658**	**621,361**
Inventories	**Note 5.2**	**55,630**	**54,005**	**Bank borrowings**	**Note 14**	**45,945**	**4,124**
Trade and other receivables	**Notes 10 y 11**	**84,617**	**60,102**	**Other current financial liabilities**	**Note 15**	**14,272**	**7,639**
Other current financial assets	**Note 10**	**5,954**	**11,659**	**Trade and other payables**	**Note 16**	**277,046**	**189,426**
Other current assets		**27,395**	**22,348**	**Current income tax liabilities**	**Note 17**	**7,103**	**6,859**
Cash and cash equivalents	**Note 12**	**1,214,945**	**1,552,676**	**Other current liabilities**	**Note 15**	**10,848**	**10,844**
Total current assets		**1,388,541**	**1,700,790**	**Total current liabilities**		**1,175,872**	**840,253**
TOTAL ASSETS		**14,268,718**	**13,459,195**	**TOTAL EQUITY AND LIABILITIES**		**14,268,718**	**13,459,195**

The accompanying explanatory Notes 1 to 24 and Appendix I and II are an integral part of the consolidated statement of financial position as at 31 December 2025.

MERLIN PROPERTIES SOCIMI, S.A.
AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR 2025

(Thousands of euros)

	Notes	Year 2025	Year 2024
CONTINUING OPERATIONS:			
Revenue	Notes 6 y 18	538,963	494,572
Other operating income		10,384	8,428
Staff costs	Note 18.c	(55,243)	(36,199)
Other operating expenses	Note 18.b	(94,807)	(96,588)
Profit/(loss) on disposals of non-current assets	Note 7	9,313	5,351
Depreciation and amortisation charge		(5,037)	(4,350)
Allocation of grants relating to non-financial assets and others		98	52
Provisions	Note 15	77	5,337
Change in fair value of investment properties	Note 7	493,846	(1,067)
PROFIT/(LOSS) FROM OPERATIONS		897,594	375,536
Changes in the fair value of financial instruments-	Note 10 y 14	(7,264)	(1,076)
Finance income	Note 18.d	35,369	42,160
Profit/(loss) on disposal of financial instruments		480	20
Finance expenses	Note 18.d	(140,917)	(134,758)
Share of results of companies accounted for using the equity method	Note 9	28,036	14,073
Exchange differences		(47)	(1)
PROFIT/(LOSS) BEFORE TAX		813,251	295,954
Income tax	Note 17	(27,122)	(12,195)
PROFIT/(LOSS) FOR THE YEAR		786,129	283,759
Attributable to shareholders of the Parent		786,129	283,759
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (in €):	Note 13.6		
Basic		1.40	0.56
Diluted		1.40	0.56

The accompanying Notes 1 to 24 to the consolidated financial statements and Appendices I and II are an integral part of the consolidated income statement for 2025.

MERLIN PROPERTIES SOCIMI, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2025

(Thousands of euros)

	Notes	Year 2025	Year 2024
PROFIT/(LOSS) PER INCOME STATEMENT (I)		**786,129**	**283,759**
OTHER COMPREHENSIVE INCOME:			
Income and expense recognised directly in equity-			
Arising from cash flow hedges (*) from continuing operations	**Note 13.7**	**8,233**	**1,017**
OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY (II)		**8,233**	**1,017**
Transfers to the income statement from continuing operations	**Note 13.7**	**4,475**	**(12,369)**
Tax effect		**(435)**	**416**
TOTAL TRANSFERS TO THE INCOME STATEMENT (III)		**4,040**	**(11,953)**
TOTAL COMPREHENSIVE INCOME (I+II+III)		**798,402**	**272,823**
Attributable to shareholders of the Parent from continuing operations		**798,402**	**272,823**
Attributable to shareholders of the Parent		**798,402**	**272,823**

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

The accompanying Notes 1 to 24 and Appendices I and II are an integral part of the consolidated statement of comprehensive income for 2025.

MERLIN PROPERTIES SOCIMI, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR

ENDED 31 December 2025

(Thousands of euros)

	Share Capital	Share premium	Reserves	Shareholder Contribution	Profit/ (loss) for the year	Interim Dividend	Valuation adjustments	Treasury shares	Equity attributed to the Parent Company	Non-controlling interests	Total Equity
Balance as of 31 December 2023	**469,771**	**3,541,379**	**2,729,403**	**540**	**(83,497)**	**(93,673)**	**(9,475)**	**(15,410)**	**6,539,038**	**-**	**6,539,038**
Consolidated income for 2024	-	-	-	-	283,759	-	-	-	283,759	-	**283,759**
Other comprehensive income for 2024	-	-	-	-	-	-	(10,936)	-	(10,936)	-	**(10,936)**
Distribution of 2023 profit	-	-	(177,170)	-	83,497	93,673	-	-	-	-	**-**
Transactions with shareholders or owners											
Distribution of dividends	-	(108,505)	(3,937)	-	-	(101,234)	-	-	(213,676)	-	**(213,676)**
Capital increase	93,954	826,796	(21,606)	-	-	-	-	-	899,144	-	**899,144**
Acquisition/(sale) of treasury shares	-	-	(18)	-	-	-	-	(59)	(77)	-	**(77)**
Recognition of share-based payments	-	-	2,804	-	-	-	-	-	2,804	-	**2,804**
Delivery of share distribution scheme	-	-	(95)	-	-	-	-	1,019	924	-	**924**
Balance as of 31 December 2024	**563,725**	**4,259,670**	**2,529,381**	**540**	**283,759**	**(101,234)**	**(20,411)**	**(14,450)**	**7,500,980**	**-**	**7,500,980**
Consolidated income for 2025	-	-	-	-	786,129	-	-	-	786,129	-	**786,129**
Other comprehensive income for 2025	-	-	-	-	-	-	12,273	-	12,273	-	**12,273**
Distribution of 2024 profit	-	-	182,525	-	(283,759)	101,234	-	-	-	-	**-**
Transactions with shareholders or owners											
Distribution of dividends	-	(113,065)	(10,753)	-	-	(112,563)	-	-	(236,381)	-	**(236,381)**
Acquisition/(sale) of treasury shares	-	-	17	-	-	-	-	(4)	13	-	**13**
Recognition of share-based payments	-	-	12,472	-	-	-	-	-	12,472	-	**12,472**
Share-based payments	-	-	(5,390)	-	-	-	-	3,198	(2,192)	-	**(2,192)**
Delivery of share distribution scheme	-	-	(126)	-	-	-	-	1,223	1,097	-	**1,097**
Other changes	-	-	41	-	-	-	-	-	41	-	**41**
Balance as of 31 December 2025	**563,725**	**4,146,605**	**2,708,167**	**540**	**786,129**	**(112,563)**	**(8,138)**	**(10,033)**	**8,074,432**	**-**	**8,074,432**

The accompanying Notes 1 to 24 and Appendices I and II are an integral part of the consolidated statement of changes in equity for 2025.

MERLIN PROPERTIES SOCIMI, S.A.

AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR

ENDED 31 December 2025

(Thousands of euros)

CONTINUED OPERATIONS	Notes	Year 2025	Year 2024
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:		**415,600**	**316,784**
Profit for the year before tax		**813,251**	**295,954**
Adjustments for-		**(414,031)**	**74,279**
Depreciation and amortisation charge		5,037	4,350
Change in fair value of investment property	**Note 7**	(493,846)	1,067
Changes in operating provisions		(77)	(5,337)
Profit/(Loss) on derecognition and disposal of non-current assets	**Note 7**	(9,313)	(5,351)
Finance income		(35,369)	(42,160)
Finance expenses		140,917	134,758
Changes in fair value of financial instruments		7,264	1,076
Share of results of investments accounted for using the equity method	**Note 9**	(28,036)	(14,073)
Other adjustments to profit		(608)	(51)
Changes in working capital-		**113,519**	**31,825**
Inventories		(1,625)	(3,029)
Accounts receivable		(24,516)	2,496
Other current assets		8,625	(2,170)
Accounts payable		87,623	28,223
Other assets and liabilities		43,412	6,305
Other cash flows from operating activities-		**(97,139)**	**(85,274)**
Interest paid		(127,615)	(119,407)
Interest received		33,453	32,929
Income tax recovered (paid)		(2,977)	1,204
CASH FLOWS FROM/(USED IN) INVESTMENT ACTIVITIES:		**(576,309)**	**(294,378)**
Payments due to investments-		**(704,057)**	**(365,661)**
Investment property	**Note 7**	(673,567)	(292,716)
Property, plant and equipment		(6,259)	(18,768)
Contributions to associates and other non-current investments		(19,918)	(53,465)
Intangible assets		(4,313)	(712)
Proceeds from disposals-		**127,748**	**71,283**
Investment property	**Note 7**	127,748	71,283
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:		**(177,022)**	**1,069,047**
Proceeds and payments relating to equity instruments-		**(224,566)**	**691,791**
Issue of equity instruments	**Note 13**	-	899,487
Treasury share purchases / disposals	**Note 13**	14	58
Premium Refunds	**Note 4**	(113,065)	(108,505)
Dividends Paid	**Note 4**	(123,316)	(105,171)
Dividends Paid / Premium Refunds from subsidiaries	**Note 9**	11,801	5,922
Proceeds and payments relating to financial liabilities-	**Note 14**	**47,544**	**377,256**
Debt issuance with credit institutions		130,773	297,987
Cancellation of interest rate derivatives		352	-
Issuance of debentures and bonds		545,364	92,914
Repayment of bank borrowings		(28,945)	(13,645)
Return of debentures and bonds		(600,000)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(337,731)**	**1,091,453**
Cash and cash equivalents at beginning of period		1,552,676	461,223
Cash and cash equivalents at end of period		1,214,945	1,552,676

The accompanying Notes 1 to 24 24 to the consolidated financial statements and Appendices I and II are an integral part of the consolidated statement of cash flows for 2025.

1. Nature and activity of the Group

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

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

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

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

- The holding of equity interests in real estate investment trusts ("REITs") or in other non-resident entities in Spain with the same corporate purpose and that operate under a similar regime as that established for REITs with respect to the mandatory profit distribution policy stipulated by law or by the Articles of Association;

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

- The holding of shares or equity interests in collective real estate investment undertakings regulated by Spanish Law 35/2003, of 4 November, on collective investment undertakings (*Ley 35/2003, de 4 de noviembre, de Instituciones de Inversión Colectiva*), or any law that may replace it in the future.

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

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

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

Merlin Properties SOCIMI, S.A. and Subsidiaries ("the Group") engage mainly in the acquisition and management (through leasing to third parties) of offices, industrial buildings, logistic centres, data centres, shops and shopping centres, and they may also invest, to a lesser extent, in other assets for lease.

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

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

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

The tax regime of the Parent and the majority of its subsidiaries is governed by Spanish Law 11/2009, of 26 October, as amended by Spanish Law 16/2012, of 27 December and subsequent laws, regulating REITs (*Ley 16/2012, de 27 de diciembre, por la que se regulan las Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario*). Article 3 of this Law sets out the investment requirements for these types of companies, namely:

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

   The value of the asset is calculated based on the average of the quarterly individual balance sheets of the year. To calculate this value, the REIT may opt to substitute the carrying amount for the fair value of the items contained in these balance sheets, which will apply to all the balance sheets of the year. For these purposes, the money and collection rights arising from the disposal of these properties or shareholdings, if applicable, during the same year or previous years will not be calculated, provided that, in this last case, the reinvestment period referred to in Article 6 of this Law has not elapsed.

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

   This percentage is calculated based on consolidated profit if the company is a parent of a group, as defined in Article 42 of the Spanish Commercial Code (*Código de Comercio*), regardless of the place of residence and the obligation to prepare consolidated financial statements. This group will be formed only by REITs and the other entities referred to in Article 2.1 of this Act.

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

This period will be calculated:

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

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

c) In the case of shares or equity interests in entities referred to in Article 2.1 of this Act, they must be held as assets of the REIT for at least three years following their acquisition or, where applicable, from the beginning of the first tax period in which the special tax regime established in this Act is applied.

As established in Transitional Provision One of Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, and subsequent amendments, regulating real estate investment trusts, REITs may opt to apply the special tax regime in accordance with Article 13 of this Act, even if they do not meet the requirements established in this Act, provided these requirements are met within two years of the date on which the Company decides to apply this regime.

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

Law 11/2021, of 9 July, on measures to prevent and combat tax fraud, which takes effect for those years beginning on or after 1 January 2021, amended Article 9.4 of Law 11/2009, of 26 October, regulating real estate investment trusts (REITs). Specifically, it introduced a special tax of 15% on the amount of profit earned in the year that is not distributed, in the portion that comes from a) income that was not taxed at the standard corporate tax rate, and b) income that is not derived from the transfer of qualifying assets after the three-year holding period has elapsed, which fall under the three-year reinvestment period set out in Article 6.1.b) of Law 11/2009, of 26 October. This special tax will be considered corporate income tax and will accrue on the day of the agreement to apply profit for the year by the general shareholders meeting or equivalent body. The self-assessment and payment of the tax must be performed within two months of the accrual.

The transitional period in which the Company had to meet all requirements of this tax regime ended in 2017. Group management, with the support of its tax advisers, performed an assessment of compliance with the regime's requirements, concluding that all requirements had been met as of 31 December 2025.

Consequently, the Group's consolidated financial statements and the individual financial statements of the Parent for 2025, prepared by its Directors, which are awaiting approval by the General Meeting, have been prepared under the REIT Regime. However, the directors of the Parent consider that the above financial statements will be approved without any material changes.

Furthermore, the financial statements for 2025 of the Group companies have not yet been authorised for issue by their directors and are expected to be approved by the shareholders at their respective Annual General Meetings within the periods established in applicable law.

The separate and consolidated financial statements of Merlin Properties SOCIMI, S.A. for 2024, prepared by its directors, were approved by the shareholders at the Annual General Meeting on 30 April 2025.

The 2024 separate annual financial statements of the Group companies, which were prepared by their respective directors, were approved at the respective General Meetings within the periods in applicable tax legislation.

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

The Company did not change its corporate or trading name in 2025 or 2024.

2. Basis of presentation of the consolidated financial statements

2.1 Regulatory framework

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

– The Spanish Commercial Code and all other Spanish commercial laws.

– International Financial Reporting Standards (IFRSs) as adopted by the European Union pursuant to Regulation (EC) No 1606/2002 of the European Parliament and Spanish Law 62/2003, of 30 December, on tax, administrative and social security measures (*Ley de medidas fiscales, administrativas y de orden social*), and applicable rules and circulars of the Spanish National Securities Market Commission (CNMV).

– Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, and subsequent amendments, regulating REITs, and other commercial law.

– All other applicable Spanish accounting regulations.

2.2 Basis of presentation of the consolidated financial statements

The consolidated financial statements for 2025 were obtained from the accounting records of the Parent and the consolidated companies, and have been prepared in accordance with the regulatory financial reporting framework described in Note 2.1 and, accordingly, they present fairly the Group's consolidated equity and consolidated financial position at 31 December 2025 and the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended. The consolidated financial statements were prepared on a historical cost basis except for those items that have been measured at fair value.

Given that the accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2025 may differ from those applied by some of the Group companies, the necessary adjustments and reclassifications were made on consolidation to unify these policies and bases and to make them compliant with IFRSs as adopted by the European Union.

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

2.2.1 Adoption of Financial Reporting Standards and Interpretations effective as from 1 January 2025

- In 2025 the following standards, amendments and interpretations came into force, which, where applicable, were used by the Group in preparing these financial statements:

Standards, Amendments and Interpretations	Description	Mandatory application in the financial years beginning on or after:
Amendments to IAS 21 Lack of exchangeability	This amendment adds requirements to help institutions determine whether a currency is exchangeable for another currency and the spot rate to use when it is not.	1 January 2025

These standards and amendments have not had a significant impact.

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

2.2.2 Standards not yet in force in 2025

The following standards were not yet in force in 2025, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union.

Standards, amendments and interpretations	**Description**	**Mandatory application in annual reporting periods beginning on or after:**
Amendments to IFRS 9 and IAS 7 Amendments to the classification and measurement of financial instruments	These amendments clarify the date of recognition and derecognition of certain financial assets and financial liabilities; clarify and add additional guidance for assessing whether a financial asset meets the solely payments of principal and interest test; include and updated new disclosure requirements for equity instruments designated at fair value through other comprehensive income.	1 January 2026
Amendments to IAS 21 Contracts referencing nature-dependent electricity	Contracts referencing nature-dependent electricity production, also known as power purchase agreements (PPAs), are contracts to buy and receive electricity that is produced from renewable sources. The amendments include details on which PPAs can be used in hedge accounting and the specific conditions allowed in these hedging transactions and new disclosure requirements.	1 January 2026
Annual Improvements to IFRS Accounting Standards, volume 11	The purpose of the amendments is to avoid potential confusion arising from inconsistencies in the wording of the standards by making changes to the following standards: • IFRS 1 “First-time Adoption of International Financial Reporting Standards”; • IFRS 7 “Financial Instruments: Disclosures”; • IFRS 9 “Financial Instruments”; • IFRS 10 “Consolidated Financial Statements”; and • IAS 7 “Statement of Cash Flows”.	1 January 2026
IFRS 18 Presentation and disclosure in financial statements	A new standard replacing IAS 1, the key new concepts introduced relate to the structure of the income statement; disclosures for certain performance measures reported in the financial statements; and improved principles on aggregation and disaggregation of information in the financial statements and notes.	1 January 2027
IFRS 19 Subsidiaries without public accountability: Disclosures	This new standard has been developed to permit subsidiaries without public accountability, with a parent that applies IFRS Standards in its consolidated financial statements, to apply IFRS Standards with reduced disclosure requirements.	1 January 2027
IAS 21 Translation to a hyperinflationary presentation currency	This amendment clarifies how companies should translate their financial statements from a non-hyperinflationary currency into a hyperinflationary one, which is relevant for companies whose presentation currency is that of a hyperinflationary economy, and whose functional currency, or the currency of their foreign operations, is that of a non-hyperinflationary economy.	1 January 2027

The Group is currently assessing the impacts that the future application of these standards, which must be applied for all periods beginning on or after 1 January 2026, may have on the consolidated financial statements once they enter into force, although the impacts are not expected to be material.

2.3 Functional currency

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

2.4 Comparative information

The information relating to 2024 contained in these notes to the consolidated financial statements is presented solely for comparison purposes with similar information relating to the year ended 31 December 2025.

2.5 Responsibility for the information and use of estimates

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

In the Group's consolidated financial statements for 2025 estimates were occasionally made by the senior executives of the Group and of the consolidated companies, later ratified by the directors, to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The fair value of the Group’s real estate assets (see Note 5.1). The Group obtained valuations from independent experts at 31 December 2025.
- The fair value of certain financial instruments (see Notes 5.5 and 5.6).
- The assessment of provisions and contingencies (see Note 5.11).
- Management of financial risk and, in particular, of liquidity risk and climate change risk (see Note 23).
- The recovery of deferred tax assets and the tax rate applicable to temporary differences (see Note 5.13).
- Compliance with the requirements that govern listed real estate investment companies (see Note 1).

Changes in estimates:

AlAlthough these estimates were made on the basis of the best information available at 31 December 2025 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statement.

2.6 Basis of consolidation applied

All companies in which the Group is exposed, or has the right, to variable returns as a result of its involvement in the investee and has the capacity to influence these returns through the power to direct the company’s activities were fully consolidated; and companies in which the Group owns more than a 20% interest and exercises significant influence without holding a majority of the voting rights were accounted for using the equity method (see Note 9). Likewise,a significant influence on the investments held by the Group with a participation rate of less than 20% is considered to exist if it has representation on the Board of these companies of the parties related to it.

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

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

2.6.1 Subsidiaries

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

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

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

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

Appendices I and II include information on Group companies and associates.

2.6.2 Associates

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

2.6.3 Inter-group transactions

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

2.6.4 First-time consolidation differences

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

2.6.5 Business combinations

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

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

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

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

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

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

2.6.6 Scope of consolidation

The companies composing the Merlin Group at 31 December 2025, along with information relating to the consolidation method, are listed in Appendix I of the accompanying consolidated financial statements.

2.7 Quantitative and qualitative information on current economic and geopolitical impacts

The macroeconomic environment in the Iberian Peninsula continues to show strength, supported mainly by domestic demand, improving employment and the gradual stabilisation of monetary policy.

In Spain, the economy is expected to maintain an expansionary cycle in 2026, with GDP growth above the Eurozone average and rates above 2%. The gradual moderation of inflation and the stabilisation of interest rates at around 2% are easing financing conditions and strengthening business and real estate investment. Against this backdrop, real estate investment in 2025 exceeded EUR 18,400 million, with year-on-year growth of 31%, and is expected to continue to expand by 5% to 10% in 2026.

In addition, the growth of private consumption, the improvement in the labour market and the dynamic growth in tourism continue to act as key drivers of the real economy and the real estate sector.

A similarly positive scenario is seen in Portugal, although on a smaller economic scale. Private consumption, growth in international tourism and the recovery of retail trade continue to drive economic activity. In 2025, household spending grew by 3.5% and retail sales increased by 4.8%, reflecting a strong demand environment.

Overall, both markets present favourable macroeconomic fundamentals for the real estate sector, supported by financial stability, robust domestic demand and international investor attractiveness.

Measurement of fair value of investment property

The Group adjusted the fair value of its real estate investments according to IAS 40. This fair value is determined using the reference of the valuations made by independent third parties every six months so that, at the close of each six-month period, the fair value reflects the market conditions of the elements of the investment properties at that date. In accordance with the Group’s policy, valuers are rotated on a regular basis between the different types of real estate assets, which was carried out in 2016, 2019, 2020 and for the last time in the first half of 2023.

At 31 December 2025, the valuations conducted by CBRE Valuation Advisors, S.A., Jones Lang LaSalle, S.A. and Savills Consultores Inmobiliarios, S.A. did not provide any indications of uncertainty regarding the market value of the Group's investment property.

In 2023 and 2024, the Group included those assets under development that entered into operation at their fair value in the data centres branch of activity. In 2025, the Group also recognised at fair value the assets of the data centre branch of activity that had building permits and access permits, and for which construction works had begun.

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

Meanwhile, the details of main assumptions used in the appraisals at December 2025 and December 2024 based on the nature of the assets and the sensitivities to increases and decreases of those variables are included in Note 7.

Liquidity risk

Experience has shown that consumer and investor behaviour can change rapidly during times of uncertainty and volatility. Therefore, lending and investment decisions must reflect this high level of volatility and a potential deterioration in market conditions that may have a significant impact on the overall financial position of companies, which could be divided into the companies' or groups' own liquidity risk and the liquidity risk or credit risk of their customers.

Against this backdrop, at 31 December 2025 the Group had a leverage ratio of 28.9%, understood as debt over the fair value of the assets (LTV) (this ratio is obtained by dividing the Company's net debt by the fair value of the assets including transaction costs) and cash and cash equivalents (including treasury shares) amounting to EUR 1,224,977 thousand. The only significant debt maturity for the Group over the next twelve months is in November 2026, due to the maturity of a bond amounting to EUR 800 million. However, the Group has a liquidity position, including the undrawn corporate credit facility, of EUR 1,965 million (see Note 14).

The Parent's directors and management team are constantly monitoring the development of the current situation and the effects it may have on the credit market, and they believe that the Group's position at 31 December 2025 ensures that it will be solvent to fulfil its obligations in the consolidated balance sheet at 31 December 2025, and that there is no material uncertainty as to the continuity of the Group's operations.

Credit risk

With respect to the application of the simplified approach of impairment and credit risk, and also taking into consideration other differential factors of the Group's portfolio of tenants and the characteristics of their leases, and the amounts collected thus far, the Group has concluded that the increased credit risk of its customers has not been significantly affected, this risk falling below 1% of turnover.

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

3. Changes in the scope of consolidation

2025

On 18 November 2025, the shareholders at the Extraordinary General Meeting of Silicius Real Estate SOCIMI, S.A. approved a capital reduction through the redemption of all the company's shares owned by Merlin Properties SOCIMI, S.A., with the return to this shareholder of contributions in kind consisting of a residential building in Madrid and a hotel in Menorca. This agreement was executed in a public deed on 22 December 2025 (see Notes 5, 7, 9 and 14).

On 16 September 2025, the Group acquired all shares representing the share capital of Evergreen Eclipse Capital, S.L.U. and Solstice Sage Finance, S.L.U. for EUR 6 thousand. At year-end 2025, both companies were inactive.

On 18 August 2025, Edged Spain, S.L., which is 50% owned by the Parent, incorporated Edged Portugal, Unipessoal Lda.

On 21 March 2025, the Group increased its shareholding in Moregal Hotels, S.L. from 7.32% to 35.04% by subscribing a capital increase of EUR 9,250 thousand.

2024

The following changes in the scope of consolidation took place in 2024:

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

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

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

4. Distribution of the Parent's profit

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

	Thousands of euros
Profit/(Loss) for the year	128,254
Distribution:	
To legal reserves	6,348
To offset interim dividend	112,563
Dividends	9,343
To voluntary reserves	-

Other dividends distributed

On 13 November 2025, the Parent’s Board approved the distribution of an interim dividend out of profit for 2025 in the amount of EUR 112,563 thousand, which was paid on 10 December 2025.

On 30 April 2025, the shareholders at the Annual General Meeting approved the distribution of a dividend with a charge to the share premium in the amount of EUR 113,065 thousand, and the distribution of a dividend out of 2024 profit for EUR 10,753 thousand, with both dividends being paid on 26 May 2025.

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

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

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

	2025	2024	2023	2022	2021
Shareholder remuneration	236,381	213,676	207,023	561,926	210,099

5. Accounting policies

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

5.1 Investment property

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

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

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

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

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

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

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

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

The market value of the Group's investment property at 31 December 2025, calculated based on the appraisals carried out by CBRE Valuation Advisory, S.A., Jones Lang LaSalle, S.A. and Savills Consultores Inmobiliarios, S.A., independent appraisers not related to the Group, amounted to EUR 11,854,292 thousand (see Note 7).

5.2 Inventories

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

At 31 December 2025, certain land acquired in 2020 was recognised as inventories, which form part of an increased development area and are considered to be inventories as they are intended for sale. Pursuant to the future sale agreement reached with a third party, the land resulting in final residential use will be transferred to said third party, once all the buildable areas corresponding to each of the uses are finally assigned by the approved and registered Reparcelling Project. . In accordance with the above, the intended use of the land will be its recovery through sale, and the Group's objective is not to obtain rental income on the land. Therefore, they were recognised as inventories at the end of 2025.

In relation to this inventory, the Group has agreements with third parties for the future sale of those intended for residential use and for which it has received, as of 31 December 2025, advances amounting to EUR 19,255 thousand that are recognised under “Trade and other payables” in the accompanying consolidated statement of financial position.

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

5.3 Investments accounted for using the equity method

At 31 December 2025, this heading in the consolidated statement of financial position included the amount corresponding to the percentage of shareholders' equity of the investee relating to the Parent and accounted for using the equity method once aligned to the accounting policies applied by the Group. In addition, and after accounting for these investments using the equity method, the Group decides whether or not an additional impairment loss needs to be recognised as regards the Group's net investment in the associate.

5.4 Leases

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

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

5.4.1 Tenant

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

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

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

Initial recognition

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

a. the amount of the initial measurement of the lease liability measured at the commencement date at the present value of the lease payments that were not paid at that date. Lease payments will be discounted using the interest rate specified in the lease, if that rate could be easily determined. If that rate cannot be easily determined, the tenant will use the tenant's incremental loan rate.

b. lease payments paid before or from the commencement date, less leases received;

c. the initial direct costs incurred by the tenant; and

d. an estimate of the costs incurred by the tenant when dismantling and eliminating the underlying asset, restoring the location where it is located or restoring the underlying asset to the condition required by the terms of the lease, unless those costs are incurred to produce inventories. The tenant could incur obligations as a result of these costs either at the commencement date or as a result of using the underlying asset for a specified period.

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

a. fixed payments, less any leases receivable;

b. variable lease payments, which depend on an index or rate, initially measured using the index or rate at the commencement date;

c. amounts expected to be paid by the tenant as guarantees of residual value;

d. the exercise price of a call option if the tenant is reasonably confident of exercising that option;

e. late lease payments if the lease term reflects that the tenant will exercise an option to terminate the lease.

Subsequent measurement of the right-of-use asset

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

Subsequent measurement of lease liabilities

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

a. increasing the carrying amount to reflect interest on the lease liability;

b. reducing the carrying amount to reflect the lease payments paid; and

c. re-measuring the carrying amount to reflect the new measurements or changes in the lease and also to reflect the essentially fixed lease payments that have been revised.

5.4.2 Landlord

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

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

Finance leases

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

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

Operating leases

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

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

5.5 Financial instruments

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

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

– If the objective of the business model is to hold a financial asset to collect contractual cash flows and, depending on the terms of the contract, cash flows that are solely payments of principal and interest on that principal are received on specified dates, the financial asset is measured at amortised cost.

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

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

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

1. Financial assets at amortised cost: these assets are subsequently recognised at their initial cost amortised in accordance with the effective interest method. This amortised cost will be reduced by any impairment loss. They are recognised in the consolidated income statement for the period when the financial asset is de-recognised or impaired, or due to exchange differences. Interest calculated using the effective interest method is recognised under “Finance income” in the income statement.

2. Financial assets at fair value with profit or loss: financial assets at fair value with profit or loss are recognised initially and subsequently at fair value, excluding transaction costs, which are charged to the income statement. Gains and losses arising from changes in fair value are recognised in the income statement under “Changes in fair value of financial instruments” in the period in which they arose. Any dividends and interest also leads to financial results.

3. Debt instruments at fair value through other comprehensive income: These instruments are subsequently recognised at fair value, with the changes in fair value recognised under “Other comprehensive income”. Interest income, impairment losses and exchange differences are recognised in the consolidated income statement. When they are sold or derecognised, the cumulative fair value adjustments recognised under “Other comprehensive income” are included in the income statement as other finance income / (costs).

4. Debt instruments at fair value through other comprehensive income: They are subsequently measured at fair value. Dividends are only taken to profit or loss, unless these dividends clearly represent a recovery of the investment cost. Other gains or losses are taken to “Other comprehensive income” and are never reclassified to profit or loss.

Impairment of financial assets

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

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

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

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

Financial liabilities

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

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

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

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

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

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

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

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

If it is determined that the new terms or changes of a financial liability are not substantially different from the existing ones and it is therefore determined that the change is not substantial, the existing financial liability will not be derecognised. The Group will recalculate the gross carrying amount of the financial liability and recognise a change gain or loss in profit/(loss). The gross carrying amount of the financial liability will be recalculated as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate of the financial liability.

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

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

5.6 Derivative financial instruments and hedge accounting

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

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

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

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

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

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

– Cash flow hedges: In hedges of this nature, the portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is recognised in the income statement in the same period during which the hedged item affects profit or loss, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or a non-financial liability, in which case the amounts recognised in equity are included in the initial cost of the asset or liability when it is acquired or assumed.

– Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gains or losses on the hedging instrument recognised in equity are retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

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

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

5.7 Valuation techniques and applicable assumptions to measure fair value

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

– The fair value of financial assets and liabilities with standard terms and that are traded on active, liquid markets is calculated by reference to prices quoted in the market.

– The fair value of financial assets and liabilities (except derivative instruments) is calculated in accordance with the generally accepted valuation models based on discounted cash flows using the prices of observable market transactions and the contributor prices of similar instruments.

– The fair value of interest rate swaps is calculated by discounting future settlements between fixed and floating interest rates to their present value, in line with implicit market interest rates, obtained from long-term interest rate swap curves. Implicit volatility is used to calculate the fair values of caps and floors using option valuation models.

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

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

– Level 1: those measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: those measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: those measured using valuation techniques, including inputs for the asset or liability that are not based on observable market data (non-observable inputs).

The Group's financial assets and liabilities measured at fair value at 31 December 2025 and 31 December 2024 were as follows:

2025

	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments (Note 14.3)	-	(8,260)	-	(8,260)
Financial instruments - assets (Note 14.3)	-	229	-	229
	-	**(8,031)**	**-**	**(8,031)**

2024

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

In 2025, as a result of the capital reduction carried out by Silicius Real Estate SOCIMI, S.A. through the redemption of all the company's shares owned by Merlin Properties SOCIMI, S.A. with contributions in kind returned to this shareholder, the Group derecognised the derivative associated with the purchase option held by this company, classified as Level 3 (see Notes 3, 7, 9 and 14).

No financial instruments were reclassified from one level to another during 2025 or 2024.

5.8 Treasury shares

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

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

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

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

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

5.9 Distributions to shareholders

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

The Parent is subject to the special regime for REITs. As established in Article 6 of Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, and subsequent amendments, the REITs opting to pay tax under the special tax regime are required to distribute the profit generated during the year to shareholders in the form of dividends, once the related commercial obligations have been met. This distribution must be approved within six months from each year-end, and the dividends paid in the month following the date on which the payout is agreed.

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

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

– At least 50% of the profit generated from the transfer of properties, shares or investments referred to in Article 2.1 of Law 11/2009, once the periods referred to in Article 3.3 of Law 11/2009 have elapsed, which are used to achieve the Company's main corporate purpose. The remainder of these profits must be reinvested in other property or investments used for the pursuit of said activity within three years after the transfer date. Otherwise, these profits should be distributed in full together with any profit arising in the year in which the reinvestment period ends. If the items to be reinvested are transferred before the end of the holding period, that profit must be distributed in full together with, if applicable, the profit generated during the year in which the items were transferred. The obligation to distribute profit does not apply to the portion of the profit attributable to prior years in which the Company was not included under the special tax regime in this Act.

– At least 80% of the remaining profits obtained. When dividend distributions are charged to reserves generated from profits in a year in which the special tax regime applied, the distribution must necessarily be approved as set out above.

5.10 Cash and cash equivalents

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

5.11 Provisions

The Group differentiates between:

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

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

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

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

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

5.12 Revenue recognition

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

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

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

Leasing of investment property to third parties

The Group companies' principal activity comprises the acquisition and lease of mainly offices, shopping centres, logistics units and data centres. The Group's revenue is generated by leasing this investment property to third parties.

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

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

Service charges rebilled to lessees are recognised net of other operating expenses.

5.13 Income tax

5.13.1 General regime

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

The current income tax expense is the amount payable by the Group as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

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

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

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

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

5.13.2 REIT regime

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

As established in Article Nine of Spanish Law 11/2009, of 26 October, as amended by Spanish Law 16/2012, of 27 December, and subsequent amendments, regulating REITs, the Company will be subject to a special tax rate of 19% on the total dividends or shares in profit distributed to shareholders that have an ownership interest in the Company’s share capital equal to or greater than 5%, when these dividends, in reference to the shareholders, are exempt or are taxed at a rate less than 10%. The Group has therefore established the procedure guaranteeing confirmation by shareholders of their tax rate, proceeding where applicable, to withhold 19% of the dividend distributed to shareholders that do not meet the aforementioned tax requirements.

Law 11/2021, of 9 July, on measures to prevent and combat tax fraud, which takes effect for those years beginning on or after 1 January 2021, amended Article 9.4 of Law 11/2009, of 26 October, regulating real estate investment trusts (REITs). Specifically, it introduced a special tax of 15% on the amount of profit earned in the year that is not distributed, in the portion that comes from a) income that was not taxed at the standard corporate tax rate, and b) income that is not derived from the transfer of qualifying assets after the three-year holding period has elapsed, which fall under the three-year reinvestment period set out in Article 6.1.b) of Law 11/2009, of 26 October. This special tax will be considered corporate income tax and will accrue on the day of the agreement to apply profit for the year by the general shareholders meeting or equivalent body. The self-assessment and payment of the tax must be performed within two months of the accrual.

5.14 Share-based payments

The Parent recognises, on the one hand, the goods and services received as an asset or as an expense, depending on their nature, when they are received and, on the other, the related increase in equity, if the transaction is equity-settled, or the related liability if the transaction is settled with an amount based on the value of the equity instruments.

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

2025-2027 Incentives plan

The shareholders at the General Meeting held on 30 April 2025 approved a long-term remuneration plan consisting of the delivery of 5,168,656 shares of the Parent and/or share options (representing 0.92% of the Parent's share capital at the date of approval) for executive directors, the management team and other important members of the Group's workforce ("2025-2027 Incentive Plan"). The payment procedure will vary, depending on whether the Company's Board decides to pay the performance shares in cash or in shares.

The 2025-2027 Incentive Plan consists of a single cycle for measuring the targets that will last three years, starting on 1 January 2025 and ending on 31 December 2027. If the targets are met, the shares will be delivered in 2028 once the financial statements for 2027 have been authorised for issue and audited. Accordingly, the share options will be settled by differences (or in the manner agreed by the Board at any given time) during the exercise windows established in 2028, 2029 and 2030 (with a maximum of one exercise window in each year). A maximum of 1,307,738 shares will be allocated to executive directors. All shares delivered under the 2025-2027 Incentive Plan to executive directors will be subject to a 2-year retention period.

The specific number of the Parent's shares that, within the established maximum, will be delivered to the beneficiaries of the 2025-2027 Incentive Plan at the end of the Plan will be conditional on achievement of the following targets linked to the creation of shareholder value and sustainability:

Metrics	Definition	Weighting
Absolute Total Shareholder Return (TSR)	This is the return on the share taking into account the cumulative change in the Company's share price, including dividends and other similar items received by the shareholder during the 2025-2027 period.	40%
EPRA NTA per share at 31/12/2027 + Dividends (2025-2027) / share	This is calculated based on the Company's consolidated equity and by adjusting certain items following EPRA recommendations (including the value of assets on the market and excluding certain items that are not expected to result in sustained property lease business). The EPRA NTA assumes that the companies buy and sell assets, thus crystallising levels of deferred tax liabilities. For the purposes of the Plan, the EPRA NTA at 31 December 2027, as published in MERLIN's financial statements, will be taken into consideration, plus any dividends paid per share and other similar items received by the shareholder during the target measurement period (2025-2027).	25%
Data centres - MW available for lease as at 31/12/2027	MW installed in data centres that have received the corresponding equipment and electricity supply, which are leased or available for lease at 31 December 2027.	10%
Data centres - Level of Gross Rental Income (GRI) 31/12/2027	Annualised gross rental income from the Data Centre business in December 2027.	10%

Data centres - EBITDA at 31/12/2027	Annualised EBITDA from the Data Centre business in December 2027.	10%
Net carbon emissions	Level of reduction of MERLIN's CO2 emissions (scope 1 and 2) at 31 December 2027, compared to 31 December 2024, calculated for the comparable portfolio of assets over which the Company has operational control (scope of MERLIN's Path to Net Zero).	5%

In relation to the market condition 'Total Shareholder Return', the Group has applied a valuation methodology for the underlying assets on the grant date of the incentive associated with a stochastic Geometric Brownian Motion (GBM) model, combined with a Montecarlo simulation. The Montecarlo method or Montecarlo simulation is a statistical technique that uses repeated random sampling on a mathematical model to estimate the probability of different possible outcomes (scenarios) under uncertainty.

The Montecarlo simulation method applied by the Group is based on a GBM model for assets with implicit yield (dividend), which allows the Parent's share price to be estimated at a future date. It is therefore possible to simulate, using the Montecarlo method, the possible trajectories that the underlying asset (the Parent's share price) may follow, based on the repetition of random samples to obtain different numerical results of the GBM model.

The following components were considered in the GBM model: the share price at the measurement date, the beginning of the measurement period of the Incentive Plan, the historical volatility of the share, the risk-free rate and the expected dividend yield of the share during the measurement period of the Incentive Plan. The stochastic variable is generated by applying a standard normal distribution N (0.1).

This allowed the statistical average or expected value to be obtained, which corresponds to the spot price of the Parent's share at the end of the incentive period.

Accordingly, in 2025 the Group recognised an expense of EUR 12,472 thousand with a balancing entry to reserves and an expense of EUR 1,109 thousand with a balancing entry to non-current liabilities.

2022 – 2024 Incentive Plan

The shareholders at the Annual General Meeting held on 4 May 2022 approved a long-term incentive plan consisting of the delivery of a maximum of 3,491,767 ordinary shares of Merlin Properties, SOCIMI, S.A. (representing 0.74% of the Parent's share capital on the date of approval), aimed at members of the MERLIN Group's management team, including the executive directors of the Parent.

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

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

The measurement period for the 2022-2024 Incentive Plan ended on 31 December 2024.

In 2025, and after verifying compliance with the targets set in the 2022-2024 Incentive Plan by the Parent's Board, a total of 290,954 shares were delivered to the beneficiaries of this plan.

5.15 Employee obligations

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

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

At 31 December 2025, the Group had no commitments in this connection and there is no collective redundancy plan in force.

5.16 Current assets and liabilities

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

– Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group’s normal operating cycle, when they are held primarily for the purpose of being traded, when they are expected to be realised within twelve months after the reporting date, or when they constitute cash and cash equivalents, except in cases where they cannot be exchanged or used to settle a liability for at least twelve months after the reporting date.

– Liabilities are classified as current when they are expected to be settled over the course of the Group’s normal operating cycle, when they are held primarily for the purpose of being traded, when they must be settled within twelve months after the reporting date, or when the Group does not have an unconditional right to defer repayment of the liabilities for twelve months after the reporting date.

– Derivative financial instruments not held for trading are classified as current or non-current according to the period of maturity or periodic settlement.

5.17 Financial information by branch activity

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

The Group groups its branches of activity based on the nature of the assets in the various areas in which it implements its strategy. In this sense, each branch of activity is a component of the Group that performs business activities from which it can earn revenue and incur expenses. The profit or loss from operations for each branch of activity is regularly reviewed by Group management to decide what resources should be allocated to each branch of activity, to assess their performance and for which separate financial information is available.

5.18 Earnings per share

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

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

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

5.19 Environment

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

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

5.20 Consolidated statements of cash flows

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

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

2. Operating activities: the principal revenue-producing activities of the entities composing the consolidated Group and other activities that are not investing or financing activities.

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

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

6. Financial information by branch of activities

a) Criteria

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

– Office buildings

– Shopping centers

– Logistics assets

– Data centers

– Others: Assets not included in the above branches of activity, which correspond mainly to non-strategic land and other smaller assets.

Any revenue or expenses that cannot be attributed to a specific branch of activity or relate to the entire Group are attributed to "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) with the Group's consolidated financial statements.

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

In the year ended 31 December 2025, the Group carried out its activities in Spain and Portugal. In addition, in 2024 the Group reclassified certain assets from the Other branch of activity to the Offices and Shopping Centre branches of activity based on their main use.

b) Basis and methodology for information by branch of activity

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

The ordinary income of the branch of activity relates to ordinary revenue directly attributable to the branch of activity plus the relevant proportion of the Group's general income that can be allocated on a reasonable basis to that segment. The ordinary income of each branch of activity does not include interest or dividend income, gains on the disposal of investment property, debt recoveries or cancellation.

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

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

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

Branch of activities information

The information by branch of activity at 31 December 2025 and 2024 is presented below:

2025	Thousands of euros						
	Office buildings	Shopping centers	Logistics	Data Centers	Other	Corporate Unit	Group total
Revenue from non-Group customers							
Rental income	271,228	124,519	82,697	31,217	162	-	509,823
Services rendered	18,744	2,073	-	6,760	-	1,563	29,140
Net income	**289,972**	**126,592**	**82,697**	**37,977**	**162**	**1,563**	**538,963**
Other operating income	8,170	294	300	77	2	1,540	10,383
Staff costs	(10,576)	(9,310)	(3,886)	(1,702)	-	(29,769)	(55,243)
Operating expenses	(32,131)	(14,942)	(3,345)	(26,215)	(2,780)	(15,394)	(94,807)
Gains or losses on disposals of non-current assets	4,848	34	3,202	-	1,229	-	9,313
Depreciation and amortisation charge	(3,910)	(17)	-	-	(60)	(1,050)	(5,037)
Allocation of grants relating to non-financial assets and others	83	16	-	-	-	-	99
Allocation/Excess provisions	-	-	-	-	-	77	77
Changes in fair value of investment property	80,853	58,895	18,573	358,889	(23,364)	-	493,846
Profit/(Loss) from operations	**337,309**	**161,562**	**97,541**	**369,026**	**(24,811)**	**(43,033)**	**897,594**
Changes in fair value of financial instruments - Other	(26)	-	81	-	-	(7,319)	(7,264)
Finance income	3,122	1,173	24	-	193	30,857	35,369
Finance expenses	(26,388)	(14)	(5,005)	(690)	-	(108,820)	(140,917)
Gains on disposal of financial instruments	(86)	-	-	-	-	566	480
Share of results of companies accounted for using the equity method	-	-	-	-	-	28,036	28,036
Translation differences	-	-	-	(47)	-	-	(47)
Profit/(Loss) before tax	**313,931**	**162,721**	**92,641**	**368,289**	**(24,618)**	**(99,713)**	**813,251**
Income tax	(5,531)	(7,723)	(16,888)	-	-	3,020	(27,122)
Profit/(Loss) for the year	**308,400**	**154,998**	**75,753**	**368,289**	**(24,618)**	**(96,693)**	**786,129**

At 31 December 2025	Thousands of euros						
	Office buildings	Shopping centers	Logistics	Data Centers	Other	Corporate Unit	Group total
Investment property	6,703,894	2,132,809	1,662,961	1,376,434	107,601	-	11,983,699
Non-current financial assets-	57,815	25,375	18,249	37,594	1,554	143,226	283,813
Derivatives	-	-	229	-	-	-	229
Other financial assets	57,815	25,375	18,020	37,594	1,554	143,226	283,584
Deferred tax assets	623	-	3,404	-	-	49,377	53,404
Other non-current assets	15,315	2	2	5,131	1,640	537,171	559,261
Non-current assets	**6,777,647**	**2,158,186**	**1,684,616**	**1,419,159**	**110,795**	**729,774**	**12,880,177**
Trade receivables	32,125	16,333	5,761	5,310	-	25,088	84,617
Other current financial assets	65	196	-	-	145	5,548	5,954
Other current assets	76,330	78,002	14,840	22,766	18	1,106,014	1,297,970
Current assets	**108,520**	**94,531**	**20,601**	**28,076**	**163**	**1,136,650**	**1,388,541**
Total assets	**6,886,167**	**2,252,717**	**1,705,217**	**1,447,235**	**110,958**	**1,866,424**	**14,268,718**
Non-current bank borrowings and debenture issues	629,252	-	-	-	-	3,476,506	4,105,758
Other non-current liabilities	357,298	261,397	99,206	133,129	12,743	48,883	912,656
Non-current liabilities	**986,550**	**261,397**	**99,206**	**133,129**	**12,743**	**3,525,389**	**5,018,414**
Current liabilities	**75,312**	**43,573**	**57,962**	**130,205**	**12,458**	**856,362**	**1,175,872**
Total liabilities	**1,061,862**	**304,970**	**157,168**	**263,334**	**25,201**	**4,381,751**	**6,194,286**

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

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

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

c) Geographical segment reporting

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

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

2025

	Thousands of euros			
	Rental income	%	Investment property	%
Madrid	247,639	46%	6,153,629	51%
Catalonia	98,238	18%	1,610,342	13%
Portugal	69,285	13%	1,521,509	13%
Castille-La Mancha	31,696	6%	700,304	6%
Andalusia	21,927	4%	293,914	3%
Galicia	19,524	4%	295,726	3%
Valencia	21,862	4%	379,969	3%
Basque Country	19,436	4%	839,918	7%
Resto of Spain	12,249	2%	188,388	2%
Total	**541,856**	**100%**	**11,983,699**	**100%**

2024

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

d) Main customers

The table below lists the most important tenants at 31 December 2025 and 2024**,** and the primary characteristics of each of them:

2025

Position	Name	Type	% of total of Income	% accumulated	Maturity
1	CoreWeave	Data Centers	8.8%	8.8%	2034-2035
2	Endesa	Offices	3.7%	12.5%	2028-2030
3	Inditex	Shopping centers	2.9%	15.4%	2026-2027
4	Comunidad de Madrid	Offices	2.1%	17.5%	2027-2031
5	Técnicas Reunidas	Offices	1.7%	19.2%	2028-2032
6	PwC	Offices	1.6%	20.8%	2028-2030
7	Eurostars 4 Torres	Offices	1.4%	22.2%	2028
8	BPI	Offices	1.4%	23.6%	2031
9	Indra	Offices	1.3%	24.9%	2026-2033
10	IBM	Offices	1.3%	26.2%	2029-2030

2024

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

7. Investment property

The breakdown of and changes in items included under "Investment property" in the accompanying consolidated statement of financial position in 2025 and 2024 are as follows:

	Thousands of euros	
	2025	2024
Beginning balance	10,865,480	10,639,763
Additions for the financial year	741,315	292,716
Disposals	(116,942)	(65,932)
Changes in value of investment property	493,846	(1,067)
Closing balance	**11,983,699**	**10,865,480**

Investment property is recognised at fair value. The income recognised in the consolidated income statement for 2025 from measuring investment property at fair value amounted to EUR 493,846 thousand (a loss of EUR 1,067 thousand in 2024).

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

Additions and assets acquired in 2025 and 2024 are as follows:

	Thousands of euros	
	2025	2024
Purchases	**105,988**	**22,782**
Offices	9,442	8,693
Shopping centers	1,718	-
Logistics	-	-
Data Centers	-	14,089
Others	94,828	-
Additions	**635,327**	**269,934**
	741,315	**292,716**

The acquisitions made in 2025 relate to the purchase of office premises in Madrid for EUR 9,442 thousand and premises in the Almada shopping centre in Lisbon for EUR 1,718 thousand. On 18 November 2025, the shareholders at the Extraordinary General Meeting of the investee Silicius Real Estate SOCIMI, S.A. approved a capital reduction through the redemption of all the company's shares owned by Merlin Properties SOCIMI, S.A., with the return to this shareholder of contributions in kind consisting of a residential building in Madrid and a hotel in Menorca, classified under the Other branch of activity(see Notes 3, 5, 9 and 14).

The main additions made in 2025 relate to the construction of data centres located in Madrid, Barcelona, Bilbao and Lisbon for EUR 403 million, to the payments made for land purchase options for the construction of data centres for EUR 45 million, and to the construction and refurbishment work that has been carried out in the Marineda Shopping Centre in La Coruña and in office buildings, such as the Liberdade building in Lisbon.

The disposals in 2025 mainly related to the sale of two office buildings in Madrid, two logistics warehouses in Madrid and Vitoria, and residential land in Zaragoza for a total amount of EUR 129 million, which resulted in a total capital gain of EUR 9,313 thousand at 31 December 2025, recognised under “Gains or losses on disposal of non-current assets” in the accompanying consolidated income statement.

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

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

At 31 December 2025, the Group had real estate assets amounting to EUR 1,654,015 thousand (EUR 1,672,779 thousand in 2024) to guarantee various loans. At 31 December 2025, the balance of these loans amounted to EUR 674,774 thousand (EUR 703,719 thousand at year-end 2024) (see Note 14). There are no rights of use, attachments or similar situations affecting the Group's investment property. The Group did not hold financial leases in 2025 or 2024.

All properties included under "Investment property" were insured as of 31 December 2025.

At 31 December 2025, the Group had firm purchase commitments for investment property amounting to EUR 245 million.

In 2025 and 2024 no significant finance costs were capitalised in the cost of constructing the properties.

Fair value measurement and sensitivity

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

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

The market value of the Group's investment property at 31 December 2025 and 2024, calculated based on the appraisals carried out by CBRE Valuation Advisory, S.A., Jones Lang LaSalle, S.A. and Savills Consultores Inmobiliarios, S.A., independent appraisers not related to the Group, amounted to EUR 11,854,292 thousand (EUR 10,742,187 thousand in 2024). This appraisal does not include the value of the rights of use recognised in accordance with IFRS 16 amounting to EUR 53,786 thousand (EUR 53,965 thousand in 2024) or other unvalued assets amounting to EUR 75,621 thousand (EUR

69,328 thousand in 2024). The valuation was carried out 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 Council (IVSC). In relation to the fair value of the rights of use, the Group also obtained valuations from independent third parties.

The method used to calculate the market value of the investment property involves drawing up ten-year projections of income and expenses for each asset, adjusted at the reporting date using a market discount rate. The residual value at the end of year 10 is calculated by applying a future exit yield to the net income projections for year 11. The market values obtained are analysed by calculating and assessing the capitalisation of the returns implicit in these values. The projections are intended to reflect the best estimate of future income and expenses from the real estate assets. Both the future exit yield and the discount rate (IRR) are determined taking into account the national market and institutional market conditions.

The fees paid by the Group to valuers for valuation services as at 31 December 2025 and 2024 were as follows:

	Thousands of euros	
	2025	2024
Valuation services	629	618
Total	**629**	**618**

Breakdown of fair value of investment property

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

2025

	Thousands of euros			
	Total	Level 1	Level 2	Level 3
Fair value measurement				
Investment property:				
Offices				
Land	3,044,818	-	-	3,044,818
Buildings	3,659,076	-	-	3,659,076
Shopping centers				
Land	749,416	-	-	749,416
Buildings	1,383,393	-	-	1,383,393
Logistics-				
Land	668,698	-	-	668,698
Buildings	994,263	-	-	994,263
Data centers-				
Land	86,569	-	-	86,569
Buildings	1,289,865	-	-	1,289,865
Other-				
Land	73,467	-	-	73,467
Buildings	34,134	-	-	34,134
Total assets measured at fair value	**11,983,699**	**-**	**-**	**11,983,699**

2024

	Thousands of euros			
	Total	Level 1	Level 2	Level 3
Fair value measurement				
Investment property:				
Offices				
Land	2,991,865	-	-	2,991,865
Buildings	3,594,531	-	-	3,594,531
Shopping centers				
Land	723,341	-	-	723,341
Buildings	1,290,909	-	-	1,290,909
Logistics-				
Land	706,513	-	-	706,513
Buildings	944,946	-	-	944,946
Data centers -				
Land	52,592	-	-	52,592
Buildings	517,101	-	-	517,101
Other-				
Land	42,471	-	-	42,471
Buildings	1,211	-	-	1,211
Total assets measured at fair value	**10,865,480**	**-**	**-**	**10,865,480**

No assets were reclassified from one level to another during 2025 or 2024. At 31 December 2025 and 2024, the gross surface areas and occupancy rates of the assets were as follows:

2025

	Square metres (*)										Occupancy rate (%)
	Gross leasable area										
	Comm. of Madrid	Catalonia	Comm. of Valencia	Galicia	Andalusia	Basque Country	Castille-La Mancha	Rest of Spain	Portugal	Total	
Offices	867,049	232,672	-	-	13,037	-	-	-	121,037	1,233,795	94.2%
Shopping centers	74,606	31,905	49,885	132,384	37,975	25,922	-	32,888	60,297	445,862	97.0% (**)
Logistics	319,196	132,100	61,604	-	139,218	26,774	699,401	21,579	78,381	1,478,253	96.4%
Data centers	22,508	22,131	-	-	-	21,750	-	-	-	66,389	86.4% (1)
Other	8,694	1,140	-	-	-	7,708	-	-	-	17,542	89.3%
Total surface area	**1,292,053**	**419,948**	**111,489**	**132,384**	**190,230**	**82,154**	**699,401**	**54,467**	**259,715**	**3,241,841**	**95.6%**
% weight	**39.9%**	**13.0%**	**3.4%**	**4.1%**	**5.9%**	**2.5%**	**21.5%**	**1.7%**	**8.0%**	**100.0%**	

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

(**) Excluding vacant units acquired for refurbishment.

(1) The market standard for data centres is to measure occupancy based on processing capacity, considering the required square metres of space for processing rooms, the latter of which is the main object of leases in the data centres branch of activity. At 31 December 2025, the Group's three data centres currently in operation have an available processing capacity of 44 MW, with 39.2 MW (89.1%) committed at that date. The Group considers committed capacity to be that which is physically occupied at the reporting date or, while not occupied at the reporting date, that for which there are contractual commitments that reserve such capacity to ensure future growth for the Group's customers.

2024

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

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

(**) Excluding vacant units acquired for refurbishment.

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

Hypotheses used in the valuation

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

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

2025

	Exit yield	Discount rate
Offices	3.70% - 7.60%	5.20% - 9.60%
Shopping centers	3.92% - 7.75%	6.20% - 9.75%
Logistics	4.75% - 6.25%	6.50% - 9.50%
Data centers	5.50% - 8.10%	9.00% - 11.00%
Other	3.50% - 7.50%	4.75% - 18.50%

2024

	Exit yield	Discount rate
Offices	3.70% - 7.60%	5.20% - 10.10%
Shopping centers	3.92% - 7.75%	6.25% - 9.75%
Logistics	4.75% - 6.25%	6.50% - 9.50%
Data centers	5.50% - 7.00%	10.00% - 12.00%
Other	5.50% - 7.50%	6.62% - 18.50%

Market rents: the amounts per square metre used in the valuation have ranged between 3.24 and 66.27 euros depending on the type of asset and location. The growth rates of the rents used in the projections are based mainly on the CPI. It should be noted that the minimum range corresponds to a logistics asset and the maximum range relates to a retail asset located in a prime area.

Analysis of the sensitivity of the hypotheses

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

31 December 2025

	Thousands of euros					
	31.12.2025					
	Assets			Consolidated profit/(loss) before tax		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in IRR	(282,124)	(557,627)	(1,089,467)	(282,124)	(557,627)	(1,089,467)
Decrease in IRR	288,925	584,836	1,198,388	288,925	584,836	1,198,388

31 December 2024

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

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

31 December 2025

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	1%	5%	10%	1%	5%	10%
Increase in rents	99,097	495,483	990,967	99,097	495,483	990,967
Decrease in rents	(99,097)	(495,483)	(990,967)	(99,097)	(495,483)	(990,967)

31 December 2024

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

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

31 December 2025

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in exit yield	(407,683)	(780,767)	(1,439,376)	(407,683)	(780,767)	(1,439,376)
Decrease in exit yield	447,330	940,387	2,094,916	447,330	940,387	2,094,916

31 December 2024

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

Details of “Changes in value of investment property” in the accompanying consolidated income statement are as follows:

Type of asset	Thousands of euros	
	2025	2024
Offices	80,853	(6,587)
Shopping centers	58,895	(17,749)
Logistics	18,573	(36,366)
Data centers	358,889	60,293
Other	(23,364)	(658)
	493,846	**(1,067)**

8. Operating leases

8.1 Operating Leases - Tenant

The Group, in its position as a tenant, only maintains short-term and low-value leases, which, following an analysis of the application of IFRS 16, recognises them as a straight-line expense over the lease term. In 2025, the Group recognised an expense of EUR 895 thousand (EUR 850 thousand in 2024) included under “Other operating expenses” in the accompanying consolidated income statement.

8.2 Operating leases – Landlord

The occupancy rates of the leased buildings at 31 December 2025 and 2024 were as follows:

	% occupancy	
	2025	2024
Offices	94.2	93.7
Shopping centers	97.0	96.5
Logistics	96.4	99.4
Data centers (*)	89.1	81.5
Other	89.3	61.6

(*) The market standard for data centers is to measure occupancy on the basis of processing capacity, considering the required square metres of space for processing, the latter of which is the main object of leases in the data centers branch of activity. At 31 December 2025, the Group's 3 data centers currently in operation have an available processing capacity 44 MW, with 39.2 MW (89.1%) committed at that date. The Group considers committed capacity to be that which is physically occupied at the reporting date or, while not occupied at the reporting date, that for which there are contractual commitments that reserve such capacity to ensure future growth for the Group’s customers.

At 31 December 2025 and 2024, the gross rental income from and the fair value of the assets grouped by branch of activity were as follows:

2025

	Thousands of euros	
	Rent Gross (a)	Value Fair
Offices	291,831	6,703,894
Shopping centers	132,862	2,132,809
Logistics	85,785	1,662,961
Data centers	31,217	1,376,434
Other	161	107,601
Total	**541,856**	**11,983,699**

(a) The gross rental income indicated in the table above refers to the rental income (see Note 6) of the properties, without taking into account the rebates or straight-line recognition of rentals.

2024

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

(a) The gross rental income indicated in the table above refers to the rental income (see Note 6) of the properties, without taking into account the rebates or straight-line recognition of rentals.

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

At 31 December 2025 and 2024, future minimum lease payments under non-cancellable operating leases (calculated at the nominal amount) are as follows:

	Thousands of euros	
	2025	2024
Up to a year	510,913	474,149
1 to 5 years	1,084,665	953,816
Over 5 years	377,989	208,138
Total	**1,973,567**	**1,636,103**

In 2025, the Group recognised EUR 11,488 thousand (EUR 10,286 thousand in 2024) for rental income relating to variable lease payments not benchmarked against a rate or index.

9. Investments accounted for using the equity method

The changes in 2025 and 2024 in investments in companies accounted for using the equity method are as follows:

	Thousands of euros	
	2025	2024
Beginning balance	586,513	537,288
Additions made during the year	18,852	41,074
Payments made in the financial year	(91,030)	-
Dividends	(11,801)	(5,922)
Profit/(Loss) for the year	28,036	14,073
Closing balance	**530,570**	**586,513**

In relation to investments accounted for using the equity method, the additions in 2025 related mainly to the subscription of the capital increase carried out by Crea Madrid Nuevo Norte, S.A., which entailed an increase in the Group's investment of EUR 9,542 thousand, and the subscription of the capital increase carried out by Moregal Hotels, S.L., which represented an increase in the Group's investment of EUR 9,250 million (see Note 3).

In relation to disposals, on 18 November 2025, the shareholders at the Extraordinary General Meeting of Silicius Real Estate SOCIMI, S.A. approved a capital reduction through the redemption of all the company's shares owned by Merlin Properties SOCIMI, S.A., with the return to this shareholder of contributions in kind consisting of a residential building in Madrid and a hotel in Menorca for a total amount of EUR 66,948 thousand, net of the derivative associated with the purchase option that this company held with the Group (see Note 5). This agreement was executed in a public deed on 22 December 2025 (see Notes 3, 7 and 14).

The other changes in 2025 relate to the profit obtained by investees and the dividends distributed by Centro Intermodal de Logística, S.A., Araba Logística, S.A. and Parking del Palau, S.A. for a total of EUR 11,801 thousand.

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

The other changes in 2024 related to the profit obtained by the investees and the dividend distributed by Centro Intermodal de Logística, S.A.

The most significant shareholdings relate to the 48.5% investment in Centro Intermodal de Logística, S.A. with a consolidated net value of EUR 254,281 thousand and the 14.46% investment in Crea Madrid Nuevo Norte, S.A. with a consolidated net value of EUR 222,967 thousand. In relation to the investment accounted for using the equity method in Crea Madrid Nuevo Norte, S.A., the Group considers that the value recognised for accounting purposes is reasonable as it does not differ significantly from the current value, in view of the long-term time horizon for developing the investment.

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

The detail of investments in companies accounted for using the equity method and the profit or loss attributable to the Group at 31 December 2025 and 2024 is as follows:

2025

Associate	Line of business	Registered office	Percentage of ownership	Thousands of euros	
				Investment	Profit/(loss) attributed to the Group
Centro Intermodal de Logística, S.A.	Management of the port concession of the logistics activity area	Barcelona	48.50%	254,281	22,453
Crea Madrid Nuevo Norte, S.A	"Operación Chamartín" construction development and property operation	Madrid	14.46%	222,967	(1,191)
Paseo Comercial Carlos III, S.A.	Lease of shopping center	Madrid	50.00%	30,653	2,230
Moregal Hotels, S.L.	Real estate acquisition and development for leasing	Valencia	35.04%	10,850	18
Provitae Centros Asistenciales, S.L.	Healthcare services	Madrid	50.00%	2,199	(56)
Other investments				9,620	4,582
				530,570	**28,036**

2024

Associate	Line of business	Registered office	Percentage of ownership	Thousands of euros	
				Investment	Profit/(loss) attributed to the Group
Centro Intermodal de Logística, S.A.	Management of the port concession of the logistics activity area	Barcelona	48.50%	238,710	7,411
Crea Madrid Nuevo Norte, S.A	"Operación Chamartín" construction development and property operation	Madrid	14.46%	214,616	(658)
Silicius Real Estate SOCIMI, S.A.	Sale and lease of property	Madrid	17.91%	91,239	(1,850)
Paseo Comercial Carlos III, S.A.	Lease of shopping center	Madrid	50%	28,423	1,555
Provitae Centros Asistenciales, S.L.	Healthcare services	Madrid	50%	2,255	(65)
Other investments				11,270	7,680
				586,513	**14,073**

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

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

2025

	Thousands of euros					
	Provitae Centros Asistenciales, S.L.	Paseo Comercial Carlos III, S.A.	Centro Intermodal de Logística, S.A.	Crea Madrid Nuevo Norte, S.A.	Moregal Hotels, S.L.	Other
Non-current assets	7,036	128,985	760,547	8,454	22,273	66,229
Current assets	10	2,912	49,031	2,364,069	8,900	31,901
Non-current liabilities	-	67,276	257,317	814,459	-	31,269
Current liabilities	2,648	3,316	27,961	16,106	208	15,002
Net assets	**4,398**	**61,305**	**524,301**	**1,541,958**	**30,965**	**51,859**
Revenue	-	9,469	87,127	2,216	-	5,705
Operating profit/(loss)	(111)	4,459	32,107	(8,239)	50	(1,913)

2024

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

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

10. Current and non-current financial assets

The breakdown, by type, of the balance of this heading in the consolidated statement of financial position at 31 December 2025 and 2024 is as follows:

Classification of financial assets by category:

	Thousands of euros	
	2025	2024
Non-current:		
At fair value-		
Interest rate derivatives	229	1,622
Equity instruments	12,008	11,151
At amortised cost-		
Loans to third parties	188,885	146,589
Loans to associates	13,509	13,745
Deposits and guarantees	69,182	56,827
Total Non-current	**283,813**	**229,934**
Current:		
At amortised cost-		
Loans to associates	3,196	4,312
Loans to third parties	236	236
Other financial assets	2,522	7,111
Trade and other receivables	84,617	60,102
Total current	**90,571**	**71,761**

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

Derivatives

At the end of 2025 and 2024, the valuation of interest rate derivatives receivable was recognised under “Derivatives” (see Note 14).

Loans to third parties

"Other non-current financial assets" included the loan granted to Urbanísticos Udra, S.A.U., shareholder of Crea Madrid Nuevo Norte, S.A., amounting to EUR 86,397 thousand, which accrues market interest. At 31 December 2025, due to the annual capitalisation of interest, EUR 95,277 thousand in principal and EUR 328 thousand in interest had yet to be paid. In relation to this loan, the Group has guarantees from the creditor associated with 10% of shares in Crea Madrid Nuevo Norte, S.A., and no credit risk has been identified for the debtor.

In addition, “Long-term loans to third parties” includes rental income recognised on a straight-line basis, marketing costs and tenant establishment expenses amounting to EUR 65,473 thousand (EUR 52,528 in 2024).

Deposits and guarantees

“Deposits and guarantees” primarily includes the guarantees provided by lessees as security deposits amounting to EUR 67,144 thousand (EUR 55,052 thousand at 31 December 2024),), which the Group has deposited with the housing authority (Instituto de la Vivienda) in each region. At 31 December 2025, the guarantees received by lessees as security deposits amounted to EUR 78,528 thousand (EUR 70,197 thousand at 31 December 2024) and were recognised under “Non-current liabilities –

Other financial liabilities" on the liability side of the accompanying consolidated statement of financial position for 2025 (see Note 15).

Classification of financial assets by maturity:

The classification of financial assets by maturity at 31 December 2025 and 2024 is as follows:

2025

	Thousands of euros				
	Less than 1 year	From 1 to 5 years	Over 5 years	Undetermined maturity	Total
Interest rate derivatives	-	229	-	-	229
Equity instruments	-	-	-	12,008	12,008
Loans to third parties and associates	236	73,899	128,495	-	202,630
Deposits and guarantees	-	-	-	69,182	69,182
Loans to associates	3,196	-	-	-	3,196
Other financial assets	2,522	-	-	-	2,522
Trade and other receivables	84,617	-	-	-	84,617
Total financial assets	**90,571**	**74,128**	**128,495**	**81,190**	**374,384**

2024

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

11. Trade and other receivables

"Trade and other receivables" included the following items at 31 December 2025 and 2024:

	Thousands of euros	
	2025	2024
Trade and notes receivable	50,131	41,900
Sales debentures	5,477	4,288
Associates	623	636
Sundry accounts receivable	1,162	1,165
Remuneration payable	184	184
Other receivables from public authorities (Note 17)	34,212	19,456
Impairment of trade receivables	(7,172)	(7,527)
	84,617	**60,102**

At 31 December 2025, "Trade and other receivables" in the accompanying consolidated statement of financial position mainly includes balances receivable from the rental of investment property and the current portion of the effect of the straight-line recognition of rent rebates and waivers amounting to EUR 13,796 thousand (EUR 11,507 thousand at year-end 2024). 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 2024).

The analysis of the age of the past-due balances that were not considered to have become impaired at 31 December 2025 and 2024 is as follows:

	Thousands of euros	
	2025	2024
Less than 30 days	720	4,814
31 to 60 days	3,678	2,610
61 to 90 days	282	369
Over 90 days	612	546
	5,292	**8,339**

At 31 December 2025 and 2024, no collection rights had been transferred to financial institutions.

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

The changes in the impairment losses and bad debt in 2025 and 2024 were as follows:

	Thousands of euros
Balance at 31 December 2023	**(10,959)**
Charges for the year	(1,076)
Reversals/amounts used	4,378
Other	130
Balance at 31 December 2024	**(7,527)**
Charges for the year	(1,403)
Reversals/amounts used	1,739
Other	19
Balance at 31 December 2025	**(7,172)**

Losses from bad debts amounted to EUR 1,200 thousand in 2025. The majority of impaired receivables are overdue by more than six months.

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

12. Cash and cash equivalents

"Cash and cash equivalents" includes the Group's cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets does not differ from their fair value. At 31 December 2025, short-term bank deposits amounted to EUR 978 million.

At 31 December 2025 and 2024, the amount included under "Cash and cash equivalents" is unrestricted, except for EUR 5,135 thousand and EUR 2,220 thousand, respectively.

13. Equity

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

13.1 Share capital

There were no changes in the share capital of the Parent in 2025.

At 31 December 2025, the share capital of Merlin Properties SOCIMI, S.A. amounted to EUR 563,725 thousand, represented by 563,724,899 fully subscribed and paid shares of EUR 1 par value each, all of which are of the same class and grant the same rights to their holders.

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

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

- Issue of 93,954,149 shares of EUR 1 par value each, all of the same class and series as the shares currently outstanding.

- Effective amount of the capital increase: EUR 920,750,660.

- Issue price: EUR 9.80 per share, of which EUR 1.00 corresponded to the par value and EUR 8.80 to the share premium.

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

All the Parent's shares can be publicly traded and are listed on the Madrid, Barcelona, Bilbao and Valencia and Lisbon Stock Exchanges. The market price of the Parent's shares at 31 December 2025 and the average market price for the fourth quarter amounted to EUR 12.43 and EUR 12.90 per share, respectively.

At 31 December 2025, according to 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 as follows according to public information:

	Shares			% of share capital
	Direct	Indirect	Total	
Banco Santander, S.A.	113,034,631	26,072,122	139,106,753	24.68 %
Nortia Capital Investment Holding, S.L.	46,045,299	-	46,045,299	8.17 %
BlackRock, INC	-	26,111,737	26,111,737	4.63 %

The information on Banco Santander, S.A. was provided by the shareholder and that relating to Nortia Capital Investment Holding, S.L. was obtained from the Parent's Shareholder Register as at 31 December 2025.

13.2 Share premium

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

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

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

On 30 April 2025, the shareholders at the Annual General Meeting approved the distribution of a dividend with a charge to the share premium in the amount of EUR 113,065 thousandd.

13.3 Reserves

The detail of reserves at 31 December 2025 and 2024 is as follows:

	Thousands of euros	
	2025	2024
Legal reserve	106,397	93,954
Reserves of consolidated companies	2,264,794	2,105,466
Other reserves	336,976	329,961
Total other reserves	**2,708,167**	**2,529,381**

The balance of “Other reserves” includes the amount of undistributed profit arising from the transfer of properties and the shares or holdings referred to in Article 2.1 of Law 11/2009, of 26 October, regulating real estate investment trusts (REITs), once the periods referred to in Article 3.3 of this Act have elapsed. This amount relates to the undistributed profits from the divestment of the investee Tree Inversiones Inmobiliarias SOCIMI, S.A. carried out in 2022, which had to be reinvested in other properties or holdings used for the Parent’s main corporate purpose within three years of the date of transfer. At the end of 2025, the reinvestment period ended and this commitment was fully met. In this regard, the Parent obtained a binding tax consultation confirming the criteria applied.

In addition, “Other reserves” includes EUR 21,565 thousand as a result of the expenses associated with the capital increase carried out in 2024 (see Note 13.1).

Legal reserve

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

This reserve may not be distributed, and if it is used to offset losses, provided that sufficient other reserves are not available for this purpose, it must be restored with future profits.

At 31 December 2025, the Group had not yet reached the legally required minimum established in the consolidated text of the Corporate Enterprises Act.

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

Reserves in consolidated companies

The changes in 2025 and 2024 in "Reserves in consolidated companies" are as follows:

	Thousands of euros			
	31/12/2024	Incorporation of prior year´s results	Distribution of reserves	31/12/2025
Reserves in consolidated companies	2,105,466	283,759	(124,431)	2,264,794

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

The distribution in both years corresponds to the Parent’s profit for 2024 and 2023.

Dividends

On 13 November 2025, the Parent’s Board approved the distribution of an interim dividend out of profit for 2025 in the amount of EUR 112,563 thousand, which was paid on 10 December 2025.

On 30 April 2025, the shareholders at the Annual General Meeting approved the distribution of a dividend with a charge to the share premium in the amount of EUR 113,065 thousand, and the distribution of a dividend out of 2024 profit for EUR 10,753 thousand, with both dividends being paid on 26 May 2025.

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

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

13.4 Treasury shares

At 31 December 2025, the Parent held treasury shares amounting to EUR 10,033 thousand.

The changes in 2025 and 2024 were as follows:

	Number of Shares	Thousands of euros
Balance at 1 January 2024	**1,399,124**	**15,410**
Additions	29,471	293
Disposals	(113,950)	(1,253)
Balance at 31 December 2024	**1,314,645**	**14,450**
Additions	14,052	171
Disposals	(417,456)	(4,588)
Balance at 31 December 2025	**911,241**	**10,033**

The shareholders at the Annual General Meeting held on 30 April 2025 revoked the unused portion of the authorisation granted by the shareholders at the General Meeting of 27 April 2023 and authorised the acquisition of treasury shares by the Parent itself or by Group companies pursuant to Article 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 417,456 treasury shares (average cost of EUR 10.99 per share) relate mainly to the delivery of shares under the 2022-2024 Incentive Plan (see Note 20) amounting to EUR 3,198 thousand, to the delivery of shares to employees under the flexible remuneration plan in the amount of EUR 1,223 thousand and to sales made under the Group's liquidity agreement for securities listed on the Lisbon Stock Exchange. Net sales of 1,213 shares (EUR 4 thousand) were made under this liquidity agreement in 2025.

At 31 December 2025, the Parent held treasury shares representing 0.162% of its share capital.

13.5 Capital management

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

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

	Thousands of euros	
	2025	2024
Total financial debt (b)	4,967,543	4,914,300
Less - Cash and cash equivalents and Other current financial assets (a)	(1,224,977)	(1,567,126)
Net debt	3,742,566	3,347,174
Equity	8,074,432	7,500,980
Total capital	11,816,998	10,848,154
Debt-to-equity ratio	**32%**	**31%**

(a) In 2025 and 2024, the amount in treasury shares is included under "Other current financial assets".
(b) Gross debt without considering debt arrangement expenses or interest accrued.

13.6 Earnings per share

Basic

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

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

	2025	2024
Weighted average number of shares outstanding (thousands)	562,702	509,857
Profit (Loss) for the period attributable to the Parent (thousands of euros)	786,129	283,759
Basic earnings/ Loss per share (euros)	**1.40**	**0.56**

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

	Number of Shares (Thousands)	
	2025	2024
Ordinary shares at beginning of period	563,725	469,771
Treasury shares	(911)	(1,315)
Average adjustment of outstanding shares	(112)	41,401
Weighted average number of ordinary shares outstanding at 31 December (thousands of shares)	**562,702**	**509,857**

Diluted

In accordance with paragraph 41 of IAS 33, potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share from continuing operations. At 31 December 2025, there was no potential dilutive effect arising from the variable remuneration granted by the Group to its executives and key management personnel (see Note 20), with basic earnings matching diluted earnings.

13.7 Valuation adjustments

This heading of the accompanying consolidated statement of financial position includes changes in the value of financial derivatives designated as cash flow hedges. The changes in the balance of this heading in 2025 and 2024 are as follows:

	Thousands of euros
Balance at 31 December 2023	**(9,475)**
Changes in the fair value of hedges in the year	(11,352)
Tax effect	416
Balance at 31 December 2024	**(20,411)**
Changes in the fair value of hedges in the year	12,708
Tax effect	(435)
Balance at 31 December 2025	**(8,138)**

The balance at year-end 2025 relates to the valuation of the interest rate hedges arranged by the Group in 2020 to 2025 to cover the financing taken out at floating interest rates for the period from December 2020 to March 2034 (see Note 14).

14. Current and non-current financial liabilities

The detail of current and non-current liabilities at 31 December 2025 and 2024 is as follows:

	Thousands of euros	
	2025	2024
Non-current:		
Measured at amortised cost-		
Syndicated loan	665,000	665,000
Syndicated loan arrangement expenses	(2,079)	(2,983)
Total syndicated loan	**662,921**	**662,017**
Non-mortgage loan	277,769	145,581
Mortgage loans	632,313	703,063
Loan arrangement expenses	(7,814)	(8,400)
Total other loans	**902,268**	**840,244**
Debentures and bonds	2,550,000	2,800,000
Debenture issue expenses	(17,691)	(18,955)
Total debentures and bonds	**2,532,309**	**2,781,045**
Total amortised cost	**4,097,498**	**4,283,306**
Measured at fair value		
Derivative financial instruments	8,260	20,941
Total at fair value	**8,260**	**20,941**
Total non-current	**4,105,758**	**4,304,247**
Current:		
Measured at amortised cost		
Syndicated loan	595	900
Debentures and bonds	821,631	621,654
Mortgage loans	44,128	2,697
Revolving credit facility	517	510
Non-mortgage loan	426	298
Loan arrangement expenses	(1,046)	(293)
Total amortised cost	**866,252**	**625,767**
Measured at fair value		
Derivative financial instruments	351	(282)
Total at fair value	**351**	**(282)**
Total current	**866,603**	**625,485**

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

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

Agency	Rating	Outlook	Last Review	Previous
Standard & Poor´s	BBB+	Stable	07/09/2025	BBB Positive
Moody´s	Baa1	Stable	09/25/2025	Baa2 Positive

14.1 Loans

The detail of loans at 31 December 2025 and 2024 is as follows:

2025

	Thousands of euros				
	Bank borrowings				
	Initial loan/Limit	Expenses incurred from formalising loans (Note 14.5)	31.12.2025		Short-term interest
			Long-term	Short-term	
Syndicated loan	665,000	(2,079)	665,000	-	595
Non-mortgage loan	277,769	(766)	277,769	-	426
Revolving credit facilities	740,000	(3,287)	-	-	517
Mortgage loans	704,000	(3,834)	632,313	42,462	1,667
Total	**2,386,769**	**(9,966)**	**1,575,082**	**42,462**	**3,205**

2024

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

Certain financing arrangements include commitments to maintain certain coverage ratios, which are standard in these types of real estate companies, such as the loan-to-value ratio, the ratio of the company's income used to service the debt (interest coverage ratio, ICR), or the ratio of mortgage-free assets and non-mortgage debt (unencumbered ratio). The Parent's directors have confirmed that these ratios were met at 31 December 2025 and do not expect that they will not be fulfilled in the coming years.

Syndicated loans and revolving credit facility of the Parent

On 18 November 2022, the Parent arranged a senior syndicated loan for EUR 600 million. This facility has a maturity of 5 years from its disposal and accrues a market rate of EURIBOR + 130 basis points. On 20 April 2023, the Parent had drawn down the full amount of this financing.

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

On 18 July 2023, the novation of the syndicated loan and credit facility was signed. The senior syndicated loan was increased to EUR 665 million with the inclusion of the amounts of two bilateral loans that the Parent had taken out with Kutxabank and Unicaja. In addition, the credit facility limit was increased to EUR 740 million. At 31 December 2025, this credit facility had not been drawn down. On 10 July 2025, this credit facility was extended until 23 April 2030.

This financing includes the same obligations to maintain certain coverage ratios as the Group's bonds and the financing from Banco Sabadell and the European Investment Bank, as detailed below. These ratios are defined as the ratio of the value of assets to outstanding debt (loan-to-value ratio), the ratio of the Group's income used to service the debt (interest coverage ratio, ICR) and the ratio of mortgage-free assets and non-mortgage debt (unencumbered ratio). The Parent's directors have confirmed that these ratios were met at 31 December 2025 and do not expect that they will not be fulfilled in the coming years.

European Investment Bank Loan

On 20 December 2018, the Parent arranged a mortgage-free loan with the European Investment Bank for EUR 51 million. On 4 November 2019, the Parent arranged the second tranche of the unsecured loan with the European Investment Bank for EUR 64 million, with the two tranches amounting to EUR 115 million. This financing can be arranged through several loans with a maturity of 10 years on each drawdown. This credit facility must be allocated to the development of logistical assets in the Castille–La Mancha region.

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

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

On 7 November 2024, a new limit was set for the second tranche, from the initial EUR 64 million to EUR 46.7 million. On 4 November 2025, a new limit was set for this tranche, from the initial EUR 46.7 million to EUR 34.6 million.

On 18 December 2024, the Group drew down EUR 17.7 million of the second tranche mentioned above, accruing interest at a fixed rate of 326 basis points. At year-end 2025, this loan had been drawn down in full.

In addition, on 16 December 2021, the Parent arranged an unsecured loan with the European Investment Bank amounting to EUR 45.2 million and maturing in 10 years. This financing would be used for energy efficiency investments. On 4 November 2025, a new limit was set for this loan, from the initial EUR 45.2 million to EUR 32.2 million.

On 16 December 2025, the Group had drawn down EUR 32.2 million of the loan mentioned above, accruing interest at a fixed rate of 354 basis points. At year-end 2025, this loan had been drawn down in full.

At 31 December 2025, all financing with the European Investment Bank had been drawn down.

This financing includes commitments to maintain certain coverage ratios. These ratios are defined as the ratio of the value of assets to outstanding debt (loan-to-value ratio), the ratio of the Group's income used to service the debt (interest coverage ratio, ICR) and the ratio of mortgage-free assets and non-mortgage debt (unencumbered ratio). The Parent's directors have confirmed that these ratios were met at 31 December 2025 and do not expect that they will not be fulfilled in the coming years.

Non-mortgage loans

On 18 November 2022, the Parent took out and drew down on an unsecured loan with Banco Sabadell for EUR 60 million, maturing in January 2028 and accruing interest at a market rate of EURIBOR + 120 basis points.

On 31 March 2025, the Parent took out and drew down on an unsecured loan with Mediobanca for EUR 100 million, maturing in five years plus one additional year from its drawdown and accruing interest at a market rate of EURIBOR + 115 basis points.

This financing includes obligations to meet certain coverage ratios. These ratios are defined as the ratio of the value of assets to outstanding debt (loan-to-value ratio), the ratio of the Group's income used to service the debt (interest coverage ratio, ICR) and the ratio of mortgage-free assets and non-mortgage debt (unencumbered ratio). The Parent's directors have confirmed that these ratios were met at 31 December 2025 and do not expect that they will not be fulfilled in the coming years.

Mortgage loans

At 31 December 2025 and 2024, the Group had taken out the following mortgage loans:

2025

	Thousands of euros				
Financial institution	Original Loan	Long-term Term	Short-term Term	Interest	Collateral
Novo Banco	134,000	134,000	-	212	Mortgage
Caixabank	150,000	148,313	750	1,043	Mortgage
ING	70,000	-	41,712	3	Mortgage
BBVA	180,000	180,000	-	45	Mortgage
Allianz	170,000	170,000	-	363	Mortgage
Total	**704,000**	**632,313**	**42,462**	**1,666**	

2024

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

On 26 April 2019, the Group entered into a novation agreement modifying the mortgage loan subscribed on 4 December 2015 with ING Bank N.V. by the subsidiary Merlin Logística S.L.U. The due date for this financial arrangement, originally set to be in 2020, was extended until 2026. This financial arrangement accrues an interest rate of EURIBOR at three months + 100 basis points; it includes a financial cost adjustment mechanism based on meeting four sustainability criteria. On 26 March 2021, the mortgage financing agreement was changed, extending the loan amount by EUR 2.1 million to a total of EUR 70 million. In 2025, as a result of the divestment of two warehouses used as collateral for this loan (see Note 7), the Group repaid a total of EUR 28.3 million, leaving an outstanding principal of EUR 41.7 million.

This loan requires that the company maintain and comply with certain coverage ratios, such as the loan-to-value ratio and the ratio of the company's income used to service the debt (interest coverage ratio, ICR). The Parent's directors have confirmed that these ratios were met at 31 December 2025 and do not expect that they will not be fulfilled in the coming years.

It also envisages certain conditions linked to compliance with the following factors associated with the environment and sustainability: i) sustainable capex, ii) LEED and BREAM certifications, iii) AIS certifications and iv) green energy consumption, which can lead to certain savings in the financial burden.

In accordance with IFRS 9, the Group evaluated the nature of the refinancing undertaken of the previous ING loan and concluded that it does not represent a material change (10% test). Therefore, the difference between the value of the old debt at amortised cost and the new debt discounted at the effective interest rate of the old debt was recognised as a lower finance costs of EUR 2,291 thousand under "Finance costs" on the 2019 consolidated income statement. This amount will be reversed in the consolidated income statement for subsequent years in accordance with the effective interest rate of the debt. In 2025, the application of the amortised cost method in relation to these items gave rise to a finance cost of EUR 421 thousand (EUR 364 thousand in 2024).

On 27 July 2023, the Parent took out a loan with BBVA secured by a mortgage on an office building in Madrid. The loan is for EUR 180 million, with a term of 7 years, and accrues interest at a market rate of EURIBOR + 110 basis points.

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

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

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

At 31 December 2025, all of the Group's mortgage loans had been drawn down in full.

These facilities require that the company maintain and comply with certain coverage ratios, such as the loan-to-value ratio and the ratio of the company's income used to service the debt (interest coverage ratio, ICR). The Parent's directors have confirmed that these ratios were met at 31 December 2025 and do not expect that they will not be fulfilled in the coming years.

Maturity of debt

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

2025

	Thousands of euros			
	Syndicated loans and other loans	Secured Loans	Revolving line of credit	Total
2026	-	42,462	-	42,462
2027	-	1,313	-	1,313
2028	725,000	1,500	-	726,500
2029	-	1,781	-	1,781
2030	29,000	182,156	-	211,156
Over 5 years	188,769	445,563	-	634,332
	942,769	**674,775**	-	**1,617,544**

2024

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

At 31 December 2025, EUR 740 million of the Group's credit facility had not yet been drawn down.

None of the Group's debt was denominated in non-euro currencies at 31 December 2025 or 2024.

The finance cost for interest on the loans totalled EUR 58,867 thousand in 2025 (EUR 69,287 thousand in 2024) and is recognised in the accompanying consolidated income statement for 2025.

At 31 December 2025 and 2024, the debt arrangement expenses had been deducted from the balance of "Bank borrowings". In 2025, the Group recognised an expense of EUR 2,834 thousand (EUR 2,690 thousand in 2024) under "Finance costs" in the accompanying consolidated income statement (see Note 18.d).

14.2 Debenture issues

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

On 18 May 2018, the Parent expanded the Euro Medium Term Notes (EMTN) issue programme to EUR 5,000 million.

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

On 30 April 2025, the shareholders at the Annual General Meeting approved the extension of this bond issuance programme up to an amount of EUR 7,500 million. It was subsequently renewed for an additional year on 7 May 2025.

On 1 June 2022, the Group obtained consent from its bondholders to convert all its bonds into green bonds under the Green Financing Framework published by the Group on 25 April 2022. The reclassification of the bonds to green bonds does not entail changes to any other features of the bonds, such as their terms and conditions, interest or maturity. In April 2024, the Group renewed the Green Financing Reference Framework.

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

On 26 May 2025, the Group repaid the corresponding bond on the maturity date in the amount of EUR 600.

On 4 September 2025, the Group issued a bond of EUR 550 million maturing in September 2033 with an interest rate of 3.5%.

The terms of the bonds issued by the Group abide by UK laws and are traded on the Luxembourg Stock Exchange. The bond issue programme has the same guarantees and ratio compliance obligations as the syndicated loan and the revolving credit facility.

The detail at 31 December 2025 and 2024 of the bonds issued by the Parent is as follows :

2025

Maturity	Face value (Millions of Euros)	Coupon	Listed price	Return	Market
nov-26	800	1.875%	MS +44 p.b.	2.64%	Luxemburg
jul-27	500	2.375%	MS +36 p.b.	2.55%	Luxemburg
sep-29	400	2.375%	MS +46 p.b.	2.91%	Luxemburg
jun-30	500	1.375%	MS +74 p.b.	3.26%	Luxemburg
sep-33	550	3.500%	MS +107 p.b.	3.85%	Luxemburg
dec-34	600	1.875%	MS +114 p.b.	4.00%	Luxemburg
	3,350	**2.201%**			

2024

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

These bond issues include commitments to maintain certain coverage ratios. These ratios are defined as the ratio of the value of assets to outstanding debt (loan-to-value ratio), the ratio of the Group's income used to service the debt (interest coverage ratio, ICR) and the ratio of mortgage-free assets and non-mortgage debt (unencumbered ratio). The Parent's directors have confirmed that these ratios were met at 31 December 2025 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 64,978 thousand (EUR 67,799 thousand in 2024) and is recognised in the accompanying consolidated income statement for 2025. The accrued interest payable at 31 December 2025 amounted to EUR 21,631 thousand (EUR 21,654 thousand in 2024). Debt arrangement expenses taken to the consolidated income statement in 2025 amounted to EUR 5,220 thousand (EUR 5,390 thousand in 2024).

14.3 Derivatives

The detail of the financial instruments at 31 December 2025 and 2024 is as follows:

	Thousands of euros	
	2025	2024
Non-current:		
Asset interest rate	(229)	(1,622)
Liability interest rate	8,260	20,941
Other (Notes 5 and 9)	-	16,407
Total non-current	**8,031**	**35,726**
Current:		
Interest rate derivatives	351	(282)
Total current	**351**	**(282)**

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

These financial instruments were classified as Level 2 based on the fair value hierarchy established in IFRS 7. In 2025, as a result of the capital reduction carried out by Silicius Real Estate SOCIMI, S.A. through the redemption of all the company's shares owned by Merlin Properties SOCIMI, S.A. with contributions in kind returned to this shareholder, the Group derecognised the derivative associated with the purchase option held by this company, classified as Level 3 (see Notes 3, 5, 7 and 9). The Group recognised an expense of EUR 7,256 thousand under "Changes in fair value of financial instruments" in the accompanying consolidated income statement.

The detail of the derivative financial instruments included in the accompanying consolidated statement of financial position at 31 December 2025 and 2024 is as follows:

2025

	Thousands of euros	
	Assets Financial	Liabilities Financial
Non-current:		
Interest rate derivatives	(229)	8,260
Current:		
Interest rate derivatives	-	351
Total derivatives recognised	**(229)**	**8,611**

2024

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

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

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

In 2025, the Group arranged an interest rate hedge to cover the loan with Mediobanca until its maturity in March 2031 for a notional amount of EUR 100 million and a fixed cost of 2.263%.

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

2025

		Thousands of euros					
			Outstanding notional amount at each date				
	Interest Contracted	Fair Value	2025	2026	2027	2028	Subsequent years
Syndicated Parent Company	2.537%	7,341	665,000	665,000	665,000	-	-
Non-mortgage - Parent Company	2.356%	221	160,000	160,000	160,000	100,000	100,000
Mortgage - Parent Company	2.469%	44	329,063	328,313	327,000	325,500	323,719
Mortgage - Other spanish subsidiaries	0.310%	(229)	41,712	-	-	-	-
Mortgage - Portugal	2.553 %	654	134,000	134,000	134,000	134,000	134,000
		8,031	**1,329,775**	**1,287,313**	**1,286,000**	**559,500**	**557,719**

2024

			Outstanding notional amount at each date				
	Interest Contracted	Fair Value	2024	2025	2026	2027	Subsequent years
Syndicated Parent Company	2.537%	10,958	665,000	665,000	665,000	665,000	-
Non-mortgage - Parent Company	2.512%	883	60,000	60,000	60,000	60,000	-
Mortgage - Parent Company	2.363%	6,208	329,719	329,063	328,313	327,000	325,500
Mortgage - Other spanish subsidiaries	0.310%	(1,622)	67,900	67,900	-	-	-
Mortgage - Portugal	2.553 %	2,893	134,000	134,000	134,000	134,000	134,000
		19,320	**1,256,619**	**1,255,963**	**1,187,313**	**1,186,000**	**459,500**

The Group has opted for hedge accounting, suitably designating the hedging relationships in which these financial instruments are hedging instruments of the financing used by the Group. In this manner, the Group has neutralized flow variations stemming from interest payments and fixed the rate to be paid for said financing. The derivatives that are highly effective, prospectively and retrospectively, on a cumulative basis, since the date of designation are those associated with the new syndicated financing, the bilateral loan with Banco Sabadell, the mortgage loans with BBVA, Caixabank and Novo Banco, and the non-mortgage loan with Caixabank, with their changes in value therefore recognised under “Equity”.

The Group recognised the fair value of the derivatives that meet the requirements for effectiveness under “Equity”, only taking into consideration the tax effect on the derivatives associated with the mortgage loan from Novo Banco. The Group did not consider any tax effect for the rest of the derivatives as a result of applying the REIT regime. The Group recognised income of EUR 54 thousand in 2025 (income of EUR 501 thousand in 2024) under “Changes in fair value of financial instruments” in the consolidated income statement as a result of the derivative financial instruments that did not meet the hedging requirements due to ineffectiveness and cancellations.

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

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

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

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

The impact of interest rate derivatives on liabilities and on profit or loss before tax of a 5% change in the estimated credit risk rate at 31 December 2025 and 2024 would be as follows:

2025

Scenario	Thousands of euros		
	Liabilities	Equity	Consolidated profit before tax
5% rise in credit risk rate	(22,400)	22,385	15
5% reduction in credit risk rate	23,053	(23,038)	(15)

2024

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

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

The breakdown of the financing activities and their impact on the Group's cash flows, using undiscounted amounts, during 2025 and 2024 is as follows:

2025

		Thousands of euros					
		Impact on cash		No impact on cash			
	31/12/2024	Principal Debt	Interest paid	Reclasification	Accrued interest	Other adjustments	31/12/2025
Long-term loans	1,513,644	132,188	-	(70,750)	-	-	1,575,082
Short-term loans	3,895	(28,945)	(56,832)	70,750	56,281	(2)	45,147
Short-term revolving credit facilities	510	-	(2,579)	-	2,587	-	518
L/T bonds	2,800,000	550,000	-	(800,000)	-	-	2,550,000
S/T bonds	621,654	(600,000)	(65,000)	800,000	64,978	-	821,632
	4,939,703	**53,243**	**(124,411)**	**-**	**123,846**	**(2)**	**4,992,379**

2024

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

Furthermore, within the framework of the interest rate swaps arranged (see Note 14.3), the net balance of the settlements amounted to EUR 1,932 thousand in 2025 (EUR 14,395 thousand in 2024).

14.5 Debt arrangement expenses

The changes in debt arrangement expenses in 2025 and 2024 are as follows:

	Thousands of euros				
	31/12/2024	Allocation to profit and loss account – Amortised cost	Impact of IFRS 9 on income statement	Capitalisations of arrangement expenses	31/12/2025
Non-mortgage financing	6,390	(1,671)	-	1,415	6,134
Mortgage loans - other assets	4,993	(741)	(421)	-	3,831
Debentures and bonds	19,248	(5,220)	-	4,637	18,665
	30,631	**(7,632)**	**(421)**	**6,052**	**28,630**

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

15. Other current and non-current liabilities

The detail of these headings at 31 December 2025 and 2024 is as follows:

	Thousands of euros			
	2025		2024	
	Non-current	Current	Non-current	Current
Other provisions	12,987	-	11,390	-
Guarantees and deposits received	103,034	11,032	91,152	4,805
Other payables	69,286	3,240	73,820	2,834
Other (Note 9)	-	-	16,407	-
Borrowings from Group companies and associates	99,487	-	13,384	-
Other current liabilities	-	10,848	-	10,844
Total	**284,794**	**25,120**	**206,153**	**18,483**

“Payable to Group companies and associates” includes the provision that the Group recognised as a result of the commitment it has with the associate Edged Spain, S.L. based on the future profitability of the data centres (see Note 19) and that the Group recognised as an increase.

“Other provisions” includes provisions for measuring the risk associated with a number of lawsuits and claims filed by third parties arising from the Group’s activities, which have been recognised in accordance with the best estimates to date, the provision corresponding to the long-term variable remuneration to be paid in the amount of EUR 6,322 thousand (EUR 4,511 thousand in 2024) and the provision relating to the delivery of options under the 2025-2027 Incentive Plan amounting to EUR 1,109 thousand (see Notes 5 and 20).

In addition, “Other provisions” includes liabilities for tax charges that are uncertain as to their amount or timing, whereby it is probable that an outflow of resources will be required to settle these obligations as the result of a present obligation.

On 10 January 2022, the tax authorities notified the Parent of the commencement of a tax audit relating to corporation tax, value added tax and tax withholdings for various years. Based on the best estimates of the amounts to be paid as a result of the assessments arising from this tax audit and supplementary tax returns for the years subsequent to those reviewed, in 2023 the Group recognised a provision of EUR 5,862 thousand under “Provisions” in the accompanying consolidated income statement for that year. On 21 February 2024, the following assessments were signed on an uncontested basis:

- Corporation tax for 2016 to 2019, by virtue of which it was determined that EUR 13,984 thousand was to be refunded to the Parent, which includes the tax charge and late payment interest. This assessment recognises the effects of the ruling of 19 January 2024 handed down by the Spanish Constitutional Court, which renders null and void certain provisions of

Royal Decree Law 3/2016 that had an impact on taxable profit for corporation tax for 2016 to 2019.

- Value added tax for 2018 to 2019, by virtue of which EUR 799 thousand was determined to be payable by the Parent to the tax authorities, which includes the tax charge and late payment interest.

- Tax withholdings on non-resident income tax for 2018 to 2019, by virtue of which EUR 834 thousand was determined to be payable by the Parent to the tax authorities, which includes the tax charge and late payment interest.

- Tax withholdings and prepayments on income from movable capital for 2018 and 2019, by virtue of which it was determined that no amount was to be paid or refunded.

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

In 2024, the Parent made a voluntary adjustment by filing supplementary self-assessments for VAT and non-resident income tax for 2020 to 2024. These self-assessments resulted in tax payable by the Parent to the tax authorities of EUR 2,234 thousand, which included the tax charge and late payment interest.

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

The Parent and the majority of its subsidiaries adhere to the REIT regime. Under this regime, gains from the sale of assets are taxed at 0%, provided that certain requirements are met (basically, the assets must have been held by the REIT for at least three years). Any gains from the sale of assets acquired prior to joining the REIT tax regime will be distributed on a straight-line basis (unless proven to be distributed otherwise) over the period during which the REIT owned them. Any gains generated prior to joining the REIT tax regime will be taxed at the general rate, while a rate of 0% will be applied for the other years. In this regard, the Parent’s directors estimated the tax rate applicable to the tax gain on the assets acquired prior to their inclusion in the REIT tax regime (calculated in accordance with the fair value of the assets obtained from the appraisals at the date of the business combination and at 31 December 2025), recognising the related deferred tax liability.

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

16. Trade and other payables

The detail of this heading at 31 December 2025 and 2024 is as follows:

	Thousands of euros	
	2025	2024
Current:		
Suppliers	178,543	116,530
Payables to suppliers - Group companies and associates	3,711	502
Various creditors	28,340	10,448
Pendings remunerations	16,248	12,778
Other payables to public authorities (Note 17)	30,649	26,253
Advances from customers	19,555	22,915
	277,046	**189,426**

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

In 2025 and 2024, the Group does not have any reverse factoring contracts with suppliers.

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

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

	Days	
	2025	2024
Average period of payment to suppliers	45	43
Ratio of transactions settled	46	44
Ratio of transactions not yet settled	40	39

	Thousands of euros	
	2025	2024
Total payments made	647,898	443,227
Total payments outstanding	93,569	68,042

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

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

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

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

	2025	2024
Monetary volume (thousands of euros)	509,944	360,676
Percentage of total payments made	78.7%	81.4%
Number of invoices	38,815	33,314
Percentage of total invoices	84.3%	78.3%

17. Tax situation

a) Tax receivables and tax payables

The detail of the main tax receivables and payables at 31 December 2025 and 2024 is as follows:

2025

	Thousands of euros			
	Tax assets		Tax liabilities	
	No Current	Current	No Current	Current
Public Treasury for withholdings and other items	-	28,484	-	27,678
VAT	-	5,728	-	2,558
Tax assets	53,404	-	-	-
Corporate income tax	-	-	-	7,103
Payable to the Social Security	-	-	-	413
Deferred tax liabilities	-	-	627,862	-
	53,404	**34,212**	**627,862**	**37,752**

2024

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

b) Reconciliation of the taxable profit in relation to the applicable tax rate

At 31 December 2025, the taxable profit was calculated as the accounting profit for the year plus the effect of changes in the fair value of investment property, and temporary differences due to the existing limitations. At the reporting date of these accompanying consolidated financial statements, the Group did not recognise any deferred tax assets in this regard, as it is generally subject to a tax rate of 0% as the Parent and the majority of the subsidiaries adhere to the REIT regime.

The reconciliation of the accounting profit to the consolidated tax expense in 2025 and 2024 is as follows:

	Thousands of euros	
	2025	2024
Profit/(Loss) before tax	**813,251**	**295,954**
25% Tax rate in Spain	**203,313**	**73,989**
Tax effect of amounts that are non-deductible (taxable)		
Impairment of goodwill	(5,790)	(5,790)
Application of IAS 40 (amortization and change in fair value)	(148,743)	(23,768)
Amortization of intangibles	(1,391)	(1,712)
Employee stock option plan	(3,395)	(2,103)
Dividends paid to shareholders	21,660	20,474
Other adjustments	(10,178)	(665)
Subtotal	**55,476**	**60,425**
Tax rate difference under SOCIMI regime	(24,689)	(47,531)
Difference in foreign tax rates	(3,665)	(699)
Income tax	**27,122**	**12,195**

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

In connection with the application of IAS 40 (depreciation and revaluation), the amounts relate to the tax effect of changes in the value of investment property (IAS 40 - fair value model) and depreciation charges on investment property not included in profit before tax in the accompanying consolidated income statement.

As the Parent's directors plan and state that investment property acquired by subsidiaries already subject to the REIT tax regime will not be sold within three years, the fair value adjustment in 2025 and 2024 is taxed at 0% and therefore the deferred tax liability is also zero.

Other adjustments include the profit or loss of companies accounted for using the equity method.

c) Reconciliation of accounting profit and tax expense

	Thousands of euros	
	2025	2024
Current tax		
Corporate income tax current fiscal year	7,316	6,288
Corporate income tax previous fiscal year	139	147
Total corporate current tax expense	**7,455**	**6,435**
Deferred tax		
Expense for change in value of investment property (IAS 40)	22,836	3,052
Other Decrease / (Increase) tax assets	(633)	10,729
Other (Decrease) / Increase deferred tax liabilities	(2,536)	(8,021)
Total corporate deferred tax expense	**19,667**	**5,760**
Total corporate income tax expense	**27,122**	**12,195**

The deferred tax for the appreciation in value of the assets at fair value relates to the tax effect of the non-REIT subsidiaries (resident in Portugal, which meet the requirements of Article 2.1.c) of the REITs Act to be considered as eligible assets for the purposes of the above tax regime). The amount is the result of applying the tax rate that the Parent's directors consider will be applicable to the capital gains.

The decreases in deferred tax assets recognised in 2024 mainly related to the effect of the ruling handed down by the Constitutional Court on 19 January 2024, which annulled certain provisions of Royal Decree Law 3/2016 that had an impact on the taxable profit for income tax purposes for 2016 to 2019 and 2021 to 2022, and the derecognition of reinvestment tax credits that had expired at the end of 2024.

d) Deferred tax assets recognised

The detail of the tax loss carryforwards at 31 December 2025 is as follows:

2025

	Thousands of euros	
	Recognised Tax base	Fiscal credit
Tax loss carryforwards:		
2009	59,924	14,981
2010	1,650	413
2011	86,402	21,600
2014	13,313	3,328
2018	718	180
2019	1,662	416
2020	8,307	2,077
2022	1	-
2023	32,259	8,065
2025	1,281	275
Total tax loss carryforwards	**205,517**	**51,335**
Other deferred taxes recognised	**8,280**	**2,069**
Total capitalised deferred tax assets	**213,797**	**53,404**

"Other deferred taxes recognised" mainly includes tax credits yet to be applied, mainly due to reinvestment.

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

The detail of the tax assets not recognised at 31 December 2025 is as follows:

	Thousands of euros
	Not recognised Tax base
Tax loss carryforwards:	
2009	50,170
2010	5,458
2011	1,214
2012	1,676
2013	440
2014	17,987
2016	456
2017	2,199
2018	1,236
2019	2,845
2020	6,149
2021	6,828
2022	6,138
2023	27,534
2024	8,405
2025	6,047
Total tax loss carryforwards	**144,782**

e) Deferred tax liabilities

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

The changes at 31 December 2025 and 2024 are as follows:

	Thousands of euros
Total deferred tax liabilities at 31 December 2023	**613,190**
Increase in value of investment property	3,352
Reductions due to disposals	(8,437)
Temporary differences	(543)
Total deferred tax liabilities at 31 December 2024	**607,562**
Increase (decrease) in value of investment property	22,836
Reductions due to disposals	(332)
Temporary differences	(2,204)
Total deferred tax liabilities at 31 December 2025	**627,862**

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

f) Years open to audit and tax inspections

Under the current law, taxes cannot be considered to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year limitation period has elapsed. At year-end 2025, the Parent had 2021 to 2024 open for review for income tax, 2022 to 2025 for VAT and tax withholdings on income tax and non-resident income tax, and 2023 to 2026 for the tax on economic activities and property tax. The subsidiaries had 2021 to 2024 open for review for income tax, 2022 to 2025 for VAT and tax withholdings on income tax and non-resident income tax, and 2023 to 2026 for the tax on economic activities and property tax.

The Parent's directors consider that the tax returns for the above taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax law in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying consolidated financial statements. Also, Law 34/2015, of 21 September, partially amending Law 58/2003, of 17 December, on General Taxation establishes the right of the tax authorities to initiate a review and investigation procedure of the tax losses offset or carried forward or tax credits taken or carried forward, which will become statute barred after ten years from the day on which the regulatory period established for filing the tax return or self-assessment relating to the year or the tax period in which the right to offset the tax loss or to apply the tax credits arose.

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

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

18. Revenue and expenses

a) Net income

The breakdown of ordinary income of the Group relating to 2025 and 2024 is as follows:

	Thousands of euros	
	2025	2024
Rental income	509,823	470,589
Income from services rendered	29,140	23,983
	538,963	**494,572**

b) Other operating expenses

The breakdown of the balance of this heading in the accompanying consolidated income statement for 2025 and 2024 is as follows:

	Thousands of euros	
	2025	2024
Non-recoverable expenses of leased properties	54,229	52,326
Overheads-		
Professional services	12,579	13,014
Headquarters expenses	2,768	2,783
Insurance	607	600
Other	4,514	5,534
Costs associated with asset acquisitions and financing	1,919	5,971
Losses on, impairment of and change in provisions	864	155
Other current operating expenses	16,553	16,100
Other expenses	774	105
	94,807	**96,588**

In 2025, the Group obtained income as a result of having passed on the rental property expenses to tenants amounting to EUR 111,010 thousand (EUR 100,876 thousand in 2024).

c) Staff costs and average headcount

The breakdown of the staff costs in 2025 and 2024 was as follows:

	Thousands of euros	
	2025	2024
Wages, salaries and similar expenses	36,831	29,243
Termination benefits	153	34
Social security costs	3,963	3,603
Other employee benefit costs	714	515
Long-term incentive plan (Notes 5 and 20)	13,582	2,804
	55,243	**36,199**

In 2025 and 2024, the amount recognised under "Wages, salaries and similar expenses" included EUR 17,768 thousand and EUR 12,225 thousand, respectively, as a provision for short-term variable remuneration.

The average number of employees at the various Group companies in 2025 was 292 (276 in 2024).

A breakdown of the headcount at 2025 and 2024 year-end, by category, is as follows:

2025

	Women	Men	Total
Senior management	1	28	29
Middle management	32	53	85
Other professionals	109	72	181
	142	**153**	**295**

2024

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

The average number of employees in 2025 and 2024 with a disability equal to or greater than 33%, by category, was as follows:

Categories	2025	2024
Senior management	-	-
Middle management	1	1
Other professionals	5	5
	6	**6**

d) Finance income and costs

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

	Thousands of euros	
	2025	2024
Finance income:		
Interest on loans	1,914	1,910
Interest on deposits and current accounts	30,778	37,354
Other financial income	2,677	2,896
	35,369	42,160
Finance costs:		
Interest on loans and other credits	(135,938)	(130,214)
Other finance costs	(4,979)	(4,544)
	(140,917)	(134,758)
Net finance expense	**(105,548)**	**(92,598)**

In 2025, the finance costs mainly included the interest corresponding to the bank borrowings and debentures detailed in Note 14 amounting to EUR 58,867 thousand and EUR 64,978 thousand, respectively (EUR 69,287 thousand and EUR 64,799 thousand, respectively, in 2024). These amounts do not include the amortisation of the debt arrangement expenses amounting to EUR 8,053 thousand (EUR 8,080 thousand in 2024), as a result of applying the effective interest rate to the financial debt (see Note 14.5), the finance costs associated with the interest rate derivatives amounting to EUR 4,040 (income of EUR 11,953 thousand in 2024) or the finance costs for discounting the liabilities in accordance with IFRS 16 (see Note 7) amounting to EUR 4,052 thousand (EUR 3,442 thousand in 2024).

In 2025, the finance income generated by short-term bank deposits and interest-bearing current accounts amounted to EUR 30,778 thousand (EUR 37,354 thousand in 2024).

e) Contribution to consolidated profit

The contribution of each subsidiary included in the scope of consolidation to profit for 2025 and 2024 was as follows:

Company	Thousands of euros	
	2025	2024
Global integration:		
Merlin Properties SOCIMI, S.A.	109,914	59,118
Merlin Retail, S.L.	46,609	13,409
Merlin Oficinas, S.L.	50,499	46,353
Merlin Logística, S.L.	322,785	40,433
Varitelia Distribuciones, S.L.U.	15,519	7,094
La Vital Centro Comercial y de Ocio, S.L.	(308)	5,234
Global Carihuela Patrimonio Comercial, S.L.U.	4,669	740
Parques Logísticos de la Zona Franca, S.A.	86,018	29,750
Sevisur Logística, S.A.	(8,412)	4,544
The Exhibitions Company, S.A.	(676)	(1,155)
Innovación Colaborativa, S.L.U.	8,468	2,764
Promosete Invest. Inmobiliaria, S.A.	1,905	2,452
Praça do Marqués - Servicios auxiliares, S.A.	5,143	4,086
MPCVI - Compra e Venda Imobiliária, S.A.	1,257	1,244
MPEP - Properties Escritórios Portugal, S.A.	1,405	2,419
MP Monumental, S.A.	3,782	5,449
MP Torre A, S.A.	994	(159)
Forum Almada – Gestao Centro Comercial, Lda	40,616	29,813
Torre dos Oceanus Investimentos Imobiliários, S.A.	2,535	1,947
Torre Arts Investimentos Imobiliários, S.A.	7,107	5,158
Torre Fernão Magalhães Investimentos Imobiliários, S.A.	1,995	2,215
VFX Logística, S.A.	53,657	(5,752)
MPLIB - Investimentos Imobiliários, Unipessoal Lda.	2,506	12,222
Other companies	106	308
Equity method:		
Centro Intermodal de Logística, S.L.	22,453	1,555
Paseo Comercial Carlos III, S.A.	2,230	7,411
Provitae, S.L.	(56)	(65)
Silicius Real Estate SOCIMI S.A.	(209)	(1,850)
Crea Madrid Nuevo Norte, S.A.	(1,191)	(658)
Other investments	4,809	7,680
Total	**786,129**	**283,759**

19. Related party transactions

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

At 31 December 2025 and 2024, the detail of transactions that are significant in amount or material, carried out between the Parent or its Group companies and related parties, is as follows:

2025

Related party	Nature of relationship	Thousands of euros			
		Revenue	Expense	Assets	Liabilities
Banco Santander, S.A. (a)	Financing (*)	2,188	488	-	100,000
Banco Santander, S.A. (a)	Cash	-	-	152,692	-
Banco Santander, S.A. (b)	Lease	744	-	-	364
Banco Santander, S.A. (b)	Services	-	114	-	-
Banco Santander, S.A. (c)	Share increase	-	-	-	-
Pº Comer. Carlos III, S.A. (d)	Financing	382	-	13,398	-
Provitae Centros Asistenciales, S.L. (e)	Financing	31	-	1,322	-
Edged Spain, S.L. (g)	Services	-	5,062	12,489	99,497
		3,345	**5,664**	**179,901**	**199,861**

(*) The liability relates to the portion of the undrawn corporate credit facility corresponding to Banco Santander at 31/12/2025

2024

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

(*) The liability relates to the portion of the undrawn corporate credit facility corresponding to Banco Santander at 31/12/2024

Transactions executed with significant shareholders

In 2025, the only shareholder considered a significant shareholder pursuant to current regulations was Banco Santander, S.A.

a) Financing transactions

At 31 December 2025, the Group had no loans taken out with shareholders except for a corporate credit facility of EUR 740 million, which was not drawn down at 31 December 2025, in which Banco Santander, S.A.'s share was EUR 100 million (see Note 14).

At 31 December 2025, the Group had bank balances deposited with Banco Santander, S.A. amounting to EUR 152,692 thousand (EUR 111,249 thousand at 31 December 2024), which include accounts on behalf of the associate Edged Spain, S.L.U. amounting to EUR 24 thousand (EUR 924 thousand at 31 December 2024) and Edged Portugal, Unip. L.D.A. amounting to EUR 15 thousand (company incorporated in 2025).

In 2025, the finance costs incurred in transactions with Banco Santander, S.A. amounted to EUR 488 thousand (EUR 413 thousand in 2024), which included EUR 112 thousand in guarantee fees and EUR 27 thousand in current account management expenses (EUR 16 thousand and EUR 42 thousand in 2024, respectively).

The Banco Santander, S.A. Group granted guarantee facilities to the MERLIN Group amounting to EUR 25,395 thousand (EUR 3,069 thousand in 2024).

The income of EUR 2,188 thousand (EUR 3,026 thousand in 2024) relates to ordinary remuneration of the current accounts held by MERLIN Properties SOCIMI, S.A. with Banco Santander.

b) Leases and services rendered

In 2025 the Group had 3 leases with Banco Santander Group in various office properties and shopping centres. The terms of the leases cover a period of up to 5 years and in 2025 they generated income amounting to EUR 744 thousand (EUR 794 thousand in 2024), which includes rental income, and income from parking spaces and the assignment of space for ATMs in shopping centres. The security deposits received for these leases amounted to EUR 364 thousand (EUR 376 thousand in 2024).

In addition, the Group contracted organisational services for the General Meeting and shareholder registration services amounting to EUR 80 thousand, in addition to agent services for the listing on the Euronext Lisbon stock exchange and agent services for dividends amounting to EUR 34 thousand.

c) Increase in the Parent's share capital

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

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

- Shareholding of Banco Santander, S.A. as the Agent Bank (EUR 50 thousand; 0.005% of the issue) and as the Co-Global Coordinator, with the fee invoiced in this transaction amounting to EUR 1,250 thousand, of which EUR 50 thousand are considered as the agent bank fee and EUR 1,200 thousand as the basic fee and discretionary fee.

- Banco Santander, S.A., which directly or indirectly holds approximately 24.6% of MERLIN's share capital, subscribed 23,094,534 new shares, thus maintaining its holding in MERLIN's share capital after the capital increase (at the same 24.6%).

- Nortia Capital Investment Holding, S.L., which directly or indirectly holds approximately 8.17% of MERLIN's share capital, subscribed 7,674,216 new shares, thus maintaining its holding in MERLIN's share capital after the capital increase (at the same 8.17%).

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

Transactions performed with the directors

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

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

Transactions with companies accounted for using the equity method

d) Paseo Comercial Carlos III S.A.

At 31 December 2025, the Parent had an outstanding loan for EUR 13,398 thousand as regards the associate Paseo Comercial Carlos III, S.A. (owner of a shopping centre in Madrid).

This loan includes the renewal in 2025 of the initial loan for EUR 2,500 thousand and the accrued interest amounting to EUR 898 thousand (EUR 517 thousand at 31 December 2024), with finance income in 2025 amounting to EUR 382 thousand.

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

In the fourth quarter of 2025, the Company repaid EUR 2,539 thousand of the initial loan (initially granted in two tranches in 2020 and 2021) and subsequently extended this financing by EUR 2,500 thousand, which resulted in an overall net decrease in debt of EUR 39 thousand. The accrued interest payable of EUR 134 thousand corresponding to the initial loan was also paid.

e) Provitae Centros Asistenciales, S.L.

At 31 December 2025, the Parent had an outstanding loan amounting to EUR 1,322 thousand (EUR 1,262 thousand at 31 December 2024), which includes EUR 255 thousand (EUR 224 thousand in 2024) in accrued interest, granted on 10 January 2002 to the associate Provitae Centros Asistenciales, S.L., which owns a plot of land in Villajoyosa. The finance income for 2025 amounted to EUR 31 thousand.

f) Silicius Real Estate SOCIMI, S.A.

At 31 December 2025, the Parent did not have any outstanding obligations.

g) Edged Spain, S.L.

Under the agreements between MERLIN and its subsidiaries that own the data centres currently operated and Edged Spain, S.L., there are a series of commitments based on the overheads, turnover and future profitability of these data centres and, therefore, the MERLIN Group recognised EUR 5,062 thousand in expenses, EUR 12,489 thousand in assets and EUR 99,487 thousand in liabilities in 2025, respectively (EUR 2,511 thousand, EUR 11,408 thousand and EUR 13,384 thousand in 2024).

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

	Thousands of euros	
	2025	2024
Significant shareholders	**57,690**	**52,086**
Banco Santander, S.A.	57,690	52,086
Directors and managers	**3,096**	**2,966**
Directors	1,840	1,757
Executives	1,256	1,209
	60,786	**55,052**

20. Information on Directors

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

Directors' compensation and other benefits

At 31 December 2025 and 2024, salaries, per diem attendance fees and other remuneration earned by members of the Parent's governing bodies totalled EUR 8,198 thousand and EUR 6,791 thousand, respectively, as detailed below:

	Thousands of euros	
	2025	2024
Fixed and variable remuneration	7,960	6,492
Statutory compensation	-	-
Termination benefits	-	-
Per diems	222	288
Life and health insurance	16	11
	8,198	**6,791**

In addition to the above amounts, in 2025 the executive directors received payments totalling EUR 2,501 thousand corresponding to the variable remuneration for 2024 and the deferred variable remuneration for 2022 and 2023. At 31 December 2025, the accrued amounts payable related to the variable remuneration for 2023 to 2025 and amounted to EUR 5,730 thousand, of which EUR 2,549 thousand are recognised under "Non-current provisions" and EUR 3,181 thousand under "Trade and other payables" in the accompanying consolidated balance sheet.

In 2025, the executive directors received 87,164 shares corresponding to the settlement of the 2022-2024 Incentive Plan.

As regards golden parachute clauses for the Parent's executive directors in the event of dismissal or a takeover, these golden parachute clauses provide for compensation that represented a total commitment of EUR 12,100 thousand at 31 December 2025.

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

		Thousands of euros	
		2025	2024
Director:			
Remuneration of board members			
José Luis de Mora Gil-Gallardo	Chairman - Proprietary director	450	280
Javier García Carranza Benjumea	Chairman - Proprietary director	-	170
Ismael Clemente Orrego	CEO	3,300	2,663
Miguel Ollero Barrera	Executive director	2,750	1,832
María Luisa Jordá Castro	Independent director	177	183
Ana García Fau	Independent director	52	211
George Donald Johnston	Independent director	211	189
Fernando Ortiz Vaamonde	Independent director	151	148
Juan María Aguirre Gonzalo	Independent director	196	183
Pilar Cavero Mestre	Independent director	174	158
Francisca Ortega Hernández Agero	Proprietary director	176	171
Emilio Novela Berlín	Independent director	68	193
Ignacio Gil-Casares Satrústegui	Proprietary director	-	51
Juan Antonio Alcaraz García	Proprietary director	143	148
Inès Archer Toper	Independent director	161	103
Julia Bayón Pedraza	Proprietary director	149	97
Fernando López Muñoz	Proprietary director	24	-
		8,182	**6,780**

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

The shareholders at the Annual General Meeting held on 30 April 2025 established that the Parent’s Board of Directors would have a total of 14 members.

In 2025, the Board accepted the resignation of director Ana García Fau and mourned the death of director Emilio Novela. In November 2025, the Board of Directors accepted the resignation of director Juan Antonio Alcaraz García and unanimously approved the appointment by co-option of Fernando López Muñoz.

The term of office of director Ignacio Gil Casares Satrústegui ended in 2024. The shareholders at the Annual General Meeting held on 9 May 2024 approved the appointment of Inès Archer Toper as an independent director and Julia Bayón Pedraza as a proprietary director representing the shareholder Banco Santander, S.A.

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

The Parent's directors are covered by the "Corporate Third-Party Liability Insurance Policies for Directors and Executives" taken out by the Parent to cover possible damages that may be claimed, and that are evidenced as a result of a management error committed by its directors or executives, and those of its subsidiaries, in discharging their duties. The premium amounted to an annual total of EUR 232 thousand (EUR 272 thousand in 2024).

Remuneration and other benefits of senior executives

The remuneration of the Parent's senior executives, including the Head of Internal Audit and excluding those who are also Board members (whose remuneration is disclosed above), in 2025 and 2024 is summarised as follows:

2025

Thousands of euros			
Number of persons	Fixed and variable remuneration	Other remuneration	Total
9	9,035	38	9,073

2024

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

In addition to the above amounts, in 2025 the senior executives received payments totalling EUR 3,605 thousand corresponding to the variable remuneration for 2024 and the deferred variable remuneration for 2022 and 2023. At 31 December 2025, the accrued amounts payable related to the variable remuneration for 2023 to 2025 amounted to EUR 8,431 thousand, of which EUR 3,773 thousand are recognised under “Non-current provisions” and EUR 4,658 thousand under “Trade and other payables” in the accompanying balance sheet.

In 2025, the Parent’s senior executives received 76,231 shares corresponding to the settlement of the 2022-2024 Incentive Plan.

The main features of the long-term incentive plans approved and/or settled at the end of 2025 are detailed below:

2025-2027 Incentives Plan

The shareholders at the General Meeting held on 30 April 2025 approved a long-term remuneration plan consisting of the delivery of 5,168,656 shares of the Parent and/or share options (representing 0.92% of the Parent’s share capital at the date of approval) for executive directors, the management team and other important members of the Group’s workforce (“2025-2027 Incentive Plan”). The payment procedure will vary, depending on whether the Company’s Board decides to pay the performance shares in cash or in shares.

The 2025-2027 Incentive Plan consists of a single cycle for measuring the targets that will last three years, starting on 1 January 2025 and ending on 31 December 2027. If the targets are met, the shares will be delivered in 2028 once the financial statements for 2027 have been authorised for issue and audited. Accordingly, the share options will be settled by differences (or in the manner agreed by the Board at any given time) during the exercise windows established in 2028, 2029 and 2030 (with a maximum of one exercise window in each year). A maximum of 1,307,738 shares will be allocated to executive directors. All shares delivered under the 2025-2027 Incentive Plan to executive directors will be subject to a 2-year retention period.

The specific number of the Parent’s shares that, within the established maximum, will be delivered to the beneficiaries of the 2025-2027 Incentive Plan at the end of the Plan will be conditional on achievement of the following targets linked to the creation of shareholder value and sustainability:

Metrics	Definition	Weighting
Absolute Total Shareholder Return (TSR)	This is the return on the share taking into account the cumulative change in the Company's share price, including dividends and other similar items received by the shareholder during the 2025-2027 period.	40%
EPRA NTA per share at 31/12/2027 + Dividends (2025-2027) / share	This is calculated based on the Company's consolidated equity and by adjusting certain items following EPRA recommendations (including the value of assets on the market and excluding certain items that are not expected to result in sustained property lease business). The EPRA NTA assumes that the companies buy and sell assets, thus crystallising levels of deferred tax liabilities. For the purposes of the Plan, the EPRA NTA at 31 December 2027, as published in MERLIN's financial statements, will be taken into consideration, plus any dividends paid per share and other similar items received by the shareholder during the target measurement period (2025-2027).	25%
Data centres - MW available for lease as at 31/12/2027	MW installed in data centres that have received the corresponding equipment and electricity supply, which are leased or available for lease at 31 December 2027.	10%
Data centres - Level of Gross Rental Income (GRI) 31/12/2027	Annualised gross rental income from the Data Centre business in December 2027.	10%
Data centres - EBITDA at 31/12/2027	Annualised EBITDA from the Data Centre business in December 2027.	10%
Net carbon emissions	Level of reduction of MERLIN's CO2 emissions (scope 1 and 2) at 31 December 2027, compared to 31 December 2024, calculated for the comparable portfolio of assets over which the Company has operational control (scope of MERLIN's Path to Net Zero).	5%

In relation to the market condition 'Total Shareholder Return', the Group has applied a valuation methodology for the underlying assets on the grant date of the incentive associated with a stochastic Geometric Brownian Motion (GBM) model, combined with a Montecarlo simulation. The Montecarlo method or Montecarlo simulation is a statistical technique that uses repeated random sampling on a mathematical model to estimate the probability of different possible outcomes (scenarios) under uncertainty.

The Montecarlo simulation method applied by the Group is based on a GBM model for assets with implicit yield (dividend), which allows the Parent's share price to be estimated at a future date. It is therefore possible to simulate, using the Montecarlo method, the possible trajectories that the underlying asset (the Parent's share price) may follow, based on the repetition of random samples to obtain different numerical results of the GBM model.

The following components were considered in the GBM model: the share price at the measurement date, the beginning of the measurement period of the Incentive Plan, the historical volatility of the share, the risk-free rate and the expected dividend yield of the share during the measurement period of the Incentive Plan. The stochastic variable is generated by applying a standard normal distribution N (0.1).

This allowed the statistical average or expected value to be obtained, which corresponds to the spot price of the Parent's share at the end of the incentive period.

Accordingly, in 2025 the Group recognised an expense of EUR 12,472 thousand with a balancing entry to reserves and an expense of EUR 1,109 thousand with a balancing entry to non-current liabilities.

2022-2024 Incentive Plan

The shareholders at the General Meeting held on 4 May 2022 approved a long-term remuneration plan consisting of the delivery of 3,491,767 ordinary shares of the Parent (representing 0.74% of the Parent's share capital at the date of approval), aimed at members of the MERLIN Group's management team.

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

The specific number of the Parent's shares that, within the established maximum, would be delivered to the beneficiaries of the 2022-2024 Incentive Plan at the end of the Plan were conditional on achievement of the following targets linked to the creation of shareholder value and sustainability:

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

The measurement period for the 2022-2024 Incentive Plan ended on 31 December 2024.

In 2025, and after verifying compliance with the targets set in the 2022-2024 Incentive Plan by the Parent's Board, a total of 290,954 shares were delivered to the beneficiaries of this plan.

21. Auditors' remuneration

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

In 2025 and 2024, the fees for financial audit services provided to the various companies composing the Group by the main auditor PricewaterhouseCoopers Auditores, S.L., and the entities related to them, were as follows:

	Thousands of euros	
	2025	2024
Audit services	**633**	**622**
Other audit-related services:		
Other attest services	201	84
Total audit and related services	**834**	**706**
Services required by applicable law		
Tax advisory services	-	-
Other services	-	38
Total other services	**-**	**38**
Total	**834**	**744**

"Other audit-related services" includes the attest services performed by the auditor in the bond issue process, and certain agreed procedures related to compliance with covenants.

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

22. Environmental information

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

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

23. Risk exposure

Financial risk factors

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

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

Market risk

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

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

- Assessing the economic environment in which the Group operates: designing different economic scenarios and modifying the key variables potentially affecting the Group (interest rates, share price, occupancy rate of investment property, etc.). Identifying interdependent variables and the extent of their relationship; and

- Taking into account the time frame of the analyses: consideration is given to the periods over which analyses are performed and any possible deviations thereof.

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

However, market risk is mitigated by the customer acquisition and selection policies and the mandatory lease compliance deadlines negotiated with them, and the guarantees that the Group has associated with the leases. Therefore, at 31 December 2025, the average occupancy rate of the asset portfolio was 95.6%, with an average lease term of 3.6 years (weighted by gross rental income).

Credit risk

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

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

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

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

The estimated maturities of the Group’s financial assets in the consolidated statement of financial position at 31 December 2025 are detailed below.

2025

	Thousands of euros				
	Less than 3 months	More than 3 and less than o 6 months	6 months to 1 year	Over 1 year (*)	Total
Loans to third parties and associates	-	-	3,432	202,394	205,826
Equity instruments	-	-	-	12,008	12,008
Guarantees and deposits	-	-	-	69,182	69,182
Trade and other receivables	38,078	33,847	12,693	-	84,617
Other current financial assets	2,522	-	-	-	2,522
Cash and cash equivalents	1,214,945	-	-	-	1,214,945
Total	**1,255,545**	**33,847**	**16,125**	**283,584**	**1,589,100**

(*) Does not include derivatives

2024

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

(*) Does not include derivatives

Cash and cash equivalents

The Group has cash and cash equivalents of EUR 1,214,945 thousand, which represents its maximum exposure to the risk posed by these assets.

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

Liquidity risk

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

To manage liquidity risk and meet its various funding requirements, the Group uses an annual cash budget and a monthly cash projection, the latter being detailed and updated daily. At 31 December 2025, the Group’s working capital amounted to EUR 212,669 thousand.

At the date of authorisation for issue of these consolidated financial statements, taking into account the above, the Group had covered all its funding requirements to fully meet its commitments to suppliers, lenders, employees and the authorities based on the cash flow forecast for 2026. Likewise, the type of sector in which the Company operates, the investments it makes, the financing it obtains to make such investments, the EBITDA they generate and the occupancy rates of the properties, enables the liquidity risk to be mitigated and excess cash to be produced.

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

The Group's exposure to liquidity risk at 31 December 2025 is detailed below. The tables present the results of the analysis of gross financial liabilities, excluding the cost of bond issuance, by remaining contractual maturity date:

2025

	Thousands of euros				
	Less than 1 month	1 to 3 months	3 months to 1 year	Over 1 year	Total
Bank borrowings	188	-	42,274	1,575,082	1,617,544
Other non-current liabilities and guarantees	-	-	-	103,034	103,034
Trade and other payables (excluding payables to public authorities)	58,946	127,002	60,449	-	246,397
Total	**59,134**	**127,002**	**102,723**	**1,678,116**	**1,966,975**

2024

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

Cash flow interest rate risk and fair value risk

The Group manages its interest rate risk by borrowing at fixed and floating rates of interest. The Group's policy is to ensure non-current net financing from third parties is at a fixed rate. To manage this, the Group enters into interest rate swaps which are designated as hedges of the respective loans. At 31 December 2025, the interest rate of 100% of the debt was covered by the above financial instruments. The impact of interest rate fluctuations is explained in Note 14.3.

Exchange rate risk

The Company's policy is to borrow in the same currency as that of the cash flows of each business. Consequently, currently there is no foreign currency risk. However, noteworthy in this connection are the exchange rate fluctuations arising in translating the financial statements of foreign companies whose functional currency is not the euro. At 31 December 2025, the functional currency of all the Group's subsidiaries and associates was the euro.

Tax risk

As mentioned in Note 1, the Parent and part of its subsidiaries are subject to the special tax regime for Real Estate Investment Trusts (REITs). The transitional period of the Parent ended in 2017 and, therefore, compliance with all requirements established by the regime (see Notes 1 and 5.13) became mandatory. Some of the more formal obligations that the Parent must meet involve the inclusion of the term REIT in its company name, the inclusion of certain information in the notes to its separate financial statements, the share price on the stock market, etc., and other obligations that require estimates to be made and judgements to be applied by management that may become fairly complex, especially considering that the REIT regime is relatively recent and was developed by the Directorate-

General of Taxes mainly in response to the queries posed by various companies. Group management, with the support of its tax advisers, performed an assessment of compliance with the regime's requirements, concluding that all requirements had been met as of 31 December 2025.

Accordingly, and also for the purpose of taking into consideration the financial effect of the regime, it should be noted that, as established in Article 6 of Law 11/2009, of 26 October, as amended by Law 16/2012, of 27 December, and subsequent amendments, and in the percentages established by law, REITs that have opted for this 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 payout is agreed (see Note 5.13).

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

Climate change management

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

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

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

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

The process of certifying the asset portfolio under the standards of the leaders in this market, BREEAM and LEED, is ongoing. In 2025 the Group certified or obtained the renewal of 25 assets. The Group considers the certification process of its assets as an early response to the demands that the market will place on property lessors in the medium term and which will enable it to maintain its current competitive position.

Additionally, the Group obtained a 86% rating in the 2025 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, with new properties included in 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 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, logistics warehouses and data centres. As regards ISO 14001, a total of 92 buildings were certified in 2025, with a surface area of 1,355,743 m2, 4 buildings less than in 2024 (as a result of buildings becoming single-tenant and the addition of some assets located in Portugal).

The Group also continued the process of implementing an Energy Management System under the ISO 50001 standard, which began in 2017. Currently, 89 buildings are certified composing a surface area of 1,303,546 m2, 4 less than in 2024 (as a result of buildings becoming single-tenant and the addition of some assets located in Portugal). The assets included in this system aim to reduce total energy consumption, measured in kilowatt hours for the square metres occupied, by 8% in 2026 compared with 2022, based on the implementation of MAEs (energy saving measures).

The Group’s progress in 2025 has enabled the Company to be in a position to meet its emissions reduction target and its “Pathway to Net Zero” for 2030, thus getting a head start on the European strategy for decarbonisation of the economy and ensuring the present and future survival of the Company and its assets.

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

The Group’s financing policies are also aligned with the Group’s sustainability objectives through the Green Financing Program published in April 2022 and subsequently renewed in 2024, and the conversion of 100% of its outstanding bonds into green bonds.

In September 2025, the Group issued a green bond for EUR 550 million.

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

1. Green assets with the best LEED/BREEAM certification levels or energy efficiency certificates and/or minimum carbon emission levels

2. Green assets with built in embodied carbon targets

3. Investments in Energy Efficiency

4. Investments in renewable energy

5. Investments in pollution control and prevention mechanisms

6. Investments in transport mechanisms with low carbon emissions

7. Inclusion of data centres

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

In addition, the Group in its commitment to climate responsibility incorporated qualitative factors related to the Group's sustainability strategy into the measurement targets for short-term variable compensation for its staff and management team (see Note 20).

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

It has also committed to report in the Statement of Non-Financial Information (SNFI) in accordance with TCFD recommendations[1].

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. In 2025, the decarbonisation targets included in its “Path to Net Zero” were validated and approved by the SBTi initiative.

24. Events after the reporting period

In February 2026, the Group signed a 48 MW IT lease agreement for the Data center located in Bilbao, one year ahead of delivery.

In February 2026, the Group signed a 18 MW IT lease agreement for the Data center located in Madrid.

In February, the Group signed a 12,908 sqm long-term lease contract in Cerro Gamos Business Park with a leading university .

[1] Taskforce on Climate related Financial Disclosure

Appendix I - Group companies and associates 2025

Company	Line of business / Location	Ownership interest	Thousands of euros								Consolidation method	Auditor
				Profit/(Loss)		Other	Total	Dividends	Carrying amount			
			Share capital	From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment		
Merlin Retail, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	24,212	27,452	25,956	379,846	430,014	10,866	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	14,607	15,399	778,292	826,488	18,536	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	61,951	43,974	313,721	391,985	24,379	353,842	-	Global integration	PwC
Sevisur Logística, S.A.	Urban development, construction and operation of logistics and common services buildings. Ctra. de la Esclusa, 15. 41011, Seville.	100%	17,220	4,456	4,031	11,214	32,465	4,769	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	20,200	16,495	103,614	135,810	-	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	(666)	(709)	(275)	(804)	-	4,287	(4,287)	Global integration	N/A
Gescentesta, S.L.U.	Provision of Services / Paseo de la Castellana 257, Madrid	100%	3	286	267	1,512	1,782	-	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	3,954	4,440	19,310	38,596	4,357	56,788	-	Global integration	PwC
Desarrollo Urbano de Patraix, S.A.	Land management / Avda. Barón de Carcer, 50, Valencia	100%	2,790	-	(373)	21,488	23,905	-	25,090	(1,184)	Global integration	N/A
Sadorma 2003, S.L.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	73	4,845	5,909	24,078	30,060	-	25,485	-	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	15,341	7,763	12,769	38,975	-	202,979	(164,004)	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	4,525	1,506	2,947	7,756	-	34,102	(26,346)	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	(3,930)	(4,497)	5,101	631	-	30,868	(30,237)	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	(5)	(311)	795	647	-	1,603	(958)	Global integration	N/A

Company	Line of business / Location	Ownership interest	Thousands of euros: Share capital	Profit/(Loss): From operations	Profit/(Loss): Net	Other Shareholders' Equity	Total Equity	Dividends Received	Carrying amount: Cost	Carrying amount: Impairment	Consolidation method	Auditor
Merlin Edged, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	591	22	(2,240)	29,412	27,763	115	30,003	(2,240)	Global integration	PwC
Solstice Sage Finance, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	3	(1)	(1)	-	2	-	3	(1)	Global integration	PwC
Evergreen Eclipse Capital, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	3	(1)	(1)	-	2	-	3	(1)	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	1,193	518	6,008	7,576	344	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	983	102	415	567	30	1,085	-	Global integration	PwC Portugal
MP Monumental, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	50	3,006	480	25,534	26,064	-	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	867	(263)	9,804	9,591	-	22,201	-	Global integration	PwC Portugal
VFX Logística, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	5,050	11,324	9,405	54,615	69,070	-	50,382	-	Global integration	PwC Portugal
Promosete, Invest. Inmobil. SA.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	200	1,841	861	7,630	8,691	861	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	3,857	5,048	62,154	83,095	3,162	56,361	-	Global integration	PwC Portugal
Torre Dos Oceanus Investimentos Imobiliários,S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	50	2,212	1,257	3,319	4,626	1,065	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	21,414	12,439	104,984	117,428	-	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	13,353	9,499	93,736	113,235	-	353,611	-	Global integration	PwC Portugal
Torre Arts Investimentos Imobiliários, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	100	5,946	4,707	78,153	82,960	3,017	80,281	-	Global integration	PwC Portugal

Company	Line of business / Location	Ownership interest	Thousands of euros								Consolidation method	Auditor
				Profit/(Loss)		Other	Total	Dividends	Carrying amount			
			Share capital	From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment		
Torre Fernao Magalhaes Investimentos Imobiliários, S.A.	Real estate acquisition and development for leasing /Avda. Dom João, 45, Lisbon	100%	100	1,696	802	12,370	13,272	1,042	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	(142)	(3,426)	58,592	57,166	7,143	64,308	(930)	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	5,023	1,891	27,941	38,530	-	25,668	-	Equity method	PwC
Provitae Centros Asistenciales, S.L.	Real estate acquisition and development for leasing / C. Fuencarral, 123. Madrid	50%	6,314	(49)	(111)	(1,805)	4,398	-	5,061	(2,862)	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	n.d.	-	2	-	Equity method	N/A
Centro Intermodal de Logística S.A.	Development, management and implementation of logistics activities in the port system / Avenida Ports d'Europa 100, Barcelona	48.5%	18,920	27,097	18,324	133,032	170,276	6,882	95,688	-	Equity method	Mazars
Pazo de Congresos de Vigo, S.A.	Execution project, construction and operation of the Vigo Conference Center / Avda. García Barbón, I. Vigo	44.44%	n.d.	n.d.	n.d.	n.d.	-	-	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	294	304	343	2,345	73	2,137	(1,104)	Equity method	BDO
Araba Logística, S.A.	Real estate acquisition and development for leasing / Avda. Álava s/n Rivabellosa (Álava)	25.14%	1,750	(1,261)	(841)	14,068	14,977	4,847	2,257	-	Equity method	Mazars
Crea Madrid Nuevo Norte, S.A.	Performing all types of real estate activities / Paseo de la Castellana 216, Madrid	14.46%	570,191	13,250	(8,239)	(42,897)	519,055	-	227,032	(4,065)	Equity method	EY
HCG Levante, S.L.	Property management and administration under a rental regime /Calle Travessera de Gracia, 30, Barcelona	5.84%	64	(193)	(193)	14,304	14,175	-	1,130	(11)	Equity method	N/A
Moregal Hotels, S.L.	Real estate acquisition and development for leasing / Alameda de Colón , 9, Málaga	35.04%	7,572	(7)	50	8,149	15,771	-	10,835	-	Equity method	N/A
Edged Spain, S.L.	Provision of Data Center services / Paseo de la Castellana 257, Madrid	50%	3	-	-	(1)	2	-	2	-	Equity method	PwC
Edged Portugal, Unipessoal L.D.A.	Provision of Data Center services / Avda. Dom João, 45, Lisbon	50%	-	-	-	-	-	-	-	-	Equity method	N/A

Appendix II - Group companies and associates 2024

			Thousands of euros									
				Profit/(Loss)		Other	Total	Dividends	Carrying amount			
Company	Line of business/Location	Ownership interest	Share capital	From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment	Consolidation method	Auditor
Merlin Retail, S.L.U.	Real estate acquisition and development for leasing / Paseo de la Castellana 257, Madrid	100%	24,212	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, S.A.	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)	104,845	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	2,304	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

Company	Line of business/Location	Ownership interest	Thousands of euros: Share capital	Profit/(Loss): From operations	Profit/(Loss): Net	Other Shareholders' Equity	Total Equity	Dividends Received	Carrying amount: Cost	Carrying amount: Impairment	Consolidation method	Auditor
Milos Asset Development,	Acquisition, ownership, administration, disposal and development of land located within the "Distrito Castellana Norte" project / Paseo de la Castellana	100%	163	(9)	(374)	1,169	958	-	1,603	(648)	Global integration	N/A
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 / Av. Fontes Pereira de Melo, Nº 51, 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 / Av. Fontes Pereira de Melo, Nº 51, Lisbon	100%	50	910	32	414	496	-	1,085	-	Global integration	PwC Portugal
MP Monumental, S.A.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	50	2,704	(20)	25,554	25,584	12	41,570	-	Global integration	PwC Portugal
MP Torre A, S.A.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	50	(644)	(1,656)	10,860	9,254	-	21,601	-	Global integration	PwC Portugal
VFX Logística, S.A.	Real estate acquisition and development for leasing. Av. Fontes Pereira de Melo, Nº 51, 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. Av. Fontes Pereira de Melo, Nº 51, 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. Av. Fontes Pereira de Melo, Nº 51, Lisbon	100%	15,893	3,707	3,999	61,317	81,209	841	56,361	-	Global integration	PwC Portugal
Torre Dos Oceanus Investimentos Imobiliários,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 Imobiliários, 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

Company	Line of business/Location	Ownership interest	Thousands of euros								Consolidation method	Auditor
				Profit/(Loss)		Other	Total	Dividends	Carrying amount			
			Share capital	From operations	Net	Shareholders' Equity	Equity	Received	Cost	Impairment		
Torre Fernao Magalhaes Investimentos Imobiliários, S.A.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	100	1,608	1,042	12,370	13,512	1,193	13,055	-	Global integration	PwC Portugal
MPLIB – Investimentos Imobiliários, Unipessoal Lda.	Real estate acquisition and development for leasing / Avda. Dom João, 45, Lisbon	100%	2,000	10,549	7,519	50,716	60,235	-	56,808	-	Global integration	PwC Portugal
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.	Development, management and implementation of logistics activities in the port system / Avenida Ports d'Europa 100, Barcelona	49%	18,920	26,715	17,737	130,084	166,741	5,922	95,688	-	Equity method	Mazars
Pazo de Congresos de Vigo, S.A.	Execution project, construction and operation of the Vigo Conference Center / Avda. García Barbón, I. Vigo	44%	n.d.	n.d.	n.d.	n.d.	n.d.	-	3,600	(3,600)	Equity method	N/A
Parking del Palau, S.A.	Real estate acquisition and development for leasing / Paseo de la Alameda, s/n. Valencia	33%	1,698	235	252	392	2,342	-	2,137	(1,199)	Equity method	BDO
Araba Logística, S.A.	Real estate acquisition and development for leasing / Avda. Álava s/n Rivabellosa (Álava)	25%	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.	Provision of Data Center services / Paseo de la Castellana 257, Madrid	50%	3,000	-	-	(1,000)	2,000	-	1,500	-	Equity method	PwC