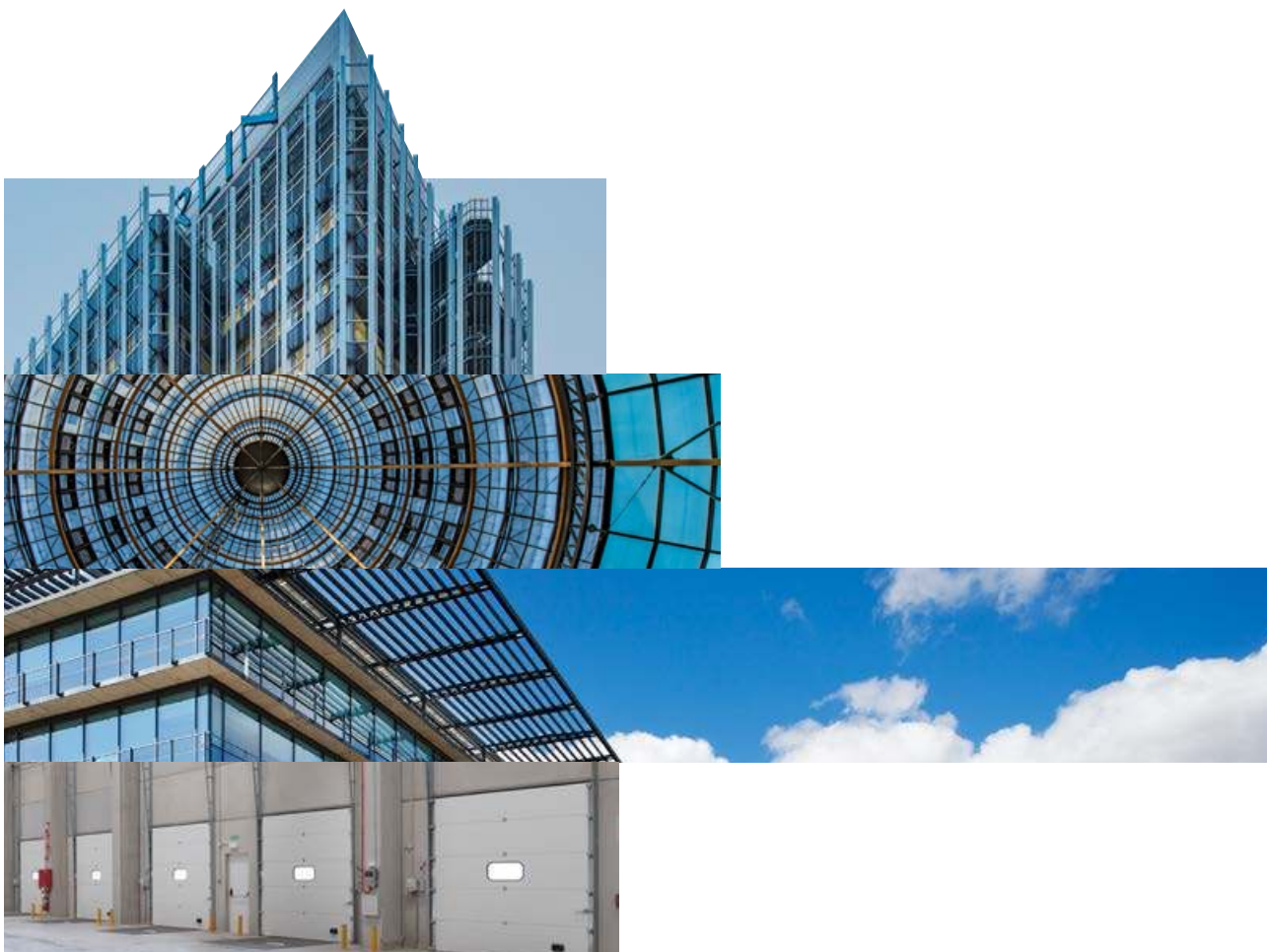


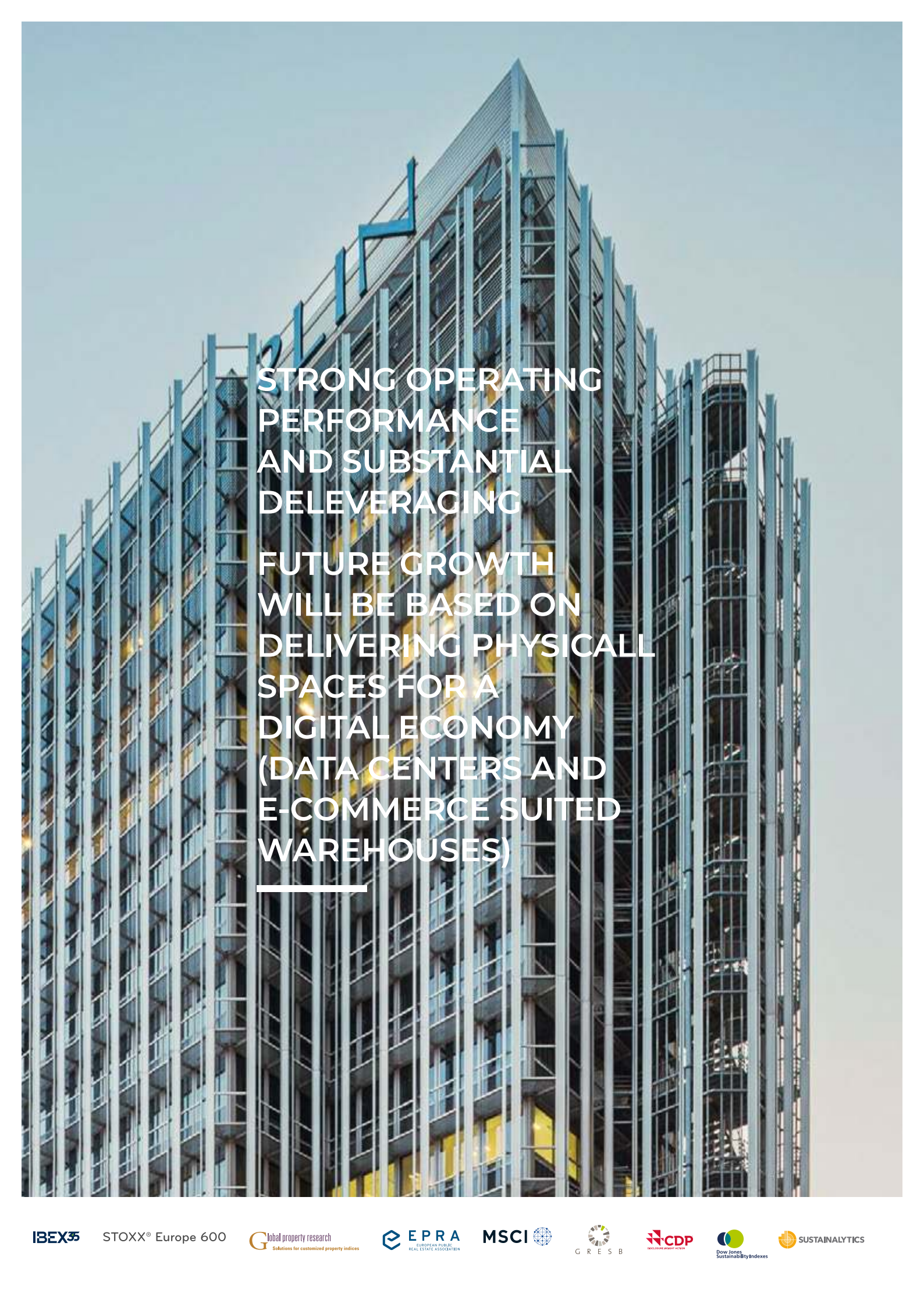
2022 ANNUAL REPORT

MERLIN
PROPERTIES



2022 ANNUAL REPORT





STRONG OPERATING
PERFORMANCE
AND SUBSTANTIAL
DELEVERAGING

FUTURE GROWTH
WILL BE BASED ON
DELIVERING PHYSICAL
SPACES FOR A
DIGITAL ECONOMY
(DATA CENTERS AND
E-COMMERCE SUITED
WAREHOUSES)

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Mr. Javier García-Carranza
Non-Executive Chairman

Letter from the Chairman

MERLIN Properties has completed a very solid 2022, having recovered pre-pandemic levels in its different asset classes.

Dear shareholders,

I am pleased to present to you the 2022 Annual Report of MERLIN Properties ("MERLIN" or the "Company"). The Annual report includes the Annual Financial Statements and the relevant information relating to the 2022 fiscal year.

2022 has been a year of much change in the macroeconomic environment in which MERLIN Properties operates, for the first time in many years, we find ourselves in an environment of price instability or high inflation, which has led central banks to initiate a process of withdrawal of monetary stimulus together with an aggressive increase in interest rates. Real estate is by definition a very capital-intensive industry and therefore very sensitive to interest rate levels. Although our rents are reviewed annually with inflation, the value of the assets is fixed by the rate at which they are discounted. Therefore, we have faced in 2022 a significant increase in interest rates which has impacted and may continue to impact the value of our assets and the cost of our financing in the long term.

In this difficult macro environment for the sector, the management team has done an excellent job in improving the Company's operational management and strengthening its balance sheet with a significant debt reduction through asset disposals.

In this line, MERLIN Properties has completed a very solid 2022, having recovered pre-pandemic levels in its different asset classes. In this fiscal year we have seen MERLIN reach the highest occupancy level in its history (95.1%), along with growth in almost all its relevant metrics. All this has led the Company to achieve a cash flow generation ("FFO") of € 290.5 million or € 62 cents per share, beating the forecast provided to the market at the beginning of the year.

In terms of asset rotation, the highlight has been the sale of the branches leased to BBVA, the so-called "Tree" portfolio, a transformational transaction for MERLIN, as we exited a business line, high-street retail, with a shorter real estate track record, to focus on our three main asset classes, offices, logistics and data centers. This transaction has also allowed us to significantly reduce our leverage.

By asset classes, offices ended the year above forecasts. Occupancy stood at 92.5%. We have had a significant increase in like-for-like rents of 6.0%, thanks to the increase in occupancy (+245 bps vs. 2021) to 92.5%, inflation, and the increase in rents in the renewals. The gross rental income generated in the year totaled € 242.7 million and progress has been made with the refurbishment of Ruiz Picasso 11, scheduled for completion in the last quarter of 2023, which will bring the Company's Landmark Plan to an end. The asset is almost fully let to top-in-class tenants such as IBM, Globant and Willis Towers Watson.

In logistics, the year was once again an outstanding one for MERLIN, with a remarkable organic growth (+8.6% like-for-like) thanks to occupancy, indexation, and release spread. Gross rental income for the year amounted to € 73.6 million and occupancy, for yet another year, is almost full (97.0%). Regarding the progress of Best II & III plans, 115,210 sqm have been delivered this year and let to large operators such as DSV and Logista. In addition, progress has been made in the development of A2-Cabanillas Park II B (47,342 sqm), which will be delivered in the second half of 2023.

In shopping centers, we already commented last year that they had started their pathway to recovery, which is supported by this year's data. We remain cautious and prudent, but the reality is that our tenants' sales have been above pre-Covid levels after the best Christmas campaign to date. December

footfall at the centers exceeded 2019 figures (+0.3%) for the first time this year. This asset class closes 2022 with gross rents of € 123.8 million, 7.5% like-for-like rent growth vs. 2021 and occupancy of 95.0% (+79 bps vs. 2021).

But if there has been one thing that has stood out this year, it is the sale of the BBVA bank branch portfolio and the acceleration of our data center development program.

In June 2022, MERLIN Properties completed the sale to BBVA of the portfolio composed of 662 branches leased to BBVA for € 1,987 million, which implied a premium of 17.1% over the last valuation. The cash proceeds were used for debt reduction and the distribution of an extraordinary dividend. The significant deleveraging, closing the year at 32.7% (a reduction of 651 bps compared to 2021), prior to the tightening of the capital markets, has allowed the Company to focus solely on operating performance and value creation, as well as to protect itself against possible declines in asset values, given the rise in interest rates and their translation into the market return or yield on real estate assets. In 2022, MERLIN Properties' comparable valuation was € 11,317 million, representing a like for like decrease of 1.5%, mainly due to the 44 bps yield expansion due to the aforementioned interest rate hikes. We believe this trend is likely to continue throughout 2023.

In terms of dividend, an extraordinary dividend of € 352 million (or 75 cents per share) was paid to shareholders in August, which, together with the ordinary dividend, implies a total distribution to shareholders of € 1.20 per share for the full year. The Board of Directors of MERLIN Properties is very proud of the significant increase in shareholder remuneration this year.

Finally, in terms of MERLIN's financial and operating performance, 2022 saw the acceleration of the Company's commitment to the future, the Mega plan for the

development of four data centers. Progress has been made in the construction of three of them, those located in Bilbao-Arasur, Madrid-Getafe and Barcelona-PLZF, which will be completed in the second half of 2023. This first phase includes 3 MW of power capacity for each of the three assets, with partial pre-lets having been signed in all of them, in a line of business in which pre-lets are a very unusual.

2022 has been an important year for MERLIN's environmental and social performance. The main milestones of the year have been the launch and implementation of our Pathway to Net Zero, the successful requalification of all bonds into green bonds, the continuation of the certification program in the three asset categories, already approaching the established goals (we have 94% of the portfolio certified), and the installation of 10.9 MW of photovoltaic panels for self-consumption.

The energy consumption of the asset portfolio on a like-for-like basis was 100,075 MWh, a reduction of 2% compared to 2021, with all procured energy counting with a renewable certificate of guarantee of origin. As for the corporation's carbon footprint, it amounted to 2,580 tons of CO₂ equivalent, a decrease of 23% compared to 2021.

All this progress in environmental matters has been endorsed by the main environmental rating agencies, having improved our score in absolute and relative terms in the six benchmark indexes to which we apply. Special mention should be made of our inclusion, for the second consecutive year, in one of the most widely followed sustainability indexes in the world, the Dow Jones Sustainability Index. It is also worth highlighting the progress made in Sustainalytics, where MERLIN Properties is already in the select club of the top 1% of companies rated in this area at a global level.

It has also been an important year in terms of corporate governance. MERLIN has a robust governance system, in line with its values of ethics, compliance and transparency, supported through independent third-party validation. In 2022, we have improved governance through the creation of a Planning and Coordination Committee, with the aim of strengthening the Company's corporate governance. We have also unified the Appointments and Remuneration Committees into a single Appointments and Remuneration Committee.

In short, 2022 has been a transformational year for MERLIN, divesting assets with little potential to invest in data centers, with very significant future growth prospects. We have managed to deleverage the Company at what we believe to be the right time in the face of what we believe to be a complicated 2023. And we have given our shareholders a significant return.

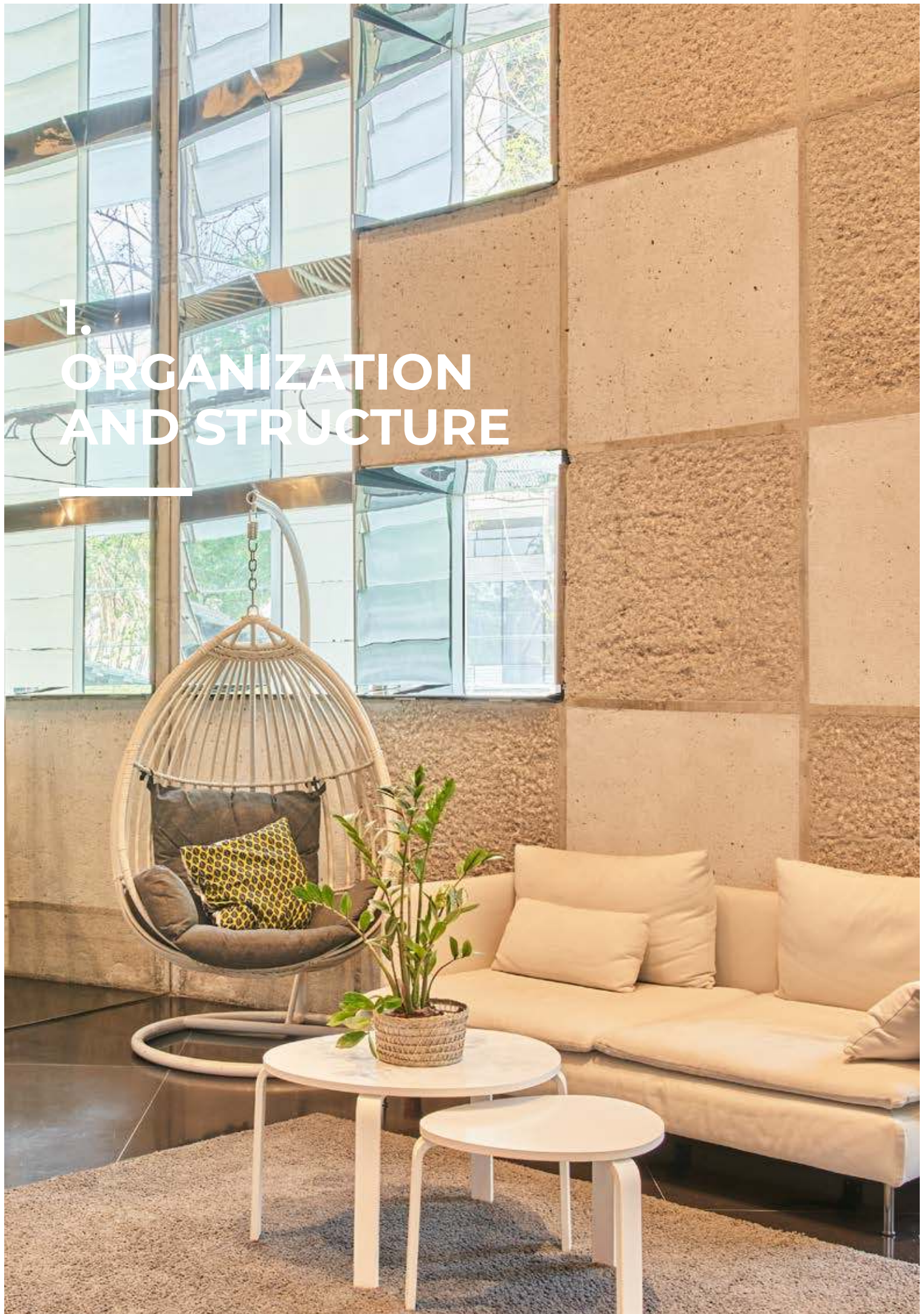
We face a 2023 in which we want to be prudent, to defend the strength of our balance sheet by being very disciplined in our investments with the risks and cash generation criteria in mind. However, I must tell you that MERLIN Properties is starting this year in the best possible way, with a very healthy balance sheet, operating metrics at record levels in many cases, a recognized management team and a solid and robust corporate governance structure.

Once again, I would like to thank our employees, suppliers and all MERLIN Properties stakeholders for their trust and dedication, and especially our shareholders for their confidence and support, without which everything we do would not be possible.

Thank you very much.



1. ORGANIZATION AND STRUCTURE



Mission, vision and values

MERLIN's mission is to be the benchmark REIT in the Iberian Peninsula, thanks to our commitment to long-term value creation and the generation of sustainable and

growing dividend for shareholders in an environment of transparency, ethics and responsibility in business and society.

1 **Ethics and corporate responsibility**

4 **Financial performance**

2 **Respect for the environment and balanced urban development**

5 **Objectivity and integrity**

3 **Respect for human rights**

6 **Asset protection**

MERLIN's structure

The strategy and operation are characterised by the following:

1 Focus on **Core and Core Plus** assets in Spain and Portugal.

2 An **investment grade** capital structure.

3 Distribution, via dividend or share premium, of **80% of AFFO** generated in the period.

4 Being one of the **most cost-efficient REITs** in Europe.

5 Implementing **best practices** in Corporate Governance.

La Its internal organisational structure can be summarised as follows:

- **A Board of Directors** (Board) composed of 13 directors and advised by the Audit and Control Committee (ACC), the Appointments and Remuneration Committee (ARC) and the Sustainability and Innovation Committee (SCI). The Company also has a Planning and Coordination Committee (PCC).

MERLIN's Board of Directors, of which members are individually re-elected every two years, is composed of a majority of independent directors and its activities

are focused on defining, supervising and monitoring the policies, strategies and general guidelines to be followed by the Group. The Board is responsible for the long-term strategy and for monitoring its implementation

- **General Management**, composed of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO), who reports directly to the Board and are also Board members.
- **An Investment Committee** formed by the management team⁽¹⁾.

Business activities

MERLIN Properties owns a portfolio of real estate assets valued at more than €11.3 billion, comprising 107 office buildings, 55 logistics warehouses and 14 shopping

centers. The portfolio has a gross leasable area (GLA) of more than 3.2 million square metres that generates more than €453 million in gross rental income.



⁽¹⁾ Management team is understood to be: <https://www.merlinproperties.com/en/corporate-governance/management-team/>



LOOM Castellana 85 | Madrid

OFFICES**€ 6,388M**

GAV

107 ASSETS**1,173 m sqm**

GLA

€ 243MGRI⁽¹⁾

A2-Azuqueca II | Guadalajara

LOGISTICS**€ 1,400M**

GAV

55 ASSETS**1,484 m sqm**

GLA

€ 74M

GRI

**SHOPPING CENTERS****€ 2,135M**

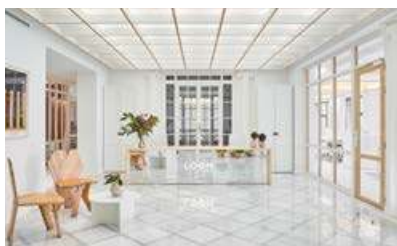
GAV

14 ASSETS**461 k sqm**

GLA

€ 124M

GRI

**LOOM****12 SPACES⁽²⁾****2,639 DESKS****26,028 sqm** GLA**82.1% OCCUPANCY****ZAL PORT (48.5%)⁽³⁾****43 ASSETS****736 k sqm** GLA**€ 72M** GRI**TRES AGUAS (50%)⁽³⁾****1 ASSET****68 k sqm** GLA**€ 8M** GRI**DATA CENTERS****4 ASSETS****70 MW** (Phase I & II)⁽¹⁾ Gross Rental Income. Note 8.1. Operating leases - tenant.⁽²⁾ Out of the 12 spaces, 9 are owned by MERLIN, with a GLA of 21,731 sqm.⁽³⁾ 100% of the asset.

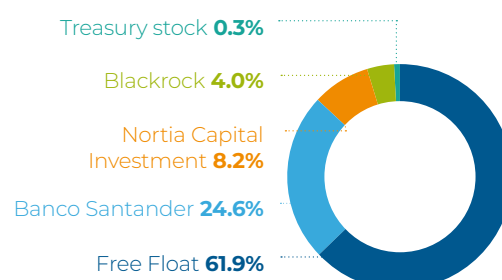
Composition

Its **internal organisational structure** can be summarised as follows:

- A **Board of Directors composed of 13 directors**. MERLIN's Board of Directors is composed of a majority of independent directors and its activities are focused on defining, supervising and monitoring the policies, strategies and general guidelines to be followed by the Group. The Board is responsible for long-term strategy and for monitoring its implementation..
- A **Planning and Coordination Committee** composed of 4 directors, including the Chairman and the Chief Executive Officer, assigned the functions of preparation, coordination, proposal and preliminary review of the agenda and proposed resolutions to be submitted to the Board, without executive functions and without supervisory or control functions.
- A **Lead Director**, who will chair the Board in the absence of the Chairman, coordinates the external directors and is informed and aware of the concerns of investors and shareholders. The lead directors also plays an important role in managing the Whistle-blower Channel.
- An **Audit and Control Committee (ACC)** composed of 6 directors, an **Appointments and Remuneration Committee (ARC)** with 6 directors, and a **Sustainability and Innovation Committee (SIC)** with 4 directors; all of these committees are made up of a majority of independent directors, are informative and advisory bodies, without executive functions, with advisory, reporting and proposal-making powers within their scope of action.
- A **Chief Executive Officer (CEO)** who reports directly to the Board and is a Board member, responsible for carrying out the Company's strategy and operations.
- A **Chief Executive Officer (COO)** who reports directly to the Board and is a Board member, responsible for managing and carrying out the Company's operations.
- An **Investment Committee** formed by the management team.

Capital structure key data

Number of ordinary shares	469,770,750
Number of weighted shares	469,770,750
Total equity (€m)	6.849
GAV (€m)	11.317
Net debt (€m)	3,792
Net debt / GAV	32.7%





Javier García Carranza
Chairman
Shareholder Related



Ismael Clemente
Vice Chairman
(CEO)



Miguel Ollero
Executive Director (COO)



Juan María Aguirre
Shareholder Related



María Luisa Jordá
Independent Director



Ana García Fau
Independent Director



Fernando Ortiz
Independent Director



Pilar Cavero
Shareholder Related



Emilio Novela
Shareholder Related



Donald Johnston III
Independent Director



Francisca Ortega
Shareholder Related



Ana Forner
Shareholder Related



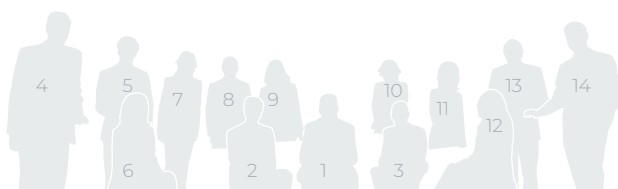
Ignacio Gil-Casares
Shareholder Related



- Audit and Control Commission
- Nomination and Compensation Commission

- Sustainability, Ethics and Innovation Commission
- Planning and Coordination Committee

Board of Directors





1. **Non-Executive Chairman**
Javier García Carranza
2. **CEO & Executive Vice-Chairman**
Ismael Clemente
3. **Executive Director**
Miguel Ollero
4. **Vice-Secretary**
Ildefonso Polo
5. **Independent Director**
Fernando Ortiz
6. **Proprietary Director**
Ana Forner Beltrán
7. **Proprietary Director**
Francisca Ortega
8. **Independent Director**
Emilio Novela
9. **Secretary**
Mónica Martín de Vídales
10. **Independent Director Chairman N&R Committee**
María Luisa Jordá
11. **Independent Director**
Pilar Cavero
12. **Independent Director Chairman N+CPC**
Ana García Fau
13. **Proprietary Director**
Ignacio Gil-Casares
14. **Independent Director Chairman A&C Committee**
Juan María Aguirre
- Independent Director**
Donald Johnston III

Management Team



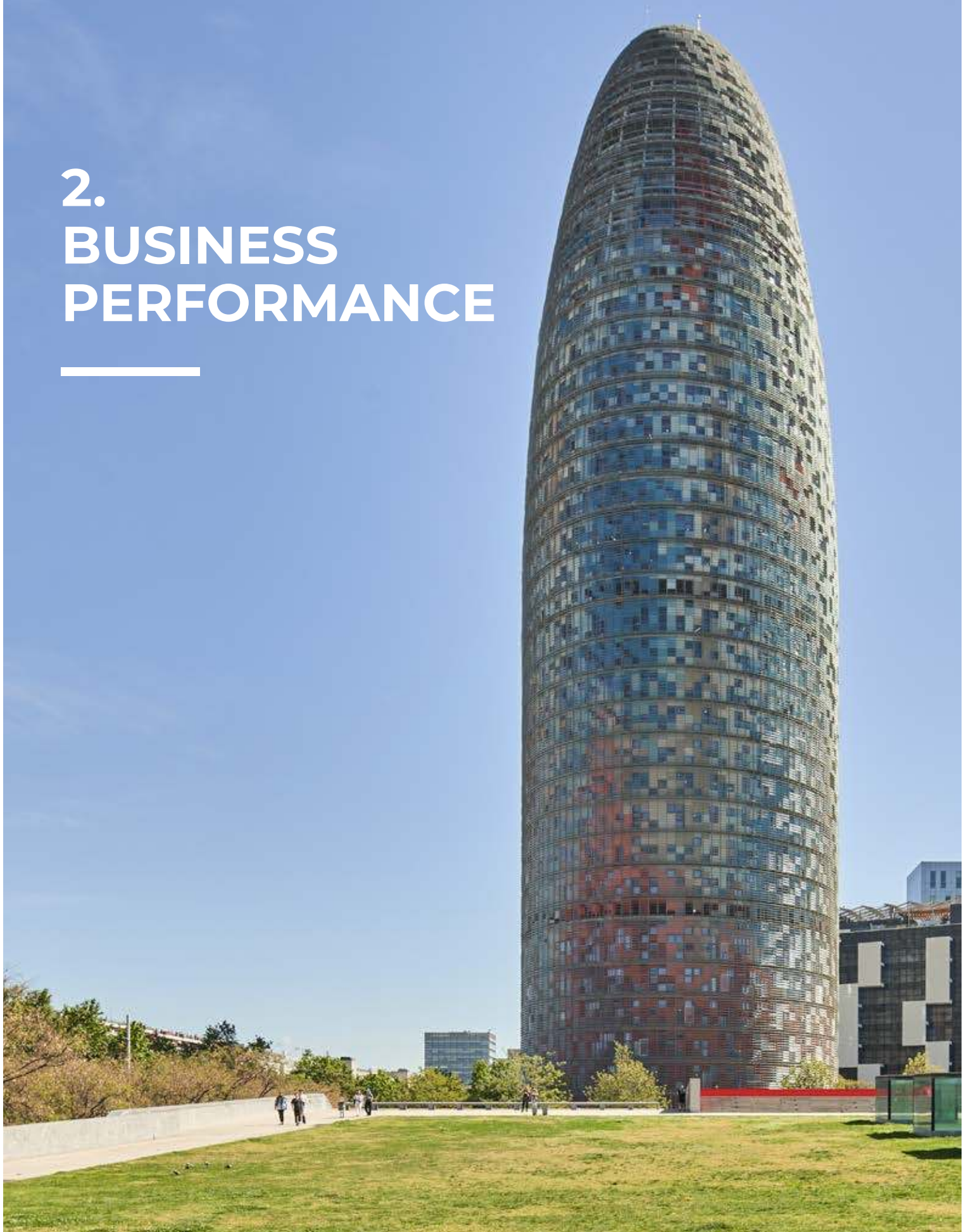


1. **CEO**
Ismael Clemente
2. **COO**
Miguel Ollero
3. **Director**
Luis Lázaro
4. **Director**
Francisco Rivas

5. **Director**
Manuel García Casas
6. **Director**
Miguel Oñate
7. **Director**
José Navarro

8. **Director**
Fernando Ferrero
9. **Director**
Inés Arellano
10. **Director**
Fernando Ramírez

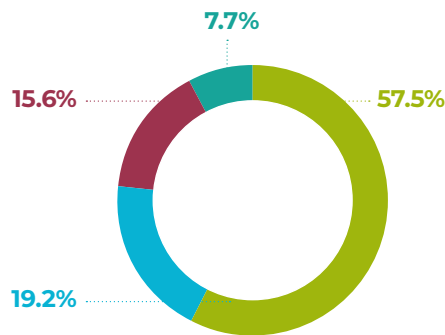
2. BUSINESS PERFORMANCE



Business performance

With the disposal of the BBVA portfolio, MERLIN has fully divested from its Net Leases division which also included the Caprabo assets sold in 4Q21. BBVA portfolio was valued at € 1,773m and provided € 83.6m of annual GRI. On June 15th, it was sold to BBVA at a 17.1% GAV premium implying a 4.0% yield

I GAV PER ASSET CLASS⁽¹⁾



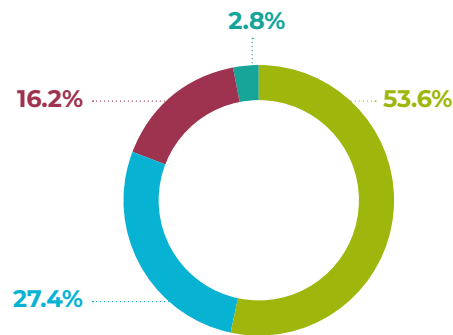
● Offices

● Logistics

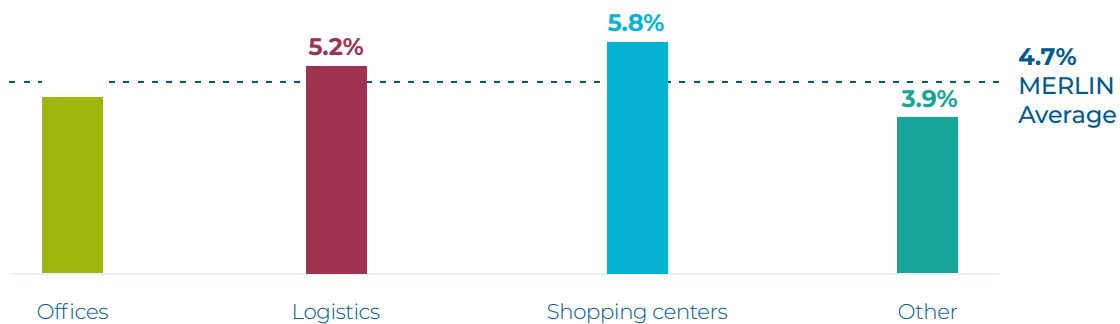
● Shopping centers

● Other

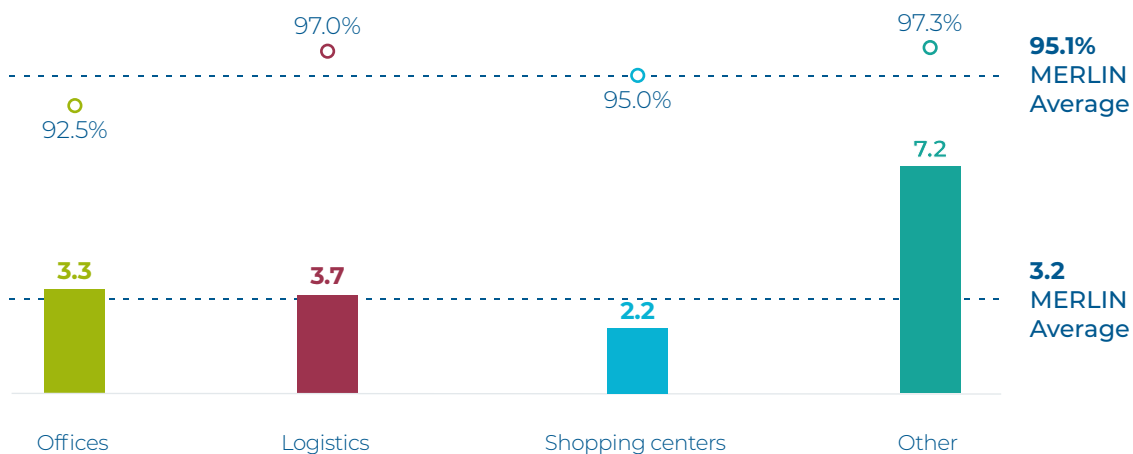
I GROSS RENTS PER ASSET CLASS⁽²⁾



I GROSS YIELD PER ASSET CLASS



I OCCUPANCY AND WAULT (YEARS) PER ASSET CLASS



⁽¹⁾ GAV of land under development and NTA of equity method included in its respective category (offices, shopping centers and logistics)

⁽²⁾ Gross annualized rent on full consolidated assets

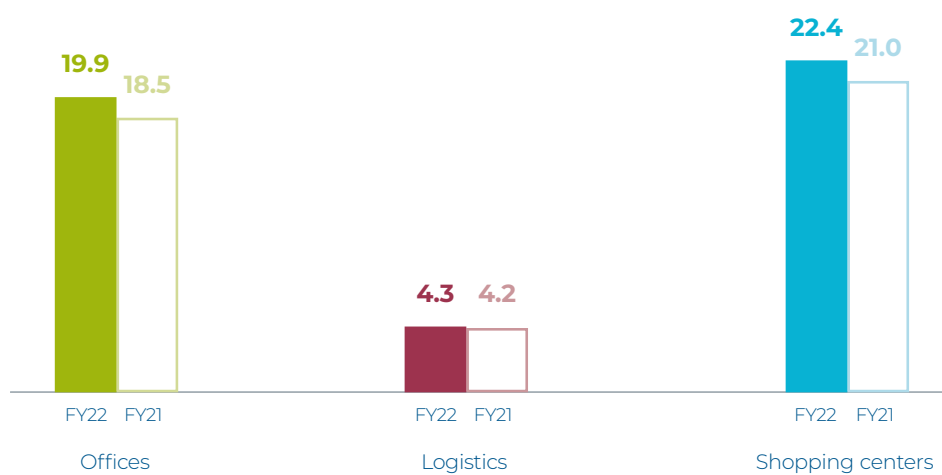
RENTS

Gross rents in the period amount to € 452,842 thousand with respect to € 419,688 thousand in FY21 Restated

GROSS RENTS BREAKDOWN

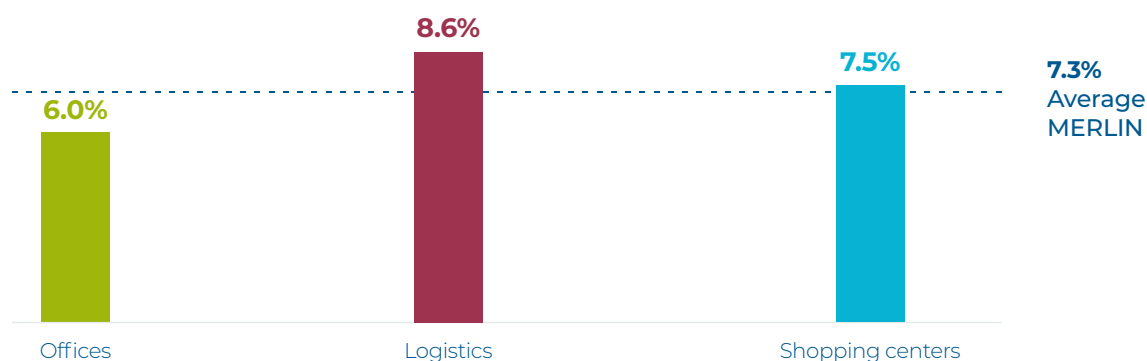
	FY22	FY21 Restated	YoY
Offices	242,716	228,560	+6.2%
Logistics	73,563	65,950	+11.5%
Shopping centers	123,840	114,894	+7.8%
Other	12,723	10,286	+23.7%
Total	452,842	419,688	+7.9%

AVERAGE PASSING RENT (€/SQM/MONTH)



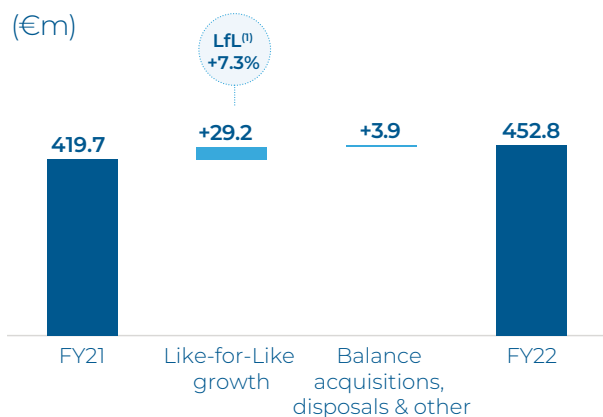
LIKE-FOR-LIKE INCREASE

Aggregate gross rents have increased by 7.3% on a like-for-like basis

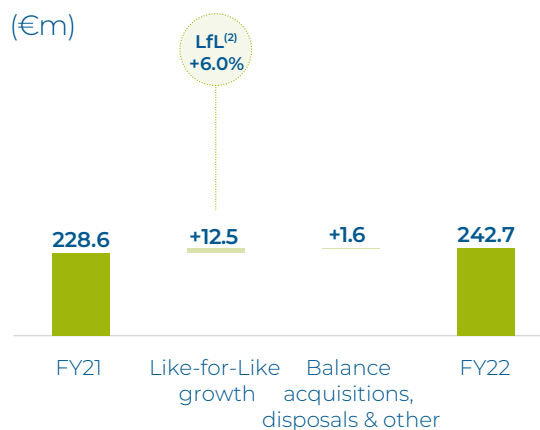


Bridge of FY21 gross rents to FY22, for MERLIN and by asset category:

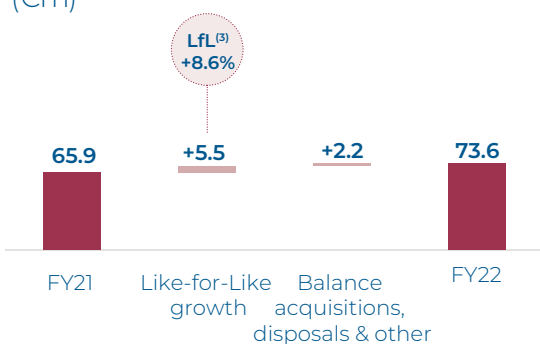
MERLIN (€m)



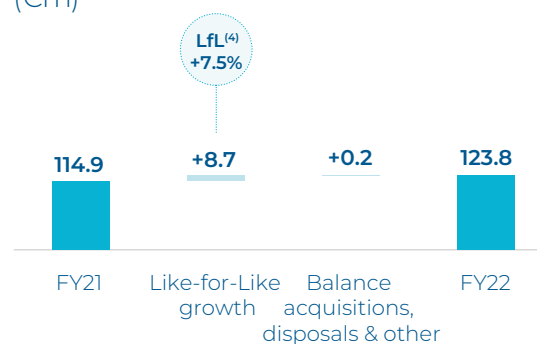
Offices (€m)



Logistics (€m)



Shopping centers (€m)



⁽¹⁾ Portfolio in operation for FY21 (€ 397.8m of GRI) and for FY22 (€ 427.0m of GRI)

⁽²⁾ Portfolio in operation for FY21 (€ 209.1m of GRI) and for FY22 (€ 221.6m of GRI)

⁽³⁾ Portfolio in operation for FY21 (€ 63.8m of GRI) and for FY22 (€ 69.3m of GRI)

⁽⁴⁾ Portfolio in operation for FY21 (€ 114.9m of GRI) and for FY22 (€ 123.6m of GRI)

OCCUPANCY

Stock G.L.A. of MERLIN as of 31st December 2022 amounts to 3,182,582 sqm. Stock as of 31st December 2021 amounted to 3,385,492 sqm, resulting in a net decrease of the stock during the period of 202,909 sqm. Occupancy rate as of 31st December 2022 is 95.1%⁽¹⁾

	31/12/2022	31/12/2021	Change YTD Bps
Offices			
Total G.L.A. (sqm) ⁽¹⁾	1,172,874	1,204,049	
G.L.A. occupied (sqm)	1,085,294	1,084,664	
Occupancy rate (%)	92.5%	90.1%	+245
Logistics			
Total G.L.A. (sqm)	1,483,786	1,368,078	
G.L.A. occupied (sqm)	1,438,789	1,328,048	
Occupancy rate (%)	97.0%	97.1%	(11)
Shopping centers			
Total G.L.A. (sqm)	461,394	461,474	
G.L.A. occupied (sqm)	436,341	432,692	
Occupancy rate (%) ⁽²⁾	95.0%	94.2%	+79
Other			
Total G.L.A. (sqm)	64,527	64,838	
G.L.A. occupied (sqm)	62,796	63,107	
Occupancy rate (%)	97.3%	97.3%	(1)
MERLIN			
Total G.L.A. (sqm)	3,182,582	3,385,492	
G.L.A. occupied (sqm)	3,023,220	3,195,564	
Occupancy rate (%)⁽²⁾	95.1%	94.5%	+60

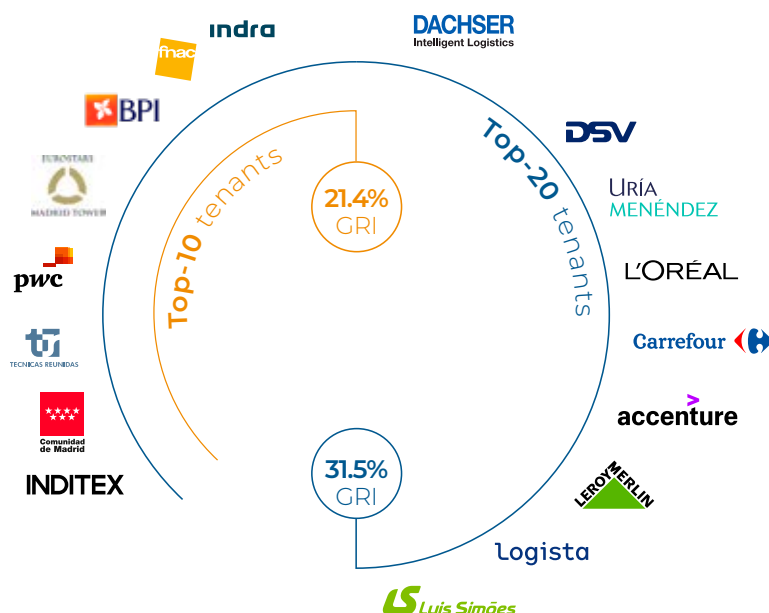
⁽¹⁾ MERLIN policy excludes buildings under complete refurbishment. Buildings excluded this period are Plaza Ruiz Picasso, Plaza Ruiz Picasso II, Atica 1, PE Cerro Gamos, PLZFA, PE Atica XIX D and Adequa 4 & 7

⁽²⁾ Excluding vacant units acquired under refurbishment (2,140 sqm in FY22 and 2,226 sqm in FY21)

TENANTS

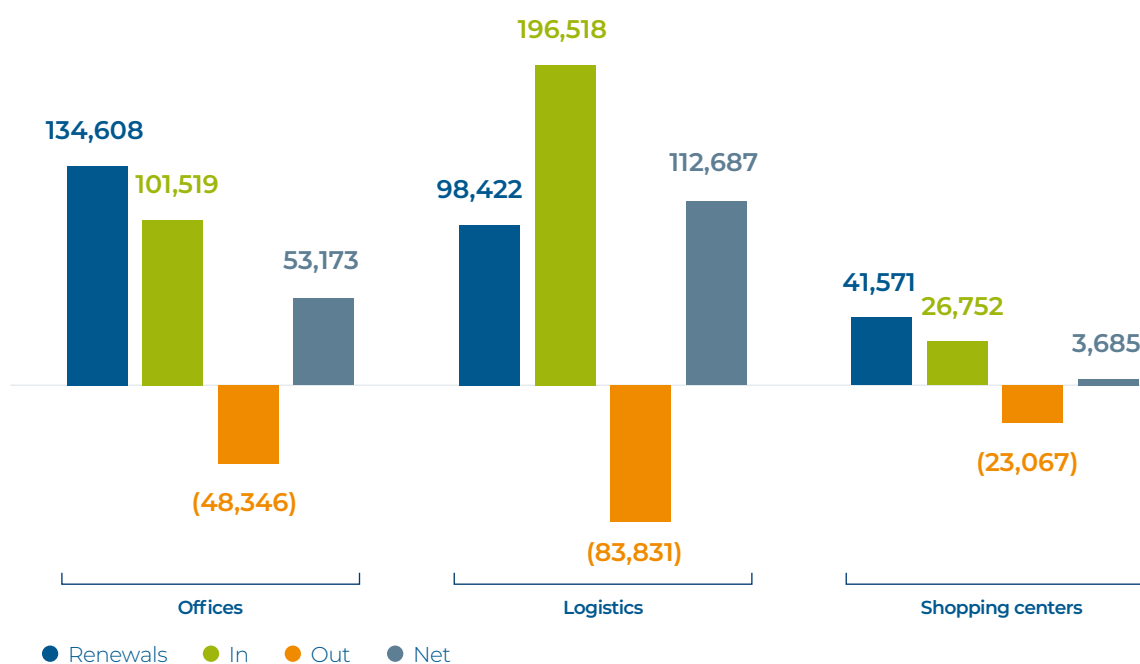
MERLIN enjoys a high quality tenant base, broadly diversified. Top 10 tenants represent a 21.4% of the gross annualized rents, while top 20 tenants represent a 31.5% of gross annualized rents

Tenant	Years as tenant
Endesa	20
Inditex	32
Comunidad de Madrid	18
Técnicas Reunidas	17
PWC	13
Hotusa	22
BPI	2
FNAC	26
Indra	21
XPO	10



LEASING ACTIVITY

Since the beginning of 2022, or since the acquisition date for the assets acquired during the year, until 31st December 2022, MERLIN has signed lease agreements amounting to 599,390 sqm, out of which 324,789 sqm corresponds to new leases and 274,601 sqm to renewals





OFFICES

Total take-up amounts to 236,127 sqm out of which 101,519 sqm correspond to new contracts and 134,608 sqm to renewals. Exits amounted to 48,346 sqm, and therefore the net take up is positive by 53,173 sqm. Main contracts signed in FY22 are the following:

Asset	Tenant	G.L.A. (sqm)
Adequa	EDP	13,890
PE Las Tablas	BBVA	9,135
Partenon 12-14	American Express	8,318
PE Alvento	Genomica, Oney & Ribera Salud	6,141
PE Poble Nou 22@	Generalitat de Catalunya	4,221
PE Poble Nou 22@	Zurich	4,201
Maria de Portugal T2	Honywell	3,838
Juan Esplandiu 11-13	IQVIA	3,317
Juan Esplandiu 11-13	Logicalis Zolva Platform	2,465
PLZFB	Baxy Calderas	1,845
PE Alvia	Izharia, Chelion and Döhler	1,843
Castellana 280	Liferay	1,805
PLZFB	Mercedes Benz	1,546
WTC8	Securitas Direct	1,416

The release spread achieved in the contracts renewed or relet in the period amounts to 5.8%

	Release spread	# contracts
Madrid	+3.8%	77
Barcelona	+11.5%	43
Lisbon	+19.5%	9
Total	+5.8%	129



I LOGISTICS

Total take-up amounts to 294,940 sqm, out of which 196,518 sqm correspond to new contracts and 98,422 sqm to renewals. Exits amounted 83,831 sqm, therefore net take-up amounts to positive 112,687 sqm. Main contracts signed in FY22 are the following:

Asset	Tenant	G.L.A. (sqm)
A2-Cabanillas Park I D	XPO	47,892
A2-Cabanillas Park II A	Logista	47,211
A2-Cabanillas Park I J	DSV	44,722
A2-Alovera	IDL	38,763
Vitoria-Jundiz II	DHL	26,774
A2-Cabanillas Park I H	DSV	25,221
Zaragoza-Plaza I	XPO	20,764
A4-Getafe (CLA)	Leroy Merlin	16,100

The release spread achieved in the contracts renewed or relet in the period amount to 7.9%

	Release spread	# contracts
Madrid	+4.3%	5
Barcelona	-	-
Other	+22.8%	3
Total	+7.9%	8

I SHOPPING CENTERS

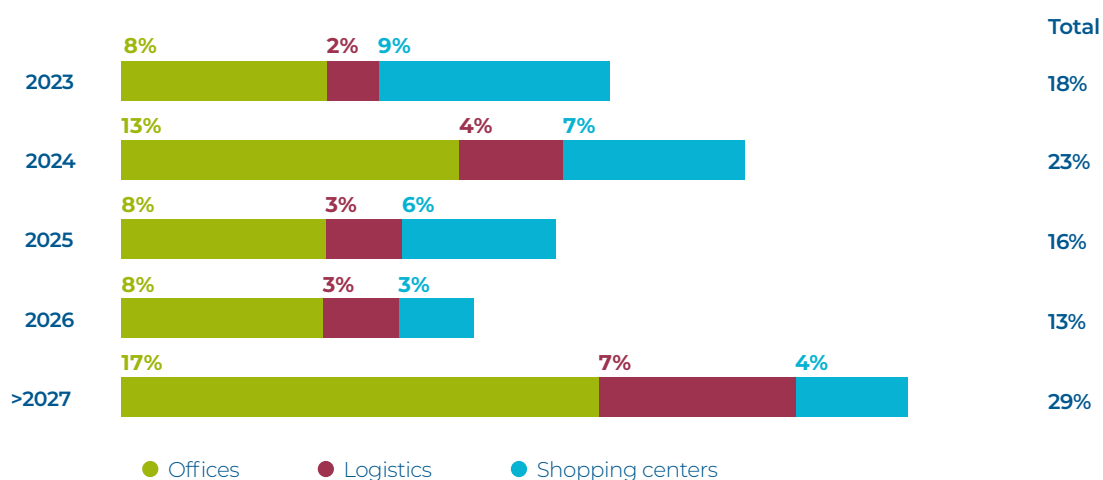
Total take-up amounts to 68,323 sqm out of which 26,752 sqm correspond to new contracts and 41,571 sqm renewals. Exits amounted to 23,067 sqm, and therefore the net take-up is positive by 3,685 sqm. Main contracts signed in FY22 are the following:

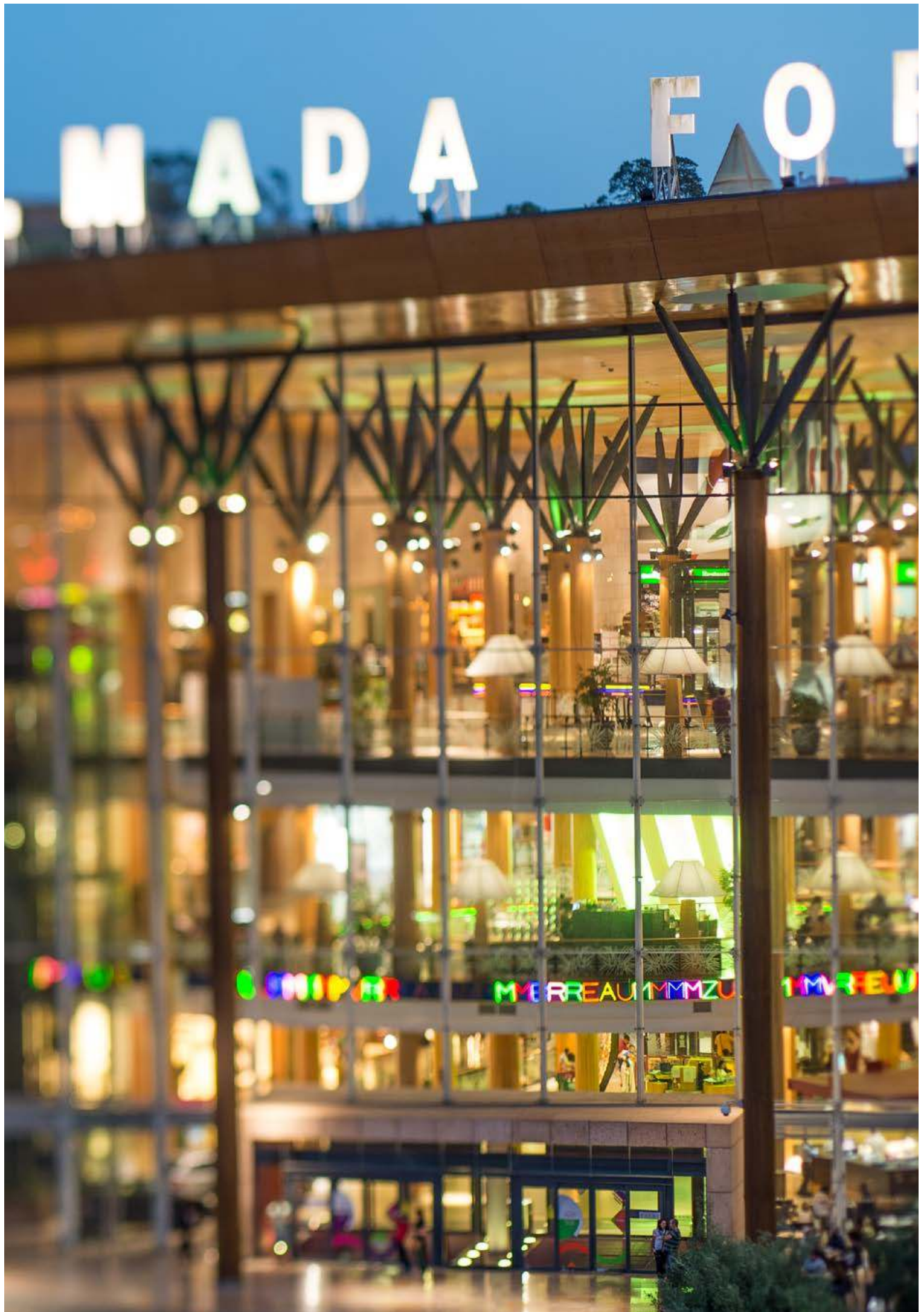
Asset	Tenant	G.L.A. (sqm)
Marineda	Conforama	4,143
Saler	Zara	3,229
Artea, Centro Oeste & Bonaire	Temdam	3,219
X-Madrid	Climbat	1,946
Artea	Zara	1,600
Marineda	Fitness Park	1,545
Arenas	Ikono	1,533
Almada	Sportzone	1,163
X-Madrid	Outlet Sport	1,056
Marineda	New Yorker	1,000

The release spread achieved in the contracts renewed or relet in the period amounts to 5.2%

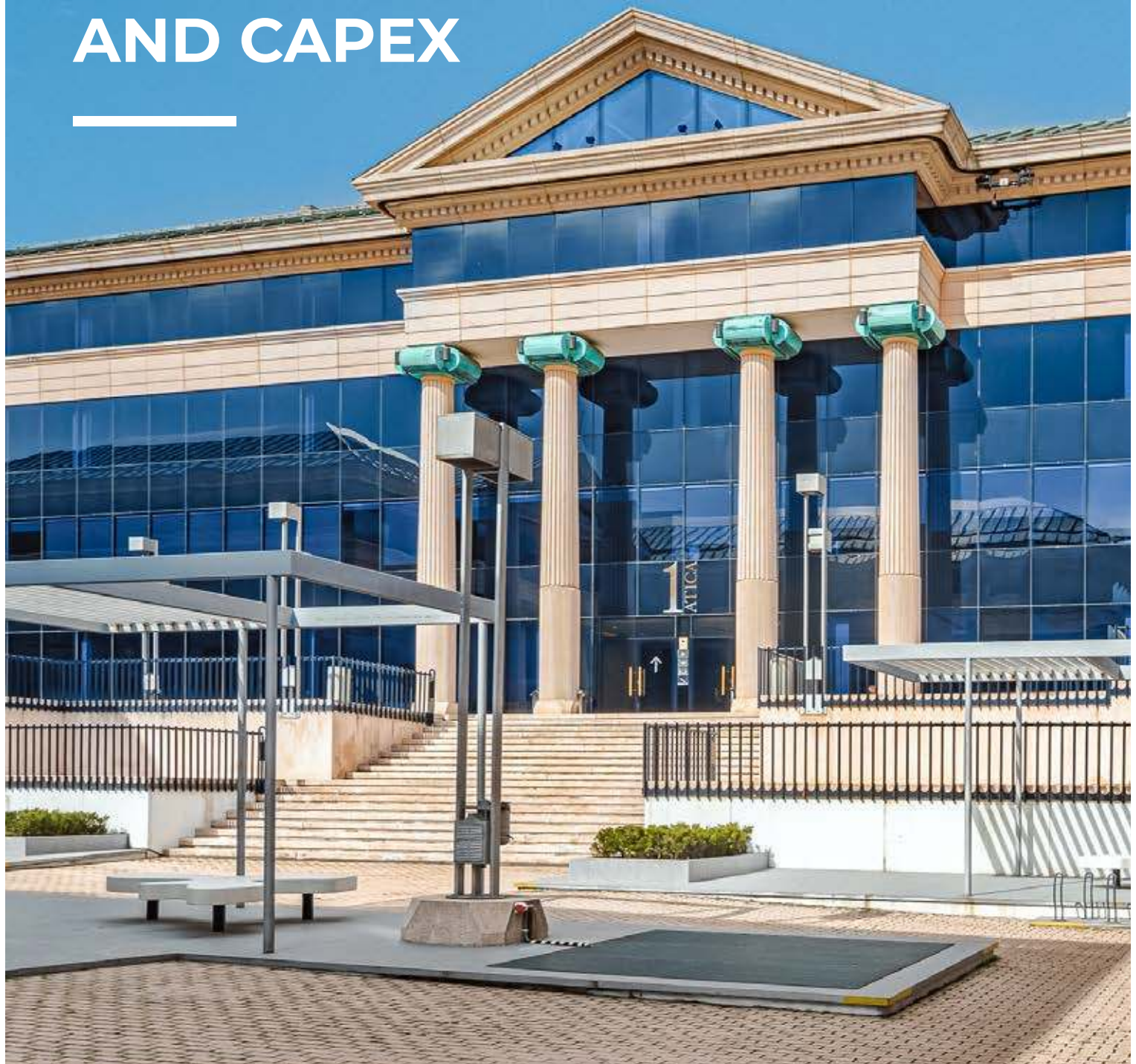
LEASE MATURITY PROFILE

The chart of lease contracts maturity (next break) shows a balanced profile. In aggregated terms, in the following three years, the gross rents that have a break option amount to 18% in 2023, 23% in 2024 and 16% in 2025.





3. INVESTMENTS, DIVESTMENTS AND CAPEX



Investments, divestments and Capex

During FY22, investment activity has been as follows:

- **Tree disposal (implied GAV 2,077.1m, +17.1% to GAV)** executed in 1H22
- **€ 112.6m of non-core assets divestments at 8.7% premium** including 4 office buildings (33,783 sqm), 2 high street units and a minority stake in an office building
- Selected acquisitions during the year: **3 prime office assets** (Liberdade 195 in Lisbon, Plaza Ruiz Picasso II in Madrid and 1 remaining floor in Diagonal 514 in Barcelona) and **the landplot for our Bilbao Arasur Data Center** for a total consideration of € 144.7m
- **Landmark with just Plaza Ruiz Picasso in WIP almost fully let to tier-1 tenants at top rents.** PE Cerro Gamos I & IV will also be delivered to tenants in 2023
- Capex efforts will be pre-let driven and focused on **Best II & III and Digital Infrastructure Plan (Mega)**

	Offices	Retail	Logistics	Data Centers	€ million
Acquisitions	Liberdade 195 Plaza Ruiz Picasso II Diagonal 514			Bilbao (Data Center)	144.7
Development	Pere IV Plaza de Cataluña 9		A2-San Fernando III A2-Cabanillas Park II A A2-Cabanillas Park I J	Bilbao Arasur (Data Center) Madrid-Getafe (Data Center) Barcelona PLZF (Data Center)	137.0
Investment properties	Plaza Ruiz Picasso Torre Glories Atica 1	Porto Pi	A4-Getafe (CLA)		69.8
<i>Incremental lettable space⁽¹⁾</i>					14.9
<i>Non incremental lettable space</i>					54.9
<i>Tenant incentives</i>					-
<i>Other material non-allocated types of expenditure</i>					-
Like-for-like portfolio (Defensive Capex) ⁽²⁾					23.3
Capitalised interest (interest if applicable)					-
Total					374.8

⁽¹⁾ Where expenditure is spent on both existing and incremental space, MERLIN classifies an expenditure as "incremental lettable space" where available lettable space is increased by at least 10% compared to the total lettable area of the asset. In FY22, only Plaza Ruiz Picasso is included within this category

⁽²⁾ € 19.3m are capitalized in balance sheet and € 4.0m are expensed in P&L

DEVELOPMENTS / WORK IN PROGRESS (WIP)

I BEST II & III PLANS (LOGISTICS)

MERLIN continues expanding its logistics footprint through the developments / WIP program in logistics. As of 31st December 2022, main assets under Best II and III plans are the following:

Best II (as from 31/12/2022)

- **63% of Best II** has been delivered achieving a **7.8% YoC**
- Assets delivered in 2022: **Cabanillas Park I H, Cabanillas Park I J and Cabanillas Park II A**, totalling 115,210 sqm
- **A2-Cabanillas Park II B** (47,342 sqm) under development to be delivered in 2H23 at an **expected YoC of 6.9%**
- **167,125 sqm of Landbank** remaining in the Madrid area (Cabanillas Park II and Azuqueca III) to be developed with pre-lets. Expected **YoC above 6.5%**

Best III (as from 31/12/2022)

- **22% of Best III** has been delivered achieving a **8.0% YoC**
- No assets delivered in 2022
- **390,312 sqm of Landbank** remaining in Lisbon (Lisbon Park), Seville (Sevilla ZAL), Madrid (A2-San Fernando III) and Valencia (Valencia-Betera) to be developed with a pre-lets. **Expected YoC above 7.0%**





4. PORTFOLIO VALUATION



Portfolio valuation

MERLIN portfolio has been appraised by CBRE, Savills and JLL, for a total GAV of € 11,317m. GAV breakdown is the following:

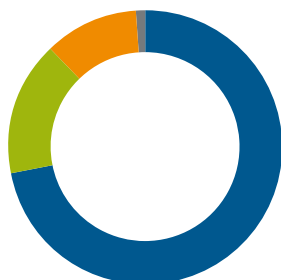
	GAV (€ m)	LfL Growth	Gross yield	Yield expansion/(compression) ⁽¹⁾
Offices	6,387	(1.9%)	4.4%	+39
Logistics	1,400	0.6%	5.2%	+29
Shopping centers	2,135	(3.5%)	5.8%	+65
WIP & land	358	n.a.	n.a.	-
Other	405	(0.6%)	3.9%	+54
Equity method	632	5.9%	n.a.	-
Total	11,317	(1.5%)	4.7%	+44

⁽¹⁾ Bps based on passing rent

A broader analysis of the asset portfolio by valuation in the different categories is shown below:

OFFICES (BY GAV)

By geography



- Madrid **72%**
- Barcelona **16%**
- Lisbon **11%**
- Other Spain **1%**

By location



- Prime + CBD **56%**
- NBA **36%**
- Periphery **8%**

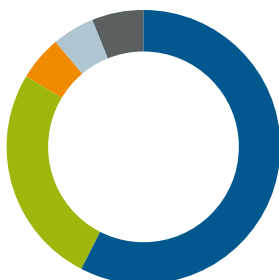
By product



- Multi tenant **70%**
- Single tenant **30%**

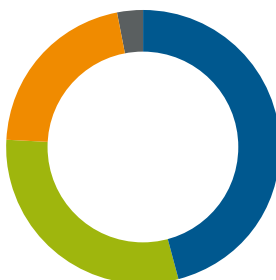
LOGISTICS (BY GAV)

By geography



- Madrid **63%**
- Catalonia **23%**
- Seville **5%**
- Basque Country **4%**
- Other **5%**

By reach



- National **46%**
- Ports **30%**
- Regional **21%**
- Production related **3%**

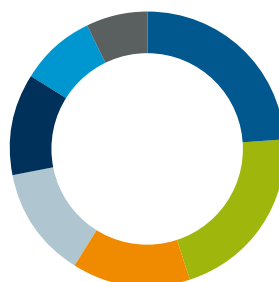
By tenant type



- 3PL mono-client **39%**
- 3PL multi-client **38%**
- End user **23%**

SHOPPING CENTERS (BY GAV)

By geography



- Madrid **24%**
- Catalonia **9%**
- Lisbon **21%**
- Galicia **13%**
- Valencia **12%**
- Andalusia **7%**
- Other **14%**

By type



- Urban **58%**
- Dominant **38%**
- Secondary **4%**

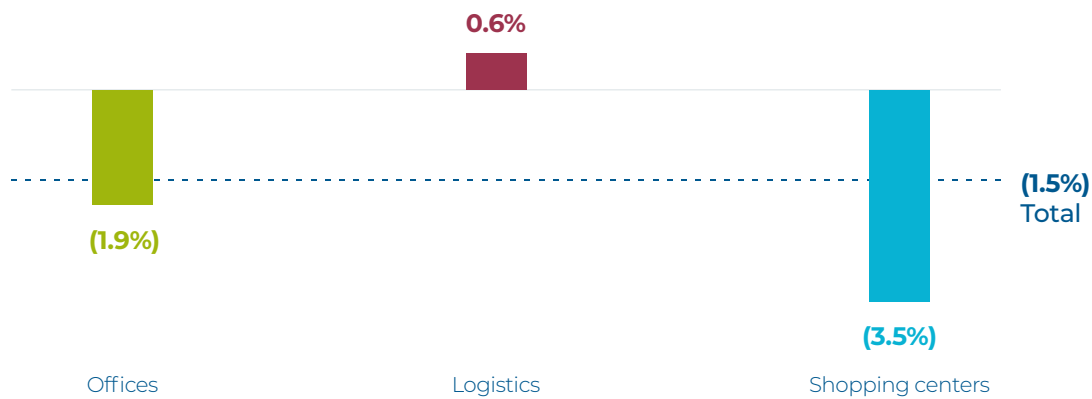
By size



- Extra-large **34%**
- Large **33%**
- Medium **20%**
- Small **13%**

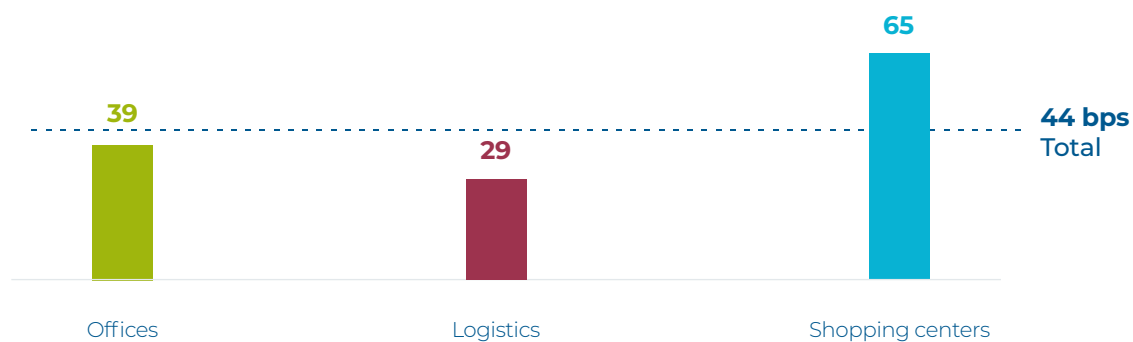
GAV EVOLUTION

GAV has decreased by € -1,724m, reducing from a GAV of € 13,041m as of 31st December 2021 to € 11,317m. The like-for-like evolution of GAV from 31st December 2021 is -1.5%



YIELD EVOLUTION

Gross yields have expanded by 44 bps since December 2021



GAV BRIDGE

(€ millions)



⁽¹⁾ - € 221.5 revaluation FY22 = - € 249.3m P&L revaluation + € 30.1m equity method revaluation and - € 2.4m IFRS 16 adjustment



5. FINANCIAL STATEMENTS

Financial statements

CONSOLIDATED INCOME STATEMENT

Net Leases have been reclassified as discontinued operations in FY22 and FY21 results have been restated. As a consequence, the attributable result is included within "Result from discontinued operations" in the bottom line of the profit and loss account

(€ thousand)	31/12/2022	31/12/2021
Gross rents	452,842	419,688
Offices	242,716	228,560
Logistics	73,563	65,950
Shopping centers	123,840	114,894
Other	12,723	10,286
Other income	7,881	6,787
Total Revenues	460,723	426,475
Incentives	(24,688)	(17,731)
Covid-19 relief	-	(24,867)
Total Operating Expenses	(107,838)	(106,144)
Propex	(49,276)	(48,643)
Personnel expenses	(35,659)	(29,129)
Opex general expenses	(16,446)	(14,262)
Opex non-overheads	(2,443)	(2,612)
LTIP Provision	(4,014)	(11,498)
ACCOUNTING EBITDA	328,197	277,733
Depreciation	(1,885)	(1,858)
Gain / (losses) on disposal of assets	11,561	(1,900)
Provisions	(160)	1,169
Change in fair value of investment property	(249,272)	195,497
EBIT	88,441	470,641
Net financial expenses	(91,532)	(101,234)
Debt amortization costs	(13,729)	(9,803)
Gain / (losses) on disposal of financial instruments	(283)	(1,347)
Change in fair value of financial instruments	41,226	10,352
Share in earnings of equity method instruments	24,033	34,560
PROFIT BEFORE TAX	48,156	403,169
Income taxes	(6,800)	(7,809)
PROFIT (LOSS) FOR THE PERIOD RECURRING OPERATIONS	41,356	395,360
Result from discontinued operations	221,731	116,857
Minorities	-	-
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE	263,087	512,217

I NOTES TO THE CONSOLIDATED INCOME STATEMENT

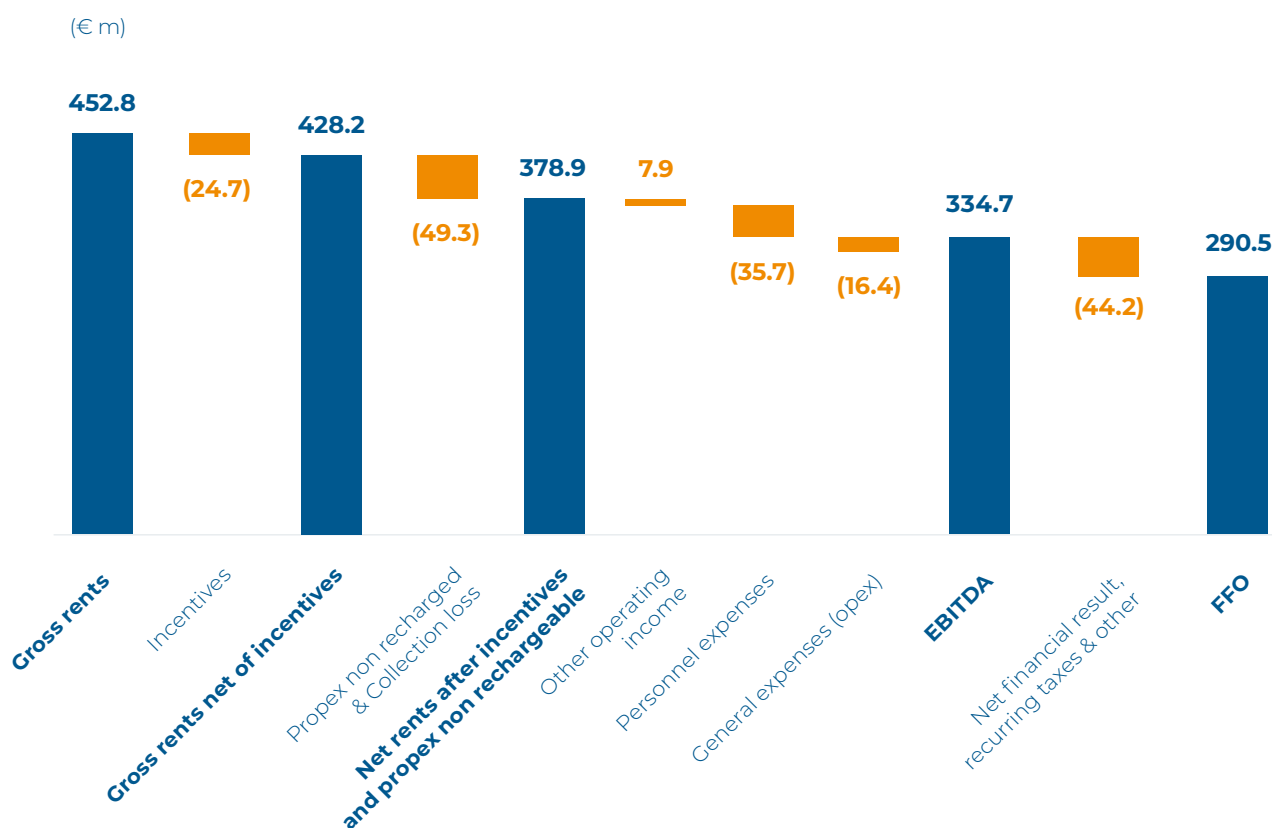
Gross rents (€ 452,842 thousand) less incentives of € 24,688 thousand equals to gross rents net of incentives of € 428,154 thousand. After deducting portfolio operating expenses not recharged to the tenants & collection loss (€ 49,276 thousand) the resulting amount is € 378,878 thousand of net rents. The total amount of operating expenses of the Company in the period is € 58,562 thousand, with the following breakdown:

i. € 35,659 thousand correspond to personnel expenses

ii. € 16,446 thousand of Opex general expenses

iii. € 4,014 thousand corresponding to the 2017-2019 long-term incentive plan (LTIP), already expired and the 2022-2024 long-term incentive plan (LTIP)

iv. € 2,443 thousand of Opex non-overheads operating expenses. The reconciliation between gross rents of the period and FFO is as follows:



CONSOLIDATED BALANCE SHEET

(€ thousand)

ASSETS	31/12/2022	EQUITY AND LIABILITIES	31/12/2022
NON CURRENT ASSETS	11,512,263	EQUITY	6,849,224
Intangible assets	1,746	Subscribed capital	469,771
Property, plant and equipment	6,323	Share premium	3,541,379
Investment property	10,714,200	Reserves	3,023,630
Investments accounted for using the equity method	500,300	Treasury stock	(17,166)
Non-current financial assets	211,048	Other equity holder contributions	540
Deferred tax assets	78,646	Interim dividend	(444,815)
		Profit for the period	263,087
		Valuation adjustments	12,798
		NON-CURRENT LIABILITIES	4,251,747
		Long term debt	3,625,598
		Long term provisions	12,670
		Deferred tax liabilities	613,479
CURRENT ASSETS	539,220	CURRENT LIABILITIES	950,512
Trade and other receivables	49,840	Short term debt	786,862
Short term investments in group companies and associates	2,831	Trade and other payables	152,084
Short-term financial assets	129	Other current liabilities	11,566
Cash and cash equivalents	429,449		
Other current assets	56,971		
TOTAL ASSETS	12,051,483	TOTAL EQUITY AND LIABILITIES	12,051,483

NOTES TO THE CONSOLIDATED BALANCE SHEET

Fair value of the portfolio corresponds to the appraisal value delivered by CBRE, Savills and JLL as of 31st December 2022. The referred appraisal value is reflected in the following accounting items:

€ million	Notes	
Investment property	7	10,714.2
Equity method ⁽¹⁾	9	491.0
Non current financial assets ⁽²⁾	n.a.	91.0
Non-current assets	n.a.	0.9
Inventory ⁽³⁾	n.a.	6.7
Total balance sheet items		11,303.9
IFRS-16 (concessions)	n.a.	(37.2)
Equity method adjustment	n.a.	50.3
Non-current assets adjustment ⁽⁴⁾	n.a.	0.3
Total valuation		11,317.3

FINANCIAL DEBT

FINANCIAL DEBT BREAKDOWN

€ Thousand	Long term	Short term	Total
Financial debt	3,494,256	744,517	4,238,773
Loan arrangement costs	(25,057)	(116)	(25,173)
Debt interest expenses	-	33,431	33,431
Mark-to-market of interest-rate hedging contracts	-	11	11
Other financial liabilities (i.e. legal deposits)	156,398	9,020	165,418
Total debt	3,625,598	786,862	4,412,460

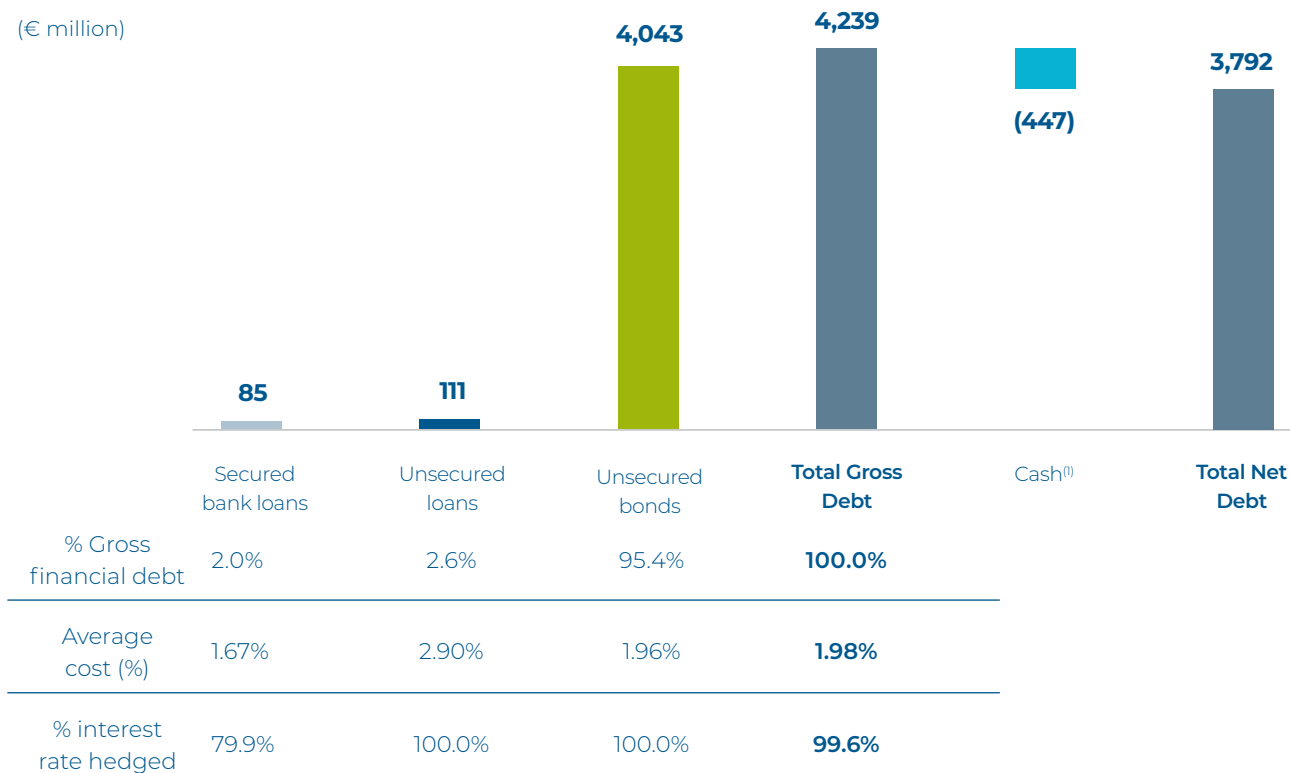
⁽¹⁾ Including Silicius at amortized cost (€ 86.6m) net of derivatives impact

⁽²⁾ DCN loan

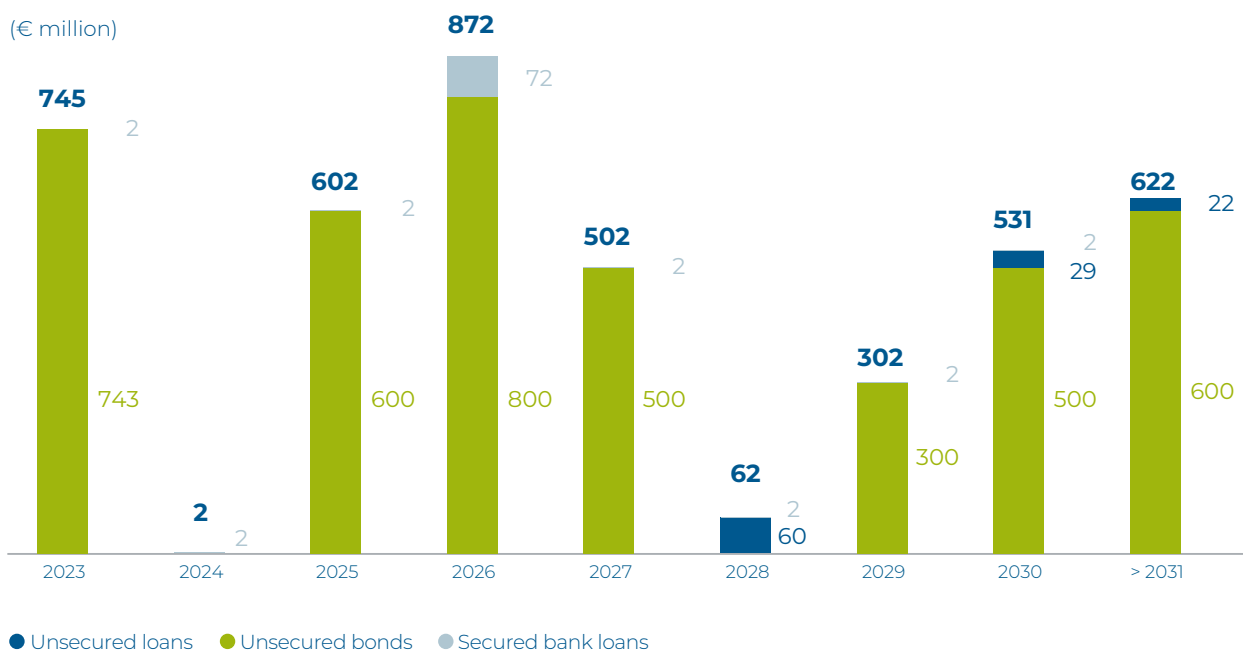
⁽³⁾ Net value paid by MERLIN. Excludes both amounts not paid yet and pre-sold inventory. Total inventory amounts to € 37.7m as of FY22

⁽⁴⁾ MtM of the non-current assets

MERLIN's net financial debt as of 31st December is € 3,792,325 thousand. This implies a Loan To Value of 32.7% including transfer costs, which represents a reduction of -651 bps since 31/12/2021 (39.2%). The breakdown of MERLIN's debt is the following:



MERLIN'S debt has an average maturity period of 4.9 years⁽²⁾. The chart showing debt maturity profile is the following:



⁽¹⁾ Including treasury stock

⁽²⁾ 5.8 years pro forma average maturity after refinancing the € 743m bond expiring in April 2023

MERLIN's debt as of 31st December has an average cost of 1.98% (spot 2.00% less derivatives cost). Nominal debt with interest rate hedged amounts to 99.6%. Key debt ratios are shown below:

(€ million)	31/12/2022	31/12/2021
Gross financial debt	4,239	6,227
Cash and equivalents ⁽¹⁾	(447)	(980)
Net financial debt	3,792	5,247
GAV	11,317	13,041
LTV (exc. TC)	32.7%	39.2%
Av. Interest rate	1.98%	2.07%
Hedged debt	99.6%	100.0%
Av. Maturity (years)	4.9 ⁽²⁾	5.3
Liquidity ⁽³⁾	1,856	1,811
Non-mortgage debt	98.0%	87.9%

SHAREHOLDERS RETURN

The Shareholder Return for a given period is equivalent to the sum of (a) the change in the EPRA NTA per share of the Company during such period; and (b) the total dividends per share (or any other form of remuneration or distribution to the Shareholders) that are paid in such period (the "Shareholder Return"). The Shareholder Return Rate is defined as the Shareholder

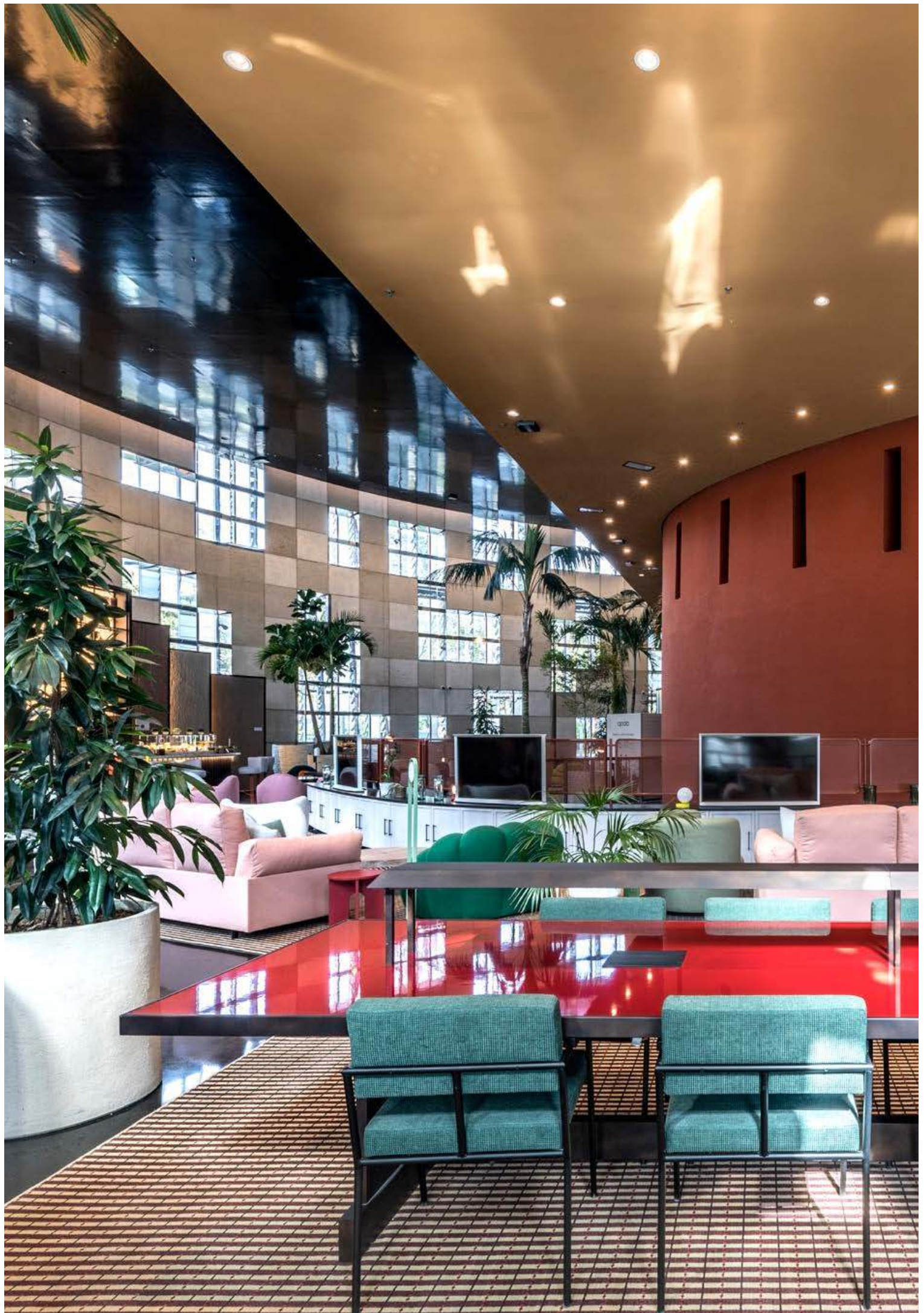
Return for a given period divided by the EPRA NTA per share of the Company at the beginning of period (the "Shareholder Return Rate"). In accordance with these definitions, the Shareholder Return for 2022 amounts to € 0.76 per share (or € 357m of value created in absolute terms) and the Shareholder Return Rate amounts to 4.7%.

	Per share (€)	€ million
EPRA NTA 31/12/2021	16.11	7,567
NTA growth in 2022	(0.44)	(205)
EPRA NTA 31/12/2022	15.67	7,363
DPS paid in 2022	1.20	562
NTA growth + DPS (Shareholder Return)	0.76	357
Shareholder Return Rate	4.7%	4.7%

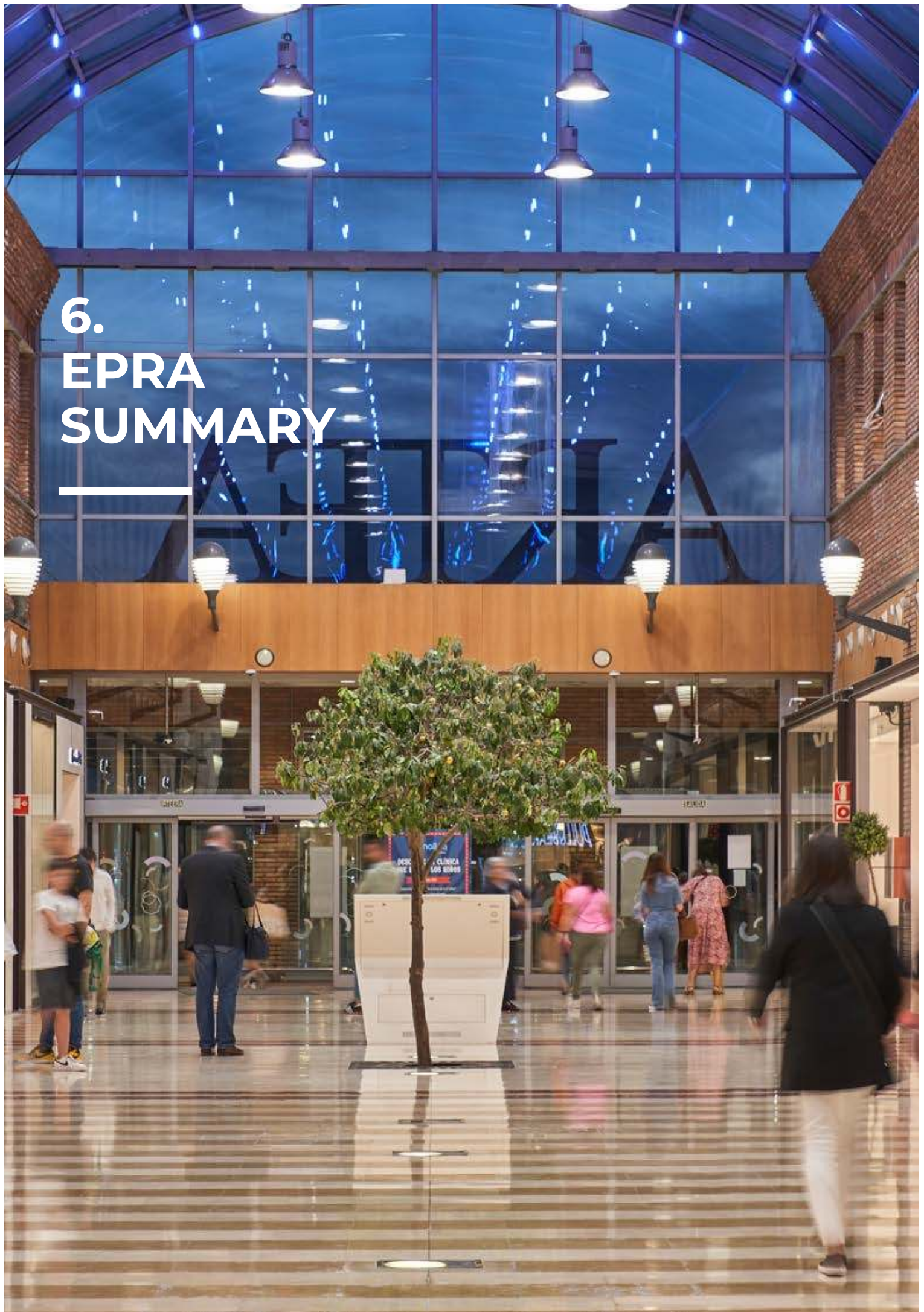
⁽¹⁾ Includes cash and treasury stock (€ 17.2m) in FY22 and cash and treasury stock (€ 32.3m) and Silicius receivable (€ 81.0m) in FY21

⁽²⁾ 5.8 years pro forma average maturity after refinancing the € 743m bond expiring in April 2023

⁽³⁾ Includes available cash plus treasury stock and undrawn credit facilities (€ 1,409m RCF, new syndicated bank loan and EIB loan) in FY22 and cash plus pending receivable of Silicius, treasury stock and undrawn credit facilities (€ 831m RCF and EIB loan) in FY21



6. EPRA SUMMARY



EPRA Summary

I EPRA SUMMARY TABLE

Performance Measure		
EPRA Earnings	Earnings from core operational activities	284,026
EPRA Earnings per Share		0.60
EPRA NAVs		
EPRA Net Reinstatement Value (EPRA NRV)	EPRA Net Reinstatement Value: assumes that entities never sell assets and aims to represent the value required to rebuild the entity	16.35
EPRA Net Tangible Assets (EPRA NTA)	EPRA Net Tangible Assets: assumes that entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax	15.67
EPRA Net Disposal Value (EPRA NDV)	EPRA Net Disposal Value: represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax	15.82
EPRA Net Initial Yield (NIY)	Annualized rental income based on the cash passing rents at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with acquisition costs	4.1%
EPRA 'topped-up' NIY	Adjustment to the EPRA Net Initial Yield in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents)	4.3%
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	6.2%
EPRA Cost Ratios		
EPRA Cost Ratio (including direct vacancy costs)	Running costs of the Company divided by recurring rents including direct vacancy costs	26.7%
EPRA Cost Ratio (excluding direct vacancy costs)	Running costs of the Company divided by recurring rents excluding direct vacancy costs	24.5%
EPRA LTV	Debt divided by market value of the property. The EPRA LTV's aim is to assess the gearing of the shareholder equity within a real estate company	35.8%



MERLIN Properties has been awarded by EPRA with the gold award of best practices in financial reporting. It is the highest recognition for an outstanding compliance with the best practices

I EPRA EARNINGS

	Notes	(€ thousand)
Earnings per IFRS income statement		263,087
Adjustments to calculate EPRA Earnings, exclude:		(20,656)
(i) Changes in value of investment properties, development properties held for investment and other interests ⁽¹⁾	Income statement	(251,317)
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	Income statement	11,278
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties.		-
(iv) Tax on profits or losses on disposals ⁽²⁾	n.a.	(994)
(v) Negative goodwill / goodwill impairment	n.a.	-
(vi) Changes in fair value of financial instruments and associated close-out costs ⁽³⁾	n.a.	218,051
(vii) Acquisition costs on share deals and non-controlling joint venture interests	n.a.	-
(viii) Deferred tax in respect of EPRA adjustments		-
(ix) Adjustments (i) to (viii) above in respect of joint ventures (unless already included under proportional consolidation)	Income statement	-
(x) Non-controlling interests in respect of the above ⁽⁴⁾		2,012
EPRA Earnings		284,026
Basic number of shares		469,770,750
EPRA Earnings per Share (EPS)		0.60
Company specific adjustments:		6,457
(a) LTIP provision	18	4,1014
(b) Opex non-overheads	18	2,443
Company specific Adjusted Earnings		290,483
Company specific Adjusted EPS		0.62

⁽¹⁾ Including the change in fair value of investment property, depreciation, and provisions

⁽²⁾ Deferred taxes that are not expected to have a cash impact in the short to mid term

⁽³⁾ Change in fair value of financial instruments (Consolidated income statement) + debt amortization costs (Consolidated income statement) + discontinued operations adjustment

⁽⁴⁾ Difference between the share in earnings of equity method instruments (Consolidated income statement) and the attributable EPRA Earnings of the subsidiaries

I EPRA NRV, NTA AND NDV

(€ million)

EPRA Net Asset Value Metrics	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	6,849.2	6,849.2	6,849.2
Include / Exclude:			
i) Hybrid instruments	-	-	-
Diluted NAV	6,849.2	6,849.2	6,849.2
Include:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	-	-	-
ii.b) Revaluation of IPUC1 (if IAS 40 cost option is used)	-	-	-
ii.c) Revaluation of other non-current investments	50.6	50.6	50.6
iii) Revaluation of tenant leases held as finance leases	-	-	-
iv) Revaluation of trading properties	-	-	-
Diluted NAV at Fair Value	6,899.8	6,899.8	6,899.8
Exclude:			
v) Deferred tax in relation to fair value gains of IP	534.8	508.8	-
vi) Fair value of financial instruments	(44.1)	(44.1)	-
vii) Goodwill as a result of deferred tax	-	-	-
viii.a) Goodwill as per the IFRS balance sheet		-	-
viii.b) Intangibles as per the IFRS balance sheet		(1.7)	
Include:			
ix) Fair value of fixed interest rate debt			532.5
x) Revaluation of intangibles to fair value	-		
xi) Real estate transfer tax	291.6	-	-
NAV	7,682.2	7,362.9	7,432.3
Fully diluted number of shares	469,770,750	469,770,750	469,770,750
NAV per share	16.35	15.67	15.82

I EPRA NIY AND 'TOPPED-UP' NIY

(€ million)		Offices	Logistics & Data Centers	Shopping centers	Others	Total
Investment property – wholly owned		6,504	1,641	2,135	405	10,685
Investment property – share of JVs/Funds		-	-	-	-	-
Trading property (including share of JVs)		-	-	-	-	-
Less: <i>developments</i>		(648)	(241)	-	(88)	(977)
Completed property portfolio		5,856	1,400	2,135	317	9,708
Allowance for estimated purchasers' costs		169	41	44	10	264
Gross up completed property portfolio valuation	B	6,025	1,442	2,179	327	9,972
Annualised cash passing rental income		257	72	124	12	466
Property outgoings		(28)	(5)	(19)	(1)	(54)
Annualised net rents	A	229	67	105	11	412
Add: notional rent expiration of rent free periods or other lease incentives		10	1	5	0	16
Topped-up net annualised rent	C	238	68	110	11	428
EPRA NIY	A/B	3.8%	4.6%	4.8%	3.4%	4.1%
EPRA "topped-up" NIY	C/B	4.0%	4.7%	5.0%	3.5%	4.3%

I EPRA VACANCY RATE

(€ million)

Estimated Rental Value of vacant space	A	30.3
Estimated rental value of the whole portfolio	B	489.5
EPRA Vacancy Rate	A/B	6.2%

I EPRA COST RATIOS

	Notes	(€ thousand)
Include:		
Administrative/operating expense line per IFRS income statement	13	113,491
Net service charge costs/fees		
Management fees less actual/estimated profit element		
Other operating income/recharges intended to cover overhead expenses less any related profits		
Share of Joint Ventures expenses		
Exclude (if part of the above):		
Investment property depreciation		
Ground rent costs		
Service charge costs recovered through rents but not separately invoiced		
EPRA Costs (including direct vacancy costs)	A	113,491
Direct vacancy costs		9,164
EPRA Costs (excluding direct vacancy costs)	B	104,327
Gross Rental Income less ground rents – per IFRS⁽¹⁾		
		425,637
Less: service fee and service charge costs components of Gross Rental Income (if relevant)		
Add: share of Joint Ventures (Gross Rental Income less ground rents)		
Gross Rental Income	C	425,637
EPRA Cost Ratio (including direct vacancy costs)	A/C	26.7%
EPRA Cost Ratio (excluding direct vacancy costs)	B/C	24.5%

MERLIN's has a policy of not capitalising any overhead and operating expenses

⁽¹⁾ Gross Rental income (€ 452.8m) - incentives (€ 24.7m) - ground lease rents (€ 2.5m)

I EPRA LTV METRIC FY22

(€ million)

(€ million)		Proportionate consolidation			
	Group as reported	Share of Joint Ventures	Share of Material Associates	Non-controlling Interests	Combined
Include:					
Borrowings from financial institutions ⁽¹⁾	197.1	-	157.7	-	354.7
Commercial paper	-	-	-	-	-
Hybrids (including convertibles, preference shares, debt, options, perpetuals)	-	-	-	-	-
Bond loans ⁽²⁾	4,075.2	-	-	-	4,075.2
Foreign currency derivatives (futures, swaps, options and forwards)	-	-	-	-	-
Net payables ⁽³⁾	62.9	-	9.5	-	72.4
Owner-occupied property (debt)	-	-	-	-	-
Current accounts (equity characteristic)	-	-	-	-	-
Exclude:					
Cash and cash equivalents	(429.4)	-	(17.4)	-	(446.9)
Net Debt (a)	3,905.7	-	149.7	-	4,055.4
Include:					
Owner-occupied property ⁽⁴⁾	1.2	-	-	-	1.2
Investment properties at fair value	10,714.2	-	514.2	-	11,228.4
Properties held for sale	-	-	-	-	-
Properties under development	-	-	-	-	-
Intangibles	-	-	-	-	-
Net receivables	-	-	-	-	-
Financial assets ⁽⁵⁾	91.0	-	-	-	91.0
Total Property Value (b)	10,806.4	-	514.2	-	.6
EPRA LTV (a/b)	36.1%	-	-	-	%
Real Estate Transfer Taxes (RETTS) (c)	291.6	-	4.4	-	296.0
EPRA LTV (incl. RETTS) (a/(b+c))	35.2%	-	-	-	34.9%
Company specific Property Value adjustments:	189.0	-	-	-	189.0
DCN Stake (14.46%) ⁽⁶⁾	172.8	-	-	-	172.8
Total Property Value including company specific adjustments (d)	10,995.4	-	-	-	11,509.6
Company specific EPRA LTV (a/d)	35.5%	-	-	-	35.2%
Company specific EPRA LTV (incl. RETTS) (a/(c+d))	34.6%	-	-	-	34.4%

⁽¹⁾ Including notional amount (€ 196.0m) and accrued interest (€ 1.1m). Please refer to Note 14 of the Annual Accounts for further details

⁽²⁾ Including notional amount (€ 4,042.8m) and accrued interest (€ 32.4m). Please refer to Note 14 of the Annual Accounts for further details

⁽³⁾ Considering the net result between payables (Trade and other payables, Other current liabilities, Other current financial liabilities and Current income tax liabilities) and receivables (Trade and other receivables, Inventories, Other current assets and Other current financial assets). Please note that accrued interests are included within borrowings from financial institutions and bond loans

⁽⁴⁾ Fair value of the owner-occupied property. Book value at amortized cost of € 0.9m and MtM adjustment of € 0.3m

⁽⁵⁾ Amortized cost of the loan granted to Desarrollos Urbanísticos Udra, S.A.U., secured against a 10% stake in Madrid Crea Nuevo Norte, S.A. Please refer to Note 10 of the Annual Accounts for further details

⁽⁶⁾ 14.46% in Madrid Crea Nuevo Norte, S.A. the developer of the largest urban planning project in Europe. Please refer to Note 9 of the Annual Accounts for further details

Note: please refer to Note 9 of the Annual Accounts for further detail regarding minority stakes. MERLIN considers material associates the following companies: ZAL Port (Centro Intermodal de Logística, S.A.), Tres Aguas (Paseo Comercial Carlos III, S.A.) and Silicius (Silicius Real Estate SOCIMI, S.A.). Madrid Crea Nuevo Norte will be reclassified as a material associate upon execution of the purchase option of the land plots, which is expected to take place during 2023

I EPRA LTV METRIC: SHARE OF MATERIAL ASSOCIATES FY22

(€ million)	ZAL Port	Tres Aguas	Silicius	Share of Material Associates ⁽¹⁾
Include:				
Borrowings from financial institutions	147.0	71.2	285.3	157.7
Commercial paper	-	-	-	-
Hybrids (including convertibles, preference shares, debt, options, perpetuals)	-	-	-	-
Bond loans	-	-	-	-
Foreign currency derivatives (futures, swaps, options and forwards)	-	-	-	-
Net payables	17.8	1.1	1.7	9.5
Owner-occupied property (debt)	-	-	-	-
Current accounts (equity characteristic)	-	-	-	-
Exclude:				
Cash and cash equivalents	(28.7)	(5.0)	(5.7)	(17.4)
Net Debt (a)	136.0	67.4	281.3	149.7
Include:				
Owner-occupied property	-	-	-	-
Investment properties at fair value	647.3	145.2	717.1	514.2
Properties held for sale	-	-	-	-
Properties under development	-	-	-	-
Intangibles	-	-	-	-
Net receivables	-	-	-	-
Financial assets	-	-	-	-
Total Property Value (b)	647.3	145.2	717.1	514.2

⁽¹⁾ Proportional share based on the ownership in each associate: ZAL Port (48.5%), Tres Aguas (50%) and Silicius (17.8%)

I EPRA LTV METRIC FY21

(€ million)

(€ million)		Proportionate consolidation			
	Group as reported	Share of Joint Ventures	Share of Material Associates	Non-controlling Interests	Combined
Include:					
Borrowings from financial institutions ⁽¹⁾	1,637.3	-	147.7	-	1,785.0
Commercial paper	-	-	-	-	-
Hybrids (including convertibles, preference shares, debt, options, perpetuals)	-	-	-	-	-
Bond loans ⁽²⁾	4,631.4	-	-	-	4,631.4
Foreign currency derivatives (futures, swaps, options and forwards)	-	-	-	-	-
Net payables ⁽³⁾	-	-	8.3	-	8.3
Owner-occupied property (debt)	-	-	-	-	-
Current accounts (equity characteristic)	-	-	-	-	-
Exclude:					
Cash and cash equivalents	(866.7)	-	(7.4)	-	(874.1)
Net Debt (a)	5,402.0	-	148.6	-	5,550.6
Include:					
Owner-occupied property ⁽⁴⁾	1.2	-	-	-	1.2
Investment properties at fair value	12,297.3	-	492.9	-	12,790.1
Properties held for sale	-	-	-	-	-
Properties under development	-	-	-	-	-
Intangibles	-	-	-	-	-
Net receivables	34.5	-	-	-	34.5
Financial assets ⁽⁵⁾	89.3	-	-	-	89.3
Total Property Value (b)	12,422.2	-	492.9	-	12,915.1
EPRA LTV (a/b)	43.5%	-	-	-	43.0%
Real Estate Transfer Taxes (RETTS) (c)	350.9	-	-	-	350.9
EPRA LTV (incl. RETTS) (a/(b+c))	42.3%	-	-	-	41.8%
Company specific Property Value adjustments:	189.0	-	-	-	189.0
DCN Stake (14.46%) ⁽⁶⁾	171.9	-	-	-	171.9
Total Property Value including company specific adjustments (d)	12,611.2	-	-	-	13,104.1
Company specific EPRA LTV (a/d)	42.8%	-	-	-	42.4%
Company specific EPRA LTV (incl. RETTS) (a/(c+d))	41.7%	-	-	-	41.3%

⁽¹⁾ Including notional amount (€ 1,635.5m) and accrued interest (€ 1.8m). Please refer to Note 14 of the Annual Accounts for further details

⁽²⁾ Including notional amount (€ 4,591.1m) and accrued interest (€ 40.3m). Please refer to Note 14 of the Annual Accounts for further details

⁽³⁾ Considering the net result between payables (Trade and other payables, Other current liabilities, Other current financial liabilities and Current income tax liabilities) and receivables (Trade and other receivables, Inventories, Other current assets and Other current financial assets). Please note that accrued interests are included within borrowings from financial institutions and bond loans

⁽⁴⁾ Fair value of the owner-occupied property. Book value at amortized cost of € 0.9m and MtM adjustment of € 0.3m

⁽⁵⁾ Amortized cost of the loan granted to Desarrollos Urbanísticos Udra, S.A.U., secured against a 10% stake in Distrito Castellana Norte, S.A. (currently renamed as Madrid Crea Nuevo Norte, S.A.). Please refer to Note 10 of the Annual Accounts for further details

⁽⁶⁾ 14.46% in Distrito Castellana Norte, S.A. (currently renamed as Madrid Crea Nuevo Norte, S.A.), the developer of the largest urban planning project in Europe. Please refer to Note 9 of the Annual Accounts for further details

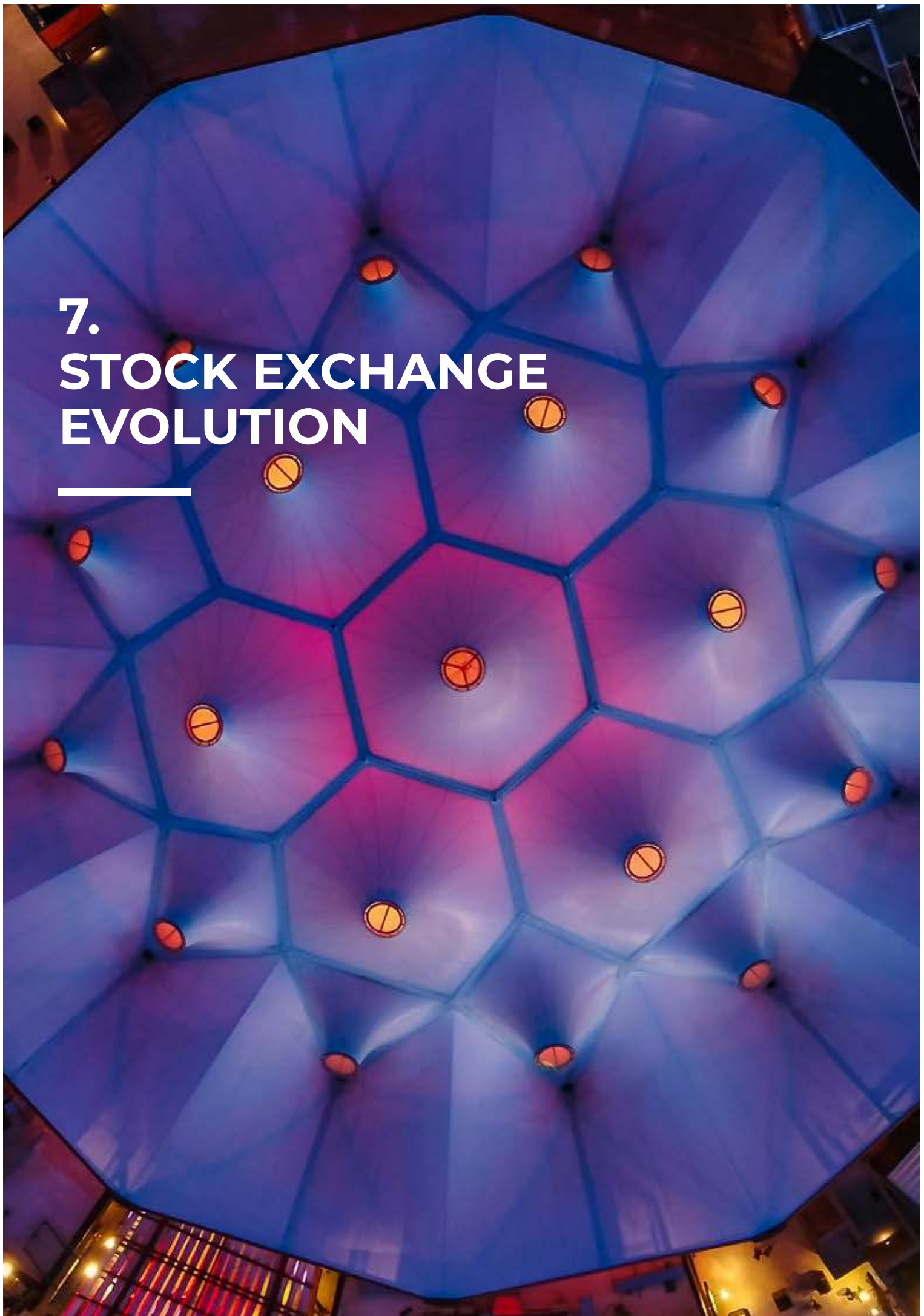
Note: please refer to Note 9 of the Annual Accounts for further detail regarding minority stakes. MERLIN considers material associates the following companies: ZAL Port (Centro Intermodal de Logística, S.A.), Tres Aguas (Paseo Comercial Carlos III, S.A.) and Silicius (Silicius Real Estate SOCIMI, S.A.)

I EPRA LTV METRIC: SHARE OF MATERIAL ASSOCIATES FY21

(€ million)	ZAL Port	Tres Aguas	Silicius	Share of Material Associates ⁽¹⁾
Include:				
Borrowings from financial institutions	154.9	72.0	239.7	147.7
Commercial paper	-	-	-	-
Hybrids (including convertibles, preference shares, debt, options, perpetuals)	-	-	-	-
Bond loans	-	-	-	-
Foreign currency derivatives (futures, swaps, options and forwards)	-	-	-	-
Net payables	14.5	0.8	5.6	8.3
Owner-occupied property (debt)	-	-	-	-
Current accounts (equity characteristic)	-	-	-	-
Exclude:				
Cash and cash equivalents	(7.9)	(3.9)	(10.4)	(7.4)
Net Debt (a)	161.5	68.9	234.9	148.6
Include:				
Owner-occupied property	-	-	-	-
Investment properties at fair value	635.7	140.3	749.5	492.9
Properties held for sale	-	-	-	-
Properties under development	-	-	-	-
Intangibles	-	-	-	-
Net receivables	-	-	-	-
Financial assets	-	-	-	-
Total Property Value (b)	635.7	140.3	749.5	492.9

⁽¹⁾ Proportional share based on the ownership in each associate

7. STOCK EXCHANGE EVOLUTION

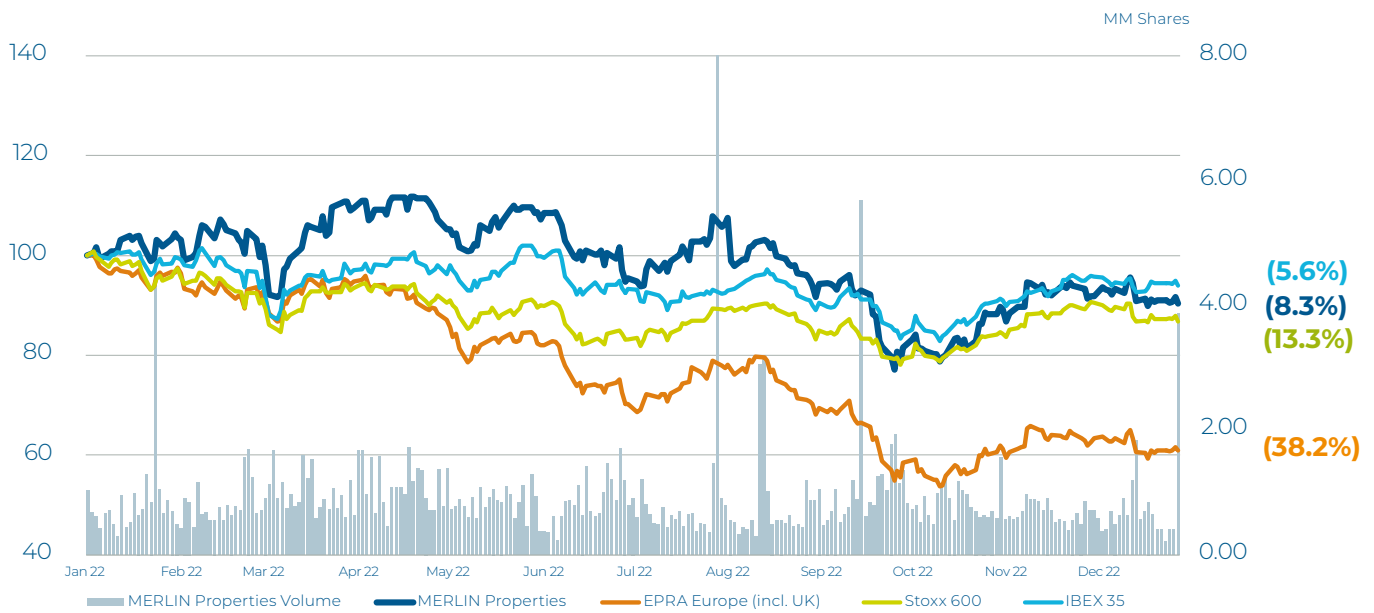


Stock exchange evolution

MERLIN shares closed on 31st December 2022 at € 8.78, a decrease of -8.3% versus 31st December 2021 closing price (€ 9.57).

I MERLIN SHARE PRICE PERFORMANCE⁽¹⁾ VS REFERENCE INDICES

From 1st January 2022 to 31st December 2022, Rebased to 100

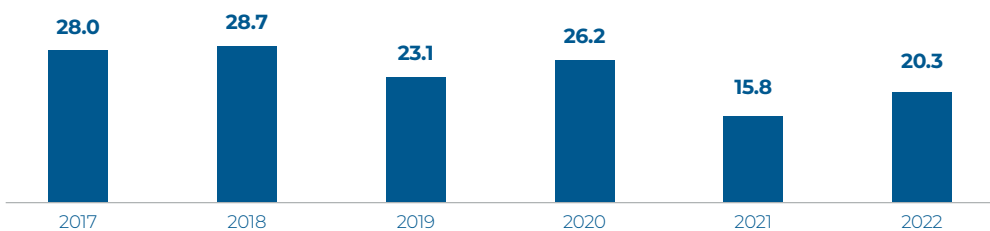


Source: Bloomberg

⁽¹⁾ Adjusted for any equity dilutive transactions

I AVERAGE DAILY TRADING VALUE (€ M)

Average daily trading volume during the period has been € 20.3 million



As of the date of this report, MERLIN is covered by a wide variety of 24 equity research houses. Consensus target price is € 10.67

■ TARGET PRICES AND ANALYST RECOMMENDATIONS

Entidad	Report date	Recommendation	Target Price
 SOCIETE GENERALE	24/1/23	Neutral	9.1
 Goldman Sachs	24/1/23	Neutral	8.7
 BPI	23/1/23	Neutral	10.3
 EXANE BNP PARIBAS	23/1/23	Buy	11
 renta4	14/12/22	Buy	10.3
 Kempen	7/12/22	Neutral	9.5
 bankinter	29/11/22	Neutral	9.4
 Morgan Stanley	24/11/22	Buy	10
 ODDO BHF ASSET MANAGEMENT	14/11/22	Buy	10.7
 ALANTRA	14/11/22	Neutral	10.25
 Kepler Cheuvreux	11/11/22	Buy	10.6
 UBS	17/10/22	Buy	10.5
	14/10/22	Buy	11.4
 MIRABAUD	13/10/22	Buy	11
 Green Street Advisors	27/9/22	n.d.	n.d.
	16/9/22	Neutral	10.5
	14/9/22	Buy	12.7
 citi	11/8/22	Sell	7.9
 BARCLAYS	5/8/22	Buy	10
	29/6/22	Buy	10.1
 Sabadell	14/6/22	Buy	12.95
 BESTINVER acciona	29/4/22	Neutral	11.7
	22/4/22	Buy	13
 GVC Gaesco	14/3/22	Buy	13.33
Total average			10.67



8. DIVIDEND POLICY



Dividends policy

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

Under the REIT regime, after complying with any relevant requirement of the Ley de Sociedades de Capital, the Parent company will be required to adopt agreements to distribute the profit obtained in the year to shareholders in the form of dividends and this distribution must be approved within six months of the end of each year, as follows:

- (i) at least 50% of the profit from the transfer of properties and shares or equity interests in qualified subsidiaries, provided that the remaining profit is reinvested in other real estate assets within no more than three years of the date of the transfer, otherwise, 100% of the profit must be distributed as dividends after such period has elapsed;
- (ii) 100% of the profit obtained from receiving the dividends paid by qualified subsidiaries; (iii) at least 80% of the remaining profit obtained.

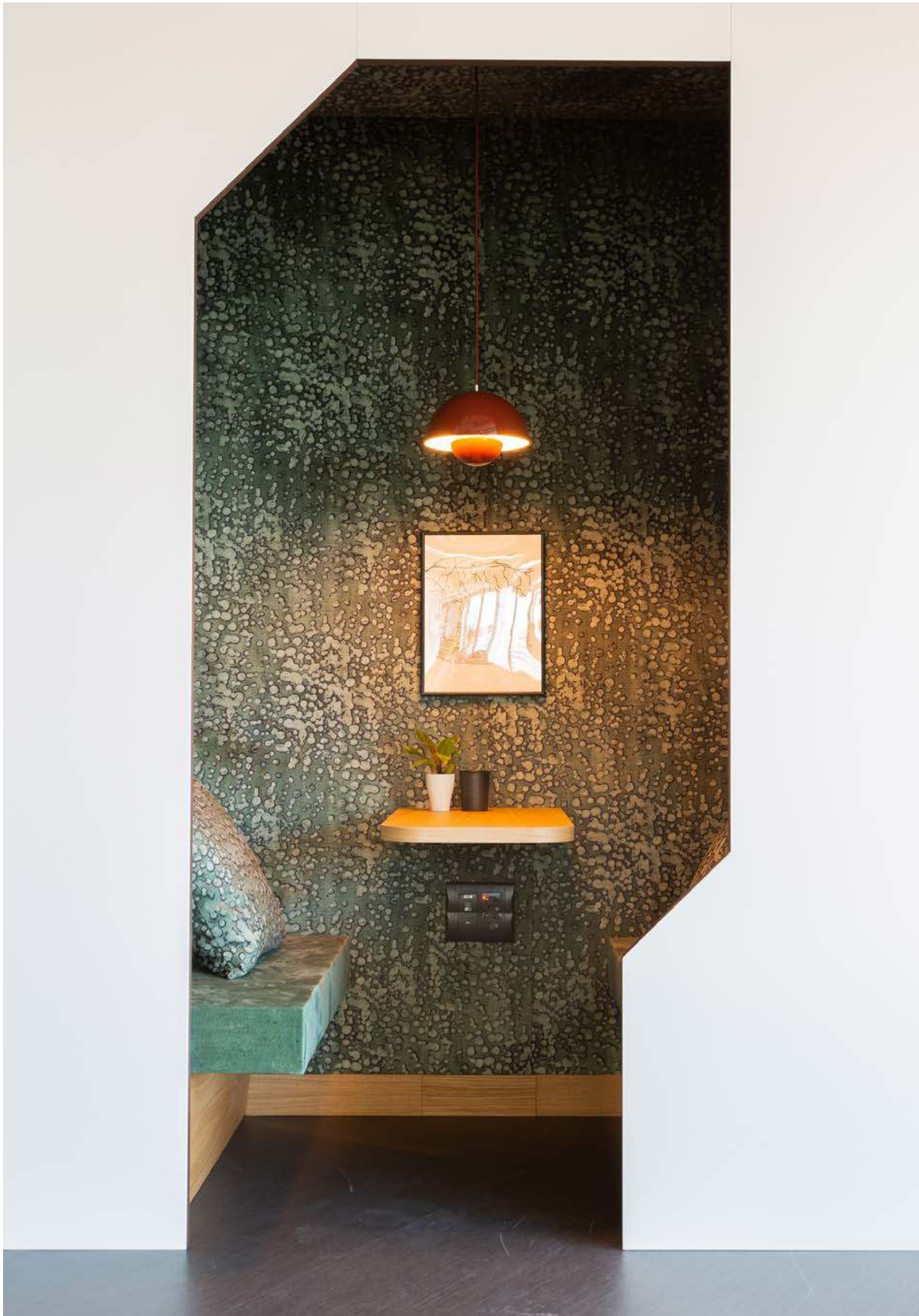
If the resolution to distribute dividends is not passed within the legally established period, the Parent company will lose its REIT status for the financial year to which the dividends refer.

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

On 27 May 2022, the final dividend for 2022 was paid in the amount of € 117,112 thousands (€ 0.25 per share).

In addition, an interim dividend of profit for the year of € 351,169 thousands (€ 0.75 per share) was paid on 18 August 2022. Lastly, on 2 December 2022, an interim dividend of € 93,646 thousands (€ 0.20 per share) was paid out of the profit for 2022.

Type	Date	Concept	€ per share
Interim 2015	28-oct-15	Dividend	0.0775
Final 2015	27-apr-16	Dividend	0.005692
Final 2015	27-apr-16	Share premium distribution	0.102608
Total 2015			0.19
Interim 2016	25-oct-16	Dividend	0.185
Interim 2016	25-oct-16	Share premium distribution	0.02
Final 2016	18-may-17	Dividend	0.10071014
Final 2016	18-may-17	Share premium distribution	0.09928767
Total 2016			0.40
Interim 2017	25-oct-17	Dividend	0.20
Final 2017	25-may-18	Dividend	0.02053654
Final 2017	25-may-18	Share premium distribution	0.23946346
Total 2017			0.46
Interim 2018	25-oct-18	Dividend	0.20
Final 2018	07-may-19	Dividend	0.20270039
Final 2018	07-may-19	Share premium distribution	0.09729961
Total 2018			0.50
Interim 2019	28-oct-19	Dividend	0.20
Final 2019	8-jul-19	Dividend	0.14741659
Total 2019			0.35
Final 2020	19-may-21	Share premium distribution	0.30
Total 2020			0.30
Interim 2021	03-dec-21	Dividend	0.15
Final 2021	27-may-22	Dividend	0.0227
Final 2021	27-may-22	Share premium distribution	0.2275
Total 2021			0.40
Extraordinary	18-ago-22	Tree	0.75
Interim 2022	02-dic-22	Dividend	0.20
Total 2022			0.95



9. TREASURY SHARES



Treasury shares

As of 31st December 2022, the Parent company has treasury shares amounting to €17,166 thousand.

The changes in 2022 were as follows:

- The shareholders at the Annual General Meeting held on 10 April 2019 revoked the unused portion of the authorisation granted by the shareholders at the General Meeting of April 2018 and authorised the acquisition of treasury shares by the Parent company itself or by Group companies pursuant to section 146 et seq. of the Ley de Sociedades de Capital, complying with the requirements and restrictions established in current law during the five-year period.
- The disposals of treasury shares, amounting to € 15,261 thousand (average cost of € 11.20 per share), relate mainly to the second and last delivery of shares under the 2017-2019 Incentive Plan (see Note 15) in the amount of € 14,133 thousand and to the delivery of shares to employees as part of the flexible remuneration plan in the amount of € 864 thousand.
- The Group has a liquidity agreement for securities listed on the Lisbon Stock Exchange (Euronext Lisbon), having made net sales of 9,740 shares in 2022, with a value of € 142 thousand.
- As of 31 December 2022, the Parent company held treasury shares representing 0.327% of its share capital.

10. OUTLOOK / R+D INFORMATION / OTHERS



Outlook

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

The Group expects 2023 to be a year of transition following the sale of the BBVA portfolio. In this regard, the Group has provided the market with an estimate of its operating profit for 2023 of €0.58 per share. A complementary dividend, additional to the dividend on account of €0.20 per share distributed in December 2022, will be proposed to the Board of Directors in the following meetings, subject to approval by the AGM and to be paid in May 2023.

R&D&I activities

In relation to R&D&I activities and other innovative initiatives, MERLIN is committed to offering its tenants and users the highest quality comprehensive service, beyond the asset management itself, integrating the most innovative solutions in its assets to maximize the user experience. In line with this philosophy, during the last year MERLIN has continued to focus on improving the quality of life of users in its assets. Thus, it has continued to implement Mayordomo Smart Points, consisting of a system of smart lockers that allow users to conveniently receive packages and the provision of various services that help to achieve a work-life balance. By the end of 2022, 33 MERLIN assets had such points, an increase of 18% compared to 2021.

In addition, MERLIN remains committed to LOOM flexible workspaces as a solution to the hybrid work model. During the year, MERLIN has continued to promote numerous technological projects to place MERLIN at the forefront of solutions for its customers and internal management. These include the office building sensorization program, the energy consumption reading project, the photovoltaic self-consumption project and the development of different user experience apps.

11. SUSTAINABILITY



MERLIN's sustainability management

MERLIN responsibly manages its activity, ensuring the achievement of sustainable objectives over time and the creation of shared value for its stakeholders. This is done while ensuring strict compliance with the law and with the international benchmarks to which the Group adheres.

In this context, MERLIN's commitment can be none other than the achievement of sustainable profitability that guarantees the success of its business project and takes into account the expectations of its stakeholders. In addition, this growth must be achieved without undermining the organisation's environmental performance, minimising any impacts on the environment and committing to the integration of sustainability in the development and refurbishment of assets.

MERLIN'S SUSTAINABILITY ROADMAP

SUSTAINABILITY POLICY

MERLIN Properties considers sustainability to be a lever for the creation of value in the environment in which the Group operates,

mainly through its assets. The principles governing MERLIN's sustainability roadmap are as follows:

GOALS

ACTIONS UNDERTAKEN

1 Active management of climate change

- Develop and operate **sustainable assets**
- **Mitigate the carbon footprint** of the whole value chain



- Installation of **energy efficient systems and equipments**
- **Photovoltaic plan** (Project Sun)
- Launch of **Pathway to Net Zero**



2 Wellbeing of end users

- **Enhance the end-user experience**
- **Create quality spaces** for tenants
- Contribute towards a more **sustainable mobility**

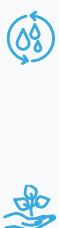


- **Focusing on the** air quality, lighting and accessibility
- Creation of **Merlin HUB** for all business park users
- **Installation of electric vehicle chargers** in all Offices and Shopping Centers



3 Positive impact in cities

- **Reduce resources consumption**
- **Improve the cities** in which we operate
- **Promote cohesion and integration** through our assets



- Asset management for **peak operational efficiency** (energy, materials and waste, water)
- Launch of **Renazca to revitalize, integrate and transform** the area
- **CSR plan** to boost corporate contribution



This Sustainability Policy was approved by the Board of Directors of MERLIN Properties, entering into force on the date of its approval and remains fully valid until such is amended.

The Board of Directors, through its delegated Committees and, in particular, through its Sustainability and Innovation Committee, monitors the correct implementation and fulfilment of all guiding principles and commitments set out.

GUIDING PRINCIPLES

RESPONSIBLE GOVERNANCE AND ETHICAL BEHAVIOUR

MERLIN is committed to the highest standards, guarantees and transparency in the Group's management and decision-making, and to the success of the business when carrying out its activities, safeguarding ethics and integrity in its operations.

TRANSPARENCY WITH STAKEHOLDERS

MERLIN considers it a priority to provide complete, accurate and truthful information on the Group's performance and activities, and to maintain sufficient relationship channels with its stakeholders, actively communicating with them and responding to their main demands and expectations.

INDEPENDENT EXTERNAL VALIDATION OF COMMITMENTS

MERLIN seeks to endorse its commitments by obtaining external validation, which guarantees the effective integration of sustainability in its internal management and assets, and this gives credibility to the practical implementation of the commitments made in the Group's decision-making and activities.

PATHWAY TO NET ZERO

Following the 2.0°C pact made at COP21⁽¹⁾, MERLIN announced its commitment to become a net zero carbon company by 2030, in line with the with science-based

targets (SBTi), reporting risks under the TCFD⁽²⁾ recommendations and committed to the SDGs set by the UN.



⁽¹⁾ Climate Change Conference in Paris.

⁽²⁾ Task Force on Climate-related Financial Disclosures.

1. Reduce operational carbon.



MILESTONES 2022

- In 2022, MERLIN has launched its **Road to Net Zero strategy**, a roadmap that includes improving the performance not only of the Group itself and those assets over which it has operational control, but of the main agents responsible for MERLIN's emissions along its entire value chain, including suppliers and tenant.



FUTURE OBJECTIVES

- **85% reduction in operational carbon** from baseline (2018) to 2028.

2. Reduce embodied carbon in all new developments and refurbishments.



MILESTONES 2022

- MERLIN developed a procedure for measuring the embodied carbon footprint for developments and refurbishments. Specifically, in the case of CAPEX awards for amounts over €3 million, the proposal must take into account the calculation of the embodied carbon footprint of the project awarded. This procedure means that an additional sustainability criterion is added when selecting suppliers.
- Additionally, in 2022, the assessment of the embodied carbon of the refurbishment of Plaza Ruiz Picasso 11 was also carried out, which stands out given the inclusion in the construction process of low CO₂ emissions measures, both in terms of embodied and operational carbon. Based on the analyses carried out, this pilot project will have a footprint of 375 kg CO₂/sqm in the embodied carbon phase, fulfilling one of the premises established in its Pathway to Net Zero.



FUTURE OBJECTIVES

- **To increase the sample** in the calculation of embodied carbon in our portfolio to be able to set limits for each asset class.



3. Offset residual emissions

Offsetting the unavoidable footprint through duly certified own initiatives focused on environmentally based solutions with a positive impact on local and/or underdeveloped communities.



MILESTONES 2022

- The Company has estimated the forest mass needed to be able to offset its footprint in 2028 (around 150 hectares). In the process of searching for a land plot that meets the necessary requirements to be able to carry out the project.

4. Reduce scope 3 emissions

Engage tenants through green clauses in new leases and pioneering initiatives such as rent reduction for tenants if they certify that their operations are net zero.



MILESTONES 2022

- The Company has made significant progress in establishing a dialogue with our main tenants, which represent around 30% of the total surface area of the portfolio, to engage them in our net zero journey and to share data. On January 1st 2023, the new green clause came into force for all contracts, whereby all tenants who wish to benefit from a rent reduction will be required to share their consumption data through a technological platform. This green clause, which will be linked to the tenant's credit risk, will incorporate a series of milestones which, if met, tenants will be able to benefit from a reduction in rent of up to 50 basis points.

5. Renewable energy

100% renewable energy supply and photovoltaic power generation through the Project SUN, which consists of installing photovoltaic panels on the rooftops of the assets.



MILESTONES 2022

- Significant efforts have been made this year in executing the project, having carried out 19 projects representing an additional 10.9 MW in the year, which implies a total installed capacity of 11.9 MW. The new installations include 10 office assets, 4 logistics assets and 5 shopping centers. Following the completion of Phase I of the Project SUN, the peak installed capacity is expected to be 39.8 MW. Likewise, 100% of MERLIN's assets under operational control consume renewable electricity with a guarantee of origin certificate.

CONVERTING DEBT INTO GREEN DEBT

MERLIN counts with a **100% Green Financing Program** under which all of its outstanding bonds are reclassified as green bonds, and has assumed a commitment to issue green bonds or other ESG bonds in the future. A Green Financing Framework has therefore been developed based on best practices with strict eligibility criteria including the following:

- A High levels of **asset certification**: LEED Gold or higher and BREEAM Excellent or higher.
- **Low carbon intensity emissions** for buildings under operational control.
- Investments to promote **renewable energies** and/or improve energy efficiency.

The Framework has received positive feedback from Sustainalytics, which considers it to be in line with the four main components of the ICMA Green Bond Principles 2021 and LMA Green Lending Principles 2021⁽¹⁾.

Climate change management and operational efficiency

The Group's environmental sustainability is a key aspect to ensure compliance with its objectives at all levels and to enhance its

value creation, with active management of climate change and efficiency in the use of resources as key pillars.



MILESTONES 2022

- Launch of the **pathway to net zero** carbon emissions.
- Definition of **decarbonisation targets** and approval of these targets by the SBT.
- **Quantification of climate change risks** and their integration into the Group's risk **management** in accordance with TCFD.
- Implementation of the **green clause** for leases.
- Creation of the **Biodiversity Policy**.
- Adherence to the **SDGs**.



FUTURE OBJECTIVES

- Creation of the **Group's own carbon sinks** to offset residual emissions.
- **Gradual replacement** of production equipment that uses fossil fuels.
- Expansion of asset management systems to **optimise energy consumption as much as possible**.
- Setting **footprint limits** in the construction phases (embodied carbon).

⁽¹⁾ ICMA: International Capital Market Association; LMA: Loan Market Association.



KEY INDICATORS FOR THE YEAR

LIKE FOR LIKE DATA

	2022 DATA	2021-2022 EVOLUTION
ENERGY CONSUMPTION (GJ)	360,268	-2%
ENERGY CONSUMPTION (MWH)	100,074	-2%
GREENHOUSE GAS EMISSIONS (TCO ₂ EQ) MARKET-BASED	2,580	-23%
GREENHOUSE GAS EMISSIONS (TCO ₂ EQ) LOCATION-BASED	14,167	+11%
WATER WITHDRAWAL (M ³)	609,417	+18%
WASTE (TON)	6,992	+20%
% OF SELF-PRODUCED ENERGY	n/a	n/a
% OF PORTFOLIO (IN TERMS OF GAV) CERTIFIED WITH LEED, BREEAM	n/a	n/a
% OF THE PORTFOLIO CERTIFIED ON ISO 14001 Y 50001	67%	+4,8%



KEY INDICATORS FOR THE YEAR

ABSOLUTE DATA

	2022 DATA	2021-2022 EVOLUTION
ENERGY CONSUMPTION (GJ)	436,344	0%
ENERGY CONSUMPTION (MWH)	121,206	0%
GREENHOUSE GAS EMISSIONS (TCO ₂ EQ) MARKET-BASED	2,729	-21%
GREENHOUSE GAS EMISSIONS (TCO ₂ EQ) LOCATION-BASED	17,210	+9%
WATER WITHDRAWAL (M ³)	680,084	+27%
WASTE (TON)	7,512	+21%
% OF SELF-PRODUCED ENERGY	1%	n/a
% OF PORTFOLIO (IN TERMS OF GAV) CERTIFIED WITH LEED, BREEAM	93.6%	+2.5%
% OF THE PORTFOLIO CERTIFIED ON ISO 14001 Y 50001	37%	+0.7%

Key environmental reporting criteria and concepts

I A) METHODOLOGY

MERLIN includes information on environmental performance of its asset portfolio in accordance with the methodology established by EPRA Sustainability Best Practice Recommendations (3rd edition, 2017) and based on the GRI (Global Reporting Initiative) Indexes.

Group continuously assesses their environmental impact.

- Assets over which the Group does not exercise operational control. For these “single-tenant” assets, although MERLIN is the holder of some of the utility contracts, the consumption management tasks fall to the lessee of the asset.

I B) REPORTING SCOPE

ASSET CATEGORIES

MERLIN reports environmental performance information for the office, logistics and shopping centre portfolios⁽¹⁾.

- MERLIN's corporate headquarters and LOOM spaces leased by the Group.

In particular, MERLIN reports the information for the environmental indicator of waste management in terms of those assets where it is responsible for waste management, since in some cases this management is carried out by the owners' associations.

TYPE OF SURFACE AREA CONTROL

For more accurate performance management of its assets in terms of energy consumption efficiency, water withdrawal and carbon footprint, MERLIN separates the data for these indicators by type of property:

- Assets over which the Group exercises operational control. These are generally “multi-tenant” assets where the

REPORTED DATA

The Group has established the following reporting criteria taking into account the criteria set out above and the condition of the asset:

	Energy	Water	Waste	Certificates
Land ⁽²⁾	✗	✗	✗	✗
WIP ⁽³⁾	✗	✗	✗	✓
Assets in operation full year ⁽⁴⁾	✓	✓	✓	
Assets in operation part of the year ⁽⁵⁾	✓	✓	✓	✓ ✗

⁽¹⁾ The Company's policy excludes from the perimeter all assets that are under development or refurbishment. Data center assets are currently excluded from the environmental indicators as they are in the construction phase.

⁽²⁾ Plots of land acquired by the Group on which construction has not yet begun.

⁽³⁾ WIP: Assets under construction or refurbishment/renovation.

⁽⁴⁾ Assets in operation for the full fiscal year.

⁽⁵⁾ Assets that are in operation for part of the fiscal year, if the asset is in operation at the end of the fiscal year, the information on certifications is reported.

Environmental performance data are reported both in absolute terms and in relative terms, known as intensity, i.e. absolute consumption or emissions divided by the surface area for which the consumption or emissions are reported.

With these considerations in mind, the environmental indicators are calculated taking into account the percentage of GLA (Gross Leasable Area):

- To measure the intensity of assets that are in operation for part of the year, the asset's GLA is weighted by the time it has been in operation. This is a change from the data reported by MERLIN in previous years, which included the full GLA.
- Furthermore, in the case of assets that form part of an owners' association, the share of equity is applied to the energy and water consumption data. In these cases, the surface area taken into account in the calculations represents MERLIN's share of equity in the asset.
- Lastly, the total GLA of the assets is considered in the calculation of energy and water intensity, except in those cases where MERLIN only has control over the management of consumption in the common areas, in which case only the surface area of these common areas is considered.

	Energy % GLA	Water % GLA	Waste % GLA	Certifications % GLA
Offices	73%	76%	62%	95%
Logistics	43%	24%	2%	82%
Shopping Centres	100%	100%	88%	100%



ABSOLUTE SCOPE AND LIKE-FOR-LIKE SCOPE

Based on the EPRA sBPR Guidelines, MERLIN reports on a series of environmental indicators or KPIs (integrated in the EPRA Sustainability Performance Measures). These KPIs cover information on energy consumption, GHG or Greenhouse Gases emissions, water withdrawal and waste generations⁽¹⁾.

There are two different types of KPIs: total or absolute KPIs and like-for-like KPIs. Absolute KPIs are calculated in terms of the total asset portfolio, while like-for-like KPIs are calculated considering only assets that have been in continuous operation for the last three years.

Environmental performance data is reported including the degree of coverage of each KPI. Coverage is defined as the proportion of assets for which there is information available to calculate the respective KPI with regard to total assets, calculated both in terms of the number of assets and surface area of the assets.

In 2022, MERLIN updated the criteria for calculating its GHG emissions, based on operational control and its share of equity in the assets as established in the GHG Protocol, using the market-based method, based on which the data on emission factors arising from electricity consumption must be obtained from the suppliers from which the electricity has been purchased. The Group previously calculated the emission factor based on the electricity mix for Spain and Portugal (location-based method).

Regarding the type of emissions, they are reported in Scope 1, 2 and 3, as described below:

1) Scope 1, which includes direct GHG emissions:

- Associated with fuel consumption in fixed installations of assets with operational control.
- Associated with fugitive emissions of refrigerant greenhouse gases.

2) Scope 2, which includes indirect GHG emissions:

- Associated with electricity consumption in installations.
- Associated with thermal energy consumption in installations.

3) Scope 3, which are direct emissions from fuel consumption at fixed installations of assets not under operational control and indirect emissions as a result of the company's activities at sources that are neither owned nor controlled by the company (see Appendix II of this report).

In view of the above, the data for the last two years have therefore been recalculated, for easier year-on-year comparability.

Environmental management and climate change systems

As it is responsible for the management of its portfolios, MERLIN has implemented an Integrated Management System (IMS) that includes the Environmental Management System and the Energy Management System. The IMS is certified under the reference standards UNE-EN ISO 14001:2015 for the Environmental Management System and UNE-EN ISO 50001:2018 for the Energy Management System.

The Environmental Management System implemented allows the environmental performance of its activity to be controlled, thus ensuring that it has a system in place to identify and comply with all applicable legal requirements of an environmental nature, and to identify and manage the associated environmental risks, demonstrating its commitment to the ongoing improvement of its environmental performance.

The Energy Management System allows the Company to improve energy efficiency, reduce consumption, improve operations and activities, and reduce emissions, demonstrating its commitment to the ongoing improvement of its energy performance and efficiency.

Thus, in 2015 the Company began an ambitious plan for ISO 14001 (environmental management) and ISO 50001 (energy management) certifications to maintain and expand the number of real estate assets that have at least ISO 14001 certification, and subsequently ISO 50001 certification (based on the understanding that it is a natural step to obtain ISO 14001 certification before aspiring to ISO 50001).

This plan includes office buildings, shopping centres and logistics warehouses. In 2022, 89 buildings comprising a surface area of 1,211,745 sqm were certified under ISO 14001, 6 more buildings than in 2021.

The Group also continued the process of implementing an Energy Management System under the ISO 50001 standard,

which began in 2017. Currently, 84 buildings are certified comprising a surface area of 1,151,751, 5 more than in 2021.

The target for the assets included in the Energy Management System certified under ISO 50001 is to reduce energy consumption by 8% compared to the figure recorded in 2021 (96.71 kWh/sqm occupied), based on the implementation of ESMs (energy saving measures).

The Group adheres to the precautionary principle through the Environmental Management System, which identifies the most significant environmental impacts of its activities and establishes the mechanisms necessary to identify, assess and control these impacts.

The Group allocates 8.11 FTEs (3.12% workforce) to environmental risk prevention, considering the dedication of the governing bodies, senior management, and prevention and management teams.

With regard to cover for potential environmental risks, the Group has third-party liability insurance that expressly covers any third-party liability arising from contamination or pollution of the atmosphere, soil or water, provided that these harmful actions occurred as a result of an accidental, sudden, unforeseeable, unexpected and unintentional cause.

This insurance also covers the costs of removal, cleaning or disposal of contaminating substances for which MERLIN is legally liable due to contamination of third-party sites or facilities.

In 2022, following an analysis, the Group did not consider it necessary to make provisions for potential environmental risks.

Development and operation of sustainable assets

Integrating sustainability into each of the different phases of the asset's life cycle has always been a priority for MERLIN and it has remained constant through the different phases life-cycles:

not impact protected or ecologically critical areas. MERLIN also continues to work on integrating environmental and social criteria in its acquisitions in line with LEED and BREEAM certifications.

ACQUISITION OF NEW LAND OR BUILDINGS

In the due diligence process for investments in land and buildings, MERLIN considers environmental and social sustainability aspects such as the property's construction characteristics, the asset's energy efficiency, alignment with the Group's strategy regarding sustainable mobility, or the status of legal compliance and sanctions. Furthermore, as a starting point, the Group's strategy is to prioritise the location of assets in urban environments as this in and of itself ensures that no ecologically critical or endangered areas will be affected.

MERLIN is therefore committed to ensuring that:

- **100%**
of office and shopping centre assets are located within 10 minutes/1km of public transport.
- **0%**
of assets are located in protected or ecologically critical areas.
- **100%**
of acquisitions take environmental and social criteria into account.

MERLIN has made progress fulfilling these commitments. For example, 100% of the Company's offices and shopping centres are accessible by public transport and all assets are located in urban areas that do

DEVELOPMENTS AND REFURBISHMENTS

Sustainability is a factor that enters into the design phase of MERLIN's new developments and refurbishments, which raises the value generated by the project from the initial stages. The Company also sets sustainability requirements for contractors, guides the projects for the certification of its assets based on sustainable construction schemes, and reduces and mitigates the negative impacts associated with the construction. In this phase, the Group replaces or installs resource-efficient equipment, systems and devices.

MERLIN has developed a new policy that establishes the obligation to calculate the embodied carbon footprint for projects over € 3 million and give an ESG performance rating to suppliers with projects to be carried out for over € 150 thousand.

MERLIN also seeks synergies between its assets to minimise and reuse the waste generated during refurbishment. Examples of this include the building materials, false ceilings and light fixtures that were reused in other assets following the refurbishment of Arturo Soria 343 or the recycling of technical floor plates from Cerro de los Gamos. In 2022, materials from the Plaza Ruiz Picasso building were used for the construction of the Cerro de los Gamos Business Park, Atica 1, Churruca and Campo de las Naciones business park.

The Group's roadmap calls for more circularity among contractors in the development and refurbishment processes and, therefore, the Group plans to include these criteria in the evaluation of the bids submitted in tender processes.

With regard to biodiversity in developments and refurbishments, MERLIN studies the ecological value of the environment and proposes measures to preserve it, with priority given to native plant species in landscaped areas around our assets, avoiding exotic species. Likewise, although implicit in its expansion strategy, the Group avoids deforestation in its developments and refurbishments by acquiring land in urban settings or with previous uses.

MERLIN is therefore committed to ensuring that:

• **100%**
of developed/refurbished assets have sustainable construction certification.

• **100%**
of critical suppliers will be evaluated on ESG aspects in 2023.

MERLIN has made progress in living up to these commitments by obtaining LEED or BREEAM certification for all developments and refurbishments.

MANAGEMENT OF PROPERTIES IN OPERATION

- **Monitor the environmental performance** of each asset throughout the chain of command and establish specific action plans on a quarterly basis.
- **Approve an investment plan** for the installation of equipment (lighting, temperature, etc.) that improves asset performance.

- **Include green clauses** to encourage energy efficiency in the tenant's operations.
- In line with its sustainability roadmap, **MERLIN continues to install photovoltaic panels on assets in its strategic portfolios (offices, shopping centres and logistics assets) as part of the Project SUN**, through which it aims to position itself as an essential player in the energy transition as the largest developer of self-generated energy in its sector. Significant efforts have been made this year in implementing the project, having carried out 19 projects representing 10.9 MW additional MW in the year and implying a total capacity installed of 11.9 MW. The new facilities include 10 office assets, 5 logistics assets and 4 shopping centres. Following the completion of Phase I of the Sun Project, the peak installed capacity is expected to be 39.8 MW.
- Likewise, 100% of MERLIN's assets under operational control consume renewable electricity with a guarantee of **origin certificate**.
- In an effort to improve the circularity of its assets, MERLIN implements different initiatives to optimise the use of materials, reduce waste generation and manage the generated waste more efficiently. **All assets (offices and shopping centres) therefore have waste sorting systems.**



MERLIN's main objective in the operation of its assets is having **100% of assets with photovoltaic panels installed⁽¹⁾**.

⁽¹⁾ This commitment applies to those assets where installation is feasible based on the technical and/or structural characteristics of the assets.

Environmental performance of MERLIN Properties' portfolio

In line with market best practices in sustainability and to ensure that the results obtained are comparable to those reported by other companies in the sector, MERLIN reports on the environmental performance of its portfolio in accordance with the EPRA Sustainability Best Practice Recommendations (3rd edition, 2017)⁽¹⁾.

For more information on the environmental performance of MERLIN's portfolio, and the methodology used, please refer to **"Appendix I. Environmental performance reporting in accordance with the EPRA Sustainability Best Practices Recommendations (sBPR)"**.

KEY ENVIRONMENTAL PERFORMANCE INDICATORS OF MERLIN'S PORTFOLIO⁽²⁾

		2020		2021		2022	
		Absolute	LfL	Absolute	LfL	Absolute	LfL
 ENERGY		365,134 GJ	336,735 GJ	436,963 GJ	368,763 GJ	436,344 GJ	360,268 GJ
	INT 0.210 GJ/sqm	0.261 GJ/sqm		0.223 GJ/sqm	0.283 GJ/sqm	0.219 GJ/sqm	0.277 GJ/sqm
	101,426 Mwh	93,537 Mwh		121,378 Mwh	102,434 Mwh	121,206 Mwh	100,074 Mwh
	INT 0.058 Mwh/sqm	0.072 Mwh/sqm		0.062 Mwh/sqm	0.079 Mwh/sqm	0.061 Mwh/sqm	0.077 Mwh/sqm
 WATER		480,580 m ³	467,187 m ³	535,055 m ³	5516,756 m ³	680,084 m³	609,417 m³
	INT 0.350 m ³ /sqm	0.361 m ³ /sqm		0.377 m ³ /sqm	0.392 m ³ /sqm	0.477 m³/sqm	0.463 m³/sqm
 WASTE		4,951 tons	4,949 tons	6,195 tons	5,847 tons	7,512 tons	6,992 tons

⁽¹⁾ The third and most recent edition of the EPRA (European Public Real Estate Association) sBPR Guidelines from 2017 take the GRI (Global Reporting Initiative) Standards as a starting point. These standards are the most important sustainability reporting standard in the world. However, they are intended for a wide range of companies and as such they are generic and broad in nature. As a result, in some cases they do not address the specific characteristics of the real estate sector. Accordingly, the EPRA sBPR Guidelines provide very specific reporting criteria that sum up the requirements in the GRI Standards. Following the recommendations of the EPRA sBPR Guidelines, Appendix I includes a series of tables that provide a full breakdown of the portfolio's environmental performance data.

⁽²⁾ The environmental indicators reported in the infographic only include information on assets over which MERLIN exercises operational control.

With respect to the **energy consumption of the Like for Like⁽²⁾ assets**, there has been a 2.3% decrease compared to 2021, mainly due to the implementation of energy saving measures and the control of the facilities, since it was expected that there would be an increase in this consumption compared to 2021 due to the disappearance in 2022 of the health restrictions due to the COVID-19 pandemic and the increase in occupancy in offices, logistics activity and the influx in shopping centres.

In relation to **energy intensity, in the Like for Like** portfolio it was 2.8% lower compared to 2021, and in the absolute portfolio, 1.4% lower compared to 2021.

In relation to **performance data, in Like for Like terms, the volume of water withdrawal** in 2022 in the assets in which MERLIN exercises operational control was 609,417 m³ divided between consumption in office assets (42%), logistics warehouses (7%) and shopping centres (51%). Compared to 2021, there has been an increase of 17.9% mainly due to the increase in inflow in the office and shopping centre portfolio (+19.5%) as a result of the improvement in the COVID-19 pandemic situation and the high temperatures recorded in the summer period.



⁽²⁾ The assets included are those that have been in continuous operation for the last three years.

I ENERGY CONSUMPTION

MERLIN collects information on energy consumption of its assets under operational control, assets not under operational control, MERLIN's headquarters in Madrid and the LOOM spaces in Huertas and Salamanca. The

breakdown of energy consumption below includes consumption of electricity, fuel (natural gas and diesel) and district heating & cooling.

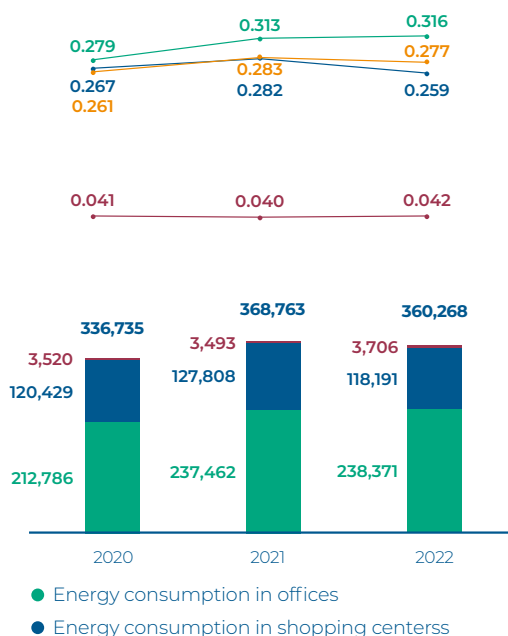
ENERGY CONSUMPTION AT ASSETS OVER WHICH MERLIN EXERCISES OPERATIONAL CONTROL

Energy consumption of merlin's assets under operational control⁽¹⁾

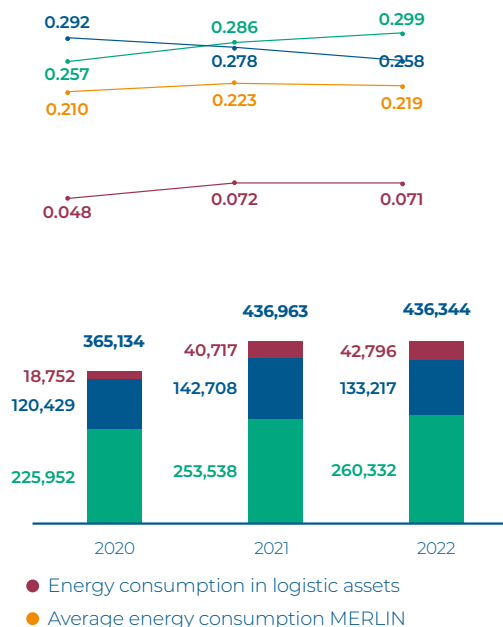
In relation to the assets over which MERLIN has the capacity to control and evaluate their energy consumption levels, the Company has

information in absolute terms for 56% of the portfolio in terms of surface area.

- Like for Like energy consumption (GJ) and Like for Like energy intensity (GJ/sqm) by asset category.

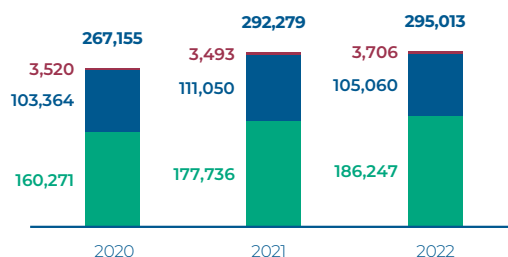


- Absolute energy consumption (GJ) and absolute energy intensity (GJ/sqm) by asset category.



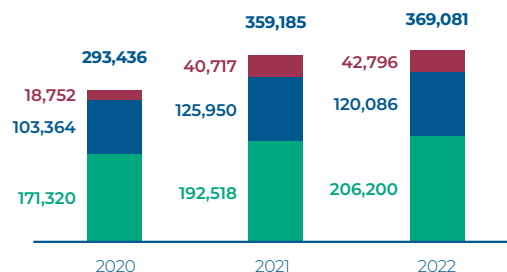
⁽¹⁾ The total surface area of the assets has been considered in the calculation of energy intensity, except in those cases where MERLIN only has control over the management of consumption in the common areas, in which case only the surface area of these common areas is considered.

- Like for Like electricity consumption by asset category (GJ).

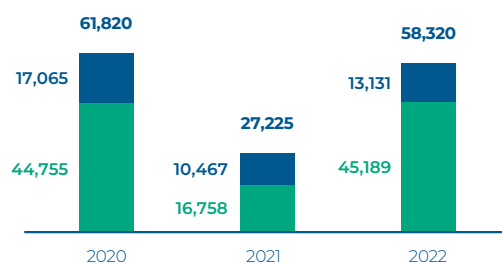


● Energy consumption in offices ● Energy consumption in shopping centers ● Energy consumption in logistic assets

- Absolute electricity consumption by asset category (GJ).

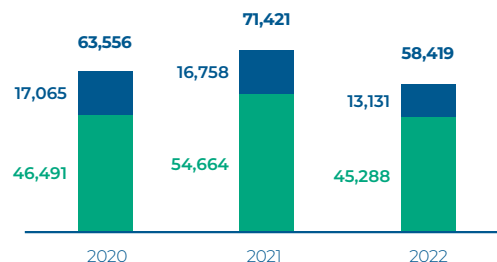


- Like for Like fuel consumption by asset category (GJ)

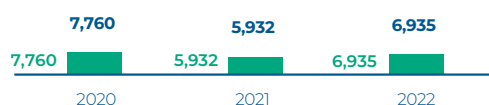


● Fuel consumption in offices ● Fuel consumption in shopping centers

- Absolute fuel consumption by asset category (GJ).

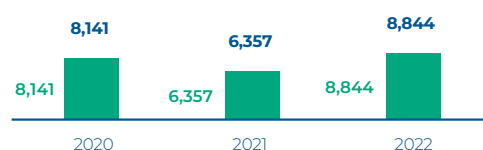


- Like for Like district heating & cooling consumption by asset category (GJ).



● Total

- Absolute district heating & cooling consumption by asset category (GJ).



MERLIN has maintained its commitment to renewable energy through the production and self-consumption of photovoltaic energy at its assets and by increasing the number of assets that are supplied with renewable energy with a guarantee of origin. Green electricity consumption represents 99.2% of total electricity consumed by assets under operational control in 2022⁽¹⁾.

Additionally, MERLIN acquires renewable energy certificates (RECs) within the framework of its LEED and BREEAM certificates. Thanks to this green energy purchase mechanism, the Group acquired a total of 12,627 GJ in 2022, worth approximately \$ 19,727.

⁽¹⁾ The remaining electricity consumption (2,936 GJ, 0.8% of total electricity consumption) corresponds to the electricity that comes from conventional electricity suppliers.

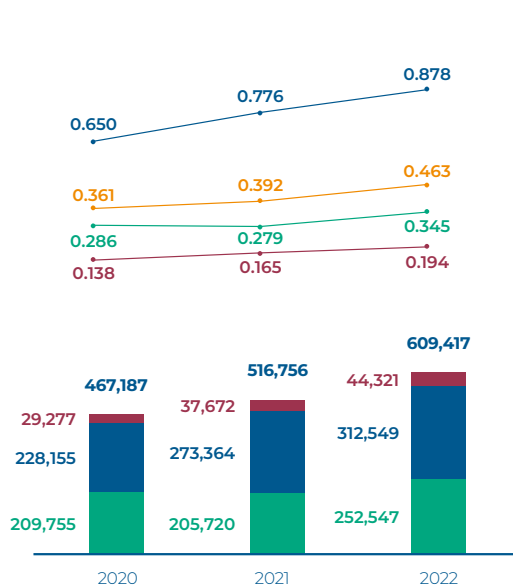
I WATER WITHDRAWAL

With regards to water withdrawal of the assets under management, MERLIN has the

information of 54% of the portfolio, in terms of surface area.

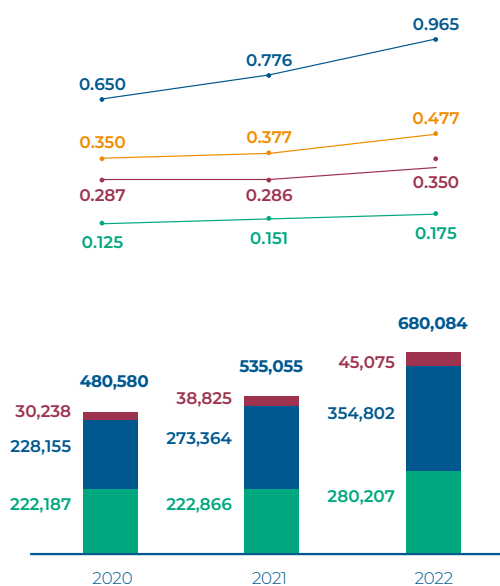
Water withdrawal from merlin's assets under operational control⁽¹⁾

- Like for like water withdrawal (m³) and like for like water withdrawal intensity (m³/sqm) by asset category.



- Water withdrawal in offices
- Water withdrawal in shopping centers

- Absolute water withdrawal (m³) and absolute water withdrawal intensity (m³/sqm) by asset category.



- Water withdrawal in logistic assets
- Average water withdrawal MERLIN

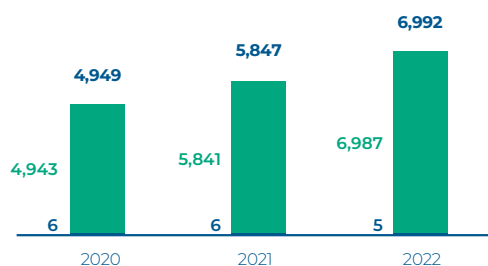
I WASTE MANAGEMENT

Within the framework of the ISO 14,001 Environmental Management System, MERLIN takes a systematic approach to waste management, separating waste at source according to its characteristics (including separation of hazardous and non-hazardous waste).

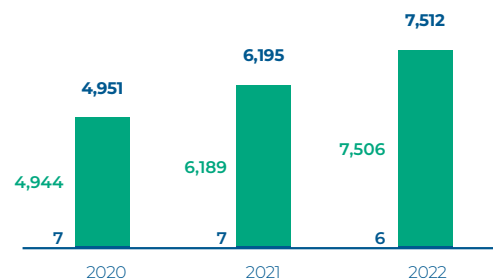
Given the type of activity carried out by the Group, the hazardous waste generated by the assets is negligible in terms of weight compared to non-hazardous waste.

⁽¹⁾ The total surface area of the assets has been considered in the calculation of energy intensity, except in those cases where MERLIN only has control over the management of consumption in the common areas, in which case only the surface area of these common areas is considered.

- Like for Like waste generation by type of waste (tonnes generated).



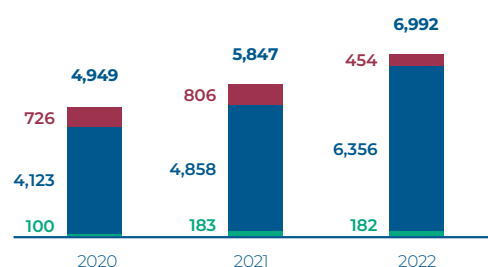
- Absolute waste generation by type of waste (tonnes generated).



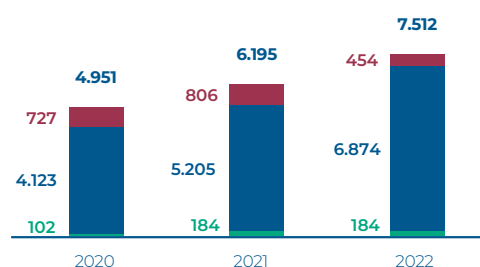
- Hazardous waste generation ● Non-hazardous waste generation

MERLIN has information on the final destination of 60% of the waste generated by the assets under operational control in its portfolio. In addition, practically all managed waste undergoes some sort of recovery process. The quantities of waste that undergo different types of treatment on a portfolio-by-portfolio basis are given below.

- Like for Like waste generation by asset category (tonnes generated).



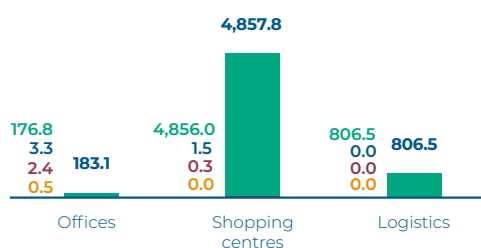
- Absolute waste generation by asset category (tonnes generated).



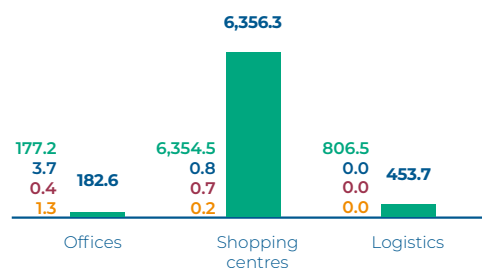
- Waste generation in offices ● Waste generation in shopping centers ● Waste generation in logistic assets

The like for like increase is mainly due to the recovery to pre-covid levels of the footfall in the shopping centres (+19.5%).

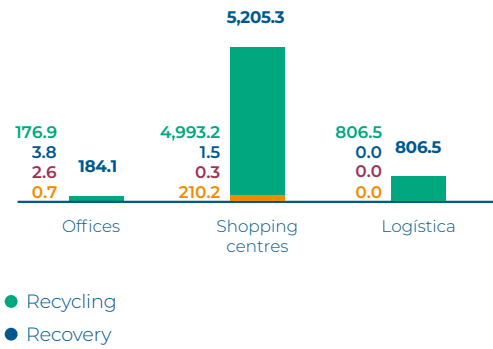
- Like for Like total weight of waste by disposal route (tonnes generated) 2021.



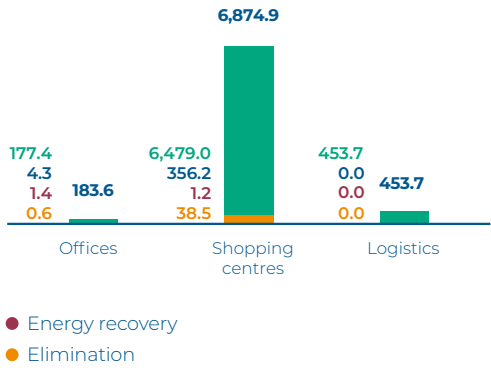
- Absolute total weight of waste by disposal route (tonnes generated) 2021.



• Like for Like total weight of waste by disposal route (tonnes generated) 2022.



• Absolute total weight of waste by disposal route (tonnes generated) 2022.



In the coming years, the Group will remain focused on continuously improving the identification and management of waste, maximising the amount of waste that can be recovered and/or recycled and minimising the volume of waste not classified or sent to the landfill. The Marineda shopping centre, which continues to hold the “Zero Waste” certification awarded by AENOR is notable in this regard.

Due to its activity, MERLIN no longer considers food waste to be a material aspect. However, the Group promotes initiatives such as Too Good to Go at its shopping centres, which helps to reduce food waste at its assets.



Decarbonisation of MERLIN Properties' portfolio

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

MERLIN's Pathway to Net Zero is a roadmap that outlines the way to improve not only the performance of the Company and its assets under operational control, but also

the behaviour of the key agents responsible for MERLIN's emissions along its value chain, including suppliers and tenants.

In 2022, MERLIN updated the criteria used for the calculation of emissions, using the market-based method⁽¹⁾ as established in the GHG Protocol guidelines.



	2020	2021	2022
	Absolute	Absolute	Absolute
Market-based Scopes 1 and 2	3,069	3,469	2,729
Scope 1	2,541	2,676	2,670
Scope 2 Market-based	528	793	59
Intensity tCO ₂ eq/m ²	0.002	0.002	0.002
Scope 3	n/d	n/d	n/d

⁽¹⁾ Market-based method calculates emissions based on the electricity that organizations have chosen to purchase. The difference is that the market-based method takes into account the use of renewable energy outside the consumption location as a generator of 0 carbon emissions, while the location-based method assigns the average local grid emission factor to renewable use outside the consumption location.

MERLIN continues to report its emissions under the location-based method⁽¹⁾.



	2020	2021	2022
	Absolute	Absolute	Absolute
Location-based Scopes 1 and 2	12,773	15,824	17,210
Scope 1	2,541	2,676	2,670
Scope 2 Location-based	10,232	13,148	14,540
Intensity tCO ₂ eq/m ²	0.009	0.010	0.011
Scope 3	n/d	111,627	133,674

I SCOPE 1 AND SCOPE 2 GREENHOUSE GAS (GHG) EMISSIONS

The information provided below describes the calculation of the greenhouse gas (GHG) emissions associated with electricity and fuel consumption (natural gas and diesel), district heating & cooling and the refrigerant gas recharges for the cooling systems recorded at assets under operational control, assets not under operational control, MERLIN's headquarters in Madrid and the LOOM spaces in Huertas and Salamanca.



For more information on the environmental performance of MERLIN's portfolio, and the methodology used, please refer to **"Appendix I. Environmental performance reporting in accordance with the EPRA Sustainability Best Practices Recommendations (sBPR)"**.

⁽¹⁾ In both methods, Scope 1 emissions have been calculated considering the factors recommended by the Spanish Ministry of Ecological Transition and Demographic Challenge (MITERD). Likewise, Scope 2 location-based emissions corresponding to electricity consumption have been calculated considering the emission factor of the electricity mix for the countries of Spain and Portugal. The electricity mix emission factor is a ratio that represents the intensity of CO₂ emissions with respect to the generation of electricity consumed. It is therefore an indicator of the relevance of low-carbon energy sources in the country's electricity production as a whole. The scope 2 location-based emissions corresponding to District Heating consumption have been obtained from the emission factor provided by Districlima, and the emissions corresponding to District Cooling consumption have been obtained considering the specific electricity consumption necessary for the chilled water service and the emission factor of the Spanish electricity mix.

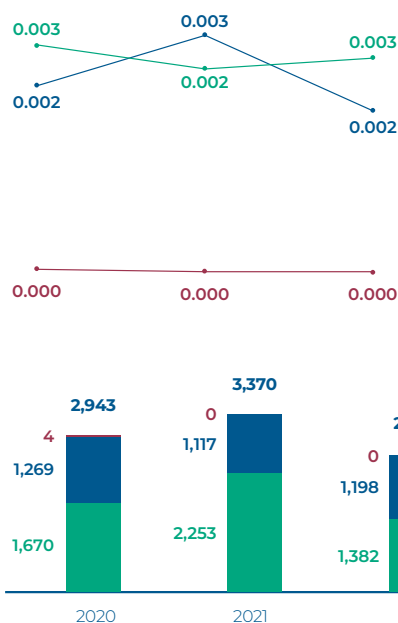
GHG emissions at assets over which MERLIN exercises operational control (market-based)

First, taking a market-based calculation approach and considering the like-for-like portfolio, the sum of scope 1 and scope 2 GHG emissions was 2,580 tCO₂eq, 23.4% less than in 2021.

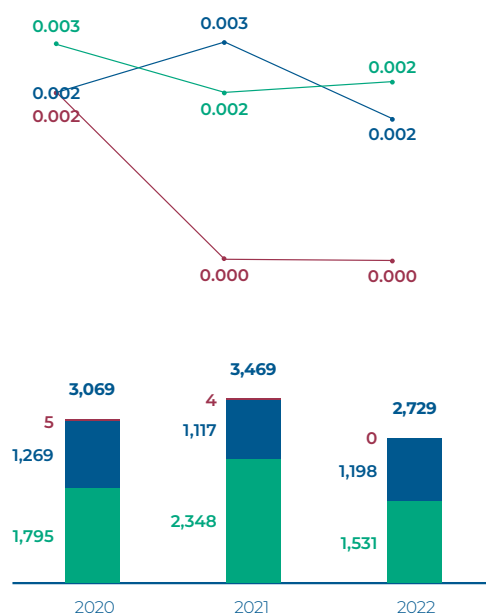
Looking at the portfolio in absolute terms, the sum of scope 1 and scope 2 market-based GHG emissions was 2,729 tCO₂eq, 21.3% more than in 2021. Broken down by scope, 2,670 tCO₂eq correspond to scope 1 emissions⁽¹⁾ and the remaining 59 tCO₂eq to scope 2 emissions⁽²⁾.

Kpis - scope 1 and scope 2 greenhouse gas (ghg) emissions at merlin's assets under operational control⁽³⁾

- Like for Like GHG emissions (tCO₂eq) and Like for Like GHG emissions intensity (tCO₂eq/sqm) by asset category.



- Absolute GHG emissions (tCO₂eq) and absolute GHG emissions intensity (tCO₂eq/sqm) by asset category.



● GHG emissions in offices ● GHG emissions in shopping centers ● GHG emissions in logistic assets

⁽¹⁾ Includes fuel consumption and refrigerant gas recharges.

⁽²⁾ Includes electricity consumption and district heating & cooling.

⁽³⁾ The scope 1 and scope 2 GHG emissions reported below are for assets over which MERLIN exercises operational control. The total surface area of the assets has been considered in the calculation of energy intensity, except in those cases where MERLIN only has control over the management of consumption in the common areas, in which case only the surface area of these common areas is considered.

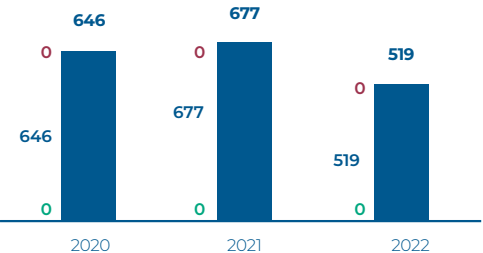
- Total like for Like GHG emissions intensity (tCO₂eq).



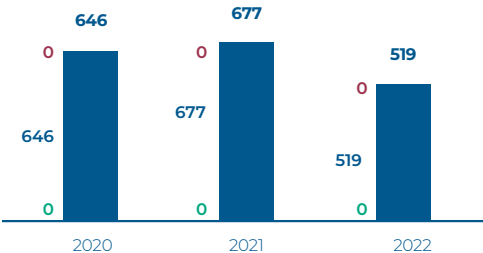
- Total absolute for Like GHG emissions intensity (tCO₂eq).



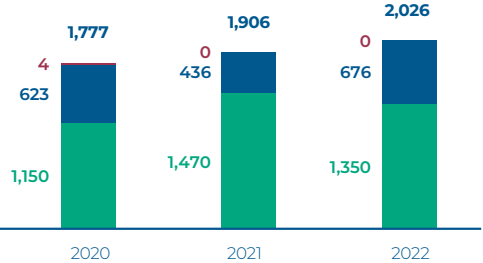
- Like for Like GHG Scope 1 emissions (fuel consumption) by asset category (tCO₂eq).



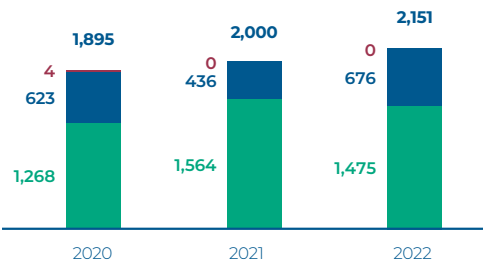
- Absolute GHG Scope 1 emissions (fuel consumption) by asset category (tCO₂eq).



- Like for Like GHG Scope 1 emissions (refrigerant gases) by asset category (tCO₂eq).

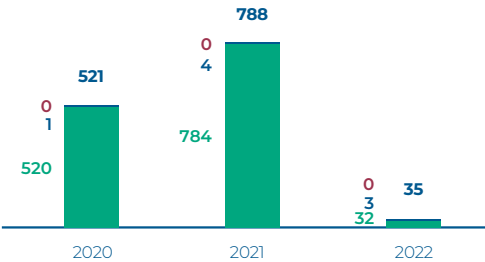


- Absolute GHG Scope 1 emissions (refrigerant gases) by asset category (tCO₂eq).

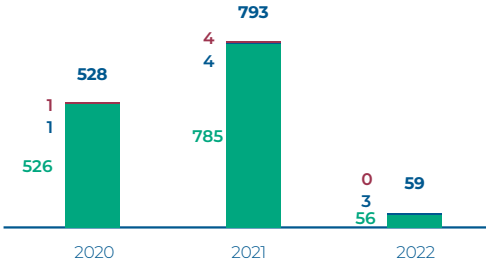


● Scope 1 GHG emissions in offices ● Scope 1 GHG emissions in shopping centers ● EScope 1 GHG emissions in logistic assets

- Like for Like GHG Scope 2 emissions by asset category (tCO₂eq).



- Absolute GHG Scope 2 emissions by asset category (tCO₂eq).



● Scope 2 GHG emissions in offices ● Scope 2 GHG emissions in shopping centers ● Scope 2 GHG emissions in logistic assets

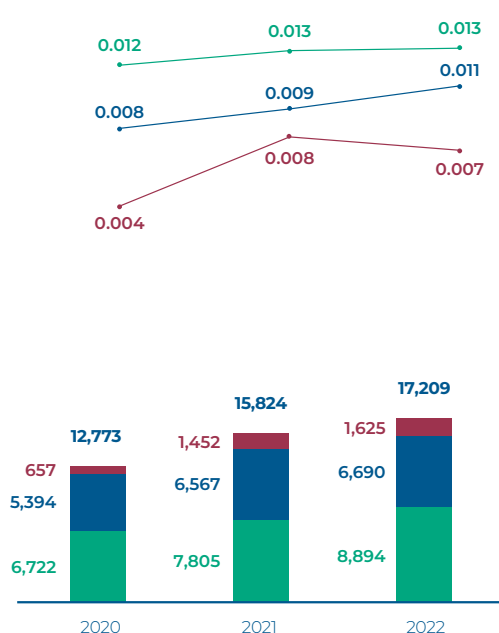
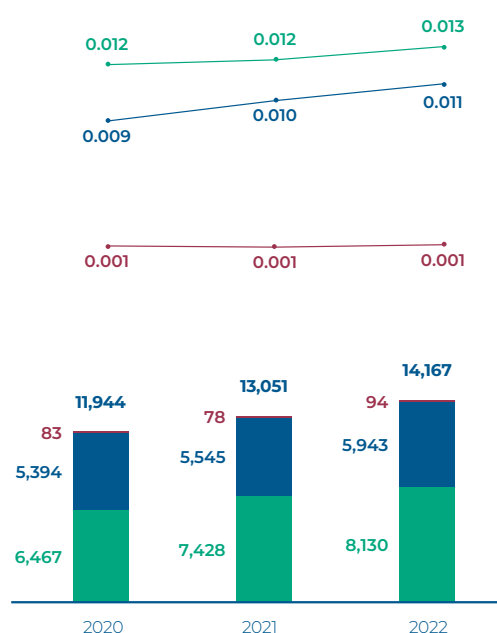
GHG emissions at assets over which MERLIN exercises operational control (location-based)

Taking a location-based calculation approach and considering the like-for-like portfolio, the sum of scope 1 and scope 2 GHG emissions was 14,167 tCO₂eq, 8.6% more than in 2021. Looking at the portfolio in absolute terms, the sum of scope 1 and scope 2 location-based GHG emissions

was 17,210 tCO₂eq, 8.8% more than in 2021. Broken down by scope, 2,670 tCO₂eq correspond to scope 1 emissions⁽¹⁾ and the remaining 14,540 tCO₂eq to scope 2 emissions⁽²⁾.

KPIs - Scope 1⁽³⁾ and scope 2 greenhouse gas (ghg) emissions at merlin's assets under operational control⁽⁴⁾

- Like for Like GHG emissions (tCO₂eq) and Like for Like GHG emissions intensity (tCO₂eq/sqm) by asset category.
- Absolute GHG emissions (tCO₂eq) and Like for Like GHG emissions intensity (tCO₂eq/sqm) by asset category.



● GHG emissions in offices ● GHG emissions in shopping centers ● GHG emissions in logistic assets

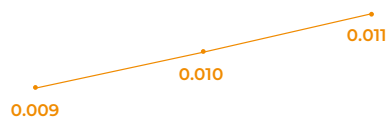
⁽¹⁾ Includes fuel consumption and refrigerant gas recharges.

⁽²⁾ Includes electricity consumption and district heating & cooling.

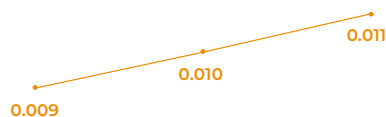
⁽³⁾ Given that, in both methods, Scope 1 emissions have been calculated considering the factors recommended by the Spanish Ministry of Ecological Transition and Demographic Challenge (MITERD), this section does not include Scope 1 data, already reported under the market-based approach.

⁽⁴⁾ The scope 1 and scope 2 GHG emissions reported below are for assets over which MERLIN exercises operational control. The total surface area of the assets has been considered in the calculation of energy intensity, except in those cases where MERLIN only has control over the management of consumption in the common areas, in which case only the surface area of these common areas is considered.

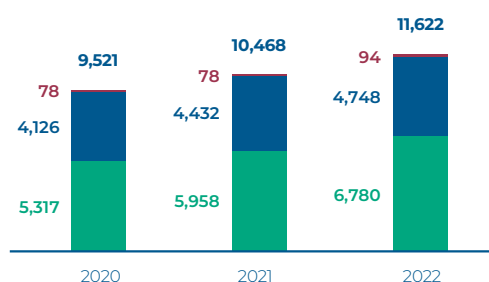
- Total Like for Like GHG emissions intensity (tCO₂eq/sqm).



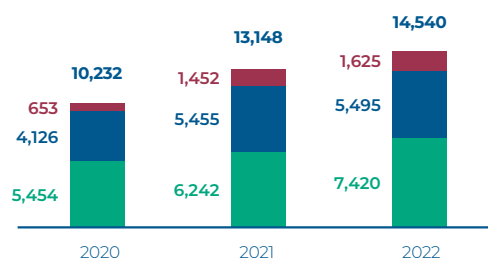
- Total absolute GHG emissions intensity (tCO₂eq/sqm).



- Like for Like GHG Scope 2 emissions by asset category (tCO₂eq).



- Absolute GHG Scope 2 emissions by asset category (tCO₂eq).



● Scope 2 GHG emissions in offices ● Scope 2 GHG emissions in shopping center ● Scope 2 GHG emissions in logistic assets

I SCOPE 3 GREENHOUSE GAS (GHG) EMISSIONS

In line with its “Pathway to Net Zero” strategy, in 2022 the Company extended the calculation of its indirect scope 3 GHG emissions, those resulting from the Company’s activities at sources that are neither owned nor controlled by the Company. MERLIN therefore calculated its GHG emissions in the most relevant categories defined in the GHG Protocol based on the Group’s lines of business, as shown below.

As a result of the updated criteria for calculating scope 1 and scope 2 emissions, MERLIN has established the following considerations for including indirect GHG emissions in its value chain for the calculation of scope 3 emissions:

- **Emissions associated with assets where MERLIN is a landlord:** emissions from fuel consumption at fixed installations in

offices used to air condition lessees’ private areas or at shopping centres where it is used to air condition leased premises. The use of this fuel, the control of its use, and the bills issued are paid by the lessees.

- **Emissions associated with assets in which the complete measurement of the energy consumed in the building is available in the invoice in the name of a Group company,** where it is considered that 88% of such consumption corresponds to the tenants’ own consumption for the development of their activity.
- **Emissions from the utilities of single-tenant assets held in MERLIN’s name.**

Type of emission	GHG protocol category	Emissions (tCO ₂ eq)	
		2021	2022
Emissions related to the supply chain	1. Goods and services purchased	6,207	7,372
	2. Capital goods	43,315	41,228
	4. Upstream transport and distribution	937	1,005
Upstream emissions from fuels	3. Fuel and energy-related activities	2,253	2,734
Emissions associated with employee commuting	7. Employee commuting	6,673	8,741
Emissions associated with assets where MERLIN is a landlord	8. Upstream leases	92	118
Emissions associated with assets where MERLIN is a tenant	13. Downstream leases	52,150	72,475
Total		111,627	133,674



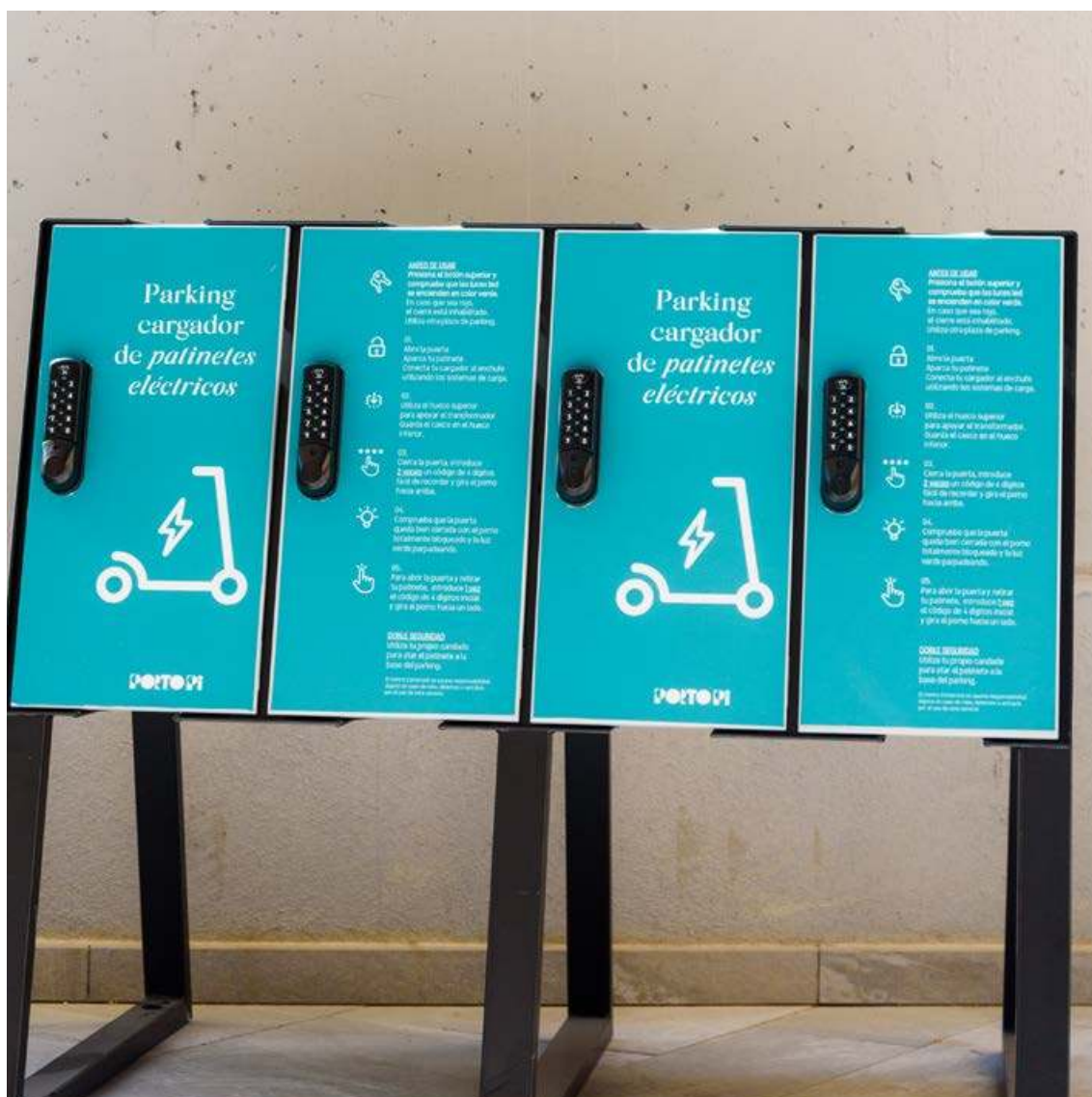
Additional information on the method for calculating scope 3 GHG emissions can be found in “Appendix II. Methodology for calculating scope 3 GHG emissions”.

Carbon footprint certification

In accordance with the requirements established in UNE EN ISO 14064-3:2012 standard on greenhouse gases, MERLIN has the calculation of its scope 1 and scope 2 carbon footprint verified by an independent third party. Using the GHG Protocol framework, the Group reports all GHG emissions and removals attributable to the operations over which it exercises control and, where applicable, its equity share in the respective facilities.

Based on the gross carbon footprint, MERLIN removes its emissions through carbon offset projects, by planting vegetable gardens and vertical gardens in some of its assets and through reforestation projects.

Lastly, MERLIN offsets its emissions by obtaining offsets or removal credits from carbon emission reduction projects through voluntary certificate programmes, obtaining offset purchase certificates.



Validation of MERLIN's commitments by independent third parties

As stated in the Sustainability Policy, one of the most important steps MERLIN takes to support the robustness and practical implementation of the assumed commitments is to have them validated by independent third parties. This is particularly relevant in the operation of the assets, as they are the ones that require a great deal

of effort on the Group's part and also where it has more options for having its results independently validated.

This is why MERLIN has its portfolio certified under LEED, BREAM, ISO, AEO, AIS and WELL.

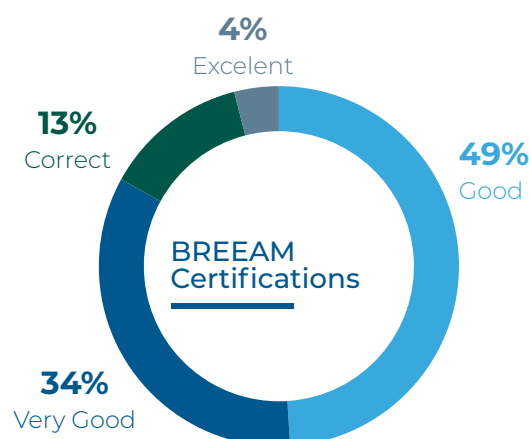
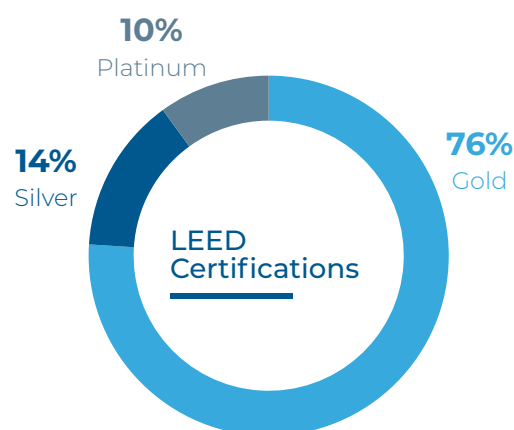
LEED/BREEAM CERTIFICATIONS

MERLIN takes on the responsibility of leading the development and operation of sustainable assets with the highest standards of quality and excellence. One component of that leadership is seeking to certify practically all of its main portfolios (offices, logistics assets and shopping centres) **under the market's benchmark sustainable construction standards: LEED and BREEAM.**

In new construction and refurbishment projects, MERLIN prioritises LEED certification in the Building Design and Construction category. For assets in operation, MERLIN aims to obtain the highest possible rating within the BREEAM in Use and LEED Building Operations & Maintenance standards, which requires a commitment from both MERLIN and the tenants.

As part of the certification plan introduced by the Group in 2016, at the 2022 year-end, 93.6% of MERLIN's strategic portfolio in terms of GAV was certified under one of the two international benchmark standards for sustainable construction: LEED and BREEAM. MERLIN is thus positioned as a REIT of reference in this area, having nearly achieved the goal of certifying 99% of offices, 100% of shopping centres and 97% of logistics assets in terms of GAV.

MERLIN obtained or renewed a total of 34 LEED or BREEAM certifications in 2022. With the addition of these certifications, the current status of the portfolio in terms of sustainable construction certifications is as follows:

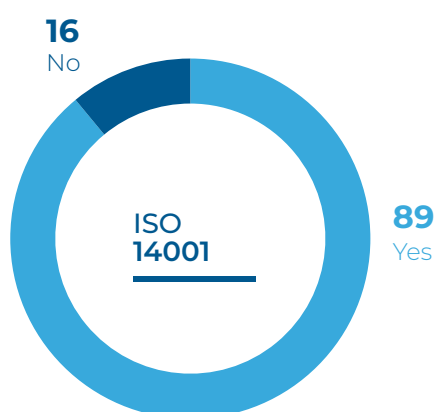


ISO CERTIFICATIONS

MERLIN's commitment to minimising the environmental impacts stemming from the existence and operation of its assets is backed by its Environmental Management System certified under ISO 14001. At the end of 2022, a total of 89 assets (including 78 office assets, 8 shopping centres and 3 logistics assets), representing a surface area of 1,211,745 sqm, or 36.7% of the strategic portfolio's total surface area, were covered under the System. MERLIN continues to make progress in the integration of new assets under its Environmental Management System, with the aim of certifying all multi-tenant office assets and as many shopping centres as possible in the coming years.

In addition, the Group seeks to reinforce its commitment to improving the energy efficiency of its assets and introducing measures to optimise consumption by obtaining ISO 50001 certification of its assets. Over the last year, 7 new buildings were certified under this standard, bringing the total to 84 assets (including 75 office assets, 8 shopping centres and 1 logistics asset) covering a surface area of 1,151,751 sqm, which represents 34.8% of the total surface area of the portfolios indicated.

Below is a breakdown by surface area in relation to those assets eligible to be certified under ISO 14001 and ISO 50001.

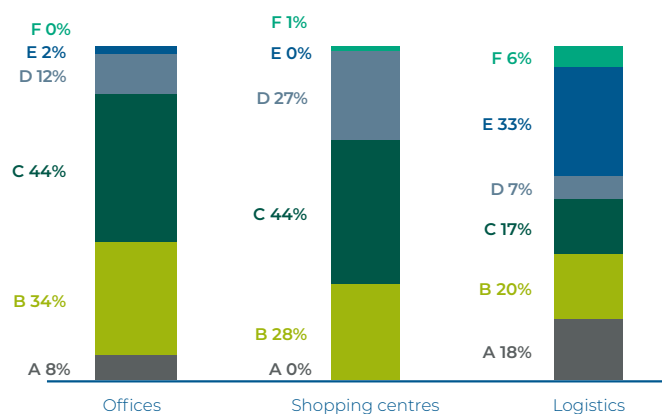


ENERGY RATING OF MERLIN'S ASSETS

Pursuant to Royal Decree 235/2013, MERLIN continues to make progress in obtaining energy ratings for all of the assets in its portfolio. At the end of 2022, 97% of MERLIN's strategic portfolio (offices, shopping centres and logistics assets) had an energy rating.

MERLIN also uses these certifications to gauge the energy performance of air conditioning, lighting and domestic hot water systems, which allows the Group to prioritise and optimise the implementation of energy efficiency measures.

Energy rating of MERLIN's assets (% of surface area)



OTHER CERTIFICATIONS

In 2022, MERLIN continued the process of certifying its assets under recognised industry standards. 33 new office assets obtained AEO certification, which certifies the technical quality of office buildings by assessing technical parameters such as architectural features, facilities, equipment and property maintenance.



Furthermore, as reflected in the Sustainability Policy, one of the Group's priorities is the well-being of the users of its assets. MERLIN therefore seeks to further support its commitment by obtaining external certifications that allow the Company to advance and improve its performance in this area.

The Company has been certifying its assets under the AIS certification system for years, which certifies the degree of accessibility of the assets. Under this system, MERLIN has continued to expand its AIS-certified portfolio, which reached a total of 69 assets in 2022.



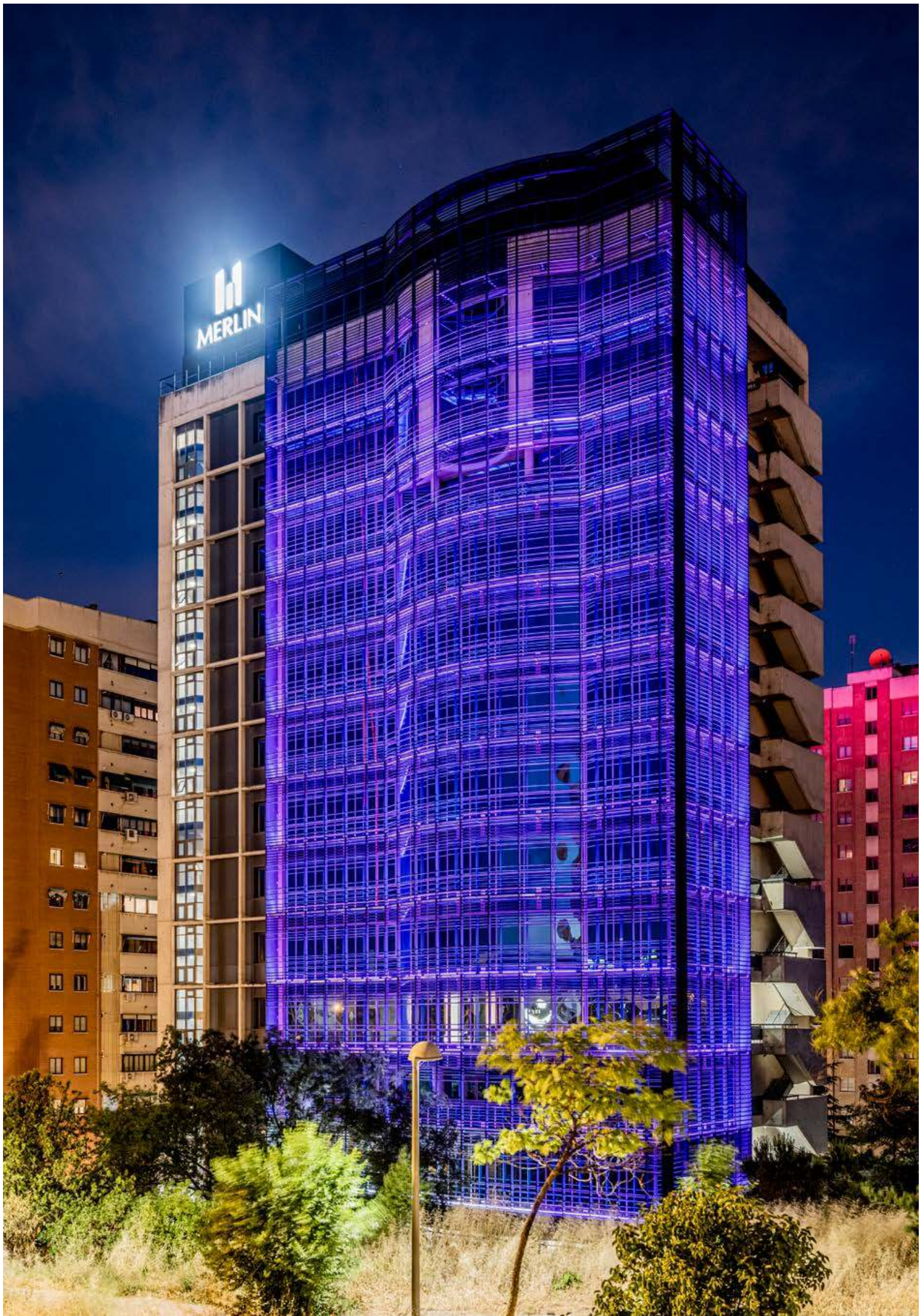
At the same time, the Group continues to analyse the feasibility of obtaining WELL certification for its assets, aimed at taking measures focused on the health and well-being of the asset's occupants, and has begun the preliminary work on four of its assets to obtain the highest WELL rating. In 2022, the Castellana 85, Madrid, asset was awarded a WELL Platinum rating.



In addition, the Group has obtained WiredScore certification for 14 of its assets in 2022. This certification measures aspects such as flexibility, infrastructure quality and data transmission speed.



In 2022, MERLIN invested a total of € 1.2 million to obtain, maintain and extend these certifications, as part of the Group's commitment to effectively incorporate sustainability into the management of its assets.



Sustainability ratings

MERLIN regularly participates in various sustainability benchmark indices, which reflect the Group's efforts and the effectiveness of the steps taken in both internal management and asset management.

The Group's score increased in 2022 compared to 2021 on all of the relevant sustainability indices. Specifically, MERLIN participates in six sustainability indexes; three of them — GRESB (real estate), CDP (climate change) and S&P Global (general) — consist of a questionnaire, while the other three — Sustainalytics (ESG risks), Bloomberg (general) and Vigeo Eiris (general) — are based on the Group's public reporting.

MERLIN has reinforced its position on GRESB, an international benchmark that measures the environmental, social and governance performance of companies in the real estate sector, having participated for the fourth year in a row. The Group achieved a score of 79 points out of 100, which places it above the global average and ahead of its peers (companies ranked as comparable to MERLIN).

For the third year in a row, MERLIN also participated in the CDP questionnaire, which assesses the degree of a company's commitment to climate change. MERLIN improved its rating to an "A-", which means that the Group is transparent and manages climate change issues adequately. This rating is higher than the global, European and peer group average assigned by CDP (financial services).

In line with the commitment made last year, MERLIN once again actively participated in the S&P CSA questionnaire, obtaining a score 70%, a substantial improvement on the 58% obtained in 2021. This improvement allows the Company to once again be included in the Dow Jones Sustainability European Index for the second year in a row.

With regard to sustainability reporting, MERLIN received the Gold Award from EPRA for the fifth year in a row. This award recognises the degree to which its Sustainability Report (formerly CSR) is aligned with EPRA Sustainability Best Practices Recommendations.

Since 2020, MERLIN has adapted its Sustainability Report (formerly CSR) to Bloomberg's ESG Disclosure Score, reporting additional information that is more in line with the indicators defined by Bloomberg for this index. MERLIN has considerably improved its ESG risk rating in Sustainalytics, positioning itself as a leader both globally and in the real estate and REIT sector, obtaining a total rating of 7.2 points and thus being included among the top 1% of the best rated companies worldwide.

REAL
ESTATE



79%

Average peers 68%

GENERAL

70%

Average sector: 21%

ESG RISK



7.2

Top 1%

SUSTAINABILITY



MERLIN



Average score



Financial
services



Europe



Global
Average



MERLIN has been included in the Dow Jones
Sustainability European Index



Protection of biodiversity

As part of its objective in the field of sustainability, MERLIN's Board of Directors approved the Biodiversity Policy in 2022 with the aim of establishing a reference framework to integrate the protection and promotion of biodiversity into the Group's strategy, and to define the guiding principles for developing a sustainable and positive business model with nature, so that its activities protect and promote the development and growth of natural heritage, including, in particular, the protection of animals.

The degradation of ecosystems and the unprecedented decline of biological diversity, unanimously identified by

the scientific community as a direct consequence of the impact of human activities, entail serious environmental, economic and social risks, urging action to reverse biodiversity loss.

The Group is committed to assuming a leadership position in the conservation and promotion of biodiversity in its sector of activity and to integrating the United Nations 2050 vision "Living in harmony with nature" into its management, where biodiversity is valued, conserved, restored and used sustainably, maintaining ecosystem services, supporting a healthy planet and delivering benefits essential for all people.

GUIDING PRINCIPLES

Integrate biodiversity into the Group's internal strategic planning and decision-making processes, and into the analysis,

management and reporting of long-term risks.

- **Identify, quantify and evaluate**, on an ongoing basis and throughout the life cycle of the assets, the impacts and dependencies of the activities on natural capital, including the diversity and protection of wild animals, and protected and vulnerable species, respecting them in all lines of action.

- **Protect species and habitats**, both those under threat and those of high biodiversity value, through the adoption of preventive, minimising and enhancing measures.

- **Manage and offset** in quantity and quality the negative impacts produced on the environment, giving priority to nature-based solutions, facilitating the connectivity of populations and encouraging the development of specially protected areas or private conservation.

- **Promote knowledge of and training** in biodiversity for the Group's employees and suppliers.

As a result of MERLIN's commitment to the environment, the Group contributes through its daily activities to improving the environment around us. MERLIN analyses and minimises its potential negative impacts on biodiversity throughout the life cycle of its assets, especially in developments and refurbishments, proposing measures to preserve the environment and prioritising native plant species in the landscaped areas of the various assets, while avoiding exotic species. Likewise, although implicit in its expansion strategy, the Group avoids deforestation in its developments and refurbishments by acquiring land in urban settings or with previous uses.

Furthermore, MERLIN Properties is not materially dependent on ecosystem and/or abiotic services, either in its own operations or in its supply chain, or in the development/rehabilitation of buildings or the management of existing buildings. Point 6.2 provides an explanation of the relationship with its suppliers and the type of employment generated in the communities, and point 4.3 gives a description of the development and operation of sustainable assets.

The actions carried out by the Group in this area are as follows:



In Spain, MERLIN collaborates with the REFORESTA Association, contributing to the conservation and recovery of forests, to reverse deforestation and mitigate the effects of climate change. In 2022, the Group continued its financial support for reforestation initiatives by making donations.

MERLIN manages several urban gardens, where the Group has begun to promote actions to preserve biodiversity.

With regard to biodiversity in developments and refurbishments, MERLIN studies the ecological value of the environment and proposes measures for its conservation. Priority is given to native plant species in the landscaped areas around their assets and exotic species are avoided.

12. STAFF





MILESTONES 2022

- Registration of the **Equality Plan**. Communication of the Equality Plan to employees.
- Development of a specific **Human Capital** Policy and a **Protocol Against Sexual Harassment**.
- **Improvements with regard to selection** through the implementation of a new digital tool and the formalisation of the internal vacancies process.
- Expansion of work-life **balance** measures.
- Encouragement of **employee relationships through sport** with the participation of employees in inter-company sports leagues.
- **37% increase** in training hours compared to the previous year.
- **Reduction of the wage gap** compared to 2021.



FUTURE OBJECTIVES

- Create an **Employee Portal** on the corporate website linked to the new digital selection tool.
- **Promote women's empowerment** in business through training and inclusion in associations for this purpose.
- **Improve the flexible remuneration portal** so that employees can access new benefits or discounts.
- Encourage **employees to volunteer**.
- Resume employee **visits to the Company's assets** to enhance ownership.
- **Decrease staff turnover** in those jobs with a higher turnover rate.
- Introduce **new functionalities to the payroll software** that allow for more automated analysis of employee data.



KEY INDICATORS FOR THE YEAR

	2022	CHANGES 2021-2022
NUMBER OF EMPLOYEES	260	(239 - 260)
% OF WOMEN EMPLOYEES	45%	(45% - 45%)
% OF EMPLOYEES WITH A PERMANENT CONTRACT	98%	(98% - 98%)

⁽¹⁾ See MERLIN's Human Capital Management risks and action plans in Section 3.2. Risk Management.

Staff loyalty

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

The risks inherent in the Company's social and personnel issues are discussed with in chapter 3.2. of the report.

A STRONG AND UNIQUE WORKFORCE

At the end of 2022, MERLIN's workforce consisted of 260 professionals divided into three categories, as follows:



DIRECTORS

28 employees (27 men and 1 woman). Team composed by the Chief Executive Officer, Chief Operating and Corporate Officer and by the senior management team and area.



MIDDLE MANAGEMENT

82 professionals (55 men and 27 women). A team of professionals closely linked to business and projects of great responsibility.



OTHER PROFESSIONALS

150 employees (61 men and 89 women). Professionals in general support services with a high level of knowledge and experience to carry out their activities.

All of them form a team of highly qualified professionals committed to the Company and its corporate philosophy and values.

CURRENT PROFILE OF MERLIN PROPERTIES' EMPLOYEES⁽¹⁾



45%
workforce

- I represent **42% of new hires** in 2022.
- I am between **30 and 50 years** old (50% of women).
- I have a **permanent contract** (100% of women).
- I received **27 hours of training** in 2022.
- I work in **Spain** (94% of women).
- I represent **27% of income-generating positions**.
- I represent **26% of STEM positions**.



55%
workforce

- I represent **58% of new hires** in 2022.
- I am between **30 and 50 years** old (59% of men).
- I have a **permanent contract** (97% of men).
- I received **26 hours of training** in 2022.
- I work in **Spain** (94% of men).
- I represent **73% of income-generating positions**.
- I represent **74% of STEM positions**.

MERLIN'S DISTINCTIVE ASPECTS IN RELATION TO ITS EMPLOYEES

MERLIN's team, which is so critical to the Group's success, is composed of a group of highly qualified professionals with extensive experience in the sector.

MERLIN goes to great lengths to keep its employees motivated and committed and has a high talent retention rate.

⁽¹⁾ Data as of 31 December 2022, except for average training hours per employee.

⁽²⁾ The average number of training hours based on the average headcount in 2022. The average number of training hours in 2022 in total terms (including men and women) was 6,654 hours.



22
AVERAGE YEARS OF
EXPERIENCE OF THE
MANAGEMENT TEAM

Excellence

MERLIN's staff is made up of a team of top professionals with extensive knowledge of the real estate sector and vast experience, especially the management team.



44 M€
GAV/EMPLOYEE

Productivity

MERLIN has a very competitive GAV per employee ratio, in line with its philosophy of productivity and efficiency.



8%
VOLUNTARY
TURNOVER RATE

Talent retention

MERLIN strives to offer professionals long-term development opportunities, ensuring their well-being as members of the Company and making all employees feel comfortable and identified with the Group's philosophy and objectives.



44%
OF EMPLOYEES HAVE
CHOSEN TO RECEIVE
GROUP SHARES AS
SALARY IN KIND

Commitment

MERLIN's professionals are highly committed to the Company. Worth noting here is the percentage of employees who have chosen to receive part of their remuneration in Group shares.



95%
OF EMPLOYEES
HAVE RECEIVED
TRAINING

Independence

MERLIN has a proactive and responsible team of professionals who are equipped with the necessary skills and independence to guarantee good decision-making.

COMPOSITION OF THE WORKFORCE

MERLIN's staff are the Group's main asset. At 2022 year end, the MERLIN Group's workforce was composed of a total of 260 employees,

divided into 3 categories in keeping with MERLIN's strategy of maintaining a horizontal structure.

	2021			2022		
	Men	Women	Total	Men	Women	Total
Directors	26	1	27	27	1	28
Middle management	51	26	77	55	27	82
Other professionals	52	83	135	61	89	150
TOTAL	129	110	239	143	117	260



			2021		2022	
Country	Category	Age range	Men	Women	Men	Women
Spain	Directors	<30 years old	-	-	-	-
		30-50 years old	12	1	13	1
		>50 years old	13	-	13	-
	Total		25	1	26	1
	Middle management	<30 years old	4	3	7	2
		30-50 years old	24	12	22	14
		>50 years old	19	10	20	10
	Total		47	25	49	26
	Other professionals	<30 years old	8	19	11	14
		30-50 years old	27	45	18	17
		>50 years old	16	16	30	52
	Total		51	80	59	83
	TOTAL		123	106	134	110
Portugal	Directors	<30 years old	-	-	-	-
		30-50 years old	1	-	1	-
		>50 years old	-	-	-	-
	Total		1	-	1	-
	Middle management	<30 years old	-	1	-	1
		30-50 years old	3	-	5	-
		>50 years old	1	-	1	-
	Total		4	1	6	1
	Other professionals	<30 years old	-	1	-	2
		30-50 years old	1	2	1	2
		>50 years old	-	-	1	2
	Total		1	3	2	6
	TOTAL		6	4	9	7
TOTAL		129	110	143	117	



MERLIN has a team of professionals with permanent contracts and an average age of 43.

From the moment they join the Company, MERLIN offers its employees stable

contracts to ensure their loyalty and improve its ability to attract talent to the organisation. At 2022 year end, 98% of the Group's employees had a permanent contract.

Type of contract	Time	2021	2022
Permanent	Full-time	224	247
	Part-time	10	9
Total permanent		234	256
Temporary	Full-time	5	4
	Part-time	-	-
Total temporary		5	4
Overall total		239	260

AVERAGE CONTRACTS

Annual average number of permanent, temporary and part-time contracts by gender, age and professional classification is as follows:

			2021		2022	
Contract	Category	Age range	Men	Women	Men	Women
Full-time permanent	Directors	<30 years old	-	-	-	-
		30-50 years old	12	1	14	1
		>50 years old	14	-	13	-
	Total		26	1	27	1
	Middle management	<30 years old	3	4	6	3
		30-50 years old	26	11	28	14
		>50 years old	18	10	21	10
	Total		47	25	55	27
	Other professionals	<30 years old	5	12	6	15
		30-50 years old	26	42	28	48
		>50 years old	15	14	18	17
	Total		46	69	52	80
	TOTAL		119	95	134	108
Indefinido a tiempo parcial	Other professionals	<30 years old	-	-	-	-
		30-50 years old	1	4	1	4
		>50 years old	1	2	1	1
	Total		1	5	2	5
	TOTAL		1	2	5	
	Other professionals	<30 years old	-	-	-	-
		30-50 years old	-	-	1	-
		>50 years old	-	-	-	-
	Total		-	-	1	-
	TOTAL		1	-	1	-
TOTAL		121	100	137	113	

NUMBER OF DISMISSALS BY GENDER, AGE AND PROFESSIONAL CLASSIFICATION

There were 4 dismissals in 2021 and none in 2022.

Dismissals		2021		2022	
Category	Age range	Men	Women	Men	Women
Other professionals	<30	-	1	-	-
	30-50	1	2	-	-
TOTAL		1	3	-	-

The number of voluntary departures has remained more or less stable.

Voluntary departures		2021		2022	
Category	Age range	Men	Women	Men	Women
Directors	>50 years old	1	-	-	-
Middle management	<30	1	-	-	-
	30-50	2	1	1	1
Other professionals	<30	2	2	5	7
	30-50	3	7	2	6
TOTAL		9	10	8	14

Changes in turnover

The voluntary turnover rate has increased and the total turnover rate has decreased.

The total turnover rate was calculated taking into consideration all employees who leave the organisation either voluntarily, due to dismissal, retirement or death in service. If an employee has had different employment relationships and has left more than once, this is not counted as one but as the total number of departures.

Total number of departures/ Number of employees at the end of year = Turnover rate.

	2021	2022
Voluntary turnover rate	8%	8%
Total turnover rate for departures	12%	11%

Breakdown by type of departures:

Type of departure	2021		2022	
	Men	Women	Men	Men
Voluntary employee departure	10	10	8	14
Employee dismissal	1	3	-	-
End of temporary contract	3	-	6	1
Employee retirement	1	-	-	-
TOTAL	15	13	14	15

IMPLEMENTATION OF WORK DISCONNECTION POLICIES

MERLIN instructs all employees not to send emails outside working hours as far as possible. MERLIN's Employee Handbook that all professionals receive when they join the Company and that can be accessed through the Employee Portal at any time during their employment relationship, has a

chapter dedicated to digital disconnection in 2022. In this chapter MERLIN emphasises the importance of having rest periods for the physical and mental well-being of all employees and co-workers, and creates a set of guidelines and criteria to help employees ensure good email habits.



Employee compensation

Differential remuneration scheme

Remuneration is a key tool for attracting and retaining the best talent. The Company's remuneration scheme is differential; prioritizing performance over any other variable when establishing remuneration and, therefore, employee growth is monitored on an ongoing basis.

100% of the employees benefit from a variable remuneration (bonus), regardless of their professional category. This enables the company to reward the performance and attract and retain the best professionals across all levels.

23% of the employees benefit as well from a long-term incentive plan further reinforcing, key talent retention to guarantee the company's success.

Employee benefits

In addition to MERLIN's remuneration system, the Group offers all its employees employment benefits and alternative remuneration formulas.

In 2022, all MERLIN Group employees enjoyed the same conditions and social benefits in kind, which include health insurance (covering the employee, its spouse and children), life and accident insurance, and all employees in Spain have access to a flexible remuneration plan that includes restaurant vouchers, transport vouchers, childcare vouchers, training plans and the option of purchasing shares of the Parent company.

WAGE GAP ANALYSIS

The total compensation earned per employee by the average number of employees has been taken into account to calculate the average remuneration and the wage gap. The 2022 remuneration includes an extraordinary bonus, granted by the Board of Directors, on a general basis to all employees not included in the group benefiting from the long-term incentive, consisting of a special remuneration of a maximum of 2 monthly payments.

Total compensation earned includes all compensation accrued in a financial year, which would include:

- **Fixed salary.** (Includes all remuneration received by the employee during the year including salary increases, components of collective bargaining agreement, bonuses, sickness or accident benefits, temporary disability compensation and all remuneration agreed as fixed salary in general with employees).
- **Variable remuneration** (including annual bonuses and extraordinary bonuses).
- **Remuneration in kind** (health insurance, life insurance, shares and flexible remuneration)
- **Compensation and severance payments.**

Average remuneration by gender (€k)	2021	2022
Men	195	190
Women	59	60

Average remuneration by age (€k)	2021	2022
Under 30 years old	62	55
30 to 50 years old	102	108
Over 50 years old	212	201

Average remuneration by category (€k)	2021	2022
Directors	614	647
Middle management	110	106
Other professionals	41	43
Overall total	133	131

Gender wage gap⁽¹⁾

Gender wage gap	2021	2022
Directors	N/A	N/A
Middle management	15%	7%
Other professionals	15%	13%

⁽¹⁾ Definition Wage gap = $\frac{\text{Average pay for men} - \text{Average pay for women}}{\text{Average pay for men}} \times 100$.

The gap in 2021 and 2022 was 69% and 68%, respectively, considering for their calculation average salary remunerations composed of base salary and variable salary and including Executive Directors.

The salary gap for the Directors category is not reported as there is only one woman in this category.

The underlying cause of the salary gap in certain categories is due to the lower presence of women in the workforce, a common situation in the real estate sector, which is accentuated in management and technical positions. To try to mitigate this reality, MERLIN is working in the areas presented and registered in the Equality Plan.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Average remuneration of non-executive directors, including attendance fees and any other compensation broken down

by gender (no variable remuneration or termination benefits).

Average remuneration of non-executive directors by gender (€)	2021	2022
Men	152	166
Women	167	179



Organisation of work

ORGANISATION OF WORK

MERLIN uses the collective bargaining agreement to determine the length of the annual working time, which is 1,765 hours for full-time employees. The Company's working hours are from 9am to 2pm and from 4pm to 7pm from Monday to Friday. Employees have 23 working days of holiday leave and the Company adds extra days onto public holidays to comply with the

total number of hours established in the collective agreement.

At MERLIN, all employees who meet the conditions set out in the Workers' Statute (Estatuto de los Trabajadores) are eligible for reduced working hours. There are currently 7 employees with reduced working hours, 2 of whom are men.

TOTAL HOURS OF ABSENTEEISM

A total of 41 employees took sick leave at MERLIN in 2022, one employee more than in 2021.

The number of occupational accidents has decreased mainly because the sick leave taken due to COVID was classified as an occupational accident and the number of infections from one year to the next has decreased considerably.

The sick leave taken due to illness has remained more or less the same.

There was an increase in parental leave taken for the birth of a child, which increased from 8 cases in 2021 to 13 in 2022.

2021	Working days			Number of cases		
Type of absenteeism	Men	Women	Total days	Men	Women	Total cases
Occupational accident	68	47	115	4	6	10
Non-occupational accident	44	-	44	1	-	1
Common illness	273	208	481	10	11	21
Parental leave	372	122	494	5	3	8
Overall total	757	377	1.134	20	20	40

2022	Working days			Number of cases		
Type of absenteeism	Men	Women	Total days	Men	Women	Total cases
Occupational accident	8	6	14	1	1	2
Non-occupational accident	-	42	42	-	2	2
Common illness	420	239	659	13	11	24
Parental leave	687	429	1,116	8	5	13
Overall total	1,115	716	1,831	22	19	41

ABSENTEEISM RATES

Absenteeism rate	Men	Women	Total
2021	2.5%	1.5%	2.1%
2022	3.3%	2.6%	3.0%

The absenteeism rate is expressed as the ratio of days on which employees are absent on medical or parental leave to scheduled working days.

WORK-LIFE BALANCE MEASURES

The measures taken by the Group that are designed to facilitate work-life balance and promote the sharing of responsibility by both parents most notably include the following:

HOLIDAYS

In addition to the holidays established in the collective bargaining agreement, MERLIN gives extra days off that coincide with public holidays during the school calendar, thus helping with work-life balance. In addition, MERLIN provides flexibility so that employees can take their holiday leave without having to take it at a specific time of year.

FLEXIBLE WORKING HOURS

MERLIN gives its employees flexibility regarding when they arrive at work and when they leave to help with work-life balance. Remote working is not established as standard practice but MERLIN has the necessary resources to enable its employees to work remotely if necessary.

REDUCED WORKING HOURS

In the Welcome Handbook, MERLIN encourages both parents, regardless of gender, to apply for reduced working hours to care for a child under 12 years of age.

COMPENSATION

MERLIN compensates 100% of the salary of all employees who apply for parental, sick or accident leave, irrespective of gender. All MERLIN employees have access to childcare vouchers through the Flexible Remuneration Plan.

EVENTS

Once a year MERLIN organises an activity for employees' children. This activity takes place on a working day that is also a public holiday for schools to help employees with work-life balance.

ORGANISATION OF WORK

MERLIN ensures that work meetings are always held during the working hours of all employees who are required to attend the meeting. If training is provided when an employee is on sick leave or parental leave, this training will be repeated so that the employee is not at a disadvantage as a result of having been absent..

Safety, health and well-being of employees

MERLIN seeks to ensure the well-being of its employees by creating healthy work environments that maximise their well-being through design, the heating, ventilation and air conditioning equipment used, light output, and ergonomics, among others, meeting employees' needs in terms of their thermal, visual and acoustic comfort, and indoor air quality.

MERLIN has an external Occupational Risk Prevention Service that inspects the offices where employees work on an annual basis to assess the risks and the adequacy of the facilities in terms of safety and occupational risk prevention. All offices have been assessed this year and all recommendations of the Occupational Risk Prevention Service have been implemented to improve the health and safety of employees at work. MERLIN offers its employees an annual medical check-up, the possibility of getting the flu vaccine and the possibility of getting a Covid-19 antigen test as part of its social benefits.

Included within the welcome package, all employees receive mandatory training regarding occupational risk prevention, providing information regarding the most relevant risk related to their position and mitigation measures.

In addition, emergency drills are conducted every year and the headquarters are evacuated. Employees who are part of the Emergency Brigade are in charge of helping other employees to comply with the

Occupational Risk Prevention Plan and to evacuate the building in a timely manner. The drill at the Paseo de la Castellana 257 offices was carried out in November 2022, without incident.

As part of their remuneration in kind, MERLIN provides its employees with high-cover health insurance that is 80% reimbursed. This health insurance is both for employees and their direct family (spouse and children). All employees, without differentiation between professional categories, have the same health insurance with the same coverage. MERLIN organises a training session once a year to raise awareness of company health insurance so that employees and their families can get the most out of their health insurance. This session also analyses the coverage and new features that the insurance company presents each year.

In addition, MERLIN implements other health and wellness measures for all employees with regard to nutrition and physical well-being, such as providing fruit in the workspaces, or the possibility of access to physiotherapy services at the corporate offices.

The Company communicates with employees regularly on healthy lifestyles, promoting physical activity, a balanced diet and digital disconnection, among other things.

The accident rates were as follows:

Rate	2021			2022		
	Men	Women	Total	Men	Women	Total
Number of occupational accidents with sick leave	4	6	10	1	1	2
Lost time injury frequency rate (LTIFR) ⁽¹⁾	3%	6%	5%	1%	1%	1%
Severity rate ⁽²⁾	32%	27%	29%	2%	3%	3%
Lost workdays (TLW) ⁽³⁾	6	4	5	9	7	8
Occupational diseases (TOD) ⁽⁴⁾	-	-	-	-	-	-
Absenteeism (TA) ⁽⁵⁾	3%	2%	2%	3%	3%	3%
Number of deaths due to occupational accidents or diseases	-	-	-	-	-	-
Number of occupational diseases	-	-	-	-	-	-



⁽¹⁾ Frequency rate: Frequency of accidents in relation to the total time worked by employees during the reported period.

⁽²⁾ Severity rate: Number of days not worked due to accidents occurring during working hours, per thousand hours worked.

⁽³⁾ TLW: Total lost workdays - impact of occupational diseases and accidents, reflected in the days off of affected workers.

⁽⁴⁾ TOD: Total occupational diseases - frequency in relation to the total time worked by all employees during the reported period.

⁽⁵⁾ TA: Total absenteeism - a measure of actual days lost by an absent employee, expressed as a percentage of total scheduled working days for employees during the same period.

Labour relations

ORGANISATION OF SOCIAL DIALOGUE

MERLIN has several public documents such as the Code of Conduct, the Whistleblower Channel, the Equality Plan and the Protocol against Sexual Harassment. All these codes and procedures ensure that social dialogue is guaranteed, channelled and of the highest quality standards.

In addition, MERLIN is an organisation with a small number of employees, so social dialogue is direct, simple and effective. Executive directors and senior management are available to all employees without having to go through a chain of command. Their mobile phones and email addresses are made available to all employees and conflict resolution is streamlined. MERLIN carries out an employee satisfaction survey every two years. In 2021, matters relating to social dialogue were among the most highly rated.

In terms of communication channels, the Human Capital Area sends communications to the entire organisation through emails, and programs such as Microsoft Forms are also used to launch surveys on different social actions and to be able to carry out these actions depending on how well they are received by the organisation's employees. Employees have access to various corporate information and documentation through the Employee Portal.

EMPLOYEES SUBJECT TO COLLECTIVE BARGAINING AGREEMENTS

All employees in Spain are subject to a collective bargaining agreement, and their salary set out in this collective agreement is higher than that of their peers. None of the employees in Portugal are subject to collective bargaining agreements. The same legal conditions apply to employees in Portugal as to those in Spain, provided that they are more advantageous than those under Portuguese law.

BALANCE OF COLLECTIVE BARGAINING AGREEMENTS

MERLIN compensates 100% of the remuneration of employees on medical or parental leave so that the employee does not receive less pay for being on sick or parental leave. If an employee is on sick leave, they will therefore receive the same salary as if they were working. The same will apply in cases of parental leave.

MECHANISMS TO PROMOTE EMPLOYEE INVOLVEMENT IN MANAGEMENT

MERLIN conducts a Biannual Satisfaction Survey for all employees and also a Semi-Annual Satisfaction Survey for certain departments of the organisation where turnover is higher.

The most highly rated questions were on the working environment, employee camaraderie and training. They scored 8.4 out of 10.

To improve employee satisfaction, in 2022 the Company officially announced that employees would have more flexibility regarding when they arrived at work and when they left. In addition, a chapter on work-life balance was published in the Employee Handbook to make all employees aware of these measures regarding flexible working hours.

In addition to the Satisfaction Survey, the Company has various ways of communicating with employees.

The Employee Portal is a website and an app to which all employees have access. This is a communication channel used for administrative purposes. Through the Employee Portal employees can check their pay slips, download employment documents, access the work calendar, access employee discounts and post announcements for other colleagues to see. They also have access to the employee telephone directory, which includes the department to which each employee belongs and a photo of each employee, making it much more personal and easier to reach everyone, especially for employees who have only been with the company for a short time.

MERLIN opts for in-person work at the office, which is the Company's main form of work organisation, as it promotes communication, collaboration and a sense of belonging.

MERLIN is able to detect the different interests of employees through emails, with Microsoft Forms surveys, to undertake actions of social interest such as the Sports Leagues or the No School Day.

MERLIN encourages dialogue and employee participation in the Company's decision-making process. For example, through the Donations and Sponsorship Protocol, the Company allocates part of the funds earmarked for donations to those foundations that employees are directly involved with, thus taking into consideration the employees' favourite foundations to collaborate with them.

EMPLOYEES WITH DISABILITIES

MERLIN is also committed to including and integrating people with disabilities into its workforce.

As mentioned throughout the document, MERLIN guarantees ease of accessibility to its assets and backs this commitment up by obtaining AIS certification.

In this context, the Company currently has a total of 7 disabled employees on its staff, all of whom have permanent contracts — 5 of them part-time and 2 full-time —, representing 2.7% of MERLIN's workforce. These staff members are fully integrated and perform necessary and valued functions at the Company. The Company exceeds the requirements under the current law in this area (Spanish General Disability Act [Ley General de la Discapacidad], former Spanish Social Integration of Disabled Persons Act [Ley de Integración Social de los Minusválidos]) through direct hiring.

Professional category	2021	2022
Heads of business, departments or senior technicians	-	1
General services	5	6
Total	5	7



Diversity and equal opportunities

MERLIN promotes equal opportunities, especially in access to employment, training, promotion and working conditions. As stated in its Code of Conduct and its Protocol against Sexual Harassment, MERLIN rejects any and all discrimination in the workplace on the basis of race, colour, nationality, social origin, age, gender, marital status, sexual orientation, ideology, political opinions, religion or any other personal, physical or social condition of an individual. The Group provides professionals with a whistle-blowing channel to report any discriminatory conduct or harassment in the workplace. No such complaints were received in 2022.

In terms of gender equality, in 2021 MERLIN worked on its Equality Plan in compliance with Royal Decree Law 6/2019. The Equality Plan was finally approved after a process of analysing the Group's situation in terms of equality and the negotiation and drafting of the Plan by the Negotiating Committee, and came into force on 18 January 2022, with its validity extended for a period of four years, until January 17th 2026. The Equality Plan was registered by the Directorate General for Employment on August 18th 2022.

The Equality Plan applies to all MERLIN Properties employees and lays down the guiding principles of the Group's conduct in this area, along with a series of objectives and metrics, some of which include addressing the under-representation of women throughout the organisational structure, promoting women's participation in training activities to enhance leadership and compensation by MERLIN for sick leave and parental leave. MERLIN is also committed to promoting equal parental leave for both parents. The Group also supports all types of diversity beyond gender among the workforce. MERLIN employees professionals of different nationalities but is equally commitment to local employment. In 2022, 90% of the workforce was Spanish, 6% Portuguese and 4% from other European or South American countries.

MERLIN has 7 employees with different abilities (2.7%), which exceeds the legal requirement of 2%. These employees have indefinite contracts and perform functions which are necessary and valuable to the Group.

PROFESSIONALS JOINING THE GROUP

MERLIN seeks out the best individuals to add differential value through their work, which contributes to the Group's success, providing them with stable, high-quality employment.

In 2022, MERLIN hired a total of 52 new professionals to the staff, which represents a recruitment rate of 20%. In addition, 9 employees moved into new positions within the Group, demonstrating its commitment to internal mobility and talent retention.

Category	Age range	Men	Women	Total
Directors	>50 years old	1	-	1
Middle management	<30 years old	2	-	2
	30-50 years old	2	1	3
Other professionals	<30 years old	17	9	26
	30-50 years old	7	10	17
	>50 years old	1	2	3
Total		30	22	52

TALENT RETENTION MECHANISMS

MERLIN believes that employee commitment is essential and therefore seeks to ensure that employees identify with the corporate philosophy, values and objectives.

The Group works to motivate and reward employees through three main lines of action:

1) Continuing professional development:

MERLIN offers all professionals the opportunity to get involved in different projects and to assume new responsibilities throughout their professional careers.

Training is a fundamental part of career development and, therefore the Group ensures that training is available to all employees. A total of 6,654 hours of training were provided in 2022, an increase of 37% compared to the previous year. This represents a total investment of € 87,239 in training in 2022.

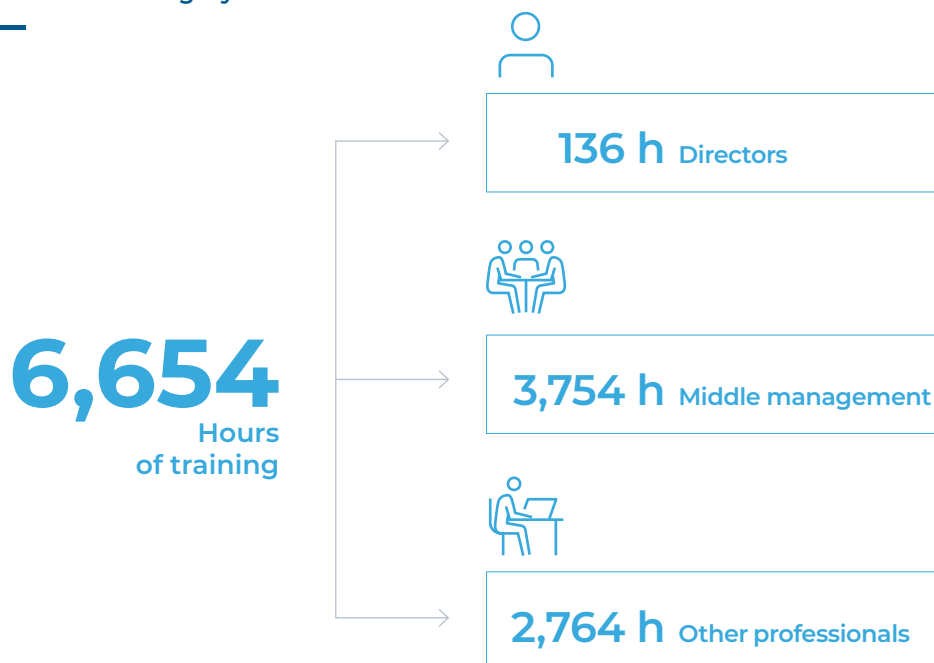
2) Continuing professional development:

MERLIN offers all professionals the opportunity to get involved in different projects and to assume new responsibilities throughout their professional careers. Training is a fundamental part of career development and, therefore the Group ensures that training is available to all employees.

A total of 6,654 hours of training were provided in 2022, an increase of 37% compared to the previous year. This represents a total investment of € 87,239 in training in 2022.

Age range	Men	Women	Total
<30 years old	250	562	812
30-50 years old	2,267	933	3,200
>50 years old	1,030	1,613	2,642
Total	3,546	3,108	6,654

Hours of training by professional category:



The hours of training increased by 37% compared to 2021. In addition, 95% of employees received some kind of training. Employees received an average of 27 hours of training per employee.

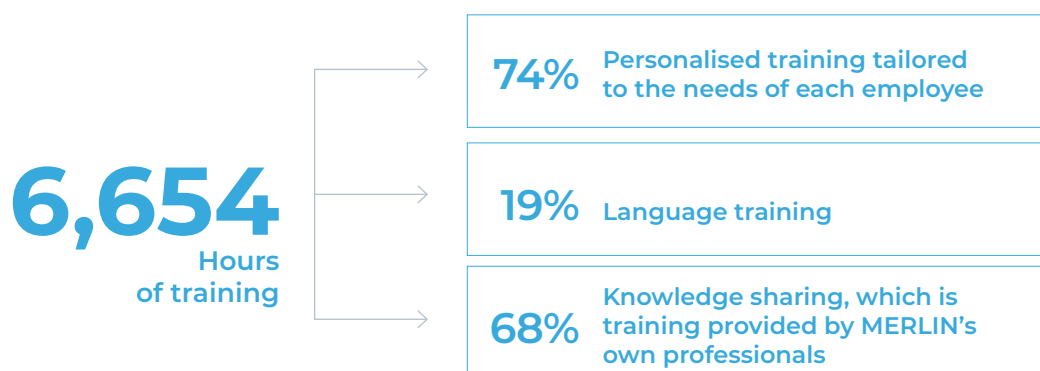
Likewise, MERLIN offers its employees on-the-job training to enhance their development process. This training consists of three tools:

Personalised training: MERLIN gives its employees the opportunity to select the courses that best suit their specific needs. If necessary, MERLIN provides guidance, through the experience of its staff members, so that employees can choose those courses that best suit their needs.

Knowledge sharing: MERLIN considers it a priority to strengthen and share the knowledge accumulated both in terms of the tools developed and the management procedures honed. The Group therefore provides annual in-house training courses given by MERLIN staff to their colleagues.

Language Training Plan: MERLIN extended the scope of its Language Training Plan, offering language courses through online and/or face-to-face classes to all Group employees.

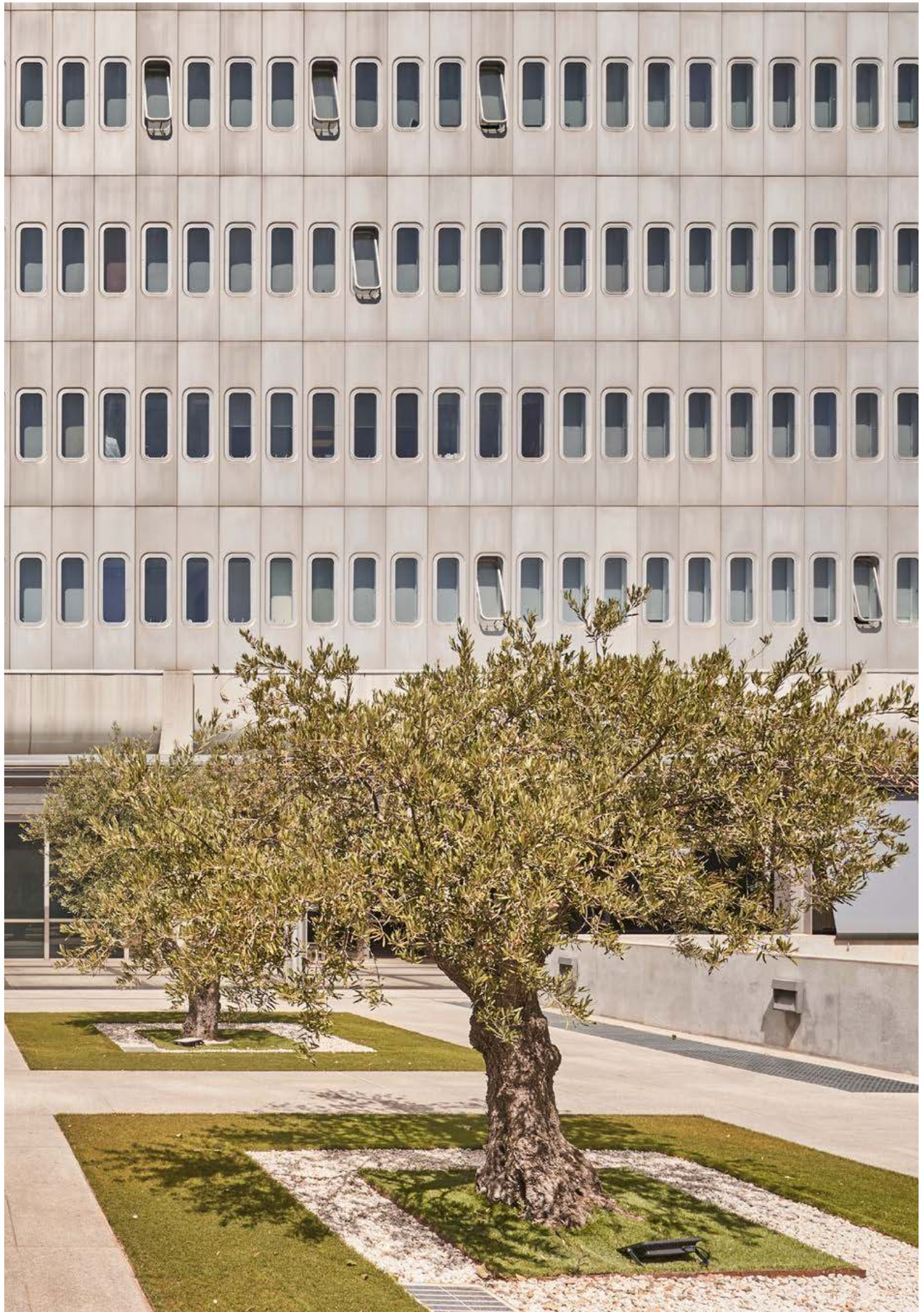
As in the past, the training activities focused mainly on the following categories:



Personalised training includes various types of courses, the most representative of which are: 3 Master's programme in Business Management and Administration, 2 Management Development Programmes, 1 Master's programme in Urban Planning and 1 Master's programme in Technical Management.

3) Direct relationship with employees:

The horizontal nature of the Group's organisational chart fosters direct relationships between employees and, in particular, between those with varying levels of responsibility. In 2022, MERLIN reinforced communication channels and initiatives such as the Employee Portal, and made improvements to the platform to facilitate communication between employees and management, with emails sent on a regular basis, face-to-face meetings between employees and visits to the Group's various assets.



APPENDIX



Alternative performance measures

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA), the alternative performance measures (“APM”) are described as follows

GLOSSARY

Average debt maturity (years)

This APM represents the average debt duration of the Company until maturity

It is a relevant metric as it provides the investor with the relevant information about the repayment commitments of the financial liabilities

It is calculated as the addition of the pending years to maturity of each loan multiplied by its outstanding loan amount and divided by the total outstanding amount of all loans

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements but the main information is available in the consolidated financial statements

Average passing rent

It represents the rent per square meter per month at which an asset or category of assets are rented at a moment in time

The average passing rent is a relevant performance metric as it shows the implied rents of all the prevailing lease contracts of the company at a moment in time per square meter and per month enabling the comparison with market rents

Given the nature of the metric, it is not possible to reconcile it with the financial statements

Release spread

Difference between the new rent signed and the old prevailing rent on renewals (same space, same tenant) or relets (same space, different tenant) during last twelve months

The release spread provides the investor with a view on the prospective rental behaviour when negotiating with the tenants

It is calculated on a lease by lease basis and therefore it is not possible to reconcile it with the financial statements

Rents Like-for-like

Amount of the gross rents comparable between two periods. It is calculated on an asset by asset basis excluding from both periods the rents derived from acquisitions or disposals executed in such periods as well as other adjustments like early termination penalties from lease contracts

We consider the rental like-for-like growth a

relevant metric to understand the evolution of rents of an asset or an asset category

It is calculated on an asset by asset basis and therefore it is not possible to reconcile it with the financial statements

Gross annualized rents

Passing rent as of the balance sheet date multiplied by 12

We consider the gross annualized rents a relevant performance metric as it represents the total amount of rents of the prevailing lease contracts at a given time enabling the calculation of the return of each asset (Gross yield)

Given the nature of the metric, it is not possible to reconcile it with the financial statements

GAV

The GAV is the Gross Asset Value as of the latest available valuation report plus the advanced payments of turn-key projects and developments at cost

The GAV is a standard valuation metric for comparison purpose, recognized on a global basis in the real estate sector, and performed by an independent external appraisal

The reconciliation with the financial statements appears in Section 5 of this report (Notes to the consolidated balance sheet)

Gross yield

It represents the return of an asset or category of assets. It is calculated by dividing the annualized gross rent between the latest available GAV

Wault

Weighted average unexpired lease term, calculated as the number of years of unexpired lease term, as from the date balance sheet, until the lease contract first break weighted by the gross rent of each individual contract

We consider the Wault a relevant metric as it provides the investor with the average term of secured leases and gives a sense of risk or opportunity to renegotiate the prevailing lease contracts

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements

Revenues

Is the addition of the total gross rent income, and the other operating income excluding extraordinary

The reconciliation with IFRS appears in the table thereafter

Accounting EBITDA

The accounting EBITDA is calculated as the net operating income before net revaluations, amortizations, provisions, interest and taxes.

The accounting EBITDA is a performance metric widely used by investors to value companies, as well as the rating agencies and creditors to evaluate the level of indebtedness

The reconciliation with IFRS metrics appears in the table hereafter

EBITDA

The EBITDA is calculated as the Accounting EBITDA deducting the “non-overheads” costs and the LTIP Provision

The EBITDA is a very useful metric as it excludes the impact of atypical costs incurred in the period. The atypical costs or “non-overheads” costs are the ones related to the acquisition and disposal of assets and indemnities among others (as described in the IPO prospectus)

The reconciliation with IFRS metrics appears in the table hereafter

Accounting FFO and FFO

Accounting FFO or Accounting Funds From Operations is calculated as EBITDA less debt interest expenses and recurring taxes (excluding taxes from disposals or other extraordinary events)

FFO is calculated deducting the non-overheads costs of the company from the Accounting FFO

It is a relevant performance and liquidity metric recognized on a global basis in the real estate sector

MERLIN Properties, as a member of EPRA (European Public Real Estate Association), follows EPRA's best practices reporting standards which enables the investor to better compare certain performance metrics that are specific to the real estate sector. This metrics are released on a semi-annual basis and detailed in the management report.

EPRA costs

It is calculated as total operating costs of the company divided by the gross rents net of incentives

This performance metric shows the operating efficiency on a recurring basis

The reconciliation with the Financial Statements appears in the Appendix of this report

EPRA Earnings

Earnings from core operational activities as per EPRA's recommendations

The reconciliation with the Financial Statements appears in the Appendix of this report

EPRA NRV, EPRA NTA and EPRA NDV

EPRA Net Reinstatement Value: Assumes that entities never sell assets and aims to represent the value required to rebuild the entity

EPRA Net Tangible Assets: Assumes that entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax

EPRA Net Disposal Value: Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax

EPRA Yields

Net Initial Yield: Annualized rental income based on the passing rents at the balance sheet date, less non recoverable property operating expenses, divided by the market value of the property (GAV) increased with acquisition costs

EPRA “Topped-up” NIY: Adjustment to the EPRA Net Initial Yield in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and step rents)

These are two relevant performance metrics widely used to compare the return of the real estate assets in the portfolio, based on the prevailing lease contracts at a given date regardless of the financial structure of the company as per EPRA's recommendations

The calculation is provided in the Appendix of this report

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements

EPRA Vacancy Rate

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements

Loan-to-value ratio (LTV)

The loan-to-value ratio is calculated as the net debt divided by the fair value of the assets of the company (GAV + transaction costs)

The LTV is a performance metric widely used by investors to assess the level of risk, as well as the rating agencies and creditors to evaluate the level of indebtedness

The reconciliation with IFRS metrics appears in the table hereafter

Leverage ratio

The leverage ratio is calculated as the net debt divided by the net debt plus the equity

The leverage ratio is a performance metric widely used by investors to assess the level of risk, as well as the rating agencies and creditors to evaluate the level of indebtedness

The reconciliation with IFRS metrics appears in the table hereafter

Financial debt

The financial debt is calculated as the sum of any amount owed by the Group in the short and long-term as a result of loans, credits, bonds, debentures, and in general any instrument of a similar nature

The financial debt is a performance metric widely used by investors to assess the level of risk, as well as the rating agencies and creditors to evaluate the level of indebtedness

The reconciliation with IFRS metrics appears in the table hereafter

Percentage of debt at a fixed rate or with interest rate hedges

The percentage of debt at a fixed rate or with interest rate hedges is calculated as the sum of fixed-rate financial debt and variable-rate financial debt with associated interest rate change hedging transactions in relation to the Group's financial debt

The percentage of debt at a fixed rate or with interest rate hedges is a performance metric widely used by investors to assess the level of risk, as well as the rating agencies and creditors to evaluate the company exposure to interest rate movements

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements but the main information is available in the consolidated financial statements

Average cost of debt

The average cost of debt is calculated as the ratio between the passing interest cost including derivatives corresponding to interest bearing debt and the Group's financial debt

The average cost of debt is a performance metric widely used by investors to assess the cost of borrowed funds, as well as the rating agencies and creditors to evaluate the capacity to fulfill interest obligations.

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements but the main information is available in the consolidated financial statements

Liquidity position

The liquidity position is calculated as the sum of the Group's cash plus the amount corresponding to receivables from corporate transactions, the treasury stock position at market value, and the undrawn credit facilities available

The liquidity position is a performance metric widely used by investors to assess the level of financial flexibility, as well as the rating agencies and creditors to evaluate the capacity to meet debt maturities

The reconciliation with IFRS metrics appears in the table hereafter

Net debt

The net debt is calculated as the financial debt less cash and cash equivalents (e.g. disposal receivables or treasury stock)

The net debt is a performance metric widely used by investors to assess the level of risk, as well as the rating agencies and creditors to evaluate the level of indebtedness

The reconciliation with IFRS metrics appears in the table hereafter

Investment in energy efficiency improvements

The investment in energy efficiency improvements is defined as investments aimed at measuring, controlling, or directly or indirectly reducing, energy consumption or carbon footprint in all assets over which we have operational control

This performance metric, although not widely used by investors, rating agencies or creditors, is provided to assess the level of investments in ESG (environmental, social and corporate governance) measures

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements, but the main information is available in the consolidated financial statements

Total tax contribution

Total Tax Contribution (TTC) measures the contribution made by a company or group of companies to the different governments. In general, both taxes borne, and taxes collected are imputed to each fiscal year, on a cash basis

- Taxes borne are those taxes that have entailed an effective cost for the companies, such as taxes on profits, social security contributions payable by the company, and certain environmental taxes
- Taxes collected are those that have been paid as a consequence of the company's economic activity, without entailing a cost for the companies other than managing them, such as withholding taxes levied on employees

This performance metric, although not widely used by investors, rating agencies or creditors, is provided to assess the amount of taxes collected or paid by the company

Given the nature of the metric, it is not possible to reconcile it with the Group financial statements

RECONCILIATION OF THE ALTERNATIVE PERFORMANCE MEASURES WITH CONSOLIDATED FINANCIAL STATEMENTS

(€ thousand)	Notes	FY22	FY21
Total revenues	6	439,038	382,830
Other operating income	Consolidated income statement	2,650	4,277
Personel expenses	18	(39,673)	(40,779)
Other operating expenses	18	(73,818)	(68,595)
Accounting EBITDA		328,197	277,733
<i>Costs related to acquisition and disposals</i>	18	2,112	1,622
<i>Other costs</i>	18	331	837
<i>Severances</i>	18	0	152
Non-overhead costs	18	2,443	2,612
Long term incentive plan	18	4,014	11,498
EBITDA		334,654	291,843
Financial expenses excluding debt arrangement costs	Consolidated income statement	(91,532)	(101,234)
Equity method attributable FFO	n.a	22,021	12,884
IFRS16 Adjustment	n.a	0	900
Discontinued operations	n.a	31,177	74,953
Current taxes	n.a	(5,836)	(6,317)
FFO		290,483	273,028
Non-overhead costs	18	(2,443)	(2,612)
Accounting FFO⁽¹⁾		288,040	270,416

(€ thousand)			
Gross rental income	Consolidated income statement	452,842	419,688
Revenue from rendering of services	6	10,884	5,740
Other net operating income	n.a	(3,003)	1,047
Revenues		460,723	426,475

⁽¹⁾ Excluding the long term incentive plan

	(€ m)	Notes	FY22	FY21
A	GAV	Section 5 Results Report	11,317	13,041
B	Transaction costs	n.a	292	351
C=A+B	GAV + transaction costs		11,609	13,392
N	Net debt		3,792	5,247
D= N/C	LTV		32.7%	39.2%
E	Net debt		3,792	5,247
F	Equity	Balance sheet	6,849	7,027
G=E+F	Total capital		10,641	12,274
H=E/G	Leverage ratio		35.6%	42.7%
I	Financial debt	Section 5 Results Report	4,239	6,227
J= K+L+M	Cash and cash equivalents		447	980
K	Cash	Balance sheet	429	867
L	Receivables			81
M	Treasury stock	Balance sheet	17	32
N=I-J	Net debt		3,792	5,247
J	Cash and cash equivalents		447	980
O	Undrawn credit facilities	14.1	1,409	831
P= J+O	Liquidity position		1,856	1,811

LIST OF ASSETS

Asset	Location	In operations		WIP	
		GLA (sqm)	# Assets	# Assets	
Castellana 85	Madrid	16,474	1	-	-
Castellana 93	Madrid	11,650	1	-	-
Castellana 259	Madrid	21,390	1	-	-
Castellana 278	Madrid	14,468	1	-	-
Castellana 280	Madrid	16,853	1	-	-
Princesa-Plaza España Complex	Madrid	47,101	3	-	-
Plaza Ruiz Picasso	Madrid	-	-	31,576	1
Juan Esplandiu 11-13	Madrid	28,008	1	-	-
Churruca business park	Madrid	17,668	4	-	-
Santiago de Compostela 94	Madrid	13,130	1	-	-
Príncipe de Vergara 187	Madrid	11,710	1	-	-
Alfonso XI	Madrid	9,945	1	-	-
Alcala 40	Madrid	9,315	1	-	-
Eucalipto 25	Madrid	7,368	1	-	-
Eucalipto 33	Madrid	7,301	1	-	-
Pedro de Valdivia 10	Madrid	6,721	1	-	-
Plaza Ruiz Picasso II	Madrid	-	-	3,665	1
Total Madrid Prime + CBD		239,102	20	35,241	2
Adequa business park	Madrid	75,545	5	47,902	2
Via Norte business park	Madrid	37,224	6	-	-
Avenida de Bruselas 33	Madrid	33,718	1	-	-
Las Tablas business park	Madrid	27,184	3	-	-
Avenida de Europa	Madrid	23,101	2	-	-
Torre Chamartin	Madrid	18,295	1	-	-
Sanchinarro business park	Madrid	17,191	2	-	-
Maria de Portugal T2	Madrid	17,140	3	-	-
Aquamarina	Madrid	10,685	1	-	-
Avenida de Bruselas 24	Madrid	9,163	1	-	-
Avenida de Bruselas 26	Madrid	8,895	1	-	-
Elipse	Madrid	7,515	1	-	-
Avenida de Burgos 208-210	Madrid	7,376	2	-	-
Arturo Soria 343	Madrid	6,615	1	-	-
Fuente de la Mora	Madrid	4,482	1	-	-
Encinar	Madrid	3,623	1	-	-
Total Madrid NBA A1		307,751	32	47,902	2

Asset	Location	In operations		WIP	
		GLA (sqm)	# Assets	GLA (sqm)	# Assets
Ribera del Loira 60	Madrid	54,960	1	-	-
Puerta de las Naciones business park	Madrid	39,150	4	-	-
Alvento business park	Madrid	32,928	2	-	-
Josefa Valcarcel 48	Madrid	19,893	1	-	-
Partenon 12-14	Madrid	19,609	1	-	-
Partenon 16-18	Madrid	18,343	1	-	-
Cristalia	Madrid	11,712	1	-	-
Arturo Soria 128	Madrid	3,226	1	-	-
Total Madrid NBA A2		199,822	12	-	-
Atica business park	Madrid	29,285	5	7,080	1
Cerro Gamos business park	Madrid	-	-	36,105	5
Alvia business park	Madrid	23,567	3	-	-
Atica XIX business park	Madrid	15,411	3	5,014	1
Total Madrid Periphery		68,263	11	48,199	7
Total Madrid		814,938	75	131,342	11
Diagonal 199	Barcelona	5,934	1	-	-
Diagonal 211 (Glories Tower)	Barcelona	37,614	1	-	-
Diagonal 458	Barcelona	4,174	1	-	-
Diagonal 514	Barcelona	10,263	1	-	-
Diagonal 605	Barcelona	14,864	1	-	-
PE Poble Nou 22@	Barcelona	31,337	4	-	-
Vilanova 12-14	Barcelona	16,494	1	-	-
Balmes 236-238	Barcelona	6,187	1	-	-
E-Forum	Barcelona	5,190	1	-	-
Plaza de Cataluña 9	Barcelona	3,026	1	-	-
Pere IV	Barcelona	2,018	1	-	-
Total Barcelona Prime + CBD		137,099	14	-	-
WTC	Barcelona	29,059	2	-	-
Av. Parc Logistic 10-12 (PLZF Office use)	Barcelona	10,541	1	11,411	1
Total NBA WTC		39,600	3	11,411	1

Asset	Location	In operations		WIP	
		GLA (sqm)	# Assets	GLA (sqm)	# Assets
Sant Cugat I	Barcelona	15,377	1	-	-
Sant Cugat II	Barcelona	10,008	1	-	-
Total Periphery		25,385	2	-	-
Total Barcelona		202,084	19	11,411	1
Monumental	Lisbon	25,358	1	-	-
Art	Lisbon	22,150	1	-	-
Liberdade 195	Lisbon	16,510	1	-	-
Torre Lisboa	Lisbon	13,715	1	-	-
Marques de Pombal 3	Lisbon	12,461	1	-	-
Central Office	Lisbon	10,310	1	-	-
Torre Zen	Lisbon	10,207	1	-	-
TFM	Lisbon	7,837	1	-	-
Lisboa Expo	Lisbon	6,740	1	-	-
Total Lisbon Prime + CBD		125,287	9	-	-
Nestle	Lisbon	12,260	1	-	-
Total Lisbon NBA		12,260	1	-	-
Total Lisbon		137,547	10	-	-
Sevilla - Borbolla	Andalusia	13,037	1	-	-
Lerida - Mangraners	Catalonia	3,228	1	-	-
Granada - Escudo del Carmen	Andalusia	2,041	1	-	-
Total Other		18,306	3	-	-
TOTAL OFFICES		1,172,874	107	142,753	12

Asset	Location	In operations		WIP	
		GLA (sqm)	# Assets	GLA (sqm)	# Assets
Marineda	Galicia	100,577	1	-	-
Tres Aguas ⁽¹⁾	Madrid	67,940	1	-	-
Almada	Lisbon	60,049	1	-	-
X-Madrid	Madrid	47,120	1	-	-
Larios	Andalusia	37,956	1	-	-
Porto Pi	Mallorca	32,605	1	153	-
Vilamarina	Catalonia	32,191	1	-	-
Arenas	Catalonia	31,905	1	-	-
Saler	Valencian C.	29,019	1	-	-
Artea	Basque Country	25,922	1	-	-
La Vital	Valencian C.	20,878	1	-	-
Bonaire	Madrid	14,455	1	-	-
Centro Oeste	Valencian C.	10,867	1	-	-
Callao 5	Madrid	9,642	1	1,987	-
Arturo Soria	Madrid	6,069	1	-	-
TOTAL SHOPPING CENTERS		527,194	15	2,140	

Barcelona-ZAL Port ⁽²⁾	Catalonia	736,217	43		
A2-Cabanillas Park I	Castilla La Mancha	315,321	9	-	-
Lisbon Park	Lisbon	45,171	1	179,693	1
A2-Cabanillas Park II	Castilla La Mancha	47,211	1	163,467	3
Sevilla ZAL	Andalusia	138,777	11	15,122	3
Barcelona-PLZF	Catalonia	132,100	9	-	-
A2-San Fernando III	Madrid	-	-	98,924	1
A2-Azuqueca II	Madrid	96,810	1	-	-
Valencia-Betera	Valencian C.	-	-	96,572	1
Vitoria-Jundiz I	Basque Country	72,717	1	-	-
A2-Cabanillas I	Castilla La Mancha	70,134	1	-	-
A2-Meco II	Madrid	59,814	1	-	-
A4-Pinto II	Madrid	58,990	1	-	-
A2-Azuqueca III	Castilla La Mancha	-	-	51,000	1
A4-Getafe (Gavilanes)	Madrid	39,591	2	-	-
A2-Alovera	Castilla La Mancha	38,763	1	-	-
A2-Coslada Complex	Madrid	36,234	1	-	-
A2-Meco I	Madrid	35,285	1	-	-
Valencia-Ribarroja	Valencian C.	34,992	1	-	-

⁽¹⁾ 50% stake⁽²⁾ 48.5% stake

Asset	Location	In operations		WIP	
		GLA (sqm)	# Assets	GLA (sqm)	# Assets
A2-San Fernando II	Madrid	33,592	1	-	-
A4-Seseña	Castilla La Mancha	28,731	1	-	-
A2-Coslada	Madrid	28,491	1	-	-
Vitoria-Jundiz II	Basque Country	26,774	2	-	-
Valencia-Almussafes	Valencian C.	26,613	1	-	-
A2-Cabanillas III	Castilla La Mancha	21,879	1	-	-
Zaragoza-Pedrola	Zaragoza	21,579	1	-	-
Zaragoza-Plaza I	Zaragoza	20,764	1	-	-
A4-Getafe (Cla)	Madrid	16,100	1	-	-
A2-Cabanillas II	Castilla La Mancha	15,078	1	-	-
A2-San Fernando I	Madrid	11,179	1	-	-
A4-Pinto I	Madrid	11,099	1	-	-
TOTAL LOGISTICS		2,220,003	98	604,779	10
Madrid Data Center	Madrid	-	-	22,508	1
Bilbao-Arasur Data Center	Basque Country	-	-	17,600	1
Barcelona PLZF Data Center	Catalonia	-	-	22,131	1
Lisbon Data Center	Lisbon	-	-	32,982	1
TOTAL DATA CENTERS				95,221	4
Castellana 259 (Hotel)	Madrid	31,800	1	-	-
Diagonal 199 (Hotel)	Catalonia	15,332	1	-	-
Marineda (Hotel)	Galicia	5,898	1	-	-
Madrid Tower (retail)	Madrid	4,344	5	-	-
Jovellanos 91	Catalonia	4,067	1	-	-
Yunque	Madrid	1,780	1	-	-
Rambla Salvador Sama 45-47-49	Catalonia	1,140	1	-	-
Torre Madrid residencial	Madrid	120	1	-	-
Bizcargi 11D	Basque Country	46	1	-	-
General Ampudia 12 ⁽¹⁾	Madrid	-	1	-	-
Parking Palau ⁽¹⁾	Valencian C.	-	1	-	-
TOTAL OTHER		64,527	15		

⁽¹⁾ Below ground surface has not been taken into account for G.L.A. purposes



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