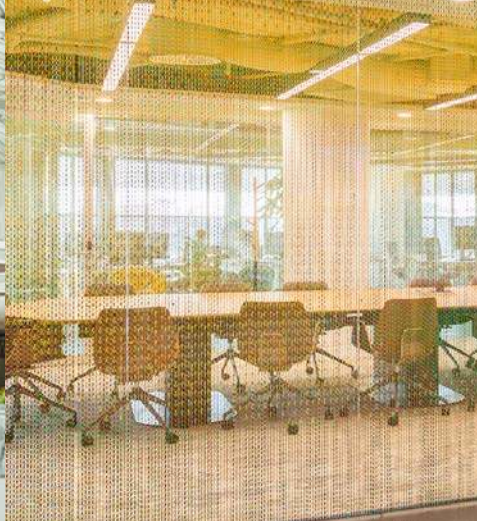








DATA CENTERS

now fully operational and delivered
to anchor tenant

CLOUD STORAGE AND GENERATIVE AI

will drive future earnings growth
and value creation

2 0 2 3

Letter from the Chairman 06

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Javier García-Carranza
Non-Executive Chairman

Letter from the Chairman

The highlight of the year was the successful launch of our first three Data Centers, a category of assets that represents the future of the company

Dear Shareholders,

I am pleased to present to you the 2023 MERLIN Properties ("MERLIN" or the "Company") Annual Report. The Annual Report details the Annual Accounts and all relevant information relating to the financial year 2023 in a very detailed manner.

2023 has been characterised by the ECB's interest rate hikes, which since July 2022 have been followed by ten consecutive rate hikes to 4.5% in September 2023, a level not seen since 2001. This has been reflected in the containment of inflation, which has been kept at a year-on-year rate of 3%. Spain's GDP grew 2.5%, exceeding initial forecasts, with a solid employment rate and consumption levels quite positive.

Shareholder value creation is a combination of excellent operational performance and anticipation of real estate cycles with asset rotation. Our sector is by definition a very capital-intensive sector and therefore very sensitive to interest rate levels. Although our rents are indexed annually to inflation, the value of the assets are fixed by the rate at which they are discounted. Consequently, we have faced a high level of interest rates in 2023 which has affected the value of our assets and our cost of financing in the long term. This decline in asset values has been partially mitigated by good management which brought the portfolio's occupancy rate to 96.2%. All in all, it was a negative year in terms of net asset value (NTA per share) despite the team's efforts to create value in operational management.

This operational value creation is reflected in its key operating metrics and, more importantly, in all the asset categories in which it operates. This year we have seen how MERLIN achieved growth in rents and occupancy. At consolidated level, the Company achieved gross revenues of € 475.6 million and cash flow generation ("FFO") of € 284.2 million or € 61 cents per share, a growth of 9.6% vs. 2022, after excluding the effect of the sale of 662 branches to BBVA, formalised in June 2022.

By business segment, offices ended the year in line with forecasts. Occupancy stood at 92.5% and we had a 6.1% LfL rental growth. Rents of € 254.8 million and the renovation of the Plaza

Ruiz Picasso 11 building completed, bringing the Company's Landmark Plan to an end. The entire asset is leased to tenants such as IBM, SAP, Globant and Willis Towers Watson.

In logistics, MERLIN achieved organic growth (+4.6% like-for-like) thanks to full occupancy, indexation and higher rents in renewals (+5.2%). Rents for the year amounted to € 80.3 million and occupancy reached an all-time high (99.0%). As for the progress of the Best II & III plans, 478,000 sqm have been developed since the launch of both plans, with an average return on development cost of 7.8%. In 2023, Cabanillas Park II B, of 47,342 sqm, was completed and leased in its entirety to Pepco. In addition, MERLIN has an aggregate landbank of approximately 557,000 sqm, which will help to keep pace with the growth of this market segment in the coming years.

Likewise, in shopping centres, an asset category that has been raising concerns in the investment community for years due to the increasing penetration of digital sales, MERLIN's portfolio of shopping centres has reported positive figures in 2023. Footfall at the centres have exceeded expectations, achieving 5% growth. This asset class closed 2023 with gross rents of € 125.8 million, LfL rents up 7.7% compared to 2022 and occupancy of 96.2% (up 122 basis points compared to 2022).

The highlight of the year was the successful launch of our first three Data Centers in the last quarter of 2023, a category of assets that represents the future of the company. The first phase of the data centre development plan includes an installed capacity of 60 MW, a total investment of approximately € 565 million and an expected net return on investment of more than 10%. Of the total investment, € 258 million has already been disbursed and € 307 million remains to be invested, of which € 144 million will be incurred in 2024. The Madrid-Getafe, Barcelona PLZF and Bilbao-Arasur data centres are fully operational and delivered with the best technical specifications in the industry today (1.15 PUE and 0.0 WUE). They have an initial installed capacity of 9 MW and capacity to install a further 51 MW in 2024 and 2025.

In addition, the Lisboa-VFX data centre has just been licensed. Given the increased demand from generative AI, the Company is accelerating the acquisition of critical equipment and repowering the facilities that allow it.

The significant deleveraging achieved in 2022, following the sale of the branch portfolio to BBVA, has been highly valued by the financial market and especially by rating agencies, in this context of high interest rates. MERLIN closed 2023 with a low level of LTV of 35.0% and has refinanced all debt maturing in the near future, so the Company does not face new debt maturities until November 2026. MERLIN's credit quality has been recently assessed by Standard & Poors, which, in its annual review carried out in the first quarter of 2024, has raised the Company's rating one notch to BBB+. Regarding the valuation of the asset portfolio, MERLIN Properties' valuation was € 11,270 million, which represents a decrease of 3.4% on a LfL basis, mainly due to the increase in yields of 42 basis points on average experienced in asset valuations as a result of the aforementioned interest rate hikes.

An interim dividend of € 20 cents per share was agreed, which together with the dividend to be submitted for approval at the General Meeting, would bring the total distribution for 2023 to € 44 cents per share.

In 2023 MERLIN continued its progress in environmental sustainability. The green clause has been created and implemented in all the Company's new contracts. Maximum embedded carbon footprint limits have been established for new developments or comprehensive refurbishments. A total of 14.9 MW of PV power has been installed since the launch of the so-called Sun project and the carbon footprint of the asset portfolio has been reduced by 6.1% to a total of 2,422 tonnes in the year. This good environmental performance has been endorsed by MERLIN Properties' inclusion in the Dow Jones Sustainability World Index, the first Spanish real estate company to achieve this milestone.

Improvements in corporate governance have also been implemented. MERLIN has a robust governance system, in line with its values of ethics, compliance and transparency, backed by independent third-party validation. In 2023, the corporate governance system was simplified, the information security policy was approved, in line with obtaining 27.001 certification, the management of the whistleblower channel was outsourced, and the documentation and verification of the internal control system for non-financial information (SCIINF) was carried out for the first time. In short, 2023 has been a difficult year for MERLIN, requiring a strong focus on operational management to compensate for the drop in value of our assets. Although the result was not ideal, it was the result of a lot of hard work in a difficult market environment. On the other hand, the foundations have been laid for a new growth area that we expect to contribute significantly to value creation in the medium term and that will give MERLIN exposure to sectors with high growth expectations, such as Artificial Intelligence or Cloud data storage technology.

Once again this year I would like to thank the Board of Directors that I have the honour of chairing, the employees, suppliers and all MERLIN Properties stakeholders for their trust and dedication, and especially the shareholders for their confidence and support without whom everything we do would not be possible.

Thank you very much.





1

ORGANIZATION AND STRUCTURE

Mission, vision and values

MERLIN's mission is to stand out as the leading REIT in the Iberian Peninsula. We are committed to creating long-term value and generating sustainable and growing dividends for our shareholders. All this

takes place in a context where the values of transparency, ethics and corporate and social responsibility are fundamental.

1 **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**

Structure of MERLIN

The Group's strategy and operation are characterized by:

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

2 An **investment grade** capital structure.

3 Distribution, via dividends or premium refunds, of **80% of the AFFO** generated in the financial year.

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

5 Implementing **best practices** in corporate governance.

Its internal organisational structure can be summarised as follows:

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

MERLIN's Board of Directors, subject to individual re-election every two years and composed mainly of independent directors, defines, oversees and monitors the policies,

strategies and general guidelines for the management of the Group. The Board is responsible for long-term strategy and for monitoring its implementation.

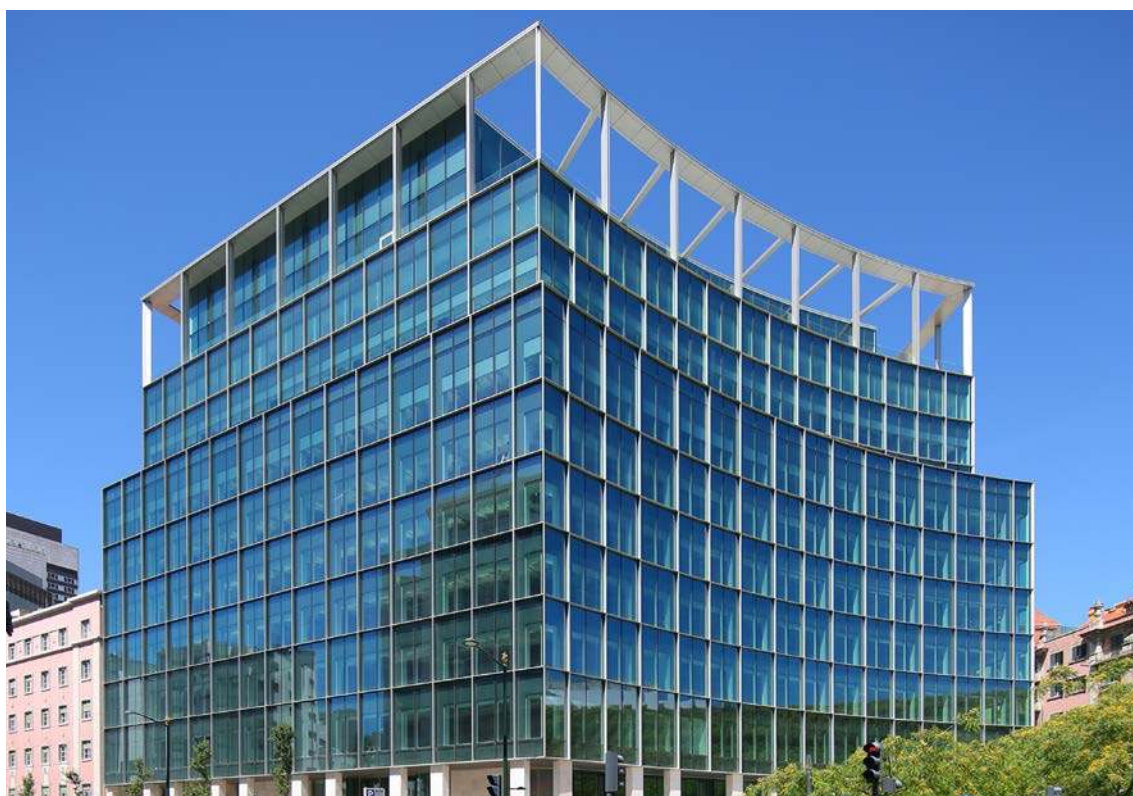
- **General Management**, composed of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO), who report directly to the Board and are also Board members.

- **An Investment Committee** made up of the management team⁽¹⁾.

Business activities

MERLIN Properties owns a portfolio of property assets valued at over EUR 11,270 million, mainly comprising 107 office buildings, 98 logistics warehouses, 13 shopping centers centres, 3 data centers and land for the development of logistics warehouses and data centers. The portfolio

has a gross leasable area (GLA) of more than 3.2 million square metres that generates EUR 476 million in gross rental income.



⁽¹⁾ The Management Team means: <https://ir.merlinproperties.com/en/corporate-governance/management-team/>

**OFFICES****€ 6,191M**

GAV

107 ASSETS**1,157 m sqm**

GLA

255 M€GRI⁽¹⁾**LOGISTICS****€ 1,410M**

GAV

98 ASSETS**1,463 m sqm**

GLA

80 M€

GRI

**SHOPPING CENTERS****€ 2,006M**

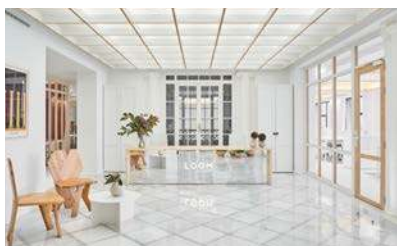
GAV

13 ASSETS**431 m sqm**

GLA

126 M€

GRI

**LOOM****12 ESPACIOS⁽²⁾ 2,703**

PUESTOS

26,748 sqm GLA**84.3% OCCUPANCY****ZAL PORT (48,5%)⁽³⁾****44 ASSETS****757 m sqm** GLA**75 M€** GRI**TRES AGUAS (50%)⁽³⁾****1 ASSET****68 m sqm** GLA**9 M€** GRI**DATA CENTERS****3 ASSETS****9 MW** ALREADY INSTALLED**60 MW** TOTAL CAPACITY⁽¹⁾ Gross rental income Note 8.2 Operating leases-lessor.⁽²⁾ Of the 12 spaces, 9 are owned by MERLIN, with a GLA of 22,091 sqm.⁽³⁾ 100% of the asset.

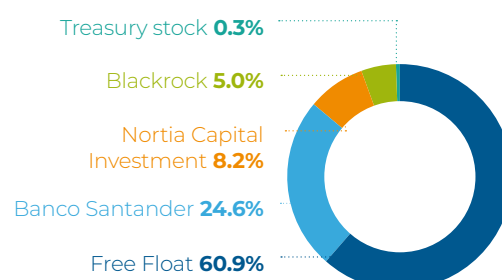
Composition

ts **internal organisational structure** can be summarised as follow:

- 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 5 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, and, as applicable, the Vice-Chairman and who coordinates the external directors and is informed and aware of the concerns of investors and shareholders. The lead directors also plays an important role in managing the Whistleblower Channel.
- An **Audit and Control Committee (ACC)** composed of 5 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 Operating Officer (COO)** who reports directly to the Board and is a Board member, responsible for managing and carrying out the Company's operations.
- An **Investment Committee** made up of the management team.

Capital structure key data

Number of ordinary shares	469,770,750
Number of weighted shares	469,770,750
Total equity (€m)	6,615
GAV (€m)	11,270
Net debt (€m)	4,050
Net debt / GAV	35.9%





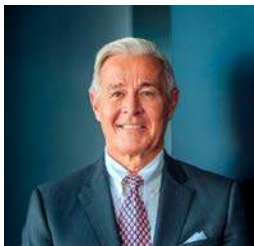
Javier García Carranza
Chairman
Shareholder Related



Ismael Clemente
Vice Chairman
(CEO)



Miguel Ollero
Executive Director (COO)



Donald Johnston III
Independent Director



María Luisa Jordá
Independent Director



Ana García Fau
Independent Director



Emilio Novela
Independent Director



Juan Antonio Alcaraz
Shareholder Related



Francisca Ortega
Shareholder Related



Ignacio Gil-Casares
Shareholder Related



Fernando Ortiz
Independent Director



Juan María Aguirre
Independent Director

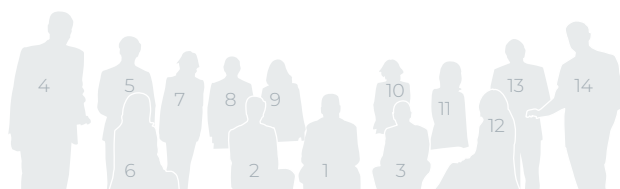


Pilar Caverio
Independent Director

Audit and Control Commission
Nomination and Compensation Commission

Sustainability, Ethics and Innovation Commission
Planning and Coordination Committee

Board of Directors



Note: Mr. Juan Antonio Alcaraz was appointed in June 2023 to represent Nortia Capital Investment Holding, S.L., replacing Ms. Ana Forner



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

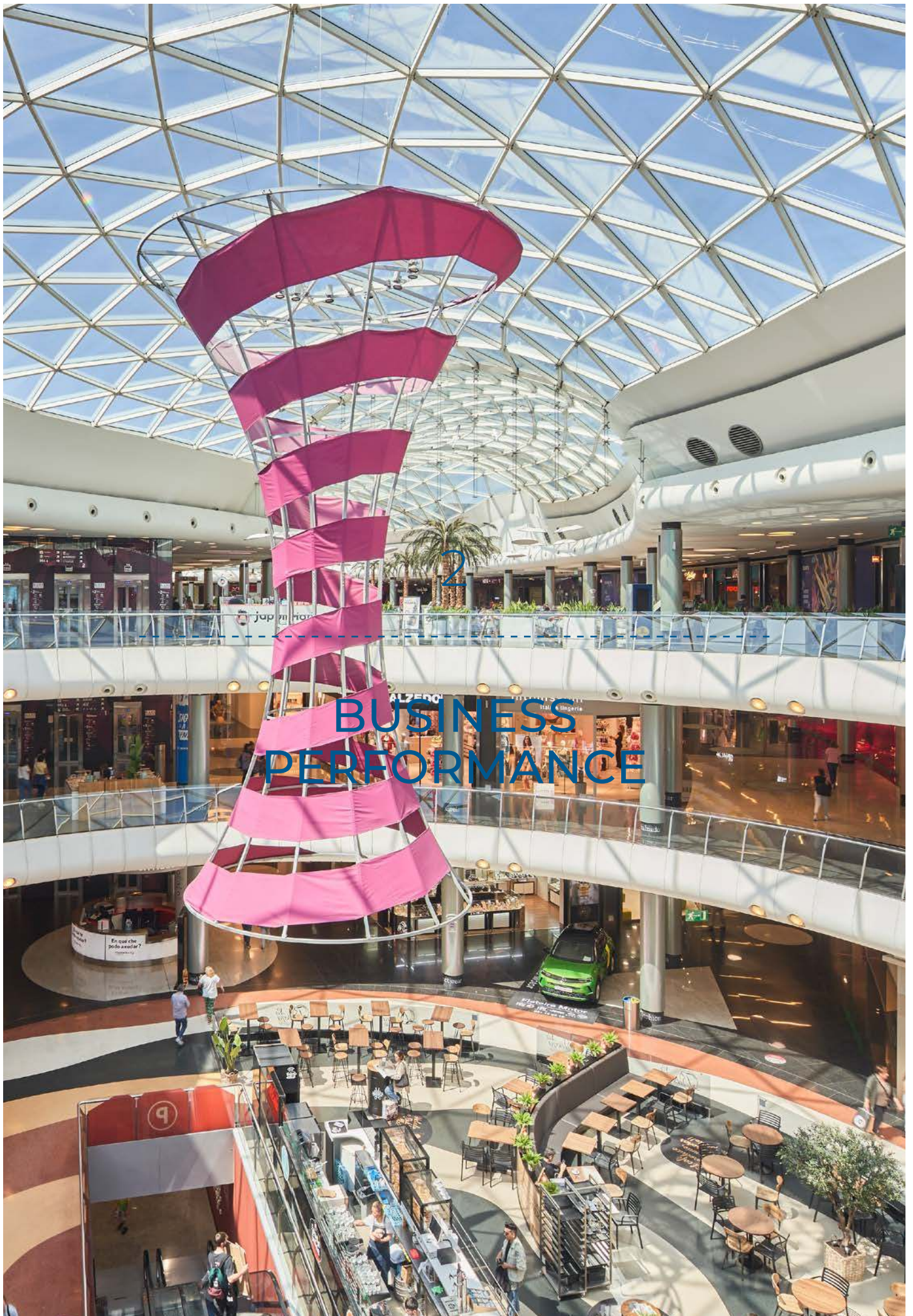
Inés Arellano

10. Director

Fernando Ramírez

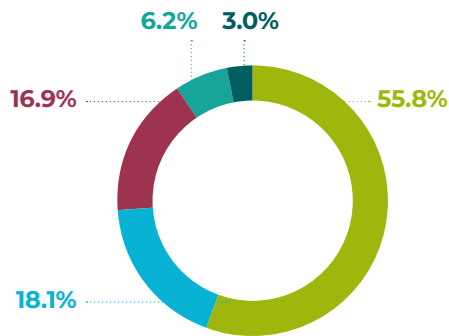
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BUSINESS PERFORMANCE



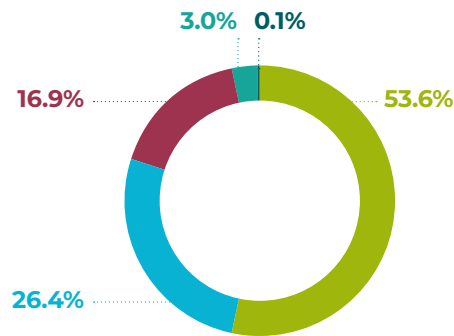
Business performance

I GAV PER ASSET CLASS⁽¹⁾

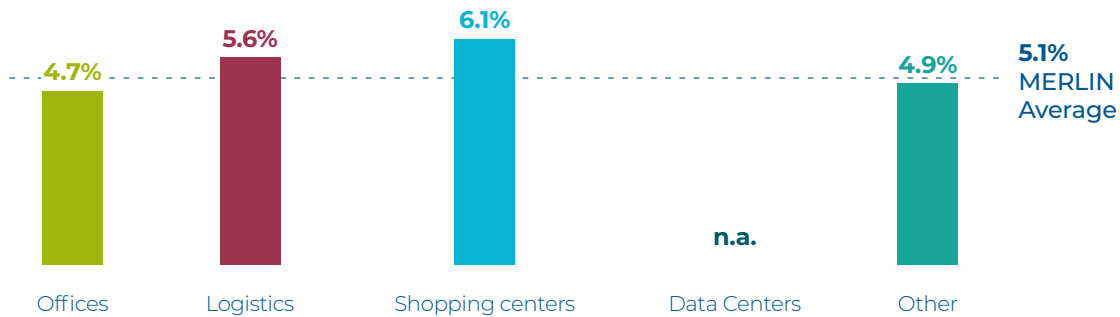


● Offices ● Logistics ● Shopping centers ● Data centers ● Other

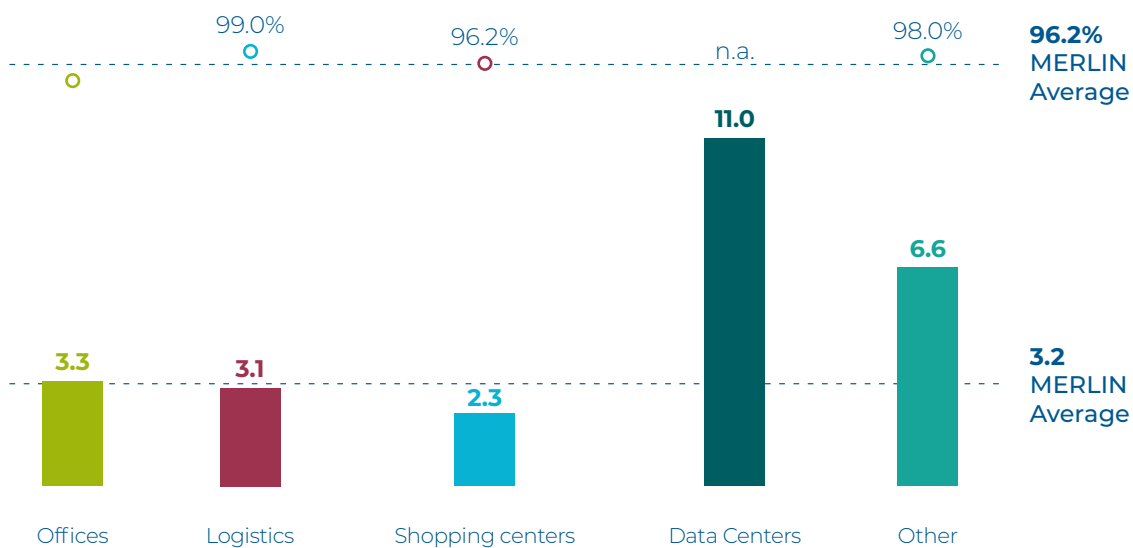
I GROSS RENTS PER ASSET CLASS⁽²⁾



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, logistics and Data Centers)

⁽²⁾ Gross annualized rent on fully consolidated assets

RENTS

Gross rents in the period amount to € 475,614 thousand with respect to € 452,842 thousand in FY22

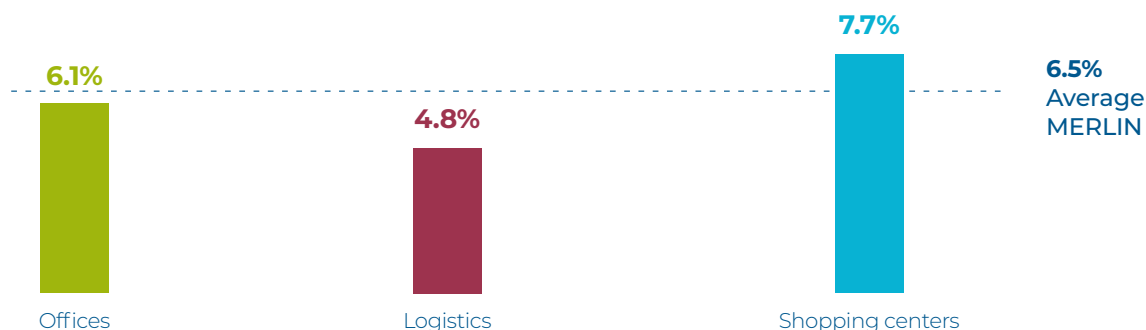
I GROSS RENTS BREAKDOWN

	FY23	FY22	YoY
Offices	254,831	242,716	5.0%
Logistics	80,273	73,563	9.1%
Shopping centers	125,776	123,840	1.6%
Data Centers	539	-	-
Other	14,196	12,723	11.6%
Total	475,614	452,842	5.0%

I AVERAGE PASSING RENT (€/SQM/MONTH)

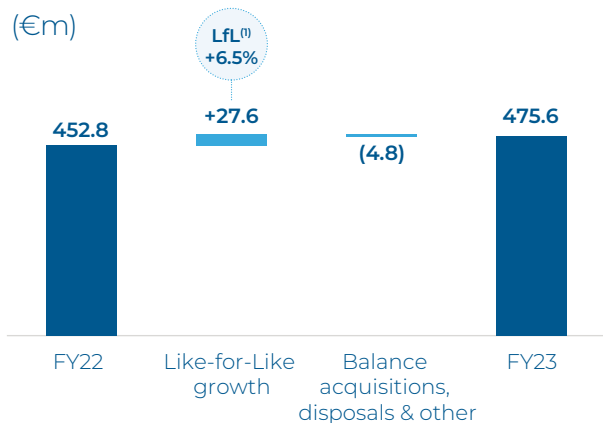
LIKE-FOR-LIKE INCREASE

Aggregate gross rents have increased by 6.5% on a like-for-like basis

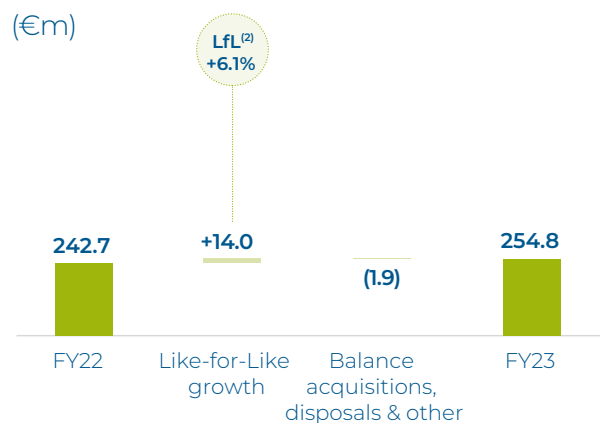


Bridge of FY22 gross rents to FY23, for MERLIN and by asset category:

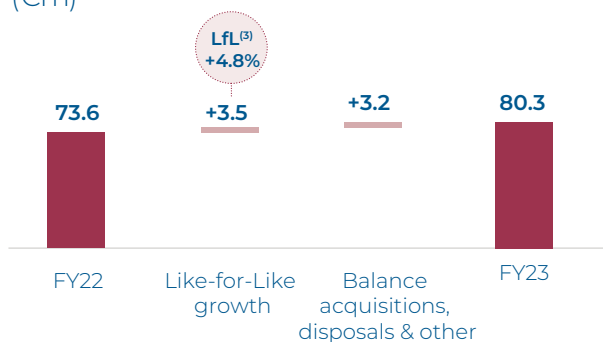
MERLIN (€m)



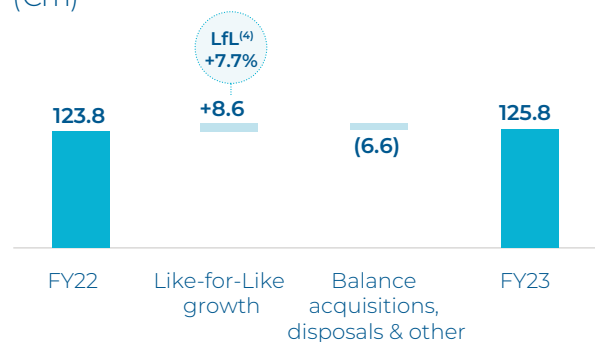
Offices (€m)



Logistics (€m)



Shopping centers (€m)



⁽¹⁾ Portfolio in operation for FY22 (€ 424.8m of GRI) and for FY23 (€ 452.4m of GRI)

⁽²⁾ Portfolio in operation for FY22 (€ 228.7m of GRI) and for FY23 (€ 242.7m of GRI)

⁽³⁾ Portfolio in operation for FY22 (€ 72.0m of GRI) and for FY23 (€ 75.5m of GRI)

⁽⁴⁾ Portfolio in operation for FY22 (€ 111.8m of GRI) and for FY23 (€ 120.4m of GRI)

OCCUPANCY

Stock G.L.A. of MERLIN as of 31st December 2023 amounts to 3,174,875 sqm. Stock as of 31st December 2022 amounted to 3,182,582 sqm, resulting in a net decrease of the stock during the period of 7,707 sqm. Occupancy rate as of 31st December 2023 is 96.2%⁽¹⁾⁽²⁾

	31/12/2023	31/12/2022	Change YTD Bps
Offices			
Total G.L.A. (sqm) ⁽¹⁾	1,157,332	1,172,874	
G.L.A. occupied (sqm)	1,070,053	1,085,294	
Occupancy rate (%)	92.5%	92.5%	(7)
Logistics			
Total G.L.A. (sqm)	1,463,379	1,483,786	
G.L.A. occupied (sqm)	1,448,373	1,438,789	
Occupancy rate (%)	99.0%	97.0%	+201
Shopping centers			
Total G.L.A. (sqm)	431,349	461,394	
G.L.A. occupied (sqm)	390,886	436,341	
Occupancy rate (%) ⁽²⁾	96.2%	95.0%	+122
Data Centers			
Total G.L.A. (sqm)	62,239	-	
G.L.A. occupied (sqm) ⁽³⁾	n.a.	n.a.	
Occupancy rate (%)	n.a.	n.a.	n.m.
Other			
Total G.L.A. (sqm)	60,577	64,527	
G.L.A. occupied (sqm)	59,392	62,796	
Occupancy rate (%)	98.0%	97.3%	+72
MERLIN			
Total G.L.A. (sqm)	3,174,876	3,182,582	
G.L.A. occupied (sqm)	2,968,703	3,023,220	
Occupancy rate (%)⁽²⁾	96.2%	95.1%	+110

⁽¹⁾ Excluding buildings under complete refurbishment. Buildings excluded this period are Plaza Ruiz Picasso, Plaza Ruiz Picasso II, Atica 1, Cerro de los Gamos (II, III & V), Josefa Valcarcel 48 and PLZFA

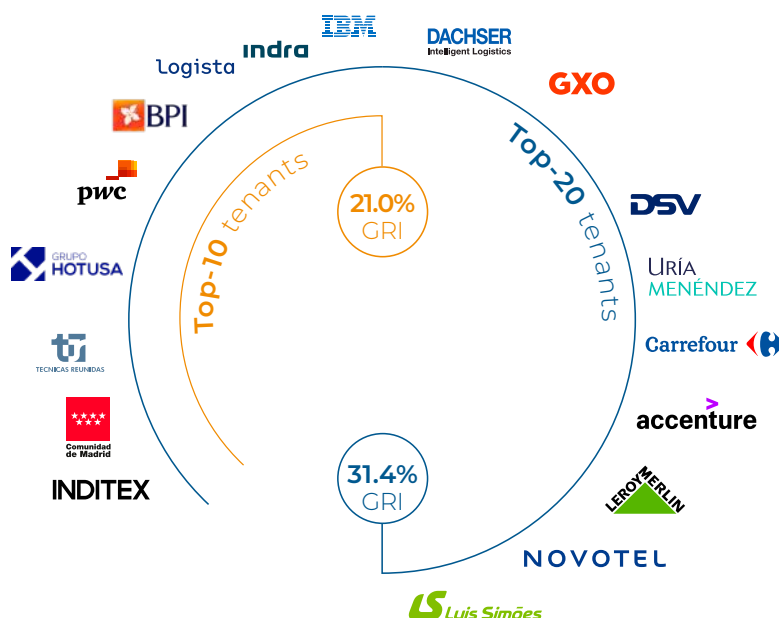
⁽²⁾ Excluding vacant units acquired under refurbishment (25,142 sqm in FY23 and 2,140 sqm in FY22)

⁽³⁾ Data Centers occupancy is measured in terms of IT capacity, not GLA. As of 31st December 2023, 9 MW of IT Capacity have been furnished in the assets, out of a maximum design capacity of 60 MW

TENANTS

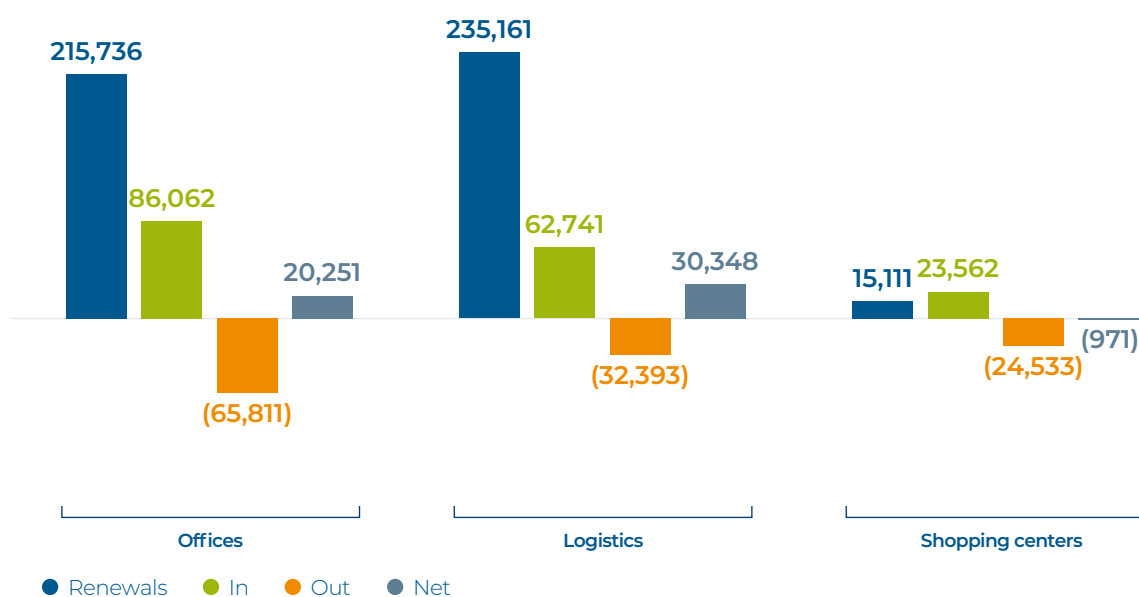
MERLIN enjoys a high quality tenant base, broadly diversified. Top 10 tenants represent a 21.0% of the gross annualized rents, while top 20 tenants represent a 31.4% of gross annualized rents

Tenant	Years as tenant
Endesa	21
Inditex	33
Comunidad de Madrid	19
Técnicas Reunidas	18
Hotusa	23
PWC	14
BPI	3
Logista	13
Indra	22
IBM	1



LEASING ACTIVITY

Since the beginning of 2023, or since the acquisition date for the assets acquired during the year, until 31st December 2023, MERLIN has signed lease agreements amounting to 638,373 sqm, out of which 172,365 sqm corresponds to new leases and 466,008 sqm to renewals



OFFICES

Total take-up amounts to 301,798 sqm out of which 86,062 sqm correspond to new contracts and 215,736 sqm to renewals. Exits amounted to 65,811 sqm, and therefore the net take up is positive by 20,251 sqm. Main contracts signed in FY23 are the following:

Asset	Tenant	G.L.A. (sqm)
Avenida de Europa 33	Indra	33,718
Castellana 278	ICEX	11,262
Cerro de los Gamos	Futitsu, Shiseido, Grenergy and Netco	10,814
Plaza Ruiz Picasso 11	IBM	10,493
Avenida de Burgos 210	Allfunds	6,176
PE Atica	Paradigma Digital	5,664
Torre Glories	Oracle	4,464
PE Via Norte	Acuntia	3,695
Santiago de Compostela 94	Atento	3,530
PE Puerta de las Naciones	Total	2,913
WTC6	Vanderlande Industries	2,907
Castellana 93	Casino Canoe	2,623
Atica 5	Transcom Worldwide	2,515

The release spread achieved in the contracts renewed or relet in the period amounts to 1.2%

	Release spread	# contracts
Madrid	+0.7%	102
Barcelona	+2.5%	44
Lisbon	+1.2%	4
Total	+1.2%	150



I LOGISTICS

Total take-up amounts to 297,902 sqm, out of which 62,741 sqm correspond to new contracts and 235,161 sqm to renewals. Exits amounted 32,393 sqm, therefore net take-up amounts to positive 30,348 sqm. Main contracts signed in FY23 are the following:

Asset	Tenant	G.L.A. (sqm)
A2-Cabanillas Park I B&C	Luis Simoes	66,385
A2-Alovera	IDL	38,763
A2-Cabanillas Park I A	Taisa	38,054
Barcelona-PLZF	B4 Logistics, Erhardt Transitarios, Unidriver Cargo, Bela Padel Center, OmniaLogistics and Airpharm	20,567
Sevilla ZAL	Amazon & Moldtrans	13,307
A2-San Fernando II	Pallex	12,618
A2-Coslada Complex	UPS and The Phone House	10,791
Valencia-Almussafes	Truck & Wheel	3,946

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

	Release spread	# contracts
Madrid	+2.9%	9
Barcelona	+12.7%	3
Other	-	1
Total	+5.2%	13



I SHOPPING CENTERS

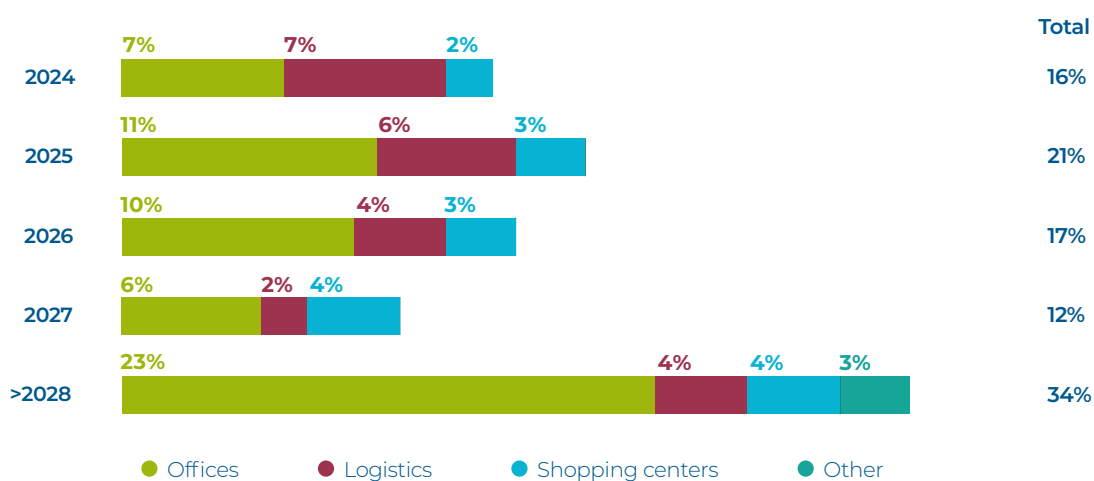
Total take-up amounts to 38,672 sqm out of which 23,562 sqm correspond to new contracts and 15,111 sqm renewals. Exits amounted to 24,533 sqm, and therefore the net take-up is negative by 971 sqm. Main contracts signed in FY23 are the following:

Asset	Tenant	G.L.A. (sqm)
Porto Pi	Casino de Mallorca	2,740
Arenas	Mercadona	1,916
Larios	Bershka	1,291
X-Madrid	Climbat	891
Saler	Kiabi	847
La Vital	Mango	844
Marineda	Totoro Sushi	827
Almada	New Yorker	805
Marineda	Conforama	785
X-Madrid	Ducati	765
Porto Pi	Massimo Dutti	761
Artea	Pull&Bear	718

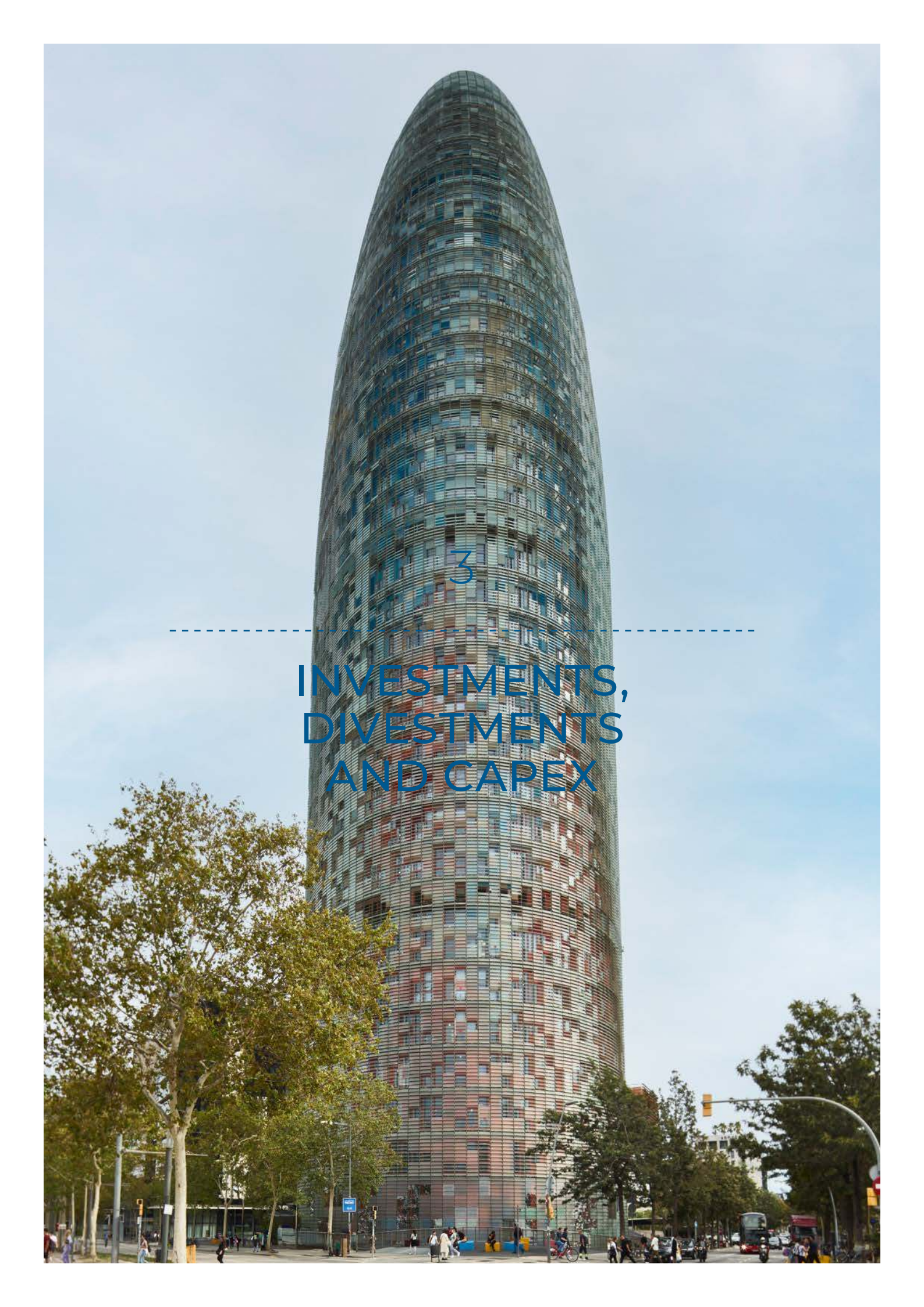
The release spread achieved in the contracts renewed or relet in the period amounts to 12.1%

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 16% in 2024, 21% in 2025 and 17% in 2026







3

INVESTMENTS, DIVESTMENTS AND CAPEX

Investments, divestments and Capex

During FY23, investment activity has been as follows:

- **€ 38.3m in non-core disposals in FY23** including 2 secondary shopping centers, 1 residential unit, 1 supermarket and 1 industrial asset
- **Muted acquisitions during FY23.** Opportunistic acquisition of a department store in Marineda to expand our shopping center by 18,232 sqm. Retrofitting works have already started with expected delivery in 2025
- Capex efforts continue to be focused on **Best II & III and Digital Infrastructure Plan** (Mega). 3 Data Centers have been delivered during the year:
 - **MAD01-GET:** 3 MW installed IT capacity out of total 20 MW
 - **BCN01-PLZF:** 3 MW installed IT capacity out of total 16 MW
 - **BIO03-ARA:** 3 MW installed IT capacity out of total 24 MW
- Regarding Offices, Cerro de los Gamos (Phase I) and Atica 1 totalling 17,894 sqm have been delivered during the year. Plaza Ruiz Picasso 11 (36,899 sqm) has started the delivery of space to its first tenants (10,493 sqm to IBM in December 2023)

	Offices	Retail	Logistics	Data Centers	€ million
Acquisitions		Marineda extension Porto Pi unit	Valencia-Betera		22.8
Greenfield development			A2-Cabanillas Park II Lisboa-Park	BIO03-ARA (Data Center) MAD01-GET (Data Center) BCN01-PLZF (Data Center) LIS-01 VFX (Data Center)	167.6
Refurbishments	Plaza Ruiz Picasso Cerro de los Gamos PLZFA	Porto Pi	A4-Pinto II A2-Cabanillas I		96.9
<i>Incremental lettable space⁽¹⁾</i>					47.4
<i>Non incremental lettable space</i>					49.5
<i>Tenant incentives</i>					-
<i>Other material non-allocated types of expenditure</i>					-
Like-for-like portfolio (Defensive Capex) ⁽²⁾					26.1
Capitalised interest (interest if applicable)					-
Total					313.5

⁽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 FY23, only Plaza Ruiz Picasso is included within this category

⁽²⁾ € 20.8m are capitalized in balance sheet and € 5.3m 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 2023, the main KPIs of the Best II and III plans are the following:

Logistics development program (as from 31/12/2023)

- **478k sqm** of Best II and III projects have been delivered to date achieving an YoC average of **7.8%**
- **557k sqm of Landbank**, all of which have reached **ready-to-build status**, distributed among selected locations in Madrid, Lisbon, Valencia and Seville
- **A2-Cabanillas Park II B** (47k sqm) finished and fully let in 1Q24

Logistics pipeline as of FY23	GLA (sqm)	Pending capex (€m)	Expected GRI (€m)	YoC ⁽¹⁾ (%)	Yield on Pending Capex (%)
Near term pipeline by 2Q25	189k	78	10.4	7.6%	13.3%
Medium term pipeline (2026-2027)	98k	61	6.1	7.6%	10.0%
Non-committed long-term pipeline ⁽²⁾	318k	162	17.7	±7.0%	11.0%

I DATA CENTERS

- **MAD01-GET, BCN01-PLZF and BIO03-ARA** Data Centers **fully operational** and delivered to the anchor tenant, proving to market best-in-class technical specifications (1.15 PUE and 0.0 WUE)
- Given the **increase in the demand due to Generative AI**, the company is accelerating its IT MEP (Mechanical, Electrical and Plumbing) procurement and repowering facilities where the opportunity arises
- **LIS01-VFX** Data Center **license expected in 1Q24**

Capex invested as of FY23 (€m)	2024 Capex (€m)	2025-2026 Capex (€m)	Expected stabilized GRI (€m)	Stabilized GRI YoC ⁽¹⁾ (%)	Stabilized NOI YoC (%)
258 ⁽³⁾	144	163	81	14.4%	>10%

⁽¹⁾ Including land cost

⁽²⁾ To be developed on a pre-let basis

⁽³⁾ € 306m including down payments and pre-orders



4

PORTFOLIO VALUATION

008

009

010



Portfolio valuation

MERLIN portfolio has been appraised by CBRE, Savills and JLL, for a total GAV of € 11,270m. GAV breakdown is the following:

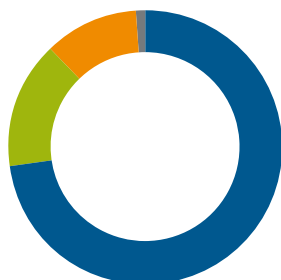
	GAV (€ m)	LfL Growth	Gross yield	Yield expansion/ (compression) ⁽¹⁾
Offices	6,191	(4.7%)	4.7%	+34
Logistics	1,410	3.0%	5.6%	+39
Shopping centers	2,006	(5.2%)	6.1%	+54
Logistics WIP & Office landbank	294	n.a.	n.a.	
Data Centers	342	n.a.	n.a.	n.a.
Others	354	(12.2%)	4.9%	+105
Equity method	673	7.0%	n.a.	
Total	11,270	(3.4%)	5.1%	+42

⁽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 **73%**
- Barcelona **15%**
- Lisbon **11%**
- Other Spain **1%**

By location



- Prime + CBD **57%**
- NBA **35%**
- Periphery **8%**

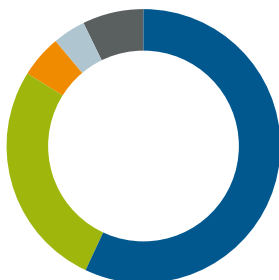
By product



- Multi tenant **72%**
- Single tenant **28%**

LOGISTICS (BY GAV)

By geography



- Madrid **57%**
- Catalonia **27%**
- Seville **5%**
- Basque Country **4%**
- Other **7%**

By reach



- National **47%**
- Ports **32%**
- Regional **18%**
- Production related **3%**

By tenant type



- 3PL mono-client **39%**
- 3PL multi-client **37%**
- End user **24%**

SHOPPING CENTERS (BY GAV)

By geography



- Madrid **22%**
- Lisbon **22%**
- Valencia **11%**
- Galicia **16%**
- Catalonia **8%**
- Andalusia **7%**
- Other **14%**

By type



- Urban **57%**
- Dominant **40%**
- Secondary **3%**

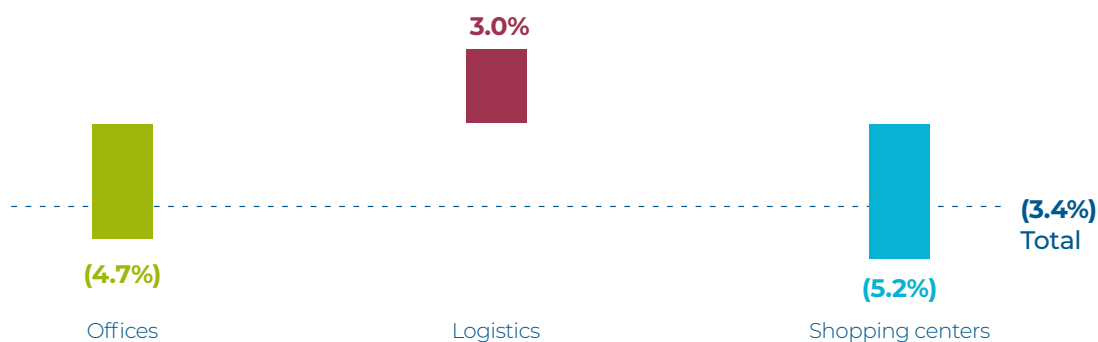
By size



- Extra-large **37%**
- Large **33%**
- Medium **20%**
- Small **10%**

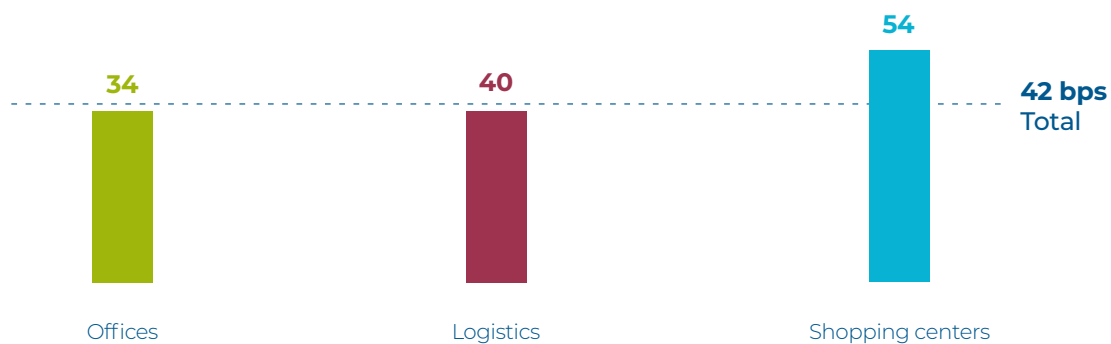
GAV EVOLUTION

GAV has decreased by € 48m, reducing from a GAV of € 11,317m as of 31 December 2022 to € 11,270m. The like-for-like decrease of GAV from 31 December 2022 is 3.4%



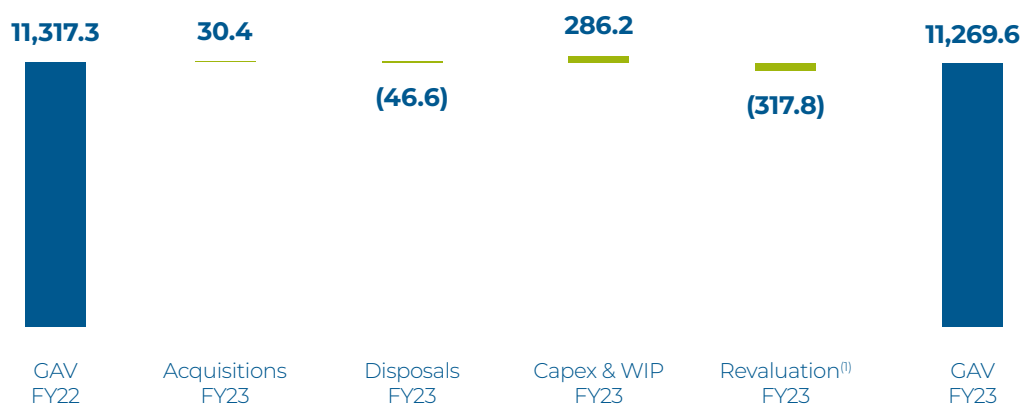
YIELD EVOLUTION

Passing yields have expanded by 42 bps since December 2022



GAV BRIDGE

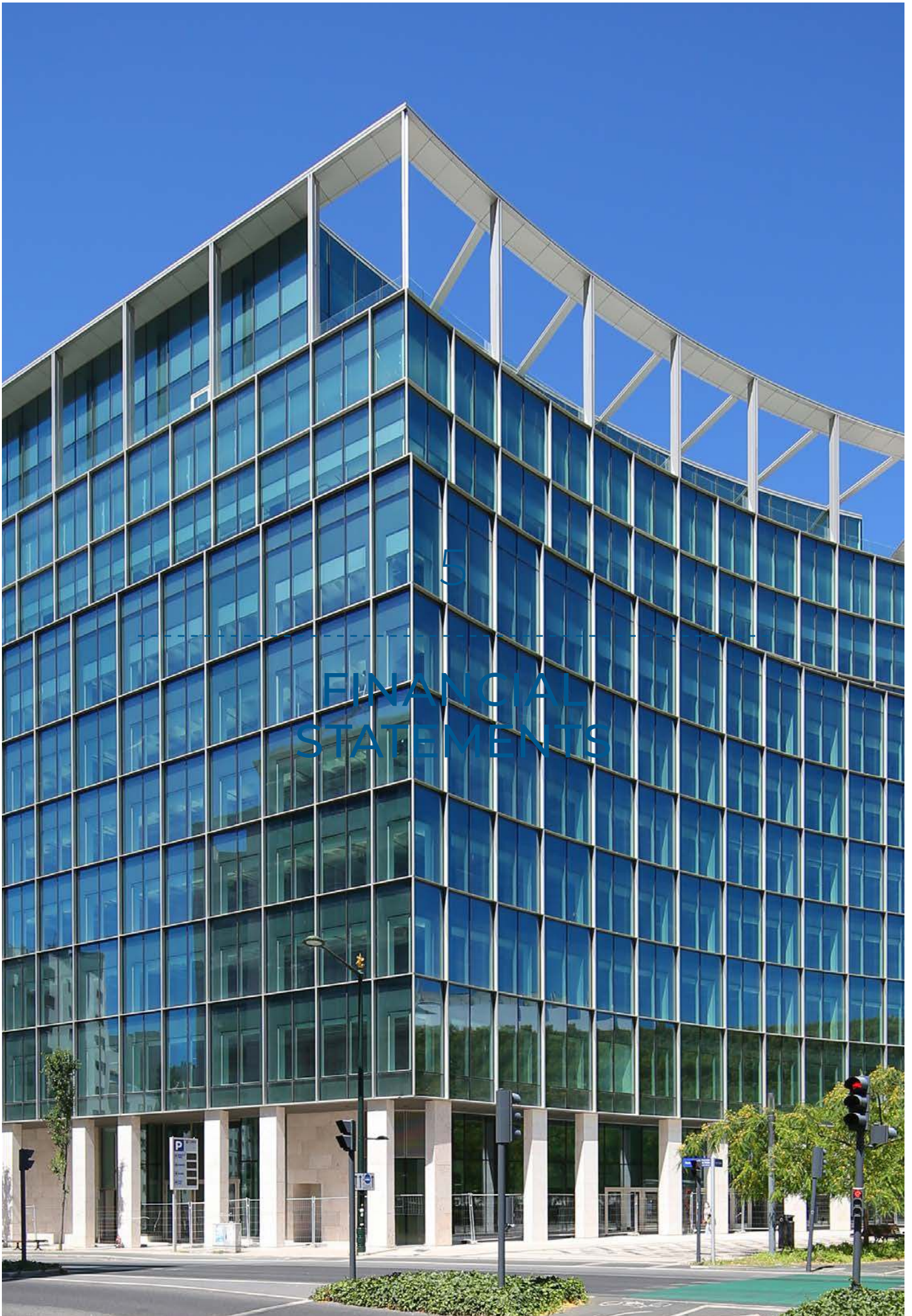
(€ millions)



⁽¹⁾ - € 317.8m devaluation FY23 = - € 336.0m P&L devaluation, +€ 32.9m equity method revaluation and - € 14.8m IFRS 16 adjustment

5

FINANCIAL STATEMENTS



Financial statements

CONSOLIDATED INCOME STATEMENT

(€ thousand)	31/12/2023	31/12/2022
Gross rents	475,614	452,842
Offices	254,831	242,716
Logistics	80,273	73,563
Shopping centers	125,776	123,840
Data Centers	539	-
Other	14,196	12,723
Other income	12,654	7,881
Total Revenues	488,268	460,723
Incentives	(28,407)	(24,688)
Total Operating Expenses	(98,461)	(107,838)
Propex	(43,500)	(49,276)
Personnel expenses	(31,759)	(35,659)
Opex general expenses	(17,651)	(16,446)
Opex non-overheads	(2,747)	(2,443)
LTIP Provision	(2,804)	(4,014)
Accounting EBITDA	361,400	328,197
Depreciation	(2,075)	(1,885)
Gain / (losses) on disposal of assets	(7,023)	11,561
Provisions	(7,411)	(160)
Change in fair value of investment property	(335,984)	(249,272)
EBIT	8,907	88,441
Net financial expenses	(109,185)	(91,532)
Debt amortization costs	(8,405)	(13,729)
Gain / (losses) on disposal of financial instruments	-	(283)
Change in fair value of financial instruments	(6,232)	41,226
Share in earnings of equity method instruments	39,923	24,033
PROFIT BEFORE TAX	(74,992)	48,156
Income taxes	(8,505)	(6,800)
PROFIT (LOSS) FOR THE PERIOD RECURRING OPERATIONS	(83,497)	41,356
Result from discontinued operations	-	221,731
Minorities	-	-
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE	(83,497)	263,087

I NOTES TO THE CONSOLIDATED INCOME STATEMENT

Gross rents (€ 475,614 thousand) less incentives of € 28,407 thousand equals to gross rents net of incentives of € 447,207 thousand. After deducting portfolio operating expenses not recharged to the tenants & collection loss (€ 43,500 thousand) the resulting amount is € 403,707 thousand of net rents. The total amount of operating expenses of the Company in the period is € 54,961 thousand, with the following breakdown:

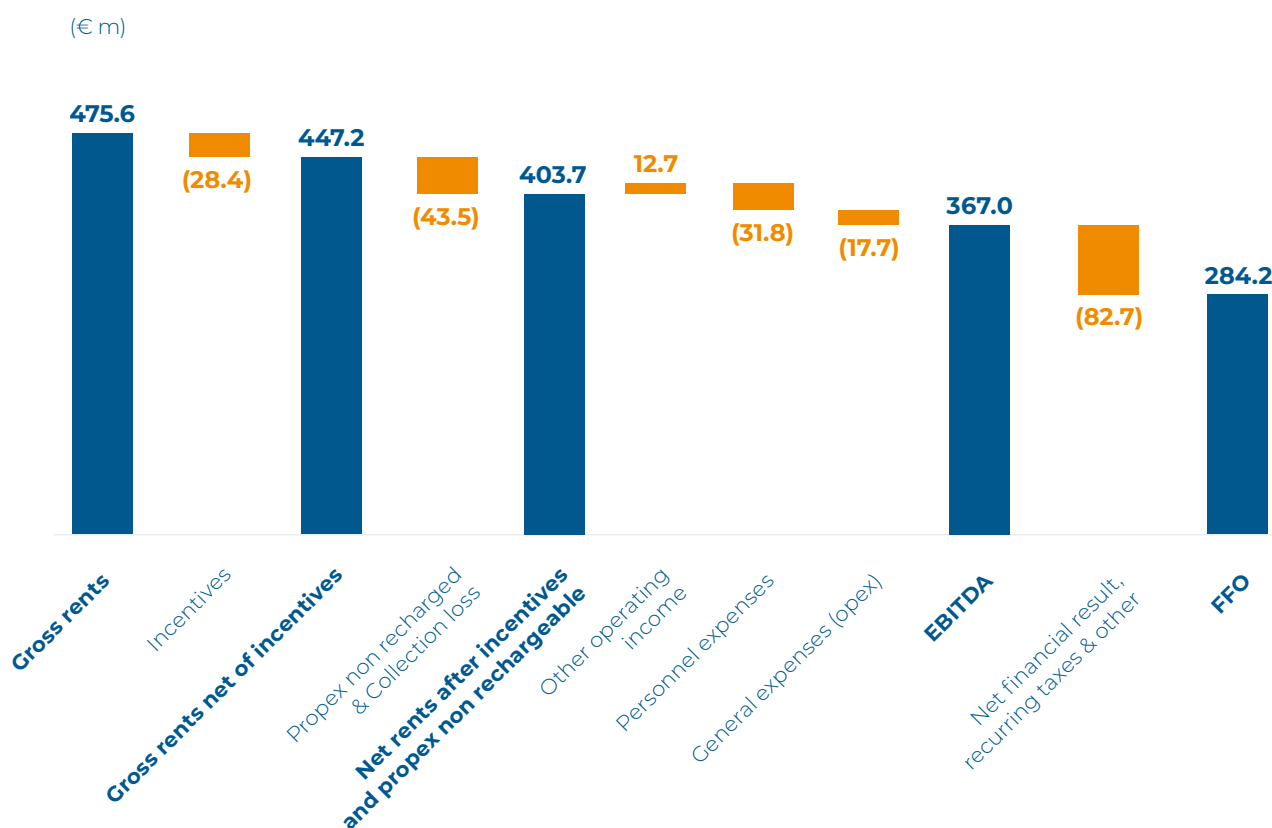
i. € 31,759 thousand correspond to personnel expenses

ii. € 17,651 thousand of Opex general expenses

iii. € 2,804 thousand corresponding to the long-term incentive plan (LTIP)

iv. € 2,747 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	31/12/2023	EQUITY AND LIABILITIES	31/12/2023
NON CURRENT ASSETS	11,465,445	EQUITY	6,539,038
Intangible assets	1,570	Subscribed capital	469,771
Property, plant and equipment	7,142	Share premium	3,541,379
Investment property	10,639,763	Reserves	2,729,403
Investments accounted by the equity method	537,288	Treasury stock	(15,410)
Non-current financial assets	202,109	Other equity holder contributions	540
Deferred tax assets	77,573	Interim dividend	(93,673)
		Profit for the period	(83,497)
		Valuation adjustments	(9,475)
		NON-CURRENT LIABILITIES	5,311,701
		Long term debt	4,678,330
		Long term provisions	20,181
		Deferred tax liabilities	613,190
CURRENT ASSETS	599,966	CURRENT LIABILITIES	214,672
Trade and other receivables	62,598	Short term debt	32,863
Short term investments in group companies and associates	3,149	Trade and other payables	171,599
Short-term financial assets	1,842	Other current liabilities	10,211
Cash and cash equivalents	461,223		
Other current assets	71,155		
TOTAL ASSETS	12,065,411	TOTAL EQUITY AND LIABILITIES	12,065,411

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. The referred appraisal value is reflected in the following accounting Items:

€ million	Notes	
Investment property	7	10,639.8
Equity method ⁽¹⁾	9	522.5
Non current financial assets ⁽²⁾	10	92.5
Non-current assets	n.a.	0.9
Inventory ⁽³⁾	n.a.	7.0
Total balance sheet items		11,262.6
IFRS-16 (concessions)	n.a.	(51.9)
Equity method adjustment	n.a.	58.5
Non-current assets adjustment ⁽⁴⁾	n.a.	0.3
Total valuation		11,269.6

FINANCIAL DEBT

FINANCIAL DEBT BREAKDOWN

€ Thousand	Long term	Short term	Total
Financial debt	4,524,615	1,629	4,526,244
Loan arrangement costs	(27,023)	-	(27,023)
Debt interest expenses	-	24,240	24,240
Mark-to-market of interest-rate hedging contracts	6,046	(375)	5,672
Other financial liabilities (i.e. legal deposits)	172,630	7,245	179,875
Total debt	4,676,269	32,739	4,709,008

⁽¹⁾ Including Silicius at amortized cost (€ 78.3m) net of derivatives impact

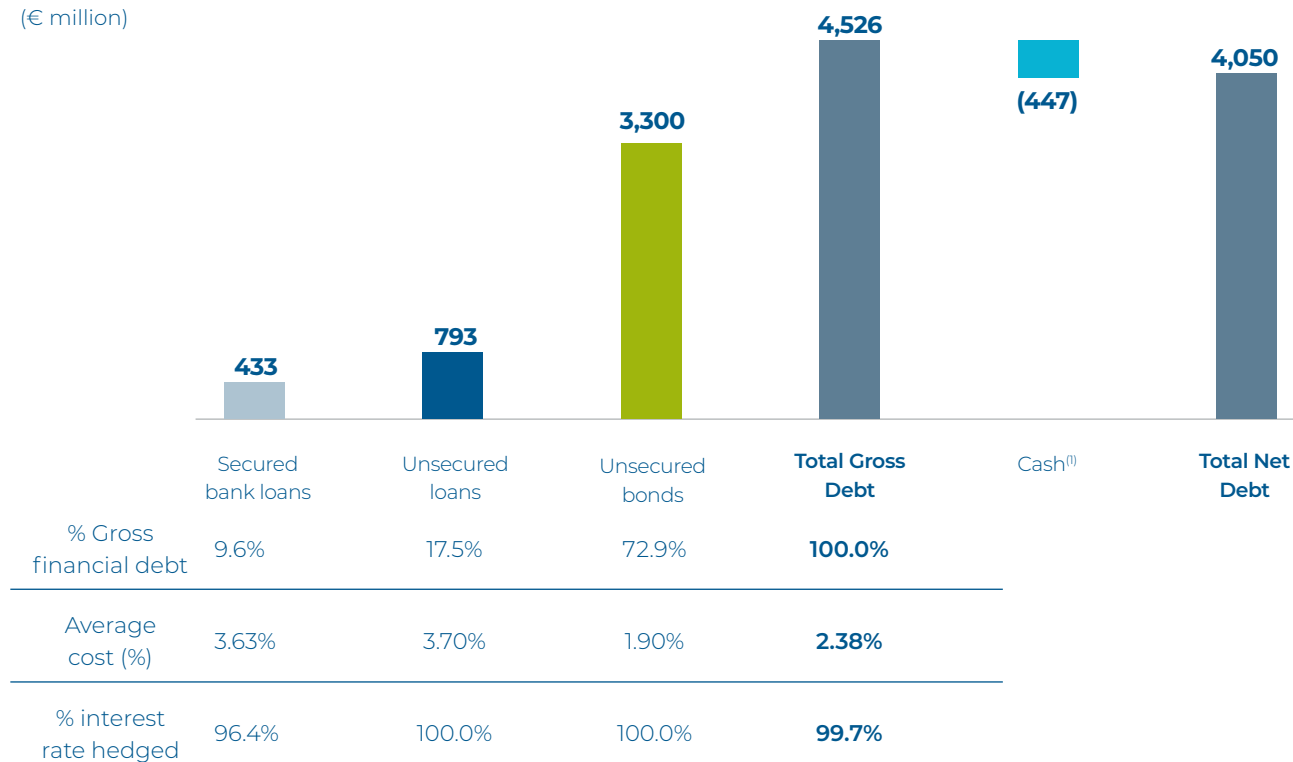
⁽²⁾ Crea MNN loan

⁽³⁾ Net value paid by MERLIN. Excludes both amounts not paid yet and pre-sold inventory. Total inventory amounts to € 38.2m as of FY23

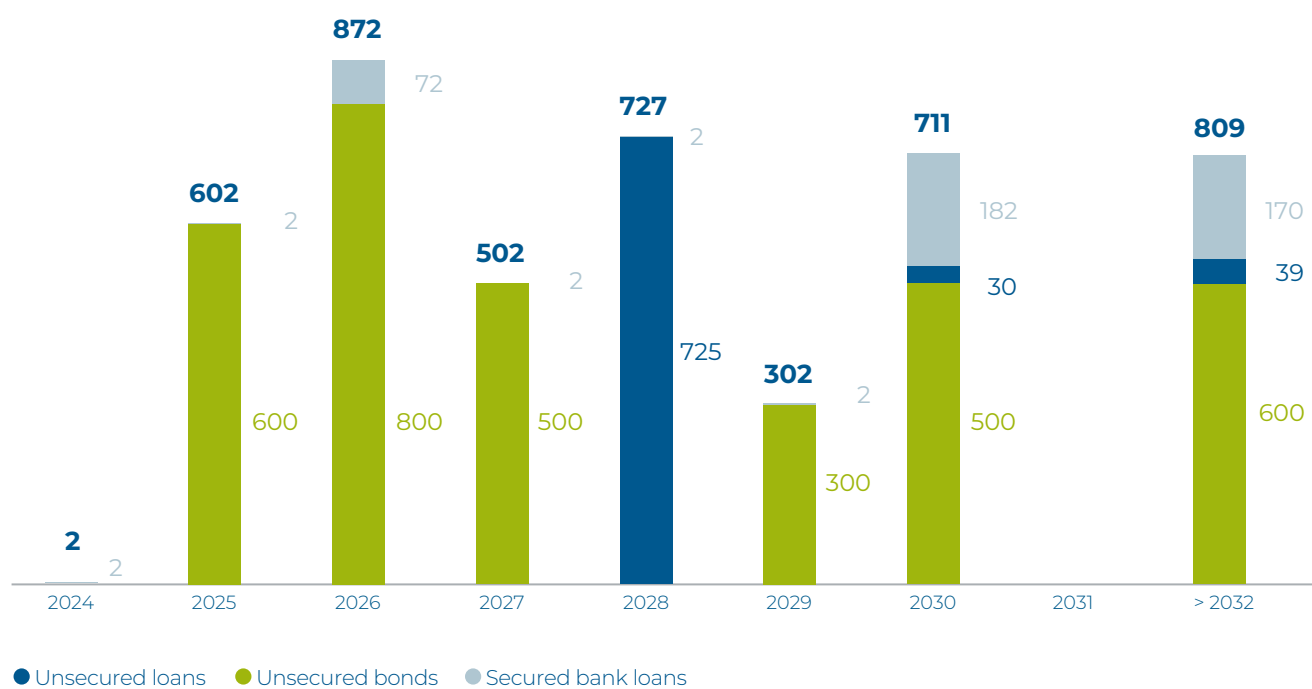
⁽⁴⁾ MtM of the non-current assets

MERLIN's net financial debt as of 31st December is € 4,049,610 thousand. This implies a Loan To Value of 35.0% including transfer costs, which represents an increase of 234 bps since 31/12/2022 (32.7%). The breakdown of MERLIN's debt is the following:

(€ million)



MERLIN'S debt has an average maturity period of 5.1 years. The chart showing debt maturity profile is the following:



⁽¹⁾ Including treasury stock

MERLIN's debt as of 31st December has an average cost of 2.38% (spot 2.71% excluding hedging derivatives). Nominal debt with interest rate hedged amounts to 99.7%. Key debt ratios are shown below:

(€ million)	31/12/2023	31/12/2022
Gross financial debt	4,526	4,239
Cash and equivalents ⁽¹⁾	(477)	(447)
Net financial debt	4,050	3,792
GAV	11,270	11,317
LTV (exc. TC)	35.0%	32.7%
Av. Interest rate	2.38%	1.98%
Hedged debt	99.7%	99.6%
Av. Maturity (years)	5.1	4.9
Liquidity ⁽²⁾	1,309	1,856
Non-mortgage debt	90.4%	98.0%

SHAREHOLDERS RETURN

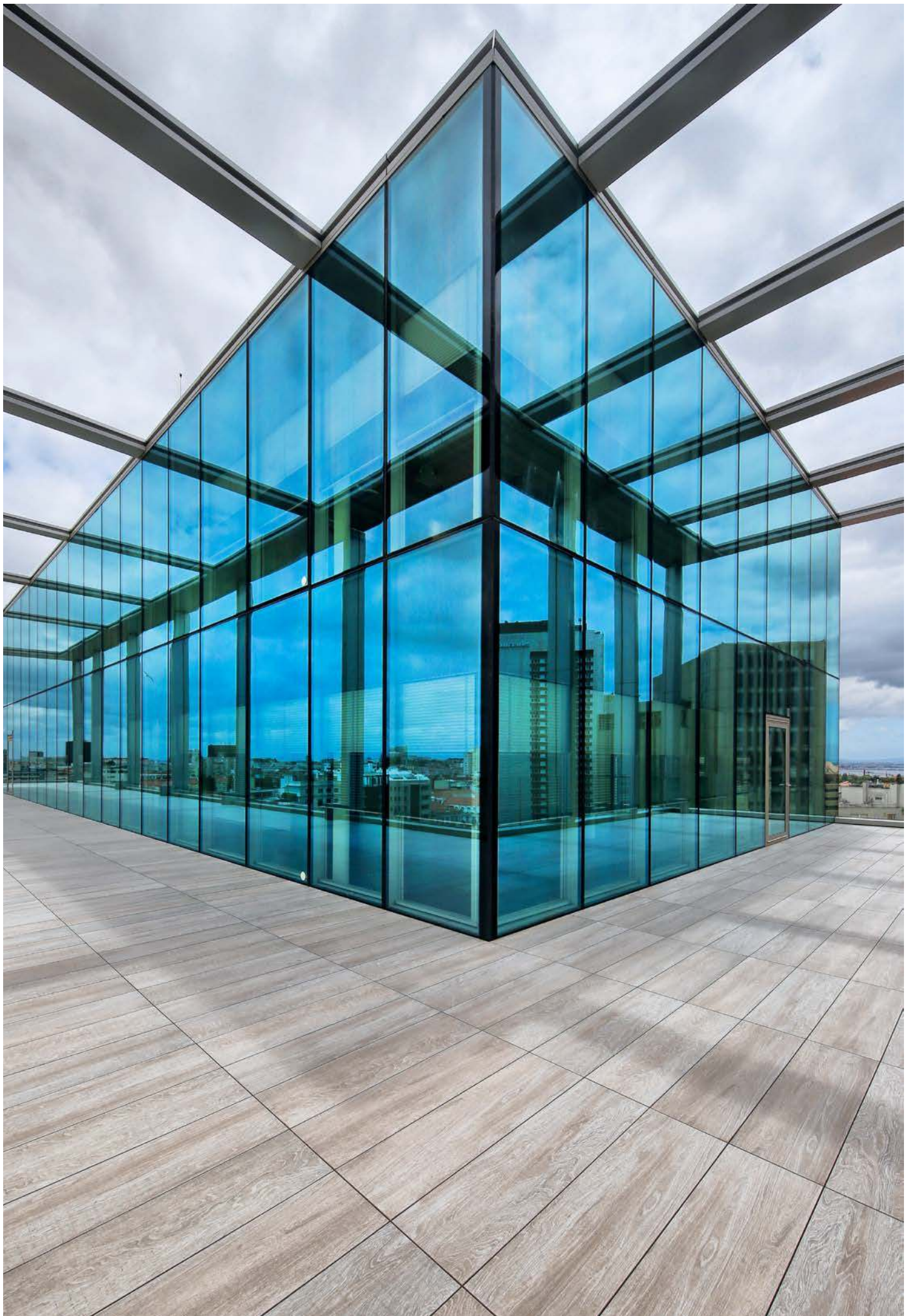
The Shareholder Return for a given period is equivalent to the sum of (a) the change in the EPRA NTA per share of the Company during such period; and (b) the total dividends per share (or any other form of remuneration or distribution to the Shareholders) that are paid in such period (the "Shareholder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

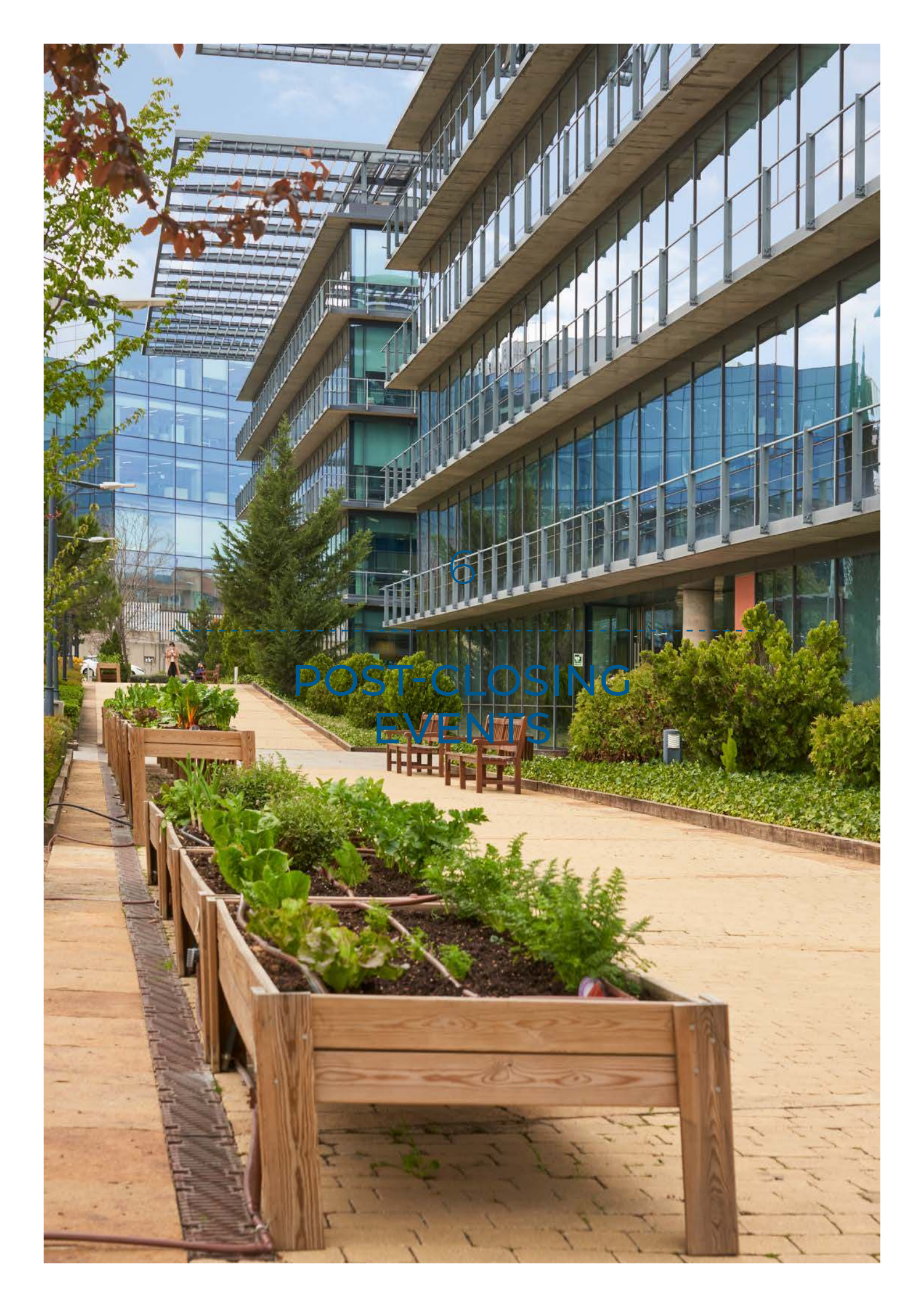
Return for a given period divided by the EPRA NTA per share of the Company at the beginning of period (the "Shareholder Return Rate"). In accordance with these definitions, the Shareholder Return for FY23 amounts to € -0.15 per share (or € 73m of value destructed in absolute terms) and the Shareholder Return Rate amounts to -1.0%

	Per share (€)	€ million
EPRA NTA 31/12/2022	15.67	7,363
NTA growth in 2023	(0.59)	(280)
EPRA NTA 31/12/2023	15.08	7,083
DPS paid in 2023	0.44	207
NTA growth + DPS (Shareholder Return)	(0.15)	(73)
Shareholder Return Rate	(1.0%)	(1.0%)

⁽¹⁾ Includes cash and treasury stock (€ 15.4m) in FY23 and cash and treasury stock (€ 17.2m) in FY22

⁽²⁾ Includes available cash plus treasury stock and undrawn credit facilities (€ 832m RCF and EIB loan) in FY23 and cash plus treasury stock and undrawn credit facilities (€ 809m RCF and EIB loan) in FY22





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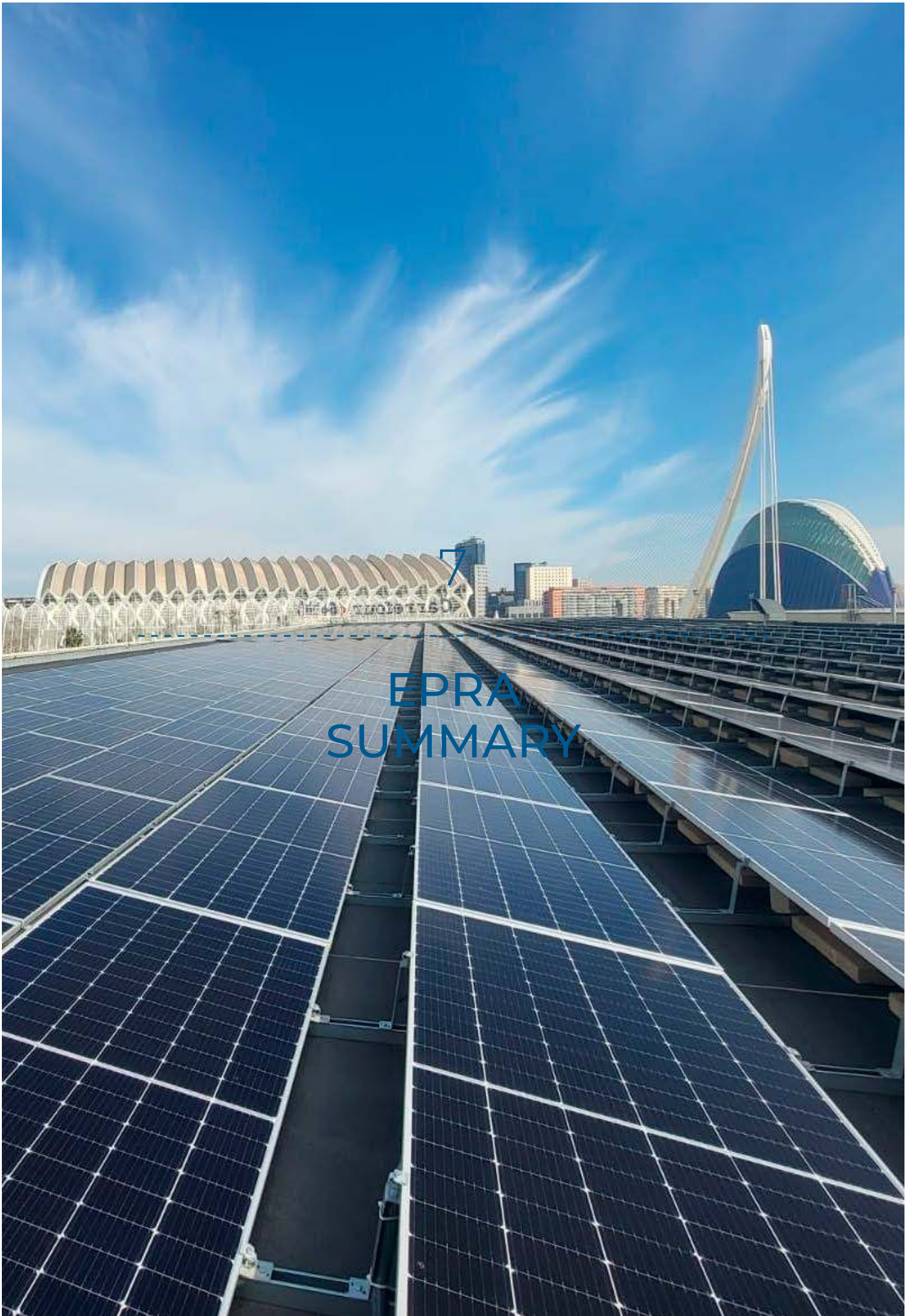
POST-CLOSING
EVENTS

Post-closing events

- In January, MERLIN signed a € 150m secured bank loan maturing in 2034 @130 bps margin. The loan is expected to be drawn down in March 2024
- In January, MERLIN issued a € 100m tap on the 2.375% note due in September 2029 (3.93% cost)
- On February 21st 2024, MERLIN signed in agreement the conclusions of a tax inspection opened in 2022. As a result, the company shall pay an amount of € 1.6 million to the Tax Authority and the Tax Authority shall reimburse MERLIN with € 14.0 million as a result of the application of the Constitutional Court ruling of January 19th, 2024

7

EPRA SUMMARY



EPRA Summary

I EPRA SUMMARY TABLE

Performance Measure		
EPRA Earnings	Earnings from core operational activities	278,687
EPRA Earnings per Share		0.59
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	15.78
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	15.08
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	14.66
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	4.3%
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)	4.6%
EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	4.9%
EPRA Cost Ratios		
EPRA Cost Ratio (including direct vacancy costs)	Running costs of the Company divided by recurring rents including direct vacancy costs	24.4%
EPRA Cost Ratio (excluding direct vacancy costs)	Running costs of the Company divided by recurring rents excluding direct vacancy costs	22.7%
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	37.9%



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		(83,497)
Adjustments to calculate EPRA Earnings, exclude:		(362,184)
(i) Changes in value of investment properties, development properties held for investment and other interests ⁽¹⁾	Income statement	(345,470)
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	Income statement	(7,023)
(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.	(768)
(v) Negative goodwill / goodwill impairment	n.a.	-
(vi) Changes in fair value of financial instruments and associated close-out costs ⁽³⁾	n.a.	(29,388)
(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⁾		20,465
EPRA Earnings		278,687
Basic number of shares		469,770,750
EPRA Earnings per Share (EPS)		0.59
Company specific adjustments:		5,551
(a) LTIP provision	18	2,804
(b) Opex non-overheads	18	2,747
Company specific Adjusted Earnings		284,239
Company specific Adjusted EPS		0.61

⁽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) + IFR16 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	6,539.0	6,539.0	6,539.0
Include / Exclude:			
i) Hybrid instruments	-	-	-
Diluted NAV	6,539.0	6,539.0	6,539.0
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	58.8	58.8	58.8
iii) Revaluation of tenant leases held as finance leases	-	-	-
iv) Revaluation of trading properties	-	-	-
Diluted NAV at Fair Value	6,597.8	6,597.8	6,597.8
Exclude:			
v) Deferred tax in relation to fair value gains of IP	535.6	507.8	-
vi) Fair value of financial instruments	(21.0)	(21.0)	-
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		(1.6)	
Include:			
ix) Fair value of fixed interest rate debt			287.7
x) Revaluation of intangibles to fair value	-		
xi) Real estate transfer tax	299.2	-	-
NAV	7,411.7	7,083.1	6,885.5
Fully diluted number of shares	469,770,750	469,770,750	469,770,750
NAV per share	15.78	15.08	14.66

I EPRA NIY AND 'TOPPED-UP' NIY

(€ million)		Offices	Logistics	Shopping Centers	Data Centers	Others	Total
Investment property – wholly owned		6,284	1,611	2,006	342	354	10,596
Investment property – share of JVs/Funds		-	-	-	-	-	-
Trading property (including share of JVs)		-	-	-	-	-	-
Less: developments		(732)	(201)	-	(342)	(74)	(1,348)
Completed property portfolio		5,552	1,410	2,006	-	280	9,248
Allowance for estimated purchasers' costs		176	36	45	-	8	265
Gross up completed property portfolio valuation	B	5,728	1,445	2,051	-	289	9,512
Annualised cash passing rental income		259	78	122	-	14	474
Property outgoings		(37)	(6)	(17)	-	(1)	(62)
Annualised net rents	A	222	72	105	-	13	412
Add: notional rent expiration of rent free periods or other lease incentives		19	1	5	-	0	25
Topped-up net annualised rent	C	240	74	109	-	13	436
EPRA NIY	A/B	3.9%	5.0%	5.1%	-	4.4%	4.3%
EPRA "topped-up" NIY	C/B	4.2%	5.1%	5.3%	-	4.5%	4.6%

I EPRA VACANCY RATE

(€ million)		Offices	Logistics	Shopping Centers	Others	Total
Estimated Rental Value of vacant space	A	17.1	1.6	6.2	0.1	25.0
Estimated Rental Value of the whole portfolio	B	288.4	87.1	124.3	14.4	514.3
EPRA Vacancy Rate	A/B	5.9%	1.8%	5.0%	0.6%	4.9%

I EPRA COST RATIOS

	Notes	(€ thousand)
Include:		
Administrative/operating expense line per IFRS income statement	18	108,170
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	108,170
Direct vacancy costs		7,127
EPRA Costs (excluding direct vacancy costs)	B	101,043
Gross Rental Income less ground rents – per IFRS⁽¹⁾		
		444,155
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	444,155
EPRA Cost Ratio (including direct vacancy costs)	A/C	24.4%
EPRA Cost Ratio (excluding direct vacancy costs)	B/C	22.7%

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

⁽¹⁾ Gross Rental income (€ 475.6m) - incentives (€ 28.4m) - ground lease rents (€ 3.1m)

I EPRA LTV METRIC FY23

(€ million)

(€ million)	Group as reported	Proportionate consolidation			
		Share of Joint Ventures	Share of Material Associates	Non-controlling Interests	Combined
Include:					
Borrowings from financial institutions ⁽¹⁾	1,229.5	-	141.8	-	1,371.4
Commercial paper	-	-	-	-	-
Hybrids (including convertibles, preference shares, debt, options, perpetuals)	-	-	-	-	-
Bond loans ⁽²⁾	3,321.0	-	-	-	3,321.0
Foreign currency derivatives (futures, swaps, options and forwards)	-	-	-	-	-
Net payables ⁽³⁾	62.9	-	(10.0)	-	52.9
Owner-occupied property (debt)	-	-	-	-	-
Current accounts (equity characteristic)	-	-	-	-	-
Exclude:					
Cash and cash equivalents	(461.2)	-	(12.1)	-	(473.3)
Net Debt (a)	4,152.2	-	119.7	-	4,271.9
Include:					
Owner-occupied property ⁽⁴⁾	1.2	-	-	-	1.2
Investment properties at fair value	10,639.8	-	529.3	-	11,169.1
Properties held for sale	-	-	-	-	-
Properties under development	-	-	-	-	-
Intangibles	-	-	-	-	-
Net receivables	-	-	-	-	-
Financial assets ⁽⁵⁾	92.5	-	-	-	92.5
Total Property Value (b)	10,733.5	-	529.3	-	11,262.8
EPRA LTV (a/b)	38.7%	-	-	-	37.9%
Real Estate Transfer Taxes (RETTS) (c)	299.2	-	12.4	-	311.6
EPRA LTV (incl. RETTS) (a/(b+c))	37.6%	-	-	-	36.9%
Company specific Property Value adjustments:	175.3	-	-	-	175.3
Crea MNN Stake (14.46%) ⁽⁶⁾	175.3	-	-	-	175.3
Total Property Value including company specific adjustments (d)	10,908.7	-	-	-	11,438.1
Company specific EPRA LTV (a/d)	38.1%	-	-	-	37.3%
Company specific EPRA LTV (incl. RETTS) (a/(c+d))	37.0%	-	-	-	36.4%

⁽¹⁾ Including notional amount (€ 1,226.2m) and accrued interest (€ 3.3m). Please refer to Note 14 of the Annual Accounts for further details

⁽²⁾ Including notional amount (€ 3,300.0m) and accrued interest (€ 21.0m). Please refer to Note 4 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 Crea Madrid 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 2024

I EPRA LTV METRIC: SHARE OF MATERIAL ASSOCIATES FY23

(€ million)	ZAL Port	Tres Aguas	Silicius	Share of Material Associates ⁽¹⁾
Include:				
Borrowings from financial institutions	137.3	69.3	228.2	141.8
Commercial paper	-	-	-	-
Hybrids (including convertibles, preference shares, debt, options, perpetuals)	-	-	-	-
Bond loans	-	-	-	-
Foreign currency derivatives (futures, swaps, options and forwards)	-	-	-	-
Net payables	(19.8)	1.2	(5.8)	(10.0)
Owner-occupied property (debt)	-	-	-	-
Current accounts (equity characteristic)	-	-	-	-
Exclude:				
Cash and cash equivalents	(9.6)	(7.4)	(20.9)	(12.1)
Net Debt (a)	107.9	63.1	201.6	119.7
Include:				
Owner-occupied property	-	-	-	-
Investment properties at fair value	743.9	123.3	600.4	529.3
Properties held for sale	-	-	-	-
Properties under development	-	-	-	-
Intangibles	-	-	-	-
Net receivables	-	-	-	-
Financial assets	-	-	-	-
Total Property Value (b)	743.9	123.3	600.4	529.3

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

8

STOCK
EXCHANGE
EVOLUTION

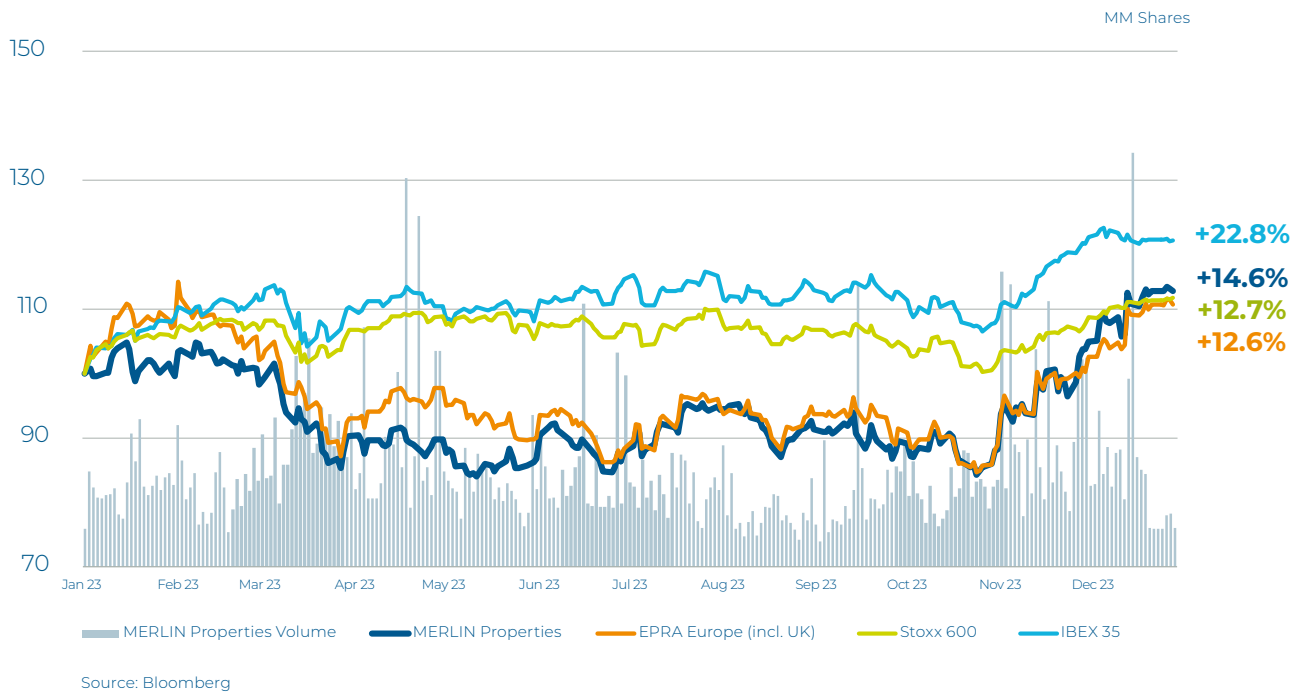


Stock exchange evolution

MERLIN shares closed on 31st December 2023 at € 10.06, an increase of 14.6% versus 31st December 2022 closing price (€ 8.78).

■ MERLIN SHARE PRICE PERFORMANCE⁽¹⁾ VS REFERENCE INDICES

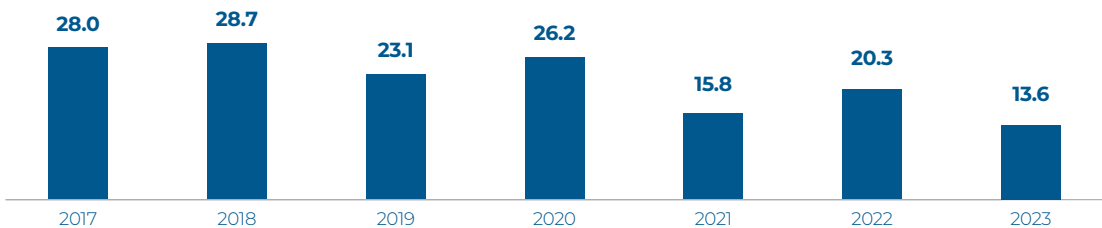
From 1st January 2023 to 31st December 2023, Rebased to 100



⁽¹⁾ Adjusted for any equity dilutive transactions

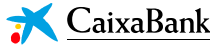
■ AVERAGE DAILY TRADING VALUE (€ M)

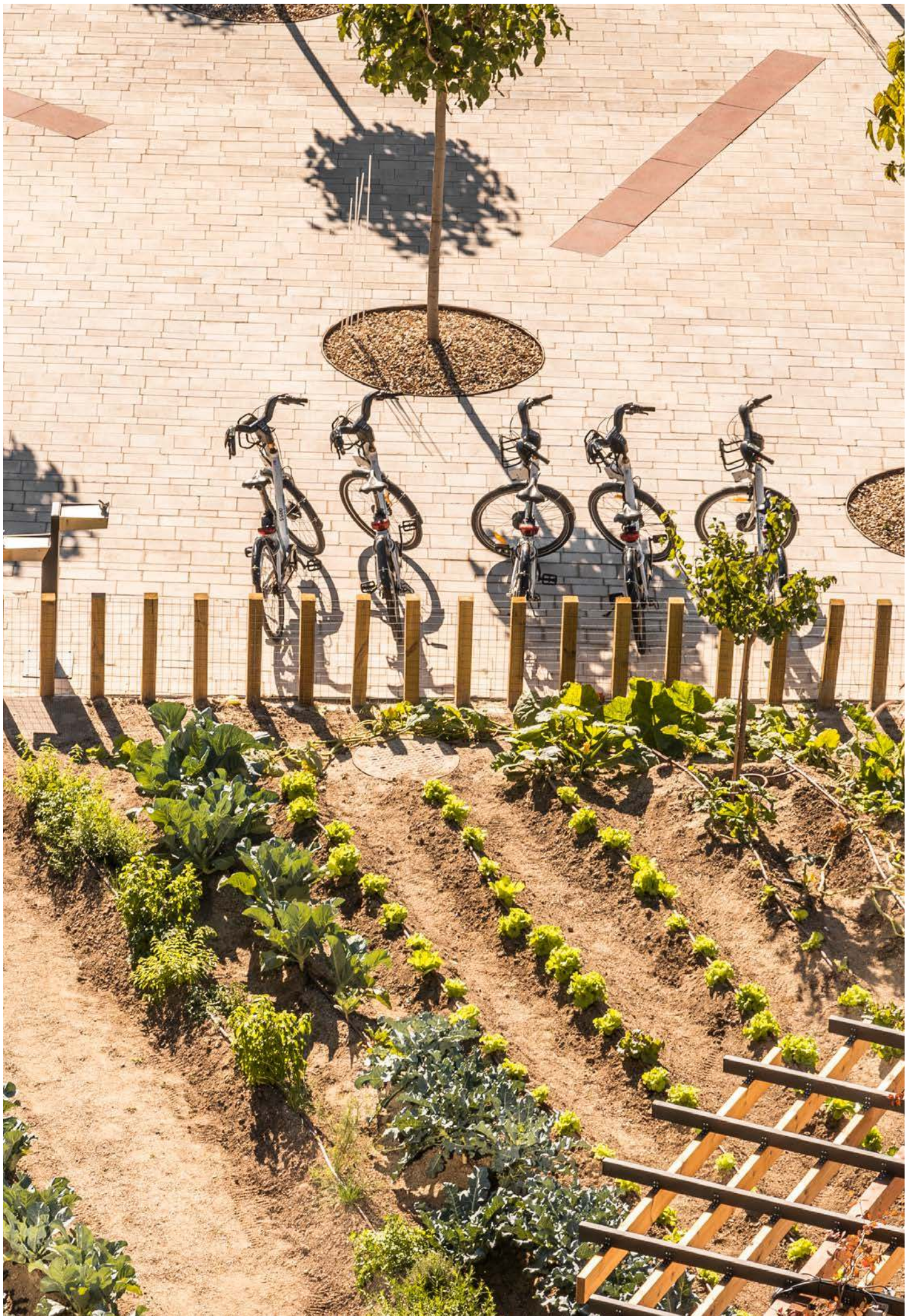
Average daily trading volume during the period has been € 13.6 million

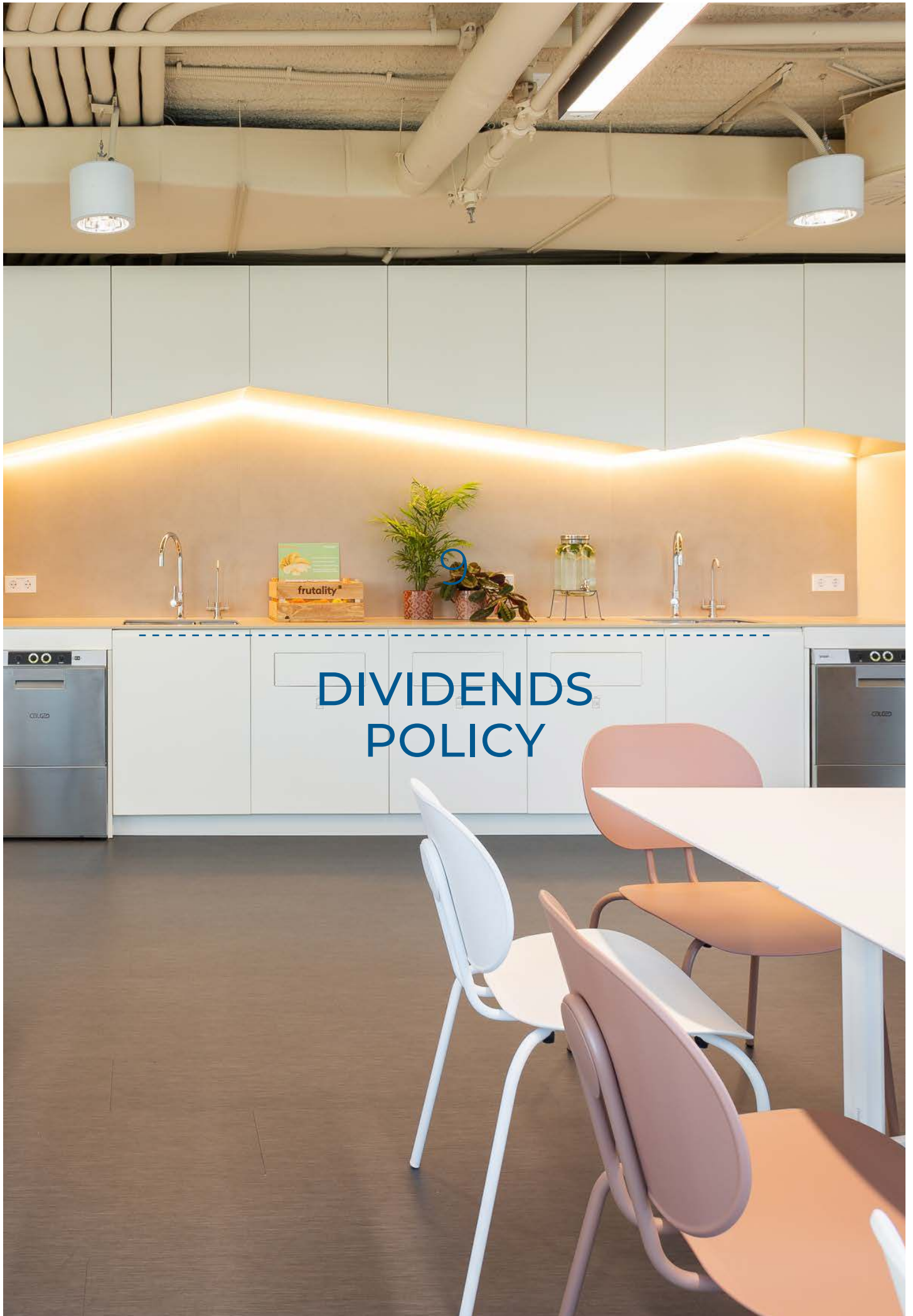


As of the date of this report, MERLIN is covered by a wide variety of 26 equity research houses. Consensus target price is € 10.49

I TARGET PRICES AND ANALYST RECOMMENDATIONS

Entidad	Report date	Recommendation	Target Price
	18.01.2024	Buy	11.75
	15.01.2024	Buy	10.57
	21.12.2023	Neutral	9.20
	19.12.2023	Neutral	9.20
 BARCLAYS	08.01.2024	Buy	9.60
 BESTINVER	14.11.2023	Buy	10.40
 EXANE BNP PARIBAS	17.01.2024	Buy	11.70
 CaixaBank	05.01.2024	Buy	10.20
 citi	04.01.2024	Sell	6.40
Deutsche Bank 	22.11.2023	Buy	11.00
 Goldman Sachs	15.02.2024	Buy	10.60
 Green Street Advisors	31.05.2023	Buy	n.a.
	10.01.2024	Buy	12.20
	08.11.2023	Buy	12.00
	22.02.2024	Buy	11.35
	16.01.2024	Neutral	10.30
	12.12.2023	Neutral	10.25
 Kempen	17.11.2023	Neutral	10.50
	27.11.2023	Buy	10.80
	11.01.2024	Neutral	10.40
	08.01.2024	Neutral	9.70
 ODDO BHF ASSET MANAGEMENT	10.01.2024	Buy	11.40
 renta4	28.08.2023	Buy	10.30
	22.02.2024	Buy	12.70
 SOCIETE GENERALE	15.01.2024	Neutral	9.80
	15.01.2024	Buy	10.00
Total average			10.49





DIVIDENDS 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 as required by law.

Under the REIT regime, after complying with any relevant requirement of the Corporate Enterprises Act, the Parent will be required to pass resolutions to distribute the profit obtained in the year to shareholders in the form of dividends and this distribution must be approved within six months of the end of each year, as follows:

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

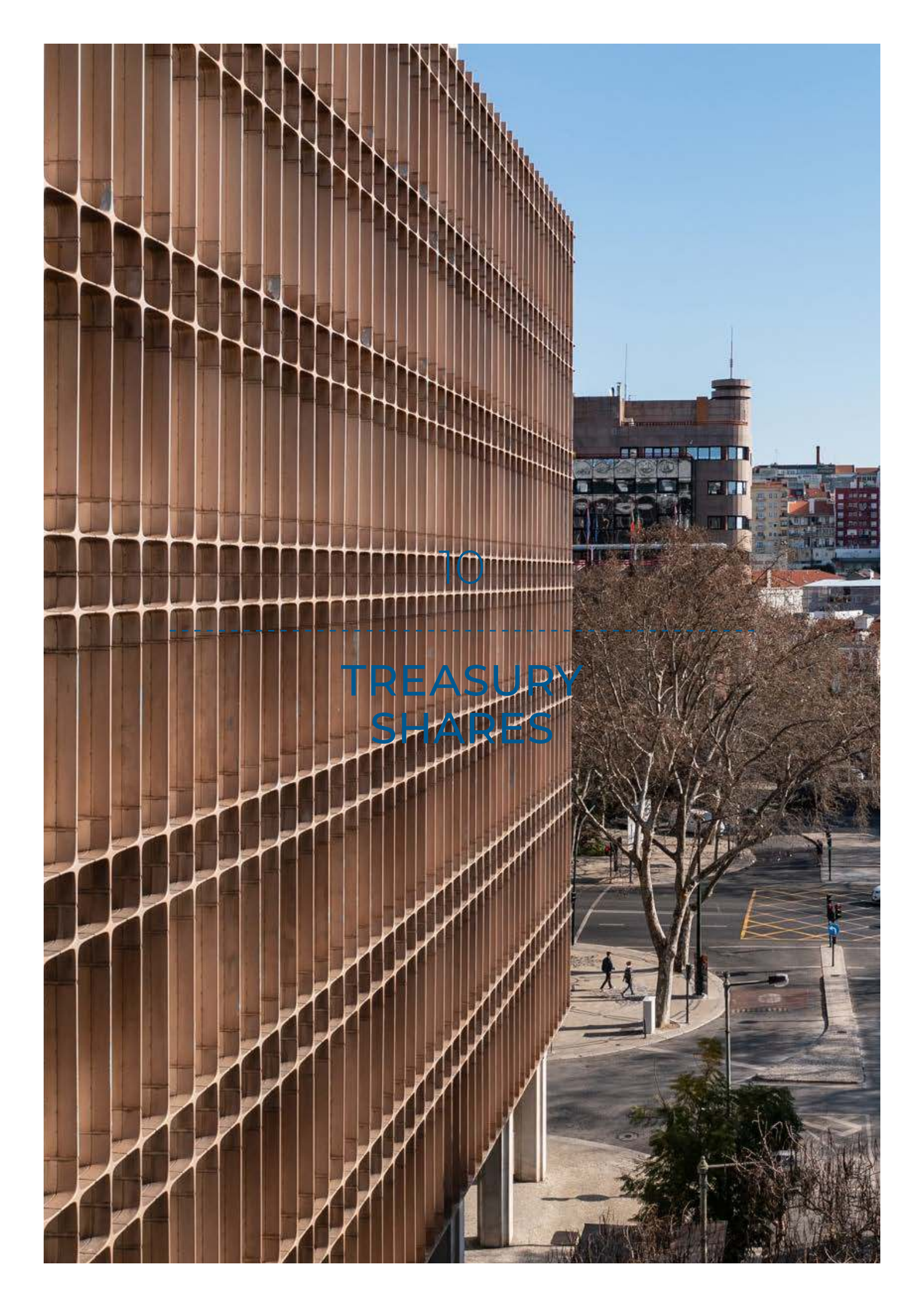
If the resolution to distribute dividends is not passed within the legally established period, the Parent will lose its REIT status for the financial year to which the dividends refer.

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

On 27 April 2023, the General Meeting of Shareholders approved the distribution of a supplementary dividend from the profit for 2022 in the amount of EUR 113,350 thousand euros (EUR 0.242 per share). In addition, on 16 November 2023, the Company's Board of Directors approved the distribution of an interim dividend of EUR 93,673 thousand (EUR 0.20 per share) from the profit for 2023

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-dec-22	Dividend	0.20
Final 2022	22-may-23	Dividend	0.24
Total 2022			1.19
Interim 2023	12-dec-23	Dividend	0.20
Total 2023			0.20





10

TREASURY
SHARES

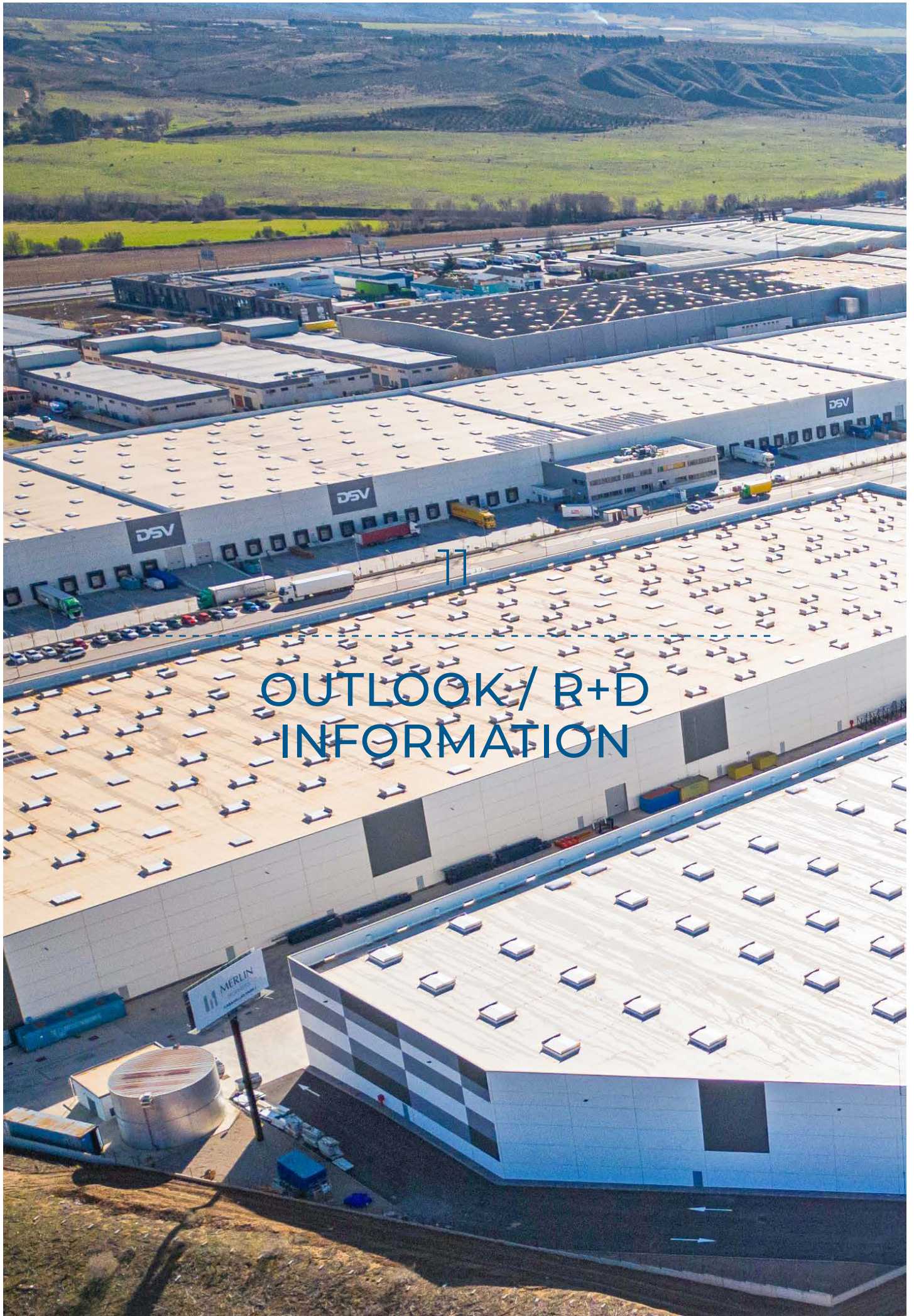
Treasury shares

At 31 December 2023, the Parent held treasury shares amounting to EUR 15,411

thousand. The changes in 2023 were as follows:

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

- At the General Meeting held on 27 April 2023, the authorisation granted to the Board, with powers of substitution, to increase the share capital in accordance with sections 297(1)(b) and 506 of the Consolidated Text of the Corporate Enterprises Act, by means of monetary contributions and with the power to exclude pre-emption rights, up to a maximum nominal amount equal to one half (50%) of the share capital at the time of this authorisation, or twenty per cent (20%) of the share capital at the time of this authorisation in the event that the increase excludes the shareholders' pre-emption rights, was renewed for a maximum period of five years.
- The retirement of treasury shares amounting to EUR 2,445 thousand (average cost of EUR -11.11 per share) partly corresponds to the delivery of EUR 1,338 thousand to employees under the flexible remuneration plan.
- The Group has a liquidity agreement for securities listed on the Lisbon Stock Exchange (Euronext Lisbon), having made net sales of -16,840 shares, totalling EUR 418 thousand, in 2023.
- At 31 December 2023, the Parent held treasury shares representing 0.298% of its share capital.



11

OUTLOOK / R+D INFORMATION

Outlook

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

Three data centers were delivered during the year:

- MAD-GET: 3MW of installed IT capacity out of a total of 20MW
- BCN-PLZF: 3MW of installed IT capacity out of a total of 16MW
- BIO-ARA: 3MW of installed IT capacity out of a total of 24 MW

Further progress in equipment is expected during 2024 to reach 33MW installed by the end of the year.

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.

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.



12

SUSTAINABILITY

MERLIN's commitment to sustainable management

MERLIN manages its activities responsibly, ensuring the sustainable achievement of long-term objectives and the generation of shared value for its stakeholders. This practice is based on strict compliance with current legislation and adherence to international benchmark standards, reflecting its commitment to operational excellence and corporate responsibility.

In this context, MERLIN's primary commitment is to achieve sustainable profitability to ensure the success of its business project, taking into account the expectations of its stakeholders. In addition, growth is sought that does not harm the environmental performance of the organisation, minimising any impact on the environment. The integration of sustainability into asset development and repositioning processes is prioritised as a core strategy.

MERLIN'S SUSTAINABILITY ROADMAP

SUSTAINABILITY POLICY

MERLIN Properties 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**

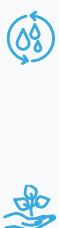


- **Focusing on the** air quality, lighting and accessibility
- Creation of **Merlin HUB** for all business park users
- **Installation of electric vehicle chargers** in all Offices and Shopping Centers



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



The Sustainability Policy has been approved by the MERLIN Properties Board of Directors and has been in effect since its approval, remaining in force until amendments are made to it.

The Board of Directors, through its delegated Committees and, in particular, the Sustainability and Innovation Committee, carries out the oversight to ensure the correct implementation and fulfilment of all guiding principles and commitments established.

GUIDING PRINCIPLES

RESPONSIBLE GOVERNANCE AND ETHICAL BEHAVIOUR

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

TRANSPARENCY WITH STAKEHOLDERS

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

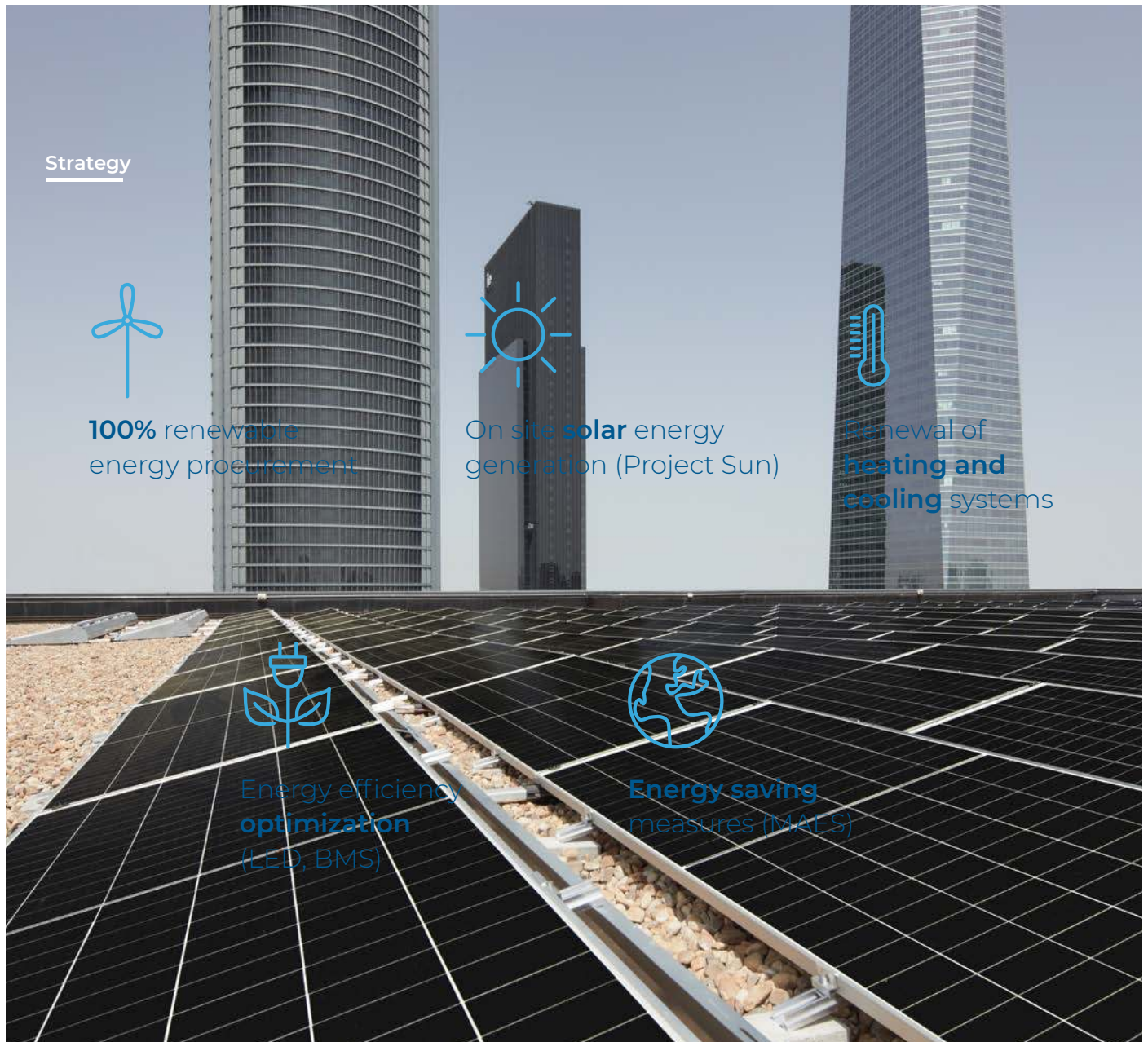
INDEPENDENT EXTERNAL VALIDATION OF COMMITMENTS

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

PATHWAY TO NET ZERO

Following the 2.0°C pact made at 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 recommendation⁽²⁾ and committed to the SDGs set by the UN.



⁽¹⁾ Climate Change Conference in Paris.

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



2023 MILESTONES

- **Improvement in 6 of the 7 ESG** benchmarks, in absolute or relative terms.
- Being listed on the **Dow Jones Sustainability World Index**.
- **ISO 14001 and 50001 certification** to validate environmental management procedures.
- Subscription of an aggregate amount of approximately EUR 1,155 million in **new "green" financings** in 2023.
- **Reducing operational carbon footprint intensity** (Scope 1 + 2) compared to 2022.
- **Measuring the embodied carbon footprint** in refurbishments and newbuilds over EUR 3 million.
- **Project Sun:** installing 4.0 MWp of additional power to end the year at an installed power of 14.9 MWp.
- Creating and launching the **green clause** in lease agreements.



FUTURES OBJECTIVES

- Reformulation to include the **data center** activity branch in the Pathway to Net Zero.
- Publishing **maximum embodied carbon footprint** caps for future newbuilds and refurbishments.
- **Renewing** the Green Financing Framework.
- Increase the implementation of the **green clause** in contracts.
- Project to implement the **Zero Waste** initiative **in shopping centres**.
- **Implementing** the centralised **BMS** (Building Management System).
- Forest allocations capable of offsetting the MERLIN's **entire unavoidable carbon footprint**.





KEY INDICATORS FOR THE YEAR

	LIKE FOR LIKE DATA		ABSOLUTE DATA	
	2023 DATA	2022-2023 EVOLUTION	2023 DATA	2022-2023 EVOLUTION
ENERGY CONSUMPTION (GJ)	392,853	-2.2%	427,546	-1.6%
ENERGY CONSUMPTION (MWH)	109,126	-2.2%	118,763	1.6%
GREENHOUSE GAS EMISSIONS (TCO ₂ EQ) MARKET-BASED	2,422	-6.1%	2,433	-10.8%
GREENHOUSE GAS EMISSIONS (TCO ₂ EQ) LOCATION-BASED	10,491	-25.9%	10,762	-37.5%
WATER WITHDRAWAL (M ³)	668,306	1.3%	690,204	-2.0%
WASTE (TON)	6,100	-9.8%	6,668	-5.5%
% OF SELF-PRODUCED ENERGY	3.3 %	n/a	3.0%	n/a
% OF PORTFOLIO (IN TERMS OF GAV) CERTIFIED WITH LEED, BREEAM	n/a	n/a	94.2%	0.6%
% OF THE PORTFOLIO CERTIFIED ON ISO 14001 Y 50001	66 %	-	36%	-

Key environmental performance 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.

- Assets over which the Group exercises operational control. These are generally multi-tenant assets where the Group continuously assesses their environmental impact.

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

I B) REPORTING SCOPE

ASSET CATEGORIES

MERLIN reports environmental performance information for its office, logistics, shopping centre, and data center portfolios, not including assets in which it holds a minority interest.

- 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 CONTROLE

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:

REPORTED DATA

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

	Energy	Water	Waste	Certificates
Assets in operation full year ⁽¹⁾	✓	✓	✓	✓
Assets in operation part of the year ⁽²⁾	✓	✓	✓	✓ ✗
WIP ⁽³⁾	✗	✗	✗	✗
Land ⁽⁴⁾	✗	✗	✗	✗

⁽¹⁾ Assets in operation for the full fiscal year.

⁽²⁾ 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.

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

⁽⁴⁾ Plots or tracts acquired by the Group on which building has not yet started.

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

Environmental indicators on that basis are calculated taking into account the percentage of gross leasable area (GLA):

- To measure the intensities for assets that are in operation for part of the year, each asset's GLA is weighted according to the time it has been in operation.
- In the case of assets that form part of an owners' association, the share of equity is applied to the energy and water

consumption data. In these cases, the surface area taken into account in the calculations represents MERLIN's share of equity in the asset.

- The total GLA of the assets is considered in the calculation of energy and water intensity, except in those cases where MERLIN only has control over the management of consumption in the common areas, in which case only the surface area of these common areas is considered.

The data reported express the following percentage total GLA in each asset category:

	Energy % GLA	Water % GLA	Waste % GLA	Certifications % GLA
Offices	72%	74%	62%	96%
Logistics	33%	28%	10%	90%
Shopping Centres	99%	99%	77%	93%



ABSOLUTE SCOPE AND LIKE-FOR-LIKE SCOPE

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

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

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

In 2022, MERLIN updated its criteria for calculating its GHG emissions to take into account operational control and its equity share in the assets as provided in the GHG Protocol, using the market-based method, in which data on the emission factors for electricity consumption are obtained from the electric company from which the electricity is purchased. The Group previously calculated the emission factor based on the electricity mix for Spain and Portugal (location-based method).

Scope 1, 2, and 3 emissions are reported as described below:

1) Scope 1 emissions, which include direct GHG emissions:

- Associated with fuel consumption at fixed installations of assets under operational control.
- Associated with fugitive emissions of greenhouse gas refrigerants.

2) Scope 2 emissions, which include indirect GHG emissions:

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

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

⁽¹⁾ The full definition of the above KPIs is given in detail in chapter 8.b. "EPRA sBPR Table of Contents" of this SNFI.

⁽²⁾ The GHG Protocol (Greenhouse Gas Protocol) sets out the global standardised frameworks for measuring and managing greenhouse gas (GHG) emissions from both private and public sector operations and value chains and mitigation actions.

Environmental and energy management systems

MERLIN, under the continuous improvement approach in its role as manager of its portfolios, has an Integrated Management System (IMS) for the ISO 14001:2015 (Environmental Management Systems) international standard and for the ISO 50001:2018 (Energy Management Systems) international standard, both benchmarks certified by an accredited certification body.

The Environmental Management System supports environmental best practices, and its systematic approach to identifying and complying with all applicable legal environmental requirements and identifying and managing the associated environmental risks evidences its commitment to continuous environmental improvement.

The Energy Management System, in turn, encompasses improving energy efficiency, reducing consumption, improving operations and activities, and reducing the emissions associated with MERLIN's activities and evidences its commitment to energy efficiency in the framework of continuous improvement.

In 2015 MERLIN set out on an ambitious plan to implement these management systems and successfully achieve ISO 14001 (environmental management) and ISO 50001 (energy management) certification by expanding the number of real estate assets with at least one of those certifications.

This plan includes office buildings, shopping centres and logistics warehouses. In 2023, 91 buildings with a total floor area of 1,233,389 sqm were ISO 14001 certified, 2 more than in 2022.

Group also continued its process of implementing its ISO 50001 certified Energy Management System that was started in 2017. Currently, 88 buildings with a total floor area of 1,181,192 sqm are certified, 4 more than in 2022.

The target for the assets included in the ISO 50001 certified Energy Management System is to implement ESMs (energy saving measures) to reduce energy consumption by 8% compared to 2021 (96.71 kWh/sqm occupied space).

Through its Environmental Management System the Group identifies the most significant environmental impacts of its activities and establishes the mechanisms necessary to identify, assess, and control those impacts in keeping with the precautionary principle.

The Group allocates 8.11 FTEs (3.05% of the workforce) to environmental risk prevention, including time spent by the management bodies, senior management, and prevention and management teams.

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

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

In 2023, 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:

ACQUISITION OF NEW LAND OR BUILDINGS

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

MERLIN is therefore committed to ensuring that:

- **100%**
of office and shopping centre assets are located within 10 minutes/1 km of public transport.
- **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

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

DEVELOPMENTS AND REFURBISHMENTS

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

MERLIN has implemented a new policy that makes it compulsory to calculate the embodied carbon footprint for projects worth more than EUR 3 million and assign an ESG performance rating to suppliers involved in projects worth more than EUR 150 thousand. The embodied carbon footprint of five projects was calculated in 2023.

MERLIN is firmly committed to integrating sustainability into all stages of the life cycle its assets and performs Life Cycle Assessments for new building construction and refurbishment works. This assessment enables a comprehensive and detailed evaluation of the environmental performance of buildings taking into account all their phases, from raw material extraction to final disposition. This enables different design alternatives, materials, and technologies to be compared, contributing to more well-founded decision-making and optimisation of environmental performance

over the lifetimes of buildings. In addition, life cycle assessments are an opportunity to identify areas where circular economy strategies such as reuse, recycling, and remanufacturing can be applied to optimise resource use and minimise waste over the building's entire life cycle.

The following table presents the life cycle assessments carried out in 2023.

- **Nave B Sector ST 31, Cabanillas del Campo**
- **Nave 1 Sector UG 15, San Fernando de Henares**
- **Building located in Preciados, 28**
- **Building located in Josefa Valcárcel, 48**

MERLIN also seeks synergies among its assets to minimise and reuse waste generated during refurbishment. Reuse of building materials and building fixtures and soil recycling at Cerro de los Gamos can be highlighted as an example of this. The raised flooring removed from Plaza Ruiz Picasso 11 and buildings 2 and 3 at Cerro de los Gamos was reused in buildings 1 and 4 in 2023. The existing raised flooring in buildings 2 and 3 is to be refitted in those buildings and the empty floors in building 5. In addition, the boilers from Cerro de los Gamos building 3 will be recovered and reused in the asset at Castellana 93.

The Group's roadmap calls for greater circularity by its contractors in building and refurbishment projects, and the Group therefore plans to include these criteria when evaluating bids submitted in tender processes.

With regard to biodiversity in developments and refurbishments, MERLIN studies the ecological value of the environment and proposes measures to preserve it, with priority given to native plant species

in landscaped areas around our assets, avoiding exotic species. Likewise, although implicit in its expansion strategy, the Group avoids deforestation in its developments and refurbishments by acquiring land in urban settings or with previous uses.

MERLIN is therefore committed to ensuring that:

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

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

MERLIN has made progress in meeting these commitments by obtaining LEED or BREEAM certification for all newbuilds and refurbishments.

Merlin is committed to not exceeding the following thresholds on embodied carbon in newbuilds:

• **Offices: 500 kg CO₂/sqm.**

• **Logistics: 400 kg CO₂/sqm.**

• **Shopping centres: 500 kg CO₂/sqm.**

MANAGEMENT OF PROPERTIES IN OPERATION

MERLIN employs strategies based on continuous supervision and proactive management of consumption when operating its assets. It takes measures and works closely with tenants and operators to optimise consumption and minimise adverse effects on the sustainability of its assets. In addition, it uses sustainability criteria to evaluate its suppliers and recognised sustainability performance measurement systems to certify its assets.

The operational phase is where MERLIN has the most scope for action, so the Group concentrates its efforts on maximising the inclusion of sustainability aspects in that phase. The following sustainability initiatives that it has implemented in its portfolio of assets in operation can be highlight at this time:

- **Monitor the environmental performance** of each asset throughout the chain of command, and establish specific action plans on a quarterly basis.
- Approve an **investment plan for the installation of equipment** (lighting, temperature, etc.) that improves asset performance.
- Include **green clauses** to encourage energy efficiency in the tenant's operations. 28 tenants signed the green clause in 2023.
- MERLIN is continuing to install **photovoltaic panels** on assets in its strategic branch of activities (offices, shopping centres, logistics warehouses and data centers) as part of its **Project Sun** intended to position itself as the largest developer of self-generated energy in its sector and an essential player in the energy transition. After

attaining last year's targets, the project has reached 14.9 MW installed capacity at a total of 28 assets (15 offices, 4 shopping centres, 7 logistics warehouses and 2 data centers), for total self-consumption rate of 4.2%.

- Furthermore, **100% of assets under MERLIN's operational control consume renewable electricity** and have a guarantee of origin certificate.
- MERLIN takes different initiatives to optimise material use, reduce waste generation, and manage the generated waste more efficiently in an effort to **improve the circular economy of its assets**. All assets (offices and shopping centres) therefore have waste sorting systems.

En el marco de la operación de sus activos, MERLIN tiene como principal objetivo disponer del 100% de sus activos con paneles fotovoltaicos instalados⁽¹⁾.

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

Sustainability advances in MERLIN's portfolio

MERLIN draws up its report on the environmental performance of its portfolio in strict compliance with the most up-to-date sustainability practices as per the EPRA Sustainability Best Practice Recommendations (3rd version, 2017) to ensure comparability with the data reported by other companies in the sector⁽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⁾

	2021		2022		2023	
	Absolute	LfL	Absolute	LfL	Absolute	LfL
 ENERGY	436,188 GJ	409,486 GJ	434,494 GJ	401,753 GJ	427,546 GJ	392,853 GJ
	0.209 GJ/sqm	0.263 GJ/sqm	0.207 GJ/sqm	0.257 GJ/sqm	0.201 GJ/sqm	0.255 GJ/sqm
	121,163 Mwh	113,746 Mwh	120,693 Mwh	111,598 Mwh	118,763 Mwh	109,126 Mwh
	0.058 Mwh/sqm	0.073 Mwh/sqm	0.058 Mwh/sqm	0.071 Mwh/sqm	0.056 Mwh/sqm	0.071 Mwh/sqm
 WATER	554,034 m ³	512,544 m ³	704,215 m ³	660,003 m ³	690,204 m³	668,306 m³
	0.390 m ³ /sqm	0.388 m ³ /sqm	0.484 m ³ /sqm	0.482 m ³ /sqm	0.477 m³/sqm	0.488 m³/sqm
 WASTE	6,198 tons	6,197 tons	7,054 tons	6,766 tons	6,668 tons	6,100 tons

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

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

Energy consumption by like for like⁽¹⁾ assets fell by 2.2% compared to 2022, mainly due to implementation of energy-saving measures and monitoring of the installations, since an increase in consumption compared to 2022 had been expected due to increased office occupancy, logistics activities, and the shopping centre footfall rate. Absolute consumption by the portfolio declined by 1.6%.

Energy intensity was down 1.1% from 2022 **for the like-for-like portfolio** and down 3.0% from 2022 for the absolute portfolio.

With regard to **like-for-like water performance data, the total volume of water withdrawal** at the assets under MERLIN's operational control was 668,306 m³ in 2023 broken down as follows: office assets (42%), logistics warehouses (7%) and shopping centres (51%). There was a 1.26% rise compared to 2022, mainly due to office and shopping centre portfolio footfall (5%) and the high summer temperatures.



⁽¹⁾ Assets that have been operating continuously for the last three years are included.

ENERGY CONSUMPTION

MERLIN collects information on energy consumption by different components of its portfolio, including assets under its operational control, assets not under its operational control, its headquarters in

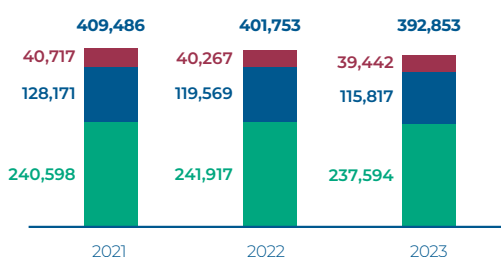
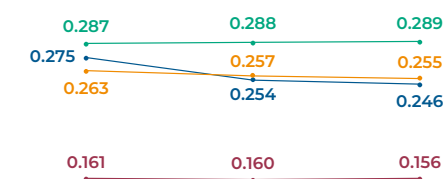
Madrid, and the LOOM locations in Huertas and Salamanca. The data collected include detailed consumption of electricity, fuels like natural gas and diesel, and use of district heating & cooling.

ENERGY CONSUMPTION OF MERLIN'S ASSETS UNDER OPERATIONAL CONTROL⁽¹⁾

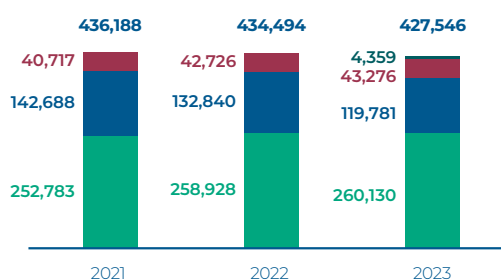
For assets the Company for which is able to monitor and evaluate energy consumption, MERLIN has data for 55% of its absolute

portfolio in terms of floor area, 1% less than in 2022.

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



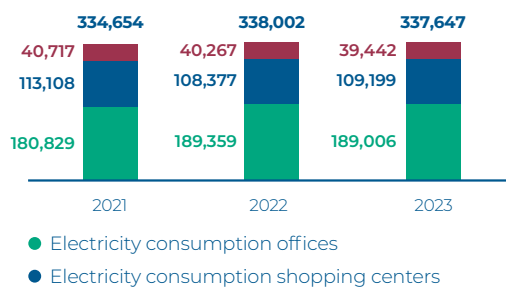
- Energy intensity offices
- Energy intensity shopping centers
- Energy intensity logistic warehouses



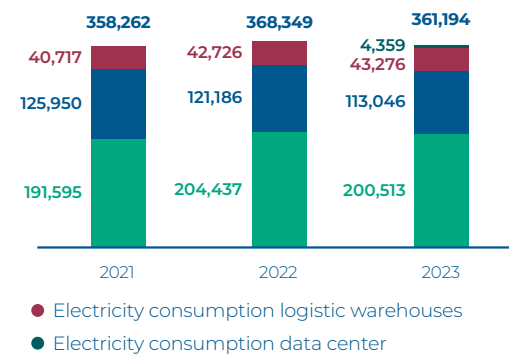
- Energy intensity data center
- Average energy consumption MERLIN

⁽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.

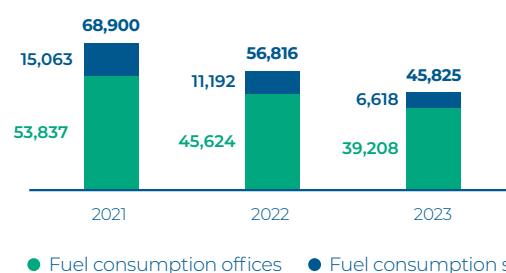
- Like for like electricity consumption by asset category (GJ).



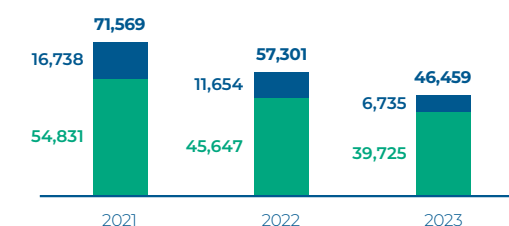
- Absolute electricity consumption by asset category (GJ).



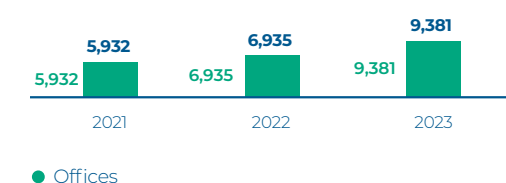
- Like for like fuel consumption by asset category (GJ).



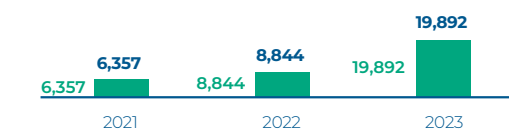
- Absolute fuel consumption by asset category (GJ).



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



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



MERLIN remains committed to renewable energy through the production and self-consumption of photovoltaic energy at its assets and to increasing the number of assets supplied with renewable energy with a guarantee of origin. In 2023⁽¹⁾, electricity consumed from renewable sources accounted for 99.98% of the total electricity consumed under its operational control.

In addition, MERLIN purchases Renewable Energy Certificates (RECs) for some assets in the framework of their LEED and BREEAM certifications. Thanks to this green energy purchase mechanism, in 2023, the Group acquired a total of 4,941 GJ, worth approximately USD 3,790.

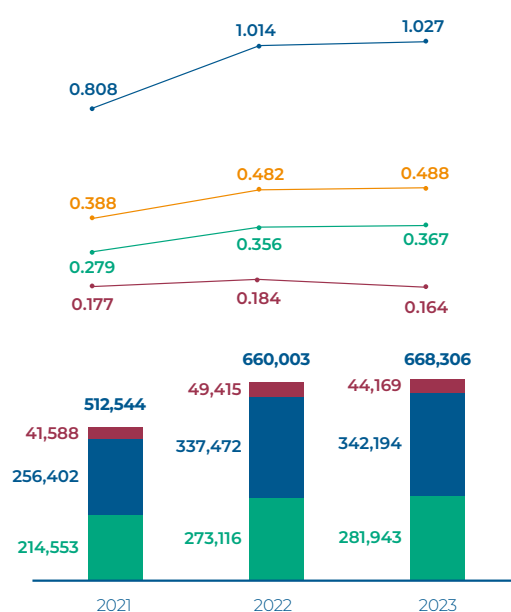
⁽¹⁾ The remaining electricity consumption (54 GJ, 0.01% of the total electricity consumption) was from electricity supplied by conventional electric utilities.

WATER WITHDRAWAL

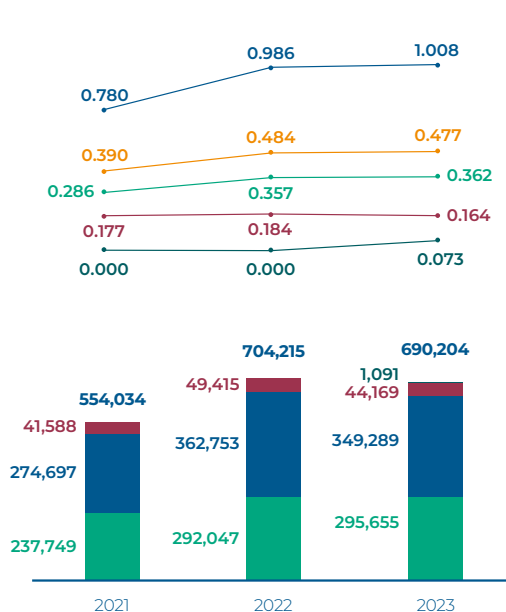
MERLIN has water withdrawal data for 54% of the assets it manages in terms of floor area.

Water withdrawal from MERLIN'S assets under operational control⁽¹⁾

- Like for like water withdrawal intensity (m^3/sqm) and like for like water withdrawal (m^3) by asset category.
- Absolute water withdrawal intensity (m^3/sqm) and absolute water withdrawal (m^3) by asset category



- Water withdrawal intensity offices
- Water withdrawal intensity shopping centers
- Water withdrawal intensity logistic warehouses



- Water withdrawal intensity data center
- Average water withdrawal MERLIN

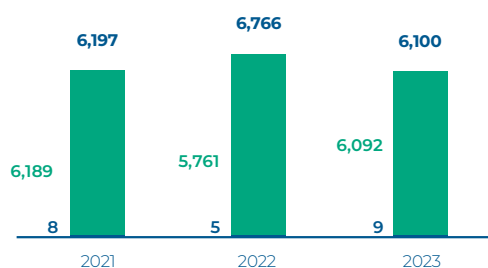
WASTE MANAGEMENT

In accordance with the ISO 14001 Environmental Management System, MERLIN employs a systematic approach to waste management for its portfolio based on waste segregation by type at source, including classification into hazardous and non-

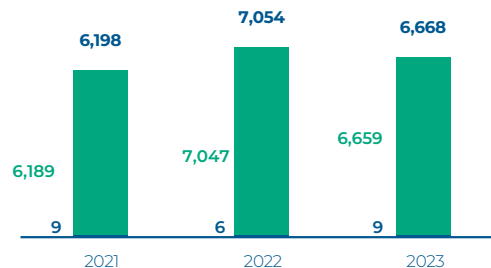
hazardous waste. Having in mind the nature of the activities carried on by the Group, the amount of hazardous waste generated at its assets is significantly lower than the non-hazardous waste in terms of weight.

⁽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).



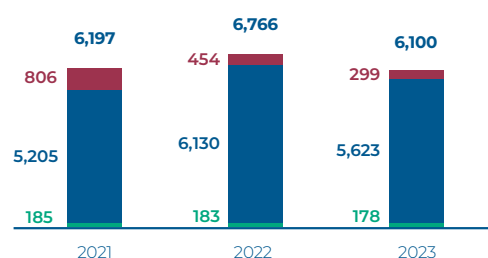
- Absolute waste generation by type of waste (tonnes generated)



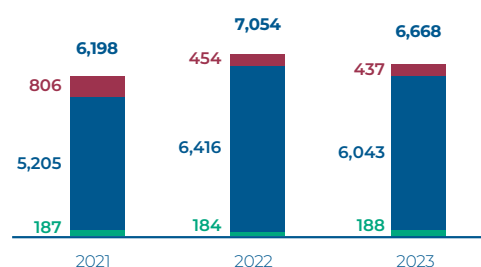
- Hazardous waste generation ● Non-hazardous waste generation

MERLIN has information on the final destination of 63% of the waste generated by the assets under operational control in its portfolio. Furthermore, nearly all the waste managed goes through recovery processing of some sort. The quantities of waste that undergo some sort of treatment are depicted below by asset class.

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



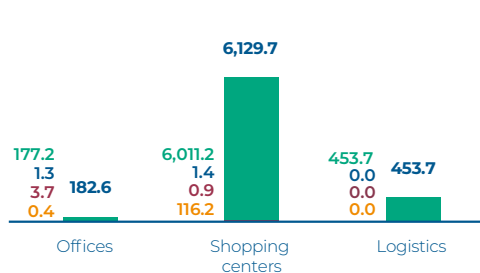
- Absolute waste generation by asset category (tonnes generated).



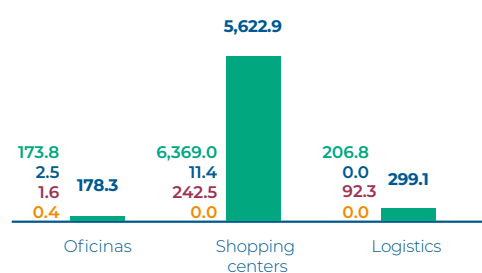
- Waste generation in offices ● Waste generation in shopping centers ● Generation of waste in logistics wareh

The decrease for like-for-like assets was mainly due to improved management organisation that contributed to a reduction in the total amount of waste generated.

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



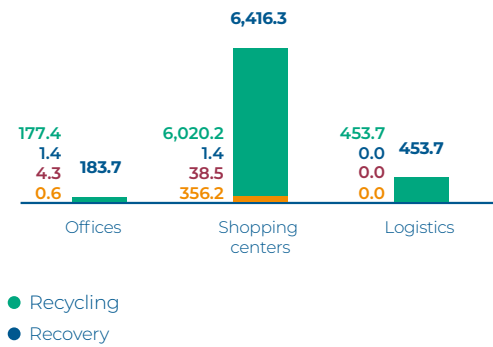
- Like for like total weight of waste by disposal route (tonnes generated) 2023.



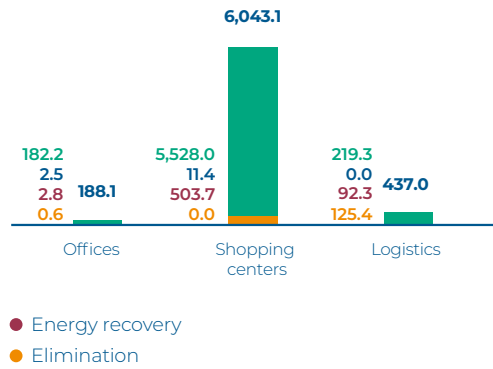
- Recycling
- Recovery

- Energy recovery
- Elimination

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



• Absolute total weight of waste by disposal route (tonnes generated) 2023.



The company plans to continue with its continuous improvement in waste management in future to increase the amount of waste undergoing recovery and recycling processing while minimising unsorted waste and waste sent to landfills. In this context, attention can be drawn to the Marineda shopping centre, which has a “Zero Waste” certification from AENOR.

Given the nature of its operations, food waste is not a material issue for MERLIN. Nevertheless, the Group promotes initiatives like Too Good to Go at its shopping centres to reduce food waste at its facilities.



Decarbonisation of MERLIN Properties' portfolio

MERLIN's experience over the past few years has enabled it to specify the details of its emissions reduction strategy, or Pathway to Net Zero in 2030, thus getting a head start on the European strategy for decarbonising the economy and ensuring the present and future survival of the Company and its assets.

MERLIN's pathway to net zero is a comprehensive plan aimed at optimising performance not only of the Company itself

and the assets under its direct control but also of the principal players responsible for the emissions associated with MERLIN over its entire value chain, including suppliers and tenants.

MERLIN updated the criteria it uses to calculate emissions in 2022. Following the GHG Protocol guidelines, the market-based method⁽¹⁾ has been chosen as a basis.

	2021	2022	2023
	Absolute	Absolute	Absolute
Market-based Scopes 1 and 2	3,429	2,711	2,433
Scope 1	2,675	2,668	2,422
Scope 2 Market-based	754	44	11
Intensity tCO ₂ eq/sqm	0.002	0.002	0.002
Scope 3	n/d	n/d	n/d

⁽¹⁾ Market based method: The market-based method calculates emissions based on the electricity that organisations have chosen to purchase. The difference is that the market-based method treats off-site renewable electricity use as a zero carbon generator, whereas the location-based method assigns the local grid average emission factor to off-site renewable use.

MERLIN also continues to report its emissions using the location based method⁽¹⁾.



	2021	2022	2023
	Absolute	Absolute	Absolute
Location-based Scopes 1 and 2	13,296	14,186	10,762
Scope 1	2,675	2,668	2,422
Scope 2 Location-based	10,620	11,518	8,340
Intensity tCO ₂ eq/sqm	0.008	0.009	0.007
Scope 3	105,332	133,674	146,067

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

A breakdown of greenhouse gas (GHG) emissions for consumption of electricity, fuels (natural gas and diesel) and district heating and cooling, including recharging refrigerant gases in cooling systems, is shown below. These data cover assets under MERLIN's operational control, along with MERLIN's headquarters in Madrid and the LOOM locations in Huertas and Salamanca.



For more information on the environmental performance of MERLIN's portfolio and the methodological approach used, please see **"Appendix I. EPRA Sustainability Best Practice Recommendations (sBPR) environmental performance report"**.

⁽¹⁾ Location based method: The location-based method does not factor in instruments and contracts and assigns the local grid average emission factor to all external usage, regardless of origin. In both methods Scope 1 emissions were calculated using the factors recommended by the Spanish Ministry for Ecological Transition and Demographic Challenge (MITERD). Scope 2 location-based emissions from electricity consumption were calculated considering the emission factor of the electricity mix for Spain and Portugal. The emission factor for the electricity mix is a rate that represents the CO₂ emission intensity associated with generating the electricity consumed. Therefore, it is a significant indicator of the ratio of low carbon energy sources to the country's total electricity production. Scope 2 location-based emissions from district heating were obtained from the emission factor provided by each of the suppliers and emissions from district cooling were obtained considering the specific electricity consumption necessary for the cold water service and the emission factor for the Spanish electricity mix.

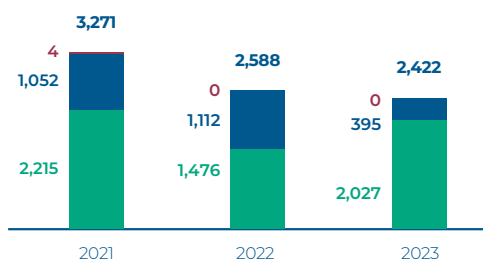
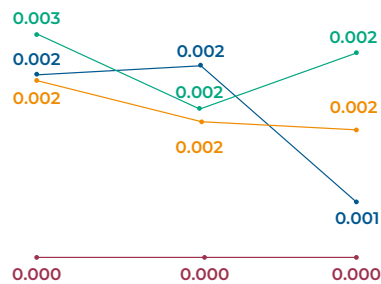
Market-based GHG emissions at assets under MERLIN's operational control

First, applying the market-based calculation method to the like-for-like portfolio, the sum of Scope 1 and Scope 2 GHG emissions in 2023 was 2,422 tCO₂eq, 6.4% lower than in 2022..

For the absolute portfolio, the sum of Scope 1 and Scope 2 market-based GHG emissions was 2,433 tCO₂eq, 10.3% lower than in 2022. Broken down by scope, 2,422 tCO₂eq were Scope 1 emissions⁽¹⁾ and the remaining 11 tCO₂eq were Scope 2 emissions⁽²⁾.

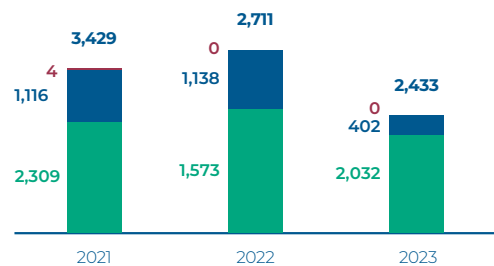
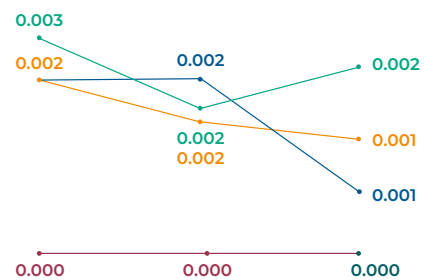
KPIs – MARKET-BASED SCOPE 1 AND SCOPE 2 GREENHOUSE GAS (GHG) EMISSIONS AT ASSETS UNDER MERLIN'S OPERATIONAL CONTROL⁽³⁾

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



- Emissions intensity offices
- Emissions intensity shopping centers

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



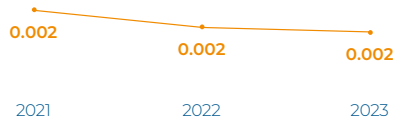
- Emissions intensity logistic warehouses
- Emissions intensity data center

⁽¹⁾ Includes fuel consumption and refrigerant gas recharges.

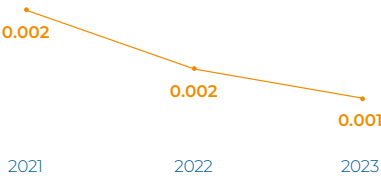
⁽²⁾ Includes electricity consumption and District Heating & Cooling.

⁽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.

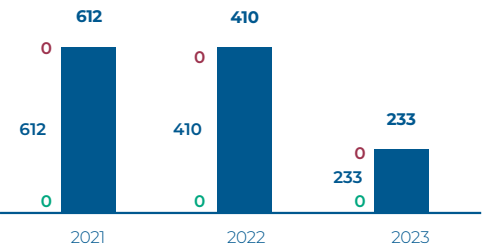
- Total like for like GHG emissions intensity (tCO₂eq/sqm).



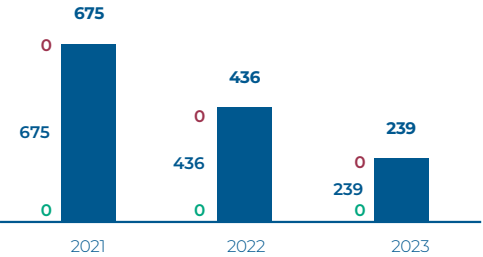
- Total absolute GHG emissions intensity (tCO₂eq/sqm)



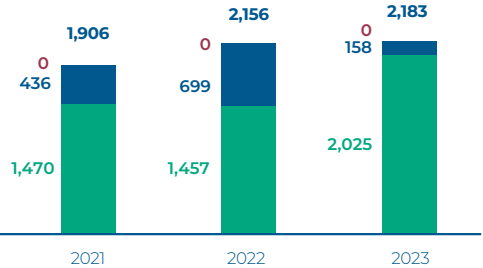
- Like for like GHG scope 1 emissions (fuel consumptions) by asset category (tCO₂eq).



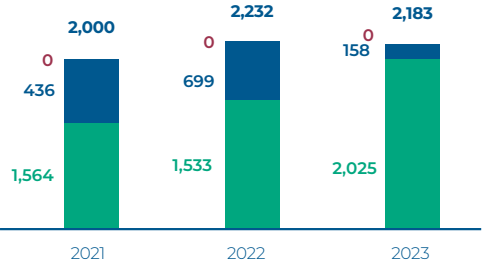
- Absolute GHG scope 1 emissions (fuel consumptions) by asset category (tCO₂eq)



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



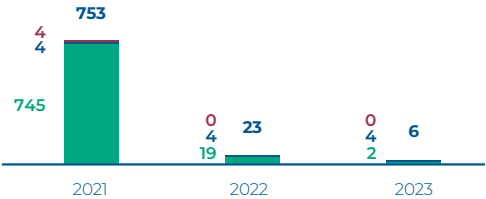
- Absolute GHG scope 1 emissions (refrigerant gases) by asset category (tCO₂eq).



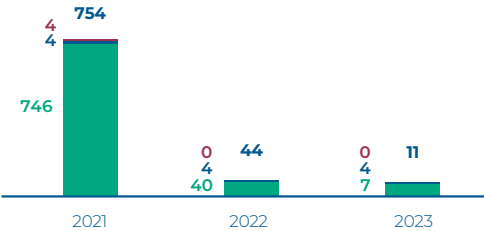
- GHG scope 1 emissions offices
- GHG scope 1 emissions shopping centers

- GHG scope 1 emissions logistic warehouses
- GHG scope 1 emissions data center

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



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



- GHG scope 2 emissions offices
- GHG scope 2 emissions shopping centers

- GHG scope 2 emissions logistic warehouses
- GHG scope 2 emissions data center

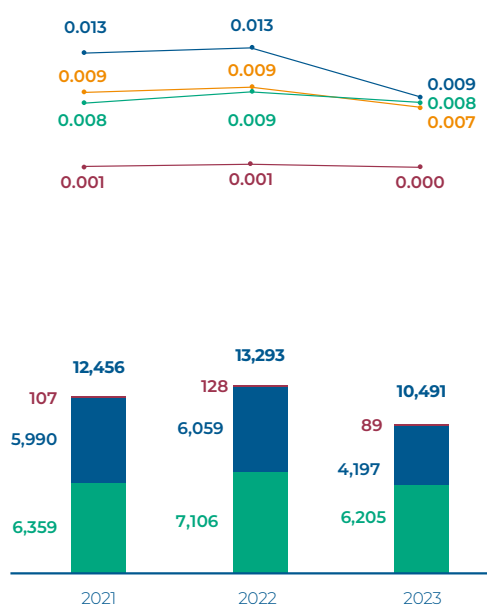
Location-based GHG emissions at assets under MERLIN's operational control

First, applying the location-based calculation method to the like-for-like portfolio, the sum of Scope 1 and Scope 2 GHG emissions was 10,491 tCO₂eq, 21% lower than in 2022. For the absolute portfolio, the

sum of Scope 1 and Scope 2 location-based GHG emissions was 10,762 tCO₂eq, 24% lower than in 2022. By scope, 2,422 tCO₂eq were Scope 1 emissions⁽¹⁾ and the remaining 8,340 tCO₂eq were Scope 2 emissions⁽²⁾.

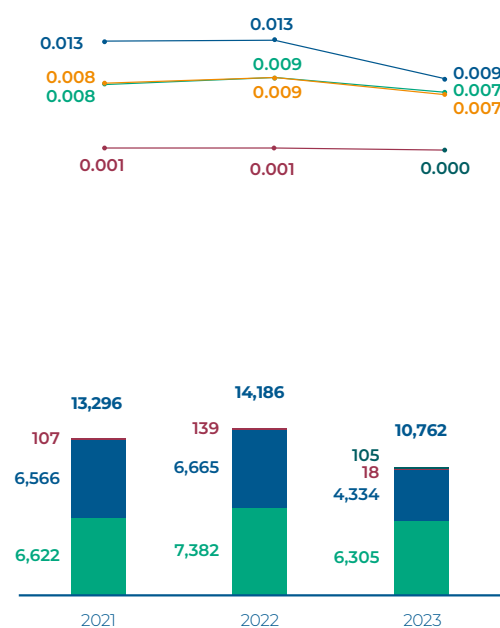
KPIs – location-based scope 1⁽³⁾ and scope 2 greenhouse gas (GHG) emissions at assets Under merlin's operational control⁽⁴⁾

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



- Emissions intensity offices
- Emissions intensity shopping centers

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



- Emissions intensity logistic warehouses
- Emissions intensity data center

⁽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 Ministry of Ecological Transition and the Demographic Challenge (MITERD) of Spain, this section does not include the 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.

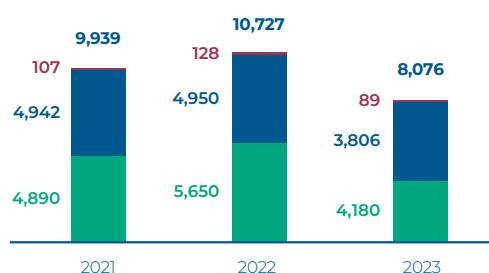
- Total like for like GHG emissions intensity (tCO₂eq/sqm).



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

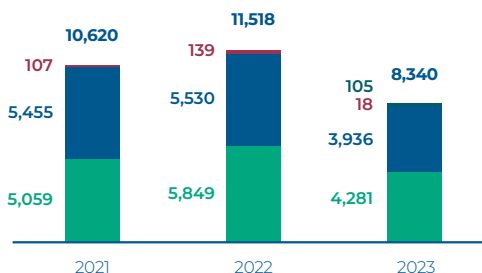


- Like for like GHG scope 2 emissions by asset category (tCO₂eq).



- GHG scope 2 emissions offices
- GHG scope 2 emissions shopping centers

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



- GHG scope 2 emissions logistic warehouses
- GHG scope 2 emissions data center

SCOPE 3 GREENHOUSE GAS (GHG) EMISSIONS

MERLIN has expanded the coverage of the calculation of its Scope 3 indirect greenhouse gas (GHG) emissions in accordance with its Path to Net Zero strategy. The origin of these emissions is the Company's activities at sources that are not under its direct ownership or control. MERLIN has assessed its GHG emissions in the categories defined in the Greenhouse Gas Protocol (GHG Protocol) that are most relevant for the Group's activities, as detailed below.

Based on the updated criteria for calculating the Scope 1 and Scope 2 emissions, MERLIN has established the following guidelines for including indirect GHG emissions originating in its value chain for calculating Scope 3 emissions:

- **Emissions associated with assets where MERLIN is a lessor:** emissions from fuel consumption at fixed installations in offices used to air condition lessees' private areas or at shopping centres where it is used to air condition leased premises. The use of this fuel, the control of its use, and the bills issued are paid by the lessees.
- **Emissions associated with assets for which the energy consumed in the building is fully metered and billed in the name of a Group company,** considering 88% of that consumption to be the tenants' own consumption in carrying on their own activities.
- **Emissions from the utilities of single-tenant assets held in MERLIN's name.**

Type of emission	GHG protocol category	Emissions (tCO ₂ eq)	
		2022	2023
Emissions related to the supply chain	1. Goods and services purchased	7,372	7,976
	2. Capital goods	41,228	66,805
	4. Upstream transport and distribution	1,005	1,713
Upstream emissions from fuels	3. Fuel and energy-related activities	2,734	1,995
Emissions associated with employee commuting	7. Employee commuting	8,741	8,605
Emissions associated with assets where MERLIN is a tenant	8. Upstream leases	119	82
Emissions associated with assets where MERLIN is a landlord	13. Downstream leases	72,475	58,891
Total		133,674	146,067



Further information on the method used to calculate the Scope 3 GHG emissions is available in "**Appendix II. Method of calculating Scope 3 GHG emissions**".

Carbon footprint certification

MERLIN's calculation of its Scope 1 and Scope 2 carbon footprint is verified by an independent third party as required by the UNE EN ISO 14064-3:2012 Greenhouse Gases standard. The Group reports all greenhouse gas emissions and removals attributable to operations under its control, where applicable together with its shareholdings in the relevant facilities, in accordance with the GHG Protocol.

MERLIN mitigates its emissions through carbon offset projects based on its gross footprint. These projects include creating orchards and vertical gardens at certain assets and reforestation initiatives. Ultimately, MERLIN offsets the emissions at some of its assets by acquiring removal

credits or offsets from certified carbon emissions reduction projects. This takes the form of obtaining carbon offset certificates.

The verified emissions data for the organisation in 2022 (latest year available to date) are listed below:

Total Emissions 3,028.32 t CO₂e
Avoided Emissions 20,856.68 t CO₂e
Offset Emissions 904.48 t CO₂e



Validation of MERLIN's commitments by independent third parties

As reported in MERLIN's Sustainability Policy, validation by independent third parties of the robustness and practical implementation of the commitments it has assumed is a basic principle that MERLIN follows. This principle is particularly relevant for asset operation, an area concentrating

the Group main efforts where there is the most scope for outside validation of the actions undertaken.

That is why MERLIN obtains LEED, BREEAM, ISO, AEO [Spanish Office Association], AIS, and WELL certification for its portfolio.

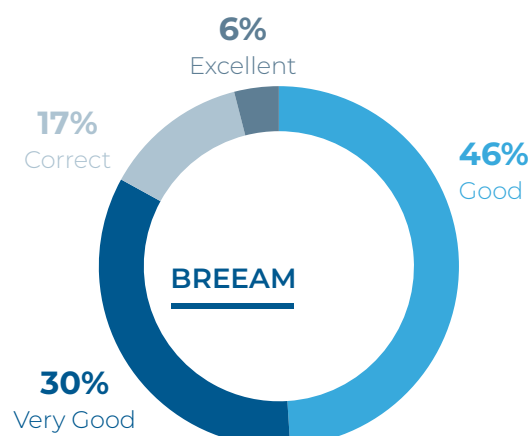
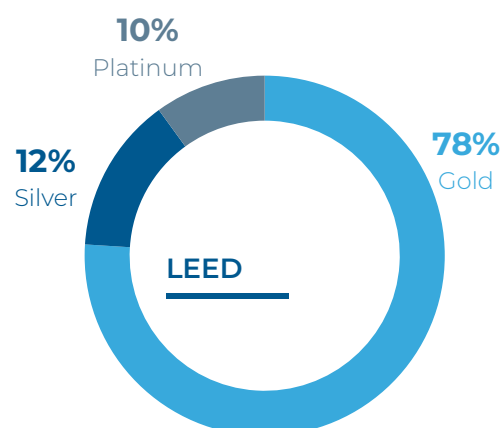
LEED/BREEAM CERTIFICATIONS

MERLIN is committed to the highest standards of quality and excellence in its role as leader in developing and operating sustainable assets. This commitment is evidenced by the Company's aspiration to obtain certification under the **leading sustainable building standards available, such as LEED and BREEAM**, for virtually all its assets, including offices, logistics facilities, and shopping centres.

MERLIN prioritises Building Design and Construction category LEED certification for new construction and complete renovation projects. For assets already in operation, the Company seeks to achieve the highest BREEAM standard In Use and Maintenance ratings and LEED Building Operations & Maintenance certification. This requires cooperative engagement of the tenants of these buildings with MERLIN.

As part of the certification plan introduced by the Group in 2016, at the end of 2023, 94.2% of MERLIN's strategic portfolio, measured in terms of GAV, had been certified under one of these two international benchmark standards for sustainable construction, LEED and BREEAM. MERLIN has thus positioned itself as a bellwether REIT in this area and has nearly achieved its goal of certifying 99% of offices, 100% of shopping centres, and 97% of logistics assets, measured in terms of GAV.

MERLIN obtained or renewed a total of 41 LEED or BREEAM certifications in 2023 with the addition of these certifications, the current status of the portfolio in terms of sustainable construction certifications is as follows:



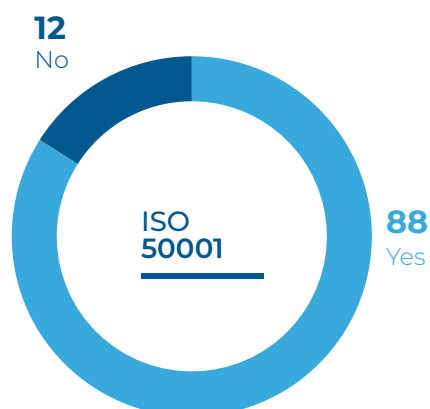
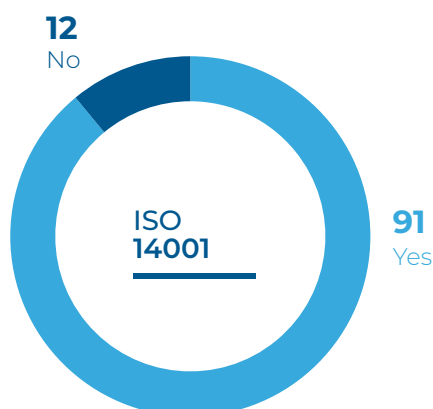
MANAGEMENT SYSTEM CERTIFICATION

First, MERLIN's commitment to minimising the environmental impacts stemming from the existence and operation of its assets is backed by its **ISO 14001** certified Environmental Management System. At the end of 2023, the System encompassed a total of 91 assets (including 80 office assets, 8 shopping centres, and 3 logistics assets) representing a floor area of 1,233,389 sqm, or 36% of the strategic portfolio's total floor area. MERLIN continues to make progress in the integration of new assets under its Environmental Management System, with the aim of certifying all multi-tenant office assets and as many shopping centres as possible in the coming years.

In addition, the Group seeks to strengthen its commitment by improving the energy efficiency of its assets and taking measures

to optimise consumption by obtaining **ISO 50001** certification of its assets. Over the last year, 4 new buildings were certified under this standard, bringing the total to 88 assets (including 79 office assets, 8 shopping centres, and 1 logistics asset) covering a floor area of 1,181,192 sqm, or 34% of the total floor area of those portfolios.

Below is a breakdown of the assets certified, in relation those eligible for ISO 14001 and ISO 50001 certification.

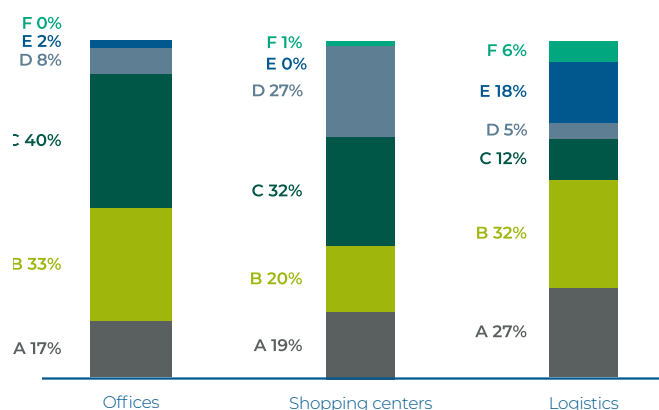


ENERGY RATING OF MERLIN'S ASSETS

Pursuant to Royal Decree 235/2013, MERLIN continues to make progress in obtaining **energy ratings** for assets throughout its portfolio. At the end of 2023, 91% of MERLIN's strategic portfolio (offices, shopping centres, and logistics assets) had an energy performance certificate.

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

DMERLIN continued the process of certifying its assets under recognised industry standards in 2023. For instance, **AEO certification**, which certifies the technical quality of office buildings, assessing such technical aspects as architectural features, facilities, equipment, and property maintenance. At yearend, a total of 37 assets were certified under this system.



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

The Company has been certifying its assets under the **AIS certification** system for years, which certifies the degree of accessibility of the assets. Under this system, MERLIN has continued to expand its AIS-certified portfolio, which reached a total of 73 assets in 2023.



Furthermore, the Group continues studying 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. It has begun preliminary work on 2 assets to obtain the highest WELL rating and continues its refurbishment of assets that have already obtained a rating. Nestlé Portugal's headquarters office building in Lisbon was awarded a **WELL Platinum** rating in 2023.



In addition, in 2023 the Group obtained **WiredScore certification** for 17 of its assets. This certification measures such features as flexibility, infrastructure quality, and data transmission speed.



In 2023, MERLIN invested a total of EUR 0.8 million to obtain, maintain, and extend these certifications, as part of the Group's commitment to effectively incorporate sustainability into its asset management.



Sustainability ratings

MERLIN regularly participates in various sustainability benchmark indices, which reflect the advances made by the Group and the effectiveness of the steps taken in both internal management and asset management.

The Group's rating on 6 of the 7 sustainability indexes has been maintained or upgraded in 2023 compared to 2022. Specifically, MERLIN participates in 7 sustainability indices; 3 of them — GRESB (real estate), CDP (climate change), and S&P Global (general) — consist of a questionnaire, while the other 4 — Sustainalytics (ESG risks), Bloomberg (general), Vigeo Eiris (general), and MSCI (general) — are based on the Group's public reporting.

MERLIN participated in the **GRESB** assessment, an international benchmark that measures the environmental, social, and governance performance of companies in the real estate sector, for the fifth year in a row and improved its score. The Group achieved a score of 83 points out of 100, which places it above the global average and ahead of its peers (companies classified as comparable to MERLIN).

For the second year in a row, MERLIN also participated in the **CDP** questionnaire, which assesses the degree of a company's commitment to climate change issues. In 2023, MERLIN maintained 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).

MERLIN again actively participated in the **S&P CSA** questionnaire, scoring 69%. This improvement allows the Company to maintain its inclusion in the **Dow Jones Sustainability European Index** for the third consecutive year and to enter the **Dow Jones Sustainability World Index** for the first time. With regard to sustainability reporting, MERLIN received the Gold Award from EPRA for the sixth 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 **Sustainalytics** ESG risk rating since 2022, positioning itself as a leader both globally and in the real estate and REIT sector, obtaining a total rating of 7.2 points and thus being included among the top 1% of the best rated companies worldwide.

REAL
ESTATE



83%

Average peers: 69%

GENERAL



69%

Average sector: 37%

ESG RISK



7.2

Top 1%

SUSTAINABILITY



MERLIN



Average score



Financial
services



Europe



Global
Average



Inclusion for 3rd year in a row in the
Europe DJSI

+ 1st time in the World DJSI



Protection of biodiversity

The Biodiversity Policy aims at establishing a framework for integrating biodiversity protection and promotion into the Group's strategy. It also defines the action principles for developing a sustainable business model that fosters a positive impact on nature. Under this policy the Company's activities are intended to protect and promote the betterment and growth of our natural heritage, placing special attention on protecting animals.

Ecosystem deterioration and the extraordinary decline in biodiversity, widely recognised by the scientific community as a direct result of the impact of human activities, pose significant environmental, economic, and social risks. Urgent action to reverse biodiversity loss is called for.

MERLIN is committed to taking a leading role in the conservation and furtherance of biodiversity within its sector of operations and to incorporating the United Nations' long-term "Living in Harmony with Nature" vision for the year 2050 into its management system. This vision prioritises valorisation, conservation, restoration, and sustainable use of biodiversity, preserving ecosystem services, promoting the health of our planet, and providing fundamental benefits for all people.

GUIDING PRINCIPLES

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

assessment, management, and reporting of long-term risks.

-
- **Identify, quantify, and evaluate**, on an ongoing basis and throughout the life cycle of the assets, the impacts and dependencies of the activities on natural capital, including the diversity and protection of wild animals and protected and vulnerable species, respecting them in all lines of action.
-
- **Protect species and habitats**, both those under threat and those of high biodiversity value, through the adoption of preventive, minimising, and enhancing measures.
-
- **Manage and offset** in quantity and quality the negative impacts produced on the environment, giving priority to nature-based solutions, facilitating the connectivity of populations and encouraging the development of specially protected areas or private conservation.
-
- **Promote knowledge of and training** in biodiversity by/for the Group's employees and suppliers.
-

MERLIN is firmly committed to preserving the environment, and the Group actively contributes to helping to improve the environment in its daily activities. MERLIN carries out comprehensive assessments of and minimises potential adverse impacts on biodiversity throughout the life cycle of its assets, with special attention to newbuilds and relocations. To achieve this, it proposes measures that will preserve biodiversity and prioritises using indigenous plant species and avoiding exotic species in the landscaped areas of its various assets.

In addition, an intrinsic part of the Group's expansion strategy is avoiding deforestation in its newbuild and relocation projects, instead opting to acquire land in urban settings or previously improved land, a reflection of its commitment to conserving natural ecosystems.

In addition, MERLIN Properties has no substantial involvement in ecosystem and/or abiotic services either in its internal operations, in its supply chain, or in the process of building/refurbishing buildings and managing existing ones. Section 6.2 discusses the Company's relationship with community suppliers and job creation in detail. In addition, section 4.3 sets forth a comprehensive description of its development and operation of assets that satisfy sustainability criteria.

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



MERLIN manages various **urban gardens in the common areas of its properties** where the Group has begun promoting actions to preserve biodiversity, e.g., installing insect hotels, bird houses, and bat houses.

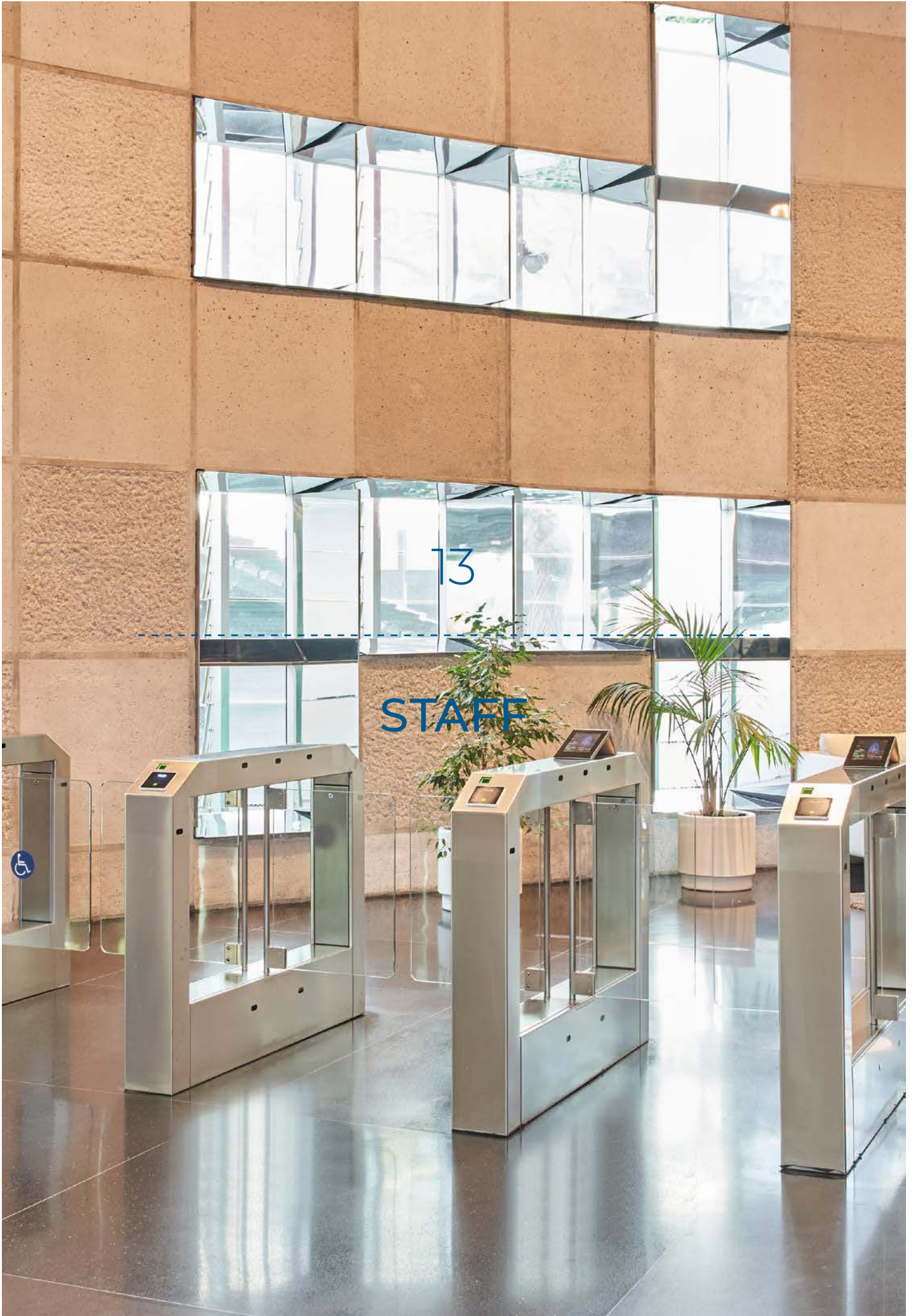


With regard to biodiversity in developments and refurbishments, MERLIN **studies the ecological value of the environment and proposes measures for its conservation.**

Priority is given to native plant species in the landscaped areas around their assets and exotic species are avoided.

13

STAFF





2023 MILESTONES

- **Reduction of the pay gap** compared with 2022 for all categories.
- **11% increase in training hours** compared with the previous year.
- Launch of the **corporate Intranet** to improve communication.
- Creation of a **job portal** on the corporate website.
- Completion of **volunteer projects** with the participation of 28 Group employees and directors..
- **Visits to different company assets** by 44% of employees to strengthen the Group's purpose.
- Collaboration with the **WIRES Association (Women In Real Estate)**. Membership of 5 female employees, favouring the empowerment of women in the sector.



FUTURE OBJECTIVES

- Foster a sense of belonging through the transmission of the corporate culture by the management team.
- Develop a new **Equality Plan** for another company in the Group.
- Creation of a **committee to monitor** compliance with the Group's Equality Plans.
- Creation of an **Inclusion, Diversity and LGBTI Protocol**.
- **Digitalise** onboarding **processes**.
- **Reduce staff turnover** in those jobs with a higher turnover rate.
- Increase **training hours**.
- Increase **actions aimed at employees' children** to facilitate work-life balance.



KEY INDICATORS FOR THE YEAR

	2023	CHANGE 2022-2023
NUMBER OF EMPLOYEES	266	(260 - 266)
% OF WOMEN EMPLOYEES	47%	(45% - 47%)
% OF EMPLOYEES WITH A PERMANENT CONTRACT	99%	(98% - 99.25%)

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

Employee loyalty

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

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

A STRONG AND UNIQUE WORKFORCE

At the end of 2023, MERLIN's workforce consisted of 266 professionals divided into three categories, as follows:



EXECUTIVES

Category composed of 28 professionals (27 men and 1 woman). Team comprising the Chief Executive Officer, the Chief Operating and Corporate Officer and the management and business area teams that oversee the optimum functioning of each area of the Company.



MIDDLE MANAGEMENT

80 employees (52 men and 28 women). Team composed of professionals closely linked to the business and to projects with great responsibility.

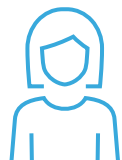


OTHER PROFESSIONALS

Category composed of 158 employees (61 men and 97 women). The team is made up of expert professionals with a high level of knowledge and experience to carry out their activity, as well as general support staff.

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

CURRENT PROFILE OF MERLIN PROPERTIES' EMPLOYEES⁽¹⁾



47%
workforce

- I represent **62% of new hires** in 2023.
- I am between **30 and 50 year** (50% of women).
- I have a **permanent contract** (100% of women).
- I received **33 hours of training** in 2023⁽²⁾.
- I work in **Spain** (94% of women).
- I represent **29% of income generating positions**.
- I represent **29% of STEM positions**.



53%
workforce

- I represent **38% of new hires** in 2023.
- I am between **30 and 50 year** (50% of men).
- I have a **permanent contract** (99% of men).
- I received **25 hours of training** in 2023.
- I work in **Spain** (94% of men).
- I represent **71% of income generating positions**.
- I represent **71% 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 2023, except for average training hours per employee.

⁽²⁾ The average number of training hours based on the average headcount in 2023. The average number of training hours in 2023 in total terms (including men and women) was 7,396 hours.



23
AVERAGE YEARS OF
EXPERIENCE OF THE
MANAGEMENT TEAM
IN THE PROPERTY
SECTOR

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.



€ 51M
GAV/EMPLOYEE

Productivity

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



7%
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.



38%
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.



98%
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

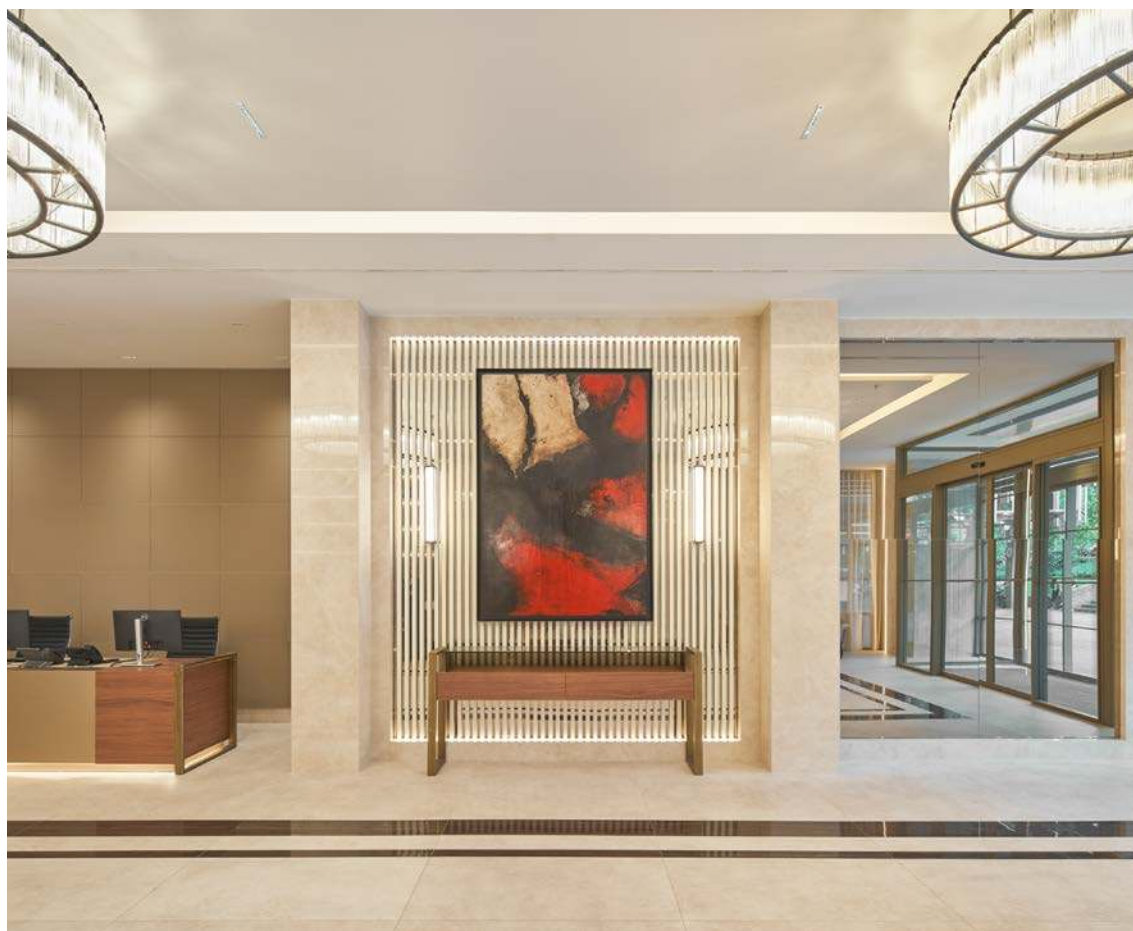
MERLIN's staff are the Group's main asset. At year-end 2023, the MERLIN Group's workforce was composed of a total of 266 employees,

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

	2022			2023		
	Men	Women	Total	Men	Women	Total
Directors	27	1	28	27	1	28
Middle management	55	27	82	52	28	80
Other professionals	61	89	150	61	97	158
TOTAL	143	117	260	140	126	266



			2022		2023	
Country	Category	Age range	Men	Women	Men	Women
Spain	Directors	<30 years old	-	-	-	-
		30-50 years old	13	1	12	1
		>50 years old	13	-	14	-
	Total		26	1	26	1
	Middle management	<30 years old	7	2	5	2
		30-50 years old	22	14	21	14
		>50 years old	20	10	20	11
	Total		49	26	46	27
	Other professionals	<30 years old	11	14	10	22
		30-50 years old	18	17	32	51
		>50 years old	30	52	17	17
	Total		59	83	59	90
	TOTAL		134	110	131	118
	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	5	-	4	1
		>50 years old	1	-	1	-
Total		6	1	6	1	
Other professionals		<30 years old	-	2	-	1
		30-50 years old	1	2	1	4
		>50 years old	1	2	1	2
Total		2	6	2	7	
TOTAL		9	7	9	8	
TOTAL			143	117	140	126



MERLIN has a team of professionals with permanent contracts and an average age of 44.

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

contracts to ensure their loyalty and improve its ability to attract talent to the organisation. At year-end 2023, 99% of the Group's employees had a permanent contract

Type of contract	Time	2022	2023
Permanent	Full-time	247	256
	Part-time	9	8
Total permanent		256	264
Temporary	Full-time	4	2
	Part-time	-	-
Total temporary		4	2
Overall total		260	266

AVERAGE CONTRACTS

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

			2022		2023	
Contract	Category	Age range	Men	Women	Men	Women
Full-time permanent	Directors	<30 years old	-	-	-	-
		30-50 years old	14	1	13	1
		>50 years old	13	-	13	-
	Total		27	1	26	1
	Middle management	<30 years old	6	3	5	2
		30-50 years old	28	14	24	14
		>50 years old	21	10	22	11
	Total		55	27	51	27
	Other professionals	<30 years old	6	15	6	20
		30-50 years old	28	48	33	47
		>50 years old	18	17	19	19
	Total		52	80	58	86
Part-time permanent	Other professionals	<30 years old	-	-	-	-
		30-50 years old	1	4	1	4
		>50 years old	1	1	1	1
	Total		2	5	2	5
Full-time temporary	Other professionals	<30 years old	-	-	1	-
		30-50 years old	1	-	-	-
		>50 years old	-	-	-	-
	Total		1	-	1	-
TOTAL			136	113	138	119

DEPARTURES BY TYPE, SEX, AGE AND PROFESSIONAL CLASSIFICATION

Breakdown by type of departures:

Type of departure	2022		2023	
	Men	Woman	Men	Woman
Voluntary employee departure	8	14	7	11
Employee dismissal	-	-	6	8
End of temporary contract	6	1	8	3
Employee retirement	-	-	1	-
Termination of trial period	-	-	-	1
Leave of absence	-	-	1	-
Total	14	15	23	23

The number of voluntary departures has fallen compared with the previous year by 18%.

Voluntary departures		2022		2023	
Category	Age range	Men	Women	Men	Women
Directors	>50 years old	-	-	1	-
Middle management	<30	-	-	-	-
	30-50	1	1	1	-
Other professionals	<30	5	7	-	3
	30-50	2	6	4	8
	>50 years old			1	-
TOTAL		8	14	7	11

In 2022, there were no redundancies. In 2023, there were 14, of which 4 were due to the sale of a shopping centre. The total cost of the compensation was €302,329.

Dismissals		2022		2023	
Category	Age range	Men	Women	Men	Women
Middle management	<30	-	-	-	-
	30-50	-	-	1	-
	>50 years old	-	-	3	-
Other professionals	<30	-	-	1	1
	30-50	-	-	1	5
	>50 years old	-	-	-	2
TOTAL		-	-	6	8

Changes in turnover

The total turnover rate was calculated taking into consideration all employees who leave the organisation either voluntarily, due to dismissal, retirement or end of employment contract. 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.

	2022	2023
Voluntary turnover rate	8%	7 %
Total turnover rate for departures	11%	17 %

For positions with higher turnover, MERLIN has implemented a series of measures consisting of: improvements in working hours, specific training to improve employees' professional skills and

improvements in the career plan and its communication. The company aims to further improve talent retention by 2024.

TRAINING

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

A total of 7,396 hours of training were provided in 2023, an increase of 13% on the previous year. This represents a total investment of EUR 64,569 in training after allowances.

Age range	Men	Women	Total
<30 years old	268	719	987
30-50 years old	2,160	1,735	3,895
>50 years old	1,099	1,414	2,513
Total	3,527	3,868	7,396

Hours of training by professional category:

Professional category	Hours of training
Directors	483
Middle management	2,265
Other professionals	4,647
Overall total	7,396

98% of employees have received training.

The average number of training hours per employee is 29 hours.

MERLIN offers its employees training to enhance their development process. This training is divided into three categories:

- **Personalised training:** Employees can select the courses that best suit their needs without the training being limited to a catalogue of courses. If necessary, MERLIN provides guidance, through the experience of its staff members, so that employees can choose those courses that best suit their needs.

- **Knowledge sharing:** MERLIN considers it a priority to share the knowledge accumulated by its professionals in different areas of expertise. For this reason, the Group provides annual “in-house training” courses given by MERLIN’s own staff to the rest of their colleagues.

- **Language Training Plan:** MERLIN offers all its employees language training in English or Portuguese, in different modalities: face-to-face, online, conversation or preparation for official exams. The employee can choose the modality that they prefer.

Relevance of each category of training, with respect to the company’s total training:

- **Training tailored to the needs of each employee :** accounts for 75% of total training.

- **Language training :** accounts for 15% of total training.

- **Knowledge sharing (training delivered by MERLIN’s own professionals):** accounts for 10% of total training.

In 2023, personalised training has put special emphasis on digital skills, representing 39% of this training category. Skills such as communication and team management have also been strengthened, and 7% of the personalised training focused on these skills.

Knowledge Sharing has been on areas such as savings and investment, digital platforms, business skills and user management.

Employee compensation

Differential remuneration scheme

Remuneration is a key tool for attracting and retaining the best talent. The Company’s remuneration scheme has a differential aspect in that it prioritises performance over any other variable when establishing remuneration and, therefore, employee evolution is monitored on an ongoing basis.

MERLIN employees receive fixed annual remuneration along with annual variable remuneration tied to the fulfilment of the Group’s objectives and to each employee’s individual performance.

100% of MERLIN’s employees receive variable remuneration or bonuses, regardless of their professional category. This allows the company to reward performance and attract and retain the best talent, without it being a tool used only for a specific group. 15% of this remuneration is linked to compliance with various sustainability metrics, such

as reduction of carbon footprint intensity and improvement in sustainability indexes (GRESB, CDP, SP Global, Sustainalytics, MSCI, etc.).

Some 23% of employees are also on a long-term incentives plan, further strengthening the retention of key talent for the company’s business.

Employee benefits

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

All Group employees have the same remuneration in kind conditions and social benefits: health insurance (for employees, spouse and children), life and accident insurance and language training.

In addition, in Spain, all employees have access to a flexible remuneration plan which includes: restaurant card, transport card, childcare vouchers, training plans and access to the purchase of shares in the Parent Company. In Portugal, all employees receive a food allowance.

Employees have access to discounts in different areas such as accommodation, restaurants and pharmacies in establishments close to the offices. In 2023, a new social benefit has been included, known as the "Shopping Club", where employees can access discounts on different brands.

WAGE GAP ANALYSIS

The total compensation earned per employee, including executive directors within the Managers category, by the average number of employees has been taken into account to calculate the average remuneration and the wage gap.

The total compensation accrued includes:

- **Fixed Salary:** includes all remuneration received by the employee during the year including salary increases, components of collective bargaining agreement, bonuses, sickness or accident benefits, temporary disability compensation and all remuneration agreed as fixed salary in general with employees.

- **Variable Remuneration:** in 2022 this includes the Annual Bonus and the Extraordinary Bonus for 2022 granted by the Board of Directors, in general to all staff. In 2023, it only includes the Annual Bonus.

- **Remuneration in kind:** health insurance, life insurance, shares and flexible remuneration.

- Does not include **severance payments and compensation.**

Average remuneration and changes in salaries broken down by gender, age and professional classification or equal value:

Average remuneration by gender (€k)	2022	2023
Men	190	158
Women	60	57

Average remuneration by age (€k)	2022	2023
Under 30 years old	55	46
30 to 50 years old	108	96
Over 50 years old	201	163

Average remuneration by category (€k)	2022	2023
Directors	647	529
Middle management	106	102
Other professionals	43	41
Overall total	131	111

In the above tables, all employees, including executive directors, are included.

The 2023 remuneration is lower than the 2022 remuneration because there was an extraordinary incentive in 2022.

The average remuneration by category table is not broken down by gender as there is only one woman in the Managers category

Gender wage gap⁽¹⁾

Gender wage gap %	2022	2023
Directors	N/A	N/A
Middle management	7%	5 %
Other professionals	13%	10 %

⁽¹⁾ Definition Wage gap=Average pay for men-Average pay for women / Average pay for men x 100.

The wage gap in the Managers category is not reported because there is only one woman in that category.

The wage gap for the total workforce including Managers and Executive Directors was 64% in 2023 (68% in 2022). The average salary remuneration comprising fixed salary, variable salary and remuneration in kind of all employees of the group, including executive directors, has been taken into account for its calculation.

Meanwhile, the wage gap without Executive Directors is 55% in 2023 (59% in 2022), and the wage gap without Executive Directors and Managers is 26% in 2023 (29% in 2022).

It should be noted that the wage gap within each of the categories of employees is within the reasonable ranges envisaged in Royal Decree 901/2020, of 13 October, regulating equality plans.

To improve the pay gap, MERLIN follows the **Equality Plan Measures**.

All the measures envisaged in the Equality Plan are outlined in section 5.6 on Diversity and Equal Opportunities.

Some results that have contributed to improving the gender gap are discussed below.

In the area of Selection and Recruitment

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

In 2023, MERLIN hired a total of 52 new professionals to the staff, which represents a recruitment rate of 20%.

Recruitment of women represents 61.5% of total recruitment.

Recruitment of women has increased by 45% on the previous year. In 2022, 22 women joined, while in 2023, 32 women joined.

Category	Age range	Men	Women	Total
Directors	>50 years old	-	-	-
	30-50 years old	-	-	-
Middle management	>50 years old	1	-	1
	>50 years old	1	-	1
	30-50 años	2	1	3
	>50 años	-	-	-
Other professionals	>50 years old	11	15	26
	30-50 años	5	16	21
	>50 años	-	-	-
TOTAL		20	32	52

In the area of Professional Promotion

MERLIN is committed to internal mobility and talent retention. In 2023, as in 2022, 9 employees changed jobs. 7 of these

changes involved promotions by changing functions and departments, and 71% of these were women.



In the area of Training

The average number of training hours for women is 33 hours and the average number of training hours for men is 25 hours. In addition, a female employee has been trained through a master's degree in Technology Management.

In 2023, MERLIN partnered with WIRES (Women In Real Estate), of which 5 female employees are currently members. WIRES

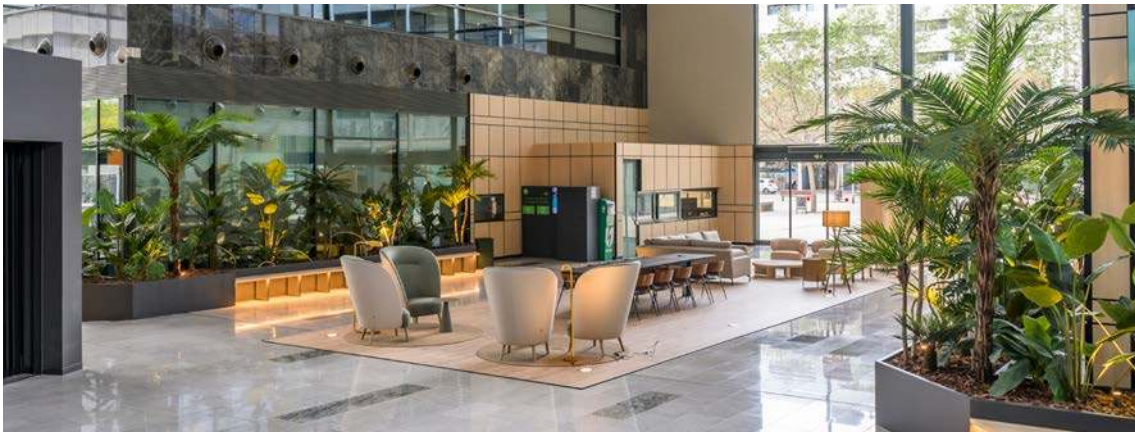
offers women networking and learning opportunities to promote the advancement of women in the sector. This is evidence of Merlin's commitment to the empowerment of women in the property sector.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Average remuneration of non-executive directors, including attendance fees and any

other compensation broken down by gender (no variable remuneration or termination benefits).

Average remuneration of non-executive directors by gender (€k)	2022	2023
Men	166	164
Women	179	178



Organization 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 or adapted working hours. There are currently 9 employees with reduced working hours, 8 women and 1 man. There are also 5 workers with adapted working hours, 3 women and 2 men.

TOTAL HOURS OF ABSENTEEISM

During 2023, 40 employees took sick leave. Compared with the previous year, the number of instances of sick leave increased, but the duration of sick leave decreased, with the average duration of sick leave in 2022 being 27 days and an average of 19 days in 2023. The duration of sick leave for women is significantly shorter than for men, 11 days compared with 27 days.

In 2023, there were no occupational accidents in the company.

Cases of parental leave were over 50% lower than the previous year.

2023	Working days			Number of cases		
Type of absenteeism	Men	Women	Total days	Men	Women	Total cases
Occupational accident	-	-	-	-	-	-
Non-occupational accident	-	10	10	-	1	1
Common illness	493	252	745	18	22	40
Parental leave	259	80	339	5	1	6
Overall total	752	342	1.094	23	24	47

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
2023	2.2%	1.2%	1.7%
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

Among the Group's existing measures aimed at facilitating work-life balance, the following stand out:

HOLIDAYS

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

FLEXIBLE WORKING HOURS

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

REDUCED WORKING HOURS

In the Employee 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. In 2023, it did not take place but it is planned to resume in 2024 with expanded activities.

ORGANIZATION 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.

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 can be accessed through the Employee Portal at any time during their employment relationship has a chapter dedicated to Digital Disconnection.

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.

Safety, health and well-being of employees

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

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

As part of the Onboarding Process, all employees are trained in Occupational Risk Prevention and receive information on the risks of their jobs and the main mitigation measures.

In addition, emergency drills are conducted every year and the headquarters are evacuated. Employees who are part of the Emergency Brigade are in charge of helping other employees to comply with the Occupational Risk Prevention Plan and to evacuate the building in a timely manner. The

drill at the Paseo de la Castellana 257 offices took place on 23 November 2023, 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	2022			2023		
	Men	Women	Total	Men	Women	Total
Number of occupational accidents with sick leave	1	1	2	-	-	-
Lost time injury frequency rate (LTIFR) ⁽¹⁾	1%	1%	1%	— %	— %	— %
Severity rate ⁽²⁾	2%	3%	3%	— %	— %	— %
Lost workdays (TLW) ⁽³⁾	0,07	0,06	0,06	-	-	-
Occupational diseases (TOD) ⁽⁴⁾	-	-	-	-	-	-
Absenteeism (TA) ⁽⁵⁾	3%	3%	3%	2 %	1 %	2 %
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, meaning that social dialogue is direct, simple and effective. Management is available to all employees without having to go through a chain of command. Their mobile phones and email addresses are made available to all employees and conflict resolution is streamlined.

MERLIN carries out an employee satisfaction survey every two years. In 2023, the aggregate score of 3.6 out of 5 was identical to that of 2021, with a participation level of 81%. For the first time, staff were asked, in line with best practices, about their sense of purpose, their feelings of happiness and their level of stress at work.

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

BALANCE OF 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. Portuguese labour law applies to employees in Portugal.

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

MECHANISMS TO PROMOTE EMPLOYEE INVOLVEMENT IN MANAGEMENT

MERLIN uses different tools to promote employee involvement:

The Satisfaction survey

MERLIN conducts a biannual Satisfaction Survey for all employees and also an annual Satisfaction Survey for certain departments of the organisation where turnover is higher. Through this survey MERLIN is able to identify areas for improvement and undertake necessary actions.

The most highly rated questions were on the working environment, employee camaraderie and training. The lowest rated questions were about temperature in the workplace, flexible working hours and work-related stress. The aggregate result was a score of 3.6 out of 5.

To improve employee satisfaction, in 2022, the company communicated the possibility of flexible start and end times for the working day. 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 2023, the provider of the company health insurance, a social benefit that all employees receive, gave a presentation on the cover and new features of the health insurance, with a special focus on prevention and psychological support. In this regard, the mobile application with guides and tips on how to take care of emotional well-being was shown. In addition, the possibility of having 20 sessions of clinical psychology and up to 40 sessions in case of work-related stress was reported.

For 2024, the company plans to conduct training on time management and emotional well-being.

The corporate Intranet and the Employee Portal

In 2023, MERLIN launched its corporate Intranet. Through the Intranet, employees can access internal news, on which they can leave comments and interact. They can also access the corporate directory, information on the company's corporate social responsibility, information on social benefits and open recruitment processes, training, all group policies, manuals and procedures, and everything related to corporate branding. The Intranet has been equipped with images and videos to make it easy, intuitive and enjoyable to navigate. In 2024, it is planned to further develop the Intranet to enable onboarding processes by uploading videos in which each department briefly describes its role in the company.

The Employee Portal is a website and an app to which all employees have access. This is a communication channel used for administrative purposes. Employees can consult their pay slips and download employment documents.

Dialogue and participation in CSR activities

Through the Intranet, surveys and direct and face-to-face dialogue, MERLIN is able to detect the different interests of employees to undertake actions of social interest such as the 2022-2023 Sports Leagues, visits to company assets or the No School Day.

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

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.

EMPLOYEES WITH DISABILITIES

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

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

In this context, the Company currently has a total of 6 disabled employees on its staff, all of whom have permanent contracts — 4 of them part-time and 2 full-time —, representing 2.3% of MERLIN's workforce. These staff members are fully integrated and perform necessary and valued functions at the Company. The Company exceeds the requirements under the current law in this area (Spanish General Disability Act (Ley General de la Discapacidad) through direct hiring.

Professional category	2022	2023
Middle management	1	1
Other professionals	6	5
Total	7	6



Diversity and equal opportunities

MERLIN promotes equal opportunities, especially in access to employment, training, promotion and working conditions. As stated in its Code of Conduct and its Protocol against Sexual Harassment, MERLIN rejects any and all discrimination in the workplace on the basis of race, colour, nationality, social origin, age, gender, marital status, sexual orientation, ideology, political opinions, religion or any other personal, physical or social condition of an individual. The Group provides professionals with a whistle-blowing channel to report any discriminatory conduct or harassment in the workplace.

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

until 17 January 2026. The Equality Plan was registered by the Directorate General for Employment on 18 August 2022.

The Equality Plan applies to all MERLIN Properties employees and lays down the guiding principles of the Group's conduct in this area, along with a series of objectives and metrics, some of which include addressing the under-representation of women throughout the organisational structure, promoting women's participation in training activities to enhance leadership and compensation by MERLIN for sick leave and parental leave. MERLIN is also committed to promoting equal parental leave for both parents.

MERLIN is complying with the Objectives of the Equality Plan:

In the area of **Selection** and **Recruitment**:

- Review the **selection criteria** and avoid the generalisation of criteria that could be an additional obstacle for women, such as availability to travel, requiring it only for positions where it is necessary, but not in general.
- Review of all **documents related to the selection and recruitment procedure** (applications, forms, website, job offers, etc.) to ensure that they contain inclusive and non-sexist language in content and images.
- Adopt **positive action measures for recruitment**, so that, under equal conditions, merits, suitability and capacity, the candidate from the least represented group in the corresponding group or category is recruited.

In the area of **Training**:

- Implement a **register of workers' requests for training**, disaggregated by sex, detailing those granted and those rejected.
- Promote the **participation of women** in training actions that foster their leadership or their insertion in male-dominated areas of work.

In the area of **Professional Promotion**:

- Provide **up-to-date information on internal vacancies**, with the necessary requirements and competences, using means and channels that ensure that the information is available to the whole workforce.
- Have **statistical information**, disaggregated by sex and professional groups, on promotion processes (number of candidates) and their outcome (number of people promoted).

- Analyse the **interconnection between training and promotion** to check whether the promoted individuals have actively participated in the training courses offered by the Company, and if so, in which ones.
- Implement **specific training on equality** for the people in charge of HR in the Company and for managers who have decision-making powers in the recruitment and promotion processes.

In the area of **Co-responsible Exercise** of the Rights of Personal, Family and Work Life:

- Ensure that, when an individual returns from long-term sick leave, parental leave, etc., the Company provides **training in any new procedures** that may have been implemented during their absence.
- Disseminate the **existing work-life balance measures in the company** among the workforce, whether they are established in statutes, collective bargaining agreements or company policies.
- Continue to supplement the benefit received by workers during leave due to childbirth, adoption, foster care, common illness or occupational accident up to **100% of their fixed salary**.

In the area of **Prevention of Sexual and Gender-Based Harassment**:

- Implement the **anti-sexual and/or gender-based harassment protocol**, including specific processing of complaints and guaranteeing privacy, confidentiality and dignity.
- Establish measures to **disseminate the anti-sexual and/or gender-based harassment protocol** and awareness campaigns against such harassment.

In the area of **Under-Representation of Women:**

- Adopt positive action measures so that, under equal conditions, merits, suitability and capacity, women are recruited until the **under-representation of women in some positions is reduced.**
- Adopt positive action measures so that, under equal conditions, merits, suitability and ability, **women have access to vacancies in positions where they are under-represented**, including management and leadership positions.

In the area of **Professional Classification:**

- Maintain an **updated job catalogue and job evaluation in relation to functions**, responsibility, dependants, professional relations, problem-solving skills, etc.
- Have **statistical information, disaggregated by sex and professional groups**, on the presence of women and men in the different jobs, sections/areas and professional groups.

In the area of **Working Conditions:**

- Promote the **use of technological means that facilitate flexibility and avoid travel and business trips** (video-conferencing and others).

In the area of **Remuneration:**

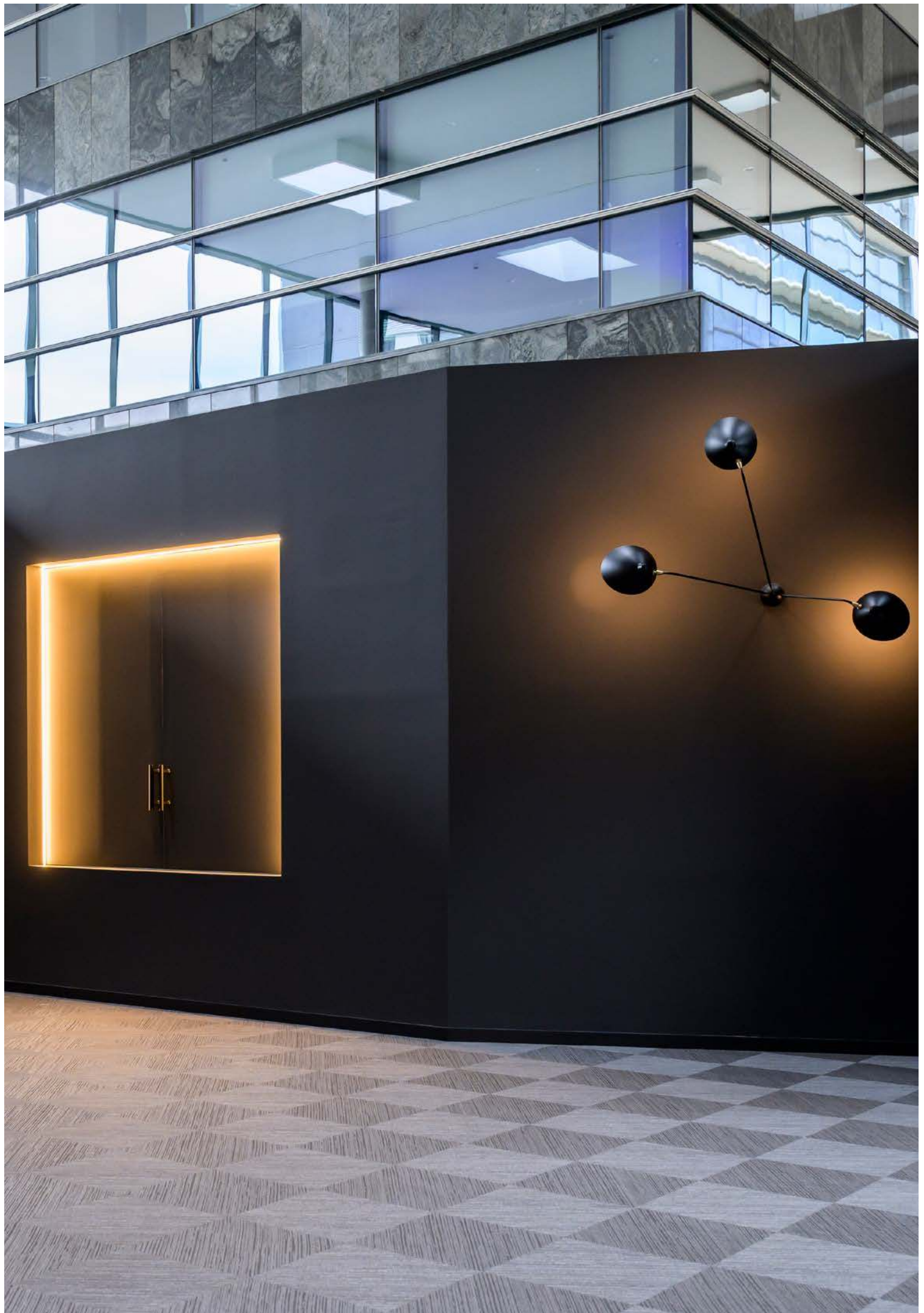
- Maintain the **remuneration register, disaggregated by gender, up to date** throughout the term of the equality plan.

- Reduce at Level 5 of the Pay Audit the **difference in annual fixed salary between men and women.**

The Group also supports all types of diversity beyond gender among the workforce.

MERLIN employees professionals of different nationalities but is equally commitment to local employment. In 2023, 92% of the workforce was Spanish, 6% Portuguese and 2% other European or South American nationalities.

MERLIN has 6 employees with different abilities (2.26%), which exceeds the legal requirement of 2%. These employees have indefinite contracts and perform functions which are necessary and valuable to the Group.



APPENDIX



Alternative performance measures

In accordance with the recommendations issued by the European Securities and Markets Authority (ESMA), the alternative performance measures are described below.

GLOSSARY

Average maturity period (years)

It represents the average term of the Company's debt until its maturity. It is an important measure as it provides investors with important information on its commitments to repay its the financial obligations. It is calculated as the sum of the years remaining to maturity of each loan multiplied by the outstanding debt of the loan and divided by the total outstanding amount of all loans. Given the nature of this measure, it is not possible to reconcile it with the Group's financial statements; however, the main information is available in the consolidated financial statements.

Passing rent

This represents the rent per square meter per month at which an asset or category of assets is leased at a particular point in time. Average passing rent is a relevant performance measure as it shows the implicit rents of all the Company's current leases at a particular point in time per square meter per month, enabling it to be compared to market rents. Given the nature of this measure, it is not possible to reconcile it with the Financial Statements.

Release spread

The difference between the new rent signed and the previous rent in renewals (same space, same tenant) or relets (same space, different tenant) over the last twelve months. The release spread provides investors with an insight into rental behaviour (rental trends) when negotiating with tenants. It is calculated on a rent-by-rent basis and, therefore, cannot be reconciled with the financial statements.

Like-for-like rents (LfL rent)

Amount of comparable gross rents between two periods. Assets are calculated on a per-asset basis, excluding income from investments or divestments made between the two periods and other atypical adjustments, such as compensation for early termination of rental agreements. We consider gross like-for-like rent growth a relevant measure that allows us to compare, on a homogeneous basis, the evolution of rental income for an asset or category of assets. It is calculated on an asset-by-asset basis and, therefore, cannot be reconciled with the financial statements.

Annualised GRI

Passing rent at the balance sheet date multiplied by 12. We consider annualised GRI to be a relevant performance measure since it represents the total amount of rent from the Company's current leases at a given point in time, allowing the return on each asset (Gross Return) to be calculated. Given the nature of this measure, it is not possible to reconcile it with the Financial Statements.

GAV

The portfolio value according to the latest available external appraisal, plus prepayments at cost for turnkey projects and developments. GAV is a standard measurement for comparative purposes, recognised globally in the real estate sector, and calculated by an independent external appraiser.

Gross yield or gross return

Represents the gross return of an asset or asset class. It is calculated by dividing the annualised GRI by the latest available GAV.

WAULT

Weighted average unexpired lease term, calculated as the number of years of unexpired lease terms from the balance sheet date to the first break of a lease weighted by the GRI from each lease. We consider WAULT a relevant measure as it provides investors with the period of risk and opportunity to renegotiate current leases. Given the nature of this measure, it is not possible to reconcile it with the Financial Statements.

Total revenue

Consists of the sum of total GRI and all other operating income excluding extraordinary income. Reconciliation with IFRS is shown in the table below.

EBITDA contable

El EBITDA contable se calcula como el resultado neto operativo antes de revalorizaciones netas, amortizaciones, provisiones, intereses e impuestos.

El EBITDA contable es una medida de rendimiento ampliamente utilizada por los inversores para valorar compañías, así como por las agencias de rating y acreedores para evaluar el nivel de endeudamiento mediante la comparación del EBITDA contable con la deuda neta y el servicio de la deuda.

La reconciliación con las medidas IFRS se encuentra en la tabla situada más adelante.

EBITDA

El EBITDA se calcula como el EBITDA contable deduciendo los gastos “no-overheads” y la provisión del LTIP.

El EBITDA es una medida muy útil ya que excluye el impacto de costes “no-overheads” incurridos en el período. Los gastos “no-overheads” son aquellos asociados a la adquisición o venta de activos y las indemnizaciones, entre otros (según lo descrito en el folleto de la OPV).

La reconciliación con las medidas IFRS se encuentra en la tabla situada más adelante.

FFO contable y FFO

El FFO contable o Flujo de Fondos de las Operaciones contable se calcula como el EBITDA menos los gastos financieros netos e impuestos (excluyendo impuestos de desinversiones y otros eventos).

El FFO se calcula deduciendo los gastos “non-overheads” de la compañía al FFO contable. Se trata de una medida de rendimiento y liquidez relevante reconocida de forma global en el sector inmobiliario.

MERLIN Properties, como miembro de EPRA (European Public Real Estate Association), sigue los estándares de mejores prácticas a la hora de reportar lo que permite al inversor comparar con mayor facilidad determinadas medidas que son específicas del sector inmobiliario. Las medidas se publican de forma semestral y se encuentran detalladas en el informe de gestión.

EPRA costes

Se calcula como los costes de gestión totales de la compañía divididos entre las rentas brutas netas de incentivos.

Esta medida de rendimiento muestra la eficiencia operativa sobre una base recurrente.

La reconciliación con los estados financieros se encuentra en el Apéndice del presente informe.

Resultado neto EPRA

Resultado recurrente de los negocios estratégicos según las recomendaciones de EPRA.

La reconciliación con los estados financieros se encuentra en el Apéndice del presente informe.

EPRA NRV, EPRA NTA y EPRA NDV

El EPRA Net Reinstatement Value (NRV): asume que la entidad nunca vende activos y pretende representar el valor necesario para reconstruir la entidad.

El EPRA Net Tangible Assets (NTA): asume que las entidades compran y venden activos, cristalizando por tanto determinados niveles de pasivos por impuesto diferido.

El EPRA Net Disposal Value (NDV): representa el valor de los accionistas bajo un escenario de liquidación, en el cual los pasivos por impuestos diferido, instrumentos financieros y otros ajustes se calculan teniendo en cuenta la totalidad del pasivo latente, netos de cualquier impuesto.

EPRA Yields

Net Initial Yield: Renta anualizada basada en las rentas pasantes a fecha del balance de situación, menos los gastos operativos no repercutibles, dividido entre el valor de mercado de los activos (GAV) incrementado con los costes de adquisición.

EPRA “Topped” NIY: Ajuste al EPRA Net Initial Yield respecto a la finalización de períodos de carencia (u otros incentivos al alquiler no finalizados tales como descuentos en renta o subidas escalonadas de rentas).

Se trata de dos medidas de rendimiento relevantes al ser un estándar de comparación reconocido en el sector inmobiliario a nivel global, ya que proporciona la rentabilidad neta de los activos de la cartera en base a los contratos vigentes a una fecha determinada con independencia de la estructura financiera de la compañía, según las recomendaciones de EPRA.

El cálculo se proporciona en el Apéndice del presente informe. Dada la naturaleza de esta medida, no es posible reconciliarla con los estados financieros.

Ratio de desocupación EPRA

Se calcula como el Valor Estimado de Rentas de Mercado (“ERV”) de la superficie desocupada dividido entre el ERV de la cartera completa.

Dada la naturaleza de esta medida, no es posible reconciliarla con los estados financieros.

Deuda financiera neta

La deuda financiera neta (o deuda neta) es una métrica financiera calculada restando el efectivo (efectivo y equivalentes, autocartera y pagos diferidos de la venta de activos) del importe nominal adeudado por el grupo consolidado a instituciones financieras y bonistas (deuda financiera bruta).

Esta métrica proporciona Información acerca del nivel de endeudamiento de la compañía, al

proporcionar el importe adeudado a instituciones financieras y bonistas después de descontar el efectivo.

Ratio de apalancamiento

El ratio de apalancamiento se calcula como la deuda neta dividida por la deuda neta más los fondos propios.

El ratio de apalancamiento es una métrica de rendimiento ampliamente utilizada por los inversores para evaluar el nivel de riesgo, así como por las agencias de calificación y los acreedores para evaluar el nivel de endeudamiento.

La conciliación con las métricas NIIF aparece en la tabla siguiente.

Deuda financiera

La deuda financiera se calcula como la suma de cualquier cantidad adeudada por el Grupo a corto y largo plazo como resultado de préstamos, créditos, bonos, obligaciones y, en general, cualquier instrumento de naturaleza similar.

La deuda financiera es una métrica de rendimiento ampliamente utilizada por los inversores para evaluar el nivel de riesgo, así como por las agencias de calificación y los acreedores para evaluar el nivel de endeudamiento.

La conciliación con las métricas de las NIIF aparece en la tabla siguiente.

Porcentaje del endeudamiento a tipo fijo o con coberturas de tipo de interés

Se corresponde con la suma del importe de endeudamiento financiero a tipo fijo y el importe de endeudamiento financiero a tipo variable con operaciones de cobertura de riesgo de variación de tipo de interés asociadas respecto del endeudamiento financiero del Grupo.

Coste medio de la deuda

El coste medio de la deuda se calcula como el cociente entre el coste de los intereses pasados, incluidos los derivados, correspondientes a la deuda con intereses y la deuda financiera del Grupo.

El coste medio de la deuda es una métrica de rendimiento ampliamente utilizada por los inversores para evaluar el coste de los fondos prestados, así como por las agencias de calificación y los acreedores para evaluar la capacidad de cumplir con las obligaciones de intereses.

Dada la naturaleza de la métrica, no es posible conciliarla con los estados financieros del Grupo, pero la información principal está disponible en los estados financieros consolidados.

Posición de liquidez

Se calcula como la suma del efectivo del Grupo más el importe correspondiente a los derechos de cobro procedentes de operaciones corporativas, la

posición de autocartera a valor de mercado y las líneas de financiación disponibles. La posición de liquidez es una métrica operativa comúnmente usada por inversores para analizar el nivel de flexibilidad financiera, así como por las agencias de rating y los deudores para evaluar la capacidad de repagar la deuda.

La reconciliación con las métricas NIIF aparece en la tabla siguiente.

Deuda neta

La deuda neta se calcula como la deuda financiera menos el efectivo y los equivalentes de efectivo (por ejemplo, los derechos de cobro o las acciones propias).

La deuda neta es una métrica de rendimiento ampliamente utilizada por los inversores para evaluar el nivel de riesgo, así como por las agencias de calificación y los acreedores para evaluar el nivel de endeudamiento.

La conciliación con las métricas NIIF aparece en la tabla siguiente.

Inversión en mejoras de eficiencia energética

Inversiones destinadas a medir, controlar, o reducir de manera directa o indirecta, consumos de energía o huella de carbono en todos aquellos activos en los cuales tengamos control operacional. De esta manera, mejoramos de manera continua el comportamiento energético de nuestros activos.

Contribución tributaria total

La Contribución Tributaria Total (CTT) mide la contribución que realiza una compañía o grupo de compañías a las diferentes Administraciones. Con carácter general, se imputa a cada ejercicio fiscal tanto los impuestos soportados como los recaudados, siguiendo el criterio de caja.

- Los impuestos soportados son aquellos impuestos que han supuesto un coste efectivo para las empresas, como por ejemplo los impuestos sobre beneficios, las contribuciones a la Seguridad Social a cargo de la empresa, o determinados impuestos medioambientales.
- Los impuestos recaudados son aquellos que han sido ingresados como consecuencia de la actividad económica de la empresa, sin suponer un coste para las compañías distinto del de su gestión, como son las retenciones practicadas a los trabajadores.

Esta métrica de rendimiento, aun no siendo muy utilizada por los inversores, agencias crediticias o acreedores, se proporciona para mostrar la cantidad de impuestos recaudados o pagados por la compañía. Dada la naturaleza de la métrica, no es posible conciliarla con los estados financieros del Grupo.

RECONCILIATION OF THE ALTERNATIVE PERFORMANCE MEASURES WITH CONSOLIDATED FINANCIAL STATEMENTS

(€ thousand)	Notes	FY23	FY22
Total revenues	6	464,779	439,038
Other operating income	Consolidated income statement	4,790	2,650
Personel expenses	18	(34,845)	(39,673)
Other operating expenses	18	(73,325)	(73,818)
Accounting EBITDA		361,400	328,197
<i>Costs related to acquisition, disposals and financing</i>	18	2,166	2,112
<i>Other costs</i>	n.a.	300	331
<i>Severances</i>	18	282	-
Non-overhead costs		2,747	2,443
Long term incentive plan	18	2,804	4,014
EBITDA		366,952	334,654
Financial expenses excluding debt arrangement costs	Consolidated income statement	(109,185)	(91,532)
Equity method attributable FFO	n.a.	19,458	22,021
IFRS16 Adjustment	n.a.	14,751	-
Discontinued operations	n.a.	-	31,177
Current taxes	n.a.	(7,737)	(5,836)
FFO		284,239	290,483
Non-overhead costs	n.a.	(2,747)	(2,443)
Accounting FFO⁽¹⁾		281,491	288,040

(€ thousand)			
Gross rental income	Consolidated income statement	475,614	452,842
Revenue from rendering of services	6	17,572	10,884
Other net operating income	n.a.	(4,918)	(3,003)
Revenues		488,268	460,723

⁽¹⁾ Excluding the long term incentive plan

	(€ m)	Notes	FY23	FY22
A	GAV	Section 4 Results Report	11,270	11,317
B	Transaction costs	n.a	299	292
C=A+B	GAV + transaction costs		11,569	11,609
N	Net debt	Section 5 Results Report	4,050	3,792
D= N/C	LTV		35.0%	32.7%
E	Net debt	Section 5 Results Report	4,050	3,792
F	Equity	Balance sheet	6,539	6,849
G=E+F	Total capital		10,589	10,641
H=E/G	Leverage ratio		38.2%	35.6%
I	Financial debt	Section 5 Results Report	4,526	4,239
J= K+L+M	Cash and cash equivalents		477	447
K	Cash	Balance sheet	461	429
L	Receivables		-	-
M	Treasury stock	Balance sheet	15	17
N=I-J	Net debt		4,050	3,792
J	Cash and cash equivalents		477	447
O	Undrawn credit facilities	14.1	832	1,409
P= J+O	Liquidity position		1,309	1,856

LIST OF ASSETS

Asset	Location	In operations		WIP	
		GLA (sqm)	# Assets	GLA (sqm)	# Assets
Castellana 85	Madrid	16,474	1	-	-
Castellana 93	Madrid	11,621	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	-	-	36,899	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		239,073	20	40,564	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	6,621	1	-	-
Fuente de la Mora	Madrid	4,482	1	-	-
Encinar	Madrid	3,623	1	-	-
Total Madrid NBA A1		307,756	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		179,929	11	19,893	1
Atica business park	Madrid	36,365	6	-	-
Cerro de los Gamos business park	Madrid	10,814	1	25,291	4
Alvia business park	Madrid	23,567	3	-	-
Atica XIX business park	Madrid	15,411	3	5,014	1
Total Madrid Periphery		86,157	13	30,305	5
Total Madrid		812,916	76	138,664	10
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	15,057	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		137,293	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		202,278	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		111,572	8	13,715	1
Nestle	Lisbon	12,260	1	-	-
Total Lisbon NBA		12,260	1	-	-
Total Lisbon		123,832	9	13,715	-
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		1,157,332	107	163,789	11

Asset	Location	In operations		WIP	
		GLA (sqm)	# Assets	GLA (sqm)	# Assets
Marineda	Galicia	99,873	1	18,232	-
Tres Aguas ⁽¹⁾	Madrid	67,940	1	-	-
Almada	Lisbon	60,089	1	-	-
X-Madrid	Madrid	47,120	1	-	-
Larios	Andalusia	37,956	1	-	-
Porto Pi	Mallorca	32,869	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	-	-
Centro Oeste	Madrid	10,867	1	-	-
Callao 5	Madrid	3,640	1	6,910	-
Arturo Soria	Madrid	6,069	1	-	-
TOTAL SHOPPING CENTERS		474,147	13	25,142	-

Barcelona-ZAL Port ⁽²⁾	Catalonia	757,003	44	-	-
A2-Cabanillas Park I	Castilla la Mancha	315,236	9	-	-
A2-Cabanillas Park II	Castilla la Mancha	47,211	1	163,467	3
Lisbon Park	Lisbon	45,171	1	179,693	1
Sevilla ZAL	Andalusia	139,218	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	-	-
A2-San Fernando II	Madrid	33,592	1	-	-
A4-Seseña	Castilla la Mancha	28,731	1	-	-

⁽¹⁾ 50% stake⁽²⁾ 48.5% stake

Asset	Location	In operations		WIP	
		GLA (sqm)	# Assets	GLA (sqm)	# Assets
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	-	-
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		2,220,382	98	604,779	10
MAD01-GET	Madrid	22,508	1	-	-
BIO03-ARA	Basque Country	17,600	1	-	-
BIO02-ARA	Basque Country	-	-	25,999	1
BCN01-PLZF	Catalonia	22,131	1	-	-
LIS01-VFX	Lisbon	-	-	32,982	1
TOTAL DATA CENTERS		62,239	3	58,981	2
Castellana 259 (Hotel)	Madrid	31,800	1	-	-
Diagonal 199 (Hotel)	Catalonia	15,332	1	-	-
Marineda (Hotel)	Galicia	5,898	1	-	-
Madrid Tower (retail)	Madrid	4,462	5	-	-
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		60,578	14	-	-

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

Edition
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