Merlin Properties SOCIMI, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2023 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, together with Report on Limited Review

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial framework applicable to the Group in Spain (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

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Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial framework applicable to the Group in Spain (see Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Merlin Properties SOCIMI, S.A. at the request of the Board of Directors,

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Merlin Properties SOCIMI, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the interim condensed consolidated statement of financial position as at 30 June 2023, and the interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for preparing these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2023 are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to Article 12 of Royal Decree 1362/2007.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Emphasis of Matters

We draw attention to Note 2.1 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2023 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2023. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Merlin Properties SOCIMI, S.A. and Subsidiaries.

Other Matters

This report was prepared at the request of the Board of Directors of Merlin Properties SOCIMI, S.A. in relation to the publication of the half-yearly financial report required by Article 100 of Consolidated Spanish Securities Market and Investment Services Law approved by Law 6/2023, of 17 March.

DELOITTE, S.L.

Ignacio Alcaraz Elorrieta

27 July 2023

Merlin Properties SOCIMI, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2023 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

MERLIN PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2023

(Thousand euros)

ASSETS	Notes	30-06-2023	31-12-2022	EQUITY AND LIABILITIES	Notes	30-06-2023	31-12-2022
NON-CURRENT ASSETS				**EQUITY**	Note 9		
Other intangible assets	Note 5	1.752	1.746	**Share capital**		469.771	469.771
Property, plant and equipment	Note 5	6.205	6.323	**Share premium**		3.541.379	3.541.379
Investment property	Note 6	10.655.092	10.714.200	**Reserves**		2.729.477	3.023.630
Investments accounted for using the equity method	Note 7	539.658	500.300	**Other shareholder contributions**		540	540
Non-current financial assets	Note 8	217.184	211.048	**Valuation adjustments**		15.381	12.798
Derivatives		21.210	18.882	**Tresury shares**		(15.786)	(17.166)
Other financial assets		195.974	192.166	**Interim dividend**		-	(444.815)
Deferred tax assets		78.591	78.646	**Profit/(Loss) for the year attributable to the Parent**		(47.528)	263.087
Total non-current assets		11.498.482	11.512.263	**Equity attributable to the Parent**		6.693.234	6.849.224
				NON-CURRENT LIABILITIES			
				Debt instruments and other marketable securities	Note 10	3.281.348	3.279.334
				Long-term bank borrowings	Note 10	849.098	189.866
				Other financial liabilities	Note 11	163.470	156.398
				Deferred tax liabilities	Note 11	618.495	613.479
				Provisions	Note 11	9.814	12.670
				Total non-current liabilities		4.922.225	4.251.747
				CURRENT LIABILITIES			
CURRENT ASSETS				**Debt instruments and other marketable securities**	Note 10	34.678	775.036
Inventories		46.666	44.508	**Bank borrowings**	Note 10	3.494	2.806
Trade and other receivables	Note 8	44.834	49.840	**Other current financial liabilities**	Note 11	9.950	9.020
Other current financial assets	Note 8	9.403	2.960	**Trade and other payables**	Note 12	129.812	146.850
Other current assets		15.320	12.463	**Current income tax liabilities**		3.385	5.234
Cash and cash equivalents		208.932	429.449	**Other current liabilities**	Note 11	26.859	11.566
Total current assets		325.155	539.220	**Total current liabilities**		208.178	950.512
TOTAL ASSETS		11.823.637	12.051.483	**TOTAL EQUITY AND LIABILITIES**		11.823.637	12.051.483

The accompanying explanatory Notes 1 to 17 are an integral part of the consolidated statement of financial position as at 30 June 2023

MERLIN PROPERTIES SOCIMI, S.A.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30 2023
(Thousand euros)

	Notes	30-06-2023	30-06-2022
CONTINUING OPERATIONS:			
Revenue	Notes 4 and 13.a	229.521	213.939
Other operating income		2.201	1.565
Staff costs	Note 13.c	(18.549)	(19.114)
Other operating expenses	Note 13.b	(33.457)	(34.671)
Profit/(loss) on disposals of non-current assets	Note 6	(7.188)	5.678
Depreciation and amortisation charge	Note 5	(1.003)	(878)
Imputación de subvenciones de inmovilizado no financiero y otras		14	-
Excessive provisions		94	(384)
Change in fair value of investment properties	Note 6	(198.477)	122.298
PROFIT/(LOSS) FROM OPERATIONS		(26.844)	288.433
Changes in the fair value of financial instruments-		(1.327)	32.928
Finance income	Note 13.d	5.523	989
Finance expenses	Note 13.d	(57.338)	(60.289)
Profit/(loss) on disposal of financial instruments		-	(1)
Share of results of companies accounted for using the equity method	Note 7	40.930	16.494
Exchange rate differences		107	-
PROFIT/(LOSS) BEFORE TAX		(38.949)	278.554
Income tax		(8.579)	(8.640)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(47.528)	269.914
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations net of tax	Note 3	-	221.731
PROFIT/(LOSS) FOR THE YEAR		(47.528)	491.645
Attributable to shareholders of the Parent		(47.528)	491.645
Attributable to minority interests		-	-
EARNINGS PER SHARE FROM CONTINUING OPERATIONS (in euros):			
Basic	Note 9.5	(0,10)	0,58
Diluted		(0,10)	0,58
EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS (in euros):	Note 9.5		
Basic		(0,10)	0,47
Diluted		(0,10)	0,47

The accompanying explanatory Notes 1 to 17 are an integral part of the consolidated statement of financial position for the six-month period ended 30 June 2023

MERLIN PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023
(Thousand euros)

	Notes	30-06-2023	30-06-2022
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO CONTINUING OPERATIONS		(47.528)	269.914
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO DISCONTINUING OPERATIONS		-	221.731
PROFIT/(LOSS) PER INCOME STATEMENT		(47.528)	491.645
OTHER COMPREHENSIVE INCOME:			
Income and expense recognised directly in equity-			
Arising from cash flow hedges	Note 9.6	3.256	90.577
OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY		3.256	90.577
Transfers to the income statement from continuing operations			
Arising from hedging instruments		(673)	(23.157)
TOTAL TRANSFERS TO THE INCOME STATEMENT	Note 9.6	(673)	(23.157)
TOTAL COMPREHENSIVE INCOME		(44.945)	559.065
Attributable to shareholders of the Parent from continuing operations		(44.945)	269.914
Attributable to shareholders of the Parent from discontinuing operations		-	289.151
Attributable to shareholders of the Parent		(44.945)	559.065
Attributable to minority interests		-	-

The Notes 1 to 17 described in the explanatory Notes are an integral part of the condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2023.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED JUNE 30 2023

(Thousand euros)

	Share Capital	Share premium	Reserves	Shareholder Contribution	Profit/(loss) for the year	Interim Dividend	Valuation adjustments	Treasury shares	Equity attributed to the Parent Company	Total Equity
Balance as of 31 December 2021	**469.771**	**3.647.876**	**2.566.276**	**540**	**512.217**	**(70.033)**	**(67.420)**	**(32.305)**	**7.026.922**	**7.026.922**
Consolidated comprehensive income	-	-	-	-	491.645	-	67.420	-	559.065	**559.065**
Distribution of 2021 profit (Note 9)	-	-	442.184	-	(512.217)	70.033	-	-	-	**-**
Transactions with shareholders or owners:										
Distribution of dividends (Note 9)	-	(106.497)	(10.614)	-	-	-	-	-	(117.111)	**(117.111)**
Scope variations	-	-	50.904	-	-	-	-	-	50.904	**50.904**
Acquisition / Disposal of treasury shares	-	-	-	-	-	-	-	2	2	**2**
Recognition of share-based payments	-	-	2.926	-	-	-	-	-	2.926	**2.926**
Share-based payments	-	-	(23.864)	-	-	-	-	14.133	(9.731)	**(9.731)**
Delivery of share distribution scheme	-	-	(35)	-	-	-	-	860	825	**825**
Other movements	-	-	(3.503)	-	-	-	-	-	(3.503)	**(3.503)**
Balance as of 30 June 2022	**469.771**	**3.541.379**	**3.024.274**	**540**	**491.645**	**-**	**-**	**(17.310)**	**7.510.299**	**7.510.299**
Balance as of 31 December 2022	**469.771**	**3.541.379**	**3.023.630**	**540**	**263.087**	**(444.815)**	**12.798**	**(17.166)**	**6.849.224**	**6.849.224**
Consolidated comprehensive income	-	-	-	-	(47.528)	-	2.583	-	(44.945)	**(44.945)**
Distribution of 2022 profit (Note 9)	-	-	(181.728)	-	(263.087)	444.815	-	-	-	**-**
Transactions with shareholders or owners:										
Distribution of dividends (Note 9)	-	-	(113.350)	-	-	-	-	-	(113.350)	**(113.350)**
Acquisition / Disposal of treasury shares	-	-	(106)	-	-	-	-	42	(64)	**(64)**
Recognition of share-based payments	-	-	1.402	-	-	-	-	-	1.402	**1.402**
Delivery of share distribution scheme	-	-	(371)	-	-	-	-	1.338	967	**967**
Balance as of 30 June 2023	**469.771**	**3.541.379**	**2.729.477**	**540**	**(47.528)**	**-**	**15.381**	**(15.786)**	**6.693.234**	**6.693.234**

The accompanying explanatory Notes 1 to 17 and are an integral part of the consolidated statement of changes in equity for the six-month period ended as of 30 June 2023

MERLIN PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD

PERIOD ENDED JUNE 30 2023

(Thousand euros)

CONTINUED OPERATIONS	Notes	30-06-2023	30-06-2022
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:		**132.182**	**99.218**
Profit for the year before tax		**(38.949)**	**278.554**
Adjustments for-		**220.067**	**(107.166)**
Depreciation and amortisation charge	**Note 5**	1.003	878
Change in fair value of investment property	**Note 6**	198.477	(122.298)
Changes in operating provisions		1.402	9.669
Allocation of subsidies for non-financial assets and others		(14)	-
Changes in provisions for contingencies and expenses		(94)	384
Profit/(Loss) on derecognition and disposal of non-current assets	**Note 3**	7.188	(5.678)
Finance income	**Note 13**	(5.523)	(989)
Finance expenses	**Note 13**	57.338	60.289
Changes in fair value of financial instruments	**Note 8**	1.327	(32.928)
Impairment and result on disposal of financial instruments		-	1
Share of results of investments accounted for using the equity method	**Note 7**	(40.930)	(16.494)
Exchange rate differences		(107)	-
Changes in working capital-		**(12.799)**	**(17.046)**
Inventories		(2.158)	774
Accounts receivable	**Note 8**	5.006	(890)
Other financial assets		(3.808)	2.917
Accounts payable	**Note 12**	(20.182)	(16.346)
Other assets and liabilities		8.343	(3.501)
Other cash flows from operating activities-		**(36.137)**	**(55.124)**
Interest paid		(42.416)	(53.584)
Interest received		5.358	72
Income tax recovered (paid)		921	(1.612)
CASH FLOWS FROM/(USED IN) INVESTMENT ACTIVITIES:		**(152.665)**	**1.384.219**
Payments due to investments-		**(185.516)**	**(709.605)**
Net cash flow from business acquisitions			
Investment property	**Note 6**	(179.408)	(85.758)
Contributions for discontinued activities		-	(619.727)
Property, plant and equipment		(772)	(835)
Contributions to associates and other non-current investments		(5.336)	(3.285)
Proceeds from disposals-		**32.851**	**2.093.824**
Financial assets		-	1.987.400
Investment property		32.851	102.740
Other disposals		-	3.684
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:		**(200.034)**	**(1.363.909)**
Proceeds and payments relating to equity instruments-		**(113.348)**	**10.933**
Premium Refunds	**Note 9.2 and 9.3**	-	(106.497)
Dividends Paid	**Note 9.3**	(113.350)	(10.614)
Dividends Paid / Premium Refunds from subsidiaries		66	2.862
Dividends paid from discontinued operations		-	8.222
Charges for discontinued activities		-	116.958
Issue of equity instruments	**Note 9.4**	(64)	2
Proceeds and payments relating to financial liabilities-		**(86.686)**	**(1.374.843)**
Debt issuance with credit institutions		656.929	-
Repayment of bank borrowings	**Note 10.1**	(829)	(850.872)
Cancellation of interest rate derivatives		-	24.329
Return of debentures and bonds	**Note 10.2**	(742.786)	(548.300)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(220.517)**	**119.527**
Cash and cash equivalents at beginning of period		**429.449**	**866.721**
Cash and cash equivalents at beginning of period for discontinued operations		-	(143.245)
Cash and cash equivalents at end of period		**208.932**	**843.003**
Cash and cash equivalents at end of period for discontinued operations		-	-

(*) Restated Financial Statements

DISCONTINUED OPERATIONS	Notes	30-06-2023	30-06-2022
CASH FLOWS FROM OPERATING ACTIVITIES	**Note 3**	**-**	**36.596**
CASH FLOWS FROM INVESTING ACTIVITIES	**Note 3**	**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES	**Note 3**	**-**	**(174.872)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**-**	**(138.276)**
Cash and cash equivalents at beginning of period		-	143.245
Cash and cash equivalents included for the transaction		-	4.969
Cash and cash equivalents at end of period		-	-

The accompanying explanatory Notes 1 to 17 are an integral part of the consolidated statement of cash flows for the period ended as at 30 June 2023

Merlin Properties SOCIMI, S.A. and Subsidiaries

Explanatory notes for the Interim Condensed Consolidated Financial Statements for the six-month period ending 30 June 2023

1. Nature, activity and composition of the Group

Merlin Properties SOCIMI, S.A. (hereinafter, the "Parent") was incorporated in Spain on 25 March 2014 under the Spanish Limited Liability Companies Law. On 22 May 2014, the Parent requested to be included in the tax regime for listed companies investing in the property market (SOCIMIs), effective from 1 January 2014.

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

The Parent's corporate purpose, as set out in its bylaws, is as follows:

- the acquisition and development of urban real estate for subsequent leasing, including the refurbishment of buildings as per the Value Added Tax Law 37/1992, of 28 December;

- the holding of equity stakes in other SOCIMIs or in other non-resident entities in Spain with the same corporate purpose as the aforesaid and that operate under a similar regime as that established for SOCIMIs vis-à-vis the mandatory, legal or bylaw policy on the appropriation of results;

- the holding of equity stakes in other resident or non-resident entities in Spain whose corporate purpose is to acquire urban real estate for subsequent leasing, and which operate under the same regime as that established for SOCIMIs vis-à-vis the mandatory, legal or bylaw policy on the appropriation of results, and which fulfil the investment requirements stipulated for these companies; and

- the holding of shares or equity stakes in collective real estate investment institutions regulated by the Collective Investment Institution Law 35/2003, of 4 November, or any law that may replace this in the future.

In addition to the economic activity relating to the main corporate purpose, the Parent may also carry on any other ancillary activities, i.e., those that generate income, which in total represents less than 20% of its income in each tax period, or those that may be considered ancillary activities under the legislation applicable at any time.

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

None of the activities reserved for other entities under special legislation cannot be directly (or where applicable, indirectly) performed. If the law prescribes the need for a professional qualification, administrative authorisation, entry in a public register, or any other requirement for the purpose of exercising any of the activities within the corporate purpose, no such activity can be exercised until all the applicable professional or administrative requirements have been met.

Merlin Properties SOCIMI, S.A. and Subsidiaries (hereinafter, the "Group") mainly engage in the acquisition and management (through leasing to third parties) of mainly offices, warehouses and shopping centers. They may also invest to a lesser extent in other assets for lease.

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

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

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

1. At least 80% of a SOCIMI's assets must be invested in urban real estate for leasing purposes and/or in land to be developed for leasing purposes provided such development starts within three years of acquisition, along with investments in the capital or equity of other entities referred to in Section 1, Article 2 of the Law.

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

2. Similarly, at least 80% of the income for the tax period corresponding to each year, excluding the income arising from the transfer of the ownership interests and the properties used to achieve its main corporate purpose, once the holding period referred to below has elapsed, should come from the lease of properties and from dividends or shares in profits arising from these investments.

   This percentage will be calculated on the basis of the consolidated profit or loss if the company is the parent of a group as per the criteria of Article 42 of the Code of Commerce, irrespective of residence and of the obligation to draw up consolidated financial statements. That group will be exclusively composed of the SOCIMI and all the other entities referred to in Section 1, Article 2 of said Law.

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

   This period will be calculated:

   a. For real estate in the SOCIMI's asset base before the SOCIMI becomes subject to the regime: From the beginning of the first tax period during which the special tax regime applies as regulated by the Law, provided that at the time the asset was leased or on lease. Otherwise, the paragraph below will apply.

   b. For real estate subsequently developed or acquired by the SOCIMI: From the date on which it was leased or offered for lease for the first time.

   c. Shares or equity investments in entities referred to in Section 1, Article 2 of the Law must be kept in the SOCIMI's asset base at least during three years after their acquisition or, if applicable, from the beginning of the first tax period during which the special tax regime established in the Law applies.

   As provided by the First Transitional Provision of Law 11/2009 of 26 October, as amended by Law 16/2012 of 27 December, regulating SOCIMIs, the companies may opt to be subject to the special tax regime as provided by Article 8 of the mentioned Law, even when the legal requirements at the date of inclusion in that regime are not fulfilled, provided said requirements are met within two years of the date application of the SOCIMI tax regime is sought.

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

   With effect from 1 January 2021, Law 11/2021 of 9 July on Measures to Prevent and Combat Tax Fraud amends Section 4 of Article 9 of Law 11/2009 of 26 October, which regulates listed real estate investment companies (SOCIMI). Specifically, it introduces a special tax of 15% on the amount of profit earned in the year that is not distributed, in the portion derived from a) income that was not taxed at the general corporate tax rate, and b) income that is not derived from the transfer of eligible assets after the expiration of the three-year holding period, which fall under the three-year reinvestment period set forth in Article 6.1.b) of Law 16/2012 of 27 December. This special levy shall be treated in the same way as corporate income tax and shall accrue on the date of the resolution of the general meeting or equivalent body to appropriate the annual profits. Self-assessment and payment of the tax must be made within two months of the tax accruing.

The transitional period in which the Company had to meet all requirements of this tax regime ended in 2017. At 30 June 2023, the Directors of the Parent consider that, the requirements are met.

In view of the business activities currently carried on by the Group, it does not have any environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. For this reason, no specific disclosures on environmental issues are included in these interim condensed consolidated financial statements.

2. Basis of presentation of the interim condensed consolidated financial statements and consolidation principles

2.1 Regulatory framework

The regulatory framework for financial information applicable to the Group is laid down in:

- The Spanish Code of Commerce and other corporate law;
- International Financial Reporting Standards (IFRS) as adopted by the European Union pursuant to Regulation (EC) No 1606/2002 of the European Parliament and Law 62/2003, of 30 December, on tax, administration and social security measures, as well as applicable rules and circulars of the Spanish National Securities Market Commission (CNMV); and
- Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, regulating SOCIMIs and other corporate law; and
- Other applicable Spanish accounting standards.

The consolidated financial statements for 2022 have been prepared in accordance with the regulatory financial reporting framework described in the above paragraph and, accordingly, they present fairly the Group's consolidated equity and financial position as of 31 December 2022 and the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended on 31 December 2022.

The separate and consolidated financial statements of Merlin Properties, SOCIMI, S.A. for 2022 prepared by its Directors were approved by the shareholders at the Annual General Meeting on 27 April 2023.

The 2022 separate financial statements of the Group companies, which were prepared by their respective Directors, were approved by their shareholders at the respective General Meetings within the periods established in applicable tax legislation.

These interim condensed consolidated financial statements are presented in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, and were approved by the Parent's Directors on 27 July 2023, in accordance with Article 12 of Royal Decree 1362/2007.

Pursuant to IAS 34, interim financial reports must be prepared with the sole intention of updating the content of the Group's previous consolidated annual financial statements, with an emphasis on any new activities, events or circumstances that may have occurred during the semester, but not duplicating the information that was already published in the consolidated annual financial statements. Therefore, the interim condensed consolidated financial statements as of 30 June 2023 do not include all the information that would be required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and therefore the accompanying interim condensed consolidated financial statements must be read together with the Group's consolidated financial statements for the year ended 31 December 2022.

The consolidated results and determination of consolidated equity are sensitive to the accounting policies and measurement bases and estimates adopted by the Directors of the Parent Company in the preparation of the condensed consolidated financial statements. The main accounting principles and policies and valuation criteria used correspond to those applied in the 2022 consolidated financial statements, except for the standards and interpretations that came into force during the first half of 2023.

2.2 Bases for reporting the interim condensed consolidated financial statements

The interim condensed consolidated financial statements were obtained from the accounting records of the Parent and consolidated companies, and have been prepared in accordance with the regulatory financial reporting framework described in Note 2.1 and, accordingly, they present fairly the Group's consolidated equity and financial position as of 30 June 2023 and the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows that have taken place in the Group during the six-month period ended on 30 June 2023.

Given that the accounting policies and measurement bases applied in preparing the Group's interim condensed consolidated financial statements in the six-month period ended on 30 June 2023 may differ from those applied by some of the Group companies, the necessary adjustments and reclassifications were made on consolidation to unify these policies and bases and to make them compliant with IFRS as adopted by the European Union

In order to uniformly present the various items composing the interim condensed consolidated financial statements, the accounting policies and measurement bases used by the Parent Company were applied to all the consolidated companies.

These interim condensed consolidated financial statements as of 30 June 2023 were audited. The figures for 30 June 2022 and 31 December 2022 are presented for comparison purposes only.

2.2.1 Adoption of International Financial Reporting Standards effective as from 1 January 2023

During the first six months of 2023, the following standards, amendments and interpretations came into force, which, where applicable, were used by the Group in preparing the interim condensed consolidated financial statements:

Standards, Amendments and Interpretations	**Description**	**Mandatory application in the years beginning on or after:**
Amendments to IAS 1 Disclosure of accounting policies	Amendments that require companies to appropriately identify the material accounting policy information that should be disclosed in the financial statements.	01/01/2023
Amendments to IAS 8 Definition of accounting estimate	Amendments and clarifications to help entities distinguish changes in accounting estimates.	01/01/2023
Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction	Guidelines on the accounting treatment of deferred tax related to assets and liabilities arising from lease transactions and decommissioning obligations.	01/01/2023
Amendments to IFRS 17 Insurance contracts - Initial application of IFRS 17 and IFRS 9. Comparative information	Amendments to the transition requirements of IFRS 17 for insurers that apply to IFRS 17 and IFRS 9 for the first time at the same time.	01/01/2023
IFRS 17 Insurance contracts	Replaces IFRS 4 and includes the principles of registration, measurement, presentation and breakdown of insurance contracts with the objective that the entity provides relevant and reliable information that allows users of financial information to determine the effect that insurance contracts have on financial statements	01/01/2023

These standards and amendments have not had a significant impact.

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

2.2.2 Standards not yet in force in 2023

The following standards were not yet in force in the first six months of 2023, either because their effective date is subsequent to the date of the interim consolidated financial statements, or because they have not yet been adopted by the European Union:

Standards, Amendments and Interpretations	Description	Mandatory application in the years beginning on or after:
Amendments to IAS 1 Classification of liabilities as current and non-current and those subject to covenants	Clarifications regarding the presentation of liabilities as current or non-current, and in particular those maturing conditional on compliance with covenants.	01/01/2024 (1)
Amendments to IFRS 16 Liabilities for leases in a sale under subsequent lease	This amendment clarifies the subsequent accounting of lease liabilities arising in the sale and subsequent lease transactions.	01/01/2024 (1)
Amendments to IAS 7 and IFRS 7 Supplier financing arrangements	This amendment introduces requirements for discounting information specific to financial agreements with suppliers and their effects on the Company's liabilities and cash flows, including liquidity risk and associated risk management.	01/01/2024 (1)
Amendments to IAS 12 Tax Reform-Pillar 2 Model Rules	This amendment introduces a mandatory temporary exemption to the recognition of deferred taxes from IAS 12 in connection with the entry into force of the Pillar 2 international tax model. It also includes additional disclosure requirements	01/01/2023 (1)

(1) Pending adoption by the European Union

At present, the Group is assessing the impacts that the future application of standards with a mandatory application date from 01 January 2023 could have on the consolidated financial statements once they come into force, although these impacts are not expected to be significant.

2.3 *Functional currency*

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

2.4 *Comparative information*

As required by international financial reporting standards adopted by the European Union, the information contained in these interim condensed consolidated financial statements for the year ended 30 June 2023 is presented for comparative purposes with information relating to the six-month period ended 30 June 2022 for the interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and for the year ended 31 December 2022 for the interim condensed consolidated statement of financial position.

2.5 Responsibility for the information and use of estimates

The information in these Interim Condensed Consolidated Financial Statements is the responsibility of the Directors of the Parent Company.

In the Group's interim condensed consolidated financial statements for the six-month period ended on 30 June 2023, estimates were occasionally made by the Senior Executives of the Group and of the consolidated companies, later ratified by the Directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

1. The market value of the Group's property assets. The Group obtained valuations from independent experts at 30 June 2023.
2. The fair value of certain financial instruments.
3. The assessment of provisions and contingencies.
4. Management of financial risk and, in particular, of liquidity risk.
5. The recovery of deferred tax assets and the tax rate applicable to temporary differences.
6. Definition of the transactions carried out by the Group as a business combination in accordance with IFRS 3 or as an acquisition of assets.
7. The market value of the net assets acquired in business combinations.
8. Compliance with the requirements that govern listed real estate investment companies.

Changes in estimates

Although these estimates were made on the basis of the best information available as of 30 June 2023, future events may require these estimates to be modified prospectively (upwards or downwards), in accordance with IAS 8. The effects of any change would be recognised in the corresponding consolidated income statement.

2.6 Contingent assets and liabilities

During the first six months of 2023 there have been no significant changes in the Group's main contingent assets and liabilities.

2.7 Seasonal nature of Group transactions

In view of the activities carried out by the Group companies, the transactions are not markedly cyclical or seasonal. Accordingly, no specific disclosures in this regard are included in these explanatory notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2023.

2.8 Consolidated statement of cash flows

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

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

2.9 *Relative importance*

In determining the information to be broken down in the explanatory notes to the interim condensed consolidated financial statements or other matters, the Group has, in accordance with IAS 34, taken into account the relative importance in relation to the interim condensed consolidated financial statements for the six-month period ending on 30 June 2023.

2.10 *Quantitative and qualitative information on the impacts of Covid-19 and the armed conflict in Ukraine*

In the first half of the fiscal year 2023, similar to the fiscal year 2022, no specific commercial actions have been implemented for the tenants of the assets in response to the effects of COVID-19. However, the Group is diligently monitoring the heightened risks resulting from the health and economic crisis. The valuation of the investment property has been conducted in accordance with the fair value methodology without any complications. Independent valuers did not indicate any uncertainties in their assessments. Additionally, the Group's liquidity risk and the credit risk of its customers are both considered to be insignificant.

In addition, a military conflict erupted between Russia and Ukraine on 24 February 2022, which has uncertain geopolitical ramifications on a global scale in the short, medium, and long term. While the Group does not engage in any operations within the countries directly affected by the conflict, nor has it experienced substantial impacts, continuous monitoring is in place to assess the conflict's progression and its potential impact on the macroeconomic factors typically influencing the Group's sector.

Furthermore, the Directors of the Parent Company are monitoring the evolution of the situation constantly with the goal of successfully dealing with the possible financial and non-financial impacts that may arise.

Measurement of fair value of investment property

The Group periodically adjusts the fair value of its real estate investments in accordance with IAS 40. This fair value is determined using the reference of the valuations made by independent third parties every six months so that, at the close of each six-month period, the fair value reflects the market conditions of the elements of the investment properties at that date. In accordance with the Group's policy, appraisers are periodically rotated among the different types of real estate assets, which was carried out in the first half of fiscal year 2023.

As of June 30, 2023, the valuations conducted by CBRE Valuation Advisors, S.A., Jones Lang LaSalle, S.A., and Savills Consultores Inmobiliarios, S.A. have provided no indications of uncertainty regarding the market value of the Group's investment property.

Furthermore, there have been no modifications to the valuation methodology described in Note 6.

The details of the main assumptions used in the appraisals at June 2023 and December 2022, based on the nature of the assets and the sensitivities to increases and decreases of those variables are included in Note 6 of the attached notes.

Liquidity risk

At 30 June 2023, the Group has a leverage ratio, understood as a loan-to-value ratio (LTV) of 33.9% and cash and other liquid assets EUR 224,718 thousand. However, the Group has a liquidity position, including the undrawn corporate credit line (EUR 700 million), of EUR 1,034 million.

The Directors and Management Team of the Parent company maintain continuous oversight of the current situation and its potential impact on the credit market. Based on the Group's position as of June 30, 2023, they are confident that the Group possesses sufficient solvency to meet its obligations listed on the balance sheet at that date, and there are no significant uncertainties regarding the ongoing operations and continuity of the Group.

Credit risk

As indicated in the consolidated Director's report for the year ended 31 December 2022, the deterioration of the Group's receivables was not significant, considering that the risk of default was less than 1% of turnover and that the Group has deposits from its tenants to secure the credits.

Based on these facts and on the application of the simplified approach of impairment and credit risk, and also taking into consideration other differential factors of the Group's portfolio of tenants and the characteristics of their leases, and the amounts collected thus far, the Group has concluded that the credit risk of its customers is lower than 1% of turnover.

In relation to its other financial assets exposed to credit risk, corresponding mainly to loans to associates and third parties, the Parent Company's Directors have assessed whether there has been a significant increase in this risk, considering, where appropriate, the value adjustments necessary to transfer this risk to their recoverable value.

Financial economic uncertainty

The year 2023 has been characterized by central banks taking action to address the escalating prices by increasing interest rates. By the end of the first half of 2023, the short-term global economic growth prospects have improved, thereby reducing the chances of a recession in the forthcoming quarters. Furthermore, the decline in inflation, primarily driven by the energy sector, has assisted in mitigating the aforementioned risks. However, the rise in interest rates directly impacts the valuations of real estate assets, and this effect is not countered by the rental increases resulting from inflation.

2.11 Discontinued activity

A discontinued operation refers to a segment within the Group that has been sold off, disposed of, or designated as held for sale, and meets certain criteria such as being a distinct line of business or area separate from the rest of the operations.

For this type of operations, the Group includes in the interim condensed consolidated income statement, in a single line item entitled “Profit for the period from discontinued operations net of tax”, both the profit after tax from discontinued operations and the profit after tax recognised on measurement at fair value less costs to sell or on the disposal of the items constituting the discontinued operation.

Furthermore, when operations are categorised as discontinued operations, the Group includes in the aforementioned accounting item the amount from the previous period that relates to activities considered as discontinued operations at the date of closure.

At the start of the 2022 fiscal year, the Group recognised the Net Lease business as a discontinued segment due to its intention to sell it in the near future. On 30 June 2022, the divestment process was finalised, and financial information was adjusted to comply with the reporting guidelines for discontinued operations (refer to Note 3).

Furthermore, the Group segregates the cash flows related to the discontinued operations from the cash flows originating from ongoing operations in the condensed consolidated cash flow statement. As of December 31 2022 and June 2023, the Group does not have any activity that should be considered as discontinued.

3. Changes in the scope of consolidation

In the first half of 2023, there were no changes in the scope of consolidation.

The following change in the scope of consolidation took place in the first half of the financial year 2022:

- Exclusion from the scope of consolidation of Tree Inversiones Inmobiliarias Socimi S.A. (“Tree”) (Net Lease Segment)

On 1 February 2022, the Group sent BBVA a communication containing, amongst other, a proposal to sell 100% of the shares of Tree Inversiones Inmobiliarias Socimi, S.A. In accordance with BBVA's right of first refusal, on 1 April 2022 the Group received a communication from BBVA regarding its acceptance of the proposed sale of Tree, which was subject, inter alia, to the approval of the Spanish National Markets and Competition Commission (CNMC). The CNMC approved the transaction on 1 June 2022 and the sale was completed on 15 June 2022.

On this basis, the sale price of Tree Inversiones Inmobiliarias Socimi, S.A. amounted to EUR 1,987,400 thousand, which, after early settlement of the debt associated with Tree and the transaction costs, generated a consolidated capital gain of EUR 215,452 thousand. In addition, Tree Inversiones Inmobiliarias Socimi, S.A. contributed an amount of EUR 6,279 thousand to the result until the date of disposal, after taking into account the impact of the settlement of derivative financial instruments and the application of IFRS 9 in previous years in past refinancing transactions.

Prior to the sale transaction, on 21 March 2022, Tree Inversiones Inmobiliarias Socimi S.A. agreed to distribute a dividend of EUR 53,908 thousand to Merlin Properties Socimi, S.A., debiting the profit for 2021.

For this reason, this Net Lease business has been presented as discontinued in the interim condensed consolidated financial statements as at 30 June 2022.

The impact of the sale of Tree Inversiones Inmobiliarias Socimi, S.A. on the interim condensed consolidated income statement as at 30 June 2022 is shown below (in thousands of euros):

Item	Net Lease
Profit after tax generated before disposal	6,279
Profit/(loss) from the disposal	215,452
Total Profit for the year from discontinued operations net of tax	**221,731**

Income, expenses and profit before tax recognised in the condensed consolidated income statement were as follows (in thousands of euros):

Income statement	June 2022 (*)
Revenues	38,104
Other operating expenses	(1,231)
Impairment and gains or losses on disposal of non-current assets	101
Changes in fair value of investment property	-
PROFIT/(LOSS) FROM OPERATIONS	**36,974**
Finance expenses	(53,852)
Change in fair value of financial instruments	23,157
FINANCIAL PROFIT/(LOSS)	**(30,695)**
PROFIT/(LOSS) BEFORE TAX FOR DISCONTINUED OPERATIONS	**6,279**
Income tax	-
PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	**6,279**

(*) Period of 5 months and 14 days

Net cash flows attributable to operating, investing and financing activities of discontinued operations were as follows (in thousands of euros):

	June 2022 (*)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:	**36,596**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:	**-**
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:	**(174,872)**

(*) Period of 5 months and 14 days

4. Segment reporting

a) *Basis of segmentation*

The Group's management has segmented its activities into the business segments detailed below according to the type of assets acquired and managed:

- Office buildings
- Shopping centres
- Logistics assets
- Other: Assets not included in the above segments, which correspond mainly to 3 hotels, Data Centers development, non-strategic land and other smaller assets.

Any revenue or expense that cannot be attributed to a specific line of business or relate to the entire Group are attributed to the Parent as a “Corporate unit/Other”, as are the reconciling items arising from the reconciliation of the result of integrating the financial statements of the various lines of business (prepared using a management approach) and the Group's consolidated financial statements.

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

The Group carried out its business activities exclusively in Spain and Portugal in the period of six months which ended on 30 June 2023.

b) *Basis and methodology for business segment reporting*

The segment information below is based on monthly reports prepared by Group management and is generated using the same computer application that prepares all the Group’s accounting information. The accounting policies applied to prepare the segment information are the same as those used by the Group, as described in Note 2.

Segment revenue relates to ordinary revenue directly attributable to the segment plus the proportion of the general revenue of the Group that may be reasonably allocable to it. Ordinary revenue of each segment does not include interest or dividend income, nor gains debt recoveries or cancellation.

Segment expenses are calculated as the general expenses arising in operating activities, plus the corresponding proportion of the general expenses that can be reasonably allocated to the segment.

The segment profit or loss is presented before any adjustment for non-controlling interests.

Segment assets and liabilities are those directly related to the operation of the segment plus those that are directly attributable to the segment based on the same criteria as indicated above. Segment assets and liabilities include the share of joint ventures.

Segment reporting for these activities as of 30 June 2023 and its comparison with the previous period (30 June 2022 for revenues and expenses, and 31 December 2022 for assets and liabilities) is presented below:

c) *Segment reporting*

At 30 June 2023

	Thousand of euros					
	Office Buildings	Shopping Centres	Logistics	Other	Corporate	Total Group
Revenue from non-Group customers						
Rental income	118,834	58,730	38,217	6,630	-	222,412
Services rendered	5,633	758	-	-	719	7,109
Revenues	**124,467**	**59,487**	**38,217**	**6,630**	**719**	**229,521**
Other operating income	1,174	257	123	-	647	2,201
Staff costs	-	-	-	-	(18,549)	(18,549)
Operating expenses	(15,650)	(5,409)	(1,563)	(1,908)	(8,927)	(33,457)
Gains/(losses) on disposal of assets	109	(10,024)	411	2,316	-	(7,188)
Depreciation and amortisation	(344)	-	-	(6)	(653)	(1,003)
Allocation to profit or loss of grants related to non-financial non-current assets and other grants	14	-	-	-	-	14
Excessive provisions	-	-	-	-	94	94
Changes in fair value of investment property	(164,821)	(60,077)	66,534	(40,114)	-	(198,477)
Profit/(loss) from operations	**(55,050)**	**(15,765)**	**103,722**	**(33,081)**	**(26,670)**	**(26,844)**
Change in the fair value of financial instruments-						
Changes in fair value of financial instruments - Other	-	-	503	-	(1,830)	(1,327)
Finance income	-	-	-	-	5,523	5,523
Finance expenses	(599)	-	(7,107)	-	(49,633)	(57,338)
Profit/(loss) on disposal of financial instruments	-	-	-	-	-	-
Share of results of companies accounted for using the equity method	-	-	-	-	40,930	40,930
Exchange differences	-	-	107	-	-	107
Profit before tax	**(55,649)**	**(15,765)**	**97,225**	**(33,081)**	**(31,679)**	**(38,949)**
Corporation tax	904	(1,863)	(7,420)	-	(200)	(8,579)
Profit/Loss for the year from continuing operations	**(53,745)**	**(17,628)**	**89,805**	**(33,081)**	**(31,879)**	**(47,528)**

At 30 June 2022

	Thousand of euros					
	Office Buildings	Shopping Centres	Logistics	Other	Corporate	Total Group
Revenue from non-Group customers						
Rental income	113,441	55,160	34,340	6,388	-	209,329
Services rendered	3,153	722	-	-	736	4,610
Revenues	**116,593**	**55,882**	**34,340**	**6,388**	**736**	**213,939**
Other operating income	476	64	273	1	751	1,565
Staff costs	-	-	-	-	(19,114)	(19,114)
Operating expenses	(13,566)	(7,410)	(2,197)	(1,970)	(9,526)	(34,671)
Gains/(losses) on disposal of assets	4,203	3	-	1,472	-	5,678
Depreciation and amortisation	(267)	-	-	(6)	(604)	(878)
Excessive provisions	-	-	-	-	(384)	(384)
Changes in fair value of investment property	76,068	(8,815)	53,251	1,794	-	122,298
Profit/(loss) from operations	**183,506**	**39,724**	**85,667**	**7,678**	**(28,143)**	**288,433**
Change in the fair value of financial instruments-						
Changes in fair value of financial instruments - Other	-	-	4,076	-	28,851	32,928
Finance income	-	-	-	-	989	989
Finance expenses	(129)	-	(878)	-	(59,282)	(60,289)
Profit/(loss) on disposal of financial instruments	-	-	-	-	(1)	(1)
Share of results of companies accounted for using the equity method	-	-	-	-	16,494	16,494
Profit before tax	**183,377**	**39,724**	**88,865**	**7,678**	**(41,093)**	**278,554**
Corporation tax	(6,706)	(239)	-	-	(1,695)	(8,640)
Profit/Loss for the year from continuing operations	**176,672**	**39,485**	**88,865**	**7,678**	**(42,788)**	**269,914**

At 30 June 2023

	Thousand of euros					
	Office Buildings	Shopping Centres	Logistics	Other	Corporate	Total Group
Investment property	6,389,020	2,059,496	1,848,130	358,445	-	10,655,092
Non-current financial assets-	25,758	25,989	14,542	2,223	148,672	217,184
Derivatives	-	-	*5,799*	-	*15,411*	21,210
Other financial assets	*25,758*	*25,989*	*8,743*	*2,223*	*133,261*	195,974
Deferred tax assets	908	23	3,580	-	74,080	78,591
Other non-current assets	4,126	12	-	1,450	542,027	547,615
Non-current assets	**6,419,812**	**2,085,520**	**1,866,252**	**362,119**	**764,779**	**11,498,482**
Trade receivables	14,355	15,485	6,653	2,810	5,531	44,834
Other current financial assets	372	250	4	99	8,678	9,403
Other current assets	62,791	40,694	14,370	2,245	150,818	270,918
Current assets	**77,518**	**56,429**	**21,027**	**5,154**	**165,027**	**325,155**
Total assets	**6,497,330**	**2,141,949**	**1,887,279**	**367,273**	**929,806**	**11,823,637**
Non-current bank borrowings and debenture issues	12,489	-	68,662	-	4,049,295	4,130,446
Other non-current liabilities	335,551	221,854	97,998	26,011	110,365	791,779
Non-current liabilities	**348,040**	**221,854**	**166,660**	**26,011**	**4,159,660**	**4,922,225**
Current liabilities	**52,856**	**24,166**	**48,957**	**9,404**	**72,795**	**208,178**
Total liabilities	**400,896**	**246,020**	**215,617**	**35,415**	**4,232,455**	**5,130,403**

At 31 December 2022

	Thousand of euros					
At 31 December 2012	Office Buildings	Shopping Centres	Logistics	Other	Corporate	Total Group
Investment property	6,509,874	2,134,503	1,672,451	397,372	-	10,714,200
Non-current financial assets-	25,990	29,384	14,668	394	140,612	211,048
Derivatives	-	-	6,084	-	12,798	18,882
Other financial assets	25,990	29,384	8,584	394	127,814	192,166
Deferred tax assets	876	79	3,580	-	74,111	78,646
Other non-current assets	4,200	18	-	1,454	502,697	508,369
Non-current assets	**6,540,940**	**2,163,984**	**1,690,699**	**399,220**	**717,420**	**11,512,263**
Trade receivables	13,838	15,592	7,297	3,487	9,626	49,840
Other current financial assets	111	181	(1)	3,748	(1,079)	2,960
Other current assets	38,932	31,750	20,419	1,800	393,519	486,420
Current assets	**52,881**	**47,523**	**27,715**	**9,035**	**402,066**	**539,220**
Total assets	**6,593,821**	**2,211,507**	**1,718,414**	**408,255**	**1,119,486**	**12,051,483**
Non-current bank borrowings and debenture issues	13,196	-	68,427	-	3,387,577	3,469,200
Other non-current liabilities	336,026	222,558	86,470	25,758	111,735	782,547
Non-current liabilities	**349,222**	**222,558**	**154,897**	**25,758**	**3,499,312**	**4,251,747**
Current liabilities	**48,861**	**31,526**	**29,839**	**8,518**	**831,768**	**950,512**
Total liabilities	**398,083**	**254,084**	**184,736**	**34,276**	**4,331,080**	**5,202,259**

d) *Geographical segment reporting*

For the purposes of geographical segment reporting, segment revenue is grouped according to the geographical location of the assets. Segment assets are also grouped according to their geographical location.

The following table provides a summary of ordinary revenues, investment property by geographical area:

At 30 June 2023

	Figures Thousands of euros			
	Lease Income	%	Investment Properties	%
Madrid	103,232	47%	5,812,503	54%
Catalonia	34,194	15%	1,521,772	14%
Portugal	31,310	14%	1,262,310	12%
Castilla-La Mancha	13,012	6%	672,361	6%
Andalusia	10,603	5%	294,607	3%
Valencia	9,665	4%	284,413	3%
Galicia	9,300	4%	333,412	3%
Basque Country	6,379	3%	298,694	3%
Rest of Spain	4,717	2%	175,020	2%
	222,412	**100%**	**10,655,092**	**100%**

At 31 December 2022

	Figures Thousands of euros			
	Lease Income	%	Investment Properties	%
Madrid	208,192	50%	5,954,945	56%
Catalonia	64,914	13%	1,522,841	14%
Portugal	57,174	13%	1,240,501	12%
Castilla-La Mancha	23,757	6%	631,589	6%
Andalusia	19,951	5%	298,314	3%
Valencia	16,662	4%	294,782	3%
Galicia	16,823	4%	302,041	3%
Basque Country	11,926	3%	273,138	3%
Rest of Spain	8,755	2%	196,049	2%
	428,154	**100%**	**10,714,200**	**100%**

e) *Main customer*

The table below lists the most important tenants as of 30 June 2023, and the primary characteristics of each of them:

Position	Name	Type	% of Total de Rental Income	% Accumulated	Maturity
1	Endesa	Offices	4.19%	4.19%	2024-2030
2	Inditex	Shopping centers/Log.	3.37%	7.56%	2024-2025
3	Comunidad Madrid	Offices	2.54%	10.10%	2024-2031
4	Tecnicas Reunidas	Offices	2.44%	12.54%	2025
5	Eurostars 4 Torres	Hotels	1.61%	14.15%	2028
6	PwC	Offices	1.54%	15.69%	2028
7	BANCO BPI	Offices	1.53%	17.22%	2031
8	Indra	Offices	1.50%	18.71%	2030
9	Dachser	Logistics	1.29%	20.00%	2024-2025
10	XPO	Logistics	1.27%	21.27%	2024-2028

2022

Position	Name	Type	% of Total de Rental Income	% Accumulated	Maturity
1	Endesa	Offices	4.2%	4.2%	2024-2030
2	Inditex	Shopping centres/Log.	3.3%	7.5%	2023-2025
3	Madrid	Offices	2.5%	10.0%	2023-2031
4	Técnicas Reunidas	Offices	2.4%	12.4%	2025
5	PwC	Offices	1.8%	14.2%	2028
6	Hotusa	Hotels	1.5%	15.7%	2028
7	BPI	Offices	1.5%	17.2%	2031
8	Indra	Offices	1.5%	20.1%	2024
9	FNAC	Shopping centres	1.4%	18.6%	2023-2025
10	XPO	Logistics	1.3%	21.4%	2024-2025

5. Other intangible assets and property, plant and equipment

The changes in the “Other intangible assets” and “Property, plant and equipment” captions in the first six months of 2023 were due mainly to the additions corresponding to technical facilities and office equipment and to the depreciation for the period, which amounted to EUR 1,003 thousand and is recognised under “Depreciation and amortisation charge” in the accompanying condensed consolidated income statement.

6. Investment property

The changes recognised under this caption in the six-month period ended 30 June 2023 were as follows:

	Thousands of euros
Balances at 1 January 2022	**12,297,257**
Additions during the financial year	370,161
Disposals	(1,703,946)
Changes in value of investment property	(249,272)
Balances at 31 December 2022	**10,714,200**
Additions during the financial year	179,408
Disposals	(40,039)
Changes in value of investment property	(198,477)
Balances at 30 June 2023	**10,655,092**

Investment property is recognised at fair value. Income recognised in the condensed consolidated income statement on measuring investment property at fair value total EUR 198,477 thousand.

Investment property mainly includes property assets in the office, shopping centre and logistics segments.

The main additions in the first six months of FY2023 relate to the construction of data centres and construction work on certain logistics warehouses and office buildings, as well as the acquisition of a space next to the Marineda shopping centre in La Coruña, which is owned by the Group.

The disposals in the first half of 2023 correspond to the sale of two shopping centres in Barcelona and Valencia and a logistics warehouse located in Zaragoza, for a total amount of 30,695 thousand euros, evidencing a capital loss of 7,183 thousand euros, as of June 30, 2023, recorded under the caption Gain on disposal of fixed assets in the accompanying condensed consolidated income statement.

As of 30 June 2023, the Group had pledged real estate assets totalling EUR 260,189 thousand to secure various loans and derivative financial instruments, the balances of which as of 30 June 2023 were EUR 84,158 thousand and EUR 5,805 thousand, respectively (see Note 10).

All properties included under "Investment property" were insured as of 30 June 2023.

At 30 June 2023, the Group did not have any outright purchase agreements for investment property (EUR 7,022 thousand at 31 December 2022).

At 30 June 2023, the gross surface areas and occupancy rates of the assets by line of business were as follows:

	Square metres (*)										
	Gross leasable area										
	Comm. of Madrid	Catalonia	Comm. of Valencia	Galicia	Andalusia	Basque Country	Castilla-La Mancha	Rest of Spain	Portugal	Total	Occupancy Rate (%)
Offices	795,016	205,486	-	-	15,078	-	-	-	137,547	1,153,127	92.3%
Shopping centres	75,685	31,905	49,897	118,793	37,956	25,922	-	32,758	60,049	432,965	96.4% (**)
Logistics	330,375	132,100	61,604	-	139,218	99,491	633,841	21,579	45,171	1,463,379	96.4%
Other	38,161	20,540	-	5,898	-	46	-	-	-	64,645	98.2%
Total surface area	**1,239,236**	**390,031**	**111,501**	**124,691**	**192,252**	**125,459**	**633,841**	**54,337**	**242,766**	**3,114,115**	
% weight	**39.8%**	**12.5%**	**3.6%**	**4.0%**	**6.2%**	**4.0%**	**20.4%**	**1.7%**	**7.8%**	**100.0%**	

(*) Does not include floor space or projects under development.

(**) Excludes acquired vacant units to be refurbished.

Fair value measurement and sensitivity

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

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

The market value of the Group's investment property as of 30 June 2023, calculated based on appraisals carried out by Savills Consultores Inmobiliarios, S.A., CBRE Valuation Advisory, S.A. and Jones Lang LaSalle, S.A., independent appraisers not related to the Group, amounted to EUR 10,393,240 (EUR 10,558,975 in 2022). The valuation at 30 June 2023 does not include amounts related to advances paid by the Group to third parties for the acquisition of assets or other unvalued assets amounting to EUR 220,313 thousand (EUR 118,072 thousand in 2022), nor the rights of use recognised under IFRS 16 amounting to EUR 41,539 thousand (EUR 37,152 thousand in 2022), which are included in investment property in the accompanying balance sheet. The valuation was carried out in accordance with the Appraisal and Valuation Standards issued by the Royal Institute of Chartered Surveyors (RICS) of the United Kingdom and the International Valuation Standards (IVS) issued by the International Valuation Standards Committee (IVSC).

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

Breakdown of fair value of investment property

As of 30 June 2023, the detail of assets measured at fair value by their level in the fair value hierarchy is as follows:

At 30 June 2023

	Thousands of euros			
	Total	Level 1	Level 2	Level 3
Fair value measurement:				
Investment property-				
Offices				
Land	2,196,880	-	-	2,196,880
Buildings	4,192,140	-	-	4,192,140
Shopping centres				
Land	390,131	-	-	390,131
Buildings	1,669,365	-	-	1,669,365
Logistics				
Land	512,816	-	-	512,816
Buildings	1,335,315	-	-	1,335,315
Other				
Land	152,771	-	-	152,771
Buildings	205,674	-	-	205,674
Total assets measured at fair value	**10,655,092**	**-**	**-**	**10,655,092**

At 31 December 2022

	Thousands of euros			
	Total	Level 1	Level 2	Level 3
Fair value measurement:				
Investment property-				
Offices				
Land	2,238,869	-	-	2,238,869
Buildings	4,271,005	-	-	4,271,005
Shopping centres				
Land	433,159	-	-	433,159
Buildings	1,701,344	-	-	1,701,344
Logistics				
Land	440,305	-	-	440,305
Buildings	1,232,146	-	-	1,232,146
Other				
Land	175,439	-	-	175,439
Buildings	221,933	-	-	221,933
Total assets measured at fair value	**10,714,200**	**-**	**-**	**10,714,200**

No assets were reclassified from one level to another during the period.

Hypotheses used in the valuation

In relation to the determination of the fair value of investment property, the significant non-observable input data used in the measurement of fair value corresponds to the rental income, the rates of return ('exit yield') and the rate used to discount the cash flows of the projections (IRR).

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

At 30 June 2023

	Exit yield	Discount rate
Offices	3.50% - 7.00%	5.00% - 10.25%
Shopping centres	3.85% - 7.50%	6.25% - 9.50%
Logistics	4.50% - 6.25%	6.00% - 9.50%
Other	4.25% - 7.50%	5.25% - 16.00%

At 31 December 2022

	Exit yield	Discount rate
Offices	3.15% - 7.25%	5.15% - 10.25%
Shopping centres	3.75% - 8.50%	6.25% - 11.50%
Logistics	4.25% - 6.75%	5.50% - 15.00%
Other	4.00% - 7.75%	4.00% - 15.50%

Market rents: the amounts per square metre/month used in the valuation have ranged between 2.75 and 61.89 euros depending on the type of asset and location. The growth rates of the rents used in the projections used in the valuations are mainly based on the CPI. The minimum range corresponds to a logistics asset and the maximum range is a retail asset located in a prime area.

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

At 30 June 2023

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in IRR	(204,545)	(404,290)	(789,887)	(204,545)	(404,290)	(789,887)
Decrease in IRR	209,476	424,017	868,856	209,476	424,017	868,856

At 31 December 2022

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in IRR	(209,672)	(414,387)	(809,469)	(209,672)	(414,387)	(809,469)
Decrease in IRR	214,765	434,763	891,041	214,765	434,763	891,041

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

At 30 June 2023

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	1%	5%	10%	1%	5%	10%
Increase in rents	85,384	426,918	853,836	85,384	426,918	853,836
Decrease in rents	(85,384)	(426,918)	(853,836)	(85,384)	(426,918)	(853,836)

At 31 December 2022

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	1%	5%	10%	1%	5%	10%
Increase in rents	84,038	420,192	840,385	84,038	420,192	840,385
Decrease in rents	(84,038)	(420,192)	(840,385)	(84,038)	(420,192)	(840,385)

The effect of the quarter point, half point and one point change in the considered Exit Yield, in the assumption based on return calculated as the result of dividing the net operating income of the last year of the period analysed by the estimated exit yield, on investment property in the consolidated asset and in the consolidated income statement, would be as follows:

	Thousand of euros					
	30/06/2023					
	Assets			Consolidated profit/(loss) before tax		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in exit yield	(278,820)	(534,900)	(989,126)	(278,820)	(534,900)	(989,126)
Decrease in exit yield	304,731	639,160	1,416,355	304,731	639,160	1,416,355

	Thousand of euros					
	31/12/2022					
	Assets			Consolidated profit/(loss) before tax		
	0.25%	0.5%	1%	0.25%	0.5%	1%
Increase in exit yield	(324,196)	(619,262)	(1,136,413)	(324,196)	(619,262)	(1,136,413)
Decrease in exit yield	357,865	754,929	1,695,592	357,865	754,929	1,695,592

Accordingly, the impact on the consolidated income statement of the revaluations of the Group’s property assets during the first six months of 2023, taking into consideration all headings affected in the consolidated income statement, is as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
Changes in fair value of investment property	(198,477)	122,298
Effect on the income statement	**(198,477)**	**122,298**

7. Investments accounted for using the equity method

The changes in the first six months of 2023 in investments in companies accounted for using the equity method are as follows:

	Thousand of euros	
	30/06/2023	31/12/2022
Beginning balance	500,300	482,784
Additions	5,018	1,824
Disposals	-	(4,188)
Dividends	(6,590)	(4,152)
Profit/(Loss) for the year	40,930	24,033
Ending balance	**539,658**	**500,300**

The most significant shareholdings correspond to the 48.5% investment in the company CILSA with a consolidated net value of EUR 235,086 thousand and the 14.46% investment in the company Madrid Crea Nuevo Norte, S.A. with a consolidated net value of EUR 175,536 thousand. In relation to the main investments accounted for using the equity method in Madrid Crea Nuevo Norte, S.A., the Group believes the values recorded on the books are reasonable because they do not differ significantly from the current values, in view of timeframe over the course of the development of the investment.

Appendix I to the Group's consolidated financial statements for 2022 includes a list of the main investments in associates, including the name, country of incorporation, activity and percentage of the shareholding, and there have been no significant changes in the main items of the Group's associates.

8. Current and non-current financial assets

The breakdown of the balance of this heading in the condensed consolidated statement of financial position is as follows:

Classification of financial assets by category

	Thousands of euros	
	30/06/2023	31/12/2022
Non current:		
At fair value-		
Interest rate derivatives	21,210	18,882
At cost		
Equity instruments	9,652	9,191
At amortised cost-		
Loans to third parties	127,825	126,230
Loans to associates	3,285	3,268
Deposits and guarantees	55,212	53,477
	217,184	**211,048**
Current:		
At cost		
Investments in associates	9,040	2,498
At amortised cost-		
Loans to third parties	236	236
Other financial assets	127	226
Trade and other receivables	44,834	49,840
	54,237	**52,800**

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

Loans to third parties

The "Other non-current financial assets" heading includes the loan provided to Desarrollos Urbanísticos Udra, S.A.U. for an initial sum of EUR 86,397 thousand, which accrues market rate interest. At 30 June 2023, the outstanding amount was EUR 90,728 thousand in principal and EUR 1,225 thousand in interest. In relation to the aforementioned loan, the Group has guarantees from the creditor associated with the 10% shareholding in the company Madrid Crea Nuevo Norte, S.A. and no credit risk has been identified in the debtor.

This heading also includes tenant rent linearisation amounting to EUR 22,044 thousand (35,189 thousand euros as of December 31, 2022).

Classification of financial assets by maturity

The classification of the main financial assets by maturity is as follows:

At 30 June 2023

	Thousands of euros				
	Less than 1 Year	From 1 to 5 Years	Over 5 Years	Undetermined Maturity	Total
Interest rate derivatives		5,799	15,411		21,210
Equity instruments	-	-	-	9,652	9,652
Loans to third parties and associates	236	21,221	109,889	-	131,346
Deposits and guarantees	-	-	-	55,212	55,212
Investments in associates	9,040	-	-	-	9,040
Other financial assets	127	-	-	-	127
Trade and other receivables	44,834	-	-	-	44,834
Total financial assets	**54,237**	**27,020**	**125,300**	**64,864**	**271,421**

At 31 December 2022

	Thousands of euros				
	Less than 1 Year	From 1 to 5 Years	Over 5 Years	Undetermined Maturity	Total
Interest rate derivatives	-	6,084	12,798	-	18,882
Equity instruments	-	-	-	9,191	9,191
Loans to third parties and associates	236	20,863	108,635	-	129,734
Deposits and guarantees	-	-	-	53,477	53,477
Investments in associates	2,498	-	-	-	2,498
Other financial assets	226	-	-	-	226
Trade and other receivables	49,840	-	-	-	49,840
Total financial assets	**52,800**	**26,947**	**121,433**	**62,668**	**263,848**

9. Equity

9.1 Share capital

During the first six months of 2023, there were no changes in the share capital of the Parent Company.

As of 30 June 2023, the share capital of Merlin Properties SOCIMI, S.A., amounted to EUR 469,771 thousand, represented by 469,770,750 fully subscribed and paid shares of EUR 1 par value each, all of which are of the same class and confer the holders thereof the same rights.

All the Parent Company's shares can be publicly traded and are listed on the Madrid, Barcelona, Bilbao, Valencia and Lisbon Stock Exchanges. The market price of the Parent's shares at 30 June 2023 and the average market price for the fourth quarter amounted to EUR 7.84 and EUR 7.83 per share, respectively.

At 30 June 2023, according to information extracted from the CNMV, in relation to the provisions of Royal Decree 1362/2007, of 19 October and Circular 2/2007, of 19 December, the shareholders with significant holdings in the share capital of Merlin Properties SOCIMI, S.A., both direct and indirect, in excess of 3% of the share capital, are the following according to public information:

	Shares			% of Share Capital
	Direct	Indirect	Total	
Banco Santander, S.A.	87,714,642	26,072,122	113,786,764	24.22%
Nortia Capital Investment Holding, S.L.	38,371,083	-	38,371,083	8.17%
BlackRock, INC	-	23,288,276	23,288,276	4.96%

The information on Banco Santander and Manual Lao Hernández (Nortia Capital Investment Holding S.L.) has been obtained from the Company's Shareholders' Register as at 30 June 2023.

9.2 Share premium

The Consolidated Text of the Spanish Limited Liability Companies Law expressly permits the use of the share premium to increase capital and establishes no specific restrictions as to its use.

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

9.3. Reserves

The detail of reserves as of 30 June 2023 and 31 December 2022 is as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Legal reserve	93,954	74,094
Reserves of consolidated companies	2,287,903	2,935,533
Other reserves	347,620	14,003
Total other reserves	**2,729,477**	**3,023,630**

Legal reserve

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

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

At 30 June 2023, the Parent Company has fully funded the legal reserve.

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

Dividends

On 27 April 2023, the General Meeting of Shareholders approved the distribution of a dividend out of the profit for 2022 in the amount of EUR 113,350 thousand, which was paid on 22 May 2023.

9.4 Treasury shares

At 30 June 2023, the Parent held treasury shares amounting to EUR 15,786 thousand.

The changes in the first six months of 2023 were as follows:

	Number of shares	Thousands of euros
Balance at 31 December 2021	2,885,491	32,305
Additions	6,625	122
Disposals	(1,355,932)	(15,261)
Balance at 31 December 2022	1,536,184	17,166
Additions	53,079	447
Disposals	(164,201)	(1,827)
Balance at 30 June 2023	**1,425,062**	**15,786**

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

Disposals of treasury shares in the amount of EUR 1,827 thousand in the first half of 2023 (average cost of 11.10 euros per share) mainly correspond to deliveries to employees under the flexible remuneration plan in the amount of EUR 1,338 thousand as well as sales in the amount of EUR 489 thousand.

In the first half of 2023, purchases amounted to EUR 447 thousand.

At 30 June 2023, the Parent held treasury shares representing 0.30% of its share capital.

9.5 Earnings per share

Details of the calculation of earnings per share are as follows:

Basic

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

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

	30/06/2023	30/06/2022
Weighted average number of shares outstanding (thousands)	468,291	467,555
Continuing operations		
Profit / (Loss) for the period attributable to the Parent Company (thousands of euros)	(47,528)	269,914
Basic earnings per share (euros)	(0.10)	0.58
Discontinued activities		
Profit / (Loss) for the period attributable to the Parent Company (thousands of euros)	-	221,731
Basic earnings per share (euros)	-	0.47

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

	Number of Shares	
	30/06/2023	30/06/2022
Ordinary shares at beginning of period	469,770,750	469,770,750
Treasury shares	(1,425,062)	(1,546,167)
Average effect of outstanding shares	(55,011)	(669,822)
Weighted average number of ordinary shares outstanding as of 30 June (shares)	**468,290,677**	**467,554,761**

Diluted

In accordance with paragraph 41 of IAS 33, potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares could reduce the earnings per share of the continuing activities. As at 30 June 2023, there is no potential dilutive effect due to the variable remuneration granted by the Group to its executives and key management personnel (see Note 15), with basic earnings matching diluted earnings.

9.6 Valuation adjustments

This heading of the consolidated statement of financial position includes changes in the value of financial derivatives designated as cash flow hedges.

10. Current and non-current financial liabilities

Details of payables with credit entities and debentures issued are as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Non current:		
Measured at amortised cost-		
Syndicated loan	600,000	-
Syndicated loan arrangement expenses	(4,034)	-
Total syndicated loan	**595,966**	-
Non-mortgage loan	176,000	111,000
Mortgage loans	82,543	83,256
Loan arrangement expenses	(5,411)	(4,390)
Total other loans	**253,132**	**189,866**
Debentures and bonds	3,300,000	3,300,000
Debenture issue expenses	(18,652)	(20,666)
Total debentures and bonds	**3,281,348**	**3,279,334**
Total amortised cost	**4,130,445**	**3,469,200**
Measured at fair value-		
Derivative financial instruments	-	-
Total at fair value	-	-
Total non-current	**4,130,445**	**3,469,200**
Current:		
Measured at amortised cost-		
Syndicated loans	702	195
Debentures and bonds	34,678	775,152
Mortgage loans	1,785	1,843
Non-mortgage loan	686	410
Revolving credit facility	490	347
Loan arrangement expenses	-	(116)
Total amortised cost	**38,341**	**777,831**
Measured at fair value-		
Interest on derivative financial instruments	(169)	11
Total at fair value	**(169)**	**11**
Total current	**38,172**	**777,842**

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

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

AGENCY	RATING	OUTLOOK	LAST REVIEW	PREVIOUS
Standard & Poor's	BBB	Positive	30/05/2023	BBB Positive
Moody's	Baa2	Positive	24/07/2023	Baa2 Positive

10.1 Loans and credits

The details of the bank borrowings matured as of 30 June 2023 and 31 December 2022 are as follows:

Bank borrowings

At 30 June 2023

	Thousands of euros				
		Debt	30/06/2023		
	Limit	Arrangement Expenses	Long Term	Short Term	Short-term Interest
Syndicated loan	600,000	(4,034)	600,000	-	702
Non-mortgage loan	285,225	(556)	176,000	-	686
Revolving credit facilities	700,000	(3,464)	-	-	490
Mortgage loans - other assets	91,000	(1,391)	82,542	1,616	169
	1,676,225	**(9,445)**	**858,542**	**1,616**	**2,047**

At 31 December 2022

	Thousands of euros				
		Debt	31/12/2022		
	Limit	Arrangement Expenses	Long Term	Short Term	Short-term Interest
Syndicated loan	600,000	-	-	-	195
Non-mortgage loan	220,225	(271)	111,000	-	347
Revolving credit facilities	700,000	(2,486)	-	-	410
Mortgage loans - other assets	91,000	(1,633)	83,256	1,731	112
Total	**1,611,225**	**(4,390)**	**194,256**	**1,731**	**1,064**

Certain financing arrangements include commitments to maintain certain coverage ratios, which are standard in these types of real estate companies, such as the loan-to-value ratio, the ratio of the company's income used to service the debt (interest coverage ratio, ICR), or the ratio of mortgage-free assets and non-mortgage debt. The Parent's Directors have confirmed that these ratios were met at 30 June 2023 and do not expect that they will be breached in the coming years.

The main variations in the first half of 2023 are as follows:

Syndicated loan and revolving credit facility of the Parent

On 18 November 2022, the Parent Company entered into a new senior syndicated loan facility of EUR 600 million. This financing has a term of 5 years from the date of drawdown and carries a market interest rate of EURIBOR + 130 basis points. On 20 April 2023, the Parent Company has drawn down the full amount of this financing, which matures on 20 April 2028.

On 20 April 2023, the Group terminated the EUR 700 million revolving credit facility and entered into a new revolving credit facility with the same limit as the terminated facility. This has a maturity of 5 years with two optional one-year extensions, bears interest at EURIBOR + 100 basis points and includes a cost adjustment mechanism based on four sustainability criteria. As of June 2023, it was not drawned.

Bilateral loans without mortgage guarantee

On 18 November 2022 the Parent Company entered into and arranged an unsecured loan with Banco Sabadell for EUR 60 million, maturing in January 2028 and bearing interest at a market rate of EURIBOR + 120 basis points.

On 31 March 2023, the Parent Company entered into an unsecured loan with Kutxabank, S.A. for EUR 30 million maturing in 5 years from drawdown and bearing a market interest rate of EURIBOR + 130 basis points. On 20 April 2023, all of this financing was drawn down.

On 24 April 2023, the Parent Company formalised and drew down an unsecured loan from Unicaja Banco, S.A. in the amount of EUR 35 million with a maturity of 5 years from the date of drawdown at a market interest rate of EURIBOR + 130 basis points.

The syndicated loan and the non-collateralized unsecured bilateral loans described above have been signed under the green financing framework as set forth in the Green Financing Program published on April 25, 2022.

European Investment Bank Loan

On 20 December 2018, the Parent formalised a loan without mortgage security with the European Investment Bank in an amount of EUR 51 million. On 4 November 2019, the Parent formalised the second tranche of the mortgage-free loan with the European Investment Bank amounting to EUR 64 million, amounting to EUR 115 million. Such financing can be made available through several loans with a maturity of 10 years each drawdown. This credit facility will be allocated to the development of logistical assets in the Castilla–La Mancha region.

On 10 March 2020 and 26 October 2020, the Group drew down EUR 23.4 million and EUR 5.6 million corresponding to the first tranche of the financing. This loan accruals a fixed interest rate of 60 basis points. On 20 December 2022, the Group drew EUR 22 million with 370 basis points. These three loans complete the first-tranche drawdown of EUR 51 million.

On 16 December 2021, the Parent formalised a new loan without mortgage security with the European Investment Bank in an amount of EUR 45.2 million and with 10-year maturity. This financing will be used for energy efficiency investments. As of June 30, 2023, this loan had not yet been drawn down.

This financing includes obligations to meet certain coverage ratios. These ratios are defined as the ratio of the value of assets to outstanding debt (Loan to Value), the ratio of Group income to debt service (interest coverage ratio, or ICR) and the ratio of assets to debt, both without collateral (Unencumbered Ratio). The Parent’s Directors have confirmed that these ratios were met on 30 June 2023 and do not expect that they will be breached in the coming years.

10.2 Debenture issues

On 12 May 2017, the Parent subscribed a Euro Medium Term Notes (EMTN) issue programme of up to EUR 4 billion, which will replace the original bond issue programme and its supplement subscribed on 25 April 2016 and 14 October 2016, respectively, for an overall maximum amount of EUR 2,700 million.

On 17 June 2020, the General Shareholders' Meeting approved the extension of this bond issuance program up to an amount of EUR 6 billion. It was extended on 21 March 2021. The program was subsequently renewed on 4 August 2022 and 11 May 2023 for another year.

On 23 February 2022, the Group repaid early the EUR 548 million bond maturing on 23 May 2022 with a coupon of 2.375%.

On 1 June 2022, the Group obtained the consent of its bondholders to the conversion of all its bonds into green bonds in accordance with the Green Funding Framework published by the Group on 25 April 2022. The reclassification of the bonds to green bonds does not entail changes to any other features of the bonds, such as their terms and conditions, interest or maturity.

On 25 April 2023, at maturity, the Group repaid EUR 743 million of the bond with coupon of 2.225%.

The detail at 30 June 2023 of the bonds issued by Parent is as follows:

30/06/2023

Maturity	Par Value (Euro million)	Coupon	Listed Price	Yield	Market
May 2025	600	1.750%	MS + +73bp	4.63%	Luxembourg
November 2026	800	1.875%	MS + +102bp	4.55%	Luxembourg
July 2027	500	2.375%	MS + +131bp	4.71%	Luxembourg
September 2029	300	2.375%	MS + +195bp	5.10%	Luxembourg
June 2030	500	1.375%	MS + +233bp	5.43%	Luxembourg
December 2034	600	1.875%	MS + +264bp	5.63%	Luxembourg
	3,300	**1.898%**			

31/12/2022

Maturity	Par Value (Euro million)	Coupon	Listed Price	Yield	Market
April 2023	743	2.225%	MS + +98bp	3.32%	Luxembourg
May 2025	600	1.750%	MS + +115bp	4.44%	Luxembourg
November 2026	800	1.875%	MS + +168bp	4.88%	Luxembourg
July 2027	500	2.375%	MS + +183bp	5.01%	Luxembourg
September 2029	300	2.375%	MS + +210bp	5.24%	Luxembourg
June 2030	500	1.375%	MS + +205bp	5.18%	Luxembourg
December 2034	600	1.875%	MS + +232bp	5.46%	Luxembourg
	4,043	**1.958%**			

The issue of bonds has the same guarantees and ratios obligations as the revolving credit facility, syndicated loan, bilateral mortgage guarantee loans and the loan with the European Investment Bank.

The Parent’s Directors have confirmed that these ratios were met at 30 June 2023 and do not expect that they will be breached in the coming years.

10.3 Derivatives

The detail of the derivative financial instruments as of 30 June 2023 is as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Non current:		
Interest rate derivatives	(21,210)	(18,882)
Other (Note 11)	11,117	9,256
Total non-current	**(10,093)**	**(9,626)**
Current:		
Interest rate derivatives	(169)	11
Total current	**(169)**	**11**

To determine the fair value of the interest rate derivatives, the Group discounts the cash flows based on the embedded derivatives determined by the euro interest rate curve in accordance with market conditions on the measurement date.

These financial instruments have been classified as Level 2 according to the hierarchy of calculation established in IFRS 7, except for the one related to the investment in Silicius classified as Level 3, associated with the value of the call option that Silicius Real Estate SOCIMI, S.A. held on the minority stake held by the Group.

The detail of the derivative financial instruments, without including short-term interests, included in the consolidated statement of financial position as of 30 June 2023, and its hedged notional value, is as follows:

30/06/2023

		Thousands of euros					
			Notional Outstanding at Each Year End				
Interest rate	Interest Contracted	Fair Value	2023	2024	2025	2026	Years Subsequent
Syndicated Parent Company	2,558%	(14,054)	600,000	600,000	600,000	600,000	600,000
Unsecured Loan of the Parent	2.512%	(1,521)	60,000	60,000	60,000	60,000	60,000
Other Subsidiaries	0.31%	(5,805)	67,900	67,900	67,900	-	-
		(21,379)	**727,900**	**727,900**	**727,900**	**660,000**	**660,000**

31/12/2022

Interest rate	Interest Contracted	Thousands of euros					
		Fair Value	Notional Outstanding at Each Year End				
			2022	2023	2024	2025	Years Subsequent
Syndicated Parent Company	2,574%	(11,394)	-	500,000	500,000	500,000	500,000
Unsecured Loan of the Parent	2.512%	(1,386)	60,000	60,000	60,000	60,000	60,000
Other Subsidiaries	0.31%	(6,091)	67,900	67,900	67,900	67,900	-
		(18,871)	**127,900**	**627,900**	**627,900**	**627,900**	**560,000**

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

In December 2022, the Group subscribed new interest rate hedges to cover the new syndicated financing for the period April 2023 to April 2028. The notional contract amounted to EUR 500 million. On 18 January 2023, the Parent Company entered into an interest rate hedging agreement with a notional of EUR 100 million, so that the senior syndicated loan was covered at 100%. The fixed cost of these instruments amounts to 2.558%.

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

The Group has opted for hedge accounting by appropriately designating the Hedging Relationships in which these derivative instruments are hedging instruments for the financing used.

The impact on liabilities and profit before tax of a 5% fluctuation in the estimated credit risk rate would be as follows:

Scenario	Thousands of euros		
	Liabilities	Equity	Consolidated Profit/(Loss) before Tax
5% Rise in Credit Risk Rate	(14,353)	13,606	747
5% Reduction in Credit Risk Rate	14,757	(13,994)	(763)

10.4. Maturity of bank borrowings

The detail of the bank borrowings, by maturity, as of 30 June 2023 is as follows:

	Thousands of euros			
	Syndicated Loans and other Loans	Mortgage Loans	Revolving Credit Facility	Total
2H 2023	-	794	-	794
2024	-	1,667	-	1,667
2025	-	1,757	-	1,757
2026	-	71,833	-	71,833
2027	-	1,906	-	1,906
5 Years or More	776,000	6,201	-	782,201
	776,000	**84,158**	-	**860,158**

10.5 Debt arrangement expenses

Changes in debt arrangement expenses during the first half of 2023 are as follows:

	Thousands of euros				
	31/12/2022	Allocation to Profit and Loss Account – Amortised Cost	Impact Income Statement IFRS 9	Capitalisation s Loan Arrangement Expenses	30/06/2023
Non-mortgage Finance	2,757	(2,774)	-	8,071	8,054
Mortgage Loans - Other Assets	1,633	(64)	(178)	-	1,391
Debentures and Bonds	20,782	(2,131)	-	-	18,651
	25,172	**(4,969)**	**(178)**	**8,071**	**28,096**

11. Other current and non-current liabilities

Details of this heading at 30 June 2023 are as follows:

	Thousands of euros			
	30/06/2023		31/12/2022	
	Non-current	Current	Non-current	Current
Other Provisions	9,814	-	12,670	-
Guarantees and Deposits Received	87,546	5,141	86,407	3,791
Deferred Tax Liabilities	618,495	-	613,479	-
Other Payables	63,007	4,809	58,485	5,229
Other (Note 10.3)	11,117	-	9,256	-
Borrowings from Group Companies and Associates	1,800	-	2,250	-
Other Current Liabilities	-	26,859	-	11,566
	791,779	**36,809**	**782,547**	**20,586**

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

The Parent and the majority of its subsidiaries adhere to the SOCIMI regime. Under this regime, gains from the sale of assets are taxed at 0%, provided that certain requirements are met (essentially, the assets must have been held by the SOCIMI for at least three years). Any gains from the sale of assets acquired prior to joining the SOCIMI tax regime, and those belonging to companies which are not included in that regime, will be distributed on a straight-line basis (unless proven to be distributed otherwise) over the period during which the SOCIMI owned them. Any gains generated prior to joining the SOCIMI tax regime will be taxed at the general rate, while a rate of 0% will be applied for the other years. In this regard, the Parent's Directors estimated the tax rate applicable to the tax gain on the assets acquired prior to their inclusion to the SOCIMI regime (calculated in accordance with the fair value of the assets obtained from expert appraisals at the date of the business combination and as of 30 June 2020), recognising the related deferred tax liability.

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

12. Trade and other payables

The details of this heading were as follows:

	Thousands of euros	
	30/06/2023	31/12/2022
Current:		
Providers	85,337	74,814
Payables to suppliers - Group Companies and Associates	1,895	1,800
Creditors Accounts Payable	6,465	9,341
Remuneration Payable	10,532	16,190
Other Accounts Payable to Public Authorities	7,855	27,044
Advances from Customers	17,729	17,661
	129,812	**146,850**

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

13. Revenue and expenses

a) Revenues

Details of ordinary revenues are provided in Note 4 alongside the segment information.

b) Other operating expenses

The breakdown of this item of the consolidated income statement is as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
Non-recoverable expenses of leased properties	21,947	23,005
Overheads		
Professional services	5,671	6,582
Travel expenses	556	487
Insurance	379	423
Other	1,241	970
Costs associated with asset acquisitions and financing	1,274	1,005
Losses on, impairment of and change in provisions	(654)	(74)
Other expenses	3,043	2,273
	33,457	**34,671**

During the period, the Group obtained expenses for the properties under lease for EUR 48.023 thousand (EUR 41.126 thousand in the previous period).

c) Staff costs and average headcount

The breakdown of employee benefits expense is as follows:

	Thousands of euros	
	30/06/2023	30/06/2022
Wages, salaries and similar expenses	14,940	14,278
Termination benefits	45	-
Social security costs	1,869	1,632
Other employee benefit costs	293	278
Long-term incentive plan (Note 15)	1,402	2,926
	18,549	**19,114**

In the first half of 2023 and 2022, the amount recognized under ‘Wages, salaries and similar expenses’ includes EUR 6.800 thousand and EUR 6.744 thousand, respectively, as a provision for short-term variable remuneration.

The average number of employees at the various Group companies in the six-month period ended 30 June 2023 was 256 (249 during the same period in 2022).

d) Other operating expenses

The breakdown of this item of the consolidated income statement is as follows:

	Thousand of euros	
	30/06/2023	30/06/2022
Finance income:		
Interest on loans-	933	917
Interest on deposits and current accounts	4,590	72
	5,523	989
Finance costs:		
Interest on loans and other credits	(51,406)	(58,338)
Other finance costs	(5,932)	(1,951)
	(57,338)	(60,289)
Net finance expense	**(51,815)**	**(59,300)**

14. Related party transactions

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

At 30 June 2023, the detail of any significant transactions, given their amount or importance, carried out between the Parent or its Group companies, and related parties, is as follows:

June -2023	Type of the	Thousand of euros			
Related party	relationship	Revenue	Expense	Assets	Liabilities
Banco Santander, S.A. (a)	Financing	1,651	152	-	100,000
Banco Santander, S.A. (a)	Cash	-	-	95,793	-
Banco Santander, S.A. (b)	Lease	412	-	-	391
Banco Santander, S.A. (b)	Services	-	111	-	-
Banco Santander, S.A. (c)	Sale of assets	8,600	-	-	-
Paseo Comercial Carlos III	Financing	65	-	2,605	-
Provitae Centros Asistenciales, S.L.	Financing	19	-	1,150	-
Silicius Real Estate SOCIMI, S.A. (f).	Financing	-	-	-	3,150
Total		**10,747**	**263**	**99,548**	**103,541**

Transactions executed with significant shareholders

During the first six months of 2023, only the shareholder Banco Santander, S.A. held the status of significant shareholder pursuant to the regulations in force.

a) *Financing transactions*

At 30 June 2023, the Group did not have any loans taken out with shareholders except for a corporate credit line of EUR 700 million, not drawn down on 30 June 2023, in which Banco Santander S.A. participated with EUR 100 million. This line of credit was subscribed on 20 April 2023 and replaces the line up until then in force for the same amount of EUR 700 million.

At 30 June 2023, the Group had bank balances deposited with Banco Santander, S.A. amounting to EUR 95.793 thousand (including the accounts in the name of the associates Paseo. Carlos III S.A. and Edged Spain, S.L.U. amounting to EUR 5 thousand and EUR 1.170 thousand, respectively).

In the first half of 2023, the finance cost incurred in transactions with Banco Santander, S.A. amounted to EUR 152 thousand, including EUR 120 thousand, corresponding to the finance costs of the revolving credit facility, EUR 22 thousand of expenses on guarantee fees and EUR 10 thousand of current account management expenses. Ordinary financial income from current account transactions amounted to EUR 1.651 thousand.

The Group has granted guarantee lines by Banco Santander, S.A. for EUR 3.822 thousand granted to MERLIN Properties SOCIMI, S.A.

b) *Revenues from leases and services*

During the first half of 2023 the Group has continued to lease 5 real estate spaces to Banco Santander, S.A., whose duration covers a period of up to 4 years and which have generated an income of 412 thousand euros, amount that includes income from leasing, as well as from parking spaces and the assignment of space for ATMs in shopping centers. The guarantees deposited to secure these contracts amount to 391 thousand euros.

In addition, the Group has arranged the organizational services of the shareholders at the Annual General Meeting, the shareholder registration service and dividend agent accruing expenses amounting to EUR 50 thousand, in addition to listed agent services on the Euronext Lisboa stock exchange for EUR 60 thousand, and other insignificant computer equipment rentings for EUR 634 (to associate Paseo Carlos III).

c) *Asset sale transactions*

On 28 June 2023, the Group sold a logistics warehouse located in Zaragoza to Santander Lease, S.A. EFC, a 100% company of Banco Santander Group, for EUR 8.600 thousand, generating a consolidated profit of EUR 409 thousand. This warehouse was also the subject of a financial leasing transaction by Santander Lease, S.A. EFC with an operator, which operates it under operating leases of properties.

Transactions with companies accounted for using the equity method

Paseo Comercial Carlos III, S.A.

At 30 June 2023, the Parent Company, together with the associate's other shareholder and as a condition of the bank financing, had a loan amounting to EUR 2.605 thousand in force, including EUR 65 thousand of interest accrued (EUR 14 thousand in 2022), which was granted on 27 July 2020 to the associate Paseo de Carlos III, S.A. that manages a shopping center in Madrid.

Provitae Centros Asistenciales, S.L.

At 30 June 2023, the Parent held a loan in the amount of EUR 1.150 thousand, including EUR 163 thousand of accrued interest, granted on 10 January 2002 to the associate Provitae Centres Asistenciales, S.L. with a land holding in Villajoyosa.

Silicius Real Estate SOCIMI, S.A.

The Parent Company has outstanding obligations of EUR 3.150 thousand, recognized as current and non-current ‘other financial liabilities.’

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

	30/06/2023	30/06/2022
Significant Shareholders	**27,527**	**28,494**
Banco Santander, S. A.	27,527	28,494
Directors and Managers	**1,623**	**1,449**
Directors	985	829
Executives	638	620
Total	**29,150**	**29,943**

15. Information on Directors

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

Directors' compensation and other benefits

As of 30 June 2023, the amount of salaries, per diem attendance fees and compensation of any kind earned by members of the Parent's governing bodies totalled EUR 1,868 thousand (EUR 1,880 thousand as of 30 June 2022), respectively, as detailed below:

	Thousands of euros	
	30/06/2023	30/06/2022
Fixed Remuneration	1,868	1,880
By-law Stipulated Director’s Emoluments	-	-
Termination Benefits	-	-
Per Diems	-	-
Life and Health Insurance	5	5
	1,873	**1,885**

In addition to the above amounts, the Executive Directors received payments for a total of EUR 3.618 thousand corresponding to the variable remuneration for 2022, the deferred variable remuneration for 2021 and the special incentive for 2022. At 30 June 2023, unpaid accrued amounts associated with the variable remuneration for 2021 and 2022 amounted to EUR 1.918 thousand, of which EUR 622 thousand were recognized under “Non-current Provisions” and EUR 1.296 thousand under “Trade and other payables" in the accompanying balance sheet.

Also, the Executive Directors, as members of the management team, were entitled to receive a remuneration plan associated with the period 2017-2019 (2017-2019 Incentive Plan), which is described in this same Note. In accordance with that plan, in the first half of 2022, the Executive Directors received 538.460 shares corresponding to the second 50% of the amount of the incentive tied to EPRA NAV, with the 2017-2019 Incentive Plan settled.

Finally, in April 2022 the Executive Directors received a total of EUR 750 thousand for the 2021 Extraordinary Incentive described below.

The breakdown, by board member, of the amounts disclosed above paid for salary and bonuses, is as follows:

Director	Type	Thousands of euros	
		30/06/2023	30/06/2022
Remuneration of board members			
Javier García-Carranza Benjumea	Chairman - Proprietary Director	-	-
Ismael Clemente Orrego	CEO	500	500
Miguel Ollero Barrera	Executive Director	500	500
Maria Luisa Jordá Castro	Independent Director	95	97
Ana García Fau	Independent Director	105	105
Fernando Ortiz Vaamonde	Independent Director	72	72
George Donald Johnston	Independent Director	95	87
Juan María Aguirre Gonzalo	Independent Director	90	93
Pilar Cavero Mestre	Independent Director	78	79
Francisca Ortega Hernández-Agero	Proprietary Director	85	87
Emilio Novela Berlín	Independent Director	93	96
María Ana Forner Beltrán	Proprietary Director	78	90
Ignacio Gil-Casares Satrústegui	Proprietary Director	72	74
Juan Antonio Alcaraz García	Proprietary Director	5	-
		1,868	**1,880**

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

The Parent's Directors are covered by the “Corporate Third-Party Liability Insurance Policies for Directors and Executives” taken out by the Parent in order to cover possible damages that may be claimed, and that are evidenced as a result of a management error committed by its Directors or executives, as well as those of its subsidiaries, in discharging their duties. The premium amounted to an annual total of EUR 320 thousand (EUR 400 thousand in 2022).

Lastly, as regards “golden parachute” clauses for executive Directors and other senior Executives of the Parent or Group in the event of dismissal or takeover, contracts provide for compensation (which reduces over time). These clauses entail a total commitment of EUR 8,971 thousand on 30 June 2023.

Remuneration and other benefits of Senior Executives

The remuneration of the Parent's senior Executives, including the Head of Internal Audit, excluding those who are simultaneously members of the Board of Directors (whose remuneration is disclosed above), in the first six months ended on 30 June 2023, is summarised as follows:

Thousands of euros							
30/06/2023				30/06/2022			
Number of People	Fixed Remuneration	Other Remuneration	Total	Number of People	Fixed Remuneration	Other Remuneration	Total
9	1,067	16	1,083	9	1,035	14	1,049

In addition to the above amounts and in relation to the variable remuneration in favor of senior management, in 2023 an amount of EUR 4,515 thousand was paid corresponding to the variable remuneration for 2022, the deferred variable remuneration for 2021 and the extraordinary incentive for 2022. At 30 June 2023, unpaid accrued amounts associated with the floating remuneration for 2022 amounted to EUR 2,701 thousand, of which EUR 854 thousand were recognized under ‘Non-current provisions’ and EUR 1,847 thousand under ‘Trade and other payables’ in the accompanying balance sheet.

Furthermore, in accordance with the 2017-2019 Incentive Plan, described in this same Note, in the first half of 2022 senior management received 444,950 shares corresponding to the second 50% of the incentive amount tied to the NAV EPRA, with the 2017-2019 Incentive Plan settled.

Finally, in April 2022 the senior management received a total of EUR 540 thousand corresponding to the 2021 Extraordinary Incentive, described below.

The main characteristics of the incentive plans with an impact on these Consolidated Summary Financial Statements are detailed below:

2017-19 incentives plan

As of 30 June 2022, the Company recognised the expense in the amount of EUR 1,210 thousand, corresponding to the vested portion of the 2017-19 Incentive Plan, with a balancing entry under liabilities.

In the first half of 2022, 1,262,398 net shares were paid, corresponding to the second payment of the incentive tied to EPRA NAV. With this payment, the 2017-2019 incentive plan was fully settled and paid.

Extraordinary incentive 2021

On 27 April 2021, the Parent's Annual General Meeting approved the implementation of an exceptional variable remuneration scheme settled in cash for 2021 (the Extraordinary Incentive) for the members of the Company's management and management team.

The right to receive the Extraordinary Incentive would be capitalized if, after the period from 1 January 2021 to 31 December 2021, the level of fulfilment of the targets linked to the perception of the Extraordinary Incentive 2021 had been reached.

In this regard, at 31 December 2021, the Company recognised the expense in the amount of EUR 2,737 thousand, corresponding to the vested portion of the 2017-2021 Incentive Plan.

This Extraordinary Incentive was liquidated to its beneficiaries in April 2022.

Special incentive corresponding to the sale of Tree

In application of the Remuneration Policy in force, approved at the 2022 Annual General Meeting, the Board decided to use the power to grant a special incentive (‘Special Incentive’) to the Executive Directors in view of the success of extraordinary corporate transactions that generate significant added value for the Company's shareholders and/or generate a significant economic profit or capital increase in the Company.

In 2022, the BBVA branch portfolio was sold through Tree se Inmobiliarias SOCIMI, S.A. (100% MERLIN subsidiary) for EUR 1,987 million (sale of TREE). This transaction lead to a premium of 17.1% compared to the last appraisal, and allowed the Group's net debt to be reduced by EUR 1,636 million and, simultaneously, to distribute an extraordinary dividend of EUR 351 million (EUR 0.75 per share).

The Special Incentive was extended to Senior Management and the other beneficiaries of the long-term Incentive Plan 2022-24 for a total amount of EUR 4,450 thousand. The incentive was paid in full in the first quarter of 2023.

2022 – 2024 incentive plan

The shareholders at the Annual General Meeting held on 4 May 2022 approved a long-term remuneration plan consisting of the delivery of a number of ordinary shares of the Company equal to 3,491,767 shares (representing 0.74% of share capital), aimed at the management team and other relevant members of the Group's workforce (the 2022-2024 Incentive Plan).

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

The specific number of shares of the Company that, within the maximum established, will be delivered to the Beneficiaries of the 2022-2024 Incentive Plan at its end will be conditional on the fulfilment of the following objectives linked to the creation of value for shareholders and sustainability:

Metrics	Definition	Weighting
Absolute RTA **Relative RTA**	The Total Return of the Absolute Shareholder (RTA) is the return on the share taking into account the cumulative change in the quoted value of the Company's share, including dividends and other similar items received by the shareholder in 2022-2024. The Relative RTA measures the performance of the Company's share interest in 2022-2024, in relation to the ATT experienced in the EPRA Nareit Developed Europe Index during the same period.	50%
EPRA NTA 31/12/24 Dividends (2022-2024)/share	EPRA NTA is calculated based on the Company's consolidated equity and adjusting certain items following the EPRA's recommendations. Furthermore, the dividends paid and other similar items received by the shareholder during the target measurement period (2022, 2023 and 2024) are taken into account	35%
Net carbon emissions	Level of reducing the Company's CO2 emissions at 31 December 2024, compared to 31 December 2021, calculated for the comparable asset portfolio over which the Company has operational control (scope of the Company's zero net path).	10%
Environment and company	Progress of initiatives linked to the improvement of the environment and society. The economic and social impact of the Company's assets on the local communities around these assets and the various stakeholders will be assessed.	5%

As of 30 June 2023, the Company recognised the expense in the amount of EUR 1,402 thousand, corresponding to the vested portion of the 2022-24 Incentive Plan (EUR 1,716 thousand, in the same period of 2022) with a balancing entry under reserves.

16. Events after the reporting period

In July MERLIN signed a new RCF, replacing the facility currently in place. As a result, the credit limit has been increased to € 740m (from € 700m) and the maturity extended until 2028 (plus 2 annual extensions)

17. Explanation added for translation to English

These interim condensed consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2.1). Certain accounting practices applied by the Group thar conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

MERLIN PROPERTIES

6M23 RESULTS
Trading Update

CONSOLIDATED PERFORMANCE

+7.7%
Gross rents like-for-like YoY

(6.4%)
FFO per share YoY

+16.7%
FFO PF excl. Tree

- **Positive release spreads and good rental growth (+7.7% LfL). Occupancy up QoQ** (+12 bps)
- **Strong operating performance helps offset FFO drag of the BBVA disposal**
- **€ 31.6m non-core divestments.** Muted investment activity
- **2023 bond repaid. RCF extended to 2028**
- **Continued absorption of expanding capitalization rates (+28 bps in 6M23)**, with limited valuation impact so far (-1.4% LfL in 6M23) thanks to CPI and logistics
- **NTA per share** at **€ 15.36** after a € 0.24 cash dividend paid out in 2Q

(€ million)	6M23	6M22	YoY
Total revenues	243.4	226.6	7.4%
Gross rents	237.8	222.6	6.9%
Gross rents after incentives	222.4	209.3	6.3%
Net rents after propex & collection losses	201.1	186.4	7.9%
Gross-to-net margin[1]	*90.4%*	*89.0%*	
EBITDA[2]	181.7	165.8	9.6%
Margin	*76.4%*	*74.5%*	
FFO[3]	147.4	157.5	(6.4%)
Margin	*62.0%*	*70.7%*	
AFFO	140.8	152.8	(7.8%)
Net earnings	(47.5)	491.6	n.m.

(€ per share)	6M23	6M22	YoY
FFO	0.31	0.34	(6.4%)
AFFO	0.30	0.33	(7.8%)
EPS	(0.10)	1.05	n.m.
EPRA NTA	15.36	17.10	(10.2%)

BUSINESS PERFORMANCE

Rents like-for-like YoY

+7.5%	+4.3%	+10.5%
Offices	Logistics	S. Centers

Release spread

+3.2%	+9.3%	+10.0%
Offices	Logistics	S. Centers

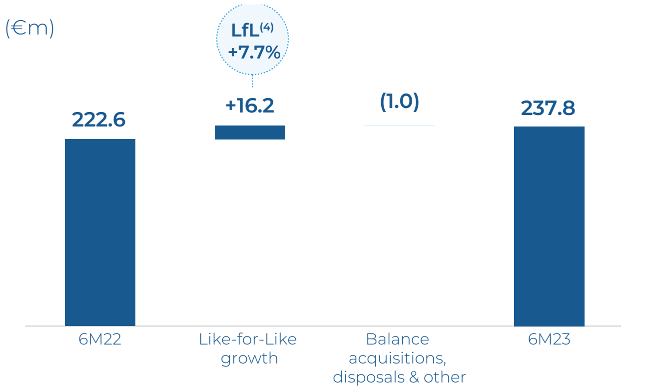
Occupancy vs 31/03/2023

+12 bps → **94.9%**

- **Offices:** 162,839 sqm contracted. **LfL** of **+7.5%** and **release spread** of **+3.2%**
- **Logistics:** 83,205 sqm contracted. **LfL** of **+4.3%** and **release spread** of **+9.3%**
- **Shopping centers:** 20,999 sqm contracted. **LfL** of **+10.5%** and **release spread** of **+10.0%**

6M23	Contracted	Rent		Leasing activity	Occ. vs 31/03/23
	sqm	€m	Lfl change	Release spread	Bps
Offices	162,839	127.1	+7.5%	+3.2%	13
Logistics	83,205	39.7	+4.3%	+9.3%	(39)
Shopping centers	20,999	64.2	+10.5%	+10.0%	201
Other	n.a.	6.9	+6.5%	n.m.	-
Total	**267,043**	**237.8**	**+7.7%**		**12**

Gross rents bridge



[1] Net of incentives
[2] Excludes non-overhead costs items (€ 0.6m) plus LTIP accrual (€ 1.4m)
[3] FFO equals EBITDA less net interest payments, less minorities, less recurring income taxes plus share in earnings of equity method
[4] Portfolio in operation for 6M22 (€ 210.3m of GRI) and for 6M23 (€ 226.5m of GRI)

OFFICES

Gross rents bridge

(€m)

Rents breakdown

	Gross rents 6M23 (€ m)	Passing rent (€/sqm/m)	WAULT (yr)
Madrid	86.2	20.3	3.5
Barcelona	21.9	21.3	2.6
Lisbon	17.8	21.2	3.8
Other	1.3	11.8	6.3
Total	**127.1**	**20.4**	**3.4**

Leasing activity

- **Strong rental growth (+7.5%),** accelerating vs 3M23
- **2Q23 leasing activity highlights:**
  - 6,176 sqm renewal with All Funds in Avenida de Burgos 210, Madrid
  - 2,913 sqm new lease with Total in PE Puerta de las Naciones, Madrid
  - 2,515 sqm renewal with Transcom Worldwide in Atica 5, Madrid
  - 1,800 sqm renewal with TBWA in Juan Esplandiu 11-13, Madrid
  - 1,543 sqm new lease with Aernova Engineering in PE Alvento, Madrid
  - 1,296 sqm new lease with Essity in Central Office, Lisbon
  - 1,122 sqm new lease with Western Union in Princesa 5, Madrid

						LTM	
sqm	Contracted	Out	In	Renewals(2)	Net	Release spread	# Contracts
Madrid	123,617	(25,614)	22,436	101,181	(3,178)	+2.1%	101
Barcelona	35,942	(6,287)	8,314	27,628	2,027	+7.7%	45
Lisbon	3,280	(1,296)	1,296	1,984	-	+6.9%	4
Total	**162,839**	**(33,197)**	**32,046**	**130,793**	**(1,151)**	**+3.2%**	**150**

Occupancy

- **Resilient occupancy (+192 bps YoY, +13 bps vs 3M23)**
- By markets, **best performer this quarter has been Madrid NBA A-2**

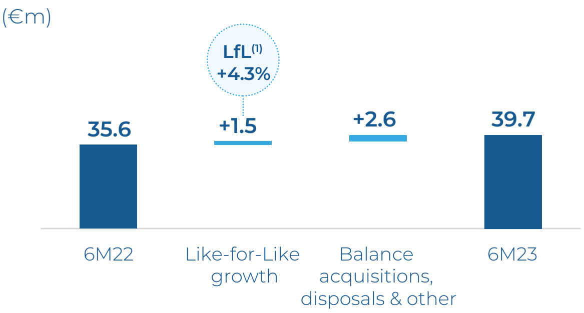
Stock	1,153,127 sqm
WIP	162,646 sqm
Stock incl. WIP	1,315,773 sqm

	Occupancy rate(3)		
	6M23	6M22	Change bps
Madrid	90.0%	87.9%	+214
Barcelona	95.3%	94.1%	+119
Lisbon	100.0%	99.6%	+36
Other	100.0%	100.0%	-
Total	**92.3%**	**90.4%**	**+192**

(1) Portfolio in operation for 6M22 (€ 114.1m of GRI) and for 6M23 (€ 122.6m of GRI)
(2) Excluding roll-overs
(3) MERLIN policy excludes buildings under complete refurbishment. Buildings excluded this period are Plaza Ruiz Picasso, Plaza Ruiz Picasso extension, Atica 1, PE Cerro Gamos, PLZFA, and Josefa Valcarcel 48

LOGISTICS

Gross rents bridge



Rents breakdown

	Gross rents 6M23 (€ m)	Passing rent (€/sqm/m)	WAULT (yr)
Madrid	25.2	4.3	3.8
Barcelona	5.7	7.5	2.9
Other	8.8	4.4	2.8
Total	**39.7**	**4.7**	**3.4**

Leasing activity

- **Good organic performance (+4.3% LfL),** with rental growth offsetting tenant rotation
- **2Q23 leasing activity highlights:**
  - 10,402 sqm new leases with B4 Logistics, Erhardt Transitarios, Unidriver Cargo and Bela Padel Center in Barcelona-PLZF
  - 8,787 sqm renewal with Amazon in Sevilla ZAL
  - 4,520 sqm new lease with Moldtrans in Sevilla ZAL

						LTM	
sqm	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	49,554	(13,306)	-	49,554	(13,306)	+4.4%	4
Barcelona	16,398	(8,964)	14,123	2,275	5,159	+15.9%	1
Other	17,253	(8,025)	8,466	8,787	441	+0.0%	1
Total	**83,205**	**(30,295)**	**22,589**	**60,616**	**(7,706)**	**+9.3%**	**6**

Occupancy

- Very high occupancy (96.4%) as of end 6M23, **with PF at present of 98.8%**
- **Strong demand for our WIP portfolio.** Currently working on crystalizing HoTs

Stock	1,463,379 sqm
WIP(2)	604,779 sqm
Best II	214,467 sqm
Best III	390,312 sqm
Stock incl. WIP	2,068,158 sqm
ZAL Port	736,217 sqm
Stock managed	2,804,375 sqm

	Occupancy rate		
	6M23	6M22	bps
Madrid	94.7%	99.7%	(501)
Barcelona	98.6%	93.6%	503
Other	100.0%	100.0%	-
Total	**96.4%**	**99.2%**	**(283)**

(1) Portfolio in operation for 6M22 (€ 35.5m of GRI) and for 6M23 (€ 37.0m of GRI)
(2) WIP includes in progress and Landbank Best II & III

LOGISTICS (CONT.)

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

Best II (as from 30/06/2023)

- **63% of Best II** has been delivered achieving a **7.8% YoC**
- **A2-Cabanillas Park II B** (47,342 sqm) under development
- **167,125 sqm of Landbank** remaining in the Madrid area (Cabanillas Park II and Azuqueca III), out of which 105,353 sqm will start construction in 2H23

Best III (as from 30/06/2023)

- **22% of Best III** has been delivered achieving a **8.0% YoC**
- **390,312 sqm of Landbank** remaining in Lisbon (Lisbon Park), Seville (Sevilla ZAL), Madrid (A2-San Fernando III) and Valencia (Valencia-Betera), out of which 77,391 sqm will start construction in 2H23

Pre-let status (as from 30/06/2023)

- ca. 160k sqm with HoTs agreed and 21k sqm speculative, **implying pending capex of € 109m and expected YoC of 7.4%**[1]
- Works to begin in 2H23, except for A2-Cabanillas Park II B, under construction
- ca. € 10m added rents to logistics portfolio

[1] Including land cost

SHOPPING CENTERS

Gross rents bridge

(€m)

Rents breakdown

	Gross rents 6M23 (€ m)	Passing rent (€/sqm/m)	WAULT (yr)
MERLIN	64.2	24.6	2.3

Footfall and tenant sales

	vs 6M22	vs 6M19
Tenant sales	+13.1%	+13.8%
Footfall	+5.2%	+0.9%
OCR	11.7%	

Leasing activity

- **Footfall (+5.2% vs 6M22) and sales (+13.1% vs 6M22) continue improving**
- **Top performer assets with affordable rents (11.7% OCR)**
- **2Q23 leasing activity highlights:**
  - 2,559 sqm new lease with Teatre Cupule in Arenas
  - 1,291 sqm new lease with Bershka in Larios
  - 847 sqm new lease with Kiabi in Saler
  - 844 sqm renewal with Mango in La Vital
  - 785 sqm new lease with Conforama in Marineda
  - 507 sqm renewal with Denim & Friends in Saler

						LTM	
sqm	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Total	20,999	(14,629)	15,061	5,938	432	+10.0%	104

Occupancy

- **Occupancy at 96.4% (+201 bps vs 3M23, +315 bps vs FY19), new record for MRL**
- **Homogeneous figures across the board,** all assets above 95%
- Best performer this quarter has been **Saler**

Stock[2]	432,965 sqm
Tres Aguas[3]	67,940 sqm
Stock with Tres Aguas	500,905 sqm

	Occupancy rate		
	6M23	6M22	bps
Total	96.4%	94.3%	+209

[1] Portfolio in operation for 6M22 (€ 54.3m of GRI) and for 6M23 (€ 60.0m of GRI)
[2] Including the surface under refurbishment (7,979 sqm in Callao and 18,232 sqm in Marineda)
[3] Tres Aguas at 100% allocation

BALANCE SHEET

- **LTV stands at 33.9%**
- **2023 maturity (€ 742.8m) refinanced at MS+126 bps.** No further maturities until May 2025
- **Solid financial situation:** low LTV, 98% interest rates fixed, 98% unsecured and € 1.0bn in liquidity

Ratios	30/06/2023	31/12/2022
LTV (Inc. TC)	33.9%	32.7%
Av. Interest rate	2.26%	1.98%
Av. Maturity (years)	5.3	4.9
Unsecured debt to total debt	98.0%	98.0%
Interest rate fixed	98.0%	99.6%
Liquidity position (€m)(1)	1,034	1,856

Corporate rating		Outlook
S&P Global	BBB	Positive
Moody's	Baa2	Positive

	€ million
GAV	11,301.4
Gross financial debt	4,160
Cash and equivalents(2)	(225)
Net financial debt	3,935
NTA	7,216

VALUATION

- **€ 11,301m of GAV, (1.4%) LfL** as compared to December 2022
- **Slight decline in valuation accross the board** despite strong cap rate expansion, partially offset by CPI and revaluation of logistics
- **Data Centers still valued at cost**
- **Yields expanded by 28 bps** during 6M23, taking total expansion to 72 bps in 18 months

	GAV (€ m)	LfL Growth	Gross yield	Yield expansion /(compression)(3)
Offices	6,289	(2.5%)	4.6%	+24
Logistics	1,422	4.1%	5.4%	+20
Shopping centers	2,059	(2.9%)	5.9%	+32
Data Centers WIP	200	n.a.	n.a.	n.a.
Logistics WIP & land	284	n.a.	n.a.	n.a.
Other	366	(10.1%)	4.8%	+87
Equity method	680	8.4%	n.a.	
Total	**11,301**	**(1.4%)**	**4.9%**	**+28**

(1) Includes cash (€ 208.9m) and treasury stock (€ 15.8m) and undrawn credit facilities (€ 809m) in 6M23
(2) Includes cash (€ 208.9m) and treasury stock (€ 15.8m)
(3) Bps based on passing rent

INVESTMENTS, DIVESTMENTS AND CAPEX

- **€ 31.6m in non-core disposals in 6M23** including 2 secondary shopping centers and 1 industrial asset
- **Muted acquisitions during 6M23,** mostly the acquisition of the Marineda department store, with a view to expand our mall by 18,232 sqm. Retrofitting works to start in late 2023 upon exit of current tenant. Expected delivery 1H25
- Capex efforts continue focused on **Best II & III and Digital Infrastructure Plan (Mega)**

	Offices	Retail	Logistics	Data Centers	€ million
Acquisitions		Marineda extension	Valencia-Betera		15.8
Development			A2-Cabanillas Park II A2-Cabanillas Park I J Lisboa-Park	Bilbao Arasur (Data Center) Madrid-Getafe (Data Center) Barcelona PLZF (Data Center)	105.3
Investment properties	Plaza Ruiz Picasso PE Cerro Gamos PLZFA Diagonal 605		A4-Pinto II A2-Cabanillas I		51.7
Like-for-like portfolio (Defensive Capex)[1]					8.9
Total					**181.7**

POST CLOSING

- In July MERLIN signed a new RCF, replacing the facility currently in place. As a result, the credit limit has been increased to € 740m and the maturity extended until 2028 (plus 2 annual extensions)

[1] € 6.6m are capitalized in balance sheet and € 2.3m are expensed in P&L

APPENDIX

1. Consolidated Profit and Loss

(€ thousand)	30/06/2023	30/06/2022
Gross rents	**237,811**	**222,556**
Offices	127,075	119,639
Logistics	39,674	35,618
Shopping centers	64,184	60,720
Other	6,878	6,579
Other income	**5,548**	**4,039**
Total Revenues	**243,359**	**226,595**
Incentives	(15,400)	(13,228)
Total Operating Expenses	**(48,231)**	**(51,647)**
Propex	(21,293)	(22,931)
Personnel expenses	(17,102)	(16,188)
Opex general expenses	(7,848)	(8,461)
Opex non-overheads	(586)	(1,141)
LTIP Provision	(1,402)	(2,926)
ACCOUNTING EBITDA	**179,728**	**161,720**
Depreciation	(1,003)	(878)
Gain / (losses) on disposal of assets	(7,188)	5,678
Provisions	94	(384)
Change in fair value of investment property	(198,477)	122,298
EBIT	**(26,846)**	**288,434**
Net financial expenses	(46,560)	(48,348)
Debt amortization costs	(5,147)	(10,952)
Gain / (losses) on disposal of financial instruments	-	(1)
Change in fair value of financial instruments	(1,327)	32,927
Share in earnings of equity method instruments	40,930	16,494
PROFIT BEFORE TAX	**(38,950)**	**278,554**
Income taxes	(8,578)	(8,640)
PROFIT (LOSS) FOR THE PERIOD RECURRING OPERATIONS	**(47,528)**	**269,914**
Result from discontinued operations	-	221,731
Minorities	-	-
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE	**(47,528)**	**491,645**

2. Consolidated Balance Sheet

(€ thousand)

ASSETS	30/06/2023	EQUITY AND LIABILITIES	30/06/2023
NON CURRENT ASSETS	**11,498,482**	**EQUITY**	**6,693,234**
Intangible assets	1,752	Subscribed capital	469,771
Property, plant and equipment	6,205	Share premium	3,541,379
Investment property	10,655,092	Reserves	2,729,477
Investments accounted for using the equity method	539,658	Treasury stock	(15,786)
Non-current financial assets	217,184	Other equity holder contributions	540
Deferred tax assets	78,591	Profit for the period	(47,528)
		Valuation adjustments	15,381
		Minorities	-
		NON-CURRENT LIABILITIES	**4,922,225**
		Long term debt	4,293,916
		Long term provisions	9,814
		Deferred tax liabilities	618,495
CURRENT ASSETS	**325,155**	**CURRENT LIABILITIES**	**208,178**
Trade and other receivables	44,834	Short term debt	48,122
Short term investments in group companies and associates	9,373	Trade and other payables	133,197
Short-term financial assets	29	Other current liabilities	26,859
Cash and cash equivalents	208,932		
Other current assets	61,987		
TOTAL ASSETS	**11,823,637**	**TOTAL EQUITY AND LIABILITIES**	**11,823,637**

APM: definitions and reconciliation of APMs to the latest audited financial accounts can be found on page 53 of https://ir.merlinproperties.com/wp-content/uploads/2023/07/Results-report-6M23.pdf

MERLIN PROPERTIES

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www.merlinproperties.com

MERLIN PROPERTIES, SOCIMI, S.A.
Preparation of the interim financial statements for the six-month period ended June 30, 2023

At their meeting of July 27, 2023, the directors of Merlin Properties SOCIMI, S.A. prepared the interim financial statements for the six-month period ended June 30, 2023. The consolidated interim financial statements comprise the accompanying documents preceding this statement, drawn up on ______ sheets of ordinary paper. Furthermore, by signing this signature sheet, the members of the Board of Directors of MERLIN PROPERTIES, SOCIMI, S.A. state that they have personally signed the consolidated interim financial statements, which have also been signed on all pages by the Secretary or the Non-Director Deputy Secretary merely for identification purposes.

Signed:

Mr. Javier Garcia-Carranza Benjumea Chairman of the Board of Directors	Mr. Ismael Clemente Orrego Vice-Chairman of the Board of Directors
Ms. Francisca Ortega Hernández-Agero Member	Mr. Juan Antonio Alcaraz García Member
Ms. María Luisa Jorda Castro Member	Ms. Pilar Cavero Mestre Member
Mr. Juan María Aguirre Gonzalo Member	Mr. Miguel Ollero Barrera Member
Mr. Ignacio Gil-Casares Satrústegui Member	Ms. Ana María García Fau Member
Mr. Emilio Novela Berlín Member	Mr. George Donald Johnston Member
Mr. Fernando Javier Ortiz Vaamonde Member	

MERLIN PROPERTIES, SOCIMI, S.A.
Statement of responsibility for the interim financial statements for the six-month period ended June 30, 2023

The members of the Board of Directors of Merlin Properties, SOCIMI, S.A. declare that, to the best of their knowledge, the interim financial statements for the six-month period ended June 30, 2023, prepared and approved by the Board of Directors at the meeting held on July 27, 2023, were prepared in accordance with the applicable accounting principles and offer a true and fair view of the equity, financial position and results of Merlin Properties, SOCIMI, S.A. and of the subsidiaries included in the consolidated group, taken as a whole, and that the interim directors' report includes a true analysis of the required information and of the business performance, results and position of Merlin Properties, SOCIMI, S.A. and of the subsidiaries included in the consolidated group, taken as a whole, and a description of the main risks and uncertainties they face.

Signed:

____
Mr. Javier Garcia-Carranza Benjumea
Chairman of the Board of Directors

____
Mr. Ismael Clemente Orrego
Vice-Chairman of the Board of Directors

____
Ms. Francisca Ortega Hernández-Agero
Member

____
Mr. Juan Antonio Alcaraz García
Member

____
Ms. María Luisa Jorda Castro
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Mr. George Donald Johnston
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Mr. Fernando Javier Ortiz Vaamonde
Member