Merlin Properties SOCIMI, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2022 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.

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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 2022, 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 2022 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.

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 2021. 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 2022 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 2022. 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 Matter

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 119 of the Consolidated Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Ignacio Alcaraz Elorrieta

28 July 2022

MERLIN PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

(Thousands of Euros)

ASSETS	Notes to the Financial Statements	30-06-2022	31-12-2021	EQUITY AND LIABILITIES	Notes to the Financial Statements	30-06-2022	31-12-2021
NON-CURRENT ASSETS:				**EQUITY:**	Note 9		
Other intangible assets	Note 5	1.705	1.594	**Share capital**		469.771	469.771
Property, plant and equipment	Note 5	6.562	9.160	**Share premium**		3.541.379	3.647.876
Investment property	Note 6	10.802.797	12.297.257	**Reserves**		3.024.274	2.566.276
Investments accounted for using the equity method	Note 7	494.654	482.784	**Other shareholder contributions**		540	540
Non-current financial assets-	Note 8	187.294	359.791	**Valuation adjustments**		-	(67.420)
Derivatives		-	167.080	**Treasury shares**		(17.310)	(32.305)
Other financial assets		187.294	192.711	**Interim dividend**		-	(70.033)
Deferred tax assets		79.818	83.808	**Profit/(Loss) for the year attributable to the Parent**		491.645	512.217
Total non-current assets		11.572.830	13.234.394	**Equity attributable to the Parent**		7.510.299	7.026.922
				NON-CURRENT LIABILITIES:			
				Debt instruments and other marketable securities	Note 10	3.277.347	4.017.570
				Long-term bank borrowings	Note 10	105.145	1.641.139
				Other financial liabilities	Note 11	148.023	158.353
				Deferred tax liabilities	Note 11	619.121	681.013
				Provisions	Note 11	10.336	11.210
				Total non-current liabilities		4.159.972	6.509.285
				CURRENT LIABILITIES:			
CURRENT ASSETS:				**Debt instruments and other marketable securities**	Note 10	780.136	588.155
Inventories		37.923	38.697	**Bank borrowings**	Note 10	2.296	14.853
Trade and other receivables	Note 8	34.534	39.625	**Other current financial liabilities**	Note 11	6.626	7.864
Other current financial assets	Note 8	83.646	82.919	**Trade and other payables**	Note 12	97.809	114.155
Other current assets		12.744	10.481	**Current income tax liabilities**		3.523	3.935
Cash and cash equivalents		843.003	866.721	**Other current liabilities**	Note 11	24.019	7.668
Total current assets		1.011.850	1.038.443	**Total current liabilities**		914.409	736.630
TOTAL ASSETS		12.584.680	14.272.837	**TOTAL LIABILITIES AND EQUITY**		12.584.680	14.272.837

The accompanying explanatory notes 1 to 17 are an integral part of the condensed consolidated statement of financial position at 30 June 2022.

MERLIN PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

(Thousands of Euros)

	Notes to the Financial Statements	30-06-2022	30-06-2021 (*)
CONTINUING OPERATIONS:			
Revenue	Notes 4 and 13.a	213.939	179.453
Other operating income		1.565	2.929
Staff costs	Note 13.c	(19.114)	(20.494)
Other operating expenses	Note 13.b	(34.671)	(32.956)
Profit/(loss) from disposals of non-current assets	Note 6	5.678	(2.288)
Depreciation and amortisation charge	Note 5	(878)	(767)
Excessive provisions		(384)	1.614
Change in fair value of investment properties	Note 6	122.298	45.224
PROFIT/(LOSS) FROM OPERATIONS		288.433	172.715
Change in the fair value of financial instruments-		32.928	3.073
Finance income		989	1.676
Finance expenses		(60.289)	(55.496)
Profit/(loss) from disposals of financial instruments		(1)	(219)
Share of results of companies accounted for using the equity method	Note 7	16.494	14.774
PROFIT/(LOSS) BEFORE TAX		278.554	136.523
Income tax		(8.640)	640
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		269.914	137.163
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations net of tax	Note 3	221.731	53.173
PROFIT/(LOSS) FOR THE YEAR		491.645	190.336
Attributable to shareholders of the Parent		491.645	190.336
Attributable to non-controlling interests		-	-
PROFIT/(LOSS) PER SHARE FROM CONTINUING OPERATIONS (in euros)			
Basic		0,58	0,29
Diluted		0,58	0,29
PROFIT/(LOSS) PER SHARE FROM DISCONTINUED OPERATIONS (in euros)			
Basic		0,47	0,11
Diluted		0,47	0,11

(*) Restated financial statements

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated income statement for the six-month period ended 30 June 2022.

MERLIN PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

(Thousands of Euros)

	Notes to the Financial Statements	30-06-2022	30-06-2021 (*)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		269.914	137.163
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS		221.731	53.173
PROFIT/(LOSS) PER INCOME STATEMENT		491.645	190.336
OTHER COMPREHENSIVE INCOME:			
Income and expense recognised directly in equity-			
Cash flow hedges	Note 9.6	90.577	15.261
OTHER COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY		90.577	15.261
Transfers to the income statement-			
By hedging instruments		(23.157)	4.768
TOTAL TRANSFERS TO THE INCOME STATEMENT	Note 9.6	(23.157)	4.768
TOTAL COMPREHENSIVE PROFIT/(LOSS)		559.065	210.365
Attributable to shareholders of the Parent due to continuing operations		269.914	157.192
Attributable to shareholders of the Parent due to discontinued operations		289.151	53.173
Attributable to shareholders of the Parent		559.065	210.365
Attributable to non-controlling interests		-	-

(*) Restated financial statements

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2022.

MERLIN PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(Thousands of Euros)

	Share capital Social	Premium Issue of	Reserves	Contributions of Shareholders	Profit/(Loss) for the Year	Dividend to account	Valuation adjustments Changes in Value	Shares Own	Equity Attributed to Company Parent Company	Total Equity Net
Balances at 31 December 2020	**469.771**	**3.813.409**	**2.509.875**	**540**	**56.358**	**-**	**(99.537)**	**(54.149)**	**6.696.267**	**6.696.267**
Consolidated comprehensive income	-	-	-	-	190.336	-	20.029	-	210.365	**210.365**
Distribution of 2020 profit (Note 9)	-	(25.467)	81.825	-	(56.358)		-	-	-	**-**
Transactions with shareholders or owners:	-	-		-		-	-	-	-	**-**
Distribution of dividends (Note 9)	-	(140.066)	-	-	-	-	-	-	(140.066)	**(140.066)**
Acquisition/(sale) of treasury shares	-	-	(2)	-	-	-	-	5	3	**3**
Recognition of share-based payments	-	-	5.129	-	-	-	-	-	5.129	**5.129**
Share-based payments	-	-	(33.813)	-	-	-	-	20.986	(12.827)	**(12.827)**
Delivery of share distribution scheme	-	-	(344)	-	-	-	-	849	505	**505**
Balances at 30 June 2021	**469.771**	**3.647.876**	**2.562.670**	**540**	**190.336**	**-**	**(79.508)**	**(32.309)**	**6.759.376**	**6.759.376**
Balances at 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)**
Changes in the scope of consolidation			50.904						50.904	**50.904**
Acquisition/(sale) 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 changes			(3.503)						(3.503)	**(3.503)**
Balances at 30 June 2022	**469.771**	**3.541.379**	**3.024.274**	**540**	**491.645**	**-**	**-**	**(17.310)**	**7.510.299**	**7.510.299**

The accompanying explanatory notes 1 to 17 are an integral part of the condensed consolidated statement of changes in equity as of 30 June 2022.

MERLIN PROPERTIES SOCIMI, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
SIX-MONTH PERIOD ENDED 30 JUNE 2022
(Thousands of Euros)

CONTINUING ACTIVITIES	Notes to the Financial Statements	30-06-2022	30-06-2021 (*)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES:		**99.218**	**39.103**
Profit for the year before tax		**278.554**	**136.523**
Adjustments for-		**(107.166)**	**4.395**
Depreciation and amortisation charge	**Note 5**	878	767
Change in fair value of investment property	**Note 6**	(122.298)	(45.224)
Changes in operating provisions		9.669	11.986
Changes in provisions for contingencies and charges		384	(1.614)
Profit/(Loss) on derecognition and disposal of non-current assets	**Note 3**	(5.678)	2.288
Finance income		(989)	(1.676)
Finance expenses		60.289	55.496
Changes in fair value of financial instruments	**Note 8**	(32.928)	(3.073)
Profit/(loss) from disposals of financial instruments		1	219
Share of results of investments accounted for using the equity method	**Note 7**	(16.494)	(14.774)
Other adjustments to profit		-	-
Changes in working capital-		**(17.046)**	**(52.373)**
Inventories		774	(3.398)
Accounts receivable	**Note 8**	(890)	(5.331)
Other financial assets		2.917	(5.613)
Other current assets and liabilities	**Note 8**	-	402
Accounts payable	**Note 12**	(16.346)	(43.628)
Other assets and liabilities		(3.501)	5.195
Other cash flows from/(used in) operating activities-		**(55.124)**	**(49.442)**
Interest paid		(53.584)	(49.516)
Interest received		72	99
Income tax paid		(1.612)	(25)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:		**1.384.219**	**(2.721)**
Payments due to investments-		**(709.605)**	**(88.598)**
Net cash flow from business acquisitions			(2)
Investment property	**Note 6**	(85.758)	(80.327)
Other intangible assets and property, plant and equipment		(835)	(1.238)
Contributions to associates and other non-current investments		(623.012)	(7.031)
Proceeds from divestments-		**2.093.824**	**85.877**
Financial assets		1.987.400	4.889
Investment property		102.740	80.988
Property, plant and equipment		-	-
Other divestments		3.684	-
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:		**(1.480.868)**	**393.913**
Proceeds and payments relating to equity instruments-		**(106.025)**	**(136.058)**
Refund of premium	**Notes 9.2 and 9.3**	(106.497)	(140.066)
Dividends paid	**Note 9.3**	(10.614)	-
Dividend/share premium returns from associates		2.862	4.003
Charges for discontinued activities		8.222	
Purchase of equity instruments	**Note 9.4**	2	5
Proceeds and payments relating to financial liabilities-		**(1.374.843)**	**529.971**
Bank borrowings		-	2.100
Repayment of bank borrowings	**Note 10.1**	(850.872)	(859)
Interest Rate Swap cancelation		24.329	-
Issue (repayment) of debentures	**Note 10.2**	(548.300)	500.000
Other charges (payments) for discontinued activities			34.500
Other charges (payments) due to financing activities	**Note 10.5**	-	(5.770)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2.569**	**430.295**
Cash and cash equivalents at beginning of year		**866.721**	**252.022**
Cash and cash equivalents at beginning of yearDiscontinued activities		(26.288)	(25.947)
Cash and cash equivalents at end of year		**843.003**	**680.328**
Cash and cash equivalents at end of yearDiscontinued activities		-	(23.958)

(*) Restated financial statements

DISCONTINUED ACTIVITIES	Notes to the Financial Statements	30-06-2022	30-06-2021
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**Note 3**	**36.596**	**37.446**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**Note 3**	**-**	**688**
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**Note 3**	**(57.915)**	**(40.123)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(21.319)**	**(1.989)**
Cash and cash equivalents at beginning of year		26.288	25.947
Cash and cash equivalents included in the transaction		4.969	-
Cash and cash equivalents at end of year		-	23.958

The accompanying explanatory Notes 1 to 17 are an integral part of the condensed consolidated statement of cash flows for the six-month period ended on 30 June 2022.

Merlin Properties SOCIMI, S.A. and Subsidiaries

Explanatory notes for the Interim Condensed Consolidated Financial Statements for the six-month period ending 30 June 2022

1. Nature, activity and composition of the Group

Merlin Properties SOCIMI, S.A. (hereinafter, the "Parent Company") was incorporated in Spain on 25 March 2014 under the Spanish Corporate Enterprise Act (*Ley de Sociedades de Capital*). 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 Company's corporate purpose, as set out in its articles of association, is as follows:

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

- the holding of equity interests in other SOCIMIs (Listed Investment Companies in the Property Market) or in other non-resident entities in Spain with the same corporate purpose and that operate under a similar regime as that established for SOCIMIs, with respect to the mandatory profit distribution policy enforced by law or by the articles of association;

- the holding of equity interests 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 with respect to the mandatory profit distribution policy enforced by law or by the articles of association, and which fulfil the investment requirements stipulated for these companies; and

- the holding of shares or equity interests in collective real estate investment undertakings regulated by Law 35/2003, of 4 November, on Collective Investment Undertakings (Ley de Instituciones de Inversión Colectiva), 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 Company's corporate purpose may be indirectly carried on, either wholly or in part, through the ownership of shares or equity interests in companies with a similar or identical corporate purpose.

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

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

On 30 June 2014, the Parent Company was listed 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 Company'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*). 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 for each year, excluding that arising from the disposal of shareholdings and properties used in the exercise of its main corporate purpose, once the holding period referred to below has elapsed, should come from the lease of properties and from dividends or shares in profit from these investments.

   This percentage is calculated based on consolidated profit if the company is a parent company of a group, as defined in Article 42 of the Spanish Commercial Code (*Código de Comercio*), irrespective of the place of residence and the obligation to prepare consolidated financial statements. This group will be exclusively composed of the SOCIMI and all the other entities referred to in Section 1, Article 2 of the above Law.

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

   This period will be calculated:

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

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

   c. In the case of shares or equity investments in entities referred to in Section 1, Article 2 of the Law, these must be kept in the SOCIMI's asset base for a period of at least 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 established in transitional provision one of Law 11/2009, of 26 December, amended by Law 16/2012, of 27 December, governing listed companies investing in the property market, these companies may opt to apply the special tax regime pursuant to Article 8 of this Law, even when the requirements stipulated therein are not fulfilled, under the condition that such 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 for the years beginning on or after 1 January 2021, Law 11/2021, of 9 July, on measures to prevent and combat tax fraud, amend section 9 (4) of Spanish Law 11/2009, of 26 October, regulating SOCIMIs. Specifically, a special tax of 15% was introduced on the amount of non-distributed profit obtained in the year, in the part that comes from: a) income that has not been taxed at the general tax rate of the income tax and,

b) income that does not arise from the transfer of eligible assets, once the three-year maintenance period has elapsed, which has been included in the three-year reinvestment period stipulated in section 6.1.b) of Law 16/2012, of 27 December. This special tax will be considered income tax and will accrue on the day of the agreement to apply profit(loss) for the year by the general shareholders meeting or equivalent body. The self-assessment and tax payment must be made within two months of the accrual.

The transitional period in which the Parent Company had to meet all requirements of this tax regime ended in 2017. At 30 June 2022, the Parent Company meets all the requirements of the current legislation.

In view of the business activities currently carried on by the Group, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the 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 financial reporting framework applicable to the Group consists of the following:

- The Spanish Commercial Code and all other Spanish corporate law.
- International Financial Reporting Standards (IFRSs) 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, administrative and social security measures, as well as applicable rules and circulars of the Spanish National Securities Market Commission (CNMV);
- Law 11/2009, of 26 October, amended by Law 16/2012, of 27 December, regulating SOCIMIs and other corporate law; and
- All other applicable Spanish accounting legislation.

The consolidated financial statements for 2021 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 2021 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 2021.

The separate and consolidated financial statements of Merlin Properties, SOCIMI, S.A. for 2021 prepared by its directors were approved by the shareholders at the Annual General Meeting on 04 May 2022.

The 2021 individual financial statements for all other 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 Company's directors on 29 July 2021, 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 2022 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 2021.

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 2021 consolidated financial statements, except for the standards and interpretations that came into force during the first half of 2022.

2.2 Bases for reporting the interim condensed consolidated financial statements

The interim condensed consolidated financial statements were compiled based on the accounting records of the Parent Company 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 2022 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 2022.

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 2022 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 2022 were audited. The figures for 30 June 2021, and 31 December 2021 are presented for comparison purposes only.

2.2.1 Adoption of International Financial Reporting Standards effective as from 1 January 2022

During the first six months of 2022, 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 for the financial years beginning on or after:**
Amendments to IFRS 3 Reference to the Conceptual Framework	IFRS 3 is updated to bring the definitions of assets and liabilities in a business combination into line with those contained in the conceptual framework In addition, certain clarifications are introduced regarding the recognition of contingent liabilities and assets.	1 January 2022
Amendment to IAS 16 Income before projected use	The amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Proceeds from selling such items, together with production costs, must be recognised in profit or loss.	1 January 2022
Amendment to IAS 37 Payable Contracts - Cost of performing a contract	The amendment specifies that the direct cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling the contract.	1 January 2022
Improvements to IFRSs, 2018-2020 cycle	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022

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 2022

The following standards were not yet in force in the first six months of 2022, 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 for the financial years beginning on or after:**
Amendments to IAS 1 Breakdown of accounting policies	Amendments that require companies to appropriately identify the material accounting policy information that should be disclosed in the financial statements.	1 January 2023
Amendment to IFRS 8 - Definition of accounting estimates	Amendments and clarifications to help entities distinguish changes in accounting estimates.	1 January 2023
IFRS 17 Insurance contracts and their amendments	It replaces IFRS 4 and establishes the principles for the recognition, measurement, presentation and breakdown of insurance contracts to ensure that companies provide relevant and reliable information so that users of the financial information may assess the effect that insurance contracts have on financial statements	1 January 2023
Amendment to IAS 1 Classification of liabilities as current or non-current	Clarifications about the presentation of liabilities as current or non-current	1 January 2023 (1)
Amendment of IAS 12 Deferred taxes related to assets and liabilities arising from a single transaction	Clarifications on how companies should account for deferred tax on transactions such as leases and decommissioning obligations.	1 January 2023 (1)
Amendment 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 IFRS 17 and IFRS 9 for the first time simultaneously.	1 January 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 2021 is presented for comparative purposes with information relating to the six-month period ended 30 June 2022 for the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and for the year ended 31 December 2021, the condensed consolidated statement of financial position.

As detailed in Note 3, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, and the condensed consolidated statement of cash flows included in the interim condensed consolidated financial statements as of 30 June 2021, were restated to be homogeneous and to reflect the effect of the interruption in the Net Lease business line.

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 2022, estimates were occasionally made by the senior executives of the Group and of the consolidated companies, later ratified by their directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported in them. 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 2022.
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 2022, 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 2022 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 2022.

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 condensed consolidated financial statements for the six-month period ending on 30 June 2022.

2.10 Quantitative and qualitative information on the impacts arising from COVID-19 and the war in Ukraine

The development of the health crisis caused by COVID-19 in the first half of 2022, allowed the Group to complete the commercial measures it implemented in 2020 and 2021. In this regard, no specific commercial measures were carried out in the first half of the year due to the impact of COVID-19 on asset tenants, although the Group closely follows the various risks that were accentuated by the health and economic crisis. To this end, the fair value methodology for investment property was carried out normally, without any independent appraisers indicating any uncertainty in the outcome of their assessment; also, the Group's liquidity risk is not significant, nor is the credit risk of its customers.

On 24 February 2022, on the other hand, a war between Russia and Ukraine began with uncertain geopolitical consequences at global level both in the short, medium and long term. Although the Group does not have any activity in the countries where the war is concentrated, nor have its operations been significantly impacted, the Group constantly monitors these developments and their effect on the macroeconomic variables to which the sector in which the Group operates is usually sensitive.

However, 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 regularly 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 expert 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.

At 30 June 2022, the valuations performed by CBRE Valuation Advisory, S.A., Jones Lang LaSalle, S.A. and Savills Consultores Inmobiliarios, S.A., did not indicate any type of uncertainty regarding the market value of the Group's investment property.

The valuation methodology described in Note 6 was not changed.

The details of main assumptions used in the appraisals at June 2022 and December 2021, 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

The Directors of the Parent Company believe that the appearance of the health crisis and the impact on the economy caused by the need for lockdown has caused a significant impact on the general financial position of the Company, which can be divided into the specific liquidity risk of the companies or groups and the liquidity risk of customers (credit risk).

In this context, at 30 June 2022 the Group had a leverage ratio (defined as the loan-to-value ratio [LTV]) of 27.4% and cash and other liquid assets equal to EUR 843,003 thousand. The only significant debt maturities faced by the Group over the next twelve months are in April 2023, due to the maturity of a bond amounting to EUR 743 million. However, the Group has a liquidity position, including the undrawn corporate credit facility (EUR 700 million), amounting to EUR 1,773 million.

The Parent Company's Directors and Management Team are constantly monitoring the evolution of the situation and the effects it may have on the credit market, and they believe that the Group's situation at 30 June 2022 and the measures mentioned above ensure that it will be solvent to meet liabilities on the balance sheet at 30 June 2022, and there is no material uncertainty about the continuity of the Group's operations.

Credit risk

As indicated in the consolidated director's report for the year ended 31 December 2021, 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.

The directors continued to assess the credit risk of their tenants as a result of the COVID-19 crisis, having discontinued in 2022 the rental subsidy policies implemented in 2020 and 2021, since no relevant risk was identified in this regard. Based on these facts and on the application of the simplified approach of credit deterioration and risk, and also taking into consideration other differential factors of the Group's portfolio of tenants and the characteristics of their leases, and the amounts collected thus far, the Group has concluded that the increased credit risk of its customers has not been significantly affected, with a default risk less than 1% of the turnover.

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

War in Ukraine

The war between Russia and Ukraine has caused, among many other aspects, significant fluctuations in the cost of raw materials and energy, putting global economic growth in significant difficulties. The development of the conflict is uncertain at this time and given the complexity of the markets, as a result of their globalisation, the Group's operations are exposed. This may be indirectly to the development and extent of the conflict in the coming months, as well as to the reaction and adaptation capacity of all impacted economic agents. Although the Group's operations have not been directly affected by the development of the conflict, nor by the international sanctions imposed, indirect effects, such as price escalation, the impact on construction costs and the increase in the cost of energy, are currently affecting all economic actors in the sector, and therefore, the situation and its possible effects will be closely monitored during the rest of the year.

2.11 Discontinued activity

A discontinued operation is any component of the Group that has been sold or otherwise arranged, or that has been classified as held for sale and, among other conditions, represents a significant business line or area that can be considered separate from the rest.

For these types of operations, the Group included in the interim condensed consolidated income statement and in a single line item listed as "Profit/(loss) for the year from discontinued operations net of tax," both the profit/(loss) after tax of the discontinued activities and the profit/(loss) after tax recognised by the fair value measurement, minus the selling costs or by the disposal of the items constituting the discontinued activity.

In addition, when operations are classified as discontinued, the Group presents in the above accounting item the amount of the previous period corresponding to the activities that are discontinued on the closing date.

At the beginning of 2022, the Group investigated the activity called Net Lease as an interrupted or discontinued segment, given its commitment to divestment in the short term. On 30 June 2022, the above divestment process was completed by adjusting the comparative financial information to the information requirements for discontinued activities (see Note 3).

The Group also presented the cash flows associated with the discontinued activity separately from the cash flows of the continuing activities in the condensed consolidated statement of cash flows, and also restated the cash flows for the comparative period.

3. Changes in the scope of consolidation

There was a change in the scope of consolidation in the first half of 2022, as follows:

- Departure from the scope of Tree Inversiones Inmobiliarias Socimi S.A. ("Tree") (Net Lease segment)

On 1 February 2022, the Group sent BBVA a communication that included, among other aspects, a proposed sale of 100% of the shares of Tree Inversiones Inmobiliarias Socimi S.A. In accordance with the right to vote held by BBVA, on 1 April 2022, the Group received a communication from BBVA on its acceptance of the Tree sale proposal, which was subject to, among others, the approval of the Spanish National Market and Competition Commission (CNMC). On 1 June 2022, the CNMC authorised the transaction and the sale was completed on 15 June 2022.

Based on the above, 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, according to the results up to the date of the sale, the amount of EUR 6,279 thousand, after taking into consideration the effects of settlement of derivative financial instruments, and the application in previous years of IFRS 9 in past refinancing.

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., chargeable to profit for 2021.

Based on the above, at 30 June 2022, this line of activity of Net Lease was presented as discontinued in these interim condensed consolidated financial statements, having restated the comparative information of the condensed consolidated income statement and the condensed consolidated statement of cash flows for the previous period.

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

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

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

Income statement	June 2022 (*)	June 2021
Revenue	38,104	42,823
Other operating expenses	(1,231)	195
Impairment and profit/(loss) from disposal of non-current assets	101	16
Changes in fair value of investment property	-	(14,815)
PROFIT/(LOSS) FROM OPERATIONS	**36,974**	**28,219**
Finance expenses	(53,852)	(11,792)
Change in fair value of financial instruments	23,157	36,406
FINANCIAL PROFIT/(LOSS)	**(30,695)**	**24,614**
PROFIT BEFORE TAX ON DISCONTINUED OPERATIONS	**6,279**	**52,833**
Income tax	-	340
PROFIT/(LOSS) OF THE PERIOD FROM DISCONTINUED OPERATIONS	**6,279**	**53,173**

(*) 5-month and 14-day period

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

	June 2022 (*)	June 2021
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**36,596**	**37,446**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	**-**	**688**
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**(57,915)**	**(40,123)**

(*) 5-month and 14-day period

4. Segment reporting

a) Basis of segmentation

Group 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 mainly correspond to three hotels, 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 Company as a "Corporate unit/Other," including 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 business.

The Group carried out its business activities exclusively in Spain and Portugal in the period of six months which ended on 30 June 2022.

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 relevant proportion of the Group's general income that can be allocated on a reasonable basis to that segment. 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 each segment's operations, plus the assets and liabilities that can be directly attributed thereto using the aforementioned allocation system and include the proportional part of the assets and liabilities of joint ventures.

Segment reporting for these activities as of 30 June 2022 and its comparison with the previous period (30 June 2021 for revenues and expenses, and 31 December 2021 for assets and liabilities) is presented below:

c) *Segment reporting*

At 30 June 2022

	Thousands of euros					
	Buildings for offices	Shopping Centres	Logistics	Other	Corporate Unit	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
Revenue	**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)
Profit/(loss) from disposals of non-current assets	4,203	3	-	1,472	-	5,678
Depreciation and amortisation charge	(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) from disposal of financial instruments	-	-	-	-	(1)	(1)
Share in results of companies accounted for using the equity method	-	-	-	-	16,494	16,494
Profit/(Loss) before tax	**183,377**	**39,724**	**88,865**	**7,678**	**(41,093)**	**278,554**
Income 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 2021 (*)

	Thousands of euros					
	Buildings for Offices	Shopping Centres	Logistics	Other	Corporate Unit	Total Group
Revenue from non-Group customers						
Rental income	105,559	38,867	30,685	1,841	-	176,952
Services rendered	1,559	349	-	-	592	2,501
Revenue	**107,118**	**39,216**	**30,685**	**1,841**	**592**	**179,453**
Other operating income	1,177	495	948	43	266	2,929
Staff costs	-	-	-	-	(20,494)	(20,494)
Operating expenses	(13,561)	(8,223)	(2,568)	(778)	(7,826)	(32,956)
Profit/(loss) from disposals of non-current assets	(823)	(88)	(1,175)	(202)	-	(2,288)
Depreciation and amortisation charge	(252)	-	-	(6)	(509)	(767)
Excessive provisions	-	-	-	-	1,614	1,614
Changes in fair value of investment property	27,336	(34,164)	62,721	(10,668)	-	45,224
Profit/(Loss) from operations	**120,995**	**(2,764)**	**90,611**	**(9,771)**	**(26,355)**	**172,715**
Change in the fair value of financial instruments-						
Changes in fair value of financial instruments - Other	-	-	558	-	2,515	3,073
Finance income	-	-	-	-	1,676	1,676
Finance expenses	-	-	(1,963)	-	(53,533)	(55,496)
Profit/(loss) from disposal of financial instruments	-	-	-	-	(219)	(219)
Share in results of companies accounted for using the equity method	-	-	-	-	14,774	14,774
Profit/(Loss) before tax	**120,995**	**(2,764)**	**89,206**	**(9,771)**	**(61,142)**	**136,523**
Income tax	(1,530)	1,587	(1,039)	-	1,622	640
Profit/(Loss) for the year from continuing operations	**119,466**	**(1,177)**	**88,167**	**(9,771)**	**(59,520)**	**137,163**

(*) Restated information

At 30 June 2022

	Thousands of euros					
	Buildings for Offices	Shopping Centres	Logistics	Other	Corporate Unit	Total Group
Investment property	6,553,011	2,195,269	1,651,955	402,561	-	10,802,797
Non-current financial assets-	27,579	24,934	8,347	482	125,951	187,294
Deferred tax assets	1,009	79	3,668	-	75,063	79,818
Other non-current assets	4,389	30	-	1,374	497,131	502,921
Non-current assets	**6,585,988**	**2,220,312**	**1,663,970**	**404,417**	**698,144**	**11,572,830**
Trade receivables	11,350	11,466	5,840	2,378	3,500	34,534
Other current financial assets	309	181	94	3,761	79,300	83,646
Other current assets	57,369	76,250	13,559	373	746,120	893,670
Current assets	**69,029**	**87,897**	**19,493**	**6,511**	**828,920**	**1,011,850**
Total assets	**6,655,017**	**2,308,208**	**1,683,463**	**410,928**	**1,527,065**	**12,584,680**
Non-current bank borrowings and debenture issues	14,034	-	64,924	-	3,303,535	3,382,492
Other non-current liabilities	337,348	223,453	80,918	18,267	117,494	777,480
Non-current liabilities	**351,382**	**223,453**	**145,842**	**18,267**	**3,421,029**	**4,159,972**
Current liabilities	**34,451**	**24,056**	**16,918**	**8,688**	**830,296**	**914,409**
Total liabilities	**385,833**	**247,509**	**162,760**	**26,955**	**4,251,324**	**5,074,381**

At 31 December 2021

	Thousands of euros						
At 31 December 2021	Buildings for Offices	Net Lease (*)	Shopping Centres	Logistics	Other	Corporate Unit	Total Group
Investment property	6,538,755	1,607,538	2,200,030	1,548,169	402,764	-	12,297,257
Non-current financial assets-	20,756	178,578	23,667	8,669	523	127,597	359,791
Derivatives	-	*167,080*	-	-	-	-	167,080
Other financial assets	*20,756*	*11,498*	*23,667*	*8,669*	*523*	*127,597*	192,711
Deferred tax assets	1,009	3,685	80	3,668	-	75,367	83,808
Other non-current assets	4,508	-	28	2,528	1,273	485,201	493,538
Non-current assets	**6,565,028**	**1,789,801**	**2,223,805**	**1,563,034**	**404,561**	**688,165**	**13,234,394**
Trade receivables	9,415	897	13,707	6,046	2,093	7,468	39,626
Other current financial assets	182	520	231	121	9	81,855	82,919
Other current assets	51,292	26,543	185,606	30,809	47	621,601	915,898
Current assets	**60,889**	**27,961**	**199,544**	**36,976**	**2,148**	**710,925**	**1,038,443**
Total assets	**6,625,917**	**1,817,762**	**2,423,349**	**1,600,010**	**406,710**	**1,399,090**	**14,272,837**
Non-current bank borrowings and debenture issues	14,911	682,867	-	69,048	-	4,891,884	5,658,709
Other non-current liabilities	330,679	43,186	223,080	78,051	18,643	156,937	850,576
Non-current liabilities	**345,590**	**726,053**	**223,080**	**147,099**	**18,643**	**5,048,821**	**6,509,285**
Current liabilities	**36,374**	**14,212**	**23,438**	**9,871**	**7,910**	**644,825**	**736,630**
Total liabilities	**381,964**	**740,265**	**246,518**	**156,970**	**26,553**	**5,693,646**	**7,245,915**

(*) Discontinued activity and sold in 2022

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 and investment property by geographical area:

At 30 June 2022

	Thousands of euros			
	Rental income	%	Investment properties	%
Madrid	103,458	50%	6,114,781	57%
Catalonia	31,898	15%	1,530,484	14%
Andalusia	9,291	4%	305,753	3%
Castilla la Mancha	8,426	4%	294,937	3%
Valencia	8,430	4%	305,273	3%
Galicia	11,056	5%	659,072	6%
Basque Country	5,780	3%	248,525	2%
Rest of Spain	4,145	2%	202,258	2%
Portugal	26,845	13%	1,141,714	11%
	209,329	**100%**	**10,802,797**	**100%**

At 31 December 2021

	Thousands of euros			
	Rental income (a)	%	Investment property (b)	%
Madrid	213,591	46%	6,668,450	54%
Catalonia	75,608	16%	1,760,543	14%
Andalusia	23,928	5%	449,825	4%
Valencia	19,723	4%	413,908	3%
Basque Country	17,525	4%	376,309	3%
Castilla la Mancha	21,638	5%	632,594	5%
Galicia	17,685	4%	388,563	3%
Rest of Spain	28,331	6%	669,044	5%
Portugal	44,434	10%	1,105,101	9%
	462,463	**100%**	**12,464,337**	**100%**

(a) This includes lease income from discontinued activities in 2022 amounting to EUR 85,373 thousand.
(b) It also includes the amount of the embedded derivative described in Note 8.

e) *Main customers*

The table below lists the most important tenants as of 30 June 2022, and the primary characteristics of each of them:

Position	Name	Type	% of total rental income	% accumulated	Maturity
1	Endesa	Offices	4.2%	4.2%	2024-2030
2	Inditex	Logistics and shopping centres	3.3%	7.5%	2023-2025
3	Técnicas Reunidas	Offices	2.6%	10.1%	2025
4	Madrid	Offices	2.5%	12.6%	2023-2031
5	PwC	Offices	1.9%	14.5%	2028
6	FNAC	Offices	1.6%	16.1%	2022-2025
7	Hotusa	Hotels	1.6%	17.7%	2028
8	Banco BPI	Offices	1.6%	19.4%	2031
9	Indra	Offices	1.6%	20.9%	2024
10	Dachser	Unit	1.3%	22.2%	2024-2025

5. Other intangible assets and property, plant and equipment

The changes in the “Other intangible assets” and “Property, plant and equipment” headings in the first six months of 2022 were due mainly to the additions corresponding to technical facilities and office equipment and to the depreciation for the year, which amounted to EUR 878 thousand, which is recognised under "Depreciation and amortisation charge" in the accompanying condensed consolidated income statement.

6. Investment property

`The changes recognised under this heading in the six-month period ended 30 June 2022 were as follows:

	Thousands of Euros
Balances at 01 January 2021	**12,139,347**
Additions for the year	182,389
Disposals	(201,487)
Changes in value of investment property	177,008
Balances at 31 December 2021	**12,297,257**
Additions for the year	85,758
Disposals	(1,702,516)
Changes in value of investment property	122,298
Balances at 30 June 2022	**10,802,797**

Investment property is recognised at fair value. Income recognised in the condensed consolidated income statement on measuring investment property at fair value total EUR 122,298 thousand.

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

The main additions made during the first six months of 2022 relate to the purchase of a floor in a building owned by the Group in Barcelona and land in the Basque Country for the construction of a Data Centre. These additions also include the construction work carried out on certain logistics buildings in Cabanillas del Campo and office buildings and the development of Data Centres.

Disposals in the first half of 2022 relate to the sale of the premises leased to BBVA through the sale of all the shares that the Parent Company held from the subsidiary Tree Inversiones Inmobiliarias, SOCIMI, S.A. (see Note 3), two business parks and non-strategic premises in Madrid and an office building in Zaragoza.

As of 30 June 2022, the Group had pledged real estate assets totalling EUR 270,533 thousand to secure various loans and derivative financial instruments, the balances of which, as of 30 June 2022, amounted to EUR 85,865 thousand and EUR 3,264 thousand, respectively, the latter in benefit of the Group (see Note 10).

All properties included under “Investment property” were insured as of 30 June 2022.

As of 30 June 2022, the Group had firm purchase commitments for investment property amounting to EUR 7,256 thousand (EUR 7,455 as of 31 December 2021).

At 30 June 2022, 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	813,932	200,454	-	-	15,078	-	-	-	121,037	1,150,502	90.4%
Shopping centres	75,685	64,096	64,341	100,577	37,956	25,922	-	32,795	60,049	461,421	94.3%
Logistics	330,375	132,100	61,604	-	138,777	99,491	541,993	42,343	45,171	1,391,854	99.2%
Other	38,043	21,573	-	5,898	-	46	-	-	-	65,560	97.4%
Total surface area	**1,258,035**	**418,223**	**125,945**	**106,475**	**191,811**	**125,459**	**541,993**	**75,138**	**226,257**	**3,069,337**	
% weight	**41.0%**	**13.6%**	**4.1%**	**3.5%**	**6.2%**	**4.1%**	**17.7%**	**2.4%**	**7.4%**	**100.0%**	

(*) Does not include land area or projects under development

Fair value measurement and sensitivity

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

The Group regularly 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 expert 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 2022, 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 10,743,325 thousand (EUR 12,402,279 in 2021). The valuation for 2021 included the value of the embedded derivative of the lease income with BBVA, amounting to EUR 167,080 thousand, which is recognised under "other non-current financial assets." The valuation at 30 June 2022 did not include the amounts relating to advances paid by the Group to third parties for the purchase of assets or other assets not measured in the amount of EUR 24,395 thousand (EUR 27,253 thousand in 2021), nor the rights of use recognised for the application of IFRS 16 in the amount of EUR 35,077 thousand (EUR 34,805 thousand in 2021), which are recognised under 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 the investment property involves drawing up ten-year projections of income and expenses for each asset, adjusted at the reporting date using a market discount rate. The residual amount at the end of year 10 is calculated by applying an exit yield or cap rate to the net income projections for year 11. The market values obtained are analysed by calculating and assessing the capitalisation of the returns implicit in these values. 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 2022, the detail of assets measured at fair value by their level in the fair value hierarchy is as follows:

At 30 June 2022

	Thousands of euros			
	Total	Level 1	Level 2	Level 3
Fair value valuation:				
Investment property-				
Offices				
Land	2,251,835	-	-	2,251,835
Buildings	4,301,176	-	-	4,301,176
Shopping centres				
Land	455,937	-	-	455,937
Buildings	1,739,332	-	-	1,739,332
Logistics				
Land	396,013	-	-	396,013
Buildings	1,255,942	-	-	1,255,941
Other				
Land	180,760	-	-	180,760
Buildings	221,801	-	-	221,801
Total assets measured at fair value	**10,802,797**	**-**	**-**	**10,802,797**

At 31 December 2021

	Thousands of euros			
	Total	Level 1	Level 2	Level 3
Fair value valuation:				
Investment property-				
Offices				
Land	2,262,569	-	-	2,262,569
Buildings	4,276,185	-	-	4,276,185
Net Lease				
Land	336,624	-	-	336,624
Buildings	1,270,914	-	-	1,270,914
Shopping centres				
Land	458,729	-	-	458,729
Buildings	1,741,301	-	-	1,741,301
Logistics				
Land	352,703	-	-	352,703
Buildings	1,195,467	-	-	1,195,467
Other				
Land	184,524	-	-	184,524
Buildings	218,240	-	-	218,240
Total assets measured at fair value	**12,297,257**	-	-	**12,297,257**

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

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.

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

At 30 June 2022

	Exit yield	Discount rate
Offices	3.00% - 7.25%	4.90% - 10.50%
Shopping centres	3.50% - 8.00%	6.00% - 11.00%
Logistics	4.00% - 6.00%	5.25% - 15.00%
Other	4.00% - 7.50%	4.00% - 15.50%

At 31 December 2021

	Exit yield	Discount rate
Offices	3.00% - 7.25%	4.75% - 10.50%
Net lease (*)	7,00% (*)	8,75% (*)
Shopping centres	3.50% - 8.00%	5.75% - 10.75%
Logistics	4.00% - 6.25%	5.25% - 15.00%
Other	4.00% - 7.50%	4.00% - 15.50%

(*) Activity discontinued and sold in 2022

Market rents: the amounts per square metre used in the valuation have ranged between EUR 2.25 and EUR 98.71 depending on the type of asset and location. The growth rates of the rents used in the projections and measurements are mainly based on the CPI. It should be noted that the minimum range relates to a logistics asset and the maximum range relates to a retail asset located in a prime area.

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

At 30 June 2022

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in IRR	(207,960)	(410,989)	(802,781)	(207,960)	(410,989)	(802,781)
Decrease in IRR	213,025	431,256	883,914	213,025	431,256	883,914

At 31 December 2021

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	0.25%	0.50%	1%	0.25%	0.50%	1%
Increase in IRR	(239,014)	(472,342)	(922,545)	(239,014)	(472,342)	(922,545)
Decrease in IRR	244,856	495,716	1,016,120	244,856	495,716	1,016,120

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

At 30 June 2022

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	1%	5%	10%	1%	5%	10%
Increase in rents	85,297	426,483	852,965	85,297	426,483	852,965
Decrease in rents	(85,297)	(426,483)	(852,965)	(85,297)	(426,483)	(852,965)

At 31 December 2021

	Thousands of euros					
	Assets			Consolidated profit/(loss) before tax		
	1%	5%	10%	1%	5%	10%
Increase in rents	82,531	412,657	825,314	82,531	412,657	825,314
Decrease in rents	(82,531)	(412,657)	(825,314)	(82,531)	(412,657)	(825,314)

The effect of one-fourth and half-point change in the exit yield considerated, 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:

	Thousands of euros			
	30-06-2022			
	Assets		Consolidated profit/(loss) before tax	
	0.25%	0.50%	0.25%	0.50%
Increase in exit yield	(328,581)	(627,108)	(328,581)	(627,108)
Decrease in exit yield	363,414	767,511	363,414	767,511

	Thousands of euros			
	31-12-2021			
	Assets		Consolidated profit/(loss) before tax	
	0.25%	0.50%	0.25%	0.50%
Increase in exit yield	(378,059)	(721,538)	(378,059)	(721,538)
Decrease in exit yield	418,137	883,082	418,137	883,082

Accordingly, the impact on the consolidated income statement of the revaluations of the Group's property assets during the first six months of 2022, taking into consideration all headings affected in the consolidated income statement, is as follows:

	Thousands of euros	
	30-06-2022	30-06-2021
Changes in fair value of investment property	122,298	45,224
Effect on the income statement	**122,298**	**45,224**

7. Investments accounted for using the equity method

The changes in the first six months of 2022 in investments in companies accounted for using the equity method are as follows:

	Thousands of euros	
	30-06-2022	31-12-2021
Beginning balance	482,784	434,127
Additions	1,511	3,018
Disposals	(3,273)	(4,003)
Transfers	-	18,650
Dividends	(2,862)	(3,568)
Profit/(Loss) for the year	16,494	34,560
Ending balance	**494,654**	**482,784**

The most significant equity investments relate to the 48.5% investment in CILSA with a consolidated net value of EUR 188,336 thousand and the 14.46% investment in Distrito Castellana Norte, S.A (DCN), with a consolidated net value of EUR 173,070 thousand. In relation to the main investments accounted for using the equity method (DCN), the Group believes the values recorded in books are reasonable because they do not differ significantly from the current values, in view of the long-term perspective of the development of the investment in DCN.

In 2021, in relation to the 15.26% investment that the Group has in Silicius Real Estate SOCIMI, S.A., accounted for using the equity method, the Group transferred the amount associated with the value of the purchase option to the heading "Other non-current financial liabilities" (Derivatives), which will not be settled in cash, but will involve, if applicable, an adjustment to the value of the stake in Silicius Real Estate SOCIMI S.A.

Appendix I to the Group's consolidated financial statements for 2021, 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	
	30-06-2022	31-12-2021
Non-current:		
At fair value-		
Derivative embedded in BBVA lease agreement	-	167,080
At cost-		
Equity instruments	8,571	6,796
At amortised cost-		
Loans to third parties	122,508	117,702
Loans to associates	3,250	2,773
Deposits and guarantees	52,965	65,440
	187,294	**359,791**
Current:		
At fair value-		
Financial assets through profit or loss.	80,964	80,964
At cost-		
Investments in associates	2,214	1,117
At amortised cost-		
Loans to third parties	236	236
Other financial assets	232	603
Trade and other receivables	34,534	39,625
	118,180	**122,545**

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

Derivatives

At the close of 2021, "Derivatives" included the value of the embedded derivative corresponding to the inflation multiplier included in the lease agreement with BBVA to revise rents annually (see Note 10 of the financial statements for the 2021), in the amount of EUR 167,080 thousand. After the identification and subsequent sale of the Net Lease activity, there was no balance under this heading at 30 June 2022.

Financial assets at fair value through profit or loss

The "Financial assets at fair value through profit or loss" heading includes the Group's investments in companies excluded from the scope of consolidation because they are less than 20% or do not have significant influence.

Under this heading, the Group recorded 14.28% in Silicius Real Estate SOCIMI, S.A., for EUR 80,964 thousand, which was acquired by the Parent Company through an asset contribution in 2020. In the first half of 2021, the Parent Company sold 353,966 shares for EUR 5,418 thousand, which did not have a significant impact on results. In relation to the previous equity investment, the Group has a sales option on which it has a firm commitment to execute and, based on this, this item is recognised as a financial asset. The exercise of the option, following an extension agreement signed in 2022, ends on 27 July 2022 (see Note 16).

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 2022, the outstanding amount was EUR 89,262 thousand in principal and EUR 1,205 thousand in interest. In relation to the above loan, the Group has guarantees from the creditor associated with 10% of the equity investment in Distrito Castellana Norte, S.A., without having identified any credit risk in the debtor.

Likewise, this heading also includes tenant rent linearisation and installation expenses amounting to EUR 26,584 thousand.

Classification of financial assets by maturity:

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

At 30 June 2022

	Thousands of euros				
	Less than 1 year	From 1 to 5 years	Over 5 years	Undetermined maturity	Total
Equity instruments	-	-	-	8,571	8,571
Loans to third parties and associates	236	19,270	106,488	-	125,994
Deposits and guarantees	-	-	-	52,965	52,965
Investments in associates	2,446	-	-	-	2,446
Other financial assets	80,964	-	-	-	80,964
Trade and other receivables	34,534	-	-	-	34,534
Total financial assets	**118,180**	**19,270**	**106,488**	**61,536**	**305,474**

At 31 December 2021

	Thousands of euros				
	Less than 1 year	From 1 to 5 years	Over 5 years	Undetermined maturity	Total
Derivative embedded in BBVA lease agreement	-	-	167,080	-	167,080
Equity instruments	-	-	-	6,796	6,796
Loans to third parties and associates	236	16,840	103,635	-	120,711
Deposits and guarantees	-	-	-	65,440	65,440
Investments in associates	1,718	-	-	-	1,718
Other financial assets	80,964	-	-	-	80,964
Trade and other receivables	39,626	-	-	-	39,626
Total financial assets	**122,544**	**16,840**	**270,715**	**72,236**	**482,335**

9. Equity

9.1 Share capital

During the first six months of 2022, there were no changes in the share capital of the Parent Company.

As of 30 June 2022, 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 of these the same rights.

All the Parent Company's shares can be publicly traded and are listed on the Madrid, Barcelona, Bilbao and Valencia and Lisbon Stock Exchanges. The market price of the Parent Company's shares at 30 June 2022 and the average market price for the fourth quarter amounted to EUR 9.21 and EUR 10.27 per share, respectively.

At 30 June 2022, 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.	87,879,323	26,072,122	113,951,445	24.260%
Nortia Capital Investment Holding, S.L.	38,371,083	-	38,371,083	8.168%
BlackRock, INC	-	18,773,897	18,773,897	3.996%

Information from Banco Santander and Manual Lao Hernández (Nortia Capital Investment Holding, S.L.) was obtained from the Company's Book of Shareholders at 30 June 2022.

9.2 Share premium

The Consolidated Text of the Spanish Corporate Enterprise Act expressly permits the use of the share premium to increase capital and establishes no specific restrictions as to its use.

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

On 04 May 2022, the Company's General Shareholders Meeting approved the distribution of an interim dividend charged to share premium in the amount of EUR 106,497 thousand.

9.3. Reserves

The detail of reserves as of 30 June 2022 and 31 December 2021 is as follows:

	Thousands of euros	
	30-06-2022	31-12-2021
Legal reserve	74,094	65,133
Reserves of consolidated companies	2,937,215	2,467,203
Other reserves	12,965	33,940
Total other reserves	**3,024,274**	**2,566,276**

Legal reserve

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

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

At 30 June 2022, the Group had not yet reached the legally required minimum established in the Consolidated Text of the Spanish Corporate Enterprise Act.

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 articles of association of these companies may not establish any other type of restricted reserves.

Reserves of consolidated companies

The detail of the reserves of consolidated companies is as follows:

	Thousands of euros	
	30 /06/2022	31 /12/2021
Merlin Properties SOCIMI, S.A.	1,674,402	962,188
Tree Inversiones Inmobiliarias, SOCIMI, S.A.	-	466,118
Merlin Retail, S.L.U.	86,729	102,764
Merlin Oficinas, S.L.U.	269,428	252,800
Merlin Logística, S.L.U.	543,859	372,182
Varitelia Distribuciones, S.L.	31,861	29,469
Metroparque, S.A.	53,878	54,115
La Vital Centro Comercial y de Ocio, S.L.	9,376	9,078
Global Carihuela Patrimonio Comercial, S.A.	(24,600)	(19,786)
Sadorma 2003, S.L.	(5,249)	(5,245)
Parques Logísticos de la Zona Franca, S.A.	69,904	51,336
Sevisur Logística, S.A.	35,445	25,143
Innovación Colaborativa, S.A.	(5,668)	(5,135)
Desarrollos Urbanos de Patraix, S.A.	208	210
Global Murex Iberia, S.L.	(45)	(38)
The Exhibitions Company, S.A.U.	(844)	(57)
Gescentesta, S.L.U.	922	773
Milos Asset Management, S.L.	571	(37)
Merlin Properties Monumental, S.A.	49,229	42,181
Merlin Properties Torre A, S.A.	18,485	16,067
Promosete Investimentos Imobiliarios, S.A.	19,071	17,914
Praça do Marqués - Servicios auxiliares, S.A.	20,579	20,592
Forum Almada – Gestão Centro Comercial, Lda.	24,702	10,691
Torre dos Oceanus Investimentos Imobiliarios, S.A.	16,338	14,907
MPCVI – Compra e Venda Imobiliaria, S.A.	16,421	15,305
MPEP – Properties Escritórios Portugal, S.A.	9,453	8,172
VFX Logística, S.A.	(6,661)	(959)
Torre Art, S.A.	17,206	15,112
Torre Fernao Magalhanes, S.A.	12,215	11,343
	2,937,215	**2,467,203**

Dividends

On 4 May 2022, the General Shareholders Meeting approved the distribution of dividends chargeable to share premium in the sum of EUR 106,497 thousand, as well as the distribution of dividends chargeable to profit/(loss) of 2021 in the sum of EUR 10,614 thousand, with both dividends being paid on 27 May 2022.

9.4 *Treasury shares*

At 30 June 2022, the Parent Company held treasury shares amounting to EUR 17,310 thousand.

The changes in the first six months of 2022 were as follows:

	Number of Shares	Thousands of Euros
Balance at 31 December 2020	4,836,503	54,149
Additions	374	3
Disposals	(1,951,386)	(21,847)
Balance at 31 December 2021	2,885,491	32,305
Additions	168	2
Disposals	(1,339,492)	(14,997)
Balance at 30 June 2022	**1,546,167**	**17,310**

The General Shareholders Meeting held on 10 April 2019 revoked the authorisation granted by the General Meeting of April 2018 in the unused part and then authorised the acquisition of shares by the Parent Company itself or by a Group company, under article 146 and related provisions of the Spanish Corporate Enterprises Act, in accordance with the requirements and restrictions established in prevailing legislation during the five-year period.

Withdrawals of treasury shares amounting to EUR 14,997 thousand (average cost of EUR 11.19 per share) correspond to the second and last delivery of shares within the so-called 17-19 Incentive Plan (see Note 15) for an amount of EUR 14,133 thousand, and the delivery of shares to employees within the flexible remuneration plan for EUR 860 thousand. There were also EUR 4 thousand in sales in the first half of 2022 (at an average cost of EUR 11.19 per share) and purchases in the amount of EUR 2 thousand.

At 30 June 2022, the Parent Company held treasury shares representing 0.329% 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 Company 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 /06/2022	30 /06/2021
Weighted average number of shares outstanding (thousands)	467,555	465,908
Continuing activities		
Profit for the period attributable to the Parent (thousands of euros)	269,914	137,163
Basic earnings per share (euros)	0.58	0.29
Discontinued activities		
Profit for the period attributable to the Parent (thousands of euros)	221,731	53,173
Basic earnings per share (euros)	0.47	0.11

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

	Number of Shares	
	30-06-2022	30-06-2021
Ordinary shares at beginning of period	469,770,750	469,770,750
Treasury shares	(1,546,167)	(2,885,900)
Average effect of outstanding shares	(669,822)	(976,973)
Weighted average number of ordinary shares outstanding as of 30 June (shares)	**467,554,761**	**465,907,877**

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. At 30 June 2022, there was no potential dilutive effect arising from the variable remuneration that the Group had granted to its executives and key staff (see Note 15), where basic profit matched the diluted profit.

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.

The change in the derivative mainly relates to the reclassification of discontinued activities of the Net Lease segment, which contributed all the balance, which was settled by the sale made in the first half of the year, and recognised in the income statement in the profit/(loss) of the divestment of the activity.

10. Current and non-current financial liabilities

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

	Thousands of euros	
	30-06-2022	31-12-2021
Non-current:		
Measured at amortised cost-		
Syndicated loan	-	850,000
Syndicated loan arrangement costs	-	(7,758)
Total syndicated loan	-	**842,242**
Senior syndicated mortgage loan (Tree)	-	659,771
Syndicated mortgage loan arrangement costs (Tree)	-	(48,106)
Total senior syndicated mortgage loan (Tree)	-	**611,665**
Revolving credit facility	-	-
Non-mortgage loan	29,000	29,000
Mortgage loans	84,102	84,987
Loan arrangement expenses	(4,692)	(5,220)
Total other loans	**108,410**	**108,767**
Debentures and bonds	3,300,000	4,042,786
Debenture issue expenses	(22,653)	(25,216)
Total debentures and bonds	**3,277,347**	**4,017,570**
Total amortised cost	**3,385,757**	**5,580,244**
Measured at fair value-		
Derivative financial instruments	(3,265)	78,465
Total at fair value	**(3,265)**	**78,465**
Total non-current	**3,382,492**	**5,658,709**
Current:		
Measured at amortised cost-		
Syndicated loans	-	644
Senior syndicated mortgage loan (Tree)	-	10,573
Debentures and bonds	780,501	588,622
Mortgage loans	1,824	1,814
Non-mortgage loan	67	123
Revolving credit facility	404	410
Loan arrangement expenses	(365)	(467)
Total amortised cost	**782,431**	**601,719**
Measured at fair value-		
Interest on derivative financial instruments	1	1,289
Total at fair value	**1**	**1,289**
Total current	**782,432**	**603,008**

On 20 April 2016, the Parent Company was given a credit rating of "BBB" with stable outlook by Standard & Poor's Rating Credit Market Services Europe Limited. On 02 May 2018, Standard & Poor's updated this rating to "BBB" with a positive outlook, changing it to stable outlook due to the COVID-19 pandemic on 27 March 2020. On 12 April 2022, following the sale of TREE Inversiones Inmobiliarias SOCIMI S.A., Standard & Poor's updated this perspective to positive.

Additionally, on 17 October 2016, the Company was given a credit rating of "Baa2" investment grade by Moody's. On 27 May 2020, Moody's updated this rating to "Baa2" with a negative outlook due to the COVID-19 pandemic.

On 02 May 2022, following the sale of TREE Inversiones Inmobiliarias SOCIMI S.A., Standard & Poor's updated this perspective to positive.

10.1Loans and credits

Details of the bank borrowings maturing as of 30 June 2022 and 31 December 2021 are as follows:

Bank borrowings

	Thousands of euros				
		Debt	30-06-2022		
	Limit	arrangement expenses	Long term	Short term	Short-term interest
Syndicated loan	-	-	-	-	-
Non-mortgage loan	160,200	(39)	29,000	-	67
Revolving credit facilities	700,000	(2,773)	-	-	404
Senior syndicated mortgage loan (Tree)	-	-	-	-	-
Mortgage loans - other assets	88,900	(1,880)	84,102	1,763	61
	949,100	**(4,692)**	**113,102**	**1,763**	**531**

	Thousands of euros				
		Debt	31-12-2021		
	Limit	arrangement expenses	Long term	Short term	Short-term interest
Syndicated loan	850,000	(7,758)	850,000	-	644
Non-mortgage loan	160,200	(42)	29,000	-	123
Revolving credit facilities	700,000	(3,055)	-	-	410
Senior syndicated mortgage loan (Tree)	716,894	(48,106)	659,771	9,990	583
Mortgage loans - other assets	88,900	(2,123)	84,987	1,750	64
	2,515,994	**(61,084)**	**1,623,758**	**11,740**	**1,824**

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 Company's directors have confirmed that these ratios were met at 30 June 2022 and do not expect that they will not be fulfilled in the coming years.

The main variations in the first half of 2022 and 2021 are as follows:

Syndicated loan and revolving credit facility of the Parent Company

On 25 April 2019, the Group arranged a senior syndicated loan amounting to EUR 1,550 million, including two tranches, a corporate loan of EUR 850 million and a corporate credit facility of EUR 700 million.

The initial maturity date for this facility was 2024, with the possibility of two optional one-year extensions for the tranche of the corporate credit facility. The second one-year extension was approved on 30 June 2021, and the new maturity date is 9 May 2026.

On 21 June 2022, the Group made an early repayment of the corporate loan of EUR 850 million.

TREE mortgage loan

The third one-year extension from maturity was approved on 16 March 2022, and the new maturity date is 31 March 2034.

On 15 June, as a result of the sale of the shares of TREE Inversiones Inmobiliarias SOCIMI S.A., to BBVA, the Group made an early repayment of the mortgage financing associated with the bank branches.

Mortgage loans - Merlin Logistics

On 26 March 2021, the mortgage financing contract was modified, extending the loan amount by EUR 2,100 thousand to a total amount of EUR 70,000 thousand.

10.2 Debenture issues

On 12 May 2017, the Parent Company subscribed a Euro Medium Term Notes (EMTN) issue programme of up to EUR 4,000 million, which replaced the original bond issue programme and its 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 issue programme up to EUR 6,000 million, which was renewed on 25 March 2021.

On 30 June 2021, the Parent Company issued a 9-year bond of EUR 500 million at 99.196% of the par value and a coupon of 1.375%.

On 23 February 2022, the Group made an early repayment of EUR 548 million for the bond maturing on 23 May 2022 and coupon of 2.375%.

On 1 June 2022, the Group obtained the consent of its bondholders to convert all its bonds into green bonds, in accordance with the Green Financing Framework published by the Group on 25 April 2022. The reclassification of bonds to green bonds does not entail any changes in any other characteristics of the bonds, whether involving their terms and conditions, interest or maturities.

The breakdown at 30 June 2022 of the bonds issued by the Parent Company is as follows:

Maturity	Par value (Thousands of Euros)	Coupon	Listed price	Return	Market
April 2023	743	2.225%	MS +143 bp	1.84%	Luxembourg
May 2025	600	1.750%	MS +145 bp	2.96%	Luxembourg
November 2026	800	1.875%	MS +169 bp	3.39%	Luxembourg
July 2027	500	2.375%	MS +186 bp	3.64%	Luxembourg
September 2029	300	2.375%	MS +221 bp	4.17%	Luxembourg
June 2030	500	1.375%	MS +251 bp	4.52%	Luxembourg
December 2034	600	1.875%	MS +266 bp	4.93%	Luxembourg
	4,043	**1.958%**			

The bond issue has the same guarantees and ratio compliance obligations as the revolving credit facilities and the non-mortgage loan from the European Investment Bank.

The Parent Company's directors have confirmed that these ratios were met at 30 June 2022 and they do not expect that they will not be fulfilled in the coming years.

10.3 Derivatives

The detail of the derivative financial instruments as of 30 June 2022 is as follows:

	Thousands of euros	
	30-06-2022	31-12-2021
Non-current:		
Interest rate derivatives	(3,265)	78,465
Other (Notes 7 and 11)	14,666	15,134
Total non-current	**11,401**	**93,599**
Current:		
Interest rate derivatives	1	1,289
Total current	**1**	**1,289**

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

These financial instruments were classified as level 2 based on the calculation hierarchy established in IFRS 7, except for those related to the investment in Silicius (see Notes 7 and 11) classified as level 3.

The detail of the derivative financial instruments, without including short-term interests, included in the consolidated statement of financial position as of 30 June 2022, and its hedged notional value, is as follows:

		Thousands of euros					
			Outstanding notional at each close of the year				
Interest rate	Interest Contracted	Value Fair	2021	2022	2023	2024	Years Subsequent
Mortgage loans - MERLIN Logistics	0.31%	(3,265)	67,900	67,900	67,900	67,900	67,900
		(3,265)	**67,900**	**67,900**	**67,900**	**67,900**	**67,900**

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 Statement of financial position and profit before tax of a 50 basis point fluctuation in the estimated credit risk rate would be as follows:

	Thousands of euros		
Scenario	Liabilities	Equity	Consolidated profit/(loss) before tax
5% rise in credit risk rate	(1,677)	-	1,677
5% reduction in credit risk rate	1,721	-	(1,721)

10.4. Maturity of bank borrowings

The detail of the bank borrowings, by maturity, as of 30 June 2022 is as follows:

	Thousands of euros		
	Syndicated Loan / Credit facility	Mortgage loans	Total
2S 2021	-	878	878
2022	-	1,777	1,777
2023	-	1,803	1,803
2024	-	1,829	1,829
2025	-	71,855	71,855
Over 5 years	29,000	7,723	36,723
	29,000	**85,865**	**114,865**

10.5 Debt arrangement expenses

Changes in debt arrangement expenses during the first half of 2022 are as follows:

	Thousands of euros				
	31-12-2021	Allocation to the income statement – Amortised cost	Impact on income statement IFRS 9	Capitalisations of loan arrangement expenses	30-06-2022
Non-mortgage finance	10,855	(3,830)	(4,213)	-	2,812
Senior syndicated loan (Tree) (*)	48,106	(15,096)	(34,011)	1,001	-
Mortgage loans - other assets	2,123	(63)	(180)	-	1,880
Debentures and bonds	25,683	(2,666)	-	-	23,018
	86,767	**(21,655)**	**(38,404)**	**1,001**	**27,710**

(*) Impacts included as part of the profit/(loss) of discontinued operations

11. Other current and non-current liabilities

The breakdown of this heading at 30 June 2022 is as follows:

	Thousands of euros			
	30 /06/2022		31 /122021	
	Non-current	Current	Non-current	Current
Other provisions	10,336	-	11,209	-
Guarantees and deposits received	80,293	2,236	93,035	1,369
Deferred tax liabilities	619,121	-	681,013	-
Other payables	49,914	4,390	46,134	6,495
Other (Note 7)	14,666	-	15,134	-
Borrowings from Group companies and associates	3,150	-	4,050	-
Other current liabilities	-	24,019	-	7,668
	777,480	**30,645**	**850,576**	**15,532**

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

The Parent Company and most of its subsidiaries adhere to the SOCIMI regime. Under this regime, capital gains from the sale of assets are taxed at 0% rate, provided that certain requirements are met (basically, the assets must have been held by the SOCIMI for at least three years). Any capital 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 capital 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 2022), recognising the related deferred tax liability.

The Parent Company'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 accounts payables

The breakdown of this heading is as follows:

	Thousands of euros	
	30-06-2022	31-12-2021
Current:		
Suppliers	51,142	45,698
Payables to suppliers - Group companies and associates	2,345	63
Other accounts payable	7,026	7,240
Remuneration payable	9,058	21,621
Other accounts payable to public authorities	10,214	22,771
Advances from customers	18,024	16,762
	97,809	**114,155**

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

13. Revenue and expenses

a) Revenue

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

b) Other operating expenses

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

	Thousands of euros	
	30-06-2022	30-06-2021
Non-recoverable expenses of leased properties	23,005	21,464
Overheads:		
Professional services	6,581	4,769
Travel expenses	487	233
Insurance	423	223
Other	970	1,166
Costs associated with asset acquisitions and financing	1,005	999
Losses on, impairment of and change in provisions	(74)	2,400
Other expenses	2,273	1,702
	34,671	**32,956**

During the period, the Group obtained revenue by allocating expenses for leased properties to the tenants, amounting to EUR 41,126 thousand (EUR 39,569 thousand in the previous period).

c) Personnel expenses and average headcount

The breakdown of employee benefits expense is as follows:

	Thousands of euros	
	30-06-2022	30-06-2021
Wages, salaries and similar expenses	14,278	13,011
Termination benefits	-	152
Social security costs	1,632	1,461
Other employee benefit costs	278	284
Long term Incentive Plans (Note 15)	2,926	5,586
	19,114	**20,494**

The amount of "wages, salaries and similar expenses" during the first half of 2022 and 2021 includes two amounts of EUR 6,744 y 6,400 thousands as a short-term variable remuneration provision.

The average number of employees at the various Group companies in the six-month period ended 30 June 2022 was 249 (222 during the same period in 2021).

14. Related party transactions

Transactions 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, are considered to be related party transactions.

The detail of any significant transactions as at 30 June 2022, given their amount or importance, carried out between the Parent Company or its Group companies, and related parties, is as follows:

30-June-22	Type	Thousands of euros			
Related party	of relationship	Revenue	Expense	Assets	Liabilities
Banco Santander, S.A.	Financing	5,483	2,077	-	-
Banco Santander, S.A.	Cash	-	-	290,700	-
Banco Santander, S.A.	Lease	343	23	-	131
Banco Santander, S.A.	Services	-	68	-	-
Paseo Comercial Carlos III	Financing	7	-	2,578	-
Provitae Centros Asistenciales, S.L.	Financing	-	-	1,106	-
Silicius Real Estate SOCIMI, S.A.	Financing	-	-	80,964	5,400
Total		**5,833**	**2,168**	**375,348**	**5,531**

Transactions with significant shareholders

During the first six months of 2022, 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 2022, the Group had no loans taken out with shareholders, except for a corporate credit facility of EUR 700 million, which was undrawn at 30 June 2022, in which Banco Santander, S.A., participated with EUR 54.2 million.

At 31 December 2021, the Group had contracted loans and hedges with its shareholder Banco Santander, S.A., that corresponded to Banco de Santander, S.A.'s share of the loans granted for MERLIN Group financing transactions (EUR 198,780 thousand in loans and EUR 305,191 thousand in notional derivatives).

The Group has bank balances deposited with Banco Santander, S.A., amounting to EUR 290,700 thousand (including EUR 85 thousand in the accounts in the name of the associated company Edged Spain S.L.U.).

During the first half of 2022, the finance costs incurred in transactions with Banco Santander, S.A., amounted to EUR 2,077 thousand, which included EUR 30 thousand in guarantee fees and EUR 246 thousand in current account management costs, including the associates mentioned in the previous paragraph.

Ordinary financial income from current account transactions amounted to EUR 6 thousand. In addition, the Group recognised EUR 5,477 thousand as a result of the cancellation of the hedging derivatives for financing transactions.

The Group has been granted guarantees by Banco Santander, S.A., amounting to EUR 5,488 thousand (EUR 3,972 thousand granted to MERLIN Properties SOCIMI, S.A., and EUR 1,516 thousand granted to the associate Paseo Comercial Carlos III, S.A.).

b) Transactions involving provision of services

During the first half of 2022, the Group continued to lease five properties to Banco Santander S.A. The duration of the lease agreements covers a period of up to four years, and during the first half of 2022 they generated income of EUR 343 thousand, including income from leasing,from parking spaces and spaces concessions for ATM in shopping centres. The guarantees deposited to secure these agreements amounted to EUR 131 thousand. In relation to these leases, the Group has accrued EUR 23 thousand in support services for tenant installation costs in benefit of Banco Santander.

In addition, the Group has contracted the organisational services of the General Shareholders Meeting, the shareholder registration and dividend agent services, accruing costs of EUR 67 thousand, in addition to broker services for trading on the Euronext Lisboa stock exchange for EUR 0.8 thousand.

Financing transactions with companies accounted for using the equity method

c) Paseo Comercial Carlos III S.A.

At 30 June 2022, the Parent Company has a loan outstanding amounting to EUR 2,539 thousand, plus EUR 36 thousand of interest accrued (EUR 14 thousand in the first half of 2022), which was granted on 27 July 2020 to the associate Paseo Comercial Carlos III, S.A., the company that manages a shopping centre in Madrid.

d) Provitae Centros Asistenciales, S.L.

At 30 June 2022, the Parent Company had one loan in effect for EUR 970 thousand, plus EUR 144 thousand of interest accrued (EUR 8 thousand in the first half of 2022), which was granted on 10 January 2002 to the associate Provitae Centro Asistenciales, S.L., owner of a property in Villajoyosa, Alicante.

e) Silicius Real Estate SOCIMI, S.A.

At 30 June 2022, the Parent held a "financial asset" amounting to EUR 80,964 thousand. The Parent also had outstanding obligations payable of EUR 4,950 thousand, recognised as current and non-current "other financial liabilities."

f) G36 Developments S.L.

At 30 June 2022, the Parent Company did not have any loans with this company in effect. In the first quarter of 2022, the Company cancelled the outstanding portion (EUR 212 thousand at 31 December 2021) of the loan granted amounting to EUR 625 thousand.

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

	30.06.2022	30.06.2021
Significant shareholders	**28,494**	**34,605**
Banco Santander, S.A.	28,494	34,605
Directors and Executives	**1,449**	**1,708**
Directors	829	1,033
Executives	620	675
Total	**29,943**	**36,313**

15. Information on Directors

The Parent Company's directors and the parties related to them did not have any conflicts of interest that had to be reported, in accordance with article 229 of the consolidated text of the Spanish Corporate Enterprise Act (TRLSC).

Directors' compensation and other benefits

As of 30 June 2022, the amount of fixed remuneration, per diem attendance fees and compensation of the Parent Company's governing bodies totalled EUR 1,885 thousand (EUR 1,757 thousand as of 30 June 2021), respectively, as detailed below:

	Thousands of euros	
	30-06-2022	30-06-2021
Fixed remuneration	1,880	1,750
Articles of Association-stipulated emoluments	-	-
Termination benefits	-	-
Per diems	-	-
Life and health insurance	5	7
	1,885	**1,757**

In addition to the above amounts, executive directors received payments amounting to EUR 4,600 thousand corresponding to the variable remuneration for 2021, and the deferred variable remuneration for 2016 and 2019. At 30 June 2022, unpaid accrued amounts continued in effect, associated with the variable remuneration for 2021, amounting to EUR 1,350 thousand, of which EUR 675 thousand were recognised under the heading of "Non-current provisions" and EUR 675 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 2017-2019 period (2017-2019 Incentive Plan), which is described in this same Note. In accordance with this plan, in the first half of 2022, the executive directors received 538,460 shares corresponding to the second 50% of the incentive amount referenced to the EPRA NAV, resulting in the settlement of the 2017-2019 Incentive Plan.

Lastly, in April 2022, executive directors received a total payment of EUR 750 thousand for the 2021 Extraordinary Incentive described below.

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

Director	Type	Thousands of euros 30-06-2022	30-06-2021
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	97	87
Ana García Fau	Independent director	105	83
Fernando Ortiz Vaamonde	Independent director	72	67
John Gómez Hall	Independent director	-	6
George Donald Johnston	Independent director	87	67
Juan Maria Aguirre Gonzalo	Independent director	93	87
Pilar Cavero Mestre	Independent director	79	77
Francisca Ortega Hernández-Agero	Proprietary director	87	42
Emilio Novela Berlín	Independent director	96	82
María Ana Forner Beltrán	Proprietary director	90	80
Ignacio Gil Casares Satrústegui	Proprietary director	74	72
		1,880	**1,750**

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

The Parent Company's directors are covered by the "Corporate Third-Party Liability Insurance Policies for Directors and Executives" taken out by the Parent Company in order to cover possible damages that may be claimed, and that become evident 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 400 thousand (EUR 493 thousand in 2021).

With regard to guarantee or bailout clauses, for cases of dismissal or changes of control in favor of Executive Directors, there is established a bailout clauses that, as of 30 June 2022, represent a commitment in economic terms at EUR 9,400 thousand.

Remuneration and other benefits for Senior Management

The remuneration of the Parent Company's Senior Management, including the Head of Internal Audit, excluding those who are simultaneously members of the Board of Directors (whose remuneration is disclosed above), in the first six months ended on 30 June 2022, is summarised as follows:

Thousands of euros							
30-06-2022				30-06-2021			
Number of People	Fixed remuneration	Other remuneration	Total	Number of People	Fixed remuneration	Other remuneration	Total
9	1,035	14	1,049	2	170	5	175

In addition to the above amounts and in relation to the variable remuneration paid to Senior Management, an amount of EUR 6,470 thousand was paid corresponding to the variable remuneration for 2021 and the deferred variable remuneration for 2016 and 2019. At 30 June 2022, unpaid accrued amounts continued in effect, associated with the variable remuneration for 2021, amounting to EUR 1,988 thousand, of which EUR 994 thousand were recognised under the heading of "Non-current provisions" and EUR 994 thousand under "Trade and other payables" in the accompanying balance sheet.

Also, in accordance with the 2017-2019 Incentive Plan, described in this same Note, in the first half of 2022 senior executives received 444,950 shares corresponding to the second 50% of the amount of the incentive referenced to the EPRA NAV, resulting in the settlement of the 2017-2019 Incentive Plan.

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

The main characteristics of the incentive plans with an impact on these condensed consolidated financial statements are detailed below:

2017-19 incentives plan

At the General Shareholders Meeting held on 26 April 2017, the shareholders approved a remuneration plan for the management team and other important members of the Group's workforce, the measurement period of which is from 1 January 2017 to 31 December 2019 ("2017-19 Incentive Plan"). According to the plan, the members of the management team may be entitled to receive: (i) a certain monetary amount in accordance with the increase of the share price and (ii) Parent Company shares, if certain objectives referenced to the EPRA NAV are fulfilled.

Vesting of the incentive was conditioned, independently, to the total rate of return obtained by the shareholder during the three-year period due to:

- the increase in the quoted price of the Parent's share plus the dividends distributed to shareholders during the measurement period; and

- the increase in the EPRA NAV per share of the Parent plus the dividends distributed to shareholders during the measurement period.

In order for the right to the share-based incentive and to the EPRA NAV-based incentive to be vested, the total shareholder rate of return (TSR) had to be at least 24%.

TSR NAV/TSR share price	Percentage assigned to beneficiaries ("PR")	Percentage assigned to shareholders
< 24%	0%	100%
≥ 24% and < 36%	6%	94%
≥ 36%	9%	91%

To calculate the TSR, (i) the percentage assigned to the Beneficiaries, in accordance with the above table, will be applied to the result of multiplying the share price TSR or the NAV TSR multiplied by the number of Company shares as of 31 December 2019; (ii) the result of that transaction will be balanced through an adjustment mechanism in favour of the Beneficiaries, as, once a minimum return is reached, the Beneficiaries will be entitled to the assigned percentage of the total return generated from the start.

The date for calculating the amount of the incentive tied to the NAV per share and the amount of the incentive tied to the quoted price of the shares was 31 December 2019. The maximum amount to be received for the incentive tied to the quoted price from 2017 to 2019 amounted to EUR 37.5 million, which was paid out in March 2020.

Also, the maximum amount of the incentive tied to EPRA NAV per share was EUR 75 million and a maximum of 6,000,000 shares were allocated for its payment. At 31 December 2019, there were 5,874,111 shares that were ultimately allocated to the incentive benchmarked to the EPRA NAV. Lastly, if the value of the maximum number of shares allocated to the plan were below the above incentive tied to the EPRA NAV, the difference would be paid in cash. In the last quarter of 2020 and the first half of 2021, 2,009,066 shares were paid, including 50% of those allocated, as well as certain early settlements of the remaining 50%. The remaining number of allocated shares were paid out on the third settlement date, i.e., in March 2022, after the formulation of the 2021 annual financial statements.

In this regard, as of 30 June 2022, the Group recognised an expense in the amount of EUR 1,210, thousand, corresponding to the last tranche accrued by the 2017-2019 Incentive Plan, with a balancing entry to reserves, thus completing and recognising it.

2021 Extraordinary incentive

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

The right to receive the "Extraordinary Incentive" will be vested if, after the period from 1 January 2021 to 31 December 2021, the level of fulfilment of the targets linked to receiving the "Extraordinary Incentive" has been reached.

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

This extraordinary incentive was paid to its beneficiaries in April 2022.

2022-2024 incentive plan

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

The 2022-2024 Incentive Plan consists of a single cycle with a three-year target measurement period, beginning on 1 January 2022 and ending on 31 December 2024. If the targets are met, the shares will be delivered in 2025, once the corresponding 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 two-year retention period. The maximum number of shares assigned to the executive directors is 1,088,082 shares.

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

Metrics	Definition	Weighting
Absolute TSR **Relative TSR**	Total shareholder rate of return (TSR) is the return on the share taking into account the cumulative change in the quoted price of the Company's share, including dividends and other similar concepts received by the shareholder in the 2022-2024 period. The relative TSR measures the development of the TSR of the Company's share in 2022-2024, in relation to the TSR experienced in the FTSE EPRA Nareit Developed Europe Index during the same period.	50%
EPRA NTA 31/12/24 + Dividends (2022-2024)/share	EPRA NTA is calculated on the basis of the company's consolidated equity and by adjusting certain items following the recommendations of the EPRA. In turn, dividends paid and other similar concepts received by the shareholder during the target measurement period (years 2022, 2023 and 2024) are taken into account.	35%
Net carbon emissions	Level of reduction of the company's CO2 emissions at 31 December 2024, compared to 31 December 2021, calculated for the comparable asset portfolio over which the Company has operational control (scope of the Company's progress toward zero net emissions).	10%
Environment and society	Progress on initiatives linked to improving the environment and society. The economic and social impact of the company's assets on local communities in the area of these assets and the various interest groups will be assessed in this regard.	5%

As of 30 June 2022, the Group recognised expense in the amount of EUR 1,716 thousand, corresponding to the vested portion of the 2022-2024 Incentive Plan, with a balancing entry under reserves.

16. Events after the reporting period

On 27 July the group disposed a 14.28% stake in Silicius Real Estate SOCIMI, S.A. for a total cash consideration of EUR 80,964 thousands (see Note 8).

On July 28, 2022, the Board of Directors of the Parent Company approved the distribution of an interim dividend of EUR 0.75 gross per share.

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 that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

6M22

RESULTS REPORT

For the period ended on **June 30, 2022**

MERLIN PROPERTIES

MERLIN Properties,
the leading Socimi
in the Iberian real
estate market

6M22 RESULTS REPORT

For the period ended on **June 30, 2022**

MERLIN PROPERTIES

APPENDIX

IBEX35 STOXX® Europe 600 Global property research Solutions for customized property indices EPRA European Public Real Estate Association MSCI GRESB CDP Disclosure Insight Action Dow Jones Sustainability Indexes

01 Executive Summary

CONSOLIDATED PERFORMANCE

+7.1%
Gross rents like-for-like YoY

+19.5%
FFO per share YoY

+6.2%
EPRA NTA per Share YTD

- **Very strong semester with high FFO generation and LfL rental growth**
- **Outstanding net rents growth (+21.8%)** due to LfL rent increase and incentives reduction
- **FFO per share of € 0.34, 19.5% increase compared to 6M21. We upgrade our guidance for 2022 to € 0.60 per share**
- **BBVA portfolio disposal executed on June 15th.** The company will pay **an extraordinary dividend of € 0.75 per share** in August
- **Data Centers on track:** Bilbao-Arasur pre-let and under construction. Madrid-Getafe and Barcelona-PLZF licences obtained. Works will start in 3Q22
- **Flat revaluation (+1.2% LfL vs FY21).** EPRA NTA per share at € 17.10 (+6.2% vs FY21). € 16.35 PF after the extraordinary dividend to be paid in August

Net Leases reclassified as discontinued operations in 6M22. 6M21 results restated accordingly[1]

(€ million)	6M22	6M21 Restated	YoY
Total revenues	226.6	209.7	+8.1%
Gross rents	222.6	205.4	+8.3%
Gross rents after incentives	209.3	177.0	+18.3%
Net rents after propex & collection losses	186.4	153.1	+21.8%
Gross-to-net margin[2]	*89.0%*	*86.5%*	
EBITDA[3]	165.8	136.2	+21.7%
Margin	*74.5%*	*66.3%*	
FFO[4]	157.5	131.7	+19.5%
Margin	*70.7%*	*64.1%*	
AFFO	152.8	124.4	+22.8%
Net earnings	491.6	190.3	+158.3%

(€ per share)	6M22	6M21	YoY
FFO	0.34	0.28	+19.5%
AFFO	0.33	0.26	+22.8%
EPS	1.05	0.41	+158.3%
EPRA NTA	17.10	15.55	+10.0%

BUSINESS PERFORMANCE

+5.5%	+9.3%	+6.0%
Offices	Logistics	S. Centers

Rents like-for-like YoY

+6.3%	+6.7%	+5.4%
Offices	Logistics	S. Centers

Release spread LTM

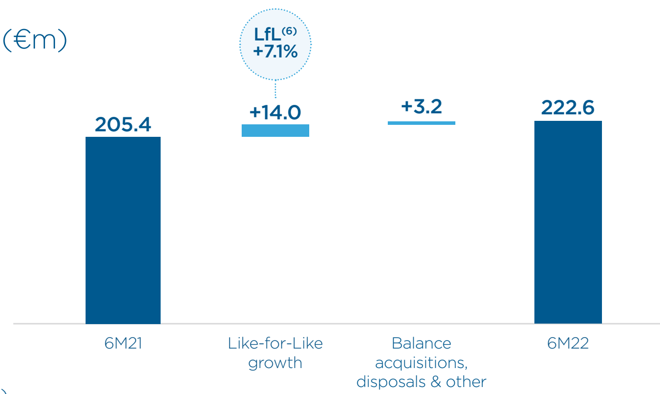
+69 bps[5] → 95.1%
Occupancy vs 31/03/2022

- **Offices:** 65,797 sqm contracted. **LfL** of **+5.5%** and **release spread** of **+6.3%**
- **Logistics:** 152,683 sqm contracted. **LfL** of **+9.3%** and **release spread** of **+6.7%**
- **Shopping centers:** 34,698 sqm contracted. **LfL** of **+6.0%** and **release spread** of **+5.4%**

6M22	Contracted	Rent		Leasing activity	Occ. vs 31/03/22
	sqm	€ m	Lfl change	Release spread	Bps
Offices	65,797	119.6	+5.5%	+6.3%	+4
Logistics	152,683	35.6	+9.3%	+6.7%	+136
Shopping centers	34,698	60.7	+6.0%	+5.4%	+4
Other	n.a.	6.6	+45.8%	n.m.	(1)
Total	**253,178**	**222.6**	**+7.1%**		**+69**

Gross rents bridge

(€m)

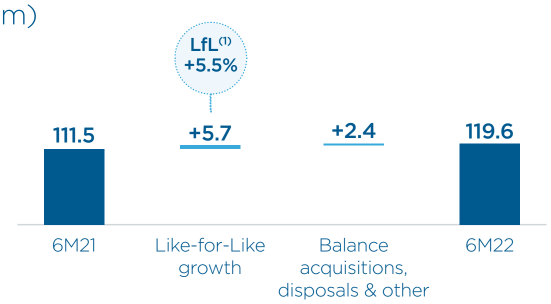


[1] As a result of the reclassification of Net Leases as discontinued operations, income from Net Leases is only considered in Net earnings, FFO and AFFO metrics. PF metrics have been added for ease of comparison
[2] Net of incentives
[3] Excludes non-overhead costs items (€ 1.1m) plus LTIP accrual (€ 2.9m)
[4] FFO equals EBITDA less net interest payments, less minorities, less recurring income taxes plus share in earnings of equity method
[5] Vs 3M22 PF occupancy
[6] Portfolio in operation for 6M21 (€ 196.5m of GRI) and for 6M22 (€ 210.5m of GRI)

OFFICES

Gross rents bridge

(€m)



Rents breakdown

	Gross rents 6M22 (€ m)	Passing rent (€/sqm/m)	WAULT (yr)
Madrid	83.3	19.4	3.5
Barcelona	20.0	20.1	2.4
Lisbon	14.9	20.1	4.8
Other	1.3	11.1	7.3
Total	**119.6**	**19.5**	**3.5**

Leasing activity

- **Excelent LfL rental increase (+5.5%) and release spread (+6.3%) improved vs 3M22**
- **2Q22 leasing activity highlights:**
  - 8,318 sqm renewal with American Express in Partenon 12-14, Madrid
  - 4,201 sqm renewal with Servizurich in Poblenou 22@, Barcelona
  - 2,465 sqm renewal with Logicalis in P.E. Puertas de las Naciones, Madrid
  - 1,845 sqm new lease with Baxy Calderas in PLZFB, Barcelona
  - 1,546 sqm new lease with Mercedes Benz in Torre Zen, Portugal
  - 1,190 sqm new lease with AI Renewals in Atica 4, Madrid
  - 1,037 sqm new lease with Sodexo in PE Alvento, Madrid
  - 1,000 sqm new lease with Selenta Group in Diagonal 605, Barcelona

						LTM	
sqm	**Contracted**	**Out**	**In**	**Renewals(2)**	**Net**	**Release spread**	**# Contracts**
Madrid	36,234	(22,120)	24,214	12,020	2,094	+4.5%	91
Barcelona	24,651	(9,455)	13,024	11,627	3,569	+10.0%	44
Lisbon	4,912	(3,537)	3,754	1,158	217	+21.9%	7
Total	**65,797**	**(35,112)**	**40,992**	**24,805**	**5,880**	**+6.3%**	**142**

Occupancy

- **Slight occupancy increase** (+4 bps vs 3M22) **for the fourth consecutive quarter**
- **126 bps occupancy recovery since Covid-19 trough in 6M21**
- By markets, **best performer this quarter has been Barcelona Prime**

Stock	1,150,502 sqm
WIP	144,132 sqm
Stock incl. WIP	1,294,634 sqm

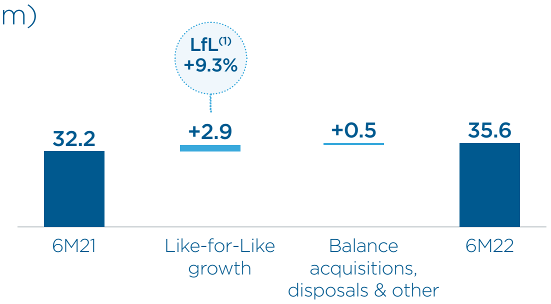
	Occupancy rate(3)		
	6M22	**3M22**	**Change bps**
Madrid	87.9%	88.0%	(9)
Barcelona	94.1%	93.8%	+32
Lisbon	99.6%	99.6%	+9
Other	100.0%	100.0%	-
Total	**90.4%**	**90.3%**	**+4**

(1) Portfolio in operation for 6M21 (€ 103.6m of GRI) and for 6M22 (€ 109.3m of GRI)
(2) Excluding roll-overs
(3) MERLIN policy excludes buildings under complete refurbishment. Buildings excluded this period are Plaza Ruiz Picasso, Plaza Cataluña 9, Pere IV, Atica 1, PE Cerro Gamos, PLZFA, PE Atica XIX D and Adequa 4 & 7

LOGISTICS

Gross rents bridge

(€m)



Rents breakdown

	Gross rents 6M22 (€ m)	Passing rent (€/sqm/m)	WAULT (yr)
Madrid	22.1	4.2	3.6
Barcelona	5.2	7.0	2.5
Other	8.3	4.0	3.1
Total	**35.6**	**4.4**	**3.3**

Leasing activity

- **Record high growth in rents (+9.3% LfL)** thanks to full occupancy, indexation and reversionary capture
- **Release spread accelerating (+6.7%)**
- **2Q22 leasing activity highlights:**
  - 47,892 sqm renewal with XPO in A2-Cabanillas Park I D, Madrid
  - 25,221 sqm new lease with DSV in A2-Cabanillas Park I H, Madrid
  - 20,764 sqm new lease with XPO in Zaragoza-Plaza I, Zaragoza
  - 2,043 sqm new lease with Ikea in A2-Coslada Complex, Madrid
  - 2,031 sqm new lease with Aldisca in PLZF, Barcelona

						LTM	
sqm	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Madrid	102,420	(2,710)	43,390	59,030	40,680	+3.6%	6
Barcelona	2,725	(9,555)	2,725	-	(6,830)	+12.2%	2
Other	47,538	-	20,764	26,774	20,764	-	4
Total	**152,683**	**(12,265)**	**66,879**	**85,804**	**54,614**	**+6.7%**	**12**

Occupancy

- **Full occupancy at both MERLIN (99.2%) and ZAL Port (100.0%)** with over 2.1m sqm let

Stock	1,391,854 sqm
WIP(2)	697,231 sqm
Best II	306,919 sqm
Best III	390,312 sqm
Stock incl. WIP	2,089,085 sqm
ZAL Port	736,384 sqm
Stock managed	2,825,469 sqm

	Occupancy rate		
	6M22	3M22	bps
Madrid	99.7%	99.8%	(7)
Barcelona	93.6%	94.8%	(120)
Other	100.0%	94.6%	+536
Total	**99.2%**	**97.8%**	**+136**

(1) Portfolio in operation for 6M21 (€ 31.4m of GRI) and for 6M22 (€ 34.3m of GRI)
(2) WIP includes in progress and Landbank Best II & III

LOGISTICS (CONT.)

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

Best II (as from 30/06/2022)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
Delivered[1]	**278,960**			
A4-Pinto II	29,473	1.2	13.7	8.6%
A2-Cabanillas III	21,879	0.9	11.8	7.8%
A2-Cabanillas Park I F	20,723	0.9	10.8	7.9%
A2-Cabanillas Park I G	22,506	0.9	13.5	6.9%
A4-Seseña	28,731	1.2	15.5	7.7%
A2-Azuqueca II	96,810	4.4	54.7	8.1%
A2-San Fernando II	33,592	1.9	22.1	8.5%
A2-Cabanillas Park I H	25,247	1.1	15.6	6.9%
In progress	**92,644**			
A2-Cabanillas Park II A	47,403	2.1	25.7	8.1%
A2-Cabanillas Park I J	45,241	1.8	26.9	6.9%
Landbank	**214,275**			
A2-Cabanillas Park II	163,275	7.1	88.5	8.1%
A2-Azuqueca III	51,000	2.3	30.1	7.7%
Total	**585,879**	**25.8**	**328.9**	**7.8%**

Best III (as from 30/06/2022)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
Delivered[1]	**107,690**			
Valencia-Ribarroja	34,992	1.9	26.3	7.2%
Sevilla Zal WIP A	27,528	1.4	11.9	12.0%
Lisbon Park A	45,171	2.1	29.5	7.1%
Landbank	**390,312**			
Lisbon Park	179,693	8.4	118.1	7.1%
Sevilla ZAL WIP	15,122	1.6	18.0	9.0%
A2-San Fernando III	98,924	5.1	54.9	9.3%
Valencia	96,572	4.4	56.2	7.8%
Total	**498,002**	**24.9**	**314.9**	**7.9%**

[1] Reclassified as part of the existing stock

SHOPPING CENTERS

Gross rents bridge

(€m)

Rents breakdown

	Gross rents 6M22 (€ m)	Passing rent (€/sqm/m)	WAULT (yr)
MERLIN	60.7	21.8	2.2

Footfall and tenant sales[2]

	vs 6M21	vs 6M19
Tenant sales	+44.8%	(1.5%)
Footfall	+30.6%	(11.2%)
OCR[3]	12.5%	

Leasing activity

- **Footfall (+30.6% vs 6M21) and tenant sales (+44.8% vs 6M21)** continue recovering
- **OCR at sustainable levels (12.5%)**
- **2Q22 leasing activity highlights:**
  - 1,600 sqm new lease (extension) with Zara in Artea
  - 1,163 sqm renewal with Sportzone in Almada
  - 1,000 sqm renewal with New Yorker in Marineda
  - 460 sqm renewal with Williamsburg Grill & Beer in X-Madrid
  - 331 sqm new lease with Mango in Larios

						LTM	
sqm	Contracted	Out	In	Renewals	Net	Release spread	# Contracts
Total	34,698	(10,810)	11,430	23,268	620	+5.4%	183

Occupancy

- **Occupancy continues increasing for the fifth consecutive quarter (+4 bps vs 3M22)**
- **Best performer** this quarter has been **Artea**

Stock	461,421 sqm
Tres Aguas[4]	67,940 sqm
Stock with Tres Aguas	529,361 sqm

	Occupancy rate		
	6M22	3M22	bps
Total	94.3%	94.3%	+4

(1) Portfolio in operation for 6M21 (€ 57.1 m of GRI) and for 6M22 (€ 60.6m of GRI)
(2) Excluding X-Madrid, opened in November 2019
(3) Including the impact of the commercial policy
(4) Tres Aguas at 100% allocation

BALANCE SHEET

- **LTV reduced to 27.4%** (-1,174 bps vs FY21) thanks to the BBVA portfolio disposal
- **Fast deleveraging: € 2.1bn gross debt repaid YTD with available cash**
- **Repayments on the period include** € 548.3m in bonds, € 670m BBVA portfolio mortgage loan and € 850m syndicated loan
- **Strong financial situation to navigate challenging times:** low LTV, 100% interest rates fixed, 98% unsecured, € 1.8bn liquidity and just € 750m debt repayments until May 2025

Ratios	30/06/2022	31/12/2021
LTV	27.4%	39.2%
Av. Interest rate	1.94%	2.07%
Av. Maturity (years)	5.4	5.3
Unsecured debt to total debt	97.9%	87.9%
Interest rate fixed	99.6%	100.0%
Liquidity position (€m)[1]	1,773	1,811

	€ million
GAV	11,390
Gross financial debt	4,158
Cash and equivalents[2]	(941)
Net financial debt	3,216
NTA	8,035

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

VALUATION

- **€ 11,390m GAV, +1.2% LfL** as compared to December 2021
- Yields have experienced a slight expansion (+15 bps) compensated by rental growth
- Broadly stable portfolio with Logistics (including ZAL Port within equity method) outperforming

	GAV (€ m)	LfL Growth	Gross yield	Yield expansion /(compression)[3]
Offices	6,429	1.2%	4.1%	+10
Logistics	1,357	3.6%	5.2%	+18
Shopping centers	2,195	(0.4%)	5.4%	+25
WIP & land	384	n.a.	n.a.	
Other	410	0.4%	3.9%	+48
Equity method	615	2.5%	n.a.	
Total	**11,390**	**1.2%**	**4.5%**	**+15**

(1) Includes cash (€ 843.0m) and treasury stock (€ 17.3m), Silicius receivable (€ 81.0m) and undrawn credit facilities (€ 831.2m) in 6M22
(2) Includes cash (€ 843.0m) and treasury stock (€ 17.3m) and Silicius receivable (€ 81.0m)
(3) Bps based on passing rent

INVESTMENTS, DIVESTMENTS AND CAPEX

- **BBVA portfolio disposal (implied GAV 2,077.1m, +17.1% premium to GAV)** executed on June 15th
- **€ 111.2m non-core assets divestments at 8.9% premium** including 4 office buildings comprising 33,783 sqm, a high street retail unit and a minority stake in an office building
- **Landmark Plan with just one building under refurbishment**
- Capex efforts will be focused on **Best II & III and Digital Infrastructure Plan (Mega).** Bilbao-Arasur Data Center works are ongoing

	Offices	Retail	Logistics	Data Centers	€ million
Acquisitions	Diagonal 514			Bilbao (Data Center)	12.4
Development			A2-San Fernando III A2-Cabanillas Park II A2-Cabanillas Park I J	Barcelona (Data Center) Bilbao (Data Center) A4-Getafe (Data Center) Lisbon (Data Center)	49.4
Investment properties	Plaza Ruiz Picasso Torre Glories Atica 1 Pere IV Plaza de Cataluña 9		A4-Getafe (CLA)		19.6
Like-for-like portfolio (Defensive Capex)(1)					6.3
Total					**87.7**

SUSTAINABILITY

- **Intensive effort in terms of portfolio certification,** having obtained 4 LEED/BREEAM/WELL certificates during the quarter
- **The program is nearing completion,** with Shopping Centers 100% completed, 91% of Logistics and 94% of Offices already certified
- MERLIN has announced its **Net Zero Pathway (2030)** and requalified its **outstanding bonds into Green bonds**

Castellana 85	Nestlé	X-Madrid	Getafe (CLA)
WELL Platinum	LEED Gold	BREEAM Excellent	BREEAM Good

(1) € 4.7m are capitalized in balance sheet and € 1.6m are expensed in P&L

POST CLOSING

- On July 27th, MERLIN collected the receivable (€ 81.0m) from **Silicius**
- On July 28th, MERLIN approved an **extraordinary dividend** linked to the disposal of the BBVA portfolio amounting to **€ 0.75 per share. This extraordinary dividend will be paid on August 18th**

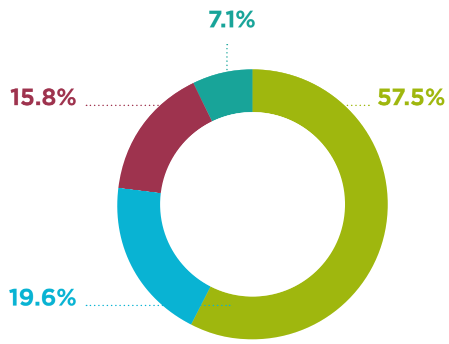

pwc

02 Business Performance

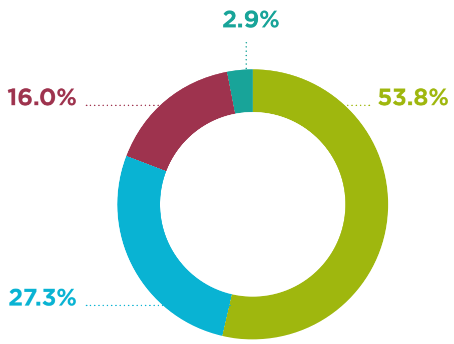
Business performance

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

GAV PER ASSET CLASS[1]

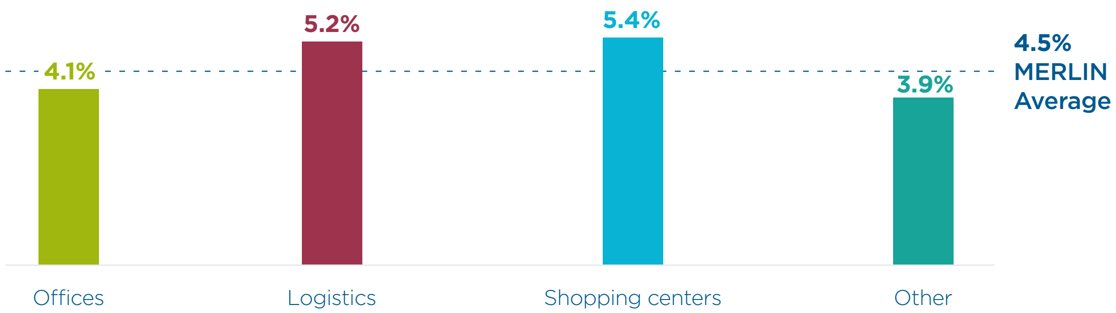


GROSS RENTS PER ASSET CLASS[2]

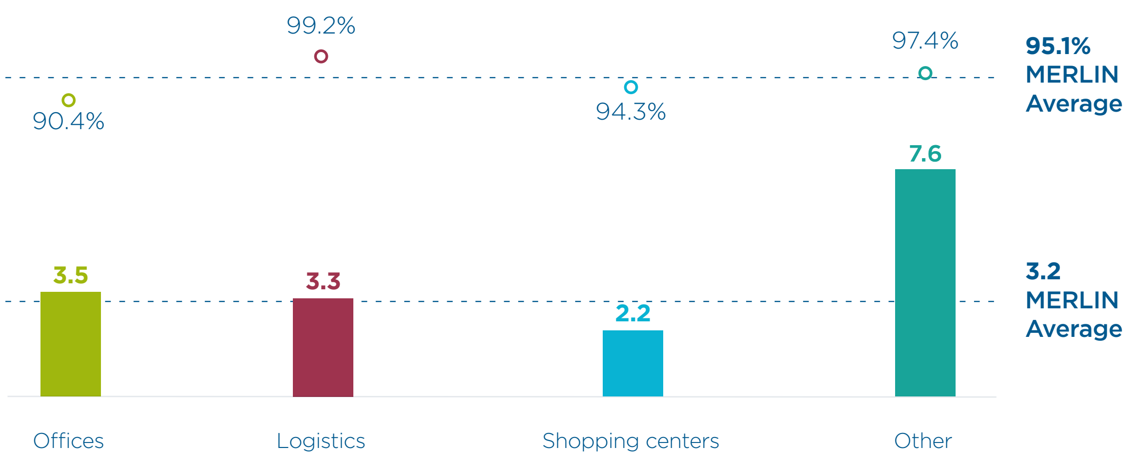


● Offices ● Logistics ● Shopping centers ● Other

GROSS YIELD PER ASSET CLASS



OCCUPANCY AND WAULT (YEARS) PER ASSET CLASS



[1] GAV of land under development and NTA of equity method included in its respective category (offices, shopping centers and logistics)
[2] Gross annualized rent on full consolidated assets

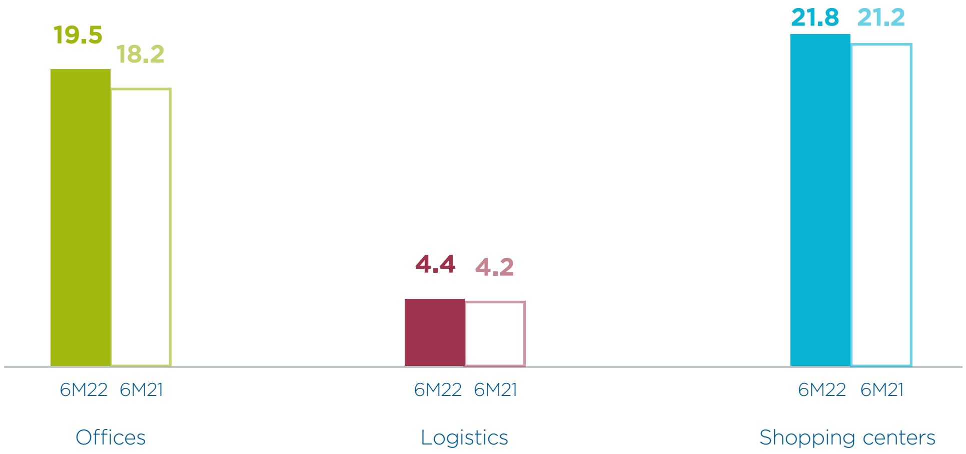
RENTS

Gross rents in the period amount to € 222,556 thousand with respect to € 205,434 thousand in 6M21 Restated

GROSS RENTS BREAKDOWN

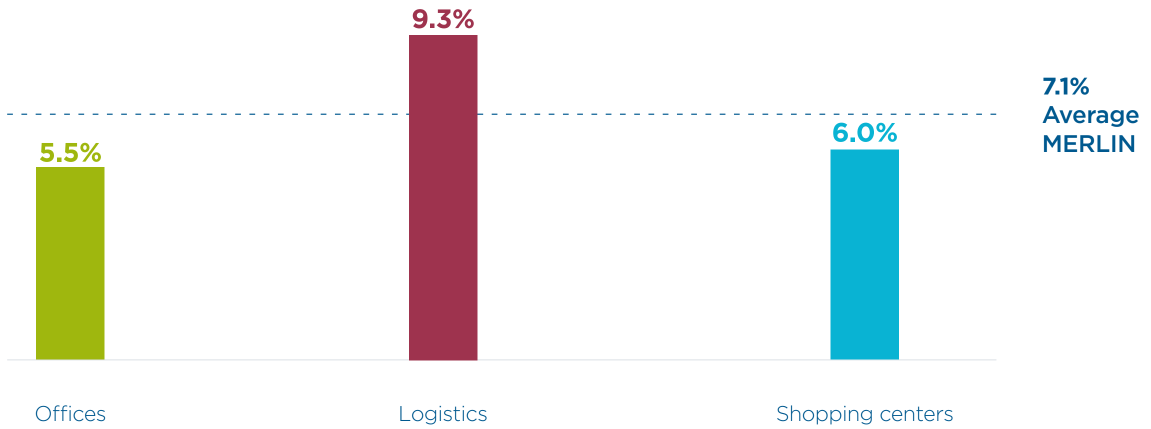
	6M22	6M21 Restated	YoY
Offices	119,639	111,513	+7.3%
Logistics	35,618	32,230	+10.5%
Shopping centers	60,720	57,154	+6.2%
Other	6,579	4,537	+45.0%
Total	**222,556**	**205,434**	**+8.3%**

AVERAGE PASSING RENT (€/SQM/MONTH)



LIKE-FOR-LIKE INCREASE

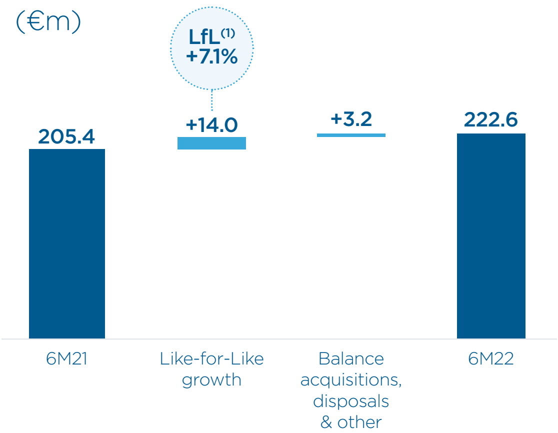
Aggregate gross rents have increased by 7.1% on a like-for-like basis



Bridge of 6M21 gross rents to 6M22, for MERLIN and by asset category:

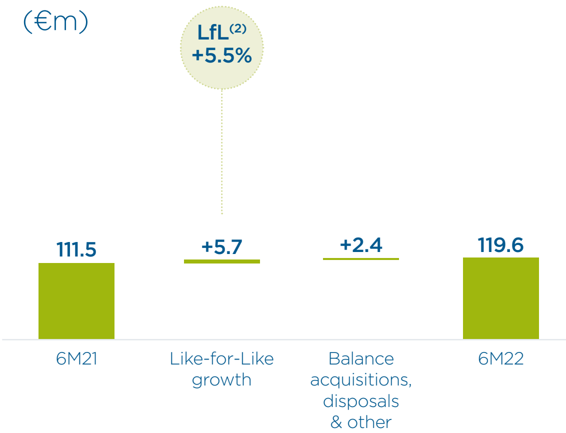
MERLIN

(€m)



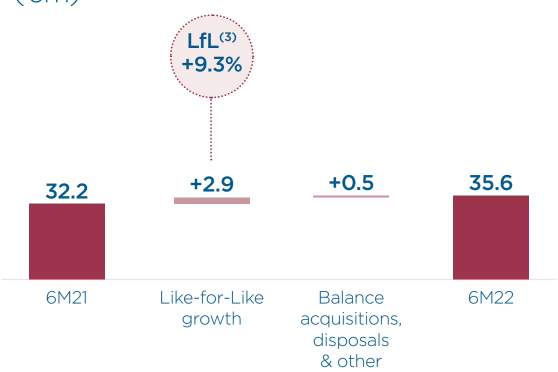
Offices

(€m)



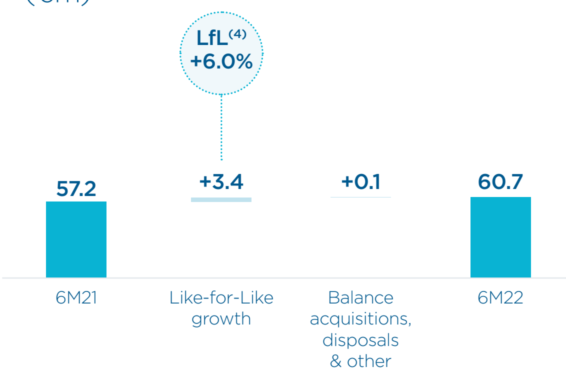
Logistics

(€m)



Shopping centers

(€m)



(1) Portfolio in operation for 6M21 (€ 196.5m of GRI) and for 6M22 (€ 210.5m of GRI)
(2) Portfolio in operation for 6M21 (€ 103.6m of GRI) and for 6M22 (€ 109.3m of GRI)
(3) Portfolio in operation for 6M21 (€ 31.4m of GRI) and for 6M22 (€ 34.3m of GRI)
(4) Portfolio in operation for 6M21 (€ 57.1 m of GRI) and for 6M22 (€ 60.6m of GRI)

OCCUPANCY

Stock G.L.A. of MERLIN as of 30 June 2022 amounts to 3,069,337 sqm. Stock as of 31st December 2021 amounted to 3,385,492 sqm, resulting in a net decrease of the stock during the period of 316,155 sqm driven by the sale of BBVA portfolio in June 2022. Occupancy rate as of 30th June 2022 is 95.1%[(1)]

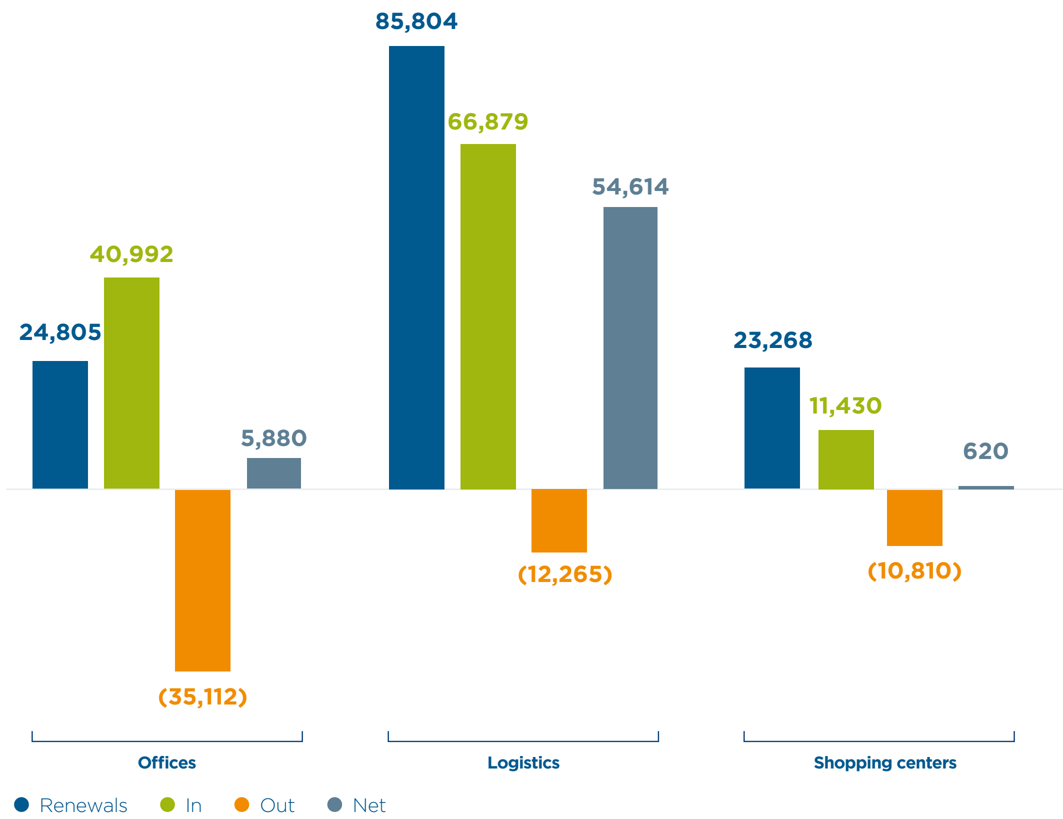
	30/06/2022	31/12/2021	Change YTD Bps
Offices			
Total G.L.A. (sqm)[(1)]	1,150,502	1,204,049	
G.L.A. occupied (sqm)	1,039,791	1,084,664	
Occupancy rate (%)	90.4%	90.1%	+29
Logistics			
Total G.L.A. (sqm)	1,391,854	1,368,078	
G.L.A. occupied (sqm)	1,380,715	1,328,048	
Occupancy rate (%)	99.2%	97.1%	+213
Shopping centers			
Total G.L.A. (sqm)	461,421	461,474	
G.L.A. occupied (sqm)	433,194	432,692	
Occupancy rate (%)[(2)]	94.3%	94.2%	+12
Other			
Total G.L.A. (sqm)	65,560	64,838	
G.L.A. occupied (sqm)	63,829	63,107	
Occupancy rate (%)	97.4%	97.3%	+3
MERLIN			
Total G.L.A. (sqm)	**3,069,337**	**3,385,492**	
G.L.A. occupied (sqm)	**2,917,529**	**3,195,564**	
Occupancy rate (%)[(2)]	**95.1%**	**94.5%**	**+67**

(1) Excluding buildings under complete refurbishment. Buildings excluded this period are Plaza Ruiz Picasso, Plaza Cataluña 9, Pere IV, Atica 1, PE Cerro Gamos, PE Atica XIX D, Adequa 4 & 7 and PLZFA

(2) Excluding vacant units acquired under refurbishment (2,226 sqm in 6M22 and 2,226 sqm in FY21)

LEASING ACTIVITY

Since the beginning of 2022, or since the acquisition date for the assets acquired during the year, until 30 June 2022, MERLIN has signed lease agreements amounting to 253,178 sqm, out of which 119,301 sqm corresponds to new leases and 127,453 sqm to renewals



OFFICES

Total take-up amounts to 65,797 sqm out of which 40,992 sqm correspond to new contracts and 24,805 sqm to renewals. Exits amounted to 35,112 sqm, and therefore the net take up is positive by 5,880 sqm. Main contracts signed in 6M22 are the following:

Asset	Tenant	G.L.A. (sqm)
Partenon 12-14	American Express	8,318
PE Poble Nou 22@	Generalitat de Catalunya	4,221
PE Poble Nou 22@	Servizurich	4,201
Maria de Portugal T2	Honeywell	3,838
Juan Esplandiu 11-13	Logicalis	2,465
PLZFB	Baxy Calderas	1,845
Torre Zen	Mercedes Benz	1,546
Juan Esplandiu 11-13	Zolva Platform	1,205
Atica 4	AI Renewals	1,190
WTC6	Panasonic	1,146
San Cugat II	Telematel	1,112
PE Alvento	Sodexo	1,037
Diagonal 605	Selenta Group	1,000

The release spread achieved in the contracts renewed or relet in the period amounts to 6.3%

	Release spread	# contracts
Madrid	+4.5%	91
Barcelona	+10.0%	44
Lisbon	+21.9%	7
Total	**+6.3%**	**142**

LOGISTICS

Total take-up amounts to 152,683 sqm, out of which 66,879 sqm correspond to new contracts and 85,804 sqm to renewals. Exits amounted 12,265 sqm, therefore net take-up amounts to positive 54,614 sqm. Main contracts signed in 6M22 are the following:

Asset	Tenant	G.L.A. (sqm)
A2-Cabanillas Park I D	XPO	47,892
A2-Alovera	IDL	38,763
Vitoria-Jundiz II	DHL	26,774
A2-Cabanillas Park I H	DSV	25,221
Zaragoza-Plaza I	XPO	20,764
A4-Getafe (CLA)	Leroy Merlin	16,100
A2-Coslada Complex	Ikea	2,043
Barcelona-PLZF	Aldisca	2,031

The release spread achieved in the contracts renewed or relet in the period amount to 6.7%

	Release spread	# contracts
Madrid	+3.6%	6
Barcelona	+12.2%	2
Other	-	4
Total	**+6.7%**	**12**

SHOPPING CENTERS

Total take-up amounts to 34,698 sqm out of which 11,430 sqm correspond to new contracts and 23,268 sqm renewals.

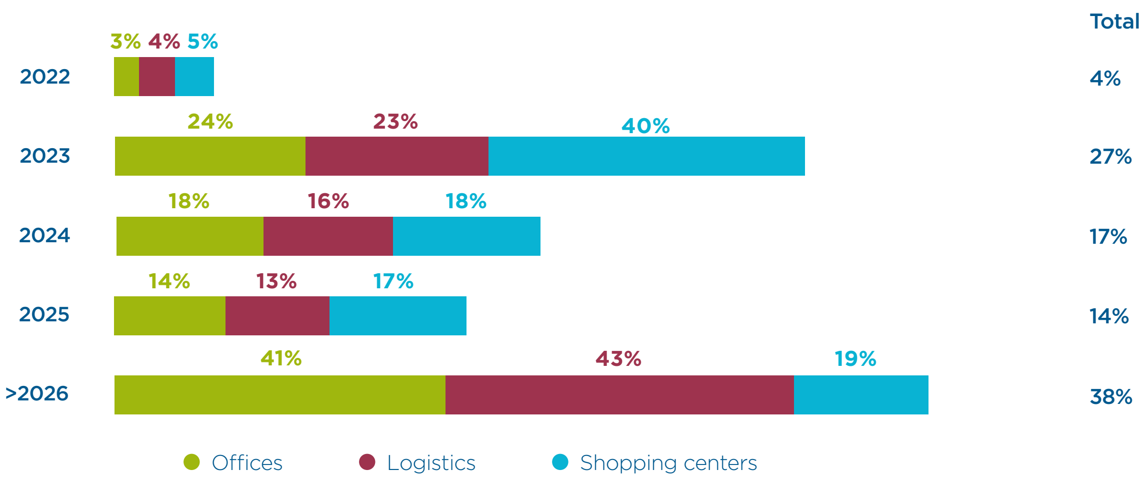
Exits amounted to 10,810 sqm, and therefore the net take-up is positive by 620 sqm. Main contracts signed in 6M22 are the following:

Asset	Tenant	G.L.A. (sqm)
Marineda	Conforama	4,143
Artea	Zara	1,600
Almada	Sportzone	1,163
X-Madrid	Outlet Sport	1,056
Marineda	New Yorker	1,000
Marineda	JD Sports	674
X-Madrid	Williamsburg Grill & Beer	460
Larios	Mango	331
Almada	Vilanova	304

The release spread achieved in the contracts renewed or relet in the period amounts to 5.4%

LEASE MATURITY PROFILE

The chart of lease contracts maturity (next break) shows a balanced profile. In aggregated terms, in the following three years, the gross rents that have a break option amount to 4% in 2022, 27% in 2023 and 17% in 2024

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03 Investments, divestments and Capex

Investments, divestments and Capex

During 6M22, investment activity has been as follows:

- **BBVA portfolio disposal (implied GAV 2,077.1m, +17.1% to GAV)** executed on June 15th
- **€ 111.2m non-core assets divestments at 8.9% premium** including 4 office buildings comprising 33,783 sqm, a high street retail unit and a minority stake in an office building
- **Landmark Plan with just one building under refurbishment**
- Capex efforts will be focused on **Best II & III and Digital Infrastructure Plan (Mega).** Bilbao-Arasur Data Center works are ongoing

	Offices	Logistics	Data Centers	€ million
Acquisitions	Diagonal 514		Bilbao (Data Center)	12.4
Development		A2-San Fernando III A2-Cabanillas Park II A2-Cabanillas Park I J	Barcelona (Data Center) Bilbao (Data Center) A4-Getafe (Data Center) Lisbon (Data Center)	49.4
Investment properties	Plaza Ruiz Picasso Torre Glories Atica 1 Pere IV Plaza de Cataluña 9	A4-Getafe (CLA)		19.6
Incremental lettable space[1]				3.6
Non incremental lettable space				16.0
Tenant incentives				-
Other material non-allocated types of expenditure				-
Like-for-like portfolio (Defensive Capex)[2]				6.3
Capitalised interest (interest if applicable)				-
Total				**87.7**

[1] Where expenditure is spent on both existing and incremental space, MERLIN classifies an expenditure as "incremental lettable space" where available lettable space is increased by at least 10% compared to the total lettable area of the asset. In 6M22, only Plaza Ruiz Picasso is included within this category

[2] € 4.7m are capitalized in balance sheet and € 1.6m are expensed in P&L

INVESTMENTS, REFURBISHMENTS AND DEVELOPMENTS

BEST II & III PLANS (LOGISTICS)

MERLIN continues expanding its logistics footprint through the developments / WIP program in logistics. As of 30 June 2022, main assets under WIP plans are the following:

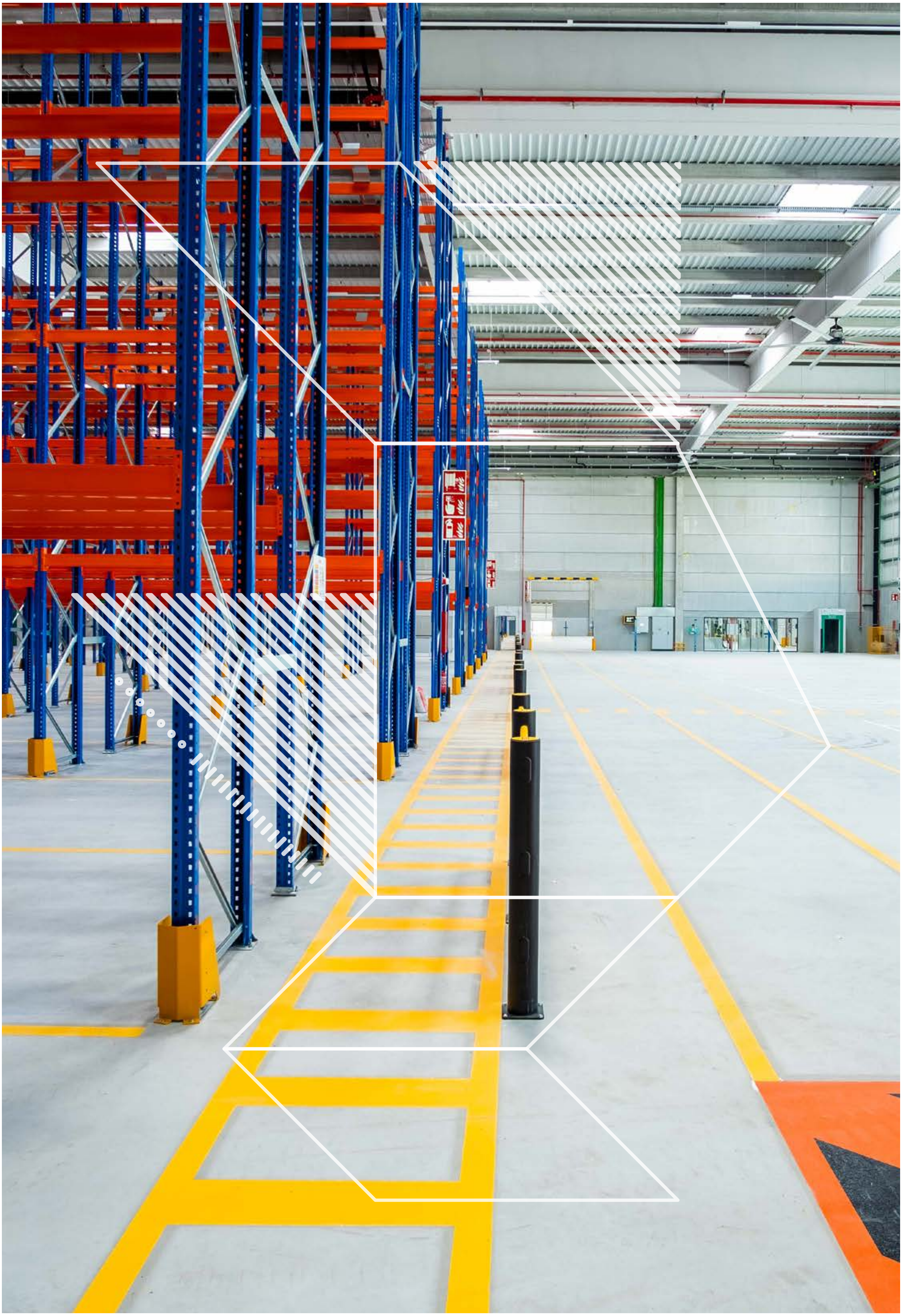
Best II (as from 30/06/2022)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
Delivered(1)	**278,960**			
A4-Pinto II	29,473	1.2	13.7	8.6%
A2-Cabanillas III	21,879	0.9	11.8	7.8%
A2-Cabanillas Park I F	20,723	0.9	10.8	7.9%
A2-Cabanillas Park I G	22,506	0.9	13.5	6.9%
A4-Seseña	28,731	1.2	15.5	7.7%
A2-Azuqueca II	96,810	4.4	54.7	8.1%
A2-San Fernando II	33,592	1.9	22.1	8.5%
A2-Cabanillas Park I H	25,247	1.1	15.6	6.9%
In progress	**92,644**			
A2-Cabanillas Park II A	47,403	2.1	25.7	8.1%
A2-Cabanillas Park I J	45,241	1.8	26.9	6.9%
Landbank	**214,275**			
A2-Cabanillas Park II	163,275	7.1	88.5	8.1%
A2-Azuqueca III	51,000	2.3	30.1	7.7%
Total	**585,879**	**25.8**	**328.9**	**7.9%**

Best III (as from 30/06/2022)

	GLA (sqm)	ERV (€m)	Investment (€m)	ERV YoC
Delivered(1)	**107,690**			
Valencia-Ribarroja	34,992	1.9	26.3	7.2%
Sevilla Zal WIP A	27,528	1.4	11.9	12.0%
Lisbon Park A	45,171	2.1	29.5	7.1%
Landbank	**390,312**			
Lisbon Park	179,693	8.4	118.1	7.1%
Sevilla ZAL WIP	15,122	1.6	18.0	9.0%
A2-San Fernando III	98,924	5.1	54.9	9.3%
Valencia	96,572	4.4	56.2	7.8%
Total	**498,002**	**24.9**	**314.9**	**7.9%**

(1) Reclassified as part of the existing stock



04 Portfolio valuation

Portfolio valuation

MERLIN portfolio has been appraised by CBRE, Savills and JLL, for a total GAV of € 11,390m. GAV breakdown is the following:

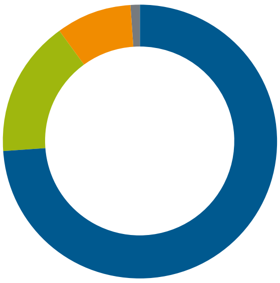
	GAV (€ m)	LfL Growth	Gross yield	Yield expansion/(compression)[1]
Offices	6,429	1.2%	4.1%	+10
Logistics	1,357	3.6%	5.2%	+18
Shopping centers	2,195	(0.4%)	5.4%	+25
WIP & land	384	n.a.	n.a.	-
Other	410	0.4%	3.9%	+48
Equity method	615	2.5%	n.a.	-
Total	**11,390**	**1.2%**	**4.5%**	**+15**

[1] Bps based on passing rent

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

OFFICES (BY GAV)

By geography



- Madrid **73%**
- Barcelona **16%**
- Lisbon **10%**
- Other Spain **1%**

By location

- Prime + CBD **55%**
- NBA **37%**
- Periphery **8%**

By product

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

LOGISTICS (BY GAV)

By geography

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

By reach

- National **47%**
- Ports **29%**
- Regional **21%**
- Production related **3%**

By tenant type

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

SHOPPING CENTERS (BY GAV)

By geography

- Madrid **25%**
- Lisbon **20%**
- Galicia **13%**
- Valencia **11%**
- Catalonia **9%**
- Andalusia **7%**
- Other **15%**

By type

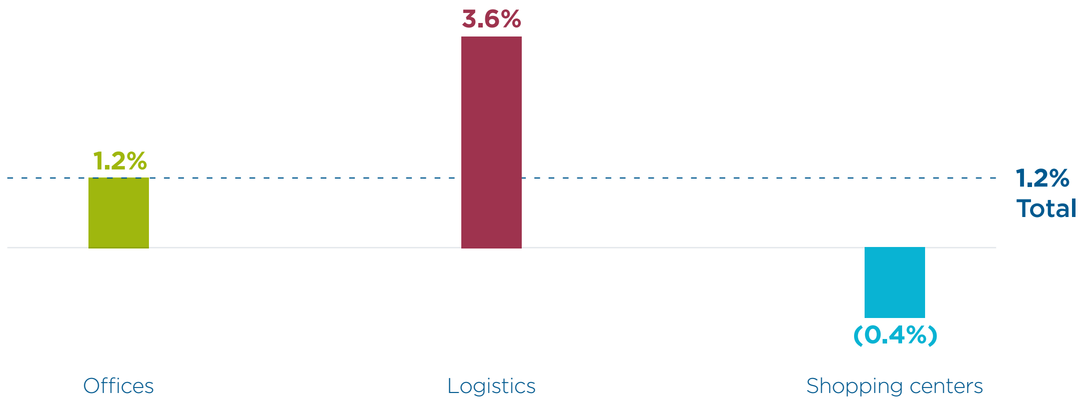
- Urban **59%**
- Dominant **37%**
- Secondary **4%**

By size

- Extra-large **33%**
- Large **33%**
- Medium **20%**
- Small **14%**

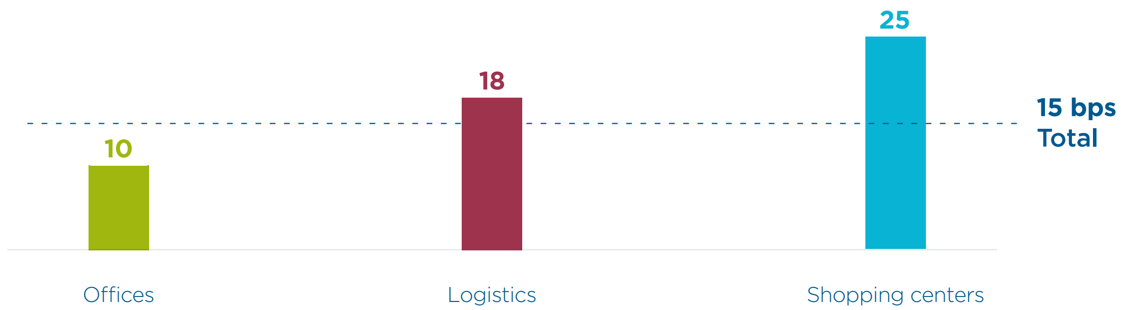
GAV EVOLUTION

GAV has decreased by € 1,651m, reducing from a GAV of € 13,041m as of 31 December 2021 to € 11,390m driven by the sale of Tree BBVA portfolio in June 2022. The like-for-like increase of GAV from 31 December 2021 is 1.2%



YIELD EVOLUTION

Gross yields have expanded by 15 bps since December 2021



GAV BRIDGE

(€ millions)

(1) + € 132.3m revaluation 6M22 = + € 122.3m P&L revaluation + € 10.3m equity method revaluation and (€ 0.3m) IFRS 16 adjustment

05 Financial statements

Financial statements

CONSOLIDATED INCOME STATEMENT

Net Leases have been reclassified as discontinued operations in 6M22 and 6M21 results have been restated. As a consequence, the attributable result is included within "Result from discontinued operations" in the bottom line of the profit and loss account

(€ thousand)	30/06/2022	30/06/2021
Gross rents	**222,556**	**205,434**
Offices	119,639	111,513
Logistics	35,618	32,230
Shopping centers	60,720	57,154
Other	6,579	4,537
Other income	**4,039**	**4,248**
Total Revenues	**226,595**	**209,682**
Incentives	(13,228)	(8,871)
Covid-19 relief	-	(19,611)
Total Operating Expenses	**(51,647)**	**(52,267)**
Propex	(22,931)	(23,864)
Personnel expenses	(16,188)	(14,755)
Opex general expenses	(8,461)	(6,391)
Opex non-overheads	(1,141)	(1,671)
LTIP Provision	(2,926)	(5,586)
ACCOUNTING EBITDA	**161,719**	**128,932**
Depreciation	(878)	(767)
Gain / (losses) on disposal of assets	5,678	(2,288)
Provisions	(384)	1,614
Change in fair value of investment property	122,298	45,224
EBIT	**288,433**	**172,715**
Net financial expenses	(48,348)	(48,323)
Debt amortization costs	(10,952)	(5,497)
Gain / (losses) on disposal of financial instruments	(1)	(219)
Change in fair value of financial instruments	32,928	3,073
Share in earnings of equity method instruments	16,494	14,774
PROFIT BEFORE TAX	**278,554**	**136,523**
Income taxes	(8,640)	640
PROFIT (LOSS) FOR THE PERIOD RECURRING OPERATIONS	**269,914**	**137,163**
Result from discontinued operations	221,731	53,173
Minorities	-	-
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE	**491,645**	**190,336**

NOTES TO THE CONSOLIDATED INCOME STATEMENT

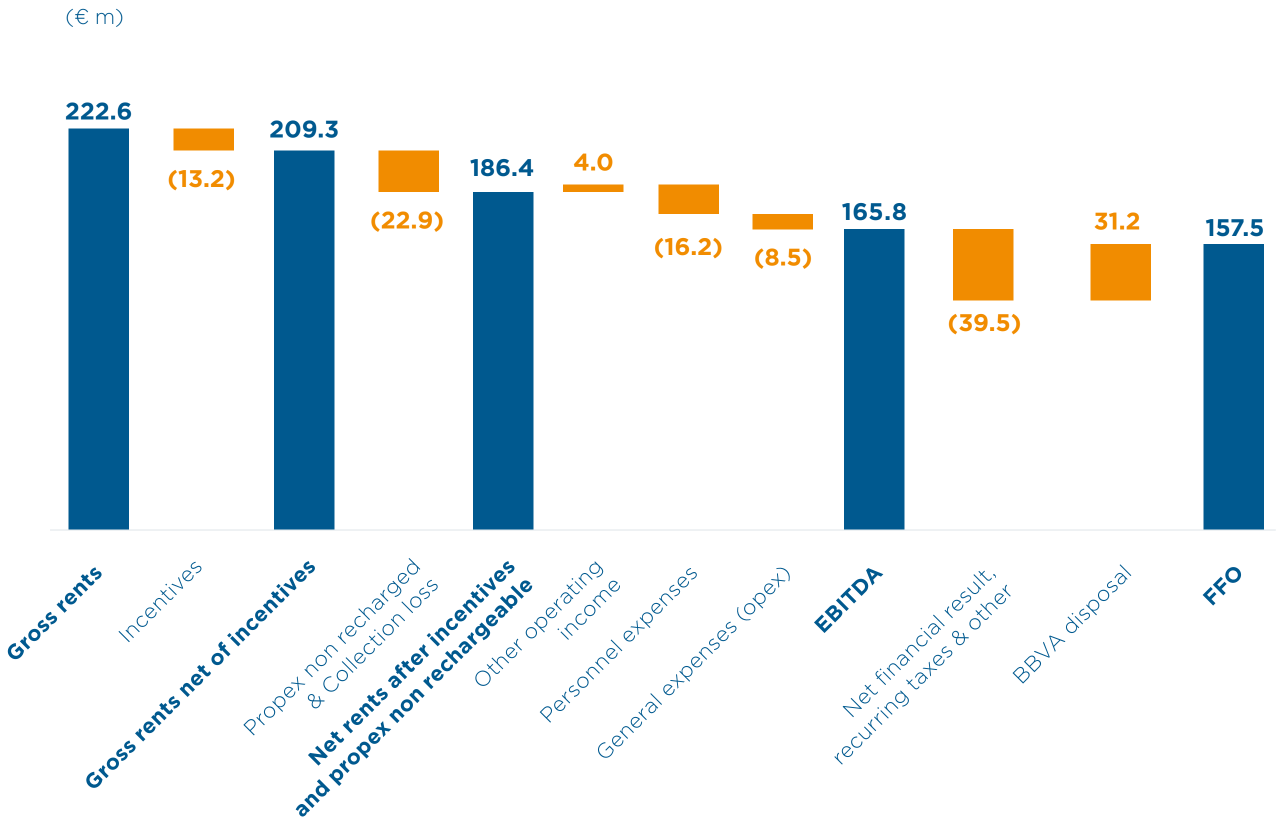
Gross rents (€ 222,556 thousand) less incentives of € 13,228 thousand equals to gross rents net of incentives of € 209,328 thousand. After deducting porfolio operating expenses not recharged to the tenants & collection loss (€ 22,931 thousand) the resulting amount is € 186,397 thousand of net rents. The total amount of operating expenses of the Company in the period is € 28,716 thousand, with the following breakdown:

i. € 16,188 thousand correspond to personnel expenses.

ii. € 8,461 thousand of Opex general expenses.

iii. € 2,926 thousand corresponding to the 2017-2019 long-term incentive plan (LTIP), already expired and the 2022-2024 long-term incentive plan (LTIP).

iv. € 1,141 thousand of Opex non-overheads operating expenses. The reconciliation between gross rents of the period and FFO is as follows:



CONSOLIDATED BALANCE SHEET

(€ thousand)

ASSETS	30/06/2022	EQUITY AND LIABILITIES	30/06/2022
NON CURRENT ASSETS	**11,572,830**	**EQUITY**	**7,510,299**
Intangible assets	1,705	Subscribed capital	469,771
Property, plant and equipment	6,562	Share premium	3,541,379
Investment property	10,802,797	Reserves	3,024,274
Investments accounted for using the equity method	494,654	Treasury stock	(17,310)
Non-current financial assets	187,294	Other equity holder contributions	540
Deferred tax assets	79,818	Interim dividend	-
		Profit for the period	491,645
		Minorities	-
		NON-CURRENT LIABILITIES	**4,159,972**
		Long term debt	3,530,515
		Long term provisions	10,336
		Deferred tax liabilities	619,121
CURRENT ASSETS	**1,011,850**	**CURRENT LIABILITIES**	**914,409**
Trade and other receivables	34,534	Short term debt	789,058
Short-term financial assets	83,646	Trade and other payables	101,332
Cash and cash equivalents	843,003	Other current liabilities	24,019
Other current assets	50,667		
TOTAL ASSETS	**12,584,680**	**TOTAL EQUITY AND LIABILITIES**	**12,584,680**

NOTES TO THE CONSOLIDATED BALANCE SHEET

Fair value of the portfolio corresponds to the appraisal value delivered by CBRE, Savills and JLL as of 30 June 2022. The referred appraisal value is reflected in the following accounting Items:

€ million	Notes	
Investment property	6	10,802.8
Equity method[(1)]	7	480.0
Non current financial assets[(2)]	8	90.5
Non-current assets	n.a.	0.9
Inventory[(3)]	n.a.	6.6
Total balance sheet items		**11,380.7**
IFRS-16 (concessions)	n.a.	(35.1)
Equity method adjustment	n.a.	44.2
Non-current assets adjustment	n.a.	0.4
Total valuation		**11,390.2**

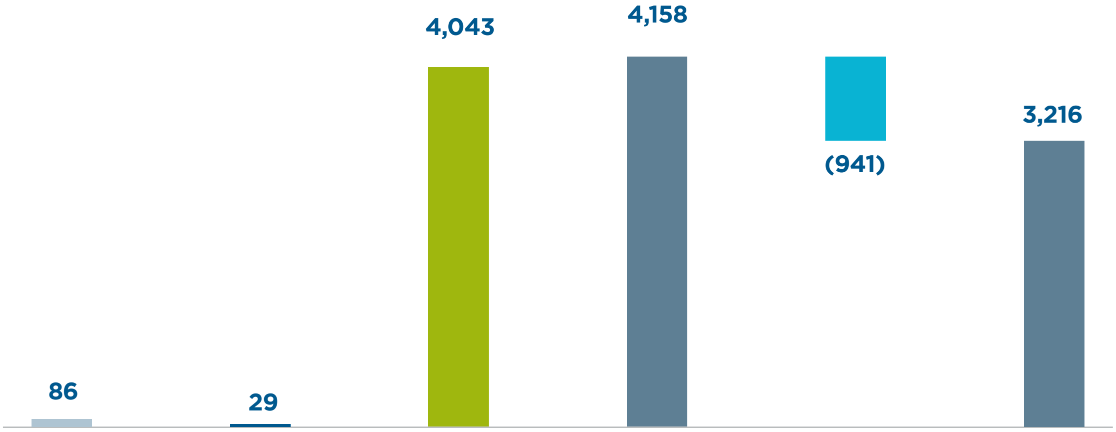
FINANCIAL DEBT

FINANCIAL DEBT BREAKDOWN

€ Thousand	Long term	Short term	Total
Financial debt	3,413,102	744,549	4,157,651
Loan arrangement costs	(27,345)	(365)	(27,710)
Debt interest expenses	-	38,246	38,246
Mark-to-market of interest-rate hedging contracts	(3,265)	1	(3,264)
Other financial liabilities (i.e. legal deposits)	144,873	6,626	151,499
Total debt	**3,527,366**	**789,058**	**4,316,423**

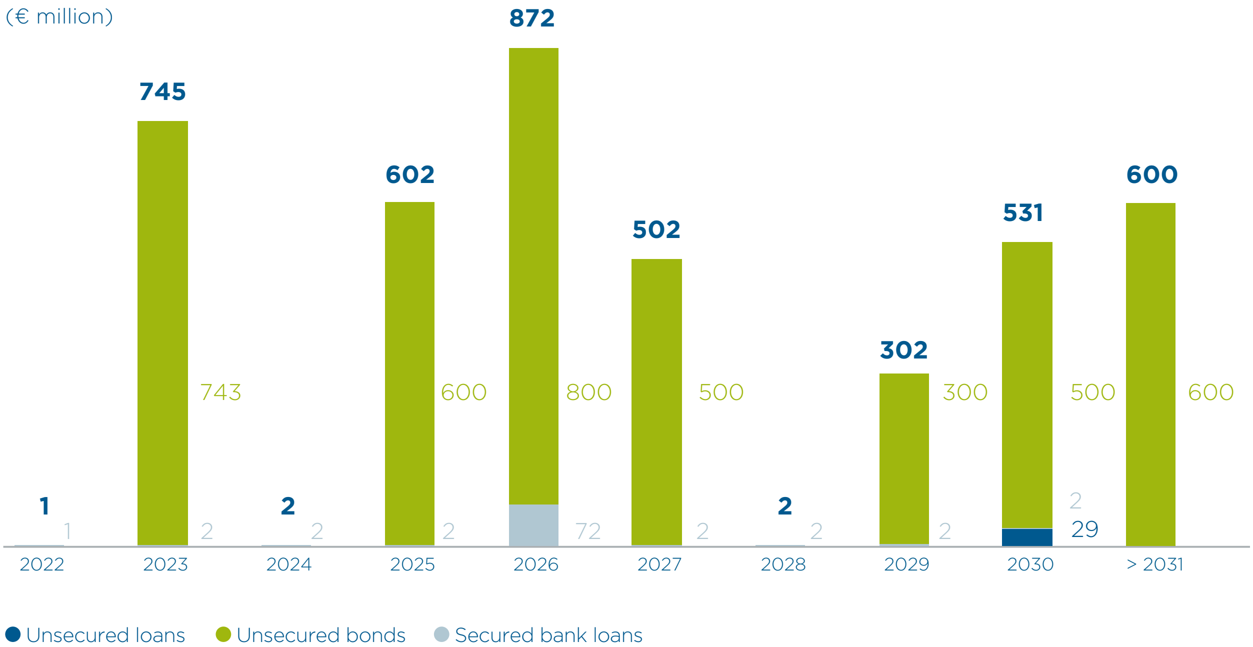
(1) Including Silicius at amortized cost (€ 80.3m) net of derivatives impact
(2) DCN loan
(3) Net value paid by MERLIN. Excludes both amounts not paid yet and pre-sold inventory. Total inventory amounts to €37.4m as of 6M22

MERLIN's net financial debt as of 30 June is € 3,216,374 thousand. Thanks to the BBVA portfolio disposal, € 670m mortgage loan and € 850m syndicated loan have been repaid. Additionaly, € 548.3m bond was repaid earlier this year reducing the Loan To Value to 27.4% including transfer costs, from 39.2% at year end implying a reduction of 1,174 bps. The breakdown of MERLIN's debt is the following:



	Secured bank loans	Unsecured loans	Unsecured bonds	**Total Gross Debt**	Cash[(1)]	**Total Net Debt**
% Gross financial debt	2.1%	0.7%	97.2%	**100.0%**		
Average cost (%)	1.33%	0.60%	1.96%	**1.94% (1.93% spot)**		
% interest rate hedged	79.1%	100.0%	100.0%	**99.6%**		

MERLIN'S debt has an average maturity period of 5.4 years. The chart showing debt maturity profile is the following:



[(1)] Includes cash (€ 843.0m), treasury stock (€ 17.3m) and Silicius receivable (€ 81.0m)

MERLIN's debt as of 30 June 2022 has an average cost of 1.94% (spot 1.93% plus derivatives cost). Nominal debt with interest rate hedged amounts to 99.6%. Key debt ratios are shown below:

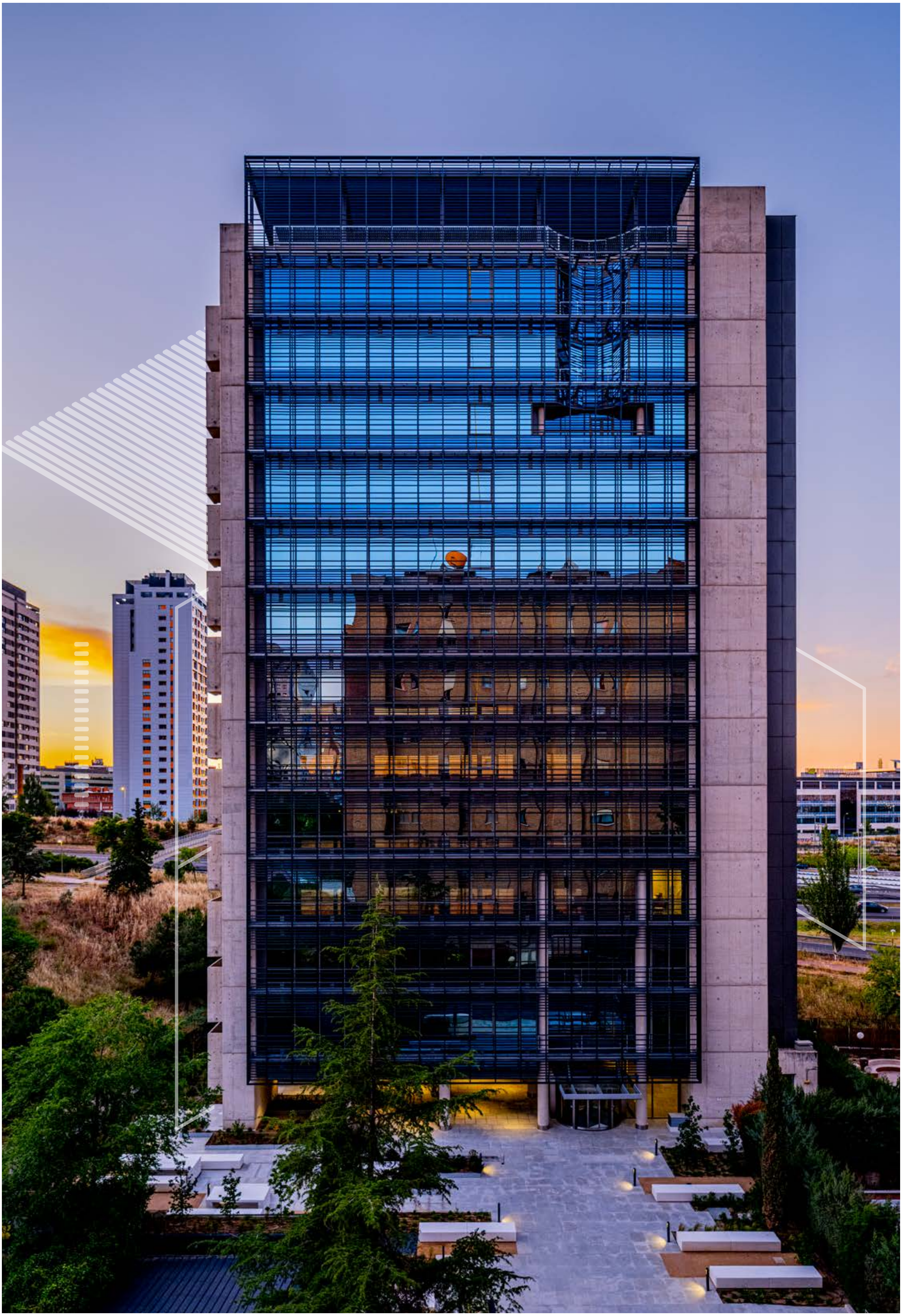
(€ million)	30/06/2022	31/12/2021
Gross financial debt	4,158	6,227
Cash and equivalents[1]	(941)	(980)
Net financial debt	3,216	5,247
GAV	11,390	13,041
LTV	27.4%	39.2%
Av. Interest rate	1.94%	2.07%
Hedged debt	99.6%	100.0%
Av. Maturity (years)	5.4	5.3
Liquidity[2]	1,773	1,811
Non-mortgage debt	97.9%	87.9%

SHAREHOLDERS RETURN

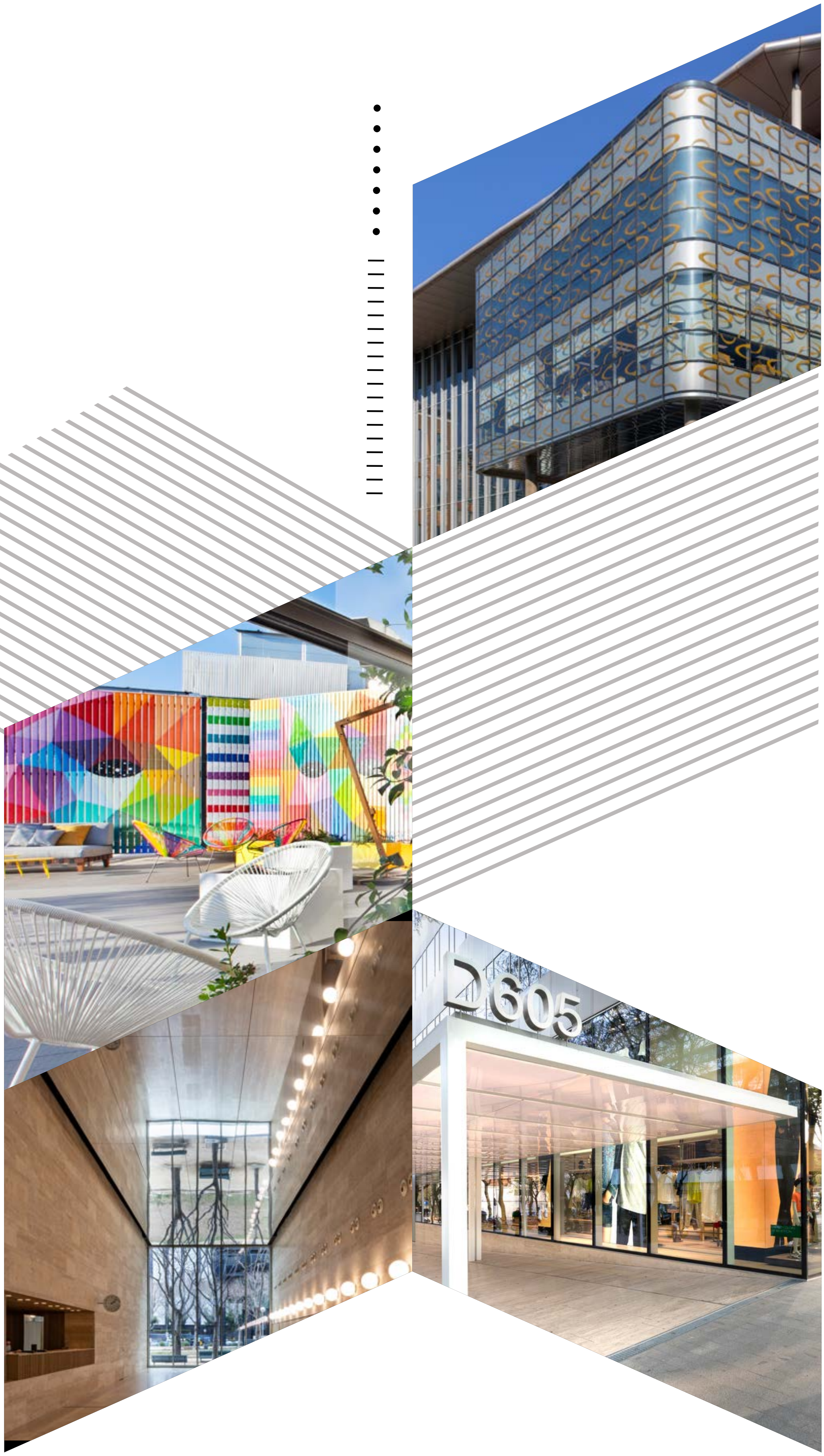
The Shareholder Return for a given period is equivalent to the sum of (a) the change in the EPRA NTA per share of the Company during such period; and (b) the total dividends per share (or any other form of remuneration or distribution to the Shareholders) that are paid in such period (the "Shareholder Return"). The Shareholder Return Rate is defined as the Shareholder Return for a given period divided by the EPRA NTA per share of the Company at the beginning of period (the "Shareholder Return Rate"). In accordance with these definitions, the Shareholder Return YTD for 2022 amounts to € 1.24 per share (or € 584m of value created in absolute terms) and the Shareholder Return Rate amounts to 7.7%

	Per share (€)	€ millon
EPRA NTA 31/12/2021	**16.11**	**7,567**
NTA growth in 2022	0.99	467
EPRA NTA 30/06/2022	**17.10**	**8,035**
DPS paid in 2022	0.25	117
NTA growth + DPS (Shareholder Return)	**17.35**	**8,152**
Shareholder Return Rate	**7.7%**	**7.7%**

[1] Includes cash and treasury stock (€ 17.3m) and Silicius receivable (€ 81.0m) in 6M22 and cash and treasury stock (€ 32.3m) and Silicius receivable (€ 81.0m) in FY21
[2] Includes available cash plus pending receivable of Silicius, treasury stock and undrawned credit facilities (€ 831.2m RCF and EIB loan) in 6M22 and in FY21



06 Post-Closing events



Post-Closing events

- On July 27th, MERLIN collected the receivable (€ 81.0m) from **Silicius**
- On July 28th, MERLIN approved an **extraordinary dividend** linked to the disposal of the BBVA portfolio amounting to **€ 0.75 per share. This extraordinary dividend will be paid on August 18th**

07 EPRA Metrics

EPRA Metrics

Performance Measure	Definition	30/06/2022	
		€ million	€ per share
EPRA Earnings	Earnings from core operational activities	157.5	0.34
EPRA NRV	EPRA Net Reinstatement Value: assumes that entities never sell assets and aims to represent the value required to rebuild the entity	8,395	17.87
EPRA NTA	EPRA Net Tangible Assets: assumes that entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred tax	8,035	17.10
EPRA NDV	EPRA Net Disposal Value: represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax	7,951	16.93
EPRA Net Initial Yield	Annualized rental income based on the cash passing rents at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with acquisition costs	3.9%	
EPRA "topped-up" NIY	Adjustment to the EPRA Net Initial Yield in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents)	4.1%	
EPRA vacancy rate(1)	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	7.1%	
EPRA Cost ratio (including direct vacancy costs)	Running costs of the Company divided by recurring rents including direct vacancy costs	23.3%	
EPRA Cost ratio (excluding direct vacancy costs)	Running costs of the Company divided by recurring rents excluding direct vacancy costs	18.2%	
EPRA costs (excluding non-recurring costs)	Recurring running costs of the Company divided by recurring rents	22.7%	

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

(1) ERV of occupied units under operations € 439.6m, ERV of vacant units under operations € 33.5m

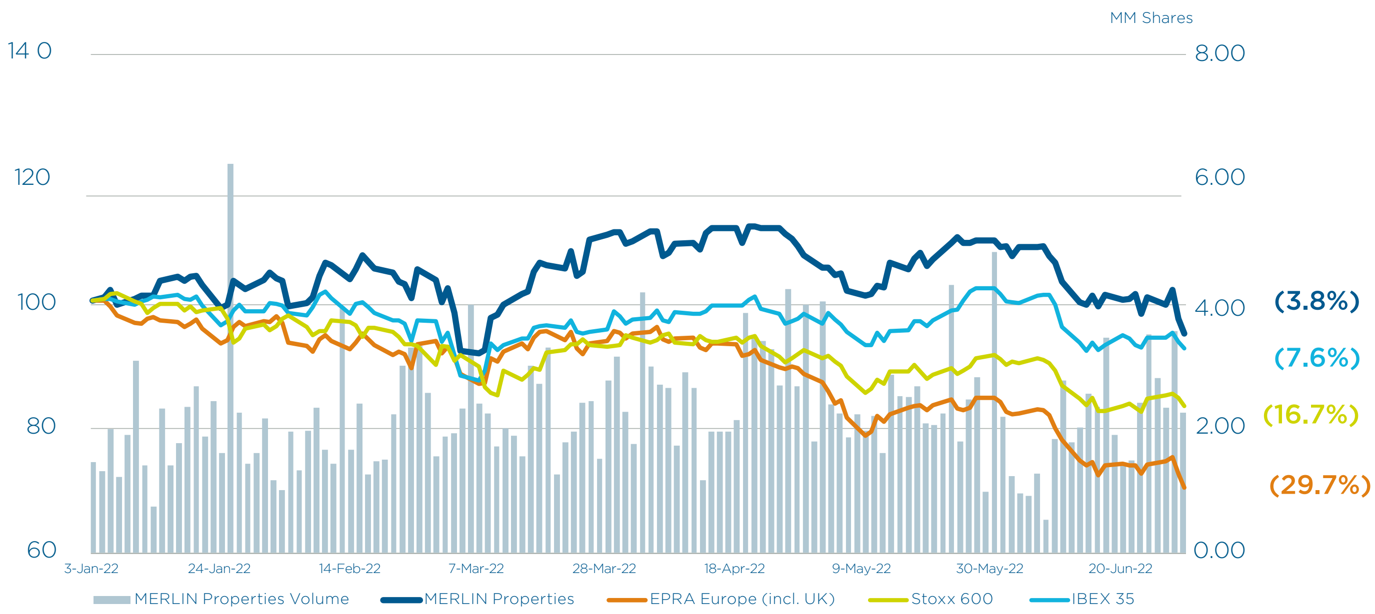
08 Stock exchange evolution

Stock exchange evolution

MERLIN shares closed at € 9.21 on 30 June 2022, a decrease of (3.8%) versus 31 December 2021 closing price (€ 9.57)

MERLIN SHARE PRICE PERFORMANCE(1) VS REFERENCE INDICES

From 1st January 2022 to 30th June 2022, Rebased to 100

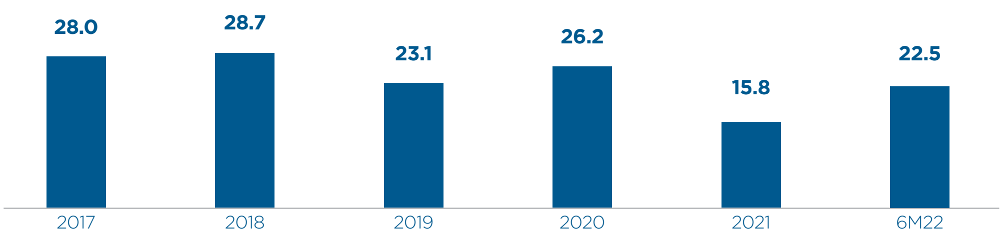


Source: Bloomberg

(1) Adjusted for any equity dilutive transactions

AVERAGE DAILY TRADING VALUE (€ M)

Average daily trading volume during the period has been € 22.5 million



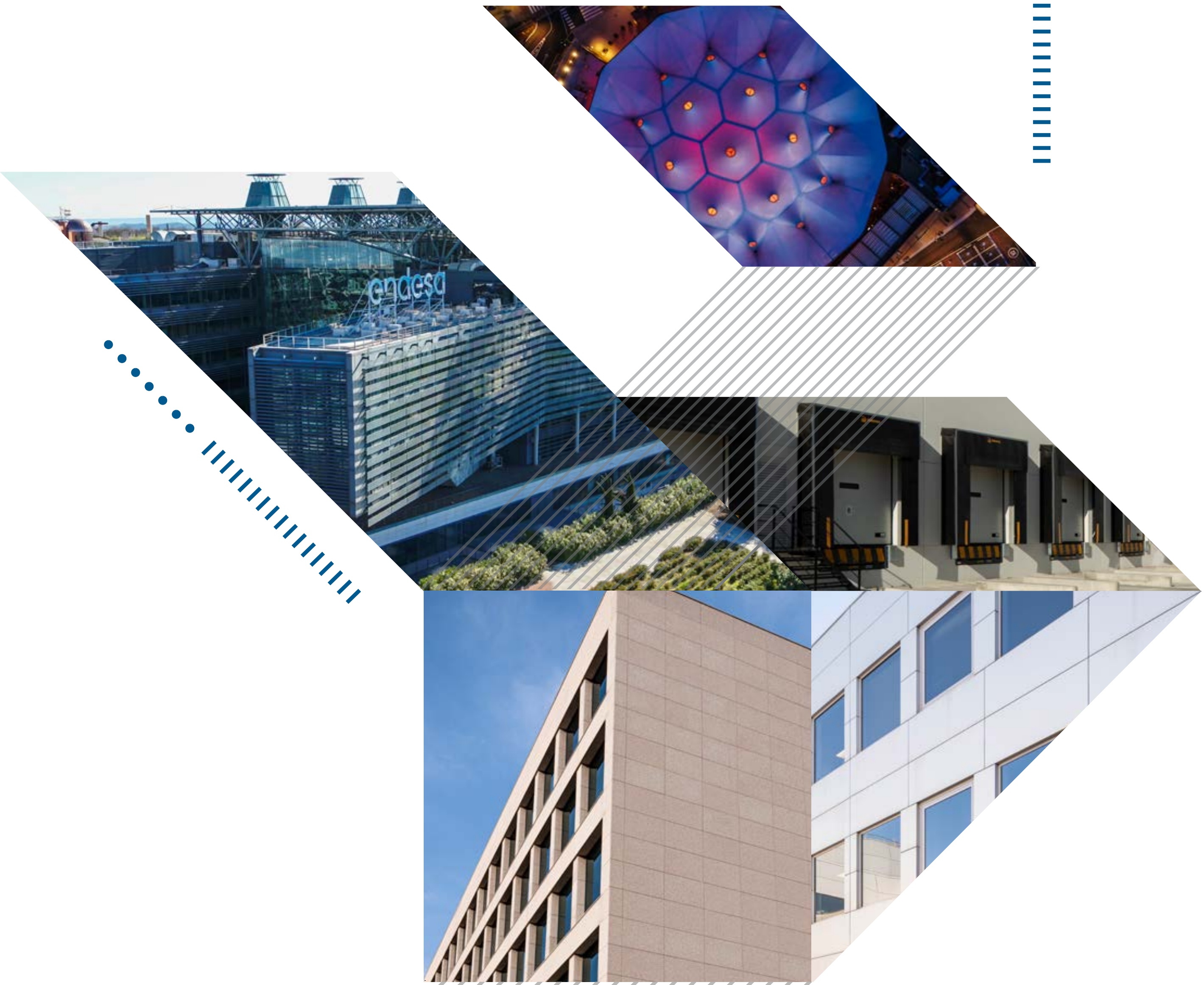
As of the date of this report, MERLIN is covered by a wide variety of 23 equity research houses. Consensus target price is € 11.52

TARGET PRICES AND ANALYST RECOMMENDATIONS

Entidad	Report date	Recommendation	Target Price
Goldman Sachs	12-07-2022	Neutral	10.00
Kepler Cheuvreux	11-07-2022	Buy	11.10
Barclays	04-07-2022	Buy	10.40
Bank of America	29-06-2022	Buy	10.10
J.P.Morgan	27-06-2022	Buy	12.00
BPI	15-06-2022	Buy	11.40
Sabadell	09-06-2022	Buy	12.95
bankinter	02-06-2022	Neutral	10.74
ALANTRA	23-05-2022	Buy	12.90
BESTINVER	29-04-2022	Neutral	11.70
EXANE BNP PARIBAS	26-04-2022	Buy	13.00
renta4	22-04-2022	Buy	13.10
JBCapitalMarkets	22-04-2022	Buy	13.50
intermoney valores sv	22-04-2022	Buy	13.00
ODDO BHF Asset Management	04-04-2022	Buy	12.60
GVC Gaesco	14-03-2022	Buy	13.33
Morgan Stanley	02-03-2022	Buy	12.00
UBS	07-02-2022	Buy	11.50
Kempen	13-05-2022	Buy	11.50
Societe Generale	22-11-2021	Buy	11.90
citi	24-06-2021	Sell	6.80
Santander	11-06-2020	Buy	9.60
Green Street Advisors	07-03-2022	Undisclosed	Undisclosed
Media total			**11,52**


ADEQUA

Appendix



EPRA METRICS CALCULATION

EPRA EARNINGS

(€ thousand)	Notes	
Consolidated net profit in accordance with IFRS		**491,645**
Adjustments to calculate EPRA earnings		(338,261)
(i) changes in value of investment properties	Consolidated income statement[1]	(121,036)
(ii) gain/(losses) on disposal of assets	Consolidated income statement	(5,678)
(iii) absorption of revaluation on investment properties		-
(iv) non recurring taxes	n.a.[2]	5,343
(v) share in equity method investees	n.a.[3]	(4,362)
(vi) difference in business combination	n.a.	-
(vii) changes in fair value of financial instruments and cancellation costs	n.a.[4]	(212,529)
(viii) impairment of fiscal credit		-
(ix) gain/(losses) on disposal of financial instruments	Consolidated income statement	1
Minority interests in respect of previous adjustments		-
EPRA net earnings pre-specific adjustments		**153,384**
EPRA net earnings per share pre-specific adjustments		**0.33**
Company specific adjustments:		4,067
(i) LTIP provision	13 c	2,926
(ii) Opex non-overheads	13 b and c	1,141
EPRA net earnings post-specific adjustments		**157,451**
EPRA net earnings per share post-specific adjustments		**0.34**

EPRA (European Public Real Estate Association) or European Association of listed property companies which recommend the standards of best practices to be followed in the real estate sector. The method of calculation of these APMs is carried out following the indications established by EPRA.

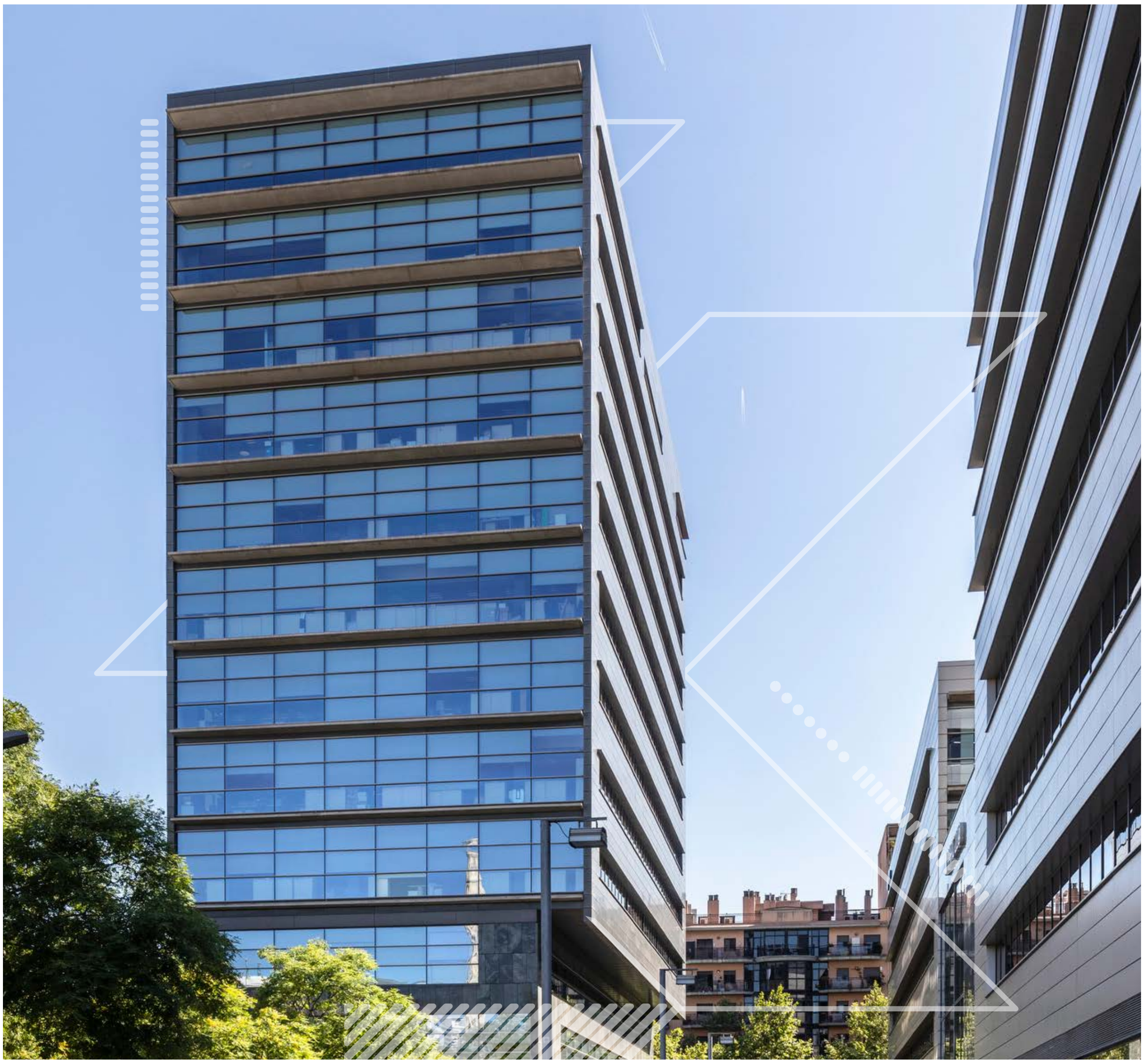
[1] Including the change in fair value of investment property, depreciation, and provisions
[2] Mainly deferred taxes that are not expected to have a cash impact in the short to mid term
[3] Difference between the share in earnings of equity method instruments (Consolidated income statement) and the attributable FFO of the subsidiaries
[4] Change in fair value of financial instruments (Consolidated income statement) + debt amortization costs (Consolidated income statement) + discontinued operations adjustment

EPRA NRV, NTA AND NDV

(€ million) EPRA Net Asset Value Metrics	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	7,510.3	7,510.3	7,510.3
Include / Exclude:			
i) Hybrid instruments	-	-	-
Diluted NAV	**7,510.3**	**7,510.3**	**7,510.3**
Include:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	-	-	-
ii.b) Revaluation of IPUC1 (if IAS 40 cost option is used)	-	-	-
ii.c) Revaluation of other non-current investments	44.6	44.6	44.6
iii) Revaluation of tenant leases held as finance leases	-	-	-
iv) Revaluation of trading properties	-	-	-
Diluted NAV at Fair Value	**7,554.9**	**7,554.9**	**7,554.9**
Exclude:			
v) Deferred tax in relation to fair value gains of IP	539.3	512.3	-
vi) Fair value of financial instruments	(31.0)	(31.0)	-
vii) Goodwill as a result of deferred tax	-	-	-
viii.a) Goodwill as per the IFRS balance sheet		-	-
viii.b) Intangibles as per the IFRS balance sheet		(1.7)	
Include:			
ix) Fair value of fixed interest rate debt			396.5
x) Revaluation of intangibles to fair value	-		
xi) Real estate transfer tax	332.2	-	-
NAV	**8,395.4**	**8,034.5**	**7,951.4**
Fully diluted number of shares	469,770,750	469,770,750	469,770,750
NAV per share	**17.87**	**17.10**	**16.93**

EPRA YIELDS

(€ million)	Offices	Logistics	Shopping centers
Asset value	6,429.5	1,356.8	2,195.3
Transfer tax	163.5	42.5	77.5
Gross asset value	6,592.9	1,399.3	2,272.7
Exclude			
WIP & Land	(541.1)	-	-
Commercial property portfolio GAV	6,051.8	1,399.3	2,272.7
Gross rents annualized	**241.0**	**70.2**	**118.8**
Exclude:			
Propex not recharged to tenants	(16.7)	(3.8)	(12.6)
"Topped-up" net rents annualized	**224.3**	**66.4**	**106.2**
Exclude:			
Incentives	(6.4)	(0.8)	(4.7)
Net rents annualized	**217.9**	**65.6**	**101.6**
EPRA "topped-up" yield	**3.7%**	**4.7%**	**4.7%**
EPRA net initial yield	**3.6%**	**4.7%**	**4.5%**



Other	WIP	TOTAL
410.4	383.6	10,775.5
9.7	24.7	317.8
420.1	408.3	11,093.3
(93.0)	(408.3)	(1,042.4)
327.1	-	10,051.0
12.5	-	**442.5**
(1.4)	-	(34.5)
11.1	-	**408.0**
(0.2)	-	(12.1)
10.9	-	**395.9**
3.4%	-	**4.1%**
3.3%	-	**3.9%**

EPRA COST RATIO

(€ thousand)	Notes	30/06/2022
Property expenses not recharged to tenants	13 b	(23,005)
Collection loss	13 b	74
Personnel expenses	13 c	(19,114)
Opex general expenses	13 b	(8,461)
Opex non-overheads	13 b and 13 c	(1,141)
LTIP accrual	13 c	2,926
Exclude:		
Investment property depreciation		-
Ground rent costs		-
Service charge recovered through rents but not invoiced separately		-
Expenses related to 3rd party asset management services		-
EPRA Cost ratio (including direct vacancy costs)		**(48,721)**
Gross rents	n.a	222,556
Less: incentives	Consolidated income statement	(13,228)
Less: ground rent costs		-
Gross rental income	4 c	209,328
EPRA Cost ratio (including direct vacancy costs)		**23.3%**
EPRA Cost ratio (excluding direct vacancy costs)		**18.2%**

As per MERLIN's policy the company does not capitalize overheads or operating expenses

ALTERNATIVE PERFORMANCE MEASURES

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

GLOSSARY

Average debt maturity (years)

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

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

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

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

Average passing rent

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

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

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

Release spread

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

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

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

Rents Like-for-like

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

We consider the rental like-for-like growth a relevant metric to understand the evolution of rents of an asset or an asset category

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

Gross annualized rents

Passing rent as of the balance sheet date multiplied by 12

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

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

GAV

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

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

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

Gross yield

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

Wault

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

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

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

Revenues

Is the addtion of the total gross rent income, and the other operating income excluding extraordinaries

The reconciliation with IFRS appears in the table thereafter

Accounting EBITDA

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

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

The reconciliation with IFRS metrics appears in the table hereafter

EBITDA

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

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

The reconciliation with IFRS metrics appears in the table hereafter

Accounting FFO and FFO

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

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

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

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

EPRA costs

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

This performance metric shows the operating efficiency on a recurring basis

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

EPRA Earnings

Earnings from core operational activities as per EPRA's recommendations

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

EPRA NRV, EPRA NTA and EPRA NDV

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

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

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

EPRA Yields

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

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

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

The calculation is provided in the Appendix of this report

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

EPRA Vacancy Rate

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

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

Loan-to-value ratio (LTV)

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

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

The reconciliation with IFRS metrics appears in the table hereafter

Leverage ratio

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

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

The reconciliation with IFRS metrics appears in the table hereafter

Financial debt

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

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

The reconciliation with IFRS metrics appears in the table hereafter

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

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

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

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

Average cost of debt

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

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

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

Liquidity position

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

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

The reconciliation with IFRS metrics appears in the table hereafter

Net debt

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

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

The reconciliation with IFRS metrics appears in the table hereafter

Investment in energy efficiency improvements

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

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

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

Total tax contribution

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

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

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

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

RECONCILIATION OF THE ALTERNATIVE PERFORMANCE MEASURES WITH CONSOLIDATED FINANCIAL STATEMENTS

(€ thousand)	Notes	6M22	6M21
Total revenues	4 a and 13 a	213,939	179,453
Other operating income	Consolidated income statement	1,565	2,929
Personel expenses	13 c	(19,114)	(20,494)
Other operating expenses	13 b	(34,671)	(32,956)
Accounting EBITDA		**161,719**	**128,932**
Costs related to acquisition and disposals	13 b	*1,005*	*999*
Other costs	13 b	*136*	*520*
Severances	13 c	-	*152*
Non-overhead costs	13 b and 13 c	1,141	1,671
Long term incentive plan	13 c	2,926	5,586
EBITDA		**165,786**	**136,189**
Financial expenses excluding debt arrangement costs	Consolidated income statement	(48,348)	(48,323)
Equity method attributable FFO	n.a	12,132	8,734
IFRS16 Adjustement	n.a	-	900
Discontinued operations	n.a	31,177	35,635
Current taxes	n.a	(3,297)	(1,406)
FFO		**157,450**	**131,729**
Non-overhead costs	13 b and 13c	(1,141)	(4,239)[(1)]
Accounting FFO		**156,309**	**127,490**

(€ thousand)			
Gross rental income	Consolidated income statement	222,556	205,434
Revenue from rendering of services	4 c	4,610	2,501
Other net operating income	n.a	(571)	1,746
Revenues		**226,595**	**209,682**

[(1)] 6M21 includes adjustments as a consequence of the BBVA portfolio disposal

	(€ m)	Notes	6M22	6M21
A	GAV	Section 5 Results Report	11,390	12,893
B	Transaction costs	n.a	332	375
C=A+B	GAV + transaction costs		11,722	13,267
N	Net debt		3,216	5,368
D= N/C	**LTV**		**27.4%**	**40.5%**
E	Net debt		3,216	5,368
F	Equity	Balance sheet	7,510	7,027
G=E+F	Total capital		10,727	12,395
H=E/G	**Leverage ratio**		30.0%	43.3%
I	**Financial debt**	Section 5 Results Report	4,158	6,232
J= K+L+M	Cash and cash equivalents		941	864
K	Cash	Balance sheet	843	680
L	Receivables	14	81	151
M	Treasury stock	Balance sheet	17	32
N=I-J	**Net debt**		3,216	5,368
J	Cash and cash equivalents		941	864
O	Undrawn credit facilities	n.a.	831	786
P= J+O	**Liquidity position**		1,773	1,650

LIST OF ASSETS

Asset	Location	G.L.A sqm AG
Torre Castellana 259	Madrid	21,390
Castellana 280	Madrid	16,853
Castellana 278	Madrid	14,468
Castellana 93	Madrid	11,650
Castellana 85	Madrid	16,474
Plaza Pablo Ruíz Picasso*	Madrid	31,576
Alcala 40	Madrid	9,315
Principe de Vergara 187	Madrid	11,705
Alfonso XI	Madrid	9,945
Pedro de Valdivia 10	Madrid	6,721
Beatriz de Bobadilla 14	Madrid	17,556
Princesa 3	Madrid	17,810
Princesa 5	Madrid	5,693
Plaza de los Cubos	Madrid	13,528
Ventura Rodriguez 7	Madrid	10,071
Juan Esplandiu 11-13	Madrid	28,008
Eucalipto 33	Madrid	7,301
Eucalipto 25	Madrid	7,368
Santiago de Compostela 94	Madrid	13,130
Parking Princesa**	Madrid	-
Total Madrid Prime + CBD		**270,566**

Josefa Valcarcel 48	Madrid	19,893
Alvento	Madrid	32,928
Cristalia	Madrid	11,712
Trianon	Madrid	18,400
Ribera del Loira 36-50	Madrid	39,150
Ribera del Loira 60	Madrid	54,960
Partenon 12-14	Madrid	19,609
Partenon 16-18	Madrid	18,343
Arturo Soria 128	Madrid	3,226
Total Madrid NBA A2		**199,822**

* Project under development
** Below ground surface has not been taken into account for G.L.A. purposes.

Asset	Location	G.L.A sqm AG
Torre Chamartin	Madrid	18,295
Arturo Soria 343	Madrid	6,615
Manoteras 18	Madrid	7,515
Fuente de la Mora	Madrid	4,482
Aquamarina	Madrid	10,685
Via Norte	Madrid	37,224
María de Portugal 9-13	Madrid	17,140
Las Tablas	Madrid	27,184
Avenida de Burgos 210	Madrid	6,176
Avenida de Burgos 208	Madrid	1,200
Manuel Pombo Angulo 20	Madrid	3,623
Avenida de Bruselas 24	Madrid	9,163
Avenida de Bruselas 26	Madrid	8,895
Avenida de Bruselas 33	Madrid	33,718
Avenida de Europa 1A	Madrid	12,606
Avenida de Europa 1B	Madrid	10,495
Maria de Portugal T2	Madrid	17,139
Adequa 1	Madrid	27,426
Adequa 2	Madrid	3,710
Adequa 3	Madrid	15,937
Adequa 5	Madrid	13,790
Adequa 6	Madrid	13,789
Adequa 4*	Madrid	15,793
Adequa 7*	Madrid	32,109
Total Madrid NBA A1		**354,759**

Atica 1*	Madrid	7,080
Atica 2	Madrid	5,644
Atica 3	Madrid	5,746
Atica 4	Madrid	4,936
Atica 5	Madrid	9,526
Atica 6	Madrid	3,434
Atica XIX**	Madrid	20,425
PE Cerro Gamos*	Madrid	36,105
Alvia	Madrid	23,567
Total Madrid Periphery		**116,462**

* Project under development
** Including 5,014 sqm of PE Atica XIX D under development

Asset	Location	G.L.A sqm AG
Diagonal 605	Catalonia	14,940
Diagonal 514	Catalonia	10,263
Diagonal 458	Catalonia	3,026
Plaza de Cataluña 9**	Catalonia	3,048
Balmes 236-238	Catalonia	6,187
Vilanova 12-14	Catalonia	16,494
Gran Vía Cortes Catalanas 385	Catalonia	5,190
Diagonal 211 (Torre Glòries)	Catalonia	37,614
Diagonal 199	Catalonia	5,934
Llull 283 (Poble Nou 22@)	Catalonia	31,337
Loom 22@ Ferreteria*	Catalonia	2,018
Total Barcelona Prime + CBD		**137,176**
WTC6	Catalonia	14,461
WTC8	Catalonia	14,597
Av. Parc Logistic 10-12 (PLZFA)	Catalonia	11,411
Av. Parc Logistic 10-12 (PLZFB)	Catalonia	10,651
Total NBA WTC		**51,121**
Sant Cugat I	Catalonia	15,377
Sant Cugat II	Catalonia	10,008
Total Periphery		**25,385**
Monumental	Lisbon	25,358
Marques de Pombal 3	Lisbon	12,460
Torre Lisboa	Lisbon	13,715
Central Office	Lisbon	10,310
Torre Zen	Lisbon	10,207
Art	Lisbon	22,150
TFM	Lisbon	7,837
Lisbon Expo	Lisbon	6,740
Total Lisbon Prime + CBD		**108,777**
Nestlé	Lisbon	12,260
Total Lisbon NBA		**12,260**
Lerida - Mangraners	Catalonia	3,228
Sevilla - Borbolla	Andalusia	13,037
Granada - Escudo del Carmen	Andalusia	2,040
TOTAL OFFICES		**1,294,634**

* Project under development

Asset	Location	G.L.A sqm AG
Marineda	Galicia	100,577
Arturo Soria	Madrid	6,069
Centro Oeste	Madrid	10,876
Tres Aguas	Madrid	67,940
X-Madrid	Madrid	47,120
Callao 5	Madrid	11,629
Larios	Andalusia	37,956
Porto Pi	Mallorca	32,795
Artea	Basque Country	25,922
Arenas	Catalonia	31,905
Vilamarina	Catalonia	32,191
Saler	Valencian C.	29,008
La Vital	Valencian C.	20,878
Bonaire	Valencian C.	14,455
Almada	Lisbon	60,049
TOTAL SHOPPING CENTERS		**529,361**

Asset	Location	G.L.A sqm AG
A2-Coslada	Madrid	28,491
A2-Coslada Complex	Madrid	36,234
A4-Getafe (Cla)	Madrid	16,100
A2-Meco I	Madrid	35,285
A4-Pinto I	Madrid	11,099
A4-Pinto II	Madrid	58,990
A4-Getafe (Gavilanes)	Madrid	39,591
A2-Meco II	Madrid	59,814
A2-San Fernando I	Madrid	11,179
A2-San Fernando II	Madrid	33,592
A2-San Fernando III*	Madrid	98,924
A4-Seseña	Castilla La Mancha	28,731
A2-Alovera	Castilla La Mancha	38,763
A2-Azuqueca II	Castilla La Mancha	96,810
A2-Azuqueca III*	Castilla La Mancha	51,000
A2-Cabanillas I	Castilla La Mancha	70,134
A2-Cabanillas II	Castilla La Mancha	15,078
A2-Cabanillas III	Castilla La Mancha	21,879
A2-Cabanillas Park I A	Castilla La Mancha	38,054
A2-Cabanillas Park I B	Castilla La Mancha	17,917
A2-Cabanillas Park I C	Castilla La Mancha	48,468
A2-Cabanillas Park I D	Castilla La Mancha	47,892
A2-Cabanillas Park I E	Castilla La Mancha	49,793
A2-Cabanillas Park I F	Castilla La Mancha	20,723
A2-Cabanillas Park II*	Castilla La Mancha	210,678
A2-Cabanillas Park G	Castilla La Mancha	22,506
A2-Cabanillas Park H	Castilla La Mancha	25,247
A2-Cabanillas Park J*	Castilla La Mancha	45,241
Barcelona-ZAL Port	Catalonia	736,384
Barcelona-PLZF	Catalonia	132,100
Zaragoza-Pedrola	Zaragoza	21,579
Zaragoza-Plaza	Zaragoza	20,764
Valencia*	Valencian C.	96,572
Valencia-Almussafes	Valencian C.	26,613
Valencia-Ribarroja	Valencian C.	34,992
Vitoria-Jundiz I	Basque Country	72,717
Vitoria-Jundiz II	Basque Country	26,774
Sevilla Zal	Andalusia	138,777
Sevilla Zal WIP	Andalusia	15,122
Lisbon Park*	Lisbon	179,693
Lisbon Park A	Lisbon	45,171
TOTAL LOGISTICS		**2,825,469**

* Project under development

Asset	Location	G.L.A sqm AG
Eurostars Torre Castellana 259	Madrid	31,800
General Ampudia 12*	Madrid	-
Yunque	Madrid	1,780
Locales Torre Madrid	Madrid	4,344
Torre Madrid residencial	Madrid	120
Novotel Diagonal 199	Catalonia	15,332
Jovellanos 91	Catalonia	4,067
Rambla Salvador Sama 45-47-49	Catalonia	1,140
Hotel Marineda	Galicia	5,898
Parking Palau**	Valencian C.	-
Bizcargi 1 1D	Basque Country	46
Caprabo	Catalonia	1,033
TOTAL OTHER		**65,560**

* Project under development
** Below ground surface has not been taken into account for G.L.A. purposes

MERLIN
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MERLIN PROPERTIES, SOCIMI, S.A.
Preparation of the interim financial statements for the six-month period ended June 30, 2022

At their meeting of July 28, 2022, the directors of Merlin Properties SOCIMI, S.A. prepared the interim financial statements for the six-month period ended June 30, 2022. 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	________________________________ Ms. María Ana Forner Beltrán 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, 2022

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, 2022, prepared and approved by the Board of Directors at the meeting held on July 28, 2022, 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	Ms. María Ana Forner Beltrán 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	