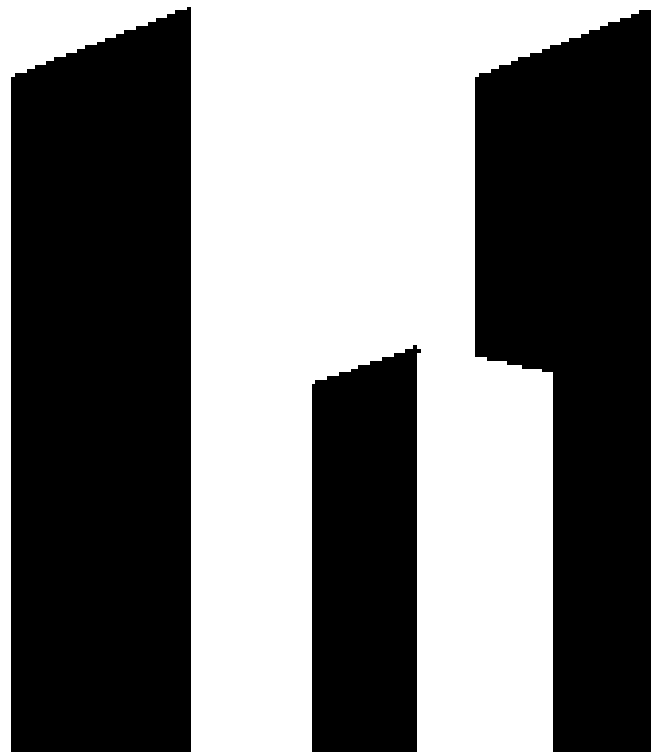




Audit and Control Committee
December 2022

**Report on the activities of the Audit
and Control Committee of
MERLIN Properties, SOCIMI, S.A.
for the year ended December 31,
2022**



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1.- INTRODUCTION

For the Board of Directors to carry out the annual evaluation of the Audit and Control Committee (hereinafter, the Committee) of MERLIN PROPERTIES SOCIMI, S.A. (hereinafter, MERLIN) in accordance with the provisions of article 529 *nonies* of the Revised Capital Companies Law, this Committee prepares an annual report on its work, highlighting the main activities carried out in relation to its functions, which is made public on the terms provided for in the applicable regulations in force.

In accordance with the aforementioned article, as well as with Recommendation 6 of the Good Governance Code for listed companies, Section 79 of Technical Guide 3/2017 of the Spanish Securities Market Commission (CNMV) and the provisions of Article 25.2 of the Audit and Control Committee Regulations, this *Report on Activities for fiscal year 2021* has been prepared, which will be available to investors, shareholders and any other stakeholders, at the corporate website (<https://www.merlinproperties.com/gobierno-corporativo/informes-anuales/>) from the time the Annual Shareholders' Meeting is called.

In addition to the provisions of current legislation, the Committee is governed by the provisions of the Company's Bylaws, the Regulations of the Board of Directors of the Company, and more specifically, the *Regulations of the Audit and Control Committee*, approved by the Board of Directors on January 30, 2018, revised on December 16, 2020 and subsequently amended on May 4, 2022, upon proposal of the Audit and Control Committee itself.

Said Committee Regulations, incorporate all the aspects included in the recommendations of *Technical Guide 3/2017 of the Spanish Securities Market Commission (CNMV) on Audit Committees at Public-Interest Entities*, as well as the updates to the recommendations included in the New Code of Good Governance approved by the CNMV in June 2020.

All MERLIN's internal regulations (Bylaws, Regulations of the Board of Directors and Regulations of the Audit and Control Committee) are available at the corporate website: (<https://www.merlinproperties.com/gobierno-corporativo/normativa-de-gobierno-corporativo/>).

During the year and throughout its fourteen sessions, the Committee's activity has fulfilled the Annual Working Plan for the year 2022, included in the "*Work Calendar for the year 2022*", approved by the Committee in December 2021 and which set out the expected content of its sessions and the reports to be submitted to the Board, the appearances of the external auditor, as well as a training plan for the Committee.

In this regard, and as reflected in this Report on Activities, during fiscal year 2022, the Committee has addressed the analysis and examination of all issues and aspects within its powers, reporting on a timely basis on the most relevant issues to the Board of Directors of the Company, including the review of financial and non-financial information, supervision of the relations and independence of the External Audit, supervision of the Internal Audit, supervision of the risk control and management systems, including tax and technological risks, supervision of related-party transactions, supervision of the regulatory compliance system and associated control structures, as well

as recommendations for the continuous improvement of the Company's Internal Control and Corporate Governance Systems.

2.- COMPOSITION, FUNCTIONING AND POWERS

The composition and powers of MERLIN's Audit and Control Committee are regulated in Chapters II and III of the Regulations of the Audit and Control Committee in accordance with the provisions of article 529 *quaterdecies* of the Capital Companies Law. Such provisions establish, in summary, the following main aspects with regard to the Committee:

2.1. Composition

With regard to its composition, and in accordance with the provisions of Articles 12 and 13 of the Regulations of the Audit and Control Committee, the Committee will have a minimum of three (3) and a maximum of six (6) members, all of whom will be non-executive directors and most of whom will be independent directors; said members will be appointed by the Board, at the proposal of the Nominations and Compensation Committee. The proposal and appointment of its members must procure diversity in its composition, in particular with respect to gender, professional experience, skills and knowledge of the industry.

Committee members, as Board members, must have the experience and knowledge of management, economics, finance and business necessary in all good directors. In addition, the Committee, collectively, must have the pertinent technical knowledge related to the industry to which the Company belongs; and at least one of the Committee members must also be designated having equal regard to his knowledge and experience in matters of accounting, audit or both.

In addition to the foregoing, when proposing and appointing Committee members and officers, the Committee, the Appointments and Compensation Committee and the Board must procure that the Committee chairman has knowledge, aptitudes and experience suitable to the functions he is called to perform in accounting, auditing or risk management matters; Committee members, collectively, have aptitudes in financial and internal control matters; and at least one of the Committee members has experience in information technology (IT), among other reasons, so as to provide effective supervision of internal control and risk management systems, which generally use complex computer applications, and so as to be able to make a suitable assessment of new emerging risks, such as that of cybersecurity.

The Audit and Control Committee will appoint a chairman from among its members, who must be an Independent Committee member in all cases and must be replaced every four (4) years, and can be re-elected after a period of one (1) year has elapsed since the end of his term, notwithstanding his continuity or re-election as a Committee member.

The number of members, powers and functioning rules of the Committee are designed to promote the independence of its functioning.

In 2022, Mr. Donald Johnston joined the Committee, replacing Mr. Juan María Aguirre Gonzalo in the role of Chairman given that the maximum term (4 years) had elapsed since such appointment. Accordingly, as of the date of this report, the composition of the Committee is as follows:

OFFICE	MEMBER	CATEGORY AS DIRECTOR	EXPERIENCE IN ACCOUNTING/FINANCIAL/RISK MANAGEMENT/TECHNOLOGY
Chairman	Mr. Donald Johnston	Independent	✓
Member	Mr. Juan María Aguirre Gonzalo	Independent	✓
Member	Ms. Ana María García Fau	Independent	✓
Member	Mrs. María Luisa Jordá Castro	Independent	✓
Member	Ms. Francisca Ortega Hernández-Agero	Nominee	✓
Member	Ms. Ana Forner Beltrán	Nominee	✓

The profiles of each Committee member, including information about their education, work and management experience, dates of appointment and subsequent re-election, can be consulted at the corporate website.

[\(http://www.merlinproperties.com/gobierno-corporativo/consejo-de-administracion/\)](http://www.merlinproperties.com/gobierno-corporativo/consejo-de-administracion/)

Pursuant to the provisions of Article 13 of the Committee Regulations, the Secretary, who is not a member of the Committee, is Mr. Ildefonso Polo del Mármol, who is also the Deputy Secretary of the Board of Directors.

2.2. Functioning

The Audit and Control Committee, in accordance with the provisions of Article 17 of its Regulations, prior to the commencement of each year, approves an annual working plan that covers the specific objectives for each of the Committee's functions, the organization of the information and agenda for meetings or other periodic forms of communicating with Company directors, with the head of the internal audit department and with the external auditor, and the training deemed appropriate for the correct performance of the Committees functions.

In this regard, the Committee carried out its functions during the year in accordance with the "*Working Plan for year 2022*", approved by the Committee in December 2021, and approved the "*Working Plan for year 2023*" at its meeting held on December 13, 2022.

In any case, the Committee will call a meeting not less than once every quarter, in order to review the periodic financial information that, pursuant to the Company's internal procedures and, if applicable, the regulations in force, is to be forwarded by the Board to the securities market authorities, and other periodic obligations (AML/CFT, Compliance,

risks, etc.), as well as the information to be approved by the Board and included in its annual public documentation.

These meetings will be attended by the Head of Internal Audit and, if a review report is issued, by the external auditor. At least a part of these meetings will be held without the presence of Company management, so that specific matters arising from the reviews performed can be discussed exclusively with them.

The Committee may also enlist the cooperation or advisory services of external professionals, and request any type of information or documentation available to the Company in connection with the matters under the Committee's authority and deemed necessary by the committee for the performance of its functions.

2.3. Powers

The Committee's functions are detailed in articles 5 to 10 of the specific Regulations of the Audit and Control Committee. Its main powers are summarized below:

- (i) to approve the Policy defining the procedure used to select and contract the external auditor, all relations with it, any circumstances that could affect its independence and the instruments used to ensure that such relations are sufficiently transparent;
- (ii) to present to the Board, for submission to the Shareholders' Meeting, the proposal for the selection, appointment, reelection and replacement of the external auditor, as well as the contracting terms and, as the case may be, terms of revocation or non-renewal;
- (iii) to receive from the external auditor, on an annual basis, the statement of its independence, as well as the information on additional services provided, of any type, and the related fees received by the external auditor or by the persons or entities related to it, pursuant to the audit legislation;
- (iv) to issue, on an annual basis, prior to the issue of the audit report, a report in which it gives an opinion on whether the independence of the external auditor has been compromised;
- (v) to review with the external auditor the main incidents detected during the audit, comparing them with the opinion of the management, checking that they have been resolved and, if not, ascertaining why not, and to perform a follow-up of the external auditor's recommendations;
- (vi) to analyze with the external auditor the significant weaknesses of the internal control system detected during the audit, to present recommendations or proposals to the Board and to specify the related period in which they are to be monitored;
- (vii) to grant prior authorization to non-audit services to be provided by the external auditor (or the audit firm to which it belongs) or by the persons or entities related to them (pursuant to the audit legislation) to the group of companies, as stipulated by law;

- (viii) to supervise the correct application of the generally accepted accounting principles and applicable international financial reporting standards and to supervise the process of preparing and presenting the Company's financial statements and any periodic financial information which, pursuant to the legislation in force, the Company is to report to the markets and to their supervisory bodies, including their preparation and publication process, reporting on them to the Board prior to their approval and subsequent to the submission of recommendations or proposals aimed at safeguarding their integrity;
- (ix) to review the clarity and integrity of all financial information and non-financial information made public by the Company, such as financial statements, the management report, the non-financial information statement and the annual corporate governance report, ensuring that the half-yearly financial reports and the quarterly management statements are prepared using the same accounting methods as the annual financial reports and, for such purpose, to consider whether it would be appropriate to have the auditor perform a limited review of the half-yearly financial reports;
- (x) to review the contents of the audit reports, the reports on the limited review of interim accounts, the reports on the review of the non-financial information statement and other mandatory reports by the external auditor, prior to issue, with a view to avoiding qualifications;
- (xi) to review, with the cooperation of the internal audit department, the financial and non-financial information posted on the Company's website, ensuring that it is updated on an ongoing basis and is in line with the financial information prepared by the Company's directors and posted, as the case may be and where obligatory, on the website of the National Securities Market Commission;
- (xii) to approve the guidelines and working plans of the internal audit department and to receive periodic information on its activities; when supervising the working plan, the Committee must check that the plan covers the main areas of financial and non-financial risk of the business and that it clearly identifies and defines the Committee's responsibilities, in the interest of suitable coordination with any other existing assurance functions, such as the risk management and control, management control, and legislative compliance units and the external auditor;
- (xiii) to supervise everything related to the various types of risk faced by the Company, including financial and non-financial risks, contingent liabilities, other off-balance sheet risks, operating, environmental, technological, legal, social, political and reputational risks;
- (xiv) to assess (at least once a year) the list of the most significant financial and non-financial risks and review the information provided by the management, the head of the internal audit department and, if appropriate, the risk management and control unit;

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- (xv) to review the Company's internal control and risk management systems and, in particular, the correct design of the system for internal control and management of financial information (ICFRS) and non-financial information (ICNFRS), so that the main risks are identified, managed and reported suitably;
 - (xvi) to approve the internal audit department's plan for assessing the ICFRS and the ICNFRS, and its modifications, and to receive periodic information on the findings of its work, as well as the action plan for correcting any deficiencies observed;
 - (xvii) to hold a meeting, at least once a year, with the heads of the business units, at which the latter explain the business trends and the associated risks, and to enhance the idea that the heads of the business units are directly responsible for effective risk management and that a business unit head should be assigned to each risk identified;
 - (xviii) to report at the Shareholders' Meeting on issues raised in connection with the matters for which the Committee is responsible and, in particular, on the findings of the audit, explaining how the audit has contributed to the integrity of the financial information and clarifying the function performed by the Committee in this process;
 - (xix) to report at the General Shareholders' Meeting on issues raised in connection with the matters for which the Committee is responsible;
 - (xx) to supervise the hiring process of external real estate asset appraisers, proposed by Management, ensuring that the rotation policy is applied and that possible conflicts of interest and threats to independence that may their suitability into question are identified;
 - (xxi) to ensure that the methodology applied and that the relevant hypotheses and assumptions used by external real estate asset appraisers are in line with international financial reporting standards (IFRS);
 - (xxii) to be aware of and assess the results of the work performed by the external auditor in relation to the valuations of the Company's assets;
 - (xxiii) to report to the Board on the creation or acquisition of holdings in special-purpose entities or entities with registered office in countries or territories treated as tax havens, the economic terms and accounting impact and, if applicable, the exchange ratio in the structural and corporate modifications to be carried out by the Company and related-party transactions;
 - (xxiv) to review the annual activities plan of the Criminal Compliance Body, as well as the half-yearly report on its activities and subsequently to forward them to the Board; to receive information from the Criminal Compliance Body in connection with any significant issue related to regulatory compliance and the prevention and correction of illegal or fraudulent conduct; and

- (xxv) to review, through the Internal Control Body, the Company's internal policies and procedures, with a view to ensuring that they effectively prevent money laundering and terrorism financing, and to identify eventual policies or procedures that more effectively promote the highest ethical standards, and to submit them to the Board.

3.- MAIN ACTIONS CARRIED OUT DURING THE YEAR 2022

3.1. Meetings

The Committee performs its functions with total independence and full operational autonomy, being directed by its Chairman, who is responsible for calling the meetings, proposing the agenda of the matters to be discussed and requesting the attendance of any Company director, manager or employee or the external auditor or any other third party that may be necessary for the performance of its functions.

The Committee met on fourteen (14) occasions during fiscal year 2022 (in particular, on January 25, February 15, February 22, March 29, April 19, April 26, May 10, June 14, July 19, July 26, September 13, November 8, December 13 and December 15). Most of the meetings held during the year were held in person, as the safety measures adopted by MERLIN due to the health crisis caused by the Covid-19 pandemic had already been set aside.

In addition to its members, the meetings of the Audit and Control Committee were attended by Company employees and managers, such as the Executive Director and Head of Corporate Affairs, the Head of Legal Counsel, the Head of the Tax Department, the Head of Internal Audit, the Asset Appraisals Coordinator and the Systems Manager, among others, to deal with the items of the agenda for which they had been called to appear.

In addition, the External Auditor attended 5 Committee meetings to report on the review of the asset appraisal at the 2021 year-end, the audit conducted in fiscal year 2021, the half-yearly review of asset appraisals and the limited review for the first half of 2022, and the preliminary conclusions of the review with a view to the 2022 year-end.

3.2. General actions

As general information, at its meetings during fiscal year 2022 and in the performance of the functions attributed to it, the Committee:

- (i) raised to the Board the reports in connection with the presentation of the separate and consolidated financial statements, as well as their review by the external auditor, for the year ended December 31, 2021, as well as the quarterly and half-yearly financial information and management reports required (during fiscal year 2022) from the Company, as a listed company, pursuant to the applicable legislation;
- (ii) informed the Board about all the work entrusted to the external auditor during the year in progress and its prior analysis regarding compatibility and independence in accordance with the Audit Law;

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- (iii) supervised the annual process of engaging external appraisers, proposed by Management, ensuring the application of the rotation policy and the identification of potential conflicts of interest and threats to independence that could compromise their suitability;
 - (iv) reviewed the methodology applied by the external real estate asset appraisers and the significant assumptions used, which are compliant with international financial reporting standards (IFRS);
 - (v) supervised the result of the work performed by the external auditor in relation to the appraisals of the Company's assets;
 - (vi) took note of the related-party transactions, reporting the same to the Board of Directors for approval, where appropriate;
 - (vii) took note and, where appropriate, reported favorably to the Board, on the corporate transactions from the accounting and tax standpoints, particularly regarding the sale of TREE Investments;
 - (viii) kept the 2022 Risk Map up to date in accordance with the *COSO-ERM 2017* methodology, and periodically monitored the main business risks by calling in the heads of the business units along to provide an explanation of business trends and associated risks;
 - (ix) analyzed the risks affecting the Company in terms of technological and cybersecurity risks, overseeing the IT Department's action plans in this area;
 - (x) reviewed the tax policies followed during the year, before preparing the financial statements and filing the Corporate Income Tax, in compliance with MERLIN's Tax Policy;
 - (xi) supervised the performance of the internal audit work within the framework of the internal control systems and in accordance with the *2022 Annual Activity Plan* approved at the meeting held on December 14, 2021, monitoring compliance by the Company's management with its recommendations;
 - (xii) reviewed the activities of the various control bodies set up at the Company to supervise and manage criminal risks (Criminal Control Body) and to prevent money laundering and terrorism financing (Internal Control Body);
 - (xiii) supervised the functioning of the Internal Control Systems implemented (ICFRS and ICNFRS), and in turn, reviewed the internal audit reports on the same, revising their respective manuals, the Group's Accounting Policies Manual and the Non-Financial Information Statement (NFIS);
 - (xiv) verified the work carried out by the Company's management with respect to Data Protection regulations, ensuring, at all times, the implementation of control systems that minimize the risk of the vulnerability of the rights of the users of the Company's assets; and

- (xv) prompted an improvement in policies and procedures, within the Committee's responsibilities, such as, among others, those regarding Non-Financial Information, even if it does not apply to the Company.

3.3. Specific actions

Within the particular framework of its powers, the Committee, during fiscal year 2022, has carried out the following actions:

3.3.1. Financial Information

The Committee, within this area of its powers, is responsible for supervising the process of preparing and presenting the mandatory financial information relating to the Company and submitting recommendations or proposals to the Board aimed at safeguarding its integrity, as well as supervising compliance with regulatory requirements, the suitable definition of the consolidation perimeter and the correct application of accounting standards.

Regarding the process of preparation and presentation of the mandatory financial information of the Company and its group, during 2022 and prior to its presentation to the Board of Directors, the Committee has analyzed and supervised the following information that the Board of Directors must provide to the market and submit to the National Securities Market Commission (CNMV) because of its status as a listed company, for the purpose reviewing its reliability, correctness, sufficiency and clarity:

- (i) The Separate and Consolidated Financial Statements and Management Reports for the year 2021 of MERLIN and its consolidated group, having analyzed the process of preparation of such information and the existing guarantees within the Company's Internal Control Model, as well as the suitable definition of the consolidation perimeter and the correct application of the accounting standards used (IFRS and National Chart of Accounts (PGC)).
- (ii) The Quarterly and Half-yearly Periodic Financial Information of MERLIN and its consolidated group for fiscal year 2022, verifying the suitable definition of the consolidation perimeter, the consistency of accounting criteria and the identification of accounting risks that could jeopardize the audit opinion on the 2022 Financial Statements.

In this regard, it should be noted that the Audit and Control Committee, at its meeting held on February 22, 2022, submitted a report to MERLIN's Board, with the proposed Annual Financial Statements and Management Reports drawn up for fiscal year 2021, both separate and consolidated, on the same terms that were submitted to vote at the Shareholders' Meeting and which were accompanied by an audit report from the firm Deloitte, S.L. with a favorable and unqualified opinion.

Likewise, and regarding the Quarterly and Half-yearly Periodic Financial Information for fiscal year 2022, the Committee, at its meetings held on May 10, July 26 and November 8, submitted favorable reports to MERLIN's Board on the aforementioned periodic financial information, verifying, at the July meeting, that the Limited Review report on

the half-yearly financial statements for 2022 contained a favorable and unqualified conclusion.

Finally, during fiscal year 2022, the Committee reviewed that the financial information posted on the Company's website is permanently updated, and coincides with that which, if applicable, has been prepared by the Company's directors and posted on the CNMV website.

Likewise, the Committee is responsible for approving the internal audit plan for the evaluation of the ICFRS, and its modifications, and for receiving periodic information on the results of its work, as well as the action plan to correct any deficiencies observed.

In this regard, the Committee has worked during this fiscal year on:

- (i) reviewing and proposing to the Board of Directors an amendment to the Internal Control Policy, initially approved in 2019, in order to include an internal control framework (ICNFRS) that regulates the process of preparing and supervising non-financial information, applicable to all Group companies;
- (ii) reviewing and approving the materiality levels of the accounting headings used in MERLIN Group's financial statements, with a view to identifying the key controls within the Internal Control Model, as well as approving the update of the ICFRS Functions and Supervision Manual, as well as the Company's Accounting Policies Manual; and
- (iii) overseeing the review of the ICFRS controls within the framework of the 2022 *Annual Internal Audit Plan* and follow up on the weaknesses and proposals for improvement noted.

3.3.2. Non-Financial Information

The Committee, within its remit, is responsible for assessing the process for preparing the financial and non-financial information and its integrity, as well as the financial and non-financial risk control and management systems in relation to the Company, including operational, technological, legal, social, environmental, political and reputational risks or those related to corruption.

As regards the process for preparing non-financial information and with a special emphasis on this first year in which the Non-Financial Information Statement (NFIS) is prepared, the Committee has monitored, together with the Sustainability and Innovation Committee and the Appointments and Compensation Committee, the progress of the following work:

- (i) preparation of an analysis of the double materiality of issues relevant to MERLIN and its main stakeholders and how they compare with its main competitors with a view to preparing the NFIS;

- (ii) supervising the preparation of the various manuals for the internal control over non-financial reporting system (ICNFRS) for each of the GRI indicators that respond to the scope of Law 11/2018;
- (iii) the review of the implementation and execution of the various ICNFR controls over the various processes and areas involved that have been documented in the Group's internal control tool (GRC Suite);
- (iv) the review of the NFIS preparation process, with the cooperation, each one within its area of responsibility, of the Sustainability and Innovation Committee and of the Appointments and Compensation Committee;
- (v) the initiative to adapt the internal and corporate governance regulations to the new area of non-financial information oversight, proposing to the Board of Directors that the following policies be adapted and updated:
 - Internal Control Policy
 - Risk Control and Management Policy
 - Procurement Policy
 - Finance and Financial Risk Policy

3.3.3. External auditors

The Committee is responsible for obtaining from the auditors, on a regular basis, information on the audit plan and its enforcement, in addition to preserving the external auditor's independence in the performance of its functions. It must also ensure that the Company and the external auditor comply with the provisions in force on the provision of non-audit services and, in general, all other provisions on the independence of auditors.

In accordance with the "Auditor Engagement Policy and Relations Framework", approved on November 13, 2017 and in accordance with the provisions of the "2022 Working Plan with the External Auditor" set on December 14, 2021, during fiscal year 2022, the Committee has established the relevant relations with the Auditor, Deloitte, S.L., with the aim of monitoring the evolution of the audit work, knowing its significant findings, supervising its fees and work assignments and ensuring that the opinion on the financial statements and the main contents of the audit report, as well as the special report, have been drafted in a clear and accurate manner.

Therefore, and as regards the performance of their work, in 2022 the Company's external auditors appeared before the Committee on three occasions, each time having the opportunity to present their findings without the presence of the management team, at the Committee meetings of (i) February 22, (ii) July 26; and (iii) December 13, all in 2022. They also appeared twice to present the audit process for the review of the asset appraisals (February 15 and July 19).

The main aspects of the work carried out by the Committee in relation to the External Auditor are as follows:

(i) ***Regarding MERLIN's Financial Statements***

In fiscal year 2022, the Committee was informed of and supervised the progress of the external audit work, including the planning, the scope of the tests performed, the work calendar, their fees, the risks identified in the audit, the judgments on the applicability of accounting criteria and principles, the opinion on the accounting treatment of significant corporate transactions and the conclusions of the various works reflected in their reports submitted to the Committee during the fiscal year.

In this regard, at the Audit and Control Committee meeting held on February 22, 2022, the representatives of the auditor, Deloitte, S.L., presented the main conclusions of the work performed in relation to the audit of the Separate and Consolidated Annual Financial Statements of MERLIN and its consolidated group for fiscal year 2022, presenting the Draft Audit Opinion and Additional Report on the separate and consolidated annual financial statements at December 31, 2022, with a favorable and unqualified opinion.

Subsequently, at the meeting held on July 26, 2022, the main conclusions of the work performed in connection with the Limited Review of the Half-Yearly Interim Financial Statements of MERLIN, and its consolidated group, corresponding to the first half of fiscal year 2022, were presented, with a favorable and unqualified conclusion, detailing the main significant events of the period, as well as the main audit risks.

Lastly, at the meeting held on December 13, 2022, the auditor presented the work carried out in the preliminary review as of September 30, 2022 with a view to the review of the accounts for fiscal year 2022, and the key audit matters detected in the course of their work.

(ii) ***Regarding the analysis of its Independence***

The Audit and Control Committee receives annually from the Company's auditor written confirmation of its independence from the Company or entities directly or indirectly related to it, as well as detailed and individualized information on the services, other than the auditing of accounts, provided by the auditor, or by persons or entities related to it in accordance with the provisions of current audit legislation.

The Company's Auditor submitted its statement of independence regarding the audit of the financial statements for fiscal year 2021 at the Committee's meeting held on February 22, 2022. This communication contained a detailed breakdown of the fees for audit services and audit-related services, as well as for other additional services provided to MERLIN Properties SOCIMI S.A. and the companies in its Consolidated Group during fiscal year 2021. Likewise, on this same date, the Auditor submitted to the Audit and Control Committee the Additional Report to the Audit Committee in which the auditor confirmed that it had complied with the applicable independence requirements established by law.

Likewise, to guarantee the independence of the external auditor, the Audit and Control Committee has supervised compliance by both the Company and the external auditor with current regulations on the provision of non-audit services. In this regard, the Committee has analyzed, among other aspects:

- Compliance with the "*Auditor Engagement Policy and Relations Framework*", whereby the Audit and Control Committee has pre-authorized the contracting of all non-audit services.
- The express statement of the Auditor confirming its independence, with a detailed breakdown of the services provided and fees accrued.
- The Auditor's express confirmation of the establishment of internal procedures aimed at identifying and assessing threats that may arise from circumstances related to audited entities and, where applicable, the application of safeguard measures.
- Individualized analysis of the services provided to MERLIN Properties SOCIMI S.A. and the companies in its Consolidated Group.

During the course of the 2022 audit, the Committee did not identify any situations that could have posed a threat to the auditor's independence, and therefore the Committee concluded its analysis of the auditor's independence by stating that the auditor has acted in accordance with the independence standards that apply under current audit legislation.

In this regard, on February 22, 2022, the Audit and Control Committee submitted its Annual Report on Auditor Independence to the Board of Directors. This report is available for any interested party at the corporate website.

(<http://www.merlinproperties.com/gobierno-corporativo/informes-anuales/>)

In addition, and with respect to fiscal year 2022, on a regular basis during the external auditor's appearances before the Audit and Control Committee, a periodic monitoring of the non-audit work performed by the Company's auditor has been carried out, as well as of the amounts paid for the same, in order to assess the auditor's independence.

In this regard, in the various appearances before the Audit and Control Committee during fiscal year 2022, the auditor reported negatively on the identification of situations that could jeopardize its independence.

(iii) ***Regarding its assessment and reelection***

In relation to the re-election process, section 4 of MERLIN's "Auditor Engagement Policy and Relations Framework" establishes: "When analyzing the re-election of the auditor, the Audit and Control Committee shall take into account the result of the annual assessment of the independence and quality of the work performed by the Company's auditor, as well as the time and quantitative limitations established by the current regulations from time to time".

In compliance with these requirements, MERLIN's Audit and Control Committee, at its meeting held on February 22, 2022, analyzed the re-election process of the auditor for the audit report (separate and consolidated) of MERLIN Properties SOCIMI S.A. and Subsidiaries for fiscal year 2021, concluding positively with respect to the latter, according to the following criteria:

- MERLIN's Audit and Control Committee, on December 14, 2021, at the end of the year in which the appointment of the Company's auditor concluded, analyzed their possible reappointment, concluding positively with respect to such appointment.
- On February 22, 2022, the Audit and Control Committee issued the annual report on auditor independence, concluding favorably on compliance with the requirements established in current audit legislation.
- Also, the Audit and Control Committee, on the same date of February 22, 2022, assessed the work performed by the auditor, concluding satisfactorily on the work and quality of review of accounts (Report of the Audit Committee on the Annual Assessment of the Auditor, submitted to the Board of Directors).

In view of the foregoing, the Audit and Control Committee submitted a report to the Board of Directors with the proposal to submit to the Shareholders' Meeting, the re-election of the firm Deloitte, S.L. as auditor of MERLIN Properties, SOCIMI, S.A. and its consolidated group, to carry out the consolidated and separate audit of the MERLIN Group, for fiscal year 2022.

In view of the foregoing and at the proposal of the Audit and Control Committee, the Board of Directors submitted to the Shareholders' Meeting the proposal for the re-election of the Company's auditor, which was approved on May 4, 2022, and at the Shareholders' Meeting it was resolved to authorize the Board, with express power to delegate, to enter into the relevant professional services contract.

Lastly, in 2022, the Audit and Control Committee held a **Tender for the election of a new Auditor for the 2024-2026 period**, in which various top-tier audit firms participated. In the tender, the Committee assessed each participant's technical capabilities, asset appraisal review methodology, human capital and financial terms and conditions. Lastly, the Audit and Control Committee submitted its opinion to the Board of Directors on the firm with the best assessment so that the Board takes it into account in its decision when submitting the election to the annual Shareholders' Meeting for 2023.

(iv) ***Regarding their terms of engagement***

The Regulations of the Audit and Control Committee establish the power to 'present to the Board, for submission to the Shareholders' Meeting, the proposal for the selection, appointment, reelection and replacement of the external auditor, as well as the contracting terms and, as the case may be, terms of revocation or non-renewal'.

In compliance with these requirements, MERLIN's Audit and Control Committee, at its meeting held on December 14, 2021, analyzed the process of engaging the

auditor for the audit report (separate and consolidated) of MERLIN Properties SOCIMI S.A. and Subsidiaries for fiscal year 2022, as well as for the limited review report for the first half of the 2022 fiscal year, concluding positively with respect to the latter.

Similarly, MERLIN's Audit and Control Committee, at its meeting held on April 26, 2022, analyzed the process of engaging the auditor for the audit report (separate and consolidated) of MERLIN Properties SOCIMI S.A. and Subsidiaries for fiscal year 2022, as well as for the limited review report for the first half of fiscal year 2022, concluding positively with respect to the latter, according to the following criteria:

- MERLIN's Audit and Control Committee has reviewed the scope of the 2022 audit, the map of Group companies and variations during the period, verifying the accurate definition of the consolidation perimeter used in the audit proposal for fiscal year 2022.
- The Committee has taken note of the proposed fees to be received by the Auditor for the audit of the Company's financial statements for fiscal year 2022 and the limited review of the first half of fiscal year 2022.

Therefore, and based on the work performed, the Audit and Control Committee of MERLIN Properties SOCIMI S.A., in its report dated April 26, 2022, proposed to the Company's Board the approval of the terms of engagement of the auditor for fiscal year 2022 and for the limited review of the first half of fiscal year 2022.

(v) ***Regarding the supervision of their fees and work assignments***

MERLIN's Corporate Governance System ensures that the necessary relations are established between the Audit and Control Committee and the auditor so that the latter receives timely information on matters that may pose a threat to its independence.

Accordingly, during fiscal year 2022, the Audit and Control Committee has ensured that the Company's auditor is independent and this is evidenced in the relations between the auditor and the Company.

In this regard, the Company has a pre-authorization policy whereby the Audit and Control Committee must pre-authorize for subsequent approval by the Board, prior to its formalization, any contract to be entered into with the auditor (or member of its network) for the provision of non-audit services to the Company or any of its Group companies, in order to be able to analyze individually and globally the threats to independence that such contracts may pose.

During the course of fiscal year 2022, the Audit and Control Committee has pre-authorized various non-audit assignments with companies belonging to the Deloitte group, which have always been duly justified, in accordance with the regulations in force, and which in no case have posed a threat to the auditor's independence.

(vi) ***Regarding Internal Control Recommendations***

At the meeting held on February 22, 2022 between MERLIN's Audit and Control Committee and the external auditor, in the course of its audit work and corresponding to the final phase of 2021, the auditor informed the Audit and Control Committee that there were no significant deficiencies in the Group's internal control.

With respect to the rest of the internal control recommendations made, during fiscal year 2022, the Audit and Control Committee, through the Internal Audit department, has been continuously monitoring the status of implementation of the Internal Control recommendations, most of which have been implemented or show a high degree of progress, as reflected in the external auditor's report dated December 13, 2022.

Lastly, and with a view to the coming year, at the meeting held on December 13, 2022, the Committee established a 2023 Working Plan with the External Auditor, with the contents foreseen for each recommendation and the reports required by the Committee.

3.3.4. Asset appraisals

The Committee is responsible for supervising the hiring process, reviewing the methodology applied by the external appraisers and being aware and evaluating the work performed by the external auditor in relation to such appraisals.

During fiscal year 2022, the Audit and Control Committee has supervised, on a half-yearly basis, the appraisal process of the Company's assets, ensuring that the process has been carried out in accordance with International Valuation Standards (IVS) and International Financial Reporting Standards (IFRS).

In this regard, the Audit and Control Committee has held half-yearly meetings with the firms in charge of the valuation of the assets (Savills, CBRE and JLL), submitting to the Board the relevant reports on the asset appraisal process, the first one dated February 15, 2022 for the annual closing of fiscal year 2021, and the second one dated July 19, 2022, for the half-yearly closing process for June 30, 2022.

In these reports, the Audit Committee has reviewed, among other matters, the following:

- a) *Rotation and hiring*: The Committee, at its meeting of April 26, 2022, monitored the annual hiring process proposed by Management.
- b) *Independence and no conflicts of interest*: The appraisal firms are multinational firms of recognized prestige that are not financially dependent on the MERLIN Group's fees and have declared in writing to the Committee their independence from the company and its fees, as well as the absence of conflicts of interest in the provision of services.
- c) *Methodology and Assumptions used*: The Committee has reviewed the adequacy of the valuation methodology used in accordance with international financial reporting standards (IFRS).

3.3.5. Risk management

The Committee, among its powers, is entrusted with supervising the effectiveness of the Company's internal control and risk management systems. To this end, it evaluates everything related to the Company's non-financial risks, including operational, environmental, technological, legal, social, political and reputational risks.

The Company has a corporate risk management model supervised by the Committee, through which potential events that may affect the organization are identified, its risks are managed, and reasonable assurance is provided regarding the achievement of objectives.

The Committee (with the support of the Internal Audit department) supervises the model, based on the application of risk management methodology through the supervision of the identification and assessment of risks (probability and impact) that affect the objectives of each of the areas. Through the development of the plan, it evaluates and concludes on the sufficiency and effectiveness of the controls implemented by the Company, issuing, where appropriate, recommendations.

During the year, the Committee, in collaboration with the Head of Internal Audit, continued with the work undertaken in the previous year in the area of internal audit:

- (i) update in March of the Risk Map for subsequent presentation to the Board and half-yearly review in September 2022;
- (ii) annual review of the Risk Management and Control Policy, analyzing compliance with this policy, its viability and whether or not it should be updated from a non-financial risk standpoint;
- (iii) analysis of the Spanish economic and real estate climate and identification of early key risk indicators (KRIs);
- (iv) half-yearly monitoring of the main key risk indicators (KPIs), and the different actions established for their mitigation;
- (v) analysis of the risks affecting the Company in terms of technological and cybersecurity risks, overseeing the IT Department's action plans in this area;
- (vi) review of tax risks, compliance with the Tax Policy and compliance with the REIT Regime; and
- (vii) review of operating, technological and security risks in the Data Center business segment.

3.3.6. Tax policy and legal risks

The Committee, among its powers, has been entrusted with supervising the effectiveness of the Company's internal control and risk management systems. To this end, it evaluates everything related to the Company's non-financial risks, including

operational, environmental, technological, legal, social, political and reputational risks.

In compliance with the MERLIN Group's Tax Policy and Strategy, the Committee has supervised and monitored, during 2022, the main tax risks, as well as the tax policies applied during the year, having been informed of them prior to the preparation of the financial statements and the filing of the Corporate Income Tax.

The Committee has also monitored on a recurring basis the Group's main legal risks, mainly arising from ongoing litigation, analyzing, where appropriate, their potential impact on the financial statements and the need to disclose them in the notes to the financial statements of the MERLIN Group.

3.3.7. Internal Audits

The Committee, within its powers and among other aspects, is responsible for ensuring the independence and effectiveness of the internal audit management function, supervising, among other aspects, the annual working plan, it approves its budget and supervises its remuneration, verifying that the members of the management team take into account the conclusions and recommendations of its reports.

Accordingly, within the framework of the responsibility attributed to the Committee in fiscal year 2022:

- (i) it has reviewed the implementation of the 2021 Internal Audit Annual Plan, approved on December 14, 2021;
- (ii) it has reviewed the monitoring of progress made in 2022 in terms of Digitalization of the Internal Audit function, whose project has been completed with the development of a module for analyzing the credit risk of counterparties and its publication in Power BI Service (with access to General Management and Management Control);
- (iii) it has carried out a review of the reports issued by the internal audit department, reviewing the recommendations included and verifying that the Company Management complied with the action plans included.
- (iv) the Head of Internal Audit has appeared at all Committee meetings and explained the developments and progress in the area of his responsibility, with special emphasis on the different review work regarding the control models and processes that were being carried out in this respect (mainly auditing of business processes, review of the ICFRS, Data Protection, Criminal Compliance and the Risk Management System); and
- (v) it has reviewed and approved the Internal Audit Budget and Annual Plan for 2023, at its meeting held on December 13, 2022.

3.3.8. Regulatory Compliance

The Committee's responsibilities include the following:

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- *review the annual plan of activities of the Criminal Compliance Body, as well as the half-yearly report on its activities for subsequent submission to the Board;*
 - *review, through the Internal Control Body, the Company's internal policies and procedures to verify their effectiveness regarding anti-money laundering and countering the financing of terrorism;*

 - *supervise compliance with regulatory requirements, as well as establish and supervise a whistleblower channel that enables employees to report, confidentially and, if possible and appropriate, anonymously, any potentially significant irregularities, especially financial and accounting irregularities they notice within the company; and*

 - *inform the Board of Directors, prior to the adoption by the Board of the relevant decision, on (i) the creation or acquisition of holdings in special-purpose entities or entities with registered office in countries or territories treated as tax havens; (ii) related-party transactions; (iii) the economic terms and accounting impact and, if applicable, the exchange ratio in the structural and corporate modifications to be carried out by the Company.*

3.3.8.1. Criminal Risk Prevention (*Criminal Compliance*)

During fiscal year 2022, the Committee has supervised MERLIN's Crime Prevention Model, verifying its permanent updating and renewing its quality certification under the UNE 19.601 standard for Criminal Compliance Management Systems, obtained in 2019, and the ISO 37.001 standard for Anti-Bribery Management Systems, obtained in 2021.

Likewise, the most relevant actions have been the following:

- (a) updating of the Criminal Risk Map, on the assessment, in terms of impact and probability, of the business activities sensitive to the occurrence of a conduct considered an offense under the Spanish Criminal Code, particularly those arising from Organic Law 10/2022 on sexual freedom;
- (b) supervision of the review by Internal Audit of the specific controls implemented in the Crime Prevention Model, as well as of the action plans established and the follow-up of their evolution;
- (c) supervision of the activity of the Criminal Compliance Body, through the annual and half-yearly activity reports, as well as through the appearances of the head of the same before the Committee; and
- (d) supervision of the Criminal Compliance Body's training plan, highlighting the training received by the Board of Directors, Senior Management and the most exposed employees.

3.3.8.2. Anti-money laundering and countering the financing of terrorism

In the course of fiscal year 2022, the Committee has carried out various actions in the area of anti-money laundering and countering the financing of terrorism:

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- (a) review of compliance with the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Policy, approved by the Board of Directors in July 2019;
 - (b) analysis and review of the Independent Expert Report, dated January 26, 2022, regarding the due diligence measures implemented by the Spanish MERLIN Group companies that are considered obliged entities under Law 10/2010 on the Prevention of Money Laundering;
 - (c) supervision of the actions carried out by the Company in Portugal, analyzing the action plans and their implementation, to comply with the new AML/CFT regulations issued during the 2020 fiscal year;
 - (d) update of the Anti-Money Laundering and Countering of the Financing of Terrorism (AML/CFT) Manual, to adapt it following the sale of TREE (the only obliged entity of the MERLIN Group), for approval by the Board;
 - (e) review and approval of the Risk Self-Assessment Report, in accordance with RDL 11/2018, for subsequent submission to the Board of Directors for approval;
 - (f) review and Approval of the Internal Control Body's Activities Report for fiscal year 2022; and
 - (g) analysis and review of the Internal Audit Half-yearly Reports regarding compliance with internal procedures in matters of anti-money laundering and countering the financing of terrorism, both in Spain and Portugal, and follow-up of the recommendations issued in this respect.

3.3.8.3. Personal data protection

During fiscal year 2022, the Audit and Control Committee monitored compliance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of their personal data.

At the meeting held on November 8, 2022, the Committee conducted a general review of the personal data protection system, referring, among others, to the general control framework, regulatory framework (Personal Data Protection and Privacy Compliance Policy) and Risks and controls.

3.3.8.4. Whistleblower Channel

The Whistleblower Channel acts as a mechanism that enables employees to confidentially report any potentially significant irregularities, especially financial and accounting irregularities, that they notice within the company. The Lead Director and/or the Internal Audit Manager report to the Audit Committee the complaints received, the status of their resolution and the conclusions reached on the Reporting procedure in place.

On October 14, 2021, the Board of Directors approved the update of the Code of Conduct and the Procedure for Reporting through the Whistleblower Channel, incorporating technical improvements concerning the order and wording (simplification and greater alignment with MERLIN), reinforcing the gifts and hospitality policy, improving the

procedure for reporting to the Channel and reinforcing the message of the duty to know and report.

In 2022, no complaints were received through the Whistleblower Channel.

3.3.8.5. Corporate transactions

In relation to proposals for transactions and transactions regarding structural and corporate modifications and in compliance with recommendation 44 of the Code of Good Governance for listed companies, the Committee has taken note and reported on said proposals, as well as, where applicable, on the transactions and supporting documentation, carried out by the Company during the fiscal year.

Of note in this regard was the Committee meeting of April 19, 2022 at which the accounting, financial, tax and legal implications of the sale of TREE to BBVA were reviewed.

3.3.8.6. Related-party transactions

During fiscal year 2022, the Committee has reviewed compliance with the provisions of current legislation and has reported on transactions that may have involved conflicts of interest and, in general, on the matters contemplated in Article 35 of the Regulations of the Board of Directors.

In this regard, the Committee has analyzed the outstanding balances and the related-party transactions that have been submitted for pre-authorization during the year, to ensure that they were carried out under market conditions and on an arm's length basis among shareholders, submitting, where appropriate, those reported on favorably to the Board of Directors for subsequent approval.

3.3.8.7. Treasury stock

During fiscal year 2022, the Audit and Control Committee, as the responsible body designated by the Board of Directors, monitored treasury stock transactions, verifying compliance with MERLIN's Treasury Stock Policy, as well as daily and global holding limits, transparency and reporting of transactions in order to avoid potential risks and conflicts of interest.

3.3.8.8. Improvement of policies and procedures

During fiscal year 2022, the Audit and Control Committee has continued with the review of MERLIN's policies and procedures with reference to current national and international recommendations and best practices.

4. CONCLUSIONS

As reflected in this Report on Activities, during fiscal year 2022 the Audit and Control Committee has satisfactorily addressed the analysis of the main issues that fall within its powers, reporting on a timely, recurring and regular basis to MERLIN's Board of Directors.

In this regard, during fiscal year 2022 the Committee has:

- ✓ supervised the preparation and reviewed the clarity and integrity of all **Financial Information**, which the Company has published during the year, such as the annual and quarterly financial statements, management reports and the annual corporate governance report;
- ✓ has promoted the implementation of the **internal control over non-financial reporting systems (ICNFRS)** and supervised the process for preparing the **Non-Financial Information Statement (NFIS)** in conjunction with the Sustainability and Innovation Committee and the Appointments and Compensation Committee;
- ✓ supervised the **process for engaging external appraisers**, carried out by the Company's management, ensuring the application of the rotation policy and the identification of potential conflicts of interest and threats to independence that could call into question their suitability;
- ✓ reviewed that the **methodology and assumptions** used by the external appraisers are consistent with international financial reporting standards (IFRS);
- ✓ supervised the result of the work carried out by the **external auditor in connection with the appraisals** of the Company's assets;
- ✓ reported to the Board of Directors on the **External Audit** carried out for the year ended December 31, 2022, as well as on the limited and preliminary reviews carried out by the external auditor in relation to the financial information for the first half of the year and the preliminary closing information required of the Company during fiscal year 2022;
- ✓ supervised the application of the **Risk Control and Management Policy**, analyzing the different types of risk faced by the Company, including financial or economic risks, operational, environmental, technological, legal, tax, social, political and reputational risks, as well as contingent liabilities and other off-balance sheet risks;
- ✓ supervised the application of the **Internal Control Policy**, reviewing the Company's internal control and risk management systems and, in particular, the correct design and operation of the internal control and financial information management system (ICFRS), so that the main risks are identified, managed and disclosed in an appropriate manner;
- ✓ supervised compliance with the **Tax Policy**, reviewing the tax policies applied during the year, prior to the preparation of the financial statements and the filing of the Corporate Income Tax;
- ✓ supervised the application of the **Criminal Compliance Policy**, reviewing the annual activities plan of the Criminal Compliance Body, as well as the half-yearly reports on its activities, including the Company's Criminal Risk Map,

being permanently informed of any relevant issue regarding regulatory compliance and the prevention and correction of illegal or fraudulent conduct. It has also supervised the renewal process of the quality certification under the UNE 19.601 standard and the ISO 37.001 standard;

- ✓ supervised the application of the **ALM/CFT Policy**, reviewing, through the Internal Control Body, the Company's internal policies and procedures to verify their effectiveness in the prevention of money laundering and countering the financing of terrorism, ensuring that the policies and procedures applied are effective in strict compliance with current legislation and in promoting the highest ethical standards; and
- ✓ supervised the execution of the **Internal Audit** work within the framework of the internal control systems and in accordance with the 2022 Annual Activity Plan approved at the meeting held on December 14, 2021, monitoring the Company's management's compliance with its recommendations.

In view of all the foregoing, the Audit and Control Committee concludes that during fiscal year 2022 it has carried out its activities in a satisfactory manner in compliance with the legislation in force, the functions established in its Regulations and in accordance with the best Corporate Governance practices in the market.

5. WORKING PLAN FOR 2023

The Committee's action plan for fiscal year 2023 will focus on continuing to perform its functions and exercise its powers, as set forth in the regulations in force and in the specific Regulations of the Audit and Control Committee, mentioned in section 2 of this report.

To this end, the Committee has approved a working plan that includes specific actions to be undertaken at each of the different times of the year:

- report, where appropriate, at the General Shareholders' Meeting on any issues that may arise in connection with matters within the scope of its powers and, in particular, on how its actions have contributed to safeguarding the integrity of the MERLIN Group's financial information;
- continue and reinforce the practice followed by the Committee in the performance of its functions of supervising the process of preparing financial information, the control and risk management systems, with special focus on the ICFRS, legal and regulatory compliance, as well as the supervision of the external audit, the real estate appraisal services and the Internal Audit Department;
- supervise the development of the internal control over non-financial reporting system (ICNFRS), in accordance with best market practices;
- improve the flow of communication and ensure information is received by Committee members sufficiently in advance, especially with regard to related-party transactions and corporate transactions and/or with relevant legal or tax aspects;

- continue to monitor activities and progress in the areas of Cybersecurity and IT Controls; and
- maintain the training of Committee members, including a plan with training sessions throughout the year, with the participation of the persons in charge of the different business areas and the participation of external specialists in those aspects deemed necessary.

This Report on Activities was approved by the Audit and Control Committee at its meeting held on December 13, 2022, and by the Board of Directors at its meeting held on February 14, 2023.