Report on the activity of the Appointments and Compensation Committee of MERLIN Properties, SOCIMI, S.A. during the fiscal year ended December 31, 2023

1. Introduction

It should be noted that during fiscal year 2023, the functions performed by the Appointments Committee and by the Compensation Committee continued to be combined into a single committee, in accordance with what was decided at the start of fiscal year 2022. In this regard, although MERLIN Properties SOCIMI, S.A. (the "**Company**") is aware of the recommendation regarding the separation of the two committees, it has decided to continue to combine them because it suits the structure and number of the Company's commissions and committees. Moreover, the committee functions in a much more operational and coordinated way for all intents and purposes.

The organization and powers of the Company's current Appointments and Compensation Committee (the "**Committee**") are regulated in the Bylaws and in the Company's Appointments and Compensation Committee Regulations.

The main aspects of the Committee with reference to those regulations are basically as follows:

1.1. Composition

(i) The Committee:

(a) shall be made up of non-executive directors, in the number determined by the board, the majority of whom shall be independent directors, with a minimum of three (3) and a maximum of six (6) members;

(b) shall appoint a chairman from among its number, who must be an independent director;

(c) shall also appoint a secretary and may appoint a deputy secretary, neither of whom need be Committee members or directors; where no such appointments are made, the board secretary and deputy board secretary shall act as the Committee secretary and deputy secretary.

(ii) The renewal, reelection and removal of the directors forming the Committee shall be governed by what is agreed by the board;

(iii) The composition of the Committee at the date hereof is as follows:

MEMBER	POSITION	CATEGORY	DATE OF APPOINTMENT OR REELECTION
Ms. María Luisa Jordá Castro	Chair	Independent	January 26, 2022
Mr. Ignacio Gil-Casares Satrústegui.	Member	Nominee	January 26, 2022
Mr. Fernando Ortiz Vaamonde	Member	Independent	January 26, 2022
Ms. Pilar Cavero Mestre	Member	Independent	January 26, 2022
Mr. Juan María Aguirre Gonzalo,	Member	Independent	January 26, 2022
Mr. Donald Johnston	Member	Independent	January 26, 2022

The offices of all of the Committee members were ratified at the board meeting of May 4, 2023, which took place immediately after the shareholders' meeting held on the same date.

Ms. Cavero and Mr. Aguirre were reelected at the board meeting held on April 27, 2023, which took place immediately after the shareholders' meeting (held on the same date) that reelected them as directors of the Company.

The Company's website contains information on the professional profile of each of the Committee members.

1.2. Operation

According to its regulations, the Committee:

(i) is called by its chairman, either at his/her own initiative, or at the request of the board chairman or of any Committee member;

(ii) ordinarily meets on a quarterly basis, and when called by its chair, who must do so whenever the board or its chair requests the issuance of a report or the adoption of proposals and, in any event, when it is appropriate for the proper performance of its functions;

(iii) shall be deemed validly convened where the majority of its members are present, in person or by proxy; and

(iv) shall adopt its resolutions by a majority of the members present in person or by proxy and the chairman shall not have a casting vote.

1.3. Main duties

The Committee has the powers set out in article 6 of the Committee Regulations, which include duties in the areas of compensation, evaluation, recruitment, appointment, reelection and removal of directors (both with respect to offices on the board and on any board committee) and senior management personnel and in matters relating to the management, retention and promotion of talent, corporate governance, and the supervision of the financial and non-financial information of the Company referring to matters falling under the Committee's remit.

Within the broad scope of the powers and duties of this Committee, in fiscal year 2023 it specifically addressed the matters indicated in the following sections.

2. Meetings

During fiscal year 2023, the Committee met on eight (8) occasions (specifically, on January 19, February 6, February 22, March 21, June 14, September 12, October 14, and December 11). All Committee meetings were held in person or by audiovisual means, with the exception of the meeting held on October 14, 2023, which was held in writing without holding a meeting. The Committee also met for internal work sessions on specific issues throughout the year, at times with external advisors present, without those being considered formal meetings.

All Committee meetings were attended by all of the Committee members (in person, by proxy or by audiovisual means), with the exception of Mr. Johnston who apologized for his absence from the meetings of January 19 and September 12, granting a proxy in both cases.

With respect to these meetings:

(i) Mr. Miguel Ollero attended the meetings which addressed the degree of achievement of the metrics of the 2022 STIP and the 2017-2019 LTIP in fiscal year 2022 and of the extraordinary target approved at the 2023 shareholders' meeting; the proposed new metrics for the 2023 STIP and the 2022-2024 LTIP; the proposed organizational chart and the succession and training plan for directors.

(ii) Mr. Fernando Ramírez attended the meetings to determine the ESG parameters to be considered in the targets of the executive directors and staff, for fiscal year 2023 and on the long term.

(iii) Members of the Willis Towers Watson team attended the meetings of the Committee, both formal meetings and work meetings, as external advisers entrusted with advising and assisting with the preparation of the 2022 Annual Report on Directors Compensation.

(iv) Meetings were also attended by members of the E&Y team, the entity chosen to carry out the external assessment of the board, its posts and its committees, for their performance in fiscal year 2023.

Lastly, in 2023, several work meetings were held in addition to the formal meetings of the Committee, requested by the chair and the director Gil-Casares, to which all the Committee members were invited to attend, and which were attended by representatives of the different firms pre-selected to carry out the external assessment and to initiate the process of selection of female directors.

3. Activities carried out by the Committee

At its meetings held in 2023, the most relevant activities carried out by the Committee, within the scope of its powers, were:

Regarding remuneration:

(i) Review and supervise the degree of achievement of the targets set for determining the variable compensation for 2022, paying particular attention to the extraordinary objective derived from the positive impact of the sale of Tree on the Company, in order to propose to the board the amount to be received by the beneficiaries, with special reference to the executive directors and managing team;

(ii) Analyze and review the impact of the Tree sale transaction on the parameters and reference metrics of the STIP and LTIP for 2022 and the following years (in the case of the LTIP);

(iii) Analyze, with support and advice from WTW and from the sustainability managers at Merlin, the objectives to be included for determining the 2023 STIP, including the metrics referring to ESG, for the purposes of their application to the management team, including executive directors, as well as the guidelines regarding the volume, objectives, metrics and weightings of the short-term variable compensation of the rest of the workforce;

(iv) Supervise and report on the 2022 Annual Report on Directors' Compensation, with support and advice from WTW; and

(v) Propose to the board of directors to engage WTW to advise on the process for preparation of the 2023 Annual Report on Directors' Compensation;

Regarding governance:

(vi) Analyze and review the conclusions of the self-assessment of the board, its positions and committees, as regards their performance in fiscal year 2022, using for that purpose, for the first time, a tool which enabled carrying out that process anonymously.

(vii) Promote the process of selection of an expert firm to perform the external assessment of the board, its positions and committees, as regards their performance in fiscal year 2023, selecting the E&Y team to carry it out, all in accordance with the Recommendations of Good Governance and the Technical Guide on Appointments and Compensation Committees of the Spanish National Securities Market Commission (CNMV).

(viii) Supervise and report on the 2022 Annual Corporate Governance Report, in relation to the aspects falling within its remit;

(ix) Revise the skills matrix of the board to evaluate including skills relating to ESG, as well as others related to technological skills;

(x) Review and supervise the Merlin organizational chart, assessing whether the coverage of positions of responsibility in the appropriate departments is adequate;

(xi) Monitor, together with the executive directors, the succession plan for senior managers and key positions at the organization; and

(xii) Continue to periodically us the questionnaire for directors to report lawsuits and other situations that could affect Merlin's reputation.

Regarding appointments:

(xiii) Analyze the composition of the board of directors and prepare proposals for the appointment or reelection of directors whose posts were expiring at the ordinary shareholders' meeting of 2023, drawing up the proposals and reports required for the purpose;

(xiv) Report on the proposal to replace the nominee director made by one of the significant shareholders, evaluating the impact of the inclusion thereof for the purposes of its consequences on the recommendation on gender diversity;

(xv) Initiate a process of reflection on the composition of the Company's board, its number of members, the calendar for the expiration of the maximum term of 12 years for maintaining the category of independent director and the diversity of gender and skills, promoting the start of a selection process for female directors. Although it might initially involve increasing the number of board members to the maximum recommended by the CNMV, it will permit an orderly transition to the termination of the term as independent directors of an important number of the current board members; and

(xvi) Promote the process to select a firm with expertise in the identification and selection of female candidates to the position of director, choosing the firm Spencer Stuart, collaborating with the firm to define the profile that supplements the skills and abilities which the Company's board requires, taking into account, as indicated, the upcoming expiration of the 12-year term as independent director of several current directors.

Regarding other powers of the Committee:

(xvii) Support the process for preparation and approval of non-financial information, in the areas falling within its remit, taking into account that this was the first fiscal year in which Merlin was required to prepare such information; and

(xviii) Approve the Report on the Committee's activities in 2023.

4. Action plan for fiscal year 2024

The action plan of the Committee for fiscal year 2024 will center on continuing with the functions and powers specific to the Committee, regulated in the Committee Regulations, generally acting in coordination with the other corporate bodies and with the management team.

In light of the above, the Committee plans, as actions for 2024, to:

(i) continue the collaboration process with E&Y to finish the external assessment exercise, discuss the proposed improvement measures and prepare a plan for their implementation and proposal to the board;

(ii) maintain an open line of communication with Spencer Stuart in order to have, in all events before the next ordinary shareholders' meeting, the most suitable profiles of female candidates to the post of independent director, who can be proposed to that shareholders' meeting, thereby fulfilling the recommendation for 40% of the board members to be female.

(iii) support, promote and collaborate in the preparation of non-financial information or in the Sustainability report on matters within the Committee's remit, in this second year of its preparation by the Company;

(iv) review and report on the degree of achievement of the objectives established for 2023, referring to both the short-term variable compensation and, therefore, the resulting compensation;

(v) propose the objectives, metrics and weightings for the variable compensation for objectives achieved in fiscal year 2024 and applicable to executive directors and the management team;

(vi) to propose guidelines, including the maximum amount, of the short-term variable compensation applicable to the rest of the workforce:

(vii) duly comply with its duties in relation to aspects on which it must report and/or make proposals;

(viii) promote an ongoing training plan for directors, with the collaboration of and in coordination with the other board committees; and

(ix) supervise, along with the other committees affected, the governance measures that should be proposed according to the corporate structure of the different lines of business that might be divided, and analyze, study and propose compensation systems which, in a divided activities structure, permits maintaining and retaining the general talent of the Merlin team and compensate it in a way that motivates their dedication and effort, obtaining external support for this, where necessary.

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