MERLIN PROPERTIES

Audit and Control Committee

December 2023

Report on the activity of the Audit and Control Committee of MERLIN Properties, SOCIMI, S.A. for the year ended December 31, 2023

1.- PRESENTATION

In order 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 529h of the Consolidated Text of the Capital Companies Act, this Committee prepares an annual report on its operation, highlighting the main activities carried out in relation to its functions. which is made public in the terms provided by the applicable regulations in force.

In accordance with the aforementioned standard, as well as with Recommendation 6 of the Code of Good Governance of listed companies, Section 79 of Technical Guide 3/2017 of the National Securities Market Commission and the provisions of Article 25.2 of the Regulations of the Audit and Control Committee itself, this ***Annual Report for the financial year 2023*** is prepared, which will be available to investors, shareholders and any other interested party, through the corporate website (https://ir.merlinproperties.com/gobierno-corporativo/informes-anuales/) from the call of the Ordinary General Shareholders' Meeting.

The regulations of the Committee, in addition to those established by current legislation, are set out in the Articles of Association, in the Regulations of the Board of Directors of the Company and, more specifically, in the ***Regulations of the Audit and Control Committee***, approved by the Board of Directors on January 30, 2018. revised on 16 December 2020, 4 May 2022 and, finally, on 14 February 2023, following a proposal from the Audit and Control Committee itself.

This Regulation of the Commission incorporates all the aspects included in the recommendations of the *Technical Guide 3/2017 of the National Securities Market Commission (CNMV) on Audit Committees of 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 of MERLIN's internal regulations (Articles of Association, Regulations of the Board of Directors and Regulations of the Audit and Control Committee) are available to anyone interested on the corporate website: (https://ir.merlinproperties.com/gobierno-corporativo/normativa-de-gobierno-corporativo/).

During the year, the activity of the Committee, in its ten sessions, has complied with the Annual Work Plan for the year 2023, included in the "***Work Calendar for the financial year 2023***", approved by the Committee in December 2022 and which reflected the planned content of its meetings and reports to be submitted to the Board of Directors, the appearances of the external auditor, as well as a training plan for the Commission.

In this regard, and as reflected in this Annual Report, during the 2023 financial year the Committee has undertaken the analysis and examination of all issues and aspects of its competence, reporting in a timely manner to the Company's Board of Directors, including the review of financial and non-financial information, the supervision of the relationships and independence of the External Auditor, the supervision of Internal Audit, the supervision of risk management and control systems, including tax and technological risks, the supervision of related-party transactions, the 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 the Audit and Control Committee of MERLIN are regulated in Chapters II and III of the Regulations of the Audit and Control Committee in accordance with the provisions of Article 529 *quarter* of the Capital Companies Law. These provisions establish, in summary, the following main aspects in relation to the Commission:

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 shall be composed of a minimum of three (3) and a maximum of six (6) members, who shall be all non-executive directors and most of whom shall be independent; these members shall be appointed by the Board of Directors, on the proposal of the Appointments and Remuneration Committee. In the nomination and appointment of its members, diversity in its composition will be sought, in particular with regard to gender, professional experience, skills and sectoral knowledge.

The members of the Commission, as members of the Board of Directors, must have the experience and knowledge in management, economic, financial and business areas necessary for any good director. In addition, the Commission as a whole must have the relevant technical knowledge in relation to the sector of activity to which the Company belongs; and at least one of the members of the Commission shall be appointed, taking into account equally his or her knowledge and experience in accounting, auditing and/or accounting.

In addition to the above, in the proposal and appointment of members and positions, the Committee itself, the Appointments and Remuneration Committee and the Board of Directors shall ensure that the Chairman of the Committee has the knowledge, skills and experience appropriate to the functions he or she is called upon to perform in the field of accounting. auditing or risk management; the members of the Commission as a whole have financial and internal control skills; and that at least one of the members of the Commission has experience in information technology (IT), inter alia, in order to facilitate efficient supervision of internal risk management and control systems, which generally use complex IT applications, and to be able to adequately assess new emerging risks, such as cybersecurity.

The Chairman of the Audit and Control Committee, a position that in any case shall be held by an Independent Director, shall be appointed from among its members and shall be replaced every four (4) years, and may be re-elected once a period of one (1) year has elapsed since his or her resignation, without prejudice to his or her continuity or re-election as a member of the Committee.

The number of members, powers and rules of operation of the Commission are intended to promote the independence of its functioning.

During the 2023 financial year, Ms. Ana Forner Beltrán has ceased to be a member of the Commission, leaving the composition of the Committee at 5 members, so as of the date of this report, it is as follows:

CHARGE	MEMBER	CATEGORY AS A DIRECTOR	EXPERIENCE IN ACCOUNTING/FINANCIAL/TECHNOLOGY MANAGEMENT
President	Mr. Donald Johnston	Independent	✓
Vowel	Mr. Juan María Aguirre Gonzalo	Independent	✓
Vowel	Mrs. Ana María García Fau	Independent	✓
Vowel	Mrs. María Luisa Jordá Castro	Independent	✓
Vowel	Ms. Francisca Ortega Hernández-Agero	Sunday	✓

The profiles of each member of the Commission, including information about their education, work and management experience, dates of appointment and subsequent re-election, can be consulted on the corporate website. (https://ir.merlinproperties.com/gobierno-corporativo/consejo-de-administracion/)

By virtue of the provisions of Article 13 of the Commission's Rules of Procedure, the Secretary, who is not a member of the Commission, is Mr. Ildefonso Polo del Mármol, who is also Deputy Secretary of the Board of Directors.

2.2.- How it works

The Audit and Control Committee, in accordance with the provisions of Article 17 of its Regulations, before the beginning of each financial year, approves an annual work plan that includes the specific objectives in relation to each of the functions entrusted to it, the organisation of information and the agenda of meetings or other means of periodic communication with the Company's executives. with the head of the Internal Audit Department and with the external auditor and the training deemed appropriate for the proper performance of the Committee's functions.

In this regard, the Commission has carried out its functions during the year in accordance with the "*Work calendar for the financial year 2023*", approved by the Commission on 13 December 2022 and has approved the "*Work calendar for the financial year 2023"* at its meeting of 11 December 2023.

In any case, the Committee shall be convened and shall meet, at least quarterly, in order to review the periodic financial information that, in accordance with the Company's internal procedures and, where applicable, the regulations in force, the Board of Directors must submit to the stock exchange authorities, and other periodic obligations (AML/CFT, Compliance, risks, etc.), as well as the information that the Board of Directors must approve and include in its annual public documentation.

Such meetings shall be attended by the Director of Internal Audit and, when issuing a review report, by the external auditor. At least part of these meetings will take place without the presence of the Company's management, so that specific issues arising from the reviews can be discussed exclusively with them.

Likewise, the Commission may collaborate and contract external services and advice and collect any type of information or documentation available to the Company regarding matters that fall within the competence of the Commission and that it considers necessary for the performance of its functions.

2.3.- Competencies

The tasks of the Committee are detailed in Articles 5 to 10 of the Specific Regulations of the Audit and Control Committee. Its main competencies are summarized below:

(i) Approve the Policy that determines the procedure for the selection and hiring of the external auditor and the relations with the external auditor, as well as the circumstances that could affect their independence and the instruments to provide such relationships with due transparency.

(ii) Submit to the Board of Directors, for submission to the General Shareholders' Meeting, the proposal for the selection, appointment, re-election and replacement of the external auditor, as well as its contracting conditions and, where appropriate, its revocation or non-renewal.

(iii) Receive annually from the external auditor the declaration of its independence, as well as information on the additional services of any kind provided and the corresponding fees received by him or by the persons or entities linked to him, in accordance with the provisions of the legislation on auditing of accounts.

(iv) Issue annually, prior to the issuance of the audit report, a report expressing an opinion on whether the independence of the external auditor is compromised.

(v) Review with the external auditor the main incidents detected during the audit, contrast them with the opinion of the management, verifying that they have been solved and, if not, understand why not, and follow up on the recommendations of the external auditor.

(vi) Analyze with the external auditor the significant weaknesses of the internal control system detected in the development of the audit and present recommendations or proposals to the Board of Directors and the corresponding deadline for their follow-up.

(vii) To authorise in advance the services other than the audit of accounts that the external auditor (or the auditing firm to which he belongs) or the persons or entities related to them (in accordance with the provisions of the legislation on auditing of accounts) are going to provide to the companies of the group, under the terms provided for by law.

(viii) Supervise the correct application of generally accepted accounting principles and applicable international financial reporting standards and supervise the process of preparing and presenting the Company's annual accounts and the periodic financial information that, in accordance with the regulations in force, the Company must provide to the markets and its supervisory bodies, as well as its preparation and publication process, informing the Board of Directors in this regard prior to its approval and presenting recommendations or proposals aimed at safeguarding its integrity.

(ix) Review the clarity and completeness of all financial and non-financial information that the entity makes public, such as the financial statements, management report, statement of non-financial information and annual corporate governance report, ensuring that the half-yearly financial reports and quarterly management statements are prepared with the same accounting criteria as the annual financial reports and, to this end, consider the appropriateness of a limited review of the half-yearly Financial Reports by the auditor.

(x) Supervise the content of the audit reports, the limited review reports of interim accounts, the review reports of the statement of non-financial information and other mandatory reports of the external auditor, before they are issued, in order to avoid qualifications.

(xi) Ensure, with the collaboration of the internal authorship department, that the financial and non-financial information published on the Company's website is permanently updated and coincides with that which has been formulated by the Company's directors and published, where appropriate, when required to do so on the CNMV website.

(xii) Approve the guidance and work plans of the internal audit department and receive regular information on its activities. In supervising the work plan, the Commission shall verify that the main financial and non-financial risk areas of the business have been considered in the work plan, and that their responsibilities are clearly identified and delineated for the purposes of appropriate coordination with other assurance functions that may exist, such as risk management and control units. management control, regulatory compliance and external auditing.

(xiii) Supervise all matters relating to the different types of risk faced by the Company, including financial and non-financial risks, contingent liabilities, other off-balance sheet, operational, environmental, technological, legal, social, political and reputational risks.

(xiv) Evaluate, at least annually, the list of the most significant financial and non-financial risks and the tolerance level established for each based on the information provided by management, the head of the internal audit department and, where appropriate, the risk management and control unit, bearing in mind that setting the levels of risk that the Company considers acceptable is an executive function of the Board of Directors.

(xv) Review the Company's internal control and risk management systems and, in particular, the correct design of the internal control and management system for financial information (ICFR) and non-financial information (ICNFR), so that the main risks are identified, managed and adequately disclosed.

(xvi) Approve the internal audit plan for the evaluation of the ICFR and ICNFR, and its amendments, and receive periodic information on the outcome of its work, as well as the action plan to correct the deficiencies observed.

(xvii) Hold, at least annually, a meeting with the heads of the business units in which they explain the trends of the business and the associated risks, and reinforce the idea that it is the heads of the business units who are directly responsible for effectively managing the risks and that there should be an assigned manager for each identified risk.

(xviii) To report to the General Shareholders' Meeting on the issues that arise in relation to those matters that fall within the competence of the Committee, and, in particular, on the result of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in this process.

(xix) To report to the General Shareholders' Meeting on the issues that arise in relation to those matters that are within its competence.

(xx) Supervise the hiring process of external real estate asset appraisers, proposed by the Management, ensuring the application of the rotation policy and the identification of possible conflicts of interest and threats to independence that may question their suitability.

(xxi) Review that the methodology applied and the assumptions used by external real estate asset valuers are in accordance with International Accounting Standards (IFRS).

(xxii) Supervise the outcome of the work carried out by the external auditor in relation to the valuation of the company's assets.

(xxiii) To report to the Board of Directors on the creation or acquisition of shareholdings in special purpose entities or entities domiciled in countries or territories that are considered tax havens, on the economic conditions and accounting impact and, where applicable, on the exchange ratio of the structural and corporate modification operations that the Company plans to carry out and the transactions with related parties.

(xxiv) Review the annual plan of activities of the Criminal Enforcement Body, as well as the half-yearly report of its activities for subsequent submission to the Board of Directors. Receive information from the Criminal Enforcement Body in relation to any relevant issue relating to regulatory compliance and the prevention and correction of illegal or fraudulent conduct.

(xxv) Review, through the Internal Control Body, the Company's internal policies and procedures to verify their effectiveness in the prevention of money laundering and terrorist financing and identify any policies or procedures that are more effective in promoting the highest ethical standards, for submission to the Board of Directors.

3.- MAIN ACTIONS IN THE 2023 FINANCIAL YEAR

3.1.- Meetings

The Committee carries out its functions with complete independence and operational autonomy, being directed by its Chairman, who is responsible for convening meetings, proposing the order of matters to be dealt with and requiring the attendance of any director, officer or employee of the Company or of the external auditor or any other external auditor necessary for the performance of its functions.

During the 2023 financial year, the Committee met on ten (10) occasions (in particular, on 19 January, 15 February, 23 February, 14 April, 10 May, 24 July, 25 July, 13 September, 14 November and 11 December). The meetings held during the year were all held in person at the Company's headquarters.

In addition to its members, the meetings of the Audit and Control Committee have been attended by employees and executives of the Company, such as the Executive Director and Corporate General Manager, the Director of Legal Counsel, the Head of the Tax Department, the Director of Internal Audit, the Coordinator of Asset Valuations and the Head of Systems. among others, to deal with the items on the agenda to which they had been summoned.

Likewise, the External Auditor has attended 5 meetings of the Committee to report on the review of the valuation of assets at the end of 2022, the Audit carried out during the 2022 financial year, the half-yearly review of asset valuations for 2023 and the Limited Review for the first half of 2023, and the preliminary conclusions of the review for the end of the 2023 financial year.

3.2.- General actions

By way of general information, at its meetings during the financial year 2023 and in the exercise of the functions attributed to it, the Commission has:

(i) Submitted to the Board of Directors the reports relating to the presentation of the individual and consolidated financial statements, as well as their review by the external auditor, for the year ended December 31, 2022, as well as on the quarterly and half-yearly financial information and management reports required of the Company (during the 2023 financial year), as a listed company, by the applicable regulations;

(ii) Presented to the Board of Directors all the work entrusted to the external auditor during the current year and its prior analysis of the contract in terms of independence and compatibility in accordance with the Audit Law.

(iii) Supervised the annual hiring process of external real estate asset appraisers, proposed by the Management, ensuring the application of the rotation policy and the identification of possible conflicts of interest and threats to independence that may question their suitability.

(iv) Reviewed the methodology applied by the external valuators of real estate assets and the significant assumptions used, being in accordance with International Accounting Standards (IFRS).

(v) Supervised the outcome of the work carried out by the external auditor in relation to the valuations of the Company's assets.

(vi) Decision has been taken on related-party transactions, informing the Board of Directors for approval, if necessary.

(vii) Informed and favorably informed, where appropriate, to the Board of Directors regarding accounting, tax and corporate operations.

(viii) Updated the 2023 Risk Map in accordance with the *COSO-ERM 2017 methodology,* with the periodic monitoring of the main business risks through the appearance of the heads of the business units along with their explanation of business trends and associated risks.

(ix) Assessed the tolerance level established for each of the identified risks based on the information provided by management and the head of the internal audit department.

(x) Analysing the risks affecting the Company in terms of technological and cybersecurity risks, supervising the IT Department's action plans in this area.

(xi) Reviewed the tax policies followed during the year, before preparing the annual accounts and filing the Corporate Income Tax, in compliance with MERLIN's Tax Policy.

(xii) Supervised the execution of the internal audit work within the framework of the internal control systems and in accordance with the *2023 Annual Business Plan* approved at the meeting of December 13, 2022, monitoring the compliance of the Company's management with its recommendations.

(xiii) Review of the activities of the various control bodies established in the Company for the supervision and management of criminal risks (Criminal Control Body) and in the field of prevention of money laundering and terrorist financing (Internal Control Body).

(xiv) Supervised the operation of the Internal Control Systems implemented (ICFR and IFRS) and, at the same time, reviewed the internal audit reports on them, reviewing their respective manuals, the Group's Accounting Policy Manual and the Non-Financial Information Statement (NFIS)

(xv) The work carried out by the Company's management with respect to Data Protection regulations has been verified, ensuring, at all times, the implementation of control systems that minimise the risk of vulnerability of the rights of users of the Company's assets.

(xvi) Promoted an improvement of policies and procedures, within the competences of the Commission.

3.3.- Specific actions

Within the specific framework of its powers, the Commission carried out the following actions during the 2023 financial year:

3.3.1.- Financial Information

The Committee, within its powers, is responsible for supervising the process of preparing and presenting the mandatory financial information relating to the Company and the submission of recommendations or proposals to the management body, aimed at safeguarding its integrity, as well as supervising compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and the correct application of accounting criteria.

In relation to the process of preparing and presenting the mandatory financial information of the Company and its group, the Committee has analysed and supervised, during 2023 and prior to its submission to the Board of Directors, in order to review its reliability, correctness, sufficiency and clarity, the following information that the Board of Directors must provide to the market and submit to the National Commission (CNMV) by virtue of its status of a listed company:

(i) The Individual and Consolidated Annual Accounts and Management Reports for the financial year 2022 of MERLIN and its consolidated group, having analysed the process of preparing the aforementioned information and the existing guarantees within the Company's Internal Control Model, as well as the appropriate delimitation of the consolidation perimeter and the correct application of the accounting principles used (IFRS and PGC).

(ii) The Quarterly and Half-yearly Periodic Financial Information for the financial year 2023 of MERLIN and its consolidated group, verifying the adequate delimitation of the consolidation perimeter, the homogeneity of accounting criteria and the identification of accounting risks that could put at risk the audit opinion on the 2023 Financial Statements.

In this regard, it should be noted that the Audit and Control Committee, at its meeting held on February 23, 2023, submitted a report to the Board of Directors of MERLIN, with the proposal for the formulation of the Annual Accounts and Management Reports for the financial year 2022, individual and consolidated, in the same terms that are submitted to the vote at the General Shareholders' Meeting and which were accompanied by an audit report of the firm Deloitte, S.L. with a favorable opinion and without reservations.

Likewise, and with respect to the Quarterly and Half-yearly Periodic Financial Information for the 2023 financial year, the Committee at its meetings on 10 May, 25 July and 14 November, submitted favourable reports on the referred periodic financial information to the Board of Directors of MERLIN, verifying at the July meeting that the Limited Review report on the half-yearly financial statements for 2023, It contained a favorable and unqualified conclusion.

Finally, during the 2023 financial year, the Committee has reviewed that the financial information published on the Company's website is permanently updated and coincides with that which, where applicable, has been formulated by the Company's directors and published on the CNMV's website.

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

To this end, the Commission has worked during this year on:

(i) Review the Internal Control Policy that regulates the process of preparing and supervising financial and non-financial information, applicable to all the companies of the Group.

(ii) Review and approve the materiality levels of the accounting headings of the MERLIN group's financial statements, with a view to identifying the key controls within the Internal Control Model, as well as reviewing the Functions and Supervision Manual of the ICFR, as well as the Company's Accounting Policy Manual.

(iii) Supervise the review of ICFR controls within the framework of the *2023 Annual Internal Audit Plan* and follow up on weaknesses and proposals for improvement revealed.

3.3.2.- Non-financial information

The Commission, within its competences, is responsible for evaluating the process of preparation and the integrity of financial and non-financial information, as well as the control and management systems of financial and non-financial risks related to the Company, including operational, technological, legal, social, environmental, political and reputational risks or those related to corruption.

In relation to the process of preparing non-financial information and with special emphasis on the preparation of the Non-Financial Information Statement (NFIS), the Committee has continued to monitor, together with the Sustainability and Innovation Committee and the Appointments and Remuneration Committee, the evolution of the following work:

(i) Elaboration of an analysis of the double materiality of relevant issues for MERLIN and its main stakeholders and their comparison with the main competitors for the preparation of the NFR.

(ii) Supervise the preparation of the different manuals of the Internal Control System for Non-Financial Information (ICNFR) 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 different ICNFR controls of the different processes and areas involved that have been documented in the Group's internal control tool (GRC Suite).

(iv) The review of the process for drawing up the NFR, with the collaboration, each in its areas of responsibility, of the Sustainability and Innovation Committee and the Appointments and Remuneration Committee.

3.3.3.- External auditors

The Commission is responsible for regularly seeking information from the auditors on the audit plan and its implementation, as well as for preserving its independence in the exercise of its functions. Likewise, it must ensure that the Company and the auditor comply with the rules on the provision of services other than auditing and, in general, the rules on the independence of auditors.

In accordance with the "Procurement Policy and Framework for Relations with the Auditor", approved on 13 November 2017 and in accordance with the provisions of the "2023 Work Plan with the External Auditor" set on 13 December 2022, the Commission, during the 2023 financial year, has established the appropriate relations with the Auditor, Deloitte, S.L., with the aim of supervising the evolution of the audit work, knowing its significant findings, supervising its fees and work commissions and ensuring that the opinion on the annual accounts and the main contents of the audit report, as well as the special report, were written in a clear and precise manner.

Thus, during the 2023 financial year, the Company's external auditors and with respect to the evolution of their work, have appeared before the Committee on 5 occasions, having the opportunity in all of them to present their conclusions without the presence of the management team, at its meetings on (i) February 15 and 23; (ii) July 24 and 25; and (iii) December 11, all 2023.

The main aspects of the work carried out by the Committee in relation to the External Auditor include the following:

(i) ***In relation to MERLIN's Financial Statements***

During the 2023 financial year, the Committee has been aware of and supervised the evolution of the external audit work, including planning, the scope of the tests carried out, the work schedule, the fees, the risks identified in the audit, the judgments on the applicability of accounting criteria and principles, the opinion on the accounting treatment of relevant corporate transactions and the conclusions of the different works reflected in its reports submitted to the Commission during the financial year.

In this regard, the representatives of the auditor, Deloitte, S.L., presented to the Committee, at its meeting on February 23, 2023, the main conclusions of the work carried out in relation to the Audit of the Individual and Consolidated Annual Accounts of MERLIN, and its consolidated group, corresponding to the financial year 2022, presenting the Draft Audit Opinion and Additional Report on the individual and consolidated annual financial statements as of February 31, 2023. December 2022, with a favorable opinion, without qualifications.

Subsequently, at the session of July 25, 2023, the main conclusions of the work carried out in relation to the Limited Review of the Half-Year Interim Financial Statements of MERLIN and its consolidated group, corresponding to the first half of the 2023 financial year, were presented, with a favorable and unqualified conclusion, detailing the main relevant facts of the period, as well as the main audit risks.

Finally, at the meeting of 11 December 2023, the auditor presented the work carried out in the preliminary review as of 30 September 2023 with a view to the review of the accounts for the financial year 2023, the significant audit matters detected in the course of his work.

(ii) ***In relation to the analysis of its independence***

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

In this regard, on 23 February 2023, the Company's Auditor submitted to the Commission his declaration of independence with respect to the audit of the 2022 financial statements. That communication contained detailed and individualised information on the fees relating to account audit services and other related services, as well as any other additional services, provided to MERLIN Properties SOCIMI S.A. and the Companies of its Consolidated Group during the 2022 financial year. In addition, on the 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 in accordance with the provisions of the regulations in force.

In addition, in order 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 the current rules on the provision of services other than auditing. In this regard, the Commission has analysed, inter alia:

- Compliance with the "*Contracting Policy and Framework for Relations with the Auditor*", by which the Audit and Control Committee has pre-authorized the contracting of all services other than auditing.

- The express declaration of the Auditor, confirming his or her independence, with an individualized and detailed detail of the services provided and fees accrued.

- The Auditor's express confirmation of the establishment of internal procedures aimed at identifying and evaluating threats that may arise from circumstances related to audited entities and, where appropriate, the application of safeguard measures.

- Individualised analysis of the services provided to MERLIN Properties SOCIMI S.A. and the Companies of its Consolidated Group.

The Committee, in the course of the audit for the financial year 2022, has not identified situations that could have posed a threat to the independence of the auditor, and for all these reasons the Committee concluded its analysis of the independence of the auditor, stating that the auditor has acted in accordance with the rules of independence that apply in accordance with the current auditing regulations.

In this regard, on February 23, 2023, the Audit and Control Committee submitted its Annual Report on the Independence of the Auditor to the Board of Directors. This report is available to anyone interested on the corporate website.
(https://ir.merlinproperties.com/gobierno-corporativo/informes-anuales/)

In addition, and with respect to the 2023 financial year, periodically in the appearances of the external auditor before the Audit and Control Committee, a periodic monitoring has been carried out of the work carried out by the Company's auditor apart from the audit of the accounts itself, as well as the amounts paid for them, in order to assess the independence of the auditor.

In this regard, in the various appearances before the Audit and Control Committee during the 2023 financial year, the auditor reported negatively on the identification of situations that could put its independence at risk.

(iii) ***In relation to his evaluation and re-election***

In relation to the re-election process, section 4 of MERLIN's "Recruitment Policy and Framework for Relations with the Auditor of Accounts" states: "For the analysis of the re-election of the auditor, the Audit and Control Committee shall take into consideration the result of the annual evaluation of the independence and quality of the work carried out by the Company's auditor, as well as the temporal and quantitative limitations established by the regulations in force at any given time".

In compliance with these requirements, MERLIN's Audit and Control Committee, at its meeting held on February 23, 2023, analyzed the process of re-election of the auditor for the audit report (individual and consolidated) of MERLIN Properties SOCIMI S.A. and Subsidiaries for the financial year 2023, concluding positively with respect to it, according to the following criteria:

- On December 13, 2022, at the end of the year in which the appointment of the Company's auditor was concluded, MERLIN's Audit and Control Committee analysed his possible re-election, concluding positively with respect to it.

- On February 23, 2023, the Audit and Control Committee issued the annual report on the independence of the auditor, concluding favorably on compliance with the requirements established in the current auditing regulations.

- Likewise, the Audit and Control Committee, on the same date of February 23, 2023, has evaluated the work carried out by the auditor, concluding satisfactorily on the work and quality of its audit work (Report of the Audit Committee on the Annual Evaluation of the Auditor of Accounts, referred to the Board of Directors).

In view of the above, 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 Deloitte, S.L. as auditor of accounts of MERLIN Properties, SOCIMI, S.A. and its consolidated group, to carry out the consolidated and individual audit of the MERLIN Group. corresponding to the 2023 financial year, for its tenth and final financial year.

In view of the foregoing and at the proposal of the Audit and Control Committee, the Board of Directors submitted to the General Shareholders' Meeting the proposal for the re-election of the Company's auditor, which was approved on April 27, 2023, empowering the General Shareholders' Meeting to the Board of Directors, with express power of substitution, to enter into the corresponding professional services contract.

Finally, in the 2022 financial year, the Audit and Control Committee held a Competition for the election of a new Auditor for the period 2024-2026, with the participation of different high-level audit firms. In this competition, the technical capacities, the methodology for reviewing the valuation of assets, the human capital and the economic conditions of each participant were assessed. **Finally, at the General Shareholders' Meeting held on April 27, 2023, the appointment of the auditing firm PriceWaterhouseCoopers (PWC) for the financial years 2024-2026 was approved**.

(iv) ***In relation to your terms and conditions of employment***

The Regulations of the Audit and Control Committee establish the competence to "submit to the Board of Directors, for submission to the General Shareholders' Meeting, the proposal for the selection, appointment, re-election and replacement of external auditors, as

well as their hiring conditions, the scope of their professional mandate and, where appropriate, its revocation or non-renewal."

In compliance with these requirements, MERLIN's Audit and Control Committee, at its meeting held on 13 December 2022, analysed the process of hiring the auditor for the audit report (individual and consolidated) of MERLIN Properties SOCIMI S.A. and Subsidiaries for the financial year 2023, as well as for the limited review report for the first half of the financial year 2023, concluding positively with respect to this one.

Similarly, MERLIN's Audit and Control Committee, at its meeting held on 14 April 2023, analysed the process of hiring the auditor for the audit report (individual and consolidated) of MERLIN Properties SOCIMI S.A. and Subsidiaries for the financial year 2023, as well as for the limited review report for the first half of the financial year 2023, concluding positively with respect to it, according to the following criteria:

- MERLIN's Audit and Control Committee has reviewed the scope of the audit for the 2023 financial year, the Group's company map and its variations in the period, confirming the correct delimitation of the corporate perimeter used in the audit proposal for the 2023 financial year.

- The Committee has taken note of the proposed fees to be received by the Auditor for the performance of the audit of the Company's accounts for the financial year 2023 and the limited review of the first half of the financial year 2023.

Thus, and based on the work carried out, the Audit and Control Committee of MERLIN Properties SOCIMI S.A., in its report of 14 April 2023, proposed to the Board of Directors of the Company the approval of the conditions of employment of the auditor for the financial year 2023 and for the limited review of the first half of the financial year 2023.

(v) ***In relation to the supervision of your fees and commissioned works***

MERLIN's Corporate Governance System ensures the establishment of the necessary relationships between the Audit and Control Committee and the auditor so that the latter receives timely information on issues that may pose threats to its independence.

Thus, during the 2023 financial year, the Audit and Control Committee has ensured that the Company's auditor is independent and this is evident in the relations between the Company and the Company.

In this regard, the Company has a pre-authorisation policy whereby the Audit and Control Committee must pre-authorise for subsequent approval by the Board of Directors, prior to its formalisation, any contract that it intends to enter into with the auditor (or member of its network) for the provision of services other than auditing to the Company or to any of the companies in its Group. in order to be able to analyse individually and globally the threats to independence that could arise from such contracts.

During the course of the 2023 financial year, the Audit and Control Committee has pre-authorised various assignments other than audit assignments to companies belonging to the Deloitte group's network, which at all times have due justification, in accordance with the established regulations and which in no case have posed a threat to the independence of the auditor.

(vi) ***In relation to Internal Control Recommendations***

At the meeting held on 23 February 2023 with MERLIN's Audit and Control Committee in the course of its audit work, corresponding to the final phase of 2022, the auditor informed the Audit and Control Committee of the absence of significant deficiencies in the Group's internal control.

With regard to the 2023 financial year, the external auditor informed the Audit and Control Committee at its meeting on 11 December 2023 that there were no significant deficiencies in the Group's internal control.

Finally, and with a view to the next financial year, at the meeting of 11 December 2023, the Committee established a 2024 Work Plan with the External Auditor, with the content envisaged for each of them and the reports required by the Committee.

3.3.4.- Valuation of assets

The Commission, within its powers, is responsible for supervising the procurement process, reviewing the methodology applied by the external assessors and knowing and evaluating the work carried out by the external auditor in relation to these valuations.

During the 2023 financial year, the Audit and Control Committee supervised, on a semi-annual basis, the valuation process of the Company's assets, ensuring that the process has been carried out in accordance with International Valuation Standards (IVS) and Accounting Standards (IFRS).

In this regard, the Audit and Control Committee has held half-yearly meetings with the firms in charge of asset valuation (Savills, CBRE and JLL), submitting to the Board of Directors the corresponding reports relating to the asset valuation process for the end of the 2022 financial year, dated 15 February 2023, and the half-yearly closing process of June 30, 2023, dated July 24, 2023.

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

a) *Rotation and recruitment*: The Commission, at its meeting on 14 April 2023, oversaw the annual recruitment and rotation process proposed by Management.

b) *Independence and absence of conflicts of interest*: Valuation firms are multinational firms of recognized prestige, without economic dependence on the fees of the MERLIN Group and that have stated in writing to the Commission their status as independent with respect to 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 Commission has reviewed the adequacy of the valuation methodology used to International Accounting Standards (IFRS).

3.3.5.- Risk management

The Commission, within its competences, is entrusted with supervising the effectiveness of the Company's internal control and risk management systems. To this end, it assesses all matters relating 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 Commission, which identifies potential events that may affect the organization, manages its risks and provides reasonable assurance about 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 recommendations, where appropriate.

During the year, the Committee, in collaboration with the Director of Internal Audit, continued the work undertaken in the previous year in the;

(i) Update of the Risk Map in March for subsequent presentation to the Board of Directors and semi-annual review in September 2023.

(ii) Annual review of the Risk Control and Management Policy, analysing its compliance, validity and advisability of updating it in terms of non-financial risks.

(iii) Analysis of the Spanish economic and real estate context and identification of early risk indicators (KRIs).

(iv) Semi-annual monitoring of the main indicators (KPIs) of the risks considered to be key, as well as the different actions established to mitigate them.

(v) Assessment of the tolerance level established for each of the risks identified based on the information provided by management and the head of the internal audit department.

(vi) Analysis of the risks affecting the Company in terms of technological and cybersecurity risks, supervising the IT Department's action plans in this area.

(vii) Review of tax risks, compliance with the Tax Policy and compliance with the REIT Regime.

(viii) Review of the operational, technological and security risks of the Offices, Logistics and Shopping Centers business segment.

3.3.6. Tax policy and legal risks

The Commission, within its competences, is entrusted with supervising the effectiveness of the Company's internal control and risk management systems. To this end, it assesses all matters relating 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 Commission has supervised and monitored, during the 2023 financial year, 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 annual accounts and the filing of the Corporate Income Tax.

During 2023, the Commission has closely monitored the tax inspection opened during the year.

In addition, the Commission has regularly monitored the group's main legal risks, mainly arising from ongoing litigation, analysing, where appropriate, their potential impact on the financial statements and the need for their breakdown in the notes to the MERLIN group's financial statements.

3.3.7. Internal Audit

The Commission, within its competences and among other aspects, ensures the independence and effectiveness of the function of the internal audit department, supervising, among other aspects, the annual work plan approves its budget and supervising its remuneration, verifying that the members of the management team take into account the conclusions and recommendations of its reports.

Thus, within the framework of the responsibility attributed to the Commission during the financial year 2023:

(i) reviewed the implementation of the 2023 Internal Audit Annual Plan, approved on December 13, 2022.

(ii) reviewed the monitoring of progress made during the 2022 financial year in terms of Digitalisation of the Internal Audit function.

(iii) has carried out the review of the reports issued by the Internal Audit Department, reviewing the recommendations included and verifying that the Company's management complied with the action plans included.

(iv) In all its meetings, the Director of Internal Audit has appeared and presented the developments and advances in the area of his responsibility, with special emphasis on the different review works on the control models and processes that were being carried out in this regard (mainly business process audit, review of the ICFR and ICNFR, Data Protection, Criminal Compliance and Risk Management System).

(v) reviewed and approved the 2024 Internal Audit Budget and Annual Plan, at its meeting on 11 December 2023.

3.3.8.- Regulatory Compliance

The Commission's responsibilities include:

- ***Review the annual plan of activities of the Criminal Enforcement Body, as well as the half-yearly report of its activities for subsequent submission to the Board of Directors.***
- ***Review, through the Internal Control Body, the Company's internal policies and procedures to verify their effectiveness in the prevention of money laundering and terrorist financing.***
- ***Supervise compliance with regulatory requirements, as well as establish and supervise a mechanism that allows employees to report, confidentially and, if possible and considered appropriate, anonymously, any irregularities of potential significance, especially financial and accounting, that they notice within the company.***
- ***Inform the Board of Directors, prior to the adoption of the corresponding decision, on (i) the creation or acquisition of shares in special purpose entities or entities domiciled in countries or territories that are considered tax havens; (ii) transactions with related parties; (iii) the economic conditions and accounting impact and, where applicable, on the exchange ratio of the structural and corporate modification operations planned by the Company.***

3.3.8.1.- Prevention of criminal risks (Criminal Compliance)

During the 2023 financial year, the Commission has supervised MERLIN's Crime Prevention Model, verifying its permanent updating and the maintenance of the quality certification under the UNE 19.601 Criminal Compliance Management Systems standard, obtained in 2019 and ISO 37.001 Anti-Bribery Management Systems, obtained in 2021.

Likewise, the most relevant actions have been the following:

(a) Update of the Criminal Risk Map, on the assessment, in terms of impact and probability, of business activities sensitive to the occurrence of conduct typified by the Spanish Penal Code, especially those derived from LO 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 the established action plans and the monitoring of their evolution.

(c) Supervision of the activity of the Criminal Compliance Body (OCP), through annual and semi-annual activity reports, as well as through the appearances of its head before the Commission.

(d) Supervision of the OCP's training plan, in which the training received by the Board of Directors, Senior Management and other MERLIN workers stands out.

3.3.8.2.- Prevention of money laundering and terrorist financing

Over the course of the 2023 financial year, the Commission has carried out various actions in the area of anti-money laundering and terrorist financing:

(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) Supervision of the actions carried out by the Company in Portugal, analysing the action plans and their implementation, for compliance with the regulations relating to AML/CFT.

(c) Update of the Manual for the Prevention of Money Laundering and Financing of Terrorism (AML/CFT), for approval by the Board.

(d) 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.

(e) Review and Approval of the Activity Report of the Internal Control Body (OCI) for the 2023 financial year.

(f) Analysis and review of the Semi-Annual Internal Audit Reports regarding compliance with internal procedures on the prevention of money laundering and terrorist financing, both in Spain and Portugal, and follow-up to the recommendations issued in this regard.

3.3.8.3.- Protection of personal data

During the 2023 financial year, the Audit and Control Committee has supervised 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 of 13 September 2023, the Commission carried out 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.- Internal Information System - Ethics Channel

The Ethics Channel of MERLIN and its subsidiaries is a tool whose objective is to provide a secure, anonymous and confidential means for anyone to report any irregularity or non-compliance related to bad practices within the organization, committed in relation to the requirements emanating from both the Code of Conduct, of the responsibilities of the Company's Criminal Risk Prevention Model, of the values and principles of its Code of Conduct and of the current legislation on Criminal Liability of Legal Persons, as well as in the field of workplace harassment.
MERLIN wants to be diligent in protecting whistleblowers. In this regard, in the 2023 financial year, MERLIN has outsourced the management of the Ethics Channel to BDO to guarantee maximum confidentiality regarding the identity of the informant, as well as compliance with current legislation in the treatment of the communications received.

Any third party who is related to MERLIN and who has reasonable indications of any Irregularity may report it to MERLIN through this Channel. MERLIN's Professionals will, in any case, be obliged to report any reasonable indication of any Irregularity.

Thus, in June 2023, the Board of Directors approved the update of the Code of Conduct, the Ethics Channel Communication Procedure and the Internal Information System Policy, improving the communication procedure to the Channel, outsourcing it and guaranteeing confidentiality and anonymity in the information received.

During the 2023 financial year, no complaints have been received through the Ethics Channel.

3.3.8.5.- Corporate operations

With regard to the proposed operations and structural and corporate modification operations and in compliance with recommendation 44 of the Code of Good Governance of listed companies, the Committee has been previously informed and informed of these proposals, as well as, where appropriate, of the operations and corresponding documentation, carried out by the Company during the year.
This is highlighted by the Commission dated December 11, 2023, in which the accounting, financial, tax and legal implications of the total spin-off of Metroparque's branch of activity were reviewed.

3.3.8.6.- Related-party transactions

During the 2023 financial year, 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 analysed the outstanding balances and related-party transactions that have been submitted for pre-approval during the year, in order to verify that they were carried out under market conditions and with equal treatment between shareholders, submitting, where appropriate, to the Board of Directors, those reported favourably, for subsequent approval.

3.3.8.7.- Treasury stock

During the 2023 financial year, the Audit and Control Committee, as the responsible body determined by the Board of Directors, has monitored treasury stock transactions, verifying compliance with MERLIN's treasury stock policy, as well as the daily and global holding limits, transparency and communication of transactions in order to avoid potential risks and conflicts of interest.

3.3.8.8.- Improvement of policies and procedures

During the 2023 financial year, the Audit and Control Committee has continued to review MERLIN's policies and procedures with reference to current national and international recommendations and best practices.

4.- CONCLUSIONS

As reflected in this Annual Report, during the 2023 financial year, the Audit and Control Committee has satisfactorily addressed the analysis of the main issues within its competence, reporting on a punctual, recurring and periodic basis to the Board of Directors of MERLIN.

In this regard, the Commission, during the 2023 financial year:

- ✓ It has reviewed the clarity and completeness of all the **Financial Information**, as well as supervised its preparation process, which the Company has published during the year, such as the annual and quarterly financial statements, the management reports and the annual corporate governance report.

- ✓ He has promoted the implementation of the **internal control systems for Non-Financial Information (ICNFR)** and supervised the process of preparing the **Statement of Non-Financial Information (NFIS)** in collaboration with the Sustainability and Innovation Committee and the Appointments and Remuneration Committee.

- ✓ He has supervised the **recruitment process of external appraisers**, carried out by the Company's management, ensuring the application of the rotation policy and the identification of possible conflicts of interest and threats to independence that may call into question their suitability.

- ✓ It has reviewed that the **methodology and assumptions** used by external valuers are in accordance with International Accounting Standards (IFRS).

- ✓ He has supervised the outcome of the work carried out by the **external auditor in relation to the valuations** of the Company's assets.

- ✓ It has informed the Board of Directors of the **Audit of the Accounts** carried out in relation to the year ended December 31, 2022, as well as the limited and preliminary reviews carried out by the external auditor in relation to the financial information required of the Company during the financial year 2023 for the first half of the year and preliminary to the end of the year.

- ✓ He has supervised the implementation of the **Risk Control and Management Policy**, analysing 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.

- ✓ It has assessed the list of the most significant financial and non-financial risks and the **tolerance level** established for each based on information provided by management and the head of internal audit management.

- ✓ He has supervised the implementation 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 (ICFR), so that the main risks are identified, managed and properly disclosed.

- ✓ He has supervised compliance with the **Tax Policy**, reviewing the tax policies applied during the year, before preparing the annual accounts and filing the Corporate Income Tax.

- ✓ She has supervised the implementation of the **Criminal Compliance Policy**, reviewing the annual plan of activities of the Criminal Compliance Body, as well as the half-yearly reports of its activities, including the Company's Criminal Risk Map, being permanently informed of any relevant issue related to regulatory compliance and the prevention and correction of illegal or fraudulent conduct. As well as, supervising the process of renewal of the quality certification under the UNE 19.601 and ISO 37.001 standards.

- ✓ He has supervised the implementation of the **Policy for the Prevention of Money Laundering and Financing of Terrorism**, reviewing, through the Internal Control Body, the Company's internal policies and procedures to verify their effectiveness in the prevention of money laundering and terrorist financing, ensuring that the policies and procedures applied are effective in strict compliance with current legislation and in the promotion of the higher ethical standards.

✓ He has supervised the execution of the **Internal Audit** work within the framework of the internal control systems and in accordance with the 2023 Annual Activity Plan approved at the meeting of December 13, 2022, monitoring the compliance of the Company's management with its recommendations.

It is for all these reasons that the Audit and Control Committee concludes that. During the 2023 financial year, it has carried out its activities in a satisfactory manner in compliance with current legislation, the functions established in its regulations and in accordance with the best Corporate Governance practices in the market.

5.- WORK PLAN FOR 2024

The Commission's action plan for the financial year 2024 will have an impact on continuing with the functions and powers of the Commission, set out in the regulations in force and in the specific Regulations of the Audit and Control Committee, and mentioned in section 2 of this report.

To this end, the Commission has approved a work plan in which it has set out the specific actions that it intends to undertake at each of the points in time of the year;

- To report, where appropriate, at the General Shareholders' Meeting on any issues that arise in relation to matters within its competence and, in particular, on how its actions have contributed to safeguarding the integrity of the MERLIN Group's financial information.
- To continue and reinforce the practice followed by the Commission in the fulfilment of its functions of supervising the process of preparing financial information, control and risk management systems, with special interest in the ICFR, legal and regulatory compliance, as well as the supervision of the external audit of accounts, the property valuation services and the Internal Audit department.
- Supervise the development of the internal control system for non-financial information (ICNFR), in accordance with the best market practices.
- Improve the fluidity of communication and improve the anticipation of the availability of the information received by the members of the Commission, especially in relation to related-party transactions and corporate transactions and/or with relevant legal or tax aspects.
- Continue to supervise the activities and progress in the areas of Cybersecurity and Information Technology Controls.

- Maintain the training of the members of the Committee, including a plan with training sessions throughout the year, which includes the appearance of the main heads of the different business areas and the participation of external specialists in the aspects deemed necessary.

This Annual Report has been approved by the Audit and Control Committee at its meeting on 11 December 2023, and by the Board of Directors at its meeting in January 2023.

MERLIN PROPERTIES