MERLIN

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REPORT FROM THE BOARD OF DIRECTORS OF MERLIN PROPERTIES, SOCIMI, S.A. ON THE PROPOSAL TO GRANT AUTHORIZATION TO THE BOARD OF DIRECTORS TO ISSUE CONVERTIBLE AND/OR EXCHANGEABLE SECURITIES AS REFERRED TO IN ITEM TEN, SECTION 10.1, ON THE AGENDA OF THE ANNUAL SHAREHOLDERS' MEETING CALLED FOR APRIL 29 AND APRIL 30, 2025, ON FIRST AND SECOND CALL, RESPECTIVELY

The purpose of this report is to justify the proposal to grant authorization to the Board of Directors, with powers of delegation, to (i) issue securities (including, in particular, debentures, bonds and warrants) that are exchangeable for or with the right to acquire the outstanding shares of the Company or other companies, and/or convertible into or with the right to subscribe newly issued shares of the Company, pursuant to the general regime on debenture issues, (ii) to increase the share capital in the necessary amount, and (iii) to exclude the preemptive subscription right, all in accordance with the provisions of articles 286, 297, 506 and 511 of the Capital Companies Law ("**LSC**") and article 319 of the Commercial Registry Regulations ("**RRM**"), the approval of which is submitted to the Annual Shareholders' Meeting of Merlin Properties, SOCIMI, S.A. (the "**Company**") under item ten, section 10.1, on the agenda, all in accordance with the provisions of the LSC.

1. Justification for the proposal

a) In relation to the issuance of the securities

The Board of Directors considers it extremely advisable to have available the delegated powers admitted by legislation in force so that it is at all times in a position to attract in the primary securities markets any necessary funds to ensure the adequate management of the Company's interests.

The purpose of the delegation is to provide the Company's managing body with the capacity to respond required in its competitive environment, in which the success of a strategic initiative or financial transaction, or the possibility of attracting financial resources, often depends on the ability to act swiftly, without the inevitable delays and costs involved in calling and holding a Shareholders' Meeting. Thus, the Company's Board of Directors is authorized, where necessary, to attract the necessary volume of resources in a limited period of time.

The issuance of securities convertible and/or exchangeable into shares is a means of financing for companies by attracting third-party resources. Securities have, on the one hand, the advantage of offering investors the possibility of converting their claims against the Company into shares, obtaining a potentially higher return to that offered by other debt instruments and, on the other hand, can allow the Company to increase its equity. These characteristics lead to the coupon of convertible and/or exchangeable debentures usually being less than the cost of fixed-income securities and bank debt, since the value of the option to convert them into Company that they confer on investors is reflected in the interest rate of the debentures.

With this purpose in mind, pursuant to current legislation, the proposed resolution under the agenda is submitted to the consideration of the Shareholders' Meeting. In relation to warrants, it is specifically envisaged that statutory and agreed provisions on convertible and/or exchangeable debentures will be applicable, insofar as they are compatible with their specific nature.

The proposal specifically attributes to the Board of Directors the power to issue, on one or more occasions, convertible and/or exchangeable securities (including debentures and bonds) and warrants that give rise to the entitlement to subscribe new shares of the Company or to acquire outstanding shares of the Company or of other companies and to resolve, where applicable, to increase the share capital as necessary to cover the conversion or exercise of the subscription option, provided that this increase does not exceed the unused limit authorized from time to time by the Shareholders' Meeting pursuant to article 297.1.b) LSC.

The proposed resolution establishes the maximum amount for which the issue is authorized at €1 billion (or its equivalent in another currency). For the purposes of calculating the above limit, in the case of warrants, the sum of the premiums and exercise prices of the issues resolved upon under this authorization shall be taken into account.

The proposed resolution that is submitted to the approval of the Shareholders' Meeting also establishes the criteria to determine the bases and methods of conversion and/or exchange, although it asks the Board of Directors, in the event that the latter agrees to make use of the authorization granted, to specify some of said bases and methods for each issue, within the limits and pursuant to the criteria established by the Shareholders' Meeting. Thus, it is the Board of Directors that will determine the specific conversion ratio and will issue for such purpose, when resolving on an issue of convertible and/or exchangeable securities delegated pursuant to the authorization conferred by the Shareholders' Meeting, a report indicating the specific bases and methods of conversion applicable to said issue, which will also be set out in the corresponding report by the auditor referred to in articles 414 and 511 LSC.

Specifically, the proposed resolution that is submitted to the approval of the Shareholders' Meeting provides that the securities issued thereunder will be valued at their par value (and may include accrued and outstanding interest) and the shares at the fixed (determined or determinable) or variable exchange rate determined in the corresponding resolution by the Board of Directors.

The Board of Directors estimates that this will give it a sufficiently flexible margin to establish the value of the shares for purposes of the conversion according to market conditions and other applicable considerations.

In the case of warrants of newly issued shares, the rules on convertible debentures set out in the proposal will be applicable, insofar as they are compatible with their nature.

Moreover, in accordance with article 415.2 LSC, the resolution to delegate to the Board of Directors the power to issue convertible securities provides, for the purposes of their conversion, that the par value of the debentures may not be less than the par value of the shares. Convertible debentures may not be issued for a figure of less than their par value either.

It is also envisaged that securities issued by virtue of this delegation may be admitted to trading on the relevant regulated or unregulated secondary market or multilateral trading facility, domestic or foreign.

In addition, it may at times be advisable to issue the securities under this proposed resolution through a subsidiary with the Company's guarantee. Consequently, it is considered of interest for the Shareholders' Meeting to authorize the Board of Directors to guarantee on behalf of the Company, within the above limits, the issues of convertible and/or exchangeable securities or warrants made by subsidiaries during the term of the resolution, in order to grant the Board of Directors the utmost flexibility to structure the issues of securities in the most advisable manner in the circumstances.

All of the powers to be conferred on the Board of Directors if the resolution is approved will include the express power of delegation, so as to further favor the intended objective of expediting transactions as far as possible.

Lastly, it should be indicated that authorization to issue this type of securities was already granted by the Annual Shareholders' Meeting of the Company held in 2023, which authorization remains in force. For the purposes of clarity, this proposal includes the express revocation of the authorization granted at that time.

b) In relation to exclusion of the preemptive subscription right

The Board of Directors considers that this power to exclude the preemptive subscription right, which is supplementary to that of issuing the convertible and/or exchangeable securities, is justified for several reasons.

Firstly, the Board of Directors considers that this power to exclude the preemptive subscription right usually involves a relative reduction in the costs associated with the transaction (including, in particular, the fees of the financial institutions participating in the issue) compared to an issue with preemptive subscription rights.

Secondly, with the power to exclude the preemptive subscription right, the directors are in a position to considerably increase the swiftness of action and response that today's financial markets occasionally demand, thereby enabling the Company to take advantage of times when market conditions are more favorable.

In addition, the exclusion of the preemptive subscription right leads to less distortion in the trading of the Company's shares during the issue period, which is usually shorter than in an issue with rights.

In short, the characteristics of the financial markets, and speed and swiftness with which they operate requires the Board of Directors to have flexible and suitable instruments to properly respond to the needs of the Company at any given time, a strategy which must include said delegation to the Board of Directors to exclude, where applicable, the preemptive subscription right.

It is important to note that (i) the maximum number of shares into which the securities may be converted, added to the number of shares issued by the board of directors by virtue of the delegation of authority to increase capital, is currently subject to the legal limit of 20% of the Company's share capital at the time of the authorization (and in the proposal made this limit is reduced to 10%); and that (ii) the power to exclude the preemptive subscription right can only be exercised in cases where the Board of Directors considers that the measure is proportionate to the benefits that the Company will ultimately obtain and that, therefore, such exclusion is implemented because the corporate interest so requires.

In all cases, in accordance with article 511 LSC, if the Board of Directors decides to remove the shareholders' preemptive subscription right for one or all of the issues that it resolves to perform in accordance with said delegation, it must prepare, when adopting the corresponding issue resolution, a report listing the specific reasons in the interest of the company that justify this measure, which will be set out, if voluntarily seen fit, in the corresponding report by an independent expert. Said reports shall be made available to shareholders and notified to the Shareholders' Meeting that is held following the issue resolution.

2. Proposed resolution to the Shareholders' Meeting

The proposed resolution that is submitted to the Annual Shareholders' Meeting for approval in relation to item ten (10.1) on the agenda is transcribed below.

PROPOSED RESOLUTION:

"To authorize, and delegate to, the Board of Directors, pursuant to the general regime on debenture issues and pursuant to articles 286, 297 and 511 of the Capital Companies Law and article 319 of the Commercial Registry Regulations, to issue securities pursuant to the following terms:

1. *Securities issued.- The securities referred to in this authorization are all manner of securities (including, in particular, but without limitation, debentures, bonds and warrants) exchangeable for or with the right to acquire, outstanding shares of the Company or other companies, and/or convertible into or with the right to subscribe new shares of the Company.*

2. *Duration of the delegation.- The securities may be issued, on one or more occasions, at any time, within a maximum period of five years from the date of adoption of this resolution.*

3. *Maximum amount of the authorization.- The total maximum nominal amount of the securities issue/s that are agreed pursuant to this delegation shall be €1 billion or the equivalent amount in any other currency. For the purposes of calculating the above limit, in the case of warrants, the sum of the premiums and exercise prices of the issues resolved upon under this authorization shall be taken into account.*

4. *Scope of the authorization.- This authorization shall extend, as broadly as may be required by law, to the establishment of the different terms and conditions of each issue, including, without limitation: its amount (always within the quantitative limit stipulated above), the place of issue (whether in Spain or abroad); and the type of issue; the currency, Spanish or foreign, and where it is foreign currency its equivalent in euros; the denomination or form of the securities, be they bonds or debentures, including subordinated debentures, warrants (which may in turn may be settled by physical delivery of shares or, where applicable, by offsetting), or any other denomination or form permitted by law; the issue date/s dates; the number of securities and their par value which, in the case of bonds or convertible and/or exchangeable debentures, may not be less than the par value of the shares; in the case of warrants and other similar securities, the issue and/or premium price, the exercise price (which may be fixed or variable) and the procedure, time period, and other terms and conditions applicable to the underlying shares or, where applicable, the exclusion of said right (on the terms and with the limits indicated below); the interest rate (fixed or variable), and the dates and procedures to pay the coupon; whether the issue is perpetual or subject to redemption and, in this latter case, the redemption period and the maturity date(s); the guarantees, the redemption price, premiums and batches; the type of representation, such as securities or book entries; anti-dilution clauses; placement and subscription regime and rules applicable to subscription; the ranking of securities and subordination clauses, where applicable; legislation applicable to the issue; the power to request the admission to trading, where applicable, of the securities issued in regulated or unregulated secondary markets or multilateral trading systems, Spanish or foreign, subject to the requirements established by applicable legislation in each case; and, in general, any other condition of issue, and, as the case may be, the appointment of the trustee of the syndicate of holders of securities and the approval of the basic rules that will govern legal relations between the Company and the syndicate of holders of the securities issued,*

in the event that it is necessary to create or it is decided to create said syndicate.

The delegation also includes the conferral on the Board of Directors of the power to decide, in each case, on the conditions for redemption of the securities issued under this authorization, being able to use, to the extent applicable, the means of repurchase or redemption referred to in article 430 of the Capital Companies Law or any others that may be applicable. The Board of Directors is also empowered so that, where it sees fit, and subject to the obtainment of the necessary official authorization and, as the case may be, approval from the Assemblies of the corresponding syndicates or bodies representing the holders of the securities, it may modify the conditions of the securities issued and their respective time periods and the rate of any interest accruing on the securities included in each of the issues made under this authorization.

5. *<u>Basis and methods of conversion and/or exchange</u>.- In the case of issues of convertible and/or exchangeable securities (including debentures or bonds), and in order to determine the basis and methods of conversion and/or exchange, the following criteria are established:*

   (a) *The securities issued in accordance with this resolution shall be exchangeable for shares of the Company or any other company, whether or not it belongs to its Group and/or convertible into newly issued shares of the Company, in accordance with a fixed or variable, determined or determinable conversion or exchange ratio, the Board of Directors having the power to determine whether they are convertible and/or exchangeable, and to determine whether they are necessarily or voluntarily convertible or exchangeable and, where voluntary, whether it is at the election of their holder and/or the Company, with the frequency and during the time period established in the issue resolution.*

   (b) *The Board of Directors may also establish in the event that the issue is convertible and exchangeable, that the issuer reserves the right to choose at any time between the conversion into new shares or the exchange for existing shares, specifying the nature of the shares to be delivered upon conversion or exchange, and may even choose to deliver a combination of new and preexisting shares of the Company, and even to settle the difference in cash.*

   (c) *For the purposes of the conversion and/or exchange, the securities shall be valued at their nominal amount (including, where applicable, outstanding interest accrued) and the shares at the fixed exchange rate established in the resolution by the Board of Directors in which this authorization is used, or at the variable exchange rate to be determined on the date or dates indicated in the resolution itself, in accordance with the market value of the Company shares on the date(s) or in the period(s) established as a reference in the resolution itself, with a premium or, as the case may be, a discount, although if a discount on* *the price per share is established it may not be higher than 25% of the value of the shares taken as a reference pursuant to the above.*

(d) *The value of the shares for the purposes of the conversion of debentures into shares may not, under any circumstances, be less than the nominal value of the shares. Similarly, pursuant to article 415 of the Capital Companies Law, debentures that are convertible into shares may not be issued either, where their nominal value is less than that of the shares.*

(e) *When the conversion proceeds, the fractions of the share that may be delivered to the holder of the bonds shall be rounded by default to the nearest whole number and each holder shall receive in cash, if so contemplated in the conditions of the issue, the difference that may occur in such a case.*

(f) *At the time of approving an issue of convertible debentures or bonds under the authorization contained in this agreement, the Board of Directors shall issue a report developing and specifying, based on the criteria described above, the bases and modalities of the conversion specifically applicable to the aforementioned issuance. When required by the applicable regulations, this report shall be accompanied by the corresponding report of the auditor, other than the auditor of the company, appointed for this purpose by the Commercial Registrar, referred to in articles 414, 417, 510 and 511 of the Capital Companies Law.*

6. *Basis and methods of exercising the warrants and other similar securities.- In relation to issues of warrants, to which the Capital Companies Law on convertible debentures is applicable by analogy, the Board of Directors is authorized to determine, on its broadest terms, the basis and terms and conditions applicable to the exercise of the warrants, the criteria applicable to the exercise of the subscription rights of newly issued shares of the Company or the acquisition of outstanding shares of the Company, derived from the securities of this nature issued pursuant to the delegation of powers granted. The criteria envisaged in section 5 above, shall be applicable to these types of issues, with any necessary adjustments so that they comply with legal and financial provisions regulating such securities.*

7. *Other delegated powers.- This authorization to the Board of Directors also includes, without limitation, the delegation to it of the following powers:*

(a) *The power to increase the capital in the amount necessary to meet requests to convert and/or exercise the share subscription right. This power may only be exercised to the extent that the capital increased by the Board of Directors to meet the issue of the convertible securities or warrants in question does not exceed the limit authorized from time to time by the Shareholders' Meeting pursuant to the provisions of article 297.1.b) of the Capital Companies Law and shall have a limit of 10% (which limit is lower than that indicated in article 506 of the Capital*

Companies Law), notwithstanding the application of anti-dilution clauses and adjustment of the conversion ratio. This authorization to increase the capital includes the power to issue, on one or more occasions, the shares representing same that are necessary to perform the conversion and/or exercise the share subscription right, and to reword the articles of the bylaws relating to the capital stock figure and number of shares, in order to, where applicable, cancel (and/or declare to be partially subscribed) the part of the capital increase that was not necessary for the conversion and/or exercise of the share subscription right.

(b) The power, pursuant to the provisions of article 511 of the Capital Companies Law, to exclude, in whole or in part, the shareholders' preemptive subscription right, in compliance with legal requirements in this regard. In any case, if it is decided to exercise the conferred power to exclude the preemptive subscription right, the Board of Directors shall issue, at the time of approval of the issue and pursuant to the applicable legislation, a report detailing the specific reasons in the interest of the company that justify the measure, which shall be set out in the corresponding report by an independent expert, in accordance with the provisions of articles 412.2, 417.2 and 511 of the Capital Companies Law. Furthermore, without prejudice to compliance with any other legal limits established in that regard at any time, the power to exclude preemptive subscription rights shall be limited as follows: the nominal amount of the capital increases approved or effectively carried out as part of the conversion of any issues made by virtue of this delegation (without prejudice to any anti-dilution adjustments) excluding the preemptive subscription rights and that are resolved or executed also excluding the preemptive subscription right by virtue of the delegation given in item eight on the agenda for this Shareholders' Meeting (without prejudice to any anti-dilution adjustments), may not exceed the overall maximum nominal amount of 10% of the Company's share capital at the time of this delegation.

(c) The power to explain and specify the basis and methods of conversion, exchange and/or exercise of the share subscription and/or acquisition rights resulting from the securities to be issued, bearing in mind the criteria set forth in sections 5 and 6 above.

(d) The delegation of powers to the Board of Directors includes the broadest powers necessary in law to interpret, apply, perform and pursue the resolutions to issue convertible or exchangeable securities or warrants, one or several times, and the corresponding capital increase and it is also granted powers to remedy and supplement same as necessary, and also to comply with any legal requirements that may be necessary to ensure their successful outcome, with the ability to remedy any omissions or defects in said resolutions, indicated by any authorities, officials or bodies, Spanish or foreign and it is also authorized to adopt any resolutions and execute any public or private

documents that it considers necessary or advisable to bring the preceding resolutions on the issue of convertible or exchangeable securities or warrants and the corresponding capital increase into line with the oral or written assessment of the Commercial Registrar or, in general, any Spanish or foreign competent authorities, officials or institutions.

8. *Admission to trading.- The Company will request, where applicable, the admission to trading on regulated or unregulated secondary markets, multilateral or other trading facilities, domestic or foreign, of the debentures and/or convertible or exchangeable bonds or warrants issued by the Company by virtue of this delegation, empowering the Board of Directors as broadly as may be necessary in law, to perform the formalities and steps necessary or appropriate for admission to trading before the competent bodies of the different securities markets, Spanish and foreign, subject to the rules on admission, permanence and, where applicable, exclusion from the negotiation.*

9. *Guarantee of convertible and/or exchangeable securities or warrants issued by subsidiaries.- The Board of Directors of the Company is also authorized to guarantee in the name of the Company, within the above-mentioned limits, new issues of convertible and/or exchangeable securities or warrants made by subsidiaries during the term of this resolution.*

10. *Power of delegation.- The Board of Directors is expressly authorized so that it may, in turn, delegate the powers set forth in this resolution, pursuant to article 249 bis of the Capital Companies Law.*

This authorization renders ineffective the authorization granted by the Shareholders' Meeting of the Company on April 27, 2023, in the portion not used."

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In Madrid, on March 26, 2025.