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Report prepared by the Appointments and Compensation Committee for the Board of Directors of Merlin Properties SOCIMI, S.A., in compliance with the provisions of article 529 novodecies of the Capital Companies Law, in relation to the proposed Directors' Compensation Policy.

1. Introduction

In this connection, article 529 *novodecies* of Legislative Royal Decree 1/2010, of July 2, 2010, approving the revised Capital Companies Law ("LSC"), states that the compensation policy proposed by the Board of Directors must be reasoned and accompanied by a specific report by the Appointments and Compensation Committee, which will be made available to the shareholders. Both documents will be made available to the shareholders on the company's website following the notice of the Shareholders' Meeting. The shareholders may also request that they be sent or delivered to them free of charge.

In this connection, pursuant to the provisions of article 6.1 of the Regulations of the Appointments and Compensation Committee of Merlin Properties, SOCIMI, S.A. ("Merlin" or the "Company"), the functions of the Appointments and Compensation Committee include, among others, proposing the directors' compensation policy to the Board of Directors.

The current directors' compensation policy was approved by the Shareholders' Meeting held on May 4, 2022, and is applicable to that year and to fiscal years 2023, 2024 and 2025 (the "**Compensation Policy**").

Law 5/2021 of April 12, 2021, amending the revised Capital Companies Law, introduced the legal obligation that proposals for new directors' compensation policies must be submitted to the Shareholders' Meeting before the end of the last fiscal year of application of the current policy, and the Shareholders' Meeting may determine that the new policy will apply from the date of its approval and for the next three fiscal years.

Accordingly, in relation to MERLIN, since the current policy would expire on December 31, 2025 and no additional shareholders' meetings other than the 2025 Annual Shareholders' Meeting are envisaged, in order to have a valid compensation policy on January 1, 2026, it must be submitted for approval in 2025, and it may be applied in the same fiscal year as the Shareholders' Meeting (as from the date of the meeting) and for the following three fiscal years, that is, until December 31, 2028.

As a result, the Appointments and Compensation Committee (the "**Committee**" or the "**ACC**") has led the process for preparation and proposal to the Board of Directors of a new Directors' Compensation Policy (the "Compensation Policy" or the "Policy") which will enter into force, if applicable, on the date of its approval by the Annual Shareholders' Meeting to be held in April 2025 and remain in force until December 31, 2028.

This document constitutes the statutory reasoned explanatory report on the amendment of the Directors' Compensation Policy.

2. Report on the new Compensation Policy

As part of its functions, the Committee has reviewed the new Compensation Policy that is proposed and has submitted it to the Board of Directors for approval.

The guiding principles for the new Compensation Policy and for its basic terms are as follows:

1. In relation to its basic principles, it retains continuity from the previous policy, with the adjustments indicated below with respect to the executive directors. However, in line with the commitment to transparency and good governance, the possibility of granting extraordinary compensation has been eliminated. This measure seeks to increase the predictability and clarity of the compensation system for the executive directors, ensuring a more structured and objective approach aligned with shareholder interests;

2. One of the cornerstones of the Policy is maintained with respect to the executive directors, namely the linking of a high percentage of their compensation to the Company's results and the creation of shareholder value, although certain adjustments are proposed as regards grant value amounts, as indicated below;

3. Its compensation decisions are guided by the principles of proportionality and the financial position of both the Company and the wider context, as well as market standards;

4. Transparency of information on the compensation of board members is encouraged;

5. Directors' interests are aligned with the interests of shareholders and other stakeholders, with business goals and with the creation of long-term value at Merlin;

6. It is geared towards boosting Merlin's profitability, prudent risk management and sustainability in the long term;

7. Compensation is determined in line with the professional merit, experience, dedication and responsibility of each director and, in the case of executive directors, they are compensated only for the performance of executive functions, and not for serving as directors;

8. Variable compensation is aligned with the achievement of targets related to Merlin's strategic plans in both the short- and long-term and to shareholder interests, and is not vested and is sufficiently flexible to allow this component not to be paid or to be paid partially if the set targets are not met.

The new Compensation Policy maintains the distinction between compensation of directors for holding the office of director and compensation of directors who perform executive functions.

As regards director compensation for holding the office of director, the system of the previous policy is maintained, in that such compensation is only received by nonexecutive directors, that is, independent, nominee or other nonexecutive directors (and is not received by the executive directors) and the compensation amounts in place since 2022 are maintained. The only change proposed is a minimal increase in the fixed allowance for membership of the appointments and compensation committees (which are a single committee at Merlin) and of the sustainability committee, in order to better align such amounts with the Spanish market average. This slight increase does not affect the maximum amount of two million six hundred thousand euros (€2,600,000) approved by the Shareholders' Meeting of June 17, 2020.

In particular, and by way of example, in fiscal year 2025, it is proposed to:

a. Maintain the existing compensation under the previous Policy for (i) nonexecutive directors (namely, a gross fixed annual allowance of €100,000, plus €2,000 (gross) as attendance fees for board meetings); (ii) the board chairperson (namely, a gross fixed annual allowance of €450,000, for all functions the chair may perform); (iii) the lead director (namely, a gross fixed annual allowance of €35,000); (iv) members of the Audit and Control Committee (namely, a gross fixed annual allowance of €35,000); and (v) the chairperson of any committee (namely, a gross fixed annual allowance of €10,000).

b. To increase the fixed allowance for members of the Sustainability and Innovation Committee (to €20,000 gross per year) and members of the Appointments and Compensation Committee (to €30,000 gross per year).

As regards director compensation for the performance of executive functions, two proposals are made:

a. Fixed Compensation: to increase the fixed compensation by 10% for both the CEO and the COO. This amount has remained unchanged since 2017.

b. Short-Term Variable Compensation (STIP): to increase the weighting of financial targets from 70% to 80%. In relation to the amounts, as a percentage of Fixed Compensation, the target and maximum are maintained for the CEO, while the target and maximum are increased for the COO (from 75% to 112.5% and from 100% to 150%, respectively, of the Fixed Compensation).

As regards Long-Term Variable Compensation (LTIP), the target and maximum for the CEO and the COO remain unchanged, calculated at the grant value.

Additionally, the terms currently in force for all other elements of compensation in kind, payments for termination of contract, malus and clawback clauses and other contractual terms and conditions are maintained.

2. Conclusion

The Committee concludes that the new Directors' Compensation Policy, to be submitted by the Board of Directors to the Shareholders' Meeting for approval at the proposal of this Committee, is in keeping with the legislation, the recommendations, the supervisory environment, and best practices, and follows prudential criteria as regards the assumption of risk, sustainability, good governance and transparency. In short, it provides Merlin with an adequate compensation policy that is aligned with shareholder interests and prudent risk management.

In light of the above, and pursuant to the provisions of article 529 novodecies LSC, the ACC issues this report so that it can be attached by the Board of Directors to the Directors' Compensation Policy to be submitted for approval by the Shareholders' Meeting.

In Madrid, on March 26, 2025

THE BOARD OF DIRECTORS HAS RATIFIED THIS REPORT BY THE APPOINTMENTS AND COMPENSATION COMMITTEE AND PROPOSES THE APPROVAL OF THE POLICY TO THE ANNUAL SHAREHOLDERS' MEETING