



**ANNUAL DIRECTORS REMUNERATION REPORT FOR THE YEAR
ENDED 31 DECEMBER 2023**

Contents

Letter from the Chair of the Appointments and Remuneration Committee	1
1. Summary of Executive Directors' remuneration	3
2. Director Remuneration in 2024	6
2.1 Remuneration Policy applicable in 2024	6
2.2 Remuneration items of Executive Directors in 2024	7
2.3 <i>Malus</i> and clawback clauses	12
2.4 Possible payments in the event of removal	12
2.5 Conditions for Executive Director contracts	14
2.6 External Directors	14
3. Application of the Remuneration Policy in 2023	15
3.1 Remuneration Policy applicable in 2023	15
3.2 Remuneration of Executive Directors in 2023	15
3.3 External Directors	18
4. Bodies involved in the process of determining, approving and applying the Remuneration Policy	20
5. Work performed by the Appointments and Remuneration Committee	22
6. Alignment of the remuneration system with the risk profile and sustainable and long-term results	26
7. Statistical Schedule to the Annual Report on Directors' Remuneration for public limited liability companies under CNMV Circular 4/2013 for Merlin Properties SOCIMI, S.A.	28

Letter from the Chair of the Appointments and Remuneration Committee

Dear Shareholders,

On behalf of the Appointments and Remuneration Committee (the "Committee" or the "Appointments and Remuneration Committee") and the board of directors (the "Board" or the "Board of Directors") of MERLIN PROPERTIES, SOCIMI, S.A. (also referred to as the "Company", the "Group" or "MERLIN"), I am pleased to present the Annual Directors Remuneration Report (the "Report" or "ADRR"), which will be put to the vote of the 2024 General Shareholders Meeting in an advisory capacity.

In accordance with Spanish Law 5/2021, of 12 April, amending the consolidated text of the Corporate Enterprises Act, this Report forms part of the Company's Management Report and will remain accessible on the Company website and the Spanish National Securities Market Commission (CNMV) website for the legally established period.

This Report was prepared in a free-design format, in accordance with the regulatory provision contained in Circular 4/2013 (consolidated text), although its contents cover the minimum content established in the regulation. The main sections included in the Report are as follows:

1. Description of the Directors Remuneration Policy (the "Remuneration Policy") applicable in 2024, approved by the 2022 General Meeting by a margin of 90.66%.
2. Description of how the Remuneration Policy was applied in 2023.
3. Standard statistical schedule established in Circular 4/2013 on the results of the advisory vote of the last ADRR and the detail of the individual remuneration corresponding to each of the directors in 2023.

MERLIN's profit/loss in 2023 and its reflection on the remuneration earned by the Executive Directors

Operating profit (FFO) in 2023 amounted to € 284.2 m, which is above the forecast for 2023 (€ 61 cents per share). FFO pro-forma for the Tree portfolio disposal increased by 9.6%. This is the result of strong growth in all key financial and operational metrics. In particular, the Company's gross rental income grew by + 6.5% on a lfl basis vs. 2022, thanks to the fact that in 2023 the historical maximum occupancy ratio (96.2%) and inflation indexing were reached.

MERLIN's share performed better than the benchmark index of EPRA Europe, up 2.1% more in 2023 (14.64% vs. 12.56%).

In the area of sustainability, the following significant targets were reached in 2023:

- Improvement in 6 out of 7 tier 1 & 2 scorings in absolute or relative terms
- Improvement in the environmental performance of MERLIN's asset portfolio, achieving the reduction of the carbon footprint intensity by 16.1% as regards 2022.
- The first Spanish real estate company that manages to enter the selective Dow Jones Sustainability World Index.
- Progress in implementing the "zero net emissions path": (i) launch of the green clause in the contracts, (ii) measurement of the embedded carbon footprint, and (iii) installation of photovoltaic panels having reached an installed capacity of 14.9 MW at the end of the year.
- In the social aspect, collaboration with more than 85 NGOs and measurement of the Company's social impact, quantified at € 6.6 m, according to the LBG methodology.

In view of the results achieved in 2023, the Board, at the proposal of the Appointments and Remuneration Committee, approved the short-term incentive payment (the "STIP") for an amount equivalent to 84.3% of the maximum incentive. Of this amount, 50% will be paid in cash in 2024. The vesting and receipt of the remaining 50% will be take place in halves on the first and second anniversary of the date the STIP was approved.

In turn, no long-term incentive or other extraordinary remuneration was accrued in 2023.

Consultation process with our shareholders and the Remuneration Policy applicable in 2024

In 2024, the Remuneration Policy approved by the shareholders at the General Meeting held on 4 May 2022 is applicable.

In line with previous years, in 2023 MERLIN continued to hold an ongoing dialogue with institutional investors. A total of 98 meetings were held and 20 conferences were attended with a total of approximately 480 investors.

As a result, the main Board decisions for this year, at the proposal of the Appointments and Remuneration Committee, are as follows:

- In relation to the Executive Directors:
 - Fixed items: levels of Fixed Remuneration and Remuneration-in-kind are maintained.
 - Short-Term Variable Remuneration: for 2024, the weight of the financial targets will remain at 70%. Of the remaining 30% linked to non-financial targets, half will continue to be linked to sustainability targets, with a focus on reducing CO₂ per m².
 - Long-Term Variable Remuneration: the General Meeting held on 4 May 2022 approved, with 92.67% of votes in favour, the 2022-2024 long-term incentive plan covering, among others, the Executive Directors. The LTIP (Long-Term Incentive Plan), instrumented through a single-cycle performance share plan, will be payable by delivery of MERLIN shares in 2025 and it is linked (i) to meeting the creation of value, financial and sustainability targets for 2022-2024 and (ii) to the beneficiary's service period in the Company.
 - Contractual terms: they remain invariable.
- With regard to directors in their capacity as such, the remuneration levels established in the Remuneration Policy are maintained.

Finally, I would like to thank you on behalf of the Committee for taking the time to read this report, in the hope that it will be clear and comprehensible. MERLIN is committed to listening carefully to its shareholders and applying best practices regarding remuneration. We hope that you will continue to support us by voting in favour of this report.

Approved by the Board of Directors and signed on their behalf by

Signed: Signed: Maria Luisa Jordá Castro, Chair of the Appointments and Remuneration Committee

1. Summary of Executive Directors' remuneration

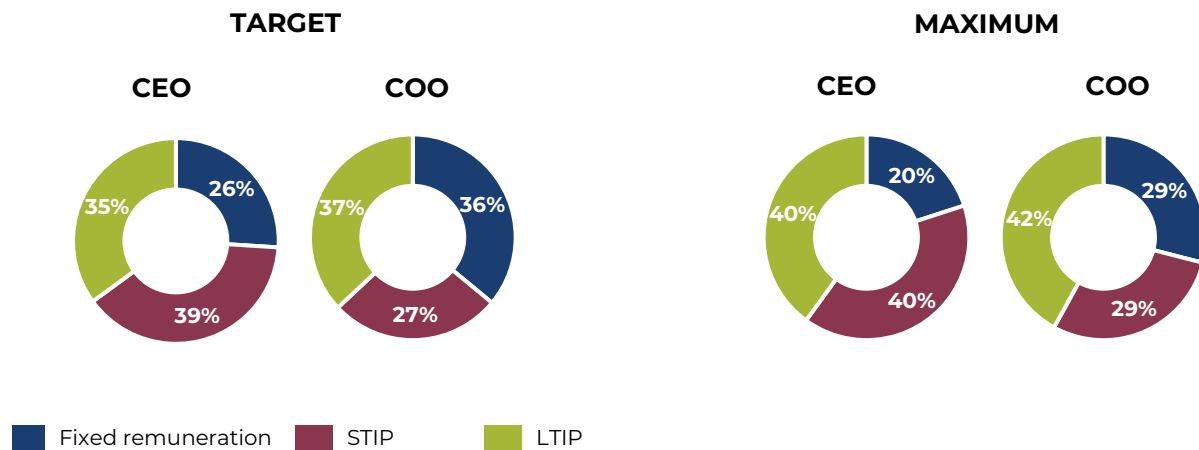
Remuneration package for Executive Directors in 2024

Remuneration items

Fixed remuneration + Remuneration-in-kind	Short-term variable remuneration (2024 STIP)	Long-term variable remuneration (2022-2024 LTIP)	Termination benefits
Fixed remuneration: <ul style="list-style-type: none"> CEO: € 1,000,000 COO: € 1,000,000 Remuneration-in-kind <ul style="list-style-type: none"> CEO < € 14.000 COO < € 14.000 	Maximum STIP: <ul style="list-style-type: none"> CEO: 200% FR. COO: 100% FR. 	Maximum annualised LTIP: <ul style="list-style-type: none"> CEO: 200% FR*. COO: 150% FR*. 	2 x (FR + STIP allocated during the previous 12 months). Post-contractual non-competition agreement included in compensation equivalent to 6 monthly payments of Fixed Remuneration.

* For this purpose, the Reference Value of the share taken into account at the beginning of the 2022-2024 LTIP was considered.

Remuneration mix



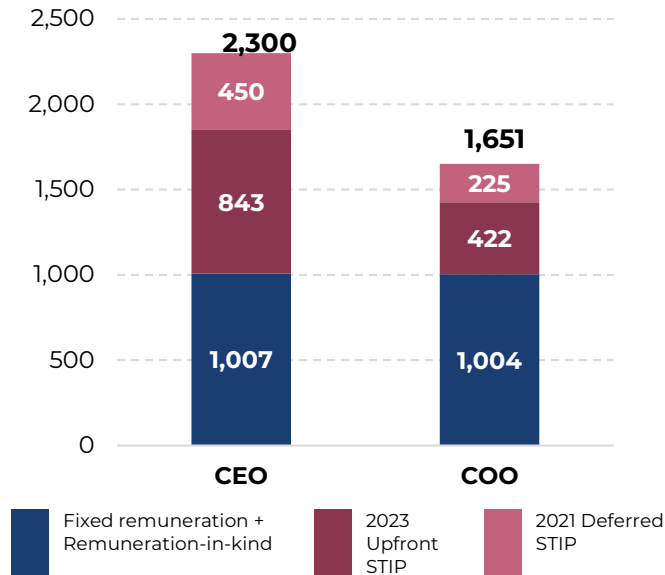
Notes on the charts:

- No Remuneration-in-kind was considered.
- Target STIP: 75% of the maximum STIP to be paid if the targets set in the 2024 annual budget are met, without prejudice to the fact that 50% of it is deferred for a period of 2 years.
- Maximum STIP: amount of STIP if maximum achievement of targets is reached, above the budget, without prejudice to 50% of this being deferred for a period of 2 years.
- Annualised target LTIP: 2/3 of the maximum LTIP to be paid if the targets set in the business plan established for 2022-2024 are met, taking into account the Reference Value of MERLIN's share at the beginning of the LTIP.
- Maximum annualised LTIP: amount of LTIP if maximum achievement of targets is achieved, taking into account the Reference Value of MERLIN's share used at the beginning of the LTIP.

The Executive Directors have a variable, flexible and progressive remuneration system, whereby they may not receive any amount in this regard if the minimum compliance thresholds are not reached.

Also, and in order to ensure that the remuneration of the Executive Directors is based on long-term results that take the Company's underlying economic cycle into account, the relative weight of the LTIP continues to be significant within the Executive Directors' remuneration package.

Accrued remuneration of Executive Directors in 2023 (thousands of euros)



The amounts reflected on the chart correspond to the **remuneration accrued in 2023** and the amounts of which are detailed in the Statistical Schedule (section 7 of this Report), in accordance with the instructions established in Circular 3/2021, of 28 September, of the Spanish National Securities Market Commission. These amounts are different from **remuneration generated in 2023**, which is the remuneration that was determined considering 2023 but does not meet all the requirements established in Circular 3/2021 for it to be considered accrued, since it is subject to a deferral and *malus* period:

Remuneration accrued in 2023 (CEO: € 2,299,567; COO: € 1,650,565)

Remuneration accrued in accordance with the instructions established in Spanish National Securities Market Commission Circular 3/2021, of 28 September. This is the result of adding the Fixed Remuneration, Remuneration-in-kind, the 2023 Upfront STIP and 25% of the 2021 STIP that was consolidated and paid in March 2023 (the first anniversary of the 2021 STIP approval date).

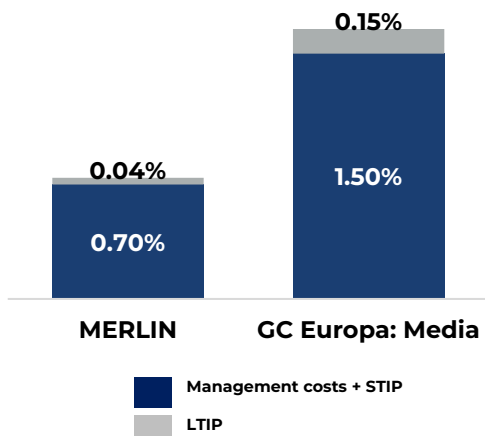
Remuneration generated in 2023 (CEO: € 2,692,567; COO: € 1,847,065)

Remuneration generated in 2023, regardless of whether the payment of a portion may be deferred in future years, and which are not considered accrued for ADRR purposes. This is the result of adding the Fixed Remuneration, Remuneration-in-kind and the entire 2023 STIP generated.

The **remuneration generated in 2023** is in line with the profit obtained by MERLIN in that year. Specifically, in relation to the 2023 STIP, the Company has reached the maximum level of compliance in the FFO per share targets, NOI + other income, BAI and the leverage rate. The target related to divestments has not reached the minimum threshold established by the Board of Directors. In turn, the Appointments and Remuneration Committee has positively assessed the fulfilment of the non-financial targets linked to ESG and the individual performance of the Executive Directors in 2023. As a result, the Board, at the proposal of the Appointments and Remuneration Committee, has approved the payment of a short-term incentive equivalent to 84.3% of the maximum.

Other relevant information

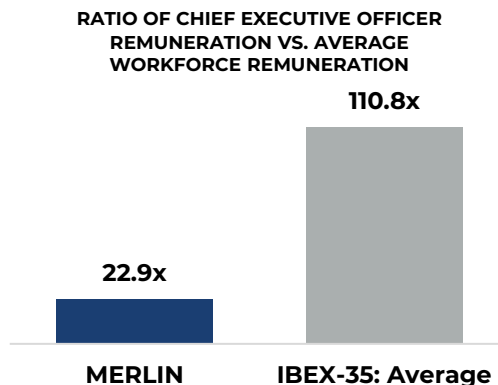
MERLIN continues to be one of the most efficient REITs in Europe, in terms of the ratio of total structuring expenses on EPRA NTA, as shown in the following chart:



Source: MERLIN own preparation. MERLIN's data refer to 2023, while REITs refer to the data published at the date of this report.

Europe REITs performance benchmarking ("GC Europa"), consisting of Altarea, Covivio, Derwent London, Gecina, Inmobiliaria Colonial, Klepierre, Land Securities, LondonMetric Property, SEGRO, The British Land, Unibail-Rodamco-Westfield and Vonovia.

The difference in total remuneration generated in 2023 between the Company's chief executive officer and the average remuneration of MERLIN's workforce is well below the IBEX-35 average:



Source: Annual Directors Remuneration Reports published at the date of this report.

Both MERLIN and the IBEX-35 average show the relationship between the total remuneration earned by the first executive and the average total annual remuneration of the entire workforce. This data relates to that included in the table in section C.2. of Statistical Schedule III of the Annual Directors' Remuneration Report for listed public limited liability companies (CNMV Circular 3/2021, of 28 September).

Main features of the Remuneration Policy in force

What we do:

- Variable remuneration is aligned with both the interests of shareholders and those of the Company as a whole, incorporating targets linked to the Company's sustainability strategy.
- Linking a high percentage of the remuneration to the Company's profits ("pay for performance").
- 2024 STIP:
 - The weight of the financial metrics linked to the STIP represents at least 70%.
 - The weight of the non-financial metrics linked to the STIP represents a maximum of 30%.
 - Deferment for two years of payment of 50% of the STIP generated, where applicable.
 - Inclusion of targets linked to ESG.
- 2022-2024 Long-Term Incentive Plan:
 - Three-year target measurement period.
 - Delivery as shares.
 - Linked mainly to metrics aligned with shareholder return.
 - Inclusion of targets linked to the reduction of CO₂ emissions and progress in initiatives for improvement in the environment and society.
 - Obligation to hold 100% of the shares delivered for a period of two years.
- *Malus* and clawback clauses that apply to any variable remuneration element.
- Compensation for termination of contract and non-competition commitment: limited to 2 years of annual Fixed Remuneration + the STIP allocated over the previous 12 months.
- The Executive Directors must hold a number of shares equivalent to 2 years of their Fixed Remuneration.
- Support from external advisers: the Board and the Appointments and Remuneration Committee take external advice to consider and interpret market remuneration information as a further element to be taken into account in the decision-making process on the design of the Remuneration Policy. There are no guaranteed variable remunerations.

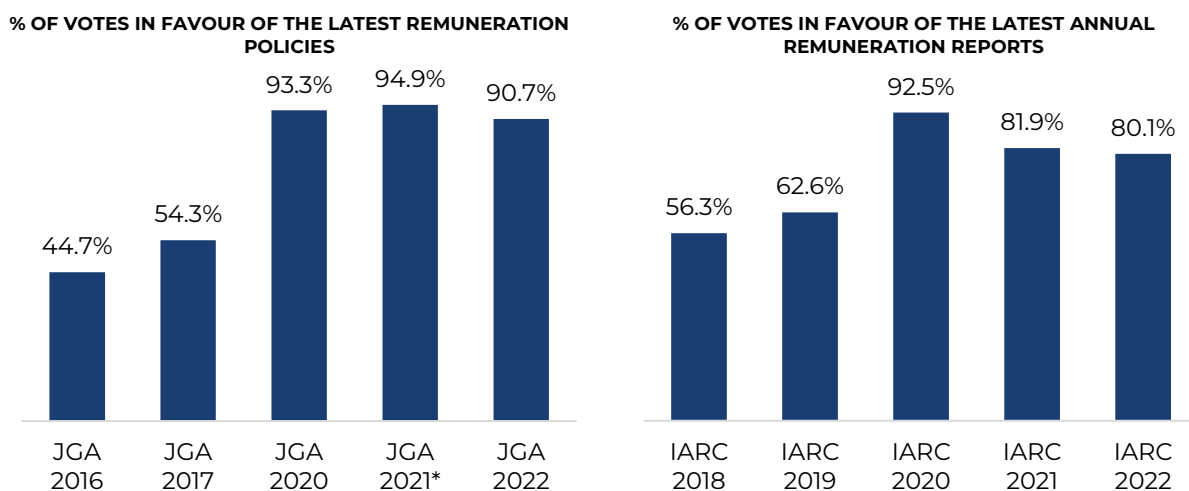
What we do not do:

- The Executive Directors do not currently participate in long-term savings systems such as pension plans, retirement systems or other pension systems.
- External directors do not participate in remuneration formulas or systems linked to the Company's results or to their individual performance. They do not participate in long-term savings or other social welfare systems.
- No loans or advances were granted.

2. Director Remuneration in 2024

2.1 Remuneration Policy applicable in 2024

As indicated above, the General Shareholders Meeting (GSM) held on 4 May 2022, approved the Remuneration Policy for 2023, 2024 and 2025 with 90.66% of votes in favour¹.



* The Remuneration Policy approved by the shareholders at the General Meeting held on 17 June 2020 was later amended by the shareholders at the General Meeting held on 27 April 2021, with 94.9% of votes in favour.

In line with previous years, in 2023 MERLIN continued to hold an ongoing dialogue with institutional investors. A total of 98 meetings were held and 20 conferences were attended with a total of approximately 480 investors.

In particular, the reasons and basic principles of the voting results obtained at the 2023 General Meeting on remuneration resolutions were analysed.

¹ The Remuneration Policy is available at this link: <https://ir.merlinproperties.com/wp-content/uploads/2023/06/1.-MERLIN-Politica-de-Remuneraciones-de-los-Director-2022-recei-WtW-300322.pdf>

2.2 Remuneration items of Executive Directors in 2024

2.2.1 Fixed Remuneration

Fixed remuneration seeks to attract and retain talent, rewarding the level of responsibility, professional consolidation in the position, and recognise the experience and relevance in the market.

The amount of the annual fixed remuneration in 2024 will be € 1,000,000 for each of the Executive Directors. This amount is paid in full in cash and has not been increased since 2017. This amount covers any amount corresponding to expenses for belonging to and attending the Board and the Planning and Coordination Committee, in the case of the CEO.

2.2.2 Remuneration-in-kind

In accordance with the Policy, Executive Directors may be beneficiaries of:

- A policy for death and any degree of permanent disability, the beneficiary of which will be the Executive Director and/or the persons designated by the director in the case of coverage for death.
- A health insurance policy, with global health coverage with a leading company, under which the Executive Director, together with their spouse and dependent children, will be included as beneficiaries.

The cost of premiums corresponding to the death and permanent disability policy and health insurance will amount, for each of the Executive Directors, to a maximum of € 14,000 per year, which will be updated annually in accordance with the circumstances at the time and current parameters customary for this type of insurance.

The directors form part, as insured parties, of the third-party liability policy for directors and executives taken out by MERLIN, under normal market terms and conditions.

2.2.3 Short-term Variable Remuneration for 2024 (2024 STIP)

Purpose

STIP seeks to recognise the contribution to the achievement of targets within the annual budget, and to motivate and guide the work of the management team for the year.

Maximum amount

The maximum amount of the 2024 STIP for Executive Directors, on condition that a maximum level of compliance with targets above the budget is reached, is as follows:

- CEO: 200% of Fixed Remuneration (€ 2,000,000).
- COO: 100% of Fixed Remuneration (€ 1,000,000).

Metrics

To determine the 2024 STIP, the Appointments and Remuneration Committee has set the targets and weightings indicated below:

METRICS	DEFINITION	WEIGHTING
FINANCIAL TARGETS		70%
FFO per share	Accounting FFO or accounting Funds From Operations is calculated as EBITDA less net finance costs and recurring taxes (excluding taxes on divestments and other extraordinary events). FFO per share is calculated by deducting the Company's non-overhead expenses from the FFO accounting, divided by the number of outstanding shares at the calculation date.	15%
Net operating income (NOI) + Other income	NOI is calculated as the amount resulting from deducting expenses for incentives and linearisation, including property expenses not passed on to tenants and non-collectable income, from gross income. Other income not resulting from gross revenue is also included.	15%
Adjusted pre-tax profit	Adjusted profit before taxes (without taking into account valuation impact of assets and derivatives).	10%
Net Debt/EBITDA	The Net Debt/EBITDA ratio is calculated as the net debt divided by EBITDA. Both measures are defined in the APM.	15%
Divestments	Level of the divestments made in accordance with the Company's asset rotation plan.	15%
NON-FINANCIAL TARGETS		30%
CO₂ emission reduction	Reduction in emissions intensity in kg CO ₂ /m ² with respect to the previous year. The information used for this will be latest available on the date on which fulfilment of STIP targets is assessed.	7.5%
MERLIN scoring in Sustainability Indexes	Maintaining MERLIN's scoring in absolute or relative terms, as regards to comparable averages in 6 of the 7 benchmark sustainability indexes: GRESB, CDP, S&P CSA, Sustainalytics, ISS ESG, MSCI and Vigeo Eiris.	7.5%
Performance assessment	Individual performance of the Executive Directors in 2024.	15%
		100%

Scales of achievement and evaluation of targets

Each metric has achievement thresholds and payment scales based on the difficulty of achievement and its criticality for the Company's plans in 2024. If the minimum threshold established is not reached, the portion of the 2024 STIP linked to the corresponding metric will be zero. If the targets established in the Company's budget for 2024 are met, 75% of the maximum STIP will be paid out and, in the case of maximum achievement of targets, 100% of the maximum STIP will be paid out.

In this assessment function, the Appointments and Remuneration Committee will have the support of (i) the Audit and Control Committee, which provides information on the profits verified by the Company's external auditor and internal auditor, and (ii) the Sustainability and Innovation Committee, which will report on the degree of fulfilment of the targets related to initiatives supervised by that Committee. Both in setting the targets and evaluating their achievement, the Committee also considers any associated risk.

When determining the amount of the 2024 STIP of each executive director, the Board of Directors will take into account, in addition to the fulfilment of targets, proportionality criteria, quality of talent management and retention, and the application of fair and competitive remuneration, comparable to market standards.

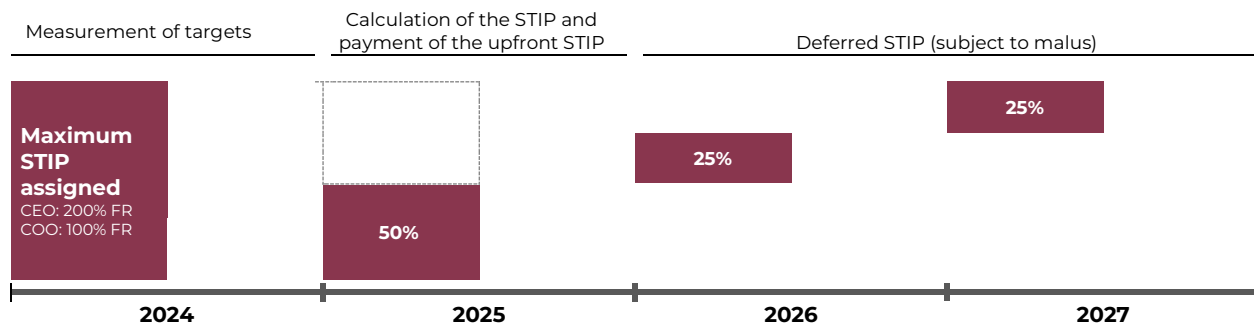
2024 STIP generation and payment schedule

Once the achievement (and degree of achievement) of the targets and final amount to be reached by the 2024 STIP, the generation of the right to this remuneration item and its payment are finally determined, unless there are exceptional circumstances regulated in the Policy, the following rules will apply:

- (i) Executive directors will vest and receive 50% of the STIP corresponding to them (the "Upfront STIP") in cash, on the date that the achievement and amounts of the STIP (and its distribution) are approved by the Board of Directors (the "STIP Approval Date"). The incentive will be paid together with the amount of the fixed remuneration paid in the calendar month following that of the STIP approval date ("Upfront STIP Payment Date"). Under normal circumstances, the STIP approval date will coincide with the date of authorisation for issue of the financial statements for 2024 (i.e., in the first quarter of 2025).
- (ii) The remaining 50% of the STIP corresponding to the director (the "Deferred STIP") will be vested and received in accordance with the schedule indicated below, provided that the *malus* clauses described in section 2.3 are not applicable:
 - a) the Executive Directors will vest the right to, and receive in cash, 25% of the STIP corresponding to them on the date of the first anniversary of the STIP Approval Date;
 - b) the Executive Directors will vest the right to, and receive in cash, the final 25% of the STIP corresponding to them on the date of the second anniversary of the STIP Approval Date;

Deferred STIP will be paid in cash on the business day following the date of the respective anniversary of the STIP approval date (the "Deferred STIP Payment Date").

2024 STIP schedule (assuming compliance with 100% targets):



To receive the amount of the corresponding Deferred STIP, the Executive Director must remain in office on the corresponding vesting and payment date.

This mechanism of deferring payment of the incentive makes alignment with Recommendation 59 of the Good Governance Code possible, as the deferral established ensures that the previously set performance or other conditions have been effectively met, by means of the *malus* and clawback clauses described in section 2.3.

2.2.4 Long-Term Incentive Plan 2022-2024 (2022-2024 LTIP)

The General Meeting held on 4 May 2022 approved the long-term incentive plan (the 2022-2024 LTIP) with 92.67% of votes in favour.

Purpose

The 2022-2024 LTIP seeks to recognise the contribution to strategic achievements of medium- and long-term targets, to motivate and guide the work of the management team over the medium term and to align them with the interests of shareholders and other stakeholders.

Description of the LTIP

The 2022-2024 LTIP is implemented through a single cycle performance share plan. It will be payable by delivery of MERLIN shares in 2025, providing (i) achievement of the specific targets established for 2022-2024 has been verified; and (ii) the beneficiary has remained in the Company.

The 2022-2024 LTIP is aimed at members of the management team and other Company employees, including the Executive Directors, who are invited to participate in it. To determine the suitability and market levels of the LTIP beneficiaries, the Appointments and Remuneration Committee has carried out an assessment supported by an independent expert (WTW).

The 2022-2024 LTIP consists of a single cycle with a target measurement period of 3 years (2022-2024). Additionally, any shares delivered in 2025 will be subject to a retention period of 2 years, in the case of Executive Directors only. The total duration of the Plan will therefore be 5 years.

Maximum amount of 2022-2024 LTIP allocated to the Executive Directors

In case of maximum target fulfilment, the maximum total number of MERLIN shares to be received by the Executive Directors at the end of the LTIP will be as follows:

- CEO: 621,761 shares.
- COO: 466,321 shares.

Considering the weighted average price of MERLIN shares in the thirty trading days before 1 January 2022, equivalent to € 9.65 (the "Benchmark Value"), and that the target measurement period consists of three years, the value of these shares, calculated on an annual basis, amounts to the following figures:

- CEO: 200% of Fixed Remuneration (600% in total over the 3 years).
- COO: 150% of Fixed Remuneration (450% in total over the 3 years).

Metrics

METRICS	DEFINITION	WEIGHTING
Absolute TSR Relative TSR	<p>Absolute Total Shareholder Return (TSR) is the return on the share taking the cumulative change in the quoted value of MERLIN shares into account, including dividends and other similar concepts received by the shareholder in 2022-2024.</p> <p>Relative TSR measures the evolution of MERLIN share TSR in the 2022-2024 period, in relation to the TSR experienced in the FTSE EPRA Nareit Developed Europe Index over the same period.</p>	50%
EPRA NTA 31/12/24 + Dividends (2022-2024)/share	<p>The EPRA NTA is calculated based on the Company's consolidated equity and by adjusting certain items following EPRA recommendations (including value of assets on the market and excluding certain items that are not expected to result in sustained property lease business). EPRA NTA assumes that the companies buy and sell assets, so crystallising certain levels of deferred tax liabilities.</p> <p>In addition, dividends paid and other similar items received by the shareholder during the target measurement period (2022, 2023 and 2024) are taken into account.</p>	35%
Net carbon emissions	<p>Level of reduction of MERLIN's CO₂ emissions at 31 December 2024, compared to 31 December 2021, calculated for the comparable asset portfolio over which the Company has operational control (scope of the MERLIN's progress toward zero net emissions).</p>	10%
Environment and Society	<p>Progress on initiatives linked to improving the environment and society. The economic and social impact of MERLIN's assets on local communities around those assets will be assessed in this regard.</p>	5%
		100%

Scales of achievement and evaluation of targets

For each metric, the Board, at the proposal of the Appointments and Remuneration Committee, approved an achievement scale that includes a minimum compliance threshold, below which no incentive is paid and whose compliance would entail the delivery of 50% of the theoretical shares assigned. If the above targets are met in accordance with the above metrics agreed by the Board, 2/3 of the theoretical shares assigned would be paid out. If maximum targets are met, 100% of those shares would be delivered.

In the case of TSR, the payment percentage resulting from applying the achievement scale on the Absolute TSR is adjusted (upwards or downwards) by the Relative TSR. This adjustment range can vary between 50% and 150%, in accordance with the following rules:

- If MERLIN's TSR performance compared to the FTSE EPRA Nareit Developed Europe Index has not exceeded a certain threshold, the payment percentage deriving from the Absolute TSR will be multiplied by 50%.
- If MERLIN's TSR is worse than the *FTSE EPRA Nareit Developed Europe Index* but above the minimum threshold, the percentage of payment derived from the Absolute TSR will be adjusted within a range of 50% to 100%.
- If it performs the same as the reported *FTSE EPRA Nareit Developed Europe Index*, no adjustment will be applied.
- If MERLIN's TSR performs better than the *FTSE EPRA Nareit Developed Europe Index* but fails to reach the maximum threshold, the payment percentage derived from the Absolute TSR will be adjusted within a range of 100% to 150%.
- If MERLIN's TSR exceeds in relative terms the *FTSE EPRA Nareit Developed Europe Index* above a certain maximum threshold, the payment percentage derived from the Absolute TSR will be multiplied by 150%.

In no case may the TSR payment percentage of the total maximum incentive exceed 50%.

The Appointments and Remuneration Committee monitors the targets annually, and once the measurement period has ended, the level of achievement will be determined. In this assessment work, the Appointments and Remuneration Committee will have the support of the Audit and Control Committee and the Sustainability and Innovation Committee. Both in setting the targets and evaluating their achievement, the Appointments and Remuneration Committee will also consider any associated risk.

When determining the level of achievement of targets, those economic effects, positive or negative, deriving from extraordinary events that could lead to distortions in the results of the assessment will be eliminated and the quality of the results will be considered in the long term in the LTIP proposal.

For each of the participants to have the right to receive the corresponding shares, they must maintain an employment or commercial relationship with MERLIN on the delivery date of each cycle (without prejudice to any exceptions considered appropriate) and have been associated with it for at least one year.

Participants will not receive any shares to which they may be entitled until the Appointments and Remuneration Committee has performed the actions described above, subject also to the Board's approval.

Generation and payment schedule

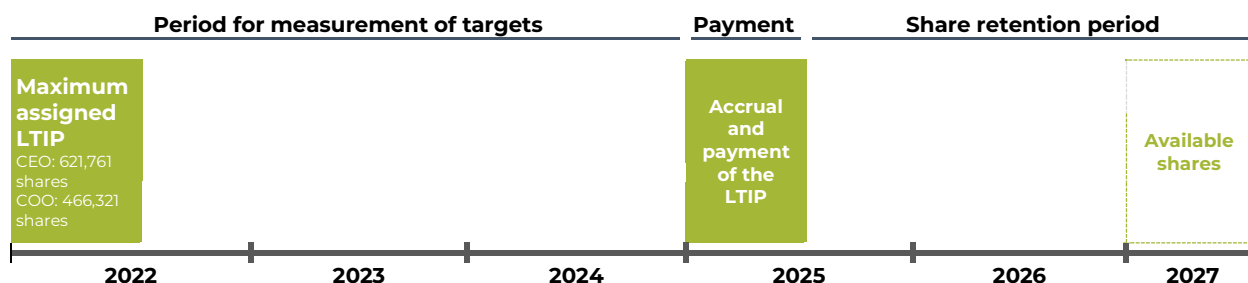
The period for measurement of targets would begin on 1 January 2022 and end on 31 December 2024. If the targets are met, the shares will be delivered in 2025, once the corresponding accounts for 2024 have been prepared and audited.

All the shares delivered to the Executive Directors under the 2022-2024 LTIP will be subject to a retention period of 2 years.

In addition, in accordance with the Remuneration Policy, the Executive Directors must hold (directly or indirectly) a number of shares (including those paid as remuneration) equal to 2 years of their fixed remuneration, during the time they remain on the Board and perform executive functions. The above will not apply to shares that the Executive Directors need to dispose of to meet the costs related to their acquisition or, following a favourable assessment by the Appointments and Remuneration Committee, to cover extraordinary situations that require it.

Whenever this requirement is not met, the retention period to which the shares delivered to the Executive Directors under the LTIP, where appropriate, is to be subject will be 3 years.

LTIP schedule (assuming 100% achievement of targets and that the requirement for permanent holding of shares is met):



2.3 Malus and clawback clauses

If certain events or circumstances detailed in the Remuneration Policy occur before any STIP or LTIP amounts are paid to the executive director, such as, the restatement of the Company's financial statements, the existence of alterations or inaccuracies in the business data relevant to the STIP or LTIP and confirmed by the external auditors, or the dismissal of Executive Directors due to irregular conduct, fraud, non-compliance or serious breaches of their obligations, where such conduct has been confirmed by a definitive court ruling, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, may reduce by the percentage considered appropriate or even cancel the executive director's entitlement to the STIP and/or LTIP.

Malus clauses will apply to any variable component of remuneration included in the policy that has yet to be paid, and that relates to the year in which the event triggering the application of the clause arose, and will be in effect during the deferral period.

In any event, the variable remuneration will be paid or vested only if it is sustainable in accordance with the Company's overall financial position.

In addition, if during the two (2) years following the payment of the STIP or LTIP for Executive Directors, certain events or circumstances detailed in MERLIN's Remuneration Policy occur, such as the Spanish National Securities Market Commission imposing a serious sanction on the Company due to events related to the performance of the duties of an Executive Director at the Company, if there is a material restatement of the Company's financial statements for reasons attributable to an Executive Director or if the Executive Director is dismissed due to irregular conduct, fraud, non-compliance or serious breaches of their obligations, MERLIN may require the Executive Director in question to repay up to 100% of the amount, net of taxes, received under the STIP and LTIP.

In any case, it will fall to the Company's Board of Directors, following a report by the Appointments and Remuneration Committee, to determine whether the circumstances have arisen that trigger the application of the malus and clawback clauses with regard to variable remuneration, in the cases affected and, if so, the manner in which it should take place.

2.4 Possible payments in the event of removal

Following is a summary of the payments that Executive Directors may receive in the event of removal:

- **Termination benefits:** severance in case of termination of the relationship with the Company is limited to an amount equal to twice the fixed remuneration received and the STIP granted in the last twelve (12) months prior to the termination. Of this amount, an amount equal to six months' fixed remuneration is paid as financial compensation for the non-competition agreement as described below. In this regard, the contracts signed with the Executive Directors establish that this severance will not be paid where the termination is due to a decision by the Company stemming from:
 - A gross breach or violation of the statutory duties and obligations incumbent on the director, or
 - Some act or omission that causes serious damage to the Company and provided that, in both cases, the occurrence of such grounds has been declared by a competent court.

This severance would also be payable in the event of the resignation or termination of the Executive Director deriving from a substantial adverse modification of their conditions or functions. The amount of the severance is limited to the amount equal to one year's fixed remuneration received and the STIP granted in the last twelve (12) months prior to the removal where the termination is due to a resignation by the Executive Director deriving from a change of control at the Company (as defined in the remuneration policy). Of this amount, an amount equal to six months' fixed remuneration is paid as financial compensation for the non-competition agreement as described below.

Payment of the amounts accrued arising from or upon termination of the employment relationship, including variable remuneration, and those arising from the post-contractual non-compete agreements, will be made by the Company once it has been verified that the director has met the criteria or terms established for their payment.

- **Post-contractual non-competition agreement:** Executive Directors assume a non-competition obligation for six months from the date of termination of their contractual relationship. The remuneration for this obligation is a gross amount equal to six months' annual fixed remuneration (equal to € 500,000), which will be paid to the Executive Director in monthly instalments where the termination is due to their resignation and such resignation does not give rise to any severance in their favour, and it will be considered absorbed (and therefore no additional payment will be made) by the amount of severance for removal received in cases where the termination led to payment of severance to the director.
- **Settlement of STIP:** Executive Directors will be entitled to receive all or part of the STIP in accordance with the conditions described in the Remuneration Policy.
- **Settlement of LTIP:** Executive Directors will be entitled to receive all or part of the LTIP in certain situations or scenarios of removal.

The terms and conditions described above comply with that established in Recommendation 64 of the Good Governance Code for Listed Companies, as they indicate that payments for termination of an employment contract include severance, contractual non-competition agreements or any other payment earned or payment obligation that arises as a result of the termination of the contract and that these amounts may not exceed twice the total annual fixed remuneration.

2.5 Conditions for Executive Director contracts

The contracts that regulate the performance of the functions and responsibilities of each Executive Director include the customary clauses included in this type of contract, in accordance with standard market practices in this regard. These are aimed at attracting and retaining the most outstanding professionals and safeguarding the Company's legitimate interests. Notwithstanding the clauses on termination benefits and the non-competition agreement described in the previous section, the main conditions of the Executive Directors' contracts are as follows:

- **Nature:** independent contractor.
- **Term:** the contracts with Executive Directors are for an indefinite term.
- **Confidentiality:** Executive Directors, both during the period they provide services to the Company and after their contract has been terminated for whatever reason, may not provide, disclose or supply to any natural or legal person, whether directly or indirectly, any data, ideas, documents, secrets, procedures, methods or, in general, any information to which they may have had access in discharging their office, except for that strictly necessary to comply with the obligations contained in the contract or information in the public domain (unless it becomes public due to a breach of the confidentiality obligation). Likewise, they may not use such information for their own benefit or for the benefit of third parties. Notwithstanding the confidentiality obligation expressly established in the contract, Executive Directors are also bound by the duty of secrecy, forming part of the duty of loyalty established in section 27 of the Board Regulations and, specifically, by the duty of confidentiality, applicable to all directors, regulated in section 24 of the Board Regulations.
- **Notice period:** it is established that both parties must respect, in general and save for specific exceptions, a notice period of four (4) months. Failure to observe the notice requirement will give rise to the obligation to compensate the other party in an amount equal to the period of notice not observed, whereby the director authorises the Company to deduct any amount that may apply in this regard from the corresponding settlement of amounts.
- **Others:** the contracts also include the standard rules regarding (i) exclusivity in the provision of the services, and (ii) intellectual property and inventions within the context of the services.

2.6 External Directors

For 2024, the remuneration of non-executive directors (independent, proprietary or other external directors) will be adjusted to the remuneration items and amounts described in the Remuneration Policy. The remuneration structure for non-executive directors, which remains unchanged as regards the previous year, is as follows:

	BOARD OF DIRECTORS	PLANNING AND COORDINATION COMMITTEE	AUDIT AND CONTROL COMMITTEE	APPOINTMENTS AND REMUNERATION COMMITTEE	SUSTAINABILITY AND INNOVATION COMMITTEE
CHAIR	Fixed allocation: € 450,000	Fixed allocation: € 10,000	Fixed allocation: € 10,000	Fixed allocation: € 10,000	Fixed allocation: € 10,000
DIRECTOR	Fixed allocation: € 100,000 Per diem attendance fees: € 2,000	Fixed allocation: € 20,000	Fixed allocation: € 35,000	Fixed allocation: € 20,000	Fixed allocation: € 10,000
COORDINATING INDEPENDENT DIRECTOR	Fixed remuneration: € 35,000	--	--	--	--

Each amount compensates each office held by a director, which are added up according to the different offices held to form the director's total remuneration (office of director and, as appropriate, committee chairmanship or membership), except in the case of remuneration of the non-executive chair of the Board of Directors, where the chair's fees absorb all remuneration components for the functions performed (office of director, function of Board chair, committee membership or chairmanship, as the case may be).

The non-executive chair, Javier García-Carranza Benjumea, who up to this date has waived the fixed remuneration, announced to the Company that as of 1 January 2024, he will receive the amount stipulated in the Remuneration Policy (€ 450,000).

Any amount detailed in this section will be payable in cash. Any director may, if considered it appropriate, waive all or part of their remuneration in favour of the Company.

If a non-executive director is appointed, removed or tenders their resignation during the year, the corresponding amounts assigned will be prorated based on the time that the director sat on the Board of Directors.

The maximum annual amount that MERLIN may pay to all non-executive directors (independent, proprietary or other external directors), as such, remains at two million six hundred thousand euros (€ 2,600,000) gross annually (this limit was approved by the shareholders at the General Meeting held on 17 June 2020).

3. Application of the Remuneration Policy in 2023

3.1 Remuneration Policy applicable in 2023

Directors' remuneration in 2023 is in line with the Remuneration Policy approved by the shareholders at the General Meeting of 4 May 2022, in accordance with section 529 novodecies of the Spanish Corporate Enterprise Act. It was noted that there were no deviations from the procedure for application of the Remuneration Policy, and no temporary exceptions were applied to it.

In this regard, the remuneration accrued in 2023 by the Executive Directors and the directors, in their capacity as such, consisted of the same items as those described in relation to the Remuneration Policy in force in 2024.

The detailed description of the directors' remuneration system in 2023 was included in section 2 of the ADRR for the year ended 31/12/2022. That report was approved by 80.15% of the votes cast. Therefore, and taking into account the degree of approval of this report, the Company considered it appropriate to prepare the Annual Directors Remuneration Report for 2023 in similar terms.

3.2 Remuneration of Executive Directors in 2023

3.2.1 Fixed Remuneration

Each of the Executive Directors received € 1,000,000 in Fixed Remuneration. This amount was paid in full in cash and has not increased since 2017.

3.2.2 Remuneration-in-kind

In accordance with the Policy, Executive Directors may be beneficiaries of:

- A policy for death and any degree of permanent disability, the beneficiary of which will be the Executive Director and/or the persons designated by the director in the case of coverage for death.
- A health insurance policy, with global health coverage with a leading company, under which the Executive Director, together with their spouse and dependent children, will be included as beneficiaries.

In 2023, the Company paid the premiums corresponding to the health and life insurance described above, which amounted to € 6,567 for the CEO and € 4,065 for the COO.

3.2.3 Short-Term Variable Remuneration for 2022 (2023 STIP)

To determine the 2023 STIP, the Appointments and Remuneration Committee set the following targets and weightings:

METRICS	DEFINITION	WEIGHTING
FINANCIAL TARGETS		70%
FFO per share	Accounting FFO or accounting Funds From Operations is calculated as EBITDA less net finance costs and recurring taxes (excluding taxes on divestments and other extraordinary events). FFO per share is calculated by deducting the Company's non-overhead expenses from the FFO accounting, divided by the number of outstanding shares at the calculation date.	15%
Net operating income (NOI) + Other income	NOI is calculated as the amount resulting from deducting expenses for incentives and linearisation, including property expenses not passed on to tenants and non-collectable income, from gross income. Other income not resulting from gross revenue is also included.	15%
Adjusted pre-tax profit	Adjusted profit before taxes (without taking into account valuation impact of assets and derivatives).	10%
Net Debt/EBITDA	The Net Debt/EBITDA ratio is calculated as the net debt divided by EBITDA. Both measures are defined in the APM.	15%
Divestments	Level of the divestments made in accordance with the Company's asset rotation plan.	15%
NON-FINANCIAL TARGETS		30%
MERLIN's scoring in Sustainability Indexes	Improve and maintain MERLIN's scoring in absolute terms, and improve MERLIN's relative position as regards benchmark averages in seven Sustainability Indexes: GRESB, CDP, S&P CSA, Sustainalytics, ISS ESG, MSCI and Vigeo Eiris.	7.5%
CO₂ emissions reduction	Reduction in emissions intensity in kg CO ₂ /m ² with respect to the previous year. The information used for this will be latest available on the date on which fulfilment of STIP targets is assessed.	7.5%
Performance assessment	Individual performance of the Executive Directors in 2024.	15%
		100%

Throughout the year, the Appointments and Remuneration Committee has monitored these targets established for the 2023 STIP. The final assessment of the above targets was performed based on the verified profits for 2023, in accordance with the following process:

- Profit for 2023 and the degree of achievement of the targets were analysed, first, by the Audit and Control Committee, based on the results verified by the external auditor.

Following this analysis, the Appointments and Remuneration Committee established a proposal for 2023 STIP and submitted it to the Board. The Committee also considered the long term quality of the results and any risk associated with the proposed variable remuneration.

- Finally, the Board approved the proposal of the 2023 STIP of the Appointments and Remuneration Committee. As a result of the above, and in accordance with Recommendation 59 of the Good Governance Code, the Board agreed to pay the following amounts to the Executive Directors in the first quarter of 2024, based on the following degree of achievement of the targets:

METRICS	WEIGHTING	TARGET COMPLIANCE LEVEL				
		Below minimum	Between minimum and target	Target	Between target and maximum	Maximum
FFO per share	15%					✓
Net operating income (NOI) + Other income	15%					✓
Adjusted pre-tax profit	10%				✓	
Net Debt/EBITDA	15%					✓
Divestments	15%	✓				
MERLIN scoring in Sustainability Indexes	7.5%					✓
CO ₂ emissions reduction	7.5%					✓
Performance assessment	15%					✓

Therefore, the financial targets, with a total weighting of 70%, have been partially met, so the payment ratio corresponding to these targets amounts to 54.4%, and the non-financial targets, with a total weighting of 30%, have been met, so the payment ratio amounts to 30%.

This degree of target achievement corresponds to 84.3% of the weighted payment ratio as regards the maximum incentive. In view of the above, the allocated 2023 STIP amounts to € 1,686,000 for the CEO (168.6% of the fixed remuneration) and € 843,000 for the COO (84.3% of the fixed remuneration).

50% of the above variable amounts (Upfront STIP) will be paid together with the amount of the fixed remuneration, in the calendar month following the date of approval of the 2023 STIP (March 2024).

The remaining 50% of the 2023 STIP corresponding to the director (the "Deferred STIP") will be vested and received in accordance with the schedule indicated below, provided that the *malus* clauses described in section 2.3 are not applicable:

- the Executive Directors will vest the right to, and receive in cash, 25% of the 2023 STIP corresponding to them on the date of the first anniversary of the 2023 STIP approval date (March 2025);
- the Executive Directors will vest the right to and receive in cash the final 25% of the 2023 STIP corresponding to them on the date of the second anniversary of the 2023 STIP approval date (March 2026).

Deferred STIP will be paid in cash on the business day following the date of the respective anniversary of the STIP approval date (the "Deferred STIP Payment Date").

DIRECTOR	2024 INITIAL PAYMENT	DEFERRED PAYMENT (SUBJECT TO MALUS)	
		2025	2026
CEO	€ 843,000	€ 421,500	€ 421,500
COO	€ 421,500	€ 210,750	€ 210,750

In accordance with the ADRR compliance instructions recorded in the CNMV Circular 3/2021, the amount of the 2023 Upfront STIP and 25% of the 2021 Deferred STIP specified in the following paragraph, is indicated in the table of point C.1 of the Statistical Schedule accompanying this Report, without prejudice to the inclusion of the amount corresponding to the 2023 Deferred STIP in subsequent years, once it is verified that the *malus* clauses do not apply.

Accrual of 25% of the 2021 Deferred STIP

Following the schedule detailed in the Annual Directors Remuneration Report for 2021, the vesting and payment of 25% of the 2021 STIP took place in March 2023, after verifying that the *malus* clauses described in section 2.3 below do not apply. The figure of 25% of the 2021 STIP amounted to € 450,000 for the CEO and € 225,000 for the COO.

3.2.4 Other relevant information

- The Executive Directors did not receive any remuneration other than those described in section 3.2 of this Report.
- No *malus* or clawback clauses were activated in 2023.
- In 2023, Executive Directors did not receive any of the potential payments that they could have received in cases of removal or resignation, as described in section 2.4, of this ADRR, as no Executive Directors were removed or resigned.
- The contractual terms established with the Executive Directors for 2023 are those described in the heading on Contractual terms in section 2.5 of this Report. No compensation has been paid in the form of advances, loans, or guarantees.

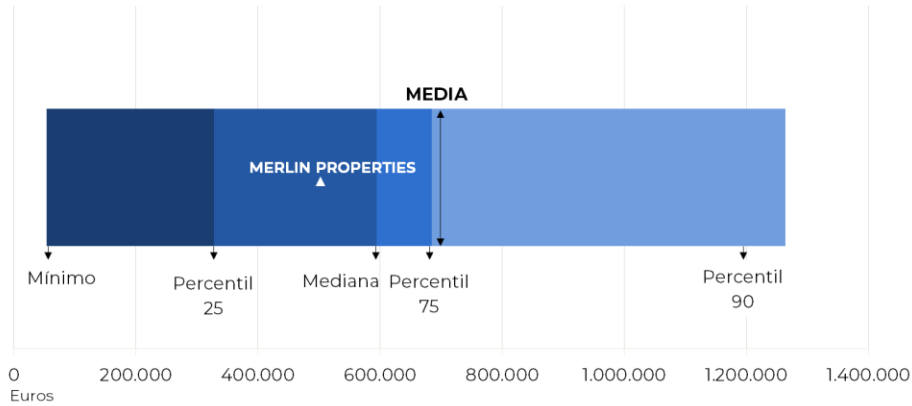
3.3 External Directors

Remuneration of non-executive directors in 2023 was adjusted to the amounts established in the Remuneration Policies applicable in the year.

The non-executive chairman of the Board, Javier García-Carranza Benjumea, a director of the significant shareholder Banco Santander, decided, as in previous years, to waive his total remuneration as chairman, thus receiving no amounts in 2023 for these items.

However, for information purposes only, it is considered appropriate to state that if the non-executive chairman had not waived his remuneration and had received the remuneration contained in the Policy approved by the board, his competitive remuneration level would have been below market average. The range of remuneration observed in the IBEX 35 for the position of non-executive chair and the relative positioning of the remuneration established in MERLIN's Remuneration Policy are shown below.

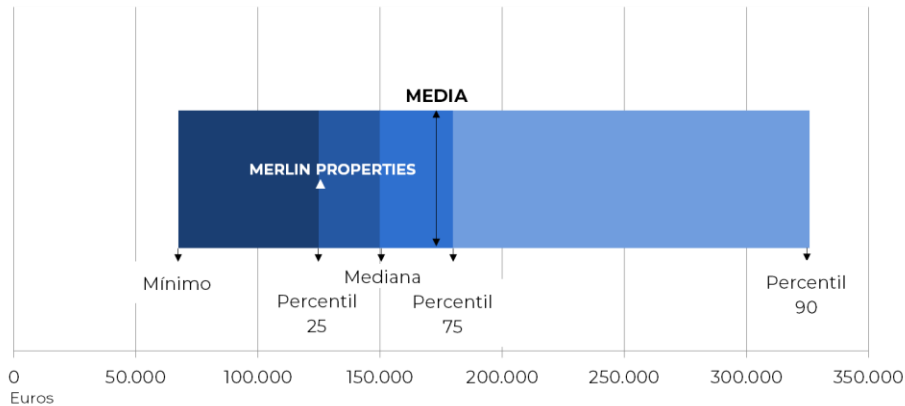
Remuneration of non-executive chair in the IBEX 35



* Arcelormittal was excluded from the calculation, as its Board of Directors is located outside Spain.

In the case of non-executive directors, their average remuneration is in reasonable terms and in accordance with the Company's size, since it is in the 25th percentile of the market. The range of remuneration observed in the IBEX 35 for the profile of an external director, member of a committee, and the relative positioning of the remuneration established in MERLIN's Remuneration Policy are shown below.

Remuneration of non-executive directors in IBEX-35



* Includes the remuneration that a director could receive for membership on the Board, the Delegate Committee (does not exist at MERLIN) and one of the other Advisory Committees of the Board (Audit, Appointments, Remuneration or others that may be formed).

The table below summarises the amounts earned (in thousands of euros) by the non-executive directors in 2023:

Amounts in thousands of euros

NAME	BOARD OF DIRECTORS			PLANNING AND COORDINATION COMMITTEE	AUDIT AND CONTROL COMMITTEE	APPOINTMENTS AND REMUNERATION COMMITTEE	SUSTAINABILITY AND INNOVATION COMMITTEE	TOTAL
	FIXED REMUNERATION	PER DIEM ATTENDANCE FEES		FIXED REMUNERATION	FIXED REMUNERATION	FIXED REMUNERATION	FIXED REMUNERATION	
		MEETINGS	AMOUNT					
Mr. Javier Garcia-Carranza Benjumea	-	-	-	-	-	-	-	-
Juan María Aguirre Gonzalo	100	11	22	-	35	20	-	177
Juan Antonio Alcaraz	53	6	12	10	-	-	-	75
Ms. Pilar Cavero Mestre	100	11	22	-	-	20	10	152
Ms. Ana Forner Beltrán	44	5	10	9	15	-	-	78
Ms. Ana García Fau	100	11	22	30	35	-	20	207
Mr. Ignacio Gil-Casares Satrustegui	100	11	22	-	-	20	-	142
Donald Johnston	100	11	22	-	45	20	-	187
Ms. María Luisa Jordá Castro	100	11	22	-	35	30	-	187
Mr. Emilio Novela Berlín	135	11	22	20	-	-	10	185
Ms. Francisca Ortega Hernández-Agero	100	11	22	-	35	-	10	167
Fernando Ortiz Vaamonde	100	11	22	-	-	20	-	142
TOTAL	1,031		218	69	200	130	50	1,699

4. Bodies involved in the process of determining, approving and applying the Remuneration Policy

The Appointments and Remuneration Committee is responsible for, among other tasks, proposing and submitting the Remuneration Policy to the Board, and determining the remuneration of the Executive Directors and the other terms and conditions of their contracts, ensuring also that they are observed.

The following is a summary describing the bodies at the Company that are involved in the process of defining and implementing the Remuneration Policy, as described in the previous sections:

DETERMINATION AND APPROVAL	APPOINTMENTS AND REMUNERATION COMMITTEE	BOARD OF DIRECTORS	GENERAL SHAREHOLDERS MEETING
REMUNERATION POLICIES	Proposes the Remuneration Policy to the Board.	Approves the Remuneration Policy and submits it to a vote at the General Meeting.	Approves the Remuneration Policy at least every three years as a separate agenda item.
REMUNERATION OF NON-EXECUTIVE DIRECTORS	Proposes the Remuneration Policy to the Board.	Proposes the remuneration system at the Annual General Meeting along with the maximum amount of annual remuneration.	Approves the maximum amount of annual remuneration for non-executive directors as a whole.
REMUNERATION OF EXECUTIVE DIRECTORS	Proposes modifying or updating the short-term and long-term remuneration systems.	Approves the fixed remuneration and the main terms and conditions for the short-term and long-term variable remuneration systems, updating of short-term and long-term remuneration systems.	Approves the remuneration systems for the directors, which include the delivery of shares or share options, or remuneration tied to the share price.

APPLICATION	APPOINTMENTS AND REMUNERATION COMMITTEE	OTHER COMMITTEES	BOARD OF DIRECTORS	GENERAL SHAREHOLDERS MEETING
REMUNERATION OF NON-EXECUTIVE DIRECTORS	The ARC informs the shareholders' meeting of what the Board proposes.		Proposes the remuneration system at the Annual General Meeting along with the maximum amount of annual remuneration.	Approves, in an advisory role, the ADRR, which includes details on the remuneration accrued during the year.
REMUNERATION OF EXECUTIVE DIRECTORS	Assesses the degree of compliance with the criteria and targets established for executive directors in relation to the previous year Proposes to the Board the individual remuneration (fixed, STIP and LTIP) of the executive directors in accordance with the terms of the Remuneration Policy Verifies that the Remuneration Policy is properly applied and that no payments are made that are not included in the policy.	Audit and Control Committee: Analyses the accounting aspects of the STIP and the LTIP. Sustainability and Innovation Committee: It reviews the environmental and social metrics proposed by management that are established in the STIP and LTIP.	Approves the individual remuneration for the executive directors, within the limits established in the Remuneration Policy.	

On the other hand, the Appointments and Remuneration Committee ensures that the Remuneration Policy is in line with the Company's short-, medium- and long-term situation and strategy, including with regard to sustainability, diversity, long-term return and risk assumption, and with market conditions, and assesses whether it contributes to the creation of long-term value and adequate control and management of risks, and verifies the above annually.

The Company also receives assistance from external consultants in preparing the various analyses and reports related to the remuneration of directors. In this regard, MERLIN received advice from WTW in relation to the preparation of this Report.

5. Work performed by the Appointments and Remuneration Committee

Introduction:

The organisation and competence of MERLIN's Appointments and Remuneration Committee (ARC) is regulated in article 41 of the Board Regulations and article 45 of the Company's Articles of Association, and also in the Appointments and Remuneration Committee regulations.

Composition:

In accordance with section 8 of its Regulations, the ARC was formed by six (6) non-executive directors. At 31 December 2023 and at the date of preparation of the Report, the Committee consisted of the following members:

NAME	POSITION	CATEGORY
Ms. María Luisa Jordá Castro	Chair	Independent
Ignacio Gil-Casares Satrustegui	Member	Proprietary
Fernando Ortiz Vaamonde	Member	Independent
Ms. Pilar Cavero Mestre	Member	Independent
Juan María Aguirre Gonzalo	Member	Independent
Donald Johnston	Member	Independent

Functioning:

In accordance with its regulations, the Committee is convened by its chair, either on his own initiative or at the request of the chair of the Board or any of its members. It meets, ordinarily, at least once per quarter, and when called by its chair, who must call a meeting whenever the Board or its chair requests the issuance of a report or the adoption of proposals and, in any case, whenever considered necessary to properly perform its functions. The Committee is considered to be validly convened when attended by the majority of its members in person or by proxy, and its resolutions are passed by a majority of members attending in person or by proxy.

Main tasks:

The Committee has the powers set out in article 6 of its Regulations, which includes tasks in the areas of remuneration, assessment, selection, appointment, re-election and removal of directors (both for positions on the board and in any of its committees) and the staff identified as senior executives, and in matters related to the management, retention and promotion of talent, corporate governance and the supervision of the Company's financial or non-financial information in matters that fall within its area of competence.

Meetings:

In 2023, the Appointments and Remuneration Committee met on 8 occasions (in particular, on 19 January, 6 February, 22 February, 21 March, 14 June, 12 September, 14 October and 11 December). All the meetings were in person or remote, except for that of 14 October 2023, which was in writing and without a meeting. In addition, the Committee met in internal working sessions throughout the year for specific issues, sometimes with the attendance of external parties, without being considered formal meetings.

All Committee meetings were attended (either in person, duly represented or by audio-visual means) by all Committee members, except Mr. Johnston who excused his attendance, delegating his representation in both cases to the meetings of 19 January and 12 September.

Within the framework of some of these meetings:

- (i) Executive directors attended the meetings for the discussion of the level of achievement of the 2022 STIP and 2017/2019 LTIP metrics in 2022, and the extraordinary target approved at the 2023 meeting; the proposal for new metrics for the 2023 STIP and for the 2022-2024 LTIP; the proposals for the organisational chart and succession plan and for the training of directors.
- (ii) Management team members attended the meetings to determine the ESG parameters to be considered in the executive director and workforce targets for 2023, and in the long term.
- (iii) The external advisers contracted to provide market remuneration information, provide advice on the design of incentives and transparency of remuneration, and to advise and assist in the preparation of the Annual Board Remuneration Report for 2022 attended.
- (iv) Members of the EY team, an entity selected to execute the external assessment of the Board, its positions and its committees for performance in 2023 also attended.
- (v) Finally, in 2023 various working meetings were held, in addition to the formal meetings of the Committee, promoted by the Chair and certain directors, and attended by the representatives of the various short-listed firms to execute the external assessment and initiate the process for selecting female directors.

Committee actions in 2023:

Regarding remuneration:

- (i) Review and supervise the degree of fulfilment of the targets set for determining the variable remuneration for 2022, with particular attention to the extraordinary target arising from the positive impact of the sale of Tree on the Company, proposing to the Board the amount to be received by its beneficiaries, with special reference to executive directors and the management team;
- (ii) Analyse and review the impact of the Tree sale transaction on the benchmark parameters and metrics of the STIP and LTIP for 2022 et seq. (in the case of the LTIP);
- (iii) Analyse, with the support and advice of WTW and those responsible for the MERLIN Sustainability area, the targets to be included to determine the 2023 STIP, including metrics relating to ESG, for its application to the management team, including executive directors, and the basic lines regarding volume, targets, metrics and weightings of the short-term variable remuneration of the rest of the workforce;
- (iv) Monitor and report on the 2022 ADRR, with the support and advice of WTW; and
- (v) Propose to the board of directors the contracting of WTW to advise in the process of preparing the 2023 ADRR.

Governance:

- (i) Analyse and review the conclusions of the board's self-assessment exercise, its positions and committees, regarding its performance in 2022, using for the first time a tool that makes it possible to perform this process anonymously;
- (ii) Promote the process for selecting an expert firm to carry out the external assessment of the Board, its positions and committees, regarding its performance in 2023, selecting the E&Y team for its implementation, all in accordance with the Good Governance Recommendations and the Technical Guide on Appointments and Remuneration Committees of the Spanish National Securities Market Commission (CNMV);
- (iii) Monitor the Annual Corporate Governance Report and report on aspects within its competence;
- (iv) Review the skills matrix of the Board to assess the inclusion of ESG competencies and other skills related to technological knowledge;
- (v) Review and supervise Merlin's organisational structure, assessing the adequate coverage of positions of responsibility in the appropriate departments;
- (vi) Monitor, together with the executive directors, the succession plan for senior management and key positions of the organisation; and
- (vii) Continue with the regular use of the report questionnaire by directors on litigation matters and other situations that may affect Merlin's reputation.

Appointments:

- (i) Analyse the composition of the Board and prepare the proposals for the appointment or re-election of the directors whose positions expired at the 2023 General Meeting, preparing the proposals and reports required for this purpose;
- (ii) Report on the proposal to replace the proprietary director at the proposal of one of the significant shareholders, assessing the impact of such inclusion for the purposes of its consequences in the recommendation on gender diversity;
- (iii) Initiate a process of reflection on the composition of the company's board, number of members, the schedule of compliance with the maximum period of 12 years to maintain the status of independent director and the diversity of gender and skills, promoting the beginning of a process for selecting female directors that, although this may initially involve increasing the number of female directors to the maximum recommended by the CNMV, will allow an orderly transition at the end of the term of a relevant number of current board members as independent directors; and
- (iv) Promote the process of selecting a firm of experts in identifying and selecting women candidates for female directors, selecting the Spencer Stuart firm for this purpose, collaborating with the firm in defining the profile that complements the skills and competencies required by the Company's board, taking into account that, as indicated above, several current directors are facing the upcoming expiration of the 12-year term to maintain the status of independent director.

Other Committee powers:

- (i) Support in the process of preparing non-financial information and approving it, in the areas within its competence, considering that 2022 was the first year in which it was prepared by Merlin; and
- (ii) Approve the Committee's Activities Report for 2023.

Committee action plan for 2024:

- (i) continue the process of collaboration with E&Y to complete the external assessment exercise, discuss the proposed improvement measures and prepare a plan for their implementation and proposal to the board;
- (ii) maintain the line of continuous contact with Spencer Stuart to have, in any case before the next General Shareholders Meeting, the ideal profiles of independent female directors whose appointment may be proposed to the above meeting, thus complying with the recommendation of 40% of women on the board;
- (iii) support, promote and collaborate in the preparation of non-financial information or of the sustainability report on matters within the competence of the Committee, in this second year of its preparation by the company;
- (iv) review and report on the degree of fulfilment of the targets set for 2023 for short-term variable remuneration and, therefore, the resulting remuneration;
- (v) propose the targets, metrics and weightings for variable remuneration for achieved targets for 2024 applicable to executive directors and management team;
- (vi) propose the basic lines, including the maximum amount, of the current variable remuneration applicable to the rest of the workforce;
- (vii) comply in a timely manner with its duties in relation to the matters on which it must report or submit proposals;
- (viii) analyse and review the conclusions of the board's self-assessment exercise, its positions and committees, regarding its performance in 2023;
- (ix) monitor and report on the 2024 ADRR; where applicable, propose to the board the contracting of external advisers for the preparation process of the 2024 ADRR;
- (x) monitor the Annual Corporate Governance Report (ACGR) and report on the aspects within its competence;
- (xi) approve the Committee's Activities Report for 2024; and
- (xii) promote a continuous training plan for directors, in collaboration and coordination with the other board committees; and
- (xiii) monitor, together with the other committees concerned, the governance measures that should be proposed based on the corporate structure of the different lines of business that could be segregated; and analyse, study and propose remuneration systems that, in a segregated structure of activities, make it possible to maintain and retain the overall talent of the Merlin team and remunerate it in a way that encourages their dedication and effort, with the external support that may be required.

6. Alignment of the remuneration system with the risk profile and sustainable and long-term results

The Remuneration Policy has the following features that enable reduction of exposure to excessive risks and align it with the Company's long-term sustainable results:

Adoption of measures in relation to those categories of personnel whose professional activities have a material impact on the Company's risk profile

- The Appointments and Remuneration Committee supervises the review, analysis and application of the remuneration policy for MERLIN's executives whose activities may have a material impact on the organisation's risk profile.
- There are no guaranteed variable remunerations.
- 50% of the STIP is subject to a retention period of up to 2 years.
- STIP upfront payment only occurs after the date of authorisation for issue of the corresponding financial statements, after determining the degree of completion of the targets. In relation to the financial targets, these are verified by the Company's external auditor.
- The Appointments and Remuneration Committee considers, as part of the process for assessing the STIP and LTIP, the long-term quality of the results and any associated risk.
- The total duration of the LTIP is 5 years, (three-year target measurement period and two years of retention of any shares delivered).
- The Remuneration Policy details certain cases in which the Board, at the proposal of the Appointments and Remuneration Committee, may reduce the percentage it considers appropriate or even cancel the right to STIP or LTIP, during the deferral period, in application of the *malus* clauses.
- The Remuneration Policy also indicates that if, during the two (2) years following the payment of the Executive Directors' STIP or LTIP, certain events or circumstances have taken place, MERLIN may require the Executive Director in question to return up to 100% of the amount net of tax on the amounts they received under the STIP and LTIP.
- The Company's Audit and Control Committee participates in the decision-making process related to the STIP and the LTIP by verifying the economic, financial and non-financial data that may form part of the targets established in that remuneration.
- The Appointments and Remuneration Committee consists of six members, three of whom are also members of the Audit and Control Committee. The mutual presence of Directors on both these committees ensures that the risks associated with remuneration are taken into account in the committees' deliberations and in their proposals to the Board, in the process both of determining and evaluating the STIP and the LTIP. In addition, a member of the Appointments and Remuneration Committee is also a member of the Sustainability and Innovation Committee, which makes it possible to design the remuneration system considering the implications that may arise as regards sustainability.
- In relation to the measures necessary to avoid conflicts of interest by the directors, in line with what the Corporate Enterprises Act establishes, MERLIN's Board Regulation includes a set of obligations deriving from their duties of loyalty and avoiding conflicts of interest. On the other hand, the Appointments and Remuneration Committee Regulation stipulates that, when considered necessary or appropriate, expert advice may be obtained from a third party that could assist the Committee in relation to technical or particularly relevant aspects, although the Committee must take potential conflicts of interest existing into account when contracting them.

Consistency with MERLIN's strategy and sustainable and long-term results

- Design of the remuneration policy consistent with the Company's strategy and aimed at achieving long-term results:
 - a. The total remuneration of the Executive Directors and the management team consists of various elements of remuneration, basically consisting of: (i) Fixed Remuneration, (ii) STIP, and (iii) LTIP. For the Executive Directors, under normal conditions, the LTIP has an annualised weight of 40% or more of the total remuneration in a scenario of meeting maximum targets (fixed + short-term variable + long-term variable).
 - b. Long-term variable remuneration plans are part of a multi-annual framework to ensure that the assessment process is based on long-term results and that it takes the Company's underlying economic cycle into account. This remuneration is granted and paid in the form of shares based on creation of value, so that the executives' interests are aligned with those of the shareholders.
 - c. 100% of the shares delivered under LTIP to Executive Directors will be subject to a two-year retention period. Additionally, if an Executive Director is not complying with the commitment to permanent holding of shares, the retention period for any shares they receive arising from any variable remuneration element would increase to three years.
- Appropriate balance between fixed and variable components of remuneration: The Executive Directors have a fully flexible variable remuneration system, whereby they may not receive any amount in this regard if the minimum compliance thresholds are not reached. The short- and long-term variable remuneration percentage may be significant in case of maximum achievement of targets. In any case, this percentage with respect to total remuneration (considered for this purpose as Fixed Remuneration, STIP and LTIP) would not exceed 80%.
- Payment of 15% of the 2023 STIP was linked to progress in the sustainability strategy, specifically the reduction of CO₂ per m² and MERLIN's position in the seven indexes considered as benchmarks. In turn, in 2024 STIP linked 15% of the company's incentive to progress on sustainability and social issues. In addition, 15% of the 2022-2024 LTIP is linked to the reduction of CO₂ (10% of the total) and to the progress of initiatives linked to the improvement of the environment and society (5% of the total).

7. Statistical Schedule to the Annual Report on Directors' Remuneration for public limited liability companies under CNMV Circular 4/2013 for Merlin Properties SOCIMI, S.A.

[Comments on Table C.2:](#)

Changes in the remuneration of Ismael Clemente and Miguel Ollero between 2022 and 2023:

- Reduction in remuneration is due to the fact that the remuneration of Executive Directors in 2022 includes the incentive corresponding to the sale of TREE.

Changes in the remuneration of Ms. Ana Forner Beltrán between 2022 and 2023:

- This reduction in remuneration is due to the fact that Ms. Ana Forner Beltrán ceased to be a director on 7 June 2023.