

TAX STRATEGY

1. Introduction

Merlin Properties SOCIMI, S.A. (“**MERLIN**”) is a listed real estate company whose main activity consists of acquiring urban properties for lease purposes, and of holding and managing stakes in the capital of other entities engaged in similar activities, thereby generating long-term value for all of its stakeholders.

MERLIN has embraced the challenge of promoting and leading a commitment to quality and respect for the environment where it pursues its business while generating a sustained return for its shareholders.

MERLIN and its shareholders contribute to sustaining the public finances by paying the taxes required of them.

The Board of Directors of MERLIN is entrusted with approving the Company’s general policies and strategies. In performing this function and in accordance with the Capital Companies Law, the Board of Directors of MERLIN approves this tax strategy, the aim of which is to determine the fundamental principles and cornerstones on which MERLIN’s fulfillment of its tax obligations rests.

2. Principles governing the fulfillment of tax obligations.

MERLIN is governed by the following principles in its conduct in the tax area, which will also apply to any entities controlled by it:

- Fulfillment of tax obligations and payment of legally required taxes.

In particular, MERLIN shall govern its conduct in accordance with the SOCIMI regime that applies to it, based on the case law and commentary established in relation to the regime.
- Adoption of actions in the tax area based on a reasonable interpretation of the law.
- Tax treatment and decision-making with tax implications based on the business rationale and reality of transactions and on the distribution of resources, risks and adding value.
- Not utilizing structures that are contrived or lacking in an economic or business basis in order to reduce the company’s or its shareholders’ tax burden.

Not operating in territories classed as tax havens with the main objective of reducing the company's or its shareholders' tax burden.

- Maintaining a relationship with the tax authorities based on transparency, good faith, cooperation, reciprocity and professionalism without prejudice to legitimate disputes that may arise with the tax authorities in the defense of its interests or those of its shareholders.
- Promoting, together with business associations, improvements in the law and the authorities' procedures in order to boost companies' competitiveness and employment.

3. Monitoring and control

Coupled with the above principles, the Board of Directors of MERLIN shall have the necessary internal and external resources to comply with this tax strategy and the policies approved in implementing it.

This tax strategy shall be applied and monitored by the Tax Department, under the supervision of the Corporate General Manager of the Company.

Compliance with the tax strategy shall be monitored and overseen by the Internal Audit Department which, in accordance with the general procedures established for its function, is configured as an independent function of the Company.

To this end, the Audit and Control Committee shall oversee, also in accordance with the generally established mechanisms, the effectiveness of internal controls and the risk management system.

4. Reporting to the Board

The tax policies applied by MERLIN's management shall be reported to the Board of Directors. Before preparing the financial statements and filing the corporate income tax return, the Corporate General Manager shall inform the Board, directly or through the Audit and Control Committee, of the policies implemented during the year.

Notwithstanding the foregoing, in the case of transactions or matters which must be submitted to the Board of Directors for approval, it shall be informed of the related tax consequences where they are an important factor.



5. Approval

This tax strategy was initially approved by the Board of Directors of MERLIN at its meeting on May 10, 2018 and last amended on April 10, 2019.

6. Internal disclosure and dissemination

This tax strategy shall be disseminated to all employees via email.