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RESOLUTION PROPOSAL FOR THE ANNUAL SHAREHOLDERS' MEETING OF MERLIN PROPERTIES, SOCIMI, S.A. CALLED FOR APRIL 26 AND 27, 2021, ON FIRST AND SECOND CALL, RESPECTIVELY

ITEM SEVEN ON THE AGENDA:

Approval of an extraordinary incentive.

JUSTIFICATION PRESENTED BY THE BOARD OF DIRECTORS TO SUPPORT THE PROPOSED RESOLUTION:

The Board of Directors is aware of the situation of Merlin Properties, SOCIMI, S.A. ("**Merlin**" or the "**Company**") in the current socioeconomic context and of the need for such situation to be taken into account in the short-term variable remuneration plans.

In light of the above, the Board of Directors has deemed it advisable to implement an extraordinary variable remuneration scheme as a way to motivate its key executives (and, in particular, its executive directors) in view of the exceptional circumstances characterizing Merlin's business activity at present and bearing in mind the special level of commitment, initiative, difficulty, effort and dedication that will be required from the members of Merlin's management team in 2021.

This extraordinary variable remuneration will neither vest nor be recurring in nature and will be paid out in cash after verification of achievement (and the degree of fulfillment) of the objectives on which receipt of the extraordinary incentive by Merlin's Board of directors will depend, at the proposal of the Compensation Committee.

PROPOSED RESOLUTION:

To approve, for the Company's executive directors, an extraordinary incentive, to be paid in cash, in order to reward the achievement of particularly ambitious and challenging objectives that represent extraordinary fulfillment of strategic targets above and beyond the estimates included in the Company's 2021 budget, and to ensure that remuneration of executive directors remains in line with the interests of shareholders (the "**Extraordinary Incentive**").

The main terms and features of the Extraordinary Incentive are as follows:

- (i) **PURPOSE of the Extraordinary Incentive:** To reward the achievement of certain strategic or particularly relevant objectives set by the Board of Directors and relating to the following (the "**Incentive Objectives**"):
 - (a) significant or highly complex and unique operations, the outcome of which is materially and favourably beneficial and/or generates particularly sizable value (in qualitative and quantitative terms) for the Company or its shareholders, above and beyond the level required in the 2021 budget; and

- (b) parameters linked to the value of Merlin shares within certain minimum thresholds, both in absolute and relative (i.e., compared with a group of benchmark companies) terms.

The Board of Directors, subject to a report by the Compensation Committee, will specify the Incentive Objectives ultimately applicable in the framework of those outlined above, as well as the exact metrics and thresholds for achievement thereof.

- (ii) **MAXIMUM AMOUNT OF THE EXTRAORDINARY INCENTIVE:** The maximum amount of the Extraordinary Incentive for each one of the executive directors shall be equivalent to one time the fixed annual gross compensation, namely ONE MILLION EUROS (€1 million).
- (iii) **MEASUREMENT PERIOD FOR THE INCENTIVE OBJECTIVES:** The period for measuring achievement of the Incentive Objectives will be from 1 January 2021 to 31 December 2021.
- (iv) **ASSESSMENT OF ACHIEVEMENT OF THE INCENTIVE OBJECTIVES:**

During the first quarter of 2022, the Board of Directors, subject to a report by the Compensation Committee, shall assess the degree of fulfillment of the Incentive Objectives as well as of any metrics and aggregates established in that regard. Following this assessment, the Board shall determine the amount of the Incentive ultimately payable to directors, based on such degree of fulfillment.

- (v) **OTHER ASPECTS:**

The Extraordinary Incentive is envisaged as remuneration expressly approved by the Shareholders' Meeting in the terms provided for in article 529 novodecies, subarticle 5, in fine.

Without prejudice to the above, the reduction ("malus") and recovery ("clawback") clauses established in the Compensation Policy currently in force shall apply to the executive directors in respect of the Extraordinary Incentive.

The Board of Directors is expressly empowered to develop, subject to a report by the Compensation Committee, any aspect related with the implementation, setting of achievement objectives, metrics and thresholds, assessment of the achievement thereof, determination of the applicable rules based on special circumstances and the award, settlement and payment to each one of the executive directors, always within the framework of the resolution adopted by the Shareholders' Meeting.