



**FOR INFORMATION PURPOSES. SPANISH VERSION PREVAILS.**

**PROPOSAL AND REPORT PREPARED BY THE BOARD OF DIRECTORS OF  
MERLIN PROPERTIES, SOCIMI, S.A. IN RELATION TO THE REAPPOINTMENT OF  
MS. FRANCISCA ORTEGA HERNÁNDEZ-AGERO AS NOMINEE DIRECTOR BY  
THE ANNUAL SHAREHOLDERS' MEETING CALLED FOR APRIL 26 AND 27, 2021,  
ON FIRST AND SECOND CALL, RESPECTIVELY**

Madrid, March 24, 2021



## 1. Introduction

The Board of Directors of Merlin Properties, SOCIMI, S.A. (the "**Company**") has prepared this explanatory report and proposal on the reappointment of Ms. Francisca Ortega Hernández-Agero as a director of the Company (the "**Report**"), in compliance with the provisions of article 529.decies.5 of the Capital Companies Law ("**LSC**").

In accordance with the provisions of said article, the proposed appointment or reappointment of members of the Board of Directors who are not considered independent directors (as in this case) falls to the Board of Directors. Such proposal must be accompanied by an explanatory report from the Board of Directors assessing the (i) competence, (ii) experience and (iii) merits of the proposed candidate, and preceded by a report from the Appointments Committee.

## 2. Purpose of the Report

In this context and as regards the Board of Directors' proposal to reappoint Ms. Francisca Ortega Hernández-Agero, the Board of Directors has prepared this Report with the purpose of:

- (i) justifying the proposal; and
- (ii) assessing the competence, experience and merits of the candidate proposed for the discharge of the office of nominee director,

all of the above in accordance with the terms of article 529.decies.5 of the Capital Companies Law.

In this connection and in accordance with the provisions of article 529.decies.6 of the Capital Companies Law, the Appointments Committee has reported favorably with respect to such reappointment. That report is attached hereto as a **Schedule** for ease of identification.

## 3. Report by the Appointments Committee

In light of the fact that the period for which Ms. Francisca Ortega Hernández-Agero was appointed as a director is coming to an end, the Appointments Committee was entrusted with issuing a report in relation to her potential reappointment as nominee director of the Company.

In response to that request, the Appointments Committee reported favorably in relation to the proposed reappointment of Ms. Francisca Ortega Hernández-Agero as nominee director of the Company, in view, among other factors, of:

- (i) the positive view of her performance by the other directors, including the independent and executive directors, and the positive acceptance thereby of her reappointment as director of the Company;



- (ii) her contributions as nominee director, contributing her perspective and market knowledge and, in particular, her knowledge of the banking sector, as an expert in risks, structured financing and restructuring, during her term of office now ending; and
- (iii) her highly qualified professional profile that is ideally suited to the performance of the functions of director and member of the Audit and Control Committee, as well as the combination of attributes and skills to lead the supervisory function currently performed by the Board of Directors.

All of the above demonstrates that her remaining as a nominee director of the Company would bring significant benefits to this managing body.

#### **4. Assessment of the competence, experience and merits of the candidate**

The competence, experience and merits of Ms. Francisca Ortega Hernández-Agero are evidenced by her CV, from which her capabilities for the office of director transpire. By way of summary, it should be noted that Ms. Francisca Ortega Hernández-Agero:

- (i) holds a degree in Economics and Business Studies from CUNEF, and an MBA from IESE;
- (ii) has been the head of the Commercial Banking Large Clients Department since 2009, within the Restructuring and Corporate Investments Area, including, as from 2018, management of Corporate Investment Banking clients in Spain and coordination of international clients. Head of Global Credit Watch;
- (iii) has spent a large part of her professional career in the banking sector. She began her career at Caja Naval de Crédito as the Head of the Risks and Investments Department. In 1990, she became the Finance Director of PBI Gestión Agencia de Valores, a subsidiary of Bearbull International, where she also oversaw management of foreign companies' funds in Spain. In 1996, she joined Banco Central Hispano as head of Corporate Banking Risks, to later lead the Acquisition Finance Area and the Structured Finance Monitoring and Management Control Area at the then-renamed Banco Santander;
- (iv) is currently a member of the board of PBI Gestión Agencia de Valores and of the board of Deva Advisory Co.

In short, in the view of the Board of Directors, the candidate meets the requirements of suitability, competence, experience, training and merits necessary and appropriate to continue to be a nominee director of the Company.

#### **5. Justification of the proposal by the Board of Directors**

The understanding of the Board of Directors is that for directors to be able to



properly exercise their supervisory and control functions at the Company, they must have the required combination of skills and competencies in the following areas:

- (i) knowledge of the sectors in which the Company operates;
- (ii) experience and knowledge in aspects of corporate governance and management of listed companies;
- (iii) experience and knowledge of geographical markets that are important to the Company; and
- (iv) experience and skills in relation to leadership and business strategy.

Ms. Francisca Ortega Hernández-Agero has extensive experience in the world of banking, having held different positions of responsibility, primarily in the risk, structured finance and restructuring departments, that prove her competence, experience and merits for holding the post of director at the Company, and ensure the contribution of multiple viewpoints to the discussion of matters on the Board of Directors.

The foregoing, together with the reasons put forward by the Appointments Committee (which the Board echoes), mean that the Board of Directors considers it justified and appropriate to reappoint Ms. Francisca Ortega Hernández-Agero as director of the Company, in the belief that such reappointment will ensure the continuity of the excellent management of the Company and of the group to date.

## **6. Conclusions of the Board of Directors**

In light of the foregoing, the Board of Directors considers it justified that Ms. Francisca Ortega Hernández-Agero be reappointed as a director of the Company, with the category of nominee director.

Consequently, the Board proposes her reappointment as nominee director of the Company to the Annual Shareholders' Meeting called for April 26 and 27, 2021, on first and second call, respectively, and for her to continue serving as member of the Audit and Control Committee.

## **7. Category of director to which she belongs or in which she should be classed**

On the Board of Directors, Ms. Francisca Ortega Hernández-Agero will represent Banco Santander, a shareholder with a significant holding in the Company. Accordingly, in accordance with the applicable legislation, the candidate would have the category of nominee director of the Company.

## **8. Proposed resolution submitted to the Annual Shareholders' Meeting**

The proposed resolution to be submitted to the Annual Shareholders' Meeting for approval would be as follows:



*“In accordance with the proposal from the Board of Directors, following a favorable report from the Appointments Committee, to reelect and appoint as director of the Company Ms. Francisca Ortega Hernández-Agero, whose particulars are recorded at the Commercial Registry, for the term stipulated in the Bylaws, with the category of nominee director.”*

In Madrid, on March 24, 2021.



## **Schedules**



**REPORT PREPARED BY THE APPOINTMENTS COMMITTEE OF MERLIN  
PROPERTIES, SOCIMI, S.A. ON THE REAPPOINTMENT AS NOMINEE DIRECTOR  
OF MS. FRANCISCA ORTEGA HERNÁNDEZ-AGERO**

**Madrid, March 23, 2021**



## 1. Introduction

The term of office of Ms. Francisca Ortega Hernández-Agero as member of the Board of Directors of Merlin Properties, SOCIMI, S.A. (the “**Company**”) will expire at the next Annual Shareholders’ Meeting of the Company. In view of her performance in her functions since she was appointed to the post, consideration is being given to presenting a proposal for her reappointment as nominee director to the Company’s Annual Shareholders’ Meeting.

In accordance with the provisions of article 529.decies.6 of the Capital Companies Law (“**LSC**”), the proposed appointment or reappointment of any non-independent director (as in this case) must be preceded by a report from the Appointments Committee.

This report (the “**Report**”) complies with the provisions of said article.

## 2. Purpose of the Report

This Report is prepared for the purpose of complying with the provisions of article 529.decies.6 of the LSC.

## 3. Aspects taken into consideration by the Appointments Committee

In light of the fact that the period for which Ms. Francisca Ortega Hernández-Agero was appointed as a director is coming to an end, the Appointments Committee has been entrusted with issuing a report in relation to her potential reappointment as nominee director.

In the context of Recommendation 14 of the Good Governance Code and of the current director selection policy, this committee has taken into account the following in its analysis:

- (i) the needs of the Board of Directors, in the context of which consideration has been given to the advisability of the Board continuing to have an extensive presence of highly qualified professionals who, with their contributions, enrich the Board’s debates and decision-making process;
- (ii) the skills and abilities of the director, which are as required and which amply fulfill the needs required by the Company;
- (iii) the director’s background, which makes it possible to maintain a diversity of knowledge, experience and ages on the Board;
- (iv) the conduct of Ms. Francisca Ortega Hernández-Agero in discharging her post, from the time she took office, both as member of the managing body and as member of the Audit and Control Committee;
- (v) the positive view of her performance by the other directors, including the independent and executive directors, and the positive acceptance thereby of





her reappointment as director of the Company;

- (vi) her contributions as nominee director, contributing her perspective and market knowledge and, in particular, her knowledge of the banking sector, as an expert in risks, structured financing and restructuring, during her term of office now ending; and
- (vii) her highly-qualified professional profile that is ideally suited to the performance of the functions of director and member of the Audit and Control Committee, as well as the combination of attributes and skills to lead the supervisory function currently performed by the Board of Directors.

The foregoing has enabled the Appointments Committee to conclude that her continuation as nominee director of the Company would continue to bring significant benefits to the managing body.

#### **4. Conclusions of the Appointments Committee**

Consequently, in light of the foregoing, the Appointments Committee considers justified and reports favorably on the proposed reappointment of Ms. Francisca Ortega Hernández-Agero as nominee director of the Company, and supports the reappointment proposal to be submitted to the Annual Shareholders' Meeting to be held in April 2021.

#### **5. Category of director to which she should be appointed**

Having regard to Ms. Francisca Ortega Hernández-Agero's characteristics and in accordance with the applicable legislation, she should continue to be classed as a nominee director of the Company.

#### **6. Report on her reappointment as member of the Audit and Control Committee**

Furthermore, the Appointments Committee considers it appropriate for Ms. Francisca Ortega Hernández-Agero to continue serving as member of the Audit and Control Committee, a position she has discharged in an indisputable manner and on which the Appointments Committee also reports favorably.

In Madrid, on March 23, 2021