



**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 MR. JAVIER GARCIA-CARRANZA BENJUMEA 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 Mr. Javier García-Carranza Benjumea 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 Mr. Javier García-Carranza Benjumea, 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 Mr. Javier García-Carranza Benjumea was appointed as a director is coming to an end, the Appointments Committee was entrusted with issuing a report in relation to his potential reappointment as nominee director and as Chairman of the Board of Directors.

In response to that request, the Appointments Committee reported favorably in relation to the proposed reappointment of Mr. Javier García-Carranza Benjumea as nominee director of the Company, in view, among other factors, of:

- (i) the impeccable conduct of Mr. Javier García-Carranza Benjumea in discharging his post, from the time he took office;
- (ii) the receipt of positive proposals from the other directors and, in particular,



from the independent directors, for the purposes of his reappointment as a nominee director of the Company;

- (iii) his contributions as nominee director, contributing his perspective and market knowledge and, in particular, his knowledge of the banking sector, as an expert in investment businesses, during his term of office now ending; and
- (iv) his highly-qualified professional profile that is ideally suited to the performance of the functions of nominee director, 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 maintaining Mr. García-Carranza as nominee director of the Company would bring significant benefits to this managing body.

Furthermore, the Appointments Committee deems and considers it justified for Mr. Javier García-Carranza Benjumea to continue serving as Chairman of the Board of Directors, a position he has discharged in an indisputable manner.

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

The competence, experience and merits of Mr. Javier García-Carranza Benjumea are evidenced by his CV, from which his capabilities for the office of director transpire. By way of summary, it should be noted that Mr. Javier García-Carranza Benjumea:

- (i) holds a degree in Business Administration from Universidad Carlos III de Madrid;
- (ii) is currently Group Senior Executive Vice-President of Banco Santander as Global Head of Banco Santander's Restructuring, Industrial Investments, Special Situations, Portfolio Sales and New Business area;
- (iii) worked in Morgan Stanley's Principal Investments, Investment Banking and Real Estate Advisory area for 17 years, as head of this business for Europe, the Middle East and Africa (EMEA), based in London as the Co-Head of the Real Estate Investment Banking Business;
- (iv) currently holds posts in the following entities: Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria S.A (Sareb) (director and member of the executive committee), Metrovacesa S.A. (director), Landco (director), Santander Spain (director), Santander Mexico (director), Tres Mares Capital (director), Deva Capital (director) and Fundación Princesa de Asturias (trustee).

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 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.

Mr. Javier García-Carranza Benjumea's long-standing professional career in both the Spanish and international arena, often related with the real estate sector, evidences that he has the competence, experience and merits needed to hold the post of Company director, and ensures 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 Mr. Javier García-Carranza Benjumea 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 that the candidate has the competence, experience and merits to discharge the post of director and, therefore, that it is justified to reappoint Mr. Javier García-Carranza Benjumea as nominee director of the Company.

Consequently, the Board proposes his 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 him to continue holding the post of Chairman of the Board of Directors.

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

On the Board of Directors, Mr. Javier García-Carranza Benjumea 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 Mr. Javier Garcia-Carranza Benjumea, 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 MR. JAVIER GARCIA-CARRANZA BENJUMEA**

**Madrid, March 23, 2021**



## 1. Introduction

The term of office of Mr. Javier García-Carranza Benjumea 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 his performance in his functions since he was appointed to the post, consideration is being given to presenting a proposal for his 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 Mr. Javier García-Carranza Benjumea was appointed as a director is coming to an end, the Appointments Committee has been entrusted with issuing a report in relation to his 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 impeccable conduct of Mr. Javier García-Carranza Benjumea in discharging his post, from the time he took office;
- (v) the receipt of positive proposals from the other directors and, in particular, from the independent directors, for the purposes of his reappointment as a nominee director of the Company;





- (vi) his contributions as nominee director, contributing his perspective and market knowledge and, in particular, his knowledge of the banking sector, as an expert in investment businesses, during his term of office now ending; and
- (vii) his highly-qualified professional profile that is ideally suited to the performance of the functions of nominee director, 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 his continuation as nominee director of the Company would 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 Mr. Javier García-Carranza Benjumea as nominee director of the Company, and supports the reappointment proposal that the Board of Directors may submit to the Annual Shareholders' Meeting to be held in April 2021.

Furthermore, the Appointments Committee deems and considers it justified for Mr. Javier García-Carranza Benjumea to continue serving as Chairman of the Board of Directors, a position he has discharged in an indisputable manner and on which the Appointments Committee also reports favorably.

In Madrid, on March 23, 2021