



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. JUAN MARÍA AGUIRRE GONZALO AS INDEPENDENT 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 on the reelection of Mr. Juan María Aguirre Gonzalo as an independent director of the Company (the “**Report**”), in compliance with the provisions of article 529.decies.5 of the Capital Companies Law (“**LSC**”).

The Board of Directors is required by the provisions of the aforementioned article to issue an explanatory report providing an assessment of the (i) competence, (ii) experience and (iii) merits of the proposed candidate, to be accompanied by a proposal prepared by the Appointments Committee, in the case of independent directors.

2. Purpose of the Report

In light of the above, this Report has been prepared by the Board of Directors for the purposes of:

- (i) justifying the proposed reappointment of Mr. Juan María Aguirre Gonzalo as independent director by the Shareholders’ Meeting called for April 26 and 27, 2021, on first and second call, respectively; and
- (ii) assessing the competence, experience and merits of the candidate proposed for the discharge of the office of independent 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.4 LSC, the Appointments Committee has prepared and submitted to the Board of Directors a proposal for the reappointment of Mr. Juan María Aguirre Gonzalo as independent director of the Company. Such proposal is attached hereto as a **Schedule** for ease of identification.

3. Proposal by the Appointments Committee

In short, the Appointments Committee, taking into account the work carried out to date by Mr. Juan María Aguirre Gonzalo as a Company director, has considered and positively evaluated proposing his reappointment, in view, among other factors, of his prior experience and good performance in the time he has held office at the Company.

4. 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 present time, 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 in areas that complement the Company's principal activity and that are key for its development; and
- (iv) experience and skills in relation to leadership and business strategy.

The work performed at the Company by Mr. Juan María Aguirre Gonzalo to date evidences his competence, experience and merits for retaining the office of director. His extensive experience and his conduct as a director of the Company (and of other listed companies) ensures there will be a diversity of opinion in the debate of matters addressed by the Board of Directors.

In view of the above, and in light of the reasons put forward for his reappointment by the Appointments Committee (which the Board echoes), the Board of Directors considers the reappointment of Mr. Juan María Aguirre Gonzalo as a director of the Company to be justified and advisable, in the belief that such reappointment will allow the Board of Directors to continue having a member whose profile is considered valuable to the pursuit of the Company's business.

In addition, his position as an independent director will reinforce the role of the Board of Directors as an efficient supervisory body and serve as an effective counterbalance to the Chairman of the Board.

5. Assessment of the competence, experience and merits of the candidate

The competence, experience and merits of Mr. Juan María Aguirre Gonzalo are evidenced by his CV, from which his capabilities for the office of independent director transpire. By way of summary, it should be noted that Mr. Juan María Aguirre Gonzalo:

- (i) holds a degree in Economics and Business Administration from Universidad Pontificia de Comillas (ICADE), and a Master's in Financial Management from Instituto de Empresa;
- (ii) has spent much of his professional career in the field of finance, having held senior positions in the Department of Risk, Administration and Planning at Banco de Progreso, S.A. (1985/1988), and subsequently as a

Finance Officer at the finance and leasing firm of Mercedes-Benz (1989/1990);

- (iii) in 1990 he joined Torreal, S.A. as a director and General Manager. During his time at Torreal and until his departure in 2005, he was responsible for the financial and real estate investments of the Torreal Group and sat on the boards of directors of Torreal's subsidiaries.
- (iv) since 2006, he has been a shareholder and General Manager of Quantica Asesores, S.A., a firm that provides financial advice to family and institutional groups, as well as a director of Testa Inmuebles en Renta, SOCIMI, S.A. and BBVA Elcano SCR; and
- (v) he is currently a member of the board of directors of, inter alia, of Sacyr, S.A., where he is also lead independent director, a member of the executive committee and a member of the Audit Committee.

In short, in the view of the Board of Directors, the candidate meets the appropriate and necessary requirements in terms of suitability, competence, experience, training, merits and commitment in order to continue forming part of the Board of Directors of the Company.

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. Juan María Aguirre Gonzalo as independent director of the Company.

Consequently, the Board of Directors proposes his reappointment as an independent director of the Company to the Shareholders' Meeting called for April 26 and 27, 2021, on first and second call, respectively.

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

In accordance with the applicable legislation, Mr. Juan María Aguirre Gonzalo would have the category independent director of the Company.

8. Proposed resolution submitted to the Annual Shareholders' Meeting

The proposed resolution submitted to the Shareholders' Meeting for approval is 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. Juan María Aguirre Gonzalo, whose particulars are recorded at the Commercial Registry, for the term stipulated in the Bylaws, with the category of independent director."

In Madrid, on March 24, 2021.

Schedule



**PROPOSAL PREPARED BY THE APPOINTMENTS COMMITTEE OF MERLIN
PROPERTIES, SOCIMI, S.A. ON THE REAPPOINTMENT AS INDEPENDENT
DIRECTOR OF MR. JUAN MARÍA AGUIRRE GONZALO**

Madrid, March 23, 2021

1. Introduction

The Appointments Committee (“**AC**”) of Merlin Properties, Socimi, S.A. (the “**Company**”) has prepared this proposal for the reappointment of Mr. Juan María Aguirre Gonzalo as an independent director of the Company (the “**Proposal**”), in compliance with the provisions of article 529.decies.4 of the Capital Companies Law (“**LSC**”).

In accordance with that article, the Appointments Committee is responsible for proposing the appointment or reappointment of members of the Board of Directors in the case of independent directors.

In addition, pursuant to the provisions of article 529.decies.5 LSC, the Proposal must be accompanied by an explanatory report from the board that assesses the competence, experience and merits of the proposed candidate, which will be attached to the minutes of the Shareholders’ Meeting or of the meeting of the Board itself.

2. Analysis by the Appointments Committee – Suitability of the candidate

In light of the fact that the period for which Mr. Juan María Aguirre Gonzalo was appointed as a director is coming to an end, the Appointments Committee commenced the corresponding process in order to evaluate his reappointment as director of the Company.

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, and for membership on the Board to primarily comprise independent directors.
- (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.

In addition, the Appointments Committee has taken into account:

- (i) Mr. Juan María Aguirre Gonzalo’s conduct in discharging his post, from the time he took office, both on the Board and as member (and Chairman) of the Audit and Control Committee;
- (ii) his professional profile and his knowledge of multiple business fields, which are highly relevant in view of the Company’s activity;

- (iii) the combination of his attributes and skills to lead the supervisory function currently performed by the Board of Directors; and
- (iv) the receipt of positive proposals from the other directors and, in particular, from the independent directors, for the purposes of his reappointment as independent director of the Company.

The foregoing has enabled the Appointments Committee to conclude that his reappointment as independent director of the Company would bring significant benefits to the managing body.

3. Conclusions and proposal of the Appointments Committee

In conclusion, the Appointments Committee considers that Mr. Juan María Aguirre Gonzalo has the (i) competence, (ii) experience and (iii) merits necessary to be reappointed as independent director of the Company and, accordingly, proposes his reappointment by the Shareholders' Meeting as an independent director of the Company.

4. Category of director to which he should be appointed

Having regard to Mr. Juan María Aguirre Gonzalo's characteristics and in accordance with the applicable legislation, he should continue to be classed as an independent director of the Company.

5. Report on his reappointment as member of the Audit and Control Committee

Furthermore, the Appointments Committee considers it appropriate to report favorably on Mr. Juan María Aguirre Gonzalo continuing to serve as member of the Audit and Control Committee and as Chairman of that committee, a position he has discharged in an indisputable manner.

In Madrid, on March 23, 2021