MERLIN

<u>FOR INFORMATION PURPOSES. SPANISH VERSION PREVAILS.</u>

PROPOSAL AND REPORT ISSUED BY THE BOARD OF DIRECTORS OF MERLIN PROPERTIES, SOCIMI, S.A. IN RELATION TO THE APPOINTMENT OF MS. JULIA BAYÓN PEDRAZA AS A NOMINEE DIRECTOR BY THE ANNUAL SHAREHOLDERS' MEETING

In Madrid, on April 4, 2024

1. Introduction

The Board of Directors of Merlin Properties, Socimi, S.A. (the "**Company**") has prepared this explanatory report on the appointment of Ms. Julia Bayón Pedraza as a director of the Company (the "**Report**"), in compliance with the provisions 4 and 5 of article 529.decies of the Capital Companies Law ("**LSC**").

According to the provisions of said article, the proposal of the reelection or appointment 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 and Compensation Committee.

2. Context of the report

The position of Mr. Ignacio Gil-Casares Satrústegui, director appointed at the request of Banco Santander, S.A. (significant shareholder of the Company), will expire at the next Ordinary General Shareholders' Meeting of the Company. As a result of the foregoing, Banco Santander, S.A. has informed the Company of its interest in the appointment of Ms Julia Bayón Pedraza, replacing Mr Ignacio Gil-Casares Satrústegui.

3. Purpose of the Report

In light of the above, this Report is issued by the Board of Directors of the Company for the purposes of:

(i) proposing and justifying the proposed appointment of Ms. Julia Bayón Pedraza as a nominee director of the Company; 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 4 and 5 of article 529.*decies*. of the LSC, the Appointments and Compensation Committee has reported favorably with respect to such appointment. That report is attached hereto as a <u>**Schedule**</u> for ease of identification.

4. Report of the Appointments and Compensation Committee

In short, the Appointments and Compensation Committee has considered:

(i) that Banco Santander, S.A.:

(a) maintains its significant holding in the capital of the Company, being its largest shareholder;

(b) in view of the notification by one of the directors appointed at its proposal that they shall to continue to serve as a member of the Board of Directors of the Company, it has requested that Ms. Julia Bayón Pedraza be appointed to act as its representative.

(ii) That Ms. Julia Bayón Pedraza:

(a) has broad experience in the legal sector, which is key for the Company, and has the (i) competence, (ii) experience; (iii) academic background, as well as the (iv) merits, good standing, suitability and recognized caliber to be appointed as a nominee director of the Company;

(b) her profile is that of a highly qualified professional well suited to the discharge of duties as a director of the Company, given her extensive experience and merits in relevant sectors, as well as her in-depth knowledge in various business fields and, primarily, the legal sector;

(c) her prior experience can bring enormous benefits in decision-making processes in relation to the new sectors which the Company is now entering;

(d) her incorporation meets the needs of the Board of Directors and would strengthen the Company's position in relation to complying with the rule requiring a 40% presence of women on the board;

(e) her background will make it possible to maintain diversity in terms of knowledge, experience and ages on the board;

(f) she meets the requirements of good standing, suitability and recognized caliber, competence, experience, qualification, training, availability and commitment to her function; and

(g) she has served on the managing bodies of listed companies which provides her with the knowledge necessary to perform her functions.

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

Ms. Bayón's competence, experience and merits are clear from her resumé, which shows that:

(i) She has a degree in Economics and Business Studies (financial management major) from UNIVERSIDAD PONTIFICIA DE COMILLAS (ICADE – MADRID).

(ii) Has had an extensive professional career, which may be summarized in the following principal milestones:

(a) She currently holds the position of Group Executive Vice-President at BANCO SANTANDER (Madrid)

(b) Since May 2021, she has held the position of head of the Business Legal Department and Deputy Secretary of the Board of Directors.

(c) She has served on the Boards of Directors of Banco Santander Peru and Landcompany 2020 S.L.U.

(d) In the years:

a. 2016 to 2021 she was the head of the Legal Department of Global Corporate Banking (Wholesale Banking), corporate restructurings and holdings

b. 2013 to 2016 she was the head of the Legal Department of Global Transaction Banking, Credit and Restructurings, following the merger of Banesto and Banco Santander

c. 2008 to 2013 (until the merger with Banco Santander) she was the head of Business Legal Affairs (including Wholesale Banking and Commercial Banking). Assistant General Manager of BANESTO since February 2011

d. 2001 to 2008 she was the head of the Legal Department of Banesto Wholesale Banking

e. 1994 and 2000 she was a member of the International Legal Department and of the Legal Department of Banesto Wholesale Banking

The view formed by the Board of Directors in light of the foregoing is that Ms. Bayón meets the requirements in terms of suitability, competence, experience, training and merits necessary and appropriate to form part of the Company's board.

6. **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:

(a) knowledge of the sectors in which the Company operates;

(b) experience and knowledge in aspects of corporate governance and management of listed companies; and

(c) experience and skills in relation to leadership and business strategy.

Ms. Bayón has extensive experience in the world of banking, having held different positions of responsibility 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.

In view of the above, her background and experience, and the reasons put forward for her appointment by the Appointments and Compensation Committee (which this body echoes), the Board of Directors considers the appointment of Ms. Bayón as a director of the Company to be justified and advisable, believing that such appointment will bring to the Board of Directors a profile which is considered valuable in the pursuit of the Company's activity.

7. **Conclusions of the Board of Directors**

In light of the foregoing, the Board of Directors considers it justified that Ms. Julia Bayón Pedraza be appointed as a director of the Company, with the category of nominee director.

The Board of Directors therefore proposes to the Annual Shareholders' Meeting to be held in 2024, her reelection as a director, with the category of nominee director.

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

On the Board of Directors, Ms. Julia Bayón Pedraza will represent Banco Santander, S.A., a shareholder with a significant ownership interest in the Company. Accordingly, pursuant to the applicable legislation, the candidate would have the category of nominee director of the Company.

In Madrid, on April 4, 2024.

Schedule

<u>FOR INFORMATION PURPOSES. SPANISH VERSION PREVAILS.</u>

REPORT ISSUED BY THE APPOINTMENTS AND COMPENSATION COMMITTEE OF MERLIN PROPERTIES, SOCIMI, S.A. IN RELATION TO THE PROPOSED APPOINTMENT BY THE SHAREHOLDERS' MEETING OF MS. JULIA BAYÓN PEDRAZA AS NOMINEE DIRECTOR

Madrid, March 22, 2024

1. Introduction

The Appointments and Compensation Committee of Merlin Properties, SOCIMI, S.A. (the "**Company**") makes this proposal in relation to the appointment of Ms. Julia Bayón Pedraza as a nominee director of the Company (the "**Proposal**") in compliance with the provisions of subarticle 4 of article 529 *decies* of the Capital Companies Law ("**LSC**").

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

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

2. Purpose of the Report

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

3. Context in which the Report is issued

Mr. Ignacio Gil-Casares Satrústegui, a director originally appointed at the request of Banco Santander, S.A. (a significant shareholder of the Company), has informed the Company of his intention not to present himself for reelection at the next Annual Shareholders' Meeting (at which his term of office will expire).

As a result, Banco Santander, S.A. has informed the Company of its interest in appointing Ms. Julia Bayón Pedraza to replace Mr. Ignacio Gil-Casares Satrústegui.

4. Analysis of the Appointments and Compensation Committee

4.1. Needs of the Board of Directors

In the context of Recommendation 14 of the Good Governance Code and of the current director selection policy, the Company has carried out a prior analysis of the Board's needs and the competences it requires, and of options which could favor gender diversity and avoid implicit biases that might entail discrimination.

Accordingly, the Committee has paid particular attention in its analyses to the following aspects:

(i) compliance with the rule requiring a 40% presence of women on the board;

(ii) the incorporation of new directors with previous experience in real estate matters, which would strengthen the Board of Directors' knowledge in this area.

4.2. Other aspects analyzed

In addition to the above aspects, the Committee has considered or assessed:

(i) the fact that Banco Santander maintains its significant holding in the capital of the Company, being its primary shareholder;

(ii) the fact that Banco Santander has requested that Ms. Julia Bayón Pedraza be appointed to replace Mr. Ignacio Gil-Casares Satrústegui;

(iii) the skills and abilities of the director proposed, which are necessary and which fulfill the needs required by the Company;

(iv) that her reelection will enhance decision-making and the contribution of multiple points of view in the discussion of matters within its remit.

4.3. Regarding the candidate

The view of the Committee is that any director of Merlin should have, as a minimum, the following attributes:

(i) the candidate should be honorable and suitable and of recognized caliber, competence, experience, qualification, training, availability and commitment to their function;

(ii) they should preferably have pursued their professional activity in listed companies;

(iii) there should be no obstacles which prevent them from being a candidate for director;

(iv) the Board of Directors should continue to have an extensive presence of highly qualified professionals who, with their contributions, enrich its debates and decision-making processes.

In relation to the foregoing, the candidate proposed meets these requirements amply. It is clear from her curriculum vitae that her profile is suited to the requirements outlined. Thus, Ms. Julia Bayón Pedraza:

(i) Has a degree in Economics and Business Studies (finance major) from UNIVERSIDAD PONTIFICIA DE COMILLAS (ICADE – MADRID)

(ii) Has had an extensive professional career, which may be summarized in the following principal milestones:

  (a) She currently holds the position of Group Executive Vice-President at BANCO SANTANDER (Madrid)

  (b) Since May 2021, she has held the position of head of Business Legal Affairs and Deputy Secretary of the Board of Directors.

  (c) She has served on the Boards of Directors of Banco Santander Peru and Landcompany 2020 S.L.U.

  (d) In the years:

    a. 2016 to 2021 she was the head of the Legal Department of Global Corporate Banking (Wholesale Banking), corporate restructurings and holdings

    b. 2013 to 2016 she was the head of the Legal Department of Global Transaction Banking, Credit and Restructurings, following the merger of Banesto and Banco Santander

    c. 2008 to 2013 (until the merger with Banco Santander) she was the head of Business Legal Affairs (including Wholesale Banking and Commercial Banking). Assistant General Manager of BANESTO since February 2011

    d. 2001 to 2008 she was the head of the Legal Department of Banesto Wholesale Banking

    e. 1994 and 2000 she was a member of the International Legal Department and of the Legal Department of Banesto Wholesale Banking

5. Absence of obstacles preventing her appointment as director

It has been confirmed that there exists no legal incompatibility and that the impediments or limitations established in corporate governance regulations do not apply to the candidate.

6. Conclusion and report of the Appointments and Compensation Committee

In conclusion, the Appointments and Compensation Committee considers that

(i) Ms. Julia Bayón Pedraza has broad experience in the legal sector, which is key for the Company, and has the (i) competence, (ii) experience; (iii) academic background, as well as the (iv) merits, good standing, suitability and recognized caliber to be appointed as a nominee director of the Company;

(ii) her profile is that of a highly qualified professional well suited to the discharge of duties as a director of the Company, given her extensive experience and merits in relevant sectors, as well as her in-depth knowledge in various business fields and, primarily, the legal sector;

(iii) her prior experience can bring enormous benefits in decision-making processes in relation to the new sectors which the Company is now entering;

(iv) her incorporation meets the needs of the Board of Directors and would strengthen the Company's position in relation to complying with the rule requiring a 40% presence of women on the board;

(v) her background will make it possible to maintain diversity in terms of knowledge, experience and ages on the board;

(vi) the fact that the candidate meets the requirements of good standing, suitability and of recognized caliber, competence, experience, qualification, training, availability and commitment to her function; and

(vii) she has served on the managing bodies of listed companies which provides her with the knowledge necessary to perform her functions.

In light of the foregoing, it is clear that her presence on the Board of Directors, and her appointment as a nominee director, would bring significant benefits to the managing body, allowing for greater depth in its discussions and providing an additional vision based on experience.

Accordingly, the Committee reports favorably on her appointment by the Shareholders' Meeting as a nominee director of the Company.

7. Category of director in which she should be classed

Having regard to Ms. Julia Bayón Pedraza's characteristics and in accordance with the applicable legislation, she should continue to be classed as a nominee director of the Company, representing Banco Santander, S.A.

In Madrid, on March 22, 2024.