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

# REPORT ISSUED BY THE BOARD OF DIRECTORS OF MERLIN PROPERTIES, SOCIMI, S.A. IN RELATION TO THE REELECTION OF MR. EMILIO NOVELA BERLINAS AN INDEPENDENT DIRECTOR BY THE ANNUAL SHAREHOLDERS' MEETING

**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 reelection of Mr. Emilio Novela Berlín 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 and Compensation Committee, in the case of independent directors.

## 2. Purpose of the Report

In light of the proposal by the Board of Directors to reelect Mr. Emilio Novela Berlín as an independent director of the Company, this Report has been prepared for the purposes of:

(i) justifying the proposed reelection of Mr. Emilio Novela Berlín as an independent director of the Company, by the Annual Shareholders' Meeting to be held in 2024; 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.

Within the framework described above, and in accordance with the provisions of article 529.decies.4 of the Capital Companies Law, the Appointments and Compensation Committee has issued and presented to the Board of Directors a proposal for the appointment of Mr. Emilio Novela Berlín as an independent director of the Company. Such proposal is attached hereto as a **Schedule** for ease of identification.

## 3. Proposal of the Appointments and Compensation Committee

In light of the fact that the period for which Mr. Emilio Novela Berlín was appointed as a director is coming to an end, the Appointments and Compensation Committee commenced the corresponding process in order to evaluate his reelection as a director of the Company.

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In short, the Appointments and Compensation Committee, taking into account the work carried out to date by Mr. Emilio Novela Berlín as a Company director, has considered and positively evaluated proposing his reelection in view, among other factors, of the following:

(i) the skills and abilities of the director, which are as required and which amply fulfill the needs required by the Company;

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

(iii) the absence of obstacles to being a candidate;

(iv) the director's background, which makes it possible to maintain a diversity of knowledge, experience and ages on the Board;

(v) the fact that with his reelection (i) an appropriate balance will be maintained on the Board of Directors as a whole, maintaining the equilibrium between nominee directors and the rest of the capital, and a number of independent directors who make up at least half of the total members of the Board, and (ii) it will enhance decision-making and the contribution of multiple points of view in the discussion of matters within its remit.

(vi) Mr. Emilio Novela Berlín's brilliant performance throughout the term that is now coming to an end and from the time he took office;

(vii) his extensive experience in the financial and real estate sectors as well as the suitability of his professional profile to the specificities of the business carried on by the Company;

(viii) his possession of suitable skills, experience and merits for the discharge of the office of director, and his pertinent academic training in this connection;

(ix) the receipt of positive proposals from the other directors and, in particular, from the independent directors, for the purposes of his reelection as an independent director of the Company; and

(x) his impeccable and irreproachable conduct in discharging his office, from the time he took possession thereof.

**4. Justification of the proposal by the Board of Directors**

The understanding of the Board of Directors is that for a director to be able to exercise their supervisory and control functions properly, they must have the required combination of skills and competencies in the following areas:

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(i) proven competence and experience;

(ii) knowledge of the area in which the Company pursues its activity;

(iii) the ability to dedicate themselves to and involve themselves in the Company's businesses; and

(iv) knowledge in additional areas complementary to that regarding the Company's activity, e.g. knowledge of financial and real estate aspects.

The work performed at the Company by Mr. Emilio Novela Berlín to date evidences his competence, experience and merits for retaining the office of director. His extensive experience 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 reelection by the Appointments and Compensation Committee (which the Board echoes), the Board of Directors considers the reelection of Mr. Emilio Novela Berlín as a director of the Company to be justified and advisable, in the belief that it 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 nominee directors.

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

The competence, experience and merits of Mr. Emilio Novela Berlín are evidenced by his professional trajectory, which shows that he has the skills required to serve as independent director. In summary, it should be noted that Mr. Emilio Novela Berlín:

(i) qualified as an industrial engineer at the Universidad Politécnica de Madrid and holds a PhD in Industrial Engineering;

(ii) He has discharged various executive offices in his more than 40 years of professional career, forming part of boards of directors, management committees and advisory boards. He has served as Deputy General Manager for Banco del Comercio, CFO for Repsol, General Manager for Banco Central Hispano, Chairman for Banco BANIF and Vice Chairman and CEO for Vallehermoso, a Spanish listed real estate company, from 1999 to 2003;

(iii) He was a director at, among others, Banco Urquijo, Cortefiel, Spanair, Union Fenosa, Blackrock Asset Management, Openbank and Larios;

(iv) He is currently Coordinating director of Talgo and Chairman of its 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.**

The Board of Directors, in the light of the foregoing, considers justified the reelection of Mr. Emilio Novela Berlín as an independent director of the Company as he has the competence, experience and merits to do so.

The Board of Directors therefore proposes to the Annual Shareholders' Meeting to be held during 2024, as does the Appointments and Compensation Committee, that he be reelected as an independent director of the Company.

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

Pursuant to the applicable legislation, Mr. Emilio Novela Berlín would have the category of independent director of the Company.

In Madrid, on April 4, 2024.

**Schedule**

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# PROPOSAL ISSUED BY THE APPOINTMENTS AND COMPENSATION COMMITTEE OF MERLIN PROPERTIES, SOCIMI, S.A. IN RELATION TO THE REELECTION OF MR. EMILIO NOVELA BERLIN AS AN INDEPENDENT DIRECTOR

**In Madrid, on March 22, 2024**

## 1. Introduction

The Appointments Committee of Merlin Properties, SOCIMI, S.A. (the "**Company**") has prepared this proposal for the reelection of Mr. Emilio Novela Berlín 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 and Compensation 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 and Compensation Committee – Suitability of the candidate

In light of the fact that the period for which Mr. Emilio Novela Berlín was appointed as a director is coming to an end, the Appointments and Compensation Committee commenced the corresponding process in order to evaluate his reelection as a 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, according to 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 of the board to primarily comprise independent directors;

(ii) the diversity of skills, experience and ages required by the board, which is maintained with Mr. Novela's reelection.

The Committee also highly values:

(i) the skills and abilities of the director, which are as required and which amply fulfill the needs required by the Company;

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

(iii) the absence of obstacles to being a candidate;

(iv) the director's background, which makes it possible to maintain a diversity of knowledge, experience and ages; and

(v) the fact that with his reelection (i) an appropriate balance will be maintained on the board of directors as a whole, maintaining the equilibrium between nominee directors and the rest of the capital, and a number of independent directors who make up at least half of the total members of the board, and (ii) it will enhance decision-making and the contribution of multiple points of view in the discussion of matters within its remit.

Against this backdrop, the Appointments and Compensation Committee has considered the following main aspects, which were already considered in the context of his previous reelection:

(i) Mr. Emilio Novela Berlín's brilliant performance throughout the term that is now coming to an end and from the time he took office;

(ii) his extensive experience in the financial and real estate sectors as well as the suitability of his professional profile to the specificities of the business carried on by the Company;

(iii) his possession of suitable skills, experience and merits for the discharge of the office of director, and his pertinent academic training in this connection;

(iv) the receipt of positive proposals from the other directors and, in particular, from the independent directors, for the purposes of his reelection as an independent director of the Company; and

(v) his impeccable and irreproachable conduct in discharging his office, from the time he took possession thereof.

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

**3. Conclusions and proposal of the Appointments and Compensation Committee**

In conclusion, the Appointments and Compensation Committee considers that Mr. Emilio Novela Berlín has the (i) competence, (ii) experience and (iii) merits necessary to be reelected as an independent director of the Company and, accordingly, proposes his reelection by the shareholders' meeting as an independent director of the Company.

Likewise, this Appointments and Compensation Committee has evaluated and considered justified (and reports favorably) that Mr. Novela continues holding the position of (i) member of the Sustainability and Innovation Committee, and (ii) Lead Independent Director, posts which he has performed in a manner above reproach.

## 4. Category of director in which he should be classed

Having regard to Mr. Emilio Novela Berlín's characteristics and in accordance with the applicable legislation, he should continue to be classed as an independent director of the Company.

In Madrid, on March 22, 2024.