



REPORT PREPARED BY THE BOARD OF DIRECTORS OF MILLENIUM HOTELS REAL ESTATE I, SOCIMI, SOCIEDAD ANÓNIMA ON THE PROPOSALS TO MODIFY THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS AND THE RATIFICATION AND RE-ELECTION OR APPOINTMENT OF DIRECTORS.

1. PURPOSE OF THE REPORT

This report is drawn up by the Board of Directors of Millenium Hotels Real Estate I, SOCIMI, S.A. (the "Company"), following a favorable report from the Company's Appointments and Remuneration Committee, in relation to the proposed resolutions to be submitted to the Extraordinary General Shareholders' Meeting regarding (i) the reduction in the number of members of the Board of Directors, from ten to nine directors; and (ii) the favorable report on the suitability of Ms. Leticia Fusi Aizpurua, Mr. Eduardo D'Alessandro and Mr. Isaiah Toback, as new domiciled directors of the Company, representing the shareholder CL MH Spain S.à. r.l. (the "Investor").

The aforementioned report of the Company's Appointments and Remuneration Committee concludes that:

- (i) It is appropriate to reduce the number of directors from ten to nine members as a result of the resignation of four directors and the appointment by co-optation of three new directors, whose ratification and re-election is subject of this report.
- ii) It is considered appropriate to incorporate new professional profiles to the Board of Directors while reflecting the new shareholding structure in the Board of Directors in a proportional manner.
- iii) Ms. Leticia Fusi Aizpurua is the appropriate candidate for the position of member of the Board of Directors due to her extensive experience in the execution of corporate real estate transactions, as well as in refinancing and insolvency procedures in the real estate sector.
- iv) Mr. Eduardo D'Alessandro is the appropriate candidate for the position of member of the Board of Directors due to his extensive experience in leading Castlelake's land investment portfolio in Spain and as head of strategy in Portugal, Italy, Greece, United Kingdom and Ireland, as well as his experience in real estate investment in Germany and Eastern Europe.
- v) Mr. Isaiah Toback is the appropriate candidate for the position of member of the Board of Directors as he has extensive experience in developing investment opportunities and strategies, as well as overseeing the structuring of portfolios.

2. JUSTIFICATION

2.1 REDUCTION IN THE NUMBER OF DIRECTORS

The Investor has undertaken, by virtue of the investment agreement entered into with the Company on 23 July 2021 (the "Investment Agreement"), to subscribe to a maximum of 45,000,000 new shares of the Company, in accordance with the main terms and conditions summarized below, so that its shareholding is between 45% and 49.9%.

On this day, prior to the approval of this report, the corresponding deed of partial execution of the share capital increase of the Company approved by the Ordinary and Extraordinary General Shareholders' Meeting held on 7 July 2021 has been executed, by virtue of which the Investor has subscribed 20,000,000 new shares.

In addition, today, prior to the issuance of this report, the resignation of Ibervalles, S.A., Mr. Remigio Iglesias Surribas, Mr. Ignacio Aranguren González-Tarrio and Mr. Jorge Sanz Gras as members of the Board of Directors of the Company and of the Committees of which they were members, has taken place.

In view of the vacancies that have arisen as a result of the aforementioned resignations, the Board of Directors, at its meeting held today, unanimously agreed, following a favorable report from the Appointments and Remuneration Committee and by virtue of the co-optation procedure provided for in article 244 of the revised text of Corporate Act approved by Royal Legislative Decree 1/2010, of July 2, 2010 (the "LSC"), to appoint as dominical directors of the Company, until the next General Shareholders' Meeting of the Company is held, Ms. Leticia Fusi Aizpurua, Mr. Eduardo D'Alessandro and Mr. Isaiah Toback, all of them representing the Investor.

For the reasons stated above, i.e. the resignation of four members of the Board of Directors and the appointment of three new members representing the Investor, it is appropriate to reduce the number of members of the Board of Directors by one member, from ten to nine directors, in order to reflect the effective number of directors following the changes in the shareholding structure of the Company and the composition of the Board of Directors, all in accordance with the provisions of Article 211 of the LSC and pursuant to the provisions of Article 31.1 of the Company's Bylaws.

2.2 RATIFICATION AND RE-ELECTION OR APPOINTMENT OF BOARD MEMBERS

As indicated in the previous section, the Board of Directors, at its meeting held today, has unanimously agreed, following a favorable report from the Appointments and Remuneration Committee and by virtue of the co-optation procedure set forth in Article 244 of the LSC, to appoint as proprietary directors of the Company, until the next General Shareholders' Meeting of the Company is held, Ms. Leticia Fusi Aizpurua, Mr. Eduardo D'Alessandro and Mr. Isaiah Toback, all of them in representation of the Investor.

In this regard, taking into consideration the upcoming Extraordinary General Shareholders' Meeting and in accordance with the provisions of Article 244 of the LSC, it is proposed to the next Extraordinary General Shareholders' Meeting the ratification and re-election or appointment of Ms. Leticia Fusi Aizpurua, Mr. Eduardo D'Alessandro and Mr. Isaiah Toback, as dominical directors of the Company, representing the Investor and for the statutory term of four years.

2.2.1 Knowledge, competence and experience of Ms. Leticia Fusi Aizpurua

As stated in the report of the Company's Appointments and Remuneration Committee, the Board of Directors has assessed the competence, experience and merits of Ms. Leticia Fusi Aizpurua.

The Board of Directors has verified that the training and experience of the candidate proposed by the Investor is suitable for the position of director, with the category of dominical director, for which she is proposed.



Likewise, the Board of Directors has found that his experience in the execution of corporate real estate transactions, as well as in refinancing and insolvency proceedings in the real estate sector, will provide the Board of Directors with a unique technical vision and experience in the execution by the Company of highly complex investment transactions, in addition to providing a sectorial and real estate market vision that is essential for the Company as a result of his training in architecture and urban planning.

2.2.2 Knowledge, competence and experience of Mr. Eduardo D'Alessandro

As stated in the report of the Company's Appointments and Remuneration Committee, the Board of Directors has assessed the competence, experience and merits of Mr. Eduardo D'Alessandro.

The Board of Directors has verified that the training and experience of the candidate proposed by the Investor is suitable for the position of director, with the category of dominical director, for which he is proposed.

Furthermore, the Board of Directors has found that his experience as leader of Castlake's Spanish portfolio land investment line and head of strategy in Portugal, Italy, Greece, United Kingdom and Ireland, as well as his experience in real estate investment in Germany and Eastern Europe, will provide the Board of Directors with unique financial insight and knowledge to maximize the Company's investment opportunities, in addition to his experience in corporate governance as a result of his participation in the board of directors of other comparable companies.

2.2.3 Knowledge, competence and experience of Mr. Isaiah Toback

As stated in the report of the Company's Appointments and Remuneration Committee, the Board of Directors has assessed the competence, experience and merits of Mr. Isaiah Toback.

The Board of Directors has found that the training and experience of the candidate proposed by the Investor is suitable for the position of director, with the category of proprietary director, for which he is proposed.

Furthermore, the Board of Directors has found that his experience in the development of investment opportunities and strategies, as well as in the supervision of the structuring of portfolios, will provide the Board of Directors with the necessary knowledge and skills to identify potential investments for the Company and maximize the value of its asset portfolio, in addition to providing a strategic vision in the management of asset portfolios that is essential for the Company.

3. CONCLUSIONS OF THE BOARD OF DIRECTORS

In line with the favorable report of the Company's Appointments and Remuneration Committee, the Board of Directors considers it appropriate to reduce the number of members of the Board of Directors by one member, from ten to nine directors, and has therefore agreed to propose to the next Extraordinary General Shareholders' Meeting the reduction of the aforementioned number of members of the Board of Directors.

Likewise, in line with the favorable report of the Company's Appointments and Remuneration Committee, the Board of Directors considers that Ms. Leticia Fusi, Mr. Eduardo D'Alessandro and



Mr. Isaiah Toback have the appropriate characteristics, knowledge, skills and experiences to hold the position of members of the Board of Directors of the Company, and therefore has agreed to propose to the next Extraordinary General Shareholders' Meeting the appointment of Ms. Leticia Fusi, Mr. Eduardo D'Alessandro and Mr. Isaiah Toback as directors of the Company, with the category of dominical directors, in representation of the Investor and for the statutory term of four years.

In Madrid, on 29 July 2021.