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REPORT ISSUED BY THE BOARD OF DIRECTORS OF NEINOR HOMES, S.A. IN RELATION WITH THE PROPOSAL TO REDUCE ITS SHARE CAPITAL WITH THE AIM OF REPAYING SHAREHOLDER CONTRIBUTIONS BY REDUCING THE NOMINAL VALUE OF THE SHARES, SUBMITTED TO THE GENERAL MEETING CALLED FOR 31 AUGUST AND 1 SEPTEMBER 2023 ON FIRST AND SECOND CALL, RESPECTIVELY, UNDER ITEM THREE OF THE AGENDA

1. PURPOSE OF THE REPORT

This report is issued by the board of directors of Neinor Homes, S.A. (the "**Company**"), in accordance with articles 286 and 318 of the consolidated text of the Spanish companies law as approved by Royal Legislative Decree 1/2010 of 2 July ("**Spanish Companies Law**"), to justify the proposal submitted to the extraordinary general shareholders meeting for approval under item Three of its agenda related to the share capital reduction with the aim of repaying shareholder contributions, by reducing, the nominal value of the Company's shares in accordance with the provisions of article 317 of the Spanish Companies Law, and the subsequent amendment of article 5 of the Articles of Association of the Company (the "**Capital Reduction**").

Pursuant to the aforementioned articles, the board of directors must issue a report providing the rationale of the proposal submitted to the general meeting, as the Capital Reduction entails the amendment of the article of the articles of association that determines the share capital.

2. RATIONALE FOR THE PROPOSAL

The decision taken by the board of directors to propose the Capital Reduction to the general meeting is intended to remunerate the Company's shareholders through the reduction of the nominal value of the Company's shares and subsequent repayment of the contributions made. Thus, the board of directors proposes to reduce the share capital in an amount of 39,733,438.03 euros, which, taking into account the treasury stock of the Company, would result in a distribution to the shareholders of an approximate gross amount of 40 million euros.

The Capital Reduction, together with the return of contributions and the redemption of own shares that is submitted to the general meeting under items One and Two of its agenda, respectively, forms part of the resolutions relating to shareholder remuneration proposed to the aforementioned general meeting.

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It is hereby stated that there will be no differential treatment among shareholders of the Company, since the Capital Reduction equally affects each and every one of the shares in the Company that are currently in circulation.

3. MAIN TERMS AND CONDITIONS OF THE CAPITAL REDUCTION

Article 317.1 of the Spanish Companies Law, when regulating capital reduction modalities, establishes that the purpose of the reduction may be to refund the value of contributions, and under its section 2 it specifies that the capital reduction may be carried out through reduction of the nominal value of the shares.

The execution of the Capital Reduction must be carried out within one year of its approval.

In accordance with the provisions of article 318.1 of the Spanish Companies Law, the capital reduction must be approved by the general meeting in compliance of the requirements established for the amendment of the articles of association, which, for public limited companies, as established in article 286, include the drafting by the directors of (i) the full text of the proposal; and (ii) a written report justifying it.

In addition to these general requirements, article 318.2 of the Spanish Companies Law details the minimum content of the general meeting's resolution, and establishes it must determine, at least, the amount of the share capital reduction, the purpose of the reduction, the procedure through which the Company has decided to execute it, the term for execution and the amount to be paid, where applicable, to shareholders.

In this regard, the capital reduction submitted by the board of directors to the general shareholders meeting includes the minimum content required by the aforementioned articles of the Spanish Companies Law. In this regard, it is stated that: (i) the amount of the proposed Capital Reduction is 39,733,438.03 euros, (ii) the purpose of the Capital reduction is to refund shareholder contributions; (iii) the proposed procedure consists in the reduction of the nominal value of the shares outstanding in 0.53 euros per share; and (iv) the amount that, where applicable, must be paid to shareholders is equal to the amount in which the nominal value of the shares in the Company would be reduced as a consequence of the Capital Reduction, i.e., 0.53 euros, without prejudice to any treasury shares held by the Company at such time and to the tax withholding referred to below. The proposed resolution also includes the term for execution of the Capital Reduction.

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The Capital Reduction, shall be recorded against share capital without the constitution of a reserve in the terms described in article 335.c) of the Spanish Companies Law. Consequently, in accordance with the article 334 of the Spanish Companies Law, the Company's creditors whose claims arose prior to the date of the last announcement of the resolution of the Capital Reduction, have not matured at that time and until such claims are secured, will have the right to oppose the Capital Reduction.

Finally, it is proposed that the Company files a self-assessment and pay to the Tax Authority of Bizkaia, on behalf of the shareholders, an amount equivalent to 1% of the value per share of the contributions to be returned to the shareholders in respect of the capital reduction, due to the fact that the Capital Reduction is subject to Transfer Tax and Stamp Duty ("ITPyAJD"), in its Corporate Transactions modality, in accordance with the provisions of Chapter I of Title II of the Provincial Law 1/2011, of March 24, of the ITPyAJD (*Norma Foral 1/2011, de 24 de marzo, del Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*).

4. PROPOSAL FOR RESOLUTION

The proposal for resolution submitted for approval by the extraordinary general shareholders' meeting of the Company is the following:

"ITEM THREE OF THE AGENDA

"Review and, where appropriate, approval of a share capital reduction in an amount of 39,733,438.03 euros, with the aim of refunding shareholder contributions, by reducing the nominal value of the shares by 0.53 euros, and subsequent amendment of article 5 of the Articles of Association.

To reduce the share capital of Neinor Homes, S.A. (the "Company") in an amount of 39,733,438.03 euros, by reducing the nominal value of the shares by 0.53 euros, with the aim of repaying contributions to the shareholders of the Company (the "Capital Reduction"), all in accordance with the provisions of article 317 of the consolidated text of the Spanish companies law approved by Royal Legislative Decree 1/2010 of 2 July (the "LSC").

As a consequence of the Capital Reduction, and taking into consideration the prior execution of the capital reduction which is submitted to the general meeting under item One of the agenda, the nominal value of the shares will change from 8.74 euros to 8.21 euros and the difference of 0.53 euros will be paid to the shareholders of the Company. Notwithstanding the above, it is resolved that the Company

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will file a self-assessment and pay to the Tax Authority of Bizkaia, on behalf of the shareholders, an amount of 0,0053 euros per share, equivalent to 1% of the value per share of the contributions to be returned to the shareholders in respect of the capital reduction, due to the fact that the Capital Reduction is subject to Transfer Tax and Stamp Duty ("ITPyAJD"), in its Corporate Transactions modality, in accordance with the provisions of Chapter I of Title II of the Provincial Law 1/2011, of March 24, of the ITPyAJD (Norma Foral 1/2011, de 24 de marzo, del Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados). Consequently, the Company's shareholders will effectively receive an amount of 0.52470 euros per share.

Payment of the referred amount of 0.52470 euros per share will be paid to shareholders in accordance with applicable legislation on depositories entities and through the mechanisms made available by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) to participating entities.

The execution of this resolution of reduction must be carried out within one year of its approval.

In accordance with article 334 of the LSC, the Company's creditors whose credit arose prior to the date of the last announcement of the Capital Reduction, have not matured at that time and until such credits are secured, will have the right to oppose the Capital Reduction.

Once the Capital Reduction has been executed, article 5 of the Company's articles of association, related to the share capital, shall be amended as to reflect the resulting share capital and the new nominal value of shares following execution of the Capital Reduction.

Consequently, assuming the prior execution of the capital reductions to be submitted to the general meeting under items One and Two of the agenda and without prejudice to the powers granted in point (v) of the last paragraph of this agreement, article 5 of the Articles of Association will be drafted as follows: "The share capital is SIX HUNDRED FIFTEEN MILLION FOUR HUNDRED NINETY THREE THOUSAND FOUR HUNDRED FORTY FIVE EUROS AND SEVENTY ONE CENTS (615,493,445.71€). It is divided into SEVENTY FOUR MILLION NINE HUNDRED SIXTY EIGHT THOUSAND SEVEN HUNDRED FIFTY ONE (74,968,751) shares, each with a nominal value of EIGHT EUROS AND SEVENTY FOUR CENTS (8.74€), belonging to a sole class and series. All the shares are fully subscribed and paid up and grant their holders the same rights.

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The Company may resolve to issue shares without voting rights under the terms and with the rights contemplated in the Spanish Companies Law and other applicable regulations."

Furthermore, it is resolved to jointly and severally delegate to the board of directors, the President of the board of directors, the Chief Executive Officer, the rest of the members of the board of directors, the Secretary non-member of the board of directors and the Vice-Secretary non-member of the board of directors, with express powers of substitution, so that any of them, indistinctly, as broadly as required by the law, may proceed to the execution of the Capital Reduction and may determine the points that have not been expressly set out in this resolution or which are a consequence of it. In particular, including but not limited to, it is resolved to jointly and severally delegate to the aforementioned persons, as broadly as required by the law, the following powers:

- (i) to extend and develop the present resolution, setting the terms and conditions of the Capital Reduction in all those aspects that are not foreseen in it and, in particular, setting the date in which the return of contributions to the Company's shareholders should be made;*
- (ii) to carry out any actions needed to meet the requirements set by the LSC, the Law 6/2023 of 17 March on the Securities Market and the Investment Services, the Royal Decree 878/2015 of 2 October, on clearing, settlement and registration of tradable securities in the form of book entries, on the legal regime of central securities depositaries and central counterparty entities, and on transparency requirements in relation to information about issuers whose securities are admitted to trading in an official secondary market, and other applicable regulations;*
- (iii) to carry out any actions and procedures that may be necessary to obtain the consent and authorizations required for the full effectiveness of this resolution;*
- (iv) to carry out, on behalf to the Company, any act, statement or procedure that may be necessary or convenient by the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores, "CNMV"), the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), Sociedades Rectoras de las Bolsas, Servicio de Liquidación y Compensación de Valores and any other body, entity or register, public or private, national or foreign, in relation to the Capital Reduction;*
- (v) to amend and draft the article of the Articles of Association related share capital, in such way as to truly reflect the new amount of share capital resulting after the execution of the Capital*

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Reduction and the new nominal value of the shares, in particular in the event that the order in which the three capital reductions submitted to this meeting are carried out is different from the order provided for in the agenda of the meeting;

- (vi) to draft and publish all the notices that are required or convenient in relation to the Capital Reduction;*
- (vii) declare, in due course, the expiry of the period for creditors to object, as well as, where appropriate, to attend to the exercise of the right of objection of those creditors who may exercise it in accordance with the terms provided for in the Law;*
- (viii) to grant, on behalf of the Company, as many public or private documents may be necessary or convenient for the execution of Capital Reduction;*
- (ix) to declare the Capital Reduction closed and executed and to establish any other circumstances necessary to carry it into effect;*
- (x) to make the corresponding tax withholdings on the amount of the value of the contributions returned to the shareholders under the capital reduction, to be paid on behalf of the shareholders to the competent Spanish tax authorities, in particular, and by way of illustration only, those derived from the ITPyAJD in its Corporate Transactions modality;*
- (xi) to correct, clarify, interpret, specify or supplement this resolution, or those in the deeds or documents executed to implement it, and in particular, those faults, omissions or errors, in the form or substance, which may prevent the access of the resolutions and their consequences to the Commercial Registry, to the official register of the CNMV or to any others;*
- (xii) to agree not to execute this agreement, in the event that, in its opinion, there are reasons of corporate interest that so justify it; and*
- (xiii) to carry out, in general, as many actions as may be necessary or convenient for the successful execution of this resolution and the effective capital reduction."*

Bilbao, 26 July 2023