

## **REPORT ISSUED BY THE BOARD OF DIRECTORS OF NEINOR HOMES, S.A. IN RELATION WITH THE PROPOSALS TO REDUCE ITS SHARE CAPITAL WITH THE AIM OF REPAYING SHAREHOLDER CONTRIBUTIONS BY REDUCING THE NOMINAL VALUE OF THE SHARES**

### **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 approved by Royal Legislative Decree 1/2010 of 2 July (“**Spanish Companies Law**”), to justify the proposals submitted to the Ordinary General Shareholders Meeting for its approval under items Seven and Eight of its agenda related to the share capital reductions in the amounts of 13,110,138.42 euros and 50,000,900.11 euros, respectively, both with the aim of repaying shareholder contributions, by reducing 0.1639 euros and 0.6251 euros, respectively, the nominal value of the Company’s shares in accordance with the provisions of article 317 of the Spanish Companies Law, and the subsequent and successive amendments of article 5 of the articles of association of the Company (the “**Capital Reductions**”).

Pursuant to the aforementioned articles, the Board of Directors must issue a report providing the rationale of the proposal submitted to the General Meeting, due to the fact that the Capital Reductions entail the amendment of the article of association that determines the share capital.

### **2. RATIONALE FOR THE PROPOSAL**

The Board of Directors’ decision to propose to the General Meeting the Capital Reductions is intended to remunerate the Company’s shareholders by reducing the nominal value of the Company’s shares and subsequently repaying the contributions made. These Capital Reductions, together with the distribution of reserves submitted to the General Meeting under item Six of its agenda, are part of the shareholder remuneration resolutions proposed to the referred General Meeting.

Therefore, the Board of Directors proposed the distribution to shareholders of an aggregate gross amount of approximately 100 million euros at two occasions during this financial year 2022. At a first stage, which is expected to take place during the second quarter of the year, approximately 50 million euros will be distributed, charged against share premium reserves and other shareholder contributions (36.89 million euros) and through a capital reduction with the refund of shareholder contributions (13.11 million euros). At a second stage, which is expected to take place during the third quarter of the year, another 50 million euros will be distributed, through a capital reduction with the refund of shareholder

contributions, that the Board of Directors submits to the General Shareholders Meeting for its approval under item Eight of its agenda. This second distribution corresponds with the ordinary remuneration of shareholders for the next financial year (i.e. to be charged against the financial year 2022), the payment of which the Board proposes to anticipate to the third quarter of the 2022 fiscal year, considering the visibility existing to date on pre-sales, the Group's level of indebtedness and cash position.

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

### **3. MAIN TERMS AND CONDITIONS OF THE CAPITAL REDUCTIONS**

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 article 317.2 it specifies that the capital reduction may be carried out by reducing the nominal value of the shares.

In accordance with the provisions of article 318.1 of the Spanish Companies Law, the capital reduction must be agreed by the General Shareholders' Meeting with 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 the full text of the proposal and 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 Meeting includes the minimum content required by the aforementioned articles of the Spanish Companies Law. Therefore, the amounts of the proposed Capital Reductions are 13,110,138.42 euros and 50,000,900.11 euros, respectively; their purpose is to refund shareholder contributions; the proposed procedure consists in reducing the nominal value of the shares outstanding in each Capital Reduction in an amount of 0.1639 euros and 0.6251 euros per share, respectively; and the amount that, where applicable, must be paid to shareholders, which is equal to the amount in which the nominal value of the shares in the Company would be reduced in each Capital Reduction, i.e., 0.1639 euros and 0.6251

euros, respectively. The proposed resolutions also included the term for execution for each of the Capital Reductions.

#### **4. PROPOSALS FOR RESOLUTIONS**

The proposals for resolutions submitted for approval by the Ordinary General Shareholders' Meeting of the Company are the following:

##### ***“ITEM SEVEN ON THE AGENDA***

***Review and, where appropriate, approval of a share capital reduction in an amount of 13,110,138.42 euros with the aim of refunding shareholder contributions by reducing 0.1639 euros the nominal value of the shares, and subsequent amendment of article 5 of the Articles of Association.***

*To reduce the share capital of Neinor Homes, S.A. in an amount of 13,110,138.42 euros by reducing 0.1639 euros the nominal value of the shares, with the aim of repaying shareholder contributions, 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 this reduction, the nominal value of the shares will change from 10.00 euros to 9.8361 euros and the difference of 0.1639 euros will be paid to the shareholders of Neinor Homes, S.A.*

*The execution of this resolution for reduction must be carried out within the month following the end of the term for the exercise of the creditors’ right of opposition established in article 334 of the LSC, as set forth in article 336 of such law. Notwithstanding the above, it is foreseen that the capital reduction provided for in this resolution will be executed during the second quarter of financial year 2022.*

*In accordance with article 334 of the LSC, Company’s creditors whose credits arose prior to the date of the last announcement of the capital reduction resolution, have not matured at that time and until such credits are secured, will have the right to oppose the capital reduction.*

*The balance sheet that serves as the basis for the approval of the share capital reduction is the balance sheet as of 31 December 2021, which has been previously verified by the Company’s auditors, Deloitte, S.L., on 23 February 2022 and approved by the General Shareholders' Meeting of the Company under item one of the agenda.*

*Once the capital reduction provided for in this resolution 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 number of shares outstanding. Consequently, article 5 of the Articles of Association will be drafted as follows: "The share capital is SEVEN HUNDRED EIGHTY SIX MILLION SEVEN HUNDRED SEVENTY SIX THOUSAND TWO HUNDRED EIGHTY ONE EUROS WITH FIVE THOUSAND SEVEN HUNDRED SIXTY TWO TEN THOUSANDTHS OF AN EURO (786,776,281.5762). It is divided into SEVENTY NINE MILLION NINE HUNDRED EIGHTY EIGHT THOUSAND SIX HUNDRED FORTY TWO (79,988,642) shares, each with a face value of NINE EUROS WITH EIGHT THOUSAND THREE HUNDRED SIXTY ONE TEN THOUSANDTHS OF AN EURO (9.8361 EUROS), belonging to a sole class and series. All the shares are fully subscribed and paid up and grant their holders the same rights.*

*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."*

*Payment of the amount of 0.1639 euros per share will be paid to shareholders in accordance with applicable legislation on depositories entities and through the mechanisms made available to participating entities by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear).*

*Furthermore, it is resolved to jointly and severally delegate to the Board of Directors (with express power of substitution), the President of the Board of Directors, the Chief Executive Officer, the rest of the members of the Board and the Secretary non-member of the Board of Directors so that any of them, indistinctly, as broadly as required by the law, may proceed to the execution of this resolution 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 reduction in all those aspects that are not foreseen in it and, in particular, setting the final date in which the return of shareholders contributions will be made;*
- (ii) to carry out any actions needed to meet the requirements set by the LSC, the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October, 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 required 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 provided for in this resolution;*
- (v) to amend the article of the Articles of Association related share capital, as to reflect the new share capital and nominal value of the shares;*
- (vi) to draft and publish all the notices that are required or convenient in relation to this share capital reduction;*
- (vii) to grant, on behalf of the Company, as many public or private documents may be necessary or convenient for the capital reduction;*
- (viii) 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; and*
- (ix) 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.*

### ***ITEM EIGHT ON THE AGENDA***

***Review and, where appropriate, approval of a share capital reduction in an amount of 50,000,900.11 euros with the aim of refunding shareholder contributions by reducing 0.6251 euros the nominal value of the shares, and subsequent amendment of article 5 of the Articles of Association.***

To reduce the share capital of Neinor Homes, S.A. in an amount of 50,000,900.11 euros by reducing 0.6251 euros the nominal value of the shares, with the aim of repaying shareholder contributions, 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 this reduction, and taking into account the reduction of nominal value envisaged under item Seven above of this agenda, the nominal value of the shares will change from 9.8361 euros to 9.2110 euros and the difference of 0.6251 euros will be paid to the shareholders of Neinor Homes, S.A.

The execution of this resolution for reduction must be carried out after the execution of the capital reduction envisaged in the previous item Seven of this agenda and within the month following the end of the term for the exercise of the creditors' right of opposition established in article 334 of the LSC, as set forth in article 336 of such law. Notwithstanding the above, it is foreseen that the capital reduction provided for in this resolution will be executed during the third quarter of the financial year 2022.

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

The balance sheet that serves as the basis for the approval of the share capital reduction is the balance sheet as of 31 December 2021, which has been previously verified by the Company's auditors, Deloitte, S.L., on 23 February 2022 and approved by the General Shareholders' Meeting of the Company under item one of the agenda.

Once the capital reduction provided for in this resolution 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 number of shares outstanding. Consequently, article 5 of the Articles of Association will be drafted as follows: "The share capital is SEVEN HUNDRED AND THIRTY SIX MILLION SEVEN HUNDRED SEVENTY FIVE THOUSAND THREE HUNDRED EIGHTY ONE WITH FOUR HUNDRED



*SIXTY TWO THOUSANDTHS OF AN EURO (736,775,381.462). It is divided into SEVENTY NINE MILLION NINE HUNDRED EIGHTY EIGHT THOUSAND SIX HUNDRED FORTY TWO (79,988,642) shares, each with a face value of NINE EUROS WITH TWO HUNDRED ELEVEN THOUSANDTHS OF AN EURO (9.211 EUROS), belonging to a sole class and series. All the shares are fully subscribed and paid up and grant their holders the same rights.*

*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.”*

*Payment of the amount of 0.6251 euros per share will be paid to shareholders in accordance with applicable legislation on depositories entities and through the mechanisms made available to participating entities by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear).*

*Furthermore, it is resolved to jointly and severally delegate to the Board of Directors (with express power of substitution), the President of the Board of Directors, the Chief Executive Officer, the rest of the members of the Board and the Secretary non-member of the Board of Directors so that any of them, indistinctly, as broadly as required by the law, may proceed to the execution of this resolution and may determine the terms and conditions 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 reduction in all those aspects that are not foreseen in it and, in particular, setting the final date in which the return of shareholders contributions will be made;*
- ii) to carry out any actions needed to meet the requirements set by the LSC, the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October, 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 depositories 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 required 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 provided for in this resolution;*
- v) *to amend the article of the Articles of Association related share capital, as to reflect the new share capital and nominal value of the shares;*
- vi) *to draft and publish all the notices that are required or convenient in relation to this share capital reduction;*
- vii) *to grant, on behalf of the Company, as many public or private documents may be necessary or convenient for the capital reduction;*
- viii) *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; and*
- ix) *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, 23 February 2022