

REPORT ISSUED BY THE BOARD OF DIRECTORS OF NEINOR HOMES, S.A. IN RELATION TO THE PROPOSAL TO DELEGATE TO THE BOARD OF DIRECTORS THE POWERS TO ISSUE BONDS, DEBENTURES AND OTHER FIXED-INCOME SECURITIES

1. PURPOSE OF THE REPORT

This report is issued by the Board of Directors of Neinor Homes, S.A. (the “**Company**”) pursuant to the provisions of article 511 of the restated text of the Spanish Companies Law, approved by Legislative Royal Decree 1/2010 of 2 July (the “**Spanish Companies Law**”) and article 319 of Regulation of the Commercial Registry, applying by analogy the provisions of article 297.1.b) of the Spanish Companies Law to justify the resolution submitted for approval to the Ordinary General Shareholders Meeting under item Sixteen of the agenda, relating to the delegation to the Board of Directors of the power to issue bonds, debentures and other fixed-income securities exchangeable and/or convertible into shares in the Company, as well as warrants and similar securities that may entitle the holder to acquire shares of the Company or other companies, of its Group or not, during a maximum period of five years and for an amount of 500,000,000 euros including, where applicable, the power to exclude pre-emption rights by not more than 20% of its share capital and authorization for the Company to guarantee fixed-income issuance by its subsidiaries.

2. RATIONALE FOR THE PROPOSAL

The Board of Directors considers that it is very much in the Company’s interest that the Board of Directors has all the authorizations and delegated powers admitted under current corporate regulation, so as to have the capacity at all times to capture the resources that are required pursuant to corporate interests on the primary securities markets.

The purpose of this resolution is to give the Company’s management body the capacity to respond required in the competitive environment in which the Company operates and the dynamics of all corporate companies, in a way which allows the Company to always be able to raise resources on the primary securities markets that are necessary for adequate management of its interests.

Specifically, the issuance of bonds, in their different forms, is one of the instruments that listed companies may use to obtain financing by raising external funds. Exchangeable and/or convertible

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funds have the advantage of, on the one hand, allowing the investor to transform debt into its the Company's shares and, on the other hand, allowing the Company to increase its own funds.

Also, the delegation seeks to provide the Company's management body with the room for manoeuvre and the responsiveness demanded by the competitive environment in which it operates, in which often the success of a particular transaction or a strategic initiative depends on the ability to carry it out with agility and speed, with the necessary funds for these purposes, and without the delays and costs that are inevitably involved in a new call to and performance of a general meeting.

For this purpose, under the provisions of article 319 of the Regulation of the Commercial Registry and the general regulations on the issuance of debentures, the proposed agreement formulated under item Sixteen of the agenda is submitted for consideration by the General Shareholders Meeting. In the event that warrants were to be issued, it is specifically provided that, insofar as they are compatible with their specific nature, the legal and conventional rules governing debentures convertible and/or exchangeable will apply.

2.1 Amount of issuance

This proposal expressly attributes to the Board of Directors the power to issue in one or more occasions bonds, debentures and other fixed-income securities that are simple, exchangeable and/or convertible into shares of the Company or of other companies of its Group, or warrants to acquire newly-issued or outstanding shares in the Company or of other companies of its Group, notes and preference shares, and to agree, where appropriate, the capital increase necessary to meet the conversion or exercise, provided that such increase by delegation, individually or added to the increases that, where applicable, had been agreed under to the other authorizations proposed by the Board of Directors to the General Shareholders Meeting in accordance with provisions of article 297.1.b) of the Spanish Companies Law, does not exceed half of the share capital. In this respect, the amount of capital increases which, where applicable, and in order to attend to the conversion or exchange of debentures, warrants or other securities, are carried out under the present delegation, shall be considered included within the limit available at all times to increase share capital.

The total amount of the issuance or issuances of any financial instruments under this delegation will be 500,000,000 euros or its equivalent in another currency. In the case of warrants, for the purposes of

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calculating the previous limit, the sum of premiums and exercise prices of the warrants of each issuance agreed to under the present delegation shall be taken into account.

2.2 Ratio of conversion for the purposes of conversion into shares

The proposal also contains the bases and modalities of conversion and/or exchange of the debentures or bonds into shares, in the event that the Board of Directors were to agree to make use of this authorization, although it delegates to the Board of Directors itself the specification of such bases and modalities of conversion and/or exchange or exercise for each specific issue within the limits established by the General Shareholders Meeting.

In any case, if the Board of Directors were to decide to issue convertible and/or exchangeable debentures or bonds or warrants under the authorization requested to the General Shareholders Meeting, when approving the issuance, will draft a report detailing the specific bases and modalities of the conversion or exercise applicable to such issuance, which will be the object of the correlative report by an accounts auditor, other than the Company's auditor, appointed for such purpose by the Commercial Registry, referred to in articles 414 and 511 of the Spanish Companies Law, when the issuance reaches an amount equivalent to 20% of the Company's share capital at the moment of the authorization.

The Board of Directors' report must justify the rationale of the financial terms of the issuance and adequacy of the conversion ratio and the adjustment measures applied to avoid dilution of the economic interest of the shareholders.

Specifically, the resolution the Board of Directors is proposing to the General Shareholders Meeting provides that any securities issued pursuant to the resolution must be valued at their nominal amount, and the newly-issued shares to be converted or outstanding shares to be exchanged at the (determined or determinable) fixed conversion rate specified in the resolution adopted by the Board of Directors, and based on the market price of the Company's shares on the date(s) or in the period(s) taken as a reference in that resolution.

In the case of a variable conversion and/or exchange ratio, the price of the shares for the purpose of conversion and/or exchange will be that determined by the Board of Directors, which may include a premium or, as the case may be, a discount on the price per share resulting from the established

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criteria. The premium or discount may be different for each conversion and/or exchange date of each issue (or, where applicable, for each tranche of an issuance).

The Board of Directors considers that this gives it sufficient flexibility to determine the value of the shares for conversion purposes in the light of market conditions and other relevant considerations.

In the case of warrants on newly issued shares, to the extent that they are compatible with their nature, the rules governing convertible debentures listed in the proposal will be applicable.

In addition, and pursuant to article 415 of the Spanish Companies Law, the agreement to delegate to the Board the powers to issue convertible securities provides, for the purposes of their conversion, that the nominal value of the debentures should not be less than the nominal value of the shares. Convertible debentures may not be issued for an amount less than their nominal value.

2.3 Exclusion of pre-emption rights

Article 417.1 of the Spanish Companies Law establishes the possibility for the General Meeting, when deciding on the issuance of convertible debentures, to agree to the total or partial exclusion of shareholders' pre-emptive subscription rights in cases in which the interests of the Company so require. In this regard, it is noted that the authorization for the issuance of convertible and/or exchangeable securities as well as warrants or other similar securities that may give the right either directly or indirectly to the subscription or acquisition of shares of the Company includes, under the provisions of article 511 of the Spanish Companies Law, the attribution to the Board of Directors of the power to exclude, either in whole or in part, shareholders' pre-emption right, when the interests of the Company so require it.

In this case, the maximum number of shares into which the debentures may be converted on the basis of their initial conversion ratio, if fixed, or their minimum conversion ratio, if variable, plus the number of shares issued by the Board of Directors pursuant to the delegation of the power to increase the share capital without prior consultation of the General Meeting, in force, may not exceed 20% of the number of shares comprising the share capital at the time of authorization.

The Board of Directors considers that the exclusion of pre-emptive subscription rights, taking into account the market context at any given time, may, on the one hand, be suitable for reaching the goal pursued with this proposal, that is, to provide the Board of Directors with sufficient responsiveness to

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harness the resources necessary for the proper management of its interests; and, on the other hand, it is a necessary measure from the point of view of corporate interests.

It is essential to act with agility and swiftly to seize any opportunities that may arise in the market taking into account the market context at any given time. In particular, in current financial markets, as well as to obtain resources in international financial markets, a flexible and agile response is required to take advantage of the times when market conditions are in the Company's favor. Carrying out a capital increase in which pre-emption rights apply would make the transaction considerably more complex and would cost more in both time and money.

The previous circumstances greatly restrict the flexibility and responsiveness of the Board of Directors of the Company to take advantage of the opportunities offered by the market. This flexibility and responsiveness are useful in view of the changing circumstances of the markets and, in particular, in certain situations of credit limitations. In addition, the exclusion of pre-emptive subscription rights may be necessary when it is intended to harness resources through the use of techniques of bookbuilding or when in any other way corporate interests so justify it.

For this reason, it is advisable for the Board of Directors to have the necessary means to be able to opt at any time for the various sources of funding available in order to obtain the most advantageous financial conditions.

In any case, in accordance with article 511 of the Spanish Companies Law, if the Board of Directors of the Company were to decide to exclude shareholders' pre-emptive subscription rights on the occasion of any or all issuances it might decide to carry out under this delegation, within the limit of 20% of the Company's share capital, it shall, at the time of adopting the agreement of issuance, issue a report detailing the specific reasons of corporate interest that justify such measure, which will be the object of the correlative report by an auditor other than the Company's auditor, appointed by the Commercial Registry in accordance with article 414 of the Spanish Companies Law, where appropriate and in particular when the issuance reaches an amount equivalent to 20% of the Company's share capital at the moment of the authorization. These reports shall be made available to the shareholders and communicated at the first General Shareholders Meeting to be held after the capital increase agreement.

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2.4 Issuance through subsidiaries

Furthermore, in order to provide the Board of Directors with greater flexibility and the tools that may be necessary to raise funds on the capital markets, the Board is authorized to guarantee, on behalf of the Company, issuance of securities of companies belonging to its Group that are exchangeable for shares, bonds convertible into shares or warrants of the Company.

2.5 Admission to trading

Also, it is provided that the securities issued pursuant to this delegation can be admitted to trading on the appropriate secondary market, whether regulated or not, organized or not, domestic or foreign.

2.6 Sub-delegation

Finally, the powers to be attributed to the Board of Directors in the event that the proposed agreement is adopted, will be with the express right to sub-delegate, thus reinforcing the purpose of providing the Board with the ability to give a rapid, agile response to the transactions with which it is presented

3. PROPOSED RESOLUTION

The proposed resolution that is submitted for approval to the General Shareholders Meeting is the following:

***“Review and, where appropriate, approval of a delegation to the Board of Directors of the power to issue bonds, debentures and other fixed-income securities, which may be exchanged and/or converted into the Company’s shares, as well as warrants or other similar securities that may give the direct or indirect right to the subscription or acquisition of shares in the Company or other companies, whether or not in its Group, for a maximum period of five years and for a total amount of 500,000,000 euros; and if necessary, the power to increase the share capital by the necessary amount with the attribution of the power to exclude pre-emptive rights up to the limit of 20% of the share capital, and an authorization so that the Company may guarantee fixed-income issuance by subsidiaries.*”**

Delegate to the Board of Directors, pursuant to the general regime on the issuance of debentures and in accordance with the provisions of articles 286, 297, 417 and 511 of the consolidated text of the Spanish companies law approved by Royal Legislative Decree 1/2010 of 2 July (the “LSC”), 319 of the Regulation of the Commercial Registry and 11 of the Articles of Association the powers to issue bonds,

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debentures and other securities of a similar nature, which may be converted (including contingently) into the newly issued Company shares and/or exchangeable (including contingently) into outstanding shares in the Company or other companies, whether of its Group or not, as well as notes, preference shares, warrants and other similar securities that may directly or indirectly entitle the holder to subscribe new shares or to acquire outstanding shares of the Company or other companies, whether of its Group or not, and any other securities that may entitle to a participation in the profits of the Company.

It is hereby stated that the corresponding Board of Directors' report justifying the proposed delegation to for issuance of securities has been made available to shareholders.

It is also proposed that decision Eight adopted by the sole shareholder of the Company at the time on 6 March 2017, authorizing the Board of Directors of the company to issue bonds, debentures and other fixed-income securities convertible and/or exchangeable into shares, warrants, notes and preference shares be revoked.

1. Terms of the delegation

- (i) The issuance of the securities subject to this delegation may be carried out on one or more occasions, at any given time, within a maximum period of 5 years as of the date of adoption of this resolution.*
- (ii) The maximum total amount of the issuance or issuances executed under this delegation shall be 500,000,000 euros or the equivalent in another currency.*

In the case of warrants, for calculating the mentioned total maximum amount, the sum of premiums and exercise prices of the warrants of issuances agreed to under the present delegation shall be taken into account.

- (iii) The issuances executed under this delegation may be offered to any investor, domestic or foreign.*
- (iv) The delegation of powers agreed to herein shall extend as broadly as may be required by law to the fixing of the terms, regime, aspects and conditions of each issuance. In particular it shall fall with the Board of Directors to determine, as an example and not limited to the following, for each issue, and with express powers to sub-delegate, among others, its amount, always within the quantitative global limit expressed, the place of issue —domestic or foreign— and the*

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currency and, if foreign, its equivalent in euros; the denomination or form, whether they are bonds or debentures, including subordinated ones, warrants (which may be settled by physical delivery of the shares or, as the case may be, by differences) or any other admitted by the law; the date or dates of issue; the number of securities and their face value, which in the case of bonds and convertible/exchangeable securities, shall not be less than the nominal value of the shares; and in the case of warrants and similar securities, the price of issuance and/or premium, the exercise price —which may be fixed or variable— and the procedure, term and other conditions applicable to the exercise of the right to subscription of the underlying shares or, where applicable, the exclusion of such right; the fixed or variable interest rate, dates and coupon payment procedures; the perpetual or amortizable nature of the debt, and in the latter case, the term of amortization and the date or the dates of maturity; guarantees, the repayment rate, premiums and lots; the form of representation, by means of bonds or book entries; antidilution clauses; the subscription system; the range of securities and any subordination clauses; the legislation applicable to issuance; when applicable, request admission to trading in regulated or not regulated secondary markets, whether organized or not, domestic or foreign, of the securities issued with the requisites required in each case by the regulations in force; and, in general, any other condition of issuance, as well as, where appropriate, appoint the commissioner and approve the fundamental rules that are to govern the legal relations between the Company and the syndicate of holders of the securities issued, should the constitution of said syndicate prove necessary or be decided upon.

Likewise, the Board of Directors is authorized, when it deems appropriate, and subject, if applicable, to obtaining the necessary authorizations and conformity of the assemblies of the relevant syndicates of holders of securities, to change the conditions of the amortization of the securities issued and their respective term, and the rate of interest which, if applicable, accrued by those within each of the issuances carried out under this authorization

(v) In the case of the issuance of convertible debentures or bonds, and for the purposes of determining the bases and modalities of conversion, it is agreed to establish the following criteria:

(a) Convertible and/or exchangeable bonds and debentures:

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- The securities that are issued under this agreement will be convertible (including contingently) into newly issued shares of the Company and/or exchangeable (including contingently) into outstanding shares in the Company or other companies, whether or not of its Group, according to a conversion ratio which is fixed (determined or is determinable) or variable, which the Board of Directors will be empowered to determine whether they are convertible and/or exchangeable as well as to determine if they are necessarily, voluntarily or contingently convertible and/or exchangeable, and in the case of being voluntarily convertible and/or exchangeable, at the option of their holder or of the issuer, with the frequency and for the period that is established in the issuance agreement. Nevertheless, the conversion of securities must be executed in a 10 year period. This maximum term will not be applicable to the securities with a perpetual character which are convertible.*
- The Board may also establish, in the event that the issue is convertible and exchangeable, that the issuer reserves the right to choose at any given time between conversion into new shares or their exchange for outstanding shares of the Company or other companies, whether or not of its Group, specifying the nature of the shares to be delivered at the time of conversion or exchange, or to choose to deliver a combination of newly issued shares and outstanding shares of the Company or other companies, whether or not of its Group, and even to settle the difference in cash. In any event, the issuer must respect the equal treatment of all holders of fixed-income securities that it converts and/or exchanges on the same date.*
- For the purpose of conversion and/or exchange, the securities will be valued at their nominal amount and shares in the Company or other companies, whether of its Group or not, at a fixed conversion rate (determined or determinable), specified in the Board of Directors resolution adopted in exercise of this authorization, based on the market price of the Company's shares on the date(s) or in the period(s) taken as a reference in that resolution, with or without discount or premium, the Board of Directors being able to decide the*

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criteria for conversion and/or exchange it considers most appropriate.

- The Board of Directors may also resolve to issue convertible and/or exchangeable securities with a variable conversion and/or exchange ratio where the price may include a premium or, as the case may be, a discount on the price per share resulting from the established criteria. The premium or discount may be different for each date of conversion and/or exchange of each issue (or, where applicable, for each tranche of an issue).*
- When the conversion and/or exchange takes place, any fractions of shares to be delivered to the holder of the securities will be rounded down to the nearest whole number and each holder will receive the difference in cash.*
- Under no circumstances, will the value of the share for the purpose of determining the ratio of conversion of securities into shares be less than the nominal value of the share. Likewise, in accordance with article 415 of the LSC, securities must not be converted into shares when the nominal value of the fixed-income securities is less than that of the shares.*
- At the time of approval of an issuance of convertible and/or exchangeable debentures or bonds under the authorization granted in this resolution, the Board of Directors will issue a report determining and specifying the basis and procedures of conversion applicable to the securities in question, based on the criteria set out above. This report will be accompanied by the auditor's report referred to in article 414 of the LSC.*

(b) Warrants and other similar securities that may directly or indirectly entitle the holder to subscribe or acquire shares in the Company, whether newly issued or outstanding.

In the case of the issue of warrants, to which by analogy the provisions of the LSC for convertible debentures for the determination of the bases and modalities of their exercise shall apply, the Board of Directors is empowered to determine, in the broadest terms, the criteria applicable to the exercise of the rights of subscription or acquisition of shares of the Company, derived from the securities of this kind issued

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under the delegation granted hereby, the criteria set out before for convertible and/or exchangeable bonds and debentures, with the necessary adjustments in order to make them compatible with the legal and financial regime governing such securities.

- (vi) The holders of convertible and/or exchangeable securities and warrants shall have all the rights recognized by the legislation in force, as long as the conversion and/or exchange into shares thereof is possible.*
- (vii) This authorization to the Board of Directors also includes, without limitation, the delegation, in its favor, of the following powers:*

- (a) The authority to increase the capital by the amount required to attend to the requests of conversion and/or exercise of the right to subscribe for shares, in accordance with article 297.1.b) of the LSC. Said authority may only be exercised to the extent that the Board, adding the capital increased to meet the issuance of convertible debentures, warrants and other equivalent securities and the remaining capital increases that may have been agreed to under the authorizations granted by the this General Meeting, does not exceed the limit of half of the amount of share capital as per the LSC.*

This authorization to increase the capital includes that of issuing and putting into circulation, on one or more occasions, shares representative of the share capital that are necessary to carry out the conversion and/or exercise of the right of subscription of shares, as well as that of amendment of the article of the Articles of Association concerning the amount of capital and shares and, where appropriate, cancelling the part of such capital increase that has not proved necessary for the conversion and/or exercise of the right of subscription for shares.

- (b) The power to exclude in whole or in part, under the provisions of article 511 of the LSC, in relation to article 417 of said Law, the preemptive subscription rights of shareholders, with a limit of 20% of the shares comprising the share capital at the moment of this authorization, so long as this is required to raise financial resources in domestic or international markets or it is in the Company's interest.*

In any case, if the Board of Directors were to decide to exclude the pre-emptive

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subscription rights of shareholders in relation to a concrete issuance of convertible debentures or bonds, warrants and other equivalent securities to these which it may decide to carry out under the present authorization, it shall issue, at the time of approving the issuance and pursuant to the applicable legislation, a report detailing the specific reasons of company interest that justify such measure, which will be the object of the report by an auditor, different from the Company's auditor, appointed by the Commercial Registry, as referred to in articles 414, 417 and 511 of the LSC, where appropriate and specifically when the amount of the issue is higher than 20% of the Company's share capital. These reports will be made available to the shareholders and reported to the first General Meeting held after the issuance agreement.

(c) The authority to develop and specify the bases and modalities of conversion, exchange and/or exercise of the rights of subscription and/or acquisition of shares, resulting from the issued securities, in accordance with the criteria set out before.

(d) The authority to guarantee, in the name of the Company, within the aforementioned limits, new fixed-income issuance convertible and/or exchangeable or warrants, carried out, while this resolution is in force, by its subsidiaries.

(viii) The delegation to the Board of Directors comprises the broadest powers which are necessary in law for the interpretation, application, implementation and development of the agreements to issue securities that are convertible or exchangeable into shares of the Company, on one or more occasions, and corresponding capital increase, where applicable, also granting it powers to rectify and complement them in all that were necessary, as well as for the fulfilment of all legally required requisites, it being possible to rectify omissions or defects of such agreements, indicated by whichever authorities, officials or bodies, domestic or foreign, also being empowered to adopt as many agreements and grant as many public or private documents considered necessary or convenient for the adaptation of the previous agreements of the issuance of convertible or exchangeable securities and the corresponding increase of capital to the verbal or written qualification of the Commercial Registry or, in general, of any other competent domestic or foreign authorities, officials or institutions.

2. Admission to trading

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The Board of Directors is empowered, as broadly as necessary in the law, to carry out the procedures and actions necessary for admission to trading of the securities before the competent authorities of the different domestic or foreign securities markets.

In particular, but not limited to the following, the Board of Directors may:

- (i) Apply, where appropriate, to trading on regulated or not regulated secondary markets, whether regulated or not, in Spain or abroad, of the securities issued by the Company pursuant to this delegation.*
- (ii) Apply, where appropriate, for the exclusion from trading of the securities, with the same formalities as the application for admission and with strict compliance of the applicable regulation of the stock markets. In such cases, the Board of Directors will guarantee the interests of shareholders or bondholders who oppose or do not vote on the resolution as provided for in the applicable law.*
- (iii) Adopt the resolutions as it deems necessary or advisable in order to redeem or convert the securities representing debentures, bonds or securities issued by the Company into book entries, when so required so that such securities may be admitted to trading and, once admitted, remain admitted to trading on regulated or not regulated secondary markets, organized or otherwise, granting for such purpose such public or private documents as may be required.*

It is also hereby stated that the Company submits to the existing rules, or any rules that may be issued in the future, on the stock markets, in particular, any rules on trading, holding periods and delisting.

3. Power to sub-delegate

The Board of Directors is empowered to sub-delegate the powers referred to in this resolution to any member of the Board of Directors or any other person it deems appropriate, the powers of development, implementation, execution, interpretation and correction of the agreements referred to in this agreement”.

Bilbao, 23 February 2022