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## **REPORT PREPARED BY THE BOARD OF IBI LION SOCIMI, S.A. IN RELATION TO THE PROPOSAL FOR THE DELEGATION TO THE BOARD OF DIRECTORS OF THE POWER TO INCREASE THE SHARE CAPITAL**

### **1. PURPOSE OF THE REPORT**

The board of directors of IBI Lion SOCIMI, S.A. (the “**Company**”) has issued this report pursuant to articles 286, 297.1.b) and 506 of the consolidated text of the Spanish Companies Law, approved by Royal Legislative Decree 1/2010 of 2 July (the “**LSC**”) in order to justify the resolution submitted for approval to the ordinary general shareholders meeting of the Company under item Seven of its agenda, relating to the delegation of powers to the board of directors to increase share capital, without seeking prior approval of the general shareholders meeting, within a period of five years and for the maximum amount stipulated in the LSC, with the power to resolve to exclude the pre-emption right with the limit of 20% of the share capital and amending accordingly the article of the articles of association of the Company relating to share capital.

### **2. JUSTIFICATION OF THE PROPOSAL**

Pursuant to article 297.1.b) of the LSC, subject to the requirements for amending the articles of association, the general shareholders meeting may delegate powers to the board of directors to resolve, on one or more occasions, to increase the Company’s share capital up to a certain amount, at such time and in such amount as the board of directors may decide, without seeking the prior approval of the general shareholders meeting.

Under no circumstances may such capital increases exceed half of the Company’s share capital at the time the authorization is granted and all such increases must be carried out through cash contributions or by means of the transformation of unrestricted reserves (if possible under the applicable regulations) within five years of the date of approval by the general shareholders meeting.

In addition, according to article 286 of the LSC, in relation to articles 296.1 and 297.1 of the same law, the board of directors must issue a written report setting out the reasons for the proposed resolution.

The board of directors considers it is in the best interest of the Company for the board of directors to be able to have the authorisations and delegated powers permitted under current corporate law, to establish all the terms of the capital increases and decide which investors and markets to target, so as to have the capacity at all times to capture the resources that are required pursuant to corporate interests of the Company.

The purpose of the authorization is to give the Company’s management body room for manoeuvre and the capacity to respond required by the competitive environment in which the Company operates, in which the success of a given transaction or strategic initiative often depends on the possibility of carrying it out swiftly, without the delays that may be caused by convening and holding a general meeting. The



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mechanism of delegating the power to increase capital allows the Company to take advantage of market opportunities that it may identify at any time, eliminating the uncertainty as to whether that opportunity would remain during a period when a general meeting is called. In view of this, the use of the authorization provided for in article 297.1.b) of the LSC provides the board with the appropriate degree of flexibility to meet the needs of the Company as circumstances dictate.

Therefore, the authorization provided for in article 297.1.b) of the LSC provides the board of directors with the necessary powers to carry out one or several capital increases, in line with the Company's interests and as to respond more quickly to financial needs which may arise in the future.

To such end, the board of directors submits for approval to the general shareholders meeting a resolution to delegate to the board of directors the powers to resolve to increase the Company's share capital by not more than half of its share capital at the date the authorization is granted.

## **2.1. TERMS OF THE DELEGATION**

Under the proposed resolution, the corresponding capital increases will be carried out, if applicable, within a period not exceeding five years from the date of the resolution of the general meeting and without the need to convene a general meeting nor of a future resolution, on one or several occasions, and up to the maximum amount equivalent to half of the share capital at the time of the authorisation, through the issuance of new shares, ordinary or of any other type or class permitted by law, ordinary or privileged, including redeemable shares, with or without voting rights, with or without share premium, and with the consideration consisting of cash contributions, where the board may determine the terms of the increase, all in accordance with article 297.1.b) of the LSC. The proposal expressly provides for the possibility of incomplete subscription of issued the shares, in accordance with article 311.1 of the aforementioned law.

The powers to be granted to the board include those to determine the terms of each capital increase and the characteristics of the shares, and to freely offer the new unsubscribed shares within the pre-emption subscription period or periods, redraft the article of the articles of association relating to share capital, to carry out the necessary steps to ensure that the new shares issued by virtue of the capital increase are admitted to trading on the markets on which the Company's shares are listed, in accordance with the relevant procedures, and request the inclusion of the new shares in the accounting records of the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S. A.U. (Iberclear).

Furthermore, it is proposed that the board be authorised to delegate to any of its members or to any other person, whether or not a member of the board or not, any powers received from the general meeting which may be delegated.

## **2.2. EXCLUSION OF PRE-EMPTION SUBSCRIPTION RIGHTS**

Furthermore, under article 506 of the LSC, in coordination with additional provision thirteen of the same law, when the general meeting authorises the directors to increase the share capital under article 297.1.b)



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of the LSC, it may also authorise the board of directors to exclude the pre-emption right in relation to the capital increases subject to the delegation with a limit of 20% of the share capital at the time of the authorisation, when required by corporate interests.

It is hereby stated that the delegation to the board of directors to increase share capital contained in the proposal to which this report refers also includes, in accordance with article 506 of the LSC, authorisation to the directors to exclude the pre-emption rights of the shareholders, if applicable, up to a limit of 20% of the share capital at the date the authorization is granted, where the Company's interests so require it in accordance with article 506 of the LSC.

The board of directors of the Company considers that, depending on market circumstances at any given time, the exclusion of pre-emption rights, on the one hand, could be an appropriate way to achieve the purpose of this resolution as to provide the Company's management body to have the capacity at to capture the resources that are required to meet the Company's needs and, on the other hand, could be necessary for the Company's interests.

Given the uncertainty and volatility circumstances to which capital markets are subject, and in contrast to what would occur if the capital increase is carried out with pre-emption rights, excluding the pre-emption rights would allow the Company, firstly, to raise the necessary funds in the shortest possible time and, secondly, to raise funds as efficiently as possible by shortening the time required to complete effective placement period of the capital increase, thus increasing its chances of success.

To be able to take advantage of opportunities in the market, in accordance with market circumstances, it is essential to act swiftly and quickly in order to benefit from so-called "market windows". To perform a transaction recognising pre-emption rights would significantly increase the complexity of the transaction, and entailing higher costs in terms of time and money for the Company.

The above circumstances significantly limit flexibility and responsiveness to seize market opportunities for the board of directors. Such flexibility and responsiveness are convenient in view of changing market circumstances and, in particular, certain situations of credit constraints. In such cases, it is advisable that the board of directors has the means to opt for the sources of funding available at any given time, so as to obtain the most advantageous financial terms.

In any case, it is hereby stated that the exclusion, in whole or in part, of the pre-emption right represents only a power attributed to the board by the general meeting, the exercise of which will depend on the decision of the board, taking into account the circumstances in each case and in compliance with the legal requirements. In any case, if the board decides to use this authority to exclude pre-emption rights in connection with a capital increase that it may decide to perform under the delegation granted by the general meeting, it must issue, at the time it resolves to increase share capital, a report detailing the reasons of corporate interest justifying this measure, which will be made available to the shareholders and communicated to the first general meeting held after the capital increase, in accordance with article 506 of the LSC.



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The nominal value of the shares to be issued plus, where applicable, the amount of the share premium must correspond to the fair value, which will be presumed to be the market value established by reference to the stock market price, provided that it is not more than 10% lower than such stock market price. However, shares may be issued at a price below fair value. In this case, the directors' report must justify that the corporate interest requires not only the exclusion of the pre-emption right, but also the proposed issue price, which must be the subject of the corresponding report issued by and independent expert other than the company's auditor referred to in article 308 of the LSC, which will specifically state the expected amount of the economic dilution and the reasonableness of the data and considerations included in the directors' report to justify it. This report will also be made available to the shareholders and communicated to the first general meeting held after the capital increase, in accordance with article 506 of the LSC.

Based on the above, the board of directors considers that this proposal is justified and responds to the needs that the Company, as a company admitted to trading on a multilateral trading system, may have to face in the future.

Lastly, the authority that will be attributed to the board of directors should the proposed resolution be passed will be with express power to sub-delegate, so as to reinforce the objective of giving the management body the ability to respond swiftly and effectively to any opportunities that may arise.

### **3. PROPOSED RESOLUTION TO BE SUBMITTED TO THE GENERAL MEETING**

The proposed resolution that is submitted for approval to the general shareholders meeting of the Company is as follows:

***“Review and, where appropriate, approval of a delegation to the board of directors of the power to increase the share capital under the terms and conditions of article 297.1b) of the LSC, with express powers of substitution, for the maximum period of five years, with the attribution of the power to exclude the pre-emptive right up to the limit of 20% of the share capital, in accordance with the provisions of article 506 of the LSC***

*To delegate to the board of directors of IBI Lion SOCIMI, S.A. (the “Company”) as broadly as may be required by law, under the provisions of article 297.1.b) of the consolidated text of the Spanish Companies Law as approved by Royal Decree 1/2010 of 2 July (the “LSC”), the authority to increase share capital, without prior consultation to the general meeting, on one or more occasions and at any time, for a period of five years from the date of this general meeting, in the maximum amount permitted by law, this is, up to half of the share capital of the Company on the date of this authorisation.*

*The capital increase or increases may be carried out by issuing new ordinary shares or any other type or class of shares, including redeemable shares, with or without voting rights, with or without a share premium, all the above in accordance with the applicable legal requirements. The consideration for the new shares to be issued will consist of cash contributions to the shareholder equity or the transformation*



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*of unrestricted reserves (if permitted by law), in which case the capital increase or increases may be carried out by increasing the nominal value of existing shares, and expressly providing for the possibility of incomplete subscription of the issued shares in accordance with the provisions of article 311.1 of the LSC*

*The authority attributed to the board of directors by this resolution includes, but is not limited to, the authority to set the terms and conditions of each capital increase and the characteristics of the shares, to freely determine the investors and markets for which the capital increases are intended, and to freely offer the new unsubscribed shares within the preferential subscription period or periods, to redraft the article of the Company's articles of association relating to capital, to take all the necessary steps to ensure that the new shares subject to the capital increase are admitted to trading on the markets on which the Company's shares are listed, in accordance with the corresponding procedures, and to request the inclusion of the new shares in the accounting records of the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S. A.U. (Iberclear)..*

*Furthermore, the board of directors is also expressly authorised to exclude, in whole or in part, the pre-emption subscription rights in relation to the share issue under this delegation up to the limit of 20% of the share capital in the terms of article 506 of the LSC, by reference to the thirteenth additional provision of the same law.*

*In addition, the board of directors of the Company is granted the powers to:*

- (i) apply, if applicable, for the admission to trading on markets, regulated or not, organized or not, in Spain or abroad, of any shares that may be issued complying with the applicable rules in relation to trading, permanence and delisting; and*
- (ii) apply, if applicable or the exclusion from trading of the shares, with the same formalities as the application for admission and with strict compliance of the applicable securities markets regulation.*

*The board of directors is hereby authorised to, in turn, delegate in favour of any member of the board of directors or to any other person, whether or not a member of the board, the powers delegated under this resolution.*

*It is hereby stated that the corresponding directors' report justifying the proposed delegation to increase the share capital has been made available to the shareholders."*

Madrid, 29 May 2023