REPORT PREPARED BY THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (FCC) ON 28 JUNE 2023, IN ACCORDANCE WITH THE PROVISIONS OF ARTICLES 286 AND 318 OF THE CAPITAL COMPANIES ACT, IN RELATION TO THE PROPOSED RESOLUTION TO REDUCE THE SHARE CAPITAL REFERRED TO IN POINT TWO OF THE AGENDA OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON 19 JULY 2023, AT FIRST CALL, OR, IF APPROPRIATE, ON 20 JULY 2023, AT SECOND CALL.

OBJECT OF THE REPORT

This report is drawn up by the Board of Directors of Fomento de Construcciones y Contratas, S.A. ("**FCC**" or the "**Company**") in compliance with the provisions of articles 286 and 318 of the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July (the "**Capital Companies Act**"), in relation to the proposed resolution submitted for approval by the Extraordinary General Shareholders' Meeting of the Company under item two of the agenda, to reduce FCC's share capital by means of the acquisition of treasury shares for subsequent redemption, in accordance with the provisions of Section 6 of Chapter III, Chapter III, Title VIII of the Capital Companies Act and the regulations on takeover bids, by a maximum nominal amount of 32.32,027,600 euros, through the redemption of a maximum of 32,027,600 treasury shares, each with a par value of 1 euro (the "**Capital Reduction**"), and the consequent amendment of article 5 of the Articles of Association.

The Capital Reduction will be carried out through the redemption of the treasury shares that the Company acquires in the framework of the tender offer for the capital reduction made by FCC on its own shares (the "**Offer**"), all in compliance with the provisions of Section 6 of Chapter III of Title VIII of the Capital Companies Act (article 338 et seq.), as well as article 12 of *Royal Decree 1066/2007, of 27 July, on the rules governing takeover bids* (the "**Royal Decree on Takeover Bids**"). For further information in relation to the Offer, see section 3 below.

The proposed resolution to reduce capital submitted for the approval of the General Meeting would empower the Board of Directors of FCC to implement the reduction in whole or in part within one month following the expiry of the Offer acceptance period, or even not to implement it in the event that no declarations of acceptance of the Offer have been made or if market conditions, the Company or any event of social or economic importance makes it advisable, for reasons of corporate interest, not to make the Offer or prevents its implementation, all in accordance with the provisions of the applicable legislation and regulations.

APPLICABLE LEGISLATION

Article 286 of the Capital Companies Act establishes, as a requirement for the amendment of the Articles of Association, that the directors must draw up a written report justifying the proposal. Article 318 of the Capital Companies Act provides that the reduction of share capital must be agreed by the general meeting with the requirements for amending the articles of association, and the resolution of the meeting must state at least the amount of the capital reduction, the purpose of the reduction and the procedure by which the company is to carry it out, as well as the period for implementation and the amount to be paid, if any, to the shareholders.

Insofar as the Capital Reduction must be agreed with the requirements of the amendment of the Articles of Association and necessarily entails the amendment of the article of the Articles of Association regulating the share capital (article 5), the Board of Directors of the Company issues this report in compliance with the aforementioned provisions.

DESCRIPTION OF THE PROPOSED CAPITAL REDUCTION RESOLUTION

It is proposed to the Extraordinary General Meeting of Shareholders of the Company to approve the Capital Reduction in a maximum nominal amount of 32,027,600 euros, through the redemption of a maximum of 32,027,600 treasury shares of 1 euro par value each, representing approximately 7% of the share capital.

The Capital Reduction will be carried out through the redemption of the treasury shares that the Company acquires in the framework of the Offer, all in compliance with the provisions of Section 6 of Chapter III of Title VIII of the Capital Companies Act (article 338 et seq.), as well as article 12 of the Royal Decree on Takeover Bids.

The final amount of the Capital Reduction will be set by the Board of Directors, within the maximum limit indicated above, depending on the number of treasury shares acquired by FCC after settlement of the Offer. In the event that the FCC shares included in the declarations of acceptance of the Offer exceed the maximum limit of the Offer, the distribution and pro-rata rules provided in article 38.2 of the Royal Decree on Takeover Bids and article 340 of the Capital Companies Act shall apply. Conversely, if the FCC shares included in the declarations of acceptance of the Offer do not reach the maximum limit of the Offer, the share capital will be reduced exclusively by the nominal amount equivalent to the sum of the nominal amount of the FCC shares included in the declarations of acceptance of the Offer.

On this basis, it is proposed to the General Meeting of Shareholders to approve the main terms and conditions of the Offer as detailed below, without prejudice to the Board of Directors determining, in the interests of the Company, the modification of any of them with the exception of the consideration offered and the maximum number of shares to be acquired in the Offer insofar as it determines the maximum nominal amount of the Capital Reduction.

- *Formulation*: the Offer will be made after the end of the creditor opposition period referred to in section 5 below and will be subject to the prior authorisation of the Comisión Nacional del Mercado de Valores (the "**CNMV**") in accordance with the provisions of the Royal Decree on Takeover Bids.
- *Maximum number of shares to be acquired in the Offer*: the Offer will be addressed to all holders of shares in the Company and will be extended to the acquisition of up to a maximum of 32,027,600 FCC shares, representing approximately 7% of the share capital. The terms and conditions of the Offer will be identical for all FCC shares to which the Offer is addressed and for all shareholders of FCC.
- *Consideration offered*: the Offer will be formulated as a sale and purchase. The consideration offered to the holders of FCC shares will consist of cash and will amount to 12.50 euros per FCC share.
- Acceptance *period*: the period for acceptance of the Offer will be at least one month, in accordance with the provisions of article 339 of the Capital Companies Act, counted from the stock exchange working day following the date of publication of the first of the announcements of the Offer as established in the Royal Decree on Takeover Bids.
- *Conditions*: the Offer will not be subject to any conditions and, in particular, will not be subject to a minimum number of acceptances.

Finally, it is proposed to the General Shareholders' Meeting to empower the Board of Directors, to the fullest extent required by law, and with express powers of substitution, to carry out such acts as may be necessary and/or advisable for the execution and successful completion of the resolutions proposed, and without powers of substitution, to execute all or part of the Reduction of the Share Capital within the established execution period, being able to set the terms and conditions of the Capital Reduction in all matters not provided for in the proposed resolution, or even not to implement it in the event that no declarations of acceptance of the Offer have been made or if the conditions of the market, of the Company or any event of social or economic importance make it advisable for reasons of corporate interest not to make the Offer or prevent its implementation, informing the market and, at least, the next General Meeting of such decision. Once the Capital Reduction has been carried out, the article of the

Articles of Association relating to share capital shall be amended to reflect the new capital figure and the new number of shares in circulation.

JUSTIFICATION OF THE PROPOSED CAPITAL REDUCTION RESOLUTION

The proposed Capital Reduction resolution by means of the acquisition of own shares for their subsequent amortisation pursues, by its very nature, a dual purpose:

On the one hand, to provide a specific liquidity mechanism to all FCC shareholders, in addition to the stock market liquidity of FCC shares on the Spanish Stock Exchanges, thus facilitating a possible disinvestment, at least partial, of those FCC shareholders who so wish, without causing distortions in the price of FCC shares.

To this end, and on the basis of article 338 of the Capital Companies Act, the Company will offer the acquisition of FCC shares to all its holders under the same conditions and following strict criteria of transparency, parity of treatment and non-discrimination, through the formulation of the Offer, without prejudice to this being extended to the acquisition of up to a maximum number of FCC shares (32,027,600 shares, representing approximately 7% of the share capital). In this respect, FCC shareholders are free to decide whether to accept the Offer and, if so, the number of shares they wish to include in their acceptance.

In the event that the FCC shares included in the declarations of acceptance of the Offer exceed the maximum limit of the Offer, the distribution and pro-rata rules provided for in article 38 of the Royal Decree on Takeover Bids shall apply. In this respect, it is hereby stated that the Board of Directors of the Company has been informed of the commitment assumed by Control Empresarial de Capitales, S.A. de C.V., the main shareholder of the Company (with a direct holding of 57.26% of the share capital and an additional indirect holding of 8.50% through its wholly owned subsidiary Dominum Dirección y Gestión, S.A.), not to accept the Offer with the shares it owns. Similarly, the Board of Directors of the Company has learned that the shareholder Finver Inversiones 2020, S.L.U. (with a total shareholding of 11.26%) does not intend to accept the Offer with the shares it owns (see section 6 below).

On the other hand, the implementation of the Capital Reduction through the redemption of the treasury shares acquired as a result of the Offer would contribute to the remuneration of FCC shareholders who do not accept the Offer through the possible increase in earnings per share, which is in line with FCC's priority objective of creating value for the shareholder, which entails the analysis, on a recurring basis, of the different options available at any given time depending on the existing circumstances.

The consideration offered by the Company to the holders of FCC shares within the framework of the Offer, to be made in execution of the Capital Reduction resolution, will consist of cash and will amount to 12.50 euros per FCC share, which represents a premium of 38% with respect to the weighted average market price of the Company's shares in the last 6 months, calculated without taking into account the positive effect of the distribution of the flexible dividend approved by the Ordinary General Meeting of Shareholders of FCC held on 14 June 2023, under item 7 of the agenda, which was executed by the Board of Directors on 28 June 2023. The Board of Directors considers that the consideration offered by FCC within the framework of the Offer is *fair* from a financial point of view for FCC, a criterion that has been confirmed by means of a *fairness opinion* issued by CaixaBank, S.A. addressed to the Board of Directors.

In addition, FCC may use part of the liquidity obtained by the Company from the sale to CPP Investments of 24.99% of the share capital of its subsidiary FCC Servicios Medio Ambiente Holding, S.A.U. for a price of for a price of 965 million euros, which agreement was announced by the Company to the market through the publication of the corresponding "insider information" communication on 1 June 2023 (with official registry number 1879) on the website of the CNMV and on the corporate website, and the closing of which is subject to the conditions precedent customary in this type of transaction. All of the foregoing is without prejudice to the possibility of resorting to external financing if necessary.

Consequently, this proposed resolution is justified by the need for the Company to have all the necessary approvals to execute the Transaction, all in accordance with the provisions of the Capital Companies Act and the Royal Decree on Takeover Bids, and thus comply with the purposes for which it is intended. In any case, it is hereby stated for the record that the Transaction is not intended to delist FCC's shares from the Spanish Stock Exchanges and that, if appropriate or necessary in view of the Company's *free float as a result of the* Transaction, the Company will adopt such measures as it deems appropriate to promote the liquidity of its shares.

CREDITOR'S RIGHT OF OBJECTION

Creditors of the Company whose claims arose prior to the date of publication of the last announcement of the resolution on the Capital Reduction and which have not fallen due at that time shall have the right to oppose the Capital Reduction until such claims are secured within one month from the date of the last announcement of the resolution, all in accordance with Articles 334 et seq. of the Capital Companies Act.

For the purposes of the provisions of article 411.1 of the Capital Companies Act, it is stated for the record that the consent of bondholders would not be required as there are no outstanding issues of debentures of the Company.

6. SHAREHOLDER COMMITMENT

The Board of Directors of the Company has become aware of the commitment assumed by Control Empresarial de Capitales, S.A. de C.V., the main shareholder of the Company (with a direct holding of 57.26% of the share capital and an additional indirect holding of 8.50% through its wholly-owned subsidiary Dominum Dirección y Gestión, S.A.), not to accept the Offer with the shares it owns.

Similarly, the Board of Directors of the Company has learned that the shareholder Finver Inversiones 2020, S.L.U. (with a total shareholding of 11.26%) does not intend to accept the Offer with the shares it owns.

No other shareholder has informed the Board of Directors whether or not it intends to participate in the Offer.