

Report on the independence of Neinor Homes S.A.'s external auditor for the financial year ended on 31 December 2018

The Internal Audit Department at Neinor Homes S.A. (hereinafter, “**Neinor Homes**” or the “**Company**”), as a delegated function of the Audit and Control Committee (the “**ACC**”), is, amongst other functions, in charge of annually assessing the independence and objectivity of the external auditor, in accordance with the provisions of the Spanish Companies Act¹, the ACC Regulation², and the Technical Guide 3/2017 of the Spanish National Securities Market Commission (the “**CNMV**”) regarding audit committees of public interest companies (the “**Technical Guide 3/2017**”)³.

Prior to issuing this Report, the Company’s auditor, Deloitte S.L., has sent the ACC a written representations confirming its independence in which it indicates that it has complied with the applicable requirements for independence in accordance with the provisions of the Consolidated Text of the Spanish Audit Act, approved by Royal Legislative Decree 1/2011, of 1 July, and its implementing legislation. A copy of the referred representation is attached to this report.

For this reason, during the work on auditing Neinor Homes S.A. and subsidiary companies’ (Neinor Homes Group) consolidated annual accounts for the financial year ended on 31 December 2018, and the other additional services rendered for the legal audit carried out by the external auditor, the following aspects were clear:

- The appropriate relationship with the auditor was set up to receive information about any matters that may have put its independence at risk, for subsequent analysis by the Internal Audit Department and the ACC;
- No errors or omissions of information were detected by the external auditor which may have cast doubt on the independence and objectiveness of the work carried out;
- The Company facilitated and provided access to all the relevant data and procedures for the work to be carried out. These included the following: accounting books, contracts, covenants, agreements and internal policies and procedures, etc.;
- The auditor has warranted that, in applying its internal procedures, it did not identify any circumstances which may have involved a significant threat to its independence and, therefore, involve grounds for incompatibility; and
- The Company’s Internal Audit Department verified that the policy for “Provision of services other than audit by the external auditor” was complied with.

Furthermore, in the aforementioned statement by the external auditor confirming its independence, a list is attached of each and every one of the professional services rendered, both for auditing the accounts and of any other nature, and the relevant fees (see report attached).

Therefore, it was concluded that the auditor’s independence was not compromised as no aspects were identified which may have cast doubt on the matter.

Madrid, 27 February 2019.

Álvaro Conde (Internal Audit and Risks Department)

¹The legislation referred to is article 529.14 on “Audit Commission” of Spanish Royal Legislative Decree 1/2010, of 2 July, which approved the consolidated text of the Spanish Capital Companies Act.

²The regulation referred to is point 9.6.d on “General functions of the external auditor” in the Regulation of the Audit and Control Committee.

³ The regulation referred is item 65 of Technical Guide 3/2017.

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.



27 February 2019

Neinor Homes, S.A.
C/Ercilla, 24 2ª planta

48911 Bilbao, Spain

To Neinor Homes, S.A.'s Audit Committee

Dear Sirs

In relation to the audit of the consolidated accounts for Neinor Homes, S.A. and subsidiary companies (Neinor Homes Group) for the financial year ended 31 December 2018, we confirm that, to the best of our knowledge and belief:

1. The team in charge of the audit and Deloitte, S.L., within the applicable scope, have complied with the requirements for independence which are applicable in accordance with the provisions of the Audit Act 22/2015, of 20 July, and Regulation (EU) 537/2014, of 16 April.
2. The fees billed by Deloitte and its network to Neinor Homes, S.A. and subsidiary companies, for audit services and for services other than audit provided during the financial year ended 31 December 2018, broken down by description for ease of assessment within the framework of our independence, are as follows:

Description	Fees in Euros
Audit Services (*)	125,000
Other Verification services	44,900
Total Audit and related services	169,900
Financial advisory services	18,000
Other Services	-
Total Professional Services	187,900

(*) Includes a limited review of the Group's consolidated financial statements as of 30.06.2018, amounting to €25,000.

The individual list of the items under "Other verification services" and "Other Services" is included in Schedule 2.

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3. We have designed and put in place internal procedures aimed at identifying and assessing threats which may arise from circumstances related to the entities audited, including those that may involve grounds for incompatibility and, as appropriate, the application of the necessary safeguard measures, which can be seen in Deloitte's Transparency Report, available at www.deloitte.es. In relation to the above-mentioned audit, and for the period covered by the financial statements up to the issue of this letter, no circumstances have been identified which, either individually or as a whole, would involve a significant threat to our independence and which, therefore, would require the application of safeguard measures or which may involve grounds for incompatibility.

This letter is for the information and exclusive use of Neinor Homes, S.A.'s *Audit Committee* for the aforementioned purposes and, therefore, may not be used by other people or for purposes other than that mentioned.

Yours faithfully

DELOITTE, S.L.

Alicia Izaga

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Schedule 2 - INDIVIDUAL DETAILS

In relation to point 2 of the confirmation of independence, the information about additional services rendered, of any kind, and the corresponding fees is set out below:

Other Verification services

Description	Fees in Euros
Not required by legislation (*)	
Auditor's report referring to the information relating to the internal control system over financial information	15,000
Annual external expert's report on specific measures to prevent money laundering	7,900
Review of Corporate Responsibility Reports	22,000
Total	44,900

(*) These relate to non-audit services which are **not required** from the audited entity by Spanish or European Union legislation.

Financial advisory services

Description	Fees in Euros
Support in relation to the tax inspections by the tax authorities	18,000
Total	18,000