

**Report on the independence of Neinor Homes S.A.'s external auditor for the financial year ended on 31 December 2019**

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 Act<sup>1</sup>, the ACC Regulation<sup>2</sup>, 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**”)<sup>3</sup>.

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 2019, 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, 26 February 2020.

Álvaro Conde (Head of GRC & Internal Audit)

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<sup>1</sup>The 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.

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

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

26 February 2020

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

48911 Bilbao, Spain

To the Audit Committee of Neinor Homes, S.A.,

Dear Sirs,

In relation to the audit of the consolidated financial statements of Neinor Homes, S.A. and subsidiaries ("the Neinor Homes Group") for the year ended 31 December 2019, we hereby confirm to you that, to the best of our knowledge and belief:

1. The audit engagement team and Deloitte, S.L., to the extent applicable to them, have met the independence requirements applicable under Spanish Audit Law 22/2015, of 20 July, and Regulation (EU) No 537/2014, of 16 April.
2. The detail of the fees charged to Neinor Homes, S.A. and subsidiaries by Deloitte and its network for both audit and non-audit services in the year ended 31 December 2019, to enable you to evaluate them in the context of our independence, is as follows:

	<b>Fees in euros</b>
Audit services (*)	135,000
Other attest services	61,200
<b>Total audit and related services</b>	<b>196,200</b>
Tax counselling services	30,000
Other services	-
<b>Total professional services</b>	<b>226,200</b>

(\*) Including the limited review of the Group's consolidated financial statements as at 30/06/19, amounting to EUR 25 thousand.

The breakdown of "Other Attest Services", "Tax Services" and "Other Services" is included in Appendix 1.

3. We have designed and implemented internal procedures aimed at identifying and assessing such threats as might arise from circumstances relating to audited entities, including those which may give rise to situations of incompatibility and, where applicable, to the application of the necessary safeguards, which can be consulted in Deloitte's Transparency Report available at [www.deloitte.es](http://www.deloitte.es), and, in

connection with the aforementioned audit and for the reporting period covered by the financial statements and up to the date of issue of this letter, no circumstances have been identified that, either individually or as a whole, might pose a material threat to our independence or that, therefore, might require the application of safeguards or might indicate the existence of situations of incompatibility.

This letter is for the exclusive information of, and use by, the *Audit Committee* of Neinor Homes, S.A. for the aforementioned purpose and, therefore, it may not be used by third parties or for any purposes other than that mentioned above.

Yours faithfully,

DELOITTE, S.L.

Alicia Izaga

## Appendix 1 - INDIVIDUAL DETAILS

The information on additional services of all kinds provided and the corresponding fees are detailed below, as mentioned in point 2 of the confirmation of independence.

### Other attest services

Description	Fees in euros
<b>Not required under regulations (*)</b>	
Auditor's report on the information relating to the system of Internal Control over Financial Reporting	15,000
Annual external expert's report on certain money laundering prevention measures	4,800
Review of corporate responsibility reports	38,400
IFRS refresher course	3,000
<b>Total</b>	<b>61,200</b>

(\*) Relating to non-audit services **not required** from the audited entity under Spanish or EU legislation.

### Tax counselling services

Description	Fees in euros
Assistance in relation to tax audits conducted by the tax authorities	9,000
Tax-related services relating to assistance in connection with procedures other than tax audits conducted by the tax authorities	21,000
<b>Total</b>	<b>30,000</b>

