



DOVALUE S.P.A.

EXPLANATORY REPORT

OF THE BOARD OF DIRECTORS OF DOVALUE S.P.A.

ON THE ITEM N. 3 ON THE AGENDA

OF THE ORDINARY SHAREHOLDERS' MEETING

IN A SINGLE CALL ON 26 MAY 2020

10 April 2020

doValue S.p.A.

già doBank S.p.A.

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EXPLANATORY REPORT OF THE BOARD OF DIRECTORS OF DOVALUE S.P.A. ON THE ITEM N. 3 ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING IN A SINGLE CALL ON 26 MAY 2020: "Review of EY S.p.A. fees for the statutory audit of doValue S.p.A.'s individual and consolidated financial statements for financial years 2019 to 2024; related and consequent resolutions"

The Board of Directors submits to the Shareholders' Meeting the reasoned proposal of the Board of Statutory Auditors of doValue S.p.A. in accordance with article 13 of Legislative Decree 39/2010 to review EY S.p.A. fees for the statutory audit of doValue S.p.A.'s individual and consolidated financial statements for financial years 2019 to 2024:

"Dear Shareholders,

Under Article 13 of Legislative Decree no. 39 of 27 January 2010, ("Decree 39/2010") the engagement of independent auditors and the determination of the total remuneration for auditing services must be approved by the shareholders' meeting, upon recommendation from the control body. In this sense, the procedures laid down in article 13 of Decree 39/2010 also apply in the event that changes are made to their remuneration during the year of the audit engagement.

With the resolution passed at the meeting held on 17 June 2016, the Shareholders' Meeting of the Company engaged EY S.p.A. (formerly Reconta Ernst & Young S.p.A.), as independent auditors to audit the Company's accounts for the years 2016-2024, according to the contents, time limits and procedures proposed by the Board of Statutory Auditors, in accordance with art. 13, paragraph 1 of Legislative Decree 39/2010, for an annual fee (net of ISTAT increases, ancillary and secretarial expenses, VAT and contribution to the supervisory authority) of €121,500 corresponding to 2030 hours of work.

Annex 3 "Contract terms and conditions" section " Fee-adjustment criteria during the engagement" of the original proposal for the engagement of EY dated 7 June 2016 provides, in addition to fee-adjustment criteria based on the ISTAT index as from 1 July 2017, also an adjustment criterion according to which "these fees may be subject to change in the event of circumstances not foreseen at the time of the formulation of this proposal that result in an increase in the time required and/or a change in the professional level of the team members with respect to the provisions of the Letter of Engagement (including, but not limited to significant changes to the Company's structure or activities, corporate restructuring operations, business combinations that change the scope of the Company's activities or significant changes in legislation).

On 26 November 2019, EY formulated a proposal to amend the economic conditions relating to the Engagement ("Proposed amendment"), attached hereto in annex 1, following the expansion of the audit activities due to the following extraordinary transactions:

- the merger by incorporation into doValue ("the Company") of the subsidiary doRealEstate S.p.A. and the partial demerger through the transfer to doValue of the financial elements of the business compendium of the subsidiary Italfondinario S.p.A., comprising the business unit acting as special servicer for the entire portfolio of loans under management at Italfondinario S.p.A;
- the acquisition of the Altamira Group ("Business Combination") by doValue.

In detail, the proposed amendment, EY identifies the additional audits to be carried out, as summarised below:

- 1) additional activities to be carried out on the financial statements of each year from 2019 to 2024 as a result of the aforementioned mergers and partial demerger, which led to a significant structural change in terms of increase in assets and the main equity and economic indicators, with a consequent impact on the auditing procedures of the Company's financial statements;
- 2) additional activities to be carried out on the consolidated financial statements of each year from 2019 to 2024 as a result of the expansion of the scope of consolidation due to the introduction of Altamira and assignment to audit the financial statements of the subsidiary Italfondinario S.p.A. to an other auditor, resulting in an increase of audit work hours;
- 3) specific auditing procedures required for 2019 in relation to the application of IFRS 3 for the Business Combination with Altamira, in summary concerning:

- the preparatory and methodological analysis aimed at identifying any relevant evaluation issues related to the PPA process;
- verification of the fair value attributed to the assets and liabilities acquired;
- verification of changes in fair value attributed to the assets and liabilities acquired in the period of contribution to the consolidated income statement;
- additional procedures resulting from the application of the ISA Italia 600 standard on auditing.

With particular reference to the additional auditing activities referred to points 1) and 2) above, in the proposed amendment EY has indicated that for each of the years from 2019 to 2024, the burden is greater in terms of the number of working hours and of corresponding additional fees (amounts rounded to the nearest euro unit) as shown below:

| Activity | Total hours | Fees* | Proposed review | | Updated Total | |
|--|--------------|-----------------|-----------------|----------------|---------------|-----------------|
| | | | Total hours | Fees | Total hours | Fees |
| Auditing of the Financial Statement | 1.130 | 75.000€ | 181 | 22.000€ | 1.311 | 97.000€ |
| Auditing of the Financial Consolidated Statement | 220 | 8.000€ | 49 | 6.000€ | 269 | 14.000€ |
| Verification of the Regular Accounting | 240 | 16.000€ | 32 | 4.000€ | 272 | 20.000€ |
| Limited review of the half-yearly report | 410 | 20.000€ | 40 | 5.000€ | 450 | 25.000€ |
| Signing of tax returns | 30 | 2.500€ | 12 | 1.500€ | 42 | 4.000€ |
| Total | 2.080 | 121.500€ | 314 | 38.000€ | 2.344 | 160.000€ |

The proposed amendment formulated by EY:

- confirms, however, that all the other clauses provided for in the original proposal remain applicable, specifying that the fees are valid until 30 June 2020, including an annual adjustment each 1st of July, starting from 1 July 2020 based on the total change in the ISTAT cost of living index with respect to the previous year (June 2019 base);
- is accompanied by a list of the professional mix attributable to the estimated additional fees (hours and remuneration), details of which are provided in Annex 1.

With particular reference to the additional audit activities referred to in point 3), which result in a special circumstance likely to change the audit fees for 2019, the additional fees requested by EY in the proposed amendment, exclusively for 2019, amount to €20,000, corresponding to a total of 240 hours of work, details of which are provided in Annex 1.

EY confirms that all other clauses in the original proposal remain applicable and clarifies that the fees indicated do not include VAT, the CONSOB contribution to the supervisory authorities, or living expenses incurred, or reimbursement of administrative and secretarial expenses fixed at a flat rate of 10% of the fees.

In accordance with article 13 of the Decree 39/2010, the Board of Statutory Auditors:

- reviewed EY's proposed amendment of 26 November 2019 and, in particular, verified that the request to increase the fees is the result of the need to conduct additional audits due to the extraordinary transactions made by the Company;
- verified that the estimation of the increase in hours is based on the same economic conditions of the original audit proposal;
- analysed the specifications concerning the professionals employed to carry out the additional activities and the related hourly cost, noting that the mix of professionals remained substantially unchanged;
- considered the requests formulated by EY are consistent and congruent with the professional commitment required and with the statutory audit process of the current engagement, as well as adequate in relation to the new audits required;
- determined that EY continues to meet the requirements of independence and professionalism, is not in situations of incompatibility or conflict in carrying out the assignment or, however, the unsuitability of the engagement which could undermine the independence of the independent audit company.



In view of these considerations, therefore, the Board of Statutory Auditors proposes to accept the changes in the economic conditions of the current statutory audit engagement, as described in the EY's proposed amendment of 26 November 2019, according to the economic terms summarised above , with the following

proposed resolution

"The Shareholders' Meeting of doValue S.p.A. :

- *considering the provisions of Art. 13 of Italian Legislative Decree 39/2010;*
- *considering the resolution passed by the Shareholders' Meeting on 17 June 2016 and having noted that, for anything not specified in the proposal, the agreements contained in the audit engagement approved at that meeting remain unchanged;*
- *considering the provisions laid down in Annex 3 "Contract terms and conditions" section "Fee-adjustment criteria during the engagement" of the original proposal for the engagement of EY of 7 June 2016, which provides for the possibility to change the fees due for audits in the event of exceptional and unforeseeable circumstances;*
- *having examined the reasoned proposal of the Board of Statutory Auditors containing the terms of EY's proposal;*
resolves

to update the fee envisaged in relation to the audit engagement already entrusted to EY S.p.A. according to the terms indicated in the proposed amendment formulated by the above independent auditing firm. The ensuing fees for the years 2019 to 2024 are quantified as specified below:

1. *with reference to each year from 2019 to 2024:*
 - *for the audit of the individual financial statements, €97,000;*
 - *for the audit of the consolidated financial statements, €14,000;*
 - *for verifying whether the accounts have been properly kept €20,000;*
 - *for the review of the interim report, €25,000;*
 - *for the signing of tax statements €4,000;*
2. *with reference to 2019 only:*
 - *for the additional activities relating to the audit procedures required in application of IFRS 3, €20,000;*
3. *the ISTAT increase, VAT and contribution to the supervisory authority required by CONSOB, under the terms and conditions agreed in the current engagement.*

For the Board of Statutory Auditors
The Chairman
Mrs. Chiara Molon