

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of,
S.C. IMPACT DEVELOPER & CONTRACTOR S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of S.C. IMPACT DEVELOPER & CONTRACTOR S.A. and its subsidiaries (the "Group"), with registered office in Bucharest, identified by unique tax registration code 1553483, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the consolidated financial statements.
2. The financial statements as at December 31, 2017 are identified as follows:
 - Net assets/Equity RON 418,340,019
 - Net profit for the financial year RON 51,097,600
3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named The "Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the matter
<p>Valuation of Investment Property</p> <p>As disclosed in Note 11 to the consolidated financial statements, investment property held by the Group is recorded at RON 193,342,626 as of December 31, 2017. Investment properties primarily represent land plots.</p> <p>The Group applies the fair value model after initial measurement. Fair value of investment property is determined on the basis of a valuation performed by an independent appraiser, with experience in this industry. Any changes in fair value are recognized in profit or loss account. The valuation method used by the independent appraiser includes inputs and data from various sources, based on the type of the asset and involves judgements and a high degree of estimates.</p> <p>Because of the significance of estimates and judgements involved in assessing this area and considering the significant value of Investment Property, we consider that the Valuation of Investment Property is a key audit matter.</p>	<p>Our procedures in relation to management's valuation of investment properties include:</p> <ul style="list-style-type: none"> - Evaluation of the independent external valuers' competence, capabilities and objectivity; - Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry and using our in-house valuation experts; - Performing sensitivity analysis of market prices of similar assets in the same area; and - Checking the appropriate recognition in the financial statements of the fair value adjustments and the proper disclosures in the financial statements in according with the relevant IFRS framework. <p>The land values are determined based on the comparables approach. Our discussions with management have focussed upon the choice of comparable assets and adjustments applied. The valuation is highly sensitive to the choice of comparables as well as the application of adjustments. The key assumptions and changes in the year are disclosed in note 11 and we are satisfied that the valuation of investment properties is supported.</p>
<p>Litigations</p> <p>Please refer to Note 30 'Contingent assets and contingent liabilities' to the consolidated financial statements. As disclosed in this note, the Group is involved in various litigation both as plaintiff and defendant.</p> <p>The management of the Group performs regular analysis of the status of pending litigations and, based on the consultations with its legal representatives, decides upon the necessity of recognizing provisions or their disclosure in the Financial Statements.</p> <p>We consider that the treatment of legal cases is a key audit matter.</p>	<p>Our audit procedures related to management assessment of litigations included the following:</p> <ul style="list-style-type: none"> - Sending confirmation letters to all the external lawyers which represent the Group in the Court trials, in order to confirm the status of each litigation and the chance of success; - For each significant litigation, we had discussions with the in-house lawyer and external lawyers in charge with the litigations and assessed the impact on the financial statements and corroborated it with the client's assessment in this respect; - Discussions with the management regarding their involvement in the periodical assessment of the pending litigations and whether they have performed regular consultation meetings with the legal counsels; <p>We are satisfied that the uncertainties with regard to these case are sufficiently disclosed.</p>

Other information – Administrators’ Report

6. The administrators are responsible for the preparation and presentation of the other information. The other information is included in a separate report.

Our opinion on the financial statements does not cover the other information and, unless explicitly provided in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements for the year ended December 31, 2017, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators’ report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

On the sole basis of the procedures performed within the audit of the financial statements, in our opinion:

- a) the information included in the administrators’ report for the financial year for which the financial statements have been prepared are consistent, in all material respects, with these financial statements;
- b) the administrators’ report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the financial statements prepared as at December 31, 2017, we are required to report if we have identified a material misstatement of this Administrators’ report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. We have been appointed by the General Assembly of Shareholders on 28.04.2017 to audit the financial statements of S.C. IMPACT DEVELOPER & CONTRACTOR S.A. for the financial year ended December 31, 2017. The uninterrupted total duration of our commitment is 1 year, covering the financial year ended December 31, 2017.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued and this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- We have not provided for the Grup the **non-audit services** referred to in Article 5 (1) of EU Regulation No.537 / 2014.

The engagement partner on the audit resulting in this independent auditor's report is Steve Openshaw.

Steve Openshaw, Audit Partner

For signature, please refer to the original Romanian version.

Registered with the Romanian Chamber of Financial Auditors
under no. 5469/ 22.03.2018

On behalf of:

DELOITTE AUDIT S.R.L.

Registered with the Romanian Chamber of Financial auditors
under no. 25/25/06/01

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March 26, 2018