

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Impact Developer & Contractor S.A.

Report on the Audit of the individual financial statements

Opinion

1. We have audited the individual financial statements of Impact Developer & Contractor S.A. (the Company), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the individual financial statements, including a summary of significant accounting policies.
2. In our opinion, the accompanying individual financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Order 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

3. We conducted our audit in accordance with the Auditing Standards adopted by the Chamber of Auditors of Romania, which are International Standards on Auditing (ISAs). Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Individual financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of the current period. These matters were addressed in the context of our audit of the individual 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
Valuation of Investment Property <i>Please refer to Note 11 to the individual financial statements</i> As disclosed in Note 11 to the individual financial statements, the investment property of the Company has a value of RON 14,377,226 as of December 31, 2016, and is represented by land (98% of total) and residential properties held with the purpose of capital appreciation. The Company applies the fair value model, after the initial measurement. Fair value of the 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 judgments and a high degree of estimates made by the independent valuers appointed by the Company. Because of the significance of estimates and judgements involved in assessing this area and also considering the significant value of Investment Property, we consider that the Valuation of Investment Property is a key audit matter.	Our procedures in relation to management's valuation of investment properties include: - 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; - Checking, on a sample basis, the accuracy and relevance of the input data used; and - Checking the appropriate recognition in the individual financial statements of the fair value adjustments and the proper disclosures in the individual financial statements in according with the relevant IFRS framework.
Litigations <i>Please refer to Note 30 'Contingent assets and contingent liabilities' to the individual financial statements</i> As disclosed in Note 30 "Contingent assets and contingent liabilities", as of Dec 31, 2016 the Company is involved in various litigation both as plaintiff and defendant. The litigations status is subject to a complex assessment, as the company has numerous litigations, and most of them don't have a clear status or conclusion. The management of the Company performs regular analysis of the status of all the pending litigations, and, based on the consultations with its legal representatives, decides upon the necessity of recognizing provisions or their disclosure in the individual financial statements. This process involves significant management assumptions and a lot of subjectivity.	Our audit procedures related to management assessment of litigations included the following: - Sending confirmation letters to all the external lawyers which represent the Company 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;

Key Audit Matter	How our audit addressed the matter
The Key Audit Matter in this regard pertains to the appropriate application of IAS 37 'Provisions and contingent liabilities'. The estimation of any potential provision requires significant judgements and management assumptions regarding possible outcomes of litigations and quantification of potential obligations, if any.	- Critically assessing the Company's assumptions and estimates in respect of litigations, including the liabilities recognized or contingent liabilities disclosed in the financial statements. Assessment of the probability of negative result of litigations and the reliability of estimates of related obligation;

Reporting requirements concerning the administrators' report

- The administrators are responsible for the preparation and presentation of the standalone administrators' report in accordance with the requirements of the Ministry of Public Finance Order 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, article no. 20, which does not contain material misstatements and for such internal control as management determines is necessary to enable the preparation of administrator's report that is free from material misstatement, whether due to fraud or error.

The administrators' report is not part of the individual financial statements.

Our opinion on the individual financial statements does not cover the administrators' report.

In connection with our audit of the individual financial statements, we have read the administrators' report accompanying the individual financial statements we report as follows:

- in the administrators' report, we have not identified information which is not consistent, in all material respects, with the information presented in the individual financial statements attached;
- the administrators' report identified above contains, in all material respects, the required information according to the provisions of Ministry of Public Finance Order no. 2844/2016 for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, article no. 20 (accounting regulations regarding annual standalone individual financial statements and annual standalone individual financial statements);
- based on our knowledge and understanding concerning the Company and its environment gained during the audit on the individual financial statements prepared as at December 31, 2016, we have not identified information included in the administrators' report that contains a material misstatement of fact.

Responsibilities of Management and Those Charged with Governance for the individual financial statements

- Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with IFRSs as adopted by EU and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.
- In preparing the individual financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.



8. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the individual financial statements

9. Our objectives are to obtain reasonable assurance about whether the individual 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 individual financial statements.
10. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the individual 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 Company'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 Company'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 individual 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 Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. 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.
12. 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.



13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual 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.

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

Ahmed Hassan, Audit Partner

For signature, please refer to the original Romanian version.

Registered with the Romanian Chamber of Financial Auditors
under no. 1529/25.11.2003

On behalf of:

DELOITTE AUDIT S.R.L.

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

Bucharest, Romania
March 28, 2017