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Independent Auditors' Report (free translation)

To the Shareholders of Professional Imo Partners S.A.

Ziduri Mosi Street, no. 23,
Bucharest, Romania
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Opinion

We have audited the accompanying separate financial statements of Professional Imo Partners S.A. ("the Company"), which comprise the condensed balance sheet as at 31 December 2017, the condensed income statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

The separate financial statements as at and for the year ended 31 December 2017 are identified as follows:

- Net assets/Total equity : Lei 219,057,994
- Net loss for the year: Lei 1,762,094

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2017, and of its unconsolidated financial performance for the year then ended in accordance with the Order of Minister of Public Finance No. 1802/2014 for approval of accounting regulations regarding the annual separate financial statements and annual consolidated financial statements and related amendments ("OMPF No. 1802/2014").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described

¹ TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version.



in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the separate financial statements in Romania, including 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

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

The carrying amount of shares in subsidiary

Financial assets - Lei 208,175,000 as at 31 December 2017 (Lei 208,175,000 as at 31 December 2016).

Refer to Notes 2.10 Financial assets (accounting policy) and 3.3 Financial assets (explanatory information) to the separate financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The most significant asset of the Company is an investment ("Shares") in a majority owned subsidiary (99.999995%), Veranda Obor SA (the "Subsidiary") - a real estate developer owning a Shopping Center.</p> <p>The investment is recognized at cost in the Company's separate financial statements. In determining whether there is a need to recognize any impairment adjustments to the carrying amount of the Shares, management considered, among others, the fair value of the most significant underlying asset of the Subsidiary, the Shopping Center.</p> <p>The Shopping center held by the Subsidiary is accounted for as an investment property, under revaluation model, and was revalued as at 31 December 2016 by an external valuer, engaged by the Subsidiary.</p> <p>There is a risk that the carrying amount of the investment property in the Subsidiary may be higher than the carrying amount which would be determined using the fair value as at 31 December 2017. Such risk exists considering possible changes in market conditions and / or property's status from the date of the latest valuation. As at 31 December 2017 management of the Subsidiary made an assessment, based on a market analysis report</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> - We evaluated the competence of the external valuer by assessing its professional qualifications, experience and objectivity; - We involved our own valuation specialists to challenge the appropriateness of the market analysis performed by the external valuer by comparing the information in the valuer's analysis to externally derived data as well as to our own assessment in relation to yield rate and rental income; - We analyzed the sensitivity of the valuation model to changes in the significant assumptions used in order to determine the impact of their evolution on property valuation; - As part of our sensitivity analysis, we considered changes in the economic environment and their impact on the significant assumptions used in the valuation; - We assessed the adequacy of the separate financial statements related disclosures.



performed by the same external valuer and concluded that there are no conditions that might indicate a significant (adverse) change in the carrying amount of the Shopping Center.

We focused on this area because of the significant carrying amount of the Shares and the significant judgments made by management in the assessment of their recoverable value as at 31 December 2017.

Other information – Annual Report of the Board of Directors (“the Administrators’ Report”)

Administrators are responsible for the preparation and presentation of other information. The Other information comprises the Administrators’ Report but does not include the separate financial statements and our auditors’ report thereon.

Our opinion on the separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate 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 whether the Administrators’ Report is prepared, in all material respects, in accordance with OMPF no. 1802/2014, articles 489 – 492 of the accounting regulations regarding separate annual financial statements and annual consolidated financial statements.

Based solely on the work required to be undertaken in the course of the audit of the separate financial statements, in our opinion:

- a) The information given in the Administrators’ Report for the financial year for which the separate financial statements are prepared is consistent, in all material respects, with the separate financial statements;
- b) The Administrators’ Report has been prepared, in all material respects, in accordance with OMPF no. 1802/2014, articles 489 – 492 of the accounting regulations regarding separate annual financial statements and annual consolidated financial statements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Administrators’ Report. We have nothing to report in this regard.

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

Management is responsible for the preparation of separate financial statements that give a true and fair view in accordance with OMFP 1802/2014 and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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.

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

Auditors' Responsibility for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 separate financial statements.

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 separate 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 auditors' report to the related disclosures in the separate 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 auditors' 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Other matters

This independent auditors' report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report or for the opinion we have formed.

The engagement partner on the audit resulting in this independent auditors' report is Efraim Ofir Ori.

Refer to the original signed Romanian version

For and on behalf of KPMG Audit S.R.L:

Efraim Ofir Ori

registered with the Chamber of Financial
Auditors of Romania under no 3216/11.06.2009

KPMG AUDIT S.R.L.

registered with the Chamber of Financial
Auditors of Romania under no 9/2001

Bucharest, 30 March 2018

