

## **IMPACT DEVELOPER & CONTRACTOR SA**



### **Individual and unaudited financial statements**

**as of September 30<sup>th</sup> 2017**

prepared according to International Financial Reporting Standards  
adopted by the European Union

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# IMPACT DEVELOPER & CONTRACTOR

Individual Financial Statements as of September, 30<sup>th</sup> 2017 & Quarterly report 2016  
(values are expressed in LEI, unless otherwise specified)

## Statement of financial positions as of 30<sup>th</sup> of September 2017

	31-Dec-16	30-Sep-17
<b>ASSETS</b>		
Tangible assets	6,044,055	7,882,560
Intangible assets	232,663	179,580
Investment Property	136,736,403	136,579,859
Financial assets	14,377,226	14,400,196
Non-current receivables	11,215,815	6,808,885
<b>Total Non-current assets</b>	<b>168,606,162</b>	<b>165,851,080</b>
Inventories	282,813,138	293,959,866
Trade and other receivables	15,652,318	71,836,993
Prepayments	131,717	87,142
Cash and cash equivalents	17,432,180	17,583,161
<b>Total Current Assets</b>	<b>316,029,353</b>	<b>383,467,162</b>
<b>Total Assets</b>	<b>484,635,515</b>	<b>549,318,242</b>
Share capital	285,330,158	285,330,158
Capital premiums	84,175,480	68,760,070
Revaluation reserves	3,137,863	3,137,863
Other reserves	5,418,842	5,418,842
Reported result	(16,895,917)	15,637,988
Net profit for the period	29,610,138	13,478,429
<b>Total equity</b>	<b>390,776,564</b>	<b>391,763,350</b>
Loans	28,519,089	93,873,965
Trade and other payables	2,863,913	2,554,437
Deferred taxes	13,000,347	13,000,347
<b>Total long term liabilities</b>	<b>44,383,349</b>	<b>109,428,749</b>
Loans	28,715,491	19,266,384
Trade and other payables	20,753,493	28,853,141
Provisions for risk and charges	6,618	6,618
<b>Total current liabilities</b>	<b>49,475,602</b>	<b>48,126,143</b>
<b>Total liabilities</b>	<b>93,858,951</b>	<b>157,554,892</b>
<b>Total equity and liabilities</b>	<b>484,635,515</b>	<b>549,318,242</b>

Chief Executive Officer  
Bartosz Puzdrowski

Chairman of Board of Administration  
Iuliana Mihaela Urda

Chief Financial Officer  
Bogdan Nicolae Geanta

# IMPACT DEVELOPER & CONTRACTOR

Individual Financial Statements as of September, 30<sup>th</sup> 2017 & Quarterly report 2016  
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## Statement of Comprehensive Result as of 30<sup>th</sup> of September 2017

	30-Sep-16	30-Sep-17
Income from sale of real estate inventories	111,343,543	93,776,931
Book value of sold real estate inventories	(76,768,160)	(62,535,780)
<b>Profit / (loss) from sale of real estate inventories</b>	<b>34,575,383</b>	<b>31,241,151</b>
Rental income	1,100,991	753,266
Operating costs charged to tenants	1,790,644	5,908,030
Operating expenses directly related to properties rented	(1,755,550)	(5,483,851)
<b>Net rental income</b>	<b>1,136,085</b>	<b>1,177,445</b>
Income from sale of investment properties	1,619,062	-
Book value of sold investment properties	(1,461,265)	-
<b>Result from sale of investment properties</b>	<b>157,797</b>	<b>-</b>
Revenues from services rendered	23,761	144,570
Raw materials and consumables used	(617,606)	(658,495)
Third party services	(6,147,701)	(5,037,777)
Employee benefits expense	(5,652,709)	(6,785,574)
Other operating income	841,610	1,287,966
Other operating expense	(3,570,373)	(3,782,937)
Other operating expenses related to litigations	6,640,074	-
<b>Other operating income / (loss), net</b>	<b>(8,482,944)</b>	<b>(14,832,247)</b>
<b>Earnings before interest, taxation, depreciation and amortisation</b>	<b>27,386,321</b>	<b>17,586,349</b>
Depreciation and amortisation	(474,704)	(565,762)
Impairment of assets, other than investment properties	1,990,461	(337,410)
<b>Depreciation and related impairment charges / reversals, other than investment properties</b>	<b>1,515,757</b>	<b>(903,172)</b>
<b>Earnings before interest and taxation</b>	<b>28,902,078</b>	<b>16,683,177</b>
Financing costs	(1,183,053)	(2,232,727)
Financing income	32,330	736,753
Foreign exchange result	171,231	(542,287)
Other financial result	28,691	(366,487)
<b>Financial result</b>	<b>(950,801)</b>	<b>(2,404,748)</b>
<b>Gross profit (EBT)</b>	<b>27,951,277</b>	<b>14,278,429</b>
Current income tax expense	-	(800,000)
Deferred income tax (expense)/relief	-	-
<b>Income tax</b>	<b>-</b>	<b>(800,000)</b>
<b>Net profit / (loss) for the period</b>	<b>27,951,277</b>	<b>13,478,429</b>

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## IMPACT DEVELOPER & CONTRACTOR

*Individual Financial Statements as of September, 30<sup>th</sup> 2017 & Quarterly report 2016  
(values are expressed in LEI, unless otherwise specified)*

### Statement on the change in equities as of 30<sup>th</sup> of September 2017

	Adjusted share capital	Capital premiums	Reserve from revaluation	Other reserves	Reported result	Total
<b>Balance as of 1<sup>st</sup> of January 2016</b>	<b>285,330,158</b>	<b>84,175,480</b>	<b>3,190,469</b>	<b>3,859,821</b>	<b>(15,415,410)</b>	<b>361,140,518</b>
<b>Total comprehensive result for the period</b>						
Period result	-	-	-	-	29,610,138	29,610,138
<b>Other comprehensive result elements</b>						
Set up of reserve from revaluation of sold assets	-	-	25,907	-	-	25,907
Reversing reserve from revaluation of depreciated assets, net	-	-	(78,513)	78,513	-	-
Liabilities on deferred tax for reserve from revaluation	-	-	-	-	-	-
Duly set up reserve				1,480,507	(1,480,507)	
<b>Total other comprehensive result elements</b>	<b>-</b>	<b>-</b>	<b>(52,606)</b>	<b>1,559,020</b>	<b>(1,480,507)</b>	<b>25,907</b>
<b>Total comprehensive result for the period</b>	<b>-</b>	<b>-</b>	<b>(52,606)</b>	<b>1,559,020</b>	<b>28,129,631</b>	<b>29,636,045</b>
<b>Balance as of 31<sup>st</sup> of December 2016</b>	<b>285,330,158</b>	<b>84,175,480</b>	<b>3,137,863</b>	<b>5,418,842</b>	<b>12,714,221</b>	<b>390,776,564</b>
<b>Balance as of 1<sup>st</sup> of January 2017</b>	<b>285,330,158</b>	<b>84,175,480</b>	<b>3,137,863</b>	<b>5,418,842</b>	<b>12,714,221</b>	<b>390,776,564</b>
<b>Total comprehensive result for the period</b>						
Period result	-	-	-	-	13,478,429	13,478,429
<b>Other comprehensive result elements</b>						
Set up of reserve from revaluation of sold assets	-	-	-	-	-	-
Reversing reserve from revaluation of depreciated assets, net	-	-	-	-	-	-
Liabilities on deferred tax for reserve from revaluation	-	-	-	-	-	-
Duly set up reserve					-	-
Loss coverage		(15,415,410)			15,415,410	-
Distribution of dividends and profit personnel contribution					(12,491,642)	(12,491,642)
<b>Total other comprehensive result elements</b>	<b>-</b>	<b>(15,415,410)</b>	<b>-</b>	<b>-</b>	<b>2,923,768</b>	<b>(12,491,642)</b>
<b>Total comprehensive result for the period</b>	<b>-</b>	<b>(15,415,410)</b>	<b>-</b>	<b>-</b>	<b>16,402,197</b>	<b>986,786</b>
<b>Balance as of 30<sup>th</sup> of September 2017</b>	<b>285,330,158</b>	<b>68,760,070</b>	<b>3,137,863</b>	<b>5,418,842</b>	<b>29,116,417</b>	<b>391,763,350</b>

Chief Executive Officer  
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## Statement of Cash flow as of 30<sup>th</sup> of September 2017

	<u>30-Sep-17</u>
<b>Cash flows from operating activities</b>	
<b>Profit before income tax</b>	<b>13,478,429</b>
Depreciation	565,762
Net Financing costs	2,404,748
<b>Cash flows before changes in working capital</b>	<b>16,448,939</b>
Decrease / (increase) in trade receivables and other receivables	(51,733,170)
Decrease / (increase) in inventory	(11,146,728)
Increase / decrease) in trade payables and other payables	(171,826)
<b>Net cash used from operating activities</b>	<b>(46,602,785)</b>
<b>Cash flows from investment activities</b>	
<b>Net cash used in investing activities</b>	<b>(2,217,610)</b>
<b>Cash flow from financing activities</b>	
Proceeds /(Payments) from loans	63,867,767
Proceeds /(Payments) from dividends	(12,491,643)
Net Financing costs	(2,404,748)
<b>Net cash used in financing activities</b>	<b>48,971,376</b>
<b>Net increase/(decrease) in cash and in cash equivalents</b>	<b>150,981</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>17,432,180</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>17,583,161</b>

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## **Notes to the financial statements**

### **1. The reporting entity**

The stock company IMPACT Developer & Contractor S.A. (the "Company") is a company registered in Romania which offers complete residential solutions.

The Company's seat address is "Construdava" Business Centre, 4C Pipera-Tunari Street, Voluntari City, Ilfov County, Romania.

The Company controls several other entities and prepares consolidated financial statements. According to the provisions of Law no. 297/2004, such entities have to prepare individual financial statements also.

The Company is **the first company** active in real estate development sector in Romania, being constituted in 1991 through public subscription. Initially, its first activities were renting and maintenance of deluxe villas in Bucharest area. In 1995, the Company **introduced for the first time** in Romania the residential concept and, consequently, it changed into a pure real estate developer. Starting 1996, the Company's securities are publicly traded in Bucharest Stock Exchange (BVB). In 2006, Company's shares were promoted to 1<sup>st</sup> category of the Stock Exchange, becoming **the first** real estate company to achieve this. Since January 2015 the company shares are traded on **Premium** category according with the new local capital market segmentation.

Until 2013 IMPACT Developer & Contractor finalized **17 small and medium projects**, which comprised over **3,000 residences** and over **25,000 square meters** of office and commercial spaces. On September 30<sup>th</sup> 2016, the company has in progress residential developments located in four cities in the country, each project having different sizes and being in various stages of completion. IMPACT activity in 2017 is dominated by the development of a major project: **GREENFIELD residential complex** in Bucharest.

On 6<sup>th</sup> of November 2014 the launch of the new development stage of GREENFIELD residential assembly took place. Until present, it consists in **Salcamilor compound** - 35 blocks of flats with a height regime of GF+5, consisting of 924 apartments with 2, 3 and 4 rooms each, **Platanilor Assembly** respectively - 39 blocks with over 944 apartments, which will be completed in phases. In the first quarter of 2017, 12 blocks were completed, Stages 5 and 6 of the Platanilor Assembly, a total of 476 apartments. Construction was also started on another 12 blocks (out of the 18 projects covered) in phase 7, respectively 276 apartments scheduled to be completed in the first quarter of 2018. For the remaining period of the project, the following apartments are planned to be delivered the as follows: (i) 28,000 sqm - will be delivered in the first quarter of 2018 and (ii) 14,000 sqm - where the works will begin in the first quarter of 2018 and it is estimated that the apartments will be delivered in the second half of 2018. The Platanilor Assembly aims expanding the dwelling area within an improved concept tailored to current market conditions and attracting investors / operators to improve facilities / services serving the dwelling area.

The company's management follows the market trends and it appropriately responds to any changes in demand and very quickly adapts to market changes.

IMPACT constantly makes all the efforts to prove that its customer-oriented, by being in line with the most specific needs of the consumer in this field. Implicitly, IMPACT proves a high level of adaptability to the specific market conditions, by succeeding in managing the existing trends and identifying resources for new business opportunities. To this end, the company's management continues to follow trends and market evolution and through the urban concepts innovation of the products it offers, will ensure the

constant recognition of IMPACT Developer & Contractor as leader of the local real estate market, with focus on Romania's capital, Bucharest.

### **Company's organization**

The Board of Directors is responsible with fulfilling all necessary and useful documents for performing the company's object of activity, except for those involving the General Shareholders Assembly, as stipulated by the law.

The company operates in compliance with an integrated management system (Quality – Environment – Occupational Security and Health) implemented in compliance with ISO 9001:2008, ISO 14001:2004 si OHSAS 18001:2007 standards, as certified during the first half of year 2015 by Lloyd's Register LRQA.

## **2. Share capital**

Originally named SC IMPACT SA, the Company was established in 1991, according to the Law 31/1990. As of 4<sup>th</sup> October, 2006 the Company moved its headquarters from Bucharest District no 1, to Ilfov, Voluntary City in Construdava office building. At the same date, the company changed its name, as well. The identification data of the company are:

Name: IMPACT DEVELOPER & CONTRACTOR SA

Address: Voluntari, 4C Pipera-Tunari Street, Construdava Building Center, 6<sup>th</sup> floor, Ilfov County

Working point / Correspondence address: Willbrook Platinum Business & Convention Center, Sos. Bucuresti – Ploiesti, No. 172-176, Building A, 1<sup>st</sup> floor, Bucharest, District no 1,

Phone: +40-21-230.75.70/71/72, fax: +40-21-230.75.81/82/83

Registered with the Trade Registry Office attached to the Bucharest City Court under no. J 23/1927/2006

Sole Registration Code RO1553483.

The subscribed and paid share capital of the company, on September 30, 2017 is of RON 277,866,574.

All shares are ordinary and have equal ranking related to the Company's residual assets. The nominal value of one share is 1 Leu.

The holders of ordinary shares have the right to receive dividends, as these are declared at certain moments in time, and have the right to one vote per 10 shares during the meetings of the Company.

The consolidated structure of shareholders, which hold at least 10% of the share capital on the date of **03<sup>rd</sup> of October 2017**, is as follows:

Shareholder	Ownership *)
Iaciu Gheorghe	49.48%
Andrici Adrian	15.24%
SWISS CAPITAL / SAI SWISS CAPITAL AM / FDI ACTIVE DINAMIC / APOSTOL SORIN	11.79%
Other individuals and legal entities	23.49%
<b>Total</b>	<b>100.00%</b>

\*) according to "Depozitarul Central" Statement and reports to the Bucharest Stock Exchange

### **3. The company's management**

#### **The Board of Administration**

The Board of Administration represents the decision-making body on all significant aspects for the Company as a whole due to its strategic, financial or reputational implications. The Board delegates the management powers of the Company, under the conditions and limits provided by the law and by the Articles of Incorporation.

The Board of Administration performs all necessary and useful acts for the achievement of the Company's scope of activity, except those stipulated by law in the competence of the General Assembly of the Shareholders and those delegated to the General Manager.

Starting with September 1<sup>st</sup>, 2016, Mr. Bartosz Puzdrowski, General Manager of the company, is in charge for a three-year term.

The Board of Administration is structured in such a way as to allow the performance of the duties with diligence. The Board meets regularly to ensure that its tasks are carried out effectively. There is a clear division of responsibilities between the Board and the executive.

In the Ordinary General Assembly of the Shareholders held on **April 28<sup>th</sup>, 2017**, 4 administrators were elected by secret vote for a four-year term until **April 27<sup>th</sup>, 2021**.

The Board of Administration consists of 5 members:

- Gabriel Vasile, Administrator (until the date of 15.09.2017);
- Laviniu Dumitru Beze, Administrator;
- Daniel Pandele, Administrator;
- Ruxandra-Alina Scarlat, Administrator;
- Iuliana Mihaela Urda, Chairman of the Board of Administration.

The Board of Administration decided in its meeting on 15.09.2017, according to art. 1372 of the Law 31/1990, regarding the commercial companies, appointment of Gabriel Vasile as temporary administrator until the meeting of the Ordinary General Meeting of Shareholders.

Mr. Gabriel Vasile was elected as administrator during the Ordinary General Assembly of Shareholders as of 30<sup>th</sup> of October 2017, for a four-year term mandate, valid until April 27<sup>th</sup>, 2021.

#### **Executive Management of the Company**

The board of Administration decided that Mr. Bartosz Puzdrowski, General Director and Mr. Gabriel Vasile, Administrator, to be empowered to represent the company, pursuant to provisions under art.143<sup>2</sup> par. 5 in Law 31/1990, on trading companies, as from the date of 09.01.2017.

## IMPACT DEVELOPER & CONTRACTOR

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### 4. Financial assets

Impact Company holds investments in the following affiliates:

30-Sep-17				
	Ownership title	Gross value	Depreciation	Book value
Clearline Development and Management SRL	100.00%	22,420,000	(8,022,774)	14,397,226
Bergamot Developments SRL	99.00%	990	-	990
Bergamot Developments Phase II SRL	99.00%	990	-	990
Impact Finance & Developments SRL	99.00%	990	-	990
Actual Invest House SRL	6.23%	109,950	(109,950)	0
		<b>22,532,920</b>	<b>(8,132,724)</b>	<b>14,400,196</b>

Clearline Development and Management SRL company holds the rest of investments of 93.77% in Actual Invest House SRL.

- a) **Actual Invest House S.R.L.**, company within the group which offers administration services for the new residential projects.
- b) **Clearline Development and Management S.R.L.** (formerly Lomb SA) is the project company through which IMPACT was to develop a residential project in Cluj-Napoca in partnership with the local authority. For investments made by Clearline Development & Management SRL in the realization of the Lomb project in Cluj, the project company has a litigation amounting to 17,053,000 lei, plus legal interest, a file that is currently being on trial with the Arges Tribunal and it is currently carrying out the expertise (Urban and Construction) as ordered in the case. On September 11, 2017, through the decision of the Board of Directors of Impact, the share capital of Clearline was increased by 20,000 lei by new cash contributions.
- c) **Bergamot Developments S.R.L.**, company within the group with main scope of activity real estate development, which starting with 2018 will develop a residential ensemble of approx. 51,382 sqm built, 500 apartments, on a plot of approximately 17,213 sqm, respectively first phase of a residential project namely Luxuria Domenii Residence, which in total will include an approx. 65,000 sq m built on a 22,982 sq m plot of land in Bucharest, in the Expozitiei-Domenii area.
- d) **Bergamot Developments Phase II S.R.L.**, company within the group with main scope of activity real estate development (promotion), which is to develop Phase 2 (130 apartments) of Luxuria Domenii Residence project of approx. 13.618 sqm built, on a plot of 5.769 sqm.
- e) **Impact Finance & Developments S.R.L.** has an important role in diversifying the range of services related to dwelling sales. Impact Finance & Developments collaborates with the most important financial institutions in Romania in order to offer advantageous lending solutions for clients who purchase dwellings.

## IMPACT DEVELOPER & CONTRACTOR

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### 5. Affiliates

#### Transactions with affiliates

	Transactions value as of	Balance as of
	30-Sep-17	30-Sep-17
<b>Sale of goods and services</b>		
<b>Affiliates</b>		
CLEARLINE DEVELOPMENT AND MANAGEMENT SRL	6,763	43,714
ACTUAL INVEST HOUSE SRL	292,178	241,012
BERGAMOT DEVELOPMENTS SRL	9,126,687	5,451,687
BERGAMOT DEVELOPMENTS PHASE II SRL	124	124
IMPACT FINANCE & DEVELOPMENTS SRL	2,556	2,556
	<b>9,428,308</b>	<b>5,739,093</b>

	Transactions value as of	Balance as of
	30-Sep-17	30-Sep-17
<b>Purchase of goods and services</b>		
<b>Affiliates</b>		
CLEARLINE DEVELOPMENT AND MANAGEMENT SRL	0	699
ACTUAL INVEST HOUSE SRL	4,630,850	2,038,309
BERGAMOT DEVELOPMENTS SRL	2,293	0
BERGAMOT DEVELOPMENTS PHASE II SRL	1,114	0
IMPACT FINANCE & DEVELOPMENTS SRL	1,279	0
	<b>4,635,536</b>	<b>2,039,008</b>

	30-Sep-17			
	Gross value	Depreciation	Book value	Sold
<b>Granted loans</b>				
<b>Affiliates</b>				
CLEARLINE DEVELOPMENT AND MANAGEMENT SRL	1,130,338	1,130,338	0	1,130,338
BERGAMOT DEVELOPMENTS SRL	54,000,000	0	0	54,000,000
IMPACT FINANCE & DEVELOPMENTS SRL	10,000	0	0	10,000
	<b>55,140,338</b>	<b>1,130,338</b>	<b>54,010,000</b>	<b>55,140,338</b>

On July 14<sup>th</sup>, 2017, the loan agreement between Bergamot Developments, granted to Impact Developer & Contractor, the borrower, was signed. The purpose of this loan agreement is to purchase land lots and build on them a residential complex. The loan amount is 54,000,000 Ron at an interest rate of 6.5% / year, with a repayment term no later than August 15<sup>th</sup>, 2017, with the possibility of being converted into equity. The loan was converted into equity in October 2017.

On July 17<sup>th</sup>, 2017, BERGAMOT DEVELOPMENTS concluded with BLUEROSE RO CORPORATION a sale-purchase agreement, through which it acquired a land with an area of 22,982 sqm located in Bucharest, 1<sup>st</sup> District, Clabucet no. 68, for the purpose of developing a residential complex, the Luxuria Domeniui Residence, of approximately 65,000 square meters built. The acquisition price was 10,571,720 EUR plus VAT (reverse charge), which was fully paid out of the amounts borrowed by Bergamot Developments

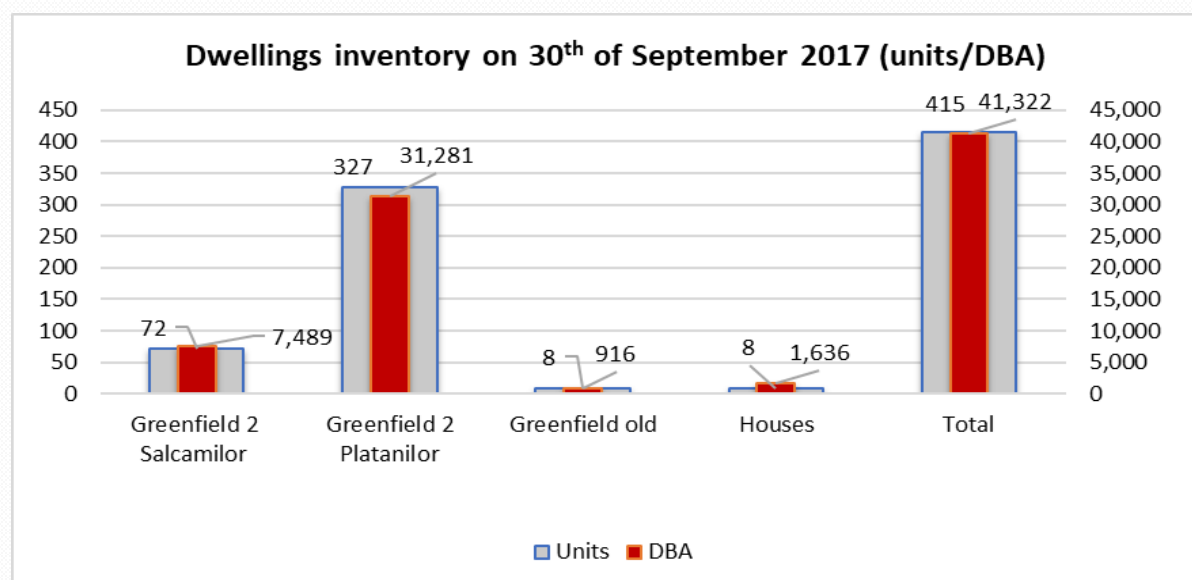
S.R.L. from Impact Developer & Contractor S.A. on the basis of the loan agreement concluded on July 14<sup>th</sup>, 2017, mentioned above.

## 6. Investment properties inventories

### a) Apartments and houses

On 30<sup>th</sup> of September 2017 there were 415 fully completed houses and apartments, with a built area of 47,158 square meters and an accounting value of 102.5 million lei. Apartments and houses registered for real estate investments in fixed assets and inventories were revaluated at market value, on 31.12.2016, by Colliers Valuation and Advisory SRL, an independent external evaluator authorized by the National Union of Authorized Valuers in Romania ("ANEVAR"), having extensive experience with the location and category of property evaluated.

The detailed situation of the inventory of houses and apartments on 30<sup>th</sup> of September 2017 is the following:



In Stage 7 of the Platanilor Assembly, works were started on another 12 blocks (out of the 18 projects), namely 276 apartments scheduled for completion in the first quarter of 2018.

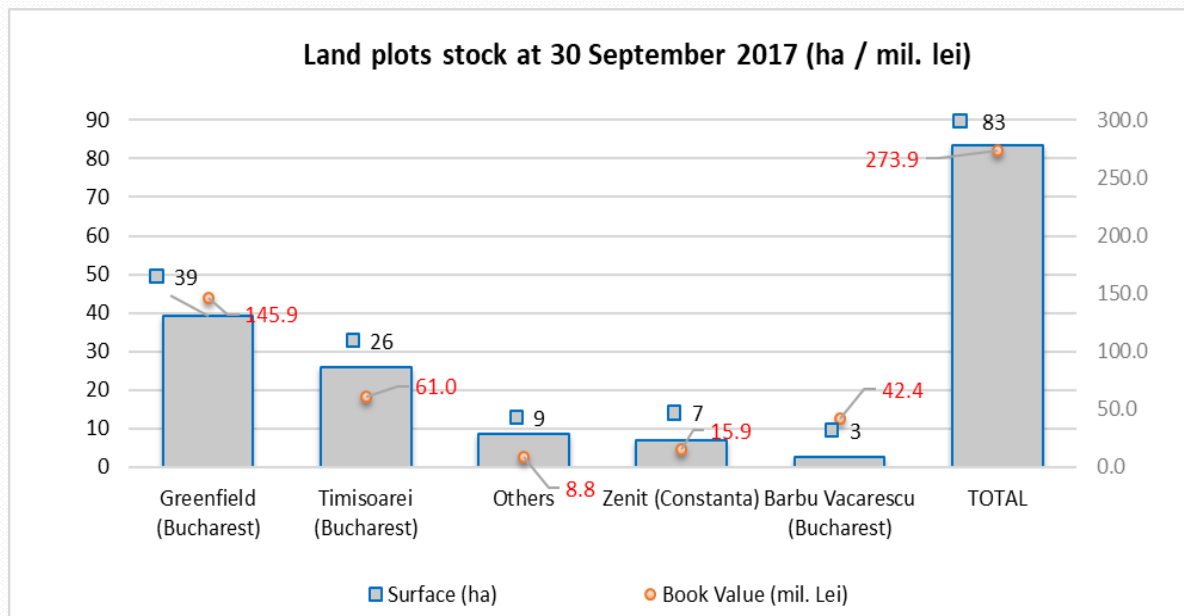
### b) Lands

At the end of the third quarter of 2017, there were about 834,000 square meters of land for sale and development of new projects. The land registered in real estate investments properties, as well as fixed assets, were revaluated at market value, on 31.12.2016, by Colliers Valuation and Advisory SRL, independent external evaluator, authorized by the National Union of Authorized Valuers in Romania (ANEVAR), having experience with the location and category of property evaluated.

The urban structure of the land inventory is found in the following graph:

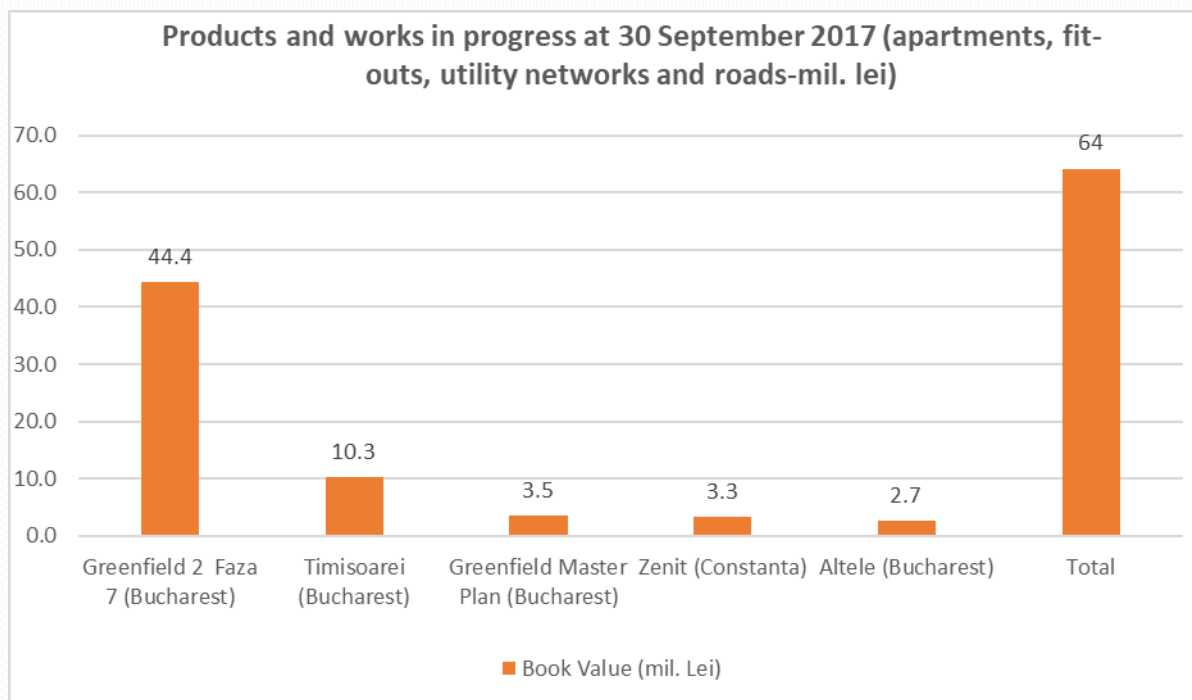
## IMPACT DEVELOPER & CONTRACTOR

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### f) Products and works in progress (apartments, fit-outs, utility networks and roads)

Structure of products and works in progress is shown in the following graphic:



## IMPACT DEVELOPER & CONTRACTOR

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(values are expressed in LEI, unless otherwise specified)

### 7. Cash and cash equivalents

	31-Dec-16	30-Sep-17
Current accounts	17,403,964	17,550,479
Cash	28,216	25,444
Advance for settlement	-	7,237
	<b>17,432,180</b>	<b>17,583,161</b>

### 8. Long and short term borrowings

On the date of September 30<sup>th</sup> 2017, the analysis of the bank loans was as follows:

No of contract	Name	Currency	Maturity	Contract value	Contract value	Balance on 30.09.2016	Balance on 30.09.2016	Total balance after re-valuation	Short term	Long term
				(euro)	(lei)	(euro)	(lei)	(lei)	(lei)	(lei)
301/30.08.2006	Piraeus Bank Grecia suc Londra	EURO	21-Oct-17	12,807,270		411,230	1,887,790.32	1,891,285.78	1,891,286	
2093/28.07.2017	Piraeus Bank Grecia suc Londra	RON	28-Jul-20		32,730,000.00		12,227,352.09	12,227,352		12,227,352
422/26.07.2016	Banca Transilvania-Lipscani	RON	25-Jul-17		4,047,000		3,979,011	2,361,999	2,361,999	
423/26.07.2016	Banca Transilvania-Lipscani	RON	25-Jul-18		20,235,000		20,178,076	12,093,014	12,093,014	
175/04.05.2017	Banca Transilvania-Lipscani	RON	28-Feb-19		3,861,180		2,175,320	2,175,320	2,175,320	
176/04.05.2017	Banca Transilvania-Lipscani	RON	28-Feb-19		20,322,000		11,564,903	11,564,903		11,564,903
BA1562/23.09.2016	Libra Internet bank	RON	23-Sep-20		35,000,000		35,000,000	15,769,643		15,769,643
<b>Total</b>				<b>12,807,270</b>	<b>116,195,180</b>	<b>411,230</b>	<b>87,012,451</b>	<b>58,083,515</b>	<b>18,521,618</b>	<b>39,561,898</b>

On 30<sup>th</sup> of September 2017, the balance of the bond issuance loan with interest after revaluation is 55,056,834 lei.

On July 10<sup>th</sup>, 2017, the Company offered 120 A series-bearer bonds for subscription, each with a face value of EUR 100,000 and a total face value of EUR 12,000,000, issued in physical form, to two funds of investments managed by Credit Value Investments Sp. z o. (CVI), who accepted the Offer on the same date. The bonds were initially offered at a price of € 98,400 per Bond (or € 11,808,000 per Bond total). The bonds were issued on 11<sup>th</sup> of July 2017 and are due on the date on which they are 54 months from the date of the issue, provided that 42 months after the issue date, the Company will repurchase 50% of the nominal value of the Bonds. Bonds are interest-bearing at a fixed rate of 6.00% per annum, payable twice a year.

Income from the Bond Issuance was used to fund land acquisition through Bergamot Developments to develop and build residential projects. The bonds will be mainly secured by a first-rate mortgage covering the obligations arising from the Bonds up to the guaranteed maximum amount of EUR 18,000,000 (eighteen million) on nine plots of land with a total area of 196,407 sqm located in Bucharest, 1<sup>st</sup> District, Romania, which are the exclusive property of the Company, as well as their accessories. The Company has an early redemption option for the Bonds, which can be exercised from the second interest payment date, provided that the minimum redeemed amount is at least EUR 1,000,000.

The loan with Piraeus Bank, agreement no 301, has been fully paid up on the date of 09<sup>th</sup> of October 2017.

## **9. Provisions**

On the date of September 30<sup>th</sup> 2017, the balance of provisions is as follows:

**a) Provisions for expenditure risks** – in balance on the date of 30<sup>th</sup> of September 2017 there were amounting to RON 0.007 mill.

**b) Provisions for shares held in affiliated entities amount to 9.26 mill. lei out of which 8.13 mill. lei** afferent to shares held in Actual Invest House and Clearline Development & Management and 1.13 mill. lei afferent to settlements within group.

**c) Provisions for receivables** of clients and sundry debtors. The provisioned amount is 5.54 mill. lei and it is afferent to balances older than 360 days of which recovery is uncertain, balances afferent to clients in insolvency, amounts under litigation (for partner Floreasca Construction the amount set up in 2016 is of de 3.05 mill. lei).

**d) Provisions for depreciation of inventory**, houses and lands amounting to 3,84 mill. lei.

**e) Provisions for utility networks and roads** from residential compounds where IMPACT does no longer owns buildings and land plots for sale and which were sold or are about to be sold to the owners associations or local councils from the areas where the projects take place. For these assets were signed selling buying promises and they were handed over to the new owners. The value of provisions booked on 30<sup>th</sup> of September 2017 is of 12,10 mill. lei afferent to lands, networks tangible assets and to the production in progress.

**f) Provisions for execution of general infrastructure** for Greenfield II project, according to the Master Plan for further fit-out of roads and access ways and future city networks, provisions had been set up for each sq.m. of sold construction, amounting to 8,86 mill. Lei.

## 10. Operational revenues recorded on 30 September 2017

The main revenue sources are revenues from sales of dwellings, revenues from selling land plots, revenues from rents, and from provided services.

The structure of operational revenues is the following:

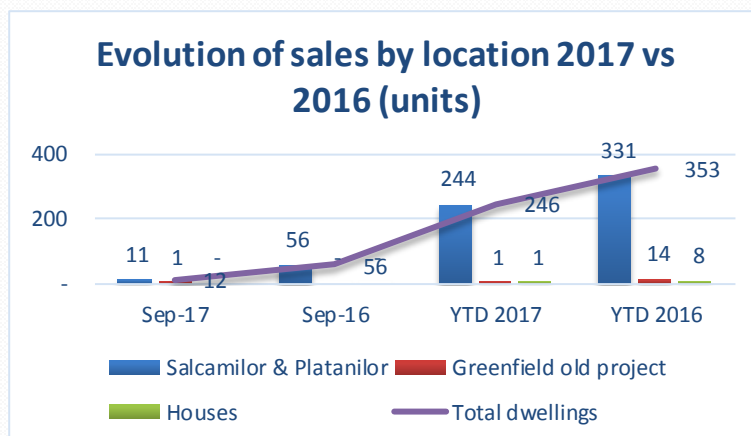
	30-Sep-16	30-Sep-17	Difference	
			value	%
Revenues from sale of finished products	111,343,543	93,776,931	(17,566,612)	-16%
Revenues from rentals / recharged utilities	2,891,635	6,661,296	3,769,661	130%
Revenues from sale of investments properties	1,619,062	-	(1,619,062)	-100%
Other revenues of operational nature	865,371	1,432,536	567,165	66%
Other revenues of operational nature - ANAF Litigation	6,640,074	-	(6,640,074)	-100%
<b>Total</b>	<b>123,359,685</b>	<b>101,870,763</b>	<b>-21,488,922</b>	<b>-17%</b>

The works of Phases 5 and 6 were also completed at the end of March 2017. On September 30<sup>th</sup>, 2017 for stages 5 and 6, 24 promises and reservations were signed and 149 sale contracts, totaling 36.34% of the total of 476 apartments.

### a) Sales of apartments and houses

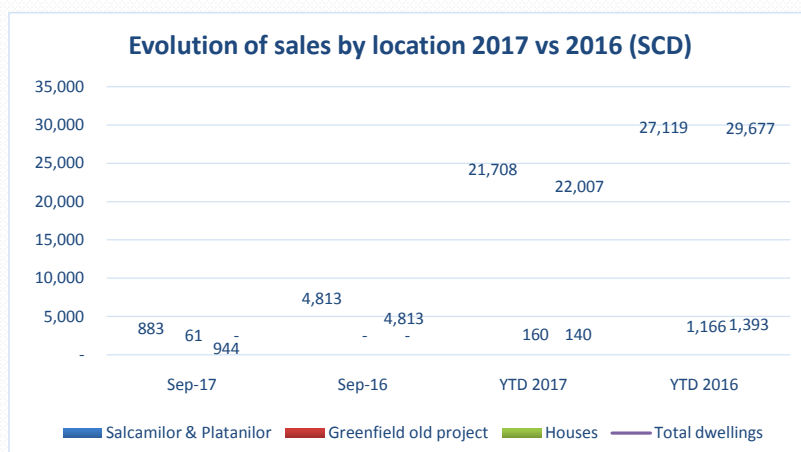
On September 30<sup>th</sup>, 2017, sales reached **246 properties** (apartments and houses), **29 parking spaces, 5 plots of land and 1 terrace** totaling a total built area of 22,007 sqm, 25.9% lower compared to the previous year (29,677 sq. m). Also there were 9 reservations signed for Salcamilor project and 26 reservations for apartments in Platanilor project.

The average value of a transaction in the first 9 months of 2017 increased by more than 19%, from around 70,895 EUR in 2016 to 82,952 EUR in 2017, while sales declined by **30.3%** from **353 units** at the end third quarter of 2016, to **246 units** at 30 September 2017. The decrease was mainly due to the closing of one of the access roads from the complex and the intense unfavorable media coverage. Anticipating the situation, the Company has identified three other alternative access solutions since 2016, for which it has finalized its land acquisition and related projections, while the licensing procedures are still underway.



## IMPACT DEVELOPER & CONTRACTOR

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(values are expressed in LEI, unless otherwise specified)



### b) Sales of land plots

Until 30<sup>th</sup> of September 2017 were sold 5 plots of land, 1 in Oradea with an area of 622 sqm, 1 plot of land in Voluntari with an area of 431 sqm, 1 plot of land in Bucharest (Amber neighborhood) with an area of 407 sqm, 1 plot of land in Constanta (Zenit neighborhood) with an area of 287 sqm and 1 in Boreal Constanta of 364 sqm. Compared to the same period of previous year, when 5 plots of land were sold in the area of 2.346 sqm. At the end of the third quarter of 2017, the total area of 2,111 square meters is 10% lower than in the same period in 2016. The decrease in land sales is accentuated by the low appetite of buyers for this product. Mainly the company's strategy related to land portfolio is to maximise the income and liquidate the land portfolio from the ongoing projects in Oradea and Constanta.

### c) Rentals

The renting of apartments is no longer a priority for the company in recent years. Most dwellings of which rental contracts have been phased out since 2015 have been sold, so that at the end of the third quarter of 2017 there were only 5 rented dwellings that will be sold when the rental contracts are terminated.

## 11. Operational expenses recorded as of 30<sup>th</sup> of September 2017

Operational expenses have decreased by 12 % compared to the similar period in 2016.

Compared to the operational result of RON 27.39 million as of 30<sup>th</sup> of September 2016, in 2017 the operational result was 17.59 million lei (-36%)

	Difference			
	30-Sep-16	30-Sep-17	value	%
Book value of sold residential inventories	(76,768,160)	(62,535,780)	14,232,380	-19%
Operational costs afferent to sold/leased properties	(1,755,550)	(5,483,851)	(3,728,301)	212%
Book value of investment properties	(1,461,265)	-	1,461,265	-100%
Consumption of raw materials	(617,606)	(658,495)	(40,889)	7%
Services provided by third parties	(6,147,701)	(5,037,777)	1,109,924	-18%
Employee benefits expenses	(5,652,709)	(6,785,574)	(1,132,865)	20%
Other operating expenses	(3,570,373)	(3,782,937)	(212,564)	6%

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(values are expressed in LEI, unless otherwise specified)

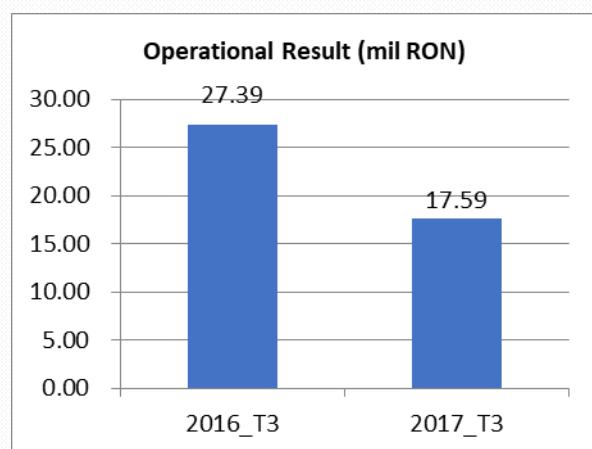
**Total** (95,973,364) (84,284,414) 11,688,950 -12%

The operating costs of the properties sold as at September 30, 2017 increased due to the expenses incurred for the development of the Luxuria Domenii Residence, which were re invoiced to Bergamot Developments SRL.

The interest expenses increased by 153 % on account of contracted facilities for stages 5, 6 and 7 and of loan related interest from bonds issuance.

	30-Sep-16	30-Sep-17	Difference value	%
Financing costs	(1,183,053)	(2,232,727)	(1,049,674)	89%
Financing income	32,330	736,753	704,423	2179%
Foreign exchange result	171,231	(542,287)	(713,518)	-417%
Other financial result	28,691	(366,487)	(395,178)	1377%
<b>Total</b>	<b>(950,801)</b>	<b>(2,404,748)</b>	<b>(1,453,947)</b>	<b>153%</b>

Operating profit on total revenues decreased by -36% at Q3 in 2017 compared to 2016, due to a lower sales volume compared to last year (-19%) and due to growth of the company's financial cost (+153%)



## 12. Strategic Directions and Activities Guidelines of IMPACT in 2017

In the third quarter of 2017 sales, reservations and sales promises for the apartments of the Acacia Assemblies (Stages 2, 3, 4) and Platans (Stages 5 and 6) were signed. Thus, on September 30<sup>th</sup>, 2017, 9 promises and bookings for apartments in the Salcamilor Assembly neighborhood were signed and 26 promises and reservations for apartments in the Platanilor Assembly, under construction. The pre-contracting rate of Stage 5 and 6 flats put up for sale exceeded 36.34%.

The beginning of 2017 was marked, on the one hand, by the beginning of the construction of the first 12 blocks of stage 7 - in the Platanilor Assembly, and on the other hand, by the reception of the works at stages 5 and 6 of the same assembly.

The new residential developments are benefiting of all location advantages communicated under Greenfield brand (900 ha of forest, in the vicinity of Baneasa Forest, 5 minutes from Baneasa Business

Center - Metro Cash&Carry, Selgross, IKEA, Mobexpert, Carrefour Feeria, Bricostore, immediate access to DN1 Bucharest – Ploiesti, 10 minutes to the two airports: Henri Coanda and Baneasa).

A new stage of development of Greenfield complex aims to expansion of dwelling area within an improved concept, adapted to current market conditions, as well as attracting investors/operators for improving the facilities/services serving the dwelling area.

Regarding Greenfield complex, the management's objective is to complete the construction works for the new compound – Platanilor Assembly, at the beginning of next year, that will include 33 blocks and 752 apartments, with a total built surface of 76,614 sqm.

Also, the company's activity is focused on preparing the necessary building documentation for Greenfield Plaza urban plan, with a total area of 10,400 square meters which will include a spa, shops and services of approximately 8,000 sqm and an administrative headquarters of 2,400 sqm.

In 2017 the masterplan is due to be finalized and the new project Luxuria Domenii Residence will start and address the premium segment, for which Impact, through its subsidiary Bergamot Developments SRL, acquired in 2017 a land in Bucharest, in the Expozitiei-Domenii area, the residential project will comprise 9 blocks with 630 units on a total land area of 2.25 ha;

Another objective of the company in 2017 is the completion of the technical documentation for the development of a new residential project in Bucharest, in the Timisoara - Prelungirea Ghencea Ave., where the company owns a land of approximately 26 ha.

The company plans to accelerate production cycles and product standardization, so that IMPACT offers to meet the market demand, these being the main concerns of management in the current period, in order to achieve sales and profitability targets.

For the financing of residential developments, besides its own sources of financing - reinvested profit, it is intended to co-finance development expenditures by bank loans and bond issues.

In order to support the development activity and the financing of the mentioned projects, the company aims to obtain financing from the capital market through the issuance of corporate bonds up to a maximum of 135 million lei with a maturity of 7 years. In this respect, the Extraordinary General Assembly approved the issuance of the bonds through the decision of AGEA no.1 / 30.01.2017, and the management of the company started the steps for selecting the consultants.

At the same time, through the decision of AGEA no. 3 / 15.06.2017, the issuance of bonds by the Company was approved (regardless of whether they are nominative or bearer, guaranteed or unsecured, materialized or de-materialized, if listed on any scholarship or not / or denominated in ROL, EUR, any other currency or any combination of the above), with a maximum nominal value of EUR 25,000,000 or the equivalent in any other currency and with a maturity of up to 7 (seven) years, part of this amount was subscribed on 10<sup>th</sup> of July 2017 by 2 investment funds managed by Credit Value Investments at a total nominal value of EUR 12,000,000.



## 13. Capital Market

IMPACT share price evolution

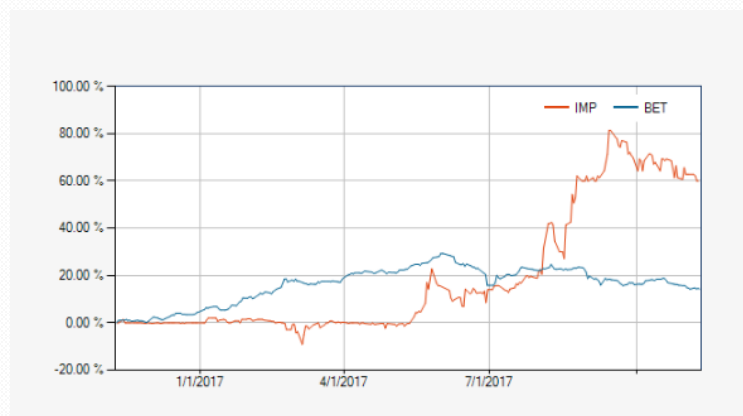
(November 2016 – September 2017)



IMPACT DEVELOPER & CONTRACTOR SA has been listed at the Bucharest Stock Exchange since the year 1996. Starting with the year 2006 its shares are quoted in the first category of BVB. Since January 2015, IMPACT shares, in a number of 277,866,574, are traded on the Premium category according to the new segmentation of Bucharest Stock Exchange.

The market capitalization of the company at the end of September 2017 is of 71.9 mill. EUR.

BET and IMP Index Evolution (November 2016 – September 2017)



There are no restrictions for the security transfer, there are no restrictions for the voting rights, there are no holders of securities with special control rights.

According to the situation reported by the Central Depository and reports to the Bucharest Stock Exchange, among the shareholders that held over 10% of the company shares on 03.10.2017 are: Gheorghe Iaciu holds **49.48%**, Andrici

Adrian holds **15,24%** of the share capital, Swiss Capital S.A., SAI Swiss Capital Asset Management, FDI Active Dinamic and Sorin Apostol **11.79%**, and **23.49%** of the shares were held by other shareholders.

On 30<sup>th</sup> of September 2017, 2.9% of the shares were held by legal entities and 97.1% of the shares were held by individuals.

On 30<sup>th</sup> of September 2017 the BET index registered an increase by **13.6%** compared to the same period of the previous year, and IMP stocks recorded an increase by **70.5% (0.698 lei/stock on 30.09.2016 compared to 1.190 lei/stock on 30.09.2017)**.

On August 21<sup>st</sup>, 2017, the company began a share buyback program.

According to the Decision of the Extraordinary General Assembly of Shareholders no. 3 of June 15<sup>th</sup>, 2017, ("AGEA Decision"), the program refers to the Company's redemption of its own shares by acquiring in the market on which the shares are listed and / or by carrying out public buying offers in accordance with the provisions of applicable laws, under the following conditions:

(i) Up to 7,000,000 shares (representing a maximum of 2.52% of the subscribed and paid-up share capital at the date of the decision), partially for the allocation to employees and / or administrators and / or directors of the company, and partly for the purpose of canceling and correspondingly reducing the share capital of the company;

(ii) At the minimum price of 0.6 lei per share and a maximum price equal to the lowest value of:

a) 1,5 lei per share and

b) the highest value of the price of the last independent transaction and the highest price at the time of the purchase offer, in accordance with Commission Delegate (EU) Regulation 2016/1052 of 8<sup>th</sup> of March 2016 supplementing Regulation (EU) 596/2014 of the European Parliament and of the Council as regards the regulatory technical standards for the conditions applicable to redemption programs and stabilization measures.

The program will run for a period of maximum 24 (twenty-four) months from the date of publication of the AGEA decision in the Official Gazette of Romania, Part IV.

Repurchase transactions can only be subject to shares paid in full and will only be made from the Company's distributable profit or reserves as they are recorded in the last approved annual financial statements, except for legal reserves. The redemption program will be performed under the above mentioned price conditions and in accordance with the legal provisions. The aggregate maximum amount of this redemption program is 10,500.00 RON (excluding brokerage commissions and other acquisition costs).

The Company has designated SSIF SWISS CAPITAL SA as a redemption agent in connection with the acquisition of shares listed on the Bucharest Stock Exchange.

The Company may redeem a daily volume of shares up to 25% of the daily average of the company's shares traded on the regulated market on which the purchase is made, calculated according to the applicable law. The Company will report weekly on the execution of this redemption program, according to the legal provisions in force.

## IMPACT DEVELOPER & CONTRACTOR

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(values are expressed in LEI, unless otherwise specified)

### 14. Performance Indicators

#### Economic and financial indicators – evolution:

Indicators	31-Dec-15	30-Sep-16	31-Dec-16	30-Sep-17
Return on Assets	-0,95%	5,95%	6,11%	2,45%
Return on Equity	-1,23%	7,18%	7,58%	3,44%
Debt ratio (Total liabilities vs. Total asset)	22,83%	17,2%	19,37%	28,7%
Leverage (Equity vs. Total asset)	77,17%	82,80%	80,63%	71,32%
Gearing ratio (Loans vs. Equity)	12,68%	12,84%	14,65%	28,88%
Current ratio	2,85	10,32	6,39	7,97
Quick ratio	0,56	1,31	0,67	1,86

Indicators	Dec-14	Dec-15	Dec-16	Sep-16	Sep-17
Price per share	1.485	0.94	0.7	0.698	1.19
No of shares	277,866,574	277,866,574	277,866,574	277,866,574	277,866,574
Stock exchange capitalization (RON )	412,631,862	261,194,580	194,506,602	193,950,869	330,661,223
Exchange rate	4.4821	4.5245	4.5411	4.4523	4.5991
Stock exchange capitalization (EUR )	92,062,172	57,728,938	42,832,486	43,561,950	71,896,941
Book net asset ( RON )	365,579,741	361,140,518	390,776,564	389,091,796	391,763,350
Book net asset ( EUR )	81,564,387	79,818,879	86,053,283	87,391,190	85,182,612
Annual / Quarterly profit (RON)	4,091,143	(4,459,409)	29,610,138	27,951,277	13,478,429
Annual / Quarterly profit (EUR)	920,475	(1,003,242)	6,593,511	6,231,783	2,931,495
Gain by share ( RON )	0.015	-0.016	0.107	0.101	0.049
Gain by share ( EUR )	0.003	(0.004)	0.024	0.022	0.011
NAV/Share ( RON )	1.316	1.300	1.406	1.400	1.410
NAV/Share ( EUR )	0.294	0.287	0.310	0.31	0.31
Premium/discount compared to net book asset	13%	-28%	-50%	-50%	-16%

#### EPRA<sup>1</sup> Net Asset Value:

Currency RON	31-Dec-16	30-Sep-17
No. of shares	277,866,574	277,866,574
IFRS NAV	390,776,564	391,763,350
IFRS NAV/share	1.41	1.41
EPRA NAV	472,732,589	532,472,134
EPRA NAV/share	1.70	1.92

The objective of the EPRA Net Asset Value is to highlight the fair value of net assets on an ongoing analysis on a long term horizon.

Adjustments are considering the revaluation of assets and land available for sale to net realizable value.

<sup>1</sup>"EPRA" European Public Real Estate is an association representing public real estate companies listed in Europe.

## **15. Further events**

The loan granted to Bergamot Developments was converted into equity in October 2017.

On October 16<sup>th</sup>, 2017, Impact signed a letter of intent for the acquisition of a 55,000 sq m plot of land from NUSCO Real Estate S.R.L., land located in Bucharest – 2<sup>nd</sup> District, in the Floreasca area. To the extent that the acquisition is completed, Impact intends to develop a residential complex that responds to the increasing residential demand in this area. It is envisaged that the project will be implemented in 2 phases, amounting to a total of 130,000 sqm built.

Starting 16<sup>th</sup> of October 2017, Impact began paying dividends for the financial year 2016 through the Central Depository S.A. and BRD - Groupe Societe Generale - the selected paying agent - to shareholders registered in the Shareholders' Registry held by the Central Depository S.A on 3<sup>rd</sup> of October 2017 (ex-date 2<sup>nd</sup> of October 2017).

The gross dividend is 0,0404 lei per share and, where applicable, the related dividend tax will be deducted at source in the rates provided by the law.

On 30<sup>th</sup> of October 2017 the Ordinary and Extraordinary AGEA took place. On the agenda, the following decisions were adopted:

- Impact's participation in the setting up of companies holding at least 50% and the mandate of the Board of Administration in this regard to decide on the type of these companies, their registered office, share in the share capital, as well as with on any other relevant issues
- the election of Mr. Gabriel Vasile, member of the Board of Administration was approved, for a 4 year mandate, valid until the 27<sup>th</sup> of April 2021.

On November 6<sup>th</sup>, 2017, Impact informed investors that it had mandated BT Capital Partners S.A. (as Principal Intermediary and Registrar of Subscriptions), Swiss Capital S.A. (as an Intermediary and Undertaker of the Subscription Registry) and BRK Financial Group S.A. (as an Intermediary) to act as intermediaries on a new issue of EUR-denominated bonds with a maturity of 5 years, based on the S-Securities Act Regulation (as defined below), bonds to be listed on the Bucharest Stock Exchange. The funds obtained will be used to fund new projects. The bond issuance prospect has been submitted with ASF.

## **16. Auditors**

By Decision of General Shareholders Assembly in April 2017 the contract with the current external financial auditor of the Company, DELOITTE AUDIT SRL, was extended for a mandate of 1 (one) year.

The Financial Statements as of September 30<sup>th</sup> 2017 **are not audited**.

Chairman of Board of Administration  
Iuliana Mihaela Urda

Chief Financial Officer  
Bogdan Nicolae Geanta

**IMPACT DEVELOPER & CONTRACTOR SA**

**Registered office:** Voluntari, 4C Pipera-Tunari Road, Construdava Business Center, floors 6,7, Ilfov County.

**Working point:** Willbrook Platinum Business & Convention Center,  
172-176 Bucharest – Ploiesti Road, Building A, 1st floor, Bucharest, 1st District,  
Phone: 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83, mobile: 0729.100.001

Subscribed and paid up share capital: RON 277,866,574

Registered with the Trade Registry Office within Bucharest Court under no. J 23/1927/2006,

Sole Registration Code RO 1553483

Personal Data Operator, registered with the Personal Data Processing Evidence Registry under no. 3406



## Quarterly Report 3<sup>rd</sup> Quarter / 2017

Report date: 14.11.2017

Name of Issuer Company: **SC IMPACT DEVELOPER & CONTRACTOR SA**

Registered office: Voluntari City, 4C Pipera- Tunari Road, Construdava Business Center, floors 6,7, Ilfov County

Working point: Willbrook Platinum Business & Convention Center, 172-176 Bucuresti – Ploiesti Road, Building A, 1st floor, Bucharest, 1st District,

Phone/Fax number: 230.75.81/82/83/ 230.75.70/71/72

Sole Registration Code with the Trade Registry Office J23/1927/2006

Subscribed and paid up capital: 277.866.574 RON

Regulated market where the issued securities are traded: Bucharest Stock Exchange

### 1. Economic and financial situation

*1.1. Presentation of an analysis on the economical and financial statement for Q3/2017, compared to the previous year similar period.*

#### Analysis of the results

During the third quarter of 2017, IMPACT recorded operating revenues of **101.9 million lei**, **17% lower** than in the same period of the previous year, and net profit was approximately **13.5 million lei**, registering a decrease of 52 % compared to the same period in 2016, when gross profit was **27.9 million lei**. The decrease in profit was influenced by a lower sales volume than last year (-19%), increase in management bonus expense (+ 20%), and the increase in the company's financial cost (+ 153%) compared to 2016. The recorded decrease is due in particular to the closure of one of the complex access roads and intense unfavorable media coverage. Anticipating the situation, the Company has identified, since 2016, three alternative access solutions, for which it has completed its land acquisitions and related projects, while the endorsement and licensing procedures are still underway.

The financial indicators on the date of 30<sup>th</sup> of September 2017 are the following:

Indicators according to IFRS (RON)	2016_9 months	2017_9 months	Variation	Q 3_2016	Q 3_2017	Variation
<b>Operational revenues, out of which:</b>	<b>123,359,685</b>	<b>101,870,763</b>	<b>-17%</b>	<b>61,207,330</b>	<b>31,158,005</b>	<b>-49%</b>
Revenues from the sale of residential inventories	111,343,543	93,776,931	-16%	59,510,794	26,314,412	-56%
Revenue from rental and utilities recharged	2,891,635	6,661,296	130%	1,044,064	4,615,910	342%
Revenue from sale of investments properties	1,619,062	0	-100%	184,908	0	-100%
Other revenues of operational nature	865,371	1,432,536	66%	348,053	227,683	-35%
Other operational revenues - ANAF Litigation	6,640,074	0	-100%	119,511	0	-100%
<b>Operational expenses, out of which:</b>	<b>(95,973,364)</b>	<b>(84,284,414)</b>	<b>-12%</b>	<b>(47,410,256)</b>	<b>(27,358,449)</b>	<b>-42%</b>
Accounting value of the sold residential inventories	(76,768,160)	(62,535,780)	-19%	(40,047,200)	(19,296,851)	-52%
Operating costs related to rented and sold properties	(1,755,550)	(5,483,851)	212%	(708,782)	(3,894,418)	449%
Accounting value of sold investments properties	(1,461,265)	0	-100%	(156,544)	0	-100%
Expenses with consumables	(617,606)	(658,495)	7%	(316,569)	(202,420)	-36%
Services supplied by thirds	(6,147,701)	(5,037,777)	-18%	(2,857,470)	(241,066)	-92%
Expenses with the benefits of employees	(5,652,709)	(6,785,574)	20%	(2,249,546)	(2,387,166)	6%
Other expenses of operational nature	(3,570,373)	(3,782,937)	6%	(1,074,145)	(1,336,528)	24%
<b>Operational result (EBITDA)</b>	<b>27,386,321</b>	<b>17,586,349</b>	<b>-36%</b>	<b>13,797,074</b>	<b>3,799,556</b>	<b>-72%</b>
Expenses with depreciation and amortization	(474,704)	(565,762)	19%	(174,438)	(190,324)	9%
Value losses of assets, other than investment property	1,990,461	(337,410)	-117%	1,058,870	(683,003)	-165%
Earnings / (losses) of real value of investment property	0	0	0%	0	0	0%
<b>Operational result (EBIT)</b>	<b>28,902,078</b>	<b>16,683,177</b>	<b>-42%</b>	<b>14,681,506</b>	<b>2,926,229</b>	<b>-80%</b>
Net financial cost	(950,801)	(2,404,748)	153%	(475,014)	(1,128,178)	138%
<b>Gross profit / (loss) (EBT)</b>	<b>27,951,277</b>	<b>14,278,429</b>	<b>-49%</b>	<b>14,206,492</b>	<b>1,798,051</b>	<b>-87%</b>
Tax on profit	0	(800,000)	100%	0	(556,395)	100%
<b>Net profit / (loss) of the period</b>	<b>27,951,277</b>	<b>13,478,429</b>	<b>-52%</b>	<b>14,206,492</b>	<b>1,241,656</b>	<b>-91%</b>

On the date of September 30<sup>th</sup>, 2017, sales reached **246 properties** (apartments and houses), **29 parking spaces, 5 lots of land and 1 terrace** totaling a total built area of 22,007 square meters, 25.9% lower compared to previous year (29,677 sqm).

Sales have decreased by 30.3% from 353 units at the end of the third quarter of 2016 to 246 units in the third quarter of 2017, while the average transaction value increased by more than 19% from around 70,895 in 2016, to 82,952 in the third quarter of 2017.

Operational expenditures had decreased by 12 % compared to the same period in 2016. The operating costs of the properties sold on September 30, 2017 increased due to the expenses incurred for the development of the Luxuria Domenii Residence, which were re invoiced to Bergamot Developments SRL.

Compared to an operating result of 27.39 million lei on the date of 30<sup>th</sup> of September 2016, in 2017 the operating result was 17.59 million lei (-36%)

	2016_9 months	2017_9 months	Variation	Q3_2016	Q3_2017	Variation
Financing costs	(1,183,053)	(2,232,727)	89%	(689,625)	(1,275,245)	85%
Financial revenues	32,330	736,753	2179%	19,936	853,978	4184%
Exchange rate differences	171,231	(542,287)	-417%	119,902	(553,792)	-562%
Other financial items, net	28,691	(366,487)	-1377%	74,773	(153,119)	-305%
<b>Total</b>	<b>(950,801)</b>	<b>(2,404,748)</b>	<b>153%</b>	<b>(475,014)</b>	<b>(1,128,178)</b>	<b>138%</b>

Interest expenses increased by 153 % on account of the loans contracted for stages 5, 6 and 7 and interests afferent to bonds issuance loan.

### Analysis of the balance sheet items

Asset items	31-Dec-16	30-Sep-17	%
	6.044.055	7.882.560	30%
Tangible assets	232.663	179.580	-23%
Intangible assets	136.736.403	136.759.859	0%
Investment immobilization	14.377.226	14.400.196	0%
Financial assets	11.215.815	6.808.885	-39%
Non-current receivables	<b>168.606.162</b>	<b>168.699.849</b>	<b>0%</b>

Inventories	282.813.138	293.959.866	4%
Trade receivables and other receivables	15.652.318	71.836.993	359%
Prepayments	131.717	87.142	-34%
Cash and cash equivalents	17.432.180	17.583.161	1%
<b>Total current assets</b>	<b>316.029.353</b>	<b>383.467.162</b>	<b>21%</b>
<b>Total assets</b>	<b>484.635.515</b>	<b>549.318.242</b>	<b>13%</b>

Cash and cash equivalents of the Company had maintained approximately the same level as in December 2016.

Trade receivables increased by 359%, the main reason being the loan agreement with Bergamot Developments, as borrower and Impact Developer & Contractor, as lender. The purpose of this agreement is to acquire land plots and build on them a residential complex. The loan amount is RON 54,000,000 at an interest rate of 6,5% / year, with a repayment term no later than August 15<sup>th</sup>, 2017, with the possibility of being converted into equity. The loan was converted into equity in October 2017.

Compared to the beginning of the year, stocks grew by 4% due to the capitalization of production costs for the new development phase of Greenfield neighborhood, Phase 7 and the final acceptance of the Phases 5 and 6 apartments in March 2017.

Tangible assets increased as a result of the transfer of park related land into assets (from inventory) and purchases of various equipment (including IT) for the use of the new sales office (30%).

Total assets were estimated to be about 13% higher than the level recorded at the end of 2016.

<b>Liabilities items</b>	<b>31-Dec-16</b>	<b>30-Sep-17</b>	<b>%</b>
<b><i>Equity</i></b>	<b><i>390.776.564</i></b>	<b><i>391.763.350</i></b>	<b><i>0%</i></b>
Loans	28.519.089	93.873.965	229%
Trade payables and other liabilities	2.863.913	2.554.437	-11%
Deferred tax	13.000.347	13.000.347	0%
<b><i>Total long term liabilities</i></b>	<b><i>44.383.349</i></b>	<b><i>109.428.749</i></b>	<b><i>147%</i></b>
Loans	28.715.491	19.266.384	-33%
Trade payables and other liabilities	20.753.493	28.853.141	39%
Provisions for risks and charges	6.618	6.618	0%
<b><i>Total current liabilities</i></b>	<b><i>49.475.602</i></b>	<b><i>48.126.143</i></b>	<b><i>-3%</i></b>
<b><i>Total liabilities</i></b>	<b><i>93.858.951</i></b>	<b><i>157.554.892</i></b>	<b><i>68%</i></b>
<b><i>Total equity and liabilities</i></b>	<b><i>484.635.515</i></b>	<b><i>549.318.242</i></b>	<b><i>13%</i></b>

The company's loans increased during the third quarter of 2017 due to the bond issuance loan with interest after revaluation of 55,056,834 lei and the new credit lines obtained for the financing of the 7<sup>th</sup> Phase in Platanilor.

On the date of July 10<sup>th</sup>, 2017, the Company offered 120 A-bearer bonds for subscription, each with a face value of EUR 100,000 and a total face value of EUR 12,000,000, issued in physical form, to two funds of investments managed by Credit Value Investments Sp. z o. (CVI), who accepted the Offer on the same date. The bonds were initially offered at a price of €98,400 per Bond (or €11,808,000 per Bond total). The bonds were issued on the date of 11<sup>th</sup> of July 2017 and are due on the date on which they are 54 months from the date of the issue, provided that 42 months after the issue date, the Company will mandatorily redeem 50% of the nominal value of the Bonds. Bonds are interest-bearing at a fixed rate of 6.00% per year, payable twice a year.

The company's commercial debts increased by 33% due to the growing production costs and the withdrawals from bank loans. Also on the line of other debts in September 2017 are also included **dividends payable** to investors worth **RON 11.2 million**. Compared to the amount of dividends payable on 30<sup>th</sup> of September 2017, during October 2017, 98% were paid.

Equities increased by 13% compared to the level at end-year 2016 on account of growth in loans in Q3 2017.

### Cash flow items analysis

The decrease in cash at the end of the third quarter of 2017 is based on the investments made in Stages 5, 6 and 7 of the Platanilor Assembly.

<b>Indicator (RON)</b>	<b>30-Sep-16</b>	<b>30-Sep-17</b>
<b>Cash and cash equivalent as of 1<sup>st</sup> of January</b>	<b><i>17.080.848</i></b>	<b><i>17.432.180</i></b>
Net cash derived from operating activities	(4.925.706)	(46.602.785)
Net cash derived from investment activities	673.117	(2.217.610)
Net cash derived from (used in) financing activities	3.226.057	48.971.376
<b>Cash and cash equivalent as of 31<sup>st</sup> of December</b>	<b><i>16.054.316</i></b>	<b><i>17.583.161</i></b>

## 2. Analysis of the company's activity

During the third quarter of 2017, the sale of apartments from the Salcamilor Complex continued, both from those completed in 2015 (Stages 1 and 2), as well as Stages 3 and 4 (420 units) - completed in 2016. From August 2016, reservations and sales began for Stages 5 and 6 and since May 2017 for Stage 7.

On the date of September 30<sup>th</sup>, 2017, sales reached 246 properties (apartments and houses), 29 parking spaces, 5 plots of land and 1 terrace totaling a total built area of 22,007 sqm, 25.9% lower compared to the previous year (29,677 sqm). Additionally, at the end of Q3, 35 promises and reservations for apartments.

The average value of a transaction in the first nine months of 2017 increased by more than 19%, from around 70,895 in 2016 to 82,952 in 2017, while sales decreased by 30.3% from 353 units at the end of the third quarter of 2016, to 246 units on the date of 30<sup>th</sup> of September 2017.

Until the date of September 30<sup>th</sup>, 2017, in the Salcamilor Assembly (924 apartments), **861 contracts** were signed, while from Platanilor Assembly (752 apartments), **175 contracts** were traded.

Consolidated on both projects in the new development of the Greenfield neighborhood, initiated in 2013, we have a total of **1037** signed contracts of which **1002** sold apartments and **35** promises and reservations.

### *2.1. Presentation and analysis of events that are affecting or could affect the company's liquidity compared to the same period of the previous year.*

Detailed structure is found in the notes to the financial statements.

### *2.2. Presentation and analysis of effects on the financial status of the company of all capital, current or anticipated expenditures.*

The company has in progress the completion of the Platanilor Assembly construction, which shall consist of 39 blocks having 944 apartments. In this regard, besides own financing sources - reinvested profit, it is aimed to co-finance the development costs through bank loans.

Until this date, real estate investment loans have been contracted with Banca Transilvania, Libra Bank and Piraeus Bank.

Detailed structure of expenses is found in the notes to the financial statements.

### *2.3. Presentation and analysis of events that significantly affect revenues from the main activity.*

The resumption of production with the new stages of residential development in the Greenfield neighborhood has favored a competitive and market-conscious product and so the company has achieved a significant increase in sales, namely reaching a market share to give it market leadership.

The acceleration of production cycles and the standardization of the offered product ensure the satisfaction of the market demands, which is one of the key concerns of the management during the current period, which is also an asset in reaching the sales and profitability objectives.

### **3. Changes affecting the Company's capital and administration.**

In April 2017, three new members were elected to the Board of Administration. Mrs. Ruxandra Alina Scarlat, Mr. Laviniu Dumitru Beze and Mr. Daniel Pandele, for a four-year term until the date of April 27<sup>th</sup>, 2021, and the Chairman of the Board of Administration was reconfirmed, Mrs. Iuliana Mihaela Urda until the date of April 27<sup>th</sup>, 2021.

On the date of October 30<sup>th</sup>, 2017, the election of Mr. Gabriel Vasile, as member of the Board of Administration, was approved for a 4 year mandate until 27<sup>th</sup> of April 2021.

*3.1 Description of those cases where the company was unable to meet its financial obligations.*

The company is up to date with the payment of loans, taxes and charges.

*3.2 Description of any change in the rights of holders of securities issued by the company.*

The rights of holders of issued securities have not been changed.

**Chairman of Board of Administration**  
**Iuliana Mihaela Urda**

**Chief Financial Officer**  
**Bogdan Nicolae Geanta**

Full version of the quarterly report may be consulted following the link below

<http://www.impactsa.ro/quarterly-reports.html>