

**IMPACT DEVELOPER & CONTRACTOR SA**



**Individual and unaudited financial statements  
as at March 31<sup>st</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 at March 31<sup>st</sup> 2017  
(values are expressed in LEI, unless otherwise specified)*

### Statement of financial positions as of March 31<sup>st</sup> 2017

	<b>31-Dec-16</b>	<b>31-Mar-17</b>
<b>ASSETS</b>		
Tangible assets	6,044,055	5,950,390
Intangible assets	232,663	765,431
Investment Property	136,736,403	136,736,403
Financial assets	14,377,226	14,377,226
Non-current receivables	11,215,815	13,488,461
<b>Total Non-current assets</b>	<b>168,606,162</b>	<b>171,317,911</b>
Inventories	282,813,138	305,441,995
Trade and other receivables	15,652,318	14,686,180
Prepayments	131,717	194,596
Cash and cash equivalents	17,432,180	12,206,043
<b>Total Current Assets</b>	<b>316,029,353</b>	<b>332,528,814</b>
<b>Total Assets</b>	<b>484,635,515</b>	<b>503,846,725</b>
Share capital	285,330,158	285,330,158
Capital premiums	84,175,480	84,175,480
Revaluation reserves	3,137,863	3,137,863
Other reserves	5,418,842	5,418,842
Reported result	(16,895,917)	12,714,221
Net profit for the period	29,610,138	1,761,436
<b>Total equity</b>	<b>390,776,564</b>	<b>392,538,000</b>
Loans	28,519,089	38,970,977
Trade and other payables	2,863,913	3,175,210
Deferred taxes	13,000,347	13,000,347
<b>Total long term liabilities</b>	<b>44,383,349</b>	<b>55,146,534</b>
Loans	28,715,491	28,330,610
Trade and other payables	20,753,493	27,824,963
Provisions for risk and charges	6,618	6,618
<b>Total current liabilities</b>	<b>49,475,602</b>	<b>56,162,191</b>
<b>Total liabilities</b>	<b>93,858,951</b>	<b>111,308,725</b>
<b>Total equity and liabilities</b>	<b>484,635,515</b>	<b>503,846,725</b>

Chief Executive Officer  
Bartosz Puzdrowski

Chairman of the Board of Administration  
Iuliana Mihaela Urda

Chief Financial Officer  
Bogdan Nicolae Geanta

# IMPACT DEVELOPER & CONTRACTOR

*Individual Financial Statements as at March 31<sup>st</sup> 2017  
(values are expressed in LEI, unless otherwise specified)*

## Statement of Comprehensive Result as of March 31<sup>st</sup> 2017

	<b>31-Mar-16</b>	<b>31-Mar-17</b>
Revenue from sale of residential inventories	28,844,992	18,696,634
Accounting value of sold residential inventories	(19,063,967)	(11,674,154)
<b><i>Profit / loss from sale of real estate properties</i></b>	<b><i>9,781,025</i></b>	<b><i>7,022,480</i></b>
<b>Rental incomes</b>	<b>383,489</b>	<b>78,877</b>
Operating incomes recharged to customers / tenants	693,669	684,062
Operating expenses directly related to rented / sold properties	(647,290)	(867,273)
<b><i>Net recharged income</i></b>	<b><i>46,379</i></b>	<b><i>(183,211)</i></b>
Income from sale of investment properties	1,102,812	-
Book value of sold investment properties	(1,018,163)	-
<b><i>Profit/loss from sale of investment properties</i></b>	<b><i>84,649</i></b>	<b><i>-</i></b>
Revenues from services rendered	8,655	26,728
Raw materials and consumables used	(200,966)	(272,025)
Third party services	(1,493,683)	(1,920,511)
Employee benefits expense	(1,774,916)	(2,070,151)
Other operating income	242,444	817,518
Other operating expense	(934,589)	(931,859)
<b><i>Other operating income / (expenses), net</i></b>	<b><i>(4,153,055)</i></b>	<b><i>(4,350,300)</i></b>
<b><i>Earnings before interest, taxation, depreciation and amortization</i></b>	<b><i>6,142,487</i></b>	<b><i>2,567,846</i></b>
Depreciation and amortization	(138,547)	(185,397)
Impairment of assets, other than investment properties	(864,344)	(500,548)
<b><i>Depreciation and related impairment charges / reversals, other than investment properties</i></b>	<b><i>(1,002,891)</i></b>	<b><i>(685,945)</i></b>
<b><i>Earnings / (losses) at fair value of investment properties, net</i></b>	<b><i>-</i></b>	<b><i>-</i></b>
<b><i>Earnings before interest and taxation</i></b>	<b><i>5,139,596</i></b>	<b><i>1,881,901</i></b>
Financing costs	(248,590)	(120,974)
Financing income	(8,985)	32,746
Exchange difference	173,481	(1,455)
Other financial result, net	(5,190)	(30,782)
<b><i>Financial result</i></b>	<b><i>(89,284)</i></b>	<b><i>(120,465)</i></b>
<b><i>Gross profit</i></b>	<b><i>5,050,312</i></b>	<b><i>1,761,436</i></b>
<b><i>Income tax</i></b>	<b><i>-</i></b>	<b><i>-</i></b>
<b><i>Net profit / (loss) for the period</i></b>	<b><i>5,050,312</i></b>	<b><i>1,761,436</i></b>

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## IMPACT DEVELOPER & CONTRACTOR

*Individual Financial Statements as at March 31<sup>st</sup> 2017  
(values are expressed in LEI, unless otherwise specified)*

### Statement on the change in equities as of March 31<sup>st</sup> 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>	285,330,158	84,175,480	3,190,469	3,859,821	(15,415,410)	361,140,518
<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		
Duly set up reserve				1,480,507	(1,480,507)	
<b>Total other comprehensive result elements</b>	-	-	(52,606)	1,559,020	(1,480,507)	25,907
<b>Total comprehensive result for the period</b>	-	-	(52,606)	1,559,020	28,129,631	29,636,045
<b>Balance as of 31<sup>st</sup> of December 2016</b>	285,330,158	84,175,480	3,137,863	5,418,842	12,714,221	390,776,564
<b>Balance as of 1<sup>st</sup> of January 2017</b>	285,330,158	84,175,480	3,137,863	5,418,842	12,714,221	390,776,564
<b>Total comprehensive result for the period</b>						
Period result	-	-	-	-	1,761,436	1,761,436
<b>Other comprehensive result elements</b>						
Set up of reserve from revaluation of sold assets	-	-	-	-	-	0
Reversing reserve from revaluation of depreciated assets, net						
Asset on deffered tax for reserve from revaluation	-	-	-	-	-	-
<b>Total other comprehensive result elements</b>	-	-	-	-	-	-
<b>Total comprehensive result for the period</b>	-	-	-	-	1,761,436	1,761,436
<b>Balance as of 31<sup>st</sup> of March 2017</b>	285,330,158	84,175,480	3,137,863	5,418,843	14,475,656	392,538,000

Chief Executive Officer  
Bartosz Puzdrowski

Chairman of the Board of Administration  
Iuliana Mihaela Urda

Chief Financial Officer  
Bogdan Nicolae Geanta

**Statement of Cash flow as of March 31<sup>st</sup> 2017**

	<u>31-Mar-17</u>
<b>Cash flows from operating activities</b>	
<b>Profit before income tax</b>	<b>1,761,436</b>
Depreciation	185,397
Financing costs, net	120,465
<b>Cash flows before changes in working capital</b>	<b>2,067,298</b>
Decrease / (increase) in trade receivables and other receivables	(1,369,387)
Decrease / (increase) in inventory	(22,628,857)
Decrease / (increase) in trade payables and other payables	(73,584)
<b>Net cash used from operating activities</b>	<b>(22,004,530)</b>
<b>Cash flows from investment activities</b>	
<b>Net cash used in investing activities</b>	<b>(624,499)</b>
<b>Cash flow from financing activities</b>	
Proceeds /(Payments) from long term loans	17,523,358
Net financial costs	(120,465)
<b>Net cash used in financing activities</b>	<b>17,402,893</b>
<b>Net increase/(decrease) in cash and in cash equivalents</b>	<b>(5,226,137)</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>12,206,043</b>

Chief Executive Officer  
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Chairman of the Board of Administration  
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Chief Financial Officer  
Bogdan Nicolae Geanta

## 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. 24/2017, such entities have to also prepare individual financial statements.

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 is dominated by 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 neighborhood took. 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, Phases 5 and 6 of the Platanilor Assembly, a number of 476 apartments. Work also started on another 12 blocks in phase 7, 276 apartments with scheduled completion in the last quarter of 2017.

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 makes constantly all the efforts in order to prove that it is 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 called 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 J23/1927/2006

Sole Registration Code RO1553483.

The subscribed and paid share capital of the company, on March 31<sup>st</sup>, 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 **April 27<sup>th</sup>, 2017**, is as follows:

<b>Shareholder</b>	<b>Ownership *)</b>
Iaciu Gheorghe	49.48%
Andrici Adrian	15.24%
SWISS CAPITAL / SAI SWISS CAPITAL AM / FDI ACTIVE DINAMIC / APOSTOL SORIN	10.96%
Other individuals and legal entities	24.32%
<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

Pursuant to the legislation in force and the company's Articles of Incorporation, the General Assembly of Shareholders is the managing and decisional body of the company, deciding upon its business.

The company was managed by the Board of Administration, consisting of five administrators, individuals:

- Iuliana Mihaela Urda, Chairman of the Board of Administration;
- Liviu Stan, Administrator;
- Gabriel Vasile, Administrator;
- Konstantinos Tasoulas, Administrator;
- Victor Rachita, Administrator.

Mrs. Iuliana Mihaela Urda was elected in the Board of Administration in the General Ordinary Assembly in 26<sup>th</sup> of April 2013, by cumulative vote method, for a four year mandate, until April 2017.

Mr. Gabriel Vasile was appointed as administrator in the General Ordinary Assembly on 16<sup>th</sup> of September 2013, Mr. Liviu Stan was appointed as in the General Ordinary Assembly on 25<sup>th</sup> of April 2014, and Mr. Konstantinos Tasoulas was appointed as administrator in the General Ordinary Assembly held on the date of 25<sup>th</sup> of April 2015, and Mr. Victor Rachita was elected as administrator by the General Ordinary Assembly which took place on the date of 22<sup>nd</sup> of April 2016.

As of the date of 01<sup>st</sup> of September 2016, the position of General Director of the company shall be exercised by Mr. Bartosz Puzdrowski, with a 3 years mandate.

The Board of Administration is structured, so as to enable fulfillment of duties in a diligent manner. The Board meets regularly to ensure fulfillment of its duties in an efficient manner. There is a clear distinction and allocation of responsibilities between the Board and the Executive Management of the Company.

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

The Board of Administration consists of 5 members :

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

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

The board of Administration decided that Mr. Bartosz Puzdrowski, Chief Executive Officer 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 02.09.2016.

On the date of 09.01.2017 the termination of mandate agreement, by parties' agreement, was registered with the Trade Registry within Ilfov Court, for Mr. Stan Liviu as Purchase Manager of Impact Developer & Contractor SA Company.

The Board of Administration revoked Mr. Bogdan Nicolae Geanta as empowered person acting jointly with the General Director, as from the date of 09.01.2017 and appointed Mr. Gabriel Vasile, as empowered person, pursuant to art 1432 par. 5 in Law 31/1990, on trading companies, this one further exercising his attributions jointly with the Chief Executive Officer.

## IMPACT DEVELOPER & CONTRACTOR

Individual Financial Statements as at March 31<sup>st</sup> 2017  
(values are expressed in LEI, unless otherwise specified)

### 4. Financial assets

Impact Company holds investments in the following affiliates:

	31-Mar-17			
	<u>Ownership title</u>	<u>Gross value</u>	<u>Depreciation</u>	<u>Book value</u>
Clearline Development and Management SRL	100.00%	22,400,000	(8,022,774)	14,377,226
Actual Invest House SRL	6.23%	109,950	(109,950)	-
		<b>22,509,950</b>	<b>(8,132,724)</b>	<b>14,377,226</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.**, member of IMPACT Group that has an important role in the diversification of services related to the sale of dwellings. Actual Invest House collaborates with major financial institutions from Romania in order to find solutions for credit facilities in the shortest time possible for customers who intend to purchase a dwelling. It also provides management services for new residential development and furniture and interior decoration services by partnering with leading suppliers at reasonable prices using high quality materials.
- b) **Clearline Development and Management S.R.L.** (formerly Lomb SA) is the company project of IMPACT established in order to develop a residential project in the city of Cluj-Napoca in partnership with the local authority. For the investments made by Clearline Development&Management SRL in order to develop the Lomb project in Cluj City, the project company has claims and respective litigation in the amount of 17,053,000 lei, plus legal charges, the case being currently investigated by the Court Law in Arges County, and the expertise of file is ongoing (Urbanism and Constructions).

### 5. Affiliates

#### Tranzactii cu parti afiliate

	<u>Transactions value as of 31-Mar-17</u>	<u>Balance as of 31-Mar-17</u>
<b>Sale of goods and services</b>		
<b>Affiliates</b>		
Actual Invest House	29,126	100,436
Clearline Development and Management	2,177	39,127
	<b>31,303</b>	<b>139,563</b>

**IMPACT DEVELOPER & CONTRACTOR**

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	<b>Transactions value as of 31-Mar-17</b>	<b>Balance as of 31-Mar-17</b>	
<b>Purchase of goods and services</b>			
<b>Affiliates</b>			
Actual Invest House	995,063	146,657	
Clearline Development and Management	0	699	
	<b>995,063</b>	<b>147,356</b>	
	<b>31-Mar-17</b>		
	<b>Gross value</b>	<b>Depreciation</b>	<b>Book value</b>
<b>Granted loans</b>			
<b>Affiliates</b>			
Clearline Development and Management	1,130,338	1,130,338	0
	<b>1,130,338</b>	<b>1,130,338</b>	<b>0</b>

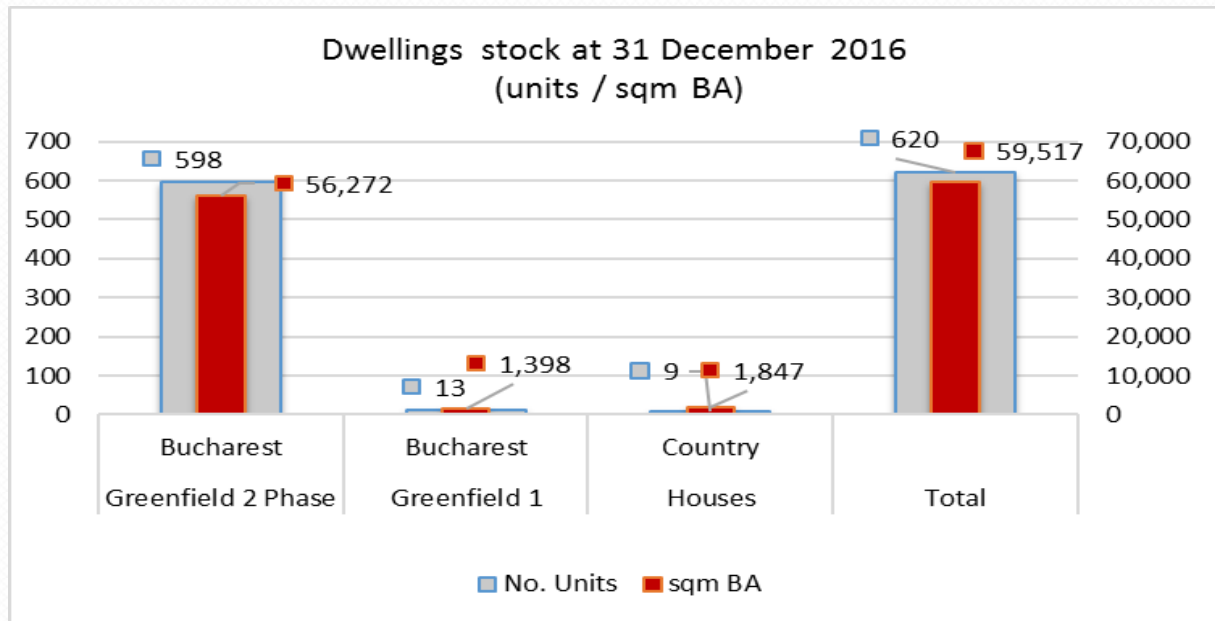
**6. Investment properties and inventories****a) Apartments and Houses**

As of March 31<sup>st</sup>, 2017 there were a number of 620 apartments and houses fully completed, having a developed built area of 59,517 sq.m. and a book value of 54,6 million lei. Apartments and houses registered for real estate investments in fixed assets and inventories were revaluated at market value by Colliers Valuation and Advisory SRL, independent external evaluators, authorized by the National Union of Authorized Valuers in Romania (ANEVAR) , having recent experience with the location and category of property evaluated.

Detailed statement on houses and apartments inventories as of March 31<sup>st</sup>, 2017 is the following:

## IMPACT DEVELOPER & CONTRACTOR

Individual Financial Statements as at March 31<sup>st</sup> 2017  
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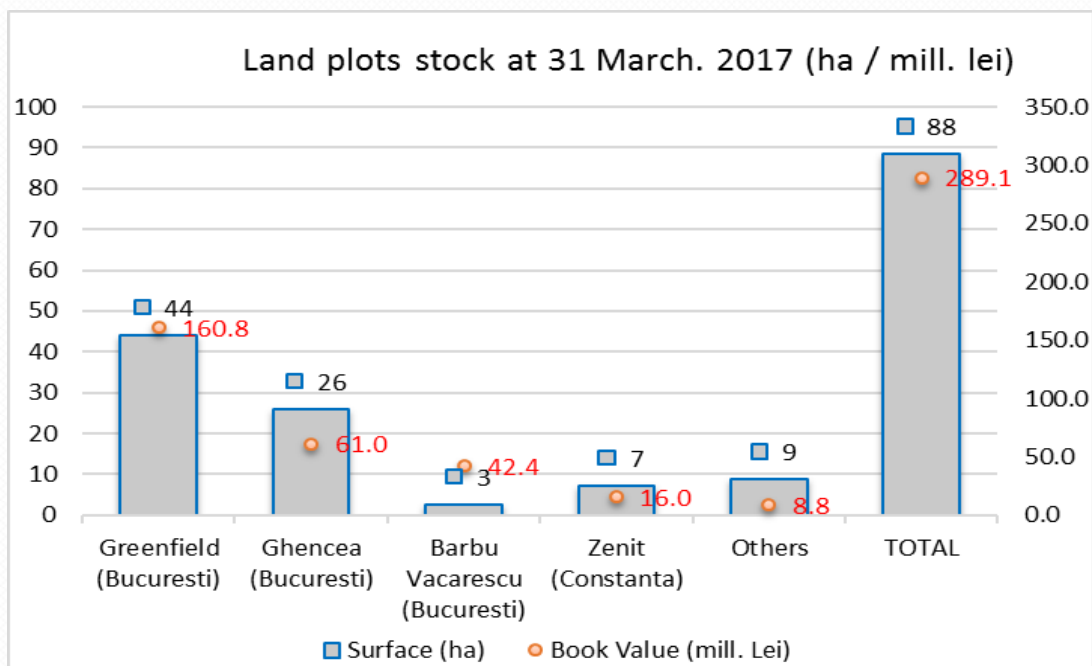


Stage 7 in Platanilor Assembly 12 blocks (276 apartments and 27,500 sq.m.), shall be completed by stages, as of November 2017.

### b) Lands

At the end of the first quarter of 2017, there were in inventory approximately 836.000 sq.m. of land designated for sale and development of new projects. The lands registered in investment properties, but also the ones in fixed assets, were revalued at market value by Colliers Valuation and Advisory SRL, independent external evaluators, authorized by the National Union of Authorized Valuers in Romania (ANEVAR), having recent experience with the location and category of property evaluated.

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

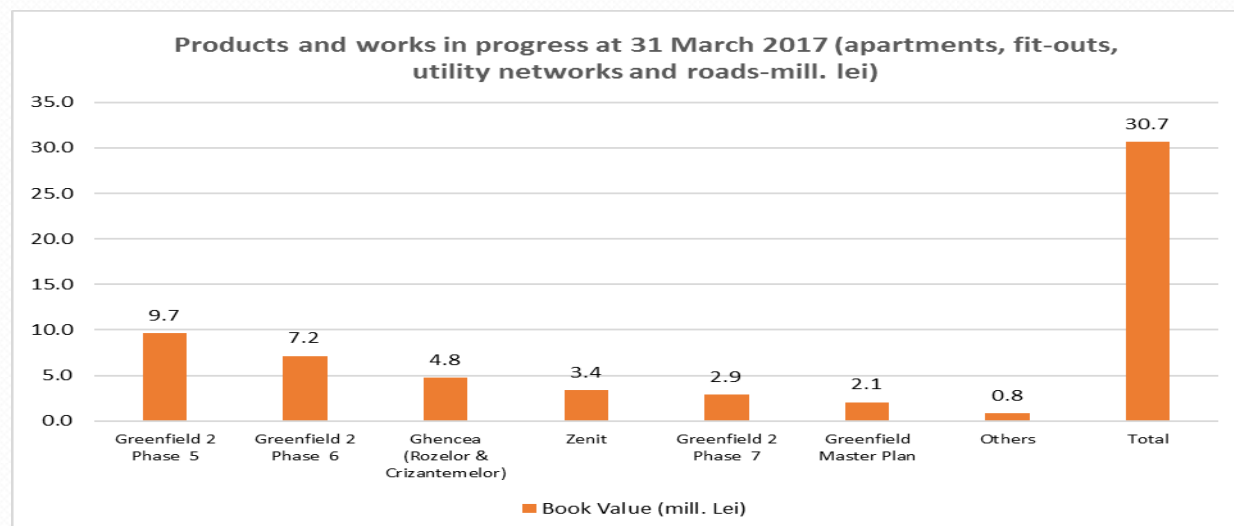


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Individual Financial Statements as at March 31<sup>st</sup> 2017  
(values are expressed in LEI, unless otherwise specified)

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

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



### 7. Cash and cash equivalents

	<b>31-Dec-16</b>	<b>31-Mar-17</b>
Current accounts	17,403,964	12,178,693
Cash	28,216	20,449
Advance for settlement	-	6,900
	<b>17,432,180</b>	<b>12,206,042</b>

### 8. Long and short term borrowings

On March 31<sup>st</sup> 2017, the analysis of the bank loans was as follows:

No of contract	Name	CCY	Maturity	Contract value	Contract value	Balance at 31.03.2017	Balance at 31.03.2017	Total balance after re-valuation	Short term	Long term
				(euro)	(lei)	(euro)	(lei)			
301/30.08.2006	Piraeus Bank Grecia suc Londra	EURO	21-Oct-17	12,807,270		1,428,702		6,502,164	6,502,164	
422/26.07.2016	Banca Transilvania-Lipscani	RON	25-Jul-17		4,047,000		3,607,211	3,607,211	3,607,211	
423/26.07.2016	Banca Transilvania-Lipscani	RON	25-Jul-18		20,235,000		18,221,235	18,221,235	18,221,235	
BA1589/1.11.2015	Libra Internet bank	RON	11-Nov-19		29,266,059		4,182,783	4,182,783		4,182,783
BA1562/2.3.09.2016	Libra Internet bank	RON	23-Sep-20		35,000,000		34,788,194	34,788,194		34,788,194
<b>Total</b>				<b>12,807,270</b>	<b>88,548,059</b>	<b>1,428,702</b>	<b>60,799,423</b>	<b>67,301,587</b>	<b>28,330,610</b>	<b>38,970,977</b>

## 9. Provisions

On March 31<sup>st</sup> 2017, the balance of provisions is as follows:

- a) Provisions for litigations** - in balance on the date of 31<sup>st</sup> of March 2017 amounted 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 5.57 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 4.05 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 March 31<sup>st</sup> 2017 is of 11.48 mill. lei afferent to lands, networks tangible assets and to 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 6.50 mill. Lei.

## 10. Operational revenues recorded on March 31<sup>st</sup> 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:

	<b>31-Mar-16</b>	<b>31-Mar-17</b>	<b>Value</b>	<b>%</b>
Revenues from sale of finished products	28,844,992	18,696,634	(10,148,358)	-35%
Revenues from rentals	383,489	78,877	(304,612)	-79%
Revenues from recharged utilities	693,669	684,062	(9,607)	-1%
Revenues from sale of investments properties	1,102,812	0	(1,102,812)	-100%
Other revenues of operational nature	251,099	844,246	593,147	236%
<b>Total</b>	<b>31,276,061</b>	<b>20,303,819</b>	<b>(10,972,242)</b>	<b>-35%</b>

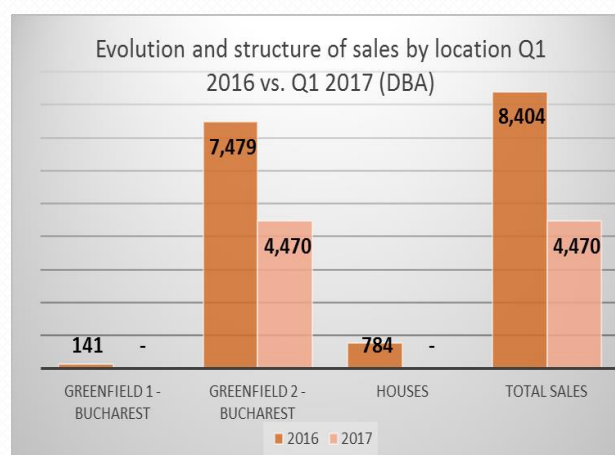
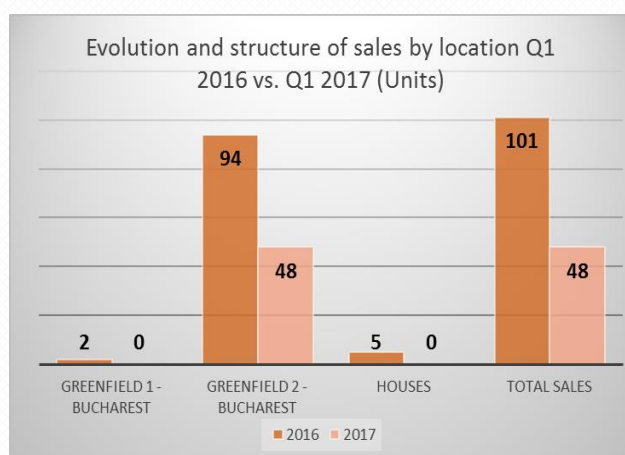
Sales in the Greenfield Assembly have been influenced by market conditions, particularly the Government's proposal to apply the 0% VAT rate to the sale of dwellings, but also by the closure of one of the access routes within the assembly.

Also, the works of Phases 5 and 6 were completed at the end of March 2017, an important part of the pre-agreements and reservations signed in these phases will be signed starting with April 2017.

**a) Sales of apartments and houses**

In the first quarter of 2017, sales reached 48 properties (apartments and houses) and **9 parking places**, totaling a total built area of 4,470 sqm, 48% less than the last year.

Even though sales fell 52 percent from 101 units in the first quarter of 2016 to 48 units in the first quarter of 2017, the average transaction volume rose by more than 30 percent, from about 66,000 euros in 2016 to 86,000 euros in the first quarter of 2017.



**b) Sales of land plots**

In the first quarter of 2017 two plots of land were sold, one in Oradea with an area of 622 sqm and one plot of land at Voluntari with an area of 431 sqm. Compared to the previous period, when there were no land sales, this quarter they totalized a total area of 1,053 sqm. The decrease in the volume of land sales is accentuated by the low appetite of buyers for this product, plus the lack of funding.

**c) Rentals**

The activity of apartment lease is no longer a priority for the Company in the past years. Most of the dwellings on which lease contracts were terminated in 2015, were sold and therefore, at the end of the first quarter of 2017 there were only 6 leased dwellings, which will be sold when the lease agreements end.

**11. Operational expenses recorded as of March 31<sup>st</sup>, 2017**

Operational expenses decreased by 29.4% compared to the similar period in 2016.

Compared to the operational result of 6.1 million lei as of March 31<sup>st</sup>, 2016, in 2017 the operational result was 2.6 million lei, influenced by the decrease in the sale of apartments (46 new units less than during the similar period of the previous year).

**IMPACT DEVELOPER & CONTRACTOR**

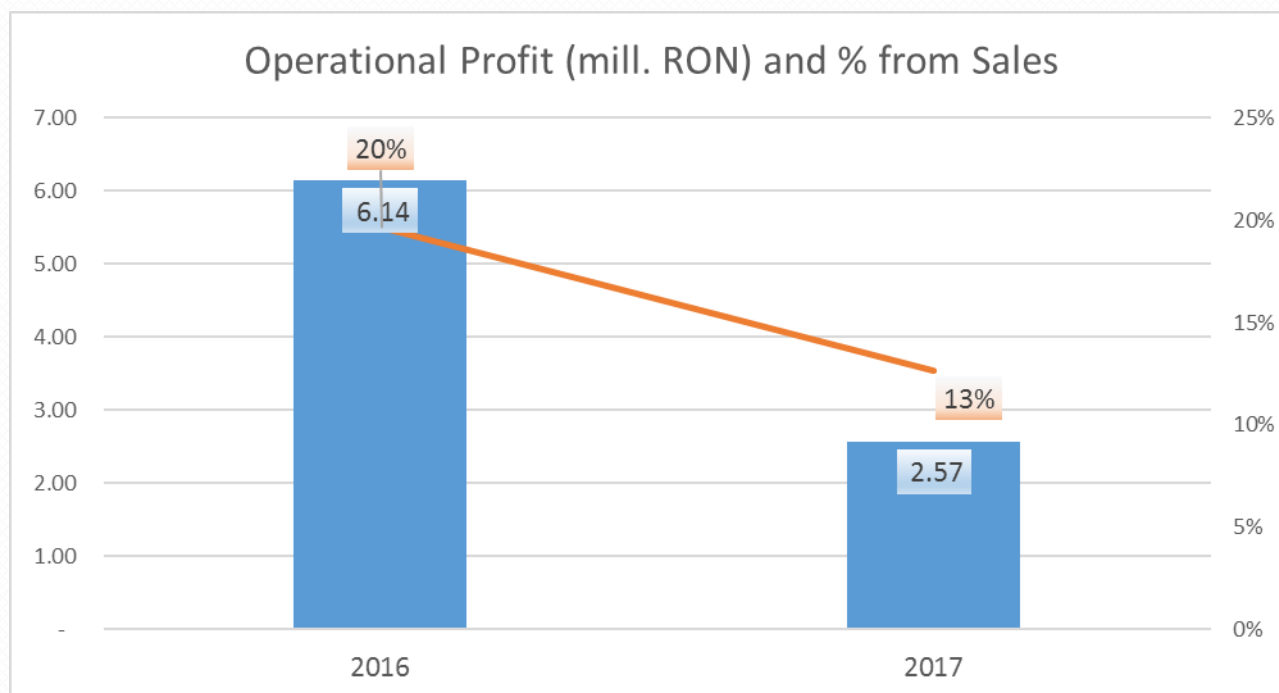
*Individual Financial Statements as at March 31<sup>st</sup> 2017  
(values are expressed in LEI, unless otherwise specified)*

	<b>31-Mar-16</b>	<b>31-Mar-17</b>	<b>Value</b>	<b>%</b>
Book value of sold residential inventories	(19,063,967)	(11,674,154)	7,389,813	-39%
Operational costs afferent to sold/leased properties	(647,290)	(867,273)	(219,983)	34%
Book value of investment properties	(1,018,163)	0	1,018,163	-100%
Consumption of raw materials	(200,966)	(272,025)	(71,059)	35%
Services provided by third parties	(1,493,683)	(1,920,511)	(426,828)	29%
Employee benefits expenses	(1,774,916)	(2,070,151)	(295,235)	17%
Other operating expenses	(934,589)	(931,859)	2,730	0%
<b>Total</b>	<b>(25,133,574)</b>	<b>(17,735,973)</b>	<b>7,397,601</b>	<b>-29%</b>

Interest expenses decreased by 51% in account of interest capitalization on Phases 5 and 6 financing from Platanilor Assembly, considering that they are in the process of being finalized.

	<b>31-Mar-16</b>	<b>31-Mar-17</b>	<b>Value</b>	<b>%</b>
Financing costs	(248,590)	(120,974)	127,616	-51%
Financial income	(8,985)	32,746	41,731	-464%
Exchange rate differences	173,481	(1,455)	(174,936)	-101%
Other financial items, net	(5,190)	(30,782)	(25,592)	493%
<b>Total</b>	<b>(89,284)</b>	<b>(120,465)</b>	<b>(31,181)</b>	<b>35%</b>

Operating profit versus total revenues decreased in 2017 compared to 2016, due to sales volume decrease.



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

The beginning of 2017 was marked, on one hand, by the initiation of the construction of 12 blocks in Platanilor Assembly, and on the other hand, by the completion of works in phases 5 and 6 of the same Assembly.

The new residential developments will benefit from 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: Baneasa and Henri Coanda).

The second 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.

During the first quarter of 2017 there were signed sales contracts, reservations and promises of sales agreements in stages 2, 3, 4, 5 and 6 of Salcamilor and Platanilor Assemblies.

Thus, as of March 31<sup>st</sup>, 2017 there were 40 promises and reservations signed for apartments in Salcamilor Assembly, as well as 125 promises and reservations signed for apartments in Platanilor Assembly, under construction. The pre-contracting level of apartments in stages 5 and 6 put out for sale exceeded 26%

Regarding Greenfield complex, the management's objective is to complete the construction works for the new compound – Platanilor Assembly, next year, which will include 39 blocks with 944 apartments, with a total built surface of 90,000 sqm.

Also, the company's activity is focused on preparing the necessary documentation for approval of the new PUZ and building of Greenfield Plaza urban center 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.

Another major goal of the company in 2017, was launching the technical documentation for development of a new residential project in Bucharest in the Ghencea Extension - Timisoara Ave., where the company owns a land area of approximately 26 ha.

## **IMPACT DEVELOPER & CONTRACTOR**

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(values are expressed in LEI, unless otherwise specified)*

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The company intends to speed up the production cycles and product standardization so that the offer of IMPACT should be aligned with the market requirements, this being one of the concerns of the management in the current period in order to reach the sales objectives and profitability.

In order to finance the residential developments, besides own financing sources from reinvested profits, co-financing of development costs is aimed through bank loan facilities.

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



### 13. Capital Market

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 March 2017 is of 43 mill. EUR.

*IMPACT share price evolution  
(April 2016 – March 2017)*



*BET Index Evolution  
(April 2016 – March 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 31.03.2017 are: Gheorghe Iaciu with 49.48%, Andrici Adrian with 15.24% of the share capital, and 35.27% of the shares were held by other shareholders.

On 31.03.2017, 24,36% of the shares were held by legal entities and 75,64% of the shares were held by individuals.

On 31<sup>st</sup> of March 2017 the BET index recorded an increase of 20% compared to the same period of previous year, also IMP shares recorded a decrease of 17% (0.850 lei /share on 31.03.2016 compared to 0.702 lei/share on 31.03.2017).



## 14. Performance Indicators

### Economic and financial indicators – evolution:

Indicators	31-Dec-15	31-Mar-16	31-Dec-16	31-Mar-17
Return on Assets	-0.95%	1.09%	6.11%	0.35%
Return on Equity	-1.23%	1.38%	7.58%	0.45%
Debt ratio (Total debt vs. Total asset)	22.83%	21.17%	19.37%	22.09%
Leverage (Equity vs. Total asset)	77.17%	78.83%	80.63%	77.91%
Gearing ratio (Loans vs. Equity)	12.68%	12.98%	12.61%	17.15%
Current ratio	2.85	4.67	6.39	5.92
Quick ratio	0.56	0.90	0.67	0.48

Indicators	31-Dec-15	31-Mar-16	31-Dec-16	31-Mar-17
Price per share	0.940	0.850	0.700	0.702
No of shares	277,866,574	277,866,574	277,866,574	277,866,574
Market capitalization ( RON )	261,194,580	236,186,588	194,506,602	195,062,335
Exchange rate	4.5245	4.4738	4.5411	4.5511
Market capitalization (EUR)	57,728,938	52,793,283	42,832,486	42,860,481
Net Asset Value (RON)	361,140,518	366,190,830	390,776,564	392,538,000
Net Asset Value (EUR)	79,818,879	81,852,302	86,053,283	86,251,236
Result (RON)	(4,459,409)	5,050,312	29,610,137	1,761,436
Result (EUR)	(1,003,242)	1,130,912	6,593,511	387,282
Earning per share ( RON )	-0.016	0.018	0.107	0.006
Earning per share ( EUR )	(0.004)	0.004	0.024	0.001
NAV/Share ( RON )	1.300	1.318	1.406	1.413
NAV/Share ( EUR )	0.287	0.295	0.310	0.310
Premium/discount compared to the net asset value	-28%	-36%	-50%	-50%

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

Description	31-Dec-16	31-Mar-17
<b>IFRS Net Asset Value</b>	<b>390,776,564</b>	<b>392,538,000</b>
Number of shares	277,866,574	277,866,574
<b>IFRS Net Asset Value /Share</b>	<b>1.41</b>	<b>1.41</b>
Revaluation of inventories / available land for sale	68,955,678	131,435,514
Deffered tax	13,000,347	13,000,347
<b>EPRA Net Asset Value</b>	<b>472,732,589</b>	<b>536,973,861</b>
<b>EPRA Net Asset Value /Share</b>	<b>1.70</b>	<b>1.93</b>

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. Auditors**

By Decision of General Assembly of Shareholders 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 March 31<sup>st</sup>,2017 **are not audited**.

Chief Executive Officer

Bartosz Puzdrowski

Chairman of the Board of Administration

Iuliana Mihaela Urda

Chief Financial Officer

Bogdan Nicolae Geanta