IMPACT DEVELOPER & CONTRACTOR SA

Preliminary Individual and unaudited financial statements

as at 31st of December 2017

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

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Statement of financial position *as at 31st of December 2017*

	31-Dec-16	31-Dec-17
ASSETS		
Tangible assets	6,044,055	8,699,234
Intangible assets	232,663	144,339
Investment Property	136,736,403	243,234,539
Financial assets	14,377,226	56,190,196
Non-current receivables	11,215,815	6,510,256
Total Non-current assets	***168,606,162***	***314,778,564***
Inventories	282,813,138	247,907,777
Trade and other receivables	15,652,318	24,875,947
Prepayments	131,717	90,403
Cash and cash equivalents	17,432,180	44,515,734
Total Current Assets	***316,029,353***	***317,389,861***
Total Assets	***484,635,515***	***632,168,425***
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	55,000,422
Total equity	***390,776,564***	***433,285,343***
Loans	28,519,089	156,272,060
Trade and other payables	2,863,913	2,635,790
Deferred taxes	13,000,347	21,531,349
Total long-term liabilities	***44,383,349***	***180,439,199***
Loans	28,715,491	4,682,418
Trade and other payables	20,753,493	13,437,313
Provisions for risk and charges	6,618	324,152
Total current liabilities	***49,475,602***	***18,443,883***
Total liabilities	***93,858,951***	***198,883,082***
Total equity and liabilities	***484,635,515***	***632,168,425***

Chief Executive Officer
Bartosz Puzdrowski

Chairman of Board of Administration
Iuliana Mihaela Urda

Chief Financial Officer
Elisabeta Florentina Ion

Statement of Comprehensive Result *as at 31st of December 2017*

	31-Dec-16	31-Dec-17
Revenue from sale of residential inventories	144,550,045	109,711,513
Accounting value of sold residential inventories	(92,022,102)	(70,130,069)
Profit / (loss) from sale of real estate properties	***52,527,943***	***39,581,444***
Rental incomes	1,468,822	1,123,430
Operating incomes recharged to customers / tenants	2,715,413	7,006,556
Operating expenses directly related to rented / sold properties	(2,878,913)	(6,608,055)
Net recharged income	***(163,500)***	***398,501***
Income from sale of investment properties	2,189,510	-
Book value of sold investment properties	(1,917,666)	-
Profit/loss from sale of investment properties	***271,844***	***-***
Revenues from services rendered	29,244	178,889
Raw materials and consumables used	(2,528,353)	(2,331,087)
Third party services	(9,201,795)	(10,742,302)
Activity performed by entity and capitalized	-	762,180
Employee benefits expense	(8,312,244)	(9,125,584)
Other operating income	6,828,332	1,708,653
Other operating expense	(3,951,952)	(6,031,151)
Other operating income / (expenses), net	***(17,136,767)***	***(25,580,402)***
Earnings before interest, taxation, depreciation and amortization	***36,968,342***	***15,522,973***
Depreciation and amortization	(664,545)	(772,562)
Impairment of assets, other than investment properties	(5,643,512)	725,560
Depreciation and related impairment charges / reversals, other than investment properties	***(6,308,057)***	***(47,002)***
Gains / (losses) at fair value of investment property, net	492,053	53,318,765
Earnings before interest and taxation	***31,152,338***	***68,794,736***
Financing costs	(1,451,973)	(4,053,455)
Financing income	31,336	847,901
Exchange difference	63,572	(810,723)
Other financial result, net	(185,135)	(447,034)
Financial result	***(1,542,200)***	***(4,463,311)***
Gross profit	***29,610,138***	***64,331,425***
Cheltuiala cu impozitul pe profit curent	-	(800,000)
(Cheltuiala) / Venit cu impozitul pe profit amanat	-	(8,531,002)
Income tax	***-***	***(9,331,002)***
Net profit / (loss) for the period	***29,610,138***	***55,000,423***

Chief Executive Officer	Chairman of Board of Administration `	Chief Financial Officer
Bartosz Puzdrowski	Iuliana Mihaela Urda	Elisabeta Florentina Ion

Statement on the changes in equity *as of 31st of December 2017*

	Adjusted share capital	Capital premiums	Reserve from revaluation	Other reserves	Reported result	Total
Balance as of 1st of January 2016	**285,330,158**	**84,175,480**	**3,190,469**	**3,859,821**	**(15,415,410)**	**361,140,518**
Total comprehensive result for the period						
Period result	-	-	-	-	29,610,138	29,610,138
Other comprehensive result elements						
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 deffered tax for reserve from revaluation	-	-	-	-	-	-
Duly set up reserve				1,480,507	(1,480,507)	
Total other comprehensive result elements	**-**	**-**	**(52,606)**	**1,559,020**	**(1,480,507)**	**25,907**
Total comprehensive result for the period	**-**	**-**	**(52,606)**	**1,559,020**	**28,129,631**	**29,636,045**
Balance as of 31st of December 2016	**285,330,158**	**84,175,480**	**3,137,863**	**5,418,842**	**12,714,221**	**390,776,564**
Balance as of 1st of January 2017	**285,330,158**	**84,175,480**	**3,137,863**	**5,418,842**	**12,714,221**	**390,776,564**
Total comprehensive result for the period						
Period result	-	-	-	-	55,000,422	55,000,422
Other comprehensive result elements						-
Reversing reserve from revaluation of depreciated assets, net				-		-
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)
Total other comprehensive result elements	**-**	**(15,415,410)**	**-**	**-**	**2,923,768**	**(12,491,642)**
Total comprehensive result for the period	**-**	**(15,415,410)**	**-**	**-**	**57,924,190**	**42,508,779**
Balance as of 31st of December 2017	**285,330,158**	**68,760,070**	**3,137,863**	**5,418,842**	**70,638,410**	**433,285,343**

Chief Executive Officer	Chairman of Board of Administration	Chief Financial Officer
Bartosz Puzdrowski	Iuliana Mihaela Urda	Elisabeta Florentina Ion

Statement of Cash flow *as of 31st of December 2017*

	31-Dec-17
Cash flows from operating activities	
Net profit / (loss) for the period	**55,000,423**
Depreciation	772,562
Changes of investments fair value	(53,318,765)
Net Financing costs	4,463,311
Cash flows before changes in working capital	**6,917,531**
Decrease / (increase) in trade receivables and other receivables	(4,476,756)
Decrease / (increase) in inventory	(18,430,554)
Increase / decrease) in trade payables and other payables	(15,412,661)
Net cash used from operating activities	**(31,402,440)**
Cash flows from investment activities	
Net cash used in investing activities	**(44,995,843)**
Cash flow from financing activities	
Proceeds /(Payments) from loans	120,436,791
Proceeds /(Payments) from dividends	(12,491,643)
Net Financing costs	(4,463,311)
Net cash used in financing activities	**103,481,837**
Net increase/(decrease) in cash and in cash equivalents	**27,083,554**
Cash and cash equivalents at the beginning of the period	**17,432,180**
Cash and cash equivalents at the end of the period	**44,515,734**

Chief Executive Officer	Chairman of Board of Administration	Chief Financial Officer
Bartosz Puzdrowski	Iuliana Mihaela Urda	Elisabeta Florentina Ion

Explanatory 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 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 1st category of the Stock Exchange, becoming **the first** real estate company to achive 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 30th 2016, the company has in progress residential developments located in four cities in the country, each project having different sizes and beeing in various stages of completion. IMPACT activity in 2017 is dominated by a major project: **GREENFIELD residential complex** in Bucharest.

On 6th 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. Thus, in the first quarter of 2017, 12 blocks were completed, Stages 5 and 6 of the Platanilor Assembly, a total of 476 apartments. Work was also started on another 12 blocks (out of the 18 projects covered) in phase 7, 276 apartments respectively 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 December 2017 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 first half of 2019. 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.

Also in 2017 the basic concept was finalized and also we launched Luxuria Domenii Residence for the premium segment, for which Impact, through its subsidiary Bergamot Developments S.R.L., acquired in 2017 a plot of land in Bucharest, in the Expozitiei-Domenii area, the residential assembly will comprise 9 blocks with 630 units on a total area of 2.25 ha.

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 certificed 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 4th 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, 6th floor, Ilfov County
Working point / Correspondence address: Willbrook Platinum Business & Convention Center, Sos. Bucuresti – Ploiesti, No. 172-176, Building A, 1st 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 CodeRO1553483.

The subscribed and paid share capital of the company, on December 31st, 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 each share during the meetings of the Company.

The consolidated structure of shareholders, which hold at least 10% of the share capital on the date of **03rd 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%
Total	**100.00%**

*) 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 will perform 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 Chief Executive Officer.

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

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 management.

In the Ordinary General Assembly of the Shareholders held on **April 28th, 2017**, 4 administrators were elected by secret vote for a four-year term until **April 27th, 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 30th of October 2017, pentru for a four-year term mandate, until April 27th, 2021.

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.143^2 par. 5 in Law 31/1990, on trading companies, as from the date of 09.01.2017.

4. Financial assets

Impact Company holds investments in the following affiliates.

	31-Dec-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%	41,790,990	-	41,790,990
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
		64,322,920	**(8,132,724)**	**56,190,196**

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***, a company within the group that provides management services for new residential developments.

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 tried at the Arges Tribunal and is currently carrying out the expertise (Urban and Construction) in the file. On September 11th, 2017 through the decision of the Board of Administration of Impact, the share capital of Clearline was increased by new cash contributions, by the amount of 20,000 lei.

c) ***Bergamot Developments S.R.L.,*** a company within the group, with main scope of activity the real estate development that, starting in 2018, will develop a residential assembly of approx. 51,382 sqm built, 500 apartments on a land of approximately 17,213 sqm, respectively the first phase of the residential complex Luxuria Domenii Residence, which per total includes approx. 65,000 sqm built on a plot of approximately 22,982 sqm 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 II (130 apartments) of the residential complex Luxuria Domenii Residence, consisting of 13,618 sqm built, on a land 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.

5. Affiliates

Transactions with affiliates

	Transactions value as of	Balance as of
	31-Dec-17	**31-Dec-17**
Sale of goods and services		
Affiliates		
Actual Invest House	297,335	40,441
Clearline Development and Management	8,985	45,936
Bergamot Developements	9,005,122	5,329,027
Bergamot Developments Phase II	3,416	1,442
Impact Finance	4,424	1,191
	9,319,283	**5,418,037**

	Transactions value as of	Balance as of
	31-Dec-17	31-Dec-17
Purchase of goods and services		
Affiliates		
Actual Invest House	5,383,489	1,801,115
Clearline Development and Management	0	699
	5,383,489	**1,801,814**

	31-Dec-17		
	Valoarea bruta	Depreciere	Valoarea contabila
Granted loans			
Affiliates			
Bergamot Developements	12,210,000	0	12,210,000
Bergamot Developments Phase II	6,000	0	6,000
Impact Finance	10,000	0	10,000
	12,226,000	**0**	**12,226,000**

On July 14th, 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 15th, 2017, with the possibility of being converted into equity. The loan was converted into equity in October 2017.

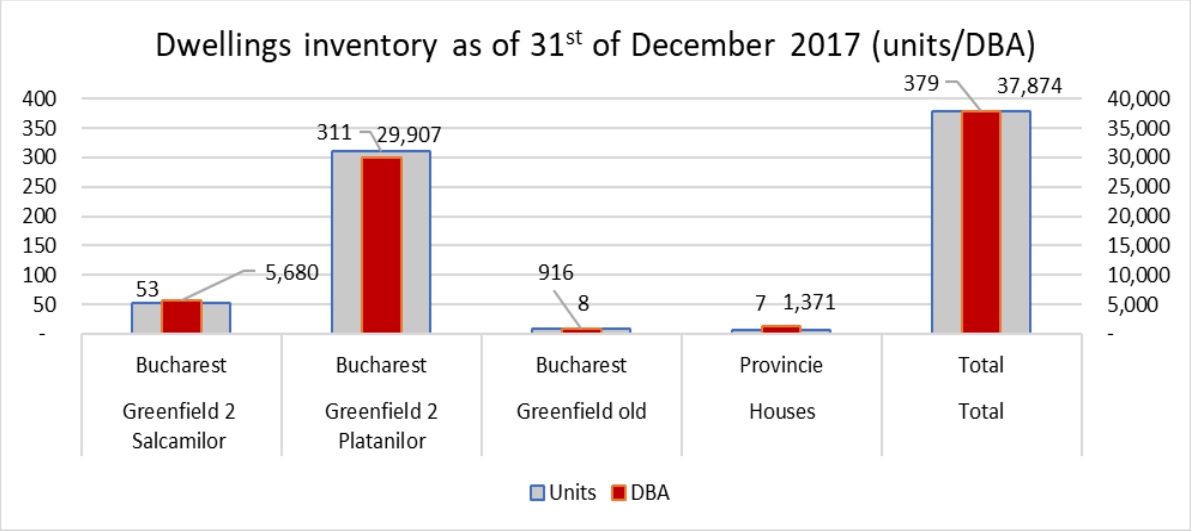
On July 17th, 2017, BERGAMOT DEVELOPMENTS concluded with BLUEROSE RO CORPORATION a sale-purchase agreement, through which it acquired a land with an area of 22,982 sqm located in Bucharest, 1st District, Clabucet no. 68, for the purpose of developing a residential complex, Luxuria Domenii Residence, 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 14th, 2017, mentioned above.

6. Inventories and Investment properties

a) Apartments and houses

On 31st of December 2017 there were 379 fully finished houses and apartments, with a built-up area of 37,874 sqm and an accounting value per package of 187.5 million lei. Apartments and houses registered in investment properties, in fixed assets and inventories were revaluated at market value on 31.12.2017 by Colliers Valuation and Advisory SRL, independent external evaluator, authorized by the National Union of Authorized Valuers in Romania ("ANEVAR"), with extensive experience in the location and category of property evaluated.

The detailed situation of the inventory of houses and apartments on 31st of December 2017 is the following:

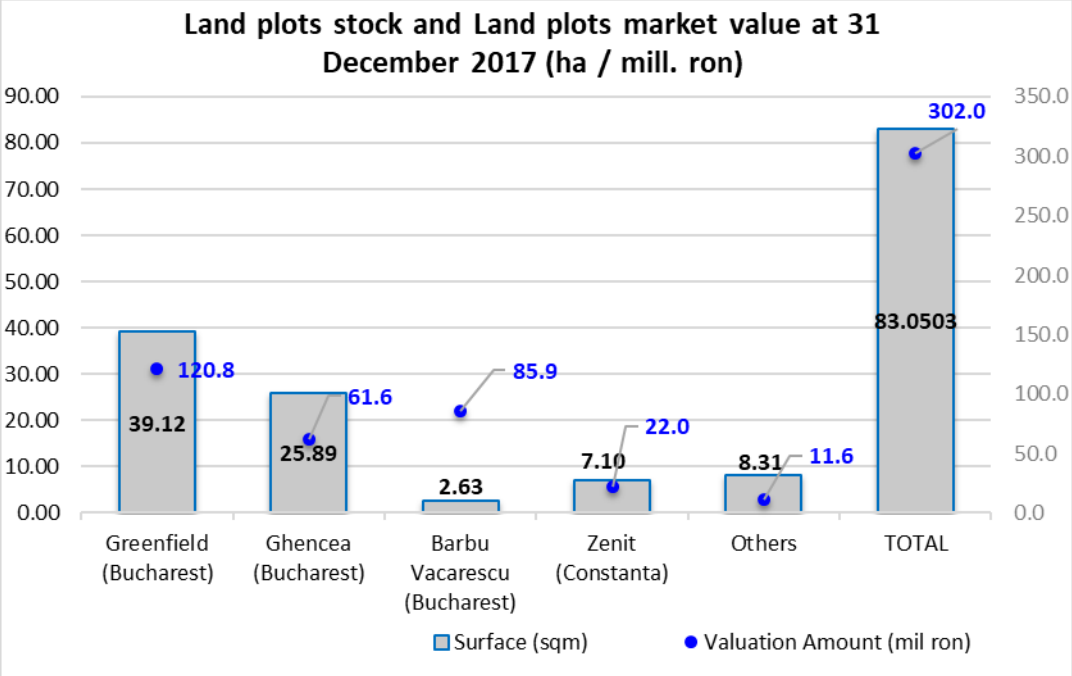


In Stage 7 of the Platanilor Assembly, works were started on another 12 blocks (out of the 18 projects), namely 276 apartments scheduled for completion in the first quarter of 2018.

b) Lands

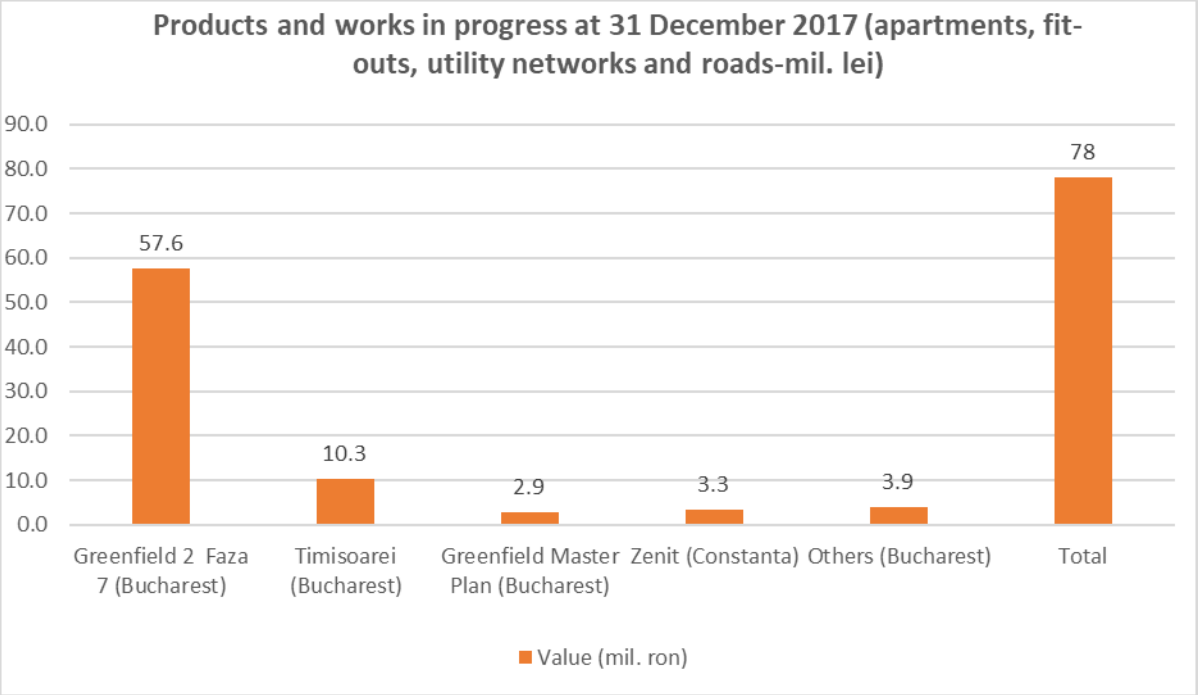
At the end of the fourth quarter of 2017, there were about 830,503 square meters of land for sale and development of new projects. The land registered in real estate investments properties, as well as fixed assets, were revaluated at market value, on 31.12.2016, by Colliers Valuation and Advisory SRL, 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:



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

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



7. Cash and cash equivalents

	31-Dec-16	31-Dec-17
Current accounts	17,403,964	44,504,098
Cash	28,216	11,635
	17,432,180	**44,515,733**

8. Long and short term borrowings

On the date of 31st of December 2017, the analysis of the bank loans was as follows:

No of contract	Name	Currency	Maturity	Contract value	Balance on 31.12.2017	Short term	Long term
				(lei)	(lei)	(lei)	(lei)
2093/28.07.2017	Piraeus Bank Greece London branch	RON	28-Jul-20	32,730,000	15,367,870		15,367,870
175/04.05.2017	Banca Transilvania-Lipscani	RON	28-Feb-19	3,861,180	2,902,754	2,902,754	
176/04.05.2017	Banca Transilvania-Lipscani	RON	28-Feb-19	20,322,000	15,490,588		15,490,588
BA1562/23.09.2016	Libra Internet bank	RON	23-Sep-20	35,000,000	13,752,063		13,752,063
				91,913,180	**47,513,276**	**2,902,754**	**44,610,522**

Total							

On the date of 31st of December 2017, the balance of the bond issuance loan with afferent interest after revaluation is of 113.441.201 ron.

On July 10th, 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 11th 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, 1st 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.

Bucharest Stock Exchange S.A. approved the application for admission to trading on the regulated market administered by the Bucharest Stock Exchange S.A. of the bonds issued by the Company, unsecured at a fixed annual interest rate of 5.75% denominated in EUR, with a maturity of 5 years and a total nominal value of EUR 12,525,000.

The bonds were issued following the offer addressed to Eligible Investors, as defined in the prospectus of 28th of November 2017 approved by ASF through the approval decision no. 1710 of November 28th, 2017, amended by the amendment of 8th of December 2017 approved by the ASF by the approval decision no. 1766 of 8th of December 2017 and by the amendment of 13th of December approved by the ASF by the approval decision no. 1816 of 13th of December 2017.
The loan from Piraeus Bank, the contract with no. 301, was fully paid on October 9th, 2017.
Loans from Banca Transilvania, contract no. 422 and 423 (F6), were fully paid in December 2017, 7 months before due date.

9. Provisions

On the date of 31st of December 2017, the balance of provisions is as follows:

a) Provisions for expenditure risks – in balance on the date of 31st of December 2017 there were amounting to RON 0.324 mil. Ron.

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 the group.

c) Provisions for receivables of clients and sundry debtors. The provisioned amount is 5.89 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 3.55 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 31st of December 2017 is of 9.79 mill. lei ent 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 9.01 mill. Lei.

10. Operational revenues recorded on 31st of December 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:

	31-Dec-16	31-Dec-17	Value difference	%
Revenues from sale of finished products	144,550,045	109,711,513	(34,838,532)	-24%
Revenues from rentals	1,468,822	1,123,430	(345,392)	-24%
Revenues from recharged utilities	2,715,413	7,006,556	4,291,143	158%
Revenues from sale of investment properties	2,189,510	-	(2,189,510)	-100%
Other revenues of operational nature	6,857,576	2,649,722	4,207,854	-61%
Total	**157,781,366**	**120,491,221**	**-37,290,145**	**-24%**

The works of Phases 5 and 6 were also completed at the end of March 2017. On 31st of December 2017 for stages 5 and 6, 24 promises and reservations were signed and a number of 179 sale contracts and 14 promises and reservations, totaling 40.5% of the total of 476 apartments.

a) Sales of apartments and houses

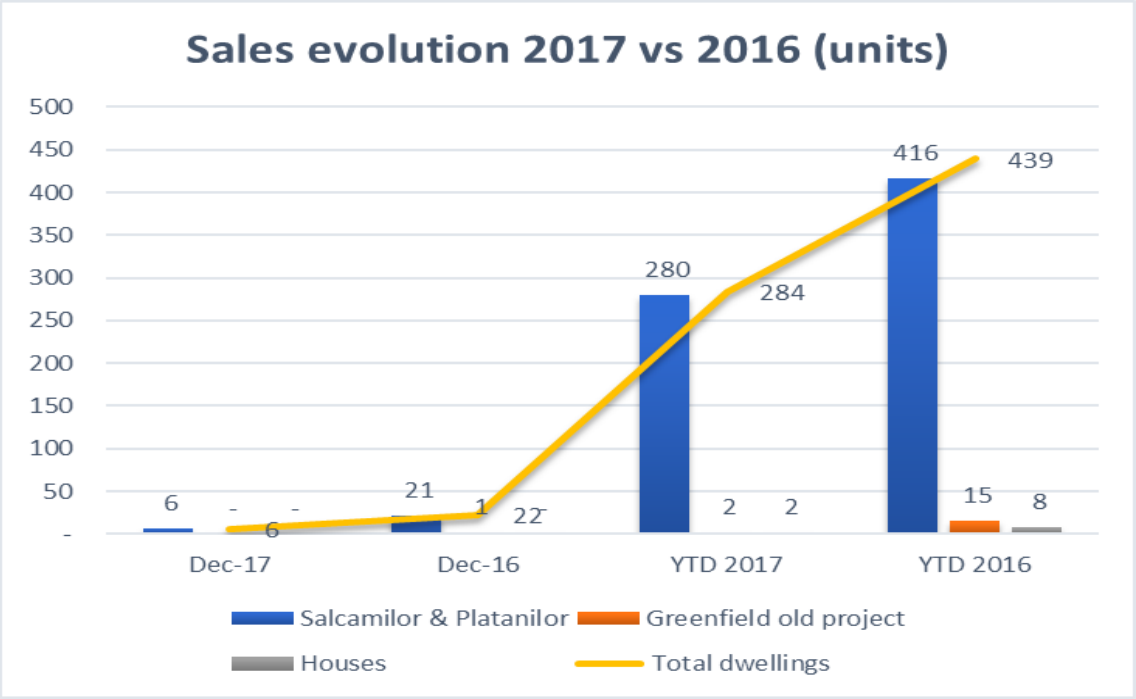
On 31st of December 2017 sales reached a number of 284 properties (apartments and houses) 52 parking spaces, 7 plots of land and 1 terrace, totaling a total built area of 25,571 sqm, 32.1% lower compared to the previous year (37,685 sqm). Additionally, at the end of Q4 there were 29 promises and reservations for apartments.

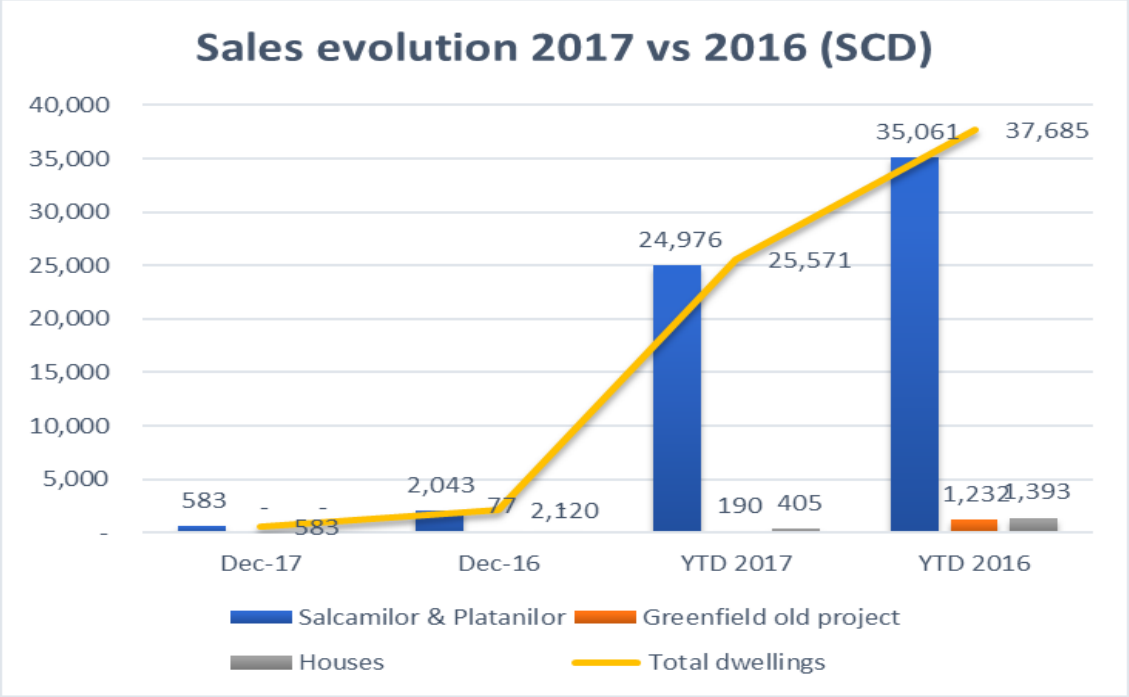
The average value of a transaction at the end of 2017 increased by more than 14%, from approximately € 73,449 in 2016 to € 83,788 in 2017, while sales declined by 35.3% from 439 units at the end of 2016 , to 284 units on 31st of Dec. 2017.

Until 31st of December 2017, 875 contracts were signed in the Salcamilor Assembly (924 apartments) and 188 contracts were traded in the Platanilor Assembly (752 apartments).

Consolidated on both projects in the new development of the Greenfield neighborhood, initiated in 2013, we have a total of 1,065 signed contracts of which 1,036 sold apartments and 29 promises and reservations.

The registered decrease was mainly due 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 endorsing and licensing procedures are still underway.





b) Sales of land plots

Until 31st of December 2017 there were sold 7 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 1 in Boreal Constanta, of 364 sqm and 2 in Blume with an area of 678 sqm, compared to the same period of the previous year, when 11 plots of land were sold in the area of 4,717 sqm. at the end of the fourth quarter of 2017 the total area of 2,789 sqm is 40.8% mai mica lower compared to the same period in 2016. The decrease in land sales is accentuated by the low appetite of buyers for this product. The Company's land related strategy is mainly to maximize value and liquidate the land portfolio from ongoing projects in Oradea and Constanta.

c) Rentals

The activity of 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 fourth 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 *31st of December 2017*

Operational expenses have decreased by 13 % compared to the similar period in 2016.

Compared to the operational result of RON 29.61 million as of 31st of December 2016, in 2017 the operational result was 55 million lei (+86%) because of the increase in value of the company land portfolio.

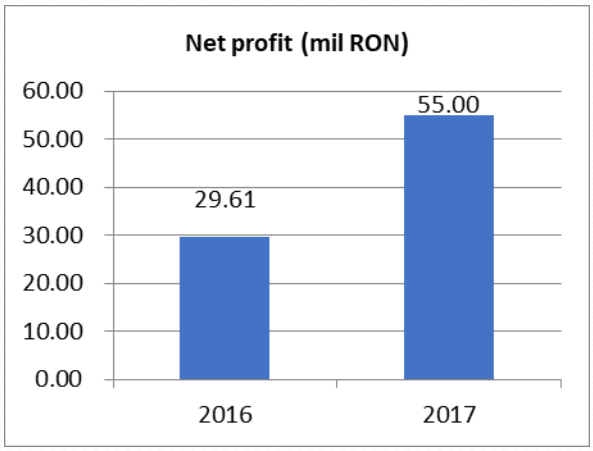
	31-Dec-16	31-Dec-17	Value difference	%
Book value of sold residential inventories	(92,022,102)	(70,130,069)	21,892,033	-24%
Operational costs afferent to sold/leased properties	(2,878,913)	(6,608,055)	(3,729,142)	130%
Book value of investment properties	(1,917,666)	-	1,917,666	-100%
Consumption of raw materials	(2,528,353)	(2,331,087)	197,266	-8%
Services provided by third parties	(9,201,795)	(10,742,302)	(1,540,507)	17%
Employee benefits expenses	(8,312,244)	(9,125,584)	(813,340)	10%
Other operating expenses	(3,951,952)	(6,031,151)	(2,079,199)	53%
Total	**(120,813,025)**	**(104,968,248)**	**15,844,777**	**-13%**

Operating costs in 2017 are lower by 13% overall, compared to 2016 mainly due to the optimization of fixed costs, partly offsetting the lower sales rate recorded in the previous period.

The interest expenses increased by 189% on account of contracted facilities for stages 5, 6 and 7, loan related interest from bonds issuance and due to the forex impact.

	31-Dec-16	31-Dec-17	Value difference	%
Financing costs	(1,451,973)	(4,053,455)	(2,601,482)	179%
Financial incomes	31,337	847,901	816,564	2606%
Exchange rate differences	63,572	(810,723)	(874,295)	-1375%
Other financial elements, net	(185,135)	(447,034)	(261,899)	141%
Total	**(1,542,199)**	**(4,463,311)**	**(2,921,112)**	**189%**

Net profit increased by 86% at T4 2017 compared to 2016, because of the increase in value of the company land portfolio.



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 31st of December 2017 there were 29 promises and bookings signed for apartments in the Salcamilor and Platanilor Assembly neighborhood, the last ole being under construction.

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 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, imediate 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 the Greenfield neighborhood, the objective of the management is that by the end of this year, the construction works will be completed at the 33 building blocks, with 752 apartments, totaling 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.

Also in 2017 the basic concept and the launch of Luxuria Domenii Residence for the premium segment was completed, for which Impact, through its subsidiary Bergamot Developments S.R.L., acquired in 2017 a land in Bucharest, in the Expozitiei-Domenii area; the residential district will comprise 9 blocks with 630 units on a total area of 2.25 ha.

Another major objective of the company in 2017 was to continue the steps towards technical documentation completion for the development of a new residential project in Bucharest, in the Timisoara Ave.- Prelungirea Ghencea area, where the company owns a land of approximately 26 ha.

The company intends to accelerate production cycles and product standardization, so that IMPACT's offer 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.

13. Performance Indicators

Economic and financial indicators – evolution:

Indicators	31-Dec-15	31-Dec-16	31-Dec-17
Return on Assets	-0,95%	6,11%	8,70%
Return on Equity	-1,23%	7,58%	12,69%
Debt ratio (Total liabilities vs. Total asset)	22,83%	19,37%	31,5%
Leverage (Equity vs. Total asset)	77,17%	80,63%	68,54%
Gearing ratio (Loans vs. Equity)	12,68%	14,65%	37,15%
Current ratio	2,85	6,39	17,21
Quick ratio	0,56	0,67	3,77

Indicators	**Dec-16**	**Dec-17**
Price per share	0.7	1.05
No of shares	277,866,574	277,866,574
Stock exchange capitalization (RON)	194,506,602	291,759,903
Exchange rate	4.5411	4.6597
Stock exchange capitalization (EUR)	42,832,486	62,613,452
Book net asset (RON)	390,776,564	433,285,343
Book net asset (EUR)	86,053,283	92,985,674
Annual / Quarterly profit (RON)	29,610,138	55,000,422
Annual / Quarterly profit (EUR)	6,593,511	11,864,023
Gain by share (RON)	0.107	0.198
Gain by share (EUR)	0.024	0.043
NAV/Share (RON)	1.406	1.559

NAV/Share (EUR)	0.310	0.33
Premium/discount compared to net book asset	-50%	-33%

EPRA[1] Net Asset Value:

Currency RON	31-Dec-16	30-Dec-17
No. of shares	277,866,574	277,866,574
IFRS NAV	**390,776,564**	**433,285,343**
IFRS NAV/share	**1.41**	**1.56**
EPRA NAV	**472,732,589**	**545,169,872**
EPRA NAV/share	***1.70***	***1.96***

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.

[1]**"EPRA**" European Public Real Estate is an association representing public real estate companies listed in Europe.

14. 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 31st of December 2017 **are not audited**.

Chief Executive Officer	Chairman of Board of Administration	Chief Financial Officer
Bartosz Puzdrowski	Iuliana Mihaela Urda	Elisabeta Florentina Ion