

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
nr. 3406



Q1 2018 Report

Report date: 14.05.2018

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 Q1/2018, compared to the previous year, similar period.*

Analysis of the results

The operating result (EBITDA) of 12% from Total Operational Revenues, achieved by IMPACT in the first quarter of 2018 is equal to the result of the similar period, previous year.

The average unit value of sales increased by 16% according to the mix of units and price achieved, related to the current development and sales phases. Sales in units are of 35 apartments for the 1st quarter of 2018, compared to the same period last year of 48 apartments and the average value per apartment of 444,600 Lei in the first quarter of 2018 compared to the average value of 384,400 Lei in the same period of previous year.

From the total dwellings sold, 22 apartments were from the Salcamilor Assembly (Greenfield Bucharest) and 13 apartments from the Platanilor Assembly (Greenfield Bucharest).

In the first quarter of 2018, IMPACT recorded a net result of -351.5 thousand Lei, mainly due to financing costs related to ongoing and / or future development projects.

The financial indicators on the date of 31st of March 2018 are the following:

Indicators according to IFRS (Lei)	Mar-17	Mar-18	Difference	
			value	%
Operational revenues, out of which:	20,303,819	17,080,246	-3,223,573	-16%
Revenue from the sale of residential inventories	18,696,634	15,665,226	-3,031,408	-16%
Revenue from rental and tenants utilities recharged	762,939	1,218,085	455,146	60%
Revenue from sale of investments properties	-	-	-	
Activity performed and capitalized by the entity	-	-	-	
Other revenue of operational nature	844,246	196,935	-647,311	-77%
Operational expenses, out of which:	-17,735,973	-15,032,124	2,703,849	-15%
Accounting value of the sold residential inventories	-11,674,154	-8,391,340	3,282,814	-28%
Operating costs related to rented and sold properties	-867,273	-941,900	-74,627	9%
Accounting value of sold investments properties	-	-	-	
Expenditure on raw materials and supplies	-272,025	-192,384	79,641	-29%
Services provided by third parties	-1,920,511	-2,344,584	-424,073	22%
Employee benefits expenses	-2,070,151	-2,181,572	-111,421	5%
Other expenses of operational nature	-931,859	-980,344	-48,485	5%
Operational result (EBITDA)	2,567,846	2,048,122	-519,724	-20%
Operational result (EBITDA) %	12.6%	12%		
Depreciation and amortization expenses	-185,397	-241,999	-56,602	31%
Assets loss of value other than investments properties	-500,548	-422,973	77,575	-15%
Gains / (losses) in investments properties fair value	-	-	-	
Operational result (EBIT)	1,881,901	1,383,150	-498,751	-27%
Net financial cost	-120,465	-1,607,621	-1,487,156	1235%
Gross profit / loss (EBT)	1,761,436	-224,471	-1,985,907	-113%
Income tax	-	-127,055	-127,055	
Gross profit / loss of the period	1,761,436	-351,526	-2,112,962	-120%

Financial result	31-Mar-17	31-Mar-18	Difference	
			Value	%
Financing costs	-120,974	-1,872,765	-1,751,791	-1448%
Financial income	32,746	224,667	191,921	586%
Exchange rate differences	-1,455	84,450	85,905	-5904%
Other financial items, net	-30,782	-43,973	-13,191	43%
Financial result	-120,465	-1,607,621	-1,487,156	1235%

Interest expense increased as a result of attracting funds from bond issuance for future residential development projects and the use of bank loans to complete stages 7.2 and 7.3 of the Platanilor Assembly.

Balance Sheet items

Asset items	31-Dec-17	31-Mar-18	Difference	
			value	%
Tangible assets	8,684,244	8,657,423	-26,821	0%
Intangible assets	144,339	124,015	-20,324	-14%
Investment immobilization	193,342,626	193,342,626	-	0%
Financial assets	56,190,196	56,190,196	-	0%
Non-current receivables	4,948,961	607,084	-4,341,877	-88%
Total non-current assets	263,310,366	258,921,344	-4,389,022	-2%

Inventory	297,294,269	292,716,759	-4,577,510	-2%
Trade receivables and other receivables	26,171,573	29,563,531	3,391,958	13%
Prepayments	90,403	298,134	207,731	230%
Cash and cash equivalents	44,515,734	46,477,657	1,961,923	4%
Total current assets	368,071,979	369,056,081	984,102	0%
Total assets	631,382,345	627,977,425	-3,404,920	-1%

The company's cash holdings increased by 4% in the first quarter of 2018, mainly due to the recorded sales revenue.

Liabilities items	31-Dec-17	31-Mar-18	Difference	
			value	%
Equity	431,854,275	431,502,749	(351,526)	0%
Loans	132,900,915	129,377,461	3,523,454	-3%
Trade payables and other liabilities	1,028,434	1,581,440	553,006	54%
Deferred tax	21,210,395	21,210,395	-	0%
Total long term liabilities	155,139,744	152,169,296	(2,970,448)	-2%
Loans	28,253,125	31,298,285	3,045,160	11%
Trade payables and other liabilities	15,811,049	12,683,058	(3,127,991)	-20%
Provisions for risks and charges	324,152	324,037	(115)	0%
Total current liabilities	44,388,326	44,305,380	(82,946)	0%
Total liabilities	199,528,070	196,474,676	(3,053,394)	-2%
Total equity and liabilities	631,382,345	627,977,425	(3,404,920)	-1%

Total assets and liabilities on 31st of March 2018 are approximately the same as at the end of 2017.

Cash flow items

The increase in cash at the end of the first quarter of 2018 as compared to the beginning of the year is driven by the collection from operating activity.

Indicator (Lei)	31-Mar-18
Cash and cash equivalent as of 1st of January	44,515,734
Net cash derived from operating activities	2,492,504
Net cash derived from investment activities	(138,880)
Net cash derived from (used in) financing activities	(391,701)
Cash and cash equivalent as of 31st of December	46,477,657

Economical-financial indicators – evolution:

Indicators	31-Dec-16	31-Mar-17	31-Dec-17	31-Mar-18
Return on Assets	6.11%	0.35%	8.29%	-0.06%
Return on Equity	7.58%	0.45%	12.11%	-0.08%
Debt ratio (Total debt vs. Total asset)	19.37%	22.09%	31.53%	31.29%
Leverage (Equity vs. Total asset)	80.63%	77.91%	68.47%	68.71%
Gearing ratio (Loans vs. Equity)	14.65%	17.15%	34.27%	37.24%
Current ratio	6.39	5.92	8.38	8.33
Quick ratio	0.67	0.48	1.58	1.72

Return on debts-clients	31-Dec-16	31-Mar-17	31-Dec-17	31-Mar-18
Clients average balance (A)	32,320,160	27,521,387	28,640,661	30,291,902
Turnover (B)	152,181,219	20,303,819	120,265,896	17,080,246
(A / B) * 90 days	76	122	86	160
Return on Fixed assets	31-Dec-16	31-Mar-17	31-Dec-17	31-Mar-18
Turnover (A)	152,181,219	20,303,819	120,265,896	17,080,246
Fixed assets (B)	168,606,162	171,317,911	264,545,371	258,921,344
(A/B)	0.90	0.12	0.45	0.07

Stock exchange indicators - evolution:

Indicators	31-Dec-16	31-Mar-17	31-Dec-17	31-Mar-18
Price per share	0.7	0.702	1.05	0.998
No of shares	277,866,574	277,866,574	277,866,574	277,866,574
Market capitalization (Lei)	194,506,602	195,062,335	291,759,903	277,310,841
Exchange rate	4.5411	4.5511	4.6597	4.6576
Market capitalization (EUR)	42,832,486	42,860,481	62,613,452	59,539,428
Net Asset Value (Lei)	390,776,564	392,538,000	431,854,275	431,502,749
Net Asset Value (EUR)	86,053,283	86,251,236	92,678,558	92,644,871
Result (Lei)	29,610,137	1,761,436	52,306,703	-351,526
Result (EUR)	6,593,511	387,282	11,282,966	-75,427
Earning per share (Lei)	0.107	0.006	0.188	-0.001
Earning per share (EUR)	0.024	0.001	0.041	0.000
NAV/Share (Lei)	1.406	1.413	1.554	1.553
NAV/Share (EUR)	0.31	0.31	0.33	0.33
Premium/discount compared to the net asset value	-50%	-50%	-32%	-36%

2. Analysis of the company's activity

In the first quarter of 2018, the sale of apartments from the Salcamilor Assembly (Stages 2, 3 and 4) and the Platanilor Assembly (stages 5 and 6) was continued.

In total, 950 apartments in the **Salcamilor** Assembly 907 contracts were traded (98%) since 2014 until the end of March 2018: 893 sale and purchase contracts and 14 promises and reservations.

From the Platanilor Assembly under construction, Stages 5 and 6, where 476 units were completed, 198 contracts (42%) were concluded since 2017 until the end of March 2018: 178 sale and purchase contracts and 20 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.*

Details in the Notes to the Financial Statements.

2.2. *Presentation and analysis of the effects on the company's financial position of all capital, current or anticipated capital expenditures.*

The company started the construction of the Stage 7 Platinilor Assembly, which will contain 18 blocks with 468 apartments. In 2017, the works on 12 blocks (of the 18 covered by the project) were started from stage 7, respectively 276 apartments with the planned completion in the first semester of 2018. For the remaining period of the project, the following are planned for delivery of the apartments as follows: i) 28,000 sq m - will be delivered in the first semester of 2018; and (ii) 14,000 sq m - where the works will start in the first half of 2018, the delivery is estimated for the first half of 2019. The Platanilor Assembly aims at expanding the living area within an improved concept adapted to the current market conditions, as well as attracting of investors / operators to improve facilities / services serving the living area.

In this respect, besides its own sources of financing - reinvested profit, it is intended to co-finance development expenditures through bank loans and bond issuance.

The detailed structure of the expenditures can be found in the Notes to the financial statements.

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

In the Ordinary General Meeting of the Shareholders held on April 28th, 2017, 4 administrators were elected by secret vote for a 4-years term, until 27th of April 2021.

The Board of Administration consists of 5 members :

- Gavriel Vasile, Administrator;
- Laviniu Dumitru Beze, Administrator;
- Daniel Pandeale, Administrator;
- Ruxandra-Alina Scarlat, Administrator;
- Iuliana Mihaela Urda, Chairman of the Board of Administration.

The Board of Administration decided during its meeting on September 15th, 2017, according to art. 137 index 2 of the Law no. 31/1990 on the trading companies, the appointment of Mr. Gabriel Vasile as temporary administrator until the next Ordinary General Assembly of Shareholders.

At the Ordinary General Assembly dated October 30th, 2017, Mr. Gabriel Vasile was elected administrator for a valid mandate until 27th of April 2021.

Executive Management of the Company

On January 19th, 2018, the Impact Board of Administration decided to appoint Mr. Bogdan Oslobeanu as Chief Executive Officer of the Company for a 4-years term from March 1st, 2018 to February 22nd, 2022. This one replaced Mr. Bartosz Puzdrowski, who requested the Company to terminate his mandate for personal reasons, starting with March 1st, 2018.

The Board of Administration decided that Mr. Bogdan Oslobeanu, Chief Executive Officer and Mr. Gabriel Vasile, Administrator, are empowered to represent the company, in accordance with the provisions under art. 1432 paragraph 5 of the Law 31/1990, on the trading companies, starting with 01.03.2018.

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.

Chief Executive Officer
Bogdan Oslobeanu

Chairman of the Board of Administration
Iuliana Mihaela Urda

Chief Financial Officer
Elisabeta Ion

IMPACT DEVELOPER & CONTRACTOR

*Non-audited Individual Financial Statements as at March 31st 2018
(values are expressed in LEI, unless otherwise specified)*

Translation from Romanian

IMPACT DEVELOPER & CONTRACTOR SA



Non-audited Individual Financial Statements

as at March 31st, 2018

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

IMPACT DEVELOPER & CONTRACTOR

*Non-audited Individual Financial Statements as at March 31st 2018
(values are expressed in LEI, unless otherwise specified)*

Content:

Statement of Financial Position as of March 31 st 2018	3
Statement of Comprehensive Result as of March 31 st 2018	4
Statement on the Change in Equities as of March 31 st 2018	6
Statement of Cash flow as of March 31 st 2018.....	8
Notes to the financial statements	10
1. The reporting entity	10
2. Share capital.....	11
3. The company's management.....	11
4. Financial assets	12
5. Affiliates	13
6. Investment properties and inventories	15
7. Cash and cash equivalents.....	16
8. Long and short term borrowings	17
9. Provisions.....	18
10. Operational revenues recorded on March 31 st 2018	18
11. Operational expenses recorded as of March 31 st , 2018.....	19
12. Revenues and financial expenses recorded in the first quarter of 2018.....	20
13. Strategic Directions and Activities Guidelines of IMPACT in 2018.....	21
14. Capital Market	22
15. Performance Indicators	22
16. Auditors.....	24

IMPACT DEVELOPER & CONTRACTOR

*Non-audited Individual Financial Statements as at March 31st 2018
(values are expressed in LEI, unless otherwise specified)*

Statement of financial positions as of March 31st, 2018

	31-Dec-17	31-Mar-18
ASSETS		
Tangible assets	8,684,244	8,657,423
Intangible assets	144,339	124,015
Investment Property	193,342,626	193,342,626
Financial assets	56,190,196	56,190,196
Non-current receivables	4,948,961	607,084
Total Non-current assets	263,310,366	258,921,344
Inventories	297,294,269	292,716,759
Trade and other receivables	26,171,573	29,563,531
Prepayments	90,403	298,134
Cash and cash equivalents	44,515,734	46,477,657
Total Current Assets	368,071,979	369,056,081
Total Assets	631,382,345	627,977,425
Share capital	285,330,158	285,330,158
Capital premiums	68,760,070	68,760,070
Revaluation reserves	3,024,548	3,024,548
Other reserves	8,430,119	8,430,119
Reported result	14,002,677	66,309,380
Net profit for the period	52,306,703	(351,526)
Total equity	431,854,275	431,502,749
Loans	132,900,915	129,377,461
Trade and other payables	1,028,434	1,581,440
Deferred tax	21,210,395	21,210,395
Total long-term liabilities	155,139,744	152,169,296
Trade and other payables	15,811,049	12,683,058
Loans	28,253,125	31,298,285
Provisions for risk and charges	324,152	324,037
Total current liabilities	44,388,326	44,305,380
Total liabilities	199,528,070	196,474,676
Total equity and liabilities	631,382,345	627,977,425

Chief Executive Officer
Officer Bogdan Oslobeanu

Chairman of the Board of Administration
Iuliana Mihaela Urda

Chief Financial
Elisabeta Ion

IMPACT DEVELOPER & CONTRACTOR

Non-audited Individual Financial Statements as at March 31st 2018
(values are expressed in LEI, unless otherwise specified)

Statement of Comprehensive Result as of March 31st, 2018

	31-Mar-17	31-Mar-18
Revenue from sale of residential inventories	18,696,634	15,665,226
Accounting value of sold residential inventories	(11,674,154)	(8,391,340)
<i>Profit / loss from sale of real estate properties</i>	7,022,480	7,273,886
Rental incomes	78,877	375,006
Operating incomes recharged to customers / tenants	684,062	843,079
Operating expenses directly related to rented / sold properties	(867,273)	(941,900)
<i>Net recharged income</i>	(183,211)	(98,821)
Income from sale of investment properties	-	-
Book value of sold investment properties	-	-
<i>Profit/loss from sale of investment properties</i>	-	-
Revenues from services rendered	26,728	-
Raw materials and consumables used	(272,025)	(192,384)
Capitalization revenues	-	-
Third party services	(1,920,511)	(2,344,584)
Entity performed and capitanzed activities	-	-
Employee benefits expense	(2,070,151)	(2,181,572)
Other operating income	817,518	196,935
Other operating expense	(931,859)	(980,344)
Other operating expense - FNA Litigation	-	-
<i>Other operating income / (expenses), net</i>	(4,350,300)	(5,501,949)
<i>Earnings before interest, taxation, depreciation and amortization (EBIDA)</i>	2,567,846	2,048,122
Depreciation and amortization	(185,397)	(241,999)
Impairment of assets, other than investment properties	(500,548)	(422,973)
<i>Depreciation and related impairment charges / reversals, other than investment properties</i>	(685,945)	(664,972)
<i>Earnings / (losses) at fair value of investment properties, net</i>	-	-
<i>Earnings before interest and taxation</i>	1,881,901	1,383,150
Financing costs	(120,974)	(1,872,765)
Financing income	32,746	224,667

IMPACT DEVELOPER & CONTRACTOR

Non-audited Individual Financial Statements as at March 31st 2018
(values are expressed in LEI, unless otherwise specified)

Exchange difference	(1,455)	84,450
Other financial result, net	(30,782)	(43,973)
Financial result	(120,465)	(1,607,621)
Gross profit (EBT)	1,761,436	(224,471)
Current profit tax expenses	-	(127,055)
(Expenses) / Revenues with deferred profit tax	-	-
Income tax	-	(127,055)
Net profit / (loss) for the period	1,761,436	(351,526)

Chief Executive Officer
Bogdan Oslobeanu

Chairman of the Board of Administration
Iuliana Mihaela Urda

Chief Financial Officer
Elisabeta Ion

IMPACT DEVELOPER & CONTRACTOR

*Non-audited Individual Financial Statements as at March 31st 2018
(values are expressed in LEI, unless otherwise specified)*

Statement on the change in equities as of March 31st, 2018

	Adjusted share capital	Capital premiums	Reserve from revaluation	Other reserves	Reported result	Total	Non-control interests	Total equity
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	-	390,776,564
Total comprehensive result for the period								
Period result					52,306,703	52,306,703		52,306,703
Other comprehensive result elements								
Reserve from revaluation of the period					15,415,410	15,415,410		15,415,410
Adjustments compared to the previous year								
Reserve set up from revaluation of sold assets								
Duly set up reserve		-	-113,315	110,133		-15,418,592		-15,418,592
Reserves cancellation from revaluation of depreciated assets		15,415,410		2,901,144	-2,901,144			
Assets on deferred tax of reserve from revaluation								
Total other comprehensive result elements								
Total comprehensive result for the period	-	-	-113,315	3,011,277	12,514,266	-3,182	-	-3,182
	-	-	-113,315	3,011,277	64,820,969	52,303,521	-	52,303,521
Trasactions with shares recorded directly in equities								
Share capital increase								
Affiliates assignments								
Affiliates aquisition, uncontrolled interests free								
Movements by subsidiaries mergers								
Distributed Dividends					-11,225,810	-11,225,810	-	-11,225,810
Total changes in held shares								
Total shareholdersd transactions	-	-	-	-	-11,225,810	-11,225,810	-	-11,225,810
Balance as of 31st of December 2017	285,330,158	68,760,070	3,024,548	8,430,119	66,309,380	431,854,275		431,854,275

IMPACT DEVELOPER & CONTRACTOR

*Non-audited Individual Financial Statements as at March 31st 2018
(values are expressed in LEI, unless otherwise specified)*

	Adjusted share capital	Capital premiums	Reserve from revaluation	Other reserves	Reported result	Total	Non-control interests	Total equity
Balance as of 1st of January 2018	285,330,158	68,760,070	3,024,548	8,430,119	66,309,380	431,854,275	-	431,854,275
Total comprehensive result for the period								
Period result					-351,526	-351,526	-	-351,526
Other comprehensive result elements								
Reserve from revaluation of the period								
Adjustments compared to the previous year								
Reserve set up from revaluation of sold assets								
Reclassifications								
Duly set up reserve								
Reserves cancellation from revaluation of depreciated assets								
Assets on deferred tax of reserve from revaluation								
Total other comprehensive result elements	-	-	-	-	-	-	-	-
Total comprehensive result for the period	-	-	-	-	-351,526	-351,526	-	-351,526
Trasactions with shares recorded directly in equities								
Share capital increase								
Affiliates assignments								
Affiliates aquisition, uncontrolled interests free								
Movements by subsidiaries mergers								
Distributed Dividends								
Total changes in held shares								
Total shareholdersd transactions	-	-	-	-	-	-	-	-
Balance as of 31st of December 2018	285,330,158	68,760,070	3,024,548	8,430,119	65,957,854	431,502,749	-	431,502,749

Chief Executive Officer
Bogdan Oslobeanu

Chairman of the Board of Administration
Iuliana Mihaela Urda

Chief Financial Officer
Elisabeta Ion

IMPACT DEVELOPER & CONTRACTOR

Non-audited Individual Financial Statements as at March 31st 2018
(values are expressed in LEI, unless otherwise specified)

Statement of Cash flow as of March 31st, 2018

	<u>31-Mar-18</u>
<i>Cash flows from operating activities:</i>	
	<u>-351,526</u>
<i>Net Profit / (net loss) of the period</i>	
<i>Adjustments for:</i>	
Tangible fixed assets amortization expense	178,489
Intangible assets amortization expense	25,450
Impairment losses on tangible assets. net	127,055
Losses from impairment of financial assets. net	3,178
Losses from the disposal of tangible assets	422,973
Litigation expenses	37,945
Financing costs	2,336,363
Interests proceeds	-224,667
Exchange rate differences	-84,450
<i>Operating result before the change in working capital</i>	<u>2,470,810</u>
<i>Changes in working capital:</i>	
Inventories	4,154,537
Trade receivables and other receivables	745,306
Trade liabilities and other liabilities	-3,480,519
<i>Cash generated by operating activities</i>	<u>1,419,323</u>
Paid interests	-2,194,895
Paid profit tax	797,266
<i>Net cash from operating activities</i>	<u>-1,397,629</u>
<i>Numerar net din activitati de exploatare</i>	<u>2,492,504</u>
<i>Cash flows from investment activities:</i>	
Tangible assets acquisitions	-154,846
Intangible assets acquisitions	-5,126
Received interests	21,092
Proceeds from intangible assets sale	0
<i>Net cash used in investment activities</i>	<u>-138,880</u>

IMPACT DEVELOPER & CONTRACTOR

Non-audited Individual Financial Statements as at March 31st 2018
(values are expressed in LEI, unless otherwise specified)

Cash flows from financing activities:

Increase in / (Decrease of) share capital and share premiums	0
Loan reimbursements	-1,559,437
Borrowing from loans	1,171,539
Paid dividends	-3,803

Net cash from (used in) financing activities	-391,701
---	-----------------

Cash and cash equivalents on 1 st of January	44,515,734
---	------------

Net increase/(decrease) in cash and in cash equivalents	1,961,923
--	------------------

Effect of exchange rate fluctuation on cash	0
---	---

Cash and cash equivalents on 31st of March 2018	46,477,657
---	-------------------

Chief Executive Officer
Bogdan Oslobeanu

Chairman of the Board of Administration
Iuliana Mihaela Urda

Chief Financial Officer
Elisabeta Ion

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 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 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.

IMPACT activity is dominated by a major project: **GREENFIELD residential complex** in Bucharest.

Thus, on 6th of November 2014 the launch of a new development stage in GREENFIELD, took place, composed of:

- **Salcamilor Assembly - 35 blocks** with a P + 5 height, consisting of 924 apartments of 2, 3 and 4-room apartments, delivered in 2016.
- **Platanilor Assembly - 39 blocks** with over 944 apartments, out of which 21 blocks were completed in the first quarter of 2017, stages 5 and 6 of the Platanilor Assembly, 476 apartments. Also, in 2017, the works for another 12 blocks of phase 7 (which will be made up of 18 blocks) and 276 apartments scheduled for completion in the first half of 2018 were started. For the last 6 blocks of phase 7, 192 apartments, we estimate that we will start the works in the first half of 2018 and will be delivered in the second half of 2019.

Company’s organization

The Board of Administration 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 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

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 TRO attached to the BCC under no J23/1927/2006

Sole Registration Code RO1553483.

The subscribed and paid share capital of the company is of Lei 277,866,574 at 31st March 2018.

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, 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 16th, 2018**, is as follows:

Shareholder	Ownership *)
Iaciu Gheorghe	49.48%
Andrici Adrian	15.31%
SWISS CAPITAL / SAI SWISS CAPITAL AM / FDI ACTIVE DINAMIC / APOSTOL SORIN	11.98%
Others	23.23%
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 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 consists of 5 members:

- Gabriel Vasile, Administrator;
- 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, General Director and Mr. Gabriel Vasile, Administrator, to be empowered to represent the company, pursuant to provisions under art.143² par. 5 in Law 31/1990, on trading companies, as from the date of 09.01.2017.

On the date of 19.01.2018, the Impact Board of Administration decided to appoint Mr. Bogdan Oşlobeanu as Chief Executive Officer of the Company, for a term of 4 years from 01.03.2018 until 28.02.2022. He replaced Mr. Bartosz Puzdrowski, which requested the Company to terminate his mandate for personal reasons as from 01.03.2018.

4. Financial assets

Impact Company holds investments in the following affiliates:

	31-March-18			
	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%	41,790,990	-	41,790,990
Actual Invest House SRL	6.23%	109,950	-109,950	0
Bergamot Developments Phase II SRL	99%	990	-	990
Impact Finance & Developments SRL	99%	990	-	990
		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 company project of IMPACT established 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 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. 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 20,000 lei.
- c) Bergamot Developments S.R.L.**, company within the group with main scope of activity real estate development, which starting 2018 will develop a residential assembly of approx. 51.382 square meters, 500 apartments, on a land of approximately 17,213 sqm, respectively the first stage 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.**, a company within the group having as main scope of activity the real estate development, which is to develop the Stage II (130 apartments) of the residential complex Luxuria Domenii Residence consisting of 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 to offer advantageous lending solutions for clients who purchase dwellings.

5. Affiliates

Transactions with affiliates for the 1st quarter of 2018 are as follows:

	Transactions value as of	Balance as of
	<u>31-Mar-18</u>	<u>31-Mar-18</u>
Sale of goods and services		
Affiliates		
Actual Invest House	3,099	44,129
Clearline Development and Management	1,886	48,180
Bergamot Developements	1,397	5,326,996
Bergamot Developments Phase II	1,397	2,003
Impact Finance	12,848	16,480
Total	20,627	5,437,789

IMPACT DEVELOPER & CONTRACTOR

*Non-audited Individual Financial Statements as at March 31st 2018
(values are expressed in LEI, unless otherwise specified)*

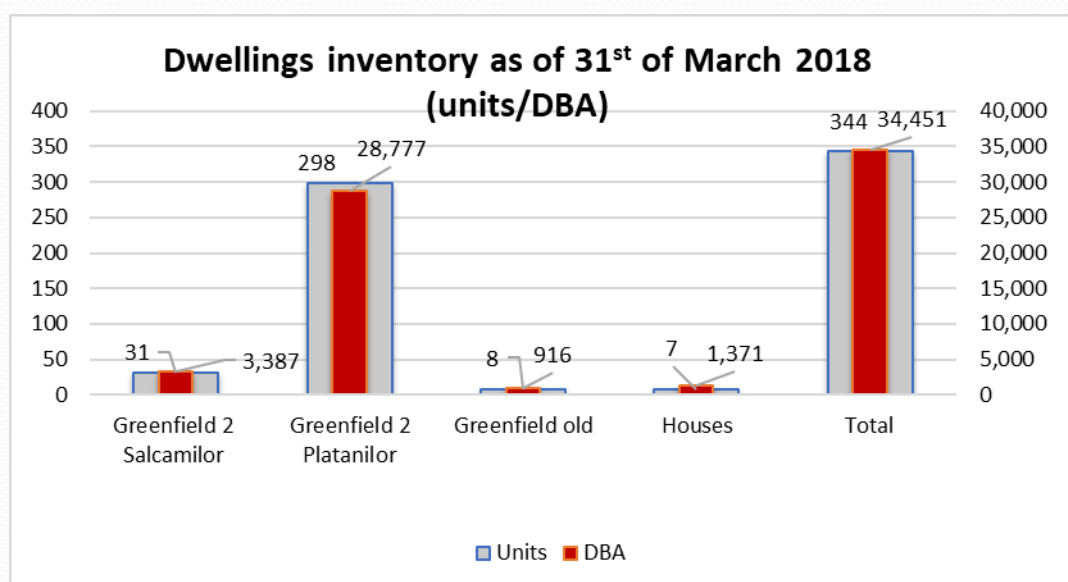
	Transactions value as of	Balance as of
	<u>31-Mar-18</u>	<u>31-Mar-18</u>
Purchase of goods and services		
Affiliates		
Actual Invest House	395,395.83	1,693,337.24
Clearline Development and Management	-	697.21
Bergamot Developements	-	-
Bergamot Developements Phase II	-	-
Impact Finance	-	-
Total	395,396	1,694,034
	Transactions value as of	Balance as of
	<u>31-Mar-18</u>	<u>31-Mar-18</u>
Interest revenues		
Affiliates		
Actual Invest House	-	-
Clearline Development and Management	-	-
Bergamot Developements	198,414	1,156,835
Bergamot Developements Phase II	828	903
Impact Finance	406	406
Total	199,648	1,158,144
	Transactions value as of	Balance as of
	<u>31-Mar-18</u>	<u>31-Mar-18</u>
Granted loans		
Affiliates		
Actual Invest House	0	0
Clearline Development and Management	0	0
Bergamot Developements	0	12,210,000
Bergamot Developements Phase II	0	51,000
Impact Finance	0	10,000
	0	12,271,000

6. Investment properties and inventories

a) Apartments and Houses

As of March 31st, 2018, there were a number of 344 apartments and houses fully completed, having a developed built area of 34,451 mp and a book value of 85,21 million lei. Apartments and houses registered for real estate investments in fixed assets and inventories were revaluated at market value as on 31.12.2017 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 31st, 2018 is the following:

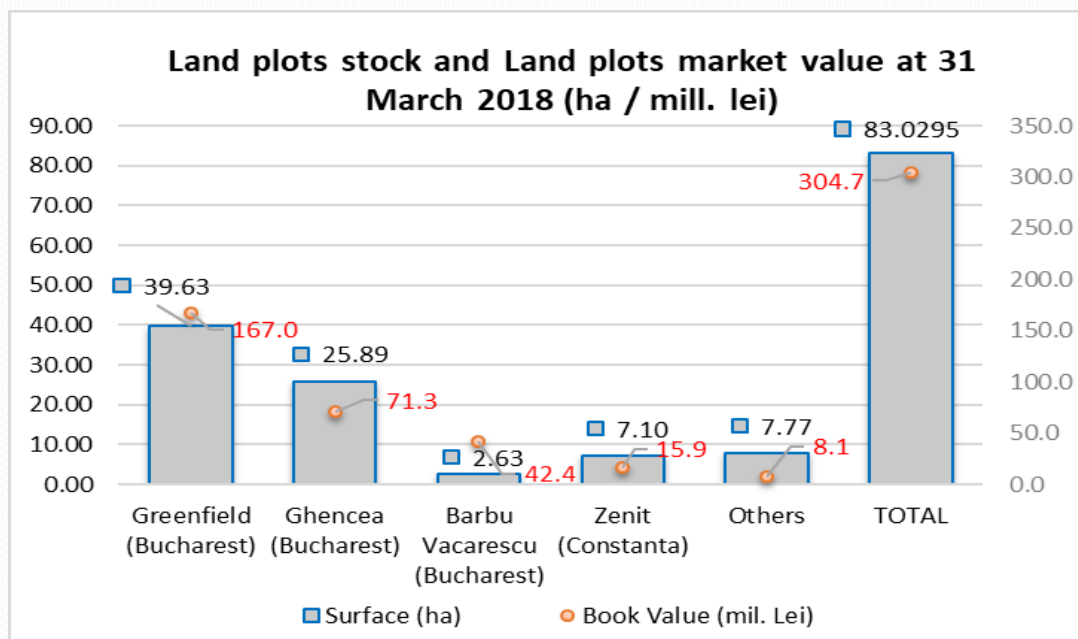


Stage 7.2 and 7.3 in Platanilor Assembly 12 blocks (276 apartments and 27,500 sq.m.), shall be completed in QII 2018.

b) Lands

At the end of the first quarter of 2018, there were in inventory approximately 83.0295 ha of land at a book value of 304.7 million lei, 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 as of 31.12.2017 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:


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

Structure of products and works in progress on 31.03.2018 is the following:

	Transactions value on 31-Mar-18	Balance on 31-Mar-18
Ghencea (Rozelor and Crizantemelor)	57,678	10,392,370
Greenfield	2,682,670	60,697,414
Zenit Constanta	-21,512	3,335,230
Greenfield Master Plan	99,134	2,531,774
Others	1,379,587	9,276,213
	4,197,557	86,233,002

7. Cash and cash equivalents

	31-Dec-17	31-Mar-18
Current accounts	44,504,098	46,455,132
Cash	11,635	19,273
Advance for settlement	-	3,252
	44,515,734	46,477,657

8. Long and short-term borrowings

On March 31st, 2018 the analysis of the bank loans was as follows:

No of contract	Name	Currency	Maturity	Contract value	Balance before revaluation / draws	Reimbursements	Balance on 31.03.2018	Short term	Long term
2093/28.07.2017	Piraeus Bank	(Lei)	28/07/2020	32,730,000	16,539,409		16,539,409	8,292,360	8,247,049
175/04.05.2017	Banca Transilvania	(Lei)	27/02/2020	3,861,180	2,902,754	0	2,902,754	2,267,253	635,502
176/04.05.2017	Banca Transilvania	(Lei)	27/02/2020	20,322,000	15,490,588	0	15,490,588	11,932,908	3,557,680
BA1562/23.09.2016	Libra Internet Bank	(Lei)	23/09/2020	35,000,000	35,000,000	22,807,373	12,192,627	7,069,048	5,123,579
Total				91,913,180	69,932,752	22,807,373	47,125,378	29,561,569	17,563,810

The interest rate on company borrowing is between 5.70% and 7.45% for the RON loans.

During 2018, the company has the following bank loans in progress:

- Banca Transilvania: Contract no. 175/04.05.2017 and contract 176/04.05.2017 due on 27.02.2020;
- Piraeus Bank: Contract no. 2093/28.07.2017 due on 28.07.2020;
- Libra Internet Bank: Contract no. BA1562/23.09.2016 due on 23.09.2020;

No of contract	Name	Currency	Maturity	Contract value	Subscribed premiums	Net value	Interest balance on 31.03.2018	Net value on 31.03.2018	Interest balance on 31.03.2018	Short term	Long term
Ctr. 05.07.2017	Credit Value Investments Sp. z o. o.	EUR	11.07.2021	12,000,000	192,000	11,808,000	157,808	55,145,984	735,008	735,008	55,145,984
Ctr. 29.11.2017	Bursa de Valori București S.A.	EUR	12.12.2022	12,525,000	377,138	12,147,863	215,070	56,667,667	1,001,709	1,001,709	56,667,667
Total				24,525,000	569,138	23,955,863	372,878	111,813,651	1,736,716	1,736,716	111,813,651

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.o. (CVI), which accepted the Offer on the same date. Bonds are interest-bearing at a fixed rate of 6.00% per annum, payable twice a year.

On December 20th, 2017 by Decision 97, the 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 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 to Eligible Investors, as defined in the prospectus of November 28th, 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.

9. Provisions

On March 31st, 2018 there are no significant changes in the structure of the provisions made, except for the provision for the general infrastructure for the Greenfield II project, where according to the Master Plan for the development of roads and access roads and future public networks, provision was made in the amount of 422,973 lei for each sqm of building sold.

10. Operational revenues recorded on March 31st, 2018

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-Mar-17	31-Mar-18	Value	%
Revenues from sale of finished products	18,696,634	15,665,226	(3,031,408)	-16%
Revenues from rentals	78,877	375,006	296,129	375%
Revenues from recharged utilities	684,062	843,079	159,017	23%
Other revenues of operational nature	844,246	196,935	-647,311	-77%
Total	20,303,819	17,080,246	(3,223,573)	-16%

Sales in the Greenfield Assembly registered in the first quarter of 2018 an evolution influenced by seasonality and market conditions in line with the estimated budget.

a) Sales of apartments and houses

In the first quarter of 2018 sales reached a number of 35 properties (apartments) and 6 parking places, totaling a total built area of 3,422 mp, by 27% less than the last year when the sales reached 48 buildings (apartments and houses) and 9 parking spaces, totaling a built area of 4,470 sqm.

The decrease in unit sales is partly offset by increased sales because the average unit price has increased by more than 16%, from approx. 384,356 lei / unit in the first quarter of 2017, to 444,573 lei / unit in the first quarter of 2018.

b) Sales of land plots

In 2018 there were no sales of land plots, compared to the previous period when there were recorded sales of land with a total area of 1,053 sqm.

c) Rentals

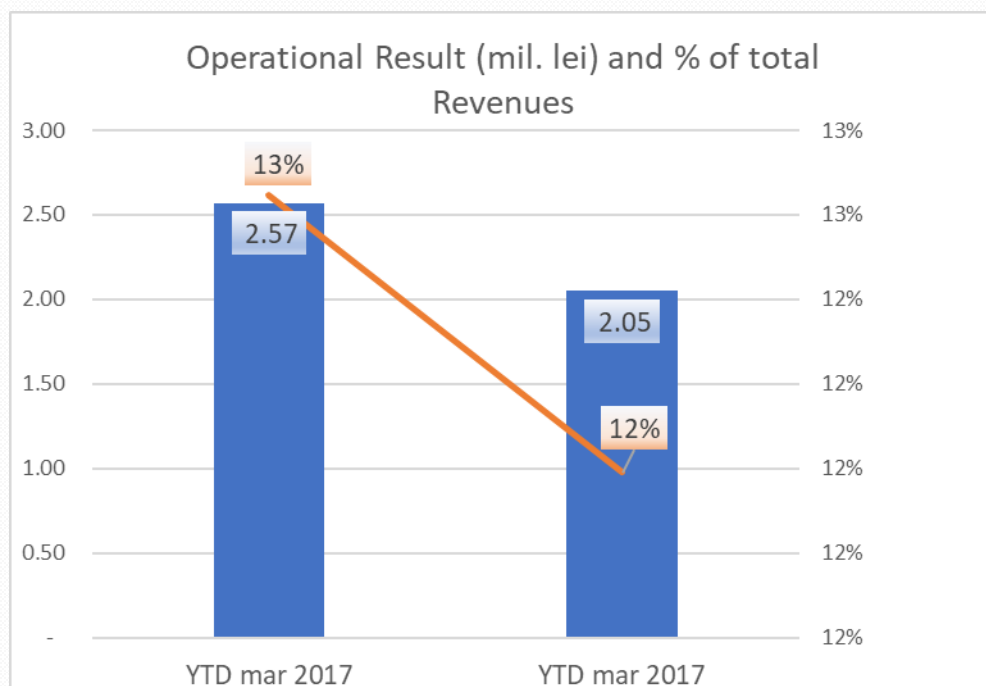
The activity of apartment lease is no longer a priority for the Company in the past years. Most of the dwellings on which lease contracts were terminated in 2015, were sold and therefore, at the end of the first quarter of 2018 there are only 5 active lease agreements.

11. Operational expenses recorded as of March 31st, 2018

Operational expenses decreased by 15 % compared to the similar period in 2017.

	31-Mar-17	31-Mar-18	Value	%
Book value of sold residential inventories	(11,674,154)	(8,391,340)	3,282,814	28%
Operational costs afferent to sold/leased properties	(867,273)	(941,900)	(74,627)	9%
Consumption of raw materials	(272,025)	(192,384)	79,641	29%
Services provided by third parties	(1,920,511)	(2,344,584)	(424,073)	22%
Employee benefits expenses	(2,070,151)	(2,181,572)	(111,421)	5%
Other operating expenses	(931,859)	(980,344)	(48,485)	5%
Total	(17,735,973)	(15,032,124)	2,703,849	15%

The operating result (EBITDA) of 12% of the total operating revenues achieved in the first quarter of 2018 is like the same period of the previous year.



12. Revenues and financial expenses recorded in the first quarter of 2018

Interest expenditures increased significantly in the first quarter of 2018 compared to the same period of the previous year, as in 2017 the company attracted significant financial resources for future development projects through 2 bond issues totaling Lei 114,227,640.

Since the bond's subscription was made in EUR, these transactions generated a significant increase in exchange rate differences compared to the same period of the previous year.

The increase in financial income is due to the loan granted by the company to Bergamot Developments S.R.L., a group company, to finance the Luxuria Domenii Residence residential complex, in the Expozitiei-Domenii area.

	31-Mar-17	31-Mar-18	Value	%
Financing costs	(120,974)	(1,872,765)	(1,751,791)	1448%
Financial incomes	32,746	224,667	191,921	586%
Exchange rate differences	(1,455)	84,450	85,905	5904%
Other financial elements, net	(30,782)	(43,973)	(13,191)	43%
Total	(120,465)	(1,607,621)	(1,487,156)	1235%

13. Strategic Directions and Activities Guidelines of IMPACT in 2018

On 31st of March 2018, IMPACT has ongoing residential developments in four cities across the country, projects with different sizes, different stages of completion.

The company's activity in 2017 and continued in the first quarter of 2018 was dominated by the development of a major residential project: the **Greenfield Baneasa Residential District**, launched in November 2016, which consists of:

- **Salcamilor Assembly- 35 blocks** with height regime GF+5, consisting of 924 apartments of 2, 3 and 4 rooms each, fully delivered in 2016.
- **Platanilor Assembly - 39 blocks** with height regime GF+5 and GF+4, consisting of over 944 apartments, of which, in the first quarter of 2017 there were 21 blocks completed (476 apartments).

Also, in 2017, the works started for another 12 blocks (276 apartments) with the planned completion in the first half of 2018. For the last 6 blocks (192 apartments), the works will start in the first half of 2018, to be delivered in the second half of 2019.

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.

Also, in 2017 the basic concept was finalized and the Luxuria Domenii Residence project for the premium segment was launched, for which Impact, through its subsidiary Bergamot Developments SRL, acquired in 2017 a land of 2.25 ha in Bucharest, in the Expozitiei-Domenii area; the residential district will comprise 9 blocks with 630 apartments.

In line with the strategic vision established by the Impact management team, permanently adapting to developments in the real estate market and maintaining efficiency, the Company has set goals for the year to meet the needs of the market, its customers and partners.

Optimism on the market, as well as on the relationship Impact has with its clients, is based on both the diversification of the real estate and the financial products offered. The company thus manages to answer both the difficult access to the financing sources, as well as customer expectations of habitat quality.

14. 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 2018 is of 277,310,841 Lei.

*IMPACT share price evolution
(April 2017 – March 2018)*



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.

On 31st of March 2018 the BET index registered an increase by 7,99% compared to the same period of the previous year, and IMP stocks registered an increase by 42% (0,7020 lei/share on 31.03.2017 compared to 0.998 lei/share on 31.03.2018).

*BET Index Evolution
(April 2017 – March 2018)*



15. Performance Indicators

Economic and financial indicators – evolution:

Indicators	31-Dec-16	31-Mar-17	31-Dec-17	31-Mar-18
Return on Assets	6.11%	0.35%	8.29%	-0.06%
Return on Equity	7.58%	0.45%	12.11%	-0.08%
Debt ratio (Total debt vs. Total asset)	19.37%	22.09%	31.53%	31.29%
Leverage (Equity vs. Total asset)	80.63%	77.91%	68.47%	68.71%
Gearing ratio (Loans vs. Equity)	14.65%	17.15%	34.27%	37.24%
Current ratio	6.39	5.92	8.38	8.33
Quick ratio	0.67	0.48	1.58	1.72

IMPACT DEVELOPER & CONTRACTOR

*Non-audited Individual Financial Statements as at March 31st 2018
(values are expressed in LEI, unless otherwise specified)*

Indicators	31-Dec-16	31-Mar-17	31-Dec-17	31-Mar-18
Price per share	0.7	0.702	1.05	0.998
No of shares	277,866,574	277,866,574	277,866,574	277,866,574
Market capitalization (Lei)	194,506,602	195,062,335	291,759,903	277,310,841
Exchange rate	4.5411	4.5511	4.6597	4.6576
Market capitalization (EUR)	42,832,486	42,860,481	62,613,452	59,539,428
Net Asset Value (Lei)	390,776,564	392,538,000	431,854,275	431,502,749
Net Asset Value (EUR)	86,053,283	86,251,236	92,678,558	92,644,871
Result (Lei)	29,610,137	1,761,436	52,306,703	-351,526
Result (EUR)	6,593,511	387,282	11,282,966	-75,427
Earning per share (Lei)	0.107	0.006	0.188	-0.001
Earning per share (EUR)	0.024	0.001	0.041	0.000
NAV/Share (Lei)	1.406	1.413	1.554	1.553
NAV/Share (EUR)	0.31	0.31	0.33	0.33
Premium/discount compared to the net asset value	-50%	-50%	-32%	-36%

EPRA¹ Net Asset Book Value:

Description	31-Dec-17	31-Mar-18
IFRS Net Asset Value	431,854,275	431,502,749
Number of shares	277,866,574	277,866,574
IFRS Net Asset Value /Share	1.55	1.55
EPRA Net Asset Value	586,207,603	585,856,077
EPRA Net Asset Value /Share	2.11	2.11

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.

16. Auditors

By Decision of General Assembly of Shareholders in April 26th, 2018 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 31st, 2018 **are not audited**.

Chief Executive Officer
Bogdan Oslobeanu

Chairman of the Board of Administration
Iuliana Mihaela Urda

Chief Financial Officer
Elisabeta Ion