# IMPACT DEVELOPER & CONTRACTOR SA

**Individual and unaudited financial statements**
**as of June 30th 2018**

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

# Content:

## Statement of Financial Position on June 30th 2018

| | 31-Dec-17 | 30-June-18 |
|---|---|---|
| ***ASSETS*** | | |
| Tangible non-current assets | 8,684,244 | 8,492,840 |
| Intangible non-current assets | 144,339 | 101,485 |
| Investment properties | 193,342,626 | 193,342,626 |
| Financial assets | 56,190,196 | 56,190,196 |
| Non-current receivables | 4,948,961 | - |
| ***Total non-current assets*** | ***263,310,366*** | ***258,127,147*** |
| Inventories | 297,294,269 | 282,659,894 |
| Trade and trade receivables | 26,171,573 | 52,321,539 |
| Prepayments | 90,403 | 159,966 |
| Cash and cash equivalents | 44,515,734 | 38,155,887 |
| ***Total current assets*** | ***368,071,979*** | ***373,297,286*** |
| ***Total assets*** | ***631,382,345*** | ***631,424,433*** |
| Share capital | 285,330,158 | 285,330,158 |
| Share premiums | 68,760,070 | 68,445,070 |
| 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 | 722,249 |
| ***Total shareholders' equity*** | ***431,854,275*** | ***432,261,524*** |
| Loans | 132,900,915 | 144,196,806 |
| Trade and other payables | 1,028,434 | 1,585,464 |
| Deferred taxes | 21,210,395 | 21,210,395 |
| ***Total long-term liabilities*** | ***155,139,744*** | ***166,992,665*** |
| Trade and other payables | 15,811,049 | 18,095,720 |
| Loans | 28,253,125 | 14,068,568 |
| Provisions for risk and charges | 324,152 | 5,956 |
| ***Total current liabilities*** | ***44,388,326*** | ***32,170,244*** |
| ***Total liabilities*** | ***199,528,070*** | ***199,162,909*** |
| ***Total equity and liabilities*** | ***631,382,345*** | ***631,424,433*** |

| Chief Executive Officer | Chairman of the Board of Directors | Chief Financial Officer |
|---|---|---|
| Bogdan Oslobeanu | Iuliana Mihaela Urda | Giani Iulian Kacic |

IMPACT DEVELOPER & CONTRACTOR S.A. 2 BUCUREȘTI ROMÂNIA

## Statement of comprehensive result on *June 30th 2018*

| | 30-June-17 | 30-June-18 |
|---|---|---|
| Revenues from sale of residential inventories | 67,462,519 | 41,891,355 |
| Book value of sold residential inventories | (43,238,929) | (22,546,149) |
| ***Profit/loss from sale of residential properties*** | ***24,223,590*** | ***19,345,206*** |
| **Rental incomes** | 365,491 | 736,582 |
| Incomes from operational costs recharged to tenants | 1,679,895 | 1,795,133 |
| Operating expenses related to rented/sold properties | (1,589,433) | (1,795,161) |
| ***Net income from recharged costs*** | ***90,462*** | ***(28)*** |
| Income from sale of investment properties | - | - |
| Book value of sold investment properties | - | - |
| ***Profit/loss from sale of investment properties*** | - | - |
| Revenues from services rendered | 91,169 | 933 |
| Raw materials and consumables used | (456,075) | (583,620) |
| Capitalization incomes | - | - |
| Third party services | (4,796,711) | (4,757,413) |
| Activity performed and capitalized by the entity | - | - |
| Employee benefits expense | (4,398,408) | (5,603,666) |
| Other operating incomes | 1,113,684 | 1,729,215 |
| Other operating expenses | (2,446,409) | (4,431,819) |
| Other operating incomes - ANAF Litigation | - | - |
| ***Other operating income / (expenses), net*** | ***(10,892,750)*** | ***(13,646,370)*** |
| ***Earnings before interest, taxation, depreciation and amortization (EBITDA)*** | ***13,786,793*** | ***6,435,390*** |
| Depreciation and amortization expenses | (375,438) | (582,127) |
| Impairment of assets, other than investment properties | 345,593 | (468,918) |
| ***Depreciation and related impairment charges / reversals, other than related to investment properties*** | ***(29,845)*** | ***(1,051,045)*** |
| Earnings / (losses) at fair value of real estate investments, net | - | - |
| ***Earnings before interest and taxation (EBIT)*** | ***13,756,948*** | ***5,384,345*** |
| Financing costs | (957,482) | (3,697,634) |
| Financing income | (117,225) | 492,750 |
| Foreign exchange differences | 11,505 | (98,220) |
| Other financial items, net | (213,368) | (77,731) |
| ***Financial result*** | ***(1,276,570)*** | ***(3,380,835)*** |
| ***Gross profit (EBT)*** | ***12,480,378*** | ***2,003,510*** |
| Current income tax expenses | (243,605) | (1,281,261) |

| | | |
|---|---|---|
| Deferred incomes tax (Expenses) / Income | - | - |
| ***Income tax*** | ***(243,605)*** | ***(1,281,261)*** |
| ***Net profit / (loss) for the period*** | ***12,236,773*** | ***722,249*** |

Chief Executive Officer
Bogdan Oslobeanu

Chairman of the Board of Directors
Iuliana Mihaela Urda

Chief Financial Officer
Giani Iulian Kacic

IMPACT DEVELOPER & CONTRACTOR S.A. BUCUREŞTI ROMÂNIA

## Statement of changes in equity on June 30th 2018

| | Share capital | Capital premiums | Revaluation reserves | Other reserves | Forwarded Result | Total | Interest without control | Total equities |
|---|---|---|---|---|---|---|---|---|
| **Balance on January 1st 2017** | 285,330,158 | 84,175,480 | 3,137,863 | 5,418,842 | 12,714,221 | 390,776,564 | - | 390,776,564 |
| **Total comprehensive income for the period** | | | | | | | | |
| Result of the period | - | - | - | - | 52,306,703 | 52,306,703 | - | 52,306,703 |
| **Other comprehensive result items** | | | | | | | | |
| Revaluation reserves for the period | - | - | - | - | 15,415,410 | 15,415,410 | - | 15,415,410 |
| Adjustments compared to the previous year | | | | | | | | |
| Achievement of the revaluation reserve related to the sold assets | | | | | | | | |
| Reclassifications | - | (15,415,410) | (113,315) | 110,133 | | (15,418,592) | - | (15,418,592) |
| Established legal reserves | | | | 2,901,144 | (2,901,144) | | - | |
| Cancelation of revaluation reserve related to depreciated assets | | | | | | | | |
| Deferred tax assets related to revaluation reserve | | | | | | | | |
| **Total other items of the comprehensive result** | - | (15,415,410) | (113,315) | 3,011,277 | 12,514,266 | (3,182) | - | (3,182) |
| **Total comprehensive result for the period** | - | (15,415,410) | (113,315) | 3,011,277 | 64,820,969 | 52,303,521 | - | 52,303,521 |
| **Transactions with shares directly registered in equities** | | | | | | | | |
| Share capital increase | | | | | | | | |
| Subsidiaries transfers | | | | | | | | |
| Acquisition of subsidiaries, without uncontrolled interests | | | | | | | | |
| Subsidiaries merger movements | | | | | | | | |
| Distributed dividends | - | - | - | - | (11,225,810) | (11,225,810) | - | (11,225,810) |
| **Total changes in held shares** | | | | | | | | |
| **Total transactions with shareholders** | - | - | - | - | (11,225,810) | (11,225,810) | - | (11,225,810) |
| **Balance on December 31st 2017** | 285,330,158 | 68,760,070 | 3,024,548 | 8,430,119 | 66,309,380 | 431,854,275 | | 431,854,275 |

| | Share capital | Capital premiums | Revaluation reserves | Other reserves | Forwarded result | Total | Interests without control | Total equities |
|---|---|---|---|---|---|---|---|---|
| **Balance on January 1st 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** | | | | | | | | |
| Result for the period | - | - | - | - | 722,249 | 722,249 | - | 722,249 |
| **Other comprehensive result items** | | | | | | | | |
| Revaluation reserves for the period | | | | | | | | |
| Adjustments compared to the previous year | | | | | | | | |
| Achievement of the revaluation reserve related to the sold assets | | | | | | | | |
| Reclassifications | | | | | | | | |
| Established legal reserves | | | | | | | | |
| Cancelation of revaluation reserve related to depreciated assets | | | | | | | | |
| Deferred tax assets related to revaluation reserve | | | | | | | | |
| **Total other items of the comprehensive result** | - | - | - | - | - | - | - | - |
| **Total comprehensive result for the period** | - | - | - | - | 722,249 | 722,249 | - | 722,249 |
| **Transactions with shares directly registered in equities** | | | | | | | | |
| Share capital increase | | | | | | | | |
| Subsidiaries transfers | | | | | | | | |
| Acquisition of subsidiaries, without uncontrolled interests | | | | | | | | |
| Subsidiaries merger movements | | | | | | | | |
| Distributed dividends | | (315,000) | | | | (315,000) | | (315,000) |
| **Total changes in held shares** | | | | | | | | |
| **Total transactions with shareholders** | - | (315,000) | - | - | - | (315,000) | - | (315,000) |
| **Balance on June 30th 2018** | 285,330,158 | 68,445,070 | 3,024,548 | 8,430,119 | 67,031,629 | 432,261,524 | - | 432,261,524 |

Chief Executive Officer
Bogdan Oslobeanu

Chairman of the Board of Directors
Iuliana Mihaela Urda

Chief Financial Officer
Giani Iulian Kacic

IMPACT DEVELOPER & CONTRACTOR * BUCURESTI * ROMANIA * 2

## Statement of cash flow on *June 30th 2018*

| | 30-June-18 |
|---|---|
| **Cash flows from operating activities:** | |
| ***Net profit / (Net loss) for the period*** | ***722,249*** |
| ***Adjustments for:*** | |
| Amortization expenses of tangible non-current assets | 358,576 |
| Amortization expenses of intangible non-current assets | 47,980 |
| Provisions for tangible non-current assets, establishment/(reversal), net | (16,742) |
| Net variation of provisions for risks and charges | (318,196) |
| Aj for the depreciation of financial non-current assets, establishment / (reversal), net | 175,571 |
| Income tax expenses | 1,281,261 |
| Impairment from transfer of tangible non-current assets | 35,352 |
| Adjustments for depreciation of receivables, establishment/(reversal), net | 485,660 |
| Expenses for litigation provisions | - |
| Financing costs | 4,666,682 |
| Interest income | (492,750) |
| Foreign exchange differences | 333,089 |
| ***Operational result before working capital variation*** | ***7,278,733*** |
| ***Working capital movements:*** | |
| Inventories | 14,426,908 |
| Trade and other receivables | (21,931,801) |
| Trade and other payables | 2,841,700 |
| ***Cash generated by operational activities*** | ***(4,663,191)*** |
| Interest paid | (4,635,324) |
| Tax paid | (924,321) |
| ***Net cash from operational activities*** | ***(5,559,645)*** |
| ***Net cash from operational activities*** | ***(2,944,103)*** |
| ***Cash flows from investment activities:*** | |
| Acquisition of tangible non-current assets | (192,617) |
| Acquisition of intangible non-current assets | (5,126) |
| Interest collected | 54,732 |
| Proceeds from sale of tangible non-current assets | 8,133 |
| ***Net cash used in investment activities*** | ***(134,877)*** |

| | |
|---|---|
| ***Cash flow from financing activities:*** | |
| Increase in / (Decrease of) share capital and share premiums | (315,000) |
| Loan reimbursements | (6,383,570) |
| Loan drawdowns | 3,417,704 |
| ***Net cash from (used in) financing activities*** | ***(3,280,867)*** |
| Cash and cash equivalents on January 1st | 44,515,734 |
| ***Net increase in / (decrease of) cash and cash equivalents*** | ***(6,359,847)*** |
| Effect of foreign exchange variation upon cash | - |
| ***Cash and cash equivalent on June 30th 2018*** | ***38,155,887*** |

DEVELOPER & CONTRACTOR S.A. 2 IMPACT 2 BUCUREŞTI ROMÂNIA

| Chief Executive Officer | Chairman of the Board of Directors | Chief Financial Officer |
|---|---|---|
| Bogdan Oslobeanu | Iuliana Mihaela Urda | Giani Iulian Kacic |

# Notes to the financial statements

## 1. The reporting entity

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

The Company is the first company active in real estate development sector in Romania, being established 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 gradually 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 company in the real estate development and construction sector 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's activity 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 place. Until present, it consists in Salcamilor Assembly - 35 buildings of flats with a height regime of GF+5, consisting of 924 apartments with 2, 3 and 4 rooms each, Platanilor Assembly respectively - 39 buildings with over 944 apartments, which will be completed in phases. In the first quarter of 2017, 12 buildings were completed, Phases 5 and 6 of the Platanilor Assembly, a number of 476 apartments. Work also started on another 12 buildings in phase 7, 276 apartments with scheduled completion in the third quarter of 2018.

### Company's organization

The Board of Directors is responsible with fulfilling all necessary and useful acts for developing the company's business object, 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 and 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, Voluntari City to Construdava office building. At the same date, the company changed its name, as well.
On May 24th 2018, the Company moved its headquarters from Ilfov County, Voluntari City to the office building Willbrook Platinum Business & Convention Center, Bucharest.
The identification data of the company are:
Name: IMPACT DEVELOPER & CONTRACTOR SA
Registered office: Willbrook Platinum Business & Convention Center,
172-176 Sos. Bucuresti – Ploiesti, Building A, 1st floor, Bucharest, District no 1, postal code 015016
Phone: 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83, mobile: 0729.100.001
Fully subscribed and paid up share capital: 277,866,574 RON
Registered with the Trade Registry's Office seconded to the Bucharest Court under the No. J40/7228/2018, tax registration No. RO 1553483
Company's fully subscribed and paid up share capital on June 30th 2018 is 277,866,574 lei.

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 declared at certain moments in time, and have the right to one vote per 10 shares during the meetings of the Company.

The consolidated synthetic structure of holders of financial instruments, which hold at least 10% of the share capital on the date of June 19th 2018, is as follows:

| Shareholder | Ownership*) |
|---|---|
| Iaciu Gheorghe | 56.05% |
| Andrici Adrian | 15.67% |
| SWISS CAPITAL / SAI SWISS CAPITAL AM / FDI ACTIVE DINAMIC / APOSTOL SORIN | 12.13% |
| Other individuals and legal entities | 16.15% |
| **Total** | **100.00%** |

*) according to the statement of the Central Depositary and reports to the Bucharest Stock Exchange.

## 3. The company's management

### Board of Directors

The Board of Directors 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 Directors consists of 5 members:

- Gabriel Vasile, Director;

- Laviniu Dumitru Beze, Director;
- Daniel Pandele, Director;
- Ruxandra-Alina Scarlat, Director;
- Iuliana Mihaela Urda, Chairman of the Board of Directors.

**Company's Executive Management**

The Board of Directors has decided that Mr. Gabriel Vasile, Director, is authorized to represent the company, in accordance with the provisions of art. 1432 (5) of the Company Law no. 31/1990, starting 09.01.2017.

On 19.01.2018, Impact's Board of Directors decided to appoint Mr. Bogdan Oslobeanu as Chief Executive Officer, for a four-year mandate, starting 01.03.2018 until 28.02.2022. He replaced Mr. Bartosz Puzdrowski, who asked the Company to terminate his mandate for personal reasons, starting 01.03.2018.

## 4. Financial assets

The company Impact holds investments in the following affiliates:

| | 30-June-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) | - |
| Bergamot Developments Phase II SL | 99% | 990 | - | 990 |
| Impact Finance & Developments SRL | 99% | 990 | - | 990 |
| | | **64,322,920** | **(8,132,724)** | **56,190,196** |

Societatea Clearline Development and Management SRL detine restul de investitii de 93.77% in Actual Invest House SRL.

a) **Actual Invest House S.R.L**, a company within the Group, provides management services to new residential development projects.

b) **Clearline Development and Management S.R.L.** (formerly Lomb SA) is the project company through which IMPACT was to develop a residential project in Cluj-Napoca in partnership with the local authority. For investments made by Clearline Development & Management SRL in the development 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 on trial with the Arges Court and it is currently carrying out the expertise (Urban Planning and Construction) as ordered in the case. On 11.09.2017, by the Decision of the Board of Directors of Impact, the share capital of the company Clearline was increased by new contributions in cash, with the amount of 20,000 lei.

c) **Bergamot Developments S.R.L.,** a company within the Group, whose main business object is in real estate development, and starting 2018 shall develop a residential complex of approximately 52,262 sq. m. gross, namely 500 apartments on a land of approximately 16,776 sq. m., which is the first phase of the residential project Luxuria Domenii Residence. The total gross area including basements is approximately 74,852 sq. m., located in the Expozitiei-Domenii area.

d) **Bergamot Developments Phase II S.R.L.,** a company within the Group, whose main business object is in real estate development, about to develop phase B (130 apartments) of the residential project Luxuria Domenii Residence, with a gross area of 14,136 sq. m., built on a land of 5,769 sq. m. The total gross area including basements is approximately 20,100 sq. m., in the Expozitiei-Domenii area.

e) **Impact Finance & Developments S.R.L.** has an important role in the diversification of services related to the sale of dwellings. Impact Finance&Developments collaborates with major financial institutions from Romania in order to provide solutions for attractive credit facilities in the shortest time possible for customers who acquire dwellings.

## 5. Affiliates

Transactions with affiliates for Semester I 2018 appear as follows:

| | Transactions value as of 30-June-18 | Balance as of 30-June-18 |
|---|---|---|
| **Sale of goods and services** | | |
| **Subsidiaries** | | |
| Actual Invest House | 6,201 | 47,820 |
| Clearline Development and Management | 3,772 | 50,425 |
| Bergamot Developments | 2,794 | 5,328,659 |
| Bergamot Developments Phase II | 2,794 | 895 |
| Impact Finance | 22,834 | 11,883 |
| **Total** | **38,394** | **5,439,681** |

| | Transactions value as of 30-June-18 | Balance as of 30-June-18 |
|---|---|---|
| **Purchase of goods and services** | | |
| Subsidiaries | | |
| Actual Invest House | 704,003 | 1,710,741 |
| Clearline Development and Management | - | - |
| Bergamot Developments | - | - |
| Bergamot Developments Phase II | - | - |
| Impact Finance | - | - |
| **Total** | **704,003** | **1,710,741** |

| | Transactions value as of 30-June-18 | Balance as of 30-June-18 |
|---|---|---|
| **Interest incomes** | | |
| Subsidiaries | | |
| Actual Invest House | - | - |
| Clearline Development and Management | - | - |
| Bergamot Developments | 396,828 | 1,355,249 |
| Bergamot Developments Phase II | 36,497 | 36,572 |
| Impact Finance | 568 | 568 |
| **Total** | **433,893** | **1,392,389** |

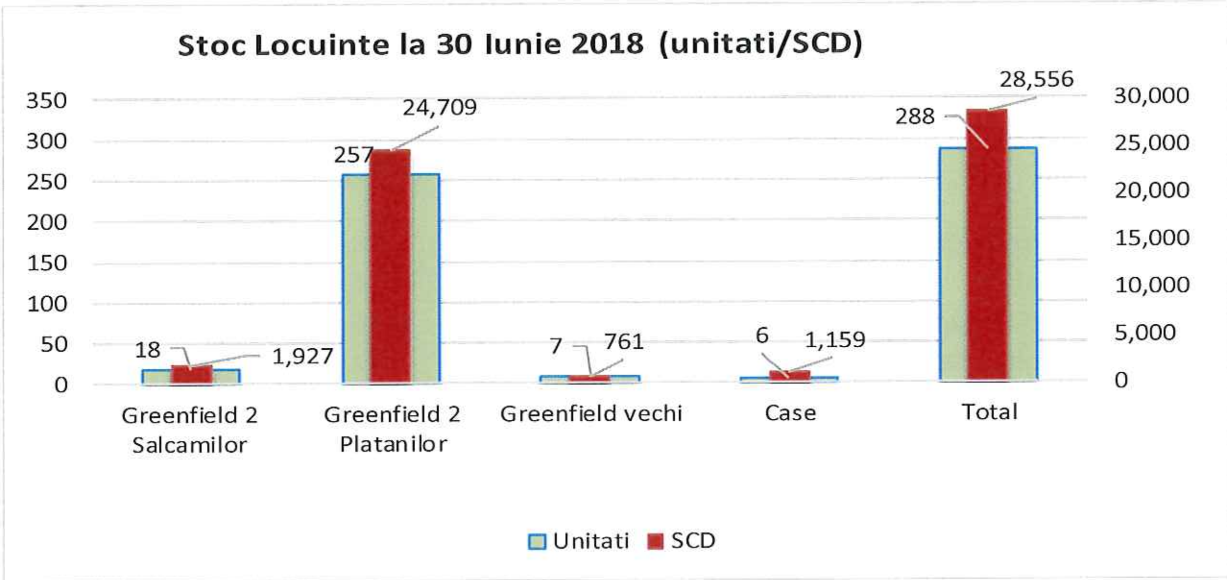
| | Transactions value as of 30-June-18 | Balance as of 30-June-18 |
|---|---|---|
| **Granted loans** | | |
| Subsidiaries | | |
| Actual Invest House | 0 | 0 |
| Clearline Development and Management | 0 | 0 |
| Bergamot Developments | 0 | 12,210,000 |
| Bergamot Developments Phase II | 15,787,000 | 15,787,000 |
| Impact Finance | 0 | 10,000 |
| | **15,787,000** | **28,007,000** |

## 6. Inventories and investment properties

### a) Apartments and houses

On 30th of June 2017 the inventory includes a number of 288 houses and apartments fully completed, with a gross developed surface of 28,556 sq. m. and a book value of RON 71.10 million. Apartments and houses registered as Investment Properties, registered as Fixed Assets and inventories, have been re-valuated in accordance with market value as of 31.12.2017 by Colliers Valuation and Advisory SRL, external evaluator, independent, authorized by the National Union of Authorized Evaluators in Romania ("ANEVAR"), with recent experience in terms of location and category of the evaluated property.

Detailed statement on houses and apartments inventories as of June 30th 2018 is the following:

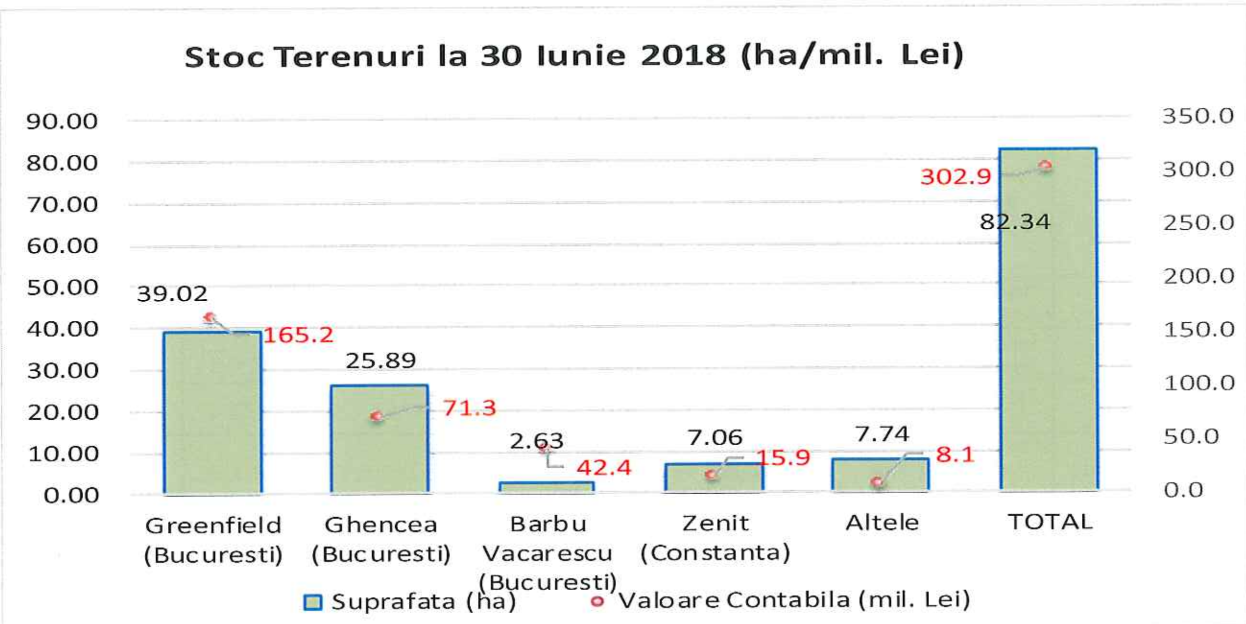



Phases 7.2 and 7.3 of Platanilor Assembly- 12 buildings (276 apartments totaling 27,500 sq. m.), shall be completed in stages, during the 3rd quarter of 2018.

**b) Lands**

At the end of the first semester of 2018, the inventory included approximately 82.34 ha of land with a book value of 302.9 mil. lei, for the sale and development of new projects. The land plots registered as Investment Properties and as Fixed Assets, have been re-valuated in accordance with market value as of 31.12.2017 by Colliers Valuation and Advisory SRL, external evaluator, independent, authorized by the National Union of Authorized Evaluators in Romania ("ANEVAR"), with recent experience in terms of location and category of the evaluated property.

The structure by cities of the land plots inventory is shown in the graph below:



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

The structure of products and works in progress as of 30.06.2018 appears as follows:

| | Transactions value as of | Balance as of |
|---|---|---|
| | 30-June-18 | 30-June-18 |
| Ghencea (Rozelor and Crizantemelor) | 199,970 | 10,534,662 |
| Greenfield | 6,482,497 | 64,829,289 |
| Zenit Constanta | 1,816,841 | 5,100,417 |
| Greenfield Master Plan | 332,049 | 2,432,641 |
| Other | 2,276,610 | 10,246,402 |
| | **11,107,968** | **93,143,412** |

## 7. Cash and cash equivalents

| | 31-Dec-17 | 30-June-18 |
|---|---|---|
| Current accounts | 44,504,098 | 38,141,793 |
| Cash | 11,635 | 11,042 |
| Advance for settlement | - | 3,052 |
| | **44,515,734** | **38,155,887** |

## 8. Long and short-term loans

On June 30th 2018, the status of the bank loans was the following:

| Contract No. | Name | Currency | Maturity | Contract value | Balance before revaluation /drawdown | Reimbursements | Balance on 30.06.2018 | Short term | Long term |
|---|---|---|---|---|---|---|---|---|---|
| | | | | (Lei) | (Lei) | (Lei) | (Lei) | (Lei) | (Lei) |
| 2093/28.07.2017 | Piraeus Bank | (Lei) | 28/07/2020 | 32,730,000 | 18,605,636 | | 18,605,636 | 9,619,643 | 8,985,992 |
| 175/04.05.2017 | Banca Transilvania | (Lei) | 27/02/2020 | 3,861,180 | 2,925,971 | 0 | 2,925,971 | 2,872,837 | 53,134 |
| 176/04.05.2017 | Banca Transilvania | (Lei) | 27/02/2020 | 20,322,000 | 15,467,310 | 0 | 15,647,310 | 15,120,194 | 527,117 |
| BA1562/23.09.2016 | Libra Internet Bank | (Lei) | 23/09/2020 | 35,000,000 | 35,000,000 | 27,631,507 | 7,368,493 | 7,368,493 | - |
| **Total** | | | | **91,913,180** | **72,178,917** | **27,631,507** | **44,547,410** | **34,981,167** | **9,566,243** |

The company's loans are subject to the following interest rates: 4.42% + ROBOR 3 months and (3.25% and 5%) + ROBOR 6 months.

During 2018 the company has the following ongoing bank loans:

a) Banca Transilvania: Contract No. 175/04.05.2017 and contract 176/04.05.2017 with maturity on 27.02.2020;
b) Piraeus Bank: Contract No. 2093/28.07.2017 with maturity on 28.07.2020;
c) Libra Internet Bank: Contract No. BA1562/23.09.2016 maturity on 23.09.2020;

| Contract No. | Name | Currency | Maturity | Contract value | Subscription premiums | Net value | Interest balance 30.06.2018 | Net value 30.06.2018 | Interest balance 31.03.2018 | Short term | Long term |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | EUR | EUR | EUR | EUR | Lei | Lei | Lei | Lei |
| Ctr. 05.07.2017 | Credit Value Investments Sp. z o. o. | EUR | 11.07.2021 | 12,000,000 | 192,000 | 11,808,000 | 278,137 | 55,237,142 | 1,572,259 | 1,572,259 | 55,237,142 |
| Ctr. 29.11.2017 | Bursa de Valori București S.A. | EUR | 12.12.2022 | 12,525,000 | 377,138 | 12,147,863 | 23,677 | 56,798,200 | 110,363 | 110,363 | 56,798,200 |
| **Total** | | | | **24,525,000** | **569,138** | **23,955,863** | **301,814** | **112,035,342** | **1,682,622** | **1,682,622** | **112,035,342** |

On July 10th 2017, the Company has offered for subscription 120 series A bearer bonds, each of them with a nominal value of EUR 100,000 and a total nominal value of EUR 12,000,000, issued in material form, to two investment funds managed by Credit Value Investments Sp. z o. o. (CVI), who have accepted the offer on the same date. The bonds are bearing interest at a fixed rate of 6.00% per annum, payable twice a year.

On December 20th 2017 by the Decision 97, Bursa de Valori București S.A. (Bucharest Stock Exchange) has approved the request for transacting on the regulated market managed by Bursa de Valori București S.A. the bonds issued by the Company, unsecured, with a yearly 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 further to an offer addressed to the Eligible Investors, as defined in the prospect from 28th 2017 approved by ASF by the approval decision No. 1710 dated November 28th 2017, amended by the amendment dated December 8th 2017 approved by ASF by the approval decision No. 1766 dated

December 8th 2017 and by the amendment dated December 13th approved by ASF by the approval decision No. 1816 dated December 13th 2017.

## 9. Provisions

On June 30th 2018 there are no significant changes in the structure of the established provisions, except for the provision for the execution of the general infrastructure for the Greenfield II project, where according to the Master Plan for further fit-out of roads, access ways and future city networks, provisions have been set up amounting to 1,074,494 lei. The provision is established for the sold area in sq. m.

## 10. Operational revenues recorded on June 30th 2018

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

The structure of operational revenues is the following:

| | 30-June-17 | 30-June-18 | Value | % |
|---|---|---|---|---|
| Revenues from sale of finished products | 67,462,519 | 41,891,355 | (25,571,164) | -38% |
| Revenues from rentals | 365,491 | 736,582 | 371,091 | 102% |
| Revenues from recharged utilities | 1,679,895 | 1,795,133 | 115,238 | 7% |
| Other revenues of operational nature | 1,204,853 | 1,730,148 | 525,295 | 44% |
| **Total** | **70,712,758** | **46,153,218** | **(24,559,540)** | **-35%** |

Dwelling sales from the Greenfield Assembly had in Semester I 2018 an evolution influenced by seasonality and the market conditions according to the estimated budget.

### a) Sales of apartments and houses

In the first semester of 2018 sales reached a number of 90 properties (apartments and houses) and 10 parking places totaling a gross area of 9.219 sq. m., 42% less compared to the previous year when the sales have reached a number of 175 properties (apartments and houses) and 22 parking places, totaling a gross area of of 16,032 sq. m.

The decrease of the sales in terms of units is partially compensated by the increase of the sales in terms of value due to the fact that the average unit price has grown by over 21%, from approximately 378,571 lei/ unit in semester I 2017, to 459,399 lei/unit in semester I 2018.

The sales figures achieved in the 2nd quarter of 2017 include a number of 71 apartments, sales completed as a result of the reception of phases V and VI starting February 2017. As a comparison, a number of 40 apartment presales performed in Q II 2018 shall be completed during Q III and the beginning of Q IV as a result of the reception of phases 7.2 and 7.3 scheduled for September 2018.

**b) Sales of land plots**

In the 1st Semester 2018, the sale of a land plot of 410 sq. m. was recorded, compared to the previous period, when land plot sales for a total area of 1,747 sq. m. were recorded.

**c) Rentals**

The activity of apartment lease was no longer a priority for the Company in the past years. Most of the dwellings on which lease contracts were terminated starting with 2015, were sold and therefore, at the end of the first semester of 2018, only 8 lease contracts are still active.

## 11. Operational expenses recorded as of June 30th 2018

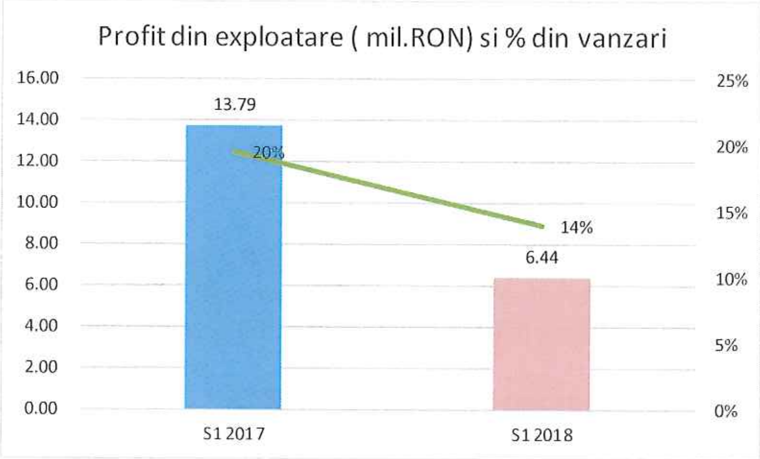
Operational expenses have decreased by 30 % compared to the similar period of 2017.

| | 30-June-17 | 30-June-18 | Value | % |
|---|---|---|---|---|
| Book value of sold residential inventories | (43,238,929) | (22,546,149) | 20,692,780 | -48% |
| Operational costs related to sold/leased properties | (1,589,433) | (1,795,161) | (205,728) | 13% |
| Raw materials and supplies consumption | (456,075) | (583,620) | (127,545) | 28% |
| Third party services | (4,796,711) | (4,757,413) | 39,298 | -1% |
| Employee benefits expenses | (4,398,408) | (5,603,666) | (1,205,258) | 27% |
| Other operating expenses | (2,446,409) | (4,431,819) | (1,985,410) | 81% |
| **Total** | **(56,925,965)** | **(39,717,828)** | **17,208,137** | **-30%** |

Position "Other operating expenses" includes the donation of the lands with an area of 6,000 sq. m. in favor of Bucharest Municipality.

The lands were donated to the Bucharest Municipality in order to provide a compensation to Romsilva S.A. according to the procedures stipulated in Law No. 46/2008 art. 37, with the option to grant public access between Aleea Privighetorilor and Drumul Padurea Pusnicu, according to the Decision of the General Council of Bucharest No. 281/2017 and No. 608/2017 and to the Decision of the Local Council of District 1 No. 278/2017 and No. 345/2017. The offer has been accepted by the Decision of the General Council of Bucharest No. 513/2017.

The operational result (EBITDA) is 14% of the total operational income earned in Semester I 2018 influenced by the decrease of sales, compared to 20% achieved during the same period of the year 2017.




## 12. Financial revenues and expenses recorded in Semester I 2018

Interest expenses have significantly increased in Semester I 2018 compared to the similar period of the previous year, as during 2017 the company has attracted significant financial resources for future development projects by 2 bonds issues amounting to 114,227,640 lei.

As the subscription of bonds was done in EUR, these transactions have generated a significant increase in foreign exchange differences compared to the same period of the previous year.

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

| | 30-June-17 | 30-June-18 | Variation | % |
|---|---|---|---|---|
| Financing costs | (957,482) | (3,697,634) | (2,74,152) | 286% |
| Financial revenues | (117,225) | 492,750 | 609,975 | -520% |
| Foreign exchange differences | 11,505 | (98,220) | (109,725) | -954% |
| Other financial items, net | (213,368) | (77,731) | 135,637 | -64% |
| **Total** | **(1,276,570)** | **(3,380,835)** | **(2,104,265)** | **165%** |

## 13. Strategic directions and activity guidelines of IMPACT in *2018*

On June 30th 2018, IMPACT has residential developments in progress in four cities throughout the country, projects of various sizes, being in various completion stages.
The company's activity in 2017 and continued in Semester I 2018 was dominated by the development of a major residential project: ***Greenfield Baneasa residential complex***, launched in November 2016, consisting of:

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

Moreover, also in 2017 works were started for another 12 buildings (276 apartments) with scheduled completion in the third quarter of 2018. For the last 6 buildings (192 apartments), works were started in the first semester of 2018, to be delivered in the second half of the year 2019.

Furthermore, the company's activity is focused on preparing the documents necessary to build the urban center Greenfield Plaza, with a total area of 10,400 sq. m., to include a SPA center, trade premises and services, of approximately 8,000 sq. m. and an administrative office of 2,400 sq. m.

Also in 2017, the basic concept was completed and the Luxuria Domenii Residence project was launched, designed to the premium segment, for which Impact, acting by its subsidiary Bergamot Developments S.R.L., has acquired in 2017 a plot of land with an area of 2.25 ha in Bucharest, in the Expozitiei-Domenii neighborhood; the residential complex shall contain 9 buildings of 630 apartments each.

In line with the strategic vison of Impact's management team, of continuous adjustment to the evolution of the real estate market and retaining efficiency, the Company has set for this year certain objectives, whereby it responds to the demands of the market, its customers and partners.

The optimistic views to the market, but also to the relationship between Impact and its customers is based on the diversification of both the real estate products and the financial ones, whereas the Company succeeds in managing the difficult access to financing sources and the higher and higher expectations of its customers in regard of the habitat's quality.

## 14. Capital Market

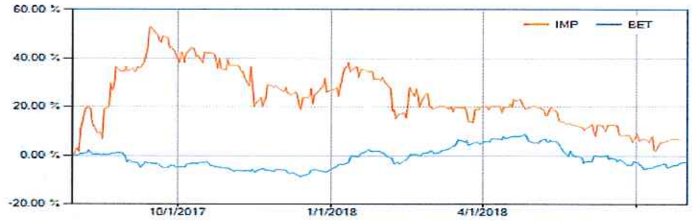
IMPACT DEVELOPER & CONTRACTOR SA is listed at the Bucharest Stock Exchange (BVB) since 1996. Starting 2006 its shares are quoted in the 1st category of BVB, and since January 2015 the IMPACT shares, amounting to 277,866,574 are traded in the Premium category, according to the new BVB segmentation.

The company's stock exchange capitalization at the end of June 2018 is 244,522,585 Lei.

There are no restrictions regarding securities transfer and voting rights, there are no holders of securities with special control rights.

*IMPACT share price evolution*
*(July 2017 – June 2018)*

*Evolution of BET Index vs IMP (July 2017 – June 2018)*




On June 30th 2018 the BET index has recorded an increase of 3% compared to the same period of the previous year, while the IMP shares have recorded an increase of 10% (0,798 lei/share on 30.06.2017 compared to 0.88 lei/share on 30.06.2018).

## 15. Performance indicators

### Economic and financial indicators – evolution:

| Indicators | 31-Dec-16 | 30-June-17 | 31-Dec-17 | 30-June-18 |
|---|---|---|---|---|
| Return on Assets | 6.11% | 2.44% | 8.29% | 0.11% |
| Return on Equity | 7.58% | 3.13% | 12.11% | 0.17% |
| Indebtedness rate (Debts vs Assets) | 19.37% | 22.0% | 31.53% | 31.54% |
| Indebtedness rate (Equity vs Assets) | 80.63% | 78.01% | 68.40% | 68.46% |
| Indebtedness rate (Loans vs Equity) | 14.65% | 15.41% | 37.32% | 36.61% |
| Current liquidity | 6.39 | 5.68 | 8.29 | 11.6 |
| Immediate liquidity | 0.67 | 0.63 | 1.59 | 2.82 |

| Indicators | 31-Dec-16 | 30-June-17 | 31-Dec-17 | 30-June-18 |
|---|---|---|---|---|
| Price per share | 0.7 | 0.798 | 1.05 | 0.88 |
| No. of shares | 277,866,574 | 277,866,574 | 277,866,574 | 277,866,574 |
| Stock exchange capitalization ( Lei ) | 194,506,602 | 221,737,526 | 291,759,903 | 244,522,585 |
| Exchange rate | 4.5411 | 4.5539 | 4.6597 | 4.6611 |
| Stock exchange capitalization ( EUR) | 42,832,486 | 48,691,786 | 62,613,452 | 52,460,274 |
| Book net asset ( Lei ) | 390,776,564 | 390,521,694 | 431,854,275 | 432,261,524 |
| Book net asset ( EUR ) | 86,053,283 | 85,755,439 | 92,678,558 | 92,738,093 |
| Result (Lei) | 29,610,137 | 12,236,773 | 52,306,703 | 722,249 |
| Result (EUR) | 6,593,511 | 2,697,582 | 11,282,966 | 155,200 |
| Gain by share ( Lei ) | 0.107 | 0.044 | 0.188 | 0.003 |
| Gain by share ( EUR ) | 0.024 | 0.010 | 0.041 | 0.001 |
| NAV/Share ( Lei ) | 1.406 | 1.405 | 1.554 | 1.556 |
| NAV/Share ( EUR ) | 0.31 | 0.31 | 0.33 | 0.33 |
| Premium/discount compared to net book assets | -50% | -43% | -32% | -43% |

**EPRA[1] Net Book Assets:**

| Description | 31-Dec-17 | 30-June-18 |
|---|---|---|
| **IFRS Net Book Assets** | **431,854,275** | **432,261,524** |
| Number of shares | **277,866,574** | **277,866,574** |
| ***IFRS Net Book Assets/Share*** | ***1.55*** | ***1.55*** |
| **EPRA Net Book Assets** | **586,207,603** | **586,614,852** |
| ***EPRA Net Book Assets/Shares*** | ***2.11*** | ***2.11*** |

The objective of the **EPRA Net Book Value** indicator is to show the fair value of net assets on an ongoing analysis basis on a long term.

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

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

## 16. Auditors

By the Decision of the General Meeting of Shareholders dated April 26th 2018, the contract with the current external financial auditor of the Company, DELOITTE AUDIT SRL, was extended for a one-year mandate.

The financial statements as of June 30th 2018 **are not audited.**

| Chief Executive Officer | Chairman of the Board of Directors | Chief Financial Officer |
|---|---|---|
| Bogdan Oslobeanu | Iuliana Mihaela Urda | Giani Iulian Kacic |

IMPACT DEVELOPER & CONTRACTOR S.A. BUCUREȘTI ROMÂNIA