IMPACT DEVELOPER & CONTRACTOR SA
Registered office: Willbrook Platinum Business & Convention Center,
172-176 Sos. Bucuresti – Ploiesti, Building A, 1st Floor, Bucharest, District 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 capital: RON 277,866,574
Registered with the Trade Registry's Office seconded to the Bucharest Court under the No. J40/7228/2018,
Tax Registration No. RO 1553483
Personal Data Operator, registered with the Personal Data Processing Registry under the No. 3406

Quaterly Report
Quarter 3/ 2018

Report date: 12.11.2018
Name of the issuing company: **IMPACT DEVELOPER & CONTRACTOR SA**
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172-176 Sos. Bucuresti – Ploiesti, Building A, 1st Floor, Bucharest, District 1, post code 015016
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Fully subscribed and paid up capital: RON 277,866,574
Regulated market where the issued securities are traded: Bucharest Stock Exchange

1. Economic and financial situation

1.1. *Presentation of an analysis on the economic and financial status for Q3/2018, compared to the similar period of the previous year.*

Analysis of the result elements

The operating result (EBITDA margin) achieved by the company IMPACT DEVELOPER & CONTRACTOR in Quarter 3 of 2018 is 15% (% in total revenues) compared to last year, when the operating result was 17%.

During the first quarters of 2018 a number of 137 properties (apartments and houses), 2 plots of land and 10 parking places, totaling a gross (built) area of 13,537 sq. m. were sold, 40% less compared to the similar period of the previous year, when the sales reached a number of 247 properties (apartments and houses) and 29 parking places, totaling a gross area of 22,038 sq. m.

From the total dwellings sold, 39 apartments were sold from Salcamilor Assembly (Greenfield Baneasa) and 95 apartments from Platanilor Assembly (Greenfield Baneasa).

The sales volume of completed apartments has dropped further to the change in the sales mix in favor of apartments to be delivered in Q4 2018 and 2019. On September 30th, 2018, in addition to the registered purchase agreements, reservations/presales agreements for 107 apartments (whose value is not reflected in the income) in Greenfield were concluded.

In the first 9 months of the year 2018, IMPACT has recorded a net result of 1,588 thousand Lei, mainly generated by the financing costs related to the ongoing and/or future development projects, as well as by the donation of the lands with an area of 6,000 sq. m. to the Bucharest Municipality.
The lands were donated to the Bucharest Municipality 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 Decisions of the General Council of Bucharest No. 281/2017 and No. 608/2017 and to the Decisions 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 financial indicators on September 30th, 2018 are the following:

Indicators according to IFRS (Lei)	Sep-17	Sep-18	Difference	
			value	%
Operational revenues, out of which:	**101,870,763**	**68,220,779**	**(33,649,984)**	**-33%**
Revenue from the sale of residential inventories	93,776,931	61,700,654	(32,076,277)	-34%
Revenue from rental and tenants utilities recharged	6,661,296	3,800,674	(2,860,622)	-43%
Revenue from sale of investments properties	-	347,050	347,050	100%
Activity performed and capitalized by the entity	-	-	-	
Other revenue of operational nature	1,432,536	2,372,401	939,865	66%
Operational expenses, out of which:	**(84,284,414)**	**(58,176,466)**	**26,107,948**	**-31%**
Accounting value of the sold residential inventories	(62,535,780)	(32,946,725)	29,589,055	-47%
Operating costs related to rented and sold properties	(5,483,851)	(2,275,003)	3,208,848	-59%
Book value of investments properties	-	(284,055)	(284,055)	
Expenditure on raw materials and supplies	(658,495)	(712,427)	(53,932)	8%
Services provided by third parties	(5,037,777)	(7,326,727)	(2,288,950)	45%
Employee benefits expenses	(6,785,574)	(8,451,735)	(1,666,161)	25%
Other operating expenses	(3,782,937)	(6,179,794)	(2,396,857)	63%
Operational result (EBITDA)	**17,586,349**	**10,044,313**	**(7,542,036)**	**-43%**
Depreciation and amortization expenses	(565,762)	(920,533)	(354,771)	63%
Assets loss of value other than investments properties	(337,410)	(250,792)	86,618	-26%
Gains / (losses) in investments properties fair value	-	-	-	
Operational result (EBIT)	**16,683,177**	**8,872,988**	**(7,810,189)**	**-47%**
Net financial cost	(2,404,748)	(5,302,453)	(2,897,705)	120%
Gross Profit / Loss (EBT)	**14,278,429**	**3,570,535**	**(10,707,894)**	**-75%**
Profit (income) tax	(800,000)	(1,982,279)	(1,182,279)	
Net Profit / (loss) for the period	**13,478,429**	**1,588,256**	**(11,890,173)**	**-88%**

Financial result	Sep-17	Sep-18	Difference	
			Value	%
Financing costs	(2,232,727)	(6,014,346)	(3,781,619)	169%
Financial income	736,753	1,033,043	296,290	40%
Exchange rate differences	(542,287)	(162,810)	379,477	-70%
Other financial items, net	(366,487)	(158,340)	208,147	-57%
Financial result	**(2,404,748)**	**(5,302,453)**	**(2,897,705)**	**120%**

Interest expenses have increased due to the attraction of funds from bonds issues for the future development of residential projects and using bank loans to finance the completion of phases 7.2 and 7.3 of the Platanilor Assembly.

Analysis of the balance sheet items

Asset items	31-Dec-17	30-Sep-18	Difference	
			Value	%
Tangible non-current assets	8,684,244	8,737,111	52,867	1%
Intangible non-current assets	144,339	80,517	(63,822)	-44%
Non-current investments	193,342,626	193,058,571	(284,055)	0%
Financial assets	56,190,196	56,190,196	-	0%
Non-current receivables	4,948,961	34,343,317	29,394,356	100%
Total non-current assets	**263,310,366**	**292,409,712**	**29,099,346**	11%
Inventories	297,294,269	280,488,767	(16,805,502)	-6%
Trade and other receivables	26,171,573	20,880,134	(5,291,439)	-20%
Prepayments	90,403	79,639	(10,764)	-12%
Cash and cash equivalents	44,515,734	33,253,076	(11,262,658)	-25%
Total current assets	**368,071,979**	**334,701,616**	**(33,370,363)**	**-9%**
Total assets	***631,382,345***	***627,111,328***	***(4,271,017)***	***-1%***

Compared the end of the last year the company's cash holdings have dropped 25% in first 9 months of 2018 due to the maturity of the interest due for bonds issues, partial loan reimbursements, and investments for the completion of Phase 7 Platanilor Assembly.

Non-current receivables have increased 100% due to the loan granted to Bergamot Developments Phase I & Phase II for the acquisition of the land necessary to develop phase B of the Luxuria project and starting the construction works for Phases A1 & A2.

Liabilities items	31-Dec-17	30-Sep-18	Difference	
			value	%
Shareholders' Equity	***431,854,275***	***431,167,575***	***(686,700)***	***0%***
Loans	132,900,915	135,993,824	3,092,909	2%
Trade payables and other liabilities	1,028,434	1,468,879	440,445	43%
Deferred tax	21,210,395	21,210,395	-	0%
Total long-term liabilities	***155,139,744***	***158,673,098***	***3,533,354***	***2%***
Loans	15,811,049	17,560,288	1,749,239	11%
Trade payables and other liabilities	28,253,125	19,704,410	(8,548,715)	-30%
Provisions for risks and charges	324,152	5,956	(318,196)	-98%
Total current liabilities	***44,388,326***	***37,270,654***	***(7,117,672)***	***-16%***
Total liabilities	***199,528,070***	***195,943,752***	***(3,584,318)***	***-2%***
Total equity and liabilities	***631,382,345***	***627,111,327***	***(4,271,018)***	***-1%***

All assets and liabilities items on September 30th, 2018 are approximately at the same level compared to the end of 2017.

Analysis of the cash flow items

Decrease in cash at the end of Quarter 3 of 2018 compared to the beginning of the year is determined by sales reduction and by the increase of the financing costs.

Indicators (LEI)	30-Sep-18
Cash and cash equivalent on January 1st	**44,515,734**
Net cash derived from operating activities	(6,292,020)
Net cash used in investment activities	(171,114)
Net cash derived from (used in) financing activities	(4,799,524)
Cash and cash equivalent on September 30th 2018	***33,253,076***

Economic and financial indicators – evolution:

Indicators	31-Dec-16	30-Sep-17	31-Dec-17	30-Sep-18
Assets Profitability	6.11%	2.45%	8.28%	0.25%
Equity Profitability	7.58%	3.44%	12.11%	0.37%
Indebtedness rate (Liabilities vs Assets)	19.37%	28.7%	31.60%	31.25%
Indebtedness rate (Equities vs Assets)	80.63%	71.32%	68.40%	68.75%
Indebtedness rate (Loans vs Equities)	14.65%	28.88%	37.32%	35.61%
Current cash holdings	6.39	7.97	8.29	8.98
Immediate cash holdings	0.67	1.86	1.59	1.45

Rotation speed of customer liabilities	31-Dec-16	30-Sep-17	31-Dec-17	30-Sep-18
Average customer balance (A)	32,320,160	27,396,570	28,994,334	26,000,334
Turnover (B)	152,181,219	101,870,763	120,265,896	68,220,779
(A/B)*270 days	**76**	**73**	**87**	**103**
Rotation speed of non-current assets	**31-Dec-16**	**30-Sep-17**	**31-Dec-17**	**30-Sep-18**
Turnover (A)	152,181,219	101,870,763	120,265,896	68,220,779
Non-current assets (B)	168,606,162	263,310,366	263,310,366	292,409,712
(A/B)	**0.90**	**0.39**	**0.46**	**0.23**

Stock Exchange Indicators - evolution:

Indicators	31-Dec-16	30-Sep-17	31-Dec-17	30-Sep-18
Price per share	0.7	1.19	1.05	0.95
Number of shares	277,866,574	277,866,574	277,866,574	277,866,574
Stock Exchange capitalization (RON)	194,506,602	330,661,223	291,759,903	263,973,245
Foreign exchange	4.5411	4.5991	4.6597	4.6637
Stock Exchange capitalization (EUR)	42,832,486	71,896,941	62,613,452	56,601,678
Net book assets (RON)	390,776,564	391,763,350	431,854,275	431,167,575
Net book assets (EUR)	86,053,283	85,182,612	92,678,558	92,451,825
Result (RON)	29,610,137	13,478,429	52,306,703	1,588,256
Result (EUR)	6,593,511	2,931,495	11,282,966	341,465
Profit per share (RON)	0.107	0.049	0.188	0.006
Profit per share (EUR)	0.024	0.011	0.041	0.001
NAV/Share (RON)	1.406	1.410	1.554	1.552
NAV/Share (EUR)	0.31	0.31	0.33	0.33
Premium/discount compared to net book assets	-50%	-16%	-32%	-39%

2. Analysis of the company's activity

In Quarter 3 of 2018, the sale of apartments in Salcamilor Assembly was continued (phases 2, 3 and 4) as well as in Platanilor Assembly (phases 5 and 6). Moreover, stages 2 and 3 were completed in regard of phase 7 of Platanilor Assembly, whereas the sale of the apartments was commenced in September 2018.

As an overall, from **Salcamilor** Assembly of 924 apartments, **916 contracts (99%) were concluded** since 2014 and until the end of September 2018: **909** sale contracts and **7** pre-contracts and reservations.

From **Platanilor** Assembly, under construction, phases 5 and 6, where 476 units were completed, 271 **contracts (57%)** were concluded since 2017 and until the end of September 2018, **255** sale contracts and a number of **16** pre-contracts and reservations.

In August 2018 276 units from the **Platanilor** Assembly (phase 7, stages 2 and 3) were completed and 50 **contracts (18%)** were concluded until the end of September 2018: **8** sale contracts and **42** pre-contracts and reservations.

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

Details are available in the Notes to the financial statements.

2.2. *Presentation and analysis of the effects upon the Company's financial status of all capital, current or anticipated expenses.*

The company has started the construction of the Platanilor Assembly phase 7, which shall include 18 buildings of 468 apartments. In 2017, the works for 12 buildings (out of the 18 buildings representing the project) from phase 7 were commenced, specifically 276 apartments (28,000 sq. m.) completed in the 3^{rd} quarter of 2018. For the period left from the project (where the works have started during the first semester of 2018), the delivery is intended for the first half of 2019 – 14,000 sq. m. / 192 apartments.

Platanilor Assembly aims to extend the residential area within an improved concept, adjusted to the current market conditions, and to attract investors/operators to enhance the facilities/services serving the residential area.

In this respect, in addition to the company's own financing sources – reinvested profit, the co-financing of the development expenses by bank loans and bonds issues is intended.

The detailed structure of the expenses is provided in the Notes to the financial statements.

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

In the Ordinary General Meeting of Shareholders that took place on **28.04.2017**, 4 directors were elected by secret vote, for a 4-year mandate, until April 27^{th}, 2021.

The Board of Directors consists of 5 members:

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

The Board of Directors has decided in the meeting dated September 15, 2017, according to the art. 137 index 2 of the Company Law No. 31/1990, to appoint Mr. Gabriel Vasile as temporary director, until the next Ordinary General Meeting of Shareholders is convened.

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

The Company's Executive Management

On January 19^{th}, 2018, Impact's Board of Directors has decided to appoint Mr. Bogdan Oslobeanu as the Company's Chief Executive Officer, for a 4-year mandate, starting March 1^{st}, 2018, until February 22^{nd}, 2022. He replaced Mr. Bartosz Puzdrowski, who requested the Company to terminate his mandate for personal reasons, starting March 1^{st}, 2018.

The Board of Directors has decided that Mr. Bogdan Oslobeanu, Chief Executive Officer and Mr. Gabriel Vasile, Director, are authorized to represent the company according to the provisions of the art. 1432 (5) of the Company Law 31/1990, starting 01.03.2018.

3.1 *Description of the 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	**Chairman of the Board of Directors**	**Chief Financial Officer**
Bogdan Oslobeanu	**Iuliana Mihaela Urda**	**Giani Iulian Kacic**