IMPACT DEVELOPER & CONTRACTOR SA
Voluntari, Şos. Pipera-Tunari nr. 4C,
Centrul de Afaceri Construdava, et. 6,7, jud. Ilfov
Tel.: 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83, mobil: 0729.100.001
Capital social subscris şi întegral vărsat: 197.866.574 RON
Înmatriculat la O. R. C. de pe lângă T. M. B. sub nr. J 23/1927/2006
C.I.F. RO 1553483
Operator de date cu caracter personal, înscrisă în Registrul de Evidentă a Prelucrării de Date cu Caracter Personal nr. 3406

December 4, 2012

MEMORANDUM JUSTIFYING THE ISSUANCE OF THE CONVERTIBLE BONDS

According to the calling notice sent to BSE on November 16 2012, the Board of Directors of IMPACT Developer & Contractor SA addressed to the existing shareholders the request to participate to the issuance of the Convertible Bonds proposed and basically approved in the Extraordinary GMS from April 2012.

We would like to bring to the attention of the shareholders the following issues:

1) The Board of Directors and company management have made significant restructuring regarding the personnel expenses and operating expenses.
2) Management has intensified the efforts to attract customers and sell a large number of housing units and land plots, providing increased revenues even in the conditions of assuming some accounting losses.
3) Board of Directors emphasizes that all contractual obligations relating to banks and suppliers have been respected to the full until present.
4) For the year 2012, significant amounts of annual cash outflows are represented by:
    - Credit capital repayment 30.9 mil lei
    - Credit interest payment 2.6 mil lei
    - Taxes and maintenance of existing stock of assets: 3.4 mil lei
    - Other operational expenses 10.2 mil lei
5) During the first half of 2013, there will be a restructuring of the bank debt. This will be possible ONLY after a strategic decision is taken by GMS, related to the future company Business Plan.
6) On November 1st 2012 we received information from the Court of Law's portal of the adverse court decision regarding the action brought by ROMCONSTRUCT. We consider as incorrect the court decision according to which the company would have to pay to ROMCONSTRUCT 32.4 mil lei.

    As a consequence, in order to contest the court decision, Impact will need an outflow of approx. 3.3 mil lei for bail. The Board of Directors wants to take all the legal measures possible to fight against the court decision.

Based on the above six points, the Board of Directors proposes the issuance of convertible bonds to the value of 20 mil lei.

WE WOULD LIKE TO UNDERLINE THE FACT THAT THE BOARD OF DIRECTORS IS TARGETING A MINIMUM OF 9 MILLION LEI as cash inflow from this transaction.

Constanta
Str. Brest Nr.2, Lot J13
Tel: 0341.481.903

Oradea
Str. Facliei nr.60/B
Tel: 0359.401.750

Ploiesti
Sat Ploiestiori, Lot 1(PL07)

www.impactsa.ro

Therefore, the Cash-flow proposed to be approved by GMS requires obtaining 9 million lei, which are necessary in order to:

A) Satisfy the cash-flow needs for the year 2013 (including litigations);

B) Protect the assets of the company against claims from litigations which are not justified and correct. (ROMCONSTRUCT);

C) Ensure a better protection of company’s assets, so that it can be capitalized in the future in the best possible market conditions and not at distressed or liquidation conditions;

D) Enable shareholders who wish to better support the company, to be rewarded by acquiring a larger number of bonds, which then gives them a greater number of shares, diluting especially those who have not subscribed to the bonds.

The Board of Directors believes that the information presented above is sufficient for the company's shareholders in order to assist them into taking the subscription decision.

President of the Board of Directors

Dimitris Sophocleous