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

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Annual Report
- Financial Exercise 2017 -
Report Date 26.04.2018

Company denomination: "IMPACT DEVELOPER & CONTRACTOR " S.A. („IMPACT" or „Company")

Registration with the Trade Registry Office: J23/1927/2006.
TAV registration code: RO1553483
Registered office: 4C Pipera-Tunari Road, Construdava Business Center, floors 6th, 7th, Ilfov County
Phone: 021/ 230.75.70/71/72, fax: 021/230.75.81/82/83
Subscribed and paid up share capital: Lei 277.866.574
The regulated market traded on: Bucharest Stock Exchange, Premium Category

1. Analysis on Company's activity

IMPACT Developer & Contractor had developed in 2017, as main activity the „Real Estate Development (promotion)", pursuant to NACE code 4110.

On 31st of December 2017, the company was involved in residential developments located in four cities in the country, each project with different sizes and found in different stages of completion. IMPACT activity is dominated by a major project: **GREENFIELD residential assembly** in Bucharest.

Thus, on 6th of November 2014 the launch of the newest neighborhood in GREENFIELD, took place. So far, it is composed of:

• **The 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.

Also, the company's activity is focused on preparing the necessary documentation for Greenfield Plaza urban center building, with a total area of 10,400 square meters, which will include a SPA center, business and services areas of approximately 8,000 sq.m. and an administrative headquarters of 2,400 sqm.

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

Another objective of the Company in 2017 was the continuation of the steps for obtaining the technical documentation regarding the **Greenfield Timisoarei** Residential Project, which will be developed on the 26 hectares of land owned by the Company, located in Bucharest, in Timisoara - Prelungirea Ghencea Blvd.

Nevertheless, in 2015 it began the analysis, preparation and realization of the project design documentation of Barbu Vacarescu Ave., a project that started in September 2014 with the acquisition of ownership over a land area having an area of 2.7 ha.

To the purpose of financing the residential developments, in addition to its own sources of funding - reinvested profit, the company aims is to co-finance development costs through bank loans and bonds.

During 2017, IMPACT contracted loan facilities amounting to 56.9 million lei from Banca Transilvania and Piraeus Bank, to complete the works at the Platanilor Assembly - phase 7 and also issued bonds worth a total of 111.9 million lei through 2 bond issues.

One of the main priorities of the management team was a more efficient adaptation to new market conditions through measures on:

- improvement of the competitiveness of the company by developing apartments concepts tailored on residential market requirements at a very good price / performance ratio;
- the adjustment in portfolio existing housing prices, to respond as well as possible to market needs and ensure cash flows required by the Company;
- viability / allotments of land for further sale, identifying opportunities for portfolio land by attracting partnerships;
- employment of loans, an optimum leverage ratio of around the value of 35%.

2. Elements of company general assessment as of 31 December 2017:

The individual financial statements as presented as from 2012 pursuant to IFRS.

The 2017 afferent individual financial statements have been prepared in accordance with the requirements of Order of the Minister of Public Finance no. 1286/2012 for the approval of accounting regulations conforming to International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market and related amendments.

No.	***Indicator***	***Value***	***M.U.***
a.	Net Profit	52,306,703	Lei
b.	Turnover (Operational revenues)	120,265,896	Lei
c.	Operational expenses	(104,401,878)	Lei
d.	Liquidity (cash at the end of the period)	44,515,734	Lei

IMPACT constantly lodges endeavor to prove its customer focus by aligning to its specific needs. Implicitly IMPACT proves a high level of adaptability to the specific conditions of the market, whilst managing existing realities and identifying resources for exploration of new business opportunities. To this end, the company's management continues to follow trends and market evolution and believes in innovation and reinventing work processes, for IMPACT Developer & Contractor to become leader of the real estate market, both locally and regionally.

3. Evolution of sales in 2017

Sale of dwellings completed in Bucharest, Oradea and Constanta.

A significant influence on the operational revenues had the revenues from the sale of the buildings in the Salcamilor and Platanilor Assembly, approximately Lei 109,700,000.

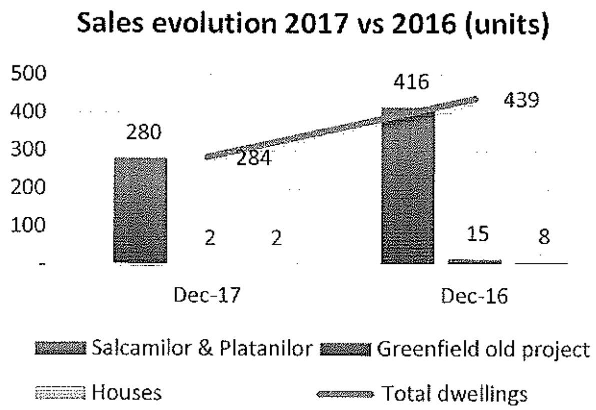
Sales of apartments and houses

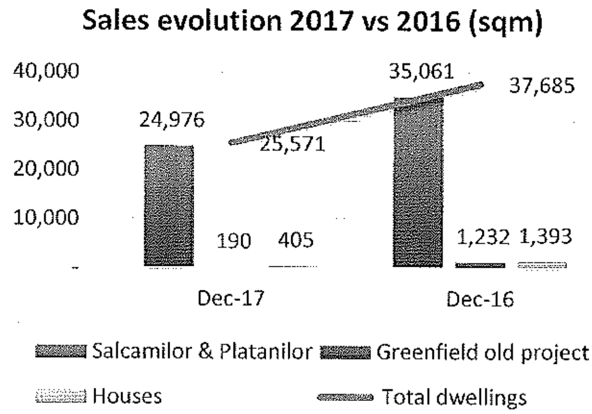
In 2017 sales reached **284 properties** (apartments and houses), **52 parking spaces, 7 plots of land and 1 terrace** totaling a **total built area of 25,571 sqm**, 32.1% lower compared to the previous year (37,685 sqm).

Additionally, at the end of Q4 there were **29 promises and reservations** for apartments.

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

Until December 31st, 2017, 877 contracts were signed from the Salcamilor Assembly (924 apartments), and from the Platanilor Assembly (752 apartments) 188 contracts.





Also, the increase from 1 January 2016 of the limit value of a building, ranging from 380,000 lei to 450,000 lei, benefiting from a reduced VAT rate of 5%, has led to the possibility of buyers to access 3 and 4 bedrooms apartments, becoming much more attractive.

- **Offering for sale of land plots for individuals and legal entities, for the development of houses or small commercial areas.**

  Until 31st of December 2017, **7 plots of land** were sold, 1 in Oradea with an area of 622 sqm, 1 plot of land in Voluntari with an area of 431 sqm, 1 plot of land in Bucharest (Amber district) with an area of 407 sqm, 1 plot of land in Constanta (Zenit neighborhood) with an area of 287 sqm, 1 in Boreal Constanta, 364 sqm and 2 in Blume with an area of 678 sqm, compared to the same period of the previous year, when 11 plots of land were sold with an area of 4,717 sqm. At the end of 2017, the total surface area of 2,789 sqm is 40.8% lower than in the same period in 2016.

The decrease in the volume of land sales is accentuated by the low appetite of buyers for this product cumulated with the lack of financial products for the acquisition of land. The Company's land strategy is mainly to maximize value and liquidate the land portfolio from ongoing projects in Oradea and Constanta.

- **Less lease agreements and sale of leased dwellings**

The activity of renting of apartments is no longer a priority for the Company in recent years. Most dwellings which lease agreements ceased in 2015 have been sold, so the number of leased dwellings at the end of December 2017 is 5 dwellings and will be sold when the rental contracts will terminate.

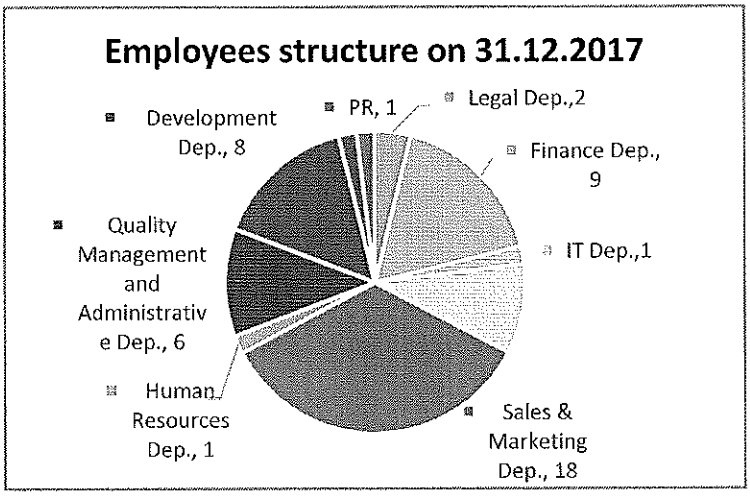
4. Other information on the company:

Structure of employees

The company had at the end of 2017 a total number of 46 employees, the personnel structure being indicated in the attached chart.

There is no union constituted in the Company.

Relations between management and employees are governed by individual employment agreements and job descriptions.



5. Elements of risk management

To prevent liquidity risk, the Company prepares cash flow forecast for 5 years period, 1 year and cash flow statement on monthly bases; it examines projections done and compares them to the real situation to prevent situations where liquidity problems may occur.

Market Risks:

The global financial crisis combined with recession in Europe, exposed Romania to certain risks on the financial market.

Company Internal Control is provided:

- Set of internal procedures to ensure separation of responsibilities;
- Internal audit;
- "4 eyes principle" - 2 signatures on all company documents (contracts, payment orders, etc.)
- By implementation of essential codes of conduct and business ethics specific procedures are implemented, applicable to all directors, officers, managers, people with a role in control or

management, employees, auditors, business partners, collaborators. Thus, IMPACT applies Anticorruption Policy, Code of Conduct, Essential Ethical Values Policy, and Policy for Safety and Health at Work, Employment, Environment, and Reporting Policy.

6. Perspective Elements concerning the company's activity

In the spring of 2017, Impact began building a new neighborhood in Greenfield II, Platanilor Assembly. The first production cycle consisted of 21 blocks, namely 476 apartments (48,000 sqm SCD), and the second was the construction of 18 blocks and 468 apartments (42,000 sqm SCD) respectively.

Thus, in the second half of 2017, works were started on 12 blocks (out of 18 that are the subject of the 2nd cycle of production), respectively 276 apartments with the planned completion in the first half of 2018. For the next 6 blocks we estimate that we will begin building in the first semester 2018 and we will start delivering the apartments in the first semester of 2019.

In the autumn of 2018, a community dedicated to the Greenfield neighborhood will be commissioned to include a SPA center, football fields, tennis and swimming pools, school and kindergarten, supermarket, restaurant, event venue, and Impact's new headquarters, which will have 1,200 square meters and will be a class A building at the current technological level.

General principles underlying the budget set up for 2018, as well as for the subsequent year, and for the action plan for the current year are the following:

- ✓ Increase in turnover and income from the sale of new homes with 30% compared to 2017.
- ✓ Optimizing operating and administration costs
- ✓ Liquidation of land stocks from other localities
- ✓ Minimize the production and sale cycles of the buildings built for the profitability maximization of the invested capital and minimize the recovery periods of the investment
- ✓ Transfer of infrastructure / networks available from completed projects
- ✓ More efficient management and liquidation of non-core assets (assets that are not necessary for the main activity of the Company)
- ✓ Employing new loans, as required, by committing a company indebtedness of up to 35%
- ✓ Identification of opportunities for collaboration / development / sale of the land in the portfolio
- ✓ Focus on finalizing the works in the Platanilor Assembly (stage 7) in Greenfield, as well as elaborating the necessary documentation for the development of the future stages in the Greenfield Baneasa area
- ✓ Identification of land lots in Bucharest and in cities with more than 250,000 inhabitants for the development of projects with dimensions of 700 - 2,000 apartments
- ✓ Implementing a 5-year strategic business plan to expand the portfolio of projects and increase financial performance
- ✓ Implementing a more rigorous annual budgeting system with quarterly review to accurately plan new projects and control real-time costs and financial outcomes

- ✓ Implementing an adequate and efficient entrepreneurial and project management policy
- ✓ The principle of interdepartmental solidarity and the consistency with the general policy of the Society
- ✓ The Reporting principle for each department. For each project, the works will be executed only based on a well-documented and pre-established budget. Each contracting must be within the established budget
- ✓ The principle of compliance with the human resources policy, to determine the motivation and adherence to the strategic objectives pursued by implementing an attractive motivation plan based on the regular evaluation of the performances and the results of the employees
- ✓ Reorganizing the organizational structure according to the processes and workflows to increase the efficiency, increase the productivity and the responsibility of the employees
- ✓ Implementing an effective standard of communication and transparency to promote in the investors and analysts' community

In preparation of the current incomes and expenses budget for year 2018 there were not estimated the influences which there are no certain anticipation information for.

In line with the strategic vision imposed by the new management team of IMPACT, of permanent adaptation to the real estate market and maintaining the company's efficiency, the company has set for this year, goals that effectively respond to the needs of market, clients, but also partners.

Optimism over the market, but also in terms of the relationship that IMPACT has with its customers is based on both real estate and financial product diversification offered by the company, being able to respond both to the difficult access to funding sources, and to rising customer expectations in terms of habitat quality.

7. Tangible assets and inventories of the company at 31.12.2017 are shown in the following table:

On 31st of December 2017 and on 31st of December 2016, Company's lands and buildings were revalued by Colliers Valuation and Advisory SRL, external, independent valuators, authorized by the Romanian National Union of Licensed Appraisers ("ANEVAR"), with recent experience in terms of location and category of assessed property.

	Lands and buildings	Machines, equipments and vehicles	Furniture and installations	Assets in progress	Total
COST					
1 January 2017	**14,230,973**	**3,160,288**	**1,007,599**	**-**	**18,398,859**
Additions	3,372,566	100,496	42,924	1,769,826	5,285,812
Disposals	(2,823,378)	(601,457)	(5,165)	-	(3,430,000)
Revaluation differences	-	-	-	(1,129,181)	(1,129,181)
31 December 2017	**14,780,160**	**2,659,327**	**1,045,358**	**640,646**	**19,125,490**
Accumulated depreciation					
1 January 2017	**9,563,630**	**1,977,485**	**813,689**	**-**	**12,354,804**
Depreciation for the year	226,110	345,507	73,576	-	645,193
Impairment losses	(1,699,316)	-	-	-	(1,699,316)
Accumulated depreciation of disposals	(304,708)	(551,377)	(3,349)		(859,434)
Offset of depreciation at the revaluation date	-	-	-	-	-
31 December 2017	**7,785,716**	**1,771,615**	**883,916**	**-**	**10,441,247**
Carrying amounts					
1 January 2017	**4,667,343**	**1,182,803**	**193,910**	**-**	**6,044,056**
31 December 2017	**6,994,445**	**887,712**	**161,442**		**8,684,244**

	Lands and buildings	Machines equipments and vehicles	Furniture and installations	Assets in progress	Total
COST					
1 January 2016	**14,143,540**	**2,576,692**	**871,110**	**-**	**17,591,343**
Additions	92,198	583,595	136,489	-	812,282

Disposals	(4,766)	-	-	-	(4,766)
Revaluation differences	-	-	-	-	-
31 December 2016	**14,230,973**	**3,160,288**	**1,007,599**	**-**	**18,398,859**
AMORTIZARE					
1 January 2016	**9,403,738**	**1,704,596**	**760,233**	**-**	**11,868,567**
Depreciation for the year	238,427	272,889	53,456	-	564,772
Impairment losses	(78,536)	-	-		(78,536)
Accumulated depreciation of disposals	-	-	-	-	-
Offset of depreciation at the revaluation date	-	-	-	-	-
31 December 2016	**9,563,630**	**1,977,485**	**813,689**	**-**	**12,354,804**
Carrying amounts					
1 January 2016	**4,739,802**	**872,096**	**110,877**	**-**	**5,722,775**
31 December 2016	**4,667,343**	**1,182,803**	**193,909**	**-**	**6,044,055**

Impairment losses

During 2017, following the revaluation reports for buildings and land, there were no impairment losses to be recorded in the current year result.

Part of the land classified as property, plant and equipment include land related to the residential property with installed utilities networks attached. Up to 2013, the Company obtained benefits from the use of these assets as mark-up applied to the utilities expenses of the occupants. In 2013, the Company decided to outsource or to discard this activity because of its low return, but also due to the fact that this activity is not one of the main activities of the Company. Thus, the management of the Company considers that these land and buildings will not be able to bring direct and measurable benefits, their value in use being reduced to their recoverable value.

The Company recorded an impairment loss computed as the difference between the net book value and their value in use.

Investment properties

	2017	2016
Balance on 1 January	**136,736,403**	**214,898,889**
Acquisitions	-	388,933
Transfer from / into inventories. net	-	(77,125,806)

Sales	(156,545)	(1,917,666)
Changes in fair value	56,762,767	492,053
Balance on 31 December	**193,342,626**	**136,736,403**

Investment property comprises land and residential properties held with the purpose of capital appreciation or for obtaining revenues from rent. All contracts related to the leased properties provide a starting period of 1 year, while are not indexed to consumer prices. No contingent leased payments are charged.

The land held for valuation in the amount of 191,050,757 Lei at 31 December 2017 (2016: Lei 134,657,210), has a total surface area of 429,185 sqm (2016: 429,185 sqm) and accounts for 98% of the real estate investments in the balance 2016: 98%). These lands are located in Bucharest (367.163 sqm) and in the country (Constanta, Oradea).

Inventories

	31 December 2017	31 December 2016
Lands	141,786,992	154,318,520
Impairment of land	(2,395,642)	(2,395,642)
Other consumables	359,633	238,797
Residential properties under development	82,035,207	100,736,289
Impairment of residential properties under development	(17,232,273)	(15,988,614)
Completed residential properties	93,581,072	53,113,644
Impairement of residential properties	(892,284)	(7,216,304)
Others	51,563	6,448
	297,294,269	**282,813,138**

Land with a value of lei 139,391,350 at 31 December 2017 (2016: Lei 151,922,878) includes land that the Company plans to develop new real estate projects, especially in Bucharest, but also land that the Company intends to capitalize on sales of viable plots (Oradea and Constanta). During the financial year ended December 31, 2014, the Company acquired a lot of land in Bucharest that plans to develop luxury real estate projects.

Completed residential properties with a value of Lei 92,688,788 as at 31 December 2017 (2016: 45,897,340 Lei) refers entirely to apartments owned by the Company for sale.

In 2017, inventory recognized in the cost of sales amounted to 66,109,484 Lei (2016: 92,022,102 Lei). In 2017 the losses from the decrease of the value of the inventories to the net realizable value amounted to 7.171.806 lei (2016: 4.764.360 lei). The reversals of losses from impairments amounted to 717.131 lei (2016: 1.799.265 lei). Impairment losses and reversals of impairment losses are presented on a net basis and included in "Losses of assets" in the Profit or Loss Statement and other comprehensive income.

8. Company issued securities market

IMPACT Developer & Contractor SA has been listed at the Bucharest Stock Exchange since the year of 1996, and starting with the year 2006 its shares, counting 277.866.574 are quoted in the first category of BVB. Since January 2015, IMPACT Developer & Contractor shares are traded on the Premium category, according to the new segmentation of Bucharest Stock Exchange.

In April 2014, the General Assembly of Shareholders approved the increase of the Share Capital Social by the amount of Lei 80,000,000 by issuance of new stocks, from Lei 197,866,574 to Lei 277,866,574. Subscription took place during the period 20.06.2014 – 29.07.2014, the 80,000,000 new stocks being integrally subscribed.

All shares are ordinary and rank equally in the Company's residual assets. The nominal value of one share is 1 leu.

Ordinary shares shareholders have the right to receive dividends as they are stated at certain times and the right to 1 vote for 10 shares at the Company's meetings.

The market capitalization of the company at the end of 2017 was of 291,8 mill Lei.

The company paid dividends in 2016, detailed situation is below

Year	***Situation on dividends***
2015	The company did not pay dividends
2016	The company paid dividends
2017	The company did not pay dividends

9. Company management

Board of Administration

Pursuant to the legislation in force and the company's Articles of Incorporation, the General Assembly of Shareholders is the managing and decisional body of the company, deciding upon its business.

The company is lead by the Board of Administration, consisting of five administrators, individuals:

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

In the Ordinary General Assembly of Shareholders held on April 28, 2017, four administrators (Laviniu-Dumitru Beze, Daniel Pandele, Ruxandra-Alina Scarlat, Iuliana-Mihaela Urda) were elected by a four-year term, respectively until April 27, 2021.

The Board of Directors decided in its meeting on September 15, 2017, according to art. 137 index 2 of the Law no. 31/1990, regarding the companies, the appointment of Mr. Gabriel Vasile as interim administrator until the next Ordinary General Meeting of the Shareholders.

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

First name and surname	*Date of birth*	*Professional Qualification Professional Experience*	*Position and seniority in position*
Iuliana Mihaela Urda	1968	Iuliana Mihaela Urda holds the position of Chief Executive Officer at Octagon Total Management since November 2011, having been promoted from the position of Director of Marketing, which she had held during June 2009 - November 2011. During the period 1995-2009 Iuliana Mihaela Urda held various positions in Altex Romania company, which recorded a turnover of about 300 mill. euro.	Administrator and Chairman of the Board of Administration since 28.04.2017
Gabriel Vasile	1969	Gabriel Vasile graduated from the Academy of Economic Studies - Faculty of Economics in 1994. Gabriel Vasile has over 15 years of experience in leading teams in the administrative department, automotive, asset management, and financial reporting in the real estate industry, transport and telecommunications. Previously, he held positions as Director of Operations for TPG Quintet Asset Management and Advisory Practice in real estate and Head of Fleet & Reporting in Romtelecom SA. Between July 2012 and April 2013, he was a member of the Council of Shareholders Representatives of SIF Muntenia.	Administrator since 30.10.2017
Daniel Pandele	1964	Mr. Daniel Pandele graduated from the Faculty of Industrial Mechanical Engineering and Maritime Engineering, and the Higher Education Institute of Constanta, the Faculty of Welding Technology. Mr. Daniel Pandele has over 30 years of experience in both residential and commercial construction. Also, a rich experience as Associate and Administrator at the following companies: SC Doraly Mall SRL since 2001; SIF Muntenia between 2012-2014; SC Danielis Star Company SRL since 2008; SC Cupa International SRL since 1995 until now; SC Expo Cupa SRL from 1995-2005; SC Orhideea Tour SRL 1991-1997, SC Expo Cupa SRL between 1995-2005.	Administrator since 28.04.2017
Laviniu Dumitru Beze	1974	Mr. Laviniu Beze graduated from West University of Timisoara, Faculty of Mathematics, ACCA member and holds the diploma of Authorized Investment Consultant issued by CNVM. Mr. Laviniu Beze has more than 15 years' experience in consulting and investment. From 2008 until now he is President of the Association of Capital Market Investors Association representing the association in relation to CNVM, the Ministry of Finance, BVB and the Parliament. He held the position of CA Member at SC Rolast SA from 2013 until 2016 and previously in SC Cominco SA he held the same position from 2011 until 2013 promoting the position of Mathematician held since 2008	Administrator since 28.04.2017
Ruxandra-Alina Scarlat	1978	Ms. Ruxandra-Alina Scarlat graduated from Bucharest Law School with the Civil Law Thesis and the Academy of Economic Studies (ASE) specializing in Insurance Market Evolution from a Legal Perspective. He is a member of the Bucharest Bar Association since 2002 and member of the National Union of Romanian Lawyers. She has accumulated over 15 years of experience at some of the largest law firms in Romania. From 2013 until now, she is attorney-at-law at Scarlat Ruxandra-Alina Law Office, Managing Associate at Wood & Associates from 2008 to 2013, the same position at SCA Rares Dan & Associates between 2006 and 2008.	Administrator since 28.04.2017

The Board of Directors is structured in such a way that it allows the performance of the duties with diligence. The Board of Directors meets regularly to ensure that its tasks are carried out effectively. There is a clear division of responsibilities between the Council and the executive.

There is no agreement, understanding or family connection between the company's administrators and another person due to whom that person was appointed as administrator;

Regarding the persons listed above, there is no litigation or administrative proceedings that were involved in, in the past 5 years, on their activity in the company, and nor in those concerning the ability of that persons to perform their duties within Impact.

Executive Management of the Company

Starting with September 1st, 2016, the position of Chief Executive Officer of the Company is exercised by Mr. Bartosz Puzdrowski for a three-year term mandate.

On the date of 09.01.2017 there was registered with the Trade Registry of the Ilfov Tribunal the termination by the parties' agreement of the mandate contract of Mr. Stan Liviu from the position of Purchasing Manager of Impact Developer & Contractor SA.

The Board of Administration revoked Mr. Bogdan Nicolae Geanta as the authorized person acting jointly with the Chief Executive Officer, starting with 09.01.2017 and appointed Mr. Gabriel Vasile, as the empowered person, according to art. 1432 paragraph 5 of the Law no. 31/1990, regarding the commercial companies, and he shall further exercise his duties together with the Chief Executive Officer.

In 2017 Mr. Bogdan Nicolae Geanta was the CFO of the company.

On January 19th 2018 the Board of Directors decided to appoint Mr. Bogdan Oslobeanu as General Manager of the Company on a four-year term starting with March 1st 2018 until February 28th 2022. It replaced Mr. Bartosz Puzdrowski, who terminated the mandate for personal reasons with the date of March 1st, 2018.

Mr. Bogdan-Ionut Oslobeanu has 19 years of experience in the financial field the management of industrial projects and the development of development projects working for Ernst & Young and KazMunayGas. He is a graduate of the Polytechnic University of Bucharest.

Mr. Bogdan-Ionut Oslobeanu will continue the Company's development strategy at the level of existing projects, as well as the initiation of new projects to strengthen the top position Impact currently holds in the residential market.

Company's Subsidiaries

At 31st of December 2017 IMPACT Company holds investments in the following affiliated entities:

	31 December 2017			
	Ownership title	**Gross value**	**Impairment**	**Book value**
Actual Invest House	6.23%	109,950	(109,950)	-
Clearline Development and Management	100%	22,420,000	(8,022,774)	14,397,226
Bergamot Developements	99%	41,790,990	-	41,790,990
Bergamot Developments Phase II	99%	990	-	990
Impact Finance	99%	990	-	990
		64,322,920	**(8,132,724)**	**56,190,196**

Clearline Development and Management SRL owns the remaining 93.77% of investments in Actual Invest House SRL.

a) **Actual Invest House S.R.L**, a company that provides management services for new residential developments.

b) **Clearline Development and Management S.R.L.** (former Lomb SA) is the project company through which IMPACT was to develop a residential project in Cluj-Napoca, in partnership with the local authority. For investments made by Clearline Development & Management SRL in the realization of the Lomb project in Cluj, the project company has a litigation amounting to 17,053,000 lei, plus legal interest, a file that is currently being tried at the Arges Tribunal and is currently carrying out the expertise (Urban and Construction) in the file. On September 11, 2017 through the decision of the Board of Directors of Impact, the share capital of Clearline was increased by new cash contributions of 20,000 lei.

c) **Bergamot Developments S.R.L.**, company within the group with main object of activity real estate development, which starting with 2018 will develop a residential ensemble of approx. 51.382 square meters, 500 apartments, on a land of approximately 17,213 sqm, respectively the first phase of the residential complex Luxuria Domenii Residence, which per total includes approx. 65,000 sqm built on a plot of approximately 22,982 sqm in Bucharest, in the Expozitiei-Domenii area.

d) **Bergamot Developments Phase II S.R.L.**, a company within the group having as main object of activity the real estate development, which is to develop the Phase II (130 apartments) of the residential complex Luxuria Domenii Residence, consisting of 13,618 square meters built on a plot of 5,769 sqm.

e) **Impact Finance & Developments S.R.L.** has a role in diversifying the range of services related to home sales. Impact Finance & Developments collaborates with financial institutions in Romania in order to offer advantageous lending solutions for clients who purchase dwellings.

10. The financial-accounting statements

Presentation of the economical-financial statement for year 2017 compared to the previous years:

	Indicators pursuant to IFRS (Lei)	2016	2017
Results indicators	**Operational revenues, out of which:**	**157,781,366**	**120,265,896**
	Revenues from sale of residential properties inventory	144,550,045	109,711,513
	Revenues from rentals and utilities re-invoiced to customers	4,184,235	7,904,661
	Revenues from sale of Investment properties	2,189,510	0
	Activity performed by the entity and capitalized	-	762,180
	Other operational revenues	1,257,429	1,887,542
	Other Operating Income - ANAF Litigation	5,600,147	-
	Operational expenses, out of which:	**(120,813,025)**	**(104,401,878)**
	Carrying value of sold residential properties inventory	(92,022,102)	(66,109,484
	Operational costs afferent to rental and sold properties	(2,878,913)	(3,264,092)
	Carrying value of Investment properties	(1,917,666)	(150,892)
	Expenses concerning raw materials and materials	(2,528,353)	(2,441,903)
	Services provided by third parties	(9,201,795)	(13,956,190)
	Expenses with employee benefits	(8,312,244)	(10,276,725)
	Other operational expenses	(3,951,952)	(8,202,592)
	Operational Result (EBITDA)	**36,968,341**	**15,864,018**
	Expenses with depreciation	(664,545)	(772,562)
	Assets value loss, other than Investment properties	(5,643,512)	(5,276,151)
	Earnings / (losses) at fair value of Investment properties	492,053	56,762,767
	Operational Result	**31,152,337**	**66,578,072**
	Net financial cost	(1,542,199)	(4,464,058)
	Gross Profit / Loss	**29,610,138**	**62,114,014**
	Income tax	0	(9,807,312)
	Net Profit/ (loss) of the period	**29,610,138**	**52,306,702**
Patrimony indicators	Tangible assets	6,044,055	8,684,244
	Investment properties	136,736,403	193,342,626
	Intangible assets	232,663	144,339
	Financial assets	14,377,226	56,190,196
	Receivables	11,215,815	6,183,966
	Total fixed assets	**168,606,162**	**264,545,371**
	Inventories	282,813,138	297,294,269
	Total current assets	**316,029,353**	**366,129,629**
	Total assets	***484,635,515***	***630,675,000***
	Share Capital	277,866,574	277,866,574
	Equity	**390,776,564**	**431,854,275**
	Total Debt	**93,858,951**	**198,820,725**
	Total Liabilities	***484,635,515***	***630,675,000***

IMPACT Developer & Contractor

Cash Flows	Indicators pursuant to IFRS (Lei)	2016	2017
	Cash and cash equivalents on January 1st 2017	**17,080,848**	**17,432,180**
	Net cash from operating activities	(11,636,823)	(59,147,996)
	Net cash used in investments activities	542,578	(2,508,424)
	Net cash from (used in) financing activities	11,445,577	91,457,834
	Effect of variation in the exchange rate on cash	-	-
	Cash and cash equivalents on 31st of December 2017	***17,432,180***	***44,515,734***

Economic and financial indicators analysis:

Return Indicators

Return on Assets (ROA)		Dec-15	Dec-16	Dec-17
Net Profit (A)	[Lei]	(4,459,409)	29,610,138	52,306,703
Total Asset (B)	[Lei]	467,974,581	484,635,515	630,675,000
A/B		-0.95%	6.11%	8.29%

Return on Equities (ROE)		Dec-15	Dec-16	Dec-17
Net Profit (A)	[Lei]	(4,459,409)	29,610,138	52,306,703
Equity (B)	[Lei]	361,140,518	390,776,564	431,854,275
A/B		-1.23%	7.58%	12.11%

Solvency Indicators

Debt ratio (Debt vs. Asset)		Dec-15	Dec-16	Dec-17
Total Debt (A)	[Lei]	106,834,063	93,858,951	198,820,725
Total Asset (B)	[Lei]	467,974,581	484,635,515	630,675,000
A/B		22.83%	19.37%	31.50%

Leverage ratio (Equity vs. Asset)		Dec-15	Dec-16	Dec-17
Equity (A)	[Lei]	361,140,518	390,776,564	431,854,275
Total Assets (B)	[Lei]	467,974,581	484,635,515	630,675,000
A/B		77.17%	80.63%	68.47%

Gearing ratio (Loans vs. Equity)		Dec-15	Dec-16	Dec-17
Total Loans (A)	[Lei]	45,789,003	57,234,580	148,004,619
Equity (B)	[Lei]	361,140,518	390,776,564	431,854,275
A/B		12.68%	14.65%	34.27%

Ratio Indicators

Current Ratio		Dec-15	Dec-16	Dec-17
Current Assets (A)	[Lei]	221,491,153	316,029,353	366,129,629
Current Debts (B)	[Lei]	77,772,701	49,475,602	43,680,981
A/B		2.85	6.39	8.38

Quick Ratio		Dec-15	Dec-16	Dec-17
Current Assets (A)	[Lei]	221,491,153	316,029,353	366,129,629
Inventories (B)	[Lei]	177,887,026	282,813,138	297,294,269
Current Debts (C)	[Lei]	77,772,701	49,475,602	43,680,981
(A-B)/C		0.56	0.67	1.58

11. Corporate Governance

Corporate governance complies with the Romanian legislation in force, aiming to ensure both accuracy and transparency in terms of company's outcomes, and equal access of all shareholders to relevant information on the company.

IMPACT Developer & Contractor SA is managed under unitary system, its management being provided by the General Director, under surveillance of the Board of Administration.

Corporate governance elements are implemented within the company, pursuant to the code of Corporate Governance adopted by the Board of the Stock Exchange in December 2007, with implementation term as from the annual report of 2010.

IMPACT Developer & Contractor SA submitted and shall further submit all professional, legal and administrative efforts, necessary to ensure alignment with the provisions of the Code and transparent presentation of such outcomes.

IMPACT Developer & Contractor SA publishes in a dedicated section of its own website details on GAS development, namely convocation notices, materials/documents afferent to agenda, special power of attorney forms, correspondence voting forms, decision drafts.

Nevertheless, the company ensures information of all shareholders immediately after GAS taking place, through its own website dedicated section, on decisions adopted in General Assemblies of Shareholders and the voting detailed result. The Company also makes available for the shareholders / investors current reports, notices, the financial schedule, annual, half-year, quarterly reports. Direct relation with the investors is provided by an appointed person, dedicated to informing the shareholders depending on their questions addressed in writing or by phone.

Information on corporate governance are periodically reported through corporative governance statement in the annual report and permanently updated through current reports and internet page.

Since 2014 Impact adopted the following documents grounding corporate governance:

- Code on anticorruption
- Code of conduct
- Ethical values of the Company
- Policy on security and health at the place of work, labor, environment law
- Reporting Policy

In September 2015, BVB issued a new Code of Corporate Governance. The provisions of the Code are carefully examined by the Company, and the status of compliance with its provisions is properly assessed by the Company.

Along the years, the company complied with the provisions of CCG and now it carries out arrangements to comply with the provisions of the New Code as well.

Chairman of BoD	**Chief Executive Officer**	**Financial Director**
IulianaMihaela Urda	Bogdan-Ionut Oslobeanu	Elisabeta Ion