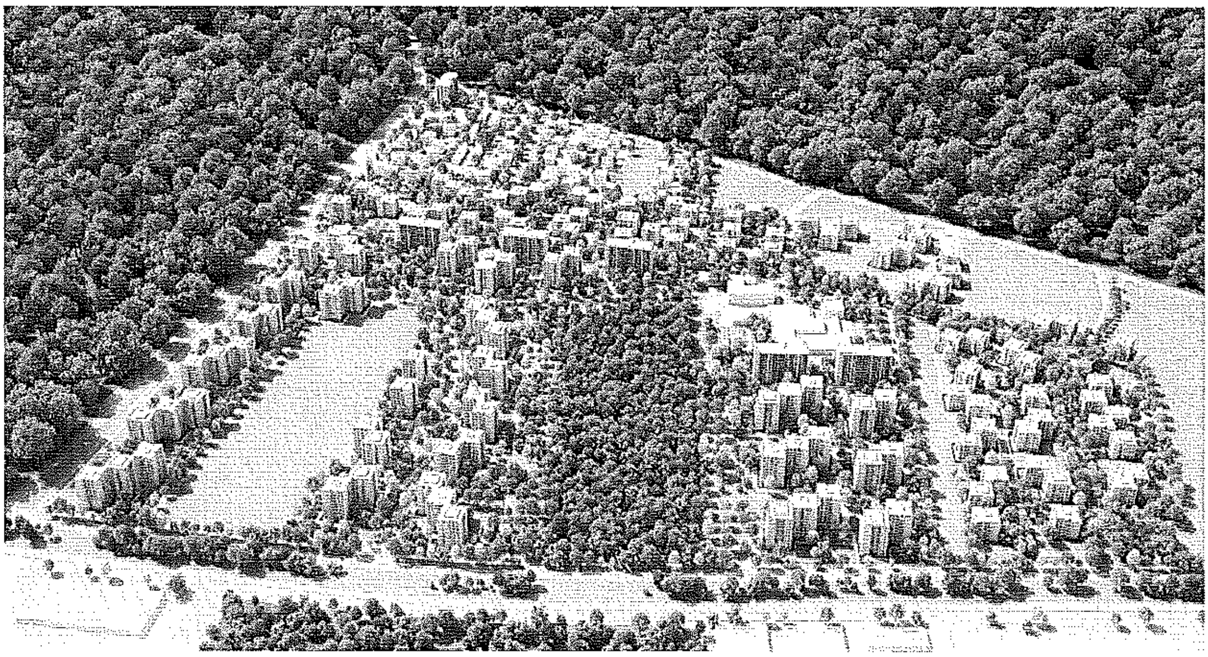
REPORT OF THE

Board of Administration
For year 2016

IMPACT DEVELOPER & CONTRACTOR SA



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1. COMPANY PRESENTATION

1.1. About IMPACT

The company is one of the first companies active in real estate development in Romania, being founded in 1991 by public subscription.

In 1995, the Company has introduced the concept of residential assembly on the Romanian market and therefore it gradually transformed into a pure real estate developer. Starting in 1996, the company is listed on the Bucharest Stock Exchange (BVB).

In 2006, the company's shares were promoted to the first category of the Stock Exchange, becoming the **first** company in the real estate and construction sector which has done so. Since January 2015, the company is part of the **Premium** category, pursuant to the new segmentation of local capital market.

In the past 25 years IMPACT Developer & Contractor has completed **17 small and medium projects**, which included over **3,000 homes** and over 25,000 square meters of offices and business areas.

On 31st of December 2016, 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.

After entry of the new management, since April 2013, IMPACT initiated a new policy of stabilization, recovery and relaunching, such as in year 2014 it resumed the residential developments.

Thus, in November 2014 the launch of the newest neighborhood in GREENFIELD, **Salcamilor assembly** took place. Today it consists of 35 buildings with GF + 5, 924 apartments respectively with 2, 3 or 4 bedrooms.

Nevertheless, documentation was prepared for and commencement of construction of another 39 blocks took place, representing the Platanilor Assembly, consisting of 944 apartments, which will be further completed by stages, as from the first semester of year 2017.

The company's management follows the market trends and appropriately responds to any changes in demand and very quickly adapts to market changes.

IMPACT constantly endeavors all efforts to prove its customer focus by aligning to the specific needs thereof. By default, IMPACT proves a high level of adaptability to market conditions; it manages the existing realities and identifies resources for exploration of new business opportunities. To this end, the company's management continually seeks trends and market developments, so that the urban concepts of innovation products it offers, to ensure recognition of IMPACT Developer & Contractor as leader of the real estate market on local level, with focus on Romania's capital, Bucharest.

1.2. 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;
- Liviu Stan, Administrator;
- Gabriel Vasile, Administrator;
- Constantinos Tassoulas, Administrator;
- Victor Rachita, Administrator.

Mrs. Iuliana Mihaela Urda was elected in the Board of Administration in the General Ordinary Assembly in 26th of April 2013, by cumulative vote method, for a four years mandate, until April 2017.

Mr. Gabriel Vasile was appionted as administrator in the General Ordinary Assembly on 16th of September 2013, Mr. Liviu Stan was appionted as in the General Ordinary Assembly on 25th of April 2014, and Mr. Konstantinos Tasoulas was appionted as administrator in the General Ordinary Assembly held on the date of 25th of April 2015, and Mr. Victor Rachita was appionted as administrator in the General Ordinary Assembly held on the date of 22nd of April 2016.

The Board of Administration is structured such as to allow dilligently fulfillment of duties. The Board regularly meets to ensure fulfillment of its duties in an efficient manner. There is a clear distribution of responsibilities between the Board and the executive management.

1.3. Executive Management of the Company

As from the date of 01st of September 2016, the position of Chief Executive Officer of the company is exercised by Mr. Bartosz Puzdrowski, for a 3 years mandate.

On the date of 09th of January 2017 there was registered with the Trade Registry Office within Ilfov Court the termination of the mandate agreement by parties' approval for Mr. Stan Liviu from the position of Acquisitions Manager of Company Impact Developer & Contractor SA.

By decision of the Board of Administration, the individuals empowered to represent the company were the Chief Executive Officer, along with Mr. Bogdan Nicolae Geanta –until the date of 09th of January 2017, and after such date, the Chief Executive Officer shall act along with Mr. Gabriel Vasile, according to art. 1432 par. 5 in Law 31/1990, on trading companies.

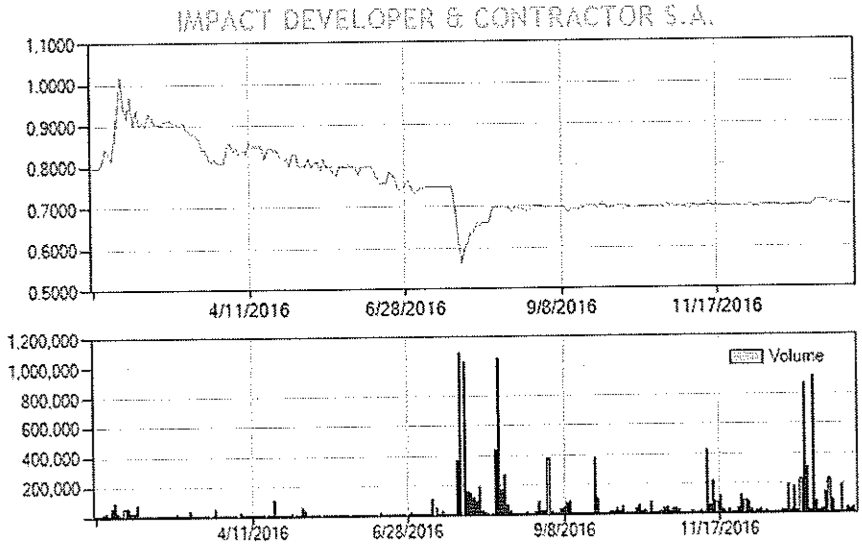
1.4. IMPACT Auditor

DELOITTE AUDIT SRL had been appointed, by decision of GAS dated 22nd of April 2016, for the purpose of auditing the financial statements for year 2016, drafted under the responsibility of the management of the company in compliance with the cu international standards – IFRS (including the consolidated financial statements). Auditor's liability to the company and GAS is set fort and limited pursuant to the law.

1.5. IMPACT on the Capital Market

IMPACT DEVELOPER & CONTRACTOR SA has been listed at the Bucharest Stock Exchange since the year 1996. Starting with the year 2006 its shares are quoted in the first category of BVB, and since 2015, IMPACT shares, in a number of 277,866,574, are traded on the **Premium** category according to the new segmentation of Bucharest Stoc Exchange.

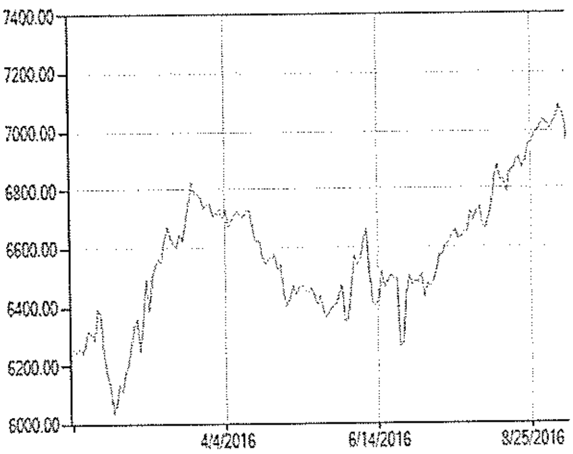
IMPACT stock price evolution (Jan.2016 – Jan. 2017)



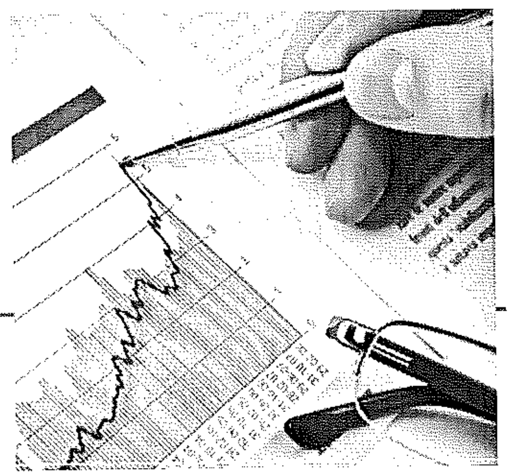
The market capitalization of the company at the end of December 2016 was of 43 mill. EUR.

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

BET Index Evolution (Jan.2016 – Jan. 2017)



According to the situation reported by the Central Depositary and reports to the Bucharest Stock Exchange, among the shareholders that held over 10% of the company shares on the date of 19.01.2017 are: Gheorghe Iaciu - 49,48%, Andrici Adrian - 15,24%, SWISS CAPITAL together with a group of



shareholders affiliated to SWISS CAPITAL - 10,96%, and 24,32% of the shares are held by other shareholders.

On the date of 19.01.2017, 77.77% of the shares were held by individuals and 22.23% of the shares were held by legal entities The BET index recorded on 31st of December 2016 an increase of 1% compared to the begining of the year, and the IMP shares have recorded a decrease of 26% (0,700 RON/share on 31.12.2016 compared to 0,940 RON/share on 31.12.2015).

2. 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.

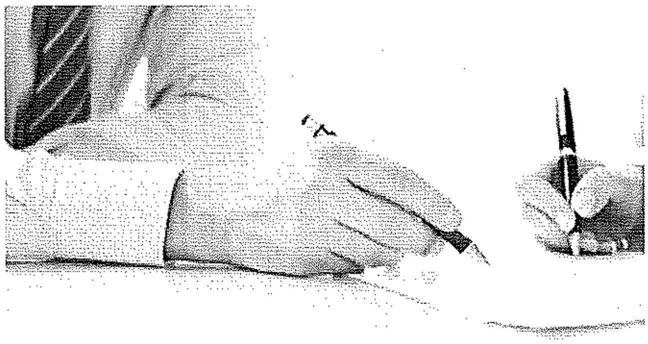
IMPACT Developer & Contractor SA publishes in a dedicated section of its own website details on GAS development, namely convocation notices, materials/documents afferent to agenda, special power fo attorney forms, correspondence voting forms, decision drafts.

Nevertheless, the company ensures information of all shareholders immediately after HAS 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, quarterly, trimestrial 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 fundamenting 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 at the moment it carries out arrangements to comply with the provisions of the New Code as well. The Board of Directors met 50 times during 2016.

Status of compliance with the provision of the new BSE Corporate Governance Code as of 31 December 2016	Compliance Yes/No/partially complies	The reason of nonconformity and identify measures for compliance
Section A-Responsabilities		
A.1. All companies should have internal regulation of the Board which includes terms of reference/ responsibilities for Board and key management functions of the company, applying, among others, the General Principles of this Section.	YES	
A.2. Provisions for the management of conflict of interest should be included in Board regulation.	YES	
A.3. The Supervisory Board should have at least five members.	YES	
A.4. The majority of the members of the Board should be non-executive. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Supervisory Board should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment.	YES	
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and nonexecutive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	YES	
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds	YES	

	directly or indirectly, shares representing more than 5% of all voting rights.		
	A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	NO	The Board of Administrators manages documents with support from the secretary department and legal department, which provides logistic support to organized the Board meetings.
	A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	Partially complies	Board members are evaluated annually in accordance with the indicators of performance of internal policies and contracts of their mandate. The board will re-examine the A8 demands in 2016, in terms of Board's evaluation policy.
	A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	YES	
	A.10 The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	YES	
	A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	YES	
Section B - Risk management and internal control system			
	B.1 The Board should set up an audit committee, and at least one member should be an independent non-executive. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	YES	

	B.2 The audit committee should be chaired by an independent non-executive member.	YES	
	B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control	YES	
	B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	YES	
	B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	YES	
	B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	YES	
	B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES	
	B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES	
	B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties	YES	
	B.10The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee.	YES	
	B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	YES	

	B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	YES	
Section C- Fair rewards and motivation			
	C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	YES	
Section D- Building value through investors' relations			
	D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	YES	
	D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures.	YES	
	D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	YES	
	D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports);	YES	
	D.1.4. Information related to general meetings of shareholders;	YES	

	D.1.5. Information on corporate events;	YES	
	D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;	YES	
	D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semiannual, annual), auditor reports and annual reports.	YES	
	D.2. A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.	YES	
	D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. The forecast policy should be published on the corporate website.	YES	
	D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	YES	
	D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-onquarter and year-on-year terms.	YES	

3. IMPACT ACTIVITY IN YEAR 2016

3.1. Romanian real estate market and economy in 2016 - Overview.

GDP

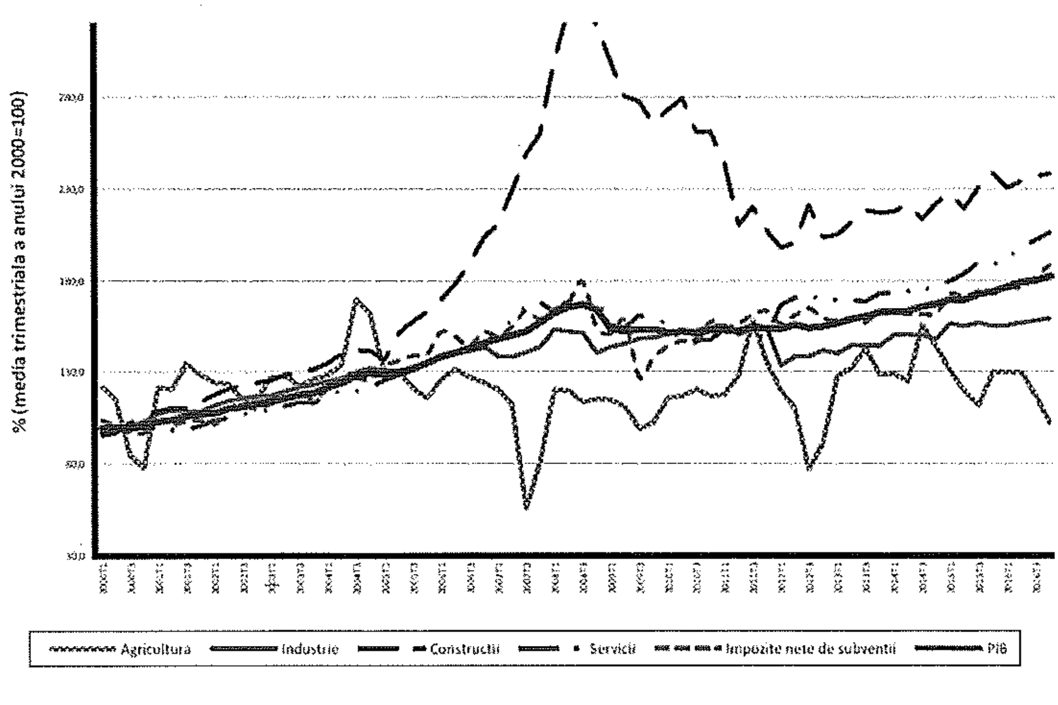
In 2016 Romania recorded an economic growth in real terms by 4,8% compared to year 2015, maintaining one of the highest increases in Europe in 2016 as well.

The GDP estimated for year 2016 was of 759.227,6 millions RON in current prices.

According to the National Statistics Institute (INS), in the GDP growth in 2016 compared to 2015 contributed all sectors of the economy, except agriculture, forestry and fisheries, major positive contributions having the following branches:

- ✓ Wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; hotels and restaurants (+ 1.8%), with a share of 18,1% to the GDP and of which workload was increased by 10,9%;
- ✓ Information and communications (+0,7%), with a lower share in GDP (5,6%), but which have recorded a significant increase in business volume (14,2%);
- ✓ professional, scientific and technical activities; activities of administrative services and activities of support services (+0,6%), with a share of 7,4% to GDP and of which workload was increased by 8,0%;
- ✓ industry (+0,4%), with a share of 23,1% to the GDP and of which workload was increased by 1,7%;
- ✓ Net taxes on products (+0,5%), with a share of 10,5% o GDP, and of which workload was increased by 4,3%.
- ✓ Construction (+0,1%), with a share of 6,0% to GDP and of which workload was increased by 1,8% and of which price index increased by 9% compared to year 2015.

Grafic 1: Evolutia PIB - serie ajustata sezonier



Source: INS

From the viewpoint of using GDP the growth was due mainly to final consumption expenditure of households, of which volume was increased by 7,40%, contributing by 4,50% to GDP growth.

Also, gross fixed capital formation registered an increase in volume by 2,60% but it had not positively contributed to GDP increase.

A significant negative contribution to GDP growth had the net export (-0,80%), consequence of the increase by 7,60% of exports of goods and services correlated with a greater increase in imports of goods and services, by 9,30% compared to year 2015.

Unemployment rate

At the end of December 2016, the nationally registered unemployment rate was 5,50%, by 0,2 less than the one in November 2016 and by 1,2 pp less compared to the one in December 2015.

In terms of the total number of unemployed registered by the territorial agencies for employment at the end of December 2016, it decreased by 14 thousands of individuals compared to the previous month, reaching 507 thousands of individuals.

Inflation rate

" Consumption prices in December 2016 compared to December 2015, were lower by 0,50%, as measured by the CPI (Consumption prices index) and the annual consumption prices rate was -0,10%, determined based on consumption prices depreciated index (IAPC)" – it is shown in a release of the National Institute of Statistics.

Overall, the average consumption prices rate in the past 12 months (January – December 2016), compared to the previous 12 months (January – December 2015), calculated based on IPC, is -1,50%. Determined based on IAPC, the average rate is -1,10%.

Evolution of the consumption prices index (IPC) by categories, in the past 12 months: food products had increased in theweighted total by 0,60%, non-food products had decreased by 0,87%, and services had decreased in total by 1,83%.

Real estate market

In year 2016, the volume of construction works decreased compared to year 2015, as gross series by 4,80%. On structure elements there were decreases in overhauling works by 23,50% and in new construction works by 2,70%. Current maintenance and repair works had increased by 1,50%.

By construction objects, the volume of construction works decreased in engineering works by 11,20%. Increases were registered in residential buildings, by 12,10% and in non-residential buildings by 1,10%.

In year 2016 there were completed 52.206 dwellings, increased by 5.222 dwellings compared to year 2015.

Completed housing situation by region and main sources of funding in year 2016, is as follows:

	Completed dwellings
	units
TOTAL	**52.206**
North– East	8.926
South – East	5.915
South – Muntenia	5.348
South – West Oltenia	2.342
West	4.806
North – West	8.658
Center	6.189
Bucharest – Ilfov	**10.022**

Source: INS

By residential areas, the analysis on new dwellings construction, in year 2016 compared to year 2015, underlines the increase of the share in the urban area (53,4%) and decrease in the rural area (46,6%).

Distribution by financing funds for completed dwellings shows that, compared to year 2015, in year 2016, the number of dwellings made from private funds had increased by 5.291 dwellings, and the number of dwellings made from public funds had decreased by 60 dwellings.

	Completed dwellings - units	
	Year 2016	**Structure %**
TOTAL	**52.206**	**100,00**
Urban Area	27.881	53,40
Rural Area	24.325	46,60
Out of total:	52.206	100,00
Private funds	50.978	97.60
Public funds	1.297	2,40

Source: INS

After seven years of declining, the real estate market began to slightly rebound in 2015, 2016 being the year in which the price of apartments continued to grow. End of this year shows that the market trend is growing, given that the number of acquisitions of housing is higher than the previous year. Analysts say that these are the first signs of a possible recovery of the real estate market.

End of year results clearly show that in 2016 the volume of transactions nationwide was better than last year. Market data show that some of the most spectacular real estate developments are still found in Bucharest.

By analyzing the official data of the National Statistics Institute (INS), we find that housing delivery in 2016 are superior to those of the boom in 2008, when 10 192 units were completed. Analysts said the large number of homes delivered shows that the market is thawing and during the crisis developers continued to work.

3.2. Strategic Directions and Activities Guidelines of IMPACT in 2016

Year 2016 was marked during the first semester, by the completion of stages 3 and 4, consisting of 17 buildings summing 420 apartments within the new residential development in Salcamilor Assembly, located in GREENFIELD neighborhood, and during the decond semester by the commencement of two new production cycles afferent to the new Platanilor Assembly - stages 5 and 6 in Greenfield, consisting of 21 buildings summing 476 apartments.

Since spring of year 2016 there was initiated the signing of sale-purchase agreements and dwelling delivery in stages 3 and 4 in Salcamilor Assembly in Greenfield to the new owners. Sales have continued at a rapid pace until the end of year 2016 reaching an annual record of 416 units plus 36 reservations and promises. The 4 stages of Salcamilor Assembly had thus reached a contracting rate of over 86% of gthe total of 924 completed apartments.

Since August 2016 there was initiated the offering and signing of reservations and pre-agreements for the new stages 5 and 6 in Platanilor Assembly, under construction, with completion term during the first half of 2017. On 31st of December 2016 there were already 89 promises and reservations signed, the contracting rate being of over 19%.

The development plan for 2016 was accelerated to prevent the existing demand in the market.

Another major goal of the company in year 2016, was drafting of the technical documentation for development of the new residential project in Bucharest, in the area Ghencea Extension - Timisoara Ave., where the company owns a land with an area of approximately 26 ha.

Nevertheless, in year 2016 there was continued the analysis, preparation and execution of the design documentation afferent to the project in Barbu Vacarescu Ave., project that was commenced in September 2014 by purchase of the ownership title pver a land with an area of 2,6 ha. Company is fulfilling all legal formalities for further exiting division.

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

The company intends accelerating the production cycles and product standardization, such as IMPACT offer to adjust to the market demand, these being the main concerns of the management in the current period, in order to achieve sales and profitability objectives.

To finance residential developments, in addition to its own sources of funding - reinvested profit, it is aims to co-finance development costs through bank loans.

Also for assisting the development and financing activities of the mentioned projects, the company has proposed obtaining financing on the capital market up to RON 135 million by issuing corporate bonds.

3.3. Main objectives of IMPACT in 2016:

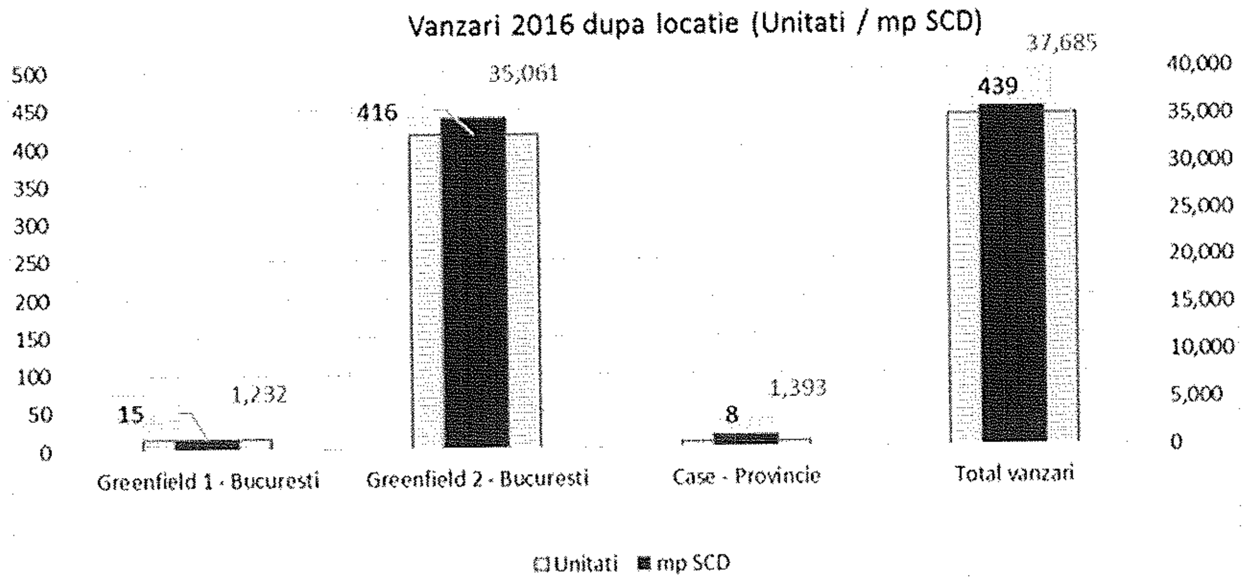
- **Sale of dwellings completed in Bucharest, Ploiesti, Oradea and Constanta;**

In year 2016 there were 439 houses and apartments ans 530 parking lots sold, with a built developed area of 37.685 sq.m., increased by 19% compared to the previous year.

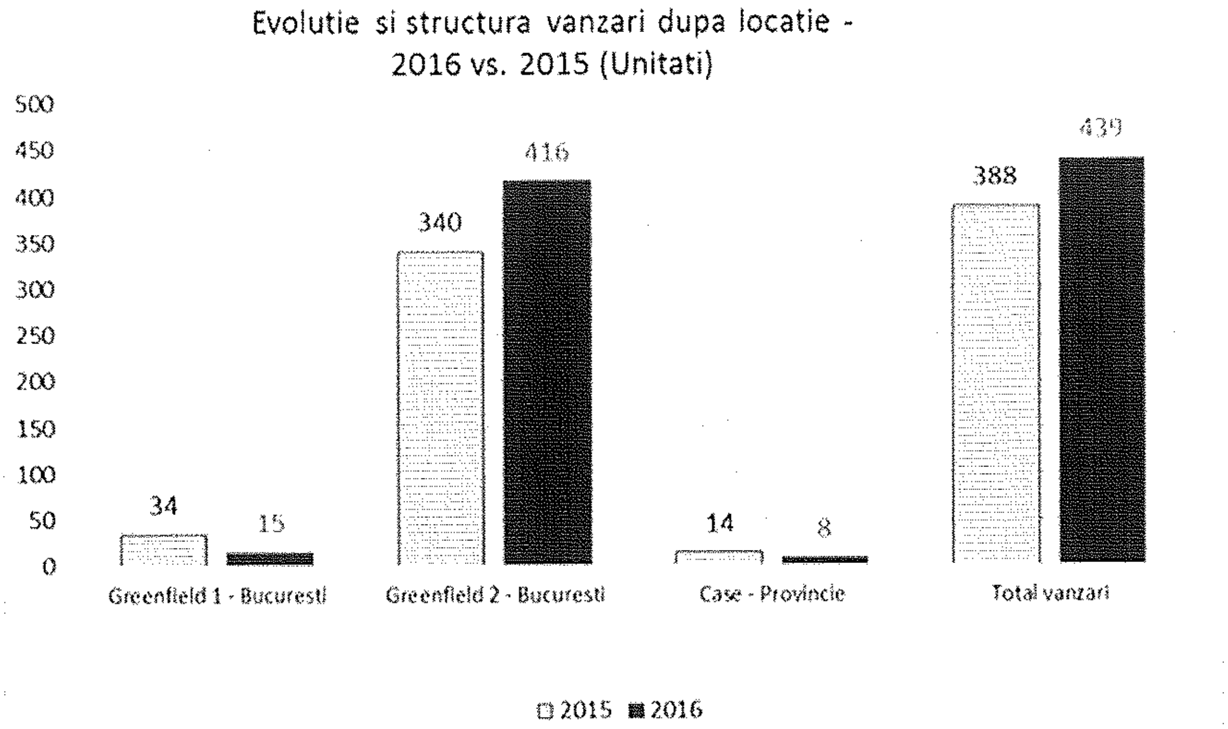
Housing sales were achieved in:

- ✓ Bucharest - GREENFIELD 2 - Salcamilor Assembly: 416 apartments
- ✓ Bucharest - GREENFIELD 1: 15 apartments
- ✓ other neighborhoods in the country: 8 houses.

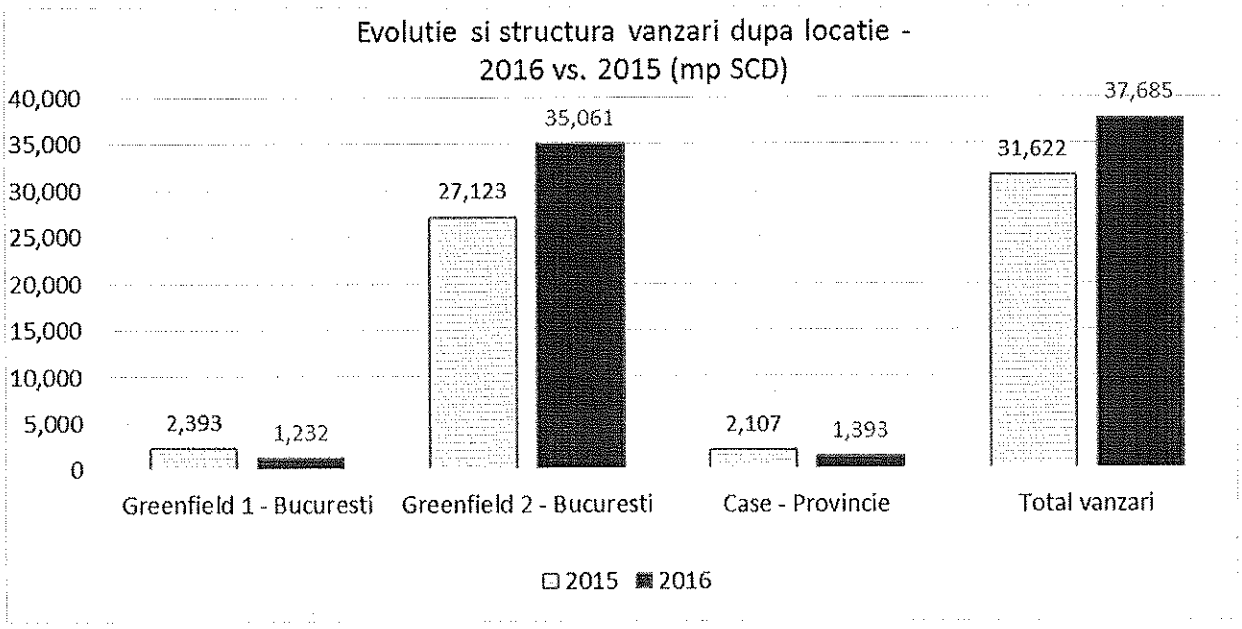
Compared to year 2015, in year 2016 a significant increase was recorded in the sales of apartments in GREENFIELD, as result of completion of residential developments started by Impact in the summer of 2014 -- SALCAMILOR Assembly – stages 3 and 4 (17 buildings summing 420 apartments).



GREENFIELD sales growth was favored by the residential new product's quality as well as by the benefits offered by the residential assembly, which together have created a competitive advantage for the buyer. Also, buyers increased appetite associated with increased interest shown by the banks on granted financing favored sales increasing.

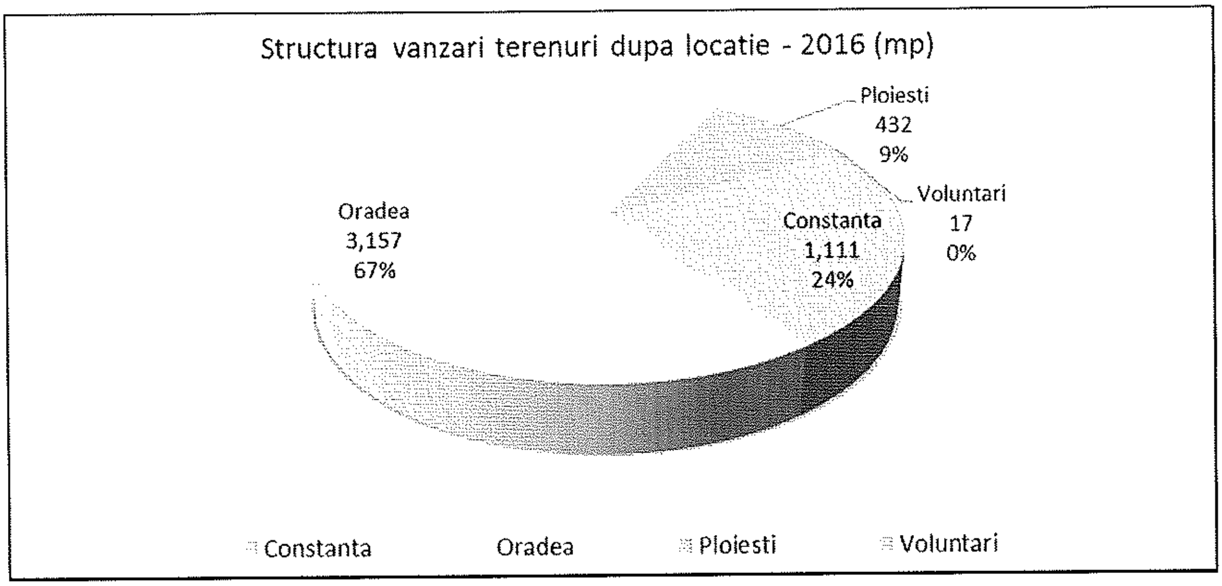


Given that the number of units sold in 2016 compared to 2015 considerably increased, the built sold area also proportionately increased by approximately 6.063 sq.m. (+19%).



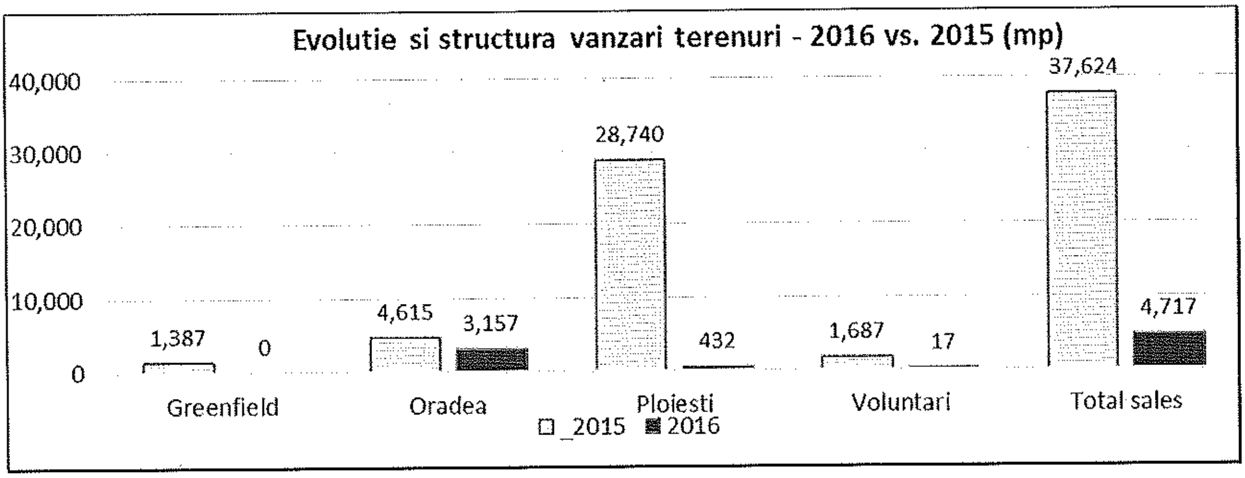
- **Providing the sale of plots of land to individuals and legal entities for the development of homes or small commercial areas.**

In year 2016 there were sold land plots in area of 4.717 sq.m. in Ploiesti, Voluntari, Constanta and Oradea.



Compared to year 2015, sales of plots of land have decreased, mainly on account of the attempt to liquidize the lands portfolio in the Oradea and Constanta projects (an area of more than 28.000 sq.m.).

Decrease in the sales of land plots was accentuated by the low appetite of the buyers for this products, to which lack of financing was added.



- **Less lease contracts and sale of leased housings**

Leasing activity of the apartments is no longer a priority for the company in recent years. Dwellings of which leases have ended in 2016, were sold so that the number of rented homes fell from 8 homes at th end of December 2015, to 6 homes at th end of December 2016.

- **Continuation of the residential development in GREENFIELD neighborhood, by commencement of construction works in new stages**

During the first semester of year 2016 there were completed stages 3 and 4, consisting of 17 buildings summing 420 apartments within the new residential development in Salcamilor Assembly, located in GREENFIELD neighborhood, and during the second semester there were two new production cycles initiated in Platanilor Assembly – stages 5 and 6, consisting of 21 buildings summing 476 apartments.

GREENFIELD district's development strategy is the following:

- A new concept for ground floor apartments - they benefit from a tennis court beside the apartments that will be purchased with the apartment;
- To each new residential development a dedicated parking area for visitors is assigned, so that each apartment is assigned an undivided share of visitor car parks;
- Indoor traffic roads of the assembly are allocated in undivided share to each apartment and are transferred to future owners.

3.4. Strategic directions for the sale of portfolio projects in 2016

As a result of the changes that were recorded in the real estate market in the past years, in 2016, IMPACT has continued to make changes in its operational activities, aiming at the best possible adaptation to current market conditions.

In the past four years, the main priorities of the company were company stabilization, the most efficient capitalization of assets in the portfolio and elaboration of the necessary documentations and preparation of the new developments.

The economic situation in recent years has influenced the level of consumer confidence, along with increased expectations in terms of quality of the living environment.

The considerable increase in sales in GREENFIELD (from 66 in 2014 to 374 units in 2015 and to 416 apartments in year 2016), was favored by increased appetite of the buyers in the new post crisis economic climate, by the price adjustment to the new features of the market, but also by the greater promotion of products and interest on customers granted financing manifested by banks.

3.5. Strategic directions for the sale of land plots in the portfolio

In year 2016, the company has searched for solutions to boost sales of plots of land for building houses. In this respect, thete were put on sale viable / ongoing viability plots for construction of houses in Bucharest, Voluntari, Ploiesti, Constanta and Oradea.

A plot of land of about 2 hectares owned by the company in Constanta was dismantled in 48 lots for homes, which are already on sale. These plots are near the Boreal villas assembly developed by IMPACT.

3.6 Budgeted versus achieved comparison 2016

Sales budget for year 2016 has a value deviation of 43% and quantity deviation of 50%.

The approved Sales plan was the following:

- ✓ 33 units in the inventory of buildings built before 2013(in Greenfield and within the country)
- ✓ 750 units in new developments in Greenfield
- ✓ 12.000 sq.m. of land plots in the plots in Constanta and Oradea.

Sales budget of the inventory of buildings built before had a deviation of approximately 30% due to provincial decreased appetite for houses, and buyers' preferences in Greenfield for new apartments.

In terms of the new development, there were delays registered in several segments, respectively the authorization terms, completion of certain construction works, registration of documents with the Land Book, which led to delays in transaction of properties compared to the initial budgeted rhythm. We mention that at the end of year 2016 the company recorded a total number of 36 buildings reserved in Salcamilor assembly - stages 2, 3 and 4 si and a number of 89 buildings in Platanilor Assembly - stages 5 and 6.

In year 2016 there were sold plots of land in area of 4.717 sq.m. in Ploiesti, Voluntari, Oradea and Bucuresti, more than half of the sold plots of land were in Oradea, deviation registered to the budget is 61%, being generated from non-performance of sales in Constanta.

The appetite for land acquisition is further reduced, the company makes an effort to make them viable and to accelerate their sales process.

Significant variations to the budget were registered in:

- cresterea cu 7% increase in expenditure on administration of projects based on works carried out in Greenfield District, old but also as a result of increase of the property inventory

- high variation in Provisions and other unpredicted expenses by resuming to income of the provision for ANAF litigation, but also by registration of an additional provision of RON 3.051.643

- increase in interests costs due to contracting of three new loans for further support of the production activity.

Budget proposed for year 2016 (*RON*)	**Budgeted**	**Achieved**	**Variation %**
Total Incomes, out of which	***275,699,166***	***146,964,344***	***-46.69%***
Income from existing inventory dwellings sales	*8,305,891*	*6,708,420*	*-19.23%*
Income from land sales	*3,740,000*	*894,541*	*-76.08%*
Income from new development dwellings sales	*263,653,276*	*139,361,383*	*-47.14%*
Total Operational Expenditure, out of which	***-209,852,878***	***-118,423,019***	***-43.57%***
Sold goods cost – existing inventory dwellings	*-8,099,199*	*-6,563,916*	*-18.96%*
Sold goods cost – lands	*-3,537,600*	*-761,354*	*-78.48%*
Sold goods cost – new development dwellings	*-183,412,698*	*-97,776,784*	*-46.69%*
Project portfolio administration expenditure	*-3,372,429*	*-3,640,342*	*7.94%*
Administrative expenditure	*-11,430,952*	*-9,680,623*	*-15.31%*
Operational Result (EBITDA)	***65,846,288***	***28,541,325***	***-56.65%***
Depreciation and amortization expenditure	*-630,000*	*-664,663*	*5.50%*
Provisions and other unexpected expenditure	*-3,542,137*	*3,228,754*	*-191.15%*
Operational Result (EBIT)	***61,674,151***	***31,105,416***	***-49.56%***
Net interests	*-512,499*	*-1,578,598*	*208.02%*
Exchange rate differences	*0*	*83,321*	
Gross Result (EBT)	***61,161,652***	***29,610,138***	***-51.59%***
Profit tax	*0*	*0*	*0%*
Net Result	***61,161,652***	***29,610,138***	***-51.59%***

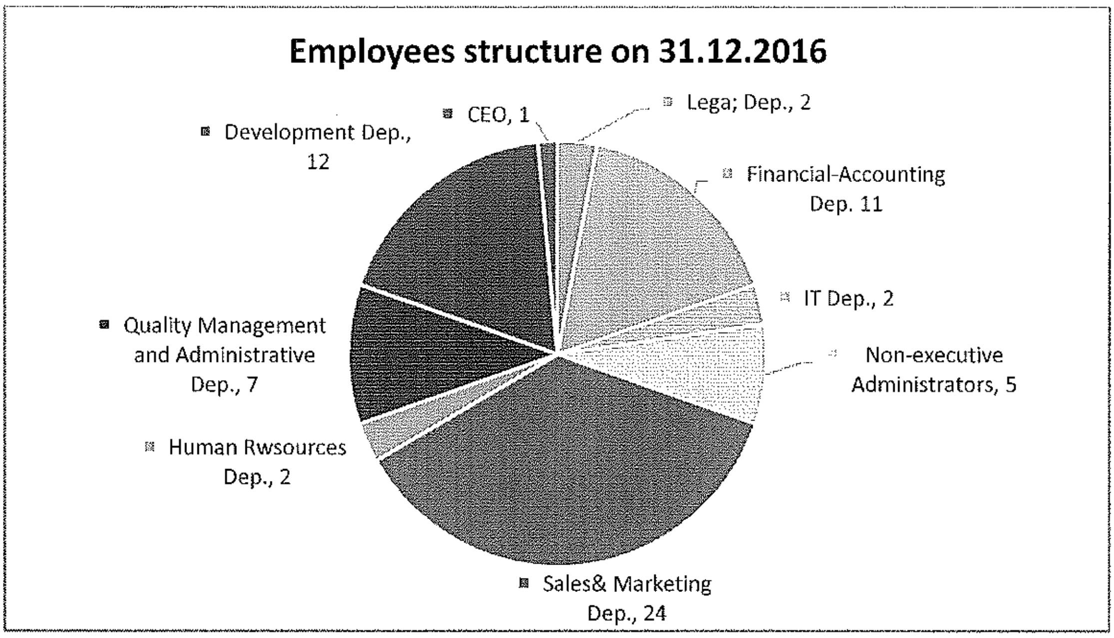
Note: The figures in this section are compliant with the internal reporting standard.

4. OTHER INFORMATION ON THE COMPANY:

4.1. Structure of employees

The company had at the end of year 2016 a number of 66 employees, the personel structure being wshown in the chart below.

There is no union set up within the Company. Relations between management and employees are governed by individual employment agreements and job descriptions.



4.2. Elements of risk management

To prevent liquidity risk, the Company prepares cash flow reports for periods of 5 years, 1 year and on monthly bases; it examines projections done and compares them to the real situation in order 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:

- Through Acquisitions Department: Contracts are signed by the Legal Department, Head of Procurement, CFO and CEO;
- Through the Sales Department: Contracts are reviewed by the Department of Prices and Analysis and signed by the General Director;
- Through preventive financial control by which contracts compliance is verified;
- By tracking payments checked by the Preventive Financial Control and approved by the Chief Financial Officer and / or General Director.
- 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.

5. ACTION PLAN FOR 2017

General principles underlying the budget set up for 2017, 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
- ✓ focusing on completion of the next stages of construction in GREENFIELD, Platanilor Assembly respectively (stages 5, 6 and 7 being integrant part of STAGE II of development)
- ✓ preparation of authorization documentation and for commencement of execution works for the first 8 buildings in GREENFIELD neighborhood Drumul Taberei, in area of 34.000 sq.m.
- ✓ elaboration of documentations necessary for development of the future stages in GREENFIELD Baneasa neighborhood
- ✓ identification of land plots in Bucharest and cities with populations exceeding 250.000 inhabitants for development of projects sizing 700 – 2.000 apartments
- ✓ destocking land in other localities
- ✓ viability / allotment of lands for further sale
- ✓ identificarea unor oportunitati de colaborare/dezvoltare/vanzare pentru terenurile din portofoliu
- ✓ rigorous planning of new projects
- ✓ minimizing the production and sale respectively cycles for built properties
- ✓ careful management and liquidization of non-core assets (assets that are not required in the main activity of the company
- ✓ Establishment of a business plan with long-term vision allowing an optimal financial structure
- ✓ hiring new loans, in depending on the needs, employing a company leverage ratios of maximum 35%
- ✓ preparation of prospect and identification of investmenbts for bonds issuance
- ✓ transfer of infrastructure / networks available from completed projects
- ✓ Financial management focused on controlling costs and maximizing revenue
- ✓ optimizing operating and administration costs, overheads control
- ✓ Implementation of an appropriate and effective entrepreneurial and project management policy
- ✓ maximizing the profitability of invested capital, minimizing terms of return on investment
- ✓ the principle of budget system superposition, on the system of authority within the company
- ✓ Implementation of an efficient communication standard in order to promote transparency in the investors and analysts community
- ✓ interdepartmental solidarity and correspondence principle with the general policy of the company
- ✓ reporting principle by each department. For each project, the works will be executed only on the basis of a well documented and beforehand established budget. Each contract must be within the set budget
- ✓ Implementation of a cost control system in real time
- ✓ the principle of consistency with human resources policy to determine motivation and adherence to strategic objectives by implementing a attractive motivation plan based on periodic evaluation of employee performance and results
- ✓ clear establishment of the structure and teams responsible for development of each project, procedures and work flows
- ✓ increase of labor productivity.

In preparation of the current incomes and expenses budget for year 2017 there were not estimated the influences which trere 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.

5.1.Greenfield Residence – Stage II

In the spring of year 2017 IMPACT launches the construction of a new neighborhood in Greenfield II, Platanilor assembly. The first production cycle consists of 21 blocks, respectively 476 apartments (48,000 sqm BDA), and in the second half of 2016 it will begin work on another 18 blocks, respectively 412 apartments (42,000 sqm BDA).

- 49.000 sq.m. – will be delivered during March 2017

- 28.000 sq.m. – will be delivered during November 2017

- 14.000 sq.m. – works will commence in March 2017 and they will be delivered during the first semester of 2018

New residential developments will benefit from all the advantages of location disclosed under the Greenfield brand (900 ha of forest in the vicinity of Baneasa Forest, 5 minutes from the commercial area Baneasa - Metro Cash & Carry, Selgross, IKEA, Mobexpert, Carrefour Feeria, Bricostore, immediate access to DN1 Bucharest - Ploiesti, 10 minutes from two airports: Baneasa and Henri Coanda).

The second development phase of the Greenfield neighborhood aimed at extending the living area in an improved concept, adapted to current market conditions and attracting investors / operators for improvement of facilities / services serving the residential area.

In the fall of year 2018 it will begin authorization of a complex dedicated to the community in Greenfield neighborhood that will include a spa, football, tennis fields and swimming pools, school and kindergarten, supermarket, restaurant, space for events, and the new administrative headquarters of IMPACT that will have 1,200 square meters and will be an A class building at the current technological level.

5.2. Land plots for houses

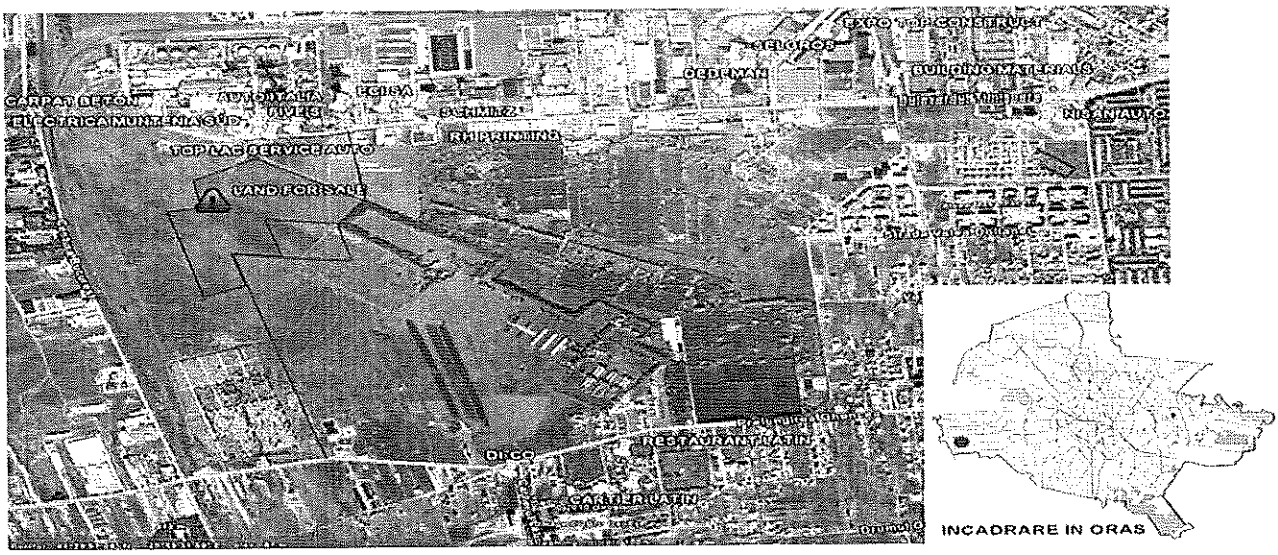
Given the increasing number of private individuals interested in smaller individual plots for building houses, especially in residential areas outskirts of large cities, IMPACT will continue offering the sale of parcels of land for construction of houses in Voluntari, Constanta and Oradea, with areas ranging from 200 to 1,000 sqm.

For even greater flexibility to the needs of its clients, IMPACT offers them the opportunity to acquire plots of land in the company's portfolio to develop their own dream house. Meanwhile, the company provides consulting regime services, customers being able to turn anytime to the team of specialists recommend by the company, from architects, engineers, up to project managers. Customers appreciate the freedom and flexibility to build the desired house in the chosen location and IMPACT provides them, in this respect, over 20 years experience in real estate.

5.3. Development of new residential projects in new locations in Bucharest

5.3.1. Development of a new project in Bucharest, located in Timisoara Ave. - Ghencea Extension

In the course of 2016, IMPACT has started developing the technical documentation for a new residential project in Bucharest in the Ghencea Extension - Timisoara Ave., where the company owns a land area of approximately 26 ha.



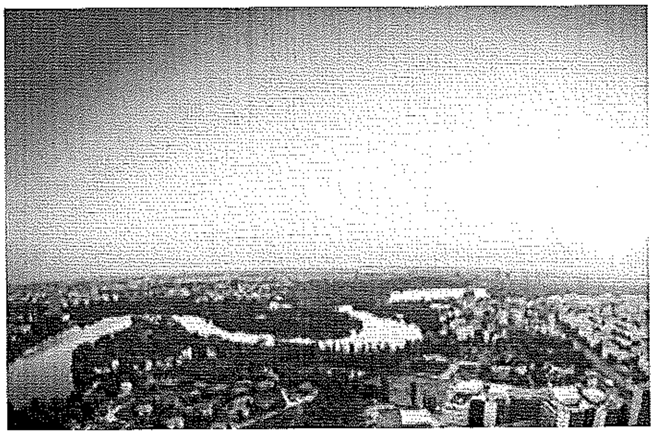
The size of Impact's new project in Ghencea Extension - Timisoara Ave. is about 2,350 apartments, 65 blocks, representing over 220,000 sqm, SPA, trade area, school and kindergarten. The project will be built in six production cycles, during a period of 4-5 years.

In 2017 the authorization documentation upon commencement of execution works for the first 8 buildings in Greenfield Drumul Taberei project with an area of 34.000 sq.m. will be prepared.

5.3.2. Development of a new project in Bucharest, located on Barbu Vacarescu Ave.

In September 2014, IMPACT purchased a land located in Bucharest, in a semi-central area, on Barbu Vacarescu Ave., intended for a new real estate development. It has acquired a share of 1/3 (representing 2.7 ha) of ownership of the property consisting of 5 lands, with a total area of 78 970 sq. m.

Upon purchase of the land, the development degree of infrastructure in the area, proximity to public means of transportation, shops, business buildings, schools, kindergartens and green spaces was taken into account.




The characteristics of Barbu Vacarescu area:

Excellent Location, close to the business centres of Romania:

- The largest concentration of office buildings in Bucharest
- 290,000 square meters and 23 office buildings with an occupancy rate of 83%
- 2 projects with over 80,000 square meters, undergoing various stages of construction, to be delivered during 2015 – 2016.

A very good transportation network

- Between two subway stations;
- Easy access to downtown and to the International Airport;
- A few steps from the business centres;
- In the proximity of Verdi and Floreasca parks

Excellent proximity to commercial area – Promenada Business Centre.

Main characteristics of Barbu Vacarescu p;roject:

Total land area: 26.400 sq.m.

Biuilt area on ground: 63.500 sq.m.

Number of dwellings: 588 apartments (with 2, 3 and 4 rooms) in 6 buildings with GF + 11 height regime

Underground parking spaces: 750 parking spaces

Works schedule (includes development and sale, as from 2017):

30 luni in 2 cicluri de productie

Construction cost (excluding VAT): 34,5 mill EUR, out of which EUR 7,5 mill for parking spaces, 13,5 mill EUR for eachproduction cycle

EBITDA MARGIN: 40%

6. SOURCES OF ACTIVITY FINANCING IN YEAR 2017

In order to continue the projects development activity of the Company, IMPACT will use mixed sources of funding:

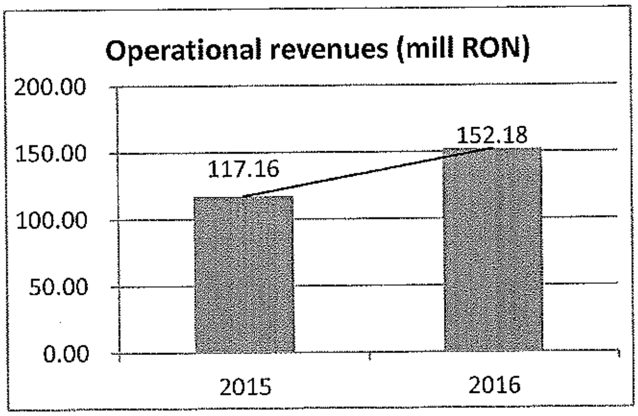
- amounts from selling homes and land plots existing in the portfolio, according to the sales plan for year 2017
- self-financing by contracting homes in stages 3, 4, 5 and 6 of development of the Greenfield II neighborhood
- attracting funding from the capital market by issuing bonds
- attracting bank loans for development of phases conducted this year in Greenfield and for residential projects development in other areas of Bucharest
- partnerships with financiers to be drawn into the facility to be developed in the Greenfield project area in Bucharest.

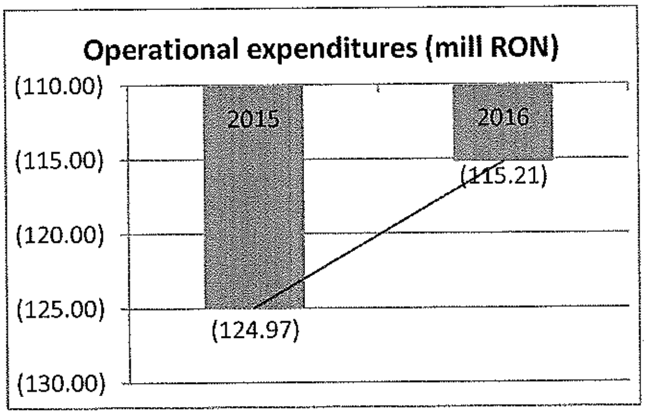
7. ECONOMICAL-FINANCIAL INDICATORS

	Indicators pursuant to IFRS (RON)	2015	2016
Results indicators	**Operational revenues, out of which:**	**117,157,155**	**152,181,219**
	Revenues from sale of residential properties inventory	106,484,670	144,550,045
	Revenues from rentals and utilities re-invoiced to customers	4,123,351	4,184,235
	Revenues from sale of Investment properties	4,295,138	2,189,510
	Other operational revenues	2,253,996	1,257,429
	Operational expenses, out of which:	**(124,968,695)**	**(115,212,878)**
	Carrying value of sold residential properties inventory	(72,147,934)	(92,022,102)
	Operational costs afferent to rental and sold properties	(2,703,858)	(2,878,913)
	Carrying value of Investment properties	(4,238,327)	(1,917,666)
	Expenses concerning raw materials and materials	(4,687,171)	(2,528,353)
	Services provided by third parties	(9,843,405)	(9,201,795)
	Expenses with employee benefits	(8,162,218)	(8,312,244)
	Other operational expenses	(5,985,782)	(3,951,952)
	Provisions	(17,200,000)	5,600,147
	Operational Result (EBITDA)	**(7,811,540)**	**36,968,341**
	Expenses with depreciation	(625,588)	(664,545)
	Assets value loss, other than Investment properties	3,721,254	(5,643,512)
	Earnings / (losses) at fair value of Investment properties	1,745,128	492,053
	Operational Result (EBIT)	**(2,970,746)**	**31,152,337**
	Net financial cost	(1,488,663)	(1,542,199)
	Gross Profit / Loss (EBIT)	**(4,459,409)**	**29,610,138**
	Income tax	0	0
	Net Profit/ (loss) of the period	**(4,459,409)**	**29,610,138**
ony indica	Tangible assets	5,722,775	6,044,055
	Investment properties	214,898,889	136,736,403

	Indicators pursuant to IFRS (RON)	2015	2016
	Intangible assets	117,491	232,663
	Financial assets	14,377,226	14,377,226
	Receivables	11,367,047	11,215,815
	Total fixed assets	**246,483,428**	**168,606,162**
	Inventories	177,887,026	282,813,138
	Total current assets	**221,491,153**	**316,029,353**
	Total assets	***467,974,581***	***484,635,515***
	Share Capital	277,866,574	277,866,574
	Equity	**361,140,518**	**390,776,564**
	Total debt	**106,834,063**	**93,858,951**
	Total liabilities	***467,974,581***	***484,635,515***

Operational Activity





Revenue from the sale of real estate has the main share in operating income of IMPACT. In 2016 total operating revenues increased by 30%, due to commencement of sales in the third stage and fourth stage of Salcamilor Assembly in Greenfield. The sale of Housing had a distinctive structure in 2015, due to increases in sales in Greenfield neighborhood and declining in sales within the country - Oradea, Ploiesti and Constanta, on account of diminishing of the housing inventory.

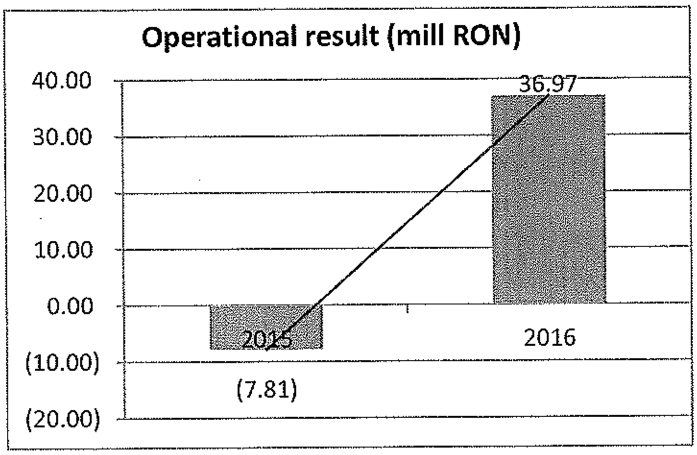
Thus, in 2016 the sales of residential property inventory increased by 36%, and the sales of real estate investments decreased by 49% compared to the previous year.

The activity of renting buildings also experienced a decrease of 12% in revenues in 2016 compared to 2015, even if it is no longer consistent with the company's strategy of focusing on sales activity including of leased buildings.

	31-Dec-15	31-Dec-16	Variatie (%)
Revenues from sales of rezidential properties inventory	106,484,670	144,550,045	36%
Carrying value of sold rezidential properties inventory	(72,147,934)	(92,022,102)	28%
Profit/loss from residential properties sales	***34,336,736***	***52,527,943***	***53%***

Rentals revenue	1,307,380	1,468,822	12%
Operating costs re-invoiced to tenants	2,815,971	2,715,413	-4%
Operating costs related to leased properties	(2,703,858)	(2,878,913)	6%
Net revenue from re-invoicing	***1,419,493***	***1,305,322***	***-8%***

Revenues from investments properties	4,295,138	2,189,510	-49%
Carrying value of investments properties	(4,238,327)	(1,917,666)	-55%
Profit/loss from Investment properties sales	***56,811***	***271,844***	***379%***

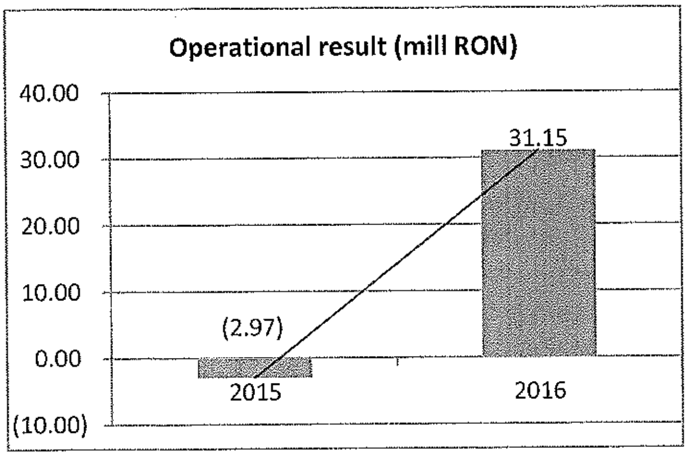


Total operational expenses have increased by 30% compared to the previous year as influentced by the sales increase in Salcamilor (there were 51 more new units sold than the previous year) and they led to the increase in operational profit by 573%, from the loss of 7,81 mill. RON in 2015 at a profit of 36,97 mill RON at the end of year 2016.

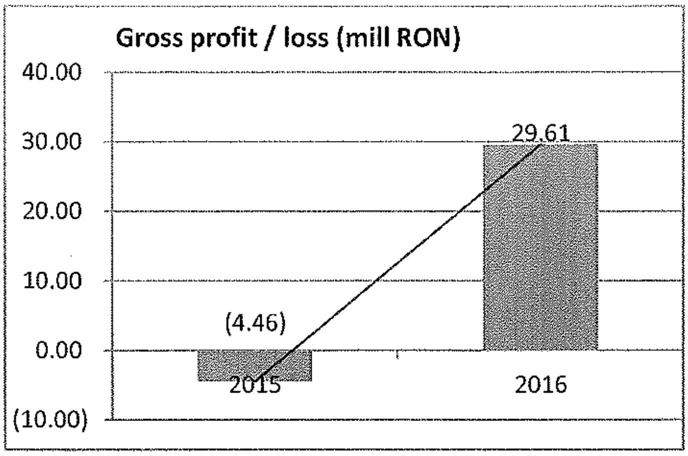
The result of the previous year was yet influenced by registration of the ANAF litigation afferent provisions amounting to 17,2 mill ron

Increases in expenses were recorded in 2016 in Operational costs afferent to rentals and sold properties, these ones increasing by 6% and in Employees benefits expenses – they increased by 2%.

Also, significant decreases in spendings registered in 2016 were also in *Expenditure on raw materials and equipment*, which decreased by 46%.



In terms of operational result before interest and tax, IMPACT recorded a profit amounting to 31,15 mill. RON compared to -2,97 mill. RON profit in 2015. This result is determined by losses in the fair value of investment properties, which are 252% lower compared to year 2015, according to IAS 40. Investment properties include land and residential properties owned for the purpose of increasing the capital value. Also, residential properties included in investment properties also include properties leased to third parties.



Gross profit registered in year 2016 is of 29,61 mill. RON, compared to the loss of 4,46 mill. RON in 2015.

Financial result

The net financial result increased by 3% in 2016 compared to 2015, on account of the increase in interests expenditures due to contracting of three new loans for further financing of Stages 5 and 6 in Platanilor Assembly - Greenfield.

Financial result	31-Dec-15	31-Dec-16	Variation (%)
Financing costs	(1,343,417)	(1,451,973)	8%
Financial incomes	18,841	31,337	66%
Currency exchange rate differences	(77,321)	63,572	182%
Other financial elements, net	(86,766)	(185,135)	113%
Financial result	**(1,488,663)**	**(1,542,199)**	**3%**

Net Result

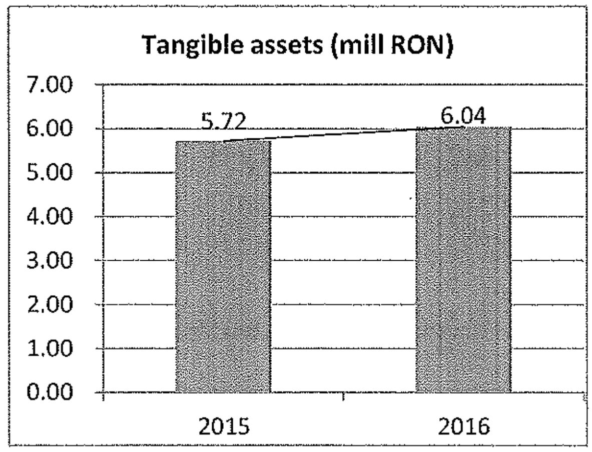
In year 2016 the company recorded a profit, according to IFRS, of 29,61 mill RON.

Profit tax is calculated based on tax provisions related to deferred income tax.

On 31st of December 2016, the Company's land and buildings were revalued by independent valuer Colliers International.

Tangible Assets

According to IFRS, tangible assets increased by 6% in year 2016 compared to year 2015, from 5,72 mill RON to 6,04 mill RON, as result of purchase of tangible assess for further performance of operational activity.



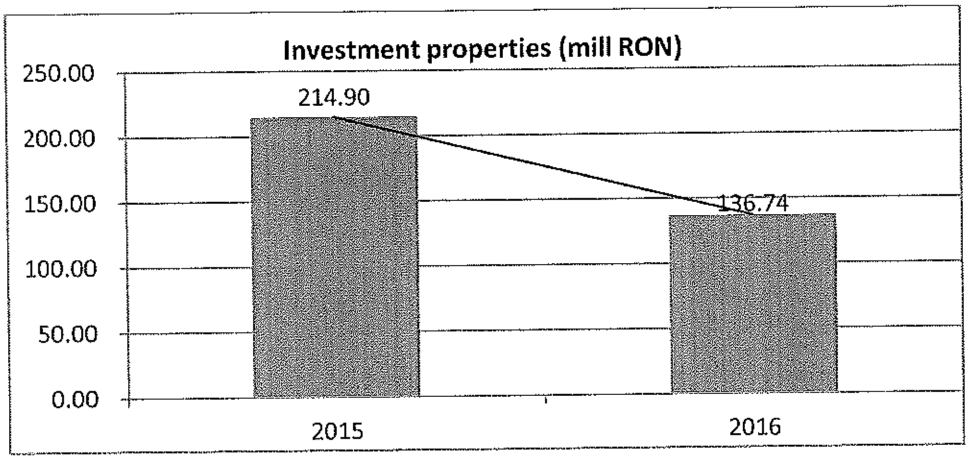
Real Estate Investments

In 2016 the Investment properties decreased by 36% in year 2016 compared to year 2015, from 214,90 mill. RON to 136,74 mill. RON. During year 2016, a land area of 101.787 sq.m. in Greenfield registered in investment properties was transferred into the inventories account in raw materials for further development.

Also, considering the company's strategy to develop the first stage of Greenfield Drumul Taberei Assembly, also during year 2016, a land area of 155.558 sq.m. in Ghencea – Timisoarei registered in investment properties was transferred to the account of inventories in raw materials for further development.

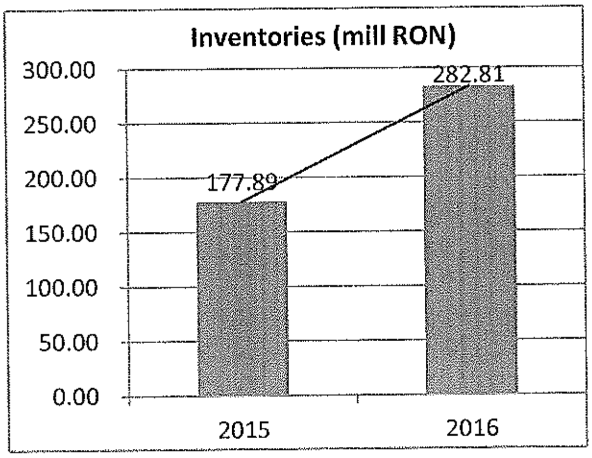
Investment properties include land and residential properties owned in order to increase value.

Lands held for assessing the value, amounting to RON 134.657.210 on 31st of December 2016 (from the balance of RON 211.239.458 on 31st of December 2015), have a total area of 429.185 sq.m. and represent 98% of Investment properties in the balance. These lands are located in Bucharest (367.163 sq.m.) and in the country (Constanta, Oradea).



Inventories

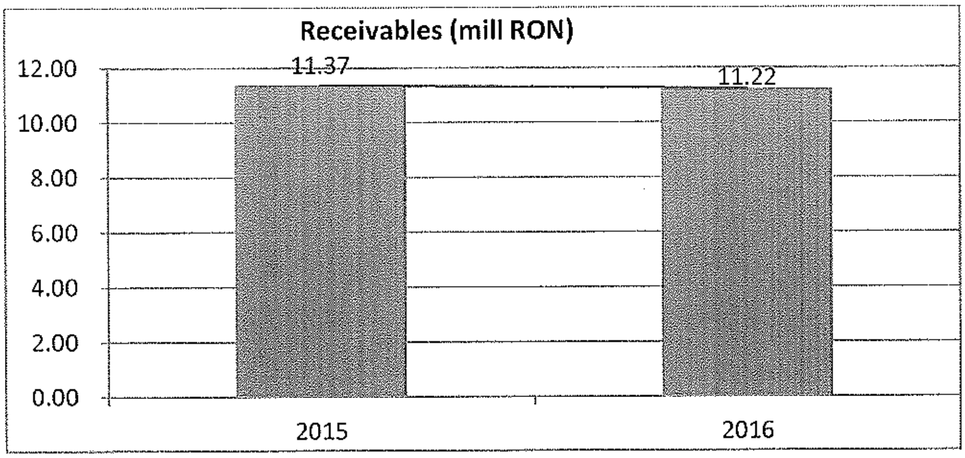
According to IFRS, inventories registered an increase of 59%, from 177,89 mill. RON in 2015 to 282,81 mill. RON in 2016. The increase is due to completion of works in stages 3 and 4 in Salcamilorsi Assembly, to capitalization of works in stages 5 and 6 afferent to Greenfield Bucharest - 1st District project.



Receivables

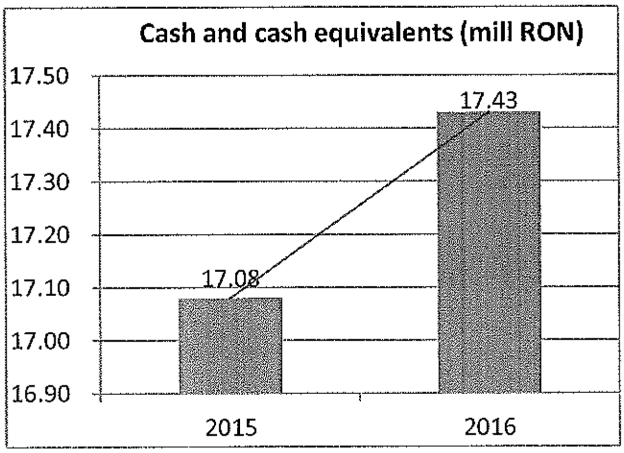
Category of receivables assets includes receivables with a maturity longer than one year afferent to receivables arising from installments sales portfolio.

The level of receivables decreased by 1,3% in 2016: from 11,37 mill. RON as of December 31st 2015 to 11,22 mill. RON at the end of 2016, on account of receipts from customers pursuant to payment schedules, and to the reduction in the number of installments payment contracts signed in the past 3 years.



Cash and cash equivalents at the end of year 2016 recorded an increase by 2%, from 17,08 mill. RON in 2015 to 17,43 mill. RON on December 31st 2016.

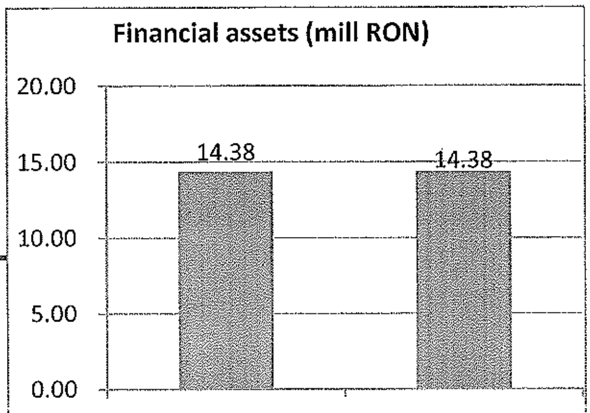
During year 2016, the company's activity had an intense cash flow. On one side were recorded significant inflows from the sale of real estate in Greenfield, contracting loans to finance construction stages, but also outputs for project financing and repayment of loans.



	Indicators pursuant to IFRS (RON)	2015	2016
Cash Flows	**Cash and cash equivalents on January 1st 2016**	**3,464,726**	**17,080,848**
	Net cash from operating activities	7,883,106	(11,636,823)
	Net cash used in investments activities	2,080,546	542,578
	Net cash from (used in) financing activities	3,652,470	11,445,577
	Effect of variation in the exchange rate on cash	-	-
	Cash and cash equivalents on 31st of December 2016	***17,080,848***	***17,432,180***

Financial assets

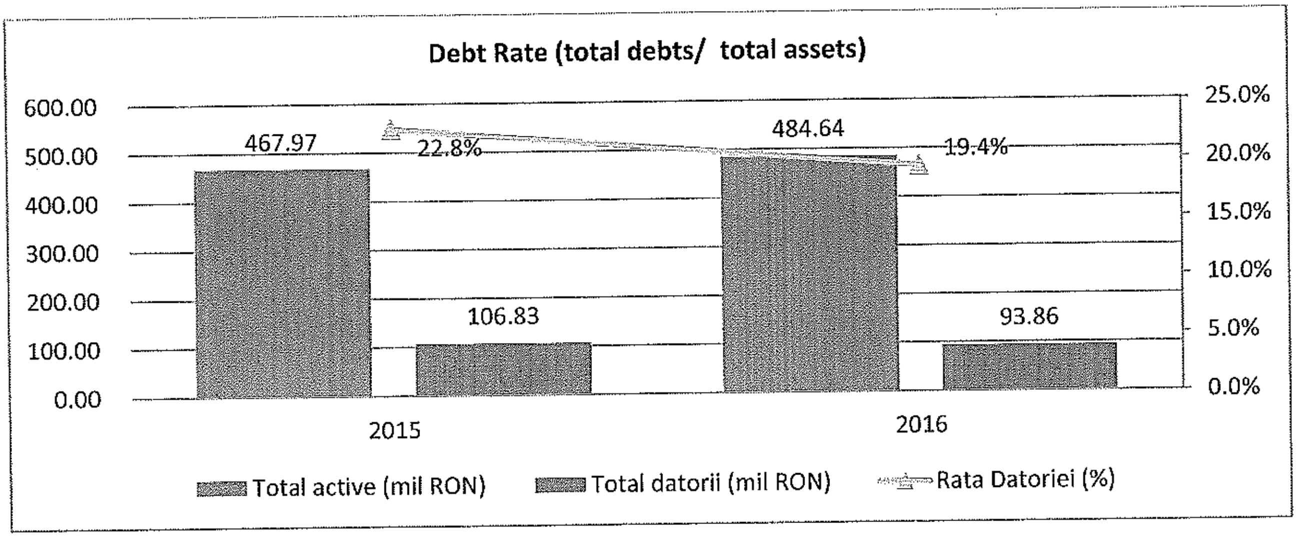
The financial assets recorded the same amount as in 2015 and they represent the value of equity in group companies.



Total Debts

According to IFRS, total debts decreased by 12%, from 106,86 mill. RON in 2015 to 93,86 mill. RON in 2016, on the date of reporting the amounts granted by credit institutions with a share of 61% (57,36 mill. RON) in total debts.

Thus, the debt ratio has slightly decreased from 22,8% in 2015 to 19,4% in year 2016.



The company's total assets increased by 4%, from 467,97 mill. RON in 2015 to 484.64 mill. RON in 2016, mainly due to capitalization of production in the two stages 3 and 4 in Salcamilor Assembly completed in GREENFIELD neighborhood development.

Share Capital

Subscribed and paid up share capital of the Company on December 31st 2016 is RON 277.866.574. The nominal value of a share is RON 1.

Note : The figures presented are in accordance with the audited financial statements for year 2016.

PERFORMANCE INDICATORS

Stock exchange indicators - evolution:

Indicatori	Dec-13	Dec-14	Dec-15	Dec-16

Price per share	0.544	1.485	0.940	0.700
No. of shares	197,866,574	277,866,574	277,866,574	277,866,574
Market capitalization (RON)	107,639,416	412,631,862	261,194,580	194,506,602
Exchange rate	4.4847	4.4821	4.5245	4.5411
Market capitalization (EUR)	24,001,475	92,062,172	57,728,938	42,832,486
Net Asset Value (RON)	281,430,511	365,579,741	361,140,518	390,776,564
Net Asset Value (EUR)	62,753,475	81,564,387	79,818,879	86,053,283
Annual Profit (RON)	(42,457,620)	4,091,143	(4,459,409)	29,610,138
Gain per share (RON)	(0.215)	0.015	(0.016)	0.107
Net Asset Value (RON)/share)	1.422	1.316	1.300	1.406
Premium/discount compared to the net asset value	-62%	13%	-28%	-50%

During year 2016 the company's shares have registered a price decrease down to 26% (0,700 RON/share on 31.12.2016 compared to 0,940 RON/share on 31.12.2015), fluctuations influenced by both the local market evolution, and the external ones.

The stock exchanges were strongly affected by the European economy slowing, BREXIT, by issues concerning the reference interests, exchange rates, deflation and the collapse of oil price.

The BET index apreciated by 1% in 2016, after during the period 2012 - 2014 it increased in average by 11% per year.

Economic and financial indicators – evolution

Return Indicators		**Dec-14**	**Dec-15**	**Dec-16**
Return on Assets (ROA)				
Net Profit (A)	[RON]	4,091,143	(4,459,409)	29,610,138
Total Asset (B)	[RON]	442,157,695	467,974,581	484,635,515
A/B		0.93%	-0.95%	6.11%

Return on Equities (ROE)		**Dec-14**	**Dec-15**	**Dec-16**
Net Profit (A)	[RON]	4,091,143	(4,459,409)	29,610,138
Equity (B)	[RON]	365,579,741	361,140,518	390,776,564
A/B		1.12%	-1.23%	7.58%

Solvency Indicators		Dec-14	Dec-15	Dec-16
Debt ratio (Debt vs. Asset)				
Total Debt (A)	[RON]	76,577,954	106,834,063	93,858,951
Total Asset (B)	[RON]	442,157,695	467,974,581	484,635,515
A/B		17.32%	22.83%	19.37%

Leverage (Equity vs. Asset)				
Equity (A)	[RON]	365,579,741	361,140,518	390,776,564
Total Assets (B)	[RON]	442,157,695	467,974,581	484,635,515
A/B		82.68%	77.17%	80.63%

Gearing ratio (Loans vs. Equity)				
Total Laons (A)	[RON]	36,749,542	45,789,003	49,272,582
Equity (B)	[RON]	365,579,741	361,140,518	390,776,564
A/B		10.05%	12.68%	12.61%

Ration Indicators		Dec-14	Dec-15	Dec-16
Current Ration				
Current Assets (A)	[RON]	170,749,931	221,491,153	316,029,353
Current Debts (B)	[RON]	37,640,818	77,772,701	49,475,602
A/B		4.54	2.85	6.39

Quick Ration		Dec-14	Dec-15	Dec-16
Current Assets (A)	[RON]	170,749,931	221,491,153	316,029,353
Inventories (B)	[RON]	158,125,501	177,887,026	282,813,138
Current Debts (C)	[RON]	37,640,818	77,772,701	49,475,602
(A-B)/C		0.34	0.56	0.67

It shows a stabilization of the economic and financial indicators, on the one hand by operating profits generated by the Company, but also by improving the capital attracted during year 2016.

Description	Dec-15	Dec-16
IFRS *Net Asset Value*	**361,140,518**	**390,776,564**

Number of shares	*277,866,574*	*277,866,574*
IFRS Net Asset Value /Share	***1.30***	***1.41***
Revaluation of inventories / available land for sale	65,476,258	68,955,678
Excludes:		
Deffered tax	13,000,347	13,000,347
EPRA ***Net Asset Value***	**439,617,123**	**472,732,589**
EPRA Net Asset Value/Share	***1.58***	***1.70***

The objective of the **EPRA Accounting Net Asset** indicator is to highlight the fair value of net assets on an ongoing analysis on 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.