

IMPACT

Developer & Contractor



REPORT

Board of Directors

2019

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2019 HIGHLIGHTS



Operational

- 352 dwellings sold (30,185 sqm)
- 263 pre-sale agreements and reservations on 31 Dec 2019 estimated as sales in 2020
- Delivery of 192 apartments (14,500 sqm) for Greenfield Baneasa Residence (“Greenfield”)
- Further development of 500 apartments built in the Luxuria Domenii Residence project (“Luxuria”), to be delivered during 2020
- Starting works for the third phase of the Luxuria project, 130 apartments that will be delivered in the first half of 2021
- Obtaining the new Zonal Urban Plan (PUZ) new developments in Greenfield Baneasa (Greenfield IV and Greenfield V), which includes Greenfield Plaza (a commercial and leisure centre)
- Obtaining the Zonal Urban Plan (PUZ) for the residential project Boreal Plus to be developed in Constanta
- Identifying locations/plots of land in Bucharest and other cities throughout the country for future developments
- Active and sustained involvement in sport events and Corporate Social Responsibility (“CSR”) actions

Financial

IFRS NAV

584 mLEI

+ 137.2 mLEI (2018: 446.8 mLEI)

EPRA NAV

839 mLEI

+ 119 mLEI (2018: 720 mLEI)

Sales

157 mLEI

+ 56 mLEI (2018: 101 mLEI)

Pre-sales and reservations for apartments as at 31 Dec 2019

146 mLEI

+ 49.9 mLEI (2018: 96.1 mLEI)

IMPACT GROUP, OVERVIEW

- 29 years of leadership, innovation and excellence in real estate
- Since its establishment in 1991, Impact Developer & Contractor ranked on the Romanian real estate market as an innovative company
- Impact Developer & Contractor is the first real estate developer after the communist era, established with 100% Romanian capital
- In 1996 Impact Developer & Contractor was listed on the Bucharest Stock Exchange (“BSE”), whereby Impact Developer & Contractor has become the first representative of the real estate development and construction sector listed on the Stock Exchange
- In 2006 the shares of Impact Developer & Contractor were promoted to Category I of the Stock Exchange and in 2015 to the Premium category



Expansion
at national
level



16
residential
compound



+ 4,000
dwellings
built



+10,000
inhabitants



500,000
sqm built



400 mEUR
Investments
exceeding

PROJECTS PORTFOLIO

Ongoing projects

RESIDENTIAL COMPOUND GREENFIELD BANEASA



Unique location

District 1, framed on two sides by 900 ha of woodland: Baneasa Forest and Tunari Forest



Easy access

The National Road DN1 and the Ring Road are just a few minutes away. The underground stations Washington and Paris on Line 6 that will connect the current network to the Otopeni Airport shall be located near GREENFIELD



Facilities

Current: public transport, private school, parks and playgrounds, restaurant, medical centre and supermarket

Future: State school, kindergarten, buses, Greenfield Plaza commercial and leisure center including SPA, pool, sports courts, restaurant, supermarket, bank.



Development in stages

3 Completed: Greenfield I, Greenfield II (Salcamilor Assembly), Greenfield III (Platanilor Assembly)

2 Future: Greenfield IV, Greenfield V

PROJECTS PORTFOLIO

Ongoing projects

Greenfield I

Development	2007 - 2010
No. of apartments & houses	680
No. of parking spots	680
Gross area (sqm)	59,602
% Sold	99.3%

Greenfield II (Salcamilor Assembly)

Development	2014 - 2016
No. of apartments	924
No. of parking spots	1,044
Gross area (sqm)	85,076
% Sold	99.9%

Greenfield III (Platanilor Assembly)

Development	2016 - 2019
No. of apartments*	944
No. of parking spots	1,162
Gross area (sqm)	89,950
% Sold**	77.5%

Greenfield IV & Greenfield V

Development	2020 - 2026
No. of apartments	4,399
No. of parking spots	5,272
Gross area (sqm)	401,146
Project value (mEUR)	460.5

* Last 192 apartments were completed in August 2019

** Including 42 pre-sale agreements and reservations as at 31 Dec 2019

2,548

Completed dwellings

Including the 192 apartments that were completed in August 2019

GREENFIELD
first 3 phases completed

2,330

Sold dwellings

Including the 42 pre-sale agreements and reservations as at 31 Dec 2019

PROJECTS PORTFOLIO

Ongoing projects

RESIDENTIAL COMPOUND LUXURIA DOMENII



Top-rated location

District 1, the Northern area of Bucharest

Macro-layout - between Kiseleff Boulevard and Ion Mihalache Boulevard

Direct layout - between Expozitiei Boulevard and Aviator Popisteanu Street



Area reputation

The future pole of office buildings, after the Floreasca area.

Already operating buildings in the area – UniCredit, OCPI, Ubisoft, Tiriac Holding, World Trade Center, City Gate, CNC. Under development – Portland, GTC offices, the new headquarters of ING Bank, SAB Romania, Skanska Romania



Easy access

5 minutes away from 1 Mai underground station

2 minutes to multiple public transport options

Direct access to DN1 Ploiesti DN3/ Piata Victoriei/ Pod Grand - DN2/ Ring Road – Mogosoaia



Technological solutions

Since 2018, Impact Group is more and more focused on State-of-the-Art technological solutions designed to add value to the built residences. Thus, Impact Group has initiated endeavours to implement solutions such as Smart Home and Smart City in Luxuria Domenii Residence.



Development in phases

Luxuria Domenii Residence is a new development concept of Impact Group and is addressed to the premium segment of the residential market.

The Luxuria Domenii Residence project was started in 2018, shall be developed on an area of approximately 2.25 ha and shall bring on the market 630 apartments, estimated to be delivered as follows: 232 apartments during the first half of 2020, 268 apartments during the second half of 2020 and 130 apartments during the first half of 2021.



Luxuria Domenii Residence (3 phases)

Development	2018 – 2021
No. of apartments	630
No. of parking spots	720
Gross area (sqm)	66,499
Apartments pre-sold in the first phase (232 ap.) at 31 Dec 2019	138
Apartments pre-sold in the 2nd phase (268 ap.) at 31 Dec 2019	83

PROJECTS PORTFOLIO

Ongoing projects

RESIDENTIAL COMPLUND BOREAL PLUS



Excellent location

Constanța, northern area

The location is extremely attractive for residential development targeting the middle segment.



Easy access

Access is easy, with public transportation, 15 minutes from the center, the A4 motorway or the beach



Area reputation

Commercial units - large shopping centers such as Tom and Vivo, hypermarkets and supermarkets such as Carrefour, Mega Image, Kaufland, Penny Market and Auchan

Convenience stores, educational and medical units



Development in phases

The development of Boreal Plus is planned in 3 phases. The project is in the last authorization phase and the start of the construction works is prepared

The project will be developed on 4 ha of land and will bring on the market 676 apartments estimated to be delivered as follows: 210 apartments in 2021, 133 apartments in 2022 and 333 apartments in 2023



Development in harmony with nature

Boreal Plus aims to become the new standard in housing in Constanța, using carefully selected materials and efficient technical solutions (selective waste collection and management system, efficient lighting, water recovery and management)

A statement location for tranquility and relaxation, in a harmonious natural setting, with a contemporary architecture

- Well-dimensioned and compartmentalized housing
- Very good quality finishes (premium)
- Contemporary architecture and design
- Basic facilities such as parking, boxes and secure access
- Additional facilities such as the kindergarten, playground, a small park for residents
- Panoramic view of the lake and the sea

Boreal Plus (3 phases, apartments)

Development	2020 – 2023
No. of apartments	676
No. of parking spots	810
Gross area (sqm)	62,674
Project value (mEUR)	59

PROJECTS PORTFOLIO

Ongoing projects

GREENFIELD BANEASA PLAZA MALL

New urban facilities and experiences

Greenfield Plaza is a commercial and leisure centre, a complementary project of the residential complex Greenfield Residence Baneasa, which is addressed to both residents and the general public

Greenfield Plaza will benefit from a separate access road so as not to hinder the traffic

Smart living

Having close to home all the necessary facilities, residents will reduce the time spent in traffic to different destinations, as it supports pollution reduction solutions and the Greenfield direction of environmental responsibility

Visitors from outside will be attracted by Greenfield Plaza due to its strategic positioning

Wellbeing

Greenfield Plaza will host an expanded space for wellness and sports, with an area of 2,700 square meters. The pools and the spa will become the new relaxation and care destination. The gym is complementary to the sports practiced in Baneasa Forest, offering the possibility of physical activity regardless of the seasonal weather

Facilities

A complete mall experience, with varied services to answer as many needs as possible

- Mega Image supermarket
- Restaurant, pub, bakery
- Playground
- Pharmacy
- Bank, currency exchange
- Travel agency, parcel delivery center
- Beauty salon, hairdressing salon
- Cleaning
- SPA area
- Tennis court
- Swimming pools



Greenfield Plaza

Development	2020 – 2021
Rentable area (sqm), of which	5,560
<i>Wellness area (sqm)</i>	<i>2,700</i>
No. of parking spaces	200
Land area (ha)	2.5

ACTIVITY OF IMPACT GROUP IN 2019

Sales of dwellings

In 2019, sales have reached a number of 352 residences (apartments and houses) plus ancillary parking places (323 parking) and court yards for the apartments located on the ground floor (56 court yards in Greenfield Baneasa).

Additionally, in 2019, were sold 53 parking places, of which 27 in Greenfield Baneasa and the remaining in projects developed before 2010.

The residences sold in 2019 totaled an area of 30,185 sq. m., 37% higher than the area of the residences sold in 2018 (232 residences, 21,988 sq. m.).

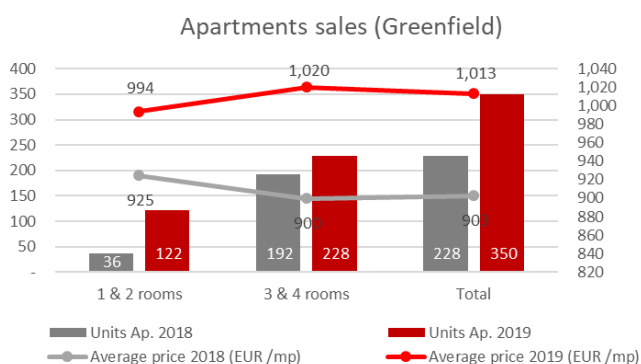
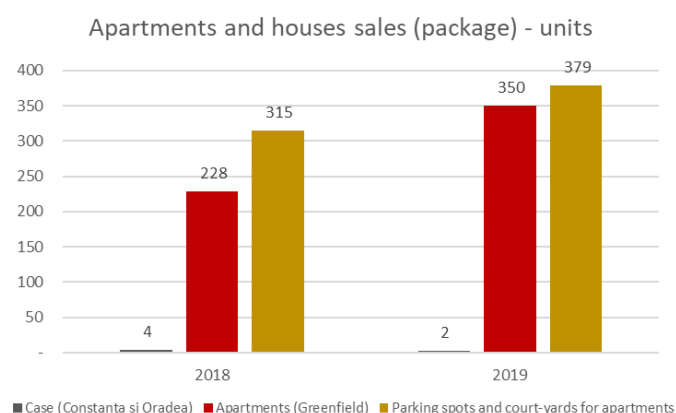
From the total number of residences sold in 2019, 6 apartments (714 sq. m.) were sold in Salcamilor Assembly and 344 apartments (28,956 sq. m.) in Platanilor Assembly. In 2018, from the total number of residences sold, 46 apartments (4,843 sq. m.) were sold in Salcamilor Assembly and 181 apartments (16,259 sq. m.) were sold in Platanilor Assembly.

The evolution of sales in 2019 compared to 2018 was influenced by the mix of property inventories available for sale (completed), specifically increasing sales for 1 and 2 room apartments once the last phase of Platanilor Assembly was finalised in August 2019. This is also reflected in the sales structure, with 1 and 2 room apartments representing 35% of the total number of units sold in 2019 (16% in 2018).

The average value of a transaction has been relatively flat being 93,255 EUR in 2019 and 93,609 EUR in 2018, while the sales volume has grown by approximately 52%, from 232 units in 2018 to 352 units in 2019.

Vadul Moldovei access road to the compound was reopened in November 2019. In order to reopen the road, Impact Developer & Contractor has donated a plot of land of 6,000 sq. m. to the Bucharest Municipality to be granted as compensation to Romsilva S.A.

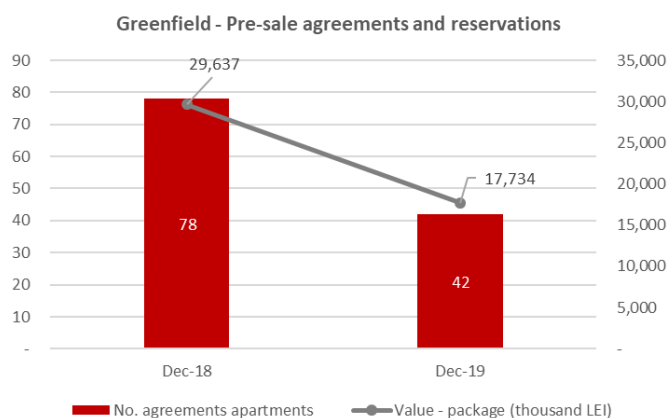
Revenues recorded in 2019 include the sale of 70 apartments located in Greenfield Baneasa to the Bucharest City Hall, following the public tender initiated by the City Hall for acquiring some residences for medical personnel from the institutions subordinated to the Bucharest Administration of Hospitals and Medical Services.



Note: The average selling price was calculated based on the built area for the apartments sold

ACTIVITY OF IMPACT GROUP IN 2019

Sales of dwellings



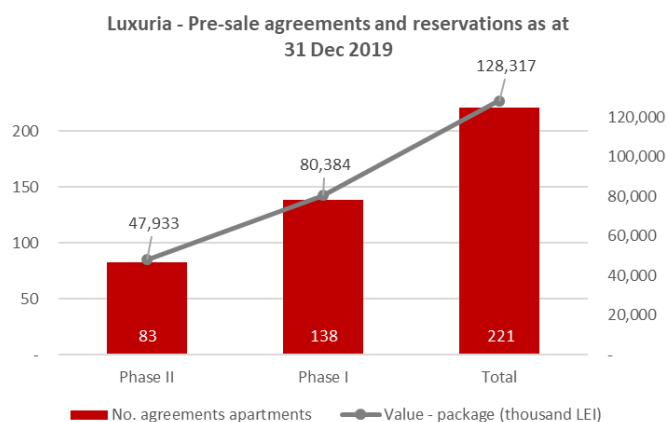
In addition to the 353 sale agreements, whose value is reflected in revenues, on 31 Dec 2019 pre-sale agreements and reservations for 263 apartments in Greenfield and Luxuria were signed, with a value of 146 mLEI, estimated as revenue 2020.

Dwellings rental and sale of lands

Impact Group will complete the build for sale model with a build for rent model starting in 2020, for both Greenfield Baneasa and Luxuria.

Impact Group offers for sale plots of land to natural persons and legal entities for the development of houses or small trading premises.

In December 2019, Impact Developer & Contractor signed a sale contract for a plot of land of 1.68 ha located in Constanta (approximately 15.3 mLEI) with certain conditions that Impact Developer & Contractor must fulfill until the fourth quarter of the year 2020. Thus, the transaction is not reflected in the revenues of the year 2019.



Land bank as at 31 Dec 2019

Location	City	Surface (ha)	IFRS book value (mRON)	IFRS book value (mEUR)	EPRA value (mRON)	EPRA value (mEUR)
Greenfield Baneasa	Bucharest	33.3	259.5	54.3	301.1	63.0
Luxuria Domenii	Bucharest (Expozitiei Blvd.)	0.6	12.4	2.6	36.3	7.6
Bd. Timisoarei - Bd. Ghencea	Bucharest	25.9	94.2	19.7	94.2	19.7
Barbu Vacarescu	Bucharest	2.6	116.1	24.3	116.1	24.3
Zenit, Neptun, Boreal	Constanta	10.2	17.2	3.6	41.1	8.6
Other	Bucharest, Oradea	3.8	2.4	0.5	2.4	0.5
Total		76.4	501.8	105.0	591.2	123.7

The EPRA value considers the fair market value based on the market value according to the revaluations performed by Colliers Valuation and Advisory as at 31 Dec 2019, except for land located in Greenfield Baneasa and Luxuria Domenii for which the investment value was used.

The investment value for Greenfield Baneasa of 190 EUR / sqm (market value – 176 EUR / sqm) was determined by Colliers as at 31 Dec 2019 by using the income approach (residual value) for the 6 new phases of the Greenfield Baneasa neighborhood that will start in 2020.

ACTIVITY OF IMPACT GROUP IN 2019

Apartments delivery

Impact Group activity in 2019 was driven by the development of two residential projects in Bucharest, specifically Greenfield Residence Baneasa and Luxuria Domenii Residence.

Greenfield Baneasa: In 2019, the works for the last 6 buildings of the Platanilor Assembly were completed, specifically 192 apartments (approximately 14,500 sq. m. built).

Luxuria Domenii: In 2019 the construction for the first two stages of the project was continued, estimating the delivery of the apartments as follows: 232 apartments in the first half of 2020, 268 apartments in the second half of 2020.

Also, the third phase of the project was started, with 130 apartments to be delivered in the first half of 2021.

Other development-related aspects

Obtaining the Zonal Urban Planning (PUZ) for future developments in Greenfield Baneasa (Greenfield IV and Greenfield V), including for the Greenfield Plaza commercial and leisure centre. Greenfield IV and Greenfield V will bring to the market 4,399 apartments and will be developed between 2020 - 2026. For the first 6 phases (including Greenfield Plaza) the construction will begin in 2020.

Obtaining the Zonal Urban Planning (PUZ) for the Boreal Plus residential project to be developed in Constanta, which will bring to the market 676 apartments. The Boreal Plus project will be developed in three phases between 2020 and 2023.

Financing sources

- Self-financing from the sale and pre-sale of residences;
- Bank financing and from bonds issues;
- In 2019, Impact Group has obtained, by its branch Bergamot Development, crediting of approximately 20.7 mEUR from UniCredit Bank for financing the second phase of the Luxuria Domenii Residence project (268 apartments).

New technologies

Since 2018, Impact Group is more and more focused with State-of-the-Art technological solutions adding value to the built residences. Thus, Impact Group has initiated actions for the implementation of solutions such as Smart Home and Smart City in Luxuria Domenii Residence.

CSR and sport events

In 2019 Impact Group, acting as partner, sponsor or organizer, was actively and constantly involved in sports events and CSR actions. Thus, we have attended, supported or organized:

- Greenfield was the main sponsor of Baneasa Forest Run, which reached its fourth edition and enjoyed the presence of 1,500 people, supported Baneasa Race and launched a duathlon sports competition, along with the Road Grand Tour;
- Maintenance and environmental actions in Baneasa Forest area, planting together with the Greenfield community 1,000 oaks. We organized Birdwatching clubs for small residents to help them discover and learn how to protect the forest;
- In October 2019, Greenfield launched an event - plogging manifesto: Clean and Run, the largest Baneasa Forest Run and Clean initiative.



ACTIVITY OF IMPACT GROUP IN 2019

Legal matters

Impact Group was and still is involved in several lawsuits, main being presented below.

Litigation with the Local Council of Cluj (“LCC”)

Impact Developer & Contractor and Clearline Development & Management (one of its branches) have filed a lawsuit, as plaintiffs, against the Local Council of Cluj.

Impact Developer & Contractor and the Local Council of Cluj were supposed to develop a residential neighbourhood in Cluj (by the project company Clearline Development & Management, where Impact Developer & Contractor had to bear the development costs and the Local Council of Cluj had to bring a contribution in kind, specifically the land on which the residential project was to be developed.

While Impact Developer & Contractor has fulfilled its contractual obligations, the Local Council of Cluj has failed to fulfil its project-related obligation, namely to bring the contribution in kind, specifically the land on which the residential project was to be developed. Therefore, Impact Developer & Contractor and Clearline Development & Management have requested the courts to terminate the agreement concluded with the Local Council of Cluj and a material indemnity for the investments made in the project development.

Thus, on 31 Dec 2019, two lawsuits vs. Cluj Local Council were pending as follows:

- At the Cluj Commercial Court case 79/1285/2012 was filed, whereby Impact Developer & Contractor requests the termination of the master agreement No. 55423/04.07.2007 concluded between LCC and Impact Developer & Contractor. Moreover, Impact Developer & Contractor requests an indemnity, temporarily evaluated at 4,008 thousand LEI plus related interest, calculated since the occurrence of the damages, until the actual payment of the due amounts.
- At the Arges Commercial Court case 1032/1259/2012 was filed, whereby Impact Developer & Contractor branch, Clearline Development and Management SRL, requests LCC the payment of an indemnity, temporarily estimated at 17,053 thousand LEI plus related interest, calculated since the occurrence of the damages, until filing the lawsuit, with an estimated amount of 500 thousand LEI.

Litigation related to the land located in Barbu Vacarescu

Impact Developer & Contractor has filed a lawsuit against Cefin Real Estate Dezvoltare BV (“Cefin”) for the joint possession termination for the land owned by Impact Developer & Contractor in Barbu Vacarescu (2.6 ha). Impact Developer & Contractor and Cefin are the co-owners of a land of approximately 10.5 ha, whereof 2.6 ha are owned by Impact Developer & Contractor and the rest by Cefin. In the file, the Court has approved topographic and geotechnical expertise at the request of Cefin. The next hearing is set for 16 April 2020.

Impact Developer & Contractor estimates that the process for identifying in the land book the land it owns will be extended and expects a definitive and irrevocable solution to be given in the distant future. Thus, when knowing the exact location of the land and taking into account the conditions of the market at that time, Impact Developer & Contractor will analyze and decide the project that will be developed on the land located in Barbu Vacarescu Blvd. (e.g. office, commercial, hotel, residential, mixed).

Litigation related to the land located in Prelungirea Ghencea – Timisoara Blvd.

The object of Case No. 5737/3/2018 filed with the Bucharest Court is a declaratory judgment, against the Romanian State and the Bucharest Council, in order to declare the existence of the ownership right over the land with an area of approximately 25.9 ha located in Bucharest, 402-412 Prelungirea Ghencea, district 6. The Bucharest Court ruled on 22.11.2019 and found that Impact Developer & Contractor has ownership rights over the land. On 10.02.2020 the Bucharest Court communicated to the involved parties the decision motivating the sentence. The decision of the Bucharest Tribunal can be appealed against within 30 days of the communication, which is submitted to the Bucharest Tribunal - IV Civil Division. On 28.02.2020, the Romanian State through the Ministry of Public Finance and the City Hall of Bucharest appealed the sentence.

Considering the legal actions targeting the land in Prelungirea Ghencea – Timisoara Blvd., Impact Developer & Contractor cannot estimate whether they will be resolved in the near or distant future. Thus, at the moment of a definitive and irrevocable court decision, Impact Developer & Contractor will analyze the market conditions and decide the type of the project that will be developed on the land.

RESIDENTIAL REAL ESTATE MARKET

2019 the best year in the history of the market, with a record of deliveries post – Revolution

At the national level, in 2019, the developers delivered for the first time more new homes than in 2008, the year that held the record.

According to INS, 2019 was the ninth consecutive year in Bucharest with increase in supply of new homes, while at the national level it was the sixth year in a row when developers built more and more houses and apartments. The increase in the number of developers, the growing appetite for new housing and the wage advance have brought the local real estate market for the first time over the threshold of 67,255 units.

THE RESIDENTIAL MARKET IN GENERAL

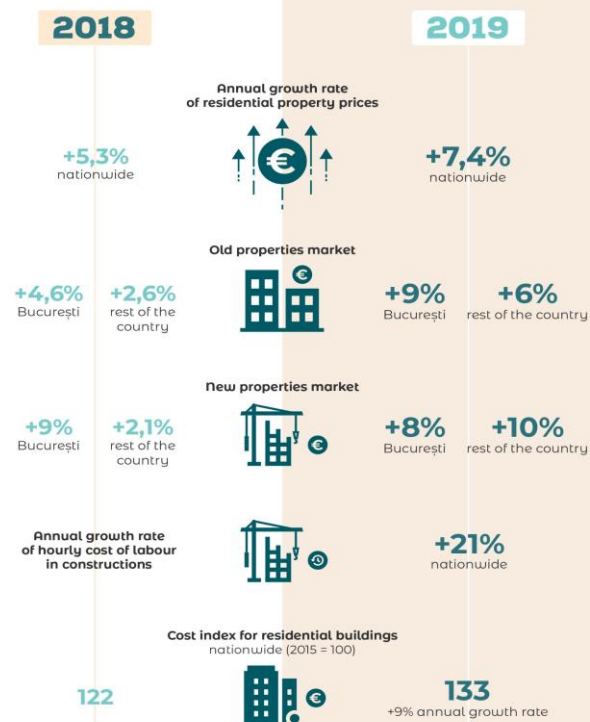
According to the report "Residential real estate market - Quarter IV 2019" realized by analizeimobiliare.ro the requested prices increased by 7.4% in 2019 compared to 5.3% in 2018. After a moderate evolution at the beginning of the year, the annual growth rate of the prices requested for the residential properties accelerated in the second part of the year, reaching 7.4% in the last quarter. The annual advance in 2019 was higher than the one registered in 2018, when residential properties appreciated by 5.3%.

Regarding the prices of housing at national level, the latest data published by the National Institute of Statistics (INS) shows, for the third quarter of 2019, an annual increase of 3.9%, while the European average was 4.1%.

The high demand for housing, related to the deficient supply and the increase of the construction costs (materials, labor force, etc.) were the main factors for the price increase in 2019.

Thus, according to the data provided by analizeimobiliare.ro, on the market of old houses, the offer in the last quarter of 2019 decreased by 18% compared to the previous year, and by 58% from 2014. In the last quarter of last year there were 157,000 registered active buyers in the six big cities, an annual increase of 25%, a doubling in the last 5 years.

PRICES AND COSTS



Source: Residential Market Report Q4 2019 – Analize Imobiliare, Imobiliare.ro

REAL ESTATE MARKET

According to the data provided by analizeimobiliare.ro, although the demand for housing is still high, in 2019 the period of sale increased in big cities for apartments to 93 days, from 67 in 2018, and for houses, the period increased to 193 from 147 days.

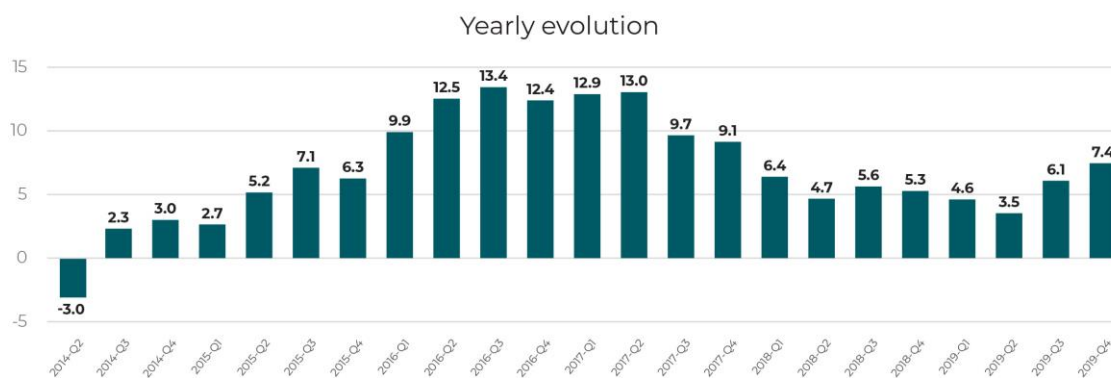
Even though 2019 was the best year in terms of housing deliveries since the beginning of the crisis, the supply of new homes remains insufficient and fails to cover the decline recorded on the old market. The transactions depend on the flow of residential properties put up for sale, which is why last year 540,000 properties were sold nationally, 4.1% less than in 2018.

Then most of the transactions are concentrated in several counties, so that in 2019 over 50% of the transactions registered at national level were done in only 6 counties: Bucharest, Ilfov, Cluj, Timis, Brasov, Constanta. And from the point of view of price developments, they differ from one county to another. Thus there were significant increases in Bucharest + 21%, Ilfov + 17% and significant decreases in Constanta - 28% and Iasi - 29%.

RESIDENTIAL REAL ESTATE MARKET

PRICE EVOLUTION IN 2019

The annual growth rate reached 7.4% in Q4 2019, was the highest in the last two years. However, the advance from the end of 2019 is considerably below the one valid, for example, in the last quarter of 2017, namely 9.1%. From the second half of 2014, when the domestic residential market returned to an upward trend, the biggest annual difference in prices was reached in Q3 2016 (i.e. 13.4%).



Source: Analize Imobiliare and Imobiliare.ro

Price trends across main cities - apartments for sale



Source: Analize Imobiliare and Imobiliare.ro

- Price change over last 5 years %
- Price change over last 12 months %
- Price change over last 3 months %
- Median price per sq.m. (€)

The strong positive trend registered in the last quarter of 2019 generated a remarkable optimism for the evolution of the residential market in 2020, in the absence of major macroeconomic distortions, not specific to the real estate sector. By the end of 2019, most forecasts indicated a trend of sustained growth in prices and number of transactions in 2020, especially in the big cities of the country.

STRATEGY HIGHLIGHTS



- Geographical expansion in big cities like Bucuresti, Constanta, Timisoara, Iasi and Cluj
- Portfolio diversification into residential, hotel, office and retail spaces
- The development of Greenfield Baneasa Residence and Luxuria Domenii Residence
- The development of Boreal Plus residential project in Constanta
- Minimization of production and sales cycles for the erected buildings in order to maximize the profitability of the invested capital and to minimize the investment payback period
- Enhancement of the urban planning concepts for the offered products and continuous adjustment to the market requirements
- Analysing and identifying new investment opportunities matching the models established by Impact Group
- Attracting funds from banking institutions and/or by bonds issues to finance future developments

- Involvement in activities and events promoting sports in open air, in corporate social responsibility actions designed to protect nature and the environment
- Implementing Smart Home and Smart City solutions
- Standardizing products by using State-of-the-Art materials and technologies
- Optimization of operational and management costs for the Greenfield residential compound
- Value maximization and clearance of the portfolio of lands located in Oradea and Constanta for which no future developments are planned



Strategic objectives	Progress 2019	Plan 2020
Development Greenfield	<ul style="list-style-type: none"> • 192 apartments delivered • Obtaining the Zonal Urban Planning (PUZ) for development phases Greenfield IV and Greenfield V, including Greenfield Plaza 	<ul style="list-style-type: none"> • Obtaining construction permits • Starting construction works for Greenfield IV • Starting construction works for Greenfield Plaza
Development Luxuria	<ul style="list-style-type: none"> • Continuing the construction works for the first two phases (out of three) of the project • Starting the third phase of the project 	<ul style="list-style-type: none"> • Completing construction works for the first two phases • Continuing construction works for the third phase of the project
Attracting financing for developments	<ul style="list-style-type: none"> • Obtaining financing for the second phase of Luxuria project • Analysing the options for financing Greenfield IV and Luxuria (phase III) 	<ul style="list-style-type: none"> • Obtaining financing for the third phase of Luxuria project • Obtaining financing for the phases to be started in Greenfield IV
Identifying new locations for developments	<ul style="list-style-type: none"> • Obtaining the PUZ for Boreal Plus project developed in Constanta • Market research for lands located in Bucharest and throughout the country 	<ul style="list-style-type: none"> • Starting construction works for the first phase of the Boreal Plus project in Constanta • Land acquisition for developments in Bucharest and in new cities throughout the country

FINANCIAL RESULTS

Financial performance

LEI thousands	2019	2018	Var. %
Revenue from real estate inventories	156,681	101,534	54%
Costs of real estate inventories	(83,904)	(61,484)	36%
Gross profit	72,777	40,050	82%
Operating expenses/income, net	(27,302)	(22,316)	22%
Depreciation and amortization	(927)	(895)	4%
Gains on investment property	144,559	23,394	518%
Adjusted operating profit before exceptional items and impairment of other long term assets	189,107	40,233	370%
Impairment of other long term assets	192	(2,207)	(109%)
Other gains and losses (exceptional)	-	(3,676)	(100%)
Operating profit	189,299	34,350	451%
Finance costs, net	(5,922)	(5,943)	(0%)
Profit before income tax	183,377	28,407	546%
Income tax credit/(charge)	(28,893)	(7,579)	281%
Profit for the period	154,484	20,828	642%

Source: Audited IFRS financial statements as at 31 December 2019

Revenues have grown 54% in 2019 compared to 2018 as a result of the increase in the number of sold apartments, as well as in the sale price.

In 2019 the apartments sales structure has changed, according to available apartments stock, with higher share of apartments with 1 and 2 rooms as units sold compared to 2018. The stock of apartments of 1-2 room was completed in the third quarter of 2019, when the apartments for the last stage of the Platanilor Assembly (Greenfield) were delivered.

On 31 Dec 2019, in addition to the signed sale agreements, other pre-sale agreements and reservations were concluded, whose value is not reflected in the income of 2019, amounting to 146 mLEI for apartments and approximately 15.3 mLEI for land located in Constanta. These will be reflected in revenues in 2020.

The net results of 2018 are influenced by non-recurring costs, e.g. amicable settlement of the dispute between Impact Developer & Contractor and Brooklyn Property Management (net loss of 3.4 mLEI).

The financing costs mainly include interest expenses for the bonds issued in 2017 for future developments of residential projects and unrealised foreign exchange losses related to the bonds due to depreciation of the LEU against the EURO (31 Dec 2018: 4.6639 RON/EUR, 31 Dec 2019: 4.7793 RON/EUR).

The income tax expense includes deferred income tax (net) of 21,952 thousand LEI (2018: 3,799 thousand LEI).

Cash flow

LEI thousands	2019	2018	Var. %
Cash and cash equivalents as at 1 January	30,740	47,474	(35%)
Net cash from operations	1,826	(879)	n.a.
Net cash from investing activities	(15,437)	(1,082)	1327%
Net cash from financing activities	28,333	(14,773)	n.a.
Cash and cash equivalents as at 31 December	45,462	30,740	48%

Source: Audited IFRS financial statements as at 31 December 2019

In 2019, Impact Group has had an intensive cash flow. On one hand, significant entries were recorded from the sale of residences from Greenfield, the payment of outstanding interest related to the bonds issue, loan repayments and drawings, payments related to the investments for the completion of Platanilor Assembly from Greenfield Baneasa and for continuing developing the Luxuria project.

FINANCIAL RESULTS

Financial position

LEI thousands	31-Dec-19	31-Dec-18	Var. %
Non-current assets, of which	392,901	225,241	74%
Investment property	384,223	217,113	77%
Property, plant and equipment	8,535	6,855	25%
Current assets, of which	509,071	422,310	21%
Inventories	430,725	365,753	18%
Cash and cash equivalents	45,462	30,740	48%
Total assets	901,972	647,551	39%
Liabilities, of which	318,031	200,743	58%
Loans and borrowings	197,635	148,994	33%
Equity	583,941	446,808	31%
Total equity and liabilities	901,972	647,551	39%

Source: Audited IFRS financial statements as at 31 December 2019

In 2019, Impact Group land portfolio was not subject to major changes compared to 31 Dec 2018, except for the acquisition of several plots of land in Greenfield Baneasa (c 3.35 ha in total) and reclassification of and as inventory / investment property. Also, Impact Group recorded the appreciation of the market value of the land from real estate investments (including the lands listed below as of 31 Dec 2019) based on the revaluations made by Colliers Valuation and Advisory SRL.

The reclassifications related to land are as follows:

- 2.6 ha located in Bucharest - Barbu Vacarescu Blvd. were reclassified from inventory to investment property
- approximately 15.56 ha located in Bucharest – Timisoarei Blvd. – Ghencea Blvd. were reclassified from inventory to investment property
- approximately 101.2 ha from Greenfield Baneasa were reclassified from investment property to inventory

The revaluation gain related to the land transferred from inventory to investment property, previously measured at cost, accounts for 56% of the total gains from investment property recorded in 2019.

Variations of inventories on 31 Dec 2019 compared to 31 Dec 2018 reflects also the reduction of inventories further to the sale of apartments from Greenfield and the increase due to the capitalization for the Luxuria project.

The 58% variation of total liabilities at 31 Dec 2019 compared to 31 Dec 2018 is mainly influenced by the increase of bank loans by using the financing from UniCredit Bank, the increase of the current debts and the increase of the deferred tax liability.

As of 31 Dec 2019, loans from bonds were approximately 116 mLEI (31 Dec 2018: 114 mLEI) and are due in 2021 and 2022 (Credit Value Investment and BVB).

In 2019, Impact Group has contracted and used a working capital credit facility of 19.7 mLEI from Libra Internet Bank (with 17 July 2020 as final maturity, repaid as at 31 Dec 2019) and an investment loan from UniCredit Bank for the financing of 65% of the second phase of Luxuria (20.7 mEUR). Also, the investment loan granted by UniCredit Bank for the financing of the first phase of Luxuria was utilized as the construction works were performed.

In December 2019, Impact Developer & Contractor signed a sale contract for a plot of land of 1.68 ha located in Constanta (approximately 15.3 mLEI) with certain conditions that Impact Developer & Contractor must fulfill until the fourth quarter of 2020. Thus, the transaction is not reflected in the 2019 revenues and is recorded as deferred income as of 31 Dec 2019. In December 2019, Impact Developer & Contractor collected 9.15 mLEI.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Board of Directors

The Board of Directors represents the decision-making body with regard to all matters that are significant for Impact Developer & Contractor in its entirety, due to their strategic, financial or reputational consequences. The Board of Directors shall delegate Impact Developer & Contractor management competences under the terms and to the extent provided for by law and by the Articles of Association.

The Board of Directors shall perform all acts that are necessary and useful in order to achieve Impact Developer & Contractor's business object, except for the ones provided for by law in the competence area of the General Meeting of Shareholders and the ones delegated to the chief executive officer.

The Board of Directors is structured in such manner as to allow its duties to be fulfilled with due diligence. The Board of Directors shall meet on a regular basis in order to ensure the fulfilment of its duties in an efficient manner. There is a clear distribution of responsibilities between the Board of Directors and the executive management.

The Board of Directors has 5 members:

- Iuliana-Mihaela Urda, Director, Chairmen of the Board of Directors
- Intrepid Gem SRL through Petru Vaduva, Director
- Ruxandra-Alina Scarlat, Director
- Laviniu-Dumitru Beze, Director
- Daniel Pandeale, Director



In the Ordinary General Meeting of Shareholders on 24 April 2019, it was approved the election of a member of Impact Developer & Contractor Board of Directors, namely the company INTREPID GEM SRL, through the natural person permanently representing the legal person Mr. Vaduva Petru Ion with a mandate starting from 24 April 2019 to 27 April 2021.

This has replaced Mr. Gabriel Vasile presented to the Board of Directors, on 4 January 2019, his resignation from the position of Impact Developer & Contractor Director.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Executive Management

On 19 January 2018, Impact Developer & Contractor's Board of Directors decided to appoint Mr. Bogdan Oslobeanu as Chief Executive Officer of Impact Developer & Contractor, for a four-year mandate, starting 1 March 2018 until 28 February 2022. He replaced Mr. Bartosz Puzdrowski, who asked Impact Developer & Contractor to terminate his mandate for personal reasons, starting 1 March 2018.

On 29 January 2020, the Board of Directors of Impact Developer & Contractor decided to appoint Mr. Apostol Sorin as General Manager of Impact Developer & Contractor, for a period of 6 (six) months, starting with 1 February 2020, with the possibility of permanent appointment. Mr. Sorin Apostol will replace Mr. Bogdan Ionut Oslobeanu, who asked Impact Developer & Contractor to terminate his mandate to pursue other career opportunities, starting with 31 January 2020.

Mr. Sorin Apostol will continue Impact Group development strategy at the level of existing projects, as well as the initiation of new projects to strengthen the top position Impact Group currently holds in the residential market.

In the summer of 2018, Impact Group has recruited Mr. Giani Kacic for the position of Chief Financial Officer, with expertise of over 21 years in the financial and accounting sector, gained in multinational companies. He leads the financial department of Impact Group and fulfils his duties jointly with the Chief Executive Officer.

The Board of Directors has decided to replace the person empowered to represent Impact Developer & Contractor according to the art. 1432 paragraph 5 of the Company Law No. 31/1990. Mr. Gabriel Vasile, the empowered person that has acted jointly with the Chief Executive Officer, was replaced on 14.11.2018, and the Board of Directors has appointed Mr. Kacic Giani-Iulian, Chief Financial Officer, as empowered person, according to the art. 1432 paragraph 5 of the Company Law No. 31/1990, who shall fulfil his duties jointly with the Chief Executive Officer.



MAIN RISKS AND UNCERTAINTIES

Risk	Management
Market conditions	<p>The global and local economic instability might have a negative effect upon Impact Group's cash holdings. This issue is closely monitored and necessary actions are taken to ensure Impact Group's stability.</p> <p>The slowdown of the economic growth and consumption in Romania might have a negative effect upon Impact Group's activity. Impact Group takes necessary actions to make sure that its products remain attractive and are adjusted to the market requirements.</p>
Legal environment	<p>The legal changes, the amendments to the permit obtaining procedure might have negative effects upon Impact Group's activity. Such changes and the effects upon Impact Group's activity are constantly monitored by Impact Group.</p>
Credit risks	<p>As a real estate developer, Impact Group relies on funding obtained from third parties for the projects development. The limitation of access to financing might have negative effects upon Impact Group's capacity to develop new project. The management of Impact Group constantly monitors this issue and strives to diversify Impact Group's financing sources.</p> <p>A significant share of Impact Group's clients resort to bank loans for the acquisition of residences. Any strengthening of the conditions for the bank loans might have negative effects upon the apartment sales. This is also the case occurred at the end of 2018, when the maximum indebtedness ratio was reduced by the National Bank of Romania down to 40% of the net income for bank loans in RON and 20% for bank loans in foreign currency. Impact Group takes all necessary measures to mitigate the negative effects of such regulatory changes upon its activity.</p>
Currency risks	<p>A significant increase of the foreign exchange rate for EUR might result in higher payments for loans, bonds and acquisitions made in relation to the construction works expressed in EUR. The main liabilities expressed in EUR are the CVI and BVB bonds, the loan obtained for financing the first two phase of the Luxuria project and the construction agreements with the general contractor.</p>
Geographic risks	<p>Impact Group's activity is concentrated in Bucharest and proximity. Although this issue represents a certain risk, Impact Group trusts that it will benefit from its experience in order to mitigate it.</p>
SARS-COV-2 pandemic	<p>The development of the COVID-19 virus and its social and economic impact in Romania and globally may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying value of assets and liabilities within the next financial year. The longer-term impact may also affect trading volumes, cash flows, and profitability.</p> <p>At this stage, Impact Group cannot reliably estimate the impact as events are unfolding day-by-day. Impact Group closely monitors the effects of the COVID-19 pandemic and its effects on the real estate market and the economic environment in the country and will take all necessary measures to minimize the impact and respect its commitments towards customers, financiers and shareholders.</p>

CORPORATE GOVERNANCE

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

Impact Developer & Contractor is managed under unitary system, its management being provided by the Chief Executive Officer, Mr. Sorin Apostol, along with the Chief Financial Officer, Mr. Giani Iulian Kacic under surveillance of the Board of Directors. Mr. Sorin Apostol took over the position of CEO from Mr. Bogdan Oslobeanu at the beginning of 2020.

Corporate governance elements are implemented within Impact Developer & Contractor, pursuant to the Code of Corporate Governance adopted by the Board of the Stock Exchange in December 2016.

Impact Developer & Contractor has made and shall make all professional, legal and administrative endeavours required in order to ensure alignment with the provisions of the Code of Corporate Governance and the transparent presentation of such results.

Impact Developer & Contractor publishes in a dedicated section of its website details on the sessions of the General Meeting of Shareholders, specifically summons, materials/documents on the agenda, special power-of-

attorney forms, correspondence voting forms, decision drafts.

Moreover, Impact Developer & Contractor informs all shareholders immediately after a session of the General Meeting of Shareholders, via its website dedicated section, about the decisions adopted in the General Meeting of Shareholders and the detailed result of the voting. Impact Developer & Contractor also makes available for the shareholders / investors current reports, releases, the financial schedule, annual, half-yearly, quarterly reports. Direct relation with the investors is ensured by an appointed person, dedicated to informing the shareholders depending on their questions addressed in writing or by telephone.

Information on corporate governance are reported from time to time in the corporate governance statement included in the annual report and permanently updated by current reports and the website.

Along the years, Impact Developer & Contractor complied with the provisions of Corporate Governance Code and currently carries out arrangements to comply with the provisions of the New Corporate Governance Code as well.

The Board of Directors met 45 times in 2019.



Independent members of the Board of Directors

- Inrepid Gem SRL, through Petru Vaduva
- Laviniu Beze
- Daniel Pandele

CORPORATE GOVERNANCE

Codes and policies - since 2014, Impact Developer & Contractor has adopted the following documents on which corporate governance is based:

- Anticorruption Code
- Code of Conduct
- Impact Developer & Contractor's ethical values
- Health and Safety Policy
- Reporting Policy

Impact Group's internal control is performed:

- Via the Procurement Department: the agreements shall be signed by the Legal Department, Procurement Manager, Chief Financial Officer and Chief Executive Officer;
- by the verification of the sale agreements by the Legal and Finance Departments; the agreements shall be signed by the Chief Executive Officer and the Chief Financial Officer;
- by preventive financial control, whereby the agreements' compliance is checked;
- by following up the payments to be checked by Preventive Financial Control and approved by the Chief Financial Officer and the Chief Executive Officer;
- by the implementation of the codes of conduct and ethics that are required in business and specific procedures that are enforced and applicable to all directors, managers, administrators, persons having control or management roles, employees, auditors, business partners, collaborators. Thus, Impact Group applies the Anticorruption Policy, the Code of Conduct, the Essential Ethic Values Policy, the Health and Safety Policy, the Labour Law, the Environment Protection, the Reporting Policy.

Auditor of Impact Group

Deloitte Audit S.R.L. was appointed by the decision of the General Meeting of Shareholders dated April 24, 2019, to audit the financial statements for 2019, prepared under the responsibility of Impact Developer & Contractor's management according to the international standards – IFRS (including the consolidated financial statements). The auditors' liability towards Impact Developer & Contractor and the General Meeting of Shareholders shall be determined and limited according to the law and the agreement concluded with them.

Chairman of the Board of Directors

Iuliana Mihaela Urda



IMPACT DEVELOPER & CONTRACTOR ON THE CAPITAL MARKET

Impact Developer & Contractor is listed on the Bucharest Stock Exchange since 1996. As of 2006, its shares, currently amounting to 274,443,532, are listed in the 1st category of the Bucharest Stock Exchange, and since January 2015, Impact Developer & Contractor shares are traded in the Premium category, according to the new segmentation of the Bucharest Stock Exchange. 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.

Shares held by the members of the Board of Directors on 31 Dec 2019

- Mrs. Urda Iuliana-Mihaela holds 0.01% of Impact Developer & Contractor shares, specifically a number of 28,500 shares
- Intrepid Gem SRL (Mr. Petru Vaduva) does not hold shares in Impact Developer & Contractor as at 31 Dec 2019
- Mrs. Scarlat Ruxandra-Alina holds 0.01% of Impact Developer & Contractor shares, specifically a number of 28,500 shares
- Mr. Pandele Daniel holds 1.27% of Impact Developer & Contractor shares (0.01% as natural person and 1.26% through Danielis Star Company), specifically a total number of 3,498,708 shares
- Mr. Beze Laviniu-Dumitru holds 0.84% of Impact Developer & Contractor shares (0.25% as natural person and 0.59% through Beze Business Consulting), specifically a total number of 2,316,072 shares

Status of shares redeemed as at 31 Dec 2019

Shares redemption program of maximum 7,000,000 shares according to the Decision of the General Meeting of Shareholders No. 3 dated 15 June 15 and Shares redemption program of maximum 10,000,000 shares according to the Decision of the General Meeting of Shareholders No. 1 dated 24 April 2019

- Total redeemed shares: 10,229,606 shares
- Shares redeemed in 2019: 7,723,793 shares
- Shares left to be redeemed on 31 Dec 2019: 6,770,394 shares
- 3,423,042 redeemed shares (3,423 thousand LEI) were cancelled, thus reducing the share capital of Impact Developer & Contractor from 277,866,574 LEI to 274,443,532 LEI
- Shares redeemed and not utilized until 31 Dec 2019 will be used both for a share option plan for employees (including executive and nonexecutive directors of the Impact Developer & Contractor) and for being cancelled, thus reducing the share capital of Impact Developer & Contractor

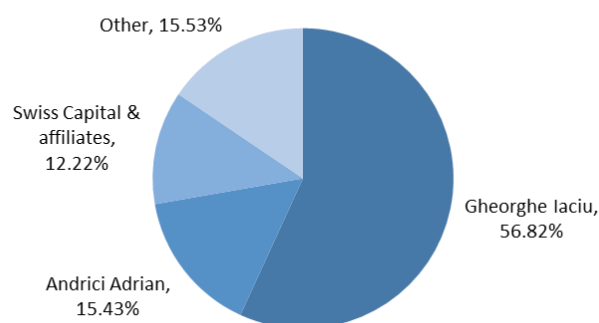
Evolution of Impact Developer & Contractor share price ("IMP")
 Jan 2017 – Dec 2019



Evolution of BET Index
 Jan 2017 – Dec 2019



Shareholders' structure Impact Developer & Contractor as at 31 Dec 2019



As per the information provided by the Central Repository, on 31 Dec 2019, 84.35% of the shares were held by natural persons and 15.65% of the shares were held by legal entities

IMPACT DEVELOPER & CONTRACTOR ON THE CAPITAL MARKET

Dividends granted in the past 3 years

- In 2017 the granting of dividends for 2016 was decided, at 0.0404 LEI / share, amounting to a total of 11.23 mLEI (according to the Decision of the General Meeting of Shareholders dated 28 April 2017)
- In 2019 the granting of dividends for 2018 was decided, at 0.034 LEI / share, amounting to a total of 9.3 mLEI (according to the Decision of the General Meeting of Shareholders dated 24 April 2019)



The Net Asset Value as per the IFRS consolidated financial statements and EPRA

METRICS	31-Dec-17	31-Dec-18	31-Dec-19
Price per share (LEI)	1.05	0.99	1.49
Number of shares (Impact Developer & Contractor)	277,866,574	277,866,574	274,443,532
Market capitalization (LEI)	291,759,903	275,087,908	408,920,863
IFRS (consolidated)			
Net profit (LEI)	51,098,000	20,828,000	154,484,000
Net asset value ("NAV")	427,450,000	446,807,255	583,941,000
Profit per share (LEI)	0.18	0.07	0.56
NAV/Share (LEI)	1.54	1.61	2.13
EPRA* (consolidated)			
Net asset value ("NAV")	599,972,909	720,021,200	839,419,797
NAV/Share (LEI)	2.16	2.59	3.06

*European Public Real Estate Association

RECONCILIATION OF IFRS NET ASSETS vs. EPRA

The reconciliation between the Net Asset Value according to the IFRS consolidated financial statements and the EPRA standard is as follows:

LEI	31-Dec-17	31-Dec-18	31-Dec-19
NAV per the IFRS financial statements	427,450,000	446,807,255	583,941,000
Include:			
i) Revaluation of property developed for sale	77,743,519	32,208,675	39,796,419
ii) Revaluation of land and WIP held as inventory	68,574,389	203,296,632	148,565,856
iii) Revaluation of land held as fixed assets / investment property	-	7,760,639	21,146,521
Exclude:			
iv) Deferred tax	26,205,000	29,948,000	45,970,000
EPRA NAV	599,972,909	720,021,200	839,419,797

i) Revaluation of property developed for sale

The inventories/finished goods (apartments) were revaluated at market value on 31 Dec 2019 by Colliers Valuation and Advisory. The increase / difference between the market value resulted after the revaluation and the book value (the lowest value between the cost and the net realisable value) has been included in the Net Asset Value according to EPRA.

ii) & iii) Revaluation of land and WIP held as inventory and land held as fixed assets / investment property

The land (included in investment properties, inventories and fixed assets) and WIP for Luxuria were revaluated on 31 Dec 2019 by Colliers Valuation and Advisory. The adjustment was done to reflect the market value of the lands included in inventories and fixed assets, except for land related to Greenfield Baneasa and land & WIP related to Luxuria as at 31 Dec 2019 which are reflected at the investment value.

The investment value for Greenfield Baneasa of 190 EUR / sqm (market value – 176 EUR / sqm) was determined by Colliers as at 31 Dec 2019 by using the income approach for the 6 new phases of the Greenfield Baneasa neighborhood that will start in 2020.

Land included in inventory were valued in the IFRS financial statements at the lowest value between the cost and the net realisable value. Land included in fixed assets is valued in the IFRS financial statements at cost. Land included in investment properties is reflected in the IFRS financial statements at market value.

iv) The deferred tax recorded in the IFRS financial statements mainly resulted from the difference between the book value and the tax value of the investment properties (lands).



ANNEX 1

Implementation stage of the Corporate Governance Code

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2019	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
Section A – Responsibilities		
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 Section A.	YES	
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	YES	
A.3. The Board of Directors or the Supervisory Board should have at least five members.	YES	
A.4. The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. 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 Board of Directors or Supervisory Board, as the case may be, 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 judgement in practice and according to the following criteria:	YES	
A.4.1. Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous five years;	YES	
A.4.2. Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years;	YES	
A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director;	YES	

ANNEX 1

Implementation stage of the Corporate Governance Code (continued)

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2019	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
Section A – Responsibilities		
A.4.4. Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it;	YES	
A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/ Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;	YES	
A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it;	YES	
A.4.7. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director;	YES	
A.4.8. Not to have been a non-executive director of the company for more than twelve years;	YES	
A.4.9. Not to have family ties with a person in the situations referred to at points A.4.1. and A.4.4.	YES	
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive 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 directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	YES	

ANNEX 1

Implementation stage of the Corporate Governance Code (continued)

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2019	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	NO	The Board of Directors manages the documents / activities with the support of the secretariat and the legal department, which provides logistical support for the organization and conduct of 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 compliant	Members of the Board of Directors are assessed annually in accordance with performance indicators defined in their internal policies and mandate contracts. The Board will re-examine the A8 requirements in 2020, mainly with regard to the Board of Directors' assessment 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. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. 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	

ANNEX 1

Implementation stage of the Corporate Governance Code (continued)

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2019	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	Partially compliant	The evaluation of the internal control system for 2019 is ongoing. Not later than the end on the second half of 2020, the evaluation committee will present the conclusion, recommendations and the related action plan (if the case).
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.10. The 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 Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	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	

ANNEX 1

Implementation stage of the Corporate Governance Code (continued)

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2019	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
<p>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.</p>	YES	
Section C – Fair rewards and motivation		
<p>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.</p>		
<p>The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause.</p>	YES	
<p>The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review.</p>		
<p>Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.</p>		
Section D – Building value through investors' relations		
<p>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:</p>	YES	
<p>D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures;</p>	YES	

ANNEX 1

Implementation stage of the Corporate Governance Code (continued)

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2019	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
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) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	YES	
D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	YES	
D.1.5. Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	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, semi-annual, annual), auditor reports and annual reports.	YES	
D.2. A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	YES	

ANNEX 1

Implementation stage of the Corporate Governance Code (continued)

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2019	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
<p>D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.</p>	YES	
<p>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.</p>	YES	
<p>D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.</p>	YES	
<p>D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.</p>	YES	
<p>D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.</p>	YES	
<p>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-on-quarter and year-on-year terms.</p>	YES	
<p>D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.</p>	YES	
<p>D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.</p>	Partially compliant	Impact Group supports and organizes various sport and environmental protection activities, both physically and educationally. These activities are presented on Impact Developer & Contractor website and Impact Developer & Contractor works to develop a related policy.

ANNEX 2

Other information

Employees of Impact Group

At the end of 2019, the Impact Developer & Contractor had 55 employees, of which 1 employee in maternity leave. Additionally, Impact Developer & Contractor has a Board of Directors that has 5 members.

At the same time, Actual Invest House and Impact Finance had at the end of 2019, 9 and respectively 3 employees. The other companies of the group did not have any employees.

Impact Group has not established any trade union. The relationship between the management and the employees are regulated under the Individual Employment Agreement and the job descriptions.

Financial ratios (consolidated, IFRS)

LEI thousands		31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Net profit	A	(4,732)	29,612	164,694	20,828	154,484
Inventories	B	190,759	295,688	447,526	365,753	430,725
Current assets	C	233,741	328,374	418,340	422,310	509,071
Current liabilities	D	78,044	49,829	156,458	141,074	132,918
Total assets	E	465,866	482,610	626,977	647,551	901,972
Total liabilities	F	107,931	95,027	199,527	200,745	318,031
Equity	G	357,935	387,583	427,450	446,808	583,941
Loans and borrowings	H	45,789	49,626	163,553	148,994	197,635
Loans and borrowings, short term	I	32,561	21,107	30,152	34,894	58,822
Loans and borrowings, long term	J	13,228	28,519	133,401	114,100	138,813
Cash and cash equivalents	K	17,267	17,632	47,476	30,740	45,462
Net debt	L (H-K)	28,522	31,994	116,077	118,254	152,173
EBITDA	M	(7,721)	37,010	52,151	17,734	45,475
Interest paid	N	1,348	1,386	2,195	5,494	2,510
Ratios						
Loans and borrowings / EBITDA	H/M	n.a.	1.34	3.14	8.40	4.35
Net debt / EBITDA	L/M	n.a.	0.86	2.23	6.67	3.35
EBITDA / Interest paid	M/N	n.a.	26.70	23.76	3.23	18.12
Return on Assets	A/E	(1.02%)	6.14%	26.27%	3.22%	17.13%
Return on Equity	A/G	(1.32%)	7.64%	38.53%	4.66%	26.46%
Gearing ratio	H/G	12.79%	12.80%	38.26%	33.35%	33.85%
Current ratio	C/D	3.00	6.59	2.67	2.99	3.83
Quick ratio	(C-B)/D	0.55	0.66	(0.19)	0.40	0.59

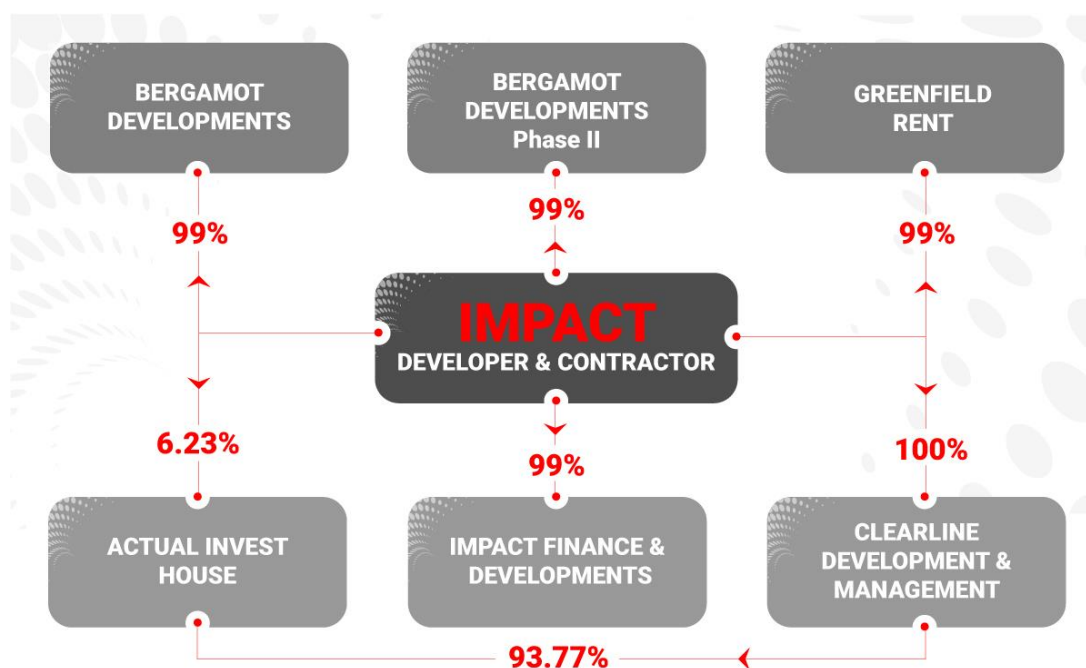
Stock exchange metrics – Impact Developer & Contractor

Metrics	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Price per share	0.94	0.70	1.05	0.99	1.49
No. of shares	277,866,574	277,866,574	277,866,574	277,866,574	274,443,532
Market capitalization (LEI)	261,194,580	194,506,602	291,759,903	275,087,908	408,920,863
Exchange rate (LEI/EUR)	4.5245	4.5411	4.6597	4.6639	4.7793
Market capitalization (EUR)	57,728,938	42,832,486	62,613,452	58,982,377	85,560,827
Net assets (LEI, book value)	357,934,861	387,583,000	427,450,000	446,808,000	583,941,000
Net assets (EUR, book value)	79,110,368	85,350,025	91,733,373	95,801,368	122,181,282
Net profit (LEI)	(4,732,000)	29,611,815	164,694,000	20,828,000	154,484,000
Net profit (EUR)	(1,045,861)	6,520,846	35,344,335	4,465,790	32,323,562
Earnings per share (LEI)	(0.017)	0.107	0.593	0.075	0.563
Earnings per share (EUR)	(0.004)	0.023	0.127	0.016	0.118
NAV/Share (LEI)	1.288	1.395	1.538	1.608	2.128
NAV/Share (EUR)	0.285	0.307	0.330	0.345	0.445

ANNEX 3

Impact Group

Impact Group structure as at 31 Dec 2019



Impact Developer & Contractor SA - one of the first companies acting in the real estate development sector in Romania, being established in 1991 by public subscription.

During the past 29 years, has completed 17 small and medium-sized projects, comprising over 4,000 residences and over 13,000 square meters of office and trade premises.

As at 31 Dec 2019, Impact Developer & Contractor has ongoing residential developments in two cities throughout the country, whereas the main project is Greenfield Residence Baneasa located in Bucharest.

Bergamot Developments SRL and Bergamot Developments Phase II SRL

The companies' business object is real estate development and is developing the Luxuria Domenii Residence project since 2017.

Greenfield Rent SRL was set-up in December 2019.

Actual Invest House SRL - offers management services for residential developments of Impact Group.

Impact Finance & Developments SRL plays a significant role in the diversification of the service range related to the sale of residences. Impact Finance & Developments collaborates with the most important Romanian financial institutions in order to provide favourable crediting solutions to the clients that acquire residences.

Clearline Development and Management SRL (formerly Lomb SA) is the project company whereby Impact Group was about to develop a residential project in Cluj-Napoca, in partnership with the local authorities.